



United States Department of Agriculture
Rural Development

Subject: Finding of No Significant Environmental Impact and Necessary
Environmental Findings for Chief Ethanol Inc. Installation of Anaerobic
Digestion System to existing Ethanol Facility
Hastings, NE
9004 Repowering Assistance Program

To: Project File

The attached environmental assessment for the subject proposal has been prepared and reviewed by the appropriate Rural Development official(s). After reviewing the assessment and the supporting materials attached to it, I find that the subject proposal will not significantly affect the quality of the human environment. Therefore, the preparation of an environmental impact statement is not necessary.

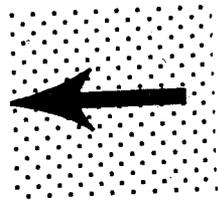
I also find that the assessment properly documents the proposal's status of compliance with the environmental laws and requirements listed therein.

Conditions:

- a. The applicant must provide a copy of all air quality permit(s) and permit modification(s) for the project prior to the issuance of any RD funding.

JUDITH A. CANALES
Administrator
Rural Business and Cooperative Service

Date



1400 Independence Ave. S.W. - Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

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USDA-Rural Development
Form RD 1940-21
(Rev. 6-88)

ENVIRONMENTAL ASSESSMENT FOR CLASS I ACTION

1. Description

- a. Name of Project: Chief Ethanol Fuels
- b. Project Number: _____
- c. Location: Hastings, Nebraska

2. Protected Resources

The following land uses or environmental resources will either be affected by the proposal or are located within the project site. (Check appropriate box for every item of the following checklist. If more than one item is checked "yes" the environmental assessment format for a Class II action must be completed, except if the action under review is either (1) an application for a Housing Preservation Grant or (2) normally a categorical exclusion that has lost its exclusion status. The reviewer should not initiate the Assessment for a Class I action when it is obvious that the assessment format for a Class II action will be required.)

	YES	NO
a. Wetlands	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Floodplains	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Wilderness (designated or proposed under the Wilderness Act)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Wild or Scenic River (proposed or designated under the Wild and Scenic Rivers Act)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. Historical, Archeological Sites	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>(listed on the National Register of Historic Places or which may be eligible for listing)</i>		
f. Critical Habitat or Endangered/Threatened Species (listed or proposed)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g. Coastal Barrier included in Coastal Barrier Resources System	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h. Natural Landmark (listed on National Registry of Nature Landmark)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i. Important Farmlands	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j. Prime Forest Lands	<input type="checkbox"/>	<input checked="" type="checkbox"/>
k. Prime Rangeland	<input type="checkbox"/>	<input checked="" type="checkbox"/>
l. Approved Coastal Zone Management Area	<input type="checkbox"/>	<input checked="" type="checkbox"/>
m. Sole Source Aquifer Recharge Area	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>(designated by Environmental Protection Agency)</i>		

For an item checked "yes", I have attached as Exhibit I both the necessary documentation to demonstrate compliance with the Agency's requirements for the protection of the resource and a discussion setting forth the reasons why the potential impact on the resource is not considered to be significant. If item e. is checked "no", the results of the consultation process with the State Historic Preservation Officer is also attached.

3. General Impacts

I have reviewed the environmental data submitted, dated and signed by the applicant as well as any previously completed environmental impact analysis and conclude the following:

- a. The project, the project area, and the primary beneficiaries are adequately identified;
- b. No incompatible land uses will be created nor direct impacts to parks, beaches, dunes, barrier islands, or important wildlife habitats or recreational areas; and
- c. Only minimal impacts or no impacts will result to the following checked items:

- | | |
|--|--|
| <input type="checkbox"/> Air Quality | <input checked="" type="checkbox"/> Wildlife |
| <input checked="" type="checkbox"/> Water Quality | <input checked="" type="checkbox"/> Energy |
| <input checked="" type="checkbox"/> Solid Waste Management | <input checked="" type="checkbox"/> Construction Impacts |
| <input checked="" type="checkbox"/> Transportation | <input checked="" type="checkbox"/> Secondary Impacts |
| <input checked="" type="checkbox"/> Noise | |

An analysis of an item which cannot be checked, therefore having a potential for more than minimal impacts, is attached as Exhibit A .
(If more than one item is unchecked, the environmental assessment format for a Class II action must be completed).

4. State, Regional and/or Local Government Consultation

- Yes No This project is subject to review by State, regional, or local agencies under the requirements of Executive Order 12372, Intergovernmental Review of Federal Programs.

If "Yes" is checked, complete (a), or (b) or (c). *(If negative environmental comments have been received, the environmental assessment format for a Class II action must be completed).*

- a. The review period has expired and no comments were received.
- b. No negative comments of an environmental nature were received and the review period is complete, with the comments attached.
- c. Negative comments of an environmental nature have been received.

5. Controversy

- Yes No This action is controversial for environmental reasons or is the subject of an environmental complaint.
If yes, check one of the following::

- The action is the subject of isolated environmental complaints or questions have been raised which focus on a single impact. Attached as Exhibit _____ is an analysis of the complaint or questions, and no further analysis is considered necessary.

6. Cumulative Impacts

- Yes No The cumulative impacts of this action and other Rural Development actions, other federal actions, or related nonfederal actions exceed the criteria for a Class I action; or the action represents a phase or segment of a larger project, the latter which exceeds the criteria for a Class I action.

7. Need for the Project and Alternatives to it

Attached as Exhibit A is a brief statement of Rural Development's position regarding the need for the project. Also, briefly discussed are (a) the alternatives which have been considered by the applicant and Rural Development and (b) the environmental impacts of these alternatives. Alternatives include alternative locations, alternative designs, alternative projects having similar benefits, and no action.

8. Measures to Avoid or Mitigate Adverse Environmental Impacts

- Yes No Mitigation measures are required. Attached as Exhibit _____ is a description of the site or design change that the applicant has agreed to make as well as mitigation measures that will be placed as special condition within the offer of financial assistance or subdivision approval.

9. Compliance With Highly Erodible Land and Wetland Conservation Requirements

- Yes No This action is subject to the highly erodible and wetland conservation requirements contained in Exhibit M of RD Instruction 1940-G.

If "yes" is checked, complete (a), (b), (c), and (d).

a. Attached as Exhibit _____ is a completed Form SCS-CPA-026 which documents the following:

- Yes No Highly erodible land is present on the farm property.
 Yes No Wetland is present on the farm property.
 Yes No Converted wetland is present on the farm property.

b. Yes No This action qualifies for the following exemption allowed under Exhibit M :

c. Yes No The applicant must complete the following requirements prior to approval of the action in order to retain or regain its eligibility for Agency financial assistance:

d. Yes No Under the requirements of Exhibit M, the applicant's proposed activities are eligible for Agency financial assistance.

10. Environmental Determinations

The following recommendations shall be completed and the environmental reviewer shall sign the assessment in the space provided below.

a. Based on an examination and review of the foregoing information and such supplemental information attached hereto, I recommend that the approving official determine that this project:

- will have a significant effect on the quality of the human environment and an Environmental Impact Statement must be prepared;
- will not have a significant effect on the quality of the human environment,
- will require further analysis through completion of the assessment format for a Class II action.

b. I recommend that the approving official make the following compliance determinations for the below listed environmental requirements.

Not In Compliance	In Compliance	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Clean Air Act
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Federal Water Pollution Control Act
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Safe Drinking Water Act-Section 1424(e)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Endangered Species Act
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Coastal Barrier Resources Act
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Coastal Zone Management Act-Section 307(c)(1) and (2)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Wild and Scenic Rivers Act
<input type="checkbox"/>	<input checked="" type="checkbox"/>	National Historic Preservation Act
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Archeological and Historic Preservation Act
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Highly Erodible Land and Wetland Conservation, Food Security Act
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Executive Order 11988, Floodplain Management
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Executive Order 11990, Protection of Wetlands
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Farmland Protection Policy Act
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Departmental Regulation 9500-3, Land Use Policy
<input type="checkbox"/>	<input checked="" type="checkbox"/>	State Office Natural Resource Management Guide

c. I have reviewed and considered the types and degrees of adverse environmental impacts identified by this assessment. I have also analyzed the proposal for its consistency with Rural Development environmental policies, particularly those related to land use, and have considered the potential benefits of the proposal. Based upon a consideration and balancing of these factors, I recommend from an environmental standpoint that the project

be approved not be approved because of the attached reasons (see Exhibit _____).

Lin Edward Kade
Signature of Preparer*

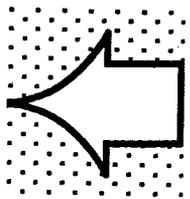
9/1/2010
~~08-26-2010~~
Date

Title Env. Protection Specialist

*See Section 1940.302 for listing of officials responsible for preparing assessment.

Signature of Concurring Official ¹

Date



Title

I have reviewed this environmental assessment and supporting documentation. Following are my Positions regarding its adequacy and the recommendations reached by the preparer. For any matter in which I do not concur, my reasons are attached as Exhibit N/A

Do not
Concur Concur

- Adequate Assessment
- Environmental Impact Determination
- Compliance Determinations
- Project Recommendation

[Handwritten Signature]

Signature of State Environmental Coordinator ²
PSS Deputy Director

9-7-2010
Date

¹ See Section 1940.316 for both the instances when a concurring official must sign the assessment and who is authorized to sign as the concurring official.

² See Section 1940.316 for instances when State Environmental Coordinator's review is required.

**EXHIBIT A – ATTACHMENTS TO
ENVIRONMENTAL ASSESSMENT FOR A CLASS I ACTION**

Project Name: Chief Ethanol Fuels, Inc.
Renewable Biogas Production - Installation of 7.2 Million Gallon
Anaerobic Digester to existing ethanol facility

Location: 4225 East South Street
Hastings, NE 68901-8338

Program: 9004 Repowering Assistance Program \$ 3,236,500

Project Purpose: The project purpose and need is to install a 7.2 Million Gallon anaerobic digester process to the existing ethanol facility. The project purpose and need is to reduce costs associated with utilizing natural gas as well as replace finite, non-renewable fossil resources, and reduce associated CO₂ emissions, with sustainable, renewable biomass resources. The process will digest that portion of the "thin stillage" used as "backset water". The biogas (methane) produced from the digester will be utilized in the dryer/boiler to offset the use of natural gas. A flare will be installed to flare the biogas when it is not being used in the boiler. Based on the fuel mix and the projected methane production of 3,500 MMBtu/day, the feasibility report estimated that the proposed project will produce an approximately 42 percent offset to Chief Ethanol's non-renewable energy consumption.

Chief Ethanol Fuels began production in 1985 and was Nebraska's first dry-mill ethanol plant. According to company statistics, it currently produces 62 million gallons of ethanol and more than 500,000 tons of feed per year.

Cornstarch is converted to ethanol through the dry mill process employed at Chief. Corn is comprised of two-thirds starch, so the third portion of corn input -- the remaining nutrients-protein, fat, fiber, minerals and vitamins -- is processed into high quality animal feed. The production of ethanol from corn requires energy inputs, and Chief Ethanol Fuels currently uses fossil fuel energy sources, including natural gas and coal.

Chief Ethanol Fuels is proposing to install an anaerobic digester which will allow for replacement of a portion of the fossil fuel feedstock with methane, a renewable source of energy derived from the byproduct of ethanol production, via the proposed anaerobic digester. Up to 42% of fossil fuel consumption is replaced by methane.

The proposed digester will be located within the existing facility on property owned by the applicant. No new infrastructure is required to support this change in feedstock, as methane is to be produced on site. Integration of a digester into the production process creates the opportunity to reduce truck traffic associated with the importation of fossil fuel feed stocks into the Chief Ethanol Fuels site.

The primary alternative is the “no action” alternative – no installation of anaerobic digester and thus no change in the energy source for the ethanol production. The no action alternative would result in greater CO₂ emissions, because the combustion of fossil fuels for energy would be up to 42% greater without the proposed process improvement. Since CO₂ is a recognized greenhouse gas, the no action alternative would have a greater environmental impact than the proposed action -- installation of an anaerobic digester.

The Chief Ethanol Fuels repowering application will result in a maximum increase in Sulfur Dioxide (SO₂) emissions of approximately 20%, when maximizing capacity to replace natural gas. SO_x is a regulated emission, and the application specifies that a permit revision will be sought at the appropriate time. The Nebraska Department of Environmental Quality, Air Quality Division, will fully evaluate this revision at the time the air emissions permit is proposed for modification and identify mitigation measures, if any, which may be desirable.

A summary of the resources evaluated is below:

- a. **Wetlands** – No wetlands or waterways are impacted therefore there is no effect.
- b. **Floodplains** – The proposed project and existing facility is not located within the 100- or 500-year floodplain. A FEMA 81-93 Form is not required.
- c. **Wilderness** – No wilderness is present or affected therefore there is no effect. The site is an established industrial site.
- d. **Wild or Scenic Rivers** – No Wild or Scenic Rivers are present or affected, therefore there is no effect.
- e. **Historical, Archeological Sites** - RD has made a determination under Section 106 of the NHPA that there would be no adverse effects to historic or cultural sites listed on, or eligible for listing on the National Register of Historic Places. The Nebraska SHPO was notified in correspondence dated July 1, 2010 of RD’s finding that the project would have no potential to affect historic or archeological resources, and the SHPO has concurred (correspondence attached), requesting however to be notified of any unanticipated findings of archaeological remains. No known tribal resources are located within this area.
- f. **Critical Habitat or Endangered/Threatened Species** – RD has made a determination under Section 7 of the Endangered Species act that the proposed project has no potential to affect endangered or threatened species or their critical habitat since the project area is located within an established industrial site and no endangered or threatened species have been identified within either the project area or adjacent property.
- g. **Coastal Barrier** – No Coastal Barriers are present or affected, therefore there is no effect.
- h. **Natural Landmark** – No Natural Landmarks are present or affected, therefore there is no effect.
- i. **Important Farmlands** – The project will entail installation of digester tanks next to the current location of the fermentation tanks, and within an area which has

- already been converted to industrial use, and centrally located within the ethanol facility. No Important Farmlands are affected therefore there is no effect.
- j. **Prime Forest Lands** – No Prime Forest Lands are present or affected, therefore there is no effect.
 - k. **Prime Range Lands** – No Prime Range Lands are present or affected, therefore there is no effect.
 - l. **Approved Coastal Zone Management Area** – No Coastal Zone Management Areas are present or affected, therefore there is no effect.
 - m. **Sole Source Aquifer Recharge Area** – No Sole Source Aquifer Recharge Areas are present or affected, therefore there is no effect.
 - n. **Air Quality** – The feasibility report indicates that this project will cause little to no change in the current air emissions from the facility. The biogas will be scrubbed and burned as a replacement for 42 percent of the current natural gas consumption. This project will require an Air Quality Permit Modification from the Nebraska Department of Environmental Quality. The permit modification will determine future emission limits and the monitoring and control requirements necessary for compliance. Any potential increases in these pollutants would pose an adverse effect (adverse impact) to air quality; however the impact would not be a significant adverse effect because any increases would be required to be within proposed air emission permit threshold levels for these pollutants. The applicant must provide a copy of all air quality permit(s) and permit modification(s) prior to the issuance of any RD funding.
 - o. **Water Quality** – The feasibility report for this project purports that there will be no change in water quality related to this project. Any increases in stormwater or wastewater that the project proposes will either be handled under existing NPDES permit(s) or modification(s) of the existing NPDES permit(s).
 - p. **Solid Waste Management** – The feasibility report for this project purports that there will be no change in the solid waste management, and no increase in generation or disposal of hazardous or toxic wastes. The waste solids from the digester will be added to Distiller's Dried Grains with Solubles (DDGS) which is a co-product of the distillery industries used in livestock feeds.
 - q. **Transportation** – The project proposes no change to existing transportation patterns.
 - r. **Noise** – The project proposes no significant impacts to noise levels.
 - s. **Energy** – The feasibility report for this project purports that the project will not require additional outside utility sources to be increased, and is designed to generate biogas onsite to replace natural gas. Therefore there is no potential for impact in this area.
 - t. **Environmental Justice** – The project poses no potential for adverse impact to minority or low income communities.
 - u. **Construction Impacts** – The project will entail installation of digester tanks within an area which has already been converted to industrial use, and centrally located within the ethanol facility. Construction Impacts are minor.
 - v. **Secondary Impacts** – The project poses no potential to significantly adversely affect air quality or other environmental resources.

- w. **Cumulative Impacts** – The project poses no reasonably foreseeable potential to significantly adversely affect air quality or other environmental resources. The “no action” alternative has more significant cumulative impacts as a result of greater CO2 emissions over time.
- x. **Intergovernmental Review:** RD sought comment from both the City of Hastings and Adams County regarding the subject application. The correspondence (attached) indicated that RD would assume the local jurisdictions had no concern about the project if they did not respond with comment. The City of Hastings responded that the project was consistent with existing plans and would not have negative impacts on the surrounding community.
- y. **Project Alternatives:** Project alternatives reviewed for this grant application were restricted to the no action alternative, whereby the project would not be funded, the anaerobic digester system would not be installed and the replacement of fossil fuel input with renewable biogas would not occur. The no action alternative would result in greater CO2 emissions, because the combustion of fossil fuels for energy would be up to 42% greater without the proposed process improvement. Since CO2 is a recognized greenhouse gas, the no action alternative would have a greater environmental impact than the proposed action -- installation of an anaerobic digester.
- z. **Mitigation Measures:** The applicant indicates that the production and use of methane will result in an increase in the emission of Sox and that a modification to the air quality permit will be sought from Nebraska Department of Environmental Quality. As noted in air quality section above “The applicant must provide a copy of all air quality permit(s) and permit modification(s) prior to the issuance of any RD funding.”



23 July 2010

Annie Eberhart Goode
USDA
1400 Independence Ave., S.W.
Washington DC 20250-0700

Re: Anaerobic Digester
Hastings, NE
Adams Co.
H.P. #1007-071-01

Dear Ms. Goode:

A review of our files indicates that the referenced project does not contain recorded historic resources. It is our opinion that no survey for unrecorded cultural resources will be required. Your undertaking, in our opinion, will have no effect for archaeological, architectural, or historic properties. This review does not constitute the opinions of any Native American Tribes that may have an interest in Traditional Cultural Properties potentially affected by this project.

There is, however, always the possibility that previously unsuspected archaeological remains may be uncovered during the process of project construction. We therefore request that this office be notified immediately under such circumstances so that an evaluation of the remains may be made, along with recommendations for future action.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Steinacher".

Terry Steinacher
H.P. Archaeologist

Concurrence:

A handwritten signature in black ink, appearing to read "L. Robert Puschendorf".

L. Robert Puschendorf
Deputy NeSHPO

1500 R Street
PO Box 82554
Lincoln, NE 68501-2554

p: (800) 833-6747
(402) 471-3270
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www.nebraskahistory.org



United States Department of Agriculture
Rural Development

July 1, 2010

Michael Smith, Chief Executive Officer
Nebraska State Historical Society
P.O. Box 82554
1500 R Street
Lincoln, NE 68501

Subject: Section 106 Review of **Chief Ethanol Fuels Inc.** –
Proposed Installation of Anaerobic Digester
Assisted by the USDA/ Rural Development

Dear Mr. Smith,

The U.S. Department of Agriculture, Rural Development, is reviewing an application from Chief Ethanol Fuels Inc. ("Applicant") for federal funding from our repowering assistance program, designed to support efforts to replace fossil fuel consumption with alternatives characterized by lower CO₂ emissions, such as methane. The Applicant is proposing to install at its ethanol production facility in Hastings, NE a 7.2 million gallon anaerobic digester which will produce methane for use in the ethanol plant by processing a portion of the "thin stillage," a byproduct of ethanol production. Estimates indicate the project will offset approximately 42 percent of the Applicant's consumption of non-renewable energy.

Rural Development has made a determination under Section 106 of the NHPA that this project poses no adverse effects to historic properties (historic or cultural sites listed, or eligible for listing, on the National Register of Historic Places). Rural Development has made this determination of no adverse effect for this undertaking for the following reasons:

- 1) The Chief Ethanol plant is less than 50 years old,
- 2) The undertaking is for installation of an anaerobic digester and associated equipment and will be located within an area that has been previously disturbed during the construction of the ethanol facility, and
- 3) The undertaking is centrally located within the Chief Ethanol Fuels property.

36 CFR Section 800.4(a)(1) – Determine area of potential effect

The location of the proposed undertaking and the area of potential effects (APE), as defined in Section 800.16(d), is shown on the enclosed aerial map. The APE is defined as the 140-acre property, which is located at:

Chief Ethanol Fuels, Inc.
4225 East South Street
Hastings, NE
68901-8338

1400 Independence Ave., S.W. Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

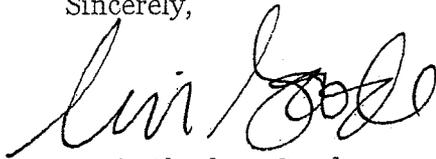
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1400 Independence Avenue, S.W. Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

Michael Smith
July 1, 2010
Page 2.

Please review this finding of effect pursuant to 36 CFR Section 800.5(c) and provide Rural Development with your response within 30 days from receipt of this letter. Please feel free to contact me with any comments or questions at annie.goode@wdc.usda.gov or at 202.720.9653. Thank you for forwarding all correspondence to me via email or to my attention to the address below.

Sincerely,



Annie Eberhart Goode
Environmental Protection Specialist

cc: David Ostdiek, Vice-President/CFO/Treasurer
Chief Ethanol Fuels, Inc.

Attachments: 1) General vicinity map
2) Aerial Photograph with Project Location

Annie Eberhart Goode | Environmental Protection Specialist
Rural Development
U.S. Department of Agriculture
1400 Independence Ave., S.W. | Washington, D.C. 20250
Mail Stop 0761
Phone: 202.720.9653 | Fax: 202.690.4335
www.rurdev.usda.gov



MAPQUEST

Map of 4225 E South St
Hastings, NE 68901-8338

Notes

Location of Digester Tanks



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MAPQUEST

Map of 4225 E South St
Hastings, NE 68901-8338

Notes

Vicinity Map

Hastings, NE and surrounding area



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Directions and maps are informational only. We make no warranties on the accuracy of their content, road conditions or route usability or expeditiousness. You assume all risk of use. MapQuest and its suppliers shall not be liable to you for any loss or delay resulting from your use of MapQuest. Your use of MapQuest means you agree to our [Terms of Use](#)



August 4, 2010

Annie Eberhart Goode
Environmental Protection Specialist
Rural Development
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

RE: Chief Ethanol Fuels Inc.
4225 East South Street
Hastings, NE 68901

Annie Eberhart Goode:

This is to make reference to your letter dated July 8, 2010 requesting of any significant impact on the improvements of the above referenced property. The property in question lies within the jurisdiction of the City of Hastings. We have determined that the project would not impact the surrounding area and is consistent with the goals of the Comprehensive Plan.

Based upon the information submitted, we have no objection to the improvement as currently planned however, a building permit application needs to be submitted along with a set of construction documents.

If you have any questions, please contact me at (402) 461-2368 or email me at rcartier@cityofhastings.org.

Sincerely,

Richard Cartier
City Planner

220 North Hastings Avenue
Inspection: (402) 461-2302
Health: (402) 461-2305

P.O. Box 1085



www.cityofhastings.org

Hastings, Nebraska 68902-1085
Planning: (402) 461-2345
Fax: (402) 461-2304



United States Department of Agriculture
Rural Development

July 8, 2010

Joe Patterson, City Administrator
City of Hastings
220 N. Hastings Avenue
Hastings, NE 68901

Subject: Intergovernmental Coordination
Review of **Chief Ethanol Fuels Inc.** –
Proposed Installation of Anaerobic Digester
Assisted by the USDA/ Rural Development

Dear Mr. Patterson,

The U.S. Department of Agriculture, Rural Development, is reviewing an application from Chief Ethanol Fuels Inc. ("Applicant") for federal funding from our repowering assistance program, designed to support efforts to replace fossil fuel consumption with alternatives characterized by lower CO₂ emissions, such as methane. The Applicant is proposing to install at its ethanol production facility in Hastings, NE a 7.2 million gallon anaerobic digester which will produce methane for use in the ethanol plant by processing a portion of the "thin stillage," a byproduct of ethanol production. Estimates indicate the project will offset approximately 42 percent of the Applicant's consumption of non-renewable energy.

Pursuant to Executive Order 12372, "Intergovernmental Review of Federal Program," Rural Development is inviting any comment you may have regarding this proposal. In particular, we seek your comment on the following:

- Consistency with local planning goals;
- Environmental impacts and potential alternatives;
- Economic development value;
- Impact on services, including any disproportionate effects on minority groups;

The proposed improvements would be made at the existing Chief Ethanol Fuels facility, a 140-acre property, which is located at:

Chief Ethanol Fuels, Inc.
4225 East South Street
Hastings, NE
68901-8338

1400 Independence Ave., S.W. Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

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1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

Joe Patterson
July 8, 2010
Page 2.

We appreciate any comments you may have and request that you provide any response to Rural Development as soon as possible and at the latest, within 60 days from the date of this letter (September 7). If you choose not to respond, Rural Development will assume that you have no concerns to convey and may proceed with a final decision on the proposal. Please feel free to contact me with any comments or questions at annie.goode@wdc.usda.gov or at 202.720.9653. Thank you for forwarding all correspondence to me via email or to my attention to the address below.

Sincerely,



Annie Eberhart Goode
Environmental Protection Specialist

cc: David Ostdiek, Vice-President/CFO/Treasurer
Chief Ethanol Fuels, Inc.

Richard Cartier, Development Services
City of Hastings

Attachments: 1) General vicinity map
2) Aerial Photograph with Project Location

Annie Eberhart Goode | Environmental Protection Specialist
Rural Development
U.S. Department of Agriculture
1400 Independence Ave., S.W. | Washington, D.C. 20250
Mail Stop 0761
Phone: 202.720.9653 | Fax: 202.690.4335
www.rurdev.usda.gov



United States Department of Agriculture
Rural Development

July 8, 2010

Hon. Larry Woodman, Chairman
Adams County Board of Supervisors
PO Box 2067
Hastings, NE 68902

Subject: Intergovernmental Coordination
Review of **Chief Ethanol Fuels Inc.** –
Proposed Installation of Anaerobic Digester
Assisted by the USDA/ Rural Development

Dear Mr. Woodman,

The U.S. Department of Agriculture, Rural Development, is reviewing an application from Chief Ethanol Fuels Inc. ("Applicant") for federal funding from our repowering assistance program, designed to support efforts to replace fossil fuel consumption with alternatives characterized by lower CO₂ emissions, such as methane. The Applicant is proposing to install at its ethanol production facility in Hastings, NE a 7.2 million gallon anaerobic digester which will produce methane for use in the ethanol plant by processing a portion of the "thin stillage," a byproduct of ethanol production. Estimates indicate the project will offset approximately 42 percent of the Applicant's consumption of non-renewable energy.

Pursuant to Executive Order 12372, "Intergovernmental Review of Federal Program," Rural Development is inviting any comment you may have regarding this proposal. In particular, we seek your comment on the following:

- Consistency with local planning goals;
- Environmental impacts and potential alternatives;
- Economic development value;
- Impact on services, including any disproportionate effects on minority groups;

The proposed improvements would be made at the existing Chief Ethanol Fuels facility, a 140-acre property, which is located at:

Chief Ethanol Fuels, Inc.
4225 East South Street
Hastings, NE
68901-8338

1400 Independence Ave., S.W., Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

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Hon. Larry Woodman
July 8, 2010
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We appreciate any comments you may have and request that you provide any response to Rural Development as soon as possible and at the latest, within 60 days from the date of this letter (September 7). If you choose not to respond, Rural Development will assume that you have no concerns to convey and may proceed with a final decision on the proposal. Please feel free to contact me with any comments or questions at annie.goode@wdc.usda.gov or at 202.720.9653. Thank you for forwarding all correspondence to me via email or to my attention to the address below.

Sincerely,



Annie Eberhart Goode
Environmental Protection Specialist

cc: David Ostdiek, Vice-President/CFO/Treasurer
Chief Ethanol Fuels, Inc.

Dawn Miller, Zoning Administrator
Adams County

Attachments: 1) General vicinity map
2) Aerial Photograph with Project Location

Annie Eberhart Goode | Environmental Protection Specialist
Rural Development
U.S. Department of Agriculture
1400 Independence Ave., S.W. | Washington, D.C. 20250
Mail Stop 0761
Phone: 202.720.9653 | Fax: 202.690.4335
www.rurdev.usda.gov

Rural Development
Environmental Justice (EJ) and Civil Rights Impact Analysis (CRIA)
Certification

1. Applicant's name and proposed project description: Chief Ethanol Fuels, Inc. proposes to install an anaerobic digester to produce gas from biomass as replacement for natural gas.

2. Rural Development's loan/grant program/guarantee or other Agency action: RD gives Chief Eth. an annual payment based upon the fossil fuel replaced by renewable fuel. (Section 9004)

3. Attach a map of the proposal's area of effect identifying location or EJ populations, location of the proposal, area of impact or

Attach results of EJ analysis from the Environmental Protection Agency's (EPAs) EnviroMapper with proposed project location and impact footprint delineated.

4. Does the applicant's proposal or Agency action directly, indirectly or cumulatively affect the quality and/or level of services provided to the community?

Yes No N/A

5. Is the applicant's proposal or Agency action likely to result in a change in the current land use patterns (types of land use, development densities, etc)?

Yes No N/A

6. Does a demographic analysis indicate the applicant's proposal or Agency's action may disproportionately affect a significant minority and/or low-income populations?

Yes No N/A

If answer is no, skip to item 12. If answer is yes, continue with items 7 through 12.

7. Identify, describe, and provide location of EJ population _____

8. If a disproportionate adverse affect is expected to impact an EJ population, identify type/level of public outreach implemented. _____

9. Identify disproportionately high and adverse impacts on EJ populations. _____

10. Are adverse impacts appreciably more severe or greater in magnitude than the adverse impacts expected on non-minority/low-income populations?

Yes No N/A

11. Are alternatives and/or mitigation required to avoid impacts to EJ populations?

Yes No N/A

If yes, describe _____

12. I certify that I have reviewed the appropriate documentation and have determined that:

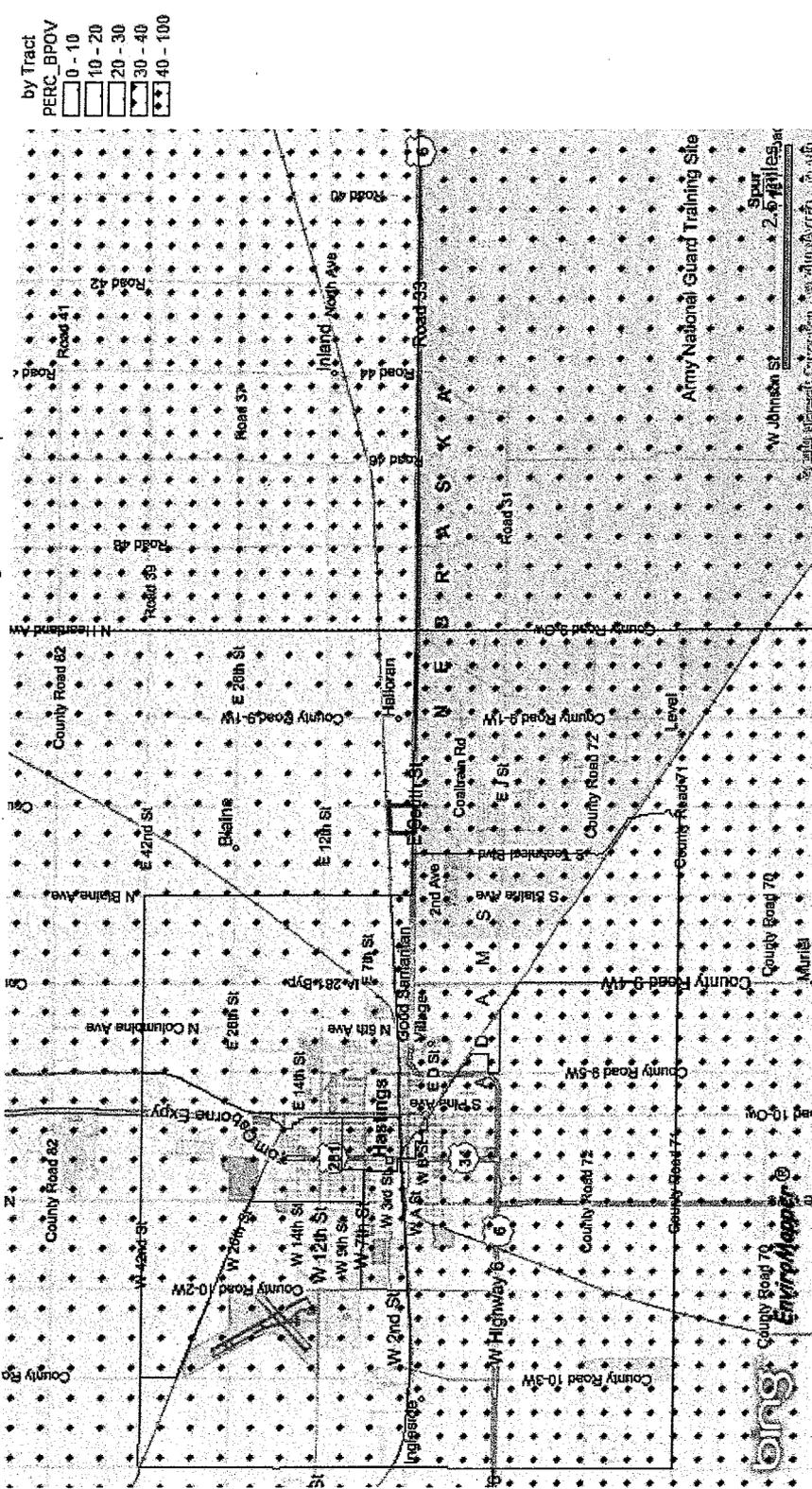
- No major EJ or civil rights impact is likely to result if the proposal is implemented.
 A major EJ or civil rights impact is likely to result if the proposal is implemented.

Lu Eubank Gode,
Name and Title of Certifying Official

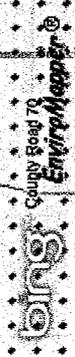
9/13/2010
Date

*Environmental Protection
Specialist*

Chief Ethanol Fuels, Inc. - Percent Below Poverty = 10.4 %

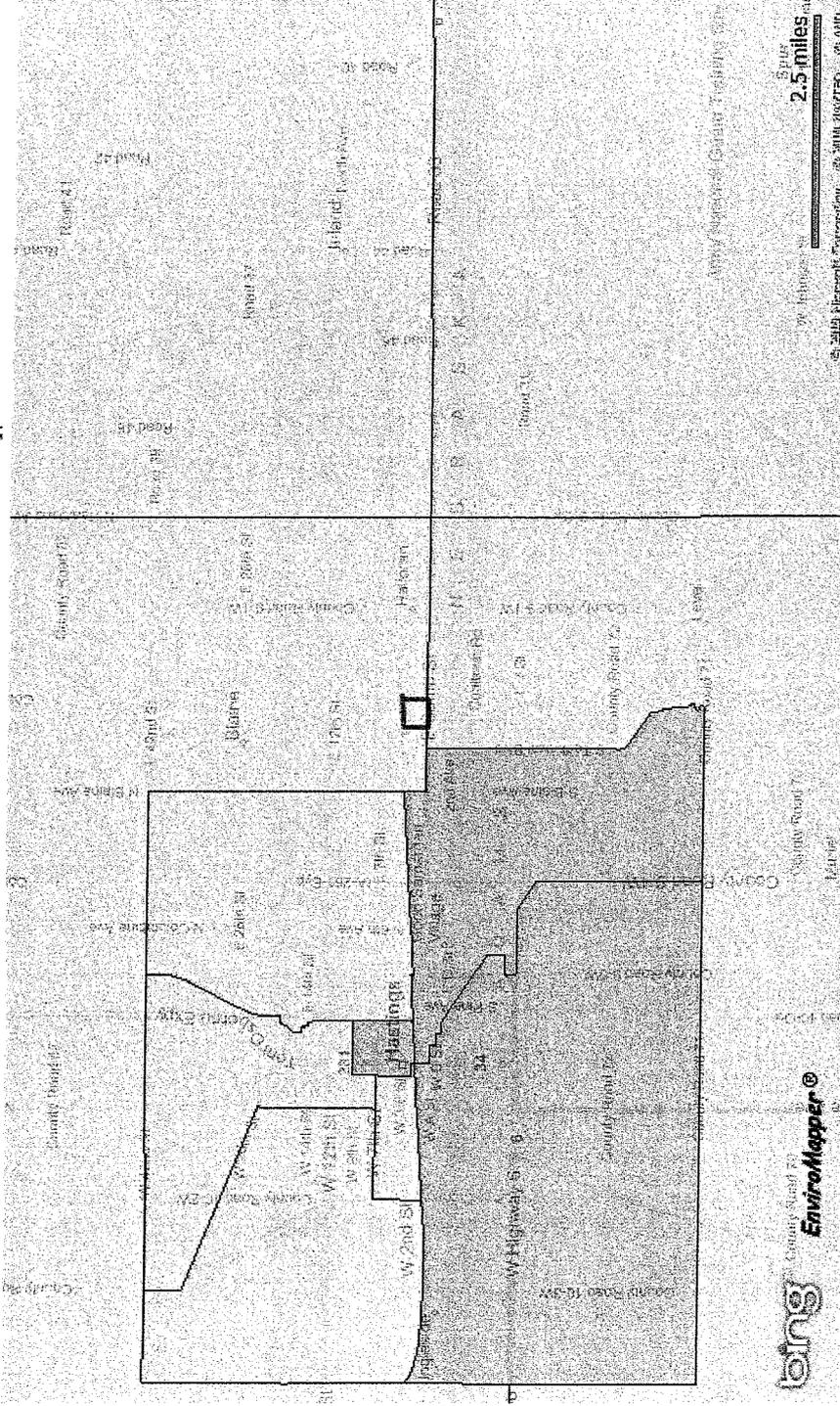
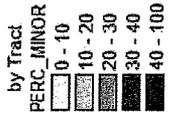


by Tract
 PERC_BPOV
 0 - 10
 10 - 20
 20 - 30
 30 - 40
 40 - 100



Army National Guard Training Site
 W Johnson St
 State
 2.6 miles

Chief Ethanol Fuels Inc. - Percent Minority



bing
EnviroMapper®

2.5 miles

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