Proposed $1.1B Steel Plant in Arkansas

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LITTLE ROCK, Ark. (AP) — Arkansas' chief economic development official expects construction on the proposed $1.1 billion Big River Steel plant near Osceola to begin by the fall — though a portion of its financing and final permissions from state regulators are still pending.

State legislators did their part this spring, approving a $125 million finance package that includes a $75 million grant. The Arkansas Department of Environmental Quality is reviewing the plant's 770-page application for an air quality permit and the state Public Service Commission is expected to rule by May 20 on an application by Entergy Arkansas to build a pair of power lines to the plant.

"They (Big River Steel executives) still think that a third-quarter closing is within reach and they plan on breaking ground the same day they close," said Arkansas Economic Development Director Grant Tennille. "So we may begin to see construction probably ... in the September time frame. If things slip a little bit, it'll probably be closer to November."

The mill is to be built by SMS of Germany, and Tennille said some of the plant's financing is coming through Germany. Considering the custom common in Europe of taking the month of August as vacation, Tennille said a delay could stem from gathering international monetary guarantees.

But Tennille said there are no significant hitches in lining up financing for the plant.

"Everything looks good," he said.

Osceola Mayor Dickie Kennemore said he's generally pleased with the progress, if not the speed at which the project is coming together.

"From my perspective, it's going too slow. But I'm kind of impatient to get things started here," he said.

Kennemore said he has a stack of resumes in his office that people in town have given him in hope of landing a job at the mill: Big River has promised the plant will have 525 full-time employees who will earn in excess of $75,000 per year.

"People are stopping me in the grocery store, at Walmart, they're emailing and texting. They want to get their name in the basket to get a job. I have been inundated with requests and inquiries," Kennemore said.

Mississippi County has one of the highest unemployment rates among Arkansas counties, with a rate of 10.3 percent in March.

Big River has said about 2,000 construction workers will be needed to build the plant, and many will be hired locally. Kennemore noted that Osceola doesn't have large companies capable of doing the steel and electrical work, along with other components of a large factory, so some workers will have to come from outside the area.

"I assure you, there won't be any shortage of applicants for these jobs," Kennemore said.

The Arkansas Legislature approved its portion of the funding despite opposition from some conservatives who believed the government shouldn't subsidize a business. Also, Nucor Steel opposed the plant, saying its plant in neighboring Blytheville would pick up a competitor for market share and employees.

At an announcement last week about a company that manages electric grids opening a regional office in Little Rock, Tennille said a change by Entergy Arkansas is making the state more attractive to potential employers.

Entergy Arkansas is leaving its system agreement with Entergy Corp., which means Arkansas ratepayers will no longer have to subsidize power plants that supply electricity elsewhere in Entergy's four-state area.

After the end of 2013, Entergy will buy electricity on the open market through its membership in the nonprofit Midwest Independent System Operator (MISO), the firm opening a hub in Little Rock.

Since MISO seeks the lowest rates on the market, Big River Steel was able to obtain a satisfactory rate agreement with Entergy. The mill will largely be fueled by electricity and the deal Big River made with Entergy was a critical factor in Arkansas being able to land the factory, Tennille said.

"The real story is what MISO membership does for Entergy and does for (Arkansas) in terms of electric rates, particularly for big industrial projects," Tennille said.

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