



Upper Peninsula Power Company

700 North Adams Street
P.O. Box 19001
Green Bay, WI 54307-9001

December 10, 2008

FERC Project No's. 10854 and 2506

Ms. Kimberly D. Bose, Secretary
The Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Dear Secretary Bose:

Cataract and Escanaba Hydroelectric Project Land Management Report and Gaging Monthly Update

Per our April 4, 2008 letter, Upper Peninsula Power Company's (UPPCO) agreed to provide monthly updates on the progress of obtaining the rights in perpetuity for the properties originally described in Appendix C of the February 11, 2008 letter. UPPCO intends to secure those rights by the end of year 2008. UPPCO's first preference is to obtain fee ownership of the property through negotiations. If that is not possible, negotiating a perpetual easement would be the second option. Legal proceedings, whether condemnation or other action, would be the option of last resort.

As you are aware, through discussion with Robert Fletcher of your office, UPPCO is currently in litigation with Naterra Lands regarding the original sale of property at the Cataract and Escanaba River Hydroelectric Projects. The original sale included the transfer of the subject property described in Appendix C of the February 11, 2008 letter. Since the litigation is ongoing, UPPCO respectfully requests an extension of time to retain ownership of the property described in Appendix C of the February 11, 2008 letter to end of April, 2009. At this time, UPPCO has sufficient rights to the property to assure the operations of the hydroelectric project.

UPPCO proposes to continue to provide monthly updates to the status of these items until they are completed. The next update will be filed with the Secretary by January 10, 2009.

As stated in your letter to UPPCO dated December 8, 2008, UPPCO will file, within 30 days of the reacquisition of the project lands, documentation (i.e. copies of title documents) verifying the completion of the transaction and fulfillment of the requirements of Article 5.

Should you have any questions, please do not hesitate to contact Shawn Puzen at (920) 433-1094.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Jensky".

Terry P. Jensky
Vice President - Energy Supply Operations
for Wisconsin Public Service Corporation
Telephone: (920) 433-2900

cc: Ms. Patricia Grant, FERC - Chicago
Mr. Robert Meyers, UPPCO - UISC
Mr. Howard Giesler, WPSC - PUL
Ms. Patricia Van Den Elzen, WPSC - G4

Mr. Gil Snyder, WPSC - D2
Ms. Joan Johaneck, WPSC - D2
Mr. Keith Moyle, UPPCO - UISC
Ms. Elyse Stackhouse, WPSC - G4

Document Content(s)

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