

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D. C. 20426

OFFICE OF ENERGY PROJECTS

**Project No. 10854-075--Michigan
Cataract Hydroelectric Project
Upper Peninsula Power Company**

**Mr. Terry P. Jensky
Assistant Vice President – Energy Supply Operations
Upper Peninsula Power Company
700 North Adams Street
Green Bay, WI 54307-9001**

AUG 15 2007

Reference: Article 401 Run-of-River Deviation

Dear Mr. Jensky:

We received your report filed July 23, 2007, providing notification of a deviation from the requirements of Article 401 for the Cataract Hydroelectric Project No. 10854, located on the Middle Branch Escanaba River, in Marquette County, Michigan.

Article 401 of the license¹ requires the licensee to operate the project in a run-of-river mode for the protection and enhancement of water quality and aquatic resources in the Middle Branch Escanaba River. The licensee shall at all times act to minimize fluctuation in the surface elevation of the Cataract reservoir by maintaining a discharge from the project so that, at any point in time, flows, as measured immediately downstream from the project tailwater, approximate the sum of inflows to the project reservoir.

To ensure run-of-river operation, the licensee shall maintain a target water surface elevation in the reservoir of 1,173.5 feet \pm 0.25 foot above mean sea level when inflow to the project reservoir is greater than 55 cubic feet per second (cfs) and less than 415 cfs. The licensee shall not operate between the low and high ends of the prescribed elevation range on a daily basis for the purposes of power system load following. Inflow to the project shall be determined using generation and water level records. When inflow to the

¹ See 78 FERC ¶62,100, Order Issuing Original License issued February 7, 1997.

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project reservoir is 55 cfs or less, the licensee may continue to release up to 55 cfs from the powerhouse until the water surface elevation in the reservoir reaches 1,172.5 feet above mean sea level. At no time shall the licensee lower the water surface in the reservoir below 1,172.5 feet above mean sea level, except as provided for in the operating plan developed under Article 403.

Run-of-river operation and reservoir water surface elevations may be temporarily modified if required by operating emergencies beyond the control of the licensee, and for short periods upon mutual agreement among the licensee, Michigan Department of Natural Resources (MDNR), and U.S. Fish and Wildlife Service (FWS). If the flow is so modified, the licensee shall notify the Commission, MDNR, and FWS as soon as possible, but no later than 10 days after each such incident.

You reported that on July 1, 2007, discharge from the Cataract powerhouse dropped below the minimum required flow of 55 cfs following a turbine generator trip. The trip was the result of a wind related fault on the transmission line originating from the powerhouse. An operator was dispatched, reestablished minimum flow and the facility was returned to normal service. No environmental impacts were observed. Notification of this event was reported to the MDNR and FWS on July 3, 2007.

Conclusion

Based upon our review of the available information, we have determined that the operational deviation, which occurred does not constitute a violation of Article 401 of your license. The deviation was the result of a wind related fault on the transmission line and beyond your control. You took the necessary steps to restore normal operation as quickly as possible.

Thank you for your cooperation in this matter. If you have any questions regarding this letter, please contact Patricia W. Gillis at (202) 502-8735.

Sincerely,



William Guey-Lee
Chief, Engineering and Jurisdiction
Branch
Division of Hydropower Administration
and Compliance