

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D. C. 20426

OFFICE OF ENERGY PROJECTS

Project No. 10854-049--Michigan
Cataract Hydroelectric Project
Upper Peninsula Power Company

Mr. David W. Harpole
Senior Vice President – Energy Supply
Upper Peninsula Power Company
700 North Adams Street
Green Bay, WI 54301-9001

JAN 30 2004

Reference: Articles 401 and 402

Dear Mr. Harpole:

We received your letter dated December 16, 2003, providing notification of deviations from the requirements of articles 401 and 402 for the Cataract Hydroelectric Project No. 10854. Article 401 states, in part, that 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, the Michigan Department of Natural Resources (MDNR), and the U.S. Fish and Wildlife Service (FWS). Article 402 states the licensee shall release from the project spillway into the bypassed reach of the Middle Branch Escanaba River a continuous minimum flow of 8 cubic feet per second (cfs) year-round, for the protection and enhancement of fish and wildlife resources in the Middle Branch Escanaba River. The minimum release flow may be temporarily modified, if required by operating emergencies beyond the control of the licensee. 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 December 4, 2003, the generating unit was tripped off line, which was caused by a trip of the transmission system owned by American Transmission Company (ATC) and resulted in a blackout in the entire Upper Peninsula of Michigan. The plant operator was called and upon reporting to the site found the unit had been restarted remotely on December 5, 2003, after about 4 hours. The unit trip resulted in a reduction of flow from the powerhouse. The unit was returned to normal operation an hour later. Notification of this event was reported to the MDNR and FWS.

Conclusion:

Based upon our review of the available information, we have determined that the deviation from run-of-river operation which occurred on December 4, 2003, does not constitute a violation of articles 401 and 402 of your license. The deviation was the result of a trip of the transmission system owned by ATC serving the entire Upper Peninsula of Michigan, 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-Lec
Senior Technical Expert
Division of Hydropower Administration
and Compliance**