

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D. C. 20426

OFFICE OF ENERGY PROJECTS

Project No. 10854-074--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

JUL - 9 2007

Reference: Article 403

Dear Mr. Jensky:

We received your report filed May 23, 2007, providing notification of an outage event under Article 403 of the license for the Cataract Hydroelectric Project No. 10854, located on the Middle Branch Escanaba River, in Marquette County, Michigan.

Article 403 of the license¹ and an updated Order Approving Operation and Compliance Plan Pursuant to License Article 403,² require the licensee in the event of a power outage or emergency that results in a project shutdown, to attempt to remotely restore plant power. If plant power cannot be restored; plant operating personnel shall be dispatched to the project. The plant operator, upon arrival at the plant, shall attempt to restart the generating unit. If unable to restart the generating unit, the flashboards on the dam will be sufficiently raised to pass inflow. When generating unit operations are restored, the flow through the unit will be increased gradually, to the extent possible, to avoid abrupt changes from low to high river flow conditions. If inflow is greater than one half of the hydraulic capacity of the unit, flow in the river channel will be re-established over a one-hour period.

¹ See 78 FERC ¶ 62,100 (1997).

² See 111 FERC ¶ 62,047 (2005).

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Article 403 also requires, in the event of a power outage, for you to notify the Michigan Department of Natural Resources (MDNR) and U.S. Fish and Wildlife Service (FWS), as soon as possible, but no later than 10 days after each such incident.

On May 14, 2007, your capability for data logging and remote monitoring of reservoir elevation was lost due to a lightning strike that affected the radio transmitter. Normal operation resumed on May 18, 2007, when the radio transmitter was replaced. During the period the radio transmitter was out of service, the reservoir elevation was visually checked by operators several times a day. Reservoir elevation was maintained at 1,173.6 feet during this period and no environmental impacts were observed. You notified the FWS and the MDNR on May 16, 2007.

Conclusion

Your report of the lightning strike which disabled your radio transmitter and prevented you from data logging and remote monitoring of reservoir elevation fulfills the reporting requirements of Article 403 of your license. You notified the FWS and the MDNR, as required by Article 403.

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