

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D. C. 20426

OFFICE OF ENERGY PROJECTS

Project No. 10854-054 - Michigan
Cataract Hydroelectric Project
Upper Peninsula Power Company

Mr. Terry P. Jensky
Assistant Vice President – Energy Supply
Wisconsin Public Service
600 E. Lakeshore Drive
Houghton, MI 49931-0130

APR 12 2005

Dear Mr. Jensky:

On March 1, 2005, we received your February 28, 2005, Annual Operation and Compliance Report,¹ filed pursuant to the Commission's October 28, 1999, Order Modifying and Approving Operation and Compliance Plan.²

License Requirements

Paragraph (D) of the Commission's October 29, 1999, order requires annual reports summarizing hourly generation, headwater and bypass elevations, turbine flow, and streamflow data from the U.S. Geological Survey gage downstream at Princeton. The annual reports are to be filed by March 1 of the year following data collection, with the Commission, Michigan Department of Natural Resources (MDNR), and U.S. Fish & Wildlife Service (FWS).

Article 401 of the project license, in part, requires that you operate the project in a run-of-river mode, maintaining a reservoir surface elevation of 1,173.5 feet mean sea level, +/- 0.25 feet, when reservoir inflow is greater than 55 cubic feet per second (cfs) and less than 415 cfs. Article 402 requires that you release, into the Middle Branch of the Escanaba River, a continuous minimum flow of 8 cfs.

¹ On March 23, 2005, a revised report was filed. This report contained the USGS Gage Station Flow information that was inadvertently omitted in the chart on page 3 of the March 1, 2005 report.

² 89 FERC ¶ 62,082 (1999).

Project No. 10854-054

- 2 -

Licensee's Report

Your report included the required information and provided details of periods for which hourly records indicate deviations from the requirements of license Article 401. You reported that during the year the bypass flows did not go below 8 cfs as required by Article 402. Copies of your report were submitted to the MDNR and the FWS. You are also conducting internal training of Energy Supply and Control Operators and field personnel and consultation with the resource agencies on the license requirements.

Regarding run-of-river operation, you identified 6 incidents in which reservoir level elevations were recorded that were outside of those required by license article 401. Of those incidents, five were the result of brief problems with monitoring, data transmission equipment, or the pond inflow was greater than 415 cfs and do not represent actual deviations from the requirements of Article 401. However, one of the 6 incidents was cause for alarm because the pond elevation was rising toward the high level alarm. The pond elevation was recorded by the electronic instrumentation system during this time frame at values from 1173.76 and 1173.89 feet. Upon reaching the site, the plant operator increased the load from 25% to 40% to lower the pond elevation level down to midrange. The actual staff gauge elevation did not exceed 1173.68 as observed by the plant operator, therefore, was not reported to the Commission, MDNR and FWS.

Conclusion

Your February 28, 2005, report satisfies the annual reporting requirement of paragraph (D) of the Commission's October 28, 1999, order.

Thank you for filing your report with the Commission. If you have any questions, please contact Diane M. Murray at (202) 502-8838.

Sincerely,



William Y. Guey-Lee
Division of Hydropower Administration
and Compliance