

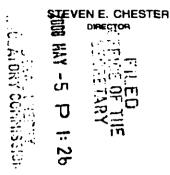
STATE OF MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY LANSING



JENNIFER M. GRANHOLM GOVERNOR

BICH

April 24, 2008



Ms. Kimberiy D. Bose, Secretary Federal Energy Reguletory Commission 888 First Street, NE Washington, DC 20426

Dear Ms. Bose:

The Michigan Department of Environmental Quelity (MDEQ) is providing comments in response to the Upper Peninsule Power Company's (UPPCO's) supplement to the Dead River Hydroelectric Project: Environmental Report-Silver Lake Reservoir Rebuild (Federal Energy Reguletory Commission [FERC] No. 10855-188) (hereefter, the Supplement) dated Merch 19, 2008.

The MDEQ issued a Section 401 Water Quelity Certification (hereafter, the Certification) for the UPPCO's Dead River Hydroelectric Project on Februery 24, 1999. This Certification established "Start of Month Target Elevations" end "Minimum Elevations" for the Silver Lake and Dead River Storage Basins. Conditions 1.1 end 8.1 of the Certification require the UPPCO to "strive to operate the existing facilities in e menner as to achieve the Start of Month Target Elevations in the Silver Lake and Dead River Storage Basins." As expleined in the December 11, 2007, letter (copy enclosed) from Mr. Gerald W. Saalfeld, MDEQ, to Mr. Shewn Puzen, Integrys Business Support, LLC, the "Start of Month Terget Elevations" were included in the Certification to cleerly establish water elevation goals for the Silver Lake and the Deed River Storage Besins that the UPPCO's project operations were expected to achieve, to the closest extent possible, on the first day of each month. Pleese note the "Start of Month Target Elevations" for the Silver Lake end Dead River Storage Basins from the Certification are also contained in the FERC License that was issued for the Dead River Hydroelectric Project.

Although the document titled, "Environmental Report Dead River Restoration Area Silver Leke Project FERC Project No. 10855-MI" (hereefter, Environmental Assessment) and the Supplement state that the UPPCO intends to operate the fecility consistent with the FERC License, our review of the two documents indicates that the UPPCO is ectually proposing to operate the fecility differently than what is required by the current FERC License end MDEQ Certification. If the UPPCO proposes to operate the facility differently than what is required by the current FERC License end MDEQ Certification, they would need to file for en emendment to the FERC License end the MDEQ Certification. The License/Certification emendment process would allow for en eppropriate evaluation of the water quality Impacts of any proposed operational changes. Otherwise, it is not clear when a comprehensive Environmental Assessment of the project would take place If the rebuilt dam is ultimately operated differently then required under the current License end Certification.

The MDEQ continues to fully expect the UPPCO to comply with all of the conditions/requirements contained in the current License and Certification after the Silver Lake dem is rebuilt. Operations of the Dead River Hydroelectric Project es proposed in the Environmental Assessment end the Supplement ere not authorized by the current License or Certification. As indicated ebove, the License and Certification would need to be amended to

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authorize the proposed facility operations described in the Environmental Assessment and Supplement. The MDEQ remains willing to work with the UPPCO to explore Certification modifications that would comply with Section 401(a) of the Federal Clean Water Act and the MIchigan Water Quality Standards.

Please contact me if you have any questions concerning this letter.

Sincerely,

John Supprick ' Upper PenInsula Unit Surface Water Assessment Section Water Bureau 517-335-4192

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 CC: Mr. Shawn Puzen, Integrys Business Support, LLC Mr. Peter Yarrington, FERC Mr. Chris Freiburger, MDNR Ms. Jessica Mistak, MDNR Mr. Steven Casey, MDEQ Ms. Diana Klemans, MDEQ Mr. Gerald Saalfeld, MDEQ