



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



REBECCA A. HUMPHRIES
DIRECTOR

Refer to: 4202.2.7

March 5, 2008

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426125

Dear Secretary Bose:

SUBJECT: SILVER LAKE ENVIRONMENTAL REPORT COMMENTS (P-10855-118)

The Michigan Department of Natural Resources (DNR) has reviewed the Environmental Report for the Dead River Restoration Area Silver Lake Project dated January 2008. In this report, the Upper Peninsula Power Company (UPPCO) describes the Proposed Rebuild Option for Silver Lake which involves construction of a new dam to replace the prior emergency fuse plug, raising the height of several dams and dikes, and adding a new spillway that is approximately one foot lower than the current spillway.

The Environmental Report includes a description of the current environmental conditions as well as the potential indirect, direct, and cumulative environmental effects associated with the Proposed Rebuild Option. UPPCO maintains that both the construction and operational aspects of the Proposed Rebuild Option will have minimal or no effect on the environment. Specifically, UPPCO anticipates that negative effects from the repairs and subsequent operation of the Silver Lake Reservoir on fish and other aquatic organisms will be negligible and will include the elimination of approximately one acre of wetlands.

Paul C. Rizzo Associates, Inc. (RIZZO) was retained by UPPCO to perform an operation analysis to evaluate the effect of the proposed lower spillway sill elevation in terms of license compliance and spillway performance. Unfortunately, the mode of operation for Silver Lake as outlined in the October 25, 2007 Spillway Elevation Study by RIZZO (Appendix G of the Environmental Report) does not reflect current license conditions. Instead, the Spillway Elevation Study is based on the assumption that Silver Lake is operated such that the reservoir elevation exceeds the target elevations. As clearly stated by the Department of Environmental Quality (see Appendix H of the Environmental Report, December 11, 2007 comment letter), the target elevations are not minimum elevations; on the contrary, they are elevations that UPPCO is expected to achieve at the start of each month to the closest extent possible.

Rather than restoring Silver Lake to operating levels in compliance with the current license conditions, UPPCO's proposed mode of operation would hold Silver Lake higher than the target

Kimberly D. Bose

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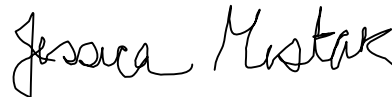
elevations throughout much of the year and allow for an approximate six foot drawdown over the summer. The excessive drawdown is in direct contradiction with the current license which only allows for a two foot drawdown from July to September. In particular, the DNR is concerned that UPPCO's proposed mode of operation and excessive drawdown would result in unanticipated negative effects to wetlands and shallow water habitat utilized by fish and mussels and may increase rates of erosion.

Because of UPPCO's misinterpretation of target elevation compliance, we are concerned that the Environmental Report does not accurately evaluate the environmental effects of the proposed Silver Lake rebuild. Even though UPPCO's proposed mode of operation purportedly has no bearing on project economics or their proposed rebuild option, we believe that operational compliance must be clarified in order for FERC to fully identify environmental impacts and to identify measures that would help mitigate impacts caused by the rebuild activities.

Lastly, the required minimum flows from Silver Lake are inaccurately stated in Section 5.4.2.1 Affected Environment-Water Quantity and should be corrected. The minimum flows in the current license are as follows: January through March- 15 cfs, April- 25 cfs or inflow, May- 20 cfs, June- 15 cfs, July through September- 10 cfs, and October through December- 15 cfs.

If you have any questions about this matter, please contact me at 906-249-1611 ext 308 or mistakjl@michigan.gov. If you wish to contact me in writing, my address is:
Marquette Fisheries Station
Michigan Department of Natural Resources
484 Cherry Creek Rd
Marquette, MI 49855

Sincerely,



Jessica Mistak, Senior Fisheries Biologist

cc: Peter Yarrington, FERC
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