



Upper Peninsula Power Company

1002 Harbor Hills Drive

Marquette, MI 49855

www.UPPCO.com

December 10, 2015

FERC Project No. 10855-138

NATDAM No. MI00197,

MI00175, MI00183

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

Dear Secretary Bose:

Dead River Hydroelectric Project: Silver Lake, Hoist & McClure Developments
Article 405 -Three Year Test Report: Year 2 – Supplement to Include MDEQ Comments

Upper Peninsula Power Company (UPPCO) submitted the 2014-2015 Three Year Test Report to the Commission on November 25, 2015.

UPPCO provided a copy of the "Three Year Test Report: Year 2" for comment to the resource agencies and stakeholder groups on October 5, 2015. The groups notified included the Michigan Department of Natural Resources (MDNR), the Michigan Department of Environmental Quality (MDEQ), the United States Fish and Wildlife Service (USFWS), the Keweenaw Bay Indian Community (KBIC), and the Dead River Campers Incorporated (DRCI). As noted in the November 25, 2015, report, only the DRCI responded with comments prior to the 30 day deadline on November 5, 2015. UPPCO provided responses to those comments in the report.

On December 2, 2015, UPPCO received an e-mail message from the MDEQ with a letter dated December 1, 2015. In the December 1, 2015, letter, the MDEQ provides their comments to the 2014-2015 Testing Year Report. Although the MDEQ letter was received past the deadline for comment, UPPCO is providing the comment letter and responses to the comments (see attachment) as a supplement to the original November 25, 2015, report.

Ms. Kimberly D. Bose
December 10, 2015
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If you have any questions regarding this material, please do not hesitate to contact Jarrod Nelson at (906)232-1433.

Sincerely,



Virgil Schlorke
Director - Energy Supply & Resource Planning
Upper Peninsula Power Company

JFN/wmp

Enc: December 1, 2015 MDEQ Letter and UPPCO responses

cc: Mr. Burr Fisher, USFWS
Ms. Koren Carpenter, MDEQ
Ms. Diana Klemans, MDEQ
Mr. Gene Mensch KBIC
Mr. Gary Kohlhepp, MDNR
Mr. Kyle Kruger, MDNR
Mr. Robert Meyers, UPPCO
Mr. Keith Moyle, UPPCO
Mr. Jim Grundstrom, DRCI
Mr. Jarrod Nelson, UPPCO

UPPCO Dead River Hydroelectric Project

Three Year Test Report (Year 2) UPPCO Response to MDEQ Comments

MDEQ Comment:

- 1. Due to the planned deviation in the spring of 2015, along with the Silver Lake drawdown this summer and subsequent refill to address necessary repairs to the basin, we recommend to not include 2015 in the three-year test period. The drawdown of the Silver Lake and planned deviations resulted in unrepresentative conditions of the license. In addition, several dissolved oxygen and temperature violations occurred this summer, which could be attributed to the lower flows out of the Hoist basin.**

UPPCO Response:

The planned drawdown of Silver Lake Basin was one of many contributing factors to water quality deviations at the AAO Bridge and downstream of Hoist Powerhouse monitoring locations. In the November 25, 2015 filing to the Commission, UPPCO outlines a variety of reasons using data obtained from numerous sources, for temperature deviations downstream of the Hoist Powerhouse including higher air temperatures, and lower precipitation, throughout the Dead River Watershed.

The inclusion of the 2015 year in the test period is important to the overall test analysis. One of the early recommended changes in operation is to modify the license conditions such that the Silver Lake Basin is operated as near full-storage (1482.5 Feet NGVD) as possible during the early summer/late spring months to capture as much runoff as possible.

This operation provides more available water to the Hoist Basin in the later summer months when inflows to the Dead River System are reduced. The inclusion of the 2014-2015 data in the report documents the importance of the Silver Lake Basin in terms of storage.

MDEQ Comment:

- 2. We recommend that the UPPCO extend the test year period through 2017 to include three full years of "normal" operations (2014, 2016, 2017). This will help determine if the current target and minimal levels can be achieved.**

UPPCO Response:

After a lengthy discussion about "normal" water year conditions in the three year test period during the development of the Order Modifying and Approving Article 405 Operations Monitoring Plan issued March 11, 2010 (See Points 40, 62, and 63), various complications were recognized as possible during the test period. These complications were welcomed as important information in the evaluation of UPPCO's ability to comply with license conditions.

As originally recommended by the MDEQ in 2010, ordering paragraph G of the same Order requires the testing be done in three consecutive years. For the reasons stated above, UPPCO suggests that any extension of the three year test period be discussed toward the end of the three year test period as part of the last report.

December 1, 2015 MDEQ Comment Letter



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



DAN WYANT
DIRECTOR

December 1, 2015

Mr. Jarrod Nelson
Upper Peninsula Power Company
1002 Harbor Hills Drive
Marquette, Michigan 49855

Dear Mr. Nelson:

This letter is in response to the "Request for Agency Comment to Three Year Test Report (Year Two: 2014-2015)." The Michigan Department of Environmental Quality (MDEQ) appreciates the opportunity to review and comment on the report.

Per the Upper Peninsula Power Company's (UPPCO) Operations Monitoring Plan, amended September 11, 2011, upon conditions that the Silver Lake Refill Plan was fulfilled, the UPPCO is in a three-year test period to determine if the responsibilities outlined in the license can be met. Due to the planned deviation in the spring of 2015, along with the Silver Lake drawdown this summer and subsequent refill to address necessary repairs to the basin, we recommend to not include 2015 in the three-year test period. The drawdown of the Silver Lake basin and planned deviations resulted in unrepresentative conditions of the license. In addition, several dissolved oxygen and temperature violations occurred this summer, which could be attributed to the lower flows out of the Hoist basin. We recommend that the UPPCO extend the test year period through 2017 to include three full years of "normal" operations (2014, 2016, 2017). This will help determine if the current target and minimal levels can be achieved.

If you have any questions or concerns, please contact me.

Sincerely,

Gary Kohlhepp, Chief
Lake Michigan Unit
Surface Water Assessment Section
Water Resources Division
517-284-5540

cc: Ms. Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission
Mr. Kyle Kruger, Michigan Department of Natural Resources
Mr. Burr Fisher, United States Fish and Wildlife Service
Mr. Steve Casey, Upper Peninsula District Supervisor, MDEQ
Ms. Koren Carpenter/Section 401 File, MDEQ

December 2, 2015 MDEQ E-mail Notification

Nelson, Jarrod F

From: Carpenter, Koren (DEQ) <CarpenterK5@michigan.gov>
Sent: Wednesday, December 02, 2015 8:28 AM
To: Nelson, Jarrod F
Subject: FW: SECTION 401 - UPPCO - DEAD RIVER HYDRO - TEST PERIOD COMMENTS
Attachments: SECTION 401 - LETTER - UPPCO - DEAD RIVER HYDROELECTRIC PROJECT - TEST PERIOD COMMENTS - DECEMBER 2015 - FINAL.pdf

FYI...

Koren

Koren Carpenter
Senior Environmental Engineer
MDEQ-Water Resources Division
517 284-5541

From: Page, Denise (DEQ)
Sent: Wednesday, December 02, 2015 8:27 AM
To: 'Burr_Fisher@fws.gov'; Kruger, Kyle (DNR); Casey, Steve (DEQ)
Cc: Kohlhepp, Gary (DEQ); Carpenter, Koren (DEQ)
Subject: SECTION 401 - UPPCO - DEAD RIVER HYDRO - TEST PERIOD COMMENTS

Please save the attached letter for your records. Please contact Koren Carpenter at 517-284-5541 or carpenterk5@michigan.gov if you have any questions.

Thank you.

Denise Page

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