

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D. C. 20426

OFFICE OF ENERGY PROJECTS

Project No. 10855-138 - Michigan
Dead River Hydroelectric Project
Upper Peninsula Power Company

January 31, 2017

Mr. Virgil E. Schlorke, Director
Upper Peninsula Power Company
1002 Harbor Hills Drive
Marquette, MI 49855

Subject: Year Three Test Report - Article 405

Dear Mr. Schlorke:

Thank you for filing the Year Three Test Report on December 5, 2016, for the Dead River Hydroelectric Project No. 10855.¹ Your filing satisfies the filing requirement for the year three operations test period under your approved Operations Monitoring Plan.² You submitted the Year Three Test Report to the Michigan Department of Environmental Quality (Michigan DEQ), Michigan Department of Natural Resources (Michigan DNR), U.S. Fish and Wildlife Service (FWS), as well as other stakeholders for review and comment. You attached, with your report, documentation of comments you received from the agencies and stakeholders along with your responses to those comments.

In your report, you are proposing a fourth testing year due to the unavailable storage in Silver Lake.³ You explain that this was an anomaly and should not be included in the test period. You state that, in addition to the recommendation of an additional monitoring year, you will maintain the same proposed operational changes which you recommended in last year's report.

The Michigan DNR provided comments on the Year Three Test Report in their October 27, 2016 letter. The Michigan DNR agreed that another year of testing is adequate so that you can develop an analysis to support future proposed target elevations.

¹ *Upper Peninsula Power Company*, 101 FERC ¶ 62,013 (2002).

² *Upper Peninsula Power Company*, 130 FERC ¶ 62,214 (2010).

³ The Commission approved, in a 2015 order, a temporary drawdown for required embankment improvements during the spring/summer of 2015.

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The Michigan DNR states that your recommendation to modify or eliminate the target and minimum elevations (at Hoist) may be premature at this time. It notes that the consultation process has been helpful in producing a mutual plan, ensuring adequate summer water levels, and reducing complaints received by the state. However it would be open to considering changes in the future (with additional data, analysis and justification). You agreed, in response to the Michigan DNR's comments, to remove, from the Test Year Three Report, your proposal to eliminate the March and April minimum elevation requirements and start of the month target elevations.

The Michigan DEQ also concurred, in their October 27, 2016 response, with extending the three year test period another year and stated that it would like you to maintain the same operational levels that the test period recommends and continue the early consultation period in February/March (as you have done in the previous year). The Michigan DEQ added that keeping the same operational levels seemed to work well for the project as they have had very few complaints regarding lake levels. You agreed to continue the annual consultation process with the resource agencies during the late winter/early spring. You also agreed, again, to withdraw your test year three proposal to eliminate the March and April minimum required elevations.

The Dead River Campers, Inc. also responded to and concurred with your recommendations and noted the planned meeting of agencies and stakeholders in February 2017.

In summary, you are not currently proposing any amendments to operational license conditions. You anticipate Silver Lake will refill to refill elevation of 1,485.2 feet National Geodetic Vertical Datum (NGVD) after the spring runoff in 2017. You will not eliminate the March and April minimum and start of the month target elevations for the Hoist Development. The start of month targets for March and April are both 1,337.5 feet NGVD (with minimum elevations for March and April at 1,337.0 feet NGVD as required by the license). You will maintain the McClure Storage Basin at or above 1,194.8 feet NGVD and limit the fluctuation in storage basin water level to less than 1 foot on any day, but you plan to eliminate the high limit requirement of 1,196.4 feet NGVD (spillway crest elevation). You explain that it is difficult to maintain this maximum elevation set point when wave action or excess water due to storm events or runoff may cause water to be spilled. In addition, you explain that spilling over the spillway provides for the flushing flows approved under your operation monitoring plan. Furthermore, you plan on holding a meeting in February 2017 for consultation with the resource agencies and stakeholders. You will conduct a fourth testing year and will submit a report with associated data to the resource agencies and the Commission within the same timelines provided in the Operations Monitoring Plan. Therefore, we will expect you to file the Year Four Test Report by December 4, 2017. The Year Four Test Report must

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summarize the 4 years of operations testing and make recommendations to modify project operations to achieve compliance, as necessary. If you do not adopt a recommendation made by the resource agencies, you must give your reasons, based on project specific information. Based on the results of the operations testing period and other project information, we reserve the right to require modifications to project facilities and operations to ensure future compliance.

The Commission strongly encourages electronic filing. Please file the requested information using the Commission's eFiling system at <http://www.ferc.gov/docs-filing/efiling.asp>. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov, (866) 208-3676 (toll free), or (202) 502-8659 (TTY). In lieu of electronic filing, please send a paper copy to: Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, D.C. 20426. The first page of any filing should include docket number P-10855-138.

Thank you for your cooperation, and if you have any questions, please contact Zeena Aljibury at (202) 502-6065 or zeena.aljibury@ferc.gov.

Sincerely,

A handwritten signature in black ink that reads "Kelly Houff". The signature is written in a cursive style with a large, stylized "K" and "H".

Kelly Houff
Chief, Engineering Resources Branch
Division of Hydropower Administration
and Compliance

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