



STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES
LANSING

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March 23, 2006

Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Dear Secretary Salas:

SUBJECT: Upper Peninsula Power Company Development Plans for Upper Peninsula Hydro Lands: Bond Falls: 1864; Prickett: 2402; Au Train: 10856; Escanaba River Dam #4, Boney Falls: 2506; Cataract: 10854 – Shoreline Management Plan

In response to Upper Peninsula Power Company's (UPPCO) intention to develop project lands for non-project uses at the above referenced hydropower projects, the Michigan Department of Natural Resources (DNR), U.S. Fish and Wildlife Service (FWS), U.S. Forest Service (USFS), Keweenaw Bay Indian Community (KBIC), the National Park Service (NPS), and the Michigan Hydro Relicensing Coalition (MHRC) have been in communication with UPPCO regarding protection of sensitive species and habitats. In spite of our efforts, the DNR is concerned that the informal process we are following to identify species and habitats that deserve protection from development is not well-defined and lacks a clear avenue for public involvement.

We were recently made aware of FERC's Guidance for Shoreline Management Planning at Hydropower Projects- April 2001. This guidance describes the Shoreline Management Plan (SMP) as a "comprehensive plan to manage the multiple resources and uses of the project's shorelines in a manner that is consistent with license requirements and project purposes, and addresses the needs of the public". Of importance, the SMP planning process provides specific guidance on stakeholder involvement, a need that that public is vehemently demanding.

In comparing the SMP process to the informal process followed by UPPCO and the agencies/tribes/NGO's, we are loosely following the SMP suggestions for pre-planning by gathering information on natural resource issues of concern. However, in many respects, we are not following the SMP's pre-planning guidance: we have not clarified or agreed upon goals and objectives for our pre-planning activities, nor have we specifically identified stakeholder concerns, goals, and issues. Obviously, pre-planning is just the first step; the SMP also provides much needed guidance on how to write a plan including stakeholder involvement, classification of shoreline use, and guidance on how to implement and enforce the SMP.

NATURAL RESOURCES COMMISSION

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The informal process we are following has revealed the need for a more structured and formal process to ensure protection of environmental and recreational resources as well as defined means for stakeholder input. The DNR would like the involved parties to follow the SMP, as it is an existing and useful FERC approved process to address non-project development within project boundaries; however, we have been told by UPPCO that the SMP is unnecessary as they believe the informal process we are following to be sufficient. To resolve our concerns, we ask that FERC urge UPPCO to follow the SMP guidance to provide adequate protection to environmental, recreational, and public interests.

Please note that we have consulted with the involved agencies/tribes/NGO's and they are in agreement as to the content of this letter.

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:

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Sincerely,



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Submission Contents

UPPCO Development Plans for Upper Peninsula Hydro Lands: Request to follow
Shoreline Management Plan
DNR-UPPCO.doc..... 1-2