

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D. C. 20426

OFFICE OF ENERGY PROJECTS

Project No. 2506-216—Michigan
Escanaba Project
Upper Peninsula Power Company

May 4, 2012

Mr. Terry P. Jensky
Upper Peninsula Power Company
700 North Adams
P.O. Box 19001
Green Bay, WI 54307-9001

**Subject: Report of Deviation at the Boney Falls Development of the Escanaba Project –
Article 401**

Dear Mr. Jensky:

Thank you for your letter filed January 11, 2012, in which you reported a flow deviation that occurred at the Boney Falls Development of the Escanaba Project. The report was filed in accordance with Article 401 of the Order Issuing License.

Article 401 requires Upper Peninsula Power Company (UPPCO) to operate each of the project's developments in a run-of-river mode for the protection of aquatic resources in the Escanaba River. The licensee shall at all times act to minimize the fluctuations of reservoir surface elevations by maintaining a discharge from each development of the project so that, at any point in time, flows, as measured immediately downstream of each project tailrace, approximate the sum of inflows to each project reservoir. Run-of-river operation may be temporarily modified if required by operating emergencies beyond the control of the licensee, or for short periods of time upon mutual agreement between the licensee, the Michigan Department of Natural Resources and the U.S. Fish and Wildlife Service. If the flow is so modified, the licensee shall notify the Commission and the Michigan Department of Natural Resources as soon as possible, but no later than 10 days after each such incident.

You state that on Monday, January 2, 2012, at 2:55 PM, run-of-river operation was interrupted when generation tripped off-line. A transmission line fault occurred due to a severe storm in the area with high winds and snow. An operator was dispatched to open a gate and to investigate. Run-of-river operation was re-established at 4:27 PM

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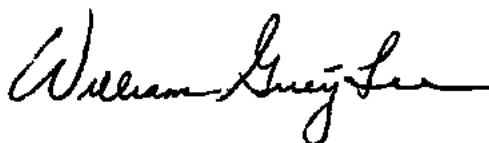
when the operator opened a gate. The line was cleared and the plant returned to normal operations on Tuesday, January 3, 2012, at 12:02 PM.

UPPCO states that as part of UPPCO's line maintenance, brushing and clearing activities were completed during the summer of 2011. UPPCO also completed pole inspections and replaced over 140 poles for the Boney Falls transmission line, and plans to continue on-going maintenance.

The above deviation was cause by a transmission line fault. You investigated and got project back online as quickly as possible. No adverse environmental impacts were observed as a result of the deviation. You also notified the agencies. Therefore, we will not consider this deviation a violation of your license.

Thank you for notifying the Commission of the above and for your cooperation. If you have any questions, please contact Bob Bell at (202) 502-6062.

Sincerely,

A handwritten signature in black ink, appearing to read "William Guey-Lee". The signature is fluid and cursive, with a long horizontal stroke at the end.

William Guey-Lee
Chief, Engineering Resources Branch
Division of Hydropower Administration
and Compliance

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