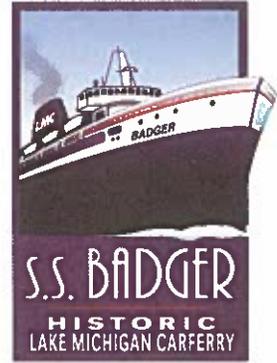


June 13, 2014



VIA FIRST CLASS U.S. MAIL

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611, Ben Franklin Station
Washington, DC 20044-7611

Director, Water Enforcement Division
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
Mail Code 2243A
1200 Pennsylvania Ave., NW
Washington, DC 20460

Director, Water Division
U.S. Environmental Protection Agency, Region 5
77 W. Jackson Blvd. (W-15J)
Chicago, IL 60604

Re: *United States v. Lake Michigan Trans-Lake Shortcut, Inc., d/b/a Lake Michigan Carferry Service and S.S. Badger*, No. 1:13-cv-317, DOJ Case No. 90-5-1-1-10771 (W.D. Mich.)

Dear Sir or Madam:

The attached document constitutes the report required by Paragraph 43C of the Amended Consent Decree in *United States v. Lake Michigan Trans-Lake Shortcut, Inc., d/b/a Lake Michigan Carferry Service and S.S. Badger*, Civil Action No. 13-00317 (W.D. Mich. entered into Oct. 10, 2013). It reports the number of trips the Badger made between Manitowoc and Ludington, an estimate of the average amount of coal used to operate the Badger, and an estimate of the average amount of coal ash discharged for each day of operation in May 2014. As you know, Paragraph 43C of the Amended Consent Decree requires that we use the 2013 average daily coal use and 2014 average ash content of the coal supply. As a result, this figure does not reflect current ash generation or discharge levels and is used only to meet the reporting requirements of Paragraph 43C. It may not be used for determining compliance with any other provision of the Consent Decree, including Appendix B.

You will note at the bottom of the attached report that the Badger was operated at the dock for four days during the month and one trial run day (but not a trip across the Lake). Since those are not “trips the Badger made between Manitowoc and Ludington,” they are not included in the chart. Nonetheless, we wanted to let you know that a majority (about 8.36 tons) of the volume of ash generated at the dock was not discharged, but instead was picked up at the dock by a contractor and sent to a landfill. The remainder was either discharged during the trial run or discharged during one of the trips across the Lake identified in the attached report.

Early indications of boiler performance this Operating Season strongly suggest a notable reduction in the Badger’s coal ash consumption as a result of LMC’s installation of a new coal combustion control system on the vessel. As you might recall, the success of an ash retention system requires a successful coal combustion control system. If these early indications of performance continue, we will be reducing coal ash discharged this season by more than what the Consent Decree requires. Again, we wanted to keep you up to date on our efforts.

Please do not hesitate to contact me if you have questions or require additional information.

Very truly yours,

A handwritten signature in black ink, appearing to read "Charles R. Leonard". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Charles R. Leonard
Vice-President, Navigation
Lake Michigan Carferry Service

Attachment

**Lake Michigan Carferry Service / Civil Action No. 1:13-cv-317 JTN
Amendment To Consent Decree Reporting Requirements; Paragraph 43C.
Ash Discharge Report for May 2014**

The daily coal combusted and ash discharged was estimated using the 2013 average daily coal use and the average coal ash content of the coal used in 2014 as required by the Amended Consent Decree. Approximately 300 NT of coal from the inventory of 2013 has been utilized in 2014. Included within these documents is the 2014 Coal Supply/Ash Analytical Report. Per Paragraph 43C of the Amended Consent Decree, this calculation shall only be used for compliance with Paragraph 43C, and shall not be used for purposes of complying with any other provision of the Consent Decree, including Appendix B. In particular, these estimated figures do not reflect the actual amount of coal ash discharged, nor the amounts of chemical constituents, if any, contained in the ash. The most recent figures that describe and analyze the actual amount of coal ash discharged and its constituents, as compared to other sources on Lake Michigan, can be found at <<http://www.epa.gov/region5/water/npdestek/badger/pdfs/application/badger-app-cc.pdf>>.

Date Sailed*	2013 Coal Usage Per Trip	Weighted Avg. Coal Ash Content	Avg. Est. Coal Ash Discharge	
5/16/2014	1RT	60.1 NT	5.80%	3.49 NT
5/17/2014	1RT	60.1 NT	5.80%	3.49 NT
5/18/2014	1RT	60.1 NT	5.80%	3.49 NT
5/19/2014	1RT	60.1 NT	5.80%	3.49 NT
5/20/2014	1RT	60.1 NT	5.80%	3.49 NT
5/21/2014	1RT	60.1 NT	5.80%	3.49 NT
5/22/2014	1RT	60.1 NT	5.80%	3.49 NT
5/23/2014	1RT	60.1 NT	5.80%	3.49 NT
5/24/2014	1RT	60.1 NT	5.80%	3.49 NT
5/25/2014	1RT	60.1 NT	5.80%	3.49 NT
5/26/2014	1RT	60.1 NT	5.80%	3.49 NT
5/27/2014	1RT	60.1 NT	5.80%	3.49 NT
5/28/2014	1RT	60.1 NT	5.80%	3.49 NT
5/29/2014	1RT	60.1 NT	5.80%	3.49 NT
5/30/2014	1RT	60.1 NT	5.80%	3.49 NT
5/31/2014	1RT	60.1 NT	5.80%	3.49 NT
Beginning Inv.	300 NT	Utilized	300 NT	5.95% Ash**
Purchases	583.45 NT	Utilized	<u>383.45 NT</u>	<u>5.71% Ash***</u>
		Total Utilized	683.45 NT	5.8% Ash
Ending Inv.	200 NT Est.			Combined Weighted Avg.

*The Badger operated five additional days at the dock (May 11-13, 15) and on a trial run (May 14), but did not cross Lake Michigan. A majority (8.36 tons) of the volume of ash generated at the dock was removed from the Badger by a contractor. The ash that was removed was taken to a landfill for disposal. The remainder was either discharged during the trial run or discharged during one of the trips identified above.

** Information regarding the average coal ash content of the beginning inventory is presented in the Ash Discharge Report for October 2013, attached to LMC's November 6, 2013 letter.

***Information regarding the average coal ash content of coal purchased for use during the 2014 Operating Season is presented in the lab analysis report attached to LMC's April 9, 2014 letter.

**RT = Round Trip OW = One Way NT = Net Ton Est. = Estimate Inv. = Inventory
Vessel Travels Between Ludington, MI and Manitowoc, WI**