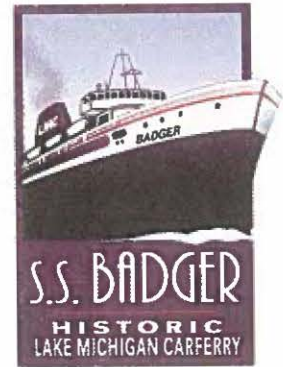


May 29, 2013



Via First Class U.S. Mail and Electronic 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 Avenue, NW
Washington, DC 20460

Re: *United State of America v. Lake Michigan Trans-Lake Shortcut, Inc., d/b/a Lake Michigan Carferry Service and S.S. Badger*, No. 1:13-cv-00317 (D. Mich.) (DOJ Case No. 90-5-1-1-10771).

Dear Counsel:

The following information is being submitted in accordance with Paragraph 30 of the Consent Decree lodged in the United States District Court for the Western District of Michigan on March 22, 2013 in the above captioned proceeding. Docket No. 2-1. Although the Consent Decree has not been entered by the Court, Paragraph 89 of the Consent Decree provides that Lake Michigan Carferry ("LMC") conditionally agreed to submit a schedule as described in Paragraph 30, even if the Consent Decree is not then approved. Without waiving any rights including all those that might exist if the Consent Decree is not approved, and as provided in Paragraph 89, the schedule below is being submitted in accordance with Paragraph 30, which states, in part, that:

On or before June 1, 2013, LMC shall submit a schedule to U.S. EPA for the design, construction, and installation of the technology LMC will use to meet the requirements set forth in Paragraph 29 above. . . . The schedule shall, at a minimum, set forth deadlines for completing design, commencing

construction, completing construction, commencing installation, and completing installation.

The schedule is as follows:

Completed:

- Rebuilt upper end of main engines on vessel to improve efficiency and reliability.
- Hired Burton Technologies to perform Computer-Aided Design (“CAD”) work to prepare for engineering work.
- Contacted Peacock Limited, a fabrication shop specializing in material conveyance, to evaluate potential assistance with project.

Ongoing:

- Working with G.R. Bowler, Inc. and Detroit Stoker Company to obtain proposals for a combustion control system that will interface with a new, more modern coal feeding system.

No later than August 1, 2013:

- Complete selection of design parameters and begin vendor selection for combustion controls.

No later than August 15, 2013:

- Complete selection of design parameters and begin vendor selection for coal ash retention system.

No later than December 30, 2013:

- Complete design and engineering of combustion controls and coal ash retention systems and submit to the United States Coast Guard (“USCG”) and American Bureau of Shipping (“ABS”) for approval.

No later than April 15, 2014:

- Receive approval to proceed with construction from USCG and ABS.

No later than June 1, 2014:

- Begin to order components for coal ash retention system, contingent upon USCG and ABS approval by April 15, 2014.

No later than October 30, 2014:

- Begin work on the installation of coal ash retention system.

No later than the first day of operation, 2015:

- Complete installation of coal ash retention system.

As you know from our many discussions, the ultimate goal and obligation under the Consent Decree is to eliminate coal ash discharges after the 2014 Operating Season (such that no discharges occur in the 2015 Operating Season). The dates provided above can slip or change without impacting this ultimate goal. Some of these dates, as you also know, require action by third parties such as the USCG, and subsequent actions may be dependent on those third parties. The ultimate deadline remains enforceable as provided for in the Consent Decree, assuming it is approved by the Court.

Should you have any questions regarding the above schedule, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Chuck Leonard". The signature is written in a cursive, flowing style.

Chuck Leonard / Vice President – Navigation

Cc: Barry M. Hartman, K&L Gates, LLP