



Mailing Address:
139 East Fourth Street, 1303-Main
Cincinnati, Ohio 45202

o: 513-287-4356
f: 513-287-4386

Minna.Rolfes-Adkins@duke-energy.com
Minna Rolfes-Adkins
Senior Paralegal

VIA OVERNIGHT DELIVERY

RECEIVED

AUG 14 2018

PUBLIC SERVICE
COMMISSION

August 13, 2018

Mr. Jeff Cline
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

**Re: Case No. 2018-00108
In the Matter of: Ruling on Confidential Materials Submitted by Duke
Energy Kentucky, Inc.**

Dear Mr. Cline:

In accordance with the Commission's Order dated April 12, 2018, Paragraph 2, Duke Energy Kentucky, Inc. hereby submits the original and ten (10) copies of the Barge Transportation Agreement with Crouse Corporation with all previous redactions removed.

Please date-stamp the two copies of this letter and return to me in the enclosed return envelope.

Sincerely,

Minna Rolfes-Adkins

Enclosures: As stated

Barge Transportation Agreement

By and Among

Duke Energy Business Services LLC as agent for and on behalf of

Duke Energy Kentucky, Inc. and Duke Energy Indiana, LLC

Collectively, as Buyer

and

Crouse Corporation

As Carrier

BARGE TRANSPORTATION AGREEMENT

THIS BARGE TRANSPORTATION AGREEMENT (the "Agreement") is made and entered into as of the 5th day of DECEMBER, 2017 (the "Effective Date"), by and among **DUKE ENERGY BUSINESS SERVICES LLC** ("DEBS") as agent for and on behalf of each of **DUKE ENERGY KENTUCKY, INC.**, a Kentucky corporation ("DEK"), **DUKE ENERGY INDIANA, LLC**, an Indiana limited liability company ("DEI"), both having offices in Charlotte, North Carolina (individually, each a "Buyer" and collectively, as applicable, the "Buyers"), and **CROUNSE CORPORATION**, a Kentucky corporation with a place of business at 400 Marine Way, Paducah, Kentucky 42002-0360 ("Carrier"). Buyer and Carrier may each be referred to as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, DEBS, as agent for and on behalf of DEK; DEI; Duke Energy Carolinas, LLC ("DEC"); Duke Energy Progress, LLC ("DEP"); and Duke Energy Florida, LLC ("DEF") and Carrier are party to that certain Barge Transportation Agreement, dated as of December 15, 2011 and effective as of January 1, 2013 (as amended modified or otherwise supplemented, the "Prior Agreement");

WHEREAS, DEBS, as agent for and on behalf of DEK, DEI, DEC, DEP and DEF, and Carrier desire to terminate the Prior Agreement; and

WHEREAS, DEBS, as agent for and on behalf of DEK and DEI, and Carrier desire to enter into this Agreement to provide for the transportation by Carrier for Buyers of coal in barges between the loading and unloading points stated in Schedule I of this Agreement and of lime in barges between the loading and unloading points as stated in Schedule II of this Agreement; and

WHEREAS, Carrier desires to perform the aforesaid coal and lime transportation services for Buyers upon the terms and conditions set forth herein.

NOW, THEREFORE, Buyers and Carrier agree as follows:

AGREEMENT:

1 - Term

(a) Termination of Prior Agreement and Release. DEBS, as agent for and on behalf of DEK, DEI, DEC, DEP and DEF, and Carrier hereby terminate the Prior Agreement effective as of the Effective Date. Except with respect to claims and liabilities arising under the Prior Agreement prior to the Effective Date as specifically provided in Section 8 of this Agreement, (i) DEBS, as agent for and on behalf of DEK, DEI, DEC, DEP and DEF, hereby irrevocably releases and forever discharges Carrier from any and all claims and liabilities based upon or related to any fact, thing, act, event, happening,

inaction or omission with respect to, arising out of, or related to the Prior Agreement and (ii) Carrier hereby irrevocably releases and forever discharges DEBS, DEK, DEI, DEC, DEP and DEF from any and all claims and liabilities based upon or related to any fact, thing, act, event, happening, inaction or omission with respect to, arising out of, or related to the Prior Agreement.

(b) **Term.** The term of this Agreement shall commence on the Effective Date, and shall end on December 31, 2020 (the "**Base Term**"). Notwithstanding the foregoing, each Buyer shall have the option to extend the term of this Agreement to December 31, 2021 with respect to itself by providing written notice to Carrier on or before April 1, 2020. In the event that Base Term is extended by only one Buyer, then this Agreement shall be extended with respect to that Buyer only and this Agreement shall be deemed modified, *mutatis mutandis*, to exclude the other Buyer for any period after the Base Term. The Base Term, as it may or may not be extended, may be referred to as the "**Term**." This Agreement shall remain in full force and effect with respect to any cargo tendered by a Buyer prior to, but not delivered to the Destination, before the end of the Term.

2 - Scope

Except as otherwise provided in this Agreement, the Parties hereby agree that Carrier shall transport 100% of each Buyer's annual tonnage needs of water-borne coal products from the origins listed in Schedule I and 100% of the annual tonnage needs of water-borne lime products from the origins listed in Schedule II (collectively, the origins in Schedules I and II are referred to herein as "**Origins**") to the following destinations of the Buyers: East Bend Station (Mile 510.9), and R. A. Gallagher Station (Mile 610.0), (collectively designated as the "**Served Plants**"); provided that Buyers shall be released from these obligations (a) due to a failure of Carrier to perform under this Agreement which such failure to perform is not cured within a reasonable period of time (considering the delivery needs of the Served Plants) or (b) to the extent of an event of force majeure affecting carrier. Wherever used in this Agreement, the term "coal" shall include other solid fuels such as petroleum coke and synfuel, and the term "lime" shall include limestone, pulverized limestone and other lime-based products. The term "ton" as used herein shall mean a net ton of two thousand (2000) pounds avoirdupois weight. In addition to the foregoing, Buyers reserve the right to purchase distressed and/or spot coal or lime up to 5% of its monthly totals for coal and/or lime to the Served Plants via barges belonging to other carriers, or to divert coal or lime in barges intended for Buyers' affiliates. To the extent reasonably practicable, Carrier's barges will be given priority at the Served Plants in the unloading schedule and empty barges will be placed in the fleet so that they can be secured by Carrier for pick up.

3 - Tonnage

Prior to October 31 of each contract year, each Buyer shall give Carrier an estimate of tons of coal and lime to be handled each calendar quarter during the upcoming year including Origins and Destinations (as defined below). On a monthly basis, each Buyer will promptly notify Carrier of revisions in tonnage estimates, Origins and/or Destinations. In addition, on Thursday of each week, each Buyer will provide Carrier a weekly schedule of

anticipated barge loadings for the following week, and Carrier agrees to confirm whether or not barges are available to meet the schedule.

Each Buyer may at its option purchase coal or lime to be delivered to destinations other than the Served Plants as long as the destinations are on the Ohio, Green, Big Sandy, Kanawha or Tennessee Rivers (the "**Alternate Locations**") (collectively, the Served Plants and Alternate Locations are referred to herein as "**Destinations**"). Carrier shall move such coal at rates consistent with Base Rates as specified in Schedule I or Schedule II, as applicable, so long as Carrier has the capacity to move additional tons; provided that, Carrier shall not be obligated, but shall have the option, to transport more than 300,000 tons of coal or more than 100,000 tons of lime, in each case in the aggregate for both Buyers, during any calendar year to such Alternate Locations.

Buyers have no obligation to have any minimum tonnage transported under this Agreement.

4 - Delivery and Unloading

(a) **Delivery**. For all coal deliveries, Carrier will furnish empty jumbo open hopper barges in good condition at the Origins identified in Schedule I in adequate numbers and at such times as to permit loading of coal in accordance with the reasonable operating and loading schedules of the Origin and in accordance with the Buyers' shipping and delivery requirements. For all lime deliveries, Carrier will furnish up to two empty jumbo roll-top covered barges in good condition at the Origins identified in Schedule II at such times as to permit loading of lime in accordance with the reasonable operating and loading schedules of the Origin and in accordance with Buyers' shipping and delivery requirements. Each Buyer will use all commercially reasonable efforts to have the coal or lime suppliers (or their contracted third-party terminal operators) at the Origin to load coal or lime into the barges with due diligence and dispatch, and to the required draft levels specified by Carrier, and otherwise comply with reasonable requirements of Carrier's barging operation. The coal or lime suppliers (or their contracted third-party terminal operators) shall have the right to refuse to load any barges considered unseaworthy or any barges containing water or other foreign matter, including left-over coal from a previous haul. Carrier will deliver the loaded barges to the applicable Buyer's unloading dock at the Destinations as designated by such Buyer at such times as to permit the unloading of the coal or lime in accordance with such Buyer's reasonable operating schedules.

Each Buyer will exercise due diligence to nominate safe loading berths at the docks or terminals at the Origins and Destinations to which the towboats/tugboats and barges may proceed to, lie at, and depart from always safely afloat. Neither Buyer shall be deemed to warrant the safety of public channels, fairways, the approaches thereto, anchorages, or other publicly maintained areas either within or outside of the docks or terminals at the Origins or Destinations.

(b) **Unloading**. Carrier shall properly and securely moor the loaded barges at the Destination and notify the appropriate person(s) that such mooring has been completed in accordance with the provisions set forth in Appendix A, which is attached hereto. Each

Buyer at its own expense shall have the coal or lime unloaded out of the barges with due diligence and dispatch and otherwise comply with the reasonable requirements of Carrier's barging operation.

5 - Base Rates

Each Buyer agrees to pay Carrier at the base rates per ton (or per ton per Schedule III) set forth in Schedules I, II, and III, attached hereto, provided that such base rates shall be adjusted in accordance with Section 6 hereof (the "Base Rates") Carrier shall be obligated to place the barges in the designated fleeting area (or in the line) for pick up by the harbor services boat, but Carrier shall not be responsible for further switching and fleeting charges at the Destination or Origin. Base Rates for the transportation of coal or lime from or to origins or destinations not listed in Schedule I or Schedule II shall be computed by Carrier so as to bear a logical relationship to the Base Rates provided in Schedule I or Schedule II, taking into account differences in distance and operating, loading/unloading and other conditions.

6 - Rate Revisions and Adjustments

The Base Rates set forth in Schedules I, II, and III, will be subject to adjustment, commencing on July 1, 2017, and the first day of each calendar quarter thereafter as follows:

- o **Fuel Component Adjustment**: On the first day of each calendar quarter during the Term beginning on July 1, 2017, the Base Rates shall be increased or decreased by the Fuel Component Adjustment which is calculated as follows: (a) twenty-five percent (25%) of the Base Rate multiplied by (b) the result of the following calculation: the quotient of (i) the average of the first published Producer Price Index —No. 2 Diesel Fuel, BLS Series ID wpu057303 for the three (3) month period that ends two (2) months prior to the adjustment date and (ii) the Base Fuel Price Index, subtracted by one. The "Base Fuel Price Index" will be the first published PPI-No. 2 Diesel Fuel BLS Series ID wpu057303 for March 2017, which value is 161.6. An example of the calculation of the Fuel Component Adjustment is as follows:

Assumptions: Index- first published	Index Dates	Values (Hypothetical)
Base Rate		\$2.50
PPI-Fuel BLS Series ID wpu057303 (A)	March 2017 (Base Fuel Price Index)	161.6
PPI-Fuel BLS Series ID wpu057303 (B)	February 2017	163.5
PPI-Fuel BLS Series ID wpu057303 (C)	March 2017	161.6
PPI-Fuel BLS Series ID wpu057303 (D)	April 2017	162.9
Formula: $\{[(B+C+D) \div 3] \div A\} - 1 \times [\text{Base Rate} \times .25] = \text{Fuel Component Adjustment effective July 1, 2017.}$		

$$\left(\left[\frac{(163.5+161.6+162.9) \div 3}{161.6} - 1 \right] \times [\$2.50 \times .25] \right) = \$.004$$

The Fuel Component Adjustment for the relevant calendar quarter will be added to or subtracted from the Base Rate and will replace all previous per ton Fuel Component Adjustments. The Base Rates as adjusted for the Fuel Component Adjustment shall hereinafter be referred to the “Adjusted Base Rate”.

- o **Cost Component Adjustment:** Annually beginning on January 1, 2018 seventy-five percent (75%) of the Base Rates will be adjusted in direct proportion to the changes in the average of the first published PPI— Industrial Commodities less Fuel (BLS Series ID: WPU03T15M05) and CPI — Urban Wage Earners and Clerical Workers (BLS Series ID: CWUR0000SA0) for the three (3) month period that ends two (2) months prior to the adjustment date. For example, the three month period used for January 1 2018 shall be August, September and October of 2017. The index level average for each year will be computed by adding the monthly PPI and CPI indices from the preceding three (3) month period as described above and dividing the total by six (6). The base index for this component shall be the first published averages for the above indices for the months of October, November and December of 2016. An example of the calculation of the Cost Component Adjustment and formula is as follows:

Assumptions: Index- first published	Index Dates	Values (Hypothetical)
Base Rate	January 1 2018	\$2.50
Average of PPI-Industrial Commodities less Fuel (BLS Series ID wpu3t15m05) and the CPI -Urban Wage Earners and Clerical Workers (BLS Series ID cwur0000sa0) (A)	Average of Oct 16 Nov Dec 2016 (Base Cost Price Index)	205.4
PPI-Industrial Commodities less Fuel (BLS Series ID wpu3t15m05) (B)	August 2017	193.0
PPI-Industrial Commodities less Fuel (BLS Series ID wpu3t15m05) (C)	September 2017	193.3
PPI-Industrial Commodities less Fuel (BLS Series ID wpu3t15m05) (D)	October 2017	193.6
CPI — Urban Wage Earners and Clerical Workers (BLS Series ID cwur0000sa0) (E)	August 2017	219.0
CPI — Urban Wage Earners and Clerical Workers (BLS Series ID cwur0000sa0) (F)	September 2017	220.5
CPI — Urban Wage Earners and Clerical Workers (BLS Series ID cwur0000sa0) (G)	October 2017	221.9
Formula: $\left[\frac{(B+C+D+E+F+G) \div 6}{A} - 1 \right] \times [\text{Base Rate} \times .75] = \text{Cost Component Adjustment effective January 1, 2018}$		



$$(((193.0+193.3+193.6+219.0+220.5+221.9) \div 6) \div 205.4) - 1) \times [\$2.50 \times .75] = \$.014$$

Carrier shall be entitled to recover any increases (and will credit to the applicable Buyer any decreases) in fuel taxes or waterway fees ("**Fuel Taxes or Waterways Fees**") from the then-current tax rates and amounts as of July 1, 2017. Fuel Taxes or Waterways Fees (including, without limitation Inland Waterway Fuel Taxes and Leaking Underground Storage Taxes) as of such date equate to \$0.291 per gallon. Any such Fuel Taxes or Waterways Fees shall include any levy imposed by an authorized Federal, State or Local taxing entity, including, but not limited to, "fee", "excise amount", or other similar levy.

Calculations shall be carried to not less than three (3) decimal places and the Adjusted Base Rates shall be rounded to the nearest cent, using conventional rounding principles. If the base of an index specified in this section is changed, published conversion tables shall be used to recompute the level of the index. Should publication of an index specified in this section be discontinued, an index which is as nearly equivalent as practicable shall be substituted by mutual agreement.

Carrier shall be entitled to adjust the Base Rates or the Adjusted Bases Rate (as applicable) for increases in any taxes or fees imposed by any federal, state or local government or government agency (such changes referred "**Governmental Impositions**") enacted after Effective Date which are assessed against Carrier for transporting coal or lime under this Agreement. Such adjustments shall be effective as of the effective date of such Governmental Impositions. If there are multiple claims for adjustment in a calendar year, the Carrier shall aggregate such claims and submit them to each applicable Buyer bi-annually. For the avoidance of doubt, no claim for an adjustment to the Base Rates shall include any claims for costs not actually incurred and paid and which are not directly related to Carrier's costs to perform transportation activities, including but not limited to claims for lost profits or lost opportunity costs. Carrier shall provide adequate documentation to each Buyer in support of any increase or decrease in the Base Rates as a result of this subsection.

The following shall not constitute Governmental Impositions: Fuel Taxes or Waterway Fees (which are specifically covered elsewhere in this Section), any non-compliance existing as of the Effective Date of this Agreement, financing costs and taxes, income tax or property taxes or related costs, any penalties, interest, fines, costs of arbitration, mediation, litigation, or any other type of dispute resolution through all stages of appeal, payment of judgments against Carrier or Carrier's affiliates, or on instruments or documents evidencing the same or on the proceeds thereof, and wages, benefits and retirement. To qualify as a Governmental Imposition, the taxes or fees must be imposed against the barging industry either on a regional, state, or national basis. Carrier must notify the applicable Buyer in writing of the obligation to comply with such laws (if Carrier anticipates meeting the conditions that would require Carrier to comply with such laws) within thirty (30) days of the time Carrier becomes aware of such laws, setting forth the specific law or regulation and the anticipated actual or actual financial impact on Carrier's delivery of coal or lime hereunder, and the anticipated or actual effective date. Carrier shall provide the applicable Buyer with detailed documentation of such Governmental Impositions and the basis for the increase in the Base Rates or Adjusted

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Base Rate, as applicable. Each affected Buyer shall have not less than thirty (30) days to review and respond to such claim before it becomes effective. Additionally, the applicable Base Rates or Adjusted Base Rate, as applicable, hereunder shall be increased only if the price adjustment is allocated evenly to all affected cargo transported by Carrier, so that the applicable Buyer is allocated only its proportionate share of such Governmental Imposition.

In the event of a Governmental Imposition which reduces Carrier's cost, Carrier shall notify each Buyer of such decrease and each Buyer shall be entitled to bring a claim for a decrease in the Base Rates or Adjusted Base Rate and the same process above shall be followed. The Base Rates or Adjusted Base Rate shall be decreased by an amount equal to the decrease in Carrier's cost caused by Governmental Impositions enacted after the Effective Date.

7 - Cargo Weights for Billing

The method of determining the weight of the coal or lime for the purpose of calculating payment to the Carrier hereunder shall be the same method used for the purpose of calculating payment to the coal or lime supplier set forth in each Buyer's various coal supply and lime agreements provided, that in those instances when unloaded weights are used, those weights shall reflect both the tons unloaded at the Destination as well as any tons recovered through barge cleaning at the Destination or its fleets. Each Buyer shall provide Carrier with a report for unloads from the 1st to 10th of the month, the 11th to 20th of the month and 21st to end of month (each, a "Ten Day Report"). The Ten Day Reports will be sent to Carrier five (5) calendar days after the end of each ten day period at the following address:

Crouse Corporation

E-mail: elambert@crouse.com, sholt@crouse.com

The Ten Day Report shall include the point of unloading, barge numbers, Origin, date of placement at the Destination, date of barge release, and weight of coal or lime unloaded, Base Rates or Adjusted Base Rate (as applicable), the amount of any Billing Credit applied for the applicable period, and the net amount due to Carrier. Each Buyer shall make payment to Carrier via ACH electronic transfer within ten (10) calendar days (or the next business day of such Buyer thereafter) of the date the Ten Day Report was generated.

8 - Billing under Prior Agreement

Within fifteen (15) days after the Effective Date, each Buyer shall calculate a monthly credit (based on the original Ten Day Reports) to be issued by Carrier under this Agreement to such Buyer in an amount equal to (a) the aggregate amount paid by such Buyer to Carrier for all services rendered by Carrier to such Buyer under the Prior Agreement during the period beginning on July 1, 2017 and ending on the Effective Date *minus* (b) the amount such Buyer would have paid for such services under this Agreement if this Agreement had been in effect at the time such services were rendered (such amount, the "Monthly Billing Credit"). Each Buyer shall be entitled to apply, on a month for

month basis beginning the month of January 2018, its Monthly Billing Credit to amounts otherwise due under this Agreement and reduce such amounts on a dollar for dollar basis until the Monthly Billing Credit is reduced to \$0. The Monthly Billing Credit shall be carried forward until it is reduced to \$0. Any services which were rendered in whole or in part by Carrier under the Prior Agreement prior to the Effective Date but which had not been paid by either Buyer for any reason, shall be paid by the applicable Buyer in the first Ten Day Report issued after the Effective Date.

9 - Demurrage

There shall be no demurrage applicable at Origin.

Each Buyer will have an aggregate ten (10) free days for unloading barges at the Destination. For purposes of this Section, a "day" shall be a period of 24 hours beginning at 7:00 a.m. and ending at the next 7:00 a.m. (a "Barge Day"). A fraction of a Barge Day will be considered as one Barge Day. Unloading Barge Days shall commence at the first 7:00 a.m. following placement or constructive placement of the barge to the applicable Buyer and shall run until the first 7:00 a.m. following completion of unloading and notification of Carrier's dispatcher that the barge is ready for pickup, provided that at least one Barge Day of free time shall be considered consumed in unloading each barge. Saturdays shall be included in the computation of free time. Sundays and holidays shall be excluded in the computation of free time.

If a Buyer unloads the barges at the Destinations prior to the end of the ten (10) day period, then such Buyer shall receive a credit equal to the number of days left during the ten (10) day period. If a Buyer unloads the barges at the Destinations after the end of the ten (10) day period, then such Buyer shall receive a debit equal to the number of days after the ten (10) day period it took such Buyer to unload the coal or lime. Debit/credit accounting will apply and will be balanced for all Destinations on a quarterly basis. Credits shall be carried forward to the next calendar quarter and cleared only at the end of the Term. The applicable debit and credit charges which shall apply during the quarter shall be as follows:

For Unloading:

Each day less than ten (10):	(\$175) per Barge Day
Equal to ten (10) days:	No charge
Each day greater than ten (10):	\$175 per Barge Day

Collectively, the applicable debit and credit charges shall hereinafter be referred to as the "Demurrage Rate". Demurrage calculations shall be as follows: for each barge delivered to a Destination that is actually unloaded during a calendar quarter, (i) the applicable Demurrage Rate multiplied by (ii) the total number of Barge Days that the applicable Buyer is in excess of (or is less than) the number of allowed Barge Days for each barge for such Destination during the calendar quarter. The Carrier shall total the aggregate amount of all demurrage debits and credits for the calendar quarter for all barges delivered to a Destination and all debits shall be netted against all credits for the month at such



doubt, the quarterly demurrage amounts for one Destination shall not be aggregated or set off against any demurrage for any other Destinations. Carrier will deliver a quarterly report of the demurrage amounts within ten (10) calendar days after the end of each quarter at the following address:

Duke Energy Indiana, LLC & Duke Energy Kentucky, Inc.
Attn: Fuels Department — Contract Administrator
526 South Church Street
EC02F
Charlotte, NC 28202
Telecopier No.: (980) 373-9928

With a copy to:

Peggy Kretzer
Email: Peggy.Kretzer@Duke-Energy.com

Each Buyer shall review and approve such demurrage amounts for payment (or credit) within 30 days of receipt.

10 - Barge Unloading

The unloading of coal and/or lime shall be done by the applicable Buyer, or its contractor, at such Buyer's expense. Each Buyer shall unload Carrier's barges in a competent and workman like manner. Any cargo remaining in a barge after its release shall be considered abandoned.

11 - Redelivery of Barges

After a barge has been delivered to the Destination designated by a Buyer, if such Buyer asks Carrier to redeliver the barge to a different destination, Carrier shall provide such service at the next reasonable opportunity within Carrier's normal operating pattern; and such Buyer shall pay Carrier the applicable redelivery charge set forth in Schedule III attached hereto, provided that the base rate(s) of such redelivery charges shall be increased or decreased at the same time and by the same formulas as the Base Rates for transportation services provided pursuant to Section 6 hereof. The redelivery charge shall be paid in addition to the applicable Base Rates or Adjusted Base Rates (as applicable) under Schedule I, from the Origin to the first Destination. Unloading free time for any such redelivered barge shall end when such barge is picked up at the original Destination, and resumed when placed or constructively placed at the next destination.

12 - Competent Service

Carrier agrees that all services which it is to perform hereunder shall be performed with promptness and dispatch and in a competent and workmanlike manner and that it will at all times provide adequately skilled personnel, equipment, facilities, and capital to transport

times provide adequately skilled personnel, equipment, facilities, and capital to transport coal and lime safely in accordance with the terms of this Agreement. Carrier shall comply with applicable laws and regulations in performance of services under this Agreement.

13 - Equipment

While in service of a Buyer under the terms of this Agreement, the barges shall have all of their required certificates, including but not limited to, all documents issued by the United States Coast Guard or other regulating body, current and not extended. The towboats/tugboats used by Carrier in the performance of service shall have all of their required certificates, including but not limited to, all documents issued by the United States Coast Guard or other regulating body, current and not extended. Carrier shall exercise due diligence while in service of a Buyer under the terms of this Agreement to ensure that the barges and towboats/tugboats used by Carrier shall be seaworthy and in good operating condition, properly manned, equipped and supplied as may be applicable for the trip with equipment, machinery, compartments, staunch, strong and in every respect suitable for the intended cargo and the intended trip, without loss or damage to the cargo. Carrier further agrees that the towboats/tugboats will be equipped and operated in compliance with all applicable United States Coast Guard regulations and that all towboats/tugboats will have adequate horsepower as required for the intended trip. Carrier shall arrange and pay for all maintenance, and other costs necessary to provide the barges and towboats/tugboats under this Agreement. Carrier agrees to use prudent and reasonable maintenance practices to keep the barges and towboats/tugboats in a fit condition for the specific purpose of handling the shipments of coal and lime hereunder. Carrier warrants that during the term of this Agreement the towboats/tugboats used by Carrier will comply with all applicable United States Coast Guard Regulations in effect, including Subchapter M of Title 46, U.S. Code to the extent applicable to the towboats/tugboats. Carrier further warrants that Carrier is in compliance with the Responsible Carrier Program of the American Waterways Operators (AWO) or another reputable safety management system and covenants that it shall maintain compliance at all times during the Term. Carrier shall cause the barges and towboats/tugboats to be operated in a manner considered safe by prudent operators of river marine transportation equipment. Barges delivered to Origin docks shall be reasonably free of ice, water, metal, prior loading cargo material and any other debris.

14 - Care and Custody

Carrier shall be responsible for barges and contents until barges are safely delivered to the Destination designated by a Buyer. In the event of loss due to sinking or other occurrence. The applicable Buyer shall be reimbursed by Carrier for the F.O.B. barge price of the coal or lime so lost. Each Buyer shall be responsible for loss of or damage, except normal wear and tear, to barges while in such Buyer's care and custody. A barge shall be deemed to have been delivered to a Buyer's care and custody when it has been properly placed in the fleeting area and secured by or on behalf of Carrier at the Origin or Destination designated by a Buyer. A barge shall be deemed to have been released from a Buyer's care and custody when the barge is untied by or on behalf of Carrier from such Destination. For all roll-top lime barges, the applicable Buyer shall be responsible for ensuring the covers are closed at the time of release from care and custody to the Carrier.

15 - Other Modes of Transporting Coal and/or Lime

This Agreement covers transportation of only water-borne coal and lime. Nothing contained herein shall be deemed to restrict either Buyer from using, from time to time, other modes of transportation (including, but not limited to, railroads, trucks, and pipe lines) to transport any amounts of coal or lime to the Destinations. Each Buyer shall give Carrier as much advance notice as possible of any intended use of modes of transportation not furnished by Carrier to the Served Plants.

16 - Insurance

(a) Carrier will carry and maintain at its own cost (i) Protection & Indemnity insurance subject to P. & I. 1956 Form SP 23, as amended, or its equivalent, including Collision Liability, Tower's Liability, Contractual Liability, Wreck Removal, Jones Act, American Institute Pollution Exclusion Clause and Buy Back Endorsement, with limits of liability of at least \$10,000,000 per occurrence and Limitation of Liability wording deleted or amended with respect to the Buyers' interest; (ii) A policy of insurance which shall fully insure the cargo at the then current cost of that cargo to the applicable Buyer until such time as cargo is delivered into such Buyer's fleet; (iii) Pollution Liability Insurance, either by endorsement to the appropriate insurance referenced herein or by separate insurance, in the amount of not less than \$10,000,000 per occurrence and at least subject to not less than the full conditions available through the Water Quality Insurance Syndicate, including all sections D through F or equivalent, or the for the Oil Pollution Act of 1990, the Federal Water Pollution Control Liability Act (Clean Water Act) and Comprehensive Environmental Response Compensation Liability Act (CERCLA) coverages as well as other Substances and Firefighting/Salvage coverage for pollution liabilities including containment, cleanup and thirty party liability risks; (iv) Workers' Compensation Insurance, if applicable, in compliance with the laws of any state in which the work or services may be performed, including but not limited to U.S. Longshore and Harbor Worker's Compensation Act and Employer's Liability Insurance, in an amount not less than \$1,000,000/\$1,000,000/\$1,000,000 and (v) Commercial General Liability Insurance or Marine General Liability Insurance, with limits of liability of not less than \$10,000,000 per occurrence and in the aggregate as applicable, including coverage for any contractual defense and indemnity obligations that may be assumed by Carrier under the terms of this Agreement and an "action over indemnity buyback" or similar endorsement (unless those contractual defense and indemnity obligations are insured in the Primary Protection and Indemnity Insurance and Excess Liability insurance), broad form property damage coverage and independent contractor's coverage. All limits can be obtained by a primary policy or in combination with an excess Policy.

(b) All insurance policies provided and maintained by Carrier(s) shall: (i) be underwritten by insurers which are rated A.M. Best "A- VII" or higher; (ii) specifically include each Buyer and its directors, officers, employees, affiliates, subcontractors, and joint owners of any facilities as additional insureds to the extent of the risks and liabilities assumed by carrier under this Agreement, including for completed operations, with respect to Carrier's acts, omissions, services, products or operations, whether in whole or in part, excluding, however, Worker's Compensation/Employer's Liability; (iii) be endorsed to

provide, where permitted by law, waiver of any rights of subrogation against each Buyer and its directors, officers, employees, affiliates and subcontractors, and joint owners of any facilities to the extent of the risks and liabilities assumed by Carrier under this Agreement; (iv) The Protection and Indemnity and General Liability insurance shall provide that such policies and additional insured provisions are primary with respect to the acts, omissions, services, products or operations of Carrier or its sub/contractors, whether in whole or in part, and without right of contribution from any other insurance, self-insurance or coverage available to each Buyer and its affiliates; and (v) The Protection and Indemnity and General Liability insurance shall contain standard cross liability clause, separation of insured and severability of interest provisions except with respect to the limits of the insurer's liability. Any deductibles or retentions shall be the sole responsibility of Carrier and its subcontractors. Evidence of such coverage shall be provided via Carrier's certificate of insurance furnished to each Buyer prior to the start of services, upon any policy replacement or renewal and upon either Buyer's request. All insurance policies shall provide that the insurer will provide at least thirty (30) days' written notice to Carrier, who in turn shall provide at least thirty (30) days' written notice to each Buyer prior to cancellation or non-renewal of any policy (or ten (10) days' notice in the case of non-payment of premium). Carrier's and its sub/contractor's compliance with these provisions and the limits of insurance specified herein shall not constitute a limitation of Carrier's liability or otherwise affect Carrier's indemnification obligations pursuant to this Agreement. Any failure to comply with all of these provisions shall permit each Buyer to suspend all services until compliance is achieved. The failure by Carrier to provide any or accurate certificates of insurance, or either Buyer to insist upon any or accurate certificates of insurance, shall not be deemed a waiver of any rights of either Buyer under this Agreement or with respect to any insurance coverage required hereunder.

17 - Indemnification

Carrier agrees to defend, indemnify and hold harmless DEK and DEI from any claim, demand, suit, loss, cost or expense or any damage that may be asserted, claimed or recovered against or from each of them by reason of any damage to property, including property of others, or injury, including death, sustained by any person or persons whomsoever to the extent such damage, injury or death arises out of any act or omission by Carrier, its officers, employees or parties engaged by it, in its performance of this Agreement. Likewise, each of DEK and DEI as applicable, agrees to defend, indemnify and hold harmless Carrier from any claim, demand, suit, loss, cost or expense for any damage which may be asserted, claimed or recovered against or from Carrier by reason of any damage to property, including property of others, or injury, including death, sustained by any person or persons whomsoever to the extent such damage, injury or death arises out of any act or omission by each of DEK or DEI, as applicable, or each of their officers, employees or parties engaged by each of them, and each of their performance of this Agreement. Carrier acknowledges that the indemnity provided for hereunder is individual and separate from each of DEK or DEI, as applicable, and that each Buyer's liability to Carrier is individual and separate from the other Buyer.

NOTWITHSTANDING ANYTHING ELSE IN THIS AGREEMENT TO THE CONTRARY, NONE OF THE PARTIES SHALL BE LIABLE UNDER ANY

THEORY OR CAUSE OF ACTION TO ANY OF THE OTHER PARTIES FOR ANY CLAIMS OF LOST PROFITS, CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES.

18 - Force Majeure

If any Party hereto is delayed in or prevented from performing any of its obligations under this Agreement due to acts of God, war, riots, civil insurrection, acts of the public enemy, strikes, lockouts, fires, floods, earthquakes, icing events, low water events, equipment breakdowns, or other causes beyond the reasonable control of the affected Party, then the obligations of all Parties hereto shall be suspended to the extent made necessary by such event provided that such Party gives written notice to the other Party as promptly as practicable of the nature and probable duration of the force majeure event. The Party declaring force majeure shall exercise due diligence to avoid and shorten the force majeure event and will keep the other Party advised as to the continuance of the force majeure event. Services not provided during any force majeure period shall be made up within a reasonable time upon mutual agreement of the affected Buyer and Carrier. If a force majeure event affects all or a material portion of the services hereunder for more than ninety (90) consecutive days, the Party not claiming force majeure may give notice to the other party of an intent to terminate this Agreement, and if such force majeure is not lifted within ten (10) days of receipt of such notice of an intent to terminate, such Party not claiming force majeure may terminate the contract by forwarding written notice to the claiming Party. If the force majeure event claimed by Carrier is industry-wide, neither Buyer may terminate this Agreement unless it can obtain alternate river transportation services from another provider.

19 - Individual Capacity

Nothing in this Agreement will construe or confer or be interpreted to construe or confer joint liability on the part of DEK and/or DEI and/or any one or more affiliated companies, and all obligations of DEK, DEI and each affiliated company are, and at all times will remain several. Carrier acknowledges and agrees that DEBS is acting solely as agent and not in its individual capacity and therefore DEBS will have no obligations and/or liability to Carrier whatsoever arising out of or relating to this Agreement.

20 - Independent Contractor

Nothing in this Agreement shall be deemed to make the Carrier or any of the Carrier's employers or agents the representative, agent, or employee of either Buyer. The Carrier shall be an independent contractor and shall have responsibility for and control over the details and means for performance under this Agreement.

21 - Assignment

This Agreement shall inure to and be binding upon the Parties hereto and their respective successors and assigns, and either Party may assign this Agreement to a successor to all or substantially all of its physical property. Carrier may also assign, in whole or in part, this Agreement to or delegate performance thereunder to any company which controls or is

controlled by, or affiliated with, Carrier but in such event Carrier shall remain fully liable for the performance of all of its obligations under this Agreement. Each Buyer may also assign this Agreement to, or delegate performance hereunder, to any Company which controls or is controlled by or affiliated with it, but in such event such Buyer shall remain fully liable for the performance of all of its obligations under this Agreement.

22 - No Waiver

The failure of any Party to insist in one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect.

23 - Notices

All notices or demands required to be given in writing hereunder shall be sent by certified mail or commercial overnight delivery service to the Party to be notified at the following address:

Duke Energy Indiana, LLC / Duke Energy Kentucky, Inc.
Attn: Managing Director Fuel Procurement
526 South Church Street
EC02F
Charlotte, NC 28202

Crouse Corporation
400 Marine Way
P.O. Box 360
Paducah, KY 42002-0360
Attention: President

24 - Applicable Law

This Agreement shall be governed by and construed in accordance with the general maritime law of the United States and, to the extent applicable, the laws of the State of Kentucky, except that Kentucky conflict of law provisions shall not be invoked in order to apply the laws of any other state or jurisdiction.

25 - Confidentiality

The parties shall keep confidential the terms and conditions hereof, the transactions provided for herein and any documents or other information delivered in connection herewith unless readily ascertainable from public information or sources, requested by any regulatory commission or otherwise required by law to be disclosed, and only disclose the terms and conditions hereof to such employees, officers, agents, representatives or potential purchasers as is necessary in conducting its operations. In the event of such request for disclosure by a regulatory commission or other legal authority, the disclosing Party shall promptly notify the other Party prior to the disclosure to allow the other Party

to move for a protective order or similar relief. The disclosing Party will cooperate with the other Party to obtain a protective order or similar relief. If in the opinion of legal counsel and in the absence of a protective order or waiver, the receiving Party is legally compelled to disclose confidential information, the disclosing Party shall only disclose so much of the confidential information as, in the opinion of its legal counsel, is legally required. In any such event, the receiving Party agrees to use good faith efforts to ensure that all confidential information that is so disclosed will be accorded confidential treatment.

26 - Default & Termination

An “**Event of Default**” shall mean with respect to a Party (“**Defaulting Party**”): (i) the failure by the Defaulting Party to make, when due, any payment required under this Agreement if such failure is not remedied within ten (10) business days after written notice of such failure is given to the Defaulting Party; (ii) any representation or warranty made by the Defaulting Party herein shall prove to be false or misleading in any material respect when made or deemed to be repeated; (iii) the failure by the Defaulting Party to perform any covenant set forth in this Agreement (other than obligations to make any payment or obligations which are otherwise specifically covered in this paragraph as a separate Event of Default), and such failure is not cured within fifteen (15) business days after written notice thereof to the Defaulting Party; or (iv) the Defaulting Party shall be subject to a Bankruptcy Proceeding. “**Bankruptcy Proceeding**” is defined as, with respect to a Party or entity, such Party or entity (a) makes an assignment or any general arrangement for the benefit of creditors, (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, (c) has such a petition filed against it and such petition is not withdrawn or dismissed within thirty (30) days after such filing, (d) otherwise becomes bankrupt or insolvent (however evidenced), or (e) is unable to pay its debts as they fall due.

Upon the occurrence and during the continuance of an Event of Default by DEK or DEI, as applicable, (each a “**Defaulting Buyer**”) then Carrier may, in its sole discretion (a) terminate this Agreement as to the Defaulting Buyer and/or (b) suspend performance of its obligation of this Agreement as to the Defaulting Buyer until such event of default is cured. It is agreed that the default by one of the Buyers shall not be considered a default by the other Buyer and this Agreement shall continue as to each such non-defaulting Buyer under the same terms and conditions. Upon the occurrence and during the continuance of an Event of Default by Carrier as to DEK or DEI, as applicable, (each a “**Non-Defaulting Buyer**”), then the Non-Defaulting Buyer may, in its sole discretion (a) terminate this Agreement related only to the Non-Defaulting Buyer's rights hereunder and/or (b) suspend performance of the Non-Defaulting Buyer obligations under this Agreement until such default is cured. Upon an Event of Default, any Party may pursue any such remedies available at law and equity, including the cost of replacing this Agreement.

27 - Netting and Setoff

If a Buyer and Carrier are required to pay any amount on the same day or in the same month, then such amounts with respect to each Party shall be aggregated and the parties

shall discharge offsetting obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount may pay to the other Party the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise) arising out of this Agreement or any other outstanding transactions between the parties. The obligations to make payments under this Agreement or other agreements between the parties may be offset against each other, set off or recouped therefrom. Carrier shall keep separate all accounting for the services provided to each of DEK and DEI, as applicable, and Carrier shall invoice each Buyer separately for the services provided to it hereunder.

28 - Representations and Warranties

On the Effective Date hereof and throughout the Term, each Party represents and warrants to the other that:

(a) The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate or other organizational action on its part and do not violate or conflict with any law applicable to it, its organizational documents or any order or judgment of a court or other agency of government applicable to it or its assets;

(b) Its obligations under this Agreement are legally valid and binding obligations, enforceable in accordance with their terms;

(c) It has any and all necessary governmental and other third Party permits, approvals and licenses required in connection with the execution, delivery and performance of this Agreement;

(d) There are no Bankruptcy Proceedings, as defined herein, pending or being contemplated by it or, to its knowledge, threatened against it; and

(e) There are no suits, proceedings, judgments rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform its obligations under this Agreement.

29 - Entire Agreement

This Agreement sets forth the entire agreement of the Parties hereto, and no agreement or understanding shall be binding on either of the Parties unless specifically set forth in this Agreement and no amendment hereto shall be valid unless made in writing and duly signed by the Parties hereto.

30 - Financial Information

If requested by a Party, the other Party shall deliver within 120 days following the end of each fiscal year, a copy of its audited consolidated financial statements for such fiscal year. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however,

that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the Party diligently pursues the preparation, certification, and delivery of the statements.

Prior to providing financial information requested above, the parties shall execute a mutually agreeable confidentiality agreement. Any such confidentiality agreement shall, at a minimum, require the receiving Party to use the same standard of care to ensure the confidentiality of such information as it applies to protect the secrecy of its own proprietary information.

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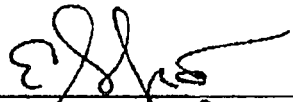
IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, hereby execute this Agreement which shall be effective on the date first above written.

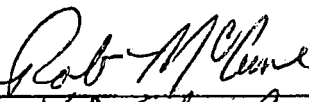
Buyers:

Carrier:

DUKE ENERGY BUSINESS SERVICES
LLC, as Agent for each Buyer

CROUNSE CORPORATION

By: 
Title: VP-FSO

By: 
Title: V.P. Sales & Customer Service

SCHEDULE I

COAL BARGE BASE RATES

Crouse Corporation

Contract: Duke Energy Business Services LLC

Schedule I

----- Destinations -----

DEBS Location	Milepost Range		Crouse Location	Milepost Range		Ohio MP	Ohio MP
	From	To		510.9	610.0		
				From	To	Base	Base
Big Sandy	0.0	8.6	Big Sandy	0.0	8.6	2.28	2.80
Kanawha	31.1	67.6	Kanawha	31.1	67.6	2.93	3.47
Kanawha	67.7	82.7	Kanawha	67.7	82.7	3.39	3.93
Kanawha	82.8	90.0	Kanawha	82.8	90.0	3.71	4.25
Cumberland Mine	Mon	81.5	Monongahela	61.2	84.0	7.03	7.47
Colona	Ohio	23.5	Ohio	13.4	31.7	3.78	4.59
Tunnel Ridge	Ohio	82.5	Ohio	54.5	84.2	3.04	3.81
RF Coal - Oxford Dock	Ohio	82.8	Ohio	84.3	126.4	3.00	3.77
Orco Huntington	Ohio	306.5	Ohio	305.0	320.0	1.77	2.45
KRT Ceredo	Ohio	314.6	Ohio	305.0	320.0	1.73	2.43
Ironton Coal	Ohio	326.0	Ohio	320.1	340.1	1.74	2.85
TTI Terminal	Ohio	405.9	Ohio	390.1	436.2	1.50	2.13
Louisville/Jeff RvRPort	Ohio	618.2	Ohio	590.0	620.0	1.51	1.00
Yellow Banks Terminal	Ohio	751.4	Ohio	720.8	755.0	2.67	2.18
Warrick Terminal	Ohio	772.0	Ohio	755.1	776.1	2.87	2.41
Sitran Terminal	Ohio	817.0	Ohio	786.1	826.9	3.02	2.48
Mt. Vernon	Ohio	828.0	Ohio	827.0	830.0	3.11	2.59
Riverview Terminal	Ohio	842.9	Ohio	841.0	843.0	3.25	2.72
Uniontown	Ohio	851.0				3.33	2.81
Power Dock	Ohio	858.8	Ohio	855.0	860.0	3.40	2.87
Dakoven Dock	Ohio	870.1	Ohio	870.0	875.0	3.51	2.98
River Enterprises	Ohio	881.3	Ohio	875.1	900.0	3.61	3.02
Pearson Franks	Ohio	890.0	Ohio	875.1	900.0	3.69	3.17
Rosiclare - Empire	Ohio	896.4	Ohio	875.1	900.0	3.74	3.23
Four Rivers Terminal	Ohio	943.0				4.15	3.40
Cook Terminal	Ohio	947.0	Ohio	945.0	948.0	4.39	3.90
Calvert City Terminal	Tenn	14.0	Tennessee	13.0	15.0	4.20	3.68
Tennessee	Tenn	22.7	Tennessee	22.0	26.0	4.60	3.81
Tennessee	Tenn	431.1	Tennessee			8.93	8.30
Cora Terminal	Upper	98.5	Upper Mississippi	0.0	110.0	5.40	5.30
Lone Eagle Dock	Upper	105.0	Upper Mississippi	0.0	110.0	5.55	5.35
Sitco Red Bud	Upper	125.6	Upper Mississippi	110.1	181.6	5.78	5.57
Caholia Marine	Upper	178.2	Upper Mississippi	110.1	181.6	6.28	6.10
Parlot Dock	Green	31.5	Green	0.0	35.0	3.65	3.19
Steamport Dock	Green	45.6	Green	35.1	63.0	3.91	3.45
Aemstrong Dock	Green	63.1	Green	63.1	90.0	4.32	3.89

SCHEDULE II
LIME BARGE BASE RATES

Schedule II	Destination		
River	Milepost Range		East Bend m510.9
	From	To	Base
Maysville (Carmeuse)	403.3	403.3	2.55
Black River (Carmeuse)	441.5	441.5	2.36

**SCHEDULE III
RECONSIGNMENT RATES**

**Schedule III
Redelivery -- Base Rates per Ton**

<i>ReDelivery</i> from:	To Eastbend	To Gallagher
	Base	Base
<i>East Bend</i>	na	1.72
<i>Gallagher</i>	1.96	NA

	Per Barge Day	
	Base	Cur.
Demurrage:		
For Unloading:	\$175	\$175
Equal to 10 days:	N/C	N/C
Each day greater than ten:	\$175.00	\$175.00

APPENDIX A
DRAWINGS OF SERVED STATIONS AND HARBOR AREAS