

NTRD Program Disclaimers

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**Texas Commission on Environmental Quality
New Technology Research & Development (NTRD) Program
Monthly Project Status Report**

Contract Number: __582-5-70807-0011 _____

Grantee: __Rolling Frito Lay Sales, LP_____

Date Submitted: __August 5, 2005_____

Report for the **Monthly** period:

Starting Date __July 1, 2005_____

Ending Date __July 30, 2005____

Section I. Accomplishments *(Please provide a bulleted list of project accomplishments as well as a description of their importance to the project.)*

- **Updated Integrated Project Timeline** – The projected timeline has been continuously updated to reflect the unanticipated delays in getting contract and purchase order documents in place.
- **Accounting Set-Up** – A new cost center within the Frito-Lay accounting system was required in order to efficiently and accurately track costs for potential reimbursement. This involved numerous meetings with accounting/financial personnel, as well as development of a cash flow forecast. The Cost Center has been created, but it was not known that certain accounts within the cost center were required, and that these accounts had to be identified, created, and activated by finance group personnel. There were significant delays in this process due to vacation time taken by key finance team individuals. The current status is: all the necessary accounts have been identified and activated, and are ready to charge a purchase order against.
- **Project Contracting with Vendors** – A purchase order was entered into the financial system on 8/4 for the Azure Dynamics truck. Clarifications to the scope of work and cost schedule for LopezGarcia are underway; a contract and purchase order are expected to be issued to LG Group during the week of August 8. A meeting is currently planned in Ft Wayne, In. with International Corp. and Eaton to finalize project approach details. International Corporation has acquired Workhorse Custom Chassis, who is supplying the base vehicle to be converted to hybrid drive. This action will be transparent to basic execution of this project. International additionally brings experience with hybrid drive and remote live measurement of vehicle emissions and performance to the project, which will be leveraged where it makes sense within the boundaries of the cost, scope, and objectives of this project.
- **Purchasing Documentation** – For each vendor, several documents had to be assembled and agreed to by both parties before an actual purchase order can be issued: A “Schedule A” document which is the contract between Frito-Lay and the vendor, describing project timing, payment terms, scope of work, etc. ; Confidentiality and Non-Disclosure Agreements; and Proof of Insurance. These documents are finalized and in place with Azure Dynamics after several reviews and revisions between Azure and the Frito-Lay Legal Department. Finalization of this documentation with Eaton Corp. and LG Group is underway and expected to be complete by the next reporting period.

Indicate which part of the Grant Activities as defined in the grant agreement, the above accomplishments are related to:

The above activities are directly related to Article 2, Scope of Work, Task 1: Development and Delivery of Hybrid Vehicles, specifically sections 2.1.1 and 2.1.2.

Section II: Problems/Solutions

<p>Problem(s) Identified</p> <p><i>(Please report anticipated or unanticipated problem(s) encountered and its effect on the progress of the project)</i></p>	<p><i>Unanticipated problem: Accounting Setup. Accounts within the new cost center had to be identified and activated; the unique nature of this project (expense, not capital, and reimbursement) coupled with vacations by key accounting individuals made this process take longer than expected.</i></p>
<p>Proposed Solution(s)</p> <p><i>(Please report any possible solution(s) to the problem(s) that were considered/encountered)</i></p>	<p><i>Identify accounts in currently-used cost centers that are similar and would be appropriate to use within our purchasing and cost tracking system.</i></p>
<p>Action(s) Conducted and Results</p> <p><i>(Please describe the action(s) taken to resolve the problem(s) and its effect)</i></p>	<p><i>After much discussion and background explanation, the accounts were set and activated. The accounts are ready to charge purchase orders against.</i></p>

Section III. Goals and Issues for Succeeding Period: *(Please provide a brief description of the goal(s) you hope to realize in the coming period and identify any notable challenges that can be foreseen)*

1. *Finalization of commercial terms and issuance of Purchase Orders to remaining vendors— gaining alignment on contract language, terms and conditions, etc. between Frito-Lay and individual supply vendors. Verification of certificates of insurance. Obstacles may be found in individual cases where opinions may differ between Frito-Lay and the vendors on legal language surrounding terms and conditions for the contract.*
2. *Gain alignment on project approach and timeline with the two vehicle suppliers. Meeting on August 22nd with Eaton and International will summarize and agree on detailed approach to the project. A purchase order for the hybrid conversion is expected to quickly follow.*
3. *Generation of detailed fabrication and vehicle delivery timeline – for each vendor, will work to achieve a detailed work plan which will include defined delivery dates for major equipment pieces, fabrication timelines, assembly, testing, and delivery. Potential difficulties may lie in aligning schedules and available resources between F/L and vendors.*
4. *Data analysis on current vehicle drive cycles – using GPS units to analyze current drive cycle for input into testing plans. Dependant on pilot program at F/L that is independent of the hybrid project. This project is proceeding, with installation of vehicle position and performance tracking systems scheduled for August 5-9. Data will be available for preliminary analysis soon thereafter.*



Date: August 05, 2005

Authorized Project Representative's Signature

NOTE: *Please attach any additional information that you feel should be a part of your report or that may be required to meet the deliverable requirements for tasks completed during this reporting period.*