

NTRD Program Disclaimers

1. Disclaimer of Endorsement:

The posting herein of progress reports and final reports provided to TCEQ by its NTRD Grant Agreement recipients does not necessarily constitute or imply an endorsement, recommendation, or favoring by TCEQ or the State of Texas. The views and opinions expressed in said reports do not necessarily state or reflect those of TCEQ or the State of Texas, and shall not be used for advertising or product endorsement purposes.

2. Disclaimer of Liability:

The posting herein of progress reports and final reports provided to TCEQ by its NTRD Grant Agreement recipients does not constitute by TCEQ or the State of Texas the making of any warranty, express or implied, including the warranties of merchantability and fitness for a particular purpose, and such entities do not assume any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represent that its use would not infringe privately owned rights.

**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: _July 11, 2005_____

Report for the **Monthly** period:

Starting Date __June 1, 2005_____

Ending Date __June 30, 2005__

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

- **Detailed Understanding of the Contract and Reporting Requirements** – Since the initial grant application was filed, several important changes have taken place, including identification of a new project manager from Frito-Lay, and acquisition of one of the truck vendors by another company. A detailed contract amendment letter outlining changes needed to the wording of the contract was assembled. Significant time was spent reading and reviewing the contract scope of work and reporting requirements to ensure that the proper scope will be executed and the reporting requirements will be fulfilled to the satisfaction of TCEQ.
- **Developed Integrated Project Timeline** – Taking each contractor's individual estimated schedules and integrating into one comprehensive timeline shows how the entire project will be executed from a schedule standpoint. Shows gaps in timing for supply between vendors, major stage gates, and where and when resources need to be applied to ensure that the project stays on schedule.
- **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.
- **Project Kick-Off with Vendors** – In order to get the project started, the Frito-Lay project team met with all of the suppliers outlined in the contract. This involved travel to Eaton Corp. and Azure Dynamics (formerly Solectria), as well as local meetings with LopezGarcia Group and International. At the kick-off meetings, agreement on project timing, confirmation of scope, and identification of immediate next steps was achieved.
- **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.

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. Setting up a separate cost center proved difficult, as most projects are not funded on a reimbursement basis. This set the project back several weeks in terms of issuing purchase orders, but should not affect the overall 20-month timeframe.</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>Accounting department set up the project after much discussion and background explanation. Considered keeping expenses in current Fleet cost center, but would have made it much more difficult to reconcile expenses and reimbursements.</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>Generated expected cash flow worksheet, and the project was set up with its own cost center. Allows one account to capture all costs and ensuing reimbursements.</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 vendors – gaining alignment on contract language, terms and conditions, etc. between Frito-Lay and individual supply vendors. Verification of certificates of insurance. No notable obstacles expected in this case.*
2. *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.*
3. *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.*



Date: July 11, 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.*