

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: __July 13, 2006_____

Report for the **Monthly** period:

Starting Date __06/01/06_____ Ending Date __06/30/06__

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

- **Project Management**

- TCEQ has approved and returned the documents for the schedule extension to the contract. Frito-Lay has signed the documents and returned to TCEQ for signature and return. The overall project schedule has been updated to reflect the latest in vehicle delivery timing.

- **Vehicle Construction** –

- ***Azure Dynamics*** – Azure is executing their plan to provide additional transmission control while decelerating or coasting. Currently, the GM 4L80E transmission does not downshift actively enough when the vehicle decelerates to provide sufficient driveline speed and load to enable regenerative braking. The solution is to electromechanically control the gearshift lever to force the transmission into a lower gear when decelerating. The system has been designed and ordered at this point, and the electronic gear actuator received. Efficiency improvements on the electric drive system are continuing. The truck is expected to be ready for delivery in the first week of September.
- ***Eaton/International*** – A formal purchase order was issued to International Corp for conversion of the vehicle to hybrid drive early in the month. Drivetrain conversion to hybrid drive is now complete. All components have been installed on the chassis, and the chassis is ready for body build. A step van body will be built on the chassis within the next 2-3 weeks, with testing, tuning, and optimization of the hybrid drive controls to follow. Vehicle completion and delivery is currently scheduled for 9/29.

- **Testing/Data Acquisition**

Testing Protocol & Project Management – Lopez Garcia Group

The testing protocol document has been revised by Lopez Garcia, and now is awaiting further input from Frito-Lay. Upon finalization, the proposal document will be submitted to TCEQ for approval.

It was discovered during June that Frito-Lay had not been obtaining and submitting Financial Status Reports from Lopez Garcia Group as a sub contractor. A meeting was held with LG Group to catch up on the missing information, and it is anticipated that the missing FSRs will be submitted by 7/17/06. The required process is now in place to ensure that this paperwork is completed each month by LG Group going forward.

Emissions Instrumentation – Clean Air Technologies

Down payment for the emissions monitoring has been received by CATI, and the units are in the build schedule. The next step is to determine arrangements for shipment and installation on the hybrid trucks prior to testing at Southwest Research Institute.

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

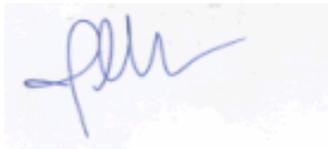
The above activities are directly related to Article 2, Scope of Work, Task 1: Development and Delivery of Hybrid Vehicles, specifically sections 2.1.1, 2.1.2, and 2.1.3.

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>Financial Status Reports (FSRs) from sub-contractor had not been submitted since December 2005.</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>1) <i>Catch up on past due FSRs;</i> 2) <i>Establish process to ensure the proper reporting is completed each month by sub contractors.;</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>Meeting conducted with LG Group to create and submit FSRs. Process laid out and responsibility and timing expectations identified and communicated. Catch-up documents drafted and will be submitted by 7/17/06.</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. *Continue vehicle construction activities with each supplier. Intervene as necessary to ensure vehicle delivery does not slip.*
2. *Finalize testing protocol document & submit to TCEQ for approval.*



Date: July 13, 2006

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.*