

**Lockheed Martin Corporation.**

**Moderator: Scott Clemans**

**January 04, 2011**

**5:40 pm**

Scott Clemans: Good afternoon everyone, this is the Columbia-Snake River Extended Navigation Lock Outage stakeholder conference call. We have about 1:30 here, so I think we'll go ahead and get started. Welcome everyone. Just as a reminder, you are all in listen only mode at this time; we will switch to a question and answer mode after we all complete our presentations. As a reminder also, as in the past this call is being recorded and the recording will be available on our website, hopefully by the end of this week. I would like to introduce the presenters here at Portland District, US Army Corps Of Engineers – we have Mark Dasso, the project manager for the John Day navigation lock gate and friction sheaves replacement project, we have Pat Duyck, project manager for The Dalles navigation lock gate replacement, we have Matt Cutts the District's Critical Infrastructure Program manager and Program Manager also for the Portland district's navigation lock replacement projects here, and we have Jon Gornick, the Columbia and Lower Willamette Rivers Technical Manager out of our Operations Division. I am Scott Clemans, from Portland District Public Affairs Shop, and I would like to turn it over to Gina Baltrush, my counterpart in Walla Walla district to introduce everyone around the table there.

Gina Baltrush: Good morning – not good morning, good afternoon here – we have got Steve Hartman here, he is the Project Manager for the Lower Monumental Gate Replacement project, we have Hal Thomas, who is the Operation Division Navigation Business Line Manager, and Ann Glassley who is the navigation coordinator for our district.

Scott Clemans: Thank you very much Gina. Our agenda as in the months past is fairly simple – we are just going to let each of the project managers in turn walk you through what's been happening at their projects since our last conference call. That's quite a lot, since our last conference call was December 7<sup>th</sup>. And then after each project manager's had an opportunity to do it, we will also turn things over to Hal Thomas in Walla Walla to talk about all of the other work that's going on in addition to the navigation lock gate replacements projects out there in Walla Walla District. I just wanted to remind everyone that background information about this outage and contact information is available on our website, that is [www.nwp.usace.army.mil](http://www.nwp.usace.army.mil), and right there under “hot topics” on the home page of the Portland district website you can click on a link that will take you to the Extended Navigation Lock Outage web page, with email addresses, phone numbers; we are posting weekly updates there and there should also be links to many of our social media sites like Facebook and Twitter, YouTube and Flickr where we are posting photos, videos and other updates there. So with that, we will go ahead and start walking up the Columbia River, starting with Pat Duyck at The Dalles. Pat, go ahead and get it started.

(Pat Duyck): Yeah, thank you Scott and good afternoon everybody. Hopefully by now most of you have heard or have seen – we just released a public announcement yesterday afternoon, announcing that we would need a five day extension to The Dalles lock outage, and this due in large part just due to the current status of our fabrication and the additional welding that we had to accomplish there. So I mean I am going to go back a little bit – about three months ago when we had these calls, we were about two weeks behind; last month's phone call we - we made up some ground and were about a week behind maybe a little bit less; since last week or the last month we have lost a few more days. We had lot of weld pick up – a lot of clean up that we kind of,

you know, lost a few days there, we had to weld a couple of welds where we had some flaws that we had to take care of, so that we kind of lost a few more days. The contractor, he originally bid the job estimating that at his peak would be working around 500 to 600 man hours a day, through our acceleration processes in November we got up to about 900 hours per day and through the last month we are - we are over 1,000 hours man hours per day, trying to, you know, regain schedules. So we have - we have taken a lot of steps to - to try to close this gap that of the additional work we have added, but given where we are at and having to know that we are about 10 days to about 14 days behind schedule currently with our fabrication and accelerating the onsite portion, we are - we are unable to safely recover all of those dates, so that's - that's where that five day extensions coming from. So looking at the current status of fabrication, we just pushed in the first leaf into the paint booth, in which it is getting blasted to white metal and getting prepped for painting, which should start this week and I would imagine some time. So the first leaf will be starting painting - it will take three to four weeks depending on how that process goes, and then they need about 10 days to install all of the final components to that gate. The second leaf, it's about 10 days behind the first leaf, so they are currently trying to do all of the final welding and all through the clean up and grinding all of the welds out and getting it ready to be pushed into the sandbox. So they need to make up a few days here, on that leaf - they would like to get the two gates separated by seven days; we are little over that, so we do have a little gap there to close as well. Looking or shifting gears to kind of what's going on onsite, we are currently prepping the existing gates to be removed. We expect the first leaf to be lifted out of the - the lock, this Thursday, so starting probably around 9am the gate will be lifted up and it will take them a couple of days to - to reposition the crane to lift the second leaf, which is looking like it might be Saturday and more likely probably Sunday. Once the gates are removed there is quite a bit of lock - lock work as far as replacements of lock the pintle bearings and some of the

concrete seals, in preparation to receive the new gate. So that's kind of what the current work activities are for The Dalles Navlock.

Scott Clemans: Great, thank you very much Pat. Scott Clemans again here, in Public Affairs for Portland District, and I did want to emphasize something that Pat said – this first leaf of the existing gate is expected to be lifted out on Thursday morning, and those of you in the news media on this call should have received a media advisory about that event just a short while ago. Feel free to contact me with for more information and the RSVP for that. With that we will turn things over to Mark Dasso, Project Manager at John Day, to find out how that project is proceeding, Mark?

Mark Dasso: Good afternoon everybody. Just before the lock closure all of the components – the two barges, supplies, and the gate quarter sections and the sheaves were transported up to the site, and dewatering of the lock went off on schedule. The month of December was mostly getting prepared, building scaffolding and access and removing lead based paint and cutting the old gate into the quarter sections. Today – this morning – we were scheduled to lift the first top quarter section out the old gate, and then Thursday would be the second, and if things go well, with those first sections they will do the third and fourth sections on Friday and Saturday. That would put them five days ahead of their schedule if that comes off. If things don't go quite smoothly as anticipated they will stick to an every other day schedule, and so the fourth sections would come out on Monday and that would still put them about three days ahead of their schedule on gate removal and - and the gate work.

On the friction sheaves or friction drums – they have been referred to in both ways – that south friction sheave, the old friction sheave was lifted out this morning and the new one will be lifted in later this week. Then the contractors will break down their land based crane and move it to the other

side of the lock to - to remove the friction sheave in the north towers. That breaking down the crane and rebuilding it on the other side will take five days – it's quite an effort – and so by the end of next week they should be ready to remove that north tower friction sheave, and then bring in the new, bring in the new sheave. That effort removing the south tower sheave this morning put, was about two days ahead of the contractor schedule, so on that major activity we were also doing very well. The gate control work as part of this job – we are replacing all of the gate controls for - for the downstream gate – and that work is right on schedule, and - and things are going right well. We do have one issue that we are working through and at this time it's too early to say if there'll be any impact. That has to do with our bearing plates - plates that are on either side of the gate, and we are having to modify the contract to adjust our installation method, and I don't foresee that having a major impact but it's very early that we have just determining the last day or so that we have issue an resolve there, that's really all I have.

Scott Clemans: All right, Mark but with the exception of this newly emerging bearing plate issue its sounds like you were on or ahead of schedule so that's great news. And speaking of on and ahead of schedule, let's pass things over to Steve Hartman in Walla Walla, to tell us about the Lower Monumental gate replacement project – Steve?

Steve Hartman: Thanks Scott. We are happy to report that we are on schedule if not slightly ahead of schedule. To get you caught up on the contractors' progress since our last teleconference, we are happy to report that the demolition and the removal activities of the old gate were completed late yesterday afternoon, so the entire old gate has been lifted out and it's currently being cut up by our salvage sub contractor and being hauled off to metal recycling facilities in the Northwest. The existing gates hoist cables have been completely removed from the towers; also the existing gate hosting gearboxes have been removed

from both towers. Our new gate hoist gearboxes were delivered to Lower Monumental on the 29th of December, and looking down stream to our - our near term future work, by the end of this week the contractor is schedule to have the - the last pieces of the old gate completely cut off and hauled offsite to those metal recycling facilities. Over the next two weeks the contractor will move into the activities for the repair and the replacement of the guide slots bearing plates – those are the guide slots on either sides of the gate – and this will begin the first of two phases of work that will required double shifts of our contractors. And also over those next two weeks the contractors will be beginning the counterweight modifications to make sure that those counterweights are - are equal to he new weight of the - the new gate. In mid January, we will begin setting the - the bottom and the middle gate sections for the new gate, and we will begin the weld up process to connect those two sections. In conjunction with our gate replacement contract, we also are involved with a concrete repair contract in the middle portion of the navigation locks, and these two projects are joined at the hip so we want to keep you updated on those, on this one as well. We are happy to report that that contract as well is on schedule – all of the spoiled, weakened concrete has been removed, the crack inspection has been performed to determine the extend of the repairs necessary, and today the contractor started those crack repairs and is scheduled to complete the crack repairs over the next two weeks. In mid January the contractor will begin drilling for the new anchor rod, that will tie the existing navlock wall, and that got us up to date.

Scott Clemans: All right, thank you very much, Steve. Sounds like everything at LoMo is on track as well, but there is a whole lot of other work taking place out there in Walla Walla district besides what's going on at Lower Monumental, and to tell us all about that, let's have Hal Thomas chime in. Hal - how is the weather treating you guys out there?

Hall Thomas: Well, Scott, I was actually going to start out talking about that as part of our brief on where we are doing with the other work. As all of the audience would understand and realize, there are various aspects of work on the navigation locks that have been in progress since December 10<sup>th</sup>, and during that time we have experienced some significantly cold temperatures and precipitation – snow. The staffs with Walla Walla and in Portland have been continually modifying their work procedures and schedules to help mitigate these impacts, and these productivity impacts have included such things as increased equipment use times, pre start inspections after a very cold evening, increased warm up time to get the equipment up to temperature, especially when you are dealing with hydraulic equipment and cycle times, brakes – items like that tend to function a bit differently in extremely low temperatures. Additional productivity impacts have been the slower work or labor efficiency that is inherent in working in cold weather here, and working around heating machines, equipment, welding blankets and heat containing enclosures. So the weather has made its mark, but everybody has been doing the daily management necessary to meet those impacts and as I go through and talk about some of the individual sites out there, you will see that we have extended some of the dates to taken to account the impacts from that. McNary – the schedule for that right now has their formal closure to occur starting 0600 on 6th February; that date remains constant at this point. The one project that is driving that is the refurbishment of their upstream Navlock stop logs – that is currently out, contracted out in offsite site shop with delivery anticipated in late January, and then once those logs are delivered then they will move forward with the formal closure and dewatering of the lock, their five year maintenance and - and maintenance inspection and some work on both trash racks and some productive steel in the lock. Ice Harbor – excuse me, they went ahead and saw the impacts of the ice and the snow and realized there would be more advantageous to go ahead and close a week early, so they are now, they have advanced their closure date to 10th January

from the previously scheduled 17th January, again to compensate for cold weather impacts. That takes it from seven and half weeks to eight and half weeks; during that time they are going to be accomplishing their five year Navlock inspection and maintenance work, and of course critical work associated with the downstream gate lifting and repairs. Lower Monumental – Steve has covered the work there. Little Goose – right now their work is scheduled to ... essentially the 30th of January is the date when they will put the lock out of operation, and one of the projects that we are working on there is the repairs to the Bascule Bridge Motors, working closely with the suppliers. There are delivery date concerns there, so that work may not be accomplished during this outage, but that will have no impact on opening the Little Goose locks in accordance with the established schedules – that can be accomplished at later date. Lower Granite – as with Ice Harbor, they have advanced their closure date to 18th January from the previously scheduled 30 January to compensate for cold weather impacts. That increased it from six to seven weeks; their work is going to include lot of repair, painting and preparation of an upstream Navlock gate and working on filling drain valves and other mechanical equipment, and let me stress of course, but although they have asked to have these start days advanced, it does not impact the completion date – it's basically so they can have additional time up front in case they need it. The other thing is we have already had both commercial and army dive teams in place since the outage on 10 December doing various work, and inspections in underwater sites, so you will see them moving between the various dams. So, that's all I have Scott.

Scott Clemans: Thank you very much, Hal. It sounds like although, you know, the weather out there is definitely something to keep under consideration, your folks have been doing so and adjusting their schedules accordingly and it looks like you are still intending to bring everything in on time on schedule, so that's great to hear. That's concludes all of presentations from our project and program

managers, so at this point we are going to go ahead and turn on the question and answer session – you will hear the host controller say that the conference is in question and answer mode and to alert the speaker that you have a question press one and zero, so let me go ahead and get this fired up.

Operator: This conference is now in question and answer mode, to alert the speaker that you have a question press one then zero, each question will be asked in the order it was received.

Scott Clemans: All right, with that we will go ahead and start bringing each questioner in the queue to the front – you will be alerted when it is your turn to ask your question, and when you do ask your questions please make sure that you identify yourself and not only by your name but also by your organization, so we know who we are talking to. So let's go ahead and get started.

Mark Anderson: Mark Anderson at Washington State Department Of Commerce. My question, which I will follow with just a little bit of description, is whether anyone has heard about any significant fuel distribution or pricing problems. Word from our AG, Attorney Generals office, today is they have had no zero complaints about pricing or distribution. We look at gasoline prices a bit and I send just to Scott Clemans just - just before this conference call a spreadsheet ... not a spreadsheet, a couple of graphs ... that have prices, and Scott, if you would like to, you can pass those on to these folks. We are really seeing basically pennies in the difference in prices between the east side and west side in both gasoline and diesel; as high as 13 cents for gas, that is now reduced to - to about 8 cents at the highest differential. And we have now heard back from all of the oil companies that I have gone out to just recently, but have not had anyone reported any significant problem. So my question is just whether anyone has heard anything, and they can punch one, zero and ask or provide the answer if they had – thanks.

Scott Clemans: Sure, thank you, Mark, I appreciate it. I am looking around the table here and our project and program managers who are in touch with the local communities around the dam sites are all shaking their heads. I have not heard anything from the local or county ... at the local or county government level ... and to the best of my knowledge we really haven't heard anything from the states either, although I think we probably would have been hearing it from you if we had, Mark. So thank you very much for that update from the Washington Department Of Commerce, and yeah, if there are any folks out there who have additional input into that, please feel free to chime in with your own question. With that we will summon the next question.

Dennis McVicker: Dennis McVicker with Tidewater Barge Lines, and first of all, just thank you for the update. Earlier in the call so we talked about a date of February 7th that The Dalles gate pieces would be loaded on to a barge here in the Portland area and that was kind of a target date, and I was wondering with the new target date is for that activity.

Pat Duyck: Yeah, I will try to answer to that. This is Pat Duyck, Project Manager for The Dalles. The original target date was the February 7th – that was what we felt we needed to achieve through fabrications to meet the March 15. Now that we have pushed off a few days and that fabrication is still trying to catch up from the additional work and - and all of the work they had to accomplish in the short time frame, I think it's – it's somewhere between February 14th and 18th now. And I, you know, depending on who you ask about where that time frame is going to go, there is still some unknown with how long it's going to take to paint, how that process is going to go and then how much time they need to - to install. And it's not so much the first leaf, it's the second leaf, you know, that's currently behind. They need to shift both leafs out of the same time. So we are trying to catch up the second leaf to - to meet a little closer to

the first leaf. And, you know, right now all - all I can really say is it's somewhere between Feb 14 and Feb 18<sup>th</sup>, and I would probably say its closer to 18<sup>th</sup> than the 14<sup>th</sup>, but it's going to be in that range.

Dennis: Can I ask a follow on question?

Scott Clemans: Absolutely – please do, Dennis.

Dennis: Thank you. In earlier calls, there were certainly a lot of - kind of warning about the fact that these are big projects that, you know, have opportunities for delays and - and I certainly appreciated that warning, and it seems to me that there is still some, you know, some dates that are hard and nailed down, and so I - I guess I am maybe expecting that even the new date of the 23<sup>rd</sup> – that we have to view that not necessarily as affirmed date that - that there is a high level of confidence that - that we are going to be opening on that day, but - but more that you - you have let us know that the delays likely will not make it possible for you to open on the 18<sup>th</sup> and so you - you have notified of that delay. But there is ... I would assume there is still some, you know, chance to that 23<sup>rd</sup> March date its slipped as well, is that accurate?

Pat Duyck: Well yeah, definitely ... I mean, I think you know for all these conference calls we have - we have cautioned that weather is going to be a factor; when it's going to be a factor is during our critical lifts, so we still have some risks out there. The - the date of - of March 23<sup>rd</sup> is now kind of set as the contract date, you know. So I mean that's what the contractors' committed to, that's what we are committed to, and I mean, you know, outside of change of site condition to the lock chambers and bad weather, you know, those are all things that can still impacted. But, you know, definitely as we get closer to those dates we, you know, we get past some of those risk points. But yeah, there is still some risk out there, there is still little uncertainty, but I think, you

know, by some bad weather setting in I think we are relatively comfortable at meeting that date.

Dennis: Great, thank you.

Scott Clemans: Very good, Walla Walla did you have anything to add with regard to weather related or other project related risks?

Gina Baltrush I think we would echo that. This is Gina. There has been some forecasted bad weather; some pretty serious ones for weather for this year, you know. It's a daily management effort to deal with what Mother Nature brings us, you know.

Scott Clemans: Absolutely. All right, let's see if we have any other questions left in the queue ... and Dennis was the last question that we had. Well, we want to thank all of you who attended today's call. We hope that you found this informative, and we do welcome your feedback on what else you would like to hear on future calls -- feel free to contact me or Gina. Again, our contact information is available on the extended navigation lock outage website; just go to the Portland District website home page and there is the link to the extended Navlock outage website there. Please remember also that both Portland and Walla Walla districts have a variety of other ways that we are getting information to you, including Facebook, Twitter, YouTube, Flickr. Portland on most of those is PortlandCorps and Walla Walla is WallaWallaUSACE. Our next conference call is tentatively scheduled for Tuesday, February second; we will send a reminder out to you once we have the date and time of that call confirmed and again -- we will, I will also send out to you a notice when we have posted the transcript of this call under our website, which we hope will be by the end of this week. With that we will sign off; again we thank you very much and if you have any additional questions or comments

you are welcome to contact the Portland and Walla Walla district public affairs offices. Thank you so much, and we look forward to talking to you again next month.