ADVANCED TRANSIT VEHICLE CONSORTIUM

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July 31, 2007

From:

To: ATVC Board of Directors

Richard Hunt

Re: Status Update on Cummins ISL(g) 8.9 Liter Engine

NABI's Articulated Buses were supplied with a Cummins-Westport 8.9L natural gas engine. This is the first CNG engine that was specifically designed and manufactured for use with CNG fuel and is currently the only CNG engine certified and commercially available for transit use. When the current articulated bus options are delivered, Metro will have 391 buses equipped with these Cummins-Westport 8.9L ISL and ISL (G) natural gas engines. In addition, 400 new Cummins-Westport ISL(g) engines have been ordered as replacement engines for existing buses in Metro's fleet.

To date, there have been sixty-nine engine failures, six of which are repeat failures of the same engine. Cummins-Westport and NABI have both acknowledged Metro's Fleet Defect declaration on this engine. Originally, Cummins-Westport indicated that the root cause appeared to be in the fuel control system, and failures were affecting the valves, cylinder liners and pistons. Cummins-Westport has now backed off that position, and has stated that they have not fully identified the root cause or complete failure mode for these failures.

Staff met with NABI's VP of Field Services and Cummins-Westport's President on June 26th and again with NABI only on July 16th. During these meetings little new information was presented, and suggested that Cummins was prepared to start a parts replacement program for several components that affect the fuel control system. At this time, it is not clear what further action(s) Cummins plans to take on this matter. While Metro has continued to request a schedule for corrective repairs, both NABI and Cummins admit that a schedule and action plan cannot be presented until they clearly understand the root cause of the failure. It should be noted that all engine failures continue to be repaired by NABI and Cummins-Westport under the warranty provisions of the bus procurement contract.

Staff continues to work closely with both with NABI and Cummins-Westport to resolve the problems. All parties will meet on August 9th, and we continue to hold weekly conference calls. We will continue to monitor this condition closely and provide regular updates on progress. Longer term, we are beginning to explore and encourage other engine alternatives.