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DOYON UTILITIES

January 19, 2011

Ms. Martha Gray
Division Chief/Contracting Officer
DLA Energy
8725 John J. Kingman Road, Suite 3830
Fort Belvoir, VA 22060-6222

Re: Explanation of cost overruns on project FWA-09-021 – FTW 336A – Aircraft Parts Storage at Fort Wainwright, Alaska.

Dear Martha,

On February 24, 2010, we received a Notice to Proceed for the construction of the FWA-09-021 project with a budget of \$1,170,387.00 (includes the \$60,000 approved on September 16, 2009 for design work). This project, to install new water, wastewater electric and heat distribution systems to the FTW-336A Aircraft Storage Facility was completed in December 2010 with only minor activities such as grass seeding and minor landscape work remaining. This project will come in at approximately \$1,211,000, surpassing expected budget by just over \$40,000.

Project change orders drove the overage due to two unanticipated conditions; excavation into unknown contaminated soils and discovery of an unsafe utilidor joint.

In the future, we will coordinate with you prior to obligating additional funds to projects. Please feel free to contact me with any questions or concerns.

Best Regards,

A handwritten signature in black ink, appearing to read "Patrick J. Driscoll".

Patrick J. Driscoll, P.E.
Vice President of Operations
Doyon Utilities, LLC

CC: B. Koessel, Branch Chief/Contracting Officer, DLA Energy
B. Sinigaglio, Utility Chief, FWA Garrison
D. Diehl, COR, FWA Garrison
J. Kalmbacher, COR, FWA Garrison