



# Public Service Commission State of North Dakota

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June 28, 2010

Mr. David A. Smith, President  
Smith Contracting, Inc.  
3941 Wynne Avenue  
Butte, MT 59701

**RE: Progress of the 2010 Buechler/Velva Project**

Dear Mr. Smith:

This letter addresses serious concerns that the AML Division has with the slow start and progress of the 2010 Buechler/Velva Project. As stated in the Notice to Proceed, the 150-day performance period for this project began May 20 and ends October 16, 2010. However, as of today it appears that only about 21,000 cubic yards of required 1.85 million cubic yards of dirt has been moved. According to the revised project schedule dated June 11<sup>th</sup> that Smith Contracting provided to Project Manager Mark Knell, 186,300 cubic yards of dirt should have been moved by the end of the day on Saturday, June 26<sup>th</sup>. We are very concerned about the limited progress that Smith Contracting has made on this project in the past 40 days and your ability to fulfill the terms of the contract without mobilizing additional equipment and manpower.

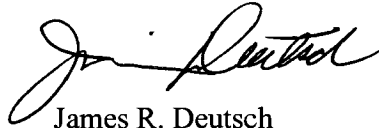
While we understand a few days have been lost due to recent rainfalls, it has become apparent to our staff that insufficient equipment and manpower are currently on-site to move the daily yardage proposed in the June 11<sup>th</sup> schedule. On June 24<sup>th</sup>, Bill Dodd reported that only two dozers, two haul trucks, two front-end loaders, one excavator and one scraper were on-site and a crew of only three men present. One of the dozers was having serious mechanical problems, the twin-engine scraper had only one operating engine, and one of the loaders had bald tires. We strongly recommend that you mobilize additional manpower and equipment that is in good working condition. Please be advised that we do not intend to pay the mobilization item under the contract until sufficient equipment and manpower are on site to perform the required work.

I am also requesting that you provide us with an updated project schedule by 5:00 p.m. Thursday, July 1<sup>st</sup>, that details your plan for completing this project within the 150-day performance period. While we want to work with you to ensure that this project is completed on time, we will consider other options if adequate progress is not made in the next ten days.

Mr. David A. Smith, President  
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If you want to meet to discuss these matters or have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Deutsch". The signature is fluid and cursive, with a large initial "J" and "D".

James R. Deutsch  
Director, AML Division

cc: Lee Barron

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