

# PCCA Journal

1<sup>st</sup> Quarter 2011

## PCCA Members Meet with Labor Department Officials

### Also Inside

- USDA Announces \$2.9 Billion in Rural Electric Loans
- Marketing in the "New Normal"
- Stringing Equipment Maintenance



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## Publication Staff

### Publisher

Timothy Wagner

*twagner@pccaweb.org*

### Associate Publisher

Cheryl Stratos

*stratosc@pccaweb.org*

### Editor

Michael Ancell

*mancell@pccaweb.org*

### Advertising Sales Manager

Victoria Geis

*vgeis@pccaweb.org*



## PCCA Discusses Davis-Bacon with Labor Department Officials

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On November 12, a PCCA delegation met with high-ranking officials at the U.S. Department of Labor in Washington, D.C., to explain our members' problems with Davis-Bacon Act job classifications and wage determinations and to seek the agency's guidance and assistance in complying with Davis-Bacon on contracts financed by federal stimulus funds.

## Marketing in the "New Normal"

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*By Cynthia Paul and Ken Roper*

Marketing, customer loyalty, value propositions, market brand, and efficiency are all part of the new normal for contractors. What do you need to prepare for in 2011 and beyond? This article presents ideas for marketing in the new normal to grow profitable revenue.

## Stringing Equipment Maintenance

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With line construction continuing year round, it is more critical now than ever before to have a preventive maintenance and service program in place to avoid or mitigate the consequences of equipment failure. The folks at Sherman & Reilly thought it would be a good idea to remind their fellow PCCA members that now might be time to do some preventive maintenance.

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## USDA Announces \$2.9 Billion in Rural Electric Loans

**A**griculture Secretary Tom Vilsack on November 18 announced that 50 rural utilities and cooperatives in 31 states have been selected to receive guaranteed loans that will benefit more than 183,000 rural electric cooperative consumers by financing the construction and repair of more than 15,000 miles of distribution and transmission lines, including over \$310 million invested in renewable energy.

The \$2.9 billion is funded by USDA Rural Development's Rural Utilities Service. This funding assists with upgrades, expansion, maintenance, and replacement of rural electric transmission, distribution lines, and generating equipment.

### **Arkansas, Missouri**

Carroll Electric Cooperative Corporation;  
\$45,594,000

Build 208 miles of new distribution lines and 19 miles of new transmission line, make improvements to 274 miles of distribution line and 23 miles of transmission line, and make other system improvements.

### **Arkansas**

C & L Electric Cooperative Corporation;  
\$13,000,000

Build 50 miles of new distribution line, and make other system improvements.

### **Colorado, New Mexico**

La Plata Electric Association, Inc.;  
\$53,166,000

Build 386 miles of new distribution line, make improvements to 38 miles of distribution line, and make other system improvements.

### **Colorado, Nebraska**

Y-W Electric Association, Inc.; \$19,930,000  
Build 38 miles of new distribution line, make improvements to 103 miles of distribution line and 9 miles of transmission line, and make other system improvements.

### **Colorado**

Mountain Parks Electric, Inc.; \$25,653,000  
Build 12 miles of new distribution line, make improvements to 86 miles of distribution line, and make other system improvements.

### **Colorado, Nebraska, New Mexico, Wyoming**

Tri-State Generation and Transmission Association, Inc.; \$173,689,000  
Upgrade and modify the generation system

and make environmental control improvements.

### **Florida**

Sumter Electric Cooperative, Inc.;  
\$30,000,000

Build 435 miles of new distribution line and 1 mile of transmission line, make improvements to 103 miles of distribution line, and make other system improvements.

### **Florida**

Seminole Electric Cooperative, Inc.;  
\$112,758,000

Finance upgrades and replacements to existing generation and transmission facilities.

### **Georgia**

Three Notch EMC; \$14,000,000

Build 283 miles of new distribution line, make improvements to 827 miles of distribution line, and make other system improvements.

### **Georgia**

Middle Georgia EMC; \$3,000,000

Build 89 miles of new distribution line, and make other system improvements.

### **Georgia**

Oglethorpe Power Corporation;  
\$373,100,000

Two loans to purchase two natural gas-fired combustion turbine facilities.

### **Hawaii**

Kauai Island Utility Cooperative;  
\$109,968,000

Build 52 miles of new distribution line, make improvements to 23 miles of distribu-

The Electric Program also helps fund energy conservation and renewable energy projects.

For example, Basin Electric Power Cooperative, based in Bismarck, N.Dak., has been selected for \$153,396,000 in loan guarantees for two wind projects. Together these projects will provide 120 MW of renewable electricity. Combined with Basin's previous wind investments, they are expected to represent more than 600 MW of wind generation—enough to power the average annual needs of 175,000 homes.

Funding of each recipient is contingent upon their meeting the conditions of the guaranteed loan agreement. Following are the rural utilities that were selected for funding:

tion line, and make other system improvements. Project includes a 10MW Naptha/Biodiesel Fueled Combustion Turbine and hydroelectric plant improvements.

### **Iowa**

The Calhoun County Electric Cooperative Association; \$4,423,000

Build 5 miles of new distribution line, make improvements to 108 miles of distribution line, and make other system improvements.

### **Iowa**

Hawkeye Tri-County Electric Cooperative;  
\$17,500,000

Build 55 miles of new distribution line, make improvements to 236 miles of distribution line, and make other system improvements.

### **Illinois**

Southwestern Electric Cooperative, Inc.;  
\$20,000,000

Build 92 miles of new distribution line and 9 miles of transmission line, make improvements to 112 miles of distribution line, and make other system improvements.

### **Indiana**

Utilities District of Western Indiana REMC;  
\$14,000,000

Build 68 miles of new distribution line, make improvements to 124 miles of distribution line, and make other system improvements.

### **Indiana**

Daviess-Martin County REMC; \$5,000,000  
Build 24 miles of new distribution line,

RDUP News continued on page 8

make improvements to 51 miles of distribution line, and make other system improvements.

### Indiana

Fulton County REMC; \$5,000,000

Build 24 miles of new distribution line, make improvements to 36 miles of distribution line, and make other system improvements.

### Indiana

Newton County REMC; \$1,700,000

Build 12 miles of new distribution line, make improvements to 27 miles of distribution line, and make other system improvements.

### Kansas

Pioneer Electric Cooperative, Inc.;

\$21,306,000

Build 220 miles of new distribution line, make improvements to 1,137 miles of distribution line, and make other system improvements.

### Kentucky

Shelby Energy Cooperative, Inc.;

\$10,000,000

Build 34 miles of new distribution line, make improvements to 143 miles of distribution line, and make other system improvements.

### Kentucky

Kenergy Corp; \$23,000,000

Build 143 miles of new distribution line, make improvements to 130 miles of distribution line, and make other system improvements.

### Kentucky, Tennessee

South Kentucky REMC; \$51,000,000

Build 346 miles of new distribution line, make improvements to 108 miles of distribution line, and make other system improvements.

### Michigan

Cloverland Electric Co-operative;

\$88,000,000

Serve 22,960 new consumers, build 860 miles of new distribution line, make improvements to 55 miles of distribution line, and make other system improvements.

### Minnesota

Wright-Hennepin Cooperative Electric Association; \$25,000,000

Build 144 miles of new distribution line, make improvements to 54 miles of distribution line, and make other system improvements.

### Mississippi

East Mississippi Electric Power Association; \$22,000,000

Build 97 miles of new distribution line and 5 miles of transmission line, make improvements to 221 miles of distribution line, and make other system improvements.

### Mississippi

South Mississippi Electric Power Association; \$267,393,000

Add 150 MW from two new combustion turbines and install new heat recovery steam generators to existing steam units.

### Montana

Big Horn County Electric Cooperative, Inc.;

\$4,656,000

Build 36 miles of new distribution line, make improvements to 17 miles of distribution line, and make other system improvements.

### North Dakota, Minnesota

Minnkota Power Cooperative, Inc.;

\$24,363,000

Make system and plant improvements, including projects for environmental emission control.

### North Dakota, Colorado, Iowa, Minnesota, Nebraska, New Mexico, South Dakota, Wyoming

Basin Electric Power Cooperative;

\$405,000,000

Finance the Deer Creek Station Energy Facility Project; a 300 MW natural gas fired combined cycle generating plant.

### N. Dakota, Colorado, Iowa, Minnesota, Nebraska, New Mexico, S. Dakota, Wyoming

Basin Electric Power Cooperative;

\$153,396,000

Finance the PrairieWinds Project, a 115.5 MW wind farm consisting and the Minot Wind 2 Project, a 4.5 MW wind farm.

### New Mexico, Texas

LCEC Generation, LLC; \$38,550,000

Build a 42.2 MW natural gas-fired electricity production facility and related interconnection transmission facilities.

### Ohio, Indiana

Butler Rural Electric Cooperative, Inc.;

\$12,000,000

Build 24 miles of new distribution line and 6 miles of transmission line, make improvements to 37 miles of distribution line, and make other system improvements.

### Ohio

Buckeye Power, Inc.; \$85,500,000

Finance emissions equipment.

### Oklahoma

Caddo Electric Cooperative, Inc.;

\$31,396,000

Build 132 miles of new distribution line, make improvements to 149 miles of distribution line, and make other system improvements.

### Oklahoma

Central Rural Electric Cooperative;

\$7,750,000

Build 42 miles of new distribution line, and make other system improvements.

### Oregon

Wasco Electric Cooperative, Inc.;

\$10,000,000

Build 24 miles of new distribution line, make improvements to 23 miles of distribution line, and make other system improvements.

### South Carolina

Laurens Electric Cooperative, Inc.;

\$43,724,000

Build 206 miles of new distribution line, make improvements to 73 miles of distribution line, and make other system improvements.

### South Carolina

Pee Dee Electric Cooperative, Inc.;

\$15,000,000

Build 144 miles of new distribution line, make improvements to 39 miles of distribution line, and make other system improvements.

### South and North Carolina

Broad River Electric Cooperative, Inc.;

\$12,000,000

Build 78 miles of new distribution line, make improvements to 42 miles of distribution line, and make other system improvements.

### South Dakota

Rosebud Electric Cooperative, Inc.;

\$5,717,000

Build 26 miles of new distribution line, make improvements to 43 miles of distribution line, and make other system improvements.

### South Dakota

West Central Electric Cooperative, Inc.;

\$2,017,000

Replace existing automated meter reading system with a two-way automated communications system.

### Tennessee, Mississippi

Pickwick Electric Cooperative; \$6,900,000

Build 19 miles of new distribution line, and

Continued on page 10

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make other system improvements.

### **Texas**

Victoria Electric Cooperative, Inc.;  
\$6,949,000

Build 23 miles of new distribution line, make improvements to 52 miles of distribution line, and make other system improvements.

### **Virginia, West Virginia**

Shenandoah Valley Electric Cooperative;  
\$180,000,000

Build 2,811 miles of new distribution line, make improvements to 11 miles of distribution line, and make other system improvements.

### **Virginia, Kentucky**

Central Virginia Electric Cooperative;  
\$84,000,000

Finance ownership interest in two renewable run-of-the-river hydroelectric projects for a total of 14.6 MW.

### **Virginia**

Rappahannock Electric Cooperative;  
\$198,675,000

Build 3,288 miles of new distribution line, make improvements to 44 miles of distribution line, and make other system improvements.

### **Washington**

Orcas Power & Light Cooperative;  
\$8,822,000

Make improvements to 21 miles of distribution line, and make other system improvements.

### **Wisconsin**

Clark Electric Cooperative; \$4,000,000

Build 39 miles of new distribution line, make improvements to 50 miles of distribution line, and make other system improvements.

### **Wisconsin, Illinois**

Scenic Rivers Energy Cooperative;  
\$20,000,000

Build 46 miles of new distribution line, make improvements to 236 miles of distribution line, and make other system improvements.

### **Wyoming**

High Plains Power, Inc.; \$22,394,000  
Build 37 miles of new distribution line and 16 miles of transmission line, make improvements to 92 miles of distribution line, and make other system improvements.

## USDA Releases Report on the Impact of Stimulus Funds in Rural America

**U**SDA Under Secretary for Rural Development Dallas Tonsager issued a report in October on how loan and grant funds through the American Recovery and Reinvestment Act of 2009 (Recovery Act) have helped the nation's rural residents and, not surprisingly, provided a glowing review of the administration's efforts. The report estimates that millions of business owners, agricultural producers, and internet users and thousands of homeowners will benefit, and more than 300,000 jobs are being created or saved. The job estimates contained in the report are derived from recipient reported data or program-based economic models.

"With Rural Development's loans, grants, and loan-grant combination financing for new and existing programs, we have leveraged our Recovery Act funds to ensure the greatest bang for the taxpayer's buck, allowing our agency to make unprecedented and lasting investments in rural America," Tonsager said. "I am proud of what we have accomplished over the last two years towards building livable, innovative, and sustainable rural communities."

Of the \$40.7 billion in Recovery Act funding obligated by the U.S. Department of Agriculture, Rural Development obligated more than half for projects (\$21.2 billion in program-level funding) through seven programs. In all, 95,000 loans and 2,500 grants were provided to recipients in all 50 states, American territories, the District of Columbia, and the Commonwealth of Puerto Rico. This record level of federal investment leveraged additional private investment in communities

across the country, demonstrating the positive impact that public-private partnerships can have on rural communities and economies.

Broadband was the first example in the USDA press release of how Recovery Act funding is making a difference in rural communities. The release said, "USDA's Rural Utilities Service (RUS), a Rural Development mission area, received \$2.5 billion in funding to deploy high-speed broadband networks to the hardest-to-reach rural areas of the country. Working with partners at the Department of Commerce's National Telecommunications and Information Administration (NTIA), RUS invested \$3.5 billion in funding for 297 broadband infrastructure projects, four satellite awards, and 19 technical assistance grants to extend the benefits of broadband to rural communities, Native American and Alaska Native lands in 45 States and 1 territory. An estimated 7 million people, many of them located in extremely remote areas, will have access to improved broadband services.

"In Reedsburg, Wis., (located in Sauk County), the Reedsburg Utilities Commission used \$5,239,168 in Recovery Act funds to bring broadband service to an area of southwestern Wisconsin that is deficient in broadband services due to hilly terrain. In addition to the USDA funds, more than \$2.3 million in private investment was provided. It is estimated that 310 businesses and more than 2,400 homes will be able to access the utility's services, and an estimated 42 new jobs will be generated."

# USDA Submits Comments to Support Development of the National Broadband Plan

**T**he USDA submitted comments to the Federal Communications Commission (FCC) in November to support development of the National Broadband Plan based on what it called “the department’s considerable experience in financing broadband projects in rural areas.” The FCC is implementing the plan to guide broadband deployment nationwide.

Rural Utilities Service (RUS) Administrator Jonathan Adelstein submitted a letter in which he offered to make RUS data available to the FCC as the independent regulatory agency evaluates policy options to advance broadband deploy-

ment. He noted that RUS loan financing to rural telecommunications providers is “dependent on sufficient, specific, and predictable revenues to ensure that all Americans enjoy the benefits of modern telecommunications technology.” Only four out of the current 480 RUS telecommunications program borrowers do not receive federal universal service support for high-cost areas. Adelstein said that the two agencies can work together to ensure that the “right mix of incentives are available to attract private sector investment into otherwise uneconomic areas.”

RUS is a policy, planning, and lending agency within the USDA and currently

manages a \$56 billion portfolio consisting of loans that support the construction of water and waste treatment systems, electric systems, and broadband networks in rural communities.

The RUS telecommunications program currently has more than \$4.2 billion in outstanding principal, which will increase substantially with awards this year under the American Recovery and Reinvestment Act. The current rural loan portfolio consists of approximately 2,337 active loans to borrowers committed to building and upgrading broadband capable networks across rural America.

## Rural Telecom Projects Get a \$247.9 Million Boost

**T**he U.S. Agriculture Department announced on November 11 nearly \$247.9 million in funding for telecommunications projects that will improve broadband service to rural residents and businesses in 11 states. This funding, which is part of the \$690 million investment from USDA’s Telecommunications Infrastructure Loan Program during fiscal year 2010, will finance more than 16,000 miles of fiber to the home (FTTH), bringing high-speed internet service to rural areas.

Administered by USDA’s Rural Utilities Service (RUS), this infrastructure financing is in addition to the \$3.5 billion in broadband funding RUS awarded for rural broadband projects under the American Recovery and Reinvestment Act of 2009. The telecommunications infrastructure program funds facilities and equipment for upgrades, expansion, maintenance, and replacement of rural networks. RUS funded approximate-

ly \$537 million in FTTH projects during fiscal year 2010.

For example, in Kansas, a \$10.2 million loan for South Central Telephone Association, Inc. will be used to deploy 192 new route miles of fiber and copper cable. These upgrades will improve service for rural residents and businesses and help the systems meet current and future telecommunications requirements.

In South Dakota, Cheyenne River Sioux Tribe Telephone Authority, a telephone company wholly owned by Native Americans, received a \$37.9 million loan. The financing will enable them to complete a total fiber-to-the-premises build-out, which will bring broadband to homes and businesses in their service area.

Funding of each recipient is contingent upon their meeting the conditions of the loan agreement. A complete list of the rural utilities that were selected for funding is below:

**Alaska** - Cordova Telephone Cooperative, Inc.; \$10,750,000 loan

**Arkansas** - Southwest Arkansas Tel. Coop., Inc. \$22,418,000 loan

**Iowa** - Interstate 35 Telephone Company \$7,090,000 loan

**Kansas** - South Central Telephone Assoc., Inc. \$10,215,000 loan

**Minnesota** - Garden Valley Telephone Company \$34,177,000 loan

**Montana** - Central Montana Communications, Inc.; \$38,793,000 loan  
Southern Montana Telephone Company; \$5,544,000 loan

**Montana & Wyoming** - Range Telephone Cooperative, Inc.; \$18,000,000 loan

**North Dakota** - Reservation Telephone Cooperative \$32,322,000 loan

**New Mexico** - Tularosa Basin Telephone Co., Inc.; \$8,572,000 loan

**South Dakota** - Cheyenne River Sioux Tribe Telephone Authority; \$37,870,000 loan

**Wisconsin** - Nelson Telephone Cooperative; \$22,132,000 loan

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## PCCA Discusses Davis-Bacon with Labor Department Officials

**O**n November 12, a PCCA delegation met with high-ranking officials at the U.S. Department of Labor in Washington, D.C., to explain our members' problems with Davis-Bacon Act job classifications and wage determinations and to seek the agency's guidance and assistance in complying with Davis-Bacon on contracts financed by federal stimulus funds. The meeting provided a frank exchange of problems and needs faced by both groups and an agreement to continue working to resolve issues.

The PCCA delegation met with officials from the Labor Department's Wage and Hour Division and described problems faced by PCCA members as they bid on broadband projects under the Obama administration's American Recovery and Reinvestment Act. Under Davis-Bacon, contractors must pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits listed in the wage determinations issued by the Department of Labor for the classes of laborers and mechanics employed on similar projects in the area.

Although it is the responsibility of the contracting agency to ensure that the appropriate Davis-Bacon wage determinations are included in bid solicitations and contracts, some of the solicitations have not included complete wage determinations, and our members are left to determine on their own which wage determinations will be applied to the work on which they are bidding. Moreover,



PCCA members traveled to Washington, D.C., on November 12 to discuss Davis-Bacon compliance issues with officials from the Labor Department's Wage and Hour Division. From left are Kevin Mason, Todd Myers, Jerrod Henschel, Steve Sellenriek, Steve Nielson, Walt Donovan, Jim Dillahunt, and Tim Wagner.

the wage determinations issued by the DOL often do not include job classifications that accurately describe the work performed by our members' employees, resulting in inappropriate classifications and pay rates. Because of these problems, the PCCA members do not have the benefit of knowing the applicable prevailing wage and benefit rates when bidding for this work, resulting in significant commercial risk and uncertainty in the bidding and contract performance stages.

The Labor Department officials listened closely to PCCA's concerns and provided background on Davis-Bacon and the wage determination surveys used to set rates. They said that job classifications and wage determinations,

especially on relatively new types of construction like broadband, can be skewed due to lack of data. They can't publish a rate if they don't have the data.

PCCA will continue to engage DOL on these issues. The November meeting will be discussed in greater detail at the upcoming PCCA Convention in Key Largo, Fla., which also includes a breakout session on Davis-Bacon compliance.

The PCCA delegation consisted of Jim Dillahunt, Henkels & McCoy; Walt Donovan, Quanta Services; Jerrod Henschel, Michels Corporation; Kevin Mason, ElectriCom; Todd Myers, Kenneth G. Myers Construction; Steve Nielson, Dycom Industries; Steve Sellenriek, Sellenriek Construction; and Tim Wagner, PCCA.

News Briefs continued on page 14

# FERC Proposes Rule to Integrate Variable Energy Resources

**T**he Federal Energy Regulatory Commission (FERC) in November proposed reforms to its rules to lay the foundation for integrating the rapid growth of variable energy resources into the nation's power grid while ensuring reliability and bringing potential savings to customers.

The proposed rule would reform the Open Access Transmission Tariffs (OATT) and the Large Generator Interconnection Agreements filed by public utility transmission providers to require them to offer services that will allow for a more efficient integration of variable

energy resources such as wind, solar, and hydrokinetics into the grid system.

"Most of the new power plants for which developers are seeking access to the grid are variable resources such as wind and solar generators," FERC Chairman Jon Wellinghoff said. "This proposal will help the commission to cost-effectively integrate these and other variable generators into the grid in a way that helps maintain reliability and operational stability."

The Notice of Proposed Rulemaking (NOPR) proposes to require public utility transmission providers to offer all customers the option to schedule trans-

mission service at 15-minute intervals instead of the current hourly scheduling procedure. The more frequent scheduling intervals will provide for greater accuracy in scheduling, thereby mitigating the amount of ancillary services the customer will need to supply or purchase.

The NOPR also proposes that interconnection customers whose generating facilities include variable energy resources provide meteorological and operational data to transmission providers, and it encourages transmission providers with variable energy resources on their systems to implement power produc-

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## PCCA Mourns the Loss of Past President Don Killoren

**P**CCA is saddened to report that Past President Donald J. (DJ) Killoren passed away peacefully at his home with his family by his side following a short illness. Don was an entrepreneur and inventor who held US patents, and he was President of PCCA in 1968 and 1969.

Don was born on February 10, 1925, in Appleton, Wis., the son of Edward and Marie (Weiss) Killoren. He was an active lifelong member of St. Mary's Parish in Appleton.

Don left Appleton High School at the age of 17 to join the Navy, serving on the artillery minesweeper USS Vigilance in the South Pacific during World War II. Returning to Appleton after the war, Don married the love of his life, Carol Marie Collins of Carter, Wis., in 1949. They recently celebrated their 61<sup>st</sup> wedding anniversary.


After several years living in North Dakota, Don returned to Appleton to work for the family business, Killoren Company. An entrepreneur and inventor, he was involved in multiple business ventures with brother-in-law and business partner, John Spalding. He was who held US patents.

With John Spalding, Don owned and operated K & S Game Farm in Shiocton, Wis. He was an avid sportsman, enjoying hunting and fishing all over North America. Don was President of Poygan Land Company and a founding member of Winnebago Wetlands Chapter of Ducks Unlimited as well as serving

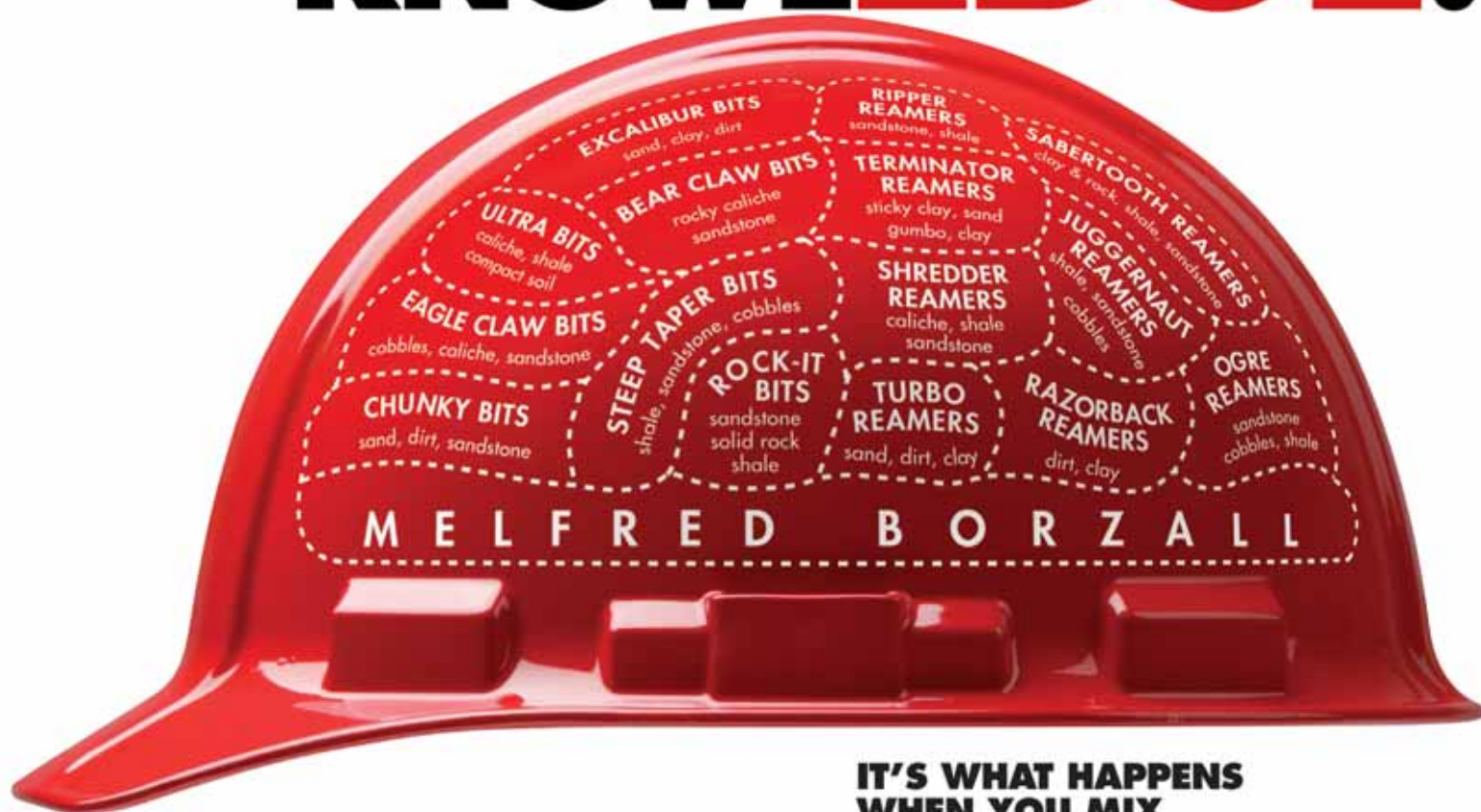


Laura, Nancy, Tim, Carol, and Don Killoren at the 60<sup>th</sup> Annual PCCA Convention

as a National Board Trustee of Ducks Unlimited and a Board Member of Wisconsin Wetlanders, Inc. Don worked closely with the Appleton Trout Unlimited in sponsoring events for disabled individuals.

Don is survived by his wife; six sons: Gene (Ann Marie) Killoren, Tim (Nancy) Killoren, Pat (Kris) Killoren, Mike (Marla) Killoren, Andy (LuAnn) Killoren, and Chris (Jamie) Killoren; a daughter Kate (Steve) Luebke; 12 grandchildren and five great-grandchildren. He is preceded in death by his parents, his brothers Eugene and Kenneth, his sister Patricia Spalding, and his grandsons Emmett and Kenny Killoren. 

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## News Briefs

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tion forecasting. A third element of the proposal clarifies that transmission providers have the opportunity, through a newly proposed schedule, to recover costs associated with the integration of variable energy resources and sets forth the commission's proposed expectations that the transmission provider would need to demonstrate its implementation of intra-hourly scheduling and power production forecasting to ensure variable energy resources are being charged a just and reasonable rate.

### Voters in Four States Ban Union Card Check

**V**oters in four states passed measures on November 2 to ban the "card check" method of unionizing. The ballot measures were supported by 60 percent of voters in Arizona and Utah, 76 percent in South Dakota, and 86 percent in South Carolina. The card-check method of organizing does away with the secret ballot in union elections and instead forces people to publicly sign a card saying they support unionization.

Sen. Tom Harkin (D-Iowa), chairman of the Senate Health, Education, Labor and Pensions Committee, has threatened to bring up card check legislation in the lame duck session of Congress, but opponents say that overwhelming opposition to card check on election day ought to give him pause about trying to ram it through.

The U.S. House passed card-check legislation (the Employee Free Choice Act) in 2007 but failed to get enough votes in the Senate to forestall a Republican filibuster. The bill was reintroduced in 2009 but was never brought up for a vote in the Democratic-led Congress.

The U.S. Chamber of Commerce has waged an intensive campaign against the legislation, and the state ballot measures

are part of that campaign. Groups are planning similar measures on the 2012 ballot in California, Florida, Mississippi, and Ohio.

### NTIA Announces Final Recovery Act Investments for State-Driven Broadband Activities

**T**he Department of Commerce's National Telecommunications and Information Administration (NTIA) in November announced 56 investments totaling \$190 million to support state efforts to compete in the digital economy. These are the final awards in the State Broadband Data and Development (SBDD) grant program, funded by the American Recovery and Reinvestment Act.

"As Congress recognized, many communities are being left behind in the 21<sup>st</sup> Century economy and need improved broadband access and adoption to compete," said Assistant Secretary for Communications and Information and NTIA Administrator Lawrence E. Strickling. "Each state has unique broadband challenges, and these investments will support solutions developed by the states to harness the power of technology so that local businesses can thrive and residents can enjoy a better quality of life."

NTIA said the 50 states, five territories, and the District of Columbia will use this funding to support the efficient and creative use of broadband technology to improve their economies. These state-created efforts vary depending on local needs but include programs to assist small businesses and community institutions in using technology more effectively, research to investigate barriers to broadband adoption, innova-

tive applications that increase access to government services and information, and state and local task forces to expand broadband access and adoption.

Launched in 2009, NTIA's State Broadband Data and Development grant program implements the joint purposes of the Recovery Act and the Broadband Data Improvement Act (BDIA), which envisioned a comprehensive program, led by state entities or non-profit organizations working at their direction, to facilitate the integration of broadband and information technology into state and local economies. Economic development, energy efficiency, and advances in education and health care rely not only on broadband infrastructure, but also on the knowledge and tools to leverage that infrastructure.

### FCC Releases Mobile Broadband Spectrum Forecast

**I**n October, the Federal Communications Commission released a detailed technical and economic forecast of mobile broadband market trends that details the looming spectrum crunch in a concrete, data-driven fashion. The National Broadband Plan recognized the exponential growth of mobile data usage and recommended that the FCC make available 500 megahertz (MHz) of new spectrum for wireless broadband within ten years, including 300 MHz for mobile flexible use within five years. In addition, President Obama in June directed that 500 MHz of new spectrum be made available for mobile and fixed broadband use.

Spectrum is a national resource used for all forms of wireless communication, including the use of smartphones. Data usage over wireless networks is rapidly increasing as more consumers surf the

web, check email, and watch video on mobile devices.

The FCC said its forecast demonstrates that the amount of mobile data demanded by American consumers is likely to exceed capacity of the wireless networks in the near-term and that meeting this demand by making additional spectrum available is likely to create significant value for the mobile economy. New mobile broadband spectrum will also support innovation in other important areas, such as online learning, remote health care diagnostics, and the smart grid, the commission said.

Key findings in the white paper, "Mobile Broadband: The Benefits of Additional Spectrum," include:

- Within the next five years, the spectrum deficit is likely to approach 300 MHz.
- This spectrum crunch will be driven by significant growth of mobile broadband traffic, on the order of 35 times recent levels.
- Mobile broadband growth is likely to outpace the ability of technology and network improvements to keep up by an estimated factor of three.
- Meeting this need may create \$120 billion in spectrum value, with hundreds of billions more in total value to the economy.

## Commerce Department Report Shows Broadband Adoption Rises While Gap Persists

**T**he Department of Commerce's Economics and Statistics Administration (ESA) and National Telecommunications and Information Administration (NTIA) recently released a report, "Digital Nation II," that analyzes broadband internet access and adoption

across the United States. The study—which the department calls the most comprehensive of its kind—finds that socio-economic factors such as income and education levels, although strongly associated with broadband internet use, are not the sole determinants of use; even after accounting for socioeconomic

differences, significant gaps persist along racial, ethnic, and geographic lines.

The report analyzes data collected through an Internet Usage Survey of 54,000 households conducted by the U.S. Census Bureau in October 2009. Earlier this year, NTIA released initial

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findings from the survey, showing that while virtually all demographic groups have experienced rising broadband internet adoption at home and 64 percent of households overall have broadband at home, historic disparities among demographic groups have persisted over time.

The principal findings of the report are:

- Seven out of ten American households used the internet in 2009. The majority of these households used broadband to access the internet at home. Almost one-fourth of all households, however, did not have an internet user.
- Income and education are strongly associated with broadband internet use at home but are not the sole determinants.
- Broadband internet adoption was higher among White households than among Black and Hispanic households. Differences in socio-economic attributes do not explain the entire gap associated with race and ethnicity.
- A similar pattern holds for urban and rural locations. Urban residents were more likely than their rural counterparts to adopt broadband internet, even after accounting for socio-economic differences.
- Lack of need or interest, lack of affordability, lack of an adequate computer, and lack of availability were all stated as the main reasons for not having home broadband internet access. The significance of these factors, however, varied across non-users, with affordability and demand generally dominating.
- Internet non-users reported lack of need or interest as their primary reason for not having broadband at home. This group accounted for two-thirds of those who don't have broadband at home. In contrast, households that did not use the internet specifi-

cally at home but did use the internet elsewhere ranked affordability as the primary deterrent to home broadband adoption. This group represented almost one-fourth of those who don't have broadband at home.

- Households that use dial-up service cited affordability as the main reason for not adopting broadband at home. For rural residents using dial-up service, lack of broadband availability was reported as a significant factor.
- Between 2001 and 2009, broadband internet use among households rose sevenfold, from 9 percent to 64 percent of American households.
- Some of the demographic groups that had lower-than-average adoption rates in 2001 have since shown impressive gains, but sizable gaps remain among demographic groups defined by income, education, race, and ethnicity. Similarly, despite gains in adoption rates within geographic areas, significant gaps in adoption still persist among the states, some regions, and between urban and rural locations.

### Central Indiana Power Paves the Way for Fiber-Based Smart Grid

Central Indiana Power (CIP) is deploying a fiber-based smart grid that sets a precedent for how regional telecommunications and electric cooperatives can work together to provide rural customers with broadband connectivity and advanced energy management capabilities.

CIP is partnering with Hancock Telecom, a local communications cooperative, to leverage Hancock's fiber-to-the-home network for smart metering as well as prepare for the demand response initiatives proposed by Wabash Valley Power Association, which provides

power to CIP and other utilities in the region.

Eric Murray, president and CEO of technology-platform provider Tantalus, predicted that mutually beneficial business arrangements between telecom providers and electric cooperatives will become common at utilities like CIP, which serves 12,000 homes, businesses, and farms in a fast-growing community 25 miles east of Indianapolis.

"It's natural for telecoms and utilities to work together," Murray said. "Many telecoms already supply their local electric co-op with wireless or wired connectivity to substations. By collaborating with Hancock, CIP can extend connectivity to other points in the distribution network via the telecom's existing infrastructure. It's a logical next step that will accelerate smart grid rollout, avoids the cost and complexity of building and maintaining two separate communications networks, and consolidates billing, customer service, and many other business functions under one roof."

Although CIP did not receive federal grant money, Murray said the deployment ties together the objectives of both the Department of Energy's ARRA Smart Grid stimulus program and the Department of Agriculture's Broadband Initiative Program by bringing high-bandwidth communications and advanced energy management capabilities to a rural community.

"Fiber supports data intensive applications including customer signaling and load control, which require rapid and reliable two-way interaction between the operations center and each customer," Murray said. "Capacity is virtually limitless, so more and more devices such as smart appliances will be able to communicate over the network without the risk of data congestion. It's a future friendly solution."

## Verizon Urges Congress to Update Antiquated Telecom Rules

**W**ith a highly innovative and competitive internet ecosystem now a critical resource for consumers and increasingly important to America's economic growth, Verizon says that Congress must act to address telecommunications policies that are broken.

"The grinding you hear are the gears churning as policymakers try to fit fast-changing technologies and competitive markets into regulatory boxes built for analog technologies and monopoly markets," said Tom Tauke, Verizon's executive vice president of public affairs, policy and communications, in discussing Federal Communications Commission policies. Tauke pointed out that on the issue of net neutrality, the FCC's focus was limited to how internet service providers might degrade or block internet traffic and not on other sectors of the internet marketplace where similar consumer harm could take place.

"A key reason why the FCC doesn't consider the activities of those who control operating systems or applications is that the FCC looks at the world from the standpoint of its jurisdiction rather than from the perspective of the consumer," Tauke said. "Given the outdated statute, that's somewhat understandable. But from a reasonable person's perspective, that approach makes no sense. That is why we need Congress to update the law."

Tauke laid out four components to a new policy to guide the internet ecosystem: The policy should be a federal framework. Because of the innovative nature of the marketplace, the framework should not involve anticipatory

rulemaking, but rather principles that allow for case-by-case adjudication. The test for government intervention in the marketplace should be to prevent either harm to consumers or anti-competitive activity. And a single federal agency should be given clear jurisdiction.

As part of any regulatory overhaul, Tauke said, safeguards surrounding cyber security and privacy need to be addressed. He also called for a revamping of the subsidy programs for universal access to communications.

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# Marketing in the “New Normal”

Marketing, customer loyalty, value propositions, market brand, and efficiency are all part of the new normal for contractors. Competitive companies are best-value marketing machines.

*By Cynthia Paul and Ken Roper*

**I**s your company, like that of so many contractors, struggling to find profitable work and sell projects at levels that sustain profitability? As one of our clients says about the current market prices, “You can’t compete with stupid!”

Construction put in place, down by more than 24 percent from market peak, accounts for the largest market driver that is pushing owners to focus excessively on price (See Exhibit 1). Our industry has too much competition for the available work. Expect mergers, closures, and failures in abundance over the next two years. Additionally, surety losses traditionally spike for two years following every recession. All combined, these market drivers are contributing to “stupid pricing” in a market already struggling to deal with the new normal.



Saying the new normal is going to bring change to our industry is an understatement. Heightened competition, fewer projects, and sophisticated buyers will eventually produce better and more competitive contractors. Fewer competitors are a positive outcome of recessions. Therefore, the key is surviving and thriving until the market changes and pricing stabilizes.

There is good news for best-of-class contractors. Banks, bonding companies, and buyers of construction services will be getting a healthy dose of negative consequences of below-cost pricing. Contractor failures, project failures, and low-quality projects will begin to serve as a wake-up call. Think

of how many profitable jobs it will take to offset the loss from one poorly priced project. The new normal will require discipline, patience, and persistence. Marketing, customer loyalty, value propositions, market brand, and efficiency are all part of the new normal for contractors.

What do you need to prepare for in 2011 and beyond? This article presents ideas for marketing in the new normal to grow profitable revenue.

## Keep Marketing

Best-of-class contractors prosper in down markets. One reason is they value the disciplines of marketing and sales. They are market-driven companies and know they have to get in front of new as well as existing customers in order to succeed. Economic cycles are just a way of life in our industry. The key is being able to identify future market shifts and being ready to make the changes needed to be successful. Throughout the ups and downs of the market, investing in marketing and sales helps level backlog and cement customer relationships and keeps your name at the front of the minds of potential customers.

One of the construction industry’s unique features is the pricing model. Most contractors use cost-based pricing versus market-based pricing. Market-based pricing means setting a price based on the value of the product as perceived by the customer. This assumes that the value the customer perceives is more than the cost of providing the service. It is a value-based pricing system. Many everyday products have market-based pricing, as do unique purchases. Some products, from cars, artwork, and jewelry to everyday items like Starbucks coffee and Godiva chocolate, have a high perceived value. The products are priced on the value they have to us, not the product’s production cost.

Market-based pricing is difficult, but not impossible, in today’s market. The only way to get a premium price (i.e., a market-based price) is to market the value that you bring to the customer. Without marketing, the chance of selling on value rather than price, regardless of market conditions, is similar to an ice cube’s chance of surviving in a hot location.

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## Marketing

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In a cost-based pricing environment, you win market share by being the lowest price. Being the low price, however, does not guarantee a profit. How much marketing is required to compete solely on price? The answer is not much. What happens in the recessionary environment is that some contractors eliminate marketing to eliminate cost, but that act does not eliminate the need for such costs. You have two options to survive and thrive in tough times. You can increase revenue and gross profit or you can reduce cost. Marketing does increase cost, so the marketing effort must be properly aimed and productive in execution.

The problem in the construction industry is that you cannot save your way to prosperity. Costs became costs in your business for a reason. Not to say that all costs are good. However, if you eliminate costs, it does not change the reason or purpose that drove it to become a cost in the first place. For example, cutting marketing expenses certainly eliminates expenditures. However, what is the long-term cost of saving those dollars? The dynamic friction between saving money today and strategically investing in your business for tomorrow creates some of the most difficult trade-offs our industry faces. Many companies cut marketing and sales expenses in economic downturns. The benefits of these expenditures (brand recognition, differentiation, customer targeting, market presence, etc.) disappear, but too often, the impact of the cutbacks is not immediately felt. This gap can fool companies into thinking that their marketing and sales efforts were not generating results.

## Marketing and Sales in the New Normal

The new normal offers fewer negotiated work opportunities. The market has scaled back to the levels experienced in 2003 (as shown earlier in Exhibit 1) and is not expected to recover to pre-recessionary levels for three to four years. Construction will be out of the recession in late 2010 to mid-2011, but the market will not return to 2007 levels for several more years.

Best-of-class contractors know local and regional market trends. They have researched and explored emerging markets. Their strategic planning efforts have given them the insights needed to get a jump on market changes and find niches that best fit their capabilities while providing profitable work.

These companies focus their marketing and selling efforts on emerging markets (such as health care, assisted living, alternative energy, LEED construction, etc.) and market niches that provide the best potential. They realize that simply bidding more work in existing markets is not the best answer.

In some cases, that type of bidding strategy can be the worst possible answer.

Marketing and sales, working together, have four basic objectives:

- Retain existing clients
- Engage new prospects
- Create opportunities for higher profit potential
- Increase the success rates on projects

Marketing means identifying the right opportunities within the market you serve. It is about understanding your core strengths and the real value of your products or services. It is learning the needs of target customers, what drives their decision making, finding sufficient potential projects, and winning work. Proactively, a company evaluates its market position and determines its best strategic moves.

You have to communicate effectively with your customers if they are going to understand the true value you bring to their organization and projects. Postcards about successful projects, customer testimonials, press releases, and signage are just some of the available communication vehicles. Exhibit 2 is a list of marketing tools for communicating market messages. Match the marketing tool to your marketing objectives. The goal is to gather the knowledge needed to target customers, markets, and segments in which you want to operate. Being clear and intentional on that is the simplest way to ensure that your marketing investments generate the highest possible returns.

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Exhibit 2  
Marketing Communications Tools

Advertising	Public Relations	Quality Control
<ul style="list-style-type: none"> <li>• Trade Magazines</li> <li>• Association Newsletters — National and Local</li> <li>• Advertorials</li> <li>• Websites</li> <li>• Search Engines</li> <li>• Newspapers</li> </ul>	<ul style="list-style-type: none"> <li>• Press Release/Articles</li> <li>• Associations and Trade Groups</li> <li>• Quoted in Magazines and Newsletters</li> <li>• Sponsorships/Community or Industry Involvement</li> <li>• Trade Show Promotion/Sponsor</li> <li>• Trade Show Exhibitor</li> <li>• Convention Attendee</li> </ul>	<ul style="list-style-type: none"> <li>• Client Satisfaction Survey Mail</li> <li>• Client Evaluations Phone</li> <li>• Image Survey</li> <li>• Testimonials</li> </ul>
Direct Mail	Sales	Internet
<ul style="list-style-type: none"> <li>• Newsletters/Magazines</li> <li>• Periodic Reports</li> <li>• Articles and White Papers</li> <li>• Market Research Surveys</li> <li>• Customer Satisfaction Survey</li> <li>• Events Calendar</li> <li>• Personal Letters</li> <li>• Print Collateral</li> <li>• Specialized Brochures</li> </ul>	<ul style="list-style-type: none"> <li>• Direct Selling</li> <li>• Proposals</li> <li>• Key Account Management Plans</li> <li>• Travel and Entertainment</li> <li>• "Pitch Book"</li> <li>• Thank You Notes</li> <li>• Meeting Follow-Up Notes</li> <li>• Telephone Contact</li> <li>• Promotion/Giveaways</li> <li>• Videos/CDs</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• E-mail</li> <li>• Links to Other Sites of Interest</li> <li>• Links from Other Sites</li> <li>• eNewsletter</li> </ul>
Customer Events		
<ul style="list-style-type: none"> <li>• Seminars</li> <li>• Forums (Conferences)</li> <li>• Speech — Influencers</li> <li>• Golf/Sport Outing</li> <li>• Open House</li> <li>• Awards</li> <li>• Speeches — National and Local Associations</li> </ul>		

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### Strengthen Your Value Proposition

Value propositions are concise statements of what you provide to customers and the definition of the value they will gain. That is where your core competencies come into play. Your company should include a single or a few key value propositions for each group of customers in its marketing collateral and proposals. Value propositions show customers why they should pick you over other good competitors. Customers should be able to visualize the exact benefits you can bring to their organizations and their projects.

The reason why contractors look similar to buyers is that most contractors have weak or unclear value propositions. Why else would clients buy solely based on price? Your value proposition is the foundation of building a unique relationship with your customers at a level that matters most to them. You have enjoyed the results of this with all your repeat clients. You deliver what the customers need and want, and they reward you with additional work. That level of working relationship builds trust, and it takes trust for them to continue to work with you when there are so many other contractors vying for their business. So what in your marketing materials demonstrates your capability to the level that builds trust? Saying “trust me” is typically not a good method. You have to be able to articulate what you do and why that has benefits that matter to the customer. If you can prove the difference between you and the competition, you win big.

Value propositions gain legs only if they are backed up by the core competencies of the company itself. Simply hawking an untrue premise does not work. It will only guarantee customer dissatisfaction and earn you a quick exit from any target market. Your offer needs to set your organization apart from competitors if the value proposition is going to add worth and provide your company with a strong selling platform.

Construction is a unique industry with no two projects being identical. The complexity of the process and number of variables that managers address on a daily basis are enormous. The competence of your field crews is unique to your organization and can create a customer buying preference. With distinct characteristics, an organization can build dynamic value propositions that are irresistible to clients. Taking the time to clarify your unique value proposition is worth the investment. Such clarification is even more necessary when entering an emerging market.

Present your strongest value propositions in business outcome terms. Business outcomes are what the customer

is attempting to gain by hiring you for a project. Beneficial outcomes might include:

- Reduced life-cycle costs
- Schedule compression that allows for faster move-in
- Increased project value at completion
- Increased operating efficiency
- Greater energy efficiency
- Improved ergonomic appeal
- Better working environment for their people
- Streamlined decision making
- Increased speed to market

The best value propositions deliver tangible, measurable results. Confirm the results you are generating with detailed and candid client feedback. The only way to determine if you truly delivered on the promises made is by asking the customer.

### Increase Customer Loyalty

Do your customers sometimes hire you even if your price is significantly more than a competing bid? Loyal customers are less likely to shop your price. Cultivating loyal customer relationships and getting repeat business are the results of solid marketing backed up by your operational capability.

Our researchers, in analyzing the completed projects of our clients, prove that the most profitable customers are those that insist on using your firm on their next project. Trust is at extraordinary levels in these firms. Many contractors think that they deliver high-value projects and have extremely satisfied clients, only to discover from a client survey that their perception is inaccurate. The new normal will have higher standards of customer care and service to warrant repeat work opportunities.

What is your firm doing to generate customer loyalty? Are you providing training on customer service for your people? Do you have passionate team members making a difference to your customers? Customer service is all about delivering value to clients in order to secure the next project. Customer service needs to be delivered 100 percent of the time. Does your organization build systems and procedures to ensure this happens on every project? Hiring or training people to deliver consistent customer service may seem counterintuitive during downturns, but when do you need periods of highest customer loyalty?

During lean times, every dollar has to yield even more results. During a downturn, the most important thing you can do is to keep your eye on existing customers. While you should always show your appreciation for your custom-

ers, tough times are when you need to do everything you can to delight them. How can you bring more value to your relationship if you do not understand the situation that your customer is facing? You need to understand what changes their businesses are facing, what shifts they are making with their structure, and how the changing economic conditions are affecting their operations. Your best customers represent the best opportunities for your competition, as well. Build the systems and structure you need to retain your best clients and continue to expand their loyalty.

Obtain feedback from customers on the importance of your value proposition to their businesses. Ask them about your level of service, delivered quality, and just about every other dimension of your working relationship. Also, ask them about the importance of those characteristics to their businesses and their selection processes. Find out if you are delivering tangible, measurable value that your clients acknowledge. If not, you have a problem; there is work that needs to be done.

Many contractors do not have systems and procedures in their companies to capture real-time customer feedback. At the end of the day, who you are is defined by how the client sees you. It is the client's perception that counts. Client feedback, value propositions, customer satisfaction, and client service are integral parts of your marketing effort, shaping how the customer sees you.

Building solid processes for keeping in touch with customers, even in periods where projects may not be on the horizon, is important. Your marketing efforts reinforce the value proposition and assure customers of the value they expect to receive from your organization. Customer contact and marketing communications must fit and reinforce value propositions in order to drive your brand.

## Solidify Your Brand

The flamboyant Richard Branson, in an effort to build brand recognition for Virgin Atlantic Airlines, launched a series of balloon adventures across the ocean and then around the world. While they had little to do with the airline industry, these electrifying events represented a

way for Branson to get enormous press and recognition at an early stage in the development of a start-up airline with only a few planes. Branson was not trying to create the brand of Virgin by flying balloons; he was trying to get recognition for the then young brand of Virgin Airlines.

A brand needs a central vision. It must have the same understanding among all stakeholders to be effective. The brand

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## Marketing

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encourages active mental participation among customers. The brand vision, or identity, tends to go beyond the service being provided. Branding has two unique aspects. The first aspect creates market awareness or a “promise in the market.” The second aspect of branding is even more important. It is delivering on that promise. A failure in delivery is more destructive than not having a brand.

So what really is a brand? Well, it is different for a product and a service. In a service business like construction, a brand is nothing more than the promises you make to the marketplace that you actually deliver. That means that your marketing efforts need to provide promises to current and future customers that operations deliver in a consistent manner.

Three branding principles are:

- Develop a favorable relationship between your customer and your brand.
- Keep the brand fresh in the customer’s mind.
- Focus the brand on your company’s unique point of difference.

Branding helps establish familiarity, and familiarity helps create trust. Brands help you be remembered. They are a tool to communicate your strengths and capabilities. To be effective, brand messages must be consistent through all levels of your organization. Brands are one of the most valuable corporate assets and, as such, need to be nurtured and protected.

Logos represent a common graphical signal of the brand. Careful placement of your logo adds to brand awareness and recognition. When a customer sees your logo, it is a quick reminder of your brand and its promises.

Personal relationships are an element of branding and need to be managed throughout organizations. They are a key part of how you deliver on your brand promises. Your customers need to have a consistent experience when connecting with your firm. Consistency increases the clarity of your brand in the mind of the customer. The clearer the brand, the easier it is for customers to know when to engage your firm. Value propositions, marketing, and personal contacts all serve to create a powerful brand in the market.

What should be incorporated in your brand? Ask your customers how you are different and where you add the most value. Perhaps it is your unique systems and processes for delivery. Or is it pre-project meetings, planning sessions, or project execution? All can be elements of your brand.

Customers, not the company itself, own the brand. The only way to understand the brand is to ask its owners, the customer. Once you understand the brand today, you determine if that is the brand that you want it to be or if you want

to begin the process of nudging your brand toward a new reality.

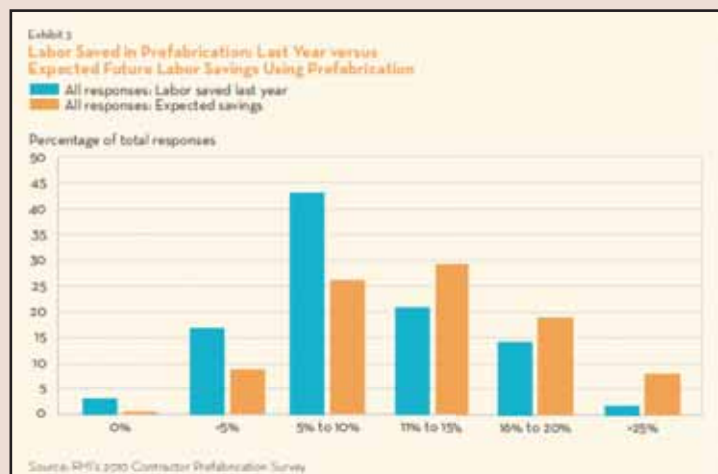
Promoting your organization in a unique dimension is an important part of marketing. The brand needs to represent that uniqueness. Be creative, build and promote your unique capability through the brand. Use your marketing efforts and marketing tools to communicate the brand message internally and externally. Communicate your brand to your team as diligently as you do to customers and prospective customers. Brands get stronger and more valuable by delivering the promises 100 percent of the time.

## Reduce Cost

Today’s customers are responding to the current marketplace by being overly focused on price. As previously mentioned, market-based pricing is difficult, but not impossible, in the current market. You need to get ready for the changing market now. Get clear about who you are, what services you provide, and the brand that you are living.

Cheaper, better, faster is a mantra in the market. It does not mean giving up on positioning your firm on value. It means becoming creative on cost-effective ways to deliver high-quality projects to customers. Find ways to deliver on your promises while still being diligent about your cost model. The best people, the best systems, and the best execution always produce the lowest unit cost. The new normal will drive productivity to levels of intensity that most organizations have not experienced. Profitability will be sustainable only when all levels of “muda” (as the Japanese refer to waste) are eliminated or managed to minimal levels.

Growing efficiency trends include Building Information Modeling (BIM), prefabrication, lean construction, total stations, and better crew design and mix. Companies with high



cost structure and rigid operational style will find competing in the new normal particularly challenging. Agile organizations with commitments to high levels of productivity and support by senior management will create competitive cost advantage.

Labor costs represent one of the largest components of cost for contractors. Estimates of waste of labor dollars (i.e., recoverable lost time) are as high as 40 percent on some projects. Dedicating resources to improving productivity in the company will yield improved competitive pricing and bottom-line results for these contractors. For example, Exhibit 3, taken from FMI's 2010 Contractor Prefabrication Survey, illustrates how prefabrication is helping contractors become cheaper, better, faster.

## Conclusion

Marketing, customer loyalty, value propositions, market brand, and efficiency are all part of the new normal for contractors. Competitive companies are best-value marketing machines. Having an effective marketing strategy provides you with the tools to proactively evaluate your market and

your customers and target the opportunities where you can differentiate and bring value no matter what economic conditions are present.

Proactive analysis of market conditions and the impact of those conditions on the players in your market are essential in understanding what your customers need and how you can effectively fill those needs.

Numerous market studies have been conducted on post-downturn economies. These studies have proven that over the course of the downturn, companies that pursue aggressive strategic marketing campaigns exploit and refine their capabilities, successfully source and identify new opportunities, fill the unfulfilled needs of the market, and ultimately succeed with a high degree of profitability on the other side of the downturn. Your company can achieve this success as well.

*Cynthia Paul is a managing director at FMI Corporation. She can be reached at (303) 398-7206 or cpaul@fminet.com. Ken Roper is a principal with FMI. He can be reached at (303) 398-7218 or kroper@fminet.com.*



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**PCCA**  
Power & Communication Contractors Association

# 2011 Convention

**Ocean Reef Club  
Key Largo, Florida  
March 11 - 15, 2011**

*Hotel Rooms Limited, Register Now!*

# Preliminary Schedule

## Friday, March 11

Registration Open	3 - 6 pm
-------------------	----------

Steering Committee Meeting	4 - 5 pm
----------------------------	----------

Board/Past President/Sponsor Reception	6 - 8 pm
--	----------

**By invitation.** Open to the PCCA Board, Past Presidents, 2011 Convention Sponsors, and their spouse/guest.

## Saturday, March 12

Registration Open	8 am - 6 pm
-------------------	-------------

Past Presidents Meeting	8 - 9 am
-------------------------	----------

Board of Directors Meeting	9 - 11:45 am
----------------------------	--------------

## YCP Presents: Project Logistics

12:30 - 4:30 pm

If someone asked you for the six most expensive words in the construction industry, how would you answer? How about, "Put that over there for now." Our field managers often find themselves "too busy" to plan. You may have overheard a conversation or two where someone said, "I've got real work to do," "I don't have time to plan," or "We are already behind on this project so let's get busy and we will figure it out as we go." We want our crews to be busy, but a strong work ethic, although admirable, may also be quite costly. We also need the field to pre-think how they intend to deliver the work, including people, materials, and equipment. In this session, we will review the ten things that every field manager should consider before picking up the tools. We will also put these principles into practice during a competitive logistics/planning exercise.

At the end of this session, you will be able to:

Continued on page 30

## PCCA Convention

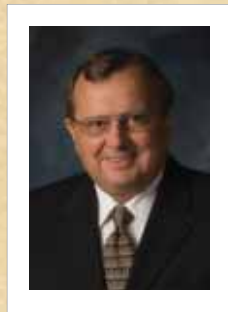
Continued from page 29

- Identify what is necessary to develop a complete end-to-end project delivery plan,
- Organize and structure the project plan information for communicating with the project team, and
- Effectively document the project plan.

Andy Patron is a senior consultant with FMI, specializing in the creation and implementation of training programs that are designed to develop world-class leadership and organizational effectiveness.

Andy's enthusiastic approach draws from his real-world experience in management and the construction industry. He has more than 20 years of experience working with private and public sector owners and contractors. As a production manager in the residential market, he has been responsible for the day-to-day allocation of resources and learned to tackle the unique operational challenges associated with production in the construction industry.

The YCP session also features a short presentation and Q&A with PCCA Past President and 40-plus-year construction industry veteran Ron Tagliapietra. Tag's rise from a young laborer to Senior Vice President of Michels Corporation is a classic American success story, and from him attendees can learn a lot about hard work, leadership, and giving back to the industry.



### President's Welcome Reception

5:30 - 7 pm

Kevin & Debbie Mason invite all PCCA attendees to the Town Hall patio and lawn overlooking the picturesque Marina for a delightful evening with delicious dining, everyone's favorite beverages, unbeatable



entertainment, and the best part of any PCCA event—all your old friends and a bunch of new acquaintances.

### Opening Session with Dave Barry

7 - 8 pm

Dave Barry is a humor columnist and best-selling author. For 25 years he was a syndicated columnist whose work appeared in more than 500 newspapers worldwide. In 1988 he won the Pulitzer Prize for Commentary. Many people are still trying to figure out how this happened. Barry has written a total of 30 books, although virtually none of them contain useful information. Two of his books were used as the basis for the CBS TV sitcom *Dave's World*, in which Harry Anderson played a much taller version of Barry. Barry plays lead guitar in a literary rock band called the Rock Bottom Remainders, whose other members include Stephen King, Amy Tan, Ridley Pearson, and Mitch Albom. They are not musically skilled, but they are extremely loud. Barry has also made many TV appearances, including one on David Letterman where he proved that it is possible to set fire to a pair of men's underpants with a Barbie doll.

In his spare time, Barry is a candidate for President of the United States. If elected, his highest priority will be to seek the death penalty for whoever is responsible for making Americans install low-flow toilets.

Barry lives in Miami, Fla., with his wife, Michelle, a sportswriter. He has a son, Rob, and a daughter, Sophie, neither of whom thinks he's funny.

Barry brings his hilarious sense of humor to the PCCA stage and offers up his wacky point of view on relationships, work, kids, technology, and life in general.



## Sunday, March 13

### Registration Open

8 am - 6 pm

### Annual Prayer Breakfast

8 - 9:30 am

A longtime PCCA tradition, the Prayer Breakfast unites members and their families in scripture, music, and fellowship.

### Construction Industry Roundtable

9:45 am - 12 pm

Many PCCA members make their decision to attend the PCCA Convention each year based primarily on the valuable information gleaned from the Construction Industry Roundtable. This fast-paced and frank discussion moves through the various sectors of power and communications construction and elicits thoughtful insights and candid opinions from

contractors and suppliers working throughout North America as well as from experts representing the government, engineering, insurance, and legal sectors.

This year's roundtable features a short presentation and commentary from FMI's Chris Daum. Chris is a principal in FMI's Investment Banking practice. He advises clients on strategic business issues involving mergers and acquisitions in the telecom and utility infrastructure markets and works with firms undergoing internal transitions of ownership and management across all industry sectors.



#### **Waterfront Boat-Building Challenge 12:30 - 3 pm**

Nothing gets the PCCA crowd more revved up than some friendly—and sometimes less than friendly—competition! This year we head for Buccaneer Island for an unspoiled slice of Caribbean beach life, a little bit of team building, and a whole lot of fun. Each team receives an odd assortment of “building” materials from which to build a boat and then gets to race it against the competition out on the open water. To succeed, you'll need sharp thinking and precise execution; to have a great time and share a bunch of laughs, you just need to show up.



#### **Auction Reception 6 - 7 pm**

Not as raucous as the Live Auction to follow, the Silent Auction and Reception are filled with cocktails, hors d'oeuvres, good times with friends, and some low-key bidding.....until the deadline nears, then it's everyone for themselves!

#### **Auction & Dinner 7 - 10 pm**

Every year, the PCCA Auction is where association

members revel like it's New Year's Eve and bid on a variety of fabulous trips, tools, tickets, jewelry, junkets, equipment, and much, much more. All proceeds go directly to building programs and services for PCCA members, so everyone is encouraged to bid early and often and to have a great time.

### **Monday, March 14**

#### **Annual Associates Exhibit & Breakfast 7:30 - 11 am**

PCCA's manufacturer and supplier members host the 10th Annual Associates Exhibit & Breakfast. At the request of Contractor members, we added an hour to the exhibit to give them a chance to peruse the displays, meet with vendors, discuss jobsite issues, and learn about the industry's latest products and services in a very relaxed atmosphere.



#### **Exhibit Wrap-up & Associates Meeting 11:15 - 11:45 am**

PCCA's Associate members, officers, and staff engage in a roundtable discussion of topics that affect manufacturers and suppliers in our industry. We will also review the just-completed Associates Exhibit and other convention activities and discuss ways they can be improved to further benefit everyone involved.

#### **Exhibit Teardown 11 am - 8 pm**

#### **Annual PCCA Golf Tournament 12:30 - 6 pm**

The Ocean Reef's Hammock Course provides a picturesque and challenging setting for the PCCA Tournament, a scramble-format event that is better known for its joke-making than its shot-making. The par-71 course runs through a beautiful tropical hardwood hammock and is famous for its scenic vistas and rare and endangered plantlife, but with water hazards on 14 holes, the course demands a great deal of accuracy....or at least a lot of golf balls.

\$175 includes cart, box lunch, sleeve of balls, transportation, and taxes

Continued on page 32

## PCCA Convention

Continued from page 31



### Dine Around

7:30 pm

Eat at one of Ocean Reef Club's fantastic restaurants, from casual to elegant.

## Tuesday, March 15

### Continental Breakfast

7:30 - 8:30 am

Start your day off with a healthy breakfast (or grab some pastries!) and a cup of coffee before a full morning of business.

### Spouse Brunch

8:30 - 10 am

The Spouse Brunch is a great place to get to know the PCCA crew and share some stories and a few laughs in a very relaxed atmosphere. This year's event gets an added touch of class as it's aboard (and alongside) the Outta Touch, a magnificent 105-foot Intermarine Pilot House Yacht in the Ocean Reef Marina. The moment you step aboard the Outta Touch, you are swept up in its understated beauty—the polished burl wood interior and sparkling chrome railings radiate elegance and class. The bubbling hot tub, floating rafts, and the whir of the blender permeate the salt air with playful easiness. Join us for a morning filled with delicious food, amazing scenery, and joyous times.



### How To Compete and Comply in a Davis-Bacon Market

8:30 - 10:15 am

This session reviews the basics of the Davis-Bacon Act and Prevailing Wage laws and provides details on reducing labor costs, winning bids, allocating mandatory base wage and fringe benefit dollars, and dealing with compliance issues such as employee benefit calculations, certified payroll forms, and DOL audits.

John G. Allen, CRPS, is the Midwest Regional V.P. for the Fringe Benefit Group, a firm specializing in Davis-Bacon and prevailing wage benefit programs.

Allen has more than 20 years experience in the employee benefits industry and holds two professional designations, Certified Financial Planner and Chartered Retirement Plan Specialist, from the College For Financial Planning. The Fringe Benefit

Group administers the Contractors Plan, which is endorsed by construction industry trade associations and helps non-union contractors reduce labor costs, save money, win bids, and stay compliant on all government work.



### Interim Tier 4 Emissions Regulations 10:30 am - 12:15 pm

Joe Mastanduno, Product Manager for Engine and Drivetrains at John Deere, gives an overview of Tier4 technology (IT4 and FT4), including:

- How we got to where we are now
  - Timing of product introductions
  - New technology to achieve NOX and PM reduction
- Other topics to be discussed are:
- Non-attainment – what it means and how it impacts contractors
  - Lessons learned from the over-the-road trucking industry
  - IT4 and FT4 transition – expected impact on a contractor's business, how to best prepare for it, and what must be done differently, etc.
  - Electrification – Greenhouse gasses and the possible impact on our business

Joe Mastanduno has more than 22 years in the powertrain business. He was involved in developing the Clean Air Act, a joint effort between the automotive industry and the federal government. After that, Joe worked in the emission test equipment supply business,



providing testing equipment to automotive and diesel engine manufacturers. He has also worked on diesel engine development for major nameplates in the automotive industry. At John Deere, Joe is responsible for developing the engine/driveline portfolio.

#### Optional Snorkeling Trip

1 - 5 pm

Sea turtles, rainbow-hewn parrot fish, schools of bright blue tangs to giant groupers—snorkeling is a simple and enjoyable way to see reef life firsthand! First time out? Guides will show you how and fit you with the gear you'll need to snorkel at your own pace. Ideal for families of all ages.

Visit two sites at the shallows of Carysfort Reef in the protected waters of the National Marine Sanctuary. The 45-foot luxury catamaran is easy to board and is ideal for sunning, socializing, and relaxing.

\$85 per person includes taxes and gratuity

#### Optional Kayak Tour

1 - 3 pm

The most popular program at the Ocean Reef Club, this laidback trip takes you through mangroves, past bird

rookeries, and leaves you speechless. You'll paddle through waters so clear that you can see to the bottom of the sea floor. Guides offer guests the basics of kayaking.

\$85 per person includes taxes and gratuity

#### Board of Directors Wrap-up Meeting

5 - 6 pm

#### PCCA Beach Party

6:45 - 9:30 pm

Changes in latitude, changes in attitude, but some things do remain quite the same—when PCCA throws a party, the goodtimes are sure to follow and the memories last a lifetime. Grab your sweetheart and your dancing shoes, and head over to Buccaneer Island for a gorgeous sunset followed by an enchanting evening of delicious food, warm breezes, beach music, and yet another great time with all your PCCA friends.

#### Wednesday, March 16

#### Departures

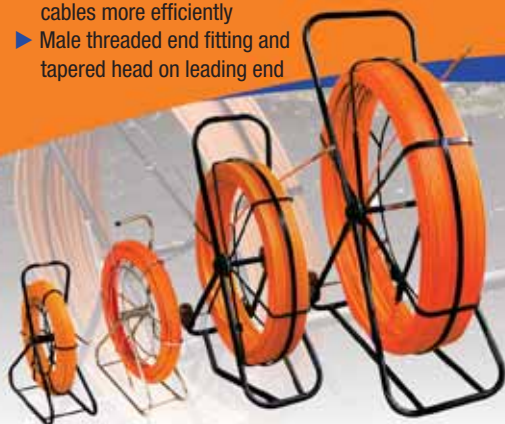
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For more information, go to [www.pccaweb.org](http://www.pccaweb.org).

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## Should You Keep Your Head Out of the Clouds?

By Greg Smela

A few weeks ago I got a frantic late-night phone call from a relative who had experienced an all-too-common computer problem: He had lost all his data when a thunderstorm-induced power surge pretty much destroyed his small home-based network.

Of course, said relative had been aware of the importance of backing up his data for years after a previous incident where he lost an important report when a hard drive failed on his small network server. So why the late-night call? Well, he *had* been backing up his data, but his disaster recovery plan involved one of the catchphrases floating around: “cloud computing.”

Cloud computing, also known as “Hey Marketing Department, we need to come up with something so people can buy

into the newest fad since we don’t have anything new,” is defined by Wikipedia as “Internet-based computing, whereby shared resources, software, and information are provided to computers and other devices on-demand, like electricity.”

In theory this is a great idea and allows anyone and everyone to store (and access) their information from anywhere in the world. In a sense, it is similar to the ease-of-use enabled by online email services or projects such as “Google Docs,” which allows you to create, edit, share, and store business documents online.

In fact, the new version of Microsoft’s ubiquitous productivity suite, “Microsoft Office 365,” offers unfettered (by the desktop) access 24/7. In the product introduction, marketing folks ask you to “Say hello to the next generation of cloud power services. You now have the power to enable your people to work from virtually anywhere, anytime, and on any device with simple, familiar collaboration and communication solutions—all backed by the proven security and guaranteed reliability you expect from Microsoft.” (Emphasis mine.) If that isn’t frightening, I’m not sure what is.

To be fair, I’m really, really not picking on the Redmond Giant (Microsoft just happens to be the largest player in this game) as much as the general idea of turning over your secrets to a third party unless you are 100 percent aware of what that entails. Many, many companies are making the move to cloud computing-based strategies in a desire to save money.

In fact, entire state governments are moving their entire IT infrastructures to cloud-based computing systems, which makes me wonder if any of those people in charge have been following all the stories about privacy (as in, lack of), security (as in, broken), and reliability (as in, not too) that have plagued the online community in the past several months.

As a high-tech business owner, ask yourself if you want your company’s private data stored “somewhere” in a manner that effectively leaves you out of the picture if there is a physical meltdown/natural disaster of some type or your hosting company goes belly-up. It has happened despite

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To be sure, reliability of the services has improved dramatically, and there is something enticing about not needing to buy the latest version of a software package because the service provides the latest version “in the Cloud.”

But, getting back to my unfortunate relative.... He hit the cloud wall when he realized that his data was unavailable when the cloud was unreachable. Therein lies the weak link in the chain that makes up cloud computing, and that allows me to wax cynical about the information technology (IT) field’s penchant for the latest and greatest.

As a tech aficionado, the hero of this story was doing the right thing: backing up his data to keep it safe. He understood that his business would suffer dramatically if he was not able to maintain his company data in a perpetual state of readiness. He also realized that, given the small size of his company, he could not justify the expense of a full-time IT person to keep an eye on things and he didn’t have the time to do so himself. So when he started seeing advertisements for cloud-computing based backup services, he had an “Aha!” moment and immediately signed up. He was conver-

sant in “uptime” and “service availability” and “hardware redundancy” and so on.

Within a short time, he had all of his company data backed up to “the cloud”...and that’s where his data lived. He had no local backup and no way to access that which lived only in some cloud-based computer buried away in some basement or IT grotto...somewhere.

He was able to recover his data after a few days, and he still uses the cloud. But he has made sure that he can operate on his own if there is a failure of that cloud by keeping an up-to-date copy of all his “stuff” on hand for emergencies. Having experienced loss of service, I know there must be one of those “Murphy-type laws” that breaks things the exact moment you need them.

He’s also rethinking his habit of using the cloud to store his most sensitive correspondence because he really isn’t sure who might see it. (He has read and understands that *everything* traveling the internet gets parsed by some company looking to extract marketable data.) He also doesn’t laugh at me any longer for being a belt-and-suspenders kind of guy when it comes to disaster recovery.

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# Stringing Equipment Maintenance



**W**ith line construction continuing year round, it is more critical now than ever before to have a preventive maintenance and service program in place to avoid or mitigate the consequences of equipment failure.

There are multiple misconceptions about preventive maintenance. One such misconception is that preventive maintenance is unduly costly. This logic dictates that it would cost more for regularly scheduled downtime and maintenance than it would normally cost to operate equipment until a repair is absolutely necessary. This may be true of some components; however, one should compare not only the costs but the long-term benefits and savings associated with preventive maintenance. Without preventive maintenance, for example, costs for lost production time from unscheduled equipment breakdown will be incurred. These costs can sometimes add up to be quite large, depending on the project.

Preventive maintenance will also result in savings due to an increase of effective service life. Some of the long-term benefits of a preventive maintenance schedule include improved equipment reliability, decreased cost of replacing the equipment, and decreased equipment downtime and related expenses. With thousands of puller/tensioners in the field, the folks at Sherman & Reilly thought it would be a good idea to remind their fellow PCCA members that now might be time to do some preventive maintenance.

Here are a few items we know will decrease downtime while increasing the service life and safety of your operation.

## **Proper Lubrication:**

1. Payout brake linkage
2. Payout brake bushings
3. Hydraulic drive slides
4. Reel locks
5. Reel speed/direction control cable

6. Throttle cable
7. Choke cable
8. Gearbox splined shaft
9. Drive bar splined hub
10. Payout brake coupler
11. Tension control valve - Rotate fully and build maximum pressure before pulling operation

#### Fluid levels and condition:

1. Hydraulic oil - Check and change as needed
2. Hydraulic oil filter - Check and change as needed
3. Gearbox oil - Check regularly
4. Engine oil and filter - Check and change as needed
5. Engine coolant - Check and change as needed
6. Wheel bearing reservoir - Check regularly

#### Wear items:

1. Trailer brakes - Inspect and replace if worn
2. Payout brake pads - Inspect and replace if worn
3. Levelwind guide rollers - Clean all rollers and make sure

they all roll freely

4. Overhead line stringing swivels - Inspect and be sure they rotate freely and the pins are in good working condition and free of damage, i.e. bent, cracked, dented, etc. Replace if necessary.
5. Pulling rope - Inspect frequently, looking for broken or worn areas on the rope as well as any splices, and remember to swap ends on the rope on a regular basis to help extend the life of the rope.
6. Rope grip - Inspect the grip and make sure it is free from broken strands and rust. If the grip is taped, remove the tape after every use and replace before the stringing operation begins.

For additional information on the service of your equipment, check the operator's manual for a maintenance schedule for daily, weekly, and semi-annual services as well as a lubrication chart, hydraulic schematic, and troubleshooting sections.

If you have any questions about the service of your equipment or need a manual, call Sherman & Reilly at (800) 251-7780.



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## Cranes and Derricks in Construction Final Rule

**T**he U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) released the following fact sheet about its new standard addressing the use of cranes and derricks in construction and replacing a decades old standard. OSHA has also posted more specific fact sheets on assembly and disassembly, operator qualification and certification, signal person qualification, and qualified riggers as well as a frequently asked questions page. They are at [www.osha.gov/cranes-derricks/index.html](http://www.osha.gov/cranes-derricks/index.html).

One issue not addressed in the fact sheet is exclusions, i.e., what is not defined as a crane. On this subject, the final rule states:

"Exclusions. This subpart does not cover:

1. Machinery included in paragraph a. of this section while it has been converted or adapted for a non-hoisting/lifting use. Such conversions/adaptations include, but are not limited to, power shovels, excavators, and concrete pumps.
2. Power shovels, excavators, wheel loaders, backhoes, loader backhoes, track loaders. This machinery is also excluded when used with chains, slings, or other rigging to lift suspended loads.
3. Automotive wreckers and tow trucks when used to clear wrecks and haul vehicles.
4. Digger derricks when used for augering holes for poles carrying electric and telecommunication lines, placing and removing the poles, and for handling associated materials to be in-

stalled on or removed from the poles. Digger derricks used in work subject to 29 CFR part 1926, subpart V, must comply with 29 CFR 1910.269. Digger derricks used in construction work for telecommunication service as defined at 29 CFR 1910.268(s)40)) must comply with 29 CFR 1910.268.

5. Machinery originally designed as vehicle-mounted aerial devices (for lifting personnel) and self-propelled elevating work platforms.
6. Telescopic/hydraulic gantry systems.
7. Stacker cranes.
8. Powered industrial trucks (forklifts) except when configured to hoist and lower (by means of a winch or hook) and horizontally move a suspended load.
9. Mechanic's truck with a hoisting device when used in activities related to equipment maintenance and repair.
10. Machinery that hoists by using a come-a-long or chainfall.
11. Dedicated drilling rigs.
12. Gin poles when used for the erection of communication towers.
13. Tree trimming and tree removal work.
14. Anchor handling or dredge-related operations with a vessel or barge using an affixed A-frame.
15. Roustabouts.
16. Helicopter cranes."

Following is from the OSHA fact sheet: In 1998, OSHA's expert Advisory Committee on Construction Safety and Health (ACCSH) established a workgroup to develop recommended changes to the current standard for cranes and derricks.

In December 1999, ACCSH recommended that the agency use negotiated rulemaking to develop the rule. The Cranes and Derricks Negotiated Rulemaking Committee (C-DAC) was convened in July 2003 and reached consensus on its draft document in July 2004. In 2006, ACCSH recommended that OSHA use the C-DAC consensus document as a basis for OSHA's proposed rule, which was published in 2008. Public hearings were held in March 2009, and the public comment period on those proceedings closed in June 2009.

- The rule became effective 90 days after August 9, 2010, the date the final rule was published in the Federal Register. Certain provisions have delayed effective dates ranging from 1 to 4 years.
- The final rule was published on August 9, 2010, by the Federal Register, and can be found at [www.osha.gov/FedReg\\_oshaf/FED20100809.pdf](http://www.osha.gov/FedReg_oshaf/FED20100809.pdf).
- A copy of the regulatory text is available at [www.osah.gov/doc/cranesreg.pdf](http://www.osah.gov/doc/cranesreg.pdf).
- This new standard will comprehensively address key hazards related to cranes and derricks on construction worksites, including the four main causes of worker death and injury: electrocution, crushed by parts of the equipment, struck-by the equipment/load, and falls.
- Significant requirements in this new rule include: a pre-erection inspection of tower crane parts; use of synthetic slings in accordance with the manufacturer's instructions during assembly/disassembly work; assessment of ground conditions; qualification or

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## Safety News

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certification of crane operators; and procedures for working in the vicinity of power lines.

- This final standard is expected to prevent 22 fatalities and 175 non-fatal injuries each year.
- Several provisions have been modified from the proposed rule. For example:
  - ◆ Employers must comply with local and state operator licensing requirements which meet the minimum criteria specified in § 1926.1427.
  - ◆ Employers must pay for certification or qualification of their currently uncertified or unqualified operators.
  - ◆ Written certification tests may be administered in any language understood by the operator candidate.
  - ◆ When employers with employees qualified for power transmission and distribution are working in

accordance with the power transmission and distribution standard (§ 1910.269), that employer will be considered in compliance with this final rule's requirements for working around power lines.

- ◆ Employers must use a qualified rigger for rigging operations during assembly/disassembly.
- ◆ Employers must perform a pre-erection inspection of tower cranes.
- This final rule requires operators of most types of cranes to be qualified or certified under one of the options set forth in § 1926.1427. Employers have up to 4 years to ensure that their operators are qualified or certified, unless they are operating in a state or city that has operator requirements.
- If a city or state has its own licensing or certification program, OSHA

mandates compliance with that city or state's requirements only if they meet the minimum criteria set forth in this rule at § 1926.1427.

- The certification requirements in the final rule are designed to work in conjunction with state and local laws.
- This final rule clarifies that employers must pay for all training required by the final rule and for certification of equipment operators employed as of the effective date of the rule
- State plans must issue job safety and health standards that are "at least as effective as" comparable federal standards within six months of federal issuance. State plans also have the option to promulgate more stringent standards or standards covering hazards not addressed by federal standards.

## OSHA Adds Web Resource on Distracted Driving

In conjunction with Drive Safely Work Week in October, OSHA announced an education campaign calling on employers to prevent work-related distracted driving, with a special focus on prohibiting texting while

driving.

"Year after year, the leading cause of worker fatalities is motor vehicle crashes," said Assistant Secretary of Labor for

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## OSHA Facts

The following were the top 10 safety and health topics raised in telephone calls handled by OSHA's Directorate of Enforcement Programs in September 2010:

1. Bloodborne pathogens (29 CFR 1910.1030)
2. Powered industrial trucks (29 CFR 1910.178)
3. Sanitation (29 CFR 1910.141)
4. Hazard communication (29 CFR 1910.1200)
5. Personal protective equipment, general requirements (29 CFR 1910.132)
6. Ergonomics [related OSHA Safety and Health Topics page]
7. Respiratory protection (29 CFR 1910.134)
8. Air contaminants (29 CFR 1910.1000)
9. Medical services and first aid (29 CFR 1910.151)
10. Guarding of floor and wall openings and holes (29 CFR 1910.23)

The following were the top 10 safety and health topics raised in e-mail questions handled by OSHA's Directorate of Enforcement Programs in September 2010:

1. Bloodborne pathogens (29 CFR 1910.1030)
2. Sanitation (29 CFR 1910.141)
3. Indoor air quality
4. Ergonomics
5. Hazard communication (29 CFR 1910.1200)
6. Personal protective equipment, general requirements (29 CFR 1910.132)
7. Mold
8. Powered industrial trucks (29 CFR 1910.178)
9. Medical services and first aid (29 CFR 1910.151)
10. Permit-required confined spaces (29 CFR 1910.146)

OSHA Dr. David Michaels. "There's no question that new communications technologies are helping businesses work smarter and faster. But getting work done faster does not justify the dramatically increased risk of injury and death that comes with texting while driving."

Part of OSHA's education outreach is a new web page aimed at those whose workplaces are the cars, vans, and trucks that deliver the goods, services, and people. The web page informs workers of their rights and employers of their responsibility to provide safe workplaces and offer best practices and policies on achieving safe workplaces in motor vehicles. Information and continual updates are available at [www.osha.gov/distracted-driving](http://www.osha.gov/distracted-driving).

An open letter to employers, also posted online, requests that companies examine their policies and practices, informs them that they have a legal obligation to prohibit workplace hazards such as texting while driving, and asks them to immediately remove any incentives that may motivate employees to text while behind the wheel.

"OSHA's message to all companies whose employees drive on the job is straightforward: It is your responsibility and legal obligation to have a clear, unequivocal and enforced

policy against texting while driving," Michaels said. "Companies are in violation of the Occupational Safety and Health Act if, by policy or practice, they require texting while driving or create incentives that encourage or condone it, or they structure work so that texting is a practical necessity for workers to carry out their jobs. OSHA will investigate worker complaints, and employers who violate the law will be subject to citations and penalties."

In September, Secretary of Labor Hilda L. Solis announced a partnership with the U.S. Department of Transportation to combat distracted driving. Prohibiting texting while driving is also the subject of an executive order signed by President Barack Obama last year for federal employees and the subject of rulemaking by the Department of Transportation.

The Transportation Department reports that in 2009 more than 5,400 people died in crashes linked to distraction and thousands more were injured. In particular, texting while driving has become such a prominent hazard that 30 states now ban text messaging for all drivers. Learn more about combating texting while driving and other distracted driver hazards at the DOT website [www.distraction.gov](http://www.distraction.gov).

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# OSHA Tightens Rules on Worker Training Program

**O**SHA recently revised its policy for all outreach training programs to address the number of hours each day a student may spend in OSHA 10- and 30-hour classes. OSHA revised the length of daily classroom instruction to prevent workers from being saturated with so much information that they may miss important course content.

Revised program policy now requires OSHA trainers to limit worker training classes to a maximum of 7 1/2 hours per day. Previously, there were no limitations on class length. With 10 hours of training, along with necessary breaks and lunch, students could sit in classes for up to 13 hours a day. OSHA became concerned that long, mentally fatiguing class days might cause students to miss essential safety and health training.

Another concern was that one- and three-day training classes were not meeting 10- and 30-hour program time requirements in some cases. This concern became evident after OSHA conducted random records audits and unannounced monitoring visits.

To address these issues, the agency now requires OSHA outreach trainers to conduct 10-hour courses over a minimum of two days and 30-hour courses over at least four days. The agency also set up an outreach fraud hotline at (847) 725-7810 to which the public can call to file complaints about program fraud and abuse.

This policy change is effective immediately and will be reflected in the next revision of the Outreach Training Program Guidelines. OSHA will not recognize training classes that exceed 7 1/2 hours per day or do not meet all

program content requirements. In such cases, trainers will not receive completion cards to distribute to students. Trainers may, however, submit written requests for exceptions to limiting training days to 7 1/2 hours based on extenuating circumstances.

The Outreach Training Program, a voluntary participation information resource, is part of OSHA's Directorate of Training and Education, comprises a national network of more than 17,000 independent trainers who teach workers and employers about OSHA, workers' rights, and how to identify, avoid, and prevent workplace hazards. There are 10- and 30-hour outreach classes for construction, general industry, and maritime and 16-hour classes for disaster site workers. Students who successfully complete classes receive completion cards.

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# Member News

## John Deere Adds Two-Speed Option to Skid Steers

**R**esponding to customers' needs for faster travel speed across jobsites, John Deere is introducing a two-speed option to its mid-frame 318D and 320D skid steer loader models.

The new option, which will be available by year's end, increases ground speed by as much as 62 percent on both manual and E/H controls machines, from 6.8 mph to 11 mph. It's engineered to provide a second gear for a variety of work, including landscaping, highway and bridge, and municipal.

"Faster travel means more productivity," said Gregg Zupancic, product marketing manager, skid steers and compact track loaders for John Deere Construction & Forestry. "With more speed, customers will see faster cycle times working with trucks on the jobsite or carrying materials. They'll also spend less time traveling between jobs and find it easier to roll snow off the blade while plowing."

Shift-on-the-go capability allows operators to kick into higher travel speeds with a simple flip of a toggle switch on the left-hand joystick. Electronically controlled shifting allows for seamless transition during upshifts and downshifts. "Smooth shifting helps eliminate bucket spillage and ensures that more loads are spread or dumped when and where you want them," Zupancic said.

The 318D and 320D are part of Deere's customer-inspired D-Series skid steer line, featuring 24 percent larger cabs and six more inches of headroom than their predecessors. They are also quieter because of a hydraulic fan drive and engine auto-idle and positively pressurized for better air temperature control. A larger door opening makes access easier.



## Eldred Joins GMP as Manufacturer's Representative

**G**eneral Machine Products Company, Inc. (GMP) recently introduced Eldred Communications, LLC as its manufacturer's representative for the New York and New England regions.

Headquartered in New Canaan, Conn., Eldred Communications will focus on selling GMP products for the telecom, power utility, CATV, and municipal markets, plus the contractors who serve these markets.

Eldred Communications will work with GMP's existing distributor base to actively demonstrate the latest specialty tools from GMP, including fiber optic cable blowing equipment, F.O. cable pulling equipment, the Powered Duct Rod Pusher, the Sidewinder Pull & Assist Winch, and the Ramrod Trailer-Mounted Duct Rod Pusher.

GMP welcomes the Eldred Communications Team to its existing sales force to enhance the visibility for both GMP distributors and GMP users throughout New York and New England.

## Vermeer Announces Staff Realignment

**V**ermeer Corporation in October announced staff realignments to best support the company's global growth initiatives.

"We are excited about the realignment and how it will help Vermeer better serve our customers," said Mary Andringa, president and chief executive officer for Vermeer Corporation. "Every segment within Vermeer is thinking globally and focusing on the four geographic regions where Vermeer has already invested in growth potential."

Vermeer has named three senior directors to the office of vice president based on their experience and leadership, and all three will continue to support global industrial product efforts:

- Mike Byram, vice president of environmental solutions,
- Steve Heap, vice president of Vermeer Latin America (VLA) and Vermeer Europe, Middle East and Africa (VEMEA), and
- Dave Wisniewski, vice president of underground solutions.

In addition, Jason Andringa will assume the role of vice president of distribution and global accounts. He has been successfully serving as managing director of VEMEA in the

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## Member News

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Netherlands. Frank Beerthuis will take over the managing director role at VEMEA.

Other realignment changes include:

- Global aftermarket & marketing will be led by Vice President Mark Core,
- Global forage, procurement, logistics, and IT will be led by Vice President David Corbin, and
- Global industrial solutions will be led by Vice President Doug Hundt.

## Kennametal Interactive Catalog App Now Available Free on iTunes

While economic cycles may move slowly, the pace of social media access to valuable industrial and high-tech resources is quickening. PCCA member Kennametal, a world leader in tooling, engineered components, and advanced materials for the manufacturing and mining industries, is among the pioneers in this effort.

Kennametal recently debuted an interactive catalog app for the iPad platform. Users can conveniently download any and all of Kennametal's numerous product catalogs and review products and specifications, request quotes, view engineering drawings or videos, or contact technical support for more information.

Now this app is available for download through iTunes at no cost. "Whether it's for accessing product information, seeking expert help, or just communing with fellow users and fans, we want to be sure people are accessing the Kennametal information they want in the way they want to get to it," said Jennifer Altimore, site content manager at Kennametal. "Estimates of iTunes users number in the hundreds of millions, and they're downloading an ever-growing range of content. It's game-changing when you realize Kennametal is among the first to recognize that engineers, machinists, and other experts who want the latest and most exact technical information also watch videos and listen to music."

## DUECO Names New Marketing Manager

DUECO, Inc. recently hired Louise Hermesen as marketing manager. In this position, Hermesen will report directly to DUECO president, Judie Taylor.

"Louise has outstanding credentials in marketing construction, mining, agricultural, and material handling equipment, services, and systems and is a great fit to lead our marketing efforts at DUECO," Taylor said. "Her strategic orientation and

commitment to customer satisfaction will drive our focus on the customer, expand our opportunities, and increase our brand value."

Hermesen holds a BA degree in Education from St. Norbert College and an MBA in Marketing from UW-Whitewater. Before joining DUECO, she served as senior leader directing marketing and communication programs at P&H Mining Equipment in Milwaukee, following marketing roles in other business segments within Harnischfeger Corporation. She started her career in a progression of marketing positions at JI Case, where she supported many of DUECO's customers with the Case and Case/IH lines of construction and utility equipment.

## Ditch Witch Unveils 830R/T High-Frequency Locating System

In December, Ditch Witch announced the release of its new 830R/T high-frequency electronic locating system. The 830R/T (receiver/transmitter) system is designed to provide best performance at a high active frequency. One advantage of a high-frequency locator is its ability to trace poor conductors, such as ungrounded tracer wire, and locate short lengths of utility infrastructure better than low-frequency units.

Numerous automatic features (such as gain control, auto depth, and visual and audio feedback) make the 830R/T easy for even novice operators to confidently identify and trace metallic pipe or cable, water, and gas distribution lines. The ruggedly built, construction-grade system has an IP65 environmental rating, so it can stand up to the rigors of the construction site and the toughest weather conditions. On-the-job dependability is further enhanced by the system's long battery life: 150 hours on the transmitter, 75 hours on the receiver.

Adaptive filtering ensures that the 830R/T is highly responsive in all modes of operation, providing left-to-right guidance very quickly regardless of mode or operator style. In PV (Peak Verify) mode,



the 830R/T system gives operators an additional way to confidently verify the locate.

## Earth Pro 4550X Geothermal Drill

**T**he Astec EarthPro Geothermal 4550X is designed to meet the specialized demands of geothermal system installations. Its superior field mobility, power, and state-of-the-art technology make it ideally suited to high-production drilling applications. Astec Underground engineers conducted extensive field studies with geothermal system installers and incorporated suggestions by veteran drillers into the design of the EarthPro Geothermal 4550X. It uses technology that has made Astec Underground an innovative leader in the horizontal directional drilling industry.

The unit features a CAT C15 Acert turbo diesel engine with 580 horsepower at 2,100 rpm. It has a 200-gallon fuel tank capacity, a 100-gallon hydraulic capacity, and the drive system has two hydrostatic pumps, one load-sensing pump, and one high-pressure compensated pump.

## Aevenia Opens Satellite Office in North Dakota

**A**evenia Inc., a leader in energy and electrical construction, opened a new office in Bismarck, N.Dak., to meet the growing response to its diverse service offerings. The new office opened on September 1. Aevenia selected the centralized location in North Dakota to ensure continued client services and meeting those requirements more efficiently.

The new building consists of 5,000 square feet of office and meeting space, along with a garage area with three roll-up doors and 40,178 square feet of outside lot space. This new building is an important step in the evolution of Aevenia, providing proof of commitment to clients, employees, and the city of Bismarck and its surrounding area. This new office will also give Aevenia more flexibility to develop the space as client needs change and technology evolves.

Aevenia has approximately 290 employees based out of Moorhead, Minn., with limited staff being located in the Bismarck office to start.

"Providing greater value to our customers continues to drive our business strategy," Aevenia Executive Vice President Scott Edwards said. "With our new office, we offer the most powerful bundle of services in our market and look forward to our involvement in the Bismarck community."

## Grande Truck Goes Big

**B**ased in San Antonio, Tex., Grande Truck Center is one of the largest volume commercial truck dealers in the United States. Founded in 1967, Grande has grown from a small, local truck store to a multi-line dealer that sells commercial trucks to customers all across the United States and in many foreign countries.

Grande's customers include small and large businesses, truck equipment companies, public utilities, cities, states, and the U.S. government.

Grande sells and services Ford light and medium duty trucks, vans, and SUVs. In addition, Grande is a dealer for Sterling, Volvo, Autocar, Ford, Western Star, and Mack trucks. The company maintains a large service department for both heavy and light duty trucks, and its parts department stocks a large inventory for the benefit of customers.

## Pneumatic Saw It with New Safety Features

**R**eed recently announced the addition of two new models to the Saw It line. SAWITSD and SAWITD pneumatic saws feature immediate shutdown when the throttle is released and immediate start-up with throttle squeeze. On the SAWITSD version only, a trigger lock prevents accidental "on" if the trigger is bumped or pressed unintentionally.

Saw It is a great cutting tool for hard-to-reach places. With blade variations, it cuts plastic (even C-900 PVC), steel, and stainless steel with minimal 6-inch clearance beyond the pipe to accommodate blade movement. The saw cuts up to 20-inch diameter pipe with a single set-up and cuts larger diameter pipe with optional chain extensions and several clampings. The Saw It Vise (sold separately) provides stability for the cut. The easy-starting, smooth-running Saw It provides pneumatic power and reciprocating motion to blades.



## Renewable Distributed Energy Generation Market Forecasted to Triple in Size by 2015

**T**he global electric power industry is evolving from a financial and engineering model that relies on large centralized power plants owned by the utilities to one that is more diverse—both in sources of generation and ownership of the generation assets. Renewable distributed energy generation (RDEG), which includes both distributed solar photovoltaics (PV) and small wind power, is an emerging mode of operations that is a growing alternative to the traditional centralized power generation

infrastructure. According to a new report from Pike Research, the RDEG market will experience strong growth over the next several years, with total system revenues increasing from \$50.8 billion in 2009 to \$154.7 billion by 2015. During this period, Pike forecasts that annual RDEG capacity additions will increase from 5.9 gigawatts (GW) in 2009 to 15.1 GW in 2015.

“The economics of sub-utility scale renewable energy continue to improve at a rapid pace,” said senior analyst Peter Asmus. “This downward price curve is fueling demand for distributed solar PV and small wind systems as an alternative to centralized power generation. But the transition to a more distributed system is no small matter, and it requires the evolution of policies, technologies, and

business models.”

Asmus said that, while RDEG currently represents a very small part of the global electric power generation capacity—just 0.2 percent—it has the potential to play a much larger role in the future. Although Europe and the United States are the largest markets for RDEG today, China and India are huge potential markets. Pike Research anticipates that Europe will continue to be the largest market for RDEG during the 2010-2015 forecast period, but China will see the largest market growth as the cost of renewable energy approaches that of conventional energy.

An executive summary of the report, “Renewable Distributed Energy Generation,” is available at [www.pikeresearch.com](http://www.pikeresearch.com).



### PCCA Industry Calendar

DCA Annual Convention	March 1 - 6, 2011
El Conquistador Resort	Los Croabas, Puerto Rico
PCCA 66 <sup>th</sup> Annual Convention	March 11 - 15, 2011
Ocean Reef Club	Key Largo, Florida
CONEXPO - CON/AGG 2011	March 22 - 26, 2011
Las Vegas Convention Center	Las Vegas, Nevada
NASTT's 20 <sup>th</sup> No Dig Show	March 27 - 31, 2011
Gaylord National	Washington, D.C.
WINDPOWER 2011	May 22 - 25, 2011
Anaheim Convention Center	Anaheim, California
2011 DCA Mid Year Meeting	July 20 - 24, 2011
Woodstock Inn & Resort	Woodstock, Vermont
2011 PCCA Mid-Year Meeting	August 3 - 6, 2011
The Greenbrier	White Sulfer Springs, West Virginia
ICUEE 2011	October 4 - 6, 2011
Kentucky Exposition Center	Louisville, Kentucky
PCCA 67 <sup>th</sup> Annual Convention	March 3 - 7, 2012
Hyatt Regency Hill Country	San Antonio, Texas
WINDPOWER 2012	June 3 - 6, 2012
Georgia World Congress Center	Atlanta, Georgia

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# NEW

# Underground Utility Protection Policy

## PART 1 – SCOPE

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- A.** This section pertains to the protection of all existing underground utilities that exist within and adjacent to work areas. “Paint Marks” or “Flags” as provided by Local One Call (811) or other utility locate services shall NOT be accepted as exact or definitive.
- B.** It shall be the responsibility of the Contractor to physically locate any and all existing utilities within and adjacent to the work zone prior to initializing work.

## PART 2 – GENERAL

---

- A.** All utilities within 10 feet of a work zone MUST be found and seen prior to the start of any excavation operations.
- B.** Potholing shall be performed to verify the location and depth of the existing utilities.
- C.** Backhoes, trenchers or other types of mechanical equipment shall not be used to find underground utilities within 10 feet of a work zone.
- D.** At no time shall picks, round, pointed shovels, or any other type of sharp tool be used for locating utilities.
- E.** Only square, blunt, non-sharp tools may be used for hand digging.
- F.** Vacuum Excavation shall be allowed with the use of high-pressure water (up to 4,000 psi) with an approved non-cutting nozzle. Zero degree nozzles are not allowed.
- G.** Vacuum Excavation may also be allowed utilizing high-pressure air (with dust containment system) or dry vacuum.
- H.** For more information regarding the use of Vacuum Excavation go to: [www.vacuumexcavation.com](http://www.vacuumexcavation.com)

## PART 3 – EXECUTION

---

- A.** Contractor shall contact One Call (811) utility locate service (in writing) at least 48 hours in advance to order locates within and adjacent to the work zone.
- B.** Contractor shall notify all other known utility companies (those not affiliated with One Call) at least 48 hours in advance to order locates within and adjacent to the work zone.
- C.** All utility crossings are to be exposed (using methods described in Part 2 above) prior to any excavation.
- D.** All existing utilities running parallel and within 10 feet of either side of the intended work shall be physically located.

**E.** Contractor shall not assume that utilities found will continue on the same line and grade.

**F.** Underground utility pothole spacing and frequency shall be as follows:

- 1.** Gas & Electric lines within 25 feet of the work zone shall be potholed and marked every 25 feet to verify the line has not changed directions.
- 2.** Gas & Electric lines greater than 25 feet from the work zone shall be potholed at least once on each end of the limits of excavation.
- 3.** Fiber Optic lines shall be potholed every 25 feet within the work zone.
- 4.** Telephone & Cable Television lines shall be potholed every 50 feet within the work zone.
- 5.** Water, Sewer & Reuse Utilities (less than 8” in diameter) shall be potholed every 25 feet within the work zone.
- 6.** Water, Sewer & Reuse Utilities (8” through 24” in diameter) shall be potholed every 50 feet within the work zone.
- 7.** Water, Sewer & Reuse Utilities (greater than 24” in diameter) shall be potholed every 100 feet within the work zone.
- 8.** At least two (2) potholes shall be obtained for each utility within the work zone regardless of the size of the work zone.

**G.** Material returned to the inspection hole shall be the original soil compacted back in place.

**H.** All inspection holes shall be returned to original surface condition.

## PART 4 – PERMITTING & SAFETY

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- A.** It shall be the responsibility of the Contractor to ensure that all applicable permits for underground work have been obtained prior to commencement of work.
- B.** All work shall be performed by licensed underground contractors.
- C.** Contractor shall prepare and follow a written safety plan. This safety plan shall be provided to the permitting agency and shall be made available onsite.
- D.** Safety plan shall include a site map and show all known existing utilities and shut-off valves.
- E.** Shut-off valve handles (for all existing water, sewer, reuse, gas & electric utilities) are to be in place through the duration of the work for immediate operation if needed.

**Go to [www.undergroundutilityprotectionpolicy.com](http://www.undergroundutilityprotectionpolicy.com) to download and print the entire section.**