



Why Longer May Be Better When Contracting

In these uncertain economic times it has become clear that the short-term contracting practices of many utilities may not allow contractors sufficient time or opportunity to recoup their investment in new equipment needed to implement new, cost-effective, technologies like coring and reinstatement.

While still very common with the purchasing procedures of many utilities, this self-defeating policy of short-term contracting is beginning to be addressed by a number of more visionary utilities who are anxious to take advantage of the cost and time savings that those new technologies can afford them on work that they contract out to utility contractors.

These utilities have recognized that in order to have their contractors employ these new technologies that offer significant advantages to both the utility and the contractor in terms of time and cost savings, the contracts have to be of sufficient magnitude and duration to allow the contractor to earn a fair return on investment (ROI) on the purchase of the new equipment needed to execute the project using that technology and to staff-up and train their employees to perform the tasks involved.

One of the best documented examples of this is **Washington Gas Light (WGL)**, which has a service area that encompasses the District of Columbia and parts of Maryland and Virginia. In the 2013 Winter Issue of the Keyhole News in an article entitled "The Power of Teamwork", we described the procedure that WGL employed in issuing two long-term contracts (approx 5 years) to their Alliance Partners (NPL and Miller Pipeline) that allowed both contractors to gear up to perform their construction tasks using keyhole coring and reinstatement technology.

In Canada, almost 15 years ago, **Union Gas** (a Spectra Energy Company) recognized that it could maximize its operational effectiveness within a changing landscape of market and performance-based deregulation and limited economic growth opportunities, by streamlining its operations by reducing the number of contractors and by extending the term of each contract, in effect, forming a new longer-term partnership with a contractor who would better embrace that new cultural change and more effectively commit to helping Union Gas achieve its overall goals.



NPL crews perform keyhole work for AVISTA Utilities

In 2000, Union Gas entered into a long-term formal Strategic Alliance contract with **Aecon Inc.**, with whom it had worked for a long time, for gas distribution work across all Union Gas franchise territory in Ontario. The contract, which included distribution pipe installation, repair and maintenance, service connections, meter installation, compressor station work, and a myriad of other related tasks, is managed by a performance scorecard which binds both companies to common objectives. That contract has been extended twice and has now been followed up with a similar contract with a second contractor to provide Union Gas with additional performance redundancy. The results of these longer-term arrangements has been consistent service, continuous

process improvement, year-over-year savings and reduced "in-service" costs for the utility.

For the contractors, these longer-term contracts have improved profitability, through enhanced planning and resource management, and gave them the confidence to invest in new capital equipment and long term training of personnel, secure in the knowledge that if they performed, they would be able to earn

a fair ROI in a more stable, longer-term work environment that was not overshadowed by the vagaries of ever looming expiry dates of short-term contracts.

Last year, this longer-term alliance partnership strategy was successfully adopted by **Avista Utilities** in Washington State in awarding a similar long term contract to **Northern Pipeline (NPL)** to conduct a five year program of repairs to Aldyl-A fittings on their distribution lines using Keyhole coring and reinstatement technology.

In their submission to the **Washington Utilities and Transportation Commission (UTC)** in September 2012, Avista pointed out the need to offer contractors longer-term, rather than shorter contracts, during a period when there is a shortage of this type of skilled labor as a result of expanded activity in shale gas exploration and production.

"The federal mandate for Distribution Integrity Management Planning is driving an increase in major projects for distribution pipeline replacement across the natural gas industry. This, coupled with the recent boom in shale extraction and large-scale oil and gas field projects, has limited the availability of qualified workers. Local contractors

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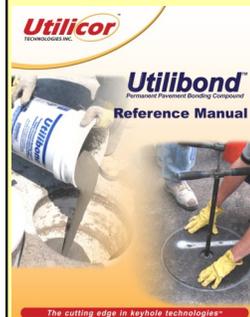
Fall Issue

Utilibond Reference Manual Now Available!

After more than 15 years performing engineering tests on the keyhole process and moving reinstatement standards from the informal to the documented all while refining the information and applications available for the keyhole process, Utilicor announces the publication of the all new **Utilibond Reference Manual**

Inside find answers from how to perform a proper keyhole core reinstatement, to valve box reinstatement procedures, to municipal approvals, and more!

Get your copy today and get up to date on the industry standard in keyhole core bonding compounds.



The Utilibond Reference Manual is available for download from Utilicor's website, <http://www.utilicor.ca/utilibond.php>, or for a printed format email us at info@utilicor.ca.

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supporting distribution pipeline companies, like Avista, are losing qualified workers to these boom projects, including operators, fitters and inspectors. ... Longer-term commitments with contractors may be required in order to implement the volume of anticipated pipe replacement projects. In addition, contractors will lose qualified employees in the winter months unless the commitment is made to provide year-round employment. It will be in Avista's interest to ensure these contract crews remain trained and qualified, and have the incentive to continue providing support for our

major gas-replacement programs."

Following a competitive RFP procedure, Avista specifically identified one of the reasons for awarding a five year alliance partner contract to NPL, as:

"their proven expertise and capability to perform 'pipe splitting' and 'keyhole' construction techniques ... that in certain applications ... can provide very cost-effective alternatives to conventional practices requiring street cutting and excavation."

The REAL Cost of Street Repair

In its filings with the **Washington Utilities and Transportation Commission (UTC)**, **Avista Utilities** emphasizes the major economic advantage of the keyhole coring and reinstatement process by pointing out that much of the cost of some projects can be attributed to pavement restoration costs after the underground work has been completed.

The extensive engineering and field data that underpins the core reinstatement process can be employed to limit the false logic of local road cut moratoria and costly pavement cut backs. These cut backs that are applied to conventional excavation processes significantly reduce the ability of the utility to economically perform its maintenance work in which a large proportion of the cost of some projects can be consumed by pavement restoration costs.

In Avista's recent experience, there appears to be a general trend among jurisdictions to establish more restrictive moratoria on cutting in newer arterials and streets, and much more expansive requirements for backfill and patching or repaving of streets cut for replacement activities. This trend appears to be the result of local jurisdictions seeking creative ways to maintain and improve streets under tighter operating

budgets. And, this is significant, because the cost of street repair in some circumstances can account for approximately 70% of the total replacement program costs (i.e. 30% for pipe replacement and 70% for street cutting and repair).

In its submissions to the UTC, Avista makes that point by way of example, that in terms of pavement cut restoration:

"Some requirements are onerous and very costly, particularly in Oregon, where cutting a 2-foot wide section of paving can require replacement of the full traffic lane. The result is pavement restoration costs that are 4-5 times the amounts necessary, quickly depleting project funds."

Similar provisions in other jurisdictions underscore the same problem, and argue forcefully in favor of a broader use of this field proven and more environmentally friendly pavement excavation and restoration alternative.

Avista has led the way by advising its Public Utilities Commission of this tug-of-war with municipalities that seem to be trying to shift the burden of repaving city streets to the utility ratepayer. It's about time that we all pushed back a little, before Joni Mitchell's warning about "Paving Paradise" becomes a reality.

Giant Core Sighting in Toronto!

Jason Schuurman from **Super Sucker Hydrovac Services** in Toronto makes sure the core is cut all the way through the pavement. The concrete was suppose to be only 12" deep.



18" diameter core - over 30 inches in depth! Imagine what the size of the excavation would have been if completed with a jackhammer and backhoe.

The entire core was reinstated perfectly using Utilibond™ Core Bonding Compound, saving the **Toronto Transit Commission** untold thousands of dollars.



Send your interesting keyhole pictures or success stories to info@utilicor.ca and get included in the next edition of the Keyhole News

Core Heater Process



Before you begin, make sure the core is dry-fitted properly, same as you would in warmer weather reinstatements. Place the core heater base in the hole and the core on the base and cover. Begin heating process.



Check the temperature occasionally with a non-contact, infrared temperature sensor.



When the surfaces of the core reach at least 70° F, the core reinstatement process can begin. Make sure the Utilibond powder was stored in a warm location, and mix with warm water.



Remove the core heater and place the core in the hole, which will keep the core warm while mixing the Utilibond. Once ready, remove core, pour in mixed Utilibond, and reinstate the core as per normal procedure.



At 70°F Utilibond will reach final strength gain in 30 minutes, and the road can be safely reopened to traffic.