

THE BI-MONTHLY PUBLICATION OF THE DISTRIBUTION CONTRACTORS ASSOCIATION



# DCA NEWS

SEPTEMBER / OCTOBER 2022



**Annual  
Convention**

**Scholarships**

**Industry News**







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DCA Annual Convention  
February 20-25, 2023  
Fontainebleau Hotel, Miami Beach, Florida







## Convention Sponsorship

The DCA Annual Convention is the featured event of the association's calendar year. DCA is very proud to be celebrating its 62nd year as a benchmark for industry meetings and a gathering of the leaders of the gas distribution, HDD, and utility construction industry.

DCA appreciates the decades of member corporate support of this event and considers the convention a unique opportunity to build relationships with member suppliers of equipment and services. DCA contractor spending will reach millions of dollars on construction equipment and services that your organization may have the opportunity to provide.

The DCA convention is an important gathering that allows the association the opportunity to grow professionally and be more aware of improvements in member products and services. Associate members are an exceptional asset to the vitality of the contractors and association, and DCA hopes that we can continue to count on your generous financial support.

DCA understands that many members go to considerable effort to secure the funding that we receive and we are committed to providing opportunities

to network and foster relationships that can make a difference to the membership. Each sponsor will be provided optimum recognition at the convention based on their level of support.

### 2022 Sponsor Recognition Levels:\*

- Platinum: \$25,000 and above
- Gold: \$10,000 - \$24,999
- Silver: \$5,000 - \$9,999
- Bronze: \$1,000 - \$4,999

*\*equals a combination of the 2022 Auction Donations as determined by the winning bid and 2023 Cash Pledge.*

For DCA to make its financial plans for the event, please log on to our website at <https://www.dcaweb.org/page/Sponsorship> to complete the form online by **Tuesday, November 22, 2022.**

If you have any questions, please contact DCA Director of Member Services, Donna Reed at [dreed@dcaweb.org](mailto:dreed@dcaweb.org) or (469) 399-5588. ▲









## Annual Auction: Here's How You Can Help

DCA is preparing for the 2023 Annual Convention and Auction at the Fontainebleau Miami Beach in Miami, Florida, and we need your donations and support.

The auction provides DCA with financial resources supporting scholarships and grants for deserving candidates. It also provides funding for the annual convention, various meetings, and other educational opportunities.

Donations from member companies make all this possible and DCA is now accepting items for the 2023 auction, which will be held Wednesday, February 23. Members are invited to donate one or two highly sought-after pieces of equipment, trips, sporting events, or even cash.

Visit: <https://www.dcaweb.org/page/AnnualAuction> for more information and to complete the online donor form. Along with the donor form, please include a 50-word description along with a 300-dpi high resolution photo in JPG format.

Donations must be received **no later than Tuesday, November 22, 2022**. Donations made after this date will be accepted on a space available basis.

If you have any questions or need donation ideas, please contact Director of Member Services, Donna Reed at [dreed@dcaweb.org](mailto:dreed@dcaweb.org) or (469) 399-5588. ▲



SCHOLARSHIP

G 74

*Henry M. Jackson*  
Secretary of the Treasury.

*M. Jackson*  
Secretary of the Treasury.

100

100

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# DCA Scholarship Applications Now Being Accepted

The application process for the 2023-24 DCA-Dale R. Michels Scholarship and Curtis Allen Scholarship is now open on the DCA website at: <https://dcaweb.org/page/Scholarship>.

All applications will be completed online.

Students should click on the link above, scroll down the page to find the scholarship they are interested in, click the button, and follow the instructions, including how to upload a transcript in PDF format.

## Basic guidelines:

- **The DCA–Dale R. Michels Scholarship** encourages students from all academic levels to apply. The **Curtis H. Allen Scholarship** focuses on those planning to attend a trade, technical, or vocational school.
- Applications must include an unofficial or official copy of a transcript. See the specific scholarship for the correct transcript that should be uploaded.
- All applications and supporting documents must be completed no later than **Thursday, January 12, 2023**.
- If DCA receives more than three applications from a member company for either scholarship, the member company will be asked to review and select three for inclusion in the application pool.
- The winning applicants will be awarded an unspecified amount of financial aid for the 2023-24 academic year. This amount could be renewable for up to four years with proof of academic success for the Michels scholarship and two years for the Allen scholarship.
- Financial need, academic major, and community service will be considered by the scholarship committees.

The DCA-Dale R. Michels Scholarship Committee is comprised of: the DCA President, Treasurer, Past President Director, Associate Member Director, and up to five members appointed by the DCA President.

The Curtis H. Allen Scholarship Committee is comprised of: the DCA Vice President, DCA Director at Large, DCA Alternate Associate Member Director, two Halliburton Representatives, and one member appointed by the DCA President.

Contact [tkorson@dcaweb.org](mailto:tkorson@dcaweb.org) if you have any questions. ▲



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# Industry News

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## *Underground Construction*

# 24th Annual Directional Drilling Survey

By Robert Carpenter, Editor-in-Chief  
*Underground Construction*





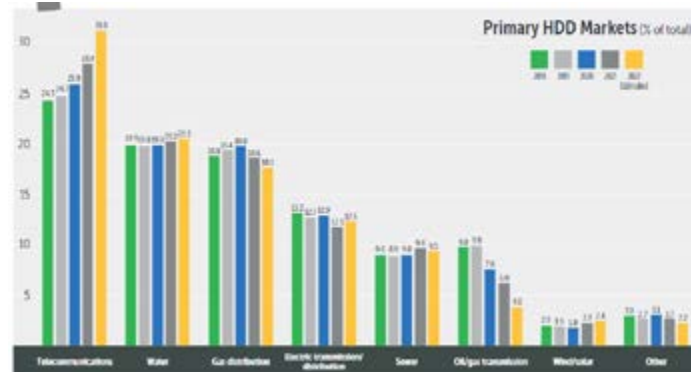
While never a simple market, the past two years have seen the complexity of horizontal directional drilling (HDD) reach new levels, due to both anticipated and unexpected problems.

For contractors, navigating the world of HDD, 2022 offers a mix of rewards, frustrations and lost opportunities. Yet, most contractors believe they will be able to successfully ride the waves in this ocean of contrasting turbulence and bounty.

The 24th Annual *Underground Construction* HDD Survey brought not only answers to key questions, but a strong expression of emotions, concerns and excitement about the state of the HDD industry. The research reflects

the incredible versatility of HDD, which never ceases to amaze.

The exclusive *Underground Construction* industry survey was conducted during March and April. It polled contractors and utilities that actively own and operate HDD units to enable a statistical portrayal of a technology that has forever changed the face of utility and pipeline construction.



### Dichotomy

The markets for small rigs versus large rigs could not be more different. The larger rigs have historically relied heavily on energy pipeline construction, which flattened out in 2021, while the small rig market is driven by the white-hot fiber-to-the-premises business.

Still, even with funding readily available for fiber projects, market challenges continue to inhibit rapid expansion for many contractors.

“It’s never dull,” deadpanned a Southwest region fiber optic contractor in his survey responses. “Now, when we have money just waiting to be spent, we can’t gear up enough to take advantage of market conditions.”

He was citing the well-documented supply chain issues handicapping virtually all U.S. business since 2021. With billions already being invested for new fiber installation, on May 17 the Biden administration released another \$55 billion from the Infrastructure Investment bill dedicated for rural or underserved markets.

However, after two years of pandemic and shortages, the market is struggling to keep up with demand for construction and the equipment necessary to perform the work, not to mention obtaining labor. While microtrenching and a variety of technologies are commonly used to install fiber to homes and businesses, directional drilling is generally preferred, especially in more heavily populated areas, due to speed of installation and social costs. Plus, supply chain issues have also been limiting other types of underground infrastructure equipment.

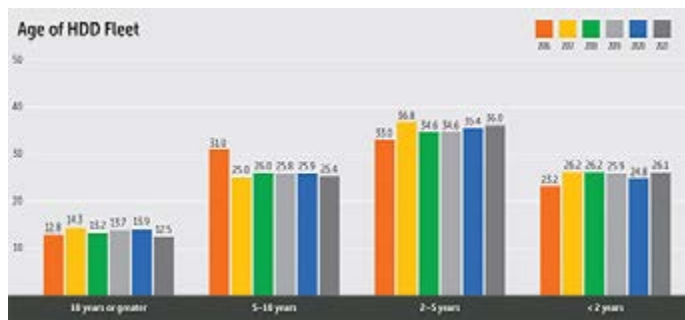
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“We’d buy 10 rigs today if they were available,” complained a mid-Atlantic contractor. “We’re slowly getting rigs but it’s taking months instead of weeks, so we just get further behind.”

Another contractor from the Midwest explained that “it’s not just a rig shortage that’s hurting us. We finally got a new rig but now we’re having trouble getting drill pipe and tools for all our equipment. It’s not as big a delay as the rigs but still, it’s slowing us down.”



A common issue frequently cited by survey respondents was actually a significant problem before the pandemic – lack of skilled workers and a labor force, in general. After the pandemic, the problem still exists at acute levels.

“We’ve been short of people for four or five years now,” said this contractor from the Western U.S. Mountain states region. “We have training programs and bonuses

in place and have even worked with a tech school – all that has helped. Still, we are always short of people with too few applying for jobs. It seems to have gotten worse after COVID.”

The good news for the booming fiber business is that supplies and equipment are making their way to the market and purchasing delays are generally expected to slowly ease going into the second half of the year. However, most likely it will be well into 2023 before these issues are more fully resolved. Until then, frustration will continue to plague the small rig drillers.

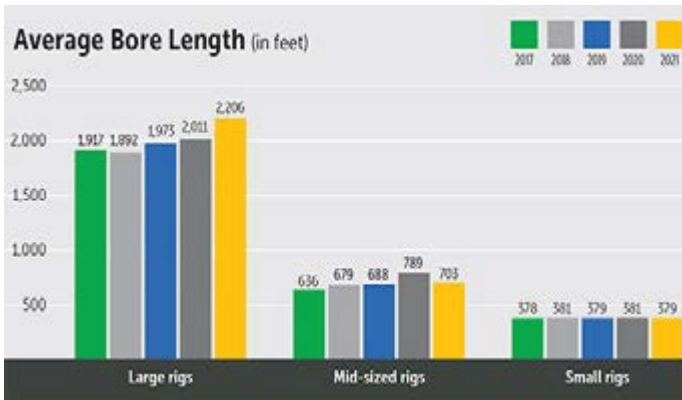
Another concern is that the fiber installation market is beginning to “get that Wild West feel again,” suggested a West Coast contractor. “I’ve been around for a while and remember back in the late ‘90s during the first big fiber boom. Everybody wanted a piece of the action and contractors with no experience were buying equipment and jumping into the competition, causing lots of problems. We’re seeing that happen again.”

Indeed, concern over “Cowboy Contractors” was raised by several survey respondents citing incidents of new contractors undercutting bids due to inexperience.

“We’ve already been asked to complete a job that somebody else started but couldn’t finish – they were in over their heads,” pointed out this Southwest contractor.

“The good news,” said a Northeast contractor, “is that this time around most owners are sold on HDD, so a bad experience with an inexperienced contractor won’t sour them on HDD in general – just contractors without experience!”





### Big Rig Woes

With the exception of workforce, challenges facing large rig contractors are essentially the polar opposite of the small rig contractors. What amounts to an all-out war on U.S. energy markets has added up to a difficult year for the large HDD market.

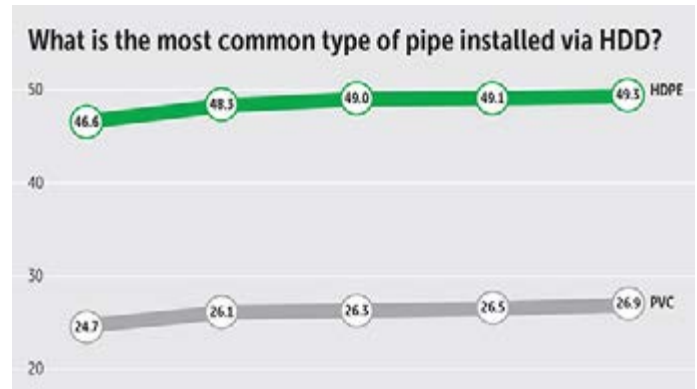
Large rig owners' favorite and historically most reliable market, oil and gas, essentially ground to a halt with the change of politics in January 2021, when Joe Biden was sworn in as president. His "green-energy-at-all-costs" policies have largely been supported by the Democratic Party's reclaiming of both the House and Senate, which brought a return to a hard left agenda.

While Donald Trump's policies, in general, were positive for energy, his overall job execution and performance proved divisive across the country as a whole, thus dooming his opportunity for re-election.

Consequently, when Joe Biden and the new Congress took office, the writing was on the wall. One of Biden's first acts was to block the Keystone XL Pipeline. His policies and appointees have largely followed a program of confining and shrinking oil and gas energy, while forcibly supporting alternative energy programs.

The result has predictably caused extreme spikes in oil and gas prices, virtually no exploration and production for new fields and, of course, very little pipeline construction work. Other political and market factors have also tended to blunt any growth in oil and gas supplies. These include aggressive legal tactics from anti-carbon organizations combined with intense pressure on American business to endorse the green energy movement.

Consequently, Wall Street investors have largely turned away from energy companies. Now, with the price of energy hitting record highs, many energy firms are content to pay off debt and increase investor dividends. Of course, with high energy prices, suddenly the roar of green energy is not quite as loud and energy companies



are rapidly becoming attractive investments.

No one really is buying President Biden's rhetoric blaming Russian President Vladimir Putin for the energy price increase. Prices were skyrocketing long before Russia invaded the Ukraine. Only a small part of the 500,000 barrels of Russian oil the U.S. was importing went to fuel production, and in overall U.S. consumption, it was a drop in the bucket.

With the government supporting anti-pipeline forces, the likelihood of a significant increase in pipeline projects anytime soon is slim. For now, major projects are few and largely relegated to intrastate and minor jobs, leaving the existing pipeline infrastructure to carry the load.

With incentives removed, green lawsuits lined up. Viewed favorably by the current administration and its backers, it's hard to blame energy companies for moving slowly, rewarding shareholders, and seeing what tomorrow will bring. Even should opportunities re-emerge soon, the new regulatory burdens and hurdles will slow the growth of pipelines.

### Changing Tides

The good news for pipelines is that the political pendulum is beginning to swing back towards supporting the industry. With fuel prices at record highs and inflation out of control, pressure continues to amass against current politics inhibiting traditional oil and gas markets.

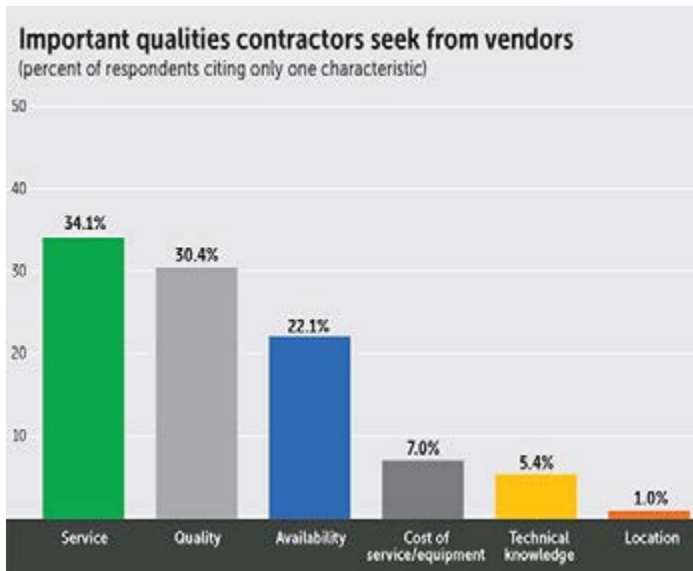
To further add complexity and concern to the situation, President Biden has continuously been raiding the national strategic petroleum reserves, expecting it to ease high fuel costs, but to little or no effect. The result is that now our reserves are also at low levels, without much hope of being replenished anytime soon.

Moderate Democrats and Republicans are both clamoring for action by the Biden Administration to address these issues, as the energy crisis drags on.

A veteran large rig owner from the Southwest had an interesting take on the situation.

*(continued on pg. 14)*





"I've been in this market for over 40 years and weathered plenty of tough times," he observed. "But never have we had such a rough stretch when the price of oil and gas are setting records! You would expect our markets to be booming."

A veteran driller from the Midwest related an amusing story.

"Last year we were drilling a gas pipeline crossing. There were a few protestors for a couple of days. One yelled at me that we should be using green hydrogen instead of gas. I yelled back 'that's fine with us – hydrogen still needs to be transported in a pipeline!' The guy frowned and turned away. These people don't understand the nature of energy."

### Other Markets

Another aspect of the Infrastructure Bill that could impact underground utilities and, specifically, HDD is the \$65 billion dedicated to the "hardening" of the power grid, ostensibly to better absorb weather extremes and reduce mass outages.

Small rig directional drilling has become a common tool for installation of distribution electric lines and in recent years, there has been a steady swing towards placing transmission lines underground via mid- to large-size HDD rigs.

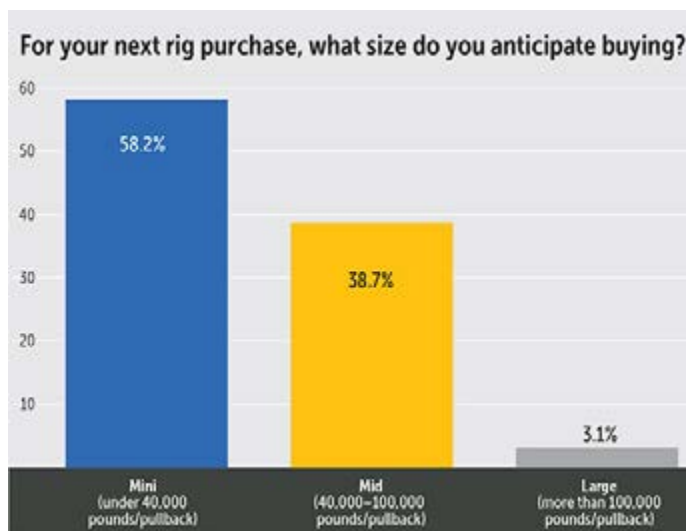
The technology to place these transmission lines underground has steadily improved to the point that many utilities, increasingly under pressure to do away with the eyesores, continuous maintenance and inefficiencies of electric transmission towers, have started examining new construction options.

HDD has slowly gained favor, albeit still more expensive due to the requirement of heat-shedding thermal grouts and conduits. Still, the cost discrepancy between overhead versus underground continues to shrink, making HDD more practical.

While hardening of the electric grid can encompass many options, simply going underground with both new and established distribution and transmission lines is the preferred choice for longevity, reduced maintenance and aesthetics by most power utilities, when funds are available.

It's unknown at this time how much of the \$65 billion will be spent moving electric grids underground, but most experts expect it to be substantial. This could whip up the small rig market even more, but also provide work for the beleaguered big rig market.

The water market continues to grow and so does the use of HDD, offering mid and large rigs multiple project opportunities. While most large directional drilling companies are accustomed to working with private industry (i.e., oil and gas firms) and prefer not to engage in the public works market, organizations such as municipal water agencies offer prospects that are sorely needed. Plus, HDD use for water installations is projected to be a lucrative market for some time.



"While we still prefer working in the oil and gas industry (for pipelines), we are doing quite a lot of water drilling," said this Midwestern contractor. "It's different than working for gas companies and has its own separate slate of challenges. But it's keeping us reasonably busy for now. In fact, even when pipelines come back, we'll probably try to keep doing a certain amount of water jobs."





### Qualities

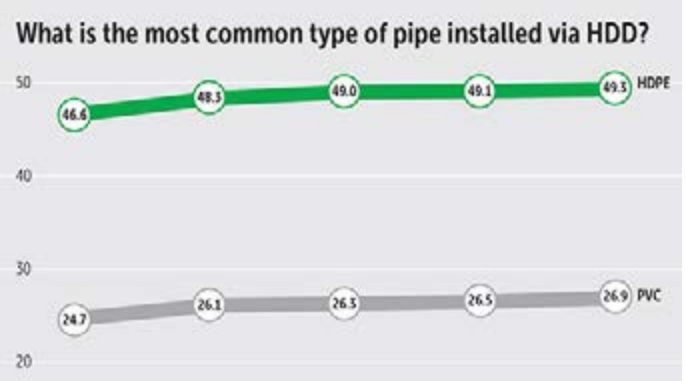
The survey also historically asks contractors about the most important qualities they seek from their manufacturer and supplier partners. Typically, service and quality are by far the strongest responses.

While those two categories are still the most popular (34.1 and 30.4 percent, respectively), "availability" took a huge jump this year, to 22.1 percent. With access to equipment and supplies now a slow process, contractors see it as a top factor.

Even with the slowdowns in HDD rigs and equipment, telecommunications (essentially fiber) remains the largest market segment by a substantial margin, at 31.0 percent. Water, at 20.3 percent, continues to embrace HDD, thanks to various pipe types adapting as well. Gas distribution fell to 18.1 percent market share. Not surprisingly, major energy pipeline work has fallen to roughly 4 percent of the market.

When asked about future prospects for the continued growth of HDD, most respondents strongly agreed the technology has a bright future, despite the challenges of today.

"There's no doubt HDD will remain a strong part of how we work every day," pointed out a West Coast contractor. From the Northeast, this contractor proclaimed, "our company couldn't begin to take on half the projects we do without HDD being a huge part of the project."



Mud disposal of drilling fluid remains a major issue for many contractors and was again referenced frequently in the survey comments.

With the expansion of the fiber market over the past few years, it's no surprise that the average age of a contractor's HDD rig fleet decreased in 2021. Rigs 10 years and older comprise about 12.5 percent of active units. Rigs two to five years old comprise the largest market segment, at 36 percent, and 26.1 percent of small rigs are under two years old. The most common pipe installed via HDD remains HDPE, with a 49.3-percent market share, while PVC follows at 26.9 percent.

Original equipment manufacturers (OEMs) in the HDD tooling and drill pipe sectors play a vital role with many contractors. About 43.6 percent of downhole tooling is purchased from OEMs and 48.8 percent of drill pipe. ▲



# FERC Urged to Support Natural Gas Infrastructure in New England Amid Winter Supply Concerns



New England energy sector stakeholders stressed the importance of natural gas to the region's energy security recently at an event organized by The Federal Energy Regulatory Commission (FERC).

FERC convened the forum to seek input on the region's winter supply challenges. Primarily because of pipeline constraints, New England relies on LNG imports to cover increased natural gas demand during the winter months.

Kinder Morgan Inc.'s Kimberly Watson, president of interstate gas pipelines, implored regulators to support the buildout of new infrastructure to both reduce dependence on imported liquefied natural gas while continuing to curb greenhouse gas (GHG) emissions.

"I urge the commission to take steps to act now to promote an efficient, predictable and consistent review of certificate applications for new pipeline infrastructure," Watson said.

She added, "A transition to predominantly renewable fuels backstopped by batteries will take years to decades, whereas natural gas can serve as both a

foundational fuel and a complement to renewables now, ensuring reliability of service with a low-carbon intensity for years to come.

"The bottom line is that we need new pipeline infrastructure both now and well into our future..."

Watson also serves as board chair of the Interstate Natural Gas Association of America (INGAA).

The trade group explained that on the coldest days of the year, New England gas shippers with firm pipeline capacity "use all their gas to keep their customers' homes warm, leaving non-firm customers scrambling to find fuel and paying significant premiums if they do."

Pipeline bottlenecks also could hinder decarbonization efforts, INGAA warned.

"Additional infrastructure will provide added capacity and enable New England's clean energy transition without sacrificing reliability, prices or higher GHG emissions as the region turns to coal or fuel oil to try to keep the lights on," the group said. ▲



# Feds Won't Enforce Contractor COVID-19 Vaccine Mandate



The U.S. 11th Circuit Court of Appeals partially reinstated President Joe Biden's COVID-19 vaccine mandate for federal contractors on August 27, reversing a nationwide injunction levied by a federal judge in Georgia in December 2021.

In its ruling, the 11th Circuit said the injunction was too broad, and applied it only to plaintiffs in Georgia, six other states, and members of the Associated Builders and Contractors, which sued to have the mandate blocked.

But that ruling, paired with litigation in other ongoing cases, effectively meant the vaccine mandate became valid again in 25 states. The administration's guidance via its Safer Federal Workforce update now means federal contractors in the remaining states won't need to be vaccinated, according to the National Electrical Contractors Association.

"Based on this decision by the Safer Federal Workforce Task Force, all federal contractors, regardless of company location or association membership, should expect that the [Federal Acquisition Regulation] clause implementing

the requirements of the executive order will not be included in future solicitations and contracts," NECA wrote in an update on its website.

The National Utility Contractors Association said the 11th Circuit's ruling to narrow the injunction's scope against the mandate is bound to cause confusion and further litigation. Instead, it called for the country's highest court to address the case.

"Our industry believes a nationwide injunction on Executive Order 14042 is needed for all companies working on federal contracts," Doug Carlson, NUCA CEO, said in a statement. . "If this case moves forward, a nationwide injunction on this ill-advised executive order should be immediately issued by the U.S. Supreme Court."

Construction workers have been among the most vaccine-hesitant of any employees. The industry's vaccination rate is still under 55%, according to construction research and training institute CPWR, compared to 83% for all occupations. ▲



# Calendar

## DCA & Industry Events

### 2022

#### NOVEMBER 15-16

Pipeline Leadership Conference  
The Embassy Suites  
The Woodlands/Hughes Landing  
Houston, Texas  
[www.plconference.com](http://www.plconference.com)

#### NOVEMBER 15-17

CEWD's 2022 Workforce Development Summit  
The Madison Hotel  
Washington, District of Columbia  
[www.cewd.org/workforce-development-summit](http://www.cewd.org/workforce-development-summit)

### 2023

#### FEBRUARY 7-11

Pipe Line Contractors Association (PLCA)  
2023 Convention  
Grand Hyatt Kauai  
Kauai, Hawaii  
[www.plca.org](http://www.plca.org)

#### FEBRUARY 7-9

Underground Technology Conference (UCT)  
Orange County Convention Center  
Orlando, Florida  
[www.uctonline.com](http://www.uctonline.com)

#### FEBRUARY 14-16

Global Excavation Safety Conference  
Tampa Convention Center  
Tampa, Florida  
[www.globalexavationsafetyconference.com](http://www.globalexavationsafetyconference.com)

### 2023 (cont.)

#### FEBRUARY 20-25

DCA 2023 Convention  
Fontainebleau Hotel  
Miami Beach, Florida  
[www.dcaweb.org](http://www.dcaweb.org)

#### MARCH 3-8

PCCA Annual Convention  
Eden Roc/Nobu Hotel  
Miami, Florida  
[info@pccaweb.org](mailto:info@pccaweb.org)

#### MARCH 14-18

CONEXPO-CON/AGG 2023  
Las Vegas Convention Center  
Las Vegas, Nevada  
[www.conexpoconagg.com](http://www.conexpoconagg.com)

#### MARCH 27-29

DCA & AGA Workshop  
Trump International Hotel & Tower  
Chicago, Illinois  
[www.dcaweb.org](http://www.dcaweb.org)

#### APRIL 17-19

DCA 2023 Safety Congress  
Royal Sonesta New Orleans  
New Orleans, Louisiana  
[www.dcaweb.org](http://www.dcaweb.org)

### ATTENTION ALL DCA MEMBERS!

*So you do not miss out on future meeting and event notices, please have your company's IT representative whitelist all emails from [dcaweb.org](http://dcaweb.org). If you have any questions, please contact Teri Korson at [tkorson@dcaweb.org](mailto:tkorson@dcaweb.org).*



**Save the Date for the DCA & AGA Workshop**  
**March 27-29, 2023**  
**Trump International Hotel & Tower, Chicago, Illinois**





# UCT Opens Registration for Orlando Event, Industry-Leading Education Program Announced



As 2023 nears and the underground infrastructure industry eyes emerging opportunities for the new year, registration has officially opened for the *Underground Construction Technology Conference & Exhibition (UCT)* – the leading educational and exhibition event to provide essential intelligence, information and business leads.

Slated for Feb. 7–9, 2023, the annual UCT will be held at the Orange County Convention Center in Orlando, FL. UCT organizers are thrilled to be bringing the comprehensive suite of education and learning opportunities to this area.

“Because this location is so popular, it is always extremely difficult to secure facilities in Orlando,” said UCT Convention Director Karen Francis. “Due to rescheduling from the pandemic years, the convention center reached out to us with a perfect match for our needs in 2023.”

The UCT exhibitors and early registration are trending substantially ahead of the 2022 event, which was held in Fort Worth, Texas, last January. “As we continue to move past the pandemic, we’ve seen increasing growth and more of a return to normal,” Francis observed.

“UCT 2022 attendance was up 60 percent compared to 2021. We expect another huge jump in 2023 and clearly exhibitors are extremely excited about new and exciting business prospects, as well, especially with an influx of additional funding via the Infrastructure Bill.”

The host hotel is the Rosen Plaza, which is adjacent to the convention center and easily walkable.

## All About Education

UCT’s highly respected educational program will again include a carefully crafted mix of panels, presentations and roundtable discussions, all in an interactive format. Emerging technology sessions will keep attendees up-to-date on the latest product developments aiding in the construction and rehabilitation challenges being faced daily by contractors, owners and engineers.

New this year will be a special edition of the NASSCO Exchange, a focused series of presentations geared to share and exchange concepts and advancements impacting the underground infrastructure industry.

As always, the UCT educational program is designed to provide valuable and essential information to attendees that can immediately benefit them in their work environments.

“There is still nothing else like it in the industry,” said UCT Program Director Robert Carpenter. “It’s like the old saying: ‘often imitated but never duplicated.’ UCT sets the bar for educational endeavors in the marketplace.”

Details of the program are being uploaded to the website at [UCTonline.com](http://UCTonline.com).





# BETTER than Business as Usual

Build skills, share perspectives and network at UCT in Orlando, FL, Feb. 7-9, 2023. The dynamic education program will help you understand the new technologies and equipment displayed in the exhibit hall.

**Plan to do business better than usual - attend UCT!**

**TRACKS INCLUDE:**

- Asset Management
- Emerging Technologies
- HDD
- Utility Construction Developments
- Sewer/Water & More!



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CARPET



28TH ANNUAL  
**Underground Construction Technology**  
International Conference & Exhibition

February 7-9, 2023 | Orlando, FL

Questions? Contact Karen Francis at [kfrancis@uctonline.com](mailto:kfrancis@uctonline.com)

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# Insights

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## “Inflation Reduction Act” Turns Out to be Anything But...

A little less than a year after President Biden’s controversial “Build Back Better” legislation died a slow death in the Senate thanks to a couple of pro-energy senators, many of the harmful provisions were back on the consideration table in the second session of the 117th Congress. In fact, The Inflation Reduction Act (IRA) is a slimmed-down version of the Build Back Better bill, which aimed to make historic investments in the nation’s social safety net. The new bill makes the largest investment in combating climate change in U.S. history, lowers the cost of prescription drugs, and raises taxes on corporations.

Among the more significant provisions, it includes:

- Creation of a 15% corporate minimum tax rate: Corporations with at least \$1 billion in income will have a new tax rate of 15%.
- Prescription drug price reform: IRA will allow Medicare to negotiate the price of certain prescription drugs, and Medicare recipients will have a \$2,000 cap on annual out-of-pocket prescription drug costs, starting in 2025.
- IRS tax enforcement: The IRA bill invests \$80 billion in the nation’s tax agency over the next 10 years.

- Energy security and climate change investments: IRA includes numerous investments in climate protection, including tax credits for households to offset energy costs, investments in clean energy production, and tax credits aimed at reducing carbon emissions.

Of particular interest to DCA, the Act would directly hit Americans’ wallets in critical areas. President Biden’s regulatory war on American energy has already contributed to increasing inflation, with Americans paying the price at the gas pump and on their electric bills. Gas prices have skyrocketed by nearly 90% percent since President Biden took office, although they’ve fallen again after falling from record highs in June of this year.

To make matters worse, in the name of curbing climate change the IRA will increase royalties for both offshore and onshore drilling activities. Similarly, the legislation imposes billions of dollars in additional taxes on crude oil, implements new taxes that would hike consumers’ natural gas bills, doubles taxes on coal, and subjects energy companies to some of the highest taxes of any business sector in the nation. Unfortunately, these costs will inevitably be passed along to consumers in the form of higher gas prices and higher utility bills.

The bill passed with all 50 Democratic votes in the



Senate on Aug. 7, with Democrats able to secure two key Democratic votes, from Senators Joe Manchin (D-WV) and Kyrsten Sinema (D-AZ), after the pair opposed earlier versions of the bill. The senate bill was passed without Republican support under the “reconciliation” process. The House passed the bill 220-207 on Aug. 12.

DCA and other business organizations strongly opposed the legislation, the title of which is a true oxymoron. In fact, initial evaluations from industry show that the IRA will likely have little or no impact on reducing inflation. Further, according to the Congressional Budget Office (CBO), the federal agency that provides budget and economic information to Congress, the bill will barely make a dent on inflation in the near term—and carries the possibility of increasing it. CBO estimates it will have a “negligible effect on inflation” in 2022, and in 2023, it will change inflation somewhere between 0.1 percentage point lower and 0.1 percentage point higher than it is currently.

### **IRA Includes Some Good News for Carbon Capture, but Permitting Reform Sorely Needed**

While the Inflation Reduction Act (IRA) tax credit reforms and federal funds are a significant change for the economics of carbon capture and sequestration (CCS) projects in the U.S., developers are engaging agencies to leverage IRA tax credits and federal funds for carbon capture and sequestration projects.

The IRA's goal of quickly advancing CCS will carry extensive reviews of environmental and legal issues, including how to permit carbon dioxide (CO<sub>2</sub>) sequestration wells, obtain pore space rights, and construct CO<sub>2</sub> pipelines. Some developers looking to leverage IRA momentum for CCS are taking a strategic approach to project approvals by proactively engaging with agencies with oversight responsibilities.

There are currently fewer than 5,000 miles of CO<sub>2</sub> pipelines and they are limited in scope, moving CO<sub>2</sub> from discrete natural or industrial sources to energy production efforts. A viable CO<sub>2</sub> pipeline network will be crucial to support large-scale adoption of CCS, and the IRA is silent on the issue, mostly because of the volatility associated with the word “pipeline.”

Some project developers are exploring how to deploy existing systems for CCS purposes, while others are considering conversions of other types of existing pipelines to transport CO<sub>2</sub>. Developing a safe and effective CO<sub>2</sub> pipeline network for CCS will require regulatory certainty, and there are concerns surrounding siting of new infrastructure and whether/how federal or state agencies will be deputized to oversee it. Currently, the states are responsible for siting decisions.

Although the federal government currently regulates CO<sub>2</sub> pipeline safety, more robust regulations will likely

be proposed as more pipeline miles are dedicated to transport of CCS and other clean energy sources. In addition, the enduring challenges associated with permitting any and all energy projects already present challenges to transporting CO<sub>2</sub> and hydrogen.

### **Permit Reform Legislation Complicates Process of Funding the Government**

The issue of project permit reform is nothing new to DCA's government relations agenda – it was the first issue the association took on when it expanded its advocacy efforts. For years, environmental groups and their Democratic allies in Congress have used existing provisions in the Clean Water Act and other federal and state statutes to obstruct and even terminate several critical projects.

In September, Sen. Manchin introduced the Energy Independence and Security Act of 2022, encouraging its inclusion in the continuing resolution that would keep the government running (and funded) after the end of FY 2022 (Sept. 30, 2022). However, it quickly became clear that environmental groups were lined up against the permitting bill, as were some industry organizations, as well as the majority of Republicans that who do not want to support energy legislation under the current Democratic leadership. This is especially true recognizing the midterm elections are quickly approaching.

Manchin's bill addresses many issues related to permit reform and includes language that would:

- Designate and prioritize projects of strategic national importance and periodically update a list of at least 25 high-priority energy infrastructure projects. The project list would include those involving fossil fuels, hydrogen; carbon capture, use and storage, nuclear, electric transmission, and renewable energy.
- Set maximum timelines for permitting reviews, including two years for reviews under the National Environmental Policy Act (NEPA) for major projects and one year for lower-impact projects.
- Require a single interagency environmental review document and concurrent agency review processes.
- Designate a lead agency to coordinate interagency review.
- Improve Section 401 of the Clean Water Act by incorporating improvements from both the Trump and Biden administrations. This includes provisions that:
  - o Clarify that the basis of review is water quality impacts from the permitted activity, based on federal, state, and tribal standards, not in pursuit of achieving political goals.

*(continued on pg. 24)*

- o Require certification applications to include available information on potential water quality impacts.
- o Prohibit state or tribal agencies from requesting project applicants to withdraw applications to stop/pause/restart the certification clock.
- o Require states and tribes to publish clear requirements for water quality certification requests, or else default to federal requirements.
- Address excessive litigation delays by setting statutes of limitations for court challenges.
- Require that if a federal court remands or vacates a permit for energy infrastructure, the court must set and enforce a reasonable schedule and deadline, not to exceed 180 days, for the agency to address these concerns.
- Clarify FERC jurisdiction regarding the regulation of interstate hydrogen pipeline, storage, import, and export facilities.
- Several provisions related to electric transmission projects.

Reacting to the release of the draft text, many Democrats said that while they would likely support the CR without the permitting provisions, it would be difficult to support the bill if permit reform language was included. Instead, many Democrats said the House should vote on the CR and permitting legislation separately to allow those who oppose the latter to vote against it without also voting to shut down the government.

However, Manchin's bill also includes a mandate for agencies to approve the contentious Mountain Valley natural gas pipeline project in West Virginia. Democrats are by no means in lockstep on permit reform, but they fully oppose approving completion of the Mountain Valley project.

In addition, an alternative to Manchin's bill was offered by fellow West Virginia Sen. Shelly Moore Capito (R-WV), which complicated things even further.

DCA supported the Manchin legislation in the spirit of getting *something* done on permit reform, but in the end, Sen. Manchin recognized the stiff and growing bipartisan opposition to including the controversial language to the CR, which would keep the government running until at least after the midterm elections, and dropped his bid to include energy permitting legislation from the measure.

Senate Majority Leader Chuck Schumer (D-N.Y.) said that he, Manchin and other senators "will continue to have conversations about the best way to ensure responsible permitting reform is passed before the end of the year."

In addition, Sen. Shelley Moore Capito (R-WV) said she would work with Sen. Manchin to try to negotiate a new version of the permit reform bill in the coming months that gain more GOP support. "The problem is that it was a one-party proposal," she said. Sen. Capito is looking to include it in the annual defense policy bill coming to the Senate floor as soon as October. Of course, any changes that appease Republican opposition could lose Democratic votes.

So, while the threat of government shutdown was averted at least until after the election, the issue of energy projects remains, and could continue into 2023 when the 118th Congress begins its work in January.

### AMA Resolution Issues Unjustified Attacks on Natural Gas Stoves, Hydrogen Transportation

DCA recently signed on a letter to the American Medical Association (AMA), questioning the scientific basis of the AMA's House of Delegates Resolution 439, "Informing Physicians, Health Care Providers, and the Public that Cooking with a Gas Stove Increases Household Air Pollution and the Risk of Childhood Asthma."

The resolution presumes an unsubstantiated link between gas-fired cooking and childhood asthma based on a biased range of disputed literature. Indoor air quality studies have consistently found that emissions result from the cooking process itself, not solely from the burner or heat source. These emissions result from the smoke and grease from cooking, regardless of the energy source used in residential appliances. Therefore, switching to an electrical appliance would not be an effective way to address indoor air quality challenges.

In fact, a recent industry report sponsored by the American Gas Association concluded that "the available studies do not provide a reliable scientific basis for AMA to make causal inferences regarding the relationship between the use of gas fired residential cooking appliances and childhood asthma."

### Hydrogen Transportation by Pipeline

The study also pointed to climate risks stemming from current methods of producing fossil fuel-derived hydrogen and the dangers of adding hydrogen to natural gas. The natural gas industry has publicly supported the goal of achieving net-zero emissions by 2050, and clean-burning natural gas enables the use of renewable fuels.

America's move to increase the use of clean energy sources has led to some shortsighted perceptions about clean-burning natural gas and the value of pipeline transportation of current and future sources of American energy. The natural gas utility industry is fully committed to the health and safety of our customers and to



reducing emissions. As concerns over emissions, whether from gas ranges or other sources, and issues related to hydrogen transportation are raised and debated, the natural gas industry is focused on bringing objective and technical information to the conversation.

AMA's new policy also relates health, safety, and climate risks stemming from current methods of producing hydrogen and the dangers of adding hydrogen to natural gas. DCA has repeatedly stated that hydrogen is considered a promising alternative to conventional fossil fuels for power generation in the future. However, delivering hydrogen to a variety of facilities such as power plants, industrial sites, and fuel distribution hubs will require an extensive hydrogen pipeline system.

Industry analysts generally agree that a 20% hydrogen concentrations by volume is currently the maximum blend before considerable upgrades to the pipeline are required. Converting existing pipelines to transport pure hydrogen may be possible in the future, but the need for a safe and reliable pipeline system will remain.

The bottom line is simple: the goal of achieving zero emissions by mid-century will not be possible without recognizing the need for natural gas' help in getting there. Therefore, DCA and other natural gas advocates encouraged AMA to closely reexamine these provisions, which certainly appear to be based on questionable science.

### **PHMSA Accepting Applications for New Municipal Gas Distribution Replacement Program**

In May, Transportation Secretary Pete Buttigieg announced that the U.S. Department of Transportation's (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) has begun accepting applications for its new Natural Gas Distribution Infrastructure Safety and Modernization Grant program. The \$1 billion program will provide federal dollars to municipal or community-owned utilities seeking assistance in repairing, rehabilitating, or replacing high-risk, leak-prone natural gas distribution infrastructure.

Made possible by the \$1 trillion Infrastructure Investment and Jobs Act, which was enacted into law last year, the program will offer some \$200 million in grants annually over five years to improve the safety of municipal natural gas distribution infrastructure and create thousands of jobs. PHMSA indicates that

the program will focus on benefiting underserved communities, in both rural and urban areas.

"We're announcing new funding today to help communities of all sizes make their natural gas pipelines safer, create good jobs, and reduce the risks to residents, businesses, and our environment from dangerous accidents or leaks," said Secretary Buttigieg. "This funding became available through the President's Bipartisan Infrastructure Law, which we are hard at work implementing across every area of our department's responsibility."

Federal assistance will be allowed to be used to acquire equipment that will assist in reducing natural gas distribution pipeline incidents and fatalities, as well as to avoid economic loss from leaks.

"These grants will help communities upgrade piping that in some cases is older than any American alive today," said PHMSA Deputy Administrator Tristan Brown. "All eligible entities are encouraged to apply, with a focus on projects that will have the greatest benefits for the communities that need the most support."

The need to better address necessary improvements to municipal gas distribution systems is not new. Since 1991, when the National Transportation Safety Board issued recommendations for PHMSA to require pipeline operators to identify and replace high-risk cast iron pipelines, PHMSA has worked with states and local gas distribution utilities to better develop and deploy plans to phase out high-risk, legacy piping. While tens of thousands of miles of high-risk piping were upgraded, thousands of miles remain.

While considering grant applications, PHMSA is required to consider safety factors, including projects that involve the repair, rehabilitation, or replacement of legacy cast iron, bare steel, and legacy plastic gas distribution pipelines. In addition, PHMSA will consider a project's economic benefit to disadvantaged rural or urban communities when making final awards.

DCA supported this funding during the IJA debate and will be weighing in with industry allies to facilitate the implementation of this important new program, which will accelerate the replacement of high-risk cast iron pipe with superior high-density polyethylene. ▲



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# Member News



Michels

## Michels ranked 27th among ENR's Top 400

Michels moved up to No. 27 on Engineering News-Record's Top 400 Contractors List for 2022. Maintaining a spot among the nation's elite construction companies is achieved by providing diversified energy and infrastructure services with a unified commitment to safety, quality and results, even in the face of significant changes in the industries we serve and the world, in general.

"My family and I are very proud, yet not surprised, by the way our entire team has achieved steady, sustainable growth in a tumultuous time," said Pat Michels, President and CEO. "Our goal has always been to provide our customers with solutions to current and emerging needs rather than focus on individual projects. We believe that is best accomplished by understanding the needs of our industry partners so we can offer solutions even before we are asked."

In addition to the Top 400 List, Michels earned spots on industry-specific lists:

- 6th among Petroleum Contractors
- 8th among Power Contractors
- 15th among Top 50 Contractors Working Abroad
- 21st among Top 100 Contractors by New Contracts
- 43rd among Top 50 Domestic Heavy Contractors

"As proud as we are of being a U.S.-based contractor firmly rooted in our hometown of Brownsville, WI, our steady climb among contractors working abroad reaffirms our commitment to using our expertise to

address critical infrastructure construction needs throughout the world. The Michels Family of Companies includes Michels Canada, which performs energy, infrastructure and power delivery work throughout Canada, as well as our recent expansion into Australia and Germany" said Pat Michels.

Michels placed No. 28 on ENR's Top 400 Contractors List for 2021 and is celebrating our 17th year in the top 100.



## Leader in Oil and Gas Services Industry Certified as Women's Business Enterprise (WBE)

GROEBNER, a manufacturers' representative and distribution company serving the natural gas industry, has been named a Women's Business Enterprise (WBE) by the Women's Business Enterprise National Council (WBENC), the nation's largest third-party certifier of businesses owned and operated by women. Led by President and CEO Carissa Skorczewski, the third-generation family-owned company will continue to provide its customers with dependable, effective natural gas products while adding much-needed diversity to the supply chain without sacrificing quality.

"Our team's diverse background strengthens GROEBNER's collective knowledge and helps ensure the success of our partners," Skorczewski said. "Being named a WBE is a tremendous point of pride for me, personally, and our entire GROEBNER family."

Women currently account for less than a quarter (22%) of employees in the oil and gas industry, and companies that have a significant representation of female leaders handily outperform the competition, according to McKinsey and Company.





Caterpillar

### Caterpillar Unveils New Power Module

Caterpillar Inc. has announced the introduction of the Cat XQ2280 power module — the industry's first single-engine mobile power solution above 560 kW that complies with U.S. EPA Tier 4 final emission standards.

Now available for 60 Hz applications from Cat dealers throughout North America, the Cat XQ2280 power module provides up to 2 MW of standby power or 1825 kW of prime power. Its essential components, most of which are sourced in-house, are packaged in a weather-resistant 48-ft. container that streamlines transport and deployment while offering exceptional sound attenuation, the company said.

The Cat XQ2280 is targeted toward data centers, healthcare facilities, municipal infrastructure, wastewater treatment plants and other utilities, mining and quarry sites, and other large-scale applications. It also has a number of features that the company said will make it attractive to the rental market.

"As the need grows for temporary power solutions that can support operations at an enterprise scale, the Cat XQ2280 offers superior prime and standby power performance in a complete, easy-to-operate package that meets North America's most stringent emission standards," said Tom Caldwell, Global General Manager for electric power rental solutions at Caterpillar.

The unit is driven by a Cat 3516C diesel, a 78.18 L turbocharged/aftercooled V16 diesel engine that incorporates a selective catalytic reduction (SCR) aftertreatment to meet Tier 4 final emissions standards. The engine can also be operated on up to 100% hydrotreated vegetable oil (HVO), which can reduce the carbon footprint of the engine and the environmental footprint of users. Fuel cleanliness is maintained through three primary fuel filters with an integral water separator.



HammerHead

### HammerHead opens CIPP Order Fulfillment Center in Pennsylvania

HammerHead Trenchless has announced the opening of its first U.S. order fulfillment center (OFC) for cured-in-place pipe (CIPP) consumables.

The Greencastle, Pennsylvania, location will help customers from Ohio to Massachusetts and south to North Carolina receive their CIPP consumable shipments in as little as one day.

The OFC also offers same-day pickup to those who prefer to collect their orders at the facility.

The Greencastle OFC has been made possible through a partnership with transportation and logistics provider A. Duie Pyle. A. Duie Pyle is an award-winning, Less-Than-Truckload (LTL) transportation and logistics provider whose Northeast service capabilities have been expanded through its own established partnerships into the Southeast, Midwest, West Coast and Canada.

Paul Waskow, inventory control manager at HammerHead Trenchless, explained how the OFC concept benefits CIPP installers. One is reliable, quick delivery. The OFC shortens shipping routes, reducing exposure to potential mid-route failures and crises that can delay delivery. A prime example is weather.

"A snowstorm in Ohio could delay a shipment from our Wisconsin facilities to a customer in New York. Yet the same storm would not impact delivery from Pennsylvania," Waskow said.

Perhaps even more importantly, Waskow said, the OFC concept is a "forward deployment of consumables" that enables more CIPP installers to confidently take on new jobs as they come up. "A lot of installers just can't keep a large enough supply of product on hand to ensure they always have what they need." The OFC improves product availability for them.

Customers within the Greencastle service area will notice minimal change in their ordering experience. "They'll simply place their order same as always," Waskow said. "All that's different is quicker availability, knowing they'll have the products they need as quickly as they need them."

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John Deere

### John Deere Unveils 2022 "Own It" Program

Continuing to empower customers on the path to equipment ownership, John Deere's 2022 "Own It" Low Monthly Payment program covers a variety of compact and mid-size equipment models with specific factory-installed configurations.

"These compact and mid-size equipment offerings allow customers to pursue their business goals in a financially friendly and flexible way, while tackling the jobs at hand with reliable, powerful equipment models," said Doug Laufenberg, manager, John Deere Tactical Marketing and Production Systems.

For the first time, select backhoe loaders models – 310L and 310SL – are included in the program. Available in both canopy or cab configurations, these machines are designed to take on even the toughest of jobs: loading trucks, placing pipes, digging trenches, moving materials and tearing up asphalt.

Mid-size excavator models include 75G, with the cab configuration, and 85G with the engcon tiltrotator.

Offering lightweight, agile machines, with heavy-duty durability, the compact category this year covers the 35G compact excavator, 317G compact track loader, and 318G skid steer loaders.

The 2022 "Own It" program runs through October 31 and is available only at participating dealers.

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Bob Vermeer

**Vermeer Chair Emeritus, former CEO Bob Vermeer dies at 78**

Bob Vermeer, former Vermeer CEO and current chair emeritus, has died at the age of 78 after battling cancer, Vermeer Corporation said in a statement.

Bob was the son of Vermeer founder Gary Vermeer and served as the company CEO

from 1989 to 2003. He spent over 40 years as a second-generation owner and top executive of the family-owned and operated company.

"Bob loved people and his passion for others will continue to be a lasting legacy at Vermeer," the company said in a press release.

Under his leadership, sales at Vermeer grew nearly 13 times. He initiated a program to evaluate and coach dealers to higher levels of performance through improved customer relationships. He oversaw key advancements in finance that improved equipment

availability and allowed dealers to stock inventory globally, ultimately growing business domestically and outside the United States.

Bob also held positions as the former chairman of the Iowa Business Council and head of the Equipment Manufacturers Institute. In addition, he has been a member of, and served as an officer for, several boards, including Central College Board of Trustees, Dordt College Board, Calvin Theological Seminary Board of Trustees and the Pella Chamber of Commerce. In 2016, he was inducted into the AEM Hall of Fame.

Bob founded the Vermeer Scholarship Program more than 30 years ago with his wife Lois and brother Stan. He was also responsible for establishing the "Spirit of Caring" award, which celebrated a Vermeer employee each year that best exemplified the merit. He spearheaded numerous employee and community service programs including the Vermeer Chaplain Program and the Vermeer Charitable Foundation Scholarship Program.

The family plans to announce burial arrangements and associated details at a later date. ▲



**DCA MEMBERS - SEND US YOUR NEWS!**

DCA would love to publish your company news in upcoming issues of the DCA newsletter and on the DCA website. Please send news items, press releases, images or videos to [cgreen@dcaweb.org](mailto:cgreen@dcaweb.org).



# Featured DCA Member Websites



## Mersino

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d'Escoto, Inc. is one of the Midwest's largest Hispanic professional engineering services firms. For 50 years, our clients have relied on us to deliver the highest quality services across civil engineering, construction management, owner's representation, program management, and utility inspection.



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