

OUR VISION:

Turning Visions into Reality through:

- People
- Adding Value
- Alliances
- Performance

OUR VALUES:

Building Relationships through:

- Dependability
- Integrity
- Trust
- Quality
- Family

OUR MISSION:

Providers of Premier Services

MAXIMIZE YOUR ELECTRICAL INVESTMENT

Keep Energy Management Top of Mind To Boost Your Bottom Line

by Jaron Vande Hoef, Interstates Project Electrical Engineer

With soaring gas prices, skyrocketing heating bills and the President devoting part of his State of the Union Address to talk about America being "addicted to oil," and exploring alternative energy sources, energy issues have returned to the top of the national agenda.

As energy awareness prompts new incentives and initiatives that can offer special advantages for business, energy management will increasingly become a hot topic as well. There's a good reason why it's so important. If you prepare a "mind-map" (a tool for organizing priorities that is often used here at Interstates) that puts energy at the center of your thinking, you'll quickly see that it has implications for every phase of your business: operations, taxes, training, equipment, utility costs and more.

Obviously, those who are prepared to take charge of their energy management will gain an important advantage.

It's an arena where Interstates is definitely out in front. We're currently developing our own programs to help customers get a handle on

monitoring and managing their energy usage – and help them achieve significant results.

For example, we recently helped an Iowa company with just one aspect of their energy management: tracking the difference between *process loads* versus non-process or *facility loads* in their plant's electrical usage.



Jaron Vande Hoef

What IS the difference? Simply put, *process loads* refer to the electricity expended to produce a product. *Facility loads* are the electricity it takes to run everything else — refrigeration, HVAC, office equipment, etc., all necessary for the operation of the plant, but not tied directly to production of a product.

So, you ask, what's the big deal? In fact, it amounts to a very big deal, because the State of Iowa allows a company to deduct sales tax on electricity spent on process loads as long as there is sufficient evidence, such as engineering study, to differentiate the clerical wage. So, in the future, our customer will save **77% of the \$75,000 per year** they spend on utility sales tax.

That's just one example of how energy management can help a company maximize their electrical investment.

In the years ahead, there's no question that making the most of every energy dollar will be vitally important to your success. Let us show you how you can get started now.



Energy Mind Map

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INTERSTATES RECEIVES NATIONAL AWARD, RECOGNITION FROM ABC & DBIA

Interstates was among the honorees recently at the Associated Builders and Contractors (ABC) National Awards Breakfast, held on March 17 in Las Vegas. The company received the ABC National Award of Excellence and DBIA Partnership Award for the SoyMor biodiesel facility in Glenville, MN.

Accepting the awards were Brandt Bensema, Interstates' Director of Business Development; Mark Vermeer, Project Engineer for Renewable Energy Group (REG); and SoyMor board members' Allen Schmidt and Richard Stadheim.

The SoyMor project had previously been honored with an Award of Excellence and as Project of the Year by ABC of Iowa. Those awards qualified it for the national competition.

"Being recognized nationally by ABC for being among the 'best-of-the-best' by your peers in the industry is very significant," Bensema said. "It lends enormous credibility to our organization, and powerfully demonstrates how we use our ingenuity and insight to deliver excellence. We also received an award from DBIA, for our design-build approach to the project."

Interstates was responsible for electrical engineering, automation and construction for the design-build, green-field project, currently one of the largest biodiesel facilities in the United States. Interstates also assisted with instrumentation on the project. Bensema notes that Todd & Sargent, the general contractor on the project and partner in the Renewable Energy Group, has also received awards on the state and national level from ABC for this project.



L to R: Scott Peterson; Richard Stadheim, SoyMor; Mark Vermeer, REG; Allen Schmidt, SoyMor; Larry Den Herder; Brandt Bensema

ON TO OMAHA Blair Regional Office Relocates to Strengthen Nebraska Presence

Interstates' Regional Office in Blair, NE, has recently been relocated to Omaha in a move designed to expand the company's presence in Nebraska, southwest Iowa and northern Kansas.

"The Blair office was originally set up to handle our work at Cargill's facility there," says Lee Heitmann, Regional Office Manager. "By moving to Omaha, it will become much easier to serve our commercial accounts there, but also in

Lincoln, Fremont, Norfolk and other places as well."

Interstates has leased 4,500 sq. ft. in an existing building at 14015 Industrial Road, Omaha, NE 68144. Project Managers Randy Noecker, Robert Bruegman and Doug Swets join Heitmann in the office, which opened in January. The Omaha Regional Office phone number is (402) 934-2133.

SAFETY PROGRAM HONORED

Interstates was recognized as a finalist for the National Award for Safety Program at the ABC event held in Las Vegas. Larry Den Herder, CEO; Randy Van Voorst, Project Executive; and Scott Peterson, CFO, joined Brandt Bensema in Las Vegas for the awards ceremony.

Interstates was selected for recognition based on an in-depth review of all aspects of their safety program, including specialized training, improvements, communication and management, as well as hours worked without recordable incident statistics.

"About 600 contractors originally participated in the competition," says Dave Los, Interstates' Operations Manager. "That was narrowed down to a field of 200, and we were in the top five. It's an important third-party confirmation of our commitment to safety and it's gratifying to be acknowledged for our passion for safety, and recognized for being among the best in the country. It certainly validates our determination to take care of our people working in the field and demonstrates to customers how we follow through on that commitment."



L to R: Brandt Bensema, Randy Van Voorst, Larry Den Herder, Scott Peterson

A FOUNDATION FOR STEWARDSHIP

The Interstates Foundation was established in 1999 as a way for the Interstates Companies to give back to the community and be good stewards.

The Foundation's focus is "Serving others through education and leadership". Through this focus, Interstates supports:

- Communities in which we have offices
- Organizations that help people find their calling
- Organizations that develop people and leaders

- Organizations that promote the core competencies that we use in our businesses
- Organizations that align with our companies' core values

As one can imagine, there are requests each year for funds to aid many good causes. Three times a year, the Foundation board meets and evaluates each request, determines how consistent the request is with the focus of the foundation, and makes the best decision on how the foundation might support these causes.

VAN VOORST SHOWCASES SKILLS AT ABC NATIONAL CRAFT CHAMPIONSHIPS

Interstates Instrumentation highlighted its instrumentation training program and the technical and practical knowledge of their instrumentation technicians

by participating in the ABC National Craft Championships held recently in Las Vegas, Nevada.



Rick VanVoorst

Rick Van Voorst, an Interstates Instrumentation Technician, earned a prestigious award in the instrumentation category. Van Voorst

was among more than 120 craft professionals participating in the event held to showcase high workmanship, technical knowledge, and safe work practices in the construction industry.

Competitors took an intense, two-hour written exam and then competed in a "hands on" craft project involving different practical challenges judged on accuracy, quality, safety, and speed. Representing

Interstates, Van Voorst earned a second place finish in the instrumentation division. This is the first year instrumentation has been included in the event and the first time an Interstates' employee has participated in this national competition.

"I really didn't know what to expect when I first got there because I have never been to a national convention, but it was a great experience for me," says Van Voorst. "I really enjoyed the competition and the chance to represent Interstates for the first time at Nationals."

Van Voorst is a 2003 graduate of Northwest Iowa Community College and has been with the Interstates Companies for five years. Rick and his wife Jessica are currently living in Winthrop, MN, where he is working on an ethanol plant project.

Rick's success is a reflection of the quality of Interstates' instrumentation technicians and the company's continued commitment to training and education. Congratulations to Rick on achieving this fantastic career milestone!

Interstates Out & About

June 20-23

Fuel Ethanol Workshop and Expo
Midwest Airlines Center
Milwaukee, WI
Booth #1236



August 8-10

ACE Ethanol Conference and Trade Show
Crown Center
Kansas City, MO
Booth #320



INTEGRATED SERVICES – WHY IS IT SUCH A BIG DEAL?

By: David A. Crumrine PE, PMP – President : Interstates Construction Services

Integrated Services is getting to be a popular term and is maybe even reaching “Buzzword” potential in the Capital Projects Business. People from the Design-Build Institute and others are using it much more widely these days. But what does it really mean? Why should any of us care?



David Crumrine

Integrated Services means a whole lot for the Industrial Processing Client. It means “no gaps” in your E&I delivery. It means turning over your Electrical Engineering, Electrical Construction, Instrumentation and Automation to one firm and depending on them to manage all those gaps and all that information.

It means you can count on one firm to drive the project to success from planning and engineering, to a successful build out and startup. It means you are putting your E&I risk with a team that has played well together before, not a pickup team that will be using your job to learn how to play together. Even if they are the All Star team, you risk getting poor results. With Interstates, you get a firm that can pull it all together, and use their 50+ year experience in integrated delivery to take away your headaches and worry.

But won't it cost more, you ask? Studies have shown that it doesn't. Integrated Projects are shown to be more cost effective, faster and more on target from both a cost and schedule perspective. If you bid/buy each engineering piece and each execution piece out separately, you will assure that each component is the lowest cost as you start each phase. But when will you know the total “bid” cost? Only after the last package has been awarded. What if it is over your budget at that point? Who pays to get it back in budget? And how long does it take?

Bidding is tangible and clear. On its face, it is fair and prudent. Some might even feel it is the “safe” approach. Unfortunately, this comfortable clarity comes at a steep price...giving up on the best value for your project. The key is that value takes into account both price and performance. It is the essence of how we buy everyday as consumers. Yet, we struggle to implement this idea into our “bigger” decisions... like million dollar capital projects. The unfortunate truth is that simply adding bid packages together does not equal the real cost of a project.

If we consider alternatives to traditional bidding, we now have some messy uncertainty, but we have a chance at real value. We can now make early project delivery decisions that set projects up for success. Let's think through a few questions about the traditional non-integrated approach to clarify some of the issues.

- Will the lowest Engineering fee produce the best construction price? Or, will it produce late engineering and result in a compressed (translation: expensive) construction schedule? Or, will it facilitate a quick, but conservative, design? What looks like a substantial savings in engineering costs could easily cost 10 to 100 times more in construction costs or lost business profits.
- Will the “low cost” Controls or Instrumentation Engineering specify the lowest cost hardware? In doing so, will it double the field wiring costs and erase five times those “tangible” bid day control systems savings?
- Will the construction bidding effort skip over the “holes” in the design during bidding and just wait for them to unfold during the project? Or will

“In the ever changing world of complex component selection and available options, an integrated firm has an incentive to suggest savings by purchasing components that offer higher value through saved field time. A group of independent, third-parties would generally not see the incentive to give up some “turf” to allow the best tradeoffs between price and field labor. The Interstates team excelled in managing these three integrated product services (electrical engineering, electrical construction, automation) to bring us the highest quality end product at the lowest possible cost.”

– Gerry Leukam,
T.E. Ibberson Company

they proactively hold them out to be dealt with as early as possible? What would you expect in a competitive situation where bidders have a 1 in 5 chance of recovering the costs expended in bidding?

Ultimately the question is, what will the final installed cost (or more importantly, the total life cycle cost) be for the project? When will the customer know that number? Will the project be completed on time and add to the client's bottom line? If not, what will that cost be to the client's business?

These are just some of the issues and challenges surrounding the non-integrated approach. Certain projects are better suited for this traditional approach. However, a growing number of projects are not. They are more technically complex and move at a pace only imagined 5 or 10 years ago. These projects call for an integrated approach that can help business succeed at the challenging “game” of capital projects.

Call us for more information on the growing popularity and value of Integrated Project Delivery. At Interstates, it isn't about a “buzzword”; it is about real value and real performance.

**PROUD TO BE
MEMBERS OF**



PASSING THE TEST – MAKING THE GRADE

Interstates Control Systems Meet Stringent New Requirements to Retain Key Certification

Interstates Control Systems, Inc. (ICSI) recently completed a demanding re-audit by the Control Systems Integrators Association (CSIA), thus renewing its important status as a Certified Integrator.

CSIA is the largest organization in North America for control system integrators. For more than two decades, its mission has been to establish a standard for best practices for control system integrators, awarding certification only to those providers who can meet the most exacting standards for performance in seven key areas:

- General Management
- Human Resources
- Project Management
- Technical Management
- Financial Management
- Business Development
- Quality Management

“It’s sort of like a ‘seal of approval,’” explains Jeff Miller, ICSI Director of Project Management. “Once you’ve achieved certification, you are required to renew it every three years and since our last certification, they raised the bar in skills and standards. It was really a complete re-audit and we had to meet new, higher standards.”

Miller notes that only 85 out of 200 CSIA members are Certified Integrators.

“Certification shows our customers that we are not some fly-by-night integrator,” Miller says.

“It’s proof that we’ve met the highest standards for developing processes that deliver excellence on a repeatable basis. Getting this kind of certification is demanding but it makes us a better company. We learned a lot in the original audit, which we applied to help us renew our certification. And we’ve learned a lot from this audit, too.”



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