

S&S Steel Fabrication, Inc.

Fabrication News

Management Message

S&S Steel has experienced several changes over the past six months. Changes in our work load, changes in the economy, changes in the shop implementing continuous improvement, changes in the way we issue work to the shop floor, and most of all changes in our attitude, an overall improvement I believe has taken place. Change is good, at least I think so. Change brings challenges and hopefully improvement. Some people do not enjoy change. It pushes them out of their comfort zone and causes anxiety or irritability. If

you are this type of person you have endured it well. However, keep in mind the saying "There is nothing permanent except change."

With all this talk of change I do want to make one point. Since it's start in 1982, S&S Steel Fabrication, Inc. has made a name for itself in the steel fabrication industry. These include quality work, on time delivery, detailed customer service.

These are attributes that can not change here at S&S Steel. All that we do must be to improve our ability to meet our

customers needs, to give them the kind of service that no one else will give them. If we do not take care of our customers, then someone else will, and where would this leave S&S Steel?. Losing business in an already difficult market! This is why we will tell a customer yes, always yes, we can make it happen!

Thank you for your continuous improvement efforts, for your ideas, for caring about our workplace and working to make it a better place.

Kent Wilson, General Manager

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Safety Message

Once again, I would like to thank you for your efforts regarding safety. I thought you mind find the following story interesting.

I was in the offices of a company in Salt Lake last week. They were very impressed with our facilities, certifications and projects we have worked on. We started discussing potential projects. When the meeting was almost over they asked me about our safety record. They said "with what we've seen from you're company I'm sure this

won't be a problem, but we can't use subcontractors with an EMOD rate over 1.0". I explained that we had a couple years with 25+ incidences, 1 major accident each year and a total cost of over \$250,000.00 each year. That caused our EMOD rate to go up to 1.72. I told them that we are now addressing safety daily in our kick-off meetings and that our employees have done an excellent job improving our safety. In fact, last year we only had 11 accidents with

a total cost under \$12,000.00 . They asked that I fill out the information and write a letter explaining the improvements made last



"I don't care if bungee jumping is faster than the aerial lift. Around here it's against safety rules!"

year that will be reflected in next years EMOD rate. Because of the improvements you're making we will most likely have more opportunities for work!

With all the good work we've done our incidences of minor injuries have increased lately. Be careful and let's not go back to where we were a few years ago!!

Shop Message

Summer is here everyone!

The weather is starting to warm up. We want to remind everyone to drink plenty of water. If anyone would like to see any other flavors in the pop machine let me know. We have the coolers running to help keep the temperature in the shop down.

We also want to remind all employees that if they are planning to take time off, please schedule the days off as soon as you can. This will help the shop management in our planning.

The shop management has notice that a few employees start to clean up too early. Please do not start your clean

-up until 5 minutes before the end of your shift, thank you. Last quarter, with the help of Kelly Davis with MEP we identified the metrics that matter. The metrics are the functions that we will track here at S&S Steel to motivate and drive performance.

- Quality
 - Shipping Accuracy
 - Package Efficiency
- Safety was also discussed and will be dealt with on a larger scale in the future. We have had only two reported injuries since the start of our new year, April 1. That has been a great improvement over the 2008 year. Our goal is always zero injuries. Keep up the good work.

We are still having some attendance problems. There has been some improvement. We want to encourage everyone to be here on time.

We will be starting a program as part of our Lean Manufacturing to track fabrication errors, part of our Quality Metric. After we have identified a trend we will set up a training program to address those issues. Tracking errors is for the purpose to find areas to improve, not point fingers.

We want everyone to have a safe and fun summer.

Thank you,
Gene, Dewey, Lancer, and Brent

Employee Spotlight

Todd Gibbs has lived here most of his life. His work experience started on the farm. At 19 he started working for St. George Steel. He's also worked for Steel Structures and has been a long haul driver. 16 years ago Todd worked for S & S for a year and a half and came back in May of last year. Todd has 5 kids and 7 grandkids. His grandkids range in age from 9 years to

6 months old. When Todd isn't working he spends most of his time with his grandkids. He also enjoys taking care of his cows in Virgin, and fishing in the mountains.

Todd is celebrating his birthday the 25th of this month so make sure to wish him a good one!



Production Update

Current Projects

387 – Praxair, Pipe Rack P002 110 Tons of structural and miscellaneous steel for Richmond H2 plant located in Richmond, CA. Shipment is complete.

388 – Praxair, Pipe Rack P003 This is Pipe Rack P003 for Richmond H2 plant. The production of 105 tons of structural and miscellaneous steel. Shipment is complete.

389 – Praxair, Process area 01 & 02 ARB has awarded S&S Steel with approximately 395 tons of structural and miscellaneous steel for Richmond H2 Plant, Process areas 01 and 02 located in Richmond California. Fabrication is 75% complete. All the drawings have been issued for fabrication with the exception of approx. 80 sheets. Steel will start shipping to Azz Galvanizing in Good-year, AZ the week of June 15.

390 – Praxair, PSA Areas 01, 02 & 03 7.5 tons of miscellaneous steel for the Richmond H2 Plant in Richmond California. Shipment is complete.

New Projects

398 – Praxair, S301/Flare Area 58 tons of structural and misc. steel for the S301/Flare Area at Praxair in Richmond Ca. This project is currently in the process of fabrication.

401 – Praxair, Switchgear Enclosure 59 tons of structural and misc. steel for the Switchgear Enclosure at Praxair in Richmond Ca. This project is currently in the process of fabrication.

403 – Praxair, Added Misc. Support Steel to Pipe Rack P001 32 tons of structural pipe

supports added to Pipe Rack P001 for Praxair in Richmond Ca. S&S Steel completed fabrication of Pipe Rack P001 in 2008. The design was completed after fabrication with several misc. supports for piping added. The process of comparing what had already been fabricated to the new design has taken several weeks. New shop drawings have been created along with over 150 Field Work drawings for ARB's field crews to incorporate to erected steel.

404/405 – Praxair, Compressors AB&C, and the Misc. Supports 123 tons of structural and misc. steel for Compressor Stations A, B & C for Praxair in Richmond Ca. Shop and erection drawings have been submitted for approval. Approval and authorization to proceed with fabrication is expected by June 15.

406 – Worley Parsons, Circular Platforms for Chevron. Several circular platforms are currently being detailed by Wasatch Detailing. Due to design revisions we do not expect this steel to be released for fabrication until July at the earliest.

407 – Hettinger Welding (5) Slide Plate Pipe Support assemblies were fabricated for the Ponderosa Compressor Stations in Vernal. This job was an addition to our original job 397 for Hettinger Welding.

408 – Praxair, STG & Pipe Rack P004 61 tons of structural and misc. steel for the Steam Turbine Generator and Pipe Rack P001 for the Praxair project in Richmond, CA. Detailing has just begun. Fabrication is schedule to start in late July or August.

2008		2009	
Month	Hours	Month	Hours
Jan	8,061	Jan	7,740
Feb	8,330	Feb	5,516
Mar	7,511	Mar	4,125
Apr	9,671	Apr	8,335
May	9,053	May	7,740
Jun	9,367	Jun	
Jul	9,108	Jul	
Aug	9,056	Aug	
Sep	9,595	Sep	
Oct	9,854	Oct	
Nov	6,982	Nov	
Dec	9,237	Dec	
107,020		33,456	

The chart above is a comparison of the direct labor hours worked in 2008 and 2009. Direct labor consists of any hours worked on a job.

Quality Control

There are two important issues that we need to address as a company in regards to quality and conforming to AWS Codes which govern the way we fabricate steel.

Arc Strikes

The structural welding code book states all arc strikes are to be removed. Fitters, please do not leave arc strikes on your work and keep your arc strikes in your weld zone. If arc strikes are left, the welders then have to take the time to remove them. This will be an issue that QC will be watching and tracking in our monthly Non-conformance Report.

Rod Control

The S&S Steel Quality Manual, Operation Procedure 12 establishes the methods used to store and control low-hydrogen electrodes. I commend those of you that follow this procedure. Those of you who need a refresher about Rod Control, keep reading!

Operation Procedure 12-Welding Material Control (Partial)

Purpose
This procedure establishes the company methods used to store and control low-hydrogen electrodes at S & S Steel.

Responsibilities

The Shop Superintendent will:
Store welding filler materials to preserve their low hydrogen properties. Control shielded metal arc welding (SMAW) electrodes to ensure they are used within the specified exposure limits or returned to electrode ovens

for reconditioning.

Welders and Fitters will:

Control electrodes in their possession to prevent damage to the coating or contamination from oils.
Control used and discarded electrodes in their possession.
Return unused electrodes to the electrode ovens before they exceed the specified maximum atmospheric exposure limits.

The Quality Control Inspector will:

Verify electrode ovens are heated to minimum electrode baking temperatures noted in this procedure.
Check rod oven logs to monitor the atmospheric exposure limit for electrodes released during the shift.

Electrode Storage Requirements

Filler metal in spools and cut lengths must be dry and not contaminated with dirt or excessive oxides.
Store filler metals in their original containers until ready for use. Protect the filler metal from moisture and morning dew by covering open spools when not in use. When welding outdoors, cover the filler metal spools for overnight storage. Spools may not be left on outdoor wire-feed units unless welding will be performed at the welding station at the next shift.
Store SMAW low hydrogen electrodes (last number = 5, 6, or 8) in hermetically sealed containers, rod ovens, or heated rod quivers when not in use.
Electrode ovens and heated rod quivers must store the electrodes at temperatures between 250° - 300° F.
Electrodes may not be left out of storage longer than that permitted by Table 1 below.
Maximum exposure limit for E7018-X and E8018-X, moisture resistant (MR) electrodes used to weld metals with yield strengths equal to or less than 50 ksi (345 MPa) is 9 hours.

Table 1, Maximum SMAW Exposure Limits

Electrode Classification	Length of Time Outside of Heated Storage
E70XX-X	4 hours max.
E80XX-X	2 hours max.
E90XX-X	1 hour max
E100XX-X	1/2 hour max
E110XX-X	1/2 hour max

Rod stubs are not permitted on shop floors. Use rod buckets to dispose of filler metal stubs while welding. Scrap unused spool ends of FCAW and GMAW filler metal.

SMAW Check-out Procedures

SMAW electrodes must be logged out of the rod ovens and recorded in the Rod Oven Log, Exhibit 12 – A.

Welders will check out only enough SMAW electrodes that can be used within the maximum exposure limits in Section 3.4 above.

Welders will record the date of checkout, the time of checkout, the size of electrode, the classification of electrode, and sign their initials in the Rod Oven Log.

Welders will return unused electrodes to the holding oven before exceeding the maximum exposure limits in Table 1.

Welders will scrap electrodes left out of heated storage longer than permitted by Table 1.

Electrode Reconditioning

Welders return unused electrodes to the holding oven before the maximum exposure period has been exceeded. They will not weld with electrodes after maximum exposure.

Do not recondition damaged electrodes with missing coating or that have become contaminated with oil, grease, or paint. Scrap these electrodes to prevent them from being used in fabrication.

The electrode oven used for reconditioning is maintained at 250° - 300° F to recondition electrodes effectively.

Electrodes are baked overnight, 6-hours minimum, before they may be used in fabrication.

Electrodes may only be baked once.

Welders pull their electrodes from the holding oven at the beginning of the day shift. This will ensure that exposed electrodes are used on a first-in, first-out basis.

Welders will scrap electrodes exposed a second time and not used within the maximum exposure limits.

Welders log out the reconditioned electrodes following the instructions of Section 4.0 above.

Storing and controlling the welding material is an important issue that has been overlooked. Having too much moisture in our weld material can cause defects and ultimately lead to a weld failure that S&S Steel is liable for. This issue will be a priority for the shop superintendent and foremen to check for compliance. Please give this issue your effort.

Lean Management

Attitude of Change and Transformation

I've had some time and experience now with S&S Steel and have had the opportunity to work with each and every one of you as team members in our journey or "voyage" in our Lean Transformation here at the "Land of S&S Steel".

I have been in the projects of continuous improvement of the Main bay, Maintenance, QC, and my Office- the way I function as a continuous improvement manager. I meet monthly with the Parts, Fitters, Welders, Blast/Paint, Yard and QC Team members, bi weekly with Shop superintendant, Foreman's, and managers. I score every area, track continuous improvement ideas and hand out rewards for great ideas turned in. I have found it interesting working with our Continuous Improvement efforts here at the "Land of S&S Steel" that our Attitudes are a major factor in our success.

I read a book called "Andy & Me" by Pascal Dennis, in the book there is a parable by Fukuda and an image which I have re-created and attached to this article. The parable in the book is told like this -

"Change is a voyage, Tom-san. But only about ten percent understand the need and want to be rowers. Most people don't understand the need for change. They are watchers. A few, maybe ten percent, are opposed to change. The

grumblers will resist change.

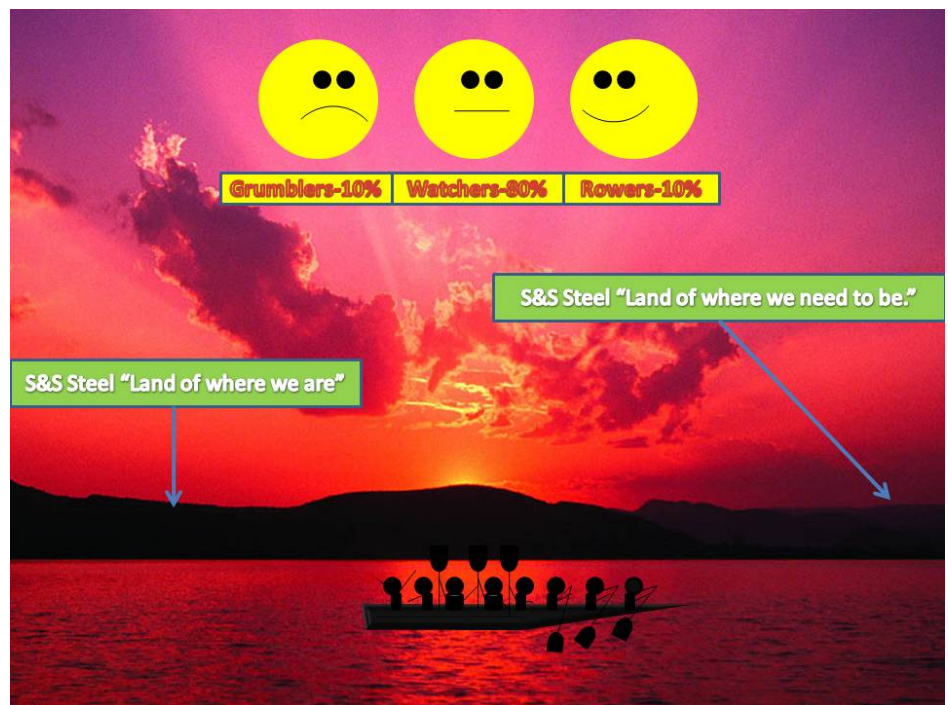
"We need to understand who are the rowers, watchers and grumblers. We must support the rowers and ignore the grumblers, unless they become destructive. Over time, if our plan is good, the watchers will become rowers."

In the image I have put S&S Steel "Land of where we are" and S&S Steel "Land of where we need to be". We are on the "Voyage" now going to the "Land of where we need to be" and we have a good plan on how to get there by applying Lean principles and staying focused on our rowing through our team meetings and continuous improvement ideas.

When will we get to the "Land of where we need to be?" A lot of it depends on our attitude. At S&S Steel, just like in the parable we have Rowers, Watchers and Grumblers and it is not hard to figure out who they are. We all know that the more rowers we have the faster we will get to the

"Land of where we need to be" which is that place where we will do more with less. Less time, less effort, less resources in turn meaning more profit. Could the "Land of where we need to be" mean getting a pay raise, more days off with the same pay or keeping our jobs in a changing economy and market? We won't know until we get there. We can ask ourselves where is your attitude. What matters in life? What are S&S Steel Standards and values? What are your standards and values? I think the outcome all depends on if you are a grumbler, watcher or rower.....

S&S Steel /Lean Manager
Dave Sanders



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*The S&S Steel Summer Party is
Saturday July 18th at Washington
City Recreation Center.*



*Be sure to sign up. Don't miss out on
great food, swimming, and good
times!*

www.sssteelfab.com



Birthdays



March

Ricky Jensen	3
Zenas Tallman	14
Scott Sanders	19
Trever Murri	21

Kevin Magee	29
Charles Gubler	30

June

Kennie Ostberg	8
Tyson Winder	21
William Baker	22
Todd Gibbs	25

April

Hugo Garcia	1
Bryan Jacobson	13
Jarvis Olsen	21
Joel Sanders	27

May

Mike Staples	9
Anthony Czarnecki	17
Shane Riggs	20
Ana Argumedo	22
Dylan Irwin	25
Brent Gafa	27

S&S Steel Fabrication, Inc.

Core Purpose:

To Create the Opportunity and
Motivation for People to Succeed

Core Values:

Quality
Honesty
Safety
Teamwork
Employee Satisfaction