

FREE SAFETY MINDER NEWSLETTER



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Corporate Safety & Health
Director

TRAINING THE LEGACY CONTINUES

S.M. Electric Company, Inc.'s Safety Record Attests to Training Success

Safety has been a driving force at S.M. Electric Company, Inc. for nearly 60 years. It's the primary theme of these Safety Minder newsletters. We take great pride in our exemplary safety record, history of zero accidents, and enviable reputation as one of the safest work environments in the electrical contracting industry. But this legacy of success does not simply happen, it was built through our unwavering commitment to training.

At S.M. Electric, we work hard to see that training is carried out consistently, touching everyone who does work for the company. Whatever your project, our goal is to ensure that every electrical worker has the necessary training and equipment to perform the job safely and without injury. It is no accident that our company has been recognized beyond our immediate field, as one of the safety standard bearers for the entire construction industry.

We can't help but be proud of our company's Experience Modification Rate (EMR). We earned an unprecedented .472 EMR (where the national industry average ranges from .85 to .90). It is our complete training commitment and specialized safety programs that enable us to achieve this impressive record of injury-free hours on the job.

Training is Part of Our Culture

Recognizing the necessity of training is only part of the picture. To be

truly effective, training must also become part of a company's overall culture. At S.M. Electric, we've made training the cornerstone of our corporate safety program. To benefit both our employees and our customers, this program is administered by our Corporate Safety Director and supported by ten full-time qualified safety professionals. This dedicated department is responsible for overseeing each customer project and ensuring that all necessary safety measures have been instituted and observed.

To further protect your projects, S.M. Electric supports these safety training initiatives:

- We require all employees to participate in formal hands-on training in the proper use of equipment and specific operational procedures.
- We perform ongoing inspections of all job sites and equipment.
- We supply personnel with the highest quality equipment and tools.
- We establish and maintain strong relationships with other on-site contractors to ensure that work proceeds smoothly.

Our Training Benefits You

Accidents are, by nature, unplanned events. However, statistics show that accidents most often occur in situations where safety procedures are lacking. At S.M. Electric, our safety training standards exceed OSHA, ANSI and federal regulations. We ensure that each employee has been thoroughly trained and every possible precaution has been taken to protect personnel, safeguard your worksite and ultimately, prevent injuries on the job.

With this approach, you can count on our highly trained, skilled workforce to safely deliver a top quality job. But there are added benefits beyond performance. Our training and safety record allows us to realize significant savings in worker's compensation insurance. And we pass those savings on to you through our reduced rates and competitive bids. Above all, with our emphasis on training and zero-accident results, you can rest easy knowing that your project will move along smoothly without incident.

Be assured, at S.M. Electric, training will always be an integral part of every project we perform for you. It's our continuing legacy, our corporate culture and our end-to-end commitment to you, our customers.



“SAFETY FIRST” SETS THE STANDARD

S.M. Electric Company, Inc’s Safety Policy Manual, Safety First, sets the standard as one of the most comprehensive safety documents in the industry.

This manual covers our company's extensive safety training policies and procedures, which exceed OSHA, ANSI and federal regulations. Clearly,

OSHA likes our approach, as it has chosen to widely distribute Safety First at the annual OSHA training update sessions held throughout the year.

INCIDENT PREVENTION MAGAZINE INTERVIEW with BILL HERING

By Seth Skydel

Incident Prevention Magazine is Utility Based and reaches 20,000 Utility Safety Managers in North America

At SM Electric Company, Inc., Bill Hering, Corporate Safety Director says, “safety issues are a top priority on every job. By the direction of our president, if there is an issue between safety and productivity, safety will win, period. No contest.”

On projects large and small, the safety and health of SM Electric's 700 employees is the responsibility of Bill Hering. He also brings to bear on behalf of the company his experience as an EMT Instructor on the faculty of the New Jersey Office of Emergency Medical Services and as a 35-year veteran of the Rahway, New Jersey Emergency Squad. Hering is also a certified utility safety administrator with the National Safety Council and a staff member at the U.S. Department of Labor's OSHA National Training Institute.

Recently, Bill Hering discussed, with Incident Prevention, the safety and health policies and practices in place under his direction at SM Electric:

What safety programs do you develop and implement for SM Electric work crews?

We have a very comprehensive corporate safety and health policy and a safety manual that covers a long list of topics. The first edition of the manual was developed in the late 1980s and it has been upgraded

regularly. We also develop site-specific policies, because our crews work in a wide array of facilities where we have to address regulations from different agencies, such as OSHA, and in some cases MSHA (Mine Safety and Health Administration). Increased project site safety awareness leads to fewer accidents, which according to the Bureau of Labor Statistics can cost an average of \$35,000/accident. Through our efforts, we've saved \$1.9 million in insurance premiums. Those are all reduced costs that we can eventually pass on to our customers.

What training programs do you have in place for SM Electric crews?

In general, our safety staff masterminds and oversees training programs that exceed OSHA, ANSI, HAZMAT and federal regulations. We have certified instructors who conduct formal training programs covering personal and job site safety in low and high voltage situations, confined space and above ground work, hazardous materials handling, as well as use of specialized and personal protective equipment. In all cases, our goal is to motivate everyone to understand the importance of effective training. Getting SM Electric employees to embrace this process is a critical component in our success.

A recent development in the training area is that contractors are sending employees to tagging and dispatch training school long with the utilities they serve. Working as a partner with utilities in this area is something that was traditionally above and beyond what a contractor would normally do, but with deregulation it's a whole new ball game.

What processes do you follow to determine hazards and develop safety practices and program needs for each job site?

When SM Electric receives a contract for a new project, we have a kickoff meeting involving the managers of as many as seven different departments within the company. We're each responsible directly to the president and CEO, and it's my role to explain how we will approach each project from a safety and health perspective. In most cases, we assign one of our safety professionals to determine each job's safety needs and prepare an overall hazard analysis. We then issue a site-specific plan based on the needs of each project. Recently, those plans have also included security issues, such as background checks, because at sites covered by homeland security regulations the role of safety has expanded.

Are you involved in the purchasing decisions for vehicles, tools and

personal protective equipment for work crews? What input can and do you have in this area and why is it important to get involved?

We have input into those purchasing decisions if they are related to safety, such as helping review PPE standard operating procedures prior to a purchase. We also get involved when the company is estimating a job, to determine how much to include per day for equipment. We may be involved as well if there is a need for specialized equipment on a particular project. While our project managers have a very good idea what's needed, any SM Electric employee can call me directly at any time to request needed equipment.

How closely do you work with insurance carriers and medical professionals when dealing with safety related claims? Why is this important?

We work very closely with our insurance carriers to manage risk more effectively, especially New Jersey Manufacturers Insurance Company with whom SM Electric has done business since 1947. We also have working relationships with medical professionals who specialize in treating occupational injuries. Our first priority is always to take care of the injured employee.

What we've found, however, is that occupational medical specialists not only provide excellent and appropriate care but also understand the employer's need to maintain control of workers' compensation cases and protect the integrity of our reporting process. Extremely close working relationships with insurers and occupational medicine professionals help us manage risk more effectively and get injured employees the best possible care.

How do you measure safety performance? How can safety professionals benchmark progress in improving safety records?

An annual benchmark can include accident reports, near misses and corrective actions. We can also look at statistics like the Experience Modification Rating (EMR) of the Compensation Rating and Insurance Bureau (CRIB). Our EMR at SM Electric, based on one million working hours per year, was down to .472 last year. That puts us in the top five among construction contractors in New Jersey in 2005, and we expect our rating to improve next year to .400 or even as low as .390. The average contractor's rating, by contrast, is about .840, so SM Electric's performance is half that figure.

We also look at accident reports quarterly for trends in injuries and red

flags in any area of safety. With that information we can look at our training, tools and processes and get problems under control immediately. Benchmarking leads to improvements in safety performance by helping us analyze hazards and exposure in daily operations. We can then work to plan project safety more effectively, determine and meet training and equipment needs, monitor progress and manage claims proactively. In the end, for any utility safety professional, safety is about the cooperation and commitment of everyone.

EXECUTIVE PROFILE

S.M. Electric Company, Inc's New Executive Team



*Peter V. Cheche, Jr.
Chief Executive Officer*

*John J. Murphy
President*

S.M. Electric Company, Inc. was long guided by the exemplary leadership and integrity of the late Peter Cheche, Sr., the company's founder and long-time chairman. Carrying on this tradition of excellence is the company's new executive team headed by Peter Cheche, Jr., former President and now Chief Executive Officer and John J. Murphy, former Executive Vice President, taking the reins as President.

As seasoned professionals, both men bring a powerful blend of leadership, experience and service to the helm of a company that's been in business for over 60 years. Working with the rest of management, this executive team looks forward to building on that legacy and guiding S.M. Electric into a strong future.

One of the benefits of this vital team is its diversity of experience. While both executives have clocked countless years in the industry, their

expertise focuses on different areas of the business. “We're a great compliment to one another. My focal point has long been in the area of labor relations, while John has concentrated on the customer perspective,” Peter observed. This resulting combination of talents at the top strengthens S.M. Electric's position as one of the leading electrical contracting firms in the tri-state region.

Over the years, Peter has worked hard to further the company's strong relationships with key union leaders in the International Brotherhood of Electrical Workers (IBEW). These valuable connections enable S.M. Electric to better serve customers with reliable access to workers who are well trained and suitably skilled for every project. Whatever the circumstances of particular projects, Peter has been instrumental in overseeing this complex process and maintaining flawless connections between labor and management. His demonstrated expertise in the area of labor relations will continue to be a decisive factor in the company's ability to serve clients.

John has been involved with labor from a different angle, serving at the national level in executive positions with the IBEW and the National Electrical Contractors Association (NECA). Through these positions, he has adeptly represented customers, as well as the company, in critical issues impacting the electrical contracting industry as a whole. Now, as President of S.M. Electric, John merges this industry perspective with his in-depth customer knowledge to perpetuate the company's recognized tradition of service excellence in the electrical consulting field.

“In my former job as Executive VP, I spent considerable time reaching out to our customers, identifying particular needs and helping them address concerns. This hands-on approach has afforded me tremendous insight into the specific challenges that our customers face each day. It has also presented opportunities for S.M. Electric to partner with customers in developing new services and solutions to help alleviate some of those challenges,” John noted.

When it comes to new directions for S.M. Electric, both men are quick to emphasize the company's history of customer service, “We're proud of our accomplishments in safety and performance, but the true testament comes from our customers. A full 95% of our business represents satisfied, repeat customers. That speaks volumes for our ability to get projects completed on time and within budget, thanks to our consummate workforce, but it also reflects the top priority we place on customer service.”

Knowledge, experience, leadership, relationships, service - as the company's key executives, John and Peter plan to leverage these qualities to build on the S.M. Electric legacy, move the company forward and keep customers satisfied for years to come.

S.M. Electric Company, Inc. stands proud to bring focus on the dangers of electricity within Construction Projects to our State Troopers.

S.M. Electric Company, Inc. performs partnership outreach electrical training for the NJ State Police Construction Division with OSHA. The electrical training is a portion of a 10 hour construction safety certification for our State Troopers. It is their job to monitor various road construction projects throughout New Jersey, protecting both construction personnel and the motoring public. With our state's finest having the OSHA construction course, it enables the Troopers to recognize many OSHA hazards to workers in addition to the highway work zone safety standards.

S.M. Electric is proud to provide this training. It is another way of extending our safety philosophy and practice to our community.



Pictured with Bill Hering of SM Electric behind the High Voltage power demonstration unit is Martin Davis, OSHA area office – Marlton, NJ, along with the Troopers of the Construction Division.

Steven Hayes (standing 4th from the left) was guest speaker at the National Safety Council's Utilities Division 2006 winter meeting

(held in January in Tucson, Arizona). Steven lost both his arms when all that could go wrong in Safety, went wrong, during a 1987 housing sub division power distribution project.

Steven spoke to the group of 125 Utility representatives from across the Country. He explained how his horrific accident, a 7200 volt contact while up in a bucket truck, resulted in the amputation of both his arms; how this affected his life and that of his family. Steven emphasized the importance of High Voltage PPE and the paramount focus on safety. . . you can never let your guard down, even for one second.



Photo, L to R: Bill Clardy, Senior Safety of Connective Electric Power, Ralph Little, Senior Safety PPL, Bob Lawless, NFPA 70 E professional Trainer, Steven Hayes, Retired, Bill Hering, Corp. Safety Director at S.M. Electric, John Garzich, Manager of Safety & Health for First Energy.

