

WILLIAMS

Pipeline Contractors, Inc.

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July 11, 2007

California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Dear Members of the California Air Resources Board:

The California Air Resources Board (CARB) is currently considering the adoption of off-road diesel regulation that, if implemented would have a profound negative impact on our work and our customer's ability to pay for our work. We are a small, family owned underground construction firm. We only do public works construction primarily focusing on infrastructure rehabilitation. We work primarily in the Los Angeles Basin. We replace old and outdated sewer and water pipelines.

We want to be very clear: Williams Pipeline Contractors, Inc. is very supportive of cleaning up the diesel engine as much as possible. We only want to be able to afford it and stay in business.

We are a member of the Engineering Contractors Association and for the past two years I have been following the progress of the regulation as I became more and more aware of how much it would directly affect our business. It has been a confusing, scary and frustrating experience. Recently, I attended a seminar put on by Quinn Company, the Caterpillar tractor dealer that has supplied all of our excavation equipment. At the end of the seminar I realized that we would have to replace our entire off road equipment twice in the next 12 years. We do not have large pieces of equipment that can be re powered with the appropriate tier engines. The aftermarket devices that were presented at this seminar are expensive and the safety of these devices has me very concerned. The heat that is generated by these devices make it very difficult to find a place to install them on our equipment that will be safe and productive. From what I could learn it would either restrict our operator's vision severely or it would have to be placed in an unsafe location on the equipment.

We operate with five crews and have ten backhoes, a small loader, an asphalt grinder, and two three to five ton rollers. The replacement value of this equipment is approximately \$1,200,000. Caterpillar said they would have the new equipment available for us to purchase however we would have to essentially work for free for ten out of the next twelve years to pay for this equipment. If there is a downturn in construction activity in that time period, which always happens at some point, it would be very difficult for us to survive. A contributing factor to this is that our current equipment will become worthless in the state of California and there would be such a flood of used equipment in the

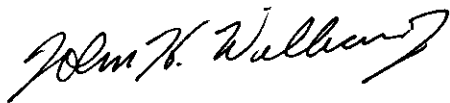
surrounding states and Mexico that the worth our equipment would be severely devalued. We are already seeing this process happening as we see the auction prices of used equipment drop precipitously. Possibly, their only value would be a scrap metal.

As far as I can see we have a fifty percent chance of survival. We will more than likely have to downsize which will further inhibit our ability to replace the equipment. There will be equipment shortages because the demand for new equipment as all of the other contractors struggling for survival will be competing for the same equipment. Prices for our work will have to rise sharply to cover this projected capital expense. Our customers, cities in Southern California, will have to delay and reduce the amount of capital improvements because they will not be able to afford the prices we will have to charge.

If we can get a five year extension on this regulation I believe that we will be able to comply with the clean air requirements. Our equipment has about a ten year lifespan and attrition will be able to take care of the requirements we would need to meet. Even with the five year extension we would have to accelerate the replacement of the equipment beyond our normal rate but it would be possible. In addition this might possibly give time for the industry to develop more feasible after market devices.

Again, as I stated above we wish very much to comply with the regulation's goals. We need to be able to afford it.

Sincerely



John H. Williams, Jr
Vice President
Williams Pipeline Contractors, Inc.