



News from the Field

Agriculture: A Brief History, A Look to the Future

Dave Stuart, Ag Market Manager

It may not be a well known in comparison to the other more glamorous sectors in our pumping world, but Peerless has a Market Manager for the Agriculture market. In this role I'm tasked with the responsibility of assessing our marketing efforts and our position in this highly seasonal market and developing strategies to improve both. The "Ag" business is often an anchor segment of a pump companies' business but is sometimes a segment that is overlooked and under appreciated. Ag is not a sexy high profile or highly engineered market segment, however, it consumes a tremendous amount of cast product bringing down the standard cost of product used by other higher profile segments, as well as providing a significant contribution to profitability in its own right. The Ag market is broken down by five regions, driven by three main variables and is a rapid response, quick ship, and overnight or same day business.

The fact is that the agricultural sector gave birth to vertical turbine pumps and indeed was the place that Peerless made it's first vertical pumps back in the 1920's in the San Joaquin valley in California. Most of the fertile acreage in the United States and Canada would be less productive or even non-existent were it not for vertical well pumps. In this regard it is true to say that the creation of economic value through the production of cash crops in the Great Plains and California truly has changed the landscape and made possible a massive increase in agricultural productivity over the last 80 years. This is a remarkable achievement and one in which Peerless Pump is proud to have played a leading role in every single one of those years, producing quality, reliable products to help feed our nation and the world.

Irrigation to provide sustaining water for key crops is a critical feature of most agricultural regions around the world. On one end of the range is Rhode Island; the smallest state in the country, which also has the fewest irrigated acres with 3,200. California leads the opposite end of the spectrum with 10 million irrigated acres. Next is Nebraska and Texas with 8.2 and 5.7 million irrigated acres respectively. The irrigated acres within a state or region are usually relatively static with little

fluctuation from year to year. The national Ag market is separated five geographic regions. Peerless Pumps participates within each of these regions with a varying level of success. We have greater success in the regions that we have a market presence with vertical stock and quick ship capability through our Quick Response Centers.

The five regions and market values within the United States are:

1. The West containing all the states west of the Rocky Mountains. (25 million dollars in total agricultural market)
2. The Central Plains containing Kansas, Nebraska north to the Canadian border and the Rockies on the west to Indiana. (15 million dollars in market size)
3. The Texas Region contains Texas New Mexico and Oklahoma. (12 million dollars)
4. The Delta containing the Mississippi Delta south of Memphis Tennessee down the flood plane, Louisiana and Mississippi. (10 million dollars)
5. The East region contains Alabama, Florida, Indiana east to the Atlantic and the eastern seaboard. (8 million dollars)

(The market sizes quoted are stated as vertical markets and do not include horizontal booster pumps.)

California and the west utilize both booster pumps for surface water and verticals for well pumps. Dependant on the snow pack in the Sierra Nevada Mountains, producers may rely more heavily on snow runoff allocations for their watering needs. When the snow pack is low they resort to vertical turbine well pumps. Last year the government limited the surface water allocations in an effort to protect endangered fish populations in the lakes along the irrigation canals. Texas and the remainder of the country rely on vertical well pumps for irrigation needs. Florida typically has a season that runs in the fall and is used for freeze protection on citrus and other vegetable produce.

The three largest market variables that drive the agricultural market and indicate the pump market's health are commodity prices, water laws and legislation, and the weather. Currently two of these market variables are working against pump sales. Commodity prices are

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Market Highlights

Tim Fernholtz

Fire Pumps

In-Line Fire Pumps

- The new 750gpm PVF in-line fire pump will be announced in September. The new 6PVF10 pump will be UL Listed and FM Approved.
- The new PVF-PS series In-line fire pump package systems are now available.
- The PVF-PS series package systems will soon be integrated into RAPID. In the meantime, refer to the factory for your quotations.
- A display model of the series 3000 PVF-PS In-Line fire pump package system is now available for trade shows. Call Janice Tabor to make arrangements.

What's New with Peerless Engineered Systems?

A new commercial fire pump package system is now being designed. Jerry Ramsey is working on the Pre-engineered systems that will standardize the design and reduce the lead-times.

Atlas Ethanol Plant Trinidad – This project required three 10AEF16 fire pumps, which were driven by a Caterpillar model 3406BDITA engine. The pumps were rated for 4000gpm at 130psi. The size of this package, once completely assembled, was 17' wide by 37' long and it was 7.5' tall. The actual weight for this package was 28 tons.

New Brochures Available for Download from Extranet

- The 6PVF10, 750gpm PVF In-Line Fire Pump.
- The PVF-PS series In-line Fire Pump Package.
- The Commercial, Power Plant, and Off Shore Fire Pump Package Systems.

NFPA Convention Recap

This year's NFPA convention was well attended by our fire pump distributors and representatives. Prior to the Convention, the Fire Pump Rep Council met in Indianapolis to discuss their concerns and the direction of today's fire pump market. The minutes of that meeting have been posted on Peerless extranet site. The 10'x20' Fire Pump backdrop used during the NFPA Convention is now available for local trade shows. Call Janice Tabor to make arrangements.



Peak Performers - Fire Pumps

1. Murphy Technical, Inc.
2. G A Fleet & Associates, Inc.
3. Jurcsak Pump Company
4. WM A Barron Co, Inc.
5. Moore Pump & Equipment, Inc.

** Through June 2002

Pete Noll

Industrial & Process

CD4MCu now the material of Choice

The following testimonial letter was submitted to Peerless Pump by Chamco Industries (tel: 888-665-9929)

Edmonton Branch (www.chamco.com)

Bob Kautz- bkautz@chamco.com

Dave Jones- djones@chamco.com

We (Dale Gibson and myself) have reviewed the technical information Bob just sent us, on Monday June 3, and the information he left us during his last visit on CD4MCU Vs 317SS & 316SS.

After reviewing the information we feel that the CD4MUCU duplex SS appears to be, at a minimum, comparable to the 317SS and 316SS currently used in a number of our pumps. There may also be some advantages from erosion/corrosion points of view for liquor services.

Also, it is generally known that duplex SS have a longer service life in liquor applications than single phase austenitic SS. We have also had a couple of pumps in service for sometime and it is my understanding that the service life is longer than the previous 317SS (i.e.; 18 mths Vs 6 mths).

Your proposal also seems like our best course of action considering the fact that 317SS and 316SS are no longer standard materials of manufacturing for you and are special order and long term delivery.

Going to one metallurgy will reduce our inventory costs (not having to carry 316SS and 317SS spare parts) as well as delivery will be down to ~24 hrs for most parts versus 10 to 12 weeks, should reduce our long term costs

Therefore from an engineering stand point, and our understanding of the commercial issues, we see no problem in changing the standard metallurgy on the pumps in question to CD4MUCU.

Bob, please contact Dave Jones to continue on with this process.

Colin Kinnell, P.Eng.
Engineering Superintendent
Daishowa Marubeni International Ltd.
Peace River Pulp Division

Peak Performers - Industrial & Process

1. Best Equipment Services & Sales
2. N. I. Lee
3. Phoenix Pump, Inc.
4. Gulf States Engineering Co.
5. CHAMCO Industries, Ltd.

** Through June 2002

Market Highlights

Gary Saferight

Municipal/Commercial/Building Trades

Building Trades:

The building trades business has been strong for Peerless this year with many successful projects. The addition of various hydronics options to our pump offerings has given us the flexibility to put together a much wider range of equipment options. Some late breaking projects are:

UGA Food Science Building, Athens, GA

Doherty Pump was successful in closing the order for the HVAC pumps on this project. Peerless was an approved manufacturer for pumps and Greg used the hydronics equipment to close the sale. This order consists of four F pumps for a total of \$20K.

Chiller Plant Expansion, Fort Gordon, GA

Doherty Pump is working to close this huge project consisting of three 350 HP/10AE16 pumps; four 100 HP/10BT14 pumps, four 200 HP turbines, and two F pumps. We have valued this project at \$265K. This job is currently in the submittal approval stage.

Disney's Typhoon Lagoon Expansion

The Atlanta office has prepared budget pricing on this expansion at Disneyworld for 9ea. 14MC -2 stage, 3ea. 14MD-2 stage, 5ea. 24MF-1 stage and 4ea. 12 HXB-4 stage pumps. We have been a supplier to Disney for many, many years and look forward to again, being a part of another successful expansion at Americas' favorite theme park.

Municipal Market:

Boca Raton Wellfield

Just a note about another successful job quoted by our distributor, Bob Dean Supply. The project consisted of 9ea. 10HH -3 stage vertical turbines valued at \$136,000. This job was a quick ship type project out of our Plainview facility that shipped in 3 weeks!

Magnolia WTP, FL

We received an award for four turbine pumps after Tom Evans Environmental had Peerless specified as basis of design. The combination of high efficiencies, low NPSHr, and cost of operation evaluations outweighed our competition. This order is valued at \$135,308.

AWWA Recap

We would like to thank those of you who had the opportunity to stop by our booth at the 2002 AWWA Convention in New Orleans. It was a very successful show and great opportunity for networking for all who attended. We were able to capture a rare photo of a superstar Jazz trumpet player, John Kahren, who made a rare public performance with Gregg Bacon during our reception at our hospitality suite at the famous Pat O'Brien's.



Peak Performers - Building Trades

1. Keller-Rivest, Inc.
2. G A Fleet & Associates, Inc.
3. B. Grimm Power Engineering
4. Chispa Development Co.
5. Pump One International

** Through June 2002

Peak Performers - Municipal

1. Flowtech Pump and Service, Inc.
2. Tom Evans Environmental, Inc.
3. PumpTech, Inc.
4. Kohl Bros., Inc.
5. Detroit Pump & Manufacturing

** Through June 2002

If you have a success story for our Market Highlights, please forward it along to our Market Managers at their email address:

Fire Market & Building Trades Market

Tim Fernholtz - tfernholtz@peerlesspump.com

Process and Industrial Market

Pete Noll - pnoll@peerlesspump.com

Municipal Market & Agriculture Market

Dave Stuart - dstuart@peerlesspump.com

International Market

Tim Killion - tkillion@peerlesspump.com

Agriculture: A Brief History, A Look to the Future (con't.)

hovering at the lowest levels in 40 years for corn and cotton, the largest row crops produced in the United States. These low prices will limit the amount of irrigation a producer will apply to a marginally profitable crop. Farming is like any other intensely economically driven activity.

The Congress has only just passed a farm package for this growing season. Many producers have yet to secure permanent financing for this year's crop further softening the demand for irrigation pumping units. The strong US dollar makes our agricultural commodities expensive on the international market when compared to many foreign suppliers. Some areas are facing restrictions on the amount of water that can be applied to a crop for production. Kansas has metered the wells production for many years in an effort to prolong the life of the Ogallala Aquifer that lies below it. Personal property and mineral rights legislation are currently plowing through the courts as cities purchase water beneath agricultural ground and divert it to municipal use. All of these legal and legislative efforts can and will impact the agricultural pump market.

Peerless Pump has historically also enjoyed a strong overseas market for many of its Ag products. In years past, Iran and Saudi Arabia used Peerless Pumps to develop their own irrigated acreages. Of course, nowadays, only Saudi Arabia is a market, which is open to us, and we still enjoy a good degree of success. Closer to home, Canada and Mexico are well populated by Peerless well pumps as are many countries in Latin America served through our Mexican manufacturing facility.

The last variable affecting the Ag market is the weather. Management never wants to hear that it is the weather that is impacting sales but that is a fact in this market. A hurricane coming ashore in Northern

Mexico out of the Gulf can devastate the entire Texas High Plains and take 60 to 80 percent of demand with it. Low snow pack in California and Idaho can cripple the west for horizontal pumps and increase usage of well pumps. I have a saying "that nobody will pay for pumps while water is falling out of the sky for free". We cannot control the weather; obviously we have difficulty predicting it.

The Ag business is very demanding during the irrigation season. When a producer loses a well or booster pump they will not wait for service. The calls often are made as they are in route to the QRC for repair. Indianapolis, Selma, Fresno and Plainview must respond instantly to the customers' demands and inventory on the shelf is mandatory. The dealers servicing the market will never pat you on the back for a good job on an overnight delivery; they expect it. If Fresno and Plainview are unable to meet the customer; someone else will!

So how are we as a company doing? Naturally we always want more market share. We face significant challenges regaining the market share that we once enjoyed. Peerless has lost significant market share in the west and California, Texas and Florida. We have implemented plans to increase our presence in weaker markets and strengthen our position in regions that we believe we can succeed in.

The conditions are tough, competitors numerous, deliveries short but we are hanging in there; "Like a hair in a biscuit."

David Stuart
Market Manager – Agriculture
Manager, Plainview QRC

New Products Announcement

New Fire Pump Ratings

- *1000gpm at 40psi* - The head pressure for the 6AEF14 has been lowered to 40psi. The required horsepower for this rating will be a 30hp motor.
- *1500gpm at 40psi* - The head pressure for the 6AEF14G has been lowered to 40psi while requiring a 50hp motor. Only Peerless and one other fire pump manufacturer have this rating.

A New Fire Pump

- The new 6AEF16G has been listed for a 1000gpm with a pressure range ranging from 68psi to 123psi. The 6AEF16G has already been UL and ULC listed and FM approved. The horsepower requirements for this pump have been reduced for several ratings. These new ratings should prove to be more competitive in today's fire pump market.

New Fire Pump Accessories

- The all-new cast iron test headers are now available. The 6"-3, 6"-4, 8"-6, 10"-8 cast iron hose valve headers are now available in RAPID.

- New cast iron waste cones have been added to RAPID. The sizes of the new waste cones are 3x6, 4x6, and 6x8.
- High Pressure Packing is now available for suction pressures ranging between 100psi to 175psi conditions. This new packing can be installed over bronze shaft sleeves or as an adder over stainless steel shaft sleeves.
- A 4" NPT Donaldson muffler is now available as a muffler options. The NPT pipe thread arrangement will help make the installation of the muffler easier to install.
- Replacement Fire Pump pricing is now in RAPID. Prices for replacement fire pumps can be found toward the bottom of the "Accessories" selection page in RAPID. The price for the "Bare Replacement Pump" is an adder. The complete dealer net price will be available after requesting a "Quotation".
- The new Caterpillar 3126DITA engine has been released and is now available in RAPID.

Peerless Service

Fresno QRC

Dick Meno, Manager

The Fresno operation was established in 1924 and moved to its present location in 1935. The facility was started to address the demand for deep well pumps for agriculture in the San Joaquin Valley in Central California. Over 200 different crops are grown in California and the San Joaquin – Sacramento – Salinas Valleys are considered the nation's breadbasket. Before the advent of deep well pumping these areas were almost desert like due to the lack of rainfall during summer months.

Peerless Pump and Floway Pumps (then known as Fiese and Furtenburger) literally pioneered the science of installing pumps at unheard of depths at that time. Devices such as tandem adapters (which allowed for more than normal number of stages), booster bowls that pumped into another set of bowls and stronger "deepset" bowls were the norm. Not only did Fresno sell and manufacture the pumps, installation was also available. Peerless Pump also offered well casing, the electrical pumping panels and even tractors to the Valley farmers.

During the years, numerous canals and ditches were dug that crisscross the Valley to move water from Sierra Nevada lakes and rivers. These brought surface water closer to the farmer who in turn often would use MF and PL Hydrofoil Pumps in addition to their deep well turbines. Like many other areas, California has very rainy years and also "drought" years. Several years ago following unusually heavy rainfalls and flooding, one of the huge farming concerns wanted to get the floodwater off his land. Peerless Pump supplied in short order four 48MF pumps that pumped water into the nearest river. The flow was so great that it temporarily reversed the flow of water in that river.

The strength of the QRC is in its people. Fresno has considerable talent to draw from. Customer Service consists of Al Madsen (11 yrs), Olga Gil (21 yrs) and Starlene George (2 yrs). Our sales group consists of Mike McGaugh (Reg Sales Mgr, 5 yrs), and Keith Orr (2 yrs). All of our sales guys bring considerable application knowledge having worked for competitors and our dealers. Jim Pope (40 yrs) compliments the operation as Field Service Engineer as well as providing technical product support. Lucas Samora (9 yrs) has recently assumed responsibility for vertical/process pump inventory control. The author started at Indianapolis in 1969 and moved to Fresno in 1976.



Peerless Pump Fresno QRC Crew

The production group consists of the machinists – Jerry Mayberry (30 yrs), Bob Barrios (26 yrs) and Dan Deubner (25 yrs). The assemblers are Dave Wickham (38 yrs), Tim Perry (5 yrs), Tom Novak (8 yrs), Kevin Hughes (11 yrs), Doug Stevens (23 yrs), Dave Schroeder (11 yrs) and Mike Picotti (5 yrs). Ramiro Luna (14 yrs) is in shipping.

Fresno offers pumps, parts, kits for vertical turbines through 20", submersible pumps through 16", MF and PL bowls through 48", AE's, F/C and PV's in bronze fitted as well as all iron construction. Fresno can repair any of these models as well as competitors' pumps.

You can reach the Fresno QRC by phone (559-233-1241), fax (559-233-2984) or email (rmeno@peerlesspump.com). The emergency phone number is 559-259-8849.