

Wisconsin Chapter NECA
2200 Kilgust Rd.
Madison WI 53713

Chapter Officers:

Governor : Ronald Jahnke
Nickles Electric, Inc.
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Michels Power
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A.A. Hanson Electric
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QWEST Electric
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Loyal D. O'Leary

Chapter Board of Directors:

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January 2006

Happy New Year, Happy New Look!

At the last meeting of the Chapter Board of Directors the Board elected to change the Wisconsin Chapter logo to match the NECA national logo.

This issue of Watts News features the new logo, as will our new stationery and website in the next couple of months. The logo is essentially the same as the national

NECA logo, with the exception of the words, "Wisconsin Chapter", and will serve to better link the Chapter with our national association in the eyes of the consumer. We also can better utilize NECA's national marketing resources available to us and apparel and print materials with the national logo printed on them.

With the logo change, the Chapter has also determined this is a good time to create a new look for our Chapter newsletter, "Watts News".

We hope you enjoy our new look, and please let us know if you have any comments on the logo or the newsletter layout.

Giddy Up Now!

Okay all you cowpokes, it's nearly time for the Winter Roundup of the Wisconsin Chapter NECA, January 27 & 28, in Appleton. If you haven't signed up yet, you'd better git a move on, 'cause it's going to be the best darn shindig this ole prairie state has ever seen, and time's a wastin'.

Yer gonna want to join up with head

Rancher Jerry Schulz and his pardners on Friday evening for some refreshments.

Then we got our real work to do on Saturday when we learn new skills to help us settle the wild west; managing cost differences between union and non-union contractors, managing your companies unemployment compensation costs and all about new technologies.

Once the work is done, it's time to grab yer pardner and mosey on down to the ballroom for some excellent chow, refreshments, and fellowship with the best darn cowboys in the state, your fellow NECA members.

Call Tina or Jen to sign up if you haven't already. It's not too late!





Nickles Electric, a Madison Division member, recently celebrated their 100th year anniversary with a reception for their customers and business associates at the Nakoma Golf Club.

Also known as **Robert J. Nickles, Inc., Nickles Electric** was established in 1905 and is the oldest and one of the largest electrical contractors in the Madison area serving southern Wisconsin.

Congratulations!



“The survey found that many consumers would prefer a non-union contractor over a union contractor.”



Profit from New Tax Deduction for Energy Efficiency

In August 2005, the Energy Policy Act of 2005 was signed. The legislation set a precedent by containing a market transformation incentive in the form of a tax deduction for owner investments in commercial building energy efficiency.

The Energy Policy Act of 2005 establishes a new deduction for expenses incurred for energy-efficient commercial building property. The deduction is equal to energy-efficient commercial building property expenditures made by the taxpayer, subject to a cap.

Section 1331 of H.R. 6 provides that energy-efficient commercial building property is defined as property that is:

1. Installed on or in any building located in the United States that is within the scope of *Standard 90.1-2001, Energy Standard for Buildings Except Low-Rise Residential Buildings* of the American Society of Heating, Refrigerating, and Air Conditioning Engineers and the Illuminating Engineering Society of North America;
2. Installed as part of (i) the interior lighting systems, (ii) the heating, cooling, ventilation, and hot water systems, or (iii) the building envelope; and
3. Certified as being installed as part of a plan designed to reduce the total annual energy and power costs of interior lighting systems, heating, cooling, ventilation, and hot water systems of the building by 50 percent or more when compared to a reference building, which meets the minimum of *Standard 90.1-2001* (as in effect on April 2, 2003).

The deduction is equal to energy-efficient commercial building property expenditures made by the taxpayer, limited to an amount equal to \$1.80 per square foot of the property for which such expenditures are made. The deduction is allowed in the year in which the property is placed in service, i.e., the time at which the property is ready for its intended use.

New TruPro.org Brand to be Unveiled

The LMCC Trusts of Locals #127 (Kenosha), #158 (Green Bay), #430 (Racine) and #577 (Appleton) have joined forces to create a new marketing brand to promote the IBEW signatory electrical industry. After a market survey revealed that most consumers would prefer to use a non-union contractor, the group agreed that the promotion would not use IBEW or NECA, but rather a catchy “brand” name. Using the new name TruPro.org “Trusted Electrical Professionals”, the campaign will emphasize the union’s highly skilled workforce without mentioning un-

ion affiliation. Signatory contractors in the areas have already received a letter advising them of the campaign, and urging them to submit information as to how they wish their company to be listed, types of work performed, and areas where they perform work. This information will be included in a website database which will allow consumers to select a TruPro contractor by entering their zip code. If you are a contractor in one of these areas, make sure you complete your “Contractor Information Sheet” and zip code listing to be included in the database listing of Tru-

Pro contractors. Your firm will not be included if you do not submit the information to the Chapter Office. Once the website is “live”, the Committee then plans to implement a direct-mailing to business decision-makers and will also promote the brand through billboard advertising and radio and television ads. The other locals have also been invited to participate in the TruPro.org campaign through their LMCC funds. If you have any questions about the TruPro marketing campaign, contact Shari at the Chapter Office.



From the Desk of Attorney Kay

In the May, 2004 and January, 2005 editions of this publication I discussed the *Cease Electric* case where the Wisconsin Court of Appeals and the Wisconsin Supreme Court decided that Wisconsin's economic loss rule would not apply to construction services. The economic loss rule, which is a court-made rule, precludes a disappointed owner from suing the manufacturer of a product for negligence simply because the product failed. The rule limits the disappointed owner to a breach of contract action. No tort action may be pursued. Breach of contract damages are generally defined as the value of the loss of the bargain and do not include damages recoverable in tort that might arise from the product failing.

The economic loss rule does not apply when the failed product harms a person or damages other property. A negligence action is permitted under those circumstances to recover for personal injury or property damage.

After many years of deciding cases involving the economic loss rule, the Wisconsin Supreme Court finally got a case before it where it had to decide whether the economic loss rule prevented a suit against a contractor for negligent construction. In the *Cease Electric* case, the Supreme Court held that *Cease Electric* could be sued for negligence by the owner and that the economic loss rule does not apply to construction services. That case was decided on November 9, 2004.

However, on July 8, 2005, the Wisconsin Supreme Court decided that the economic loss rule would apply to an owner who contracted with a general contractor for the building of a residence. The Court held in *Linden v. Cascade Stone Company, Inc.* that the economic loss doctrine prevents an owner from suing subcontractors with whom the owner had no contract. The owner was confined to suing the general contractor for breach of contract even if the subcontractor's work was

defective. The Court held that the predominant purpose of a homeowner was to have the general contractor deliver a completed house, and therefore the house building contract was for the delivery of a house rather than the mere rendition of construction services. The Court used a totality of circumstances test which permitted both objective and subjective determinations of whether the owner was contracting for a completed product or for service. In the instance of the construction of a new residence, the Court concluded that the circumstances between the homeowner and the general contractor required the conclusion that the owners were purchasing a new house rather than the contractor's services, and therefore a tort action against either the general contractor or its subcontractor should not be allowed. Only a breach of contract action for faulty workmanship is permitted under the economic loss rule which applied. In the *Cease Electric* case where *Cease Electric* performed electrical wiring work on the owner's chicken farm ventilation system the Court held that only construction services were involved, so a tort action was permitted.

If you are wondering whether some confusion is being created by the Wisconsin Supreme Court on the subject of whether contractors and subcontractors are subject to suits for negligence, you are correct. Apparently, the Wisconsin Supreme Court will limit the legal remedies of a dissatisfied owner of a real estate improvement to breach of contract actions, where the owner is purchasing a real estate "product", but not when the owner is purchasing "construction services." However, the question of whether a real estate improvement being built by a contractor is a "product" or whether it only constitutes "construction services" will probably be arguable. The totality of the circumstances test requires a case by case analysis of construction facts before it can be determined whether the contractor will be liable in tort for negligently performed construction or only subject

January 2006 Meetings

Jan. 4

Madison Membership
Janesville-Beloit Membership

January 5

La Crosse Membership

January 9

Kenosha-Racine Membership

January 11

Fox Valley Membership

January 18

Northeastern Membership

January 27—28

Chapter Winter Meeting
Radisson Paper Valley, Appleton

Upcoming Meetings:

March 26 - 29, 2006

Midwest Region Spring Conf.
St. Augustine, FL

July 27 - 29, 2006

Summer Meeting
Spring Green, WI

October 7 - 10, 2006

NECA Convention
Boston, MA

**Attorney Robert J. Kay can
be reached at**

Kay & Andersen, S.C.
One Point Place, Suite 201
Madison, Wisconsin 53719

Phone: 608-833-0077

Fax: 608-833-3901

www.kayandandersen.com



Wisconsin Chapter NECA
2200 Kilgust Rd.
Madison WI 53713

Phone: 608-221-4650
Fax: 608-221-4652
www.wisneca.com

Enclosed is registration information for two code seminars presented by the IAEI, which have been made available to NECA members, courtesy of Joe Hertel, State Electrical Inspector.



Have you got a code question for Tom? Let us know and we'll ask him to answer it in a future newsletter.

From the Desk of Attorney Kay *(Continued from Page 3)*

to a breach of contract action for faulty workmanship.

In the *Linden* case, the owner brought a tort action against the subcontractor with whom the owner had no contract. Yet the court refused to let the owner sue the subcontractor in tort. Since the owner cannot sue a subcontractor for negligent construction under the *Linden* decision, but may only bring a contract action against the general contractor with whom the owner has a contract, the electrical subcontractor and other subcontractors have less liability exposure. The *Linden* case was decided by a 4 to 3 narrow majority and there are reasons to believe it may be modified in subsequent decisions.

Beware of Fraudulent E-mails

It has come to our attention that someone is sending out e-mails which falsely use the "necanet.org" extension in the sender line and sometimes contain an enticing subject line, such as "Important Notification" or "A Cash Reward for You". This is an attempt to spread computer viruses, and the e-mails are not being sent by NECA. The following addresses are fraudulent, and you should delete any e-mails you receive from these senders:

info@necanet.org
mail@necanet.org
support@necanet.org
admin@necanet.org

These e-mail addresses are not valid addresses and are in no way connected with NECA. If you receive an e-mail from one of the above addresses (or any other suspicious address) do not open it. Delete it from your in-box and then from your trash folder.

Also be aware that it is possible for viruses to be spread through e-mail address books, so it is possible to receive an infected message which appears to be from a legitimate source.

Your best bet is to always maintain adequate, up-to-date virus protection on your computer.

Tom's Code Corner

Question: Section 220.30 states "service or feeder conductors with an ampacity of 100 or greater," may be computed using this section. When using the optional calculations of Section 220.30 for a dwelling are the service conductors required to be #3 AWG copper for a 100 ampere service on 75 deg C terminals or can I use Section 310.15 (B)(6) which permits a #4AWG conductor?

Answer: No, the conductors are not required to be #3 AWG copper for a 100 ampere service and Yes, you could use the tabulated values for conductor sizing. Section 310.15(B)(6) says, "For dwelling units, conductors, as listed in Table 310.15(B)(6), shall be permitted as 120/240 volt, 3-wire, single-phase service entrance conductors, service lateral conductors, and feeder conductors that service as the main power feeder to a dwelling unit and are installed in raceway or cable without an equipment grounding conductor."

Inform Employees of Their Whole Employment Package

Employees are often unaware of the total value of their wage and benefit packages. They sometimes believe the size of their paycheck tells the whole story.

Ordinary paychecks fail to reflect the employer's hidden costs in addition to payroll, such as the employer-paid benefits and taxes. Throughout the private sector, the "roll-up" costs of benefits and taxes can be an additional 40 – 50 percent of wages. Use the Wage and Benefit

Package Statement on the reverse of this page to help your employees understand the magnitude of your company's investment in them. Employers who have used this form report it is a real revelation for many of their employees.

The start of the new year is a good time to distribute this statement. You may wish to generate the individual statements while preparing your W-2 forms in January. You can then distribute them with the W-

2 forms or mail them directly to your employees' homes. Some employers give this information to their employees on a quarterly or semi-annual basis.

Examine the format and content of the statement in light of your company's needs. You may want to add or delete some categories to fit your particular situation. Be sure to double-check the figures, as accuracy is critical to maintaining credibility with your employees.

*Effective January 1, 2006, the standard IRS mileage rate has been reduced from 48.5 cents to **44.5 cents**. The rate had been temporarily increased to 48.5 cents due to the high fuel costs this past fall.*

Lost Work to Non-Union Firms are Still Welcome

The NECA Office is still collecting statistics on work lost to non-union firms. If your company has recently lost a job (or several) to nonunion firms, please take a moment and complete the "Lost Work" form so we

can include the information in our database. The information collected last year was helpful in labor negotiations and we expect it will be useful again this year. Even if the labor agreement in your area is not

open for negotiations, we are collecting this information on a statewide basis. A copy of the Lost Work form is enclosed, and feel free to contact the Chapter Office if you have any questions.

Wisconsin Chapter
Members reported nearly **\$80 million** dollars worth of work lost to non-union in 2005. And that's just the start.

New Residential Wiring Guide is Available

Electrical contractors concerned with powering the technological advances many homeowners want in their houses have a great resource in the newly released second edition of *NFPA's Residential Wiring: A Practical Guide Based on the 2005 National Electrical Code*. The illustrated textbook was written by Brooke Stauffer, executive direc-

tor for standards and safety at the National Electrical Contractors Association (NECA).

NFPA's Residential Wiring was first published in 2003. Reflecting new concerns with power security and reliability, the expanded 2005 version of *NFPA's Residential Wiring* includes a new chapter on installing backup generators at one- and two-

family dwellings.

The National Electrical Code has a distinct set of wiring rules that apply only to one- and two-family dwellings. The book covers how to design and install wiring systems for houses, apartments, and condos according to these rules.

Call Tina the Chapter Office (608) 221-4650 to order your copy today.



