

Spring

MAY, 2006



THOMASSON LUMBER COMPANY

# THE POLE FOLKS

## THE POLE INDUSTRY

**This industry is changing so fast you need a program every morning to know the players.**

### TREATING PLANTS

Weyerhaeuser closed their plant in DeQueen, Arkansas.

International Paper (IP) has announced that it is getting out of the solid wood business. They have already closed the 3 plants, Joplin, Missouri, Spring Hill, Louisiana, and Leola, Arkansas. Most of their 6,800,000 acres of timberland has been sold.

Stella Jones, Inc. (a Canadian company) has signed a non-binding agreement to purchase Bell Pole and Lumber Company of Minneapolis, Minnesota.

### LAND & TIMBER OWNERSHIP

Koch Industries of Wichita, Kansas has completed their \$21 billion purchase of Georgia Pacific. This is a stock purchase, so it includes everything; land, timber, buildings and manufacturing facilities. Plum Creek Timber had already purchased much of GP's land.

Canfor Corporation, which is Canada's largest lumber producer, is purchasing the New South Companies, Inc.

Everywhere you turn non-forest related companies, institutions and private investors are acquiring the "timber bread basket" of the South.

Because of double income tax that corporate investors pay on profits from the harvest of timber, the land is more valuable to others who have special tax incentives.

Insurance companies have been investing in timber companies for years. Growing timber has returned more reliable and consistent profits than other investments.

Many university trust funds and retirement programs are actively engaged in investing in timberlands.

Timberland Investment Management Organizations are a growing factor in land ownership as wealthy people search for safe places to invest their money.

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## WOOD FIRED BOILERS AND KILNS

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A treating company can treat three times as many kiln dried poles as they can green poles. Green poles must be steamed to remove excess moisture from the wood before the preservative can be applied.

There is a major push to build and convert kilns to wood fired boilers. As more kilns are built the extra production will more than make up for the loss from the above mentioned closings.

By constructing additional kilns and converting from gas, treating capacity will increase. This could free up enough gas to heat tens of thousands of homes.



Wood Fired boiler during construction at East Mississippi Pole Company in Macon, Mississippi.

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## HURRICANES

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Nothing has affected the market as much as the three hurricanes that hit the South last year. Dennis hit the Alabama and Florida Coast in July, followed by Katrina in August slamming into Alabama, Mississippi and Louisiana. Rita roared into Louisiana and Texas in September. Katrina, the most destructive disaster in the history of the United States, was by far the worst hurricane. The damage ranged from mostly water problems in New Orleans to the total eradication of homes, businesses, bridges and structures on the Mississippi Gulf Coast. Although Katrina weakened as it moved north from the coastal region, it still destroyed a LOT of timber and homes within one hundred miles of the Coast. Damage to our area (206 miles North of the Coast), included trees across houses, roof damage, electric lines down for days, and roads blocked or damaged. All together, 400,000 homes were severely affected and years of timber production were downed. This will affect the timber market for years.

Electricity is now restored to all homes and businesses that are still standing and suitable for use. The insurance companies have posted a 397% increase for wind damage. New building codes are still being modified.

After nine months and billions of dollars, FEMA is still not through removing the Katrina debris. Many people “assume” that life is back to normal in LA and MS, but construction will take years, if not decades, to complete.

## TRANSMISSION POLES

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When tornadoes took down about 80 aluminum and steel towers, (345 KV transmission lines) in April, some were replaced with more metal towers. Another tornado took those down. We delivered 28 truckloads of 90'– 115' wooden poles within three weeks to replace these downed towers; they are still standing and the wood poles were engineered to be permanent lines.

We will soon have our inventory of 90' and longer transmission back to normal.

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## TRANSPORTATION

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Fuel rates are up and surcharges are changing weekly. Trucking problems are as much of a “driver shortage” as a truck shortage.

Every trucking company has trucks sitting idle due to lack of drivers. Part of this is due to FEMA hiring the drivers to work on the hurricane damaged areas.

*“Trucking problems are more of a ‘driver shortage’ than a truck shortage.”*

## WHAT SUPPLIER IS BEST FOR YOU?

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- Some utilities like the one with the nearest mill or yard.
- Some like the small producer who only services a few customers.
- Some like the large national companies with multiple plants (not many of these left).
- Some like the cheapest price.
- Some like the most dependable.
- Some like the one that has the best ability to get things done.
- Some want to bid each load.
- Some want a special inventory.
- Some want a consignment yard.
- Some want a trusting working relationship.
- Some want someone they have known for years.

**We hope we are the supplier you want and need.**

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In an emergency, please contact us day or night. OFFICE: 800-647-6260 FAX: 601-656-4177 FAX: 601-656-6317

**SALES**

<b>JIM EAKES</b>	<b>PATRICIA STOKES</b>	<b>JASON FULTON</b>	<b>BRYCE PHILLIPS</b>	<b>CHUCK SAMPSELL</b>
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***THE POLE FOLKS***

STD MAIL  
U.S. POSTAGE PAID  
PHILADELPHIA, MS  
PERMIT #130  
ZIP CODE 39350

«COMPANY»  
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**Hurricane Season is upon us. Available inventory ready to load!**

SOUTH ALABAMA			
PENTA		CCA	
PCS	SIZE	PCS	SIZE
10	H1 - 60	1	3-60
1	H2 - 60	7	3-65
1	3-60	1	6-40
95	4-30	31	4-30
1	4-40	180	6-30
210	6-30		
19	4-35		
1	H1-80		
19	3-35		
1	1-50		

SOUTH CAROLINA	
PENTA	
T/L	SIZE
9	5-40
5	5-35
7	4-35

SOUTH GEORGIA	
CCA	
PCS	SIZE
15	3-60
325	6-35
85	7-30
32	4-30