



**BLACK & VEATCH**

# Black & Veatch

## An Energized Approach to Power Delivery

### World Energy interviews Dean Oskvig, President of Black & Veatch's Power Delivery Division



*For years, America's transmission system has been underinvested – with potential consequences that included the overload of existing lines, voltage problems and even power outages. These threats appeared to be confirmed by the massive blackout that hit the United States and Canada on Aug. 14, 2003, an event that brought the need for new investment squarely into the public spotlight. Since then, transmission business has picked up – in particular for Black & Veatch, a leading global engineering, consulting and construction company specializing in infrastructure development.*

**World Energy:** Would you say the transmission business is truly improving?

**Oskvig:** Yes, it is improving. If you look at our revenue plan for Q1 compared to our "booked activity," you can see the sector improving. Our increased revenue forecasts for Q2 will attest to this. A leading indicator for capital projects is the level of activity of our system planning work. That has gone up over the past six to nine months. We should see an attendant increase in capital projects in a 12 to 18 month time frame.

**World Energy:** What's behind the increase?

**Oskvig:** It's important to note that while we are overbuilt in terms of generation, some of it is isolated. The right transmission in the right place can unlock this stranded value, if you will. We have a Balkanized system that needs better transmission interconnections between various regions. This need, over time, will provide more market opportunities for us. Currently, areas of high-demand have a twofold need: unlock the value in the existing generation and improve overall grid reliability. Also, the 2003 blackout is still fresh in people's minds. It takes things like that and the California energy crisis to help get things going.

**World Energy:** But there must be some constraints holding the market back.

**Oskvig:** Yes, there are. In the United States, there are regions of low-cost power and high-cost power. People

with low-cost power are resisting changes to making low-cost power available to others because they fear that doing so will raise the cost for everyone. And that fear is understandable: As demand goes up in any fixed time frame, it chases a finite amount of supply. So the unit price of supply will go up until other things are done – until more supply is made available on a general basis.

At the same time, the influence of the various levels of regulatory authority needs to be taken into account, particularly as it relates to the time it takes to make the necessary system improvements. Regulators are, among other things, focused on the cost impact to ratepayers. It's almost as if reliability and level of service are a given, no matter what utilities are allowed to recover through rates. Our clients are often pinched between what they know needs to be done and what they are allowed to do. Over the past couple of years, however, I have seen a stated intention on the part of both public utility commissions and the utilities to improve that situation.

**World Energy:** How would you characterize today's market compared with the market during the California energy crisis?

**Oskvig:** It's a buyer's market. Coming off a hot market that was driven by independent power provider interconnections, we now have a market driven by a traditional client type. There are some big projects that have a unique risk profile for companies like ours.

**World Energy:** So in this buyer's market, your division has won a record engineering, procurement and construction (EPC) contract. What's the project and why were you successful?

**Oskvig:** We have an agreement not to discuss the details of the project at this time. I can say that we had a number of things going for us – performance, the integrity of our relationships and our ability to explain our value through constant communication. We have a history of successful

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projects with this client. It helped that we had recently completed the client's biggest EPC project under budget, ahead of schedule and with a superior safety record. Even though these benefits are apparent to us, we have to take the initiative to communicate the value to our clients.

**World Energy:** In what way?

**Oskvig:** For one, our safety record is unsurpassed. This brings both financial and workplace rewards to our clients. The talents and skill sets of our people also help to reduce the level of investment that our clients are required to make in their projects. The quality of our project management processes and tools greatly reduce field changes, changes orders, claims management and so on during the implementation of a project, saving clients time and money. We are sometimes not the low-cost alternative, but our value is understood as better.

**World Energy:** What do you mean – your value is understood as better?

**Oskvig:** Too often, people assume that the facts speak for themselves and that value is obvious. We're working hard to make our clients understand the connection between what we do, how we do it and what kind of value it creates for them. Our professionals can explain things in plain language to an audience with a wide range of backgrounds. Also, at the leadership level, we ask challenging questions in our proposal review process. We test our messaging by asking "so what?" from the client's perspective. One way we're doing this is by validating what we say with hard data. As much as possible, we monetize critical factors – from the client's perspective – to show how we are different. This enables the client to make an informed choice based not solely on cost considerations, but on value drivers.

The engineering world is full of talented technical people. We're different because we combine our technical expertise with an ability to deliver measurable value to our clients. We're focused on bringing a clear understanding of that to every client.

### About Black & Veatch

*No problem goes unsolved. With integrity and innovation, Black & Veatch develops solutions that help clients achieve their goals while creating value for their enterprise.*

*Black & Veatch is a leading global engineering, consulting and construction company specializing in infrastructure development in the fields of energy, water and information. Working from more than 90 offices worldwide, the company provides conceptual and preliminary engineering services, engineering design, procurement, construction, financial management, asset management, information technology, environmental, security design and consulting, and management consulting services. Founded in 1915, Black & Veatch is an employee-owned company and is ranked on the Forbes "500 Largest Private Companies in the U.S." listing for 2003. The company's Web site address is [www.bv.com](http://www.bv.com).*

*The Power Delivery Division of Black & Veatch serves the energy transmission and distribution industry, providing comprehensive engineering, procurement, construction and consulting services. Together with construction subsidiaries Overland Contracting Inc. and Black & Veatch Construction Inc., the division's design and construction capabilities range from system studies to voltage and VAR support to final commissioning of completed projects on substation, overhead and underground transmission line as well as distributed generation projects. Dispersed geographically nationwide, Power Delivery professionals are able to provide expert personal service while coordinating the many issues that are critical to each community.*



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