

## ENERGY, POWER, AND INFRASTRUCTURE

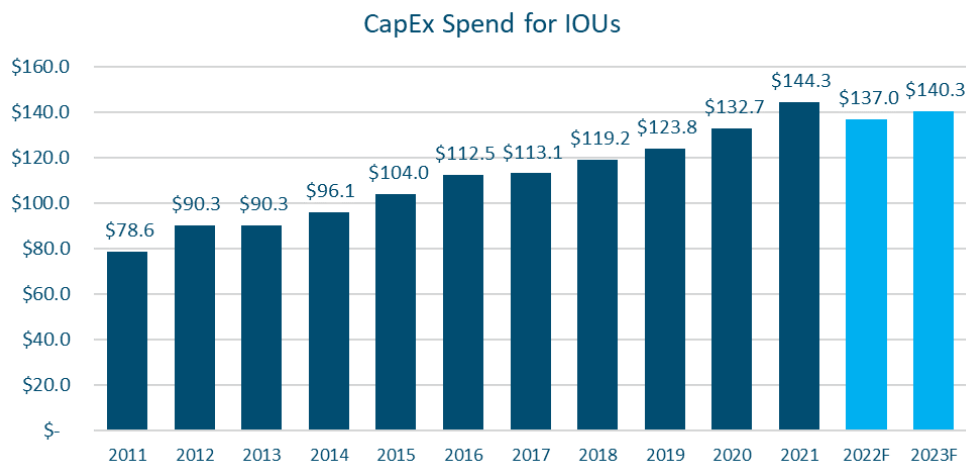
### SUMMARY REPORT

3rd Quarter 2022 Outlook



## ELECTRIC UTILITIES CONTINUE TO BREAK CAPEX RECORDS

In 2021, the power and utilities industry made measurable progress and received clean energy encouragement from a new administration. The industry also faced headwinds such as extreme weather events challenging the grid's reliability and resiliency as well as cyberattacks on critical infrastructure. In response, some of the largest utilities broke annual capex records, spending over \$140B to upgrade and modernize the grid and add renewables and are estimated to spend about the same annually in 2022 and 2023.



## INFRASTRUCTURE INVESTMENT AND JOBS ACT

- The \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA) will invest significantly in our nation's infrastructure over the next decade, including the electric grid and energy infrastructure.
- Over five years, \$73 billion is planned for energy and power including the DOE's "Building a Better Grid Initiative" designed to support building long-distance, high voltage transmission. The DOE announced that the \$2.5 billion Transmission Facilitation revolving loan program will begin accepting proposals for capacity contracts this fall.
- With added goals to bring the U.S. to 100% clean electricity by 2035, this transition will require significant investments in T&D infrastructure.

Source: Public Company Filings; Edison Electric Institute; EIA; RCO Research

# PLANNED MULTI-YEAR CAPITAL EXPENDITURES



Aging infrastructure, system hardening, grid reliability, and clean energy projects continue to serve as key drivers for continued investments in transmission & distribution infrastructure, which is the backbone of a reliable, resilient, and clean electrical system and with added goals to bring the U.S. to 100% clean energy by 2035, significant investments will need to be made into the nation's T&D infrastructure.



Over the next five years the company plans to spend \$19.3 billion on capital projects and \$40 billion over the next 10 years. It's capital spending plan for 2022 recently rose by \$300 million from \$4.0 billion to \$4.3 billion, to bolster resiliency and safety of its infrastructure.



Entergy Corp. has announced a \$25 billion capital plan focused on strengthening the Gulf Coast utility's infrastructure against future hurricanes and ramping up decarbonization efforts. The Company plans to seek regulatory approval for \$4 billion in accelerated resilience spending, but so far is including only \$2.2 billion in its capital plan.



"The company plans to invest \$38 billion in capital from 2022 through 2026 with an emphasis on transmission, distribution and renewable energy. AEP will allocate \$23.3 billion to transmission and distribution operations to construct a more efficient grid and deliver custom energy solutions to customers."



"By 2045, SCE's grid will need to supply significantly more carbon-free electricity to its customers to replace other sources of energy that emit greenhouse gases. The grid will need to be flexible enough to harness the full potential of all clean energy resources while providing reliable energy at every hour of the day and in every season. Grid hardening efforts and intelligent system designs will reduce risks, such as the risk of wildfire, from severe weather conditions due to climate change impacts."



"Berkshire Hathaway Energy and its subsidiaries plans to invest approximately \$26.2 billion from 2022 – 2024 for growth and operating capital expenditures, which primarily consist of new wind generation project expansions, repowering of existing wind facilities, and electric transmission and distribution capital expenditures."



2022 Forecasted electric T&D CapEx budget of \$1.267B: "we are strengthening the electric system with stronger poles, covered powerlines and undergrounding approximately 10,000 miles of distribution powerlines in and near high fire-threat areas."



"When the planned 2022 work is completed, FPL will have ...Strengthened 38 main power lines, including those that serve critical services, Inspected and maintained vegetation near 3,540 miles of power lines -- an average of 221 miles per year. Inspected all 42,907 power poles every eight years. Installed smart grid technology, including 2,985 automated switches on main and neighborhood power lines. Inspected 346 main power lines and equipment using infrared technology."

Source: Public Company Filings; RCO Research

# RECENT TRANSACTIONS



Date	Target	Acquirer	Target Description
7/25/2022			<b>MasTec, Inc.</b> (NYSE: MTZ), a Coral Gables, FL- based provider of infrastructure services for utility, communication, renewables, power generation and energy markets, has acquired <b>Infrastructure and Energy Alternatives, Inc. ("IEA")</b> for approximately \$1.1 billion. IEA is a premier services provider in renewable energy and infrastructure solutions, with extensive expertise and capabilities spanning engineering, procurement, construction and other related services.
6/27/2022			<b>Primoris Services (NYSE: PRIM)</b> , a Dallas, TX-based specialty contracting firm that specializes in engineering, procurement, construction and maintenance services, has agreed to acquire <b>PLH Group</b> , an Irving, TX-based construction and specialty contracting firm that specializes in electric transmission, distribution and substation construction services; <b>Stifel served as exclusive advisor to PLH Group</b>
5/2/2022			<b>GridTek Utility Services</b> , a leading provider of electrical transmission and distribution maintenance, repair and upgrade services for utility and industrial customers, and a <b>First Reserve</b> portfolio company, acquired <b>American Power, LLC</b> , and <b>Valiant Energy Service</b> to expand their electrical distribution maintenance services in the Northeast and Southeastern U.S.
1/11/2022			<b>BHI Energy</b> , a provider of engineering, construction and maintenance services for energy & power production and delivery markets, has been acquired by <b>Westinghouse Electric</b> , a Cranberry Township, PA-based manufacturer of electrical equipment.
1/11/2022			<b>Pike Corporation</b> , a Mount Airy, NC-based provider of construction and engineering services for investor-owned, municipal and cooperative electric utilities and a portfolio company of <b>Lindsay Goldberg</b> , has acquired <b>Entregado Group</b> , a Houston, TX-based provider of building, maintenance, restoration, electric power, telecommunication and critical utility services, from <b>Fidus Investment Corporation</b> .
12/27/2021			<b>MYR Group Inc.</b> , a leading specialty contractor serving the electric utility infrastructure, commercial and industrial construction markets in the U.S. and Canada, through its Canadian subsidiary, <b>MYR Group Construction Canada, Ltd.</b> has acquired <b>Powerline Plus Ltd.</b> and its affiliate. The Powerline Plus Companies comprise a leading full-service electrical distribution construction company, founded in 1990 and headquartered in Toronto, Ontario.
12/20/2021			<b>Thayer Infrastructure Services</b> , a Columbus, OH-based utility contractor specializing in power, fiber and wireless construction and a portfolio company of <b>Calera Capital</b> , has acquired <b>Heartland Solutions</b> , an Indianapolis, IN-based provider of tower construction & maintenance and civil & electrical communication construction services.
12/20/2021			<b>MasTec, Inc.</b> (NYSE: MTZ), a Coral Gables, FL- based provider of infrastructure services for utility, communication, renewables, power generation and energy markets, has acquired <b>Henkels &amp; McCoy</b> for approximately \$600 million. H&M is a Blue Bell, PA-based specialty utility services firm focused on the electrical power transmission and distribution market.
11/17/2021			<b>Orbital Infrastructure Group (NASDAQ: OIG)</b> , a Houston, TX-based provider of diversified energy infrastructure services, has acquired <b>Front Line Power Construction</b> , a Houston, TX-based provider of construction, maintenance and emergency response services for electrical distribution systems and substation infrastructure.

Source: Public Company Filings; Company Press Releases; RCO Research

# ROMANCHUK & CO. FIRM CAPABILITIES



Romanchuk & Co. is a boutique investment banking firm providing strategic advisory services to our clients across the middle-market, including sourcing, initiating, structuring and negotiating mergers and acquisitions raising capital, as well as providing valuation and restructuring services. Our team of licensed investment banking professionals specializes in advising owners and

investors of privately-held businesses, private equity firms and corporations on the preparation and sale of their company, facilitating mergers and acquisitions, guiding companies through capital raises, and assisting in identifying and executing upon strategic opportunities. For more information, please visit our website at [www.romanchukco.com](http://www.romanchukco.com).

## INDUSTRY EXPERTISE

Our most recently closed deals showcase our firm's unique ability to execute transactions across the utility services sector, while maximizing value for our clients in the middle-market. Drawing on our collective industry experience and strengths, Romanchuk & Co. is focused on providing creative, impactful M&A strategies to our clients across the diversified industrials sector.



## INDUSTRY RECOGNITION



Romanchuk & Co.'s recent transaction "Front Line Power Construction Acquired by Orbital Infrastructure Group" was selected as the 2022 Utility, Power & Infrastructure Deal of the Year by the Houston Chapter of the Association for Corporate Growth. The transaction was also selected as the winner of the Houston Impact Award, which recognizes the transaction that drives the most middle-market growth in the Houston region.

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