



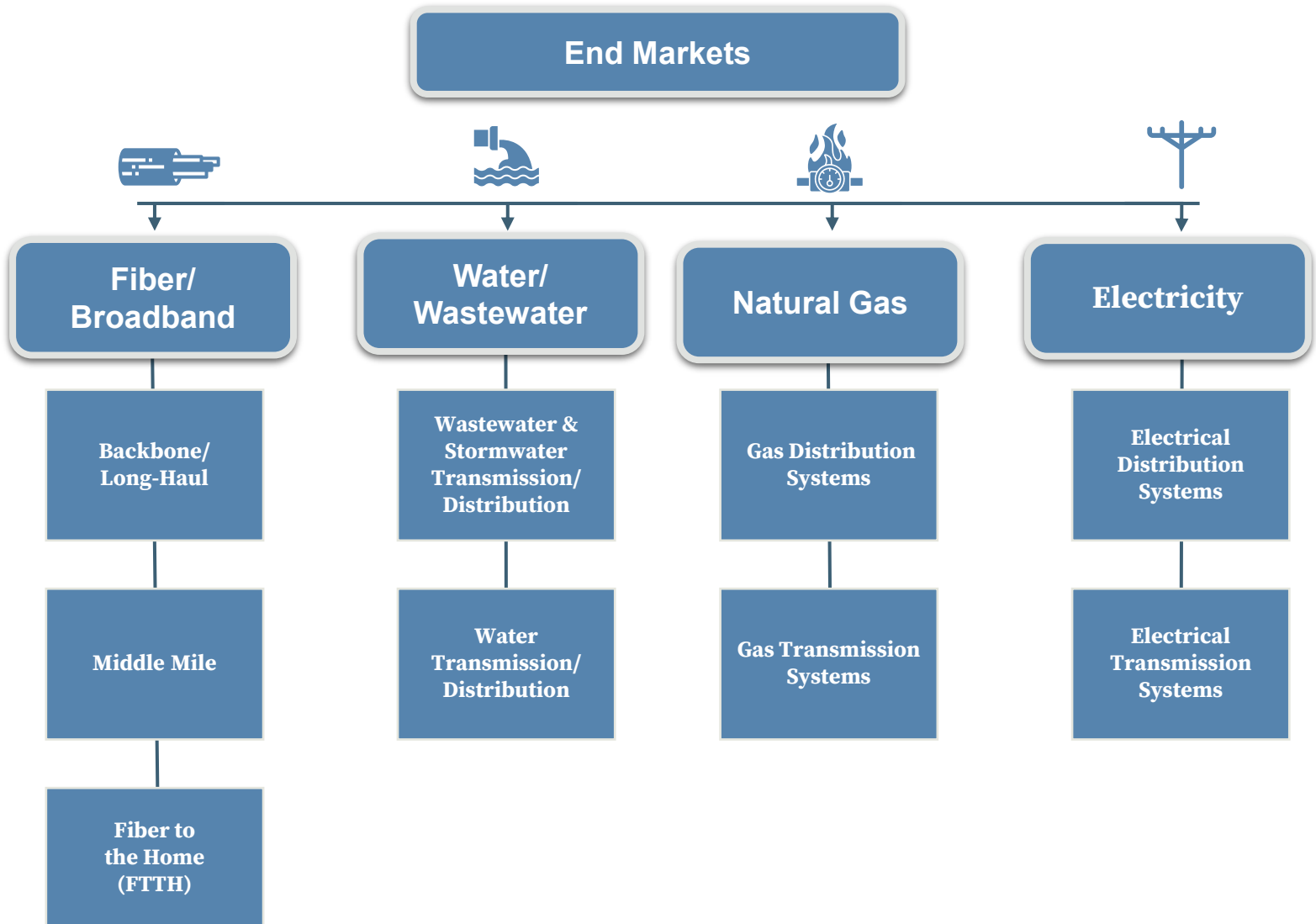
Private Equity Sector Brief

Utility Services

Executive Summary: Utility Services

Scope Overview

Utility services deliver energy (electricity and gas), water and communications to homes, businesses and other institutions through regulated, capital-intensive infrastructure. The sector covers installation, upgrades, monitoring, maintenance and emergency restoration of assets that distribute these services – typically under public utility commissions, municipal authorities or long-term service arrangements. In this brief, utility services are organized into four end segments: electricity, natural gas, water/wastewater, and fiber/broadband.



Example Services

- Make-ready and pole attachment
- Backbone and middle mile builds
- FTTH last mile and drop installs
- Splicing and testing

Example Services

- Water and sewer pipe renewal
- Trenchless rehabilitation
- Emergency response and resilience retrofits
- Leak detection and condition assessment

Example Services

- Distribution main replacement and modernization
- Leak surveys, repair and compliance support
- Regulator and meter set work
- Transmission line services

Example Services

- Distribution line services (overhead and underground)
- Substation upgrades and expansions
- Pole replacement and storm hardening
- Storm restoration and emergency response

Executive Summary: Utility Services

This brief outlines market opportunity and thematic drivers, and includes an overview of market fragmentation. It is intended as a roadmap for private equity firms developing an investment thesis or targeting an acquisition in the space.

Strategic Case for Utility Services

Utility services is a structurally resilient market underpinned by mission-critical infrastructure and contract-based revenue that generates predictable, recurring cash flows. Demand is nondiscretionary, with utilities requiring continuous investment independent of broader economic conditions. Aging assets and rising system strain drive modernization programs across municipal and regulated utility owners, while climate resilience accelerates retrofit and hardening scopes into a budgeted priority. The provider landscape remains fragmented, presenting a compelling opportunity to build scale, density and specialized capabilities. Three unique market characteristics create a landscape primed for investment:

Load Growth and Electrification Are Resetting Capacity Needs

- Grid investment is fueled by data centers, industrial expansion and electrification as load growth pushes higher and makes power availability a gating factor for development. That demand concentrates spending on interconnections, substation expansion, and transmission and distribution (T&D) upgrades that sit on the critical path to economic growth in many regions. The result is a long tail of capital work that is noncyclical.

Reliability and Resilience Are Now Core Program Priorities

- Utility networks are under growing pressure to reduce outage risks and restore service faster as disruptive weather and system stress become more common. This translates into sustained programs focused on strengthening networks and system monitoring, which increases planned maintenance. Service providers that can execute safely and respond in emergencies are well positioned to win share as utilities narrow vendors down to proven, qualified performers.

Regulation and Compliance Scaffold Visibility and Repeatable Demand

- Service providers benefit from steadily growing revenue visibility as federal and state capital programs and revolving funds are approved and flow through regulated planning cycles. At the same time, compliance requirements across safety, reliability and quality increase both the volume of required work and the rigor with which the work is executed. Together, these dynamics support repeatable demand and reduce exposure to short cycle swings.

Market Size and Growth Potential

The utility services sector represents **high-growth, nondiscretionary, compliance-driven industry** with **recurring revenue potential**.

- The total U.S. market is \$214.0 billion in 2026 and projected to exceed \$282.8 billion by 2030, at a 7.2% CAGR period across electricity, water/wastewater, gas and fiber/broadband.
- Electricity has the largest 2026 spend pool at roughly \$90.8 billion; water and wastewater is the next largest at about \$70.1 billion, reflecting the scale of ongoing grid and water system renewal efforts.

Executive Summary: Utility Services

Key Growth Drivers

- **Electricity:** In many regions, getting power to new projects remains the predominant constraint as large loads continue to cluster and interconnection backlogs grow. Utilities are prioritizing practical capacity adds such as substation expansions, line upgrades and targeted distribution rebuilds, while managing heavier loading from mission-critical facilities such as advanced manufacturing and data centers. EEI estimates investor-owned utilities (IOUs) have over \$1 trillion of planned capital investment through the end of the decade.
- **Water/Wastewater:** Water-related utility service providers are seeing demand from both aging infrastructure renewal and the growing demand of water needs, primarily from data centers and advanced manufacturing facilities. These facilities are adding pressure on water systems to deliver reliable cooling water and higher quality supply, prompting capacity additions and infrastructure upgrades. Federally backed funds, such as the Clean Water and Drinking Water State Revolving Funds (SRF), continue to remain stable as a base for infrastructure replacements, upgrades and sustainability efforts. In late 2025, the EPA announced roughly \$7 billion of new Water Infrastructure Finance and Innovation Act (WIFIA) funds in a continued effort to fund restoration projects for buried legacy water lines and infrastructure over the next several years.
- **Fiber/Broadband:** The market is shifting from rapid footprint expansion to large field programs that focus on getting existing infrastructure ready for fiber. Network build is increasingly tied to utility- and data center-driven infrastructure needs, since site selection is now gated by access to power, water and fiber connectivity. Data centers remain a leading growth engine and, in some markets, represent more than 25% of total nonresidential building activity.
- **Natural Gas:** Investment is anchored by safety and modernization programs that remain required regardless of the economic cycle, supporting recurring field services and replacement work. At the same time, gas infrastructure is becoming increasingly tied to economic growth because it supports both industrial demand and incremental electricity load. Usage restrictions show that constrained pipeline capacity can force large-scale manufacturers offline during peak periods even in a supply rich market, reinforcing the need for added capacity.

Competitive Landscape and Acquisition Opportunity

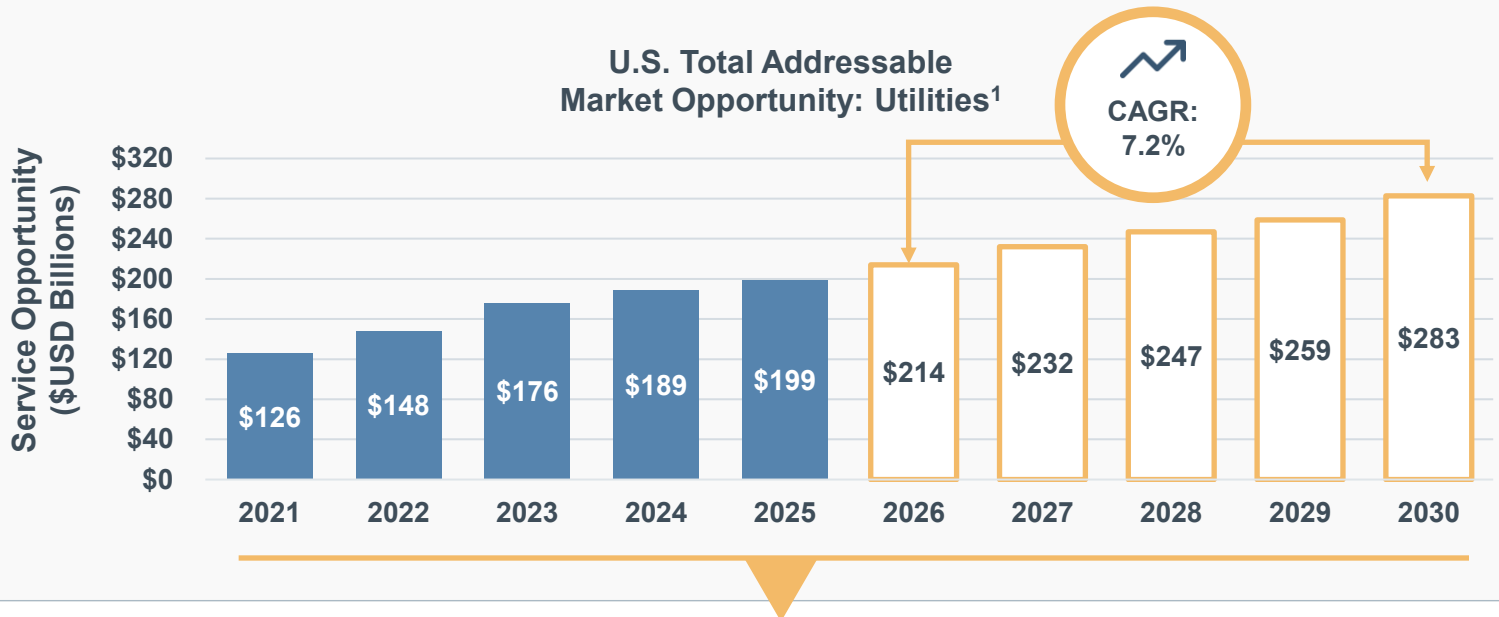
- Utility services remain fragmented. Most work awarded based on local presence, safety performance, response capability and proven execution on complex scopes. Sustained transaction activity is expected in specialized infrastructure services, with investor interest concentrated in energy transition, grid optimization, digital and communications infrastructure, and water systems.
- **With a total addressable market expected to surpass \$282 billion by 2030, this is a prime opportunity to consolidate both local and regional players, integrate services and build a scalable platform.**



Market Size and Growth: Utility Services

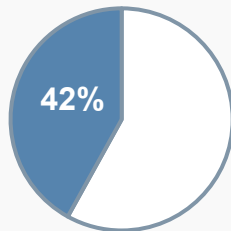
Total U.S. Utility Service Market Demand

- The utility services total addressable market is expected to grow from approximately \$214.0B in 2026 to \$282.8B by 2030, reflecting a 7.2% CAGR across electricity, water/wastewater, gas, and telecom.
- The forward pipeline is increasingly anchored in multiyear, compliance- and resilience-driven programs supported by federal and utility capital commitments. Large-scale utility investment plans (such as Exelon's \$38B capital program) and tightening regulations drive recurring service line replacements and upgrades across the country.



Electricity²

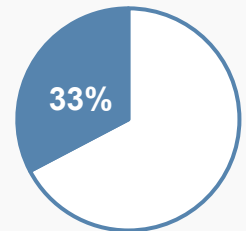
2026 Spend: **\$90.8B**
 2030 Spend: **\$124.6B**
 CAGR (2026-2030): **8.2%**



Other Electricity Spend

Water/Wastewater²

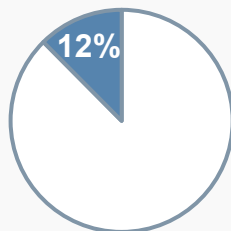
2026 Spend: **\$70.1B**
 2030 Spend: **\$90.7B**
 CAGR (2026-2030): **6.7%**



Other Water/WW Spend

Natural Gas²

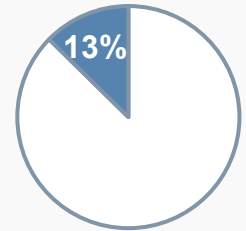
2026 Spend: **\$27.7B**
 2030 Spend: **\$36.4B**
 CAGR (2026-2030): **7.1%**



Other Gas Spend

Fiber/Broadband²

2026 Spend: **\$25.4B**
 2030 Spend: **\$31.0B**
 CAGR (2026-2030): **8.3%**



Other Fiber/BB Spend

1. Total addressable market consists of Transmission and Distribution for Electricity, Gas, Water/Wastewater, and Telecom.

2. Pie charts represent sector's percentage of total utility spend through 2030

Industry Tailwinds / Drivers: Utility Services

Why Utilities Services Have Attractive Fundamentals

- The utility service market is in a sustained investment cycle due to growing demand and service expectations, while large portions of core infrastructure continue to age. Across electric, gas, water and broadband networks, this translates into programs focused on end-of-life asset replacements, capacity adds and system reinforcements. Each utility segment has its own catalyst, but the investment reasoning is consistent.
- Electric systems are being reinforced as large point loads drive incremental demand, pushing upgrades across transmission, substations and distribution as reliability expectations increase.
- Natural gas infrastructure is seeing steady, reliability- and capacity-driven investment across pipeline additions and replacement, leak mitigation and modernization of compression and metering assets.
- Water and wastewater providers are navigating aging buried infrastructure, tightening lead and copper regulations, and stable revolving loan programs, sustaining recurring pipe replacement and mandated upgrades to meet current standards.
- Fiber and broadband networks are expanding through densification and federally-funded buildouts¹ in underserved areas, driving demand for make-ready, backbone extensions, last-mile connections, and IoT and monitoring upgrades.

Primary Drivers

Load Growth & Electrification	Demand growth from electric vehicles, data centers and artificial intelligence is propelling substation and local grid capacity upgrades. Per the IEA ² , data center electricity consumption is expected to reach 530 TWh by 2030 (up from 275 TWh in 2025) and U.S. peak demand is projected to rise 15% in summer and 18% in winter by 2034.
Transmission & Distribution Modernization	Utilities are prioritizing T&D upgrades and automation to improve reliability and serve growing load. The U.S. grid spans roughly 5.5 million miles of distribution and 600,000 miles of transmission, with over 28,000 miles of new transmission development anticipated over the next decade, according to the ASCE.
Resilience & Hardening Initiatives	Extreme weather is driving programmatic investment in storm hardening, automation and selective undergrounding, particularly on distribution networks. Weather accounts for over 80% of outages since 2000, with most interruptions originating at the distribution level. Through 2024, NOAA confirmed 27 U.S. weather and climate disaster events each exceeding \$1 billion in losses.
Replacement Cycle	Aging assets are elevating baseline capital needs independent of incremental growth investment. Estimates point to a \$578 billion funding gap for U.S. energy infrastructure through 2033, supporting the case for multiyear reinvestment programs that will extend several decades.
Water Compliance & Renewal	Utilities are expanding capital programs to address state of good repair backlogs and evolving regulatory requirements. The ASCE estimates \$625 billion in 20-year drinking water infrastructure needs, while the EPA estimates total lead service line replacement at approximately \$45 billion.

1. Programs such as BEAD, Rural Digital Opportunity Fund, Middle Mile, Digital Equity

2. Base case outlook

3. US Department of Energy

Industry Tailwinds / Drivers: Utility Services

Stable and Recurring Funding Streams

- **Structural, Multi-Year Funding Tailwinds:** Federal infrastructure authorizations (IIJA), grant programs, revolving loan programs, alongside SRFs, provide long-duration capital visibility. IIJA funding is largely allocated upfront, but project awards, design and construction drive dollar deployment through 2030+.
- **Regulated, Rate-Backed Capital Recovery:** Core utility sectors (electric, natural gas, water/wastewater) operate under cost-recovery frameworks that allow prudently incurred infrastructure investment to be recovered with an approved return, supporting durable reinvestment cycles.

Example Funding Mechanisms¹

Electric Funding Mechanisms

- **GRIP Program (DOE/IIJA):** \$10.5B supporting grid resilience, smart grids and grid innovation. Includes Grid Resilience Utility & Industry Grants and Smart Grid Investment Matching Grants.
- **Transmission Facilitation Program:** \$2.5B revolving fund; DOE deployed ~\$1.2B in round 2 (2024) to accelerate new and upgraded transmission lines.
- **Energy Dominance Financing Program (EDFP):** Authorizes DOE to guarantee loans up to \$250B total principal through September 2028 for projects that add energy to the grid, enhance reliability or expand infrastructure capacity —including generation, transmission, repowering/retrofitting, grid resilience and critical minerals infrastructure.

Water/Wastewater Funding Mechanisms

- **EPA SRFs:** \$8.9B in FY2025 allotments (IIJA + annual appropriations) across Clean Water and Drinking Water programs. IIJA allocated \$50B total over 2022–2026. These funds are evergreen with balances in excess of annual funding.
- **Water Infrastructure Finance and Innovation Act (WIFIA) Low-Cost, Long-Term Loans:** Finance up to 49% of eligible project costs and can be combined with SRF financing. Support upgrades to and replacement of aging water and wastewater infrastructure.
- **Lead Service Line Replacement (IIJA):** \$15B dedicated over 5 years for lead pipe replacement via DWSRF.

Telecom Funding Mechanisms

- **BEAD Program:** \$42.5B formula grants to all states, territories and tribes for high-speed broadband deployment to un- and underserved areas.
- **Enabling Middle-Mile Broadband Infrastructure Program:** Competitive grants for middle-mile fiber/backbone; \$980M awarded/allocated.
- **FCC Universal Service Fund (USF):** Ongoing rural broadband operating and capital subsidies extending to 2038.
- **State-level Broadband Programs:** States match BEAD and other funding mechanisms to reinforce funding
- **Private Capital & Market-Based Funding:** Additional funding from operator balance sheets, private equity investment, debt, and infrastructure funds

Natural Gas Funding Mechanisms

- **Natural Gas Distribution Infrastructure Safety & Modernization (NGDISM) Grants – PHMSA:** \$200M per year for FY2022–2026, totaling \$1B for municipalities and community-owned utilities to repair, rehabilitate or replace gas distribution pipelines. PHMSA's first-ever gas infrastructure grant.
- **FERC Cost-of-Service Ratemaking (Interstate Pipelines):** Regulated tariffs allowing recovery of incurred capital investment plus an approved return; supports multi-billion-dollar annual interstate natural gas pipeline expansion and compression projects.
- **Clean Hydrogen Hubs (DOE/IIJA):** \$8B for regional nodes to drive new pipeline network development critical to long-term gas infrastructure.

Source(s): FMI Analysis, Multiple Sources

1. Fundings mechanisms noted are not all encompassing and exclude rate cases and other fee/revenue-based funding as an example.

Competitive Landscape: Utility Services

Many Players, Few Scaled

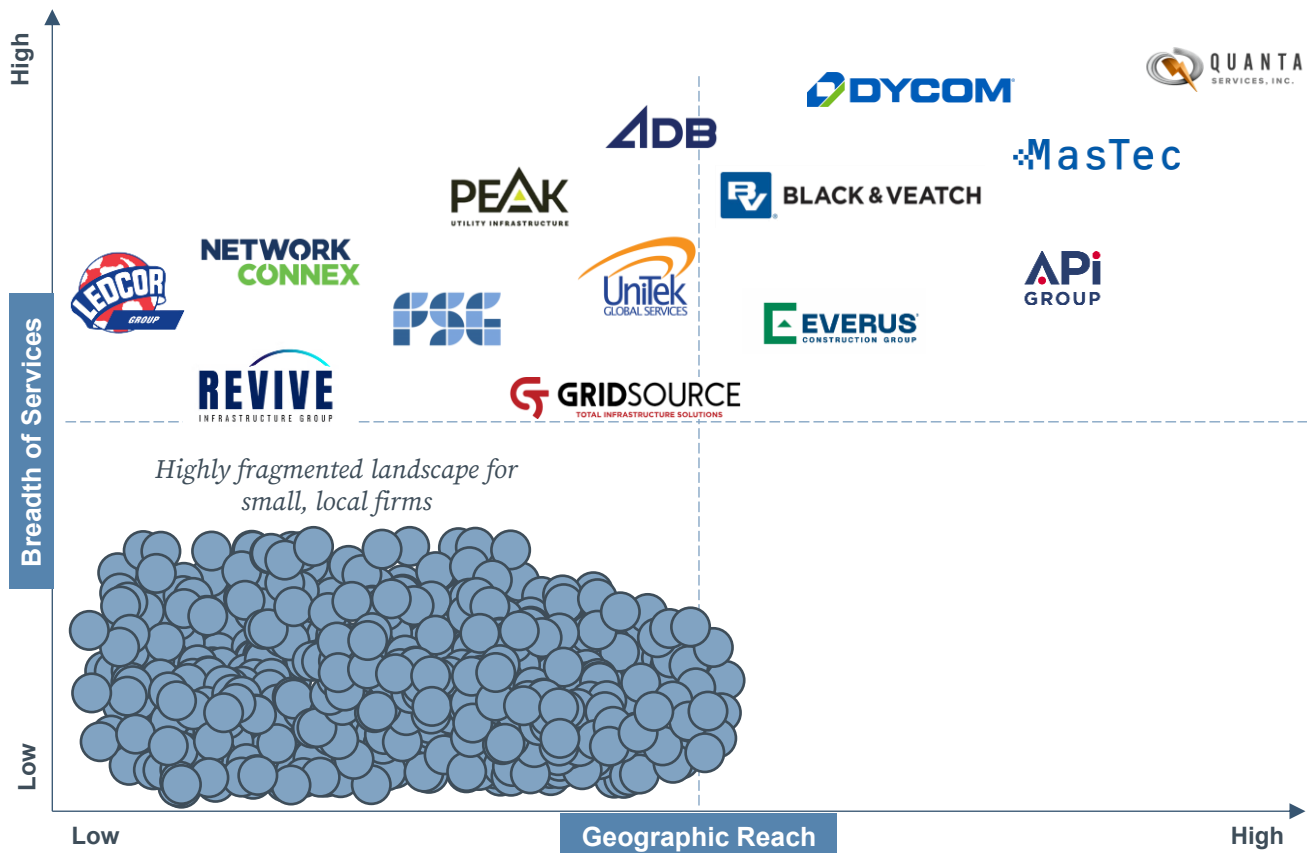
The utility field services market is served by thousands of small local and regional contractors supporting IOUs, co-ops, municipalities and broadband operators.

- A handful of dominant platforms hold meaningful share, but smaller regional players remain competitive and represent significant consolidation opportunity, particularly in underserved markets.
- Most providers focus on one trade and geography, with limited MSAs and narrow scopes (e.g., distribution, inspection, trenchless, drop installs).

The Scaled Platform Play

Growing consolidation and service bundling trends are reshaping the competitive landscape.

- Utilities will continue to consolidate and outsource more, favoring scaled service partners that can meet scope requirements at speed and at scale.
- The multiyear nature of resilience work aligns with long-term private equity ownership horizons and the fragmented value chain presents a compelling buy-and-build opportunity.







Emerging Consolidation and Service Line Expansion Trends

- National platforms and scaled regionals are acquiring specialty contractors to add geographic density and broaden scope across power, gas, water and communications.
- Providers are also expanding beyond build-only work into recurring operations, maintenance and resilience programs — including inspection, repair, hardening, IoT-enabled monitoring and program management — converting project revenue into repeatable, recurring spend.

Example M&A Activity: Utility Services

- The utility contractor market’s considerable M&A activity is largely driven by three of the leading firms within the utility service space: Quanta, Dycom and MasTec.
- This consolidation play has been spurred by over \$100B in federal infrastructure commitments (IIJA/IRA) that have accelerated project backlogs and strained regional contractor capacity, giving an advantage to firms that can provide scale, local presence and sufficient resources.
- There are limited national platforms across water, fiber and gas — industries that are in the earlier stages of consolidation compared to electric — creating a lead for early movers in building regional and national roll-up platforms.

Recent FMI Transactions in the Utility Services Landscape*

Firm	Acquirer	Year	Services Offered
	Lime Rock New Energy	2025	Regional specialty utility contractor providing critical distribution maintenance, repair, upgrade and new services to electric utilities
	Align Capital Partners	2025	Power systems engineering firm with a focus on grid modernization and interconnection studies
	XKIG	2025	Provider of installation and maintenance services for the electric, telecommunications and renewable energy utility sectors across the Mid-Atlantic
	Quanta Services	2024	Manufacturer of T&D stringing equipment, including overhead and underground pullers, tensioners, and reel trailers and stands
	NEOS Partners	2024	Electrical utility contractor delivering installation and maintenance for T&D facilities, including energized and de-energized systems

Case Study

In November 2025, Lime Rock New Energy made a growth investment in Hawk Line Construction, headquartered in Neosho, Missouri. The investment supports Hawk’s next phase of expansion by adding resources to broaden service capabilities and extend geographic reach.

Focus on Grid Reliability and Modernization: Hawk provides distribution and transmission maintenance, repair, and upgrades, plus emergency storm response, positioning the business to capture multiyear utility spend tied to aging infrastructure and rising demand.

Service Line and Footprint Expansion: With new capital and strategic support, Hawk plans to expand offerings and strengthen its position as a preferred utility partner, while retaining the existing leadership team to drive continuity and execution.

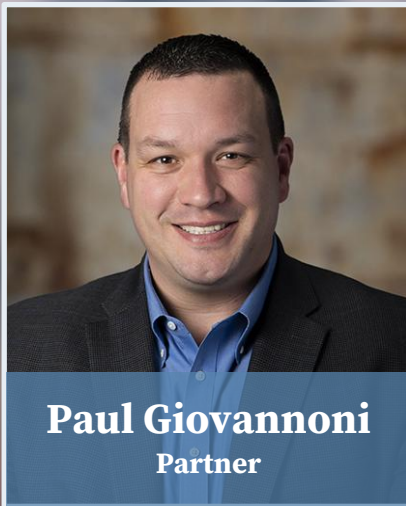


*The table above depicts a small subset of example transactions within the utility services landscape.

FMI's Private Equity Team

Our dedicated Private Equity Consulting team delivers highly customized and targeted commercial due diligence, operational diligence, and sell-side market studies across all areas of the built environment. Our team's sole focus on this sector provides unrivaled insight into markets and ability to uncover areas of value and risk that others cannot.

Meet the team to learn how we help clients create and realize long-term value.



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