

# Power play

A look inside the growing infrastructure portfolio of Bernhard Capital Partners

By Dillon Lowe



[Bernhard Capital Partners](#) is building something big.

The Baton Rouge private equity firm has in recent years invested heavily in the realm of infrastructure. Through a series of strategic acquisitions, BCP has begun crafting a robust portfolio of energy and water assets.

But what's the motivation behind that push, and how do all of the individual pieces of the puzzle fit together?

According to co-founder and partner Jeff Jenkins, the vision is simple.

“The vision is to be the clear leader in the middle market with respect to infrastructure services and value-added infrastructure investments,” he says.

At the heart of BCP’s investment strategy are two classes of funds: infrastructure services and value-added infrastructure investments.

The term “infrastructure services” refers to the various types of essential services that support critical infrastructure systems.

BCP’s first infrastructure services fund was established in 2014 and closed in 2016 with capital commitments of \$750 million. The firm’s second infrastructure services fund closed in 2019 at \$1.2 billion, and its third fund in that category closed late last year at \$1.5 billion.

Investments under the umbrellas of those three funds include Louisiana companies like Allied Power, Brown & Root, Epic Piping, Lemoine and United Utility as well as companies across state lines like New York-based RailWorks, the nation’s largest rail maintenance company.

Jenkins says he’s proud of the impact BCP has had in this space.

“We have 15 companies that provide infrastructure services between the three funds, and those portfolio companies equal about 22,000 employees that we employ,” Jenkins says. “And we’re very proud of the fact that 7,000 of those employees are based here in Louisiana.”

As for value-added infrastructure investments, BCP has deployed capital in two funds, the first of which got its start in 2020. Through those funds, the firm invests in the “actual infrastructure itself,” Jenkins says, targeting assets across various sectors.

BCP has made some major acquisitions in this space thus far, some of which still require state and federal approval: ClearCurrent, a water and wastewater utility; Delta Utilities and New Mexico Gas Co., both natural gas utilities; Elevation, the operator of a fully integrated residential energy solutions platform; and National Water Infrastructure, a wastewater utility. The firm also reached an agreement with Entergy in October 2023 to acquire the company’s Baton Rouge and New Orleans gas distribution networks.

The assets under management across all five of BCP’s funds total over \$5 billion.

## WHY INFRASTRUCTURE?

BCP's expansion into value-added infrastructure investments, Jenkins says, came about in large part due to an unfilled niche in the market.

"There's a scarcity of middle market private equity infrastructure investment firms in the United States," he says. "We saw that as an opportunity."

According to Jenkins, BCP's leadership team boasts a "significant amount of experience" in the utilities market—experience that lends itself well to navigating the operational demands and regulatory complexities of large-scale infrastructure investments. This expertise enables the firm to ensure each potential investment not only meets compliance standards but also aligns with BCP's long-term vision.

One of the core components of that long-term vision is the role BCP will play in the energy transition, or the shift away from fossil fuels and toward more sustainable sources of power.

BCP aims to build an infrastructure portfolio that not only aligns with present energy needs but also lays the groundwork for a balanced, gradual shift toward renewables. The firm's investments in regulated natural gas utilities are central to that effort, as BCP regards natural gas as a "bridge" fuel that can provide reliable, lower-emission energy while renewable infrastructure matures. And by acquiring natural gas assets, Jenkins says the firm is helping utilities build up capital to invest in areas with high-growth potential like decarbonization, electrification and grid resilience against climate-related challenges.

"We believe that natural gas is the key ingredient to the energy transition in North America," he says. "Natural gas, in our opinion, is a clean fuel that will continue to fuel homes—especially across the Southeastern part of the United States—for the next 50 years at least and probably for the next 100 years. ... We couldn't be more proud of the position we're in."

Jenkins says BCP also sees a "generational investment opportunity" in powering the nation's growing number of data centers.

Data centers have become essential to almost every sector of the economy due to the nearly ubiquitous demand for AI technologies and cloud computing. The U.S. data

center market was valued at \$61.09 billion in 2023 and is expected to reach \$211.06 billion by 2034, according to Precedence Research.

BCP's approach to digital infrastructure is driven by a holistic understanding of the interplay between data and power demand.

As data centers grow in both number and size, their energy needs will strain existing infrastructure, making it imperative for utilities to evolve. While U.S. power demand has been relatively flat for the past 20 years, the power grid will need to double its capacity over the next 12 or 13 years to keep pace with digital infrastructure growth. BCP is looking to strategically position itself at this intersection, investing in assets that will help utilities better position themselves for growth in this sector.

"We're very excited about the convergence of data centers and power," Jenkins says. "A lot of ancillary infrastructure is going to need to be developed for these new hyperscale data centers."

Jenkins says BCP is particularly excited about the opportunities that exist in the backup generation solutions, cooling systems and substations that data centers require, and he's optimistic about the role Louisiana will play in this burgeoning space.

"The intersection of digital infrastructure and power is changing in a big way, and I think Louisiana stands to benefit with companies like Entergy and others in the region that have a huge amount of nuclear power availability," he says. "I think there are some exciting things to come. ... The public market is paying a lot of attention to this theme, and we're proud to be right in the middle of it because we prepared ourselves in 2020."

Looking forward, it seems likely that BCP's infrastructure portfolio will only continue to grow. In October, Jenkins [told PE Hub](#), a publication covering the private equity market, that the firm is interested in pursuing further utility acquisitions between \$350 million and \$1.75 billion in asset value, and that BCP could co-invest or partner with another firm to fund larger purchases if any enticing prospects emerge in one of its key markets.

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