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BUSINESS

Loudonville businessman partners with private equity to grow utility services firm

Alvarez & Marsal Capital of Greenwich, Conn., invests in Donohue's new firm, East Coast Power of Albany

By **Larry Rulison**, Staff Writer
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Darren Donohue is a trained hotstick lineman who has started two electric utility contracting firms over the past two decades.
Darren Donohue

ALBANY — Darren Donohue is not ready to retire.

Donohue, a former National Grid lineman from Loudonville who started his career at the company as a night janitor, founded his original electric utility contracting company, D&D Power, nearly two decades ago on a shoestring budget, purchasing the company's first bucket truck with a credit card.

Donohue went on to be wildly successful. D&D Power, which did transmission and distribution line work for utilities up and down the eastern seaboard, was acquired by a Boston-area firm called BHI Energy in 2018 for an undisclosed amount.

Utilities generally use companies like Donohue's firms to help them with construction projects and storm restoration to keep their overhead costs as low as possible for ratepayers. The work is done under what are called master service agreements.

The sale made a lot of money for Donohue and his family. It also kept him employed as he continued to serve as president of BHI's D&D Power subsidiary for five years, during which time he had a noncompete agreement. Donohue moved on from funding the business with his credit card to working closely with Pioneer Bank to finance his dreams.

BHI was later sold to Westinghouse.

Slightly more than a year ago, Donohue started a new utility services company called East Coast Power, based out of Albany, that has been working for electric utilities up and down the East Coast, from Maine to Florida, doing regular electric utility construction as well as storm restoration and repairs. Donohue uses linemen from the International Brotherhood of Electrical Workers, which can supply him with hundreds of qualified workers as needed for jobs.

Donohue just wouldn't rest on his laurels. After his noncompete contract expired, he realized there was a huge opportunity that could not be ignored as utilities in the U.S. like National Grid are in the middle of a major transformation of the electrical grid, much of which needs to be replaced due to its aging infrastructure.

At the same time, utilities need to transform their systems to be able to handle the extreme weather events and massive amounts of renewable energy coming onto the grid as governments mandate low or no-emissions electric generation.

Donohue is 53. He and his wife Danielle have a daughter, Katie, at the Fashion Institute of Technology in New York City and a son, Jack, who attends Christian Brothers Academy in Colonie.

"When my five-year noncompete agreement was over, it was time to start again because of the aging infrastructure," Donohue said during a phone interview. "There was no way I could sit home and be retired."

On Thursday, East Coast Power announced that a Greenwich, Conn., private equity firm, Alvarez & Marsal Capital, made an undisclosed investment in the company with the goal of rolling up other utility services contracting companies into a larger operation that will aim to provide utility construction services not only up and down the East Coast, but throughout the southeastern U.S., Texas and the Midwest through multiple acquisitions. Alvarez & Marsal is armed with billions of dollars for the venture.

"They are going to grow this platform with me and target great, safe companies through (mergers and acquisitions) for their platform," Donohue said. "There is a lot of work to be done."

Ryan McCarthy, a partner with Alvarez & Marsal Capital Partners, said that Donohue will remain a "large shareholder and operating executive" after the deal closes in about 30 days.

"Darren is a true industry expert and proven operator who understands the evolving priorities of the sector's customers and stakeholders," McCarthy said in a statement. "Moreover, the company is addressing the mission-critical issue of North America's power grids, which require significant infrastructure investments and reliable services from companies like (East Coast Power) to effectively address ever-increasing power demands."

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