

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE JOINT)
APPLICATION FOR APPROVAL TO)
ACQUIRE NEW MEXICO GAS COMPANY,)
INC. BY SATURN UTILITIES HOLDCO, LLC.) Case No. 24-00266-UT
JOINT APPLICANTS)
_____)**

**REVISED APPLICATION DIRECT TESTIMONY AND EXHIBITS
OF
ERIC L. TALLEY**

July 3, 2025

NMPRC CASE NO. 24-00266-UT
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OF
ERIC L. TALLEY

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JA Exhibit ELT-1 (Revised Application): Resume

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I. INTRODUCTION AND PURPOSE

1
2 **Q. PLEASE STATE YOUR NAME AND A HISTORY OF YOUR ACADEMIC**
3 **QUALIFICATIONS.**

4 **A.** My name is Eric L. Talley. I am the Marc and Eva Stern Professor of Law and Business
5 as well as the Faculty Co-Director of the Millstein Center for Global Markets and
6 Corporate Ownership at Columbia University. I am also a member of the European
7 Corporate Governance Institute (“ECGI”). Until August 2015, I held the Rosalinde and
8 Arthur Gilbert Endowed Chair in Law, Business and the Economy at the University of
9 California at Berkeley, where I was the Co-Director of the Berkeley Center in Law,
10 Business and the Economy. Prior to my appointment at Berkeley, I was the Ivadelle and
11 Theodore Johnson Professor of Law and Business at the University of Southern California
12 (“USC”), where I had dual appointments in the Gould School of Law and the Marshall
13 School of Business (Finance and Business Economics), and served as Faculty Director of
14 the USC Center in Law, Economics, and Organization, a multidisciplinary research group
15 organized across three university departments (law, business, and economics). Also, from
16 2001 to 2004, I directed the USC/Caltech Olin Center for the Study of Law and Rational
17 Choice. Simultaneous with much of my academic career, I held the position of Senior
18 Economist (Affiliated Adjunct) at the RAND Corporation. At RAND, I conducted
19 research on corporate governance, corporate culture, contract design, securities fraud,
20 securities regulation, the legal and accounting professions, civil justice, business ethics,

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1 and private class actions. I hold a Ph.D. in economics from Stanford University, as well
2 as a J.D. from Stanford Law School.

3
4 I have taught numerous classes over the course of my 29-year academic career in the areas
5 of mergers and acquisitions, corporate finance, corporate law, corporate governance,
6 economic analysis of law, business ethics, valuation, contracts, statistics, law and
7 economics, behavioral law and economics, machine learning and law, risk arbitrage, and
8 game theory. On two occasions (2017 and 2022), I have received the Willis L.M. Reese
9 Award for Excellence in Teaching from the graduating class of Columbia Law School.

10
11 In 2024, I was elected to the American Academy of Arts and Sciences, one of the oldest
12 and most prestigious learned societies in the United States. Until November 2022, I served
13 as the Immediate Past Chair of the Board of the Society of Empirical Legal Studies
14 (“SELS”), the leading academic association in the world of empirical legal scholars. I was
15 Chair of the Board of SELS from 2017 to 2019. I additionally served as co-President of
16 SELS (2013 to 2014). Additionally, I have been elected multiple times to the board of the
17 American Law and Economics Association (“ALEA”), the leading academic association
18 in the world of law and economics scholars (finishing my most recent term in May 2019).
19 I have previously served as Chair of both the American Association of Law Schools
20 (“AALS”) section on Law and Economics and the AALS section on Contracts.

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1 I frequently speak both to academic audiences and to professional associations, including
2 attorneys, utilities regulators, judges, and corporate directors. I have many times been
3 retained to provide training sessions for practitioners and judges regarding governance and
4 valuation practices.

5
6 I have for the last seventeen years conducted training on valuation and finance for state
7 utilities regulators and their staff, typically organized by the Institute for Regulatory Law
8 and Economics, sponsored by University of Colorado and Northwestern University.

9
10 In 2008, I was selected to deliver the annual Francis G. Pileggi Distinguished Lecture on
11 corporate law and governance before the assembled Delaware judiciary (state court and
12 federal court judges). I have testified as an expert in a variety of legal proceedings related
13 to corporate structuring, valuation and governance in both United States courts and
14 international tribunals.

15
16 I have conducted research and published dozens of articles in areas pertaining to corporate
17 valuation, corporate governance, economic analysis of law, bargaining theory, auction
18 design, business judgment and ethics, fiduciary duties, corporate opportunities, securities
19 market regulation, and related topics. My publications have appeared in refereed journals,
20 law reviews, and edited volumes, and I am a referee for a number of academic journals in
21 my field. Many of my recent publications have focused on the architecture and structure
22 of legal texts, including (but not limited to) large transactional documents such as mergers

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1 and acquisitions agreements. On multiple occasions, my published scholarship has been
2 designated as one of the “Ten Best Corporate and Securities Articles of the Year” by the
3 Corporate Practice Commentator.

4
5 A more complete summary of my educational background and professional qualifications
6 is presented in JA Exhibit ELT-1 (Revised Application): Resume, which includes a list of
7 my publications, speaking engagements, refereeing experience, and previous expert
8 testimony.

9
10 I am also proud to note that I am a third-generation New Mexican, having grown up in Los
11 Alamos, New Mexico where I graduated from Los Alamos High School. My father grew
12 up in Portales, New Mexico, near where his parents homesteaded with their families at the
13 beginning of the twentieth century.

14
15 **Q. WILL YOU RECEIVE COMPENSATION FOR APPEARING IN THIS CASE?**

16 **A.** With respect to this matter, I am being compensated at my usual and customary rate of
17 \$1,750 per hour.

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1 **Q. WILL THE AMOUNT OF COMPENSATION YOU RECEIVE FOR APPEARING**
2 **IN THIS CASE DEPEND IN ANY WAY ON THE RESPONSES YOU PROVIDE**
3 **IN YOUR TESTIMONY?**

4 **A.** It does not: My compensation in this matter is in no way contingent or based on the content
5 of my opinion or the outcome of this or any other matter.

6
7 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

8 **A.** The purpose of my Direct Testimony is to support the Revised Application that is the
9 subject of this proceeding.¹ I address issues that have been raised in this proceeding
10 regarding the proposed corporate and capital structure of the Transaction, and private
11 equity ownership of a utility. My testimony particularly addresses issues that have been
12 raised with respect to private equity ownership of a utility, the proposed capital structure
13 and the acquisition premium, and the proposed capital structure associated with NMGC
14 following the Transaction.

¹ The Joint Application of New Mexico Gas Company Inc. (“NMGC”); Emera; Emera U.S. Holdings Inc. (“EUSHI”); New Mexico Gas Intermediate, Inc. (“NMGI”); TECO Holdings, Inc. (“TECO Holdings”); TECO Energy, LLC (formerly TECO Energy, Inc.) (“TECO Energy”); Saturn Utilities, LLC (“Saturn Utilities”); Saturn Utilities Holdco, LLC, (“Saturn Holdco”); BCP Infrastructure Fund II, LP (“BCP Infrastructure Fund II”); BCP Infrastructure Fund II-A, LP (“BCP Infrastructure Fund II-A”); and BCP Infrastructure Fund II GP, LP (“BCP Infrastructure II GP” and collectively with BCP Infrastructure Fund II and BCP Infrastructure Fund II-A, the “BCP Infrastructure Funds”); Saturn Utilities Aggregator, LP (“Saturn Aggregator”); Saturn Utilities Aggregator GP, LLC (“Saturn Aggregator GP”); Saturn Utilities Topco, LP (“Saturn Topco”) and Saturn Utilities Topco GP, LLC (“Saturn Topco GP” and together with Saturn Aggregator, Saturn Aggregator GP, Saturn Topco, Saturn Utilities, and Saturn Topco GP, the “Intermediate Companies”) (collectively, the “Joint Applicants”) for approval of the change in ownership of TECO Energy and its wholly owned subsidiaries NMGI, and NMGC (the “Transaction”) (the “Application”).

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1 **Q. BRIEFLY SUMMARIZE YOUR CONCLUSIONS ON THOSE ISSUES.**

2 **A.** Nothing about the proposed Transaction’s structure or funding, nor anything about private
3 equity ownership as designed in this Transaction, should cause concern on the part of the
4 Commission. The Commission will be able to regulate NMGC as it does today. The post-
5 Transaction structure is straightforward; it is no more complicated than the present
6 structure, which has not proven to be an obstacle. The funding of the Transaction is
7 reasonable and conservative, and both the structure and the financial strength are bolstered
8 by proposed protections offered by the BCP Applicants.² Equity ownership by private
9 capital investors (sometimes called “private equity”) is merely a type of ownership. It is
10 entirely compatible with utility ownership and regulation and does not present inherent
11 regulatory challenges or risks to customers.

12

13 **II. TRANSACTION STRUCTURING**

14 **A. Post-Transaction Holding Company Structure**

15 **Q. PLEASE SUMMARIZE THE PRE- AND POST-TRANSACTION CORPORATE**
16 **STRUCTURES OF NMGC AND ITS PARENT COMPANIES.**

17 **A.** Today, NMGC is owned by New Mexico Gas Intermediate, Inc. (“NMGI”), which is
18 owned by TECO Energy, LLC, which is owned by both Emera U.S. Holdings, Inc.

² The “BCP Applicants” are BCP Infrastructure Fund II, LP (“BCP Infrastructure Fund II”); BCP Infrastructure Fund II-A, LP (“BCP Infrastructure Fund II-A”); BCP Infrastructure Fund II GP, LP (“BCP Infrastructure Fund II GP”); Saturn Utilities Aggregator, LP (“Saturn Aggregator”); Saturn Utilities Topco, LP (“Saturn Topco”); Saturn Utilities, LLC (“Saturn Utilities”); Saturn Holdco; Saturn Utilities Aggregator GP, LLC (“Saturn Aggregator GP”); and Saturn Topco GP, LLC (“Saturn Topco GP”).

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1 (through Class A voting membership units) and by TECO Holdings, Inc., (through Class
2 B non-voting membership units). TECO Holdings, Inc. is owned by Emera U.S. Holdings,
3 Inc., which is owned by both Emera Energy U.S. Subsidiary No. 1, Inc. and Emera Inc.;
4 Emera Energy Subsidiary No. 1, Inc. is itself owned by Emera Energy Inc., which is owned
5 by Emera Inc., which is owned via publicly-traded shares, traded and held by public
6 shareholders of varying types and sizes, known and unknown.

7
8 Post-Transaction, NMGC would continue to be owned by NMGI, which would continue
9 to be owned by TECO Energy, LLC. TECO Energy, LLC will only have one owner, Saturn
10 Holdco (replacing the two parents TECO Energy has today). In turn, Saturn Holdco will
11 be owned by Saturn Utilities, which will be owned by Saturn Topco, which will be owned
12 by both Saturn Topco GP and Saturn Aggregator. Saturn Aggregator will be owned by
13 both Saturn Aggregator GP and the BCP Infrastructure Funds.³

14
15 In short, today, NMGC has seven levels of upstream ownership leading to its ultimate
16 parent entity shareholders, with two points of interlocking ownership. Post-Transaction,
17 NMGC would have eight levels of upstream ownership leading to the investors in the BCP
18 Infrastructure Funds, with two points of interlocking ownership.

³ The “BCP Infrastructure Funds” are BCP Infrastructure Fund II, BCP Infrastructure Fund II-A, and BCP Infrastructure Fund GP.

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1 The respective structures were illustrated in diagrams provided at JA Exhibit JMB-5
2 (Revised Application).

3
4 **Q. DO YOU FIND ONE STRUCTURE TO BE MORE COMPLEX THAN THE**
5 **OTHER?**

6 **A.** No. In fact, as detailed above, they are remarkably similar forms of multi-layered
7 ownership structure.

8
9 **Q. DO YOU BELIEVE THE STRUCTURE OF OWNERSHIP OF NMGC POST-**
10 **ACQUISITION WOULD BE COMPLEX OR DIFICULT TO REGULATE?**

11 **A.** No. The Transaction envisions that NMGC’s structure will be left intact after the
12 acquisition, and that its equity cushion will even be augmented further. My understanding
13 is that NMGC will be held as a separately operating subsidiary, and debt incurred by other
14 affiliates of the BCP Applicants will have no recourse to NMGC’s assets. The Transaction
15 does not appear to involve or contemplate the integration of NMGC’s operations with other
16 operating companies. While I understand that NMGC will receive some limited
17 information technology “shared services,” my understanding is that such services will be
18 limited in scope, provided via arm’s length pricing, and will not involve comingling of
19 assets.⁴ The proposed structure is simple and transparent, and I therefore disagree with
20 the characterization of the Transaction as complicated. It is not.

⁴ JA Exhibit JMB-4 (Revised Application) at ¶ 56.

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1 **Q. IS THIS TRANSACTION STRUCTURE COMMON AMONG TRANSACTIONS**
2 **INVOLVING PUBLIC UTILITIES?**

3 **A.** My review of the documents in this case reveals a transaction structure that seems
4 eminently unremarkable in the M&A space generally, and the utilities space in particular.
5 For a variety of reasons, a buyer (often referred to as the “parent”) will prefer to accomplish
6 an acquisition through one or more special purpose entities (“SPEs”) sometimes known as
7 “acquisition subs” or “catalysts” that are specially created for the express purpose of
8 consummating the acquisition. The ultimate transaction is then formally executed and
9 consummated as and between the target company and the acquisition sub(s), with the
10 surviving post-acquisition entity becoming a wholly owned subsidiary of the parent.

11
12 The reason for this structure emanates principally from transaction cost management goals
13 that have little to do with the issues surrounding this regulatory proceeding. Using an
14 acquisition sub is typically the easiest and most expedient way to authorize the purchase
15 from the buyer side, as well as to manage a variety of contractual issues of the target firm
16 when its assets and liabilities are to remain intact with the surviving entity. There are often
17 tax reasons to utilize specific SPE structures for effectuating an acquisition as well. I teach
18 my students to expect the acquisition sub structure for virtually all types of acquisitions,
19 regardless of whether private equity buyers are involved or not.

20
21 In addition to the aforementioned rationales for consummating an acquisition through a
22 catalyst, a final attribute that is important for this transaction comes through something

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1 known as “asset partitioning.” Corporations, LLCs, LLPs and other limited liability
2 entities provide important buffers against systemic risk and liability flows that can unsettle
3 an otherwise healthy business or set of businesses. It is critical, moreover, to appreciate
4 that the benefits of limited liability run both ways. First, it shields an equity owner from
5 cataclysmic liabilities incurred at the company level. But just as important, limited liability
6 shields the *company* from cataclysmic liabilities incurred by the *owner and the owner’s*
7 *affiliate entities*. As a matter of corporate law, the general rule is that the operating
8 company cannot be made to answer for debts or liabilities of its parent/affiliates, absent a
9 showing that failure to allow such “corporate veil piercing” would permit a fraud or create
10 an injustice (truly high bars, and rarely invoked). Moreover, the limited liability veil
11 operates at each level of ownership in a company owned through a succession of
12 intermediate entities. For example, if a parent holding company owned 100% of a direct
13 subsidiary A, which itself, in turn, owned 100% of a “grandchild” subsidiary B, it would
14 be extremely difficult for a creditor of the parent to access the assets of the grandchild
15 subsidiary B under standard legal prescriptions of veil piercing. To do so, that creditor
16 would have to navigate a successful “veil piercing” case twice over, first as between the
17 parent and subsidiary A, and then as between subsidiary A and next subsidiary B.
18 Consequently, additional layers of ownership entity tend to insulate the held company from
19 the vicissitudes of the parent’s other obligations.

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1 **Q. ARE THERE DIFFERENCES YOU NOTE BETWEEN THE EXISTING NMGC**
2 **STRUCTURE AND THE PROPOSED POST-ACQUISITION STRUCTURE?**

3 **A.** Yes. While the two structures are, as I have previously observed, remarkably similar in
4 terms of overall ownership architecture, the proposed Post-Transaction relationships
5 incorporate numerous additional ring-fencing and governance assurances, many of which
6 appear to be above and beyond what is currently in place in the existing structure. For
7 simplicity, in what follows I will refer to these measures, in aggregate, as “ring-fencing.”

8
9 **Q. PLEASE DESCRIBE THE “RING-FENCING” MEASURES YOU REFERENCE.**

10 **A.** I have reviewed the commitments set forth in JA Exhibit JMB-4 (Revised Application). In
11 my opinion, these measures are well-accepted vehicles for assuring the governance,
12 operational, and financial independence of NMGC from the other companies in the
13 corporate structure. These include (*inter alia*) provisions that ensure that six members of
14 the NMGC board consists of independent directors,⁵ the pegging of director compensation
15 to NMGC performance (rather than the BCP Applicants),⁶ an undertaking not to seek
16 recovery of upstream insolvency costs from NMGC customers,⁷ an undertaking to avoid
17 certain interested-party transactions or loan obligations,⁸ an undertaking to maintain
18 NMGC’s credit rating as an independent entity,⁹ and an undertaking to keep accurate,

⁵ JA Exhibit JMB-4 (Revised Application) at ¶ 66.

⁶ *Id.* at ¶ 9.

⁷ *Id.* at ¶ 45.

⁸ *See, e.g., id.* at ¶¶ 48-50.

⁹ *Id.* at ¶¶ 37-38, 44, 46.

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1 appropriate, and detailed financial accounts of NMGC and Saturn Holdco as respective
2 separate entities.¹⁰

3
4 **Q. HAVE YOU PREVIOUSLY SEEN “VEIL PIERCING” IN THE ABSENCE OF CO-**
5 **MINGLED ASSETS?**

6 **A.** No. This transaction is a good example of how to avoid many of the pitfalls that can lead
7 to veil piercing. Because the formal commitments to which the BCP Applicants accept as
8 conditions for approval of the Transaction specifically require there be no co-mingled
9 assets, there is little to no likelihood of a finding of fraud or injustice that are the
10 prerequisites for “piercing” the corporate veil. With such formal separation, in fact, veil
11 piercing is virtually impossible without significant other infirmities such as fraud. A
12 necessary condition for veil piercing is that there be “unity of interest” between the entity
13 being pierced and the entity that is the source of the unsatisfied liability. A key determinant
14 of unity of interest is whether the parties adhere to the separateness of one another’s assets
15 and liabilities. If the parties are assiduous about doing so, and they do so with appropriate
16 corporate formalities, the preconditions for veil piercing are almost certainly not met. This
17 transaction is a good example of how to avoid commingling (and thus veil piercing).
18 Because the formal commitments to which the BCP Applicants accept as conditions for
19 approval of the Transaction specifically require there be **no** co-mingled assets, there is little
20 to no likelihood of a finding that would require “piercing” the corporate veil. Moreover,
21 the several additional ring-fencing provisions (detailed above) provide additional

¹⁰ *Id.* at ¶ 58.

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1 assurances that NMGC’s business and business assets will be kept and operated separately
2 from other affiliates.

3
4 **B. Transaction Financing and Post-Transaction Financial Strength**

5 **Q. PLEASE SUMMARIZE THE FINANCING STRUCTURE OF THE BCP**
6 **APPLICANTS’ PURCHASE OF NMGC FROM EMERA.**

7 **A.** The BCP Applicants have opted to execute this transaction through a subsidiary catalyst,
8 Saturn Holdco, as well as a series of intermediate entities (including Saturn Aggregator;
9 Saturn Topco; Saturn Aggregator GP; and Saturn Topco GP). The Transaction – valued at
10 approximately \$1.25 billion in enterprise value – envisions the assumption of \$550 million
11 in existing NMGC debt, with the balance taking the form of a cash payment to Emera of
12 approximately \$700 million. The latter contribution, as I understand it, will be funded by
13 \$450 million of equity contributions from the BCP Infrastructure Funds, augmented by a
14 \$250 million upstream fund-raise in new private debt, at the Saturn Holdco level, which is
15 non-recourse to NMGC.

16
17 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY “THE ASSUMPTION OF \$550**
18 **MILLION IN EXISTING NMGC DEBT,” WHICH HAS ALSO BEEN REFERRED**
19 **TO AS “PORTABLE DEBT.”**

20 **A.** In an acquisition transaction, the target company may already have legacy debt whose
21 terms are sufficiently attractive to keep in place. Typical legacy debt obligations (including
22 those at issue here) permit the debt to be kept in place at the company level, and thus part

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1 of the “price” the buyer pays takes the form of assuming the selling company’s existing
2 debt. That is the basic structure present in this Transaction, as I understand it.

3
4 **Q. DO YOU HAVE ANY CONCERN WITH THE ASSUMPTION OF DEBT?**

5 **A.** Not at all. This is an entirely standard approach that provides continuity to the financial
6 structure of NMGC. In fact, it is often valuable to all parties to keep debt in place at the
7 target level (when, for example, it has favorable interest rates relative to prevailing market
8 rates).

9
10 **Q. DO YOU BELIEVE THE PROPOSED TRANSACTION CONSTITUTES A
11 LEVERAGED BUYOUT OR OTHERWISE HEAVILY LEVERAGED
12 ACQUISITION?**

13 **A.** No. Some may equate private capital equity investments to heavily leveraged transactions,
14 but this Transaction is a good illustration that equating the two is a misconception. The
15 financing of the proposed Transaction does not involve a notable level of leverage. Most
16 significantly, NMGC’s equity ratio will not change as a consequence of this Transaction.
17 The same equity and debt currently existing at NMGC will remain. NMGC’s actual capital
18 structure is and will continue to be over 60%.¹¹ The BCP Applicants have projected the
19 post-Transaction equity ratio to remain over 60% in future years.

¹¹ Compare JA Exhibit NMDOJ 1-1a (New Mexico Gase Company, Inc. Balance Sheets through September 30, 2024) with JA Exhibit JMB-3 at p. 23.

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1 Moreover, the mix of equity and debt used to make the purchase from Emera has a
2 considerable equity component, with proportionately little debt. I would emphasize,
3 moreover, that the new debt component is non-recourse to NMGC and thus cannot affect
4 or impair NMGC or its customers. The purchase is being conservatively funded, and
5 Saturn Holdco itself will have a conservative equity component.

6
7 For further context regarding standard financing practices, the Commission stated and
8 accepted that during Emera’s own purchase of TECO (and, by extension, NMGC), Emera
9 made a \$6.5 billion payment consisting of:

10 funds raised from the sale of (‘CAD’) \$2 billion of convertible debentures
11 issued in connection with the Proposed Transaction that will be converted
12 into Emera common stock and cash on hand at Emera; (ii) preferred equity
13 issuances in the United States and Canada (\$1.0 billion); and (iii) long-term
14 debt issuances in the United States and Canada (\$3.5 billion).¹²

15
16 That was also a reasonable financing structure, but I note that it had a considerably lower
17 proportion of equity and higher proportion of debt than what has been proposed in this
18 Transaction.

19
20 **Q. DO YOU BELIEVE THERE IS RISK TO NMGC CUSTOMERS ASSOCIATED**
21 **WITH THE PRESENCE OF DEBT AT BOTH NMGC AND AT A PARENT**
22 **COMPANY IN THE POST-TRANSACTION STRUCTURE?**

23 **A.** No. First, as I have explained, I do not think the debt at NMGC, the upstream debt, or the
24 combination of the two present a risk to customers. Quite the opposite, in fact.

¹² See Certification of Stipulation, at p.8, Case No. 15-00327-UT.

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1 Second, I note that there is leverage in the existing structure, and there is no allegation that
2 the Commission has been unable to regulate NMGC and its rates. It is broadly common
3 for utility operating companies to carry their own debt, and for one or more parent entities
4 to also carry debt. The Commission regulates the operating utility and its investments.

5
6 **Q. PLEASE DESCRIBE YOUR COMPARISON OF UPSTREAM LEVERAGE IN**
7 **THE EXISTING STRUCTURE VERSUS IN THE PROPOSED STRUCTURE?**

8 **A.** Under the existing status quo, NMGC operates in an affiliate structure where the incurrence
9 of intermediate level debt appears to have been a longstanding practice. For instance, as
10 stated above, Emera financed the prior acquisition of NMGC with combined \$6.5 billion
11 of debt and equity, including \$2 billion of convertible debentures, \$1 billion of preferred
12 equity, and \$3.5 billion of long-term debt. Emera additionally assumed \$3.9 billion of
13 TECO's debt obligations in that transaction for a total enterprise value of \$10.4 billion.

14
15 Moreover, based on documents reviewed in preparation for this testimony, during Emera's
16 ensuing ownership of TECO, NMGC has routinely held debt at no fewer than three levels
17 within its structure. Indeed, its most recent reporting year, the publicly available audited
18 financials of Emera reveal that each of Emera Inc., NMGI, and NMGC each held long-
19 term debt. Thus, to the extent that one harbors concerns about debt loads across the post-
20 acquisition affiliate structure, the proposed transaction appears fully consistent with the
21 status quo (if not a discernible improvement).

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III. BENEFITS OF PRIVATE EQUITY OWNERSHIP

1
2
3 **Q. DOES IT APPEAR TO YOU THAT, AS A POLICY MATTER, THE STATE OF**
4 **NEW MEXICO VIEWS PRIVATE CAPITAL INVESTMENTS AS HARMFUL?**

5 **A.** No. In fact, the State of New Mexico itself makes significant private capital investments
6 for the benefit of New Mexico citizens and retirees. The New Mexico Educational
7 Retirement Board has invested \$30 million in funds managed by BCP Management itself.
8 More generally, according to its website, the New Mexico State Investment Council
9 (“SIC”), which invests (among other things) the retirement funds for New Mexico state
10 employees, has been making investments in private equity funds since 1989, and currently
11 has over \$4.5 billion in assets and a long-term allocation target of 13% for private equity
12 investments. The SIC has invested in hundreds of private companies, through dozens of
13 managers and more than 100 limited partnerships.¹³ In fact, the SIC’s 2025 Annual
14 Investment Plan specifically projects that it will consciously seek “[g]reater exposure to
15 private market assets over publicly-traded assets” over the next seven to ten years.¹⁴ The
16 fact that New Mexico views private capital investments as desirable vehicles for investing
17 the state’s funds on behalf of its retirees, and has billions of dollars invested, stands as
18 persuasive rebuttal to the unfounded claims that private capital structures or investments
19 are unacceptably risky or at odds with the state’s public policy goals.

¹³ <https://www.sic.state.nm.us/investments/alternative-investments/private-equity-investments/>. Last checked July 3, 2025.

¹⁴ <https://www.sic.state.nm.us/wp-content/uploads/2024/10/Annual-Investment-Plan-FY25.pdf>. Last checked July 3, 2025.

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1 **Q. DO YOU FIND PRIVATE CAPITAL OWNERSHIP OF UTILITIES TO BE**
2 **UNUSUAL OR NEW?**

3 **A.** No. My understanding of this Transaction is that it is a “going private” transaction, wherein
4 a holding company of NMGC is proposed to be sold by its ultimate owner Emera (a
5 publicly traded company) under the statutory merger process to a wholly owned affiliate
6 of the BCP Infrastructure Funds, which is a private equity company that is not itself
7 publicly traded in public markets. Going-private transactions are hardly new vehicles, even
8 in the utilities space, and indeed the acquisitions market in general, bears witness to a
9 significant upturn in such transactions over the last quarter-century. The utilities sector is
10 no exception, and private equity ownership structures have become far more dominant in
11 recent years here, too. By way of comparison, and to get greater perspective on how
12 conventional private equity acquisitions interact in this space, I consulted the FactSet
13 database, which includes a widely used screener for assessing acquisitions transactions,
14 filterable by industry. Using a look-back period of ten years, I searched for completed
15 North American acquisitions in the Utilities space (FactSet Industry code 4700) in which
16 the target company was (or was part of) a public company. The database returned 48 such
17 acquisitions, of which 17 (or 35.4 percent) were “going private” companies (and thus the
18 buyer was not a public company).

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1 **Q. WERE THE TRANSACTIONS IN THE FACTSET DATABASE COMPARABLE**
2 **IN STRUCTURE AND TRANSACTION VALUE TO THE BCP APPLICANTS’**
3 **ACQUISITION OF NMGC FROM EMERA?**

4 **A.** Yes. The going private transactions in this space had an average transaction valuation of
5 \$2.412 billion (at closing), and a median transaction valuation of \$963 million (again at
6 closing), with a maximum transaction value of \$15.7 billion and a minimum of \$1.98
7 million. This robust population of going-private transactions, moreover, are quite
8 comparable to (if perhaps slightly smaller than) non-going private acquisitions, which had
9 an average transaction valuation of \$4.053 billion, and a median transaction valuation of
10 \$1.671 billion, with a maximum transaction value of \$13.338 billion and a minimum of
11 \$34.75 million. The instant transaction, which is currently projected to close at a value of
12 \$1.25 billion, fits comfortably within FactSet’s population of precedent transactions, and
13 it is indeed smaller than the average transaction from either subset. I note further that the
14 use of special purpose vehicles to consummate an acquisition transaction is
15 overwhelmingly the favored structural choice for the deals in the FactSet database. Indeed,
16 of the nine going-private deals where FactSet specifically reports on deal structure, *all of*
17 *them* used a structure that involves a special purpose entity. Moreover, of the entire
18 collection of utilities acquisitions (public or private) 30 of the 31 acquisitions for which
19 FactSet reports the deal structure utilized an SPE catalyst to consummate the transaction.
20 This simply confirms what I teach my students: SPE structures are overwhelmingly likely
21 in all types of mergers and acquisitions.

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NMPRC CASE NO. 24-00266-UT**

1 **Q. ARE THERE ANY ADVANTAGES TO PRIVATE CAPITAL OWNERSHIP**
2 **STRUCTURES?**

3 **A.** Yes. There are distinct advantages of a private ownership structure that public ownership
4 cannot offer, especially for long-term value preservation and creation. And in my opinion,
5 some of these economic advantages have driven the increased popularity of the private-
6 equity structure. Put simply, private capital investments often lead to better and more
7 attentively managed companies over the long term. Much of modern financial economics
8 is predicated around structuring companies to minimize problems that can occur when
9 those who control a firm are not coterminous with its owners (including stockholders and
10 other stakeholders).¹⁵ When this gulf between ownership and control is appreciable, a
11 variety of value destroying behaviors can manifest. In many situations, the longer and more
12 patient time horizons of private capital investors is best positioned to overcome
13 conventional ownership-versus-control hurdles.

14
15 **Q. HOW DO PRIVATE EQUITY STRUCTURES COMPARE TO PUBLICLY-**
16 **TRADED ENTITIES IN THIS REGARD?**

17 **A.** Publicly-traded firm management (which by hypothesis has limited ownership stake) will
18 have more attenuated ties to the long-term viability of the firm. Consequently, managers
19 of public firms will have lower incentives to steward the company in a manner consistent
20 with long-term growth. Moreover, for public companies, equity ownership is mediated

¹⁵ See ADOLF BERLE & GARDINER MEANS, *THE MODERN CORPORATION AND PRIVATE PROPERTY* (1932); Michael C. Jensen & William H. Meckling, *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*, 3 J. FIN. ECON. 305 (1976).

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1 through anonymous market transactions, which can attract short-term activists purchasing
2 appreciable stakes in order to pressure the company to enhance its immediate liquidity
3 (e.g., through dividend payments, share repurchases, and divesting longer term assets such
4 as R&D capacity). These outside activist investors, moreover, are not especially interested
5 in underwriting the types of investment that will, over the long term, enhance the quality,
6 dependability, and profitability of the firm down the road.

7
8 Private equity structures address many of these problems. By concentrating ownership
9 within a smaller group of investors (not public securities markets), the private equity
10 structure sharpens the tie between the firm’s long-term health and managerial incentives.
11 Managers must work closely with private equity investors to make strategic and operational
12 decisions that bolster the firm’s long-term value. This makes managerial incentives much
13 more closely tethered to company performance. Furthermore, as compared to public equity
14 markets, private capital is *patient* capital. Private capital investors know that they will be
15 locking up their capital for a long amount of time (a decade or more is common), without
16 the easy option to “dump their shares” on the stock markets. Removing easy liquidity of
17 ownership stakes does more than tie current owners to the proverbial mast of long-term
18 value creation, however. It also acts as an insurance policy against shareholder activists
19 who would threaten to mount control contests as a means to extract liquidity from the
20 company through disbursements, debt recapitalizations, and divestments of long-term
21 assets.

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1 **Q. IS THE IDEA OF ACTIVIST INVESTORS PRESSURING A PUBLICLY-TRADED**
2 **UTILITY HOLDING COMPANY ONLY A THEORETICAL MATTER?**

3 **A.** No. For example, an activist investor – Starboard Value LP – acquired a 7.5% stake in
4 Canadian utility holding company Algonquin Power & Utilities Corp. (“Algonquin”),
5 pressuring the company to divest its renewables assets.¹⁶ It leveraged this stake to obtain
6 seats on the Algonquin board of directors, in conjunction with the retirement of the Chair
7 of the board.¹⁷

8
9 As another recent example, the activist investor Elliott Management Corp. acquired a stake
10 in Evergy, Inc., and acquired two seats on its board.¹⁸

11
12 **Q. IS THE INSTANT TRANSACTION’S CAPITAL STRUCTURE SUFFICIENTLY**
13 **PROTECTIVE OF NMGC?**

14 **A.** Yes. To the extent that there can be risks in any ownership structure, including private
15 equity ownership, such concerns can readily be mitigated, and appropriate steps appear to
16 have been taken here to protect the public’s interest. There are a variety of measures that
17 a private investor can put into place to protect the operating assets and business viability

¹⁶ Starboard Sends Letter to Algonquin Power & Utilities Regarding Opportunities to Enhance Shareholder Value, <https://www.prnewswire.com/news-releases/starboard-sends-letter-to-algonquin-power--utilities-regarding-opportunities-to-enhance-shareholder-value-301871169.html>. Last checked July 3, 2025.

¹⁷ Algonquin Power & Utilities Corp. to Add Brett Carter and Christopher Lopez to the Board of Directors, <https://www.prnewswire.com/news-releases/algonquin-power--utilities-corp-to-add-brett-carter-and-christopher-lopez-to-the-board-of-directors-302121535.html>. Last checked July 3, 2025.

¹⁸ <https://newsroom.evergy.com/2020-03-03-Evergy-Announces-Agreement-with-Elliott-Management>. Last checked July 3, 2025.

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1 of the portfolio company. One of them is maintaining an adequate equity component in
2 the capital structure.

3
4 In my opinion, the proposed Transaction structure and its ring-fencing provisions help
5 ensure that there are adequate protections against excessive leverage and financial distress.
6 As noted above, the way that the transaction is structured (\$550 million in assumed debt
7 and \$700 million in equity contribution at the operating utility level) will result in a robust
8 equity ratio of 56%, which provides a significant equity cushion for absorbing losses,
9 thereby minimizing many of the possible criticisms of a leveraged capital structure that
10 private equity sponsors sometimes receive. Moreover, while \$250 million of the \$700
11 million equity contribution will be indirectly financed by new debt of BCP affiliates, this
12 debt appears to be explicitly non-recourse to NMGC, thereby insulating NMGC from the
13 effects (if any) of this leverage. In my opinion, then, there is nothing about the proposed
14 acquisition that appears odd, peculiar, or out of step from what have now become common
15 private-equity acquisitions.

IV. CONCLUSIONS

16
17
18 **Q. PLEASE SUMMARIZE YOUR CONCLUSION.**

19 **A.** On the basis of the analysis above, I am of the opinion that the proposed Transaction is not
20 only unremarkable and transparent, but that it does not introduce any material complexities,
21 structuring concerns, or financial concerns for New Mexico customers. To the contrary,

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1 the added ring-fencing protections provided with the Transaction will, in my opinion,
2 augment the organizational security and solvency of NMGC.

Eric L. Talley
Columbia Law School
New York, NY 10027
Phone: (213) 610-4792
Email: etalley@law.columbia.edu

Professional/Employment

- 2015-Pres.* **Isidor and Seville Sulzbacher Professor of Law**, Columbia Law School, New York, NY.
- 2017-Pres.* **Faculty Co-Director**, Millstein Center for Global Markets and Corporate Ownership, Columbia Law School.
- 2016-Pres.* **Affiliated Expert**, Cornerstone Research, New York, NY.
- 2025* **Visiting Professor**, Stanford Law School, Stanford California.
- 2025* **Visiting Research Fellow**, European University Institute, Florence Italy.
- 2018, 2021, 2024* **Visiting Professor**, ETH Zurich (Gerzensee Study Center), Switzerland.
- 2016* **Visiting Professor**, Buchmann Faculty of Law, Tel Aviv University.
- 2009-2015* **Arthur and Rosalinde Gilbert Foundation Chair in Law, Business and the Economy**, UC Berkeley School of Law, Berkeley, CA.
- 2006-2014* **Faculty Co-Director**, Berkeley Center for Law, Business and the Economy, UC Berkeley School of Law, Berkeley, CA.
- 2006-2009* **Professor of Law**, UC Berkeley School of Law, Berkeley, CA.
- 2004-2015* **Senior Economist**, RAND Corporation, Santa Monica, CA, Institute for Civil Justice (Affiliated adjunct staff).
- 2011* **Visiting Professor**, University of Chicago School of Law, Chicago IL.
- 2008-2009* **Robert B. and Candice J. Haas Visiting Professor in Corporate Finance and Law**, Harvard Law School, Cambridge, MA.
- 2006* **Commentator**, *Marketplace* Radio; American Public Media. Weekly slot on national public radio program discussing business and legal affairs.

- 2005-2006* **Visiting Professor**, UC Berkeley School of Law. Co-Director, Berkeley Center for Law, Business and the Economy.
- 2005-2006* **Ivadelle & Theodore Johnson Chair in Law and Business**, University of Southern California, Gould School of Law.
- 2005-2006* **Professor of Finance and Business Economics**, USC Marshall School of Business.
- 2000-2005* **Professor of Law**, Univ. of Southern California Law School. (Director, USC Center in Law Economics & Organization, 2002-2004; Director, USC/Caltech Olin Center for Study of Law & Rational Choice, 2002-2004).
- 2003 (Spr.)* **Visiting Research Fellow**, Institute for Civil Justice, RAND Corporation, Santa Monica, CA.
- 2001-2003* **Visiting Professor**, California Institute of Technology, Department of Humanities and Social Sciences.
- 2000 (Aut.)* **Visiting Professor and Alfred P. Sloan Research Fellow**, Georgetown University Law Center.
- 1997-2000* **Associate Professor of Law**, University of Southern Cal. Law School.
- 1995-1997* **Assistant Professor of Law**, University of Southern Cal. Law School.
- 1993-94* **Contract Specialist**, Brown & Bain, Palo Alto, CA (non-practicing consultant).
- 1993* **Summer Associate**, Brown & Bain, Palo Alto, CA.
- 1993* **Lecturer**, Stanford University. Intermediate microeconomics.
- 1990, 1992* **Instructor**, Stanford Law School. Taught two seminars for law faculty on the fundamentals of economic analysis and game theory.

Education

- Ph.D./J.D. **Stanford University Dept. of Economics & Stanford Law School.**
1989-95, 1999. Doctoral Dissertation Committee: Paul R. Milgrom (chair; 2020 Nobel Prize recipient); Ian Ayres; A. Mitchell Polinsky.
- B.A. **University of California, San Diego.** 1984-88. Magna Cum Laude.
Majors: economics and political science; minor: mathematics.
- High School **Los Alamos High School**, Los Alamos, NM. 1981-84.

Courses Taught

- I. Corporate Law / Business Associations
- II. Corporate Finance
- III. Corporate Governance
- IV. Contract Law
- V. Mergers and Acquisitions
- VI. Valuation Bootcamp for Lawyers
- VII. Machine Learning and Law
- VIII. Securities Regulation
- IX. Private Capital (seminar)
- X. Shareholder Activism (seminar)
- XI. Legal Financial Arbitrage (seminar; joint Columbia Business & Law Schools)
- XII. Law and Economics (seminar)
- XIII. Law and Empirical Finance (seminar)

Books

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Submitted Papers, Working Papers and Works-in-Progress

- *Fix the Price or Price the Fix? Resolving the Sequencing Puzzle in Corporate Contracting* (with Joshua Higbee, Matthew Jennejohn & Cree Jones) (working paper 2025) (available at SSRN: <https://ssrn.com/abstract=5159164>).
- *Our Misguided Faith in Corporate Voting* (with Ben Johnson & Jennifer Juergens) (2024).
- *Is There Politics In Money? M&A Contracting and Regulatory Risk* (with Reilly Steel) (working paper 2024)
- *Efficient Liability Assignment in Hub and Spoke Networks* (with Jiyoung Kim) (2023)
- *COVID-19 as a Force Majeure in Corporate Transactions* (with Julian Nyarko & Matt Jennejohn).
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- *Financial Regulation and the World's Most Important Number: LIBOR Reporting Behavior during the Credit Crisis* (2013)
- *Optimal Liability for Terrorism* (with Darius Lakdawalla) (2005)
- *Uncorporated Professionals* (with John Romley) (2004) (available for download at SSRN: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=587982).
- *Equilibrium Expectations and Legal Doctrine* (2005).
- *The Impact of Regulation and Litigation on Small Business and Entrepreneurship: An Overview*, RAND Working Paper WR-317-ICJ (2006) (with Lloyd Dixon, Susan M. Gates, Kanika Kapur, and Seth A. Seabury).
- *Criteria Used to Define a Small Business in Determining Thresholds for the Application of Federal Statutes*, RAND Working Paper WR-292-ICJ (2005) (with Ryan Keefe and Susan M. Gates).
- *A Defense of Shareholder Favoritism* (with Stephen Choi 2002).
- *Incentives, Investment, and the Legal Protection of Trade Secrets* (with Gillian Lester, 2001).
- *Corporate Governance, Executive Compensation and Securities Litigation* (May 2004) (with Gudrun Johnsen).
- *Private Information, Self-Serving Biases, and Optimal Settlement Mechanisms: Theory and Evidence* (November 2003) (with Seth Seabury).
- *Trade Secrets and Mutual Investments* (with Gillian Lester) USC Law School Working Paper # 00-15; Georgetown Law and Economics Research Paper No. 246406 (Oct. 2000).
- *A Note on Presumptions with Sequential Litigation*, USC Olin Working Paper # 99-9 (with Antonio Bernardo) (1999).
- *Property Rights, Liability Rules, and Coasean Bargaining Mechanisms under Incomplete Information*, Stanford Olin Working Paper # 108 (1994).

Funding/Grants

- Securities and Exchange Commission Grant to study investment advisors and broker dealers, RAND Corporation, 1/2007-3/2008; \$280,000 (research staff, task director).
- Ewing Marion Kauffman Foundation, 3-year support grant to fund RAND Center for the Study of Small Business Regulation and Litigation; 11/03-10/06; \$1,500,000 (co-PI).

- John Olin Foundation, 3-year support grant to fund USC/Caltech Program in Law and Rational Choice, 6/02-6/05; \$300,000 (PI).
- University of Southern California, 3-year Seed Money Grant to Implement USC Center in Law, Economics and Organization, 7/00-6/03; \$800,000 (co-PI).
- University of Southern California Zumberge Junior Fac. Award, 8/97-6/98; \$30,000 (PI).

Endowed Presentations and Notable Addresses

- Keynote Address: The Renewed (and Wild) Race in Corporate Law (Case Western Reserve School of Law 2025).
- Delaware Judicial Retreat (October 2024) (Invited presentation on corporate law and governance before Delaware Court of Chancery and Supreme Court at annual Judicial Retreat).
- Commencement Address, Columbia Law School Class of 2022 (faculty speaker and recipient of Willis L. M. Reese Prize for Excellence in Teaching) (*Peerless*) (Available at <https://ssrn.com/abstract=4116830>).
- Delaware Judicial Retreat (October 2020) (Invited presentation on corporate law and governance before Delaware Court of Chancery and Supreme Court at annual Judicial Retreat).
- Keynote Address, Michigan State University Law Review symposium, Lansing MI (April 2020).
- Delaware Judicial Retreat (October 2018) (Invited presentation on corporate law and governance before Delaware Court of Chancery and Supreme Court at annual Judicial Retreat).
- Keynote Address, Conference on Empirical Legal Studies East Asia (CELSEA), Taipei, Taiwan (June 2017).
- Commencement Address, Columbia Law School Class of 2017 (faculty speaker and recipient of Willis L. M. Reese Prize for Excellence in Teaching) (*Triumphs of Commission*) (available at <https://ssrn.com/abstract=2970477>)
- Fifty-Ninth Annual John R. Coen Lecture, University of Colorado at Boulder, March 2016 (*Is the Law a Driverless Car? Assessing How (or Whether) the Data Analytics Revolution Will Transform the Legal Profession*) (available at <http://lawweb.colorado.edu/events/details.jsp?id=6629>).
- Commencement Address, UC Berkeley LLM Graduation (elected faculty speaker) (2011).

- Chair Installation Address, Rosalinde & Arthur Gilbert Chair in Law, Business and the Economy, UC Berkeley School of Law, April 2009.
- Twenty-Fifth Annual Francis G. Pileggi Distinguished Lecture in Law, Delaware Journal of Corporate Law, Widener University, October 2008.
- Ninth Annual Distinguished Speaker Series, McGeorge Law School, University of the Pacific, November 2001 (*Common Agency in Fiduciary Law*).

Awards and Service

- Elected to the American Academy of Arts and Sciences (2024).
- Elected Research Member, European Corporate Governance Institute (2022).
- Willis L.M. Reese Prize for Excellence in Teaching, Columbia Law School (2022).
- Willis L.M. Reese Prize for Excellence in Teaching, Columbia Law School (2017).
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2022 (for *Cleaning Corporate Governance*). 5/23
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2017 (for *Contracting out of the Fiduciary Duty of Loyalty: An Empirical Analysis of Corporate Opportunity Waivers*). 5/18
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2016 (for *Corporate Inversions and the Unbundling of Regulatory Competition*). 5/17
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2009 (for *Going Private Decisions and the Sarbanes Oxley Act of 2002: A Cross-Country Analysis*). 4/10
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 2004 (for *Unregulable Defenses and the Perils of Shareholder Choice*). 4/05.
- *Corporate Practice Commentator* commendation for “Ten Best Corporate and Securities Articles written in 1999” (for *Turning Servile Opportunities to Gold: A Strategic Analysis of the Corporate Opportunities Doctrine*). 3/00.
- Board Member, Ira M. Millstein Center for Global Markets and Corporate Ownership (2017-Present); Executive Committee Member (2020-Present).

- Board of Directors, Society for Empirical Legal Scholars (SELS) (2009-2022) (Immediate Past Chair, 2019-2022; Chair Elect, 2015-2019; Immediate Past President, 2014-15; President 2013-14; Vice President 2012-13).
- Board of Directors, American Law and Economics Association (Elected member; three-year term: June 2016-May 2019).
- Executive Committee, Data Science Institute, Columbia University (2015-Present)
- Program Committee, American Law and Economics Association Annual 2017 Conference (June 2016 – May 2017).
- University of California System-wide Committee on Academic Personnel (UCAP) (2014-2015).
- UC Berkeley Campus Budget and Interdepartmental Relations Committee (Budget Committee) (2011-2014; Chair, 2013-14; ex officio 2014-2015).
- UC Berkeley Academic Senate Divisional Council (DIVCO) (2013-14).
- UC Berkeley Academic Planning and Resource Allocation Committee (CAPRA) (2013-14).
- Legal Education Advisory Board, BARBRI, Inc., August 2013-15.
- Board of Directors, American Law and Economics Association (Elected member; three-year term: June 2005-May 2008).
- Elected Member, Dean's Faculty Advisory Committee, UC Berkeley School of Law (2010 – 2013).
- Chair, Dean Search Committee, Haas Business School, UC Berkeley (2007-2008).
- Member, National Science Foundation Law and Social Science Grant Evaluation Panel (2008 - 2010).
- Program Committee, American Law and Economics Association Annual 2006 Conference (with D. Rubinfeld, and K. Pastor) (November 2005 – May 2006).
- Chair, Administration and Finance Committee (Elected), USC Law School 2004-05.
- Finance Committee, University of Southern California Board of Trustees (faculty representative), 2004-05.
- Representative, Faculty Senate, University of Southern California 2004-05.

- Board Treasurer, The Growing Place Early Childhood Education Center Board of Directors (non-profit) 2004-05.
- Board of Directors, The Growing Place Early Childhood Education Center Board of Directors (non-profit), 2002-2005.
- Chair, Faculty Appointments Committee, USC Law School 2003.
- Chair, AALS Section in Law and Economics, 2004-05.
- Chair, AALS Section in Contracts, 2007-08.
- Chair, Faculty Handbook Committee, University of Southern California, 2002-03. Oversaw reorganization of faculty handbook (approved by USC Faculty Senate, 2004).
- Alfred P. Sloan Foundation Research Fellowship, Georgetown Law Center. 9/00-12/00.
- Zumberge Junior Faculty Research Award, USC. 7/97 - 7/99.
- Centennial Teaching Award, Stanford University. 6/95.
- Articles Editor, *Stanford Law Review* 1993-94 (Volume 46).
- Outstanding Teaching Assistant Award in Economics. 3/94; 6/94; 12/94.
- Hellman Prize for Outstanding Law-Review Note, *Stanford Law Review*. 5/94
- Fellow, Stanford Center for Conflict and Negotiation. 11/92-10/93
- Goldsmith Award for Outstanding Paper in Dispute Resolution. 4/93
- Hilmer Oehlmann, Jr. Prize for excellence in legal research and writing. 5/92
- John Olin Foundation Fellowship in law and economics. 4/94; 6/94; 6/92
- Phi Beta Kappa
- Departmental Honors in both economics and political science, University of California, San Diego. Graduated Magna Cum Laude from Revelle College. 12/88

Professional Affiliations

- Elected Member, American Academy of Arts & Sciences.
- Elected Research Member, European Corporate Governance Institute.
- Member, American Law and Economics Association; Society for Empirical Legal Studies.

- Referee, *American Economic Review*; *Rand Journal of Economics*; *Journal of Law, Economics & Organization*; *Journal of Legal Studies*; *Review of Economic Studies*; *International Review of Law and Economics*; *International Economic Review*; *Journal of Law and Economics*.

Consulting/Testimony (Last 4 Years)

- SVB Financial Group v. Federal Deposit Insurance Corporation 5:24-cv-01321-BLF (2025). Designated as consulting expert in corporate structures and risk oversight.
- Hecate Holdings Inc. v. Repsol Renewables N.A. C.A. No. 2024-0928-KSJM (2024). Served as expert in acquisition bargaining, efficient contract design and practice, and options pricing structure.
- FourWorld Event Opportunities Fund et al. HomeStar InvestCo AB (T 7674-22) (Stockholm District Court, Sweden 2024). Served as expert in valuation of appraisal proceeding of Swedish public company). Submitted report and gave live testimony.
- Massoumi v. Ganju, et al. (NY Sup. Court) (654289/2020) (2023). Served as expert analyzing corporate governance and disclosure in leadership contest).
- Javice v. JP Morgan Chase Bank (Delaware Chancery Court) (CA 2022-1179-KSJM) (2023). Served as a consulting expert analyzing contractual indemnification / advancement provisions in M&A agreements.
- Politan Capital Management LP v. Masimo Corp. (Delaware Chancery Court) (CA 2022-0948-NAC) (2023). Served as testifying expert analyzing corporate governance and shareholder voting dynamics related to an advance-notice bylaw of a public company.
- Alterra America Insurance Co. et al v. National Football League (Supreme Court of New York, New York County, Index No. 652813/2012) (2022). Served as consulting expert analyzing economic aspects of concussion settlement liability as between unincorporated league and member teams using.
- Edison Electric Institute (EEI). Deliver in-depth lectures on economics, finance, and ROE estimation to US-based utilities regulators (commissioners and staff) (2020-Pres.).
- Institute for Regulatory Law and Economics (IRLE). Deliver in-depth lectures on economics, finance, and ROE estimation to US-based utilities regulators (commissioners and staff) (2008-Pres.).
- Sears Holding Corporation, et al. v. Lampert, et al., Case No. 19-08250 (RDD) (Bankr. S.D.N.Y.) (2021-22). Served as consulting expert on corporate governance in relation to several spin-off and loan transactions.
- Rising Tide I, LLC v. Fitzsimmons et al. (Case # 3:17-cv-01232-EDL) (N.D. Cal. 2020).

Retained as expert to render opinion as to corporate governance practices in connection with allegations of securities fraud.

- Global Blue Group AG Acquisition by Far Point Acquisition Corp. (2020). Retained as expert to evaluate corporate governance practices in board deliberations as to whether a Material Adverse Effect had occurred in a de-SPAC transaction.
- PWP Xerion Holdings III, LLC v. Red Leaf Resources Inc. (C.A. No. 2017-0235-JTL) (2019). Served as expert in valuation issues related to alleged breach of preemptive rights and quantification of associated damages.

Students/Advisees

- Reilly Steel, Columbia Law School (JD), Millstein Fellow (2017-18); Clerk to Hon. Leo Strine (Del.) (2018-19); Doctoral Candidate, Princeton Political Science department; Academic Fellow & Post-Doctoral Fellow, Columbia Law School (2024-26).
- Jens Frankenreiter, Columbia Law School Post-Doctoral Fellow (2018-19); Assistant Professor of Law, Washington University St. Louis.
- Julian Nyarko, Columbia Law School Post-Doctoral Fellow (2019-21); Assistant Professor of Law, Stanford Law School.
- Sarath Sanga, UC Berkeley Economics Department (PhD); Yale Law School (JD), Professor of Law, Northwestern University Law School.
- Surajeet Chakravarty, USC Economics Department (PhD), Associate Professor, University of Exeter Business School.
- Svetlana Pevnitskaya, USC Economics Department (PhD), Associate Professor of Economics, Florida State University.
- Kathryn Zeiler, Caltech, Social Science (PhD) / USC Law (JD), Professor of Law, Boston University
- Jingfeng Lu, USC Economics Department (PhD), Professor of Economics, National University of Singapore Department of Economics.
- Brian Broughman, UC Berkeley JSP Program (PhD), Professor of Law, Vanderbilt university.
- Michael Gilbert, UC Berkeley JSP Program (PhD), Professor of Law, University of Virginia.
- Andrew Hayashi, UC Berkeley JD / PhD (Economics), Professor of Law, University of Virginia.

· Mira Ganor, UC Berkeley JSD Candidate (2008), Professor of Law, University of Texas.

Personal

- Date of Birth: 26 March, 1966.
- Married (since 1998) to Gillian Lester, Dean Emerita, Columbia Law School.
- Two children.
- Hobbies include cycling, hiking, classical/jazz guitar, and skiing.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION)
FOR APPROVAL TO ACQUIRE)
NEW MEXICO GAS COMPANY, INC.)
BY SATURN UTILITIES HOLDCO, LLC.)
) **Docket No. 24-00266-UT**
)
JOINT APPLICANTS)
_____)

ELECTRONICALLY SUBMITTED AFFIRMATION OF
DR. ERIC L. TALLEY

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, Dr. Eric L. Talley, Isidor and Seville Sulzbacher Professor of Law at Columbia Law School, affirms and states under penalty of perjury under the laws of the State of New Mexico: I have read the foregoing Revised Application Direct Testimony and Exhibits. I further affirmatively state that I know the contents of my Revised Application Direct Testimony and Exhibits and they are true and accurate based on my personal knowledge and belief.

SIGNED this 3rd day of July 2025.

/s/Eric L. Talley
Eric L. Talley

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT)
APPLICATION FOR APPROVAL TO)
ACQUIRE NEW MEXICO GAS COMPANY,)
INC. BY SATURN UTILITIES HOLDCO,) Case No. 24-00266-UT
LLC.)
JOINT APPLICANTS)

CERTIFICATE OF SERVICE

I CERTIFY that on this date I sent via email a true and correct copy of *Revised Application Direct Testimony and Exhibits of Dr. Eric L. Talley*

NM Gas Company	
Thomas M. Domme	TMD@jkwlawyers.com;
Brian J. Haverly	BJH@jkwlawyers.com;
NMGC Regulatory	NMGCRegulatory@nmgco.com;
Raymond Gifford	RGifford@wbklaw.com;
Saturn Utilities, LLC	
Dana S. Hardy	DHardy@hardymclean.com;
Jaclyn M. McLean	JMclean@hardymclean.com;
Timothy B. Rode	TRode@hardymclean.com;
William DuBois	WDubois@wbklaw.com;
E. Baker	Ebaker@scottmadden.com;
Coalition for Clean Affordable Energy	
Charles De Saillan	Desaillan.ccae@gmail.com;
Cara R. Lynch	Lynch.Cara.NM@gmail.com;
Don Hancock	Sricdon@earthlink.net;
Mark Ewen	Mewen@indecon.com;
Angela Vitulli	AVitulli@indecon.com;
Jason Price	JPrice@indecon.com;
Stefani Penn	Spenn@indecon.com;
Federal Executive Agencies	
Jelani Freeman	Jelani.Freeman@hq.doe.gov;
Emily Medlyn	Emily.Medlyn@hq.doe.gov;
Dwight Etheridge	DEtheridge@exeterassociates.com;
Incorporated County of Los Alamos	
Daniel A. Najjar	DNajjar@virtuelaw.com;
Philo Shelton	Philo.Shelton@lacnm.us;
Thomas L. Wyman	Thomas.Wyman@lacnm.us;
New Mexico AREA	
Peter J. Gould	Peter@thegouldlawfirm.com;
Kelly Gould	Kelly@thegouldlawfirm.com;
Katrina Reid	office@thegouldlawfirm.com;

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**Revised Application Direct Testimony
and Exhibits of Dr. Eric L. Talley**

Case No. 24-00266-UT

New Mexico Department of Justice	
Gideon Elliot	GElliot@nmdoj.gov ;
Maria Oropeza	MOropeza@nmdoj.gov ;
Nicole Teupell	Nteupell@nmdoj.gov ;
New Energy Economy	
Maribel Nanasi	Maribel@seedsbeneaththesnow.com ;
Christopher Sandberg	CKSandberg@me.com ;
Collin Poirot	CPoirot@jd18.law.harvard.edu ;
NMPRC – Utilities Staff	
Ryan Friedman	Ryan.Friedman@prc.nm.gov ;
Nicholas Rossi	Nicholas.Rossi@prc.nm.gov ;
Kaythee Hlaing	Kaythee.Hlaing@prc.nm.gov ;
Naomi Velasquez	Naomi.Velasquez1@prc.nm.gov ;
Bryce Zedalis	Bryce.Zedalis1@prc.nm.gov ;
Jacqueline Ortiz	Jacqueline.Ortiz@prc.nm.gov ;
Timothy Martinez	Timothy.Martinez@prc.nm.gov ;
Daren Zigich	Daren.Zigich@prc.nm.gov ;
Marc Tupler	Marc.Tupler@prc.nm.gov ;
Larry Blank	LB@tahoeeconomics.com ;
Prosperity Works	
Cara R. Lynch	Lynch.Cara.nm@gmail.com ;
Ona Porter	Ona@prosperityworks.net ;
Western Resource Advocates	
Cydney Beadles	Cydney.Beadles@westernresources.org ;
Anna Linden Weller	Annalinden.Weller@westernresources.org ;
Caitlin Evans	Caitlin.Evans@westernresources.org ;
Michael Kenney	Michael.Kenney@westernresources.org ;
Bradley Cebulko	BCebulko@currentenergy.group ;
Meera Fickling	MFickling@currentenergy.group ;
PRC General Counsel Division	
Scott Cameron	Scott.Cameron@prc.nm.gov ;
LaurieAnn Santillanes	Laurieann.Santillanes@prc.nm.gov ;
Alejandro Rettig y Martinez	Alejandro.Martinez@prc.nm.gov ;
Russell Fisk	Russell.Fisk@prc.nm.gov ;
Hearing Examiners Division	
Patrick Schaefer Co-Hearing Examiner	Patrick.Schaefer@prc.nm.gov ;
Ana C. Kippenbrock, Law Clerk	Ana.Kippenbrock@prc.nm.gov ;

DATED this July 3, 2025.

/s/Lisa Trujillo
 Lisa Trujillo
 Project Manager, Regulatory Affairs
 505-697-3831
lisa.trujillo@nmgco.com