

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

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

**REVISED APPLICATION DIRECT TESTIMONY AND EXHIBITS**

**OF**

**KAREN E. HUTT**

**July 3, 2025**

**NMPRC CASE NO. 24-00266-UT  
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REVISED APPLICATION DIRECT TESTIMONY OF  
KAREN E. HUTT**

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**I. INTRODUCTION AND BACKGROUND**

**Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

**A.** My name is Karen Hutt, and I am the Chief Strategy & Growth Officer for Emera Inc. (“Emera”). My business address is 5151 Terminal Road, Halifax, Nova Scotia, Canada B3J 1A1.

**Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.**

**A.** I hold degrees from Acadia University and Mount Saint Vincent University. I also have an ICD.D designation from the Institute of Corporate Directors.

I joined Emera in 2001, and have held a number of roles within the Emera family of companies, including:

- Executive Vice President, Business Development & Strategy for Emera
- President and Chief Executive Officer of Nova Scotia Power Inc.
- Vice President, Mergers and Acquisitions for Emera
- Executive Vice President, Commercial for Emera Energy
- President of Northeast Wind, Executive Vice President, Commercial

My educational background and professional experience are set out in greater detail in my resume, which is attached as JA Exhibit KEH-1 (Revised Application).

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**Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEW MEXICO PUBLIC  
REGULATION COMMISSION (“NMPRC” OR THE “COMMISSION”)?**

**A.** I have not testified before the NMPRC prior to this case. However, during the pendency  
of this case, I submitted the following pre-filed testimony:

- October 28, 2024 - Direct Testimony in support of the Joint Application.
- March 31, 2025 - Supplemental Testimony in response to the Hearing Examiners’  
March 24, 2025, Bench Request to Joint Applicants for Further Information.
- May 16, 2025 - Rebuttal Testimony.

**Q. WHAT IS THE PRIMARY PURPOSE OF YOUR DIRECT TESTIMONY IN  
SUPPORT OF THE REVISED APPLICATION THIS CASE?**

**A.** My Revised Direct Testimony is filed pursuant to the Order Setting Filing Date for Revised  
Application issued on June 30, 2025. The purpose of my testimony is to support 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

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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”). Specifically, in this testimony I discuss the current ownership structure of NMGC, Emera’s decision to sell TECO Energy to Saturn Holdco, the arm’s length sales process that Emera undertook, and the Transition Services Agreement (“TSA”) that will facilitate an orderly and efficient transition by allowing NMGC to continue to receive shared services from Emera and its affiliates for up to 24 months after the Transaction closes.

**Q. PLEASE DESCRIBE THE CURRENT OWNERSHIP STRUCTURE OF NMGC.**

**A.** NMGC is currently part of the Emera family of companies, with Emera being the ultimate parent of NMGC. There are several holding companies between Emera and NMGC. First, there is EUSHI. EUSHI is wholly and directly and indirectly owned by Emera. EUSHI is the company which owns, directly or indirectly, all of Emera’s businesses in the United States.

EUSHI directly and wholly owns TECO Holdings.

Together, EUSHI and TECO Holdings own all of the membership interest of TECO Energy. EUSHI owns all Class A voting membership units of TECO Energy, and TECO Holdings owns all Class B non-voting membership units in TECO Energy.

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TECO Energy directly and wholly owns NMGI. NMGI directly and wholly owns NMGC.

**Q. PLEASE DESCRIBE THE CURRENT GOVERNANCE STRUCTURE OF NMGC.**

**A.** The NMGC Board of Directors (“Board”) provides governance oversight on key strategic decisions made by NMGC management, and on matters necessary to ensure compliance with appropriate legal and related requirements. The Board is comprised of a majority of local business and community leaders, Ryan A. Shell, the President of NMGC, who reports to the Board, and two Emera representatives.

**Q. DOES EMERA MANAGE OR OPERATE NMGC?**

**A.** No, it does not. NMGC’s management team under the leadership of Ryan A. Shell directs all aspects of NMGC’s business and operations. Emera and TECO provide certain shared services to NMGC which will be transitioned to NMGC under the TSA after the Transaction closes.

**II. SALES PROCESS**

**Q. PLEASE DESCRIBE EMERA’S DECISION TO SELL TECO ENERGY, NMGI, AND NMGC.**

**A.** In late 2023, Emera undertook a thorough analysis of its portfolio of assets. Through that analysis, Emera determined that the sale of some assets would strengthen Emera’s balance sheet and support the funding of Emera’s future capital investment plan.<sup>1</sup> In June 2024

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<sup>1</sup> Emera released a press release on June 28, 2024, announcing strategic reallocation of capital to drive long-term growth. This press release was filed in Case No. 15-00327-UT on July 2, 2024.

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1        Emera sold its equity stake in the Labrador Island Link project in Canada. In addition,  
2        there were multiple parties that expressed interest to Emera in the possible acquisition of  
3        NMGC. Emera explored these opportunities, which ultimately culminated in the  
4        agreement between EUSHI and TECO Holdings and Saturn Holdco to acquire NMGC.

5  
6        **Q. PLEASE BRIEFLY DESCRIBE THE PROCESS THAT LED TO THE PROPOSED**  
7        **TRANSACTION.**

8        **A.** Emera performed an analysis to determine what assets, if any, to potentially sell. Emera  
9        identified NMGC as one of those assets. Emera then hired a financial advisor to help  
10       identify parties that would potentially be interested in acquiring NMGC. The firm  
11       identified several possible acquirers, who were then contacted to determine interest level.  
12       Twenty parties executed non-disclosure agreements and reviewed information related to  
13       NMGC. A small number of parties were then selected for further negotiations and  
14       discussions. Ultimately, Emera and Bernhard Capital Partners Management, LP (“BCP  
15       Management”) were able to reach an agreement wherein Saturn Holdco would acquire  
16       TECO Energy, and thereby NMGI and NMGC, from Emera. The process took  
17       approximately nine months and was conducted on an arm’s length basis among  
18       sophisticated business entities assisted by qualified and experienced advisors.

19  
20       **Q. WAS THE PROCESS CONDUCTED BY EMERA LEADING TO THE PROPOSED**  
21       **TRANSACTION A COMPETITIVE BIDDING PROCESS?**

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1    **A.**     Yes, Emera, and its financial advisor – J.P. Morgan Securities LLC (“JPM”) – engaged in  
2           a multi-phased auction sales process over a period of approximately six months for the sale  
3           of NMGC.

4  
5    **Q.     PLEASE DESCRIBE THE INITIATION OF THE BIDDING PROCESS.**

6    **A.**     To begin this process, in early February of 2024, JPM, on behalf of Emera, contacted 45  
7           entities to determine their interest in participating in the acquisition process (“Prospective  
8           Bidders”). The Prospective Bidders consisted of both “sponsors” (financial firms including  
9           private equity firms) and “strategics” (businesses including utility holding companies). In  
10          this first phase of the process, the Prospective Bidders were provided with a six page  
11          “teaser” with high level information about NMGC derived from publicly available  
12          information.

13  
14   **Q.     HOW DID THE PROSPECTIVE BIDDERS RESPOND TO EMERA?**

15   **A.**     Of these 45 Prospective Bidders, 25 declined to participate further in the process. Over the  
16          course of approximately the next six weeks, Emera negotiated and executed non-disclosure  
17          agreements with the other 20 Prospective Bidders (“Round 1 Participants”) which allowed  
18          them to continue on in the process and access certain confidential information to evaluate  
19          the opportunity at a high-level, including a financial model and a 90-page confidential  
20          information memorandum containing detailed information about NMGC.

21  
22   **Q.     WHAT WAS THE NEXT STEP IN THE BIDDING PROCESS?**

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1    **A.**     In late March of 2024, JPM provided a Round 1 process letter (“Round 1 Process Letter”)  
2           to all 20 of the Round 1 Participants inviting them to submit preliminary, non-binding  
3           indications of interest to acquire NMGC (an “Indicative Bid”). The Round 1 Process Letter  
4           instructed participants to include certain prescribed information in the Indicative Bid,  
5           including, among other things, an indicative purchase price and information regarding the  
6           purchaser, including information relating to the bidder’s operation and ownership of public  
7           utilities. A copy of this Round 1 Process Letter is attached as JA Exhibit KEH-2 (Revised  
8           Application).

9  
10          Additionally, JPM and Emera identified six of the Round 1 Participants and provided them  
11          with “fireside chats” through which they were provided an opportunity to meet with  
12          executives of NMGC and Emera to be given an informal overview of NMGC’s business.  
13          In response to the Round 1 Process Letter, Emera received conforming Indicative Bids  
14          from five of the 20 Round 1 Participants as well as verbal indications of interest from three  
15          other Round 1 Participants.

16  
17    **Q.     WHAT CRITERIA DID EMERA AND ITS FINANCIAL ADVISOR, JPM, USE TO**  
18    **EVALUATE THE FIVE INDICATIVE BIDS?**

19    **A.**     As outlined on pages 7, 8 and 9 of JA Exhibit NMDOJ 1-37 which was produced in  
20           discovery, relevant portions of which are attached to my Revised Application Direct  
21           Testimony as JA Exhibit KEH-3 (Revised Application), JPM prepared a summary of the  
22           Indicative Bids setting out the various considerations that were used by JPM and Emera to

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1 evaluate the Indicative Bids and to make a determination on which of the Round 1  
2 Participants would be invited to advance to round 2 of the bidding process (“Round 2”).  
3

4 **Q. WHAT FACTORS WERE CONSIDERED IN THE EVALUATION OF THE BIDS?**

5 **A.** As reflected in the tables for each of the Indicative Bids shown in JA Exhibit KEH-3  
6 (Revised Application), the following factors were listed as being part of this evaluation:

- 7 • the indicative enterprise “valuation” the Round 1 Participant communicated it was  
8 prepared to pay for NMGC;
- 9 • the “key conditions and assumptions” upon which the Round 1 Participant’s  
10 indicative enterprise value was based, such as the date of valuation and whether it  
11 was presented on a “debt-free, cash-free” basis (i.e. whether debt would remain  
12 outstanding following closing);
- 13 • the length and extent of “transition services” that the Round 1 Participant would  
14 require from Emera to facilitate the smooth transfer of NMGC to its ownership;
- 15 • the Round 1 Participant’s “financing services” which included the sources and  
16 proposed plan to finance the acquisition of NMGC;
- 17 • the Round 1 Participant’s “management and employee” plan which considered how  
18 a potential buyer would envision NMGC being operated. i.e., would they rely on  
19 the existing management team to continue on? Would they bring in a model where  
20 they would inject their own employees? Would they conduct the business’  
21 management through a different model? It was important to us, in recognition of  
22 the current management team’s approach to operating the business, that they stay  
23 in place;

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- 1           • the type of “due diligence” topics or subject areas that the Round 1 Participant
- 2           would need to analyze during due diligence in order to validate its view of NMGC
- 3           prior to submitting a final binding written proposal (a “Definitive Proposal”);
- 4           • the Round 1 Participant’s anticipated “timing” for completing its due diligence of
- 5           NMGC;
- 6           • the internal and external “approvals” that would be required for the Round 1
- 7           Participant to consummate the acquisition of NMGC; and finally
- 8           • whether the Round 1 Participant had retained any “external advisors”, and if so
- 9           whom (which was viewed as a sign that the Round 1 Participant was committed to
- 10          advancing in the process).

11

12   **Q.     PLEASE DESCRIBE THE NEXT PHASE OF THE PROCESS.**

13   **A.**    Based on the analysis using the factors described above, Emera invited three of the parties

14           who had made Indicative Bids (the “Round 2 Participants”) to advance to Round 2 of the

15           process and to engage in further due diligence. Emera, along with its advisors, believed

16           that all of the Round 1 Participants who were invited to participate in Round 2 were

17           qualified as potential buyers of NMGC. On May 10, 2024, JPM provided a Round 2

18           process letter (“Round 2 Process Letter”) to all three of the Round 2 Participants outlining

19           the procedures and timing for submitting a Definitive Proposal. A copy of this Round 2

20           Process Letter is attached as JA Exhibit KEH-4 (Revised Application). The Round 2

21           Process Letter requested that the Round 2 Participants submit comprehensive markups of

22           the draft Purchase and Sale Agreement (“PSA”) and the draft Transition Services

23           Agreement (“TSA”). Each of the Round 2 Participants were provided a comprehensive

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1 presentation about NMGC’s business and operations from members of NMGC’s senior  
2 management team.

3  
4 Prior to the submission deadline for Definitive Proposals, two of the three Round 2  
5 Participants withdrew from the process, and in June 2024, Emera received a Definitive  
6 Proposal from the one remaining Round 2 Participant – Bernhard Capital Partners  
7 Management, LP (“BCP Management”).

8  
9 **Q. WHAT HAPPENED NEXT IN THE SALES PROCESS?**

10 **A.** This led to negotiations between Emera and BCP Management and the receipt of several  
11 revised proposals from BCP Management. Ultimately, BCP Management submitted a  
12 revised proposal that was acceptable to Emera, and negotiations began on the terms of a  
13 PSA between Emera and Saturn Utilities Holdco, LLC (“Saturn Holdco”), including the  
14 form of TSA. The PSA was executed on August 5, 2024.

15  
16 **Q. WAS THE BIDDING PROCESS FOR NMGC A FAIR AND COMPETITIVE ONE?**

17 **A.** Yes. As outlined above, Emera conducted a fair and rigorous competitive process which,  
18 consistent with other similar processes, ultimately resulted in negotiations with one  
19 successful bidder.

20  
21 **Q. IS IT POSSIBLE TO HAVE A COMPETITIVE BIDDING PROCESS WITH ONLY**  
22 **ONE ACTUAL OFFER BEING RECEIVED?**

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1    **A.**    Yes. A bidding process can be competitive and have one or more actual offers being  
2           received. The number of offers received is not determinative of whether the sales process  
3           was competitive or not. See Revised Application Direct Testimony of Quilici.

4  
5    **Q.    WHAT SUPPORT DO YOU HAVE THAT THE BIDDING PROCESS FOR NMGC**  
6           **IS COMPETITIVE?**

7    **A.**    As outlined above, we started this process by reaching out to 45 Prospective Bidders and  
8           took comprehensive steps to evaluate and engage their interest in acquiring NMGC. The  
9           45 Prospective Bidders were reduced to 20, then to five, then three and finally to one  
10          definitive bidder. Ultimately receiving five Indicative Bids, inviting three Round 1  
11          Participants to submit Definitive Proposals in Round 2, and receiving one Definitive  
12          Proposal is not unusual and is reflective of a competitive bidding process, and as testified  
13          to by Ms. Quilici in support of this revised application, is customary in other processes  
14          involving other parties. As detailed above, the NMGC sale process was thorough,  
15          transparent and designed to encourage broad participation at every stage. It was a  
16          competitive process from the outset, and Emera would have given full and fair  
17          consideration to all competitive Definitive Proposals received. Further, as stated in my  
18          response to discovery in this case, Emera has acknowledged that “The BCP Applicants  
19          were the only party to ultimately submit an offer to purchase NMGC because all other  
20          parties withdrew from the process before submitting binding offers. There were no other  
21          bids that were rejected in favor of BCP Management.” See Response to NM AREA  
22          Interrogatory 1-7, a copy of which is attached as JA Exhibit KEH-5 (Revised Application).

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**Q. ONE OF THE BENEFITS IDENTIFIED BY MR. BAUDIER IN HIS TESTIMONY IN SUPPORT OF THE REVISED APPLICATION IS AN AGREEMENT BY EMERA AND SATURN HOLDCO TO EXTEND THE TERM OF THE TSA FROM ITS ORIGINAL TERM OF UP TO 18 MONTHS, TO A FULL 24 MONTHS FOLLOWING CLOSING. IS EMERA IN AGREEMENT WITH THIS EXTENSION?**

**A.** Yes, Emera has agreed with the BCP Applicants to extend the term of the TSA from 18 months to 24 months. The TSA was always contemplated as a vehicle to ensure that the transition was seamless and efficiently effectuated. Extending the term of the TSA to a full 24 months at the present time gives me confidence that we can transition smoothly and without interruption of service to NMGC's customers. This will give the BCP Applicants additional time, if necessary, to transition NMGC from Emera/TECO shared services to the model the BCP Applicants are proposing. Emera looks forward to working with the BCP Applicants and the NMGC management team to support an efficient and successful transition of back-office and IT services.

**Q. IS EMERA WILLING TO RENEGOTIATE THE PURCHASE PRICE NEGOTIATED BETWEEN EMERA AND SATURN HOLDCO SO THAT THE BUYER AND SELLER WOULD SHARE IN THE ACQUISITION PREMIUM OR THE AMOUNT OF GOODWILL TO BE PROVIDED TO THE CUSTOMERS?**

**A.** No. As discussed in the Revised Application Direct Testimony of Joint Applicant witnesses Quilici, Kelly and Talley, there is no sound basis for sharing with customers any acquisition premium or goodwill that might result from this Transaction. The acquisition

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premium is the difference between the purchase price of a transaction and the net book value of the seller's physical assets. Acquisition premium is recognized as an intangible asset on the balance sheet of the buyer as goodwill in accordance with generally accepted accounting principles. When Emera acquired TECO (and thus NMGC) it agreed that it NMGC would not seek future recovery, directly or indirectly, from customers of any acquisition adjustment resulting from that sale and prior sales involving NMGC or its assets. For regulatory accounting purposes, customers have not borne the cost of historical acquisition premiums paid in prior transactions, as these have not been included in NMGC's rate base. The Joint Applications are making a similar commitment in this case, to not, directly or indirectly, seek to recover in any future rate case, any increased goodwill or the increase in any other intangible asset resulting from this Transaction. Customers should therefore be indifferent to any acquisition premium, as the decision to pay more than the depreciated original cost of an asset has been borne by the investor, not customers. With respect to this Transaction, in the third quarter of 2024 after entering into the PSA, Emera recorded a CAD\$210 million in pre-tax goodwill impairment charge, representing the difference between the carrying value of its net assets and the fair value of the expected proceeds from this Transaction. Any accounting gain, or in this case an accounting loss, recorded by the parent holding company are not relevant to whether this Transaction is in the public interest. Moreover, the PSA was negotiated by the buyer and sellers and there is no basis for ordering the reopening of negotiations on the contract.

**Q. WHAT FINANCIAL METHOD(S) OF VALUATION IS EMERA USING TO  
VALUE NMGC? AND, ACCORDING TO THESE METHODS, WHAT HAS BEEN**

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**THE HISTORICAL VALUATION (EXCLUDING ANY ACQUISITION  
PREMIUM) OF THE NMGC'S EQUITY INTERESTS AND LDC ASSETS ON A  
QUARTERLY BASIS OVER THE LAST TWELVE (12) QUARTERS, FOR  
PURPOSES OF THIS TRANSACTION?**

**A.** In evaluating whether to sell NMGC, Emera considered, amongst other factors, estimated valuation ranges utilizing discounted cash flow analyses and levered internal rate of return methods. Emera also, considered relevant comparable natural gas LDC trading and precedent transaction multiples. Ultimately, the valuation of TECO Energy and, by extension, NMGC, is the agreed-upon purchase price of \$1.252 billion as set forth in the Purchase and Sale Agreement, which was the result of arm's length negotiations between the parties, not any specific financial method(s) of valuation.

For the purposes of Emera's evaluation of a potential sale, Emera used the following valuation methodologies in the first half of 2024: the unlevered discounted cash flow method, the levered internal rate of return method, the trading comparables method, and the transaction comparables method. These valuation methodologies produced estimated enterprise valuation ranges between \$1.05 billion and \$1.675 billion.

Emera has not otherwise conducted valuation exercises to determine the historical valuation (including or excluding any Acquisition Premium) of NMGC's or TECO Energy's equity interests and LDC assets on a quarterly basis over the last twelve (12) quarters, for purposes of this transaction. Moreover, since the ultimate valuation was the result of arm's length negotiations between Emera and the BCP Applicants and not any

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specific financial valuation method, Emera cannot provide similar valuations for NMGC or TECO Energy over the last 12 quarters.

**Q. HAS EMERA APPLIED ANY OTHER FINANCIAL METHODOLOGY FOR PURPOSES OF VALUING NMGC?**

**A.** Emera does periodically apply financial valuation methods as part of its regular financial audit process to determine the fair value of NMGC as part of testing for goodwill impairment. Prior to the announcement of the proposed transaction, the most recent quantitative impairment test on NMGC was conducted in 2022 utilizing a weighted approach of discounted cash flow, trading comparables, and transaction comparables methods. The 2022 analysis estimated a fair value of equity of approximately \$940 million, or an implied enterprise value of approximately \$1.41 billion after accounting for approximately \$501 million in NMGC debt. A quantitative test for goodwill impairment was also conducted by Emera in September 2024, with the fair enterprise value based upon the agreed base purchase price of \$1.252 billion. This required Emera to declare that some of the goodwill (or acquisition premium) on NMGC's balance sheet from prior transactions was impaired.

**III. TRANSACTION AND BUYER QUALIFICATIONS**

**Q. ARE SATURN HOLDCO AND THE BCP INFRASTRUCTURE FUNDS QUALIFIED AND FINANCIALLY HEALTHY TO OWN NMGC?**

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1    **A.**    Yes. BCP Management has a proven track record of attracting capital for funds it supports,  
2           such as the BCP Infrastructure Funds, making long-term investments in infrastructure  
3           assets. As is further described in the Revised Application Direct Testimony of Baudier,  
4           the BCP Applicants, along with the leadership at Delta Utilities, have a depth of utility  
5           experience such that I am confident that they will make good stewards of NMGC for many  
6           years to come.

7  
8           NMGC is a financially healthy utility that has done an outstanding job providing reliable  
9           gas service to its many customers in New Mexico. The management team at NMGC will  
10          stay in place after the Transaction closes and will continue to responsibly operate the utility.  
11          NMGC will have new parent entities that have demonstrated success in raising funds and  
12          making long-term investments in infrastructure-centered companies like NMGC. NMGC  
13          will also add approximately twenty new local jobs resulting in more New Mexicans  
14          providing services to New Mexico residents.

15  
16          Finally, while NMGC will largely operate as a separate utility, it will still have the ability  
17          to share best practices and lessons learned with the other utilities that BCP Management  
18          currently has in its investment portfolio, as well as the Delta Utilities natural gas utilities  
19          its managed funds have acquired in Louisiana and Mississippi. NMGC and its customers  
20          will also benefit from synergies, cost savings, and technology upgrades arising from certain  
21          shared services involving information technology systems with Delta Utilities, as further  
22          described in the transition plan for IT shared services in the Direct Testimonies of Peter L.  
23          Tumminello and Mark K. Miko.

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**Q. PLEASE SUMMARIZE THE TRANSACTION.**

**A.** The Transaction is a change of ownership of TECO Energy. NMGC will continue to exist as a separate corporate entity that is wholly owned directly by NMGI and indirectly by TECO Energy. Ultimately, the BCP Infrastructure Funds and Saturn Holdco will replace Emera, EUSHI, and TECO Holdings as parent companies of NMGC.

As described in the PSA, subject to the Commission granting the approvals, the Joint Applicants are requesting, and pursuing other necessary regulatory approvals discussed in the Revised Application Direct Testimony of Baudier, the parties will close the Transaction.

At closing, EUSHI and TECO Holdings will transfer all membership interests of TECO Energy to Saturn Holdco. This will result in the BCP Infrastructure Funds and Saturn Holdco indirectly wholly owning and controlling NMGC. Emera, EUSHI, and TECO Holdings will no longer own or control, directly or indirectly, NMGC.

The resulting ownership structure is detailed in the Amended General Diversification Plan attached to the Revised Application Direct Testimony of Baudier as JA Exhibit JMB-3 (Revised Application).

**Q. AS REQUESTED IN BENCH REQUEST NO. 4, “DO THE EQUITY INTERESTS OF TECO ENERGY, LLC, (“TARGET COMPANY”) TO BE PURCHASED BY SATURN UTILITIES HOLDCO, LLC, INCLUDE SHARES OF STOCK?”**

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1   **A.**    As a limited liability company, TECO Energy does not have shares of stock. Instead,  
2           TECO Energy has equity interests represented by membership units (“Units”). If the  
3           Commission approves the proposed transaction in this case, the Units of TECO Energy  
4           will be transferred to Saturn Holdco upon closing.

5  
6   **Q.    ARE THERE DIFFERENT CLASSES OF MEMBERSHIP UNITS WITH**  
7           **DIFFERENT ATTENDANT RIGHTS?**

8   **A.**    While there are no shares of stock, TECO Energy has two classes of Units: voting Class A  
9           Units and non-voting Class B Units. These Units have different rights and characteristics,  
10          as follows:

- 11           •   Management: Management is vested exclusively in the holder of the Class A  
12               Units. The holder of the Class A Units has the right to bind TECO Energy. The  
13               holders of the Class B Units do not have management rights or the right to bind  
14               TECO Energy. Except as required by applicable law, the holders of the Class  
15               B Units do not have the right to vote on any matter presented to the members  
16               of TECO Energy.
- 17           •   Allocation of Profits and Losses: All of TECO Energy’s profits and losses are  
18               allocated to the Class B Units. None of the profits and losses are allocated to  
19               the Class A Units.
- 20           •   Distributions: The Class A Units do not have a right to any distributions.  
21               Subject to the limitations of applicable law, distributions on the Class B Units  
22               may be made at the times and in the aggregate amounts as determined by the  
23               holder of the Class A Units.

**REVISED APPLICATION DIRECT TESTIMONY OF  
KAREN E. HUTT  
NMPRC CASE NO. 24-00266-UT**

1 If the proposed transaction is approved, Saturn Holdco will acquire 100% of both the Class  
2 A Units and 100% of the Class B Units of TECO Energy. The Joint Applicants have not  
3 prepared a valuation of each separate class of Units.  
4

5 **Q. DO ANY OF THE MEMBERSHIP UNIT CLASSES RECEIVE DIVIDENDS? IF SO,**  
6 **ON WHAT BASES AND TERMS?**

7 **A.** Only the Class B Units have the right to receive distributions. The holder of the Class A  
8 Units is responsible for determining the timing and amount of any distributions.  
9

10 **Q. WHAT ARE EMERA'S PLANS FOR THE PROCEEDS FROM THE SALE OF**  
11 **NMGC?**

12 **A.** Proceeds from the sale of NMGC would be used to support Emera's normal operations,  
13 repayment of existing debt, and capital requirements at the other regulated utilities that  
14 Emera currently owns.  
15

16 **Q. PREVIOUSLY TECO ENERGY WAS THE HOLDING COMPANY FOR ALL OF**  
17 **EMERA'S FLORIDA ASSETS. IS EMERA SELLING ALL OF THE FLORIDA**  
18 **ASSETS AS PART OF THE TRANSACTION?**

19 **A.** No. As part of the process of preparing for the Transaction, all of the assets that TECO  
20 Energy owned, other than NMGI and NMGC, were transferred to TECO Holdings. Emera  
21 and EUSHI will continue to own these assets going forward, and they are not part of the  
22 Transaction.  
23

**REVISED APPLICATION DIRECT TESTIMONY OF  
KAREN E. HUTT  
NMPRC CASE NO. 24-00266-UT**

**Q. WILL EMERA AND ITS AFFILIATES STOP PROVIDING SERVICES TO NMGC IMMEDIATELY UPON THE CLOSING OF THE TRANSACTION?**

**A.** No. The Joint Applicants are proposing a transition period whereby Emera and its Florida-based affiliates will continue to provide services to NMGC for a period of up to 24 months after closing of the Transaction pursuant to the TSA (which the Joint Applicants also seek approval). As NMGC stands up different services internally in New Mexico, or at Delta Utilities, it can eliminate services it receives from the Emera family of companies.

**Q. HOW WERE THE COSTS THAT EMERA WILL CHARGE NMGC DETERMINED UNDER THE TSA?**

**A.** The costs contained within the TSA were determined in the same manner as the current charges for shared services provided to NMGC. The charges are consistent with the shared services costs in NMGC's most recent general rate case filing – Case No. 23-00255-UT. These costs use historical information and are either 1) direct charges to NMGC or 2) allocated to NMGC using the methods set out in the Cost Allocation Manual developed by TECO Energy, NMGC and stakeholders.

**Q. ARE THE COSTS CONTAINED IN THE TSA FAIR AND REASONABLE?**

**A.** Yes, the costs for these services are calculated in the same way as they are today, which uses the same methodology that Emera and its affiliates have used for the last several years. Emera and its affiliates will provide services in the same manner as those services are currently being provided to NMGC. Monthly invoices will detail the service provided, the

**REVISED APPLICATION DIRECT TESTIMONY OF  
KAREN E. HUTT  
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1 cost of those services, and the basis for calculation and allocation of those costs, all  
2 consistent with current practices for shared services.

3  
4 **Q. IN YOUR OPINION, IS THE 24-MONTH TSA IN THE PUBLIC INTEREST?**

5 **A.** Yes. The TSA will facilitate an orderly and efficient transition by ensuring NMGC  
6 continues to receive the services necessary to provide safe reliable utility services to  
7 customers during the up to 24-month transition services period.

8  
9 **Q. IN YOUR OPINION, IS APPROVAL OF THE TRANSACTION IN THE PUBLIC**  
10 **INTEREST?**

11 **A.** Yes. BCP Applicants are excited to invest in New Mexico. BCP Applicants are financially  
12 strong entities that are committed to local management, maintaining a local board, and to  
13 maintaining the current level of NMGC employees for at least 36 months. The BCP  
14 Applicants are also committed to helping NMGC thrive into the future, by making a  
15 commitment to a ten-year hold period consistent with the prior TECO acquisition of  
16 NMGC. Other funds supported by BCP Management have already invested in New  
17 Mexico and have recently expanded their positions in natural gas utilities in Louisiana and  
18 Mississippi. As part of this Transaction, BCP Applicants are anticipated to add  
19 approximately twenty new full-time positions at NMGC, and amongst other benefits,  
20 committed to providing rate credits, a rate freeze, and making further investments in  
21 economic development, which will create significant economic benefits to New Mexico as  
22 further described in the Revised Application Direct testimony of Dr. Christopher Erickson.  
23 All of these are positives for NMGC and its customers.

**REVISED APPLICATION DIRECT TESTIMONY OF  
KAREN E. HUTT  
NMPRC CASE NO. 24-00266-UT**

1           Emera has greatly appreciated the opportunity to be part of the rich and vibrant community  
2           in New Mexico.

3  
4   **Q.   HAS EMERA SATISFIED ALL OF THE COMMITMENTS THAT IT MADE IN**  
5   **NMPRC CASE NO. 15-00327-UT?**

6   **A.**   Yes. Emera honored all of its promises to New Mexico and to ratepayers.

7  
8   **Q.   WHAT IS EMERA REQUESTING FROM THE COMMISSION?**

9   **A.**   Emera first asks that the Commission approve the Transaction. Along with that request,  
10       Emera asks the Commission to approve Emera's, EUSHI's, and TECO Holding's divestiture  
11       of TECO Energy, NMGI, and NMGC, and find that Emera and EUSHI are no longer New  
12       Mexico public utility holding companies as that term is used in the New Mexico Public  
13       Utility Act. Finally, Emera is requesting the Commission authorize NMGC to retain  
14       certain shared services from Emera and its affiliates for a period of up to 24 months after  
15       closing of the Transaction, as agreed to by the parties to the TSA.

16  
17   **Q.   DOES THIS CONCLUDE YOUR TESTIMONY?**

18   **A.**   Yes.

# KAREN E. HUTT

## PROFILE

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An energetic professional with executive level experience in strategy and planning, mergers and acquisitions, operations, marketing, sales, and corporate affairs.

## EXPERIENCE

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March 2025 – current     **Emera Inc.**     Halifax, NS

***Chief Strategy & Growth Officer***

- Expansion of previous role to encompass broader growth mandate including mergers & acquisitions and related energy infrastructure investments.
- Chair, Emera New Brunswick
- Executive leadership of Emera's Government Relations function.

Oct 2019 – March 2025     **Emera Inc.**     Halifax, NS

***Executive Vice President, Business Development and Strategy***

- Lead the corporate strategy function, working closely with senior executive leaders, the Board of Directors and Emera's operating companies.
- Develop and execute Emera's growth strategy.
- Lead Emera's Corporate Affairs activities including Communications, Community Investments, Reputation & Stakeholder Management and Government Relations.
- Chair, Boards of Directors for Grand Bahama Power Company, Barbados Light & Power Company

Aug 2016 – Oct 2019     **Nova Scotia Power Inc.**     Halifax, NS

***President and CEO***

- Led all aspects of company functions of Emera's second largest electric utility.
- Led the customer-centric strategy renewal process to ensure that the business is positioned to deliver safe, reliable, and affordable electricity to all Nova Scotians.
- Highly engaged in building key stakeholder relationships, including regulatory, customers, community, and policymakers.

May 2015 – Aug 2016     **Emera Inc.**     Halifax, NS

***Vice President, Mergers and Acquisitions***

- Led Emera's business development activities around growth through mergers and acquisitions for electric and gas utilities and generation.
- Manage and oversee portfolio optimization activities.

Aug 2010 – April 2015     **Emera Energy Inc.**     Halifax, NS

***Executive Vice President, Commercial***

- Executive leadership responsibility for company's gas and power trading, marketing and asset management, origination, and analytical functions.
- Oversight & direction of acquisition and business development activities.
- Oversight of Emera's 49% Joint Venture with First Wind, including commercial operations of ~400 MW of wind operations in US Northeast.

Jan 2009 – Aug 2010      **Emera Energy Inc.**  
***Vice President, Power***

Halifax, NS

- Executive leadership responsibility for Power business that included Origination, Asset Management and Operations.
- Led market planning and execution resulting in doubling the business line growth in key geographies.

Sept 2006 – Dec 2008      **Emera Energy Inc.**  
***Director, Portfolio Planning and Development***

Halifax, NS

- Senior leadership team responsibility for strategic planning, new market development and portfolio risk evaluation and optimization.
- Delivered company's first robust strategic plan that received full Board approval followed by detailed implementation plan.
- Led ongoing development of the Power Marketing strategy, including the origination of new business opportunities.

Nov 2003 – Sept 2006      **Emera Inc.**

Halifax, NS

***Director, Corporate Strategy and Development***  
***Sr. Manager, Decision Analysis Integration***

- Led corporate-wide strategic planning activities working closely with CEO, Executive and Board of Directors.
- Responsible for integrating Decision Analysis; an innovative stage-gate evaluation framework adopted by Emera to address strategic opportunities valued at \$5 million plus.

June 2001 – Nov 2003      **Nova Scotia Power Inc.**  
***Sr. Marketing Manager***

Halifax, NS

- Responsible for leading development and implementation of integrated marketing strategy for residential and commercial markets.

Aug 2000 – June 2001      **Ocean Nutrition Canada Ltd.**

Halifax, NS

***Manager, Sales & Marketing, North America & Europe***

- Senior management team responsibility for all aspects of sales & marketing for the company's two primary markets. Secured the single largest sales contract in the company's history at that time, generating annual revenues of approximately \$5 million.

Jan 1999 – July 2000      **Canada Life Casualty Insurance Co.**  
***Assistant Vice President, Sales & Marketing***

Toronto, ON

- Reporting to divisional President, managed all sales and marketing functions. Managed relationships with key customers representing \$50 million in annual revenues and led teams through two of the company's largest customer acquisitions.

## EDUCATION

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- 1989 – 1992      **Bachelor of Business Administration**, Mount Saint Vincent University, Halifax, NS
- 1985 – 1989      **Bachelor of Arts**, Acadia University, Wolfville, NS
- 2015 – 2016      **ICD.D**, Rotman School of Business Director Education Program, Toronto, ON

## **COMMUNITY ACTIVITIES**

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- Pier 21 Museum, Fascinating Canadian Annual Event, Fundraising Chair, 2023 – current
- Sandpiper Ventures, Investor & Limited Partners Chair, 2023 – current
- Acadia University Board of Governors, Officer of the Board, 2017 – current
- IWK Health Centre Board of Directors, Past Board Chair, 2014 – 2019
- IWK Foundation Board of Trustees, 2013 – 2014
- Junior Achievement of Nova Scotia Board of Directors, Past Chair, 2005 – 2011

# J.P.Morgan

March 22, 2024

STRICTLY PRIVATE AND CONFIDENTIAL  
SUBJECT TO NON-DISCLOSURE AGREEMENT

Re: Project Saturn, Submission of Preliminary Non-Binding Indication of Interest

Ladies and gentlemen,

On behalf of Emera Inc. (the "Company" or "Emera"), J.P. Morgan Securities LLC ("J.P. Morgan") would like to thank you for your continued interest in the acquisition of the New Mexico Gas Company Inc. ("NMGC" or the "Business"). This letter provides you with guidelines for the submission of your preliminary, non-binding indication of interest ("Indicative Bid") regarding the potential acquisition of the Business (the "Transaction"). You have been provided with the Confidential Information Memorandum ("CIM"), consultant reports, and Financial Model (the "Materials"), which provide a detailed overview of the Business and should be used in formulating your Indicative Bid.

**Indicative Bid instructions**

Emera has authorized J.P. Morgan to solicit Indicative Bids in order to identify a limited number of parties who will be invited to participate in the second round of the sale process ("Round 2"). Your Indicative Bid should address the following:

1. Identity of purchaser: A description of the principal business, financial qualifications, location of headquarters, and type of organization of the proposed acquiring entity that would be the direct counterparty to the Purchase and Sale Agreement ("PSA"), together with such information for the ultimate parent entity that will guarantee the acquiring entity's obligations under the PSA.
2. Transaction, operating and ownership experience in public utilities: An overview of your recent transaction experience and your experience - along with a listing of any investments - related to the ownership and/or operation of regulated utilities/utility assets.
3. Proposed purchase price: A non-binding indication of the total purchase price you would be prepared to pay, in cash, at closing to acquire 100% of the Business. The purchase price should be presented in U.S. dollars on a debt-free, cash-free basis, assuming a normalized level of working capital, and based on 06/30/24 valuation date. You should also assume acquisition of the stock of the Business without a step-up in the basis of the assets. For the avoidance of doubt, if you provide a price range, we will base our analysis on the lowest amount indicated.
4. Key conditions and assumptions: A detailed description of how you arrived at the value of your Indicative Bid, including any material assumptions upon which your Indicative Bid is based, whether financial, operational, regulatory, tax or otherwise.
5. Transition services: A preliminary view of which services you will require to be included in the transition services agreement and the length and extent of support that you will require from Emera to help you with the transition.
6. Financing sources: Your Indicative Bid should confirm that you have sufficient liquidity and/or describe your expected acquisition financing plan and the anticipated time required to obtain commitments for any third party financing. Please attach your proposed capital structure including the composition and amounts of internal funding, acquisition debt and other lending and/or equity funding (if any) and its anticipated availability. Please also indicate any information required to obtain such financing. To the extent you held discussions with external financing sources (subject to the terms of the confidentiality agreement), please describe your preliminary financing plans, including the anticipated timing required to obtain such financing. Please note that Emera will not accept financing as a condition precedent to closing.
7. Management and Employees: Provide a description of your contemplated plans for the senior management team of NMGC as it relates to such management's ongoing roles at NMGC. Please also describe any other arrangements or plans that could affect the employees of NMGC.

8. Due diligence requirements: An outline of your key diligence areas as well as a description of the nature, extent and timing of the due diligence efforts that you will require prior to entering into a binding acquisition agreement. Please confirm that you are prepared to perform your due diligence in an efficient and timely manner. Kindly note any specific requirements that may extend the timeline of your due diligence.
9. Internal approval process: A statement as to the level of review and approval that your Indicative Bid has received within your organization and any anticipated needs for further management, board, shareholder, investment committee or other internal approvals that may be required to consummate a Transaction.
10. Timing: Your ability to consummate the Transaction on a timely basis will be an important factor in assessing your Proposal, and you should therefore specify a timeline for executing a binding, definitive agreement with respect to the Transaction and to consummate the Transaction and any material considerations affecting your ability to meet such timeline
11. External approval process: Any anticipated regulatory or other external approvals that may be required to consummate the Transaction, risks to obtaining approvals and intended mitigants, your expected timing to obtain each approval and any potential factors that may bear on regulatory approval of your participation in a Transaction. Please also indicate the level of investigation and evaluation performed thus far into this matter.
12. Contact information and advisors: The names, telephone numbers and addresses of appropriate contacts that will be available to answer questions regarding your Indicative Bid as well as the names, telephone numbers and addresses of any financial, legal and other third party advisors and potential external financing sources you have engaged, or expect to engage on this Transaction.
13. Other: Any other assumptions, conditions or information you deem relevant in consideration of your Indicative Bid.

If, after reviewing the Materials, you wish to proceed with an in-depth evaluation of the Business with an objective of making a definitive acquisition proposal, we request that you submit your Indicative Bid in writing via electronic mail no later than 12:00 pm Eastern Standard Time on April 9, 2024 to the individuals listed below, acting on behalf of the Company, with a copy to J.P. Morgan's working group list: SATURN2024\_CORE@jpmorgan.com:

**J.P Morgan**

<b>Ian Connor</b>	<b>Jonathan Dickman-Wilkes</b>	<b>Konstantin Akimov</b>	<b>Andrew Tellam</b>
Global Head, Power and Renewables	Managing Director, Power and Renewables	Managing Director, Mergers & Acquisitions	Executive Director Power and Renewables,
Tel: (212) 622-6901	Tel: (212) 622-6838	Tel: (212) 622-5865	Tel : (212) 622-4333
E-mail: <a href="mailto:ian.c.connor@jpmorgan.com">ian.c.connor@jpmorgan.com</a>	E-mail: <a href="mailto:jonathan.p.dickman-wilkes@jpmorgan.com">jonathan.p.dickman-wilkes@jpmorgan.com</a>	E-mail: <a href="mailto:konstantin.y.akimov@jpmorgan.com">konstantin.y.akimov@jpmorgan.com</a>	E-mail: <a href="mailto:andrew.j.tellam@jpmorgan.com">andrew.j.tellam@jpmorgan.com</a>

**Process Overview**

Following the receipt of Indicative Bids, Emera and J.P. Morgan will invite select potential purchasers to conduct additional business, financial, operational, legal, and other due diligence on the Business in order to facilitate the submission of a definitive proposal to purchase the Business. In Round 2, Emera expects that potential purchasers will be provided further access to management during an in-person or virtual management presentation, receive access to detailed and confidential business, financial, operational, legal and other information through a virtual data room, a structured question and answer process and be supplied with further bidding instructions.

This letter, Confidential Information Memorandum, financial model, market and regulatory vendor due diligence report ("Information Package"), the fact of their existence, their respective contents and all other information received by you from Emera, any member of the Business, J.P. Morgan, and/or their respective directors, officers, employees, shareholders, advisers, agents or representatives regarding the Business and/or the sale process are highly confidential and constitute "Evaluation Material" for the purposes of, and are subject to the terms of, the confidentiality agreement entered into by you and Emera at the outset of this process.

The principal objectives of Emera in considering Indicative Bids for the acquisition of the Business include arranging for a sale upon terms that reflect the highest possible value to its shareholders and consummating an acceptable

Transaction in an expeditious manner with minimal disruption to the operations, employees and customers of the Business. In assessing the qualifications of the parties invited to Round 2, the Company will consider such factors as the valuation indicated by each party in its Indicative Bid, the prospective purchaser's financial and operating strength and reputation, the prospective purchaser's ability to consummate a Transaction in an expeditious manner that will satisfy the objectives set forth above and such other factors as may be deemed relevant by the Company in its sole and absolute discretion, including any necessary regulatory approvals.

Emera, each member of the Business, J.P. Morgan, and their respective directors, officers, employees, shareholders, advisers, agents and representatives (i) disclaim any and all liability for information supplied to you in relation to the Business and/or the sale process, whether written or oral, and no representation, warranty or undertaking, whether express or implied, has been, is, or will be made as to the accuracy or completeness of such information nor as to the reasonableness of any assumptions on which any of the information is based or the use of any of the information; and (ii) will not be liable to you or to any other person in respect of any such information, its use or for any opinions expressed by any of them or any errors, omissions or misstatements made by any of them in connection with the Transaction. The only representations, warranties and/or undertakings applicable to the Transaction will be those set forth in a final definitive agreement. By submitting an Indicative Bid, you acknowledge and agree that you are relying solely on your own independent investigation and evaluation of the Business and that no person has nor is held out as having authority to give any representation, warranty or undertaking on behalf of Emera, any member of the Business, J.P. Morgan, nor any of their respective directors, officers, employees, shareholders, advisers, agents or representatives in connection with the Transaction.

Emera expressly reserves the right, in its absolute discretion, to evaluate the terms and conditions of any proposal, to enter into negotiations, agreements or arrangements with any potential purchaser or purchasers at any time (regardless of whether the potential purchaser or purchasers have previously received an invitation to bid), and to reject any or all proposals for any reason whatsoever and without giving reasons. None of Emera, the Business, or J.P. Morgan will have any liability whatsoever to any potential purchaser as a result of the rejection of any proposal or the acceptance of another proposal at any time. Each potential purchaser will bear all costs of its own investigation and evaluation of the Business and of the Transaction.

The Company reserves the exclusive right to amend or modify the procedures, terms, and conditions set forth herein, the auction process, or any written material furnished or information orally transmitted to any potential purchaser, with or without sending notice of such amendment or modification to any potential purchaser. The Company's interpretation of the procedures, terms, and conditions of this letter or any of the provisions of any written material furnished or information orally transmitted to a potential purchaser shall be final and binding on all parties.

This letter does not constitute an offer to sell the Business, nor shall its delivery to any prospective purchaser constitute or form part of a prospectus or an offer to sell or a solicitation of an offer to buy any security or offer to enter into any other transaction or commercial agreement. The only binding obligations of Emera or the Business, if any, shall be those obligations set forth in a final definitive agreement if executed and delivered by the parties thereto, and no such obligation (including any obligation to negotiate the terms or, or enter into, a definitive agreement) shall exist until such execution and delivery. Nothing contained herein or the selection of participants for Round 2 implies or shall be deemed to imply that the terms specified in the Indicative Bid of such selected participant are accepted or shall be binding on Emera or the Business.

Under no circumstances are prospective purchasers to contact Emera, any member of the Business or their respective management or personnel other than the designated Emera contact persons without the express written permission of J.P. Morgan. J.P. Morgan is the sole point of contact available to discuss matters relating to the procedures as set forth in this letter. Please contact the undersigned with any questions regarding these procedures or any other matters.

On behalf of Emera, we would like to once again thank you for your interest in the Business. At any time during this process, J.P. Morgan will be available to consult with prospective purchasers. We look forward to working with you.



Sincerely,

J.P. Morgan

# Overview of Round 1 indicative proposals received

## ASTRONAUT

## BLACK HOLE

Valuation	Enterprise value \$1,262	Equity value \$712	Enterprise value \$1,080	Equity value \$528
<b>Key conditions and assumptions</b>	<ul style="list-style-type: none"> <li>Valuation date of 06/30/2024</li> <li>Debt-free, cash-free</li> </ul>		<ul style="list-style-type: none"> <li>Valuation date of 06/30/2024</li> <li>Debt-free, cash-free</li> </ul>	
<b>Transition services</b>	<ul style="list-style-type: none"> <li>Transition Services Agreement for a limited time period</li> </ul>		<ul style="list-style-type: none"> <li>Transition Services Agreement required for a "meaningful" time period post-closing</li> </ul>	
<b>Financing services</b>	<ul style="list-style-type: none"> <li>Combination of cash on hand, revolver, and issuance of debt/equity</li> <li>Bridge loan from BAML, no financing contingencies</li> <li>Capital structure to remain in line with current structure</li> </ul>		<ul style="list-style-type: none"> <li>Combination of debt and equity through BCP affiliated funds</li> </ul>	
<b>Management and employees</b>	<ul style="list-style-type: none"> <li>Senior management to remain in place</li> </ul>		<ul style="list-style-type: none"> <li>Will provide offers of employment to each of the senior leaders to continue in their same roles</li> <li>Design a long-term incentive program</li> <li>Committed to preserving all existing positions in New Mexico</li> </ul>	
<b>Diligence requirements</b>	<ul style="list-style-type: none"> <li>Legal, financial, tax, HR, IT diligence; site visits; management presentation; confirmatory technical and operational analysis by third-party consultants; environmental, permitting, and regulatory reviews</li> <li>Specific focus will be given to transition and integration needs</li> </ul>		<ul style="list-style-type: none"> <li>Site review; key operational metrics; list of facilities and employees that will transfer as part of the transaction; finance, tax, insurance, IT, HR, and legal diligence; agreements, contracts, and permits; environmental reports</li> </ul>	
<b>Timing</b>	<ul style="list-style-type: none"> <li>Prepared to complete due diligence in ~8-10 weeks</li> </ul>		<ul style="list-style-type: none"> <li>8-12 weeks after beginning Round 2 diligence</li> </ul>	
<b>Approvals / other</b>	<ul style="list-style-type: none"> <li>Should a binding bid be submitted, board approval will have been obtained prior to submission</li> <li>External regulatory approval process</li> <li>Will require approval by utility commissions in Washington, Idaho, and Oregon to issue debt and stock in connection with transaction</li> </ul>		<ul style="list-style-type: none"> <li>Final approval from IC prior to executing a binding agreement</li> <li>Governmental and regulatory approvals</li> </ul>	
<b>Advisors</b>				

# Overview of Round 1 indicative proposals received

## ECLIPSE

## SPACE

Valuation	Enterprise value \$1,300	Equity value \$748	Enterprise value \$1,100	Equity value \$548
Key conditions and assumptions	<ul style="list-style-type: none"> <li>Assumed accuracy of operating cost and capital assumptions</li> <li>Did not include a valuation date in their bid</li> </ul>		<ul style="list-style-type: none"> <li>Valuation date of 06/30/2024</li> <li>Debt-free, cash-free</li> </ul>	
Transition services	<ul style="list-style-type: none"> <li>Interested in arranging a “comprehensive” Transition Services Agreement</li> <li>Scope and tenor of agreement to be discussed in Round 2</li> </ul>		<ul style="list-style-type: none"> <li>Limited need for transition services</li> </ul>	
Financing services	<ul style="list-style-type: none"> <li>Capable of providing or arranging 100% of funding requirements</li> </ul>		<ul style="list-style-type: none"> <li>Operating company debt and holding company debt/equity</li> </ul>	
Management and employees	<ul style="list-style-type: none"> <li>To be discussed further in R2 along with transition services and any company plans for retention</li> </ul>		<ul style="list-style-type: none"> <li>“Largely” anticipate retaining current NMGC management and personnel</li> </ul>	
Diligence requirements	<ul style="list-style-type: none"> <li>Finance, legal, tax, IT, HR, real estate, insurance diligence; site visits; expert sessions; capital planning; O&amp;M and capital cost history; detailed financial model; permits, regulatory docs, and environmental reports; ESG policies, procedures, and reporting</li> </ul>		<ul style="list-style-type: none"> <li>Finance, legal, environmental, and HR diligence; regulatory philosophy and practices of PRC; support for capital projects; ability for customers to afford rate increases; strategic and gas supply plans; pipeline integrity management; terms of contracts</li> </ul>	
Timing	<ul style="list-style-type: none"> <li>Customary for round two processes</li> </ul>		<ul style="list-style-type: none"> <li>Can complete due diligence in an “expeditious manner”</li> </ul>	
Approvals / other	<ul style="list-style-type: none"> <li>Final approval from IC prior to executing a binding agreement</li> <li>Governmental and regulatory approvals</li> </ul>		<ul style="list-style-type: none"> <li>Able to obtain regulatory approvals and close transactions in a timely manner – two prior transactions closed within 9 and 5 months</li> <li>Board approval will be obtained prior to submission of a definitive bid <ul style="list-style-type: none"> <li>No further corporate authorizations required</li> </ul> </li> </ul>	
Advisors	<ul style="list-style-type: none"> <li>N/A</li> </ul>		<ul style="list-style-type: none"> <li>Financial advisor will be engaged in Round 2</li> </ul>	

# Overview of Round 1 indicative proposals received

## STAR

Valuation	<u>Enterprise value</u> \$1,150	<u>Equity value</u> \$598
Key conditions and assumptions	<ul style="list-style-type: none"> <li>Valuation date of 06/30/2024</li> <li>Debt-free, cash-free</li> </ul>	
Transition services	<ul style="list-style-type: none"> <li>Will look for a Transition Services Agreement of at least 24 months</li> </ul>	
Financing services	<ul style="list-style-type: none"> <li>Combination of Star investment vehicles and bank financing</li> </ul>	
Management and employees	<ul style="list-style-type: none"> <li>Keep existing workforce and management team in place</li> <li>Additional augmentation to be addressed in Round 2 diligence</li> </ul>	
Diligence requirements	<ul style="list-style-type: none"> <li>Customary finance and tax diligence; technical review of the Company's asset base; site visits; review of current and future rate base; capex plans; regulatory relationships and strategy; environmental safety and records; ESG plans; existing contract structures and terms; review of inter-company agreements and policies</li> </ul>	
Timing	<ul style="list-style-type: none"> <li>6-8 weeks after beginning Round 2 diligence</li> </ul>	
Approvals / other	<ul style="list-style-type: none"> <li>Final approval from IC prior to executing a binding agreement</li> <li>Customary regulatory and governmental approvals</li> </ul>	
Advisors	<ul style="list-style-type: none"> <li>N/A</li> </ul>	

**J.P.Morgan**

May 10, 2024

**STRICTLY PRIVATE AND CONFIDENTIAL**

Ladies and Gentlemen:

On behalf of Emera Inc. (the “Company” or “Emera”), J.P. Morgan Securities LLC (“J.P. Morgan”) would like to thank you for your continued interest in the acquisition of the New Mexico Gas Company Inc. (“NMGC” or the “Business”). We are writing to inform you of the timing and procedures for submitting a final binding written proposal (the “Definitive Proposal”) to purchase the Company. In addition to your Definitive Proposal, we request that you also submit a comprehensive mark-up of the draft Purchase and Sale Agreement and other ancillary documents (the “Transaction Documentation”). Your Definitive Proposal should be in writing, address all the topics included in the following instructions, and be submitted in accordance with the timeline outlined in this letter.

Definitive Proposals will be evaluated considering matters deemed appropriate, including: (i) Total Purchase Price, (ii) the speed and certainty with which a Transaction can be consummated, (iii) the potential purchaser's financial capabilities, (iv) the extent to which you propose changes to the Transaction Documentation and (iv) any other factors that Emera or J.P. Morgan deems relevant.

We remind you that the terms of the confidentiality and non-disclosure agreement into which you have previously entered into with the Company with respect to the Transaction (the “Confidentiality Agreement”) remain in full force and effect and apply, without limitation, to the procedures outlined below, the existence and content of this letter, the information regarding the Company previously provided and that may subsequently be provided to you or your representatives by or on behalf of the Company, the existence of any Definitive Proposal, any prospective purchaser's involvement in the sale process and any discussions with the Company or J.P. Morgan relating to the Transaction.

All communications or inquiries relating to the Transaction should be directed only to the J.P. Morgan representatives whose contact details are provided below. Interested parties should not communicate with management, shareholders, employees, customers, partners, suppliers, regulators or lenders of the Company on this matter other than as arranged through J.P. Morgan.

**Procedures for Submitting a Definitive Proposal**

Your Definitive Proposal should be submitted no later than **5:00pm ET, June 12, 2024**. Please submit your Definitive Proposal by email to the individuals listed below, acting on behalf of the Company, with a copy to J.P. Morgan's working group list: SATURN2024\_CORE@jpmorgan.com:

**J.P Morgan**

<b>Ian Connor</b>	<b>Jonathan Dickman-Wilkes</b>	<b>Konstantin Akimov</b>	<b>Andrew Tellam</b>
Vice Chairman, Power and Renewables	Managing Director, Power and Renewables	Managing Director, Mergers & Acquisitions	Executive Director Power and Renewables,
Tel: (212) 622-6901	Tel: (212) 622-6838	Tel: (212) 622-5865	Tel : (212) 622-4333
E-mail: <a href="mailto:ian.c.connor@jpmorgan.com">ian.c.connor@jpmorgan.com</a>	E-mail: <a href="mailto:jonathan.p.dickman-wilkes@jpmorgan.com">jonathan.p.dickman-wilkes@jpmorgan.com</a>	E-mail: <a href="mailto:konstantin.y.akimov@jpmorgan.com">konstantin.y.akimov@jpmorgan.com</a>	E-mail: <a href="mailto:andrew.j.tellam@jpmorgan.com">andrew.j.tellam@jpmorgan.com</a>

Your Definitive Proposal must be executed by an officer or other representative authorized to bind you and include representations to that effect. In order to permit us to effectively evaluate your Definitive Proposal, please address the following points:

1. **Acquirer information:** Please provide the identity and a description of the proposed purchasing entity that would be a party to the Transaction. If the purchasing entity is not a creditworthy entity, provide the identity of the creditworthy controlling owner of the purchasing entity that will guarantee the purchasing entity's obligations under the Transaction Documentation. Please also provide summary information on the principal business, operational and/or financial qualifications, capitalization, credit rating (if applicable), and liquidity of the purchasing entity and/or its guarantor, as applicable.
2. **Purchase price:** Your Definitive Proposal should include the purchase price you would be prepared to pay, in cash, at closing to acquire 100% of the Business. The purchase price should be presented in U.S. dollars on a debt-free, cash-free basis, assuming a normalized level of working capital, and based on 06/30/24 valuation date. You should assume acquisition of the stock of the Business without a step-up in the basis of the assets. Your Definitive Proposal should assume and reflect that the purchase price will be subject to the further adjustments described in Transaction Documentation.
3. **Key assumptions:** Please provide a detailed description of any material conditions, terms and structural, financial, operational, tax, HR, legal, or other assumptions upon which you have based your Definitive Proposal. Please also identify areas of potential combination synergies and additional details regarding the treatment of any liabilities. Please also provide any standalone cost considerations, to the extent they differ from the materials provided to date.
4. **Financing:** Please provide a table that explicitly lays out the financing sources and uses for the Transaction, clearly stating the sources of all debt and equity funds required and any contingencies with respect thereto. Your Definitive Proposal should not be subject to any financing contingencies, and if third-party debt or equity financing is expected to be required, please provide fully executed, unconditional and irrevocable financing commitment letters for all funds required to consummate the Transaction. Financing commitment letters should specify the names and telephone numbers of the financing institutions (including the appropriate individuals) involved, as well as any equity participants, so that J.P. Morgan may contact them to verify financing. Please note that the confidentiality agreement you have entered with Emera expressly prohibits contact with debt or equity financing sources without Emera's prior written consent.
5. **Management and Employees:** Your Definitive Proposal should include a description of your intentions with respect to the management and employees of NMGC, as well as employee equity and cash incentive programs following the closing of the Transaction. The Company expects that employees will be provided with substantially similar compensation packages for a reasonable period of time following closing of the Transaction as they have prior to closing.
6. **Completion of due diligence:** Please provide confirmation that you and your financing sources (if applicable) have completed your due diligence with respect to the Transaction. It is Emera's intention to execute the Transaction Documentation promptly after receiving Definitive Proposals. If any further confirmatory due diligence is required, please provide a list of specific remaining confirmatory diligence items and the expected timing to completion. All diligence after receipt of Definitive Proposals will be solely confirmatory in nature and the Company will view prospective buyers without any further diligence requirements more favorably.
7. **Transaction Documentation:** You are requested to submit your proposed comprehensive mark-up to the draft Transaction Documentation, specifying the terms upon which you are prepared to enter into the Transaction and in a form you are prepared to execute, by **May 31, 2024**, to the Company's legal counsel listed below with a copy to the J.P. Morgan representatives listed above. Any Definitive Proposal that does not include such a comprehensive mark-up or that, in lieu of such a mark-up, includes an issues list or memorandum, will be considered incomplete.

**Davis Polk & Wardwell**

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**William Aaronson**

Partner, Head of Mergers & Acquisitions

Email: [william.aaronson@davispolk.com](mailto:william.aaronson@davispolk.com)

**Michael Gilson**

Partner, Mergers & Acquisitions

Email: [michael.gilson@davispolk.com](mailto:michael.gilson@davispolk.com)

8. **Non-recourse:** It is the Company's expectation that Transaction Documentation will reflect the sale of NMGC as a going concern and accordingly provide for the assumption of all liabilities related to the Company, with the representations and warranties in the Transaction Documentation expiring at the closing of the Transaction. Please confirm your willingness to accept such a structure and to obtain a representations and warranties insurance policy at your sole cost in connection with the Transaction as your sole post-closing recourse.
9. **Required approvals and timing:** Please provide confirmation that your Definitive Proposal has received all required internal approvals and authorizations including, if applicable, approval of your Board of Directors or equivalent authority. Please include a brief description of the internal approvals received. Please confirm that your Definitive Proposal is not subject to any conditions other than satisfaction of those conditions included in the Transaction Documentation provided by Emera. Provide details for any incremental approvals required and estimate time to execute the Transaction Documentation. Please provide a list of all additional third-party (including regulatory) approvals required to consummate the Transaction, as well as the anticipated timeframe required to obtain such approvals. Your ability to consummate the Transaction on a timely basis will be an important factor in assessing your Definitive Proposal, and you should therefore specify a timeline for executing the binding, definitive agreement with respect to the Transaction and to consummate the Transaction and any material considerations affecting your ability to meet such timeline.
10. **Contacts:** Please provide the names, telephone numbers and e-mail addresses of the individuals who will be available to discuss your Definitive Proposal.
11. **Additional information:** Please include any other relevant information you would like us to consider regarding the terms of your Definitive Proposal and your ability to complete the Transaction expeditiously.

**Other Matters**

The Company expressly reserves the right, in its sole and absolute discretion, at any time, and without prior notice to you or any of the interested parties, and without any obligation or liability of any kind, to negotiate with one or more prospective buyers, to enter into a definitive agreement, to amend or terminate these procedures, to enter into or terminate discussions with any or all interested parties, and to reject any or all Definitive Proposals at any time, in each case for any reason or no reason. The Company shall have no obligation to any prospective purchaser with respect to the Transaction, unless and until a definitive agreement is executed and then only to the purchaser thereunder in accordance with the terms thereof, or to conduct itself in any fashion or to refrain from any change in the procedures contemplated by this letter.

No representations or warranties are being made by the Company, J.P. Morgan or any other party or any of their affiliates or subsidiaries to any prospective purchaser or any other person with respect to any information furnished, regardless of the manner or medium in which it is furnished, other than those representations and warranties that may be made by the Company to the purchaser in an executed definitive agreement. By submitting a Definitive Proposal, a prospective purchaser acknowledges that it is relying solely on its own independent investigation and evaluation of the Company and the Transaction and that it accepts the sale process as set forth in this letter.

This letter does not constitute an offer or commitment to sell or an invitation to purchase the Company. You will not have any claims of any nature against the Company, J.P. Morgan or any of their respective subsidiaries or affiliates, nor against any of their respective directors, trustees, officers, employees, partners, shareholders, members, agents, advisors or representatives, arising out of or relating to information regarding the Company provided to you or your advisors or representatives, the rejection of any Definitive Proposal or the process or procedures for soliciting Definitive Proposals or executing the Transaction. No agreement or understanding regarding the Transaction shall be deemed to exist unless and until a definitive agreement regarding the Transaction has been executed and then only on the terms therein, and no prospective purchaser shall have any claim based upon any legal theory in connection the Transaction unless and until such purchaser and the Company or its applicable affiliate shall have executed such definitive agreement with respect to the Transaction. Except as may expressly be provided in such definitive agreement, neither the Company, J.P. Morgan or any of their respective subsidiaries or affiliates, nor any of their respective officers, directors, shareholders, employees, representatives or affiliates have any legal or equitable obligation of any kind whatsoever to you or to any other person with respect to the Transaction.

Each prospective purchaser will bear all costs of its evaluation of the Company and the Transaction, including the fees and disbursements of its counsel, agents, advisors and other representatives, whether its Definitive Proposal or any revision thereof is accepted or rejected for any reason or no reason. You accept that under no circumstances will the Company, J.P. Morgan or any of their respective affiliates or subsidiaries be obligated to enter into any cost reimbursement arrangement with any prospective purchaser or be required to treat all prospective purchasers the same in respect of any such arrangement. None of the Company, its affiliates or its advisors or representatives (including, without limitation, J.P. Morgan) will have any liability to any prospective purchaser as a result of the rejection of any Definitive Proposal or the acceptance of another Definitive Proposal at any time.

The Company's interpretation of the provisions, terms and conditions of this letter shall be conclusive, final and binding.

All aspects of this letter and all information contained herein or otherwise communicated pursuant to the discussions contemplated hereby (including the terms and existence of your Definitive Proposal) are subject to the terms and conditions of the Confidentiality Agreement. Any failure by you to abide by the terms of that Confidentiality Agreement may lead to your exclusion from the process in the sole discretion of the Company.

If your Definitive Proposal is not accepted or you decide not to submit a Definitive Proposal, you are hereby requested to immediately return or destroy all information and provide written confirmation that you have not retained any information provided, in accordance with the terms of the Confidentiality Agreement.

On behalf of the Company, we appreciate your continued interest in this opportunity and look forward to receiving your Definitive Proposal.

Sincerely,

J.P. Morgan Securities LLC

**NM AREA INTERROGATORY 1-7:**

**In her testimony, Karen Hutt stated in making a determination whether to sell NMGC, Emera identified several possible acquirers and further identified a smaller number of parties that were “selected for further negotiations and discussions.” Direct Testimony of Karen Hutt, p. 5.**

- a. In this selection process, did Emera identify any possible acquirers of NMGC that had experience actually owning and operating a natural gas LDC that was comparable to either TECO or Emera?**
- b. If so, please identify each such possible acquirer, their operational experience, and fully explain why their bid was rejected in favor of BCP Management.**

**RESPONSE:**

**Karen Hutt**

- a. Yes. However, none of these potential acquirers of NMGC other than the BCP Applicants<sup>2</sup> ever submitted any binding offer to purchase NMGC. Joint Applicants also note that at the time of Emera's acquisition of TECO and NMGC in 2016, Emera did not have prior experience in owning and operating a natural gas LDC, such as NMGC.
- b. Please see JA Response to NMDOJ Interrogatory 1-35 for a list of parties that signed non-disclosure agreements relating to the sale, which includes entities with prior experience

<sup>2</sup> The “BCP Applicants” are defined in the Joint Application, and consist of Saturn Utilities, LLC; Saturn Utilities Holdco, LLC; Saturn Utilities Aggregator, LP; Saturn Utilities Aggregator GP, LLC; Saturn Utilities Topco, LP; Saturn Utilities Topco GP, LLC; BCP Infrastructure Fund II, LP; BCP Infrastructure Fund II-A, LP; and BCP Infrastructure Fund II GP, LP.

owning and operating LDCs. Joint Applicants are not aware of the full operations experience of these entities. The BCP Applicants were the only party to ultimately submit an offer to purchase NMGC because all other parties withdrew from the process before submitting binding offers. There were no other bids that were rejected in favor of BCP Management.

**IN THE MATTER OF THE JOINT APPLICATION  
FOR APPROVAL TO ACQUIRE  
NEW MEXICO GAS COMPANY, INC.  
BY SATURN UTILITIES HOLDCO, LLC.**

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## JOINT APPLICANTS

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, Karen Hutt, Executive Vice President of Business Development & Strategy, for Emera Inc., 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.

/s/Karen Hutt

Karen Hutt

**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.**

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)

**Case No. 24-00266-UT**

**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 Karen E. Hutt*

<b>NM Gas Company</b>	
Thomas M. Domme	<a href="mailto:TMD@jkwlawyers.com">TMD@jkwlawyers.com</a> ;
Brian J. Haverly	<a href="mailto:BJH@jkwlawyers.com">BJH@jkwlawyers.com</a> ;
NMGC Regulatory	<a href="mailto:NMGCRegulatory@nmgco.com">NMGCRegulatory@nmgco.com</a> ;
Raymond Gifford	<a href="mailto:RGifford@wbklaw.com">RGifford@wbklaw.com</a> ;
<b>Saturn Utilities, LLC</b>	
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Jaclyn M. McLean	<a href="mailto:JMclean@hardymclean.com">JMclean@hardymclean.com</a> ;
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Cara R. Lynch	<a href="mailto:Lynch.Cara.NM@gmail.com">Lynch.Cara.NM@gmail.com</a> ;
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Thomas L. Wyman	<a href="mailto:Thomas.Wyman@lacnm.us">Thomas.Wyman@lacnm.us</a> ;
<b>New Mexico AREA</b>	
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Kelly Gould	<a href="mailto:Kelly@thegouldlawfirm.com">Kelly@thegouldlawfirm.com</a> ;
Katrina Reid	<a href="mailto:office@thegouldlawfirm.com">office@thegouldlawfirm.com</a> ;

## BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

Revised Application Direct  
Testimony and Exhibits of Karen E. Hutt

Case No. 24-00266-UT

<b>New Mexico Department of Justice</b>	
Gideon Elliot	<a href="mailto:GElliot@nmdoj.gov">GElliot@nmdoj.gov</a> ;
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Nicole Teupell	<a href="mailto:Nteupell@nmdoj.gov">Nteupell@nmdoj.gov</a> ;
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<b>NMPRC – Utilities Staff</b>	
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Marc Tupler	<a href="mailto:Marc.Tupler@prc.nm.gov">Marc.Tupler@prc.nm.gov</a> ;
Larry Blank	<a href="mailto:LB@tahoeconomics.com">LB@tahoeconomics.com</a> ;
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<b>Western Resource Advocates</b>	
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Ana C. Kippenbrock, Law Clerk	<a href="mailto:Ana.Kippenbrock@prc.nm.gov">Ana.Kippenbrock@prc.nm.gov</a> ;

**DATED** this July 3, 2025.

/s/Lisa Trujillo

Lisa Trujillo

Project Manager, Regulatory Affairs

505-697-3831

[lisa.trujillo@nmgco.com](mailto:lisa.trujillo@nmgco.com)