

## Revised Application Executive Summary

In this Revised Application, Emera Inc (“Emera”), New Mexico Gas Company (“NMGC”), Saturn Utilities Holdco, LLC (“Saturn Holdco”), and affiliated applicants, seek approval of the acquisition by Saturn Holdco of NMGC and the divestiture by Emera, Emera U.S. Holdings, Inc., and TECO Holdings, Inc. of their current ownership of NMGC (the “Transaction”). Saturn Holdco is owned by a set of infrastructure investment funds who are among the applicants. In short, Saturn Holdco will replace Emera as owner of NMGC. For a full listing and discussion of the parties involved, and their relationship, please see the Revised Application as filed on July 3, 2025, including the Amended General Diversification Plan.

### Summary of Transaction

In late 2023, Emera announced it would consider select asset sales to strengthen its balance sheet. Following a competitive bidding process, on August 5, 2024, Emera US Holdings, TECO Holdings and Saturn Holdco entered into a Purchase and Sale Agreement (the “PSA”) through which Saturn Holdco would become an indirect owner of NMGC. The aggregate purchase price is \$1.252 billion, which is comprised of approximately \$700 million to be paid in cash at closing plus the assumption of approximately \$550 million of existing debt of NMGC, and subject to customary adjustments pursuant to the PSA.

Saturn Holdco is part of a managed portfolio of companies under the support of Bernhard Capital Partners Management, LP (“BCP Management”). BCP Management supports funds investing in businesses that provide critical services to the government, infrastructure, industrial, utility, and energy sectors. The shared philosophy of BCP Management and Saturn Holdco is to partner with existing strong management teams who run the day-to-day operations of its portfolio companies, including utilities such as NMGC. BCP Management brings to bear its ownership expertise and extensive experience investing in infrastructure and utility investments and relies on local management’s unique first-hand knowledge of the specific environment in which the company operates. The purchase of NMGC by Saturn Holdco is backed by large institutional investors, such as public and private pension funds, college endowments, insurance companies, labor union funds, and other investment groups. Following the Transaction, NMGC will operate as it does today, with the same employees, the same management team and its own board of directors, most of whom are New Mexicans and independent from BCP Management.

Significantly, this Transaction envisions the transition of many back-office support services currently provided by Emera and its affiliates to New Mexico from Florida and Canada which will create approximately 20 new NMGC jobs in New Mexico. Upon the closing of the Transaction, NMGC and Emera will enter into a Transition Services Agreement (“TSA”) whereby Emera and its affiliates continue providing some of these services for up to 24 months to enable a smooth transition of services back to New Mexico. Modern, built-for-gas utilities IT infrastructure supported by other BCP Management portfolio gas utilities will replace NMGC’s current aging systems that are supported from Florida.



## **Summary of the Benefits and Protections of the Transaction**

While this Transaction involves Saturn Holdco becoming the owner of NMGC, it will not impact NMGC's existing assets, operations, or business. NMGC will continue to be a locally operated New Mexico natural gas distribution utility with experienced local leadership and workforce and will retain the name New Mexico Gas Company. The local focus is reinforced by the move of NMGC back-office support services to New Mexico. An independent economic analysis has determined that adding approximately 20 new NMGC employees to provide these services will result in approximately \$9.7 million in annual additional economic activity in New Mexico, and about \$400,000 annually in new state and local tax revenues.

Saturn Holdco is committed to hold NMGC for at least 10 years and to make investments in NMGC to ensure continued safe and reliable service and to meet the needs of NMGC's customers. To this end, Saturn Holdco is well funded and, along with NMGC, commits to continuing to invest in NMGC's system and operations at levels consistent with NMGC's previous investments.

Significant additional commitments in the Revised Application include continuation in substantially similar form the local NMGC Board of Directors to continue to provide governance oversight and guidance of the strategy and business plans of the NMGC management team. This board will continue to have a majority of New Mexico business and community leaders, although with new members designated by Saturn Holdco to replace the existing members associated with Emera.

The Commission will continue to regulate NMGC after the Transaction. NMGC will continue with all of its current rates, tariffs, and rules. Saturn Holdco and NMGC have further committed that any request for new rates will be deferred until at least late 2026, which means customer base rates will remain unchanged until at least January 2028. Saturn Holdco and NMGC have also committed to provide, upon approval of the Transaction, a customer rate credit of \$15 million over 12 months, or about \$27.30 per customer.

All of NMGC's existing local offices will be maintained, as will employees who work for NMGC at the time the Transaction closes. As part of the commitment to customer service, NMGC will maintain the number of employees at closing for at least three years.

As part of this Transaction, Saturn Holdco and NMGC commit to evaluate opportunities for the development of and investment in renewable natural gas, certified low emission natural gas, and/or other lower-carbon energy sources including low-carbon hydrogen development; commit to contribute \$10 million to economic development projects or programs in NMGC's service territory designed to attract new business and to retain and grow existing businesses; and commit to make annual charitable contributions of cash or in-kind donations valued at a minimum of \$2.5 million (\$500,000 a year for five years). These initiatives are expected to result in significant annual additional economic activity in New Mexico which will be beneficial to NMGC customers and the State generally. These initiatives together are expected to create more than 170 direct and indirect jobs in other sectors in New Mexico, about \$30 million of annual additional economic activity, and more than \$1.8 million in new state and local tax revenue.

The Transaction will benefit NMGC customers and the New Mexico community. The Joint Applicants request approval of the Transaction.