

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.)
JOINT APPLICANTS)
)
)
)
)**

Docket No. 24-00266-UT

**DIRECT TESTIMONY
OF
LARRY BLANK
ON BEHALF OF
UTILITY DIVISION STAFF
OF THE NEW MEXICO PUBLIC REGULATION COMMISSION**

APRIL 18, 2025

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1 **I. IDENTIFICATION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

3 A. My name is Larry Blank. My business address is TAHOEconomics, LLC, 6061
4 Montgomery Road, Midlothian, TX 76065. My email address is LB@tahoeconomics.com.

5 **Q. WHERE ARE YOU EMPLOYED?**

6 A. I am the principal of TAHOEconomics, LLC (“Tahoe”), a Texas-registered consulting firm
7 I founded in August 1999 (originally in Nevada), specializing in most policy and
8 ratemaking facets of regulated utility industries. I am also a Professor of Economics in the
9 College of Business at New Mexico State University (“NMSU”). For the purposes of this
10 proceeding, I have been engaged through Tahoe. The expert opinions expressed herein are
11 my own, and nothing in this testimony necessarily reflects the opinions of NMSU.

12 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF YOUR BACKGROUND AS IT IS**
13 **RELEVANT TO THIS TESTIMONY.**

14 A. I received a Ph.D. in Economics from The University of Tennessee in 1994, specializing
15 in Industrial Organization & Public Policy (including regulatory policy), Econometrics,
16 and Finance. I previously served as an Economist with the National Regulatory Research
17 Institute (“NRRI”) at the Ohio State University and later as the Manager of Regulatory
18 Policy & Market Analysis with the Regulatory Operations Staff of the Nevada Public
19 Utilities Commission. As a consultant, I have served a variety of clients including
20 government agencies, utility customers, and utility companies. I have served as an expert
21 witness and/or advisor in over 150 rate cases and rulemakings of various types. I have
22 written testimony filed in the following utility regulatory commission jurisdictions:
23 Alaska, Arizona, Arkansas, Colorado, Delaware, Georgia, Idaho, Kansas, Kentucky,

1 Montana, Nevada, New Hampshire, New Mexico, New York, North Carolina, Oklahoma,
2 South Carolina, Texas, Wyoming, and the Federal Energy Regulatory Commission. At
3 NMSU, I direct a professional Graduate Certificate Program in Public Utility Regulation
4 & Economics, a Masters of Economics program, and help deliver nationally-recognized
5 rate case training programs endorsed by the National Association of Regulatory Utility
6 Commissioners (“NARUC”) and attended by hundreds of regulatory professionals from
7 across the United States. My resume is attached as Exhibit LB-1.

8 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

9 A. I am testifying on behalf of the Utility Division Staff (“Staff”) of the New Mexico Public
10 Regulation Commission (“Commission” or “PRC”).

11 **Q. HAVE YOU PREVIOUSLY WRITTEN TESTIMONY IN PUBLIC UTILITY**
12 **REGULATORY PROCEEDINGS BEFORE THE NEW MEXICO**
13 **COMMISSION?**

14 A. Yes, I have provided testimony in several proceedings before the Commission.

15 **II. PURPOSE AND SUMMARY**

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 A. I was asked by Staff to provide independent analysis and recommendations regarding the
18 ring-fencing protections, the expected acquisition premium, and economic impact analysis
19 related to the Joint Application for Saturn Utilities Holdco, LLC to acquire New Mexico
20 Gas Company, Inc. (“Joint Applicants” or “JA”). New Mexico Gas Company, Inc.
21 (“NMGC”) is the regulated gas distribution utility within the Commission’s jurisdiction.

22 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

23 A. The following summarizes my review and recommendations on these three areas.

1 First, the acquisition premium to be paid out of the purchase price of this
2 transaction at closing is mostly derived from the value of the intangible asset of the
3 government-created monopoly. An amount equal to the goodwill (or acquisition
4 premium) at closing of this transaction should be booked as a regulatory liability to
5 customers for disposition before the Commission at a later date.

6 Second, the ring-fencing and financial protections for NMGC provided by the
7 Joint Applicants in the filed amended General Diversification Plan (“GSP”) should be
8 augmented to include other provisions found in the approved stipulation in the El Paso
9 Electric acquisition, Case No. 19-00234-UT.

10 Third, the estimated economic impacts sponsored by the Direct Testimony of Dr.
11 Erickson should be given relatively little weight relative to the other more important
12 considerations in this case.

13 **III. CUSTOMER BENEFITS AND THE VALUE OF THE GOVERNMENT**
14 **PROTECTED MONOPOLY**

15 **Q. WHAT IS GOODWILL OR ACQUISITION PREMIUM?**

16 A. Goodwill is the market value of the intangible assets of a company. In the context of an
17 acquisition, goodwill is measured by the acquisition premium, which is the difference
18 between the purchase price and the book value (or market value) of the tangible assets.
19 The terms “goodwill” and “acquisition premium” are sometimes used interchangeably,
20 but there is a subtle difference in that goodwill is the actual market value, but acquisition
21 premium is the amount paid for the goodwill. In a competitive market for assets, the
22 acquisition premium paid for goodwill should approximate the market value of the
23 goodwill. The estimated goodwill to be paid in this proposed NMGC transaction is

1 \$212.4 million, as of September 30, 2024.¹ The exact goodwill to be paid cannot be
2 determined until closing because the underlying book value of NMGC changes as time
3 passes. The level of acquisition premium could be higher or lower than \$212.4 million
4 due to plant additions, retirements, and accrued depreciation.

5 **Q. CAN YOU GIVE EXAMPLES OF INTANGIBLE ASSETS?**

6 A. Common examples of intangible assets are brand recognition, intellectual property,
7 patents, customer contracts, customer loyalty, and skilled labor.

8 **Q. HOW DO FINANCIAL EXPERTS VALUE INTANGIBLE ASSETS?**

9 A. Market valuation of intangible assets is the present value of excess earnings generated
10 above an expected return on the tangible assets over an expected number of years. Excess
11 earnings are the difference between total earnings and the minimum expected return on the
12 tangible assets.

13 **Q. DOES NMGC HAVE ANY IDENTIFIABLE INTANGIBLE ASSETS?**

14 A. Yes. The primary intangible asset of NMGC is the captured customers of the government-
15 created and government-protected monopoly held by the regulated utility.² The captured
16 customers have no alternative providers for delivered natural gas. Any other intangible
17 assets such as brand recognition or customer loyalty are derived from the exclusive
18 monopoly status created and protected by the government.

19 **Q. WAS THE MARKET VALUE OF NMGC'S INTANGIBLE ASSETS CREATED**
20 **BY THE CURRENT OWNERS OF NMGC?**

¹ JA Response to NMDOJ Interrogatory 3-15 part b.

² For analysis, including legal analysis, on this subject, see: Scott Hempling, "Inconsistent with the Public Interest: FERC's Three Decades of Deference to Electricity Consolidation," *Energy Law Journal*, Vol. 39, 2018; On the "value of owning an exclusive retail franchise," pp. 295-296. See also, Hempling, S. (2020). *Regulating Mergers and Acquisitions of U.S. Electric Utilities: Industry Concentration and Corporate Complication*. Cheltenham, UK: Edward Elgar Publishing. Retrieved Apr 15, 2025, from <https://doi.org/10.4337/9781839109461> In particular, Chapter 5.

1 A. No. The primary intangible asset of NMGC is the exclusive monopoly right held by
2 NMGC, which was created by government (both state and local). Any other intangible
3 assets that may be identified were derived from that government protected monopoly.

4 **Q. WHAT DOES THE AMOUNT OF GOODWILL EXPECTED IN THIS CASE**
5 **REPRESENT?**

6 A. The goodwill offered in this case represents the buyer's and seller's agreed-to valuation of
7 the intangible assets of the company. Because the sale of NMGC was part of a market for
8 such assets, the purchase price of this transaction, including goodwill, represents the market
9 value at that time.

10 **Q. HOW SHOULD THE GOODWILL BE USED IN DECIDING THIS CASE?**

11 A. The value of the goodwill in this case is the value of the intangible asset created by a
12 government-protected monopoly and the captive customers of NMGC. It represents the
13 amount that should be transferred to customers as part of this transaction. In other words,
14 the \$212.4 million in goodwill, as of September 30, 2024, would be the amount of benefit
15 that the captive customers of the government-created monopoly intangible asset should
16 receive in exchange for approval of this transaction and the transfer of this intangible
17 asset. As I stated above, the exact amount of goodwill will not be known with certainty
18 until the transaction closes.

19 **Q. WHAT DO YOU RECOMMEND FOR THE COMMISSION DECISION ON THE**
20 **SUBJECT OF GOODWILL?**

21 A. I recommend that the Commission's decision read as follows: At closing of this
22 transaction, NMGC shall create a regulatory liability account for the benefit of customers
23 in an amount equal in value to the goodwill at closing of the transaction. Disposition of

1 this regulatory liability by the Commission can occur later when parties, including
2 NMGC, have been afforded an opportunity to make proposals and recommendations on
3 the best use of this account for the benefit of customers. Such disposition may be best in
4 the context of the next general rate case.

5 **Q. DOES IT MAKE SENSE TO ORDER A PORTION OF THE GOODWILL TO BE**
6 **PROVIDED AS A BENEFIT TO CUSTOMERS?**

7 A. No. The acquisition premium or goodwill is transferred to the sellers (the current
8 owners) at the time of closing this transaction. The new owners cannot unilaterally
9 redirect a portion of that as a benefit to customers. Because the new owners will be
10 responsible for any amounts provided for the benefit of customers, either the new owners
11 would need to provide the cash or the purchase price would need to be renegotiated for
12 the buyer and seller to share in that amount to customers.

13 **Q. IF THE COMMISSION WERE TO FOLLOW YOUR RECOMMENDATION TO**
14 **CREATE A REGULATORY LIABILITY EQUAL TO THE VALUE OF THE**
15 **GOODWILL, WOULD THIS POSSIBLY TRIGGER THE NEED FOR A RE-**
16 **NEGOTIATION BETWEEN THE BUYER AND SELLER OF THE PURCHASE**
17 **PRICE?**

18 A. I would expect that re-negotiation of the purchase price may be necessary for this
19 transaction to survive. If re-negotiation becomes necessary, the purchase price would be
20 reduced to recognize that the regulatory liability for customers will match the goodwill
21 agreed to in the acquisition premium. The buyer and seller would need to decide what
22 would be a mutually acceptable sharing of the regulatory liability directive. If the
23 amount of goodwill in the original purchase price accurately reflects the true value of the

1 monopoly intangible asset, then the re-negotiated purchase price may include goodwill
2 that is approximately 50% of the original amount recognizing that the same amount must
3 be transferred to the benefit of customers. However, this result presumes that the seller is
4 willing to give up that amount of goodwill. Ultimately, the buyer and seller would have
5 to reach an agreement as to the acceptable sharing of the amount knowing that an amount
6 equal to the goodwill will need to be placed in the regulatory liability.

7 **Q. WHY NOT SIMPLY RECOMMEND FIFTY PERCENT OF THE GOODWILL**
8 **RESULTING FROM THE STATED PURCHASE PRICE OF THE PROPOSED**
9 **TRANSACTION AS A CREDIT TO CUSTOMERS?**

10 A. First, as I mentioned above, the goodwill embedded in the purchase price cannot literally
11 be transferred to customers because that amount goes to the sellers. Second, such a
12 decision requiring a benefit to customers equal to fifty percent of the goodwill may also
13 trigger the need for a renegotiation between the buyer and seller as I discussed above.
14 Such renegotiation of the purchase price may result in a lower level of goodwill thereby
15 diluting the fifty percent to customers. Third, a fifty percent of goodwill decision in this
16 case will set precedent that may be gamed in future acquisition cases. If the expectation
17 is fifty percent of the goodwill will be the amount ordered as a benefit to customers, then
18 the buyer and seller will negotiate a purchase price that contains two-thirds of the full
19 value of the intangible asset knowing that one-half of the that amount will be the amount
20 provided to customers by the new owners. In that case, the existing owners would get
21 two-thirds of the value of the intangible asset and customers would only get one-third of
22 the value. Setting a precedent that customers get a regulatory liability benefit equivalent
23 to the full goodwill amount creates an incentive for future acquisition negotiations in

1 which half of the value of the intangible asset will be included as goodwill paid to the
2 sellers and half of the value of the intangible asset will go to the customers. This is a fair
3 outcome.

4 **Q. IS IT ALSO POSSIBLE THAT A DECISION ADOPTING YOUR**
5 **RECOMMENDATION RELATED TO GOODWILL MAY CAUSE THE**
6 **PARTIES TO THIS TRANSACTION TO DISSOLVE THE AGREEMENT**
7 **RATHER THAN RENEGOTIATE THE TRANSACTION?**

8 A. Yes, that is possible if the buyers want the sellers to cover a portion of the customer
9 benefit and the sellers are unwilling to give up a portion of the goodwill originally
10 expected.

11 **Q. DO THE CURRENT OWNERS HAVE A CLAIM TO THE GOODWILL PAID IN**
12 **THE LAST ACQUISITION OF NMGC?**

13 A. The total amount of goodwill paid in past acquisitions is a sunk cost and should not affect
14 decisions going forward. Furthermore, had the policy recommendation I am making now
15 been in effect at that time, the same total amount would have been paid to acquire
16 NMGC. The only difference is that about half would have been paid as an acquisition
17 premium and half would have been paid as a benefit to customers. The owners of
18 NMGC have no reasonable expectation for the recovery of any goodwill paid in the last
19 acquisition. The fact that customers did not get a fair share of the acquisition payments
20 in the last acquisition case does not change the total amount that would have been paid
21 under fully informed purchase negotiation. Therefore, I believe my recommendation can
22 be implemented at this time and there should be no claim to the past. Furthermore, as
23 stated by Mr. Hempling:

1 “But if the current shareholders had previously bought the company at a premium,
2 could they not argue that they in fact did pay for the franchise? No, for the reasons
3 already given. The franchise is a government-granted privilege; it is not for sale.
4 When these hypothetical shareholders paid a premium, they were not buying the
5 franchise; they were buying stock, betting their payments on the possibility of
6 receiving future earnings from controlling the franchise.”³

7 **Q. EARLIER YOU STATED THAT GOODWILL IS VALUED AS A NET PRESENT**
8 **VALUE OF THE FUTURE EXCESS EARNINGS. WHAT TIMELINE WOULD**
9 **THAT COVER?**

10 A. Utility investments are often viewed as relatively low-risk, long-term investments that are
11 an important part of a diversified portfolio. When held for this purpose, utility ownership
12 could be expected to last over 20 years. If the current owners of NMGC feel they have
13 yet to recoup their investment including a reasonable return, then they should wait to sell.
14 However, the fact that they have been motivated to sell at this time is an indicator that
15 they have recovered what they needed from the NMGC investment.

16 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATION FOR THE**
17 **CONSIDERATION OF GOODWILL.**

18 A. I recommend the Commission direct the creation of a regulatory liability for the benefit
19 of customers in the amount equal to the goodwill that results from this transaction at
20 closing for the reasons provided herein. Disposition of this regulatory liability by the
21 Commission can occur later when parties, including NMGC, have been afforded an

³ Hempling, S. (2020). *Regulating Mergers and Acquisitions of U.S. Electric Utilities: Industry Concentration and Corporate Complication*. Cheltenham, UK: Edward Elgar Publishing. Retrieved Apr 15, 2025, from <https://doi.org/10.4337/9781839109461>. Page. 131, fn. 49.

1 opportunity to make proposals and recommendations on the best use of this account for
2 the benefit of customers. Such disposition may be best in the context of the next general
3 rate case.

4 **IV. RING FENCING PROVISIONS**

5 **Q. HAVE YOU REVIEWED THE RING-FENCING COMMITMENTS IN THE**
6 **APPLICATION?**

7 A. Yes. These are found in the amended GDP filed as JA Exhibit JMB-3.

8 **Q. WHAT IS YOUR RECOMMENDATION?**

9 A. The ring-fencing provisions should be augmented by including some of those found in the
10 adopted stipulation in NMPRC Case No. 19-00234-UT (El Paso Electric Co.). I have
11 consolidated the relevant commitments found in JA Exhibit JMB-3 with those I
12 recommend from Case No. 19-00234-UT, into a recommended comprehensive set of ring-
13 fencing provisions attached hereto as Exhibit LB-2. I only make two recommended
14 changes to the provisions proposed by the Joint Applicants. First, I reduced the 54% equity
15 commitment to 52% to be consistent with Staff's recommendation. Second, I changed the
16 requirement for "one or more" nationally recognized credit rating agency to "at least two"
17 agencies to be consistent with El Paso Electric. Staff witness Naomi Velasquez also
18 addresses the GDP and relevant Commission rules within her Direct Testimony.

19 **Q. WHAT IN YOUR RECOMMENDED RING-FENCING PROVISIONS ARE NOT**
20 **FOUND IN THE COMMITMENTS SPECIFIED BY MR. BAUDIER?**

21 A. There are several that are distinguished in Exhibit LB-2 as a second section entitled
22 "Provisions from El Paso Electric Case No. 19-00234-UT" with numbers 17 through 34.

1 If the Commission moves forward with approval of this transaction, I recommend
2 adoption of the provisions found in this exhibit.

3 **V. ECONOMIC IMPACT CLAIMS**

4 **Q. HAVE YOU REVIEWED THE ECONOMIC IMPACT STUDY SPONSORED BY**
5 **DR. ERICKSON ON BEHALF OF THE JOINT APPLICANTS?**

6 A. I have reviewed Dr. Erickson's testimony and the study report attached as JA Exhibit
7 CAE-1.

8 **Q. WHAT IS THE PURPOSE THIS ECONOMIC IMPACT STUDY?**

9 A. First, the authors attempt to estimate the economic impact of bringing 51 to 61 new full-
10 time jobs to New Mexico. Second, the authors attempt to estimate the economic impact
11 of \$5 million in economic development grants.

12 **Q. WHAT INITIAL INPUT DOES THE STUDY USE AS THE DIRECT EFFECT**
13 **ASSOCIATED WITH 51 TO 61 NEW JOBS?**

14 A. Dr. Erickson states that "the labor income for these positions is projected to range
15 between \$7.71 million and \$7.74 million annually."⁴ From that additional income input,
16 the study produces additional indirect and induced effects of \$16.88 million to \$17.01
17 million for an estimated total New Mexico economic output impact of \$40 million to
18 \$40.4 million.

19 **Q. DO YOU HAVE ANY CONCERNS ABOUT THIS STUDY OR THE RESULTS?**

20 A. Yes. First, the magnitude of the estimated total impact of \$40 million seems high. Dr.
21 Erickson treats the \$22 million amount of "value-added" Gross Domestic Product
22 ("GDP") as additive to the income impacts, which I am not sure is correct if the value-

⁴ Erickson Direct at 4:2-4.

1 added amount already includes the income impacts. If this is incorrect and the total
2 impact is the over \$22 million in value added, the implied multiplier for total economic
3 output from the \$7.7 million direct income is over 3.0 (over 300%), which seems high.
4 And if the correct total as produced by Dr. Erickson is over \$40 million, then the implied
5 multiplier is over 5.1 (over 510%), which seems extremely high and does not correspond
6 to historical trends of personal income and GDP growth in New Mexico. For example,
7 the change in NM GDP during the period of 1997-2023 was only 2.25% greater than the
8 corresponding change in NM personal income in the state during that same period.⁵

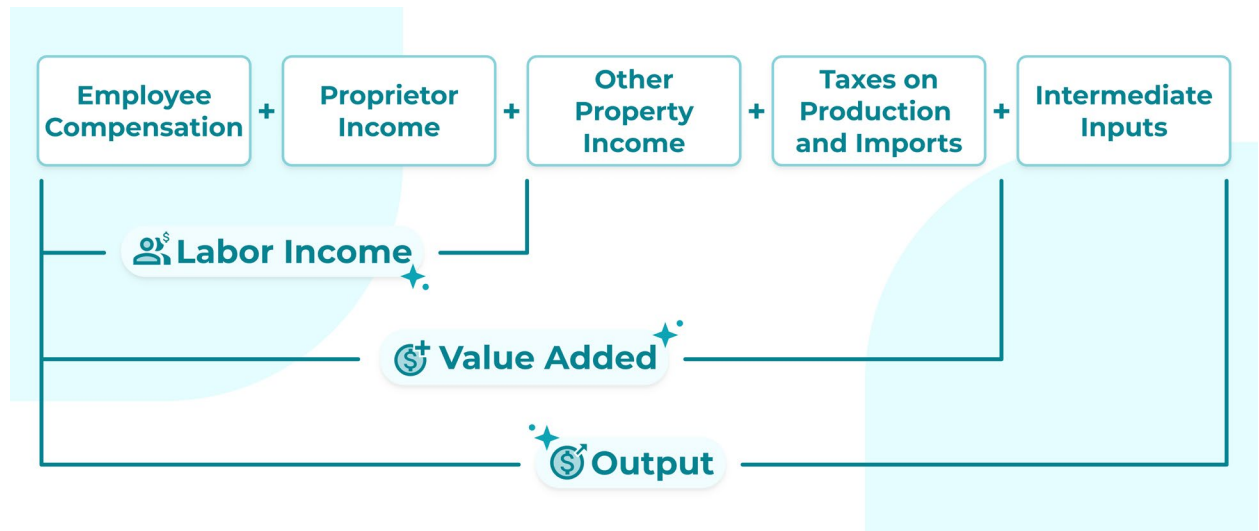
9 Second, his analysis on the additional jobs expected to be created within New
10 Mexico is limited to the expected income and ignores the additional costs of making this
11 change that must be paid by New Mexico customers. These net costs paid by customers
12 would be an offset to the economic impacts calculated by Dr. Erickson, because these
13 represent customer income that would have produced economic impacts were they not
14 redistributed to the utility company to support the higher costs of these support services.
15 Dr. Erickson has made no adjustments to account for the higher costs of bringing shared
16 services into New Mexico that will be paid by New Mexico customers.

17 **Q. WHY DO YOU THINK THE ADDITION OF THE VALUE ADDED TO THE**
18 **INCOME IMPACTS MAY BE DOUBLE-COUNTING?**

19 A. As described by the creators of the IMPLAN software used by Dr. Erickson: “Value
20 Added is a component of the production function of an Industry. It is the difference
21 between an Industry’s Total Output and the costs of its Intermediate Inputs. VA has four
22 components: [Employee Compensation](#) (EC), [Proprietor Income](#) (PI), [Other Property](#)

⁵ Based on Bureau of Economic Analysis GDP and Personal Income data for New Mexico, 1997-2023.

1 [Income](#) (OPI), and [Taxes on Production and Imports net of subsidies](#) (TOPI). Combined,
2 EC and PI are known as [Labor Income](#). “⁶



3
4 Reference: [https://support.implan.com/hc/en-us/articles/360017144753-Understanding-](https://support.implan.com/hc/en-us/articles/360017144753-Understanding-Value-Added-VA)
5 [Value-Added-VA](https://support.implan.com/hc/en-us/articles/360017144753-Understanding-Value-Added-VA)

6 Here we see that the income estimate is subsumed within the value added estimate. If we
7 add the income impacts from Dr. Erickson’s study to the value added estimate as he has
8 done, that seems to be double-counting.

9 **Q. HAVE THE JOINT APPLICANTS PROVIDED A CALCULATION OF THE NET**
10 **COSTS ASSOCIATED WITH MOVING SHARED SERVICES TO SUPPORT**
11 **SERVICES WITHIN NEW MEXICO?**

12 A. Not to my knowledge, but this is important to know to properly estimate the economic
13 impacts.

14 **Q. WHY MAY THE VALUE ADDED ESTIMATE SPONSORED BY DR.**
15 **ERICKSON BE BIASED UPWARD?**

⁶ IMPLAN, “Understanding Value Added (VA),” <https://support.implan.com/hc/en-us/articles/360017144753-Understanding-Value-Added-VA> .

1 A. First, IMPLAN includes an estimate of “proprietor income”, “other property income”,
2 and taxes in the calculation of value added. NMGC does not make a profit on expenses
3 and, therefore, no income to the owners is created by the addition of employees, which is
4 an expense item, is created. Therefore, “proprietor income” is not relevant to NMGC.
5 The addition of these employees also does not create “other property income.” The
6 addition of employees also does not create any property tax, gross receipt taxes, nor
7 income taxes for the state. The only impact for taxes would be those related to
8 employees such as social security contributions.
9 Second, NMGC does not export any services outside of New Mexico and, therefore, all
10 the costs associated with the new employees are covered by the rates charged to New
11 Mexico customers. This constitutes New Mexico income that is redirected away from
12 other uses in the economy to NMGC, and this redistribution of income should be a
13 consideration when using the IMPLAN model.

14 **Q. WAS COST SAVINGS FROM THE MOVEMENT OF SUPPORT SERVICES**
15 **OUT OF NEW MEXICO INTO A SHARED SERVICES COMPANY AN**
16 **IMPORTANT CONSIDERATION IN THE LAST NMGC ACQUISITION CASE?**

17 A. Yes. In the 2013 TECO acquisition Case No. 13-00213-UT, the joint applicants claimed
18 that there would be \$9.1 million in annual savings by integrating support services into the
19 shared services with other TECO utilities.⁷ That analysis, however, did not include an
20 estimate the economic impact of the jobs eliminated in New Mexico. Now Dr. Erickson
21 has provided an impact analysis on bringing jobs back to New Mexico but does not

⁷ Certification of Stipulation in Case No. 13-00213-UT at page 76.

1 include the impact of the additional costs, both capital costs and expenses, that will need
2 to be incurred and collected from New Mexico customers to accomplish this change.

3 **Q. WHAT MAKES YOU THINK THE MOVEMENT OF SUPPORT SERVICE INTO**
4 **NEW MEXICO WILL BE MORE EXPENSIVE THAN THE TECO SHARED**
5 **SERVICES CURRENTLY PAID?**

6 A. We have heard that in addition to the expected labor expenses covered in Dr. Erickson's
7 analysis, there will be capital expenditures of about \$30 million. There remains
8 uncertainty regarding the exact costs to move these support services inside NMGC, and
9 the exact cost may not be known until after the fact. Staff witness Naomi Velasquez
10 presents some accounting in an attempt to itemize these costs based on what we know
11 from discovery. However, the costs are expected to be higher than the TECO shared
12 services because NMGC will lose the economies of scale enjoyed by having other
13 utilities share the costs of the system and work required to perform these support
14 services. The primary point for economic impact analysis is the fact that Dr. Erickson
15 did not consider these additional costs to NMGC in his economic impact study.

16 **Q. WHAT IS YOUR ASSESSMENT OF THE ECONOMIC IMPACT ESTIMATES**
17 **RELATED TO THE ECONOMIC DEVELOPMENT CONTRIBUTION OF \$5**
18 **MILLION PROPOSED BY THE JOINT APPLICANTS?**

19 A. First, it is important to recognize that the proposed economic development contributions
20 are outside the domain of regulated utility services and, therefore, should be given less
21 weight than other considerations in this application. These contributions do not create
22 any direct benefit for NMGC customers nor the NMGC system and are more beneficial to

1 the owners of NMGC in the form of self-promotion and recognition by the general public
2 and political system.

3 Second, Emera and NMGC also expended \$5 million on economic development
4 as part of the previous acquisition commitments, but Dr. Erickson chose not to review the
5 use of that money nor did he make any assessment of the jobs created or income created
6 by that past effort. Specifically, in Staff Interrogatory 4-5, parts D. and E. we asked:

7 **“D. Has Dr. Erickson studied the details of the \$5 million in economic**
8 **development expenditures incurred by New Mexico Gas Company as part of**
9 **the commitments from Emera? See, for example, Direct Testimony of Ryan**
10 **A. Shell, NMPRC Case NO. 2-00255-UT, p. 5, lines 4-8.**

11 **E. In Dr. Erickson’s opinion, would it be informative to his work provided as**
12 **JA Exhibit CAE-1 to assess, measure, and/or verify the past \$5 million in**
13 **economic development expenditures for any of the assumptions or results in**
14 **his study of the proposed \$5 million? Please provide a full explanation of**
15 **your answer.”**

16 To part D. the response was “No” and the response to part E. is as follows:

17 “e. No. The purpose of the Economic Study with respect to the \$5 million in
18 economic development investments is to provide a forward-looking analysis of
19 economic benefits to New Mexico based the specific transaction at issue in this
20 case. A hindsight analysis of past economic development investments associated
21 with a different transaction would not change the analysis presented in the
22 Economic Study.”

1 I find it difficult to understand why one would not study and assess the expenditures and
2 possible outcomes of a very similar economic development program performed by the
3 exact same company with the same amount of money to better understand how these
4 monies may be used in the future and to find out whether any success came from such
5 expenditures in the past. The lack of effort to learn more about the past performance of
6 NMGC with economic development expenditures is a deficiency in this study. The
7 economic analysis related to the economic development money seems to be very
8 speculative and may have been improved by an assessment, verification, and
9 measurement of the past \$5 million in economic development expenditures made by
10 NMGC.

11 **Q. DID STAFF ALSO ASK WHETHER THE JOINT APPLICANTS HAD AN**
12 **ESTIMATE OF THE ECONOMIC IMPACTS ASSOCIATED WITH AN**
13 **ALTERNATIVE USE OF THE \$5 MILLION DOLLARS, SUCH AS CUSTOMER**
14 **RATE CREDITS?**

15 A. Yes, but they have not performed that analysis. Apparently, the economic impacts of rate
16 credits as a comparison to the economic impacts of economic development grants was
17 not important to the Joint Applicants. Economic development grants do not directly
18 benefit NMGC customers, but rate credits do.

19 **Q. DOES YOUR RECOMMENDATION FOR THE REGULATORY LIABILITY**
20 **FOR THE BENEFIT OF CUSTOMERS IN THE AMOUNT OF THE FINAL**
21 **ACQUISITION PREMIUM SURPASS THE ECONOMIC IMPACTS**
22 **SPONSORED BY DR. ERICKSON?**

1 A. Yes. The direct benefit to customers will be substantially greater than the combined total
2 of all the economic impacts performed by this study. If we were to add indirect and
3 induced benefits, to this direct benefit, I suspect that it will be multiple times greater than
4 the economic impacts provided on behalf of the Joint Applicants.

5 **Q. PLEASE SUMMARIZE YOUR ASSESSMENT AND RECOMMENDATIONS**
6 **FOR THE ECONOMIC IMPACT STUDY?**

7 A. First, the starting point for the economic development analysis is very speculative.
8 Second, the economic development commitments should be given very little weight in
9 this case because these do not benefit the regulated utility system nor the customers of
10 NMGC. These are commitments that directly benefit the shareholders of NMGC through
11 self-promotion and fall outside the regulated utility domain. Third, the impacts of phasing
12 out shared services and bringing those support functions inside New Mexico are mere
13 estimates that are likely overstated because they do not account for any additional costs to
14 set up these services in house that will be paid by New Mexico customers. Therefore, I
15 recommend that the Commission give little weight to this evidence.

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

18 A. Yes.
19

Larry Blank

Education

Ph.D. in Economics, The University of Tennessee, Knoxville, August 1994.

B.S. in Economics (major), Mathematics (minor), Bemidji State University, Minnesota, May 1989.

Ph.D. Fields of Concentration

Industrial Organization & Public Policy (including utility rates and regulation)
Econometrics
Finance

Professional Experience

Principal Consultant, TAHOEconomics, LLC, August 1999 - Present. Clients have included Government Agencies, Utility Customers, and Utility Companies focusing on most aspects of regulatory policy development and rate regulation for public utilities.

Professor of Economics, Department of Economics, Applied Statistics, & International Business, New Mexico State University (NMSU), August 2021 – Present. Currently teaching graduate-level public utility regulation, business and government, antitrust policy/economics, and applied microeconomics.

Associate Professor of Economics, Department of Economics, Applied Statistics, & International Business, New Mexico State University (NMSU), August 2009 – July 2021.

Associate Director, Center for Public Utilities, NMSU, January 2011 – Present. Electric Utility and Natural Gas Distribution ratemaking training. The Center's training is endorsed by the National Association of Regulatory Utility Commissioners (NARUC).

Senior Associate, Center for Public Utilities, NMSU, August 2003 – December 2010.

Assistant Professor of Economics, Department of Economics & International Business, New Mexico State University (NMSU), August 2003 – July 2009.

Manager of Regulatory Policy and Market Analysis, Regulatory Operations Staff, Public Utilities Commission of Nevada, October 1997 - August 1999.

Responsibilities: Directed a ten-person division with duties covering most aspects of utility regulation and competitive restructuring across all industries (primarily telecommunications, electric, and natural gas); implementation of the Telecommunications Act of 1996; division management of all rates and tariffs; lead management of staff's electric and natural gas restructuring activities. Close coordination with legal division in litigated case preparation including lead negotiation experience.

Supervising Economist, Regulatory Operations Staff, Public Service Commission of Nevada, March 1996 - October 1997. Duties similar to those above.

Research Economist, National Regulatory Research Institute, The Ohio State University and the National Association of Regulatory Utility Commissioners (NARUC), September 1994 - March 1996.

Lecturer, School of Public Policy and Management, The Ohio State University (taught Graduate Public Finance).

Published Papers and Reports

“Assessing the Impact of Selected Determinants on Renewable Energy Sources in the Electricity Mix,” (with Khezri, Karimi, Mamkhezri, and Ghazal). *Energies*, 15 (2022).

“Do Residential Net Metering Customers Pay Their Fair Share of Electricity Costs? Evidence from New Mexico Utilities,” *Utilities Policy Journal*, Volume 61, (December 2019).

“An Enhanced Two-Part Tariff Methodology When Demand Charges Are Not Used,” (with Doug Gegax). *The Electricity Journal*, Volume 29, No. 3 (2016).

“Residential Winners and Losers behind the Energy versus Customer Charge Debate,” (with Doug Gegax). *The Electricity Journal*, Vol. 27, No. 4 (2014).

“Benchmarking Electric Distribution Utilities in the Philippines,” (with Doug Gegax and Ben Widner). *Asian Social Science*, Vol. 8, No. 3 (2012).

“Objectively Designing Shared Savings Incentive Mechanisms: An Opportunity Cost Model for Electric Utility Efficiency Programs,” (with Doug Gegax). *The Electricity Journal*, Vol. 24, No. 9 (2011), pp. 31-40.

“Endogenous Regulatory Constraints and The Emergence of Hybrid Regulation,” (with John Mayo). *Review of Industrial Organization*, Vol. 35 (2009), pp. 233-255.

“Promotions as Coopetition in the Soft Drink Industry,” (with Mike Hyman and Michael Meade). *Academy of Marketing Studies Journal*, September, 2009.

“A Dynamic Model of Insurgency: The Case of the War in Iraq,” (with C.E. Enomoto, D. Gegax, T. McGuckin, and C. Simmons), *Peace Economics, Peace Science and Public Policy*, Vol. 14, No. 2, 2008.

“The Role of Regulation in Expanding Access to Electricity: Reform in the Philippines,” (with Mk Shean), *Energy Update*, Issue No. 4, 2005.

“Open Entry and Local Telephone Rates: The Economics of IntraLATA Toll Competition,” (with David Kaserman, John Mayo, and Simran Kahai), *Review of Industrial Organization*, Vol. 14, No. 4, June 2000, pp. 303-319.

"Dominant Firm Pricing with Competitive Entry and Regulation: The Case of IntraLATA Toll," (with David Kaserman and John Mayo), *Journal of Regulatory Economics*, Vol. 14, 1998, pp. 35-53.

"Concavity Assumptions in Regulatory Models and the Capital Waste Controversy," *Journal of Regulatory Economics*, Vol. 9, 1996, pp. 95-100.

"Key Antitrust Pricing Issues for Regulated Industries with Emerging Competition," *NRRI Quarterly Bulletin*, Vol. 17, No. 2, 1996, pp. 279-298.

"Telephone Vouchers: Experiences in Other Markets," *NRRI Quarterly Bulletin*, Vol. 16, No. 4, 1995, pp. 537-547.

Selected Reports:

Telecommunications Service Quality (with V.W. Davis, D. Landsbergen, R.W. Lawton, N. Zearfoss, and J. Hoag), National Regulatory Research Institute, The Ohio State University, Columbus, March 1996.

Telecommunication Infrastructure Investments and State Regulatory Reform: A Preliminary Look at the Data (with Vivian Davis and Catherine Reed), The National Regulatory Research Institute, The Ohio State University, Columbus, December 1994.

Considerations in Preparing and Reviewing Socioeconomic Impact Assessments for Low-Level Waste Disposal Facilities (with Mary English, Matthew Murray, and Zoe Hoyle), for the U.S. Department of Energy. National Low-Level Waste Management Program, EG&G Idaho, Inc., Idaho Falls, Idaho: August 1992.

Economic Impact of Chem-Nuclear Systems, Inc. on Barnwell County, South Carolina (with Matthew Murray), for the U.S. Department of Energy. Energy, Environment and Resources Center, The University of Tennessee, Knoxville, November 1990.

Grants

U.S. Department of Energy, Technical Assistance to the Energy Regulatory Commission of the Philippines, January 2002 – January 2005.

U.S. Department of Energy, Sustainable Energy Development Program (Philippines), January 2005 – August 2005. Completed the Open Access Distribution Service Rules governing 140 electric distribution utilities.

Presentations and Conference Participation

"Utility Finance 101: A Discussion of Basics for Western Commissioners," *Utility Commissioners Wall Street Dialogue*, organized by Gee Strategies Group and Edison Electric Institute, Sept. 2024.

“Utility Finance 101: A Discussion of Basics for Commissioners,” *Utility Commissioners Wall Street Dialogue*, organized by Gee Strategies Group and Edison Electric Institute, May 2022.

“ERCOT and the week of February 14, 2021,” technical presentation to the Lubbock Economics Council, March 4, 2021.

Lead speaker at the Edison Electric Institute’s Advanced Ratemaking Course, University of Wisconsin, every July since 2011.

“Statistically Determining Proper Recovery of Demand-Related Costs through the Energy Charge,” and Discussant: *CRRRI University Advanced Workshop in Regulation and Competition*, Monterey, CA, June 2013.

“The FERC’s Vintage and Original Purpose Doctrine for Transmission Pricing: Distorted Economics and Economic Distortions,” and Discussant: *CRRRI University Advanced Workshop in Regulation and Competition*, Monterey, CA, June 2012.

“Objectively Designing Shared Savings Incentive Mechanisms: An Opportunity Cost Model for Electric Utility Efficiency Programs,” and Discussant: *CRRRI Rutgers University Advanced Workshop in Regulation and Competition*, Sky Top, PA, May 2011.

Presentation: **“Can Regulators Stop the Tax Bleeding of the Universal Service Fund?”** and Discussant: *CRRRI Rutgers University Advanced Workshop in Regulation and Competition*, Sky Top, PA, May 2008.

Presentation: **“Endogenous Regulatory Constraints and the Emergence of Hybrid Regulation,”** *Western Economic Association Meetings*, Seattle, WA, July 2007.

Presentation: **“PUHCA Uncertainty...States,”** *Western Governors’ Association Energy Summit*, Albuquerque, NM, April 15, 2004.

Discussant, *Advanced Workshop in Regulation and Competition*, Monterey, CA, July 6, 2000.

Presentation: **“Nevada Electric Restructuring,”** *Western Risk Management & Claims Workshop*, Western Electric Power Institute, San Diego, CA, July 8, 1999.

Discussant, *Advanced Workshop in Regulation and Competition*, San Diego, CA, July 7-9, 1999.

Participant, *Danish Ministry Workshop on Telecommunications Interconnection*, Special invitation by the Danish Ministry of Research and Information Technology, London, UK, December 14-15, 1998.

Presentation: **“Regulatory Choice: Constraints and Inefficiency,”** *Advanced Workshop in Regulation and Competition*, Monterey, CA, July 10, 1998.

Presentation: **“Regulatory Choice: Constraints and Inefficiency,”** *The 73rd Annual Western Economic Association Conference*, June 29, 1998.

Discussant, *The 25th Annual Telecommunications Policy Research Conference (TPRC)*, Alexandria, VA, September 27-29, 1997.

Presentation: **“Electricity Restructuring Issues,”** two presentations before the *Nevada State Senate Committee on Commerce and Labor*, February 1997.

Presentation: **“Regulating Market Penetration: A Higher-Powered Incentive Scheme for Local Exchange Companies,”** *The Tenth NARUC Biennial Regulatory Information Conference*, Hosted by the National Regulatory Research Institute at The Ohio State University, Columbus, September 11, 1996.

Presentation: **“Regulating Market Penetration: A Higher-Powered Incentive Scheme for Local Telephone Companies,”** *The Advanced Workshop in Regulation and Public Utility Economics*, Hosted by the Center for Research in Regulated Industries at Rutgers University, Lake George, NY, May 30, 1996.

Presentation: **“Balancing Seemingly Conflicting Goals through a Minimum Subscribership Plan: Economic Efficiency and the Risks Borne by Regulators,”** *The 27th Annual Conference of the Institute of Public Utilities*, Williamsburg, VA, December 12, 1995.

Presentation: **“The Minimum Subscribership Plan (MSP): Quality, Prices, and Current Policy,”** *The 23rd Annual Telecommunications Policy Research Conference (TPRC)*, Solomons, MD, October 2, 1995.

Presentation: **“A Positive Theory of Price-Cap and Rate-of-Return Regulation: Substitutes or Complements?”** *Southern Economic Association Meetings*, Orlando, FL, November 22, 1994.

Journal Referee

Peace Economics, Peace Science and Public Policy, July 2011.

The American Economic Review, April 1995.

Case Participation

Electricity:

DE PSC, Docket No. 24-0868, “In the Matter of the Application of Delmarvan Power & Light Co. for an Alternative Form of Rate Regulation.” Expert witness testimony on behalf of PSC Staff, January 2025.

ID PUC, Case No. IPC-E-24-07, “In the Matter of the Application of Idaho Power Company to Increase Rates for Electric Service to recover costs associated with incremental capital investments and certain O&M expenses.” Expert witness testimony on behalf of the U.S. Department of Energy and the Federal Executive Agencies, November 6, 2024, and Rebuttal Testimony November 27, 2024.

NY PSC, Case Nos. 24-E-0322 and 24-G-0323, “Proceeding on Motion of the Commission as

to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corp. for Electric and Gas Service.” Expert witness testimony filed on behalf of the U.S. Dept. of Defense and Federal Executive Agencies, September 26, 2024, and Rebuttal Testimony, October 18, 2024.

SC PSC, Docket No. 2024-34-E, “Application of Dominion Energy South Carolina for Authority to Adjust and Increase its Retail Electric Rate Schedules...” Expert witness testimony filed on behalf of the U.S. Dept. of Defense and Federal Executive Agencies, June 5, 2024.

Regulatory Commission of Alaska, Docket No. U-23-047, “In the Matter of Tariff Revision Designated as TA544-8 Filed by CHUGACH ELECTRIC ASSOCIATION, INC.” Expert witness testimony filed on behalf of the City of Seward, March 14, 2024.

KY PSC Case No. 2023-00312, “In the Matter of Electronic Tariff Filing of Big Rivers Electric Corporation and Kenergy Corp. to Revise the Large Industrial Customer Standby Service Tariff.” Expert witness testimony filed on behalf of Kimberly-Clark Corporation, December 4, 2023.

KS State Corporation Commission Docket No. 23-EKCE-775-RTS, “In the Matter of the Application of Evergy Kansas Metro, Inc., Evergy Kansas South, Inc. and Evergy Kansas Central, Inc. to make Certain Changes in their Charges for Electric Service Pursuant to K.S.A 66-117.” Expert witness testimony filed on behalf of U.S. Department of Defense and all other Federal Executive Agencies. August 29, 2023 (Direct), September 5, 2023 (Cross-Answer).

DE PSC Docket No. 23-0601, “In the Matter of the Application OF ARTESIAN WATER COMPANY, INC. FOR A REVISION OF RATES.” Expert witness testimony filed on behalf of Delaware Public Service Commission Staff, March 1, 2024.

DE PSC Docket No. 22-0897, “In the MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR AN INCREASE IN ELECTRIC BASE RATES AND OTHER MISCELLANEOUS TARIFF CHANGES.” Expert witness testimony filed on behalf of Delaware Public Service Commission Staff, August 18, 2023.

NC Utilities Commission Docket No. E-2, SUB 1300, “In the Matter of Application of Duke Energy Progress, LLC For Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance-Based Regulation.” Expert witness testimony filed on behalf of U.S. Department of Defense and all other Federal Executive Agencies, March 27, 2023.

NV PUC Docket No. 23-06007, “Application of Nevada Power Company d/b/a NV Energy for authority to adjust its annual revenue requirement for general rates charged to all classes of electric customers and for relief properly related thereto.” Expert witness testimony filed on behalf of the Southern Nevada Gaming Group, September 25, 2023.

NV PUC Docket No. 23-02010, “Application of Nevada Power Company d/b/a NV Energy under Advice Letter No. 535 to revise Tariff No. 1-B to revise the Large Customer Market Price Entry Schedule No. LCMPE to set forth when an Energy Supply Agreement must be filed with an Integrated Resource Plan or Integrated Resource Plan amendment, a requirement for a true-up or adjustment and a requirement for a short form statement O, pursuant to the Order

issued in Docket No. 22-03025.” Expert witness testimony filed on behalf of the Southern Nevada Gaming Group, July 14, 2023.

NV PUC Docket No. 23-09012, “Application of Southwest Gas Corporation for authority to increase its retail natural gas utility service rates for Southern and Northern Nevada.” Expert witness testimony filed on behalf of the Southern Nevada Gaming Group, February 2, 2024.

NM PRC Case No. 22-00058-UT, “In the matter of Public Service Company of New Mexico’s Application for Authorization to implement Grid Modernization Components including Advanced Metering Infrastructure.” Expert witness testimony on behalf of the City of Albuquerque, 2023.

GA PSC Docket No. 44280, “Georgia Power Company’s 2022 Rate Case.” Expert witness testimony on behalf of the United States Department of Defense, 2022.

NV PUC Docket No. 22-06014, “Application of Sierra Pacific Power Company for Authority to Adjust its annual Revenue Requirement.” Expert witness testimony on behalf of Peppermill Casinos Inc., 2022.

NV PUC Docket No. 22-03028, “Joint Application of Nevada Power Company and Sierra Pacific Power Company for Approval to Merge.” Expert witness testimony on behalf of the Southern Nevada Gaming Group, 2022.

WY PSC Docket No. 2003-214-ER-22, “In the matter of the Application of Cheyenne Light, Fuel and Power Company d/b/a Black Hills Energy for a General Rate Increase.” Expert witness testimony on behalf of Microsoft Corporation, 2022.

AR PSC Docket No. 22-001-TF, “In the matter of Entergy Arkansas, LLC’s Request for Tariff Changes to Rate Schedule No. 41.” Expert witness testimony on behalf of Arkansas Electric Energy Consumers, Inc. and the Hospitals and Higher Education Group, 2022.

NM PRC Case No. 19-00018-UT, “In the matter of Public Service Company of New Mexico’s Abandonment of San Juan Generating Station Units 1 and 4.” Expert witness testimony on behalf of Western Resource Advocates, 2022.

NH PUC Docket No. DE-21-030, “Unitil Energy Systems, Inc. Request for Change in Rates.” Expert witness testimony on behalf of the New Hampshire Department of Energy (Staff), 2021.

TX PUC Docket No. 52195, “Application of El Paso Electric Company to Change Rates.” Expert witness testimony on behalf of the U.S. Department of Defense, 2021.

TX PUC, Docket No. 51802, “Application of Southwestern Public Service Company for Authority to Change Rates.” Expert witness testimony on behalf of the Federal Executive Agencies and Orion Engineered Carbons, 2021.

CO PUC, Proceeding No. 20-AL-0432E, “In the matter of Advice Letter...by Public Service Company of Colorado to revise its Colorado Electric Tariff,” Phase II cost allocation and rate

design expert witness testimony on behalf of the Federal Executive Agencies (DOE), 2021.

DE PSC, Docket No. 20-0149, "In the matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates." Expert witness testimony on behalf of the Public Service Commission Staff, 2020-21.

NM PRC Case No. 20-00222-UT, "In the matter of the Joint Application of Avangrid, Inc, Avangrid Networks, Inc, NM Green Holdings, Inc, Public Service Company of New Mexico and PNM Resources, Inc. for approval of the Merger..." Expert Witness testimony on behalf of the City of Albuquerque, 2021.

NM PRC Case No. 20-00237-UT, "In the matter of Public Service Company of New Mexico's Application for Approval of its 2022-2023 Transportation Electrification Program." Expert witness testimony on behalf of the City of Albuquerque, 2021.

NM PRC, Docket No. 20-00121-UT, "In the matter of the Petition of Public Service Company of New Mexico, Pursuant to the Efficient Use of Energy Act and the Public Utility Act, for Approval of a Rate Adjustment Mechanism to Remove Regulatory Disincentives and Original Rider No. 5." Expert witness testimony on behalf of the City of Albuquerque, 2020.

AR PSC, Docket No. 16-036-FR, "In the matter of the Formula Rate Plan filings of Entergy Arkansas, Inc. pursuant to APSC Docket No. 15-015-U." Expert witness testimony on behalf of the Hospitals and Higher Education Group, 2020.

NV PUC, Docket No. 20-06003, "Nevada Power Application to adjust revenue requirement." Expert witness testimony on behalf of the Southern Nevada Gaming Group, 2020.

TX PUC, Docket No. 49831, "Application of Southwestern Public Service Company for Authority to Change Rates." Expert witness testimony on behalf of the United States Department of Energy, 2020.

AZ CC, Docket No. E-01933A-19-0028, "In the matter of the Application of Tucson Electric Power Company for the Establishment of Just and Reasonable Rates..." Expert witness testimony on behalf of the United States Department of Defense and all other Federal Executive Agencies, 2020.

GA PSC, Docket No. 42516, "In RE: Georgia Power Company's 2019 Rate Case." Expert witness testimony on behalf of the United States Department of Defense and all other Federal Executive Agencies, 2019.

DE PSC, Docket 17-0977, "In the matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates." Expert witness testimony on behalf of the Public Service Commission Staff, 2019 (Phase II- State Jurisdictional Allocation).

NM PRC, Case No. 19-00158-UT, "In the matter of the Application of Public Service Company of New Mexico for Approval of PNM Solar Direct Voluntary Renewable Energy Program, Power Purchase Agreement, and Advice Notice Nos. 560 and 561." Expert witness testimony on

behalf of the City of Albuquerque, 2019.

AR PSC, Docket No. 19-008-U, "In the matter of the Application of Southwestern Electric Power Company for Approval of a General Change in Rates and Tariff." Expert witness testimony on behalf of the Board of Trustees of the University of Arkansas, 2019.

NM PRC, Case No. 18-00383-UT, "In the matter of the filing of Advice Notice No. 69 by Socorro Electric Cooperative, Inc.." Expert witness testimony on behalf of the City of Socorro and New Mexico Institute of Mining and Technology, 2019.

AR PSC, Docket No. 16-036-FR, "In the matter of the Formula Rate Plan filings of Entergy Arkansas, Inc. pursuant to APSC Docket No. 15-015-U." Expert witness testimony on behalf of the Hospitals and Higher Education Group, 2018.

NM PRC, Case No. 17-00255-UT, "In the matter of Southwestern Public Service Company's Application for revision of its Retail Electric Rates under Advice Notice No. 272." Expert witness testimony on behalf of the City of Albuquerque, 2018.

KS CC, Docket No. 18-WSEE-328-RTS, "In the matter of the Joint Application of Westar Energy, Inc. and Kansas Gas and Electric Company for Approval to make certain changes to their Charges for Electric Service." Expert witness testimony on behalf of the United States Department of Defense and all other Federal Executive Agencies, 2018.

DE PSC, Docket 17-0977, "In the matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates." Expert witness testimony on behalf of the Public Service Commission Staff, 2018.

AK RCA, Docket No. U-17-008, "In the Matter of the Tariff Revision Designated as TA326-121 Filed by the Municipality of Anchorage D/B/A Municipal Light and Power Department." Expert witness testimony on behalf of the Federal Executive Agencies, Dec. 2017.

NM PRC, Case No. 16-00276-UT, "In the matter of the Application of Public Service Company of NM for revision of its Retail Electric Rates." Expert witness testimony on behalf of the City of Albuquerque, 2017.

OK Corporation Commission, Cause No. PUD 201700151, "In the matter of Public Service Company of OK Application for Adjustment in Rates." Expert witness testimony on behalf of the Department of Defense, 2017.

AR PSC, Docket 16-052-U, "In the matter of the Application of Oklahoma Gas and Electric Company for a General Change in Rates, Charges and Tariffs." Expert witness testimony on behalf of the Arkansas River Valley Energy Consumers, 2017.

DE PSC, Docket 16-0649, "In the matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates." Expert witness testimony on behalf of the Public Service Commission Staff, 2016.

OK Corporation Commission, Cause No. PUD 201500208, “In the matter of Public Service Company of OK Application for Adjustment in Rates.” Expert witness testimony on behalf of the Department of Defense, 2015.

AR PSC, Docket 15-015-U, “In the Matter of the Application of Entergy Arkansas, Inc. for Approval of Changes in Rates for Retail Electric Service.” Expert witness testimony on behalf of the Hospitals and Higher Education Group, 2015.

CO PUC, Docket 14AL-0660E, “In the Matter of Advice Letter NO 1672-Electric Filed by Public Service Company of Colorado PUC No. 7-Electric Tariff to Implement a General Rate Schedule Adjustment and Other Rate Changes Effective July 18, 2014.” Expert witness testimony on behalf of the Federal Executive Agencies, November 2014.

AK RCA, Docket No. U-13-184, “In the Matter of the Tariff Revision Designated as TA332-121 Filed by the Municipality of Anchorage D/B/A Municipal Light and Power Department.” Expert witness testimony on behalf of the Federal Executive Agencies, May 2014.

AK RCA, Docket No. U-13-006, “In the Matter of the Tariff Revision Designated as TA326-121 Filed by the Municipality of Anchorage D/B/A Municipal Light and Power Department.” Expert witness testimony on behalf of the Federal Executive Agencies, October 2013.

AR PSC, Docket No. 13-028-U, “In the matter of the application of Entergy Arkansas, Inc. for approval of changes in rates for retail electric service,” expert witness testimony on behalf of Hospitals and Higher Education Group, August 2013.

AZ ACC, Docket No. E-01345A-11-0224, “In the matter of the application of Arizona Public Service Company for a hearing to determine the fair value of the utility property of the company for ratemaking purposes, to fix a just and reasonable rate of return thereon, to approve rate schedules designed to develop such return,” expert witness testimony on behalf of the Federal Executive Agencies, January 2012.

NM PRC, Case No. 11-00265-UT, “In the matter of Public Service Company of NM’s Renewable Energy Portfolio Procurement Plan for 2012,” direct and rebuttal testimony on renewable cost threshold and related matters, on behalf of Public Service Company of New Mexico, October 2011.

AK RCA, Docket No. U-10-31, “In the Matter of the Revenue Requirement and Cost-of-Service Studies Designated as TA304-121 and the Tariff Filing Designated as TA306-121 and TA309-121 Filed by the MUNICIPALITY OF ANCHORAGE D/B/A MUNICIPAL LIGHTAND POWER,” expert witness testimony on behalf of the Federal Executive Agencies, prepared December 2010.

AR PSC, Docket No. 08-137-U, “In the Matter of the Consideration of Innovative Approaches to Ratebase Rate of Return Ratemaking Including, but not Limited to, Annual Earnings Reviews, Formula Rates, and Incentive Rates for Jurisdictional Electric and Natural Gas Utilities,” expert witness testimony responding to the mechanisms related to this docket, 2010.

CO PSC, Docket No. 10M-245E, “In the Matter of Commission Consideration of Public Service Company of Colorado Plan in Compliance with House Bill 10-1365, ‘Clean Air-Clean Jobs Act’,” expert

witness testimony responding to the fundamental ratemaking issues regarding compliance with the Clean Air-Clean Jobs Act, September 2010.

AR PSC, Docket No. 09-084-U, “In the Matter of the Application of Entergy Arkansas, Inc. for Approval of Changes in Rates for Retail Electric Service,” expert witness testimony responding to certain aspects of revenue requirement, cost-of-service, and rate design. Also, responding to the proposed Formula Rate Plan, Lost Contributions to Fixed Costs, and the Shared Savings mechanism, 2010.

CO PSC, Docket No. 09AL-299E, “In the Matter of Advice Letter No. 1535 by Public Service Company of Colorado to Revise Its Colorado PUC No. 7 Electric Tariff to Reflect Revised Rates and Rate Schedules to be Effective on June 5, 2009,” expert witness testimony responding to the Phase II issues contained in the revised rate design on behalf of the Federal Executive Agencies, December 2009.

CO PSC, Docket No. 09AL-299E, “In the Matter of Advice Letter No. 1535 by Public Service Company of Colorado to Revise Its Colorado PUC No. 7 Electric Tariff to Reflect Revised Rates and Rate Schedules to be Effective on June 5, 2009,” expert witness testimony responding to the Phase I issues contained in the proposed revenue requirements on behalf of the Federal Executive Agencies, September 2009.

NV PUC, Docket No. 08-12002, “Application of Nevada Power Company for authority to increase its annual revenue requirement for general rates charged to all classes of customers to recover costs of acquiring the Bighorn Power Plant, constructing the Clark Peakers, environmental retrofits, and other generating, transmission, and distribution plant additions; to reflect changes in cost of service; and for relief properly related thereto,” expert witness testimony responding to certain aspects of the cost of service and rate design on behalf of The Board of Regents of the Nevada System of Higher Education, April 2009.

AZ ACC, Docket No. E-01345A-08-0172, “In the Matter of the Application of Arizona Public Service Company for a Hearing to Determine the Fair Value of the Utility Property of the Company for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon, to Approve Rate Schedules Designed to Develop Such Return,” expert witness testimony responding to certain aspects of the cost of service and rate design on behalf of the Federal Executive Agencies, January 2009.

FERC, Docket No. EL07-101-000, expert witness testimony assessing transmission rate design on behalf of American Electric Power Service Corporation, August 2007.

MD PSC, Case No. 9092, “In the Matter of the Application of PEPCO for Authority to Revise Rates,” conducted training and provided advisory services to the Maryland Commissioners and advisory staff (2007).

AR PSC, Docket No. 06-101-U, “In the Matter of the Application of Entergy Arkansas, Inc. for Approval of Changes in Rates for Retail Electric Service,” expert witness surrebuttal testimony responding to the cost of service study used by EAI, Staff, and interveners on behalf of the Federal Executive Agencies, March 2007.

Vermont Department of Public Service, Cost of Service analysis related to Green Mountain Power Corp.

Philippines ERC, design of Open Access Distribution Services Rules, 2005.

Philippines Energy Regulatory Commission, Project Director and key advisor for over three years on policy development related to industry restructuring and over 140 rate unbundling cases, 2001-2005.

Philippines Department of Energy and Energy Regulatory Board, Electricity Ratemaking Training and Rulemaking for Restructured Wholesale and Retail Electricity Industry (July 2000 – February 2001).

TX PUC, Docket No. 22349, Application of TX-NM Power Company for approval of unbundled cost of service rates (testimony filed). 1999-2000.

NV PUC, Docket No. 99-10049, Petition for Advisory Opinion, Rules that may or may not apply to master-metered mobile home parks after restructuring of electric and natural gas markets, (testimony), 1999.

NV PUC, Docket No. 99-4019, Utility.com, Inc., Application for Licensing as an Alternative Seller (testimony), 1999.

NV PUC, Docket No.s 98-12007 and 12009, Sierra Pacific Power Co. And Nevada Power Co. Applications for authorization to provide potentially competitive services through affiliates (testimony), 1998.

NV PUC, Docket No. 98-7023, Sierra Pacific Power Company and Nevada Power Company, Joint Application for Approval of Merger (testimony), 1998.

NV PUC, Docket No. 98-9038, Regulatory Operations Staff, Application to Designate Unbundled Services as Potentially Competitive (testimony), 1998.

NV PUC, Docket No. 98-8034, Nevada Power Company, Application to Designate Unbundled Services as Potentially Competitive (testimony), 1998.

NV PUC, Docket No. 97-10004, Nevada Power Company's Green Power Tariff (testimony), 1997.

NV PUC, Docket Nos. 97-11018 and 97-11028, Proposed Unbundling Methodologies of Sierra Pacific Power Co. and Nevada Power Co. (testimonies), 1997.

NV PUC, Docket No. 97-8001, Investigation of issues to be considered as a result of restructuring of electric industry (extensive comments and testimony on all restructuring issues including the development of new regulations), 1997 - 1999.

NV PUC, Docket No. 97-6008, Nevada Power Company's Resource Plan (evaluation of load forecasting), 1997.

NV PUC, Docket No. 97-5034, Rulemaking to establish standards of conduct and related requirements for distribution companies and affiliates, 1997.

NV PUC, Docket No. 96-7020, Nevada Power Company Deferred Energy Case (testimony), 1996.

NV PUC, Docket No. 96-6013 and 96-6014, Sierra Pacific Power Company tariff filing to allow negotiated contracts (testimony), 1996.

NV PUC, Docket No. 95-9022, Nevada Electric Restructuring Investigation (several extensive comments), 1996.

Natural Gas and Water Distribution:

AR PSC, Docket No. 23-079-U, “In the Matter of the Application of Summit Utilities Arkansas for a General Change or Modification in its Rates, Charges, and Tariffs.” Expert witness testimony on behalf of the Hospitals and Higher Education Group, July 10, 2024, and Surrebuttal Testimony September 9, 2024.

CT PURA, Docket No. 23-11-02, “Application of Connecticut Natural Gas Corporation to Amend its Rate Schedules.” Staff consultant advisor including delivery of discovery, cross examination, and review of the record for decision making.

CT PURA, Docket No. 23-08-32, “Application of Connecticut Water Company to Amend its Rate Schedules.” Staff consultant advisor including delivery of discovery, cross examination, and review of the record for decision making.

DE PSC Docket No. 23-0601, “IN THE MATTER OF THE APPLICATION OF ARTESIAN WATER COMPANY, INC. FOR A REVISION OF RATES.” Testimony on behalf of PSC Staff. 2024.

CT PURA, Docket No. 22-07-01, “Application of Aquarion Water Company of Connecticut to Amend its Rate Schedules.” Staff consultant advisor including discovery, delivery of cross examination and review of the record for decision making.

Dvorak v. City of St. Paul, State of MN District Court, 2nd Judicial District, Court File No. 62-CV-18-2356. Affidavits and Declarations on behalf of the plaintiff on matters pertaining to water utility rate design and undue price discrimination, 2018-2019.

NM PRC, Case No. 18-00124-UT, “In the Matter of the Petition by EPCOR Water New Mexico Inc. for Adjustment of Water Rates for its Clovis District.” Expert witness work on behalf of the City of Clovis, 2019.

AR PSC, Docket No. 15-098-U, “In the Matter of the Application of Centerpoint Energy Resources Corp., d/b/a Centerpoint Energy Arkansas Gas, for a General Change or Modification in its Rates, Charges and Tariffs.” Expert witness testimony on behalf of the University of Arkansas, 2015-16.

AR PSC, Docket No. 15-011-U, “In the Matter of the Application of SourceGas Arkansas, Inc. for Approval of a General Change in Rates and Tariffs.” Expert witness testimony on behalf of the University of Arkansas, 2015.

AR PSC, Docket No. 13-079-U, “In the Matter of the Application of SourceGas Arkansas Inc. for Approval of a General Change in Rates.” Expert witness testimony on behalf of the University of Arkansas, May 2014.

NV PUC, Docket No. 12-11010, “Investigation and rulemaking to address a recovery mechanism for the accelerated replacement of gas infrastructure.” Expert witness testimony on behalf of the Federal Executive Agencies, December 2012.

NM PRC, Case No. 11-00196-UT, “In the matter of the petition by New Mexico-American Water Co. for adjustment of water rates for its Clovis District.” Expert witness testimony on behalf of the City of Clovis, November 2011.

NM PRC, Case Nos. 11-00085-UT and 11-00293-UT, Acquisition and financing of NM American Water Co. by EPCOR, Inc. Expert witness testimony on financing and customer hold-harmless on behalf of the City of Clovis, July-August 2011.

NM PRC, Case No. 08-00134-UT, “In the Matter of the Petition by New Mexico-American Water Company, Inc. for Adjustment of Water Rates for Its Clovis District,” expert witness testimony responding to revenue requirements and rate design in the petition to adjust water rates on behalf of the City of Clovis, December 2008.

NM PRC, Case No. 08-00321-UT, “In the Matter of the Petition by New Mexico-American Water Company, Inc. for a Certificate of Convenience and Necessity and Other Authorizations Related to an Exploratory Test Well into the Lower Dockum Formation to Serve the Clovis District,” expert witness testimony assessing accounting and regulatory treatment of the project costs associated with the proposed exploratory test well into the lower Dockum Formation to serve the Clovis district of New Mexico-American Water Company, Inc. (“NMAW” or “Company”) on behalf of the City of Clovis, March 2009.

NV PUC, Docket No. 97-8002, Investigation into alternative forms of regulation for natural gas local distribution companies and alternative sellers of natural gas, and related matters (extensive comments and testimony on all restructuring issues including the development of new regulations), 1997.

NV PUC, Docket No. 97-5034, Rulemaking to establish standards of conduct and related requirements for distribution companies and affiliates, 1997.

Telecommunications:

NM PRC, Case No. 18-00295-UT, “In the Matter of the Petition of CenturyLink QC Regarding Effective Competition for Retail Residential Services.” Expert witness testimony on behalf of the City of Albuquerque, 2019.

MT PSC, Docket No. D2005.6.105, Investigation on Use of Federal Universal Service Funds (testimony filed on behalf of PSC advocacy staff), 2005.

NM PRC, Case No. 05-00094-UT, Qwest Corporation’s Amended Alternative Form of Regulation Plan, (testimony filed on behalf of Qwest regarding computation and appropriateness of refund), 2005.

Line Extension Policy and Contribution in Aid of Construction, expert witness work on behalf of 3 Rivers Telephone Cooperative, before the Montana Eighteenth Judicial District Court, Cause No. DV-04-731, March 2006.

NV PUC, Docket No. 00-7012, Nevada Bell Petition for order commencing a proceeding to determine new costs and rates for unbundled network elements (testimony filed on behalf of wholesale customers), 2000.

FCC CC Docket No. 00-247, Petition for Arbitration, Developed Unbundled Costs and Interconnection Agreement on behalf of Virtual Hipster Corp., December 2000.

Case No. CV771923, Superior Court of the State of California (Santa Clara), Worldcom v. Co-net Communications, Oral Expert Witness Testimony on potential service development including cost and revenue estimates, damage estimate, standard of care in circuit disconnect, and other circuit contractual issues (deposition and oral testimony), April 2000.

NV PUC, Docket Nos. 98-10015 and 99-11007, Nevada Bell Arbitrations on the issue of reciprocal compensation and Internet service provider traffic, 1998.

NV PUC, Review of Interconnection and Resale Agreements between Incumbent Local Exchange Carriers and Competitors for approval in Nevada.

NV PUC, Docket No. 98-6005, Sprint of Nevada, Unbundled Network Element Costs (testimony), 1998.

NV PUC, Docket No. 98-6004, Nevada Bell, Unbundled Network Element Costs (testimony), 1998.

NV PUC, Docket No. 97-11017, Virtual Hipster Corp., Petition to terminate rural exemption of Churchill County Telephone Company (testimony), 1997.

NV PUC, Docket No. 96-8035, GTE, Depreciation Filing (testimony), 1997.

NV PUC, Docket No. 97-5027, Central Telephone Company-Nevada, tariff filing requesting an increase in directory assistance rates (testimony and cost analysis), 1997.

NV PUC, Docket No. 97-5018, Investigation into the impact of the Telecommunications Act of 1996 on Universal Service in Nevada (comments), 1997.

NV PUC, Docket No. 96-4041, Nevada Bell Petition on Confidential Nature of Telecommunications Cost Studies (testimony filed), 1996.

NV PUC, Docket No. 96-9035, Investigation into Procedures and Methodologies to Develop Costs for Bundled or Unbundled Telephone Services (comments, testimony and cost analysis), 1996.

NV PUC, Docket Nos. 96-3002 and 96-3003, Nevada Bell's Entry into a Plan of Alternative Regulation (testimony), 1996.

Recommended Comprehensive Ring-Fencing and Financial Protections

(includes JA commitments found in the amended GDP, JA Exhibit JMB-3 (with edits) and additional provisions from Stipulation in Case No. 19-00234-UT):

1. NMGC will maintain a post-closing equity ratio of at least fifty percent (50%) at NMGC until the final order in the next general rate case using a capital structure that includes equity and the par amount of long-term debt only. If the twelve (12) month average equity ratio falls below fifty percent (50%) for more than two consecutive quarters, NMGI will invest equity in NMGC to achieve the fifty percent (50%) equity ratio.
2. NMGC will not seek a regulatory equity ratio in the next base rate proceeding in excess of fifty-two percent (52%). NMGC agrees that the Commission is not bound to accept this as the equity ratio and acknowledges that other parties may propose different equity ratios in the next rate proceeding.
3. NMGC will 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 the Transaction and allocated to NMGC ("Acquisition Premium"). NMGC agrees not to revalue its assets that are a part of NMPRC regulatory rate base to reflect the Acquisition Premium. NMGC will continue to value such assets for all NMPRC regulatory purposes based on the original cost less accumulated depreciation valuation methodology.
4. None of the direct costs of the Transaction, including, but not limited to, costs such as legal fees, investment banking fees, accounting fees, consulting fees, costs of this NMPRC proceeding, Hart-Scott-Rodino filing fees, FCC filing fees, and employee travel expenses, accrued by the Joint Applicants will be recovered directly or indirectly from NMGC customers. However, NMGC may seek recovery of capital expenditures made in the course of completing the Transaction or as part of the transition to a standalone utility if the capital assets are used and useful after the closing of the Transaction except as explicitly excluded in this proceeding, or through the express agreement of the parties and approved by the Commission. Any such claim for rate recovery will be subject to review by the NMPRC in the next NMGC base rate proceeding prior to any recovery.
5. No debt of NMGC is being reissued as a result of the Transaction.
6. NMGC will not, without prior NMPRC approval, pay dividends in excess of net income on a quarterly basis provided, however, NMGC will be permitted to rollover underutilized dividending capacity in any quarter to a subsequent period for payment.

7. NMGC will not, without prior Commission approval, pay dividends at any time its credit metrics are below investment grade. The restriction on the amount of dividends that may be paid does not apply to equity infused by NMGI into NMGC, which may be transferred out of NMGC without restriction, except that such transfers may not be made if NMGC's credit metrics are below investment grade. Transfers of funds necessary to pay NMGC's tax obligations shall not be construed as dividends.
8. NMGC agrees to continue to have its credit rating performed by at least two nationally recognized credit rating agencies so long as the BCP Applicants own direct or indirect interest in NMGC.
9. The BCP Applicants and the NMGC Group have filed an Amended GDP containing all the required Rule 450 representations and commitments and will abide by those commitments for as long as the BCP Infrastructure Funds or an affiliated entity own NMGC.
10. The BCP Applicants will continue, in substantially similar form, the separate local NMGC Board, which will continue to provide governance oversight and guidance of the strategy and business plans of the NMGC management team. The NMGC Board shall continue to consist of the president of NMGC, local business and community leaders, and senior executives as designated by the BCP Infrastructure Funds. As is currently the practice, the majority of the NMGC Board shall be composed of local business and community leaders selected to promote diversity on the NMGC Board consistent with good governance practices. The President of NMGC will report to the NMGC Board.
11. NMGC agrees not to invest in businesses that do not have a significant relationship to regulated services NMGC provides.
12. The BCP Infrastructure Funds affirmatively commit to take all actions necessary to ensure that NMGC's customers do not subsidize the activities of other utilities, or nonutility activities. NMGC will be operated as a standalone LDC and it is not anticipated that affiliates will provide goods or services to NMGC. NMGC will meet its obligation to report any Class I transactions and understands that in any future rate case, or upon the Commission's initiative, the Commission can inquire into any concerns regarding subsidization between other businesses and NMGC.
13. During the term of the TSA, support services will be provided to the NMGC Group by Emera and its affiliates in an economically efficient manner that avoids cross subsidization and are consistent with the cost allocation manual ("CAM") that was developed in collaboration between NMGC and the Commission Utility Division Staff and filed with the Commission in 2015.

14. During the term of the TSA or in the event that NMGC begins to receive service from an affiliate, NMGC will provide annual public submissions to the Commission of allocation information by FERC account and subaccounts, including total amounts allocated for the prior year, total amounts directly assigned to NMGC, with description of the cost, the amount and nature of cost allocated to each affiliate and utility and nonutility operations, the methodology used, including work papers for the allocations.
15. The books and records of NMGC will be kept separate from those of non-regulated businesses and NMGC's affiliates in accordance with the Uniform System of Accounts.
16. The BCP Applicants and NMGC Group agree that the NMPRC and its Staff shall have access to the books, records, accounts, or documents of NMGC, its affiliates, corporate subsidiaries, or holding companies pursuant to NMSA 1978, Sections 62-6-17 and 62-6-19.

Provisions from El Paso Electric Case No. 19-00234-UT:

17. In connection with the Transaction, BCP Infrastructure Funds have created Saturn Holdco, an indirect, wholly-owned special-purpose entity, to hold 100% of the equity interests in TECO Energy, and indirectly, 100% of NMGI and NMGC.

Neither NMGC nor any subsidiary of NMGC will own any non-regulated businesses or foreign utility company. This condition will not prohibit BCP Infrastructure Funds, Saturn Holdco, or any other intermediary holding company above the NMGC stand-alone level from holding diversified businesses. No such diversified businesses are contemplated to be owned by Saturn Holdco.
18. Saturn Holdco will be retained between NMGC and BCP Infrastructure Funds so long as BCP Infrastructure Funds owns NMGC.
19. NMGC will not guarantee the debt or credit instruments of Saturn Holdco, BCP Infrastructure Funds, or any other affiliate (excluding NMGC).
20. NMGC's assets, revenues, or stock shall not be pledged by Saturn Holdco, BCP Infrastructure Funds, or any of its affiliates or subsidiaries for the benefit of any entity other than NMGC.
21. Neither NMGC nor Saturn Holdco will enter into any inter-company debt transactions with BCP Infrastructure Funds or any of its affiliates or subsidiaries (excluding NMGC) post-closing, unless approved by the Commission.

22. Neither NMGC nor Saturn Holdco will lend money to or borrow money from BCP Infrastructure Funds or any of its affiliates or subsidiaries (excluding NMGC), post-closing of the Transaction. Saturn Holdco and NMGC will not borrow money from affiliates except on an arms-length basis, subject to Commission approval to the extent required. Nothing herein shall obligate any of NMGC's affiliates to lend money to NMGC or any of its affiliates at any time.
23. Neither NMGC nor Saturn Holdco will be borrowers under a common credit facility with one another nor with BCP Infrastructure Funds or any of its affiliates, IIF US 2, or any of IIF US 2's affiliates or subsidiaries (excluding NMGC).
24. NMGC will not include in any of its debt or credit agreements cross-default provisions relating to Saturn Holdco, BCP Infrastructure Funds, or any of its affiliates or subsidiaries (excluding NMGC). Neither NMGC nor Saturn Holdco will include in any of its debt or credit agreements cross-default provisions relating to the securities of BCP Infrastructure Funds or any of its affiliates or subsidiaries (excluding NMGC). Under no circumstances will any debt of NMGC become due and payable or otherwise be rendered in default because of any cross-default or similar provisions of any debt or other agreement of BCP Infrastructure Funds, Saturn Holdco, or any of their affiliates (excluding NMGC).
25. NMGC's debt or credit agreements will not include any financial covenants or rating-agency triggers related to BCP Infrastructure Funds, Saturn Holdco, or any of their affiliates (excluding NMGC), nor will Saturn Holdco's debt or credit agreements include any financial covenants or rating-agency triggers related to BCP Infrastructure Funds or any of its affiliates or subsidiaries (excluding NMGC).
26. NMGC will not incur, guaranty, or pledge assets for any new incremental debt related to the Transaction.
27. Neither NMGC nor Saturn Holdco will seek to recover from NMGC's customers any costs incurred as a result of a bankruptcy of BCP Infrastructure Funds or any of its affiliates (excluding NMGC).
- 28.
29. BCP Infrastructure Funds will obtain a non-consolidation legal opinion that provides that, in the event of a bankruptcy of BCP Infrastructure Funds, Saturn Holdco, or any of its affiliates (excluding NMGC), a bankruptcy court would not consolidate the assets and liabilities of NMGC with BCP Infrastructure Funds, Saturn Holdco, or any of their affiliates (excluding NMGC).

30. Neither NMGC nor Saturn Holdco will transfer any material assets or facilities to any affiliates, other than a transfer that is on an arm's-length basis consistent with the Commission's affiliate standards as applicable to NMGC.
31. BCP Infrastructure Funds will provide the Commission access to its books and records, as well as those of its applicable affiliates, as necessary to facilitate the Commission's audit or review of any affiliate transactions as between NMGC and BCP Infrastructure Funds or its affiliates.

The Commission and its Staff will have access to the books, records, accounts, or documents of any affiliated interest of NMGC participating in a Class I or Class II transaction whenever the production of such books, records, accounts or documents is reasonably required by the Commission and pertinent to any matter under investigation before the Commission.

32. Each of NMGC and Saturn Holdco will maintain accurate, appropriate, and detailed books, financial records and accounts, including checking and other bank accounts, and custodial and other securities safekeeping accounts that are separate and distinct from those of any other entity.

Charges for goods, assets and services exchanged between NMGC and BCP Infrastructure Fund's subsidiaries or affiliates, if any, will be clearly designated and separately maintained, for easy identification and audit by the Commission Staff, as well as parties in a rate proceeding. Further, the basis for any charge will be identified (i.e., fair market price, fully distributed costs, others as applicable). NMGC and each affiliate will maintain books of accounts and supporting records in sufficient detail to permit verification of compliance with all Commission rules or orders regarding affiliate transactions. NMGC will maintain its own accounting system, separate from Saturn Holco, BCP Infrastructure Funds, or any other intermediary holding company.

33. Saturn Holdco and its affiliates will not represent to the public or creditors that NMGC has any liability for the obligations of Saturn Holdco or BCP Infrastructure Funds or any of their affiliates (except for NMGC).
34. NMGC, Saturn Holdco, and BCP Infrastructure Funds acknowledge the Commission's jurisdiction to initiate a future proceeding to consider modifying the NMGC ring fence, but they reserve their rights to contest any other aspect of the filing.

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) Case No. 24-00266-UT
HOLDCO, LLC.)
)
)
JOINT APPLICANTS)
)
)

AFFIRMATION OF LARRY BLANK

Pursuant to 1.2.2.10(E) and 1.2.2.35(A)(3) NMAC of the Public Regulation Commission Rules of Procedure, Larry Blank files this unsworn affirmation and states as follows:

I hereby affirm in writing under penalty of perjury under the laws of the State of New Mexico that the statements contained in the foregoing *Direct Testimony of Larry Blank*. are true and correct to the best of my knowledge, information, and belief.

FURTHER, AFFIRMANT SAYETH NAUGHT.

Executed on April 18, 2025.

/s/ Larry Blank
LB@tahoeconomics.com.
1.2.2.7(E)(2) and 1.2.2.10(E)(4) NMAC electronic signature
TAHOEconomics, LLC
6061 Montgomery Road, Midlothian, TX 76065

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.)
)
)
JOINT APPLICANTS)**

Case No. 24-00266-UT

CERTIFICATE OF SERVICE

I CERTIFY that on this date I sent via email a true and correct copy of the **Direct Testimony of Larry Blank** to the parties listed here.

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DATED this April 18, 2025

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ *Peggy Martinez-Rael* (Electronically signed)
Peggy Martinez-Rael, Paralegal