

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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

REVISED APPLICATION REBUTTAL TESTIMONY

OF

JEFFREY M. BAUDIER

October 10, 2025

**NMPRC CASE NO. 24-00266-UT
INDEX TO THE REBUTTAL TESTIMONY OF
JEFFREY M. BAUDIER IN SUPPORT OF
REVISED APPLICATION**

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I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Jeffrey (“Jeff”) M. Baudier. I am President of Saturn Holdco, one of the Joint Applicants¹ in this case. I am also a Senior Managing Director at Bernhard Capital Partners Management, LP (“BCP Management”). My business address is 1100 Poydras St., Suite 3500, New Orleans, LA 70163.

Q. HAVE YOU SUBMITTED OTHER PRE-FILED TESTIMONY IN THIS CASE?

A. Yes. I submitted the following pre-filed testimony:

- October 28, 2024 - Direct Testimony in support of the Joint Application.
- March 4, 2025 - Supplemental Testimony in Response to the Hearing Examiners’ February 19, 2025 Bench Request to Joint Applicants.
- March 31, 2025 - Supplemental Testimony in response to the Hearing Examiners’ March 24, 2025, Bench Request to Joint Applicants for Further Information.
- April 8, 2025 - Supplemental Testimony in Response to Bench Request Number 5 Issued on February 19, 2025.

¹ New Mexico Gas Company, Inc., a Delaware corporation (“NMGC”); Emera Inc., a Nova Scotia corporation (“Emera”); Emera U.S. Holdings Inc., a Delaware corporation (“EUSHI”); New Mexico Gas Intermediate, Inc., a Delaware corporation (“NMGI”); TECO Holdings, Inc., a Florida corporation (“TECO Holdings”); TECO Energy, LLC (formerly TECO Energy, Inc.), a Florida limited liability company (“TECO Energy”); Saturn Utilities, LLC; a Delaware limited liability company (“Saturn Utilities”); Saturn Utilities Holdco, LLC, a Delaware limited liability company (“Saturn Holdco”); Saturn Utilities Aggregator, LP, a Delaware limited partnership (“Saturn Aggregator”); Saturn Utilities Aggregator GP, LLC, a Delaware limited liability company (“Saturn Aggregator GP”); Saturn Utilities Topco, LP, a Delaware limited partnership (“Saturn Topco”); Saturn Utilities Topco GP, LLC, a Delaware limited liability company (“Saturn Topco GP”)²; BCP Infrastructure Fund II, LP, a Delaware limited partnership (“BCP Infrastructure Fund II”); BCP Infrastructure Fund II-A, LP, a Delaware limited partnership (“BCP Infrastructure Fund II-A”); and BCP Infrastructure Fund II GP, LP, a Delaware limited partnership (“BCP Infrastructure II GP,” and together with BCP Infrastructure Fund II and BCP Infrastructure Fund II-A, the “BCP Infrastructure Funds”) (collectively, the “Joint Applicants”).

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- April 15, 2025 - Supplemental Testimony in Response to the Hearing Examiners' April 11, 2025 Bench Request to Joint Applicants.
- May 16, 2025 - Rebuttal Testimony.
- July 3, 2025 - Revised Application Direct Testimony and Exhibits.

On July 25, 2025, The Joint Applicants filed a motion for leave to file the Third Supplemental Testimony of Jeffrey M. Baudier where I provided updates on the current estimated acquisition premium and five-year projected NMGC capital structure on page 29 of the Amended General Diversification Plan, which is attached as JA Exhibit 3 (Revised Application) to my Revised Application Direct Testimony. That motion is pending.

Q. FOR CONTEXT, CAN YOU SUMMARIZE THE APPROVALS THAT THE JOINT APPLICANTS ARE SEEKING IN THIS CASE?

A. The Joint Applicants request the following approvals from the New Mexico Public Regulation Commission ("NMPRC" or "Commission"): (1) approval of the acquisition of TECO Energy, NMGI, and NMGC (collectively, the "NMGC Group") by Saturn Holdco (the "Transaction");² (2) approval of the Transition Services Agreement ("TSA") whereby Emera and its affiliates will provide a variety of support services to the NMGC Group for up to twenty-four (24) months after the closing of the Transaction; (3) approval of the divestiture of the NMGC Group by Emera, EUSHI and TECO Holdings; (4) approval of NMGC's "Amended GDP"; and (5) any other approvals or authorizations necessary to consummate and implement the Transaction.

² Saturn Holdco, Saturn Utilities, LLC, the BCP Infrastructure Funds, Saturn Aggregator, Saturn Utilities Aggregator, Saturn Topco, and Saturn Topco GP, collectively, are the "BCP Applicants."

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1 In the Revised Joint Application, the Joint Applicants sought authorization for NMGC to
2 accrue a regulatory asset for potential recovery of significant capital investment in
3 connection with the shared services transition. As explained below, the Joint Applicants
4 are withdrawing their request for this regulatory asset.

5
6 **Q. WHICH PARTIES TO THIS CASE FILED DIRECT TESTIMONY IN RESPONSE**
7 **TO THE REVISED JOINT APPLICATION?**

8 **A.** Parties filing response testimony to the Joint Applicants' Revised Joint Application include
9 the Coalition for Clean Affordable Energy ("CCA"); the Federal Executive Agencies
10 ("FEA"); New Energy Economy ("NEE"); New Mexico Affordable Reliable Energy
11 Alliance ("NM AREA"); Western Resource Advocates ("WRA"); and the Utility Division
12 Staff ("Staff") of the NMPRC. Parties that did not file testimony in response to the Revised
13 Joint Application are the New Mexico Department of Justice, the Incorporated County of
14 Los Alamos, and Prosperity Works.

15
16 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

17 **A.** My rebuttal testimony responds to certain issues raised by Staff and the intervenors who
18 filed testimony in response to the Revised Joint Application. To that end, in this rebuttal I
19 address the following topics raised by intervenors and Staff:

20 1. The benefits of the Transaction

21 2. The financial strength and qualifications of the BCP Applicants³

³ Saturn Holdco, Saturn Utilities, LLC, the BCP Infrastructure Funds, Saturn Aggregator, Saturn Utilities Aggregator, Saturn Topco, and Saturn Topco GP, collectively, are the "BCP Applicants."

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3. No additional risk from NMGC ownership by a private equity firm
4. The NMGC service quality protections
5. Confirmation that customers will not pay for any acquisition premium and are not entitled to share in the acquisition premium
6. New jobs and employee protections
7. Response to proposed additional regulatory commitments
8. Greenhouse gas claims raised by certain intervenors
9. Confirmation of no changes to NMGC's tax treatment
10. Response to allegations of malfeasance by BCP Management
11. Confirmation that the Transaction satisfies the six factor test for NMPRC approval

I note that just because the Joint Applicants do not respond to a specific matter, it does not mean the Joint Applicants agree with any claim or assertion by any party.

Q. PLEASE INTRODUCE THE OTHER WITNESSES PROVIDING REBUTTAL TESTIMONY ON BEHALF OF THE JOINT APPLICANTS IN THIS CASE.

A. The other witnesses providing Rebuttal Testimony are:

- Karen Hutt, Executive Vice President of Business Development & Strategy for Emera, who responds to testimony from NM AREA Witness Walters; NEE Witness Sandberg; Staff Witness Blank; and WRA Witness Cebulko.
- Ryan Shell, President of NMGC, who rebuts FEA Witness Etheridge; Staff Witnesses Velasquez, Jojola, Blank and Zedalis; NEE Witness Sandberg; NM AREA Witness Walters; CCAE Witness Price; and WRA Witness Cebulko;

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- Christopher Erickson, Ph.D., who responds to the Direct Testimony Staff Witness Dr. Larry Blank criticizing the economic study prepared and filed by Dr. Erickson.
- Peter Tumminello, the Executive Chairman of Delta Utilities, who rebuts the direct testimony filed by NM AREA Witness Walters, NEE Witness Sandburg, and WRA Witness Cebulko.
- Mark S. Miko, Chief Information Officer (CIO) of Delta Utilities, who responds to the direct testimony filed by NM AREA Witness Walters, NEE Witness Sandburg, and WRA Witness Cebulko.
- Suede Kelly, an attorney and former commissioner on the NMPRC and on the Federal Energy Regulatory Commission and former professor at the University of New Mexico School of Law who rebuts the direct testimony of: Staff Witnesses Zigich, Jojola, Velasquez, Zedalis, and Blank; NEE Witnesses George and Sandburg; WRA Witnesses Cebulko and Kenney; NM AREA Witness Walters; and CCAE Witnesses Penn, Vitulli, and Price.
- Eric Talley, Ph.D., JD, the Isidor and Seville Sulzbacher Professor of Law at Columbia Law School, who responds to the direct testimony of Staff Witness Blank, NM AREA Witness Walters, NEE Witness Sandberg, and WRA Witness Cebulko.
- Lisa M. Quilici, Senior Vice President and Board Member of Concentric Energy Advisors who rebuts Staff Witness Blank; and addresses positions set forth by WRA Witness Kenney, and CCAE Witnesses Penn, Price and Vitullie.

II. BENEFITS OF THE TRANSACTION

Q. DO YOU HAVE ANY INTRODUCTORY COMMENTS CONCERNING THE BENEFITS OF THE TRANSACTION.

A. BCP Management is bullish on the regulated natural gas utility business and its managed funds are investing billions in the industry. The BCP Applicants wish to acquire NMGC, in particular, because of its sound track record of providing safe, reliable and cost-effective gas service for customers. This track record will continue if the Transaction is approved, as the NMGC board, management and employees will remain in place. BCP Management

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1 is also bullish on New Mexico, and its managed funds have already made a significant
2 investment in New Mexico, employing approximately 300 residents, through Strategic
3 Management Solutions, LLC. The State of New Mexico has invested \$30 million in BCP
4 Management's BCP Fund II, LP through the New Mexico Educational Retirement Board.
5 BCP Management has an existing stake in New Mexico and its future.

6
7 Contrary to the claims of certain parties in this case, the BCP Applicants are financially
8 strong with a depth of utility experience such that they will make good stewards for NMGC
9 for many years to come. The BCP Applicants' financial strength, utility knowledge, and
10 commitment to New Mexico should weigh heavily in favor of the approval of the
11 Transaction by the NMPRC.

12
13 A primary customer benefit of the Transaction is that the BCP Applicants want to own
14 NMGC and invest in New Mexico while Emera wants to divest from New Mexico. There
15 is an inherent benefit to customers from NMGC being owned by a company that wants to
16 invest in NMGC and New Mexico. This is an important benefit of the Transaction that
17 Staff and the intervenors fail to acknowledge.

18
19 Emera is headquartered in Nova Scotia, and provides utility services in portions of Canada.
20 It also has subsidiary operations in Florida and the Caribbean. Emera has been a great
21 steward of NMGC for the last ten years. However, Emera now wishes to exit the gas utility
22 business in New Mexico because, among other reasons, NMGC presents a limited potential
23 to support a regional growth platform for Emera. Emera has no other operations or

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1 investments in New Mexico. Emera is going to use the proceeds from the sale of NMGC
2 to reduce its debt and help finance its investment in its other regulated utility businesses.
3 For similar reasons, in 2024 Emera sold off its interests in the Labrador Island Link high-
4 voltage transmission line.

5
6 **Q. PLEASE DISCUSS THE STAFF AND INTERVENORS' POSITIONS WITH**
7 **RESPECT TO THE BENEFITS UNDER THE REVISED JOINT APPLICATION.**

8 **A.** Certain of the parties make the conclusory allegation that the benefits under the Transaction
9 are inadequate but provide little or no elaboration to support their claims.⁴ The facts are
10 otherwise because the Revised Joint Application includes the types of benefits approved in
11 prior acquisition cases, which include benefits such as: customer rate credits; a
12 commitment to delay the utility's next rate case; economic development investments in the
13 State; and charitable support, including assistance for low income customers experiencing
14 difficulty paying their gas utility bills.

15
16 **Q. ARE THESE BENEFITS IN THE REVISED APPLICATION QUANTIFIABLE IN**
17 **TERMS OF MONETARY VALUE?**

18 **A.** Yes. JA Table JMB-1 (Revised Application Rebuttal) below shows that the quantifiable
19 benefits under the Transaction range from \$59,400,000 to \$69,400,000.

⁴ See e.g., George Direct (Revised Application) at 3; Sandberg Direct (Revised Application) at 11-12, 18-20; Walters Direct (Revised Application) at 34; Cebulko Direct (Revised Application) at 33-46.

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**JA Table JMB-1 (Revised Application Rebuttal)
Summary of Quantifiable Benefits**

REVISED JOINT APPLICATION	QUANTIFIABLE BENEFITS
Customer Rate Credit	\$15,000,000
Rate Case Delay	\$30,000,000 - \$40,000,000
Economic Development	\$10,000,000
Charitable Contributions	\$2,500,000
HeatNM Contribution ⁵	\$1,900,000
TOTAL	\$59,400,000 - \$69,400,000

A. Customer Rate Benefits

Q. WHAT CUSTOMER RATE CREDITS ARE PROPOSED BY STAFF AND THE INTERVENORS?

A. Some of the parties that filed response testimony to the Revised Joint Application had no specific recommendation on a customer rate credit. Certain parties made the conclusory claim that the customer rate credit was inadequate but did not propose any specific rate credit that would be adequate in their view.⁶ The FEA proposed a rate credit of \$22.4 million to be paid over 12 months, which includes the proposed disapproval and diversion of \$5 million in the proposed economic development investments to the rate credit.⁷ Staff

⁵ The \$1.9 million represents \$190,000 per year over the ten-year hold period.

⁶ See e.g., Walters Direct (Revised Application) at 34; Cebulko Direct (Revised Application) at 40-41.

⁷ Etheridge Direct (Revised Application) at 12.

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proposes that all or a portion of the rate credit be diverted to a new “severe weather fund” which I address later in my testimony.⁸

Q. WHAT IS THE RESPONSE OF THE JOINT APPLICANTS WITH RESPECT TO THE FEA’S PROPOSED CUSTOMER RATE CREDIT?

A. In their Revised Joint Application, the Joint Applicants proposed \$15 million in rate credits to be paid on a per capita basis to customers over twelve months, which totals \$27.31 per customer. FEA now recommends total customer rate credits of \$22.4 million to be paid over twelve months.⁹ The Joint Applicants have reviewed this recommendation and will commit to it. This increases the total rate credits to be received by each customer to \$40.78 (\$22,400,000 rate credit divided by 549,284 total customers = \$40.78). The Joint Applicants, however, disagree with FEA’s recommendation that the additional \$5 million in rate credits should be taken from other benefits and, therefore, the Joint Applicants will provide this increased rate credit without reducing any of the commitment for the \$10 million total in economic development investments as proposed by the FEA.

Q. HOW DO YOU RESPOND TO THE PARTIES WHO CLAIM THAT THE AMOUNT OF THE RATE CREDIT IS INADEQUATE?

A. This is not a valid criticism. The Joint Applicants proposed a \$15 million rate credit to be paid over twelve months in the Revised Joint Application because it is a benefit and

⁸ Zedalis Direct (Revised Application) at 12.

⁹ Etheridge Direct (Revised Application) at 12.

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1 represents an appropriately adjusted approximation of the rate credit approved in the Emera
2 acquisition case. It is important to recall that the rate credits in the TECO acquisition, Case
3 No. 13-00231-UT, were driven by the elimination of about 100 NMGC jobs in New
4 Mexico. By contrast, this Transaction will add twenty NMGC jobs in New Mexico,
5 delivering in and of itself additional benefits.

6
7 I note that certain parties attempt to justify requiring a higher customer rate credit based on
8 the claim that the BCP Applicants are “riskier” owners than Emera.¹⁰ However, as
9 discussed below, that is not the case. Moreover, even using the FEA’s calculation of an
10 inflation adjusted value of the Emera rate credit of \$17.4 million, the \$22.4 million to be
11 paid over twelve months now committed to by the Joint Applicants, greatly exceeds the
12 prior rate credit approved in Case No. 15-00327-UT.

13
14 **Q. DO ANY PARTIES TAKE ISSUE WITH THE JOINT APPLICANTS’ PROPOSED**
15 **ALLOCATION OF THE CUSTOMER RATE CREDIT ON A PER CAPITA**
16 **BASIS?**

17 **A.** Yes. The FEA objects to a per capita distribution and instead proposes that the customer
18 rate credits be allocated as they were in Case No. 13-00231-UT, allocated to rate classes
19 based on NMGC’s last rate case, Case No. 23-00255-UT.¹¹ This would result in rate credits
20 being allocated based on volumetric usage.

¹⁰ George Direct (Revised Application) at 3.

¹¹ Etheridge Direct (Revised Application) at 13-15.

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Q. HOW DO THE JOINT APPLICANTS RESPOND TO THE FEA'S PROPOSED ALLOCATION OF THE CUSTOMER RATE CREDITS?

A. The Joint Applicants acknowledge that the NMPRC approved an allocation of the rate credits in Case No. 13-00231-UT as proposed by FEA and that the ultimate decision on this allocation is within the discretion of the NMPRC. However, the Joint Applicants prefer a per capita distribution because this will put more of the funds from the rate credits into the hands of residential and small business customers where they are needed most. If allocated on a volumetric basis, large industrial and institutional clients such as the federal entities represented by FEA will obtain the majority of the rate credit benefits, to the detriment of residential customers. It is very doubtful that large commercial or industrial customer will lower prices to consumers of their goods and services based on their volumetric share of the rate credits. It is also unlikely that taxpayers will see their taxes reduced or some other benefit based on a larger portion of the rate credits going to the federal agencies represented by the FEA. Additionally, the great majority of employees at the industrial and governmental entities will see rate credit benefits through being NMGC residential customers. The Joint Applicants believe that the state as a whole will benefit more from a per capita distribution of the rate credit as opposed to an allocation based on volumetric usage.

Q. WHAT ARE THE PARTIES' POSITIONS WITH RESPECT TO THE PROPOSED RATE FREEZE?

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1 **A.** The Joint Applicants committed that NMGC will not file its next general rate case before
2 September 30, 2026. This means that new rates will likely not go into effect until the last
3 part of 2027 or the first part of 2028. NMGC president, Ryan A. Shell, estimates that this
4 rate freeze could save customers \$30 to \$40 million, based on the anticipated 2025 rate
5 request. The FEA witness agrees that this is a reasonable period for a rate freeze so long
6 as the NMPRC requires that NMGC agree to a higher level of required capital
7 investments.¹² NM AREA asserts that the deferral of NMGC's next rate case to September
8 30, 2026, results in a net present value savings of \$4.5 million.¹³ NEE claims that the
9 estimated rate freeze is illusory due to the Joint Applicants' request for a regulatory asset
10 to recover capital investments associated with the new Information Technology ("IT")
11 system to be deployed at NMGC.¹⁴ Joint Applicant witness Shell addresses the estimated
12 savings from the rate freeze in his Revised Application Rebuttal Testimony.

13
14 **Q.** **WRA WITNESS CEBULKO NOTES THAT IN THE TRANSACTION**
15 **INVOLVING DELTA UTILITIES THERE WAS A COMMITMENT NOT TO**
16 **FILE A NEW RATE CASE FOR 33 MONTHS AFTER CLOSING.¹⁵ IS THIS A**
17 **VALID COMPARISON TO THIS CASE?**

18 **A.** No. The basis for the commitment in this case not to file a new rate case until September
19 30, 2026, was explained in my Revised Application Direct Testimony at page 42. The

¹² Etheridge Direct (Revised Application) at 26.

¹³ Walters Direct (Revised Application) at 33.

¹⁴ Sandberg Direct (Revised Application) at 8-9.

¹⁵ Cebulko Direct (Revised Application) at 41.

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1 attempted comparison with a single commitment in the Delta Utilities transactions is not
2 valid. These are entirely different transactions on different terms and for different utility
3 companies. Furthermore, the Delta and Magnolia gas company jurisdictions employ
4 different ratemaking constructs such as formula rate plans and rate stabilization plans
5 which allow those utilities to operate for many years without formal rate cases. For
6 example, CenterPoint (Magnolia) has not filed a rate case in 15 years. WRA witness
7 Cebulko fails to importantly disclose that unlike this case, there were no commitments for
8 customer rate credits, economic development investments, charitable contribution or low-
9 income benefits in the Delta Utilities transactions.

10
11 **Q. HAVE ANY PARTIES MADE CLAIMS CONCERNING THE USE OF A**
12 **HISTORIC TEST PERIOD FOR FUTURE NMGC RATE CASES, AND WHAT IS**
13 **YOUR RESPONSE?**

14 **A.** NEE and WRA note the absence of a commitment that NMGC be required to use a historic
15 test year in future NMGC rate cases; NEE claims such a commitment should endure for
16 the next ten years. NEE offers no justification or explanation about why this should be a
17 requirement for approval of the Transaction. Nor does NEE explain or quantify any
18 benefits for NMGC customers. The New Mexico Legislature has specifically authorized
19 use of future test years by regulated utilities. There is no basis or authority to overturn this
20 legislative policy as part of the approval of a proposed utility acquisition. The criticisms
21 of NEE and WRA in this regard should be rejected.

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B. Economic Development and Charitable Benefits

**Q. WHAT IS STAFF’S POSITION WITH RESPECT TO THE JOINT APPLICANTS’
COMMITMENTS FOR THE \$10 MILLION IN ECONOMIC DEVELOPMENT
INVESTMENTS?**

A. Staff is concerned about what it perceives as a lack of criteria and transparency for selection of the economic development investments.¹⁶ What is more, Staff proposes that the \$10 million in economic development investments be diverted to its proposed \$12.5 million severe weather fund.

**Q. PLEASE RESPOND TO STAFF’S POSITIONS WITH RESPECT TO THE
CLAIMED LACK OF SPECIFICITY CONCERNING THE PROPOSED
ECONOMIC DEVELOPMENT INVESTMENTS.**

A. The Joint Applicants’ commitment regarding economic development investments includes more detail than Staff portrays. The Joint Applicants commit to \$10 million in total economic development investments by NMGC as follows:

1. NMGC will contribute \$5 million over a period of seven years to economic development projects or programs in NMGC’s service territory designed to attract new business and to retain and grow existing businesses, without seeking recovery from customers for the costs of those economic development projects or programs.
2. NMGC will contribute another \$5 million over a period of seven years to advance or develop renewable energy projects designed to align with the environmental goals of New Mexico. NMGC will not seek recovery from customers for these contributions.

¹⁶ Velasquez Direct (Revised Application) at 19.

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The foregoing is no less detailed than the regulatory commitment for the general NMGC economic development investments approved in NMPRC Case No. 15-00327-UT which provided:

NMGC agrees to contribute, at shareholder expense, \$5 million within five years of the Closing to economic development projects or programs throughout the State of New Mexico and to specifically identify contributions made in an annual compliance filing with the Commission. Any funds reallocated to this paragraph as provided for in subparagraph 18b above, shall be contributed to economic development projects or programs within a year of reallocation. NMGC agrees that none of these contributions shall be recoverable in rates.¹⁷

Joint Applicant Witness Shell describes how NMGC has administered its economic development program. NMGC will make annual compliance filings with the NMPRC detailing the economic development investments made during the prior year. The NMPRC will have oversight to ensure that the economic development investments are made.

Q. IS STAFF’S PROPOSAL TO DIVERT THE \$10 MILLION IN ECONOMIC DEVELOPMENT INVESTMENTS TO A NEW SEVERE WEATHER FUND (“SWF”) A SOUND PROPOSAL AS A CONDITION TO APPROVE THE TRANSACTION IN THIS CASE?

A. No. This proposal is raised for the first time in Staff’s Testimony regarding the Revised Joint Application. Staff explains its rationale for the SWF in Mr. Zedalis’s testimony and proposes that the \$10 million in economic development funding proposed by Joint Applicants be diverted to the new SWF, and that the \$2.5 million in charitable contributions also be diverted. As noted above, Staff proposes that all or part of the customer rate credits

¹⁷ Stipulation, ¶ 18(c) at 8, NMPRC Case No. 15-00327-UT (April 11, 2016).

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1 be diverted to the SWF.¹⁸ The Joint Applicants oppose these suggestions. First, the benefits
2 of the SWF would be greatly delayed at best and potentially never realized as there is no
3 assurance about when or if the severe weather funds would be disbursed, and as proposed,
4 the administration of the SWF would be worked out by a working group and its operations
5 are unknown at this time. These uncertainties argue against accepting this proposal.
6 Additionally, it is unclear that this proposal is even subject to determination in this
7 proceeding.

8
9 **Q. IS STAFF PROPOSING THAT OTHER FUNDS BE DIVERTED TO THE**
10 **PROPOSED SWF?**

11 **A.** Yes. Staff also proposes that revenues from NMGC's Asset Management Agreements
12 ("AMA") be diverted to the SWF. Staff recommends that the revenues from the AMA
13 which are currently allocated 70% to customers and 30% to NMGC, be changed to 85% to
14 customers and 15% to NMGC.¹⁹ I understand that the portion of the AMA allocated to
15 customers is used to offset customer fuel expense under NMGC's approved Purchased Gas
16 Adjustment Clause ("PGAC"). Staff's proposal should be rejected because it may reduce
17 or eliminate existing customer benefits under the PGAC in favor of the SWF. Joint
18 Applicant Witness Shell questions whether this is a proper proceeding to implement a
19 change that will impact the approved PGAC.

20

¹⁸ Zedalis Direct (Revised Application) at 12.

¹⁹ Zedalis Direct (Revised Application) at 13.

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Q. CERTAIN PARTIES CLAIM THAT THE COMMITMENTS ON ECONOMIC DEVELOPMENT FUNDING SHOULD NOT BE WEIGHTED AS MUCH AS WHAT THEY REGARD AS DIRECT CUSTOMER BENEFITS.²⁰ DO YOU AGREE?

A. No. Economic development investment commitments were important elements in the last two NMGC acquisition cases. Joint Applicant Witness Erickson confirms that the economic development investments will have a positive multiplier effect on the state's economy. The renewable energy investments are estimated to provide an additional \$8.2 million in economic benefits above the \$5 million investment, and \$8.6 million in economic benefits above the \$5 million for the general economic development investments. The fundamental test for approval of the Transaction is whether it will result in a net public benefit. Contrary to Staff's testimony, nowhere has the public interest standard been limited to ratepayers and employees of a utility. Under the applicable standard, the cumulative benefits of all of the proposed regulatory benefits of the proposed Transaction must be weighed.

Q. DO THE JOINT APPLICANTS REMAIN COMMITTED TO THE OTHER ECONOMIC DEVELOPMENT COMMITMENTS AND CHARITABLE CONTRIBUTION COMMITMENTS IN THE REVISED JOINT APPLICATION?

A. Yes. The commitments related to education and training programs, lower carbon natural gas development and preference for New Mexico-based suppliers discussed at pages 45

²⁰ Velasquez Direct (Revised Application) at 19.

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1 and 46 of my Revised Application Direct Testimony are reaffirmed. I stated on page 45
2 of my Revised Application Direct Testimony that we would “create or enhance programs
3 that provide entry level training focused on engineering, management, and finance skills
4 for the local labor force . . . and . . . create or enhance apprenticeship programs for technical
5 and professional positions for students in local high schools and colleges.” On page 46, I
6 stated that “NMGC will maintain its existing low-income bill assistance program, HEAT
7 New Mexico, while evaluating potential methods to improve it.”
8

9 WRA Witness Cebulko, on page 38 of his testimony, stated as follows:

10 “Customers already rely on NMGC’s low-income bill assistance program
11 and maintaining it simply preserves the status quo. The pledge to “evaluate”
12 potential improvements is too vague to assign any measurable value, as the
13 Applicants do not commit to specific enhancements, funding levels, or
14 timelines. If the Applicants wish to demonstrate a real net benefit, they
15 should commit to a defined increase in shareholder contributions to low-
16 income bill assistance programs each year during their ownership of
17 NMGC.”
18

19 To address WRA’s concern, Joint Applicants commit that NMGC will contribute an
20 additional \$5.1 million over a ten-year period as additional support for low income
21 customers for a total of \$7 million. The Joint Applicants also specifically commit that
22 NMGC will invest \$5 million over ten years for (1) entry-level training focused on
23 engineering, management, finance, and other relevant skills for the local labor force in
24 collaboration with New Mexico educational institutions; and (2) for apprenticeship
25 programs for trade, technical, and professional positions for students in high schools and
26 colleges. NMGC will report annually to the NMPRC on the recipients and funding under

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1 this commitment. These funds are at shareholder expense and will not be recovered from
2 customers.

3
4 **III. BCP APPLICANTS' FINANCIAL STRENGTH AND QUALIFICATIONS**
5 **TO OWN NMGC**

6 **Q. HOW DO YOU RESPOND TO CONCERNS RAISED BY CERTAIN PARTIES**
7 **ABOUT WHETHER BCP MANAGEMENT AND THE BCP APPLICANTS HAVE**
8 **THE FINANCIAL STRENGTH AND EXPERIENCE TO ACQUIRE AND**
9 **PROPERLY STEWARD NMGC.²¹ IS THIS A VALID CONCERN?**

10 **A.** The qualifications and financial strength of the acquiring entity is one of the standards used
11 by the NMPRC in evaluating whether to approve a proposed utility acquisition transaction.
12 The BCP Applicants demonstrated their financial ability to acquire NMGC and that the
13 BCP Management portfolio companies have a wealth of experience with regulated utilities
14 in general, and natural gas utilities in particular. The financial strength of BCP
15 Management is addressed at pages 8 and 9, and the financial strength of the BCP Applicants
16 is covered in detail at pages 26 to 32, of my Revised Application Direct Testimony. The
17 depth of the utility experience of BCP Management and its portfolio companies is
18 addressed in detail at pages 17 through 25. The concerns expressed by certain parties about
19 the financial strength and qualifications of BCP Management and the BCP Applicants are
20 misplaced.

21

²¹ See e.g., Walters Direct (Revised Application at 9-12, 15, 27; Sandberg Direct (Revised Application) at 2, 13, 23, 36; Geroje Direct (Revised Application) at 2-4, 19; Cebulko Direct (Revised Application) at 45-46.

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1 **Q. RELATEDLY, SOME PARTIES ALSO EXPRESSED CONCERN THAT AFTER**
2 **THE TRANSACTION CLOSES, NMGC WILL NO LONGER HAVE THE**
3 **BENEFIT OF EMERA’S EXPERIENCE IN OPERATING GAS UTILITIES. IS**
4 **THIS A VALID CONCERN?**

5 **A.** No. This is not a valid concern for several reasons. The parties expressing a concern about
6 Emera no longer owning NMGC miss a fundamental point which is that NMGC and its
7 740 employees will continue to operate just as they did before the Transaction, with the
8 same board, senior management and employees. NMGC will operate as a standalone gas
9 utility. It will have shared IT services provided by Delta Utilities instead of Emera.

10
11 It is noteworthy that Emera itself had no experience in owning gas utilities when it acquired
12 TECO, and indirectly NMGC. There is also a misunderstanding about the oversight and
13 support that Emera provides for NMGC. Emera provides general back-office shared
14 services functions for NMGC for which it charges NMGC and which are included in
15 customer rates. However, as confirmed by Joint Applicant Witnesses Hutt and Shell,
16 Emera does not operate NMGC, nor do any other utilities owned by Emera. To clarify, the
17 services provided by TECO/Emera are generalized, such as IT, Human Resources,
18 Accounting, payroll, etc. Nothing about the provision of these services requires
19 specialized natural gas experience or knowledge and, furthermore, TECO and Emera are
20 providing these services from an electric company platform, which is specifically NOT
21 designed to serve a tailored gas LDC application. NMGC is responsible for its own day-
22 to-day operations. NMGC’s ability to operate as a standalone gas utility was a major factor

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1 in BCP Management's decision to invest in the acquisition of NMGC through the BCP
2 Applicants.

3
4 **Q. CERTAIN PARTIES DISCOUNT THE NATURAL GAS UTILITY EXPERIENCE**
5 **OF THE OTHER PORTFOLIO COMPANIES OF BCP MANAGEMENT.²²**
6 **PLEASE RESPOND.**

7 **A.** As noted in my Revised Application Direct Testimony, BCP Management added Delta
8 Utilities to its portfolio of companies. Delta Utilities was formed through the acquisition
9 of natural gas local distribution companies ("LDCs") in Louisiana and Mississippi from
10 CenterPoint Energy Resources Corp., and in Louisiana from Entergy Louisiana, LLC and
11 Entergy New Orleans, LLC. Delta Utilities has approximately 1,000 employees and a
12 market capitalization of \$1.7 billion. Combined, these LDCs serve approximately 600,000
13 customers.

14
15 It is a misnomer to consider Delta Utilities as "new" or a "startup" because the LDCs that
16 comprise Delta Utilities have existed and operated as individual companies for many
17 decades. Like NMGC, the Delta Utilities employees have extensive knowledge in the
18 natural gas utility business which can and will be shared with NMGC as requested and
19 warranted.

20

²² Etheridge Direct (Revised Application) at 25; Walters Direct (Revised Application) at 10, 12; Sandberg Direct (Revised Application) at 36.

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1 **Q. HOW DO YOU RESPOND TO PARTIES THAT CLAIM BCP MANAGEMENT IS**
2 **TAKING ON TOO MUCH IN TERMS OF INTEGRATING THREE NEW LDCS**
3 **INTO ITS PORTFOLIO?**²³

4 **A.** This claim evidences a fundamental misunderstanding about BCP Management and its role
5 with respect to the LDCs. Again, BCP Management does not own, manage or operate
6 Delta Utilities nor will it own or manage NMGC. These are all standalone companies with
7 long-standing experience that manage and operate themselves with their own very capable
8 management and employees.

10 **Q. SOME PARTIES POINT OUT THAT EMERA IS MUCH LARGER IN TERMS OF**
11 **CAPITALIZATION COMPARED TO BCP MANAGEMENT AND THE BCP**
12 **APPLICANTS.**²⁴ **HOW DO YOU RESPOND?**

13 **A.** This is an overly simplistic argument and fails to consider other more relevant factors. The
14 criterion for approval in a proposed utility acquisition transaction is verification of the
15 qualifications and financial health of the new owner. It is not whether the current or
16 proposed new owner is bigger. The Joint Applicants have demonstrated that the BCP
17 Applicants are financially healthy and there has been no showing by any party to the
18 contrary.

²³ Walters Direct (Revised Application) at 9, 15-16, 22-23.

²⁴ Walters Direct (Revised Application) at 25, 27; George Direct (Revised Application) at 4.

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1 Just because Emera is larger does not mean that it is better equipped than BCP Management
2 and the BCP Applicants to serve as future stewards for NMGC. As noted above, Emera
3 now wishes to sell NMGC and will use the proceeds from the sale to reduce its debt and
4 help finance its investment in its other businesses. As discussed in the Revised Application
5 Rebuttal Testimony of Joint Applicant Witness Dr. Talley, Emera's plans for future
6 investments do not include NMGC.

7
8 BCP Management and the BCP Applicants want to invest in NMGC and New Mexico and
9 they have the financial wherewithal to do so. Regarding the BCP Applicants, the funds
10 that will hold NMGC will total at least \$2 billion – more than adequate to fund the purchase
11 of NMGC. Since the Revised Application was filed additional funding has closed so the
12 funds now have \$525 million in actual or committed funding. In addition, each of the large
13 institutional investors that serve as limited partners for the fund is contractually obligated
14 to fund its capital commitments fund within 10 business days of BCP Infrastructure Fund
15 II GP issuing a capital call notice.

16
17 BCP Management has a demonstrated track record of being able to raise billions of dollars
18 in private equity investments. No BCP Management portfolio company has ever filed
19 bankruptcy. In fact, no BCP investment has ever incurred a loss.

20
21 **IV. PRIVATE EQUITY OWNERSHIP DOES NOT INCREASE RISKS**

22 **Q. NEE CLAIMS THAT PRIVATE EQUITY OWNERSHIP OF NMGC PRESENTS**
23 **MORE RISK FOR CUSTOMERS THAN OWNERSHIP BY A PUBLICLY**

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1 **TRADED COMPANY.²⁵ NM AREA CLAIMS THAT PRIVATE EQUITY FIRMS**
2 **HAVE DIFFERENT OWNERSHIP INTERESTS THAN UTILITY HOLDING**
3 **COMPANIES.²⁶ ARE THESE CLAIM TRUE?**

4 **A.** There are no facts to prove that private equity ownership of utilities presents any more risk
5 for customers than ownership or operation by a publicly traded company. Nor has there
6 been any showing that private equity ownership of NMGC by the BCP Applicants is more
7 risky than ownership by Emera. I addressed this issue at pages 12 through 14 of my
8 Revised Application Direct Testimony. Joint Applicant Witness Suede Kelly addressed
9 this issue in detail at pages 17 through 26 of her Revised Application Direct Testimony.
10 Joint Applicant Witness Dr. Eric Talley addressed the positive benefits of private equity
11 ownership at pages 17 to 23 of his Revised Application Direct Testimony. Ms. Kelly and
12 Dr. Talley are also filing rebuttal testimony on this point. As shown in these testimonies,
13 NEE's claims about private equity presenting more risk are unfounded as are NM AREA's
14 claims about private equity firms.

15
16 **Q.** **NEE ATTEMPTS TO INFER THAT EL PASO ELECTRIC COMPANY UNDER**
17 **PRIVATE EQUITY OWNERSHIP HAS SOMEHOW RESULTED IN REQUESTS**
18 **FOR EXCESSIVE RATE INCREASES.²⁷ PLEASE ADDRESS THIS ISSUE.**

19 **A.** I see little if any relevance of NEE's attempted use of El Paso Electric Company ("EPE")
20 rate filings in Texas and in New Mexico as demonstrating that private equity ownership

²⁵ Sandberg Direct (Revised Application) at 23-31.

²⁶ Walters Direct (Revised Application) at 39.

²⁷ Sandberg Direct (Joint Application) at 32-33.

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1 presents more risk to customers. However, the last rate case that EPE filed in New Mexico
2 was in 2020, which does not suggest any attempt to seek excessive rates. Presumably the
3 EPE cases were decided or will be decided on their own merits. Moreover, whether the
4 proposed Transaction is approved, NMGC's future rate applications will also be
5 determined on their own merits.

6
7 **Q. WRA RECOMMENDS THAT THE BCP APPLICANTS SHOULD BE REQUIRED**
8 **TO MAKE EQUIVALENT FILINGS WITH THE NMPRC THAT PUBLICLY**
9 **TRADED COMPANIES MAKE WITH THE SECURITIES AND EXCHANGE**
10 **COMMISSION ("SEC").²⁸ IS THIS A PROPER RECOMMENDATION?**

11 **A.** No. I addressed this issue at pages 11 and 12 of my Revised Application Direct Testimony.
12 WRA has not explained why the SEC reporting requirements that BCP Management is
13 already subject to are inadequate. Nor has WRA shown that the existing reporting and
14 disclosure requirements applicable to the BCP Applicants, as utility holding companies,
15 and to NMGC, as public utility, are inadequate. WRA provides no example of where the
16 NMPRC has taken any action based on any utility SEC filing. Nor has WRA shown that
17 the NMPRC's oversight of EPE, which is private equity-owned, has been hindered by EPE
18 not making the same or equivalent filings as a publicly traded company.

19
20 **Q. NM AREA NOTES THAT NMGC HAS CHANGED OWNERSHIP A NUMBER OF**
21 **TIMES SINCE IT WAS FIRST CREATED AND THAT THIS IS A TREND THAT**

²⁸ Cebulko Direct (Joint Application) at 53-56.

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**WILL ONLY CONTINUE UNDER PRIVATE EQUITY OWNERSHIP BECAUSE
THE FUNDS ARE OF LIMITED DURATION.²⁹ IS THERE ANY MERIT TO NM
AREA’S OBSERVATIONS IN THIS REGARD?**

A. No. The BCP Applicants committed to hold NMGC for not less than ten years after closing. Moreover, the initial term of each BCP Infrastructure Funds is twelve years, with the potential for three one-year extensions for a total of fifteen years. I also question NM AREA’s premise relating to private equity ownership and his perceived benefits to customers from a longer duration of ownership. First, as NM AREA Witness Walters concedes, NMGC has already been sold twice while under ownership by publicly traded utility holding companies. Second, it is not clear that NMGC customers would be better off with much longer term ownership. For each of the approved NMGC acquisition proceedings, the NMPRC had to find that the acquisition was in the public interest and resulted in net public benefit. In this case, customers will receive many benefits over the status quo ownership, including \$22.4 million in rate credits, and ownership by an entity that wants to own NMGC and invest in it and New Mexico.

V. SERVICE QUALITY WILL BE MAINTAINED

**Q. NEE QUESTIONS WHETHER NMGC’S SERVICE QUALITY WILL BE
NEGATIVELY IMPACTED AS A RESULT OF THE TRANSACTION.³⁰ HOW DO
YOU RESPOND?**

²⁹ Walters Direct (Revised Application) at 40-42.

³⁰ Sandberg Direct (Revised Application) at 27.

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1 **A.** I described the commitments to ensure NMGC service quality is maintained in my Revised
2 Application Direct Testimony.³¹ Joint Applicant Witness Shell addressed how service
3 quality will be maintained in his Revised Application Direct Testimony at pages 15 through
4 17. Mr. Shell also addresses how NMGC's service quality will be preserved in his Revised
5 Application Rebuttal Testimony. NEE's concerns about service quality issues are not
6 based on any facts, but only speculation.

7
8 **Q. PLEASE RESPOND TO NEE'S RECOMMENDATION THAT THE**
9 **COMMISSION SHOULD REQUIRE THE POSTING OF A MULTI-MILLION**
10 **DOLLAR PERFORMANCE BOND TO PROTECT CUSTOMERS.**³²

11 **A.** NEE fails to provide any precedent or legal authority for the imposition of any performance
12 bond. NEE's proposal is very vague and provides no details about a proposed amount of
13 the performance bond or what metrics must be met or what penalties would be imposed for
14 failure to meet the metrics. New Mexico specifically does not employ performance based
15 ratemaking or regulation and the concept proposed by NEE is unheard of in the utility
16 business. NEE provides no information about whether or where such a performance bond
17 exists or could be obtained, and at what cost. In addition, NEE fails to explain why the
18 NMPRC's authority under the Public Utility Act is not sufficient to assure compliance by
19 NMGC with service quality and other standards. NEE's recommendation for a
20 performance bond should be rejected.

³¹ Revised Application Baudier Direct at 51-52; JA Ex. JMB-3 Amended GDP at 16-18.

³² Sandberg Direct (Revised Application) at 11-13 and 23.

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**VI. CUSTOMERS WILL NOT PAY FOR NOR ARE THEY ENTITLED TO ANY
PORTION OF THE ACQUISITION PREMIUM**

**Q. HAVE THE JOINT APPLICANTS PROVIDED AN ESTIMATE OF THE
ACQUISITION PREMIUM THAT WILL RESULT FROM THE TRANSACTION?**

A. At the direction of the Hearing Examiners I provided the range for the estimated acquisition premium of between \$175 million and \$225 million in my March 31, 2025 *Second Supplemental Testimony in Response to March 24, 2025 Hearing Examiners' Bench Request* at page 9 which was incorporated in my Revised Application Direct Testimony at page 109. The BCP Applicants filed a motion for leave to file the Third Supplemental Testimony of Jeffrey M. Baudier where I provided updates on the current estimated acquisition premium. That motion is pending. A precise amount for the acquisition premium will not be determined until after closing because the final purchase price is subject to the usual and customary adjustments.

**Q. CERTAIN PARTIES ASSERT THAT CUSTOMERS WILL SOMEHOW BE
REQUIRED TO PAY FOR ANY ACQUISITION PREMIUM RESULTING FROM
THE TRANSACTION IN THIS CASE.³³ IS THIS A VALID CONCERN?**

A. No. These parties are ignoring the testimony and regulatory commitments in this case. As confirmed in my Revised Application Direct Testimony and the regulatory commitments in the Joint Application, the Joint Applicants will not seek to recover or recovery any

³³ Cebulko Direct (Revised Application) at 45.

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1 acquisition premium or related goodwill from customers rates or otherwise.³⁴ Joint
2 Applicant Witness Shell discusses the accounting treatment of goodwill associated with
3 acquisition premiums in his Revised Application Direct Testimony.³⁵ He also confirms
4 that NMGC has never sought recovery or recovered any goodwill or acquisition premium
5 from customers, that it is not necessary that goodwill be recovered, and that NMGC will
6 not seek to recovery any acquisition premium or goodwill if the Transaction is approved.³⁶
7 Any claims to the contrary are completely unfounded.
8

9 **Q. WHAT DOES STAFF RECOMMEND WITH RESPECT TO THE RESULTING**
10 **ACQUISITION PREMIUM IN THIS CASE?**

11 **A.** Staff, through its outside expert, Dr. Larry Blank, proposes that NMGC be required to
12 establish a regulatory liability equal to the amount of the goodwill or acquisition premium
13 resulting from the Transaction, or alternatively a \$100 million regulatory liability, with the
14 allocation of the regulatory liability to customers to be determined in a later case.³⁷ The
15 amount of any benefits approved in this case would be deducted from the regulatory
16 liability.³⁸
17

18 **Q. DO YOU SEE ANY PROBLEMS WITH THIS RECOMMENDATION?**

³⁴ Baudier Revised Application Direct at 33-34, 44; JA Ex. JMB-3 (Revised Application) Amended GDP at 18; Ex. JMB-4 Regulatory Commitments ¶ 19 at 5.

³⁵ Shell Revised Application Direct at 23-27.

³⁶ *Id.*

³⁷ Blank Direct (Revised Application) at 5-6, 8.

³⁸ *Id.*

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1 **A.** There are several. I understand that the NMPRC has never taken this approach with respect
2 to the acquisition premiums in prior utility acquisition or merger cases. Nor has this
3 approach been taken in any other jurisdiction. The Staff proposal is based on the flawed
4 premise that the acquisition premium is due solely to the government monopoly granted to
5 the utility and that the amount over the book value of utility should be given to customers.
6 Emera is the entity that will be receiving the proceeds of the sale, not NMGC which would
7 be responsible for the regulatory liability. To demonstrate the absurdity of this theory,
8 Staff Witness Dr. Blank concedes that his recommendation would require renegotiation of
9 the terms of the Purchase Price which would result in killing the Transaction altogether.³⁹
10 Dr. Blank's contention that this is not proceeds sharing but simply a reduction of the
11 purchase price to Seller with transfer of that reduction amount to ratepayers is a distinction
12 without a difference. As discussed by Joint Applicants Witnesses Hutt, Shell, Kelly, Talley
13 and Quilici, the premise underlying the claim for sharing the gain from the sale of NMGC
14 is not legally supportable, violates regulatory principles, as well as NMPRC and judicial
15 precedent, and should be rejected.

17 **VII. NEW JOBS AND EMPLOYEE PROTECTIONS**

18 **Q.** **SOME OF THE PARTIES QUESTION WHETHER THE NEW JOBS DESCRIBED**
19 **IN THE JOINT APPLICATION WILL ACTUALLY BE IMPLEMENTED.⁴⁰ WILL**
20 **THERE BE NEW JOBS IN NEW MEXICO?**

³⁹ Blank Direct (Revised Application) 10-11, 13.

⁴⁰ Velasquez Direct (Revised Application) at 13.

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1 **A.** There will be twenty new jobs as a result of returning certain of the shared services
2 functions currently being carried out by Emera affiliates to New Mexico. Dr. Erickson
3 estimates the overall economic impact to New Mexico to be \$9.7 million. As confirmed
4 by Joint Applicant Witness Shell, the Joint Applicants commit that NMGC will add not
5 less than the twenty new jobs and will file confirmation of such with the NMPRC as
6 proposed by Staff.

7
8 **Q. ARE THE JOINT APPLICANTS PROPOSING ANY ADDITIONAL EMPLOYEE**
9 **PROTECTIONS?**

10 **A.** Yes. Staff proposed that the employee protections be extended to 60 months.⁴¹ The Joint
11 Applicants agree to maintain NMGC's current level of employees, as well as the twenty
12 new jobs, for 60 months following closing of the Transaction instead of the 36 months in
13 the Revised Joint Application. During this time, to assure quality customer service, NMGC
14 will maintain its current level of customer-facing positions. However, NMGC employees
15 can be discharged for cause during this time.

16
17 **VIII. PROPOSED REGULATORY COMMITMENT BY OTHER PARTIES.**

18 **Q. DO CERTAIN PARTIES PROPOSE ADDITIONAL REGULATORY**
19 **COMMITMENTS?**

⁴¹ Velasquez Direct (Revised Application at 13; Zigich Direct (Revised Application) at 11; Jojola Direct (Revised Application) at 7.

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1 **A.** Yes. Staff is the source for most of the recommended additional regulatory commitments.
2 A number of these proposed regulatory commitments are acceptable or are already
3 included in the Joint Applicant’s proposed regulatory commitments.

4
5 **Q. WHICH REGULATORY COMMITMENTS PROPOSED BY STAFF ARE**
6 **ALREADY COVERED IN THE EXISTING REGULATORY COMMITMENTS?**

7 **A.** The recommendations that are already covered in the existing similar or equivalent
8 regulatory commitments include the following:

- 9 • Staff’s proposal that regulated utilities should not have interests in non-utility, non-
10 regulated businesses⁴² is covered by Regulatory Commitment No. 80: NMGC
11 agrees not to invest in businesses that do not have a significant relationship to
12 regulated services NMGC provides.
- 13 • Staff’s proposal that NMGC’s existing headquarters remain unchanged for the
14 duration of ownership of the Joint Applicants⁴³ is covered by Regulatory
15 Commitment No. 63: The headquarters for NMGC’s utility operations will remain
16 in Albuquerque, New Mexico, and all regional offices will be maintained in their
17 respective communities. Moreover, NMGC’s corporate headquarters will not be
18 moved out of Albuquerque without prior express Commission approval.

19
20
21 Staff also indicates that an updated cost allocation manual (“CAM”) is required.⁴⁴ While
22 this is not a specific regulatory commitment, I confirm at page 68 of my Revised
23 Application Direct Testimony that the Joint Applicants commit to meet with Staff and
24 develop a CAM for filing with the Commission.

⁴² Blank Direct (Revised Application) at 16.

⁴³ Jojola Direct (Revised Application) at 8.

⁴⁴ Velasquez Direct (Revised Application) at 8.

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**Q. ARE THERE ADDITIONAL REGULATORY COMMITMENTS RAISED BY
STAFF WITH WHICH THE JOINT APPLICANTS WILL INCLUDE AS
ADDITIONS TO THEIR PROPOSED COMMITMENTS?**

A. Yes. Staff proposes that: 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 filing⁴⁵ Staff does not explain the basis for this recommendation, and it is completely unnecessary because the Commission always has jurisdiction over NMGC. However, the Joint Applicants have no objection to this proposed regulatory commitment.

In addition, Staff recommends that the Joint Applicants adopt revised language for their commitments to forego recovery of any acquisition premium and transaction costs by adopting the conditions on these matters from Case No. 15-00327-UT.⁴⁶ These issues are already addressed in Regulatory Commitments 19 and 20 as set forth in JA Exhibit JMB-4 (Revised Application). However, the Joint Applicants agree to substitute the commitments as described by Staff Witness Jojola.

**Q. HOW DO YOU RESPOND TO STAFF'S RECOMMENDATION THAT NMGC BE
REQUIRED TO BE RATED BY AT LEAST ONE NATIONALLY- AND
INTERNATIONALLY-RECOGNIZED CREDIT RATING AGENCY.⁴⁷**

⁴⁵ Blank Direct (Revised Application) at 16.

⁴⁶ Jojola Direct (Revised Application) at 11-13.

⁴⁷ Blank Direct (Revised Application) at 16.

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1 **A.** As Staff notes, the Amended GCP includes references to both nationally-recognized and
2 internationally-recognized credit rating agencies. This should be corrected to reflect that
3 NMGC will be rated by a nationally-recognized credit rating agency. NMGC does
4 business solely in the United States and Staff witness Blank provides no reason why an
5 internationally-recognized rating agency is required for NMGC. NMGC is currently rated
6 by the Fitch rating agency and there are no current plans to change that.

7
8 **Q. NEE CLAIMS THAT MANY OF THE REGULATORY COMMITMENTS**
9 **PROPOSED IN THIS CASE ALREADY EXIST SO THERE IS NO BENEFIT**
10 **ASSOCIATED WITH COMMITTING TO CONTINUE THESE**
11 **COMMITMENTS.⁴⁸ IS THIS A VALID CRITICISM?**

12 It is accurate that the Joint Application seeks to preserve existing NMGC customer
13 protections. The customer protections in the Joint Application were largely based on what
14 has been previously approved with respect to NMGC. The Joint Applicants believe it is
15 important to preserve these customer protections, therefore, they are included in the Joint
16 Application. The fact that these protections are preserved is not a valid basis for criticism.

17
18 **Q. STAFF AND CERTAIN INTERVENORS VARIOUSLY ASKED FOR**
19 **ADDITIONAL COMMITMENTS WITH RESPECT TO NMGC CAPITAL**
20 **INVESTMENTS. HOW DO YOU RESPOND TO THESE VARIOUS PROPOSALS**
21 **AND COMMENTS?**

⁴⁸ Sandberg Direct (Revised Application) at 35.

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1 **A.** This demonstrates the lack of consistency among the Staff and intervenors and the
2 difficulty faced by Joint Applicants in trying to accommodate inconstant demands. Some
3 intervenors want NMGC to reduce its capital commitments, and some want NMGC to
4 increase its capital commitments. It is undisputed that NMGC's capital expenditures must
5 be maintained. It is also undisputed that capital expenditures increase revenue
6 requirements and thus customer rates. At the same time the Staff and intervenors want rate
7 freezes, rate credits, and other commitments that contradict NMGC's ability to maintain
8 appropriate levels of capital investment. Joint Applicant Witness Kelly correctly points
9 out in her Revised Application Rebuttal Testimony, that this case is not really the
10 appropriate one to make determinations on NMGC's future capital needs.

11
12 Staff witness Velasquez thought the commitments around NMGC's capital spending may
13 be too low.⁴⁹ The FEA witness also thought the commitments around NMGC's capital
14 investments were too low, and proposed a minimum capital investment of at least 2.5 times
15 the rolling three year average and not more than 3.5 times the rolling average for three
16 years.⁵⁰ Staff witness Zigich suggests that NMGC should at minimum, commit to maintain
17 NMGC's current five-year capital investments plan.⁵¹ This latter proposal – a commitment
18 to maintain NMGC's current five year capital investment plan - is acceptable to the Joint
19 Applicants. This commitment would replace the existing commitment that that NMGC
20 will invest a minimum of the rolling three (3) year average for depreciation and

⁴⁹ Velasquez Direct (Revised Application) at 23.

⁵⁰ Etheridge Direct (Revised Application) at 16.

⁵¹ Zigich Direct (Revised Application) at 11.

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1 amortization expense on an average annual basis in the NMGC system as needed to ensure
2 reliability and safety until the issuance of the final order in NMGC's next general rate case.
3 Of course, all capital investments will be subject to prudence review in NMGC's general
4 rate cases.

5
6 Somewhat relatedly, WRA claims that the BCP Applicants will be under a strong incentive
7 to expand NMGC's rate base in order to increase shareholder returns.⁵² This is not correct.
8 Recovery for any capital investments is subject to review by the NMPRC for prudence and
9 reasonableness. There is no incentive for the BCP Applicants to cause NMGC to incur
10 unnecessary capital cost and risk disallowance.

11
12 **Q. RELATED TO THE TOPIC OF CAPITAL INVESTMENTS, STAFF AND WRA**
13 **RECOMMEND THAT THE REQUEST TO ESTABLISH A REGULATORY**
14 **ASSET FOR POTENTIAL RECOVERY OF SIGNIFICANT CAPITAL**
15 **INVESTMENT IN CONNECTION WITH THE SHARED SERVICES**
16 **TRANSITION BE DENIED.**⁵³

17 **A.** The Joint Applicants requested to be allowed to book a regulatory asset to record
18 significant capital costs incurred as part of the shared services transition out of an
19 abundance of caution due to the agreement not to file a new rate case before September 30,
20 2026. Any recovery of the regulatory asset would be determined in a future rate case. The

⁵² Cebulko Direct (Revised Application) at 18.

⁵³ Cebulko Direct (Revised Application) at 22; Velasquez Direct (Revised Application) at 14.

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1 Joint Applicants believe that these investments will be used and useful close to the time of
2 the test year in NMGC's next rate case and will withdraw their request for a regulatory
3 asset for these costs.

4
5 **Q. DO THE JOINT APPLICANTS AGREE TO STAFF'S RECOMMENDATION FOR**
6 **A \$12 MILLION CAP ON SHARED SERVICES COSTS UNTIL NMGC'S NEXT**
7 **RATE CASE?**⁵⁴

8 **A.** No. For much of the period between closing on the Transaction and the next rate case,
9 NMGC will be receiving shared services through the TSA. Because of the commitment
10 by the Joint Applicants that NMGC will not file a rate case before September 30, 2026, the
11 TSA costs will not be recovered in rates before the next rate case. Indeed, it is likely that
12 the services provided by the Emera affiliates under the TSA will terminate before any new
13 rate case is filed. Accordingly, a \$12 million cap on shared services costs incurred before
14 NMGC's next rate case would not accomplish anything for customers.

15
16 We do not interpret Staff's proposal as requesting a \$12 million cap on shared services
17 costs to apply to NMGC's next rate case. However, if that is the case, the Joint Applicants
18 cannot agree to that either. The basis for Staff's \$12 million cap is Staff's projections about
19 what NMGC shared services will be in the future. There is no assurance that these
20 projections are accurate. NMGC should be allowed to present its actual shared services
21 costs for a determination of whether they are reasonable and prudent just as in any other

⁵⁴ Velasquez Direct (Revised Application) at 9.

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1 rate case. There are no sound grounds to impose an arbitrary \$12 million cost cap, or any
2 other cap on shared services, in or beyond the next rate case.

3
4 **Q. MR. CEBULKO RECOMMENDED THAT THE COMMISSION REQUIRE THAT**
5 **A NON-CONSOLIDATION (BANKRUPTCY REMOTENESS) OPINION BE**
6 **PROVIDED FOLLOWING THE TRANSACTION.⁵⁵ WILL THE BCP**
7 **APPLICANTS AGREE TO OBTAIN AND PROVIDE A NON-CONSOLIDATION**
8 **OPINION?**

9 **A.** Yes. The Commission incorporated a provision in approving the EPE-IIF transaction that:

10 IIF US 2 will obtain a non-consolidation legal opinion that provides that, in
11 the event of a bankruptcy of IIF US 2, Sun Jupiter, or any of its affiliates
12 (excluding EPE and Rio Grande Resources Trust II), a bankruptcy court
13 would not consolidate the assets and liabilities of EPE with IIF US 2, Sun
14 Jupiter, or any of their affiliates (excluding EPE and Rio Grande Resources
15 Trust II).⁵⁶

16 Consistent with that, the BCP Applicants agree to a condition that:

17 The BCP Applicants will obtain a customary non-consolidation legal
18 opinion that provides that, in the event of a bankruptcy of the BCP
19 Infrastructure Funds, Saturn Utilities, or any of their expressly named
20 affiliates (including any of the BCP Applicants, but, and for the avoidance
21 of doubt, excluding NMGC), a bankruptcy court would not consolidate the
22 assets and liabilities of NMGC with the BCP Infrastructure Funds, Saturn
23 Utilities, or any of their expressly named affiliates (including any of the
24 BCP Applicants, but, for the avoidance of doubt, excluding NMGC).

⁵⁵ Cebulko Direct (Revised Application) at 3.

⁵⁶ *In the Matter of the Joint Application of El Paso Electric Company, Sun Jupiter Holdings LLC, and IIF US Holdings 2 LP, for Approval of the Acquisition of El Paso Electric Company by Sun Jupiter Holding LLC and IIF US Holding 2 LP; Approval of a General Diversification Plan; and All Other Authorizations and Approvals Required to Consummate and Implement This Transaction*, Case No. 19-00234, Unopposed Amended Stipulation, Exhibit A at 9 (Mar. 18, 2020).

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1 The specific proposal put forth by WRA Witness Cebulko is not practical to implement
2 and does not account for the difficulties in obtaining a non-consolidation legal opinion
3 from a qualified law firm. His recommendation also exceeds what has previously been
4 approved by the NMPRC in connection with the EPE-IIF transaction. WRA Witness
5 Cebulko has not shown that the commitment approved in the EPE-IIF transaction is
6 insufficient for this case.

IX. NO INCREASE IN GREENHOUSE GAS EMISSIONS

9 **Q. WRA, NEE AND CCAE MAINTAIN THAT APPROVAL OF THE TRANSACTION**
10 **WILL RESULT IN AN INCREASE IN GREENHOUSE GAS EMISSIONS FROM**
11 **NMGC OPERATIONS.⁵⁷ PLEASE RESPOND.**

12 **A.** There are two primary points to make in response to these claims. First, greenhouse gas
13 emissions reductions are not among the standards to be applied in determining whether to
14 approve the Transaction. Regulation of greenhouse gas emissions from natural gas utilities
15 is outside the scope of the NMPRC's jurisdiction. Second, there is no causal connection
16 between the Transaction and any increase in greenhouse gas emissions. The fallacy of the
17 claims by WRA and CCAE are addressed in more detail by Joint Applicant Witness Kelly
18 and Shell in their respective Revised Application Rebuttal Testimonies.

⁵⁷ See generally, Direct (Revised Application) of Penn, Price and Vitulli on behalf of CCAE; Kenney Direct (Revised Application on behalf of WRA; and George Direct (Revised Application) at 9-10.

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Q. SHOULD NMGC BE PROHIBITED OR LIMITED FROM EVALUATING LOW OR NO CARBON ALTERNATIVES SUCH AS HYDROGEN OR FORMS OF RENEWABLE NATURAL GAS AS RECOMMENDED BY CERTAIN INTERVENORS?⁵⁸

A. No. Such restrictions are neither sound policy nor consistent with applicable law. NMGC is a certificated natural gas utility with a duty to serve its customers. NMGC should not be constrained from evaluating technological alternatives or advancements that may better serve customers.

X. NO CHANGES TO NMGC TAX TREATMENT

Q. STAFF CONTENDS THAT THE AMENDED GDP FAILS TO ADDRESS THE TAX IMPACTS OF THE TRANSACTION AND THAT NMGC SHOULD BE REQUIRED TO ESTABLISH A REGULATORY LIABILITY FOR POTENTIAL TAX BENEFITS.⁵⁹ **ARE THESE CONTENTIONS WELL FOUNDED?**

A. No. On pages 31 and 36 of my Revised Application Direct Testimony I confirm that there will be no regulatory tax implications for NMGC and that NMGC's income taxes will continue to be calculated on a stand-alone basis for regulatory financial reporting and ratemaking purposes. I also confirm that the Transaction will have no impact on the Commission's authority to determine NMGC's income tax expense for ratemaking purposes. The anticipated tax effects of the Transaction on NMGC are also addressed on

⁵⁸ *id.*

⁵⁹ Velasquez Direct (Revised Application at 17-18.

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pages 27 and 28 of the Amended GDP (Revised Application) (JA Exhibit JMB-3 (Revised Application) attached to the Revised Application Direct Testimony of Jeffery M. Baudier) which once again confirms the foregoing. There is no indication that there will be any tax benefits to NMGC from the Transaction. Therefore, there is no basis for requiring a regulatory liability to track non-existent tax benefits.

XI. RESPONSE TO NEE CLAIMS AGAINST BCP MANAGEMENT

Q. WHAT DO YOU ADDRESS IN THIS SECTION OF YOUR REBUTTAL TESTIMONY?

A. NEE submitted pre-filed Direct Testimony from Jesse George, an attorney for the Alliance for Affordable Energy (“AAE”), which intervened in proceedings before the Louisiana Public Service Commission (“LPSC”) and the New Orleans City Council involving the acquisitions of the CenterPoint and Entergy LDCs. NEE witness George advanced positions in those proceedings on behalf of AAE which were rejected. He now appears in this proceeding and lodges disparaging allegations in an attempt to show that BCP Management is unqualified. His unfounded claims should be disregarded by the NMPRC.

Q. ARE THE ALLEGATIONS MADE BY WITNESS GEORGE THAT BCP MANAGEMENT RESORTS TO “EXTRA JUDICIAL” EFFORTS TO ACCOMPLISH ITS GOALS TRUE?⁶⁰

⁶⁰ George Direct (Revised Application) at 2.

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1 **A.** They are untrue. These allegations lack any specifics, but I note that NEE witness George
2 attached a copy of an inaccurate tabloid article about BCP Management campaign
3 contributions to certain LPSC commissioners and candidates, but he does not even refer to
4 the article in the body of his testimony and relegates it to a footnote.⁶¹ The campaign
5 contributions reference in the article were entirely legal and there is nothing improper about
6 BCP Management exercising its first amendment rights. There are no facts to show that
7 the campaign contributions improperly influenced any of the LPSC commissioners. This
8 is an unfair attempt to try to portray BCP Management in a bad light. Moreover, the
9 NMPRC is an appointed commission and there are no facts or even allegation to show that
10 BCP Management has exerted any “extra judicial” effort to try to influence the NMPRC in
11 this or any other case.

12
13 **Q.** **NEE WITNESS GEORGE ALSO CLAIMS THAT BCP MANAGEMENT HAS**
14 **BEEN “OVERLY SECRETIVE” AND ENGAGED IN OVER-DESIGNATING**
15 **DOCUMENTS AS CONFIDENTIAL.⁶² PLEASE RESPOND.**

16 **A.** This allegation is false and ignores the NMPRC’s ruling on this issue. The BCP Applicants
17 have properly designated documents as confidential only when circumstances warrant such
18 as trade secrets or confidentiality agreement obligations. Even then, the information is
19 provided to the NMPRC and parties who filed confidentiality agreements pursuant to the
20 protective order in this case so they are not deprived of any relevant information. Parties

⁶¹ Exhibit JG-2 to the George Direct (Revised Application).

⁶² George Direct (Revised Application) at 2, 7.

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1 are free to challenge the confidentiality designation. NEE witness George fails to mention
2 that the NMPRC has upheld the confidentiality designation by the BPC Applicants in those
3 instances where the designation was challenged. Mr. George also fails to mention that the
4 discovery disputes he references in the Louisiana proceedings were resolved against him.

5
6 **Q. NEE WITNESS GEORGE CLAIMS THAT NATIONAL WATER**
7 **INFRASTRUCTURE (“NWI”), A BCP MANAGEMENT PORTFOLIO**
8 **COMPANY, HAS POOR ENVIRONMENTAL COMPLIANCE HISTORY.⁶³ HOW**
9 **DO YOU RESPOND?**

10 **A.** Mr. George does not have all his facts right. NWI was acquired in April 2020 and seeks
11 out, acquires, and invests in troubled or otherwise undercapitalized drinking water and
12 wastewater utilities requiring rehabilitation. Often, these types of wastewater utilities
13 possess a long-standing record of environmental non-compliance and related performance
14 challenges. As a result, NWI “inherits” ongoing compliance issues as it acquires these
15 small wastewater utilities. NWI’s solution is to invest \$200 million in a regionalized
16 wastewater treatment collection and treatment project to remove and address what were
17 previously individual neighborhood package plants and septic systems serving under
18 30,000 customers. NWI is investing millions of dollars to help assure compliance and
19 better service for customers. However, this is an ongoing process and takes time. The
20 alleged violations are not reflective any failure on the part of NWI. To the contrary, NWI
21 is very responsive and promptly resolves any alleged violations. Moreover, the alleged

⁶³ George Direct (Revised Application) at 4-6.

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1 violations have nothing to do with NMGC's compliance. NMGC's current management
2 will continue to operate the utility with sound compliance practices.

3
4 Mr. George includes violation letters in his Exhibit JG-3 in an attempt to show NWI's poor
5 compliance history. However, this exhibit includes several violation letters to entities that
6 are entirely unrelated to NWI or BCP Management. These include the August 6, 2025
7 letter to Trails South Trailer Park, LLC; the August 6, 2025 letter to Gomez Pine Straw,
8 LLC; the August 6, 2025 letter to Aurorium Denham Springs, LLC; the August 6, 2025
9 letter to the Town of Mamou; and the August 6, 2025 letter to Sewerage District #1 of
10 Tangipahoa Parish. The inclusion of violation letters for entities unrelated to NWI or BCP
11 Management confirms that Mr. George is careless in his claims.

12
13 **Q. NEE WITNESS GEORGE INDICATES THAT THE COMPLIANCE HISTORIES**
14 **OF "ELEVATION SOLAR" AND RAILWORKS ARE RELEVANT TO**
15 **WHETHER BCP MANAGEMENT IS QUALIFIED TO INCLUDE NMGC IN ITS**
16 **PORTFOLIO OF MANAGED FUNDS.⁶⁴ IS THIS CORRECT?**

17 **A.** No. As NEE has been made aware, there is no entity in the BCP Management portfolio
18 known as "Elevation Solar." There is an entity named Elevation Home Energy Solutions,
19 Inc. ("Elevation") which is part of the BCP Management's investment portfolio. Any
20 alleged violations by Elevation and Railworks are not reflective of BCP Management,
21 which neither owns nor operates either of these companies. BCP Management is merely

⁶⁴ George Direct (Revised Application) at 14.

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1 the manager of the *funds* that own these companies. Moreover, if the Transaction closes,
2 Elevation and Railworks will remain wholly unrelated to NMGC. Under these
3 circumstances, their alleged violations have no relevance to the Transaction at hand.
4

5 **Q. IS NEE WITNESS GEORGE CORRECT THAT THE BCP APPLICANTS**
6 **DELIBERATELY WITHHELD FROM DISCLOSURE ANY INFORMATION**
7 **ABOUT RAILWORKS AND UNITED UTILITY SERVICES RELATING TO**
8 **NON-COMPLIANCE?**⁶⁵

9 **A.** No. The BCP Applicants properly objected to discovery directed at these companies
10 because these entities are third-parties and beyond the control of the BCP Applicants. The
11 Hearing Examiner upheld the objections and denied NEE's motion to compel. It is
12 disingenuous for NEE to try to make a discovery dispute, which it lost, an issue about the
13 BCP Applicants' forthcomingness.
14

15 **Q. HAS DELTA UTILITIES EXPERIENCED A "FLOOD OF COMPLAINTS" SINCE**
16 **JULY OF THIS YEAR ABOUT IMPROPER BILLING AND LIMITED PAYMENT**
17 **OPTIONS.**

18 **A.** NEE witness George claims that he and his office have experienced a "flood of complaints"
19 since July,⁶⁶ but Delta Utilities has not. Mr. George does not elaborate on the actual
20 number of complaints he and his office have received. Significantly, he only references

⁶⁵ George Direct (Revised Application) at 12.

⁶⁶ George Direct (Revised Application) at 16-17.

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1 three examples. To put things in perspective, Delta Utilities has approximately 600,000
2 customers.

3
4 **Q. NEE WITNESS GEORGE ATTEMPTS TO MAKE AN ISSUE OF YOUR PRIOR**
5 **INVOLVEMENT IN THE PETRA NOVA CARBON CAPTURE PROJECT IN**
6 **TEXAS.⁶⁷ DOES THIS HAVE ANY RELATION TO THE PRESENT CASE?**

7 **A.** None. Petra Nova has no relation to this case or to any of the parties to this case. My last
8 involvement with Petra Nova was in 2012.

9
10 Petra Nova is a carbon capture project partially designed to reduce carbon emissions from
11 one of the boilers at the WA Parish Generating Station. It was the largest scale carbon
12 capture project and was financed in part by the U.S. Department of Energy (“DOE”). The
13 DOE promoted commercial-scale demonstrations to help the industry understand and
14 overcome start-up issues, address component integration issues, and gain the early learning
15 commercial experience necessary to reduce technology risk and secure private financing
16 and investment for future plants. By their nature, the DOE grants were only provided to
17 projects that would not otherwise be economically feasible without this support. I left
18 before the project was completed, but I understand that the technology works, although it
19 is apparently not always economical to operate. By its nature Petra Nova was a test case
20 for new carbon capture technology on a large scale. Contrary to Mr. George’s
21 characterization, there is nothing improper about the project. Also contrary to Mr.

⁶⁷ George Direct (Revised Application) at 17-19.

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George's false assertions regarding the failure of the project, the Petra Nova carbon capture facility was restarted in 2023.

XII. CONCLUSIONS

Q. WHAT ARE YOUR CONCLUDING OBSERVATIONS WITH REGARD TO THE PARTIES POSITIONS ON THE REVISED JOINT APPLICATION IN THIS CASE?

A. At pages 111 through 115 of my Revised Application Direct Testimony I summarize how the Revised Joint Application meets the six factor test for approval. The response testimonies have not disproven the merits of the Joint Applicants' case. However, as detailed above, the Joint Applicants are receptive to reasonable recommendations presented by Staff and the intervenors and the Joint Applicants are prepared to accept many of the recommendations in the parties' testimonies.

In terms of the monetary benefits under the Revised Application, the Joint Applicants have responded with more than \$17 million in additional benefits. Table JA JMB-2 (Revised Application Rebuttal) provides a comparison of the monetary benefits under the Revised Application and the commitments by the Joint Applicants in response to Staff and the intervenors.

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JA Table JMB-2 (Revised Application Rebuttal)

COMPARISON OF ENHANCED MONETARY BENEFITS

MONETARY BENEFIT	REVISED APPLICATION BENEFITS	RESPONSE TO PARTIES	TOTAL MONETARY BENEFIT
Customer Rate Credit	\$15,000,000	\$7,400,000	\$22,400,000
Rate Case Delay	\$30,000,000- \$40,000,000	-	\$30,000,000- \$40,000,000
Econ. Dev.	\$10,000,000	-	\$10,000,000
Educ. & Training	Committed to but unquantified	\$5,000,000	\$5,000,000
Charitable Contributions	\$2,500,000	-	\$2,500,000
HeatNM Contribution ⁶⁸	\$1,900,000	\$5,100,000	\$7,000,000
TOTALS	\$59,400,000- \$69,400,000	\$17,500,000	\$76,900,000- \$86,900,000

The narrative advanced by some parties that ownership of NMGC by the Joint Applicants is riskier than the current ownership under Emera has been thoroughly rebutted. Emera wishes to exit New Mexico through the sale of NMGC, and the BCP Applicants want to own NMGC and do business in New Mexico. The concerns about BCP Management and the BCP Applicants are unfounded or mere speculation. The Joint Applicants have confirmed, with facts and data, that BCP Management and the BCP Applicants have the necessary financial strength and experience to serve as proper stewards for NMGC for years to come. The robust regulatory commitments by the Joint Applicants provide further

⁶⁸ The \$1.9 million represents \$190,000 per year over the ten-year hold period.

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1 assurance that customers will be well-protected and that the NMPRC will retain the
2 necessary powers of regulatory oversight of the BCP Applicants and NMGC.

3
4 There has been no showing that the proposed acquisition of NMGC by the BCP Applicants
5 will violate any laws. There is overwhelming evidence in the record that there will be a
6 very positive net public benefit from the Transaction to both customers and New Mexico
7 as whole. The Joint Applicants respectfully request that the Transaction be approved.

8
9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 **A. Yes.**

**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

Jeffrey M. Baudier

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
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CERTIFICATE OF SERVICE

I CERTIFY that on this date I sent via email a true and correct copy of the *Revised Application Rebuttal Testimony of Jeffrey M. Baudier*, to the people listed here.

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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**Revised Application Rebuttal Testimony
of Jeffrey M. Baudier**

Case No. 24-00266-UT

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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

Revised Application Rebuttal Testimony
of Jeffrey M. Baudier

Case No. 24-00266-UT

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DATED October 10, 2025

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