

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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

)
)
)
)
)
)

Docket No. 24-00266-UT

JOINT APPLICANTS

REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT

OF

RYAN A. SHELL

October 10, 2025

**INDEX TO THE
REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

TABLE OF CONTENTS

I.	INTRODUCTION AND PURPOSE	1
II.	BENEFITS	1
III.	NEW JOBS AND EMPLOYEE PROTECTIONS	3
IV.	FUTURE RATE CASE	5
V.	FINANCIAL AND TAX IMPLICATIONS	7
VI.	SHARED SERVICES	11
VII.	SEVERE WEATHER FUND	13
VIII.	EMERA AND BCP EXPERIENCE	16
IX.	CUSTOMER SERVICE AND PERFORMANCE BOND	20
X.	ACQUISITION PREMIUM	21
XI.	GREENHOUSE GAS EMISSIONS	22
XII.	MISCELLANEOUS	24

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

I. INTRODUCTION AND PURPOSE

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

A. My name is Ryan A. Shell. My business address is 7120 Wyoming, Albuquerque, New Mexico 87109. I am the President of New Mexico Gas Company (“NMGC” or the “Company”).

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed Direct Testimony in this case on October 28, 2024. I filed Rebuttal Testimony on May 16, 2025 and Revised Application Direct Testimony on July 3, 2025.

Q. WHAT IS THE PURPOSE OF THIS REVISED APPLICATION REBUTTAL TESTIMONY?

A. In this Revised Application Rebuttal Testimony, I will respond to the testimony of various intervenor witnesses in the areas covered by my Revised Application Direct Testimony in this case.

II. BENEFITS

Q. DO YOU SUPPORT THE INCREASE OF THE CUSTOMER RATE CREDIT FROM \$15 MILLION IN THE REVISED JOINT APPLICATION TO \$22.4 MILLION TO MATCH THE RECOMMENDATION OF THE FEDERAL EXECUTIVE AGENCIES (“FEA”)?

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **A.** Yes. This proposed increase in rate credits appears reasonable to me and results in an
2 increased benefit to the customers of NMGC.

3
4 **Q.** **HOW DO YOU RESPOND TO THE FEA’S PROPOSAL THAT THE RATE**
5 **CREDIT BE APPORTIONED TO CUSTOMERS BASED ON A VOLUMETRIC**
6 **CALCULATION RATHER THAN A PER CAPITA BASIS?**

7 **A.** It is my understanding that FEA’s proposal for allocation based on volumetric usage has
8 been approved by the Commission in the past. However, NMGC supports a per capita
9 distribution because it will allocate more of the funds from the rate credits to residential
10 and small business customers, where they will have the most impact. NMGC agrees with
11 the reasoning discussed in the Revised Application Rebuttal Testimony of Joint Applicant
12 Witness Jeffrey M. Baudier and believes that the State as a whole will benefit more from a
13 per capita distribution of the rate credit as opposed to an allocation based on volumetric
14 usage.

15
16 **Q.** **STAFF WITNESS VELASQUEZ ON PAGE 19 EXPRESSED CONCERN THAT**
17 **THERE IS MINIMAL CRITERIA ON HOW THE \$10 MILLION IN ECONOMIC**
18 **DEVELOPMENT FUNDS WILL BE SPENT. CAN YOU ADDRESS HOW NMGC**
19 **HAS CARRIED OUT THE DISTRIBUTION OF THESE FUNDS IN THE PAST?**

20 **A.** As it relates to “economic development” funds and commitments, in past acquisitions,
21 NMGC and its owners committed to contribute funds for economic development initiatives
22 in lump sum amounts without specific identification or designation of how the funds would

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 be specifically allocated until the decisions were made. The Commission accepted this type
2 of generalized delegation thereby giving NMGC and its owners the freedom to distribute
3 funds based on its real-time evaluation of which entities would best be able to use the funds.
4 Decisions were based on which groups or projects would best be able to bring benefits and
5 value to communities across the State. Contributions were reported annually to the
6 Commission and recipients included universities, economic development entities and
7 organizations that supported innovation throughout the state. Until we know how much
8 will be available, the period of distribution, and the economic conditions at the time it is
9 difficult to be more detailed in how the money will be allocated. NMGC also made itself
10 amenable to recommendations from interested parties for how funds should be allocated.
11 This worked well in the past, as the reporting of how funds were actually used was
12 considered an adequate control mechanism.

III. NEW JOBS AND EMPLOYEE PROTECTIONS

15 **Q. STAFF WITNESS VELASQUEZ RECOMMENDS THAT NMGC INCLUDE IN ITS**
16 **NEXT RATE CASE TESTIMONY AND SUPPORTING DOCUMENTS**
17 **REGARDING NMGC'S EMPLOYMENT OF THE 20 EMPLOYEES IN NEW**
18 **MEXICO AS DETAILED ON PAGE 13, LINES 10-17 OF HER TESTIMONY. IS**
19 **NMGC IN AGREEMENT TO PROVIDING THIS INFORMATION IN ITS NEXT**
20 **RATE CASE?**

21 **A.** Yes, with a minor modification to Witness Velasquez's recommendations to avoid
22 disclosing the precise salary information of individual employees. Rather than providing

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 the hourly pay of each of the 20 employees, as recommended by Witness Velasquez,
2 NMGC instead proposes to identify the paygrade for each of the 20 positions, along with
3 the market pay range for those paygrades.
4

5 **Q. STAFF WITNESS JOJOLA RECOMMENDS THAT NMGC ADD A**
6 **COMMITMENT TO MAINTAIN THE CURRENT 740 LOCAL POSITIONS, PLUS**
7 **THE ADDITIONAL 20 POSITIONS FOR A PERIOD OF 5 YEARS AFTER**
8 **CLOSING AND AGREE THAT THEY WILL NOT DROP BELOW THIS LEVEL**
9 **WITHOUT EXPRESS PRIOR APPROVAL. WITNESS JOJOLA FURTHER**
10 **RECOMMENDS THAT SHOULD UNPLANNED VACANCIES REDUCE THE**
11 **WORKFORCE BELOW 760 POSITIONS FOR MORE THAN THREE**
12 **CONSECUTIVE MONTHS, NMGC WILL INFORM THE PARTIES AND USE**
13 **THEIR BEST EFFORTS TO RESTORE THE WORKFORCE TO 760. IS NMGC**
14 **AGREEABLE TO THIS RECOMMENDATION?**¹

15 **A.** Yes. After the twenty additional employees are brought on board we will maintain that
16 number and if the workforce falls below 760 we will inform the parties and use our best
17 efforts to restore that level.
18

¹ Jojola Dir. at 7-8.

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **Q. WITNESS JOJOLA ALSO RECOMMENDS THAT NMGC’S EXISTING**
2 **HEADQUARTERS REMAIN UNCHANGED FOR THE DURATION OF**
3 **OWNERSHIP OF THE JOINT APPLICANTS.² WHAT IS YOUR RESPONSE?**

4 **A. NMGC is agreeable to this commitment.**
5

6 **IV. FUTURE RATE CASE**

7 **Q. NEE WITNESS SANDBERG STATED THAT “MISSING” FROM JOINT**
8 **APPLICANTS’ PROPOSED ACQUISITION WAS A COMMITMENT THAT BCP,**
9 **AND BY EXTENSION NMGC, WOULD USE A HISTORIC TEST YEAR IN ITS**
10 **RATE CASES FOR THE NEXT TEN YEARS. SANDBERG DIRECT TESTIMONY**
11 **AT P. 38, LN 3. IS THIS A COMMITMENT NMGC IS WILLING TO MAKE?**

12 **A. No. NEE’s witness Sandberg does not and cannot estimate any benefit from the use of**
13 historical test years for ten years versus future test years. It is not explained by Mr.
14 Sandberg why he is proposing such a restriction on the statutory rights of NMGC. New
15 Mexico law clearly allows for use of future test years in rate filings and the use of a future
16 test year in setting utility rates is now commonplace. A future test year is most appropriate
17 because it considers the actual costs for the utility needed to operate during the period the
18 rates are in effect, and NMGC has used a future test year in its last three rate cases.
19 Adopting Sandberg’s proposal would weaken NMGC’s financial health for a decade, which
20 is not in the best interests of NMGC’s customers, and therefore not a benefit. NEE’s
21 proposed condition requiring the use of historic test years should be rejected.

² Jojola Dir. at 8.

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **Q. ON PAGES 32 AND 33 OF HIS DIRECT TESTIMONY, NM AREA WITNESS**
2 **WALTERS DISPUTES THE VALUE JOINT APPLICANTS HAVE PLACED ON**
3 **THE “DEFERRED” RATE CASE ARGUING THAT THE VALUE IS NOT \$30-\$40**
4 **MILLION, BUT INSTEAD APPROXIMATELY \$4.5 MILLION CONSIDERING**
5 **NET PRESENT VALUE. WHAT IS YOUR REACTION TO THIS TESTIMONY?**

6 **A.** The \$30-\$40 million projected value to customers resulting from the delay in filing a rate
7 case was based on an extrapolation from NMGC’s most recent rate case. Our capital
8 spending since our last rate case has been largely in line with the capital investments in our
9 last rate case. Additionally, we continue to see cost pressures similar to what we saw in the
10 last rate case thus the estimate of \$30-\$40 million, which is based upon the recovery in our
11 last rate case, is reasonable.

12
13 Whether the benefit to customers is \$30-\$40 million, which is admittedly an approximation
14 of the rate increase that was planned for January 2027, or Mr. Walters’ \$4.5 million
15 estimation of the net present value of the approximate savings to rate payers by not
16 increasing rates for a year, the fact is there is agreement that there is savings – and therefore
17 a benefit – to rate payers resulting from the delay.

18
19 That being said, I disagree with Mr. Walters’ analysis. The actual savings to ratepayers is
20 the fact that rates are not increasing for a period of time. While this cannot be definitely
21 determined at this time, given that the rate case has not been finalized, the customer savings
22 resulting from a one-year delay in raising rates can be reasonably estimated as I have done.

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **Q. HOW DO YOU RESPOND TO STAFF WITNESS BLANK TESTIMONY ON PAGE**
2 **15 THAT THE NMGC EQUITY COMMITMENT SHOULD BE REDUCED FROM**
3 **54% TO 52%?**

4 **A.** As Staff Witness Tupler states on page 23 of his testimony, the Joint Applicants commit
5 that they will not seek a regulatory equity ratio in excess of 54% in their next base rate
6 case. Mr. Tupler then states that “Staff’s evaluation of the elements in this section finds
7 that the capital structure proposed by the JAs are well within reasonable industry
8 parameters.... As such, Staff supports the proposed capital structure parameters, as outlined
9 in the Revised Application.” In response, Witness Blank at page 15 states without
10 explanation that he “recommend[s] reduction of the 54% equity commitment to 52% to be
11 consistent with Staff’s recommendation.” We recommend that the Commission adopt JA
12 Commitment 26 as proposed by the JAs that they will not seek a regulatory equity ratio in
13 excess of 54% in their next base rate case, and reject Witness Blank’s unsupported
14 proposition.

15
16 **V. FINANCIAL AND TAX IMPLICATIONS**

17 **Q. WRA WITNESS CEBULKO PROPOSES ON PAGES 53-56 OF HIS REVISED**
18 **DIRECT TESTIMONY THAT NMGC PROVIDE FINANCIAL DISCLOSURES TO**
19 **THE REGULATOR AND THE PUBLIC AKIN TO “PUBLICLY HELD**
20 **COMPANIES, A “REGISTRANT” UNDER THE NEW YORK STOCK**
21 **EXCHANGE CORPORATE GOVERNANCE STANDARDS” PAGE 54 LINES 12-**
22 **13, THAT ‘MIRROR RELEVANT SEC FINANCIAL REPORTING**

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

**REQUIREMENTS” PAGE 55 LINES 11-12; AND A COMMITMENT TO KEY
“SECTIONS OF SARBANES-OXLEY ACT” PAGE 55 LINES 17-18. WHAT IS
YOUR POSITION ON THIS, AND DOES NMGC CURRENTLY MAKE PERIODIC
FILINGS THAT PROVIDE INFORMATION ON THE FINANCIAL STANDING
OF THE UTILITY?**

A. I have a few points to make. First, I would note that NMGC is not presently, and has not for most of its existence, been obligated to comply with the rules applicable to a registrant under the New York Stock Exchange (“NYSE”) Corporate Governance Standards, or the SEC financial reporting requirements, or many of the sections of Sarbanes-Oxley referenced by Mr. Cebulko.

Second, NMGC is already required to file with the NMPRC (1) FERC Form 2, which includes detailed financial statements and related footnotes, as well as detailed financial information by FERC account; (2) an annual informational finance filing, which provides details on how the business intends to finance its activities during the upcoming year; and (3) other reports that provide details about affiliate transactions and customer information. Together, these reports provide the NMPRC, interested parties, and the public, with significant financial information regarding the Company’s financial health and activities. Additionally, NMGC has its financial statements audited annually and obtains a credit rating report from Fitch. Finally, the NMPRC always retains the right to investigate utilities within its jurisdiction if it is interested in more information or additional discussion of information already provided.

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 This proposal by Mr. Cebulko is unnecessary and preparing the additional reports on the
2 cadence sought by Mr. Cebulko and in the detail outlined on pages 53-56 of this testimony,
3 would be extremely costly to the utility and its customers. If ordered by the Commission
4 this expense to customers would be significant and with no apparent benefit. This
5 condition should not be accepted.
6

7 **Q. SOME PARTIES SPECULATE THAT THE BCP APPLICANTS WILL SEEK TO**
8 **INCREASE NMGC’S RATE BASE IN ORDER TO INCREASE SHAREHOLDER**
9 **RETURNS (CEBULKO AT 33). HAVE YOU SEEN ANY INDICATION THAT THIS**
10 **WILL HAPPEN IF THE TRANSACTION IS APPROVED?**

11 **A.** No I have not. The NMPRC is responsible for setting rates and NMGC and its owner have
12 no ability to unilaterally increase rates. As noted, the parties’ speculation about motivation
13 to increase rate base or rates is simply that, speculation, that does not convert to increased
14 rate base or rates. NMGC’s history has been to seek to raise rates, only as necessary, and
15 I have not heard the BCP Applicants say anything to the contrary.
16

17 **Q. ON PAGE 26 OF HIS TESTIMONY MR. WALTERS STATES “CUSTOMERS**
18 **FACE INCREASED RISK THAT NMGC’S FINANCIAL NEEDS COULD STRAIN**
19 **THE RESOURCES OF ITS NEW PARENT, ESPECIALLY IN THE EVENT OF**
20 **UNEXPECTED CAPITAL REQUIREMENTS, ECONOMIC DOWNTURNS, OR**
21 **SUPPLY CHAIN DISRUPTIONS.” WHAT ARE YOUR THOUGHTS?**

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **A.** I'm not worried. First, NMGC has essentially operated as a stand-alone entity and has not
2 needed to rely on Emera, or its affiliates, for any debt financings, other than enlisting the
3 assistance of affiliate treasury employees as part of our shared services arrangement. I'm
4 confident we can hire treasury employees at NMGC that will be able to do the same work
5 and manage banking relations if this transaction is approved. The primary point, which is
6 very important, is that NMGC has successfully entered into and issued its own debt for
7 years based on its own financial wherewithal, none of which has been secured or
8 guaranteed by Emera or any other entity. NMGC's ability to obtain debt financing won't
9 change if this acquisition is approved. My view is further supported by the findings in the
10 Fitch 2025 rating report, which states that Fitch sees no negative impact on NMGC's credit
11 rating as a result of this transaction. Please see JA Exhibit RAS-1 (Rebuttal) which was
12 provided in discovery in this case in response to Interrogatory NEE 1-19.

13
14 Second, NMGC received equity capital from Emera when it has issued long-term debt in
15 order to maintain its regulated capital structure. As Mr. Baudier has testified, the investors
16 in the BCP-managed funds are committed to additional capital contributions over time.
17 Furthermore, the BCP-related entities are used to raising capital and investments; it is at
18 the core of what they do. I have no reservations that Saturn Holdco will be able to provide
19 equity to NMGC if and as it is needed.

20
21 **Q.** **STAFF WITNESS VELASQUEZ INDICATES THAT STAFF QUESTIONS**
22 **WHETHER THE AMENDED GENERAL DIVERSIFICATION PLAN**

(“AMENDED GDP”) SUFFICIENTLY ILLUSTRATES THE FULL EXTENT OF TAX EFFECTS ON NMGC FOLLOWING THE TRANSACTION. STEMMING FROM THIS, STAFF RECOMMENDS THAT ANY TAX EFFECTS BE CLEARLY STATED IN THE AMENDED GDP AND THAT A REGULATORY LIABILITY BE ESTABLISHED IN THE CASE OF TAX SAVINGS.³ IS NMGC AGREEABLE TO THIS RECOMMENDATION?

VI. SHARED SERVICES

A. This is true only in the abstract, but this fails to consider a few significant issues. First, TECO/Emera is a combined gas and electric utility company and thus the upgraded system would be, by definition, a system meant to serve both types of utilities. As we have explained in our testimony, a combined system is more complicated and costly than a gas-only system. Additionally, the conversion to the system proposed by BCP, which is a gas specific system, will allow NMGC to move away from its Asset Suite system in favor of

11

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 the proposed gas-only system proposed by Delta Utilities. This alone would allow NMGC
2 to save substantial amounts, which will benefit customers.

3 Second, while NMGC could implement this system on its own, it would have to forgo
4 many of the cost advantages that customers have realized in the past, and which customers
5 would realize under the BCP Applicants' proposal. NMGC would have to implement the
6 system on its own, as the TECO and Emera electric affiliates would not share a gas-only
7 IT system. NMGC would also have to design and configure the system from scratch, rather
8 than being able to take advantage of all of the time and effort that Delta Utilities has already
9 invested in creating an excellent software system. It seems odd to me to say that because
10 we could do the same thing at a higher cost and over a much longer time frame, we should
11 not consider the new system offered by the BCP Applicants as a benefit.

12
13 Finally, NMGC/TECO/Emera have not engaged in a detailed analysis of how to implement
14 such a cloud-based system for NMGC's use. Based on my experience, there is a benefit
15 associated with positioning NMGC to take advantage of a system that has been prepared
16 over 18 months and is specifically designed for a gas utility, and leverage the recent
17 operational experience of the team at Delta Utilities who have just gone through the IT
18 implementation process for two other gas LDCs.

19
20 **Q. STAFF WITNESS VELASQUEZ RECOMMENDS THAT AN UPDATED COST**
21 **ALLOCATION MANUAL ("CAM") BE PROVIDED AND THAT AS PART OF**
22 **THIS EFFORT, A WORKING GROUP BE FORMED TO UPDATE THE**

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **CURRENT CAM. VELASQUEZ PAGE 8 LINES 2-13. IS NMGC AGREEABLE TO**
2 **THIS RECOMMENDATION?**

3 **A.** Yes.

5 **VII. SEVERE WEATHER FUND**

6 **Q.** **STAFF WITNESS ZEDALIS PROPOSES THE “CREATION OF A SEVERE**
7 **WEATHER FUND (“SWF”) IN CONNECTION WITH THE INSTANT**
8 **ACQUISITION – A FUND THAT STAFF BELIEVES WILL OFFER DURABLE,**
9 **LONG-TERM BENEFITS TO NMGC CUSTOMERS” ZEDALIS DIRECT**
10 **TESTIMONY AT PAGE 3, LINES 7-10. WHAT IS YOUR RESPONSE?**

11 **A.** I do not believe the SWF is necessary. NMGC’s Purchased Gas Adjustment Clause tariff
12 and its hedging program have successfully shielded customers from extreme weather
13 related gas price volatility. It is my understanding that such a fund is not currently in place
14 at any utility in New Mexico, and is not common among gas utilities throughout the
15 country.

16
17 **Q.** **HOW HAS NMGC ADDRESSED STORM CAUSED GAS PRICE SPIKES IN THE**
18 **PAST?**

19 **A.** Gas is a commodity that is purchased and sold on multiple markets. As such, the price one
20 producer charges is often different than the price another producer will charge on any given
21 day, and those prices can change day-to-day and month-to-month. Most of the gas NMGC
22 purchases is for baseload, and those prices are pegged to an index. Additionally, NMGC

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 has a successful hedging program wherein NMGC purchases financial protection in the
2 summer months to minimize price spikes that could occur during the key winter heating
3 seasons. Most winter storm price volatility is addressed by using index pricing and the
4 hedging program. For example, in January of 2023, the San Juan Index pricing for
5 NMGC's baseload gas increased by a multiple of 8 to 9 times what the price had been a
6 few days before, and it stayed that high for multiple days. NMGC's hedging program
7 resulted in NMGC recovering around \$100 million of costs from the contractual counter
8 parties, and thus shielded customers from the spike in prices.

9
10 We know that price spikes can occur during times of extremely high gas demand, such as
11 occurred in Winter Storm Uri in February 2021, but this is very rare. This can impact the
12 prices NMGC must pay for non-baseload gas. In these extremely rare circumstances, there
13 are a couple of options. First, NMGC can use the balancing provisions of its PGAC
14 mechanism tariff to spread gas cost recovery over multiple months, thus limiting the price
15 shock to customers each month. Second, NMGC can seek extraordinary relief from the
16 Commission, and spread gas cost recovery over multiple years. This is what NMGC did
17 in response to the gas costs incurred during Winter Storm Uri. There the Commission
18 agreed that NMGC could spread gas cost recovery over a thirty-month period.

19
20 **Q. HOW OFTEN IN YOUR EXPERIENCE ARE THERE STORM-RELATED GAS**
21 **PRICE SPIKES?**

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **A.** While gas prices routinely fluctuate with the market, in my experience at NMGC, instances
2 of gas prices increasing many multiples over a few days has been exceedingly rare. In fact,
3 there has only been one instance in my sixteen years at NMGC that required the Company
4 to take extraordinary measures, Winter Storm Uri.

5
6 **Q.** **HAS THE ISSUE OF THE ESTABLISHMENT OF A SWF BEEN RAISED BEFORE**
7 **THE COMMISSION IN THE PAST?**

8 **A.** I understand that the Commission considered this idea in Case No. 3056, and ultimately
9 decided that the introduction of a hedging program and using the balancing mechanisms
10 that exist in the PGAC offered sufficient protection for customers. This methodology has
11 been successful for over two decades.

12
13 **Q.** **HAS THE COMPANY ANALYZED HOW A SWF WOULD BE ORGANIZED,**
14 **FUNDED AND ADMINISTERED?**

15 **A.** No. NMGC has not undertaken an analysis and is not in a position to opine as to whether
16 such a fund would be feasible, how it would be funded, whether it would result in
17 quantifiable benefits to customers of NMGC, whether it would create subsidization issues
18 between customers or customer classes at NMGC, or how it would operate. Mr. Zedalis
19 proposes revising the AMA and storage revenue allocations approved by the Commission
20 in NMGC's most recent PGAC Continuation Filing (NMPRC Case No. 24-00222-UT).
21 Zedalis, pages 13-14. From my perspective, this case does not seem like the appropriate

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

venue for addressing the development of a SWF or revisions to AMA and storage revenue allocations. Again, this concept was not raised by the Joint Applicants in their Application.

Q. DO YOU AGREE WITH STAFF’S PROPOSAL THAT VIRTUALLY ALL OF THE MONETARY BENEFITS PROPOSED IN THIS CASE RELATED TO CUSTOMER RATE CREDITS, ECONOMIC DEVELOPMENT INVESTMENTS AND CHARITABLE CONTRIBUTIONS BE DIVERTED TO THE SWF?

A. I do not agree with this proposal. I believe that customer credits, economic development investments, and charitable donations provide tangible benefits to customers in the near term. Replacing these tangible benefits that will positively impact customers over the next few years in favor of locking up funds in what amounts to a savings account for potentially decades does not strike me as the best way to provide customers with benefits.

VIII. EMERA AND BCP EXPERIENCE

Q. MR. WALTERS TESTIFIES REGARDING THE BCP APPLICANTS’ ABILITY TO OPERATE NMGC’S SYSTEM RELATIVE TO EMERA’S ABILITY TO DO SO – DOES EMERA OPERATE NMGC’S GAS SYSTEM TODAY?

A. No. NMGC’s system is operated by the locally based NMGC team. NMGC does not rely on Emera or affiliate support for gas system operations. As has been discussed in this proceeding, NMGC does rely on Emera and its affiliates for certain shared services, but I am confident that those will be transitioned successfully, well within the timeframe of the Transition Services Agreement.

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **Q. DO YOU HAVE ANY CONCERNS THAT IF THE TRANSACTION IS APPROVED**
2 **YOU WILL NO LONGER HAVE ACCESS TO THE KNOWLEDGE AND**
3 **EXPERTISE OF EMERA OR TECO ABOUT UTILITY OPERATIONS?**

4 **A.** No. NMGC's local management team is strong and self-sufficient, and I am confident in
5 our ability to continue to direct all aspects of NMGC's utility operations if the transaction
6 is approved. While we will no longer be able to consult with Emera and TECO
7 management, we will have access to personnel from BCP Management and Delta Utilities,
8 and the support we will receive under new management appears to be readily comparable
9 to that under which we have successfully served customers and operated the business for
10 the last decade.

11
12 **Q. DO THE DELTA UTILITY EMPLOYEES IDENTIFIED IN MR. BAUDIER'S**
13 **REVISED APPLICATION DIRECT TESTIMONY HAVE SIGNIFICANT**
14 **EXPERTISE IN THE NATURAL GAS UTILITY BUSINESS?**

15 **A.** Based upon my review of the resumes of these individuals, they appear to have expertise
16 in leading utility operations. Additionally, I understand that the BCP Applicants intend to
17 include Peter Tumminello on the board of NMGC. I have spoken to Mr. Tumminello
18 multiple times and am aware of his extensive natural gas utility background.

19
20 **Q. DO YOU SEE OPPORTUNITIES TO SHARE BEST PRACTICES WITH THE**
21 **DELTA UTILITIES LEADERSHIP IF THE TRANSACTION IS APPROVED?**

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **A.** Yes. I am looking forward to working with Delta Utilities, and its leadership and team,
2 much in the way NMGC has interacted with TECO and Peoples Gas in Florida. If the
3 transaction is approved, I anticipate that the leadership of NMGC and Delta Utilities will
4 share best practices for the natural gas LDC industry. I also expect that Delta Utilities
5 leadership will share their lessons learned from the transition of Delta Utilities from
6 ownership by larger, combined electric and gas utilities to separate LDCs.

7
8 **Q.** **NM AREA WITNESS WALTERS STATES ON PAGE 24 OF HIS DIRECT**
9 **TESTIMONY THAT “MR. SHELL STATED (IN RESPONSE TO IN NM AREA**
10 **INTERROGATORY 4-4), THAT OVER THE COURSE OF THEIR**
11 **RELATIONSHIP, THE TECO ENERGY/EMERA PARENT COMPANIES HAD**
12 **PROVIDED SIGNIFICANT OPERATIONAL AND MANAGEMENT SUPPORT**
13 **TO NMGC AND HAD LISTED SEVEN INDIVIDUALS WHO HAD PROVIDED**
14 **THAT SUPPORT. THESE INCLUDE RENE GALLANT, AS CHIEF OPERATING**
15 **OFFICER, SCOTT HASTINGS AS VICE PRESIDENT OF FINANCE, AND**
16 **GERALD WESEEN AS VICE PRESIDENT OF REGULATORY.” CAN YOU**
17 **PLEASE DISCUSS THIS TESTIMONY?”**

18 **A.** I think it would be best if I put this in perspective. NM AREA Interrogatory 4-4 asked me
19 to provide the names of persons from TECO and Emera who came to work at NMGC and
20 describe their expertise and any improvements they made to the management or field
21 operations of the utility. Without a doubt, the seven people I identified have contributed to
22 our team’s efforts. That said: (1) everyone on our team brings value to our customers and

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 our business and (2) these seven people have learned as much from us as we have from
2 them, as they have engaged with our management team.

3
4 As for Mr. Gallant, Mr. Hastings, and Mr. Weseen specifically, they were (and Mr. Weseen
5 still is) all valuable to our team. However, none of them were brought here to fill a specific
6 void in our leadership structure or competency.

7
8 **Q. DID MR. GALLANT, MR. HASTINGS, AND MR. WESEEN BRING GAS UTILITY**
9 **LEADERSHIP EXPERIENCE WHEN THEY ARRIVED AT NMGC?**

10 **A.** No. None of these three individuals had direct leadership experience at a gas utility prior
11 to coming to NMGC. Rather, they came with experience and expertise that has been
12 complementary to leaders who were already here. From a service excellence perspective,
13 engineers and operations employees who were in New Mexico all along were - and still
14 are - the bedrock of our utility operations, as they always have been. Mr. Weseen has been
15 with us for more than five years now. That's a career choice he made, to join our team, and
16 he adds value to our customers and our company based on his experience as an executive,
17 as do all of our leaders.

18
19 Mr. Gallant was with us for about a year and half, was a valuable team member while he
20 was here, and came here to gain experience in the operational aspects of a stand-alone gas
21 utility.

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 Finally, Mr. Hastings came to us nine years ago as a finance person to gain exposure to the
2 operational aspects of a gas utility, and worked with us for three years. I think he would
3 tell you that he learned a lot from us while he was here.

4
5 **Q. DO YOU BELIEVE THE NMGC LEADERSHIP TEAM AND BOARD OF**
6 **DIRECTORS ARE PREPARED TO AND FULLY CAPABLE OF SERVING NEW**
7 **MEXICO CUSTOMERS FOLLOWING THE TRANSACTION AS PROPOSED?**

8 **A.** Yes, absolutely. I have full confidence.

9
10 **IX. CUSTOMER SERVICE AND PERFORMANCE BOND**

11 **Q. WRA WITNESS CEBULKO RECOMMENDS THAT TO MINIMIZE**
12 **DEGRADATION TO CUSTOMER SERVICE, NMGC SHOULD BE REQUIRED**
13 **TO MEET OR EXCEED ITS SERVICE QUALITY AND CUSTOMER SERVICE**
14 **METRICS.⁴ DO YOU AGREE WITH THIS RECOMMENDATION?**

15 **A.** I do not believe that such a commitment is necessary. As discussed in my Revised
16 Application Direct Testimony, NMGC's operations will remain with NMGC's local
17 management team. NMGC is an excellently run utility, and NMGC's proposed ownership
18 group is committed to maintaining the existing performance metrics that make NMGC
19 excellent. NMGC has filed quality of service reports in 2010 and 2012 (Case No. 09-
20 00163-UT), and for every year since 2014 in the NMPRC docket for Case No. 13-00231-
21 UT. NMGC will continue to file these reports demonstrating its level of quality of service.

⁴ Cebulko Dir. at 58.

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 **Q. ON PAGE 23 OF HIS TESTIMONY, NEE WITNESS SANDBERG RECOMMENDS**
2 **THAT BCP BE “REQUIRED TO PUT UP A MULTI-MILLION DOLLAR**
3 **PERFORMANCE BOND . . . TO ENSURE THAT RATEPAYERS WILL BE**
4 **PROTECTED FROM FORESEEABLE RISK[S],” SUCH AS DEGRADATION IN**
5 **CUSTOMER SERVICE QUALITY AND TIMELINESS. WHAT ARE YOUR**
6 **THOUGHTS ABOUT THIS RECOMMENDATION?**

7 **A.** Witness Sandberg’s primary concern appears to be a decline in various aspects of customer
8 service arising from private equity ownership. I do not believe this is a valid concern for
9 multiple reasons. First, as I stated in my Revised Application Direct Testimony, NMGC’s
10 current management team will continue to operate the business, including the customer-
11 facing functions, as it does today. Second, the Commission will continue to have oversight
12 of the Company’s customer service in the way it currently does, as noted in the regulatory
13 commitments outlined on Pages 11 and 12 of my Revised Application Direct Testimony.

14
15 As a practical matter, I do not understand how a performance bond as recommended by
16 Witness Sandberg would function – or how such a bond would even be obtained – and I
17 note that Witness Sandberg deferred to Staff and the Commission to formulate the specifics
18 of his recommended performance bond.

19
20 **X. ACQUISITION PREMIUM**

21 **Q. HOW DO YOU RESPOND TO THE PROPOSAL BY STAFF WITNESS DR.**
22 **BLANK THAT NMGC BE REQUIRED TO BOOK A REGULATORY LIABILITY**

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

**FOR THE AMOUNT OF THE ACQUISITION PREMIUM RESULTING FROM
THIS TRANSACTION SO THAT CUSTOMERS CAN REALIZE ALL OR PART
OF EMERA'S GAIN ON THE SALE OF NMGC?**

A. Frankly, it concerns me that the notion of an accounting requirement to record goodwill on NMGC's books is being conflated with a discussion around a regulatory liability. Goodwill has never, and will not, impact customers. As I have stated in the past, acquisition premiums are accounted for on NMGC's books as goodwill. As I noted in my Revised Application Direct Testimony, NMGC has never included goodwill in any tariff the Company has charged to customers. Customers have never paid anything for the goodwill that has existed on NMGC's books for the last sixteen years. I disagree that NMGC should be required to recognize a regulatory liability to be credited to customers for something that customers have never paid for in the first place.

XI. GREENHOUSE GAS EMISSIONS

**Q. SEVERAL PARTIES SUCH AS WRA, CCAE AND NEE CLAIM THAT APPROVAL
OF THE TRANSACTION WILL CAUSE NMGC TO MORE AGGRESSIVELY
PURSUE CUSTOMER GROWTH RESULTING IN THE EMISSION OF MORE
CARBON. IS THIS A CORRECT ASSUMPTION?**

A. I do not agree with this. Decisions regarding the expansion of NMGC's distribution network to serve additional customers are soundly within the discretion of NMGC's management. Regardless of the ultimate ownership of NMGC, the company is required to serve customers in its service territory who seek service. NMGC cannot limit, and has not

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

1 limited under Emera ownership, the expansion of its distribution system in pursuit of
2 climate or GHG commitments, contrary to its obligation to serve both existing and future
3 customers in a safe, reliable, and affordable manner. To clarify, the forecasted annual
4 distribution investments that I provided in response to CCAE Interrogatory 1-1(d), and
5 which are cited at Table 2 on page 6 of CCAE Witness Price's testimony, are based upon
6 NMGC's internal forecasts and are agnostic to NMGC's ownership.

7
8 **Q. DO YOU AGREE WITH THE RECOMMENDATION BY WRA WITNESS**
9 **CEBULKO AT PAGE 57 THAT THE COMMISSION SHOULD REQUIRE NMGC**
10 **THROUGH ITS IRP PROCESS TO DEMONSTRATE HOW NMGC WILL**
11 **DECREASE GREENHOUSE GAS EMISSIONS?**

12 **A.** No. NMGC's integrated resource plan is supposed to provide the Commission with
13 information on potential capital investments and projects NMGC expects will be necessary
14 over the subsequent ten years for the continued provision of reliable natural gas utility
15 service to customers. It is not, and has not been in my history, a way to address greenhouse
16 gas emissions. I am unaware of any requirement for NMGC to perform this exercise. This
17 proposal would likely lead to an increase in the costs to perform the integrated resource
18 plan, which would ultimately be passed on to customers.

**REVISED APPLICATION REBUTTAL TESTIMONY AND EXHIBIT OF
RYAN A. SHELL
NMPRC CASE NO. 24-00266-UT**

XII. MISCELLANEOUS

Q. WHAT IS NMGC'S RESPONSE TO STAFF'S RECOMMENDATION THAT AS PART OF THIS CASE, NMGC COMMIT TO CONTINUE THE DIGITIZATION OF RECORDS ON DISTRIBUTION SERVICES PIPING?

A. Staff is correct that NMGC is already conducting a project to digitize associated records and reduce the mileage of unknown pipe and updating GIS databases. NMGC commits that this project will be completed regardless of the outcome of this case.

Q. DOES THIS CONCLUDE YOUR REVISED APPLICATION REBUTTAL TESTIMONY?

A. Yes.



27 MAY 2025

Fitch Revises Emera Inc. and Certain Subsidiaries' Outlooks to Stable; Affirms Ratings

Fitch Ratings - Toronto - 27 May 2025: Fitch Ratings has affirmed Emera Inc.'s (Emera) Long-Term Issuer Default Rating (IDR) at 'BBB'. Fitch has also affirmed the Long-Term IDRs of Emera's subsidiaries as follows: Tampa Electric Co. (TEC) and Peoples Gas System, Inc. (PGS) at 'A-' and New Mexico Gas Co. Inc. (NMGC) at 'BBB+'. The Rating Outlooks for Emera, TEC and PGS are revised to Stable from Negative. The Rating Outlook on NMGC is Stable.

Additionally, Fitch has affirmed Emera's senior unsecured, preferred shares and junior subordinated debt at 'BBB', 'BB+' and 'BB+', respectively. Fitch has affirmed TEC and PGS's senior unsecured debt at 'A', Emera US Finance LP's senior unsecured debt at 'BBB' and EUSHI Finance Inc's junior subordinated debt at 'BB+'.

Emera's Stable Outlook reflects substantial progress in the execution of its deleveraging plan and its commitment to maintaining FFO leverage below 6.0x. With the anticipated closing of the NMGC sale in Q4/2025, Fitch forecasts Emera's FFO leverage will improve to 5.8x-5.9x over 2025-2027, below the 6.0x downgrade sensitivity but with little headroom. Failure to maintain FFO leverage below 6.0x will likely result in a negative rating action.

Key Rating Drivers

Emera Inc.

Deleveraging Plan Execution: Emera successfully executed several steps in its deleveraging plan in 2024. The company sold its equity investment in Labrador Island Link, issued hybrid notes and common equity, securitized deferred fuel costs and obtained a credit supportive multi-year base rate outcome at TEC (A-/Stable). The pending sale of NMGC (BBB+/Stable), expected to close in Q4/2025, will further reduce Emera's leverage. Emera also moderated its dividend growth from 4%-5% to 1%-2% to preserve cash for capex. Fitch views these steps to reduce leverage positively.

Improving Leverage but Limited Cushion: With the execution of its deleveraging plan, Emera's FY2024 FFO leverage improved to 6.6x from an average of 7.1x over the past four years. Year-end FFO leverage was slightly higher than our projected 6.3x, but this was mainly due to an FX translation mismatch because of the sudden spike in USD-CAD exchange rate at 2024 year-end.

Fitch expects Emera's FFO leverage to further improve in 2025 with the closing of the NMGC sale and new base rates at Nova Scotia Power Inc. (NSPI). Fitch estimates Emera's FFO leverage at about 5.8x-5.9x during 2025 to 2027 but with limited headroom against the 6.0x downgrade sensitivity.

Sale of NMGC -Fitch's rating case assumes the NMGC divestiture will close in Q4/2025. In the unlikely event the sale does not close, Fitch expects Emera to take appropriate steps to maintain its FFO leverage below 6.0x consistent with management's commitment to maintain FFO leverage below 6.0x.

Sizeable Capex Pressures Metrics: Emera has a large capex plan of about CAD11.5 billion over 2025-2027, almost 3x depreciation expense. The plan will lead to higher execution risk that could pressure credit metrics during construction. We expect Emera to execute the plan on time, on budget and fund it in a balanced manner through parent-equity infusions, internal cash flow and utility debt.

Parent-Subsidiary Linkage (PSL): There is PSL between Emera and TEC, NMGC and PGS. Fitch views the subsidiaries' Standalone Credit Profiles (SCPs) as stronger than Emera's due to lower-risk regulated utility operations, a strong regulatory environment, and better credit and leverage. Legal ring-fencing is porous given the general protection afforded by economic regulation. Access and control are porous as Emera centrally manages the treasury function for all its subsidiaries and is the sole source of equity, but they issue their own debt. Due to this, Fitch limits the difference between Emera and its subs to two notches. NMGC's IDR is the same as its SCP.

Tampa Electric Co.

Low-Risk Business Model: TEC operates in a supportive regulatory environment in Florida with a strong local economy. This translates into above-average utility sales and customer growth trends. In addition, the company derives most of its sales volumes from residential and commercial customers (over 90%), a credit positive. TEC is the largest contributor to Emera's earnings and cash flow.

Constructive Florida Regulation: The Florida regulatory compact is supportive of utility credit quality. In recent years, authorized return on equities (ROEs) of Florida utilities have been above the median, nationwide, authorized ROE. TEC operates under an authorized midpoint ROE of 10.50%, with an allowed range of 9.50%-11.50%, based on a 54% common equity ratio.

The utility has several rate riders that provide timely recovery of all prudent costs related to fuel, purchased power, environmental expenditures, conservation costs, storm protection plan, and a storm recovery clause. In February 2025, the Florida Public Service Commission (FPSC) approved TEC's recovery of approximately \$464 million of storm costs deferrals, including replenishment of a \$55.8 million storm reserve over an 18-month period from March 1, 2025, to August 2026.

Large Capex Plan: TEC expects to spend approximately \$5.3 billion on capital investments in 2025-2027, mostly on cleaner sources of generation, including solar and battery storage, storm hardening and grid modernization. Fitch expects capex to be funded in a conservative manner, in line with the authorized statutory capital structure, using debt, internal cash flows and equity injections from Emera.

Rate Case Outcome: Fitch views the resolution of TEC's last rate case as generally constructive. TEC filed a rate case in April 2024 for new rates effective in January 2025. The requested rate increases over the 2025-2027 period was \$468.5 million. The approved rate increase was \$280.5 million, about 60% of the request, with \$184.8 million in rates effective January 2025, followed by rate increases of \$86.6

million and \$9.1 million, effective January 2026 and 2027, respectively. The allowed equity ratio was 54%, while the allowed regulated ROE range was set at 9.50%-11.50%, with a 10.50% midpoint.

Adequate Credit Metrics: Fitch forecasts credit metrics to average around 4.1x through 2027, reflecting the implementation of the TEC rate increases and deferred fuel and storm cost recovery. Fitch assumes Emera will fund significant capital investment at TEC, in line with the approved regulatory capital structure. For 2024, FFO leverage was 4.0x, which is supportive of its credit ratings.

Peoples Gas Systems, Inc.

Low-Risk Business Profile: PGS's rating reflects the low-risk profile of its regulated gas utility business. PGS is the largest natural gas distributor in Florida, and its service territory extends throughout most of the state. Its customer base is divided among residential, commercial and industrial and other segments (approximately a 40%, 46% and 14% split respectively based on revenue). PGS is regulated by the Florida Public Service Commission (FPSC).

As an indirect subsidiary of Emera, PGS benefits from the resources and liquidity of its parent. PGS is one of the smaller utilities in Emera's family, representing about 11% of the consolidated rate base in 2024.

Constructive Regulatory Environment: PGS's ratings benefit from a constructive regulatory environment in Florida, including rate recovery between rate cases through clauses and riders. The gas distribution business has a purchased gas adjustment clause that allows for full recovery and timely adjustments to reflect gas-market price fluctuations. PGS has also had a cast-iron/bare-steel (CI/BS) replacement rider program since 2013, which includes recovery of problematic plastic pipe (PPP) replacement.

These rate mechanisms increase the stability and predictability of earnings and cash flow and provide timely cost recovery. In addition, authorized ROE of Florida utilities has been above the median nationwide authorized ROE in recent years. The FPSC utilizes forecast test years and frequently authorizes interim rate increases. As a result, utilities are generally able to earn authorized returns.

2024 Rate Case Approved: Fitch views the last rate case approval as a reflection of Florida's constructive regulatory environment. On Nov. 9, 2023, the FPSC approved the staff recommendation supporting a \$107 million increase in annual base rates, as well as \$11 million from the CI/BS replacement rider. The increase is based on a 10.15% midpoint ROE, with an allowed equity ratio of 54.7%. New rates took effect in January 2024.

Rate Case Filings: On March 31, 2025, PGS filed a new rate case to seek a multi-year rate increase of \$103.6 million and \$26.7 million for 2026 and 2027, respectively, totaling \$130.3 million for the period. Fitch assumes a constructive outcome in line with historical and most recent rate decisions in the state.

Florida's Support for Gas: Decarbonization poses risks for gas local distribution companies (LDCs). Nevertheless, Fitch believes Florida's decarbonization policies have been supportive of natural gas. State support was demonstrated by the passing of House Bill 1281 - Pre-emption Over Utility Service

Restrictions in June 2023. The bill amended the natural gas pre-emption statute to include major appliances and increased protection against local government attempts to ban natural gas appliances.

Strong Customer Growth: Florida has experienced greater population and economic growth than the rest of the U.S. This strong economic background supports above average PGS growth. PGS has experienced significant customer growth concentrated in five metro areas within its service territory. Customer growth at PGS averaged 4.5% over 2018-2024, well above the national average. Fitch expects Florida's population growth to continue at double the national rate.

Adequate Credit Metrics: PGS' FFO leverage for 2024 was 3.8x, reflecting new rates that took effect in January 2024. Fitch estimates FFO leverage will be 4.0x-4.3x in 2025-2027. PGS is forecast to invest approximately \$1.3 billion from 2025 to 2027 to maintain and expand its distribution infrastructure. Fitch expects Emera to manage dividend and equity contributions from/to PGS to maintain its regulatory capital structure.

New Mexico Gas Co.

Acquisition by Bernhard Capital - Fitch views the sale of NMGC to Bernhard Capital as credit neutral to NMGC. The transaction requires regulatory approval from the New Mexico Public Regulation Commission (NMPRC). Fitch's base case assumes a balanced outcome from the NMPRC that will not lead to a material deterioration to NMGC's financial measures. Fitch expects regulatory protections embedded in NMPRC approval of the proposed transaction will ensure a structure under new ownership consistent with NMGC's current 'BBB+' rating under the Fitch's PSL criteria.

Low-Risk Business Profile: NMGC's rating reflects the relatively low-risk profile of its regulated gas utility business. It is the largest natural gas distributor in New Mexico, serving about 550,000 customers, with a service territory that extends throughout most of the state.

Most of its customers are residential (92%) and use natural gas for heating and cooking. Residential heating load, due to the elevation of the state, primarily occurs from October through April. The residential segment contributes about 67% of NMGC's revenue, while the commercial and industrial segment contributes about 22%. As an indirect subsidiary of Emera, NMGC benefits from the resources and liquidity of its parent. NMGC is one of the smaller utilities in Emera's family, contributing about 4% of consolidated rate base and earnings in 2024.

Improving Regulatory Environment: The ratings benefit from an improving regulatory environment in New Mexico, including rate case approvals allowing for a future test year. The natural gas distribution business has a weather normalization mechanism, along with a purchased gas adjustment mechanism, with minimal recovery lag. These rate mechanisms increase the stability and predictability of earnings and cash flow and provide timely cost recovery. Fitch believes NMGC's last base rate increase order from 2024 was balanced.

Adequate Credit Metrics: FFO leverage for 2024 was 4.6x, higher than that of 2023 mainly because the recovery of higher gas costs related to extreme weather ended at year-end 2023 and new base rate increase went into effect in on Oct. 1, 2024. For 2025-2027 Fitch forecasts FFO leverage of 3.8x-4.7x,

New Mexico Gas Company, Inc.

New Mexico Gas Company, Inc.'s (NMGC) rating reflects its relatively predictable earnings and cash flow as a local gas distribution company with an improving regulatory framework in New Mexico that includes a forward test year, weather normalization and a purchased gas adjustment mechanism.

Key Rating Drivers

Acquisition by Bernhard Capital: Fitch Ratings views the sale of NMGC by parent company, Emera Incorporated (Emera; BBB/Stable), to Bernhard Capital as credit neutral. The transaction requires regulatory approval from the New Mexico Public Regulation Commission (NMPRC).

Fitch's base case assumes a balanced outcome from the NMPRC that will not lead to a material deterioration to NMGC's financial measures. Fitch expects regulatory protections embedded in NMPRC approval of the proposed transaction will ensure a structure under new ownership consistent with NMGC's current 'BBB+' rating under the Fitch's Parent-Subsidiary Linkage (PSL) criteria.

Low-Risk Business Profile: NMGC's rating reflects the relatively low-risk profile of its regulated gas utility business. It is the largest natural gas distributor in New Mexico, serving about 550,000 customers, with a service territory that extends throughout most of the state.

Most of NMGC's customers are residential (92%) and use natural gas for heating and cooking. Due to the state's elevation, residential heating demand is concentrated primarily from October through April. The residential segment generates about 67% of NMGC's revenue, while the commercial and industrial segment contributes about 22%. As an indirect subsidiary of Emera, NMGC benefits from its parent's resources and liquidity. NMGC is one of the smaller utilities within Emera, contributing about 4% of consolidated rate base and earnings in 2024.

Improving Regulatory Environment: The ratings reflect an improving regulatory environment in New Mexico, including rate case approvals that allow for a future test year. The natural gas distribution business has a weather normalization mechanism and a purchased gas adjustment mechanism, both with minimal recovery lag. These rate mechanisms increase the stability and predictability of earnings and cash flow and provide timely cost recovery. Fitch considers NMGC's most recent base rate increase order in 2024 to be balanced.

Adequate Credit Metrics: Funds from operations (FFO) leverage for 2024 was 4.6x, higher than in 2023, due to the recovery of higher gas costs related to extreme weather ended at YE 2023 and new base rate increase went into effect on Oct. 1, 2024. For 2025 to 2027, Fitch forecasts FFO leverage of 3.8x to 4.7x, reflecting a full-year of base rate increases. NMGC's capital spending remains high compared with prior years and focuses on integrity management, legacy pipe replacement and automatic meter reading.

PSL: Fitch considers NMGC's Standalone Credit Profile (SCP) to be stronger than that of Emera due to NMGC's lower risk, regulated utility operations, strong regulatory environment and stronger financial profile. Legal ring-fencing is porous given the general protection from economic regulation. Access and control are also porous, as Emera centrally manages the treasury function and is the sole source of equity. But NMGC issues its own debt. Thus, Fitch limits the difference between NMGC and Emera to two notches. NMGC is rated at its own SCP.

Ratings

Long-Term IDR	BBB+
Outlook	
Long-Term Foreign-Currency IDR	Stable

[Click here for the full list of ratings](#)

ESG and Climate

Highest ESG Relevance Scores	
Environmental	3
Social	3
Governance	3
2035 Climate Vulnerability Signal: 45	

Applicable Criteria

[Corporates Recovery Ratings and Instrument Ratings Criteria \(August 2024\)](#)
[Corporate Hybrids Treatment and Notching Criteria \(April 2025\)](#)
[Corporate Rating Criteria \(June 2025\)](#)
[Sector Navigators – Addendum to the Corporate Rating Criteria \(June 2025\)](#)
[Parent and Subsidiary Linkage Rating Criteria \(June 2025\)](#)

Related Research

[Global Corporates Macro and Sector Forecasts: April 2025 Update \(April 2025\)](#)
[North American Utilities, Power & Gas Dashboard: 1Q25 \(April 2025\)](#)
[North American Utilities Outlook 2025 \(December 2024\)](#)

Analysts

Andrew Ng
+1 647 693 6310
andrew.ng@fitchratings.com

Tommy Luong
+1 647 693 6309
tommy.luong@fitchratings.com

Peer Analysis

NMGC is well positioned within its rating category. NMGC's peers —The Brooklyn Union Gas Company (BUG; BBB/Stable) and KeySpan Gas East Corporation (KGE; BBB+/Stable) — operate in a relatively challenging regulatory environment in New York. DTE Gas Company (DTE Gas; BBB+/Stable) and Peoples Gas System, Inc. (PGS; A-/Stable) operate in constructive regulatory environments in Michigan and Florida, respectively.

Although regulation in New Mexico has been less constructive than some other jurisdictions, it has shown signs of improvement. Some of these signs include the use of a future test year, which minimizes regulatory lag, and the implementation of a weather-tracker mechanism.

Fitch expects NMGC's FFO leverage to be between 3.8x and 4.6x in 2025 to 2027. At DTE Gas, Fitch estimates FFO leverage to average around 4.5x to 4.8x through 2027. At PGS, Fitch forecast FFO leverage of 4.0x to 4.3x through 2027. At BUG and KGE, Fitch expects FFO leverage to average around 5.4x and 4.9x through 2028, respectively.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Material concessions in the final NMPRC order, authorizing the sale of NMGC resulting in FFO leverage sustained above 4.5x or an unexpected, highly leveraged post-transaction ownership structure;
- Unfavorable regulatory developments.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- NMGC's FFO leverage below 3.5x on a sustainable basis.

Liquidity and Debt Structure

NMGC has a \$125 million bank credit facility maturing in December 2026. As of March 31, 2025, about \$109 million is available under the credit facility, and the company was compliant with its covenant. Fitch considers future maturities to be manageable and expects them to be refinanced upon maturity.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#).

The FY 2024 asset-weighted Climate.VS for NMGC for 2035 is 45 out of 100, consistent with other gas local distribution companies in the U.S. Fitch's estimated Climate.VS reflects growing opposition to methane and other greenhouse gas (GHG) emissions in recent years, driven by growing concern about the effects of global climate change and evolving state and federal policies aimed at reducing GHG emissions.

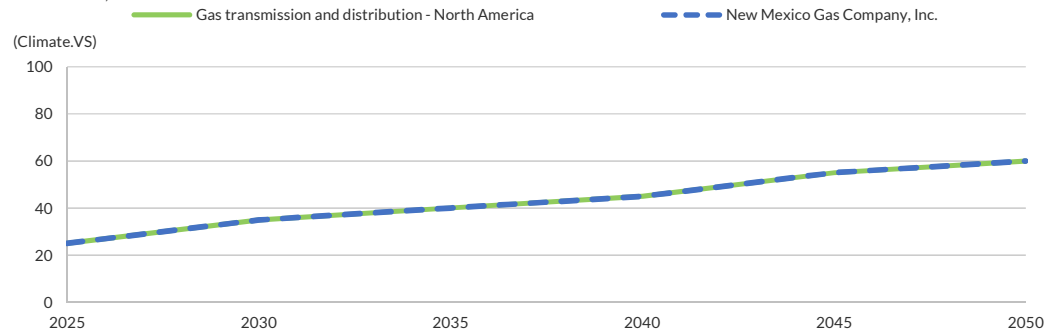
Natural gas, which produces fewer emissions than coal, is viewed as a bridge fuel as the industry transitions to a net-zero future. However, several key uncertainties remain from a credit perspective, including the threat of building electrification, the potential for a faster-than-expected phase-out of gas usage in certain jurisdictions and the implementation of regulatory mechanisms to facilitate cost recovery during the phase-out period. Fitch expects credit exposures for individual local distribution companies to vary, primarily driven by state regulatory and political responses to global climate change concerns. Technological developments, along with utility strategies to reduce emissions, will be key factors influencing credit quality through 2035.

Fitch believes that New Mexico's decarbonization policies have been measured so far. Natural gas is a predominant source of energy in New Mexico. NMGC focuses on using GHG-reduction technologies to help reduce methane and other GHG emissions. For further information on how Fitch perceives climate-related risks in the natural gas and propane sector, see [Oil & Gas and Chemicals – Long-Term Climate Vulnerability Scores Signals Update](#).

Exclusively for the use of Monica Harlow at Emera Incorporated. Downloaded: 16-Jul-2025

Climate.VS Evolution

As of Dec. 31, 2024



Source: Fitch Ratings

Liquidity and Debt Maturities

NMGC has a \$125 million bank credit facility maturing in December 2026. As of March 31, 20205, about \$109 million is available under the credit facility, and the company was compliant with its covenant. Fitch considers future maturities to be manageable and expects them to be refinanced upon maturity.

Key Assumptions

- NMGC will be sold and operated under a new ownership structure;
- No adverse regulatory outcomes, including anticipated approval of the sale of NMGC;
- Expect new base rates during forecast period;
- Capital spending of about \$390 million from 2025 to 2027.

Ratings Navigator



New Mexico Gas Company, Inc.

Corporates Ratings Navigator North American Utilities

Credit-Relevant ESG Derivation

New Mexico Gas Company, Inc. has 12 ESG potential rating drivers

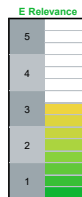
- ➡ New Mexico Gas Company, Inc. has exposure to emissions regulatory risk but this has very low impact on the rating.
- ➡ New Mexico Gas Company, Inc. has exposure to energy productivity risk but this has very low impact on the rating.
- ➡ New Mexico Gas Company, Inc. has exposure to waste & impact management risk but this has very low impact on the rating.
- ➡ New Mexico Gas Company, Inc. has exposure to extreme weather events but this has very low impact on the rating.
- ➡ New Mexico Gas Company, Inc. has exposure to access/affordability risk but this has very low impact on the rating.
- ➡ New Mexico Gas Company, Inc. has exposure to customer accountability risk but this has very low impact on the rating.

Showing top 6 issues

ESG Relevance to Credit Rating			
key driver	0	issues	5
driver	0	issues	4
potential driver	12	issues	3
not a rating driver	2	issues	2
	0	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulatory Environment; Profitability
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	2	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulatory Environment; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulatory Environment; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulatory Environment; Profitability



How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

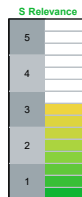
The **Environmental (E), Social (S) and Governance (G)** tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The **Credit-Relevant ESG Derivation** table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

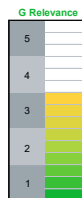
Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulatory Environment; Profitability; Financial Structure
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulatory Environment; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	2	Worker safety and accident prevention	Profitability; Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability



Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance

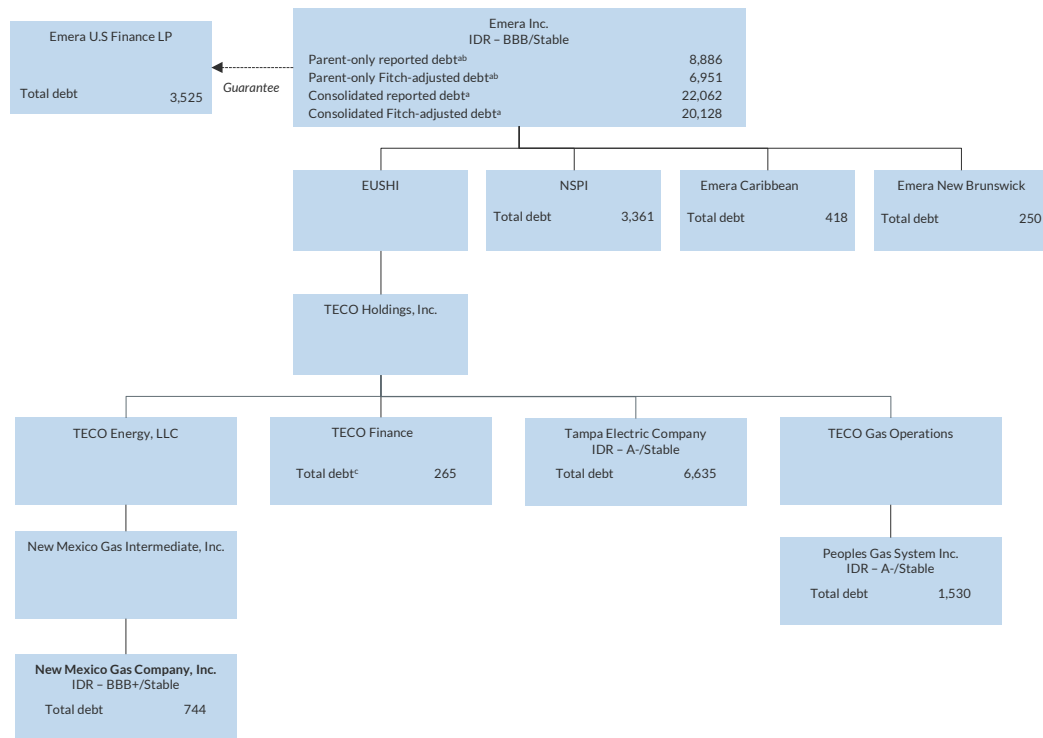


CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Inrelevant to the entity rating but relevant to the sector.
1	Inrelevant to the entity rating and irrelevant to the sector.

Exclusively for the use of Monica Harlow at Emera Incorporated. Downloaded: 16-Jul-2025

Simplified Group Structure Diagram

Simplified Group and Debt Structure Diagram – New Mexico Gas Company, Inc.
(CAD Mil., as of December 31, 2024)



^a Includes preferred stock.

^b Includes parent-only debt, includes short-term debt at Emera Energy Services and EUSHI classified as part of Emera's revolver.

^c Debt at TECO Finance is guaranteed by Emera (previously guaranteed by TECO Holdings).

IDR - Issuer Default Rating. Note: Fitch-adjusted debt includes 50% equity credit to fixed-to-floating subordinated notes issued at Emera Inc., to fixed-to-fixed reset rate junior subordinated notes issued at EUSHI Finance, Inc., and to cumulative preferred stock issued at Emera Inc.

Source: Fitch Ratings, Fitch Solutions, New Mexico Gas Company, Inc.

Exclusively for the use of Monica Harlow at Emera Incorporated. Downloaded: 16-Jul-2025

Parent Subsidiary Linkage Analysis

Key Risk Factors and Notching Approach

Parent	Emera Incorporated
Parent LT IDR	BBB
Subsidiary	New Mexico Gas Company, Inc.
Subsidiary LT IDR	BBB+
Path	Stronger Subsidiary
Legal ring-fencing	Porous
Access and control	Porous
Notching matrix outcome	Consolidated+2
Override applied	Yes
Notching approach	Consolidated+1

LT IDR – Long-Term Issuer Default Rating
Source: Fitch Ratings

Stronger Subsidiary Notching Matrix

Access and control	Open	Porous	Insulated
With open ring-fencing	Consolidated	Consolidated+1	Consolidated+2 ^b
With porous ring-fencing	Consolidated+1	Consolidated+2 ^b	Consolidated+2 ^b
With insulated ring-fencing ^a		Standalone	Standalone

^a It is unlikely that considerations for "insulated" legal ring-fencing would coexist with the conditions outlined under "open" for access and control. It is more likely that other factors relevant to legal ring-fencing or access and control, but not within this table, would move either one, or both, of the individual Linkage Factor Assessments (LFAs) to a "porous" level that would lead to a consolidated+1, consolidated+2 or standalone outcome.

^b Notching is capped at the subsidiary's Standalone Credit Profile.

Source: Fitch Ratings

Exclusively for the use of Monica Harlow at Emera Incorporated. Downloaded: 16-Jul-2025

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2025 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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

Docket No. 24-00266-UT

JOINT APPLICANTS

ELECTRONICALLY SUBMITTED AFFIRMATION OF

RYAN A. SHELL

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, Ryan A. Shell, President for New Mexico Gas Company, Inc., affirms and states under penalty of perjury under the laws of the State of New Mexico: I have read the foregoing Revised Application Rebuttal Testimony and Exhibit. I further affirmatively state that I know the contents of my Revised Application Rebuttal Testimony and Exhibit and they are true and accurate based on my personal knowledge and belief.

SIGNED this 10th day of October 2025.

/s/Ryan A. Shell

Ryan A. Shell

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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

CERTIFICATE OF SERVICE

I CERTIFY that on this date I sent via email a true and correct copy of the ***Revised Application Rebuttal Testimony and Exhibit of Ryan A. Shell***, to the people listed here.

NM Gas Company	
Thomas M. Domme	TMD@jkwlawyers.com ;
Brian J. Haverly	BJH@jkwlawyers.com ;
NMGC Regulatory	NMGCRegulatory@nmgco.com ;
BCP Applicants	
Dana S. Hardy	DHardy@hardymclean.com ;
Timothy B. Rode	TRode@hardymclean.com ;
William DuBois	WDubois@wbklaw.com ;
Ed. Baker	Ebaker@scottmadden.com ;
Raymond Gifford	RGifford@wbklaw.com ;
Richard L. Alvidrez	RALvidrez@mstlaw.com
Coalition for Clean Affordable Energy	
Charles De Saillan	Desaillan.ccae@gmail.com ;
Cara R. Lynch	Lynch.Cara.NM@gmail.com ;
Don Hancock	Sricdon@earthlink.net ;
Mark Ewen	Mewen@indecon.com ;
Angela Vitulli	AVitulli@indecon.com ;
Jason Price	JPrice@indecon.com ;
Stefani Penn	Spenn@indecon.com ;
Federal Executive Agencies	
Jelani Freeman	Jelani.Freeman@hq.doe.gov ;
Emily Medlyn	Emily.Medlyn@hq.doe.gov ;
Dwight Etheridge	DEtheridge@exeterassociates.com ;
Incorporated County of Los Alamos	
Daniel A. Najjar	dnajjar@virtuelaw.com ;
Philo Shelton	Philo.Shelton@lacnm.us ;
Thomas L. Wyman	Thomas.Wyman@lacnm.us ;

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

Revised Application Rebuttal Testimony
and Exhibit of Ryan A. Shell

Case No. 24-00266-UT

New Mexico AREA	
Peter J. Gould	Peter@thegouldlawfirm.com ;
Kelly Gould	Kelly@thegouldlawfirm.com ;
Katrina Reid	office@thegouldlawfirm.com ;
Joseph Yar	Joseph@velardeyar.com ;
Shawna Tillberg	Shawna@velardeyar.com ;
New Mexico Department of Justice	
Gideon Elliot	GElliot@nm DOJ.gov ;
Maria Oropeza	MOropeza@nm DOJ.gov ;
Nicole Teupell	Nteupell@nm DOJ.gov ;
New Energy Economy	
Mariel Nanasi	mnanasi@newenergyeconomy.org ;
Christopher Sandberg	CKSandberg@me.com ;
Collin Poirot	CPoirot@jd18.law.harvard.edu ;
NMPRC – Utilities Staff	
Ryan Friedman	Ryan.Friedman@prc.nm.gov ;
Nicholas Rossi	Nicholas.Rossi@prc.nm.gov ;
Kaythee Hlaing	Kaythee.Hlaing@prc.nm.gov ;
Naomi Velasquez	Naomi.Velasquez1@prc.nm.gov ;
Bryce Zedalis	Bryce.Zedalis1@prc.nm.gov ;
Jacqueline Ortiz	Jacqueline.Ortiz@prc.nm.gov ;
Timothy Martinez	Timothy.Martinez@prc.nm.gov ;
Daren Zigich	Daren.Zigich@prc.nm.gov ;
Marc Tupler	Marc.Tupler@prc.nm.gov ;
Larry Blank	LB@tahoeconomics.com ;
Felicia Jojola	Felicia.Jojola@prc.nm.gov ;
Agata Malek	Agata.Malek@prc.nm.gov ;
Prosperity Works	
Cara R. Lynch	Lynch.Cara.nm@gmail.com ;
Ona Porter	Ona@prosperityworks.net ;
Western Resource Advocates	
Cydney Beadles	Cydney.Beadles@westernresources.org ;
Anna Linden Weller	Annalinden.Weller@westernresources.org ;
Caitlin Evans	Caitlin.Evans@westernresources.org ;
Michael Kenney	Michael.Kenney@westernresources.org ;
Bradley Cebulko	BCebulko@currentenergy.group ;
Meera Fickling	MFickling@currentenergy.group ;

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

Revised Application Rebuttal Testimony
and Exhibit of Ryan A. Shell

Case No. 24-00266-UT

PRC General Counsel Division	
Scott Cameron	Scott.Cameron@prc.nm.gov ;
LaurieAnn Santillanes	Laurieann.Santillanes@prc.nm.gov ;
Alejandro Rettig y Martinez	Alejandro.Martinez@prc.nm.gov ;
Russell Fisk	Russell.Fisk@prc.nm.gov ;
Hearing Examiners Division	
Patrick Schaefer Co-Hearing Examiner	Patrick.Schaefer@prc.nm.gov ;
Ana C. Kippenbrock, Law Clerk	Ana.Kippenbrock@prc.nm.gov ;

DATED October 10, 2025

/s/Lisa Trujillo

Lisa Trujillo

Project Manager, Regulatory Affairs

505-697-3831

lisa.trujillo@nmgco.com