

Executive Summary

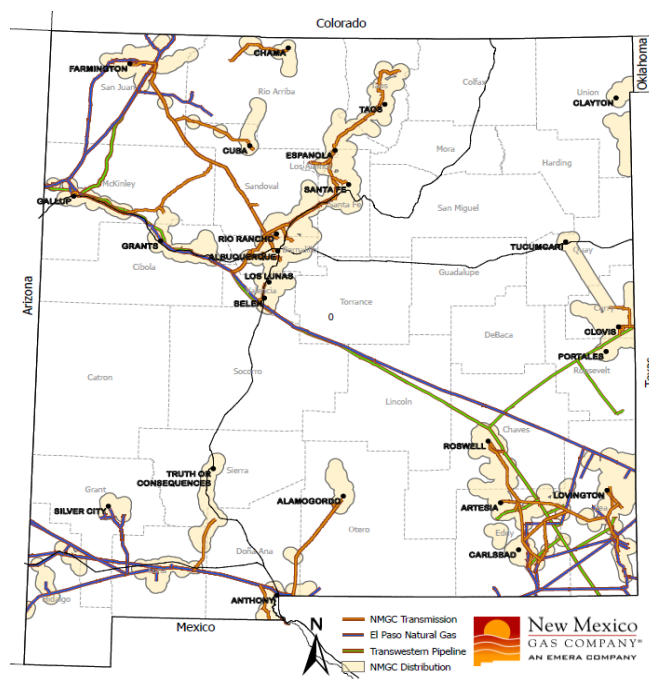
In this Joint Application, Emera Inc (“Emera”), New Mexico Gas Company (“NMGC”), Saturn Utilities Holdco, LLC (“Saturn Holdco”), and affiliated applicants, seek approval of the acquisition by Saturn Holdco of NMGC and the divestiture by Emera, Emera U.S. Holdings, Inc., and TECO Holdings, Inc. of their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

Summary of Transaction

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

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

Significantly, this Transaction envisions the transition of back-office support services provided by Emera and its affiliates to New Mexico from Florida and Canada and anticipates adding approximately 51 to 61 new jobs in New Mexico as part of this transition of services to New Mexico. Upon the closing of the Transaction NMGC and Emera will enter into a Transition Services Agreement (“TSA”) whereby Emera



and its affiliates will continue for up to 18 months after closing to provide certain support services to NMGC to give time to move these support services back to New Mexico.

Summary of the Benefits and Protections of the Transaction

While this Transaction involves Saturn Holdco becoming the owner of NMGC, this Transaction will not impact NMGC's existing assets, operations, or business. NMGC will continue to be a locally operated New Mexico natural gas distribution utility with experienced local leadership and workforce and will retain the name New Mexico Gas Company. The local focus will be reinforced by the move of NMGC back-office support services to New Mexico. NMGC and Saturn Holdco anticipate adding approximately 51 to 61 new NMGC employees to provide these services. An independent economic analysis has determined that these new jobs will result in approximately \$40 million or more in annual additional economic activity in New Mexico, a boost of over \$22 million to New Mexico's gross domestic product, and over \$2.2 million annually in new state and local tax revenues.

Saturn Holdco is committed to making investments in NMGC for the purpose of ensuring continued safe and reliable gas utility service and meeting the long-term needs of NMGC's customers. To this end, Saturn Holdco is well funded and, along with NMGC, commits to continuing to invest in NMGC's system and operations at levels consistent with NMGC's previous investments.

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

The Commission will continue to regulate NMGC after the Transaction. NMGC will continue with all current rates, tariffs, and rules, and customers will not see any changes in rates until new rates are approved by the Commission. Approval of the Transaction will not diminish the level of customer service or reliability NMGC provides to its customers, but rather NMGC and Saturn Holdco believe that service can be enhanced with the return of support services to New Mexico.

As part of this Transaction, Saturn Holdco and NMGC commit to evaluate opportunities for the development of and investment in renewable natural gas, certified low emission natural gas, and/or other lower-carbon energy sources including low-carbon hydrogen development; commit to contribute \$5 million over a period of five years to economic development projects or programs in NMGC's service territory designed to attract new business and to retain and grow existing businesses; and commit to make annual charitable contributions of cash or in-kind donations valued at a minimum of \$500,000 for a total of five years to qualified, tax-exempt organizations that are engaged in the development and improvement of communities and citizens in NMGC's service territory. It is anticipated that these initiatives will result in significant annual additional economic activity in the State which will be beneficial to NMGC customers and the State in general. The \$5 million economic development grants are anticipated to result in at least 54 additional jobs in other industries in New Mexico and more than \$8.6 million of annual additional economic activity in New Mexico.

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