

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE APPLICATION)
OF NEW MEXICO GAS COMPANY, INC.;)
EMERA INC., EMERA U.S. HOLDINGS)
INC.; NEW MEXICO GAS INTERMEDIATE,)
INC.; TECO HOLDINGS, INC.; TECO)
ENERGY, LLC; BCP INFRASTRUCTURE)
FUND II, LP; BCP INFRASTRUCTURE)
FUND II-A, LP; BCP INFRASTRUCTURE)
FUND II GP, LP; SATURN UTILITIES, LLC;)
SATURN UTILITIES HOLDCO, LLC;)
SATURN UTILITIES AGGREGATOR, LP;)
SATURN UTILITIES AGGREGATOR GP,)
LLC; SATURN UTILITIES TOPCO, LP; AND)
SATURN UTILITIES TOPCO GP, LLC FOR)
THE ACQUISITION OF TECO ENERGY)
LLC, AND FOR ALL OTHER APPROVALS)
AND AUTHORIZATIONS REQUIRED TO)
CONSUMMATE AND IMPLEMENT THE)
ACQUISITION,)
)
)
JOINT APPLICANTS.)

Case No. 24-00____-UT

DIRECT TESTIMONY AND EXHIBIT

OF

KAREN HUTT

October 28, 2024

**DIRECT TESTIMONY OF
KAREN HUTT
NMPRC CASE NO. 24-_____-UT**

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
2 **ADDRESS.**

3 **A.** My name is Karen Hutt, and I am the Executive Vice President, Business
4 Development & Strategy, for Emera Inc. (“Emera”). My business address is 5151
5 Terminal Road, Halifax, Nova Scotia, Canada B3J 1A1.

6

7 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND**
8 **AND PROFESSIONAL EXPERIENCE.**

9 **A.** I hold degrees from Acadia University and Mount Saint Vincent University. I also
10 have an ICD.D designation from the Institute of Corporate Directors.

11

12 I joined Emera in 2001, and have held a number of roles within the Emera family
13 of companies, including:

- 14 • President and Chief Executive Officer of Nova Scotia Power Inc.
- 15 • Vice President, Mergers and Acquisitions for Emera
- 16 • Executive Vice President, Commercial for Emera Energy
- 17 • President of Northeast Wind, Executive Vice President, Commercial

18 My educational background and professional experience are set out in greater detail
19 in my resume, which is attached as JA Exhibit KH-1.

20

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1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEW MEXICO**
2 **PUBLIC REGULATION COMMISSION (“NMPRC” OR THE**
3 **“COMMISSION”)?**

4 **A.** No.

5
6 **Q. WHAT IS THE PRIMARY PURPOSE OF YOUR DIRECT TESTIMONY IN**
7 **THIS CASE?**

8 **A.** The purpose of my testimony is to support the Joint Application of New Mexico
9 Gas Company Inc. (“NMGC”); Emera; Emera U.S. Holdings Inc. (“EUSHI”); New
10 Mexico Gas Intermediate, Inc. (“NMGI”); TECO Holdings, Inc. (“TECO
11 Holdings”); TECO Energy, LLC (formerly TECO Energy, Inc.) (“TECO Energy”);
12 Saturn Utilities, LLC (“Saturn Utilities”); Saturn Utilities Holdco, LLC, (“Saturn
13 Holdco”); BCP Infrastructure Fund II, LP (“BCP Infrastructure Fund II”); BCP
14 Infrastructure Fund II-A, LP (“BCP Infrastructure Fund II-A”); and BCP
15 Infrastructure Fund II GP, LP (“BCP Infrastructure II GP” and collectively with
16 BCP Infrastructure Fund II and BCP Infrastructure Fund II-A, the “BCP
17 Infrastructure Funds”); Saturn Utilities Aggregator, LP (“Saturn Aggregator”);
18 Saturn Utilities Aggregator GP, LLC (“Saturn Aggregator GP”); Saturn Utilities
19 Topco, LP (“Saturn Topco”) and Saturn Utilities Topco GP, LLC (“Saturn Topco
20 GP” and together with Saturn Aggregator, Saturn Aggregator GP, Saturn Topco,
21 Saturn Utilities, and Saturn Topco GP, the “Intermediate Companies”)

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1 (collectively, the “Joint Applicants”) for approval of the change in ownership of
2 TECO Energy and its wholly owned subsidiaries NMGI, and NMGC (the
3 “Transaction”). Specifically, I discuss the current ownership structure of NMGC,
4 Emera’s decision to sell TECO Energy to Saturn Holdco, the arm’s length sales
5 process that Emera undertook, and the Transition Services Agreement (“TSA”) that
6 will facilitate an orderly and efficient transition by allowing NMGC to continue to
7 receive shared services from Emera and its affiliates for up to 18 months after the
8 Transaction closes.

9
10 **Q. PLEASE DESCRIBE THE CURRENT OWNERSHIP STRUCTURE OF**
11 **NMGC.**

12 **A.** NMGC is currently part of the Emera family of companies, with Emera being the
13 ultimate parent of NMGC. There are several holding companies between Emera
14 and NMGC. First, there is EUSHI. EUSHI is wholly and directly and indirectly
15 owned by Emera. EUSHI is the company which owns, directly or indirectly, all of
16 Emera’s businesses in the United States.

17
18 EUSHI directly and wholly owns TECO Holdings, Inc.
19

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1 Together, EUSHI and TECO Holdings own all of the membership interest of TECO
2 Energy. EUSHI owns all Class A voting membership units of TECO Energy, and
3 TECO Holdings owns all Class B non-voting membership units in TECO Energy.
4 TECO Energy directly and wholly owns NMGI. NMGI directly and wholly owns
5 NMGC.

6

7 **Q. PLEASE DESCRIBE EMERA’S DECISION TO SELL TECO ENERGY,**
8 **NMGI, AND NMGC.**

9 **A.** In late 2023, Emera undertook a thorough analysis of its portfolio of assets.
10 Through that analysis, Emera determined that the sale of some assets would
11 strengthen Emera’s balance sheet and support the funding of Emera’s future capital
12 investment plan.¹ Earlier this year Emera sold its equity stake in the Labrador
13 Island Link project in Canada. In addition, there were multiple parties that
14 expressed interest to Emera in the possible acquisition of NMGC. Emera explored
15 these opportunities, which ultimately culminated in the agreement between EUSHI
16 and TECO Holdings and Saturn Holdco to acquire NMGC.

17

18 The Transaction is beneficial for all parties. Emera will utilize the proceeds from
19 the sale to reduce existing holding company debt within Emera and support the

¹ Emera released a press release on June 28, 2024, announcing strategic reallocation of capital to drive long-term growth. This press release was filed in Case No. 15-00327-UT on July 2, 2024.

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1 capital plans of other Emera-owned businesses. Bernhard Capital Partners
2 Management, LP (“BCP Management”) provides support to the BCP Infrastructure
3 Funds and other such investment funds. New Mexico is already home to other
4 businesses owned by funds supported by BCP Management. The BCP
5 Infrastructure Funds and Saturn Holdco, are excited to grow in New Mexico and
6 participate in the state’s bright future. The Transaction also aligns with the BCP
7 Infrastructure Funds’ objective to invest in public utilities.

8
9 **Q. PLEASE BRIEFLY DESCRIBE THE PROCESS THAT LED TO THE**
10 **PROPOSED TRANSACTION.**

11 **A.** Emera performed an analysis to determine what assets, if any, to potentially sell.
12 Emera identified NMGC as one of those assets. Emera then hired a financial
13 advisor to help identify parties that would potentially be interested in acquiring
14 NMGC. The firm identified several possible acquirers, who were then contacted
15 to determine interest level. A number of parties executed non-disclosure
16 agreements and reviewed information related to NMGC. A small number of parties
17 were then selected for further negotiations and discussions. Ultimately, Emera and
18 BCP Management were able to reach an agreement wherein Saturn Holdco would
19 acquire TECO Energy, and thereby NMGI and NMGC, from Emera. The process
20 took approximately nine months and was conducted on an arm’s length basis

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1 among sophisticated business entities assisted by qualified and experienced
2 advisors.

3

4 **Q. ARE SATURN HOLDCO AND THE BCP INFRASTRUCTURE FUNDS**
5 **QUALIFIED AND FINANCIALLY HEALTHY TO OWN NMGC?**

6 **A.** Yes. BCP Management has a proven track record of attracting capital for funds it
7 supports, such as the BCP Infrastructure Funds, making long-term investments in
8 infrastructure assets.

9

10 NMGC is a financially healthy utility that has done an outstanding job providing
11 reliable gas service to its many customers in New Mexico. The management team
12 at NMGC will stay in place after the Transaction closes, and will continue to
13 responsibly operate the utility. NMGC will have new parent entities that have
14 demonstrated success in raising funds and making long-term investments in
15 infrastructure-centered companies like NMGC. NMGC will also operate as a
16 standalone utility with more New Mexicans providing services to New Mexico
17 residents.

18

19 Finally, while NMGC will operate as a standalone utility, it will still have the ability
20 to share best practices and lessons learned with the other utilities that BCP

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1 Management currently has in its investment portfolio, as well as the gas utilities its
2 managed funds are acquiring in Louisiana and Mississippi

3

4 **Q. PLEASE SUMMARIZE THE TRANSACTION.**

5 **A.** The Transaction is a change of ownership of TECO Energy. NMGC will continue
6 to exist as a separate corporate entity that is wholly owned directly by NMGI and
7 indirectly by TECO Energy. Ultimately, the BCP Infrastructure Funds and Saturn
8 Holdco will replace Emera, EUSHI, and TECO Holdings as parent companies of
9 NMGC.

10

11 As described in the Purchase and Sale Agreement dated August 5, 2024 (“PSA”),
12 subject to the Commission granting the approvals the Joint Applicants are
13 requesting, and pursuing other necessary regulatory approvals discussed in the
14 Direct Testimony of Joint Applicant witness Jeffrey M. Baudier, the parties will
15 close the Transaction. The Joint Applicants have publicly stated they will not close
16 the Transaction prior to September 30, 2025 unless otherwise authorized by the
17 Commission.² However, the Joint Applicants believe that it would be in the public
18 interest to authorize an earlier closing date to permit the benefits of this Transaction

² Emera released a press release on August 5, 2024, announcing the proposed Transaction. This press release was filed in Case No. 15-00327-UT on August 12, 2024.

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1 to begin to be realized sooner, and are thus requesting Commission approval to
2 close as soon as is practicable, in advance of September 30, 2025.

3
4 At closing, EUSHI and TECO Holdings will transfer all membership interests of
5 TECO Energy to Saturn Holdco. This will result in the BCP Infrastructure Funds
6 and Saturn Holdco indirectly wholly owning and controlling NMGC.

7
8 Emera, EUSHI, and TECO Holdings will no longer own or control, directly or
9 indirectly, NMGC.

10
11 The resulting ownership structure is detailed in the Amended General
12 Diversification Plan attached to the Direct Testimony of Mr. Baudier as JA Exhibit
13 JMB-3.

14

15 **Q. PREVIOUSLY TECO ENERGY WAS THE HOLDING COMPANY FOR**
16 **ALL OF EMERA’S FLORIDA ASSETS. IS EMERA SELLING ALL OF**
17 **THE FLORIDA ASSETS AS PART OF THE TRANSACTION?**

18 **A.** No. As part of the process of preparing for the Transaction, all of the assets that
19 TECO Energy owned, other than NMGI and NMGC, were transferred to TECO
20 Holdings. Emera and EUSHI will continue to own these assets going forward, and
21 they are not part of the Transaction.

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1 **Q. WILL EMERA AND ITS AFFILIATES STOP PROVIDING SERVICES TO**
2 **NMGC IMMEDIATELY UPON THE CLOSING OF THE TRANSACTION?**

3 **A.** No. The Joint Applicants are proposing a transition period whereby Emera and its
4 Florida-based affiliates will continue to provide services to NMGC for a period of
5 up to 18 months after closing of the Transaction pursuant to the TSA (which the
6 Joint Applicants also seek approval). As NMGC stands up different services
7 internally in New Mexico, it can eliminate services it receives from the Emera
8 family of companies.

9

10 **Q. HOW WERE THE COSTS THAT EMERA WILL CHARGE NMGC**
11 **DETERMINED UNDER THE TSA?**

12 **A.** The costs contained within the TSA were determined in the same manner as the
13 current charges for shared services provided to NMGC. The charges are consistent
14 with the shared services costs in NMGC's most recent general rate case filing –
15 Case No. 23-00255-UT. These costs use historical information and are either 1)
16 direct charges to NMGC or 2) allocated to NMGC using the methods set out in the
17 Cost Allocation Manual developed by TECO Energy, NMGC and stakeholders.

18

19 **Q. ARE THE COSTS CONTAINED IN THE TSA FAIR AND REASONABLE?**

20 **A.** Yes, the costs for these services are calculated in the same way as they are today,
21 which uses the same methodology that Emera and its affiliates have used for the

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1 last several years. Emera and its affiliates will provide services in the same manner
2 as those services are currently being provided to NMGC. Monthly invoices will
3 detail the service provided, the cost of those services, and the basis for calculation
4 and allocation of those costs, all consistent with current practices for shared
5 services.

6

7 **Q. IN YOUR OPINION, IS THE TSA IN THE PUBLIC INTEREST?**

8 **A.** Yes. The TSA will facilitate an orderly and efficient transition by ensuring NMGC
9 continues to receive the services necessary to provide safe reliable utility services
10 to customers during the up to 18-month period that NMGC transitions to a stand-
11 alone utility.

12

13 **Q. IN YOUR OPINION, IS APPROVAL OF THE TRANSACTION IN THE
14 PUBLIC INTEREST?**

15 **A.** Yes. Saturn Holdco and the BCP Infrastructure Funds are excited to invest in New
16 Mexico. Saturn Holdco and the BCP Infrastructure Funds are financially strong
17 entities that are committed to local management, maintaining a local board, and
18 helping NMGC thrive into the future. Other funds supported by BCP Management
19 have already invested in New Mexico and are expanding their positions in natural
20 gas utilities. As part of this Transaction, Saturn Holdco and the BCP Infrastructure
21 Funds are anticipated to add 51 to 61 new full-time positions at NMGC, and

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1 amongst other benefits, make further investments in economic development, which
2 will create significant economic benefits to New Mexico as further described in the
3 testimony of Joint Applicants' witness Dr. Christopher Erickson. All of these are
4 positives for NMGC and its customers.

5
6 Emera has greatly appreciated the opportunity to be part of the rich and vibrant
7 community in New Mexico.

8

9 **Q. HAS EMERA SATISFIED ALL OF THE COMMITMENTS THAT IT**
10 **MADE IN NMPRC CASE NO. 15-00327-UT?**

11 **A.** Yes. Emera honored all of its promises to New Mexico and to ratepayers.

12

13 **Q. WHAT IS EMERA REQUESTING FROM THE COMMISSION?**

14 **A.** Emera first asks that the Commission approve the Transaction. Along with that
15 request, Emera asks the Commission to approve Emera's, EUSHI's, and TECO
16 Holding's divestiture of TECO Energy, NMGI, and NMGC, and find that Emera and
17 EUSHI are no longer New Mexico public utility holding companies as that term is
18 used in the New Mexico Public Utility Act. Finally, Emera is requesting the
19 Commission authorize NMGC to retain certain shared services from Emera and its
20 companies for a period of up to 18 months after closing of the Transaction, as
21 provided for in the TSA.

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1 **Q.** **DOES THIS CONCLUDE YOUR TESTIMONY?**

2 **A.** Yes.

KAREN E. HUTT

PROFILE

An energetic professional with executive level experience in strategy and planning, mergers and acquisitions, operations, marketing, sales, and corporate affairs.

EXPERIENCE

Oct 2019 – current **Emera Inc.** Halifax, NS

Executive Vice President, Business Development and Strategy

- Lead the corporate strategy function, working closely with senior executive leaders, the Board of Directors and Emera’s operating companies.
- Develop and execute Emera’s growth strategy.
- Lead Emera’s Corporate Affairs activities including Communications, Community Investments, Reputation & Stakeholder Management and Government Relations.

Aug 2016 – Oct 2019 **Nova Scotia Power Inc.** Halifax, NS

President and CEO

- Led all aspects of company functions of Emera’s second largest electric utility.
- Led the customer-centric strategy renewal process to ensure that the business is positioned to deliver safe, reliable, and affordable electricity to all Nova Scotians.
- Highly engaged in building key stakeholder relationships, including regulatory, customers, community, and policymakers.

May 2015 – Aug 2016 **Emera Inc.** Halifax, NS

Vice President, Mergers and Acquisitions

- Led Emera’s business development activities around growth through mergers and acquisitions for electric and gas utilities and generation.
- Manage and oversee portfolio optimization activities.

Aug 2010 – April 2015 **Emera Energy Inc.** Halifax, NS

Executive Vice President, Commercial

- Executive leadership responsibility for company’s gas and power trading, marketing and asset management, origination, and analytical functions.
- Oversight & direction of acquisition and business development activities.
- Oversight of Emera’s 49% Joint Venture with First Wind, including commercial operations of ~400 MW of wind operations in US Northeast.

Jan 2009 – Aug 2010 **Emera Energy Inc.** Halifax, NS

Vice President, Power

- Executive leadership responsibility for Power business that included Origination, Asset Management and Operations.
- Led market planning and execution resulting in doubling the business line growth in key geographies.

Sept 2006 – Dec 2008 **Emera Energy Inc.** Halifax, NS

Director, Portfolio Planning and Development

- Senior leadership team responsibility for strategic planning, new market development and portfolio risk evaluation and optimization.
- Delivered company's first robust strategic plan that received full Board approval followed by detailed implementation plan.
- Led ongoing development of the Power Marketing strategy, including the origination of new business opportunities.

Nov 2003 – Sept 2006 **Emera Inc.** Halifax, NS

Director, Corporate Strategy and Development

Sr. Manager, Decision Analysis Integration

- Led corporate-wide strategic planning activities working closely with CEO, Emera Executive and Emera Board of Directors.
- Responsible for integrating Decision Analysis; an innovative stage-gate evaluation framework adopted by Emera to address strategic opportunities valued at \$5 million plus.

June 2001 – Nov 2003 **Nova Scotia Power Inc.** Halifax, NS

Sr. Marketing Manager

- Responsible for leading development and implementation of integrated marketing strategy for residential and commercial markets.

Aug 2000 – June 2001 **Ocean Nutrition Canada Ltd.** Halifax, NS

Manager, Sales & Marketing, North America & Europe

- Senior management team responsibility for all aspects of sales & marketing for the company's two primary markets. Secured the single largest sales contract in the company's history at that time, generating annual revenues of approximately \$5 million.

Jan 1999 – July 2000 **Canada Life Casualty Insurance Co.** Toronto, ON

Assistant Vice President, Sales & Marketing

- Reporting to divisional President, managed all sales and marketing functions. Managed relationships with key customers representing \$50 million in annual revenues and led teams through two of the company's largest customer acquisitions.

EDUCATION

- 1989 – 1992 **Bachelor of Business Administration**, Mount Saint Vincent University, Halifax, NS
- 1985 – 1989 **Bachelor of Arts**, Acadia University, Wolfville, NS
- 2015 – 2016 **ICD.D**, Rotman School of Business Director Education Program, Toronto, ON

COMMUNITY ACTIVITIES

- Acadia University Board of Governors, Officer of the Board, 2017 – current
- IWK Health Centre Board of Directors (Past Board Chair), 2014 – 2019
- IWK Foundation Board of Trustees, 2013 – 2014
- Junior Achievement of Nova Scotia Board of Directors (Past Chair), 2005 – 2011

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CONSUMMATE AND IMPLEMENT THE)
ACQUISITION,)
)
)
JOINT APPLICANTS.)

**ELECTRONICALLY SUBMITTED AFFIRMATION OF
KAREN HUTT**

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, Karen Hutt, Executive Vice President of Business Development & Strategy, for Emera Inc., affirms and states under penalty of perjury under the laws of the State of New Mexico: I have read the foregoing Direct Testimony and Exhibits of Karen Hutt, and they are true and accurate based on my personal knowledge and belief.

SIGNED this 28th day of October 2024.

/s/Karen Hutt
Karen Hutt