BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

SIN 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	)	

REBUTTAL TESTIMONY AND EXHIBITS

OF

PETER I. TUMMINELLO

May 16, 2025

NMPRC CASE NO. 24-00266-UT

INDEX TO THE REBUTTAL TESTIMONY OF

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Peter I. Tumminello. My business address is 201 St. Charles Avenue, Suite 3000, New Orleans, LA 70130.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am filing testimony on behalf of the BCP Applicants.[1]

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

A. I am the Executive Chairman of the Board for Delta Utilities and am also the President and Founder of Anticipate Energy Advisors.

Q. PLEASE BRIEFLY OUTLINE YOUR RESPONSIBILITIES IN THOSE POSITIONS.

A. As Executive Chairman of the Board for Delta Utilities, I am responsible for overall direction and governance of the board and company executive leadership. The company has approximately 1000 employees, $1.7 Billion in market capitalization, and was formed through the acquisition of Centerpoint's Louisiana and Mississippi natural gas utilities and

[1] The BCP Applicants include BCP Infrastructure Fund II, LP ("BCP Infrastructure Fund II"); BCP Infrastructure Fund II-A, LP ("BCP Infrastructure Fund II-A"); BCP Infrastructure Fund II GP, LP ("BCP Infrastructure II GP," and together with BCP Infrastructure Fund II and BCP Infrastructure Fund II-A, the "BCP Infrastructure Funds"); and Saturn Utilities Aggregator, LP; Saturn Utilities Topco, LP; Saturn Utilities, LLC; Saturn Utilities Holdco, LLC; Saturn Utilities Aggregator GP, LLC; and, Saturn Utilities Topco GP, LLC, (collectively, the "Saturn Companies").

the planned closing in July 2025 of the Entergy New Orleans and Louisiana natural gas utilities.

As the President and Founder of Anticipate Energy Advisors, I provide consulting services to the retail, wholesale, midstream, and natural gas utility industries. Primary services are in the areas of M&A due diligence support, organizational design, operational best practices, risk management, and overall management and leadership of businesses in the natural gas industry.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I have a Bachelor of Science in Petroleum Engineering from Louisiana Tech University and an MBA in Finance from the University of Southwestern Louisiana.

Q. HAVE YOU PROVIDED A COPY OF YOUR CURRICULUM VITAE THAT SUMMARIZES YOUR PROFESSIONAL EXPERIENCE?

A. Yes, my curriculum vitae is provided as JA Exhibit PIT-1 (Rebuttal) to my Rebuttal Testimony.

Q. DO YOU SPONSOR ANY OTHER ATTACHMENTS WITH YOUR DIRECT TESTIMONY?

A. Yes. I sponsor JA Exhibit PIT-2 (Rebuttal).

Q. WERE THESE EXHBITS PREPARED BY YOU OR UNDER YOUR DIRECT SUPERVISION AND CONTROL OR TRUE AND CORRECT COPIES OF THE DOCUMENTS YOU HAVE REPRESENTED THEM TO BE?

A. Yes.

II. SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. My testimony responds to concerns raised by New Mexico Public Regulation Commission ("Commission" or "NMPRC") Utility Division Staff ("Staff") and certain intervenors regarding the BCP Applicants' request for authorization to acquire New Mexico Gas Company ("NMGC") from Emera, Inc. ("Emera").[2] Specifically, I respond to concerns regarding shared services that involve Information Technology ("IT") systems and explain that the BCP Applicants' rebuttal proposal to provide IT shared services between NMGC and Delta Utilities will provide synergies, cost savings, and technology upgrades that will benefit NMGC and its New Mexico retail customers. I address these matters from a business and utility operations perspective, and Joint Applicant witness Mark S. Miko will address the mechanics of the proposal from an IT perspective.

Q. WHICH STAFF AND INTERVENOR WITNESSES RAISE CONCERNS REGARDING IT SYSTEM COSTS?

[2] The BCP Applicants will acquire TECO Energy, a public utility holding company that owns and holds New Mexico Gas Intermediate ("NMGI"). NMGI owns 100% of the issued and outstanding stock of NMGC.

A. Several Staff and intervenor witnesses express concerns regarding the BCP Applicants' proposal to transition shared IT services back to New Mexico, including: Staff witness Daren Zigich;[3] Staff witness Larry Blank;[4] Staff witness Naomi Velasquez;[5] New Mexico Department of Justice ("NMDOJ") witness Mark Garrett;[6] New Energy Economy ("NEE") witness Christopher Sandburg;[7] and Federal Executive Agencies ("FEA") witness Dwight Etheridge.[8]

Q. WHAT CONCERNS DO THESE WITNESSES RAISE?

A. These witnesses generally argue that the BCP Applicants' plan to transition shared IT services back to NMGC will result in increased costs and a lack of synergies.

Q. WHAT ARE YOUR RECOMMENDATIONS IN THIS PROCEEDING?

A. As discussed below, the BCP Applicants' rebuttal proposal to provide shared IT services between Delta Utilities and NMGC will result in efficiencies and cost savings for NMGC's customers. For this reason, and the other reasons discussed by the Joint Applicants' rebuttal witnesses, I recommend that the Commission approve the BCP Applicants' request to acquire NMGC from Emera. The transaction will result in synergies, cost savings, and

[3] *See* D. Zigich Dir. at 12-13.

[4] *See* L. Blank Dir. at 17.

[5] *See* N. Velasquez Dir. at 5-10.

[6] *See* M. Garrett Dir. at 7, 28, 35-41.

[7] *See* C. Sandburg Dir. at 10, 27-29.

[8] *See* D. Etheridge Dir. at 7-9, 19-28, 31.

technology upgrades that provide net benefits to NMGC's New Mexico customers. Accordingly, the transaction is in the public interest.

III. TRANSITION OF IT SHARED SERVICES FROM EMERA

Q. WHAT IS THE CURRENT SHARED SERVICES MODEL FOR THE IT SYSTEMS AT NMGC?

A. NMGC currently operates under a shared services model, in which certain services and business functions are provided by Emera (the parent company) affiliates. This includes services related to several key core business functions, including Finance and Human Resources, as well as many IT functions, such as corporate applications and cybersecurity support. NMGC's current ERP system – SAP ECC 6.0, was originally released in 2005 and is approaching its end-of-support date on December 31, 2027.

Q. HOW DO EMERA AND THE BCP APPLICANTS PROPOSE TO TRANSITION THE SHARED IT SERVICES AFTER CLOSING OF THE TRANSACTION?

A. Emera and the BCP Applicants have agreed to a phased transition approach that includes utilizing a Transition Services Agreement ("TSA") in which the Emera affiliates will continue providing some shared service functions to NMGC post-close, allowing for a seamless and diligent transition of these core business functions and IT systems.

Q. HAVE YOU PROVIDED A SUMMARY OF THE TRANSITION PLAN?

A. Yes. JA Exhibit PIT-2 (Rebuttal) consists of a summary of the transition plan. I discuss the portions of the plan that address IT systems in my testimony below.

Q. WHAT ARE THE GOALS OF THE TRANSITION?

A. The primary goals of the transition are to effectively transition NMGC into a business operation that leverages a shared IT services model with Delta Utilities, a BCP Management portfolio company and regulated natural gas utility that serves customers across the Gulf South, while ensuring continuity of service to customers and minimizing disruption to existing business processes. The transition process will allow for diligent implementation and change management through a phased approach under the TSA, and will leverage and retool in-house resources. After the transition is complete, NMGC will operate independently of its current parent company by bringing key shared service functions in-house, including a new ERP system with shared management and resources with Delta Utilities.

IV. IT SHARED SERVICES FOLLOWING THE ACQUISITION

Q. HOW WERE SHARED IT SERVICES ADDRESSED IN THE APPLICATION?

A. The plan described in the original application anticipated that NMGC would continue to operate on a cloned version of Emera's SAP ERP system, supported by a newly established, dedicated IT team within NMGC. This plan also assumed that NMGC would implement and manage its own cybersecurity tools, policies, procedures, and staff to support a fully independent IT environment post-transition.

Q. HAS THAT PLAN CHANGED?

A. Yes. The BCP Applicants now propose a shared services model under which NMGC will operate on its own dedicated version of Oracle Fusion Cloud ERP, including the Oracle

Work and Asset Cloud Service ("WACS"), which will be cloned from Delta Utilities' configuration. This dedicated version ensures that NMGC has full autonomy to tailor system configurations to meet its specific operational and regulatory needs, while benefiting from a pre-established, gas-utility–specific system architecture. This plan is designed to leverage the proven capabilities and infrastructure of Delta Utilities.

Q. WHY HAVE THE BCP APPLICANTS REVISED THEIR PLAN REGARDING IT SERVICES?

A. As mentioned above, various Staff and Intervenor witnesses have raised concerns regarding a perceived lack of synergies and potential cost increases due to the BCP Applicants' plan to bring shared services back to New Mexico. In addition, as the planning process progressed, it became clear that significant investments would be required to modernize both the SAP ERP system and the Hitachi Asset Suite platform currently used by NMGC, in addition to costs associated with cloning and transitioning the system. In fact NMGC has forecasted these investments in the near future. The existing SAP environment is based on ECC 6.0, an on-premise legacy version that is scheduled to reach end-of-support by the end of 2027. Similarly, NMGC currently operates a standalone on-premise version of Hitachi's Asset Suite, supported directly by its internal IT team and not as part of the shared services provided by Emera. This legacy system, which includes additional bolt-on work scheduling, safety, and compliance applications, is approaching obsolescence and will require a significant upgrade or replacement in the near future.

Taking on both of these upgrade initiatives following the transition period would introduce significantly more cost, as implementation of system upgrades, including all efforts related to integration, data migration, and testing, would immediately need to be redone for the new systems. In light of these factors, the plan was re-evaluated to explore a more efficient and modern alternative that delivers a new ERP system and modernizes NMGC's IT infrastructure and operations through one transition effort.

Q. HOW HAS THE PLAN FOR SHARED IT SERVICES CHANGED SINCE THE APPLICATION WAS FILED?

A. Under the revised approach, NMGC will adopt a dedicated version of the Oracle Fusion Cloud ERP system and WACS cloned from a fit-for-purpose instance configured specifically for natural gas local distribution company operations that will be in use at Delta Utilities, another natural gas distribution utility within the BCP portfolio at the time of the transition. This option avoids upgrade costs and allows NMGC to benefit from an enterprise-grade, gas-utility–specific system configuration that will have been vetted and deployed.

Moreover, by aligning its platform with Delta Utilities, NMGC can now take advantage of a shared services support model for IT functions, leveraging a skilled IT organization that supports this specific instance of Oracle ERP, Oracle WACS, and related cybersecurity functions. This opportunity for shared support was not available under the originally proposed SAP-based strategy because Delta Utilities is not utilizing SAP. It enables a more

efficient allocation of resources, reduces long-term support costs, and minimizes the operational risks associated with staffing and maintaining a standalone IT organization.

In addition, because the same IT organization will have just completed the transition of two other natural gas local distribution companies within the BCP Management portfolio to this Oracle platform, many of the same team members—who bring direct, recent experience with both the IT infrastructure and systems and the business context—will now be available to support the NMGC transition. This continuity offers significant implementation advantages, including greater efficiency and reduced ramp-up time, at significantly lower risk with the ability to apply lessons learned from two nearly identical deployments to ensure an even smoother transition for NMGC.

In summary, the revised plan differs from the original in three key ways: (1) it replaces the SAP ERP and Asset Suite platforms with Oracle Fusion Cloud ERP and WACS; (2) it eliminates the need for NMGC to independently implement major system upgrades nearly immediately following the transition period; and (3) it enables the use of a shared services support model for IT and cybersecurity, improving efficiency and reducing ongoing costs.

Q. HOW LONG DID IT TAKE TO DEVELOP THE ORACLE FUSION CLOUD ERP AND WACS FOR DELTA UTILITIES?

A. The platform has been in development for approximately 18 months, including planning, building, testing, and implementation. Significant effort has been expended to ensure the

solution will meet the needs of gas utilities. We expect the transition for NMGC will be less than 18 months.

Q. IS THE ORACLE FUSION CLOUD ERP AND WACS PLATFORM THAT DELTA WILL UTILIZE DESIGNED SPECIFICALLY FOR USE BY A GAS UTILITY?

A. Yes. The Oracle Fusion Cloud ERP and Oracle WACS platform implemented by Delta was developed as a greenfield deployment specifically configured to support the needs of a gas local distribution company. The system was purpose-built with gas utility operations in mind, incorporating best practices for capital project management, work order execution, regulatory compliance, and asset lifecycle tracking. NMGC will leverage this same platform configuration—cloned from Delta's environment—allowing it to benefit from a gas LDC-specific, while avoiding the time, cost, and risk of a full system design effort.

Q. HOW WILL IT SERVICES BE SHARED FOLLOWING THE ACQUISITION?

A. The shared services aspect refers to the ongoing support and management of these IT systems. Rather than building a fully separate IT support organization, NMGC will utilize a centralized IT support team that currently supports Delta Utilities. This team has existing expertise in Oracle ERP, Oracle WACS, and cybersecurity – the three most significant IT components in common between the companies, and will provide NMGC with core IT services including application support, application updates and patching, user provisioning, cybersecurity monitoring, and incident response.

Q. WILL NMGC MANAGEMENT BE ABLE TO AFFECT THE LEVEL OF SERVICE PROVIDED UNDER THE NEW SOLUTION?

A. Yes. In fact, a core benefit of this transition is that NMGC management will gain significantly more control and influence over the systems, processes, and services that support their operations—a level of autonomy they do not have today under the Emera shared services model.

Currently, many of NMGC's core business functions—such as finance, supply chain, and HR—are supported through shared systems and service teams managed by Emera. These systems were originally configured to serve a broader enterprise, including electric utility operations, and have not been optimized for the specific needs of a gas local distribution company, and more specifically, NMGC. As a result, NMGC management has limited flexibility to make system improvements, streamline workflows, or implement changes that directly support their employees or customers. In many cases, even minor enhancements must be negotiated across multiple business units, prioritized against the needs of other operating companies, or delayed due to system constraints.

Under the new solution, NMGC will operate on its own dedicated instance of Oracle Fusion Cloud ERP and Oracle WACS. This change brings both technical autonomy and organizational accountability. NMGC's leadership will have the authority to initiate system changes, adjust workflows, prioritize enhancements, and oversee support levels based on their own business priorities, without being constrained by the needs of other entities.

In addition, key back-office functions that were previously centralized under Emera will now reside within the NMGC organization, meaning that business process owners will have direct visibility into performance, the ability to drive continuous improvement, and the opportunity for real-time, on-the-ground interactions and collaboration that inform decision-making and functional improvements. With formal service-level agreements ("SLAs"), performance tracking, and a shared IT support team that is contractually aligned with NMGC's goals, management will be empowered to hold providers accountable, escalate issues, and implement corrective actions as needed.

This model not only improves the quality and responsiveness of internal services, but also strengthens regulatory alignment, customer service delivery, and overall operational performance. In short, it puts authority and accountability where it belongs—with the informed, local leadership at NMGC.

Q. WHAT PRIORITY WILL THE IT SHARED SERVICES PERSONNEL GIVE TO NMGC ISSUES, OUTAGES, AND HOW WILL NMGC BE ASSURED OF THE APPROPRIATE LEVEL OF SUPPORT?

A. Under the new IT shared services model, NMGC will be assured of a dedicated and accountable level of support, with clear mechanisms in place to ensure that issues, outages, and support requests are addressed with appropriate urgency and responsiveness. Day-to-day support and operational priorities will be governed by formal service-level agreements SLAs that define expected performance standards, including response and resolution times for incidents of varying severity. These SLAs will provide a transparent and enforceable

framework to ensure that NMGC's critical business needs are prioritized and consistently met. For example, major outages or system errors affecting operations would trigger immediate response protocols, with defined escalation procedures and resolution timeframes.

Beyond routine operational support, NMGC will have the ability to manage and prioritize discretionary requests—such as system enhancements, workflow changes, or reporting needs—within a capacity-based support model. The shared services agreement will allocate a defined level of support capacity to NMGC, and NMGC management will have the flexibility to determine how that capacity is used based on evolving business needs and budget considerations. This model ensures that NMGC is not simply a "consumer" of support services, but rather a governing participant in how services are delivered and prioritized.

Importantly, the shared services team will include personnel with specific knowledge of NMGC's business environment and regulatory context. These team members will be accountable to NMGC leadership through established governance channels, performance reporting, and ongoing operational reviews. This ensures that support services remain aligned with NMGC's objectives—not just technically, but strategically.

In summary, the combination of SLA-backed operational support and flexible, capacity-based service governance ensures that NMGC receives the right level of attention and

responsiveness—when and where it matters most—while maintaining full transparency and control over how services are delivered.

Q. WILL KEY PERFORMANCE INDICATORS BE TRACKED AND REPORTED?

A. Yes. As discussed by Mr. Miko, key indicators will be tracked to ensure the system is operating as expected.

Q. WHAT CONTINGENCY PLANS ARE IN PLACE IF THERE ARE PROBLEMS WITH THE TRANSITION?

A. Contingency planning will be built into both the transition strategy and the governance structure to ensure that, in the unlikely event of a failure or material cost overrun, NMGC remains operational and financially accountable.

From a systems, business readiness, and execution perspective, the transition will be managed under the oversight of a dedicated Transition Management Office ("TMO"), which will be responsible for identifying and mitigating risk early, enforcing disciplined change control, and ensuring that scope, schedule, and budget remain aligned. Project progress is being tracked against detailed workplans with built-in checkpoints and phase gates, enabling issues to be identified and addressed before they escalate. Additionally, the Business Readiness and the IT workstreams will each have independent Project Management Office ("PMO") structures in place which will report to the TMO.

If any element of the transition timeline begins to slip, a number of contingency options will be in place:

- Temporary Extension of TSA Services: The TSA with Emera includes a mutually agreed extension clause that allows for up to twelve additional months of service for a total of two years. This option would be triggered if key system components or data migration activities require more time to complete. While this would not be ideal, it provides a known fallback to avoid operational disruption.

- Phased Cutover: The implementation is structured to allow for phased deployment of systems where appropriate, rather than an all-at-once "big bang" approach. This reduces the risk of failure and allows for targeted rollback if needed.

- Fallback to Current Systems: In a worst-case scenario, data and systems will be preserved in a format that would allow fallback access to legacy systems under TSA for critical functions. Data migration testing and cutover rehearsals will include go/no-go criteria and rollback plans to protect continuity.

Importantly, the decision to leverage a cloned instance of a functioning Oracle system—that has completed build phase and will already be implemented for Delta Utilities well ahead of transitioning NMGC's operations—dramatically reduces the risk of failure, since the configuration, support team, and integration architecture have already been validated. Similarly, shared services support for IT and cybersecurity brings experienced personnel to the effort, reducing the need to build capabilities from scratch.

In short, while the project is structured to succeed, NMGC and BCP are taking prudent steps to ensure business continuity even in the face of unexpected challenges. These contingency measures help protect customers, regulators, and stakeholders from undue risk.

Q. WILL CYBERSECURITY MEASURES PROTECT NMGC CUSTOMER AND OPERATIONAL DATA FROM UNAUTHORIZED ACCESS?

A. Yes. As discussed in detail by Mr. Miko, the proposed system will meet and exceed industry cybersecurity standards and will ensure that NMGC and its customers are protected.

Q. HOW WILL THE SHARED SERVICES STAFF BE TRAINED?

A. The shared services staff that will be supporting NMGC will largely consist of team members who are already trained and experienced in operating the Oracle ERP and Oracle WACS platforms. These professionals currently support Delta Utilities—another natural gas local distribution company in the BCP portfolio—and will have successfully completed the transition of two natural gas LDCs from previous ERP and asset management systems to the same Oracle platforms now proposed for NMGC. Many of these key IT shared services staff also supported initial buildout, testing, launch, implementation of Delta Utilities' system, and will be managing ongoing support for that system—the same Oracle platforms now proposed for implementation at NMGC.

Because these systems will be cloned from an existing configuration, the shared services staff will already be familiar with the application architecture, business processes, integration points, and common troubleshooting scenarios. Unlike the SAP option, this significantly reduces the need for extensive retraining of current NMGC staff and enables the team to support NMGC from day one with confidence and efficiency.

Where needed, supplemental training will be provided to account for any NMGC-specific configurations, business rules, or regulatory requirements. This training will include hands-on environment walk-throughs, test scenario validation, and documentation review, all of which will be completed during the transition period in close collaboration with NMGC subject matter experts. Additionally, detailed knowledge transfer sessions will be conducted to ensure that the shared services team understands any nuances unique to NMGC's operations and reporting requirements.

This approach ensures that the shared services staff are not only technically equipped to support the platform, but also operationally aligned with NMGC's business needs, thereby minimizing transition risk and ensuring continuity of service.

V. BENEFITS OF IT SHARED SERVICES FOR NMGC AND ITS CUSTOMERS

Q. DOES THIS PROPOSED SHARED SERVICES MODEL CREATE OPERATIONAL AND COST EFFICIENCIES?

A. Yes. This model creates operational and cost efficiencies by avoiding duplicative IT staffing across BCP's natural gas utility portfolio companies while maintaining high service quality and deep platform expertise and still maintains the benefit of local job creation for non-IT related shared service needs. It also allows NMGC to stand up operations more quickly and at lower risk, since the existing shared services team members are already experienced with the systems in use.

Importantly, while the IT support team is shared, NMGC will retain full operational independence. The ERP instance, business processes, and security controls will be specific to NMGC, and governance mechanisms will be established to ensure that NMGC's priorities and regulatory obligations are fully supported within the IT shared services framework.

In addition, our current estimated operational costs of $10.1 million (total IT plus non-IT) are lower than Emera's current costs of $11.8 million for shared service functions for 2024.

Q. WILL NMGC AND ITS CUSTOMERS BENEFIT FROM THE CONSIDERABLE WORK THAT HAS BEEN DONE TO DEVELOP THE ORACLE FUSION CLOUD ERP AND ORACLE WACS SYSTEMS FOR DELTA UTILITIES?

A. Yes. As mentioned above, these systems have been in development for approximately 18 months and are specifically designed for natural gas utility operations. NMGC and its customers will benefit from the significant effort that has already been expended to develop these solutions.

Q. WILL NMGC AND ITS CUSTOMERS BENEFIT FROM THE FACT THAT THE ORACLE FUSION CLOUD ERP AND ORACLE WACS SYSTEMS HAVE BEEN DESIGNED SPECIFICALLY FOR GAS UTILITIES?

A. Yes. Both NMGC and its customers will benefit significantly from the fact that the Oracle Fusion Cloud ERP and Oracle Work WACS systems have been designed and configured specifically to meet the operational and regulatory needs of gas local gas distribution

companies. The current ERP system in use at NMGC is part of a legacy on-premise SAP ECC 6 environment that was originally configured for an electric utility. As a result, many of the workflows and data structures do not align well with the operational requirements of a gas utility. This misalignment has created inefficiencies, limited flexibility, and constrained NMGC's ability to make system changes or improvements tailored to its business. In addition, NMGC's current asset and work management landscape is fragmented, requiring users to navigate multiple systems to manage a single work order. This results in excessive manual effort, duplicate data entry, and greater risk of error or delay in field operations and difficulty in reporting. For example, maintenance planning, scheduling, and execution often rely on a combination of disconnected tools—leading to operational friction and reduced transparency.

In contrast, the Oracle Fusion Cloud ERP and WACS systems to be implemented are natively integrated and have already been purpose-built and configured for gas utility operations. These systems are designed to handle gas-specific business processes with streamlined, integrated workflows that align with industry best practices and regulatory reporting requirements. By starting from this proven gas utility–focused configuration, NMGC will be able to deploy a platform that is immediately more intuitive, better aligned to its field operations, and more efficient to maintain. It will also eliminate the patchwork of disconnected tools currently used for work management, replacing them with a single, unified platform for scheduling, dispatch, asset lifecycle tracking, and compliance monitoring.

Ultimately, this will lead to faster response times, fewer errors, and more consistent service delivery—all of which directly benefit NMGC's customers. Moreover, it positions NMGC for future innovation, allowing the company to adopt new technologies and regulatory changes with agility and confidence.

Q. WILL THESE INTEGRATIONS BENEFIT NMGC AND ITS NEW MEXICO CUSTOMERS?

A. Yes. These integrations will maintain data consistency and compliance while enabling real-time or near-real-time workflows where necessary. Each system interface will be reviewed and either rebuilt or adapted to ensure compatibility with Oracle's cloud-based environment, and rigorous testing will be conducted to ensure functional reliability and data integrity post-migration. The end result will be a streamlined, modernized systems landscape in which core enterprise functions—such as finance, supply chain, asset and work management—are handled by the Oracle platform, while NMGC retains specific operational systems where appropriate, ensuring continuity and cost-effectiveness. In addition, because the system is cloud-based, upgrades to NMGC's systems will not be required.

VI. IMPACT OF IT SHARED SERVICES ON JOBS

Q. WILL THE BCP APPLICANTS' REBUTTAL IT SHARED SERVICES PLAN ADD OR REMOVE JOBS FROM NEW MEXICO?

A. This plan does not eliminate any existing jobs in New Mexico, nor does it displace any current employees. What it does represent is a refinement of the original staffing strategy,

based on a deeper understanding of the systems environment and opportunity to leverage existing investments made by a utility company already under the BCP portfolio and a team with unique, direct experience implementing the iteration of Oracle and associated systems proposed for NMGC.

Under the original plan, NMGC would have established an entirely standalone IT organization to support a cloned SAP environment and independently manage all cybersecurity systems. That approach would have required hiring a larger number of new employees, including highly specialized IT and security professionals who are often difficult to recruit and retain in the local labor market. This approach also did not account for significant costs associated with a nearly immediate system upgrade required to continue operating the cloned SAP environment.

By shifting to a shared services support model—enabled by aligning NMGC with the Oracle ERP and WACS systems already implemented at Delta Utilities—NMGC can reduce the number of additional hires needed while still maintaining strong, dedicated support and BCP's commitments to local job creation and associated economic development benefits. This model allows NMGC to focus local hiring on roles that are customer-facing, operationally critical, or require proximity to New Mexico operations, while leveraging remote shared service resources for complex IT platform support and cybersecurity.

Importantly, this revised approach offers direct benefits to New Mexico customers. It reduces long-term IT support costs, minimizes operational risk, and ensures continuity of service by relying on a team that implemented the initial Oracle system and configurations for a fit-for-purpose natural gas utility system, and will have already completed two similar utility transitions at Delta Utilities. It also enables NMGC to stand up operations more quickly and cost-effectively, which ultimately supports the delivery of safe, reliable, and affordable natural gas service to New Mexico communities.

VII. IT SHARED SERVICES COST SAVINGS AND CONTAINMENT

Q. WHAT ARE THE TOTAL PROJECTED COSTS OF MIGRATING TO DELTA UTILITIES' ORACLE SOLUTION (INCLUDING LICENSES, IMPLEMENTATION, TRAINING, INTEGRATION, ETC.)?

A. The total projected stand-up cost to migrate NMGC Oracle Fusion Cloud ERP and Oracle Work and Asset Cloud Service platform is estimated to be in the range of $32.5 million to $44.86 million, inclusive of all costs associated with system configuration, data migration, integrations, licensing, testing, training, and project management.

These implementation costs reflect not only the complexity of transitioning from a legacy on-premise environment, but also the substantial value derived from starting with a pre-configured, gas utility–specific instance that has already been successfully implemented at another BCP portfolio company. As such, this approach avoids the cost, time, and risk typically associated with ground-up ERP implementations.

Once operational, the ongoing annual operating cost—which includes Oracle cloud subscription fees, shared IT support services, cybersecurity operations, and software maintenance—is projected to be approximately $6.6 million per year. This is a notable reduction from the $7.8 million NMGC currently pays annually to Emera for shared ERP, asset management, and cybersecurity services, representing a savings of $1.2 million per year in ongoing support costs.

Moreover, the stand-up cost of the Oracle solution effectively replaces a future capital outlay estimated at approximately $56 million, which NMGC would otherwise incur to upgrade or replace the legacy SAP and Hitachi Asset Suite systems currently in place. These systems are nearing end-of-support and would require significant reinvestment even under a status quo scenario. In contrast, the proposed Oracle solution modernizes NMGC's IT environment, avoids redundant upgrade spending, and leverages existing investments made by Delta Utilities—providing a more efficient, cost-effective, and future-ready path forward.

While the migration to the Oracle platform does involve upfront investment, that investment is lower than the cost of continuing along the current path—and results in a more modern, scalable, and supportable IT foundation. Importantly, because Oracle Fusion Cloud ERP is delivered as a subscription-based cloud service, NMGC will avoid future large capital outlays for system upgrades, as enhancements and improvements are delivered incrementally and without disruption. This transition not only provides a lower total cost of ownership over time, but also delivers long-term financial and operational

benefits to NMGC and its customers, including reduced cost volatility, improved efficiency, enhanced cybersecurity, and the ability to adapt more quickly to future regulatory or business needs.

Q. ARE ANY TRANSITION COSTS BEING PROPOSED TO BE RECOVERED THROUGH CUSTOMER RATES?

A. As explained by Mr. Baudier, the BCP Applicants are requesting authorization to accrue a regulatory asset to recover the IT shared services transition costs because they will be used and useful to customers.

Q. HOW WILL YOU ENSURE THERE IS NO CROSS-SUBSIDIZATION OR PREFERENTIAL TREATMENT BETWEEN NMGC AND DELTA UTILITIES?

A. The Joint Applicants expect that some element of the transition costs will include proper allocation of transition costs incurred by Delta Utilities that directly benefit the NMGC standup. Strict measures will be in place to ensure that there is no cross-subsidization or preferential treatment between NMGC and Delta Utilities in connection with the proposed IT shared services and transition strategy.

First and foremost, NMGC and Delta Utilities are independent legal entities and maintain separate financial accounting, regulatory reporting, and cost recovery structures. Any shared services arrangements—such as IT support for Oracle ERP or cybersecurity—will be governed by formal intercompany service agreements that clearly define the scope of services, cost allocation methodology, and internal controls. These agreements will ensure

that each entity pays only for the services it receives and that all costs are directly traceable and justifiable.

Second, NMGC will fully fund its own implementation of the Oracle ERP and Oracle WACS platforms, even though the configuration is based on a cloned environment from Delta Utilities. There is no sharing of implementation costs or capital investment between the two entities. All transition activities—including data migration, integration development, and user training—are being planned, executed, and paid for solely by NMGC.

Additionally, the TMO will monitor all shared services arrangements and provide oversight to ensure compliance with regulatory and governance standards. Any intercompany transactions or cost allocations will be subject to audit and documentation requirements, with clear audit trails and cost segregation to prevent even indirect subsidization.

Finally, NMGC will retain full operational control over its ERP instance and data. While support services may be shared, NMGC's systems, users, and decision-making authority will remain fully independent, further reinforcing the separation between the two utilities. This approach ensures that the benefits of scale and expertise can be achieved through shared services without compromising regulatory integrity or fairness to customers in either jurisdiction.

Q. WILL THERE BE FORMAL SERVICE-LEVEL AGREEMENTS (SLAS) OR TRANSFER PRICING POLICIES IN PLACE?

A. Yes. Under the proposed shared services model, formal SLAs and services pricing policies will be developed and executed to govern the support services provided to NMGC. These agreements will define expected service outcomes, support transparency, and ensure that all costs are appropriately allocated.

Importantly, this represents a significant improvement over the current arrangement with Emera, where NMGC operates without formal SLAs today. Under the new model, NMGC will benefit from defined service expectations and measurable performance indicators—creating a framework for accountability and continuous improvement.

Q. WILL THE BCP APPLICANTS FILE THESE AGREEMENTS WITH THE COMMISSION IN ACCORDANCE WITH THE NMPRC'S REGULATIONS ON CLASS I AFFILIATE TRANSACTIONS?

A. Yes, BCP will file these agreements with the Commission in accordance with Rule 17.9.450.11 NMAC.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

Peter I. Tumminello
Professional Qualifications
Executive Summary

Career Focus: Energy Executive with 40 years of comprehensive experience: technical, financial, operations, risk management, and business leadership in the entire energy infrastructure value chain including exploration and production, midstream asset development and operations, downstream wholesale and retail energy and retail home warranty, natural gas utility, and energy market mergers and acquisitions.

Relevant Leadership Highlights and Results Achieved

Executive Chairman of the Board, Delta Utilities: (April 2025 to Present)
Lead Director and Chairman of Delta Utilities, a newly formed natural gas LDC based in New Orleans, La. Responsible for overall direction and governance of the Board and company executive leadership. The company has approximately 900 employees, $1.7 Billion in market capitalization, and was formed through the acquisition of CenterPoint Energy's Louisiana and Mississippi natural gas utilities (closed April 1, 2025) and the planned acquisition of the Entergy's New Orleans and Louisiana natural gas utilities in July 2025.

President and Founder, Anticipate Energy Advisors, LLC: (April 2021 to Present)
Provide consulting services to the retail, wholesale, midstream, and natural gas utility industries. Primary services are in the areas of M&A due diligence support, organizational design, operational best practices, risk management, and overall management and leadership of businesses in the natural gas industry. Successfully supported the start-up of new retail natural gas business within a large publicly traded utility and the startup of Delta Utilities, a new natural gas utility formed from the acquisition of CenterPoint Energy's Louisiana and Mississippi natural gas utilities (closed April 1, 2025) and the planned acquisition of the Entergy's New Orleans and Louisiana natural gas utilities in July 2025.

Southern Company Gas (formerly AGL Resources, which was acquired by Southern Company in July 2016)**: (2003 to April 2021)**

Group President, Southern Company Gas: 2010 – current
Executive leader responsible for day-to-day oversight and management of five commercial businesses (Wholesale Energy, Retail Energy, Retail Services, Midstream Storage and LNG, and Midstream Pipelines). Responsibilities and accomplishments include:

- The **Midstream natural gas businesses** include three natural gas storage facilities (*Pivotal Storage*), two LNG production facilities (*Pivotal LNG*), and five pipelines (*Southern Company Gas Pipelines*).

  - Developed the first LNG production facility in the U.S. to serve the marine shipping industry required to reduce emissions associated with their transportation fuel. Subsequent to initial build, plan to triple the facility size with signed long-term commitments from the cruise ship industry.
  - Led acquisition of 50% interest in Kinder Morgan's Southern Natural Gas Pipeline.
  - Total $2.5 Billion invested in midstream businesses.
- The **Wholesale natural gas business** (*Sequent Energy*) has grown to the 6th largest wholesaler in the U.S.
  - Named President of Sequent in 2010 after seven (7) years serving in various capacities (see below).
  - Developed best in class technology and risk management systems for end to end data capture with real time position, credit, and P&L reporting leading to industry leading transparency through an accounting financial close daily.
  - Sales over 7 Bcf/day and serve the natural gas requirements of 30,000 Megawatts of power generation and gas utilities, industrials, and natural gas producers throughout the U.S.
- The **Retail Energy and Retail Services businesses** serve over 1.8 million customers in the U.S.
  - Led the Retail Energy business (*SouthStar Energy*) to become the #1 market share for retail natural gas in Georgia with over 500,000 customers
  - Led the fourth largest Retail Services business (*Pivotal Home Solutions*) in the U.S. and one of the most profitable Retail Energy businesses in the U.S.
  - Grew new products and services including a carbon neutral gas product, a subscription based fixed bill product, and new behind the meter energy products and services.
- Executive responsibilities also included being a member of the Southern Company Gas Management Council, which leads and implements overarching company strategy and policy.
  - Developed and led company's Renewable Natural Gas business plan focused on capital investment to reduce methane emissions while providing appropriate investments for the corporation.
  - Responsible executive for energy policy and national cyber and physical security issues for the natural gas pipeline industry.
  - Served as executive leader to coordinate business opportunities with Southern Company's non-utility power businesses developing distributed generation, wind, solar, and battery development, carbon sequestration projects, and investments in high technology energy investments. This role drives joint gas and electric investments for commercial and industrial customers.
  - Served on executive committee with governance and oversight of the company's natural gas utilities

Southern Company Gas (formerly AGL Resources): **(2003 – 2010)**

Vice President Business Development & Origination
First to hold this position at Sequent Energy as the company was only two (2) years old when the position was added. Developed strategy for growth: organization grew from 30 people to 150 people, and the company grew into a Top 10 position in U.S. natural gas sales with significant growth in earnings, process improvements, and controls.
Led to promotion to President in 2010.

Vice President Corporate Development
Led newly developed mergers and acquisition function for the company driving new processes and controls discipline around deal evaluation.

Other previous, relevant experience

Tejas Power Corporation: (1992-2003): Held various positions in natural gas marketing and storage development focused on growing the company's physical natural gas storage asset base as well as the natural gas marketing sales growth. Developed very early asset management structures for gas utilities resulting in significant savings to utility customers through optimization of underutilized upstream transport and storage contractual assets.

ARCO Oil and Gas: (1984-1992): Reservoir and Production Engineer in the Gulf Coast and Midcontinent regions.

Education

- BS Petroleum Engineering – Louisiana Tech University
- MBA, Finance – University of Southwestern Louisiana (now University of Louisiana Lafayette)

Board Positions

- Board member of INGAA (Interstate Natural Gas Association of America) 2018-2021. Led Methane Subcommittee focused on methane and CO_2 reductions in the natural gas pipeline industry
- Board member from 2012-2019 at Cristo Rey Jesuit High School, a school focused on serving the economically disadvantaged community in Houston. Grew the school from 60 students in year 1 to 550 students currently
- Board member from 2021-2025 at Career Spring, a non-profit focused on advancement of first generation college students to achieve their highest potential employment
- Board member of the Alley Theatre in Houston from 2016-2019
- Advisory Board Member Tulane University Energy Institute 2010-2018

MAY 2025

Executive Summary

Bernhard Capital Partners Management, LP (BCP Management) is pursuing the acquisition of New Mexico Gas Company (NMGC) from Emera through investment funds under its management. The transaction will include NMGC's distribution and transmission systems, employees, owned and leased property, personal property, and other assets associated with the business.

NMGC currently operates under a shared services model, in which certain services and business functions are provided by Emera (the parent company) affiliates. This includes services related to several key core business functions, including IT, Cybersecurity, Finance, and Human Resources. As such, BCP Management and Emera have established a transition plan and Transition Team to facilitate the effective and efficient transition of NMGC. Emera and BCP Management have agreed to a phased transition approach that includes utilizing a Transition Services Agreement (TSA) in which the Emera affiliates will continue providing some shared service functions to NMGC post-close, allowing for a seamless and diligent transition of these core business functions and IT systems.

The primary goals of the transition are to effectively transition NMGC into **a standalone business operation** that leverages **a shared IT services model** with Delta Utilities, a BCP Management portfolio company and regulated natural gas utility that serves customers across the Gulf South. After the transition is complete, NMGC will operate independently of its current parent company by **bringing key shared service functions in-house**. Additionally, the transition plan focuses on **establishing Day One Readiness**, standing up functions that are not covered by the TSA prior to sale close to ensure service continuity for customers and a seamless transition for employees.

Primary Transition Objectives

- **Establish Day One Readiness:** Ensure service continuity post-close
- **Ensure Service Continuity:** Ensure that business operations continue with the same or better service levels
- **Minimize Business Disruption:** Maintain existing functionality and business processes where feasible
- **Protect Customer and Employee Experience:** Minimize disruption and facilitate effective change management for both stakeholder groups
- **Collaborate:** Leverage expertise, institutional knowledge, and subject matter experts into one integrated transition team to effectively facilitate business readiness and transition
- **Facilitate Transparent Communication:** Deliver timely, transparent communication with all stakeholders

To facilitate effective business transition and ensure Day One Readiness, the Transition Plan is focused on two key components: **IT infrastructure and environment**, including systems, applications, software platforms, data systems, and cybersecurity measures, and **business readiness**, including customer service, human resources, payroll, finance and accounting, regulatory affairs, gas supply and operations, supply chain, fleet services, safety, engineering, communications, and operations.

High-Level Transition Plan

Approach

The Transition Team will establish internal workstreams and rely on identified "subject matter experts" who are current NMGC employees, executives, and department leads to provide consultation and inform business planning. The internal workstreams will include a Steering Committee and a Transition Management office to oversee both the IT and Business Readiness transition teams. Workstreams will be defined in alignment with business operations and functions/departments heavily dependent on shared services for appropriate diligence and planning.

CONTEXT

- **Day One** refers to the date immediately following close of the sale and NMGC's first day operating under ownership of BCP Management funds. This occurs after the transaction receives all required regulatory approvals, marking the point at which NMGC begins operating under new ownership.
- On Day One, NMGC will have several functions not covered by the **TSA** in place and operational for service continuity. Other services previously implemented by the shared services organization will continue under the TSA for up to 18 months post-close. This arrangement ensures operational continuity while NMGC completes the phased stand-up of internal capabilities and implements the new ERP system and IT environment under the IT shared services model with Delta Utilities.
- The **TSA period provides critical service stability** for NMGC's employees, customers, and systems as the company fully separates from Emera and establishes long-term operational independence.
- **Full exit of the TSA** is denoted as **Day Two**, whereupon NMGC will be fully operational as a standalone entity that no longer utilizes any Emera services and leverages the IT shared services model with Delta Utilities for the ERP system and various IT components.

Information Technology Transition

Our objective is to establish a shared IT services model that ensures operational continuity, meets regulatory and cybersecurity requirements, and positions the business for long-term success post-transaction. The IT transition will assess and implement solutions to address shared services applications, core IT infrastructure, software platforms, data systems, cybersecurity measures, and compliance standards, aligning with both business and regulatory requirements.

ORACLE FUSION CLOUD ERP SOLUTION

As of April 2025, the Joint Applicants have developed a revised and updated strategy for enterprise systems implementation and future IT management and support for NMGC utilizing Oracle Fusion Cloud for NMGC's ERP solution leveraging a cloned instance of the same platform currently being implemented at Delta Utilities.

NMGC's current ERP system—SAP ECC 6.0, which was originally released in 2005—is approaching its end-of-support date on December 31, 2027. Regardless of the proposed transaction, NMGC will be required to undertake a major ERP upgrade project before the end-of-support date or shortly thereafter. After evaluation of NMGC's existing ERP environment, the information learned while standing up the Delta Utilities platforms, NMGC's operational requirements, and long-term IT strategy, the joint applicants and transition team have determined shifting approach—from an independent SAP ERP solution to a shared IT services model—represents the best ERP solution for NMGC and its customers. This also allows NMGC to leverage the scalability of the Oracle solution being deployed at Delta Utilities, which will be purpose-built for natural gas utility operations and supported by an IT team with many years of working expertise in the sector.

The shared services approach described here—implementing the Oracle Fusion Cloud ERP system planned for use by Delta Utilities—offers a timely and strategic solution for the obsolescence issue facing NMGC. This transition will not only replace the aging SAP platform but introduce a system specifically configured to meet the operational, regulatory, and service needs of NMGC, its employees, and its customers. In addition, it is estimated that up to 39% of the 128 IT line items (applications, service agreements, licenses, etc.) currently allocated to NMGC could be retired or consolidated as part of the transition. These items would be included in the new Oracle ERP architecture, reducing O&M costs and improving operational efficiency.

SHARED IT SERVICES MODEL

The IT support model for the new ERP system will be structured as a shared services arrangement between NMGC and Delta Utilities. The same team of highly skilled professionals leading development and implementation of Delta Utilities' Oracle environment will also support NMGC's, enabling seamless knowledge transfer, reduced operating costs, and ensuring broad access to ongoing lessons learned and best practices tailored to natural gas utility enterprise systems.

This approach is expected to deliver a lower total cost of ownership and will provide NMGC with full control over its own ERP system configuration. It will also allow for NMGC-specific software configuration to support New Mexico regulatory requirements, where applicable.

This shared IT services model enhances resilience and cybersecurity through Oracle's cloud-based infrastructure, reduces reliance on aging legacy systems, and allows IT support to scale efficiently across natural gas utilities. It preserves NMGC's operational autonomy while leveraging shared services support from Delta Utilities, providing a cost-effective and technically sound foundation. This structure enables NMGC to maintain control over its system configuration while tapping into Delta's expertise, best practices, and implementation experience to support a stable and future-ready IT environment.

Further benefits of this shared model include improved resiliency and cybersecurity through Oracle's cloud architecture, reduced exposure to legacy or aging system risks, and the ability to scale IT support efficiently across multiple natural gas utilities when circumstances require. In addition to the inherent cybersecurity protections afforded by the Oracle cloud environment, through the shared services model NMGC will benefit from DU's cybersecurity function that will govern and protect the Oracle architecture as an additional "layer" of defense. Things like, Identity and Access Management, IT Risk Management, Vendor Risk Management, as well as Monitoring, Detection and Response to cyber threats and vulnerabilities with the Oracle architecture supporting NMGC.

Shared services related to IT do not dilute NMGC's operational autonomy but instead provide a cost-effective and technically robust foundation that enables NMGC to better serve its customers and fulfill its regulatory obligations and unlocks NMGC's ability to tap into Delta Utilities' institutional knowledge, expertise, and lessons learned in stand up.

In addition to the transition from SAP ECC to Oracle Fusion Cloud ERP, the joint applicants recognize a parallel opportunity to **modernize NMGC's aging asset and work management platform**. NMGC currently operates a standalone on-premise instance of Hitachi's Asset Suite, supported directly by its internal IT team and not as part of the shared services provided by Emera. This legacy system, which includes additional bolt-on work scheduling, safety, and compliance applications, is approaching obsolescence and will require a significant upgrade or replacement in the near future. Rather than invest in a major system overhaul, the Oracle transformation strategy can be extended by leveraging Oracle Work and Asset Cloud Services (WACS), which is already being configured and implemented by Delta Utilities specifically to support natural gas utility operations. By adopting a cloned configuration of Oracle WACS from Delta Utilities, NMGC can accelerate the transition away from Hitachi Asset Suite while maintaining alignment with natural gas utility best practices.

This strategy enables NMGC to consolidate its IT landscape, reduce the number of supported systems, and take further advantage of shared services for WACS support, incrementally lowering overall IT costs. Integrating WACS with NMGS's existing Banner CIS and the same Oracle environment as ERP ensures process consistency, eliminates redundant data entry, reduces potential points of failure, and enhances visibility across financial, asset, and operational domains. This continuation of the shared services model reinforces the long-term IT strategy of building a secure, scalable, and supportable platform purpose-built for the needs of natural gas utilities.

In summary, while the original plan was to operate NMGC's IT function as a standalone entity, the evolving analysis and data collection has led to the conclusion that adopting a shared IT services model—centered on a new, cloned instance of Delta Utilities' Oracle Fusion Cloud ERP—is the superior option.

This approach offers a current, natural gas distribution-focused, scalable system that supports NMGC's operational goals and delivers benefits to ratepayers in the form of cost savings, improved business efficiency, and enhanced service quality.

The following list summarizes cloud-based ERP IT transformational investment benefits applicable to the NMGC and Delta Utilities ERP software architecture arrangement and IT shared services model described above. This includes **adaptability; faster, more frequent, and less costly system upgrades; increased speed to deliver; scalability; resiliency; and operational efficiency.**

SYSTEM COMPONENT	DESCRIPTION	KEY BENEFITS
Adaptability	By transitioning to a dedicated instance of Oracle Fusion Cloud ERP—cloned from a pre-configured system already in use by a sister gas utility—NMGC will gain the ability to tailor the platform to its specific operational and regulatory needs in New Mexico, while still benefiting from a standardized configuration optimized for gas LDCs. Unlike the current shared SAP instance—which was originally configured for an electric utility and limits NMGC's flexibility to make system changes independently—the new Oracle environment allows for autonomous configuration and governance. At the same time, NMGC will benefit from shared services support and cross-company expertise, ensuring a stable and well-informed operating environment without being encumbered by the constraints of a multi-utility system. The modular and cloud-native design of Oracle Fusion Cloud further enables rapid, cost-effective adaptation to evolving business models and regulatory frameworks without the need for extensive custom development.	1. **Long-Term O&M Savings:** Reduces the cost of adapting to future changes by minimizing custom development and enabling straightforward configuration updates. 2. **Non-Financial Benefits:** Provides the flexibility to respond to changing business and regulatory needs without dependency on another utility's priorities; increases cost certainty and reduces operational risk. 3. **Capital Savings:** Helps avoid future capital expenditures by enabling the ERP system to evolve with the business rather than requiring large replacement, upgrade, or parallel system investments.
Faster, More Frequent, and Less Costly Upgrades	The move to Oracle Fusion Cloud ERP enables NMGC to take advantage of a modern, cloud-native platform that delivers upgrades through a continuous delivery model—allowing system improvements to be deployed more frequently, with lower risk, and at reduced cost compared to legacy, on-premise systems. Because NMGC will operate a dedicated instance cloned from a BHP Management portfolio company's already-configured Oracle environment, the two entities will have the opportunity to coordinate upgrade cycles, leveraging shared testing protocols, knowledge transfer, and troubleshooting to improve efficiency and quality of deployment. This coordination ensures that upgrades are validated in a utility-specific context, while still allowing NMGC to control the timing and scope of changes in its own environment. This approach avoids the high capital and operational costs associated with traditional ERP upgrades and ensures that the platform remains current, secure, and aligned with evolving industry standards.	1. **Long-Term O&M Savings:** Reduces operational and maintenance costs through automated, streamlined update cycles that require less manual intervention and fewer dedicated internal resources. 2. **Non-Financial Benefit:** Coordinated upgrade planning across portfolio companies improves testing efficiency and reduces disruption, while ensuring NMGC benefits from timely access to new utility-focused features. **3.** **Capital Savings:** Avoids the need for large, periodic capital investments typically required for on-premise system upgrades by leveraging Oracle's continuous cloud update model.

Speed to Deliver	With the adoption of a modern, cloud-based ERP platform, NMGC will significantly improve its ability to respond quickly to new regulatory requirements and evolving business needs in the utility sector. This benefit is further enhanced by the Company's planned approach of leveraging a cloned instance of Oracle Fusion Cloud ERP that is already being deployed within a BHP Management portfolio gas utility. By starting with a pre-configured environment purpose-built for a natural gas local distribution company (LDC), NMGC reduces the time required for design, configuration, and validation—accelerating deployment timelines for future enhancements. The cloud-native architecture and modular framework of Oracle Fusion further enable NMGC to implement system updates, introduce new capabilities, and scale to meet regulatory and market demands with greater agility and lower overhead than traditional on-premise systems.	1. **Long-term O&M Savings:** Reduced costs associated with adapting to regulatory or business changes by enabling faster, more efficient delivery of system improvements through a cloud-native, gas-utility–specific platform. 2. **Non-financial Benefit:** Minimize business disruption associated with delivering new functionality.
Scalability	The cloud-based ERP system offers inherent scalability benefits that will allow NMGC to adapt quickly and efficiently to changing operational and business needs. As a cloud-native solution, the system can seamlessly expand processing capacity, user volume, and data throughput without the need to rearchitect the environment or make major investments in additional infrastructure. This scalability enables NMGC to accommodate business growth, support evolving regulatory reporting requirements, and onboard new functionalities—such as advanced financial analytics or automated procurement workflows—without disruption to core operations. The platform's elastic infrastructure ensures that capacity can be adjusted dynamically based on real-time demand, providing long-term flexibility and cost-efficiency.	1. **O&M and Capital Savings:** Avoid O&M and Capital costs associated with scaling IT systems to accommodate near-term increases in customer volume.
Resiliency	The ERP system will be a high availability, cloud-based and decentralized, eliminating "single points of failure" and creating built-in redundancies and backups to address reliability and resiliency issues related to operational disruptions due to such events as hurricanes, named storms and other extreme weather events, in a way that on-premises systems are challenged to match.	1. **Non-financial Benefits:** Reduce risk of IT system outage and associated disruptions to operations. 2. **Long-term O&M Benefits:** Potentially receive non-quantifiable savings associated with avoided disruption to operations. 3. **Capital Savings:** Avoid the cost of creating and maintaining redundant infrastructure and backups to accommodate the less resilient legacy on-premises systems.

Operational Efficiency	The implementation of Oracle Fusion Cloud ERP will enable NMGC to significantly improve operational efficiency by streamlining and modernizing key business processes across finance, procurement, project management, and asset operations. The current SAP system is part of a shared instance originally implemented to support a multi-utility environment, which has constrained NMGC's ability to adapt the platform to its specific needs as a natural gas local distribution company (LDC). Changes must often be coordinated across the broader enterprise, limiting responsiveness and creating workarounds where processes or reporting requirements diverge. In contrast, the proposed Oracle solution will be deployed as a dedicated instance based on a proven configuration designed specifically for gas utility operations. This approach eliminates unnecessary complexity, reduces process friction, and enables NMGC to take full advantage of embedded workflow automation, real-time analytics, and cloud-based efficiency tools. Together, these capabilities provide a strong foundation for scalable, responsive, and cost-effective operations.	**Short- and Long-term O&M Savings: Reduced operating and maintenance costs through digitization of manual workflows, elimination of cross-utility governance constraints, and better alignment of system capabilities to gas utility operations.**

Non-IT Core Business Functions

The remaining non-IT core business functions currently provided through shared services from TECO/Emera will be stood up independently at NMGC as planned. This includes to varying degrees of transition in the following areas:

KEY BUSINESS WORKSTREAM	FUNCTIONAL AREA(S)
Employee Benefits	• Benefits • Benefit Administration
Human Resources	• Compensation • HRIS • Recruitment / Talent Management • Training & Development • Retirement
Finance & Payroll	• P-cards • Treasury • Corporate Accounting • Corporate Income Tax • Risk Management – Finance • Payroll • Procurement & Purchasing • Accounts Payable
General Business Insurance	• General Business Insurance • Risk Management – Insurance
General Business & Operations	• Engineering • Environmental • Pipeline Safety • Safety • Risk Management – Gas Supply • Corporate Security / Emergency Management • Communications • Federal Government Affairs • Claims • Compliance • Corporate Secretary • Legal Services • Risk Management • Fleet

The objective is to stand up business processes that replicate functions currently being provided by Emera's shared services organization in a manner that is the same or better, establishing an independent operational natural gas utility with a shared IT services function.

DAY ONE READINESS

Prioritization and planning for Day One Readiness includes identifying the shared service functions not covered by the agreed-to TSA and ensuring these functions are stood up prior to close and fully operational on Day One. This includes to varying degrees of transition in the following areas:

***indicates Day One Critical Path item**

KEY BUSINESS WORKSTREAM	FUNCTIONAL AREA(S)
Employee Benefits	• **Healthcare, Retirement & Retirement Savings*** • **Benefits Administration*** • Pension Investments (TECO) / Pension Administration*
Human Resources	• **Compensation*** • **Training & Development*** • Recruitment / Talent Management – Recruitment • HRIS • **Talent Management***
Finance & Payroll	• **Energy Risk*** • Treasury • Corporate Tax • Corporate Accounting • Audit Services (TECO) • **Payroll*** • Accounts Payable
Procurement	• Procurement Administration • Inventory Management • Supplier Diversity • Contracts Administration
Insurance	• **Insurance Risk***
General Business & Operations	• Legal Services • **Compliance*** • Claims • Federal Affairs • Emergency Management • Corporate Secretary • **Enterprise Risk Management – Credit*** • Safety • Communications • **Enterprise Risk Management – Non-Shared Services***

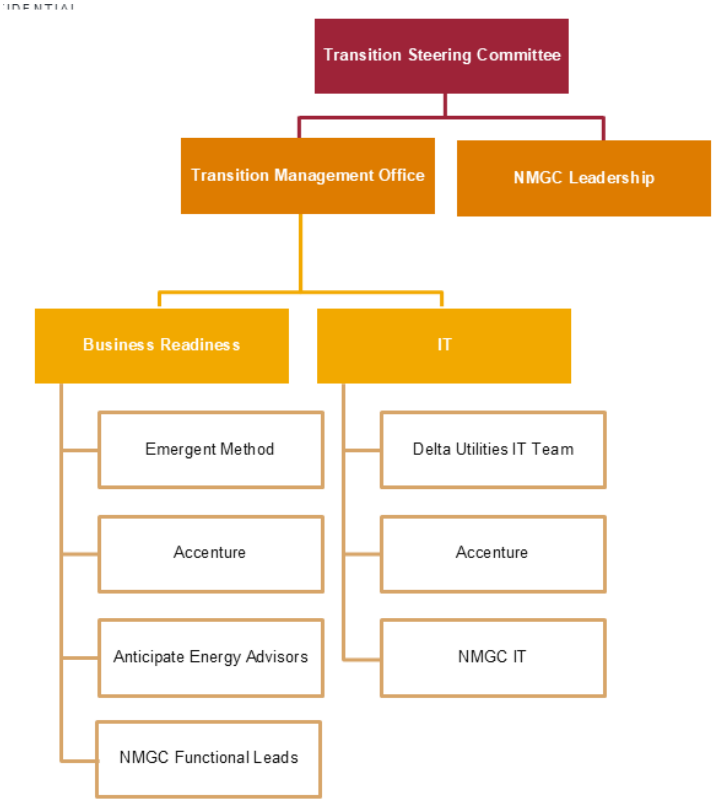
Transition Team

The Transition Team has been established and organized to ensure efficient and effective business readiness and transition planning, as well as the ability to leverage expertise in natural gas utility operation, transition, and previous experience of collaborating teams.

Through the IT shared services approach, NMGC will have access to Delta Utilities' key IT leadership team members who bring institutional knowledge of infrastructure stand up. These professionals will be available to provide strategic guidance, support decision making, and share sharing lessons learned/best practices from recent experience. Key Delta Utilities team members and subject matter experts who may support the transition include:

- **Mark Miko, *Chief Information Officer (CIO), Delta Utilities*** – previously CIO of Duquesne Light Company, CIO of Armstrong Utilities, Inc. and Virtual CIO to El Paso Electric. Started his career at Deloitte leading large scale technology impelantaions for utilities.
- **Jeremy Turner, *Chief Administration Officer, Delta Utilities*** – leading multi-million natural gas utility stand up and Oracle system integration
- **Brian Maclean** – previous President of Elizabethtown Gas, Vice President Operations of AGLR (now Southern Gas
- Company).
- **Brian Little** – previously Senior Vice President and Chief Financial Officer, Commercial Businesses and Vice President and Assistant Controller of AGLR (now Southern Gas Company).
- **Steve Cave** – previously Senior Vice President Finance and Corporate Treasurer of AGLR (now Southern Gas Company).
- **Peter Tumminello**, ***Executive Chairman, Delta Utilities Board of Directors*** – former Group President, Commercial Businesses, Southern Company Gas and 40 years of utility and energy industry experience.

Transition Team Structure



High-Level Transition Plan

The transition process will be implemented in a phased approach, consisting of 3 primary stages:

1. **Regulatory Proceedings and Pre-Close Preparation:** Focused on discovery and understanding current state of IT and business operations, identifying functions not covered by the TSA and required for Day One readiness/operation, and defining the path forward for replacing the ERP system, including developing system requirements.
2. **TSA Period:** After closing, ERP system implementation and build out as well as aligned business readiness functions and processes to prepare for standalone operation post-TSA. Implementing a thoughtful and strategic approach to TSA roll off that minimizes business disruption and risk and identifying / hiring new staff to fill roles created through shared service integration.
3. **TSA Exit and Full Separation of the Business Unit**

Stage I: Pre-Close Preparation

NOW – OCTOBER 2025

PROJECT STAND UP

- Establish Transition Management Office (TMO), Project Management Office and project governance
- Identify internal and external workstream leads and staffing and SME needs
- Establish meeting cadence, decision-framework, agendas, and general project stand-up activities
- Build out project plans for execution through TSA to roll off period

IT

- Discovery
  - Understand and document current state of IT environment, including IT applications, infrastructure, interfaces, and resources
  - IT system and application inventory
  - Post-TSA needs assessment
- Finalize ERP replacement strategy
- Developing system requirements
- TSA Coverage Due Dilligence & Blueprint
  - Identification of expected data extraction, migration, and transition
  - Verification of systems and applications transitioning and those retained by Emera/TECO, including contract ownership
  - Establish access protocols for TSA period
- Infrastructure planning
- Cybersecurity planning

BUSINESS READINESS

- Discovery
  - Understand and document current state of key functions and business processes

  - Identify reliance on shared services organization
  - Business process gap analysis
  - Document and develop business process workflows
- Day One Readiness Assessment and TSA due diligence
  - Define Day One critical path items
  - Finalize TSA coverage
- Day One Readiness Planning and Implementation
  - Establish business processes, changes, and/or modifications for business continuity during TSA period
  - Identify core function requirements, roles and responsibilities, procedures, work processes, interfaces, controls, performance metrics, reporting requirements, job materials and documentation
  - Facilitate training and change management related to Day One Operations
- Organization design planning
  - Identify future hires and gap analysis related to shared services functions
- Change management and training
  - Employee strategy
  - Customer strategy

Stage II: TSA Period

OCTOBER 2025 – OCTOBER 2027

TRANSITION MANAGEMENT OFFICE / GOVERNANCE

- Establish timeline for cadenced approach to full TSA exit
  - Ensure business continuity and preparedness for full separation / TSA exit
  - Assess and mitigate separation risk
- Change management and training

IT

- ERP – Oracle Fusion Cloud Implementation
  - Finalize ERP configuration based on cloned Delta instance, incorporating NMGC-specific business processes and regulatory needs.
  - Develop and test ERP integrations (e.g., CIS, asset management, PowerPlan, etc).
  - Conduct end-to-end data migration: data extraction, cleansing, transformation, validation, and load.
  - Execute system testing (unit, integration, UAT) and production cutover planning.
  - Establish shared service agreements and associated SLA’s.
  - Deploy ERP platform, including go-live support, user onboarding, and performance monitoring.
- Non-ERP Business Applications
  - Finalize negotiation and execution of new vendor license agreements and service contracts for retained business applications.
  - Transition and re-platform business-critical non-ERP.
  - Rebuild or migrate necessary integrations between non-ERP systems and the new ERP.
  - Define long-term support and hosting strategies (e.g., cloud, SaaS, managed services).
- Infrastructure – Network, Compute, Storage, Cloud Operations
  - Stand up secure, scalable infrastructure to support ERP, business applications, and collaboration tools.
  - Establish and validate connectivity (e.g., site-to-site VPNs, cloud interconnects, WAN optimization).
  - Provision compute, storage, and backup resources

  - Migrate workloads and storage in a phased approach.
  - Stand up cloud operations capabilities (monitoring, logging, capacity management).
- Workplace Technology – End User Support & Collaboration Tools
  - Provision NMGC-specific Microsoft 365 tenant (O365, Teams, SharePoint, OneDrive).
  - Plan and execute migration of user accounts, mailboxes, OneDrive data, and shared content.
  - Set up endpoint device management, software distribution, and helpdesk functions.
  - Define and deploy end-user support model (Tier 1–3 support structure, service desk tools, SLAs).
  - Ensure all users are onboarded to the new environment with proper access, tools, and training.
- Cybersecurity
  - Perform gap analysis between NMGC security framework and Delta shared security stack.
  - Transition to Delta Utilities shared cybersecurity tooling and protocols.
  - Implement identity and access management, threat detection, endpoint protection, and firewall policies.
  - Migrate monitoring and alerting services, ensuring uninterrupted protection during the TSA period.
  - Establish shared service agreements and associated SLA's.

BUSINESS READINESS

- Execute business processes and operations under TSA model
- Phase III Readiness/TSA Roll Off Strategy – prepare and stand-up new business processes and/or staffing for TSA Roll Off
  - Develop business processes to support full separation
  - Develop new business processes to support new or upgraded IT applications
  - Support business inputs for ERP solution implementation
- Assess, evaluate, and create corporate policies to support full separation
- Develop new organization structure and staffing model for full separation
  - Identify skills gaps and/or needs to support full separation
  - Recruiting, onboarding, training of new hires to facilitate shared services functions
  - Define future state organizational structure post-TSA and timeline
- Procurement evaluation
  - Review and potentially renegotiate contracts with suppliers, customers, and partners
- Change management and training
  - Employee strategy
  - Customer strategy

REGULATORY

- Manage regulatory process and relationships
- Implement regulatory commitments

Stage III: TSA Exit and Full Separation of Business Unit

OCTOBER 2027 - BEYOND

TRANSITION MANAGEMENT OFFICE / GOVERNANCE

- Shift transition activities to business owners and full-time staff
- Change management and training
- Financial planning and budget monitoring

- Risk monitoring
- Re-evaluate decision making and approval matrix

IT

- Finalize User Acceptance & Operational Readiness Signoff: Complete all user acceptance activities, validate that systems are performing as expected, and obtain formal business signoff confirming readiness for full operational independence.
- Hypercare & Stabilization Support: Provide hypercare support to monitor system performance, resolve post-go-live issues, and support users during the initial stabilization period following TSA exit.
- Decommission Legacy/TSA-Dependent Systems: Fully disconnect from Emera infrastructure, including the decommissioning of legacy connectivity (e.g., VPNs, shared servers, authentication paths) and the secure disposal or archiving of residual Emera-managed data.
- Monitoring, Management & Analytics Enablement: Operationalize performance monitoring, logging, and analytics tools to measure system health, user experience, and service level compliance. Establish business dashboards to track success metrics for IT and business stakeholders.
- Refinement & Continuous Improvement Planning: Initiate a backlog of system enhancements and refinements based on user feedback during transition, and develop a plan to execute these improvements under the new operating model.
- Cybersecurity Handoff & Compliance Verification: Confirm full transfer of cybersecurity responsibilities, validate security controls, and conduct a post-TSA security audit or compliance review to ensure regulatory and operational readiness.
- Establish Ongoing Governance & Support Model: Operationalize the long-term shared IT services model with Delta Utilities, including finalization of SLAs, support workflows, RACI assignments, and governance cadence.
- IT Strategy Roadmap Development: Define and communicate a multi-year IT strategy and investment roadmap that builds on the newly implemented Oracle platform and supports NMGC's long-term business objectives.

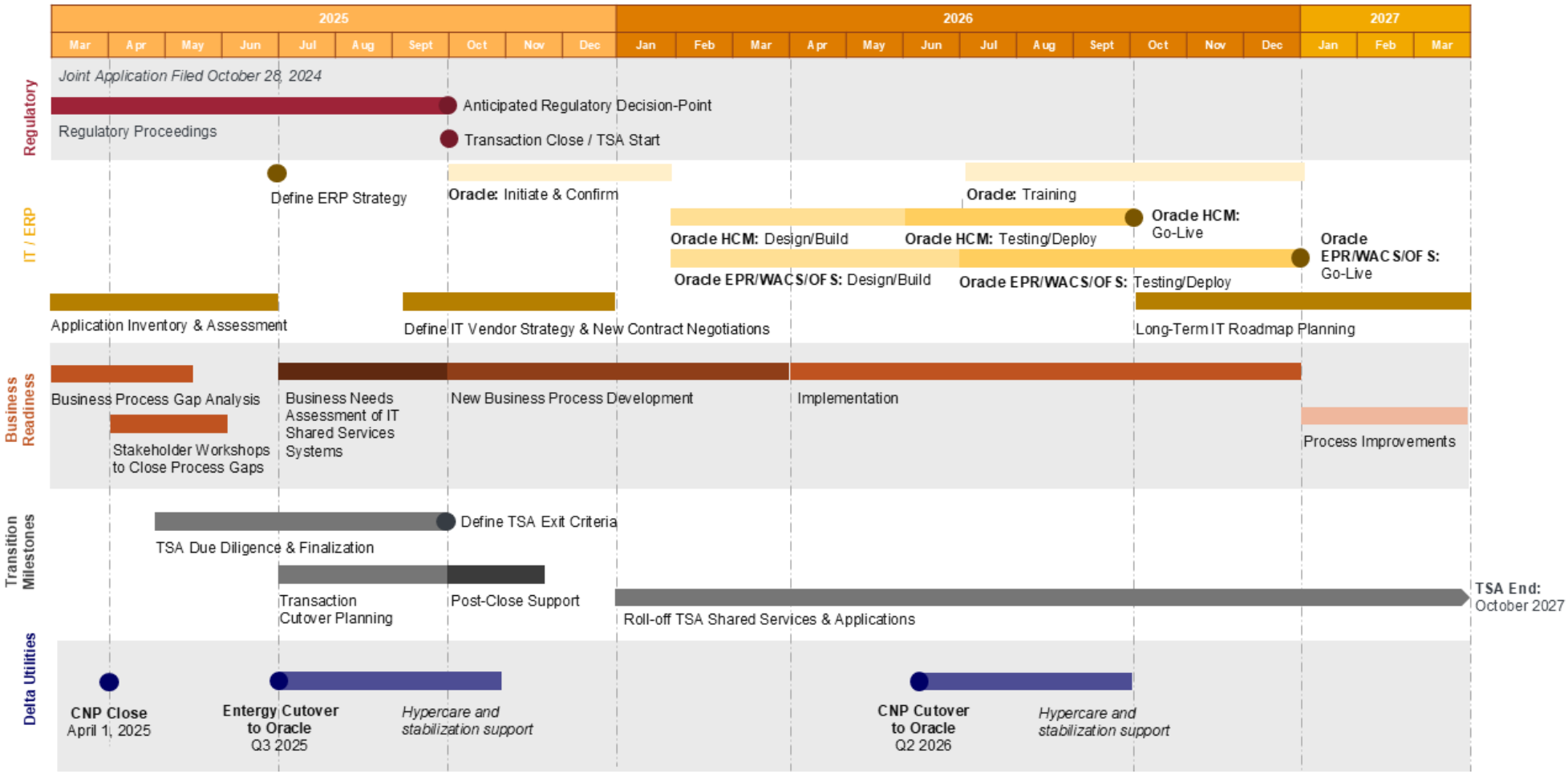
BUSINESS READINESS

- Completion of organization build-out and staffing, including onboarding and training of employees delivering previous shared services functions
- Surge staffing and support for operations stabilization
- Implement reporting structures for affected shared services departments
- Identify areas of efficiency and improvement in operations
  - Support modification to business processes, improvement strategy, and long-term efficiency

REGULATORY

- Manage regulatory relationships
- Deploy Regulatory strategy
- Implement regulatory commitments

High-Level Transition Timeline



Long-Term Organizational Structure

Operations

Upon closing, NMGC will become a company within the BCP Management portfolio while maintaining its existing name, brand identity, and executive leadership team. The organization will continue to operate and serve customers in a manner similar to current business operations, with the added benefit of enhanced systems, refined business processes, and a modernized IT landscape.

The TSA enables an orderly and effective transition of critical business functions, establishing NMGC as a fully operational and independent entity that no longer relies on Emera and affiliate company shared services. To support long-term operations, NMGC will transition responsibilities previously handled through shared services to a combination of in-house resources, strategic new hires, and an IT shared service model.

Employees & Workforce Development

NMGC will remain a standalone entity, with local management and employees responsible for day-to-day operations. All NMGC employees on the date of closing will be retained and are guaranteed continued employment post-closing (subject only to termination for cause) – a key part of our commitment to service continuity for customers. Maintaining local talent and leadership retains invaluable institutional knowledge critical to success and enables a seamless business transition.

A portion of current shared services functions will be supported by new, local hires, contributing to the regional economy and ensuring effective delivery of customer-facing and operational functions. IT related functions, such as ERP and cybersecurity support, will be delivered through a shared services model leveraged across BCP Management's utilities portfolio. This hybrid structure allows NMGC to optimize cost efficiency and tap into the experience of other company portfolio companies, like Delta Utilities, while still maintaining strong operational performance, compliance with regulatory requirements, and prioritizing local talent and community investment.

IT Shared Services Model

The finalized IT environment and ERP system will enable NMGC to leverage executive-level IT expertise at Delta Utilities, who will already be operating a natural gas LDC on a similar instance of Oracle.

Delta Utilities' acquisition of CenterPoint Energy's natural gas utilities in Louisiana and Mississippi was complete April 1, 2025, and we anticipate the sale of Entergy's natural gas assets to be complete in the Summer of 2025. With all these announced acquisitions complete, Delta Utilities will serve more than 600,000 customers in communities across the Gulf South. Further, the Delta Utilities team will encompass over 900 experienced natural gas employees, including more than 200 industry-leading professionals delivering management and administrative functions.

The Delta Utilities team will have effectively transitioned and established a natural gas utility larger than NMGC, by customers and employee base, well before this proposed acquisition is complete, furthering BCP Management's preparedness to effectively transition and operate NMGC. Key IT leadership and consultants will have the ability to shift focus and ramp up support of NMGC's IT transition after having successfully transitioned operations and implemented an Oracle platform for these other LDCs. It is our belief that this unique blend of expertise and experience is unmatched, making this solution the best path forward for NMGC.

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 PETER I. TUMMINELLO

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, Peter I. Tumminello, Executive Chairman of Delta Utilities, affirms and states under penalty of perjury under the laws of the State of New Mexico: I have read the foregoing Rebuttal Testimony and Exhibits. I further affirmatively state that I know the contents of my Rebuttal Testimony and Exhibits and they are true and accurate based on my personal knowledge and belief.

SIGNED this 16th day of May 2025.

/s/Peter I. Tumminello
Peter I. Tumminello

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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

CERTIFICATE OF SERVICE

I CERTIFY that on this date I sent via email a true and correct copy of ***Rebuttal Testimony and Exhibits of Peter I. Tumminello***

NM Gas Company	
Thomas M. Domme	TMD@jkwlawyers.com;
Brian J. Haverly	BJH@jkwlawyers.com;
NMGC Regulatory	NMGCRegulatory@nmgco.com;
Raymond Gifford	RGifford@wbklaw.com;
Saturn Utilities, LLC	
Dana S. Hardy	DHardy@hardymclean.com;
Jaclyn M. McLean	JMclean@hardymclean.com;
Timothy B. Rode	TRode@hardymclean.com;
William DuBois	WDubois@wbklaw.com;
E. Baker	Ebaker@scottmadden.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;
New Mexico AREA	
Peter J. Gould	Peter@thegouldlawfirm.com;
Kelly Gould	Kelly@thegouldlawfirm.com;
Katrina Reid	office@thegouldlawfirm.com;

New Mexico Department of Justice	
Gideon Elliot	GElliot@nmdoj.gov;
Maria Oropeza	MOropeza@nmdoj.gov;
Nicole Teupell	Nteupell@nmdoj.gov;
New Energy Economy	
Mariel Nanasi	Mariel@seedsbeneaththesnow.com;
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;
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;
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 this May 16, 2025.

/s/Anita Hart
Anita Hart
Director, Regulatory Affairs
505-697-3838
anita.hart@nmgco.com