

[EXTERNAL] Case No. 24-00266-UT- 2025-05-16- Rebuttal Testimony of Lisa M. Quilici

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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)	
)	

Attached for filing today, May 16, 2025, is the attached Rebuttal Testimony of Lisa M. Quilici in the above referenced case.

If you have any questions regarding this filing, please contact Anita Hart at 505-697-3838 anita.hart@nmgco.com or Brian Buffington at 505-697-3879 brian.buffington@nmgco.com.

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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)	
)	

REBUTTAL TESTIMONY
OF
LISA M. QUILICI

MAY 16, 2025

**NMPRC CASE NO. 24-00266-UT
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LISA M. QUILICI**

**WITNESS FOR
JOINT APPLICANTS**

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JA Exhibit LMQ-1 (Rebuttal): Resume and Testimony Listing of Lisa M. Quilici

SELF-VERIFICATION

**REBUTTAL TESTIMONY OF
LISA M. QUILICI
NMPRC CASE NO. 24-00266-UT**

I. INTRODUCTION AND PURPOSE

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

A. My name is Lisa M. Quilici. I am Senior Vice President and member of the Board of Directors of Concentric Energy Advisors, Inc. (“Concentric”), located at 293 Boston Post Road West, Suite 500, Marlborough, Massachusetts 01752.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS CASE?

A. No, I have not.

Q. ON WHOSE BEHALF ARE YOU SUBMITTING REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. I am submitting Rebuttal Testimony on behalf of the Joint Applicants (i.e., Emera Inc. (“Emera”), New Mexico Gas Company (“NMGC”), Saturn Utilities Holdco, LLC (“Saturn Holdco”), and affiliated applicants) in the application regarding the proposed acquisition of TECO Energy, NMGI, and NMGC (collectively, the “NMGC Group”) by Saturn Holdco (the “Transaction”).

Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE IN THE ENERGY AND UTILITY INDUSTRIES.

A. I have thirty-five years of experience working in a regulatory and consulting capacity in the electric and natural gas industries. I have direct experience in a wide range of strategic, financial, transactional and regulatory matters. Prior to co-founding Concentric, I was an

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1 executive of Navigant Consulting and Reed Consulting Group. Earlier in my career, I served
2 as assistant Director of the Rates and Revenue Requirements Division of the
3 Massachusetts Department of Public Utilities. I am a graduate of Purdue University and
4 was awarded an M.B.A. from Northeastern University. My background is presented in
5 more detail in JA Exhibit LMQ-1 (Rebuttal): Résumé and Testimony Listing.

6
7 **Q. PLEASE BRIEFLY DESCRIBE YOUR SPECIFIC EXPERIENCE AND DIRECT**
8 **INVOLVEMENT IN UTILITY TRANSACTIONS.**

9 **A.** As an industry expert, I have been directly involved in more than 40 utility transactions.
10 I have worked with both sellers and buyers in utility transactions. On the sell-side, I have
11 worked with numerous clients to evaluate potential asset or business sales, develop and
12 manage competitive transaction processes, and pursue necessary regulatory approvals. On
13 the buy-side, I have worked with clients to conduct due diligence and develop acquisition
14 proposals. I have been directly involved in numerous transaction negotiations. I also have
15 direct experience with post-closing merger integration.

16
17 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEW MEXICO PUBLIC**
18 **REGULATION COMMISSION (THE “COMMISSION” OR “NMPRC”)?**

19 **A.** Yes, I testified in NMPRC Case No. 20-00222-UT.
20

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Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my Rebuttal Testimony is to respond to testimony submitted by various parties pertaining to the topics of acquisition premium, goodwill and the process pursuant to which the proposed Transaction resulted. As it pertains to acquisition premium and goodwill, I respond to the testimonies submitted by Larry Blank on behalf of the Utility Division Staff (“Staff”) of the Commission and Mark Garrett on behalf of the New Mexico Department of Justice (“NMDOJ”). As it pertains to the transaction process, I respond to the testimony submitted by Christopher Sandberg on behalf of New Energy Economy (“NEE”).

II. SUMMARY OF KEY CONCLUSIONS

Q. PLEASE PROVIDE A BRIEF SUMMARY OF YOUR TESTIMONY AND KEY CONCLUSIONS PERTAINING TO THE ACQUISITION PREMIUM AND GOODWILL.

A. Dr. Blank asserts that “an amount equal to the goodwill (or acquisition premium) at closing of this transaction should be booked as a regulatory liability to customers”.¹ Mr. Garrett argues that a “reasonable portion” of the acquisition premium should be allocated to ratepayers.² As confirmed in his deposition, the customer rate credit range proposed by Mr. Sandberg is based on the notion that a portion of the acquisition premium should be shared with customers. As I discuss in more detail later in my Testimony, these positions

¹ Blank Direct at 5.

² Garrett Direct at 53.

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1 are outside the norms of utility regulation in North America including the Commission's
2 actions in other purchase approval cases and conflict with economic and financial
3 principles that underlie these regulatory norms. Regulators across America have
4 consistently rejected proposals similar to those proposed by Dr. Blank, Mr. Garrett and
5 Mr. Sandberg. The Commission should reject the attempts of these witnesses to create a quid
6 pro quo linking the approval of the Transaction to accepting their recommendations
7 regarding the acquisition premium and goodwill.

8
9 The Transaction's acquisition premium is neither the "agreed-to valuation" of "the exclusive
10 monopoly right held by NMGC"³ as asserted by Dr. Blank, nor "profits paid for regulated assets"⁴
11 as argued by Mr. Garrett. The Transaction is effectively a change of ownership of NMGC, not
12 the disposal of regulated assets in the normal course of business. The purchase price reflects the
13 value of the company in its entirety – physical and intangible assets and liabilities. The acquisition
14 premium is in no way the agreed-to valuation of the monopoly franchise of the company. The
15 franchise is one of many contributors to the ultimate value of NMGC which also include its skilled
16 workforce, reputation, licenses and permits (which also involve a government grant), among other
17 factors, and reflect current market conditions, expectations about NMGC's performance, and the
18 willingness of investors to put their capital at risk.

19
20 **Q. PLEASE SUMMARIZE WHY THE INTERVENORS' AND STAFF'S POSITIONS THAT**
21 **THE ACQUISITION PREMIUM OR GOODWILL SHOULD BE SHARED ARE**

³ Blank Direct at 7.

⁴ Garrett Direct at 53.

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1 **FLAWED.**

2 **A.** These positions are flawed for many reasons including:

- 3 • There is no basis for the argument that the acquisition premium should be
4 transferred, or a portion of it allocated to NMGC's customers. Utility customers
5 are entitled to adequate, reasonable, and efficient service in return for payment
6 of just and reasonable rates regulated by this Commission.⁵ Customers do not
7 have ownership interests in the company and therefore do not have any
8 entitlement to the gain, or loss, resulting from a sale because the company serves
9 them.
- 10 • Investors put their capital at risk and bear the risk of loss on their investment,
11 including the full loss due to bankruptcy. Similarly, these investors are entitled
12 to the gain on their investments, if any. The acquisition premium is the product
13 of the willingness of Emera and its investors to take these risks, and of Saturn
14 Holdco investors to accept future risks. Any gain on a sale, just like any loss
15 from operations, bankruptcy or changes in market conditions, accrue to the
16 investors who accept that risk. Likewise, NMGC customers are not liable for
17 such losses nor entitled to any returns. NMGC customers receive natural gas
18 service in exchange for payment of regulated rates. These customers do not
19 become investors in NMGC simply because they take service from the company.
- 20 • Over the past fifteen years, there have been dozens of utility regulatory
21 proceedings involving acquisition transactions. None of the decisions in those

⁵ Section 62-8-2 NMSA 1978, <https://nmonesource.com/nmos/nmsa/en/item/4407/index.do#62-8-2>.

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proceedings, including the decisions rendered by this Commission, transferred or allocated all or a portion of the transaction's acquisition premium to utility ratepayers.

- The Joint Applicants' commitment that the goodwill created by this Transaction will not be recovered from NMGC's customers is clear, unambiguous and consistent with the like commitments made in other acquisition transactions approved by the Commission. NMGC's rates are regulated by the Commission now and they will continue to be regulated by the Commission if the Transaction is approved and closes. Mr. Garrett's "concern" that NMGC may nonetheless somehow recover the acquisition premium from NMGC's customers is misplaced and speculative and should be rejected.

Q. PLEASE PROVIDE A BRIEF SUMMARY OF YOUR KEY CONCLUSIONS REGARDING THE TRANSACTION PROCESS.

A. Mr. Sandberg accuses the Joint Applicants of being "misleading" and asserts that "there could not have been a competitive bidding process with only one actual offer".⁶ As I discuss in more detail later in my testimony, Mr. Sandberg is simply incorrect. I have been directly involved in more than 40 utility transactions. I have worked with numerous sellers to develop and manage competitive transaction processes, and I have worked with numerous prospective buyers participating in competitive transaction processes. Emera's multi-phase process run by a qualified financial advisor started with a large universe of

⁶ Sandberg Direct at 18-19.

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1 prospective interested parties and ultimately resulted in the proposed Transaction after
2 months of marketing, due diligence and arms-length negotiations is reflective of an
3 industry standard competitive bidding process. That this competitive bidding process
4 resulted in one binding offer and extensive negotiations to purchase NMGC is not
5 uncommon in corporate transactions and in no way maligns the competitiveness of the
6 process.

III. ACQUISITION PREMIUM AND GOODWILL

**Q. PLEASE RESPOND TO DR. BLANK’S TESTIMONY DEFINING ACQUISITION
PREMIUM AND GOODWILL.**

A. Dr. Blank defines an acquisition premium as “the difference between the purchase price
and the book value (or market value) of the tangible assets” and characterizes goodwill as
“the actual market value” and the acquisition premium as “the amount paid for the
goodwill.”⁷ I agree with Dr. Blank that an acquisition premium is the difference between
the purchase price of a transaction and the net book value of the seller’s physical assets.
Goodwill, however, is simply an accounting adjustment to recognize the amount of any
acquisition premium on the books of the acquiring company in compliance with generally
accepted accounting standards.

⁷ Blank Direct at 5.

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**Q. IS GOODWILL THE “AGREED-TO VALUATION” OF “THE EXCLUSIVE
MONOPOLY RIGHT HELD BY NMGC”⁸ AS ASSERTED BY DR. BLANK?**

A. No. The acquisition premium that will be recognized as goodwill in no way reflects an agreed-upon valuation of the utility’s monopoly status. The franchise is an intangible asset not dissimilar to NMGC’s other licenses or permits, which are also granted by the government. Other intangible assets such as its skilled workforce, organizational culture, intellectual property, customer relationships and brand recognition, are not without value or “derived from” NMGC’s franchise as is suggested by Dr. Blank.⁹ The purchase price agreed upon by Emera and Saturn Holdco through arms-length negotiations reflects the value of the company in its entirety – physical and intangible assets and liabilities – based on current market conditions, expectations about the company’s performance, including the opportunity for gain or loss on the sale, and the willingness of investors to put their capital at risk.

**Q. IS THE ACQUISITION PREMIUM “PROFITS PAID FOR REGULATED
ASSETS” AS ARGUED BY MR. GARRETT?¹⁰**

A. No. The Transaction is a change in ownership of NMGC. It is not the disposition of a regulated asset in the normal course as suggested by Mr. Garrett. The acquisition premium is not a gain on the sale of an individual utility asset or the sale of NMGC’s franchise. The underlying assets will remain in rate base, be subject to the Commission’s ratemaking

⁸ Blank Direct at 7.

⁹ Garrett Direct at 53.

¹⁰ Garrett Direct at 53.

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1 authority, and will support the provision of regulated utility service to customers. Further,
2 it is important to recognize that when an investor in a share of utility common stock sells
3 a share of stock, customers have no rights to the “gains” or exposure to “losses” on that
4 share experienced by the investor.
5

6 **Q. WHAT IS YOUR RESPONSE TO MR. GARRETT’S ASSERTION THAT “SINCE**
7 **RATEPAYERS ASSUMED MOST OF THE RISK FOR THESE ASSETS” “THEY**
8 **TYPICALLY SHOULD RECEIVE MOST OF THE BENEFITS THAT DERIVE**
9 **FROM SUCH SALES”¹¹?**

10 **A.** As I discussed earlier in my testimony, customers received utility service in exchange for
11 payment of rates established by this Commission. Emera’s investors assumed all of the
12 risk of ownership of NMGC, including the risk of loss on their investment, in exchange
13 for the opportunity to earn a return on that investment. The Transaction does not alter this
14 framework, and the gains or losses of the holding company and its investors are not
15 relevant to a determination of whether the Transaction is in the public interest.
16

17 **Q. DOES THE EXISTENCE OF THE FRANCHISE CREATE ANY EXPRESS OR**
18 **IMPLIED UTILITY OWNERSHIP RIGHTS FOR NMGC’S CUSTOMERS?**

19 **A.** No. The agreement to award and live by the terms of a franchise is a self-contained
20 transaction that comes with both privileges and responsibilities. The franchise is granted
21 for the benefit of society, not for the benefit of the utility as implied by Dr. Blank’s

¹¹ Garrett Direct at 53-54.

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1 testimony. The franchise provides the utility with service exclusivity, but also imposes an
2 affirmative duty to serve. The government has been compensated for the franchise by the
3 utility's acceptance of this obligation to serve at regulated rates. All of these attributes
4 have an impact on the utility's service, operations, prices, profits and risks. Conventional
5 regulatory principles in New Mexico require that NMGC's customers are entitled to
6 adequate, reasonable, and efficient utility service in return for payment of fair, just and
7 reasonable rates established by this Commission. The receipt of utility service in return for
8 the payment of regulated rates does not grant NMGC's customers ownership rights in
9 NMGC or its assets or an entitlement to all or a portion of the acquisition premium. In
10 fact, the New Mexico Supreme Court has specifically held that "a utility customer is not a
11 partner or a beneficiary of the utility" and "[b]y paying bills for service they do not acquire
12 any interest, legal or equitable, in the property used for their convenience or in the funds
13 of the company."¹²

14
15 **Q. HAVE ANY UTILITY REGULATORY COMMISSIONS REQUIRED THAT ALL**
16 **OR A PORTION OF A TRANSACTION'S ACQUISITION PREMIUM BE**
17 **PROVIDED TO THE UTILITY'S CUSTOMERS?**

18 **A.** Not that I am aware of. Over the past 15 years, there have been dozens of utility regulatory
19 proceedings involving acquisition transactions in the United States. In a number of these
20 proceedings, positions similar to that taken by Dr. Blank in this Transaction were put forth.

¹² *Gas Co. of New Mexico v. New Mexico Pub. Serv. Comm'n*, 100 N.M. 740, 743 (1984) citing and quoting *Bd. Of Pub. Uti. Comm'rs v. N.Y. Tel. Co.*, 271 U.S. 23, 31-32 (1926).

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1 None of the decisions in those proceedings, including the decisions rendered by this
2 Commission, included a commission-required allocation of all or a portion of the
3 transaction's acquisition premium to utility ratepayers or linked customer benefits to the
4 acquisition premium.

5
6 **Q. HOW DO YOU RESPOND TO DR. BLANK'S TESTIMONY THAT "SETTING A**
7 **PRECEDENT THAT CUSTOMERS GET A REGULATORY LIABILITY**
8 **BENEFIT EQUIVALENT TO THE FULL GOODWILL AMOUNT" IS "FAIR"¹³**
9 **AND MR. GARRETT'S TESTIMONY THAT THE RATEPAYERS ARE**
10 **"ENTITLED" TO A PORTION OF THE ACQUISITION PREMIUM¹⁴?**

11 **A.** As I stated earlier, receipt of utility service in return for the payment of regulated rates does
12 not grant NMGC's customers' ownership rights in NMGC or an entitlement to all or a
13 portion of the acquisition premium. NMGC's parent company and its investors bore the
14 risk of loss on their investment, including the full loss due to bankruptcy. Similarly, these
15 investors are entitled to the gain on their investment, or in this case a loss as discussed by
16 Mr. Shell who confirms that NMGC incurred a write down of its goodwill of nearly \$200
17 million. The acquisition premium is the product of the willingness of Emera and its
18 investors to take these risks, and of Saturn Holdco investors to accept future risks. Any
19 gain or loss on a sale, just like any loss from operations, bankruptcy or changes in market

¹³ Blank Direct at 9-10.

¹⁴ Garrett Direct at 53.

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1 conditions accrue to those investors that accept that risk. Likewise, NMGC customers are
2 not liable for such losses nor entitled to any returns.

3
4 **Q. DO YOU HAVE EXAMPLES OF UTILITY INVESTOR RISKS?**

5 **A.** Yes. When PG&E filed for bankruptcy in 2019, investors faced massive losses. The risk
6 of loss, including total or substantial loss due to bankruptcy, is a risk assumed by investors.
7 Presumably Dr. Blank would not suggest that PG&E's investors be held harmless from
8 their losses since PG&E has a franchise. Another example is bondholders that bought
9 bonds with a 5% coupon rate profit substantially when interest rates fall to 4%. They
10 would also lose significantly if interest rates rose to 6%. That is the nature of investment
11 risk; not all risks or returns are within the control of the investor. Nonetheless, the investor
12 is entitled to the upside and must bear the downside. Dr. Blank's desire to deny Emera
13 and its investors the acquisition premium disregards how financial markets and equity
14 investments function.

15
16 **Q. WHAT IS YOUR RESPONSE TO THE POSITIONS OF DR. BLANK AND MR.**
17 **GARRET THAT RATEPAYER BENEFITS SHOULD REFLECT ALL OR A**
18 **PORTION OF THE ACQUISITION PREMIUM?**

19 **A.** Customer benefits and acquisition premiums have very different purposes. Customer
20 benefits are just that – an element of the Transaction that is intended to provide clear benefit
21 to utility customers. Mr. Baudier discusses the benefits that will accrue to customers if the
22 Transaction is approved and closes. The acquisition premium is part of the purchase price

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1 which compensates investors for the acquisition of NMGC. The gains or losses of Emera
2 and its investors are not relevant to a determination of whether the Transaction is in the
3 public interest. The fact that an acquisition premium exists is neither unusual in a utility
4 transaction nor does it mean that utility customers and the public interest will not benefit,
5 or will not benefit enough, from the Transaction. Whether the Transaction is in the public
6 interest should be assessed on its own merits rather than by creating a quid pro quo linking
7 approval of the transaction to relinquishment of all or a portion of the acquisition premium.

8
9 **Q. CAN A PORTION OF THE ACQUISITION PREMIUM BE ALLOCATED TO**
10 **CUSTOMERS AS RECOMMENDED BY MR. GARRETT?**

11 **A.** No. As acknowledged by Dr. Blank the acquisition premium is “embedded in the purchase
12 price” and cannot be allocated to customers.¹⁵ The purchase price is a fixed obligation of
13 the buyer to pay the seller of the acquired company. To “allocate” a portion of the
14 acquisition premium to customers as recommended by Mr. Garrett or to create a regulatory
15 liability equal to the value of goodwill as recommended by Dr. Blank would be in conflict
16 with the treatment of the acquisition premium in dozens of transactions approved by
17 commissions throughout the country since 2010; it would also substitute Dr. Blank’s and
18 Mr. Garrett’s judgment regarding the value of the Transaction for that established through
19 a competitive transaction process and arms-length negotiations. This is unreasonable.

¹⁵ Blank Direct at 9.

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1 **Q. MR. GARRET TESTIFIES THAT IT DOES NOT MATTER THAT EMERA IS**
2 **SELLING NMGC FOR AN ACQUISITION PREMIUM THAT IS LESS THAN**
3 **THAT PAID WHEN IT ACQUIRED NMGC FROM TECO IN 2015¹⁶ AND DR.**
4 **BLANK TESTIFIES THAT THE “CURRENT OWNERS” DO NOT HAVE A**
5 **“CLAIM TO THE GOODWILL PAID IN THE LAST ACQUISITION OF**
6 **NMGC.”¹⁷ DO YOU AGREE?**

7 **A.** Yes. While not the point these witnesses appear to be seeking to make in their testimonies,
8 this demonstrates and supports my testimony that investors bear the risk of loss, and, on
9 the flip side, the investors are entitled to the gain on their investments. In the third quarter
10 of 2024 Emera recognized non-cash goodwill and other impairment charges of \$221
11 million related to NMGC. The goodwill booked by Emera when it acquired TECO in 2015
12 was funded by investors and had no impact on the rates paid by NMGC’s customers.
13 Likewise, the impairment taken by Emera in 2024 was absorbed by investors and had no
14 impact on NMGC’s rates.

15
16 **Q. WHAT IS YOUR RESPONSE TO MR. GARRETT’S TESTIMONY THAT**
17 **“RATEPAYERS WILL ULTIMATELY BE RESPONSIBLE FOR THIS**
18 **PREMIUM IN ONE WAY OR ANOTHER”¹⁸?**

19 **A.** I am puzzled by Mr. Garrett’s position. The Joint Applicants’ commitment that the
20 goodwill created by this Transaction will not be recovered from NMGC’s customers is

¹⁶ Garrett Direct at 54.

¹⁷ Blank Direct at 10-11.

¹⁸ Garrett Direct at 51.

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1 clear and unambiguous. As discussed by Mr. Baudier in his testimonies and committed to
2 by the Joint Applicants “NMGC will not, directly or indirectly, seek to recover in any
3 future rate case, any increased goodwill or the increase in any other intangible asset
4 resulting from the Transaction and allocated to NMGC (“Acquisition Premium”). NMGC
5 agrees not to revalue its assets that are part of New Mexico regulatory rate base to reflect
6 the Acquisition Premium. NMGC will continue to value such assets for all Commission
7 regulatory purposes based on the original cost, less accumulated depreciation valuation
8 methodology”.¹⁹ Commitments like these are common in utility transactions, including in
9 those approved by this Commission. There has been no showing that these commitments
10 will be ineffective in preventing the recovery of any acquisition premium or goodwill from
11 customers.

12
13 **Q. DOES DR. BLANK TAKE ISSUE WITH THE JOINT APPLICANTS’**
14 **COMMITMENT THAT NMGC WILL NOT SEEK RECOVERY OF THE**
15 **ACQUISITION PREMIUM?**

16 **A.** No, he does not.
17

¹⁹ Baudier Direct at 34.

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1 **Q. IN SPITE OF THE JOINT APPLICANTS' COMMITMENT, COULD THE**
2 **ACQUISITION PREMIUM NONETHELESS BE "INDIRECTLY" RECOVERED**
3 **FROM NMGC'S CUSTOMERS²⁰ WITHOUT THE COMMISSION'S**
4 **KNOWLEDGE AND APPROVAL?**

5 **A.** No. NMGC is regulated by the Commission now and they will continue to be regulated
6 by the Commission if the Transaction is approved and closes. The Commission has the
7 authority to enforce the Joint Applicant's commitments. Commission approval is required
8 when establishing NMGC's rates. Parties to any rate case have the ability to review and
9 contest any changes to NMGC's rates, including its regulated capital structure and return
10 on equity (examples of possible indirect avenues for the recovery of the acquisition
11 premium cited by Mr. Garrett). In addition, the Joint Applicants have made specific
12 commitments of a minimum equity ratio in NMGC's capital structure to 50% post-closing,
13 and limiting its ability to propose new equity ratios in future rate proceedings to 54% and
14 specifically states that "the Commission is not bound to accept this equity ratio and
15 acknowledges that other parties may propose different equity ratios in the next rate
16 proceeding.²¹ There is simply no means of recovering goodwill or any other merger-
17 related costs in regulated rates absent the Commission's approval.

²⁰ Garrett Direct at 52.

²¹ See Baudier Direct at 34.

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IV. TRANSACTION PROCESS

**Q. MR. SANDBERG ACCUSES THE JOINT APPLICANTS OF BEING
“MISLEADING” IN THEIR CHARACTERIZATION OF THE TRANSACTION
PROCESS AS A COMPETITIVE BIDDING PROCESS AND ASSERTS THAT
“THERE COULD NOT HAVE BEEN A COMPETITIVE BIDDING PROCESS
WITH ONLY ONE ACTUAL OFFER”.²² WHAT IS YOUR REACTION?**

A. I strongly disagree. As an industry expert, I have been directly involved in more than 40 utility transactions. I have worked with numerous sellers to develop and manage competitive transaction processes, and I have worked with numerous prospective buyers participating in competitive transaction processes. Based upon my experience, the process which resulted in the proposed Transaction after months of marketing, due diligence and arms-length negotiations was an industry standard competitive bidding process. That this competitive bidding process ultimately resulted in one binding offer to purchase NMGC in no way maligns the competitiveness of the process. Simply put, that can happen in competitive bidding processes. The proposed Transaction is clearly the result of a competitive bidding process.

**Q. WHAT INFORMATION DID YOU REVIEW AND RELY UPON TO REACH
THIS CONCLUSION?**

A. I reviewed discovery and other materials describing the competitive bidding process including materials that were provided to parties who participated in this process. I also

²² Sandberg Direct at 18-19.

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1 interviewed Karen Hunt, Executive Vice President Business Development & Strategy for
2 Emera, who was directly involved in the transaction process.

3
4 **Q. PLEASE BRIEFLY HIGHLIGHT HOW THE TRANSACTION PROCESS IS**
5 **CONSISTENT WITH INDUSTRY NORMS AND MAY REASONABLY BE**
6 **CHARACTERIZED AS A COMPETITIVE BIDDING PROCESS.**

7 **A.** The process reflected hallmarks I would expect of a competitive bidding process including:

- 8
- 9 • Emera hired a highly qualified financial advisor, J.P. Morgan, who managed the
10 process and advised them throughout. An important objective of a financial
11 advisor running a competitive solicitation like Emera's is to conduct the
12 transaction process in a manner which maximizes competition and results in a
13 transaction which satisfies the seller's objectives and criterion. Further, the
14 financial advisor brings broad investor contacts and extensive transaction
15 experience.
 - 16 • As is standard in the industry, a multi-phase competitive solicitation process was
17 conducted. A multi-phase process fosters competition by making the potential
18 for a transaction known to a large universe of potentially qualified and interested
19 parties, providing an equal opportunity for these parties to participate in the
20 process, providing access to information and controlled access to seller
21 personnel necessary for prospective buyers to conduct due diligence and provide

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1 informed proposals, and maintaining competitive pressure on the party
2 ultimately selected as the buyer.

3 • Emera and its financial advisor employed industry standard tools and techniques
4 to foster competition including a “teaser”, their “fireside chats”, bidding
5 instructions and guidance to interested parties.

6 • Emera had clear objectives and evaluation criteria. In this case, the criteria made
7 clear the breadth of priorities Emera had in its evaluation of a potential
8 transaction including but not limited to purchase price, plans for local
9 management and employees, terms and conditions of the purchase and sale
10 agreement, and, importantly, the prospects for regulatory approval.²³ Emera’s
11 objectives and criteria were communicated to prospective buyers and guided the
12 progression of proposals.

13 • In addition to the commercial advice of its financial advisor, Emera retained and
14 relied upon expert legal counsel to support their arms-length negotiations with
15 Saturn Holdco.

16 **Q. DO YOU HAVE ANY OTHER REACTION TO MR. SANDBERG’S TESTIMONY**
17 **REGARDING THE COMPETITIVE BIDDING PROCESS?**

18 **A.** Yes. In his criticism of the Joint Applicants characterization of the transaction process as
19 a competitive bidding process, Mr. Sandberg points out that “BCP increased its price three
20 times”.²⁴ This price progression does not indicate that the transaction process was not

²³ See the response to WRA Interrogatory 5-5.

²⁴ Sandberg Direct at 19.

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1 competitive as Mr. Sandberg's testimony implies, rather it clearly demonstrates the results
2 of arms-length negotiations and the competitive pressure which result from a well-run
3 competitive bidding process. This evidence proves my point, not his assertion that the
4 process was not competitive.

5
6 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

7 **A.** Yes, it does.
8

**LISA M. QUILICI**

SENIOR VICE PRESIDENT

Lisa M. Quilici is a financial and regulatory consultant with more than thirty-five years of experience in the energy industry. Ms. Quilici advises clients throughout North America on a wide range of strategic, financial, transactional, and regulatory matters. Ms. Quilici has advised clients on mergers and acquisitions involving electric, natural gas, thermal and water utilities in more than twenty states. Ms. Quilici has developed nuclear, fossil, and hydroelectric generation divestiture programs. Ms. Quilici has deep expertise in energy industry regulation and regulatory policy, providing clients with insights on experiences nationwide. Ms. Quilici has extensive experience providing Board and senior management level advisory services, strategic and financial assessments, integrated resource planning, and regulatory analysis and policy formulation. Ms. Quilici works with her clients to formulate and communicate their strategies and proposals to all types of stakeholders. Ms. Quilici has provided expert testimony on transaction and regulatory matters before state regulatory agencies and courts.

After graduation from Purdue University and earning her MBA from Northeastern University, Ms. Quilici joined the Massachusetts Department of Public Utilities where she worked as an economist, lead negotiator in the DPU's integrated resource management process, and assistant director of the rates and revenue requirements division. Ms. Quilici joined REED Consulting group in 1994, becoming one of the youngest officers named in that organization. REED was acquired by Navigant Consulting in 1997, where Ms. Quilici served as an executive until leaving Navigant to form Concentric in 2002. Ms. Quilici is a member of Concentric's Board of Directors and acts as its corporate secretary.

AREAS OF EXPERTISE**Strategic Support**

Ms. Quilici works with electric and natural gas clients on a variety of strategic initiatives. Frequently, these engagements include the redevelopment of strategic or tactical plans, strategic assessments, and valuation of existing or potential business units, the development of multi-year regulatory agendas, and merger, acquisition, and divestiture strategies. Often this support is a precursor to a corporate initiative such as a merger, acquisition, divestiture or regulatory or legislative proposal. In many assignments, the assessment and specific actionable recommendations are vetted by the client's executive management. Specific services provided include identifying and evaluating corporate, financial, regulatory, political/legislative, local community, workforce, market, and asset/enterprise-specific considerations. Ms. Quilici works as part of her client's team delivering expertise-based, thoughtful, pragmatic, actionable strategic support.



Financial Advisor Services and Mergers and Acquisitions

Ms. Quilici has been instrumental in the success of dozens of mergers, acquisitions, and divestitures working with her clients to identify and effectuate transactions which create value for counterparties and their constituents. Ms. Quilici directly managed transactions which included nuclear, fossil, and hydroelectric generation assets (wholly and jointly owned), district heating and cooling, development properties, maintenance support, energy services, and power purchase agreements. Ms. Quilici has advised clients in corporate M&A, providing detailed regulatory, financial, stakeholder and regulatory assessments and support. Specific services provided include the development of corporate expansion plans, review of acquisition candidates, due diligence, conducting merger savings analyses and integration plans, negotiations, communications plans, developing regulatory commitments and conditions as appropriate, and regulatory approval and closing support relating to these transactions.

Regulatory Policy, Ratemaking and Resource Planning

Ms. Quilici has worked with clients to develop comprehensive regulatory and ratemaking strategies in support of corporate strategic initiatives, develop multi-year rate and regulatory plans, and evaluate new and emerging regulatory policies. Ms. Quilici has managed rate cases and other regulatory initiatives on behalf of clients, including being instrumental in and overseeing the development of applications and filings, expert testimony, discovery, witness preparation, and settlement support. Ms. Quilici has supported clients in the development of integrated resource plans and certificates of public need and necessity. Ms. Quilici works closely with her clients to engage in regulatory proceedings in a manner which pursues their strategic objectives and complies with regulatory requirements and facilitates regulatory policy development.

Expert Testimony and Litigation Support

Ms. Quilici provides expert testimony in administrative regulatory proceedings on a variety of energy and transactional issues. In addition to developing and sponsoring expert testimony, specific services provided include collaborating with counsel as well as business and technical staff to develop litigation strategies, preparing and reviewing discovery and briefing materials, and preparing materials and participating in sessions with regulators and interveners. Ms. Quilici sponsored expert testimony regarding transactional matters and ratemaking matters in numerous state-level proceedings.

PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2002 – Present)

Co-Founder and Senior Vice President

Navigant Consulting, Inc. (1997 – 2001)

Managing Director (2000 – 2001)

Director (1998 – 2000)

Vice President (1997)



REED Consulting Group (1994 – 1997)

Vice President (1997)

Consultant (1994 – 1996)

Massachusetts Department of Public Utilities (1990 – 1994)

Assistant Director, Rates & Revenue Requirements (1992 – 1994)

Economist (1990 – 1992)

Northeastern University (1989 – 1990)

Energy Research Assistant

Unisys (1988 – 1989)

Financial Analyst

Prudential Property and Casualty Insurance (1987 – 1988)

Employee Relations

EDUCATION AND CERTIFICATION

Northeastern University

M.B.A., 1990

Rutgers University

Certificate Program in Employee Relations, 1988

Purdue University

B.A., 1987

Harvard University

HBS, Executive Education Program, 2024

Board of Directors

Concentric Energy Advisors, Inc. (current Director and Secretary)

CE Publications (former Chairperson)

Boulder Valley Health Center (former Treasurer)

Frequent Flyers, LLC (former Director)



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Colorado Public Utilities Commission				
Black Hills Colorado Electric Utility Company, LP	01/11-03/11	PSCO/Northern Colo. Wind Energy, LLC	Docket Nos. 09A-020E and 09A-406E	Independent Assessment Report Pursuant to Colorado Public Service Commission Rule 3360(e)(V)
Black Hills Colorado Electric Utility Company, LP	06/09-10/09	Black Hills/Colorado Electric Utility\ 2008 CO Resource Plan	Docket No. 08A-346E	Independent Evaluator in Black Hills RFP for Power
Illinois (State of) Property Tax Appeal Board				
Exelon Generation Company	04/16	Exelon Generation Company, LLC and Byron Community School District No. 226	Docket Nos. 12-01248 and 12-02297	2012 Assessment of Byron Nuclear Power Station
Indiana Utility Regulatory Commission				
Northern Indiana Public Service Company	10/01	Northern Indiana Public Service Company	Docket No. 99-0207	Rate Case
Iowa Utilities Board				
Interstate Power and Light Company	07/12	Iowa Utilities Board	Docket No. SPU-2012-(SPU-05-15)	RFP/PPA with NextEra Duane Arnold, LLC
Missouri Public Service Commission				
Great Plains Energy Incorporated Kansas City Power & Light Co. KCP&L Greater Missouri Operations Co.	04/17	Great Plains Energy Inc. Kansas City Power & Light Co. KCP&L Greater Missouri Operations Co.	Docket No. EM-2017-0226	Acquisition



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
New Jersey Board of Public Utilities				
New Jersey American Water, Inc.	07/11	New Jersey American Water	Docket No. WR11070460	Water conservation initiative
New Mexico Public Regulation Commission				
Avangrid, Inc., PNM Resources, Inc.	04/21	Joint Petition of Avangrid, Inc., PNM Resources, Inc. and others	Docket No. 20-00222-UT	Merger
New York Public Service Commission				
Central Hudson, New York State Electric & Gas, Rochester Gas & Electric Niagara Mohawk Power Corporation	05/01 07/01	Joint Petition of Niagara Mohawk, NYSEG, RG&E, Central Hudson, Constellation and Nine Mile Point	Case No. 01-E-0011	Section 70, Rebuttal Testimony Pertaining to Asset Sale, Power Purchase and Sale Agreement; Standard Offer Service Agreement
Rochester Gas & Electric	01/04	Rochester Gas & Electric	Case No. 03-E-0765 Case No. 02-E-0198 Case No. 03-E-0766	Sale of Nuclear Plant; Ratemaking Treatment of Sale
Philadelphia City Council				
Philadelphia Gas Works	10/13 – 02/14	Philadelphia Gas Works	City Council Meetings	Financial Advisor to Philadelphia City Council in Proposed Sale of Philadelphia Gas Works to UIL



SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Public Utilities Commission of Texas				
Wind Energy Transmission of Texas	06/20	Wind Energy Transmission Texas, LLC; Axinfra US LP; Hotspur Holdco 1 LLC, Hotspur Holdco 2 LLC; 730 Hotspur LLC	Docket No. 50584	Applicants and PUC of Texas seeking approval of proposed ownership transfer to Axinfra and TIAA
Westar Energy and Kansas City Power & Light				
Great Plains Energy Inc., Kansas City Power & Light, and Westar Energy, Inc	10/16	State of Missouri Commission	Docket No. EM-2018-0012	GPE / Westar Merger
Wisconsin Public Service Commission				
Wisconsin Electric Power Company	01/07	Wisconsin Electric Power Co.	Docket No. 6630-EI-113	Sale of Nuclear Plant
Wisconsin Electric Power Company	08/10	Wisconsin Electric Power Co.	Docket No. 6630-CE-305	Biomass Fuel Co-Generation Facility

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

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JOINT APPLICANTS

Lisa M. Quilici

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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

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BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**Rebuttal Testimony and
Exhibits of Lisa M. Quilici**

Case No. 24-00266-UT

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DATED this May 16, 2025.

/s/Anita Hart

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