

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00 ____-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

DIRECT TESTIMONY AND EXHIBIT

OF

SEBASTIEN SHERMAN

August 25, 2025

**NMPRC CASE NO. 25-00____-UT
INDEX TO THE DIRECT TESTIMONY OF
SEBASTIEN SHERMAN**

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JA EXHIBIT SS-1

Résumé of Sebastien Sherman

SELF AFFIRMATION

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I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name and business address.

A. My name is Sebastien Sherman. My business address 345 Park Avenue, 16th Floor
New York, NY 10154.

Q. By whom are you employed and what is your position?

A. I am employed by Blackstone Inc. (“Blackstone”), a publicly traded investment
firm listed on the New York Stock Exchange (NYSE: BX), as a Senior Managing
Director. In that role, I lead the team within Blackstone that focuses primarily on
investments made by Blackstone Infrastructure¹ in the utilities and transportation
sectors in North America.

Q. On whose behalf are you submitting this testimony?

A. I am submitting testimony on behalf of Troy ParentCo LLC (“Troy”), and I am
familiar with and will provide information about Blackstone Infrastructure and the
role that it will play in the future ownership structure of Public Service Company
of New Mexico (“PNM” or the “Company”) if the transaction proposed in this case
(the “Acquisition”) is approved.

**Q. Please briefly describe your professional experience and your educational
qualifications.**

¹ Blackstone Infrastructure and other capitalized terms not defined herein have the meanings provided in Application Exhibit F, the 2026 General Diversification Plan filed in this matter.

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1 **A.** Attached to this testimony as JA Exhibit SS-1 is my resume which contains details
2 of my education and professional experience. I have an Honours BA (Economics)
3 from Queen’s University, and I am a Chartered Financial Analyst Charterholder.
4 Since joining Blackstone, I have been involved in the execution of several
5 Blackstone Infrastructure investments or acquisitions, including NIPSCO Holdings
6 II LLC (“NIPSCO”), FirstEnergy Corp. (“FirstEnergy”), Carrix, Inc. and
7 Applegreen Limited. I also serve on the boards of several of Blackstone
8 Infrastructure’s portfolio companies.

9

10 Before joining Blackstone, I spent 14 years with the OMERS Infrastructure, the
11 infrastructure investment advisor and manager of the Ontario Municipal Employees
12 Retirement System, including most recently as its Head of the Americas region.
13 Over the course of my career, I have led investments in numerous sectors, including
14 utilities, LNG import infrastructure, power generation, high-speed rail
15 infrastructure, airports, ports, toll roads, motorway service areas, land registry and
16 satellites. Prior to OMERS Infrastructure, I spent seven years in the banking
17 industry.

18

19 **Q.** **Have you previously filed testimony before the New Mexico Public Regulation**
20 **Commission (“Commission”) or any other regulatory authorities?**

21 **A.** No.

22

23

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1 **Q. What is the purpose of your testimony in this proceeding?**

2 **A. In Section II of this testimony, I will describe Blackstone Infrastructure in greater**
3 detail, focusing on the Blackstone Infrastructure entities' involvement in the
4 Acquisition, and I will describe some of the other investments of the Blackstone
5 Infrastructure Funds. In Section III of this testimony, I will describe Blackstone
6 Infrastructure's investment philosophy and history; including what makes
7 Blackstone Infrastructure different from other investors, how investment decisions
8 are made at Blackstone Infrastructure, and additional detail on the experience key
9 members of the Blackstone Infrastructure team have in the utility sector. In section
10 IV of this testimony, I will discuss the Acquisition and ways in which Blackstone
11 Infrastructure can be a good partner for PNM as a result of the Acquisition.

12
13 **Q. Do you co-sponsor any Exhibits in this testimony?**

14 **A. Yes. In addition to the Exhibits attached to my Direct Testimony, I co-sponsor**
15 Application Exhibit A (Corporate structure charts) and Application Exhibit F (2026
16 General Diversification Plan).

17

18 **II. BLACKSTONE INFRASTRUCTURE ENTITIES AND**
19 **OWNERSHIP**

20 **Q. Please describe the organizational structure that will be used to hold PNM.**

21 **A. The structure described in this testimony is reflected in Application Exhibit A.**
22 PNM is a wholly owned subsidiary of TXNM Energy, Inc. ("TXNM"). Upon
23 closing of the Acquisition, TXNM will become a wholly owned subsidiary of Troy

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1 and PNM will become an indirect, wholly owned subsidiary of Troy and thus
2 indirectly wholly owned and controlled by the entities I refer to as “Blackstone
3 Infrastructure.”

4
5 **Q. Please define Blackstone Infrastructure.**

6 **A.** “Blackstone Infrastructure” is an umbrella term used to refer collectively to
7 Blackstone Infrastructure Management and the investment funds and accounts
8 directly or indirectly controlled by them, including the Blackstone Infrastructure
9 Funds.

10
11 “Blackstone Infrastructure Management” refers to four entities, BIA GP L.P., BIA
12 GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C.

13
14 “Blackstone Infrastructure Funds” refers to Blackstone Infrastructure Partners L.P.
15 and its parallel funds and accounts (“BIP”) and Blackstone Infrastructure Strategies
16 L.P. and its parallel funds and accounts (“BXINFRA”).

17
18 **Q. What is the relationship between Blackstone Infrastructure and Blackstone?**

19 **A.** While Blackstone Infrastructure is ultimately controlled by Blackstone, the actions
20 of Blackstone Infrastructure do not require approval by the Board of Directors or
21 shareholders of Blackstone, and only certain material investments require approval
22 by the Blackstone Infrastructure investment committee, as further described below.
23 The day-to-day operations of Blackstone Infrastructure are managed by Sean

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1 Klimczak, who is also providing testimony in support of the Application, and the
2 other Senior Managing Directors on the Blackstone Infrastructure team, including
3 myself.

4
5 **Q. Will other funds participate in the funding of the Acquisition besides the**
6 **Blackstone Infrastructure Funds?**

7 **A.** Although the Blackstone Infrastructure Funds have the financial capacity to
8 consummate the Acquisition, as is customary in similar transactions, we anticipate
9 that a minority of the total investment will be funded by passive co-investors that
10 are aligned with the Blackstone Infrastructure Funds' long-term goals for TXNM
11 through investment funds or accounts that are also controlled by Blackstone
12 Infrastructure Management (the "Blackstone Infrastructure TXNM Co-Investment
13 Funds"). We refer to this process as "syndication," and it is common to most, if
14 not all, investments or acquisitions made by Blackstone Infrastructure and by
15 similarly-situated investors. The Blackstone Infrastructure TXNM Co-Investment
16 Funds are passive co-investors and will not have any right to appoint directors or
17 otherwise control PNM. To be clear, the Blackstone Infrastructure Funds will be
18 the majority investor in PNM, and Blackstone Infrastructure Management will
19 retain control over all of the indirect investment in PNM. For the avoidance of
20 doubt, Blackstone Infrastructure, as used in the Application, includes Blackstone
21 Infrastructure Management, the Blackstone Infrastructure Funds and the
22 Blackstone Infrastructure TXNM Co-Investment Funds.

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1 **Q. Please describe the Blackstone Infrastructure Funds you mentioned earlier.**

2 **A. BIP has an open-ended, perpetual life structure, meaning that there is no specific**
3 end-date for the fund or any fund investment and can continue to raise and invest
4 money which allows us to continue investing in businesses indefinitely, providing
5 ongoing equity support. This enables a long-term buy-and-hold investment
6 approach that fosters responsible stewardship and stakeholder engagement,
7 creating value for its investors and the communities in which it invests. BIP invests
8 in leading infrastructure companies including utilities, energy, transportation,
9 digital infrastructure, water and waste sectors, among others.

10

11 BXINFRA is a private fund that provides qualified individual investors the ability
12 to invest in Blackstone Infrastructure's strategies. Like BIP, BXINFRA is
13 structured as a perpetual-life fund.

14

15 Between BIP and BXINFRA, the Blackstone Infrastructure Funds have more than
16 \$64 billion in assets under management and own interests in 18 portfolio
17 companies.

18

19 **Q. Can you please explain why Blackstone Infrastructure is organized in this**
20 **fashion in terms of the various entities and investment funds that comprise**
21 **Blackstone Infrastructure?**

22 **A. The corporate organization used by Blackstone Infrastructure is a common**
23 management structure typically used to comply with U.S. pension plan

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1 requirements and to enable certain investors to invest in a tax-efficient manner. As
2 discussed in the testimony of witness Professor Talley, organizational structures of
3 this kind are widely used by infrastructure funds and will not affect the
4 Commission's ability to perform its oversight duties.

5
6 **Q. Having now identified the various Blackstone entities related to the**
7 **Acquisition, can you please provide the key takeaways from your description**
8 **of these entities.**

9 **A.** The key takeaways are that (i) Blackstone Infrastructure Management will control
10 TXNM through Troy, (ii) the Blackstone Infrastructure Funds – principally BIP
11 and BXINFRA – which are indirectly controlled by Blackstone Infrastructure
12 Management, will indirectly be the majority investor in TXNM through Troy, and
13 (iii) the Blackstone Infrastructure TXNM Co-Investment Funds, which are
14 indirectly controlled by Blackstone Infrastructure Management, will indirectly be
15 minority investors in TXNM through Troy. But to reiterate the point, the investors
16 in the Blackstone Infrastructure Funds and the Blackstone Infrastructure TXNM
17 Co-Investment Funds are passive co-investors in Troy and will not have any right
18 to appoint directors or otherwise control PNM.

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III. BLACKSTONE INFRASTRUCTURE'S INVESTMENT

PHILOSOPHY AND HISTORY

Q. Please describe the investment philosophy of Blackstone Infrastructure.

A. The investment philosophy of Blackstone Infrastructure is to focus on a diversified mix of investments across all infrastructure sectors, including energy, transportation, digital, water and waste. Blackstone Infrastructure seeks to apply a long-term, buy-and-hold strategy to large-scale infrastructure companies with a focus on delivering stable, long-term capital appreciation that compounds over time.

Q. Can you further explain Blackstone Infrastructure's perpetual capital focus, including how it is beneficial for the Acquisition?

A. Yes. The primary thing that sets Blackstone Infrastructure apart from many other investment firms is the open-ended structure of the Blackstone Infrastructure Funds, their long-term investment horizon and their access to perpetual capital at scale. Blackstone Infrastructure uses its open-ended model to partner with the companies in which we invest to support their growth for the long-term without the pressure to provide short-term liquidity or results.

One of the key attributes of our funds is that we have no obligation to sell our investments after a certain period of time and can continue to raise and invest money in our portfolio companies indefinitely, providing ongoing equity support. This means we can support the capital-intensive needs of utility companies like

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1 PNM that provide distribution, transmission and generation. Our investors trust us
2 to invest meaningful capital over the long term, ensuring business funding needs
3 can be met irrespective of any potential volatility in the broader capital markets
4 environment. This stability allows our portfolio companies to focus on the core
5 operations of their businesses without undue pressure to achieve short-term
6 financial results.

7 Our team understands that investments in utilities like PNM come with significant
8 public responsibility and that PNM's customer rates and returns on investment are
9 governed by the decisions of the Commission. Our perpetual capital focus allows
10 us to prioritize building strong relationships with local stakeholders and
11 communities where our portfolio companies operate. For example, during this
12 Acquisition process, we have sought out opportunities to engage with stakeholders
13 to facilitate an open and ongoing dialogue which we look forward to continuing in
14 the future.

15
16 **Q. What is an open-ended fund and why is that desirable?**

17 **A.** An open-ended investment fund is an investment fund without a fixed expiration
18 date or requirement to return capital to its investors. We also have the flexibility to
19 provide ongoing equity support by continuously raising and investing money. This
20 approach is desirable because it allows for sustained investment in infrastructure
21 without the pressure to sell assets for profit. It aligns with our perpetual capital
22 approach, focusing on steady growth and value creation over a long-term
23 investment horizon.

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1 For customers, this means that Blackstone Infrastructure does not have pressure to
2 increase capital spending unreasonably to secure short-term gains. Instead,
3 Blackstone Infrastructure is committed to investing in improvements and growth
4 while prioritizing long-term stability. Our perpetual capital approach, as compared
5 to a closed-ended fund, enables us to make investments thoughtfully, supporting an
6 investment plan that benefits customers without the rush for short- or medium-term
7 returns. This commitment helps our companies, like PNM, focus on sustainable
8 growth and reliable service for the communities they serve.

9

10 **Q. Please elaborate on Blackstone Infrastructure's track record of investment.**

11 **A.** Blackstone Infrastructure's track record of investment reflects who we are and what
12 we prioritize. Our experiences with utilities and other highly regulated, critical
13 infrastructure investments demonstrate that we rely on local management for day-
14 to-day operations, which allows us to support communities.

15

16 The way we operate our investment committee also plays a crucial role in our
17 decision-making process. The investment committee is responsible for ensuring
18 that every investment, whether it's a new investment or a follow-on equity
19 commitment of over \$100 million to an existing portfolio company, is thoroughly
20 evaluated.

21

22 Overall, Blackstone Infrastructure looks for opportunities that align with our values
23 of stability, growth, and community support, with the goal that our investments

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1 benefit everyone involved. In connection with the Acquisition, we've been through
2 a careful diligence process and have gotten to know the PNM management team,
3 and we are confident this partnership checks all the boxes in terms of what we look
4 for in a Blackstone Infrastructure investment.

5
6 **Q. What experience does Blackstone Infrastructure's team have in the utility**
7 **sector?**

8 **A.** Blackstone Infrastructure has internal and external resources with experience in the
9 utility sector. For example, all three Troy witnesses in this proceeding have
10 experience serving on boards of utilities located in other parts of the country and
11 will be able to bring the knowledge and perspective they have gained in these roles
12 to help PNM address challenges and learn from the experiences of other utilities.
13 Mr. Klimczak, for example, served on the board of Transmission Developers Inc.,
14 a developer of clean energy transmission infrastructure which includes the
15 Champlain Hudson Power Express ("CHPE"), a transmission line from the U.S.-
16 Canadian border to New York City. The CHPE project will deliver hydropower to
17 New York City which will reduce greenhouse gas emissions and lower electricity
18 costs. Mr. Klimczak also served on the board of FirstEnergy and was a member of
19 the Investment Committee that supported Blackstone's investments in FirstEnergy
20 and NIPSCO.

21
22 Since 2024, Ms. Boyd has served on the board of FirstEnergy, a utility that serves
23 over 6 million customers across six states in the Midwest and Eastern US. Prior to

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1 joining Blackstone Infrastructure, Ms. Boyd was a member of the Macquarie team
2 responsible for the firm's investment activities in the utility sector. While at
3 Macquarie, Ms. Boyd undertook due diligence on more than five U.S. utilities and
4 managed its investment in Cleco Power, a Louisiana electric utility that serves
5 approximately 300,000 customers and Puget Sound Energy, a Washington State
6 utility that serves approximately 1.2 million electric and 900,000 natural gas
7 customers.

8

9 Since 2024, I have served on the board of NIPSCO, a utility that serves 900,000
10 natural gas customers and 500,000 electric customers in Northern Indiana. Prior to
11 joining Blackstone Infrastructure, I was the Head of Americas region at pension
12 plan investor OMERS Infrastructure, responsible for managing its investments in
13 Oncor, a Texas electric utility that serves over 3.8 million customers, and Bruce
14 Power, an 8-unit 6,400 MW nuclear power generating station that serves Ontario,
15 Canada. While at OMERS, I was also responsible for managing its investment in
16 Scotia Gas Networks, the second largest gas distribution network in the United
17 Kingdom serving approximately 5.9 million customers.

18

19 Both Ms. Boyd and I have been actively involved in Blackstone Infrastructure's
20 negotiations with TXNM, leading up to execution of the Merger Agreement, and
21 we expect to continue to be involved as members of PNM's Board of Directors
22 after Closing.

23

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1 Separately, Blackstone Infrastructure has retained a number of outside subject
2 matter experts that it can draw on for strategic advice. This group includes retired
3 officers of large utilities with decades of operational experience in the utility sector.
4 Blackstone Infrastructure often taps retired officers that are subject matter experts
5 to serve on boards of companies in which Blackstone Infrastructure invests.

6
7 **Q. Please describe some of the Blackstone Infrastructure Funds' other**
8 **investments focused on the utility sector.**

9 **A.** Blackstone Infrastructure has had a successful history of investing in multi-faceted
10 utilities that gives it the necessary experience and expertise to partner with PNM,
11 and work with management to help accomplish its vision for the coming years. The
12 Blackstone Infrastructure Funds own interests in 18 portfolio companies, two of
13 which involve minority investments in investor-owned utilities: NIPSCO and
14 FirstEnergy, both of which are engaged in the generation, transmission, and
15 distribution of energy at wholesale and retail (in the Midcontinent Independent
16 System Operator Inc. and PJM Interconnection, LLC systems, respectively). In
17 addition, Blackstone Infrastructure recently announced a partnership with PPL
18 Corporation ("PPL") to pursue the development of new generation projects in
19 Pennsylvania. This joint venture does not involve PPL Electric Utilities or PPL's
20 other regulated subsidiaries, and it is still in the very early stages of identifying
21 development opportunities. However, we look forward to exploring opportunities
22 through this partnership to develop much needed new generation in Pennsylvania.

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1 **Q. Please further describe Blackstone Infrastructure Funds’ investment in**
2 **NIPSCO.**

3 **A. In December 2023, BIP invested \$1.7 billion to acquire a 19.9% stake in NIPSCO,**
4 Indiana’s largest natural gas utility and the second-largest electric utility. NIPSCO
5 serves nearly 1.4 million customers across northern Indiana. Since closing on our
6 investment on December 31, 2023, we’ve subsequently funded approximately
7 \$235 million in follow-on equity to support NIPSCO’s ongoing capital expenditure
8 needs. NIPSCO, headquartered in Merrillville, Indiana, owns or controls
9 approximately 3,025 MW of installed generating capacity and approximately 3,000
10 miles of electric transmission lines and distributes electricity to approximately
11 500,000 retail customers and provides natural gas distribution services to
12 approximately 900,000 retail customers across northern Indiana. Blackstone
13 Infrastructure is supporting NIPSCO’s investment plans that will result in a roughly
14 120% increase in its total renewable generation capacity from 2023 to 2025.

15

16 **Q. As the other active utility investment, can you please also discuss Blackstone**
17 **Infrastructure Funds’ investment in FirstEnergy?**

18 **A. Since December 2021, Blackstone Infrastructure has held an approximately 5%**
19 minority ownership in FirstEnergy, an electric utility serving over 6 million
20 customers across six states. FirstEnergy, headquartered in Akron, Ohio, is a public
21 utility holding company whose shares are publicly traded on the New York Stock
22 Exchange. Through its subsidiaries, FirstEnergy owns or contractually controls
23 approximately 3,600 MW of generation capacity and approximately 24,000 miles

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1 of electric transmission lines, serving more than 6 million retail customers in Ohio,
2 Pennsylvania, New Jersey, West Virginia, Maryland, and New York. At
3 FirstEnergy our investment funded an equity issuance that supported balance sheet
4 improvement that led to FirstEnergy being upgraded from sub-investment grade to
5 investment grade at all three major credit rating agencies.

6

7 **Q. The prior Blackstone Infrastructure utility investments you have described**
8 **are minority investments. Can you explain why Blackstone Infrastructure**
9 **wants to acquire a majority interest in PNM?**

10 **A.** Blackstone Infrastructure has been looking for the right company for a majority
11 interest investment. Our ideal transaction is to acquire a small- to mid-cap size
12 electric utility, in a state or region whose economy is growing, and in a state or
13 region that is focused on developing transmission and clean energy solutions. PNM
14 fits these criteria and we are excited about the opportunity.

15

16

IV. THE ACQUISITION

17 **Q. Turning now to the Acquisition, how will the Joint Applicants provide for**
18 **continued local operational control and management at PNM?**

19 **A.** Blackstone Infrastructure does not handle the day-to-day operations of its portfolio
20 companies. As evidenced by our Regulatory Commitments, we believe
21 maintaining the existing PNM senior management team is vital to the success of
22 our investment, as we expect that PNM management will continue operating the
23 utility in its usual course and responsibly execute their management

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responsibilities. The support from Blackstone Infrastructure will serve as an additional resource, providing benefits for customers while helping PNM meet its goals of setting reasonable rates for customers, enhancing reliability, and aligning with the policy objectives of New Mexico. Blackstone Infrastructure will offer this support through appointment of experienced, professional board members, at least two of whom will be residents of New Mexico, in addition to the CEO of PNM, all of whom will collaborate with other directors and current PNM management. This collaborative oversight supports execution of PNM's business plan efficiently and with stability.

Q. Please discuss how Blackstone Infrastructure has given back to the communities in which it invests.

A. Blackstone Infrastructure has a long history of contributing to the communities in which it is located. Across Blackstone funds, portfolio companies have hired over 100,000 veterans, spouses, and caregivers through the Blackstone Veterans Program, demonstrating our commitment to supporting military families. Additionally, Blackstone Infrastructure portfolio companies have contributed over \$70 million to charitable causes in 2024, while the Blackstone Charitable Foundation annually supports over 25,000 first-generation and low-income students in career readiness, connecting hundreds to paid internships, funding regional programs to drive workforce development, and supporting community engagement. PNM management and Blackstone Infrastructure are still developing their strategies as it relates to career readiness internships, funding for workforce

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1 development and employment opportunities for veterans in New Mexico, and have
2 committed funds that can be used for this purpose as part of the tangible and
3 quantifiable benefits included in the Regulatory Commitments. In addition, the
4 Joint Applicants are committing that PNM will maintain its historical level of
5 charitable giving after closing of the Acquisition.

6

7 **Q. Can you please discuss Blackstone Infrastructure's understanding and**
8 **approach to the setting of electric rates in New Mexico?**

9 **A.** To begin with, we understand that rates are set by the New Mexico Public
10 Regulation Commission, and that the Commission must balance the interests of
11 customers and shareholders when setting rates. Ultimately, when PNM files rate
12 cases in the future, we know that it will be PNM's burden to show that the costs
13 that PNM seeks to recover are prudent. PNM's management will be responsible
14 for advising the PNM Board of Directors on the pace and scope of capital
15 investments needed for New Mexico, and on the need for and content of rate case
16 filings.

17

18 Within this context, PNM needs to make significant investments in the coming
19 years to modernize its grid and to meet the requirements of the Energy Transition
20 Act. This will place pressure on rates regardless whether or when the Acquisition
21 closes. That being said, we are committed to working with PNM to seek smart and
22 prudent economic development that has the potential to mitigate potential rate
23 pressure felt by customers, and to help mitigate increases in rates by providing

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1 investment support and managerial and financial expertise to PNM as it faces these
2 challenges. We at Blackstone Infrastructure recognize that utility affordability is
3 critical to customers and to continued economic development in New Mexico.
4 Maintaining the most affordable rates possible is our long-term goal.

5
6 At Blackstone Infrastructure, our investment strategy is to invest for the benefit of
7 PNM and its customers, and to achieve for our investors a return on its investment
8 as approved by the Commission. We are investing in the communities and
9 customers of PNM for the long-term, and we will work to keep rates as low as
10 possible while providing safe and reliable service to PNM's customers.

11
12 **Q. Please discuss a couple of the ways PNM and its customers will benefit from**
13 **Blackstone Infrastructure's ownership of PNM.**

14 **A.** Blackstone Infrastructure can facilitate access to the benefits of scale associated
15 with Blackstone's broader investment portfolio (over 250 companies that employ
16 nearly 700k people). This scale has led Blackstone to develop centralized expertise
17 and capabilities in key functional areas that it leverages to assist the management
18 teams of its portfolio companies. Blackstone has a dedicated portfolio operations
19 team comprised of functional experts who, when called upon by portfolio company
20 leadership, will work to identify improvement opportunities and implement best
21 practices across a wide array of disciplines. Areas where Blackstone's portfolio
22 operations team has provided beneficial support to Blackstone portfolio companies
23 in the past, with no compensation received by Blackstone, include: participation in

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1 group purchasing programs, spend tracking and planning, procurement bidding
2 process enhancement, software system implementation, negotiation assistance with
3 third party vendors, cybersecurity evaluation, sustainability capability and
4 workforce development, and community engagement program development.

5

6 **Q. Can you give a few examples of what this operational support looks like in**
7 **practice?**

8 **A.** Yes.

- 9 • In cybersecurity, Blackstone has run free cybersecurity incident simulations
10 for several portfolio companies.
- 11 • In spend tracking and planning, Blackstone's portfolio operations team has
12 benchmarked categories of spend against a broader database of Blackstone
13 portfolio company vendor agreements to identify opportunities to leverage
14 Blackstone preferred vendors that can offer more favorable pricing, terms
15 and service. We also manage and run Request for Proposal processes and
16 supplier auctions alongside the portfolio company to foster competition in
17 the supplier base and diversify suppliers as needed.
- 18 • In software system implementation, our team has provided free advisory
19 engagements to portfolio companies on system rollouts that included
20 project management support to ensure projects are completed on time, as
21 well as assistance with scoping and negotiation of contracts with third party
22 software vendors.

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- 1 • In sustainability, our dedicated team can support portfolio companies that
2 would like help securing grant funding, enhancing reporting and piloting
3 new technologies.

4 These examples highlight the breadth of capabilities our portfolio operations
5 organization offers, free of cost to portfolio companies.

6 **Q. Can you discuss any other benefits available to portfolio companies through**
7 **Blackstone Infrastructure ownership?**

8 **A.** Additionally, Blackstone has an extensive network of senior advisors comprised of
9 experienced executives who offer advice and support to management teams to
10 positively impact the performance of their businesses, hone long-term strategies
11 and execute on key initiatives. This network includes senior leaders of utilities,
12 power generation, engineering and construction and energy equipment companies
13 that may have relevant insights that PNM can leverage in coming years as it
14 addresses challenges related to growing demand and the energy transition.
15 Blackstone will not receive compensation for providing TXNM access to this type
16 of informal advice from its senior advisor network.

17
18 **Q. Are there also potential benefits related to access to capital markets?**

19 **A.** Blackstone also has a team dedicated to capital markets which focuses full-time on
20 supporting Blackstone investment professionals and portfolio company leadership
21 with debt financing. This capital markets platform allows portfolio companies to
22 leverage Blackstone's scale in managing lenders and optimizing terms, while also
23 providing expertise to help management teams understand and evaluate which

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1 financing options available in the market are best suited to drive positive outcomes
2 for the businesses.

3

4 **Q. In summary, do you believe Blackstone Infrastructure is a good partner for**
5 **PNM?**

6 **A.** Yes, like Mr. Klimczak and Ms. Boyd, I have spent considerable time with the
7 PNM management team. I am impressed with their engagement in the community
8 and to the open way in which they have communicated with Blackstone
9 Infrastructure about PNM's needs and the advantages they see in partnering with
10 Blackstone Infrastructure. We have had the opportunity to be introduced to
11 stakeholders and community leaders and have seen the passion and commitment
12 New Mexicans have for their State. I know I speak for the broader Blackstone
13 Infrastructure team when I say that I look forward to working in the State and with
14 PNM's stakeholders to meet the challenges facing PNM over the coming years and
15 decades. With Blackstone Infrastructure's commitment and talents, PNM will be
16 well-positioned to continue to provide safe, clean, affordable, and reliable electric
17 service and support to the local community for the long term.

18

19 **V. SUMMARY AND CONCLUSION**

20

21 **Q. Please summarize your direct testimony.**

22 **A.** Blackstone Infrastructure is an open-ended, perpetual life fund with a proven track
23 record of investing in utilities. We are excited about the opportunity to invest in

**DIRECT TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-____-UT**

1 New Mexico and partner with the strong management team at PNM to help realize
2 their goals over the next decade and beyond.

3 **Q. Do you believe the Acquisition benefits PNM's customers and is in the public**
4 **interest.**

5 **A.**Yes, for the reasons stated in my testimony, and in the testimony of Mr. Klimczak
6 and Ms. Boyd, the Acquisition results in significant net benefits to the customers of
7 PNM and therefore passes the statutory test of being in the public interest.

8
9 **Q. Does this conclude your direct testimony?**

10 **A.**Yes.

11

GCG#534050

Résumé of Sebastien Sherman

JA Exhibit SS-1

Is contained in the following 1 page.

Sebastien Sherman

experience

2017-Present **BLACKSTONE INFRASTRUCTURE PARTNERS (BIP)** **NEW YORK, NY**
Senior Managing Director, Head of Utilities and Transportation
Senior member of BIP investment team who leads investment and origination in the transportation and utilities sectors in the Americas.

Transaction Experience

- **NIPSCO.** Led the acquisition of a 19.9% stake in and serves on the Board of Directors of NIPSCO, the Indiana-based electric and gas distribution company for \$2.15Bn. (2023)
- **Applegreen.** Led the acquisition and serves on the Board of Directors of Applegreen, one of the largest motorway service area and roadside convenience retailers across Ireland, the U.K. and the U.S. (2021)
- **FirstEnergy Primary Equity Issuance.** Led execution of \$1Bn investment in FirstEnergy, a large fully-regulated electric transmission and distribution utility. (2021)
- **Carrix.** Acquisition of the largest container terminal operator in the Americas. Serves as Chairman of the Board of Directors and supports management with ongoing strategic initiatives, with a focus on M&A, succession planning, and capital structure. (2019, 2021)

2003-2017 **OMERS INFRASTRUCTURE** **TORONTO, CA & LONDON, ENGLAND**
Senior Managing Director, Head of Americas
Over the course of 14 years at OMERS, in separate periods, led the Americas and Europe investment regions. Served as a member of the global management committee, reviewing ~25 binding bids and over 100 indicative bids. Managed bid teams conducting due diligence and completing utility, transport, midstream, and power generation investments in the United States, Canada, Europe, and Latin America. Served on the boards of 8 companies that collectively represented over \$30Bn of enterprise value.

Select Transaction Experience

- **Bruce Power.** Board member of the largest single-site nuclear energy facility in the world (6,400 MW) and part of ownership and management team that negotiated contract supporting a US\$10Bn investment to refurbish 6 of its units. (2015-17)
- **Oncor Electric.** Accountable for OMERS' investments in Americas in 2015-17 including Oncor, the largest transmission and distribution utility in Texas. (2015-17)
- **Quintero LNG.** Served on the board and led investment diligence for the southern hemisphere's first terminal for the reception, unloading, storage and regasification of liquefied natural gas (LNG) in Chile. (2017)
- **Scotia Gas Networks.** Served on the board for over 6 years and led business plan and diligence for the second largest gas distribution utility in the UK, with 6 million customers. (2005-13)

2000-2002 **MORGAN STANLEY** **TORONTO, CA**
Senior Associate, Corporate Finance - Investment Banking Department

1998-2000 **TD SECURITIES** **TORONTO, CA**
Associate, Mergers and Acquisitions - Investment Banking Department

1996-1998 **RBC CAPITAL MARKETS (F.K.A. RBC DOMINION SECURITIES)** **TORONTO, CA**
Analyst, Mergers and Acquisitions - Investment Banking Department

education

2003-2006 **CFA INSTITUTE** **VIRGINIA, US**
Awarded Chartered Financial Analyst Charter in 2006.

1991-1995 **QUEEN'S UNIVERSITY** **ONTARIO, CA**
B.A. in Economics (Honors). Granted ten academic awards including 4-year full tuition scholarships and an award for achieving highest standing upon entrance to fourth year of the honors Economics program

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF THE JOINT APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC FOR)
APPROVAL OF AN ACQUISITION AND MERGER OF) Case No. 25-00 ____-UT
TROY MERGER SUB INC. WITH TXNM ENERGY, INC.;)
APPROVAL OF A GENERAL DIVERSIFICATION PLAN;)
AND ALL OTHER AUTHORIZATIONS AND)
APPROVALS REQUIRED TO CONSUMMATE AND)
IMPLEMENT THIS TRANSACTION)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
TXNM ENERGY, INC. AND TROY PARENTCO LLC,)
)
JOINT APPLICANTS.)

SELF AFFIRMATION

In accordance with 1.2.2.35(A)(3) NMAC and Rule 1-011(B) NMRA, **SEBASTIEN SHERMAN, Senior Managing Director of Blackstone Inc.**, upon penalty of perjury under the laws of the State of New Mexico, affirms and states: I have read the foregoing **Direct Testimony and Exhibit of Sebastien Sherman and co-sponsored exhibits** which are true and correct based on my personal knowledge and belief.

DATED this 25th day of August, 2025.

/s/ Sebastien Sherman
SEBASTIEN SHERMAN