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 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.	)	**Case No. 25-00060-UT**

REVISED TESTIMONY AND EXHIBIT

OF

SEBASTIEN SHERMAN

IN SUPPORT OF THE REVISED APPLICATION

SEPTEMBER 15, 2026

NMPRC CASE NO. 25-00060-UT
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SEBASTIEN SHERMAN
IN SUPPORT OF THE REVISED APPLICATION

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SELF AFFIRMATION

REVISED TESTIMONY OF
SEBASTIEN SHERMAN
CASE NO. 25-00060-UT

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name and business address.

A. My name is Sebastien Sherman. My business address is 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 on investments made by Blackstone Infrastructure[1] in the utilities and transportation sectors in North America.

Q. On whose behalf are you submitting this testimony?

A. I am submitting this revised testimony ("Revised 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.

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

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

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

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

Q. Have you previously filed testimony before the New Mexico Public Regulation Commission ("Commission") or any other regulatory authorities?

A. Yes. I have previously filed the following testimony before the Commission in this case:

- August 25, 2025 – Direct Testimony in support of the Joint Application ("Direct Testimony").

- March 17, 2026 – Supplemental Testimony in Response to the Hearing Examiners' March 3, 2026 – First Bench Request to Joint Applicants ("Supplemental Testimony").[2]
- April 6, 2026 – Direct Testimony pursuant to Hearing Examiners' March 11, 2026 Order Directing Joint Applicants to Show Cause.

Q. What is the purpose of this Revised Testimony in support of the Revised Application?

A. The purpose of my Revised Testimony is to support the Revised Application that Troy, PNM, and TXNM (the "Joint Applicants") filed requesting approval of the Acquisition from the New Mexico Public Regulation Commission ("Commission"). This Revised Testimony updates my Direct Testimony to reflect changes to the Joint Application ("Original Application") resulting from the Show Cause Final Order[3] and factual updates to reflect the Joint Applicants' experience over the last year engaging with PNM stakeholders and communities. This Revised Testimony is intended to completely replace my Direct Testimony.

Q. How is the rest of your testimony organized?

A. In Section II of this Revised Testimony, I will describe Blackstone Infrastructure in greater detail, focusing on the Blackstone Infrastructure entities' involvement in the Acquisition, and I will describe some of the other investments of the Blackstone Infrastructure Funds. In Section III of this Revised Testimony, I will describe Blackstone Infrastructure's investment philosophy and history, including what makes Blackstone Infrastructure

[2] Due to the volume of information in my Supplemental Testimony, my Supplemental Testimony—which, pursuant to the Protective Order, can be found in this docket—is incorporated by reference.

[3] *Final Order on Show Cause Proceeding*, Docket No. 25-00060-UT (Jul. 2, 2026) ("Show Cause Final Order").

different from other investors, how investment decisions are made at Blackstone Infrastructure, and additional detail on the experience key members of the Blackstone Infrastructure team have in the utility sector. In Section IV of this Revised Testimony, I will discuss the Acquisition and ways in which Blackstone Infrastructure can be good partners for PNM as a result of the Acquisition. In Section V, I summarize my Revised Testimony and explain why the Revised Application is in the public interest.

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

A. Yes. In addition to JA Revised Exhibit SS-1 attached to my Revised Testimony, I co-sponsor Revised Application Exhibit A (Corporate structure charts), Revised Application Exhibit F (Revised 2026 General Diversification Plan), and Revised Application Exhibit G (Letter Agreement, Consent and Waiver).

II. BLACKSTONE INFRASTRUCTURE ENTITIES AND OWNERSHIP

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

A. The structure described in this Revised Testimony is reflected in Revised Application Exhibit A. PNM is a wholly owned subsidiary of TXNM Energy, Inc. ("TXNM"). Upon closing of the Acquisition, TXNM will become a wholly owned subsidiary of Troy and PNM will become an indirect, wholly owned subsidiary of Troy and thus indirectly wholly owned and controlled by the entities I refer to as "Blackstone Infrastructure."

Q. Please define Blackstone Infrastructure.

A. "Blackstone Infrastructure" is an umbrella term used to refer collectively to Blackstone Infrastructure Management and the investment funds and accounts directly or indirectly controlled by them, including the Blackstone Infrastructure Funds.

"Blackstone Infrastructure Management" refers to four entities, BIA GP L.P., BIA GP NQ L.P., Blackstone Infrastructure Associates (Lux) S.à.r.l., and BXISA L.L.C. "Blackstone Infrastructure Funds" refers to Blackstone Infrastructure Partners L.P. and its parallel funds and accounts ("BIP") and Blackstone Infrastructure Strategies L.P. and its parallel funds and accounts ("BXINFRA").

Q. What is the relationship between Blackstone Infrastructure and Blackstone?

A. While Blackstone Infrastructure is ultimately controlled by Blackstone, the actions of Blackstone Infrastructure do not require approval by the Board of Directors or shareholders of Blackstone, and only certain material investments require approval by the Blackstone Infrastructure investment committee, as further described below. The day-to-day operations of Blackstone Infrastructure are managed by Sean Klimczak, who is also providing testimony in support of the Revised Application, and the other Senior Managing Directors on the Blackstone Infrastructure team, including myself and Witness Boyd.

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

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

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

A. BIP has an open-ended, perpetual life structure, meaning that there is no specific end date for the fund or any fund investment and can continue to raise and invest money which allows us to continue investing in businesses indefinitely, providing ongoing equity support. This enables a long-term buy-and-hold investment approach that fosters

responsible stewardship and stakeholder engagement, creating value for its investors and the communities in which it invests. BIP invests in leading infrastructure companies, including utilities, energy, transportation, digital infrastructure, water and waste sectors, among others.

BXINFRA is a private fund that provides qualified individual investors the ability to invest in Blackstone Infrastructure's strategies. Like BIP, BXINFRA is structured as a perpetual-life fund. Blackstone Infrastructure has more than $90 billion in assets under management and owns interests in 25 portfolio companies.

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

A. The corporate organization used by Blackstone Infrastructure is a common management structure typically used to comply with U.S. pension plan requirements and to enable certain investors to invest in a tax-efficient manner. As discussed in the testimony of Witness Talley, organizational structures of this kind are widely used by infrastructure funds and will not affect the Commission's ability to perform its oversight duties.

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

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

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

Our team understands that investments in utilities like PNM come with significant public responsibility and that PNM's customer rates and returns on investment are governed by the decisions of the Commission. Our perpetual capital focus allows us to prioritize building strong relationships with local stakeholders and communities where our portfolio

companies operate. For example, during this Acquisition process, we have sought out opportunities to engage with stakeholders and the communities that PNM serves to facilitate an open and ongoing dialogue, which we look forward to continuing in the future. Moreover, the Show Cause proceeding strengthened our belief in creating open dialogues in the communities we work in and emphasized the need to establish and maintain a relationship with stakeholders such as the Utility Division Staff ("Staff"). Under Blackstone Infrastructure ownership, I can assure the Commission and stakeholders that it will be a priority for PNM management to continue to strengthen these relationships and to work with Staff.

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

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

For customers, this means that Blackstone Infrastructure does not have pressure to increase capital spending unreasonably to secure short-term gains. Instead, Blackstone Infrastructure is committed to investing in improvements and growth while prioritizing long-term stability. Our perpetual capital approach, as compared to a closed-ended fund, enables us to make investments thoughtfully, supporting an investment plan that benefits

customers without the rush for short- or medium-term returns. This commitment helps our companies, like PNM, focus on sustainable growth and reliable service for the communities they serve.

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

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

The way we operate our investment committee also plays a crucial role in our decision-making process. The investment committee is responsible for ensuring that every investment, whether it is a new investment or a follow-on equity commitment of over $100 million[4] to an existing portfolio company, is thoroughly evaluated.

Overall, Blackstone Infrastructure looks for opportunities that align with our values of stability, growth, and community support, with the goal that our investments benefit everyone involved. In connection with the Acquisition, we have been through a careful diligence process and have gotten to know the PNM management team and are confident this partnership checks all the boxes in terms of what we look for in a Blackstone Infrastructure investment.

[4] As Witness Klimczak discusses, for follow-on investments under $100 million, approval authority may be delegated to a sub-committee composed of certain officers of Blackstone Infrastructure.

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

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

Since 2024, Witness Boyd has served on the board of FirstEnergy, a utility that serves over 6 million customers across six states in the Midwest and Eastern US. Prior to joining Blackstone Infrastructure, Witness Boyd was a member of the Macquarie team responsible for the firm's investment activities in the utility sector. While at Macquarie, Witness Boyd undertook due diligence on more than five U.S. utilities and managed its investment in Cleco Power, a Louisiana electric utility that serves approximately 300,000 customers and Puget Sound Energy, a Washington State utility that serves approximately 1.2 million electric and 900,000 natural gas customers.

Since 2024, I have served on the board of NIPSCO, a utility that serves 900,000 natural gas customers and 500,000 electric customers in Northern Indiana. Prior to joining Blackstone Infrastructure, I was the Head of Americas region at pension plan investor OMERS Infrastructure, responsible for managing its investments in Oncor, a Texas electric utility that serves over 4.1 million customers, and Bruce Power, an 8-unit 6,555 MW nuclear power generating station that serves Ontario, Canada. While at OMERS, I was also responsible for managing its investment in Scotia Gas Networks, the second largest gas distribution network in the United Kingdom serving approximately 5.9 million customers.

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

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

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

A. Blackstone Infrastructure Funds have had a successful history of investing in multi-faceted utilities that gives them the necessary experience and expertise to partner with PNM and work with management to help accomplish its vision for the coming years. Blackstone Infrastructure Funds own interests in 25 portfolio companies, two of which involve minority investments in investor-owned utilities: NIPSCO and FirstEnergy, both of which are engaged in the generation, transmission, and distribution of energy at the wholesale (in the Midcontinent Independent System Operator Inc. and PJM Interconnection, LLC systems, respectively) and retail levels. In addition, Blackstone Infrastructure has a partnership (Invitium Energy, LLC) with PPL Corporation ("PPL") to pursue the development of new generation projects in Pennsylvania.[5] We look forward to exploring opportunities through this partnership to develop much needed new generation in Pennsylvania.

Q. Please further describe Blackstone Infrastructure Funds' investment in NIPSCO.

A. In December 2023, BIP invested $1.7 billion in equity to acquire a 19.9% stake in NIPSCO, Indiana's largest natural gas utility and the second-largest electric utility. NIPSCO serves nearly 1.4 million customers across northern Indiana. Since closing on our investment on December 31, 2023, we have subsequently funded approximately $285 million in follow-on equity to support NIPSCO's ongoing capital expenditure needs. NIPSCO,

[5] This joint venture does not involve PPL Electric Utilities or PPL's other regulated subsidiaries.

headquartered in Merrillville, Indiana, owns or controls approximately 3,967 MW of installed generating capacity and approximately 3,000 miles of electric transmission lines and distributes electricity to approximately 500,000 retail customers and provides natural gas distribution services to approximately 900,000 retail customers across northern Indiana. BIP is supporting NIPSCO's investment plans that have resulted in a roughly 125% increase in its total renewable generation capacity from 2023 to 2025.

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

A. Since December 2021, Blackstone Infrastructure has held an approximately 5% minority ownership in FirstEnergy, an electric utility serving over 6 million customers across six states. FirstEnergy, headquartered in Akron, Ohio, is a public utility holding company whose shares are publicly traded on the New York Stock Exchange. Through its subsidiaries, FirstEnergy owns or contractually controls approximately 3,600 MW of generation capacity and approximately 24,000 miles of electric transmission lines, serving more than 6 million retail customers in Ohio, Pennsylvania, New Jersey, West Virginia, Maryland, and New York. At FirstEnergy our investment funded an equity issuance that supported balance sheet improvement that led to FirstEnergy being upgraded from sub-investment grade to investment grade at all three major credit rating agencies.

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

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

IV. THE ACQUISITION

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

A. Blackstone Infrastructure does not handle the day-to-day operations of its portfolio companies. As evidenced by the revised regulatory commitments that Witness Boyd discusses in her testimony ("Revised Regulatory Commitments"), we believe maintaining the existing PNM senior management team is vital to the success of our investment, as we expect that PNM management will continue operating the utility in its usual course and responsibly execute their management 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, a majority of whom will be independent of both TXNM and Troy and their affiliates—at

least three of whom will be residents of New Mexico—in addition to the CEO of PNM and another director with utility executive experience, 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, 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 they relate to career readiness internships, funding for workforce development and employment opportunities for veterans in New Mexico and have committed funds that can be used for this purpose as part of the tangible and quantifiable benefits included in the Revised Regulatory Commitments.

After significant interactions with stakeholders and community leaders for more than a year, PNM management and Troy have refined their thinking regarding local union labor supportive programs and policies, career readiness through local internships and

apprenticeships, and funding local workforce development and employment opportunities in New Mexico. As Witness Boyd discusses, the Revised Regulatory Commitments reflect significant improvements related to those topics relative to the regulatory commitments in the Original Application.

Finally, Blackstone Infrastructure portfolio companies have contributed over $128 million to charitable causes over the last two years. As Witness Boyd discusses, the Joint Applicants are committing that PNM will maintain its historical level of charitable giving after closing of the Acquisition.

Q. Can you please discuss your understanding of the setting of electric rates in New Mexico and how your support will benefit customers?

A. To begin with, we understand that rates are set by the Commission and that the Commission must balance the interests of customers and shareholders when setting rates. Ultimately, when PNM files rate cases in the future, we know that it will be PNM's burden to show that the costs that PNM seeks to recover are prudent. PNM's management will be responsible for advising the PNM Board on the pace and scope of capital investments needed for New Mexico and on the need for and content of rate case filings. The PNM Board—with the benefit of a director with utility experience and disinterested directors of varying backgrounds, including New Mexico residents—will work with PNM management to make sure that the capital investments will benefit customers and enhance the strength of PNM's grid.

Within this context, PNM needs to make significant investments in the coming years to modernize its grid and to meet the requirements of the Energy Transition Act. This will place pressure on rates regardless of whether or when the Acquisition closes. That being said, we are committed to supporting PNM management in seeking smart and prudent economic development that has the potential to mitigate potential rate pressure felt by customers and to helping mitigate increases in rates by providing investment support and managerial and financial expertise to PNM as it faces these challenges. We at Blackstone Infrastructure recognize that utility affordability is critical to customers and to continued economic development in New Mexico. Maintaining affordable rates is our long-term goal and the extensive network of senior advisors at Blackstone will be available, at no cost, to provide PNM management strategic advice and a broader national perspective.

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

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

A. Blackstone Infrastructure can facilitate access to the benefits of scale associated with Blackstone's broader investment portfolio (over 270 companies that employ nearly 700,000 people). This scale has led Blackstone to develop centralized expertise and

capabilities in key functional areas that it leverages to assist the management teams of its portfolio companies. Blackstone has a dedicated portfolio operations team comprised of functional experts who, when called upon by portfolio company leadership, will work to identify improvement opportunities and implement best practices across a wide array of disciplines. Areas where Blackstone's portfolio operations team has provided beneficial support to Blackstone portfolio companies in the past, with no compensation received by Blackstone, include: participation in group purchasing programs, spend tracking and planning, procurement bidding process enhancement, software system implementation, negotiation assistance with third-party vendors, cybersecurity evaluation, sustainability capability and workforce development, and community engagement program development.

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

A. Yes.

- In cybersecurity, Blackstone has run free cybersecurity incident simulations for several portfolio companies.
- In spend tracking and planning, Blackstone's portfolio operations team has benchmarked categories of spend against a broader database of Blackstone portfolio company vendor agreements to identify opportunities to leverage Blackstone preferred vendors that can offer more favorable pricing, terms and service. Blackstone also manages Request for Proposal processes and supplier auctions alongside the portfolio company to foster competition in the supplier base and diversify suppliers as needed.

- In software system implementation, Blackstone's team has provided free advisory engagements to portfolio companies on system rollouts that included project management support to ensure projects are completed on time as well as assistance with scoping and negotiation of contracts with third party software vendors.
- In sustainability, Blackstone's dedicated team can support portfolio companies that would like help securing grant funding, enhancing reporting and piloting new technologies.

These examples highlight the breadth of capabilities Blackstone's portfolio operations organization offers, free of cost to portfolio companies.

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

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

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

A. Yes. Blackstone also has a team dedicated to capital markets which focuses full-time on supporting Blackstone investment professionals and portfolio company leadership with debt financing. This capital markets platform allows portfolio companies to leverage Blackstone's scale in managing lenders and optimizing terms, while also providing expertise to help management teams understand and evaluate which financing options available in the market are best suited to drive positive outcomes for the businesses.

Q. At the beginning of your Revised Testimony you referred to the Show Cause Final Order. Who discusses the background on that proceeding?

A. Witness Tarry provides the background on the Show Cause Final Order, including the events that led to that order. To his description I will add that, in finding the Financing Transaction violated the statute and was void and of no effect, the Commission recognized "that the Financing Transaction was publicly disclosed and [did] not find that Joint Applicants concealed the transaction, acted with a subjective intent to violate the law, or deliberately disregarded a known statutory obligation." Blackstone Infrastructure and Troy did not conceal the Financing Transaction and did not realize that the Financing Transaction may have violated New Mexico law. Once the Commission made a determination on that issue, Blackstone Infrastructure and Troy respected the decision and immediately began working to promptly comply with the Show Cause Final Order.

Q. How have the Joint Applicants complied so far with the Show Cause Final Order?

A. As Witness Tarry discusses, on July 27, 2026, the Joint Applicants filed Joint Applicants' Compliance Report to Effectuate the Final Order on the Show Cause, which they amended on August 10, 2026 ("Amended Compliance Report" and, collectively, "Compliance Reports").

Q. Have you reviewed the filed responses to the Compliance Reports?

A. Yes.

Q. Do you have any comments on the responses to the Compliance Reports?

A. Yes. Staff and certain intervenors urged the Commission to require the Joint Applicants to update the Original Application to include discussion of additional information since the Original Application was filed. As discussed further below, this Revised Application updates the Original Application with all the necessary information to evaluate the terms of the Acquisition as they stand now.

I also would like to briefly comment in more detail on the Staff's response. Staff concluded that the Joint Applicants had complied or substantially complied with the Show Cause Final Order. Additionally, Staff requested that the Commission require the Joint Applicants to supplement the record with information regarding the equity raised to repay the term loan, repayment of the dividends and certain tax information, and certain costs associated with the Financing Transaction and its unwinding and make certain demonstrations in PNM's next rate case. While Witness Monroy addresses those requests and other responses filed

in greater detail, I reiterate that Blackstone Infrastructure and Troy have no objection to Staff's requests for information and reporting and that, if the Acquisition is approved, we will make sure that PNM provides any and all information the Commission asks for.

Staff concluded its analysis by stating "[w]ith this supplementation, Staff believes that, notwithstanding any outstanding petitioned Show Cause orders, the evidentiary record can remain sufficient to proceed with further evaluation of the proposed acquisition."

Q. Did Staff have any specific recommendations regarding the Revised Application?

A. Yes. In paragraphs 26 and 27, Staff provided the following recommendations:

> *26. Staff believes the present record should be supplemented to account for developments relating to the Financing Transaction, the Show Cause proceeding, and the actions undertaken to comply with the Final Order. The supplementation should address any effects on the proposed acquisition's financial viability, timing, regulatory commitments, and claimed benefits and costs.*
>
> *27. In addition, nearly one year has passed since the Joint Applicants filed their direct testimony. Staff encourages the Joint Applicants to update their testimony and supporting evidence to reflect current circumstances. Updated submissions should address both time-sensitive changes—such as the status and*

assurances associated with PNM's capital-expenditure plan if new ownership may not begin until 2027—and discretionary changes, including offered benefits and customer-protection commitments associated with the acquisition.

Q. Have the Joint Applicants followed Staff's recommendation?

A. Yes. Witness Monroy testifies regarding PNM's perspective. From Troy's perspective, the Revised Application provides the information that Staff identified should be in the update to the Original Application.

Q. In your view, did the quick action taken by the Joint Applicants to comply with the Show Cause Final Order demonstrate that the Commission will be able to regulate PNM under Blackstone Infrastructure and Troy ownership?

A. Yes. The Joint Applicants and Blackstone Infrastructure are committed to following the Commission's directives and orders. The Show Cause proceeding has shown the strength of the Commission's jurisdiction over Troy and its affiliate, TopCo. Troy and TopCo complied with the Show Cause Final Order by quickly returning the stock and dividends to TXNM, timely paying the fines imposed on Troy and TopCo, and working with TXNM to provide the comprehensive Compliance Reports to the Commission ahead of the deadline imposed in the Show Cause Final Order.

Q. Has the Show Cause proceeding experience and the Show Cause Final Order affected how you intend to approach governance of PNM if the Acquisition is approved?

A. Yes. While Witness Tarry testifies in detail about the preservation of Commission jurisdiction, I want to start by emphasizing that, from the Blackstone Infrastructure and Troy perspectives, the Commission's ability to regulate PNM will continue to be strong if the Acquisition is approved. From a governance perspective, as a person who will likely be on the PNM Board if the Acquisition is approved, the Show Cause Final Order has emphasized to me the need to be diligent in ensuring management not only complies with Commission rules and directives but has an established and open dialogue with Staff that allows management to consult with Staff on issues.

To the extent that provisions of the Public Utility Act or the Commission's rules apply to PNM's owners, we will be diligent in ensuring that Blackstone Infrastructure, Troy and the other holding companies comply with those requirements. Open dialogue with Staff will help in those efforts and, more broadly, will help inform PNM's regulatory decisions moving forward.

I want to be clear on this point—all of the representatives from Troy understand and appreciate the value of maintaining and improving lines of communication with Staff and stakeholders.

Q. In the Procedural Order Establishing Affirmatively Relevant Topics,[6] the Commission asked about the relationship between the purchase price paid for PNM and expectations for revenue, recovery, and return. What is your response?

A. Blackstone Infrastructure believes that the market was undervaluing TXNM and, indirectly, PNM and TNMP. The purchase price Troy agreed to pay reflects its view of the actual value of TXNM, including PNM and TNMP (including return on equity, permitted equity layer, rate base and its growth prospects).

Q. In summary, do you believe Blackstone Infrastructure and Troy are good partners for PNM?

A. Yes, like Witnesses Klimczak and Boyd, I have spent considerable time with the PNM management team. I am impressed with their engagement in the community and the open way in which they have communicated with Blackstone Infrastructure about PNM's needs and the advantages they see in partnering with Blackstone Infrastructure. We have had significant interaction with stakeholders and community leaders for more than a year and have seen the passion and commitment New Mexicans have for the State. I know I speak for the broader Blackstone Infrastructure team when I say that I look forward to working in the State and with PNM's stakeholders to meet the challenges facing PNM over the coming years and decades. With the support of Blackstone Infrastructure's commitment and talents, PNM will be well-positioned to continue to provide safe, clean, affordable, and reliable electric service and support to the local community for the long term.

[6] *Procedural Order Establishing Affirmatively Relevant Topics*, Docket No. 25-00060-UT at ¶ E (Jan. 15, 2026) ("Relevant Topics Order").

V. SUMMARY AND CONCLUSION

Q. Please summarize your Revised Testimony.

A. Blackstone Infrastructure is an open-ended, perpetual life fund with a proven track record of investing in utilities. We are excited about the opportunity to invest in New Mexico and partner with the strong management team at PNM to help realize their goals over the next decade and beyond.

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

A. Yes, for the reasons stated in my Revised Testimony, and in the revised testimonies of Witnesses Klimczak and Boyd, the Acquisition results in significant net benefits to the customers of PNM and passes the statutory test of being in the public interest.

Q. Does this conclude your direct testimony?

A. Yes.

GCG#535784

Résumé of Sebastien Sherman

JA Revised 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 4-year full tuition scholarships

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 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.	)	**Case No. 25-00060-UT**

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 **Revised Testimony and Exhibit of Sebastien Sherman In Support of the Revised Application and co-sponsored exhibits** which are true and correct based on my personal knowledge and belief.

DATED this 15th day of September, 2026.

/s/ *Sebastien Sherman*
SEBASTIEN SHERMAN