

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**IN THE MATTER OF THE JOINT  
APPLICATION OF PUGET SOUND  
ENERGY, ONTARIO TEACHERS'  
PENSION PLAN BOARD, AND  
MACQUARIE WASHINGTON  
CLEAN ENERGY INVESTMENT,  
L.P. FOR AN ORDER  
AUTHORIZING PROPOSED SALES  
OF INDIRECT INTERESTS IN  
PUGET SOUND ENERGY**

**Docket U-210542**

**Joint Application**

**I. INTRODUCTION**

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2 *1.* Puget Sound Energy (“PSE”) and the Purchasers described below  
3 (collectively, “Joint Applicants”) request an order of the Washington Utilities and  
4 Transportation Commission (the “Commission”) authorizing the transfer of the  
5 upstream, non-controlling 31.57 percent indirect ownership interest in PSE,  
6 currently held by Canada Pension Plan Investment Board (“CPP Investments”) to  
7 the Purchasers (“Proposed Transactions”). After the closing of the Proposed  
8 Transactions, CPP Investments will no longer hold any direct interest in PSE’s  
9 ultimate parent company, Puget Holdings LLC (“Puget Holdings”), or any  
10 indirect interest in PSE.

11 *2.* The two Purchasers are acquiring CPP Investments’ interest in Puget  
12 Holdings and, therefore, an indirect ownership interest in PSE. One of the

1 Purchasers is a new investor in Puget Holdings, and one of the Purchasers is a  
2 returning investor in Puget Holdings. The Purchasers are described below:

- 3 • **Ontario Teachers’ Pension Plan Board (“Ontario**  
4 **Teachers”)**. The Ontario Teachers’ Pension Plan is the  
5 largest single-profession pension plan in Canada. An  
6 independent organization since 1990, Ontario Teachers  
7 invests and administers the pensions of more than  
8 331,000 active and retired teachers in the Province of  
9 Ontario. As of December 31, 2020, the Ontario Teachers’  
10 Pension Plan had net assets of C\$221.2 billion, invested  
11 across a mix of equities (public and private), bonds,  
12 commodities, real assets (real estate and infrastructure) and  
13 absolute return strategies.
  
- 14 • **Macquarie Washington Clean Energy Investment, L.P.**  
15 **(the “Macquarie Fund”)**. The Macquarie Fund is a  
16 limited partnership controlled and managed by Macquarie  
17 Group Limited (“Macquarie Group”). The Macquarie  
18 Group is a diversified financial group providing clients  
19 with asset management and finance, banking, advisory and  
20 risk and capital solution, with Macquarie Infrastructure and  
21 Real Assets managing \$132 billion in assets on behalf of  
22 clients across a range of capabilities. The Macquarie Group  
23 is returning as an investor in Puget Holdings through MGIF  
24 Clean Energy, L.P. Other investors in the limited  
25 partnership include Sunsuper<sup>1</sup> and NPS (large pension  
26 funds based in Australia and South Korea, respectively),  
27 both of which will join the Macquarie Fund as limited  
28 partners.

29 3. The Proposed Transactions will not affect the daily operations and  
30 management of PSE. Following the closing of the Proposed Transactions, PSE  
31 will continue providing safe, reliable, and affordable energy to its customers,  
32 while also continuing to pursue its vision of a clean energy future for Washington

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<sup>1</sup> On March 15, 2021, Sunsuper and QSuper announced an intent to merge the two Australian superannuation funds and create a single \$200 billion superannuation fund with two million members. The proposed merger of Sunsuper and QSuper remains subject to applicable regulatory, legislative, and final board approval but is planned to proceed in November 2021. Sunsuper’s equity commitment to the Macquarie Fund is not contingent on the consummation of the Sunsuper and QSuper merger. *See* Prefiled Direct Testimony of Aaron Rubin, Exh. AR-1T.

1 through increasing renewable energy usage, promoting energy conservation, and  
2 transitioning away from coal. The Proposed Transactions simply represent the  
3 transfer of a non-controlling minority ownership interest from an existing well-  
4 qualified, institutional investor in Puget Holdings to (i) one new well-qualified,  
5 institutional investor in Puget Holdings and (ii) an investment fund managed by a  
6 returning, well-qualified, institutional investor, with no change to PSE's  
7 operations, management and commitment to its customers and the Commission.

8 4. The Joint Applicants submit that (i) all criteria necessary for approval of  
9 the Proposed Transactions pursuant to Chapter 80.12 RCW and Chapter 480-143  
10 WAC have been met and (ii) the Proposed Transactions are consistent with the  
11 public interest. The Joint Applicants therefore request that the Commission  
12 approve the Joint Application and Proposed Transactions in an expeditious  
13 manner.

14 5. PSE is an investor-owned utility providing electric and natural gas service  
15 to customers in Western and Central Washington.

16 6. Statutes and rules that may be at issue in this case include: Chapter 80.12  
17 RCW, RCW 80.04.010, RCW 80.01.040 and Chapter 480-143 of the WAC.

## 18 II. JURISDICTION

19 7. PSE is a public service company subject to the Commission's jurisdiction.  
20 *See* RCW 80.04.010. More generally, RCW 80.01.040 establishes the  
21 Commission's general powers and duties and, among other things, empowers the  
22 Commission to regulate in the public interest "the rates, services, facilities, and  
23 practices" of all persons engaging within Washington in the business of supplying

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any utility service or commodity to the public for compensation and “related activities.” Commission authorization is necessary under RCW 80.12.020 for the Joint Applicants to close the Proposed Transactions.

8. The 2008 Acquisition Order<sup>2</sup> sets forth requirements with respect to the sale of a “material part” of PSE. Specifically, Condition Nine in the 2008 Acquisition Order requires Commission approval of the sale or transfer of “any material part of PSE. The term ‘material part of PSE’ means any sale or transfer of stock representing ten percent or more of the equity ownership of Puget Holdings or PSE.”<sup>3</sup> This requirement was memorialized in 2019 in Commitment No. 8 in Docket U-180680.<sup>4</sup> Because the Proposed Transactions each involve a sale of greater than ten percent of the equity ownership of Puget Holdings, the Commission has jurisdiction to consider and approve the Proposed Transactions.

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<sup>2</sup> *In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy, Inc., For an Order Authorizing Proposed Transaction*, Docket U-072375, Order 08, Approving and Adopting Settlement Stipulation; Authorizing Transaction Subject to Conditions (Dec. 30, 2008) (the “2008 Acquisition Order”).

<sup>3</sup> *Id.* at Attachment B (Transaction Commitments With Commission Clarifications and Conditions) (Ninth Condition).

<sup>4</sup> *In the Matter of the Joint Application of Puget Sound Energy, Alberta Investment Management Corporation, British Columbia Investment Management Corporation, OMERS Administration Corporation, and PGM Vermogensbeheer B.V.*, Docket U-180680, Final Order 06 (corrected) ¶ 57 (Mar. 11, 2019), Appendix A to the Multiparty Settlement Stipulation and Agreement, at 4 (the “2019 Acquisition Order”).

1 **III. NOTICES AND COMMUNICATIONS**

2 9. Persons authorized on behalf of PSE to receive notices and  
3 communications with respect to this Joint Application are:

Jon Piliaris	Sheree Strom Carson
Director, Regulatory Affairs	Jason T. Kuzma
Puget Sound Energy	David S. Steele
PO Box 97034	Perkins Coie LLP
Bellevue, Washington 98009-9734	10885 NE 4th Street, Suite 700
Phone: (425) 456-2142	Bellevue, Washington 98004-5579
Email: jon.piliaris@pse.com	Phone: (425) 635-1400
	Email: scarson@perkinscoie.com
	jkuzma@perkinscoie.com
	dstele@perkinscoie.com

4 10. Persons authorized on behalf of Purchasers to receive notices and  
5 communications with respect to this Joint Application are:

6 **For Ontario Teachers' Pension Plan Board:**

Kevin Kerr	Todd G. Glass
Managing Director	Heather Curlee
Greg Herget	Wilson Sonsini Goodrich & Rosati
Director & Senior Legal Counsel	701 Fifth Ave, Suite 5100
Ontario Teachers' Pension Plan	Seattle, WA 98104
5650 Yonge Street, 3rd Floor	Phone: (206) 883-2500
Toronto, Ontario; M2M 4H5	Email: tglass@wsgr.com
Canada	hcurlee@wsgr.com
Email: kevin_kerr@otpp.com	
greg_herget@otpp.com	

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**For Macquarie Washington Clean Energy Investment, L.P.:**

Laxman Ramu  
Associate Director  
John Kim  
Managing Director, General Counsel  
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125 West 55th Street  
New York, NY 10019  
Email: MIRALegalNotices@macquarie.com  
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Rosati  
701 Fifth Ave, Suite 5100  
Seattle, WA 98104  
Phone: (206) 883-2500  
Email: tglass@wsgr.com  
hcurlee@wsgr.com

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11. Data requests for the Joint Applicants should be addressed in the

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following manner, with additional copies to each of the Joint Applicants' counsel

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via email:

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Addressed to: Sheree Strom Carson  
By email (preferred): psedrs@perkinscoie.com  
By regular mail: Perkins Coie LLP  
10885 NE 4th Street, Suite 700  
Bellevue, Washington 98004-5579

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**IV. DESCRIPTION OF THE PROPOSED TRANSACTIONS**

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12. On July 6, 2021, each Purchaser (directly or through an affiliate) entered

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into a Purchase and Sale Agreement to purchase an equal share (i.e., a

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15.785 percent interest) of CPP Investments' non-controlling 31.57 percent

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ownership interest in Puget Holdings. The transaction documents are provided as

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exhibits to the testimony supporting this Joint Application.<sup>5</sup> Upon completion of

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<sup>5</sup> Please see the Second Exhibit to the Prefiled Direct Testimony of Aaron Rubin, Exh. AR-3, for a copy of the Purchase and Sale Agreement between CPP Investment Board (USRE II) Inc., and Macquarie Washington Clean Energy Investment, L.P., dated as of July 6, 2021. Please see the Second Exhibit to the Prefiled Direct Testimony of Christopher Parker, Exh. CP-3, for a copy of the Purchase and Sale Agreement between CPP Investment Board (USRE II) Inc., and 2848926 Ontario Limited, dated as of July 6, 2021.

1 the Proposed Transactions, CPP Investments will no longer hold a direct  
 2 ownership interest in Puget Holdings or an indirect ownership interest in PSE.  
 3 Each of the new Purchasers will own a minority, non-controlling, indirect interest  
 4 in PSE.

5 13. PSE’s ultimate parent company is Puget Holdings, a Delaware limited  
 6 liability company, which indirectly holds 100 percent of the ownership interests in  
 7 PSE. Table 1 below provides the current distribution of the ownership of equity  
 8 interests in Puget Holdings.

9 **Table 1. Current Equity Interests in Puget Holdings**

Canada Pension Plan Investment Board	31.57%
OMERS Administration Corporation	23.94%
British Columbia Investment Management Corporation	20.87%
Alberta Investment Management Corporation	13.60%
Stichting Depository PGGM Infrastructure Funds <sup>6</sup>	10.02%
<b>Total</b>	<b>100.00%</b>

10 14. Through the Proposed Transactions, CPP Investments will sell its  
 11 31.57 percent interest to Purchasers. Table 2 below identifies the two Purchasers  
 12 and the percentage interest in Puget Holdings that each Purchaser is acquiring  
 13 from CPP Investments.

14 **Table 2. Purchasers of the CPP Investments’ Interest in Puget Holdings**  
 15 **and Percent of Equity Interest in Puget Holdings Being Purchased**

Ontario Teachers’ Pension Plan Board	15.785%
Macquarie Washington Clean Energy Investment, L.P.	15.785%
<b>Total</b>	<b>31.57%</b>

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<sup>6</sup> The Stichting Depository PGGM Infrastructure Funds acts in its capacity as title holder of the PGGM Infrastructure Fund.

1 15. Table 3 below provides the distribution of equity interests in Puget  
2 Holdings after the completion of the Proposed Transactions.

3 **Table 3. Equity Interests in Puget Holdings**  
4 **Resulting from the Sale of CPP Investments' Interest in Puget Holdings**

OMERS Administration Corporation	23.94%
British Columbia Investment Management Corporation	20.87%
Ontario Teachers' Pension Plan Board	15.785%
Macquarie Washington Clean Energy Investment, L.P.	15.785%
Alberta Investment Management Corporation	13.60%
Stichting Depository PGGM Infrastructure Funds	10.02%
<b>Total</b>	<b>100.00%</b>

5 16. The Proposed Transactions are scheduled to close in late 2021 or early  
6 2022 following receipt of the necessary approvals, including approval by the  
7 Commission. Upon completion of the Proposed Transactions, PSE will continue  
8 to be a wholly-owned subsidiary of Puget Energy, Inc. ("Puget Energy"), and  
9 PSE's ultimate parent company will continue to be Puget Holdings. The terms of  
10 the Puget Holdings LLC Agreement, currently in place, will not substantively  
11 change as a result of the Proposed Transactions. Additionally, PSE will continue  
12 to be subject to the regulatory authority of the Commission and the Federal  
13 Energy Regulatory Commission ("FERC").

14 **V. INFORMATION REGARDING THE JOINT APPLICANTS**

15 **A. PSE**

16 17. PSE is Washington state's oldest and largest energy utility, with a 6,000-  
17 square-mile service territory stretching across ten counties. PSE serves



1 approximately 1.1 million electric customers and 900,000 natural gas customers.  
2 PSE meets the energy needs of its growing customer base in western and central  
3 Washington through cost-effective energy conservation, procurement of  
4 sustainable and renewable energy resources, and far-sighted investment in energy-  
5 delivery infrastructure. PSE and its employees are dedicated to providing great  
6 customer service and to delivering energy that is safe, reliable, reasonably priced,  
7 and environmentally responsible.

8 **B. Purchasers with New Indirect Interests in PSE**

9 **1. Ontario Teachers**

10 18. Ontario Teachers administers the Ontario Teachers' Pension Plan and  
11 oversees its management. The Ontario Teachers' Pension Plan is Canada's largest  
12 single-profession pension plan, paying pensions and investing plan assets on  
13 behalf of 331,000 retired and working teachers.

14 19. The Ontario Teachers' Pension Plan is sponsored by the Ontario Teachers'  
15 Federation and the Government of Ontario (collectively, the "Sponsors").  
16 Together, the Sponsors ensure that the Ontario Teachers' Pension Plan remains  
17 appropriately funded to pay pension benefits by deciding issues related to the  
18 contribution rate paid by working teachers (and matched by the government and  
19 designated employers) and the benefits that members will receive, among other  
20 items. Pursuant to the Teachers' Pension Act,<sup>7</sup> each Sponsor appoints five

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<sup>7</sup> Teachers' Pension Act, Revised Statutes of Ontario, 1990, available at <https://www.ontario.ca/laws/statute/90t01/v5>.

1 members to the independent board, and the Sponsors jointly select the eleventh  
2 board member who serves as the chair.

3 20. Ontario Teachers considers PSE a core infrastructure asset and a long-term  
4 holding that is ideally suited for its client base and their long-term pension and  
5 endowment requirements. As administrator of the Ontario Teachers' Pension  
6 Plan, the independent Ontario Teachers' Pension Plan Board has a governance  
7 and investment structure and approach consistent with the "Canadian model" of  
8 pension management. The Canadian model of pension management is founded on  
9 independence, strong governance with expert board members, direct investing by  
10 world-class investment teams and the ability to attract and retain top  
11 professionals. Since its inception, the Ontario Teachers' Pension Plan has been  
12 overseen by independent, professional board members who are required to make  
13 decisions in the best interest of all beneficiaries of the plan. In accordance with its  
14 fiduciary duties under the Pension Benefits Act (Ontario),<sup>8</sup> each member of the  
15 board must act in the best interests of the plan beneficiaries and independently of  
16 the Sponsors and others. Each member of the board possesses financial and  
17 governance expertise with members drawn from the fields of accounting, actuarial  
18 science, banking, business, economics, education, information technology and  
19 investment management, with each member obligated to make decisions in the  
20 best interest of the beneficiaries of the pension plan.

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<sup>8</sup> Pension Benefits Act, R.S.O, Revised Statutes of Ontario, 1990, available at  
<https://www.ontario.ca/laws/statute/90p08>.

1 21. Ontario Teachers is a recognized innovator and leader among pension  
2 investors with net assets of approximately \$C221.2 billion as of December 31,  
3 2020. Ontario Teachers has made significant investments in infrastructure and  
4 energy industries in both the United States and abroad. Energy investments by the  
5 Ontario Teachers' Pension Plan in the United States include interests in Anbaric  
6 Development Partners ("Anbaric"), a leading merchant transmission developer,  
7 and Cubico Sustainable Investments ("Cubico"), a global owner and provider of  
8 renewable energy. Anbaric is an American electric power transmission and  
9 storage development company located in Wakefield, Massachusetts, that  
10 specializes in the development of large-scale electric transmission and storage  
11 systems. Separately, the Ontario Teachers' Pension Plan holds 50 percent of the  
12 equity interest in Cubico, a leading investor in, and long-term owner and operator  
13 of, global renewable energy projects. Cubico began operations in the United  
14 States in January 2019 and currently owns nearly 700 MW of renewable energy  
15 projects in the Southeastern United States, including Texas.

16 **2. Macquarie Washington Clean Energy Investment, L.P.**

17 22. The Macquarie Fund will be organized as a limited partnership, managed  
18 and controlled by the Macquarie Group. As set forth in the organizational chart  
19 provided as the Third Exhibit to the Prefiled Direct Testimony of Aaron Rubin,  
20 Exh. AR-4, Macquarie Energy Partners GP LLC will be the general partner of the  
21 Macquarie Fund and will have ultimate authority over the Macquarie Fund. The  
22 Macquarie Fund has received equity commitments to support the acquisition of a  
23 15.785% indirect interest in PSE from the Macquarie Group, Sunsuper

1 Superannuation Fund (“Sunsuper”) and the National Pension Service of Korea  
2 (“NPS”).

3 23. The entities that have provided equity commitments to the Macquarie  
4 Fund will hold such interests through the respective limited partners shown in the  
5 Third Exhibit to the Prefiled Direct Testimony of Aaron Rubin, Exh. AR-4.

6 24. Upon consummation the three limited partners in the Macquarie Fund will  
7 hold passive non-voting securities while the Macquarie Group, as the general  
8 partner, will manage and control the Macquarie Fund. Sunsuper will hold  
9 30 percent of the passive equity rights in the Macquarie Fund, NPS will hold  
10 33.3 percent of the passive equity rights in the Macquarie Fund, and the  
11 Macquarie Group will hold the remaining 36.67 percent of the passive equity  
12 rights through MGIF Clean Energy, L.P. (“MGIF”), a fund managed and  
13 controlled by the Macquarie Group on behalf of its clients. Neither Sunsuper,  
14 NPS, nor MGIF will participate in controlling or managing the Macquarie Fund  
15 or have any influence over the day-to-day affairs of PSE.<sup>9</sup> Macquarie Energy  
16 Partners GP LLC will control and manage the Macquarie Fund in accordance with  
17 its rights and obligations as the general partner.

18 **VI. FINANCIAL AND TECHNICAL QUALIFICATIONS OF**  
19 **THE PURCHASERS**

20 25. As discussed above, the Purchasers are well-equipped to serve as  
21 upstream, indirect owners of PSE. They are well-funded, diversified asset

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<sup>9</sup> Because the Macquarie Fund is acquiring only a 15.785 percent of the equity interests of Puget Holdings, each of the three limited partners will have passive securities representing approximately 5 percent of the equity of Puget Holdings.

1 managers and pension fund administrators, with long-term investment horizons  
2 that match up well with the relatively secure and stable cash flows of regulated  
3 utilities such as PSE. Additionally, the Purchasers have investment experience in  
4 the energy sector and with regulated utilities in the U.S. and abroad. One of the  
5 Purchasers—the Macquarie Fund—has a strong understanding of PSE’s current  
6 business model and strategies, as the Macquarie Group managed and controlled  
7 funds with an indirect ownership interest in PSE for approximately a decade prior  
8 to 2019. The Macquarie Group’s desire to participate again as an indirect investor  
9 in PSE is an endorsement for PSE and the region.

10 26. The Purchasers also have a commitment to sustainability and clean  
11 energy, as demonstrated by their clean energy investments including wind and  
12 solar projects. Their focus on environmental sustainability is consistent with  
13 PSE’s efforts to reduce its carbon footprint and assist in Washington state’s  
14 transition away from coal.

15 27. Each of the Purchasers possesses significant experience in relevant  
16 industries, gained from their investments around the world. This experience will  
17 benefit and provide support to PSE’s existing management team, Board and  
18 operating personnel. PSE will continue to provide safe, affordable, and reliable  
19 service to customers.

## 20 VII. PUBLIC INTEREST CONSIDERATIONS

### 21 **A. Standard for Approval of the Proposed Transactions**

22 28. The Proposed Transactions involve the sale of a minority, non-controlling  
23 indirect interest in PSE to two separate institutional investors. WAC 480-143-170

1 establishes the standard by which the Commission reviews the Proposed  
2 Transactions. The rule states that

3 [i]f, upon examination of any application and accompanying  
4 exhibits, or upon a hearing concerning the same, the commission  
5 finds that the proposed transaction is not consistent with the public  
6 interest, it shall deny the application.<sup>10</sup>

7 The Commission has found that the public interest standard is fulfilled upon  
8 showing no harm to the public interest and does not require a showing of net  
9 benefits to the public in order to approve a transaction:

10 The standard in our rule does not require the Applicants to show that  
11 customers, or the public generally, will be made better off if the  
12 transaction is approved and goes forward. In our view, Applicants’  
13 initial burden is satisfied if they at least demonstrate no harm to the  
14 public interest.<sup>11</sup>

15 The Commission reiterated this standard in the 2008 Acquisition Order:

16 To be “consistent with the public interest,” a transaction need not  
17 confer net benefits on customers or the public by making them better  
18 off than they would be absent the transaction. It is sufficient if the  
19 transaction causes no harm.<sup>12</sup>

20 29. This standard contrasts with the heightened standard for approval that is  
21 applicable to transfers of a *controlling interest* in a gas or electrical company, as  
22 established by the Legislature in 2009. RCW 80.12.020 provides that

23 [t]he commission shall not approve any transaction under this  
24 section that would result in a person, *directly or indirectly, acquiring*  
25 *a controlling interest in a gas or electrical company* without a  
26 finding that the transaction would provide a net benefit to the  
27 customers of the company.<sup>13</sup>

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<sup>10</sup> WAC 480-143-170.

<sup>11</sup> *In re Application of PacifiCorp and Scottish Power plc*, Docket No. UE-981672, Third Supplemental Order at 2, 3 (Mar. 1999).

<sup>12</sup> 2008 Acquisition Order at ¶ 115.

<sup>13</sup> RCW 80.12.020 (emphasis added).

1 30. The Commission previously determined, as a matter of law, that the  
2 transfer of approximately 44 percent of a utility's shares to four purchases, none  
3 of whom hold an equity share that exceeds 24 percent, does not constitute a  
4 "controlling interest."<sup>14</sup> In that case the Commission accepted a two-part  
5 definition of "controlling interest:

6 1) a "controlling interest" is presumptively greater than 50 percent  
7 ownership interest, but 2) if a particular company requires a specific  
8 shareholder threshold to take affirmative board action based on its  
9 governing articles, then a "controlling interest" will be any share  
10 that meets or exceeds that threshold.<sup>15</sup>

11 31. Here, the Proposed Transactions do not involve the purchase or sale of a  
12 controlling interest. Both of the buyers will hold well less than 50 percent  
13 ownership interest in Puget Holdings and the 15.785 percent ownership interest  
14 each Purchaser will hold does not give either of the Purchasers a controlling  
15 interest under the Commission's definition. As such, the net benefits standard  
16 does not apply to the Proposed Transactions.

17 32. The discussion that follows demonstrates that the Proposed Transactions  
18 are consistent with the public interest and satisfy the standard under WAC 480-  
19 143-170 for Commission approval.

20 **B. The Proposed Transactions Are Consistent with the Public Interest**

21 33. The Proposed Transactions do not involve the acquisition of a controlling  
22 interest in PSE. The current owner of the 31.57 percent interest being transferred

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<sup>14</sup> *In the Matter of the Joint Application of Puget Sound Energy, Alberta Investment Management Corporation, British Columbia Investment Management Corporation, OMERS Administration Corporation, and PGGM Vermogensbeheer B.V.*, Docket U-180680, Final Order 01 ¶ 17 (Nov. 9, 2018).

<sup>15</sup> *Id.* ¶ 23.

1 does not have sufficient voting power to make any decisions on its own, and with  
2 the transfer, that interest will be split equally between two entities. Further, in the  
3 2008 Acquisition Order, the Commission evaluated Puget Holdings’ governance  
4 structure, and determined that anything less than a 55 percent share of the interest  
5 in Puget Holdings does not constitute a controlling interest:

6 [W]e note that although the Macquarie funds collectively own  
7 51 percent of Puget Holdings, *they do not own a controlling interest*  
8 because the governance structure requires the support of a  
9 55 percent or more majority of the voting stock for all decisions.<sup>16</sup>

10 There have been no changes to the voting thresholds in Puget Holdings’  
11 governance structure since the 2008 acquisition, and thus, in accordance with the  
12 2008 Acquisition Order, transfer of CPP Investments’ 31.57 percent of Puget  
13 Holdings is not a transfer of a “controlling interest” in Puget Holdings. Moreover,  
14 the 31.57 percent interest currently held by CPP Investments is being acquired by  
15 multiple, independent, well-qualified, and long-term Purchasers, leaving no single  
16 investor with a controlling interest in Puget Holdings or PSE. Because the  
17 Proposed Transactions do not “result in a person, directly or indirectly, acquiring  
18 a controlling interest in a gas or electrical company,” the net benefit standard does  
19 not apply.

20 34. The Proposed Transactions are consistent with the public interest; there  
21 will be no harm to customers as a result of this transfer of a minority share of the  
22 indirect ownership of PSE to the Purchasers. Following the close of the Proposed  
23 Transactions, PSE’s customers and the communities it serves will see no change

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<sup>16</sup> 2008 Acquisition Order at ¶ 214 (emphasis added). *See also id.* at ¶¶ 40, 53, and 254 (reiterating finding that anything less than a 55 percent voting interest is not a controlling interest in Puget Holdings).



1 in the operation of PSE, as compared to PSE’s operations prior to the close of the  
2 Proposed Transactions. The overall corporate ownership structure will not change  
3 as a result of the Proposed Transactions. PSE will continue to be wholly-owned  
4 by Puget Energy and its ultimate parent company will continue to be Puget  
5 Holdings.<sup>17</sup> The Proposed Transactions simply represent the transfer of a non-  
6 controlling minority ownership interest from one existing, long-term, well-  
7 qualified institutional investors in Puget Holdings to two, well-qualified,  
8 institutional investors; with no change to PSE’s operations, management and  
9 commitment to its customers and the Commission.

10 35. PSE is a well-run public service company that provides excellent service  
11 to a growing region. Under the private ownership that has been in place since  
12 2009, PSE has taken actions and made investments that benefit its customers and  
13 the community, and has worked constructively with the Commission and  
14 stakeholders. PSE intends to continue working with its customers and  
15 stakeholders to pursue these and other similar goals.

16 36. Some of the accomplishments PSE has made under private ownership in  
17 the last decade include:

- 18 • Sustaining and growing a company-wide safety culture  
19 benefitting customers and employees, with emphasis on areas  
20 such as pipeline safety, gas leak detection and mitigation,  
21 emergency response services, and spill prevention and  
22 management, among others. In addition to continually having  
23 below industry-averages for employee injuries, PSE has  
24 increased its emphasis on mental health and related safety and  
25 health trends impacting employees as a result of COVID-19.

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<sup>17</sup> As is currently the case, Puget Energy will continue to be wholly-owned by Puget Equico LLC, which will continue to be wholly-owned by Puget Intermediate Holdings Inc., which will continue to be wholly-owned by Puget Holdings.

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- Helping Washington state transition away from coal, with the retirements of Colstrip Units 1 and 2 in 2019 and the Centralia Coal Plant by 2025.
- Bringing more clean energy to the Pacific Northwest with the expansion of the Wild Horse Wind Project, construction of Phase 1 of the Lower Snake River Wind Project, and upgrades and modernization of the Baker River and Snoqualmie River Hydroelectric Projects. PSE is the largest producer of wind energy in Washington state, and the fourth largest utility owner of wind power in the nation.
- In January 2021, PSE set a climate-leading, aspirational goal of being a Beyond Net Zero Carbon energy company by 2045. PSE will reduce its own carbon emissions to net zero and go beyond by helping other sectors to enable carbon reduction across Washington state.
- Investing \$1.2 billion in customers’ homes and businesses to help them reduce their energy use and consistently exceed all state-mandated energy conservation savings targets.
- Creating an innovative industry-leading renewable energy program for PSE’s large business and municipal customers to enable 100 percent renewable generation now.
- Advancing transportation electrification with at-home, workplace, and multifamily charging programs plus public charging sites and targeted support for low income and historically underserved communities.
- Investing more than \$7 billion in electric and natural gas projects, improving critical infrastructure on which PSE’s communities depend.
- Deploying new web and mobile tools for easy account management, including bill payment and outage information.
- Earning top performing customer satisfaction scores from J.D. Power among combination natural gas and electric utilities, including ranking as one of the best for customer care in 2020.

1 37. The Proposed Transactions will allow PSE to continue its strong  
2 leadership providing clean energy in the region while also delivering safe,  
3 dependable, and affordable energy to its customers.

4 **C. The Purchasers Acknowledge and Affirm the Existing Commitments**  
5 **that Remain in Effect, and Have Agreed to Refresh Certain**  
6 **Commitments**

7 38. PSE and Puget Holdings agreed to 63 commitments as part of the 2008  
8 Settlement Agreement that was approved by the Commission, with conditions, in  
9 the 2008 Acquisition Order. In 2019, PSE and Puget Holdings updated and  
10 refreshed these commitments, and the Commission approved the updated  
11 commitments in the 2019 Acquisition Order. These 65 commitments are  
12 comprehensive and address the following areas: (i) governance and operations;  
13 (ii) regulatory; (iii) ring fencing and financial; (iv) community and low-income  
14 assistance; (v) environmental; (vi) energy efficiency; (vii) Colstrip; (viii) LNG;  
15 and (ix) miscellaneous. These commitments, as updated and refreshed, have  
16 served PSE and its customers well for more than a decade.

17 39. The Purchasers have each acknowledged and affirmed their support for  
18 PSE's and Puget Holdings' respective commitments that have been made, and  
19 that were approved by the Commission in the 2019 Acquisition Order, to the  
20 extent that those commitments remain effective as of the transaction closing  
21 date.<sup>18</sup>

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<sup>18</sup> Those commitments that have expired, or shall expire before the closing date of the Proposed Transactions, or that provide for a specific action which has been satisfied, shall not be considered as remaining in effect.

1 40. Appendix 1 to this Joint Application provides an updated version of the  
2 commitments proposed by the Joint Applicants in this proceeding. The  
3 Commission approved these commitments less than three-years ago and only  
4 minor revisions have been made to the commitments approved by the  
5 Commission. No currently effective, ongoing commitments have been withdrawn,  
6 and the existing protections remain in force. The Third Exhibit to the Prefiled  
7 Direct Testimony of Adrian J. Rodriguez, Exh. AJR-4, provides a matrix, which  
8 compares the commitments approved in the 2019 Order to the proposed  
9 commitments in Appendix 1 and provides an explanation for those commitments  
10 that have changed. Certain commitments that have been fulfilled have been  
11 removed, and the wording of certain commitments has been revised to clarify that  
12 the commitment applies to the current transactions. One key update to the  
13 commitments is the Purchasers' commitment to support PSE's aspirational  
14 "Beyond Net Zero" goal to decarbonize its footprint across PSE's business and  
15 help PSE's customers achieve their individual or corporate carbon reduction  
16 goals. This includes PSE's goals to:

- 17 • reduce emissions from PSE electric and gas operations and  
18 electric supply to net zero by 2030 and that by 2045, PSE will  
19 have a 100 percent carbon-free electric supply;
- 20 • reach net zero carbon emissions for natural gas used in customer  
21 homes and businesses by 2045, with an interim target of a  
22 30 percent emissions reduction by 2030;

- go beyond reducing emissions that we report by partnering with customers and industry to reduce carbon across sectors and across the state.<sup>19</sup>

## VIII. OTHER REGULATORY APPROVALS

41. The Joint Applicants will seek all other approvals necessary to complete the Proposed Transactions, including FERC approval pursuant to Section 203 of the Federal Power Act; the United States Committee on Foreign Investment, pursuant to the Exon-Florio Amendment to the Defense Production Act of 1950; and any other consents and approvals as may be required.

## IX. DESCRIPTION OF THE TESTIMONY SUPPORTING THE JOINT APPLICATION

42. This Joint Application is supported by testimony from the following witnesses:

- **Mary E. Kipp, President and Chief Executive Officer, PSE.** Ms. Kipp provides an overview of PSE’s accomplishments under private ownership. She testifies as to her expectation that PSE anticipates no change in its day-to-day management and operations or its commitments to customers as a result of the Proposed Transactions. She will provide evidence of the support of the existing owners of Puget Holdings who are not involved in these transactions.
- **Adrian J. Rodriguez, Senior Vice President Regulatory and Strategy, PSE.** Mr. Rodriguez describes the Proposed Transactions. He discusses PSE’s vision for the future and his understanding that the Proposed Transactions will not impede PSE’s current operations and vision. He testifies that the Proposed Transactions are consistent with the public interest, and he discusses the commitments that have been updated for the Proposed Transactions. He also

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<sup>19</sup> Puget Sound Energy, *Beyond Net Zero Carbon by 2045: Together, Creating a Clean Energy Future for All*, available at <https://www.pse.com/pages/together>.

1 provides the Joint Applicants' proposed procedural  
2 schedule.

- 3 • **Christopher Parker, Director in the Infrastructure and**  
4 **Natural Resources Group of Ontario Teachers** will  
5 introduce Ontario Teachers and describe the Ontario  
6 Teachers' Pension Plan it administers. Mr. Parker will  
7 describe Ontario Teachers' planned acquisition of an  
8 approximately 15.785 percent interest in Puget Holdings  
9 and explain that the Ontario Teachers' Pension Plan wishes  
10 to acquire an indirect ownership interest in PSE because  
11 PSE is a well-managed company with a proven track  
12 record, which is an important factor for Ontario Teachers  
13 when considering investment opportunities. Mr. Parker will  
14 testify that PSE's focus on environmental sustainability  
15 make it an attractive investment and explain how PSE's  
16 long-term development objectives and environmental focus  
17 align with Ontario Teachers' investment policies and  
18 procedures Mr. Parker's testimony explains that the  
19 transaction is consistent with the public interest.
  
- 20 • **Aaron Rubin, Senior Managing Director in the**  
21 **Macquarie Infrastructure and Real Assets**, on behalf of  
22 **Macquarie Washington Clean Energy Investment, L.P.**  
23 will testify regarding the Macquarie Fund's planned  
24 acquisition of the approximately 15.785 percent interest in  
25 Puget Holdings and explain why the Macquarie Group  
26 wishes to return as an investor in PSE. Mr. Rubin will  
27 testify that the Macquarie Fund is supportive of PSE's  
28 commitment to customer satisfaction, reliability, safety,  
29 and reasonable rates. The Macquarie Fund considers PSE a  
30 core infrastructure asset and seeks to further the goals of  
31 PSE consistent with the long-term plans approved by the  
32 Commission.

33 43. Also provided as Appendix 2 to this Joint Application are PSE's most  
34 recent financial statements, dated as of June 30, 2021, as filed with the Securities  
35 and Exchange Commission.

1                   **X.       REQUESTED PROCEDURE FOR CONSIDERATION OF**  
2   **THE JOINT APPLICATION**

3   44.           The Joint Applicants respectfully request that the Commission consider  
4           the Joint Application through the Open Meeting process. Specifically, the Joint  
5           Applicants request that the Commission allow a 60-75 day period for review of  
6           the Joint Application and supporting evidence, starting from the date of the filing  
7           of the Joint Application. The Joint Applicants will respond to informal discovery  
8           from stakeholders regularly granted intervention in PSE’s cases. PSE requests the  
9           Commission consider approval of the Joint Application at an Open Meeting in  
10          November 2021.

11   45.           An adjudication is not required for a transfer of ownership proceeding.  
12          WAC 480-143-160 makes clear that the Commission has discretion, but is not  
13          required, to set this matter for hearing in an adjudicative proceeding. In Docket U-  
14          180680, the Commission considered a similar transfer of a minority upstream  
15          ownership interest in PSE. In that case the Commission initially set the matter for  
16          consideration at an Open Meeting approximately 60 days after the initial filing.<sup>20</sup>  
17          Ultimately, two of the three Commissioners determined at the Open Meeting to  
18          set the matter for adjudication for two reasons: (i) the Commission had not  
19          evaluated a proposed transfer of a non-controlling interest in a privately held  
20          company since RCW 80.12.020 was amended; and (ii) an evidentiary proceeding  
21          would increase transparency and give stakeholders access to additional documents

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<sup>20</sup> See *In the Matter of the Joint Application of Puget Sound Energy, Alberta Investment Management Corporation, British Columbia Investment Management Corporation, OMERS Administration Corporation, and PGGM Vermogensbeheer B.V. for an Order Authorizing Proposed Sales of Indirect Interests in Puget Sound Energy*, Docket U-180680, Notice of Opportunity to File Written Comments and Notice of Recessed Open Meeting (Sept. 21, 2018).

1 that may have relevance to the proceeding.<sup>21</sup> The third Commissioner, in dissent,  
2 found that an adjudication was entirely unnecessary.<sup>22</sup>

3 46. In this case, the reasons the Commission cited in 2018 for converting the  
4 proceeding to an adjudication are no longer present. First, the Commission has  
5 previously determined that the no harm standard applies in a transfer of non-  
6 controlling ownership interest, such as this. Unlike the 2018 proceeding, this is  
7 not the first case to be considered under the revised version of RCW 80.12.020.  
8 Second, the Joint Applicants have developed an approach that promotes  
9 transparency in the open meeting process. The Joint Applicants will make  
10 available additional supporting documentation for review by stakeholders who are  
11 routinely granted full intervention in PSE’s rate cases and transfer of ownership  
12 proceedings. Joint Applicants intend to respond to informal discovery if received  
13 from these stakeholders. Thus, the two grounds for converting the proceeding to  
14 an adjudication in Docket U-180680 are not present in this case.

15 47. Additionally, the commitments made by the new buyers are generally up  
16 to date, having been approved by the Commission less than three years ago.  
17 Further, there is no change to the upstream ownership structure of Puget Holdings  
18 as a result of the Proposed Transactions; it will continue to be owned by a  
19 consortium of well-qualified investors, none of which holds a controlling interest  
20 in Puget Holdings.

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<sup>21</sup> See *In the Matter of the Joint Application of Puget Sound Energy, Alberta Investment Management Corporation, British Columbia Investment Management Corporation, OMERS Administration Corporation, and PGGM Vermogensbeheer B.V. for an Order Authorizing Proposed Sales of Indirect Interests in Puget Sound Energy*, Docket U-180680, Order 01 ¶¶ 26-27 (Nov. 9, 2018).

<sup>22</sup> *Id.* at pp. 11-12 (separate statement of Commissioner Balasbas concurring in part and dissenting in part).



1 48. In summary, there is no need for a lengthy, adjudicated proceeding and the  
2 Joint Applicants believe that the Joint Application can be addressed through an  
3 Open Meeting. If the Commission elects not to consider the Joint Application in  
4 an Open Meeting and sets it for adjudication, the Joint Applicants request an  
5 expedited procedural schedule which will result in a Commission order by  
6 December 31, 2021.

7 **XI. CONCLUSION AND RELIEF REQUESTED**

8 49. The Joint Applicants respectfully request that the Commission approve the  
9 Proposed Transactions, by which CPP Investments will sell all of its non-  
10 controlling, minority interest in Puget Holdings to two Purchasers. Upon  
11 completion of the Proposed Transactions, each of the two Purchasers will own a  
12 minority, non-controlling, indirect interest in PSE. The Purchasers are well-  
13 qualified investors with experience as owners of regulated utilities and energy  
14 investments.

15 50. This transfer of a non-controlling minority interest in upstream ownership  
16 will not harm customers. The Purchasers have acknowledged and affirmed  
17 support for the commitments that remain in effect, which among other things,  
18 protect customers from any potential risks associated with a change in upstream  
19 ownership. The day-to-day operations of PSE are expected to continue in a  
20 business as usual manner; PSE will continue providing safe, reliable, dependable  
21 and affordable service to its customers. Additionally, PSE will continue working  
22 with the Commission, stakeholders and customers to build on the  
23 accomplishments it has achieved under private ownership since 2009. These

1 achievements include helping to transition Washington state away from coal;  
2 remaining a leader among utilities in conservation savings and wind generation;  
3 committing to reduce PSE's carbon footprint; establishing and promoting a  
4 culture of safety for the benefit of employees and customers; and improving  
5 customer satisfaction.

6 51. For the reasons set forth in this Joint Application and the supporting  
7 testimony and exhibits, the Joint Applicants respectfully request that the  
8 Commission issue an order approving the Proposed Transactions, in an  
9 expeditious manner.

10 *[Signatures on Following Page]*

Dated: August 13, 2021.

**Respectfully submitted,**

**Perkins Coie LLP**

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Attorneys for Macquarie Washington  
Clean Energy Investment, L.P.

and

Ontario Teachers' Pension Plan Board

CERTIFICATION

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In accordance with WAC 480-143-140, I hereby certify under penalty of perjury under the laws of the State of Washington as set forth in RCW 9A.72.085 that the information included in the Application is true and correct to the best of my information and belief.

Dated at Bellevue, Washington,  
this 13th day of August, 2021.

Dated at \_\_\_\_\_,  
this \_\_\_\_\_ day of August 2021.

By   
On behalf of Puget Sound Energy

By \_\_\_\_\_  
On behalf of Macquarie Washington  
Clean Energy Investment, L.P.

Dated at \_\_\_\_\_,  
this \_\_\_\_\_ day of August, 2021.

Dated at \_\_\_\_\_,  
this \_\_\_\_\_ day of August 2021.

By \_\_\_\_\_  
On behalf of Ontario Teachers'  
Pension Plan Board

By \_\_\_\_\_  
On behalf of Macquarie Washington  
Clean Energy Investment, L.P.

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**CERTIFICATION**

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In accordance with WAC 480-143-140, I hereby certify under penalty of perjury under the laws of the State of Washington as set forth in RCW 9A.72.085 that the information included in the Application is true and correct to the best of my information and belief.

Dated at \_\_\_\_\_,  
this \_\_\_\_ day of August, 2021.

Dated at \_\_\_\_\_,  
this \_\_\_\_ day of August 2021.

By \_\_\_\_\_  
On behalf of Puget Sound Energy

By \_\_\_\_\_  
On behalf of Macquarie Washington  
Clean Energy Investment, L.P.

Dated at Collingwood, Ontario, Canada \_\_\_\_\_,  
this 13 day of August, 2021.

Dated at \_\_\_\_\_,  
this \_\_\_\_ day of August 2021.

By  \_\_\_\_\_  
On behalf of Ontario Teachers'  
Pension Plan Board

By \_\_\_\_\_  
On behalf of Macquarie Washington  
Clean Energy Investment, L.P.

6

1

**CERTIFICATION**

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In accordance with WAC 480-143-140, I hereby certify under penalty of perjury under the laws of the State of Washington as set forth in RCW 9A.72.085 that the information included in the Application is true and correct to the best of my information and belief.

Dated at \_\_\_\_\_,  
this \_\_\_\_\_ day of August, 2021.

Dated at New York, NY,  
this 13th day of August 2021.

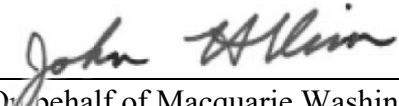
By \_\_\_\_\_  
On behalf of Puget Sound Energy

By   
On behalf of Macquarie Washington  
Clean Energy Investment, L.P.

Dated at \_\_\_\_\_,  
this \_\_\_\_\_ day of August, 2021.

Dated at New York, NY,  
this 13th day of August 2021.

By \_\_\_\_\_  
On behalf of Ontario Teachers'  
Pension Plan Board

By   
On behalf of Macquarie Washington  
Clean Energy Investment, L.P.

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## LIST OF APPENDICES

2

Appendix 1: Updated List of Commitments

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Appendix 2: PSE Form 10-Q dated June 30, 2021