



# Washington State Senate

**Senator Sharon Nelson**

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Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
P.O. Box 47250 Olympia, WA 98504-7250

**RE: Puget Sound Energy's Proposed Sale of Interests in Puget Holdings LLC  
UTC Docket U-180680**

Dear Washington Utility & Transportation Commission,

After reviewing the application filed on September 5, 2018 by Puget Sound Energy ("PSE"), jointly with Alberta Investment Management Corporation, British Columbia Investment Management Corporation, OMERS Administration Corporation, and PGM Vermogensbeheer B.V., for approval to sell PSE's interest in Puget Holdings LLC, I respectfully request the following.

**1) I urge the UTC to conduct a full, robust review of this transfer in ownership.**

The proposed application presents a number of public policy questions that the UTC should fully consider. A common sense review shows that the new ownership group will look substantially different than the original merger application that was approved in 2008 by the UTC. If the transaction is approved, PSE will be owned 90% by Canadian pension funds that are ultimately answerable to the Canadian government at the province or federal level. Before allowing this major change in the PSE ownership composition, the UTC should consider whether it meets the "net benefit" standard.

While the applicants argue that they shouldn't have to prove a "net benefit" to ratepayers, I urge the UTC to reject that notion. As an original sponsor of RCW 80.12.020, the legislation that created the "net benefit" standard following the acquisition of Puget in 2008, I believe it is

inconsistent with the intent behind RCW 80.12.020, which was to ensure that the Commission required “that a net benefit to customers be shown in order to approve the acquisition of the franchises, properties, or facilities owned by a gas or electrical company in the state.” Laws of 2009, Ch. 24, §1. Approving the proposed transaction without considering whether it provides a net benefit would undermine the intent and policy the Legislature sought to protect in 2009.

Further, when UTC approved the acquisition of PSE in 2008, the settlement agreement included 63 commitments including ring-fencing protections, environmental protections, rate relief, and numerous other consumer protections. The 2008 merger was precedent setting and for years was the gold standard used by consumer advocates and other state commissions when evaluating utility mergers. It would be ironic to now forego any significant review simply because the transfer of ownership interests falls below an arbitrary threshold. Holding this application to a lower standard compared to 2008 would be inconsistent with and undermine the clearly stated legislative of protecting ratepayers.

Lastly, we cannot simply take the applicants by their word that there will be no material changes to PSE operations. Such a determination requires adjudicatory proceedings. Legislation, public policy changes related to pensions, and the economic health of Canada all need to be reviewed when it comes to the sale of Puget. This is the only opportunity we have to not only carefully vet the proposed merger, but to identify opportunities to improve safety, reliability, and service to PSE ratepayers.

**2) I urge the UTC to look at how Puget Sound Energy’s lowest-paid workers have fared during PSE’s last 10 years.**

In 2008, PSE made merger commitments related to low-income customers, charitable contributions, staffing and a local presence. However, I am concerned that those commitments did nothing to address the unequal economic impacts that have occurred under the tenure of PSE’s current owners. For example, contracted-out workers performing traffic control for PSE are eligible for energy assistance programs due to their extremely low wages. While in-house employees at Puget enjoy the benefits and protections of good union jobs, other workers have been left behind.

Many traffic control personnel lack health care and any sort of retirement benefit, and many others have observed safety problems on PSE sites. Contracted-out traffic control workers only have paid sick days because of the new state law. A race to the bottom contracting strategy has not benefited ratepayers. PSE has raised rates nine times over the last 10 years yet some contracted out workers on PSE’s system are making the same wages they made more than a decade ago. A well-paid workforce means that utility workers will be well-tenured and well-trained, which in turn ensures better safety and reliability for customers.

The UTC has a duty to ensure that service is being provided in the safest way by highly trained personnel. High turnover, low wages, and dangerous working conditions in traffic control run counter to this mandate.

I therefore urge you to consider whether the proposed transaction will provide a net benefit to PSE ratepayers, including an examination of how the transaction will impact PSE's rate to the bottom and its impact on safety and reliability of the system.

Take care,

A handwritten signature in cursive script that reads "Sharon K. Nelson". The signature is written in black ink and is positioned centrally below the "Take care," text.

Senator Sharon Nelson  
Senate Majority Leader  
34<sup>th</sup> Legislative District