



**SIERRA
CLUB**

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October 24, 2018

Executive Director and Secretary
Washington Utilities and Transportation Commission
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P.O. Box 47250
Olympia, WA 98504-7250

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COMMISSION

COMMENTS ON DOCKET #U-180680

Dear Executive Director and Secretary:

On behalf of the Sierra Club, we submit these comments on docket # U-180680 concerning Puget Sound Energy's proposed sale of non-controlling interest in Puget Holdings LLC.

The acquisition of Puget Sound Energy (PSE) in 2008 by the Macquarie Investor Consortium was a significant event for the company. The sale of Macquarie's interest in PSE now represents a major new change in the make-up of the ownership group of the utility and deserves to be carefully reviewed. The sale raises a number of issues that cannot realistically be decided in an Open Meeting, certainly not if customer and public interest stakeholders are going to be given a reasonable opportunity to participate in the review of the proposed transaction.

Although Sierra Club is very interested in this docket, we are not currently planning to intervene due to constraints on resources. We are in transition with our legal staff. We believe this proposed sale of PSE ownership is significant and deserves strong scrutiny with an adjudicated proceeding that avails itself to a more complete review including opportunities for discovery, filing testimony and cross examining witnesses.

One key issue is whether the "net benefit" standard adopted soon after the 2008 transaction is applicable to this situation. Macquarie changed its level of ownership shortly after the merger acquisition was approved. While they may meet a strict interpretation of no longer being subject to the "net benefit" standard, we do believe that this current proposed transfer represents a very significant change in ownership. It begs a question of what standard should apply. Is there a sliding scale between the new "net benefit" standard and the old "no harm" standard? Given Macquarie still owns significant shares, what are the standards to be used to ensure the public interest? What standards are used to ensure there are more benefits than risks to ratepayers? These legitimate questions cannot be

sufficiently addressed in an Open Meeting and call for a more thorough examination that can only happen with an adjudicated proceeding.

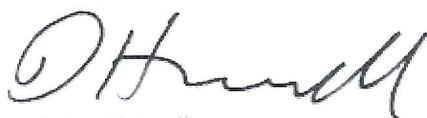
There is another concern. Now that approximately 90 percent of the proposed ownership is Canadian based, and many of those owners manage government-related pension funds, we are concerned about the potential influence of the Canadian governments. This concern was fully reviewed in the current Avista Utilities / Hydro One merger. Yet in this present case, with this approximate 90 percent future Canadian ownership, there is no such similar scrutiny happening.

More specifically, we worry that these Canadian investment firms may be compelled to coordinate or collaborate with their national and provincial governments. If so, then it raises a legitimate question about the potential bias for natural gas. We do know there is strong interest from some Canadian entities to sell their gas in Washington. How big is this influence? Could it affect PSE's resource decisions? We will not know the answers to these questions unless we have an adequate review of this transaction.

It is critical, as a matter of fair public process, that a hearing be scheduled to allow for a thorough public interest review on a complete record. The Open Meeting process is not adequate to allow for the type of review that it is needed in this case. The Commission has always handled major changes of ownership through a hearing process, and it would set a bad precedent to depart from that approach in this case.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Howell", written in a cursive style.

Doug Howell
Sr. Campaign Representative
Sierra Club