

NOTICE OF PROPOSED MERGER

Washington Utilities and Transportation Commission will hold three joint public hearings on this request and as well as PSE's recent request for a rate increase.

(Please see separate notice for additional rate case information)

Puget Sound Energy (PSE) has asked the Washington Utilities and Transportation Commission (UTC) for approval of the transfer of ownership of Puget Energy, and its subsidiary PSE, via a proposed merger.

Puget Energy, the parent company of Puget Sound Energy (PSE), has entered into a merger agreement with a group of long-term infrastructure investors. Under the terms of the merger agreement, Puget Holdings will acquire all of the outstanding common shares of Puget Energy. Puget Holdings is an international collection of investors from Australia, Canada, and the United States. The total value of the transaction is \$7.4 billion.

The merger must be approved by the UTC. PSE's request is currently under review by the UTC. The change in ownership must be in the public interest. The UTC has interpreted this to mean that the merger should not cause harm to PSE's customers. Issues to be reviewed may include impacts on service quality, infrastructure investment, financial and operational soundness, and on customers' rates.


6:30 p.m. Public hearing dates and locations

| May 15 Bellevue | May 20 Bellingham | June 4 Olympia |
|---|--|--|
| Bellevue Community College Room 130 B 3000 Landerholm Circle S.E. | Bellingham Senior Activity Center 315 Halleck Street | Washington Utilities and Transportation Commission 1300 S. Evergreen Park Dr. S.W. |



PUGET SOUND ENERGY

The Energy To Do Great Things

----- cut along dotted line  place in envelope, mail to UTC address at left -----

You are invited to comment to the UTC:

- in person at one of three public hearings (outlined in this notice)
- in writing (see card at right):
UTC
P.O. Box 47250
Olympia, WA 98504-7250
- by telephone at: **1-800-562-6150**
- via UTC web form:
<http://www.utc.wa.gov/comment>
- by email at:
comments@utc.wa.gov
- by fax at: **360-664-4291**

Please reference docket number U-072375 (merger) in your correspondence.

COMMENT CARD

Please use this card or send a letter.

Customer Name: _____

Address: _____

Phone: _____ Email: _____

Docket Number: U-072375

Comments: _____

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Details of the Transaction

Upon completion of the proposed merger, Puget Energy will no longer be a public company. Its common stock will be delisted from, and will no longer be traded on, the New York Stock Exchange or any other securities exchange, and will be deregistered under the Securities Exchange Act.

PSE will continue to be subject to the regulations of the UTC and, among other agencies, the Federal Energy Regulatory Commission (FERC). PSE's headquarters will remain in Bellevue, WA for a minimum of five years with the current management team and employees.

Each member of Puget Holdings, as well as its corresponding ownership interest, is listed below:*

- 1. Macquarie Infrastructure Partners — 31.8 percent
- 2. Canada Pension Plan Investment Board — 28.1 percent
- 3. Macquarie Capital Group Ltd. — 15.9 percent
- 4. British Columbia Investment Management Corporation — 14.1 percent;
- 5. Alberta Investment Management — 6.3 percent
- 6. Macquarie-FSS Infrastructure Trust — 3.7 percent

*Note that the ownership interests do not add to 100.0% due to rounding.

If approved, the merger is intended to provide PSE with reliable access to financial resources on reasonable terms. This will allow PSE to secure future energy supplies and expand its delivery infrastructure. According to the agreement, the transaction will provide PSE with \$1.5 billion in capital over the next five years to meet the needs of customers in the growing western Washington region.

The merger agreement anticipates completion of the proposed merger in late 2008, subject to, among other conditions in the merger agreement, receipt of all customary regulatory approvals.

Comments: (continued) _____

The public is represented by the Public Counsel Section of the Washington Attorney General's Office. You can contact the office at:

**Public Counsel
Assistant Attorney General
800 5th Avenue, Suite 2000
Seattle, WA 98104-3188**

or by email: utility@atg.wa.gov

To contact Puget Sound Energy, you may reach us in writing at:

**Puget Sound Energy
Attn.: Customer Service
P.O. Box 90868
Bellevue, WA 98009-0868**

or by e-mail: merger@pse.com

For more information visit PSE.com or call 1-888-225-5773, press option 4.

COMMENT CARD