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October 11, 2017

**VIA WEB PORTAL**

Mr. Steven King  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: Notice of Internal Reorganization of Upstream Owners of  
Puget Holdings LLC**

Dear Mr. King:

Puget Holdings LLC (“Puget Holdings”) and Puget Sound Energy, Inc. (“PSE”) hereby provide notice to the Washington Utilities and Transportation Commission (the “Commission”) of an internal reorganization (the “Internal Reorganization”). As discussed in more detail below, there will be no change in the ultimate ownership or control of either Puget Holdings or PSE as a result of the Internal Reorganization.

Pursuant to the Internal Reorganization, certain direct and indirect interests in Puget Holdings (which indirectly owns PSE) that are controlled by Macquarie Infrastructure Partners Inc. (“MIP”) through the various funds that it manages and such funds’ respective subsidiaries (collectively with MIP, the “MIP Entities”) will be restructured so that all of such direct interests in Puget Holdings will be held or controlled through a single MIP Entity and such indirect interests in Puget Holdings will be restructured between and among various MIP Entities.

**A. Puget Holdings and its Owners**

Puget Holdings, a Delaware limited liability company, indirectly holds 100 percent of the ownership interests in PSE. Together, the MIP Entities hold an approximate 42 percent interest in Puget Holdings; the remaining interests in Puget Holdings are directly or indirectly held by a consortium of other investors whose interests are not affected by the Internal Reorganization. Table 1 below provides the current distribution of equity interests in Puget Holdings.

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

MIP Funds (through MIP Padua)	31.82%
MIP Fund (through MIP II Washington)	9.90%
Padua MG Holdings LLC	0.10%
FSS Infrastructure Trust	3.72%
Canada Pension Plan Investment Board	31.57%
British Columbia Investment Management Corporation	15.78%
Alberta Investment Management Corporation	7.10%

Please see Exhibit A for an organizational chart of the current ownership structure of MGL and the MIP Entities.

### **B. The Internal Reorganization**

The Internal Reorganization primarily involves two steps. First, MIP Padua will convert into a limited partnership (i.e., “MIP Padua Holdings, GP” will become “MIP Padua Holdings, L.P.”), at which point all of the general partner interests in MIP Padua will be held directly by MIP Washington Holdings GP LLC and MIP Washington Holdings, L.P.’s direct interest in MIP Padua will be converted to a limited partner interest. The second step consists of MIP II Washington contributing its 9.90 percent interest in Puget Holdings to MIP Padua. In exchange, MIP II Washington will receive 23.73 percent of the limited partner and general partner interests in MIP Padua but will immediately assign such general partner interests to MIP II Washington Holdings GP LLC, which will then hold 23.73 percent of the general partner interests in MIP Padua. MIP Washington Holdings GP LLC will hold the remaining 76.27 percent of the general partner interests in MIP Padua, and MIP Washington Holdings, L.P. will hold the remaining 76.27 percent of the limited partner interests in MIP Padua. As a result of the Internal Reorganization, all four of the MIP Funds will hold their interests in Puget Holdings through MIP Padua (as opposed to only three of the four MIP Funds as is currently the case), and MIP Padua will increase its direct interests in Puget Holdings from 31.82 percent to 41.72 percent. Table 2 below provides the distribution of equity interests in Puget Holdings that will result from the Internal Reorganization.

**Table 2. Equity Interests in Puget Holdings Resulting from the Internal Reorganization**

MIP Funds (through MIP Padua)	41.72%
Padua MG Holdings LLC	0.10%
FSS Infrastructure Trust	3.72%
Canada Pension Plan Investment Board	31.57%
British Columbia Investment Management Corporation	15.78%
Alberta Investment Management Corporation	7.10%

Please see Exhibit B for a post-Internal Reorganization organizational chart.

As demonstrated in Table 1 above and in Exhibit A, MIP currently indirectly controls 41.72 percent of the interests in Puget Holdings comprised of a 31.82 percent interest through MIP Padua (on behalf of the MIP I Funds) and a 9.90 percent interest through MIP II Washington (on behalf of the MIP II Fund). As demonstrated in Table 2 above and in Exhibit B, MIP will continue to indirectly control 41.72 percent of the interests in Puget Holdings after the Internal Reorganization, but all such interests will now be held through MIP Padua. Therefore, there will be no change in the ultimate ownership or control of either Puget Holdings or PSE as a result of the Internal Reorganization.

PSE and MIP have filed an application with the Federal Energy Regulatory Commission (“FERC”) for authorization of the Internal Reorganization under Section 203 of the Federal Power Act in Docket EC17-184. A copy of this FERC application can be accessed at the following link:

<https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14684137>.

The MIP Entities anticipate consummating this Internal Reorganization soon after receipt of the necessary approval from FERC

If you have any questions, please contact me at (425) 456-2110.

Sincerely,

*/s/ Kenneth S. Johnson*

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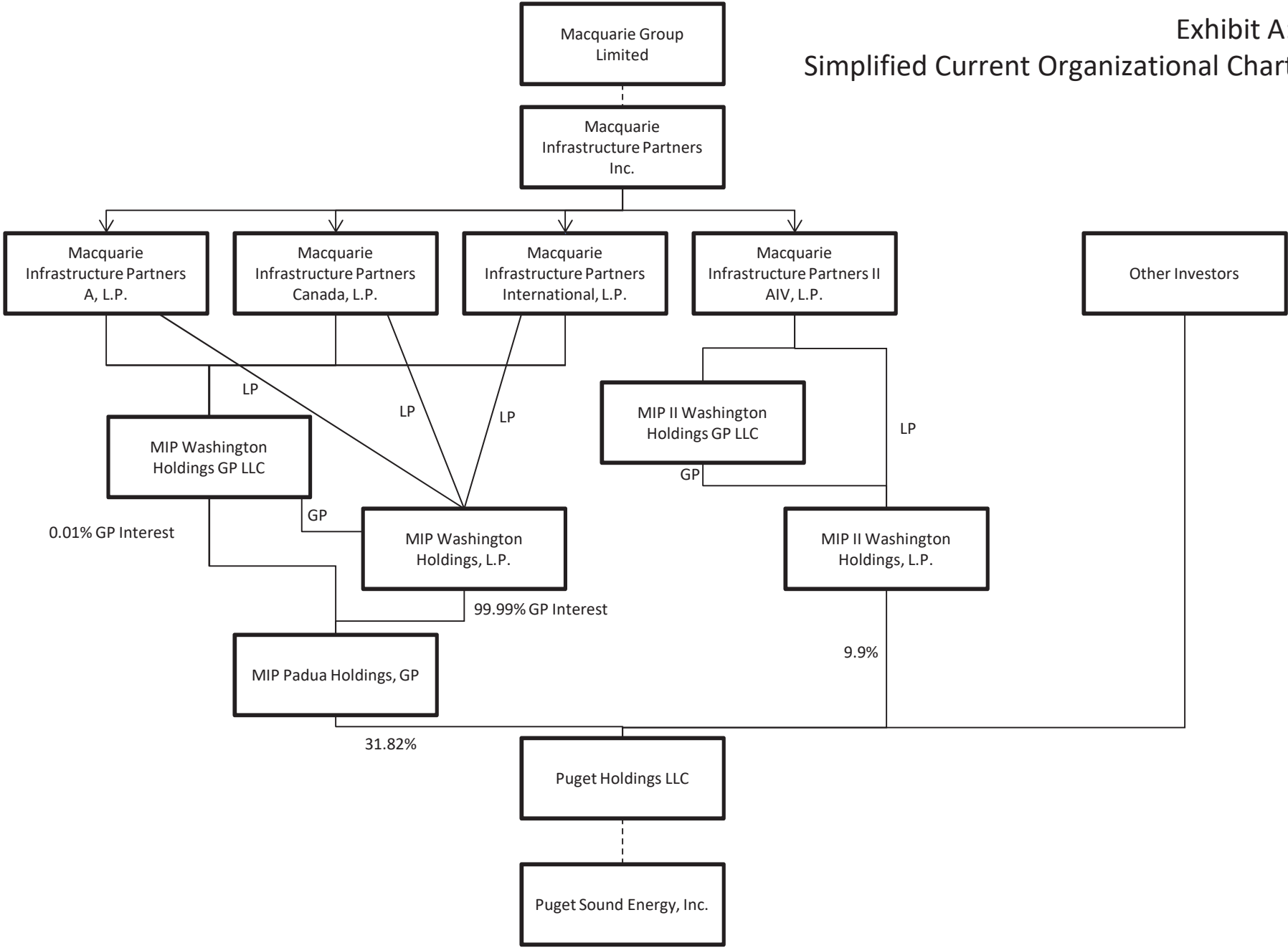
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Attachments:

Exhibit A: Current Organizational Chart  
Exhibit B: Post-Internal Reorganization Organizational Chart

# **Exhibit A**

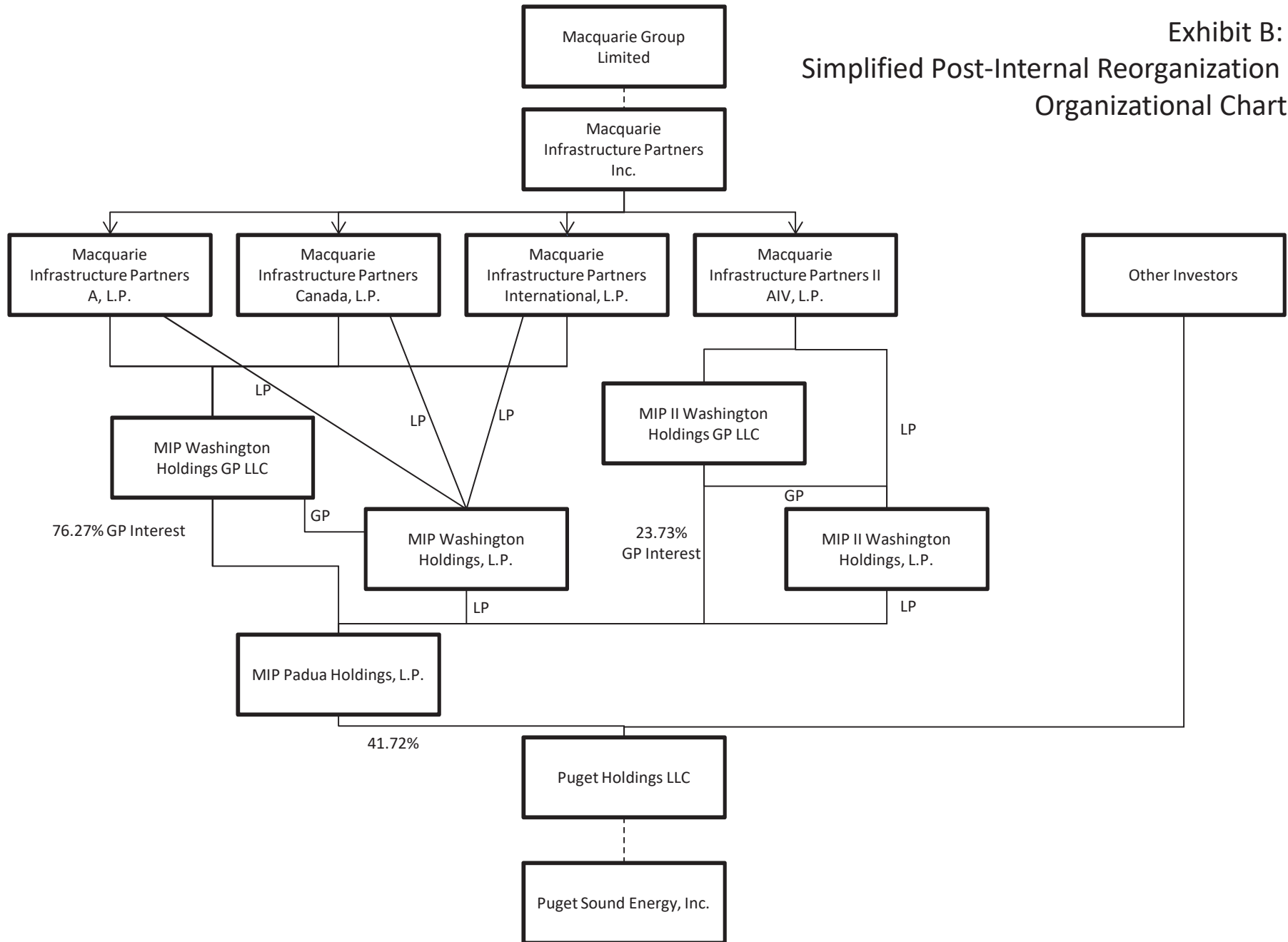
# Exhibit A: Simplified Current Organizational Chart



\* Dotted lines indicate an indirect interest. Arrows indicate a manager relationship. "GP" refers to a general partner interest. "LP" refers to a limited partner interest.

# **Exhibit B**

Exhibit B:  
Simplified Post-Internal Reorganization  
Organizational Chart



\* Dotted lines indicate an indirect interest. Arrows indicate a manager relationship. "GP" refers to a general partner interest. "LP" refers to a limited partner interest.