



Puget Sound Energy
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PSE.com

August 8, 2018

VIA WEB PORTAL

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

Received
Records Management
08/08/18 08:03
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: Notice of Sale of Non-Controlling Interest in Puget Holdings LLC

Dear Mr. Johnson:

Pursuant to Commitment 26(b) in the Settlement Stipulation approved by the Washington Utilities and Transportation Commission (the “Commission”) in Order 08 in Docket U-072375, Puget Sound Energy (“PSE”) hereby provides notice of the planned sale of a non-controlling interest in the ultimate parent company of PSE, Puget Holdings LLC (“Puget Holdings”), currently held by funds managed by Macquarie Infrastructure Partners Inc. (“MIP Funds”) and a Macquarie entity, Padua MG Holdings LLC (collectively, “Macquarie”). With the closing of the sales addressed in this Notice, Macquarie will neither hold a direct interest in Puget Holdings nor an indirect interest in PSE.

Macquarie plans to sell its non-controlling 43.99 percent equity interest in Puget Holdings to four buyers. As shown in more detail below, two of the buyers are existing investors in Puget Holdings that are increasing their respective equity interests: Alberta Investment Management Corporation and British Columbia Investment Management Corporation. The other two buyers are (i) an indirectly owned investment entity of OMERS Administration Corporation (“OAC”); and (ii) Stichting Depository PGGM Infrastructure Funds, acting in its capacity as title holder of PGGM Infrastructure Fund. These two buyers will be new members of Puget Holdings and their respective percent equity interest is listed below. The sale will not give any new or existing member direct effective control of Puget Holdings or indirect effective control of PSE. PSE will continue to be indirectly owned by a consortium of investors with no single investor holding a majority interest in Puget Holdings.

A. Brief Description of the New Investors

OAC, on behalf of the Ontario Municipal Employees Retirement System (“OMERS”), based in Ontario, Canada, administers the pension plans for employees of municipalities, school boards, libraries, police, fire departments, children’s aid societies and other local agencies across Ontario. OMERS is one of Canada's largest defined benefit pension funds with net assets of more than C\$95 billion. OMERS Infrastructure Management Inc. (“OMERS Infrastructure”), the dedicated infrastructure investment and management arm of OMERS, originated and is structuring the transaction and would manage OAC’s investment in Puget Holdings pursuant to delegated authority and an existing management agreement between OAC and OMERS Infrastructure. OAC will indirectly own its interest in Puget Holdings through an Ontario limited partnership.

The PGGM Infrastructure Fund is a fund for joint account which manages funds for several Dutch Pension Funds. The PGGM Infrastructure Fund is managed by PGGM Vermogensbeheer B.V., a leading pension fund service provider from the Netherlands, which manages pension funds on behalf of more than 2.5 million participants. The PGGM Infrastructure Fund is ultimately owned by PGGM Coöperatie U.A., a not-for-profit organization with a cooperative structure and over 700,000 members primarily in the Dutch health and welfare sector.

Both these new investors follow a long-term buy and hold strategy, and their investments include infrastructure assets, regulated utilities, and renewable energy in the United States and around the world.

B. Puget Holdings and its Current Owners

Puget Holdings, a Delaware limited liability company, indirectly holds 100 percent of the ownership interests in PSE. Table 1 below provides the current distribution of direct or indirect equity interests in Puget Holdings.

Table 1. Current Equity Interests in Puget Holdings

MIP Funds	43.89%
Padua MG Holdings LLC	0.10%
Canada Pension Plan Investment Board	31.57%
British Columbia Investment Management Corporation	16.86%
Alberta Investment Management Corporation	7.59%

C. The Sale of Macquarie's Interest in Puget Holdings

Macquarie intends to transfer its non-controlling 43.99 percent equity interest in Puget Holdings to four separate entities, through four separate purchase and sale agreements executed on August 8, 2018. The sales are expected to close in 2019, following receipt of the necessary approvals, including approval by the Commission. Table 2 below identifies the four buyers and the percent share of Puget Holdings each buyer is acquiring, either directly or indirectly, from Macquarie.

Table 2. Purchasers of the Macquarie Interest in Puget Holdings and the Percentage of Equity Interest in Puget Holdings To Be Purchased

OMERS Administration Corporation	23.94%
Stichting Depository PGGM Infrastructure Funds	10.02%
Alberta Investment Management Corporation	6.01%
British Columbia Investment Management Corporation	4.01%

D. Ownership Interest in Puget Holdings after Sale of the Macquarie Interest

Table 3 below provides the distribution of equity interests in Puget Holdings that will result from the sale of Macquarie's non-controlling 43.99 percent equity interest in Puget Holdings.

Table 3. Equity Interests in Puget Holdings Resulting from the Sale of Macquarie Interest 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	10.02%

As shown above, there will be no change of direct control of Puget Holdings or indirect control of PSE associated with the sale of Macquarie's non-controlling 43.99 percent equity interest. The equity interest in Puget Holdings will continue to be held by a consortium of investors, and none of the investors will own a direct controlling interest in Puget Holdings or an indirect controlling interest in PSE.

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PSE and the purchasers listed above will file an application seeking Commission approval of the transfer of the Macquarie interest. To allow adequate time to prepare the application and supporting testimony, PSE and the purchasers plan to file the application no later than September 5, 2018. If the Commission has concerns with this timeline, please do not hesitate to contact me.

Sincerely,

/s/ Jon Piliaris

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