

U-210542

December 10, 2021

Filed via Web Portal

Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

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COMMISSION

**Re: Joint Application Regarding Sale of a Material, Non-controlling 31.57 percent interest in Puget Sound Energy's Parent Company, Puget Holdings, LLC
Docket U-210542**

Dear Ms. Maxwell,

This letter is submitted on behalf of the Joint Applicants in the above-referenced matter.

On August 13, 2021, Puget Sound Energy ("PSE"), Ontario Teachers Pension Plan Board ("Ontario Teachers") and Macquarie Washington Clean Energy Investment, L.P. ("Macquarie Fund") (collectively, "Joint Applicants"), filed a Joint Application requesting an order from the Washington Utilities and Transportation Commission (the "Commission") authorizing the transfer of the upstream, non-controlling 31.57 percent indirect ownership interest in Puget Holdings, LLC, PSE's parent company. As explained therein, Ontario Teachers and the Macquarie Fund (the "Purchasers") intend to close the transactions following receipt of the necessary approvals, including approval by the Commission.

In the Joint Application and supporting testimonies, the Purchasers explained that they had "committed to negotiate in good faith to enter into a voting agreement that will be substantially similar to the existing Voting Agreement between PGGM Vermogensbeheer B.V. and Alberta Investment Management Corporation."¹ A draft form of Voting Agreement between the Macquarie Fund and Ontario Teachers was provided as the Fourth Exhibit to the Prefiled Direct Testimony of Aaron Rubin, Exh. AR-5.

This letter is to advise the Commission that the Purchasers no longer intend to use the draft form of Voting Agreement and will instead memorialize the same terms through a Limited Partnership Agreement. The Limited Partnership Agreement will provide the Purchasers with

¹ See Prefiled Direct Testimony of Aaron Rubin, Exh. AR-1T.

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the same rights to appoint representatives, managers, and observers as did the draft Voting Agreement.

As the Joint Application explains, each Purchaser intends to indirectly purchase approximately 15.79% of the equity interest in Puget Holdings from the Canadian Pension Plan Investment Board. Just as with the post-closing Voting Agreement proposed in the Joint Application, with the Limited Partnership Agreement, each of Ontario Teachers and the Macquarie Fund will indirectly hold approximately 15.79% of the equity interests in Puget Holdings through subsidiaries.

Enclosed for filing as Appendix A to this letter is a “short form” Limited Partnership Agreement and associated term sheet. The Purchasers are providing the short form Limited Partnership Agreement for informational purposes only to provide visibility into how representatives of the Purchasers will act as board members of Puget Holdings. The Joint Applicants are not seeking Commission approval of the Limited Partnership Agreement as it relates to ownership matters upstream of Puget Holdings that the Commission has recognized to be beyond its jurisdiction.²

At closing and after receipt of all required regulatory approvals, including the Commission’s approval sought in this docket, the Purchasers intend to amend and restate the short form version of the Limited Partnership Agreement and execute a final “long form” version of the Limited Partnership Agreement that will incorporate the terms attached to the short form Limited Partnership Agreement, as required by the short form Limited Partnership Agreement. Notwithstanding the restructuring from the Voting Agreement to the Limited Partnership Agreement, nothing in the Limited Partnership Agreement will affect day-to-day operations or management of PSE or Puget Holdings. The Proposed Transactions remain consistent with the public interest and there will be no harm to customers as a result of this transfer of a minority share of the indirect ownership of PSE to the Purchasers.

Enclosed as Appendix B to this letter is an organizational chart which depicts visually the organizational relationship between the Purchasers and the Limited Partnership. As shown in the organizational chart, to effectuate the Limited Partnership Agreement, an alternative subsidiary form will be required for each of the Purchasers. The Limited Partnership Agreement will require the Purchasers to manage their respective indirect interests through the corporate forms depicted in the organizational chart. The long form Limited Partnership Agreement will include terms detailing the Purchasers’ ownership rights and restrictions, governance, liability, and dispute resolution procedures. Notably, the long form Limited Partnership Agreement will reinforce the obligation of each Purchaser to remain in compliance with all applicable terms of the Puget Holdings Limited Liability Company Agreement and all applicable regulations and

² See, e.g., *In the Matter of the Joint Application of Puget Holdings LLC and PSE For an Order Authorizing Proposed Transaction*, Docket U-072375 n. 15, (noting that upstream ownership structure above Puget Holdings is not relevant to the Commission’s consideration of the transaction) (Dec. 30, 2008).

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orders of the Commission, as expressly required by the terms attached to the enclosed short form Limited Partnership Agreement.

The enclosed short form Limited Partnership Agreement contains shaded information that is designated as Confidential under WAC 480-07-160 because it contains valuable commercial information, including trade secrets and confidential marketing, cost, and financial information. Copies of these materials have been provided to interested parties under a non-disclosure agreement. Public disclosure of the short form Limited Partnership Agreement would cause the Purchasers to suffer an unfair competitive disadvantage in addition to other private losses. Accordingly, the Joint Applicants request that the Commission maintain the confidentiality of the short form Limited Partnership Agreement as permitted by statute and regulation.³

Please contact us if you have any questions.

Sincerely,

Todd G. Glass
Heather Curlee
Wilson Sonsini Goodrich & Rosati, P.C.
701 Fifth Ave, Suite 5100
Seattle, WA 98104
(206) 883-2500
tglass@wsgr.com
hcurlee@wsgr.com

Attorneys for Ontario Teachers and
Macquarie Fund

Enclosures

Appendix A: Short Form Limited Partnership Agreement

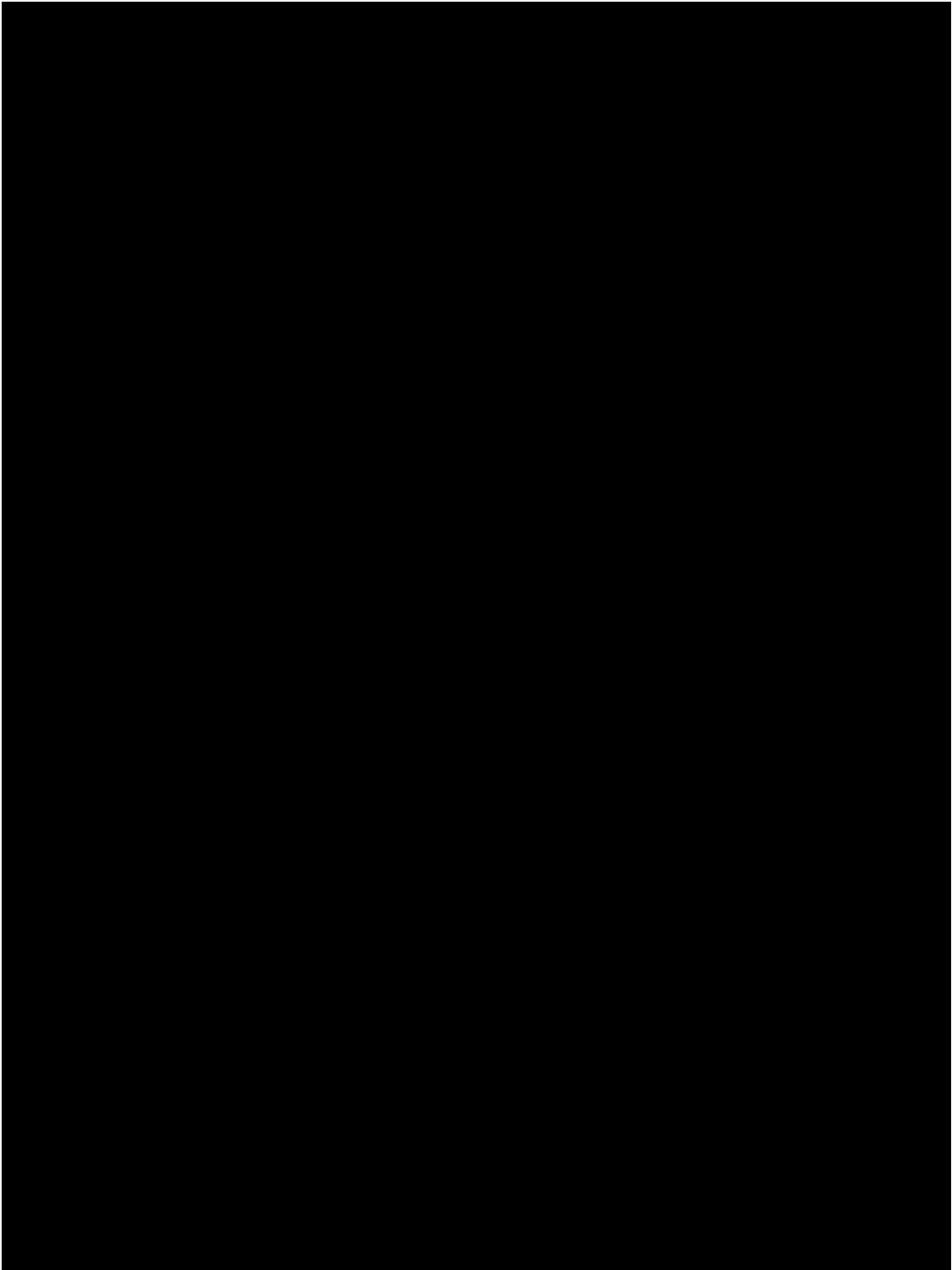
Appendix B: Organizational Chart

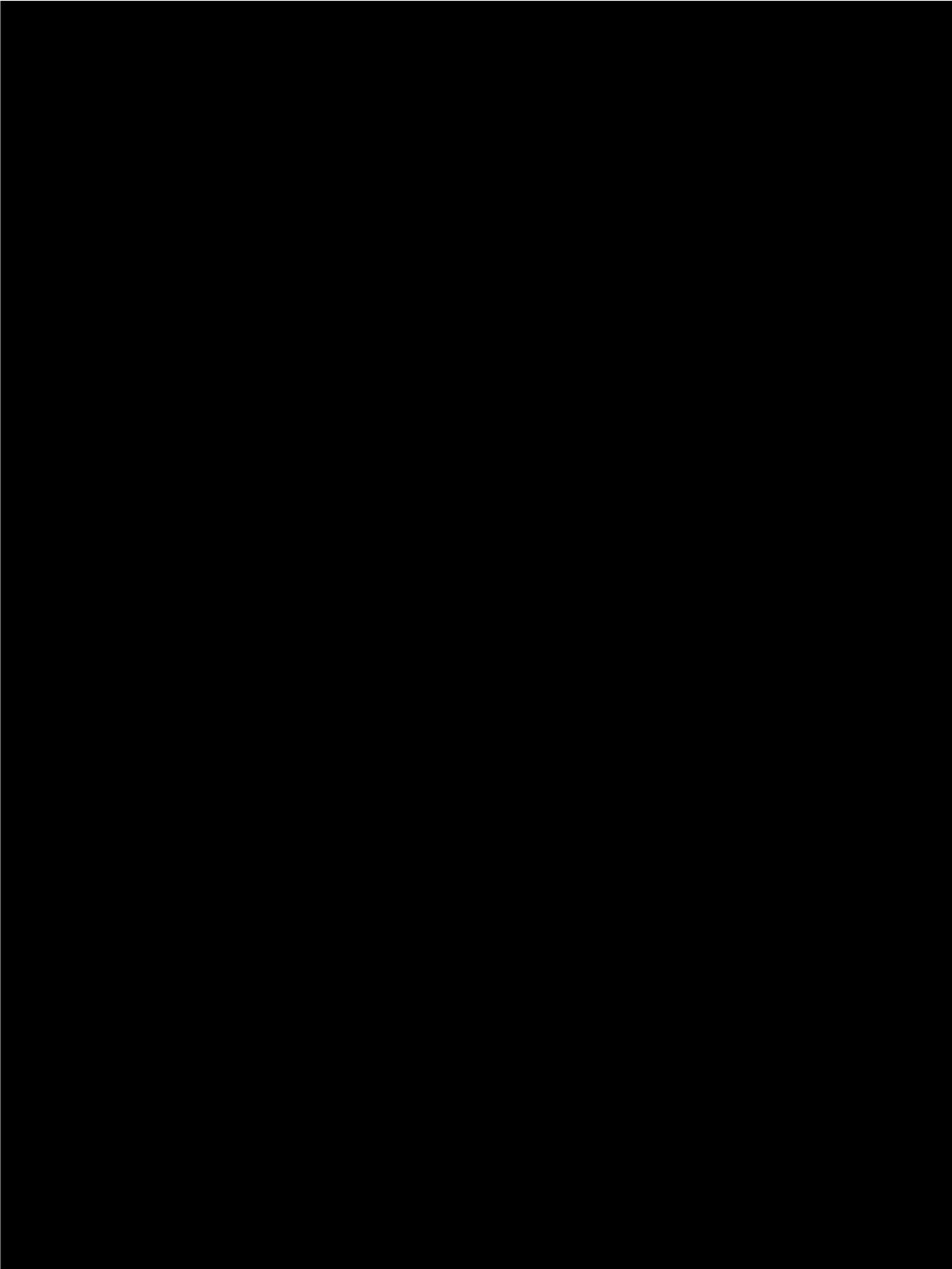
cc: Docket U-210542 Service List

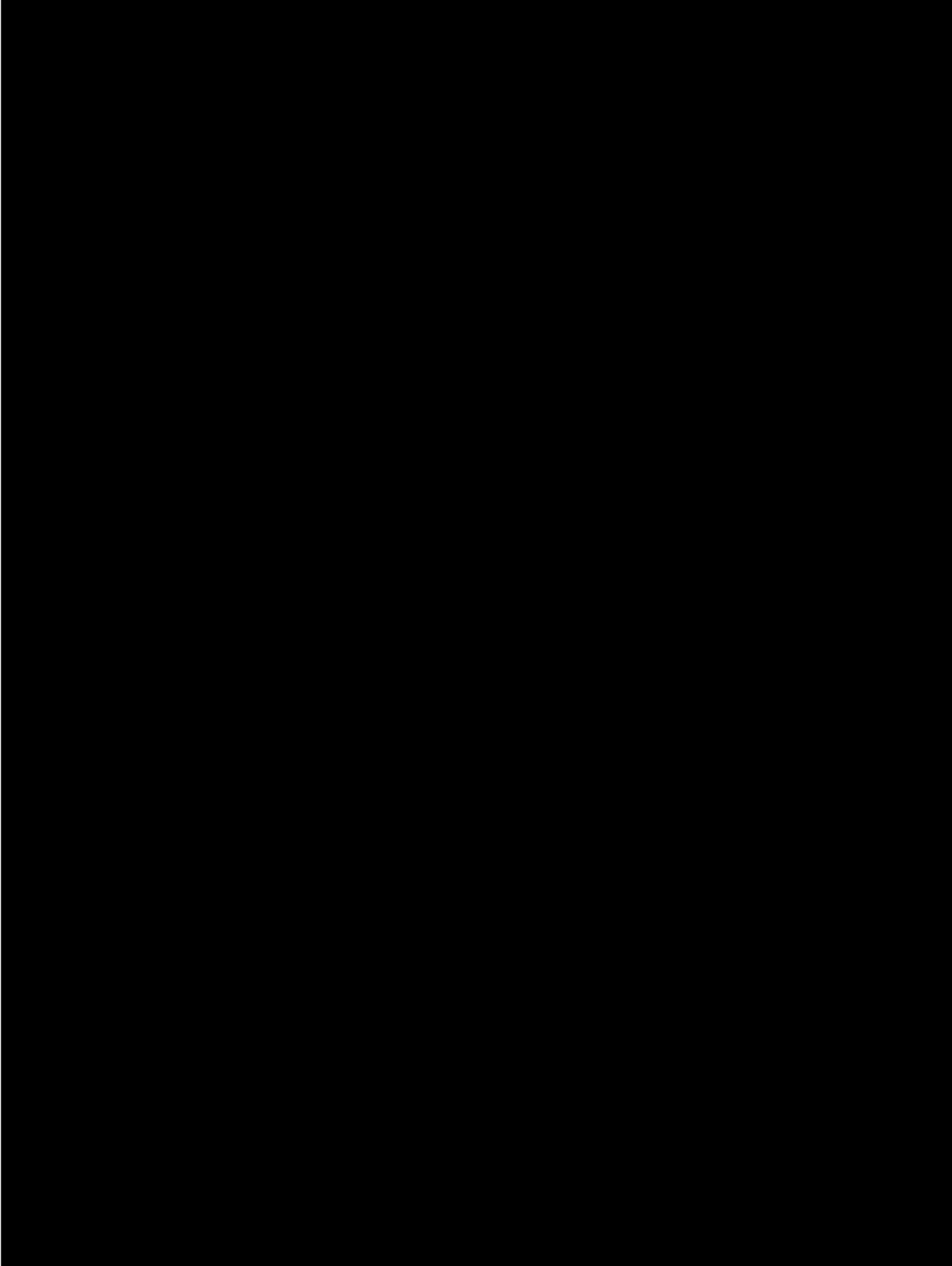
³ See RCW 80.04.095, WAC 480-07-160.

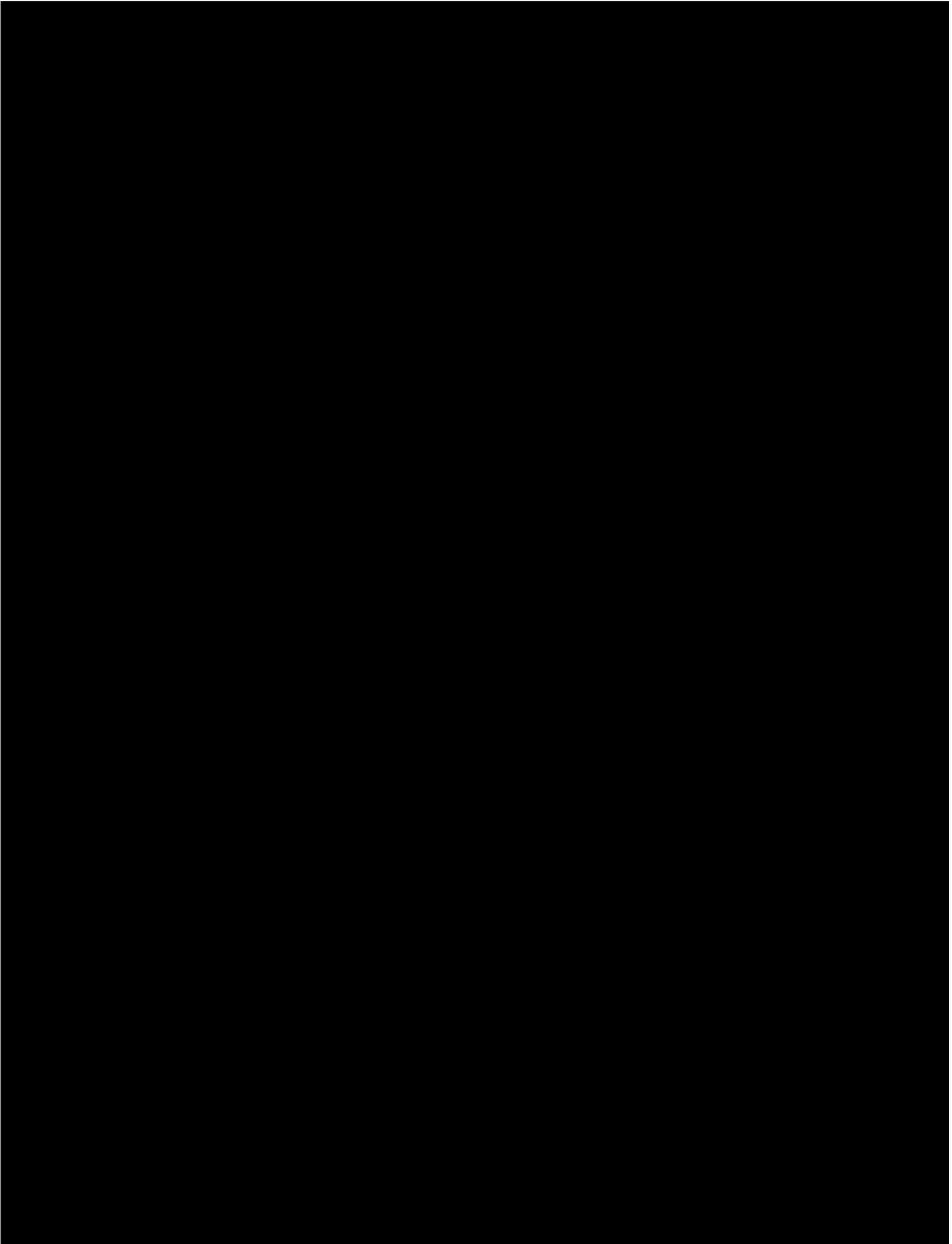
APPENDIX A

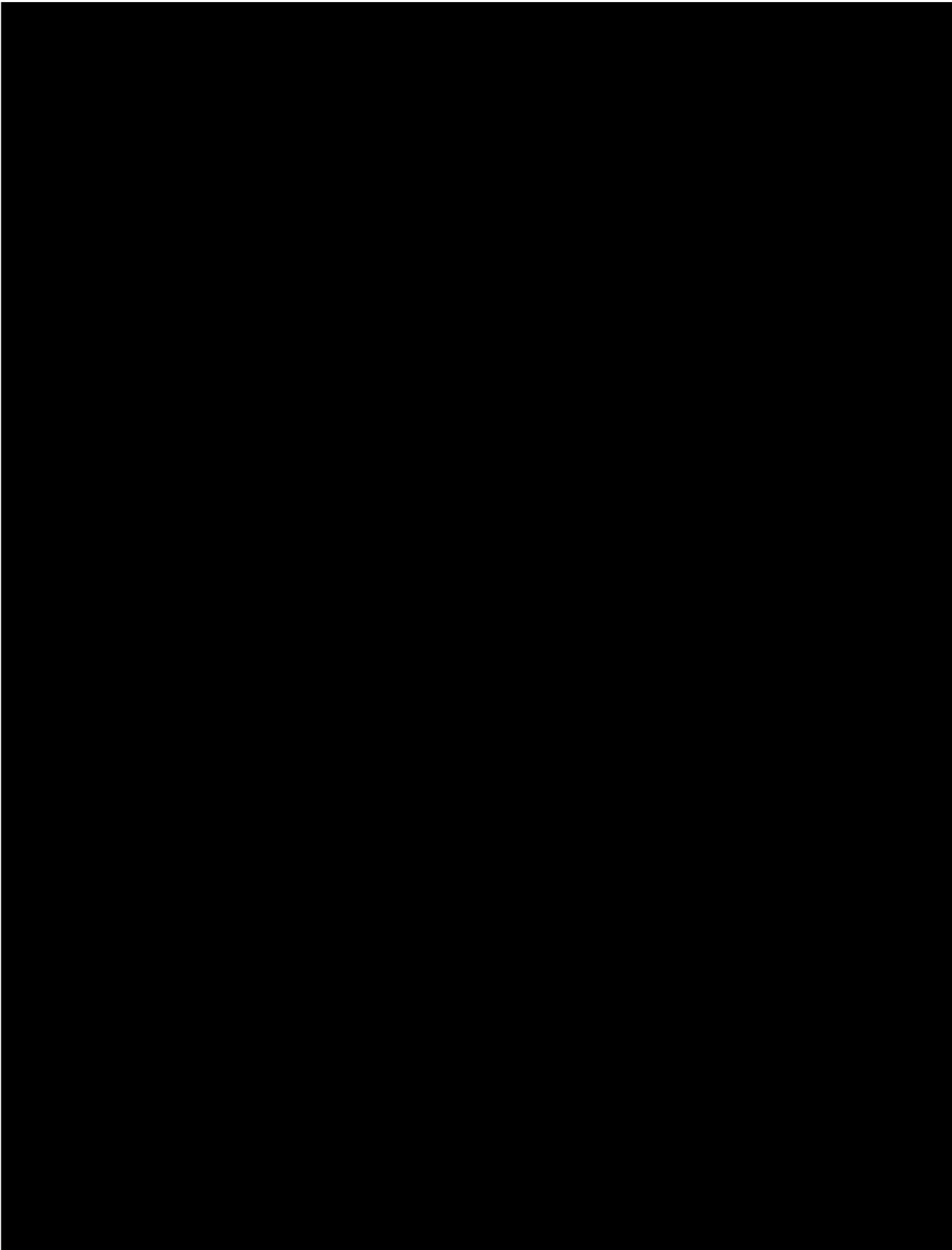
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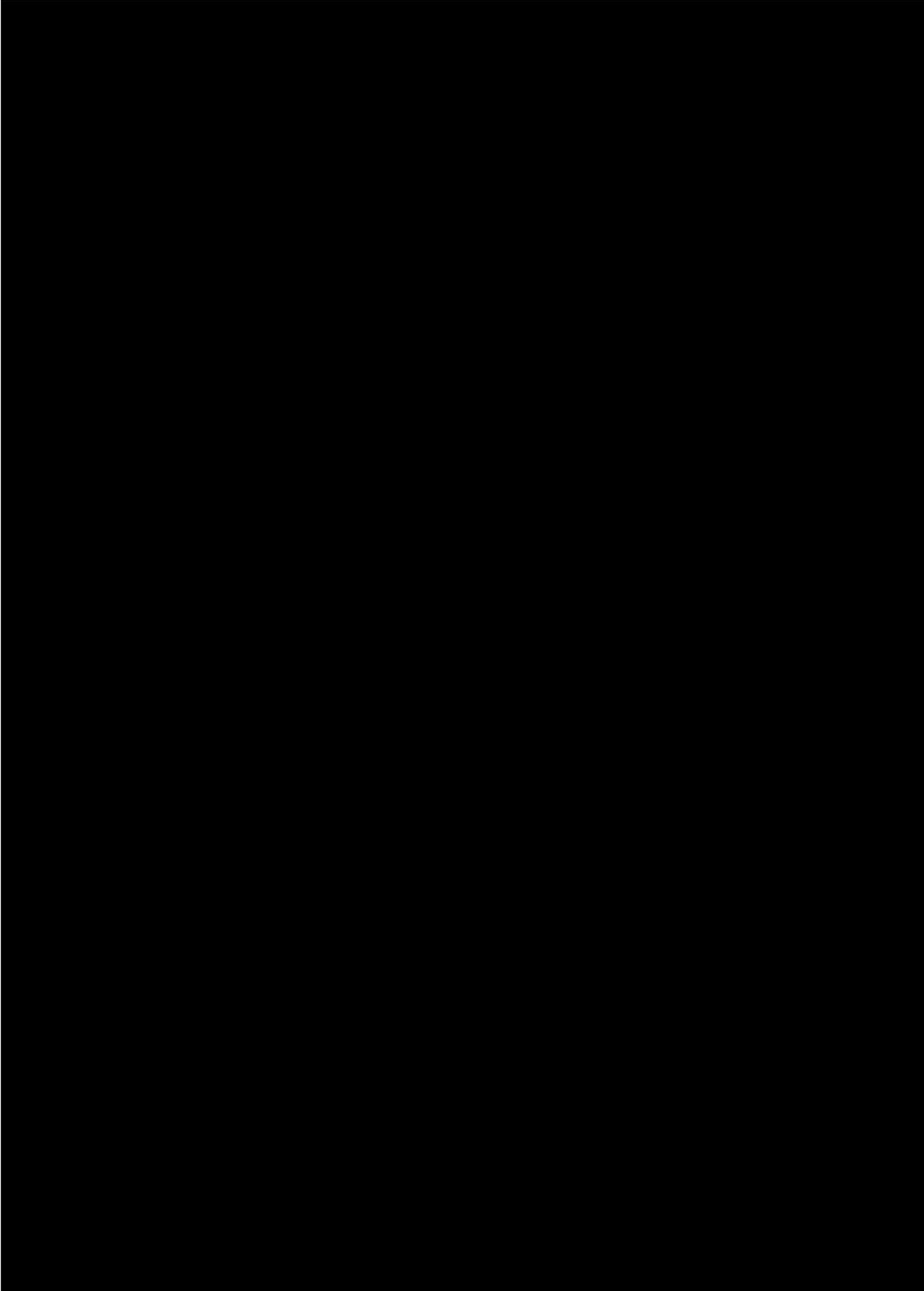


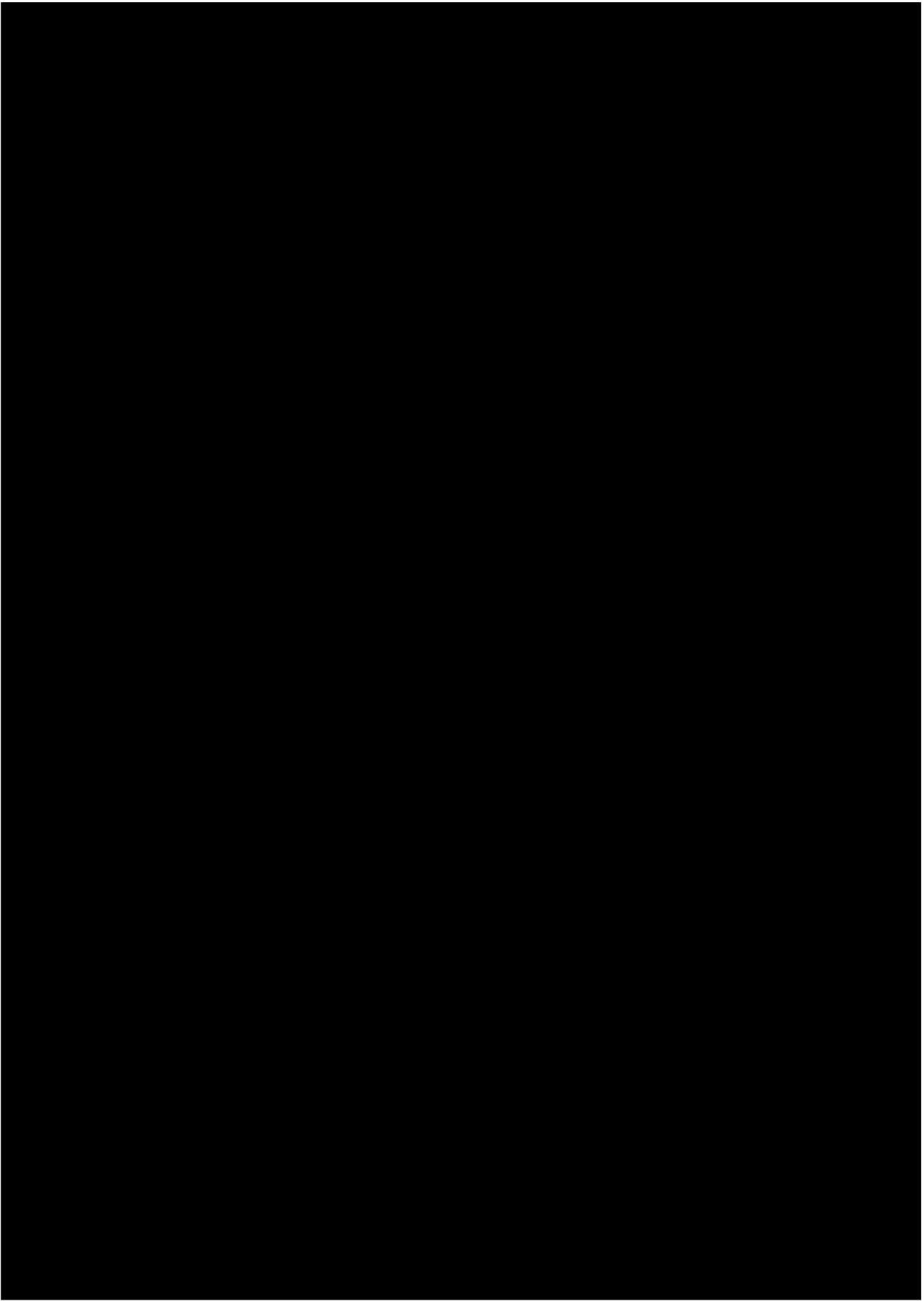


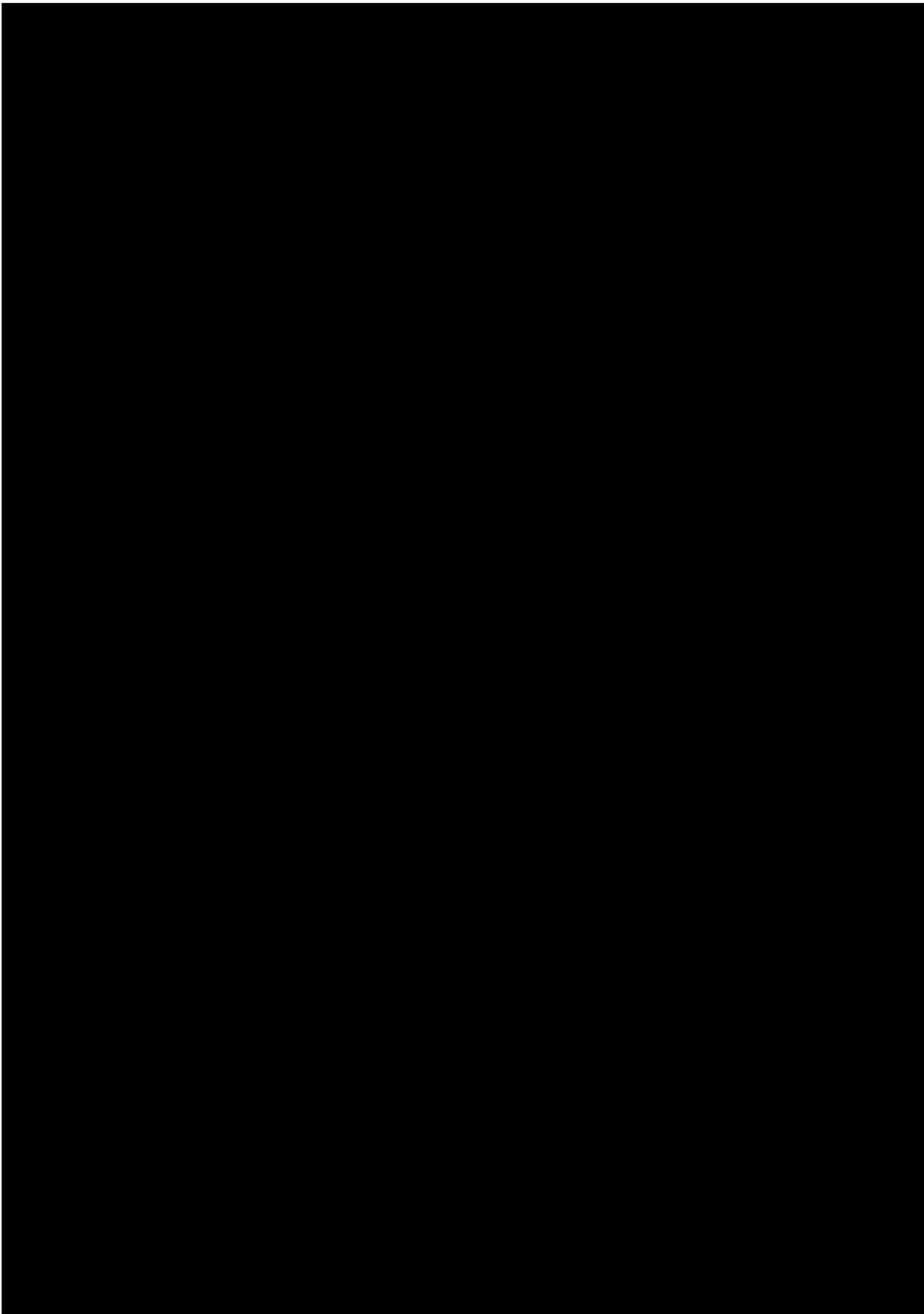


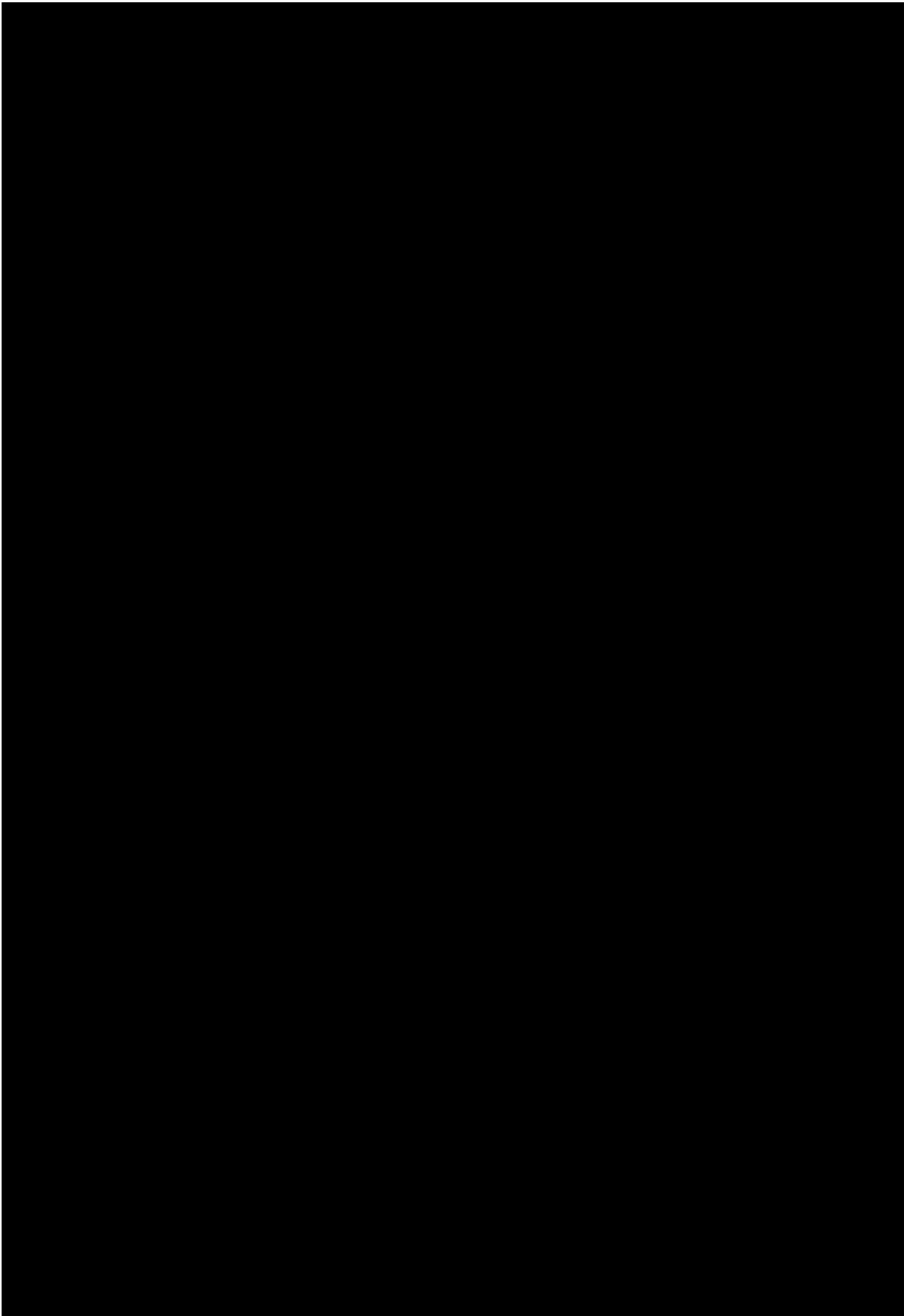


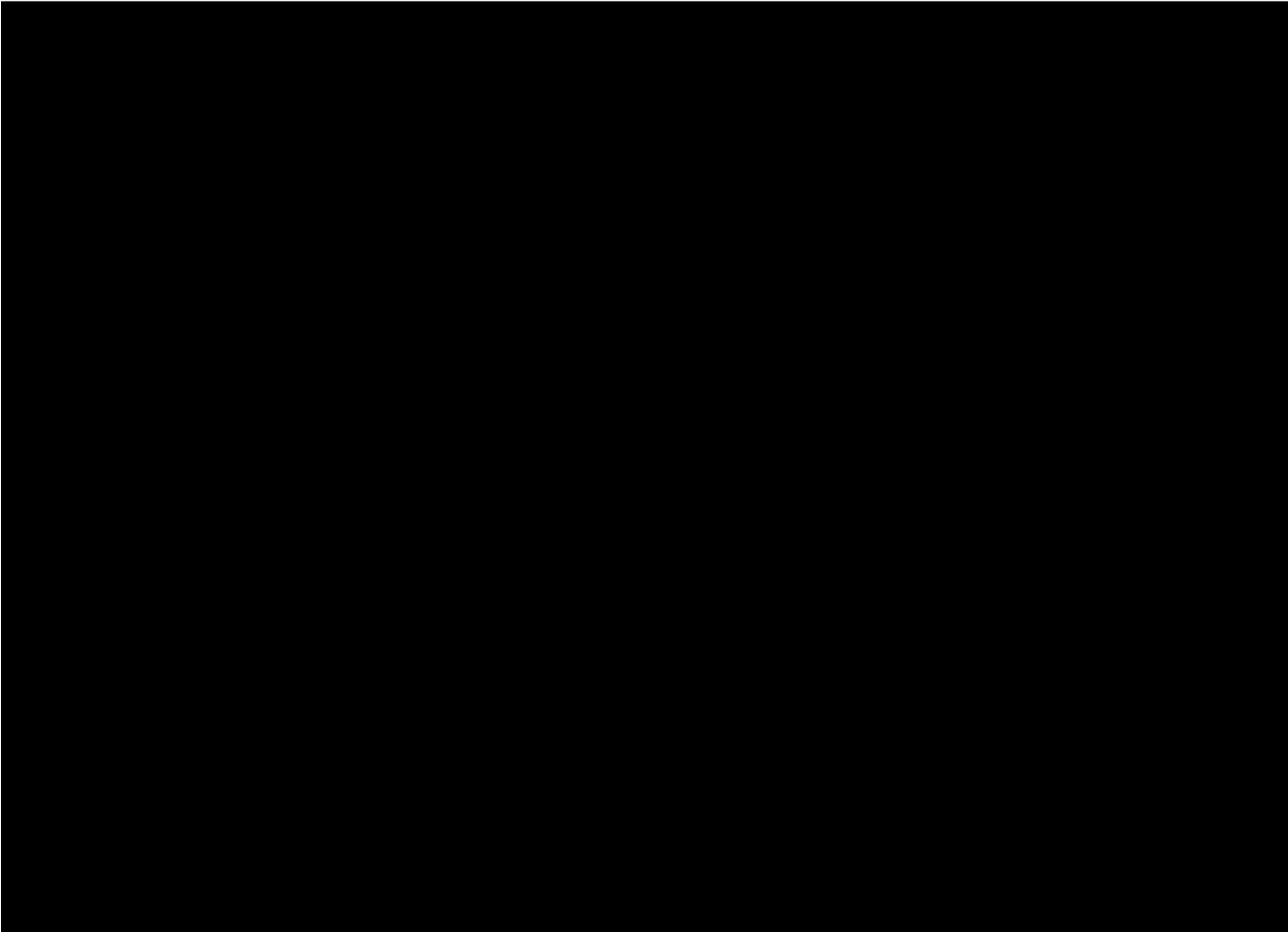


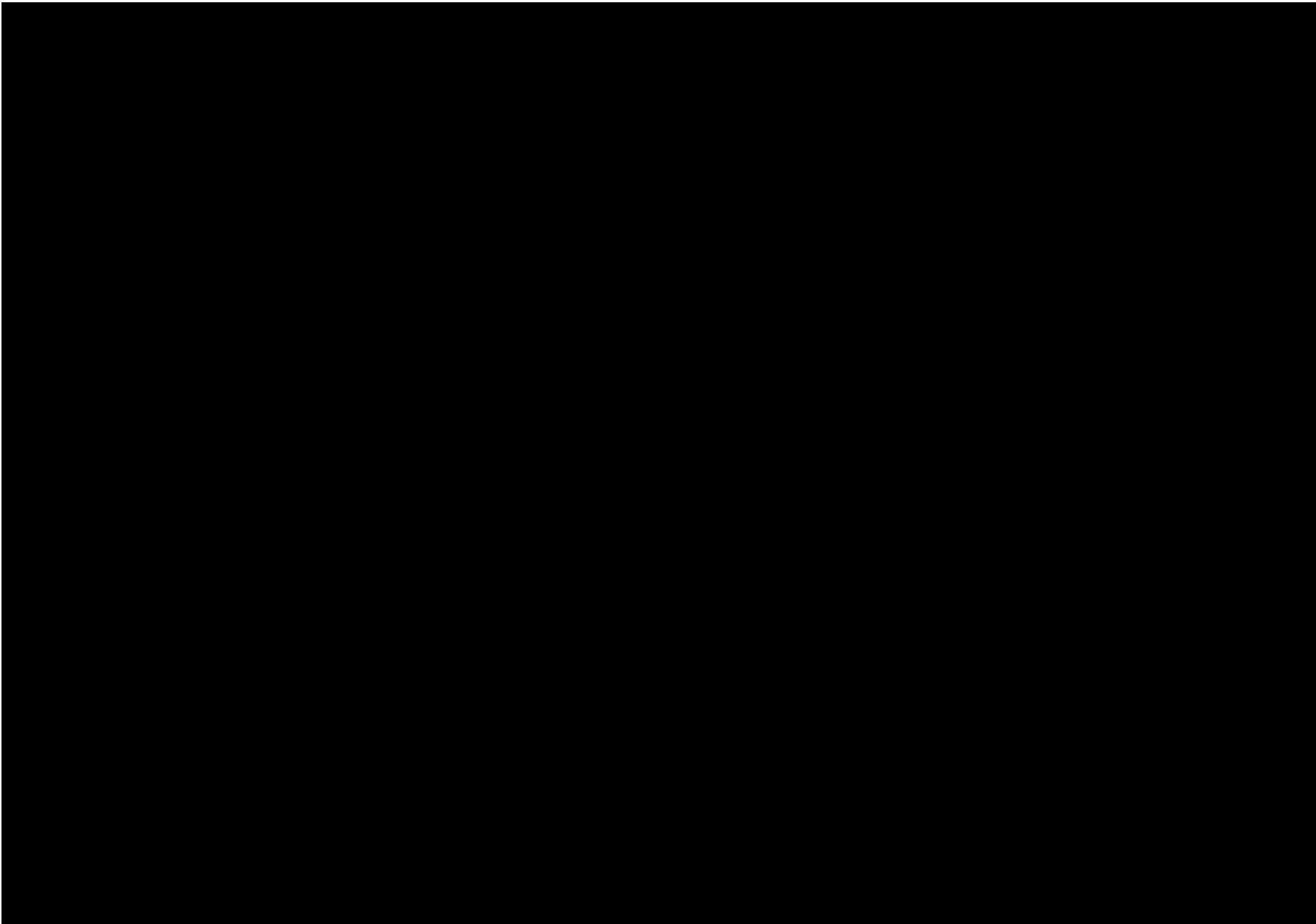


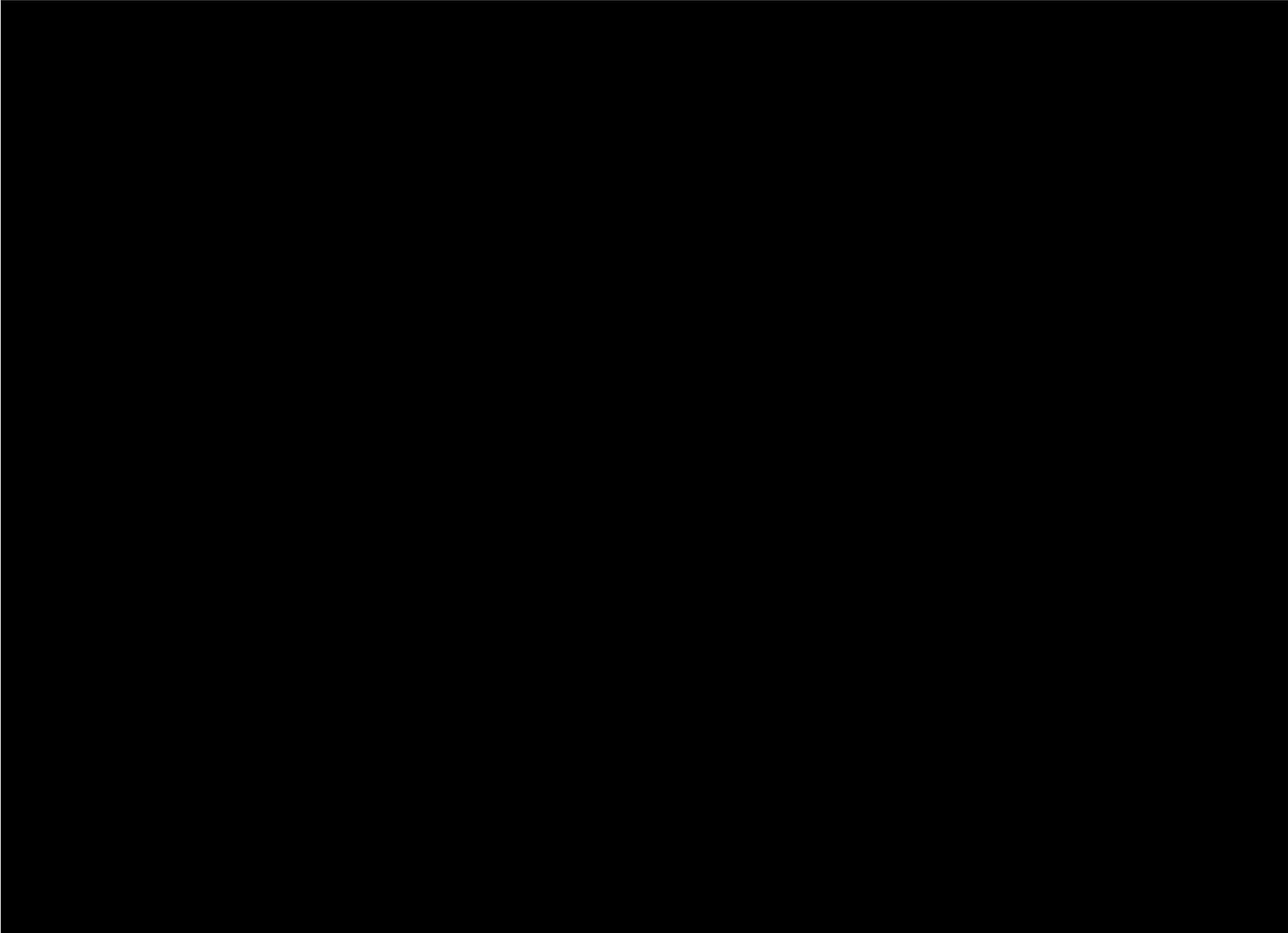




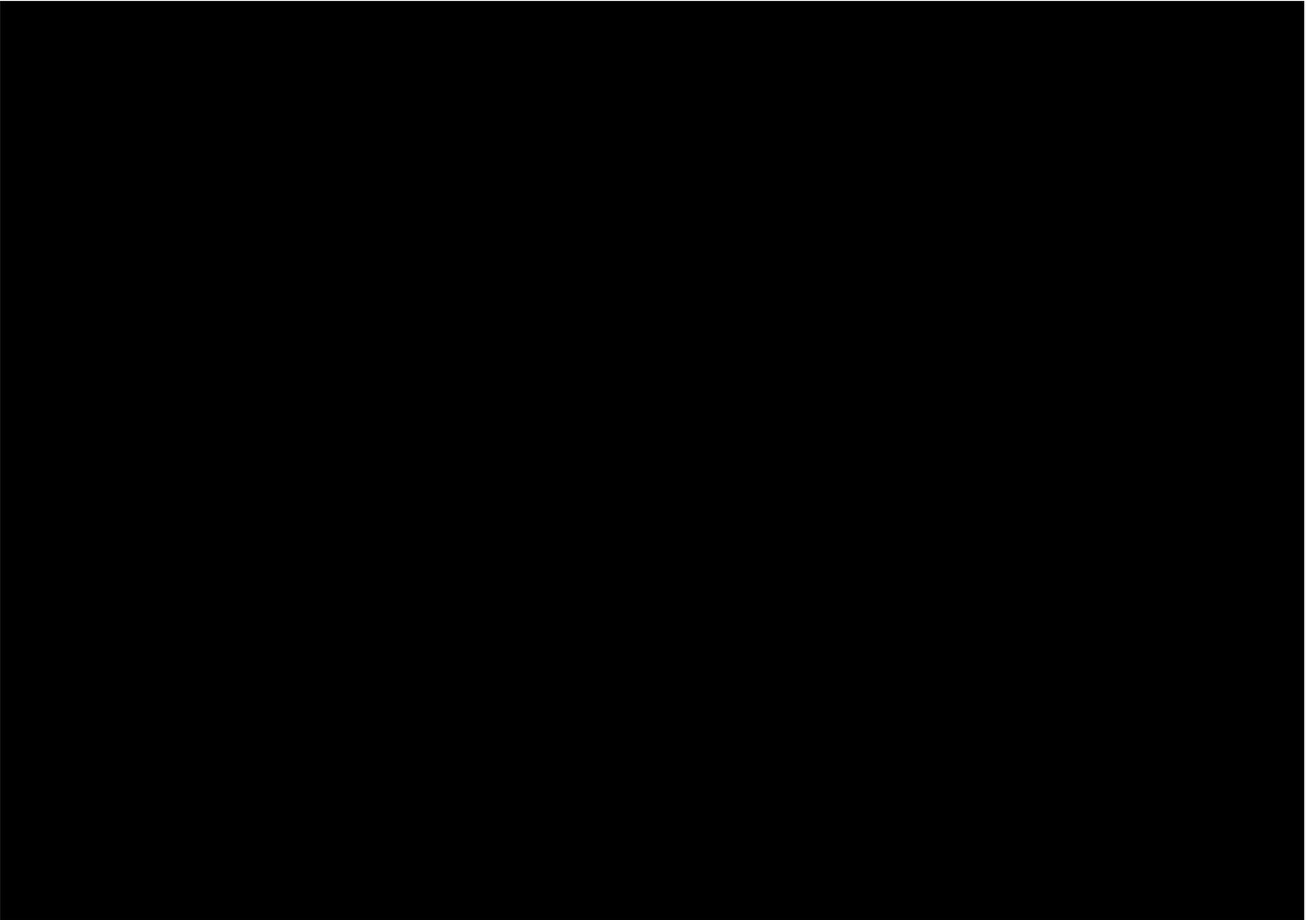




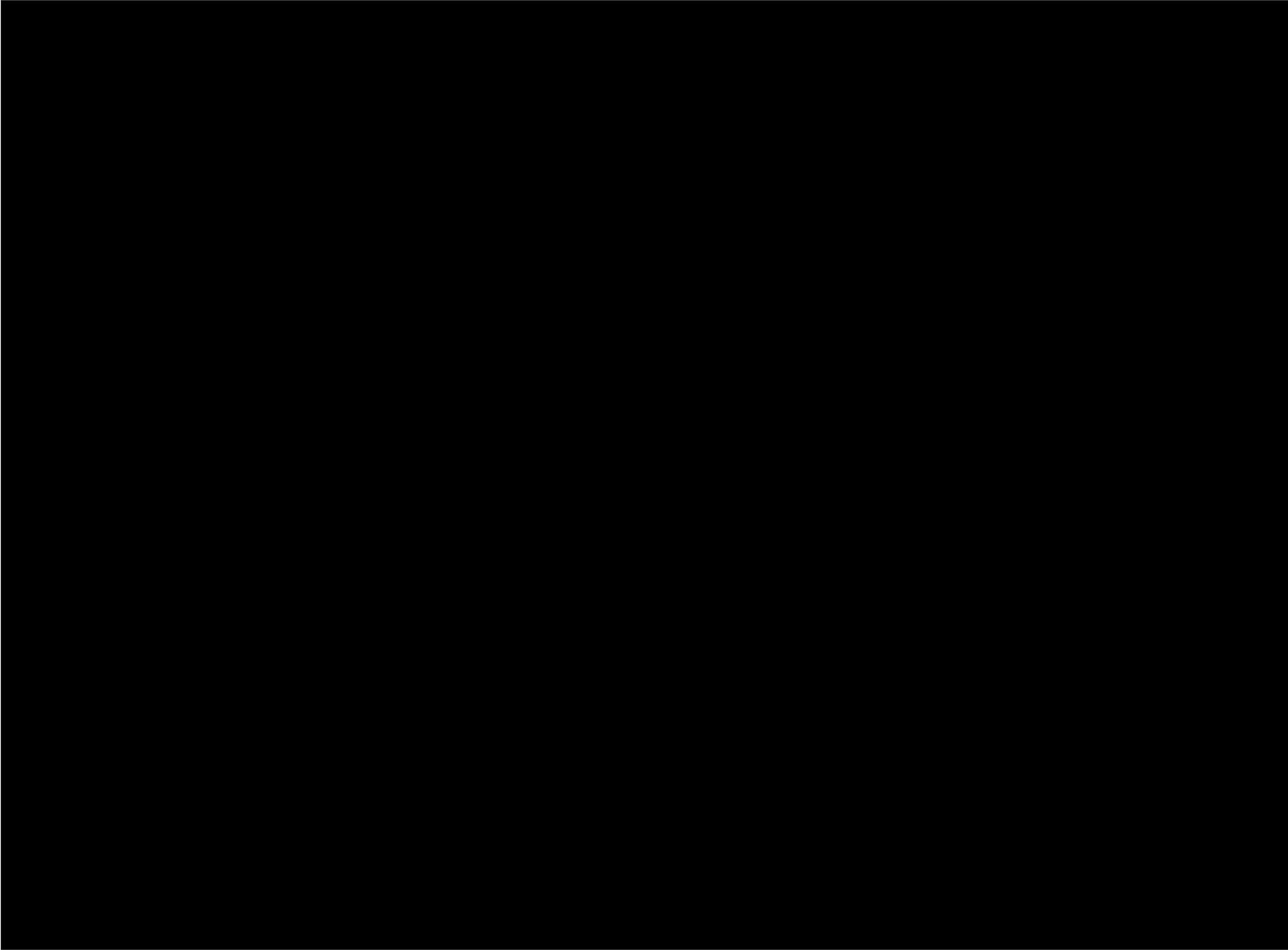


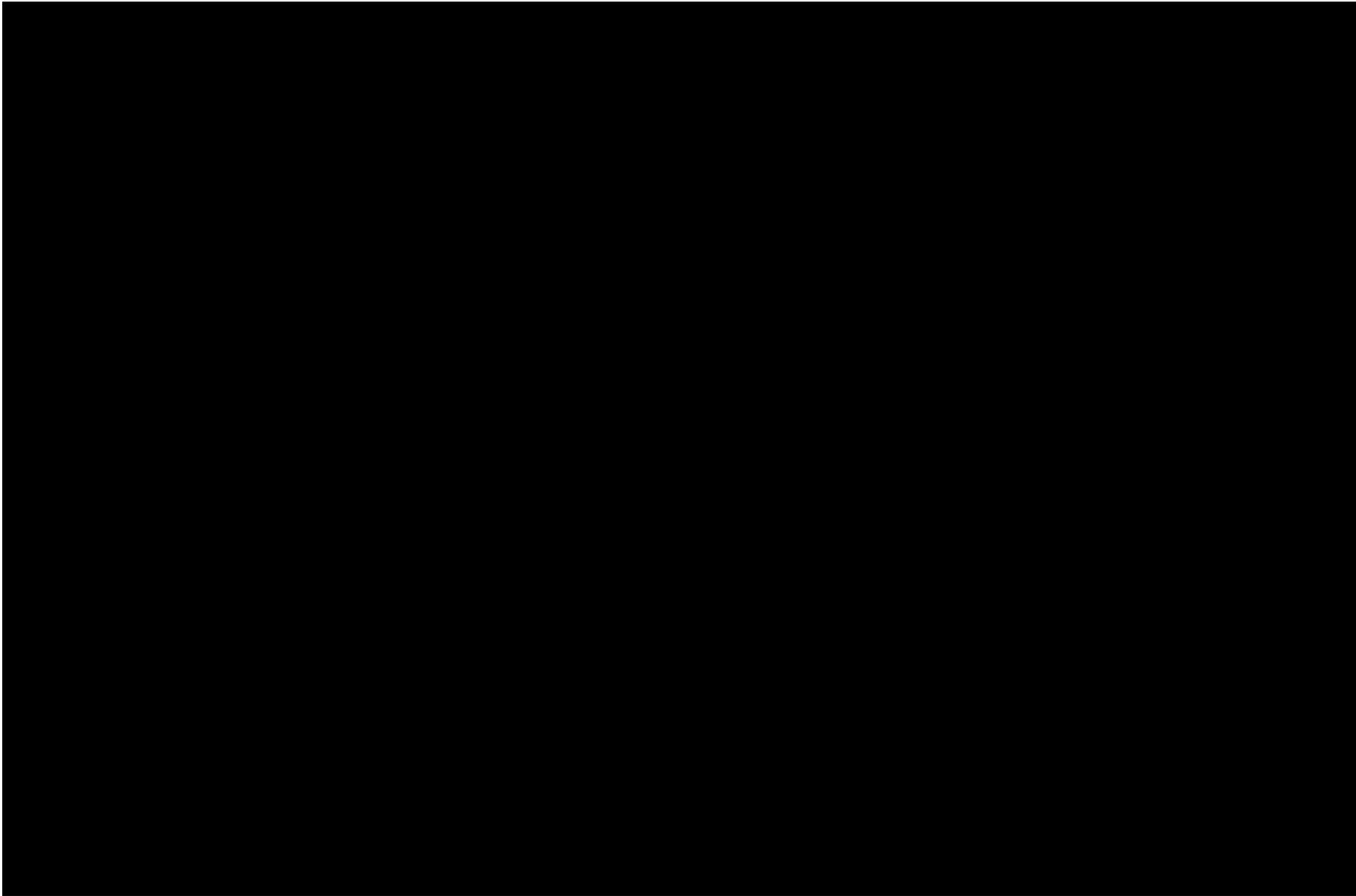


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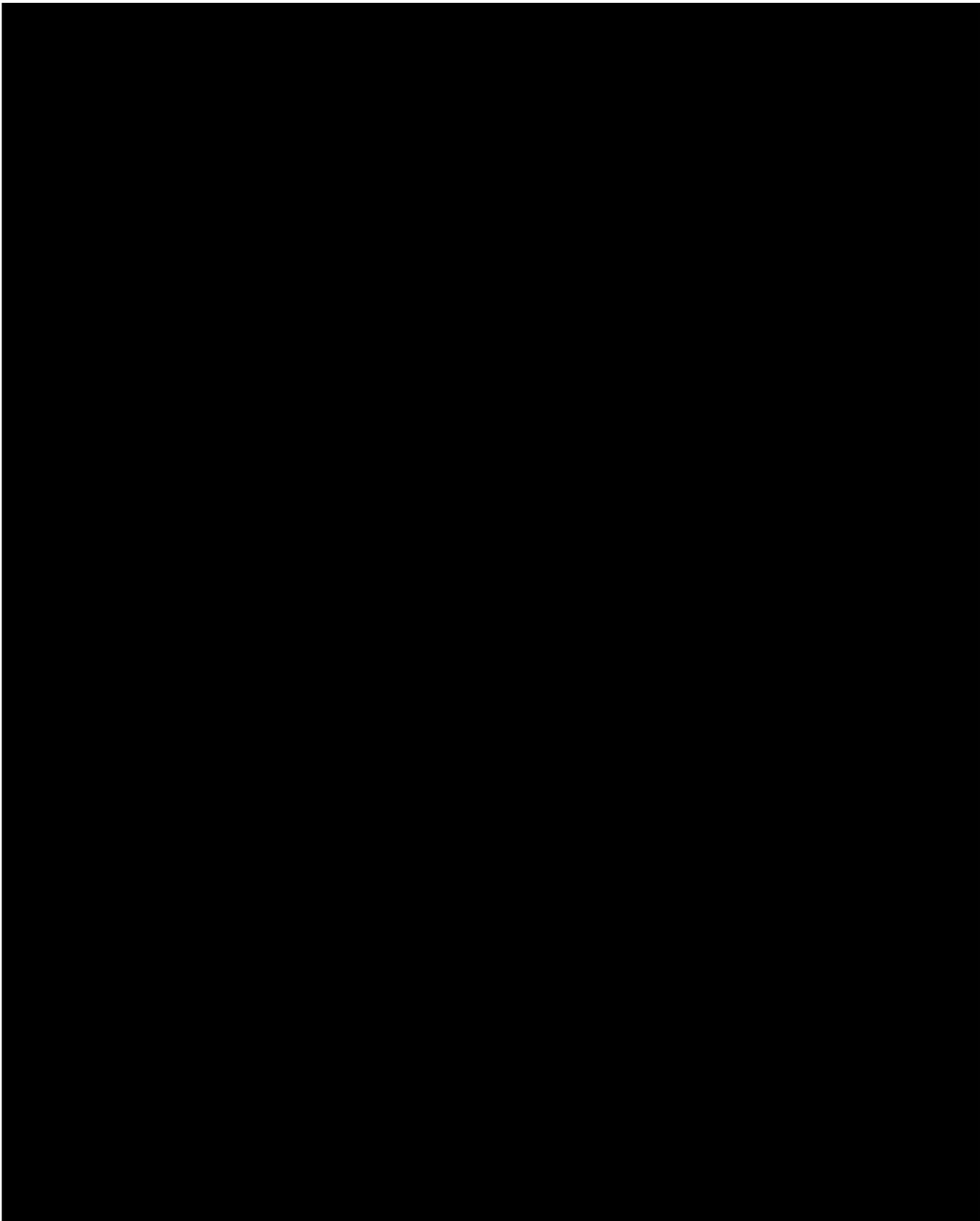


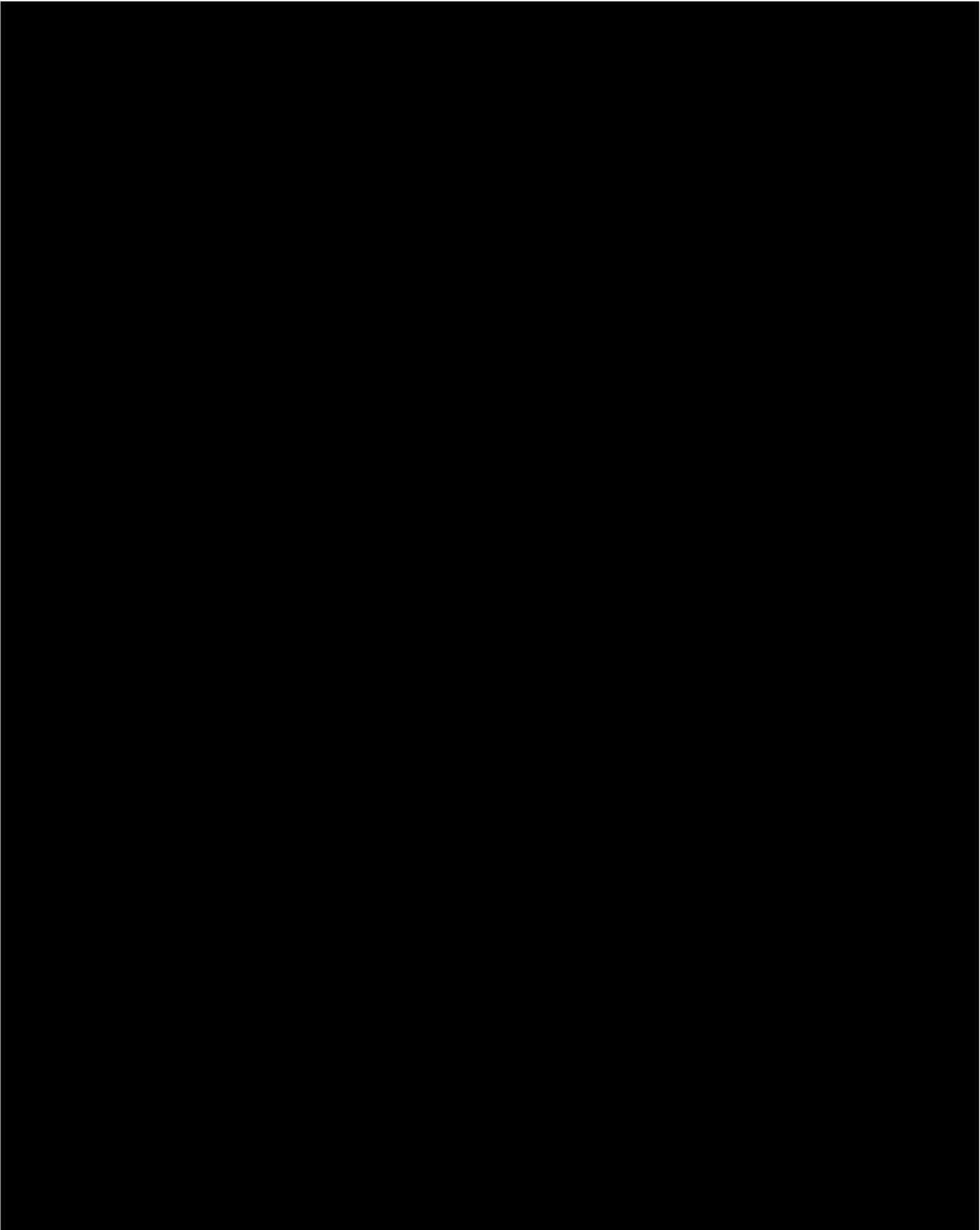
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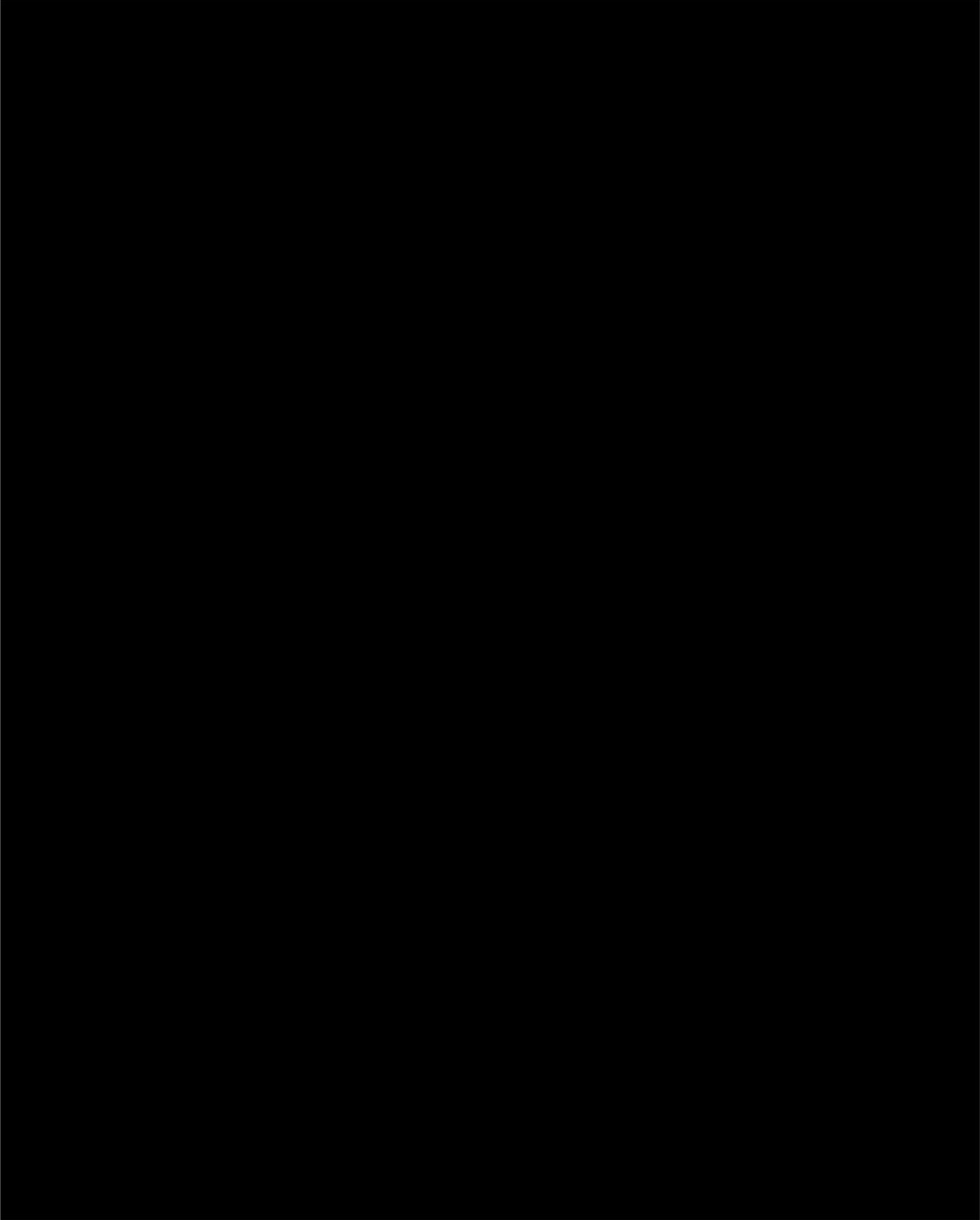


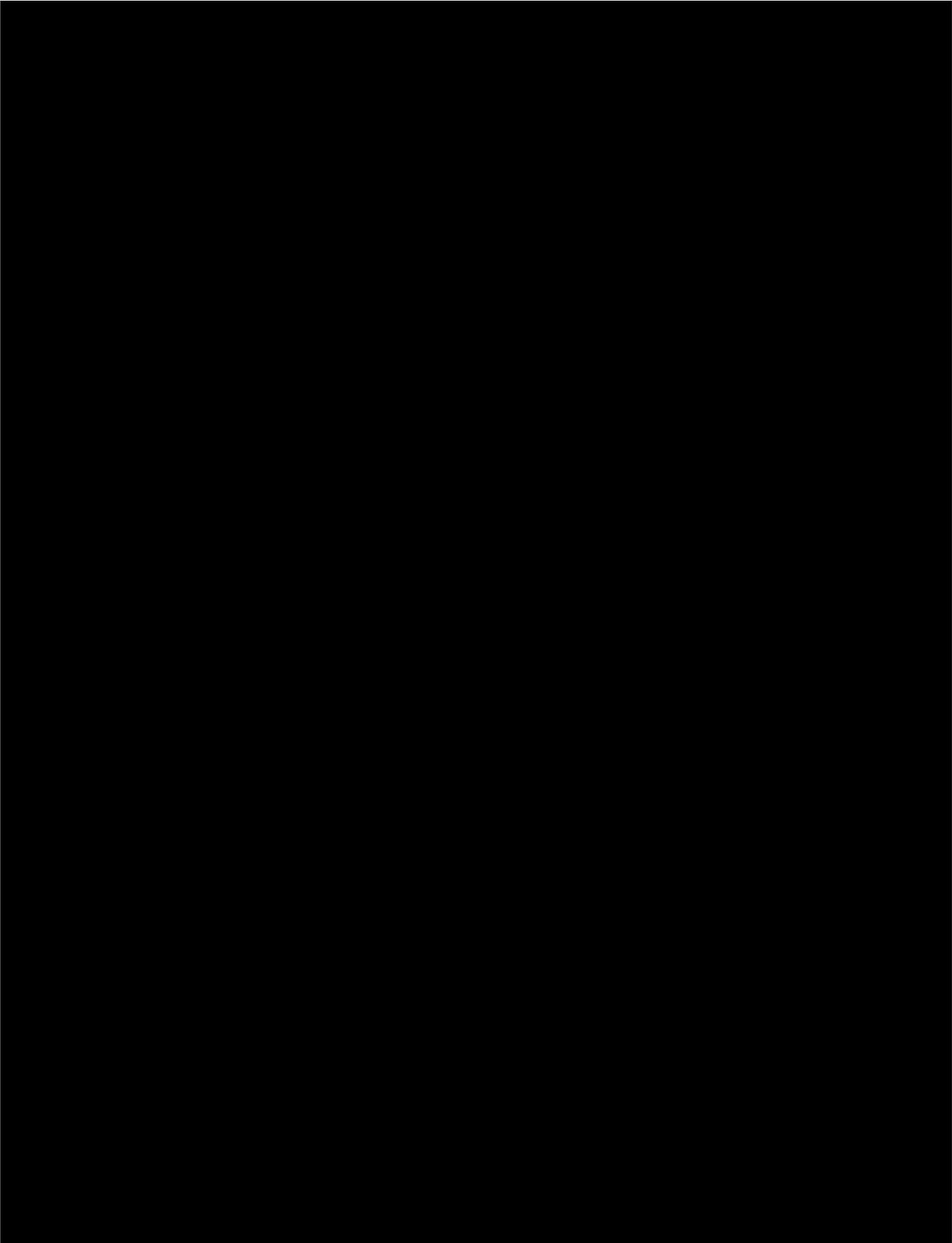


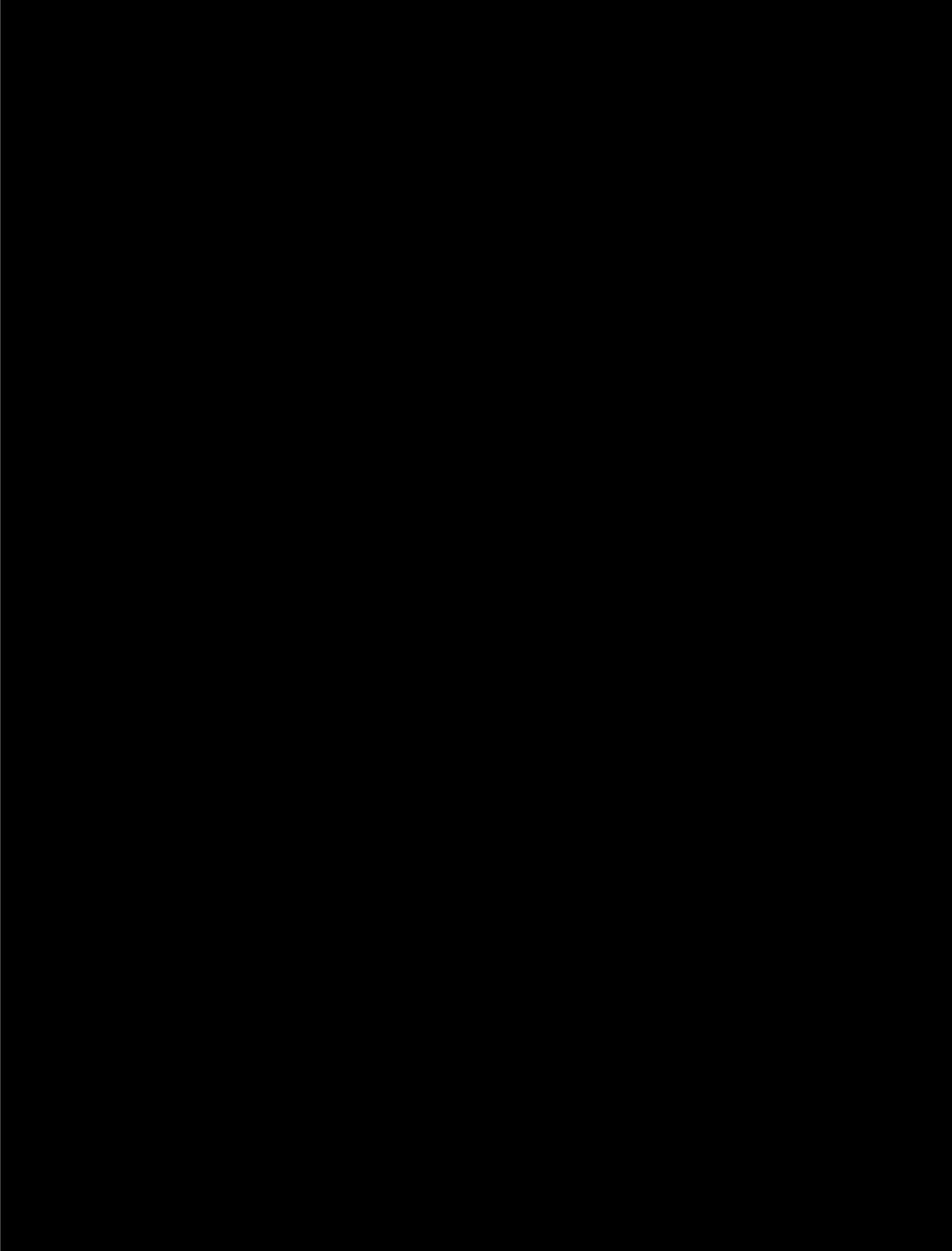


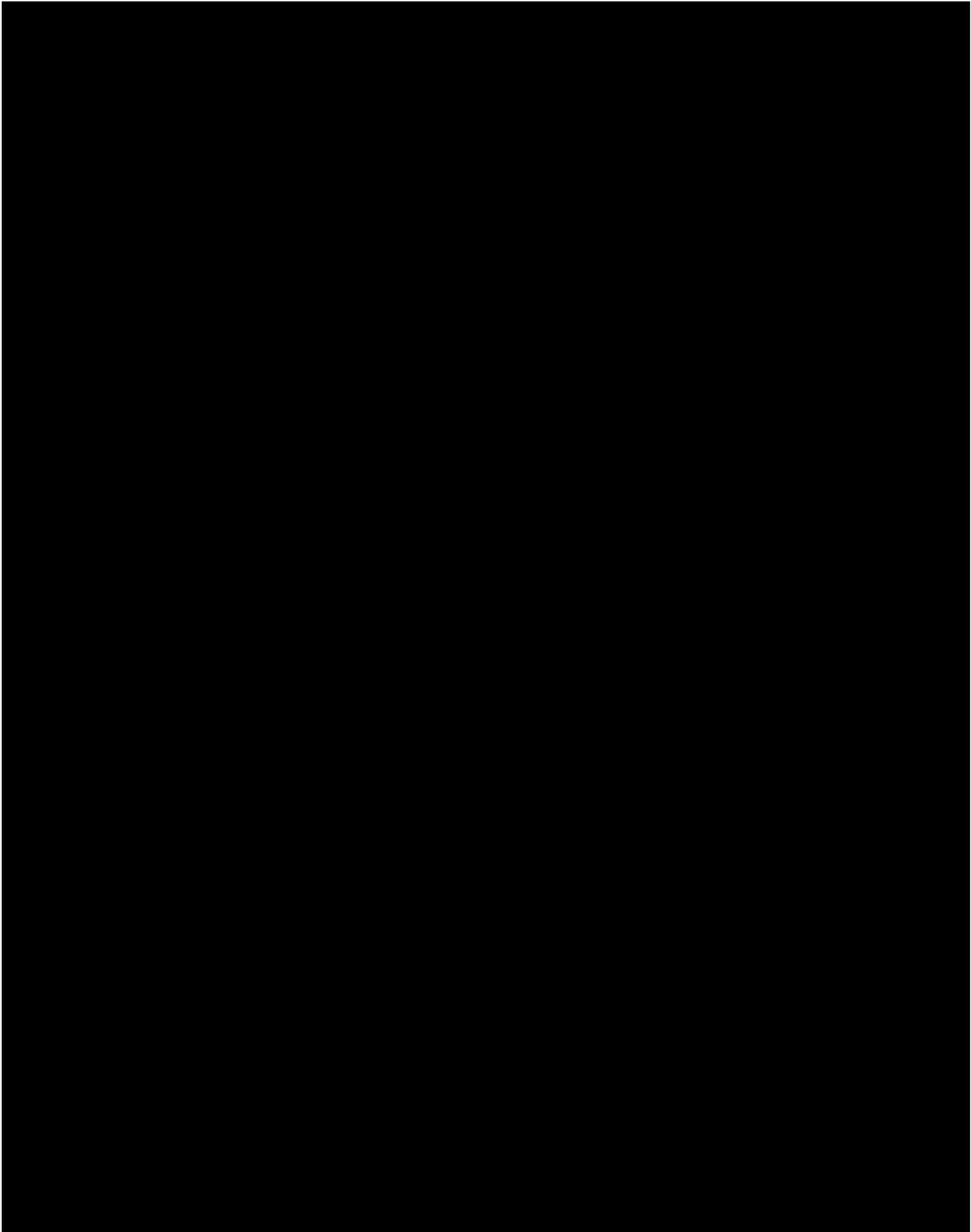


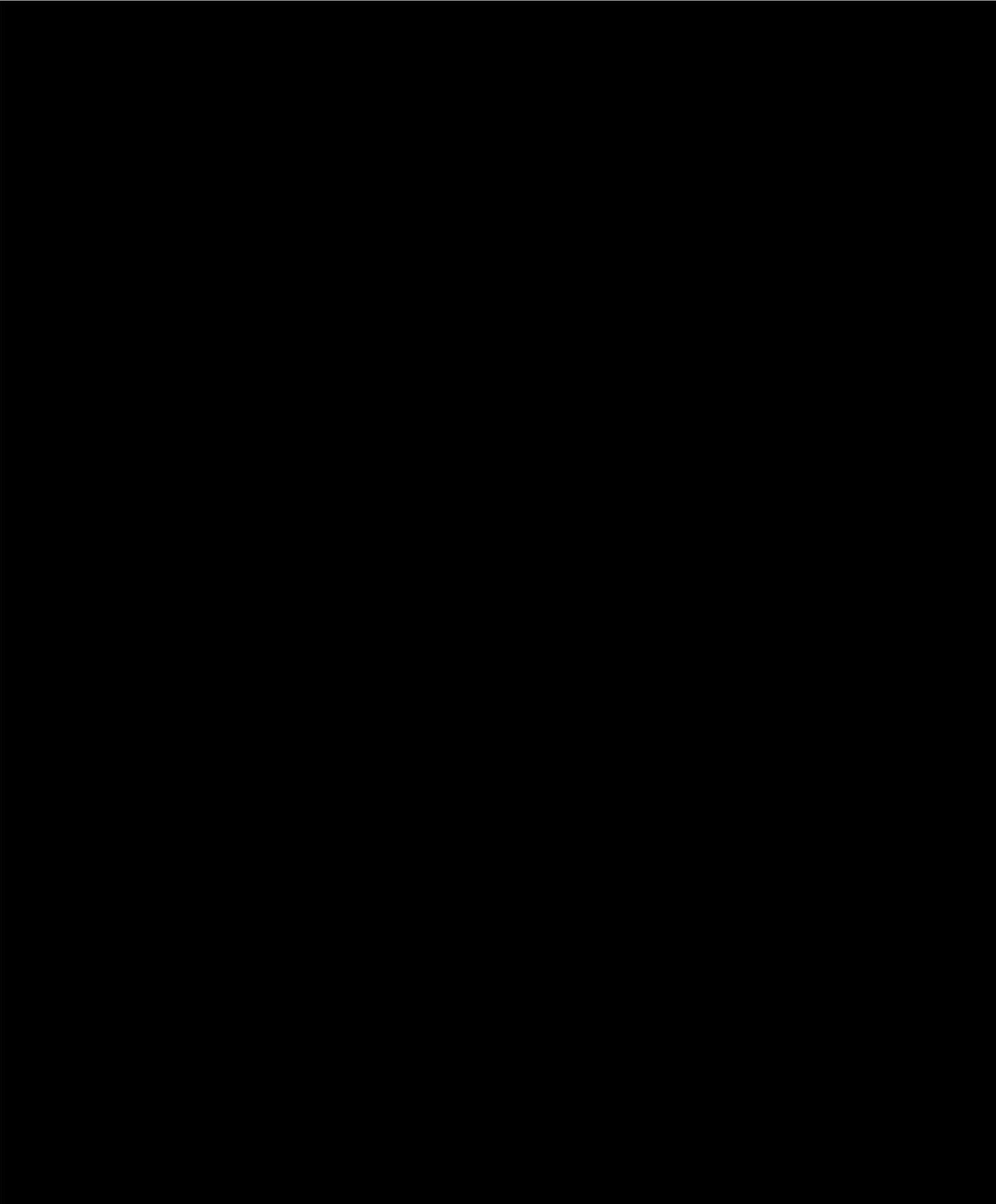


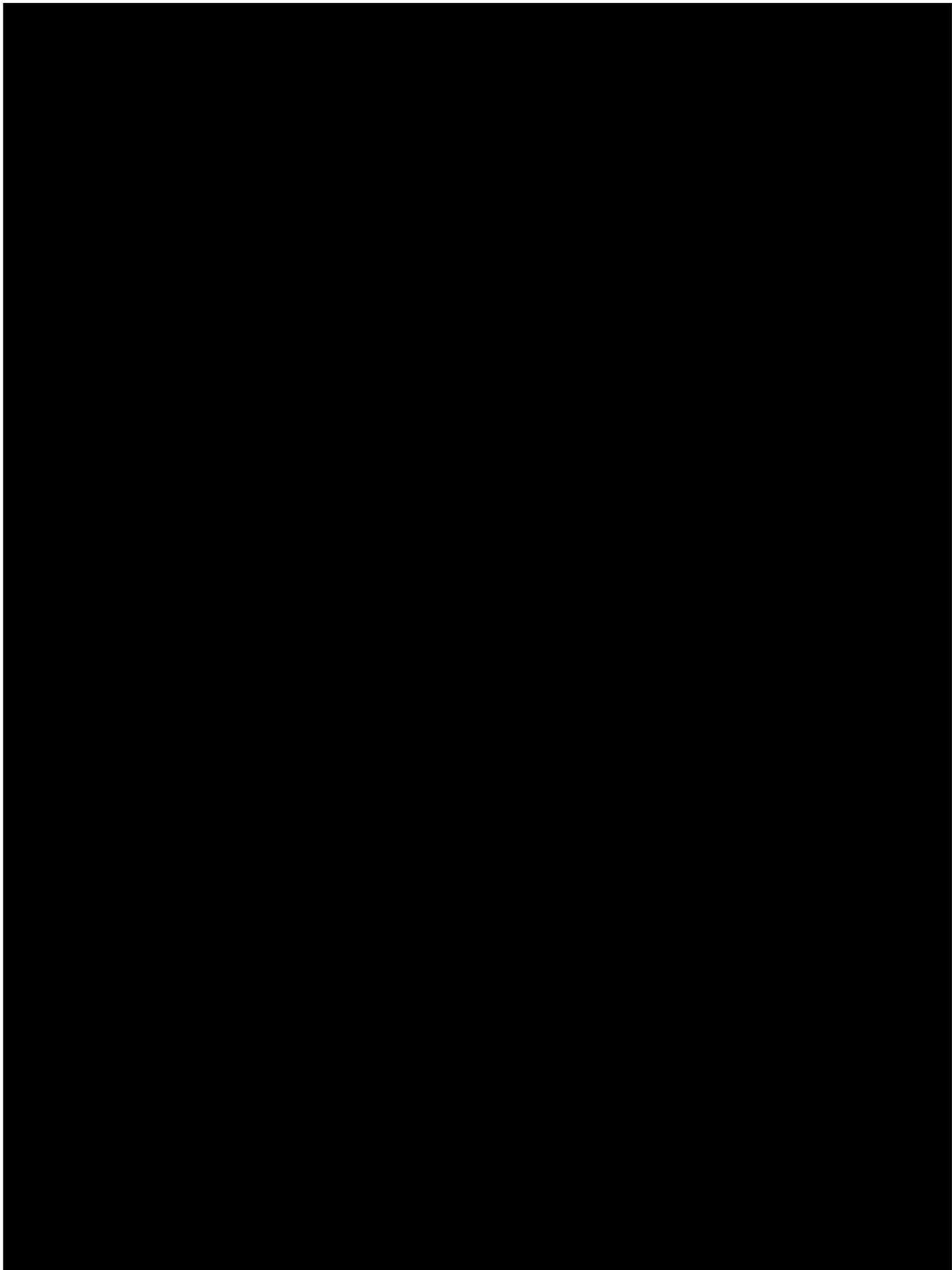


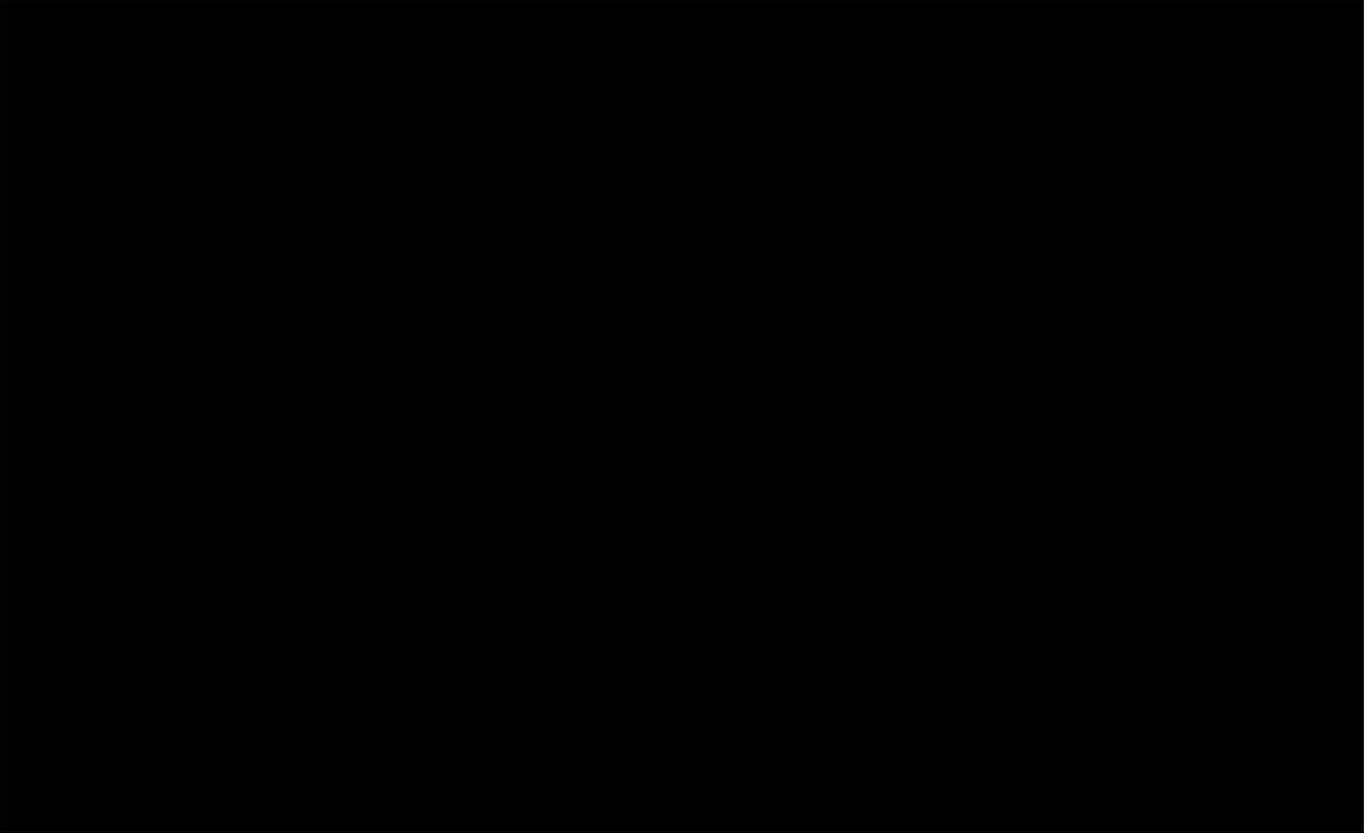












APPENDIX B

Closing Structure – Vote Sharing Agreement

