



Puget Sound Energy
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PSE.com

July 8, 2021

VIA WEB PORTAL

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

Received
Records Management
07/08/21 11:00
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 8(b) in the Settlement Stipulation approved by the Washington Utilities and Transportation Commission (the “Commission”) in Order 06 in Docket U-180680, Puget Sound Energy (“PSE”) hereby provides notice of the planned sale of a material, non-controlling interest in the ultimate parent company of PSE, Puget Holdings LLC (“Puget Holdings”), currently held by Canada Pension Plan Investment Board (“CPP Investments”). Upon the closing of the sales addressed in this Notice, CPP Investments will neither hold a direct interest in Puget Holdings nor an indirect interest in PSE.

CPP Investments plans to sell its non-controlling 31.57 percent equity interest in Puget Holdings to two investors. As shown in more detail below, the acquiring entities are similarly situated investors and 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

Ontario Teachers’ Pension Plan Board (“OTPP”) is the largest single-profession pension plan in Canada. An independent organization since 1990, OTPP invests and administers the pensions of more than 331,000 active and retired teachers in the Province of Ontario. As of December 31, 2020, OTPP had net assets of C\$221.2 billion, invested across a mix of equities (public and private), bonds, commodities, real assets (real estate and infrastructure) and absolute return strategies.

Macquarie Group Limited (collectively with its affiliates, “Macquarie”) is a diversified financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions, with Macquarie Infrastructure and Real Assets (“MIRA”)

managing \$132 billion in assets on behalf of clients across a range of capabilities. Macquarie is returning as an investor in PSE. In the current transaction, Macquarie is investing via Macquarie Washington Clean Energy Investment L.P. (the “Macquarie Fund”). The Macquarie Fund is a limited partnership controlled and managed by Macquarie. Investors in the Macquarie Fund include Macquarie itself, Sunsuper and NPS (large pension funds based in Australia and South Korea, respectively).

Both OTPP and Macquarie have infrastructure investments including 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

CPP Investments	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%

C. The Sale of CPP Investments’ Interest in Puget Holdings

CPP Investments intends to transfer its non-controlling 31.57 percent equity interest in Puget Holdings in equal parts to OTPP and Macquarie Fund, through two separate purchase and sale agreements executed on July 6, 2021. The sales are expected to close in late 2021 or early 2022, following receipt of the necessary approvals, including approval by the Commission. Table 2 below identifies the two investors and the percent share of Puget Holdings each investor is acquiring, either directly or indirectly, from CPP Investments.

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

Ontario Teachers’ Pension Plan Board	15.79%
Macquarie Fund	15.79%

D. Ownership Interest in Puget Holdings after Sale of the CPP Investments Interest

Table 3 below provides the distribution of equity interests in Puget Holdings that will result from the sale of CPP Investments non-controlling 31.57 percent equity interest in Puget Holdings.

Table 3. Equity Interests in Puget Holdings Resulting from the Sale of CPP Investments Interest in Puget Holdings

OMERS Administration Corporation	23.94%
British Columbia Investment Management Corporation	20.87%
Ontario Teachers' Pension Plan Board	15.79%
Macquarie Fund	15.79%
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 CPP Investments non-controlling 31.57 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.

PSE and the purchasers listed above will file an application seeking Commission approval of the sale of the CPP Investments interest. To allow adequate time to prepare the application and supporting testimony, PSE and the purchasers plan to file the application no later than August 13, 2021. If the Commission has concerns with this timeline, please do not hesitate to contact me.

Sincerely,

/s/ Jon Piliaris

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