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WPUDA urges state regulators to let communities buy PSE

OLYMPIA – Puget Sound Energy should offer to sell its distribution system to local communities before selling the company to foreign investors, the Washington Public Utility Districts Association said today.

In a letter to the Washington Utilities and Transportation Commission, WPUDA urged commissioners to require that PSE consider local offers before finalizing a deal to sell the company to a consortium of foreign investors led by the Macquarie Bank of Australia.

“Communities that oppose foreign ownership of their electric company, or communities that feel they can do a better job of providing service than Puget Sound Energy, should have an opportunity to buy their local distribution systems,” said WPUDA Executive Director Steve Johnson. “Since PSE is obviously for sale, local buyers should have the same opportunity as a group of foreign investors.”

PSE announced its plan to sell the company to the Macquarie-led consortium a year ago. The buyout has been approved by PSE stockholders, who would get \$30 per share, and by federal regulators. The UTC has the final say and has indicated it will issue a decision after the November elections.

Other partners in the proposed buyout include the Canadian Pension Plan Investment Board, British Columbia Investment Management Corporation, Alberta Investment Management, Macquarie-FSS Infrastructure Trust, and the Macquarie Capital Group Limited.

Meanwhile, there are measures on the ballot in three communities served by PSE that would give electric authority to local public utility districts. Measures in Skagit and Jefferson counties would extend electric authority to existing water-service PUDs; a measure on Whidbey Island would create a new PUD to provide electricity to local residents.

“In each of these communities, PSE has threatened lengthy and expensive litigation to stop the PUDs from acquiring PSE’s distribution system,” Johnson said. “Apparently PSE is for sale, just not to the local communities.

“We believe that is poor public policy and that the UTC should condition the larger sale of the company to the Macquarie group on PSE first agreeing to sell portions of its distribution system to communities that believe in local control and accountability,” Johnson said.

Johnson said he believes communities interested in establishing local electric utilities would be willing to pay the same, proportionally, for their share of the distribution system as PSE shareholders will be getting from the Macquarie group, or perhaps even an additional premium, based on a per mile or per customer assessment.

“It could be a good deal for PSE, its shareholders, the local communities and ultimately for the state,” Johnson said. “We are asking the UTC to give serious consideration to our proposal before making a decision about the future of electric service in Washington.”

Johnson noted that 23 PUDs in Washington now provide electric service to about a third of the state’s residents. In addition, Johnson said, every one of those PUDs provides service at lower rates than PSE now charges.

“Communities in this state have a long history of successfully running their own electric utilities,” Johnson said. “In light of the pending sale of PSE to foreign investors, in a highly leveraged takeover that would significantly increase PSE’s debt and in a likelihood drive rates even higher, we believe the UTC should give other communities the same opportunity.”

WPUDA is a trade association that represents 27 public utility districts and Energy Northwest, a coalition of public power utilities that operates the Columbia Generating Station, the state’s only nuclear power plant, as well as wind, solar, hydroelectric and biomass generating facilities