



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
Public Utilities and Carriers
89 Jefferson Blvd.
Warwick RI 02888
(401) 941-4500

September 26, 2014

Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

**In Re: Docket No. 4483 – DISTRIBUTED GENERATION INTERCONNECTION
DISPUTE between WIND ENERGY DEVELOPMENT, LLC, ACP LAND, LLC,
and NARRAGANSETT ELECTRIC COMPANY, d/b/a NATIONAL GRID**

Dear Luly,

The Division of Public Utilities and Carriers submits the attached Response to the Public Utilities Commission's (the "Commission") First Set of Data Requests directed to the Division for the Commission's review of the above captioned docket.

I appreciate your anticipated cooperation in this matter.

Very truly yours,

Jon G. Hagopian
Senior Legal Counsel

cc: Thomas F. Ahern, Administrator
Stephen Scialabba, Chief Accountant

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

**IN RE: DISTRIBUTED GENERATION
INTERCONNECTION DISPUTE between
WIND ENERGY DEVELOPMENT, LLC,
ACP LAND, LLC, and NARRAGANSETT
ELECTRIC COMPANY, d/b/a NATIONAL GRID**

DOCKET NO. 4483

**STATE OF RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND
CARRIERS RESPONSE TO THE STATE OF RHODE ISLAND PUBLIC
UTILITIES COMMISSION'S FIRST SET OF DATA REQUESTS DIRECTED TO
THE DIVISION**

(Propounded: September 19, 2014)

Comm. 1-1. Please confirm in writing that the Division supports all components of the settlement proposal National Grid filed with the Commission on September 12, 2014, including without limitation the proposal that the Company would be allowed to defer and recover from ratepayers the costs of filing the PLRs in an amount not to exceed \$25,000 per PLR. Please include the reasons why the Division supports this proposal, or alternatively, the reasons it does not support any of the proposals contained in the Company's letter of September 12, 2014.

Response:

Prior to the Company's September 12, 2014 dispute resolution proposal submission to the Commission, the Division met with National Grid, at the Company's request, to discuss what the Company characterized as a comprehensive proposal to resolve the tax issue dispute with the renewable developers identified in NGrid's submission. At the time of the meeting, the Company did not provide a written version of the proposal, but generally discussed the concepts at the meeting. In addition to the reasons provided in the September 12th letter, the Company also indicated that another benefit of a no-tax liability determination would be lower costs to developers and ultimately lower

ceiling/bid prices in the DG program, which lead to lower ratepayer costs.

At the meeting the Division indicated to National Grid that one element of the proposal should be a cap placed on the cost of obtaining the PLR's that could be recovered through rates. This would limit recoverable outside legal counsel costs that might be incurred in the preparation of the Private Letter Rulings (PLR). We believe the cap that National Grid has placed on the PLR at \$25,000 per PLR to be reasonable, especially in light of the \$19,000 IRS filing fee.

In addition to the recovery of up to \$25,000 per PLR, up to a maximum of 4 PLR's, the other components of the proposal with potential ratepayer impact are as follows:

- 1) NG seeks assurance that if a future IRS ruling reverses a PUC determination that no tax liability exists, that National Grid would be able to ultimately recover those heretofore uncollected taxes in a manner approved by the PUC.
- 2) If a decision is made that no tax liability exists, then the approximately \$20,000 in taxes paid by the petitioners in the instant docket would be refunded by National Grid and that cost would be deferred and recovered along with the cost of the PLR's.

Other components of the proposal are that National Grid will invoice the developer for the actual cost of feasibility and impact studies if they exceed the specified statutory fees. Further, the developers will be provided an itemization of the interconnection costs incurred by National Grid, and will be invoiced for the actual costs.

The Division confirms that it supports the proposal for the dispute resolution as outlined in the September 12, 2014 filing of National Grid. In light of the increased interconnection activity that can be anticipated resulting from the DG Growth Program and the lack of clarity relative to the tax liability generated by the interconnection of these stand-alone DG projects, the potential for an increasing number of disputes

similar to the one in Docket 4483 is significant. The Division believes there is value to ratepayers, DG developers, and the Company in seeking guidance from the Internal Revenue Service on the tax implications of interconnection payments. The Division believes the proposal submitted by National Grid is a reasonable one.

Respondents: Stephen Scialabba, DPUC Chief Accountant
Jon G. Hagopian, DPUC Senior Legal Counsel

Thomas Ahern, Administrator
State of Rhode Island
Division of Public Utilities and
Carriers

By his attorney,



Jon G. Hagopian, Esq. (#4123)
Senior Legal Counsel
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Tel.: 401-274-4400

Dated: September 26, 2014

CERTIFICATE OF SERVICE

I hereby certify that on the 26th day of September, 2014, that I transmitted an electronic copy of the within Data Response to the attached service list and to Luly Massaro, Commission Clerk via electronic mail and regular mail.



**Docket No. 4483 – Wind Energy Development LLC & ACP Land, LLC –
 Petition for Dispute Resolution Relating to Interconnection
 Service List updated 7/29/14**

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