

February 27, 2015

**BY HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: Docket 4483 – In Re: Petition of Wind Energy Development, LLC  
and ACP Land, LLC Relating to Interconnection  
National Grid’s Update on Private Letter Rulings**

Dear Ms. Massaro:

On behalf of National Grid<sup>1</sup>, I am writing in compliance with a condition articulated by the Rhode Island Public Utilities Commission (PUC) on December 23, 2014 regarding the PUC’s approval of the Company’s September 12, 2014 settlement proposal in this proceeding. Specifically, the PUC approved the Company’s September 12, 2014 proposal under the proviso that the Company provide the PUC with further clarification of the Company’s strategy for filing requests for private letter rulings (PLRs) with the United States Internal Revenue Service (IRS) associated with distributed generation projects. This condition was related to the Company’s December 22, 2014 letter to the PUC noting the Company’s December 11, 2014 request for a PLR from the IRS regarding the taxability of a contribution in aid of construction (CIAC) payment for a distributed generation project in Massachusetts (MA PLR). Specifically, the PUC sought: (1) additional details on the Massachusetts project; and (2) an explanation regarding the Company’s strategy for requesting PLRs in Rhode Island in light of the MA PLR request.

Since the December 23 Open Meeting, the Company contacted the MA developer involved in the MA PLR regarding the PUC’s first request, because the MA PLR involves private, confidential, competitively sensitive, and proprietary information provided to the Company’s Massachusetts affiliate, Massachusetts Electric Company (Massachusetts Electric). Massachusetts Electric’s counsel notified the customer of the PUC’s request in order to determine whether the customer was willing to disclose information about its project to the PUC. At this time, the MA developer is unwilling to disclose information about its project or the MA PLR because the information is private, proprietary, and competitively sensitive business information. Accordingly, the Company respectfully requests that the PUC allow the Company to uphold the customer’s request to protect the information, and not provide further details about the project at this time.

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

With regard to the PUC's second request, the Company can elaborate further regarding its strategy for filing requests for PLRs regarding RI distributed generation projects, in light of the pending MA PLR. As noted during this proceeding, the Company has offered to file one to four PLRs associated with RI distributed generation projects proposed to be interconnected to the Company's electric power system, including a project proposed by the Petitioner. The PUC approved this proposal, and further approved cost recovery under certain conditions associated with preparing and filing the requests.

The Company believes that the outcome of the MA PLR request is now a critical element in the proposed RI PLR plan. If the IRS' ruling on the MA PLR provides clear and unambiguous guidance regarding the tax effect of CIACs associated with distributed generation projects interconnected to a distribution system (vs. a transmission system), the Company may decide that the ruling is sufficient to warrant applying the guidance to RI distributed generation projects (even though PLRs are not IRS precedent). In that case, the Company may not need to request all of the RI PLRs, which would reduce costs borne by RI customers to prepare and file that request. On the other hand, if the guidance associated with the MA PLR is not sufficiently clear, the Company would proceed with filing additional requests for PLRs, including requests associated with RI distributed generation projects.

Accordingly, the Company believes that the optimal timing for the additional RI additional requests would be after the Company has received a ruling on the MA PLR. Given the PUC's order for the Company to file a request for a RI PLR by June 2015, such sequencing may not be possible if Massachusetts Electric has not received the MA PLR in time. However, were the PUC to allow the Company discretion associated with the timing of requesting a PLR associated with a RI project, it may avoid the Company incurring costs on behalf of RI customers depending on the outcome of the MA PLR.<sup>2</sup>

If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

cc: Docket 4483 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division

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<sup>2</sup> The Company is unable to request a PLR associated with the NK Green project because taxes associated with the project were paid to the IRS in 2012. A PLR cannot be filed for a tax question that is associated with taxes in a year for which the taxpayer has already filed its tax return. Please see the Company's Response to Data Request PUC 1-1.

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate was electronically transmitted to the individuals listed below. Copies of this filing will be hand delivered to the RI Public Utilities Commission and to the RI Division of Public Utilities and Carriers.



February 27, 2015

**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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