

March 10, 2014

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Cynthia G. Wilson-Frias
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RI Public Utilities Commission
89 Jefferson Blvd.
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**Re: Docket 4483 In re. Petition of Wind Energy Development, LLC and
ACP Land, LLC Relating to Interconnection**

Dear Cindy:

ACP Land, LLC has received and accepted NGrid's audit. I write to communicate broader policy concerns about auditing with hope that they may help inform and structure our next meeting on Friday.

- 1) Information: The audit report issued for this project does not clearly explain what was done in a way that enables the developer to determine whether the charge is reasonable or whether the funds were spent on its specific interconnection request or general system upgrades. Additional back-up information should be provided with future audits.
- 2) Timing: Why did so little information take so long to produce? This audit was requested on October 15, 2013. The next day John Kennedy acknowledged receipt and said the audit might take a couple of months to complete. It took almost five months to produce this scant audit report.
- 3) Accuracy of estimate: My recollection is that during our meeting either Mr. Roughan or Mr. Kennedy indicated that the estimate is expected to be within 25% of the final cost and that if it is not, NGrid's policy is to refund the difference automatically, without the request for an audit. I see that section 3.3(3)(e) of the Tariff (sheet 16) indicates that the estimate is expected to be within 25% of actual costs. It says:

If the Company determines, in accordance with Good Utility Practice, that the System Modifications to the Company EPS are

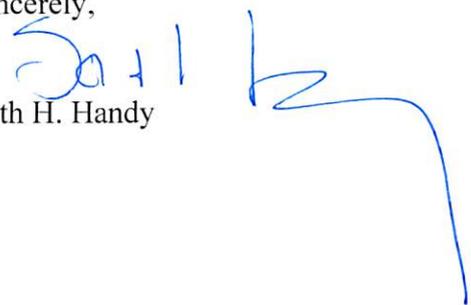
substantial, the Impact Study or ISRDG will produce an estimate for the modification costs (within $\pm 25\%$) and a Detailed Study Agreement and cost for Interconnecting Customer's approval.

The Impact Study also reflects this expected 25% margin of error. I do not see the provision regarding automatic refund of overestimated amounts in the tariff or the Interconnection Service Agreement and would appreciate a citation. If such a policy exists, why wasn't a refund granted automatically in this case where the estimate exceeded the actual cost by more than 60% (and more than that if you don't include the interconnection tax in the totals)? Are there other projects where the estimate exceeded the actual cost by more than 25% and a refund has not issued automatically? If so, what projects and why not?

- 4) Program/ratepayer impact: Given the result of this audit, there is compelling reason to require NGrid to produce audits on all projects interconnected to date. That result would be consistent with the Tariff (which permits NGrid to charge only its actual costs of the project specific interconnection services requested) and your anticipated recommendation to the Commission that it require audits and true-ups moving forward.
- 5) True up: Given the fact that NGrid controls the estimating, we submit that any upward correction (to account for estimates that are below actual costs) should be limited by a reasonable contingency (NGrid's 25% contingency seems high) in order to give developers (and their financing partners) certainty.
- 6) Interconnection tax: Will NGrid seek to recover the overpaid interconnection tax on this project from the IRS? If not, where will those funds come from?

Thank you again for your help with these matters.

Sincerely,


Seth H. Handy

cc. Tom Teehan