

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

December 17, 2015

**Re: Docket 4483 In re. Petition of Wind Energy Development, LLC and ACP Land, LLC  
Relating to Interconnection**

Dear Ms. Massaro:

ACP Land, LLC and Wind Energy Development, LLC (Petitioners) have read National Grid's letter of December 14, 2015, several times and are confused by it and write to request clarification.

The Company writes that it is not clear whether the expected IRS guidance will address the interconnection tax issue raised in this proceeding. The IRS notice says the following, "Currently a published guidance project relating to the issue presented in your case is on the Department of Treasury 2015-2016 Priority Guidance Plan. Therefore, we have resolved that the issue presented in your case cannot be resolved before the published guidance is issued." It is clear that the IRS guidance will address and resolve the interconnection tax issue presented in this docket. Given the Commission's decision to defer to the IRS for the resolution of this concern, the interconnection tax matter raised in this docket now will not be resolved until that IRS guidance is issued.

In this context, National Grid seeks to rescind its commitment to escrow any potential tax liability for all project developers and replace that commitment with a recommendation to pay the taxes and recover and refund them post payment if and when the guidance resolves the matter in favor of the taxpayer. This new recommendation is purportedly based on the Company's "goal" of committing to refund taxes in the event that the ruling warrants such refunds. The Commission approved the Company's September 12 settlement proposal to escrow tax liability for all project developers on December 23, 2014. Now is not the time to reframe the terms or intent of that approved proposal in order to address noncompliance.

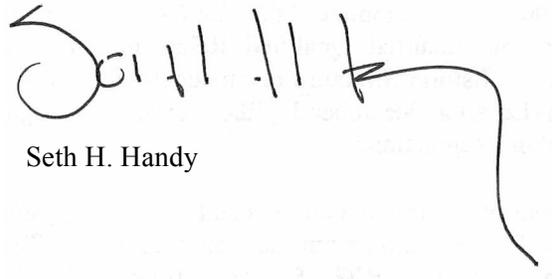
It is true that WED specifically negotiated, as part of its Interconnection Services Agreements, that only a letter of credit would issue to National Grid for its interconnection taxes on the ten wind turbines under construction in Coventry (tax liability of \$768,000), pending resolution of this matter. WED knew enough to request such relief because of the substantial resources it has dedicated to this matter. However, the implications of this tax policy extend far beyond the two developers that filed this petition. National Grid has been collecting this tax from all such developers since the safe-harbor was established in 1988 (IRS Notice 88-129), without having met its burden to establish the reasonableness of that charge (R.I. Gen. Laws §39-3-12). The delayed resolution of this case means that many more projects have been assessed and paid the tax without justification, artificially inflating the cost of development.

Petitioners respectfully request that the Commission direct the Company to meet its commitment that all tax would be held in escrow pending resolution of this case. They ask the Company to inform all impacted customers accordingly. Petitioners also repeat their request for consideration of further relief

if and when this matter is resolved in the taxpayer's favor, including the pursuit of a refund of any taxes that still can be recovered, together with equitable interest.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Seth H. Handy", with a long, sweeping flourish extending to the right.

Seth H. Handy