

March 28, 2016

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

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

42 Weybosset Street
Providence

Rhode Island 02903

401 626.4839

401 753.6306 FAX

Dear Ms. Massaro:

ACP Land, LLC and Wind Energy Development, LLC (Petitioners) are in receipt of National Grid's filing from March 18, 2016. On November 18, 2015, the Service informed National Grid that it has decided to issue additional guidance on the tax issue addressed in the request for a Private Letter Ruling the Commission had ordered in this docket, returning the request and the filing fee. 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 a direct ruling from 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 issues.

In correspondence dated March 9, 2015, Petitioners objected to National Grid's suggestion that the Commission rely on their Massachusetts PLR request for good reasons. Petitioners were (and are still) unaware of the specific, factual basis for that request which was kept confidential. Petitioners were not allowed an opportunity to comment on or influence the form or contents of that request. Moreover, in this proceeding, National Grid has argued that the Commission should not rely on guidance provided from past PLRs because they are fact specific and cannot be relied upon as guidance regarding how the IRS would address other projects with distinct facts. Thus, the Commission resolved not to rely on two PLRs previously issued by the IRS (one of which was issued to National Grid), concluding that the safe-harbor in IRS Notice 88-129 applies to projects interconnected to the distribution system. Instead, the Commission resolved to order National Grid to seek specific guidance from the IRS with regard to the specific facts of the Petitioners' project in Rhode Island.

Now, National Grid's March 18 letter states the following:

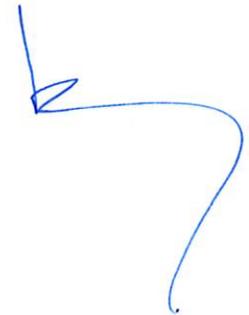
The IRS letter in response to The Narragansett Electric Company's PLR request must be understood in terms of the MECO ruling. As a matter of current law, it is fairly settled that transactions solely involving interconnections with distribution systems are taxable. As a consequence, the IRS is unwilling to entertain any future ruling requests on the subject unless the Department of the Treasury, as part of its review of existing guidance under Internal Revenue Code Section 118(b), decides to change the law with respect to these transactions.

If I read that correctly, National Grid again appears to advocate that the Massachusetts PLR addressed similar facts and should be relied upon as conclusive evidence that Notices 88-129 and 2001-82 only apply to transmission interconnections.

The IRS letter that returned National Grid's PLR request does not dispose of this matter; nor can it dispose of this matter when read in conjunction with the Massachusetts PLR. At this point, only the anticipated IRS guidance will resolve the interconnection tax issue put before the Commission in this Petition. The Petitioners await and look forward to receiving that guidance.

Sincerely,


Seth H. Handy



cc: Distribution List