

December 8, 2014

BY HAND DELIVERY & 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
Responses to PUC Data Requests – Set 5**

Dear Ms. Massaro:

On behalf of National Grid¹, I have enclosed responses to Rhode Island Public Utilities Commission's fifth set of data requests in the above-referenced matter.

Thank you for your attention to matter. If you have any questions, please contact me at (781) 907-2121.

Sincerely,



Raquel J. Webster

Enclosures

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

¹ The Narragansett Electric Company d/b/a National Grid.

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.



8/29/2014

**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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COMM 5-1

Request:

The Company's original proposal filed September 12 stated,

"...to the extent it does not pay taxes associated with projects interconnected to the Company's electric distribution system and the IRS later assesses taxes against the Company, the Company would be able to defer the costs and recover them in rates in an appropriate manner approved by the PUC after the taxes are assessed." (National Grid Proposal, page 4 of 6. 09/12/14)

- a) Does the word "costs" in the above paragraph refer to taxes alone, or to taxes *and costs*?
- b) If it refers to taxes and costs, what specific costs is the Company referring to?
- c) If costs refer to costs other than tax liabilities, define a numerical range of costs referred to here, so the Commission will understand the full extent of amounts that could potentially be deferred.

Response:

- a) The word "costs" in that statement refers to the taxes (i.e., the taxes which an IRS exam team might assess to the extent we applied the holding of a PLR to transactions which are not the subject of that PLR) along with any associated interest and penalties assessed by the IRS exam team.
- b) Please see the response to part (a) above.
- c) Please see the response to part (a) above. The Company would not be able to estimate any value of interest and penalties on a tax event that has not yet occurred.

The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. 4483
In Re: Distributed Generation Interconnection Dispute between
Wind Energy Development, LLC, ACPLand, LLC and
The Narragansett Electric Company
Responses to Commission's Fifth Set of Data Requests
Issued on December 5, 2014

COMM 5-2

Request:

Referring to Revised Comm 3-14(b), define specifically what is meant in the first paragraph by the clause "and associated cost for any IRS audit exposure." Explain whether this is a modification of the Company's original proposal filed September 12. More specifically, explain whether this is an expansion of the original September 12 proposal for deferral of tax recovery associated with the filing of PLRs.

Response:

The phrase "any tax and associated cost for any IRS audit exposure" specifically means any incremental income tax that is determined to be owed by the Company on customer contributions for interconnection-related facilities that fall under this proposal, and any associated penalties, interest or incremental audit costs associated with that tax and the future audit. This is not an expansion of the original September 12 proposal, but just a restatement of that proposal. Specifically, on page 4 of that proposal, the Company stated, "[T]o the extent [the Company] does not pay taxes associated with projects interconnected...and the IRS later assesses taxes against the Company, the Company would be able to defer the costs and recover them in rates in an appropriate manner approved by the PUC after the taxes are assessed." (September 12, 2012 Proposal at paragraph 2).

The Narragansett Electric Company

d/b/a National Grid

R.I.P.U.C. Docket No. 4483

In Re: Distributed Generation Interconnection Dispute between
Wind Energy Development, LLC, ACPLand, LLC and

The Narragansett Electric Company

Responses to Commission's Fifth Set of Data Requests

Issued on December 5, 2014

COMM 5-3

Request:

Does the Revised Comm 3-14(b) modify in any way the Company's proposal filed September 12, or is it simply an attempt to more clearly explain the September 12 proposal? If it does modify the original proposal, please explain the modification in the simplest terms possible without the use of tax or accounting terms such as "gross-up."

Response:

No, Revised COMM 3-14(b) does not change the original September 12 proposal. Please see the Company's response to COMM 5-2.