

March 16, 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 – Wind Energy Development, LLC (WED) and ACP Land, LLC  
Petition for Dispute Resolution Relating to Interconnection  
National Grid’s Second 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 report by this date on the status of the Company’s requests for private letter rulings (PLRs) with the United States Internal Revenue Service (IRS) associated with distributed generation projects. The PUC requested that the Company’s report include:

- (1) an identification of any project(s) which has/have been selected for PLR requests;
- (2) a copy of any PLR requests filed; and
- (3) clarification of 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), including: (a) the timeline for filing PLR requests; (b) the identity of projects the Company intends to select for PLR requests, and (c) the specific details about the Massachusetts project that is the subject of the MA PLR.

With regard to items (2) and (3) above, the Company filed correspondence with the PUC on February 27, 2015 addressing these issues. To summarize, the Massachusetts developer whose project is the subject of the MA PLR is unwilling to disclose the private, confidential, competitively sensitive and proprietary information regarding its project. Accordingly, in its February 27, 2015 correspondence to the PUC, the Company requested that the PUC allow the

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

Company to protect this information. The Company commits to providing the PUC with a redacted version of any ruling on the MA PLR once the Company receives such a ruling. As of this date, the IRS has not issued a ruling on the MA PLR.

The Company's February 27, 2015 correspondence to the PUC also elaborated on the Company's strategy for submitting PLR requests associated with Rhode Island projects, in light of the filing of the MA PLR request by the Company's Massachusetts affiliate. To reiterate, the Company believes that the outcome of the MA PLR request is now a critical element of the Company's strategy. 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 Rhode Island distributed generation projects (even though PLRs are not IRS precedent). In that case, the Company may not need to request a Rhode Island PLR and would avoid incurring costs on behalf of Rhode Island 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 Rhode Island distributed generation projects. Accordingly, the Company is requesting that the PUC allow it to wait for the results of the MA PLR before the Company determines whether to file a PLR for a project located in Rhode Island.

In the meantime, consistent with item (1) above, the Company has identified Rhode Island projects that may be eligible for a PLR request. As noted by the Company in its response to PUC-1-1 in this proceeding, the IRS will not rule on requests for PLRs associated with taxes in a year for which a taxpayer has already filed a tax return. See also Rev. Proc. 2015-1, Section 5.01 for the updated guidance provided for calendar year 2015 ruling requests. The Company has received CIACs from developers that are potentially subject to taxation, and were received in the tax year ended March 31, 2015, the first tax year for which the Company has not yet filed a federal tax return. Therefore, the Company has contacted these developers to explore their willingness to provide the confidential information and other assistance needed to file a ruling request for one of their projects.

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. Additionally, there are no pending projects associated with WED for which the Company has received a CIAC. The Company can also request a PLR for proposed transactions, but the related projects must be sufficiently developed to permit explanation to the IRS. The Company is currently reviewing pending WED projects, based on information provided by WED to the Company to date through the interconnection process, to determine which, if any, may be good candidates for a PLR request. The Company will also consult with WED before selecting a project.

Luly Massaro, Commission Clerk  
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Thank you for your attention to this matter. 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

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.



A UFW 2015

**Docket No. 4483 – Wind Energy Development LLC & ACP Land, LLC –  
Petition for Dispute Resolution Relating to Interconnection  
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