



## Contributions In Aid of Construction (CIAC) Tax Policy

Original Post Date: 12/08/2010  
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1. The following language will be included in all Agreements:

A gross up on Contributions in Aid of Construction (CIAC) will be assessed unless the CIAC or the transfer of the intertie meets the safe harbor requirements of IRS Notice 2001-82 and IRS Notice 88-129. The CIAC gross up will be computed based on the rate in effect on the day of collection of said gross up under this agreement.

2. Include the CIAC estimate on **ALL** Agreements for Transmission Provider's Interconnection Facilities (TPIF).

- a. EXAMPLE Agreement Language below:

Transmission Provider's Interconnection Facilities (TPIF): **\$ 913,000- Interconnection Customer. Estimated costs may be updated 30 days following "Project Initiation and Confirmation Meeting" milestone.**

○ 60 kV Breaker	\$ 608,000
○ Land / Permitting	\$ 24,000
○ Switch & Dead End Structures	\$ 76,000
○ Transmission Line Fold	\$ 30,000
○ Telecommunications	
▪ Breaker and Switches	\$ 72,000
▪ RTU at IC site	\$ 70,000
○ Metering	<u>\$ 33,000</u>

**TOTAL (TPIF) \$ 913,000**

**Estimated CIAC at 34.6% \$ 315,898**

**TOTAL including CIAC \$1,228,898**

- Total Estimated Cost to Interconnection Customer listed above does include an estimated gross up. The gross up rate can change significantly over time. The rate that is listed above may not be the rate that is in effect at the time of collection.
- A gross up on Contributions in Aid of Construction (CIAC) will be assessed unless the CIAC or the transfer of the intertie meets the safe harbor requirements of IRS Notice 2001-82 and IRS Notice 88-129. The CIAC gross up will be computed based on the rate in effect on the day of collection of said gross up under this agreement.
- All Costs will be trued to actual after the completion of the Project.

- b. CIAC will be collected at the time the Transmission Provider’s Interconnection Facilities (TPIF) or Distribution Upgrades (DU) costs are collected. CIAC will be secured (vehicle like an irrevocable Letter of Credit) on ALL agreements at the time the TPIF costs are secured per Attachment L of the Open Access Transmission Tariff. If there is more than one TPIF or DU collection date, the CIAC will be due at the time that the TPIF or DU for the start of construction is collected.
3. CIAC will be secured on **ALL** agreements at the time the Network Upgrades (NU) costs are secured per Attachment L of the Open Access Transmission Tariff. If there is more than one NU collection date, the CIAC will be due at the time that the NU for the start of construction is secured.

Network Upgrades (NU): **\$ 1,228,898 - Interconnection Customer. Estimated costs may be updated 30 days following “Project Initiation and Confirmation Meeting” milestone.**

○ 60 kV Breaker		\$ 608,000
○ Land / Permitting		\$ 24,000
○ Switch & Dead End Structures		\$ 76,000
○ Transmission Line Fold		\$ 30,000
○ Telecommunications		
▪ Breaker and Switches		\$ 72,000
▪ RTU at IC site		\$ 70,000
○ Metering		\$ 33,000
<b>TOTAL</b>	<b>(TPIF)</b>	<b>\$ 913,000</b>
	<b>Estimated CIAC at 34.6%</b>	<b>\$ 315,898</b>
	<b>TOTAL including CIAC</b>	<b>\$1,228,898</b>

4. Find current CIAC for Nevada Power and Sierra Pacific at the following link:

[http://matrix.nevp.com/DEPT/RA/nevadadockets/rule9\\_ciacrates.html](http://matrix.nevp.com/DEPT/RA/nevadadockets/rule9_ciacrates.html)

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