

Paul Thomsen is the director of policy and business development, for Ormat Technologies, Inc. (NYSE:ORA).

Thomsen manages Ormat's federal, state and local legislative programs and geothermal project development in the U.S. He serves as Ormat's principal liaison with organizations and advocacy groups involved in the renewable energy sector.

Nationally, Thomsen is the past-chairman of the United States Clean Heat and Power Association; serves as Vice President to the Board of Directors of the Geothermal Energy Association; and, sits on Senator Harry Reid's Blue Ribbon Council on Renewable Energy. In Nevada, Thomsen currently serves as the president of the Nevada Geothermal Council and sits on the boards of the Economic Development Authority of Nevada, the Nevada Mining Association and the Nevada Conservation League. And, he was appointed by Governor Jim Gibbons to the Transition Team for Energy and Natural Resources.

Before coming to Ormat, Thomsen worked for United States Senator Richard Bryan and United States Senator Harry Reid, where he handled public lands and energy issues. Most recently, Thomsen worked for the law firm of Lionel Sawyer and Collins.

Thomsen received a bachelor's degree in political science and a master's degree in public administration from the University of Nevada, Reno. Academic works include: "Renewable Energy in the State of Nevada: Public Policy Implications for an Emergent Resource Area" presented at the Annual Meeting of the Pacific Northwest Political Science Association, Vancouver, British Columbia.

Ormat Technologies is a world leader in the geothermal power plant sector. The company has four decades of experience in the development of state of the art, environmentally sound power solutions, primarily in geothermal and recovered energy generation. Ormat is responsible for the development of over 1,000 MW of geothermal generation throughout the world and over 400 MW of generation in the United States.

Application No. 10-04001G

Direct Testimony of

PAUL THOMSEN

on behalf of

ORNI 39, LLC, ORNI 42, LLC and Ormat Nevada, Inc.

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Paul Thomsen and my business address is 6225 Neil Road, Reno, Nevada 89511.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am the Director of Policy and Business Development for Ormat Nevada, Inc. (“ONI”).

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. ORNI 39, LLC (“ORNI 39”), ORNI 42, LLC (“ORNI 42”) and ONI (collectively ORNI 39, ORNI 42, LLC and ONI are referred to as “Ormat”).

Q. DOES ATTACHMENT 1 ACCURATELY DESCRIBE YOUR BACKGROUND AND EXPERIENCE?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to support Ormat's request for partial tax abatements for its Tuscarora and McGinness Hills geothermal power projects located in Elko County, Nevada ("Tuscarora Project") and Lander County, Nevada ("McGinness Hills Project") (collectively referred to herein as the "Ormat Projects") by providing an overview of Ormat, its business operations and its success in developing and operating geothermal generating facilities in Nevada and worldwide, and specific information related to the Ormat Projects.

Q. CAN YOU PLEASE PROVIDE AN OVERVIEW OF ORMAT?

A. ORNI 39 and ORNI 42 are new entities formed to operate and maintain the Ormat Projects once they become operational. ONI wholly owns ORNI 39 and ORNI 42. Ormat is headquartered in Reno and is engaged in the geothermal and recovered energy power business. Ormat designs, develops, builds, owns and operates geothermal and recovered energy generation plants utilizing internally designed and manufactured equipment. Ormat has been a successful business for more than 40 years and has been headquartered in Northern Nevada since 1984.

Q. WERE YOU INVOLVED IN PREPARING ORMAT'S APPLICATION FOR THE PARTIAL ABATEMENTS?

A. Yes.

Q. WHAT TYPE OF ABATEMENTS IS ORMAT REQUESTING FOR THE ORMAT PROJECTS?

A. Ormat is requesting partial abatements on the sales and use tax for personal property purchased to construct the Ormat Projects and the property tax for the portions of the real and personal property used for the transmission of electricity produced from geothermal resources at Tuscarora.

Q. WHY IS ORMAT REQUESTING PARTIAL TAX ABATEMENTS FOR THE ORMAT PROJECTS?

A. With the partial tax abatements, Ormat will be able to continue its exploration and testing of the geothermal resources in McGinness Hills and Tuscarora for possible expansion of the generating capacity of the Ormat Projects. Obtaining the abatements also helps us continue exploration and development throughout the State of Nevada while keeping our costs lower for ratepayers.

Q. HAS OR WILL ANY STATE OR LOCAL FUNDING BE PROVIDED FOR THE ACQUISITION, DESIGN OR CONSTRUCTION OF EITHER OF THE ORMAT PROJECTS?

A. No.

Q. WILL EITHER OF THE ORMAT PROJECTS BE OWNED OR OPERATED, EVEN IN PART, BY A GOVERNMENTAL AGENCY?

A. No.

Q. HAVE YOU APPLIED FOR OR ARE YOU RECEIVING ANY OTHER TAX ABATEMENT OR EXEMPTION FOR EITHER OF THE ORMAT PROJECTS?

A. No.

Q. HOW LONG WILL THE ORMAT PROJECTS BE IN OPERATION?

A. We have signed 20-year PPA's with NV Energy. Whether the Ormat Projects will continue beyond that time depends primarily on the resource, wear and tear on the equipment, and changes in technology.

Q. HOW MANY EMPLOYEES WILL BE WORKING ON THE CONSTRUCTION OF THE MCGINNESS HILLS PROJECT DURING THE SECOND QUARTER OF CONSTRUCTION?

A. Between Ormat and its contractors, there will be approximately 103 full-time employees working on the construction of the McGinness Hills Project during the second quarter of construction. While the numbers fluctuate from week-to-week, we will always have at least 50 full-time employees working on the construction each week during the second quarter of construction.

Q. HOW MANY EMPLOYEES WORKING ON CONSTRUCTION OF THE MCGINNESS HILLS PROJECT WILL BE NEVADA RESIDENTS?

A. While we cannot be certain until all of the employees are hired, based upon our prior projects, we are confident that more than 50% of the construction employees will be Nevada residents and we will ensure that we always exceed the requirement that more than 30% of the construction employees are Nevada residents.

Q. HOW MANY EMPLOYEES WILL BE WORKING ON THE CONSTRUCTION OF THE TUSCARORA PROJECT DURING THE SECOND QUARTER OF CONSTRUCTION?

A. Between Ormat and its contractors, there will be approximately 104 full-time employees working on the construction of the Tuscarora Project during the second quarter of construction. While the numbers fluctuate from week-to-week, we are confident that we will always exceed 50 or more full-time employees working on the construction each week during the second quarter of construction.

Q. HOW MANY EMPLOYEES WORKING ON CONSTRUCTION OF THE TUSCARORA PROJECT WILL BE NEVADA RESIDENTS?

A. While we cannot be certain until all of the employees are hired, based upon our prior projects, we are confident that more than 50% of the construction employees will be Nevada residents and we will ensure that we always exceed the requirement that more than 30% of the construction employees are Nevada residents.

Q. WHAT IS THE AVERAGE WAGE FOR THESE EMPLOYEES AND ARE THEY RECEIVING BENEFITS?

A. We expect that the average hourly wage for construction employees, not including management and administrative employees, will be more than \$42 per hour. Under

our construction contracts, all construction employees are being paid at least 150% of the average hourly statewide rate, excluding management and administrative employees, and they all receive health insurance benefits, including an option for coverage of their dependents. The health insurance plans offered by our contractors cover emergency care, inpatient and outpatient hospital services, physician's services, outpatient medical services, laboratory services, and diagnostic testing services. The plans offer dependent coverage and cover at least 80% of the costs for the covered services after the employee's deductible is met.

Q. HOW MANY EMPLOYEES WILL BE WORKING AT THE ORMAT PROJECTS AFTER THEY BEGIN OPERATION?

A. Ormat will have 8 to 10 full-time employees working at the McGinness Hills Project and approximately 7 full-time employees at the Tuscarora Project for operation and maintenance purposes. We are considering establishing an Eastern Nevada Service Center that would employ an additional 9 employees.

Q. WHAT WAGE WILL THESE EMPLOYEES BE PAID AND WILL THEY RECEIVE BENEFITS?

A. We expect the average hourly wage for full-time employees, excluding management and administrative employees, will be approximately \$25 per hour. All full-time employees working at the Ormat Projects once they become operational will be paid an average of at least 110% of the average hourly statewide

rate, excluding management and administrative employees, and will receive health insurance benefits, including an option for coverage of their dependents.

Q. HOW MUCH OF A CAPITAL INVESTMENT WILL ORMAT MAKE IN CONNECTION WITH THE MCGINNESS HILLS PROJECT IN NEVADA?

A. The McGinness Hills Project will involve a capital investment of more than 80 Million Dollars in the State of Nevada.

Q. HOW MUCH OF A CAPITAL INVESTMENT WILL ORMAT MAKE IN CONNECTION WITH THE TUSCARORA PROJECT IN NEVADA?

A. The Tuscarora Project will involve a capital investment of more than 70 Million Dollars in the State of Nevada.

Q. WILL THE FINANCIAL AND EMPLOYMENT BENEFITS THE STATE OF NEVADA AND ITS RESIDENTS RECEIVE FROM THE ORMAT PROJECTS EXCEED THE LOSS OF TAX REVENUE THAT WILL RESULT IF THE PARTIAL ABATEMENTS ARE GRANTED?

A. Yes. The capital investment, the wages paid and the taxes paid will far exceed the loss of tax revenue.

Q. ARE ORNI 39, ORNI 42, AND ONI QUALIFIED TO DO BUSINESS IN NEVADA AND DO THEY EACH HOLD NEVADA BUSINESS LICENSES?

A. Yes.

Q. HAS ONI OBTAINED ALL REQUIRED PERMITS TO CONSTRUCT BOTH ORMAT PROJECTS?

A. Yes.

Q. WILL ORNI 39 AND ORNI 42 OBTAIN AND MAINTAIN ALL REQUIRED LICENSES AND PERMITS TO OPERATE THE ORMAT PROJECTS?

A. Yes.

Q. WHAT IS ORMAT'S EXPERIENCE IN DEVELOPING AND OPERATING POWER PLANTS.

A. Ormat currently operates and is developing power plants in the United States, including geothermal facilities in Nevada, California and Hawaii, and recovered energy generation power plants in North Dakota, South Dakota, Colorado, Minnesota, Montana and Nevada. The combined generating capacity of all these power plants in the United States is approximately 414 MW, net. Ormat also has operating power plants in Nicaragua, Guatemala, Kenya and New Zealand. Ormat has approximately 1,300 MW of installed capacity worldwide.

Q. HOW MANY GEOTHERMAL POWER PLANTS DOES ORMAT CURRENTLY HAVE IN OPERATION IN NEVADA?

A. Ormat currently has ten geothermal power plants operating in Nevada, with a combined generating capacity of approximately 122 MW, net.

Q. CAN YOU PLEASE DESCRIBE IN DETAIL THE LOCATION AND SIZE OF ORMAT'S CURRENT GEOTHERMAL POWER PLANTS IN NEVADA?

A. Ormat operates one power plant in Pershing County, the Jersey Valley geothermal facility, with a contracted-for generating capacity of approximately 12 MW, net. Ormat operates two power plants in Churchill County, Nevada, specifically the Brady and the Desert Peak 2 geothermal facilities. The combined current contracted-for generating capacity of Brady and Desert Peak 2 is approximately 25 MW, net. Ormat also operates seven geothermal power plants in Washoe County, Nevada, specifically, the Steamboat 1A, Steamboat 2, Steamboat 3, the Richard Burdette, the Steamboat Hills, the Galena 2 and the Galena 3 geothermal facilities. The combined current contracted-for generating capacity for these seven geothermal power plants in Washoe County is approximately 85 MW, net.

Q. HOW MANY FULL-TIME EMPLOYEES WORK AT ORMAT'S GEOTHERMAL FACILITIES IN NEVADA?

A. Ormat currently employs a combined 75 full-time employees at its ten geothermal facilities in Nevada, which does not include administrative personnel or employees at its Reno, Nevada headquarters.

Q. IS ORMAT CURRENTLY DEVELOPING ANY MORE GEOTHERMAL POWER PLANTS IN NEVADA?

A. Yes.

Q. CAN YOU PLEASE DESCRIBE THE GEOTHERMAL POWER PLANTS CURRENTLY IN DEVELOPMENT IN NEVADA?

A. Ormat currently has numerous geothermal power plants in exploration and development. Two of those have executed power purchase agreements with NV Energy. These projects include Dixie Meadows and Carson Lake.

Q. WHAT BENEFITS DO ORMAT'S GEOTHERMAL PROJECTS BRING TO THE STATE AND COUNTIES?

A. Ormat's projects provide financial, employment and environmental benefits to Nevada and its counties. For example, assuming the sales and use tax abatements are granted, the Ormat Projects are estimated to pay approximately \$33 million in taxes to Nevada, Lander County and Elko County, create more than 200 full-time jobs during the second quarter of construction of each facility and 8 to 10 full time jobs at each facility once they become operational. All of these jobs will provide benefits and will reduce unemployment and uninsured individuals, which will help reduce costs for Nevada's unemployment insurance fund and health care programs.

In addition, the Ormat Projects will avoid approximately 112,500 tons of carbon dioxide emissions, and will save approximately 225,000 barrels of oil.

Q. HAS ORMAT MET WITH LANDER AND ELKO COUNTIES TO DISCUSS THE ORMAT PROJECTS AND ORMAT'S REQUEST FOR PARTIAL TAX ABATEMENTS?

A. Yes. Ormat met with the Lander County Board of County Commissioners on November 16 and December 9, 2010 and provided an overview of the McGinness Hills Project and its expected benefits to Lander County. Ormat also met with the Elko County Board of County Commissioners on March 31, 2011 and provided an overview of the Tuscarora Project and its expected benefits to Elko County.

Q. WHAT WERE THE RESULTS OF THE MEETINGS WITH LANDER AND ELKO COUNTIES?

A. The Board of County Commissioners of each county voted 3-2 to deny a property tax abatement to the geothermal facilities.

Q. CAN YOU PLEASE EXPLAIN IN DETAIL THE MCGINNESS HILLS GEOTHERMAL POWER PROJECT?

A. Ormat is developing a geothermal power plant in the McGinness Hills located in Lander County, Nevada. The first phase of the McGinness Hills Project will produce approximately 30 MW of electricity. NV Energy and ORNI 39 have executed a 20-year power purchase agreement, under which ORNI 39 will supply energy and associated environmental benefits to NV Energy from the McGinness Hills Project. Ormat has secured control of all the land in the vicinity of the project

through an agreement with the Bureau of Land Management, and has obtained all state and local permits to construct and operate the facility. Ormat expects the McGinness Hills Project to become operational in the First Quarter of 2012.

Q. CAN YOU PLEASE EXPLAIN IN DETAIL THE TUSCARORA GEOTHERMAL POWER PROJECT?

A. Ormat is developing a geothermal power plant near Tuscarora located in Elko County, Nevada. The first phase of the Tuscarora Project will produce approximately 16 MW of electricity. Nevada Power Company and ORNI 42 have executed a 20-year power purchase agreement, under which ORNI 42 will supply energy and associated environmental benefits to Nevada Power from the Tuscarora Project. Ormat has secured control of all the land in the vicinity of the project through private purchases, leases and an agreement with the Bureau of Land Management, and has obtained all state and local permits to construct and operate the facility. Ormat expects the Tuscarora Project to become operational in the First Quarter of 2012.