

**BEFORE THE NEVADA ENERGY DIRECTOR  
NEVADA STATE OFFICE OF ENERGY**

<b>In the Matter of the Application of:</b> )	
)	<b>Application Filing No. 12-0306SPV</b>
<b>FRV SPECTRUM SOLAR, LLC )</b>	
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**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

A hearing was held before the Director of the Nevada State Office of Energy (NSOE) on June 14, 2012 regarding Application Filing Number 12-0306SPV. At the hearing, applicant FRV Spectrum Solar, LLC (Spectrum) was represented by Michael Lichtenfeld of SunEdison, and Jacqueline Bryant Rombarado of Holland & Hart, LLP. The Director was advised by Cassandra Joseph of the Attorney General’s Office. Based upon FRV Spectrum Solar’s application, and evidence presented at the hearing, the Director makes the following findings of fact, conclusions of law, and order in this matter.

**FINDINGS OF FACT**

1. At the hearing of the matter, FRV Spectrum Solar, LLC presented the testimony of Michael Lichtenfeld, FRV Spectrum Solar, LLC. The NSOE Director admitted into evidence as Exhibit 1 a packet that contained six subparts: (A) Notice of Public Hearing, dated May 23, 2012; (B) FRV Spectrum Solar LLC’s Pre-Application filed with the NSOE on May 5, 2011; (C) FRV Spectrum Solar, LLC Application (redacted) for the Spectrum Solar project as filed with the NSOE on April 5, 2012 (D) Energy Related Tax Incentive Fiscal Note as required by NRS 701A.375-1(a) by the Budget Division of the State of Nevada Department of Administration, received on May 17, 2012; (E) Fiscal Impact Renewable Energy Partial Abatement of Sales/Use Taxes as required by NRS 701A.375-1(b) by the State of Nevada Department of Taxation,

received on May 17, 2012 and Fiscal Impact Renewable Energy Partial Abatement of Property Tax as required by NRS 701A.375-1(b) by the Nevada Department of Taxation, received on May 17, 2012; (F) Prefiled Testimony of Michael Lichtenfeld, Spectrum. At the hearing, all of the subparts of Exhibit 1 were admitted into evidence. Based upon the testimony of the witness and the evidence presented, the Director finds the following to be the facts in this matter.

2. FRV Spectrum Solar, LLC is a subsidiary of SunEdison, LLC. FRV Spectrum Solar, LLC is a limited liability company with a current Nevada State Business License from the Nevada Secretary of State.

3. FRV Spectrum Solar, LLC submitted its Pre-application in this matter on May 5, 2011.

4. On April 5, 2012, FRV Spectrum Solar, LLC submitted its Application seeking partial abatement of sales and use taxes and property taxes for the construction and operation of a facility for the generation of solar renewable energy (“Facility”) that would be located on approximately 311 acres of leased private land in unincorporated, Clark County, Nevada, Clark County Assessor’s Parcel Number 142-000-010-02 which FRV Spectrum Solar, LLC intends to place into a Leasehold Possessory Interest Account (Application Filing Number (AFN) 12-0306SPV). The Application described a solar photovoltaic electric generating facility that would generate 30 AC Nameplate megawatts (MW) that would be sold to Nevada Power Company for a period of 25 years pursuant to a power purchase agreement.

5. Testimony from Mr. Lichtenfeld supported that FRV Spectrum Solar, LLC was properly licensed and qualified to do business in Nevada; that FRV Spectrum Solar, LLC had obtained all required discretionary state and local licenses and permits, with the remaining permits to be obtained prior to start of construction, expected September 2012, and intended to maintain all of the required licenses and permits for the Facility; that FRV Spectrum Solar, LLC

had all necessary approvals for the Facility; that the Facility would have an AC nameplate rating of 30 MW and was anticipated to produce 30 MW net; that FRV Spectrum Solar, LLC had entered into a 25-year power purchase agreement with Nevada Power Company; that the Facility was anticipated to be at least partially operational sometime during the first quarter of 2013; that the total capital investment of the Facility will be approximately \$90,000,000.00 and the capital investment of the Facility in Nevada will be approximately \$18,000,000.00; that the Facility would create approximately six full-time operational jobs which would pay an average of approximately \$45.24 per hour; and that the Facility would create approximately 200 full-time construction jobs over the course of construction which would pay an average hourly wage of \$37.29 per hour.

6. The Director took notice that the statewide average hourly rate as determined by the Department of Employment, Training, and Rehabilitation (hereinafter “DETR”) for fiscal year 2011 was \$19.83. Thus 110% of the wage for fiscal year 2011 was \$21.81, and 150% of the wage for fiscal year 2011 was \$29.75.

7. The Fiscal Impact statement produced by the Department of Taxation shows the following estimated figures regarding the sales and uses taxes related to the Facility:

Total Amount Abated (Year 1)	\$4,119,252.50
Total Amount Abated (Year 2)	\$0
Total Amount Abated (Years 3)	\$0
<b>TOTAL AMOUNT ABATED</b>	<b>\$4,119,252.50</b>

Total Amount Abated by Local Government (Year 1)	\$2,621,342.50
Total Amount Abated by Local Government (Year 2)	\$0
Total Amount Abated by Local Government (Year 3)	\$0
<b>TOTAL AMOUNT ABATED BY LOCAL GOVERNMENT</b>	<b>\$2,621,342.50</b>

**TOTAL LOCAL SCHOOL SUPPORT TAX GAIN** **\$1,947,283.00**

8. The Fiscal Impact statement produced by the Department of Taxation shows the following estimated figures regarding the property taxes related to the Facility:

Total Property Taxes Due Before Abatement	\$13,853,271
Total Property Taxes Abated Over Abatement Period	\$7,619,299
Total Taxes to Local Government Over Abatement Period	\$3,428,685
Total Taxes to Renewable Energy Fund Over Abatement Period	\$2,805,287.00
Total Taxes to Local Government and Renewable Energy Fund Over Abatement Period	\$6,233,972.00

9. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of approximately \$1,497,910.00 abated over the period of the abatement (2012 through 2015).

10. Synthesizing the figures in evidence in this matter, the total estimated benefit pursuant to NRS 701A.365(1)(f) to the state and local governments in Nevada is \$52,985,799.00 and the total estimated amount of property taxes and sales and use taxes abated in this matter is \$11,738,551.78. Thus, the benefits to the state and local governments in Nevada exceed the total amount of abated taxes. The estimated benefits and amounts abated over the applicable periods of abatement are calculated as follows:

Financial Benefits

Capital Investment in Nevada	\$18,000,000.00
Total School Support Tax Over Abatement Period	\$1,947,283.00
Total Property Taxes to Local Government and Renewable Energy Fund Over Abatement Period	\$6,233,972.00
Construction Payroll in Nevada	\$15,512,640.00
Operational Payroll in Nevada:	\$11,291,904.00
<b>TOTAL BENEFITS OVER ABATEMENT PERIODS</b>	<b>\$52,985,799.00</b>

Amounts Abated

Total Sales and Use Taxes Abated (3 Years)	\$4,119,252.50
Total Property Taxes Abated (20 Years)	\$7,619,299.28
<b>TOTAL TAXES ABATED</b>	<b>\$11,738,551.78</b>

11. That all of the evidence discussed in the preceding paragraphs was supported by the substantial, reliable, and probative evidence taken from the record as a whole produced at the hearing of this matter.

CONCLUSIONS OF LAW

1. The Director has the jurisdiction and authority to adjudicate this matter because the Application is within the scope of NRS 701A.300 through 701A.390 and the Director is required by law to hold the hearing in this matter pursuant to NRS 701A.360(5).

2. The substantial, reliable, and probative evidence in the record of this matter shows that FRV Spectrum Solar, LLC's Application for the construction and operation of the Facility satisfies the following statutory requisites:

(a) NRS 701A.320(1)(a) – The primary source of energy to operate the Facility will be the Facility itself, thus meeting the statutory standard.

(b) NRS 701A.320(1)(b) – The Facility will generate 30 MW AC Nameplate, thus exceeding the statutory standard.

(c) NRS 701A.320(2) – The Facility is not located on residential property, thus meeting the statutory standard.

(d) NRS 701A.360(2) – The Facility is not owned, operated, leased, or controlled by a government agency, thus meeting the statutory standard.

(e) NRS 701A.365(1)(a)(1) – The Facility is anticipated to be operational for at least 25 years, thus exceeding the statutory standard.

(f) NRS 701A.365(1)(b) – The Facility has all the necessary state and local permits and licenses to operate, thus meeting the statutory standard.

(g) NRS 701A.365(1)(c) - No funding for the Facility is or will be provided by any governmental entity in this State for the acquisition, design or construction of the Facility or for the acquisition of any land therefore, except any private activity bonds as defined in 26 U.S.C. §141, thus meeting the statutory standard.

(h) NRS 701A.365(1)(e)(1) – The construction of the Facility will employ at least 200 full-time employees during the second quarter of construction. FRV Spectrum Solar, LLC anticipates that at least 30% of those employees will be Nevada residents, thus meeting the statutory standard.

(i) NRS 701A.365(1)(e)(2) – The capital investment in Nevada for the Facility is estimated to be at least \$18,000,000.00, thus exceeding the statutory standard.

(j) NRS 701A.365(1)(e)(3) – The average hourly wage paid to the operational employees of the Facility will be approximately \$45.24, which is more than 110% of the average hourly wage set by DETR of \$21.81, thus exceeding the statutory standard.

(k) NRS 701A.365(1)(e)(4) – The average hourly wage paid to the construction employees on the Facility will be approximately \$37.29, which is more than 150% of the average hourly wage set by DETR of \$29.75, thus exceeding the statutory standard.

(l) NRS 701A.365(1)(e)(4)(I) and (II) – The health insurance provided to the construction employees on the Facility was represented to allow for the coverage of the dependents of the employees and will meet or exceed the standards established by the Director, thus meeting the statutory standard.

(m) NRS 701A.365(1)(f) – The benefits that will result to this State from the employment by the Facility of the residents of this State and from capital investments by the Facility in this

State exceeds the loss of tax revenue that will result from the abatement, thus meeting the statutory standard.

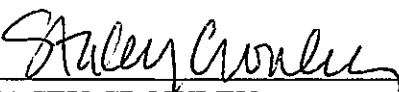
(n) NRS 701A.370(1)(a)(3) – The abatement granted by this Order will not apply during any period in which the Facility is receiving another abatement or exemption from property taxes imposed pursuant to chapter 361 of NRS, other than any partial abatement provided pursuant to NRS 361.4722, thus meeting the statutory standard.

(o) NRS 701A.370(1)(b)(1)(III) – The abatement granted by this Order will not apply during any period in which the Facility is receiving another abatement or exemption from local sales and use taxes, thus meeting the requirement of the statute.

### **ORDER**

Based upon the foregoing, the Director orders that FRV SPECTRUM SOLAR, LLC'S Application Filing No. 12-0306SPV related to the construction and operation of the Facility is hereby **GRANTED**. FRV Spectrum Solar, LLC and the Director may execute an Abatement Agreement as soon as practicable that will satisfy the requisites of NRS 701A.300 through NRS 701A.390. FRV Spectrum Solar LLC's sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement. FRV Spectrum Solar, LLC's real property tax abatement, which applies to the 311 acres of leased private land at Clark County Assessor's Parcel Number 142-000-010-02, and FRV Spectrum Solar, LLC's personal property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 22 day of July, 2012.

  
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STACEY CROWLEY  
Director  
Nevada Office of Energy