



GOVERNOR'S OFFICE OF ENERGY

MINUTES
Of the Renewable Energy Tax Abatement Hearing of the
GOVERNOR'S OFFICE OF ENERGY

AFN 15-0220SPV
Nevada Power Company dba NV Energy

May 1, 2015

The Governor's Office of Energy held a public meeting on May 1, 2015 beginning at 10:01 AM. at the following location:

Governor's Office of Energy, 755 North Roop Street, Suite 202, Carson City, Nevada

Present at the hearing:

Paul Thomsen, Director of the Governor's Office of Energy
Suzanne Linfante, Governor's Office of Energy
Robert Dally, Governor's Office of Energy
Angela Dykema, Deputy Director of the Governor's Office of Energy
John W. Lescenski, Project Manager for Nellis Solar PV2 Project
Douglas Brooks, Assistant General Counsel – NV Energy
Rebecca Curtis, Senior Tax Accountant – NV Energy

- 1. Call to order:** The meeting was called to order at 10:01 AM by Director Paul Thomsen.
- 2. Director's comment:** Director Thomsen stated that this was a hearing on the merits of Nevada Power Company dba NV Energy. The application for partial abatement of taxes is for the operation of a 15 MW solar facility located on Nellis Air Force Base in Clark County, Nevada.
- 3. Public comment and discussion** (1st period): Director Thomsen asked if anyone from the public sought to make a comment on the matter. There was no public comment.
- 4. Presentation of Evidence and Testimony:** Director Thomsen submitted Exhibit 1, a packet of documents consisting of the Notice of Public Hearing, dated April 9, 2015;

A redacted application as filed with the Governor's Office of Energy on February 20, 2015; Fiscal Impact of the partial abatement of Property Taxes as required by 701A.375-1(b) by the Nevada Department of Taxation, received on April 8, 2015; Fiscal Impact of the partial abatement of Sales and Use Tax as required by NRS 701A.375-1(b) by the Nevada Department of Taxation, received on March 9, 2015; State Budget Fiscal Impact of the partial abatement of Sales and Use Tax, provided by the Department of Administration, required by NRS 701A.375-1(b), received on March 2, 2015; Pre-filed testimony of John W. Lescenski. Exhibit 1 was entered into evidence.

The parties present introduced themselves and waived an opening statement. Director Thomsen asked if NV Energy intended to call a witness to testify. NV Energy had John W. Lescenski present to answer questions or testify to support his pre-filed testimony in regards to the application. Director Thomsen administered the oath.

Director Thomsen asked if NV Energy had any additional information they would like to admit as evidence in the matter. To which NV Energy stated they have the new Nevada State Business License issued to Nevada Power Company effective date May 1, 2015 and expiration date April 30, 2016 to replace the one that was previously provided in this matter. Marked as Exhibit 2.

Director Thomsen asked if NV Energy would like to comment on the operational jobs for the project. John Lescenski stated that the intent of the project is for it to be unmanned. Sun Power has staff in Las Vegas that maintains other solar plants and they will use that existing staff to support this project. The wage provided is the typical wage for that staff but there will be no specific employees assigned to the project.

Director Thomsen asked if the PV Plant will be an Oasis Tracking System or if it will be compatible with an Oasis Tracking System. To which John Lescenski stated that the Oasis Tracking System is a Sun Power Design that uses flat panel single-axis tracking.

Director Thomsen followed-up with a question regarding the multiple feeders, whether they will be feeding into Nellis' Airbase and their grid. John Lescenski explained that they have three feeders coming from the solar plant connecting into Nellis' distribution system and that will allow them to provide this power directly to Nellis. They also have a fourth feeder which will tie into their carry substation and they are tapping into their transmission line which is just south of the project. The feeders that they are installing have a capability of about 30 MW to where they will be able to provide the entire demand of the base through those feeders. This is a second supply to Nellis, currently there is a single supply out of the northgate substation and if this goes down, the base has to be completely supplied with internal generators. This will provide a secondary electrical source for the base.

Director Thomsen asked if any other person would like to be heard in this matter, there were no further comments. He then asked for any closing statements, there were none.

5. The Director stated his findings and conclusions based upon the substantial, reliable, and credible evidence presented in the exhibits and testimony.

As to NRS 701A.360 (1), the Director found that the applicant intends to locate within this State a facility for the generation of solar renewable energy, thus meeting the intent of the statute. As to NRS 701A.360(2), the Director found that the facility is not owned, operated, leased, or controlled by a government agency, thus meeting the requirement of the statute. The Director found that NRS 701A.365(1)(a)(1) has been met by this renewable energy project, as the facility is expected to continue in operation in this State for a period of at least 10 years and is expected to continue to meet the eligibility requirements for the abatement. As to NRS 701A.365(1)(b), the applicant has provided information supporting testimony that all the necessary state and local permits and licenses to construct and operate will be received, thus meeting the requirement of the statute. As to NRS 701A.365(1)(c), the applicant has provided testimony that no funding for 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, thus meeting the requirement of the statute. As to NRS 701A.365(1)(d)(1), the application states that the construction of the facility will employ 139 full-time employees during the second quarter of construction of which at least 50% will be Nevada residents. As to NRS 701A.365(1)(d)(2), the Director found that the total capital investment in the facility is estimated to be \$ 54,500,000, thus exceeding the \$10,000,000 capital investment required by the statute. As to NRS 701A.365(1)(d)(3), the Director found that this statute is met as the application states that the average hourly wage that will be paid by the facility to its employees in this State, excluding management and administrative employees, is approximately \$32.50, which is at least 110% of the average statewide hourly wage set by DETR. As to NRS 701A.365 (1)(d)(4), the Director found that this statute is met as the application states that the average hourly wage that will be paid by the facility to all of its construction employees working on the facility, excluding management and administrative employees, will be approximately \$52.70, which is at least 175% of the average statewide hourly wage set by DETR. As to NRS 701A.365(1)(d)(4)(I) and (II), the application states that the health insurance provided to the construction employees on the facility allows for the coverage of the dependents of the employees and will meet or exceed the standards established by the Director, thus meeting the requirement of the statute. As to NRS 701A.365(1)(f), the Director found that 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 requirement of the statute. The Director found that the financial benefits to the state exceeded the abated amounts and provided each figure.

The Capital Investment is approximately \$54,500,000
Construction Payroll for 139 employees is \$11,427,468
and the total Benefits \$65,927,468

The Total 20 Year Property Tax Abatement is \$5,141,135
Three Year Sales and Use Tax Abatement is \$1,662,637.85
Total Amount Abated Over Abatement Period is \$6,803,772.85

As to NRS 701A.370(1)(a)(3), the Director found that the abatement 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. As to NRS 701A.370(1)(b)(1)(III) the Director found that the abatement 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.

Based on the previously mentioned findings, the Director concluded that the NV Energy solar facility that is the subject of Application Number AFN 15-0220SPV satisfies or exceeds all of the applicable statutory requirements. Therefore he granted NV Energy a partial abatement of property taxes and sales and use taxes pursuant to the authority granted in him in NRS 701A.300 through 701A.390.

6. Approval of Application.

7. Explanation of Process: The Director explained that after today's hearing, he will produce a written Findings of Fact, Conclusions of Law, and Order. Once the Order is issued, the Director or his representative, representatives from the Nevada Department of Taxation, and appropriate representatives of your company may meet to go over the terms and conditions of the Abatement Agreement prior to executing the Abatement Agreement.

The Director stated as a reminder, pursuant to NRS 701A.380, a partial abatement approved by the Director will terminate upon any determination by the Director that the facility has ceased to meet any eligibility requirements for the abatement.

8. Public comment and discussion (2nd period): The Director asked if anyone had any public comment to which there was no response.

7. Adjournment: 10:21 AM