

Luke Welmerink of Ormat Nevada, Inc; Exhibit (G) Order of Recusal by the Director of the Governor's Office of Energy dated October 20, 2014; Exhibit (H) Mineral County Board of County Commissioners letter recommending and requesting the denial of the Application pursuant to NRS 701A.365(2), dated November 17, 2014; Exhibit (I) Response letter by Lewis Roca Rothgerber to Mineral County dated December 8, 2014. 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:

1. ORNI is a subsidiary of Ormat Nevada, Inc. ORNI is a limited liability company with a current Nevada State Business License from the Nevada Secretary of State.

2. On October 20, 2014, ORNI 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 geothermal renewable energy ("Facility"). The Director made note for the record that the Property Tax portion of the Application will be postponed to a later date. The Facility will be located on approximately 13,800 acres of land in Mineral County, Nevada, Mineral County Assessor's Parcel Number 103-005-390-01, 005-400-04, and 005-330-02. The Application described a geothermal electric generating facility that would generate 25 AC Nameplate megawatts (MW) and be sold pursuant to a power purchase agreement.

3. The Application supported that ORNI was properly licensed and qualified to do business in Nevada; that ORNI had obtained all required discretionary state and local licenses and permits, with the remaining permits to be obtained prior to start of construction, expected in the first quarter of 2015, and intended to maintain all of the required licenses and permits for the Facility; that ORNI had all necessary approvals for the Facility.

4. Pre-filed testimony from Luke Welmerink supported the Application that stated that the Facility had an expected generating capacity of 16MW; that ORNI was negotiating a 20-year power purchase agreement; that the total capital investment of the Facility will be approximately \$59,000,000; that the Facility would create approximately five full-time operational jobs which would pay an average of approximately \$26.00 per hour; and that the Facility would create approximately 76 full-time construction jobs during the second quarter of construction which would pay an average hourly wage of \$41.05 per hour.

5. The Director took notice that the wages would exceed the statewide average hourly rate as determined by the Department of Employment, Training, and Rehabilitation (hereinafter “DETR”). The posted average wage for fiscal year 2014 was \$20.62. Thus 110% of the wage for fiscal year 2014 was \$22.68, and 175% of the wage for fiscal year 2014 was \$36.09.

6. 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)	\$2,392,750
Total Amount Abated (Year 2)	\$31,875
Total Amount Abated (Years 3)	\$31,875
TOTAL AMOUNT ABATED	\$2,456,500
Total Amount Abated by Local Government (Year 1)	\$1,266,750
Total Amount Abated by Local Government (Year 2)	\$16,875
Total Amount Abated by Local Government (Year 3)	\$16,875
TOTAL AMOUNT ABATED BY LOCAL GOVERNMENT	\$1,300,500
TOTAL LOCAL SCHOOL SUPPORT TAX GAIN	\$1,502,800

7. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of approximately \$1,156,000 abated over the period of the abatement (2014 through 2017).

8. 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 \$69,406,222 and the total estimated amount of sales and use taxes abated in this matter is \$2,456,500. Thus, the benefits to the state and local governments in Nevada exceeds 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	\$59,850,000
Construction Payroll in Nevada residents	\$4,418,622
Operational Payroll in Nevada:	\$5,137,600
TOTAL BENEFITS OVER ABATEMENT PERIODS	\$ 69,406,222

Amounts Abated

Total Sales and Use Taxes Abated (3 Years)	\$2,456,500
TOTAL TAXES ABATED	\$2,456,500

9. 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 ORNI 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 25 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 10 years, thus meeting 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 76 full-time employees during the second quarter of construction. ORNI anticipates that at least 50% 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 \$59,850,000, 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 \$26.00 which is more than 110% of the average hourly wage set by DETR of \$22.68, 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 \$41.05, which is more than 175% of the average hourly wage set by DETR of \$36.09, 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)(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 ORNI Application for a partial abatement of sales and use taxes, Filing No. 14-1016G, related to the construction and operation of the Facility is hereby **GRANTED**. ORNI 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. The ORNI sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement.

SIGNED this 7th day of January, 2015.



BRITA TRYGGVI
Deputy Director
Nevada Governor's Office of Energy