

Division, received on May 7, 2014; Exhibit (F) Denial Letter from Lander County Board of Commissioners dated April 18, 2014.; Exhibit (G) Rescission Letter from Lander County Board of Commissioners dated May 2, 2014; Exhibit (H) Order of Recusal by the Director of the Governor's Office of Energy dated May 13, 2014; Exhibit (I) Pre-filed testimony of Luke Welmerink of Ormat Nevada Inc. 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. ORNI 39 is a subsidiary of ONI. ORNI 39 is a limited liability company with a current Nevada State Business License from the Nevada Secretary of State.

3. On March 12, 2014, ORNI 39 submitted its Application seeking partial abatement of property taxes and sales and use taxes for the construction and operation of a facility for the generation of geothermal renewable energy ("Facility") located on approximately 7,680 acres of land in Lander County, Nevada, Assessor's Parcel Number 005-370-03 and 005-370-02. The Application described a geothermal power generating facility with a nameplate capacity of 46.7 megawatts (MW) that would be sold to Nevada Power Company pursuant to an amended power purchase agreement with the term to expire in 2033.

4. Pre-filed testimony from Luke Welmerink supported that ORNI 39 was properly licensed and qualified to do business in Nevada; that ORNI 39 has or will obtain all required discretionary state and local licenses and permits and intends to maintain all of the required licenses and permits for the Facility; that ORNI 39 has all necessary approvals for the Facility; that the Facility is expected to deliver a generating capacity of 36 MW net; that ORNI 39 has entered into a 20-year amended power purchase agreement with Nevada Power Company; that the total capital investment of the Facility will be in excess of \$100 million; that the Facility will

create approximately 14 full-time operational jobs, which will pay at least 110% of the average statewide hourly wage, excluding management and administrative employees; and that the Facility will have approximately 138 full-time construction employees during the second quarter of construction, paying an average hourly wage of at least 175% of the average hourly statewide rate, excluding management and administrative employees.

5. The Director took notice that the Facility would pay the required average hourly rate as posted by the Department of Employment, Training, and Rehabilitation (DETR) for the current fiscal year which is \$20.36. Thus 110% of the wage for the current fiscal year is \$22.40, and 175% of the wage for the current fiscal year is \$35.63.

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)	\$3,150,000.00
Total Amount Abated (Year 2)	\$67,500.00
Total Amount Abated (Years 3)	\$67,500.00
TOTAL AMOUNT ABATED	\$3,285,000.00
Total Amount Abated by Local Government (Year 1)	\$1,750,000.00
Total Amount Abated by Local Government (Year 2)	\$37,500.00
Total Amount Abated by Local Government (Year 3)	\$37,500.00
TOTAL AMOUNT ABATED BY LOCAL GOVERNMENT	\$1,825,000.00
TOTAL LOCAL SCHOOL SUPPORT TAX GAIN	\$1,898,000.00

7. The Fiscal Impact statement produced by the Department of Taxation shows the following estimated figures regarding the property taxes related to the Facility over the abatement period (20 years):

Total Property Taxes Due Before Abatement	\$20,740,829.00
Total Property Taxes Abated Over Abatement Period	\$11,407,456.00
Total Taxes to Local Government Over Abatement Period	\$9,333,373.00

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 \$121,626,106 and the total estimated amount of sales and uses taxes property taxes abated in this matter is \$14,692,456. 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:

<u>Financial Benefits</u>	
Capital Investment in Nevada	\$103,000,000.00
Construction Payroll in Nevada:	\$5,098,410.00
Operational Payroll in Nevada:	\$13,527,696.00
TOTAL BENEFITS OVER ABATEMENT PERIODS	\$121,626,106.00

<u>Amounts Abated</u>	
Total Property Taxes Abated (20 Years)	\$11,407,456.00
Sales and Use Tax Abated (3 Years)	\$3,285,000.00
TOTAL TAXES ABATED	\$14,692,456.00

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 39'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 renewable energy, thus meeting the statutory standard.

(b) NRS 701A.320(1)(b) – The Facility will has a nameplate capacity of 46.7 MW, 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(1) – ORNI 39 intends to locate within the State a Facility for geothermal renewable energy, thus meeting the intent of the statute.

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

(f) NRS 701A.365(1)(a)(1) – The Facility is anticipated to be operational for more than 10 years, thus exceeding the statutory standard.

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

(h) 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.

(i) NRS 701A.365(1)(e)(1) – The construction of the Facility will employ approximately 138 full-time employees during the second quarter of construction, employing 50% Nevada residents, thus meeting the statutory standard.

(j) NRS 701A.365(1)(e)(2) – The capital investment in Nevada for the Facility is estimated to be at least \$103,000,000, thus exceeding the statutory standard.

(k) NRS 701A.365(1)(e)(3) – The average hourly wage paid to the operational employees of the Facility will be approximately \$24.45, which is more than 110% of the average hourly wage set by DETR, thus meeting the statutory standard

(l) 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, thus meeting the statutory standard.

(m) 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.

(n) 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.

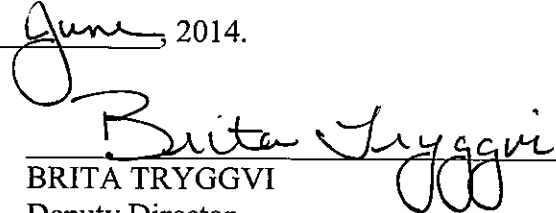
(o) NRS 701A.370(1)(a)(3) – The abatement granted by this Order will not apply during any period in which the Facility is receiving another abatement or exemption from property taxes imposed pursuant to chapter 361 of NRS, other than any partial abatement provided pursuant to NRS 361.4722, thus meeting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

(continued on following page)

ORDER

Based upon the foregoing, the Director orders that ORNI 39's Application Filing No. 14-0312G related to the construction and operation of the Facility is hereby **GRANTED**. ORNI 39 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. ORNI 39's sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement. ORNI 39's real property tax abatement, which applies to the 7,680 acres of land in Lander County, Nevada, Assessor's Parcel Number 005-370-03 and 005-370-02, and ORNI 39's personal property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 12 day of June, 2014.



BRITA TRYGGVI
Deputy Director
Governor's Office of Energy