

**BEFORE THE NEVADA ENERGY DIRECTOR  
GOVERNOR'S OFFICE OF ENERGY**

**In the Matter of the Application of:**            )  
  )  
**ORNI 47 LLC**    )  
\_\_\_\_\_    )

**Application Filing No. 12-0622G**

**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

A hearing was held before the Deputy Director of the Governor's Office of Energy (GOE) on January 30, 2014 regarding Application Filing Number 12-0622G. At the hearing, applicant ORNI 47, LLC (ORNI 47) and Ormat Nevada Inc. (ONI) (ORNI 47 and ONI are collectively referred to as Ormat) were represented by Eyal Hen of Ormat and by Tim Clausen of Lewis Roca Rothgerber. Based upon Ormat's application, testimony, and evidence presented at the hearing, the Deputy 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, Ormat presented the testimony of Eyal Hen. The GOE Deputy Director admitted into evidence as Exhibit 1 a packet that contained six subparts: (A) Notice of Public Hearing, January 7, 2014; (B) Ormat Pre-Application filed with the GOE on June 22, 2012; (C) Ormat Application (redacted) for the ORNI 47 project as filed with the GOE on October 23, 2013; (D) Fiscal Impact Renewable Energy Partial Abatement of Property Tax as required by NRS 701A.3751(b) by the Nevada Department of Taxation, received on January 7, 2014; (E) Pre-filed Testimony of Mr. Eyal Hen; (F) Governor's GOE of Energy Director Recusal dated January 29, 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 Deputy Director finds the following to be the facts in this matter.

2. ORNI 47 is a subsidiary of ONI. ORNI 47 is a limited liability company with a current Nevada State Business License from the Nevada Secretary of State.

3. Ormat submitted its Pre-application in this matter on June 22, 2012

4. On October 23, 2013, Ormat submitted its Application seeking partial abatement of property taxes for the construction and operation of a facility for the generation of geothermal renewable energy (Facility) that would be located on approximately 13,800 acres of BLM land in Mineral County, Nevada, Mineral County Assessor's Parcel Numbers 005-390-01, 005-400-04, 005-330-02. The Application described the Facility with a nameplate rating of 20 megawatts (MW), with the energy being sold to Southern California Public Power Authority (SCPPA) for a period of 20 years pursuant to a power purchase agreement.

5. Pre-filed testimony from Mr. Hen supported that ORNI 47 and ONI are properly licensed and qualified to do business in Nevada; that Ormat had obtained all required discretionary state and local licenses and permits and intended to maintain all of the required licenses and permits for the Facility; that Ormat had all necessary approvals for the Facility; that the Facility would have an AC nameplate rating of 20 MW and was anticipated to produce 15 MW net; that ORNI 47 had entered into a 20-year power purchase agreement with SCPPA; that the Facility was anticipated to be at least partially operational sometime during the fourth quarter of 2013; that the total capital investment of the Facility will be approximately \$84,000,000; that the Facility would create approximately seven full-time operational jobs which would pay an average of approximately \$25.00 per hour; and that the Facility would create approximately 138 full-time construction jobs over the course of construction which would pay an average hourly wage of \$41.05 per hour.

6. The Deputy Director took notice that the Facility would pay 110% of the statewide average hourly rate as determined by the Department of Employment, Training, and

Rehabilitation (DETR) for fiscal year 2013 for operational employees, excluding management and administrative employees, and that the Facility would pay 175%, inclusive of medical benefits, of the statewide average hourly rate as determined by DETR for fiscal year 2013 for construction employees, excluding management and administrative employees.

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	\$19,679,250
Total Property Taxes Abated Over Abatement Period	\$9,723,588
Total Taxes to Local Government Over Abatement Period	\$7,955,663

8. The Deputy Director took note that Ormat previously received a sales and use tax abatement on February 13, 2013. 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 \$101,738,889.50 and the total estimated amount of sales and use taxes and property taxes abated in this matter is \$12,640,650.50. 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	\$84,000,000.00
Total School Support Tax Over Abatement Period, 3 years (From Fiscal note received October 23, 2012 and used to support approval of the partial abatement of sales and use tax)	\$1,384,212.50
Total Property Taxes to Local Government Over Abatement Period	\$7,955,663.00
Construction Payroll in Nevada residents	\$3,394,014.00
Operational Payroll in Nevada:	\$5,005,000.00
<b>TOTAL BENEFITS OVER ABATEMENT PERIODS</b>	<b>\$101,738,889.50</b>

Amounts Abated

Sales and Use Tax, 3 years (From Fiscal note received October 23, 2012 and used to support approval of the partial abatement of sales and use tax)	\$2,917,062.50
Total Property Taxes Abated (20 Years)	\$9,723,588.00
<b>TOTAL TAXES ABATED</b>	<b>\$12,640,650.50</b>

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 Deputy 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 Deputy 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 the 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 20-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 20 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 50 full-time employees during the second quarter of construction. Ormat 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 \$84,000,000, 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 \$25.00, which is more than 110% of the average hourly wage set by DETR of \$22.40, 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 \$35.63, 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 Deputy Director, thus meeting the statutory standard.

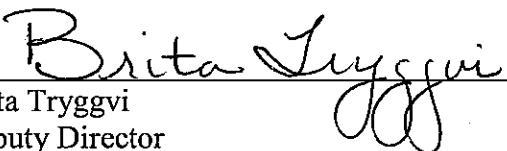
(m) NRS 701A.365(1)(f) – The benefits that will result to this State from the employment by the Facility of the residents of this State and from capital investments by the Facility in this State exceeds the loss of tax revenue that will result from the abatement, thus meeting the statutory standard.

(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.

**ORDER**

Based upon the foregoing, the Deputy Director orders that Application Filing No. 12-0622G related to the construction and operation of the Facility is hereby **GRANTED**. Ormat and the Deputy Director may execute an Abatement Agreement as soon as practicable that will satisfy the requisites of NRS 701A.300 through NRS 701A.390. Ormat real property tax abatement, which applies to the 13,800 acres of BLM land in Mineral County, Nevada, APNs 005-390-01, 005-400-04, 005-330-02, and ORNI 47 personal property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 13<sup>th</sup> day of February, 2014

  
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Brita Tryggvi  
Deputy Director