

Application No. 12-0622G

Direct Testimony of

**EYAL HEN**

on behalf of

ORMAT NEVADA, INC.

AND

ORNI 47, LLC

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Eyal Hen and my business address is 6225 Neil Road, Reno, Nevada 89511.

**Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

A. I am the Director of Finance for Ormat Technologies, Inc. (“OTI”), the parent company of Ormat Nevada, Inc. (“ONI”).

**Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

A. ORNI 47, LLC (“ORNI 47”) and ONI (collectively ORNI 47 and ONI are referred to as “Ormat”).

**Q. DOES ATTACHMENT 1 ACCURATELY DESCRIBE YOUR BACKGROUND AND EXPERIENCE?**

A. Yes.

**Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?**

A. The purpose of my testimony is to support the request for a partial property tax abatement for the Don A. Campbell (“DAC”) geothermal power project (formerly known as the Wild Rose geothermal power project) being developed by Ormat, and to provide specific information related to the DAC project to assist the Director of the Nevada Governor’s Office of Energy (“Director”) in considering the application for a partial property tax abatement.

**Q. CAN YOU PLEASE EXPLAIN IN DETAIL THE DAC GEOTHERMAL POWER PROJECT?**

A. Ormat is developing an air-cooled geothermal power plant (“DAC”) located in north-central Mineral County, approximately 22 miles from Gabbs, Nevada. DAC is expected to deliver a generating capacity of 16 MW under a 20-year power purchase agreement (“PPA”) with Southern California Public Power Authority (“SCCPA”). Ormat has secured four (4) leases for the land in the vicinity of DAC through an agreement with the Bureau of Land Management, and has obtained all state and local permits to construct and operate the facility.

**Q. WHAT TYPE OF ABATEMENTS IS ORMAT REQUESTING FOR THE DAC PROJECT?**

A. Ormat is requesting a partial abatement on the property tax on the real and personal property associated with DAC.

**Q. WERE YOU INVOLVED IN PREPARING ORMAT'S APPLICATION FOR THE PARTIAL ABATEMENT?**

A. Yes.

**Q. ARE YOU FAMILIAR WITH THE INFORMATION IN THE APPLICATION?**

A. Yes.

**Q. IS THE INFORMATION IN THE APPLICATION ACCURATE TO THE BEST OF YOUR KNOWLEDGE AND BELIEF?**

A. Yes.

**Q. HAS OR WILL ANY STATE OR LOCAL FUNDING BE PROVIDED FOR THE ACQUISITION, DESIGN OR CONSTRUCTION OF THE DAC PROJECT?**

A. No.

**Q. WILL THE DAC PROJECT BE OWNED OR OPERATED, EVEN IN PART, BY A GOVERNMENTAL AGENCY?**

A. No.

**Q. HAVE YOU APPLIED FOR OR ARE YOU RECEIVING ANY OTHER TAX ABATEMENT OR EXEMPTION FOR THE DAC PROJECT?**

A. Yes. Ormat applied and received a partial tax abatement on the sales and use taxes associated with the DAC project.

**Q. HOW LONG WILL THE DAC PROJECT BE IN OPERATION?**

A. We have signed a 20-year PPA with SCCPA. Whether the project will continue beyond that time depends primarily on the geothermal resource, wear and tear on the equipment, ability to recontract the facility and changes in technology.

**Q. HOW MANY EMPLOYEES WORKED ON THE CONSTRUCTION OF THE DAC PROJECT?**

A. While the numbers fluctuated from week-to-week, we averaged 50 or more full-time employees while working on the construction per week during the second quarter of construction.

**Q. HOW MANY EMPLOYEES WHO WORKED ON THE CONSTRUCTION OF THE DAC PROJECT WERE NEVADA RESIDENTS?**

A. More than 50% of the construction employees are Nevada residents.

**Q. WHAT WAS THE AVERAGE WAGE FOR THESE EMPLOYEES AND ARE THEY RECEIVING BENEFITS?**

A. Under our construction contracts, all construction employees have been paid at least 175% of the average hourly statewide rate, excluding management and administrative employees, and they all received health insurance benefits, including an option for coverage of their dependents. The health insurance plans cover emergency care, inpatient and outpatient hospital services, physician's services, outpatient medical services, laboratory services, and diagnostic testing services. The plans also offer dependent coverage and cover at least 80% of the costs for the covered services after the employee's deductible is met.

**Q. HOW MANY EMPLOYEES WORK AT THE DAC PROJECT AFTER IT BEGAN OPERATION?**

A. Ormat has five (5) full-time employees working at DAC for operation and maintenance purposes.

**Q. WHAT WAGE WILL THESE EMPLOYEES BE PAID AND WILL THEY RECEIVE BENEFITS?**

A. All full-time employees working at DAC are paid an average of at least 110% of the average hourly statewide rate, excluding management and administrative

employees, and receive health insurance benefits, including an option for coverage of their dependents.

**Q. HOW MUCH OF A CAPITAL INVESTMENT WILL THE DAC PROJECT MAKE IN NEVADA?**

A. The DAC project will make a capital investment of more than \$80 million in the State of Nevada.

**Q. WILL THE FINANCIAL AND EMPLOYMENT BENEFITS THE STATE OF NEVADA AND ITS RESIDENTS RECEIVE FROM THE DAC PROJECT EXCEED THE LOSS OF TAX REVENUE THAT WILL RESULT IF THE PARTIAL ABATEMENTS ARE GRANTED?**

A. Yes. The capital investment, the wages paid and the taxes paid will far exceed the loss of tax revenue.

**Q. WILL THE PROJECTED COST OF THE SERVICES THAT MINERAL COUNTY IS REQUIRED TO PROVIDE DAC EXCEED THE AMOUNT OF TAX REVENUE IT IS PROJECTED TO RECEIVE AS A RESULT OF THE PARTIAL TAX ABATEMENT?**

A. No. Even factoring in the partial tax abatement, the tax revenue Mineral County will receive exceeds the projected cost of services it will provide DAC.

**Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS.**

A. I recommend that the application for a partial tax abatement of the property tax be granted for DAC. Ormat has demonstrated during this application process that the DAC project has met and will meet all the requirements for approval of the partial tax abatements provided for in NRS Chapter 701A. The DAC project offers significant financial and employment benefits to the State of Nevada and Mineral County. If Ormat receives the partial tax abatement for DAC, it will continue its exploration and testing in the area with a goal of expanding the facility, which will greatly increase the benefits it provides to the state and the county.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A Yes.

# **ATTACHMENT 1**



# Eyal Hen, MBA, CPA

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eyalhen@livecareermail.com

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## EXECUTIVE PROFILE

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Accomplished Global Financial Director offering distinguished career in driving development of financial operations in corporate environments. Direct international teams and collaborate cross-functionally to oversee auditing and deliver financial reporting to C-level executives and stakeholders. Exceptional leader with proven contributions establishing new departments and controls, leading employees, communicating with investors and delivering results that exceed business objectives. Build strong relationships and serve as resourceful and trusted advocate for company, employees and clients. Specialized expertise in thorough and timely financial reporting guided by GAAP and IFRS standards. Bilingual in English and Hebrew.

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## CORE ACCOMPLISHMENTS

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Upon company's initial public offering, set up and built accounting, treasury, tax and financial reporting departments.  
Authored and established all internal financial controls per Sarbanes-Oxley Act requirements.  
Procured \$75MM in lines of credit from local banks and achieved \$300MM in worldwide corporate loans.  
Played key role in raising one billion dollars for various project financing.

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## PROFESSIONAL EXPERIENCE

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**Director of Finance, 01/2011 to Current**  
**Ormat Technologies, Inc. NYSE: ORA - Reno, NV**

Hold full accountability for all financial activities in US and 15 countries worldwide for a mid-sized international company.  
Supervise 14 staff in 4 departments, including accounting, treasury, tax and finance and reporting.  
Oversee preparation of follow-on offerings of over \$500MM, two 144A offerings of over \$350MM and total corporate bonds issuance of \$250MM.  
Perform project financing transactions, including tax monetization transactions of over \$500MM.  
Facilitate cash management and project finance of trust accounts.  
Deliver project financing inter alia depository accounts and financing agreements for accounting, tax and treasury requirements.  
Conduct financing transactions, including Department of Energy Loan guarantee under section 1705 and US Treasury cash grant under section 1603 to ARRA, tax monetization transactions and extensions to lines of credit.  
Liaise between the company and corporate financing clients, negotiating with banks for rates and covenants.  
Maintain excellent relations with clients through ensuring compliance with all relevant accounting, tax and treasury components under agreements.

**Controller, 01/2006 to 01/2011**

Directed all accounting and budgeting activities, managing 7 accounting staff.  
Prepared and analyzed quarterly and annual financial statements, 10-K and 10-Q forms, according to US Generally Accepted Accounting Principles as well as International Financial Reporting Standards.  
Reviewed and analyzed financial packages from international sites and consolidate into group financial statements.

**Assistant Controller, 01/2004 to 01/2006**

Executed corporate and project budgeting and control processes.  
Performed daily financial reporting excelling in accuracy.

**Senior Associate, 01/2001 to 01/2004**  
**PricewaterhouseCoopers - Tel-Aviv, Israel**

Spearheaded auditing of Teva Pharmaceutical Industries, the largest generic pharmaceutical company in the world.

Developed annual and interim financial reports, valuations, due diligence, tax reports in cooperation with the Israel Chief Scientist and the Israeli Investment Center.

Audited international and local companies according to US and Israeli GAAP and IFRS, encompassing global and multi-currency accounting systems.

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**MILITARY EXPERIENCE**

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Platoon Commander/Electronic Warfare Technician, 11/1991 to 02/1996  
**Israeli Air Force**

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**EDUCATION**

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**Master of Business Administration: 2009**  
**University of Phoenix**

**Bachelor of Economics and Accounting: 2001**  
**Ben Gurion University - Beer Sheva, Israel**

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**PROFESSIONAL DEVELOPMENT & CERTIFICATION**

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Certified Public Accountant, Israel, 2004  
SEC procedures in the US and Israel  
US Taxes courses

Developments in the United States GAAP and International Financial Reporting Standards  
International Financial Reporting Standards

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**AFFILIATIONS**

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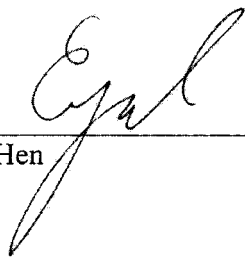
Interests Partnership 2000 Delegation, Bridging the US/Israeli Communities

**AFFIRMATION**

STATE OF NEVADA        )  
  : ss.  
COUNTY OF WASHOE    )

Eyal Hen, being first duly sworn, deposes and says:

That he is the person identified in the prepared Direct Testimony of Eyal Hen filed in Application No. 12-0622G and the exhibits applicable to his Testimony; that such Testimony and exhibits were prepared by or under his direction; that the answers and information set forth therein are true to the best of his knowledge and belief; and that if asked the questions set forth therein, his answers thereto would, under oath, be the same.

  
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Eyal Hen

SUBSCRIBED and SWORN to before  
me this 22 days of January, 2014.

  
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Notary Public

