

Application No. 15-0915SPV

Direct Testimony of

MELANIE FALLS

on behalf of

FIRST SOLAR, INC.

AND

SUNSHINE VALLEY SOLAR, LLC

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Melanie Falls and my business address is 135 Main Street, 6th Floor, San Francisco, California 94105.

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

A. I am a Senior Manager of Project Development for First Solar, Inc. ("First Solar") and its indirect subsidiary, Sunshine Valley Solar, LLC ("SVS").

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

A. SVS.

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 SVS's request for partial tax abatements for its Sunshine Valley Solar Project ("Project") located in Nye County, Nevada by providing an overview of the Project.

Q. ARE YOU FAMILIAR WITH THE APPLICATION FOR PARTIAL ABATEMENTS, AND ANY AMENDMENTS OR SUPPLEMENTS THERETO, FILED ON BEHALF OF THE PROJECT?

A. Yes.

Q. IS THE INFORMATION IN THAT APPLICATION, AND IN ANY AMENDMENTS OR SUPPLEMENTS THERETO, TRUE AND CORRECT TO THE BEST OF YOUR KNOWLEDGE AND BELIEF?

A. Yes.

Q. WHAT TYPE OF ABATEMENTS IS SVS REQUESTING FOR THE PROJECT?

A. As provided in NRS Chapter 701A, SVS is requesting a partial abatement with respect to the sales and use tax for personal property purchased to construct the Project and with respect to the property tax on the real and personal property associated with the Project.

Q. PLEASE DESCRIBE THE PROJECT IN MORE DETAIL.

A. The Project site is located on private property in the Amargosa Valley of Nye County, Nevada, and will occupy approximately 745 acres of private lands.

Q. WILL ANY PUBLIC LAND OR PUBLIC FINANCING BE USED FOR THE PROJECT?

A. The Project is located on private property, however, approximately a ¼ mile of the approximately ½ mile generation tie transmission line associated with the Project and required for transmission interconnection will be located on lands owned by Nye County, Nevada. The Project will not use any public financing.

Q. WILL THE PROJECT BE OWNED OR OPERATED BY A GOVERNMENTAL ENTITY?

A. No.

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

A. No.

Q. PLEASE DESCRIBE THE PROJECT.

A. The Project is a 110 megawatt (“MWac”) solar photovoltaic (“PV”) facility utilizing First Solar’s proven thin film solar PV modules and will be constructed using a single-axis horizontal tracking, ground-mounted plant design.

Large arrays of PV modules will be arranged throughout the solar field. The PV modules will convert sunlight directly into direct current (“DC”) electricity via the photoelectric effect.

The DC output from multiple rows of PV modules will be collected through one or more combiner boxes and directed to an inverter.

Inverters convert the DC power to AC power, which will then flow to a medium-voltage transformer, which “steps up” the power to the 34.5 kilovolt (“kV”) collection system voltage. Multiple medium-voltage transformers will be connected in parallel in a daisy chain configuration to the Valley substation, at which point, the power will be delivered to the transmission grid. The Valley substation is owned by Valley Electric Association and located just 0.5 miles from the Project site.

Q. HOW LONG WILL THE PROJECT BE IN OPERATION?

A. The Project has one 15-year power purchase agreement (“PPA”) with Southern California Edison. The PPA requires that the Project operate for at least the term of the PPA. The PPA accounts for the full output of the facility.

Q. WHY IS SVS REQUESTING PARTIAL TAX ABATEMENTS FOR THE PROJECT?

A. The availability of property and sales tax abatements was a significant factor in SVS’s decision to develop a solar power plant in Nevada. Assumptions regarding the continued

availability of the financial incentives provided under Nevada law allowed SVS to offer power at a significantly lower price.

Q. HOW MUCH CAPITAL WILL BE INVESTED IN THE PROJECT?

A. The Project will result in a capital investment of over \$82 million in Nevada.

Q. HOW MANY PEOPLE WILL BE EMPLOYED DURING CONSTRUCTION OF THE PROJECT?

A. SVS has not yet selected a vendor for construction labor, so exact numbers are not yet known. SVS anticipates, however, that the Project will create approximately 270 full-time construction jobs during the construction period. Regardless of the total number of construction jobs that actually are created, the Project commits to employing more than 75 full-time employees by and during the second quarter of construction.

Q. WHAT PERCENTAGE OF THE CONSTRUCTION EMPLOYEES WILL BE NEVADA RESIDENTS?

A. During the second quarter of construction, at least 50% of the full-time construction employees will be Nevada residents. Throughout construction, we estimate that at least 135 of the 270 full-time construction employees will be Nevada residents. As indicated above, SVS has not yet selected a vendor for construction labor. A condition of bidding on the project, however, will be a requirement by the bidder to accept a contract term requiring compliance with Nevada Revised Statutes (“NRS”) 701A.365(1)(e)(4)(I)&(II) and NAC 701A.590(2). Compliance with this requirement is mandatory.

Q. WHAT WILL BE THE AVERAGE HOURLY WAGE FOR CONSTRUCTION EMPLOYEES, EXCLUDING MANAGEMENT AND ADMINISTRATIVE EMPLOYEES?

A. The average hourly wage for construction employees, excluding management and administrative employees will be greater than or equal to \$38.76 per hour as required to comply with minimum wage levels. SVS's solicitation materials will expressly state that acceptance of this requirement is a condition of bidding and compliance with this condition will be a term of any contract entered into by SVS.

Q. WILL CONSTRUCTION EMPLOYEES BE PROVIDED A HEALTH INSURANCE PLAN WITH AN OPTION FOR COVERAGE OF THE DEPENDENTS OF EMPLOYEES?

A. Yes. Benefits for construction employees and their dependents will be determined by vendors and will be required to meet or exceed the requirements of NRS 701A.365 (1) (e) (4) and NAC 701A.590(5). SVS's solicitation materials will expressly state that acceptance of this requirement is a condition of bidding and compliance with this condition will be a term of any contract entered into by SVS.

Q. WILL SVS NOTIFY THE NEVADA OFFICE OF ENERGY ONCE VENDORS ARE SELECTED SO THAT COMPLIANCE WITH NRS 701A CAN BE VERIFIED?

A. Yes. Once vendors are selected, SVS will notify the Nevada Office of Energy so that compliance with the wage, benefit, residency and other requirements of NRS Chapter 701A can be verified.

Q. HOW MANY EMPLOYEES WILL BE EMPLOYED BY THE PROJECT FOR OPERATIONS AND MAINTENANCE?

A. SVS estimates there will be eight full time employees for operations and maintenance.

Q. WHAT WILL THE AVERAGE HOURLY WAGE BE?

A. They will have an average hourly wage of greater than or equal to \$24.36 as required to comply with minimum wage levels.

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

A. Yes. Taken together, the capital investment amount, wages paid, jobs created and taxes paid will exceed the loss of tax revenue that will result from the tax abatement.

Q. CAN YOU PLEASE PROVIDE AN OVERVIEW OF FIRST SOLAR?

A. Headquartered in Tempe, Arizona, First Solar is a leading global provider of comprehensive photovoltaic solar systems that use First Solar's advanced module and system technology. The company's integrated power plant solutions deliver an

economically attractive alternative to fossil-fuel electricity generation today. From raw material sourcing through end-of-life module recycling, First Solar's renewable energy systems protect and enhance the environment. First Solar's annual manufacturing capacity is approximately 2.3 gigawatts ("GW").

First Solar has the core competencies to fully develop, design, construct and operate a solar project. To date, over 17 GW of First Solar modules have been installed and are currently in operation around the world. First Solar's fully integrated solar power systems business includes (i) project development; (ii) engineering, procurement and construction ("EPC") services; (iii) operating and maintenance ("O&M") services; and (iv) project finance expertise.

Q. WHAT IS FIRST SOLAR'S EXPERIENCE IN DEVELOPING AND OPERATING POWER PLANTS?

A. First Solar has a proud history of building and operating solar photovoltaic power plants both worldwide and in Nevada. First Solar is the leading solar developer in Nevada with a contracted project portfolio of over 1 GW that represents almost 7 million workhours for Nevadans. First Solar's projects include the 10 MW El Dorado Solar facility, located in the El Dorado Valley Energy Zone, near Boulder City in Clark County, Nevada. Another facility, the 48 MW Copper Mountain project, is located directly adjacent to the El Dorado facility. First Solar acted as the engineering, procurement, and construction contractor and supplied modules for Sempra Generation.

First Solar is currently acting in that same capacity for Sempra Generation on a 150 MW Copper Mountain Solar 2 project that is now in operation.

First Solar also completed construction on and now operates the 50 MW Silver State North facility and the 250 MW Silver State South Project near Primm, Nevada, as well as the 250 MW Moapa Southern Paiute Solar facility near Moapa, Nevada, and the 179 MW Switch 1 & 2 projects near Apex, Nevada.

In addition, First Solar has gained industry-leading capabilities across the entire solar value chain to become the world's leading provider of PV energy solutions. First Solar has:

- Nearly 5GW of successful PV plants developed in North America and a growing pipeline of projects across the United States,
- Sold PV power plants to top power producers and energy investors in the industry,
- Facilitated the financing for nearly ~14.5 billion of First Solar power plants,
- Designed and constructed over 4.5 GW of PV power plants, including some of the world's largest and most advanced operational PV plants: Desert Sunlight and Topaz Solar Farms, both 550 MW facilities,
- Developed the most advanced grid integration and plant control capability in the solar industry,
- Made significant balance of system improvements to optimize the entire PV power plant and reduce lifecycle costs,
- Developed the industry's most advanced O&M program and world-class Operations Center, and
- Achieved system availabilities of over 99% for fleet of utility-scale PV plants under operation.

Q. WHAT IS THE RELATIONSHIP BETWEEN FIRST SOLAR AND SVS?

A. SVS is a wholly-owned indirect subsidiary of First Solar. SVS was created specifically for the purpose of financing, owning and operating the Project.

Q. HAS THE SVS PROJECT BEEN KNOWN BY ANY OTHER NAMES?

A. No.

Q. IS SVS QUALIFIED TO DO BUSINESS IN NEVADA AND DOES IT HOLD A NEVADA BUSINESS LICENSE?

A. Yes.

Q. HAS SVS OBTAINED ALL REQUIRED PERMITS TO CONSTRUCT THE PROJECT?

A. SVS and Nye County have executed a Development Agreement for the Project. The Permit to Construct from the Public Utilities Commission of Nevada (“PUCN”), required under the Utility Environmental Protection Act for construction of the solar facility, is anticipated to be received by Q1 2019. SVS applied for the Permit to Construct and received its Compliance Order from the PUCN in July 2014. SVS will continue to work with Nye County and other applicable agencies as necessary to obtain all necessary remaining construction permits prior to start of construction, which is expected as early as Q4 2018.

Q. WILL SVS OBTAIN AND MAINTAIN ALL REQUIRED LICENSES AND PERMITS TO CONSTRUCT AND OPERATE THE PROJECT?

A. Yes.

Q. WHAT BENEFITS DO SVS'S SOLAR ENERGY FACILITIES BRING TO THE STATE AND COUNTIES?

A. SVS will invest over \$82 million of private money in the State of Nevada. The Project will also create approximately 270 construction jobs, of which at least 135 positions will be filled by Nevada residents.

Even after the application of the tax abatements requested in this proceeding, SVS will pay more than \$2 million in sales and use taxes and over \$7.5 million in property taxes.

The capital contribution, job creation, and added revenues from taxes after abatement will result in substantial, net-positive benefits to Nevada that far outweigh the value of revenues not recognized because of the abatement.

In addition to economic benefits, this project will generate clean, renewable energy; reduce national dependence on fossil fuels; provide a natural hedge against fossil fuel price volatility; and advance Nevada towards regional leadership in the development of renewable energy resources.

Q. ARE YOU FAMILIAR WITH THE CRITERIA IN CHAPTER 701A OF THE NEVADA REVISED STATUTES FOR A PROJECT TO BE ELIGIBLE FOR PARTIAL ABATEMENTS OF SALES AND PROPERTY TAXES?

A. Yes.

Q. DO YOU BELIEVE THE PROJECT MEETS ALL OF THE CRITERIA REQUIRED BY CHAPTER 701A OF THE NEVADA REVISED STATUTES TO QUALIFY FOR THE PARTIAL ABATEMENTS YOU ARE REQUESTING?

A. Yes.

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS.

A. I recommend that SVS's application for the partial abatement of sales and use tax and property tax be granted. SVS has demonstrated that the Project has met or will meet all the requirements for approval of the partial tax abatements set forth in NRS Chapter 710A. Lastly, the Project brings economic, employment, environmental and social benefits to the state of Nevada that far outweigh the loss in tax revenue associated with the requested abatements. SVS has the core competencies to develop, design, and construct, and operate a solar project and First Solar modules are a proven technology. Over 17 GW of First Solar modules have been installed and are in operation around the world. First Solar is the leading solar developer in Nevada with a 1,000 MW contracted project portfolio that represents almost 7 million work hours for Nevadans. The State of Nevada can be confident that SVS will complete the project and deliver the benefits described in SVS's application and in the foregoing testimony.

ATTACHMENT

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MELANIE LILY FALLS

510 6th Street Montara, CA 94037 | melanie.lily@gmail.com | (415) 730-3724

PROFESSIONAL EXPERIENCE

First Solar, Inc. - Senior Manager, Project Development *2017 to Present*

- Manages project development associates and portfolio of projects covering the Desert Southwestern United States
- Directs portfolio development strategy for the US Southwestern market region
- Complete development on 200 MW of late stage project development assets in Nevada

MLF Industries, LLC - President (Consultant) *2013 to 2017*

- Developed highly competitive project portfolio in Nevada for major solar energy client serving Nevada and California utility markets. Sited new project pipeline of over 500 MW, 279 MW of which has been awarded Power Purchase Agreements.
 - Member of team that supported investor-owned utility in regulatory processes to establish coal-fired facility retirement and capacity replacement program.
 - Led greenfield development on three 100 MW solar photovoltaic projects in Southern Nevada, including managing wholesale power marketing, project infrastructure, real estate, environmental permitting, and transmission interconnection contracts and issues. Reached key milestones on schedule for all three 100 MW facilities, one of which holds a 100 MW Power Purchase Agreement with a key Investor Owned Utility in the Southwest.

First Solar, Inc. - Manager, Project Development *2010 to 2013*

- Led market entry strategies for utility-scale solar in Utah, Hawaii and Military lands in the United States.
- Developed 50 MW Silver State North Project in Southern Nevada from site selection to financial close.
 - As the project co-developer, managed Power Purchase Agreement compliance, negotiated County Development Agreement, led a cross-functional team to secure state tax abatements, and obtained Renewable Energy Credit certification.

NextLight Renewable Power - Associate, Project Development *2008 to 2010*

- Supported a large, cross-functional team to submit over 40 proposals to the three major California utilities in 2008 and 2009, resulting in the execution of Power Purchase Agreements for four large \$1+ billion dollar solar photovoltaic projects.
 - Developed a new proposal submittal process that improved efficiency, accuracy, and reduced employee worktime substantially.
- Wrote and submitted project proposals to NV Energy in 2009, resulting in the execution of a Power Purchase Agreement between NV Energy and the 50 MW multi-million dollar Silver State North Project.

Competitive Power Ventures - Development Assistant/Administrative Assistant *2007 to 2008*

- Supported initial site due diligence efforts including research of parcel ownership, transmission line and water line location, resulting in the site acquisition for CPV's 660 MW gas-fired combined cycle Vaca Station Project.

EDUCATION

University of Washington, B.A. International Studies and Law

2002 to 2006

Dean's Honor List Student, Study Abroad Program in Istanbul, Turkey 2004-2005