

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

In the Matter of the Application of:)	
)	Application Filing No. 12-0405SPV
SILVER STATE SOLAR POWER)	
SOUTH, LLC)	
_____)	

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

A hearing was held before the Director of the Governor's Office of Energy (Office) on November 5, 2013 regarding Application Filing Number 12-0405SPV. At the hearing, applicant Silver State Solar Power South, LLC (Silver State) was represented by Koryn Kendall of First Solar, Inc. Josh Hicks of Brownstein Hyatt Farber Schrek, counsel for Silver State, was also present. Based upon the Silver State application, and evidence presented at the hearing, the 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, Silver State presented the testimony of Koryn Kendall. The Office Director admitted into evidence as Exhibit 1, a packet that contained six subparts: (A) Notice of Public Hearing, dated October 10, 2013 (B) Silver State Pre-Application filed with the Office on April 14, 2011; (C) Silver State Application (redacted) for the Silver State project as filed with the Office on August 7, 2013 (D) Energy Related Tax Incentive Fiscal Note as required by NRS 701A.375-1(a) by the Budget Division of the State of Nevada Department of Administration, received on September 12, 2013; (E) Fiscal Impact Renewable Energy Partial Abatement of Sales/Use Taxes as required by NRS 701A.375-1(b) by the State of Nevada Department of Taxation, received on October 7, 2013 and Fiscal Impact Renewable Energy Partial Abatement of Property Tax as required by NRS 701A.375-1(b) by the Nevada

Department of Taxation, received on October 7, 2013; (F) Pre-filed Testimony of Koryn Kendall. At the hearing, all of the subparts of Exhibit 1 were admitted into evidence. At the hearing, Josh Hicks submitted a copy of the application letter to the board of county commissioners dated July 18, 2013. This letter was marked as Exhibit 2 and admitted into evidence. At the hearing, Josh Hicks also submitted a copy of the press release regarding the sale of the Silver State project to Nextera Energy, dated October 31, 2013. This press release was marked as Exhibit 3 and 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. Silver State is a subsidiary of First Solar, Inc. Silver State is a limited liability company with a current Nevada State Business License from the Nevada Secretary of State.

3. Silver State submitted its Pre-application in this matter on April 14, 2011.

4. On August 7, 2013, Silver State 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 solar renewable energy (“Facility”) that would be located on approximately 3,000 acres of BLM land in Clark County, Nevada, Clark County Assessor’s Parcel Numbers 223-34-000-001, 237-03-000-001, 237-10-000-001 and 003, 237-09-301-001, 237-15-000-001, 236-36-000-001, 223-35-000-001, 237-02-000-001, 237-01-000-001, 237-11-000-001, 237-12-000-001, 237-13-000-001, 237-14-000-001, 237-10-001-001, (Application Filing Number (AFN) 12-0405SPV). The Application described a solar photovoltaic electric generating facility that would generate 264 AC Nameplate megawatts (MW) that would be sold to Southern California Edison for a period of 20 years pursuant to a power purchase agreement.

5. Pre-filed testimony from Ms. Koryn Kendall supported that Silver State was properly licensed and qualified to do business in Nevada; that Silver State 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 third quarter of 2014, and intended to maintain all of the required licenses and permits for the Facility; that Silver State had all necessary approvals for the Facility; that the Facility would have an AC nameplate rating of 264 MW and was anticipated to produce 250 MW net; that Silver State had entered into a 20-year power purchase agreement with Southern California Edison; that the Facility was anticipated to be at least partially operational sometime during the fourth quarter of 2016; that the total capital investment of the Facility will be approximately \$385,968,292; that the Facility would create approximately six full-time operational jobs which would pay an average of approximately \$23.00 per hour; and that the Facility would create approximately 289 full-time construction jobs over the course of construction which would pay an average hourly wage of \$36.00 per hour.

6. The Director took notice that the statewide average hourly rate as determined by the Department of Employment, Training, and Rehabilitation (hereinafter “DETR”) for fiscal year 2013 was \$20.36. Thus 110% of the wage for fiscal year 2013 was \$22.40, and 175% of the wage for fiscal year 2013 was \$35.63 inclusive of benefits.

7. 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)	\$735,509.28
Total Amount Abated (Year 2)	\$15,227,695.45
Total Amount Abated (Years 3)	\$3,801,372.30
TOTAL AMOUNT ABATED	\$19,764,577.03
Total Amount Abated by Local Government (Year 1)	\$468,051.36
Total Amount Abated by Local Government (Year 2)	\$9,690,351.65
Total Amount Abated by Local Government (Year 3)	\$2,419,055.10
TOTAL AMOUNT ABATED BY LOCAL GOVERNMENT	\$12,577,458.11
TOTAL LOCAL SCHOOL SUPPORT TAX GAIN	\$9,343,254.60

8. 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	\$69,987,316
Total Property Taxes Abated Over Abatement Period	\$38,493,024
Total Taxes to Local Government Over Abatement Period	\$29,526,912

9. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of approximately \$7,187,119 abated over the period of the abatement (2013 to 2016).

10. 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 \$473,285,818.60 and the total estimated amount of property taxes and sales and use taxes abated in this matter is \$58,257,601.03. 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	\$385,968,292.00
Total School Support Tax Over Abatement Period (3 years)	\$9,343,254.60
Total Property Taxes to Local Government Over Abatement Period	\$29,526,912.00
Construction Payroll in Nevada residents	\$43,280,640.00
Operational Payroll in Nevada:	\$5,166,720.00
TOTAL BENEFITS OVER ABATEMENT PERIODS	\$473,285,818.60

Amounts Abated

Total Sales and Use Taxes Abated (3 Years)	\$19,764,577.03
Total Property Taxes Abated (20 Years)	\$38,493,024.00
TOTAL TAXES ABATED	\$58,257,601.03

11. 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 the Silver State 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 264MW 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 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 264 full-time employees during the second quarter of construction. Silver State 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 \$385,968,292, 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 \$23.00, which is more than 110% of the average hourly wage set by DETR, 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 \$36.00 inclusive of benefits, which is more than 175% of the average hourly wage set by DETR, 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)(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

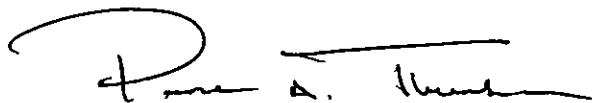
imposed pursuant to chapter 361 of NRS, other than any partial abatement provided pursuant to NRS 361.4722, thus meeting the statutory standard.

(o) 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 Silver State Application Filing No. 12-0405SPV related to the construction and operation of the Facility is hereby **GRANTED**. Silver State 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 Silver State sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement. The Silver State real property tax abatement, which applies to the 3,000 acres of BLM land at Clark County, and Silver State property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 5th day of November, 2013.



PAUL THOMSEN
Director
Governor's Office of Energy