

State of Nevada  
Renewable Energy Tax Abatement Application  
AFN: 12-0622G

<b>Facility Information</b>	12-0622G	REDACTED
<b>Date of Submittal to NSOE:</b>	11-Sep-12	
<b>Type of Incentive (Please check all that apply to the company/supplier/producer/owner)</b>		
<input checked="" type="checkbox"/> Sales & Use Tax Abatement <span style="margin-left: 100px;"><input type="checkbox"/> Property Tax Abatement</span>		
<b>Company Information (Use name of company/under which business will be conducted in Nevada)</b>		
Company Name: ORNI 47 LLC and its parent Ormat Nevada Inc.		
Department of Taxation's Tax Payer ID number: 1002193540		
Federal Employer ID number (FEIN, EIN or FID): 88-0278853		
NAICS Code: 187-221119		
Description of Company's Nevada Operations: ORNI 47, LLC is a new entity. Ormat currently has twelve (12) geothermal power plants located in Washoe, Churchill, Pershing, Elko and Lander counties including Steamboat Hills, Steamboat 2, Steamboat 3, Steamboat Springs, Burdette, Galena 2, Galena 3, Brady, Desert Peak, Jersey Valley, Tuscarora, & McGinness Hills.		
Percentage of Company's Market Inside Nevada: Approximately 54%		
Mailing Address: 6225 Neil Rd.		
City:	Reno	
Phone:	775-356-9029	
APN:	N/A	
Taxation District where facility is located: Mineral County		
<b>Type of Facility (please check all that are relevant to the facility)</b>		
<input checked="" type="checkbox"/> Geothermal <input type="checkbox"/> Process Heat from Solar Energy <input type="checkbox"/> Solar PV <input type="checkbox"/> Solar Thermal <input type="checkbox"/> Wind <input type="checkbox"/> Biomass <input type="checkbox"/> Waterpower <input type="checkbox"/> Fuel Cells <input checked="" type="checkbox"/> Transmission that is interconnected to a renewable energy or geothermal facility <input type="checkbox"/> Transmission that contributes to the capability of the electrical grid to accommodate and transmit electricity produced from Nevada renewable energy facilities and/or geothermal facilities		
Name Plate Production Capacity of the Facility:	20MW	
Net Output Production Capacity of the Facility in MW:	15MW	
Annual Net Production Capacity of the Facility in MWh (or other appropriate unit):	120,300	
Estimated total capital investment:	84,000,000	
Percent of total estimated capital investment expended in Nevada:	100%	
Anticipated first date of purchasing tangible personal property for the project:	1-Jan-13	
Anticipated date or time range for the start of construction:	Qtr. 1, 2013	
Anticipated date or time range for the commencement of operation of the facility:	Qtr. 4, 2013	
Address of the Real Property for the Generation Facility: Approximately 22 miles from Gabbs, Nevada		
City: Mineral County		
Size of the total Facility Land (acre):	13,800	

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Are you required to file any paper work with the PUC and/or FERC?		Yes
If yes,	Purpose of the Filing with PUC: For Power Purchase Agreement approval	Filing Date OR Anticipated filing Date: Once a Power Purchase Agreement will be signed
If yes,	Purpose of the Filing with FERC: Regulatory requirement	Filing Date OR Anticipated filing Date:

List All the county(s), Cities, and Towns where the facility will be located	
1	Mineral County
2	
3	
4	
5	
6	
7	
8	
9	

List All Documents to be Attached		
1	Description of the Technology and Complete Facility including generation, transmission or distribution, the physical point at which the ownership of energy is transferred and nature of the connection to the transmission grid	Attached
2	Complete and legal description of the location of the proposed facility, including a regional facility map that identifies the location, county boundaries and state boundaries of the proposed facility or a reference to any such map of appropriate scale	Attached
3	Description of any natural or nonrenewable resources that will be affected by or required to be used in the construction or operation of the proposed facility, including statement of any areas of mitigation, controversy, issue or concern	Attached
4	Summary of the PUC and FERC Dockets if any PUC and FERC filing have started	Not started
5	Copy of the Business Plan for the Nevada Facility	Attached
6	For Expansion Applications, Copy of the most recent assessment schedule and tax bill from the County Assessor's Office or the Department of Taxation	N/A
7	Website link to company profile	<a href="http://www.ormat.com">www.ormat.com</a>
8	Copy of the Current Nevada State Business License	Attached
9	Facility Information Form	Attached
10	Employment Information, construction, and permanent employee salary schedules	Attached
11	Supplemental Information Form	Attached
12	Taxation Reporting Forms (Summary Sheet and Schedules 1 through 8)	Attached
13	Names and contact information for construction company, contractors, subcontractors	Attached
14	Letter from the utility or company describing the highlights of PPA, LOI, or MOU.	N/A
15	Confidential Information Identification Form	Attached

List of Required Permits or Authorizations for the Proposed Facility  
 REDACTED

	Permit or Authorization Title	Issuing Agency	Project Circumstance Requiring Permit or Authorization	Steps to Obtain Permit	Application Date	Approval Date or Expected Approval Date
<b>I. Federal Permits/Authorizations</b>						
	See Attached					
<b>II. State of Nevada Permits/Authorizations</b>						
	See Attached					
<b>III. County Permits/Authorizations</b>						
	See Attached					
<b>IV. City Permits/Authorizations</b>						
	See Attached					
	See Attached					

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NOTE: Project contractors, subcontractors, and other entities including owner that will be purchasing goods and equipment for the construction of the Facility are entitled to claim or receive the sales and use tax abatement

**Contractors and Subcontractors List REDACTED**

<b>Vendor 1</b>	<b>See attached</b>
Tax ID	
Contact	
Mailing Address	
E-Mail	
<b>Vendor 2</b>	
Tax ID	
Contact	
Mailing Address	
E-Mail	
<b>Vendor 3</b>	
Tax ID	
Contact	
Mailing Address	
E-Mail	
<b>Vendor 4</b>	
Tax ID	
Contact	
Mailing Address	
E-Mail	
<b>Vendor 5</b>	
Tax ID	
Contact	
Mailing Address	
E-Mail	
<b>Vendor 6</b>	
Tax ID	
Contact	
Mailing Address	
E-Mail	
<b>Vendor 7</b>	
Tax ID	
Contact	
Mailing Address	
E-Mail	

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REDACTED

Employment Information

**Employment**

**New Operations or Expansion**

**CONSTRUCTION EMPLOYEES**

Number of anticipated construction employees who will be employed during the entire construction phase?

Percentage of anticipated construction employees who will be Nevada Residents?

Average anticipated hourly wage of construction employees, excluding management and administrative employees:

Number of anticipated construction employees who will be employed during the second-quarter of construction?

Number of anticipated second-quarter construction employees who will be Nevada Residents?

Full Time	Part Time
Confidential	
Confidential	
Confidential	
Confidential	
Confidential	

**PERMANENT EMPLOYEES**

Number of anticipated permanent employees who will be employed as of the end of its first fourth-quarter of new operations or expansion?

Average anticipated hourly wage of permanent employees, excluding management and administrative employees:

Number of permanent employees who were employed prior to the expansion?

Average hourly wage of current permanent employees, excluding managements and administrative employees

Confidential
Confidential
Confidential
Confidential

**Employee Benefit Program for Construction Employees**

Health insurance for construction employees and an option for dependents must be offered upon employment

List Benefits Included (medical, dental, vision, flex spending account, etc): The following will be provided to employee and their dependents: Emergency Care, Inpatient and outpatient hospital care, Physician's services, outpatient medical services, laboratory services, x-ray services, and a minimum employer contribution of at least 80% of medical expenses at their employee paid deductible is met.

Name of Insurer: To be determined by vendors

Cost of Total Benefit Package:	\$600,000	Cost of Health Insurance for Construction Employees:	Estimated 8% of salaries
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### Construction Employee Schedule

**REDACTED**

List all anticipated construction employees and associated wages for all persons who will be working on the construction of the facility during the entire construction period.

**FULL TIME EMPLOYEES**

		(a)	(b)	(c) = (a)+(b)	(d)	(e) = (c) x (d)	(f) =Σ(e) / Σ(c)	
#	Job Title	# of Nevada Employees	# of Non-Nevada Employees	Total # of Employees	Hourly Wage per job title (\$)	Total Hourly Wage per category (\$)	Average Hourly Wage (\$)	
	Construction Employees, excluding							
	Management and Administrative Employees							
1								
2	Information is Confidential							
3								
4								
5								
6								
7								
8								
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>\$0.00</b>	<b>#DIV/0!</b>	
<b>TOTAL CONSTRUCTION PAYROLL</b>		<b>#DIV/0!</b>						

## Second Quarter Construction Employee Schedule

List all anticipated construction employees and associated wages for all persons who will be working on the construction of the facility during the second quarter of construction.

**REDACTED**

**FULL TIME EMPLOYEES**

		(a)	(b)	(c) = (a)+(b)	(d)	(e) = (c) x (d)	(f) = $\Sigma(e) / \Sigma(c)$
#	Job Title	# of Nevada Employees	# of Non-Nevada Employees	Total # of Employees	Hourly Wage per job title (\$)	Total Hourly Wage per job title (\$)	Average Hourly Wage (\$)
	<b>Construction Employees, excluding</b>						
	<b>Management and Administrative Employees</b>						
1	Information is Confidential						
2							
3							
4							
5							
6							
7							
8							
9							
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>		<b>\$0.00</b>	<b>#DIV/0!</b>

<b>TOTAL CONSTRUCTION PAYROLL</b>	<b>#DIV/0!</b>	
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### Permanent Employee Schedule

List all anticipated permanent employees who will be employed by the Nevada Facility as of the end of its first fourth-quarter of new operations or expansion and the employment per job title will continue next 20 years

REDACTED

**FULL TIME EMPLOYEES**

		( c )		(f) = $\Sigma(e) / \Sigma(c)$
#	Job Title	# of Employees	Total Hourly Wage per job title (\$)	Average Hourly Wage (\$)
1	Management and Administrative Employees			
	Information is Confidential			
2	Permanent Employees, excluding Management and Administrative Employees			
	Information is Confidential			
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>TOTAL ANNUAL PAYROLL</b>		<b>#DIV/0!</b>		

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**Supplemental Information**

Please respond to each question. Answers to the questions will assist Department of Taxation staff in determining whether the facility should be locally or centrally assessed. Other questions will assist staff in understanding whether the reported replacement costs capture all aspects of taxable value.

REDACTED

**1) Will you have a possessory interest in any governmentally owned property for this facility? Please describe if yes.**

The facility will use land leased from the BLM for its power plant and resource. Land acreage and lease fee is provided in the Facility Information portion of the application.

**2) Will the facility, including generation, transmission, or distribution cross state or county boundaries? If yes, please describe.**

The Company is under negotiation for power purchase agreement. The plant and interconnection facility will be located near the Paradise Peak substation (Gabbs Valley).

**3) Is the facility owned by a subsidiary of a company that is interstate or intercounty in nature? Name and location of the subsidiary company, if yes.**

Ormat Nevada Inc., corporate headquarter located in Reno, Nevada

**4) At what physical point is the ownership of energy transferred? Describe the location and nature of the connection to the transmission grid.**

See Attached under "Facility Information"

**5) Will the facility be eligible for other abatements or exemptions such as pollution control exemptions? Please describe if yes**

Yes

**6) Has your company applied and/or been approved for any abatements or exemptions for this facility or any other facility by the State of Nevada and/or local governments? If yes, list the abatements awarded, name and location of the project, name of the awarder, date of approval, amounts and status of the accounts.**

ORNI 47, LLC has not previously applied for state or local abatements in the state of Nevada. ONI has received a partial sales/use abatement for its projects located in Jersey Valley, Tuscarora and McGinness Hills. ONI has received a partial property tax abatement for its Jersey Valley project only.

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REDACTED

**Summary Report  
Schedules 1 through 8**

**Company:**

**Division:**

Line No.	Schedule	Total Estimated RCNLD or Transaction Cost	Department Use Only
1	Sch. 1 Personal Property - Property Tax - Total from Col. J.	Confidential	
2	Sch. 2 Real Property - Improvements - Total from Col. F.	Confidential	
3	Sch. 3 Real Property - Land - Total from Col. I	Confidential	
4	Sch. 4 Operating Leases - Total from Col. F	Confidential	
5	Sch. 5 Contributions in Aid of Construction - Total from Col. F	Confidential	
6	Sch. 6 First Year Estimated Sales & Use Tax - Total from Col. J	Confidential	
7	Sch. 7 Second Year Estimated Sales & Use Tax - Total from Col. J	Confidential	
8	Sch. 8 Third Year Estimated Sales & Use Tax - Total from Col. J	Confidential	





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REDACTED

**Property Tax: Real Property Land  
Schedule 3**

Company: ORNI 47 LLC

Division: \_\_\_\_\_

Show the requested data for all land, owned or leased, in Nevada.

A Line #	B Where Situated		D Tax District	E Brief Description, Size of the Land (acre), Date Acquired	F Owned (O) Leased (L) Rented (Rtd)	G G/L Account Number (if applicable)	H Purchase Price (if applicable)	I Assessor's Taxable Value
	C City or Town	C County						
1	Mineral			BLM Lease	L			290,160
2	Mineral			BLM Lease	L			257,520
3	Mineral			BLM Lease	L			127,380
4	Mineral			BLM Lease	L			152,940
5								
6								
7								
8								
9								
10								
11								
12	<b>Grand Total</b>							<b>828,000</b>













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**Attestation and Signature**

I, Eyal Hen, by signing this Application, I do hereby attest and affirm under penalty of perjury the following:

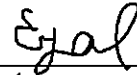
- (1) I have the legal capacity to submit this Application on behalf of the applicant;
- (2) I have prepared and personally knowledgeable regarding the contents of this Application; and
- (3) The content of this Application are true, correct, and complete.

Eyal Hen

**Name of person authorized for signature:**

Director of Finance

**Title:**



**Signature:**

Pdupcf s 2- 3123

**Date:**

ORNI 47, LLC

Application Checklist Requirement Addendum  
Wild Rose Geothermal Project  
Mineral County, Nevada

COVER PAGE

**Corporate Profile:**

ORNI 47 LLC (“the Company”) is a wholly owned by Ormat Nevada Inc. (“ONI”). ONI is a wholly owned subsidiary of Ormat Technologies, Inc. (“Ormat”). Ormat is a publicly traded U.S. corporation headquartered in Reno, Nevada and is listed on the NYSE under the symbol “ORA”. Ormat is a leading vertically integrated company engaged in the geothermal and recovered energy power business. Ormat designs, develops, builds, owns and operates clean, environmentally friendly geothermal and recovered energy generation (“REG”) power plants primarily utilizing internally designed and manufactured equipment. Ormat currently has power plants in the United States which includes, Brady Complex (NV), Steamboat Complex (NV), Mammoth Complex (CA), Heber Complex (CA), Ormesa Complex (CA), Brawley (CA), Puna (HI), Jersey Valley (NV), Tuscarora (NV), McGinness Hills (NV), and owns REG units in North and South Dakota, Colorado, Minnesota and Montana. Ormat also has operating power plants in Nicaragua, Guatemala, and Kenya.

Ormat’s revenues are made up of two primary segments - electricity and products segments. As of December 31, 2011, the electricity segment was approximately 74% of revenues and the product segment was approximately 26% of revenues. The U.S. business represents approximately 77% of the electricity revenues.

**Summary of Domestic Projects:**

**Brady Complex:** Located in Churchill County, Nevada consists of two (2) power plants including Brady and Desert Peak 2. The combined current generating capacity is approximately 25MW. The Brady complex operates using 9 full-time employees.

**Steamboat Complex:** Located in Washoe County, Nevada consists of seven (7) power plants including Steamboat 1A project, Steamboat 2/3 projects, Burdette project, Steamboat Hills project, Galena 2 project and Galena 3 project. The combined current generating capacity is approximately 86 MW. The Steamboat Complex operates using 46 full-time employees.

**Jersey Valley:** Located in Pershing County, Nevada and has a current generating capacity of approximately 12 MW. The Jersey Valley facility operates using 11 full-time employees.

**Tuscarora:** Located in Elko County, Nevada has a current generating capacity of 18 MW. The Tuscarora facility operates using seven (7) full-time employees.

**McGinness Hills:** Located in Lander County, Nevada. The plant was placed in service in June 2012 and has a current generating capacity of 30MW. The plant currently operates using eight (8) operating employees.

Mammoth Complex: Located in Mammoth Lakes, CA consists of three (3) plants and is currently generating capacity of approximately 29 MW.

Heber Complex: Located in Imperial County, CA and consists of three (3) plants: Heber 1, Heber 2 and Heber South projects. The complex has a current generating capacity of approximately 92 MW.

Ormesa Complex: Located is East Mesa, Imperial County, CA and has a current generating capacity of approximately 57 MW.

Puna Project: Located in the Puna district, Big Island, Hawaii and has a current generating capacity of 38 MW.

North Brawley Project: Located in Brawley in Imperial County, CA and has a current generating capacity of approximately 33MW.

OREG Projects: Located in Colorado, North Dakota, South Dakota, Minnesota and Montana. These "Recovered Energy Generation" projects have a combined net current generating capacity of approximately 54 MW.

**Description of Proposed Project:**

The Company plans to develop an air-cooled geothermal power plant ("The Project") located in north-central Mineral County, approximately 22 miles from Gabbs, Nevada. The Project is expected to deliver a generating capacity of 15 MW under a 20-year power purchase agreement ("PPA"). The Company is currently under negotiations with several utilities to sell the Project's power. The Project is in addition to Ormat's twelve (12) existing plants in Nevada.

The Company has obtained four (4) leases through an agreement with the Bureau of Land Management ("BLM"). The legal descriptions of the land leases and parcel numbers are included in the body of the application. The proposed plant will be located on approximately 10 acres on either Section 1 or Section 12, T11N, R32E MDB&M. The substation will use approximately .4 acres. The production and injection pipelines are estimated to be approximately 4.9 miles in length. The transmission line will be approximately 20 miles in length.

The Project will consist of drilling and installing an Ormat Energy Converter ("OEC") unit that will produce energy from hydrothermal reservoirs that are formed where it is determined that

water, which is heated from hot rock located deep within the earth's surface and can be extracted for commercial use. The OEC unit is produced by Ormat's subsidiary company.

The point of interconnection will likely be a new switching station with NV energy's 120 kV line #140 between Santa Fe and Paradise stations. Company is currently negotiating the point of energy delivery to the Utility. Once necessary approvals are received, the Project will include an electrical substation at which electrical power (generated at 12.473 Kv) would pass through a transformer to increase the voltage to 120 kV. The substation footprint would measure up to 240 feet by 175 feet with surrounding fencing.

The Project will consume approximately 6 MW hours of diesel fuel power generation during construction. The Project does anticipate using energy from the power grid for start-up and commissioning activities. In addition, the project uses organic fluid, such as pentane or butene, which is vaporized and is used to drive the turbine. The fluid is then condensed and recycled back to the heat exchanger to be reused.

The Company estimates that it will start construction of the facility during the first quarter of 2013 and begin operations during the fourth quarter of 2013.

**Abatement Request and Summary of Financial Impact:**

The Company is requesting abatement for:

1. Property Tax (to be effective once the Project is "Placed in Service")
2. Sales & Use Tax (for personal property purchased by ORNI 47, its contractor, ONI and various sub-contractors used for the Project).

Nevada's forward looking policies regarding renewable tax treatment have created an environment in which geothermal energy can:

- Offer the lowest cost renewable to the Utility and residents of Nevada. The abatement reduces cost to the rate payer,
- Significantly impact the Company's ability to continue future exploration and expand the Project in the future, if supported and,
- Stabilize the local economy by requiring a mandatory percentage of employees be residents of Nevada.

In addition, the State of Nevada will also benefit from the Project as follows:

- Reduction in unemployment (including Ormat and Nevada vendors working on the Project)



- Paid and increase in contributions to unemployment fund
- Reduction in uninsured individuals
- Stabilize local labor market (30% of construction employees must be Nevada residents)
- Increase in Nevada housing opportunities (home purchases or rental income)
- Increase in sales tax on taxable items purchased directly by employees and vendors who are working on the Project during drilling, construction and operation
- Tax on diesel fuel used by ONI and vendors to power equipment during construction
- Potential expansion of the Project (bringing future revenue to the State)
- State leader in producing and using renewable energy

The general contractor for the Project is ONI. ONI will hire construction and drilling personnel through vendors including (but not limited to) Nevada based vendors. Although ONI is still negotiating contracts with vendors at this time, a general list of potential Nevada vendors is as follows:

Nevada vendors include:

A. Carlisle & Company ,Reno  
A&K Earthmovers, Reno  
Applied Mechanical, Inc., SPARKS  
A-Z Maintenance, Repair & Cleaning ,RENO  
Black Eagle Consulting, Inc., Reno  
Canyon Construction Co., Elko  
CarWil, LLC ,Winnemucca  
Construction Materials Engineers, Inc. ,Reno  
Dyer Engineering Consultants, Inc. ,Reno  
Echeverria Pumping LLC ,Winnemucca  
Ferguson Enterprises, Inc. ,Reno/San Fran#3210  
Grove Madsen Industries ,Reno  
Hartman Structural Engineering, LLC. ,Reno  
High Ground Village ,Winnemucca  
JFMPE, Inc. ,Bermuda Dunes  
JP Engineering, Reno  
Les Schwab Tire Center ,Winnemucca  
Liebscher Advertising, Reno  
Maga Trucking & Repair Inc. ,Winnemucca  
Merit Electric Company, Reno  
Nevada Energy Systems Inc. ,Reno  
NorthWest Datacom & Power, Inc ,Reno  
NV Energy, Reno NV  
Pro Fire Pro Design, Reno  
Quality Concrete Construction ,Reno  
Reno Dodge Sales Inc. ,Reno

Reno Windustrial Company ,Reno  
Shadow Mountain Water ,Winnemucca  
Sierra Chemical Company, Sparks  
Sierra Electronics ,SPARKS  
Sunrise Plumbing ,Winnemucca  
Titan Wire & Cable LLC ,Sparks  
Tri Sage Consulting, Reno  
US Geomatics ,RENO  
Wedco Inc. ,Reno  
WWW Construction, Reno  
Zonge Geosciences, Inc ,SPARKS

ONI will use outside vendors who will ensure that:

- 50 or more full-time employees working on the construction of the facility during the 2<sup>nd</sup> quarter of construction with a minimum of 30% being Nevada residents.
- The average construction labor costs will be at least 150% of the average hourly statewide hourly rate
- Health insurance benefits will be offered to the construction employees and their dependents

**Annual Report:** ORNI 47 LLC is a new entity and no financial data is available at this time. Ormat's 2011 annual report is attached. Please visit Ormat's website at [www.ornat.com](http://www.ornat.com) for previous financial data and Annual Reports filed with the Security and Exchange Commission ("SEC").

**Utility Company Letter:** Not available at this time

**Business Plan:** See attached Business Plan

**PUC Docket:** Not available at this time

**List of Permits:** See attached

**Funding Sources:** No funding will be provided by a governmental entity of the State of Nevada. For general discussion of Ormat's project funding, please refer to our SEC statements located on our website.

**Property Tax Assessment Schedules:** Not applicable – new operations.