

Department of Taxation, received on January 31, 2012; and (F) Prefiled Testimony of James McMorran of NV Energy. At the hearing, all of the subparts of Exhibit 1 were admitted into evidence. In addition, the oral testimony of Mr. McMorran on behalf of NV Energy was heard. Based upon the testimony of the witness and the evidence presented, the Director finds the following to be the facts in this matter.

2. NV Energy submitted its Pre-application in this matter on January 4, 2011.

3. On June 15, 2011, NV Energy submitted its Application seeking partial abatement of sales and use and property taxes for the construction and operation of a 235 mile long 500kV transmission line (“Facility”) that would be located on approximately 5884 ROW acres of land crossing into White Pine, Nye, Lincoln, Clark, Eureka and Elko counties in Nevada (Application Filing Number (AFN) 11-061411TR). The project also includes a new substation called Robinson Summit substation, microwave and fiber optic communications and upgrades to the Falcon and Harry Allen substations.

4. Testimony from Mr. McMorran supported that NV Energy was properly licensed and qualified to do business in Nevada; that NV Energy had obtained all required state and local licenses and permits and intended to maintain all of the required licenses and permits for the Facility; that NV Energy had all necessary approvals for the Facility; that the Facility would include a 235 mile long 500kV transmission line; that the total capital investment of the Facility will be approximately \$509,710,592; that the Facility would create 244 full-time construction jobs which would pay an average of approximately \$32.00 per hour.

5. 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 2011 was \$19.83. Thus 150% of the wage for fiscal year 2011 was \$29.75.

6. 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)	\$3,688,859.00
Total Amount Abated (Year 2)	\$4,889,121.00
Total Amount Abated (Years 3)	\$0.00
TOTAL AMOUNT ABATED	\$8,577,980.00

Total Amount Abated by Local Government (Year 1)	\$2,102,018.81
Total Amount Abated by Local Government (Year 2)	\$2,848,329.72
Total Amount Abated by Local Government (Year 3)	\$0.00
TOTAL AMOUNT ABATED BY LOCAL GOVERNMENT	\$4,950,348.52

TOTAL LOCAL SCHOOL SUPPORT TAX GAIN **\$4,715,920.79**

7. The Fiscal Impact statement produced by the Department of Taxation shows the following estimated figures regarding the property taxes related to the Facility:

Total Property Taxes Due Before Abatement	\$98,229,309.00
Total Property Taxes Abated Over Abatement Period	\$54,026,119.00
Total Taxes to Local Government Over Abatement Period	\$24,311,754.00
Total Taxes to Renewable Energy Fund Over Abatement Period	\$19,891,435.00
Total Taxes to Local Government and Renewable Energy Fund Over Abatement Period	\$44,203,189.00

8. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of approximately \$3,627,631.38 abated over the period of the abatement (2011 through 2013).

9. 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 \$83,876,639.00 and the total estimated amount of property taxes and sales and use taxes abated in this matter is \$62,604,099.00. 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	\$25,485,530.00
Total School Support Tax Over Abatement Period	\$4,715,920.79
Total Property Taxes to Local Government and Renewable Energy Fund Over Abatement Period	\$44,203,189.00
Construction Payroll in Nevada	\$9,472,000.00
Operational Payroll in Nevada:	\$0.00
TOTAL BENEFITS OVER ABATEMENT PERIODS	\$83,876,639.00

Amounts Abated

Total Sales and Use Taxes Abated (3 Years)	\$8,577,980.00
Total Property Taxes Abated (20 Years)	\$54,026,119.00
TOTAL TAXES ABATED	\$62,604,099.00

10. 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 NV Energy's Application for the construction and operation of the Facility satisfies the following statutory requisites:

(a) NRS 701A.360(1) – The Facility is for the transmission of electricity produced from renewable energy or geothermal resources, thus meeting the statutory standard.

(b) NRS 701A.360(2) – The Facility is not owned, operated, leased, or controlled by a government agency, thus meeting the statutory standard.

(c) NRS 701A.365(1)(a)(1) – The Facility is anticipated to be operational for at least 25 years, thus exceeding the statutory standard.

(d) NRS 701A.365(1)(b) – The Facility has all the necessary state and local permits and licenses to operate, thus meeting the statutory standard.

(e) 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.

(f) NRS 701A.365(1)(e)(1) – The construction of the Facility is anticipated to employ at least 244 full-time employees during the second quarter of construction. ON Line anticipates that at least 74 of those employees will be Nevada residents, thus exceeding the statutory standard.

(g) NRS 701A.365(1)(e)(2) – The capital investment in Nevada for the Facility is estimated to be at least \$25,485,529, thus exceeding the statutory standard.

(h) NRS 701A.365(1)(e)(4) – The average hourly wage paid to the construction employees on the Facility will be approximately \$32, which is more than 150% of the average hourly wage set by DETR of \$29.75, thus exceeding the statutory standard.

(i) 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.


(j) 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.

(k) 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 Director orders that NV Energy's Application Filing No. 11-061411TR related to the construction and operation of the Facility is hereby **GRANTED**. NV Energy 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. NV Energy's property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 27th day of March, 2012.



STACEY CROWLEY
Director
Nevada Office of Energy