

**BEFORE THE NEVADA ENERGY DIRECTOR  
NEVADA STATE OFFICE OF ENERGY**

**In the Matter of the Application of:**            )  
  )  
**ORNI 47, LLC**    )  
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**Application Filing No. 12-0622G**

**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

A hearing was held before the Director of the Nevada State Office of Energy (NSOE) on February 13, 2013 regarding Application Filing Number 12-0622G. At the hearing, applicant ORNI 47, LLC (ORNI) was represented by Paul Thomsen and Sarah Anderson of Ormat. Based upon ORNI's 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, ORNI presented the testimony of Paul Thomsen. The NSOE Director admitted into evidence as Exhibit 1 a packet that contained five subparts: (A) Notice of Public Hearing, dated January 17, 2013 (B) ORNI 47, LLC's Pre-Application filed with the NSOE on June 22, 2012; (C) ORNI 47, LLC Amended Application (redacted) for the ORNI 47, LLC project as filed with the NSOE on October 23, 2012; (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 December 6, 2012 (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 23, 2012. At the hearing, all of the subparts of Exhibit 1 were 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. ORNI wholly owned by Ormat Technologies, Inc. ORNI is a limited liability company with a current Nevada State Business License from the Nevada Secretary of State.

3. ORNI submitted its Pre-application in this matter on June 22, 2012.

4. On October 23, 2012, ORNI submitted its Amended Application seeking partial abatement of sales and use taxes for the construction and operation of a facility for the generation of solar renewable energy ("Facility") that would be located on approximately 13,800 acres of leased land in Mineral County, Nevada, Assessor's Parcel Number 005-390-01, 02 and 04 (Application Filing Number (AFN) 12-0622G). The Application described a Geothermal generating facility that would generate 20 MW gross/15 MW net that would be sold pursuant to a twenty (20) year Power Purchase Agreement.

5. The Application supported that ORNI was properly licensed and qualified to do business in Nevada; that ORNI had obtained all required discretionary state and local licenses and permits, with the remaining permits to be obtained prior to start of construction, expected February, 2013, and intended to maintain all of the required licenses and permits for the Facility; that ORNI had all necessary approvals for the Facility; that the Facility would have an AC nameplate rating of at least 10 MW; that ORNI had entered into a twenty (20) year Power Purchase Agreement; that the Facility was anticipated to be at least partially operational sometime during the first quarter of 2013; that the total capital investment of the Facility will be approximately \$84,000,000.00; that the Facility would create approximately seven full-time operational jobs which would pay an average of approximately \$25.00 per hour; and that the Facility would create approximately 138.5 full-time construction jobs over the course of construction which would pay an average hourly wage of \$41.05 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

2012 was \$20.13. Thus 110% of the wage for fiscal year 2012 was \$22.14, and 150% of the wage for fiscal year 2012 was \$30.20.

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)	\$2,846,937.50
Total Amount Abated (Year 2)	\$35,062.50
Total Amount Abated (Years 3)	\$35,062.50
<b>TOTAL AMOUNT ABATED</b>	<b>\$2,917,062.50</b>
Total Amount Abated by Local Government (Year 1)	\$1,735,937.50
Total Amount Abated by Local Government (Year 2)	\$18,562.50
Total Amount Abated by Local Government (Year 3)	\$18,562.50
<b>TOTAL AMOUNT ABATED BY LOCAL GOVERNMENT</b>	<b>\$1,773,062.50</b>
<b>TOTAL LOCAL SCHOOL SUPPORT TAX GAIN</b>	<b>\$1,384,212.50</b>

9. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of approximately \$1,144,000.00 abated over the period of the abatement (2013 through 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 \$5,580,774.74 and the total estimated amount of sales and use taxes abated in this matter is \$2,917,062.50. 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	\$84,000,000.00
Total School Support Tax Over Abatement Period	\$1,384,212.50
Construction Payroll in Nevada	\$3,104,562.24
Operational Payroll in Nevada:	\$1,092,000.00
<b>TOTAL BENEFITS OVER ABATEMENT PERIODS</b>	<b>\$89,580,774.74</b>

Amounts Abated

Total Sales and Use Taxes Abated (3 Years)	\$2,917,062.50
<b>TOTAL TAXES ABATED</b>	<b>\$2,917,062.50</b>

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 ORNI 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 20 MW 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 20 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 61 full-time employees during the second quarter of construction. ORNI anticipates that at least 30% 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 \$84,000,000, 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 \$25.00, which is more than 110% of the average hourly wage set by DETR of \$22.14, 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 \$41.05, which is more than 150% of the average hourly wage set by DETR of \$30.20, 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)(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 the ORNI Application Filing No. 12-0622G related to the construction and operation of the Facility is hereby **GRANTED**. ORNI 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. ORNI sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement.

SIGNED this 13 day of February, 2013.



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STACEY CROWLEY  
Director  
Nevada Office of Energy