

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

<b>In the Matter of the Application of:</b>	)	
	)	<b>Application Filing No. 14-0529SPV</b>
<b>AMERICAN CAPITAL ENERGY -</b>	)	
<b>SEARCHLIGHT SOLAR LLC</b>	)	
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**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

A hearing was held before the Director of the Governor’s Office of Energy (Office) on July 31, 2014 regarding Application Filing Number 14-0529SPV. At the hearing, applicant American Capital Energy - Searchlight Solar LLC (Searchlight) was represented by Thomas A. Anderson of American Capital Energy – Searchlight Solar, LLC. The parent company of American Capital Energy - Searchlight Solar LLC is DESRI V Searchlight Acquisition, LLC, an affiliate of D.E. Shaw Renewable Investments and D.E. Shaw & Co. Also present at the hearing on behalf of American Capital Energy – Searchlight Solar, LLC, was Rusty Sage of Bright Plain Renewable Energy, LLC. Based upon Searchlight'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, Searchlight presented the testimony of Thomas A. Anderson. The Office Director admitted into evidence as Exhibit 1 a packet that contained seven subparts: (A) Notice of Public Hearing, dated July 21, 2014; (B) Searchlight Solar LLC Application (Redacted) as filed with the Governor's Office of Energy on June 13, 2014; (C) Fiscal Impact of Renewable Energy Partial Abatement of Property Tax as required by NRS 701A.375-1(b) by the Nevada Department of Taxation, received on July 16, 2014; (D) Fiscal Impact of Renewable Energy Partial Abatement of Sales and Use Tax as required by NRS

701A.375-1(b) by the Nevada Department of Taxation, received on June 18, 2014;(E) Fiscal Impact to the state general fund budget by the Nevada Department of Administration, received June 25, 2014; (F) Packet of Letters received by the county offices of Clark County, Nevada, waiving the right to a 15-business day period to file an Intent to Participate; (G) Pre-filed Testimony of Thomas A. Anderson. At the hearing, all of the subparts of Exhibit 1 were admitted into evidence. At the hearing, Searchlight submitted an updated list of contractors and sub-contractors and the Director marked the list as Exhibit 2 and submitted it 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. Searchlight is a subsidiary of DESRI V Searchlight Acquisition, LLC, an affiliate of D.E. Shaw Renewable Investments and D.E. Shaw & Co. Searchlight is a limited liability company with a current Nevada State Business License from the Nevada Secretary of State.

3. On June 13, 2014 Searchlight 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 270 acres of private land in Clark County, Nevada, Clark County Assessor’s Parcel Number 243-21-000-002, 243-28-501-001, 243-22-301-001, 243-22-301-003, and 243-22-201-001. The Application described a solar photovoltaic electric generating facility that would generate 17.5 acNameplate megawatts (MW) that would be sold to Nevada Power Company pursuant to an executed power purchase agreement.

4. Pre-filed testimony from Mr. Anderson supported that Searchlight was properly licensed and qualified to do business in Nevada; that Searchlight had obtained all required discretionary state and local licenses and permits, with the remaining permits to be obtained prior to start of construction, expected to begin immediately, and intended to maintain all of the

required licenses and permits for the Facility; that Searchlight had all necessary approvals for the Facility; that the Facility would have an AC nameplate rating of 17.5 MW; that Searchlight had entered into a 20-year power purchase agreement with Nevada Power Company; that the Facility was anticipated to be at least partially operational sometime during the fourth quarter of 2014; that the total capital investment of the Facility will be approximately \$45,000,000.00; that the Facility would create approximately 1 full-time operational jobs which would pay an average of approximately \$23.00 per hour; and that the Facility would create approximately 200 full-time construction jobs over the course of construction which would pay an average hourly wage of \$36.25 per hour.

5. The Director took note of the posted statewide average hourly rate as determined by the Department of Employment, Training, and Rehabilitation (hereinafter "DETR") for fiscal year 2014 was \$20.62. Thus 110% of the wage for fiscal year 2014 was \$22.68, and 175% of the wage for fiscal year 2014 was \$36.09. The fiscal year 2015 statewide average hourly wage was not yet posted at the time of the hearing.

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)	\$1,502,891.78
Total Amount Abated (Year 2)	\$0
Total Amount Abated (Years 3)	\$0
<b>TOTAL AMOUNT ABATED</b>	<b>\$1,502,891.78</b>
Total Amount Abated by Local Government (Year 1)	\$956,385.68
Total Amount Abated by Local Government (Year 2)	\$0
Total Amount Abated by Local Government (Year 3)	\$0
<b>TOTAL AMOUNT ABATED BY LOCAL GOVERNMENT</b>	<b>\$956,385.68</b>
<b>TOTAL LOCAL SCHOOL SUPPORT TAX GAIN</b>	<b>\$710,457.93</b>

7. 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):

Based on the assumptions and conditions as if all cost components except the data acquisition system, were real property:

Total Property Taxes Due Before Abatement	\$5,796,715
Total Property Taxes Abated Over Abatement Period	\$3,188,193
Total Taxes to Local Government Over Abatement Period	\$2,608,522

Based on the assumptions and conditions as if cost components including the tracker system, solar modules, inverter power stations, combiner boxes, low voltage DC electrical wiring, and data acquisition system were personal property:

Total Property Taxes Due Before Abatement	\$4,702,084
Total Property Taxes Abated Over Abatement Period	\$2,586,146
Total Taxes to Local Government Over Abatement Period	\$2,115,938

8. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of approximately \$546,506 abated over the three yearperiod of the abatement

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 \$50,079,880and the total estimated amount of property taxes and sales and use taxes abated in this matter is \$4,691,084.78. Thus, the benefits to the state and local governments in Nevada exceeds 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	\$45,000,000.00
Construction Payroll in Nevada residents	\$4,147,000.00
Operational Payroll in Nevada:	\$932,880.00
<b>TOTAL BENEFITS OVER ABATEMENT PERIODS</b>	<b>\$50,079,880.00</b>

Amounts Abated

Total Sales and Use Taxes Abated (3 Years)	\$1,502,891.78
Total Property Taxes Abated (20 Years)	\$2,586,146.00-\$3,188,193.00
<b>TOTAL TAXES ABATED</b>	<b>\$4,089,037.78-\$4,691,084.78</b>

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 SearchlightApplication 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 Nameplate rating is 17.5 MW ac, 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)(d)(1) – The construction of the Facility will employ at least 90 full-time employees during the second quarter of construction. Searchlight anticipates that at least 50% of those employees will be Nevada residents, thus meeting the statutory standard.

(i) NRS 701A.365(1)(d)(2) – The capital investment in Nevada for the Facility is estimated to be at least \$45,000,000.00, thus exceeding the statutory standard.

(j) NRS 701A.365(1)(d)(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)(d)(4) – The average hourly wage paid to the construction employees on the Facility will be approximately \$36.25, 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.

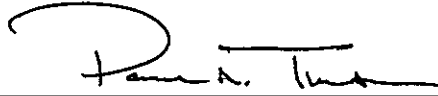
(o) NRS 701A.370(1)(b)(1)(III) – The abatement granted by this Order will not apply during any period in which the Facility is receiving another abatement or exemption from local sales and use taxes, thus meeting the requirement of the statute.

### **ORDER**

Based upon the foregoing, the Director orders that Searchlight Application Filing No. 14-0529SPV related to the construction and operation of the Facility is hereby **GRANTED**. Searchlight 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 Searchlight sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement. The Searchlight real property tax abatement, which applies to the 270 acres of leased private land at Clark County Assessor's Parcel Number 243-21-000-002, 243-28-501-001, 243-

22-301-001, 243-22-301-003, and 243-22-201-001, and the Searchlight personal property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 4 day of August, 2014.



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PAUL A. THOMSEN  
Director  
Governor's Office of Energy