



GOVERNOR'S OFFICE OF ENERGY

MINUTES
Of the Renewable Energy Tax Abatement Hearing of the
GOVERNOR'S OFFICE OF ENERGY

AFN 15-0831SPV
Playa Solar I, LLC
Solar Project
February 24, 2016

The Governor's Office of Energy held a public meeting on February 24, 2016, beginning at 2:00 PM. at the following location:

Governor's Office of Energy, 755 North Rook Street, Suite 202, Carson City, Nevada

Present at the hearing:

Angela Dykema, Director of the Governor's Office of Energy
Suzanne Linfante, Governor's Office of Energy
Steve Henricksen, Deputy Director of the Governor's Office of Energy
Harry Ward, Deputy Attorney General for the Governor's Office of Energy
Michael Argentine, Development Director – First Solar, representing Playa Solar I
Melanie Falls, Project Development Consultant – First Solar, representing Playa Solar I

1. Call to order: The meeting was called to order at 2:00 PM by Director Angela Dykema.

2. Director's comment: Director Dykema stated that this was a hearing on the merits of the application for partial abatement of property taxes and sales and use taxes originally filed by Playa Solar I, LLC on September 15, 2015. The Application Filing Number 15-0915 SPV. This application is for a 79 MW solar facility located near Apex, Clark County, Nevada. The director stated she will be the presiding officer for the hearing this afternoon. With her is the Program Manager, Suzanne Linfante.

3. Public comment and discussion (1st period): Director Dykema asked if anyone from the public sought to make a comment on the matter. There was no public comment.

4. Presentation of Evidence and Testimony: The Director submitted Exhibit 1, a packet of documents consisting of: Exhibit A is a Notice of Public Hearing, dated January 27, 2016; Exhibit B is a redacted Application as filed with the Governor's Office of Energy on September 15, 2015; Exhibit C is the Application amendment letter as filed with the Governor's Office of Energy on December 2, 2015; Exhibit D is the Fiscal Impact of the partial abatement of Property Tax as

required by NRS 701A.375-1 by the Nevada Department of Taxation received on December 14, 2015; Exhibit E is the Fiscal Impact of the partial abatement of Sales and Use Tax as required by NRS 701A.375-1 by the Nevada Department of Taxation, received on December 16, 2015. Exhibit F is the Fiscal Impact of the Partial Abatement as provided by the Department of Administration required by NRS 701A.375-1 received on December 3, 2015; Exhibit G is the pre-filed testimony of Michael Argentine.

The Director then admitted exhibit 1 into evidence.

The parties present introduced themselves as Michael Argentine, Development Director for First Solar and Director of Project Management for Playa Solar 1 Project, and Melanie Falls, Project Development Consultant for First Solar and assisting with the project development activities on Playa Solar 1.

The applicant then made an opening statement, describing the project as a 79 MW AC solar facility to be located in the Dry Lake Solar Energy Zone near Apex, outside of Las Vegas. He then stated that the expectation is that the project will be online sometime by the end of September 2017, and start construction right around May 2016. Mr. Argentine said that the expectation is that they'll have about 300 employees during the construction of the project and this tax abatement basically makes the economics of the project work because they provided a very competitive price for the project output to Nevada energy. He further explained that there are two PPAs for the project, one with Nevada Power and one with Sierra Pacific Power, thus emphasizing the importance of the approval of the tax abatement application.

The Director asked if, beside the applicant, if anyone else would like to speak. No one else volunteered to speak. The Director asked if there is any additional information that the applicant would like to admit as evidence in this matter.

The applicant submitted new evidence to the matter, it consisted of an amendment to the Playa Solar I LLC application, and two pieces of information related to key PPA terms, one of which they would like to keep confidential and it has been redacted. Applicant requested that the non-redacted letter be marked confidential. There was also an updated legal description submitted that supports the change in acreage for the project.

The letter was marked as Exhibit 2, the confidential PPA terms as Exhibit 3, the redacted PPA terms as Exhibit 4, and the legal description as Exhibit 5.

The Director asks if there is anyone else who would like to be heard in this matter. Let the record reflect that no one else asked to be heard outside of the applicant. The Director asked if the applicant or anyone else would like to make a closing statement. No closing statements were made.

The Director stated that the evidentiary portion of this hearing will be considered closed. A break was taken to consider the testimony and evidence.

5. The Director stated her findings and conclusions based upon the substantial, reliable, and credible evidence presented in the exhibits and testimony.

As to NRS 701A.360 (1), the Director finds that the applicant intends to locate within this State a facility for the generation of solar renewable energy, thus meeting the intent of the statute. As to NRS 701A.360(2), the Director finds that the facility is not owned, operated, leased, or controlled by a government agency, thus meeting the requirement of the statute. As to NRS 701A.365(1)(a)(1), the Director finds that this statute has been met by this renewable energy project, as the facility is expected to continue in operation in this State for a period of at least 10 years and is expected to continue to meet the eligibility requirements for the abatement. As to NRS 701A.365(1)(b), the applicant has provided information that all the necessary state and local permits and licenses to construct and operate will be received, thus meeting the requirement of the statute. As to NRS 701A.365(1)(c), the applicant has provided testimony that 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, thus meeting the requirement of the statute. As to NRS 701A.365(1)(d)(1), the application states that the construction of the facility will employ 300 **full-time employees** during the second quarter of construction of which at least 50% will be Nevada residents. This meets the requirement of this statute. As to NRS 701A.365(1)(d)(2), the Director finds that the total capital investment in the facility to be approximately \$138,101,448 thus exceeding the \$10,000,000 capital investment required by the statute. As to NRS 701A.365(1)(d)(3), the Director finds that this statute is met as the application states that the average hourly wage that will be paid by the facility to its employees in this State, excluding management and administrative employees, is approximately \$22.68 an hour, which is at least 110% of the fiscal year average statewide hourly wage currently posted by the Department of Employment Training and Rehabilitation. As to NRS 701A.365 (1)(d)(4), the Director finds that this statute is met as the application states that the average hourly wage paid by the facility to all of its construction employees working on the facility, excluding management and administrative employees, will be approximately \$36.09 which is at least 175% of the fiscal year average statewide hourly wage currently posted by the Department of Employment Training and Rehabilitation. As to NRS 701A.365(1)(d)(4)(I) and (II), the application states that the health insurance provided to the construction employees on the facility allows for the coverage of the dependents of the employees and will meet or exceed the standards established by the Director, thus meeting the requirement of the statute. As to NRS 701A.365(1)(f), the Director finds that the benefits that will result to this State from the employment by the facility of the residents of this State and from capital investment by the facility in this State exceeds the loss of tax revenue that will result from the abatement, thus meeting the requirement of the statute. In particular, I find the evidence presented in this matter shows that the financial benefits to the state of Nevada include the following amounts:

Financial Benefits

The Director states that Capital Investment approximately *\$138,101,448*

The Director states that Construction Payroll employees at 150 employees at \$36.09/hr x 3,120 hours, which is approximately 18 months is around *\$16,890,120* in benefits.

The Director states that Operational Payroll will be \$22.68/hr x 2,080 hours per year x 18.5 years equals *\$1,745,452.80*

The Director states that the total benefits to Nevada over the abatement periods equal \$156,737,020.80

Amounts Abated

20 year Property Taxes Abatement *\$11,387,890*

Three year Sales and Use Tax Abatement *\$7,287,564*

TOTAL AMOUNT ABATED OVER ABATEMENT PERIODS \$18,675,454

As to NRS 701A.370(1)(a)(3), the Director finds that the abatement 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. As to NRS 701A.370(1)(b)(1)(III), the Director finds that the abatement 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.

6. Approval of Application. Director Dykema approved the application for the partial abatement of property taxes and sales and use taxes to Playa Solar I, LLC.

7. Explanation of Process: Director Dykema explained that after today's hearing, this office will produce a written Findings of Fact, Conclusions of Law, and Order. Once the Order is issued, I or my representative, representatives from the Nevada Department of Taxation, and appropriate representatives of your company may meet to go over the terms and conditions of the Abatement Agreement prior to executing Abatement Agreement.

The Director states as a reminder, pursuant to NRS 701A.380, a partial abatement approved by the Director or her representative will terminate upon any determination by the Director or her representative that the facility has ceased to meet any eligibility requirements for the abatement.

The Director provided time for any questions. No questions were asked.

8. Public comment and discussion (2nd period): Director Dykema asked if anyone had any public comment to which there was no response.

7. Adjournment: 2:24 PM.