

County notice of intent to consider the Application filed by ORNI 42 LL; Exhibit (H) Elko County Board of Commissioners letter dated February 10, 2014; Exhibit (I) Response letter by Lewis Roca Rothgerber to Elko County dated February 24, 2014; Exhibit (J) Notice of Intent to Participate As A Party, from Cash Minor, Assistant County Manager, dated March 21, 2014; Exhibit (K) Response to Elko County's Notice of Intent to Participate as a Party, by Lewis Roca Rothgerber, dated March 26, 2014. 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 42 is a subsidiary of ONI. ORNI 42 is a limited liability company with a current Nevada State Business License from the Nevada Secretary of State.

3. ORNI 42 submitted its Pre-application in this matter on March 1, 2011;

4. On January 10, 2014, ORNI 42 submitted its Application seeking partial abatement of property taxes for the construction and operation of a facility for the generation of geothermal renewable energy ("Facility") located on approximately 3,321 acres of land in Elko County, Nevada, Assessor's Parcel Number 005-120-001 and 005-140-001 and 002. The Application described a geothermal power generating facility that would generate 25 nameplate megawatts (MW) that would be sold to Nevada Power Company for a period of 20 years pursuant to a power purchase agreement.

5. Pre-filed testimony from Mr. Bob Sullivan supported that ORNI 42 was properly licensed and qualified to do business in Nevada; that ORNI 42 had obtained all required discretionary state and local licenses and permits and intended to maintain all of the required licenses and permits for the Facility; that ORNI 42 had all necessary approvals for the Facility; that the Facility was expected to deliver a generating capacity of 18 MW net; that ORNI 42 had

entered into a 20-year power purchase agreement with Nevada Power Company; that the partial tax abatement would enable further investment in the Facility; that the total capital investment of the Facility will be in excess of \$70 million; that the Facility would create approximately 7 full-time operational jobs which would pay at least 110% of the average statewide hourly wage, excluding management and administrative employees; and that the Facility had approximately 284 full-time construction employees during the second quarter of construction, paying an average hourly wage of at least 175% of the average hourly statewide rate, excluding management and administrative employees.

6. The Director took notice that the Facility would pay the required average hourly rate as posted by the Department of Employment, Training, and Rehabilitation (DETR) for the current fiscal year which is \$20.36. Thus 110% of the wage for the current fiscal year is \$22.40, and 175% of the wage for the current fiscal year is \$35.63.

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):

Total Property Taxes Due Before Abatement	\$11,199,974
Total Property Taxes Abated Over Abatement Period	\$6,159,986
Total Taxes to Local Government Over Abatement Period	\$5,039,988

8. 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 \$85,480,000 and the total estimated amount of property taxes abated in this matter is \$6,159,986. 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	\$73,000,000
Operational Payroll in Nevada:	\$12,480,000
TOTAL BENEFITS OVER ABATEMENT PERIODS	\$85,480,000

Amounts Abated

Total Property Taxes Abated (20 Years)	\$6,159,986
TOTAL TAXES ABATED	\$6,159,986

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 ORNI 42 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 renewable energy, thus meeting the statutory standard.

(b) NRS 701A.320(1)(b) – The Facility will generate 25 MW 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(1) – ORNI 42 intended and located within the State a Facility for the geothermal renewable energy, thus meeting the intent of the statute.

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

(f) NRS 701A.365(1)(a)(1) – The Facility is anticipated to be operational for at least 20 years, thus exceeding the statutory standard.

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

(h) 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.

(i) NRS 701A.365(1)(e)(1) – The construction of the Facility will employ approximately 284 full-time employees during the second quarter of construction, employing 50% Nevada residents, thus meeting the statutory standard.

(j) NRS 701A.365(1)(e)(2) – The capital investment in Nevada for the Facility is estimated to be at least \$73,000,000, thus exceeding the statutory standard.

(k) 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, thus meeting the statutory standard

(l) NRS 701A.365(1)(e)(4) – The average hourly wage paid to the construction employees on the Facility will be approximately \$42.50, which is more than 175% of the average hourly wage set by DETR, thus meeting the statutory standard.

(m) 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.

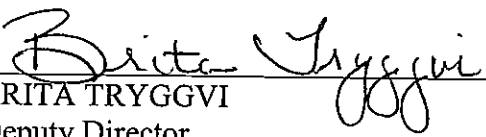
(n) NRS 701A.365(1)(f) – The benefits that will result to this State from the employment by the Facility of the residents of this State and from capital investments by the Facility in this State exceeds the loss of tax revenue that will result from the abatement, thus meeting the statutory standard.

(o) 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 ORNI 42's Application Filing No. 14-0104GT related to the construction and operation of the Facility is hereby **GRANTED**. ORNI 42 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 42's real property tax abatement, which applies to the 3,321 acres of land in Elko County, Nevada, Assessor's Parcel Number 005-120-001 and 005-140-001 and 002, and ORNI 42's personal property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 22nd day of April, 2014.


BRITA TRYGGVI
Deputy Director
Governor's Office of Energy