

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

**In the Matter of the Application of:**            )  
  )  
**BRADY POWER PARTNERS**                        )  
\_\_\_\_\_ )                                    **Application Filing No. 17-0106G**

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

A hearing was held before the Deputy Director of the Governor’s Office of Energy (Office) on April 20, 2017 regarding Application Filing Number 17-0106G. At the hearing, applicant Brady Power Partners (Brady) was represented by Stephanie Osborne of Ormat Nevada, Inc. Also present on behalf of Brady was counsel, Roman Borisov of Lewis Roca Rothergerber Christie. Based upon Brady’s application, and evidence presented at the hearing, the Deputy 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, Brady presented the testimony of Stephanie Osborne. The Office Deputy Director admitted into evidence as Exhibit 1 a packet that contained seven subparts: Exhibit A - Notice of Public Hearing, dated March 29, 2017; Exhibit B - A redacted Application as filed with the Governor's Office of Energy on January 4, 2017; Exhibit C – Email to Brady Power Partners, dated April 12, 2017 regarding wage information; Exhibit D - Fiscal Impact of the partial abatement of Property Tax as required by NRS 701A.375-1 by the Nevada Department of Taxation, received on March 21, 2017; Exhibit E - 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 January 19, 2017; Exhibit F - Fiscal Impact of the partial abatement as

provided by the Department of Administration, required by NRS 701A.375-1, received on January 25, 2017; Exhibit G – Pre-Filed Testimony of Stephanie Osborne; Exhibit H – Notice of Recusal of Director Dykema. 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 Deputy Director finds the following to be the facts in this matter.

2. Brady is a subsidiary of Ormat Nevada, Inc. Brady is a Nevada Partnership with a current Nevada State Business License from the Nevada Secretary of State.

3. On January 4, 2017, Brady 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 geothermal renewable energy (“Facility”) that would be located on approximately 3,348 acres of land in Churchill County, Nevada, Churchill County Assessor’s Parcel Numbers 04-031-02, 04-351-35, 04-051-06, 04-031-13, 04-031-024, 04-031-13, with surface easements over land identified as Churchill County Assessor’s Parcel Numbers 04-031-01, 04-031-011, 04-031-14, 04-391-026 (“Parcels”). The Application described a geothermal electric generating facility that would generate nameplate 15 AC megawatts (MW) that would be sold under a PPA to an undisclosed off-taker. A redacted Letter of Intent was submitted with the Application as evidence in this matter.

4. Pre-filed testimony from Stephanie Osborne supported that Brady was properly licensed and qualified to do business in Nevada; that Brady had obtained all required discretionary state and local licenses and permits, with the remaining permits to be obtained in due course and prior to the start of construction, expected May 1, 2017, or when necessary, and intended to maintain all of the required licenses and permits for the Facility; that Brady had all necessary approvals for the Facility; that the Facility would have an AC nameplate rating of 15

MW; that Brady had a non-binding Letter of Intent, with the anticipation of a 25-year Power Purchase Agreement; that the Facility was anticipated to be at least partially operational sometime during the first quarter of 2018; that the total capital investment of the Facility will be approximately \$25,500,000; that the Facility would create approximately five full-time operational and administrative jobs which would pay an average of approximately \$30.00, excluding the management and/or administrative employees; and that the Facility would create approximately 71 full-time construction jobs over the course of construction which would pay an average hourly wage of \$38.76 per hour.

5. 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 \$30.00 which is at least 110% of the average statewide hourly wage for green industry tax abatements of \$22.15, currently posted by Department of Employment Training and Rehabilitation.

6. 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 at least \$38.76 which is at least 175% of the average statewide hourly wage for green industry tax abatements of \$22.15, currently posted by Department of Employment Training and Rehabilitation.

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)	\$801,250.00
Total Amount Abated (Year 2)	\$0
Total Amount Abated (Years 3)	\$0
<b>TOTAL AMOUNT ABATED</b>	<b>\$801,250.00</b>
Total Amount Abated by Local Government (Year 1)	\$480,750.00
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>\$480,750.00</b>
<b>TOTAL LOCAL SCHOOL SUPPORT TAX GAIN</b>	<b>\$416,650.00</b>

8. 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	\$4,448,756.00
Total Property Taxes Abated Over Abatement Period	\$2,446,816.00
Total Taxes to Local Government Over Abatement Period	\$2,001,940.00

9. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of approximately \$321,500.00 abated over the period of the abatement (2017 through 2019).

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 \$33,604,761.00 and the total estimated amount of property taxes and sales and use taxes abated in this matter is \$3,248,066.00. 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	\$25,500,000.00
Construction Payroll in Nevada residents	\$2,176,761.00
Operational Payroll in Nevada:	\$5,928,000.00
<b>TOTAL BENEFITS OVER ABATEMENT PERIODS</b>	<b>\$33,604,761.00</b>

Amounts Abated

Total Sales and Use Taxes Abated (3 Years)	\$801,250.00
Total Property Taxes Abated (20 Years)	\$2,446,816.00

**TOTAL TAXES ABATED**

**\$3,248,066.00**

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 Deputy 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 Deputy 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 Brady 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 nameplate 15 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 25 years, thus exceeding the statutory standard.

(f) NRS 701A.365(1)(b) – The Facility has, or Brady has committed to obtaining, 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 50 full-time employees during the second quarter of construction. Brady 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 \$25,500,000.00, 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 \$30.00, which is more than 110% of the average hourly wage set by DETR of \$22.15, 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 at least \$38.76, which is 175% of the average hourly wage set by DETR of \$22.15, thus meeting 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 Deputy Director orders that Brady Application Filing No. 17-0106G related to the construction and operation of the Facility is hereby **GRANTED**. Brady and the Deputy Director may execute an Abatement Agreement as soon as practicable that will satisfy the requisites of NRS 701A.300 through NRS 701A.390. The Brady sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement. The Brady real property tax abatement, which applies to the Parcels, and Brady personal property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 28 day of April, 2017.



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MATTHEW TUMA  
Deputy Director  
Governor's Office of Energy