

Application No. 17-1018G

Direct Testimony of

**STEPHANIE OSBORNE**

on behalf of

ORMAT NEVADA, INC.

**Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS**

A: My name is Stephanie Osborne and my business address is 6225 Neil Road, Reno, Nevada, 89511.

**Q: BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

A: I am the Tax Director for Ormat Technologies, Inc. ("OTI"), the parent company of Ormat Nevada, Inc. ("ONI").

**Q: ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

A: Orni 41 LLC, which is a subsidiary of ONI.

**Q: DOES ATTACHMENT 1 ACCURATELY DESCRIBE YOUR BACKGROUND AND EXPERIENCE?**

A: Yes.

**Q: WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?**

A: The purpose of my testimony is to support the request for partial tax abatements of the sale and use tax and property tax for the McGinness Hills III project (the "Project") being developed by Ormat, and to provide specific information to assist the Director of the Nevada Governor's Office of Energy ("Director") in considering the application for a partial sales/use and property tax abatement.

**Q: CAN YOU PLEASE EXPLAIN IN DETAIL THE MCGINNESS HILLS III PROJECT?**

A: Ormat plans to develop the third phase of the geothermal power plant in Lander County, Nevada, that is expected to deliver a generating capacity of 48.5 MW. The Project will consist of five new production wells, two injection wells, and two Ormat Energy Converters. The Project is located on land leased from the Bureau of Land Management ("BLM") and also land leased from two private sources. The total land area occupied by the project is 7,680 acres.

**Q: WHAT TYPE OF ABATEMENTS IS ORMAT REQUESTING FOR THE MCGINNESS HILLS III PROJECT?**

A: Ormat is requesting partial abatements on the sales and use tax and property tax on the real and personal property associated with the McGinness Hills III project.

**Q: HOW LONG WILL THE MCGINNESS HILLS III PROJECT BE IN OPERATION?**

A: Ormat has executed a Power Purchase Agreement (“PPA”) to sell the power from the McGinness Hills III Project. Ormat anticipates a 25-year term commencing after Delivery Commencement or Commercial Operation is achieved.

**Q: IS ORMAT QUALIFIED TO DO BUSINESS IN NEVADA AND DOES IT HOLD A NEVADA BUSINESS LICENSE?**

A: Yes. ORNI 41 LLC provided its Nevada State Business License with the Application.

**Q: HAS ORMAT OBTAINED ALL REQUIRED PERMITS TO CONSTRUCT THE PROJECT?**

A: Ormat has been working with the BLM and other federal and State agencies to complete permitting on the project. Ormat has obtained a number of permits and authorizations from the BLM and the State of Nevada and will continue to work on acquiring the remaining authorizations.

**Q: HOW MANY EMPLOYEES WILL WORK ON THE CONSTRUCTION OF THE MCGINNESS HILLS III PROJECT DURING THE SECOND QUARTER OF CONSTRUCTION?**

A: While the numbers fluctuate from week-to-week, we anticipate at least 50 full-time employees will be working on the construction per week during the second quarter of construction.

**Q: HOW MANY EMPLOYEES WHO WILL WORK ON THE CONSTRUCTION OF THE McGINNESS HILLS III PROJECT WILL BE NEVADA RESIDENTS?**

A: More than 50 percent of the construction employees will be Nevada residents.

**Q: WHAT IS THE AVERAGE WAGE FOR THESE EMPLOYEES AND ARE THEY RECEIVING BENEFITS?**

A: The average anticipated wage of the construction employees, excluding management and administrative employees, will be at least \$39.11 per hour, which meets or exceeds the NRS 701A.365(1)(e)(4) threshold. Benefits for the construction employees and their dependents will be determined by vendors and will be required to meet or exceed the requirements of NRS 701A.365(1)(e)(4).

**Q: HOW MANY EMPLOYEES WILL WORK AT THE McGINNESS HILLS III PROJECT AFTER IT BEGINS OPERATION?**

A: Ormat will employ 25 full-time employees at McGinness Hills III for operation and maintenance purposes; prior to this Project, Ormat employs 18 full-time employees at the Project.

**Q: WHAT WAGE WILL THESE EMPLOYEES BE PAID?**

A: The average anticipated hourly wage of the permanent employees, excluding management and administrative employees, will be \$30.55, which exceeds the threshold mandated by NRS 701A.365(1)(e)(3). The average anticipated hourly wage of all 25 permanent employees will be \$33.60. These employees will also receive health insurance benefits, including an option for coverage of their dependents.

**Q: HOW MUCH OF AN INITIAL CAPITAL INVESTMENT WILL THE McGINNESS HILLS III PROJECT MAKE IN NEVADA?**

A: The McGinness project will make an initial capital investment in excess of \$107 million in the State of Nevada.

**Q: WILL THE FINANCIAL AND EMPLOYMENT BENEFITS LANDER COUNTY, THE STATE OF NEVADA, AND ITS RESIDENTS RECEIVE FROM THE McGINNESS HILLS III PROJECT EXCEED THE LOSS OF TAX REVENUE THAT WILL RESULT IF THE PARTIAL ABATEMENTS ARE GRANTED?**

A: Yes. The capital investment, the wages paid, and the taxes paid will far exceed the loss of tax revenue that will result from the partial tax abatement. According to the Department of Taxation's fiscal notes on the Application, the partial tax abatements are estimated at approximately \$2.5 million for sales and use taxes for a 3-year period and approximately \$11.8 million for property taxes over a 20-year period. The capital investment in the Project alone is over \$107 million. In addition, Ormat will continue to invest capital into the project throughout the plant's operational period.

**Q: WILL THE PROJECTED COST OF THE SERVICES THAT LANDER COUNTY IS REQUIRED TO PROVIDE McGINNESS HILLS III EXCEED THE AMOUNT OF TAX REVENUE IT IS PROJECTED TO RECEIVE AS A RESULT OF THE PARTIAL TAX ABATEMENT?**

A: No. Even factoring in the partial tax abatements, the tax revenue Lander County will receive far exceeds the projected cost of services it will provide McGinness. According

to the Department of Taxation's fiscal notes, Ormat will pay in excess of \$9.6 million in unabated property taxes to Lander County over a 20-year period.

**Q: PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS.**

A: I recommend that Ormat's Application for the partial tax abatements of the sales and use tax and property tax be granted for the McGinness Hills III project. Ormat has demonstrated during this application process that the McGinness Hills III project has met and will meet all the requirements for approval of the partial tax abatements provided for in NRS Chapter 701A. The project offers significant financial and employment benefits to the State of Nevada and Lander County.

**Q: DOES THIS CONCLUDE YOUR TESTIMONY?**


A: Yes.

**AFFIRMATION**

STATE OF NEVADA        )  
  : ss.  
COUNTY OF WASHOE    )

Stephanie Osborne, being first duly sworn, deposes and says:

That she is the person identified in the prepared Direct Testimony of Stephanie Osborne, filed in Application No. 17-1018G and the exhibits applicable to her Testimony; that such Testimony and exhibits were prepared by or under her direction; that the answers and information set forth therein are true to the best of her knowledge and belief; and that if asked the questions set forth therein, her answers thereto would, under oath, be the same.

  
\_\_\_\_\_  
Stephanie Osborne

SUBSCRIBED and SWORN to before  
me this 21 day of December 2017.

  
\_\_\_\_\_  
NOTARY PUBLIC



# ATTACHMENT 1



# STEPHANIE OSBORNE

Reno, NV

(775) 356-9029

sosborne@ormat.com

## EDUCATION

Virginia Tech

Master of Accountancy (Tax Concentration) -1991

West Virginia University

B.S. Business Administration (Accounting) – 1989

## ACCOMPLISHMENTS

- Implemented OneSource UTP for all U.S. and Foreign Subsidiaries at Archer Daniels Midland Corporation
- Saved Coeur d'Alene Mines Corporation approximately 160 man hours by working with U.S. and foreign affiliates to implement a more streamlined ASC 740-270 interim reporting process.
- Saved International Coal Group, Inc. and Subs approximately \$2M in taxes by filing amended returns for prior periods to take advantage of multistate coal industry related Thin Seam and Coal Loading Facilities credits.
- Saved various International Coal Group, Inc. Departments approximately 1500 man hours by developing templates to collect sales tax, excise tax, and severance tax data necessary to file monthly compliance.
- Saved International Coal Group, Inc. approximately 120 man hours in preparing the quarterly FAS 109 tax provision by reengineering the tax application to automatically download various financial data from Oracle.
- Saved International Coal Group, Inc. approximately \$1M in taxes by filing amended returns to take advantage of the IL Manufacturers Purchase Credit.
- Saved various Office Depot, Inc. Departments approximately 2000 man hours by developing data collection templates to collect international banking, boycott, and financial data necessary for annual foreign tax compliance.

## WORK HISTORY

### Ormat Technologies (2015-current)

#### Tax Director

- Review Quarterly and Annual Income Tax Provision
- Maintain SOX documentation
- Review Annual Federal and State Income Tax Returns
- Review Periodic Property Tax Filings

### Archer Daniels Midland Corporation (2014-2015)

#### Manager, Global Income Tax Accounting

- Multinational publicly traded Company generates approximately \$81B in sales
- Prepare and Review Global Income Tax Provision
- Review and Analyze Global Uncertain Tax Positions
- Maintain Sarbanes Oxley Documentation

### Coeur Mining, Inc. (fka Coeur d'Alene Mines Corporation) (2011-2014)

#### International Tax Director

- Multinational publicly traded Company generates approximately \$1B in sales
- Prepare Quarterly Income Tax Accounting for Mexico, Bolivia, Australia and Chile affiliates
- Review Income Tax Returns of Latin America, Canada and Australia affiliates
- Prepare ASC 740 Reporting for all Foreign Affiliates
- Prepare and Review ASC 740 Quarterly Corporate Income Tax Provision
- Maintain Sarbanes Oxley & FIN 48 Documentation

**International Coal Group, Inc. (2007-2010)**

**Tax Manager –Other Taxes**

- Publicly traded Company generates approximately \$1B in sales
- Managed four direct reports: 3 Tax Analysts and 1 Administrator
- Prepare FAS 109 Quarterly Corporate Tax Provision
- Maintain Sarbanes Oxley & FIN 48 Documentation
- Prepare and Review Consolidated Federal & State Income Tax Returns
- Perform Quarterly Tax Depletion Calculation
- Perform Canadian Tax Compliance & Research
- Review Sales & Use, Personal Property and Severance Tax Returns
- Oversee Corporate Income, Sales & Use, Personal Property and Severance Tax Functions of the Corporate Tax Department
- Negotiate favorable tax positions for all U.S. audits
- Oversee Federal & State Income, Excise, Sales, and Severance Tax Audits

**Office Depot, Inc. (2006 – 2007)**

**International Tax Manager**

- Multinational publicly Company generates approximately \$12B Sales
- Managed 4 direct reports: 1 Tax Analyst + 3 Tax Contractors
- Prepare and Review U.S. Forms 5471, 8858 and 8865 for CFC's, Disregarded foreign entities and foreign partnerships
- Manage U.S., Canada and Latin America Transfer Pricing Issues and Allocations
- Prepare all Canadian Tax Returns and Informational Filings
- Prepare E&P calculation for all foreign entities
- Work with International Finance Directors on various Tax Planning Initiatives
- Negotiate favorable tax position for all Canadian audits
- Work with Auditors and Respond to all IRS IDR's pertaining to foreign operations

**Bisk Education (2004 – 2005)**

**Finance & Accounting Project Manager/ Tax Manager**

- Company generates approximately \$800M in sales
- Provide Overall Tax Planning for the Bisk Corporate Structure
- Provide Overall Management & Guidance for the Corporate Tax Department
- Prepare State Ruling Requests, Federal Requests for Changes in Accounting Methods & various other tax documents
- Interact with Internal Revenue Service & State Officials on all Tax Matters
- Prepare Corporate Federal & State Income Tax Returns

**ExxonMobil Corporation (2000-2004)**

**Senior Tax Specialist**

- Multinational publicly traded Company generates approximately \$300B in sales.
- Provide Tax Research & Compliance for a Portfolio of ExxonMobil Entities
- Prepare Federal Income Tax Returns for various Consolidated Groups, Complex Partnership Structures, & Foreign Entities
- Prepare Quarterly FAS 109 Tax Provision Calculations
- Chemicals Group Transfer Pricing Coordinator
- Corporate Group Dual Consolidated Loss Coordinator
- Maintenance of 704(b) Capital Accounts for a Complex Partnership Structures
- Work with Corporate Tax Counsel to Develop various Tax Planning Models
- Provide input in Performance Reviews & Provide overall Guidance to Tax Accountants within my Portfolio of Entities