

filed by the Clerk of the Board of Nye County Commissioners, dated October 8, 2015; Exhibit H – Letter regarding lease between Nevada Valley Solar Solutions II and land owner regarding payment of property taxes. 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. NVSSII is a subsidiary of MDU Construction Services Group, Inc., an indirect, wholly-owned subsidiary of MDU Resources Group, Inc. NVSSII is a limited liability company with a current Nevada State Business License from the Nevada Secretary of State.

3. On August 31, 2015, NVSSII 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 Pahrump, Nye County, Nevada, Assessor’s Parcel Number 027-351-05 (“Parcel”). The Application described a solar photovoltaic electric generating facility that would generate 15 AC Nameplate megawatts (MW) that would be sold to Valley Electric Association pursuant to a power purchase agreement.

4. The Application and evidence supported that NVSSII was properly licensed and qualified to do business in Nevada; that NVSSII had obtained all required discretionary state and local licenses and permits, with the remaining permits to be obtained prior to start of construction, expected December 1, 2015, and intended to maintain all of the required licenses and permits for the Facility; that NVSSII had all necessary approvals for the Facility; that the Facility would have an AC nameplate rating of 15 MW; that NVSSII had entered into a power purchase agreement with Valley Electric Association; that the Facility was anticipated to be at least partially operational sometime during the third quarter of 2016; that the total capital investment of the Facility will be approximately \$32,180,665; that the Facility would create

approximately .5 full-time operational jobs which would pay an average of approximately \$50.00 per hour; and that the Facility would create approximately 103 full-time construction jobs over the course of construction which would pay an average hourly wage of \$58.31 per hour.

5. Testimony from Bo Balzar supported that no funding for the facility would be provided by any governmental entity in the state for the acquisition, design, or construction of the facility or the acquisition of any land.

6. 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 \$50.00 which is at least 110% of the average statewide hourly wage for green industry tax abatements, currently posted as \$22.68 by Department of Employment Training and Rehabilitation.

7. 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 \$59.31 which is at least 175% of the average statewide hourly wage for green industry tax abatements, currently posted as \$36.09 by Department of Employment Training and Rehabilitation.

8. 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)	\$971,778.10
Total Amount Abated (Year 2)	\$0
Total Amount Abated (Years 3)	\$0
TOTAL AMOUNT ABATED	\$971,778.10
Total Amount Abated by Local Government (Year 1)	\$583,066.86
Total Amount Abated by Local Government (Year 2)	\$0
Total Amount Abated by Local Government (Year 3)	\$0
TOTAL AMOUNT ABATED BY LOCAL GOVERNMENT	\$583,066.86

TOTAL LOCAL SCHOOL SUPPORT TAX GAIN **\$505,324.61**

9. 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	\$7,051,992
Total Property Taxes Abated Over Abatement Period	\$3,878,596
Total Taxes to Local Government Over Abatement Period	\$3,173,396

10. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of approximately \$388,711 abated over the period of the abatement (2015 through 2018).

11. 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 \$39,387,781 and the total estimated amount of property taxes and sales and use taxes abated in this matter is \$4,850,374.10. 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	\$32,180,665.00
Construction Payroll in Nevada residents	\$7,207,116.00
Operational Payroll in Nevada:	\$00.00
TOTAL BENEFITS OVER ABATEMENT PERIODS	\$39,387,781.00

Amounts Abated

Total Sales and Use Taxes Abated (3 Years)	\$3,878,596.00
Total Property Taxes Abated (20 Years)	\$971,788.10
TOTAL TAXES ABATED	\$4,850,374.10

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 NVSSII 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 15 MW AC 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(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 meeting 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 103 full-time employees during the second quarter of construction. NVSSII 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 \$32,180,665, thus exceeding the statutory standard of \$3,000,000.

(j) NRS 701A.365(1)(d)(3) – The average hourly wage paid to the operational employees of the Facility will be approximately \$50.00, which is more than 110% of the average hourly wage set by DETR of \$22.68, 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 \$58.31, which is more than 175% of the average hourly wage set by DETR of \$36.09, 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

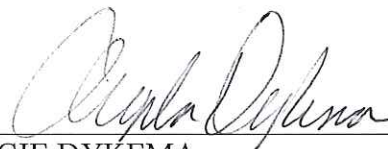
imposed pursuant to chapter 361 of NRS, other than any partial abatement provided pursuant to NRS 361.4722, thus meeting the statutory standard.

(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 NVSSII Application Filing No. 15-0831SPV related to the construction and operation of the Facility is hereby **GRANTED**. NVSSII 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. NVSSII sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement. NVSSII real property tax abatement, which applies to the Parcels, and NVSSII personal property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 13th day of November, 2015.



ANGIE DYKEMA
Director
Governor's Office of Energy