

Application No. 17-0106G

Direct Testimony of

STEPHANIE OSBORNE

on behalf of

ORMAT NEVADA, INC.

and

BRADY POWER PARTNERS

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: Brady Power Partners and ONI (collectively, Brady Power Partners and ONI are referred to as "Ormat").

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 Brady Repowering project being developed by Ormat, and to provide specific information related to the Brady Repowering project to assist the Director of the Nevada Governor's Office of Energy ("Director") in considering the application for a sales and use tax abatement and a partial property tax abatement.

Q: CAN YOU PLEASE EXPLAIN IN DETAIL THE BRADY REPOWERING PROJECT?

A: Ormat plans to repower the Brady geothermal power plant in Churchill County, Nevada, by adding a new generating unit, modifying the existing generating unit, and decommissioning the old steam turbine generator. Once these capital assets are installed and the new generating unit is connected to the hydrothermal reservoir below, the plant is expected to deliver a nameplate capacity of 15 MW. The project is located on land leased from the Bureau of Land Management ("BLM") with an easement obtained from SPL. The total land area occupied by the project is 3,348.61 acres and houses production wells, injection wells, Ormat Energy Converters ("OEC"), as well as auxiliary equipment, which will produce energy from hydrothermal reservoirs.

Q: WHAT TYPE OF ABATEMENTS IS ORMAT REQUESTING FOR THE BRADY REPOWERING 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 Brady Repowering project.

Q: WERE YOU INVOLVED IN PREPARING ORMAT'S APPLICATION FOR THE PARTIAL ABATEMENT?

A: Yes.

Q: ARE YOU FAMILIAR WITH THE INFORMATION IN THE APPLICATION?

A: Yes.

Q: IS THE INFORMATION IN THE APPLICATION ACCURATE TO THE BEST OF YOUR KNOWLEDGE AND BELIEF?

A: Yes.

Q: HAS OR WILL ANY STATE OR LOCAL FUNDING BE PROVIDED FOR THE ACQUISITION, DESIGN, OR CONSTRUCTION OF THE BRADY REPOWERING PROJECT?

A: No.

Q: WILL THE BRADY REPOWERING PROJECT BE OWNED OR OPERATED, EVEN IN PART, BY A GOVERNMENTAL AGENCY?

A: No.

Q: HAVE YOU APPLIED FOR OR ARE YOU RECEIVING ANY OTHER TAX ABATEMENT OR EXEMPTION FOR THE BRADY REPOWERING PROJECT?

A: No.

Q: HOW LONG WILL THE BRADY REPOWERING PROJECT BE IN OPERATION?

A: Ormat has executed a Non-Binding Letter of Intent (“LOI”) to sell the power from the Brady plant. Ormat anticipates a 25-year term commencing on February 9, 2018.

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

A: Yes. Brady Power Partners 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 BRADY REPOWERING 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 BRADY REPOWERING 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 \$38.76 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 BRADY REPOWERING PROJECT AFTER IT BEGINS OPERATION?

A: Ormat will employ four (4) full-time employees at Brady for operation and maintenance purposes and one (1) full-time employee with management and administrative functions.

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 \$30.00, which exceeds the threshold mandated by NRS 701A.365(1)(e)(3). The average anticipated hourly wage of all five permanent employees will be \$31.50. 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 BRADY REPOWERING PROJECT MAKE IN NEVADA?

A: The Brady Repowering project will make an initial capital investment in excess of \$25 million in the State of Nevada.

Q: WILL THE FINANCIAL AND EMPLOYMENT BENEFITS CHURCHILL COUNTY, THE STATE OF NEVADA, AND ITS RESIDENTS RECEIVE FROM THE BRADY REPOWERING 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 total approximately \$2.8 million over a 20-year period to the State of Nevada and Churchill County. Ormat's initial Brady project capital investment alone is over \$25 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 CHURCHILL COUNTY IS REQUIRED TO PROVIDE BRADY 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 Churchill County will receive far exceeds the projected cost of services it will provide Brady. According to the

Department of Taxation's fiscal notes, Ormat will pay in excess of \$2 million in unabated property taxes to Churchill 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 Brady Repowering project. Ormat has demonstrated during this application process that the Brady Repowering 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 Churchill County.

Q: DOES THIS CONCLUDE YOUR TESTIMONY?

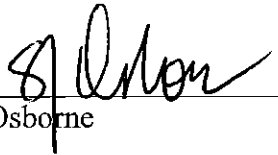
A: Yes.

AFFIRMATION

STATE OF NEVADA)
 : ss.
COUNTY OF WASHOE)

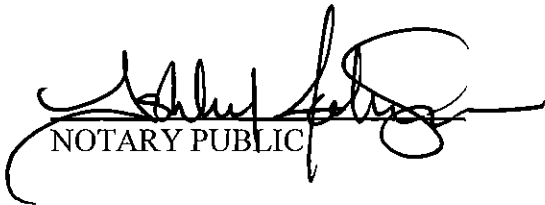
Stephanie Osborne, being first duly sworn, deposes and says:

That she is the person identified in the prepared Direct Testimony of Stephanie Osborne, filed in Application No. 17-0106G 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 12 day of April 2017.


NOTARY PUBLIC

