



GOVERNOR'S OFFICE OF ENERGY

MINUTES
Of the Renewable Energy Tax Abatement Hearing of the
GOVERNOR'S OFFICE OF ENERGY

AFN 14-1016G
ORNI 37, LLC

December 31, 2014

The Governor's Office of Energy held a public meeting on December 31, 2014, beginning at 9AM. at the following location:

Governor's Office of Energy, 755 North Rook Street, Suite 202, Carson City, Nevada

Present at the hearing:

Brita Tryggvi, Deputy Director of the Governor's Office of Energy

Suzanne Linfante, Governor's Office of Energy

Robert Dally, Governor's Office of Energy

Luke Welmerink, Ormat

Robin Brawmer, Ormat

Tim Clausen, Lewis Roca Rothgerber

1. Call to order: The meeting was called to order at nine o'clock by Deputy Director Brita Tryggvi.

2. Director's comment: The Deputy Director stated that this was a hearing on the merits of the application of ORNI 37, LLC. The application is for the partial abatement of property taxes and sales and use taxes of a 25 MW geothermal facility located on 13,800 acres of land located in Mineral County. Deputy Director Tryggvi noted that the property tax portion of the application will be heard at a later date.

3. Public comment and discussion (1st period): The Deputy Director asked if anyone from the public sought to make a comment on the matter. There was no public comment. The Deputy Director introduced the Renewable Energy Program Manager, Robert Dally, to those present. Each party present then introduced themselves.

4. Presentation of Evidence and Testimony: The Deputy Director submitted Exhibit 1, a packet of documents consisting of the Notice of Public Hearing, dated December 9, 2014; ORNI 37 LLC Application (Redacted) as filed with the Governor's Office of Energy on October 20, 2014; Fiscal Impact of Renewable Energy Partial Abatement of Sales and Use Tax as required by NRS 701A.375 by the Nevada Department of Taxation; Fiscal Impact to the state budget as required by NRS 701A.375 by the Nevada Department of Administration; Pre Filed Testimony of Luke Welmerink of Ormat Nevada, Inc.; Order of Recusal by the Director of the Governor's Office of Energy dated October 20, 2014; Mineral County Board of County Commissioners letter recommending and requesting the denial of the Application pursuant to NRS 701A.365(2), dated November 17, 2014; Response letter by Lewis Roca Rothgerber to Mineral County dated December 8, 2014. Exhibit 1 was entered into evidence.

The parties present introduced themselves and Tim Clausen made an opening statement. The Deputy Director asked if ORNI 37 LLC intended to call a witness to testify. ORNI 37 LLC called Luke Welmerink to testify in regards to the application. Luke testified that his pre-filed written testimony was unchanged and true and correct to the best of his knowledge.

The Deputy Director asked if any other person wanted to be heard in regards to the matter to which she received no response. The Deputy Director asked if any person wished to add any closing remarks to which she received no response.

5. The Deputy Director stated her findings and conclusions based upon the substantial, reliable, and credible evidence presented in the exhibits and testimony.

As to NRS 701A.360 (1), the Deputy Director found that the applicant intends to locate within this State a facility for the generation of renewable renewable energy, thus meeting the intent of the statute. As to NRS 701A.360(2), the Deputy Director found that the facility is not owned, operated, leased, or controlled by a government agency, thus meeting the requirement of the statute. The Deputy Director found that NRS 701A.365(1)(a)(1) has been met by this renewable energy project, as the facility is expected to continue in operation in this State for a period of at least 10 years and is expected to continue to meet the eligibility requirements for the abatement. As to NRS 701A.365(1)(b), the applicant has provided information supporting testimony that all the necessary state and local permits and licenses to construct and operate will be received, thus meeting the requirement of the statute. As to NRS 701A.365(1)(c), the applicant has provided testimony that no funding for 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, thus meeting the requirement of the statute. As to NRS 701A.365(1)(e)(1), the application states that the construction of the facility will employ 76 full-time employees during the second quarter of construction of which at least 50% will be Nevada residents. As to NRS 701A.365(1)(e)(2), the Deputy Director found that the total capital investment in the facility is estimated to be \$59,850,000, thus exceeding the \$3,000,000 capital investment required by the statute. As to NRS 701A.365(1)(e)(3), the Deputy Director found that this statute is met as the application states 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 \$26.00, which is at least 110% of the average statewide hourly wage set by DETR. As to NRS 701A.365 (1)(e)(4), the Deputy Director

found that this statute is met as the application states that the average hourly wage that will be paid by the facility to all of its construction employees working on the facility, excluding management and administrative employees, will be approximately \$41.05, which is at least 175% of the average statewide hourly wage set by DETR. As to NRS 701A.365(1)(d)(4)(I) and (II), the application states that the health insurance provided to the construction employees on the facility allows for the coverage of the dependents of the employees and will meet or exceed the standards established by the Director, thus meeting the requirement of the statute. As to NRS 701A.365(1)(f), the Deputy Director found that 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 requirement of the statute. The Deputy Director found that the financial benefits to the state exceeded the abated amounts and provided each figure. The total benefits to the state of Nevada are \$59,406,222 and the total abatement is \$2,456,500.

The Deputy Director found that the partial abatement of sales and use tax did not apply during a time in which the facility was receiving an abatement for the same.

6. Approval of Application. The Deputy Director approved the application for the partial abatement of sales and use taxes.

7. Explanation of Process: The Deputy Director explained that after today's hearing, she will produce a written Findings of Fact, Conclusions of Law, and Order. Once the Order is issued, the Deputy Director or her representative, representatives from the Nevada Department of Taxation, and appropriate representatives of ORNI 37, LLC will meet face-to-face to go over the terms and conditions of the Abatement Agreement and after that meeting, we will execute the Abatement Agreement.

The Deputy Director stated that as a reminder, pursuant to NRS 701A.380, a partial abatement approved by the Deputy Director will terminate upon any determination by the Deputy Director that the facility has ceased to meet any eligibility requirements for the abatement.

8. Public comment and discussion (2nd period): The Deputy Director asked if anyone had any public comment to which there was no response.

7. Adjournment: 9:15AM.