

**BEFORE THE NEVADA ENERGY COMMISSIONER
NEVADA RENEWABLE ENERGY AND
ENERGY EFFICIENCY AUTHORITY**

In the Matter of the Application of:)	
)	
ORMAT NEVADA INC. and)	Application No. 10-04001G
ORNI 15, LLC.)	
_____)	

NOTICE OF PUBLIC HEARING

PLEASE TAKE NOTICE that a public hearing will be held before the Nevada Energy Commissioner ("Commissioner") regarding the above application at the following date, time, and location:

**Friday, August 6, 2010
10:00 a.m.**

**Nevada Legislature
Room 2135
401 North Carson Street
Carson City, Nevada**

Via Videoconference to:

**Grant Sawyer State Office building
Room 4412E
555 Washington Avenue
Las Vegas, Nevada**

The hearing is being held pursuant to NRS 701A.360(5) to determine whether the application filed by Ormat Nevada, Inc. and ORNI 15, LLC (collectively "Ormat") with the Nevada State Office of Energy on April 08, 2010 and received by the Nevada Energy Commissioner on April 16, 2010 for the construction of 15 MW Jersey Valley Geothermal Energy Facility in Pershing County meets the criteria established in NRS 701A.360 through 701A.390 and is, therefore, entitled to partial abatement of sales and use taxes and property taxes as provided in NRS 701A.360 through 701A.390. The hearing shall be considered a contested case pursuant to NRS chapter 233B and shall be held and decided openly and publicly. Parties are entitled to present testimony of witnesses, to introduce evidence, and to cross-examine witnesses. Parties may be represented by counsel of their choice.

To facilitate the expeditious and efficient consideration of Ormat's application, the Commissioner directs any party wishing to participate in the hearing to **file any written testimony** they would like the Commissioner to consider to be received by the Commissioner no later than **5:00 p.m. on August 02, 2010**. The written testimony shall be made available on the Commissioner's website upon the Commissioner's receipt. Parties wishing to respond to the **written testimony must file any responsive testimony** no later than **5:00 p.m. on August 4, 2010**. The written responsive testimony shall be made available on the Commissioner's website upon the Commissioner's receipt.

Copies of the public records related to Ormat's application are available upon request to the Commissioner by telephone at (775) 684-5664, by fax at (775) 684-5648, by e-mail addressed to energy@renewable.nv.gov, or by mail addressed to: Renewable Energy and Energy Efficiency Authority, 101 N. Carson Street, Carson City, Nevada 89701. The Commissioner will accommodate the special needs of any person wishing to attend the hearing, and all requests for special accommodations should be made in advance of the hearing to Kelly Munoz, Executive Assistant to the Commissioner, at (775) 684-5664.

This Notice of Public Hearing was posted on or before July 28, 2010 at the following locations:

http://renewableenergy.state.nv.us/TaxAbatement_projects.htm,
The Nevada State Capitol's public notice posting board, and:

Attn: Public Posting
Churchill County Library
5553 S. Maine Street
Fallon, NV 89406

Attn: Public Posting
Las Vegas / Clark County Library
833 Las Vegas Blvd, N.
Las Vegas, NV 89101

Attn: Public Posting
Elko County Library
720 Court Street
Elko, NV 89801

Attn: Public Posting
Esmeralda County Library
PO Box 430
Goldfield, NV 89316

Attn: Public Posting
Humboldt County Library
85 East Fifth Street
Winnemucca, NV 89445

Attn: Public Posting
Lincoln County Library
PO Box 330
Pioche, NV 89043

Attn: Public Posting
Lyon County Library
20 Nevin Way
Yerington, NV 89447

Attn: Public Posting
Mineral County Library
PO Box 1390
Hawthorne, NV 89415

Attn: Public Posting
Nevada State Library
100 Stewart Street
Carson City, NV 89701

Attn: Public Posting
Tonopah Public Library
PO Box 449
Tonopah, NV 89049

Attn: Public Posting
Pershing County Library
PO Box 781
Lovelock, NV 89419

Attn: Public Posting
Storey County Library
PO Box 14
Virginia City, NV 89449

Attn: Public Posting
Washoe County Library
PO Box 2151
Reno, NV 89505

Attn: Public Posting
White Pine County Library
950 Campton Street
Ely, NV 89301

Attn: Public Posting
Lander County Library
PO Box 141
Battle Mtn, NV 89820

Attn: Public Posting
Carson City Library
900 N. Roop Street
Carson City, NV 89701

Attn: Public Posting
Douglas County Library
PO Box 337
Minden, NV 89423

Thursday August 5th 2010



Nevada Renewable Energy and Energy Efficiency Authority

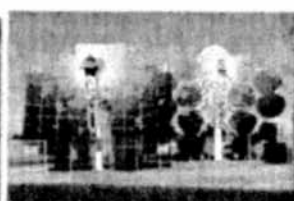


NEVADA'S RENEWABLE ENERGY TAX ABATEMENTS FOR THE UTILITY SCALE FACILITIES AND TRANSMISSION LINES

***** ACCEPTING APPLICATION - CLICK HERE *****

***** FISCAL NOTES OF ACCEPTED APPLICATIONS AND PUBLIC HEARINGS – CLICK HERE*****

***** REGULATION PROCESS - CLICK HERE *****

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Tax Abatement Projects

***NEC= Nevada Energy Commissioner**

****Fiscal Notes:** The Fiscal Notes are published on behalf of the Department of Taxation and the Budget Division of the Department of Administration pursuant to NRS 701A.375. The date indicates when the Department of Taxation forwarded a copy of the fiscal note to each affected local government"

AFN	Projects	Company	County	Pre-Application Date Received by NEC	Application Date Received by NEC	Fiscal Notes		Hearing Date	Approval Date for	
						Department of Taxation	Budget Division		Sales & Use Tax Abatement	Property Tax Abatements
10-04001G	Geothermal Jersey Valley	Ormat Technologies	Pershing	3/19/2010	4/16/2010 8/5/10	6/17/2010 Click here	Click Here	8/06/2010 10:00am Testimonies		
10-04003SPV	Solar PV Boulder City	Fotowatio Solar LLC	Clark	3/23/2010	5/20/2010	6/17/2010 Click here	Click Here	8/10/2010 1:30pm Testimony		
10-06001W	Wind Spring Valley	Spring Valley Wind	White Pine	3/9/2010	6/28/2010					

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Jim Gibbons
Governor

State of Nevada



Dr. Hatice Gecol
Nevada Energy Commissioner

Sent via
Email by
applicant

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MAR 19 2010

Office of Nevada Energy Commissioner

**Pre-Application Form
Nevada Renewable Energy Tax Abatement**

RENEWABLE ENERGY AUTHORITY
CARSON CITY, NV

Completion of the pre-application form is a requirement for the Nevada Renewable Energy Tax Abatement. Please submit the pre-application form to energy@renewable.nv.gov at least 18 months before the facility construction starts. Attach additional sheets for additional space if needed for explanations.

Applying for:

Both

Sales and Use Tax Abatement OR Property Tax Abatement OR Both

Company Name:

ORNI 15, LLC (Property Tax) and its owner, Ormat Nevada, Inc. (Sales/Use Tax)

Company Contact:

Eyal Hen, Controller 775-356-9029 ehen@ormat.com

Name, Title, Phone, and E-mail

Type of Nevada Facility:

Geothermal

Process Heat from Solar Energy, Geothermal, Solar, Wind, Biomass, Waterpower, Fuel Cells, AND/OR Transmission

Renewable Energy Generation and/or Transmission Capacity:

15 MW

In megawatts (MW) OR Btu/h if process heat generation from solar energy AND/OR kV for transmission lines

Anticipated Capital Investment Amount:

The Facility will be built on:

BLM Land

A private land AND/OR BLM Land AND/OR Other Governmental Entity Land

County(s) and/or City(s) where the Facility will be built:

Pershing County

The facility or any portion of the facility is located on residential property: Yes ☐ No ☒

Please describe if yes:

The facility or any portion of the facility is owned, operated, or otherwise controlled by a governmental entity: Yes ☐ No ☒

Please describe if yes:

Funding for the acquisition, design or construction of the facility or for the acquisition of any land that is or will be provided by a Nevada governmental entity: Yes ☐ No ☒

Please describe if yes:

The facility is receiving or has been awarded another abatements or exemptions from the sale/use taxes and property taxes: Yes ☐ No ☒

Please describe if yes:

The facility uses renewable energy as its primary source of energy: Yes ☒ No ☐

Please describe if no:

The Facility has a long term Power Purchase Agreement with:

NV Energy

Name of the Utility or Company

Anticipated Dates for the Facility Construction Start and Operational Start:

**

Anticipated Submission Date for the Complete Application Package:

April 2, 2010

Statement Regarding Confidential Information

This Pre-Application contains confidential information: Yes ☒ No ☐

If yes, please identify any information in the within the Pre-Application or documents submitted herewith, which Applicant considers confidential or trade secret information. Further, identify: (1) the applicable statutory authority or agreement preventing public disclosure of the information; and (2) Applicant's rationale underlying non-disclosure of the information or document(s).

Applicant acknowledges that the burden of demonstrating confidentiality or trade secret status lies with the Applicant, and Applicant agrees to defend and indemnify the State and its agencies for honoring such designation. Notwithstanding, Applicant understands that the over-inclusive designation of information or documents as confidential or trade secret may cause the Nevada State Office of Energy to conduct further inquiry of the Applicant into the confidentiality of the information, potentially delaying submission of the Pre-Application to the Nevada Energy Commissioner.

**** The information in this application and designated as confidential is done pursuant to the protections afforded by trade secret information as described at NRS 49.325 and NRS 600A.030(5). Confidentiality is also asserted pursuant to NRS 703.190 and NRS 703.196. The later two statutes have been asserted by Nevada Power as protecting all cost and related information in the PPA's approved for these projects and orders of the PUCN approving these projects grants that the request of Nevada Power Company to protect such information as confidential for a period of not less the seven (7) years.**

RECEIVED

AUG - 5 2010

RENEWABLE ENERGY AUTHORITY
CARSON CITY, NV

*Sent via Email
from Energy office*

Nevada Renewable Energy Abatement Table of Contents

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 - Facility Information
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 - Operating Leases
 - Contributions in Aid of Construction ("CIAC")
 - Sales Tax for years 1-3
 - Confidentiality Statement
 - Certification
- B. Company Narrative/Profile
- C. Copy of the PUC
- D. Copy of Business Plan
- E. Copy of Business License (Ormat Nevada, Inc.)

State of Nevada
Renewable Energy Tax Abatements Application
Facility Information

From Energy Office **RECEIVED**

AUG - 5 2010

RENEWABLE ENERGY AUTHORITY
CARSON CITY, NV

REDACTED

Filing Number (Obtain a filing number from the Office of Nevada Energy Commissioner prior to submission of the application)

10-04001G

Date of Application Received by the Nevada State Office of Energy

08 APR 10 YW

Date of Complete Application Acceptance by the Nevada State Office of Energy

11 APR 10 YW

Date of Denial Notice for Incomplete Application by the Nevada State Office of Energy

Type of Incentives (Please check all that the company is applying for on this application.)



Sales & Use Tax Abatement



Property Tax Abatement

Company Information (Legal name of company under which business will be transacted in Nevada)

Federal Employer ID number (FEIN, EIN or FID):		88-0278853 (ONI)	
Company Name: Omi 15, LLC (owned by Ormat Nevada, Inc.)			
Mailing Address: 6225 Neil Rd.			
City: Reno	State: NV	Zip: 89511-1136	
Phone: 775-356-9029	Fax: 775-356-9039		
Company Contact: Eyal Hen	Title: Controller		
Phone: 775-356-9029 ext. 32218	E-mail: ehen@ormat.com		
Description of Company's Nevada Operations: Omi 15, LLC is a new entity. Ormat currently has nine (9) geothermal power plants located in Washoe and Churchill counties including Steamboat Hills, Steamboat 2, Steamboat 3, Steamboat Springs, Galena 1, Galena 3, Brady, and Desert Peak.			
NAICS Code: 187-221119 (ONI)		Percentage of Company's Market Outside of Nevada: Omi 15, LLC - 0% New Operations; Ormat - 80%	

Nevada Facility

Type of Facility (please check all that are relevant to the facility):

- ☐ Generates process heat from solar energy ☒ Generates electricity from geothermal resources
☐ Wholesale facility that generates electricity from solar, wind, biomass, waterpower, or fuel cells
☐ Transmission of electricity produced from geothermal, solar, wind, biomass, waterpower, or fuel cell resources that are in Nevada

Transmission-level voltages in kV: _____

Percent of the estimated transmission facility capacity that will be used for transmitting electricity produced from:

renewable energy or geothermal resources that are in Nevada: _____

renewable energy or geothermal resources that are from out-of-state: _____

fossil fuel energy: _____

nuclear energy: _____

Type of Renewable Energy (wind, solar, etc.) **Geothermal**

Gross and Net Renewable Energy Generation Output Capacity of the Facility (Btu per hour for the facility of process heat generation from solar energy OR megawatts for other facilities) **15 MW**

Address of the Real Property: No physical address established at this time

City: Lovelock State: NV Zip: _____

REDACTED

List the county(s) where the facility will be located	
1	Pershing County
2	
3	
4	
5	
6	
7	
8	
9	

State of Nevada
Renewable Energy Tax Abatements Application
Employment Information

REDACTED

Employment

(Fill in either New Operations or Expansion, not both)

New Operations In Nevada		Expansions	
How many full-time equivalent (FTE) <u>construction employees</u> will be employed during the second-quarter of construction?	<u>At Least 50 FTE's</u>	How many full-time equivalent (FTE) <u>construction employees</u> will be employed during the second-quarter of construction?	
Average hourly wage of <u>construction employees</u> , excluding management and administrative employees:	<u>At Least 150% of Ave. State Wage Rate</u>	Average hourly wage of <u>construction employees</u> , excluding management and administrative employees:	
The number of full-time equivalent (FTE) <u>construction employees</u> who will be <u>residents of Nevada</u> ?	<u>At Least 30% of total construction employees</u>	The number of full-time equivalent (FTE) <u>construction employees</u> who will be <u>residents of Nevada</u> ?	
How many full-time equivalent (FTE) <u>permanent employees</u> will be employed as of the end of its first fourth-quarter of operations?	<u>8</u>	How many full-time equivalent (FTE) <u>new permanent employees</u> will be employed as of the end of its first fourth-quarter following the expansion?	
Average hourly wages of <u>permanent employees</u> , excluding management and administrative employees:	<u>At Least 110% of Ave. State Wage Rate</u>	Average hourly wage of <u>new permanent employees</u> , excluding managements and administrative employees:	
		How many <u>permanent employees</u> were employed prior to the expansion?	
		Average hourly wage of current <u>permanent employees</u> , excluding managements and administrative employees	

Employee Benefit Program for Construction Employees

Health insurance for construction employees and an option for dependents must be offered upon employment

List Benefits Included (medical, dental, vision, flex spending account, etc): **Determined by Vendors - will meet qualifications of AB 522 as outlined in Minimum Requirement Criteria.**

Name of Insurer: **To be determined by Vendor**

Cost of Total Benefit Package: **Estimated \$ 400,000**

Cost of Health Insurance for Construction Employees:

Estimated 8% of salaries

**Full-Time Equivalent Construction Employee / Salary Schedule
during the second quarter of facility construction**

Directions: Complete columns (a), (b) and (c). Formulas will calculate column (d)

[illegible]

Total Number of Employees	0
Total Weekly Payroll	\$0.00
Total Average Hourly Wage	#DIV/0!

Full-Time Equivalent Permanent Employee / Salary Schedule

Directions: Complete columns (a), (b) and (c). Formulas will calculate columns (d) and (e).

[illegible]

Total Number of Employees	0
Total Annual Payroll	\$0.00
Total Average Hourly Wage	#DIV/0!

**State of Nevada
Renewable Energy Tax Abatements**

**Supplemental Information
REDACTED**

Please respond to each question. Answers to the questions will assist Department of Taxation staff in determining whether the facility should be locally or centrally assessed. Other questions will assist staff in understanding whether the reported replacement costs capture all aspects of taxable value.

- 1) Will you have a possessory interest in any governmentally owned property for this facility? Please describe if yes. **The Company plans to develop the geothermal power plant of BLM land. Land acreage and Lease fee is provided in the Facility Information portion of the application**
- 2) Do you anticipate making any concessions in the contract sales price for energy to account for discounted lease rates? Describe the nature of the concessions. **No, the lease rates are not a determining factor in the computation of the energy sales price.**
- 3) Will the facility, including generation, transmission, or distribution cross state or county boundaries? Please describe if yes. **The facility will generate energy in Pershing County, NV.**
- 4) Will the facility have long-term power purchase agreement contracts with a utility? **Yes - PPA agreement with Nevada Power Company**
- 5) Will the contract(s) provide for the sale of renewable portfolio energy credits (PEC) to a utility? **Yes**
- 6) Will the contract(s) provide for a long-term fixed rate for the sale of energy? **Yes, long-term fixed rate is in accordance with the PPA agreement**
- 7) Is the facility owned by a subsidiary of a company that is interstate or intercounty in nature? Name and location of the subsidiary company, if yes. **Orni 15, LLC (the "Company") is owned by Ormat Nevada, Inc. ("ONI"). ONI headquarters is located in the State of Nevada and owns LLC's and subsidiaries that own and operate geothermal and recoverd energy power plants in Nevada, California, Hawaii, Colorado, Minnesota, Montana, North Dakota and South Dakota.**
- 8) Is the company and/or facility subject to regulation by the PUCN or FERC? **No**
- 9) At what physical point is the ownership of energy transferred? Describe the location and nature of the connection to the transmission grid. **** Confidential ****
- 10) Will the facility be eligible for other abatements or exemptions such as pollution control exemptions? **No.**
- 11) Has your company applied and/or been approved for any abatements or exemptions for this facility or any other facility by the State of Nevada and/or local governments? If yes, list the abatements awarded, name and location of the project, name of the awarder, date of approval, amounts and status of the accounts. **No**

State of Nevada
Renewable Energy Tax Abatements Application

Summary Report
Schedules 1 through 8

REDACTED

Company: ORNI 15, LLC

Division:

Line No.	Schedule	Total Estimated RCNLD or Transaction Cost	Department Use Only
1	Sch. 1 Personal Property - Property Tax - Total from Col. J.	**CONFIDENTIAL**	
2	Sch. 2 Real Property - Improvements - Total from Col. F.	**CONFIDENTIAL**	
3	Sch. 3 Real Property - Land - Total from Col. I	**CONFIDENTIAL**	
4	Sch. 4 Operating Leases - Total from Col. F	**CONFIDENTIAL**	
5	Sch. 5 Contributions in Aid of Construction - Total from Col. F	**CONFIDENTIAL**	
6	Sch. 6 First Year Estimated Sales & Use Tax - Total from Col. J	**CONFIDENTIAL**	
7	Sch. 7 Second Year Estimated Sales & Use Tax - Total from Col. J	**CONFIDENTIAL**	
8	Sch. 8 Third Year Estimated Sales & Use Tax - Total from Col. J	**CONFIDENTIAL**	

**Property Tax: Personal Property
Schedule 1**

Instructions:

- (2) For each item in Col. A, complete the requested information in Col. B and Col. D (if applicable), Col. C and Col. D through Col. J.
- (3) The total estimated cost reported in Col. H should include estimated or actual costs of installation and costs of transportation per NAC 361.1351 and NAC 361.1355. Costs of installation include the costs of direct labor, direct overhead and the capitalized expense of interest or imputed charges for interest which are necessary to make the property operational.
- (4) Use the Personal Property Manual published by the Department of Taxation to determine the Cost Less Depreciation in Column (J). Select the Life Schedule that is closest to the estimated life of the personal property listed in Col. I. See <http://tax.state.nv.us>. Then select: *Publications/Locally Assessed Properties/Personal Property Manual*.

[illegible]

[illegible]

State of Nevada
Renewable Energy Tax Abatements Application

Property Tax: Real Property Land
Schedule 3

Company: ORNI 15, LLC
Division:

REDACTED

Show the requested data for all land, owned or leased, in Nevada.

Show the requested data for all land, owned or leased, in Nevada.

A	B	C	D	E	F	G	H	I	
Where Situated				Brief Description, Date Acquired	Assessor's Parcel Number (APN)	Owned (O) Leased (L) Rented (Rtd)	G/L Account Number (if applicable)	Purchase Price (if applicable)	Assessor's Taxable Value
Line #	County	City or Town	Tax District						
1	Pershing			BLM Lease	T.27N R.40E. S.28, 29 All	L		N/A	
2	Pershing			BLM Lease	T.27N R.40E. S.21,22,27 All, S.34 NESW,S2SW, SE	L		N/A	
3	Pershing			BLM Lease	T.27N R.40E. S.15,16,20 All	L		N/A	
4	Pershing			BLM Lease	S2 and S4, Lots 1-8 S2NE SENW, N2SE, SESE and S5, Lots 1-8	L		N/A	
5	Pershing			BLM Lease	T.27N R.40E. S.32 All, S33 N2,SW,NWSE,S2SE	L		N/A	
6									
7									
8									
9									
10									
11									
12	Grand Total								

[illegible]

Property Tax: Contributions in Aid of Construction Schedule 5

Instructions:

- (1) List all contributions in aid of construction (CIAC). CIAC is defined in NAC 361.260 as property which has been contributed to a utility by a prospective customer or which has been constructed by the utility and paid for by the prospective customer for which no reimbursement is required to be made by the utility to the prospective customer as a prerequisite to obtaining service.
- (2) For each item in Col. A, complete the requested information in Col. B (if applicable), and Col. C through Col. F.
- (3) The total estimated cost reported in Col. E and Col. F should contain the costs appropriate to real or personal property. For definitions, please refer to Schedule 1 for personal property and Schedule 2 for Improvements.
- (4) Attach additional sheets as necessary.

[illegible]

**Sales and Use Tax
First Year of Eligible Abatement
Schedule 6**

Abatement

○

**Sales and Use Tax
Second Year of Eligible Abatement
Schedule 7**

Company Name: ORNI 15, LLC

Division: _____

Instructions:

- (1) List each item of personal property or materials and supplies subject to sales and use tax in Col. A. Refer to NRS Chapter 372 for taxable events.
- (2) For each item in Col. A, complete the requested information in Col. B (if applicable), and Col. C through Col. J.
- (3) Multiply Col. F times Col. G and report the result in Col. H. Find the appropriate sales/use tax rate on the Department of Taxation's website at <http://tax.state.nv.us>. Then scroll to "Quick Links" and select "Sales/Use Tax Rate Map". Place the rate in Col. I.
- (4) Multiply Col. H times Col. I and place the result in Col. J.
- (5) Attach additional sheets as necessary.

REDACTED

[illegible]

Sales and Use Tax Third Year of Eligible Abatement Schedule 8

Division: _____

Instructions: Refer to NRS Chapter 372 for taxable events.

- (1) List each item of personal property or materials and supplies subject to sales and use tax in Col. A. Refer to the sales tax schedule on the back of this form for the appropriate sales tax rate.
- (2) For each item in Col. A, complete the requested information in Col. B (if applicable), and Col. C through Col. J.
- (3) Multiply Col. F times Col. G and report the result in Col. H. Find the appropriate sales/use tax rate on the Department of Taxation's website at <http://tax.state.nv.us>. Then scroll to the "Quick Links" and select "Sales/Use Tax Rate Map". Place the rate in Col. I.
- (4) Multiply Col. H times Col. I and place the result in Col. J.
- (5) Attach additional sheets as necessary.

[illegible]

State of Nevada
Renewable Energy Tax Abatements
Confidential Information Identification and Justification

REDACTED

This Application contains confidential information: Yes ☒ No ☐

If yes, please identify any information in the within Application or documents submitted herewith, which Applicant considers confidential or trade secret information. Further, identify: (1) the applicable statutory authority or agreement preventing public disclosure of the information; and (2) Applicant's rationale underlying non-disclosure of the information or document(s).

Applicant acknowledges that the burden of demonstrating confidentiality or trade secret status lies with the Applicant, and Applicant agrees to defend and indemnify the State and its agencies for honoring such designation. Notwithstanding, Applicant understands that the over-inclusive designation of information or documents as confidential or trade secret may cause the Nevada State Office of Energy to conduct further inquiry of the Applicant into the confidentiality of the information, potentially delaying submission of the Application to the Nevada Energy Commissioner.

****The information which is filed in this application and designated as confidential is done so pursuant to the protections afforded to trade secret information as described in NRS 49.325 and NRS 600A.030(5). In addition, the information is protected as confidential economic information pursuant to NRS 360.247, 360.250, 361.044 and 372.750.**

Confidentiality is also asserted pursuant to the provisions protecting confidential information of utility-related project information pursuant to NRS 703.190 and NRS 703.196. The later two statutes have been asserted by Nevada Power as protecting all costs and related information in the PPA's approved for these projects and each of the orders of the PUCN approving these projects grants the request of Nevada Power Company to protect such information as confidential for a period of not less than seven (7) years.**

State of Nevada
Renewable Energy Tax Abatements Application

REDACTED

Certification

Undersigned does hereby grant to the Nevada Energy Commissioner and the Director of Nevada State Energy Office access to all pertinent and relevant records and documents of the aforementioned company. I understand this requirement is necessary to qualify and to monitor for compliance of all statutory and regulatory provisions pertaining to this application.

I do hereby declare that the facts herein stated are true and that all compliance, licensing and permitting requirements will be met prior to the commencement of operations:

Eyal Hen

Name of person authorized for signature:

Controller

Title:

Signature: 

Date: 6-8-2010

ORNI 15, LLC

Application Checklist Requirements

Jersey Valley I Geothermal Project

Pershing County, Nevada

Corporate Profile:

ORNI 15, LLC is a wholly owned by Ormat Nevada, Inc. (“ONI”). ONI is a wholly owned subsidiary of Ormat Technologies, Inc. (“Ormat”). Ormat is a publicly traded U.S. corporation headquartered in Reno, Nevada and is listed on the NYSE under the symbol “ORA”. Ormat is a leading vertically integrated company engaged in the geothermal and recovered energy power business. Ormat designs, develops, builds, owns and operates clean, environmentally friendly geothermal and recovered energy generation (“REG”) power plants utilizing internally designed and manufactured equipment. Ormat currently has power plants in the United States which includes, Brady (NV), Desert Peak 2 (NV), Steamboat Complex (NV), Mammoth Complex (CA), Heber Complex (CA), Ormesa Complex (CA), Puna (HI), and owns and is developing REG plants in North and South Dakota, Colorado, Minnesota and Montana. Ormat also has operating power plants in Nicaragua, Guatemala, Kenya, and New Zealand.

Ormat’s revenues are made up of two primary segments - electricity and products segments. As of December 31, 2009, the electricity segment is approximately 61.6% of revenues and the product segment is approximately 38.4% of revenues. The U.S. business represents approximately 71.2% of the electricity revenues and 40% of the product revenues.

Summary of Domestic Projects:

Brady Complex: Located in Churchill County, Nevada consists of two (2) power plants including Brady and Desert Peak 2. The combined current generating capacity is approximately 24MW. The Brady Complex operates using 14 full-time employees, excluding administration.

Steamboat Complex: Located in Washoe County, Nevada consists of seven (7) power plants including Steamboat 1A project, Steamboat 2/3 projects, Burdette project, Steamboat Hills project, Galena 2 project and Galena 3 project. The combined current generating capacity is

approximately 85 MW. The Steamboat Complex operates using 45 full-time employees, excluding administration.

Mammoth Complex: Located in Mammoth Lakes, CA consists of three (3) plants and is current generating capacity of approximately 29 MW. Ormat owns 50% interest in this project.

Heber Complex: Located in Imperial County, CA and consists of three (3) plants: Heber 1, Heber 2 and Heber South projects. The complex has a current generating capacity of approximately 92 MW.

Ormesa Complex: Located is East Mesa, Imperial County, CA and has a current generating capacity of approximately 57 MW.

Puna Project: Located in the Puna district, Big Island, Hawaii and has a current generating capacity of 30 MW.

North Brawley Project: Located in Brawly KGRA in Imperial County, CA and has a current generating capacity of approximately 50MW.

OREG Projects: Located in Colorado, North Dakota, South Dakota, Minnesota and Montana. These “Recovered Energy Generation” projects have a combined current generating capacity of approximately 47.5 MW.

Description of Proposed Project:

The Company plans to develop stage 1 of a geothermal power plant in Jersey Valley (“The Project”) that is expected to deliver 15 MW of power generation under a 20-year power purchase agreement (“PPA”) with Nevada Power Company. The Project is in addition to Ormat’s nine (9) existing plants located in the State of Nevada.

In addition, Ormat has obtained leases through an agreement with the Bureau of Land Management as part of the Project. The legal descriptions of the land leases are included in the body of the application.

Abatement Request and Summary of Financial Impact:

The Company is requesting abatement for

1. Property Tax (to be effective once the Project is “Placed in Service”)
2. Sales & Use Tax (for personal property purchased by ORNI 15 and its contractor, ONI).

Because the PPA terms have previously been established and agreed upon, the immediate impact of the abatement will not affect the current sales price of electricity. However, the tax abatements will significantly impact the Company’s ability to expand the Project in the future, if supported by available resource.

Abatement Qualifications: Confidential

Annual Report: ORNI 15, LLC is a new entity and no financial data is available at this time. Please visit Ormat’s website at www.ormat.com for current financial data and Annual Reports filed with the Security and Exchange Commission (“SEC”).

Utility Company Letter: See attached PUC document which references an existing Power Purchase Agreement with local power company.

Business Plan: Confidential

PUC Docket: See Attached

List of Permits: Confidential

Funding Sources: No funding will be provided by a governmental entity of the State of Nevada. For general discussion of Ormat’s project funding, please refer to our SEC statements located on our website.

Property Tax Assessment Schedules: Not applicable – new operations.

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of NEVADA POWER COMPANY)
for approval of the first amendment to the Action)
Plan of the 2007 - 2026 Integrated Resource)
Plan as it relates to five renewable power)
purchase agreements.)
_____)

Docket No. 06-10021

At a general session of the Public Utilities
Commission of Nevada, held at its offices
on February 7, 2007.

PRESENT: Chairman Donald L. Soderberg
Commissioner Jo Ann P. Kelly
Commissioner Rebecca D. Wagner
Commission Secretary Crystal Jackson

ORDER

The Public Utilities Commission of Nevada ("Commission") makes the following
findings of fact and conclusions of law:

I. Procedural History

1. On October 13, 2006, Nevada Power Company ("NPC") filed with the Public
Utilities Commission of Nevada ("Commission") an Application, designated as Docket No. 06-
10021, for approval of the first amendment to the Action Plan of the 2007 - 2026 Integrated
Resource Plan as it relates to five renewable power purchase agreements.

2. The Application was filed pursuant to the Nevada Revised Statutes and the
Nevada Administrative Code ("NAC"), Chapters 703 and 704, including but not limited to NAC
704.9503 and NAC 704.8885. Pursuant to NAC 703.5274, NPC requested that certain materials
in the Application receive confidential treatment.

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3. The Regulatory Operations Staff of the Commission ("Staff") and the Attorney General's Bureau of Consumer Protection ("BCP") participated as a matter of right in this matter.

4. On October 24, 2006, the Commission issued a public notice of the foregoing Application in accordance with state law and the Commission's Rules of Practice and Procedure.

5. On November 15, 2006, Ormat Nevada, Inc. ("Ormat") filed a Petition for Leave to Intervene ("PLTI"). Ormat was granted Intervener status by the Presiding Officer.

6. On November 15, 2006, Nevada Geothermal Power Company ("Nevada Geothermal") filed a PLTI. Nevada Geothermal was granted Intervener status by the Presiding Officer.

7. On January 4, 2007, a duly noticed Prehearing Conference was held in this matter. The Prehearing Conference was continued to January 16, 2007.

8. On January 16, 2007, NPC filed a Stipulation, which settled all issues in Docket No. 06-10021. The Stipulation was signed by NPC, Staff, BCP, Ormat, Nevada Geothermal, and Amp Resources, LLC. On January 22, 2007, this Stipulation was withdrawn by NPC.

9. On January 22, 2007, NPC filed a New Stipulation that resolves all issues in Docket No. 06-10021 related to Nevada Geothermal's Faulkner 1 project and to Ormat on behalf of the ORNI 15 LLC and ORNI 16 LLC power purchase agreements. The New Stipulation does not include any requests for approval of the power purchase agreements with Amp Resources, LLC that were included in the Application.

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II. Commission Discussion and Findings

10. The Commission finds that the New Stipulation is a consensus resolution of the issues pursuant to the Parties' negotiation, and as such, is a reasonable recommendation and resolution of the issues in this proceeding.

11. The Commission finds that it is in the public interest to accept the New Stipulation filed by NPC on January 22, 2007, and to approve the first amendment to the Action Plan of the 2007 - 2026 Integrated Resource Plan as it relates to Nevada Geothermal's Faulkner 1 project and to Ormat on behalf of the ORNI 15 LLC and ORNI 16 LLC power purchase agreements.

12. The Commission finds that the New Stipulation is just and reasonable.

THEREFORE, based on the foregoing findings of fact and conclusions of law, it is hereby ORDERED that:

1. The New Stipulation filed on January 22, 2007, attached hereto and incorporated herein as Attachment 1, in Docket No. 06-10021, is ACCEPTED as filed.

2. The Application for approval of the first amendment to the Action Plan of the 2007 - 2026 Integrated Resource Plan as it relates to Nevada Geothermal's Faulkner 1 project and to Ormat on behalf of the ORNI 15 LLC and ORNI 16 LLC power purchase agreements is GRANTED in accordance with the New Stipulation.

3. Except as specifically set forth herein, the Commission's approval of this New Stipulation does not constitute approval of, or precedent regarding, any legal or factual issue in this proceeding.

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4. The Commission retains jurisdiction for the purpose of correcting any errors that may have occurred in the drafting or issuance of the Order.


By the Commission,


DONALD L. SODERBERG, Chairman


JO ANN P. KELLY, Commissioner

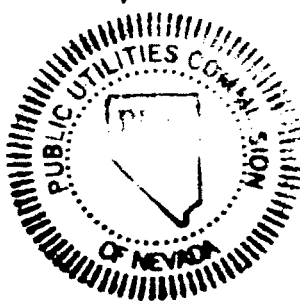

REBECCA D. WAGNER, Commissioner and
Presiding Officer

Attest:


CRYSTAL JACKSON, Commission Secretary

Dated: Carson City, Nevada

2-12-07
(SEAL)



Application No. 10-04001G

Direct Testimony of

PAUL THOMSEN

on behalf of

ORNI 15, LLC

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Paul Thomsen 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 Director of Policy and Business Development for Ormat Nevada, Inc ("ONI").

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. ORNI 15, LLC ("ORNI 15") and ONI (collectively ORNI 15 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 support Ormat's request for partial tax abatements for its Jersey Valley geothermal power project located in Pershing County, Nevada ("Jersey Valley Project") by providing an overview of Ormat, its business operations and its success in developing and operating geothermal generating facilities in Nevada and worldwide.

Q. WHY IS ORMAT REQUESTING PARTIAL TAX ABATEMENTS FOR THE JERSEY VALLEY PROJECT?

A. With the partial tax abatements, Ormat will be able to continue its exploration and testing of the geothermal resource in Jersey Valley for possible expansion of the generating capacity of the Jersey Valley Project.. Such an expansion at the Jersey Valley project will significantly increase the financial and employment benefits for the State of Nevada and Pershing County. Obtaining the abatements also helps us keep our costs lower for ratepayers. The Jersey Valley Project is the lowest cost renewable energy project under development with an approved PPA.

Q. CAN YOU PLEASE PROVIDE AN OVERVIEW OF ORMAT?

A. ORNI 15 is a new entity formed to operate and maintain the Jersey Valley geothermal project once it becomes operational. ONI wholly owns ORNI 15.

Ormat is headquartered in Reno and is engaged in the geothermal and recovered energy power business. Ormat designs, develops, builds, owns and operates geothermal and recovered energy generation plants utilizing internally designed and manufactured equipment. Ormat has been a successful business for more than 40 years and has been headquartered in Northern Nevada since 1984.

Q. ARE ORNI 15 AND ONI QUALIFIED TO DO BUSINESS IN NEVADA AND DO THEY EACH HOLD NEVADA BUSINESS LICENSES?

A. Yes.

Q. HAS ONI OBTAINED ALL REQUIRED PERMITS TO CONSTRUCT THE JERSEY VALLEY PROJECT?

A. Yes.

Q. WILL ORNI 15, LLC OBTAIN AND MAINTAIN ALL REQUIRED LICENSES AND PERMITS TO OPERATE THE JERSEY VALLEY PROJECT?

A. Yes.

Q. WHAT IS ORMAT'S EXPERIENCE IN DEVELOPING AND OPERATING POWER PLANTS.

A. Ormat currently operates and is developing power plants in the United States, including geothermal facilities in Nevada, California and Hawaii, and recovered energy generation power plants in North Dakota, South Dakota, Colorado, Minnesota, Montana and Nevada. The combined generating capacity of all these power plants in the United States is approximately 414 MW, net. Ormat also has operating power plants in Nicaragua, Guatemala, Kenya and New Zealand. Ormat has approximately 1,300 MW of installed capacity worldwide.

Q. HOW MANY GEOTHERMAL POWER PLANTS DOES ORMAT CURRENTLY HAVE IN OPERATION IN NEVADA?

A. Ormat currently has nine geothermal power plants operating in Nevada, with a combined generating capacity of approximately 110 MW, net.

Q. CAN YOU PLEASE DESCRIBE IN DETAIL THE LOCATION AND SIZE OF THE NINE GEOTHERMAL POWER PLANTS IN NEVADA?

A. Ormat operates two power plants in Churchill County, Nevada, specifically the Brady and the Desert Peak 2 geothermal facilities. The combined current contracted-for generating capacity of Brady and Desert Peak 2 is approximately 25 MW, net. Ormat also operates seven geothermal power plants in Washoe County,

these projects are anticipated to add at least 100 MW of additional generating capacity in Nevada and associated environmental and economic benefits.

Q. WHAT BENEFITS DO ORMAT'S GEOTHERMAL PROJECTS BRING TO THE STATE AND COUNTIES?

- A. Ormat's projects provide financial, employment and environmental benefits to Nevada and its counties. For example, the Jersey Valley Project is estimated to pay approximately \$6 million in taxes to Nevada and Pershing County, create 50 or more full-time jobs during the second quarter of construction of the facility and 8 to 10 full time jobs once the facility becomes operational. All of these jobs will provide benefits and will reduce unemployment and uninsured individuals, which will help reduce costs for Nevada's unemployment insurance fund and health care programs. In addition, the Jersey Valley Project will avoid approximately 112,500 tons of carbon dioxide emissions, and will save approximately 225,000 barrels of oil. The benefits obtained from the Jersey Valley Project are consistent with the benefits received from Ormat's other geothermal facilities in Nevada. The Jersey Valley Project will also save the ratepayers money because it is the lowest-priced renewable energy project under development with an approved PPA.

Q. HAS ORMAT MET WITH PERSHING COUNTY TO DISCUSS THE JERSEY VALLEY PROJECT AND ITS REQUEST FOR PARTIAL TAX ABATEMENTS?

Nevada, specifically, the Steamboat 1A, Steamboat 2, Steamboat 3, the Richard Burdette, the Steamboat Hills, the Galena 2 and the Galena 3 geothermal facilities. The combined current contracted-for generating capacity for these seven geothermal power plants is approximately 85 MW, net.

Q. HOW MANY FULL-TIME EMPLOYEES WORK AT ORMAT'S GEOTHERMAL FACILITIES IN NEVADA?

A. Ormat currently employs a combined 59 full-time employees at its nine geothermal facilities in Nevada, which does not include administrative personnel.

Q. IS ORMAT CURRENTLY DEVELOPING ANY MORE GEOTHERMAL POWER PLANTS IN NEVADA?

A. Yes.

Q. CAN YOU PLEASE DESCRIBE THE GEOTHERMAL POWER PLANTS CURRENTLY IN DEVELOPMENT IN NEVADA?

A. Ormat currently has numerous geothermal power plants in exploration and development. Four of those have executed power purchase agreements with NV Energy. These projects include the Jersey Valley Project, the Carson Lake project, located in Churchill County, the McGinness Hills project, located in Lander County, and the Hot Sulphur Springs II project, located in Elko County. Combined

- A. Yes. Ormat met with the Pershing County Board of County Commissioners on May 19, 2010 and provided an overview of the Jersey Valley Project and its expected benefits to Pershing County.

Q. WHAT WAS THE RESULT OF THE MAY 19, 2010 MEETING WITH PERSHING COUNTY?

- A. The Pershing County Board of County Commissioners unanimously approved Ormat's application for partial tax abatements for the Jersey Valley Project.

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS.

- A. I recommend that the application for partial tax abatements be granted for the Jersey Valley Project. Ormat is a leader in renewable energy development in Nevada and worldwide. It has been a successful business in Nevada and has provided financial, employment and environmental benefits to the state and counties since 1984. Ormat desires to continue contributing to the economic welfare of the State of Nevada, and believes that the partial tax abatement for the Jersey Valley Project may allow Ormat to expand the size of the facility and increase the benefits its is providing Nevada and Pershing County.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A Yes.

Paul Thomsen is the director of policy and business development, for Ormat Technologies, Inc. (NYSE:ORA).

Thomsen manages Ormat's federal, state and local legislative programs and geothermal project development in the U.S. He serves as Ormat's principal liaison with organizations and advocacy groups involved in the renewable energy sector.

Nationally, Thomsen is the past-chairman of the United States Clean Heat and Power Association; serves as Vice President to the Board of Directors of the Geothermal Energy Association; and, sits on Senator Harry Reid's Blue Ribbon Council on Renewable Energy. In Nevada, Thomsen currently serves as the president of the Nevada Geothermal Council and sits on the boards of the Economic Development Authority of Nevada, the Nevada Mining Association and the Nevada Conservation League. And, he was appointed by Governor Jim Gibbons to the Transition Team for Energy and Natural Resources.

Before coming to Ormat, Thomsen worked for United States Senator Richard Bryan and United States Senator Harry Reid, where he handled public lands and energy issues. Most recently, Thomsen worked for the law firm of Lionel Sawyer and Collins.

Thomsen received a bachelor's degree in political science and a master's degree in public administration from the University of Nevada, Reno. Academic works include: "Renewable Energy in the State of Nevada: Public Policy Implications for an Emergent Resource Area" presented at the Annual Meeting of the Pacific Northwest Political Science Association, Vancouver, British Columbia.

Ormat Technologies is a world leader in the geothermal power plant sector. The company has four decades of experience in the development of state of the art, environmentally sound power solutions, primarily in geothermal and recovered energy generation. Ormat is responsible for the development of over 1,000 MW of geothermal generation throughout the world and over 400 MW of generation in the United States.

Application No. 10-04001G

Direct Testimony of

EYAL HEN

on behalf of

ORMAT NEVADA, INC.

AND

ORNI 15, LLC

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Eyal Hen 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 Controller of Ormat Technologies, Inc ("OTI"), the parent company of Ormat Nevada, Inc. ("ONI").

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. ORNI 15, LLC ("ORNI 15") and Ormat Nevada, Inc. ("ONI") (collectively ORNI 15 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 for the Jersey Valley geothermal power project being developed by Ormat, and to provide specific information related to the Jersey Valley project to assist the Energy Commissioner in considering the application for partial tax abatements.

Q. CAN YOU PLEASE EXPLAIN IN DETAIL THE JERSEY VALLEY GEOTHERMAL POWER PROJECT?

A. Ormat is developing a geothermal power plant in the Jersey Valley located in Pershing County, Nevada ("Jersey Valley Project"). The first phase of the Jersey Valley Project will produce approximately 15 MW of electricity. Nevada Power Company and ORNI 15 have executed a 20-year power purchase agreement, under which ORNI 15 will supply energy and associated environmental benefits to Nevada Power from the Jersey Valley Project. Ormat has secured control of all the land in the vicinity of the project through an agreement with the Bureau of Land Management, and has obtained all state and local permits to construct and operate the facility. Ormat expects the Jersey Valley Project to become operational in the fourth quarter of 2010.

Q. WHAT TYPE OF ABATEMENTS IS ORMAT REQUESTING FOR THE JERSEY VALLEY PROJECT?

A. Ormat is requesting a partial abatement on the sales and use tax for personal property purchased to construct the facility, and the property tax on the real and personal property associated with the Jersey Valley Project is placed in service.

Q. WERE YOU INVOLVED IN PREPARING ORMAT'S APPLICATION FOR THE PARTIAL ABATEMENTS?

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 JERSEY VALLEY PROJECT?

A. No.

Q. WILL THE JERSEY VALLEY 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 JERSEY VALLEY PROJECT?

A. No.

Q. HOW LONG WILL THE JERSEY VALLEY PROJECT BE IN OPERATION?

A. We have signed a 20-year PPA with NV Energy. Whether the project will continue beyond that time depends primarily on the resource, wear and tear on the equipment, and changes in technology.

Q. HOW MANY EMPLOYEES WILL BE WORKING ON THE CONSTRUCTION OF THE JERSEY VALLEY PROJECT?

A. Between Ormat and its contractors, there will be at least 50 full-time employees working on the construction of the Jersey Valley Project during the second quarter of construction. While the numbers fluctuate from week-to-week, we are averaging

50 or more full-time employees now working on the construction per week during the second quarter of construction.

Q. HOW MANY EMPLOYEES WORKING ON CONSTRUCTION OF THE JERSEY VALLEY PROJECT WILL BE NEVADA RESIDENTS?

A. More than 30% of the construction employees are Nevada residents.

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

A. Under our construction contracts, all construction employees are being paid at least 150% of the average hourly statewide rate, excluding management and administrative employees, and they all receive health insurance benefits, including an option for coverage of their dependents. The health insurance plans offered by our contractors cover emergency care, inpatient and outpatient hospital services, physician's services, outpatient medical services, laboratory services, and diagnostic testing services. The plans offer dependent coverage and cover at least 80% of the costs for the covered services after the employee's deductible is met.

Q. HOW MANY EMPLOYEES WILL BE WORKING AT THE JERSEY VALLEY PROJECT AFTER IT BEGINS OPERATION?

A. Ormat will have 8 to 10 full-time employees working at the Jersey Valley Project for operation and maintenance purposes.

Q. WHAT WAGE WILL THESE EMPLOYEES BE PAID AND WILL THEY RECEIVE BENEFITS?

A. All full-time employees working at the Jersey Valley Project once it becomes operational will be paid an average of at least 110% of the average hourly statewide rate, excluding management and administrative employees, and will receive health insurance benefits, including an option for coverage of their dependents.

Q. HOW MUCH OF A CAPITAL INVESTMENT WILL THE JERSEY VALLEY PROJECT MAKE IN NEVADA?

A. The Jersey Valley Project will make a capital investment of more than 80 Million Dollars in the State of Nevada.

Q. WILL THE FINANCIAL AND EMPLOYMENT BENEFITS THE STATE OF NEVADA AND ITS RESIDENTS RECEIVE FROM THE JERSEY VALLEY 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.

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS.

A. I recommend that the application for partial tax abatements be granted for the Jersey Valley Project. Ormat has demonstrated during this application process that the Jersey Valley Project has met and will meet all the requirements for approval of the partial tax abatements provided for in NRS Chapter 701A. In addition, the Pershing County Board of County Commissioners has approved Ormat's request for the partial tax abatements for the facility. The Jersey Valley Project offers significant financial and employment benefits to the State of Nevada and Pershing County. If Ormat receives the partial tax abatements for the Jersey Valley Project, it will continue its exploration and testing in the area with a goal of expanding the facility, which will greatly increase the benefits it provides to the state and the county.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A Yes.

Eyal Hen

Address: 9711 Northmont Lane,
Reno, NV 89521
USA

Telephone: +1-775-356-2031, +1-775-852-4670
E-Mail: ehen@ormat.com

Experience

Controller - Ormat Technologies Inc. (2004 - Present)

- Preparation and analysis of quarterly and annual financial statements according to United States Generally Accepted Accounting Principles (10-K and 10-Q forms) as well as International Financial Reporting Standards.
- Supervise Accounting, Treasury and Tax compliance.
- Supervise/Review internal financial controls per Sarbanes-Oxley Act requirements.
- Participated in preparation of follow-on offering and issuance of corporate bonds.
- Participant in annual and project budgeting.

Senior Associate - PricewaterhouseCoopers Tel-Aviv, Israel (2001 - 2004)

- Certified Public Accountant (Israel).
- Assigned auditing responsibility of Teva Pharmaceutical Industries Ltd. Listed on The NASDAQ Stock Market, the Company is among the top 20 pharmaceutical companies worldwide and among the largest generic pharmaceutical companies. Responsibilities included preparation of annual and interim reports, valuations, due diligence, tax reports and cooperation with the Israel Chief Scientist and the Israeli Investment Center.
- Auditing of International and local companies according to United States and Israeli GAAP and IFRS, which included global and multi currency accounting systems.

Military Service

Israeli Air Force - Electronic Warfare Technician. (1991 -1996)

- Three years of basic training.
- Promoted to Platoon Commander in charge of all operations.

Education

University of Phoenix (2007 to 2009)

- Master of Business Administration

Continued Education Courses - PricewaterhouseCoopers

- Requirements and Reporting, SEC procedures in the U.S. and Israel.
- Israeli Tax Reform.
- Developments in the United States GAAP and International Financial Reporting Standards.

Ben Gurion University - Be'er Sheva, Israel (1998 - 2001)

- B.A., Economics and Accounting.

Air Force Technology College - Haifa, Israel (1988 - 1991)

- High School Diploma - specialist in electronic technology.

Interests

Partnership 2000 Delegation - Bridging the US/Israeli Communities.
Advanced English and Hebrew - Training, Reading and Exercise.
Ballroom dancing.

References

Available upon request.

BOARD OF COUNTY COMMISSIONERS

PERSHING COUNTY

P.O. BOX 820

LOVELOCK, NEVADA 89410

Thursday, May 27, 2010

James Groth, Director
Nevada State Office of Energy
101 N. Carson Street
Carson City, Nevada 89701

**RE: Approval of Tax Abatement for Ormat Jersey Valley Geothermal Project,
Pershing County, Nevada**

Dear Mr. Groth:

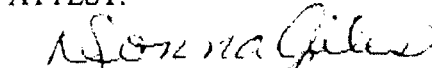
We have received and reviewed the application for a tax abatement for Ormat Jersey Valley Geothermal Project, Application Filing No. (AFN) 10-04001G. On May 19, 2010, at a regularly scheduled meeting and after having reviewed the application and having reviewed the determinations of the Nevada Energy Commission, the Pershing County Commissioners approved the proposed agreement with Ormat contingent on Ormat's guarantees that it will make a concerted effort to continue exploration and possible expansion of the Jersey Valley Project. The County will provide a copy of the minutes of May 19, 2010 meeting after the minutes are approved by the Pershing County Board of Commissioners.

Sincerely,

PERSHING COUNTY BOARD OF COMMISSIONERS


Darin Bloyed
Vice Chairman

ATTEST:


Donna Giles, Clerk

DONNA GILES
Clerk and Treasurer

CLERK - TREASURER

Pershing County

ANN WILSON
Deputy
LACEY DONALDSON
Deputy
JANICE RUTHERFORD
Deputy

FAX TRANSMITTAL SHEET

TO: Kelly

FIRM: _____ Telephone: 775-273-2208

FAX NO.: 775-684-5648 Return Fax: 775-273-3015

FROM: Donna

DATE: 6-1-10

PAGES: 2 (including cover sheet)

COMMENTS: _____

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AUG - 4 2010

RENEWABLE ENERGY AUTHORITY
CARSON CITY, NV

AFN #10-040016 Ormat Jersey Valley
Property Tax Abatement Application
(See pages 9 & 10)

MAY 19, 2010

The meeting was called to order at 8:30 a.m. by Roger Mancebo, Chairman. Those present were Darin Bloyed and Pat Irwin, Commissioners; Jim Shirley, District Attorney; Karen Wesner, Administrative Assistant; and Donna Giles, Clerk.

REVIEW OF ALL AGENDA ITEMS TO DETERMINE IF ANY DO OR DO NOT IMPOSE A DIRECT AND SIGNIFICANT ECONOMIC BURDEN ON A BUSINESS OR DIRECTLY RESTRICT THE FORMATION, OPERATION OR EXPANSION OF THE BUSINESS: Mr. Bloyed was concerned about Item 29 regarding Ormat. Mr. Irwin mentioned item #27 regarding negotiations with Burning Man representatives for their event.

Mr. Irwin moved, seconded by Mr. Bloyed and passed, that items #27-Burning Man event and #29 - Ormat Geothermal may fall under this review.

LANDFILL: Brian Greene was present.

With the new equipment in place at the transfer sites, they do have an individual on camera dumping oil. They will have to determine if there is a way to tell who it is. Illegal items are still being dumped and it is hoped that they can get some of it stopped.

PUBLIC INPUT:

Carol Shank stated that she would not be able to attend the entire meeting, but wanted to express her opinion on two items. Item #19 - the school district has purchased the land free and clear of any liens and the deed has been recorded. #25 - She feels it is important that the County maintain a presence on the hospital board while there are on-going problems.

Andy Benolkin asked if the County is treating Burning Man differently than everyone else. They appears to be making money on the event and the county should follow the festival ordinance it has on the books to bring in more revenue to the County.

UNCLASSIFIED DEPARTMENT:

ROAD- Brian Greene was present.

The crew is continuing to work on the Ormat project and are now in Buffalo Valley nearer to the county line. They should be done with the project in about two weeks. We should be receiving a check from Ormat for the first half of the project by the end of the month. They are ordering 45 mph signs, turn and caution signs. They lost a transmission in the 85 Peterbilt, have had another transmission put in and the truck is now back running.

The work in Limerick Canyon may happen in June as that is when the contractor should be making those materials. Mr. Greene has recently been made aware that a company from Australia may be hauling iron ore over Coal Canyon Road. Mr. Greene was asked to find out what he could do as we will have to deal with the road maintenance issue.

Alternative work schedule for the Road Department Administrative Clerk II position-

Chastity currently works six hours five days a week and they would like to move her to three eight hour days and one six hour day. She would work 7:00 a.m. to 3:30 p.m. with one half hour off for lunch. The maintenance crew will still be there five days a week. If approved, they will get an answering machine for the phone so they can respond to missed calls.

Mr. Bloyed moved, seconded by Mr. Irwin and passed, to approve the alternative work schedule for the Administrative Clerk II at the Road Department.

BUILDINGS AND GROUNDS- Don Bordenkircher was present.

Derby Field- The leaks in the terminal building roof have been sealed. Repairs were made to one

use our own vehicles, using this fund to cover unexpected mechanical events. Mr. Allen will take this information back to their board for consideration, but he does not think there would be a problem.

They are expecting 48,000 participants this year and are applying for a new five year permit with the Bureau of Land Management for the same site on the Black Rock.

Mr. Bloyed stated, for the record, that a resident had expressed concern about the way in which the contracts are written and going out for five years. We explained there is an out clause which is very simple and requires only notice.

Mr. Allen did not think there would be a problem with the \$5,000 maintenance fee which could be added to the contract. Mr. Shirley indicated there would also be a change to subsection "e" under recitals. It was also discussed that this contract was a direct result of the understanding that Pershing County's festival ordinance is not enforceable on BLM managed lands. Washoe County's event ordinance also reflects that same information.

Jerry Allen asked why there could not be a fee added on to the sale of each ticket for the benefit of the county. He feels that the participants would not object to paying an additional amount for their tickets when the same type of a fee is added on to other large event tickets.

Mr. Allen stated that this is not the first time there has been a suggestion to add an additional amount to their tickets costs. Their concern is that once this is allowed, there would be additional requests to add an amount to the tickets to cover costs, therefore, Burning Man makes the effort to cover the costs of the expenses of their event.

Mr. Bloyed, in answer to Jerry Allen's comments regarding a fee on the tickets to raise revenue, noted that is where we started with a fee on the tickets, then we started enforcing our festival ordinance which we found we could not enforce on BLM managed lands.

Mr. Bloyed moved to approve the five year contract renewal between Burning Man and Pershing County, with Burning Man to make the noted corrections to the contract as agreed to here today - the maintenance fee set-aside and the changes mentioned by Mr. Shirley. Motion seconded by Mr. Irwin and passed.



PRESENTATION BY ORMAT GEOTHERMAL OF THEIR GEOTHERMAL PLANT PROJECT IN PERSHING COUNTY:

Paul Thompson, Director of Policy and Business Development; Scott Shearer; Eyal Hen, Controller of U.S. Operations; and Cathy Tsaniff, Tax Manager were present on behalf of Ormat Technologies.

Mr. Thompson stated that they are present today requesting the support of Pershing County for a tax abatement of their geothermal project in Pershing County. This is the first project to come under the new Nevada law and Ormat is the first company to go through the review and attempt to make the law applicable to geothermal.

Ormat Technologies was created in 1965, moved to the Reno-Sparks area in 1985, and became a publicly traded company in 2004. They have nine power plants operating in Nevada producing just over 100 megawatts of electricity, however, they generate power all over the world. They consider themselves vertical in the industry due to their ability to design and manufacture equipment, build power plants, drill the resource, and own and operate the plants.

An informative presentation was made to the Board regarding Ormat's worldwide interests, their technology and the benefits of that technology. In Jersey Valley, Ormat expects to develop a plant that will deliver 15 mw. They have leased the land from the Bureau of Land Management and have recently obtained additional land through more leases. They will use all of Ormat's technologies to develop the area they are currently exploring. They hope to reach 30 mw at some point.

Under the new Nevada law, Ormat is requesting an abatement for Sales and Use Taxes, which is approved by the State Energy Commissioner and a partial abatement from real and personal property taxes which cannot be granted by the State Energy Commissioner without the approval of Pershing County. If the partial abatement is allowed, Ormat would pay 45% of property taxes for twenty years and Sales and Use Taxes of 2.6% or 2.25% for the first three years.

During drilling and construction, Ormat would employ twenty to sixty employees of which 30% or more will be Nevada residents. Once the plant is up and running, eight to ten full time employees would be required for operations and maintenance. All employees will be offered health insurance benefits for themselves and their dependents. It was noted that Ormat already has a contract with the county for the upgrading of the roads impacted by their operations. They expect there will be future partnerships for other infrastructure.

Ormat would like to have the abatement which would allow them to expand their Pershing County operation, provide additional capital for investment, and show that Pershing County is interested in and will partner in new business development.

Mr. Bloyed stated there appears to be an "if" in some of this. Mr. Thompson stated that geothermal success is dependent on finding sufficient geothermal reserves and at this point, they are finding resources for a 15 mw development when they would like to be able to develop a 30 mw project - the 30 mw project having a positive financial return and a 15 mw just paying its costs. They also must have an agreement with a utility to purchase the power as it is developed. If they don't meet the agreement, there are penalties.

PUBLIC HEARING - REQUESTED PROPERTY TAX ABATEMENT BY ORMAT GEOTHERMAL:

Mr. Mancebo asked for any public comment or questions from those present.

On being asked, it was noted that if there was expansion beyond this specific project, Ormat would have to come back to this Board for additional property tax abatement approval. It was also noted that in an expansion from the 15 mw to the 30 mw plant, additional construction people would be brought back, however, for operations and maintenance, the eight to ten employees would stay the same. Mr. Thompson stated that for a successful operation, they need sufficient water, good permeability, and sufficient heat. Their drilling has not been as successful as they had planned, so they want to be able to go out and do additional exploration drilling and build on what they find.

The Board was in general agreement that allowing the abatement would encourage other companies to come into the county and explore. Also, if no abatement were allowed, we might take additional revenues at this time, however, there would be no incentive for future exploration or development that would lend to long term business relationships within the county.

Mr. Irwin felt that, at this point in the development of geothermal, Ormat or any company would be at a break even phase and this would be the time to help out and allow for the abatement. Future development might change the direction of the abatement.

Mr. Bloyed stated that this is an opportunity for us to show that Pershing County is open for business, is business friendly and, to prove that, we are willing to share the risk.

There was no further public comment.

Mr. Bloyed moved to approve a Property Tax Abatement and Sales and Use Tax Abatement for Ormat Geothermal in Jersey Valley and send the proper documentation to the State. Motion was seconded by Mr. Irwin and passed.

CORRESPONDENCE: None.



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BUDGET DIVISION
ENERGY-RELATED TAX INCENTIVE FISCAL NOTE
as required by NRS 701A.375-1(a)

July 22, 2010

Prepared by: Janet Rogers for Andrew Clinger, Budget Division Chief

Based on the information submitted by the applicant and provided to the Department of Administration by the Nevada State Office of Energy, the Budget Division estimates that the energy-related tax incentives provided to Ormat Nevada, Inc. for development of their 15 MW Jersey Valley geothermal facility to be built in Pershing County, Nevada will result in the State foregoing the following revenues:

STATE SALES AND USE TAX ABATED —

Ormat Nevada, Inc. indicates they purchased items subject to Nevada's 2.0% state sales and use tax totaling \$26,685,000 in April 2010. Their application indicates they intend to spend an additional \$1,000,000 in calendar years 2011 and 2012; for purposes of this fiscal note, these amounts are assumed to be split equally between the first and second half of the year. Given this information, the General Fund will be impacted by an abatement totaling \$572,191 including the applicable collection allowance, distributed between fiscal years 2010, 2011, 2012 and 2013 as shown below.

Fiscal Year	Expenditure Subject to Abatement	Amount Abated
FY 2010	\$26,685,000	\$532,366
FY 2011	\$500,000	\$9,975
FY 2012	\$1,000,000	\$19,900
FY 2013	\$500,000	\$9,950
Total	\$28,685,000	\$572,191

STATE PROPERTY TAX ABATED —

According to analysis obtained from the Division of Assessment Standards of the Nevada Department of Taxation, over the 20 year period during which the Ormat geothermal property is eligible for property tax abatement, the total taxable value of the property will range from \$89,712,450 in the first year to \$64,708,248 in the final year. In each of these years, the State would normally have collected a 17 cents per 100 dollar levy for its debt fund. The provisions of Assembly Bill 522 enacted in NRS 701 specify that 55% of the property tax due on the Ormat facility is to be abated. The non-abated portion is split between the State and local governments, with 45% of the non-abated amount paid to the State and the remaining 55% paid to the local government. For applicable property taxes collected prior to June 30, 2011, the State's portion is applied to the General Fund; thereafter, the State's portion is applied to the State of Nevada Renewable Energy Fund.

- Over the 20 years of the abatement, the State's debt fund loses a total of \$918,628, with annual amounts ranging from \$53,379 in the first year to \$38,501 in the last year.
- In the first year of the abatement, the State's General Fund could receive as much as \$196,906 (45% of the amount of the first year non-abated property tax), depending on when the property is acquired; thereafter, the State's General Fund is unaffected by the abatement.



JIM GIBBONS
Governor
ROBERT R BARENGO
Chair, Nevada Tax Commissioner
DINO DICIANNO
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FISCAL IMPACT
Renewable Energy Partial Abatement Of Sales/Use Taxes

Orni 15, LLC (Ormat Nevada, Inc.)
Jersey Valley

In accordance with the provisions of Chapter 701A of the Nevada Revised Statutes, Ormat Nevada Inc. ("Ormat") has requested a Sales and Use Tax Abatement for their Jersey Valley Renewable Energy Project. This project is located in Pershing County. Upon approval this project would be granted a partial abatement of Sales and Use Tax for a period of three years, commencing on April 1, 2010¹.

The Nevada State Office of Energy has provided to the Department of Taxation a completed copy of the Renewable Energy Tax Abatements Application for this project. According to Schedule 6 of this application, Ormat will purchase a total of \$26,685,000.00 worth of tangible personal property subject to Sales and/or Use Tax during the first year of the abatement period. At the current Sales or Use Tax rate for Pershing County, the full Sales Tax for these purchases would be \$1,894,635.00 less any applicable collection allowance.

According to Schedules 7 and 8 of this application, Ormat will purchase a total of \$1,000,000 worth of tangible, personal property subject to Sales and/or Use Tax in each of the last two years of the abatement period.

Based on this information, the Department of Taxation projects the following Sales Tax related fiscal impact for the three years of the abatement period.

	1st Yr. Apr 1 thru March 31, 2011	2nd Yr. Apr 1 thru June 30, 2011	2nd Yr. July 1, 2011 thru March 31, 2012	3rd Yr. Apr 1, 2012 thru March 31, 2013
Sales Tax Component				
Sales/Use Tax (General Fund) (2%)	(\$533,700.00)	(\$6,000.00)	(\$14,000.00)	(\$20,000.00)
Local School Support Tax (2.6%) (2.25%)	\$693,810.00	\$5,625.00	\$16,875.00	\$22,500.00
Basic City Relief (.50%)	(\$133,425.00)	(\$1250.00)	(\$3,750.00)	(\$5,000.00)
Supp. City County Relief (1.75%)	(\$466,987.50)	(\$4,375.00)	(\$13,125.00)	(\$17,500.00)
County Option (.25%)	(\$66,712.50)	(\$625.00)	(\$1,875.00)	(\$2,500.00)

¹ Upon approval, the Sales and Use Tax abatement will normally be effective as of the original date of the

Total Amount Abated:	1st Year: \$ 1,200,825.00
	2nd Year: \$ 45,000.00
	3rd Year: \$ 45,000.00

Total Impact on Local/	1st Year: \$ 667,125.00
County Government :	2nd Year: \$ 25,000.00
	3rd Year: \$ 25,000.00



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FISCAL IMPACT Renewable Energy Partial Abatement Of Property Taxes

Orni 15, LLC (Ormat Nevada, Inc.)
Jersey Valley

Background

The project is located on public land 50 miles southeast of Battle Mountain, Nevada. The project will produce 15 megawatts of electricity using a binary system consisting of hybrid water and air cooled units. The project will supply energy to the Sierra Pacific Power Company (SPPCo) electrical transmission system.

As stated by Ormat Technologies, Inc. in its SEC 10-k report to the SEC for the year ended December 31, 2009:

Hydrothermal geothermal energy is derived from naturally occurring hydrothermal reservoirs that are formed when water comes sufficiently close to hot rock to heat the water to temperatures of 300 degrees Fahrenheit or more. The heated water then ascends toward the surface of the earth where, if geological conditions are suitable for its commercial extraction, it can be extracted by drilling geothermal wells. The energy necessary to operate a geothermal power plant is typically obtained from several such wells which are drilled using established technology that is in some respects similar to that employed in the oil and gas industry. Geothermal production wells are normally located within approximately one to two miles of the power plant as geothermal fluids cannot be transported economically over longer distances due to heat and pressure loss. The geothermal reservoir is a renewable source of energy if natural ground water sources and reinjection of extracted geothermal fluids are adequate over the long-term to replenish the geothermal reservoir following the withdrawal of geothermal fluids and if the well field is properly operated. Geothermal energy power plants typically have higher capital costs (primarily as a result of the costs attributable to well field development) but tend to have significantly lower variable operating costs (principally consisting of maintenance expenditures) than fossil fuel-fired power plants that require ongoing fuel expenses. In addition, because geothermal energy power plants produce 24hr/day weather independent power, the variable operating costs are lower.¹

In the United States, the purchasers of power from our power plants are typically investor-owned electric utility companies. In each case, we enter into long-term contracts (typically called PPAs) for the sale of electricity or the conversion of geothermal resources into electricity. A power plant's revenues under a PPA used to consist of two payments — energy payments and capacity payments, however our recent PPAs provide for energy payments only. Energy payments are normally based on a power plant's electrical output actually delivered to

¹ Ormat Technologies, Inc. - 10-K Report to SEC, for the year ended December 31, 2009: p.15

the purchaser measured in kilowatt hours, with payment rates either fixed or indexed to the power purchaser's "avoided" power costs (i.e., the costs the power purchaser would have incurred itself had it produced the power it is purchasing from third parties, such as us) or rates that escalate at a predetermined percentage each year.²

Currently, geothermal power plants are valued by the Department as locally assessed property on behalf of the counties pursuant to NRS 362.100(1)(b), which states that "the Department shall appraise and assess all reduction, smelting and milling works, plants and facilities, whether or not associated with a mine, all drilling rigs, and all supplies, machinery, equipment, apparatus, facilities, buildings, structures and other improvements used in connection with any mining, drilling, reduction, smelting or milling operation."

Analysis

In general, locally assessed real property must be valued according to the requirements of NRS 361.227. Replacement cost new of the improvements, less depreciation at the rate of 1-1/2% per year for a maximum of 50 years, is added to the full cash value of the improved land. Personal property is valued based on acquisition cost less depreciation identified in the Personal Property Manual approved by the Nevada Tax Commission.

The Taxpayer did not report a purchase price for land. The county assessor has a current taxable value of \$1,143,449, or \$135 per acre for 8,470 acres. The acreage includes five BLM leases for drilling the steam heat resource. For purposes of this analysis, the Assessor's taxable value was used for the value of land in 2010. For the balance of the 20 years for which the abatement may be granted, an appreciation factor of 1% per year was applied to the value of the land. The appreciation factor is a conservative estimate based on the 10 year average annual growth rate for land and improvements in Pershing County from 2000-01 to 2009-10.³

The Taxpayer also reported several project cost areas as "personal" property rather than as real property. The Department used the acquisition cost reported by the Taxpayer for each cost center but determined that all components were real property, based on the framework for analysis provided in the 2011-12 Personal Property Manual, Appendix F. In particular, the criteria for determining whether property is real or personal are based on the following:

- (1) An item is real property if it is attached to, imbedded in or permanently resting upon land or an improvement, or is attached by other means that are normally used for permanent installation, and cannot be removed without substantially damaging the item or the land or improvement with which it is being used; or
- (2) An item is real property if the use or purpose of an item that is not otherwise physically annexed to land or an improvement is so adapted that it is:
 - (1) A necessary, integral or working part of the land or improvement;
 - (2) Designed or committed for use with the land or improvement; or
 - (3) So essential to the land or improvement that the land or improvement cannot perform its desired function without the nonattached item.

Underlying both the physical or constructive annexation tests is a determination of intent. An assessor must consider whether the item is intended to be a permanent part of the land or improvement, taking into account physical or constructive annexation, and other objective manifestations of permanence.

² Ormat Technologies, Inc. - 10-K Report to SEC, for the year ended December 31, 2009: p. 30

³ Department of Taxation, "Statistical Analysis of the Roll," 2009. Pershing County's average growth rate from 2000-01 to 2009-10 was .82%. State of Nevada's average growth rate for the same period was 11.22%.

The typical components of a geothermal generation facility consist of site preparation activities, including construction survey, grading, trenching, drainage features, diversion channels, detention ponds, culverts for road crossings, containment berms, and firebreaks. Other components include access roads and utilities such as telecommunication lines, foundations for generator step-up transformers, steam turbine generation, ancillary foundations in the power block, operations and maintenance buildings, electrical equipment enclosures; water delivery systems including pumps, wells, water storage tanks, waste and wastewater management; fire protection systems, including piping systems, fire hydrants, and sprinkler deluge systems; electronic systems to control equipment and facilities operations; lighting systems; fencing, controlled access gates, switchyard and substations; geothermal wells, injection wells, drill pads, wellhead, production pumps, injection pumps, flash tanks, pre-heaters, vaporizers, and gathering pipes.

The Department's understanding is that the power block consists of components either attached to the land or "so essential to the land or improvement that the land or improvement cannot perform its desired function without the nonattached item," for example, cooling tower foundations. In addition, as evidenced by the BLM geothermal lease NVN-77483⁴ and Nevada Power's integrated resource plan approved by the PUCN, which indicates that a purchase power agreement has been signed for a period of 20 years from the commencement of production, this generation facility appears to be intended as a permanent installation. This analysis therefore applies the requirements of NRS 361.227(1)(b) to determine the taxable value of the improvements. Depreciation of an improvement must be calculated at 1.5 percent of the cost of replacement for each year of adjusted actual age of the improvement up to a maximum of 50 years.

The Department also did not adjust upward the reported acquisition cost to reflect any appreciation. The Department used the current tax rate of \$3.0968 per hundred (0.030968) for Tax District 2 without further adjustment. Under current law, the maximum tax rate could go up to \$3.66, however, the project is also subject to the tax abatement afforded under NRS 361.4722, which limits tax dollar increases to no more than 8% per year.

The calculation of the renewable energy abatement contained in the attached spreadsheets takes into account the required distribution of remaining taxes after abatement as between the State of Nevada Renewable Energy Fund (General Fund in the first year only) and local governments, in the proportion of 45/55. Stated another way, 55% of the total taxes generated by the estimated taxable value is abated. Of the remaining 45% of tax dollars, 45% is distributed to the State of Nevada Renewable Energy Fund (or the General Fund in 2010 only) and 55% is distributed to local governments. The calculation assumes the State of Nevada loses the 17 cent per hundred levy for the State debt fund.

Estimate of Tax Abatement

Based on the assumptions and conditions noted above, the estimated fiscal impact for the duration of the abatement for 20 years is as follows:

Total Taxable Value of the Project in 2010:	\$89,712,450
Total Taxable Value of the Project in 2029:	\$64,708,248

⁴ Ormat Technologies, Inc. - 10-K Report to SEC, for the year ended December 31, 2009: p. 33:
"BLM leases issued after August 8, 2005 have a primary term of ten years. If the geothermal lessee does not reach commercial production within the primary term the BLM may grant two five-year extensions if the geothermal lessee: (i) satisfies certain minimum annual work requirements prescribed by the BLM for that lease, or (ii) makes minimum annual payments. Additionally, if the geothermal lessee is drilling a well for the purposes of commercial production, the primary term (as it may have been extended) may be extended for five years and as long thereafter as steam is being produced and used in commercial quantities (meaning the geothermal lessee either begins producing geothermal resources in commercial quantities or has a well capable of producing geothermal resources in commercial quantities and is making diligent efforts to utilize the resource) for thirty-five years. If, at the end of the extended thirty-five year term, geothermal steam is still being produced or utilized in commercial quantities and the lands are not needed for other purposes, the geothermal lessee will have a preferential right to renew the lease for fifty-five years, under terms and conditions as the BLM deems appropriate."

Estimated capital cost per kW (89,712,450/15,000) \$5,981/kW

Total Taxes Due, First Year After Completion:	\$ 972,375
Total Renewable Energy Abatement @ 55%:	\$ 534,806
Total Taxes Available to Local Governments and Energy Fund:	\$ 437,569
Total Taxes Available to Local Governments only	\$ 240,663

The amount of the abatement for each year thereafter approximates the amount obtained in the first year and continues during the period of abatement as follows:

Total Taxes Due during Period of Abatement (20 years):	\$16,734,164
Total Renewable Energy Abatement, 20 years:	\$ 9,203,790
Total Taxes Available to Local Governments and Energy Fund:	\$ 7,530,374
Total Taxes Available to Local Governments only	\$ 4,141,706

See attached spreadsheets for the amounts by year and by local government entity.