

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

In the Matter of the Application of:)	
)	
SILVER STATE SOLAR POWER)	Application Filing No. 10-09005SPV
NORTH, LLC.)	
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FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

A hearing was held before the Nevada Energy Commissioner of the Nevada Renewable Energy and Energy Efficiency Authority (Commissioner) on February 14, 2011 regarding Application Filing Number 10-09005SPV. At the hearing, applicant First Solar, Inc. and Silver State Solar Power North, LLC (SSN), collectively was represented by Joshua J. Hicks of Brownstein Hyatt Farber Schreck, LLP. The Commissioner was advised by Louis Ling. Based upon SSN's presentation at the hearing, the Commissioner makes the following findings of fact, conclusions of law, and order in this matter.

FINDINGS OF FACT

1. At the hearing of the matter, SSN presented the testimony of Michael Hatfield, Director of Development for First Solar, Inc. and its subsidiary SSN. The Commissioner admitted into evidence as a packet that contained nine exhibits: (1) Notice of Public Hearing, dated January 21, 2011; (2) Pre-Application filed by the Next Light Renewable Power LLC (now SSN) with the Commissioner dated April 12, 2010 and response letter from the Commissioner dated April 20, 2010; (3) Application (redacted and excluding rescinded documents) filed October 4, 2010; (4) Proof of application receipt and acceptance by the Nevada State Office of Energy; (5) Supplemental Information to Application, cover letter explaining the changes, and

the amended partially redacted application dated February 07, 2011; (6) Fiscal Impact Note (dated January 19, 2011) of renewable energy partial abatements prepared by the Budget Division of the State of Nevada Department of Administration as required by NRS 701A.375-1(a); (7) Fiscal Impact Note (dated January 20, 2011) of the renewable energy partial abatements for the sales/use taxes and Property taxes prepared by the State of Nevada Department of Taxation as required by NRS 701A.375-1(b); (8) Support Letter from the Clark County Commissioner Susan Brager; and (9) Pre-filed testimony and curriculum vita of Michael Hatfield.

Based upon the testimony of the witnesses and the evidence presented, the Commissioner finds the following to be the facts in this matter.

2. SSN is a wholly-owned subsidiary of First Solar, Inc (First Solar). SSN is a Nevada LLC with its primary office located in San Francisco, California.

3. On April 12, 2010, the Next Light Renewable Power LLC (now SSN) submitted its Pre-application in this matter.

4. On October 4, 2010, SSN submitted its Application seeking partial tax abatements for sales and use taxes and property taxes for the construction of a solar photovoltaic (SPV) power generation facility and near Primm, Clark County, Nevada that would be known as the Silver State North Solar project (Application Filing Number (AFN) 10-09005SPV). The Application described a SPV power generation facility that would install cadmium-telluride SPV panels in a fixed-tilt ground-mounted plant on approximately 618 acres of federal land near Primm, Nevada that would have 50 megawatts (MW) nameplate capacity with a net of 49 MW of electricity that would be sold to NV Energy for a period of 25 years pursuant to a power purchase agreement (PPA).

5. The application, Mr. Hatfield's written testimony, and Mr. Hatfield's testimony at hearing demonstrated that SSN was properly licensed and qualified to do business in Nevada; that SSN had obtained and intended to maintain all of the required licenses and permits to operate the SSN facility; that the Clark County Commission has publicly indicated support for the SSN facility; that SSN is already operating or otherwise involved in two plants in Clark County, Nevada that are presently generating approximately 58 MW; that SSN had extensive history constructing and operating similar facilities in the United States, Canada, and internationally totaling approximately 4,000 MW worldwide of projects that have been built or are contracted to be constructed; that SSN had received all necessary approvals for the SSN facility; that the SSN facility would have a nameplate rating of 50 MW with net production of approximately 49 MW; that SSN had entered into a 25-year power purchase agreement with NV Energy by which NV Energy would purchase all the power produced by the SSN facility; that commencement of the construction of the SSN project was anticipated to be in June 2011 and was anticipated to be completed and operational in December 2011; that in the second quarter of construction, the SSN facility would employ approximately 311 employees of which approximately 107 would be Nevada residents; that in the second quarter of construction, the average hourly wage would be \$30.01 per hour; that at its height of construction, the SSN facility would have about 618 full-time and part-time employees engaged in the construction, of which approximately 382 would be Nevada residents; that when it was operational, the SSN facility would employ two full-time employees for whom the average hourly wage would be \$33.99; that all of the employees who would be working on the construction of the facility would be provided health insurance that would meet the requirements set out in the Commissioner's regulation (LCB File No. R094-10); and that the SSN facility would not be feasible without the partial tax abatements sought in the application.

7. The Commissioner took notice that the statewide average hourly rate as determined by the Department of Employment, Training, and Rehabilitation (hereinafter "DETR") for fiscal year 2011 was \$19.93. Thus 110% of the wage for fiscal year 2011 was \$21.92, and 150% of the wage for fiscal year 2011 was \$29.90. However, the statewide average hourly rate for fiscal year 2012 that will start as of July 01, 2011 is unknown at this point and will be determined by DETR on July 01, 2011; that the Commissioner will inform the SSN for the fiscal year 2012 statewide average hourly rate and SSN will adjust their average hourly wage if needed.

8. The Fiscal Impact statement produced by the Department of Taxation shows the following estimated figures regarding the property taxes related to the SSN facility:

Total Taxable Value of the Project in 2011	\$120,028,619.00
Total Taxable Value of the Project in 2030	\$ 87,247,010.00
Total Property Taxes Due Over Abatement Period (20 years)	\$19,764,445.00
Total Property Taxes Abated Over Abatement Period	\$10,870,445.00
Total Taxes Due to Local Government Over Abatement Period	\$4,891,700.00
Total Taxes to Renewable Energy Fund Over Abatement Period	\$4,002,300.00

9. The Fiscal Impact statement produced by the Department of Taxation shows the following estimated figures regarding the sales and uses taxes related to the SSN facility:

Total Amount Abated (Year 1)	\$3,765,817.31
Total Amount Abated (Year 2)	\$2,377,360.46
Total Amount Abated (Years 3)	\$0.00
TOTAL AMOUNT ABATED	\$6,143,177.77

Total Impact on Local Government (Year 1)	\$2,396,429.20
Total Impact on Local Government (Year 2)	\$1,512,865.75
Total Impact on Local Government (Year 3)	\$0.00

TOTAL IMPACT ON LOCAL GOVERNMENT	\$3,909,294.95
Total Local School Support Tax Gain (Years 1 and 2)	\$2,604,483.32

10. The Fiscal Note produced by the Budget Division shows that the State General Fund will be impacted for a total of \$2,233,883.00 in sales and use taxes abated over the period of the abatement (2011 through 2014) and that the State's debt fund will be impacted for a total \$677,336.00 in property taxes abated over the period of the abatement (20 years).

11. Synthesizing the figures in evidence in this matter, the total estimated benefit pursuant to NRS 701A.365(1)(f) to the state and local governments in Nevada is \$144,803,756.89 and the total estimated amount of sales and use taxes and property taxes abated in this matter is \$17,013,622.77. Furthermore, the abatements allowed SSN to sell clean and renewable electricity to NV Energy at reduced cost, allowing a reduction between 5-6%. Thus, the benefits to the state and local governments in Nevada exceed the total amount of abated taxes. The estimated benefits and amounts abated over the applicable periods of abatement are calculated as follows:

Financial Benefits

Capital Investment in the Facility	\$121,410,919.11
Total Property Taxes That Will Be Received by State Governments After the Abatements	\$4,002,300.00
Total Property Taxes That Will Be Received by Local Governments After the Abatements	\$4,891,700.00
Sales and Use Taxes Collected After Abatement (Local School Support Tax)	\$2,604,483.32
Modified Business Taxes Paid (20 years)	\$59,646.93
Construction Payroll	\$8,299,747.53
Operational Payroll for 2 FTE (25 years @ \$141,398.40 per year)	\$3,534,960.00
TOTAL BENEFITS OVER ABATEMENT PERIODS	\$144,803,756.89

Amounts Abated

Total Property Taxes Abated (20 Years)	\$10,870,445.00
Total Sales and Use Taxes Abated (3 Years)	\$6,143,177.77
TOTAL TAXES ABATED	\$17,013,622.77

12. That all of the evidence discussed in the preceding paragraphs was supported by the substantial, reliable, and probative evidence taken from the record as a whole produced at the hearing of this matter.

CONCLUSIONS OF LAW

1. The Commissioner has the jurisdiction and authority to adjudicate this matter because the Application is within the scope of NRS 701A.300 through 701A.390 and the Commissioner is required by law to hold the hearing in this matter pursuant to NRS 701A.360(5).

2. The substantial, reliable, and probative evidence in the record of this matter shows that SSN's Application for the construction and operation of the SSN facility satisfies the following statutory requisites:

(a) NRS 701A.320(1)(a) – The primary source of energy to operate the Silver State North facility will be the facility itself, thus meeting the statutory standard.

(b) NRS 701A.320(1)(b) – The Silver State North facility will have 50 MW nameplate and generate 49 MW net electricity, thus exceeding the statutory standard.

(c) NRS 701A.320(2) – The Silver State North facility is not located on residential property, thus meeting the statutory standard.

(d) NRS 701A.360(2) – The Silver State North facility is not owned, operated, leased, or controlled by a government agency, thus meeting the statutory standard.

(e) NRS 701A.365(1)(a)(1) – The Silver State North facility is anticipated to be operational for at least 25 years, thus exceeding the statutory standard.

(f) NRS 701A.365(1)(b) – The Silver State North facility has and will have all the necessary state and local permits and licenses to operate, thus meeting the statutory standard.

(g) NRS 701A.365(1)(c) – No funding for the Silver State North facility is or will be provided by any governmental entity in this State for the acquisition, design or construction of

the facility or for the acquisition of any land therefore, except any private activity bonds as defined in 26 U.S.C. §141, thus meeting the statutory standard.

(h) NRS 701A.365(1)(d)(1) – The construction of the Silver State North facility is estimated to employ about 311 full time employees during the second quarter of construction of which, 107 will be Nevada residents. Thus, meeting the statutory standard of employing more than 75 full-time employees during the second quarter of construction of which 30% or more will be Nevada residents,.

(i) NRS 701A.365(1)(d)(2) – The capital investment in the Silver State North facility is estimated to be \$121,410,919.11, thus exceeding the statutory standard.

(j) NRS 701A.365(1)(d)(3) – The average hourly wage paid to the operational employees of the Silver State North facility will be approximately \$33.99, which is expected to be more than 110% of the average hourly wage set by DETR for each fiscal year, thus exceeding the statutory standard.

(k) NRS 701A.365(1)(d)(4) – The average hourly wage paid to the construction employees on the Silver State North facility will be approximately \$30.01, which is expected to be more than 150% of the average hourly wage set by DETR for fiscal year 2011 and 2012, thus exceeding the statutory standard.

(l) NRS 701A.365(1)(d)(4)(I) and (II) – The health insurance provided to the construction employees on the Silver State North facility allows for the coverage of the dependents of the employees and will meet or exceed the standards established by the Commissioner, thus meeting the statutory standard.

(m) NRS 701A.365(1)(f) – The benefits that will result to this State from the employment by the facility of the residents of this State and from capital investments by the Silver State North

facility in this State exceeds the loss of tax revenue that will result from the abatement, thus meeting the statutory standard.

(n) NRS 701A.370(1)(a)(3) – The abatement granted by this Order will not apply during any period in which the facility is receiving another abatement or exemption from property taxes imposed pursuant to chapter 361 of NRS, other than any partial abatement provided pursuant to NRS 361.4722, thus meeting the statutory standard.

(o) NRS 701A.370(1)(b)(I)(III) – The abatement granted by this Order will not apply during any period in which the Silver State North facility is receiving another abatement or exemption from local sales and use taxes, thus meeting the requirement of the statute.

ORDER

Based upon the foregoing, the Commissioner orders that SSN's Application Filing No. 10-09005SPV related to the construction and operation of the Silver State North facility is hereby **GRANTED**. SSN and the Commissioner may execute an Abatement Agreement as soon as practicable that will satisfy the requisites of NRS 701A.300 through NRS 701A.390. SSN's sales and use tax abatement will terminate three years from the effective date of the Abatement Agreement. SSN's property tax abatement will terminate 20 years from the effective date of the Abatement Agreement.

SIGNED this 14 day of February, 2011.

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Dr. HATICE GECOL
Nevada Energy Commissioner
Renewal Energy and Energy Efficiency Authority