

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

EXHIBIT I

10-06004W
Renewable Energy Tax Abatement Application
for partial sales and use tax abatement and property tax abatement
NRS 701A.300-390
R094-10

by

Spring Valley Wind, LLC

Public Hearing
Wednesday, October 20, 2010
1:30 pm

Nevada Legislature
Room 2134
401 South Carson Street
Carson City, Nevada 89701

Via Videoconference to:

Grant Sawyer State Office building
Room 4412E
555 East Washington Avenue
Las Vegas, Nevada 89101

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Exhibit (A) – Notice of Public Hearing, dated September 24, 2010

In the Matter of the Application of:)
)
SPRING VALLEY WIND LLC)
_____)

September 24, 2010

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:

Wednesday, October 20, 2010
1:30 p.m.

**Nevada Legislature
Room 2134
401 South Carson Street
Carson City, Nevada 89701**

Via Videoconference to:

**Grant Sawyer State Office building
Room 4412E
555 East Washington Avenue
Las Vegas, Nevada 89101**

The hearing is being held pursuant to NRS 701A.360(5) to determine whether the application filed by Spring Valley Wind LLC (“Spring Valley”) with the Nevada State Office of Energy (“NSOE”) on June 23, 2010 for the construction of a wholesale facility that generates electricity from wind (150 MW nameplate capacity) in Spring Valley, east of Ely, White Pine County, Nevada meets the tax abatement criteria established in NRS 701A.300 through 701A.390 and adopted regulation LCB File No. R094-10 and is, therefore, entitled to partial abatement of sales and use taxes and property taxes as provided in NRS 701A.300 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. Spring Valley and all other parties are entitled to present testimony of witnesses, to introduce evidence, and to cross-examine witnesses. Spring Valley and other parties may be represented by counsel of their choice.

Pursuant to Section 23 of the applicable but as yet uncodified regulations (presently known as LCB File No. R094-10), the following entities or people may participate in this hearing as a party: (1) The Director of NSOE; (2) The Chief of the Budget Division of the Nevada Department of Administration; (3) The Nevada Department of Taxation; (4) The board of county commissioners of White Pine County in which the project or facility will be located;

(5) The county assessor of White Pine County in which the project or facility will be located; (6) The county treasurer of White Pine in which the project or facility will be located; (7) The governing body of Ely in which the project or facility will be located; and (8) The Nevada Commission on Economic Development. Any person or entity that desires to participate as a party in the hearing of this matter must file with the Commissioner a notice of its intention to participate in a form as described in Section 23 of LCB File No. R094-10.

If the person or entity is a **state entity**, it must file the notice of intent to participate with the Commissioner at energy@renewable.nv.gov and provide a copy of the notice to the applicant at sharrison@mcdonaldcarano.com **within five business days** from the date of this notice of hearing. If the person or entity is or represents a **county, city, or township**, it must file the notice of intent to participate with the Commissioner at energy@renewable.nv.gov and provide a copy of the notice to the applicant at sharrison@mcdonaldcarano.com **within fifteen business days** from the date of this notice of hearing.

The Commissioner shall also allow public comment at a time appropriate to the conduct of the hearing.

To facilitate the expeditious and efficient consideration of Spring Valley's application, the Commissioner directs **Spring Valley and 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 at energy@renewable.nv.gov **no later than 5:00 p.m. on October 5, 2010**. Spring Valley and participating parties wishing to **respond** to the written testimony must file any responsive testimony with the Commissioner at energy@renewable.nv.gov **no later than 5:00 p.m. on October 18, 2010**.

The notice of intent to participate and all written testimonies should be directed to the **Nevada Energy Commissioner**, Re: **AFN 10-06004W** by e-mail to energyefficiency@renewable.nv.gov. The notice of intent to participate and all written testimonies will be made available on the Commissioner's website within three to five business days upon the Commissioner's receipt.

Copies of the public records related to Spring Valley's application are available upon request to the Commissioner 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.

Members of the public who are disabled and require special accommodations or assistance at the hearing should notify the Commissioner in writing by mail addressed to: Renewable Energy and Energy Efficiency Authority, 101 N Carson Street, Carson City, NV 89701, by fax at (775) 684-5648, or by e-mail addressed to energy@renewable.nv.gov, no later than 7 business days prior to the hearing.

By the Nevada Energy Commissioner,

Hatice Gecol

Dr. Hatice Gecol

Dated: Carson City, Nevada

____ September 24, 2010 _____

This Notice of Public Hearing posted at the Nevada State Capitol's public notice posting board, and the following locations:

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
Legislative Building
401 South Carson St.
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

Attn: Public Posting
Eureka County Public Library
210 South Monroe St.
Eureka, NV 89316

Exhibit (B) – Exhibit (B) – Spring Valley Wind, LLC Pre-application filed with the Nevada Energy Commissioner on March 31, 2010 and response letter from the Nevada Energy Commissioner, dated April 13, 2010

Jim Gibbons
Governor

State of Nevada



Dr. Hatice Gecol
Nevada Energy Commissioner

Office of Nevada Energy Commissioner

Pre-Application Form
Nevada Renewable Energy Tax Abatement

RECEIVED
Via e-mail
MAR 31 2010

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:

Spring Valley Wind LLC

Company Contact:

See attached.

Name, Title, Phone, and E-mail

Type of Nevada Facility:

Wind

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

Renewable Energy Generation and/or Transmission Capacity:

150 MW

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

Anticipated Capital Investment Amount:

Approximately \$250,000,000

The Facility will be built on:

BLM

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:

White Pine 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:

Nevada Power Company

Name of the Utility or Company

Anticipated Dates for the Facility Construction Start and Operational Start:

C - 9/15/2010; O - 6/15/2011

Anticipated Submission Date for the Complete Application Package:

3/31/2010

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.

<p>Sylvia Harrison McDonald Carano Wilson LLP 100 West Liberty Street, 10th Floor Reno, NV 89501</p> <p>T (775) 788-2000 F (775) 788-2020</p> <p>Email: sharrison@mcdonaldcarano.com</p>	<p>Spring Valley Wind LLC c/o Pattern Renewables LP Attn: General Counsel Pier 1, Bay 3 San Francisco CA 94111</p> <p>T (415) 283-4000 F (415) 362-7900</p> <p>Email: Natalie.mccue@patternenergy.com; andy.murray@patternenergy.com</p> <p>Spring Valley Wind LLC c/o Pattern Energy Group LP 1600 Smith St.; Suite 4025 Houston TX 77002 Attention George Hardie</p> <p>T (713) 571-8900 F (713) 571-8004</p> <p>Email: george.hardie@patternenergy.com</p>
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OFFICE OF THE NEVADA ENERGY COMMISSIONER
RENEWABLE ENERGY AND ENERGY EFFICIENCY AUTHORITY

Tuesday, April 13, 2010

Sylvia Harrison
McDonald Carano Wilson LLP
100 West Liberty Street, 10th FL
Reno, NV 89501

Re: Revised Pre-Application Form of Renewable Energy Tax Abatements Pursuant to NRS 701A.300 to 701A.390
Receipt Date: March 31, 2010

Dear Ms. Harrison:

This acknowledges receipt of your pre-application form for sales and use tax and property tax abatements for the 150 MW wind facility of the Spring Valley Wind LLC which will be built in White Pine County, Nevada.

Pursuant to NRS 701A.360(3), the Director of the Nevada State Office of Energy (NSOE) will forward a copy of your pre-application to the State Department of Taxation, the State Budget Division, the Commission on Economic Development, the Treasurer of Nye County, the Assessor of Nye County, and the Board of Nye County Commissioners.

Based on your disclosure in the pre-application form, I am pleased to inform you that this facility meets the eligibility requirements of NRS 701A.300 to 701A.390 and can move forward with the full application process. Hence, please find the enclosed application package:

- 1) Compliance and Minimum Required Criteria for the State of Nevada Renewable Energy Tax Abatements
- 2) Renewable Energy Tax Abatements Application and checklist (these, including the checklist, need to be submitted **electronically as an excel file**)

Please note that it is the applicant's responsibility to review and comply with all applicable statutes of renewable energy tax abatements, the minimum required criteria and other requirements posted on:

<http://renewableenergy.state.nv.us/TaxAbatement.htm>

When you are ready to submit your application, please obtain an application filing number (AFN) by e-mailing to energy@renewable.nv.gov with a subject line of "AFN Request". Applications received without an AFN will not be accepted.

We look forward to receiving your application. If you have any questions please feel free to contact us at (775) 684-5664.

Sincerely,



Hatice Gecol
Commissioner

CC: George Hardie, Spring Valley Wind, LLC
Jim Groth, Director, Nevada State Office of Energy
Dino DiCianno, Executive Director, Nevada Department of Taxation
Andrew Clinger, Director, Budget and Planning, Nevada Department of Administration
Mike Skaggs, Executive Director, Nevada Commission on Economic Development
Chairman Laurie Carson, Commissioner, White Pine County Commission
Beverly Cornutt, Treasurer, White Pine County
Robert Bishop, Assessor, White Pine County

Exhibit I(C) – Spring Valley Application (redacted) filed with the Nevada State Office of Energy on June 23, 2010



Pattern Energy Group LP
1600 Smith Street Suite 4025
Houston, TX 77002
T 713 328 4200 F 713 571 0004
www.patternenergy.com

Mr. Jim Groth
Nevada State Office of Energy
755 North Rook Street, Suite 202
Carson City, NV 89701

RECEIVED

AUG 12 2010

RENEWABLE ENERGY AUTHORITY
CARSON CITY, NV

Re: Spring Valley Wind facility – Renewable Energy Tax Abatements

Dear Mr. Groth:

Attached is an application package for the Spring Valley Wind facility for the State of Nevada Renewable Energy Tax Abatements. Included are both a redacted and an unredacted version, the latter of which should be treated as a confidential document.

We hope that you find the application to be complete and straightforward, and that it provides all the information needed to facilitate your decision on the tax abatements. Nevertheless, please feel free to contact us at any time if we can address any questions, make any revisions, or provide additional information.

Please copy the following team members with questions or comments:


George Hardie	george.hardie@patternenergy.com
Andy Murray	andy.murray@patternenergy.com
Alex Hoffer	alex.hoffer@patternenergy.com

We have also worked closely with McDonald Carano Wilson LLP in the preparation of this application, and welcome your communication with:

Sylvia Harrison	sharrison@mcdonaldcarano.com
Brent Keele	bkeele@mcdonaldcarano.com

Thank you for your consideration, and we look forward to hearing from you soon.

Sincerely,


George Hardie III
Senior Developer
Pattern Energy Group LP

Nevada RETA Application – Table of Contents

Spring Valley Wind

1. NV RETA Application 2010
2. Statement of Facility Electrical Load and Consumption
3. Application Narrative
4. Cost-Benefit Analysis of Abatements
5. Contact Information for Construction General Contractor
6. Letter from NV Energy Affirming PPA
7. PUC & FERC Dockets
8. Business Plan for the Facility
9. Corporate Profile
10. Annual Report
11. List of Permits Received
12. Legal Description of Land and Maps of the Facility
13. Pattern Project List
14. Nevada Business License

Renewable Energy Tax Abatements Application and Checklist

Office of Nevada Energy Commissioner

Pursuant to NRS 701A.300 to 701A.390 (AB 522 (2009) - Sections 28 and 106.5)



RENEWABLE ENERGY AUTHORITY
CARSON CITY, NV

AUG 12 2010

RECEIVED

- 1 ☒ Application Filing Number (AFN) (assigned by the Office of Nevada Energy Commissioner).
Contact the Office of Nevada Energy Commissioner prior to submitting your application package for AFN
- 2 ☒ Table of Contents for the application
- 3 ☒ A Statement of the estimation for the annual energy consumption of the facility and the sources of the energy
(provide a quantitative source distribution of the energy consumed by the facility)
- ☒ Create a narrative regarding your application which includes:
 - 4 1) Abatements applied (Sales and Use Tax Abatement or Property Tax Abatement or both)
 - 5 2) A brief description of the technology and complete facility, including the physical point at which the ownership of energy is transferred and nature of the connection to the transmission grid
 - 6 3) A legal description of the location of the proposed facility
 - 7 4) A description of energy benefits of the proposed facility that Nevada and the western region will benefit from
 - 8 5) A financial evaluation of the impact of abatements on the sale price of electricity
 - 9 6) Capital investment that the proposed facility will make in Nevada (totals from schedules 1 through 5, sum of C8 through C12 from the "Summary Sheet")
 - 10 7) A statement of anticipated sources of financing for the facility from Nevada, another state, a federal agency and/or any other financing entity
 - 11 8) The number of full-time equivalent construction employees during the second-quarter of construction and their hourly wage
 - 12 9) The number and percentage of construction employees who will be residents of Nevada
 - 13 10) A description of health insurance plan that will be offered to construction employees
 - 14 11) The number of new full-time equivalent permanent employees by the end of its first fourth-quarter of operations and their average hourly wage
 - 15 12) The length of facility operation term that the company will be maintaining their business in Nevada
 - 16 13) A financial evaluation of Nevada's gain due to employment of Nevada residents and the capital investments by the facility versus loss of tax revenue that will result from the abatement to Nevada (cost-benefit analysis)
- 17 ☒ Facility Information Form
- 18 ☒ Employment Information, Construction and permanent employee salary schedules
- 19 ☒ Supplemental Information Form
- 20 ☒ Taxation Reporting Forms (Summary Sheet and Schedules 1 through 8)
- 21 ☒ Names and contact information of the construction company(s), contractor(s), and subcontractor(s)
- 22 ☒ A letter from the utility or company that the facility has agreed on a PPA, LOI, or MOU
• Describe the highlights of PPA, LOI, or MOU agreement
- 23 ☒ A copy of the PUC and/ or FERC Docket if any PUC and/or FERC filing has started
- ☒ A copy of the most recent property tax assessment Notice and Tax Bill
- 24 ☒ Copy of the Business Plan for the Nevada Facility
- 25 ☒ Corporate Profile:
 - 1) Describe in detail the company's operations
 - 2) Worldwide annual sales and employment
 - 3) Location of plants and description of operations at each site
 - 4) Markets—including international
- 26 ☒ Annual Report
- 27 ☒ Confidential Information Identification Form - 2pp.
- ☒ Any other information requested by the Nevada Energy Commissioner
- 28 ☒ Certification

RECEIVED

AUG 12 2010

RENEWABLE ENERGY AUTHORITY
CARSON CITY, NV

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E-MAIL ONE COMPLETE APPLICATION and ONE REDACTED APPLICATION TO:

energy@renewable.nv.gov

Please submit:

- 1) excel worksheets of the application form as an excel file named with the assigned AFN (for example XX-XX00X.xls)
- 2) attachments as pdf files

PLEASE NOTE THAT :

- 1) It is the **applicant's responsibility** to review and comply with all applicable statutes of the renewable energy tax abatements, the minimum required criteria and other requirements posted on **<http://renewableenergy.state.nv.us/TaxAbatement.htm>**
- 2) Compliance with any future regulations as may be enacted is a requirement of the renewable energy tax abatements.
- 3) An incomplete or insufficient application will be rejected. However, an applicant may re-submit an application once complete with a new filing number.
- 4) If the information required pursuant to the Nevada Revised Statutes (NRS) and/or Nevada Administrative Code and/or Renewable Energy Tax Abatements Application is not available at the time of filing, please state the information required by that provision is not yet available **and** state the reason why it is not available.
- 5) If there is a significant change in the scope of the project after the application form is submitted, the applicant must amend the application to include the changes within 30 days after the occurrence of the change.

"Significant change in the scope of the project" means a change, including, without limitation, any change in the size of the land or buildings or facility or estimated costs of any building or other structure or purchases for which a tax abatement is sought, which will change the amount of the tax abatement being sought by more than **10 percent**".

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State of Nevada
Renewable Energy Tax Abatements Application
Facility Information

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

~~10-06001W~~ 10-06004W

Date of Application Received by the Nevada State Office of Energy

June 23, 2010

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

June 23, 2010

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):		20-4055793	
Company Name:		Spring Valley Wind, LLC	
Mailing Address:		c/o Pattern Energy Group LP Pier 1 Bay 3	
City:	San Francisco	State:	CA
Phone:	415.283.4000	Zip:	94111
		Fax:	415.362.7900
Company Contact:		Andy Murray	
Title:		Authorized Representative	
Phone:	415.283.4000	E-mail:	andy.murray@patternenergy.com
Description of Company's Nevada Operations: Spring Valley Wind is developing, and will own and operate, the Spring Valley Wind facility, a 150 MW wind-powered electricity generating facility in White Pine County, Nevada. The company will sell electricity to NV Energy at a contracted rate.			
NAICS Code:		221119	
Percentage of Company's Market Outside of Nevada:		0%	

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.)	Wind	
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)	150 MW	149 MW
Address of the Real Property: East of State Route 893, North of US-6 / US-50		
City:	Ely	State: NV
Zip:	89815	

State of Nevada
Renewable Energy Tax Abatements Application
Facility Information

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Nevada Facility - Continued			
If you are leasing land,	Lease Term: 30	Annual Lease Rate: \$	623,250 (\$4155 / MW)
If you are purchasing land,	Sale Price: \$	Current Taxable Value (Grand Total from Sch 3, Column I): \$ -	
If you are leasing building,	Lease Term:	Annual Lease Rate: \$	
If you are purchasing an existing building,	Sales Price of Building: \$	Current Taxable Value: \$	
If you are building,	The Cost of Construction (Grand total from Sch 2, Column F): \$		
Size of the Land (acre): 8,565 acres		Size of the Building (sq.ft.): The facility's O&M building will likely be ~7000 sq. ft.	
Current Value of the facility (Total of Sch 1 through 5): \$			
For Expansion Applications, current assessed value of all tangible real/personal property in Nevada: (Please provide the most recent assessment schedule from the County Assessor's Office or the Department of Taxation.)			
Anticipated Full Construction Phase Start Date: * - limited construction activities will likely commence in 2010		Anticipated Date for the Completion of Construction Phase:	
3/1/2011		12/1/2011	
Anticipated Purchasing Goods Start Date:		Anticipated Date of the Facility Opening for Operation:	
6/30/2010		12/1/2011	

Attach a description of the technology and facility, including generation, transmission or distribution, and other structures

Please see Section 3 - Application Narrative.

Attach a complete and legal description of the location of the proposed facility, including a regional facility map that identifies the location, county boundaries and state boundaries of the proposed facility or a reference to any such map of appropriate scale

Please see Section 12 - Legal Description of Land and Maps of the Facility.

Attach a description of natural or nonrenewable resources that will be affected by or required to be used in the construction or operation of the proposed facility, including statement of any areas of mitigation, controversy, issue or concern.

The facility's potential impacts on natural resources and its mitigation plans have been studied and documented in detail in the facility's Environmental Assessment ("EA"), which has been overseen by the BLM, as the lead agency. The Final EA will be published in July 2010 and a Finding of No Significant Impact is expected to be finalized in August 2010. The documents will be available on the BLM's website at:
http://www.blm.gov/nv/st/en/fo/ely_field_office.html

The facility will require limited use of nonrenewable resources to provide auxiliary power (propane or diesel) and fuel for construction vehicles during the construction phase, and will not require use of nonrenewable resources during the operational phase, except to provide auxiliary power and fuel for O&M vehicles.

Has the business obtained a Nevada Business License from the Secretary of the State? (Yes/No)	Yes
If yes, enclose a copy of the business license. If no, list the anticipated date you will obtain the Nevada Business License:	See Section 14
Department of Taxation's Tax Payer ID number if the business is registered with the Department of Taxation:	NV20051380738
Has the business obtained the permits required by the federal, state and local governments (county and city or town)? (Yes/No)	Yes or pending, see Section 11 - List of Permits
Enclose a list of permits received or will be received, name of the agency issuing the permit, date of the permit application filing, and date of the approval:	
Please see Section 11 - List of Permits.	

State of Nevada
Renewable Energy Tax Abatements Application
Facility Information

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Nevada Facility - Continued

Does the facility have a long term Power Purchase Agreement (PPA), Letter of Intent (LOI) or Memorandum of Understanding (MOU) in place with a utility? (Yes/No)

No: _____

Yes: X

PPA X

LOI _____

MOU _____

If yes, list the name of the utility/company: NV Energy

Have you started any filing process with the PUC and/or FERC (Yes/No)?

Yes

If yes,	PUC Docket Number:	PUCN 10-02009 *	Date of filing:	2/1/2010
If yes,	FERC Docket Number:	ER 10-1195-000 **	Date of filing:	6/2/2010
If No,	Anticipated Date of filing:			

* - The Spring Valley Wind facility has a docket with the PUCN regarding the Project's PPA, with number 10-02009.

** - Sierra Pacific Power Company has filed a FERC docket regarding an E&P agreement with the Project, with number ER10-1195-000.

List the county(s) where the facility will be located

1 White Pine

2

3

4

5

6

7

8

9

**State of Nevada
Renewable Energy Tax Abatements Application
Employment Information**

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Employment

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

New Operations in Nevada	Expansions
<p>How many full-time equivalent (FTE) <u>construction employees</u> will be employed during the second-quarter of construction? 50 *</p> <div style="background-color: black; width: 100px; height: 30px; margin: 5px 0;"></div> <p>Average hourly wage of <u>construction employees</u>, excluding management and administrative employees:</p> <div style="background-color: black; width: 100px; height: 30px; margin: 5px 0;"></div> <p>The number of full-time equivalent (FTE) <u>construction employees</u> who will be <u>residents of Nevada</u>? 15 **</p> <p>How many full-time equivalent (FTE) <u>permanent employees</u> will be employed as of the end of its first fourth-quarter of operations? 11</p> <div style="background-color: black; width: 100px; height: 30px; margin: 5px 0;"></div> <p>Average hourly wages of <u>permanent employees</u>, excluding management and administrative employees:</p> <div style="background-color: black; width: 100px; height: 30px; margin: 5px 0;"></div> <p>* - There will be no less than 50 full-time construction employees during the second quarter of full construction.</p> <p>** - The Project and its General Contractor will incorporate a preference for Nevada labor in selecting subcontractors, and will ensure that at least 30% of construction employees during the second quarter are residents of Nevada.</p>	<p>How many full-time equivalent (FTE) <u>construction employees</u> will be employed during the second-quarter of construction?</p> <p>Average hourly wage of <u>construction employees</u>, excluding management and administrative employees:</p> <p>The number of full-time equivalent (FTE) <u>construction employees</u> who will be <u>residents of Nevada</u>?</p> <p>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?</p> <p>Average hourly wage of <u>new permanent employees</u>, excluding managements and administrative employees:</p> <p>How many <u>permanent employees</u> were employed prior to the expansion?</p> <p>Average hourly wage of current <u>permanent employees</u>, excluding managements and administrative employees:</p>

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):

General Contractor's policy for all direct hires is to offer medical, dental and vision benefits upon employment. Offer is also for dependents. Actual premiums depend on what employee selects for coverage.

Construction employees will be offered health benefits which meet the minimum requirements of the Tax Abatements.

Name of Insurer: Cigna

Cost of Total Benefit Package:	Considered proprietary to General Contractor	Cost of Health Insurance for Construction Employees: single person, approx. \$1500 annual premium (depending on options)
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State of Nevada
Renewable Energy Tax Abatements

①

Supplemental Information

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 Project is located on property owned by the federal Bureau of Land Management. The Project will be granted a 30-year right-of-way, for which it will pay the BLM a standard rate.

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.

The Project will not receive discounted lease rates.

3) Will the facility, including generation, transmission, or distribution cross state or county boundaries? Please describe if yes.

Neither the Project nor its associated infrastructure to the point of interconnection will cross state or county boundaries.

4) Will the facility have long-term power purchase agreement contracts with a utility?

Yes, the Project has signed a long-term power purchase agreement contract with NV Energy.

5) Will the contract(s) provide for the sale of renewable portfolio energy credits (PEC) to a utility?

Yes, the sale of renewable portfolio energy credits will be bundled into the power purchase agreement with NV Energy.

6) Will the contract(s) provide for a long-term fixed rate for the sale of energy?

Yes, the power purchase agreement will provide for a long-term fixed rate for the sale of energy.

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.

Yes, the Project is owned by Spring Valley Wind, LLC, a special purpose entity and a wholly-owned indirect subsidiary of Pattern Energy Group LP. Spring Valley Wind, LLC is a Nevada LLC, with its primary office currently located in San Francisco, CA. Pattern Energy Group LP has offices and assets in several US states.

8) Is the company and/or facility subject to regulation by the PUCN or FERC?

The facility is subject to regulation by FERC.

9) At what physical point is the ownership of energy transferred? Describe the location and nature of the connection to the transmission grid.

The ownership of energy will be transferred on the Project site at the point of interconnection with an existing NV Energy 230kV transmission line. A Project-owned substation and a NV Energy-owned switching station will be constructed at the point of interconnection, within the boundaries of the Project.

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**

Company Name: Spring Valley Wind, 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.		
2	Sch. 2 Real Property - Improvements - Total from Col. F.		
3	Sch. 3 Real Property - Land - Total from Col. I		
4	Sch. 4 Operating Leases - Total from Col. F		
5	Sch. 5 Contributions in Aid of Construction - Total from Col. F		
6	Sch. 6 First Year Estimated Sales & Use Tax - Total from Col. J		
7	Sch. 7 Second Year Estimated Sales & Use Tax - Total from Col. J		
8	Sch. 8 Third Year Estimated Sales & Use Tax - Total from Col. J		

**State of Nevada
Renewable Energy Tax Abatements Application**

**Property Tax: Personal Property
Schedule 1**

Company Name: Spring Valley Wind, LLC

Division: _____

Instructions:

(1) List each item of personal property subject to property tax in Col A. Pursuant to NRS 361.030, personal property includes stocks of goods on hand; any vehicle not included in the definition of vehicle in NRS 371.020; all machines and machinery, all works and improvements, and all property of whatever kind or nature not included in the term "real estate" as that term is defined in NRS 361.035.

(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.

(5) Attach additional sheets as necessary.

A	B	C	D	E	F	G	H	I	J
Personal Property Itemized Description	G/L Account No. (if applicable)	Purchased by Facility Owner (FO) Contractor (C) Subcontractor (SC)	Date Purchased (if applicable)	Date Received or Estimated Date of Receipt in Nevada	Number of Units	Acquisition Price Per Unit	Estimated Total Acquisition Cost	Estimated Life of Personal Property	Estimated Acquisition Cost Less Depreciation
Wind Turbine Generators		FO		Jul 2011	75			20 YEARS	
Substation (34.5 -> 230kV)		C		Aug 2011	1			20 YEARS	
Capacitor Banks		C		Aug 2011	1			20 YEARS	
"SVC" Electrical Equipment (if reqd)		C		Aug 2011	1			20 YEARS	
34.5 kV Switchgear		C		Jul 2011	75			20 YEARS	
Medium Voltage Collection System		C		Jun 2011	1			20 YEARS	
Met Tower		C		Aug 2011	1			20 YEARS	
Met Tower Boom & Instruments		FO		Aug 2011	1			20 YEARS	
Primary SCADA Control System		FO		Aug 2011	1			20 YEARS	
GH SCADA Control System		FO		Aug 2011	1			20 YEARS	
Site Communications		FO		Aug 2011	1			20 YEARS	
O&M Building Furniture/Shelving		FO		Nov 2011	1			20 YEARS	
Operations pre-COD equipment		FO		Nov 2011	1			20 YEARS	
Wildlife Radar Systems		FO		Jun 2011	1			20 YEARS	
Turbine Spare Parts		FO		Feb 2012	1			20 YEARS	
BOP Spare Parts		FO		Nov 2011	1			20 YEARS	
Maintenance Tools		FO		Nov 2011	1			20 YEARS	
Grand Total									

* All property will be purchased new

* These amounts represent the best possible estimates for Personal Property values at this time

Property Tax: Real Property Improvements Schedule 2

Division: _____

(1) List each item of real property improvements subject to property tax in Col A. Pursuant to NRS 361.035, real property includes all houses, buildings, fences, ditches, structures, erections, railroads, toll roads and bridges, or other improvements built or erected upon any land, whether such land is private property or public property; as well as mobile or manufactured homes converted to real property. Place all land on Schedule 3.

(3) The total estimated cost reported in Col. F should include estimated or actual costs of labor, materials, supervision, contractors' profit and overhead, architects' plans and specifications, engineering plans, building permits, site preparation costs, sales taxes and insurance; costs of buying or assembling land such as escrow fees, legal fees, right of way costs, demolition, storm drains, rough grading or other land improvement costs, yard improvements including septic systems, signs, landscaping, paving, walls, yard lighting; off-site costs including roads, utilities, park fees, jurisdictional hookup, tap-in, impact or entitlement fees and assessments; and fixtures unique to the property.

(5) Attach additional sheets as necessary.

A	B	C	D	E	F
Real Property Improvements Itemized Description	G/L Account No. (if applicable)	Estimated Date of Completion	Number of Units	Construction Cost Per Unit	Estimated Total Construction Cost
Access Roads, Crane Pads, Erection Areas		Q3 2011	1		
Operations and Maintenance Building		Q3 2011	1		
Fences		Q3 2011	1		
Foundations, Conduit, and Grounding		Q3 2011	1		
Grand Total					

**State of Nevada
Renewable Energy Tax Abatements Application**

**Property Tax: Real Property Land
Schedule 3**

Company Name: Spring Valley Wind, LLC

Division: _____

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	White Pine	Ely	County	Federal Bureau of Land Management Right-of-Way	012-140-01, 012-160-05, 012-040-01, 012-050-01	L			
2				* - see Legal Description of Land in Section 12					
3									
4									
5									
6									
7									
8									
9									
10									
11									
12	Grand Total								\$ -

Property Tax: Operating Leases Schedule 4

Division: _____

- (1) List each operating lease for real or personal property. Designate whether the lease is for real or personal property in Col. C.
- (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) Report the Annual Lease Payment in Col. G; the term of the lease in Col. H; and any residual value at the end of the lease term in Col. I.
- (5) Attach additional sheets as necessary.

A	B	C	D	E	F	G	H	I
Operating Lease Itemized Description	G/L Account No. (if applicable)	Real or Personal Property?	Number of Units	Lessor's Replacement Cost Per Unit	Estimated Total Replacement Cost	Annual Lease payment	Lease Years Remaining	Residual Value
O&M Trucks		Personal	2					
BLM Land Lease		Real	1			\$ 623,250	30	
Grand Total								30

Property Tax: Contributions in Aid of Construction
Schedule 5

Division: _____

(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.

(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.

[illegible]

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

Division: _____

- (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.

[illegible]

**State of Nevada
Renewable Energy Tax Abatements Application**

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

Company Name: Spring Valley Wind, 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.

A	B	C	D	E	F	G	H	I	J
Personal Property or Materials and Supplies Itemized Description	G/L Account No. (if applicable)	Purchased by Facility Owner (FO) Contractor (C) Subcontractor (SC)	Date Purchased	Date Received or Estimated Date of Receipt in	Number of Units	Price Per Unit	Total Transaction Cost	Applicable Sales Tax Rate	Estimated Sales Tax Paid or to be Paid
Wind Turbine Generators		FO		Jul 2011	40			2.250%	
Substation (34.5 -> 230kV)		C		Aug 2011	1			2.250%	
Capacitor Banks		C		Aug 2011	1			2.250%	
"SVC" Electrical Equipment (if reqd)		C		Aug 2011	1			2.250%	
34.5 kV Switchgear		C		Jul 2011	75			2.250%	
Met Tower		C		Aug 2011	1			2.250%	
Met Tower Boom & Instruments		FO		Aug 2011	1			2.250%	
Primary SCADA Control System		FO		Aug 2011	1			2.250%	
GH SCADA Control System		FO		Aug 2011	1			2.250%	
Site Communications		FO		Aug 2011	1			2.250%	
O&M Building Furniture/Shelving		FO		Nov 2011	1			2.250%	
Operations pre-COD equipment		FO		Nov 2011	1			2.250%	
Turbine Spare Parts		FO		Feb 2012	1			2.250%	
BOP Spare Parts		FO		Nov 2011	1			2.250%	
Maintenance Tools		FO		Nov 2011	1			2.250%	
Direct-assigned facilities - circuit breakers, relays, and other equip for NV Everyg		FO		Aug 2011	1			2.250%	
Grand Total									

**Sales and Use Tax
Third Year of Eligible Abatement
Schedule 8**

Division: _____

- (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.

[illegible]

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

①

This Application contains confidential information: Yes X 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.

Material for which confidentiality is claimed: All items redacted in the enclosed application.

Basis for claims of confidentiality: All redacted material consists of confidential commercial information, subject to protection under NRS 49.325, NRS 600A.070, and Nev.R.Civ.P. 26(c)(7), controlling case law (e.g., *Frantz v. Johnson*, 116 Nev. 455 (2000), and the public policy of the State of Nevada. "Confidential commercial information" is information "which if disclosed would cause substantial economic harm to the competitive position of the entity from whom the information was obtained." *Diamond State Ins. Co. v. Rebel Oil Co., Inc.*, 157 F.R.D. 691, 697 (D. Nev.. 1994). Information that is "economically valuable and not generally known to the public ... fulfills the definitions of both a trade secret and confidential information." *Saini v. International Game Tech.*, 434 F.Supp.2d 913, 924 (D. Nev. 2006).

Here, all information redacted from the application satisfies the definition of confidential information. It consists of specific pricing information, which if disclosed publicly would allow competitors, land owners and third party contracting parties insight into specific contracts and total costs of Spring Valley Wind LLC, which would create an uneven playing field for future negotiations. Such an uneven playing field would allow third parties to target price floors under which they would not agree to contract with Spring Valley or its owners in future transactions and could allow competitors to barely undercut Spring Valley and its owners' pricing positions. Not only would this result in an unfair outcome to Spring Valley, which has led the way in risking capital and learning cost efficiencies in the Nevada renewable energy market and should not be forced to subsidize potential competitors by allowing them access to the terms and conditions that Spring Valley has negotiated, but it could also artificially impact negotiations in connection with future energy projects if parties assume that the same factors that were relevant to the Spring

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

①

Disclosure of this information would defeat the purpose of the tax abatement program, which is intended to attract investment in renewable energy in Nevada; the potential disadvantages of disclosing sensitive information could discourage future investment in renewable projects and make obtaining debt or equity financing prohibitively difficult because overall costs of materials and equipment would be expected to go up if suppliers are able to access the amounts that Spring Valley paid and potentially raise their prices accordingly. Not only could disclosure discourage developers from entering the Nevada market, but it could reasonably be expected that equipment suppliers and other participants in the renewable industry market would refuse to contract with developers of Nevada projects because their confidential and/or proprietary information would also be disclosed if the redacted information is released, which would result in an unfair competitive disadvantage for them.

Without protection of this type of information that motivates companies to develop the most efficient and sophisticated technology and processes, the best-run companies would have little incentive to share any of their knowledge with governmental entities. Nevada consumers would lose, as such companies would never be willing to enter a marketplace and benefit Nevada consumers if their hard-won innovation in technology did not receive some protection. This is particularly true in the wind power industry, which reflects growing public policy momentum supporting alternative sources of clean energy and the growing industry that has developed in response. Because contractual pricing information is proprietary and confidential business information, the disclosure of which would impair Spring Valley's competitive business, Spring Valley should be permitted to maintain the confidentiality of the redacted provisions.

State of Nevada
Renewable Energy Tax Abatements Application

1

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:

Dyann Blaine
Name of person authorized for signature:
Authorized Signatory

Title:

Signature:

Date:

Dyann Blaine
6/22/10

Nevada RETA Application – Electrical Load and Consumption

Spring Valley Wind

The electrical load or consumption for the 150 MW Spring Valley Wind Project is summarized as follows:

TURBINE CONSUMPTION: Each of the 75 turbines at Spring Valley will use between 5 and 10 kW of power depending upon the time of year, temperatures, wind conditions, and the operational mode. Wind turbine electrical usage derives from various electrical, hydraulic, and mechanical components of the turbine such as nacelle mounted transformers, yaw drives, blade pitch actuators, pumps, etc. Therefore, maximum consumption originating from the turbines would be approximately 750 kW.

ELECTRICAL INFRASTRUCTURE: The site electrical infrastructure, including the underground cabling, main transformer, and switchyard connection equipment, will use 75-100 kW of power depending upon the time of year, temperatures, wind conditions, and operational mode.

OPERATIONS AND MAINTENANCE BUILDING: The O&M building will have a load of 5-10 kW. This load is derived from lights, heaters, air conditioners, the SCADA system, and office computers and printers.

MAXIMUM LOAD OR DEMAND: 850-900 kW.

ANNUAL PLANT CONSUMPTION: Based upon an average daily load of 400-500 kW over the course of a year, annual plant electrical consumption will be approximately 4,000,000 kWh's.

SOURCES OF ENERGY: The energy consumed by the Spring Valley facility will be provided by the output from the wind turbines and, when wind conditions are not high enough for the turbines to produce, by power provided by the Mt Wheeler Coop via the Gonder-Pavant 230 kV line that runs directly through the site. Mt Wheeler purchases power from the Northern NV Energy system and the sources of this generation are largely derived from base-load coal and natural gas plants in Northern Nevada and Utah.

Nevada RETA Application - Narrative

Spring Valley Wind

- 1) The Spring Valley Wind facility (the "Project") is applying for both a Sales and Use Tax Abatement and a Property Tax Abatement.
- 2) The Project will be a wind-powered electric generation facility, featuring modern wind turbine technology – state-of-the-art multi-megawatt horizontal-axis upwind generating machines with three rotor blades on a tubular tower. The electricity generated by these turbines will be gathered through a medium-voltage collection system to a Project-owned substation. From this substation, power will flow to an adjacent NV Energy-owned switching station, where the Project will interconnect with an existing 230 kV transmission line also owned by NV Energy. The ownership of energy will be transferred to NV Energy at this point of interconnection.
- 3) The Project is located in Spring Valley, in White Pine County, east of Ely, Nevada. Section 12 provides a legal description of the location of the proposed facility.
- 4) The Project will provide numerous benefits to the State of Nevada and the western region as a whole. As a wind energy facility, it will improve the diversity, sustainability, and availability of the energy mix, in addition to promoting stable electricity prices. The Project will stimulate lasting economic development in the region by creating high quality jobs, providing a significant capital investment in Nevada, and increasing the tax base substantially. As a clean, renewable source of electricity, the Spring Valley Wind facility will help to protect public health, improve environmental quality, and reduce reliance on fossil fuels.
- 5) These abatements have already been contemplated in the power purchase agreement negotiated with NV Energy. By reducing the sales and property taxes assessed on the Project, the abatements allowed the Project to reduce its sale price of electricity by [REDACTED]
- 6) The Project will make a capital investment in the State of Nevada of between [REDACTED] and [REDACTED]. According to the sum of Schedules 1 – 5, the Project is expected to make a capital investment of [REDACTED]
- 7) The Project anticipates debt financing through a consortium of private lenders. This funding will be in addition to equity from Pattern Energy Group LP, the Project Sponsor. The Project is expected to qualify for the federal Investment Tax Credit, in the form of a cash grant.

- 8) The Project expects to employ up to 225 construction employees during the facility's construction phase, with no less than 50 full-time equivalent construction employees during the second quarter of full construction. Their hourly wage will [REDACTED], and will meet the minimum requirement for average hourly wage.
- 9) The Project and its BOP Contractor will incorporate a preference for Nevada labor in selecting subcontractors, and will ensure that 30% of construction employees during the second quarter of construction are residents of Nevada.
- 10) The construction General Contractor's policy for all direct hires is to offer medical, dental, and vision benefits upon employment. The offer also applies to dependents. In any case, construction employees will be offered health benefits which meet the minimum requirements.
- 11) The Project expects to employ approximately 11 new full-time equivalent employees by the end of its first fourth-quarter of operations. Their average hourly wage will [REDACTED], and will meet the minimum requirement for average hourly wage.
- 12) The Project is expected to maintain operation in Nevada for 20+ years.
- 13) Please see Section 4 for a cost-benefit analysis of the abatements applied for.

Nevada RETA Application – Cost-Benefit Analysis of Abatements

Spring Valley Wind

The construction and operation of the Spring Valley Wind facility will provide substantial benefits to the local and regional economies in both White Pine County and the State of Nevada as a whole. Benefits will be derived from several aspects of the Project, including construction, operations, and direct and indirect taxes.

WIND FARM CONSTRUCTION

The economic impacts from construction can be measured as both direct and indirect benefits. Direct benefits result from wages, materials and equipment purchases, and services directly related to wind farm construction. Indirect benefits are measured by the multiplier effect the facility will have on the local economy and the tax base. Indirect benefits will result from the purchases of goods and services related to construction operations such as lodging, meals, entertainment, and personal purchases the contractors and their employees will make while working in Nevada.

The total estimated cost to construct the Project includes labor, equipment and materials, and soft costs (legal, engineering, and development permitting).

Construction Materials

Locally sourced construction materials will be purchased regionally to be utilized for on-site construction and are likely to include but are not limited to: gravel, steel, concrete, lumber and building materials, building furnishings, supplies, and fuel.

Construction Employment

The Spring Valley Wind facility expects to employ up to 225 construction employees during the facility's construction phase, with no less than 50 full time-equivalent construction employees during the second quarter of full construction.

Employees are expected to earn an average hourly wage of approximately:

The facility is expected to require approximately 200,000 man-hours to construct: x 200,000 hrs

The facility will likely provide direct wages through construction employment totaling:

WIND FARM OPERATION

The economic impacts from the facility's operations can also be measured as both direct and indirect benefits. Direct benefits result from wages, materials and equipment purchases, and services directly related to wind farm operation. Indirect benefits are measured by the multiplier effect the facility will have on the local economy and the tax base. Indirect benefits will result from the purchases of goods and services related to construction operations such as lodging, meals, entertainment, and personal purchases the contractors and their employees will make while working in Nevada.

O&M Materials and Services

Typical materials and services necessary during the operational phase of the wind farm will include: vehicles, site and equipment maintenance, fuel, other consumables, and replacement parts.

Operational Employment

The facility expects to employ approximately 11 full-time equivalent employees during the facility's operational years.

11 employees are expected to earn a combined annual salary of:

The facility is expected to remain in operation for more than 20 years: x 20 yrs

The facility will likely provide direct wages through operational employment totaling:

Nevada RETA Application – Cost-Benefit Analysis of Abatements

Spring Valley Wind

It is important to consider that in the absence of Renewable Energy Tax Abatements, the Spring Valley Wind facility would not be constructed. As such, Nevada would realize none of the environmental or economic benefits that the facility is expected to provide. These include direct and indirect tax revenues, as well as direct and indirect economic stimulus through Nevada employment and regional sourcing of materials.

The State of Nevada will realize a net gain in tax revenues as a result of these Renewable Energy Tax Abatements, as the facility would not otherwise be built and would thus provide no tax revenues in absence of such Abatements. Further, as the facility is located on BLM land, such land would generate zero property tax revenues in the absence of the facility.

Sales & Use Tax

Total Personal Property Value:

[REDACTED]

Unabated Sales & Use Taxes:

[REDACTED]

The Sales & Use Tax Abatement is expected to be valued at:

[REDACTED]

Net Gain in Sales & Use Taxes:

[REDACTED]

Property Tax

Total Property Value:

[REDACTED]

Unabated Property Taxes:

[REDACTED]

The Property Tax Abatement is expected to be valued at:

[REDACTED]

Net Gain in Annual Property Taxes (First-Year):

[REDACTED]

Further, for both the construction and operational phases, the facility is expected to provide direct wages totaling:

[REDACTED]

Nevada RETA Application – Construction General Contractor

Spring Valley Wind

The likely General Contractor for the Project will be:

MORTENSON CONSTRUCTION

Jeff Martin
Preconstruction Manager | Renewable Energy Groups
Mortenson Construction: Building what's next.
Jeff.Martin@Mortenson.com
phone 763.287.5312
fax 763.287.5579
700 Meadow Lane North
Minneapolis, MN 55422

Steve Cook
Construction Executive - Renewable Energy Group
Mortenson Construction: Building what's next.
Steve.Cook@Mortenson.com
phone 763.287.5159
fax 763.287.5577
700 Meadow Lane North
Minneapolis, MN 55422



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April 30, 2010

Dr. Hatice Gecol
Nevada Energy Commissioner
Nevada Renewable Energy and Energy Efficiency Authority
101 N. Carson Street - Carson City, NV 89701

Re: Spring Valley Wind Farm – Power Sales Arrangements

Dear Commissioner Gecol:

On January 28th, 2010, NV Energy (“NVE”), and Spring Valley Wind LLC entered into a 20-year power purchase agreement providing for NVE’s purchase of all of the wind project’s electrical output according to an established pricing structure. The construction of the project is anticipated to begin as soon as the 4th quarter of 2010, and the project should be in service by the end of 2011. The agreement is currently under consideration by the Public Utility Commission of Nevada as part of NVE-South’s 2009 Integrated Resource Plan. Approval by the PUCN is a condition precedent to effectiveness of the agreement.

Sincerely,

Todd Eagleston
Director, Renewable Energy Project Development

Nevada RETA Application – PUC & FERC Dockets

Spring Valley Wind

The Spring Valley Wind facility has a docket with the Public Utility Commission of Nevada ("PUCN") regarding the Project's PPA, with number 10-02009. It is available on the PUCN website at <http://pucweb1.state.nv.us/PUCN>.

Sierra Pacific Power Company has filed a FERC docket regarding an E&P agreement with the Project, with number ER10-1195-000. It is available on the FERC website at <http://ferc.gov/docs-filing/elibrary.asp>.

A FERC docket is not required for the Project's PPA.

NV Energy will file the Project's Interconnection Agreement with FERC, and, as the Agreement is expected to be conforming, a FERC docket will likely not be required.

Nevada RETA Application – Business Plan for the Facility

Spring Valley Wind

BUSINESS PLAN

Pattern Energy's subsidiary, Spring Valley Wind, LLC, intends to develop, finance, own, and operate the Spring Valley Wind facility to the highest technical, operational, and safety standards. These best practices, along with Pattern's active role in all operational and maintenance activities, will ensure that the facility provides efficient and reliable electricity for the State of Nevada for years to come.

With a significant equity investment and a long-term power purchase agreement with NV Energy, the investment in the Spring Valley Wind facility represents a major commitment to White Pine County and the State of Nevada. As such, Pattern Energy and Spring Valley Wind will do everything in their power to ensure that the project is successful – both financially and in terms of community and environmental benefits.

Nevada RETA Application – Corporate Profile

Spring Valley Wind

The Spring Valley Wind facility ("Project") is owned by Spring Valley Wind, LLC ("SVW"), a special purpose entity established by the Project Sponsor for the purpose of constructing and owning the Spring Valley Wind Facility. SVW is a wholly-owned subsidiary of the Project Sponsor, Pattern Energy Group LP, which will also provide all of the necessary equity investment for the Project.

SVW intends to own and operate the Spring Valley Wind facility throughout the Project's term of operation.

Pattern Energy Group LP is an independent, fully integrated energy company that develops, constructs, owns, and operates renewable energy and transmission assets across the United States, Canada and Latin America. With a long history in wind energy, Pattern's highly-experienced team of scientists, engineers, construction experts, and legal and financial professionals has developed, financed, and placed into operation more than 2,000 MW of wind power in eleven states. Pattern's current development pipeline exceeds 4,000 MW of renewable energy projects. Pattern's management team also has extensive experience in developing complex transmission projects – including the Trans Bay Cable project under the San Francisco Bay – and is currently developing multiple power transmission projects. With offices in San Francisco, Houston, San Diego, New York and British Columbia, Pattern is strongly committed to promoting environmental stewardship and is dedicated to working closely with landowners and communities to develop and operate premier renewable energy projects.

Since its inception in June 2009, Pattern Energy has successfully financed, and is currently constructing, both the 101 MW Hatchet Ridge Wind facility in California and the 138 MW St. Joseph Wind facility in Manitoba, Canada. Pattern also owns and operates 283 MW Gulf Wind facility in Texas.

A list of projects developed/acquired and financed by the Pattern team in recent years, including dates, locations, project sizes, and turbine models, is included in Section 13.

Nevada RETA Application – Annual Report

Spring Valley Wind

The Spring Valley Wind facility is owned by Spring Valley Wind, LLC ("SVW"), a special purpose entity established by the Project Sponsor for the purpose of constructing and owning the Spring Valley Wind Facility. SVW is a wholly-owned subsidiary of the Project Sponsor, Pattern Energy Group LP, which will also provide all of the necessary equity investment for the Project.

To date, Pattern Energy has secured a total of more than \$800 million in equity funding from investment funds controlled by Riverstone Holdings LLC, Pattern management, and select employees. The capital is being used to expand and support Pattern Energy's project pipeline, which represents Riverstone's primary wind energy platform in North America.

Audited financial statements for Pattern Energy Group Holdings LP for 2009, showing Pattern's first six months since its inception in June 2009, are strictly confidential and available upon request. Pro-forma financials are also available upon request.

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Nevada RETA Application – List of Permits Received

Spring Valley Wind

List of Permit Authorizations for Spring Valley Wind, LLC

Authorization	Agency Authority	Application Filing Date	Status/Date Received
<i>Federal</i>			
ROW for Land under Federal Management	BLM	March 11, 2007	In progress, expected June 2010
Notice of Proposed Construction or Alteration (Form 7460.1)	FAA	Expected May 2010	Expected June 2010
<i>State</i>			
Utility Environmental Protection Act – Permit to Construct	Nevada Public Utility Commission	February 5, 2010	In Progress, expected July 2010
Ground Water Discharge Permit	Nevada Division of Environmental Protection, Bureau of Water Pollution	Expected 4 th quarter 2010	Expected 4 th quarter 2010
CWA, Section 402 National Pollutant Discharge Elimination System (NPDES) Notification for Stormwater Management during Construction	Nevada Division of Environmental Protection	Expected 4 th quarter 2010	Expected 4 th quarter 2010
Surface Area Disturbance Permit /Dust Control Plan	Nevada Division of Environmental Protection	Expected 4 th quarter 2010	Expected 4 th quarter 2010
Right-of-way Occupancy Permit	Nevada Department of Transportation	Expected 1 st quarter 2011	Expected 1 st quarter 2011
Over Legal Size/Load Permit	Nevada Department of Transportation	Expected 1 st quarter 2011	Expected 2nd quarter 2011
Uniform Permit (for transportation of Hazardous Materials)	Nevada Department of Public Safety	Expected 4th quarter 2010	Expected 4th quarter 2010
<i>White Pine County/ Local</i>			
Special Use Permit or Zoning Change	White Pine County Board of Commissioners City of Ely	December 2009	Completed January 13 th , 2010
Septic System Permit	White Pine County	Expected 1 st quarter 2011	Expected 1 st quarter 2011
Utility Permit/Easement	Utility owner (Mount Wheeler Power)	Expected 4th quarter 2010	Expected 4th quarter 2010

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List of Permit Authorizations for Spring Valley Wind, LLC

Authorization	Agency Authority	Application Filing Date	Status/Date Received
Building Permit	White Pine County	Expected July 2010	Expected September 2010.
Variance	White Pine County Board Of Commissioners City of Ely	December 2009	Completed January 13 th , 2010
Air Quality Permit for Batch Plant and Crusher Operations		Expected 4 th quarter 2010	Expected 1 st quarter 2011

Nevada RETA Application – Legal Description of Land and Maps

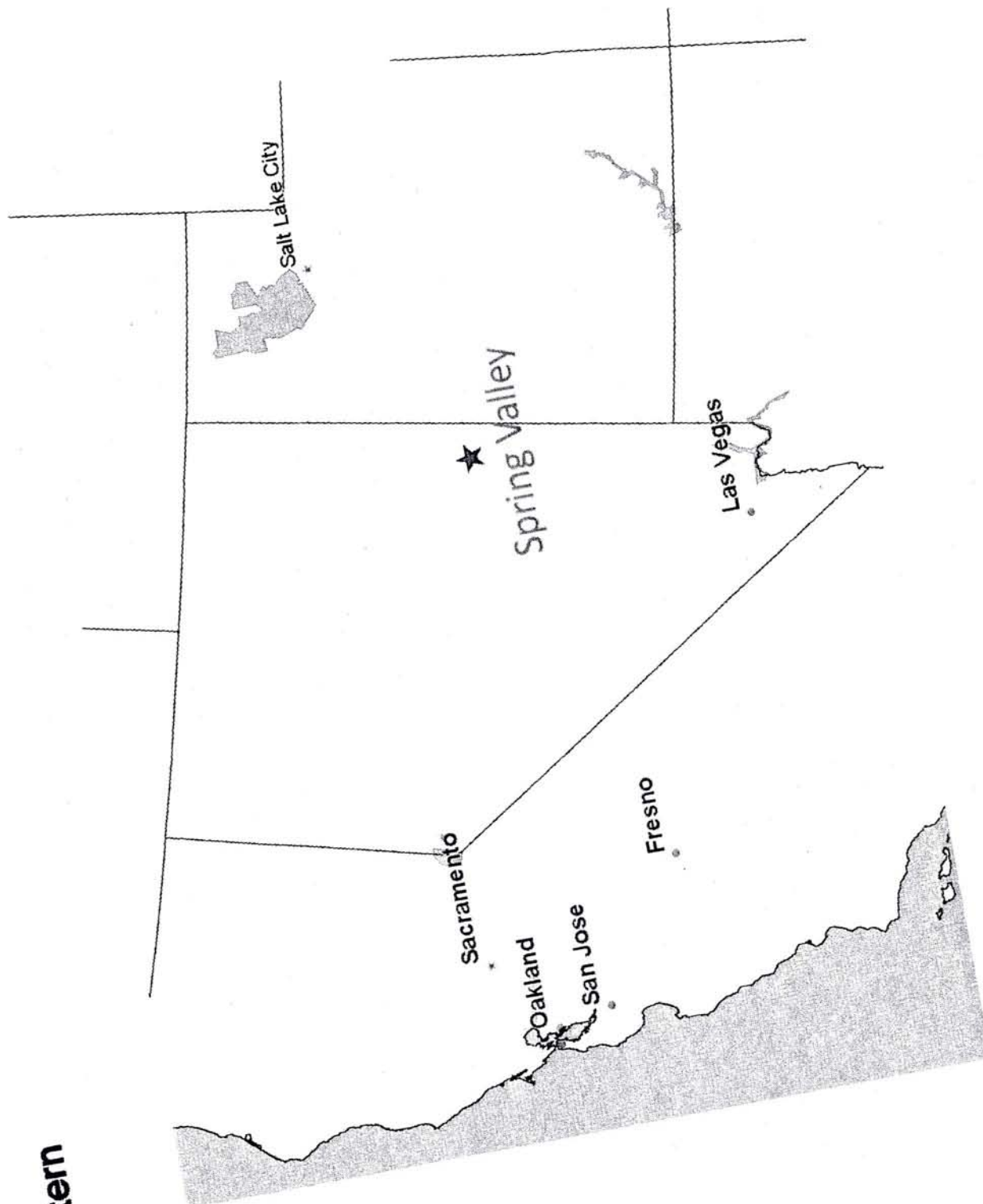
Spring Valley Wind

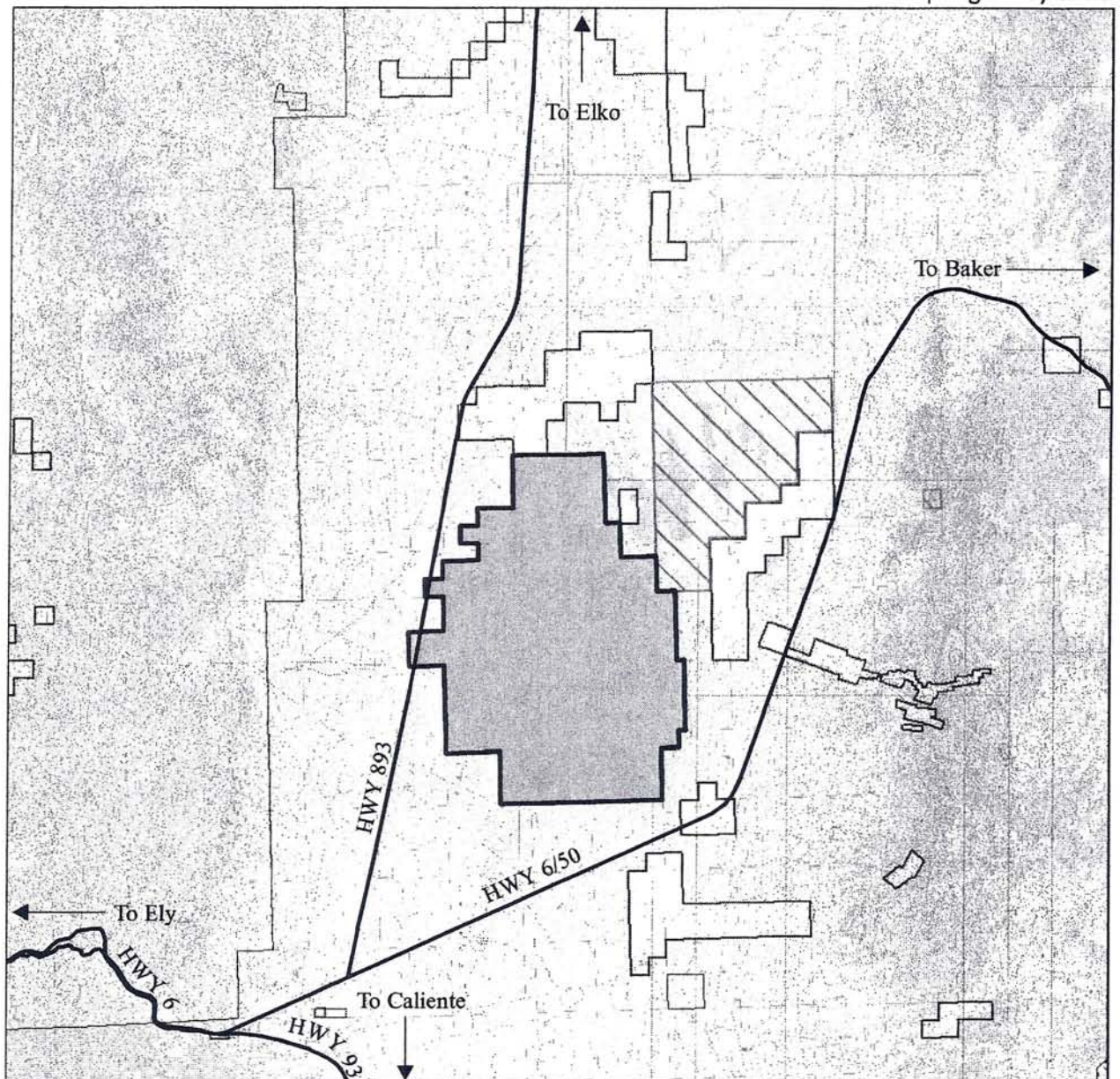
Maps showing the facility's site and its location in Nevada are included in this section. The Project is located on the following BLM-administered lands in White Pine County, NV:

Township	Range	Section	Quarter-Quarter-Quarter
14N	66E	1	All
		2	All of SE
		12	All
		13	N1/2 of NW
			N1/2 of NE
			E1/2 of SE
			All of SENE
	67E	4	W1/2 of NW
			W1/2 of SW
		5	All
		6	All
		7	All
		8	All
		9	W1/2 of NW
			W1/2 of SW
			W1/2 of NENW
			W1/2 of SENW
			W1/2 of NESW
			W1/2 of SESW
		18	All
		17	All
		16	All of NWNW
15N	66E	25	S1/2 of SE
		35	All of SESE
		36	All of S1/2
			All of NE
			All of NENW
	67E	29	W1/2 of NW
			W1/2 of SW
			W1/2 of NENW
			W1/2 of SENW
			W1/2 of NESW
			W1/2 of SESW
		30	All
		31	All
		32	All of S1/2
			All of NW

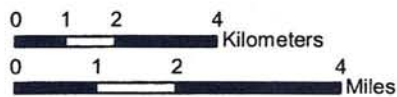
12

 Pattern

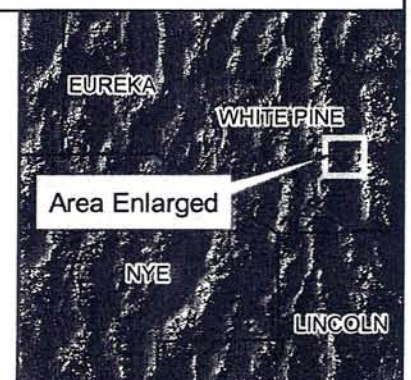


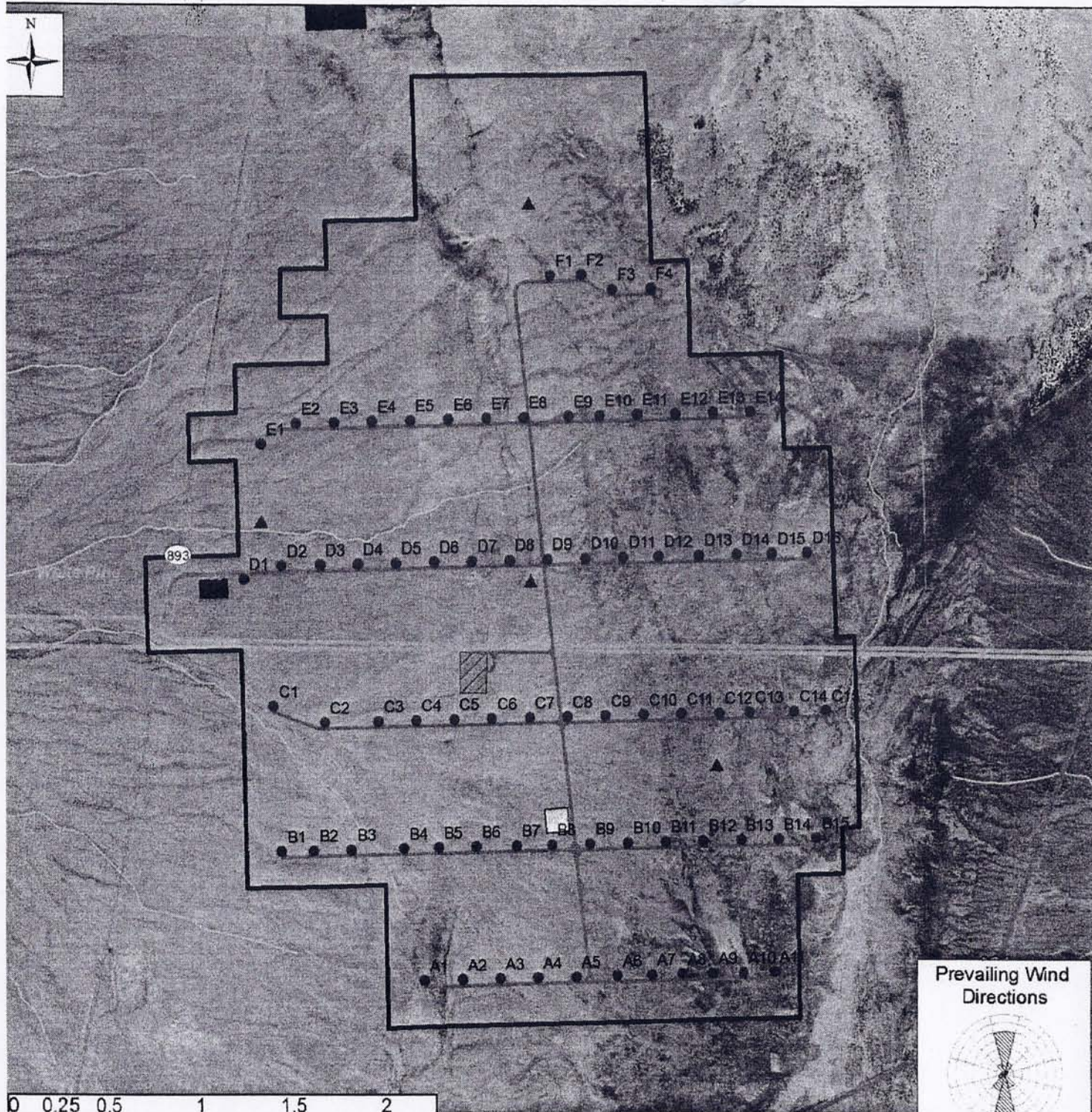


- | | |
|----------------|----------------|
| — Highway | □ USFS |
| ■ Project Area | □ Private Land |
| ▨ ACEC | □ BLM |



Basemap taken from South Bastian Spring, Cave Mountain, Hogum, and Majors Place NV USGS 7.5 minutes series topographic quadrangles.





Spring Valley Wind Farm White Pine County, NV

Privileged and Confidential
Created: 22 April 2010

Spring Valley is located
approximately 20 miles outside
of Ely, Nevada

Wind Data

Average Wind Speed = 6.5 mps
Length of Data = 4+ years

Turbine Information

Gamesa G90
75 Turbines / 150 MW Total

Legend

- Turbine - Gamesa G90 (75)

Met Towers

- ▲ Existing
- ▲ Proposed Permanent
- 230kV Transmission Line
- Access Roads
- Project Area
- ▨ Substation + O&M
- Laydown Area
- Gravel Pit

Prevailing Wind
Directions



 **Pattern**

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Recent Wind Projects Developed/Acquired by Pattern Energy Team

B

#	Project	Location	COD / Acq.	WTG Vendor	WTG Model	# WTG's	Project Size (MW)
Babcock & Brown's North American Infrastructure Group							
1	Blue Canyon Wind	Oklahoma	2003	NEG Micon	NM 72	45	74.3
2	Combine Hills	Oregon	2003	Mitsubishi	1000A	41	41
3	Mendota Hills	Illinois	2003	Gamesa	G52 RCC	63	51.7
4	Sweetwater - Phase 1	Texas	2003	GE	1.5 S	25	37.5
5	Caprock	New Mexico	2004	Mitsubishi	1000A	80	80
6	Crescent Ridge	Illinois	2005	Neg Micon	NM 82	33	54.5
7	Kumeyaay	California	2005	Gamesa	G87 2.0	25	50
8	Sweetwater - Phase 2	Texas	2005	GE	1.5 SLE	61	91.5
9	Sweetwater - Phase 3	Texas	2005	GE	1.5 SLE	90	135
10	Aragonne I	New Mexico	2006	Mitsubishi	1000A	90	90
11	Bear Creek	Pennsylvania	2006	Gamesa	G87 2.0	12	24
12	Buena Vista Repower	California	2006	Mitsubishi	1000A	38	38
13	Jersey Atlantic	New Jersey	2006	GE	1.5 SLE	5	7.5
14	Allegheny Ridge I	Pennsylvania	2007	Gamesa	G87 2.0	40	80
15	Cedar Creek	Colorado	2007	Mitsubishi GE	1000A 1.5 SLE	221 53	300.5
16	GSG	Illinois	2007	Gamesa	G87 2.0	40	80
17	Sweetwater - Phase 4a	Texas	2007	Mitsubishi	1000A	135	135
18	Sweetwater - Phase 4b	Texas	2007	Siemens	2.3 - 93	46	105.8
19	Sweetwater - Phase 5	Texas	2007	Siemens	2.3 - 93	35	80.5
20	Tres Vaqueros	California	2007	Howden	330	86	28.8
21	Allegheny Ridge II	Pennsylvania	2008	Gamesa	G87 2.0	35	70
22	Butler Ridge	Wisconsin	2008	GE	1.5 XLE	36	54
23	Majestic Wind Power I	Texas	2008	GE	1.5 SLE	53	79.5
24	South Trent Wind	Texas	2008	Siemens	2.3 - 93	44	101.2
25	Texas Gulf Wind	Texas	2008	MHI	2.4	118	283.2
26	Wessington Wind I	South Dakota	2008	GE	1.5 SLE	34	51
Pattern Energy							
27	Hatchet Ridge	California	2010	Siemens	2.3 - 93	44	101.2
28	St. Joseph	Manitoba, CAN	2010	Siemens	2.3 - 101	60	138
29	Texas Gulf Wind	Texas	2010	MHI	2.4	118	283.2
Total						1,806	2,747

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SECRETARY OF STATE



NEVADA STATE BUSINESS LICENSE

SPRING VALLEY WIND LLC

Nevada Business Identification # NV20051380738

Expiration Date: June 30, 2011

In accordance with Title 7 of Nevada Revised Statutes, pursuant to proper application duly filed and payment of appropriate prescribed fees, the above named is hereby granted a Nevada State Business License for business activities conducted within the State of Nevada.

This license shall be considered valid until the expiration date listed above unless suspended or revoked in accordance with Title 7 of Nevada Revised Statutes.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on May 11, 2010

A handwritten signature in black ink, appearing to read "Ross Miller".

ROSS MILLER
Secretary of State



This document is not transferable and is not issued in lieu of any locally-required business license, permit or registration.

***You may verify this Nevada State Business License
online at www.nvsos.gov under the Nevada Business Search.***

Exhibit (D) – Energy Related Tax Incentive Fiscal Note as required by NRS 701A.375-1(a) by the Budget Division of the State of Nevada Department of Administration, received on August 08, 2010



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via e-mail
AUG 09 2010
RENEWABLE ENERGY AUTHORITY
CARSON CITY, NV

DEPARTMENT OF ADMINISTRATION

209 E. Musser Street, Room 200
Carson City, Nevada 89701-4298
(775) 684-0222
Fax (775) 684-0260
<http://www.budget.state.nv.us/>

**BUDGET DIVISION
ENERGY-RELATED TAX INCENTIVE FISCAL NOTE
FOR SPRING VALLEY WIND, LLC
as required by NRS 701A.375-1(a)**

July 26, 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 Spring Valley Wind, LLC for development of their wind electric generation facility to be built in White Pine County, Nevada will result in the State foregoing the following revenues:

STATE SALES AND USE TAX ABATED —

Spring Valley Wind, LLC indicates they will purchase items subject to Nevada's 2.0% state sales and use tax totaling \$224,700,000. Given this information, the General Fund will be impacted by an abatement totaling \$4,558,024 including the applicable collection allowance.

Fiscal Year	Expenditure Subject to Abatement	Amount Abated
FY 2010	\$0	\$0
FY 2011	\$101,110,000	\$2,068,458
FY 2012	\$123,590,000	\$2,489,566
FY 2013	\$0	\$0
Total	\$224,700,000	\$4,558,024

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 Spring Valley Wind, LLC wind electric generation facility property is eligible for property tax abatement, the total taxable value of the property will range from \$248,730,501 in the first year to \$179,914,956 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 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 \$2,573,841, with annual amounts ranging from \$147,995 in the first year to \$109,071 in the last year.
- In the first year of the abatement, the State's General Fund could receive as much as \$645,213 (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.

Exhibit (E) – Fiscal Impact Renewable Energy Partial Abatement of Sales/Use Taxes and Fiscal Impact Renewable Energy Partial Abatement of Property Taxes as required by NRS 701A.375-1(b) by the State of Nevada Department of Taxation, received on August 20, 2010



JIM GIBBONS
Governor
ROBERT R BARENGO
Chair, Nevada Tax Commissioner
DINO DICIANNO
Executive Director

STATE OF NEVADA
DEPARTMENT OF TAXATION
Web Site: <http://tax.state.nv.us>
1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite 1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

HENDERSON OFFICE
2550 Paseo Verde Parkway Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

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via e-mail
AUG 20 2010

RENEWABLE ENERGY AUTHORITY
CARSON CITY, NV

FISCAL IMPACT

Renewable Energy Partial Abatement Sales/Use Taxes and Property Taxes

Spring Valley Wind, LLC

Background

Spring Valley Wind, LLC intends to build a facility for the generation of electricity from renewable energy and has applied to the Director of the Office of Energy for a partial abatement of sales and use taxes as well as property taxes, in accordance with the provisions NRS 701A.360. Upon approval by the Nevada Energy Commissioner, this project will be granted a partial abatement of sales and use tax for a period of three years, and a partial abatement of property tax for a period of 20 years commencing on the date of approval of the application. The projected approval date is expected to be in the third quarter of 2010.

Spring Valley Wind, LLC is a special purpose entity and a wholly-owned indirect subsidiary of Pattern Energy Group LP, a company with renewable energy projects throughout the United States, Canada, and Chile. The main area of the facility is located in White Pine County on approximately 8,565 acres leased in Township 15 N, Range 66 E, Sections 25 and 36, Township 15 N, Range 67 E, Sections 30, 31 and 32, Township 14N, Range 66 E, Sections 1 and 12; and Township 14N, Range 67 E, Sections 5, 6 and 7-9. The project area is generally bounded on the west side by Nevada State Highway 893 and on the south and east sides by U.S. Highway 6\50, approximately 30 miles east of Ely, Nevada, on lands leased from the Bureau of Land Management (BLM).

Permanent facilities for the proposed project will consist of approximately 75 wind turbine generators (WTG), an underground electrical collection system for collecting the power generated by each WTG, electrical substation and switchyard, access roads, T-1 fiber-optic line, meteorological towers, microwave tower, transmission lines and an operations and maintenance (O&M) building. According to the Plan of Development issued by Spring Valley in December, 2009, the project will generate about 149.1 megawatts (MW).

The proposed facility will connect to the existing NV Energy 230-kV transmission line that is currently in place and intersects the project area. A new 230-kV substation (Osceola substation) will be built adjacent to the existing line. In addition, the facility will include a new 230-kV/34.5-kV substation (Spring Valley substation), underground electrical collection system connecting the turbines, pad-mount transformer vaults, and aboveground junction boxes.¹

Analysis of Sales and Use Tax Abatement

NRS 701A provides that the State Office of Energy may grant a three year partial abatement of Sales and/or Use tax for renewable energy projects that meet the criteria set forth within NRS 701A.

¹ Preliminary Environmental Assessment, U.S. Department of the Interior, Bureau of Land Management (12-16-2009), Sec. 2, p. 7.

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, it is estimated that Spring Valley Wind, LLC will purchase a total of \$101,110,000.00 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 White Pine County, the full Sales Tax for these purchases would be \$7,557,972.50 less any applicable collection allowance.

Estimate of Sales and Use Tax Abatement

Sales Tax Component	1st Yr. July 1, 2010 thru June 30, 2011	2nd Yr. July 1, 2011 thru June 30, 2012	3rd Yr. July 1, 2012 thru June 30, 2013	Total
Sales/Use Tax (General Fund) (2%)	(\$2,022,200.00)	(\$2,471,800.00)	N/A	(\$4,494,000.00)
Local School Support Tax (2.6%) (2.25%)	\$2,628,860.00	\$2,780,775.00	N/A	\$5,409,635.00
Basic City Relief (.50%)	(\$505,550.00)	(\$617,950.00)	N/A	(\$1,123,500.00)
Supp. City County Relief (1.75%)	(\$1,769,425.00)	(\$2,162,825.00)	N/A	(\$3,932,250.00)
County Option (.625%)	(\$631,937.50)	(\$772,437.50)	N/A	(\$1,404,375.00)

Total Impact on Local/County Government:	1st Year: \$2,906,912.50
	2nd Year: \$3,553,212.50
	3rd Year: N/A

Analysis of Property Tax Abatement

Central and Local Assessment

Generally speaking, electric light and power companies that are located completely within a county, with no transmission lines carrying power across county lines, are locally assessed. NRS 361.320(7). Facilities that own transmission lines or other property that traverse county boundary lines are centrally assessed. NRS 361.320(1).

NRS 361.320(6) adds an exception to the general rule expressed above. It states:

If two or more persons perform separate functions that collectively are needed to deliver electric service to the final customer and the property used in performing the functions would be centrally assessed if owned by one person, the Nevada Tax Commission shall establish its valuation and apportion the valuation among the several counties in the same manner as the valuation of the other centrally assessed property.

The taxpayer reports that it is in the business of generating and selling energy. It also reports that no part of its facility crosses state or county boundary lines. A preliminary order issued by the Public Utilities Commission of Nevada (PUCN) on July 20, 2010 indicates that the PUCN accepted Nevada Power Company's request to enter into a 20-year purchase power agreement (PPA) with the Taxpayer, upon condition that the companies produce a report explaining how the power generated by Spring Valley will be integrated into Sierra Pacific Power's system until such time as the One-Nevada Transmission line is completed and power can be exported to the power purchaser, Nevada Power. The PPA indicates that all the power generated by the facility will be sold to Nevada Power Company.

Based on advice from the Office of the Attorney General, unless and until such time as the Taxpayer requires the use of transmission lines of another company such as Nevada Power to deliver power to a third party, the property must be locally assessed.

Valuation Methods for Real and Personal Property

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 reported that it has a 30 year lease or right-of-way for 8,565 acres of land from the BLM. The Department estimated the fair market value of the possessory interest in the federally-owned land by calculating a present value of the lease payments, using a 10% discount rate. For the balance of the 20 years for which the abatement may be granted, an appreciation factor of 2% per year was applied to the value of the land. The appreciation factor is a conservative estimate when compared to the 10 year average annual growth rate in assessed value for land and improvements in White Pine County from 2000-01 to 2009-10.²

² Department of Taxation, "Statistical Analysis of the Roll," 2009. White Pine County's average growth rate in assessed value from 2000-01 to 2009-10 was 4.30%. State of Nevada's average growth rate for the same period was 11.22%.

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 most of the components were real property, based on the framework for analysis provided in the 2011-12 Personal Property Manual, Appendix F and LCB File No. R039-10. 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.

The typical components of a wind generation facility consist of site preparation activities, including construction survey, grading, trenching, drainage features, diversion channels, culverts for road crossings, and firebreaks. Other components include access roads and utilities such as telecommunication lines, foundations for WTG towers, operations and maintenance buildings, towers, electrical equipment enclosures; medium voltage collection systems; electronic systems to control equipment and facilities operations (SCADA); lighting systems; fencing, switchyard and substations; and transmission system interconnections.

The Department's understanding is that the WTG towers are 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". In addition, as evidenced by the proposed BLM lease of land 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. Although this analysis does not assume obsolescence, which may apply to certain components of the WTG such as the nacelle or blades, the assessor is required to consider obsolescence if the taxable value exceeds full cash value. See NRS 361.227(5). In addition, the Department's Personal Property Manual was used to determine the replacement cost new less depreciation of vehicles, tools, and furniture, using the reported acquisition cost and a seven-year life.

The Department also did not adjust upward the reported acquisition cost to reflect any appreciation of improvements over the twenty year period. The Department used the current tax rate of \$3.66 per hundred (0.0366) for Tax District 0050 without further adjustment. Under current law, if the assessed value increases, 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 2010 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 Property 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 2012:	\$248,730,501
Total Taxable Value of the Project in 2032:	\$179,914,956
Estimated capital cost per kW (248,730,501/150,000)	\$1,658/kW
Total Taxes Due, First Year After Completion:	\$ 3,186,238
Total Renewable Energy Abatement @ 55%:	\$ 1,752,431
Total Taxes Available to Local Governments and Energy Fund:	\$ 1,433,807
Total Taxes Available to Local Governments only	\$ 788,593

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):	\$ 55,413,282
Total Renewable Energy Abatement, 20 years:	\$ 30,477,305
Total Taxes Available to Local Governments and Energy Fund:	\$ 24,935,977
Total Taxes Available to Local Governments only	\$ 13,714,788

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