

Ormat Tuscarora

Date: May 11, 2011

Time: 1:00

Present in Carson City:

Mitsuyo Maser, NV Dept of Taxation

Jo Lynn Smith, NV Dept of Taxation

Paul Thomsen, Ormat

Scott Scherer, Holland & Hart

Eyal Hen, Ormat

Terry Rubald, NV Dept of Taxation

Elizabeth Carter, Gradient Resources

Mark Albert, Gradient Resources

Stacey Crowley, NSOE

Lorayn Walser, NSOE

Tom Clark, Holland & Hart

Director Crowley: Good afternoon. I am Stacey Crowley, the Acting Nevada Energy Commissioner. This is the time and place for a hearing on the merits of an application for partial abatement of sales and use taxes and property taxes filed by Orni 42, LLC on March 9, 2011, to which we have assigned Application Number 11-01008G. This application is for the construction and operation of a 25 MW geothermal power generation facility that will be located on approximately 3,321 acres of private land leased in Elko County, Nevada. The application also covers a transmission line of approximately 24.5 miles in length from the power plant. I will be the presiding officer for the hearing this afternoon. With me is my legal counsel Louis Ling.

Introductions:

Paul Thomsen: For the record, Paul Thomsen for Ormat Technologies, I'm the Director of Policy and Business Development, representing ORNI 42

Scott Scherer of Holland and Hart LLP, representing Ormat Technologies and ORNI 42

Eyal Hen, Controller of Ormat

Louis Ling: I would remind the two gentlemen that you were sworn in the previous hearing (ORNI 39) and that you are still under oath.

Director Crowley: As a preliminary matter, we have marked a packet of documents as Exhibit 1 in this matter. Exhibit 1 consists of several subparts:

- Exhibit A - Notice of Public Hearing
- Exhibit B - Pre Application filed with Nevada Energy Commissioner on March 01, 2011
- Exhibit C - Application filed with NSOE on March 09, 2011
- Exhibit D - Energy Related Tax Incentive Fiscal Note by the Budget Division of the Nevada Department of Administration, received on April 25, 2011
- Exhibit E - Renewable Energy partial Abatement of Sales/Use Taxes and Fiscal Impact by the Nevada Department of Taxation, received on May 11, 2011

Director Crowley: Pursuant to stipulation with ORNI 42, I am admitting Exhibit 1 into evidence in this matter. Would representatives of ORNI 42 like to make an opening statement?

Scott Scherer: Just briefly without repeating what I said about Ormat generally. The Tuscarora project, owned by ORNI 42 is located in Elko County, it is a 16 MW facility with in excess of 70 million dollars in investment. It is on a combination of BLM and private land although it is primarily private land. As you know we are seeking both a property tax abatement and sales and use tax abatement for the transmission facility itself. ORNI 42 also has a 20 year PPA with NV Energy and is expected to become operational on or about the first quarter of 2012.

Director Crowley: Would you please repeat the nameplate capacity of the facility? On the application it says 22 MW.

Scott Scherer: 22 nameplate and 16 net.

Director Crowley: If you would like to call your witness you are welcome to do so now.

Scott Scherer: Mr. Thomsen please state your name for the record.

Paul Thomsen: For the record, Paul Thomsen, Director of Policy and Business Development with Ormat Technologies.

Scott Scherer: For this hearing, with regard to ORNI 42 have you submitted written testimony?

Paul Thomsen: I have.

Scott Scherer: And have you reviewed that written testimony?

Paul Thomsen: I have.

Scott Scherer: And is there a change with regard to the number of second quarter construction period employees at the Tuscarora facility?

Paul Thomsen: Yes, my testimony is correct; the amendment was from the application. In the new form our tax people, because of the months of looking at it, there was an increase of over 600%. Instead of 558 it should be approximately 103 during the second quarter. And again that should only slightly rise at any point during the construction of the facility.

Scott Scherer: We would like to submit this replacement sheet to the application for the record.

Paul Thomsen: And just to confirm on the question of lease acreage, it's about 3300 acres of private land from Ellison Ranching. We also have four BLM parcels of approximately 7000 acres. The phase of this project being considered today is located entirely on private land.

Director Crowley: We will submit this replacement sheet with employment numbers into consideration.

Scott Scherer: With that, Ormat appeared in front of the Elko County commissioners and they did not support the property tax abatement for the geothermal facility itself. We will only ask for property tax abatement for the transmission facility and also sales and use tax abatement.

Director Crowley: Is there any other evidence or persons wishing to testify?

Louis Ling: Just so the record is clear, we are operating as two separate proceedings (ORNI 39 and ORNI 42), the total payroll for this project, construction payroll, would be at least 7.7 million dollars, is that correct?

Paul Thomsen: Correct, and that is found in the calculation in the new form.

Scott Scherer: Just for the record, because of the change in employment numbers, we determined that Mr. Hen had just recently gone through that number, so we will come up with a corrected payroll.

Terry Rubald, NV Department of Taxation: Terry Rubald for the record, I just wanted to confirm whether the additional material sent over this morning will supplement these exhibits?

Director Crowley: So the hearing packets include the most recent information.

Terry Rubald: And because of the late submission we sent our materials over to Janet Rogers in Budget and I assume that she will supplement the record with her fiscal note as well.

Director Crowley: And we will handle this the same way we handled ORNI 39, by taking some time to review those submitted documents and write the order based on those findings that we have.

Does anybody else wish to speak?

So what we're going to do again for ORNI 42, I will review the testimony, the exhibits, the recent replacement sheet as well as the submitted tax impact statements when they do come in and write the order and the findings. As with ORNI 39 this project meets the minimum criteria as necessary under 701A and we'll put all of those detailed findings in that order. We'll have that one in 15 days. I guess we'll add the caveat that if the Department of Administration, based on their submittal of their updated fiscal impact notes, assuming they can get that within 15 days, but I won't make that promise for them. We like to show for these proceedings that there is substantial benefit to the state for these projects to go forward along with the tax abatements you receive.

Paul Thomsen: The only question I have is for our construction is pending, receiving equipment is pending on the sales tax approval, will Tax be working on the required certificate of completion with the

order, we can expect to receive equipment within 15 days of today? If it's deemed approved, will we have the required certificate from Taxation?

Louis Ling: We will draft, with the findings of fact, the certificate approval and a third document. Those are transmitted over to Tax but we've done everything we could. Once they get that, they can start working on it.

Stacey Crowley: And it is based on the date we sign the order.

Mitsuyo Mayer, Taxation: As soon as we receive the contract we can make up a certificate pretty quickly and send that off to you.

Stacey Crowley: This concludes the hearing for ORNI 42