

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

EXHIBIT I

10-0006G
Renewable Energy Tax Abatement Application
for partial sales and use tax abatement
NRS 701A.300-390
R094-10

By

Orni 39, LLC

Ormat McGinness Hills Project

Public Hearing
Wednesday, May 11, 2011
1:00 – 3:00 p.m.
Nevada State Office of Energy
Room 202
755 North Roop Street
Carson City, Nevada 89701

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Ormat McGinness Hills

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Exhibit (A) – Notice of Public Hearing, dated May 4, 2011

In the Matter of the Application of:)
)
Ormat McGinness Hills)
Ormat Tuscarora)
_____)

May 4, 2011

Wednesday, May 11, 2011

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 the county(s) in which the project or facility will be located; (5) The County Assessor of the county(s) in which the project or facility will be located; (6) The County Treasurer of the county(s) in which the project or facility will be located; and (7) 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 in a form with the Commissioner, Re: **AFN 10-10006G (Ormat McGinness Hills) or AFN: 10-10008G (Ormat Tuscarora)** by e-mail to at lwalsen@energy.nv.gov and provide a copy of the notice of intent to participate in a form to the applicant's legal counsel, Scott Scherer at sscherer@hollandhart.com no later than Monday, May 9, 2011.

If the person or entity is or represents a **county, city, or township**, it must file the notice of intent in a form to participate with the Commissioner, Re: **AFN 10-10006G (Ormat McGinness Hills) or AFN 10-10008G (Ormat Tuscarora)** by e-mail to at lwalsen@energy.nv.gov and provide a copy of the notice of intent to participate in a form to the applicant's legal counsel, Scott Scherer at sscherer@hollandhart.com no later than Monday, May 9, 2011.

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 Ormat's applications, the Commissioner directs **Ormat 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 lwalsen@energy.nv.gov **no later than 5:00 p.m. on Monday, May 9, 2011.** Ormat and participating parties wishing to **respond** to the written testimony must file any responsive testimony with the Commissioner at lwalsen@energy.nv.gov **no later than 5:00 p.m. on Tuesday, May 10, 2011.**

The notice of intent to participate in a form and all written testimonies will be made available on the Commissioner's website.

Copies of the public records related to Ormat's applications are available upon request to the Commissioner by fax at (775) 687-1869, by e-mail addressed to lwalsen@energy.nv.gov , or by mail addressed to: Renewable Energy and Energy Efficiency Authority, 755 North Roop Street, Suite 202, 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, State Capitol Annex 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.

NOTICE OF PUBLIC HEARING -- 2 OF 3

By the Acting Nevada Energy Commissioner,



Stacey Crowley

Dated: Carson City, Nevada May 4, 2011

This Notice of Public Hearing posted at the Nevada State Capitol's public notice posting board, Commissioner's Web Page http://renewableenergy.state.nv.us/TaxAbatement_projects.htm) and the following locations:

*Attn: Public Posting
Churchill County Library
5553 S. Maine Street
Fallon, NV 89406
Attn: Public Posting
Tonopah Public Library
PO Box 449
Tonopah, NV 89049
Attn: Public Posting
Las Vegas / Clark County Library
833 Las Vegas Blvd, N.
Las Vegas, NV 89101
Attn: Public Posting
Pershing County Library
PO Box 781
Lovelock, NV 89419
Attn: Public Posting
Elko County Library
720 Court Street
Elko, NV 89801
Attn: Public Posting
Storey County Library
PO Box 14
Virginia City, NV 89449
Attn: Public Posting
Esmeralda County Library
PO Box 430
Goldfield, NV 89316
Attn: Public Posting
Washoe County Library
PO Box 2151
Reno, NV 89505
Attn: Public Posting
Humboldt County Library
85 East Fifth Street
Winnemucca, NV 89445
Attn: Public Posting
White Pine County Library
950 Campton Street
Ely, NV 89301*

*Attn: Public Posting
Lyon County Library
20 Nevin Way
Yerington, NV 89447
Attn: Public Posting
Carson City Library
900 N. Roop Street
Carson City, NV 89701
Attn: Public Posting
Mineral County Library
PO Box 1390
Hawthorne, NV 89415
Attn: Public Posting
Douglas County Library
PO Box 337
Minden, NV 89423
Attn: Public Posting
Nevada State Library
100 Stewart Street
Carson City, NV 89701
Attn: Public Posting
Eureka County Public Library
210 South Monroe St.
Eureka, NV 89316
Attn: Public Posting
Legislative Building
401 South Carson St.
Carson City, NV 89701
Attn: Public Posting
Lander County Library
PO Box 141
Battle Mtn, NV 89820
Attn: Public Posting
Lincoln County Library
PO Box 330
Pioche, NV 89043*

**Exhibit (B) – Exhibit (B) – Orni 39, LLC Pre-application filed with
the Nevada Energy Commissioner on March 26, 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

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

Applying for:

Both

Sales and Use Tax Abatement OR Property Tax Abatement OR Both

Company Name:

ORNI 39, LLC (Property Tax) and its owner, Ormat Nevada, Inc. (Sales/Use Tax)

Company Contact:

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

Name, Title, Phone, and E-mail

Type of Nevada Facility:

Geothermal

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

Renewable Energy Generation and/or Transmission Capacity:

30 MW

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

Anticipated Capital Investment Amount:

[REDACTED]**

The Facility will be built on:

BLM Land

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

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

Lander County

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

Please describe if yes:

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

Please describe if yes:

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

Please describe if yes:

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

Please describe if yes:

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

Please describe if no:

The Facility has a long term Power Purchase Agreement with:

NV Energy

Name of the Utility or Company

Anticipated Dates for the Facility Construction Start and Operational Start:

[REDACTED] **

Anticipated Submission Date for the Complete Application Package:

April 2, 2010

Statement Regarding Confidential Information

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

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

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

**** The information in this application and designated as confidential is done pursuant to the protections**

afforded by trade secret information as described at NRS 49.325 and NRS 600A.030(5). Confidentiality is also

asserted pursuant to NRS 703.190 and NRS 703.196. The later two statutes have been asserted by Nevada

Power as protecting all cost and related information in the PPA's approved for these projects and orders

of the PUCN approving these projects grants that the request of Nevada Power Company to protect such

information as confidential for a period of not less the seven (7) years.

**Exhibit (C) – Orni 39 Application (revised / redacted) filed with the Nevada State
Office of Energy on April 26, 2011**

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)

- ☒ 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
- ☒ Table of Contents for the application
- ☒ 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:
 - 1) Abatements applied (Sales and Use Tax Abatement or Property Tax Abatement or both)
 - 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
 - 3) A legal description of the location of the proposed facility
 - 4) A description of energy benefits of the proposed facility that Nevada and the western region will benefit from
 - 5) A financial evaluation of the impact of abatements on the sale price of electricity
 - 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")
 - 7) A statement of anticipated sources of financing for the facility from Nevada, another state, a federal agency and/or any other financing entity
 - 8) The number of full-time equivalent construction employees during the second quarter of construction and their hourly wage
 - 9) The number and percentage of construction employees who will be residents of Nevada
 - 10) A description of health insurance plan that will be offered to construction employees
 - 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
 - 12) The length of facility operation term that the company will be maintaining their business in Nevada
 - 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)
- ☒ Facility Information Form
- ☒ Employment Information, Construction and permanent employee salary schedules
- ☒ Supplemental Information Form
- ☒ Taxation Reporting Forms (Summary Sheet and Schedules 1 through 8)
- ☒ Names and contact information of the construction company(s), contractor(s), and subcontractor(s)
- ☐ 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 (NO Letter obtained - see PUC doc for reference to PPA)
- ☒ 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 (Not Applicable)
- ☒ Copy of the Business Plan for the Nevada Facility
- ☒ 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
- ☒ Annual Report
- ☒ Confidential Information Identification Form
- ☐ Any other information requested by the Nevada Energy Commissioner
- ☒ Certification

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**".

State of Nevada
Renewable Energy Tax Abatements Application
Facility Information

REDACTED

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

10-10006G

Date of Application Received by the Nevada State Office of Energy

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

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

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



Sales & Use Tax Abatement



Property Tax Abatement

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

Federal Employer ID number (FEIN, EIN or FID):

88-0278853 (ONI)

Company Name: Orni 39, LLC (owned by Ormat Nevada, Inc.)

Mailing Address: 6225 Neil Rd.

City: Reno

State: NV

Zip: 89511-1136

Phone: 775-356-9029

Fax: 775-356-9039

Company Contact: Eyal Hen

Title: Controller

Phone: 775-356-9029 ext. 32218

E-mail: ehen@ormat.com

Description of Company's Nevada Operations: Orni 39, LLC is a new entity. Ormat currently has nine (9) geothermal power plants located in Washoe and Churchill counties including Steamboat Hills, Steamboat 2, Steamboat 3, Steamboat Springs, Burdette, Galena 2, Galena 3, Brady, and Desert Peak.

NAICS Code: 187-221119 (ONI)

Percentage of Company's Market Outside of Nevada: Orni 39, LLC - 0% New Operations; Ormat - 80%

Nevada Facility

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



Generates process heat from solar energy



Generates electricity from geothermal resources



Wholesale facility that generates electricity from solar, wind, biomass, waterpower, or fuel cells



Transmission of electricity produced from geothermal, solar, wind, biomass, waterpower, or fuel cell resources that are in Nevada

Transmission-level voltages in kV: _____

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

renewable energy or geothermal resources that are in Nevada: 100%

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

fossil fuel energy: _____

nuclear energy: _____

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

Geothermal

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

43MW- Gross 30MW- Net

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

City: Battle Mountain

State: NV

Zip: _____

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

Nevada Facility - Continued			
If you are leasing land,	Lease Term: 20 Years	Annual Lease Rate: \$	Lease 1 & 2 (BLM) - \$2/acre yr. 1, \$3/acre years 2-20; Lease 3 (Private) - \$10/acre years 1-5, \$15/acre years 6-10 & \$20/acre years 11-20
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): Lease 1 - 5,120 acres; Lease 2 - 2,340 acres; Lease 3 - 220 acres		Size of the Building (sq.ft.):	
Current Value of the facility (Total of Sch 1 through 5): \$164,000,000			
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 Construction Phase Start Date: Mar. 1, 2011		Anticipated Date for the Completion of Construction Phase: Qtr. 1, 2012	
Anticipated Purchasing Goods Start Date: Jan. 1, 2011		Anticipated Date of the Facility Opening for Operation: Qtr. 1, 2012	

Attach a description of the technology and facility, including generation, transmission or distribution, and other structures **Provided in the Application Checklist Requirement Addendum**

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 **T20 N., R45E, S. 9-16 & T20 N., R45E S 21-24 (See attached Map)**

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 **Provided in the Application Checklist Requirement Addendum**

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:	
Department of Taxation's Tax Payer ID number if the business is registered with the Department of Taxation:	1002193540 (ONI)
Has the business obtained the permits required by the federal, state and local governments (county and city or town)? (Yes/No)	Yes
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: See attached permit list	
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: <u> X </u>	
PPA <u> X </u> LOI _____ MOU _____	
If yes, list the name of the utility/company: Nevada Power Company	

Nevada Facility - Continued			
Have you started any filing process with the PUC and/or FERC (Yes/No)?			
If yes,	PUC Docket Number: 10-02009	Date of filing: 3/5/2010	
If yes,	FERC Docket Number:	Date of filing:	
If No,	Anticipated Date of filing:		

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

1 Lander County

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

2
3
4
5
6
7
8
9

State of Nevada
Renewable Energy Tax Abatements Application
Employment Information

REDACTED

Employment

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

New Operations In Nevada	Expansions
<p>How many full-time equivalent (FTE) <u>construction employees</u> will be employed during the second-quarter of construction? <u>200</u> (estimate)</p>	<p>How many full-time equivalent (FTE) <u>construction employees</u> will be employed during the second-quarter of construction? <u> </u></p>
<p>Average hourly wage of <u>construction employees</u>, excluding management and administrative employees: <u>\$41.05</u></p>	<p>Average hourly wage of <u>construction employees</u>, excluding management and administrative employees: <u> </u></p>
<p>The number of full-time equivalent (FTE) <u>construction employees</u> who will be residents of Nevada? <u>60 (estimate)</u></p>	<p>The number of full-time equivalent (FTE) <u>construction employees</u> who will be residents of Nevada? <u> </u></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? <u>12</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? <u> </u></p>
<p>Average hourly wages of <u>permanent employees</u>, excluding management and administrative employees: <u>\$24.54</u></p>	<p>Average hourly wage of <u>new permanent employees</u>, excluding managements and administrative employees: <u> </u></p>
	<p>How many <u>permanent employees</u> were employed prior to the expansion? <u> </u></p>
	<p>Average hourly wage of current <u>permanent employees</u>, excluding managements and administrative employees <u> </u></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): **Determined by Vendors - will meet qualifications of AB 522 as outlined in Minimum Requirement Criteria.**

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

Cost of Total Benefit Package: Estimated \$ 600,000	Cost of Health Insurance for Construction Employees: Estimated 8% of salaries
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List all full-time construction employees and associated wages for all persons that will be hired and employed by the facility during the second quarter of construction at the Nevada facility. The Nevada State Office of Energy will conduct a wage and employee count audit based on the information provided below.

REDACTED

Total Number of Employees	138
Total Weekly Payroll	\$226,600.00
Total Average Hourly Wage	\$41.05

Full-Time Equivalent Permanent Employee / Salary Schedule

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

REDACTED

Total Number of Employees	12
Total Annual Payroll	\$612,580.80
Total Average Hourly Wage	\$24.54

**State of Nevada
Renewable Energy Tax Abatements**

Supplemental Information

REDACTED

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

- 1) Will you have a possessory interest in any governmentally owned property for this facility? Please describe if yes. **The Company plans to develop the geothermal power plant on BLM land. Land acreage and Lease fee is provided in the Facility Information portion of the application**
- 2) Do you anticipate making any concessions in the contract sales price for energy to account for discounted lease rates? Describe the nature of the concessions. **No, the lease rates are not a determining factor in the computation of the energy sales price.**
- 3) Will the facility, including generation, transmission, or distribution cross state or county boundaries? Please describe if yes. **The facility will generate energy and transmit to NV Energy located in Lander County, NV. NV Energy will transmit to ultimate consumer.**
- 4) Will the facility have long-term power purchase agreement contracts with a utility? **Yes - PPA agreement with Nevada Power Company**
- 5) Will the contract(s) provide for the sale of renewable portfolio energy credits (PEC) to a utility? **Yes**
- 6) Will the contract(s) provide for a long-term fixed rate for the sale of energy? **Yes, long-term fixed rate is in accordance with the PPA agreement**
- 7) Is the facility owned by a subsidiary of a company that is interstate or intercounty in nature? Name and location of the subsidiary company, if yes. **Orni 39, LLC (the "Company") is owned by Ormat Nevada, Inc. ("ONI"). ONI headquarters is located in the State of Nevada and owns LLC's and subsidiaries that own and operate geothermal and recoverd energy power plants in Nevada, California, Hawaii, Colorado, Minnesota, Montana, North Dakota and South Dakota.**
- 8) Is the company and/or facility subject to regulation by the PUCN or FERC? **No**
- 9) At what physical point is the ownership of energy transferred? Describe the location and nature of the connection to the transmission grid. **The energy will change ownership to NV Energy after the step-up transformer in the plant's switchyard located in Lander County**
- 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. **ORNI 39, LLC has not previously applied for state or local abatements in the State of Nevada. ONI, owner of ORNI 39, LLC, received a partial sales/use tax and property tax abatements for its project located in Jersey Valley, NV.**

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

**Summary Report
Schedules 1 through 8**

REDACTED

Company: ORNI 39, 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.	Included below	
2	Sch. 2 Real Property - Improvements - Total from Col. F.	164,000,000	
3	Sch. 3 Real Property - Land - Total from Col. I	243,840	
4	Sch. 4 Operating Leases - Total from Col. F	231,451	
5	Sch. 5 Contributions in Aid of Construction - Total from Col. F	0	
6	Sch. 6 First Year Estimated Sales & Use Tax - Total from Col. J	7,574,280	
7	Sch. 7 Second Year Estimated Sales & Use Tax - Total from Col. J	106,500	
8	Sch. 8 Third Year Estimated Sales & Use Tax - Total from Col. J	106,500	

**Property Tax: Personal Property
Schedule 1**

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
Included under Sch 2 - Real Property Improvements									
Grand Total									0

Property Tax: Real Property Improvements
Schedule 2

164000

State of Nevada
Renewable Energy Tax Abatements Application

Property Tax: Real Property Land
Schedule 3

Company: ORNI 39, LLC

Division:

REDACTED

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	Lander			BLM Land - Acq. August, 2007	005-037-01	L			148,480
2	Lander			BLM Land - Acq. August, 2007	005-037-01	L			67,860
3	Lander			Private Lease - Acq. August, 2007	005-370-02	L			27,500
4									
5									
6									
7									
8									
9									
10									
11									
12	Grand Total								243,840

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.

[illegible]

Property Tax: Contributions in Aid of Construction
Schedule 5

Company Name: ORNI 39, LLC
Division: _____

Instructions:

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

REDACTED

[illegible]

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

[illegible]

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

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

Company Name: ORNI 39, LLC

Division: _____

Instructions:

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

REDACTED

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
Total estimates sales & use tax - Year 2									106,500
Grand Total									106,500

**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.

REDACTED

[illegible]

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

REDACTED

This Application contains confidential information: Yes ☒ No ☐

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

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

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

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

State of Nevada
Renewable Energy Tax Abatements Application

REDACTED

Certification

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

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

Eyal Hen
Name of person authorized for signature:

Signature:

Controller
Title:

Date:

State of Nevada
Renewable Energy Tax Abatements Application

REDACTED

Certification

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

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

Eyal Hen

Name of person authorized for signature:

Controller

Title:


Signature:

11-1-10
Date:

**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 April 14, 2011**



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 ORNI 39, LLC
McGuinness Hills Geothermal Project
as required by NRS 701A.375-1(a)

April 14, 2011

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 ORNI 39, LLC for developing, owning, and operating a geothermal power generation facility in Lander County, Nevada, will result in the State foregoing the following revenues:

STATE SALES AND USE TAX ABATED —

ORNI 39, LLC indicates they will purchase items subject to Nevada's 2.0% state sales and use tax totaling \$109,680,000. Given this information, the General Fund will be impacted by an abatement totaling \$2,229,823 less any applicable collection allowance.

Fiscal Year	Expenditure Subject to Abatement	Amount Abated
FY 2011	\$106,680,000	\$2,133,600
FY 2012	\$1,500,000	\$30,000
FY 2013	\$1,500,000	\$30,000
Total	\$109,680,000	\$2,229,823

**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 April 7, 2011**

FISCAL IMPACT
Renewable Energy Partial Abatement Of Sales/Use Taxes

ORNI 39, LLC
McGuinness Hills Geothermal Project
AFN 10-100006

In accordance with the provisions NRS 701A of the Nevada Revised Statutes, ORNI 39, LLC has requested a Sales and Use Tax Abatement for their Renewable Energy Project. This project is located in Lander County. Upon approval, this project would be granted a partial abatement of Sales and Use Tax for a period of three years commencing on the date of approval.

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, ORNI 39, LLC will purchase a total of \$106,680,000.00 worth of tangible, personal property subject to Sales and/or Use Tax during the first year of the abatement period. At the current Sales or Use Tax rate for Clark County, the full Sales Tax for these purchases would be \$7,574,280.00 less any applicable collection allowance.

According to Schedule 7 of this application form, ORNI 39, LLC will purchase \$1,500,000.00 worth of tangible, personal property subject to Sales and/or Use Tax during the second year of the abatement period. Schedule 8 shows \$1,500,000.00 of tangible, personal property subject to Sales/and or Use Tax will be purchased during the third year.

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

Sales Tax Component	FIRST YEAR	FIRST YEAR	SECOND YEAR	THIRD YEAR	
	NOV 11, 2010 - JUNE 30, 2011	JULY 1, 2011 - NOV 10, 2011	NOV 11, 2011 - NOV 10, 2012	NOV 11, 2012 - NOV 10, 2013	TOTAL
Sales/Use Tax (General Fund) (2%)	(\$1,066,800.00)	(\$1,066,800.00)	(\$30,000.00)	(\$30,000.00)	(\$2,193,600.00)
Local School Support Tax (2.6%) (2.25%)	\$1,386,840.00	\$1,200,150.00	\$33,750.00	\$33,750.00	\$2,654,490.00
Basic City Relief (.50%)	(\$266,700.00)	(\$266,700.00)	(\$7,500.00)	(\$7,500.00)	(\$548,400.00)
Supp. City County Relief (1.75%)	(\$933,450.00)	(\$933,450.00)	(\$26,250.00)	(\$26,250.00)	(\$1,919,400.00)
County Option (.25%)	(\$133,350.00)	(\$133,350.00)	(\$3,750.00)	(\$3,750.00)	(\$274,200.00)

Total Amount Abated:	1st Year: \$4,800,600.00
	2nd Year: \$67,500.00
	3rd Year: \$67,500.00

Total Impact on Local/ County Government	1st Year: \$2,667,000.00
	2nd Year: \$37,500.00
	3rd Year: \$37,500.00