

**BEFORE THE NEVADA ENERGY DIRECTOR  
GOVERNOR'S OFFICE OF ENERGY**

**EXHIBIT I**

14-0104GT  
Renewable Energy Tax Abatement Application  
for partial property tax abatement  
NRS 701A.300-390  
R094-10

By

ORNI 42 LLC

Public Hearing  
Monday, March 31, 2014  
2:00 P.M.  
Governor's Office of Energy  
Room 202  
755 North Roop Street  
Carson City, Nevada 89701

## TABLE OF CONTENTS

Exhibit A - Notice of Public Hearing, dated March 10, 2014

Exhibit B - ORNI 42 LLC Pre-Application filed with the Director on March 1, 2011.

Exhibit C - ORNI 42 LLC Application (Redacted) as filed with the Governor's Office of Energy on January 10, 2014.

Exhibit D - Fiscal Impact Renewable Energy Partial Abatement of Property Tax as required by NRS 701A.375-1(b) by the Nevada Department of Taxation, received on February 12, 2014.

Exhibit E – Pre Filed Testimony of Mr. Bob Sullivan of Ormat Nevada, Inc.

Exhibit F - Order of Recusal by the Director of the Governor's Office of Energy dated January 29, 2014.

Exhibit G - Elko County notice of intent to consider the Application filed by ORNI 42 LLC

Exhibit H - Elko County Board of Commissioners letter dated February 10, 2014.

Exhibit I - Response letter by Lewis Roca Rothgerber to Elko County dated February 24, 2014.

Exhibit J - Notice of Intent to Participate As A Party, from Cash Minor, Assistant County Manager, dated March 21, 2014.

Exhibit K - Response to Elko County's Notice of Intent to Participate as a Party, by Lewis Roca Rothgerber, dated March 26, 2014

**Exhibit (A)** – Notice of Public Hearing, dated March 10, 2014

**BEFORE THE NEVADA ENERGY DIRECTOR  
GOVERNOR'S OFFICE OF ENERGY**

**In the Matter of the Application of:** )  
 )  
**ORNI 42 LLC** )  
\_\_\_\_\_ )

**AFN: 14-0104GT**

**March 10, 2014**

**NOTICE OF PUBLIC HEARING  
AND AGENDA**

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

**Monday, March 31, 2014  
2:00 PM  
Governor's Office of Energy  
755 N. Roop Street, Suite 202  
Carson City, NV 89701**

The hearing is being held pursuant to NRS 701A.360 (5) to determine whether the Application filed by ORNI 42 LLC, with the Governor's Office of Energy ("GOE") on January 10, 2014, for a Geothermal Facility, 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/or property tax 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. ORNI 42 LLC and all other parties are entitled to present testimony of witnesses, to introduce evidence, and to cross-examine witnesses. ORNI 42 LLC and other parties may be represented by legal 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 GOE, or his/her representative; (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 in which the project or facility will be located; (5) The County Assessor of the county in which the project or facility will be located; (6) The County Treasurer of the county in which the project or facility will be located; (7) the governing body of any city or town in which the project or facility is located; and (8) Governor's Office of Economic Development. Any person or entity that desires to participate as a party in the hearing of this matter must file with the Director 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 Director, Re: **AFN 14-0104GT** by e-mail to at [slinfinte@energy.nv.gov](mailto:slinfinte@energy.nv.gov).

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 Director, Re: **AFN 14-0104GT** by e-mail to at [slinfante@energy.nv.gov](mailto:slinfante@energy.nv.gov).

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

To facilitate the expeditious and efficient consideration of the ORNI 42 LLC application, the Director directs ORNI 42 LLC **and any party wishing** to participate in the hearing to file any written testimony they would like the Director to consider to be received by the Director at [slinfante@energy.nv.gov](mailto:slinfante@energy.nv.gov) **no later than 5:00 p.m. five working days prior to the hearing**. ORNI 42 LLC and participating parties wishing to **respond** to the written testimony must file responsive testimony with the Director at [slinfante@energy.nv.gov](mailto:slinfante@energy.nv.gov) **no later than 5:00 p.m. three working days prior to the hearing**.

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

Below is an agenda of all items scheduled to be considered at the hearing. Unless otherwise stated, items may be taken out of order presented on the agenda or removed at the discretion of the chairperson.

## AGENDA

(Action may be taken on those items denoted "Action")

1. Call to Order.
2. Public comments and discussion\* – Members of the public may comment on any matter posted on this Agenda, which is before the Director of the Governor's Office of Energy for consideration or action today. Please clearly state your name and spell your name for the record. Each comment may be limited to 3 minutes.
3. The Governor's Office of Energy will enter evidence and receive testimony from all interested persons and consider and take action regarding the application for partial abatement of taxes. (Action)
4. The Director will state his findings and conclusions based upon the substantial, reliable, and credible evidence presented in the exhibits and testimony.
5. Public comments and discussion\* – Members of the public may comment on any matter posted on this Agenda, which is before the Director of the Governor's Office of Energy for consideration or action today. Please clearly state your name and spell your name for the record. Each comment may be limited to 3 minutes.
6. Approval or denial of the Application for partial abatement. (Action)
7. Adjournment. (Action)

*\* No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.*

Copies of this notice and public records related to ORNI 42 LLC application are available upon request to the Director by fax at (775) 687-1869, by e-mail addressed to [slinfante@energy.nv.gov](mailto:slinfante@energy.nv.gov) or by mail addressed to: Governor's Office of Energy, 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 Director in writing by mail addressed to: Governor's Office of Energy, 755 North Roop Street, Suite 202, Carson City, NV 89701, by fax at (775) 687-1869, or by e-mail addressed to [slinfante@energy.nv.gov](mailto:slinfante@energy.nv.gov), no later than 3 business days prior to the hearing.

By the Governor's Office of Energy Deputy Director,



---

Brita Tryggvi

Dated: Carson City, Nevada March 10, 2014

This notice and agenda has been posted on or before 9:00 a.m. on the fifteenth working day before the hearing at the following locations:

- (1) Governor's Office of Energy principal office at 755 N Roop St., Ste. 202, Carson City, NV
- (2) Governor's Office of Energy website: <http://energy.nv.gov>
- (3) State Capitol, 101 North Carson St., Carson City, Nevada
- (4) State Library and Archives: 100 North Stewart Street, Carson City, Nevada
- (5) Carson City Library, 900 N. Roop Street, Carson City, Nevada
- (6) County Public Libraries

**Exhibit (B)** – ORNI 42 LLC Pre-Application filed with the Director on March 1, 2011.

RENEWABLE

RECEIVED

STATE OF NEVADA

JAN 7 2011



RENEWABLE ENERGY AUTHORITY  
CARSON CITY, NV

by e-mail

NEVADA ENERGY COMMISSIONER  
RENEWABLE ENERGY AND ENERGY EFFICIENCY AUTHORITY

Nevada Renewable Energy Tax Abatement Pre-Application Form  
(Please refrain from making any changes to this form)

1. Pre-application Filing Date: January 7, 2011

2. Applying for:

Sales and Use Tax Abatement only  Property Tax Abatement only  Both

3. Name of the business applying for abatement (Please attach a copy of Nevada State Business License issued by the Secretary of the State):

ORNI 42, LLC and its parent, Ormat Nevada Inc.

4. Name of the proposed facility:

Tuscarora

5. Type of Nevada Facility (please check all that are relevant to the proposed facility):

- Process Heat from Solar Energy
- Geothermal
- Solar PV
- Solar Thermal
- Wind
- Biomass
- Waterpower
- Fuel Cells
- Transmission that is interconnected to a renewable energy or geothermal facility (please include an attachment that describes the transmission facility and its function )
- Transmission that contributes to the capability of the electrical grid to accommodate and transmit electricity produced from Nevada renewable energy facilities and/or geothermal facilities (please include an attachment that describes the transmission facility, anticipated capacity of the transmission allocated for the electricity transmit from the Nevada Renewable Energy and/or Geothermal Facilities, and the possible Nevada renewable energy and/or geothermal facilities that will be connected to the proposed transmission facility)

6. List each county, city, and/or town in which the facility will be built:

Tuscarora in Elko County, NV

**7. Describe the primary and other sources of energy for the operation the facility:**

See Attached

**8. Nameplate production capacity of the facility:**

22 MW

**9. Anticipated capital investment amount:**

\*\*Confidential\*\*

**10. Describe how the facility will be financed:**

The construction of the facility will be self-financed by Ormat

**11. Will the facility or any portion of the facility be located on residential property?:**

Yes  No (Please describe in an attachment if yes)

**12. Will the facility be built on (please check all that are relevant to the proposed facility):**

- Private land  
 BLM Land  
 Other Governmental Entity Land  
 Other

Please describe each selected:

ORNI 42, LLC currently leases approximately 3,300 acres of private land from Ellison Ranching. Both the plant and wells for this project will be on private land.

**13. Will the facility or any portion of the facility be owned, operated, or otherwise controlled by a governmental entity?**

Yes  No (Please describe in an attachment if yes)

**14. Will funding be provided by a Nevada governmental entity for the acquisition, design, or construction of the facility or for the acquisition of any land ?**

Yes  No (Please describe in an attachment if yes)

**15. Will the facility be receiving or be awarded other abatements or exemptions from the sale/use taxes and property taxes?**

Yes  No (Please describe in an attachment if yes)

Ver. 10/2010

16. How long is it anticipated that the facility will be operational?

At least 20 years

17. Name of the utility or company with which the applicant has a long-term power purchase agreement (PPA) and the length of the agreement (if there is no existing PPA, please include an attachment that describes the plan and phase for the PPA):

PPA is for 20 years with NV Energy

18. Anticipated first date of purchasing tangible personal property for the project:

February 1, 2011

19. Anticipated date or time range for the start of construction (Please be realistic):

Qtr. 2, 2011

20. Anticipated date or time range for the commencement of operation of the facility (Please be realistic):

Qtr. 2, 2012

21. Attach a chart or table for the project phases and provide a short description and timeline for each phase

See Attached

22. How many full-time construction employees will be employed during the second quarter of the construction and how many of them will be residents of Nevada?

280 Full Time Employees ("FTE's") with at least 84 FTE's being Nevada residents

23. How many full-time and part-time construction employees are anticipated to be employed during the entire construction phase and how many of them will be residents of Nevada? (Please provide estimated break down for each quarter)

See Attached

24. Anticipated average hourly wage paid to the employees working on the construction of the facility during the entire construction period (excluding management and administrative employees)<sup>1</sup>:

Estimated at least \$31 per hour

25. How many full-time employees will be employed once the facility is operational?

Estimated 4 operations and 3 maintenance crew employees - total of 7 FTE's

26. Anticipated average hourly wage paid to the operational employees of the facility<sup>1</sup>:

Estimated at least \$22 per hour

<sup>1</sup> Statewide wage thresholds available at <https://www.nevadaworkforce.com/article.asp?ARTICLEID=2786>

27. Will health insurance plan for construction employees with an option for dependents be offered to all construction employees?

Yes  No (Please describe if yes)

All construction employees and employee's dependents of Ornat and its subcontractors will be offered health insurance that will meet the minimum health benefit requirements as provided by the Regulations.

28. Name, address, telephone number and e-mail of a designated representative(s) (please list at least one technical person who is familiar with the proposed facility)

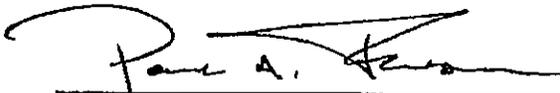
Eyal Hen, Controller  
Ornat Technologies, Inc.  
6225 Neil Rd.  
Reno, NV 89511-1136  
775-356-9029  
ehen@ornat.com

29. Name, address, telephone number and e-mail of a designated attorney (if any):

Scott Scherer  
Holland and Hart LLP  
777 E. William Street, Ste. 200  
Carson City, NV 89701  
775-684-6011  
sscherer@hollandhart.com

I, Paul Thomsen, by signing this Pre-Application, I do hereby attest and affirm under penalty of perjury the following:

- (1) I have the legal capacity to submit this Pre-Application on behalf of the applicant;
- (2) I have prepared and personally knowledgeable regarding the contents of this Pre-Application; and
- (3) The content of this Pre-Application are true, correct, and complete.

 1/7/2011

SIGNATURE

DATE

Paul Thomsen, Director

NAME & TITLE (Please print)

Ver. 10/2010

State of Nevada  
Nevada Energy Commissioner  
Renewable Energy and Energy Efficiency Authority

Re: ORNI 42, LLC

**\*\* Confidential Designation\*\***

The information which is included 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 latter 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.

Question 7: Primary and other Sources of energy for the operation of the facility:

The primary heat source for the power plant is geothermal brine, 7000gpm at 345degrees Fahrenheit which will be pumped from three (3) production wells located inside the power plant property.

The generating facility will use electrical power supplied from the grid (under an agreement with NV Energy) for the sole purpose of initial start up or after plant shutdown. Approximately 1.5 MW (1-2 hours) of electricity will be used for the startup process and expected average use is approximately 4 times a year.

The power plant will also use 300kW of diesel power that will supply essential power to critical systems during shutdowns and grid power losses.

Question 21: Table and short description of project phases including timeline:

- Acquired Leases - completed
- Exploration – completed
- PPA signed February 4, 2010
- PUCN approval received July, 2010
- Plant Permitting – ongoing
- Drilling of production and injection wells – to be completed by April, 2011
- Construction and Field Development from April, 2011- April, 2012
- Anticipated Operations to begin May, 2012

Question 23: Number of construction employees (full time and part time) to be employed during construction phase and how many will be residents of Nevada:

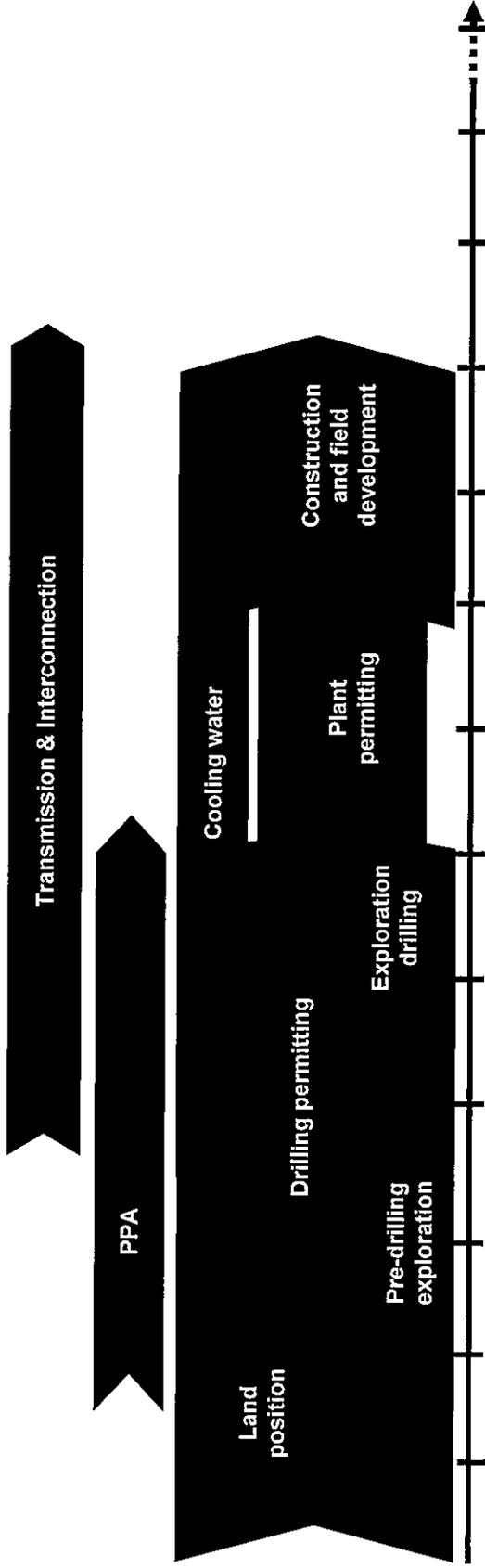
- 1<sup>st</sup> Qtr of Construction – approximately 90 employees with at least 30 Nevada residents
- 2<sup>nd</sup> Qtr of Construction – approximately 280 employees with at least 84 Nevada residents
- 3<sup>rd</sup> Qtr of Construction – approximately 160 employees with at least 48 Nevada residents
- 4<sup>th</sup> Qtr of Construction – approximately 16 employees with at least 5 Nevada residents

**Exhibit (C)** – ORNI 42 LLC Application (Redacted) as filed with the Governor's Office of Energy on January 10, 2014.



# Tuscarora BUSINESS PLAN

Location:	Elko County, NV
Estimated capacity:	18 MW



Ormat proprietary  
CONFIDENTIAL



January 3, 2014

Suzanne Linfante  
Management Analyst II  
Certified Contract Manager  
Governor's Office of Energy  
755 N. Roop Street, Ste. 202  
Carson City, NV 89701

Re: Tuscarora Tax Abatement Application

Dear Suzanne,

In regards to the recent Renewable Energy Tax Abatement Property Tax application AFN 14-0104GT, we respectfully request to add the following information to the application:

Page 2 – Estimated total capital investment: \$73,000,000.00

Page 11 – Percentage of anticipated construction employees  
who will be Nevada Residents: 50%

Please note that the capital investment information is considered confidential, but can be disclosed to the applicable County if requested.

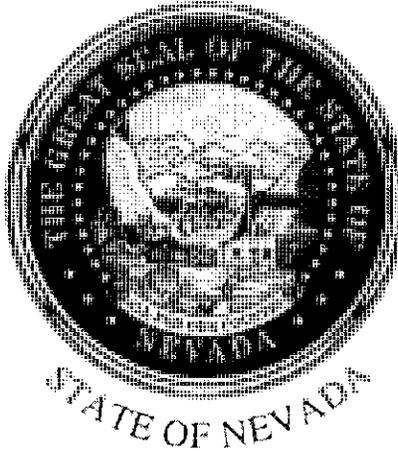
Sincerely,

David O'Neill  
Accounting Manager

## ORMAT NEVADA, INC.

6225 Neil Road • Reno, NV 89511-1136 • Phone : (775) 356-9029 • Fax : (775) 356-9039  
E-mail: [ormat@ormat.com](mailto:ormat@ormat.com) Web site: [www.ormat.com](http://www.ormat.com)

# SECRETARY OF STATE



## NEVADA STATE BUSINESS LICENSE

**ORMAT NEVADA INC.**

Nevada Business Identification # NV19921016142

**Expiration Date: January 31, 2015**

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 January 16, 2014

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.

*Please Post in a Conspicuous Location*

**You may verify this Nevada State Business License  
online at [www.nvsos.gov](http://www.nvsos.gov) under the Nevada Business Search.**

<b>Facility Information</b>	
<b>Date of Submittal to NSOE:</b>	10-Jan-14
<input type="checkbox"/> Sales & Use Tax Abatement	<input checked="" type="checkbox"/> Property Tax Abatement
Company Name: <b>ORNI 42 LLC (owned by Ormat Nevada, Inc.)</b>	
Department of Taxation's Tax Payer ID number: <b>1002193540 (ONI)</b>	
Federal Employer ID number (FEIN, EIN or FID): <b>88-0278853 (ONI)</b>	
NAICS Code:	<b>187-221119 (ONI)</b>
Description of Company's Nevada Operations: <b>ORNI 42 LLC owns the Project. Ormat currently has thirteen (13) geothermal power plants in Nevada, located in Washoe, Churchill, Pershing, Mineral, Lander, and Elko counties including Steamboat Hills, Steamboat 2, Steamboat 3, Steamboat 1A, Burdette, Galena 2, Galena 3, Brady, Desert Peak, Jersey Valley, McGinness Hills, Tuscarora, and Campbell</b>	
Percentage of Company's Market Inside Nevada: <b>Approximately 54%</b>	
Mailing Address: <b>6225 Neil Rd.</b>	
City:	<b>Reno</b>
Phone:	<b>775-356-9029</b>
APN:	<b>005-037-01, 005-037-02</b>
Taxation District where facility is located:	<b>6</b>
<b>Type of Facility (please check all that are relevant to the facility)</b>	
<input checked="" type="checkbox"/> Geothermal <input type="checkbox"/> Process Heat from Solar Energy <input type="checkbox"/> Solar PV <input type="checkbox"/> Solar Thermal <input type="checkbox"/> Wind <input type="checkbox"/> Biomass <input type="checkbox"/> Waterpower <input type="checkbox"/> Fuel Cells <input checked="" type="checkbox"/> Transmission that is interconnected to a renewable energy or geothermal <input type="checkbox"/> Transmission that contributes to the capability of the electrical grid to accommodate and transmit electricity produced from Nevada renewable	
Name Plate Production Capacity of the Facility: <b>25 MW</b>	
Net Output Production Capacity of the Facility in MW: <b>18MW</b>	

Annual Net Production Capacity of the Facility in MWh (or other appropriate unit): <b>141,553 MWh</b>
Estimated total capital investment:
Percent of total estimated capital investment expended in Nevada: <b>27%</b>
Anticipated first date of purchasing tangible personal property for the project: <b>March 1, 2011</b>
Anticipated date or time range for the start of construction: <b>April 20, 2011</b>
Anticipated date or time range for the commencement of operation of the facility: <b>November 22, 2011</b>
Address of the Real Property for the Generation Facility: <b>HC 32 Box 200, Hwy 226 North of Elko</b>
City: <b>Tuscarora</b>

Size of the total Facility Land (acre): <b>10</b>
---

Are you required to file any paper work with the PUC and/or FERC?		
If yes,	Purpose of the Filing with PUC: <b>Power Purchase Agreement approval with Nevada Utility</b>	Filing Date OR Anticipated filing Date: <b>7/29/2010</b>
If yes,	Purpose of the Filing with FERC: <b>QF Certificati</b>	Filing Date OR Anticipated filing Date: <b>6/10/2011</b>

<b>1</b>	<b>Elko County</b>
<b>2</b>	<b>Tuscarora (city)</b>
<b>3</b>	
<b>4</b>	
<b>5</b>	
<b>6</b>	
<b>7</b>	
<b>8</b>	
<b>9</b>	

<b>1</b>	Description of the Technology and Complete Facility including generation, transmission or distribution, the physical point at which the ownership of energy is transferred and nature of the connection to the transmission grid
<b>2</b>	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
<b>3</b>	Description of any 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
<b>4</b>	Summary of the PUC and FERC Dockets if any PUC and FERC filing have started
<b>5</b>	Copy of the Business Plan for the Nevada Facility
<b>6</b>	For Expansion Applications, Copy of the most recent assessment schedule and tax bill from the County Assessor's Office or the Department of Taxation
<b>7</b>	Website link to company profile
<b>8</b>	Copy of the Current Nevada State Business License
<b>9</b>	Facility Information Form
<b>10</b>	Employment Information, construction, and permanent employee salary schedules
<b>11</b>	Supplemental Information Form
<b>12</b>	Taxation Reporting Forms (Summary Sheet and Schedules 1 through 8)
<b>13</b>	Names and contact information for construction company, contractors, subcontractors
<b>14</b>	Letter from the utility or company describing the highlights of PPA, LOI, or MOU.
<b>15</b>	Confidential Information Identification Form

**List of Required Permits or Authorizations for the Proposed Facility**

Permit or Authorization Title	Issuing Agency	Project Circumstance Requiring Permit or Authorization	Steps to Obtain Permit	Application Date	Approval Date or Expected Approval Date
<b>I. Federal Permits or Authorizations</b>					
Environmental Assessment (T-Line)	Bureau of Land Management ("BLM")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		01/03/08
Environmental Assessment (Project Site)	DOE	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		07/29/11
FONSI/DR (T-Line)	BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		07/29/11
Qualifying Small Generator	Federal Energy Regulation Committee	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		10/06/11
Section 401 CW A Certification	NDEP Bureau of Water Pollution Control ("BWPC")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	03/05/11	06/13/11
Section 404 CW A Permit	U.S. Army Corps of Engineers	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		
Temporary Working in Waterways	NDEP Bureau of Water Pollution Control ("BWPC")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	03/05/11	08/26/11
				04/05/11	05/05/11
<b>II. State of Nevada Permits or Authorizations</b>					
CAPP Permit to Construct	Nevada Division of Environmental Protection ("NDEP") Bureau of Air Pollution Control ("BAPC")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		
CAPP Permit to Operate	NDEP BAPC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	01/14/11	04/28/11
Surface Area Disturbance Permit	NDEP BAPC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	05/16/11	03/11/11
					03/14/11

State of NevadaRenewable Energy Tax Abatement ApplicationAFN: 14-0104GT

Class II AQ Permit to Operate	NDEP BAPC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	02/05/11	03/14/11
Construction Stormwater Permit/SW PPP	NDEP Bureau of Water Pollution Control ("BW PC")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	10/30/10	02/18/11
General Stormwater Permit/SW PPP	NDEP BW PC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	11/21/11	05/12/11
On-Site Sewage Disposal (General) Permit	NDEP BW PC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	08/15/11	06/01/12
Underground Injection Control Permit (UIC)	NDEP BW PC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	06/25/09	06/26/09
Drilling Permit - Well 66-5 (Injection)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	07/21/10	07/22/10
Drilling Permit - Well 66A-5 (Injection)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		11/14/06
Drilling Permit - Well 87-5ST (TG)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		03/14/11
Drilling Permit - Well 87A-5 (Injection)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		09/24/07
Drilling Permit - Well 53-8 (Production)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		03/20/07
Drilling Permit - Well 72-8 (Production)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		01/17/07
Drilling Permit - Well 65-8 (Production)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		06/22/10
Drilling Permit - Well 65A-8 (Production)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		12/10/10
Drilling Permit - Well 65B-8 (Production)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		01/20/12
Drilling Permit - Well 65C-8 (Production)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		03/20/07

Drilling Permit - Well 42-17 (conductor)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	09/24/07
Hazardous Materials Permit	Nevada State Fire Marshal	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	October 2011
Permit to Appropriate (clean) Water - 70147	Nevada Division of Water Resources ("NDWR")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	07/21/10
Permit to Appropriate (clean) Water - 80549	Nevada Division of Water Resources ("NDWR")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	11/07/11
Permit to Appropriate (clean) Water - 80550	Nevada Division of Water Resources ("NDWR")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	11/07/11
Permit to Appropriate (geothermal) Water - 70146	NDWR	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	11/07/11
Makeup Water Well MW 1	NDWR	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	07/21/10
Makeup Water Well MW 2	NDWR	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	08/27/07
Makeup Water Well MW 3	NDWR	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	08/27/07
Makeup Water Well MW 4	NDWR	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	10/02/12
Boiler Pressure Vessel permits	Nevada Division of Industrial Relations	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	10/02/12
				09/23/11
<b>III. County Permits or Authorizations</b>				
Parcel Map Approval	Elko County Planning Commission	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	05/18/11
Zoning Designation of M-1	Elko County Planning Commission	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	03/29/11
Conditional Use Permit	Elko County Planning Commission	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	03/29/11
Variance (Access Road Width)	Elko County Planning Commission	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	03/29/11

State of NevadaRenewable Energy Tax Abatement ApplicationAFN: 14-0104GT

Grading Permit(s)	Elko County Building & Safety Division	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	12/11/10	02/22/11
Building Permit(s)**	Elko County Building & Safety Division	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	01/20/11	
Certificate of Occupancy	Elko County Building & Safety Division	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	01/20/11	02/28/12
HW Y 226 Encroachment (Permanent)	Nevada Department of Transportation ("NDOT")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		05/31/11
ROW Occupancy T-line HW Y crossing (Permanent)	NDOT	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	04/15/09	07/29/11
T-Line and Access Road ROW (Federal)	BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	04/15/09	07/29/11
<b>IV. City Permits or Authorizations</b>					

State of Nevada Renewable Energy Tax Abatement Application AFN:

NOTE: Project contract  
will be purchasing go  
entitled to cl

Cor

<b>Vendor 1</b>
<b>Tax ID</b>
<b>Contact</b>
<b>Mailing Address</b>
<b>E-Mail</b>
<b>Vendor 2</b>
<b>Tax ID</b>
<b>Contact</b>
<b>Mailing Address</b>
<b>E-Mail</b>
<b>Vendor 3</b>
<b>Tax ID</b>
<b>Contact</b>
<b>Mailing Address</b>
<b>E-Mail</b>
<b>Vendor 4</b>
<b>Tax ID</b>
<b>Contact</b>
<b>Mailing Address</b>
<b>E-Mail</b>
<b>Vendor 5</b>
<b>Tax ID</b>
<b>Contact</b>
<b>Mailing Address</b>
<b>E-Mail</b>
<b>Vendor 6</b>
<b>Tax ID</b>
<b>Contact</b>
<b>Mailing Address</b>
<b>E-Mail</b>
<b>Vendor 7</b>
<b>Tax ID</b>
<b>Contact</b>
<b>Mailing Address</b>
<b>E-Mail</b>

tors, subcontractors, and other entities including owner that  
ods and equipment for the construction of the Facility are  
claim or receive the sales and use tax abatement

**Contractors and Subcontractors List**

<b>3D Concrete, Inc.</b>
86-0850948
P.O. Box 458, Battle Mountain, NV, 89820
idtlisa@battlemountain.net
<b>ABC Fire and Cylinder Service</b>
88-0221330
1025 Telegraph Street, , Reno, NV, 89502
karla@abcfireco.com
<b>Advanced Communication Technology Services</b>
20-5836656
10 Greg Street, Suite 124, Sparks, NV, 89431
invoice@actsreno.com
<b>Ahern Rentals Inc.</b>
88-0381960
4241 S. Arville Street, , Las Vegas, NV, 89103
jerial@ahern.com
<b>Air Filter Sales and Service</b>
20-2465453
64 Hardy Dr., Sparks, NV, 89431
airfiltersales@sbcglobal.net
<b>Applied Mechanical, Inc.</b>
88-0445910
2010 Kleppe Lane, , Sparks, NV, 89431
phess@applied-mech.com
<b>Applied Staffing</b>

State of Nevada Renewable Energy Tax Abatement Application AFN:

**Employment Information**

*[Redacted Signature]*

**New Operations or Expansion**

<b>CONSTRUCTION EMPLOYEES</b>		<b>Full Time</b>	<b>Part Time</b>
Number of anticipated construction employees who will be employed during the entire construction phase?		552	
Percentage of anticipated construction employees who will be Nevada Residents?		271	
Average anticipated hourly wage of construction employees, excluding management and administrative employees:		\$ 42.50	
Number of anticipated construction employees who will be employed during the second-quarter of construction?		284	
Number of anticipated second-quarter construction employees who will be Nevada Residents?		143	
<b>PERMANENT EMPLOYEES</b>			
Number of anticipated permanent employees who will be employed as of the end of its first fourth-quarter of new operations or expansion?		7	
Average anticipated hourly wage of permanent employees, excluding management and administrative employees:		\$ 25.00	
Number of permanent employees who were employed prior to the expansion?		0	
Average hourly wage of current permanent employees, excluding managements and administrative employees		0	

*[Redacted Signature]*

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): The following will be provided to employee and their dependents: Emergency Care, Inpatient and outpatient hospital care, Physician's services, outpatient medical services, laboratory services, x-ray services, and a minimum employer contribution of at least 80% of medical expenses if the employee paid deductible is met.

Name of Insurer: Determined by vendors

Cost of Total Benefit Package: Estimated \$600,000	Cost of Health Insurance for Construction Employees: Estimated at 8% of salaries
--	--

**Construction Employee Schedule Redacted**

List all anticipated construction employees and associated wages for all persons who will be working on the construction of the facility during the entire construction period.

**FULL TIME EMPLOYEES**

	(a)	(b)	(c) = (a)+(b)	(e) = (c) x (d)	(f) = Σ(e) / Σ(c)	
#	Job Title	# of Nevada Employees	# of Non-Nevada Employees	Total # of Employees	Total Hourly Wage per category (\$)	Average Hourly Wage (\$)
<b>Construction Employees, excluding</b>						
	<b>Management and Administrative Employees</b>					
	Civil Construction Employees	30	36	66		
	Fire Construction Employees	5		5		
	Mechanical Employees	60	125	185		
	Cooling Tower Construction Employees	15	15	30		
	Electrical Employees	25	50	75		
	T-Line	60	30	90		
	Buildings	16		16		
	Gathering System	20	25	45		
	Ormat	38		38		
	<b>TOTAL</b>	<b>269</b>	<b>281</b>	<b>550</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL CONSTRUCTION PAYROLL</b>		<b>\$ - based on average wage</b>				

## Second Quarter Construction Employee Schedule

List all anticipated construction employees and associated wages for all persons who will be working on the construction of the facility during the second quarter of construction.

### FULL TIME EMPLOYEES

		(a)	(b)	(c) = (a)+(b)	(e) = (c) x (d)	(f) = $\Sigma(e) / \Sigma(c)$
#	Job Title	# of Nevada Employees	# of Non-Nevada Employees	Total # of Employees	Total Hourly Wage per job title (\$)	Average Hourly Wage (\$)
	<b>Construction Employees, excluding</b>					
	<b>Management and Administrative Employees</b>					
	Civil Construction Employees	6	12	18		
	Fire Construction Employees					
	Mechanical Employees	30	60	90		
	Cooling Tower Construction Employees	9	9	18		
	Electrical Employees	20	20	40		
	T-Line	30	15	45		
	Buildings	16		16		
	Gathering System	20	25	45		
	Ormat	10		10		
	<b>TOTAL</b>	<b>141</b>	<b>141</b>	<b>282</b>	<b>\$ -</b>	<b>\$ -</b>

<b>TOTAL CONSTRUCTION PAYROLL</b>	<b>\$ -</b>
-----------------------------------	-------------

### Permanent Employee Schedule

List all anticipated permanent employees who will be employed by the Nevada Facility as of the end of its first fourth-quarter of new operations or expansion and the employment per job title will continue next 20 years

**FULL TIME EMPLOYEES**

		(c)	(f) = $\Sigma(e) / \Sigma(c)$
#	Job Title	# of Employees	Average Hourly Wage (\$)
1	Management and Administrative Employees		
	Management	1	
	Administrative	1	
2	Permanent Employees, excluding Management and Administrative Employees		
	Operations	5	
<b>TOTAL</b>		<b>7</b>	
<b>TOTAL ANNUAL PAYROLL</b>		<b>\$0.00</b>	

**State of Nevada Renewable Energy Tax Abatement Application AFN: 14-0104GT 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.**

No - the plant and wells for this project was constructed on private land.

**2) Will the facility, including generation, transmission, or distribution cross state or county boundaries? If yes, please describe.**

The facility generates all power in Elko County, including its transmission to the Nevada Utility Company.

**3) 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 42 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. ONI is a fully owned subsidiary of Ormat Technologies Inc. which is traded on the NYSE under "ORA".

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

See Attached under "Facility Information"

**5) Will the facility be eligible for other abatements or exemptions such as pollution control exemptions? Please describe if yes**

No

**6) 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.**

Yes, ORNI 42 LLC previously applied for state or local abatements in the State of Nevada and received a sales/use tax abatement but was denied the property tax abatement. The Jersey Valley facility owned by ORNI 15, LLC, a subsidiary of ONI was approved for the sales/use tax and property tax abatement under Bill 522 on August 25, 2010.

State of NevadaRenewable Energy Tax Abatements ApplicationAFN: 14-0104GTSummary ReportSchedules 1 through8

Company: ORNI 42 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		



Company Name: ORNI 42 LLC  
 Division:

**Instructions:**

- (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
- (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. 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
- (4) Use Schedule 3 to report land; Schedule 4 to report operating leases; and Schedule 5 to report contributions in aid of
- (5) Attach additional sheets as necessary.

A	B	C	F
Real Property Improvements Itemized Description	G/L Account No. (if applicable)	Estimated Date of Completion	Estimated Total Construction Cost
Project Management		Qtr. 2, 2012	
Engineering		Qtr. 2, 2012	
Procurement - BOP		Qtr. 2, 2012	
Transportation		Qtr. 2, 2012	
Construction - General		Qtr. 2, 2012	
Construction - Civil		Qtr. 2, 2012	
Construction - Mechanical		Qtr. 2, 2012	
Construction - Electrical		Qtr. 2, 2012	
Building		Qtr. 2, 2012	
Start-up Testing		Qtr. 2, 2012	
Transmission Line & Substation		Qtr. 2, 2012	
Gathering System		Qtr. 2, 2012	
Field Development		Qtr. 2, 2012	
Commissions & Fees		Qtr. 2, 2012	
Pre-Development Costs		Qtr. 2, 2012	
<b>Grand Total</b>			<b>0</b>

State of Nevada Renewable Energy Tax Abatements Application AFN: 14-0104GTP Property Tax: Real Property Land Schedule

3

Company: ORNI 42 LLC  
 Division: \_\_\_\_\_

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

A Line #	B		C	D	E Brief Description, Size of the Land (acre), Date Acquired	F Assessor's Parcel Number (APN)	G Owned (O) Leased (L) Rented (Rtd)	H G/L Account Number (if applicable)	I Purchase Price (if applicable)	J Assessor's Taxable Value
	County	City or Town	Where Situated	Tax District						
1					3,321 Acres lease rights acquired in 2010 from Ellison Ranching	005-120-001 & 005-140-001, 002	L			16,605
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12	<b>Grand Total</b>									16,605













I, David O'Neill, by signing this Application, I do hereby attest and affirm under penalty of perjury the following:

- (1) I have the legal capacity to submit this Application on behalf of the applicant;
- (2) I have prepared and personally knowledgeable regarding the contents of this Application; and
- (3) The content of this Application are true, correct, and complete.

David O'Neill  
Name of person authorized for signature:

\_\_\_\_\_  
Signature:

Accounting Manager  
Title:

\_\_\_\_\_  
Date:

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 Director.

*Material for which confidentiality is claimed :*

As Marked

*Basis for claims of confidentiality :*

The information redacted contains cost information that is proprietary and its release would benefit competitors of Ormat

State of Nevada  
Renewable Energy Tax Abatements Application  
AFN: 14-0104GT

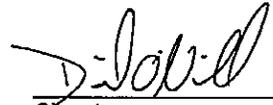
**Attestation and Signature**

I, David O'Neill, by signing this Application, I do hereby attest and affirm under penalty of perjury the following:

- (1) I have the legal capacity to submit this Application on behalf of the applicant;
- (2) I have prepared and personally knowledgeable regarding the contents of this Application; and
- (3) The content of this Application are true, correct, and complete.

David O'Neill  
Name of person authorized for signature:

Accounting Manager  
Title:

  
Signature:  
01/10/14  
Date:

ORNI 42 LLC

Application Checklist Requirements  
Tuscarora Geothermal Project  
Elko County, Nevada  
(Redacted )

COVER PAGE

**Corporate Profile:**

ORNI 42 LLC is a wholly owned by Ormat Nevada, Inc. (“ONI”). ONI is a wholly owned subsidiary of Ormat Technologies, Inc. (“Ormat”). Ormat is a publicly traded U.S. corporation headquartered in Reno, Nevada and is listed on the NYSE under the symbol “ORA”. Ormat is a leading vertically integrated company engaged in the geothermal and recovered energy power business. Ormat designs, develops, builds, owns and operates clean, environmentally friendly geothermal and recovered energy generation (“REG”) power plants utilizing internally designed and manufactured equipment. Ormat currently owns and operates power plants in the United States including: Brady (NV), Desert Peak 2 (NV), Steamboat Complex (NV), Wild Rose, (NV), Jersey Valley (NV), McGinness Hills (NV), Mammoth Complex (CA), Heber Complex (CA), Ormesa Complex (CA), Puna (HI), and owns and operates REG plants in North and South Dakota, Colorado, Minnesota and Montana. Ormat also has operating power plants in Nicaragua, Guatemala, Kenya, and New Zealand.

Ormat’s revenues are made up of two primary segments - electricity and products segments. As of December 31, 2012, the electricity segment is approximately 64% of revenues and the product segment is approximately 36% of revenues. The U.S. business represents approximately 75% of the electricity revenues and 11% of the product revenues.

**Summary of Domestic Projects:**

**Brady Complex:** Located in Churchill County, NV consists of two (2) power plants including Brady and Desert Peak 2. The combined current generating capacity is approximately 20 MW. The Brady complex operates using 14 full-time employees, excluding administration.

**Steamboat Complex:** Located in Washoe County, NV consists of seven (7) power plants including Steamboat 1A project, Steamboat 2 and 3 projects, Burdette project, Steamboat Hills project, Galena 2 project and Galena 3 project. The combined current generating capacity is approximately 83 MW. The Steamboat Complex operates using 45 full-time employees, excluding administration.

**Wild Rose Project:** Located in Mineral County, NV consists of one (1) plant and has a current generating capacity of 16 MW. The Wild Rose Project operates using 8 full-time employees, excluding administration.

**Jersey Valley Project:** Located in Pershing County, NV consists of one (1) plant and has a current generating capacity of 12 MW. The Jersey Valley Project operates using 4 full-time employees, excluding administration.

McGinness Hills Project: Located in Lander County, NV consists of one (1) plant and has a current generating capacity of 33.7 MW. The McGinness Hills Project operates using 18 full-time employees, excluding administration.

Mammoth Complex: Located in Mono County, CA consists of three (3) plants and has a current generating capacity of approximately 29 MW.

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

Ormesa Complex: Located in East Mesa, Imperial County, CA and has a current generating capacity of approximately 54 MW.

Puna Project: Located in the Puna district, Hawaii County, Hawaii and has a current generating capacity of 38 MW.

North Brawley Project: Located in Brawley KGRA in Imperial County, CA and has a current generating capacity of approximately 27 MW.

REG Projects: Located in Colorado, North Dakota, South Dakota, Minnesota and Montana. These "Recovered Energy Generation" projects have a combined current generating capacity of approximately 53 MW.

**Description of Proposed Project:**

The Company has developed a geothermal power plant in Elko County ("The Project") that delivers 18 MW of power generation under a 20-year power purchase agreement ("PPA") with Nevada Power Company ("NPC"). The plant was constructed on 3,321 acres of private land leased from Ellison Ranching Company's Spanish Ranch.

The Project consists of three (3) production wells, six (6) injection wells, and two (2) Ormat Energy Converter (OECs) that produce energy from hydrothermal reservoirs containing water which is heated by hot rock located deep within the earth's surface. The geothermal fluid is pumped to the surface where heat is extracted for commercial use, after which the geothermal fluid is injected back into the hydrothermal reservoir where it is reheated. The OEC units were manufactured by an Ormat subsidiary company. The energy changes ownership to NV Energy after the step-up transformer in the plant's switchyard, located in Elko County.

The Project consumed approximately 7.5 MWh of diesel fuel power generation during construction. The generating facility uses electrical power supplied from the grid (under an agreement with Sierra Pacific Power Company) for the sole purpose of start up or after plant shutdown. Approximately 1.5 MWh of electricity is used for the startup process and expected average use is approximately 4 times a year. The power plant will also use 300kW of diesel power that will supply essential power to critical systems during shutdowns and grid power losses. The project operates on the Organic Rankine Cycle (ORC), using organic fluid (pentane), which is vaporized by heat from the geothermal fluid, and is used to drive the turbines. The pentane is then condensed and recycled back to the heat exchanger to be reused in a closed loop.

The substation and transmission line is owned by ORNI 42 LLC.

The substation is located in Elko County, Nevada and includes a transformer, supporting equipment, and controls that step up energy voltage from 12.47 kV to transmission voltage of 120 kV.

The 120 kV transmission line is located in Elko County, Nevada. The transmission line length is approximately 24.5 miles, of which 16 miles is located on private land. The remaining 8.5 miles is located on BLM land for which ORNI 42 LLC has obtained a Right-of-Way grant from the BLM (NVN-089518). The transmission line connects the Project's substation to Sierra Pacific Power Company's Humboldt Substation, located about 7 miles west of the intersection of State Route 226 and 225.

The construction of the facility began April 20, 2011 and operation commenced on November 22, 2011.

**Abatement Request and Summary of Financial Impact:**

The Company is requesting abatement for Property Tax.

The PPA terms have been established assuming approval of the partial sales/use tax and property tax abatements. Nevada's forward looking policies regarding renewable tax treatment have created an environment in which geothermal energy can:

- Offer the lowest cost renewable to the Utility and residents of Nevada. The abatement reduces cost to the rate payer,
- Significantly impact the Company's ability to continue future exploration and expand the Project in the future, if supported and,

- Stabilize the local economy by requiring a mandatory percentage of employees be residents of Nevada.

Nevada's estimated net gain as a result of providing abatements for this Project is as follows:

Portions Redacted

In addition, the State of Nevada also benefits from the Project as follows:

- Reduction in providing unemployment benefits (via Ormat and by Nevada vendors working on the Project)
- Paid and increase in contributions to unemployment fund.
- Stabilized local labor market (50% of construction employees were Nevada residents).
- Reduction in uninsured individuals
- Increase in Nevada housing opportunities (home purchases or rental income)
- Increase in sales tax on taxable items purchased directly by employees and vendors who worked on the Project during drilling, construction and operation
- Tax on diesel fuel used by ONI and vendors to power equipment during construction
- Potential expansion of the Project (bringing future revenue to the State)
- State leader in producing and using renewable energy

Employment Information:

The general contractor for the Project was ONI. ONI hired construction and drilling personnel through vendors including (but not limited to) Nevada-based vendors. A partial list of Nevada vendors used on the project is as follows:

Nevada vendors include:

3D Concrete, Inc. ,Battle Mountain  
ABC Fire & Cylinder Service ,Reno  
Advanced Communication Technology Services ,Sparks  
Ahern Rentals Inc. ,Las Vegas  
Air Filter Sales and Service ,Sparks  
Applied Mechanical, Inc. ,SPARKS  
Applied Staffing Solutions ,Reno  
Aztech Inspections & Testing, LLC ,Las Vegas  
Black Eagle Consulting, Inc. ,Reno  
BOSS TANKS INC. ,ELKO

Burgarello Alarm, Inc. ,Sparks  
Canyon Construction Co. ,Elko  
Carson Pump, LLC ,Carson City  
Charles H. Chester Plumbing and Heating Inc. ,Elko  
ChemTreat, Inc. ,Minden  
Chicken Hawk Transport ,SPARKS  
Chilton Engineering & Surveying Ltd. ,Elko  
Clean Harbors Environmental Services ,Reno  
CLP Resources, Inc. ,Reno  
Code Review Services, Inc. ,Sparks  
Converse Consultants ,Reno  
Davis Laboratories Inc. ,Las Vegas  
Eagle Communications, LLC ,Elko  
Ed's Place Equipment Rental LLC ,Elko  
Elko Sanitation ,Elko  
Ellison Electric LLC ,Elko  
Ellison Minerals, Inc. ,Tuscarora  
Emerson Network Power - Electrical Reliability Services , Las Vegas  
Farr West Engineering dba Farr West-Chilton Engineering ,Elko  
Grandinetti Trucking Inc. ,Yerington  
Great Basin Welding Services, LLC ,Reno  
Grove Madsen Industries ,Reno  
Hammond Homes and Construction LLC ,Fallon  
Huck Salt Company, Inc. ,Fallon  
Hydro Resources-West, Inc. ,Winnemucca  
J.C.'S XPRESS INC. ,Sparks  
Jacques Errecart ,Elko  
JBR Environmental Consultants ,Elko  
JP Engineering ,Reno  
Julie's Sign Shoppe, Inc. ,Reno  
M&H Enterprises, Inc. ,Las Vegas  
McBride Machine Inc. ,Sparks  
Merit Electric Company ,Reno  
Nevada Energy Systems Inc. ,Reno  
Northern Sierra Construction Inc. ,Reno  
NV Energy ,RENO  
Office Furniture Sales & Supply ,Elko  
Pro Fire Pro Design ,Reno  
Reed Electric & Field Service ,Reno

Reese River Associates LLC ,Sparks  
Reno Windustrial Company ,Reno  
RFI Communications, Inc. ,Reno  
Robison Engineering Company, Reno  
Ruby Mountain Natural Spring Water ,Spring Creek  
SCS Engineers ,North Las Vegas  
Sierra Chemical Company ,Sparks  
Sierra Electronics ,SPARKS  
Sierra EnvironmentalMonitoring, Reno  
Slater Seeding Inc. ,Elko  
Sterling Crane, LLC ,Arvada  
Stonehouse Drilling and Construction, LLC ,Reno  
Taylor Made Iron Services, LLC ,Elko  
Terry's Pumpin & Potties, Inc. ,Elko  
The Best Company Inc. dba Colorado TBC, Inc., Fallon  
Thurston Testing Laboratory ,Elko  
Tipton's Pest Control ,Elko  
Titan Wire & Cable LLC ,Sparks  
Tobey-Wade Consulting ,Reno  
Tri Sage Consulting, Reno  
US Geomatics ,Reno  
Wedco Inc. ,Reno  
WetLab Western Environmental Testing Laboratory ,Sparks  
Wolf Machine, Inc. ,Sparks  
WWW CONSTRUCTION INC ,RENO  
Zonge Geosciences, Inc. ,Reno

ONI used outside vendors who ensured that:

- 284 full-time employees worked on the construction of the facility during the 2<sup>nd</sup> quarter of construction with a minimum of 50% being Nevada residents.
- The average construction labor costs was at least 175% of the average hourly statewide hourly rate
- Health insurance benefits were offered to the construction employees and their dependents

**Annual Report:** ORNI 42 LLC is a new entity and no financial data is available at this time.

ORNI 42 LLC  
Tax Abatement Checklist  
pg. 8

Ormat's 2012 annual report is attached. Please visit Ormat's website at [www.ormat.com](http://www.ormat.com) for previous financial data and Annual Reports filed with the Security and Exchange Commission ("SEC").

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

**Business Plan:** Redacted

**PUC Docket:** See attached

**List of Permits:** Redacted

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

**Property Tax Assessment Schedules:** Redacted

**Exhibit (D)** – Fiscal Impact Renewable Energy Partial Abatement of Property Tax as required by NRS 701A.375-1(b) by the Nevada Department of Taxation, received on February 12, 2014



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

FISCAL IMPACT  
Renewable Energy Partial Abatement Of Property Taxes  
Tuscarora Geothermal Project  
Orni 42, LLC (Ormat Nevada, Inc.)

*This report was prepared to fulfill the requirements of NRS 701A.375 to indicate an estimate of the fiscal impact of the partial property tax abatement on the State and on each affected local government.*

**Background**

The project, known as the Tuscarora Geothermal Project, is owned by ORNI 42, LLC. ORNI 42, LLC is wholly owned by Ormat Nevada, Inc. ("ONI") and ONI is a wholly owned subsidiary of Ormat Technologies, Inc. ("Ormat"). The geothermal facility has a production capacity of 18 MW and an annual net production capacity of 142,000 MWh.<sup>1</sup> The Tuscarora Facility is located in northern Elko County in Independence Valley, approximately 70 miles north of Elko, Nevada, on 3,321 acres leased from the Ellison Ranching Company.

According to the Environmental Assessment prepared for the Department of Energy, the major components for the generating facility include two vaporizers, four preheaters, two power skids (two turbines coupled to a synchronous generator per skid), condenser, cooling water system and cooling tower, feed pumps, power and control cabinets, and substation and transmission. The project also includes three production wells and four injection wells, as well as fresh water production wells, pipelines, office and ancillary facilities. The project connects to a 24.5 mile, 120kV electric power transmission line that delivers power from the Tuscarora Facility to NV Energy's Humboldt Substation.<sup>2</sup>

**Property Tax Analysis**

Geothermal power plants are valued by the Department of Taxation (Department) under the authority of NRS 362.100(1)(b), which states that "the Department shall appraise and assess all reduction, smelting and milling works, plants and facilities, *whether or not associated with a mine*, all drilling rigs, and all supplies, machinery, equipment, apparatus, facilities, buildings, structures and other improvements used in connection with any mining, drilling, reduction, smelting or milling operation as provided in chapter 361 of NRS."

There are two valuation methodologies available in NRS chapter 361. One method is replacement cost new less statutory depreciation, and is generally governed by 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.

<sup>1</sup> PUCN Docket No. 10-02009 and 10-03022, "Application of Nevada Power Company dba NV Energy for approval of its 2010-2029 Triennial Integrated Resource Plan" dated 7-30-10, p. 112.

<sup>2</sup> U.S. Department of Energy, Loan Guarantee Program Office, Environmental Assessment "Ormat Nevada Northern Nevada Geothermal Power Plant Projects", August, 2011, page pages 9-23.

The second methodology is reserved for property of an interstate or inter-county nature, and is generally called "unitary" valuation. NRS 361.320(1) states that the Nevada Tax Commission shall establish the valuation of any property of an interstate or inter-county nature used directly in the operation of all interstate or inter-county "electric light and power companies." NRS 361.320(11) defines a "company" as "any person, company, corporation or association engaged in the business described." An "electric light and power" business, however, is not defined in NRS or NAC Chapter 361. In lieu of a definition, the Department presumes that licensure or permits granted by FERC or the PUCN is prima facie evidence that the company is in the business of providing electric light and power. In addition, NRS 361.320(6) applies 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. Until such time as the Department reviews any transmission agreements, the Department reserves the decision that the project will be valued by the Department using unitary valuation methodology. For purposes of this fiscal note, however, the Department applied depreciation at the rate of 1-1/2 percent per year for 20 years to the reported acquisition cost.

If unitary valuation methodology is used, NRS 361.320(2) requires the Nevada Tax Commission to fix the valuation of all physical property used in the operation of the electric light and power company business as a *collective unit*. Once the valuation is established for the unit, the Nevada Tax Commission then "determines the total aggregate mileage operated (by the company) within the state and within its several counties and apportion the mileage upon a mile-unit valuation basis."

NRS 361.320(4) requires that "after establishing the valuation, as a collective unit, of an electric light and power company that places a facility into operation on or after July 1, 2003, in a county whose population is less than 100,000, the Nevada Tax Commission shall segregate the value of the facility from the collective unit. This value must be assessed in the county where the facility is located and taxed at the same rate as other property." Essentially the result of this exception is that the value of the generating facility remains in the county where the generating facility is located without being further apportioned to any other jurisdiction, if the county has a population of less than 100,000, such as Elko County.

The Taxpayer reported an interest in leased land, containing about 3,321 acres. For purposes of this analysis, a ground rent capitalization methodology was used to estimate the value of the land, using a 15% capitalization rate applied to the annual rent reported by the Taxpayer. The value per acre for the lease was determined to be \$327 per acre. For the balance of the 20 years for which the abatement may be granted, an appreciation factor of 1% per year was applied to the value of the land. The appreciation factor is a conservative estimate based on the 10 year average annual growth rate for land and improvements in Elko County from 2003-04 to 2012-13.<sup>3</sup>

The Taxpayer reported some components as real property and other components as personal property. Real property is defined as "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 property of this state or of the United states, or of any municipal or other corporation, or of any county, city or town in this state." See NRS 361.035(1)(a).

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

---

<sup>3</sup> Department of Taxation, "Statistical Analysis of the Roll," 2012-13. Elko County's average growth rate for land and improvements from 2003-04 to 2012-13 was 5.28%. State of Nevada's average growth rate for the same period was 2.53%.

The Department's understanding is that the power block consists of components either attached to the land or "so essential to the land or improvement that the land or improvement cannot perform its desired function without the nonattached item," for example, cooling tower foundations. In addition, as evidenced by 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.<sup>4</sup> The Department reserves final determination of whether property listed on Schedule 1 of the Taxpayer's application is in fact personal property pursuant to the requirements of NRS 361.030, and various regulations. For purposes of this fiscal note, all property was treated as real property.

Also for purposes of this fiscal note, the Department did not adjust upward the reported acquisition cost to reflect any appreciation of improvements over the twenty year period. In addition, the Department did not include property, if any, known as Contributions in Aid of Construction. Capital invested as a contribution in aid of construction (CIAC) is not eligible for a renewable energy abatement by the contributor of the capital because taxable property is assessed to the owner and not the contributor of the property. CIAC are either cash or utility type property *contributed to the utility* by a customer to assist the utility in providing utility service to the customer and are non-refundable to the customer. The utility which received the CIAC, in this case NV Energy, is the owner of the plant so contributed.<sup>5</sup>

The Department used the current tax rate of \$2.5086 per hundred (0.025086) for Tax District 001, (Unincorporated County) without further adjustment. Under current law, the maximum tax rate could go up to \$3.66, however, the project is also subject to the tax abatement afforded under NRS 361.4722, which limits tax dollar increases to no more than 8% per year.

The calculation of the renewable energy abatement contained in the attached spreadsheets takes into account the required distribution of remaining taxes after abatement to local governments in Elko County, including a distribution to the State Debt Fund. Since the application was submitted on January 10, 2014 after the effective date for AB 239 (2013) which amended NRS 701A.385, this fiscal note assumes no distribution will be made to the State Renewable Energy Fund.

**Estimate of Tax Abatement**

Elko County:	
Total Taxes Due, First Year After Completion:	\$ 650,492
Total Renewable Energy Abatement, First Year:	\$ 357,771
Total Taxes Available to Local Governments and State Debt after abatement:	\$ 292,722

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:

Elko County:	
Total Taxes Due during Period of Abatement (20 years):	\$ 11,199,974
Total Renewable Energy Abatement, 20 years:	\$ 6,159,986
Total Taxes Available to Local Governments after abatement:	\$ 5,039,988

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

<sup>4</sup> PUCN Docket No. 10-02009 and 10-03022, "Application of Nevada Power Company dba NV Energy for approval of its 2010-2029 Triennial Integrated Resource Plan" dated 7-30-10, p. 113.

<sup>5</sup> NRS 361.260 requires the county assessor to "ascertain all real and secured personal property that is in the county on July 1 which is subject to taxation, and also the names of all persons, corporations, associations, companies or firms *owning* the property. The county assessor shall then determine the taxable value of all such property, and shall then list and assess it to the person, firm, corporation, association or company *owning* it on July 1 of that fiscal year."

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 20 Year Summary  
Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	11,199,974.42	(6,159,985.93)	5,039,988.49	100.0000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	758,987.35	(417,443.04)	341,544.31	6.777%
Elko County School District	0.015000	1	6,696,947.16	(3,683,320.94)	3,013,626.22	59.794%
Elko County	0.008386	1	3,744,039.91	(2,059,221.95)	1,684,817.96	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
53,508,384	55.0%	100.0%	55.0%	(6,159,985.93)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	53,508,384	55.00%	100.00%	55.00%	(6,159,985.93)

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND	TOTAL TAXES DUE	COMBINED TAX RATE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
ORNI 42, LLC Tuscarora Project	650,492.50	0.025086	(357,770.88)	292,721.62	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	44,081.85	(24,245.02)	19,836.83	6.777%
Elko County School District	0.015000	1	388,957.49	(213,926.62)	175,030.87	59.794%
Elko County	0.008386	1	217,453.16	(119,599.24)	97,853.92	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
74,087,140	55.0%	100.0%	55.0%	(357,770.88)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	74,087,140	55.00%	100.00%	55.00%	(357,770.88)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
ORNI 42, LLC Tuscarora Project	640,973.74	(352,535.56)	288,438.18	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	43,436.79	(23,890.23)	19,546.56	6.777%
Elko County School District	0.015000	1	383,265.81	(210,796.20)	172,469.61	59.794%
Elko County	0.008386	1	214,271.14	(117,849.13)	96,422.01	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
73,003,012	55.0%	100.0%	55.0%	(352,535.56)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	73,003,012	55.00%	100.00%	55.00%	(352,535.56)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2016-17

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	631,200.44	(347,160.24)	284,040.20	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	42,774.49	(23,525.97)	19,248.52	6.777%
Elko County School District	0.015000	1	377,421.93	(207,582.06)	169,839.87	59.794%
Elko County	0.008386	1	211,004.02	(116,052.21)	94,951.81	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
71,889,892	55.0%	100.0%	55.0%	(347,160.24)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	71,889,892	55.00%	100.00%	55.00%	(347,160.24)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2017-18

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	621,192.01	(341,655.61)	279,536.40	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	42,096.25	(23,152.94)	18,943.31	6.777%
Elko County School District	0.015000	1	371,437.46	(204,290.60)	167,146.86	59.794%
Elko County	0.008386	1	207,658.30	(114,212.07)	93,446.23	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
70,749,992	55.0%	100.0%	55.0%	(341,655.61)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	70,749,992	55.00%	100.00%	55.00%	(341,655.61)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2018-19

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	610,978.17	274,940.17	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	41,404.09	(22,772.25)	18,631.84	6.777%
Elko County School District	0.015000	1	365,330.16	(200,931.59)	164,398.57	59.794%
Elko County	0.008386	1	204,243.92	(112,334.16)	91,909.76	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
69,586,698	55.0%	100.0%	55.0%	(336,038.00)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	69,586,698	55.00%	100.00%	55.00%	(336,038.00)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND  
**ORNI 42, LLC      2019-20**  
 Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	602,908.36	271,308.77	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	40,857.22	(22,471.47)	18,385.75	6.777%
Elko County School District	0.015000	1	360,504.88	(198,277.68)	162,227.20	59.794%
Elko County	0.008386	1	201,546.26	(110,850.44)	90,695.82	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
68,667,596	55.0%	100.0%	55.0%	(331,599.59)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	68,667,596	55.00%	100.00%	55.00%	(331,599.59)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2020-21

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	593,394.47	(326,366.96)	267,027.51
			100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	40,212.49	(22,116.87)	18,095.62	6.777%
Elko County School District	0.015000	1	354,816.12	(195,148.87)	159,667.25	59.794%
Elko County	0.008386	1	198,365.86	(109,101.22)	89,264.64	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
67,584,022	55.0%	100.0%	55.0%	(326,366.96)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	67,584,022	55.00%	100.00%	55.00%	(326,366.96)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2021-22

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	583,881.58	(321,134.87)	262,746.71	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	39,567.83	(21,762.31)	17,805.52	6.777%
Elko County School District	0.015000	1	349,127.95	(192,020.37)	157,107.58	59.794%
Elko County	0.008386	1	195,185.80	(107,352.19)	87,833.61	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
66,500,562	55.0%	100.0%	55.0%	(321,134.87)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	66,500,562	55.00%	100.00%	55.00%	(321,134.87)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2022-23

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	574,369.71	(315,903.33)	258,466.38	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	38,923.24	(21,407.78)	17,515.46	6.777%
Elko County School District	0.015000	1	343,440.39	(188,892.21)	154,548.18	59.794%
Elko County	0.008386	1	192,006.08	(105,603.34)	86,402.74	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
65,417,218	55.0%	100.0%	55.0%	(315,903.33)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	65,417,218	55.00%	100.00%	55.00%	(315,903.33)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2023-24

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	564,858.86	(310,672.38)	254,186.48	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	38,278.72	(21,053.30)	17,225.42	6.777%
Elko County School District	0.015000	1	337,753.45	(185,764.40)	151,989.05	59.794%
Elko County	0.008386	1	188,826.69	(103,854.68)	84,972.01	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
64,333,990	55.0%	100.0%	55.0%	(310,672.38)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	64,333,990	55.00%	100.00%	55.00%	(310,672.38)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2024-25

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	555,349.05	(305,441.98)	249,907.07	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	37,634.27	(20,698.85)	16,935.42	6.777%
Elko County School District	0.015000	1	332,067.12	(182,636.92)	149,430.20	59.794%
Elko County	0.008386	1	185,647.66	(102,106.21)	83,541.45	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
63,250,880	55.0%	100.0%	55.0%	(305,441.98)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	63,250,880	55.00%	100.00%	55.00%	(305,441.98)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION

## ELKO COUNTY

### RENEWABLE ENERGY ABATEMENT WORKSHEET

#### DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND  
 ORNI 42, LLC      2025-26  
 Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	545,840.28	(300,212.15)	245,628.13	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	36,989.89	(20,344.44)	16,645.45	6.777%
Elko County School District	0.015000	1	326,381.42	(179,509.78)	146,871.64	59.794%
Elko County	0.008386	1	182,468.97	(100,357.93)	82,111.04	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
62,167,889	55.0%	100.0%	55.0%	(300,212.15)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	62,167,889	55.00%	100.00%	55.00%	(300,212.15)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		0.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2026-27

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	536,332.56	(294,982.91)	241,349.65	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	36,345.59	(19,990.07)	16,355.52	6.777%
Elko County School District	0.015000	1	320,696.34	(176,382.99)	144,313.35	59.794%
Elko County	0.008386	1	179,290.63	(98,609.85)	80,680.78	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
61,085,017	55.0%	100.0%	55.0%	(294,982.91)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	61,085,017	55.00%	100.00%	55.00%	(294,982.91)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION

## ELKO COUNTY

### RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND  
 ORNI 42, LLC      2027-28  
 Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	526,825.92	(289,754.25)	237,071.67	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	35,701.35	(19,635.74)	16,065.61	6.777%
Elko County School District	0.015000	1	315,011.91	(173,256.55)	141,755.36	59.794%
Elko County	0.008386	1	176,112.66	(96,861.96)	79,250.70	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
60,002,268	55.0%	100.0%	55.0%	(289,754.25)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	60,002,268	55.00%	100.00%	55.00%	(289,754.25)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2028-29

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	PERCENT TAXES AFTER ABATEMENT
0.025086	517,320.34	100.000%
		TAXES AFTER ABATEMENT
		232,794.16
		PERCENT TOTAL TAXES
		6.777%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	35,057.19	(19,281.45)	15,775.74	6.777%
Elko County School District	0.015000	1	309,328.11	(170,130.46)	139,197.65	59.794%
Elko County	0.008386	1	172,935.04	(95,114.27)	77,820.77	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
58,919,640	55.0%	100.0%	55.0%	(284,526.18)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	58,919,640	55.00%	100.00%	55.00%	(284,526.18)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2029-30

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	507,815.85	(279,298.72)	228,517.13	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	34,413.10	(18,927.21)	15,485.89	6.777%
Elko County School District	0.015000	1	303,644.97	(167,004.73)	136,640.24	59.794%
Elko County	0.008386	1	169,757.78	(93,366.78)	76,391.00	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
57,837,137	55.0%	100.0%	55.0%	(279,298.72)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	57,837,137	55.00%	100.00%	55.00%	(279,298.72)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2030-31

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	498,312.45	(274,071.84)	224,240.61	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	33,769.08	(18,572.99)	15,196.09	6.777%
Elko County School District	0.015000	1	297,962.48	(163,879.36)	134,083.12	59.794%
Elko County	0.008386	1	166,580.89	(91,619.49)	74,961.40	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
56,754,758	55.0%	100.0%	55.0%	(274,071.84)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	56,754,758	55.00%	100.00%	55.00%	(274,071.84)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2031-32

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	488,810.16	(268,845.59)	219,964.57	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	33,125.14	(18,218.83)	14,906.31	6.777%
Elko County School District	0.015000	1	292,280.65	(160,754.36)	131,526.29	59.794%
Elko County	0.008386	1	163,404.37	(89,872.40)	73,531.97	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
55,672,505	55.0%	100.0%	55.0%	(268,845.59)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	55,672,505	55.00%	100.00%	55.00%	(268,845.59)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND	TOTAL TAXES DUE	COMBINED TAX RATE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
ORNI 42, LLC Tuscarora Project	479,309.00	0.025086	(263,619.95)	215,689.05	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	32,481.28	(17,864.70)	14,616.58	6.777%
Elko County School District	0.015000	1	286,599.50	(157,629.73)	128,969.77	59.794%
Elko County	0.008386	1	160,228.22	(88,125.52)	72,102.70	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
54,590,380	55.0%	100.0%	55.0%	(263,619.95)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	54,590,380	55.00%	100.00%	55.00%	(263,619.95)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
ORNI 42, LLC Tuscarora Project	469,808.97	(258,394.93)	211,414.04	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	31,837.49	(17,510.62)	14,326.87	6.777%
Elko County School District	0.015000	1	280,919.02	(154,505.46)	126,413.56	59.794%
Elko County	0.008386	1	157,052.46	(86,378.85)	70,673.61	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
53,508,384	55.0%	100.0%	55.0%	(258,394.93)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	53,508,384	55.00%	100.00%	55.00%	(258,394.93)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION ELKO COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 1

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 42, LLC 2034-35

Tuscarora Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.025086	460,310.07	(253,170.54)	207,139.53	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	31,193.78	(17,156.58)	14,037.20	6.777%
Elko County School District	0.015000	1	275,239.22	(151,381.57)	123,857.65	59.794%
Elko County	0.008386	1	153,877.07	(84,632.39)	69,244.68	33.429%
	0.000000	1	-	-	-	0.000%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
52,426,518	55.0%	100.0%	55.0%	(253,170.54)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	52,426,518	55.00%	100.00%	55.00%	(253,170.54)
		55.00%	0.00%	0.00%	-

**Exhibit (E)** – Pre Filed Testimony of Mr. Bob Sullivan of Ormat Nevada, Inc.

Application No. 14-0104GT

Direct Testimony of

**BOB SULLIVAN**

on behalf of

ORMAT NEVADA, INC.

AND

ORNI 42, LLC

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Bob Sullivan and my business address is 6225 Neil Road, Reno, Nevada 89511.

**Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

A. I am the Vice President of Business Development for Ormat Nevada, Inc. ("ONI").

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

A. ORNI 42, LLC ("ORNI 42") and ONI (collectively ORNI 42 and ONI are referred to as "Ormat").

**Q. DOES ATTACHMENT 1 ACCURATELY DESCRIBE YOUR BACKGROUND AND EXPERIENCE?**

A. Yes.

**Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?**

A. The purpose of my testimony is to support the request for a partial property tax abatement for the Tuscarora geothermal power project ("Tuscarora") that was developed and is operated by Ormat, and to provide specific information related to the Tuscarora project to assist the Deputy Director of the Nevada Governor's Office of Energy ("Deputy Director") in considering the application for a partial property tax abatement.

**Q. CAN YOU PLEASE EXPLAIN IN DETAIL THE TUSCARORA POWER PROJECT?**

A. Ormat developed an air-cooled geothermal power plant located in Elko County. Tuscarora is expected to deliver a generating capacity of 18 MW under a 20-year power purchase agreement ("PPA") with Nevada Power Company, a subsidiary of NV Energy ("NPC"). Ormat has secured 3,321 acres for the project from a private land lease from Ellison Ranching Company's Spanish Ranch, and has obtained all state and local permits to construct and operate the facility.

**Q. WHAT TYPE OF ABATEMENTS IS ORMAT REQUESTING FOR TUSCARORA?**

A. Ormat is requesting a partial abatement on the property tax on the real and personal property associated with Tuscarora.

**Q. WHY IS ORMAT REQUESTING PARTIAL TAX ABATEMENTS FOR TUSCARORA?**

A. The partial tax abatement will enable further investment in Tuscarora. A geothermal power plant typically requires robust capital investment plans to maintain power plant equipment and manage resource sustainability. These investments are required to maintain compliance with power plant permits and other contractual requirements. These ongoing investments further economic development. The partial tax abatement will also make Tuscarora more desirable to project financiers. This means they are willing to invest more money into the project. Ormat will also be able to continue its exploration and testing of the geothermal resources in Tuscarora for possible expansion of the generating capacity of the facility.

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

A. Yes.

**Q. ARE YOU FAMILIAR WITH THE INFORMATION IN THE APPLICATION?**

A. Yes.

**Q. IS THE INFORMATION IN THE APPLICATION ACCURATE TO THE BEST OF YOUR KNOWLEDGE AND BELIEF?**

A. Yes.

**Q. HAS OR WILL ANY STATE OR LOCAL FUNDING BE PROVIDED FOR THE ACQUISITION, DESIGN OR CONSTRUCTION OF THE TUSCARORA PROJECT?**

A. No.

**Q. WILL THE TUSCARORA PROJECT BE OWNED OR OPERATED, EVEN IN PART, BY A GOVERNMENTAL AGENCY?**

A. No.

**Q. HAVE YOU APPLIED FOR OR ARE YOU RECEIVING ANY OTHER TAX ABATEMENT OR EXEMPTION FOR THE TUSCARORA PROJECT?**

A. Yes. Ormat applied and received a partial tax abatement on the sales and use taxes associated with the Tuscarora project. In addition, Ormat previously applied for a partial property tax abatement for Tuscarora, however, the application was rejected by the Elko County Board Commissioners.

**Q. DID ORMAT ANTICIPATE RECEIVING THE PROPERTY TAX ABATEMENT FOR TUSCARORA?**

A. Yes. Ormat relied on receiving the property tax abatement as a crucial element in determining whether or not Tuscarora should receive precious company capital

investment instead of other projects around the world. The determination was a complex weighing of multiple factors including the return on investment as well as our ability to convert our equity in the project to loans allowing replenishment of our funds available for further capital investment. Upon reviewing the statutory requirements to obtain the abatement, Ormat felt confident that Tuscarora could far exceed the Legislature's goals for new capital investment, employment and other associated benefits. Thus, Ormat instituted policies for labor and benefits resulting in increased costs. Ormat was surprised when Elko County rejected its initial application, especially considering that Tuscarora far exceeded the legal requirements to obtain the abatement.

**Q. DID ELKO COUNTY PROVIDE ANY JUSTIFICATION TO SUPPORT ITS REJECTION OF THE INITIAL APPLICATION?**

A. There seemed to be a concern over loss of tax revenues to the county and fairness. Public statements from the Commissioners voting against the tax abatement included the concern over setting a precedent for other renewable energy companies that come before the commission and also to that an abatement was unfair unless every business received one. The application was voted down 3-2 indicating that at least two (2) commissioners agreed with the tax abatement..

**Q. WHY ARE TAX ABATEMENTS IMPORTANT TO GEOTHERMAL PROJECTS?**

A. Tuscarora is an example of the value of tax abatement incentives in Nevada. This project underwent multiple attempts to develop prior to ORNI 42's acquisition of the lease hold. ORNI 42's acquisition coincided with the passage of Assembly Bill 522 during the 2009 Legislative Session, which created incentives for renewable energy projects in Nevada. This potential incentive aided in the development of Tuscarora by making a small project more competitively priced and capable of acquiring a power purchase agreement ("PPA") effectively giving any gains from a the tax abatement back to Nevada rate payers in the form of reduced renewable electricity prices as well as the significant positive economic impact in Nevada and specifically Elko County.

**Q. IS TUSCARORA CURRENTLY OPERATIONAL?**

A. Yes.

**Q. HOW LONG WILL THE TUSCARORA PROJECT BE IN OPERATION?**

A. We have signed a 20-year PPA with NPC. Whether the project will continue beyond that time depends primarily on the geothermal resource, wear and tear on the equipment, ability to recontract the facility and changes in technology.

**Q. WILL APPROVAL OF THIS APPLICATION CONTINUE TO ALLOW ORMAT TO INVEST IN TUSCARORA?**

A. Yes, approval of the property tax abatement will allow for further investment in Tuscarora and Nevada. Regardless that Tuscarora is operational, the property tax

abatement will create further capital for investment in the project by improving its cash flow by decreasing required equity, increasing leverage, and thereby, allowing more money to be available for investment.

**Q. HOW MANY EMPLOYEES WORKED ON THE CONSTRUCTION OF THE TUSCARORA PROJECT?**

A. While the numbers fluctuated from week-to-week, we had 284 full-time employees while working on the construction per week during the second quarter of construction.

**Q. HOW MANY EMPLOYEES WHO WORKED ON THE CONSTRUCTION OF THE TUSCARORA PROJECT WERE NEVADA RESIDENTS?**

A. More than 50% of the construction employees are Nevada residents.

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

A. Under our construction contracts, all construction employees have been paid at least 175% of the average hourly statewide rate, excluding management and administrative employees, and they all received health insurance benefits, including an option for coverage of their dependents. The health insurance plans cover emergency care, inpatient and outpatient hospital services, physician's services, outpatient medical services, laboratory services, and diagnostic testing services.

The plans also offer dependent coverage and cover at least 80% of the costs for the covered services after the employee's deductible is met.

**Q. HOW MANY EMPLOYEES WORK AT THE TUSCARORA PROJECT AFTER IT BEGAN OPERATION?**

A. Ormat has seven (7) full-time employees working at Tuscarora for operation and maintenance purposes.

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

A. All full-time employees working at Tuscarora are paid an average of at least 110% of the average hourly statewide rate, excluding management and administrative employees, and receive health insurance benefits, including an option for coverage of their dependents.

**Q. HOW MUCH OF A CAPITAL INVESTMENT WILL THE TUSCARORA PROJECT MAKE IN NEVADA?**

A. The Tuscarora project will make a capital investment of more than \$70 million in the State of Nevada.

**Q. WHAT IS THE ESTIMATED TOTAL ECONOMIC BENEFITS TO THE STATE OF NEVADA FROM TUSCARORA?**

A. The State of Nevada is projected to receive more than \$80 million in economic benefits during the term of the PPA. This amount may increase if Ormat can or needs to invest more in Tuscarora to meet its contractual obligations.

**Q. IF THIS APPLICATION IS APPROVED, HOW MUCH TAX REVENUE WILL BE ABATED DURING THE 20 YEAR ABATEMENT TERM?**

A. The State has estimated that the abatement will result in approximately \$6,150,000 loss of tax revenue.

**Q. WILL THE FINANCIAL AND EMPLOYMENT BENEFITS THE STATE OF NEVADA AND ITS RESIDENTS RECEIVE FROM THE TUSCARORA PROJECT EXCEED THE LOSS OF TAX REVENUE THAT WILL RESULT IF THE PARTIAL ABATEMENTS ARE GRANTED?**

A. Yes. The capital investment, the wages paid and the taxes paid will far exceed the loss of tax revenue.

**Q. WILL THE PROJECTED COST OF THE SERVICES THAT LANDER COUNTY IS REQUIRED TO PROVIDE TUSCARORA EXCEED THE AMOUNT OF TAX REVENUE IT IS PROJECTED TO RECEIVE AS A RESULT OF THE PARTIAL TAX ABATEMENT?**

A. No. Even factoring in the partial tax abatement, the tax revenue Elko County will receive exceeds substantially more than the projected cost of services it will provide Tuscarora.

**Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS AND CONCLUSIONS.**

A. I recommend that the application for a partial tax abatement of the property tax be granted for Tuscarora. The Tuscarora project has and continues to further the Legislature's goal of renewable energy development in the State of Nevada. Ormat has demonstrated during this application process that the Tuscarora project has met and will meet all the requirements for approval of the partial tax abatements provided for in NRS Chapter 701A. The Tuscarora project offers significant financial and employment benefits to the State of Nevada and Elko County. If Ormat receives the partial tax abatement for Tuscarora, it will continue its exploration and testing in the area with a goal of expanding the facility, which will greatly increase the benefits it provides to the state and the county.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

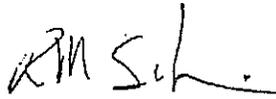
A Yes.

**AFFIRMATION**

STATE OF NEVADA        )  
                                      : ss.  
COUNTY OF WASHOE    )

Bob Sullivan, being first duly sworn, deposes and says:

That he is the person identified in the prepared Direct Testimony of Bob Sullivan filed in Application No. 14-0104GT and the exhibits applicable to his Testimony; that such Testimony and exhibits were prepared by or under his direction; that the answers and information set forth therein are true to the best of his knowledge and belief; and that if asked the questions set forth therein, his answers thereto would, under oath, be the same.

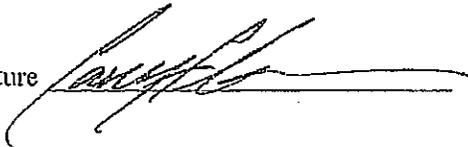
  
\_\_\_\_\_  
Bob Sullivan

STATE OF Nevada  
COUNTY OF Washoe

On March 3, 2014, before me, Casey Fleischer a notary public, personally appeared Bob Sullivan, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity on behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of Nevada the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 



# **ATTACHMENT 1**

ROBERT SULLIVAN  
2140 Skyline Blvd.  
Reno, Nevada 89509  
775-229-5199

## Experience

- 2009 **Vice President, Ormat Nevada Inc.**; Responsible for Business Development North America.
- 2007 **Project Manager**, Ormat Nevada Inc.; North Brawley Geothermal Power Project.
- 2006 **COO 2<sup>nd</sup> in Charge**, Ormat Nevada Inc.; Operations Management for Ormat's US power plants. Responsible for planning, development of management programs, various project management. Manage US recovered energy facilities.
- 1991-2005 **Plant Manager**, Ormat Nevada Inc.; Ogden Power Corporation(1997-2003); Pacific Power Plant Operations(1995-1996); North American Energy Services Co. (1991-1994) -Mammoth Pacific Geothermal Project. Responsible for the administration of the contract for the operation and maintenance of the three binary geothermal power plants and the associated well field, consisting of 18 wells and eight turbine generator units with a combined output of 40 megawatts. Supervised 25 administrative, operational and maintenance personnel. Responsible for development and execution of numerous projects including geothermal exploration, well targeting, drilling and plant expansion. Developed and managed multiple research and development projects with cost sharing participation by the State of California and the Department of Energy.
- 1991 **Engineering Superintendent**, California Energy Co. Inc. Coso Geothermal Project. Responsible for multi-millions of dollars of contracting work including of the overhaul of three power plants and multiple steam turbines, supervising all plant engineering work, implementing design changes and overseeing numerous construction projects. Developed and implemented corrosion monitoring and chemical analysis programs. Responsible for plant chemists and I&C technicians.
- 1988-1991 **Operations Superintendent**, California Energy Company Inc. (Coso). Participated in the initial start-up of four power plants, responsible for the steady state operation of nine power plants, totally 240 megawatts, and the initial development of operational, administrative, personnel and safety procedures. Directly supervised the start-up of multiple hydrogen sulfide chemical abatement plants. Responsible for all regulatory compliance.

## Education

Graduated in top third of Navy's Nuclear Power School.  
Graduated from various Navy and commercial maintenance schools.  
Bachelor's degree in business.

## Awards/Activities

Awarded Geothermal Resources Council Geothermal Achievement Award for contributions to the Geothermal Industry in 2000.

Accepted California's Governors Economic and Environmental Leadership Award for Mammoth Pacific in 2003.

Board Member of the Geothermal Resources Council.

**Exhibit (F)** – Order of Recusal by the Director of the Governor's Office of Energy dated January 29, 2014.



**GOVERNOR'S OFFICE OF ENERGY**

January, 29, 2014

**Application Filing # 14-0104GT**  
**In the matter of: ORNI 42 LLC**

---

**ORDER OF RECUSAL**

---

Prior to appointment by Governor Brian Sandoval as Director of the Nevada Office of Energy, I served as a Director at Ormat Technologies. I served in this capacity, as Director, from 2005 until September, 2013.

As per NRS 701.150(5), the Director shall not have any conflict of interest relating to the performance of his duties. As such, I must recuse myself from the above-captioned matter to avoid any appearance of impropriety, conflict of interest or bias.

Any and all future proceedings in this matter will be handled by Brita Tryggvi, Deputy Director, Nevada Office of Energy.

IT IS SO ORDERED, this 29<sup>th</sup> day of January, 2014.

A handwritten signature in black ink, appearing to read "Paul A. Thomsen".

---

Paul A. Thomsen  
Director, Nevada Office of Energy

**Exhibit (G)** – Elko County notice of intent to consider the Application filed by ORNI 42 LLC

**ASSISTANT COUNTY MANAGER/CFO**

Cash A. Minor  
cminor@elkocountynv.net

**COMPTROLLER**

Debbie Armuth  
darmuth@elkocountynv.net

**ACCOUNTING**

Kathy Long  
klong@elkocountynv.net

Victoria Van Riper  
vvanriper@elkocountynv.net

**PAYROLL**

Dina Stewart  
dstewart@elkocountynv.net

**ADMINISTRATION/  
FISCAL AFFAIRS**

540 COURT STREET  
ELKO, NEVADA 89801  
Telephone 775-753-7073  
Fax 775-753-8535

Office of the Governor  
Nevada State Office of Energy  
Attention: Ms Brita Tryggvi, Deputy Director  
755 N Roop Street, Suite 202  
Carson City, NV 89701

Dear Ms. Tryggvi:

**Notice to Office of the Governor, Nevada State Office of Energy**

The Elko County Board of Commissioners intends to consider an application (for partial abatement of the taxes imposed pursuant to chapter 361 of NRS submitted pursuant to NRS 701A.360 by a facility for the generation of process heat from solar renewable energy or a wholesale facility for the generation of electricity from renewable energy) at their meeting on February 5, 2014 to approve or deny the application.

Should you have any questions do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cash A. Minor', is written over a horizontal line.

**CASH A. MINOR**  
Assistant County Manager/CFO  
Elko County

**Exhibit (H)** – Elko County Board of Commissioners letter dated February 110, 2014.



# Elko County Board of Commissioners

540 Court Street, Suite 101 • Elko, Nevada 89801  
775-738-5398 Phone • 775-753-8535 Fax

Commissioners  
Demar Dahl  
A. Grant Gerber  
Glen G. Guttry  
Charlie L. Myers  
R. Jeff Williams

**RECEIVED**

FEB 14 2014

NEVADA STATE OFFICE  
OF ENERGY

Elko County Manager  
Robert K. Stokes

Executive Assistant  
Michele Petty

Receptionist/Clerical  
Sara Benoit

February 10, 2014

Office of the Governor  
Nevada State Office of Energy  
Attention: Ms. Brita Tryggvi, Deputy Director  
755 N Roop Street, Suite 202  
Carson City, NV 89701

Dear Ms. Tryggvi:

We are in receipt of the application you sent to us regarding ORNI 42 LLC (owned by Ormat Nevada, Inc.) request for a partial abatement of taxes imposed pursuant to chapter 361 of the Nevada Revised Statutes (NRS).

At this time Elko County will not consider this application as we do not believe that this application is permissible under Nevada Revised Statutes for the following reasons:

ORNI 42 LLC (owned by Ormat Nevada, Inc.) filed an application for partial abatement of taxes imposed pursuant to Chapter 361 of the NRS in March 2011. Elko County Commissioners azenized the request on March 31, 2011. The Commission's decision was to **not** grant the request for a partial abatement of taxes imposed pursuant to chapter 361 of the NRS. Mr. Paul Thomsen stated that ORNI 42 LLC (owned by Ormat Nevada, Inc.) would not be economically viable for twenty years without the abatement. However, ORNI 42 LLC (owned by Ormat Nevada, Inc.) was constructed and in operation in December 2011.

Legislative intent and NRS 701A.360 indicates that an application for partial abatement is "a person who intends to locate a facility..." in the State of Nevada. This indicates that only new business ventures may be considered for the partial abatement of taxes imposed pursuant to chapter 361 of the NRS. ORNI 42 LLC (owned by Ormat Nevada, Inc.) has been in operation since December 2011.

Under certain narrowly defined guidelines in regulation (LCB File No. RO94-10) Section 14 the Department of Energy Commissioner may reject an incomplete application for abatement of taxes. If this happens then an applicant may refile at a later date determined to be "**not later than 6 months before the applicant's anticipated first date of purchasing tangible personal property for the project**". ORNI 42 LLC (owned by Ormat Nevada, Inc.) presented a completed application for partial abatement of taxes imposed pursuant to chapter 361 of the NRS which was presented to the Elko County Commission on March 31, 2011. The Elko County Commission ruled against the application.

It appears that the current application of NRS and Regulations has been improperly applied to the current application from ORNI 42 LLC (owned by Ormat Nevada, Inc.) for a partial abatement of taxes imposed pursuant to chapter 361 of the NRS. The fact that an earlier application has been ruled on,

legislative intent and NRS indicates that this is for new business only and a misapplication of the Regulation this application for ORNI 42 LLC (owned by Ormat Nevada, Inc.) should be dismissed.

At the Commission meeting of February 5, 2014 Mr. Tim Clusen of Lewis, Roca & Rothgerber indicated that he represented ORNI 42 LLC (owned by Ormat Nevada, Inc.). While addressing the Commission he indicated that ORNI 42 LLC (owned by Ormat Nevada, Inc.) was allowed a second application (for the same property) for a partial abatement of property taxes pursuant to an Attorney General's Opinion. We contacted the Attorney General's Office and they were unable to locate this Opinion. If such an Opinion exists we respectfully request a copy be sent to Elko County for review.

We would request that ORNI 42 LLC (owned by Ormat Nevada, Inc.) **second** request for an application for partial abatement of taxes imposed pursuant to Chapter 361 of the NRS be rejected as it does not meet the requirements of Legislative intent, NRS or Regulations.

Sincerely,



---

**CHARLIE MYERS, CHAIRMAN**  
Elko County Commission

Attch: March 31, 2011 Agenda  
Minutes of March 31, 2011

CC: Governor Brian Sandoval  
Speaker Marilyn Kirkpatrick  
Senator Pete Goicoechea  
Assemblyman John Ellison



# Elko County Board of Commissioners

540 Court Street, Suite 101, Elko, Nevada 89801

775-738-5398 Phone 775-753-8535 Fax

[www.elkocountynv.net](http://www.elkocountynv.net)

Commissioners

Demar Dahl  
Glen Guttry  
Charlie L. Myers  
Warren Russell  
R. Jeff Williams

Elko County Manager

Robert K. Stokes

Executive Assistant

Michele Petty

## PUBLIC MEETING NOTICE

The Board of County Commissioners, County of Elko, State of Nevada, will meet in regular session on Wednesday, March 30, 2011 at 1:30 p.m. in Suite 102 of the Nannini Administration Building, 540 Court Street, Elko, Nevada. All times Pacific Time.

Attached with this Notice is the Agenda for said meeting of the Board.

This Notice is posted pursuant to N.R.S. 241.020 as amended by the 2009 Legislature.

This Notice is to be posted at the following places no later than March 25, 2011:

COUNTY MANAGER'S OFFICE  
ELKO COUNTY COURTHOUSE  
ELKO COUNTY LIBRARY  
ELKO CONVENTION CENTER  
ELKO CITY HALL

### **NOTICE TO PERSONS WITH DISABILITIES**

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board of County Commissioners, County of Elko, in writing at 540 Court Street, Suite 101, Elko, Nevada 89801, e-mail: [mpetty@elkocountynv.net](mailto:mpetty@elkocountynv.net), or by calling (775) 738-5398.

---

**ROBERT K. STOKES**

**Elko County Manager**

March 24, 2011



1:58:10 PM

**III. ORMAT – TUSCARORA GEOTHERMAL ELECTRICAL GENERATION PROJECT:**

Discussion and consideration of the proposed geothermal electrical generation project near Tuscarora, Nevada including information on tax abatements allowed by State law.

Commissioner Dahl disclosed that he was working on a geothermal lease that may involve ORMAT but it was not located within Elko County.

Paul Thomsen, Director of Policy and Business Development for Ormat, gave a historical overview of the company's activities within Nevada and their acquisition of the project in 2010 through the Energy Investor's Fund. He noted Assembly Bill 522 provided tax incentives for renewable projects to make this project economically viable. Paul Thomsen stated Phase 1 would be located 40 miles north of Elko, eleven miles north of Tuscarora on 3,300 acres of land acquired from Ellison Ranching. Paul Thomsen reported they leased 7,000 acres from the BLM for future expansion. He stated they have a twenty year power purchase agreement with NV Energy for the project.

Paul Thomsen stated the Nevada State Office of Energy could not grant the abatement without the County's approval. He reviewed the NRS 701A.360 requirements for the Nevada Energy Commissioner to approve their application. Paul Thomsen stated the current property owner paid \$30,000 in property tax and with partial abatements Ormat would pay \$100,000 on an average annually for 20 years. He commented they would employ approximately 500 during the construction and drilling of the project. Paul Thomsen stated during the operation and maintenance phase they expected seven full time employees. He stated the 16 megawatt facility would provide 16 full time positions and would utilize \$300,000 in local vendors annually which equated to a 6 million dollar impact over the twenty years. Paul Thomsen stated the sales and property tax from this project over its lifetime would be 2.5 million dollars and net proceeds of mines tax paid on this would be \$210,000. He noted modified business tax paid would be \$72,000 and the average payroll for the employees at the facility would be \$71,000. Paul Thomsen stated the net contribution to this community would be approximately 32 million dollars. Commissioner Dahl inquired how this plant compared to their Jersey Valley Plant. Paul Thomsen stated they would produce the same amount of power but they were utilizing more employees for construction at Tuscarora to have it completed by December 2011.

Commissioner Dahl inquired about the payment of their workers 1.5 times the average pay, and how that would compare to the abatement on the taxes. Paul Thomsen stated that was based upon the average Nevada wage during construction. Commissioner Dahl believed the State legislature was giving the company the incentive to come in at the expense of the County. Cathy Tsaniff, Tax Manager, stated for Jersey Valley they had to spend 3 million dollars more on additional wages to meet the abatement requirements. Paul Thomsen noted the subcontractors now have to have an insurance plan in place for their

employees and their dependents so the bids would come back higher in order to meet the abatement requirements. Commissioner Williams inquired if they would have to divulge the contractors that they had hired in the State of Nevada that have employee medical insurance. Paul Thomsen noted that was a State requirement and the Energy Office would be doing audits; they could disclose that contractor/vendor list for the Jersey Valley facility. Commissioner Williams inquired if this was the first time to receive abatement within the State of Nevada. Paul Thomsen replied no, and stated the adjoining States also offered abatements. Commissioner Williams encouraged the Commission to support this organization and to give them every incentive that they give every other company that comes to Elko County, no abatements. Commissioner Williams stated by offering abatement to Ormat that would set precedence and cost the taxpayers of Elko County. Paul Thomsen stated they expected Elko to become their Eastern Nevada Geothermal Hub of Operation. Commissioner Williams commented the County was responsible for the roads, the schools and other local services and believed Ormat could do the project without abatements.

Paul Thomsen stated wind and solar projects get these abatements without asking for approval from the counties. He stated if they did not receive this abatement they would ask the ratepayers to pay a higher price for the energy. Paul Thomsen stated Ormat had constraints through the PUC on the price of power in Nevada.

Commissioner Guttry stated he was unable to verify with the Assessor's Office that the current property owner paid \$30,000 in property tax. Paul Thomsen stated their land manager looked only at the parcels under lease from Ellison Ranching. Cathy Tsaniff stated their equipment was deemed unsecured property. Commissioner Guttry stated that would be taxable at the personal property tax rate within the \$100,000 so there would be depreciation applied. Cathy Tsaniff stated the \$100,000 tax estimate was an average over the 20 years. Commissioner Guttry believed the County would be subsidizing Ormat in the amount of 2 million dollars in taxable savings over twenty years. Commissioner Guttry inquired what the total capital investment would be. Paul Thomsen replied approximately 72 million dollars. Commissioner Guttry inquired if that would be purchased and received in Nevada. Paul Thomsen replied not all would be purchased within the County of Elko. Paul Thomsen stated they had met the four State requirements to qualify for the sales tax abatement without coming before the County Commission. Commissioner Guttry voiced support of the project but questioned the need for abatements. Paul Thomsen stated the resources appear to be small and moderate within Elko County so it would not be economically viable for twenty years without the abatement.

Commissioner Myers inquired what their construction costs would be for the project. He believed the trade off was 2 million dollars for the County to see a net income of 31.4 million dollars and supported the project. Paul Thomsen volunteered to submit specific construction costs.

Commissioner Russell commented that if their 16 employees had two

children attending the Elko School District, at a cost of \$6,486 per student it would total \$207,552 and under the current distribution the School District would only receive 50% of that \$100,000 property tax. Cathy Tsaniff understood they were paying 2.6% sales tax that was not abated which would go toward the school system and 20 million dollars of tangible property would be subject to sales tax. Commissioner Russell agreed with Commissioner Guttry they were not operating on the same level as other businesses in the County. Paul Thomsen explained their competition in the energy playing field specifically with other renewable power sources and the development risks involved.

Commissioner Guttry understood the abatement was 55% of the property tax for 20 years which leaves 45% for the County but a percentage of that goes to the Department of Energy in Carson City to fund their operations. Therefore, the County only gets 25% of the property tax. Commissioner Guttry reviewed the tax breakdown for Jersey Valley where in the total capital investment was 88 million and 4.1 million went to Pershing County therefore the county received 25% of the property taxes through the abatement.

Commissioner Williams inquired where their power line was going to. Paul Thomsen stated they had not approved the power line. Commissioner Guttry stated the TG power line was established. Commissioner Williams noted the power line had been surveyed and the poles were staked out. Paul Thomsen stated there were three prior developers on the project so some infrastructure may be in place.

Commissioner Russell inquired if they would seek abatements on each phase of the projects. Paul Thomsen stated they look at that on a case-by-case basis such as quality of production wells, availability of megawatt resources, etc. Commissioner Dahl noted Ormat picked up the BLM leases and planned on establishing a hub so he also questioned if the abatement request would come with every expansion. Commissioner Russell inquired if the statutes required them to request abatements on subsequent phases from Elko County. Paul Thomsen stated as the law stands there was no discussion on phases so they would seek approval from the County on each phase. Commissioner Dahl inquired about partial abatement. Paul Thomsen stated the County could not place conditions on their approval. Commissioner Guttry stated there was a bill submitted to amend the County negotiation abilities. Kristin McQueary stated this law was enacted in 2009 upon the counties. Commissioner Russell supported this project as long term diversity for the community and did not think the first phase would pay its way. He suggested the Commission look at this project as an investment into their future diversity.

Commissioner Dahl inquired when they have to have their final decision. Paul Thomsen replied they were ready now and felt Ormat would commit they would not develop phase two or three without coming before the Commission for approval. Kristin McQueary stated they had thirty days pursuant to statute to approve or deny their request. Commissioner Dahl inquired if John Carpenter heard of any amendment to make it a partial abatement. John Carpenter stated

most of the proposed bills were to remove the abatement.

Commissioner Guttry requested clarification how much of the 2.4 million dollars was in sales tax. Cathy Tsaniff believed that amount was one-half of a million dollars over three years for the school district. She noted most of that was in labor costs and only 16 million dollars was tangible assets to be taxed.

**MOTION:** Commissioner Myers moved to approve the geothermal electrical generation project tax abatement as set up by the State of Nevada as approved by the County. Commissioner Russell seconded the motion. Commissioners Myers and Russell voted aye. Commissioners Guttry, Williams and Dahl voted nay. The motion failed.

March 30, 2011

**Exhibit (I)** - Response letter by Lewis Roca Rothgerber to Elko County dated February 24, 2014.

FEB 25 2014

NEVADA STATE OFFICE  
OF ENERGY

February 24, 2014

**Via Email and U.S. Mail**

Deputy Director Brita Tryggvi  
Nevada Governor's Office of Energy  
755 North Roop Street, Suite 202  
Carson City, Nevada 89701

**Re: Tuscarora Tax Abatement Application**

Deputy Director Tryggvi:

We are writing in regards to a letter sent to the Governor's Office of Energy from the Elko County Board of Commissioners ("Elko") dated February 10, 2014, related to ORNI 42, LLC's ("ORNI 42") application requesting a property tax abatement ("Application") for the Tuscarora Geothermal Facility ("Tuscarora"). Elko erroneously contends that the Application is illegal and should be rejected by the Office of Energy. As discussed below, Elko has failed to deny the Application pursuant to Nevada law, and thus, it is deemed approved. In addition, Elko's legal claims raised in its letter are flawed and you should process and review the Application pursuant to requirements in NRS Chapter 701A, as amended by Assembly Bill 239 (2013).

During the 2013 Legislative Session the Nevada Legislature passed Assembly Bill 239, which revised provisions of NRS Chapter 701A related to tax abatements for renewable energy projects. Among other things, the new legislation adopted more stringent eligibility requirements and limited the county's ability to deny an application for a tax abatement. Specifically, the county can only deny an application if it determines: (1) the cost of services the county provides the facility exceeds the amount of tax revenue it will receive; or (2) the projected loss of tax revenue exceeds the financial benefits the county receives from the facility. See AB 239, Section 4(2)(b). Neither of these applies to Tuscarora because of the large financial benefits produced by the project. Therefore, Elko could not deny the Application at its hearing on February 5, 2014.

AB 239 also provides that if the county commissioners do not approve or deny the application within 30 days after the county receives it from the Office of Energy then the application shall be deemed approved. See AB 239, Section 4(2) (d). Elko could not and did not deny the Application and its letter is non-responsive to the new statutory provisions mentioned above. Thus, the Application is deemed approved pursuant to Nevada law and should be

properly reviewed by the Office of Energy pursuant to the eligibility requirements in NRS Chapter 701A.

Understanding that it could not deny the Application, Elko instead attempts to divert your office's proper review of the project on the merits by making invalid legal claims. Specifically, Elko believes that Nevada law only allows "new business ventures" to apply for tax abatements and that because Tuscarora is already constructed and operating, it is ineligible to receive its statutory prescribed benefits. It cites a partial sentence from NRS 701A.360 to support its argument, but blatantly ignores the remainder of this statute that provides the Legislature's intent to provide tax abatements to renewable energy projects.

The Legislature passed NRS 701.360 to encourage renewable energy development and to increase capital investment in the State of Nevada. It set specific statutory requirements that a project must meet to obtain the tax abatements, all of which are met by Tuscarora. The language cited by Elko merely creates a vehicle for the Office of Energy to obtain and review applications for abatements, but it is not an exclusionary provision that sets forth a clear deadline for when a project must apply for an abatement. As a result, the fact that Tuscarora has achieved commercial operation does not preclude ORNI 42 from submitting the Application.

The only clear deadline for filing an application for tax abatements is set forth in the regulations contained in LCB File No. R094-10 ("Regulations"). The Regulations provide for a two-step process in applying for tax abatements. The applicant is required to submit a pre-application six weeks prior to commencing construction of the renewable energy facility and then submit an application to show the renewable energy facility meets the statutory requirements to obtain the abatements. The Regulations do not have a specific deadline on when an application must be submitted, or when an applicant can submit a new application if the facility fails to initially meet the statutory requirements.

As a result, the only filing deadline required by the Regulations is the pre-application. This fact was confirmed by the Office of Energy during a hearing on December 16, 2013, and later reiterated during a meeting to discuss the Application. On January 7, 2011, ORNI 42 filed its pre-application for sales and use tax and property tax abatements for Tuscarora with the Office of Energy. Your office accepted the pre-application and designated the request as Filing Number 11-01008G. As a result, ORNI 42 has complied with the only filing deadline, and it has legally submitted the Application as allowed by the Regulations and your office.

Elko, however, attempts to create a new filing deadline for a rejected application by misinterpreting the plain language of the Regulations and arguing the applicant must resubmit for a pre-application. If an application is rejected by the Office of Energy, then the applicant is allowed to submit a new application, however, the Regulations are clear that the applicant is not required to submit for a new pre-application. As a result, Elko's argument is legally incorrect and there is no requirement that ORNI 42 had to file its Application any earlier than it did.

Contrary to Elko's position, the Application furthers Nevada's goal to promote investment and development in renewable energy. The Tuscarora project continues to invest in Nevada. In particular, three geothermal wells and three fresh water wells have been drilled at Tuscarora since commercial operation, which is an additional investment. The Office of Energy's approval of the Application, even after commercial operation, will create further capital for investment in the project by improving the project's cash flow by decreasing required equity, increasing leverage, and thereby, allowing more money to be available for investment. This is a critical piece in furthering economic development in Nevada.

As a result, ORNI 42 respectfully requests that the Office of Energy ignores Elko's baseless claims and proceeds forward with a review and determination of the Application on the merits. Thank you for your anticipated assistance on this matter. Please feel free to contact me if you have any questions or comments.

Best regards,

LEWIS ROCA ROTHGERBER



Timothy M. Clausen

TMC/cd

**Exhibit (J)** - Notice of Intent to Participate As A Party, from Cash Minor, Assistant County Manager, dated March 21, 2014.

ASSISTANT COUNTY MANAGER/CFO

Cash A. Minor  
cminor@elkocountynv.net

COMPTROLLER

Debbie Armuth  
darmuth@elkocountynv.net

ACCOUNTING

Kathy Long  
klong@elkocountynv.net

Victoria Van Riper  
vvanriper@elkocountynv.net

PAYROLL

Dina Stewart  
dstewart@elkocountynv.net



**ADMINISTRATION/  
FISCAL AFFAIRS**

540 COURT STREET  
ELKO, NEVADA 89801  
Telephone 775-753-7073  
Fax 775-753-8535

CERTIFICATE OF SERVICE

I hereby certify that I am an employee of Elko County, Nevada and that on the \_\_\_\_\_ day of March 2014, I delivered a true and correct copy of the NOTICE OF INTENT TO PARTICIPATE, by the following means to:

Ms. Brita Tryggvi, Deputy Director  
Nevada Office of Energy  
755 North Roop Street, Suite 202  
Carson City, Nevada 899701  
Fax: (775) 687-1869  
E-mail: [slinfante@energy.nv.gov](mailto:slinfante@energy.nv.gov)  
(U.S. Mail, E-mail and Fax)

Ormat Nevada, Inc.  
6225 Neil Road  
Reno, Nevada 89511-1136  
Fax: (775) 356-9039  
(U.S. Mail and Fax)

A handwritten signature in black ink, which appears to read 'Cash A. Minor', is written over a horizontal line.

**RECEIVED**

MAR 24 2014

NEVADA STATE OFFICE  
OF ENERGY

**ASSISTANT COUNTY MANAGER/CFO**

Cash A. Minor  
cminor@elkocountynv.net

**COMPTROLLER**

Debbie Armuth  
darmuth@elkocountynv.net

**ACCOUNTING**

Kathy Long  
klong@elkocountynv.net

Victoria Van Riper  
vvanriper@elkocountynv.net

**PAYROLL**

Dina Stewart  
dstewart@elkocountynv.net



**ADMINISTRATION/  
FISCAL AFFAIRS**

540 COURT STREET  
ELKO, NEVADA 89801  
Telephone 775-753-7073  
Fax 775-753-8535

BEFORE THE NEVADA ENERGY DIRECTOR  
GOVERNOR'S OFFICE OF ENERGY

-o0o-

In the Matter of the Application of:

AFN: 14-0104GT

ORNI 42 LLC

**NOTICE OF INTENT TO PARTICIPATE AS A PARTY**

COMES NOW, ELKO COUNTY, by and through its management, CASH A. MINOR, Assistant County Manager/CFO of Elko County, Nevada, and hereby files its Notice of Intent to Participate as a Party in this matter pursuant to LCB File No. R094-10.

**I. STATEMENT OF INTENT**

Elko County intends to oppose the entire partial tax abatement application.

**II. LEGAL POSITION**

Elko County opposes the entire partial tax abatement application because ORNI 42, LLC (owned by Ormat Nevada Inc.) filed this same application for partial abatement of taxes in March 2011. Elko County denied the application in March 2011. NRS 701A.360 clearly states "a person who intends to locate a facility" may apply for tax abatement. Because the statute says "a person who intends to locate a facility," it is clear that this is an application for a new facility, not one that is already in operation and that was previously denied in 2011.

In addition, Nevada Regulations LCB File No. R094-10, Section 14(6) states, "[a]fter January 31, 2011, a pre-application must be submitted not later than 6 months before the applicant's anticipated first date of purchasing tangible personal property for the project." Here the clear intent is that the applications are made and considered for the construction of a project during the construction phase. ORNI previously applied during the construction phase in 2011 and that application was denied in 2011.

Therefore, it is respectfully requested that the application be denied because this is the second (same) application submitted by ORNI that was previously denied by Elko County.

**III. IDENTIFICATION OF WITNESSES**

Elko County has one witness, Cash A. Minor, Assistant County Manager/CFO. We are opposing the application based upon the legal arguments as set forth above.

#### IV. RESERVATION OF RIGHTS

Elko County reserves its right to advance the above arguments and any others at any hearing on Applicant's request for partial tax abatement.

Pursuant of NRS 239B.030 the undersigned hereby affirms this document does not contain the social security number of any person

DATED this 21 day of March 2014

A handwritten signature in black ink, appearing to read "Cash A. Minor", is written over a solid horizontal line.

**CASH A. MINOR**  
Assistant County Manager/CFO  
Elko County, Nevada

Attch: Elko County Response to 2<sup>nd</sup> application dated February 10, 2014  
Certified minutes from Board of County Commissioners meeting dated March 30, 2011  
Fiscal Impact worksheet



# Elko County Board of Commissioners

540 Court Street, Suite 101 • Elko, Nevada 89801  
775-738-5398 Phone • 775-753-8535 Fax

## Commissioners

Demar Dahl  
A. Grant Gerber  
Glen G. Guttry  
Charlie L. Myers  
R. Jeff Williams

## Elko County Manager

Robert K. Stokes

## Executive Assistant

Michele Petty

## Receptionist/Clerical

Sara Benoit

February 10, 2014

Office of the Governor  
Nevada State Office of Energy  
Attention: Ms. Brita Tryggvi, Deputy Director  
755 N Rook Street, Suite 202  
Carson City, NV 89701

Dear Ms. Tryggvi:

We are in receipt of the application you sent to us regarding ORNI 42 LLC (owned by Ormat Nevada, Inc.) request for a partial abatement of taxes imposed pursuant to chapter 361 of the Nevada Revised Statutes (NRS).

At this time Elko County will not consider this application as we do not believe that this application is permissible under Nevada Revised Statutes for the following reasons:

ORNI 42 LLC (owned by Ormat Nevada, Inc.) filed an application for partial abatement of taxes imposed pursuant to Chapter 361 of the NRS in March 2011. Elko County Commissioners azenized the request on March 31, 2011. The Commission's decision was to not grant the request for a partial abatement of taxes imposed pursuant to chapter 361 of the NRS. Mr. Paul Thomsen stated that ORNI 42 LLC (owned by Ormat Nevada, Inc.) would not be economically viable for twenty years without the abatement. However, ORNI 42 LLC (owned by Ormat Nevada, Inc.) was constructed and in operation in December 2011.

Legislative intent and NRS 701A.360 indicates that an application for partial abatement is "a person who intends to locate a facility..." in the State of Nevada. This indicates that only new business ventures may be considered for the partial abatement of taxes imposed pursuant to chapter 361 of the NRS. ORNI 42 LLC (owned by Ormat Nevada, Inc.) has been in operation since December 2011.

Under certain narrowly defined guidelines in regulation (LCB File No. RO94-10) Section 14 the Department of Energy Commissioner may reject an incomplete application for abatement of taxes. If this happens then an applicant may refile at a later date determined to be "not later than 6 months before the applicant's anticipated first date of purchasing tangible personal property for the project". ORNI 42 LLC (owned by Ormat Nevada, Inc.) presented a completed application for partial abatement of taxes imposed pursuant to chapter 361 of the NRS which was presented to the Elko County Commission on March 31, 2011. The Elko County Commission ruled against the application.

It appears that the current application of NRS and Regulations has been improperly applied to the current application from ORNI 42 LLC (owned by Ormat Nevada, Inc.) for a partial abatement of taxes imposed pursuant to chapter 361 of the NRS. The fact that an earlier application has been ruled on,

legislative intent and NRS indicates that this is for new business only and a misapplication of the Regulation this application for ORNI 42 LLC (owned by Ormat Nevada, Inc.) should be dismissed.

At the Commission meeting of February 5, 2014 Mr. Tim Clusen of Lewis, Roca & Rothgerber indicated that he represented ORNI 42 LLC (owned by Ormat Nevada, Inc.). While addressing the Commission he indicated that ORNI 42 LLC (owned by Ormat Nevada, Inc.) was allowed a second application (for the same property) for a partial abatement of property taxes pursuant to an Attorney General's Opinion. We contacted the Attorney General's Office and they were unable to locate this Opinion. If such an Opinion exists we respectfully request a copy be sent to Elko County for review.

We would request that ORNI 42 LLC (owned by Ormat Nevada, Inc.) second request for an application for partial abatement of taxes imposed pursuant to Chapter 361 of the NRS be rejected as it does not meet the requirements of Legislative intent, NRS or Regulations.

Sincerely,



---

**CHARLIE MYERS, CHAIRMAN**  
Elko County Commission

Attch: March 31, 2011 Agenda  
Minutes of March 31, 2011

CC: Governor Brian Sandoval  
Speaker Marilyn Kirkpatrick  
Senator Pete Goicoechea  
Assemblyman John Ellison



# Elko County Board of Commissioners

## Commissioners

Demar Dahl

Glen Guttry

Charlie Myers

Warren Russell

R. Jeff Williams

Elko County Manager

Robert K. Stokes

STATE OF NEVADA )  
COUNTY OF ELKO ) ss.

MARCH 30, 2011

The Board of Elko County Commissioners met in regular session on Wednesday, March 30, 2011, at 1:30 p.m., in Suite 102 of the Nannini Administrative Building at 540 Court Street, Elko, Nevada.

There were present: County Commissioners      Demar Dahl, Chair  
Glen Guttry  
Charlie Myers  
Warren Russell  
Jeff Williams  
County Manager      Robert Stokes  
CFO/Asst. Mgr.      Cash Minor  
Deputy District Attorney      Kristin McQueary  
Deputy County Clerk      Marilyn Tipton  
Library Director      Jeanette Hammons  
Asst. Library Director      Laura Oki  
Public Works Director      Lynn Forsberg  
Planning & Zoning Dir.      Randy Brown

Chairman Dahl called the meeting to order at 1:30 p.m.

Robert Stokes led the meeting participants in the Pledge of Allegiance.

1:32:41 PM

## **I. COMMENTS BY THE GENERAL PUBLIC:**

Gil Hernandez, of the VFW, reported that the VFW would be in Montello on April 30<sup>th</sup>, May 1<sup>st</sup>, May 14<sup>th</sup> and May 15<sup>th</sup> to clean the cemetery. He hoped to have the Montello citizens' committee coordination. Commissioner Dahl recommended that he speak with Jill Newman of the Montello Town Advisory Committee. Gil Hernandez stated they would be placing flags on VFW graves in the Montello cemetery. He stated Wal-Mart Home and Garden was coordinating with them. They hoped to remove the sagebrush out of the cemetery and make

a fire perimeter on the outside. He stated the Blm fire crew may burn the sagebrush.

Gil Hernandez stated on April 21<sup>st</sup> at 11:00 a.m. they would hold a meeting at the VFW Hall regarding the Tele-Health Clinic and requested a Commission member attend that meeting.

John Carpenter thanked the Commission for their attendance at the Legislator's honoree recognition.

1:39:47 PM

**VII. JACKPOT TOWN BOARD:**

Chairman Dahl called the Jackpot Town Board to order at 1:39 p.m.

**JACKPOT WATER SYSTEM:**

Discussion and consideration of authorization to solicit construction bids for the water improvement project entitled, Jackpot Water Phase 2, including a request for authorization to apply for a USDA Loan for approximately \$1,200,000.

Lynn Forsberg requested authorization to go to bid contingent upon USDA review of the plans and approval.

**MOTION: Commissioner Russell moved to give authorization to go to bid for the Jackpot Water Phase 2 improvement project including authorization to apply for a USDA Loan for \$1,200,000 contingent upon USDA approval. Commissioner Myers seconded the motion. The motion passed unanimously.**

**JACKPOT TOWN BOARD ADJOURNMENT:**

Chairman Dahl adjourned the Jackpot Town Board at 1:42 p.m.

1:42:32 PM

**V. ELKO COUNTY LIBRARY BOARD OF TRUSTEES:**

**A. Just Desserts Day:**

Consideration of Proclamation 2011-C, entitled: **A PROCLAMATION BY THE ELKO COUNTY BOARD OF COMMISSIONERS DECLARING MAY 7, 2011 AS "JUST DESSERTS" DAY.**

Jeanette Hammons stated Laura Oki was the President of the Friends of the Library and she was organizing the event.

Commissioner Williams read the Proclamation into the record.

**MOTION: Commissioner Myers moved to adopt PROCLAMATION No. 2011-C, entitled: A PROCLAMATION BY THE ELKO COUNTY BOARD OF COMMISSIONERS DECLARING MAY 7, 2011 AS "JUST DESSERTS" DAY. Commissioner Russell seconded the motion. The motion passed unanimously.**

1:45:14 PM

**B. National Library Week:**

Consideration of **Proclamation 2011-D** entitled, **A PROCLAMATION BY THE ELKO COUNTY BOARD OF COMMISSIONERS CELEBRATING THE WEEK OF APRIL 10-16, 2011 AS NATIONAL LIBRARY WEEK.**

Commissioner Dahl read the Proclamation into the record

**MOTION: Commissioner Myers moved to adopt PROCLAMATION No. 2011-D, entitled: A PROCLAMATION BY THE ELKO COUNTY BOARD OF COMMISSIONERS CELEBRATING THE WEEK OF APRIL 10-16, 2011 AS NATIONAL LIBRARY WEEK. Commissioners Williams and Guttry seconded the motion. The motion passed unanimously.**

Laura Oki reported the Just Desserts would be held May 7<sup>th</sup> from 5:30 p.m. to 8:00 p.m. and reported the Friends of the Library had donated over \$100,000 to the library during the last ten years.

Jeanette Hammons stated during the National Library Week it would be a fine-free week for overdue items during April 10<sup>th</sup> through April 18<sup>th</sup>.

The Commissioners presented the plaques to the Library staff, Library Board and the Friends of the Library members.

**C. Report and review of Board of Trustees activities and minutes including issues related to the continuing operation of the County Library. The Law Library Minutes, Library Minutes, and information on the Parking Lot were previously submitted.**

Jeanette Hammons stated their Law Library Clerk had given her notice, interviews had taken place, and the new Library Law Clerk would start this Monday. She reported they partnered with the Reno Immigration Department and held an Immigration Information Session today from 11:30 a.m. to 1:30 p.m. with 20 people attending. Jeanette Hammons stated the annual Spring Book Fair would be held from April 11<sup>th</sup> to April 23, 2011. She stated from April 25<sup>th</sup> to the 30<sup>th</sup> they were holding the following events: bedtime stories, movie night, Lego night and game day. Jeanette Hammons reported their janitor position had been interviewed for and a candidate was selected for the part-time position. She stated on May 7<sup>th</sup> the library would be closed in the afternoon for preparation of the Just Desserts event. Jeanette Hammons stated on April 13<sup>th</sup> is Library Legislative Day in Carson City and they would attend that event.

Commissioner Myers inquired about what the immigration classes were about. Jeanette Hammons stated four Reno personnel gave an informational workshop and provided information/literature on the naturalization and citizenship process, gave them the requirements for permanent resident status and gave them tips on how to avoid being a victim of immigration fraud.

1:55:44 PM

**II. NATIONAL COUNTY GOVERNMENT MONTH:**

Discussion and consideration of approval of Proclamation 2011-B recognizing April 2011 as National County Government Month with its theme of "Serving our Veterans, Armed Forces and Their Families".

Commissioner Myers read the Proclamation into the record.

**MOTION: Commissioner Myers moved to adopt Proclamation No. 2011-B: recognizing April 2011 as National County Government Month with its theme of "Serving our Veterans, Armed Forces and Their Families". Commissioner Williams seconded the motion. The motion passed unanimously.**

1:58:10 PM

**III. ORMAT – TUSCARORA GEOTHERMAL ELECTRICAL GENERATION PROJECT:**

Discussion and consideration of the proposed geothermal electrical generation project near Tuscarora, Nevada including information on tax abatements allowed by State law.

Commissioner Dahl disclosed that he was working on a geothermal lease that may involve ORMAT but it was not located within Elko County.

Paul Thomsen, Director of Policy and Business Development for Ormat, gave a historical overview of the company's activities within Nevada and their acquisition of the project in 2010 through the Energy Investor's Fund. He noted Assembly Bill 522 provided tax incentives for renewable projects to make this project economically viable. Paul Thomsen stated Phase 1 would be located 40 miles north of Elko, eleven miles north of Tuscarora on 3,300 acres of land acquired from Ellison Ranching. Paul Thomsen reported they leased 7,000 acres from the BLM for future expansion. He stated they have a twenty year power purchase agreement with NV Energy for the project.

Paul Thomsen stated the Nevada State Office of Energy could not grant the abatement without the County's approval. He reviewed the NRS 701A.360 requirements for the Nevada Energy Commissioner to approve their application. Paul Thomsen stated the current property owner paid \$30,000 in property tax and with partial abatements Ormat would pay \$100,000 on an average annually for 20 years. He commented they would employ approximately 500 during the construction and drilling of the project. Paul Thomsen stated during the operation and maintenance phase they expected seven full time employees. He stated the 16 megawatt facility would provide 16 full time positions and would utilize \$300,000 in local vendors annually which equated to a 6 million dollar impact over the twenty years. Paul Thomsen stated the sales and property tax from this project over its lifetime would be 2.5 million dollars and net proceeds of

mines tax paid on this would be \$210,000. He noted modified business tax paid would be \$72,000 and the average payroll for the employees at the facility would be \$71,000. Paul Thomsen stated the net contribution to this community would be approximately 32 million dollars. Commissioner Dahl inquired how this plant compared to their Jersey Valley Plant. Paul Thomsen stated they would produce the same amount of power but they were utilizing more employees for construction at Tuscarora to have it completed by December 2011.

Commissioner Dahl inquired about the payment of their workers 1.5 times the average pay, and how that would compare to the abatement on the taxes. Paul Thomsen stated that was based upon the average Nevada wage during construction. Commissioner Dahl believed the State legislature was giving the company the incentive to come in at the expense of the County. Cathy Tsaniff, Tax Manager, stated for Jersey Valley they had to spend 3 million dollars more on additional wages to meet the abatement requirements. Paul Thomsen noted the subcontractors now have to have an insurance plan in place for their employees and their dependents so the bids would come back higher in order to meet the abatement requirements. Commissioner Williams inquired if they would have to divulge the contractors that they had hired in the State of Nevada that have employee medical insurance. Paul Thomsen noted that was a State requirement and the Energy Office would be doing audits; they could disclose that contractor/vendor list for the Jersey Valley facility. Commissioner Williams inquired if this was the first time to receive abatement within the State of Nevada. Paul Thomsen replied no, and stated the adjoining States also offered abatements. Commissioner Williams encouraged the Commission to support this organization and to give them every incentive that they give every other company that comes to Elko County, no abatements. Commissioner Williams stated by offering abatement to Ormat that would set precedence and cost the taxpayers of Elko County. Paul Thomsen stated they expected Elko to become their Eastern Nevada Geothermal Hub of Operation. Commissioner Williams commented the County was responsible for the roads, the schools and other local services and believed Ormat could do the project without abatements.

Paul Thomsen stated wind and solar projects get these abatements without asking for approval from the counties. He stated if they did not receive this abatement they would ask the ratepayers to pay a higher price for the energy. Paul Thomsen stated Ormat had constraints through the PUC on the price of power in Nevada.

Commissioner Guttry stated he was unable to verify with the Assessor's Office that the current property owner paid \$30,000 in property tax. Paul Thomsen stated their land manager looked only at the parcels under lease from Ellison Ranching. Cathy Tsaniff stated their equipment was deemed unsecured

property. Commissioner Guttry stated that would be taxable at the personal property tax rate within the \$100,000 so there would be depreciation applied. Cathy Tsaniff stated the \$100,000 tax estimate was an average over the 20 years. Commissioner Guttry believed the County would be subsidizing Ormat in the amount of 2 million dollars in taxable savings over twenty years. Commissioner Guttry inquired what the total capital investment would be. Paul Thomsen replied approximately 72 million dollars. Commissioner Guttry inquired if that would be purchased and received in Nevada. Paul Thomsen replied not all would be purchased within the County of Elko. Paul Thomsen stated they had met the four State requirements to qualify for the sales tax abatement without coming before the County Commission. Commissioner Guttry voiced support of the project but questioned the need for abatements. Paul Thomsen stated the resources appear to be small and moderate within Elko County so it would not be economically viable for twenty years without the abatement.

Commissioner Myers inquired what their construction costs would be for the project. He believed the trade off was 2 million dollars for the County to see a net income of 31.4 million dollars and supported the project. Paul Thomsen volunteered to submit specific construction costs.

Commissioner Russell commented that if their 16 employees had two children attending the Elko School District, at a cost of \$6,486 per student it would total \$207,552 and under the current distribution the School District would only receive 50% of that \$100,000 property tax. Cathy Tsaniff understood they were paying 2.6% sales tax that was not abated which would go toward the school system and 20 million dollars of tangible property would be subject to sales tax. Commissioner Russell agreed with Commissioner Guttry they were not operating on the same level as other businesses in the County. Paul Thomsen explained their competition in the energy playing field specifically with other renewable power sources and the development risks involved.

Commissioner Guttry understood the abatement was 55% of the property tax for 20 years which leaves 45% for the County but a percentage of that goes to the Department of Energy in Carson City to fund their operations. Therefore, the County only gets 25% of the property tax. Commissioner Guttry reviewed the tax breakdown for Jersey Valley where in the total capital investment was 88 million and 4.1 million went to Pershing County therefore the county received 25% of the property taxes through the abatement.

Commissioner Williams inquired where their power line was going to. Paul Thomsen stated they had not approved the power line. Commissioner Guttry stated the TG power line was established. Commissioner Williams noted the power line had been surveyed and the poles were staked out. Paul Thomsen stated there were three prior developers on the project so some infrastructure

may be in place.

Commissioner Russell inquired if they would seek abatements on each phase of the projects. Paul Thomsen stated they look at that on a case-by-case basis such as quality of production wells, availability of megawatt resources, etc. Commissioner Dahl noted Ormat picked up the BLM leases and planned on establishing a hub so he also questioned if the abatement request would come with every expansion. Commissioner Russell inquired if the statutes required them to request abatements on subsequent phases from Elko County. Paul Thomsen stated as the law stands there was no discussion on phases so they would seek approval from the County on each phase. Commissioner Dahl inquired about partial abatement. Paul Thomsen stated the County could not place conditions on their approval. Commissioner Guttry stated there was a bill submitted to amend the County negotiation abilities. Kristin McQueary stated this law was enacted in 2009 upon the counties. Commissioner Russell supported this project as long term diversity for the community and did not think the first phase would pay its way. He suggested the Commission look at this project as an investment into their future diversity.

Commissioner Dahl inquired when they have to have their final decision. Paul Thomsen replied they were ready now and felt Ormat would commit they would not develop phase two or three without coming before the Commission for approval. Kristin McQueary stated they had thirty days pursuant to statute to approve or deny their request. Commissioner Dahl inquired if John Carpenter heard of any amendment to make it a partial abatement. John Carpenter stated most of the proposed bills were to remove the abatement.

Commissioner Guttry requested clarification how much of the 2.4 million dollars was in sales tax. Cathy Tsaniff believed that amount was one-half of a million dollars over three years for the school district. She noted most of that was in labor costs and only 16 million dollars was tangible assets to be taxed.

**MOTION: Commissioner Myers moved to approve the geothermal electrical generation project tax abatement as set up by the State of Nevada as approved by the County. Commissioner Russell seconded the motion. Commissioners Myers and Russell voted aye. Commissioners Guttry, Williams and Dahl voted nay. The motion failed.**

3:12:02 PM

#### **IV. ELKO COUNTY FAIR BOARD:**

Discussion and consideration of the appointment of one individual to the Elko County Fair Board with a term ending December 31, 2012 as recommended by the Fair Board.

**XVIII. COUNTY COMMISSIONERS AND COUNTY STAFF COMMENTS:**

Commissioner Williams noted nobody showed up to the Forest Service Travel Management Plan meeting. Commissioner Dahl felt that all the decisions had been previously made.

Commissioner Russell inquired if there was program material for the conference next week. Robert Stokes would check on that material.

Kristin McQueary stated the Ruby Pipeline road agreement had been sent to Jack Prescott and he had forwarded that on to his supervisor.

**XIV. ADJOURNMENT:**

**MOTION: Commissioner Myers moved to adjourn the meeting. Commissioner Russell seconded the motion. The motion passed unanimously.**

There being no further business to come before the Board, the meeting was adjourned at 5:35 p.m.

APPROVED,

DEMAR DAHL, Chair

ATTEST:

MARILYN TIPTON, Deputy Clerk

CERTIFIED COPY  
DOCUMENT ATTACHED IS A  
TRUE AND CORRECT COPY  
OF THE ORIGINAL ON FILE

21 day of March 2014

*Coral Jones*

CLERK

Robert Stokes reported the individuals submitting letter of interest were as follows: John Tueller, Aron Means, and Sue Kennedy. The Fair Board members recommended John Tueller be appointed.

**MOTION: Commissioner Guttry moved to appoint John Tueller to the Elko County Fair Board with term ending December 31, 2012. Commissioner Williams seconded the motion. The motion passed unanimously.**

3:12:49 PM

**RECESS**

3:21:20 PM

**RECONVENE**

3:21:24 PM

**VI. BOARD OF COUNTY HIGHWAY COMMISSIONERS:**

Highway Chairman Russell called the Highway Board to order at 3:21 p.m.

3:22:02 PM

**A. COMMENTS BY THE GENERAL PUBLIC:**

No public comments were made.

3:22:19 PM

**B. ROAD AGREEMENT REQUEST:**

Discussion and consideration of a request from Duck Valley Indian Reservation representatives for inclusion of 18.62 miles of County Roads including Lamont Drive, Spring Valley Parkway and Last Chance Ranch Unit 1 in their Indian Reservation Road Inventory (IRR). MOU Agreement submitted.

Otis Tipton had spoken to the Spring Creek Association and the Nevada Department of Transportation regarding this request. He noted the SCA had submitted a letter of opposition. Otis Tipton stated NDOT informed him the tribe was in direct competition with NDOT on their federal road funding. He commented the Tribe's funding never went on roads outside of the reservation and most of the reservation roads were not open to the general public. His recommendation was the same as NDOT's that the reservation not claim any of their mileage. He noted the Spring Creek Association felt the same way. Otis Tipton recommended that when they send the response letter they should include verbiage of "*no roads outside the reservation should be claimed; only the roads within the reservation should be claimed by the Tribe*".

Mary Winter, SCA President, stated the Tribe's request was considered at the SCA Board March meeting and the SCA Board did not chose to commit their Association property owners to any future road agreements due to the considerable unknowns such as future financial commitments, road safety audits, federal road standards and maintenance. Mary Winter stated the Spring Creek Association Board voted not to support the road inclusion.

Commissioner Russell inquired if there was a representative from the Duck Valley Reservation, the BIA or any other associated organization present at the meeting to speak to this issue. No one came forward.

Harry Botsford, resident on Jarbidge Avenue, objected to the Reservation assuming control of those roads.

Highway Chairman Russell called for public comment. No other public comments were submitted.

**MOTION: Commissioner Myers moved to deny the request from the Duck Valley Indian Reservation. Commissioner Guttry seconded the motion.**

Otis Tipton noted there were other County roads that were not County maintained roads marked upon the Duck Valley map. He suggested the Tribe not claim anything outside their reservation and not claim that mileage.

**The motion passed unanimously.**

3:28:02 PM

C. COUNTY ROAD BUDGET / DUST SUPPRESSION:

Discussion and consideration of potential budget reduction and possible reduction in dust suppression services including setting a possible hearing on said reductions.

Commissioner Russell explained they had discussed achieving cost reductions in the Highway Department. He noted Otis provided them information on the roads and they would set a hearing for elimination of dust suppression on these roads. Otis Tipton stated the Highway Commissioners had developed the list of roads for possible reductions because they were further away and were less beneficial to the public.

Commissioner Myers asked about costs for mag and lig. Otis Tipton reported the cost for product only was \$214,000 per year. Commissioner Myers suggested eliminating all the projects and the public come in to justify why specific areas should be done. Otis Tipton noted the dust suppression only works if they do not increase maintenance. Commissioner Williams commented there was insufficient funding to do all the service they provide now. Commissioner Russell gave an overview of the list and stated the two important factors looked at was air quality for residents and the contribution it made to maintenance and stabilizing the roads. Commissioner Russell suggested they hold a public hearing on these roads. Commissioner Dahl suggested their rationale be based upon whether they could keep the road together. Commissioner Russell stated they could expand their scope and list more roads. Commissioner Williams believed there would be other roads that they would take off the maintenance completely to reduce the budget. He suggested they use the Road Services Advisory Committee's formula for designating maintenance.

Commissioner Myers inquired if this item was on the agenda because of the budget season or because other costs were going up. Otis Tipton stated they were looking at reducing their road budget because of the increasing costs. He noted the funding for replacing bridges was also disappearing. Otis Tipton stated in two years they would need four million dollars for the asphalt. Highway Chairman Russell had suggested they look at cost reduction throughout the Road Department because the gas tax revenue had not increased. Commissioner Myers noted they should look at how many times they grade a specific road in making their decisions. Commissioner Russell commented that petroleum products costs were inflated and the Ruby Pipeline project may have an impact upon County roads. Otis Tipton stated after the Forest Service decision they would review those roads and there may be some bigger cuts.

**MOTION: Commissioner Dahl moved to set May 5<sup>th</sup> as the public meeting day. Commissioner Williams seconded the motion. The motion passed unanimously.**

3:45:57 PM

**D. GENERAL DISCUSSION OF ROUTINE ROAD MAINTENANCE ISSUES:**

The Budget Report and Road Operational Highlights were previously submitted.

Otis Tipton had received the NDOT plans on the Tuscarora Bridge and there would be a meeting on the 18<sup>th</sup> of April. He believed the project may be completed this year.

Commissioner Myers inquired if there was updated information on Deer Creek Grade. Otis Tipton stated they would look at the road. Commissioner Williams noted the Forest Service had not committed to do it for the \$40,000 that the Commission had set aside.

Otis Tipton stated the Last Chance road grading had held up with all the truck traffic.

Mary Winter, SCA President, reported there would be reconstruction on Spring Valley Court. They would award a bid for 5.6 miles of cold recycle on the parkways. She stated a bid was out for a snowplow. Commissioner Guttery inquired what their road budget was. Mary Winter replied approximately \$880,000 for approximately 150 miles of road.

Commissioner Russell stated there were concerns of speed in the Spring Creek roundabout and the number of accidents. He stated NDOT reported two accidents with no fatalities and the school bus drivers felt comfortable driving through the roundabout.

3:50:06 PM

**HIGHWAY BOARD ADJOURNMENT:**

Highway Chairman Russell adjourned the Highway Board at 3:50 p.m.

3:50:19 PM

## VIII. VITALITY UNLIMITED:

Discussion and consideration of a request for a waiver from Elko County to allow the Vitality Center to directly administer any grant funds awarded them through the Byrne Memorial Justice Grant Program (JAG).

The Byrne Memorial Justice Grant Program (JAG) is the leading source of federal justice funding to state and local jurisdictions. The JAG Program provides states, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution and court, prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, and technology improvement, and crime victim and witness initiatives.

Ester Quilici had submitted a letter giving the Commission an overview of their request. She noted the Vitality Center had an accounting department that could do their own administration and perform a 183 audit.

Robert Stokes stated they met last week and discussed whether they would be in competition with any County applications. Ester Quilici stated they would be applying for treatment funding and did not believe it would be in conflict with the County. Robert Stokes explained the Sheriff's Department and the Drug Court may be applying for grant funding in the future and may be competing against them because they were in the same locale. Robert Stokes requested clarification that Vitality Unlimited would not utilize the County through their application process so the County would not have to report for anyone. Ester Quilici stated they would utilize the name "Vitality Unlimited" when applying and did not believe they were competing with any other people in the County for this particular funding.

**MOTION: Commissioner Guttry moved to provide a waiver from Elko County to allow the Vitality Center to directly administer their grant funds awarded them from the Byrne Memorial Justice Grant Program (JAG). Commissioner Williams seconded the motion.**

Commissioner Russell suggested a legal review. Ester Quilici stated that Robert Stokes had all the information. Kristin McQueary inquired when her deadline was. Ester Quilici replied the application deadline was April 8, 2011. Commissioner Williams inquired if they want to amend the motion to include no competition. Kristin McQueary questioned if Vitality Unlimited applied in their own name and mistakes were made, was it assessed against the County. Cash Minor stated the waiver would take the County liability away.

**The motion passed unanimously.**

3:58:51 PM

## **IX. TRANSIT SERVICES IN ELKO AND SPRING CREEK:**

Discussion and consideration of agreements related to the operation of transit services in Elko and Spring Creek.

Cash Minor stated they had drafted a shell agreement with NDOT for the \$705,000 for the eight months wherein 80% of the service would be funded by a Federal Transportation Administration grant and 20% funded from the County.

1. Discussion and consideration of approval of an agreement for funding of transit services with the Nevada Department of Transportation.

**MOTION: Commissioner Myers moved to approve an agreement for funding of transit services with the Nevada Department of Transportation. Commissioner Guttry seconded the motion. The motion passed unanimously.**

2. Discussion and consideration of approval of a third party contractor agreement with Coach America CUSA Elko, LLC to provide transit services.

Cash Minor reviewed the Agreement with CUSA which was limited to \$448,000 equating to \$56 per hour for 10 hours per day for the 171 days of actual operation. Cash Minor stated CUSA would do the normal maintenance but if it was major mechanical such as a lost transmission then NDOT would help with those high dollar repairs at an 80/20 match.

**MOTION: Commissioner Myers moved to approve a third party contractor agreement with Coach America CUSA Elko, LLC to provide transit services. Commissioner Williams seconded the motion. The motion passed unanimously.**

4:03:43 PM

## **X. ELKO COUNTY BUDGET / STATE BUDGET / LEGISLATIVE SESSION:**

A. Great Basin College (GBC) Financial Review Committee:

Discussion, update and consideration of the John Carpenter Committee to review issues related to the financial impacts of proposed State Budget cuts to the continued operation of GBC programs.

John Carpenter stated their organizational meeting would be held tomorrow at 3:00 p.m.

4:05:05 PM

B. UNR Cooperative Extension Program / UNR Proposed Budget Reductions:

Discussion and consideration of issues related to the financial impacts of proposed State Budget cuts to the continued operation of the Cooperative Extension Program and other UNR proposed budget reductions.

Jill Tingey, Extension Educator, clarified that Cooperative Extension was a line item in the State budget. She reported in the past two budgets the State allowed the University to move those monies in the eight categories around as

long as they met the overall budget cut. Jill Tingey stated the Governor suggested 7.5 million dollars remain in the Cooperative Extension's budget but UNR wanted 2 million left in that budget. She stated the Legislature may make the decision to have the budget remain at 7.5 million dollars. She requested they let the legislators know that the UNR proposed cuts would devastate their programs. Jill Tingey stated on March 22<sup>nd</sup> a joint budget meeting was held at the Legislature and Senator Horsford commented that the University's proposed cuts did not equal the Governor's cuts. She stated the Universities and Colleges have to submit those proposed cuts by April 4, 2011. Jill Tingey noted the Cooperative Extension cut was to occur in 2012 and not within this current budget year.

Commissioner Russell inquired if someone who was employed by Elko County could establish a contact with the State and with the National organization to run a program not developed through Cooperative Education. Jill Tingey explained 4-H on the County level went through the Cooperative Extension and UNR had a 4-H State Office located on campus that wrote grants and oversaw the State events. Jill Tingey stated nationally the 4-H program was part of the United States Department of Agriculture. She explained there was a private partner called the National 4-H Council who were involved in getting private support for programming and for participation in national events. Jill Tingey stated if their office went away or if they only had one Extension Educator then there would be no State 4-H Office because of the cuts to administration. She stated if 4-H remained in the County they could work with the other counties to offer some events. Commissioner Russell inquired if they would be credited with the national organization. Jill Tingey stated if Cooperative Extension went away then the 4-H Program would not continue.

Commissioner Myers stated the University's proposal was to cut Cooperative Extension by seventy-two percent and inquired if there would be enough of the remaining shell to qualify 4-H throughout the counties if the County chose to fund that. Jill Tingey stated they would not have the State support but they could partner with the University as well as the National partnership. Commissioner Williams inquired if there was a previous cut. Jill Tingey replied they received a 21.1% cut previously.

John Carpenter stated they had discussed the Cooperative Extension at the Governor's Office and the subcommittee was looking at the college budgets. He commented in the NRS it stated Cooperative Extension funds would be provided by direct legislative appropriation from the General Fund. John Carpenter recommended they request the Legislature to approve the suggested Governor's budget cuts.

4:16:20 PM

C. Discussion and consideration of issues related to the Governor's State Budget, Legislative action, potential State actions on the Elko County Budget.

Robert Stokes noted more legislative information was being received and the legislature continues to work on the State budget but there was no definitive plan. He stated in Health and Human Services there has been a 1.6 million dollar impact with regard to Fire District services and there may be an impact to the County. Robert Stokes stated the presentencing report costs may be shifted to the counties which would have a \$300,000 impact to Elko County.

4:18:10 PM

D. Discussion and consideration of proposed legislation along with potential impacts to Elko County.

Commissioner Dahl believed Robert Stokes covered this in item C.

4:18:27 PM

E. Discussion and consideration of general issues related to the FY 2011/2012 Elko County Budget.

Cash Minor stated until they know what the impacts would be from the legislature any budgeting they do would be worthless. Cash Minor stated there was a decrease of 6 million dollars from ad valorem property taxes and 95 million decrease on Net Proceeds. Commissioner Myers stated they would check into those declines. Commissioner Russell suggested that every Commissioner have a conversation with Cash Minor to review the budget.

Cash Minor stated a special meeting was scheduled on April 11 for the tentative budget to meet the demands of the Department of Taxation. Commissioner Myers stated they would review the requests from all the departments. Robert Stokes suggested meeting at 2:00 p.m. on the 11<sup>th</sup> of April. Commissioner Russell noted the tentative budget would be balanced with what they anticipated from the Legislature.

4:23:39 PM

#### **XI. USFS MOUNTAIN CITY, RUBY MOUNTAINS AND JARBIDGE DISTRICT TRAVEL MANAGEMENT PROJECT:**

Discussion and consideration of issues regarding the Mountain City, Ruby Mountains and Jarbidge District Travel Management Project.

Randy Brown stated they were working on strategies. He stated the final EIS was to come out in the middle of April. He suggested they request an extension of the EIS to allow for biological studies to be performed in the field. He recommended they hold a meeting with the Forest Service.

4:25:01 PM

#### **XII. ELKO COUNTY WATER RESOURCE ISSUES:**

Discussion and consideration of water resource management and water rights issues that may impact Elko County including possible discussion related

to the Southern Nevada Water Authority pipeline project and the Central Nevada Regional Water Authority activities and issues.

Randy Brown stated through legislative actions there were few changes and the State was setting a definitely number of how many years a State, municipality or a local governorship can hold water rights without showing beneficial use. He noted there were some changes concerning the SNWA project amount of water being allocated.

Commissioner Russell requested a budget item be placed upon the next agenda to contribute \$250,000 regarding the filing of CNRWA protests to the SNWA applications. Cash Minor suggested this funding come from the Contingency Fund. Chairman Dahl requested an action item on the next agenda.

4:28:42 PM

### **XIII EL PASO GAS CORPORATION/ RUBY PIPELINE PROJECT:**

Discussion and consideration of issues related to the Ruby Pipeline Project including possible discussion with Company representatives regarding the agreement to fund the removal of grazing leases, other public land issues.

Commissioner Dahl reported upon a hearing at the Natural Resource Committee of the Idaho Legislature and Jim Cleary of El Paso was present.

4:30:18 PM

### **XIV. ELKO COUNTY CODE:**

#### **Wind Resources Ordinance:**

Discussion and consideration of the First Reading of **Ordinance 2011-04, Bill D**, entitled: **AN ORDINANCE ADDING SECTION 15 TO TITLE 4, CHAPTER 8 OF THE ELKO COUNTY CODE ALLOWING FOR THE DEVELOPMENT OF WIND RESOURCES IN THE VARIOUS ELKO COUNTY ZONING DISTRICTS; REVIEWING WIND RESOURCE DEVELOPMENT THROUGH THE USE OF CONDITIONAL USE PERMITS, AND MITIGATING POTENTIAL ADVERSE IMPACTS.**

Randy Brown stated John Kingwell had worked on this issue with the Planning Commission for six months, research was performed, and they held Planning Commission workshops. Randy Brown stated a "Conditional Use" was a use that was not necessary a permitted use within the code but the Planning Department could place conditions and allow it under zoning. He stated the conditions normally were not attached to the property because it was a revocable process but a Conditional Use permit could be conveyed to the next owner. He stated the District Attorney suggested this Conditional Use for a wind tower could be filed within the Recorder's Office to show up on a Title Search. He stated a Special Use Permit was a Conditional Use Permit and had the same principles and policies.

John Kingwell stated the proposed code required a Conditional Use Permit to the new owner where a wind tower already existed. He stated the Conditional Use would provide a written record, an audio record and a Resolution attached to the property which could be filed with the Recorder.

John Kingwell stated they had received applications and there was no code to refer to but the Governor's Office had directed them to go forward. He stated they researched information from all over the USA, the United Kingdom and Germany but most of the information was regarding commercial wind turbines. John Kingwell explained the process to determine the particular height for a residential permit and stated they would look at each use and each property individually due to their location, aesthetic values, and what was on the land. Commissioner Myers inquired about the direction from the Governor's Office. John Kingwell stated the Governor sent a letter concerning adopting codes to allow for green energies. John Kingwell stated the Commission was allowed to address it under the health, safety and welfare issues.

Commissioner Russell recommended a personal letter of appreciation to each member of the Planning Commission and to the staff on this issue.

Commissioner Guttry inquired if Kim Morris had been in contact with them. John Kingwell stated they had met and the process was moving forward.

Commissioner Dahl inquired if there was public comment.

Paul Bottari, of the Elko County Association of Realtors, stated the Conditional Use Permit changes would alleviate some of their concerns. He introduced Jim Nadeau, Carrara Nevada Government Affairs Director from Reno, Nevada.

Jim Nadeau, Carrara Nevada, spoke to John Kingwell several days ago about the ability of a new owner applying for the Conditional Use on a tower that was already in existence. He noted by recording the Conditional Use it would pass the ownership on and they would still be required to perform the maintenance on the wind turbine.

Jim Nadeau stated there was still an issue with the requirement of one mile from existing residential districts whether owned or under other ownership. He requested the Board to reconsider the one mile perimeter. Jim Nadeau noted Washoe County allows an adjoining property owner to grant them a variance or give permission to put the wind machine on their property but precludes them from attaching the wind turbine to the property. He suggested the Ordinance needed tweaking to address those issues. Kristin McQueary clarified the 1 mile distance was for the commercial sized wind tower and not for the home users.

Paul Bottari noted Bert Gurr and he were working with wind energy companies to buy ranches to start wind farms because there was some opposition to the wind farms on the public lands. He noted when they put the

restriction of a one mile radius upon a commercial tower from occupancy they would have to tear down the houses on those ranches. Paul Bottari commented if the people want to continue living in the house that should be their prerogative. He stated if an adjoining neighbor signs a waiver then they should be able to put up the tower. Paul Bottari stated other realtors have expressed concern that if the parcel was under 1 acre and the tower was not over 40 feet high they would not need the neighbor's permission. He commented if someone builds a house and then someone throws up 40 foot tower on an adjacent parcel; the neighbor should have input on the Conditional Use Permit.

Mary Royce, of EnergyCo, was present regarding the Morris, the Bakers, and the Beach's applications. She informed them their NV Energy rebate would expire June 11<sup>th</sup> and they would lose \$5,000 of that rebate if there was no installation completed by June 11, 2011. Mary Royce voiced concern with the time frame for the publication and the public hearings. Kristin McQueary explained if there were no changes then the process would be completed by the 1<sup>st</sup> of May. Mary Royce commented there were seven applications pending after the passage of the code. She felt notification of the 30 surrounding properties was excessive. Kristin McQueary stated that was the normal process to notify the thirty adjacent property owners.

Randy Brown suggested the possible solution was to file an application for the Conditional Use Permit with the Planning Commission and having them grant filing the application during the Ordinance procedure. Kristin McQueary suggested they put the applications on the Planning Commission's meeting agenda of April 21, 2011 to be approved contingent upon final approval of the Code after the publication.

Randy Brown noted there were some concerns with the 1 mile limitation but the Conditional Use Permit would be issued upon a case by case basis. He stated the Planning Commission could look at the 1 mile restriction for the 600 foot tower with 300 feet blades and that there was a noise factor they would have to consider. Randy Brown did not suggest they make changes today but allow staff to gather more information and refine the code later.

Jim Nadeau understood that if they make changes on the First Reading of the Ordinance but they were not substantive and don't change the nature of the Ordinance then they can be carried through. Kristin McQueary stated changes would delay the process and would go past the June deadline for the rebates.

Paul Bottari, Elko County Association of Realtors, commented their big issue was the Conditional Use Permit but distance was also important. Kristin McQueary noted this Board could not be pre-decisional in whether that would pass. Commissioner Williams stated if there was an impasse they could appeal to the County Commission. Kristin McQueary stated they could appeal the

decision to the County Commission and the County Commission decision could be appealed to the District Court. Paul Bottari inquired if they could ask for a variance at the same time as a Conditional Use Permit and received an affirmative reply.

Mary Royce requested clarification that if they agree on the Ordinance and the Second Reading was on April 20<sup>th</sup>; they could submit applications for hearing before the Planning Commission on April 21<sup>st</sup> with the first publication on April 25<sup>th</sup> and inquired if they could break ground in 30 days from the second publication. Kristin McQueary explained if the Commission approved the First Reading, the Second Reading would be scheduled for April 20<sup>th</sup> and there was a 10 day publication period. She stated if nobody appeals within that time then the Ordinance would be effective. Randy Brown stated that if everything went well on the applications theoretically they could break ground by April 31, 2011. He recommended they submit their applications by this Friday to be on the April 21<sup>st</sup> Planning Commission's agenda.

Mary Royce reported they have had three Battle Mountain applications completed and commissioned by NV Energy.

**MOTION: Commissioner Myers moved to adopt the First Reading of Ordinance 2011-04, Bill D, entitled: AN ORDINANCE ADDING SECTION 15 TO TITLE 4, CHAPTER 8 OF THE ELKO COUNTY CODE ALLOWING FOR THE DEVELOPMENT OF WIND RESOURCES IN THE VARIOUS ELKO COUNTY ZONING DISTRICTS; REVIEWING WIND RESOURCE DEVELOPMENT THROUGH THE USE OF CONDITIONAL USE PERMITS, AND MITIGATING POTENTIAL ADVERSE IMPACTS and set for second reading. Commissioner Russell moved to second the motion. The motion passed unanimously.**

5:27:49 PM

**XV. COMMISSION AND COMMITTEE REPORTS:**

Reports from Commission members regarding various committee, liaison or agency issues.

**Demar Dahl, District 1 Commissioner:**

He believed everything under his committees of any significance had been previously discussed.

**Charlie Myers, District 2 Commissioner:**

Elko County Economic Diversification Authority (ECEDA) – He stated they were in their budget process.

Nevada Division of Wildlife Liaison – He stated the Nevada Department of Wildlife did file amicus curiae brief regarding their role in the Hage Case with the

**ELKO COUNTY COMMISSION**

**REGULAR SESSION**

**MARCH 30, 2011**

**PAGE 18**

implementation of elk on the mountain. He did not think NDOW took a position on whether that decision was right or wrong but they had put elk on the mountain and did not feel at that time it was a taking of water or fencing.

**Glen Guttry, District 3 Commissioner:**

Fire Science Academy Liaison – He stated the academy would request a letter of support.

Commissioner Guttry stated AB 14 was introduced by NACO on abatements. He stated the bill would authorize abatement for a period or an amount which was less than what was currently required by statute. He believed if the Bill was passed the County could make a decision upon the time period or upon the amount of the abatements.

**R. Jeff Williams, District 4 Commissioner:**

Commissioner Williams stated there was nothing of significance at this time and would report at the next meeting.

**Warren Russell, District 5 Commissioner:**

Regional Transportation Commission (RTC) – He stated there was a decrease which was termed an “anomaly” by NDOT of 20% in traffic volume during October – November and November to December it was a 25% decrease on I-80 east of Wells. He stated a suggestion was made that it may be due to the Ruby Pipeline impact to the traffic counts and they were not using road that much as in the past. He stated if the decrease was true then there would be an economic impact to the County.

5:31:36 PM

**XVI. COMMISSION MEETING CALENDAR:**

April 4-7, 2011 – National Summit of Mining Communities, ECVA, Elko

April 20, 2011 -- 1:30 p.m. – Elko – Nannini Admin Bldg, Suite 102

May 4 & 5, 2011 -- 1:30 p.m. – Elko – Nannini Admin Bldg, Suite 102

May 18, 2011 -- 1:30 p.m. – Elko – Nannini Admin Bldg, Suite 102

All Times Pacific Time

Robert Stokes noted the April 11<sup>th</sup> meeting was scheduled at 2:00 p.m.

**MOTION: Commissioner Myers moved to approve the Commission Meeting Calendar. Commissioner Guttry seconded the motion. The motion passed unanimously.**

5:32:12 PM

**XVII. CONSENT AGENDA:**

A. Presentation and review of claims for approval

B. Approval of minutes: February 16, 2011 & March 2, 2011

**MOTION: Commissioner Myers moved to approve the Consent Agenda. Commissioner Russell seconded the motion. The motion passed unanimously.**

5:32:44 PM

**Elko County**  
**Abatement Calculations**  
**Property Tax Abatements**  
**FY 12/13 Adjusted Valuation re New Abatement Application to State**

Estimated Cost of Facilities **\$ 82,763,962.00** *(insert value)*

Assessed Valuation at 35% \$ 28,967,366.70  
 Local Tax Rate per \$100 Assessed Value \$ 2.5478  
 Estimated Property Taxes Due \$ 738,031.08

Abatement Amount Per NRS \$ 55%  
 Estimate Abatement Amount Per Year \$ 405,917.09  
 Abatement Period of 20 Years 20  
 Total Property Tax Abatement w 3% Depreciation per year \$ 6,172,722.47  
 Total Property Taxes Paid during 20 years \$ 5,050,409.30

FUND	TAX RATE	COUNTY Apportionment	Taxes w/o Abatement	Total	Abatement Amount	Total Amount Received	State Portion 45%	County Portion 55%	County Lost Ad Valorem Rev
GENERAL	0.35120	21.6344%	\$ 159,668.24	\$ 87,817.53	\$ 71,850.71	\$ 32,332.82	\$ 39,517.89	\$ 120,150.35	
INDIGENT	0.02620	1.0283%	\$ 7,589.46	\$ 4,174.20	\$ 3,415.25	\$ 1,536.86	\$ 1,878.39	\$ 5,711.07	
AG EXTENSION	0.01000	0.3925%	\$ 2,896.74	\$ 1,593.21	\$ 1,303.53	\$ 586.59	\$ 716.94	\$ 2,179.80	
LIBRARY	0.02960	1.1618%	\$ 8,574.35	\$ 4,715.89	\$ 3,858.46	\$ 1,736.31	\$ 2,122.15	\$ 6,452.20	
JUVENILE PROBATION	0.05250	2.0606%	\$ 15,207.88	\$ 8,364.33	\$ 6,843.55	\$ 3,079.60	\$ 3,763.95	\$ 11,443.93	
FAIR BOARD IMPROVEMENT	0.00170	0.0667%	\$ 492.45	\$ 270.85	\$ 221.60	\$ 99.72	\$ 121.88	\$ 370.57	
FAIR BOARD	0.00400	0.1570%	\$ 1,138.70	\$ 637.28	\$ 521.41	\$ 234.64	\$ 286.78	\$ 871.92	
MUSEUM	0.01600	0.6280%	\$ 4,634.78	\$ 2,549.13	\$ 2,085.65	\$ 938.54	\$ 1,147.11	\$ 3,487.67	
(A) SUB-TOTAL SUBJECT TO LIMITATIONS	0.69720	27.1293%	\$ 200,222.58	\$ 110,122.42	\$ 90,100.16	\$ 40,545.07	\$ 49,555.09	\$ 150,667.49	
CAPITAL IMPROVEMENT FND	0.05000	1.9625%	\$ 14,483.69	\$ 7,966.03	\$ 6,517.66	\$ 2,932.95	\$ 3,584.71	\$ 10,888.98	
JAIL SPECIAL REVENUE	0.01700	0.6672%	\$ 4,924.46	\$ 2,708.45	\$ 2,216.01	\$ 997.20	\$ 1,218.80	\$ 3,705.65	
SENIOR CITIZENS	0.02000	0.7850%	\$ 5,793.48	\$ 3,186.41	\$ 2,607.06	\$ 1,173.18	\$ 1,433.89	\$ 4,359.59	
YOUTH SERVICES	0.01040	0.4082%	\$ 3,012.61	\$ 1,656.93	\$ 1,355.67	\$ 610.05	\$ 745.62	\$ 2,266.99	
HOSP CARE IND. MVA	0.01500	0.5887%	\$ 4,345.11	\$ 2,389.81	\$ 1,955.30	\$ 879.88	\$ 1,075.41	\$ 3,269.69	
IND MEDICAL CARE	0.03500	1.3737%	\$ 10,138.59	\$ 5,576.22	\$ 4,562.36	\$ 2,053.06	\$ 2,509.30	\$ 7,629.29	
(B) SUB-TOTAL	0.14740	5.7854%	\$ 42,697.93	\$ 23,483.86	\$ 19,214.07	\$ 8,646.33	\$ 10,567.74	\$ 32,130.19	
SCHOOL DISTRICT OPERATING RATE	0.75000	29.4372%	\$ 217,255.40	\$ 119,490.47	\$ 97,764.93	\$ 43,994.22	\$ 53,770.71	\$ 163,484.69	
CAPITAL CONSTRUCTION	0.75000	29.4372%	\$ 217,255.40	\$ 119,490.47	\$ 97,764.93	\$ 43,994.22	\$ 53,770.71	\$ 163,484.69	
(D) SUB-TOTAL SCHOOL DISTRICT	1.50000	58.8743%	\$ 434,510.80	\$ 238,980.94	\$ 195,529.86	\$ 87,988.44	\$ 107,541.42	\$ 326,969.38	
(E)ECVA	0.03920	1.5386%	\$ 11,355.22	\$ 6,245.37	\$ 5,109.65	\$ 2,299.43	\$ 2,810.42	\$ 8,544.80	
(F) STATE OF NEVADA	0.17000	6.6724%	\$ 49,244.56	\$ 27,084.51	\$ 22,160.05	\$ 9,972.02	\$ 12,188.03	\$ 37,056.53	
<b>TOTAL RATE FOR COUNTY RESIDENTS (A+B+D+E+F)</b>	<b>2.5478</b>	<b>100.00%</b>	<b>\$ 738,031.08</b>	<b>\$ 405,917.09</b>	<b>\$ 332,113.99</b>	<b>\$ 149,451.29</b>	<b>\$ 182,662.69</b>	<b>\$ 555,368.39</b>	

**Exhibit (K)** - Response to Elko County's Notice of Intent to Participate as a Party, by Lewis Roca Rothgerber, dated March 26, 2014

**BEFORE THE NEVADA DIRECTOR  
GOVERNOR'S OFFICE OF ENERGY**

In the Matter of the Application of:

AFN: 14-0104GT

ORNI 42, LLC  
\_\_\_\_\_ /

**RESPONSE TO ELKO COUNTY'S NOTICE OF INTENT  
TO PARTICIPATE AS A PARTY**

ORNI 42, LLC ("ORNI 42") and Ormat Nevada Inc. ("ONI") (collectively ORNI 42 and ONI are referred to as "Ormat") hereby file with the Governor's Office of Energy ("Office") this Response to Elko County's ("Elko") Notice of Intent to Participate as a Party ("Notice") filed on March 24, 2014. This Response is brought pursuant to the Office's Notice of Public Hearing and Agenda issued on February 13, 2014 and March 10, 2014.

Ormat does not believe that Elko's participation in the hearing on March 31, 2014 provides any value or benefit in the Office's review of Ormat's application for a partial property tax abatement ("Application") for the Tuscarora Geothermal Facility ("Tuscarora"). In the Notice, Elko provides an identical legal position that it has already submitted in writing to the Office on February 10, 2014. Elko does not provide any information or evidence as to whether or not the Application satisfies the statutory requirements to receive the tax abatement. As a result, the Office can fully consider Elko's position without allowing it to reiterate it for the third time at the hearing.

In addition, Ormat has already fully responded to Elko's flawed interpretation that NRS 701A.360 only allows "new facilities" to apply and obtain a tax abatement. See Ormat's letter to the Deputy Director of the Office, dated February 24, 2014, attached hereto. In the Notice, Elko provides no additional legal analysis, legislative history or statutory construction principles to support its legal conclusion related NRS 701A.360. Instead, Elko provides a conclusory statement of the Legislature's intent by solely focusing on three words in NRS 701A.360. As previously noted, the language cited by Elko merely creates a vehicle for the

Office to obtain and review applications for abatements, but it is not an exclusionary provision that sets forth a clear deadline for when a project must apply for an abatement.

Similarly, Elko restates its incorrect interpretation of the Office's regulations to create a deadline of when a party must file an application. Contrary to Elko's position, nowhere in LCB File No. R094-10 ("Regulations") is an applicant required to file its application "not later than six weeks before the applicant's anticipated first date of purchasing tangible personal property for the project." The Regulations do require that the applicant submit a pre-application six weeks prior to commencing construction of the renewable energy facility and then submit an application to show the renewable energy facility meets the statutory requirements to obtain the abatements. However, the Regulations do not have a specific deadline on when an application must be submitted,

Further, the Regulations do not prohibit an applicant from submitting a second application, but on the contrary, specifically allow for a new application when the initial application is rejected. See Section 4 of the Regulations. However, comparable to above, the Regulations do not have a specific deadline on when an applicant must submit a new application if the initial application is rejected.

As the Office is fully aware, Ormat filed its pre-application on January 7, 2011. The Office accepted the pre-application and designated the request as Filing Number 11-01008G. As a result, Ormat has complied with the only filing deadline, and it has legally submitted the Application as allowed by the Regulations and the Office.

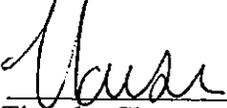
Lastly, Ormat questions the experience, expertise and qualifications of Elko's witness to make legal representations, interpret statutes and provide a legal analysis of NRS Chapter 701A at the hearing. Elko's witness is the Assistant County Manager/CFO, Cash A. Minor. Mr. Minor did not provide his resume, or any description of his legal experience that proves he is qualified to speak on statutory construction principles and legislative intent. Thus, it is unclear how Mr. Minor's participation at the hearing will further and enhance Elko's legal position that is already on file with the Office. On the contrary, Mr. Minor's lack of qualification will more

than likely blur the real issues before the Office -- whether Ormat has met the statutory requirements to receive the tax abatement for Tuscarora.

The Application and Direct Testimony of Bob Sullivan show that not only does Ormat meet, but it exceeds all the statutory requirements for the Office to approve the Application. As a result, Ormat respectfully requests that the Application is reviewed and approved on the merits and is not rejected or further delayed by Elko's flawed legal arguments.

DATED this 26 day of March, 2014.

LEWIS ROCA ROTHGERBER

By:   
\_\_\_\_\_  
Timothy Clausen  
50 West Liberty Street, Suite 410  
Reno, Nevada 89501  
Tel: 775.823.2900  
Fax: 775.823.2929  
Email: tclausen@lrrlaw.com

Attorneys for ORNI 42 and ONI

February 24, 2014

**Via Email and U.S. Mail**

Deputy Director Brita Tryggvi  
Nevada Governor's Office of Energy  
755 North Roop Street, Suite 202  
Carson City, Nevada 89701

**Re: Tuscarora Tax Abatement Application**

Deputy Director Tryggvi:

We are writing in regards to a letter sent to the Governor's Office of Energy from the Elko County Board of Commissioners ("Elko") dated February 10, 2014, related to ORNI 42, LLC's ("ORNI 42") application requesting a property tax abatement ("Application") for the Tuscarora Geothermal Facility ("Tuscarora"). Elko erroneously contends that the Application is illegal and should be rejected by the Office of Energy. As discussed below, Elko has failed to deny the Application pursuant to Nevada law, and thus, it is deemed approved. In addition, Elko's legal claims raised in its letter are flawed and you should process and review the Application pursuant to requirements in NRS Chapter 701A, as amended by Assembly Bill 239 (2013).

During the 2013 Legislative Session the Nevada Legislature passed Assembly Bill 239, which revised provisions of NRS Chapter 701A related to tax abatements for renewable energy projects. Among other things, the new legislation adopted more stringent eligibility requirements and limited the county's ability to deny an application for a tax abatement. Specifically, the county can only deny an application if it determines: (1) the cost of services the county provides the facility exceeds the amount of tax revenue it will receive; or (2) the projected loss of tax revenue exceeds the financial benefits the county receives from the facility. See AB 239, Section 4(2)(b). Neither of these applies to Tuscarora because of the large financial benefits produced by the project. Therefore, Elko could not deny the Application at its hearing on February 5, 2014.

AB 239 also provides that if the county commissioners do not approve or deny the application within 30 days after the county receives it from the Office of Energy then the application shall be deemed approved. See AB 239, Section 4(2) (d). Elko could not and did not deny the Application and its letter is non-responsive to the new statutory provisions mentioned above. Thus, the Application is deemed approved pursuant to Nevada law and should be

properly reviewed by the Office of Energy pursuant to the eligibility requirements in NRS Chapter 701A.

Understanding that it could not deny the Application, Elko instead attempts to divert your office's proper review of the project on the merits by making invalid legal claims. Specifically, Elko believes that Nevada law only allows "new business ventures" to apply for tax abatements and that because Tuscarora is already constructed and operating, it is ineligible to receive its statutory prescribed benefits. It cites a partial sentence from NRS 701A.360 to support its argument, but blatantly ignores the remainder of this statute that provides the Legislature's intent to provide tax abatements to renewable energy projects.

The Legislature passed NRS 701.360 to encourage renewable energy development and to increase capital investment in the State of Nevada. It set specific statutory requirements that a project must meet to obtain the tax abatements, all of which are met by Tuscarora. The language cited by Elko merely creates a vehicle for the Office of Energy to obtain and review applications for abatements, but it is not an exclusionary provision that sets forth a clear deadline for when a project must apply for an abatement. As a result, the fact that Tuscarora has achieved commercial operation does not preclude ORNI 42 from submitting the Application.

The only clear deadline for filing an application for tax abatements is set forth in the regulations contained in LCB File No. R094-10 ("Regulations"). The Regulations provide for a two-step process in applying for tax abatements. The applicant is required to submit a pre-application six weeks prior to commencing construction of the renewable energy facility and then submit an application to show the renewable energy facility meets the statutory requirements to obtain the abatements. The Regulations do not have a specific deadline on when an application must be submitted, or when an applicant can submit a new application if the facility fails to initially meet the statutory requirements.

As a result, the only filing deadline required by the Regulations is the pre-application. This fact was confirmed by the Office of Energy during a hearing on December 16, 2013, and later reiterated during a meeting to discuss the Application. On January 7, 2011, ORNI 42 filed its pre-application for sales and use tax and property tax abatements for Tuscarora with the Office of Energy. Your office accepted the pre-application and designated the request as Filing Number 11-01008G. As a result, ORNI 42 has complied with the only filing deadline, and it has legally submitted the Application as allowed by the Regulations and your office.

Elko, however, attempts to create a new filing deadline for a rejected application by misinterpreting the plain language of the Regulations and arguing the applicant must resubmit for a pre-application. If an application is rejected by the Office of Energy, then the applicant is allowed to submit a new application, however, the Regulations are clear that the applicant is not required to submit for a new pre-application. As a result, Elko's argument is legally incorrect and there is no requirement that ORNI 42 had to file its Application any earlier than it did.

Contrary to Elko's position, the Application furthers Nevada's goal to promote investment and development in renewable energy. The Tuscarora project continues to invest in Nevada. In particular, three geothermal wells and three fresh water wells have been drilled at Tuscarora since commercial operation, which is an additional investment. The Office of Energy's approval of the Application, even after commercial operation, will create further capital for investment in the project by improving the project's cash flow by decreasing required equity, increasing leverage, and thereby, allowing more money to be available for investment. This is a critical piece in furthering economic development in Nevada.

As a result, ORNI 42 respectfully requests that the Office of Energy ignores Elko's baseless claims and proceeds forward with a review and determination of the Application on the merits. Thank you for your anticipated assistance on this matter. Please feel free to contact me if you have any questions or comments.

Best regards,

LEWIS ROCA ROTHGERBER



Timothy M. Clausen

TMC/cd