

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

**EXHIBIT I**

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

By

ORNI 39 LLC

Public Hearing  
Monday, March 31, 2014  
1:30 P.M.  
Governor's Office of Energy  
Room 202  
755 North Roop Street  
Carson City, Nevada 89701

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



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 14-0104GMH** 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 39 LLC application, the Director directs ORNI 39 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 39 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 39 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,



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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 39 LLC Pre-Application filed with the Director on March 26, 2010

Jim Gibbons  
Governor

State of Nevada



Dr. Hatice Gecol  
Nevada Energy Commissioner

Office of Nevada Energy Commissioner

Pre-Application Form  
Nevada Renewable Energy Tax Abatement

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

Applying for:

**Both**

Sales and Use Tax Abatement OR Property Tax Abatement OR Both

Company Name:

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

Company Contact:

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

Name, Title, Phone, and E-mail

Type of Nevada Facility:

**Geothermal**

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

Renewable Energy Generation and/or Transmission Capacity:

**30 MW**

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

Anticipated Capital Investment Amount:

**\$164,110,000 \*\***

The Facility will be built on:

**BLM Land**

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

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

**Lander County**

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

Please describe if yes:

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

Please describe if yes:

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

Please describe if yes:

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

Please describe if yes:

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

Please describe if no:

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The Facility has a long term Power Purchase Agreement with:

**NV Energy**

Name of the Utility or Company

Anticipated Dates for the Facility Construction Start and Operational Start:

**Construction: Qtr. 3, 2010; Operation: Qtr. 3, 2011 \*\***

Anticipated Submission Date for the Complete Application Package:

**April 2, 2010**

### Statement Regarding Confidential Information

This Pre-Application contains confidential information: Yes  No

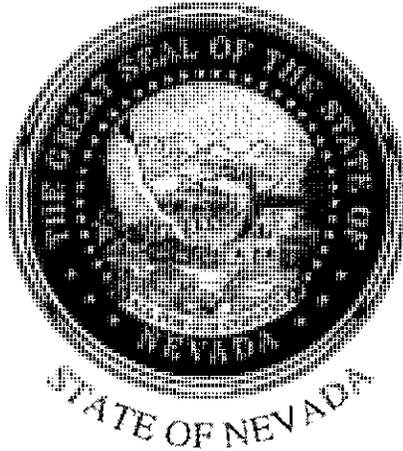
If yes, please identify any information in the within the Pre-Application or documents submitted herewith, which Applicant considers confidential or trade secret information. Further, identify: (1) the applicable statutory authority or agreement preventing public disclosure of the information; and (2)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

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

**\*\* The information in this application and designated as confidential is done pursuant to the protections afforded by trade secret information as described at NRS 49.325 and NRS 600A.030(5). Confidentiality is also asserted pursuant to NRS 703.190 and NRS 703.196. The later two statutes have been asserted by Nevada Power as protecting all cost and related information in the PPA's approved for these projects and orders of the PUCN approving these projects grants that the request of Nevada Power Company to protect such information as confidential for a period of not less the seven (7) years.**

**Exhibit (C)** – ORNI 39 LLC Application (Redacted) as filed with the Governor's Office of Energy on January 10, 2014

# SECRETARY OF STATE



## NEVADA STATE BUSINESS LICENSE

**ORMAT NEVADA INC.**

**Nevada Business Identification # NV19921016142**

**Expiration Date: January 31, 2015**

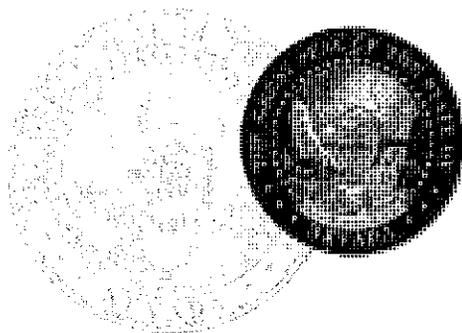
In accordance with Title 7 of Nevada Revised Statutes, pursuant to proper application duly filed and payment of appropriate prescribed fees, the above named is hereby granted a Nevada State Business License for business activities conducted within the State of Nevada.

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.

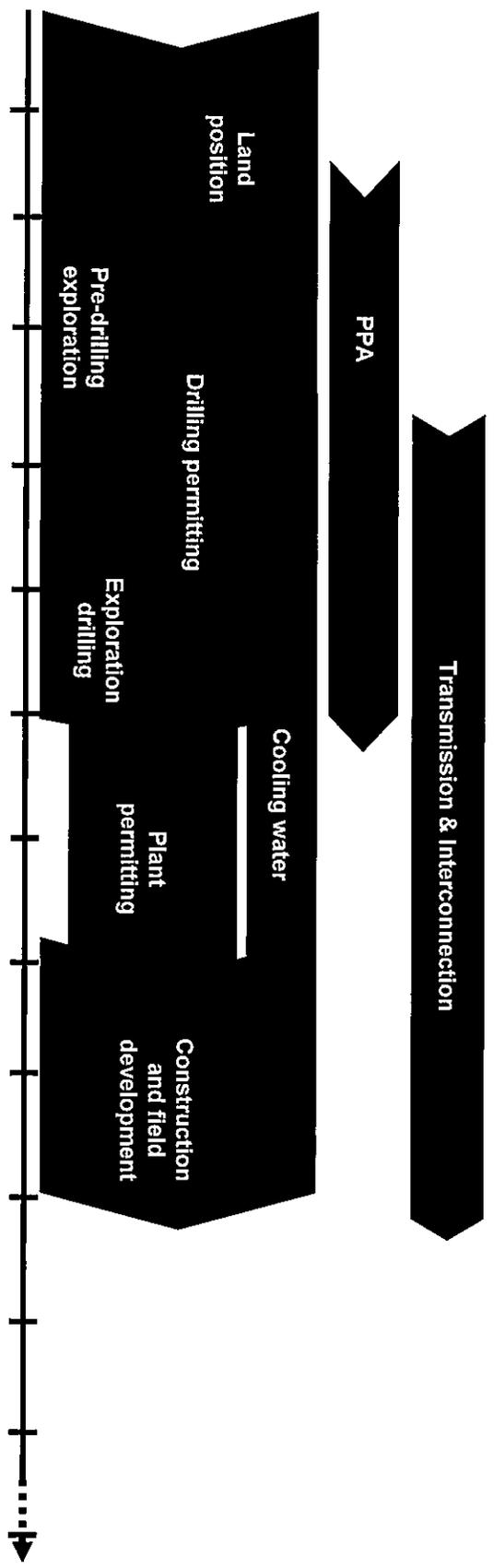
*Please Post in a Conspicuous Location*

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



# 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: McGinness Tax Abatement Application

Dear Suzanne,

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

Page 2 – Estimated total capital investment: \$164,000,000.00

Page 11 – Number of anticipated construction employees  
who will be employed during the entire construction phase: 168

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)

<b>Facility Information</b>		REDACTED
<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 39 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 39 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>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</b> (please check all that are relevant to the facility)		
<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>43 MW</b>		
Net Output Production Capacity of the Facility in MW: <b>33.7 MW</b>		
Annual Net Production Capacity of the Facility in MWh (or other appropriate unit): <b>289,080</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>Jan 1, 2011</b>
Anticipated date or time range for the start of construction: <b>March 1, 2011</b>
Anticipated date or time range for the commencement of operation of the facility: <b>June 16, 2012</b>
Address of the Real Property for the Generation Facility: <b>1350 Grass Valley Rd, McGinness Hills, 89310</b>
City: <b>Battle Mountain</b>

Size of the total Facility Land (acre): <b>Lease 1 - 5,120 acres; Lease 2 - 2,340 acres; Lease 3 - 220 acres</b>
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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>3/5/2010</b>
If yes,	Purpose of the Filing with FERC: <b>QF Certification</b>	Filing Date OR Anticipated filing Date: <b>6/10/2011</b>

1	<b>Lander County</b>
2	<b>Battle Mountain (city)</b>
3	
4	
5	
6	
7	
8	
9	

GENERAL INFORMATION / TAGS	
1	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
2	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
3	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
4	Summary of the PUC and FERC Dockets if any PUC and FERC filing have started
5	Copy of the Business Plan for the Nevada Facility
6	For Expansion Applications, Copy of the most recent assessment schedule and tax bill from the County Assessor's Office or the Department of Taxation
7	Website link to company profile
8	Copy of the Current Nevada State Business License
9	Facility Information Form
10	Employment Information, construction, and permanent employee salary schedules
11	Supplemental Information Form
12	Taxation Reporting Forms (Summary Sheet and Schedules 1 through 8)
13	Names and contact information for construction company, contractors, subcontractors
14	Letter from the utility or company describing the highlights of PPA, LOI, or MOU.
15	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>					
Plan of Utilization	Bureau of Land Management ("BLM")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	original May 2010/revised Feb 2011	7/18/2011
Plan of Operations	BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	original May 2010/revised Feb 2011	7/18/2011
Plan of Development (230kv Gen-Tie Line)	BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	[filed, per DEC Outline]	2/1/2011
Environmental Assessment	BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	12/1/2009	7/18/2011
Site License	BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		8/24/2011
Facility Construction Permit	BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		8/24/2011
Commercial Use Permit	BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		5/1/2012
Contract for Sale of Minerals	BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		8/29/2011
Qualifying Small Generator	Federal Energy Regulation Committee	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	Q3 2011	6/10/2011
<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	3/18/2011	6/10/2011

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

	CAPP Permit to Operate	NDEP BAPC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	Continuation of Construction Permit
	Surface Area Disturbance Permit	NDEP BAPC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	6/3/2011
	Class II AQ Permit to Operate	NDEP BAPC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	10/14/2011
	Construction Stormwater Permit/SWPPP	NDEP Bureau of Water Pollution Control ("BWPC")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	7/22/2011
	On-Site Sewage Disposal (General) Permit	NDEP BWPC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	5/11/2011
	Underground Injection Control Permit (UIC)	NDEP BWPC	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	3/21/2012 (Q2 2011)
	Geothermal Project Area Permit	Nevada Division of Minerals ("NDOM")	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	4/10/2009
	Drilling Permit - Well 28-10 (Production)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	5/1/2009
	Drilling Permit - Well 28A-10 (Production)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	6/25/2011
	Drilling Permit - Well 28B-10 (Production)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	11/9/2011
	Drilling Permit - Well 36-10 (Production)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	11/9/2011
	Drilling Permit - Well 36A-10 (Production)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	11/18/2011
	Drilling Permit - Well 38-10 (Monitoring Well)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	5/1/2009
	Drilling Permit - Well 88-16 (Full-size)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	8/18/2009
	Drilling Permit - Well 38-15 (Water Well)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	
	Drilling Permit - Well 67-15 (Injection)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	4/25/2011

State of Nevada Renewable Energy Tax Abatement Application AFN: 14-0104GMH

Drilling Permit - Well 86-16 (Injection)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	9/1/2009	9/23/2009
Drilling Permit - Well 27-16 (Injection)	NDOM/BLM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	10/20/2009	11/9/2009
Drilling Permit - Well 58(B)P-22 (Injection)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		9/8/2009
Drilling Permit - Well 58(B)O-22 (Injection)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		9/28/2009
Drilling Permit - Well 61-22	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		1/25/2010
Drilling Permit - Well 61(L)-22 (Injection)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		1/25/2010
Drilling Permit - Well 66B-22 (Injection)	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		10/1/2009
Drilling Permit - Well 67-22	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		5/22/2009
Drilling Permit - Well 73-22	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		5/21/2009
Drilling Permit - Well 85-22	NDOM	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		5/22/2009
Hazardous Materials Permit	Nevada State Fire Marshal	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		8/24/2011
Permit to Appropriate Water	Nevada Division of Water	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		8/18/2011
UEPA Permit to Construct (230kv Gen-Tie Line)	Nevada Public Utilities Commission	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	4/13/2011	9/29/2011 (BLM); 10/26/2011 (USFS)
Boiler Pressure Vessel Permits	Nevada Division of Industrial	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements		5/4/2012
<b>III. County Permits or Authorizations</b>					
Building Permit(s)	Lander County Building D	Local State and Federal regulatory framework	Analysis, Documentation and Application necessary to fulfill regulatory requirements	4/14/2011	8/24/2011



State of Nevada Renewable Energy Tax Abatement Application AFN:

NOTE: Project contractor  
purchasing goods and

<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>

State of Nevada Renewable Energy Tax Abatement Application AFN:

Contractors, subcontractors, and other entities including owner that will be providing equipment for the construction of the Facility are entitled to claim or receive the sales and use tax abatement

**Contractors and Subcontractors List**

7Q10, Inc
88-0393273
500 Damonte Ranch Pkwy., Suite 929, Reno, NV, 89521
sheim@7q10.com
Aaron Patrick Zabarte
P.O. Box 12, , Duckwater, NV, 89314
ABC Fire and Cylinder Service
88-0221330
1025 Telegraph Street, , Reno, NV, 89502
karla@abcfireco.com
Advanced Communication Technology Services
20-5836656
10 Greg Street, Suite 124, Sparks, NV, 89431
invoice@actsreno.com
Ahern Rentals Inc.
88-0381960
4241 S. Arville Street, , Las Vegas, NV, 89103
jerial@ahern.com
Airgas NCN
23-2491493
P.O. Box 7425, , Pasadena, CA, 911097425
ncn.cashapps@airgas.com
Allied Sanitation Service
88-0485703
P.O. Box 1389, , Fernley, NV, 89408
debra.sandgren@aff.net



**Employment Information**



**New Operations or Expansion**

<b>CONSTRUCTION EMPLOYEES</b>		Full Time	Part Time
Number of anticipated construction employees who will be employed during the entire construction phase?		138	
Percentage of anticipated construction employees who will be Nevada Residents?		69	
Average anticipated hourly wage of construction employees, excluding management and administrative employees:		\$ 41.05	
Number of anticipated construction employees who will be employed during the second-quarter of construction?		138	
Number of anticipated second-quarter construction employees who will be Nevada Residents?		69	
<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?		12	
Average anticipated hourly wage of permanent employees, excluding management and administrative employees:		\$ 23.55	
Number of permanent employees who were employed prior to the expansion?			
Average hourly wage of current permanent employees, excluding managements and administrative employees			



Health insurance for construction employees and an option for dependents must be offered upon employment

List Benefits Included (medical, dental, vision, flex spending account, etc): <b>Determined by vendors - met qualifications of AB 239 as outlined in Minimum Requirement Criteria</b>	
Name of Insurer: <b>Determined by vendor</b>	
Cost of Total Benefit Package: <b>Estimated \$600,000</b>	Cost of Health Insurance for Construction Employees: <b>Estimated at 8% of salaries</b>

### 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) = $\Sigma(e) / \Sigma(c)$
#	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>						
	Management and Administrative Employees					
	Civil	13	12	25		
	Fire	2	3	5		
	Mechanical	15	15	30		
	Electrical	13	12	25		
	Transmission Line	7	8	15		
	Building	4	4	8		
	Gathering	12	13	25		
	General	3	2	5		
	<b>TOTAL</b>	<b>69</b>	<b>69</b>	<b>138</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL CONSTRUCTION PAYROLL</b>		<b>\$ - (based on avg wage)</b>				

## Second Quarter 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 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 (\$)
	Construction Employees, excluding					
	Management and Administrative Employees					
	Civil	13	12	25		
	Fire	2	3	5		
	Mechanical	15	15	30		
	Electrical	13	12	25		
	Transmission Line	7	8	15		
	Building	4	4	8		
	Gathering	12	13	25		
	General	3	2	5		
	Project Engineer					
	<b>TOTAL</b>	<b>69</b>	<b>69</b>	<b>138</b>	<b>\$ -</b>	<b>\$ -</b>

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



**State of Nevada Renewable Energy Tax Abatement Application AFN: 14-0104GMH Supplemental Information**

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

**1) Will you have a possessory interest in any governmentally owned property for this facility? Please describe if yes.**

The Company developed the geothermal power plant on BLM land. Land acreage and Lease fee is provided in the Facility Information portion of the application

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

The facility generates energy that is delivered to NV Energy in Lander County, NV. NV Energy transmits to ultimate consumers.

**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 discussion in the Company Profile included in the "Application Checklist Requirements" Addendum.

**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.**

ORNI 39 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. ONI, owner of ORNI 39 LLC, received a partial sales/use tax and property tax abatements for its project located in Jersey Valley, NV.

State of NevadaRenewable Energy Tax Abatements ApplicationAFN: 14-0104GMHSummary ReportSchedules RRRRRR  
8

Company: ORNI 39 LLC

Division:

Line No.	Schedule	Total Estimated RCNLD or Transaction Cost	Department Use Only
1	Sch. 1 Personal Property - Property Tax - Total from Col. J.	-	
2	Sch. 2 Real Property - Improvements - Total from Col. F.	164,000,000	
3	Sch. 3 Real Property - Land - Total from Col. I	243,840	
4	Sch. 4 Operating Leases - Total from Col. F	231,451	
5	Sch. 5 Contributions in Aid of Construction - Total from Col. F	-	
6	Sch. 6 First Year Estimated Sales & Use Tax - Total from Col. J	7,574,280	
7	Sch. 7 Second Year Estimated Sales & Use Tax - Total from Col. J	106,500	
8	Sch. 8 Third Year Estimated Sales & Use Tax - Total from Col. J	106,500	



**State of Nevada Renewable Energy Tax Abatements Application AFN: 14-0104GMHP Property Tax: Real Property Improvements**  
**Schedule 2**

Company Name: ORNI 39 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. 1, 2012	2,000,000
Project Engineering		Qtr. 1, 2012	1,200,000
Project Construction and Fees		Qtr. 1, 2012	26,200,000
OEC Unit		Qtr. 1, 2012	40,100,000
Geothermal System		Qtr. 1, 2012	2,700,000
Water Cooling System		Qtr. 1, 2012	2,000,000
Fire Fighting System		Qtr. 1, 2012	600,000
Auxiliary System		Qtr. 1, 2012	1,400,000
Electrical System		Qtr. 1, 2012	3,600,000
Vacuum System/Other Mechanical Equipment		Qtr. 1, 2012	2,700,000
Transportation		Qtr. 1, 2012	4,700,000
Transmission Line		Qtr. 1, 2012	12,500,000
Gathering System		Qtr. 1, 2012	18,900,000
Building		Qtr. 1, 2012	400,000
Spare Parts/Supplies		Qtr. 1, 2012	2,000,000
Field Development		Qtr. 1, 2012	43,000,000
<b>Grand Total</b>			<b>164,000,000</b>

State of Nevada Renewable Energy Tax Abatements Application AFN: 14-0104GMHP Property Tax: Real Property REBATED  
 Schedule 3

Company: ORNI 39 LLC  
 Division:

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

A Line #	B County	C Where Situated		D Tax District	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
		City or Town								
1	Lander				BLM Land - Acq. August, 2007	005-037-01	L			148,480
2	Lander				BLM Land - Acq. August, 2007	005-037-01	L			67,860
3	Lander				Private Lease - Acq. August, 2007	005-370-02	L			27,500
4										
5										
6										
7										
8										
9										
10										
11										
12	<b>Grand Total</b>									243,840





**State of NevadaRenewable Energy Tax Abatements ApplicationAFN: 14-0104GMHSales and Use Tax First Year ofREIT/REMIC/REMIC**  
**AbatementSchedule 6**

Company Name: ORNI 39 LLC  
 Division: \_\_\_\_\_

**Instructions:**

- (1) Column A: List each item of personal property or materials and supplies subject to sales and use tax (please include leases. Refer to NRS Chapter 372 for taxable events.
- (2) Column B: For each item in column A, list applicable account number.
- (3) Column C: List the Facility Owner, Contractor or Subcontractor that will be purchasing the personal property or materials and supplies subject to sales and use tax.
- (4) Column D: List the date the personal property or materials and supplies were purchased.
- (5) Column E: List the date that possession of the personal property or materials and supplies will be taken.
- (6) Column F: List the cost of the personal property or materials and supplies.
- (7) Column G: List the county where possession will be taken and the applicable sales tax rate of that county. Find the appropriate sales/use tax rate on the Department of Taxation's website at <http://tax.state.nv.us>. Then scroll to "Quick Links" and select "Sales/Use Tax Rate Map".
- (8) Column H: Multiply Column F by the Sales Tax Rate in Column G.
- (9) Attach additional sheets as necessary.

A	B	C	D	E	F	G	H
Personal Property or Materials and Supplies Itemized Description	G/L Account No. (if applicable)	Purchased by Facility Owner (FO) Contractor (C) Subcontractor (SC)	Date Purchased	Date of Possession	Total Transaction Cost	County and Applicable Sales Tax Rate	Estimated Sales Tax Paid or to be Paid
OEC Unit		C - ONI	Nov., 2010	Jan., 2011-Mar	\$ 40,100,000	0.071	\$ 2,847,100
Geothermal System		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 2,700,000	0.071	\$ 191,700
Water Cooling System		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 2,000,000	0.071	\$ 142,000
Fire Fighting System		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 600,000	0.071	\$ 42,600
Auxillary System		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 1,400,000	0.071	\$ 99,400
Electrical System		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 3,600,000	0.071	\$ 255,600
Vacuum System/Other Mechanical Equipment		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 2,700,000	0.071	\$ 191,700
Transporation		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 4,700,000	0.071	\$ 333,700
Transmission Line		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 12,500,000	0.071	\$ 887,500
Gathering System		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 18,900,000	0.071	\$ 1,341,900
Spare Parts		C - ONI/SC	Nov., 2010	Jan., 2011-Mar	\$ 2,000,000	0.071	\$ 142,000
Drilling		C - ONI/SC	Various	Various	\$ 15,480,000	0.071	\$ 1,099,080
<b>Grand Total</b>							<b>\$ 7,574,280</b>





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

**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:

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

ORNI 39 LLC

Application Checklist Requirement Addendum  
McGinness Hills Geothermal Project  
Lander County, Nevada  
(Redacted )

COVER PAGE

**Corporate Profile:**

ORNI 39 LLC (“the Company”) is 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 primarily utilizing internally designed and manufactured equipment. Ormat currently has power plants in the United States which include, Brady (NV), Desert Peak 2 (NV), Steamboat Complex (NV), Wild Rose (NV), Jersey Valley (NV), Tuscarora (NV) Mammoth Complex (CA), Heber Complex (CA), Ormesa Complex (CA), Brawley (CA), Puna (HI), and owns and is developing REG plants in North and South Dakota, Colorado, Minnesota and Montana. Ormat also has operating power plants in Nicaragua, Guatemala, and Kenya.

Ormat’s revenues are made up of two primary segments - electricity and products segments. As of December 31, 2012, the electricity segment was approximately 64% of revenues and the product segment was 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.

Tuscarora Project: Located in Elko County, NV consists of one (1) plant and has a current generating capacity of 18 MW. The Tuscarora Project operates using 11 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 is 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 Brawly in Imperial County, CA and has a current generating capacity of approximately 27 MW.

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

**Description of Proposed Project:**

The Company has developed a geothermal power plant in Lander County, NV (“The Project”) that is expected to deliver a generating capacity of 33.7 MW under a 20-year power purchase agreement (“PPA”) with Nevada Power Company, a subsidiary of NV Energy. The Project is in addition to Ormat’s twelve (12) existing plants in the State of Nevada.

The Company has obtained two (2) leases through an agreement with the Bureau of Land Management (“BLM”) and a Private lease as part of the Project. The legal descriptions of the land leases are included in the body of the application. In addition, the Company paid an upfront lease payment to the BLM of approximately \$3.1 million as a result of the bidding process used to obtain the leases. The Parcel number for the BLM leased land is APN 005-037-01 and the Parcel number for the Private leased land is APN 005-370-02.

The Project consists of five (5) production wells, three (3) injection wells, and three (3) Ormat Energy Converters (“OEC”) 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 are produced by an Ormat subsidiary company. The energy changes ownership to NV Energy after the step-up transformer in the plant’s switchyard, located in Lander County.

The Project consumed approximately 6 MWh of diesel fuel power generation during construction. The Project used energy from the power grid for start-up and commissioning activities. The project operates on the Organic Rankine Cycle (ORC), using an 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 Company started construction of the facility on March 1, 2011 and began operations in the 1<sup>st</sup> Quarter, 2012.

**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 unemployment (including Ormat and Nevada vendors working on the Project)

- Paid and increase in contributions to unemployment fund
- Reduction in uninsured individuals
- Stabilized local labor market (50% of construction employees were Nevada residents)
- 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

**Abatement Qualifications:**

- Redacted

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

**Nevada vendors include:**

7Q10, Inc. ,Reno  
Aaron Patrick Zabarte ,Duckwater  
ABC Fire & Cylinder Service ,Reno  
Advanced Communication Technology Services ,Sparks  
Ahern Rentals Inc. ,Las Vegas  
Airgas NCN, Pasadena  
Allied Sanitation Service ,Fernley  
Applied Mechanical, Inc. ,SPARKS  
Applied Staffing Solutions ,Reno  
BellFire, Inc. ,Elko  
Black Eagle Consulting, Inc. ,Reno  
Bruce MacKay Pump & Well Service, Inc. ,RENO  
ChemTreat, Inc. ,Minden  
Chicken Hawk Transport ,SPARKS  
Comstock Inspection, LLC ,Reno  
Darlene R Dewey ,Austin  
Ferguson Enterprises, Inc. ,Reno/San Fran#3210  
Flyers Energy, LLC ,Auburn  
Glacier Construction ,Fallon  
Grandinetti Trucking Inc. ,Yerington

Grass Valley Ranch LLC ,Austin  
Great Basin Ecology, Inc. ,Elko  
Great Basin Welding Services, LLC ,Reno  
Gregory Ralph Bryan ,Austin  
Grove Madsen Industries ,Reno  
H&E Equipment ,Dallas  
Hammond Homes and Construction LLC ,Fallon  
High Sierra Communications, Inc. ,Reno  
Hood-EIC, LLC ,Sparks  
JBR Environmental Consultants ,Elko  
JP Engineering ,Reno  
Julie's Sign Shoppe, Inc. ,Reno  
Kelly Pipe Co., LLC , Las Vegas  
McKay Drilling, Inc. ,Reno  
Merit Electric Company ,Reno  
Nerissa Dyer ,Austin  
Nevada Energy Systems Inc. ,Reno  
Northern Sierra Construction Inc. ,Reno  
NV Energy ,RENO  
Pro Fire Pro Design ,Reno  
Quick Space ,Sparks  
Reed Electric & Field Service ,Reno  
Reno Windustrial Company ,Reno  
Robison Engineering Company, Reno  
Ruby Mountain Natural Spring Water ,Spring Creek  
Sierra Electronics ,SPARKS  
Soil Tech, Inc. ,Las Vegas  
Steamboat Services, LLC ,Lovelock  
Suburban Propane ,Ely  
The Best Company Inc. dba Colorado TBC, Inc., Fallon  
Titan Wire & Cable LLC ,Sparks  
Tobey-Wade Consulting ,Reno  
Tri Sage Consulting, Reno  
US Geomatics ,RENO  
Wedco Inc. ,Reno  
Western Cultural Resource Management, Inc. ,Sparks  
Western Energetix, LLC ,Auburn  
Western Nevada Supply - Sparks  
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:

- 50 full-time employees worked on the construction of the facility during the 2<sup>nd</sup> quarter of construction with at least 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 39LLC is a new entity and no financial data is available at this time. 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  
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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 McGinness Hills Geothermal Project Orni 39, 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 McGinness Hills Geothermal Project, is owned by ORNI 39, LLC. ORNI 39, 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 33.7 MW and an annual net production capacity of 289,080 MWh. The facility is located on public and private land in southern Grass Valley in Lander County.

#### **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.

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. In this case, Orni 39, LLC will generate power in Lander County but use the On-Line Transmission system to transmit power across county lines for delivery to Nevada Power in Clark County. 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 Lander County.

The Taxpayer reported three leases of land, two of which are with the BLM and one is on private land. BLM lease no. NVN-38966 consists of 5,120 acres and lease no. NVN-38967 consists of 2,340 acres. The private land lease is about 220 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 NVN-83966 was determined to be \$237 and for NVN-83967, \$518. 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 Lander County from 2003-04 to 2012-13.<sup>1</sup>

The Taxpayer reported all components were real 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)*.

Designation of the facility's property as real property by the Taxpayer is consistent with the Department's understanding of the typical components of a geothermal generation facility. Components include site preparation activities, including 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. The Project will utilize converter binary technology to reduce the impact of changes in resource temperature and pressure on plant performance compared to other technologies.<sup>2</sup>

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

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<sup>1</sup> Department of Taxation, “Statistical Analysis of the Roll,” 2012-13. Lander County's average growth rate for land and improvements from 2003-04 to 2012-13 was 13.66%. State of Nevada's average growth rate for the same period was 3.20%.

<sup>2</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. 91.

by the BLM geothermal leases NVN-83966 and 83967<sup>3</sup> and Nevada Power's integrated resource plan approved by the PUCN, which indicates that a purchase power agreement has been signed for a period of 20 years from the commencement of production, this generation facility appears to be intended as a permanent installation. 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>4</sup>

The Department used the current tax rate of \$3.3552 per hundred (0.033552) for Tax District 0060, 0070 (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 Lander 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, this fiscal note assumes no distribution will be made to the State Renewable Energy Fund.

***Estimate of Tax Abatement***

Lander County:	
Total Taxes Due, First Year After Completion:	\$ 1,967,105
Total Renewable Energy Abatement, First Year:	\$ 1,081,908
Total Taxes Available to Local Governments and State Debt after abatement:	\$ 885,197

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:

Lander County:	
Total Taxes Due during Period of Abatement (20 years):	\$ 33,933,281
Total Renewable Energy Abatement, 20 years:	\$ 18,663,305
Total Taxes Available to Local Governments after abatement:	\$ 15,269,976

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

<sup>3</sup> Ormat Technologies, Inc. - 10-K Report to SEC, for the year ended December 31, 2009: p. 33:  
 "BLM leases issued after August 8, 2005 have a primary term of ten years. If the geothermal lessee does not reach commercial production within the primary term the BLM may grant two five-year extensions if the geothermal lessee: (i) satisfies certain minimum annual work requirements prescribed by the BLM for that lease, or (ii) makes minimum annual payments. Additionally, if the geothermal lessee is drilling a well for the purposes of commercial production, the primary term (as it may have been extended) may be extended for five years and as long thereafter as steam is being produced and used in commercial quantities (meaning the geothermal lessee either begins producing geothermal resources in commercial quantities or has a well capable of producing geothermal resources in commercial quantities and is making diligent efforts to utilize the resource) for thirty-five years. If, at the end of the extended thirty-five year term, geothermal steam is still being produced or utilized in commercial quantities and the lands are not needed for other purposes, the geothermal lessee will have a preferential right to renew the lease for fifty-five years, under terms and conditions as the BLM deems appropriate."

<sup>4</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      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      20 Year Summary

McGuiness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	33,933,281.06	(18,663,304.58)	15,269,976.48	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	1,719,318.59	(945,625.22)	773,693.37	5.067%
Lander County School District	0.007500	1	7,585,229.13	(4,171,876.02)	3,413,353.11	22.353%
Lander County	0.019243	1	19,461,675.27	(10,703,921.40)	8,757,753.87	57.353%
Lander County Hospital District	0.005109	1	5,167,058.07	(2,841,881.94)	2,325,176.13	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
121,500,637	55.0%	100.0%	55.0%	(18,663,304.58)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	121,500,637	55.00%	100.00%	55.00%	(18,663,304.58)

NEVADA DEPARTMENT OF TAXATION LANDER COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND  
 ORNI 39, LLC 2014-15  
 McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,967,105.13	(1,081,907.82)	885,197.31	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	99,668.54	(54,817.70)	44,850.84	5.067%
Lander County School District	0.007500	1	439,714.13	(241,842.77)	197,871.36	22.353%
Lander County	0.019243	1	1,128,189.20	(620,504.06)	507,685.14	57.353%
Lander County Hospital District	0.005109	1	299,533.26	(164,743.29)	134,789.97	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
167,510,144	55.0%	100.0%	55.0%	(1,081,907.82)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	167,510,144	55.00%	100.00%	55.00%	(1,081,907.82)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2015-16

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,938,629.06	(1,066,245.98)	872,383.08	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	98,225.72	(54,024.15)	44,201.57	5.067%
Lander County School District	0.007500	1	433,348.77	(238,341.82)	195,006.95	22.353%
Lander County	0.019243	1	1,111,857.39	(611,521.56)	500,335.83	57.353%
Lander County Hospital District	0.005109	1	295,197.18	(162,358.45)	132,838.73	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
165,085,246	55.0%	100.0%	55.0%	(1,066,245.98)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	165,085,246	55.00%	100.00%	55.00%	(1,066,245.98)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		0.00%	0.00%	0.00%	-



# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2017-18

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,880,690.09	(1,034,379.54)	846,310.55	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	95,290.09	(52,409.55)	42,880.54	5.067%
Lander County School District	0.007500	1	420,397.46	(231,218.60)	189,178.86	22.353%
Lander County	0.019243	1	1,078,627.79	(593,245.28)	485,382.51	57.353%
Lander County Hospital District	0.005109	1	286,374.75	(157,506.11)	128,868.64	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
160,151,415	55.0%	100.0%	55.0%	(1,034,379.54)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	160,151,415	55.00%	100.00%	55.00%	(1,034,379.54)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND  
**ORNI 39, LLC      2018-19**  
 McGuiness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,851,292.98	(1,018,211.14)	833,081.84	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	93,800.61	(51,590.34)	42,210.27	5.067%
Lander County School District	0.007500	1	413,826.22	(227,604.42)	186,221.80	22.353%
Lander County	0.019243	1	1,061,767.73	(583,972.25)	477,795.48	57.353%
Lander County Hospital District	0.005109	1	281,898.42	(155,044.13)	126,854.29	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
157,648,085	55.0%	100.0%	55.0%	(1,018,211.14)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	157,648,085	55.00%	100.00%	55.00%	(1,018,211.14)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION

## LANDER COUNTY

### RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2019-20

McGuiness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,824,766.41	(1,003,621.52)	100.000%
		821,144.89	

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	92,456.57	(50,851.11)	41,605.46	5.067%
Lander County School District	0.007500	1	407,896.64	(224,343.15)	183,553.49	22.353%
Lander County	0.019243	1	1,046,554.01	(575,604.71)	470,949.30	57.353%
Lander County Hospital District	0.005109	1	277,859.19	(152,822.55)	125,036.64	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
155,389,197	55.0%	100.0%	55.0%	(1,003,621.52)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	155,389,197	55.00%	100.00%	55.00%	(1,003,621.52)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		0.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND  
**ORNI 39, LLC      2020-21**  
 McGuiness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,796,311.37	(987,971.25)	808,340.12	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	91,014.82	(50,058.15)	40,956.67	5.067%
Lander County School District	0.007500	1	401,535.98	(220,844.79)	180,691.19	22.353%
Lander County	0.019243	1	1,030,234.26	(566,628.84)	463,605.42	57.353%
Lander County Hospital District	0.005109	1	273,526.31	(150,439.47)	123,086.84	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
152,966,089	55.0%	100.0%	55.0%	(987,971.25)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	152,966,089	55.00%	100.00%	55.00%	(987,971.25)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		0.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION

## LANDER COUNTY

### RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC 2021-22

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,767,860.66	(972,323.36)	795,537.30
			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	89,573.29	(49,265.31)	40,307.98	5.067%
Lander County School District	0.007500	1	395,176.29	(217,346.96)	177,829.33	22.353%
Lander County	0.019243	1	1,013,916.99	(557,654.34)	456,262.65	57.353%
Lander County Hospital District	0.005109	1	269,194.09	(148,056.75)	121,137.34	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
150,543,350	55.0%	100.0%	55.0%	(972,323.36)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	150,543,350	55.00%	100.00%	55.00%	(972,323.36)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		0.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2022-23

McGuiness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,739,414.33	(956,677.89)	782,736.44	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	88,131.98	(48,472.59)	39,659.39	5.067%
Lander County School District	0.007500	1	388,817.58	(213,849.67)	174,967.91	22.353%
Lander County	0.019243	1	997,602.23	(548,681.23)	448,921.00	57.353%
Lander County Hospital District	0.005109	1	264,862.54	(145,674.40)	119,188.14	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
148,120,983	55.0%	100.0%	55.0%	(956,677.89)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	148,120,983	55.00%	100.00%	55.00%	(956,677.89)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION

## LANDER COUNTY

### RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC 2023-24

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,710,972.41	(941,034.83)	769,937.58	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	86,690.90	(47,680.00)	39,010.90	5.067%
Lander County School District	0.007500	1	382,459.86	(210,352.92)	172,106.94	22.353%
Lander County	0.019243	1	981,290.00	(539,709.50)	441,580.50	57.353%
Lander County Hospital District	0.0095109	1	260,531.65	(143,292.41)	117,239.24	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
145,698,993	55.0%	100.0%	55.0%	(941,034.83)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	145,698,993	55.00%	100.00%	55.00%	(941,034.83)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2024-25

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	PERCENT TAXES AFTER ABATEMENT
0.033552	1,682,534.96	100.000%
	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT
	(925,394.23)	757,140.73

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	85,250.04	(46,887.52)	38,362.52	5.067%
Lander County School District	0.007500	1	376,103.13	(206,856.72)	169,246.41	22.353%
Lander County	0.019243	1	964,980.34	(530,739.19)	434,241.15	57.353%
Lander County Hospital District	0.005109	1	256,201.45	(140,910.80)	115,290.65	15.227%
-	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
143,277,383	55.0%	100.0%	55.0%	(925,394.23)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	143,277,383	55.00%	100.00%	55.00%	(925,394.23)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2025-26

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,654,102.02	(909,756.12)	744,345.90	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	83,809.41	(46,095.18)	37,714.23	5.067%
Lander County School District	0.007500	1	369,747.41	(203,361.08)	166,386.33	22.353%
Lander County	0.019243	1	948,673.26	(521,770.29)	426,902.97	57.353%
Lander County Hospital District	0.005109	1	251,871.94	(138,529.57)	113,342.37	15.227%
	0.000000	1	-	-	-	0.0000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
140,856,157	55.0%	100.0%	55.0%	(909,756.12)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	140,856,157	55.00%	100.00%	55.00%	(909,756.12)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND  
 ORNI 39, LLC      2026-27  
 McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,625,673.62	(894,120.49)	731,553.13	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	82,369.01	(45,302.96)	37,066.05	5.067%
Lander County School District	0.007500	1	363,392.71	(199,865.99)	163,526.72	22.353%
Lander County	0.019243	1	932,368.79	(512,802.83)	419,565.96	57.353%
Lander County Hospital District	0.005109	1	247,543.11	(136,148.71)	111,394.40	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
138,435,318	55.0%	100.0%	55.0%	(894,120.49)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	138,435,318	55.00%	100.00%	55.00%	(894,120.49)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2027-28

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,597,249.84	(878,487.41)	718,762.43	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	80,928.85	(44,510.87)	36,417.98	5.067%
Lander County School District	0.007500	1	357,039.04	(196,371.47)	160,667.57	22.353%
Lander County	0.019243	1	916,066.96	(503,836.83)	412,230.13	57.353%
Lander County Hospital District	0.005109	1	243,214.99	(133,768.24)	109,446.75	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
136,014,872	55.0%	100.0%	55.0%	(878,487.41)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	136,014,872	55.00%	100.00%	55.00%	(878,487.41)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2028-29

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,568,830.69	(862,856.88)	705,973.81	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	79,488.92	(43,718.91)	35,770.01	5.067%
Lander County School District	0.007500	1	350,686.40	(192,877.52)	157,808.88	22.353%
Lander County	0.019243	1	899,767.79	(494,872.28)	404,895.51	57.353%
Lander County Hospital District	0.005109	1	238,887.58	(131,388.17)	107,499.41	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
133,594,820	55.0%	100.0%	55.0%	(862,856.88)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	133,594,820	55.00%	100.00%	55.00%	(862,856.88)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2029-30

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,540,416.25	(847,228.94)	693,187.31	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	78,049.23	(42,927.08)	35,122.15	5.067%
Lander County School District	0.007500	1	344,334.82	(189,384.15)	154,950.67	22.353%
Lander County	0.019243	1	883,471.32	(485,909.23)	397,562.09	57.353%
Lander County Hospital District	0.005109	1	234,560.88	(129,008.48)	105,552.40	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
131,175,169	55.0%	100.0%	55.0%	(847,228.94)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	131,175,169	55.00%	100.00%	55.00%	(847,228.94)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		0.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2030-31

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,512,006.52	(831,603.59)	680,402.93	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	76,609.77	(42,135.37)	34,474.40	5.067%
Lander County School District	0.007500	1	337,984.29	(185,891.36)	152,092.93	22.353%
Lander County	0.019243	1	867,177.56	(476,947.66)	390,229.90	57.353%
Lander County Hospital District	0.005109	1	230,234.90	(126,629.20)	103,605.70	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
128,755,920	55.0%	100.0%	55.0%	(831,603.59)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	128,755,920	55.00%	100.00%	55.00%	(831,603.59)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2031-32

McGuinness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,483,601.58	(815,980.88)	667,620.70	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	75,170.56	(41,343.81)	33,826.75	5.067%
Lander County School District	0.007500	1	331,634.83	(182,399.16)	149,235.67	22.353%
Lander County	0.019243	1	850,886.54	(467,987.60)	382,898.94	57.353%
Lander County Hospital District	0.005109	1	225,909.65	(124,250.31)	101,659.34	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
126,337,079	55.0%	100.0%	55.0%	(815,980.88)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	126,337,079	55.00%	100.00%	55.00%	(815,980.88)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET      DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2032-33

McGuiness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,455,201.49	(800,360.82)	654,840.67	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	73,731.60	(40,552.38)	33,179.22	5.067%
Lander County School District	0.007500	1	325,286.46	(178,907.55)	146,378.91	22.353%
Lander County	0.019243	1	834,598.30	(459,029.07)	375,569.23	57.353%
Lander County Hospital District	0.005109	1	221,585.13	(121,871.82)	99,713.31	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
123,918,650	55.0%	100.0%	55.0%	(800,360.82)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	123,918,650	55.00%	100.00%	55.00%	(800,360.82)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
ORNI 39, LLC McGuinness Hills Project	1,426,806.28	(784,743.45)	642,062.83	100.000%

2033-34  
McGuinness Hills Project

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES
State of Nevada	0.001700	1	72,292.88	(39,761.08)	32,531.80	5.067%
Lander County School District	0.007500	1	318,939.17	(175,416.54)	143,522.63	22.353%
Lander County	0.019243	1	818,312.87	(450,072.08)	368,240.79	57.353%
Lander County Hospital District	0.005109	1	217,261.36	(119,493.75)	97,767.61	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
121,500,637	55.0%	100.0%	55.0%	(784,743.45)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	121,500,637	55.00%	100.00%	55.00%	(784,743.45)
		55.00%	0.00%	0.00%	-
		55.00%	0.00%	0.00%	-
		0.00%	0.00%	0.00%	-

# NEVADA DEPARTMENT OF TAXATION      LANDER COUNTY

## RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 0060, 0070

EXCLUDES STATE RENEWABLE ENERGY FUND

ORNI 39, LLC      2034-35

McGuiness Hills Project

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT
0.033552	1,398,415.99	(769,128.80)	629,287.19	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	70,854.41	(38,969.93)	31,884.48	5.067%
Lander County School District	0.007500	1	312,592.99	(171,926.14)	140,666.85	22.353%
Lander County	0.019243	1	802,030.25	(441,116.64)	360,913.61	57.353%
Lander County Hospital District	0.005109	1	212,938.34	(117,116.09)	95,822.25	15.227%
	0.000000	1	-	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
119,083,043	55.0%	100.0%	55.0%	(769,128.80)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
Land & Improvements	119,083,043	55.00%	100.00%	55.00%	(769,128.80)
		55.00%	0.00%	0.00%	-

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

Application No. 14-0104GMH

Direct Testimony of

**BOB SULLIVAN**

on behalf of

ORMAT NEVADA, INC.

AND

ORNI 39, 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 39, LLC ("ORNI 39") and ONI (collectively ORNI 39 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 McGinness Hills geothermal power project ("McGinness Hills") that was developed and is operated by Ormat, and to provide specific information related to the McGinness Hills 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 MCGINNESS HILLS POWER PROJECT?**

A. Ormat developed an air-cooled geothermal power plant located in Lander County. McGinness Hills is expected to deliver a generating capacity of 33.7 MW under a 20-year power purchase agreement ("PPA") with Nevada Power Company, a subsidiary of NV Energy ("NPC"). Ormat has secured two (2) leases for the land in the vicinity of McGinness Hills through an agreement with the Bureau of Land Management, and has obtained all state and local permits to construct and operate the facility.

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

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

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

A. The partial tax abatement will enable further investment in McGinness Hills. 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 McGinness Hills 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 McGinness Hills 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 MCGINNESS HILLS PROJECT?**

A. No.

**Q. WILL THE MCGINNESS HILLS 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 MCGINNESS HILLS PROJECT?**

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

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

A. Yes. Ormat relied on receiving the property tax abatement as a crucial element in determining whether or not McGinness Hills 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 McGinness Hills 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 Lander County rejected its initial application, especially considering that McGinness Hills far exceeded the legal requirements to obtain the abatement.

**Q. DID LANDER 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 a general discounting of the notion that the project would not proceed without the abatement. Meaning that the county would have its cake and eat it too. The application was voted down 3-2 indicating that at least two (two) commissioners agreed with the tax abatement.

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

A. McGinness Hills is an example of the value of tax abatement incentives in Nevada. This project is a green field development creating substantial risk in developing the geothermal resource. ORNI 39's decision to invest in field exploration 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 McGinness Hills by making a green field project more competitively priced and capable of acquiring a power purchase agreement. 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 Lander County.

**Q. IS MCGINNESS HILLS CURRENTLY OPERATIONAL?**

A. Yes.

**Q. HOW LONG WILL THE MCGINNESS HILLS 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 MCGINNESS HILLS?**

A. Yes, approval of the property tax abatement will allow for further investment in McGinness Hills and Nevada. Regardless that McGinness Hills 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 MCGINNESS HILLS PROJECT?**

A. While the numbers fluctuated from week-to-week, we had 138 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 MCGINNESS HILLS 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 MCGINNESS HILLS PROJECT AFTER IT BEGAN OPERATION?**

A. Ormat has twelve (12) full-time employees working at McGinness Hills 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 McGinness Hills 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 MCGINNESS HILLS PROJECT MAKE IN NEVADA?**

A. The McGinness Hills project will make a capital investment of more than \$160 million in the State of Nevada.

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

A. The State of Nevada is projected to receive more than \$200 million in economic benefits during the term of the PPA. This amount may increase if Ormat can or needs to invest more in McGinness Hills 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 \$18,500,000 loss of tax revenue.

**Q. WILL THE FINANCIAL AND EMPLOYMENT BENEFITS THE STATE OF NEVADA AND ITS RESIDENTS RECEIVE FROM THE MCGINNESS HILLS 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 MCGINNESS HILLS 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 Lander County will receive exceeds substantially more than the projected cost of services it will provide McGinness Hills.

**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 McGinness Hills. The McGinness Hills 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 McGinness Hills project has met and will meet all the requirements for approval of the partial tax abatements provided for in NRS Chapter 701A. The McGinness Hills project offers significant financial and employment benefits to the State of Nevada and Lander County. If Ormat receives the partial tax abatement for McGinness Hills, 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.

# **ATTACHMENT 1**

**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. 14-0104GTM 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*

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

STATE OF Nevada  
COUNTY OF Washoe

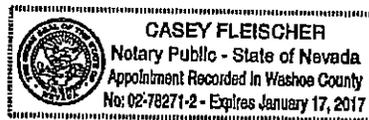
On March 3, 2014, before me, CASEY FLEISCHER a notary public, personally appeared Bob Sullivan, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed 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

*[Handwritten Signature]*



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 # 14-0104GMH  
In the matter of: ORNI 39 LLC**

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**ORDER OF RECUSAL**

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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)** – Lander County notice of intent to consider the Application filed by ORNI 39  
LLC



January 31, 2014

*VIA FAX (775) 687-1869 and U.S. MAIL*

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

Dear Ms. Tryggvi:

This letter shall serve as notice, pursuant to Nevada Revised Statutes ("NRS") 701A.365, that the Lander County Board of Commissioners intends to consider the application submitted by ORNI 39, LLC (owned by Ormat Nevada, Inc.), for a partial abatement of taxes for the McGinness Hills geothermal power plant located in Lander County.

Lander County will consider whether to approve or deny the application at its Commission meeting on Thursday, February 13, 2014.

Sincerely,

A handwritten signature in cursive script, appearing to read "Brian Garner".

Brian Garner, Chairman  
Lander County Board of Commissioners

**RECEIVED**

FEB 04 2014

NEVADA STATE OFFICE  
OF ENERGY

**Exhibit (H)** – Lander County Board of Commissioners letter dated February 13, 2014.

**Lander County**  
**Board of Commissioners**



*Brian Garner, Chair*  
*Dean Bullock, Vice-Chair*  
*David Mason, Member*  
*Steven Stienmetz, Member*  
*Patsy A. Waits, Member*

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February 13, 2014

**VIA FAX (775) 687-1869 and U.S. MAIL**

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

Dear Ms. Tryggvi:

On January 15, 2014, the Lander County Board of Commissioners ("Lander County") received a copy of the application that was submitted by ORNI 39, LLC (owned by Ormat Nevada, Inc.), for a partial abatement of taxes for the McGinness Hills geothermal power plant located in Lander County.

Lander County recommends that the State of Nevada Office of Energy dismiss the application submitted by ORNI 39, LLC ("ORNI") because Lander County does not believe that this application can be filed pursuant to Nevada Revised Statutes ("NRS") 701A.360 and Nevada Regulations LCB File No. R094-10, Section 14(6).

ORNI filed this same application for partial abatement of taxes in November 2010. Lander County denied the application in December 2010. 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 has previously applied for the same abatement in 2010, which was denied in 2010.

Nevada Regulations LCB File No. R094-10, Section 14(6) further 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 2010 and that application was denied in 2010.

*Brita Tryggvi, Deputy Director*  
*February 13, 2014*  
*Page 2*

Lander County recommends that this second (same) application submitted by ORNI that was previously denied by Lander County be dismissed by the State of Nevada Office of Energy.

Sincerely, *Commissioner*  
*Brian Garner*

Brian Garner, Chairman  
Lander County Board of Commissioners

**Exhibit (I)** - Response letter by Lewis Roca Rothgerber to Lander 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 Rook Street, Suite 202  
Carson City, Nevada 89701

**Re: McGinness Hills' Tax Abatement Application**

Deputy Director Tryggvi:

We are writing in regards to a letter sent to the Governor's Office of Energy from the Lander County Board of Commissioners ("Lander") dated February 13, 2014, related to ORNI 39, LLC's ("ORNI 39") application requesting a property tax abatement ("Application") for the McGinness Hills Geothermal Facility ("McGinness Hills"). Lander erroneously contends that the Application is illegal and should be rejected by the Office of Energy. As discussed below, Lander has failed to deny the Application pursuant to Nevada law, and thus, it is deemed approved. In addition, Lander'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 McGinness Hills because of the large financial benefits produced by the project. Therefore, Lander could not deny the Application at its hearing on February 13, 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). Lander 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, Lander instead attempts to divert your office's proper review of the project on the merits by making invalid legal claims. Specifically, Lander believes that Nevada law only allows a new facility to apply for tax abatements and that because McGinness Hills 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 McGinness Hills. The language cited by Lander 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 McGinness Hills has achieved commercial operation does not preclude ORNI 39 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. Thus, contrary to Lander's position, the Regulations do require an Application to be filed prior to the commercial operation of the a facility.

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 March 11, 2010, ORNI 39 filed its pre-application for sales and use tax and property tax abatements for McGinness Hills with the Office of Energy. Your office accepted the pre-application and designated the request as Filing Number 10-10006G. As a result, ORNI 39 has complied with the only filing deadline, and it has legally submitted the Application as allowed by the Regulations and your office.

Further, the Application furthers Nevada's goal to promote investment and development in renewable energy. 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 39 respectfully requests that the Office of Energy ignores Lander'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 Angie M. Elquist, Lander County District Attorney, dated March 21, 2014.

RECEIVED

MAR 24 2014

NEVADA STATE OFFICE  
OF ENERGY

BEFORE THE NEVADA ENERGY DIRECTOR  
GOVERNOR'S OFFICE OF ENERGY

-o0o-

In the Matter of the Application of:

AFN: 14-0104GMH

ORNI 39 LLC

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

COMES NOW, LANDER COUNTY, by and through its attorney, ANGIE M. ELQUIST, District Attorney of Lander 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

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

II. LEGAL POSITION

Lander County opposes the entire partial tax abatement application because ORNI 39, LLC (owned by Ormat Nevada, Inc.) filed this same application for partial abatement of taxes in November 2010. Lander County denied the application in December 2010. 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 2010.

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 2010 and that application was denied in 2010.

LANDER COUNTY DISTRICT ATTORNEY'S OFFICE  
POST OFFICE BOX 187 · BATTLE MOUNTAIN, NEVADA 89820  
TELEPHONE (775) 635-5195 · FACSIMILE (775) 635-8209

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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 Lander County.

III. IDENTIFICATION OF WITNESSES

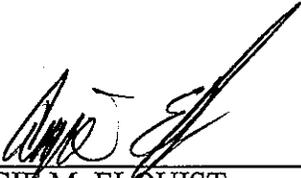
Lander County does not have any witnesses, it is providing evidence through certified copies, and opposes the application based upon the legal arguments as set forth above.

IV. RESERVATION OF RIGHTS

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

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

DATED this 21<sup>st</sup> day of March 2014.

  
\_\_\_\_\_  
ANGIE M. ELQUIST  
Lander County District Attorney  
Nevada Bar No. 8441

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**CERTIFICATE OF SERVICE**

I hereby certify that I am an employee of the Lander County District Attorney's Office, Lander County, Nevada, and that on the 21<sup>st</sup> day of March 2014, I delivered a true and correct copy of the NOTICE OF INTENT TO PARTICIPATE AS A PARTY, by the following means to:

Brita Tryggvi, Deputy Director  
Nevada Office of Energy  
755 North Roop Street, Suite 202  
Carson City, Nevada 89701  
Email: slinfinte@energy.nv.gov  
(U.S. Mail and Email)

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



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**Lander County**  
**Board of Commissioners**

*Brian Garner, Chair*  
*Dean Bullock, Vice-Chair*  
*David Mason, Member*  
*Steven Stienmetz, Member*  
*Patsy A. Waits, Member*

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February 13, 2014

**VIA FAX (775) 687-1869 and U.S. MAIL**

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

Dear Ms. Tryggvi:

On January 15, 2014, the Lander County Board of Commissioners ("Lander County") received a copy of the application that was submitted by ORNI 39, LLC (owned by Ormat Nevada, Inc.), for a partial abatement of taxes for the McGinness Hills geothermal power plant located in Lander County.

Lander County recommends that the State of Nevada Office of Energy dismiss the application submitted by ORNI 39, LLC ("ORNI") because Lander County does not believe that this application can be filed pursuant to Nevada Revised Statutes ("NRS") 701A.360 and Nevada Regulations LCB File No. R094-10, Section 14(6).

ORNI filed this same application for partial abatement of taxes in November 2010. Lander County denied the application in December 2010. 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 has previously applied for the same abatement in 2010, which was denied in 2010.

Nevada Regulations LCB File No. R094-10, Section 14(6) further 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 2010 and that application was denied in 2010.

*Brita Tryggvi, Deputy Director*  
*February 13, 2014*  
*Page 2*

Lander County recommends that this second (same) application submitted by ORNI that was previously denied by Lander County be dismissed by the State of Nevada Office of Energy.

Sincerely,

*Commissioner*  
*Brian Garner for*

Brian Garner, Chairman  
Lander County Board of Commissioners

Lander County  
Abatement Calculations  
Property Tax Abatements  
FY 13/14 Adjusted Valuation re New Abatement Application to State

Estimated Cost of Facilities (insert value)

Assessed Valuation at 35%	\$	57,400,000.00
Local Tax Rate per \$100 Assessed Value	\$	3.3552
Estimated Property Taxes Due	\$	1,925,884.80
Abatement Amount Per NRS		55%
Estimate Abatement Amount Per Year	\$	1,059,236.64
Abatement Period of 20 Years	20	
Total Property Tax Abatement w 3% Depreciation per year	\$	16,107,658.24
Total Property Taxes Paid during 20 years	\$	13,178,993.11

**\$ 164,000,000.00**

FUND	TAX RATE	COUNTY Apportionment	Total Taxes w/o Abatement	Abatement Amount	Total Amount Received	State Portion 45%	County Portion 55%	County Lost Ad Valorem Rev
GENERAL	1.26200	37.6401%	724,904.60	398,697.53	326,207.07	146,793.18	179,413.89	545,490.71
INDIGENT	0.07550	2.2502%	43,337.00	21,835.35	19,501.65	8,775.74	10,725.91	32,611.09
AG EXTENSION	0.01500	0.4471%	8,610.00	4,735.50	3,874.50	1,743.53	2,130.98	6,479.03
ROAD AND BRIDGE	0.19500	5.8119%	111,930.00	61,561.50	50,368.50	22,665.83	27,702.68	84,227.33
AGING SERVICES	0.08500	2.5334%	48,790.00	26,834.50	21,955.50	9,879.98	12,075.53	36,714.48
AIRPORT	0.04000	1.1922%	22,960.00	12,628.00	10,332.00	4,649.40	5,682.60	17,277.40
CULTURE AND RECREATION	0.08950	2.6675%	51,373.00	28,255.15	23,117.85	10,403.03	12,714.82	38,658.18
0.00000		0.0000%	-	-	-	-	-	-
(A) SUB-TOTAL SUBJECT TO LIMITATIONS	1.76290	52.5423%	1,011,904.60	556,547.53	455,357.07	204,910.68	250,446.39	761,458.21
CAPITAL IMPROVEMENT FND	0.03000	0.8941%	17,220.00	9,471.00	7,749.00	3,487.05	4,261.95	12,958.05
STATE MEDICAL INDIGENCY	0.06550	1.9522%	37,597.00	20,678.35	16,918.65	7,613.39	9,305.26	28,291.74
STATE INDIGENT (NACO)	0.01500	0.4471%	8,610.00	4,735.50	3,874.50	1,743.53	2,130.98	6,479.03
YOUTH SERVICES	0.00090	0.0268%	516.60	284.13	232.47	104.61	127.86	388.74
LANDFILL	0.05000	1.4902%	28,700.00	15,785.00	12,915.00	5,811.75	7,103.25	21,596.75
0.00000		0.0000%	-	-	-	-	-	-
(B) SUB-TOTAL	0.16140	4.8104%	92,643.60	50,953.98	41,689.62	18,760.33	22,929.29	69,714.31
SCHOOL DISTRICT/HOSPITAL	0.75000	22.3534%	430,500.00	236,775.00	193,725.00	87,176.25	106,548.75	323,951.25
SCHOOL DISTRICT	0.51090	15.2271%	293,256.60	161,291.13	131,965.47	59,384.46	72,581.01	220,675.59
HOSPITAL DISTRICT	1.26090	37.5805%	723,756.60	398,066.13	325,690.47	146,560.71	179,129.76	544,626.84
(D) SUB-TOTAL SCHOOL/HOSPITAL DISTRICT								
(E)	0.00000	0.0000%	-	-	-	-	-	-
(F) STATE OF NEVADA	0.17000	5.0668%	97,580.00	53,669.00	43,911.00	19,759.95	24,151.05	73,428.95
TOTAL RATE FOR COUNTY RESIDENTS (A+B+D+E+F)	3.3552	100.00%	1,925,884.80	1,059,236.64	866,648.16	389,991.67	476,656.49	1,449,228.31

The Chart below assumes a flat 3% for depreciation per year.

	Taxes Paid Less 3% for Depreciation	Total Taxes	Property Tax Abatement	Amount Paid	State Portion 45%	County Portion 55%
Year 1	\$ 1,925,884.80	\$ 1,925,884.80	\$ 1,039,236.64	\$ 866,648.16	\$ 389,991.67	\$ 476,656.49
Year 2	\$ 1,868,108.26	\$ 1,868,108.26	\$ 1,027,459.54	\$ 840,648.72	\$ 378,291.92	\$ 462,356.79
Year 3	\$ 1,812,065.01	\$ 1,812,065.01	\$ 996,635.75	\$ 815,429.25	\$ 366,943.16	\$ 448,486.09
Year 4	\$ 1,757,703.06	\$ 1,757,703.06	\$ 966,736.68	\$ 790,966.38	\$ 355,934.87	\$ 435,031.51
Year 5	\$ 1,704,971.97	\$ 1,704,971.97	\$ 937,734.58	\$ 767,237.38	\$ 345,256.82	\$ 421,980.56
Year 6	\$ 1,653,822.81	\$ 1,653,822.81	\$ 909,602.54	\$ 744,220.26	\$ 334,899.12	\$ 409,321.14
Year 7	\$ 1,604,208.12	\$ 1,604,208.12	\$ 882,314.47	\$ 721,893.66	\$ 324,852.14	\$ 397,041.51
Year 8	\$ 1,556,081.88	\$ 1,556,081.88	\$ 855,845.03	\$ 700,236.85	\$ 315,106.58	\$ 385,130.27
Year 9	\$ 1,509,399.42	\$ 1,509,399.42	\$ 830,169.68	\$ 679,229.74	\$ 305,653.38	\$ 373,576.36
Year 10	\$ 1,464,117.44	\$ 1,464,117.44	\$ 805,264.59	\$ 658,852.85	\$ 296,483.78	\$ 362,369.07
Year 11	\$ 1,420,193.92	\$ 1,420,193.92	\$ 781,106.65	\$ 639,087.26	\$ 287,589.27	\$ 351,497.99
Year 12	\$ 1,377,588.10	\$ 1,377,588.10	\$ 757,673.45	\$ 619,914.64	\$ 278,961.59	\$ 340,953.05
Year 13	\$ 1,336,260.46	\$ 1,336,260.46	\$ 734,943.25	\$ 601,317.21	\$ 270,592.74	\$ 330,724.46
Year 14	\$ 1,296,172.64	\$ 1,296,172.64	\$ 712,894.95	\$ 583,277.69	\$ 262,474.96	\$ 320,802.73
Year 15	\$ 1,257,287.46	\$ 1,257,287.46	\$ 691,508.11	\$ 565,779.36	\$ 254,600.71	\$ 311,178.65
Year 16	\$ 1,219,568.84	\$ 1,219,568.84	\$ 670,762.86	\$ 548,805.98	\$ 246,962.69	\$ 301,843.29
Year 17	\$ 1,182,981.77	\$ 1,182,981.77	\$ 650,639.98	\$ 532,341.80	\$ 239,553.81	\$ 292,787.99
Year 18	\$ 1,147,492.32	\$ 1,147,492.32	\$ 631,120.78	\$ 516,371.54	\$ 232,367.20	\$ 284,004.35
Year 19	\$ 1,113,067.55	\$ 1,113,067.55	\$ 612,187.15	\$ 500,880.40	\$ 225,396.18	\$ 275,484.22
Year 20	\$ 1,079,675.53	\$ 1,079,675.53	\$ 593,821.54	\$ 485,853.99	\$ 218,634.29	\$ 267,219.69
<b>20 Year Totals</b>	<b>\$ 29,286,651.35</b>	<b>\$ 29,286,651.35</b>	<b>\$ 16,107,658.24</b>	<b>\$ 13,178,993.11</b>	<b>\$ 7,248,446.21</b>	<b>\$ 5,930,546.90</b>
					<b>\$ 23,356,104.46</b>	

Effective Rate  
2.025%

March 21, 2014  
I, Grace Powrie, Lander County Treasurer and Ex-Officio Tax Receiver for Lander County, Nevada, Certify the tax rate and percentages based on the 2013-14 Tax Rates for Lander County, Nevada.

March 21, 2014  
Date

  
Signature/Grace Powrie

SADIE SULLIVAN  
LANDER COUNTY CLERK  
LANDER COUNTY NEVADA  
315 S.HUMBOLDT STREET  
BATTLE MOUNTAIN, NV 89820

CERTIFIED COPY

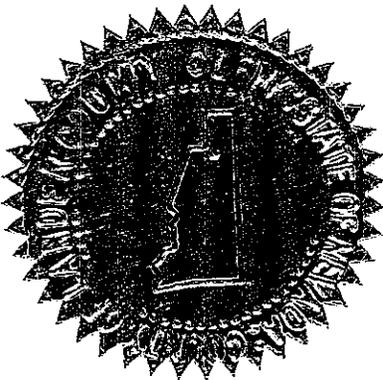
The document to which this certificate is attached is a full, true and correct copy of the original on file and of record in my office.

Lander County Commission Meeting Of November 16, 2010 (Commission minutes and Item number 9 of the Commission meeting)

DATE: March 21, 2014

SADIE SULLIVAN, COUNTY CLERK AND CLERK OF THE SIXTH JUDICIAL DISTRICT COUNTY, IN AND FOR THE COUNTY OF LANDER, STATE OF NEVADA.

BY: Mary Ann May, Deputy





Etcheverry provided the following update to the Board:

- \* The Agreement between LC & Dessie Skeath (DS Construction) for maintenance of Austin buildings/facilities is presented for ratification;
- \* Terms of the agreement were finalized, accepted & a contract drafted based upon discussion/direction given November 12, 2009 & several subsequent discussions under "contracts" thereafter;
- \* The finalized agreement wasn't brought before the Board for ratification;
- \* The agreement is for a two year period, commencing November 1, 2010 & terminating October 31, 2012;
- \* Renewal is for a successive two-year term w/automatic renewal unless either party objects in writing;
- \* Review of the signed contract indicates a revision is necessary to correct/clarify items in the final document;
- \* There is duplicity in terms between this agreement & the Austin Parks Maintenance Agreement.

Commissioner Stienmetz moved to ratify the Agreement between Lander County and Dessie Skeath dba DS Construction for Austin Buildings & Facilities Maintenance, as amended to reflect revised terminology and scope of work. Seconded by Commissioner Sparks, the motion was voted and carried. Ratification Approved.

9) **Discussion & Possible Action Regarding Presentation By Ormat Technologies On McGinness Hills Geothermal Project & Petition For Consideration Of Tax Abatements, Pursuant To Provisions Of NRS Chapter 701A:** Let the record reflect the presence of Austin, via telephone conference; Paul Thomsen, Ormat Technologies; Eyal Hen, Ormat Technologies; and Scott Scherer, Holland & Hart LLP, for this discussion. Executive Director Gene Etcheverry provided the following background information to the Board:

- \* Ormat Technologies is petitioning LC for tax abatements pursuant to NRS 701A;
- \* The abatements requested are pursuant to AB 522 passed by the 2009 NV State Legislature & incorporated into NRS at Chapter 701A;
- \* Abatements impact sales tax components collected by the State on behalf of LC for a period of three years;
- \* Direct impact of sales tax abatement can't be estimated under current distribution formulas due to variability in construction costs & the fact that LC remains a 'guaranteed county' under the current distribution formula;
- \* The estimated impact of the property tax abatement is \$14 million over the course of 20 years;
- \* Ormat representatives have stated that the property tax abatement will provide resources for subsequent expansion of the McGinness Hills project, taking the facility from a 30 MW to 60 MW production capacity;
- \* The Board has 30 days from receipt of the abatement application to either approve or deny;
- \* In the event no action is taken within 30 days, the effect is the same as the application having been denied.

Mr. Thomsen and Mr. Scherer, respectively, presented the following McGinness Hills Geothermal Project overview to the Board:

**McGINNESS HILLS GEOTHERMAL PROJECT**

- I. **Ormat At A Glance**
  - Vertically integrated renewable energy company; Geothermal & recovered energy power projects.
  - Flexible business model in energy industry.
- II. **Ormat ORC Technology World-Wide**

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For Present & Future**



- 1,000 MW of deployed technology.
- III. **Technology & Technology Benefits**
  - Air-cooled binary geothermal power plant; Cost effective; Sustainable & Environmentally-Friendly.
  - Minimal surface use; Field proven.
- IV. **Proposed Project**
  - Develop stage 1 of geothermal power plant 11 miles NE of Austin that is expected to deliver 30 MW.
  - Leases obtained through agreement w/BLM.
  - Up front lease payment of approximately \$3.1 million paid to BLM to secure development position.
  - Project will consist of drilling/installing OEC that will produce energy from hydrothermal reservoirs.
  - Project will be state of art facility utilizing Ormat's innovative air cooling technology.
- V. **Request**
  - Granting abatement request will encourage additional exploration work & allow Ormat to pursue phase 2 of the project which will double production & construction efforts.
  - Abatement request for property tax & sales/use tax.
- VI. **Legal Framework**
  - Legislature enacted AB 522 during the 2009 Legislative Session.
  - Chapter 701A; New statute limits conditions imposed on approvals.
- VII. **Amount Of Abatements**
  - If partial abatements granted, Ormat would pay 45% of property tax for 20 years & sales/use tax of 2.6% for first three years.
  - Abatements may be terminated if Ormat fails to meet eligibility requirements.
- VIII. **Employment Impact**
  - Project will create new construction/drilling & operating/maintenance jobs in Nevada.
  - More than 30% will be Nevada residents.
  - Ormat will pay more than 150% of the average hourly statewide rate.
  - Health insurance benefits will be offered to construction/O&M employees & their dependents.
- IX. **Financial Impact**
  - 30 MW McGinness Hills facility will provide a net contribution of \$187,265,000.
  - 30 MW McGinness Hills facility will contribute to road maintenance, reduction in unemployment benefits, 12 full time positions w/benefits, reduction in uninsured individuals, increase in sales tax on taxable items & renewable industry in LC.
  - An abatement to McGinness Hills facility creates opportunity for Ormat to expand facility, additional capital investment, additional employment, more stable electrical market & model of success/collaboration inducing additional development in LC.
- X. **Quick Metrics**
  - 30MW - in operation in 2011=22,500 homes or 90,000 people=\$164,000,000 investment.
  - 60MW - online in future=45,000 homes or 180,000 people=\$328,000,000 total investment.
- XI. **Environmental Impact**
  - 30MW geothermal power in LC will annually avoid emission of 225,000 tons of CO2 & save 450 barrels of imported oil from other countries.
- XII. **Summary**
  - Ormat is developing world class geothermal power plants in NV.
  - Ormat is committed to successfully implementing innovative technologies.
  - Ormat needs LC's support for tax incentives to enable expansion & continued development of the project.

There was general discussion regarding the following issues: a) the potential impact of the project to Lander County's emergency services; b) the approximate amount of abatement being requested by Ormat Technologies; c) Ormat's plan to use the requested abatement monies for expansion of the McGinness Hills project; and, d) the estimated amount of money Lander County would receive from both phases of the McGinness Hills project. Commissioner-Elect Dave Mason appeared before the Board to make the

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following comment for the record:

"We're subject to what the State of Nevada wants to do. I think we ought to have a stipulation that Ormat gives the Board of Commissioners a report semi-annually or annually concurring with its monies as well as its structure and infrastructure. We shouldn't be left in the dark and hope it all works out."

Commissioner Sparks presented testimony in favor of deferring action on this item to the November 30<sup>th</sup> commission meeting to allow the Board additional time to review all information presented at today's meeting. Let the record reflect that this matter was deferred to the November 30, 2010 commission meeting. Deferred.

### DISTRICT ATTORNEY

- 10) **Discussion & Possible Action Regarding Ordinance Proposal For Sale & Possession Of Synthetic Marijuana Commonly Called "SPICE", "K2", & "Mr. Sticky"; & Other Matters Properly Relating Thereto:** Let the record reflect the presence of Austin via telephone conference. The Board reviewed and discussed draft Ordinance No. 2010-07, an ordinance providing for prohibiting the sale, use or possession of synthetic cannabinoids, as presented by Deputy District Attorney William Schaeffer. Commissioner Stienmetz moved to propose an ordinance adding Chapter 8.44 to the Lander County Code to address the unlawful sale, use and possession of the product that is often referred to as synthetic marijuana, commonly called "SPICE", "K2" and "Mr. Sticky". Seconded by Commissioner Sparks, the motion was voted and carried. Ordinance Proposed.

### TREASURER

- 11) **Update On Real & Personal Property Located On APN 003-092-08, 003-092-21 & 003-092-20; Discussion & Approval To Lease Kingston Hangar To Town Of Kingston:** Let the record reflect the presence of Austin, via telephone conference, and District Attorney Hy Forgeron for this discussion. Mr. Forgeron updated the Board regarding this matter, as follows:

"There are three parcels at the Kingston Airport. The center parcel has the hangar structure on it. Grace and I went to Kingston last week and were pleased to see that Mr. Brunson had cleaned up the property. He's removed his personal property, leaving only a few rocks, a stack of old tires and a pallet of garbage. The hangar is essentially cleaned out. Whoever's going to be responsible for it just needs to give it a thorough cleaning and dispose of some of the loose items of trash there. There's not going to be any necessity of the County moving any equipment in or having a sale or anything like that. The Treasurer's Office has done their thing with regard to taking the property in the County's name. It's now up to you what you want to do with it. You'd indicated earlier that you were favorably disposed to working with the Town of Kingston so they could use it for emergency equipment and other purposes. It's a great building. It has a lot of possibilities; and certainly a municipal or county purpose like you were discussing before is appropriate.

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LANDER COUNTY COMMISSION MEETING

November 16, 2010

**AGENDA ITEM NO. 9**

**THE REQUESTED ACTION OF THE LANDER COUNTY COMMISSION IS TO:**

Discussion and possible action regarding presentation by Ormat Technologies on the McGinness Hills Geothermal Project and petition for consideration of tax abatements, pursuant to the provisions of NRS Chapter 701A, and other matters properly relating thereto.

Public comment.

**Background:**

Ormat Technologies representatives will make a presentation on the McGinness Hills Geothermal Project and petition the Commission for consideration of tax abatements, pursuant to the provisions of Nevada Revised Statutes (NRS) Chapter 701A.

The abatements requested are pursuant to Assembly Bill 522, passed by the 2009 Nevada State Legislature and incorporated into NRS at Chapter 701A. The abatements would impact the sales tax components collected by the State of Nevada on behalf of Lander County for a period of three (3) years, per the provisions of NRS 701A.370(1)(a), as follows: BCCRT –Basic City-County Relief Tax; SCCRT - Supplemental City-County Relief Tax; County Option Sales Tax (1/4-cent Infrastructure Tax [Water-Sewer Projects]). The abatement would reduce the ad valorem (property) tax for the facility by 55% over a period of 20 years, per the provisions of NRS 701A.370(1)(b). It is important to note that the Local School Support Tax (LSST) component of the sales tax collections are unaffected by this abatement.

The direct impact of the abatement of sales tax cannot be estimated under the current sales tax distribution formula. The 'number' would be the product of taxable goods purchased during the construction of Ormat's facilities, and other taxable purchases during the three (3) year abatement period, multiplied by the rate of County sales tax components (2.50%). The reason an impact cannot be established is the variability in the construction cost estimate and, most importantly, Lander County remains a "Guaranteed County" under the current distribution formula. Therefore the only reasonable estimated current impact would be "zero".

The estimated impact of the 55% property tax abatement is \$14 Million over the course of 20 years. (For discussion purposes, 45% property tax estimated to be collected by Lander County, if abatement is granted, equates to \$11 Million over the 20-year period.) Ormat representatives have stated that the property tax abatement will provide the resources for subsequent expansion of the McGinness Hills Project, taking the facility from 30 Megawatt production capacity to 60 Megawatt capacity.

The Commission has 30 days from receipt of the Application for Abatement to either approve or deny the Application. In the event no action is taken on the application within 30 days, the effect is the same as the application having been denied. (NRS 701A.365)

**Recommended Action:**

It is recommended that the Commission approve the Ormat Technologies Application for Abatement for the McGinness Hills Geothermal Project if Ormat agrees to house the permanent McGinness Hills workforce in Lander County and guarantees the second phase expansion of the Project.

HOLLAND & HART  
THE LAW OUT WEST



ORMAT

RMAT

Scott Scherer

Main (775) 684-6000

Fax (775) 684-6001

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**Ormat Technologies, Inc.**  
**McGinness Hills Geothermal Project**

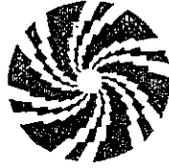
Lander County Commission

11.16.10

[www.ormat.com](http://www.ormat.com)

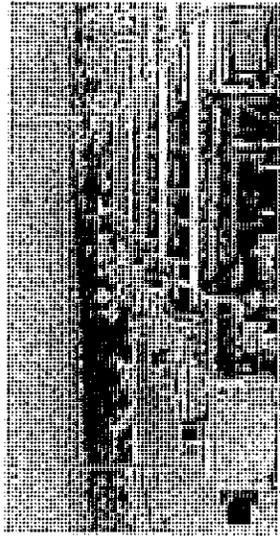
# Ormat at a Glance

- **Vertically integrated renewable energy company**
  - With more than 40 years of success
  - Ormat Technologies, Inc. NYSE (ORA) listed
  - Headquartered in Reno, Sparks since 1984
  - Ormat is a U.S. Company and global manufacturer
- **Geothermal and recovered energy power projects**
  - Approx 9 power plants in Nevada generating
  - Approx 414 MW Owned and Operate in the United States
  - Approx 1,300 MW of installed capacity worldwide
- **Flexible business model in the energy industry**
  - The company is designing, manufacturing, developing, building, owning and operating geothermal and recovered energy based power plants in the United States and other countries.

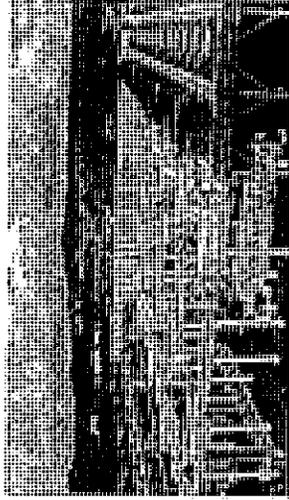


**ORMAT<sup>®</sup>**

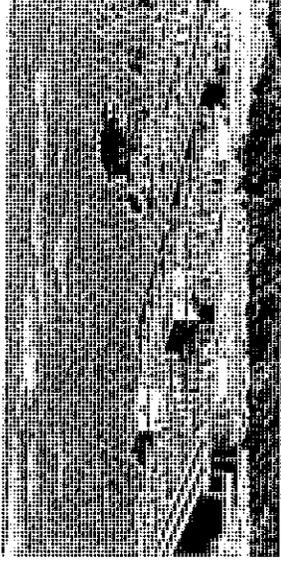
# Ormat ORC Technology World-wide 1,000 MW of Deployed Technology



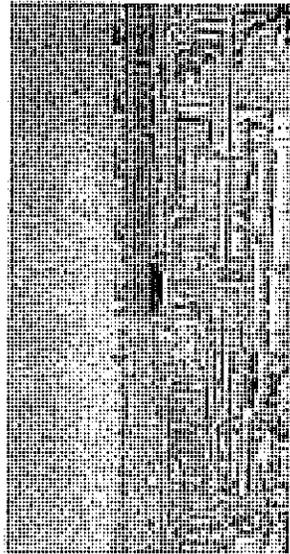
57 MW Ormesa Geothermal  
Power Complex, California



30 MW Puna Combined  
Geothermal Plant, Hawaii



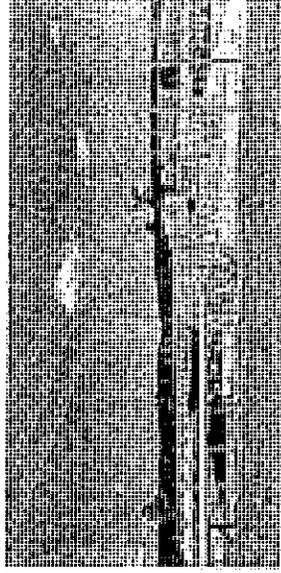
125 MW Upper Mahiao Combined  
Geo-Power Plant, Philippines



92 MW Heber Geothermal Power  
Complex, California



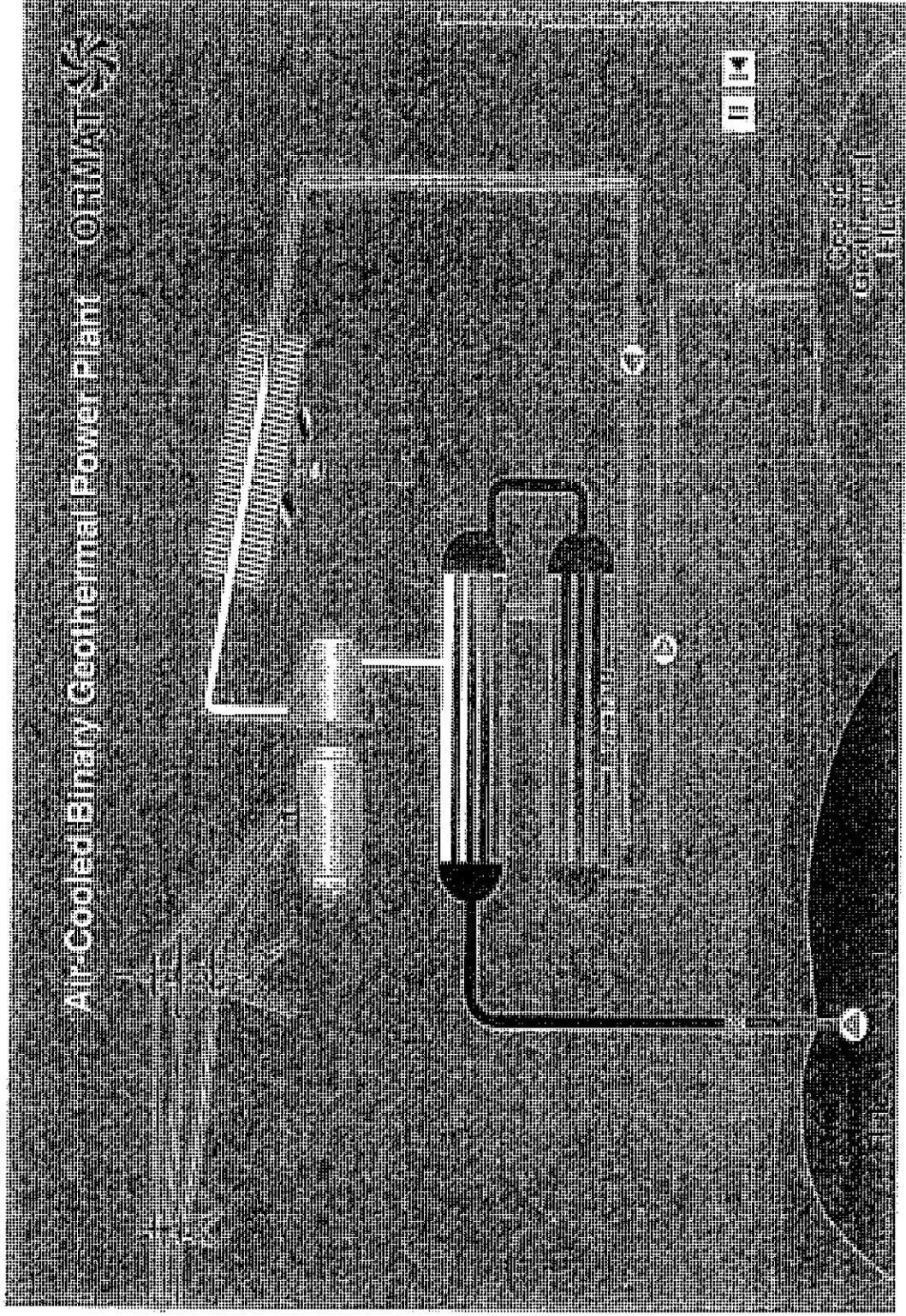
84 MW Steamboat Geothermal  
Power Complex, Nevada



60 MW Mokai Combined  
Geothermal Plant, New Zealand



# Technology



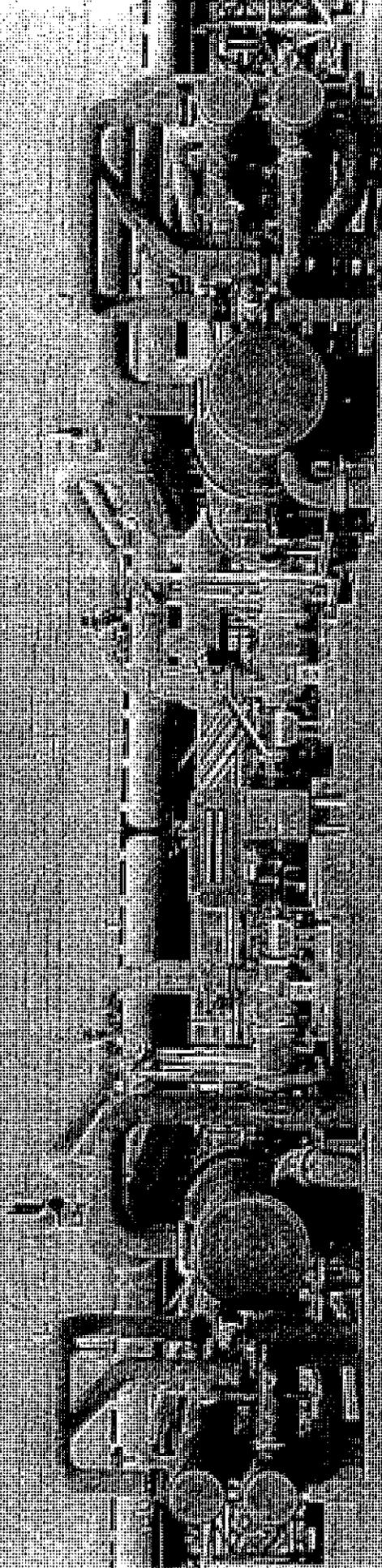
# Technology Benefits

- **Cost Effective**
  - “The cheapest? That would be Ormat's McGinness Hills geothermal project in Lander County, at 8.6 cents per kilowatt hour.”\*
  - Provides long-term fixed power price
  - Reduces price volatility
- **Sustainable & Environmentally-Friendly**
  - Projects operating for 20 years at 98% capacity
  - Closed loop system with near zero emissions
  - No water consumption
- **Minimal Surface Use**
  - Plants site = 5 acres
  - Well pads = 2 acres w/ rig (300ft x 300ft)
- **Field Proven**



# McGinness Geothermal Project

## Lander County, Nevada



# Proposed Project

- Ormat plans to develop stage 1 of a geothermal power plant 11 miles northeast of Austin, Nevada that is expected to deliver 30 MW.
- Ormat obtained leases through an agreement with the BLM. In addition, Ormat paid an upfront lease payment to the BLM of approx. 3.1 million dollars to secure its development position.
- The project will consist of drilling and installing an Ormat Energy Converter (OEC) that will produce energy from hydrothermal reservoirs.
- The project will be a state of the art facility utilizing Ormat's innovative air cooling technology



# Request

- Granting Ormat's abatement request will
- Encourage additional exploration work
- Allow Ormat to pursue phase two of the project which will double production and construction efforts.
- Ormat is requesting abatement for:
  - Property tax
  - Sales & Use tax



# Legal Framework

- Legislature enacted Assembly Bill 522 in the 2009 Legislative Session
  - Created separate process for granting tax abatements for renewable energy projects
  - Some differences from traditional process for other economic development incentives
  - Incorporated as part of Chapter 701A of the Nevada Revised Statutes



**ORMAT**<sup>®</sup>

# Chapter 701A

- NRS 701A.360 provides that applications for partial abatements of property or sales and use taxes for a geothermal energy project must be made to the Nevada Energy Commissioner instead of the Commission on Economic Development.
- Nevada Energy Commissioner “shall approve” applications that meet certain requirements (NRS 701A.365) including:
  - 50 or more construction employees, at least 30% of whom are residents of Nevada, at 150% of average wage as determined by DETR
  - Operations and maintenance employees must be paid at least 110% of state average hourly wage
  - Must provide health plan for employees that offers dependent coverage



# **New Statute Limits Conditions Imposed On Approvals**

- **However, Commissioner “shall not” approve an abatement of property taxes without approval of the county (subsection 2 of NRS 701A.365).**
  - **County “must not” condition the approval on a requirement that the facility agree to purchase on behalf of the county any infrastructure, equipment, facilities or other property that is not directly related to the construction and operation of the facility.**
  - **Different from the Economic Development statute which allowed greater flexibility.**
  - **Ormat has already partnered with Pershing County, we provided funding to improve the road accessing the Jersey Valley Facility. We are willing to work with Lander County on similar ‘directly related’ infrastructure.**



# Amount Of Abatements

- **If Partial Abatements Are Granted, Ormat Would Pay:**
  - 45% of Property Tax for 20 years
  - Sales/Use Tax (LSST) of 2.6% (or 2.25%) for First Three Years
- **The Abatements May Be Terminated If Ormat Fails To Meet The Eligibility Requirements**



# Employment Impact

- The project will create the following new jobs in Nevada:
  - Construction and Drilling: 100-150 employees
  - Operating and Maintenance: 8-12 full time employees
- > 30% will be Nevada Residents
- Ormat will pay > 150% of the average hourly statewide rate.
- Health insurance benefits will be offered to the construction employees and O&M employees and their dependents



# Financial Impact

• 30 MW McGinness Hills facility will Provide:	
– Power Plant Cost	164,000,000
– Sales & Use Tax	7,600,000
	(4,300,000)
– Property Tax	18,000,000
	(9,900,000)
– Net Proceeds of Mines Tax	420,000
– Modified Business Tax	145,000
– Bonus Lease Payment	2,300,000
– Royalties to state/county	9,000,000
• Net Contribution	187,265,000



# Financial Impact

- **The 30 MW McGinness Hills facility will contribute to:**
  - Road maintenance
  - Reduction in unemployment benefits
  - 12 full time positions with benefits (\$ 12 mill)
  - Reduction in uninsured individuals
  - Increase in sales tax on taxable items
  - Establishing the renewable industry in Lander County



# **Financial Impact**

- **By providing an abatement to the McGinness Hills facility Lander County creates:**
  - **An opportunity for Ormat to expand its facility**
  - **Additional capital investment**
  - **Additional employment**
  - **A more stable electrical market**
  - **A model of success and collaboration which induces additional development in County**



## Quick Metrics

- **30 MW – in operation in 2011**
  - = 22,500 homes or 90,000 people
  - = \$164,000,000 investment
- **60 MW – online in the future**
  - = 45,000 homes or 180,000 people
  - = \$328,000,000 total investment



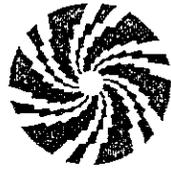
## **Ormat's Environmental Impact**

- **Ormat's 30 MW of geothermal power in Lander County will annually:**
  - **Avoiding emission of 225,000 tons of CO<sub>2</sub>**
  - **Saving 450,000 barrels of oil we don't have to import from other countries (the equivalent fuel used by 450 cars)**



# Summary

- Ormat is developing world class geothermal power plants in Nevada
- Ormat is committed to successfully implementing innovative technologies
- Ormat needs Lander County's support for tax incentives to enable the expansion and continued development of the McGinness Hills geothermal project.



**ORMAT**<sup>®</sup>

[Rev. 2/18/2010 1:55:09 PM]

## CHAPTER 701A - ENERGY-RELATED TAX INCENTIVES

## GREEN BUILDINGS

- NRS 701A.100 Adoption of Green Building Rating System; requirements and limitations.  
NRS 701A.110 Partial abatement of certain property taxes for buildings or structures that meet certain standards under Green Building Rating System; requirements and limitations; regulations.

## CERTAIN BUSINESSES, FACILITIES, SYSTEMS AND DEVICES

- NRS 701A.200 Exemption from certain property taxes for qualified energy systems; requirements and limitations; regulations.  
NRS 701A.210 Partial abatement of certain property taxes for businesses and facilities using recycled material; requirements and limitations.  
NRS 701A.220 Partial abatement of certain property taxes for facilities that generate electricity from renewable energy or produce energy storage devices; requirements and limitations. [Expired by limitation.]  
NRS 701A.230 Partial abatement of certain sales and use taxes for facilities that generate electricity from renewable energy or produce energy storage devices; requirements and limitations. [Expired by limitation.]

## CERTAIN RENEWABLE ENERGY FACILITIES

## GENERAL PROVISIONS

- NRS 701A.300 Definitions. [Effective through June 30, 2049.]  
NRS 701A.305 "Biomass" defined. [Effective through June 30, 2049.]  
NRS 701A.310 "Commissioner" defined. [Effective through June 30, 2049.]  
NRS 701A.315 "Director" defined. [Effective through June 30, 2049.]  
NRS 701A.320 "Facility for the generation of electricity from renewable energy" defined. [Effective through June 30, 2049.]  
NRS 701A.325 "Facility for the generation of process heat from solar renewable energy" defined. [Effective through June 30, 2049.]  
NRS 701A.330 "Fuel cell" defined. [Effective through June 30, 2049.]  
NRS 701A.335 "Local sales and use taxes" defined. [Effective through June 30, 2049.]  
NRS 701A.340 "Renewable energy" defined. [Effective through June 30, 2049.]  
NRS 701A.345 "Wholesale facility for the generation of electricity from renewable energy" defined. [Effective through June 30, 2049.]

## PARTIAL ABATEMENT OF CERTAIN TAXES

- NRS 701A.360 Application for partial abatement; ineligible facilities; required notices; public hearing on application. [Effective through June 30, 2049.]  
NRS 701A.365 General requirements for approval of application; specific requirements for certain geothermal facilities; exceptions; additional requirements. [Effective through June 30, 2049.]  
NRS 701A.370 Duration, amount and other terms of partial abatement; notice of abatement; distribution of certificate of eligibility by Director. [Effective through June 30, 2011.]  
NRS 701A.370 Duration, amount and other terms of partial abatement; notice of abatement; distribution of certificate of eligibility by Director. [Effective July 1, 2011, through June 30, 2049.]  
NRS 701A.375 Publication of fiscal notes; distribution of certificate of eligibility by Department of Taxation. [Effective through June 30, 2049.]  
NRS 701A.380 Termination of partial abatement for noncompliance; opportunity to cure noncompliance; required notices. [Effective through June 30, 2049.]  
NRS 701A.385 Allocation and distribution of certain taxes collected from facilities receiving partial abatement. [Effective through June 30, 2011.]  
NRS 701A.385 Allocation and distribution of certain taxes collected from facilities receiving partial abatement. [Effective July 1, 2011, through June 30, 2049.]  
NRS 701A.390 Regulations. [Effective through June 30, 2049.]

## RENEWABLE ENERGY FUND

- NRS 701A.450 Creation; administration; interest and income; use of money; regulations. [Effective through June 30, 2049.]

## GREEN BUILDINGS

**NRS 701A.100 Adoption of Green Building Rating System; requirements and limitations.**

1. The Director of the Office of Energy shall adopt a Green Building Rating System for the purposes of determining the eligibility of a building or other structure for a tax abatement pursuant to NRS 701A.110.

2. The Green Building Rating System must include standards and ratings equivalent to the standards and ratings provided pursuant to the Leadership in Energy and Environmental Design Green Building Rating System, except that the standards adopted by the Director:

(a) Except as otherwise provided in paragraphs (b) and (c), must not include:

(1) Any standard that has not been included in the Leadership in Energy and Environmental Design Green Building Rating System for at least 2 years; or

(2) Standards for homes;

(b) Must provide reasonable exceptions based on the size of the area occupied by the building or other structure; and

(c) Must require a building or other structure to obtain:

(1) At least 3 points of credit for energy conservation to meet the equivalent of the silver level;

(2) At least 5 points of credit for energy conservation to meet the equivalent of the gold level; and

(3) At least 8 points of credit for energy conservation to meet the equivalent of the platinum level.

3. As used in this section, "home" means a building or other structure for which the principal use is as a residential dwelling for not more than four families.

(Added to NRS by 2007, 3375)

**NRS 701A.110 Partial abatement of certain property taxes for buildings or structures that meet certain standards under Green Building Rating System; requirements and limitations; regulations.**

1. Except as otherwise provided in this section, the Director shall grant a partial abatement from the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, on a building or other structure that is determined to meet the equivalent of the silver level or higher by an independent contractor authorized to make that determination in accordance with the Green Building Rating System adopted by the Director pursuant to NRS 701A.100, if:

(a) No funding is provided by any governmental entity in this State for the acquisition, design or construction of the building or other structure or for the acquisition of any land therefor. For the purposes of this paragraph:

(1) Private activity bonds must not be considered funding provided by a governmental entity.

(2) The term "private activity bond" has the meaning ascribed to it in 26 U.S.C. § 141.

(b) The owner of the property:

(1) Submits an application for the partial abatement to the Director. If such an application is submitted for a project that has not been completed on the date of that submission and there is a significant change in the scope of the project after that date, the application must be amended to include the change or changes.

(2) Except as otherwise provided in this subparagraph, provides to the Director, within 48 months after applying for the partial abatement, proof that the building or other structure meets the equivalent of the silver level or higher, as determined by an independent contractor authorized to make that determination in accordance with the Green Building Rating System adopted by the Director pursuant to NRS 701A.100. The Director may, for good cause shown, extend the period for providing such proof.

(3) Files a copy of each application and amended application submitted to the Director pursuant to subparagraph (1) with the:

(I) Chief of the Budget Division of the Department of Administration;

(II) Department of Taxation;

(III) County assessor;

(IV) County treasurer;

(V) Commission on Economic Development;

(VI) Board of county commissioners; and

(VII) City manager and city council, if any.

2. As soon as practicable after the Director receives the application and proof required by subsection 1, the Director shall determine whether the building or other structure is eligible for the abatement and, if so, forward a certificate of eligibility for the abatement to the:

(a) Department of Taxation;

(b) County assessor;

(c) County treasurer; and

(d) Commission on Economic Development.

3. As soon as practicable after receiving a copy of:

(a) An application pursuant to subparagraph (3) of paragraph (b) of subsection 1:

(1) The Chief of the Budget Division shall publish a fiscal note that indicates an estimate of the fiscal impact of the partial abatement on the State; and

(2) The Department of Taxation shall publish a fiscal note that indicates an estimate of the fiscal impact of the partial abatement on each affected local government, and forward a copy of the fiscal note to each affected local government.

(b) A certificate of eligibility pursuant to subsection 2, the Department of Taxation shall forward a copy of the certificate to each affected local government.

4. The partial abatement:

(a) Must be for a duration of not more than 10 years and in an annual amount that equals, for a building or other structure that meets the equivalent of:

(1) The silver level, 25 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be payable for the building or other structure, excluding the associated land;

(2) The gold level, 30 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be payable for the building or other structure, excluding the

associated land; or

(3) The platinum level, 35 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be payable for the building or other structure, excluding the associated land.

(b) Does not apply during any period in which the owner of the building or other structure is receiving another abatement or exemption pursuant to this chapter or NRS 361.045 to 361.159, inclusive, from the taxes imposed pursuant to chapter 361 of NRS.

(c) Terminates upon any determination by the Director that the building or other structure has ceased to meet the equivalent of the silver level or higher. The Director shall provide notice and a reasonable opportunity to cure any noncompliance issues before making a determination that the building or other structure has ceased to meet that standard. The Director shall immediately provide notice of each determination of termination to the:

- (1) Department of Taxation, who shall immediately notify each affected local government of the determination;
- (2) County assessor;
- (3) County treasurer; and
- (4) Commission on Economic Development.

5. The Director shall adopt regulations:

- (a) Establishing the qualifications and methods to determine eligibility for the abatement;
- (b) Prescribing such forms as will ensure that all information and other documentation necessary to make an appropriate determination is filed with the Director; and
- (c) Prescribing the criteria for determining when there is a significant change in the scope of a project for the purposes of subparagraph (1) of paragraph (b) of subsection 1,  
 ↪ and the Department of Taxation shall adopt such additional regulations as it determines to be appropriate to carry out the provisions of this section.

6. As used in this section:

- (a) "Building or other structure" does not include any building or other structure for which the principal use is as a residential dwelling for not more than four families.
- (b) "Director" means the Director of the Office of Energy appointed pursuant to NRS 701.150.
- (c) "Taxes imposed for public education" means:
  - (1) Any ad valorem tax authorized or required by chapter 387 of NRS;
  - (2) Any ad valorem tax authorized or required by chapter 350 of NRS for the obligations of a school district, including, without limitation, any ad valorem tax necessary to carry out the provisions of subsection 5 of NRS 350.020; and
  - (3) Any other ad valorem tax for which the proceeds thereof are dedicated to the public education of pupils in kindergarten through grade 12.

(Added to NRS by 2007, 3375; A 2009, 988)

#### CERTAIN BUSINESSES, FACILITIES, SYSTEMS AND DEVICES

**NRS 701A.200 Exemption from certain property taxes for qualified energy systems; requirements and limitations; regulations.**

1. For purposes of the assessment of property pursuant to chapter 361 of NRS:

(a) Except as otherwise provided in paragraph (b), the value of a qualified system must not be included in the assessed value of a building.

(b) Any value added by a qualified system must be included in the assessed value of a commercial or industrial building during any period in which the business that owns the commercial or industrial building is receiving another abatement or exemption pursuant to this chapter or NRS 361.045 to 361.159, inclusive, from the taxes imposed pursuant to chapter 361 of NRS.

2. The Department of Taxation shall adopt such regulations as it determines to be necessary for the administration of this section.

3. As used in this section, "qualified system" means any system, method, construction, installation, machinery, equipment, device or appliance which is designed, constructed or installed in a residential, commercial or industrial building to heat or cool the building or water used in the building, or to provide electricity used in the building, by using:

- (a) Energy from the wind or from solar devices not thermally insulated from the area where the energy is used;
- (b) Geothermal resources;
- (c) Energy derived from conversion of solid wastes; or
- (d) Waterpower,

↪ which conforms to standards established by regulation of the Department of Taxation.

(Added to NRS by 2007, 3379)

**NRS 701A.210 Partial abatement of certain property taxes for businesses and facilities using recycled material; requirements and limitations.**

1. Except as otherwise provided in this section, if a:

(a) Business that engages in the primary trade of preparing, fabricating, manufacturing or otherwise processing raw material or an intermediate product through a process in which at least 50 percent of the material or product is recycled on-site; or

(b) Business that includes as a primary component a facility for the generation of electricity from recycled material,  
 ↪ is found by the Commission on Economic Development to have as a primary purpose the conservation of energy or the substitution of other sources of energy for fossil sources of energy and obtains certification from the Commission on Economic Development pursuant to NRS 360.750, the Commission may, if the business additionally satisfies the requirements set forth in subsection 2 of NRS 361.0687, grant to the business a partial abatement from the taxes imposed on real property pursuant to chapter 361 of NRS.

2. If a partial abatement from the taxes imposed on real property pursuant to chapter 361 of NRS is approved by the Commission on Economic Development pursuant to NRS 360.750 for a business described in subsection 1:

(a) The partial abatement must:

- (1) Be for a duration of at least 1 year but not more than 10 years;
- (2) Not exceed 50 percent of the taxes on real property payable by the business each year; and
- (3) Be administered and carried out in the manner set forth in NRS 360.750.

(b) The Executive Director of the Commission on Economic Development shall notify the county assessor of the county in which the business is located of the approval of the partial abatement, including, without limitation, the duration and percentage of the partial abatement that the Commission granted. The Executive Director shall, on or before April 15 of each year, advise the county assessor of each county in which a business qualifies for a partial abatement during the current fiscal year as to whether the business is still eligible for the partial abatement in the next succeeding fiscal year.

3. The partial abatement provided in this section applies only to the business for which certification was granted pursuant to NRS 360.750 and the property used in connection with that business. The exemption does not apply to property in this State that is not related to the business for which the certification was granted pursuant to NRS 360.750 or to property in existence and subject to taxation before the certification was granted.

4. As used in this section, "facility for the generation of electricity from recycled material" means a facility for the generation of electricity that uses recycled material as its primary fuel, including material from:

- (a) Industrial or domestic waste, other than hazardous waste, even though it includes a product made from oil, natural gas or coal, such as plastics, asphalt shingles or tires;
- (b) Agricultural crops, whether terrestrial or aquatic, and agricultural waste, such as manure and residue from crops; and
- (c) Municipal waste, such as sewage and sludge.

→ The term includes all the equipment in the facility used to process and convert into electricity the energy derived from a recycled material fuel.

(Added to NRS by 2007, 3378)

**NRS 701A.220** Partial abatement of certain property taxes for facilities that generate electricity from renewable energy or produce energy storage devices; requirements and limitations. Expired by limitation. (See chapter 539, Statutes of Nevada 2007, at page 3390.)

**NRS 701A.230** Partial abatement of certain sales and use taxes for facilities that generate electricity from renewable energy or produce energy storage devices; requirements and limitations. Expired by limitation. (See chapter 539, Statutes of Nevada 2007, at page 3390.)

## CERTAIN RENEWABLE ENERGY FACILITIES

### General Provisions

**NRS 701A.300** Definitions. [Effective through June 30, 2049.] As used in NRS 701A.300 to 701A.390, inclusive, unless the context otherwise requires, the words and terms defined in NRS 701A.305 to 701A.345, inclusive, have the meanings ascribed to them in those sections.

(Added to NRS by 2009, 2004)

**NRS 701A.305** "Biomass" defined. [Effective through June 30, 2049.] "Biomass" means any organic matter that is available on a renewable basis, including, without limitation:

1. Agricultural crops and agricultural wastes and residues;
2. Wood and wood wastes and residues;
3. Animal wastes;
4. Municipal wastes; and
5. Aquatic plants.

(Added to NRS by 2009, 2004)

**NRS 701A.310** "Commissioner" defined. [Effective through June 30, 2049.] "Commissioner" means the Nevada Energy Commissioner appointed pursuant to NRS 701.340.

(Added to NRS by 2009, 2004)

**NRS 701A.315** "Director" defined. [Effective through June 30, 2049.] "Director" means the Director of the Office of Energy appointed pursuant to NRS 701.150.

(Added to NRS by 2009, 2004)

**NRS 701A.320** "Facility for the generation of electricity from renewable energy" defined. [Effective through June 30, 2049.]

1. "Facility for the generation of electricity from renewable energy" means a facility for the generation of electricity that:
  - (a) Uses renewable energy as its primary source of energy; and
  - (b) Has a generating capacity of at least 10 megawatts.
2. The term does not include a facility that is located on residential property.

(Added to NRS by 2009, 2004)

**NRS 701A.325** "Facility for the generation of process heat from solar renewable energy" defined. [Effective through June 30, 2049.] "Facility for the generation of process heat from solar renewable energy" means a facility that:

1. Uses solar renewable energy to generate process heat; and
  2. Has an output capacity of at least 25,840,000 British thermal units per hour.
- (Added to NRS by 2009, 2004)

**NRS 701A.330 "Fuel cell" defined.** [Effective through June 30, 2049.] "Fuel cell" means a device or contrivance which, through the chemical process of combining ions of hydrogen and oxygen, produces electricity and water.

(Added to NRS by 2009, 2004)

**NRS 701A.335 "Local sales and use taxes" defined.** [Effective through June 30, 2049.] "Local sales and use taxes" means any taxes imposed on the gross receipts of any retailer from the sale of tangible personal property sold at retail, or stored, used or otherwise consumed, in any political subdivision of this State, except the taxes imposed by the Sales and Use Tax Act.

(Added to NRS by 2009, 2004)

**NRS 701A.340 "Renewable energy" defined.** [Effective through June 30, 2049.]

1. "Renewable energy" means:
    - (a) Biomass;
    - (b) Fuel cells;
    - (c) Solar energy;
    - (d) Waterpower; or
    - (e) Wind.
  2. The term does not include coal, natural gas, oil, propane or any other fossil fuel, geothermal energy or nuclear energy.
- (Added to NRS by 2009, 2004)

**NRS 701A.345 "Wholesale facility for the generation of electricity from renewable energy" defined.** [Effective through June 30, 2049.]

1. "Wholesale facility for the generation of electricity from renewable energy" means a facility for the generation of electricity from renewable energy that, except as otherwise provided in paragraph (b) of subsection 2, does not sell the electricity to the end user of the electricity.
  2. The term includes:
    - (a) All the machinery and equipment that is used in the facility to collect and store the renewable energy and to convert the renewable energy into electricity.
    - (b) A facility that is owned, leased or otherwise controlled by an entity that has authority to sell electricity and provide transmission services or distribution services, or both.
- (Added to NRS by 2009, 2004)

#### Partial Abatement of Certain Taxes

**NRS 701A.360 Application for partial abatement; ineligible facilities; required notices; public hearing on application.** [Effective through June 30, 2049.]

1. A person who intends to locate a facility for the generation of process heat from solar renewable energy, a wholesale facility for the generation of electricity from renewable energy, a facility for the generation of electricity from geothermal resources or a facility for the transmission of electricity produced from renewable energy or geothermal resources in this State may apply to the Director for a partial abatement of the local sales and use taxes, the taxes imposed pursuant to chapter 361 of NRS, or both local sales and use taxes and taxes imposed pursuant to chapter 361 of NRS.
  2. A facility that is owned, operated, leased or otherwise controlled by a governmental entity is not eligible for an abatement pursuant to NRS 701A.300 to 701A.390, inclusive.
  3. As soon as practicable after the Director receives an application for a partial abatement, the Director shall submit the application to the Commissioner and forward a copy of the application to:
    - (a) The Chief of the Budget Division of the Department of Administration;
    - (b) The Department of Taxation;
    - (c) The board of county commissioners;
    - (d) The county assessor;
    - (e) The county treasurer; and
    - (f) The Commission on Economic Development.
  4. With the copy of the application forwarded to the county treasurer, the Director shall include a notice that the local jurisdiction may request a presentation regarding the facility. A request for a presentation must be made within 30 days after receipt of the application.
  5. The Commissioner shall hold a public hearing on the application. The hearing must not be held earlier than 30 days after all persons listed in subsection 3 have received a copy of the application.
- (Added to NRS by 2009, 2004)

**NRS 701A.365 General requirements for approval of application; specific requirements for certain geothermal facilities; exceptions; additional requirements.** [Effective through June 30, 2049.]

1. Except as otherwise provided in subsection 2, the Commissioner shall approve an application for a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive, if the Commissioner makes the following determinations:
  - (a) The applicant has executed an agreement with the Commissioner which must:
    - (1) State that the facility will, after the date on which a certificate of eligibility for the abatement is issued pursuant to NRS 701A.370, continue in operation in this State for a period specified by the Commissioner, which must be at least 10 years, and will continue to meet the eligibility requirements for the abatement; and

(2) Bind the successors in interest in the facility for the specified period.

(b) The facility is registered pursuant to the laws of this State or the applicant commits to obtain a valid business license and all other permits required by the county, city or town in which the facility operates.

(c) No funding is or will be provided by any governmental entity in this State for the acquisition, design or construction of the facility or for the acquisition of any land therefor, except any private activity bonds as defined in 26 U.S.C. § 141.

(d) If the facility will be located in a county whose population is 100,000 or more or a city whose population is 60,000 or more, the facility meets the following requirements:

(1) There will be 75 or more full-time employees working on the construction of the facility during the second quarter of construction, including, unless waived by the Commissioner for good cause, at least 30 percent who are residents of Nevada;

(2) Establishing the facility will require the facility to make a capital investment of at least \$10,000,000 in this State;

(3) The average hourly wage that will be paid by the facility to its employees in this State is at least 110 percent of the average statewide hourly wage, excluding management and administrative employees, as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year; and

(4) The average hourly wage of the employees working on the construction of the facility will be at least 150 percent of the average statewide hourly wage, excluding management and administrative employees, as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year and:

(I) The employees working on the construction of the facility must be provided a health insurance plan that includes an option for health insurance coverage for dependents of the employees; and

(II) The cost of the benefits provided to the employees working on the construction of the facility will meet the minimum requirements for benefits established by the Commissioner by regulation pursuant to NRS 701A.390.

(e) If the facility will be located in a county whose population is less than 100,000 or a city whose population is less than 60,000, the facility meets the following requirements:

(1) There will be 50 or more full-time employees working on the construction of the facility during the second quarter of construction, including, unless waived by the Commissioner for good cause, at least 30 percent who are residents of Nevada;

(2) Establishing the facility will require the facility to make a capital investment of at least \$3,000,000 in this State;

(3) The average hourly wage that will be paid by the facility to its employees in this State is at least 110 percent of the average statewide hourly wage, excluding management and administrative employees, as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year; and

(4) The average hourly wage of the employees working on the construction of the facility will be at least 150 percent of the average statewide hourly wage, excluding management and administrative employees, as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year and:

(I) The employees working on the construction of the facility must be provided a health insurance plan that includes an option for health insurance coverage for dependents of the employees; and

(II) The cost of the benefits provided to the employees working on the construction of the facility will meet the minimum requirements for benefits established by the Commissioner by regulation pursuant to NRS 701A.390.

(f) The financial benefits that will result to this State from the employment by the facility of the residents of this State and from capital investments by the facility in this State will exceed the loss of tax revenue that will result from the abatement.

2. The Commissioner shall not approve an application for a 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 electricity from geothermal resources unless the application is approved pursuant to this subsection. The board of county commissioners of a county must approve or deny the application not later than 30 days after the board receives a copy of the application. The board of county commissioners must not condition the approval of the application on a requirement that the facility for the generation of electricity from geothermal resources agree to purchase, lease or otherwise acquire in its own name or on behalf of the county any infrastructure, equipment, facilities or other property in the county that is not directly related to or otherwise necessary for the construction and operation of the facility. If the board of county commissioners does not approve or deny the application within 30 days after the board receives the application, the application shall be deemed denied.

3. Notwithstanding the provisions of subsection 1, the Commissioner may, if the Commissioner determines that such action is necessary:

(a) Approve an application for a partial abatement for a facility that does not meet the requirements set forth in paragraph (d) or (e) of subsection 1; or

(b) Add additional requirements that a facility must meet to qualify for a partial abatement.

(Added to NRS by 2009, 2004)

**NRS 701A.370 Duration, amount and other terms of partial abatement; notice of abatement; distribution of certificate of eligibility by Director. [Effective through June 30, 2011.]**

1. If the Commissioner approves an application for a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive, of:

(a) Property taxes imposed pursuant to chapter 361 of NRS, the partial abatement must:

(1) Be for a duration of the 20 fiscal years immediately following the date of approval of the application;

(2) Be equal to 55 percent of the taxes on real and personal property payable by the facility each year; and

(3) Not apply during any period in which the facility is receiving another abatement or exemption from property taxes imposed pursuant to chapter 361 of NRS, other than any partial abatement provided pursuant to NRS 361.4722.

(b) Local sales and use taxes:

(1) The partial abatement must:

(I) Be for the 3 years beginning on the date of approval of the application;

(II) Be equal to that portion of the combined rate of all the local sales and use taxes payable by the facility each

year which exceeds 0.6 percent; and

(III) Not apply during any period in which the facility is receiving another abatement or exemption from local sales and use taxes.

(2) The Department of Taxation shall issue to the facility a document certifying the abatement which can be presented to retailers at the time of sale. The document must clearly state that the purchaser is only required to pay sales and use taxes imposed in this State at the rate of 2.6 percent.

2. Upon approving an application for a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive, the Commissioner shall immediately notify the Director of the terms of the abatement and the Director shall immediately forward a certificate of eligibility for the abatement to:

- (a) The Department of Taxation;
  - (b) The board of county commissioners;
  - (c) The county assessor;
  - (d) The county treasurer; and
  - (e) The Commission on Economic Development.
- (Added to NRS by 2009, 2004)

**NRS 701A.370 Duration, amount and other terms of partial abatement; notice of abatement; distribution of certificate of eligibility by Director. [Effective July 1, 2011, through June 30, 2049.]**

1. If the Commissioner approves an application for a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive, of:

(a) Property taxes imposed pursuant to chapter 361 of NRS, the partial abatement must:

- (1) Be for a duration of the 20 fiscal years immediately following the date of approval of the application;
- (2) Be equal to 55 percent of the taxes on real and personal property payable by the facility each year; and

(3) Not apply during any period in which the facility is receiving another abatement or exemption from property taxes imposed pursuant to chapter 361 of NRS, other than any partial abatement provided pursuant to NRS 361.4722.

(b) Local sales and use taxes:

(1) The partial abatement must:

(I) Be for the 3 years beginning on the date of approval of the application;

(II) Be equal to that portion of the combined rate of all the local sales and use taxes payable by the facility each

year which exceeds 0.25 percent; and

(III) Not apply during any period in which the facility is receiving another abatement or exemption from local sales and use taxes.

(2) The Department of Taxation shall issue to the facility a document certifying the abatement which can be presented to retailers at the time of sale. The document must clearly state that the purchaser is only required to pay sales and use taxes imposed in this State at the rate of 2.25 percent.

2. Upon approving an application for a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive, the Commissioner shall immediately notify the Director of the terms of the abatement and the Director shall immediately forward a certificate of eligibility for the abatement to:

- (a) The Department of Taxation;
  - (b) The board of county commissioners;
  - (c) The county assessor;
  - (d) The county treasurer; and
  - (e) The Commission on Economic Development.
- (Added to NRS by 2009, 2004; A 2009, 2010, effective July 1, 2011)

**NRS 701A.375 Publication of fiscal notes; distribution of certificate of eligibility by Department of Taxation. [Effective through June 30, 2049.]**

1. As soon as practicable after receiving a copy of an application pursuant to NRS 701A.360:

(a) The Chief of the Budget Division of the Department of Administration shall publish a fiscal note that indicates an estimate of the fiscal impact of the partial abatement on the State and forward a copy of the fiscal note to the Director for submission to the Commissioner; and

(b) The Department of Taxation shall publish a fiscal note that indicates an estimate of the fiscal impact of the partial abatement on each affected local government, and forward a copy of the fiscal note to each affected local government and to the Director for submission to the Commissioner.

2. As soon as practicable after receiving a copy of a certificate of eligibility pursuant to NRS 701A.370, the Department of Taxation shall forward a copy of the certificate to each affected local government.

(Added to NRS by 2009, 2004)

**NRS 701A.380 Termination of partial abatement for noncompliance; opportunity to cure noncompliance; required notices. [Effective through June 30, 2049.]**

1. A partial abatement approved by the Commissioner pursuant to NRS 701A.300 to 701A.390, inclusive, terminates upon any determination by the Commissioner that the facility has ceased to meet any eligibility requirements for the abatement.

2. The Commissioner shall provide notice and a reasonable opportunity to cure any noncompliance issues before making a determination that the facility has ceased to meet those requirements.

3. The Commissioner shall immediately provide notice of each determination of termination to the Director, and the Director shall immediately provide a copy of the notice to:

- (a) The Department of Taxation, which shall immediately notify each affected local government of the determination;
- (b) The board of county commissioners;
- (c) The county assessor;

- (d) The county treasurer; and
  - (e) The Commission on Economic Development.
- (Added to NRS by 2009, 2004)

**NRS 701A.385 Allocation and distribution of certain taxes collected from facilities receiving partial abatement.** [Effective through June 30, 2011.] Notwithstanding any statutory provision to the contrary, if the Commissioner approves an application for a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive, of:

1. Property taxes imposed pursuant to chapter 361 of NRS, the amount of all the property taxes which are collected from the facility for the period of the abatement must be allocated and distributed in such a manner that:
    - (a) Forty-five percent of that amount is deposited in the unrestricted balance of the State General Fund; and
    - (b) Fifty-five percent of that amount is distributed to the local governmental entities that would otherwise be entitled to receive those taxes in proportion to the relative amount of those taxes those entities would otherwise be entitled to receive.
  2. Local sales and use taxes, the State Controller shall allocate, transfer and remit an amount equal to all the sales and use taxes imposed in this State and collected from the facility for the period of the abatement in the same manner as if that amount consisted solely of the proceeds of taxes imposed by NRS 374.110 and 374.190.
- (Added to NRS by 2009, 2004)

**NRS 701A.385 Allocation and distribution of certain taxes collected from facilities receiving partial abatement.** [Effective July 1, 2011, through June 30, 2049.] Notwithstanding any statutory provision to the contrary, if the Commissioner approves an application for a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive, of:

1. Property taxes imposed pursuant to chapter 361 of NRS, the amount of all the property taxes which are collected from the facility for the period of the abatement must be allocated and distributed in such a manner that:
    - (a) Forty-five percent of that amount is deposited in the Renewable Energy Fund created by NRS 701A.450; and
    - (b) Fifty-five percent of that amount is distributed to the local governmental entities that would otherwise be entitled to receive those taxes in proportion to the relative amount of those taxes those entities would otherwise be entitled to receive.
  2. Local sales and use taxes, the State Controller shall allocate, transfer and remit an amount equal to all the sales and use taxes imposed in this State and collected from the facility for the period of the abatement in the same manner as if that amount consisted solely of the proceeds of taxes imposed by NRS 374.110 and 374.190.
- (Added to NRS by 2009, 2004; A 2009, 2010, effective July 1, 2011)

**NRS 701A.390 Regulations.** [Effective through June 30, 2049.] The Commissioner:

1. Shall adopt regulations:
    - (a) Prescribing the minimum level of benefits that a facility must provide to its employees if the facility is going to use benefits paid to employees as a basis to qualify for a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive;
    - (b) Prescribing such requirements for an application for a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive, as will ensure that all information and other documentation necessary for the Commissioner to make an appropriate determination is filed with the Director;
    - (c) Requiring each recipient of a partial abatement pursuant to NRS 701A.300 to 701A.390, inclusive, to file annually with the Director, for submission to the Commissioner, such information and documentation as may be necessary for the Commissioner to determine whether the recipient is in compliance with any eligibility requirements for the abatement; and
    - (d) Regarding the capital investment that a facility must make to meet the requirement set forth in paragraph (d) or (e) of subsection 1 of NRS 701A.365; and
  2. May adopt such other regulations as the Commissioner determines to be necessary to carry out the provisions of NRS 701A.300 to 701A.390, inclusive.
- (Added to NRS by 2009, 2004)

#### RENEWABLE ENERGY FUND

**NRS 701A.450 Creation; administration; interest and income; use of money; regulations.** [Effective through June 30, 2049.]

1. The Renewable Energy Fund is hereby created.
  2. The Nevada Energy Commissioner appointed pursuant to NRS 701.340 shall administer the Fund.
  3. The interest and income earned on the money in the Fund must be credited to the Fund.
  4. Not less than 75 percent of the money in the Fund must be used to offset the cost of electricity to retail customers of a public utility that is subject to the portfolio standard established by the Public Utilities Commission of Nevada pursuant to NRS 704.7821.
  5. The Nevada Energy Commissioner may establish other uses of the money in the Fund by regulation.
- (Added to NRS by 2009, 2009)

SADIE SULLIVAN  
LANDER COUNTY CLERK  
LANDER COUNTY NEVADA  
315 S.HUMBOLDT STREET  
BATTLE MOUNTAIN, NV 89820

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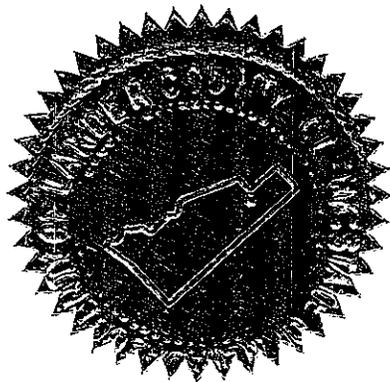
The document to which this certificate is attached is a full, true and correct copy of the original on file and of record in my office.

Lander County Commission Meeting Of November 30, 2010 (Commission minutes and Item number 7 of the Commission meeting)

DATE: March 21, 2014

SADIE SULLIVAN, COUNTY CLERK AND CLERK OF THE SIXTH JUDICIAL DISTRICT COUNTY, IN AND FOR THE COUNTY OF LANDER, STATE OF NEVADA.

BY: Mary Ann May, Deputy





Mountain and Austin Airports, as presented by Mr. Lott. Mr. Lott noted that FAA has committed \$1.4 million for the Battle Mountain Airport Apron Reconstruction project as soon as they get the authority to write grants. The Board reviewed and discussed a scenario to maximize airport funding, as presented by Mr. Lott. Commissioner Sparks made the following comment for the record:

"I've sat on this commission for four years and have seen a lot of money spent on these airports. There's money we borrow that we match and we're then responsible for keeping this up and going. I feel we already have one really nice airport. They say if we have it they're going to come. I have yet to see it. Now we're talking about building another one? I think it's ridiculous! All this improvement. We keep getting this federal money, we match it, we're then obligated as a County to keep it in the status it is. For what purpose? For a population of 5,000 people? Two airports? Am I looking at it wrong?"

Commissioner Chapin made the following comment for the record:

"Airports are very important for your community. Number one for emergency services such as ambulances - flying people out. Austin is wanting that. They don't have it. The fuel system is going to give them that capability. The other reason on keeping them maintained - the BLM. In northeastern Nevada we've got the only bomber station in the area."

There was general discussion regarding the pros and cons of proceeding with the proposed projects for the Battle Mountain and Austin Airports as outlined in the Airport Capital Improvement Plans for FY 2011-2016. Finance Director Rogene Hill made the following comment for the record:

"We're looking at the construction end of it. You also have to look at the operations at the airport. We had to up our tax rate this year for the airports just for operations. As it gets bigger and bigger, you have to think about that as well. Where is the money going to come from to operate?"

Commissioner Williams moved to approve the Austin and Battle Mountain Airports FY 2011-2016 Airport Capital Improvement Programs (ACIP), subject to the Lander County 5% matching funds being approved each year in the Lander County budget. Seconded by Commissioner Stienmetz, the motion was voted and carried with Commissioners Williams, Chapin, Schmidt and Stienmetz voting "AYE" and with Commissioner Sparks voting "NO". Approved.

7) **Discussion & Possible Action Regarding Presentation Of Updated Information By Ormat Technologies On McGinness Hills Geothermal Project & Petition For Consideration Of Tax Abatements, Pursuant To Provisions Of NRS Chapter 701A:**

Let the record reflect the presence of Austin via telephone conference. Assessor Lura Duvall appeared before the Board to present testimony in favor of granting the tax abatements requested by Ormat Technologies for their McGinness Hills Geothermal project. Commissioner-Elect Dave Mason appeared before the Board to present testimony opposing the tax abatements requested by Ormat Technologies for the

**Provide Safety, Quality Service & Responsible Fiscal Management  
For Present & Future**

**Meeting of November 30, 2010**

**Page 8**



McGinness Hills Geothermal project. There was general discussion regarding the pros and cons of approving the requested tax abatements pursuant to the provisions of NRS 701A. Commissioner Williams stated his support for any type of clean industry coming into the Austin area. There was general consensus in favor of deferring action on this item to a future commission meeting. Deferred.

## COMMISSIONERS

- 8) **Presentation By Senator John J. Lee, Chairman, Legislative Commission's Committee To Study Powers Delegated To Local Governments Regarding Local Governing Boards Holding Evening Meetings; & Other Matters Properly Relating Thereto;** Let the record reflect the presence of Austin, via telephone conference, and Senator John J. Lee for this discussion. Senator Lee presented testimony regarding Nevada's current economic situation and how the Legislature will try to resolve the current \$3-\$3.5 billion shortfall in Nevada's budget during next year's legislative session. Senator Lee updated the Board regarding his responsibility to educate, medicate and incarcerate. There was general discussion regarding the following issues: a) the possibility of having individual counties take over their community college systems; b) the possibility of having individual counties be in charge of their own parole/probation department; c) the advantages/disadvantages of home rule; and, d) the benefits of Lander County being involved in the reapportionment/re-districting process. Senator Lee noted that the Government Affairs Committee plans to meet three times a week during the upcoming legislative session; and encouraged the Board to participate in the luncheons hosted in his office to discuss the various bills and issues being reviewed by the Legislature. Senator Lee made the following comment for the record:

"We didn't hurt you last session; I don't know what's going to happen next session. But, I'd tell you to be there - to be in with NACO, to let everyone know that Lander County's at the table and wants to participate. You need to be a part of the solution - to band together with all the counties.

Term limits are here. You are the brains of the State of Nevada. We seem to attract people to the Legislature who have no idea about a lot of things. When you term limit out, I can't think of a greater group of people that should be running for these offices."

Senator Lee asked what he could do for Lander County. Commissioner Sparks made the following comment for the record:

"We need some help with State EMS controls over rural counties. We're a volunteer service and there's so many regulations that make it very hard to operate. That's been a huge problem for us."

Commissioner Williams noted the following for the record:

"From a business standpoint, we were pretty disappointed with the shift for business licenses going

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For Present & Future**

LANDER COUNTY COMMISSION MEETING  
November 30, 2010

**AGENDA ITEM NO. 7**

**THE REQUESTED ACTION OF THE LANDER COUNTY COMMISSION IS TO:**  
Discussion and possible action regarding presentation of updated information by Ormat Technologies on the McGinness Hills Geothermal project and petition for consideration of tax abatements, pursuant to the provisions of NRS Chapter 701A, and other matters properly relating thereto.

Public comment.

**Background:**

Ormat Technologies representatives will make present updated information on the McGinness Hills Geothermal Project and petition the Commission for consideration of tax abatements, pursuant to the provisions of Nevada Revised Statutes (NRS) Chapter 701A.

The abatements requested are pursuant to Assembly Bill 522, passed by the 2009 Nevada State Legislature and incorporated into NRS at Chapter 701A. The abatements would impact the sales tax components collected by the State of Nevada on behalf of Lander County for a period of three (3) years, per the provisions of NRS 701A.370(1)(a), as follows: **BCCRT** –Basic City-County Relief Tax; **SCCRT** - Supplemental City-County Relief Tax; **County Option Sales Tax** (1/4-cent Infrastructure Tax [Water-Sewer Projects]). The abatement would reduce the ad valorem (property) tax for the facility by 55% over a period of 20 years, per the provisions of NRS 701A.370(1)(b). It is important to note that the Local School Support Tax (LSST) component of the sales tax collections are unaffected by this abatement.

The direct impact of the abatement of sales tax cannot be estimated under the current sales tax distribution formula. The 'number' would be the product of taxable goods purchased during the construction of Ormat's facilities, and other taxable purchases during the three (3) year abatement period, multiplied by the rate of County sales tax components (2.50%). The reason an impact cannot be established is the variability in the construction cost estimate and, most importantly, Lander County remains a "Guaranteed County" under the current distribution formula. Therefore the only reasonable estimated current impact would be "zero".

The estimated impact of the 55% property tax abatement is \$14 Million over the course of 20 years. (For discussion purposes, 45% property tax estimated to be collected by Lander County, if abatement is granted, equates to approximately \$11 Million over the 20-year period.) Ormat representatives have stated that the property tax abatement will provide the resources for subsequent expansion of the McGinness Hills Project, taking the facility from 30 Megawatt production capacity to 60 Megawatt capacity. It is important to note that there is no provision within NRS 701A.370(1)(b) to offer a percentage or term of abatement differential from those stated in the statute.

The Commission has 30 days from receipt of the Application for Abatement to either approve or deny the Application. In the event no action is taken on the application within 30 days, the effect is the same as the application having been denied. (NRS 701A.365)

**Recommended Action:**

It is recommended that the Commission take no action on the Ormat Technologies Application for Abatement for the McGinness Hills Geothermal Project until Lander County is in receipt of the Application from the Director of the Nevada State Office of Energy.



**Ormat Technologies, Inc.**  
**McGuinness Hills Geothermal Project**

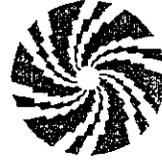
Lauder County Commission

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[www.ormat.com](http://www.ormat.com)

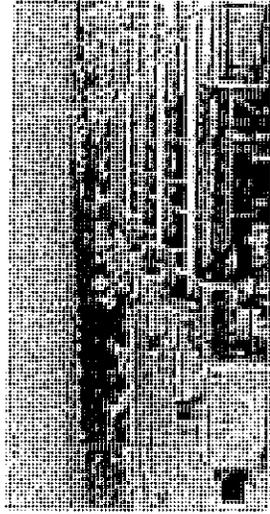
## **Ormat at a Glance**

- **Vertically integrated renewable energy company**
  - With more than 40 years of success
  - Ormat Technologies, Inc. NYSE (ORA) listed
  - Headquartered in Nevada (Reno, Sparks) since 1984
  - Ormat is a U.S. Company and global manufacturer
- **Geothermal and recovered energy power projects**
  - Approx 9 power plants in Nevada currently operating
  - Approx 414 MW owned and operated in the United States
  - Approx 1,300 MW of installed capacity worldwide
- **Flexible business model in the energy industry**
  - The company designs, manufactures, develops, builds, owns and operates geothermal and recovered energy-based power plants in the United States and other countries

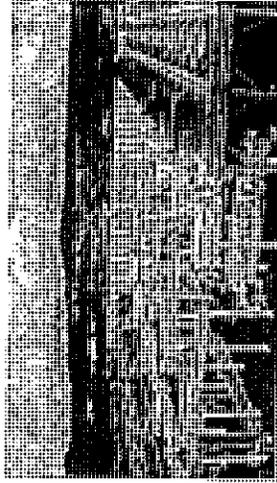


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# Ormat ORC Technology World-wide 1,000 MW of Deployed Technology



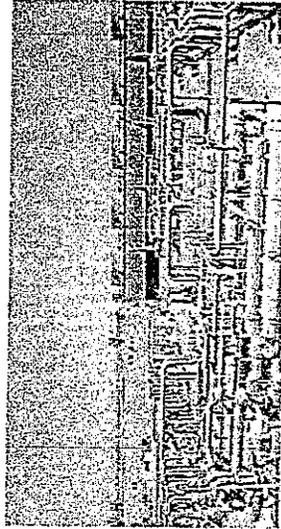
57 MW Ormesa Geothermal  
Power Complex, California



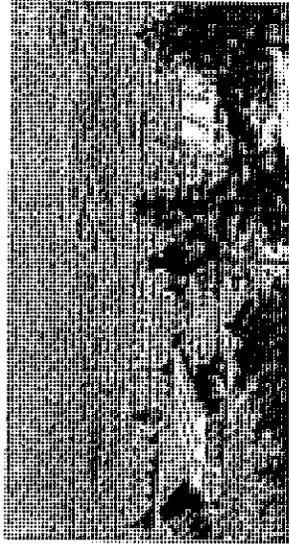
30 MW Puna Geothermal  
Combined Cycle Plant, Hawaii



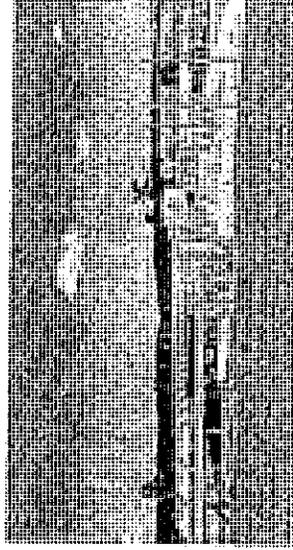
132 MW Upper Mahiao Geothermal  
Combined Cycle Plant, Philippines



92 MW Heber Geothermal  
Power Complex, California



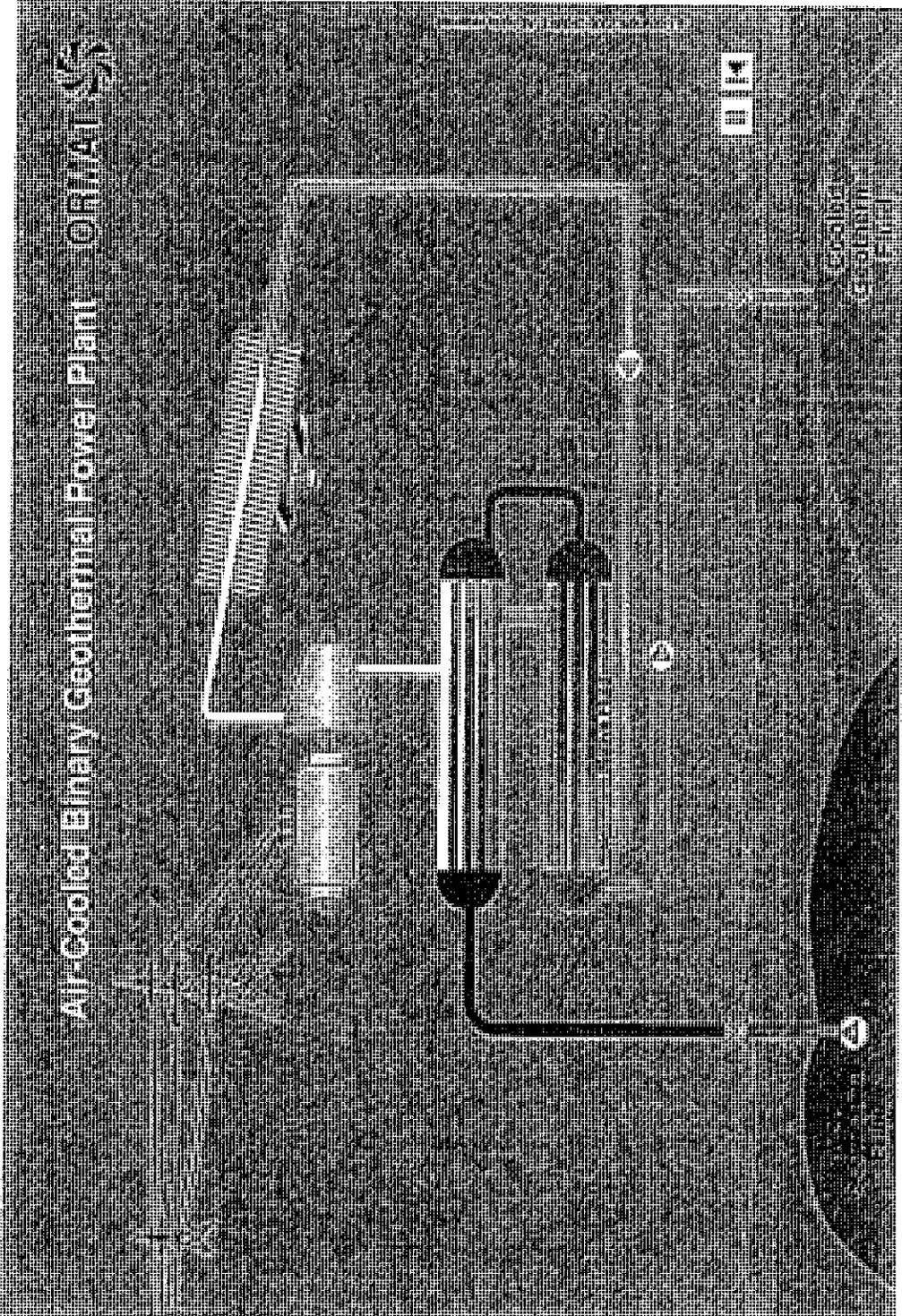
84 MW Steamboat Geothermal  
Power Complex, Nevada



110 MW Mokai Geothermal Combined  
Cycle Plant, New Zealand

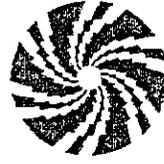


# Technology



# Technology Benefits

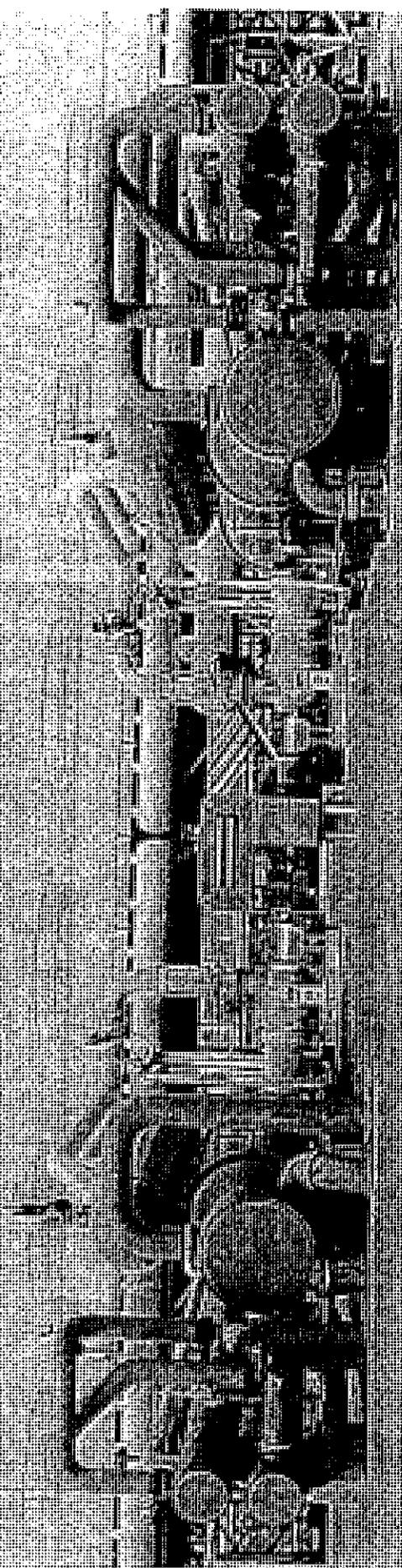
- **Cost Effective**
  - “The cheapest? That would be Ormat's McGinness Hills geothermal project in Lander County, at 8.6 cents per kilowatt hour.”\*
  - Provides long-term fixed power price
  - Reduces price volatility
- **Sustainable & Environmentally Friendly**
  - Projects operating for 20 years at 98% capacity
  - Closed loop system with near zero emissions
  - No water consumption
- **Minimal Surface Use**
  - Plants site = 5 acres
  - Well pads = 2 acres w/ rig (300ft x 300ft)
- **Field Proven**



**ORMAT**<sup>®</sup>

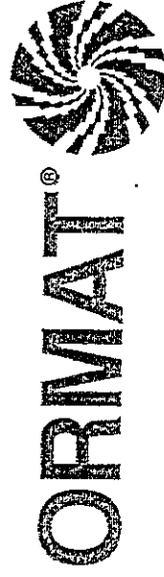
\*Going green not cheap for NV Energy - News - ReviewJournal.com

# McGinness Geothermal Project Lander County, Nevada



# Proposed Project

- Ormat plans to develop Stage 1 of a geothermal power plant 11 miles northeast of Austin, Nevada, expected to deliver 30 MW
- Ormat obtained leases through an agreement with the BLM
  - Ormat paid an upfront lease payment to the BLM of approx. \$3.1 million dollars to secure the development position
- The project steps include drilling and installation of an Ormat Energy Converter (OEC) that will produce energy from hydrothermal reservoirs
- The project will be a state-of-the-art facility utilizing Ormat's innovative air cooling technology



# Request

- **Granting Ormat's abatement request will:**
  - Encourage additional exploration work
  - Allow Ormat to pursue Phase Two of the project which will double production and construction efforts
- **Ormat is requesting abatement for:**
  - Property Tax
  - Sales & Use tax



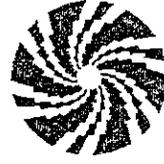
# **Legal Framework**

- **Legislature enacted Assembly Bill 522 during the 2009 Legislative Session, this bill:**
  - **Created separate process for granting tax abatements for renewable energy projects**
  - **Initiated differences from the traditional process of other economic development incentives**
  - **Is incorporated as part of Chapter 701A of the Nevada Revised Statutes**



# Chapter 701A

- NRS 701A.360 provides that applications for partial abatements of property or sales and use taxes for a geothermal energy project must be made to the Nevada Energy Commissioner instead of the Commission on Economic Development
- Nevada Energy Commissioner “shall approve” applications that meet certain requirements (NRS 701A.365) including:
  - 50 or more construction employees, at least 30% of whom are residents of Nevada, at 150% of average wage as determined by DETR
  - Operations and maintenance employees must be paid at least 110% of state average hourly wage
  - Must provide health plan for employees that offers dependent coverage



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# **New Statute Limits Conditions Imposed On Approvals**

- **However, Commissioner “shall not” approve an abatement of property taxes without approval of the county (subsection 2 of NRS 701A.365)**
  - **County “must not” condition the approval on a requirement that the facility agree to purchase on behalf of the county any infrastructure, equipment, facilities or other property that is not directly related to the construction and operation of the facility**
  - **Different from the Economic Development statute which allowed greater flexibility**
  - **Ormat has already partnered with Pershing County, we provided funding to improve the road accessing the Jersey Valley Facility**
  - **We are willing to work with Lander County on similar ‘directly related’ infrastructure**



## **Amount Of Abatements**

- **If partial abatements are granted, Ormat would pay:**
  - **45% of Property Tax for 20 years**
  - **Sales/Use Tax (LSST) of 2.6% (or 2.25%) for First Three Years**
- **The abatements may be terminated if Ormat fails to meet the eligibility requirements**



# Employment Impact

- The project will create the following new jobs in Nevada:
  - Construction and Drilling: 100-150 employees
  - Operating and Maintenance: 8-12 full-time employees
- > 30% will be Nevada Residents
- Ormat will pay > 150% of the average hourly statewide rate
- Health insurance benefits will be offered to the construction employees and O&M employees and their dependents



## Financial Impact

- 30 MW McGinness Hills facility will provide:
  - Power Plant Cost 164,000,000
  - Sales & Use Tax 7,600,000
  - Property Tax (4,300,000)
  - Net Proceeds of Mines Tax 18,000,000
  - Modified Business Tax (9,900,000)
  - Bonus Lease Payment 420,000
  - Royalties to State/County 145,000
  - Royalties to State and County 2,300,000
  - Net Contribution to State and County 9,000,000
- Net Contribution to State and County **187,265,000**



## **Lander County Impact**

- **Of the remaining 2.6% Sales and Use Tax, the county will receive 100% or 3.3 million of that because Ormat is located in Nevada and our LLC will be in Lander County**
- **Of the remaining property tax the county will receive 95% or 9,405,000 million**

- **For questions or concerns please contact Warner Ambrose Nevada Department of Taxation 775.684 2077**

# Lander County Impact

- SEC. 3003. (a) Notwithstanding any other provision of law, for fiscal year 2010 only, all funds received from sales, bonuses, royalties, and rentals under the Geothermal Steam Act of 1970 H. R. 4899—38 (30 U.S.C. §§ 1001 et seq.) shall be deposited in the Treasury, of which—
  - (1) 50 percent shall be used by the Secretary of the Treasury to make payments to States within the boundaries of which the leased land and geothermal resources are located;
  - (2) 25 percent shall be used by the Secretary of the Treasury to make payments to the counties within the boundaries of which the leased land or geothermal resources are located; and
  - (3) 25 percent shall be deposited in miscellaneous receipts.
- **Of the royalties paid on the federal leases, Lander County would receive 25% or 3 million dollars**

For question or concerns please contact Lorenzo Trimble, Geologist - Geothermal Specialist Bureau of Land Management, Nevada State Office Phone: (775) 861-6567

# Lander County Impact

- The 30 MW McGinness Hills facility will contribute to:
  - Road maintenance
  - Reduction in unemployment benefits
  - 12 full-time positions with benefits (\$12 million)
  - Reduction in uninsured individuals
  - Increase in sales tax on taxable items
  - Establishing the renewable industry in Lander County



# Lander County Impact

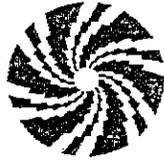
- **A typical 30 MW power plant has an approximate local impact of \$600,000 in Nevada**
- **\$600,000 x 20 years = \$12 million to local vendors**
- **Local Vendors already used include:**
  - Pony Canyon Stop & Go, LLC ,Austin
  - Gerry Lancaster & Darlene Dewey
  - Super 8 Motel
  - Battle Mountain Auto Supply
  - Lander County Landfill
  - Pinion Construction & Exploration
  - Royal Hardware

# Lander County Impact

- A \$14.2 million abatement at the McGinness Hills facility will Provide Lander County:
  - Sales & Use Tax 3.3 million
  - Property Tax 9.4 million
  - Bonus Lease Payment 2.3 million
  - Royalties to State/County 3.0 million
  - Local Vendor Impact 12 million
  - Full-time employment 12 million
  - Phase 2 42 million
  
- Net return on investment for County: 84 million

## **Financial Impact**

- **By providing an abatement to the McGinness Hills facility Lander County creates:**
  - **An opportunity for Ormat to expand its facility**
  - **Additional capital investment**
  - **Additional employment**
  - **A more stable electrical market**
  - **A model of success and collaboration which induces additional development in County**



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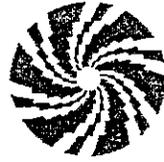
## Quick Metrics

- **30 MW in operation in 2011**
  - = 22,500 homes or 90,000 people
  - = \$164,000,000 investment
- **60 MW online in the future**
  - = 45,000 homes or 180,000 people
  - = \$328,000,000 total investment



## **Ormat's Environmental Impact**

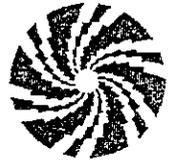
- **Ormat's 30 MW of geothermal power in Lander County will annually:**
  - **Avoiding emission of 225,000 tons of CO2**
  - **Saving 450,000 barrels of oil we don't have to import from other countries (the equivalent fuel used by 450 cars)**



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## Summary

- Ormat is developing world class geothermal power plants in Nevada
- Ormat is committed to successfully implementing innovative technologies
- Ormat needs Lander County's support for tax incentives to enable the expansion and continued development of the McGinness Hills geothermal project



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SADIE SULLIVAN  
LANDER COUNTY CLERK  
LANDER COUNTY NEVADA  
315 S.HUMBOLDT STREET  
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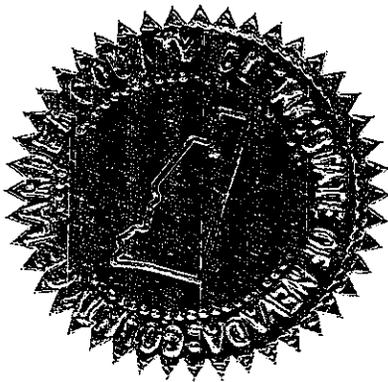
The document to which this certificate is attached is a full, true and correct copy of the original on file and of record in my office.

Lander County Commission Meeting Of December 9, 2010 (Commission minutes and Item number 7 of the Commission meeting)

DATE: March 21, 2014

SADIE SULLIVAN, COUNTY CLERK AND CLERK OF THE SIXTH JUDICIAL DISTRICT COUNTY, IN AND FOR THE COUNTY OF LANDER, STATE OF NEVADA.

BY: Mary Ann May, Deputy





Commissioners, as presented by Executive Director Gene Etcheverry. Commissioner Sparks moved to ratify the Employment Agreement between Lander County and Soveida Robinson for the position of Human Resources Director/Assistant to the Commissioners; and authorize the Chairman to sign. Seconded by Commissioner Stienmetz, the motion was voted and carried unanimously. Ratification Approved.

6) **Discussion & Possible Action Regarding County Financial Cooperation With Nevada Rural Housing Authority (NRHA) For Housing Project In Town Of Austin:**

Let the record reflect the presence of Austin, via telephone conference, and Dave Craig, Nevada Rural Housing Authority for this discussion. Executive Director Gene Etcheverry updated the Board regarding this matter, as follows:

- \* A possible financial cooperation between LC & NRHA for a housing project in Austin is presented for consideration;
- \* NRHA is contemplating a housing project to be constructed in the Town of Austin;
- \* The project would consist of 'loft-style' townhomes constructed within the footprint of the old Austin School.

Mr. Craig presented an Austin School Housing Project overview to the Board. Austin resident **Dee Helming** appeared before the Board to present testimony in favor of the proposed housing project. Austin Historical Board Member **Philip Williams** appeared before the Board to state his support for the housing project. There was general discussion regarding the proposed scope of work for the project. Commissioner Sparks made the following comment for the record:

"I think it's a good concept for Austin. My concern would be that it's federal money with Section 8 tied to it. If it's done correctly, we can generate an income base instead of a liability to the county."

Mr. Craig assured the Board that no Section 8 monies would be tied to the project. There was general discussion regarding the pros and cons of proceeding with a feasibility study for the proposed housing project. Commissioner Sparks moved to approve the Nevada Rural Housing Authority idea in concept and reserve any other idea on it until actual financial impacts/ramifications of financial impacts are reviewed at a later date. Seconded by Commissioner Stienmetz, the motion was voted and carried unanimously. Approved.

7) **Discussion & Possible Action Regarding Presentation Of Updated Information By Ormat Technologies On McGinness Hills Geothermal Project & Petition For Consideration Of Tax Abatements Pursuant To Provisions Of NRS Chapter 701A:**

Let the record reflect the presence of Austin, via telephone conference; Paul Thomsen, Ormat Technologies; and Scott Scherer, Holland & Hart LLP, for this discussion. Executive Director Gene Etcheverry provided the following background information:

- \* Ormat Technologies representatives will present updated information on the McGinness Hills Geothermal project & petition the Board for consideration of tax abatements, pursuant to the provisions of NRS 701A;
- \* The requested abatements are pursuant to AB 522 passed by the 2009 NV State Legislature & incorporated



- \* into NRS at Chapter 701A;
- \* Abatements impact sales tax components collected by the State on behalf of LC for a period of three years;
- \* Direct impact of sales tax abatement can't be estimated under current distribution formulas due to variability in construction costs & the fact that LC remains a 'guaranteed county' under the current distribution formula;
- \* The estimated impact of the property tax abatement is \$14 million over the course of 20 years;
- \* Ormat representatives have stated that the property tax abatement will provide resources for subsequent expansion of the McGinness Hills project, taking the facility from a 30 MW to 60 MW production capacity;
- \* The Board has 30 days from receipt of the abatement application to either approve or deny;
- \* In the event no action is taken within 30 days, the effect is the same as the application having been denied;
- \* LC received Ormat's application November 18, 2010.

Mr. Thomsen presented the following McGinness Hills Geothermal Project overview to the Board:

### McGINNESS HILLS GEOTHERMAL PROJECT

- I. Ormat At A Glance
  - Vertically integrated renewable energy company; Geothermal & recovered energy power projects.
  - Flexible business model in energy industry.
- II. Ormat ORC Technology World-Wide
  - 1,000 MW of deployed technology.
- III. Technology & Technology Benefits
  - Air-cooled binary geothermal power plant; Cost effective; Sustainable & Environmentally-Friendly.
  - Minimal surface use; Field proven.
- IV. Proposed Project
  - Develop stage 1 of geothermal power plant 11 miles NE of Austin that is expected to deliver 30 MW.
  - Leases obtained through agreement w/BLM.
  - Up front lease payment of approximately \$3.1 million paid to BLM to secure development position.
  - Project will consist of drilling/installing OEC that will produce energy from hydrothermal reservoirs.
  - Project will be state of art facility utilizing Ormat's innovative air cooling technology.
- V. Request
  - Granting abatement request will encourage additional exploration work & allow Ormat to pursue phase 2 of the project which will double production & construction efforts.
  - Abatement request for property tax & sales/use tax.
- VI. Legal Framework
  - Legislature enacted AB 522 during the 2009 Legislative Session.
  - Chapter 701A; New statute limits conditions imposed on approvals.
- VII. Amount Of Abatements
  - If partial abatements granted, Ormat would pay 45% of property tax for 20 years & sales/use tax of 2.6% for first three years.
  - Abatements may be terminated if Ormat fails to meet eligibility requirements.
- VIII. Employment Impact
  - Project will create new construction/drilling & operating/maintenance jobs in Nevada.
  - More than 30% will be Nevada residents.
  - Ormat will pay more than 150% of the average hourly statewide rate.
  - Health insurance benefits will be offered to construction/O&M employees & their dependents.
- IX. Financial Impact
  - 30 MW McGinness Hills facility will provide a net contribution of \$187,265,000.
  - 30 MW McGinness Hills facility will contribute to road maintenance, reduction in unemployment benefits, 12 full time positions w/benefits, reduction in uninsured individuals, increase in sales tax on taxable items &

**Provide Safety, Quality Service & Responsible Fiscal Management  
For Present & Future**



- renewable industry in LC.
  - Abatement creates opportunity for Ormat to expand facility, additional capital investment/employment, more stable electrical market & model of success/collaboration inducing additional development in LC.
- X. Quick Metrics
- 30MW - in operation in 2011=22,500 homes or 90,000 people=\$164,000,000 investment.
  - 60MW - online in future=45,000 homes or 180,000 people=\$328,000,000 total investment.
- XI. Environmental Impact
- 30MW geothermal power in LC will annually avoid emission of 225,000 tons of CO<sub>2</sub> & save 450 barrels of imported oil from other countries.
- XII. Summary
- Ormat is developing world class geothermal power plants in NV.
  - Ormat is committed to successfully implementing innovative technologies.
  - Ormat needs LC's support for tax incentives to enable expansion & continued development of the project.

Mr. Thomsen presented testimony regarding the financial impact of the requested tax abatements to Lander County. Commissioner Sparks made the following comment for the record:

"You're going to pretty much build a 30 MW power plant. The dollars we're looking to abate is basically for building the second phase, which you stated at the last meeting you couldn't guarantee. Fourteen million dollars does a lot for our streets and water/sewer infrastructure. I don't like the State saying we have to do this. There's not a partial negotiation here. They're saying we're going to abate \$14 million and that's the way it is. I don't think the State always acts in the best interests of the taxpayers of LC."

Mr. Thomsen responded to Commissioner Sparks' comment, as follows:

"I can't guarantee you the first power plant or the second phase. We're committed to trying everything in our power to make this project a reality. We're committed to drilling the wells and doing the flow tests. Everything we do is on this forward-looking hope. This abatement mostly impacts the second phase, but it continues to impact the first phase. If we start to run into problems with production in certain wells and need to drill additional injection wells, this capital will allow us to reinvest in the project and make the first 30 as successful as it can be and to commit to doing everything in our power to bring on the second 30 MW."

Commissioner-Elect **Dave Mason** appeared before the Board to state his opposition to the requested tax abatements for Ormat Technologies. Mr. Thomsen made the following comment for the record:

"The geothermal industry is trying to grow. People are leasing federal lands. You're going to persuade them not to lease federal lands in Lander County if this county isn't willing to engage and try to work with future developers. The County received \$2.3 million for not doing a thing other than having a good geothermal resource under their land. We hope if we can be a model and bring in a successful project, other developers will look at Lander County and lease lands. This is a big deterrent to future development of that."

**Bertha Dorothy**, Super 8 Motel Manager, appeared before the Board to make the following comment for the record:

"I've been working with Ormat for a long time. They have quality people that come with them. They

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For Present & Future**



pay their bills; they're great people. It would be very detrimental to the motel business if we don't have them."

Mr. Thomsen presented testimony regarding Ormat Technologies' plan to use the requested tax abatement monies for both phases of the geothermal project. Commissioner-Elect **Brian Garner** appeared before the Board to make the following comment for the record:

"I have a couple of businesses in town and I haven't seen any Ormat dollars. I've seen a ton of trucking companies from Reno and surrounding areas haul all this stuff in and out. I never got a call!"

There was general discussion regarding the pros and cons of approving the tax abatements requested by Ormat Technologies. Austin resident **Dee Helming** appeared before the Board to present testimony regarding the positive economic impact of Ormat's geothermal plant to southern Lander County. Commissioner Williams moved to approve Ormat Technologies application for abatement for the McGinness Hills Geothermal project; and gain concrete commitments from Ormat on employee housing, road maintenance and emergency services for the life of the facility, seconded by Commissioner Schmidt. The motion was voted and failed to pass with Commissioners Williams and Schmidt voting "AYE" and with Commissioners Sparks, Stienmetz and Chapin voting "NO". Disapproved.

Commissioner Sparks moved to approve a letter of support for the abatement of the sales use tax. Seconded by Commissioner Schmidt, the motion was voted and carried unanimously. Approved.

- 8) **Discussion & Acceptance Of Preliminary Community Development Block Grant (CDBG) Applications For Year 2011 Grant Cycle:** Let the record reflect the presence of Austin via telephone conference. The Board reviewed and discussed three preliminary projects for CDBG applications, presented by Executive Director Gene Etcheverry, as follows: a) a housing project for the Town of Austin on behalf of the Austin Historical Society; b) ongoing infrastructure needs for the Austin Sewer & Water GID #2; and, c) a stairway project Jan Morrison is requesting between the Austin Loneliest Highway Visitors Center and St. Augustine's Church. Commissioner Stienmetz moved to accept the preliminary Community Development Block Grant applications. Seconded by Commissioner Williams, the motion was voted and carried unanimously. Approved.
- 9) **Discuss & Approve/Disapprove Maintenance & Support Agreement #003064-002 Between Lander County Sheriff's Office & Morpho Trak For Livescan Fingerprint Machine Located In Detention Facility:** Let the record reflect the presence of Austin, via telephone conference, and Sheriff Ron Unger for this discussion. The Board reviewed and discussed the Maintenance and Support Agreement between the Lander County Sheriff's Office and Morpho Trak for the Livescan fingerprint machine located in the Lander County Detention Facility, as presented by Executive Director Gene Etcheverry. Commissioner Stienmetz moved to approve Maintenance and Support Agreement

LANDER COUNTY COMMISSION MEETING  
December 9, 2010  
**AGENDA ITEM NO. 7**

*THE REQUESTED ACTION OF THE LANDER COUNTY COMMISSION IS TO:*  
Discussion and possible action regarding presentation of updated information by Ormat Technologies on the McGinness Hills Geothermal project and petition for consideration of tax abatements, pursuant to the provisions of NRS Chapter 701A, and other matters properly relating thereto.

Public comment.

***Background:***

Ormat Technologies representatives will present updated information on the McGinness Hills Geothermal Project and petition the Commission for consideration of tax abatements, pursuant to the provisions of Nevada Revised Statutes (NRS) Chapter 701A.

The abatements requested are pursuant to Assembly Bill 522, passed by the 2009 Nevada State Legislature and incorporated into NRS at Chapter 701A. The abatements would impact the sales tax components collected by the State of Nevada on behalf of Lander County for a period of three (3) years, per the provisions of NRS 701A.370(1)(a), as follows: BCCRT –Basic City-County Relief Tax; SCCRT - Supplemental City-County Relief Tax; County Option Sales Tax (1/4-cent Infrastructure Tax [Water-Sewer Projects]). The abatement would reduce the ad valorem (property) tax for the facility by 55% over a period of 20 years, per the provisions of NRS 701A.370(1)(b). It is important to note that the Local School Support Tax (LSST) component of the sales tax collections are unaffected by this abatement.

The direct impact of the abatement of sales tax cannot be estimated under the current sales tax distribution formula. The ‘number’ would be the product of taxable goods purchased during the construction of Ormat’s facilities, and other taxable purchases during the three (3) year abatement period, multiplied by the rate of County sales tax components (2.50%). The reason an impact cannot be established is the variability in the construction cost estimate and, most importantly, Lander County remains a “Guaranteed County” under the current distribution formula. Therefore the only reasonable estimated current impact would be “zero”.

The estimated impact of the 55% property tax abatement is \$14 Million over the course of 20 years. (For discussion purposes, 45% property tax estimated to be collected by Lander County, if abatement is granted, equates to approximately \$11 Million over the 20-year period.) Ormat representatives have stated that the property tax abatement will provide the resources for subsequent expansion of the McGinness Hills Project, taking the facility from 30 Megawatt production capacity to 60 Megawatt capacity. It is important to note that there is no provision within NRS 701A.370(1)(b) to offer a percentage or term of abatement differential from those stated in the statute.

The Commission has 30 days from receipt of the Application for Abatement to either approve or deny the Application. In the event no action is taken on the application within 30 days, the effect is the same as the application having been denied. (NRS 701A.365) The date the application was received by Lander County is November 18, 2010.

***Recommended Action:***

It is recommended that the Commission approve the Ormat Technologies Application for Abatement for the McGinness Hills Geothermal Project and gain concrete commitments from Ormat on employee housing, road maintenance and emergency services for the life of the facility.

**Nevada Renewable Energy Abatement  
McGinness Hills  
Table of Contents**

- A. Application Checklist
  
- B. Application (CONFIDENTIAL)
  - Facility Information
  - Employment Information
  - Construction Employee Salary
  - Permanent Employee Salary
  - Supplemental Information
  - Tax Summary Sheet
  - Personal Property Sheet
  - Real Property/Improvement Sheet
  - Land Location Sheet
  - Operating Leases
  - Contributions in Aid of Construction (“CIAC”)
  - Sales Tax for years 1-3
  - Confidentiality Statement Certification
  - Application Checklist Requirement Addendum which includes:
    1. Company Narrative (including items 1-13 on checklist)
    2. Statement of annual energy consumption/sources of energy
    3. Names of Construction Companies
    4. Corporate Profile
  - Business Plan
  - Current listing of Permits
  - Map of Project
  
- C. Application (REDACTED)
  
- D. Copy of the PUC
  
- E. Annual Report
  
- F. Copy of Business License (Ormat Nevada, Inc.)

State of Nevada  
Renewable Energy Tax Abatements Application

REDACTED

**Certification**

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

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

Eyal Hen  
Name of person authorized for signature:

Controller  
Title:

  
Signature:  
11-1-10  
Date:

# Renewable Energy Tax Abatements Application and Checklist

## Office of Nevada Energy Commissioner



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

- Application Filing Number (AFN) (assigned by the Office of Nevada Energy Commissioner).  
Contact the Office of Nevada Energy Commissioner prior to submitting your application package for AFN
- Table of Contents for the application
- A Statement of the estimation for the annual energy consumption of the facility and the sources of the energy  
(provide a quantitative source distribution of the energy consumed by the facility)
- Create a narrative regarding your application which includes:
  - 1) Abatements applied (Sales and Use Tax Abatement or Property Tax Abatement or both)
  - 2) A brief description of the technology and complete facility, including the physical point at which the ownership of energy is transferred and nature of the connection to the transmission grid
  - 3) A legal description of the location of the proposed facility
  - 4) A description of energy benefits of the proposed facility that Nevada and the western region will benefit from
  - 5) A financial evaluation of the impact of abatements on the sale price of electricity
  - 6) Capital investment that the proposed facility will make in Nevada (totals from schedules 1 through 5, sum of C8 through C12 from the "Summary Sheet" )
  - 7) A statement of anticipated sources of financing for the facility from Nevada, another state, a federal agency and/or any other financing entity
  - 8) The number of full-time equivalent construction employees during the second-quarter of construction and their hourly wage
  - 9) The number and percentage of construction employees who will be residents of Nevada
  - 10) A description of health insurance plan that will be offered to construction employees
  - 11) The number of new full-time equivalent permanent employees by the end of its first fourth-quarter of operations and their average hourly wage
  - 12) The length of facility operation term that the company will be maintaining their business in Nevada
  - 13) A financial evaluation of Nevada's gain due to employment of Nevada residents and the capital investments by the facility versus loss of tax revenue that will result from the abatement to Nevada (cost-benefit analysis)
- Facility Information Form
- Employment Information, Construction and permanent employee salary schedules
- Supplemental Information Form
- Taxation Reporting Forms (Summary Sheet and Schedules 1 through 8)
- Names and contact information of the construction company(s), contractor(s), and subcontractor(s)
- A letter from the utility or company that the facility has agreed on a PPA, LOI, or MOU  
• Describe the highlights of PPA, LOI, or MOU agreement (NO Letter obtained - see PUC doc for referene to PPA)
- A copy of the PUC and/ or FERC Docket if any PUC and/or FERC filing has started
- A copy of the most recent property tax assessment Notice and Tax Bill (Not Applicable)
- Copy of the Business Plan for the Nevada Facility
- Corporate Profile:
  - 1) Describe in detail the company's operations
  - 2) Worldwide annual sales and employment
  - 3) Location of plants and description of operations at each site
  - 4) Markets—including international
- Annual Report
- Confidential Information Identification Form
- Any other information requested by the Nevada Energy Commissioner
- Certification

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

[energy@renewable.nv.gov](mailto:energy@renewable.nv.gov)

Please submit:

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

**PLEASE NOTE THAT :**

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

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

Jim Gibbons  
Governor

STATE OF NEVADA



James Groth, Director  
755 N. Roop Street  
Suite 202  
Carson City, NV 89701  
(775) 687-1850  
Fax: (775) 687-1869

OFFICE OF THE GOVERNOR  
NEVADA STATE OFFICE OF ENERGY

To: Nevada Commission on Economic Development  
Lander County Board of Commissioners  
Lander County Assessor  
Lander County Treasurer

18 November 2010

In accordance with the provisions of NRS 701A.360(2), the State Energy Office is forwarding *redacted copies* of the following application(s) for partial abatement of local sales and use taxes and taxes imposed pursuant to chapter 361 of NRS:

Project Name

Application Filing Number (AFN)

Ormat McGinness Hills Geothermal

10-10006G

This application has also been forwarded to the Office of the Nevada Energy Commissioner / Renewable Energy and Energy Efficiency Authority for approval pursuant to NRS 701A.365.

If you require access to any redacted information in order to complete processing these abatements, please contact Ms. Lorayn Walser at: [lwalsen@energy.nv.gov](mailto:lwalsen@energy.nv.gov) to obtain a Confidentiality Agreement.

Notice to County Treasurers

In accordance with NRS 701A.360(4), notice is hereby given that you may request a presentation from the applicant regarding the facility applying for partial property, sales, and use tax abatements.

Requests for presentation must be made to the applicant within 30 days after receipt of the application.

Sincerely,

A handwritten signature in black ink, appearing to read "James Groth", written over a horizontal line.

James Groth  
Director

For a complete copy of NRS 701A please go to: <http://search.leg.state.nv.us/isvsquery/irl5c6/1/doc>

Jim Gibbons  
Governor

STATE OF NEVADA



James Groth, Director  
755 N. Roop Street  
Suite 202  
Carson City, NV 89701  
(775) 687-1850  
Fax: (775) 687 1869

OFFICE OF THE GOVERNOR  
NEVADA STATE OFFICE OF ENERGY

Notice to Board of County Commissioners

The board of county commissioners must approve or deny the application not later than 30 days after the board receives a copy of the application. The board of county commissioners must not condition the approval of the application on a requirement that the facility for the generation of electricity from geothermal resources agree to purchase, lease or otherwise acquire in its own name or on behalf of the county any infrastructure, equipment, facilities or other property in the county that is not directly related to or otherwise necessary for the construction and operation of the facility. If the board of county commissioners does not approve or deny the application within 30 days after the board receives the application, the application shall be deemed denied. (NRS 701A.365.2)\*

\*For a complete copy of NRS 701A please go to: <http://search.leg.state.nv.us/isysquery/irl5c6/1/doc>



JIM GIBBONS  
Governor

THOMAS R. SHEETS  
Chair, Nevada Tax Commission

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 Bldg, 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)688-1295 Fax (775) 688-1303

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

ORMAT NEVADA INC  
6225 NEIL RD #300  
RENO NV 89511

Correspondence ID: 0900004205824  
Taxpayer ID: 1002193540  
Date: 08/11/2009

Dear Taxpayer:

Your Business License registration application has been processed and the taxpayer identification number assigned to you is 1002193540. Please use this number on any correspondence with the Department of Taxation. Please review your attached license. You should advise the Department of Taxation promptly of any changes to your business information or of any additional locations. This license is renewed annually and you will receive a renewal notice in the mail prior to your license expiration. Entities no longer in business in this state must submit a written statement to the Department at least 10 days before their anniversary date in order to avoid the annual fee and a penalty for non-payment.

For more information on filing and payment options, including on-line payment and account inquiries, visit our website at <http://tax.state.nv.us>. To pay your taxes online or view your account online you will need to register your business by answering a few simple questions on our website. Your pre-approved authorization code is: 33315B6F-12BC-4719-8338-50FDB55A8040.



NEVADA STATE BUSINESS LICENSE

State of Nevada  
Department of Taxation

ORMAT NEVADA INC

<p><b>Taxpayer Identification Number:</b> 1002193540</p> <p><b>Expiration Date:</b> 07/31/2010</p>
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In accordance with Title 32 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. Pursuant to NRS 360.780.5, it shall be considered valid until the expiration date listed above unless suspended or revoked for good cause in accordance with Title 32.

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



JIM GIBBONS  
Governor

ROBERT R BARENGO  
Chair, Nevada Tax Commissioner

DINO DICIANNO  
Executive Director

## STATE OF NEVADA DEPARTMENT OF TAXATION

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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

Orni 15, LLC (Ormat Nevada, Inc.)  
Jersey Valley

#### **Background**

The project is located on public land 50 miles southeast of Battle Mountain, Nevada. The project will produce 15 megawatts of electricity using a binary system consisting of hybrid water and air cooled units. The project will supply energy to the Sierra Pacific Power Company (SPPCo) electrical transmission system.

As stated by Ormat Technologies, Inc. in its SEC 10-k report to the SEC for the year ended December 31, 2009:

Hydrothermal geothermal energy is derived from naturally occurring hydrothermal reservoirs that are formed when water comes sufficiently close to hot rock to heat the water to temperatures of 300 degrees Fahrenheit or more. The heated water then ascends toward the surface of the earth where, if geological conditions are suitable for its commercial extraction, it can be extracted by drilling geothermal wells. The energy necessary to operate a geothermal power plant is typically obtained from several such wells which are drilled using established technology that is in some respects similar to that employed in the oil and gas industry. Geothermal production wells are normally located within approximately one to two miles of the power plant as geothermal fluids cannot be transported economically over longer distances due to heat and pressure loss. The geothermal reservoir is a renewable source of energy if natural ground water sources and reinjection of extracted geothermal fluids are adequate over the long-term to replenish the geothermal reservoir following the withdrawal of geothermal fluids and if the well field is properly operated. Geothermal energy power plants typically have higher capital costs (primarily as a result of the costs attributable to well field development) but tend to have significantly lower variable operating costs (principally consisting of maintenance expenditures) than fossil fuel-fired power plants that require ongoing fuel expenses. In addition, because geothermal energy power plants produce 24hr/day weather independent power, the variable operating costs are lower.<sup>1</sup>

In the United States, the purchasers of power from our power plants are typically investor-owned electric utility companies. In each case, we enter into long-term contracts (typically called PPAs) for the sale of electricity or the conversion of geothermal resources into electricity. A power plant's revenues under a PPA used to consist of two payments — energy payments and capacity payments, however our recent PPAs provide for energy payments only. Energy payments are normally based on a power plant's electrical output actually delivered to

<sup>1</sup> Ormat Technologies, Inc. - 10-K Report to SEC for the year ended December 31, 2009 - 15

the purchaser measured in kilowatt hours, with payment rates either fixed or indexed to the power purchaser's "avoided" power costs (i.e., the costs the power purchaser would have incurred itself had it produced the power it is purchasing from third parties, such as us) or rates that escalate at a predetermined percentage each year.<sup>2</sup>

Currently, geothermal power plants are valued by the Department as locally assessed property on behalf of the counties pursuant to 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."

## **Analysis**

In general, locally assessed real property must be valued according to the requirements of NRS 361.227. Replacement cost new of the improvements, less depreciation at the rate of 1-1/2% per year for a maximum of 50 years, is added to the full cash value of the improved land. Personal property is valued based on acquisition cost less depreciation identified in the Personal Property Manual approved by the Nevada Tax Commission.

The Taxpayer did not report a purchase price for land. The county assessor has a current taxable value of \$1,143,449, or \$135 per acre for 8,470 acres. The acreage includes five BLM leases for drilling the steam heat resource. For purposes of this analysis, the Assessor's taxable value was used for the value of land in 2010. 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 Pershing County from 2000-01 to 2009-10.<sup>3</sup>

The Taxpayer also reported several project cost areas as "personal" property rather than as real property. The Department used the acquisition cost reported by the Taxpayer for each cost center but determined that all components were real property, based on the framework for analysis provided in the 2011-12 Personal Property Manual, Appendix F. In particular, the criteria for determining whether property is real or personal are based on the following:

- (1) An item is real property if it is attached to, imbedded in or permanently resting upon land or an improvement, or is attached by other means that are normally used for permanent installation, and cannot be removed without substantially damaging the item or the land or improvement with which it is being used; or
- (2) An item is real property if the use or purpose of an item that is not otherwise physically annexed to land or an improvement is so adapted that it is:
  - (1) A necessary, integral or working part of the land or improvement;
  - (2) Designed or committed for use with the land or improvement; or
  - (3) So essential to the land or improvement that the land or improvement cannot perform its desired function without the nonattached item.

Underlying both the physical or constructive annexation tests is a determination of intent. An assessor must consider whether the item is intended to be a permanent part of the land or improvement, taking into account physical or constructive annexation, and other objective manifestations of permanence.

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<sup>2</sup> Ormat Technologies, Inc. - 10-K Report to SEC, for the year ended December 31, 2009: p. 30

<sup>3</sup> Department of Taxation, "Statistical Analysis of the Roll," 2009. Pershing County's average growth rate from 2000-01 to 2009-10 was .82%. State of Nevada's average growth rate for the same period was 11.22%.

The typical components of a geothermal generation facility consist of site preparation activities, including 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.

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 the BLM geothermal lease NVN-77483<sup>4</sup> and Nevada Power's integrated resource plan approved by the PUCN, which indicates that a purchase power agreement has been signed for a period of 20 years from the commencement of production, this generation facility appears to be intended as a permanent installation. This analysis therefore applies the requirements of NRS 361.227(1)(b) to determine the taxable value of the improvements. Depreciation of an improvement must be calculated at 1.5 percent of the cost of replacement for each year of adjusted actual age of the improvement up to a maximum of 50 years.

The Department also did not adjust upward the reported acquisition cost to reflect any appreciation. The Department used the current tax rate of \$3.0968 per hundred (0.030968) for Tax District 2 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 as between the State of Nevada Renewable Energy Fund (General Fund in the first year only) and local governments, in the proportion of 45/55. Stated another way, 55% of the total taxes generated by the estimated taxable value is abated. Of the remaining 45% of tax dollars, 45% is distributed to the State of Nevada Renewable Energy Fund (or the General Fund in 2010 only) and 55% is distributed to local governments. The calculation assumes the State of Nevada loses the 17 cent per hundred levy for the State debt fund.

### ***Estimate of Tax Abatement***

Based on the assumptions and conditions noted above, the estimated fiscal impact for the duration of the abatement for 20 years is as follows:

Total Taxable Value of the Project in 2010:	\$89,712,450
Total Taxable Value of the Project in 2029:	\$64,708,248

<sup>4</sup> Ormat Technologies, Inc. - 10-K Report to SEC, for the year ended December 31, 2009: p. 33: "BLM leases issued after August 8, 2005 have a primary term of ten years. If the geothermal lessee does not reach commercial production within the primary term the BLM may grant two five-year extensions if the geothermal lessee: (i) satisfies certain minimum annual work requirements prescribed by the BLM for that lease, or (ii) makes minimum annual payments. Additionally, if the geothermal lessee is drilling a well for the purposes of commercial production, the primary term (as it may have been extended) may be extended for five years and as long thereafter as steam is being produced and used in commercial quantities (meaning the geothermal lessee either begins producing geothermal resources in commercial quantities or has a well capable of producing geothermal resources in commercial quantities and is making diligent efforts to utilize the resource) for thirty-five years. If, at the end of the extended thirty-five year term, geothermal steam is still being produced or utilized in commercial quantities and the lands are not needed for other purposes, the geothermal lessee will have a preferential right to renew the lease for fifty-five years, under terms and conditions as the BLM deems appropriate."

Estimated capital cost per kW (89,712,450/15,000)      \$5,981/kW

Total Taxes Due, First Year After Completion:	\$ 972,375
Total Renewable Energy Abatement @ 55%:	\$ 534,806
Total Taxes Available to Local Governments and Energy Fund:	\$ 437,569
Total Taxes Available to Local Governments only	\$ 240,663

The amount of the abatement for each year thereafter approximates the amount obtained in the first year and continues during the period of abatement as follows:

Total Taxes Due during Period of Abatement (20 years):	\$16,734,164
Total Renewable Energy Abatement, 20 years:	\$ 9,203,790
Total Taxes Available to Local Governments and Energy Fund:	\$ 7,530,374
Total Taxes Available to Local Governments only	\$ 4,141,706

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

Nevada Department of Taxation  
 Component Descriptions  
 Renewable Energy Generation Facilities

BY ORMAT NEVADA, INC.) 15 MW Lovelock-Pershing County, Assessed by Department pursuant to NRS 362.100

Item	REPORTED BOOK COST	2010	2011	2012	2013	2014	2015	2016
Land and Right of Ways, estimated appraior	\$ 1,143,450	\$ 1,143,450	\$ 1,154,885	\$ 1,166,433	\$ 1,178,098	\$ 1,189,879	\$ 1,201,777	\$ 1,213,79
Per Owner = 8,470 Acres @ \$9.33/Acre = \$79,001 RCN leased @ \$1/acre = \$8,470 (Sch. 2)		0%	98.5%	97.0%	95.5%	94.0%	92.5%	91.0%
Rate of Depreciation for Real Property								
Engineering & other Construction improve	\$ 8,160,000	\$ 8,160,000	\$ 8,037,600	\$ 7,915,200	\$ 7,792,800	\$ 7,670,400	\$ 7,548,000	\$ 7,425,60
Start-up & Testing	\$ 175,000	\$ 175,000	\$ 172,375	\$ 169,750	\$ 167,125	\$ 164,500	\$ 161,875	\$ 159,25
Fees	\$ 1,300,000	\$ 1,300,000	\$ 1,280,500	\$ 1,261,000	\$ 1,241,500	\$ 1,222,000	\$ 1,202,500	\$ 1,183,00
Project Mgmt and Admin	\$ 1,600,000	\$ 1,600,000	\$ 1,576,000	\$ 1,528,720	\$ 1,459,928	\$ 1,372,332	\$ 1,480,000	\$ 1,456,00
and Gathering System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Geothermal System	\$ 635,000	\$ 635,000	\$ 625,475	\$ 615,950	\$ 606,425	\$ 596,900	\$ 587,375	\$ 577,85
Gathering System & installation improve	\$ 3,500,000	\$ 3,500,000	\$ 3,447,500	\$ 3,395,000	\$ 3,342,500	\$ 3,290,000	\$ 3,237,500	\$ 3,185,00
Drilling & improvement drilling	\$ 37,859,000	\$ 37,859,000	\$ 37,291,115	\$ 36,723,230	\$ 36,155,345	\$ 35,587,460	\$ 35,019,575	\$ 34,451,69
OEC Unit	\$ 15,865,000	\$ 15,865,000	\$ 15,627,025	\$ 15,389,050	\$ 15,151,075	\$ 14,913,100	\$ 14,675,125	\$ 14,437,15
Transportation of Equipment	\$ 2,100,000	\$ 2,100,000	\$ 2,068,500	\$ 2,037,000	\$ 2,005,500	\$ 1,974,000	\$ 1,942,500	\$ 1,911,00
Spare Parts/Supplies and Sales & Use	\$ 2,655,000	\$ 2,655,000	\$ 2,615,175	\$ 2,575,350	\$ 2,535,525	\$ 2,495,700	\$ 2,455,875	\$ 2,416,05
Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Auxiliary System	\$ 1,510,000	\$ 1,510,000	\$ 1,487,350	\$ 1,464,700	\$ 1,442,050	\$ 1,419,400	\$ 1,396,750	\$ 1,374,10
Small wet cooling towers, including	\$ 50,000	\$ 50,000	\$ 49,250	\$ 48,500	\$ 47,750	\$ 47,000	\$ 46,250	\$ 45,50
Unit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water system	\$ 640,000	\$ 640,000	\$ 630,400	\$ 620,800	\$ 611,200	\$ 601,600	\$ 592,000	\$ 582,40
Electrical System	\$ 2,550,000	\$ 2,550,000	\$ 2,511,750	\$ 2,473,500	\$ 2,435,250	\$ 2,397,000	\$ 2,358,750	\$ 2,320,50
Interconnection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transmission Line	\$ 2,910,000	\$ 2,910,000	\$ 2,866,350	\$ 2,822,700	\$ 2,779,050	\$ 2,735,400	\$ 2,691,750	\$ 2,648,10
Installation	\$ 7,060,000	\$ 7,060,000	\$ 6,954,100	\$ 6,848,200	\$ 6,742,300	\$ 6,636,400	\$ 6,530,500	\$ 6,424,60
<b>TOTAL TAXABLE VALUE, BY YEAR</b>	<b>\$ 89,712,450</b>	<b>\$ 89,712,450</b>	<b>\$ 88,395,350</b>	<b>\$ 87,055,084</b>	<b>\$ 85,693,421</b>	<b>\$ 84,313,072</b>	<b>\$ 83,128,103</b>	<b>\$ 81,811,581</b>

Nevada Department of Taxation  
Component Descriptions  
Renewable Energy Generation Facilities

BY ORMAT NEVADA, INC.), 15 MW Lovelock-Pershing County, AI

Item	REPORTED BOOK COST	2018	2019	2020	2021	2022	2023	2024
Land and Right of Ways, estimated appraior \$ Per-Owner = 8,470 Acres@ \$9.33/Acre = \$79,001 RCN leased @ \$1/a	1,143,450 \$	1,238,193 \$	1,250,574 \$	1,263,080 \$	1,275,711 \$	1,288,468 \$	1,301,353 \$	1,314,36
Rate of Depreciation for Real Property		88.0%	86.5%	85.0%	83.5%	82.0%	80.5%	79.0%
Engineering & other Construction improve Start-up & Testing	8,160,000 \$	7,180,800 \$	7,058,400 \$	6,936,000 \$	6,813,600 \$	6,691,200 \$	6,568,800 \$	6,446,40
Fees	175,000 \$	154,000 \$	151,375 \$	146,750 \$	146,125 \$	143,500 \$	140,875 \$	138,25
Project Mgmt and Admin	1,300,000 \$	1,144,000 \$	1,124,500 \$	1,105,000 \$	1,085,500 \$	1,066,000 \$	1,046,500 \$	1,027,00
Land Gathering System	1,600,000 \$	1,408,000 \$	1,384,000 \$	1,360,000 \$	1,336,000 \$	1,312,000 \$	1,288,000 \$	1,264,00
Geothermal System	635,000 \$	558,800 \$	549,275 \$	539,750 \$	530,225 \$	520,700 \$	511,175 \$	501,65
Gathering System & Installation Improvem Drilling & improvement drilling	3,500,000 \$	3,080,000 \$	3,027,500 \$	2,975,000 \$	2,922,500 \$	2,870,000 \$	2,817,500 \$	2,765,00
OEC Unit	37,859,000 \$	33,315,920 \$	32,748,035 \$	32,180,150 \$	31,612,265 \$	31,044,380 \$	30,476,495 \$	29,908,61
Transportation of Equipment	15,865,000 \$	13,961,200 \$	13,723,225 \$	13,485,250 \$	13,247,275 \$	13,009,300 \$	12,771,325 \$	12,533,35
Spare Parts/Supplies and Sales & Use Tax	2,100,000 \$	1,848,000 \$	1,816,500 \$	1,785,000 \$	1,753,500 \$	1,722,000 \$	1,690,500 \$	1,659,00
Auxiliary System	2,655,000 \$	2,336,400 \$	2,296,575 \$	2,256,750 \$	2,216,925 \$	2,177,100 \$	2,137,275 \$	2,097,45
Small wet cooling towers, including	1,510,000 \$	1,328,800 \$	1,306,150 \$	1,283,500 \$	1,260,850 \$	1,238,200 \$	1,215,550 \$	1,192,90
Water system	50,000 \$	44,000 \$	43,250 \$	42,500 \$	41,750 \$	41,000 \$	40,250 \$	39,50
Electrical System	640,000 \$	563,200 \$	553,600 \$	544,000 \$	534,400 \$	524,800 \$	515,200 \$	505,60
Interconnection	2,550,000 \$	2,244,000 \$	2,205,750 \$	2,167,500 \$	2,129,250 \$	2,091,000 \$	2,052,750 \$	2,014,50
Transmission Line	2,910,000 \$	2,560,800 \$	2,517,150 \$	2,473,500 \$	2,429,850 \$	2,386,200 \$	2,342,550 \$	2,298,90
Installation	7,060,000 \$	6,212,800 \$	6,106,900 \$	6,001,000 \$	5,895,100 \$	5,789,200 \$	5,683,300 \$	5,577,40
<b>TOTAL TAXABLE VALUE, BY YEAR</b>	<b>89,742,450 \$</b>	<b>79,178,913 \$</b>	<b>77,862,760 \$</b>	<b>76,546,731 \$</b>	<b>75,230,827 \$</b>	<b>73,915,049 \$</b>	<b>72,599,399 \$</b>	<b>71,283,87</b>

Nevada Department of Taxation  
 Component Descriptions  
 Renewable Energy Generation Facilities

ORNI - 15, LLC (OWNED BY ORMAT NEVADA, INC.) 15 MW Lovelock-Pershing County, NV

Asset Group	Item	REPORTED BOOK COST	2026	2027	2028	2029	2030
Land	Land and Right of Ways, estimated appreciation \$ 1,149,489 \$ Per Owner = 8,470 Acres @ \$9.33/Acre = \$79,001 RCN leased @ \$1/a		1,340,785 \$	1,354,193 \$	1,367,735 \$	1,381,412 \$	1,395,226 \$
Site Preparation	Rate of Depreciation for Real Property		76.0%	74.5%	73.0%	71.5%	70.0%
Engineering & other Construction Improve	Engineering & other Construction Improve	\$ 8,160,000 \$	6,201,600 \$	6,079,200 \$	5,956,800 \$	5,834,400 \$	5,712,000 \$
Start-up & Testing	Start-up & Testing	\$ 175,000 \$	133,000 \$	130,375 \$	127,750 \$	125,125 \$	122,500 \$
Fees	Fees	\$ 1,300,000 \$	980,000 \$	968,500 \$	949,000 \$	929,500 \$	910,000 \$
Project Mgmt and Admin	Project Mgmt and Admin	\$ 1,600,000 \$	1,216,000 \$	1,192,000 \$	1,168,000 \$	1,144,000 \$	1,120,000 \$
Access and Utilities	Access and Utilities	\$ - \$	- \$	- \$	- \$	- \$	- \$
Foundations	Foundations	\$ - \$	- \$	- \$	- \$	- \$	- \$
Geothermal Production and	Gathering System	\$ 635,000 \$	482,600 \$	473,075 \$	463,550 \$	454,025 \$	444,500 \$
Geothermal System	Gathering System & Installation Improvement	\$ 3,500,000 \$	2,660,000 \$	2,607,500 \$	2,555,000 \$	2,502,500 \$	2,450,000 \$
Gathering System & Installation Improvement	Drilling & Improvement drilling	\$ 37,859,000 \$	28,772,840 \$	28,204,955 \$	27,637,070 \$	27,069,185 \$	26,501,300 \$
Drilling & Improvement drilling	OEC Unit	\$ 15,865,000 \$	12,057,400 \$	11,819,425 \$	11,581,450 \$	11,343,475 \$	11,105,500 \$
OEC Unit	Transportation of Equipment	\$ 2,100,000 \$	1,596,000 \$	1,564,500 \$	1,533,000 \$	1,501,500 \$	1,470,000 \$
Transportation of Equipment	Spare Parts/Supplies and Sales & Use	\$ 2,655,000 \$	2,017,800 \$	1,977,975 \$	1,938,150 \$	1,898,325 \$	1,858,500 \$
Spare Parts/Supplies and Sales & Use	Tax	\$ - \$	- \$	- \$	- \$	- \$	- \$
Tax	Auxiliary System	\$ 1,510,000 \$	1,147,600 \$	1,124,950 \$	1,102,300 \$	1,079,650 \$	1,057,000 \$
Auxiliary System	Small wet cooling towers, including	\$ - \$	- \$	- \$	- \$	- \$	- \$
Small wet cooling towers, including	System	\$ 50,000 \$	38,000 \$	37,250 \$	36,500 \$	35,750 \$	35,000 \$
System	Waste and wastewater	\$ - \$	- \$	- \$	- \$	- \$	- \$
Waste and wastewater	Management	\$ - \$	- \$	- \$	- \$	- \$	- \$
Management	On-site Land Treatment Unit	\$ - \$	- \$	- \$	- \$	- \$	- \$
On-site Land Treatment Unit	Fire Protection Systems	\$ - \$	- \$	- \$	- \$	- \$	- \$
Fire Protection Systems	Water system	\$ 640,000 \$	486,400 \$	476,800 \$	467,200 \$	457,600 \$	448,000 \$
Water system	Telecommunications and Telemetry	\$ - \$	- \$	- \$	- \$	- \$	- \$
Telecommunications and Telemetry	Electrical System	\$ 2,650,000 \$	1,938,000 \$	1,899,750 \$	1,861,500 \$	1,823,250 \$	1,785,000 \$
Electrical System	Fencing and Security	\$ - \$	- \$	- \$	- \$	- \$	- \$
Fencing and Security	Transmission System Interconnection	\$ - \$	- \$	- \$	- \$	- \$	- \$
Transmission System Interconnection	Transmission Line	\$ - \$	- \$	- \$	- \$	- \$	- \$
Transmission Line	Installation	\$ 2,910,000 \$	2,211,600 \$	2,167,950 \$	2,124,300 \$	2,080,650 \$	2,037,000 \$
Installation	TOTAL REAL PROPERTY TAXABLE VALUE, BY YEAR	\$ 89,712,450 \$	68,553,226 \$	67,338,099 \$	66,023,106 \$	64,708,248 \$	63,393,527 \$

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

APN 2010 through 2029

COMBINED TAX RATE	TOTAL TAXES DUE	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	16,734,163.93	7,530,373.76	100.000%	7,530,373.76	(12,592,458.36)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	918,628.21	(505,245.52)	413,382.69	5.490%	3,388,668.19	(918,628.21)	45.000%
Pershing County School District	0.011500	1	6,214,249.70	(3,417,837.34)	2,796,412.36	37.135%	1,627,361.42	(4,586,888.28)	21.614%
Pershing County	0.013568	1	7,331,733.95	(4,032,453.67)	3,299,280.28	43.813%	1,920,003.46	(5,411,730.49)	25.497%
Pershing County Hospital District	0.004200	1	2,269,552.07	(1,248,253.64)	1,021,298.43	13.562%	594,340.69	(1,675,211.38)	7.893%
						0.000%			0.000%
						0.000%			0.000%
						0.000%			0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
89,712,450	55.0%	100.0%	55.0%	(9,203,790.17)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,143,450	55.00%	1.27%	0.70%	(117,308.96)
IMPROVEMENTS	88,569,000	55.00%	98.73%	54.30%	(9,086,481.21)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
				0.00%	-

NEVADA DEPARTMENT OF TAXATION  
RENEWABLE ENERGY ABATEMENT WORKSHEET  
EXCLUDES STATE DEBT

PERSHING COUNTY

DISTRICT 2

APN 2010-11

COMBINED TAX RATE	TOTAL TAXES DUE	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	972,375.30	(534,806.42)	437,568.88	437,568.88	(731,712.42)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	53,378.91	(29,358.40)	24,020.51	5.490%	195,906.00	(53,378.91)	45.000%
Pershing County School District	0.011500	1	361,092.61	(198,600.94)	162,491.67	37.135%	94,561.40	(266,531.21)	21.611%
Pershing County	0.013568	1	426,026.48	(234,314.56)	191,711.92	43.813%	111,566.01	(314,460.47)	25.497%
Pershing County Hospital District	0.004200	1	131,877.30	(72,532.52)	59,344.78	13.562%	34,535.47	(97,341.83)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
89,712,450	55.0%	100.0%	55.0%	(534,806.42)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,143,450	55.00%	1.27%	0.70%	(6,816.49)
IMPROVEMENTS	88,569,000	55.00%	98.73%	54.30%	(527,989.93)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION  
 RENEWABLE ENERGY ABATEMENT WORKSHEET  
 EXCLUDES STATE DEBT  
 APN 2011-12  
 PERSHING COUNTY  
 DISTRICT 2

COMBINED TAX RATE	TOTAL TAXES DUE	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	958,099.51	431,144.78	100.000%	431,144.78	(720,969.88)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	52,995.23	(28,927.38)	23,667.85	5.490%	194,015.15	(52,995.23)	45.000%
Pershing County School District	0.011500	1	355,791.28	(195,685.20)	160,106.08	37.135%	93,173.12	(262,618.16)	0.000%
Pershing County	0.013568	1	419,771.84	(230,874.51)	188,897.33	43.813%	109,928.07	(309,843.77)	21.611%
Pershing County Hospital District	0.004200	1	129,941.16	(71,467.64)	58,473.52	13.562%	34,028.44	(95,912.72)	25.497%
		1	-	-	-	0.000%	-	-	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
88,395,350	55.0%	100.0%	55.0%	(526,954.73)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,154,885	55.00%	1.31%	0.72%	(6,884.66)
IMPROVEMENTS	87,240,465	55.00%	98.69%	54.28%	(520,070.07)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

APN

2012-13

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	943,572.63	(518,964.94)	424,607.69	100.0000%	424,607.69	(710,038.40)	100.0000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	51,797.77	(28,488.77)	23,309.00	5.490%	191,073.46	(51,797.77)	45.000%
Pershing County School District	0.011500	1	350,396.71	(192,718.19)	157,678.52	37.135%	91,760.41	(258,636.30)	21.611%
Pershing County	0.013568	1	413,407.18	(227,373.95)	186,033.23	43.813%	108,261.32	(305,145.86)	25.497%
Pershing County Hospital District	0.004200	1	127,970.97	(70,384.03)	57,586.94	13.562%	33,512.50	(94,458.47)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
87,055,084	55.0%	100.0%	55.0%	(518,964.94)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,166,433	55.00%	1.34%	0.74%	(6,953.50)
IMPROVEMENTS	85,888,651	55.00%	98.66%	54.26%	(512,011.44)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

2013-14

APN

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	928,813.86	(510,847.62)	417,966.24	100.0000%	417,966.25	(698,932.42)	100.0000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	50,987.59	(28,043.17)	22,944.42	5.490%	188,084.81	(50,987.59)	45.000%
Pershing County School District	0.011500	1	344,916.02	(189,703.81)	155,212.21	37.135%	90,325.15	(254,590.87)	0.000%
Pershing County	0.013568	1	406,940.92	(223,817.51)	183,123.41	43.813%	106,567.97	(300,372.95)	21.611%
Pershing County Hospital District	0.004200	1	125,969.33	(69,283.13)	56,686.20	13.562%	32,988.32	(92,981.01)	25.497%
		1	-	-	-	0.000%	-	-	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
85,693,421	55.0%	100.0%	55.0%	(510,847.62)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,178,098	55.00%	1.37%	0.76%	(7,023.04)
IMPROVEMENTS	84,515,323	55.00%	98.63%	54.24%	(503,824.58)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

APN 2014-15

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	50,166.28	(27,591.45)	22,574.83	5.490%	185,055.14	(50,166.28)	45.000%
Pershing County School District	0.011500	1	339,360.11	(186,648.06)	152,712.05	37.135%	88,870.19	(250,489.92)	21.611%
Pershing County	0.013568	1	400,385.92	(220,212.26)	180,173.66	43.813%	104,851.37	(295,534.55)	25.497%
Pershing County Hospital District	0.004200	1	123,940.22	(68,167.12)	55,773.10	13.562%	32,456.94	(91,483.28)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
84,313,072	55.0%	100.0%	55.0%	(502,618.89)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,189,879	55.00%	1.41%	0.78%	(7,093.27)
IMPROVEMENTS	83,123,193	55.00%	98.59%	54.22%	(495,525.62)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION  
RENEWABLE ENERGY ABATEMENT WORKSHEET

PERSHING COUNTY

DISTRICT 2

EXCLUDES STATE DEBT

APN

2015-16

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030988	901,008.88	(495,554.89)	405,453.99	100.0000%	405,454.00	(678,009.18)	100.0000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	49,461.22	(27,203.67)	22,257.55	5.490%	182,454.30	(49,461.22)	45.000%
Pershing County School District	0.011500	1	334,590.61	(184,024.84)	150,565.77	37.435%	87,621.17	(246,969.44)	21.611%
Pershing County	0.013568	1	394,758.74	(217,117.31)	177,641.43	43.813%	103,377.75	(291,380.99)	25.497%
Pershing County Hospital District	0.004200	1	122,198.31	(67,209.07)	54,989.24	13.562%	32,000.78	(90,197.53)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
83,128,103	55.0%	100.0%	55.0%	(495,554.89)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,201,777	55.00%	1.45%	0.80%	(7,164.20)
IMPROVEMENTS	81,926,326	55.00%	98.55%	54.20%	(488,390.69)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

2016-17

APN

COMBINED TAX RATE	TOTAL TAXES DUE	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	886,739.41	399,032.73	100.000%	399,032.73	(667,271.41)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	48,677.89	(26,772.84)	21,905.05	5.490%	179,564.73	(48,677.89)	45.000%
Pershing County School District	0.011500	1	329,291.63	(181,110.40)	148,181.23	37.135%	86,233.50	(243,058.13)	21.611%
Pershing County	0.013568	1	388,506.86	(213,678.77)	174,828.09	43.813%	101,740.53	(286,766.33)	25.497%
Pershing County Hospital District	0.004200	1	120,263.03	(66,144.67)	54,118.36	13.562%	31,493.97	(88,769.06)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
81,811,586	55.0%	100.0%	55.0%	(487,706.68)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,213,795	55.00%	1.48%	0.82%	(7,235.84)
IMPROVEMENTS	80,597,791	55.00%	98.52%	54.18%	(480,470.84)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

2017-18

APN

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	872,471.26	(479,859.19)	392,612.07	100.000%	392,612.07	(656,534.62)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	47,894.84	(26,342.05)	21,552.59	5.490%	176,675.43	(47,894.64)	45.000%
Pershing County School District	0.011500	1	323,993.14	(178,196.23)	145,796.91	37.135%	84,845.95	(239,147.19)	21.611%
Pershing County	0.013568	1	382,255.55	(210,240.55)	172,015.00	43.813%	100,103.47	(282,152.08)	25.497%
Pershing County Hospital District	0.004200	1	118,327.93	(65,080.36)	53,247.57	13.562%	30,987.22	(87,340.71)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
80,495,189	55.0%	100.0%	55.0%	(479,859.19)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,225,933	55.00%	1.52%	0.84%	(7,308.20)
IMPROVEMENTS	79,269,256	55.00%	98.48%	54.16%	(472,550.99)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

APN 2018-19

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	858,204.39	(472,012.42)	386,191.97	100.000%	386,191.98	(645,798.80)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	47,111.45	(25,911.30)	21,200.15	5.490%	173,786.39	(47,111.45)	45.000%
Pershing County School District	0.01500	1	318,695.12	(175,282.32)	143,412.80	37.135%	83,458.53	(235,236.59)	21.611%
Pershing County	0.013568	1	376,004.82	(206,802.65)	169,202.17	43.813%	98,466.55	(277,538.27)	25.497%
Pershing County Hospital District	0.004200	1	116,393.00	(84,016.15)	52,376.85	13.562%	30,480.51	(85,912.49)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
79,178,913	55.0%	100.0%	55.0%	(472,012.42)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,238,193	55.00%	1.56%	0.86%	(7,381.29)
IMPROVEMENTS	77,940,720	55.00%	98.44%	54.14%	(464,631.13)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

APN

2019-20

COMBINED TAX RATE	TOTAL TAXES DUE	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	843,938.88	379,772.49	100.000%	379,772.49	(635,064.01)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	46,328.34	(25,480.59)	20,847.75	5.490%	170,897.62	(46,328.34)	45.000%
Pershing County School District	0.011500	1	313,397.61	(172,368.69)	141,028.92	37.135%	82,071.24	(231,326.37)	0.000%
Pershing County	0.013568	1	369,754.67	(203,365.07)	166,389.60	43.813%	96,829.79	(272,924.88)	21.511%
Pershing County Hospital District	0.004200	1	114,458.26	(62,952.04)	51,506.22	13.562%	29,973.84	(84,484.42)	25.497%
		1	-	-	-	0.000%	-	-	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
77,862,760	55.0%	100.0%	55.0%	(464,166.39)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,250,574	55.00%	1.61%	0.88%	(7,455.10)
IMPROVEMENTS	76,612,186	55.00%	98.39%	54.12%	(456,711.29)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-



NEVADA DEPARTMENT OF TAXATION  
RENEWABLE ENERGY ABATEMENT WORKSHEET

PERSHING COUNTY  
DISTRICT 2

EXCLUDES STATE DEBT

APN 2021-22

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	44,762.34	(24,619.29)	20,143.05	5.490%	165,170.91	(44,762.34)	45.000%
Pershing County School District	0.011500	1	302,804.08	(166,542.24)	136,261.84	37.135%	79,297.05	(223,507.03)	21.611%
Pershing County	0.013568	1	357,256.15	(196,490.88)	160,765.27	43.813%	93,556.73	(263,699.42)	25.497%
Pershing County Hospital District	0.004200	1	110,589.32	(60,824.13)	49,765.19	13.562%	28,960.66	(81,628.66)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
75,230,827	55.0%	100.0%	55.0%	(448,476.54)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND IMPROVEMENTS	1,275,711	55.00%	1.70%	0.93%	(7,604.95)
PERSONAL PROPERTY	73,955,116	55.00%	98.30%	54.07%	(440,871.59)
	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION  
RENEWABLE ENERGY ABATEMENT WORKSHEET  
EXCLUDES STATE DEBT

PERSHING COUNTY

DISTRICT 2

APN 2022-23

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	801,150.42	(440,632.74)	360,517.68	100.000%	360,517.68	(602,865.70)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	43,979.45	(24,188.70)	19,790.75	5.490%	162,232.96	(43,979.45)	45.000%
Pershing County School District	0.011500	1	297,508.07	(163,629.44)	133,878.63	37.135%	77,910.15	(219,597.92)	21.611%
Pershing County	0.013568	1	351,007.78	(193,054.28)	157,953.50	43.813%	91,920.43	(259,087.35)	25.497%
Pershing County Hospital District	0.004200	1	108,655.12	(59,760.32)	48,894.80	13.562%	28,454.14	(80,200.98)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
73,915,049	55.0%	100.0%	55.0%	(440,632.74)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
AND	1,288,468	55.00%	1.74%	0.96%	(7,681.00)
IMPROVEMENTS	72,626,581	55.00%	98.26%	54.04%	(432,951.74)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

APN 2023-24

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	786,890.37	(432,789.71)	354,100.66	100.000%	354,100.66	(592,135.01)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	43,196.64	(23,758.15)	19,438.49	5.490%	159,345.30	(43,196.64)	45.000%
Pershing County School District	0.011500	1	292,212.58	(160,716.92)	131,495.66	37.135%	76,523.39	(215,689.19)	21.611%
Pershing County	0.013568	1	344,760.03	(189,618.02)	155,142.01	43.813%	90,284.30	(254,475.73)	25.497%
Pershing County Hospital District	0.004200	1	106,721.12	(58,686.62)	48,034.50	13.562%	27,947.67	(78,773.45)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
72,599,399	55.0%	100.0%	55.0%	(432,789.71)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
AND	1,301,353	55.00%	1.79%	0.99%	(7,757.81)
IMPROVEMENTS	71,298,046	55.00%	98.21%	54.01%	(425,031.90)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
		0.00%	0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

APN

2024-25

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	772,631.69	(424,947.43)	347,684.26	100.000%	347,684.26	(581,405.35)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	42,413.91	(23,327.65)	19,086.26	5.490%	156,457.92	(42,413.91)	45.000%
Pershing County School District	0.011500	1	286,917.60	(157,804.68)	129,112.92	37.135%	75,136.77	(211,780.83)	21.611%
Pershing County	0.013568	1	338,512.88	(186,182.08)	152,330.80	43.813%	88,648.32	(249,864.56)	25.497%
Pershing County Hospital District	0.004200	1	104,787.30	(57,633.02)	47,154.28	13.562%	27,441.25	(77,346.05)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
71,283,877	55.0%	100.0%	55.0%	(424,947.43)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,314,366	55.00%	1.84%	1.01%	(7,835.38)
IMPROVEMENTS	69,969,511	55.00%	98.16%	53.99%	(417,112.05)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-



NEVADA DEPARTMENT OF TAXATION  
RENEWABLE ENERGY ABATEMENT WORKSHEET  
EXCLUDES STATE DEBT

PERSHING COUNTY

DISTRICT 2

APN 2026-27

COMBINED TAX RATE	TOTAL TAXES DUE	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	744,118.58	334,853.36	100.000%	334,853.36	(559,949.23)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	40,848.67	(22,466.77)	18,381.90	5.490%	150,684.01	(40,848.67)	45.000%
Pershing County School District	0.011500	1	276,329.23	(151,981.08)	124,348.15	37.135%	72,363.93	(203,965.30)	0.000%
Pershing County	0.013568	1	326,020.44	(179,311.24)	146,709.20	43.813%	85,376.85	(240,643.59)	25.497%
Pershing County Hospital District	0.004200	1	100,920.24	(55,506.13)	45,414.11	13.562%	26,428.57	(74,491.67)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
68,653,226	55.0%	100.0%	55.0%	(409,265.22)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,340,785	55.00%	1.95%	1.07%	(7,992.88)
IMPROVEMENTS	67,312,441	55.00%	98.05%	53.93%	(401,272.34)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

APN 2027-28

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	729,864.19	(401,425.31)	328,438.88	100.000%	328,438.89	(549,222.80)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	40,066.17	(22,036.39)	18,029.78	5.490%	147,797.50	(40,066.17)	45.000%
Pershing County School District	0.011500	1	271,035.85	(149,069.72)	121,966.13	37.135%	70,977.72	(200,058.13)	21.611%
Pershing County	0.013568	1	319,775.16	(175,876.34)	143,898.82	43.813%	83,741.37	(236,033.79)	25.497%
Pershing County Hospital District	0.004200	1	98,987.01	(54,442.86)	44,544.15	13.562%	25,922.30	(73,064.71)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
67,338,099	55.0%	100.0%	55.0%	(401,425.31)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
AND	1,354,193	55.00%	2.01%	1.11%	(8,072.81)
IMPROVEMENTS	65,983,906	55.00%	97.99%	53.89%	(393,352.50)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION

PERSHING COUNTY

RENEWABLE ENERGY ABATEMENT WORKSHEET

DISTRICT 2

EXCLUDES STATE DEBT

APN 2028-29

COMBINED TAX RATE	TOTAL TAXES DUE	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	715,611.26	322,025.07	100.000%	322,025.07	(538,497.46)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	39,283.75	(21,606.06)	17,677.69	5.490%	144,911.28	(39,283.75)	45.000%
Pershing County School District	0.011500	1	265,743.00	(146,158.65)	119,584.35	37.135%	69,591.66	(196,151.34)	21.611%
Pershing County	0.013568	1	313,530.53	(172,441.79)	141,088.74	43.813%	82,106.05	(231,424.48)	25.497%
Pershing County Hospital District	0.004200	1	97,053.97	(53,379.68)	43,674.29	13.562%	25,416.08	(71,637.89)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
66,023,106	55.0%	100.0%	55.0%	(393,586.18)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,367,735	55.00%	2.07%	1.14%	(8,153.53)
IMPROVEMENTS	64,655,371	55.00%	97.93%	53.86%	(385,432.65)
PERSONAL PROPERTY	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-

NEVADA DEPARTMENT OF TAXATION  
RENEWABLE ENERGY ABATEMENT WORKSHEET

PERSHING COUNTY

DISTRICT 2

EXCLUDES STATE DEBT

APN 2029-30

COMBINED TAX RATE	TOTAL TAXES DUE	TOTAL RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TAXES AFTER ABATEMENT	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
0.030968	701,359.76	(385,747.88)	315,611.88	100.000%	315,611.88	(527,773.23)	100.000%

TAXING ENTITY	TAX RATE	SCHOOL SWITCH	TOTAL TAXES DUE	RENEW ABATEMENT	TAXES AFTER ABATEMENT	PERCENT TOTAL TAXES	NET TAXES DUE ENTITIES	EFFECTIVE ABATEMENT	EFFECTIVE PERCENT TOTAL TAXES
Renewable Energy Fund									
State of Nevada	0.001700	1	38,501.41	(21,175.78)	17,325.63	5.490%	142,025.35	(38,501.41)	45.000%
Pershing County School District	0.011500	1	260,450.70	(143,247.89)	117,202.81	37.135%	68,205.72	(192,244.98)	21.611%
Pershing County	0.013568	1	307,286.53	(169,007.59)	138,278.94	43.813%	80,470.89	(226,815.64)	25.497%
Pershing County Hospital District	0.004200	1	95,121.12	(52,316.62)	42,804.50	13.562%	24,909.92	(70,211.20)	7.893%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%
		1	-	-	-	0.000%	-	-	0.000%

NET TAXABLE VALUE	AVERAGE ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
64,708,248	55.0%	100.0%	55.0%	(385,747.88)

ASSET	TOTAL TAXABLE VALUE	ABATEMENT PERCENTAGE	TAXABLE VALUE PERCENTAGE	WEIGHTED RENEW ABATEMENT PERCENTAGE	CURRENT YEAR ABATEMENT
LAND	1,381,412	55.00%	2.13%	1.17%	(8,235.07)
IMPROVEMENTS	63,326,836	55.00%	97.87%	53.83%	(377,512.81)
	-	55.00%	0.00%	0.00%	-
			0.00%	0.00%	-



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

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Reno, Nevada 89502  
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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

Orni 15, LLC (Ormat Nevada, Inc.)  
Jersey Valley

### *Background*

The project is located on public land 50 miles southeast of Battle Mountain, Nevada. The project will produce 15 megawatts of electricity using a binary system consisting of hybrid water and air cooled units. The project will supply energy to the Sierra Pacific Power Company (SPPCo) electrical transmission system.

As stated by Ormat Technologies, Inc. in its SEC 10-k report to the SEC for the year ended December 31, 2009:

Hydrothermal geothermal energy is derived from naturally occurring hydrothermal reservoirs that are formed when water comes sufficiently close to hot rock to heat the water to temperatures of 300 degrees Fahrenheit or more. The heated water then ascends toward the surface of the earth where, if geological conditions are suitable for its commercial extraction, it can be extracted by drilling geothermal wells. The energy necessary to operate a geothermal power plant is typically obtained from several such wells which are drilled using established technology that is in some respects similar to that employed in the oil and gas industry. Geothermal production wells are normally located within approximately one to two miles of the power plant as geothermal fluids cannot be transported economically over longer distances due to heat and pressure loss. The geothermal reservoir is a renewable source of energy if natural ground water sources and reinjection of extracted geothermal fluids are adequate over the long-term to replenish the geothermal reservoir following the withdrawal of geothermal fluids and if the well field is properly operated. Geothermal energy power plants typically have higher capital costs (primarily as a result of the costs attributable to well field development) but tend to have significantly lower variable operating costs (principally consisting of maintenance expenditures) than fossil fuel-fired power plants that require ongoing fuel expenses. In addition, because geothermal energy power plants produce 24hr/day weather independent power, the variable operating costs are lower.<sup>1</sup>

In the United States, the purchasers of power from our power plants are typically investor-owned electric utility companies. In each case, we enter into long-term contracts (typically called PPAs) for the sale of electricity or the conversion of geothermal resources into electricity. A power plant's revenues under a PPA used to consist of two payments — energy payments and capacity payments, however our recent PPAs provide for energy payments only. Energy payments are normally based on a power plant's electrical output actually delivered to

<sup>1</sup> Ormat Technologies, Inc. - 10-K Report to SEC, for the year ended December 31, 2009: p.15

**LANDER COUNTY**  
**Executive Director's Report**  
**Commission Meeting**  
**November 30, 2010**

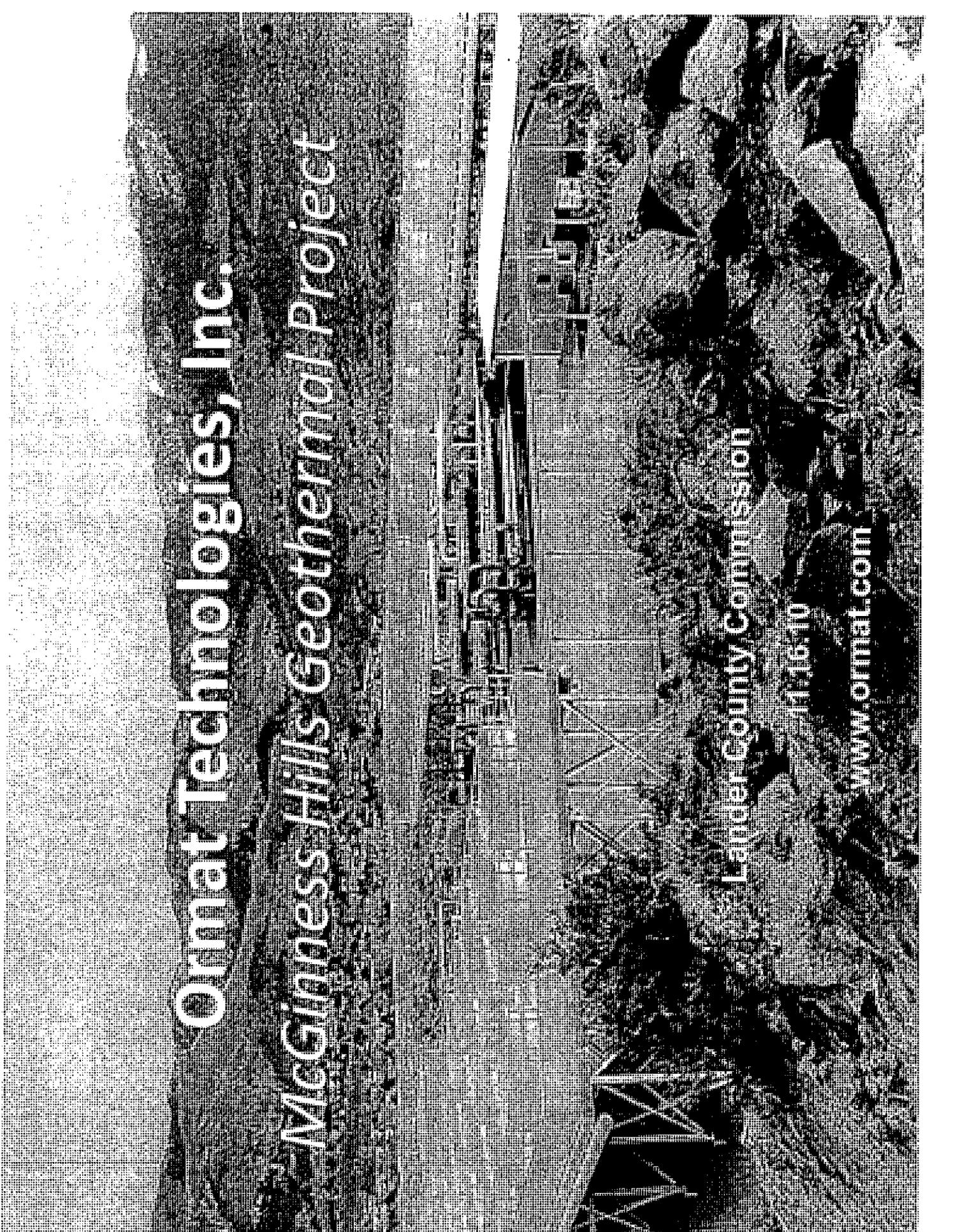
- NDOT TEA-21 Grant – Austin/Loneliest Highway Visitors' Center Project – Review of conveyance by NDOT – Appraisal to be done by NDOT
- CNRWA Great basin Water Forum – December 10, 2010
- ORMAT (Agenda Item #7) – Petitioner has requested deferral – December 09, 2010  
Agenda
- NACO Conference – Geothermal – Social Networking - Civility
- BLM – Resource management Plan – Confer with Commission – December 9, 2010
- Rural Economic Development Summit – December 2-3, 2010
- Governor-elect Sandoval Meeting – City/County Managers – December 8, 2010
- INSURANCE – Dates – Changes to Coverage/Beneficiaries/Life Events - Criticality
- BATTLE MOUNTAIN LEVEE/FLOOD PLAIN – Meeting – December 15, 2010

**Ormat Technologies, Inc.**  
**McGinness Hills Geothermal Project**

Lander County Commission

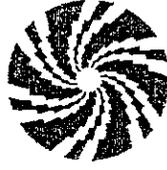
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[www.ormat.com](http://www.ormat.com)



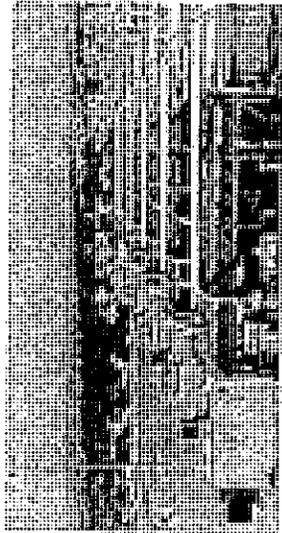
# Ormat at a Glance

- **Vertically integrated renewable energy company**
  - With more than 40 years of success
  - Ormat Technologies, Inc. NYSE (ORA) listed
  - Headquartered in Reno, Sparks since 1984
  - Ormat is a U.S. Company and global manufacturer
- **Geothermal and recovered energy power projects**
  - Approx 9 power plants in Nevada generating
  - Approx 414 MW Owned and Operate in the United States
  - Approx 1,300 MW of installed capacity worldwide
- **Flexible business model in the energy industry**
  - The company is designing, manufacturing, developing, building, owning and operating geothermal and recovered energy based power plants in the United States and other countries.

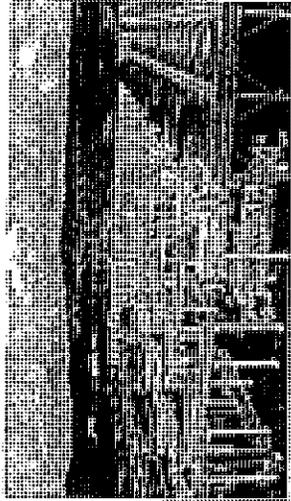


**ORMAT<sup>®</sup>**

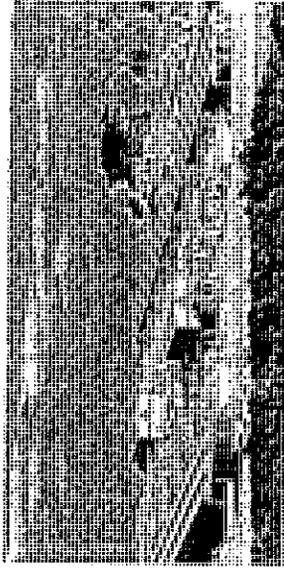
# Ormat ORC Technology World-wide 1,000 MW of Deployed Technology



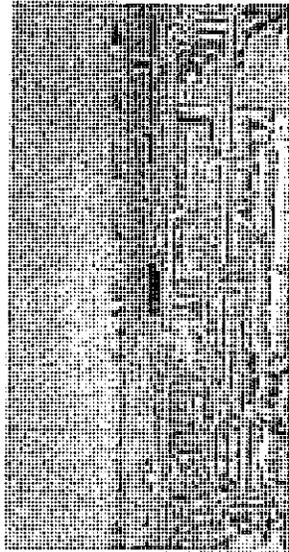
57 MW Ormesa Geothermal  
Power Complex, California



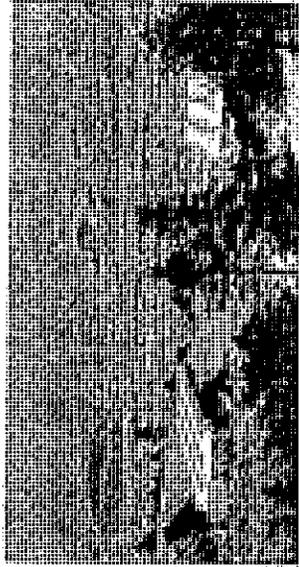
30 MW Puna Combined  
Geothermal Plant, Hawaii



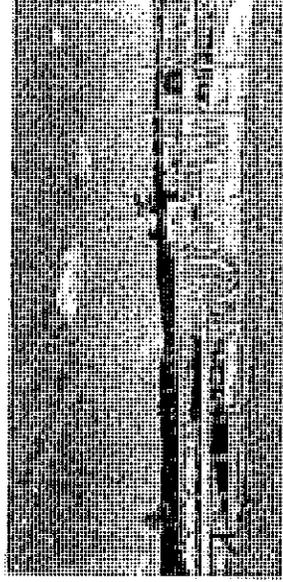
125 MW Upper Mahiao Combined  
Geo-Power Plant, Philippines



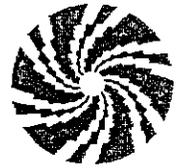
92 MW Heber Geothermal Power  
Complex, California



84 MW Steamboat Geothermal  
Power Complex, Nevada

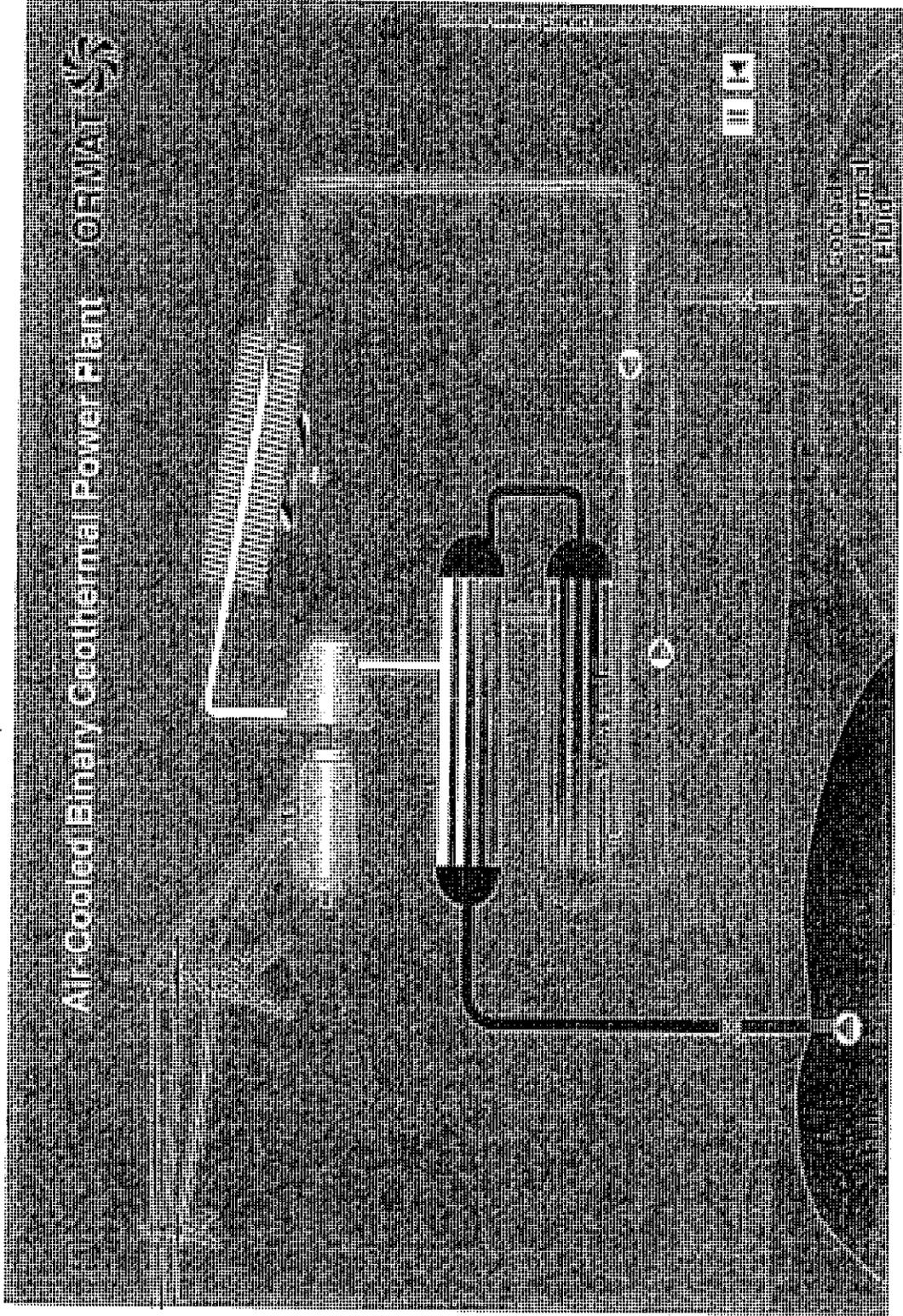


60 MW Mokai Combined  
Geothermal Plant, New Zealand



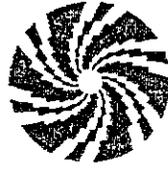
**ORMAT®**

# Technology



# Technology Benefits

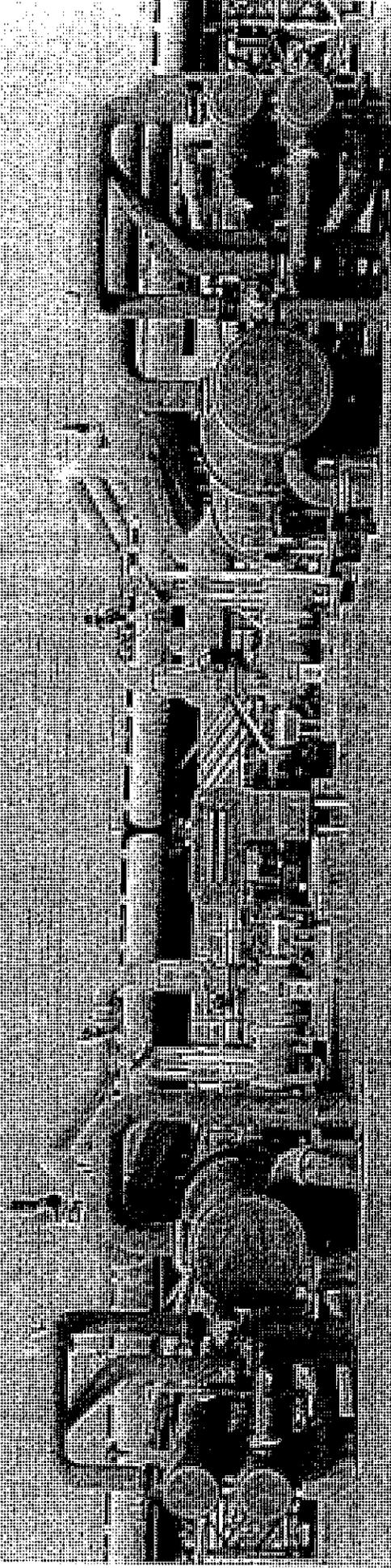
- **Cost Effective**
  - “The cheapest? That would be Ormat's McGinness Hills geothermal project in Lander County, at 8.6 cents per kilowatt hour.”\*
  - Provides long-term fixed power price
  - Reduces price volatility
- **Sustainable & Environmentally-Friendly**
  - Projects operating for 20 years at 98% capacity
  - Closed loop system with near zero emissions
  - No water consumption
- **Minimal Surface Use**
  - Plants site = 5 acres
  - Well pads = 2 acres w/ rig (300ft x 300ft)
- **Field Proven**



**ORMAT®**

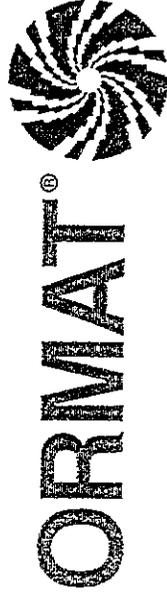
[Going green not cheap for NV Energy - News - ReviewJournal.com](http://ReviewJournal.com)

# McGinness Geothermal Project Lander County, Nevada



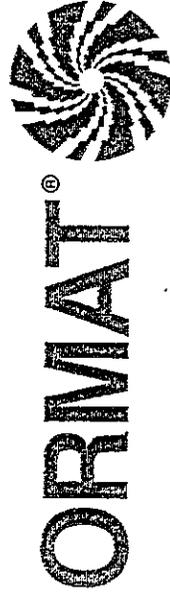
# Proposed Project

- Ormat plans to develop stage 1 of a geothermal power plant 11 miles northeast of Austin, Nevada that is expected to deliver 30 MW.
- Ormat obtained leases through an agreement with the BLM. In addition, Ormat paid an upfront lease payment to the BLM of approx. 3.1 million dollars to secure its development position.
- The project will consist of drilling and installing an Ormat Energy Converter (OEC) that will produce energy from hydrothermal reservoirs.
- The project will be a state of the art facility utilizing Ormat's innovative air cooling technology



# Request

- Granting Ormat's abatement request will
- Encourage additional exploration work
- Allow Ormat to pursue phase two of the project which will double production and construction efforts.
- Ormat is requesting abatement for:
  - Property tax
  - Sales & Use tax



# Legal Framework

- Legislature enacted Assembly Bill 522 in the 2009 Legislative Session
  - Created separate process for granting tax abatements for renewable energy projects
  - Some differences from traditional process for other economic development incentives
  - Incorporated as part of Chapter 701A of the Nevada Revised Statutes



# Chapter 701A

- NRS 701A.360 provides that applications for partial abatements of property or sales and use taxes for a geothermal energy project must be made to the Nevada Energy Commissioner instead of the Commission on Economic Development.
- Nevada Energy Commissioner “shall approve” applications that meet certain requirements (NRS 701A.365) including:
  - 50 or more construction employees, at least 30% of whom are residents of Nevada, at 150% of average wage as determined by DETR
  - Operations and maintenance employees must be paid at least 110% of state average hourly wage
  - Must provide health plan for employees that offers dependent coverage



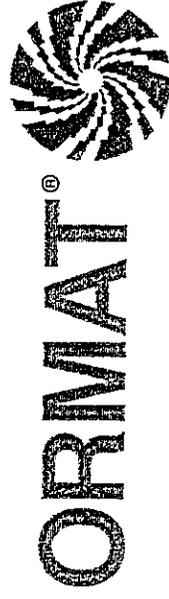
# **New Statute Limits Conditions Imposed On Approvals**

- **However, Commissioner “shall not” approve an abatement of property taxes without approval of the county (subsection 2 of NRS 701A.365).**
  - **County “must not” condition the approval on a requirement that the facility agree to purchase on behalf of the county any infrastructure, equipment, facilities or other property that is not directly related to the construction and operation of the facility.**
  - **Different from the Economic Development statute which allowed greater flexibility.**
  - **Ormat has already partnered with Pershing County, we provided funding to improve the road accessing the Jersey Valley Facility. We are willing to work with Lander County on similar ‘directly related’ infrastructure.**



## **Amount Of Abatements**

- **If Partial Abatements Are Granted, Ormat Would Pay:**
  - **45% of Property Tax for 20 years**
  - **Sales/Use Tax (LSST) of 2.6% (or 2.25%) for First Three Years**
- **The Abatements May Be Terminated If Ormat Fails To Meet The Eligibility Requirements**



# Employment Impact

- The project will create the following new jobs in Nevada:
  - Construction and Drilling: 100-150 employees
  - Operating and Maintenance: 8-12 full time employees
- > 30% will be Nevada Residents
- Ormat will pay > 150% of the average hourly statewide rate.
- Health insurance benefits will be offered to the construction employees and O&M employees and their dependents

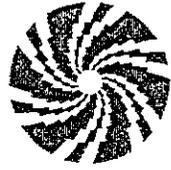


## Financial Impact

• 30 MW McGinness Hills facility will Provide:	
– Power Plant Cost	164,000,000
– Sales & Use Tax	7,600,000
	(4,300,000)
– Property Tax	18,000,000
	(9,900,000)
– Net Proceeds of Mines Tax	420,000
– Modified Business Tax	145,000
– Bonus Lease Payment	2,300,000
– Royalties to state/county	9,000,000
• Net Contribution	187,265,000

# Financial Impact

- The 30 MW McGinness Hills facility will contribute to:
  - Road maintenance
  - Reduction in unemployment benefits
  - 12 full time positions with benefits (\$ 12 mill)
  - Reduction in uninsured individuals
  - Increase in sales tax on taxable items
  - Establishing the renewable industry in Lander County



**ORMAT<sup>®</sup>**

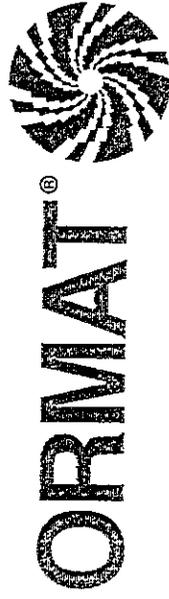
## **Financial Impact**

- **By providing an abatement to the McGinness Hills facility Lander County creates:**
  - **An opportunity for Ormat to expand its facility**
  - **Additional capital investment**
  - **Additional employment**
  - **A more stable electrical market**
  - **A model of success and collaboration which induces additional development in County**



## Quick Metrics

- **30 MW – in operation in 2011**
  - = 22,500 homes or 90,000 people
  - = \$164,000,000 investment
- **60 MW – online in the future**
  - = 45,000 homes or 180,000 people
  - = \$328,000,000 total investment



## **Ormat's Environmental Impact**

- **Ormat's 30 MW of geothermal power in Lander County will annually:**
  - **Avoiding emission of 225,000 tons of CO2**
  - **Saving 450,000 barrels of oil we don't have to import from other countries (the equivalent fuel used by 450 cars)**



# Summary

- Ormat is developing world class geothermal power plants in Nevada
- Ormat is committed to successfully implementing innovative technologies
- Ormat needs Lander County's support for tax incentives to enable the expansion and continued development of the McGinness Hills geothermal project.



**Exhibit (K)** - Response to Lander 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: 14-0104GMH

ORNI 39, LLC  
\_\_\_\_\_ /

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

ORNI 39, LLC ("ORNI 42") and Ormat Nevada Inc. ("ONI") (collectively ORNI 39 and ONI are referred to as "Ormat") hereby file with the Governor's Office of Energy ("Office") this Response to Lander County's ("Lander") Notice of Intent to Participate as a Party ("Notice") filed on March 21, 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 Lander'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 McGinness Hills Geothermal Facility ("McGinness Hills"). In the Notice, Lander provides an identical legal position that it has already submitted in writing to the Office on February 13, 2014. Lander 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 Lander's position without allowing it to reiterate it for the third time at the hearing.

In addition, Ormat has already fully responded to Lander'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, Lander provides no additional legal analysis, legislative history or statutory construction principles to support its legal conclusion related NRS 701A.360. Instead, Lander 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 Lander 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, Lander restates its incorrect interpretation of the Office's regulations to create a deadline of when a party must file an application. Contrary to Lander'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.

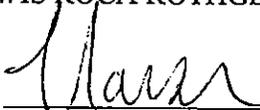
As the Office is fully aware, Ormat filed its pre-application on March 11, 2010. The Office accepted the pre-application and designated the request as Filing Number 10-10006G. As a result, Ormat has complied with the only filing deadline, and it has legally submitted the Application as allowed by the Regulations and the Office.

Lastly, Lander states in the Notice that it does not have any witnesses for the hearing and that it opposes the Application based upon its arguments in the Notice. Thus, Lander will be providing the Office no additional information or evidence at the hearing, and it has expressly stated that it is resting its case on its unsound legal conclusions discussed above. As a result, the Office should proceed accordingly and not allow Lander to participate at the hearing.

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 Lander's flawed legal arguments.

DATED this 24 day of March, 2014.

LEWIS ROCA ROTHGERBER

By:  \_\_\_\_\_

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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: McGinness Hills' Tax Abatement Application**

Deputy Director Tryggvi:

We are writing in regards to a letter sent to the Governor's Office of Energy from the Lander County Board of Commissioners ("Lander") dated February 13, 2014, related to ORNI 39, LLC's ("ORNI 39") application requesting a property tax abatement ("Application") for the McGinness Hills Geothermal Facility ("McGinness Hills"). Lander erroneously contends that the Application is illegal and should be rejected by the Office of Energy. As discussed below, Lander has failed to deny the Application pursuant to Nevada law, and thus, it is deemed approved. In addition, Lander'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 McGinness Hills because of the large financial benefits produced by the project. Therefore, Lander could not deny the Application at its hearing on February 13, 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). Lander 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, Lander instead attempts to divert your office's proper review of the project on the merits by making invalid legal claims. Specifically, Lander believes that Nevada law only allows a new facility to apply for tax abatements and that because McGinness Hills 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 McGinness Hills. The language cited by Lander 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 McGinness Hills has achieved commercial operation does not preclude ORNI 39 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. Thus, contrary to Lander's position, the Regulations do require an Application to be filed prior to the commercial operation of the a facility.

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 March 11, 2010, ORNI 39 filed its pre-application for sales and use tax and property tax abatements for McGinness Hills with the Office of Energy. Your office accepted the pre-application and designated the request as Filing Number 10-10006G. As a result, ORNI 39 has complied with the only filing deadline, and it has legally submitted the Application as allowed by the Regulations and your office.

Further, the Application furthers Nevada's goal to promote investment and development in renewable energy. 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 39 respectfully requests that the Office of Energy ignores Lander'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