

**ORIGINAL**

Decision No. 47590

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 )  
 SIERRA PACIFIC POWER COMPANY )  
 )  
 for an order authorizing it (a) to )  
 execute a Supplemental Indenture and )  
 issue and sell thereunder \$1,500,000 )  
 principal amount of a new series of )  
 its First Mortgage Bonds, and (b) to )  
 issue and sell 26,775 additional shares )  
 of its common stock, \$15 par value. )  
 ----- )

Application  
No. 33619

Orrick, Dahlquist, Neff & Herrington, by  
T. W. Dahlquist, for applicant.

O P I N I O N

In this proceeding Sierra Pacific Power Company seeks authorization to issue \$1,500,000 in principal amount of first mortgage bonds and 26,775 shares of common stock of the par value of \$15 each and of the aggregate par value of \$401,625.

Applicant requests an order at this time exempting the proposed issue of bonds from competitive bidding so as to permit it to negotiate for a private placement. It reports that the date of the bonds, the maturity date, interest rate, redemption prices and other data, and the proposed offering price of the shares of stock, have not been determined and that at a later date it will file a supplemental application setting forth the terms of the bonds, the price at which it desires to sell such bonds and to sell its shares of common stock, and the terms of a supplemental trust indenture to be executed in connection with the new issue. It asks the Commission, upon receipt of such supplemental information, to make a further order in this proceeding approving the sales of its securities.

The record shows that applicant has had no negotiations looking toward the placement of its bonds. It reports that it has investigated the probable costs to be incurred in connection with a private placement as against competitive bidding and has concluded that a negotiated sale such as is now proposed should result in savings of approximately \$25,500, consisting primarily of registration fees, printing expenses, counsel and accountants fees and related items, and in savings in underwriters' commissions. In further support of its request for exemption from competitive bidding, it reports that in 1948 it sold \$3,500,000 of first mortgage bonds at competitive bidding and in 1950 it sold \$2,500,000 of debentures also at competitive bidding, and that in each case, although it was required to incur the registration and related expenses, the underwriters disposed of the issues to two institutional buyers. It alleges also that a private sale will afford a 90-day firm commitment and that such a sale can be consummated within a shorter period of time. The record shows that the Federal Power Commission has authorized applicant to negotiate for the private placement of the bonds.

Under the circumstances disclosed in this proceeding, it appears to us that applicant's proposed issue of bonds should be exempted from competitive bidding, provided that upon negotiation it shall receive a price satisfactory to us. The record clearly shows that applicant will have need for additional funds from external sources to pay outstanding unsecured notes now in the principal amount of \$1,100,000 which were issued under authority granted by Decision No. 46824, dated March 11, 1952, and to reimburse its treasury and to finance its construction now in progress or proposed for 1952.

ORDER

A public hearing having been held in the above entitled matter and the Commission being of the opinion that it should enter a preliminary order at this time exempting from competitive bidding a proposed issue of bonds by Sierra Pacific Power Company; therefore,

IT IS HEREBY ORDERED as follows:

1. The issue and sale by Sierra Pacific Power Company of \$1,500,000 in principal amount of a new series of first mortgage bonds hereby is exempted from the provisions of the Commission's competitive bidding rule set forth in Decision No. 38614, dated January 15, 1946, provided that applicant will receive for such bonds a price satisfactory to the Commission.

2. The Commission retains jurisdiction over the issue and sale of said bonds and shares of stock.

3. This order is effective upon the date hereof. The authorization granted shall terminate ninety (90) days after the date of the order.

Dated at San Francisco, California, this 19<sup>th</sup> day of August, 1952.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
Commissioners

Commissioner Kenneth Potter, being necessarily absent, did not participate in the disposition of this proceeding.