

ORIGINAL

Decision No. 51844

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 to reclassify)
500,000 authorized shares of Common Stock)
of the par value of \$15.00 per share into)
1,000,000 shares of Common Stock of the)
par value of \$7.50 per share and to issue)
312,882 shares of said Common Stock of the)
par value of \$7.50 per share as reclassified.)
-----)

Application
No. 37191

O P I N I O N

In this application, Sierra Pacific Power Company reports that it proposes to split its common stock by amending its certificate of organization so as to reclassify its presently authorized 500,000 shares of common stock of the par value of \$15 each into 1,000,000 shares of the par value of \$7.50 each, with the result that the 312,882 shares of common stock of the par value of \$15 a share which presently are outstanding will be reclassified into 625,764 shares of the par value of \$7.50 each. Applicant asks the Commission's approval of the transaction.

Applicant is engaged in the public utility electric business in California and in the public utility electric, gas and water business in Nevada, the greater part of its revenues arising from its Nevada operations. It has financed itself through the issue of first mortgage bonds, debentures, shares of preferred stock and equity capital and as of May 31, 1955, reports capital ratios as follows:

First mortgage bonds		\$11,475,000	47%
Debentures		2,284,000	10
Preferred stock		3,500,000	15
Common stock equity -			
Common stock	\$4,693,230		
Premium on stock	956,496		
Earned surplus	<u>1,103,110</u>		
Total common stock equity		<u>6,752,836</u>	<u>28</u>
Totals		<u>\$24,011,836</u>	<u>100%</u>

The common stock consists of 312,882 shares which, at December 31, 1954, were reported held by 6,007 shareholders. During the last five years, according to financial statements filed with the Commission, the earnings on the average number of shares outstanding and the annual dividends paid have been as follows:

	<u>Earnings</u>	<u>Dividends</u>
1950	\$2.11	\$1.60
1951	1.93	1.60
1952	2.59	1.60
1953	2.84	1.90
1954	2.68	2.00

During the 12 months ended May 31, 1955, the earnings on the average shares outstanding were reported at \$2.98 a share.

Applicant's shares are not listed but are traded over the counter, recent quotations being substantially in excess of the par value and the book value. ⁽¹⁾ It appears applicant is of the opinion that the split of its shares will broaden the market and will establish a price which would attract new investors more readily and thus facilitate future financing.

It is not contemplated that the presently outstanding certificates will be called for exchange. Upon the amendment and reclassification becoming effective there will be issued to the present holders of the outstanding 312,882 shares of common stock, of the par value of \$15 a share, additional certificates for a like

(1) On August 10, 1955, the stock was quoted at 45-1/2 bid and 48-1/2 asked.

number of shares of the par value of \$7.50 each, on the basis of one new share for each old share held of record, and thereupon the existing certificates for 312,882 shares of the par value of \$15 each will be deemed to represent a like number of shares of the par value of \$7.50 each. The stock split will have no effect upon applicant's total stated capital.

We have reviewed this application and are of the opinion that the request of applicant should be granted.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for by the issue of the shares of stock herein authorized is reasonably required by applicant for the purpose specified herein, and that such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income, therefore,

IT IS HEREBY ORDERED as follows:

1. Sierra Pacific Power Company, on and after the effective date hereof, may reclassify its authorized shares of common stock of the par value of \$15 each into shares of the par value of \$7.50 each and may issue 312,882 shares of its new \$7.50 par value common stock for the purpose set forth in this proceeding.

2. Applicant shall charge the expense of effecting the amendment and reclassification of its shares of common stock to its corporate surplus account.

3. The authorization herein granted will become effective when applicant has filed with the Commission a certified copy of the amendment reclassifying its capital stock.

Dated at San Francisco, California, this 17th day of August, 1955.

[Signature]
President

[Signature]
[Signature]
[Signature]

Commissioners

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~~Secretary of State of California~~