

ORIGINAL

Decision No. 68549

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of SIERRA PACIFIC POWER COMPANY, )  
a Maine Corporation, and SIERRA )  
NEVADA POWER COMPANY, a Nevada )  
Corporation for an order )  
authorizing the merger of the )  
applicants with the resultant )  
corporation to be known as )  
SIERRA PACIFIC POWER COMPANY, )  
a Nevada Corporation; the )  
assumption by SIERRA PACIFIC )  
POWER COMPANY, a Nevada )  
Corporation, of liability in )  
respect to certain securities of )  
SIERRA PACIFIC POWER COMPANY, a )  
Maine Corporation, and the )  
execution of certain supplemental )  
indentures of SIERRA PACIFIC )  
POWER COMPANY, a Maine )  
Corporation, and the issuance by )  
SIERRA PACIFIC POWER COMPANY, a )  
Nevada Corporation of shares of )  
its preferred and common stock )  
pursuant to the Agreement of )  
Merger )

Application No. 47272  
Filed January 20, 1965

O P I N I O N

This is an application for an order of the Commission granting authority to carry out the terms of a Joint Agreement of Merger whereby Sierra Pacific Power Company, a Maine corporation, will merge with and into Sierra Nevada Power Company, a Nevada corporation, which, as the surviving corporation, will carry on public utility operations under the name of Sierra Pacific Power Company.

Sierra Pacific Power Company, the Maine corporation, is engaged primarily in the business of generating, transmitting and distributing electricity in parts of California and Nevada. It also provides gas and water to utility consumers in Nevada. Assets and liabilities as reflected in the November 30, 1964 balance sheet attached to the application are summarized as follows:

<u>Assets</u>		
Utility plant	\$98,012,299	
Less: Accumulated depreciation provision	<u>10,343,379</u>	\$87,668,920
Current assets		4,620,095
Other assets		<u>2,039,667</u>
<b>Total</b>		<b><u>\$94,328,682</u></b>
<u>Liabilities and Capital</u>		
First mortgage bonds		\$35,975,000
Debentures		9,562,000
Preferred stock, Series A, \$2.44 Dividend, \$50 par value, 80,500 shares		4,025,000
Preferred stock, Series B, \$2.36 Dividend, \$50 par value, 100,000 shares		5,000,000
Common stock, \$3.75 par value, 1,895,743 shares		7,109,036
Premium on common stock		11,980,396
Earned surplus		7,086,607
Contributions in aid of construction		1,089,458
Current liabilities		7,405,502
Deferred and other credits		<u>5,095,683</u>
<b>Total</b>		<b><u>\$94,328,682</u></b>

Sierra Nevada Power Company is a Nevada corporation organized on or about January 15, 1965 for the purpose of engaging in any lawful activity including the carrying on of public utility business or businesses within and without the

State of Nevada. The application shows that such company presently does not own any operating facilities.

A copy of the proposed Joint Agreement of Merger is annexed to the application as Exhibit A. Under the terms of said agreement, the separate corporate existence of Sierra Pacific Power Company, the Maine corporation, will cease upon merger with and into Sierra Nevada Power Company, which, as the surviving corporation, will change its name to Sierra Pacific Power Company. The surviving company will succeed to all rights and properties and will be responsible for all debts, liabilities and obligations of the Maine corporation.

In assuming such responsibility, Sierra Nevada Power Company (renamed Sierra Pacific Power Company), the Nevada corporation, proposes to execute and deliver to trustees three supplemental indentures wherein it covenants to pay principal and interest on the first mortgage bonds and the debentures and to perform and fulfill all the terms, covenants and conditions of the indentures binding the Maine corporation. For the purpose of converting the preferred and common stock of the Maine corporation issued and outstanding on the effective date of the merger into like classes of the authorized capital stock of the Nevada corporation, the surviving company proposes to issue (a) one share of its preferred stock of each dividend series in exchange for one share of preferred stock of the same series and (b) two shares of its \$3.75 par value common stock in exchange for one share of common stock having the same par value.

Upon consummation of the contemplated merger Sierra Pacific Power Company, the Nevada corporation, proposes to ratify, affirm and approve all of the rights incident to the applicable rate schedules of Sierra Pacific Power Company, the Maine corporation, presently on file with this Commission and to accept all of the burdens, duties and obligations imposed by said rate schedules.

Applicants allege that it is desirable to change the corporate domicile of Sierra Pacific Power Company from the State of Maine to the State of Nevada because such move will improve public relations and permit operation under a more modern and flexible corporate law. Applicants assert further that the proposed merger will promote the public interest by providing more efficient, economical and continuous service to consumers.

The Commission has considered this matter and finds that: (1) the proposed merger would not be adverse to the public interest; (2) the money, property or labor to be procured or paid for by the issues of stock herein authorized is reasonably required for the purpose specified herein; and (3) such purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income. On the basis of these findings we conclude that the application should be granted. A public hearing is not necessary.

In issuing our order herein, we place the surviving corporation and its shareholders on notice that we do not regard the number of shares outstanding, the total par value of the shares nor the dividends paid as measuring the return the company should be allowed to earn on its investment in plant and that the authorization herein given is not to be construed as a finding of value of the company's stock or properties nor as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

IT IS ORDERED that:

1. Sierra Pacific Power Company, a Maine corporation, may merge with and into Sierra Nevada Power Company, a Nevada corporation, the latter to be the surviving corporation, in accordance with a Joint Agreement of Merger in the same form, or in substantially the same form, as Exhibit A attached to the application.

2. Sierra Nevada Power Company may change its name to Sierra Pacific Power Company and, as the surviving corporation, may assume all liability in respect to securities of Sierra Pacific Power Company, the Maine corporation, as provided in such merger agreement.

3. Sierra Nevada Power Company (renamed Sierra Pacific Power Company) may execute supplemental indentures in the same form, or in substantially the same form, as those attached to the application as Exhibits D, E and F.

4. Sierra Nevada Power Company (renamed Sierra Pacific Power Company) may issue not to exceed 80,500 shares of its Preferred Stock, Series A, \$2.44 Dividend, having an aggregate par value of \$4,025,000, and 100,000 shares of its Preferred Stock, Series B, \$2.36 Dividend, having an aggregate par value of \$5,000,000, in exchange for a like number of shares of the corresponding series of preferred stock of Sierra Pacific Power Company, the Maine corporation, as provided in such Joint Agreement of Merger.

5. Sierra Nevada Power Company (renamed Sierra Pacific Power Company) may issue not to exceed 3,791,486 shares of its \$3.75 par value common stock in exchange for 1,895,743 shares of \$3.75 par value common stock of Sierra Pacific Power Company, the Maine corporation, as provided in such Joint Agreement of Merger.

6. Sierra Nevada Power Company (renamed Sierra Pacific Power Company) shall file, within five days after the effective date of the merger, a notice of adoption of the presently filed tariff schedules of Sierra Pacific Power Company, the Maine corporation.

7. Sierra Nevada Power Company (renamed Sierra Pacific Power Company) shall file with the Commission a report, or reports, as required by General Order No. 24-B, which order, insofar as applicable, is hereby made a part of this order.

8. Within sixty days after the consummation of the merger, Sierra Nevada Power Company (renamed Sierra Pacific Power Company) shall file with the Commission a copy of each journal entry used to record the merger on its books.

9. The effective date of this order is the date hereof.

10. Any authority herein granted and not exercised will expire on December 31, 1965.

Dated at San Francisco, California, this 6<sup>th</sup> day of FEBRUARY, 1965.

Frederick B. Holcomb  
President

George H. Traver

William W. Dennis

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Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.