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ORIGINAL

Decision No. _____

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 issue
 and sell not exceeding 500,000 shares
 of its Common Stock at a par value of
 \$3.75 each share under contract with
 underwriters.

Application No. 52125
 Filed August 11, 1970

In the Matter of the Application of
 SIERRA PACIFIC POWER COMPANY
 for an order authorizing it to issue
 notes in an aggregate amount of
 \$37,500,000, payable at periods of
 not more than twelve months after
 the date of issuance.

Application No. 52126
 Filed August 11, 1970

O P I N I O N

Sierra Pacific Power Company requests orders of the Commission authorizing it (a) to issue and sell not exceeding 500,000 shares of its \$3.75 par value common stock, the aggregate par value not exceeding \$1,875,000, and (b) to issue not exceeding \$37,500,000 aggregate principal amount of short-term notes.

Applicant is a Nevada corporation engaged in public utility electric operations in the State of California, and in public utility electric, gas and water operations in the State of Nevada. For the year 1969, the company's reported total

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operating revenues amount to \$34,844,572, which total includes \$4,457,608 derived from California operations. The utility's reported assets and liabilities, as of June 30, 1970, as summarized from Appendix A, attached to the applications, are as follows:

Assets

Utility plant less accumulated provision for depreciation	\$160,516,731
Other assets	<u>12,370,290</u>
Total	<u>\$172,887,021</u>

Liabilities

Preferred stock	\$ 9,025,000
Common stock	16,000,688
Premium on capital stock	11,458,702
Retained earnings	17,315,213
Long-term debt	84,989,560
Short-term notes payable	17,000,000
Customer advances for construction	3,230,523
Contributions in aid of construction	2,873,947
Other liabilities	<u>10,993,388</u>
Total	<u>\$172,887,021</u>

The company proposes to issue and sell not exceeding 500,000 shares of its common stock under contract with underwriters. The price will be at least 95% of the price on the New York Stock Exchange of the last sale of applicant's common stock preceding the time when the utility determines the price applicable to the new shares.

From the proceeds to be derived from the new common stock issue, applicant proposes to repay a portion of its bank loans and commercial paper obtained to finance, in part, its construction program and to reimburse its treasury for funds previously expended for construction. Assuming a price of \$16 per share, aggregating \$8,000,000 to be applied toward reducing short-term notes, applicant's capitalization ratios as of June 30, 1970, and as adjusted to give effect to the proposed issuance of 500,000 shares of common stock, are computed to be as follows:

	<u>June 30, 1970</u>	<u>Pro Forma</u>
Long-term debt	54%	54%
Short-term notes	11	6
Preferred stock	6	6
Common stock equity	<u>29</u>	<u>34</u>
Total	<u>100%</u>	<u>100%</u>

In addition to the common stock, applicant proposes to issue short-term notes from time to time over a period of five years. The aggregate principal amount of all such notes outstanding at any one time will not exceed \$37,500,000, and the interest rates will not exceed 1-1/2% per annum above the prime rate prevailing at the time of negotiation. Applicant proposes to issue the notes in order to meet its continuing need for short-term borrowings to provide working capital, to finance, in part, its construction program, and to renew or refund other short-term obligations.

After consideration the Commission finds that:

1. The proposed stock and note issues are for proper purposes.
2. Applicant has need for funds from external sources for the purposes set forth in these proceedings.
3. The terms and conditions pertaining to the proposed stock and notes are reasonable.
4. The money, property or labor to be procured or paid for by the issue of the stock and notes herein authorized is reasonably required for the purposes specified herein, which purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

On the basis of the foregoing findings we conclude that the applications should be granted. A public hearing is not necessary. In issuing our order herein, we place applicant 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 it should be allowed to earn on its investment in plant, and that the authorization herein granted is not to be construed as a finding of the 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.

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O R D E R

IT IS ORDERED that:

1. Sierra Pacific Power Company, on or after the effective date hereof and on or before December 31, 1970, may issue and sell not exceeding 500,000 shares of its \$3.75 par value common stock at a price to be determined in the manner set forth in Application No. 52125.

2. Sierra Pacific Power Company, on or after the effective date hereof and on or before December 31, 1975, may issue short-term notes from time to time in the aggregate principal amount of not exceeding \$37,500,000 outstanding at any one time, which notes shall bear interest at rates not exceeding those computed in the manner set forth in Application No. 52126.

3. Sierra Pacific Power Company shall apply the proceeds to be derived from the stock and note issues herein authorized to the purposes specified in the foregoing opinion.

4. On the date Sierra Pacific Power Company determines the price applicable to the stock herein authorized, it shall notify the Commission of such price by telegram.

5. Within thirty days after issuing and selling the stock herein authorized, Sierra Pacific Power Company shall file with the Commission three copies of its prospectus pertaining to said stock, together with a statement, in lieu of a report under

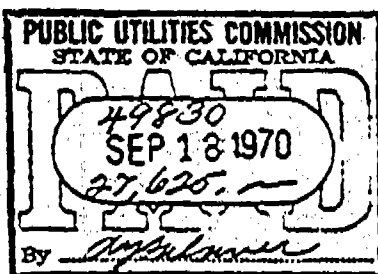
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General Order No. 24-B, disclosing the purposes for which the stock proceeds were used.

6. Within thirty days after issuing any of the notes herein authorized, Sierra Pacific Power Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, showing the issue and due dates, the interest rate, the payee and the principal amount of each note.

7. This order shall become effective when Sierra Pacific Power Company has paid the fees prescribed by Sections 1904(b) and 1904.1 of the Public Utilities Code, which fees are \$24,750 and \$2,875, respectively, amounting to a total of \$27,625.

Dated at Los Angeles, California,
this 15th day of SEPTEMBER, 1970.



[Signature]
Chairman

[Signature]

[Signature]
Commissioners

Commissioner A. W. Gatov, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.