

ORIGINAL

Decision No. 82673

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 issue and sell pursuant to)
competitive bidding \$30,000,000)
principal amount of First Mortgage)
Bonds, %, Series due 2004 and)
(b) to execute a Fifteenth)
Supplemental Indenture as of)
May 1, 1974, supplementing the)
Indenture of Mortgage dated)
December 1, 1940 together with)
fourteen existing supplemental)
indentures.)

Application No. 54725
(Filed March 14, 1974)

O P I N I O N

Sierra Pacific Power Company seeks authority to execute and deliver a Fifteenth Supplemental Indenture, and to issue and sell, at competitive bidding, \$30,000,000 aggregate principal amount of its First Mortgage Bonds due 2004.

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 1973 the company reports total operating revenues of \$58,185,650, which total includes \$7,447,851 (13%) derived from California operations. Its capitalization ratios as of December 31, 1973, and as adjusted to give effect to the proposed bond issue, as summarized from Appendix C attached to the application, are as follows:

	<u>December 31, 1973</u>	<u>Pro Forma</u>
Long-term debt	52%	58%
Preferred stock	12	11
Common stock equity	<u>36</u>	<u>31</u>
Total	<u>100%</u>	<u>100%</u>

Applicant proposes to use the proceeds of the proposed bond issue, except accrued interest which would be used for general corporate purposes, to repay short-term indebtedness incurred for capital construction purposes. In this connection the utility reports that its short-term notes aggregated \$34,600,000 at December 31, 1973.

The company proposes to sell the new bonds at competitive bidding, the winning bid to determine the interest rate. The bonds would be subject to a five-year restricted redemption provision, and would be secured by an existing indenture as previously supplemented, and by a proposed Fifteenth Supplemental Indenture.

After consideration the Commission finds that:

1. The proposed bonds would be for proper purposes.
2. Applicant has need for external funds for the purposes set forth in the application.
3. The proposed restricted redemption provision is reasonable.
4. The proposed Fifteenth Supplemental Indenture would not be adverse to the public interest.
5. The money, property or labor to be procured or paid for by the bonds herein authorized is reasonably required for the purposes specified herein, which purposes, except as otherwise authorized for accrued interest, 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 application should be granted. A public hearing is not necessary. The action taken herein is for the purpose of this proceeding only and is not to be construed as indicative of amounts to be included in proceedings for the determination of just and reasonable rates.

O R D E R

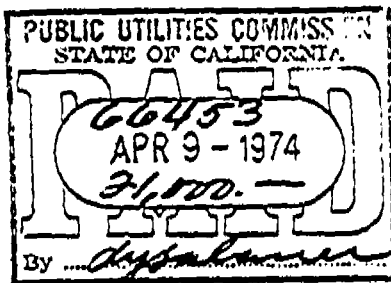
IT IS ORDERED that:

1. Sierra Pacific Power Company may execute and deliver a Fifteenth Supplemental Indenture in substantially the same form as Appendix D attached to the application.
2. Sierra Pacific Power Company may invite the submission of written sealed bids for the purchase of not exceeding \$30,000,000 aggregate principal amount of its First Mortgage Bonds due 2004.
3. Sierra Pacific Power Company may issue and sell not exceeding \$30,000,000 aggregate principal amount of its First Mortgage Bonds due 2004 at the price offered in a bid which will provide the lowest annual cost of money to applicant.
4. Sierra Pacific Power Company shall apply the proceeds from the sale of said bonds to the purposes referred to in the application.
5. Promptly after awarding the contract for the sale of said bonds, Sierra Pacific Power Company shall file a written report with the Commission showing, as to each bid received, the name of the bidder, the price, the interest rate and the cost of money to applicant based upon such price and interest rate.
6. As soon as available, Sierra Pacific Power Company shall file with the Commission three copies of its prospectus pertaining to said bonds.

7. Within one month after issuing and selling the bonds herein authorized, Sierra Pacific Power Company shall file with the Commission a statement, in lieu of a report under General Order No. 24-B, disclosing the purposes to which the bond proceeds were applied.

3. This order shall become effective when Sierra Pacific Power Company has paid the fee prescribed by Section 1904(b) of the Public Utilities Code, which fee is \$21,000.

Dated at San Francisco, California, this 27th day of April, 1974.



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