

Decision S2 03 061

MAR 16 1982

ORIGINAL

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 additional short-term notes)
allowing for total short-term)
borrowing at any one time not to)
exceed \$90,000,000.)
_____)

Application 82-01-38
(Filed January 19, 1982)

O P I N I O N

Sierra Pacific Power Company (Sierra Pacific) requests authority, under Public Utilities (PU) Code Section 823(c), to issue short-term obligations in an aggregate principal amount not exceeding \$90,000,000 at any one time, including that authorized by PU Code Section 823(c) and prior Commission authorizations. Notice of the filing of the application appeared on the Commission's Daily Calendar of January 21, 1982. No protests have been received.

Sierra Pacific is a Nevada corporation engaged in providing public utility electric service in California and electric, gas, and water service in Nevada. For the twelve months ended December 31, 1981, Sierra Pacific reported total operating revenues of \$219,009,000 of which \$26,597,000 or approximately

12.14% were derived from California operations. During the 12-month period ended November 30, 1981 the utility reported net income of \$23,923,000, as shown in Appendix B attached to the application.

Sierra Pacific seeks authority, under PU Code Section 823(c) to increase its short-term borrowing limit from \$75,000,000 to an aggregate amount not exceeding \$90,000,000. Under Decision (D.) 91718, dated April 29, 1980, in Application (A.) 59498, the utility received authorization to issue short-term obligations on or before August 8, 1983, in an aggregate principal amount not exceeding \$61,150,000 beyond the \$13,850,000 found to be allowed, without Commission authorization, by PU Code Section 823(c), making the total \$75,000,000. The additional authorization required to reach a total of \$90,000,000 is \$9,300,393, as shown in the summary which follows:

Common Stock	
(13,361,371 shares at \$3.75 par value)	\$ 50,105,141
Preferred Stock	
(13,805,000 shares at \$50 par value)	69,025,000
First Mortgage Bonds	<u>271,862,000</u>
Total Securities	<u>\$390,992,141</u>
5% of Total Securities	\$ <u>19,549,607</u>
5% allowed by Section 823(c)	\$ 19,549,607
Amount requiring authorization	<u>70,450,393</u>
	<u>\$ 90,000,000</u>
Amount authorized by D.91719, dated April 29, 1980 (45,000,000 + \$16,150,000)	\$ 61,150,000
Additional authority needed	<u>9,300,393</u>
Total short-term financing requested	\$ <u>70,450,393</u>

Sierra Pacific requests that the existing authorization be extended to a date terminating four years from the effective date of this order and that the additional authorization be for a four-year period having the same termination date.

The application states that as of December 31, 1981 Sierra Pacific had outstanding bank loans and commercial paper aggregating \$42,500,000. The application further states that because of the utility's need to repay existing short-term promissory notes as they become due, and to meet payments under its construction schedule over the next four years, the utility believes it is necessary and prudent to seek the additional borrowing authorization requested.

Sierra Pacific estimates that gross expenditures required for its construction program during calendar years 1982 and 1983 will approximate \$117,445,000. A summary of the utility's planned construction is as follows:

	<u>1982</u>	<u>1983</u>
Electrical Department	\$43,500,000	\$60,701,250
Gas Department	2,900,000	2,829,059
Water Department	3,100,000	3,627,754
Common Plant	<u>500,000</u>	<u>287,234</u>
TOTAL	\$50,000,000	\$67,445,297

The Commission's Revenue Requirements Division has reviewed Sierra Pacific's 1982 and 1983 construction program and concludes that the estimated construction expenditures are reasonable and has no objection to the proposed short-term financing specified in the application. The Division reserves the right, however, to reconsider the reasonableness of any specific construction expenditure in future rate proceedings.

Sierra Pacific's capital ratios as of December 31, 1981, and as adjusted for the effect of a maximum \$90,000,000 short-term financing on that date, are as follows:

	<u>December 31, 1981</u>	<u>Pro Forma</u>
Common Equity	34%	32%
Preferred stock	12	11
Long-term debt	47	43
Short-term debt	<u>7</u>	<u>14</u>
TOTAL	100%	100%

The Commission's Revenue Requirements Division has analyzed the utility's cash requirement forecast and has determined that the utility has need for external financing. The Division has concluded that the proposed short-term financing is necessary to help Sierra Pacific meet its forecasted cash requirements.

Findings of Fact

1. Sierra Pacific is a corporation organized under the laws of the State of Nevada.
2. Sierra Pacific for the year 1981 derived 12.14% of its total operating revenues in the State of California.
3. The proposed increase in principal amount of authorized short-term borrowings would be for proper purposes.
4. The proposed extension of the termination date of the period during which the existing short-term borrowing authority applies is reasonable.
5. The proposed period during which the authority sought may be exercised is reasonable.
6. Sierra Pacific has need for external funds for the purposes set forth in its application.
7. The proposed security issue is for lawful purposes and the money, property, or labor to be obtained by it is required for these purposes. Proceeds from the security issue may not be charged to operating expenses or to income.
8. There is no known opposition and no reason to delay the authority requested.

Conclusions of Law

1. A public hearing is not necessary.
2. The application should be granted to the extent set forth in the order which follows:

The following order should be effective on the date of signature and payment of the fee set by PU Code Sections 1904(b) and 1904.2, to enable Sierra Pacific to issue its short-term obligations expeditiously.

O R D E R

IT IS ORDERED that:

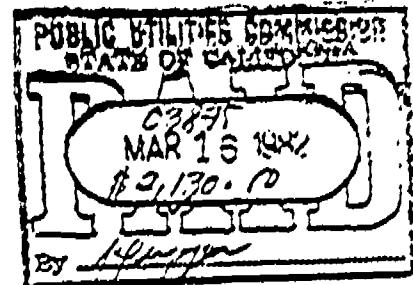
1. Sierra Pacific Power Company may issue short-term obligations on and after the effective date of this order and on or before June 30, 1985, in an aggregate principal amount not exceeding \$70,450,393 beyond that authorized by PU Code Section 823(c), bearing interest rates to be negotiated by the company, and for the purposes specified in the application.
2. Sierra Pacific Power Company shall apply the net proceeds from the issuance of short-term obligations to the purposes specified in the application.
3. On or before the 15th day of each month, Sierra Pacific Power Company shall file with the Commission a summary for the preceding month showing the aggregate amount of short-term

obligations and the purposes for which the proceeds were used. These filings shall be in lieu of reports required under General Order Series 24.

4. This order shall become effective when Sierra Pacific Power Company pays \$2,130, the fee prescribed by PU Code Sections 1904(b) and 1904.2.

Dated MAR 16 1982 , at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D GRAVELLE
LEONARD M. CRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners



I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS-TODAY.

Joseph E. Bodovitz
Joseph E. Bodovitz, Executive Director