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Decision No. 90593 JUL 31 1979**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SIERRA PACIFIC POWER)
 COMPANY, a Nevada corporation, for)
 an exemption order under P U Code)
 Sections 829 and 853 respecting its)
 proposal (a) to issue not in excess)
 of \$30,000,000 principal amount of)
 its First Mortgage Bonds _____%)
 Series due 2009 to provide funds for)
 construction and equipping by appli-)
 cant of certain gas and water)
 facilities in Washoe County, Nevada,)
 and (b) to execute a Twenty-First)
 Supplemental Indenture as of)
 August 1, 1979, supplementing the)
 Indenture of Mortgage dated as of)
 December 1, 1940, together with the)
 twenty existing supplemental inden-)
 tures pursuant to a proposed financ-)
 ing agreement.)

Application No. 58972

(Filed July 2, 1979)

O P I N I O N

Pursuant to Sections 829 and 853 of the Public Utilities Code, Sierra Pacific Power Company (Sierra Pacific) seeks an order exempting its proposed \$30,000,000 of First Mortgage Bonds, Series due 2009, and related Financing Agreement and Twenty-First Supplemental Indenture from provisions of the Public Utilities Code which otherwise might be applicable. Notice of the filing of the application appeared on the Commission's Daily Calendar of July 6, 1979.

Sierra Pacific 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 1978 its reported total operating revenues amounted to \$158,667,000 of which \$18,995,000 (approximately 13%) were derived from California operations.

In accordance with the County Economic Development Revenue Bond Law of the State of Nevada, the utility proposes to enter into a Financing Agreement with the County of Washoe. A form of the agreement is attached to the application as Exhibit C. The agreement would enable Sierra Pacific to construct and equip certain gas and water facilities located in Washoe County, Nevada, by utilizing funds to be obtained through bonds to be issued by the County of Washoe. The application shows that interest payable on such bonds would be exempt from federal income taxes.

Pursuant to the Financing Agreement, Sierra Pacific would issue \$30,000,000 aggregate principal amount of its First Mortgage Bond Series due 2009, to the County of Washoe for assignment to a trustee to be held in pledge. In particular, these bonds would constitute a pledge with respect to \$30,000,000 aggregate principal amount of Washoe County, Nevada, Collateralized Gas and Water Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1979. In connection with the Financing Agreement, Sierra Pacific would execute a Twenty-First Supplemental Indenture.

The application shows that the proposed gas and water property additions are necessary for applicant to provide gas and water to its customers in Washoe County, Nevada.

The Commission, by Decision No. 85936, dated June 8, 1976, in Application No. 56504, previously exempted Sierra Pacific's issue of Series P, First Mortgage Bonds and related Financing Agreement and Seventeenth Supplemental Indenture from the provision of Article 5, Chapter 4, Part 1, Division 1 and Section 851 (in Article 6, Chapter 4, Part 1, Division 1) of the Public Utilities Code.

Findings of Fact:

1. Sierra Pacific is a corporation organized under the laws of the State of Nevada.
2. Sierra Pacific derives 87% of its operating revenues from business conducted in the State of Nevada, and 13% from California.
3. The proposed Financing Agreement pertains to a public utility gas and water system located in the County of Washoe, State of Nevada.
4. Bonds issued pursuant to the proposed Financing Agreement would provide funds at the relatively low interest cost attributable to exemption from federal income taxes.
5. The proposed Financing Agreement would be governed exclusively by, and construed in accordance with, the applicable laws of the State of Nevada.
6. Sierra Pacific filed an application with the Public Service Commission of the State of Nevada to engage in the proposed financing.
7. The application of Article 5, Chapter 4, Part 1, Division 1, and the application of Section 851 (in Article 6, Chapter 4, Part 1, Division 1) of the Public Utilities Code to Sierra Pacific with respect to its First Mortgage Bonds, Series due 2009, and related Financing Agreement and Twenty-First Supplemental Indenture is not necessary in the public interest.
8. There is no known opposition and there is no reason to delay granting the relief requested.

Conclusions of Law:

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


O R D E R


IT IS ORDERED that:


1. Sierra Pacific Power Company, with respect to its First Mortgage Bonds, Series due 2009, and related Financing Agreement and Twenty-First Supplemental Indenture, is hereby exempted from the provisions of Article 5, Chapter 4, Part 1, Division 1 and from the provisions of Section 851 (in Article 6, Chapter 4, Part 1, Division 1) of the Public Utilities Code.

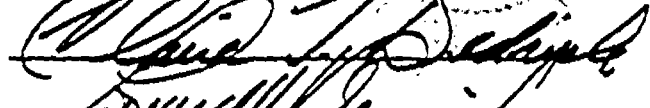
The effective date of this order is the date hereof.

Dated at San Francisco, California this 21st day of JULY, 1979.



President






Commissioners