

RR/lq

OCT 22 1980

Decision No. 92358

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 an additional 1,000,000
shares of its Common Stock, \$3.75
par value, pursuant to its
Dividend Reinvestment and Stock
Purchase Plan.

ORIGINAL

Application No. 59917
(Filed September 2, 1980)

O P I N I O N

Sierra Pacific Power Company (Sierra Pacific) requests authority to issue and sell 1,000,000 shares of its \$3.75 par value common stock in accordance with the company's Dividend Reinvestment and Stock Purchase Plan. Sierra Pacific requests this authority pursuant to Sections 816 through 825 of the Public Utilities Code. Notice of the filing of the application was published on the Commission's Daily Calendar of September 5, 1980. No protests have been received.

Sierra Pacific is a Nevada corporation engaged in public utility electric operations in the states of California and Nevada. For the year 1979 its reported total operating revenues amounted to \$178,326,000 of which \$22,556,000 (approximately 13%) was derived from California operations.

Sierra Pacific has in existence a Dividend Reinvestment and Stock Purchase Plan available to all of the company's common and preferred stockholders. The plan is administered as follows: All common and preferred stockholders are eligible to take advantage of the plan by electing to have their dividends reinvested by the company into new shares of common stock. There

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is no brokerage commission or service charge payable by the stockholders. In addition, each preferred and common stockholder may elect to purchase additional shares under the plan by payment of at least \$25, but not exceeding \$5,000, per quarter with no brokerage commission or service charge payable.

The purpose of Sierra Pacific's Dividend Reinvestment and Stock Purchase Plan is to provide its shareholders with a simple and convenient method of investing their cash dividends and/or making optional cash investments to purchase additional shares of common stock at a price equal to the market value.^{1/}

Sierra Pacific was originally authorized to adopt its Dividend Reinvestment and Stock Purchase Plan and to issue 300,000 shares of its common stock by Commission Decision No. 84382, dated April 29, 1975, in Application No. 55614.

Sierra Pacific proposes to increase its existing authorization (500,000 shares of common stock were authorized by Decision No. 88545, dated March 7, 1978, in Application No. 57831) by an additional 1,000,000 shares. The company's reason for increasing the shares is that there remain reserved and unissued only 27,039 shares of the 500,000 shares authorized by Decision No. 88545. The remaining unissued shares are insufficient to keep the plan viable and operative. The application indicates that Sierra Pacific must have additional shares reserved for issuance on or before October 28, 1980.

As of July 31, 1980, Sierra Pacific had outstanding bank loans and commercial paper aggregating \$18,851,000. Such bank loans and commercial paper were obtained to finance in part the company's construction program. It is estimated the Dividend Reinvestment and Stock Purchase Plan will produce approximately \$4,000,000 per year which the company will use to reduce outstanding bank loans and commercial paper.

^{1/} On September 12, 1980, Sierra Pacific's common stock closed at 13-3/8.

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Sierra Pacific's estimated construction program for the years 1980, 1981 and 1982 is as follows:

	<u>1980</u>	<u>1981</u>	<u>1982</u>
Electric Department	\$106,291,000	\$ 84,014,000	\$77,754,000
Gas Department	3,236,000	3,101,000	4,563,000
Water Department	8,086,000	8,418,000	9,047,000
Common Plant	<u>2,818,000</u>	<u>11,342,000</u>	<u>5,414,000</u>
Total Estimated Program	<u>\$120,431,000</u>	<u>\$106,875,000</u>	<u>\$96,778,000</u>

The staff of the Commission's Revenue Requirements Division has reviewed Sierra Pacific's construction program and concludes that the estimated construction expenditures are reasonable. The Division reserves the right, however, to reconsider the reasonableness of any construction expenditures in future rate proceedings.

Sierra Pacific's capitalization as of July 31, 1980, and as adjusted to give effect to the proposed security issue is summarized as follows:

<u>Description</u>	<u>Actual</u>		<u>Adjusted^{2/}</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Long-Term Debt	\$206,610	44%	\$206,610	43%
Short-Term Debt	18,851	4	18,851	4
Preferred Stock	69,025	15	69,025	15
Common Stock Equity	<u>172,088</u>	<u>37</u>	<u>185,338</u>	<u>38</u>
Total	<u>\$466,574</u>	<u>100%</u>	<u>\$479,824</u>	<u>100%</u>

The staff of the Commission's Revenue Requirements Division has reviewed the company's Dividend Reinvestment and Stock Purchase Plan and proposal. The staff concludes that the proceeds from the proposed sale of common stock are needed for the purpose of construction financing and are necessary to help meet Sierra Pacific's cash requirements.

^{2/} Assumes net proceeds of \$13.25 per share from sale of common stock.

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 operations.

3. The proposed issue of common stock would be for a proper purpose.

4. Sierra Pacific has need for external funds for the purpose set forth in this proceeding.

5. The Dividend Reinvestment and Stock Purchase Plan would not be adverse to the public interest.

6. The money, property or labor to be procured or paid for by the stock herein authorized is reasonably required for the purpose specified herein which purpose is not, in whole or in part, reasonably chargeable to operating expenses or to income.

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.

Because of time commitments related to the issuance of the common stock, Sierra Pacific has requested an order effective upon payment of the prescribed fee.

In issuing our order herein, we place Sierra Pacific 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.

O R D E R

IT IS ORDERED that:

1. Sierra Pacific Power Company, on or after the effective date hereof, may issue and sell not exceeding 1,000,000 shares of its common stock of \$3.75 par value per share to be offered to its holders of the common and/or preferred stock in accordance with the terms set forth in the application and in its Dividend Reinvestment and Stock Purchase Plan.

2. Sierra Pacific Power Company shall use the proceeds from the issuance and sale of the common stock herein authorized for the purpose of financing construction.

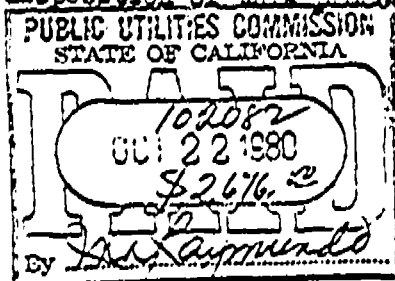
3. On or before the twenty-fifth day of the month following each quarter, Sierra Pacific Power Company shall file with the Commission a statement for the preceding quarter showing the number of shares of common stock issued and sold under the Dividend Reinvestment and Stock Purchase Plan, the price or prices at which such shares were issued, the total proceeds received and the purpose for which the proceeds were used. These filings shall be in lieu of reports under General Order No. 24-B.

4. This order shall become effective when Sierra Pacific Power Company has paid the fee prescribed by Section 1904.2 of the Public Utilities Code, which fee is \$2,676.

Dated OCT 22 1980, at San Francisco, California

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dodrick, being necessarily absent, did not participate in the disposition of this proceeding.



J. E. Bryn
President

Richard D. Howell

Donald M. Smith
Commissioners