

# Exhibit 37

EXHIBIT 37 to  
*PETITION TO SET ASIDE ACCOUNTINGS*



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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

Commission File Number 0-508

SIERRA PACIFIC POWER COMPANY  
(Exact name of registrant as specified in its charter)

NEVADA  
(State or other jurisdiction of  
incorporation or organization)

88-0044418  
(I.R.S. Employer  
Identification No.)

P.O. Box 10100 (6100 Neil Road)  
Reno, Nevada  
(Address of principal executive office)

89520-0400 (89511)  
(Zip Code)

(775) 834-4011  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: none.

Securities registered pursuant to Section 12(g) of the Act:

Preferred Stock:	Series A, \$2.44 Dividend, \$50 par value
-----	Series B, \$2.36 Dividend, \$50 par value
(Title of Class)	Series C, \$3.90 Dividend, \$50 par value
	Sierra Pacific Power Capital Trust I, \$2.15 Dividend, \$25 stated value

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

State the aggregate market value of the voting stock held by non-affiliates. As of March 16, 1999: None

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

The following is a listing of all the current directors of SPPC and their ages as of December 31, 1998. There are no family relationships among them. Directors serve one-year terms ending at the next annual meeting or until a successor has been elected and qualified.

Edward P. Bliss, 66

Consultant to Scudder Kemper Investments Co; retired partner, Loomis, Sayles & Company, Inc., an investment counsel firm in Boston, Massachusetts. He is also a Director of Seaboard Petroleum, Midland, Texas. Mr. Bliss has served as Director of SPPC since 1992 and of SPR since 1991.

Krestine M. Corbin, 61

President and Chief Executive Officer of Sierra Machinery, Incorporated since 1984 and a director of that company since 1980. She also serves on the Federal Reserve Bank Twelfth District Head Board. Ms. Corbin has served as a Director of SPPC since 1992 and of SPR since 1989.

Theodore J. Day, 49

Senior Partner, Hale, Day, Gallagher Company, a real estate brokerage and investment firm. Mr. Day has served as a Director of SPPC since 1986 and of SPR since 1987. He is also a Director of the W.M. Keck Foundation.

Harold P. Dayton, Jr., 76

Retired President of Dayton's Furniture, Inc. Mr. Dayton has served as a Director of SPPC since 1967 and of SPR since 1983.

James R. Donnelley, 63

Vice Chairman of the Board, R.R. Donnelley & Sons Company, since July 1990. He was Group President, Corporate Development from June 1987 to July 1990 and Group President, Financial Printing Services Group from January 1985 to January 1988 for R.R. Donnelley and Sons Company. He has been a Director of that Company since 1976. He is also a Director of Pacific Magazines & Printing Limited and Director and Chairman of National Merit Scholarship Corporation. Mr. Donnelley has served as a Director of SPPC since 1992 and of SPR since 1987.

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Richard N. Fulstone, 71

President and General Manager of R.N. Fulstone Company since 1957 and President and General Manager, F.M. Fulstone, Inc., since 1982. Both companies engage in farming, cattle ranching and investments. Mr. Fulstone has served as a Director of SPPC since 1992 and of SPR since 1986.

Malyn K. Malquist, 46, Chairman, President and Chief Executive Officer

Mr. Malquist was elected President and Chief Executive Officer of the

Company and SPR on January 14, 1998. On February 24, 1998, Mr. Malquist was elected to the additional position of Chairman for both the Company and SPR. He was Sr. Vice President - Distribution Services Business Group and Principal Operations Officer from August 1996 to January 1998. He served as Senior Vice President and Chief Financial Officer of the Company and SPR when he joined the Company in April 1994 to August 1996. Prior to joining the Company, he was with San Diego Gas and Electric, where since 1978 he held various financial positions, including Treasurer in 1990 and Vice President in 1993.

James L. Murphy, 69

Certified Public Accountant and retired partner of and consultant to Grant Thornton L.L.P., an international accounting and management consulting firm. He is the owner, independent trustee and general partner of several real estate development projects and numerous rental properties. He is also a retired Colonel in the United States Air Force Reserve. Mr. Murphy has served as a Director of SPPC since 1990 and of SPR since 1992.

Ronald K. Remington, 57

President, Great Basin College since June 1989. He was previously Vice President of Instruction at Truckee Meadows Community College. Dr. Remington received his Ph.D. in psychology from the University of Nevada, Reno. Dr. Remington has served as a Director of SPPC since December 1991.

Dennis E. Wheeler, 56

Chairman, President and Chief Executive Officer of Coeur d'Alene Mines Corporation since 1986. Mr. Wheeler has served as a Director of SPPC since 1992 and of SPR since 1990.

Robert B. Whittington, 71

Retired newspaper executive; former President, Gannett West Newspaper Group; Director, Gannett Company, Inc.; and former publisher, Reno Gazette and Nevada State Journal. Mr. Whittington has served as a Director of both SPPC and SPR since 1985.

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All of the present Directors, with the exception of Dr. Remington, are Directors of SPR. Messrs. Malquist and Murphy are Directors of Lands of Sierra, Inc.; Messrs. Dayton and Malquist are Directors of Sierra Gas Holdings Co.; Messrs. Fulstone and Malquist are Directors of Sierra Water Development Co.; Messrs. Day and Malquist are Directors of Tuscarora Gas Pipeline Co.; Mr. Malquist is a Director of Sierra Pacific Resources Media Group, GPSF-B, Pinon Pine Corp., and Pinon Pine Investment Co. All of the above listed companies are affiliates of SPPC with the exception of GPSF-B, Pinon Pine Corp., and Pinon Pine Investment Co which are subsidiaries.

(b) Executive Officers

The following are current executive officers and their ages as of December

with four years of service for prior years of service with his previous employer, most of which was dedicated to performing legal services for SPR and SPPC, and an additional one-half year credit for each year of service with the Company for the first ten years of his employment. Years of credited service for Messrs. Malquist, Peterson, Ruelle and Harris and Ms. Willier are 4.6, 10.8, .8, 23.6 and .9, respectively.

A supplemental executive retirement plan (SERP) and an excess plan are also offered to the named executive officers. The SERP is intended to ensure the payment of a competitive level of retirement income to attract, retain and motivate selected executives. The excess plan is intended to provide benefits to executive officers whose pension benefits under the Company's retirement plan are limited by law to certain maximum amounts.

#### SEVERANCE ARRANGEMENTS

Individual severance allowance plans exist for the named executive officers which provide for severance pay, payable in a lump sum or by purchase of an annuity, if within three

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years after a change in control of the Company, there is a termination of employment by the Company related to such change in control, or a termination of employment by the employee for good reason, in each case as described in the plans. In these circumstances, officers are entitled to a severance allowance not to exceed an amount equal to 36 months of the officer's base salary and any bonus and the continuation for up to 36 months of participation in the Company's group medical and life insurance plans. Change in control is defined in the plans as, among other things, a dissolution or liquidation, a reorganization, merger or consolidation in which the Company is not the surviving corporation, the sale of all or substantially all the assets of the company (not the sale of a work unit) or the acquisition by any person or entity of 30% or more of the voting power of the Company.

In addition, several merger-related and merger-conditioned severance arrangements have been entered into between the Company and several executives, which are described in the section titled Certain Relationships and Related Transactions.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

##### Voting Stock

SPR owns 100 percent of the voting stock of SPPC.

The table below sets forth the shares of Sierra Pacific Resources Common Stock beneficially owned by each director, nominee for director, the Chief Executive Officer, and the four other most highly compensated executive officers. No director, nominee for director or executive officer owns, nor do the directors and executive officers as a group own, in excess of one percent of the outstanding Common Stock of SPR. Unless otherwise indicated, all persons

named in the table have sole voting and investment power with respect to the shares shown.

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Name of Director or Nominee	Common Shares Beneficially Owned as of March 10, 1999
Edward P. Bliss	14,419
Krestine M. Corbin	10,172
Theodore J. Day	20,613
Harold P. Dayton, Jr.	12,583
James R. Donnelley	18,840
Richard N. Fulstone	14,845
Walter M. Higgins (1)	100
Malyn K. Malquist	43,243
James L. Murphy	10,318
Ronald K. Remington	8,338
Dennis E. Wheeler	9,250
Robert B. Whittington	13,214
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	175,935
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Executive Officers	Common Shares Beneficially Owned as of March 10, 1999
Walter M. Higgins (1)	100
Malyn K. Malquist	43,243
William E. Peterson	22,451
Mark A. Ruelle	10,022
Mary Jane L. Willier	6,318
Randy G. Harris	8,803
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	90,937
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All directors and executive officers as a group (a) (b) (c)	297,719
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(1) Mr. Higgins resigned from his position of Chairman, President and Chief

Executive Officer on January 14, 1998.

- (a) Includes shares acquired through participation in the Employee stock Purchase Plan and/or the 401(k) plan.
- (b) The number of shares beneficially owned includes shares which the Executive Officers currently have the right to acquire pursuant to stock options granted and performance shares earned under the Executive Long-Term Incentive Plan. Shares beneficially owned pursuant to stock options granted to Messrs. Higgins, Malquist, Peterson, Ruelle, Harris, Ms. Willier, and all directors and executive officers as a group are -0-, 37,915, 18,913, 8,589, 5,833, 5,833 and 98,241 shares, respectively. Shares beneficially owned as a result of performance shares earned by Messrs. Higgins, Malquist, Peterson, Ruelle, Harris, Ms. Willier, and all directors and officers as a group are 0, 1,156, 592, 494, 259, 400, and 1,965, respectively.
- (c) Included in the shares beneficially owned by the Directors are 71,737 shares of "phantom stock" representing the actuarial value of the Director's vested benefits in the terminated Retirement Plan for Outside Directors. The "phantom stock" is held in an account to be paid at the time of the Director's departure from the Board.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

SPR has entered to an agreement with Hale Day Gallagher Co., a real estate brokerage and investment company, to act as broker for the sale of a property owned by Lands of Sierra, Inc., a subsidiary of SPR. The eventual sale of the property will result in Hale Day Gallagher Co. receiving a standard brokerage commission not to exceed 5% of the selling price. Mr. T.J. Day, a senior partner of Hale Day Gallagher Co. and a Director of the Company, has no relationship with, or interest in, the transaction, will receive no part of the commission, and will receive no direct or indirect benefit from the transaction.

Mr. Peterson, formerly a partner with the law firm of Woodburn and Wedge, became Senior Vice President and General Counsel for Sierra Pacific Resources in 1993. Woodburn and

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Wedge, which has performed legal services for Sierra Pacific Power Company since 1920 and for Sierra Pacific Resources and all of its subsidiaries from their inception, continues to perform legal work for the Company. Mr. Peterson's spouse, an equity partner in the firm since 1982, has performed work for the Company since 1976 and continues to do so from time to time.

Susan Oldham, a former employee of SPPC specializing in water resources law, planning and policy accepted the Company's voluntary severance offering in December 1995. Ms. Oldham is the spouse of Steven C. Oldham, Vice President Transmission Business Group and Strategic Development for Sierra Pacific Power Company. Ms. Oldham, a licensed attorney in Nevada and California, has continued to perform specialized legal services in the water resources area for the Company on a contract basis.

By: /s/ Malyn K. Malquist  
-----  
Malyn K. Malquist  
President and Chief Executive Officer  
March 19, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 19th day of March, 1999.

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<p>&lt;S&gt; /s/ Mark A. Ruelle ----- Mark A. Ruelle Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)  /s/ Edward P. Bliss ----- Edward P. Bliss Director  /s/ Krestine M. Corbin ----- Krestine M. Corbin Director  /s/ Theodore J. Day ----- Theodore J. Day Director  /s/ Harold P. Dayton, Jr. ----- Harold P. Dayton, Jr. Director  /s/ James R. Donnelley ----- James R. Donnelley Director  /s/ Richard N. Fulstone ----- Richard N. Fulstone Director</p>	<p>&lt;C&gt; /s/ Mary O. Simmons ----- Mary O. Simmons Controller (Principal Accounting Officer)  /s/ James L. Murphy ----- James L. Murphy Director  /s/ Ronald K. Remington ----- Ronald K. Remington Director  /s/ Dennis E. Wheeler ----- Dennis E. Wheeler Director  /s/ Robert B. Whittington ----- Robert B. Whittington Director  /s/ Malyn K. Malquist ----- Malyn K. Malquist Director</p>
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INDEPENDENT AUDITORS' REPORT