

# Exhibit 42

EXHIBIT 42 to  
*PETITION TO SET ASIDE ACCOUNTINGS*

<SEC-DOCUMENT>0000898430-00-000959-index.html : 20000329  
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CONFORMED SUBMISSION TYPE: 10-K405  
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## FILER:

## COMPANY DATA:

COMPANY CONFORMED NAME: SIERRA PACIFIC POWER CO  
CENTRAL INDEX KEY: 0000090144  
STANDARD INDUSTRIAL CLASSIFICATION: ELECTRIC & OTHER SERVICES COMBIN  
IRS NUMBER: 880044418  
STATE OF INCORPORATION: NV  
FISCAL YEAR END: 1231

## FILING VALUES:

FORM TYPE: 10-K405  
SEC ACT:  
SEC FILE NUMBER: 000-00508  
FILM NUMBER: 581132

## BUSINESS ADDRESS:

STREET 1: 6100 NEIL RD  
STREET 2: P O BOX 10100  
CITY: RENO  
STATE: NV  
ZIP: 89520-0400  
BUSINESS PHONE: 7026895408

## MAIL ADDRESS:

STREET 1: 6100 NEIL ROAD  
STREET 2: P.O. BOX 10100  
CITY: RENO  
STATE: NV  
ZIP: 89520

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&lt;TYPE&gt;10-K405

&lt;SEQUENCE&gt;1

&lt;DESCRIPTION&gt;FORM 10-K

&lt;TEXT&gt;

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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, 1999

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:

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(Title of Class) Class A, Series 1, \$1.95 Dividend, \$25 stated value

Preferred Securities:

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(Title of Class) 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 X No

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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. X

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State the aggregate market value of the voting stock held by non-affiliates. As of March 22, 2000: None

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

<TABLE>

<S>

Class

<C>

Outstanding at March 22, 2000: 1,0

previously elected President and Chief Executive Officer of SPR and SPPC in January 1998. In February 1998, Mr. Malquist was elected to the additional position of Chairman. Mr. Malquist continued to hold the positions of Chairman and Chief Executive Officer until SPR's merger with NVP in July 1999. He was Senior 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 SPR and SPPC from April 1994, when he joined SPR, until August 1996. Prior to joining SPR, Mr. Malquist was with San Diego Gas and Electric, where from 1978 he held various financial positions, including Treasurer and Vice President.

John F. O'Reilly, 54

Chairman and Chief Executive Officer of the law firm of Keefer, O'Reilly, Ferrario and Lubbers. Mr. O'Reilly is also Chairman and Chief Executive Officer of the O'Reilly Gaming Group and is Chairman of the Nevada Test Site Development Corporation. Mr. O'Reilly has served as a Director of NVP since 1995, and was elected a Director of SPR and SPPC in July 1999.

Directors whose terms expire in 2002:

Krestine M. Corbin, 62

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 SPR since 1991, of SPR since 1989, and was elected a Director of NVP in July 1999.

Fred D. Gibson, Jr., 72

Retired Chairman, President and Chief Executive Officer, but remains as a director, of American Pacific Corporation, a manufacturer of chemicals and pollution abatement equipment and a real estate developer. Mr. Gibson has been affiliated with American Pacific Corporation and its predecessor, Pacific Engineering & Production Co., since 1956. He is also a director of Cashman Equipment Company. Mr. Gibson has served as a Director of NVP since 1978, and was elected a Director of SPR and SPPC in July 1999.

James L. Murphy, 70

Certified Public Accountant and retired partner of and consultant to Grant Thornton L.L.P., an international accounting and management consulting firm. Mr. Murphy 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, of SPR since 1992, and was elected a Director of NVP in July 1999.

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Michael R. Niggli, 50, Chairman and Chief Executive Officer

Mr. Niggli was elected Chairman and Chief Executive Officer of SPR, and

Chairman of NVP and SPPC, upon the close of SPR's merger with NVP in July 1999. He joined NVP as President and Chief Operating Officer in February 1998. He was appointed by NVP's Board of Directors as Chief Executive Officer effective February 23, 1999 and as Chairman on June 10, 1999. Prior to joining NVP, Mr. Niggli was Senior Vice President of the Custom Accounts Market Unit for Entergy, a New Orleans-based global energy company. Beginning in 1988, he also served at Entergy as Senior Vice President of Marketing and in Vice President positions for areas including fuels, strategic planning and customer service.

Dennis E. Wheeler, 57

Chairman, President and Chief Executive Officer of Coeur d'Alene Mines Corporation since 1986. Mr. Wheeler has served as a Director of SPR since 1990, of SPPC since 1992, and was elected a Director of NVP in July 1999.

All of the present Directors are Directors of SPR. Messrs. Malquist and Murphy are Directors of Lands of Sierra, Inc.; Messrs. Day and Malquist are Directors of Tuscarora Gas Pipeline Co.; Mr. Niggli is a Director of Sierra Pacific Communications; Mr. Malquist is a Director of Sierra Water Development Company, Sierra Gas Holdings Co., 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 of the companies indicated and their ages as of December 31, 1999. There are no family relationships among them. Officers serve a term which extends to and expires at the annual meeting of the Board of Directors or until a successor has been elected and qualified:

Michael R. Niggli, 50, Chairman, Board of Directors

See description under Item 10(a), "Directors," page 83

Malyn K. Malquist, 47, President and Chief Executive Officer

See description under Item 10(a), "Directors," page 82.

Steven W. Rigazio, 45, Senior Vice President, Energy Delivery

Mr. Rigazio was elected Senior Vice President, Energy Delivery, in July 1999, and holds the same position with NVP. Previously he was Vice President, Finance and Planning, Treasurer, and Chief Financial Officer for NVP effective October 1993. Other NVP management positions include Vice President and Treasurer, Chief Financial Officer; Vice President, Planning; Director of System Planning; Manager of Rates and Regulatory Affairs; and Supervisor of Rates and Regulations. Mr. Rigazio has been with NVP since 1984.

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William E. Peterson, 52, Senior Vice President, General Counsel and Corporate Secretary

Years of credited service for the named executives are as follows: Mr. Niggli, 0.9; Mr. Malquist, 4.6; Mr. Rigazio, 14.5; Mr. Ruelle, 1.8; Mr. Peterson, 12.5; and Ms. Banks-Weddle, 19.8.

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.

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

## Voting Stock

SPR owns 100% 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 1, 2000	Percent of Total Common Shares Outstanding as of March 1, 2000
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<S>	<C>	<C>
Edward P. Bliss	22,988	
Mary K. Cashman	9,054	
Mary L. Coleman	262,656	
Krestine M. Corbin	16,454	
Theodore J. Day	31,429	
James R. Donnelley	30,129	
Fred D. Gibson Jr.	7,708	
John L. Goolsby	7,965	
Jerry E. Herbst	5,100	
Malyn K. Malquist	158,479	
James L. Murphy	18,285	
Michael R. Niggli	43,867	
John F. O'Reilly	4,000	
Dennis E. Wheeler	13,635	
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	631,749	
	=====	
		No director or nominee for director owns in exc of one percent

&lt;CAPTION&gt;

Executive Officers -----	Common Shares Beneficially Owned as of March 1, 2000 -----	Percent of Total Common Shares Outstanding as of March 1, 2000 -----
<S>	<C>	<C>
Charles A. Lenzie (1)	9,475	
Michael R. Niggli (1)	43,867	
Malyn K. Malquist (1)	158,479	No executive officer owns
Steven W. Rigazio	20,553	in excess of one percent
Mark A. Ruelle	35,444	
William E. Peterson	55,993	
Gloria T. Banks-Weddle	6,839	
	-----	
	330,650	
	=====	
All directors and executive officers as a group (a) (b) (c)	876,275	
	=====	

&lt;/TABLE&gt;

- (1) Mr. Malquist was Chairman, President and Chief Executive Officer of Sierra Pacific Resources until the August 1, 1999 merger, at which time Mr. Malquist was named President and Chief Executive Officer of SPPC, and President and Chief Operating Officer of the parent, SPR, and Mr.

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Niggli was appointed Chairman of the Board of Directors and Chief Executive Officer of the parent, SPR, and Chairman of the Board of Directors of SPPC.

- (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. Share beneficially owned pursuant to stock options granted to Messrs. Niggli, Malquist, Rigazio, Peterson, Ruelle, Banks-Weddle, and directors and executive officers as a group are 34,797, 151,365, 7,766, 50,668, 32,799 3,433, and 369,503 shares, respectively.
- (c) Included in the shares beneficially owned by the Directors are 45,913 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 entered into 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 sale of the property resulted in Hale Day Gallagher Co. receiving a standard brokerage commission of 5% of the selling price. Mr. T.J. Day, a senior partner of Hale Day Gallagher Co. and a Director of the Company, did not participate in any discussions or voting to retain the firm, had no relationship with, or interest in, the transaction, will receive no part of the commission, and 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 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.

In 1999, SPPC purchased all of the plant assets of the Silver Lake Water Company. The stock is owned 50% by the Lear Family Trust and 50% by Moya Olsen Lear. Mr. Murphy, a Director of SPPC, and Mr. Dayton, a former director of SPPC and a director at the time of purchase, are trustees of the Lear Family Trust. Neither Mr. Murphy nor Mr. Dayton participated in any of the Company's discussions or deliberations to purchase the Silver Lake Water Company and neither received any benefit, either directly or indirectly, from the transaction.

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Change in Control Agreement

Employment Agreements  
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Sierra Pacific Resources has entered into Employment Agreements with Messrs. Niggli and Malquist. Messrs. Niggli and Malquist are sometimes hereinafter individually referred to as the "Executive." The Employment Agreements became effective on July 28, 1999, and have an initial term of three years, which term would automatically be extended in the event of a Change in Control (as defined in the Agreements) to the third anniversary of the Change in Control (or the consummation of the Change in Control, if later). The extended term is subject to further extension on the occurrence of an additional Change in Control event.

Pursuant to the Employment Agreements, Mr. Niggli will serve as Chairman and Chief Executive Officer of Sierra Pacific Resources, and Mr. Malquist will