



Sierra Pacific Industries

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Sierra Pacific Industries to Close its Loyalton, CA Power Plant

Anderson, CA – Sierra Pacific Industries (SPI) today announced that it has sent a notice to NV Energy in Nevada stating that SPI will suspend operations at its Loyalton, CA power plant immediately. The plant's fifteen power plant operators who will be directly affected by this announcement were notified today.

Numerous government decisions, including decisions not to implement laws passed by Congress, have cut off SPI from feasible fuel supplies and otherwise made it impossible to operate. Additionally, Nevada Energy recently lowered the rates it pays to SPI for electricity generated from the Loyalton plant. The combination of uncertain fuel supplies and reduced energy rates made the facility uneconomic to run.

The circumstances forcing the shutdown include: First, the United States Forest Service failed to carry out its legally mandated timber sales under the 1998 Herger-Feinstein Quincy Library Group Forest Recovery Act ("QLG Act") (the act mandates unequivocally certain timber sales on Federal Land in the vicinity of the power plant). SPI rebuilt its sawmill in Loyalton relying on the QLG Act, only to have to close it about two years later when the timber supply failed to materialize. Second, litigation filed by environmental groups has blocked certain attempts by the government to offer timber sales that would have produced in-woods biomass from federal land surrounding Loyalton.

As a result of these events, beyond SPI's control, SPI has been unable to procure sufficient supplies of suitable fuel to operate its power plant in compliance with legal requirements of federal, state, and local law.

Notwithstanding these events, Sierra Pacific Industries is exploring opportunities that might allow it to reopen the facility.