

MERGER IS THE FIRST STEP

In June 1994, we announced the proposed merger of Sierra Pacific and The Washington Water Power Co. (WWP), and in November this partnership for success was endorsed overwhelmingly by the shareholders of both companies.

An important first step toward achieving our strategic vision, the merger must still be approved by state utility regulators, the Federal Energy Regulatory Commission and other federal agencies.

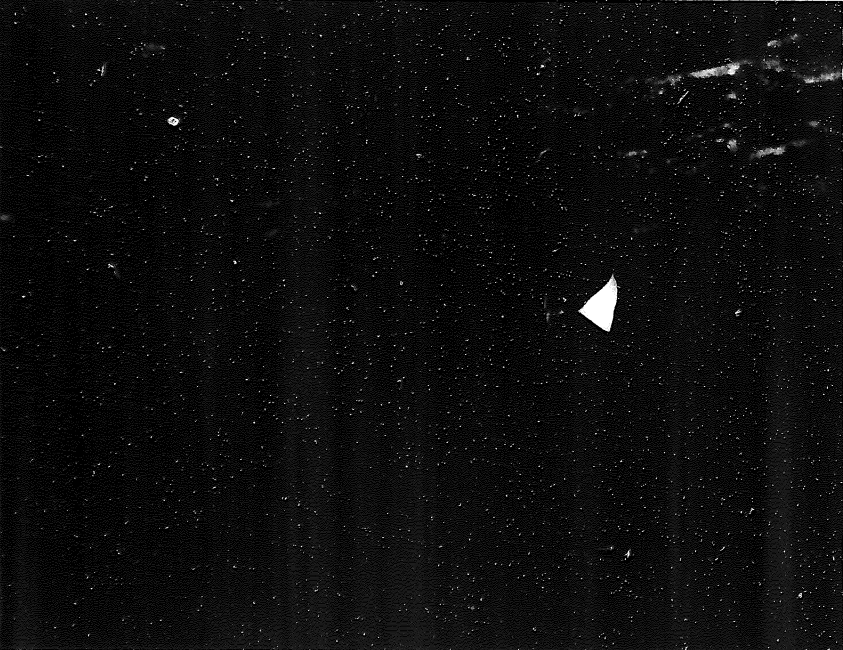
Along with Paul A. Redmond, chairman, president and chief executive officer of The Washington Water Power Co., I am hopeful that all approvals will occur by the end of 1995 and confident that our two companies will be merged into a single, stronger corporation which we have named Resources West Energy.

This merger of equals will create a regional utility with a commitment to extraordinary service that will delight customers and provide solid value to shareholders. Employees will benefit from opportunities created by the merger over the long term, as will the communities served by Sierra Pacific and WWP.

The Boards of Directors for both companies decided to pursue the merger for one powerful reason: competition. Several states are considering legislation to permit competitive market purchases of electricity by retail customers (retail wheeling). Nevada has already adopted legislation allowing a very limited form of retail wheeling which will, no doubt, be expanded sometime in the future.

Customers will eventually be able to shop for electricity as they do now for long distance telephone service. The winners in this new environment will be the energy services companies that consistently deliver extraordinary service at competitive prices. That is exactly what our new company will do.

Because of the operating efficiencies that can be achieved with the merger, customers served by both companies will save approximately \$450 million over 10 years.



Walter M. Higgins
Chairman, President
and Chief Executive Officer