SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 1995

OR

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

For the transition period from __________ to __________

Commission file number 1-3701

THE WASHINGTON WATER POWER COMPANY
(Exact name of registrant as specified in its charter)

Washington (State or other jurisdiction of incorporation or organization)	91-0462470 (I.R.S. Employer Identification No.)
1411 East Mission Avenue, Spokane, Washington (Address of principal executive offices)	99202-2600 (Zip Code)
Registrant's telephone number, including area code:	509-489-0500

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the 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 [ ]

At November 1, 1995, 55,696,399 shares of Registrant's Common Stock, no par value (the only class of common stock), were outstanding.

THE WASHINGTON WATER POWER COMPANY

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CONSOLIDATED STATEMENTS OF INCOME
The Washington Water Power Company

For the Three Months Ended September 30
Thousands of Dollars

	1995	1994
OPERATING REVENUES	$ 157,869	$ 142,334
OPERATING EXPENSES:		
Operations and maintenance	84,856	80,722
Administrative and general	14,844	12,661
Depreciation and amortization	15,591	15,040
Taxes other than income taxes	11,013	10,938
Total operating expenses	126,304	119,361
INCOME FROM OPERATIONS	31,565	22,973
OTHER INCOME (EXPENSE):		
Interest expense	(14,709)	(13,751)
Interest capitalized and AFUCE	208	435
Net gain on subsidiary transactions	--	1,306
Other income (deductions)-net	944	1,794
Total other income (expense)-net	(13,557)	(10,216)
INCOME BEFORE INCOME TAXES	18,008	12,757
INCOME TAXES	7,123	4,653
NET INCOME	10,885	8,104
DEDUCT-Preferred stock dividend requirements	2,267	2,186
INCOME AVAILABLE FOR COMMON STOCK	$ 8,618	$ 5,918
Average common shares outstanding (thousands)	55,363	53,751
EARNINGS PER SHARE OF COMMON STOCK	$ 0.16	$ 0.11
Dividends paid per common share	$ 0.31	$ 0.31

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED STATEMENTS OF INCOME
The Washington Water Power Company

For the Nine Months Ended September 30
Thousands of Dollars

	1995	1994
OPERATING REVENUES	$ 514,770	480,404
OPERATING EXPENSES:		
Operations and maintenance	253,102	249,930
Administrative and general	47,876	43,040
Depreciation and amortization	46,656	44,534
Taxes other than income taxes	36,994	34,223
Total operating expenses	384,628	371,727
INCOME FROM OPERATIONS	130,142	108,677
OTHER INCOME (EXPENSE):		
Interest expense	(44,160)	(39,186)
Interest capitalized and AFUCE	650	3,242
Net gain on subsidiary transactions	1,952	2,639
Other income (deductions)-net	(688)	5,771
Total other income (expense)-net	(42,246)	(27,534)
INCOME BEFORE INCOME TAXES	87,896	81,143
INCOME TAXES	33,393	30,652
NET INCOME	54,503	50,491
DEDUCT-Preferred stock dividend requirements	6,863	6,405
INCOME AVAILABLE FOR COMMON STOCK	$ 47,640	$ 44,086
Average common shares outstanding (thousands)	54,980	53,329
EARNINGS PER SHARE OF COMMON STOCK	$ 0.87	$ 0.83
Dividends paid per common share	$ 0.93	$ 0.93

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED BALANCE SHEETS
The Washington Water Power Company

Thousands of Dollars

	September 30, 1995	December 31, 1994
ASSETS:		
PROPERTY:		
Utility plant in service-net	$1,853,545	$1,802,280
Construction work in progress	27,976	27,316
Total	1,881,521	1,829,596
Less: Accumulated depreciation and amortization	539,368	500,551
Net utility plant	1,342,153	1,329,045
OTHER PROPERTY AND INVESTMENTS:		
Investment in exchange power-net	83,882	88,615
Other-net	119,738	114,145
Total other property and investments	203,620	202,760
CURRENT ASSETS:		
Cash and cash equivalents	3,911	5,178
Temporary cash investments	27,195	27,928
Accounts and notes receivable-net	62,856	74,524
Materials and supplies, fuel stock and natural gas stored	29,231	21,384
Prepayments and other	7,428	7,552
Total current assets	130,621	136,566
DEFERRED CHARGES:		
Regulatory assets for deferred income tax	170,840	174,349
Conservation programs	64,095	66,511
Other-net	89,427	85,022
Total deferred charges	324,362	325,882
TOTAL	$2,000,756	$1,994,253
CAPITALIZATION AND LIABILITIES:		
CAPITALIZATION (See Consolidated Statements of Capitalization)	$1,522,491	$1,533,640
CURRENT LIABILITIES:		
Accounts payable	36,282	46,217
Taxes accrued	25,941	17,977
Interest accrued	16,141	10,954
Other	59,341	57,369
Total current liabilities	137,705	132,517
DEFERRED CREDITS:		
Deferred income taxes	317,287	312,525
Other	21,920	14,399
Total deferred credits	339,207	326,924
MINORITY INTEREST	1,353	1,172
COMMITMENTS AND CONTINGENCIES (Notes 2 and 4)		
TOTAL	$2,000,756	$1,994,253

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED STATEMENTS OF CAPITALIZATION
The Washington Water Power Company

Thousands of Dollars

	September 30, 1995	December 31, 1994
COMMON EQUITY:		
Common stock, no par value: 200,000,000 shares authorized:		
shares outstanding: 1995-55,617,091; 1994-54,420,696	$ 588,872	$ 570,603
Note receivable from employee stock ownership plan	(11,840)	(12,267)
Capital stock expense and other paid in capital	(10,066)	(10,031)
Unrealized investment gain-net	20,190	14,341
Retained earnings	111,875	114,848
Total common equity	699,031	677,494
PREFERRED STOCK-CUMULATIVE: (Note 1)		
10,000,000 shares authorized:		
Not subject to mandatory redemption:		
Flexible Auction Series J; 500 shares outstanding ($100,000 stated value)	50,000	50,000
Total not subject to mandatory redemption	50,000	50,000
Subject to mandatory redemption:		
$8.625, Series I; 500,000 shares outstanding ($100 stated value)	50,000	50,000
$6.95, Series K; 350,000 shares outstanding ($100 stated value)	35,000	35,000
Total subject to mandatory redemption	85,000	85,000
LONG-TERM DEBT: (Note 1)		
First Mortgage Bonds:		
4 5/8% due March 1, 1995	-	10,000
7 1/8% due December 1, 2013	66,700	66,700
7 2/5% due December 1, 2016	17,000	17,000
Secured Medium-Term Notes:		
Series A - 4.72% to 8.06% due 1996 through 2023	250,000	250,000
Series B - 6.61% to 8.25% due 1997 through 2010	121,000	63,000
Total first mortgage bonds	454,700	406,700
Pollution Control Bonds:		
6% Series due 2023	4,100	4,100
Unsecured Medium-Term Notes:		
Series A - 7.94% to 9.58% due 1997 through 2007	72,500	92,500
Series B - 5.50% to 8.55% due 1996 through 2023	135,000	150,000
Total unsecured medium-term notes	207,500	242,500
Notes payable (due within one year) to be refinanced	14,500	58,000
Other	7,660	9,846
Total long-term debt	688,460	721,146
TOTAL CAPITALIZATION	$1,522,491	$1,533,640

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
The Washington Water Power Company

For the Nine Months Ended September 30
Thousands of Dollars

	1995	1994
OPERATING ACTIVITIES:		
Net income	$ 54,503	$ 50,491
NON-CASH REVENUES AND EXPENSES INCLUDED IN NET INCOME:		
Depreciation and amortization	55,573	52,140
Provision for deferred income taxes	1,805	7,198
Allowance for equity funds used during construction	(624)	(1,110)
Power and natural gas cost deferrals and amortization	11,741	2,163
Deferred revenues and other-net	197	(3,487)
(Increase) decrease in working capital components:		
Receivables and prepaid expenses-net	11,467	18,140
Materials & supplies, fuel stock and natural gas stored	(7,798)	(3,967)
Payables and other accrued liabilities	3,483	2,126
Other-net	(16,594)	(2,770)
NET CASH PROVIDED BY OPERATING ACTIVITIES	113,753	120,924
INVESTING ACTIVITIES:		
Construction expenditures (excluding AFUDC-equity funds)	(51,527)	(67,771)
Other capital requirements	(523)	(18,470)
(Increase) decrease in other noncurrent balance sheet items-net	10,961	(17,305)
Assets acquired and investments in subsidiaries (Note 3)	(947)	(9,708)
NET CASH USED IN INVESTING ACTIVITIES	(42,036)	(113,254)
FINANCING ACTIVITIES:		
Increase (decrease) in commercial paper, notes payable and bank borrowings-net	(43,500)	(35,001)
Maturity of unsecured medium-term notes	(35,000)	(7,500)
Sale of secured medium-term notes	58,000	56,000
Maturity of first mortgage bonds	(10,000)	--
Sale of common stock-net	9,761	12,043
Other-net	(3,157)	8,666
NET FINANCING ACTIVITIES BEFORE CASH DIVIDENDS	(23,896)	34,208
Less cash dividends paid	(49,088)	(47,221)
NET CASH USED IN FINANCING ACTIVITIES	(72,984)	(13,013)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,267)	(5,343)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,178	11,201
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,911	$ 5,858
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period:		
Interest	$ 34,918	$ 30,095
Income taxes	$ 26,356	$ 22,919
Non-cash financing and investing activities	$ 14,654	$ 8,618

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

SCHEDULE OF INFORMATION BY BUSINESS SEGMENTS
The Washington Water Power Company

For the Three Months Ended September 30
Thousands of Dollars

	1995	1994
OPERATING REVENUES:		
Electric	$116,564	$103,960
Natural gas	24,191	21,158
Non-utility	17,114	17,216
Total operating revenues	$157,869	$142,334
OPERATIONS AND MAINTENANCE EXPENSES:		
Electric:		
Power purchased	$ 23,061	$28,190
Fuel for generation	12,612	10,201
Other electric	19,784	15,363
Natural gas:		
Natural gas purchased for resale	15,736	13,045
Other natural gas	4,268	3,626
Non-utility	9,395	10,297
Total operations and maintenance expenses	$ 84,856	$80,722
ADMINISTRATIVE AND GENERAL EXPENSES:		
Electric	$ 9,183	$ 7,466
Natural gas	2,735	2,146
Non-utility	2,926	3,049
Total administrative and general expenses	$ 14,844	$12,661
DEPRECIATION AND AMORTIZATION EXPENSES:		
Electric	$ 12,401	$12,132
Natural gas	2,415	2,090
Non-utility	775	818
Total depreciation and amortization expenses	$ 15,591	$15,040
INCOME FROM OPERATIONS:		
Electric	$ 29,986	$21,341
Natural gas	(2,145)	(1,148)
Non-utility	3,724	2,780
Total income from operations	$ 31,565	$22,973
INCOME AVAILABLE FOR COMMON STOCK:		
Utility operations	$ 5,927	$2,626
Non-utility operations	2,691	3,292
Total income available for common stock	$8,618	$5,918
ASSETS: (1994 amounts at December 31)		
Electric	$1,453,498	$1,441,643
Natural gas	247,992	247,060
Common plant	27,602	25,849
Other utility assets	82,667	106,118
Non-utility assets	188,997	173,583
Total assets	$2,000,756	$1,994,253
CAPITAL EXPENDITURES (excluding AFUDC):		
Electric	$11,100	$17,459
Natural gas	6,730	8,649
Common plant	3,081	5,189
Non-utility	349	1,476
Total capital expenditures	$21,260	$32,773

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

SCHEDULE OF INFORMATION BY BUSINESS SEGMENTS
The Washington Water Power Company

For the Nine Months Ended September 30
Thousands of Dollars

	1995	1994
OPERATING REVENUES:		
Electric	$345,454	$330,006
Natural gas	118,631	100,937
Non-utility	50,685	49,461
Total operating revenues	$514,770	$480,404
OPERATIONS AND MAINTENANCE EXPENSES:		
Electric:		
Power purchased	$ 61,551	$ 74,447
Fuel for generation	23,371	28,721
Other electric	55,700	45,809
Natural gas:		
Natural gas purchased for resale	72,502	59,142
Other natural gas	11,830	10,405
Non-utility	28,148	31,406
Total operations and maintenance expenses	$253,102	$249,930
ADMINISTRATIVE AND GENERAL EXPENSES:		
Electric	$29,322	$25,569
Natural gas	9,269	7,730
Non-utility	9,285	9,741
Total administrative and general expenses	$47,876	$43,040
DEPRECIATION AND AMORTIZATION EXPENSES:		
Electric	$36,868	$36,215
Natural gas	7,274	6,116
Non-utility	2,514	2,203
Total depreciation and amortization expenses	$46,656	$44,534
INCOME FROM OPERATIONS:		
Electric	$109,352	$ 91,887
Natural gas	11,103	11,492
Non-utility	9,687	5,298
Total income from operations	$130,142	$108,677
INCOME AVAILABLE FOR COMMON STOCK:		
Utility operations	$40,024	$37,185
Non-utility operations	7,616	6,901
Total income available for common stock	$47,640	$44,086
ASSETS: (1994 amounts at December 31)		
Electric	$1,453,498	$1,441,643
Natural gas	247,992	247,060
Common plant	27,602	25,849
Other utility assets	82,667	106,118
Non-utility assets	188,997	173,583
Total assets	$2,000,756	$1,994,253
CAPITAL EXPENDITURES (excluding AFUDC):		
Electric	$30,894	$54,591
Natural gas	16,735	22,229
Common plant	5,582	14,271
Non-utility	1,130	7,443
Total capital expenditures	$54,341	$98,534

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

THE WASHINGTON WATER POWER COMPANY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying financial statements of The Washington Water Power Company (Company) for the interim periods ended September 30, 1995 and 1994 are unaudited but, in the opinion of management, reflect all adjustments, consisting only of normal recurring accruals, necessary for a fair statement of the results of operations for those interim periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements do not contain the detail or footnote disclosure concerning accounting policies and other matters which would be included in full fiscal year financial statements; therefore, they should be read in conjunction with the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1994.

NOTE 1. FINANCINGS

Reference is made to the information relating to financings and borrowings as discussed under the caption "Liquidity and Capital Resources" in Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations".

NOTE 2. COMMITMENTS AND CONTINGENCIES

SUPPLY SYSTEM PROJECT 3

In 1985, the Company and the Bonneville Power Administration (BPA) reached a settlement surrounding litigation related to the suspension of construction of Washington Public Power Supply System (Supply System) Project 3. Project 3 is a partially constructed 1,240 MW nuclear generating plant in which the Company has a 5% interest. Under the settlement agreement, the Company receives power deliveries from BPA from 1987 to 2017 in proportion to the Company's investment in Project 3.

The only material claim against the Company arising out of the Company's involvement in Project 3, which has been pending since October 1982 in the United States District Court for the Western District of Washington (District Court), was the claim of Chemical Bank, as bond fund trustee for Supply System Projects 4 and 5, against all owners of Projects 1, 2 and 3 for unjust enrichment in the allocation of certain costs of common services and facilities among the Supply System's five nuclear projects. Projects 4 and 5 were being constructed adjacent to Projects 1 and 3, respectively, under a plan to share certain costs. Chemical Bank was seeking a reallocation of $495 million in costs (plus interest since commencement of construction in 1976) originally allocated to Projects 4 and 5.

On July 6, 1995, the Company paid Chemical Bank $500,000 in settlement of all remaining claims involving the Company in connection with the "cost sharing" litigation. The payment was consistent with a settlement agreement executed by all parties to the litigation except PacifiCorp, as PacifiCorp had unrelated claims pending against the Supply System. A U.S. District Court order dated July 26, 1995, approved the settlement agreement and adopted it as an order of the Court.

NEZ PERCE TRIBE

On December 6, 1991, the Nez Perce Tribe filed an action against the Company in U. S. District Court for the District of Idaho alleging, among other things, that two dams formerly operated by the Company, the Lewiston Dam on the Clearwater River and the Grangeville Dam on the South Fork of the Clearwater River, provided inadequate passage to migrating anadromous fish in violation of rights under treaties between the Tribe and the United States made in 1855 and 1863. The Lewiston and Grangeville Dams, which had been owned and operated by other utilities under hydroelectric licenses from the Federal Power Commission (the "FPC", predecessor of the Federal Energy Regulatory Commission, the "FERC") prior to acquisition by the Company, were acquired by the Company in 1937 with the approval of the FPC, but were dismantled and removed in 1973 and 1963, respectively. The Tribe initially indicated through expert opinion disclosures that they were seeking actual and punitive damages of $208 million. However, supplemental disclosures reflect allegations of actual loss under different assumptions of between $425 million and $650 million.

Discovery had been stayed pending a decision by the Court on a case involving some similar issues brought by the Tribe against Idaho Power Company. The Court has since decided these issues and has dismissed all claims against Idaho Power. The Idaho Power case has now been appealed by the Nez Perce Tribe to the Ninth Circuit Court of Appeals. On November 21, 1994, the Company filed its Motion and Brief in Support of Summary Judgment of Dismissal. The Nez Perce Tribe has filed a reply brief, and has requested oral argument. A hearing on the Company's Motion for Summary Judgment was held by the Court on July 27, 1995. On September 22, 1995, the federal magistrate issued a written opinion recommending to the District Court that the Company's Motion for Summary Judgment be granted and the Tribe's claims dismissed. The matter is still pending before the District Court. The case has not yet been set for trial. The Company is presently unable to assess the likelihood of an adverse outcome in this litigation, or estimate an amount or range of potential loss in the event of an adverse outcome.

OIL SPILL

The Company recently completed an updated investigation of an oil spill from an underground storage tank that occurred several years ago in downtown Spokane at the site of the Company's steam heat plant. The Company purchased the plant in 1916 and operated it as a non-regulated plant until it was deactivated in 1986 in a business decision unrelated to the spill. After the Bunker C fuel oil spill, initial studies suggested that the oil was being adequately contained by both geological features and man-made structures. The Washington State Department of Ecology (DOE) concurred with these findings. However, more recent tests showed that the oil has migrated approximately one city block beyond the steam plant property. On December 6, 1993, the Company asked the DOE to enter into negotiations for a Consent Decree which provided for additional remedial investigation and a feasibility study. The Consent Decree, entered on November 8, 1994, provided for 22 additional soil borings to be made around the site, which have been completed. It is anticipated that a clean-up action plan will be approved by the first quarter of 1996 and that the oil spill clean-up will be conducted in 1996. As of September 30, 1995, a reserve of $3.1 million is reflected on the Company's financial statements, which reflects the Company's estimate of its liability for the clean-up, net of potential insurance recovery.

The Company has completed a remedial investigation/feasibility study (RI/FS) report, which has been submitted to the DOE. The RI/FS report will be subject to public review and comment. The report includes a recommended clean-up action plan (RCAP).

On August 17, 1995, a lawsuit was filed against the Company in Superior Court of the State of Washington for Spokane County by Davenport Sun International Hotels and Properties, Inc., the owner of a hotel property in downtown Spokane, Washington. The Complaint alleges that the oil released from the Company's Central Steamplant trespassed on property owned by the plaintiff. In addition, the plaintiff claims that the Steamplant has caused a diminution of value of plaintiff's land. Generally, the Complaint is based on a claim of negligence, trespass and nuisance. Discovery has been initiated by the Company and is in the initial stages. The matter has not been set for trial. The Company is presently unable to assess the likelihood of an adverse outcome in this litigation, or estimate an amount or range of potential loss in the event of an adverse outcome.

FIRESTORM

On October 16, 1991, gale-force winds struck a five-county area in eastern Washington and a seven-county area in northern Idaho. These winds were responsible for causing 92 separate wildland fires, resulting in two deaths and the loss of 114 homes and other structures, some of which were located in the Company's service territory. Four separate class action lawsuits were filed against the Company by private individuals in the Superior Court of Spokane County on October 13, 1993. These suits concern fires identified as Midway, Golden Cirrus, Nine Mile and Chattaroy. All of these suits were certified as class actions on September 16, 1994, and bifurcated for trial of liability and damage issues by order of the same date. The Company's Motion for Reconsideration was denied on October 21, 1994, and a Motion for Discretionary Review of the Court's decision on certification of class actions was timely filed with the Washington Court of Appeals (Division III) on November 14, 1994.

The Company was also served with two suits in Spokane County Superior Court filed on April 20, 1994 and on September 15, 1994, both of which sought individual damages from separate fires within the Chattaroy Fire complex. Five additional and separate suits were brought by Grange Insurance Company, and were filed in Spokane County Superior Court on October 10, 1994, for approximately $2.2 million paid to Grange insureds for the same fire areas. Two additional class action suits were also filed - one in Lincoln County Superior Court, filed on October 14, 1994, for a fire known as "Nine Mile West" (previously included in the Spokane County Nine Mile suit certified

as a class action), and the second in Spokane County Superior Court, filed on October 14, 1994, for the Ponderosa Fire area (which had not been the subject of previous suit). The Lincoln County suit has been transferred to Spokane County and both suits have now also been certified as class actions.

Complainants in all cases allege various theories of tortious conduct, including negligence, creation of a public nuisance, strict liability and trespass; in most cases, complainants allege that fires were caused by electric distribution and/or transmission lines downed by wind-downed trees. The lawsuits seek recovery for property damage, emotional and mental distress, lost income and punitive damages, but do not specify the amount of damages being sought. Discovery is ongoing and the Company is presently unable to assess the likelihood of an adverse outcome or estimate an amount or range of potential loss in the event of an adverse outcome. Trials are scheduled to commence on various dates between February 3, 1997 and November 2, 1998. The Company was previously presented with a claim from the Washington State Department of Natural Resources (DNR) for fire suppression costs associated with five of these fires in eastern Washington. The total of the DNR claim was $1.0 million. On July 22, 1993, the Company entered into a settlement with the DNR whereby the Company agreed to pay $200,000 to DNR in full settlement of any and all DNR claims; however, there was no admission of liability on the part of the Company.

WILLIAMS LAKE LAWSUIT

On February 2, 1995, a lawsuit was commenced in Spokane County Superior Court against the Company and its subsidiary, Pentzer Corporation (Pentzer), by Tondu Energy Systems, Inc. and T.E.S. Williams Lake Partnership alleging contract violations, conspiracy, misrepresentation and breach of fiduciary duties in regard to the 1993 sale of Pentzer Energy Services, Inc. to B.C. Gas, Inc. The suit claims damages in excess of $10 million, plus exemplary damages, prejudgment interest, costs and attorneys' fees. Also named as defendants are B.C. Gas, Inc., Inland Pacific Energy (Williams Lake) Corp. and the former Pentzer Energy Services, Inc. subsidiaries which were involved in the sale. The claims involve an alleged first right to purchase interests in the Williams Lake, British Columbia wood-fired generating station. By Order of Summary Judgment entered June 16, 1995, all claims against the Company were dismissed with prejudice. Actions against the remaining defendants, including Pentzer, were dismissed without prejudice on grounds of an inconvenient forum. The Company cannot predict whether or not an action will be commenced against the remaining defendants in another court.

DOLLAR ROAD

Soil contamination was discovered on a Company-owned site located east of Spokane on Dollar Road in 1993. The property was originally acquired under lease in 1956 and was subleased to other entities until 1992. The property was purchased by the Company in 1993 and DOE was notified of the contamination. The site has a land area of 4.4 acres of which one-half is involved. The Company recorded the $1.0 million estimated cost of the site remediation in the second quarter of 1995. Clean-up is expected to be completed by December 1995.

OTHER CONTINGENCIES

The Company has long-term contracts related to the purchase of fuel for thermal generation, natural gas and hydroelectric power. Terms of the natural gas purchase contracts range from one month to five years and the majority provide for minimum purchases at the then effective market rate. The Company also has various agreements for the purchase, sale or exchange of power with other utilities, cogenerators, small power producers and government agencies.

NOTE 3. ACQUISITIONS AND DISPOSITIONS

In November 1995, Pentzer, the Company's wholly-owned private investment firm, acquired Advanced Manufacturing and Development, Inc., a manufacturer and assembler of metal and wood products for the computer, video arcade and point-of-purchase industries. In February 1995, Pentzer acquired The Decker Company, Inc., a company that designs and packages point-of-purchase displays and other marketing materials for national manufacturers of consumer products.

THE WASHINGTON WATER POWER COMPANY

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NOTE 4. PROPOSED MERGER

In June 1994, the Company, Sierra Pacific Resources (SPR), Sierra Pacific Power Company, a subsidiary of SPR (SPPC), and Altus Corporation, a newly formed subsidiary of the Company (Altus, formerly named Resources West Energy Corporation) entered into an Agreement and Plan of Reorganization and Merger, dated as of June 27, 1994, as amended October 4, 1994 which provides for the merger of the Company, SPR and SPPC with and into Altus. The merger is designed to qualify as a pooling-of-interests for accounting and financial reporting purposes. Under this method of accounting, the recorded assets and liabilities of the Company, SPR and SPPC will be carried forward to the consolidated financial statements of Altus at their recorded amounts; income of Altus will include income of the Company, SPR and SPPC for the entire fiscal year in which the merger occurs; and the reported income of the separate corporations for prior periods will be combined and restated as income of Altus.

The cost savings from the merger are estimated to approximate $450 million, net of merger transaction and transition costs, over a 10-year period following the consummation of the merger. As of September 30, 1995, $12.1 million in merger transaction and transition costs have been incurred and are included on the Company's balance sheet as Other Deferred Charges. The Company will determine the treatment of these costs based on regulatory rulings, generally accepted accounting principles and tax regulations. It is anticipated that for accounting purposes these merger transaction and transition costs will be expensed by Altus in the quarter the merger is completed.

The following pro forma condensed financial information combines the historical consolidated balance sheets and statements of income of the Company and SPR after giving effect to the merger. The unaudited pro forma condensed consolidated balance sheet at September 30, 1995 gives effect to the merger as if it had occurred at September 30, 1995. The unaudited pro forma condensed consolidated statements of income for the quarter and nine-months ended September 30, 1995 give effect to the merger as if it had occurred at January 1, 1995. These statements are prepared on the basis of accounting for the merger as a pooling-of-interests and are based on the assumptions set forth in the paragraph below. The pro forma condensed financial information has been prepared from, and should be read in conjunction with the Company's historical consolidated financial statements and related notes thereto of which this note is a part and SPR's historical consolidated financial statements and related notes thereto included in reports filed by SPR pursuant to the Securities Exchange Act of 1934, as amended. The information contained herein with respect to SPR and its subsidiaries has been supplied by SPR. The information is not necessarily indicative of the financial position or operating results that would have occurred had the merger been consummated on the date, or at the beginning of the periods, for which the merger is being given effect, nor is it necessarily indicative of future operating results or financial position.

Intercompany transactions (including purchased and exchanged power transactions) between the Company and SPR during the period presented were not material and, accordingly, no pro forma adjustments were made to eliminate such transactions. For comparative purposes, certain historical amounts have been reclassified to conform to the pro forma condensed financial statement format. The $450 million net cost savings estimated to be achieved by the merger are not reflected in the pro forma financial statements. Pro forma per share data and common shares outstanding for Altus give effect to the conversion of each share of WWP Common Stock into one share of Altus Common Stock and the conversion of each share of SPR Common Stock into 1.44 shares of Altus Common Stock.

See Item 5, Other Information - Regulatory Proceedings for additional information pertaining to the status of the state and federal approvals of the merger.

Unaudited Pro Forma Condensed Consolidated Balance Sheets at September 30, 1995 (in thousands of dollars):

	WWP	SPR	PRO FORMA
Assets			
Utility plant in service-net	$1,853,545	$1,798,095	$3,651,640
Construction work in progress	27,976	121,497	149,473
Total	1,881,521	1,919,592	3,801,113
Accumulated depreciation and amortization	539,368	542,729	1,082,097
Net utility plant	1,342,153	1,376,863	2,719,016
Other property and investments	203,620	17,521	221,141
Current assets	130,621	149,553	280,174
Deferred charges	324,362	170,278	494,640
Total assets	$2,000,756	$1,714,215	$3,714,971
Capitalization and Liabilities			
Common stock and additional paid-in capital	$ 588,872	$ 535,711	$1,124,583
Other shareholders equity	110,159	-	110,159
Preferred stock	135,000	86,715	221,715
Long-term debt	688,460	575,477	1,263,937
Total capitalization	1,522,491	1,197,903	2,720,394
Current liabilities	137,705	171,626	309,331
Deferred income taxes	317,287	203,315	520,602
Other deferred credits	21,920	141,371	163,291
Minority interest	1,353	-	1,353
Total capitalization and liabilities	$2,000,756	$1,714,215	$3,714,971
Common shares outstanding (thousands)	55,617	29,951	98,746

Unaudited Pro Forma Condensed Consolidated Statements of Income for the three months ended September 30, 1995 (in thousands of dollars, except per share amounts):

	WWP	SPR	PRO FORMA
Operating revenues	$157,869	$151,220	$309,089
Operating expenses	126,304	114,688	240,992
Income from operations	31,565	36,532	68,097
Net income	10,885	18,244	29,129
Income available for common stock	8,618	16,459	25,077
Average common shares outstanding	55,363	29,878	98,387
Earnings per share	$ 0.16	$ 0.55	$0.25

Unaudited Pro Forma Condensed Consolidated Statements of Income for the nine months ended September 30, 1995 (in thousands of dollars, except per share amounts):

	WWP	SPR	PRO FORMA
Operating revenues	$514,770	$453,597	$968,367
Operating expenses	384,628	350,361	734,989
Income from operations	130,142	103,236	233,378
Net income	54,503	48,181	102,684
Income available for common stock	47,640	42,592	90,232
Average common shares outstanding	54,980	29,669	97,703
Earnings per share	$ 0.87	$ 1.44	$ 0.92

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company is primarily engaged as a utility in the generation, purchase, transmission, distribution and sale of electric energy and the purchase, transportation, distribution and sale of natural gas. Natural gas operations are affected to a significant degree by weather conditions and customer growth. The Company's electric operations are highly dependent upon hydroelectric generation for its power supply. As a result, the electric operations of the Company are significantly affected by weather and streamflow conditions, and to a lesser degree, by customer growth. Revenues from the sale of surplus energy to other utilities and the cost of power purchases vary from year to year depending on streamflow conditions and the wholesale power market. The wholesale power market in the Northwest region is affected by several factors, including the availability of water for hydroelectric generation, the availability of base load plants in the region and the demand for power in the Southwest region. Other factors affecting the wholesale power market include new entrants in the wholesale market, such as power brokers and marketers, and competition from low cost generation being developed by independent power producers. Usage by retail customers varies from year to year primarily as a result of weather conditions, the economy in the Company's service area, customer growth, conservation, appliance efficiency and other technology.

The Company intends to continue to emphasize the efficient use of energy by its customers, increase efforts to grow its customer base, and continue to manage its operating costs, which will result in improved margins. The Company also intends to pursue resource opportunities through system upgrades, purchases, demand side management and other options that will result in obtaining electric power and natural gas supplies at the lowest possible cost.

RESULTS OF OPERATIONS

OVERALL OPERATIONS

Overall earnings per share for the third quarter of 1995 increased to $0.16 from $0.11 in 1994. Total earnings per share for the first nine months of 1995 increased to $0.87 from $0.83 for the same period in 1994. Both the quarterly and year-to-date increases in earnings per share were primarily the result of the Company's electric operations, partially offset by non-operating items. The improvement in electric operating income primarily resulted from increased wholesale revenues during the third quarter of 1995, due to new power contracts and improved streamflow conditions, and decreased purchased power and fuel expense over the first nine months of the year, which were also due to improved streamflow conditions. Other income decreased in the first nine months of 1995, primarily due to lower levels of AFUDC and AFUCE, as a result of lower levels of construction and Demand Side Management (DSM) program expenditures and increased interest expense, primarily due to higher levels of outstanding debt, a shift from short-term debt to long-term debt and resulting higher interest rates. Other factors contributing to the decline in other income were the accrual for remediation work at Dollar Road (see Note 2 to the Financial Statements for additional information) and amortization of the Sandpoint acquisition adjustment from the Company's acquisition of PacifiCorp's electric properties in northern Idaho in late December 1994.

Utility income available for common stock contributed $0.11 to earnings per share for the third quarter of 1995 compared to $0.05 in the third quarter of 1994. Non-utility income available for common stock contributed $0.05 to earnings per share for the third quarter of 1995 compared to $0.06 in the same period in 1994. For the first nine months of 1995, utility income available for common stock contributed $0.73 to earnings per share compared to $0.70 during 1994. Non-utility income available for common stock contributed $0.14 to earnings per share for the first nine months of 1995 compared with $0.13 in 1994. The increases in utility earnings are primarily due to electric operations, partially offset by non-operating activities, such as the decline in other income, lower levels of AFUDC and AFUCE, increased interest expense, the Dollar Road accrual and the Sandpoint acquisition adjustment discussed above. The year-to-date increase in non-utility operating results is primarily due to the impact of a transactional gain of $1.3 million, net of tax, from the sale of Itron, Inc. (Itron) stock in 1995.

THE WASHINGTON WATER POWER COMPANY

ELECTRIC OPERATIONS
Operating income summary
(Dollars in thousands)

	Three months ended September 30		Change		Nine months ended September 30		Change	
	1995	1994	Amount	%	1995	1994	Amount	%
Operating Revenues..................	$116,564	$103,960	$12,604	12	$345,454	$330,006	$15,448	5
Operating Expenses:								
Purchased power...................	23,061	28,190	(5,129)	(18)	61,551	74,447	(12,896)	(17)
Fuel for generation...............	12,612	10,201	2,411	24	23,371	28,721	(5,350)	(19)
Other operating and maintenance...	19,784	15,363	4,421	29	55,700	45,809	9,891	22
Administrative and general........	9,183	7,466	1,717	23	29,322	25,569	3,753	15
Depreciation and amortization.....	12,401	12,132	269	2	36,868	36,215	653	2
Taxes other than income...........	9,537	9,267	270	3	29,290	27,358	1,932	7
Total operating expenses........	86,578	82,619	3,959	5	236,102	238,119	(2,017)	(1)
Income from operations..............	29,986	21,341	8,645	41	109,352	91,887	17,465	19
Electric operating income taxes...	7,487	4,291	3,196	74	29,243	24,732	4,511	18
Net operating income (1)............	$ 22,499	$ 17,050	$ 5,449	32	$ 80,109	$ 67,155	$12,954	19

(1) Does not include interest expense or other income.

Total electric revenues increased $12.6 million in the third quarter of 1995 over 1994. Residential and commercial revenues rose by a combined $2.0 million due to customer growth which led to increased kWh sales. Residential customers increased by approximately 14,600 and commercial customers grew by over 3,000 in the third quarter of 1995 as compared to third quarter 1994. Approximately 10,000 residential and commercial customers were added through the acquisition of PacifiCorp's electric properties in northern Idaho in late December 1994. Wholesale revenues increased by $9.8 million, or 49%, as a result of new firm wholesale contracts, improved streamflow conditions which led to the increased availability of hydroelectric generation in the region and generation from the Rathdrum turbine. Wholesale kWh sales increased by 91% and average prices declined by 22% in the third quarter of 1995 as compared to 1994.

Year-to-date, total electric revenues increased $15.4 million in 1995 as compared to 1994. Customer growth, primarily due to the acquisition of the PacifiCorp electric properties in northern Idaho, was the primary reason for the increase in electric revenues during the first nine months of 1995. Residential and commercial revenues rose by a combined $13.0 million due to increased kWh sales from customer growth. Wholesale revenues increased by $2.3 million during the first nine months of 1995 as a result of new firm wholesale contracts, improved streamflows and increased availability of hydroelectric generation in the region and generation from the Rathdrum turbine.

ELECTRIC REVENUES AND KWH SALES BY SERVICE CLASS

Increase (Decrease) from prior year (Dollars and kWhs in millions)

Class	Three months ended September 30, 1995 REVENUE		KWH SALES		Nine months ended September 30, 1995 REVENUE		KWH SALES	
Residential.....	$ 0.7	2%	(2.3)	(1)%	$ 6.8	7%	82.6	4%
Commercial......	1.3	4	4.0	1	6.2	6	57.8	3
Industrial......	1.2	8	29.5	7	3.1	7	74.4	6
Wholesale	9.8	49	480.2	91	2.3	3	195.5	9

Improved streamflow conditions, which resulted in increased hydroelectric generation, caused purchased power costs to decline by $5.1 million in the third quarter of 1995 over 1994. Fuel expense increased by $2.4 million, or 24%, in the third quarter of 1995 compared to 1994 due to generation from the Rathdrum turbine, which went into service during the first quarter of 1995, as a result of the economic dispatch of other thermal resources and to meet wholesale market opportunities. Other operating and maintenance expenses increased $4.4 million, or 29%, during the third quarter of 1995 primarily due to lease payments and operating expenses related to the Rathdrum combustion turbine, amortization of the DSM programs and the Idaho Power Cost Adjustment (PCA). Administrative and general expenses increased by $1.7 million in the third quarter of 1995 due primarily to lease payments for computer software systems and labor-related costs.

Improved streamflow conditions which resulted in increased hydroelectric generation caused year-to-date 1995 purchased power costs to decline by $13.9 million. Fuel expense decreased by $5.1 million in the first nine months of 1995 compared to 1994 as increased hydroelectric generation resulted in the economic dispatch of thermal plants during the first six months of the year, partially offset by fuel costs for generation from the Rathdrum combustion turbine during the third quarter of 1995. Other operating and maintenance expenses increased $9.9 million year-to-date primarily due to lease payments and operating expenses related to the Rathdrum combustion turbine, amortization of the DSM programs and the Idaho PCA. Administrative and general expenses increased by $3.8 million in the first nine months of 1995 due primarily to lease payments for computer software systems and labor-related costs.

NATURAL GAS OPERATIONS
Operating income summary
(Dollars in thousands)

	Three months ended September 30		Change		Nine months ended September 30		Change	
	1995	1994	Amount	%	1995	1994	Amount	%
Operating Revenues..................	$24,191	$21,158	$3,033	14	$118,631	$100,937	$17,694	18
Operating Expenses:								
Natural gas purchased............	15,736	13,045	2,691	21	72,502	59,142	13,360	23
Other operating and maintenance...	4,268	3,626	642	18	11,830	10,405	1,425	14
Administrative and general........	2,735	2,146	589	27	9,269	7,730	1,539	20
Depreciation and amortization.....	2,415	2,090	325	16	7,274	6,116	1,158	19
Taxes other than income...........	1,182	1,399	(217)	(16)	6,653	6,052	601	10
Total operating expenses........	26,336	22,306	4,030	18	107,528	89,445	18,083	20
Income from operations..............	(2,145)	(1,148)	(997)	(87)	11,103	11,492	(389)	(3)
Natural gas oper. income taxes....	(1,590)	(1,063)	(527)	(50)	2,155	2,654	(499)	(19)
Net operating income (1)............	$ (555)	$(85)	$ (470)	-	$ 8,948	$ 8,838	$ 110	1
Actual Heating Degree Days (2).......	255	120	135	113	3,852	3,626	226	6
Historical Heating Degree Days (3)...	309	309			4,243	4,243		
Actual Degree Days as a Percent of Historical Degree Days.........	83%	39%			91%	85%		

(1) Does not include interest expense or other income.
(2) Heating degree days information is for Spokane area.
(3) Historical degree days represent the 30-year average.

Total natural gas revenues increased by $3.0 million in the third quarter of 1995 compared to the third quarter of 1994, primarily due to customer growth from conversions from electric service to natural gas, population growth and new construction, partially offset by lower customer usage. The average number of residential and commercial customers increased in the third quarter of 1995 as compared to 1994, by approximately 13,500, or 8%, and 1,300, or 6%, respectively.

Total natural gas revenues increased $17.7 million during the first nine months of 1995 over the same period in 1994. Residential and commercial revenues combined increased by $11.1 million, primarily due to customer growth. Residential and commercial customers grew by approximately the same percentages described above during the first nine months of 1995 compared to the same period in 1994. Sales for resale added $4.3 million to revenues for the first nine months of 1995 as compared to the same period in 1994. However, these revenues were offset by like increases in purchased gas expense and any margins from these transactions will be credited back to customers through rate changes for the cost of gas.

NATURAL GAS REVENUES AND THERM SALES BY SERVICE CLASS

Increase (Decrease) from prior year (Dollars and therms in millions)

Class	Three months ended September 30, 1995 REVENUE		THERM SALES		Nine months ended September 30, 1995 REVENUE		THERM SALES	
Residential................	$0.7	10%	0.5	4%	$7.8	16%	10.4	11%
Commercial.................	(0.2)	(4)	(1.9)	(14)	3.3	10	2.9	4
Industrial - firm..........	(0.1)	(11)	(0.6)	(15)	0.3	7	0.2	2
Industrial - interruptible.	(0.4)	(31)	(1.3)	(23)	(0.7)	(23)	(2.1)	(20)
Sales for resale...........	1.3	47	25.5	131	4.3	114	59.1	231
Transportation.............	0.2	7	6.8	16	0.7	8	17.5	12

Natural gas purchased expense increased $2.7 million, or 21%, in the third quarter of 1995 as compared to third quarter 1994. The increased cost was primarily the result of a 43% increase in therm sales, primarily as a result of increased sales for resale, generation at the Rathdrum combustion turbine and new customers. Administrative and general expenses increased by $0.6 million in 1995 over the third quarter of 1994, primarily due to lease payments for computer software systems and labor-related costs. Depreciation and amortization expense increased by 16% during the third quarter of 1995 as a result of increased natural gas plant-in-service.

Total natural gas operating expenses increased by $18.1 million, or 20%, in the first nine months of 1995. Natural gas purchased costs increased $13.4 million in the first nine months of 1995 due primarily to a 29% increase in therm sales as a result of sales for resale, generation at the Rathdrum combustion turbine, customer growth and cooler temperatures through the first nine months of 1995 as compared to 1994. Other operating and maintenance expenses increased $1.4 million in the first nine months of 1995 over 1994 primarily due to amortization of the DSM programs. Administrative and general expenses increased by 20% in 1995 over 1994, primarily due to lease payments for computer software systems and labor-related costs. Depreciation and amortization expense increased by $1.2 million during the first nine months of 1995 as a result of increased natural gas plant-in-service. Other taxes, primarily excise and business and occupation taxes, were also up $0.6 million from the first nine months of 1994, primarily due to increased year-to-date revenues.

NON-UTILITY OPERATIONS
Operating income summary
(Dollars in thousands)

	Three months ended September 30		Change		Nine months ended September 30		Change	
	1995	1994	Amount	%	1995	1994	Amount	%
Operating revenues...............	$17,114	$17,216	$ (102)	(1)	$50,685	$49,461	$ 1,224	2
Operating expenses...............	13,390	14,436	(1,046)	(7)	40,998	44,163	(3,165)	(7)
Operating income.................	3,724	2,780	944	34	9,687	5,298	4,389	83
Other income	730	2,183	(1,453)	(67)	2,223	5,121	(2,898)	(57)
Income before income taxes.......	4,454	4,963	(509)	(10)	11,910	10,419	1,491	14
Income tax provision.............	1,763	1,671	92	6	4,294	3,518	776	22
Net income.......................	$ 2,691	$ 3,292	$ (601)	(18)	$ 7,616	$ 6,901	$ 715	10

Non-utility operations include the results of Pentzer and one other active subsidiary. Pentzer's business strategy is to acquire controlling interest in a broad range of middle-market companies, to help these companies grow through internal development and strategic acquisitions, and to sell the portfolio investments to the public or to strategic buyers. Pentzer's objective is to produce current returns from its portfolio investments that are higher than that of the utility operations and to supplement these current returns by generating transactional gains through the sale of portfolio investments when appropriate. From time to time, a significant portion of Pentzer's earnings

contributions may be the result of transactional gains. Accordingly, although the income stream is expected to be positive, it may be uneven from year to year.

Pentzer's earnings for the third quarter of 1995 were less than 1994 by $0.6 million. Pentzer recognized no transactional earnings in 1995, compared to transactional gains of $1.2 million in 1994 primarily from the sale of Itron stock. Non-transactional earnings from its portfolio investments exceeded 1994 by $0.6 million due to stronger earnings from existing investments as well as earnings from two companies acquired in the past twelve months.

Pentzer's earnings for the first nine months of 1995 exceeded 1994 by $0.7 million. Transactional gains, primarily from the sale of Itron stock in both periods, were less than 1994 by $0.5 million. Non-transactional earnings from its portfolio investments exceeded 1994 by $1.2 million due to stronger earnings from existing investments as well as earnings from companies acquired in 1994 and 1995.

In November 1995, Pentzer, the Company's wholly-owned private investment firm, acquired Advanced Manufacturing and Development, Inc., a manufacturer and assembler of metal and wood products for the computer, video arcade and point-of-purchase industries. In February 1995, Pentzer acquired The Decker Company, Inc., a company that designs and packages point-of-purchase displays and other marketing materials for national manufacturers of consumer products.

THE WASHINGTON WATER POWER COMPANY

LIQUIDITY AND CAPITAL RESOURCES

UTILITY

The Company funds capital expenditures with a combination of internally-generated cash and external financing. The level of cash generated internally and the amount that is available for capital expenditures fluctuates annually. Cash provided by operating activities remains the Company's primary source of funds for operating needs, dividends and construction expenditures.

OPERATING ACTIVITIES. Cash available from operating activities in the first nine months of 1995 decreased by over $7 million from the same period in 1994 primarily due to increases in various working capital components, such as an increase in receivables, increased materials and supplies, fuel stock and natural gas stored and prepayments on power contracts, partially offset by the positive effect of purchased gas deferrals. See the Consolidated Statements of Cash Flows for additional details.

INVESTING ACTIVITIES. Cash used in investing activities decreased by more than $71 million in the first nine months of 1995, when compared to the same period in 1994, primarily due to a 50% decrease in construction and DSM program expenditures. See the Consolidated Statements of Cash Flows for additional information.

FINANCING ACTIVITIES. Cash used in financing activities increased by approximately $60 million in the nine months ended September 30, 1995 when compared to the same period in 1994. Since January 1, 1995, $58 million of Secured Medium Term Notes, Series B (Series B Notes) have been issued with an average interest rate of 7.31% and an average maturity of 7.3 years. The proceeds were used to fund the maturity of $35 million of Unsecured Medium-Term Notes and $10 million of 4 5/8% First Mortgage Bonds.

Capital expenditures are financed on an interim basis with short-term debt. The Company has $160 million in committed lines of credit. In addition, the Company may borrow up to $60 million through other borrowing arrangements with banks. As of September 30, 1995, $14.5 million was outstanding under the other borrowing arrangements with banks.

The Company's total common equity increased by $22 million during the first nine months of 1995 to $699 million. The increase was primarily due to the issuance of 1,196,000 shares of common stock through both the Dividend Reinvestment Plan and the Investment and Employee Stock Ownership Plan for proceeds of approximately $18 million and a $5.8 million increase in unrealized investment gains from Pentzer's investment in Itron. No shares were issued under the Company's Periodic Offering Program. The utility capital structure at September 30, 1995, was 46% debt, 9% preferred stock and 45% common equity as compared to 50% debt, 10% preferred stock and 40% common equity at year-end 1994.

During the 1995-1997 period, utility capital expenditures are expected to be $228 million, and $132 million will be required for long-term debt maturities and preferred stock sinking fund requirements. During this three-year period, the Company estimates that internally-generated funds will provide approximately 90% of the funds needed for its capital expenditure program. External financing will be required to fund maturing long-term debt, preferred stock sinking fund requirements and the remaining portion of capital expenditures. These projections relate to the Company on a stand-alone basis and do not reflect any adjustment for the effects of the proposed merger of the Company, SPR and SPPC with and into Altus (formerly Resources West Energy Corporation). See Item 5. Other Information - Regulatory Proceedings for additional merger information.

NON-UTILITY

The non-utility operations have $43 million in borrowing arrangements ($24.6 million outstanding as of September 30, 1995) to fund corporate requirements on an interim basis. At September 30, 1995, the non-utility operations had $34.3 million in cash and marketable securities with $10.9 million in long-term debt outstanding.

The 1995-1997 non-utility capital expenditures are expected to be $5 million, and $7 million in debt maturities will also occur. During the next three years, internally-generated cash and other debt obligations are expected to provide the majority of the funds for the non-utility capital expenditure requirements.

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION.

REGULATORY PROCEEDINGS.

MERGER. On June 28, 1994, the Company announced that it had entered into a proposed merger agreement with SPR, SPPC and RWE (renamed Altus). Applications seeking approval of the merger were filed with the FERC and with the state utility commissions in the states of California, Idaho, Montana, Nevada, Oregon and Washington. The Montana Public Service Commission issued an order in October 1994 declining to exercise jurisdiction. The Company has received orders approving the merger from the commissions of each state. The major points of each order and the current status are as follows:

Washington:

- A final order was issued on September 28, 1995
- Electric and gas base rate freeze through December 31, 2000
- Purchased gas benefits flowed through annual PGA (Purchased Gas Adjustment)
- Accelerated amortization of Washington electric DSM to provide full amortization by December 31, 2003
- A joint petition by the Commission staff and Public Counsel was filed on September 29, 1995 requesting the Commission to stay the effectiveness of the Washington Commission order to give all parties adequate time for review and evaluation of the final order of the Nevada Public Service Commission (PSCN), which was issued on October 10, 1995. The petition was filed on October 24, 1995 by Commission Staff and Public Counsel after their review of the Nevada order. Based on their interpretation of certain language in the final Nevada order, the petition requested clarification of certain provisions of the Washington stipulation or, in the alternative, an order vacating the Commission's order approving the merger, and reopening the record. In the petition, two "Major Issues" were discussed: electric single system pricing for retail services and distribution of benefits related to the Alturas transmission project. The petition also discussed four "Other Issues" for the purpose of bringing them to the attention of the Commission and to record their concerns.

Idaho:

- Final order was issued on September 19, 1995
- Electric and gas base rate freeze through December 31, 2000
- Purchased gas benefits flowed through annual PGA
- Earnings capped at 12.0% ROE, with earnings above 12.0% shared 50/50 with customers through PGA/PCA (Power Cost Adjustment)

Oregon:

- Final order was issued on June 23, 1995
- No rate freeze
- Purchased gas benefits flowed through annual PGA, plus a sharing of non-purchased gas benefits to partially offset the expenses associated with additional transmission capacity on Pacific Gas Transmission facilities to Medford

California:

- Final order was issued on October 18, 1995
- Electric and gas base rate freeze through December 31, 1999.
- All electric and gas tracking mechanisms suspended during the rate freeze. Balances in the electric and gas tracking accounts will be set to zero at January 1, 1996 or upon merger, whichever is later. Exempt from annual electric and gas cost of capital proceedings.

- Electric rate reduction of $3.1 million in 1996 related to the suspension of the electric tracking mechanism and elimination of the balances in the tracking accounts.

Nevada: Final order was issued on October 10, 1995.
Electric and gas base rate freeze through December 31, 1999. Water rates frozen through December 31, 1996
Gas tracker suspended through January 1, 1997. Electric power/fuel cost tracker suspended through December 31, 1999
One-time refunds related to a prior rate stipulation of $9 million electric and $4 million gas. Earnings for 1997-1999 capped at 12.0% ROE, with earnings above 12.0% shared 50/50 with customers
On October 25, 1995, WWP and SPR filed a petition with the PSCN requesting clarification of their final order. The companies are seeking clarification on two key issues within the PSCN's final order. The two issues are electric single system pricing for retail services and the distribution of benefits related to the Alturas transmission project. The PSCN issued an order on November 1, 1995 granting the WWP and SPR request for expedited treatment of their petition.

The FERC has not yet included the proposed merger on its docket. However, the Company continues to anticipate receiving final orders from all jurisdictions and closing the merger transaction by the end of 1995. See Note 4 to Financial Statements for additional information.

ADDITIONAL FINANCIAL DATA.

The following table reflects the ratio of earnings to fixed charges and the ratio of earnings to fixed charges and preferred dividend requirements:

	12 Months Ended	
	September 30, 1995	December 31, 1994
Ratio of Earnings to Fixed Charges	3.10(x)	3.24(x)
Ratio of Earnings to Fixed Charges and Preferred Dividend Requirements	2.67(x)	2.59(x)

The Company has long-term purchased power arrangements with various Public Utility Districts, with interest on these contracts included in purchased power expenses. These amounts do not have a material impact on fixed charges ratios.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

12 Computation of ratio of earnings to fixed charges and preferred dividend requirements.
27 Financial Data Schedule.

(b) Reports on Form 8-K.

None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE WASHINGTON WATER POWER COMPANY
(Registrant)

Date: November 13, 1995

/s/ J. E. Eliassen

J. E. Eliassen
Vice President - Finance and
Chief Financial Officer
(Principal Accounting and
Financial Officer)

EXHIBIT 12

THE WASHINGTON WATER POWER COMPANY

Computation of Ratio of Earnings to Fixed Charges and Preferred
Dividend Requirements (1)
Consolidated
(Thousands of Dollars)

	12 Mos. Ended September 30 1995	Years Ended December 31 1994	1993	1992	1991
Fixed charges, as defined:					
Interest on long-term debt	$ 54,567	$ 49,566	$ 47,129	$ 51,727	$ 52,801
Amortization of debt expense and premium - net	3,483	3,511	3,004	1,814	1,751
Interest portion of rentals	3,292	1,282	924	1,105	1,018
Total fixed charges	$ 61,342	$ 54,359	$ 51,057	$ 54,646	$ 55,570
Earnings, as defined:					
Net income from continuing ops	$ 81,208	$ 77,197	$ 82,776	$ 72,267	$ 70,631
Add (deduct):					
Income tax expense	47,437	44,696	42,503	41,330	38,086
Total fixed charges above	61,342	54,359	51,057	54,646	55,570
Total earnings	$189,987	$176,252	$176,336	$168,243	$164,287
Ratio of earnings to fixed charges	3.10	3.24	3.45	3.08	2.96
Fixed charges and preferred dividend requirements:					
Fixed charges above	$ 61,342	$ 54,359	$ 51,057	$ 54,646	$ 55,570
Preferred dividend requirements (2)	9,684	13,668	12,615	10,716	14,302
Total	$ 71,026	$ 68,027	$ 63,672	$ 65,362	$ 69,872
Ratio of earnings to fixed charges and preferred dividend requirements	2.67	2.59	2.77	2.57	2.35

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(1) Calculations have been restated to reflect the results from continuing operations (ie. excluding discontinued coal mining operations).

(2) Preferred dividend requirements have been grossed up to their pre-tax level.

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF THE WASHINGTON WATER POWER COMPANY, INCLUDED IN THE QUARTERLY REPORT ON FORM 10-Q FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1000

9-MOS
DEC-31-1995
SEP-30-1995
PER-BOOK
1,342,153
203,620
130,621
324,362
0
2,000,756
577,032
10,124
111,875
699,031
85,000
50,000
631,335
14,500
7,617
0
38,351
0
8
7
474,907
2,000,756
514,770
33,393
384,628
384,628
130,142
1,264
131,406
43,510
87,896
6,683
47,640
51,117
0
113,753
0.87
0.87

LONG-TERM DEBT-NET DOES NOT MATCH THE AMOUNT REPORTED ON THE COMPANY'S CONSOLIDATED STATEMENT OF CAPITALIZATION AS LONG-TERM DEBT DUE TO THE OTHER CATEGORIES REQUIRED BY THIS SCHEDULE.
OTHER ITEMS CAPITAL AND LIABILITIES INCLUDES THE CURRENT LIABILITIES, DEFERRED CREDITS AND MINORITY INTEREST, LESS CERTAIN AMOUNTS INCLUDED UNDER LONG-TERM DEBT-CURRENT PORTION AND LEASES-CURRENT, FROM THE COMPANY'S CONSOLIDATED BALANCE SHEET.
THE COMPANY DOES NOT INCLUDE INCOME TAX EXPENSE AS AN OPERATING EXPENSE ITEM. IT IS INCLUDED ON THE COMPANY'S STATEMENTS AS A BELOW-THE-LINE ITEM.
INCOME BEFORE INTEREST EXPENSE IS NOT A SPECIFIC LINE ITEM ON THE COMPANY'S INCOME STATEMENTS. THE COMPANY COMBINES TOTAL INTEREST EXPENSE AND OTHER INCOME TO CALCULATE INCOME BEFORE INCOME TAXES.