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 March 31, 1996

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 May 1, 1996, 55,960,360 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 March 31
Thousands of Dollars

	1996	1995
OPERATING REVENUES	$ 248,004	$ 197,928
OPERATING EXPENSES:		
Operations and maintenance	129,967	93,794
Administrative and general	20,740	16,118
Depreciation and amortization	17,159	15,418
Taxes other than income taxes	13,692	14,124
Total operating expenses	181,558	139,454
INCOME FROM OPERATIONS	66,446	58,474
OTHER INCOME (EXPENSE):		
Interest expense	(15,306)	(14,730)
Net gain on subsidiary transactions	16,986	1,918
Other income (deductions)-net	(233)	(477)
Total other income (expense)-net	1,447	(13,289)
INCOME BEFORE INCOME TAXES	67,893	45,185
INCOME TAXES	25,984	16,732
NET INCOME	41,909	28,453
DEDUCT-Preferred stock dividend requirements	2,266	2,297
INCOME AVAILABLE FOR COMMON STOCK	$ 39,643	$ 26,156
Average common shares outstanding (thousands)	55,958	54,582
EARNINGS PER SHARE OF COMMON STOCK	$ 0.71	$ 0.48
Dividends paid per common share	$ 0.31	$ 0.31

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED BALANCE SHEETS
The Washington Water Power Company

Thousands of Dollars

	March 31, 1996	December 31, 1995
ASSETS:		
PROPERTY:		
Utility plant in service-net	$1,894,110	$1,880,620
Construction work in progress	24,373	23,046
Total	1,918,483	1,903,666
Less: Accumulated depreciation and amortization	558,149	546,248
Net utility plant	1,360,334	1,357,418
OTHER PROPERTY AND INVESTMENTS:		
Investment in exchange power-net	80,595	82,252
Non-utility properties and investments	157,125	135,612
Other-net	20,987	9,593
Total other property and investments	258,707	227,457
CURRENT ASSETS:		
Cash and cash equivalents	17,211	5,164
Temporary cash investments	28,401	27,395
Accounts and notes receivable-net	97,734	102,389
Materials and supplies, fuel stock and natural gas stored	36,413	38,004
Prepayments and other	13,255	11,020
Total current assets	193,014	183,972
DEFERRED CHARGES:		
Regulatory assets for deferred income tax	168,263	169,432
Conservation programs	61,414	62,793
Prepaid power purchases	36,603	32,605
Unamortized debt expense	24,894	25,684
Other-net	38,532	39,541
Total deferred charges	329,706	330,055
TOTAL	$2,141,761	$2,098,902
CAPITALIZATION AND LIABILITIES:		
CAPITALIZATION (See Consolidated Statements of Capitalization)	$1,590,544	$1,590,412
CURRENT LIABILITIES:		
Accounts payable	50,043	64,841
Taxes and interest accrued	71,577	39,415
Other	76,589	64,703
Total current liabilities	198,209	168,959
DEFERRED CREDITS:		
Deferred income taxes	313,127	307,529
Other	39,881	32,002
Total deferred credits	353,008	339,531
COMMITMENTS AND CONTINGENCIES (Notes 2 and 4)		
TOTAL	$2,141,761	$2,098,902

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED STATEMENTS OF CAPITALIZATION
The Washington Water Power Company

Thousands of Dollars

	March 31, 1996	December 31, 1995
COMMON EQUITY:		
Common stock, no par value: 200,000,000 shares authorized: shares outstanding: 1996-55,960,360; 1995-55,947,967	$ 594,853	$ 594,636
Note receivable from employee stock ownership plan	(11,540)	(11,690)
Capital stock expense and other paid in capital	(10,086)	(10,072)
Unrealized investment gain-net	27,088	19,220
Retained earnings	147,389	125,031
Total common equity	747,704	717,125
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:		
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 - 6.50% to 8.25% due 1997 through 2010	141,000	141,000
Total first mortgage bonds	474,700	474,700
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	72,500
Series B - 5.50% to 8.55% due 1996 through 2023	135,000	135,000
Total unsecured medium-term notes	207,500	207,500
Notes payable (due within one year) to be refinanced	--	29,500
Other	21,540	22,487
Total long-term debt	707,840	738,287
TOTAL CAPITALIZATION	$ 1,590,544	$ 1,590,412

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 Three Months Ended March 31
Thousands of Dollars

	1996	1995
OPERATING ACTIVITIES:		
Net income	$ 41,909	$ 28,453
NON-CASH REVENUES AND EXPENSES INCLUDED IN NET INCOME:		
Depreciation and amortization	17,159	15,418
Provision for deferred income taxes	1,678	(182)
Allowance for equity funds used during construction	(170)	(218)
Power and natural gas cost deferrals and amortization	6,163	5,729
Deferred revenues and other-net	3,764	3,712
(Increase) decrease in working capital components:		
Receivables and prepaid expenses-net	4,419	994
Materials & supplies, fuel stock and natural gas stored	1,590	(2,136)
Payables and other accrued liabilities	14,079	15,635
Other-net	6,825	(8,151)
NET CASH PROVIDED BY OPERATING ACTIVITIES	97,416	59,254
INVESTING ACTIVITIES:		
Construction expenditures (excluding AFUDC-equity funds)	(15,910)	(16,570)
Other capital requirements	(2,034)	343
(Increase) decrease in other noncurrent balance sheet items-net	(18,281)	1,011
Assets acquired and investments in subsidiaries (Note 3)	(234)	(938)
NET CASH USED IN INVESTING ACTIVITIES	(36,459)	(16,154)
FINANCING ACTIVITIES:		
Increase (decrease) in commercial paper, notes payable and bank borrowings-net	(29,500)	(33,500)
Maturity of unsecured medium-term notes	--	(15,000)
Sale of secured medium-term notes	--	30,000
Maturity of first mortgage bonds	--	(10,000)
Sale of common stock-net	(3,103)	3,468
Other-net	(392)	(2,512)
NET FINANCING ACTIVITIES BEFORE CASH DIVIDENDS	(32,995)	(27,544)
Less cash dividends paid	(15,915)	(16,202)
NET CASH USED IN FINANCING ACTIVITIES	(48,910)	(43,746)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,047	(646)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,164	5,178
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 17,211	$ 4,532
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period:		
Interest	$ 11,652	$ 7,929
Income taxes	$ 1,564	$ 894
Non-cash financing and investing activities	$ 32,125	$ 2,955

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 March 31
Thousands of Dollars

	1996	1995
OPERATING REVENUES:		
Electric	$ 155,817	$ 125,821
Natural gas	62,213	59,136
Non-utility	29,974	12,971
Total operating revenues	$ 248,004	$ 197,928
OPERATIONS AND MAINTENANCE EXPENSES:		
Electric:		
Power purchased	$ 38,510	$ 22,952
Fuel for generation	7,314	7,723
Other electric	22,797	17,803
Natural gas:		
Natural gas purchased for resale	34,756	34,818
Other natural gas	4,440	3,746
Non-utility	22,150	6,752
Total operations and maintenance expenses	$ 129,967	$ 93,794
ADMINISTRATIVE AND GENERAL EXPENSES:		
Electric	$ 13,042	$ 9,669
Natural gas	4,359	3,268
Non-utility	3,339	3,181
Total administrative and general expenses	$ 20,740	$ 16,118
DEPRECIATION AND AMORTIZATION EXPENSES:		
Electric	$ 12,758	$ 12,120
Natural gas	2,663	2,445
Non-utility	1,738	853
Total depreciation and amortization expenses	$ 17,159	$ 15,418
INCOME FROM OPERATIONS:		
Electric	$ 50,922	$ 45,147
Natural gas	13,101	11,626
Non-utility	2,423	1,701
Total income from operations	$ 66,446	$ 58,474
INCOME AVAILABLE FOR COMMON STOCK:		
Utility operations	$ 27,917	$ 23,686
Non-utility operations	11,726	2,470
Total income available for common stock	$ 39,643	$ 26,156
ASSETS: (1995 amounts at December 31)		
Electric	$1,461,887	$1,440,560
Natural gas	256,825	274,408
Common plant	28,056	28,104
Other utility assets	145,343	129,319
Non-utility assets	249,650	226,511
Total assets	$2,141,761	$2,098,902
CAPITAL EXPENDITURES (excluding AFUDC/AFUCE):		
Electric	$ 8,658	$ 11,100
Natural gas	5,180	6,730
Common plant	1,530	3,081
Non-utility	323	349
Total capital expenditures	$ 15,691	$ 21,260

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

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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 March 31, 1996 and 1995 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, 1995.

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

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 (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. On March 28, 1996, a U.S. District judge entered a summary judgment in favor of the Company dismissing the complaint. The Tribe filed a notice of appeal to the Ninth Circuit Court of Appeals on April 24, 1996. 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 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. The Company completed a remedial investigation/feasibility study (RI/FS) report, which was submitted to the DOE. The DOE issued a responsiveness summary in April 1996 which presented the DOE and public comments on the RI/FS. The DOE will now work on drafting the clean-up action plan, which should be completed in mid-July. It is anticipated that the clean-up action plan will be approved by the fall of 1996. The oil spill clean-up will begin once approval is received and will likely extend into 1997. As of March 31, 1996, an accrual of $3.1 million is reflected on the Company's financial statements, which represents the Company's best estimate of its liability.

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. Five separate class action lawsuits were originally 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, Ponderosa 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. Ongoing discovery is limited due to a stay of the proceedings pending review by the Washington Supreme Court of a trial court decision ordering the disqualification of plaintiff's counsel. Argument before the Washington Supreme Court was heard on an expedited basis in November 1995; however, the Court has yet to issue its opinion. 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 December 21, 1995, a lawsuit was commenced in Vancouver, British Columbia against the Company's 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

assets of Pentzer Energy Services, Inc. to B.C. Gas, Inc. and a U.S. subsidiary of B.C. Gas. The claims involve an alleged first right to purchase interests in the Williams Lake, British Columbia wood-fired generating station. The suit seeks 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., Pentzer Energy Services, Inc. and WP Energy Company. This action originally had been filed in Spokane Superior Court against each of the same defendants and Washington Water Power. By order dated June 6, 1995, all claims against Washington Water Power were dismissed with prejudice by that court and the claims against the remaining defendants were dismissed without prejudice on the grounds that the lawsuit should have been brought in British Columbia. 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.

OTHER CONTINGENCIES

The Company routinely assesses, based on in-depth studies, expert analyses and legal reviews, its contingencies, obligations and commitments for remediation of contaminated sites, including assessments of ranges and probabilities of recoveries from other responsible parties who have and have not agreed to a settlement and recoveries from insurance carriers. The Company's policy is to immediately accrue and charge to current expense identified exposures related to environmental remediation sites based on estimates of investigation, cleanup and monitoring costs to be incurred.

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 electric energy with other utilities, cogenerators, small power producers and government agencies.

NOTE 3. ACQUISITIONS AND DISPOSITIONS

On March 1, 1996, Pentzer Development Corporation, a subsidiary of Pentzer, sold the Spokane Industrial Park. The sale resulted in a gain of approximately $11.1 million, net of taxes and other adjustments, which was recognized in the first quarter of 1996.

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. In 1994, applications seeking approval of the merger were filed with the FERC and with the state utility commissions 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 all the other states. On November 29, 1995, the FERC ordered evidentiary hearings concerning the proposed merger. An administrative law judge has been assigned to the merger proceeding and a pre-hearing conference was held on December 13, 1995 to set a procedural schedule. The companies filed supplemental testimony on February 1, 1996. Hearings are scheduled to begin on June 24, 1996. Based on this schedule, the companies believe an order could be issued by the FERC in 1996 or early 1997.

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 would be carried forward to the consolidated financial statements of Altus at their recorded amounts; income of Altus would 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 would be combined and restated as income of Altus.

As of March 31, 1996, $15.2 million in merger transaction and transition costs have been deferred and are included on the Company's balance sheet as Other Deferred Charges. The cost of severance and early retirement options elected by certain eligible employees affected by the merger is expected to be approximately $11.2 million. 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.

As previously reported, the cost savings from the merger were initially estimated to approximate $450 million, net of merger transaction and transition costs, over a 10 year period following the consummation of the merger. However, in new analyses of benefits filed with the FERC, the total net savings estimate was reduced by approximately $80 million over 10 years. This reflects the decision by the companies not to pursue a firm transmission interconnection path, which resulted in a decrease in savings of $52 million, as well as the identification by the companies of a $28 million increase in the costs of severance programs and other transaction and transition costs. In addition, based upon preliminary analyses, the Company anticipated further reductions in the cost savings estimated to result from the merger. While the Company is currently unable to definitively quantify such additional reductions in cost savings, the Company believes that such reductions could be in the range of $20 million to $40 million.

The analyses employed in order to develop estimates of specific amounts of savings to be achieved as a result of the merger were necessarily based upon various assumptions which involve judgments with respect to, among other things, future national and regional economic and competitive conditions, inflation rates, regulatory treatment, weather conditions, financial market conditions, interest rates, future business decisions, and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Company, SPR, SPPC and Altus. Accordingly, while the Company believes that such assumptions are reasonable for purposes of the development of estimates of cost savings, there can be no assurance that such assumptions will approximate actual experience or that all such savings will be realized. Additionally, the treatment of the benefits and cost savings will depend on the terms of the regulatory approvals received in the various jurisdictions in which the Company and SPPC operate their businesses.

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 March 31, 1996 gives effect to the merger as if it had occurred at March 31, 1996. The unaudited pro forma condensed consolidated statement of income for the quarter ended March 31, 1996 gives effect to the merger as if it had occurred at January 1, 1996. 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, 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 periods 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 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.

Unaudited Pro Forma Condensed Consolidated Balance Sheets at March 31, 1996 (in thousands of dollars):

	WWP	SPR	ALTUS
Assets			
Utility plant in service-net	$1,894,110	$1,823,481	$3,717,591
Construction work in progress	24,373	171,818	196,191
Total	1,918,483	1,995,299	3,913,782
Accumulated depreciation and amortization	558,149	569,446	1,127,595

Net utility plant	1,360,334	1,425,853	2,786,187
Other property and investments	258,707	45,367	304,074
Current assets	193,014	138,758	331,772
Deferred charges	329,706	164,224	493,930
Total assets	$2,141,761	$1,774,202	$3,915,963
Capitalization and Liabilities			
Common stock and additional paid-in capital	$ 594,853	$ 466,887	$1,061,740
Other shareholders equity	152,851	89,739	242,590
Preferred stock	135,000	86,715	221,715
Long-term debt	707,840	603,023	1,310,863
Total capitalization	1,590,544	1,246,364	2,836,908
Current liabilities	198,209	179,732	377,941
Deferred income taxes	313,127	153,750	466,877
Other deferred credits	39,881	194,356	234,237
Total capitalization and liabilities	$2,141,761	$1,774,202	$3,915,963
Common shares outstanding (thousands)	55,960	30,236	99,500

Unaudited Pro Forma Condensed Consolidated Statements of Income for the three months ended March 31, 1996 (in thousands of dollars, except per share amounts):

	WWP	SPR	ALTUS
Operating revenues....................	$248,004	$163,826	$411,830
Operating expenses....................	181,558	123,154	304,712
Income from operations................	66,446	40,672	107,118
Net income............................	41,909	19,571	61,480
Income available for common stock	39,643	17,786	57,429
Average common shares outstanding	55,958	30,113	99,321
Earnings per share....................	$0.71	$0.59	$0.58

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 new wholesale contracts and 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.

RESULTS OF OPERATIONS

OVERALL OPERATIONS

Overall earnings per share for the first quarter of 1996 increased to $0.71 from $0.48 in 1995. The increase in earnings was primarily the result of a $11.1 million transactional gain, net of tax and other adjustments, from the sale of property held for sale by one of Pentzer Corporation's (Pentzer) subsidiaries. Transactional gains during the first quarter of 1995 totaled $1.3 million, net of tax, from the sale of a portion of Itron, Inc. (Itron) stock owned by Pentzer. The increase in earnings was also due to improved utility results, primarily as a result of increased sales, due to both the growing wholesale electric business and temperatures 9% colder than normal during the first quarter of 1996 which increased retail sales to both natural gas and electric customers.

Utility income available for common stock contributed $0.50 to earnings per share for the first quarter of 1996 compared to $0.43 in the first quarter of 1995. Non-utility income available for common stock contributed $0.21 to earnings per share for the first quarter of 1996 compared to $0.05 in the same period in 1995.

UTILITY OPERATIONS

REVENUES

Electric operating revenues increased $30.0 million in the first quarter of 1996 over 1995. Residential and commercial revenues rose by a combined $7.1 million in the first three months of 1996 due to weather conditions, which resulted in increased customer usage, and a 2.7% growth in residential and commercial customers. Weather was 9% colder than normal during the first quarter of 1996, compared to 10% warmer than normal in the first quarter of 1995. Wholesale revenues totaled $44.0 million in the first quarter of 1996, an increase of $23.6 million, as a result of new firm wholesale contracts and increased secondary sales, as a result of improved streamflow conditions which led to the increased availability of hydroelectric generation in the region. Hydroelectric generation was 158% above normal, due to streamflows which were 265% of normal during the first three months of 1996. Wholesale kWh sales more than tripled, which more than offset the decline of 34% in average prices in the first quarter of 1996 as compared to 1995.

Total natural gas revenues increased by $3.1 million in the first quarter of 1996 compared to the same period in 1995, primarily due to increased usage from residential and commercial customers due to colder than normal weather and increased non-retail sales. Revenues from non-retail sales were offset by like increases in purchased gas expense. Margins from these non-retail transactions were credited back to customers through rate changes for the cost of natural gas. The number of total natural gas customers increased approximately 5.7% in the first quarter of 1996 as compared to 1995.

OPERATING EXPENSES

New firm wholesale contracts and increased spot market sales, combined with increased electric retail sales as a result of colder than normal temperatures during the first quarter of 1996 caused electric purchased power costs to increase by $15.6 million over 1995.

Other operating and maintenance expenses increased by $5.0 million, or 28%, for electric operations and $0.7 million, or 19%, for natural gas operations during the first quarter of 1996. The increased electric expenses included a $2.0 million increase in the Idaho Power Cost Adjustment (PCA) and a $0.6 million increase in lease payments associated with the Rathdrum combustion turbine, as lease payments did not begin until February of 1995. Both electric and natural gas operations were affected by increased expenses related to amortization of the Demand Side Management programs and increases in uncollectible accounts and other expenses related to customer services.

Administrative and general expenses increased by $4.5 million in the first quarter of 1996, primarily due to a $1.5 million reserve established for severance payments, a $1.6 million write-off of regulatory deferrals of pension expenses and other labor-related costs.

Income taxes increased by $2.8 million and $0.4 million for electric and natural gas operations, respectively, from the first quarter of 1995, as a result of increased operating income in the first quarter of 1996.

NON-UTILITY OPERATIONS

Non-utility operations include the results of Pentzer and six other subsidiaries. Pentzer's business strategy is to acquire controlling interests 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 either to the public or to strategic buyers when it becomes most advantageous in meeting Pentzer's return on invested capital objectives. Pentzer's goal is to produce financial returns for the Company's shareholders that, over the long-term, should be higher than that of the utility operations. 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 first quarter of 1996 exceeded 1995 by $9.4 million primarily due to the impact of a transactional gain of $11.1 million, net of tax and other adjustments, from the sale of Spokane Industrial Park, previously owned and operated by Pentzer's subsidiary, Pentzer Development Corporation. Transactional gains in the first quarter of 1995 were $1.3 million, net of tax, from the sale of a portion of Itron stock owned by Pentzer.

Non-utility operating revenues and expenses increased by $17.0 million and $16.3 million, respectively, in the first quarter of 1996 over the previous year, primarily as a result of acquisitions over the past year. Income from non-utility operations increased by 42% to $2.4 million during the first three months of 1996.

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 quarter of 1996 increased by over $38 million from the same period in 1995 primarily due to decreases in various working capital components, such as receivables, materials and supplies, fuel stock and natural gas stored and prepayments on power contracts, partially offset by a decrease in payables. See the Consolidated Statements of Cash Flows for additional details.

Investing Activities Cash used in investing activities increased by more than $20 million in the first three months of 1996, when compared to the same period in 1995, primarily due to the establishment of trusts for pension benefits and reclamation costs and the net effect on cash flows of transactions related to the sale of property by Pentzer. A portion of the purchase price resulted in the receipt of a note receivable. See the Consolidated Statements of Cash Flows for additional information.

Financing Activities Cash used in financing activities increased by approximately $5 million in the first quarter of 1996 when compared to the same period in 1995. Bank borrowings decreased by $29.5 million in the first quarter of 1996 as a result of increased cash from operating activities. The only securities issued in the first quarter of 1996 were approximately 12,000 shares of common stock for $0.2 million in proceeds from the Company's Dividend Reinvestment Plan. The Company is now purchasing shares in the open market to fulfill the requirements of the Dividend Reinvestment and employee benefit plans.

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 March 31, 1996, no balances were outstanding under either the lines of credit or the other borrowing arrangements with banks. The Company had $8.7 million in temporary investments and marketable securities at March 31, 1996.

During the 1996-1998 period, utility capital expenditures are expected to be $237 million, and $90 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 95% of the funds needed for its capital expenditure program. Minimal amounts of external financing will be required to fund maturing long-term debt, preferred stock sinking fund requirements and the remaining portion of capital expenditures. These estimates of capital expenditures are subject to continuing review and adjustment. Actual capital expenditures may vary from these estimates due to factors such as changes in business conditions, construction schedules and environmental requirements. 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. See Item 5. Other Information - Regulatory Proceedings for additional information relating to the merger.

NON-UTILITY

The non-utility operations have $40 million in borrowing arrangements ($26.9 million outstanding as of March 31, 1996) to fund corporate requirements on an interim basis. At March 31, 1996, the non-utility operations had $33.3 million in cash and marketable securities with $27.9 million in long-term debt outstanding.

The 1996-1998 non-utility capital expenditures are expected to be $6 million, and $21 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. These estimates of capital expenditures are subject to continuing review and adjustment. Actual capital expenditures may vary from these estimates due to factors such as changes in business conditions, acquisitions or sales of businesses and other transactions.

TOTAL COMPANY

The Company's total common equity increased by $30.6 million during the first three months of 1996 to $748 million. The increase was primarily due to a $7.9 million increase in unrealized investment gains from Pentzer's investment in Itron and other marketable securities and a $22.4 million increase in retained earnings. The Company's consolidated capital structure at March 31, 1996, was 45% debt, 8% preferred stock and 47% common equity as compared to 46% debt, 9% preferred stock and 45% common equity at year-end 1995.

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 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 all the other states. On November 29, 1995, the FERC ordered evidentiary hearings concerning the proposed merger. Hearings are scheduled to begin on June 24, 1996. Based on this schedule, the Company believes an order approving the merger could be issued by the FERC in 1996 or early 1997. Most of the final orders issued by state commissions include a "reopener" clause that allows the state proceedings to be reopened if any party believes that the FERC and any other state commission has taken some action which makes the Stipulation in such state undesirable. See Note 4 to Financial Statements for additional information.

FERC Order No. 888 As previously reported, on March 29, 1995, the FERC issued a Notice of Proposed Rulemaking (NOPR) relating to transmission services and a supplemental NOPR on Recovery of Stranded Costs, and on April 24, 1996, the FERC issued its final rule in Order No. 888. The final rule requires public utilities operating under the Federal Power Act to provide third-party access to their transmission systems. Each utility is also required to establish separate rates for its transmission and generation services for new wholesale service. Further, utilities are required to take transmission service under the same tariffs applicable to third-party users. The final rule does not change FERC's policy statement on transmission pricing, issued in October 1994, which permits zonal transmission rates in limited circumstances.

While the FERC confirmed the authority of the States over local distribution and over the service of delivering electric energy to ultimate customers, the FERC asserted its jurisdiction over the rates, terms and conditions of unbundled retail transmission service in interstate commerce. Generally, unbundled retail wheeling customers will take service under the same FERC tariff as wholesale customers. However, if the unbundled retail wheeling occurs as part of a State retail access program, the FERC will defer to State requests for a separate retail transmission tariff varying from the general wholesale transmission tariff so long as such retail tariff is consistent with FERC's open access policies and comparability principles.

The final rule contained in Order No. 888 also provides a basis for recovery by regulated public utilities of legitimate and verifiable stranded costs associated with existing wholesale requirements customers and retail customers who become unbundled wholesale transmission customers of the utility. The FERC will consider allowing recovery of stranded investment costs associated with retail wheeling only if a state regulatory commission lacks the authority to consider that issue.

The Company does not believe that Order No. 888 will have a material effect on the results of operations of the Company, considered alone. However, the Company is evaluating the provisions of Order No. 888 in the context of the proceeding before the FERC for approval of the Merger, as well as the possible effect thereof in the States in which Altus would do business.

Direct Access Tariff On May 6, 1996, the Company filed with the Washington Utilities and Transportation Commission (WUTC) and the Idaho Public Utilities Commission (IPUC) an experimental Direct Access and Delivery Service (DADS) tariff that would allow eligible customers to choose their supplier to serve a portion of their electric load. Eligible customers would include 30 of the Company's largest customers in the two states. These customers' total load represents about 112 average megawatts (aMw), or 15 percent of the Company's total electric retail load; up to one-third of this load, or 37 aMw, could be purchased from an alternative energy supplier if the DADS tariff is approved. The balance of their electric load would continue to be served by the Company and the Company would provide distribution and transmission service at a charge for all energy delivered. This trial tariff would be effective from September 1, 1996 through August 31, 1998. The proposed tariff would not affect the rates for other customer classes during or after the experimental period. The Company intends to absorb any margin losses associated with loads served on the DADS tariff, but is not expected to have a material impact on the financial condition or results of operations of the Company.

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	
	March 31, 1996	December 31, 1995
Ratio of Earnings to Fixed Charges	3.54 (x)	3.22 (x)
Ratio of Earnings to Fixed Charges and Preferred Dividend Requirements ..	2.88 (x)	2.61 (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: May 15, 1996

/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 March 31, 1996	Years Ended December 31 1995	1994	1993	1992
Fixed charges, as defined:					
Interest on long-term debt	$ 56,263	$ 55,580	$ 49,566	$ 47,129	$ 51,727
Amortization of debt expense and premium - net	3,334	3,441	3,511	3,004	1,814
Interest portion of rentals	4,204	3,962	1,282	924	1,105
Total fixed charges	$ 63,801	$ 62,983	$ 54,359	$ 51,057	$ 54,646
Earnings, as defined:					
Net income from continuing ops	$100,576	$ 87,121	$ 77,197	$ 82,776	$ 72,267
Add (deduct):					
Income tax expense	61,669	52,416	44,696	42,503	41,330
Total fixed charges above	63,801	62,983	54,359	51,057	54,646
Total earnings	$226,046	$202,520	$176,252	$176,336	$168,243
Ratio of earnings to fixed charges	3.54	3.22	3.24	3.45	3.08
Fixed charges and preferred dividend requirements:					
Fixed charges above	$ 63,801	$ 62,983	$ 54,359	$ 51,057	$ 54,646
Preferred dividend requirements (2)	14,665	14,612	13,668	12,615	10,716
Total	$ 78,466	$ 77,595	$ 68,027	$ 63,672	$ 65,362
Ratio of earnings to fixed charges and preferred dividend requirements	2.88	2.61	2.59	2.77	2.57

(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.

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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 THREE MONTHS ENDED MARCH 31, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS
DEC-31-1996
MAR-31-1996
PER-BOOK
1,360,334
258,707
193,014
329,706
0
2,141,761
583,313
17,002
147,389
747,704
85,000
50,000
651,851
0
16,264
0
40,336
0
4,725
1,553
544,328
2,141,761
248,004
25,984
181,558
181,558
66,446
16,753
83,199
15,306
41,909
2,266
39,643
17,348
0
97,416
0.71
0.71

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.