

Registration No.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

WASHINGTON
(State or other jurisdiction of
incorporation or organization)

91-1653826
(I.R.S. Employer
Identification No.)

1411 East Mission Avenue
Spokane, Washington 99202-2600
(509) 489-0500

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

THE WASHINGTON WATER POWER COMPANY
NON-EMPLOYEE DIRECTOR STOCK PLAN
(Full Title of Plan)

PAUL A. REDMOND
Chairman of the Board, President
and Chief Executive Officer
The Washington Water Power Company
1411 East Mission Avenue
Spokane, Washington 99202-2600
(509) 489-0500

JON E. ELIASSEN
Vice President - Finance
The Washington Water Power Company
1411 East Mission Avenue
Spokane, Washington 99202-2600
(509) 489-0500

RONALD R. PETERSON
Treasurer
The Washington Water Power Company
1411 East Mission Avenue
Spokane, Washington 99202-2600
(509) 489-0500

ELIZABETH W. POWERS, ESQ.
Reid & Priest LLP
40 West 57th Street
New York, New York 10019-4097
(212) 603-2000

(Names, addresses and telephone numbers,
including area codes, of agents for service)

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit (2)	Proposed maximum aggregate offering price (2)	Amount of registration fee
Common Stock (no par value)	150,000 shares	\$18	\$2,700,000	\$932(3)
Preferred Share Purchase Rights	150,000 rights(3)			

- (1) In addition, pursuant to Rule 416(a) under the Securities Act of 1933, as amended, this registration statement also covers any additional securities to be offered or issued in connection with a stock split, stock dividend or similar transaction.
- (2) Estimated pursuant to Rule 457(h) under the Securities Act of 1933, as amended, based on the average of the reported high and low sales prices on the consolidated transaction reporting system on May 6, 1996.
- (3) The Preferred Share Purchase Rights (the "Rights") are appurtenant to and will trade with the Common Stock. The value attributable to

the Rights, if any, is reflected in the market price of the Common Stock. Since no separate consideration is paid for the Rights, the registration fee for such securities is included in the fee for the Common Stock.

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THE WASHINGTON WATER POWER COMPANY
NON-EMPLOYEE DIRECTOR STOCK PLAN

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The Washington Water Power Company (the "Company") hereby incorporates herein by reference the following documents previously filed by the Company with the Securities and Exchange Commission:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 1995.

All documents subsequently filed by the Company pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold shall be deemed to be incorporated herein by reference and to be a part hereof from the respective dates of filing thereof. Any statement contained in an incorporated document shall be deemed to be modified or superseded to the extent that a statement contained herein or in any subsequently filed incorporated document modifies or supersedes such statement.

Pursuant to an Agreement and Plan of Reorganization and Merger, dated as of June 27, 1994, as amended (the "Merger Agreement"), the Company, Sierra Pacific Resources and Sierra Pacific Power Company will merge with and into Altus Corporation, with each share of Company Common Stock being converted into one share of Altus Common Stock. Reference is made to the Merger Agreement, incorporated by reference as an exhibit hereto.

Item 4. DESCRIPTION OF COMMON STOCK

The authorized capital stock of the Company consists of 10,000,000 shares of Preferred Stock, cumulative, without nominal or par value, which is issuable in series, and 200,000,000 shares of Common Stock without nominal or par value. Following is a brief description of certain of the rights and privileges of the Common Stock of the Company. For a complete description, reference is made to the Company's Restated Articles of Incorporation, as amended (the "Articles"), and to the laws of the State of Washington. The following summary, which does not purport to be complete, is qualified in its entirety by such reference.

DIVIDEND RIGHTS

After full provision for all Preferred Stock dividends declared or in arrears, the holders of Common Stock of the Company are entitled to receive such dividends as may be lawfully declared from time to time by the Board of Directors of the Company.

VOTING RIGHTS

The holders of the Common Stock have sole voting power, except as indicated below or as otherwise provided by law, and each holder of Common Stock is entitled to vote cumulatively for the election of directors. If dividends payable on any shares of Preferred Stock shall be in arrears in an amount equal to the aggregate amount of dividends accumulated on such shares of Preferred Stock over the eighteen (18) month period ended on such

date, the holders of such stock become entitled, as one class, to elect a majority of the Board of Directors, which right does not cease until all defaults in the payment of dividends on the Preferred Stock shall have been cured. In addition, the consent of various proportions of the Preferred Stock at the time outstanding is required to adopt any amendment to the Articles which would authorize any new class of stock ranking prior to or on a parity with the Preferred Stock as to certain matters, to increase the authorized number of shares of the Preferred Stock or to change any of the rights or preferences of outstanding Preferred Stock.

CLASSIFIED BOARD OF DIRECTORS

Both the Articles and the Company's Bylaws, as amended (the "Bylaws") provide for a Board of Directors divided into three classes, each of which will generally serve for a term of three years, with only one class of directors being elected in each year. The Articles and Bylaws also provide that directors may be removed only for cause and only by the affirmative vote of the holders of at least a majority of the Common Stock. The Articles and Bylaws further require an affirmative vote of the holders of at least 80% of the Common Stock to alter, amend or repeal the provisions relating to the classification of the Board of Directors and the removal of members from, and the filling of vacancies on, the Board of Directors.

CHANGE IN CONTROL

The Articles contain a "fair price" provision which requires the affirmative vote of the holders of at least 80% of the Common Stock for the consummation of certain business combinations, including mergers, consolidations, recapitalizations, certain dispositions of assets, certain issuances of securities, liquidations and dissolutions involving the Company and a person or entity who is or, under certain circumstances, was, a beneficial owner of 10% or more of the outstanding shares of Common Stock (an "Interested Shareholder") unless (a) such business combination shall have been approved by a majority of the directors unaffiliated with the Interested Shareholder or (b) certain minimum price and procedural requirements are met. The Articles provide that the "fair price" provision may be altered, amended or repealed only by the affirmative vote of the holders of at least 80% of the Common Stock.

PREFERRED SHARE PURCHASE RIGHTS

Reference is made to the Rights Agreement, dated as of February 16, 1990, as amended (the "Rights Agreement"), between the Company and The Bank of New York, successor Rights Agent to First Chicago Trust Company of New York, filed with the Securities and Exchange Commission. The following statements are qualified in their entirety by such reference.

The Company has adopted a shareholder rights plan pursuant to which holders of Common Stock outstanding on March 2, 1990 or issued thereafter have been granted one preferred share purchase right (a "Right") on each outstanding share of Common Stock. The description and terms of the Rights are set forth in the Rights Agreement. Certain of the capitalized terms used in the following description have the meanings set forth in the Rights Agreement.

The Rights have certain anti-takeover effects. The Rights may cause substantial dilution to a person or group that attempts to acquire the Company on terms not approved by the Company's Board of Directors, except pursuant to an offer conditioned on a substantial number of Rights being acquired. The Rights should not interfere with any merger or other business combination approved by the Board of Directors of the Company prior to the time that a person or group has acquired beneficial ownership of 10% or more of the Common Stock since until such time the Rights may be redeemed as hereinafter described.

Each Right, initially evidenced by and traded with the shares of Common Stock, entitles the registered holder to purchase one two-hundredth of a share of Preferred Stock of the Company, without par value (the "Preferred Shares"), at an exercise price of \$40, subject to certain adjustments, regulatory approval and other specified conditions. The Rights will be

exercisable only if a person or group acquires 10% or more of the Common Stock or announces a tender offer, the consummation of which would result in the beneficial ownership by a person or group of 10% or more of the Common Stock.

If any person or group acquires 10% or more of the outstanding Common Stock, each Right will entitle its holder (other than such person or members of such group), subject to regulatory approval and other specified conditions, to purchase that number of shares of Common Stock or Preferred Shares having a market value of twice the Right's exercise price. In addition, in the event that any person or group has acquired 10% or more of the outstanding Common Stock or the Company consolidates or merges with or into, or sells 50% or more of its assets or earning power to, any person or group, or engages in certain "self dealing" transactions with any person or group owning 10% or more of the outstanding Common Stock, proper provision will be made so that each Right would thereafter entitle its holder to purchase that number of the acquiring company's common shares having a market value at that time of twice the Right's exercise price.

At any time after a person or group acquires more than 10% but less than 50% of the outstanding Common Stock, the Board of Directors of the Company may, subject to any necessary regulatory approval, require each outstanding Right to be exchanged for one share of Common Stock or cash, securities or other assets having a value equal to the market value of one share of Common Stock.

The Rights may be redeemed, at a redemption price of \$.005 per Right, by the Board of Directors of the Company at any time until any person or group has acquired 10% or more of the Common Stock. Under certain circumstances, the decision to redeem the Rights will require the concurrence of a majority of the Continuing Directors. The Rights will expire on the earlier of February 16, 2000 and the effective time of the merger.

LIQUIDATION RIGHTS

In the event of any liquidation of the Company, after satisfaction of the preferential liquidation rights of the Preferred Stock, the holders of the Common Stock would be entitled to share ratably in all assets of the Company available for distribution to shareholders.

PRE-EMPTIVE RIGHTS

No holder of any stock of the Company has any pre-emptive rights.

MISCELLANEOUS

The presently outstanding shares of Common Stock of the Company are fully paid and nonassessable.

The Common Stock of the Company is listed on the New York and Pacific Stock Exchanges.

The New York Transfer Agent and Registrar for the Common Stock is The Bank of New York, 101 Barclay Street, 11th Floor, New York, New York 10286. The Company, P.O. Box 3647, Spokane, Washington 99220-3647, is an additional Transfer Agent and Registrar for the Common Stock.

Item 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

The Company's consolidated financial statements and related financial statement schedules for the year ended December 31, 1995, incorporated in this registration statement by reference from the Company's Annual Report on Form 10-K, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting.

Item 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article Seventh of the Articles provides, in part, as

follows:

"The Corporation shall, to the full extent permitted by applicable law, as from time to time in effect, indemnify any person made a party to, or otherwise involved in, any proceeding by reason of the fact that he or she is or was a director of the Corporation against judgments, penalties, fines, settlements and reasonable expenses actually incurred by him or her in connection with any such proceeding. The Corporation shall pay any reasonable expenses incurred by a director in connection with any such proceeding in advance of the final determination thereof upon receipt from such director of such undertakings for repayment as may be required by applicable law and a written affirmation by such director that he or she has met the standard of conduct necessary for indemnification, but without any prior determination, which would otherwise be required by Washington law, that such standard of conduct has been met. The Corporation may enter into agreements with each director obligating the Corporation to make such indemnification and advances of expenses as are contemplated herein. Notwithstanding the foregoing, the Corporation shall not make any indemnification or advance which is prohibited by applicable law. The rights to indemnity and advancement of expenses granted herein shall continue as to any person who has ceased to be a director and shall inure to the benefit of the heirs, executors and administrators of such a person."

The Company has entered into indemnification agreements with each director as contemplated in Article Seventh of the Articles.

Article IX of the Company's Bylaws contains a similar provision to that contained in the Articles and in addition, provides in part, as follows:

"SECTION 2. LIABILITY INSURANCE. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is, or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the laws of the State of Washington."

Reference is made to Washington Business Corporation Act 23B.08.510, which sets forth the extent to which indemnification is permitted under the laws of the State of Washington.

Insurance is maintained on a regular basis (and not specifically in connection with this offering) against liabilities arising on the part of directors and officers out of their performance in such capacities or arising on the part of the Company out of its foregoing indemnification provisions, subject to certain exclusions and to the policy limits.

The Merger Agreement provides for indemnification by Altus Corporation, to the fullest extent not prohibited by applicable law, after the effective time of the merger, of present and former officers and directors of the Company against certain liabilities arising out of or pertaining to acts or omissions, occurring at or prior to the effective time, that arise out of or are based upon such services as an officer or director that arise from or pertain to transactions contemplated by the Merger Agreement.

Item 8. EXHIBITS.

With	
Registration	As
Exhibit Number	Exhibit

*4(a)	1-3701 (with Form 10-Q for quarter ended June 30, 1994)	4(a)	Restated Articles of Incorporation, as amended, of the Company.
*4(b)	1-3701 (with Form 10-Q for quarter ended June 30, 1995)	3(b)	Bylaws of the Company, as amended May 11, 1995.
*4(c)	1-3701 (with Form 8-K dated February 16, 1990)	4(n)	Rights Agreement, dated as of February 16, 1990, between the Company and The Bank of New York as successor Rights Agent.
*4(d)	1-3701 (with Form 10-Q for quarter ended March 31, 1994)	4(b)	Amendment No. 1 to Rights Agreement, dated as of May 10, 1994.
*4(e)	1-3701 (with Form 10-Q for quarter ended September 30, 1994)	4(b)	Amendment No. 2 to Rights Agreement, dated as of June 27, 1994.
*4(f)	1-3701 (with Form 8-K dated June 27, 1994)	2(a)	Agreement and Plan of Reorganization and Merger, dated as of June 27, 1994, by and among the Company, Sierra Pacific Resources, Sierra Pacific Power Company and Altus Corporation.
10			Non-Employee Director Stock Plan.
23			Consent of Deloitte & Touche LLP.
24			See page II-11 for Power of Attorney.

* Previously filed and incorporated herein by reference.

Item 9. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement; (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement, (Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.) and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that the registrant need not file a post-effective amendment to

include the information required to be included by subsection (i) or (ii) if such information is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant, pursuant to the provisions described under Item 6 above, or otherwise, the registrant has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the registrant by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

POWER OF ATTORNEY

The Registrant hereby appoints each Agent for Service named in this Registration Statement as its attorney-in-fact to sign in its name and behalf, and to file with the Commission, any and all amendments, including post-effective amendments, to this Registration Statement, and each director and/or officer of the Registrant whose signature appears below hereby appoints each such Agent for Service as his attorney-in-fact with like authority to sign in his name and behalf, in any and all capacities stated below, and to file with the Commission, any and all such amendments.

SIGNATURES

THE REGISTRANT. Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Spokane and State of Washington on the 10th day of May, 1996.

THE WASHINGTON WATER POWER COMPANY

By /s/ Paul A. Redmond

Paul A. Redmond
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Table with 3 columns: Signature, Title, Date. Lists signatories including Paul A. Redmond, J. E. Eliassen, David A. Clack, Duane B. Hagadone, Robert S. Jepson Jr., Eugene W. Meyer, Gen. N. Norman Schwarzkopf, B. Jean Silver, and Larry A. Stanley, all dated May 10, 1996.

/s/ R. John Taylor

R. John Taylor

Director

May 10, 1996

EXHIBIT INDEX

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24			See page II-11 for Power of Attorney.

* Previously filed and incorporated herein by reference.

THE WASHINGTON WATER POWER COMPANY
NON-EMPLOYEE DIRECTOR STOCK PLAN

1. Establishment, Purpose and Duration of the Plan

- (a) The Washington Water Power Company hereby establishes "The Washington Water Power Company Non-Employee Director Stock Plan" (hereinafter referred to as the "Plan"), as set forth in this document. The Plan provides for the automatic grant of Common Stock to non-employee directors.
- (b) The Plan shall become effective as of January 1, 1996 (the "Effective Date"), subject to shareholder approval, and shall remain in effect as provided herein.
- (c) The purpose of the Plan is to provide ownership of the Company's Common Stock to non-employee members of the Board of Directors in order to improve the Company's ability to attract and retain highly qualified individuals to serve as directors of the Company, to provide competitive compensation for Board service and to strengthen the commonality of interest between directors and shareholders.
- (d) The Plan shall remain in effect, subject to the right of the Board of Directors to terminate the Plan at any time pursuant to Section 13, until all shares subject to the Plan have been purchased or acquired according to the Plan's provisions. Unless previously terminated by the Board, the Plan will terminate on the tenth anniversary of the Effective Date.

2. Definitions

When used herein, the following terms shall have the respective meanings set forth below:

- (a) "Annual Retainer" means the annual retainer payable to -----
all Non-Employee Directors (exclusive of any per meeting fees, committee chair fees or expense reimbursements). The Annual Retainer shall be prorated based on the number of calendar months (including partial calendar months) a director has served (or is expected to serve) during a Plan Year as a Non-Employee Director, for any director who is newly-elected or appointed to, or leaves, the board of directors of a Participating Company during a Plan Year.
- (b) "Annual Meeting of Shareholders" means the annual -----
meeting of shareholders of the Company at which directors of the Company are elected.
- (c) "Board" or "Board of Directors" means the Board of -----
Directors of the Company.
- (d) "Committee" means a committee whose members meet the -----
requirements of Section 4(a) herein, appointed from time to time by the Board to administer the Plan.
- (e) "Common Stock" means the common stock, no par value, -----
of the Company.
- (f) "Company" means The Washington Water Power Company, a -----
Washington corporation, or any successor corporation as provided in Section 15 herein.

- (g) "Effective Date" of the Plan means January 1, 1996.

- (h) "Employee" means any officer or employee of the

Company or of any Subsidiary (whether or not such Subsidiary participates in the Plan). Directors who are not otherwise employed by the Company shall not be considered Employees for purposes of the Plan.
- (i) "Exchange Act" means the Securities Exchange Act of

1934, as amended from time to time, or any successor act thereto.
- (j) "Non-Employee Director" or "Participant" means any

person who is elected or appointed to the board of directors of any Participating Company and who is not an Employee.
- (k) "Participating Company" means the Company and any

Subsidiary of the Company whose participation in the Plan has been approved by both the Company's and such Subsidiary's board of directors.
- (l) "Plan" means the Company's Non-Employee Director Stock

Plan as set forth herein, as it may be amended from time to time.
- (m) "Plan Year" means the period commencing on the

Effective Date of the Plan and ending December 31, 1996 and, thereafter, the calendar year.
- (n) "Stock Payment" means the fixed portion of the Annual

Retainer to be paid to Non-Employee Directors in shares of Common Stock rather than cash for services rendered as a director of a Participating Company as provided in Section 6 hereof including that portion of the Stock Payment resulting from the election specified in Section 7 herein.
- (o) "Subsidiary" means any corporation that is a

"subsidiary corporation" of the Company, as that term is defined in Section 424(f) of the Internal Revenue Code of 1986, as amended.

3. Shares of Common Stock Subject to the Plan -----

Subject to Section 9 below, the maximum aggregate number of shares of Common Stock that may be delivered under the Plan is One Hundred Fifty Thousand (150,000) shares. The Common Stock to be delivered under the Plan will be made available from authorized but unissued shares of Common Stock or through purchases made on the open market.

4. Administration of the Plan -----

- (a) The Plan will be administered by a committee appointed by the Board, consisting of three or more persons who are not eligible to participate in the Plan. Members of the Committee need not be members of the Board. The Company shall pay all costs of administration of the Plan.
- (b) Subject to the express provisions of the Plan, the Committee has and may exercise such powers and authority of the Board as may be necessary or appropriate for the Committee to carry out its functions under the Plan. Without limiting the generality of the foregoing, the Committee shall have full power and authority (i) to determine all questions of fact that may arise under the Plan, (ii) to interpret the Plan and to make all other

determinations necessary or advisable for the administration of the Plan and (iii) to prescribe, amend and rescind rules and regulations relating to the Plan, including, without limitation, any rules which the Committee determines are necessary or appropriate to ensure that the Company, each Participating Company and the Plan will be able to comply with all applicable provisions of any federal, state or local law, including securities laws. All interpretations, determinations and actions by the Committee will be final, conclusive and binding upon all parties. Any action of the Committee with respect to the administration of the Plan shall be taken pursuant to a majority vote at a meeting of the Committee (at which members may participate by telephone) or by the unanimous written consent of its members.

5. Participation in the Plan

- (a) All Non-Employee Directors shall participate in the Plan, subject to the conditions and limitations of the Plan, so long as they remain eligible to participate in the Plan as set forth below.
- (b) No Non-Employee Director shall be eligible for a Stock Payment if, at the time said Stock Payment will be made, such Non-Employee Director owns (or is deemed to own) directly or indirectly, shares of Common Stock representing more than five percent of the total combined voting power of all classes of stock of the Company. Any such Non-Employee Director shall receive his or her Annual Retainer in cash, payable at such time or times as may be determined by the appropriate Participating Company's board of directors.

6. Determination of Annual Retainers and Stock Payments

- (a) The Board shall determine the Annual Retainer for all Non-Employee Directors of the Company. The boards of directors of the other Participating Companies shall determine the Annual Retainer for their respective Non-Employee Directors.
- (b) Each director of one or more Participating Companies who is a Non-Employee Director at any time during a Plan Year shall receive a Stock Payment as a portion of the Annual Retainer payable to such director. The Stock Payment shall be made on the first business day following (i) the Company's Annual Meeting of Shareholders held during such Plan Year or (ii) such later date during the Plan Year that the director is elected or appointed to the board of directors of a Participating Company or becomes a Non-Employee Director. The number of shares to be issued to each Participant as a Stock Payment shall be determined by dividing the Market Price into two-thirds of the Annual Retainer payable to such Participant; PROVIDED, HOWEVER, that no fractional shares shall be issued. The Market Price of Common Stock issued by the Company under the Plan shall be the average daily high and low sale prices of the Common Stock as reported in the consolidated transaction reporting system for all trading days during the calendar month preceding the date the Stock Payment is made. The Market Price for shares purchased on the open market shall be that amount actually paid for the purchase of such stock, excluding any brokerage commissions and related fees. Certificates evidencing the shares of Common Stock constituting Stock Payments shall be registered in the respective names of, or as directed by, the Participants and shall be issued, together with a cash payment for any fractional share, to each Participant. The cash portion of the Annual Retainer shall be paid to Non-Employee Directors at such times and in such manner as may be determined by the respective boards of the Participating Companies.
- (c) No Non-Employee Director shall be required to forfeit

or otherwise return any shares of Common Stock issued to him or her as a Stock Payment pursuant to the Plan (including any shares of Common Stock received as a result of an election under Section 7) notwithstanding any change in status of such Non-Employee Director which renders him or her ineligible to continue as a Participant in the Plan.

7. Election to Increase Amount of Stock Payment

In lieu of receiving the cash portion of his or her Annual Retainer, a Participant may make a written election to reduce the cash portion of such Annual Retainer by a specified percentage or dollar amount and have such amount applied to purchase additional shares of Common Stock of the Company. To the extent the Plan remains governed by old Rule 16b-3 (as in effect until May 1, 1991, as extended), each Non-Employee Director may make a one-time only irrevocable election to reduce the Annual Retainer and purchase additional shares of Common Stock. To the extent the Plan becomes governed by new Rule 16b-3 (as effective May 1, 1991), or any successor provision, each Non-Employee Director may make an annual election as set forth in the following paragraph.

The election shall be made on a form provided by the Committee and must be returned to the Committee prior to the earlier of (i) six months prior to the Annual Meeting of Shareholders of the Company or (ii) the first day of the Plan Year to which the election relates. The election form shall state the amount by which the Participant desires to reduce the cash portion of his or her Annual Retainer, which shall be applied toward the purchase of Common Stock on the same date that the Stock Payment is made; PROVIDED, HOWEVER, that no fractional shares may be purchased. Any funds withheld but not able to be applied to the purchase of whole shares shall be paid to the Participant in cash. No Participant shall be allowed to change or revoke any election for the relevant year, but may change his or her election for any subsequent Plan Year.

8. Shareholder Rights

Non-Employee Directors shall not be deemed for any purpose to be or have rights as shareholders of the Company with respect to any shares of Common Stock except as and when such shares are issued and then only from the date of the certificate therefor. No adjustment shall be made for dividends or distributions or other rights for which the record date precedes the date of such stock certificate.

9. Adjustment For Changes in Capitalization

If the outstanding shares of Common Stock of the Company are increased, decreased or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to such shares of Common Stock or other securities, through merger, consolidation, sale of all or substantially all of the property of the Company, reorganization or recapitalization, reclassification, stock dividend, stock split, reverse stock split, combinations of shares, rights offering, distribution of assets or other distribution with respect to such shares of Common Stock or other securities or other change in the corporate structure or shares of Common Stock, the maximum number of shares and/or the kind of shares that may be issued under the Plan may be appropriately adjusted by the Committee. Any determination by the Committee as to any such adjustment will be final, binding and conclusive. The maximum number of shares issuable under the Plan as a result of any such adjustment shall be rounded down to the nearest whole share.

10. Continuation of Directors in Same Status

Nothing in the Plan or in any instrument executed pursuant to the Plan or any action taken pursuant to the Plan shall be construed as creating or constituting evidence of any agreement or understanding, express or implied, that the Company or any other Participating Company, as the case may be, will retain a Non-Employee Director as a director or in any other capacity for

any period of time or at a particular retainer or other rate of compensation, as conferring upon any Participant any legal or other right to continue as a director or in any other capacity, or as limiting, interfering with or otherwise affecting the right of a Participating Company to terminate a Participant in his or her capacity as a director or otherwise at any time for any reason, with or without cause, and without regard to the effect that such termination might have upon him or her as a Participant under the Plan.

11. Compliance with Government Regulations

Neither the Plan nor the Company shall be obligated to issue any shares of Common Stock pursuant to the Plan at any time unless and until all applicable requirements imposed by any federal and state securities and other laws, rules and regulations, by any regulatory agencies or by any stock exchanges upon which the Common Stock may be listed have been fully met. As a condition precedent to any issuance of shares of Common Stock and delivery of certificates evidencing such shares pursuant to the Plan, the Board or the Committee may require a Participant to take any such action and to make any such covenants, agreements and representations as the Board or the Committee, as the case may be, in its discretion deems necessary or advisable to ensure compliance with such requirements. The Company shall in no event be obligated to register the shares of Common Stock deliverable under the Plan pursuant to the Securities Act of 1933, as amended, or to qualify or register such shares under any securities laws of any state upon their issuance under the Plan or at any time thereafter, or to take any other action in order to cause the issuance and delivery of such shares under the Plan or any subsequent offer, sale or other transfer of such shares to comply with any such law, regulation or requirement. Participants are responsible for complying with all applicable federal and state securities and other laws, rules and regulations in connection with any offer, sale or other transfer of the shares of Common Stock issued under the Plan or any interest therein including, without limitation, compliance with the registration requirements of the Securities Act of 1933, as amended (unless an exemption therefrom is available), or with the provisions of Rule 144 promulgated thereunder, if available, or any successor provisions.

12. Nontransferability of Rights

No Participant shall have the right to assign the right to receive any Stock Payment or any other right or interest under the Plan, contingent or otherwise, or to cause or permit any encumbrance, pledge or charge of any nature to be imposed on any such Stock Payment (prior to the issuance of stock certificates evidencing such Stock Payment) or any such right or interest.

13. Amendment and Termination of Plan

- (a) The Board will have the power, in its discretion, to amend, suspend or terminate the Plan at any time; provided that no amendment which requires shareholder approval in order for the Plan to continue to comply with Rule 16b-3 under the Exchange Act, including any successor to such Rule, shall be effective unless such amendment shall be approved by the requisite vote of the shareholders of the Company entitled to vote thereon.
- (b) No amendment, suspension or termination of the Plan will, without the consent of the Participant, alter, terminate, impair or adversely affect any right or obligations under any Stock Payment previously granted under the Plan to such Participant, unless such amendment, suspension or termination is required by applicable law.
- (c) Notwithstanding the foregoing, any provision of the Plan that either states the amount and price of securities to be issued under the Plan and specifies the price and timing of such issuances, or sets forth a formula that determines the amount, price and timing of such issuances, shall not be amended more than once

every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder.

14. Election to Defer Receipt of Stock Payment

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- (a) In lieu of receiving the Stock Payment, a Participant may make a written election to defer receipt of the Stock Payment until he or she ceases to be a Non-Employee Director of the Company or of any Subsidiary or until such other date as shall be on the election form and approved by the Committee. The election shall be made on a form provided by the Committee and must be returned to the Committee prior to the earlier of (i) six months prior to the Annual Meeting of Shareholders of the Company or (ii) the first day of the Plan Year to which the election relates. No Participant shall be allowed to change or revoke any election for a current year, but may change his or her election for any subsequent Plan Year.
 - (b) A Participant who has elected to defer the receipt of a Stock Payment (i) shall be an unsecured creditor of the Company with respect to the amount of the deferral and not a shareholder of the Company with respect to the shares of Common Stock which have been deferred and (ii) shall not be entitled to cash dividends or the right to vote such shares. However, for each Plan Year during which the Participant has outstanding a deferral election, the Company shall pay to such Participant, as additional compensation and not as a dividend, the amount of any cash dividends which would have been paid to such Participant had he or she currently been the owner of the number of shares of Common Stock which, during such Plan Year, are subject to such deferral election.
 - (c) A Participant may file with the Committee a written designation of a beneficiary or beneficiaries (subject to such limitations as to the classes and number of beneficiaries and contingent beneficiaries and such other related limitations as the Committee from time to time may prescribe) to receive, in the event of the death of such Participant, undelivered shares of Common Stock. A Participant may from time to time revoke or change any such beneficiary designation. Any designation of beneficiary under the Plan shall be controlling as to the disposition of such shares; PROVIDED, HOWEVER, that if the Committee shall be in doubt as to the genuine nature of the beneficiary designation, the competence of the Participant at the time the designation is made or the legal right of the designated beneficiary to receive any such shares, such shares may be delivered to the legal representative(s) of the Participant's estate, in which case the Company, the Committee (and the members of the Committee, individually) shall not be under any further liability to any person or party.
 - (d) In the event of any change in capitalization described in Section 9, such adjustment shall be made in the number and class of Shares which may be delivered on a deferred basis pursuant to this Section 14 as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; PROVIDED, HOWEVER, that the number of Shares shall always be a whole number.

15. Successors

All obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company.

16. Severability

In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

17. Governing Law

To the extent not preempted by Federal law, the Plan shall be construed in accordance with, and governed by, the laws of the State of Washington.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of The Washington Water Power Company on Form S-8 of our report dated January 26, 1996 (March 1, 1996, as to Note 15), appearing in the Annual Report on Form 10-K of The Washington Water Power Company for the year ended December 31, 1995, and to the reference to us under the heading "Interests of Named Experts and Counsel", which is part of this Registration Statement.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Seattle, Washington

May 13, 1996