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 June 30, 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	91-0462470
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1411 East Mission Avenue, Spokane, Washington	99202-2600
(Address of principal executive offices)	(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 August 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 June 30
Thousands of Dollars

	1996	1995
OPERATING REVENUES	$ 195,900	$ 158,973
OPERATING EXPENSES:		
Operations and maintenance	101,774	74,452
Administrative and general	18,747	16,915
Depreciation and amortization	18,000	15,647
Taxes other than income taxes	13,023	11,856
Merger-related expenses	14,013	--
Total operating expenses	165,557	118,870
INCOME FROM OPERATIONS	30,343	40,103
OTHER INCOME (EXPENSE):		
Interest expense	(15,261)	(14,721)
Net gain on subsidiary transactions	--	34
Other income (deductions)-net	433	(714)
Total other income (expense)-net	(14,828)	(15,401)
INCOME BEFORE INCOME TAXES	15,515	24,702
INCOME TAXES	6,547	9,539
NET INCOME	8,968	15,163
DEDUCT-Preferred stock dividend requirements	2,141	2,298
INCOME AVAILABLE FOR COMMON STOCK	$ 6,827	$ 12,865
Average common shares outstanding (thousands)	55,960	54,986
EARNINGS PER SHARE OF COMMON STOCK	$ 0.12	$ 0.23
Dividends paid per common share	$ 0.31	$ 0.31

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED STATEMENTS OF INCOME
The Washington Water Power Company

For the Six Months Ended June 30
Thousands of Dollars

	1996	1995
OPERATING REVENUES	$ 443,903	$ 356,901
OPERATING EXPENSES:		
Operations and maintenance	231,634	168,246
Administrative and general	37,977	33,032
Depreciation and amortization	35,275	31,065
Taxes other than income taxes	26,715	25,981
Merger-related expenses	15,513	--
Total operating expenses	347,114	258,324
INCOME FROM OPERATIONS	96,789	98,577
OTHER INCOME (EXPENSE):		
Interest expense	(30,566)	(29,451)
Net gain on subsidiary transactions	17,064	1,952
Other income (deductions)-net	121	(1,190)
Total other income (expense)-net	(13,381)	(28,689)
INCOME BEFORE INCOME TAXES	83,408	69,888
INCOME TAXES	32,531	26,270
NET INCOME	50,877	43,618
DEDUCT-Preferred stock dividend requirements	4,407	4,596
INCOME AVAILABLE FOR COMMON STOCK	$ 46,470	$ 39,022
Average common shares outstanding (thousands)	55,959	54,785
EARNINGS PER SHARE OF COMMON STOCK	$ 0.83	$ 0.71
Dividends paid per common share	$ 0.62	$ 0.62

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED BALANCE SHEETS
The Washington Water Power Company

Thousands of Dollars

	June 30, 1996	December 31, 1995
ASSETS:		
PROPERTY:		
Utility plant in service-net	$1,909,762	$1,880,620
Construction work in progress	28,780	23,046
Total	1,938,542	1,903,666
Less: Accumulated depreciation and amortization	570,040	546,248
Net utility plant	1,368,502	1,357,418
OTHER PROPERTY AND INVESTMENTS:		
Investment in exchange power-net	78,878	82,252
Non-utility properties and investments	164,268	135,612
Other-net	20,901	9,593
Total other property and investments	264,047	227,457
CURRENT ASSETS:		
Cash and cash equivalents	3,185	5,164
Temporary cash investments	18,411	27,395
Accounts and notes receivable-net	94,108	102,389
Materials and supplies, fuel stock and natural gas stored	37,977	38,004
Prepayments and other	15,470	11,020
Total current assets	169,151	183,972
DEFERRED CHARGES:		
Regulatory assets for deferred income tax	167,093	169,432
Conservation programs	60,098	62,793
Prepaid power purchases	37,713	32,605
Unamortized debt expense	24,100	25,684
Other-net	23,984	39,541
Total deferred charges	312,988	330,055
TOTAL	$2,114,688	$2,098,902
CAPITALIZATION AND LIABILITIES:		
CAPITALIZATION (See Consolidated Statements of Capitalization)	$1,578,396	$1,590,412
CURRENT LIABILITIES:		
Accounts payable	45,476	64,841
Taxes and interest accrued	48,607	39,415
Other	92,133	64,703
Total current liabilities	186,216	168,959
DEFERRED CREDITS:		
Deferred income taxes	307,635	307,529
Other	42,441	32,002
Total deferred credits	350,076	339,531
COMMITMENTS AND CONTINGENCIES (Notes 2 and 4)		
TOTAL	$2,114,688	$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

	June 30, 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	(11,363)	(11,690)
Capital stock expense and other paid in capital	(10,089)	(10,072)
Unrealized investment gain-net	15,380	19,220
Retained earnings	136,859	125,031
Total common equity	725,640	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; 300,000 and 500,000 shares outstanding ($100 stated value)	30,000	50,000
$6.95, Series K; 350,000 shares outstanding ($100 stated value)	35,000	35,000
Total subject to mandatory redemption	65,000	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 - 6.75% to 8.55% due 1999 through 2023	120,000	135,000
Total unsecured medium-term notes	192,500	207,500
Notes payable (due within one year) to be refinanced	31,000	29,500
Other	35,456	22,487
Total long-term debt	737,756	738,287
TOTAL CAPITALIZATION	$ 1,578,396	$ 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 Six Months Ended June 30
Thousands of Dollars

	1996	1995
OPERATING ACTIVITIES:		
Net income	$ 50,877	$ 43,618
NON-CASH REVENUES AND EXPENSES INCLUDED IN NET INCOME:		
Depreciation and amortization	35,275	31,065
Provision for deferred income taxes	2,256	(20)
Allowance for equity funds used during construction	(355)	(427)
Power and natural gas cost deferrals and amortization	6,539	11,567
Deferred revenues and other-net	6,140	6,442
(Increase) decrease in working capital components:		
Receivables and prepaid expenses-net	8,599	6,381
Materials & supplies, fuel stock and natural gas stored	1,494	(9,145)
Payables and other accrued liabilities	(9,454)	(8,761)
Other-net	5,245	(9,680)
NET CASH PROVIDED BY OPERATING ACTIVITIES	106,616	71,040
INVESTING ACTIVITIES:		
Construction expenditures (excluding AFUDC-equity funds)	(36,826)	(34,486)
Other capital requirements	(349)	608
(Increase) decrease in other noncurrent balance sheet items-net	8,024	6,843
Assets acquired and investments in subsidiaries (Note 3)	(27,488)	(899)
NET CASH USED IN INVESTING ACTIVITIES	(56,639)	(27,934)
FINANCING ACTIVITIES:		
Increase (decrease) in short-term borrowings	1,500	(51,500)
Proceeds from issuance of long-term debt	--	58,000
Redemption and maturity of long-term debt	(15,000)	(25,000)
Redemption of preferred stock	(20,000)	--
Sale of common stock-net	(6,201)	6,682
Other-net	19,976	140
NET FINANCING ACTIVITIES BEFORE CASH DIVIDENDS	(19,725)	(11,678)
Less cash dividends paid	(32,231)	(32,622)
NET CASH USED IN FINANCING ACTIVITIES	(51,956)	(44,300)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,979)	(1,194)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,164	5,178
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,185	$ 3,984
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period:		
Interest	$ 28,088	$ 24,632
Income taxes	$ 26,039	$ 18,058
Non-cash financing and investing activities	$ 36,150	$ 5,931

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 June 30
Thousands of Dollars

	1996	1995
OPERATING REVENUES:		
Electric	$ 132,032	$ 103,069
Natural gas	28,366	35,304
Non-utility	35,502	20,600
Total operating revenues	$ 195,900	$ 158,973
OPERATIONS AND MAINTENANCE EXPENSES:		
Electric:		
Power purchased	$ 27,586	$ 15,538
Fuel for generation	6,394	3,035
Other electric	21,602	18,113
Natural gas:		
Natural gas purchased for resale	15,313	21,948
Other natural gas	4,242	3,816
Non-utility	26,637	12,002
Total operations and maintenance expenses	$ 101,774	$ 74,452
ADMINISTRATIVE AND GENERAL EXPENSES:		
Electric	$ 11,694	$ 10,471
Natural gas	3,803	3,266
Non-utility	3,250	3,178
Merger-related expenses	14,013	--
Total administrative and general expenses	$ 32,760	$ 16,915
DEPRECIATION AND AMORTIZATION EXPENSES:		
Electric	$ 12,806	$ 12,347
Natural gas	2,624	2,414
Non-utility	2,570	886
Total depreciation and amortization expenses	$ 18,000	$ 15,647
INCOME FROM OPERATIONS:		
Electric	$ 30,499	$ 34,218
Natural gas	(3,071)	1,623
Non-utility	2,915	4,262
Total income from operations	$ 30,343	$ 40,103
INCOME AVAILABLE FOR COMMON STOCK:		
Utility operations	$ 5,743	$ 10,411
Non-utility operations	1,084	2,454
Total income available for common stock	$ 6,827	$ 12,865
ASSETS: (1995 amounts at December 31)		
Electric	$ 1,462,816	$1,440,560
Natural gas	261,248	274,408
Common plant	28,499	28,104
Other utility assets	94,357	129,319
Non-utility assets	267,768	226,511
Total assets	$ 2,114,688	$2,098,902
CAPITAL EXPENDITURES (excluding AFUDC/AFUCE):		
Electric	$ 10,747	$ 10,046
Natural gas	6,225	5,260
Common plant	3,081	1,314
Non-utility	782	458
Total capital expenditures	$ 20,835	$ 17,078

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

SCHEDULE OF INFORMATION BY BUSINESS SEGMENTS
The Washington Water Power Company

For the Six Months Ended June 30
Thousands of Dollars

	1996	1995
OPERATING REVENUES:		
Electric	$ 287,848	$ 228,890
Natural gas	90,579	94,440
Non-utility	65,476	33,571
Total operating revenues	$ 443,903	$ 356,901
OPERATIONS AND MAINTENANCE EXPENSES:		
Electric:		
Power purchased	$ 66,097	$ 38,491
Fuel for generation	13,708	10,759
Other electric	44,398	35,915
Natural gas:		
Natural gas purchased for resale	50,069	56,766
Other natural gas	8,683	7,562
Non-utility	48,679	18,753
Total operations and maintenance expenses	$ 231,634	$ 168,246
ADMINISTRATIVE AND GENERAL EXPENSES:		
Electric	$ 23,578	$ 20,140
Natural gas	7,819	6,533
Non-utility	6,580	6,359
Merger-related expenses	15,513	--
Total administrative and general expenses	$ 53,490	$ 33,032
DEPRECIATION AND AMORTIZATION EXPENSES:		
Electric	$ 25,564	$ 24,466
Natural gas	5,286	4,859
Non-utility	4,425	1,740
Total depreciation and amortization expenses	$ 35,275	$ 31,065
INCOME FROM OPERATIONS:		
Electric	$ 81,421	$ 79,365
Natural gas	10,030	13,249
Non-utility	5,338	5,963
Total income from operations	$ 96,789	$ 98,577
INCOME AVAILABLE FOR COMMON STOCK:		
Utility operations	$ 33,660	$ 34,097
Non-utility operations	12,810	4,925
Total income available for common stock	$ 46,470	$ 39,022
ASSETS: (1995 amounts at December 31)		
Electric	$1,462,816	$1,440,560
Natural gas	261,248	274,408
Common plant	28,499	28,104
Other utility assets	94,357	129,319
Non-utility assets	267,768	226,511
Total assets	$2,114,688	$2,098,902
CAPITAL EXPENDITURES (excluding AFUDC/AFUCE):		
Electric	$ 19,405	$ 19,794
Natural gas	11,405	10,005
Common plant	4,611	2,501
Non-utility	1,149	781
Total capital expenditures	$ 36,570	$ 33,081

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying financial statements of The Washington Water Power Company (Company) for the interim periods ended June 30, 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.

On November 21, 1994, the Company filed a Motion for Summary Judgment of Dismissal. The Nez Perce Tribe filed a reply brief and 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. A briefing schedule requiring the Tribe to file its opening brief on August 7, 1996, and the Company's reply within 30 days, has been vacated by Order dated August 7, 1996, to accommodate a mediation conference on September 27, 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 was discovered in 1982, 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 in 1993 showed that the oil had 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 in November 1994. The DOE issued a responsiveness summary in April 1996 which presented the DOE and public comments on the RI/FS. The DOE is now drafting the clean-up action plan, which should be available for public review and comments in August. 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 extend into 1997. As of June 30, 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 alleged that the oil released from the Company's Central Steamplant trespassed on property owned by the plaintiff. In addition, the plaintiff claimed that the Steamplant caused a diminution of value of plaintiff's land. Generally, the Complaint was based on a claim of negligence, trespass and nuisance. After mediation, the matter was resolved by settlement and compromise, subject to certain conditions. If the settlement agreement fails or is terminated, 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 have been filed against the Company by private individuals in the Superior Court for Spokane County. 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, and for alleged wrongful death of two persons. 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.

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. By Order dated May 16, 1996, the Washington Supreme Court remanded the issue for hearing on appropriate sanctions other than disqualification. The matter remains before the Supreme Court on a Motion for Reconsideration and actions in the trial court and pending matters in the Court of Appeals remain stayed. The Company has received a settlement demand for settlement of class action litigation which is within the Company's insurance coverage limits. 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. 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.

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 February 1995 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 $10.8 million, net of taxes and other adjustments.

In May 1996, Pentzer acquired F. O. Phoenix, a New Jersey-based company that provides point-of-purchase and in-store merchandising services.

NOTE 4. MERGER TERMINATION

On June 28, 1996, the Board of Directors of the Company terminated the Agreement and Plan of Reorganization and Merger, dated as of June 27, 1994 by and among the Company, Sierra Pacific Resources (SPR), Sierra Pacific Power Company, a subsidiary of SPR (SPPC), and Altus Corporation, a wholly owned subsidiary of the Company (Altus, formerly named Resources West Energy Corporation), which would have provided for the merger of the Company, SPR and SPPC with and into Altus.

The Board of Directors noted the significant disparity in views among the FERC, as reflected in the position of its Staff, and the state regulatory commissions having primary jurisdiction over the companies. The FERC was concerned with transmission policy and pricing at the national level. Each state commission, on the other hand, was concerned with the interests of retail customers in its particular jurisdiction. The Board concluded that there was little chance of obtaining approval of the proposed merger from each of the regulatory commissions having jurisdiction, on terms consistent with the regulatory principles adopted by the companies and satisfactory to each other commission.

In addition, the Board concluded that even if the proposed merger were consummated, Altus would be subject to significant continuing risk of inconsistent regulation, with the stockholders of Altus bearing the financial consequences of such inconsistency.

Among other matters, the Board also considered the significant decrease in the amount of estimated net savings to be achievable as a result of the proposed merger, which decrease was previously reported in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, and the increase in risks posed as a result of recent and on-going structural, economic and regulatory changes in the electric utility industry.

Under the terms of the Merger Agreement, the Company was entitled to terminate the Merger Agreement since the merger of the companies was not consummated on or before June 27, 1996 and because certain conditions precedent, including receipt of all regulatory approvals, had not been satisfied. On June 28, 1996, the Company commenced a proceeding in the Superior Court of Spokane County, Washington seeking a declaratory judgment that the Merger Agreement was properly terminated. On July 26, 1996, the Company entered into a memorandum of understanding with SPR and SPPC, wherein the parties agreed that the Company's declaratory judgment proceeding in Superior Court would be dismissed without prejudice, and that should a dispute arise between the parties concerning the termination of the Merger Agreement, such an action, if commenced, would be heard in the United States District Court for the Eastern District of Washington. The Company is not aware of the existence of any such dispute and is unable to assess the likelihood of future litigation.

The Company had approximately $15.5 million in merger-related transaction and transition costs that were expensed in 1996. No increase in rates will occur as a result of these costs being expensed.

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 second quarter of 1996 decreased to $0.12 from $0.23 in 1995. The decrease in earnings was primarily the result of the expensing of $14.0 million in merger transaction and transition costs that occurred as a result of the termination of the Agreement and Plan of Reorganization and Merger which would have provided for the merger of the Company, Sierra Pacific Resources (SPR) and Sierra Pacific Power Company, a subsidiary of SPR (SPPC), with and into Altus Corporation, a wholly owned subsidiary of the Company (Altus, formerly named Resources West Energy Corporation). These merger-related costs amounted to $0.16 per share on an after-tax basis and were allocated to both electric and natural gas operations as administrative and general expenses. (See Note 4 to the Financial Statements for additional information about the merger termination.)

Overall earnings per share for the first six months of 1996 increased to $0.83 from $0.71 in 1995 despite the merger-related costs. The increase in earnings was primarily the result of a $10.8 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. The increase in earnings was also due to improved utility results, as a result of increased sales, due primarily to the growing wholesale electric business and to increased retail sales to both natural gas and electric customers, particularly during the first quarter of 1996 due to temperatures which were 10% colder than normal.

Utility income available for common stock contributed $0.10 to earnings per share for the second quarter of 1996 compared to $0.19 in the second quarter of 1995. Non-utility income available for common stock contributed $0.02 to earnings per share for the second quarter of 1996 compared to $0.04 in the same period in 1995. Utility income available for common stock contributed $0.60 to earnings per share for the first six months of 1996 compared to $0.62 in the first half of 1995. Non-utility income available for common stock contributed $0.23 to earnings per share for the first six months of 1996 compared to $0.09 in the same period in 1995.

UTILITY OPERATIONS

OPERATING REVENUES

Electric operating revenues increased $29.0 million in the second quarter of 1996 over 1995. Wholesale revenues totaled $46.2 million in the second quarter of 1996, an increase of $26.2 million over 1995, as a result of new firm wholesale contracts and increased spot market sales, partly the result of improved streamflow conditions which led to the increased availability of hydroelectric generation in the region. Hydroelectric generation was 128% of normal, due to streamflows which were 125% of normal during the second quarter of 1996. Wholesale kWh sales were more than three times greater in the second quarter of 1996 as compared to 1995, which offset the decline of 37% in average prices in the second quarter of 1996. Residential revenues rose by $0.7 million in the second quarter of 1996 due partially to weather that was 11% colder than normal during the second quarter of 1996, compared to 4% warmer than normal in the second quarter of 1995 and customer growth. Commercial and industrial revenues increased by a combined $1.0 million in the second quarter of 1996 compared to the same period in 1995 due to customer growth and increased industrial usage.

Electric operating revenues increased $59.0 million in the first six months of 1996 over 1995. Wholesale revenues totaled $90.2 million in the first six months of 1996, an increase of $49.8 million from the first half of 1995, as a result of new firm wholesale contracts and increased spot market sales, partly due to improved streamflow conditions which led to the increased availability of hydroelectric generation in the region. Hydroelectric generation was 140% of normal, due to streamflows which were 145% of normal during the first six months of 1996. Wholesale kWh sales during the first half of 1996 were nearly triple the amount during the same period in 1995, which more than offset the decline of 36% in average prices during 1996. Residential and commercial revenues rose by a combined $8.0 million in the first six months of 1996 due to colder than normal weather, primarily during the first quarter of 1996, which resulted in increased customer usage, and a 2.7% growth in residential and commercial customers.

Total natural gas revenues decreased by $6.9 million in the second quarter of 1996 compared to the same period in 1995, primarily due to a $3.5 million decrease in non-retail sales and decreases in natural gas prices. Natural gas trackers effective in Washington, Idaho and Oregon during December 1995 authorized rate decreases of 13.58%, 16.68% and 5.82%, respectively, which led to the decline in revenues in the second quarter of 1996 as compared to 1995. The decrease in revenues from non-retail sales was offset by like decreases in purchased gas expense. The number of total natural gas customers increased approximately 5% in the second quarter of 1996 as compared to 1995.

Total natural gas revenues decreased by $3.9 million in the first six months of 1996 compared to the same period in 1995, primarily due to a $1.8 million decrease in non-retail sales and the price decreases mentioned above. These decreases were partially offset by increased usage from residential and commercial customers, primarily during the first quarter of 1996 due to colder than normal weather.

OPERATING EXPENSES

Total operating expenses increased by $31.8 million for electric operations and decreased by $4.3 million for natural gas operations during the second quarter of 1996 compared to 1995. For the first six months of 1996, total operating expenses increased by $58.8 million for electric operations and decreased by $2.3 million for natural gas operations from 1995.

Commitments under new firm wholesale contracts and increased spot market sales required the Company to purchase energy from other sources and resulted in a $12.0 million increase in electric purchased power costs during the second quarter of 1996. 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 a $27.6 million increase in electric purchased power costs during the first six months of 1996 as compared to 1995.

Fuel costs increased $3.4 million in the second quarter of 1996 compared to 1995 as a result of higher generation at thermal plants during 1996. The increase in generation from 1995 to 1996 was primarily the result of increased wholesale sales in 1996. In addition, the thermal plants were not utilized for extended periods of time in the second quarter of 1995 due to economic dispatch of the plants as a result of increased hydroelectric generation. Fuel costs for the first six months of 1996 were $2.9 million higher in 1996 compared to 1995.

Purchased gas costs decreased by $6.6 million during the second quarter of 1996 and $6.7 million year-to-date primarily as a result of the decrease in non-retail and industrial sales during both periods and lower natural gas prices. The year-to-date decrease in purchased gas costs was offset by increased purchased gas costs during the first quarter of 1996 due to increased residential and commercial sales due to colder than normal weather during that period.

Other operating and maintenance exenses increased by $3.5 million, or 19%, for electric operations and $0.4 million, or 11%, for natural gas operations during the second quarter of 1996. The increased electric expenses were the result of a $2.0 million increase in the Idaho Power Cost Adjustment (PCA) and a $0.5 million increase in transmission expenses due to the increased energy the Company purchased from other sources, offset by decreased maintenance expenses at the thermal plants. Other operating and maintenance expenses increased by $8.5 million, or 24%, for electric operations and $1.1 million, or 15%, for natural gas operations during the first six months of 1996. The increased electric expenses were the result of a $3.9 million increase in the Idaho PCA, a $0.6 million increase in lease payments associated with the Rathdrum combustion turbine, as lease payments did not begin until February of 1995, and a $0.4 million increase in transmission expenses due to the increased energy the Company purchased from other sources. These increases were partially offset by decreased thermal plant expenses, primarily during the first quarter of 1996 as thermal units were not utilized much due to the availability of hydroelectric power. 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.

Merger-related transaction and transition costs totaled $14.0 million and $15.5 million, respectively, for the second quarter and six months of 1996. These costs were allocated to both electric and natural gas operations.

Administrative and general expenses increased by $1.8 million in the second quarter of 1996, primarily due to increases in labor-related costs and development of a financial data system. Administrative and general expenses increased by $4.7 million in the first six months of 1996 primarily due to a $1.6 million write-off of regulatory deferrals of pension expenses, increases in labor-related costs and development of a financial data system.

Taxes other than income increased by $1.3 million, or 14%, for electric operations during the second quarter of 1996 primarily due to increased accruals for property taxes, based on higher assessed values of property, and increased generation taxes in Idaho and Montana due to improved streamflows and higher hydroelectric generation.

Income taxes decreased by $0.9 million and $2.1 million for electric and natural gas operations, respectively, in the second quarter of 1996 compared to 1995, as a result of expensing the merger-related costs. Income taxes on electric operations increased by $1.9 million in the first six months of 1996 compared to 1995, as a result of increased electric operating income year-to-date. Income taxes on natural gas operations decreased by $1.7 million in the first half of 1996 compared to 1995, as a result of decreased natural gas operating income year-to-date.

NON-UTILITY OPERATIONS

Non-utility operations include the results of Pentzer and six other subsidiaries directly owned by the Company (WWP direct 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.

Non-utility operating revenues and expenses increased by $14.9 million and $16.2 million, respectively, in the second quarter of 1996 over the previous year, primarily as a result of Pentzer's acquisitions. Non-utility operating revenues and expenses increased by $31.9 million and $32.5 million, respectively, in the first six months of 1996 over the previous year, also as a result of Pentzer's acquisitions.

Pentzer's earnings for the second quarter of 1996 were lower than 1995 by $0.9 million primarily due to reduced earnings from Pentzer Development Corporation as a result of the sale of Spokane Industrial Park earlier in the year. WWP direct subsidiaries recorded net operating losses of $0.4 million during the second quarter of 1996 due to start-up costs from several of the subsidiaries. Four of these six subsidiaries were not operating during 1995. Total income available for common stock from non-utility operations decreased by 56% to $1.1 million during the second quarter of 1996.

Pentzer's earnings for the first six months of 1996 were greater than 1995 by $8.4 million primarily due to the impact of a transactional gain of $10.8 million, net of tax and other adjustments, from the sale of Spokane Industrial Park in the first quarter of 1996. 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. WWP direct subsidiaries recorded net operating losses of $0.5 million during the first six months of 1996 due to start-up costs from several of the subsidiaries. Total income available for common stock from non-utility operations increased to $12.8 million during the first six months of 1996 compared to $4.9 million in the same period in 1995.

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 six months of 1996 increased by over $35.6 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, and a decrease in power and natural gas cost deferrals. See the Consolidated Statements of Cash Flows for additional details.

Investing Activities   Cash used in investing activities increased by more than $28.7 million in the first six 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. Investing activities also increased as a result of the purchase of a new Pentzer subsidiary and the Company's purchase of common stock in new WWP direct subsidiaries. See the Consolidated Statements of Cash Flows for additional information.

Financing Activities   Cash used in financing activities increased by approximately $7.7 million in the first six months of 1996 when compared to the same period in 1995. Bank borrowings increased by $1.5 million in the first half of 1996. During the second quarter of 1996, $15 million of Unsecured Medium-Term Notes matured and $20 million of Preferred Stock Series I was redeemed, primarily funded by increased cash generated by operating activities during the first quarter of 1996. The only securities issued in the first six months 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 June 30, 1996, $31.0 million was outstanding under the other borrowing arrangements with banks.

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.

NON-UTILITY

The non-utility operations have $44 million in borrowing arrangements ($34.7 million outstanding as of June 30, 1996) to fund corporate requirements on an interim basis. At June 30, 1996, the non-utility operations had $23.7 million in cash and marketable securities with $46.2 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 $8.5 million during the first six months of 1996 to $725.6 million. The increase was primarily due to a $11.8 million increase in retained earnings, partially offset by a $3.8 million decrease in unrealized investment gains from Pentzer's investment in Itron and other marketable securities. The Company's consolidated capital structure at June 30, 1996, was 47% debt, 7% preferred stock and 46% common equity as compared to 46% debt, 9% preferred stock and 45% common equity at year-end 1995.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The 1996 Annual Meeting of Shareholders of the Company was held on May 13, 1996. Two matters were voted upon at the meeting: (1) the re-election of directors with expiring terms and (2) the approval of the Non-Employee Director Stock Plan. There were 55,960,360 shares of Common Stock issued and outstanding as of March 21, 1996, the proxy record date, with 47,902,930 shares represented at said meeting. The details of the voting are shown below:

		For	Against or Withheld
(1)	Re-election of Directors		
	Eugene W. Meyer	46,660,981	1,241,949
	Paul A. Redmond	46,619,375	1,283,555
(2)	Approval of the Non-Employee Director Stock Plan	41,206,756	6,696,174

ITEM 5. OTHER INFORMATION.

REGULATORY PROCEEDINGS.

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. Under the proposed DADS tariff, up to one-third of this load, or 37 aMw, could be purchased from an alternative energy supplier. 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 it is not expected to have a material impact on the financial condition or results of operations of the Company. The WUTC approved the tariff in June, effective September 1, 1996; the IPUC has not yet approved the tariff pending further review.

PCA Tariff   In late May, the Company filed for tariff revisions with the IPUC to reflect the expiration of a Power Cost Adjustment (PCA) surcharge and the implementation of a proposed PCA rebate. The surcharge went into effect on September 1, 1995 and is set to expire on August 31, 1996. The rate rebate was approved by the IPUC, effective September 1, 1996 through August 31, 1997. The combined effect of the surcharge expiration and rebate implementation will provide Idaho residential customers an overall electric rate decrease of 4.77%.

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	
	June 30, 1996	December 31, 1995
Ratio of Earnings to Fixed Charges	3.38 (x)	3.22 (x)
Ratio of Earnings to Fixed Charges and Preferred Dividend Requirements	2.76 (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.

4(a) Bylaws of The Washington Water Power Company, as amended May 13, 1996.

12 Computation of ratio of earnings to fixed charges and preferred dividend requirements.

27 Financial Data Schedule.

(b) Reports on Form 8-K.

Dated June 28, 1996, regarding the termination of the Merger Agreement between the Company, Sierra Pacific Resources, Sierra Pacific Power Company and Altus Corporation.

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: August 14, 1996

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

BYLAWS
OF
THE WASHINGTON WATER POWER COMPANY
* * * * *

ARTICLE I.
OFFICES

The principal office of the Corporation shall be in the City of Spokane, Washington. The Corporation may have such other offices, either within or without the State of Washington, as the Board of Directors may designate from time to time.

ARTICLE II.
SHAREHOLDERS

SECTION 1. ANNUAL MEETING. The Annual Meeting of Shareholders shall be held on such date in the month of May in each year as determined by the Board of Directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the Annual Meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

SECTION 2. SPECIAL MEETINGS. Special meetings of the shareholders may be called by the President, the Chairman of the Board, the majority of the Board of Directors, the Executive Committee of the Board, and shall be called by the President at the request of the holders of not less than two-thirds (2/3) of the voting power of all shares of the voting stock voting together as a single class. Only those matters that are specified in the call of or request for a special meeting may be considered or voted at such meeting.

SECTION 3. PLACE OF MEETING. Meetings of the shareholders, whether they be annual or special, shall be held at the principal office of the Corporation, unless a place, either within or without the state, is otherwise designated by the Board of Directors in the notice provided to shareholders of such meetings.

SECTION 4. NOTICE OF MEETING. Written or printed notice of every meeting of shareholders shall be mailed by the Corporate Secretary or any Assistant Corporate Secretary, not less than ten (10) nor more than fifty (50) days before the date of the meeting, to each holder of record of stock entitled to vote at the meeting. The notice shall be mailed to each shareholder at his last known post office address, provided, however, that if a shareholder is present at a meeting, or waives notice thereof in writing before or after the meeting, the notice of the meeting to such shareholders shall be unnecessary.

SECTION 5. VOTING OF SHARES. At every meeting of shareholders each holder of stock entitled to vote thereat shall be entitled to one vote for each share of such stock held in his name on the books of the Corporation, subject to the provisions of applicable law and the Articles of Incorporation, and may vote and otherwise act in person or by proxy; provided, however, that in elections of directors there shall be cumulative voting as provided by law and by the Articles of Incorporation.

SECTION 6. QUORUM. The holders of a majority of the number of outstanding shares of stock of the Corporation entitled to vote thereat, present in person or by proxy at any meeting, shall constitute a quorum, but less than a quorum shall have power to adjourn any meeting from time to time without notice. No change shall be made in this Section 6 without the affirmative vote of the holders of at least a majority of the outstanding shares of stock entitled to vote.

SECTION 7. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. For the purposes of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the Corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy (70) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

SECTION 8. VOTING RECORD. The officer or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten (10) days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which record, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Corporation. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof.

SECTION 9. CONDUCT OF PROCEEDINGS. The Chairman of the Board shall preside at all meetings of the shareholders. In the absence of the Chairman, the President shall preside and in the absence of both, the Executive Vice President shall preside. The members of the Board of Directors present at the meeting may appoint any officer of the Corporation or member of the Board to act as Chairman of any meeting in the absence of the Chairman, the President, or Executive Vice President. The Corporate Secretary of the Corporation, or in his absence, an Assistant Corporate Secretary, shall act as Secretary at all meetings of the shareholders. In the absence of the Corporate Secretary or Assistant Corporate Secretary at any meeting of the shareholders, the presiding officer may appoint any person to act as Secretary of the meeting.

SECTION 10. PROXIES. At all meetings of shareholders, a shareholder may vote in person or by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the Corporate Secretary of the Corporation before or at the time of the meeting.

ARTICLE III.
BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. The powers of the Corporation shall be exercised by or under the authority of the Board of Directors, except as otherwise provided by the laws of the State of Washington and the Articles of Incorporation.

SECTION 2. NUMBER AND TENURE. The number of Directors of the Corporation shall be eight (8); provided, however, that if the right to elect a majority of the Board of Directors shall have accrued to the holders of the Preferred Stock as provided in paragraph (1) of subdivision

(j) of Article THIRD of the Articles of Incorporation, then, during such period as such holders shall have such right, the number of directors may exceed eight (8). Directors shall be divided into three classes, as nearly equal in number as possible. At each Annual Meeting of Shareholders, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding Annual Meeting of Shareholders after their election. Notwithstanding the foregoing, directors elected by the holders of the Preferred Stock in accordance with paragraph (1) of subdivision (j) of Article THIRD of the Articles of Incorporation shall be elected for a term which shall expire not later than the next Annual Meeting of Shareholders. All directors shall hold office until the expiration of their respective terms of office and until their successors shall have been elected and qualified.

SECTION 3. REGULAR MEETINGS. The regular annual meeting of the Board of Directors shall be held immediately following the adjournment of the annual meeting of the shareholders or as soon as practicable after said annual meeting of shareholders. But, in any event, said regular annual meeting of the Board of Directors must be held on either the same day as the annual meeting of shareholders or the next business day following said annual meeting of shareholders. At such meeting the Board of Directors, including directors newly elected, shall organize itself for the coming year, shall elect officers of the Corporation for the ensuing year, and shall transact all such further business as may be necessary or appropriate. The Board shall hold regular quarterly meetings, without call or notice, on such dates as determined by the Board of Directors. At such quarterly meetings the Board of Directors shall transact all business properly brought before the Board.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President, the Executive Vice President or any three (3) directors. Notice of any special meeting shall be given to each director at least two (2) days in advance of the meeting.

SECTION 5. EMERGENCY MEETINGS. In the event of a catastrophe or a disaster causing the injury or death to members of the Board of Directors and the principal officers of the Corporation, any director or officer may call an emergency meeting of the Board of Directors. Notice of the time and place of the emergency meeting shall be given not less than two (2) days prior to the meeting and may be given by any available means of communication. The director or directors present at the meeting shall constitute a quorum for the purpose of filling vacancies determined to exist. The directors present at the emergency meeting may appoint such officers as necessary to fill any vacancies determined to exist. All appointments under this section shall be temporary until a special meeting of the shareholders and directors is held as provided in these Bylaws.

SECTION 6. CONFERENCE BY TELEPHONE. The members of the Board of Directors, or of any committee created by the Board, may participate in a meeting of the Board or of the committee by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation in a meeting by such means shall constitute presence in person at a meeting.

SECTION 7. QUORUM. A majority of the number of directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board.

SECTION 8. ACTION WITHOUT A MEETING. Any action required by law to be taken at a meeting of the directors of the Corporation, or any action which may be taken at a meeting of the directors or of a committee, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

SECTION 9. VACANCIES. Subject to the provisions of paragraph (1) of subdivision (j) of Article THIRD of the Articles of Incorporation, (a) any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors and any director so elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and (b) any directorship to be filled by reason of an increase in the number of directors may be filled by the Board of Directors for a term of office continuing only until the next election of directors by the shareholders.

SECTION 10. RESIGNATION OF DIRECTOR. Any director or member of any committee may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein. If no time is specified, it shall take effect from the time of its receipt by the Corporate Secretary, who shall record such resignation, noting the day, hour and minute of its reception. The acceptance of a resignation shall not be necessary to make it effective.

SECTION 11. REMOVAL. Subject to the provisions of paragraph (1) of subdivision (j) of Article THIRD of the Articles of Incorporation, any director may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of all of the shares of capital stock of the Corporation entitled generally to vote in the election of directors voting together as a single class, at a meeting of shareholders called expressly for that purpose; provided, however, that if less than the entire Board of Directors is to be removed, no one of the directors may be removed if the votes cast against the removal of such director would be sufficient to elect such director if then cumulatively voted at an election of the class of directors of which such director is a part. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

SECTION 12. ORDER OF BUSINESS. The Chairman of the Board shall preside at all meetings of the directors. In the absence of the Chairman, the officer or member of the Board designated by the Board of Directors shall preside. At meetings of the Board of Directors, business shall be transacted in such order as the Board may determine. Minutes of all proceedings of the Board of Directors, or committees appointed by it, shall be prepared and maintained by the Corporate Secretary or an Assistant Corporate Secretary and the original shall be maintained in the principal office of the Corporation.

SECTION 13. NOMINATION OF DIRECTORS. Subject to the provisions of paragraph (1) of subdivision (j) of Article THIRD of the Articles of Incorporation, nominations for the election of directors may be made by the Board of Directors, or a nominating committee appointed by the Board of Directors, or by any holder of shares of the capital stock of the Corporation entitled generally to vote in the election of directors (such stock being hereinafter in this Section called "Voting Stock"). However, any holder of shares of the Voting Stock may nominate one or more persons for election as directors at a meeting only if written notice of such shareholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Corporate Secretary not later than (i) with respect to an election to be held at an annual meeting of shareholders, ninety (90) days in advance of such meeting and (ii) with respect to an election to be held at a special meeting of shareholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that such shareholder is a holder of record of shares of the Voting Stock of the Corporation and intends to appear in person or by proxy at the meeting to nominate the person or persons identified in the notice; (c) a description of all arrangements or understandings between such shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such shareholder; (d) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (or any subsequent revisions replacing such Act, rules or regulations) if the nominee(s) had been nominated, or were intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a Director of the Corporation if so elected. The Chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

SECTION 14. PRESUMPTION OF ASSENT. A director of the Corporation who is present at a meeting of the Board of Directors, or of a committee thereof, at which action on any corporate matter is taken, shall be presumed to have assented to the action unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Corporate Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 15. RETIREMENT OF DIRECTORS. Directors who are seventy (70) years of age or more shall retire from the Board effective at the conclusion of the Annual Meeting of Shareholders held in the year in which their term expires, and any such Director shall not be nominated for election at such Annual Meeting. The foregoing shall be effective in 1988 and thereafter as to any Director who is seventy (70) years of age or more during the year in which his or her term expires.

ARTICLE IV.
EXECUTIVE COMMITTEE
AND
ADDITIONAL COMMITTEES

SECTION 1. APPOINTMENT. The Board of Directors, by resolution adopted by a majority of the Board, may designate three or more of its members to constitute an Executive Committee. The designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

SECTION 2. AUTHORITY. The Executive Committee, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors including authority to authorize distributions or the issuance of shares of stock, except to the extent, if any, that such authority shall be limited by the resolution appointing the Executive Committee or by law.

SECTION 3. TENURE. Each member of the Executive Committee shall hold office until the next regular annual meeting of the Board of Directors following his designation and until his successor is designated as a member of the Executive Committee.

SECTION 4. MEETINGS. Regular meetings of the Executive Committee may be held without notice at such times and places as the Executive Committee may fix from time to time by resolution. Special meetings of the Executive Committee may be called by any member thereof upon not less than two (2) days notice stating the place, date and hour of the meeting, which notice may be written or oral. Any member of the Executive Committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person.

SECTION 5. QUORUM. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof. Actions by the Executive Committee must be authorized by the affirmative vote of a majority of the appointed members of the Executive Committee.

SECTION 6. ACTION WITHOUT A MEETING. Any action required or permitted to be taken by the Executive Committee at a meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Executive Committee.

SECTION 7. PROCEDURE. The Executive Committee shall select a presiding officer from its members and may fix its own rules of procedure which shall not be inconsistent with these Bylaws. It shall keep regular minutes of its proceedings and report the same to the Board of Directors for its information at a meeting thereof held next after the proceedings shall have been taken.

SECTION 8. COMMITTEES ADDITIONAL TO EXECUTIVE COMMITTEE. The Board of Directors may, by resolution, designate one or more other committees, each such committee to consist of two (2) or more of the directors of the Corporation. A majority of the members of any such committee may determine its action and fix the time and place of its meetings unless the Board of Directors shall otherwise provide.

ARTICLE V.
OFFICERS

SECTION 1. NUMBER. The Board of Directors shall elect one of its members Chairman of the Board and shall elect one of its members as President of the Corporation and the offices of Chairman and President may be held by the same person. The Board of Directors shall also elect one or more Vice Presidents, a Corporate Secretary, a Treasurer and may from time to time elect such other officers as the Board deems appropriate. The same person may be appointed to more than one office except the offices of President and Corporate Secretary.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Corporation shall be elected by the Board of Directors at the annual meeting of the Board. Each officer shall hold office until his successor shall have been duly elected and qualified.

SECTION 3. REMOVAL. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. POWERS AND DUTIES. The officers shall have such powers and duties as usually pertain to their offices, except as modified by the Board of Directors, and shall have such other powers and duties as may from time to time be conferred upon them by the Board of Directors.

ARTICLE VI.
CONTRACTS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Directors may authorize any officer or officers or agents, to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 2. CHECKS/DRAFTS/NOTES. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors by resolution may select.

ARTICLE VII.
CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form as shall be determined by the Board of Directors and shall contain such information as prescribed by law. Such certificates shall be signed by the President or a Vice President and by either the Corporate Secretary or an Assistant Corporate Secretary, and sealed with the corporate seal or a facsimile thereof. The signatures of such officers upon a certificate may be facsimiles. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. All certificates surrendered to the Corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

SECTION 2. TRANSFER OF SHARES. Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Corporate Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes. The Board of Directors shall have power to appoint one or more transfer agents and registrars for transfer and registration of certificates of stock.

ARTICLE VIII.
CORPORATE SEAL

The seal of the Corporation shall be in such form as the Board of Directors shall prescribe.

ARTICLE IX.
INDEMNIFICATION

SECTION 1. INDEMNIFICATION OF DIRECTORS AND OFFICERS. The Corporation shall indemnify and reimburse the expenses of any person who is or was a director, officer, agent or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another enterprise or employee benefit plan to the extent permitted by and in accordance with Article SEVENTH of the Company's Articles of Incorporation and as permitted by law.

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.

SECTION 3. RATIFICATION OF ACTS OF DIRECTOR, OFFICER OR SHAREHOLDER. Any transaction questioned in any shareholders' derivative suit on the ground of lack of authority, defective or irregular execution, adverse interest of director, officer or shareholder, nondisclosure, miscomputation, or the application of improper principles or practices of accounting may be ratified before or after judgment, by the Board of Directors or by the shareholders in case less than a quorum of directors are qualified; and, if so ratified, shall have the same force and effect as if the questioned transaction had been originally duly authorized, and said ratification shall be binding upon the Corporation and its shareholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned transaction.

ARTICLE X.
AMENDMENTS

Except as to Section 6 of Article II of these Bylaws, the Board of Directors may alter or amend these Bylaws at any meeting duly held, the notice of which includes notice of the proposed amendment. Bylaws adopted by the Board of Directors shall be subject to change or repeal by the shareholders; provided, however, that Section 2 of the Article II, Section 2 (other than the provision thereof specifying the number of Directors of the Corporation), and Sections 9, 11 and 13 of Article III and this proviso shall not be altered, amended or repealed, and no provision inconsistent therewith or herewith shall be included in these Bylaws, without the affirmative votes of the holders of at least eighty percent (80%) of the voting power of all the shares of the Voting Stock voting together as a single class.

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 June 30,	Years Ended December 31			
	1996	1995	1994	1993	1992
Fixed charges, as defined:					
Interest on long-term debt	$ 56,843	$ 55,580	$ 49,566	$ 47,129	$ 51,727
Amortization of debt expense and premium - net	3,295	3,441	3,511	3,004	1,814
Interest portion of rentals	4,263	3,962	1,282	924	1,105
Total fixed charges	$ 64,401	$ 62,983	$ 54,359	$ 51,057	$ 54,646
Earnings, as defined:					
Net income from continuing ops.	$ 94,381	$ 87,121	$ 77,197	$ 82,776	$ 72,267
Add (deduct):					
Income tax expense	58,677	52,416	44,696	42,503	41,330
Total fixed charges above	64,401	62,983	54,359	51,057	54,646
Total earnings	$217,459	$202,520	$176,252	$176,336	$168,243
Ratio of earnings to fixed charges	3.38	3.22	3.24	3.45	3.08
Fixed charges and preferred dividend requirements:					
Fixed charges above	$ 64,401	$ 62,983	$ 54,359	$ 51,057	$ 54,646
Preferred dividend requirements (2)	14,488	14,612	13,668	12,615	10,716
Total	$ 78,889	$ 77,595	$ 68,027	$ 63,672	$ 65,362
Ratio of earnings to fixed charges and preferred dividend requirements	2.76	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 SIX MONTHS ENDED JUNE 30, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

6-MOS
DEC-31-1996
JUN-30-1996
PER-BOOK
1,368,502
264,047
169,151
312,988
0
2,114,688
583,490
5,291
136,859
725,640
65,000
50,000
651,816
31,000
29,606
0
29,779
0
5,334
1,669
524,844
2,114,688
443,903
32,531
347,114
347,114
96,789
17,185
113,974
30,566
50,877
4,407
46,470
34,695
0
106,616
0.83
0.83

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.