

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 1995

OR

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

For the transition period from _____ to _____

Commission file number 1-3701

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

Washington

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 No

At May 1, 1995, 54,924,793 shares of Registrant's Common Stock, no par value (the only class of common stock), were outstanding.

THE WASHINGTON WATER POWER COMPANY

Index

Page No.

Part I. Financial Information:

Item 1. Financial Statements

Consolidated Statements of Income - Three Months Ended March 31, 1995 and 1994	3
Consolidated Balance Sheets - March 31, 1995 and December 31, 1994	4
Consolidated Statements of Capitalization - March 31, 1995 and December 31, 1994	5
Consolidated Statements of Cash Flows - Three Months Ended March 31, 1995 and 1994	6
Schedule of Information by Business Segments - Three Months Ended March 31, 1995 and 1994	7
Notes to Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	13

Part II. Other Information:

Item 5. Other Information	17
Item 6. Exhibits and Reports on Form 8-K	17
Signature	18

CONSOLIDATED STATEMENTS OF INCOME
The Washington Water Power Company

For the Three Months Ended March 31
Thousands of Dollars

	1995	1994
	-----	-----
OPERATING REVENUES	\$197,928	\$190,871
	-----	-----
OPERATING EXPENSES:		
Operations and maintenance	93,794	97,968
Administrative and general	16,118	13,511
Depreciation and amortization	15,418	14,556
Taxes other than income taxes	14,124	13,146
	-----	-----
Total operating expenses	139,454	139,181
	-----	-----
INCOME FROM OPERATIONS	58,474	51,690
	-----	-----
OTHER INCOME (EXPENSE):		
Interest expense	(14,730)	(12,322)
Interest capitalized and AFUCE	224	1,390
Net gain on subsidiary transactions	1,918	-
Other income (deductions)-net	(701)	1,587
	-----	-----
Total other income (expense)-net	(13,289)	(9,345)
	-----	-----
INCOME BEFORE INCOME TAXES	45,185	42,345
INCOME TAXES	16,732	15,654
	-----	-----
NET INCOME	28,453	26,691
DEDUCT-Preferred stock dividend requirements	2,297	2,070
	-----	-----
INCOME AVAILABLE FOR COMMON STOCK	\$ 26,156	\$ 24,621
	=====	=====
Average common shares outstanding (thousands)	54,582	52,911
EARNINGS PER SHARE OF COMMON STOCK	\$0.48	\$0.46
Dividends paid per common share	\$0.31	\$0.31

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED BALANCE SHEETS
The Washington Water Power Company

Thousands of Dollars

	March 31, 1995	December 31, 1994
	-----	-----
ASSETS:		
PROPERTY:		
Utility plant in service-net	\$1,820,824	\$1,802,280
Construction work in progress	23,477	27,316
	-----	-----
Total	1,844,301	1,829,596
Less: Accumulated depreciation and amortization	511,137	500,551
	-----	-----
Net utility plant	1,333,164	1,329,045
	-----	-----
OTHER PROPERTY AND INVESTMENTS:		
Investment in exchange power-net	87,084	88,615
Other-net	118,271	114,145
	-----	-----
Total other property and investments	205,355	202,760
	-----	-----
CURRENT ASSETS:		
Cash and cash equivalents	4,532	5,178
Temporary cash investments	29,218	27,928
Accounts and notes receivable-net	74,887	74,524
Materials and supplies, fuel stock and natural gas stored (average cost)	23,569	21,384
Prepayments and other	5,849	7,552
	-----	-----
Total current assets	138,055	136,566
	-----	-----
DEFERRED CHARGES:		
Regulatory assets for deferred income tax	173,179	174,349
Conservation programs	65,131	66,511
Other-net	83,108	85,022
	-----	-----
Total deferred charges	321,418	325,882
	-----	-----
TOTAL	\$1,997,992	\$1,994,253
	=====	=====
CAPITALIZATION AND LIABILITIES:		
CAPITALIZATION (See Consolidated Statements of Capitalization)	\$1,521,658	\$1,533,640
	-----	-----
CURRENT LIABILITIES:		
Accounts payable	34,973	46,217
Taxes accrued	41,150	17,977
Interest accrued	16,253	10,954
Other	54,947	57,369
	-----	-----
Total current liabilities	147,323	132,517
	-----	-----
DEFERRED CREDITS:		
Deferred income taxes	313,253	312,525
Other	14,543	14,399
	-----	-----
Total deferred credits	327,796	326,924
	-----	-----
MINORITY INTEREST	1,215	1,172
	-----	-----
COMMITMENTS AND CONTINGENCIES (Notes 2 and 4)		
TOTAL	\$1,997,992	\$1,994,253
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED STATEMENTS OF CAPITALIZATION
The Washington Water Power Company

Thousands of Dollars

	March 31, 1995	December 31, 1994
	-----	-----
COMMON EQUITY:		
Common stock, no par value: 200,000,000 shares authorized: shares outstanding: 1995-54,846,574; 1994-54,420,696	\$ 576,901	\$ 570,603
Note receivable from employee stock ownership plan	(12,141)	(12,267)
Capital stock expense and other paid in capital	(10,042)	(10,031)
Unrealized investment gain-net	16,064	14,341
Retained Earnings	124,142	114,848
	-----	-----
Total common equity	694,924	677,494
	-----	-----
PREFERRED STOCK-CUMULATIVE: (Note 1)		
10,000,000 shares authorized:		
Not subject to mandatory redemption:		
Flexible Auction Series J; 500 shares outstanding (\$100,000 stated value)	50,000	50,000
	-----	-----
Total not subject to mandatory redemption	50,000	50,000
	-----	-----
Subject to mandatory redemption:		
\$8.625, Series I; 500,000 shares outstanding (\$100 stated value)	50,000	50,000
\$6.95, Series K; 350,000 shares outstanding (\$100 stated value)	35,000	35,000
	-----	-----
Total subject to mandatory redemption	85,000	85,000
	-----	-----
LONG-TERM DEBT: (Note 1)		
First Mortgage Bonds:		
4 5/8% due March 1, 1995	-	10,000
7 1/8% due December 1, 2013	66,700	66,700
7 2/5% due December 1, 2016	17,000	17,000
Secured Medium-Term Notes:		
Series A - 4.72% to 8.06% due 1996 through 2023	250,000	250,000
Series B - 7.52% to 8.25% due 1997 through 2006	93,000	63,000
	-----	-----
Total first mortgage bonds	426,700	406,700
	-----	-----
Pollution Control Bonds:		
6% Series due 2023	4,100	4,100
Unsecured Medium-Term Notes:		
Series A - 7.94% to 9.58% due 1995 through 2007	92,500	92,500
Series B - 5.50% to 8.55% due 1996 through 2023	135,000	150,000
	-----	-----
Total unsecured medium-term notes	227,500	242,500
	-----	-----
Notes payable (due within one year) to be refinanced	24,500	58,000
Other	8,934	9,846
	-----	-----
Total long-term debt	691,734	721,146
	-----	-----
TOTAL CAPITALIZATION	\$1,521,658	\$1,533,640
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

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

For the Three Months Ended March 31
 Thousands of Dollars

	1995	1994
	-----	-----
OPERATING ACTIVITIES:		
Net income	\$ 28,453	\$ 26,691
NON-CASH REVENUES AND EXPENSES		
INCLUDED IN NET INCOME:		
Depreciation and amortization	18,390	17,101
Provision for deferred income taxes	(182)	2,270
Allowance for equity funds used during construction	(218)	(568)
Power and natural gas cost deferrals and amortization	5,729	(357)
Deferred revenues and other-net	740	(439)
(Increase) decrease in working capital components:		
Receivables and prepaid expenses-net	994	1,486
Materials & supplies, fuel stock and natural gas stored	(2,136)	2,646
Payables and other accrued liabilities	15,635	20,990
Other-net	(8,151)	235
NET CASH PROVIDED BY OPERATING ACTIVITIES	59,254	70,055
	-----	-----
INVESTING ACTIVITIES:		
Construction expenditures (excluding AFUDC-equity funds)	(16,570)	(25,427)
Other capital requirements	343	(9,466)
(Increase) decrease in other noncurrent balance sheet items-net	1,011	2,246
Assets acquired and investments in subsidiaries (Note 3)	(938)	(6,133)
NET CASH USED IN INVESTING ACTIVITIES	(16,154)	(38,780)
	-----	-----
FINANCING ACTIVITIES:		
Increase (decrease) in commercial paper, notes payable and bank borrowings-net	(33,500)	(26,501)
Maturity of unsecured medium-term notes	(15,000)	-
Sale of secured medium-term notes	30,000	-
Maturity of first mortgage bonds	(10,000)	-
Sale of common stock-net	3,468	4,084
Miscellaneous-net	(2,512)	4,720
NET FINANCING ACTIVITIES BEFORE CASH DIVIDENDS	(27,544)	(17,697)
Less cash dividends paid	(16,202)	(15,678)
NET CASH USED IN FINANCING ACTIVITIES	(43,746)	(33,375)
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(646)	(2,100)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,178	11,201
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 4,532	\$ 9,101
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period:		
Interest	\$ 7,929	\$ 6,367
Income taxes	\$ 894	\$ 1,352
Non-cash financing and investing activities	\$ 2,955	\$ 2,831

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

SCHEDULE OF INFORMATION BY BUSINESS SEGMENTS

The Washington Water Power Company

For the Three Months Ended March 31

Thousands of Dollars

	1995	1994
	-----	-----
OPERATING REVENUES:		
Electric	\$ 125,821	\$ 124,926
Natural gas	59,136	53,489
Non-utility	12,971	12,456
	-----	-----
Total operating revenues	\$ 197,928	\$ 190,871
	=====	=====
OPERATIONS AND MAINTENANCE EXPENSES:		
Electric:		
Power purchased	\$ 22,952	\$ 29,903
Fuel for generation	7,723	11,405
Other electric	17,803	15,113
Natural gas:		
Natural gas purchased for resale	34,818	30,696
Other natural gas	3,746	3,005
Non-utility	6,752	7,846
	-----	-----
Total operations and maintenance expenses	\$ 93,794	\$ 97,968
	=====	=====
ADMINISTRATIVE AND GENERAL EXPENSES:		
Electric	\$ 9,669	\$ 8,579
Natural gas	3,268	2,896
Non-utility	3,181	2,036
	-----	-----
Total administrative and general expenses	\$ 16,118	\$ 13,511
	=====	=====
DEPRECIATION AND AMORTIZATION EXPENSES:		
Electric	\$ 12,120	\$ 11,974
Natural gas	2,445	1,935
Non-utility	853	647
	-----	-----
Total depreciation and amortization expenses	\$ 15,418	\$ 14,556
	=====	=====
INCOME FROM OPERATIONS:		
Electric	\$ 45,147	\$ 38,105
Natural gas	11,626	11,961
Non-utility	1,701	1,624
	-----	-----
Total income from operations	\$ 58,474	\$ 51,690
	=====	=====
INCOME AVAILABLE FOR COMMON STOCK:		
Utility operations	\$ 23,686	\$ 23,002
Non-utility operations	2,470	1,619
	-----	-----
Total income available for common stock	\$ 26,156	\$ 24,621
	=====	=====
ASSETS: (1994 amounts at December 31)		
Electric	\$1,450,238	\$1,441,643
Natural gas	239,059	247,060
Common plant	27,049	25,849
Other utility assets	104,428	106,118
Non-utility assets	177,218	173,583
	-----	-----
Total assets	\$1,997,992	\$1,994,253
	=====	=====
CAPITAL EXPENDITURES (excluding AFUDC):		
Electric	\$ 9,748	\$ 20,177
Natural gas	4,745	5,069
Common plant	1,187	3,999
Non-utility	323	4,259
	-----	-----
Total capital expenditures	\$ 16,003	\$ 33,504
	=====	=====

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

NOTE 1. FINANCINGS

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

NOTE 2. COMMITMENTS AND CONTINGENCIES

SUPPLY SYSTEM PROJECT 3

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

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

On January 24, 1995, the Company executed a Memorandum of Understanding (MOU) which is intended to settle all remaining claims in the "cost sharing" litigation. The other parties to the MOU are expected to include Chemical Bank, as trustee for the holder of Supply System Projects 4 and 5 bonds; the Supply System; BPA; certain public utility participants in those projects; and Puget Sound Power & Light Company (Puget), and Portland General Electric Company (PGE), Puget and PGE being two of the other three investor-owned utilities which held minority ownership interests in Project 3.

The MOU provides for the Company to pay \$500,000 in settlement of all claims, and as part of a total \$55,000,000 payment to Chemical Bank. In the MOU, the Company also agrees to give up any claims relating to the Company's bridge loans made to the Supply System in 1981. In exchange, the Company would be released from all pending cost-sharing litigation claims. The MOU contemplates and provides agreement on consolidation of the Project 5 and Project 3 sites for site restoration purposes, if BPA and the Supply System decide to thus consolidate the site. In the event that occurs, the Company would be completely indemnified from any additional costs by a separate agreement with BPA. Under the MOU, the Company's payment to Chemical Bank is due in July, 1995, and it is expected that a final settlement agreement and dismissal of the litigation will occur before or contemporaneously with that payment.

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 FERC, the Federal Energy Regulatory Commission) prior to acquisition by the Company, were acquired by the Company in 1937 with the approval of the FPC, but were dismantled and removed in 1973 and 1963, respectively. The Tribe initially indicated through expert opinion disclosures that they were seeking actual and punitive damages of \$208 million. However, supplemental disclosures reflect allegations of actual loss under different assumptions of between \$425 million and \$650 million.

Discovery had been stayed pending a decision by the Court on a case involving some similar issues brought by the Tribe against Idaho Power Company. The Court has since decided these issues and has dismissed all claims against Idaho Power. The Idaho Power case has now been appealed by the Nez Perce Tribe to the Ninth Circuit Court of Appeals. On November 21, 1994, the Company filed its Motion and Brief in Support of Summary Judgment of Dismissal. The Nez Perce Tribe has filed a reply brief, and has requested oral argument. No hearing on the Company's Motion for Summary Judgment has been scheduled by the Court and the matter is not set for trial. The Company is presently unable to assess the likelihood of an adverse outcome in this litigation, or estimate an amount or range of potential loss in the event of an adverse outcome.

OIL SPILL

The Company recently completed an updated investigation of an oil spill that occurred several years ago in downtown Spokane at the site of the Company's steam heat plant. The Company purchased the plant in 1916 and operated it as a non-regulated plant until it was deactivated in 1986 in a business decision unrelated to the spill. After the Bunker C fuel oil spill, initial studies suggested that the oil was being adequately contained by both geological features and man-made structures. The Washington State Department of Ecology (DOE) concurred with these findings. However, more recent tests confirm that the oil has migrated approximately one city block beyond the steam plant property. On December 6, 1993, the Company asked the DOE to enter into negotiations for a Consent Decree which will provide 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. In December 1993, the Company established a reserve of \$2.0 million, and in December 1994 increased it to \$3.1 million based on more current estimates.

FIRESTORM

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

The Company was also served with two suits in Spokane County Superior Court filed on April 20, 1994 and on September 15, 1994, both of which sought individual damages from separate fires within the Chattaroy Fire complex. Five additional and separate suits were brought by Grange Insurance Company, and were filed in Spokane County Superior Court on October 10, 1994, for approximately \$2.2 million paid to Grange insureds for the same fire areas. Two additional class action suits were also filed - one in Lincoln County Superior Court, filed on October 14, 1994, for a fire known as "Nine Mile West" (previously included in the Spokane County Nine Mile suit certified as a class action), and the second in Spokane County Superior Court, filed on October 14, 1994, for the Ponderosa Fire area (which had not been the subject of previous suit). Neither of these suits has yet been certified as a class action, although the Lincoln County suit has been transferred to Spokane County pursuant to decision of the Lincoln County Superior Court on February 21, 1995.

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 lines downed by the wind. 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. Since little

discovery has been conducted and the classes are not yet formed, 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. The Company was previously presented with a claim from the Washington State Department of Natural Resources (DNR) for fire suppression costs associated with five of these fires in eastern Washington. The total of the DNR claim was \$1.0 million. On July 22, 1993, the Company entered into a settlement with the DNR whereby the Company agreed to pay \$200,000 to DNR in full settlement of any and all DNR claims; however, there was no admission of liability on the part of the Company.

WILLIAMS LAKE LAWSUIT

On February 2, 1995, a lawsuit was commenced in Spokane County Superior Court against the Company and its subsidiary, Pentzer, by Tondu Energy Systems, Inc. and T.E.S. Williams Lake Partnership alleging contract violations, conspiracy, misrepresentation and breach of fiduciary duties in regard to the 1993 sale of Pentzer Energy Services, Inc. to B.C. Gas, Inc. The suit claims damages in excess of \$10 million, plus exemplary damages, prejudgment interest, costs and attorneys' fees. Also named as defendants are B.C. Gas, Inc., Inland Pacific Energy (Williams Lake) Corp. and the former Pentzer Energy Services, Inc., subsidiaries involved in the sale. The claims involve an alleged first right to purchase interests in the Williams Lake, British Columbia wood-fired generating station. Discovery with regard to the lawsuit has not yet commenced. The Company and Pentzer intend to vigorously defend against all of the claims.

OTHER CONTINGENCIES

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

NOTE 3. ACQUISITIONS AND DISPOSITIONS

In February 1995, Pentzer Corporation (Pentzer), the Company's wholly-owned private investment firm, acquired The Decker Company, Inc., a company that designs and packages point-of-purchase displays and other marketing materials for national manufacturers of consumer products.

NOTE 4. PROPOSED MERGER

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

The cost savings from the merger are estimated to approximate \$450 million, net of merger transaction and transition costs, over a 10 year period following the consummation of the merger. As of March 31, 1995, \$9.3 million in merger transaction and transition costs have been incurred and are included on the balance sheet as Other Deferred Charges.

The following pro forma condensed financial information combines the historical consolidated balance sheets and statements of income of the Company and SPR after giving effect to the merger. The unaudited pro forma condensed consolidated balance sheet at March 31, 1995 gives effect to the merger as if it had occurred at March 31, 1995. The unaudited pro forma condensed consolidated statements of income for the quarter ended March 31, 1995 gives effect to the merger as if it had occurred at January 1, 1995. These statements are prepared on the basis of accounting for the

merger as a pooling-of-interests and are based on the assumptions set forth in the paragraph below. The pro forma condensed financial information has been prepared from, and should be read in conjunction with the Company's historical consolidated financial statements and related notes thereto of which this note is a part and SPR's historical consolidated financial statements and related notes thereto included in reports filed by SPR pursuant to the Securities Exchange Act, as amended. The information contained herein with respect to SPR and its subsidiaries has been supplied by SPR. The information is not necessarily indicative of the financial position or operating results that would have occurred had the merger been consummated on the date, or at the beginning of the periods, for which the merger is being given effect, nor is it necessarily indicative of future operating results or financial position.

Intercompany transactions (including purchased and exchanged power transactions) between the Company and SPR during the period presented were not material and, accordingly, no pro forma adjustments were made to eliminate such transactions. For comparative purposes, certain historical amounts have been reclassified to conform to the pro forma condensed financial statement format. The \$450 million net cost savings estimated to be achieved by the merger are not reflected in the pro forma financial statements. All references to per share information for WWP have been adjusted to reflect the two-for-one common stock split which became effective on November 9, 1993. Pro forma per share data and common shares outstanding for Resources West give effect to the conversion of each share of WWP Common Stock into one share of Resources West Common Stock and the conversion of each share of SPR Common Stock into 1.44 shares of Resources West Common Stock.

Pro Forma Condensed Consolidated Balance Sheet at March 31, 1995 (in thousands of dollars):

	WWP	SPR	PRO FORMA
	-----	-----	-----
			(unaudited)
Assets			
Utility plant in service-net.....	\$1,820,824	\$1,771,748	\$3,592,572
Construction work in progress	23,477	82,278	105,755
	-----	-----	-----
Total	1,844,301	1,854,026	3,698,327
Accumulated depreciation and amortization..	511,137	517,424	1,028,561
	-----	-----	-----
Net utility plant.....	1,333,164	1,336,602	2,669,766
Other property and investments	205,355	18,454	223,809
Current assets	138,055	125,371	263,426
Deferred charges	321,418	144,796	466,214
	-----	-----	-----
Total assets	\$1,997,992	\$1,625,223	\$3,623,215
	=====	=====	=====
Capitalization and Liabilities			

Common stock and additional paid-in capital	\$ 576,901	\$ 452,282	\$1,029,183
Other shareholders equity	118,023	63,100	181,123
Preferred stock.....	135,000	93,515	228,515
Long-term debt	691,734	565,708	1,257,442
	-----	-----	-----
Total capitalization.....	1,521,658	1,174,605	2,696,263
Current liabilities.....	147,323	131,616	278,939
Deferred income taxes	313,253	155,900	469,153
Other deferred credits	14,543	163,102	177,645
Minority interest	1,215	-	1,215
	-----	-----	-----
Total capitalization and liabilities	\$1,997,992	\$1,625,223	\$3,623,215
	=====	=====	=====
Common shares outstanding (thousands)	54,847	29,486	97,307

Pro Forma Condensed Consolidated Statements of Income for the three months ended March 31, 1995 (in thousands of dollars, except per share amounts):

	WWP -----	SPR -----	PRO FORMA ----- (unaudited)
Operating revenues.....	\$197,928	\$160,146	\$358,074
Operating expenses.....	139,454	132,895	272,349
Income from operations.....	58,474	27,251	85,725
Income from continuing operations before preferred dividends.....	28,453	17,172	45,625
Income available for common stock.....	26,156	15,247	41,403
Average common shares outstanding	54,582	29,458	97,002
Earnings per share	\$0.48	\$0.52	\$0.43

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

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

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

RESULTS OF OPERATIONS

OVERALL OPERATIONS

Overall earnings per share for the first quarter of 1995 were \$0.48 compared to \$0.46 for the first quarter of 1994. The change was primarily the result of decreased purchased power and fuel expense, due to improved streamflow conditions and increased hydroelectric generation, and customer growth, partially offset by increased purchased gas costs.

Utility income available for common stock contributed \$0.43 to earnings per share in the first quarter of both 1995 and 1994. Non-utility income available for common stock contributed \$0.05 to earnings per share in the first quarter of 1995 compared to \$0.03 for the same period in 1994. The increase in non-utility operating results is primarily due to the impact of a transactional gain of \$1.3 million, net of tax, from the sale of Itron stock in 1995.

ELECTRIC OPERATIONS

Operating income summary

(Dollars in thousands)

	Three months ended March 31		Change	
	1995	1994	Amount	%
Operating Revenues.....	\$125,821	\$124,926	\$ 895	1
Operating Expenses:				
Purchased power.....	22,952	29,903	(6,951)	(23)
Fuel for generation.....	7,723	11,405	(3,682)	(32)
Other operating and maintenance.....	17,803	15,113	2,690	18
Administrative and general.....	9,669	8,579	1,090	13
Depreciation and amortization.....	12,120	11,974	146	1
Taxes other than income	10,407	9,847	560	6
Total operating expenses.....	80,674	86,821	(6,147)	(7)
Income from operations.....	45,147	38,105	7,042	18
Electric operations income taxes.....	12,897	11,244	1,653	15
Net operating income (1).....	\$ 32,250	\$ 26,861	\$5,389	20

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

Electric operating revenues increased \$0.9 million, or 1%, in the first quarter of 1995 over 1994, due primarily to 7% customer growth from the retail sector, of which approximately 4% resulted from the acquisition of PacifiCorp's electric properties in northern Idaho as of December 30, 1994. Weather in the first quarter of both 1995 and 1994 was essentially the same. Wholesale revenues were \$4.2 million, or 17%, lower in the first quarter of 1995 as a result of improved streamflow conditions and increased availability of hydroelectric generation in the region which led to lower market prices and reduced demand for secondary power.

ELECTRIC REVENUES AND KWH SALES BY SERVICE CLASS

Class	Increase (Decrease) from prior year			
	REVENUE		KWH SALES	
	(Dollars and kwh in millions)			
Residential	\$ 3.5	8%	51.9	6%
Commercial.....	2.6	8	31.0	5
Industrial	1.3	9	30.6	7
Wholesale	(4.2)	(17)	(201.8)	(25)

Improved streamflow conditions and increased hydroelectric generation caused purchased power costs to decline by \$7.0 million in the first quarter of 1995 over 1994. Fuel expense decreased by \$3.7 million in the first quarter of 1995 compared to 1994 as increased hydroelectric generation resulted in the economic dispatch of some of the thermal plants. Other operating and maintenance expenses increased \$2.7 million, or 18%, in the first quarter of 1995 primarily due to amortization of the Demand Side Management programs and lease payments and operating expenses related to the Rathdrum combustion turbine, which went into service during the first quarter of 1995. Administrative and general expenses increased by \$1.1 million in the first quarter of 1995 due primarily to lease payments for computer software systems and labor-related costs. Income taxes were up \$1.7 million from the first quarter of 1994, primarily due to increased operating income in the first quarter of 1995.

NATURAL GAS OPERATIONS

Operating income summary

(Dollars in thousands)

	Three months ended March 31		Change	
	1995	1994	Amount	%
Operating Revenues.....	\$59,136	\$53,489	\$5,647	11
Operating Expenses:				
Natural gas purchased.....	34,818	30,696	4,122	13
Other operating and maintenance.....	3,746	3,005	741	25
Administrative and general.....	3,268	2,896	372	13
Depreciation and amortization.....	2,445	1,935	510	26
Taxes other than income.....	3,233	2,996	237	8
Total operating expenses.....	47,510	41,528	5,982	14
Income from operations.....	11,626	11,961	(335)	(3)
Natural gas operations income taxes.....	3,706	3,971	(265)	(7)
Net operating income (1).....	\$ 7,920	\$ 7,990	\$ (70)	(1)
Actual Heating Degree Days for Spokane.....	2,587	2,615	(28)	(1)
30 Year Average Heating Degree Days.....	2,878	2,878		
Actual Heating Degree Days as a Percent of Historical Heating Degree Days	90%	91%		

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

Total natural gas revenues increased \$5.6 million, or 11%, in the first quarter of 1995, over 1994, primarily due to 7% customer growth in the retail sector, additional transportation customers and slightly higher average prices than last year. Total sales increased by 14.4 million therms across all classes except industrial.

NATURAL GAS REVENUES AND THERM SALES BY SERVICE CLASS

Class	Increase (Decrease) from prior year			
	REVENUE		THERM SALES	
	(Dollars and Therms in millions)			
Residential	3.6	13%	4.3	7%
Commercial	1.5	8	1.4	3
Industrial - firm	0.1	4	(0.1)	(2)
Industrial - interruptible	(0.3)	(33)	(0.9)	(32)
Off-system sales	0.1	-	1.8	-
Transportation	0.3	13	5.0	10

Total natural gas operating expenses increased by \$6.0 million, or 14%, in the first quarter of 1995. Purchased gas costs increased \$4.1 million in the first quarter of 1995 due primarily to increased therm sales as a result of customer growth. Other operating and maintenance expenses increased 25% in the first quarter of 1995 over 1994 primarily due to amortization of the Demand Side Management programs. Administrative and general expenses increased by 13% in 1995 over the first quarter of 1994, primarily due to lease payments for computer software systems and labor-related costs. Depreciation and amortization expense also increased by 26% during the first quarter of 1995 as a result of increased natural gas plant-in-service.

NON-UTILITY OPERATIONS

Operating income summary

(Dollars in thousands)	Three months ended March 31		Change	
	1995	1994	Amount	%
Operating revenues	\$12,971	\$12,456	\$ 515	4
Operating expenses	11,270	10,832	438	4
Income from operations	1,701	1,624	77	5
Other income - net	1,697	481	1,216	-
Income before income taxes	3,398	2,105	1,293	61
Income taxes	928	486	442	91
Net income	\$ 2,470	\$ 1,619	\$ 851	53

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

Pentzer's earnings for the first quarter of 1995 exceeded 1994 by \$1 million primarily due to the impact of a transactional gain of \$1.3 million, net of tax, from the sale of Itron stock in 1995.

In February 1995, Pentzer acquired The Decker Company, Inc., a company that designs and packages point-of-purchase displays and other marketing materials for national manufacturers of consumer products.

LIQUIDITY AND CAPITAL RESOURCES

UTILITY

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

Operating Activities Cash available from operating activities in the first quarter of 1995 declined by over \$10 million from the same period in 1994 primarily due to increases in materials and supplies expenses in addition to a decrease in payables. The decline was partially offset by the positive effect of the power and natural gas cost deferrals plus an increase in net income. See the Consolidated Statements of Cash Flows for additional details.

Investing Activities Cash used in investing activities decreased by more than \$20 million in the first quarter of 1995, when compared to the same quarter in 1994, primarily due to a 35% decline in construction expenditures. See the Consolidated Statements of Cash Flows for additional information.

Financing Activities Cash used in financing activities increased by over \$10 million in the three months ended March 31, 1995 when compared to the same time period in 1994. During the first quarter of 1995, \$30 million of Secured Medium Term Notes, Series B (Series B Notes) were issued with an average interest rate of 7.90% and an average maturity of 5.5 years. As of May 11, 1995, \$157 million of Series B Notes remained to be issued. Also in the first quarter of 1995, \$25 million of long-term debt with an average interest rate of 5.48% matured and was repaid.

Capital expenditures are financed on an interim basis with short-term debt. The Company has \$160 million in committed lines of credit. In addition, the Company may borrow up to \$60 million through other borrowing arrangements with banks. As of March 31, 1995, \$24.5 million was outstanding under the committed lines of credit. There were no other short-term borrowings outstanding.

The Company's total common equity increased by \$16 million during the first quarter of 1995 to \$679 million. The increase was primarily due to an increase in retained earnings in addition to the issuance of 441,000 shares of common stock in the first three months of 1995 through both the Dividend Reinvestment Plan and the Investment and Employee Stock Ownership Plan for proceeds of \$6.5 million. No shares were issued under the Company's Periodic Offering Program. The utility capital structure at March 31, 1995, was 49% debt, 9% preferred stock and 42% common equity as compared to 50% debt, 10% preferred stock and 40% common equity at year-end 1994.

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

NON-UTILITY

The non-utility operations have \$43.0 million in borrowing arrangements (\$23.4 million outstanding as of March 31, 1995) to fund corporate requirements on an interim basis. At March 31, 1995, the non-utility operations had \$34.7 million in cash and marketable securities with \$11.6 million in long-term debt outstanding.

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

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION.

Outstanding shares of the Company's no par value Common Stock are listed on both the New York Stock Exchange and the Pacific Stock Exchange.

REGULATORY PROCEEDINGS.

Merger On June 28, 1994, the Company announced that it had entered into a proposed merger agreement with SPR, SPPC and Resources West. Applications seeking approval of the merger were filed with the Federal Energy Regulatory Commission (FERC) and with the state utility commissions in the states of California, Idaho, Montana, Nevada, Oregon and Washington. The Montana Public Service Commission issued an order declining to exercise jurisdiction. Each of the other five states has set separate calendars for filings and hearings, which are all proceeding on schedule. The FERC has not yet established a procedural schedule for this proposed merger. However, the Company continues to anticipate receiving final orders from all jurisdictions and closing the merger transaction by the end of 1995. See Note 4 to Financial Statements for additional information.

FERC On March 29, 1995, the FERC issued a Notice of Proposed Rulemaking (NOPR) relating to transmission services and a supplemental NOPR on Recovery of Stranded Costs. If adopted, the NOPR on open access transmission would require public utilities operating under the Federal Power Act to provide third-party access to their transmission systems at comparable rates. The supplemental NOPR on stranded costs provides a basis for recovery by regulated public utilities of legitimate and verifiable stranded costs associated with existing wholesale requirements customers and retail customers who become unbundled wholesale transmission customers of the utility. FERC will consider allowing recovery of stranded investment costs associated with retail wheeling only if a state regulatory commission lacks the authority to consider that issue. The Company is currently evaluating the NOPR to determine its potential impact on the Company, its customers and on its proposed merger with SPR and SPPC. Comments on the NOPR are due by August 7, 1995. It is anticipated that the final rules could take effect in early 1996. The Company cannot predict the outcome of this matter.

ADDITIONAL FINANCIAL DATA.

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

	12 Months Ended	
	March 31, 1995	December 31, 1994
Ratio of Earnings to Fixed Charges	3.17(x)	3.24(x)
Ratio of Earnings to Fixed Charges and Preferred Dividend Requirements	2.55(x)	2.59(x)

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

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

(a) Exhibits.

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

(b) Reports on Form 8-K.

None.

SIGNATURE

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

THE WASHINGTON WATER POWER COMPANY

(Registrant)

Date: May 12, 1995

/s/ J. E. Eliassen

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

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	Years Ended December 31			
	March 31 1995	1994	1993	1992	1991
Fixed charges, as defined:					
Interest on long-term debt	\$ 51,928	\$ 49,566	\$ 47,129	\$ 51,727	\$ 52,801
Amortization of debt expense and premium - net	3,557	3,511	3,004	1,814	1,751
Interest portion of rentals	1,974	1,282	924	1,105	1,018
	-----	-----	-----	-----	-----
Total fixed charges	\$ 57,459	\$ 54,359	\$ 51,057	\$ 54,646	\$ 55,570
	=====	=====	=====	=====	=====
Earnings, as defined:					
Net income from continuing operations	\$ 78,960	\$ 77,197	\$ 82,776	\$ 72,267	\$ 70,631
Add (deduct):					
Income tax expense	45,773	44,696	42,503	41,330	38,086
Total fixed charges above	57,459	54,359	51,057	54,646	55,570
	-----	-----	-----	-----	-----
Total earnings	\$182,192	\$176,252	\$176,336	\$168,243	\$164,287
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges	3.17	3.24	3.45	3.08	2.96
Fixed charges and preferred dividend requirements:					
Fixed charges above	\$ 57,459	\$ 54,359	\$ 51,057	\$ 54,646	\$ 55,570
Preferred dividend requirements(2)	14,032	13,668	12,615	10,716	14,302
	-----	-----	-----	-----	-----
Total	\$ 71,491	\$ 68,027	\$ 63,672	\$ 65,362	\$ 69,872
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges and preferred dividend requirements	2.55	2.59	2.77	2.57	2.35

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

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

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF THE WASHINGTON WATER POWER COMPANY, INCLUDED IN THE QUARTERLY REPORT ON FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS	DEC-31-1995	MAR-31-1995
		PER-BOOK
1,333,164		
205,355		
138,055		
321,418		
	0	
	1,997,992	
		564,760
6,022		
	124,142	
694,924		
	85,000	
		50,000
	638,571	
	24,500	
	8,655	
0		
22,631		
	0	
	8	
		13
473,690		
1,997,992		
	197,928	
	16,732	
	139,454	
	139,454	
	58,474	
	1,217	
59,691		
	14,506	
		28,453
	2,297	
26,156		
	16,914	
	0	
	59,254	
		0.48
		0.48

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.