SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 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 November 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 September 30
Thousands of Dollars

	1996	1995
OPERATING REVENUES	$ 219,751	$ 157,869
OPERATING EXPENSES:		
Operations and maintenance	135,804	84,856
Administrative and general	19,322	14,844
Depreciation and amortization	18,070	15,591
Taxes other than income taxes	10,928	11,013
Total operating expenses	184,124	126,304
INCOME FROM OPERATIONS	35,627	31,565
OTHER INCOME (EXPENSE):		
Interest expense	(16,895)	(14,709)
Net gain on subsidiary transactions	6,850	--
Merger-related expenses	(303)	--
Other income (deductions)-net	57	1,152
Total other income (expense)-net	(10,291)	(13,557)
INCOME BEFORE INCOME TAXES	25,336	18,008
INCOME TAXES	6,972	7,123
NET INCOME	18,364	10,885
DEDUCT-Preferred stock dividend requirements	1,792	2,267
INCOME AVAILABLE FOR COMMON STOCK	$ 16,572	$ 8,618
Average common shares outstanding (thousands)	55,960	55,363
EARNINGS PER SHARE OF COMMON STOCK	$ 0.30	$ 0.16
Dividends paid per common share	$ 0.31	$ 0.31

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED STATEMENTS OF INCOME
The Washington Water Power Company

For the Nine Months Ended September 30
Thousands of Dollars

	1996	1995
OPERATING REVENUES	$ 663,655	$ 514,770
OPERATING EXPENSES:		
Operations and maintenance	367,438	253,102
Administrative and general	57,268	47,876
Depreciation and amortization	53,345	46,656
Taxes other than income taxes	37,643	36,994
Total operating expenses	515,694	384,628
INCOME FROM OPERATIONS	147,961	130,142
OTHER INCOME (EXPENSE):		
Interest expense	(47,461)	(44,160)
Net gain on subsidiary transactions	23,914	1,952
Merger-related expenses	(15,848)	--
Other income (deductions)-net	179	(38)
Total other income (expense)-net	(39,216)	(42,246)
INCOME BEFORE INCOME TAXES	108,745	87,896
INCOME TAXES	39,503	33,393
NET INCOME	69,242	54,503
DEDUCT-Preferred stock dividend requirements	6,199	6,863
INCOME AVAILABLE FOR COMMON STOCK	$ 63,043	$ 47,640
Average common shares outstanding (thousands)	55,960	54,980
EARNINGS PER SHARE OF COMMON STOCK	$ 1.13	$ 0.87
Dividends paid per common share	$ 0.93	$ 0.93

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

CONSOLIDATED BALANCE SHEETS
The Washington Water Power Company

Thousands of Dollars

	September 30, 1996	December 31, 1995
ASSETS:		
PROPERTY:		
Utility plant in service-net	$1,928,445	$1,880,620
Construction work in progress	33,403	23,046
Total	1,961,848	1,903,666
Less: Accumulated depreciation and amortization	581,850	546,248
Net utility plant	1,379,998	1,357,418
OTHER PROPERTY AND INVESTMENTS:		
Investment in exchange power-net	77,094	82,252
Non-utility properties and investments-net	153,489	135,612
Other-net	21,302	9,593
Total other property and investments	251,885	227,457
CURRENT ASSETS:		
Cash and cash equivalents	9,003	5,164
Temporary cash investments	17,795	27,395
Accounts and notes receivable-net	99,377	102,389
Materials and supplies, fuel stock and natural gas stored	33,196	38,004
Prepayments and other	16,149	11,020
Total current assets	175,520	183,972
DEFERRED CHARGES:		
Regulatory assets for deferred income tax	165,923	169,432
Conservation programs	58,927	62,793
Prepaid power purchases	34,272	32,605
Unamortized debt expense	23,465	25,684
Other-net	24,555	39,541
Total deferred charges	307,142	330,055
TOTAL	$2,114,545	$2,098,902
CAPITALIZATION AND LIABILITIES:		
CAPITALIZATION (See Consolidated Statements of Capitalization)	$1,561,999	$1,590,412
CURRENT LIABILITIES:		
Accounts payable	59,059	64,841
Taxes and interest accrued	51,935	39,415
Other	60,239	54,915
Total current liabilities	171,233	159,171
NON-CURRENT LIABILITIES AND DEFERRED CREDITS:		
Non-current liabilities	30,398	9,788
Deferred income taxes	306,636	307,529
Other	44,279	32,002
Total deferred credits	381,313	349,319
COMMITMENTS AND CONTINGENCIES (Notes 2 and 4)		
TOTAL	$2,114,545	$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

	September 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	(11,186)	(11,690)
Capital stock expense and other paid in capital	(10,103)	(10,072)
Unrealized investment gain-net	10,134	19,220
Retained earnings	136,154	125,031
Total common equity	719,852	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 - 5.95% to 8.06% due 2000 through 2023	230,000	250,000
Series B - 6.50% to 8.25% due 1997 through 2010	141,000	141,000
Total first mortgage bonds	454,700	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	41,500	29,500
Other	34,347	22,487
Total long-term debt	727,147	738,287
TOTAL CAPITALIZATION	$ 1,561,999	$ 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 Nine Months Ended September 30
Thousands of Dollars

	1996	1995
OPERATING ACTIVITIES:		
Net income	$ 69,241	$ 54,503
NON-CASH REVENUES AND EXPENSES INCLUDED IN NET INCOME:		
Depreciation and amortization	53,345	46,656
Provision for deferred income taxes	6,140	1,805
Allowance for equity funds used during construction	(567)	(624)
Power and natural gas cost deferrals and amortization	5,510	11,741
Deferred revenues and other-net	7,560	9,114
(Increase) decrease in working capital components:		
Receivables and prepaid expenses-net	6,139	11,467
Materials & supplies, fuel stock and natural gas stored	6,275	(7,798)
Payables and other accrued liabilities	1,890	3,483
Other-net	8,365	(16,594)
NET CASH PROVIDED BY OPERATING ACTIVITIES	163,898	113,753
INVESTING ACTIVITIES:		
Construction expenditures (excluding AFUDC-equity funds)	(60,804)	(51,527)
Other capital requirements	(590)	(523)
(Increase) decrease in other noncurrent balance sheet items-net	15,244	10,961
Assets acquired and investments in subsidiaries (Note 3)	(29,016)	(947)
NET CASH USED IN INVESTING ACTIVITIES	(75,166)	(42,036)
FINANCING ACTIVITIES:		
Increase (decrease) in short-term borrowings	12,000	(43,500)
Proceeds from issuance of long-term debt	--	58,000
Redemption and maturity of long-term debt	(35,000)	(45,000)
Redemption of preferred stock	(20,000)	--
Sale of common stock-net	720	9,761
Other-net	15,539	(3,157)
NET FINANCING ACTIVITIES BEFORE CASH DIVIDENDS	(26,741)	(23,896)
Less cash dividends paid	(58,152)	(49,088)
NET CASH USED IN FINANCING ACTIVITIES	(84,893)	(72,984)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,839	(1,267)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,164	5,178
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 9,003	$ 3,911
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION Cash paid during the period:		
Interest	$ 39,898	$ 34,918
Income taxes	$ 32,668	$ 26,356
Non-cash financing and investing activities	$ 42,762	$ 14,654

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

SCHEDULE OF INFORMATION BY BUSINESS SEGMENTS
The Washington Water Power Company

For the Three Months Ended September 30
Thousands of Dollars

	1996	1995
OPERATING REVENUES:		
Electric	$ 156,038	$ 116,564
Natural gas	22,141	24,191
Non-utility	41,572	17,114
Total operating revenues	$ 219,751	$ 157,869
OPERATIONS AND MAINTENANCE EXPENSES:		
Electric:		
Power purchased	$ 49,740	$ 23,061
Fuel for generation	13,902	12,612
Other electric	22,240	19,784
Natural gas:		
Natural gas purchased for resale	13,388	15,736
Other natural gas	4,791	4,268
Non-utility	31,743	9,395
Total operations and maintenance expenses	$ 135,804	$ 84,856
ADMINISTRATIVE AND GENERAL EXPENSES:		
Electric	$ 11,958	$ 9,183
Natural gas	3,614	2,735
Non-utility	3,750	2,926
Total administrative and general expenses	$ 19,322	$ 14,844
DEPRECIATION AND AMORTIZATION EXPENSES:		
Electric	$ 12,830	$ 12,401
Natural gas	2,624	2,415
Non-utility	2,616	775
Total depreciation and amortization expenses	$ 18,070	$ 15,591
INCOME FROM OPERATIONS:		
Electric	$ 36,282	$ 29,986
Natural gas	(3,876)	(2,145)
Non-utility	3,221	3,724
Total income from operations	$ 35,627	$ 31,565
INCOME AVAILABLE FOR COMMON STOCK:		
Utility operations	$ 10,492	$ 5,927
Non-utility operations	6,080	2,691
Total income available for common stock	$ 16,572	$ 8,618
ASSETS: (1995 amounts at December 31)		
Electric	$ 1,456,881	$ 1,440,560
Natural gas	267,784	274,408
Common plant	28,763	28,104
Other utility assets	97,164	129,319
Non-utility assets	263,953	226,511
Total assets	$ 2,114,545	$ 2,098,902
CAPITAL EXPENDITURES (excluding AFUDC/AFUCE):		
Electric	$ 12,778	$ 11,100
Natural gas	9,030	6,730
Common plant	1,569	3,081
Non-utility	454	349
Total capital expenditures	$ 23,831	$ 21,260

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

SCHEDULE OF INFORMATION BY BUSINESS SEGMENTS
The Washington Water Power Company

For the Nine Months Ended September 30
Thousands of Dollars

	1996	1995
OPERATING REVENUES:		
Electric	$ 443,886	$ 345,454
Natural gas	112,720	118,631
Non-utility	107,049	50,685
Total operating revenues	$ 663,655	$ 514,770
OPERATIONS AND MAINTENANCE EXPENSES:		
Electric:		
Power purchased	$ 115,836	$ 61,551
Fuel for generation	27,610	23,371
Other electric	66,639	55,700
Natural gas:		
Natural gas purchased for resale	63,457	72,502
Other natural gas	13,474	11,830
Non-utility	80,422	28,148
Total operations and maintenance expenses	$ 367,438	$ 253,102
ADMINISTRATIVE AND GENERAL EXPENSES:		
Electric	$ 35,512	$ 29,322
Natural gas	11,426	9,269
Non-utility	10,330	9,285
Total administrative and general expenses	$ 57,268	$ 47,876
DEPRECIATION AND AMORTIZATION EXPENSES:		
Electric	$ 38,393	$ 36,868
Natural gas	7,911	7,274
Non-utility	7,041	2,514
Total depreciation and amortization expenses	$ 53,345	$ 46,656
INCOME FROM OPERATIONS:		
Electric	$ 129,687	$ 109,352
Natural gas	9,715	11,103
Non-utility	8,559	9,687
Total income from operations	$ 147,961	$ 130,142
INCOME AVAILABLE FOR COMMON STOCK:		
Utility operations	$ 44,153	$ 40,024
Non-utility operations	18,890	7,616
Total income available for common stock	$ 63,043	$ 47,640
ASSETS: (1995 amounts at December 31)		
Electric	$1,456,881	$1,440,560
Natural gas	267,784	274,408
Common plant	28,763	28,104
Other utility assets	97,164	129,319
Non-utility assets	263,953	226,511
Total assets	$2,114,545	$2,098,902
CAPITAL EXPENDITURES (excluding AFUDC/AFUCE):		
Electric	$ 32,183	$ 30,894
Natural gas	20,435	16,735
Common plant	6,180	5,582
Non-utility	1,603	1,130
Total capital expenditures	$ 60,401	$ 54,341

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

THE WASHINGTON WATER POWER COMPANY

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying financial statements of The Washington Water Power Company (Company) for the interim periods ended September 30, 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, together with $100 million in punitive damages.

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 held on October 11, 1996. Following the conclusion of that conference, briefing schedules were vacated indefinitely to accommodate a mediation process. A status conference has been requested by the Ninth Circuit Mediator on January 10, 1997. 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

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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 1995. The DOE issued a responsiveness summary in April 1996 which presented the DOE and public comments on the RI/FS. The DOE prepared an Amended Consent Decree and Draft Cleanup Action Plan (DCAP) for public review and comment on August 26, 1996. Public comments were received through October 24, 1996. A responsiveness summary will be prepared and a final cleanup action plan will be issued. The Amended Consent Decree will then be entered by the Superior Court in Spokane, probably in December, 1996. It is anticipated that the cleanup action plan will become final by the end of 1996. The oil spill cleanup design will begin once approval is received. Construction may commence as early as the spring of 1997 and will extend through 1997. As of September 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 uninsured 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 Final Order, the Washington Supreme Court remanded the issue for hearing on appropriate sanctions other than disqualification. A Status and Scheduling Conference was held on November 4, 1996 and resulted in an appointment of a Discovery Master. Hearing was also set on a variety of pending motions, including a motion by plaintiffs to consolidate all liability trials to be heard on January 27, 1997. Still pending is a Motion for Discretionary Review before the Washington Court of Appeals (Div. III) on class certification issues, which is anticipated for hearing in February 1997. Trial date(s) are anticipated in the fall of 1997. 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

In March 1996, Pentzer Development Corporation, a subsidiary of Pentzer, sold the Spokane Industrial Park, resulting 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

As previously reported, 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 Company had approximately $15.8 million in merger-related transaction and transition costs that were expensed in 1996. The merger-related costs expensed in the second quarter as operating charges were reclassified as non-operating expenses in the third quarter. 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 third quarter of 1996 increased to $0.30 from $0.16 in 1995. The increase in earnings was primarily due to improved electric results, as a result of increased sales from the wholesale electric business. Retail electric sales also increased, primarily as a result of weather. The increase in earnings was also the result of a $4.7 million after-tax transactional gain from the sale of Itron, Inc. (Itron) stock by Pentzer Corporation (Pentzer).

Overall earnings per share for the first nine months of 1996 increased to $1.13 from $0.87 in 1995. 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's subsidiaries and a $4.7 million after-tax transactional gain from Pentzer's sale of a portion of its Itron stock. 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 electric customers due to weather conditions. Year-to-date earnings also reflect the expensing of $15.8 million, or $0.18 per share on an after-tax basis, 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 and Sierra Pacific Power Company, a subsidiary of SPR, with and into Altus Corporation, a wholly owned subsidiary of the Company (Altus, formerly named Resources West Energy Corporation). The merger-related costs expensed in the second quarter as operating charges were reclassified as non-operating expenses in the third quarter. (See Note 4 to the Financial Statements for additional information about the merger termination.)

Utility income available for common stock contributed $0.19 to earnings per share for the third quarter of 1996 compared to $0.11 in the third quarter of 1995. Non-utility income available for common stock contributed $0.11 to earnings per share for the third quarter of 1996 compared to $0.05 in the same period in 1995. Utility income available for common stock contributed $0.79 to earnings per share for the first nine months of 1996 compared to $0.73 in the same period in 1995. Non-utility income available for common stock contributed $0.34 to earnings per share for the first nine months of 1996 compared to $0.14 in the same period in 1995.

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UTILITY OPERATIONS

OPERATING REVENUES

Electric operating revenues increased $39.5 million in the third quarter of 1996 over 1995. Wholesale revenues totaled $63.5 million in the third quarter of 1996, an increase of $33.5 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 123% of normal, due to streamflows which were 125% of normal during the third quarter of 1996. Wholesale kWh sales were more than three times greater in the third quarter of 1996 as compared to 1995, which offset the decline of 34% in average prices in the third quarter of 1996. Other revenues increased $2.2 million from the third quarter of 1995 as a result of transmission revenues associated with new wholesale contracts. Residential and commercial revenues rose by a combined $3.2 million in the third quarter of 1996 due partially to weather that was warmer than normal in August, which increased air conditioning load, and colder than normal during September, which increased heating load, and customer growth. Industrial revenues increased $0.5 million in the third quarter of 1996 compared to the same period in 1995 due primarily to customer growth.

Electric operating revenues increased $98.4 million in the first nine months of 1996 over 1995. Wholesale revenues totaled $153.7 million in the first nine months of 1996, an increase of $83.3 million from the same period in 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 127% of normal, due to streamflows which were 145% of normal during the first nine months of 1996. Wholesale kWh sales during the first nine months of 1996 more than tripled from the same period in 1995, which more than offset the decline of 35% in average prices during 1996. Year-to-date, other revenues increased $2.5 million in 1996 over 1995 due to increased transmission revenues associated with new wholesale contracts. Residential and commercial revenues rose by a combined $11.2 million in the first nine months of 1996 as a result of increased customer usage primarily due to temperature variations that affected energy sales for space heating and cooling during various months in 1996 and a 2.7% growth in residential and commercial customers. Year-to-date 1996, industrial revenues increased $1.5 million from the previous year due largely to increased sales as a result of customer growth.

Total natural gas revenues decreased $2.1 million in the third quarter of 1996 compared to the same period in 1995, primarily due to a $1.8 million decrease in non-retail sales and decreases in natural gas prices. Purchased gas cost adjustments effective in Washington, Idaho and Oregon during December 1995 decreased the rates paid by customers by 13.58%, 16.68% and 5.82%, respectively. Weather 26% colder than normal during September 1996 increased therm sales, which partially offset the decrease in residential and commercial revenues due to lower prices. The decrease in revenues from non-retail sales was offset by like decreases in purchased gas expense. The number of natural gas customers increased 5.3% in the third quarter of 1996 as compared to 1995.

Total natural gas revenues decreased $5.9 million in the first nine months of 1996 compared to the same period in 1995, primarily due to a $3.6 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 and September of 1996 due to colder than normal weather.

OPERATING EXPENSES

Total operating expenses increased by $33.2 million for electric operations and decreased by $0.3 million for natural gas operations during the third quarter of 1996 compared to 1995. For the first nine months of 1996, total operating expenses increased by $78.1 million for electric operations and decreased by $4.5 million for natural gas operations from 1995.

Commitments under new firm wholesale sales contracts and increased spot market sales resulted in a $26.7 million increase in electric purchased power costs during the third quarter of 1996. New firm wholesale contracts and increased spot market sales, combined with increased electric retail sales as a result of increased customer usage due to temperature variations that affected energy sales for space heating and cooling during various months in

1996, caused a $54.3 million increase in electric purchased power costs during the first nine months of 1996 as compared to 1995.

Fuel costs increased $1.3 million and $4.2 million in the third quarter of 1996 and year-to-date, respectively, compared to 1995 as a result of higher generation at thermal plants during 1996. The increase in generation in both periods of 1996 was primarily the result of increased wholesale sales during the current year.

Purchased gas costs decreased $2.3 million during the third quarter of 1996 and $9.0 million year-to-date primarily as a result of decreases in non-retail and industrial sales, sales of natural gas to the Rathdrum turbine and lower natural gas prices.

Other operating and maintenance expenses increased by $2.5 million, or 12%, for electric operations and $0.5 million, or 12%, for natural gas operations during the third quarter of 1996. The increased electric expenses were the result of a $1.3 million increase in transmission expenses due to the increased energy the Company purchased from other sources and a $0.5 million increase in the Idaho Power Cost Adjustment (PCA). Other operating and maintenance expenses increased by $10.9 million, or 20%, for electric operations and $1.6 million, or 14%, for natural gas operations during the first nine months of 1996. The increased electric expenses were the result of a $7.5 million increase in the Idaho PCA and a $1.8 million increase in transmission expenses due to the increased energy the Company purchased from other sources. Both electric and natural gas operations were also 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 during both the quarter and year-to-date periods.

Administrative and general expenses increased $3.7 million in the third quarter of 1996, primarily due to increases in labor-related costs and development of a financial information system. Administrative and general expenses increased $8.3 million in the first nine 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 information system.

Taxes other than income increased by $0.9 million for electric operations during the first nine months 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 $0.2 million for electric and natural gas operations, respectively, in the third quarter of 1996 compared to 1995, due to a $2.6 million adjustment resulting from the resolution of 1993/1994 tax audit issues, partially offset by increased income taxes on electric operations due to increased operating income in 1996. Income taxes on electric operations increased by $5.2 million in the first nine months of 1996 compared to 1995, as a result of increased electric operating income year-to-date, partially offset by the income tax adjustment in the third quarter of 1996. Income taxes on natural gas operations decreased $0.7 million in the first nine months of 1996 compared to 1995, as a result of decreased natural gas operating income year-to-date and the income tax adjustment.

NON-UTILITY OPERATIONS

Non-utility operations include the results of Pentzer and other subsidiaries directly owned by the Company. 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 those 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 $24.5 million and $25.0 million, respectively, in the third quarter of 1996 and by $56.4 million and $57.5 million, respectively, in the first nine months of 1996 over the previous year, primarily as a result of Pentzer's acquisitions.

Pentzer's earnings for the third quarter of 1996 exceeded 1995 by $4.1 million primarily due to the $4.7 million after-tax transactional gain from the sale of a portion of Pentzer's Itron stock. There were no transactional gains during the third quarter of 1995. Non-transactional earnings were lower than 1995 by $0.5 million due to reduced earnings from Pentzer Development Corporation as a result of the sale of Spokane Industrial Park earlier in the year. Total income available for common stock from non-utility operations increased to $6.1 million from $2.7 million in the third quarter of 1995.

Pentzer's earnings for the first nine months of 1996 were greater than 1995 by $12.5 million primarily due to the impact of after-tax transactional gains of $10.8 million from the sale of Spokane Industrial Park in the first quarter of 1996 and the $4.7 million from the sale of Itron stock. 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. Total income available for common stock from non-utility operations increased to $18.9 million during the first nine months of 1996 compared to $7.6 million in the same period in 1995.

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LIQUIDITY AND CAPITAL RESOURCES

UTILITY

The Company funds its utility 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 capital expenditures.

Operating Activities Cash available from operating activities in the first nine months of 1996 increased by $50.0 million from the same period in 1995 primarily due to a $14.7 million increase in net income and changes in various working capital components, such as decreases in materials and supplies, fuel stock and natural gas stored, prepayments on power contracts and payables, partially offset by an increase in receivables 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 $37.0 million in the first nine months of 1996, when compared to the same period in 1995, primarily due to the purchase of a new company by Pentzer and the Company's purchase of common stock in newly formed WWP subsidiaries. Cash used in investing activities also increased as a result of establishment of trusts for postretirement medical benefits and coal 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 on the sale of Spokane Industrial Park resulted in the receipt of a note receivable. See the Consolidated Statements of Cash Flows for additional information.

Financing Activities Cash used in financing activities decreased by approximately $11.9 million in the first nine months of 1996 when compared to the same period in 1995. Bank borrowings increased by $12.0 million in the first nine months of 1996. To-date in 1996, $15 million of Unsecured Medium-Term Notes (MTNs) and $20 million of Secured MTNs matured and $20 million of Preferred Stock Series I was redeemed, primarily funded by a combination of increased cash generated by operating activities during the first quarter of 1996 and increased short-term bank borrowings. The only securities issued in the first nine 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.

In November 1996, the Company and its newly formed Trusts will file a Registration Statement with the Securities and Exchange Commission for authorization to issue up to and including $150 million of any combination of Subordinated Debt Securities of the Company and Preferred Securities of the Trust guaranteed by the Company, in one or more series and amounts, at prices and on terms to be determined at the time of the offering.

Capital expenditures are financed on an interim basis with short-term debt. The Company has $160 million in committed lines of credit, with $29.5 million outstanding at September 30, 1996. In addition, the Company may borrow up to $60 million through other borrowing arrangements with banks. As of September 30, 1996, $12.0 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 short-term borrowing arrangements available ($32.2 million outstanding as of September 30, 1996) to fund corporate requirements on an interim basis. At September 30, 1996, the non-utility operations had $28.4 million in cash and marketable securities with $44.9 million in long-term debt outstanding.

The 1996-1998 non-utility capital expenditures are expected to be $6 million, and $21 million in debt maturities will also occur. During the next three years, internally-generated cash and other debt obligations are expected to provide the majority of the funds for the non-utility capital expenditure requirements. These estimates of capital expenditures are subject to continuing review and adjustment. Actual capital expenditures may vary from these estimates due to factors such as changes in business conditions, acquisitions or sales of businesses and other transactions.

TOTAL COMPANY

The Company's total common equity increased by $2.7 million during the first nine months of 1996 to $719.9 million. The increase was primarily due to an $11.1 million increase in retained earnings, partially offset by a $9.1 million decrease in unrealized investment gains from Pentzer's investment in Itron and other marketable securities. The Company's consolidated capital structure at September 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 5. OTHER INFORMATION.

REGULATORY PROCEEDINGS.

Direct Access Tariff In May, 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 to allow eligible customers to choose their supplier to serve up to one-third of their electric load. The only eligible customers are 30 of the Company's largest customers in the two states. The WUTC approved the tariff in June, effective September 1, 1996; the IPUC approved the tariff on September 6, 1996, effective the same day. This trial tariff is effective through August 31, 1998. The tariff will 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 Company's financial condition or results of operations.

PCA Tariff In 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 expired 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 provides Idaho residential customers an overall electric rate decrease of 4.77%.

Purchased Gas Adjustment (PGA) In September, the Company filed a request for a PGA with the IPUC that reflects decreases from the Company's suppliers in the cost of gas purchased. The IPUC approved the filing, effective November 1, that will reduce the natural gas rates charged to residential customers by 8.5%.

National Power Marketer Certification In September, the Federal Energy Regulatory Commission (FERC) approved the Company's application for National Power Marketer certification. This will allow the Company, or a subsidiary of the Company, to buy electricity and natural gas for resale to utilities and other customers throughout the United States.

THE WASHINGTON WATER POWER COMPANY

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ADDITIONAL FINANCIAL DATA.

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

	12 Months Ended September 30, 1996	December 31, 1995
Ratio of Earnings to Fixed Charges	3.41 (x)	3.22 (x)
Ratio of Earnings to Fixed Charges and Preferred Dividend Requirements	2.84 (x)	2.61 (x)

The Company has long-term purchased power arrangements with various Public Utility Districts and the interest expense components of these contracts are included in purchased power expenses. These interest amounts would 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.

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: November 14, 1996

/s/ J. E. Eliassen

J. E. Eliassen

Senior Vice President - Finance and
Chief Financial Officer
(Principal Accounting and
Financial Officer)

EXHIBIT 12

THE WASHINGTON WATER POWER COMPANY

Computation of Ratio of Earnings to Fixed Charges and Preferred Dividend Requirements Consolidated

(Thousands of Dollars)

	12 Mos. Ended September 30, 1996	Years Ended December 31 1995	1994	1993	1992 (1)
Fixed charges, as defined:					
Interest on long-term debt	$ 59,200	$ 55,580	$ 49,566	$ 47,129	$ 51,727
Amortization of debt expense and premium - net	3,124	3,441	3,511	3,004	1,814
Interest portion of rentals	4,344	3,962	1,282	924	1,105
Total fixed charges	$ 66,668	$ 62,983	$ 54,359	$ 51,057	$ 54,646
Earnings, as defined:					
Net income from continuing ops	$101,860	$ 87,121	$ 77,197	$ 82,776	$ 72,267
Add (deduct):					
Income tax expense	58,526	52,416	44,696	42,503	41,330
Total fixed charges above	66,668	62,983	54,359	51,057	54,646
Total earnings	$227,054	$202,520	$176,252	$176,336	$168,243
Ratio of earnings to fixed charges	3.41	3.22	3.24	3.45	3.08
Fixed charges and preferred dividend requirements:					
Fixed charges above	$ 66,668	$ 62,983	$ 54,359	$ 51,057	$ 54,646
Preferred dividend requirements (2)	13,319	14,612	13,668	12,615	10,716
Total	$ 79,987	$ 77,595	$ 68,027	$ 63,672	$ 65,362
Ratio of earnings to fixed charges and preferred dividend requirements	2.84	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 NINE MONTHS ENDED SEPTEMBER 30, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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9-MOS
DEC-31-1996
SEP-30-1996
PER-BOOK
1,379,998
251,885
175,520
307,142
0
2,114,545
583,667
31
136,154
719,852
65,000
50,000
626,907
41,500
28,223
0
34,763
0
5,517
1,668
541,115
2,114,545
663,655
39,503
515,694
515,694
147,961
8,245
156,206
47,461
69,242
6,199
63,043
52,043
0
163,898
1.13
1.13

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, DEFFERED 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.