

**Calculation of Revenue Requirement
Washington - Electric System
Twelve Months Ended December 31, 1998**

Line No.	Description	(000's of Dollars)
1	Pro Forma Rate Base excl Kettle Falls	\$635,985
2	Proposed Rate of Return	9.930%
3	Net Operating Income Requirement	\$63,153
4	Kettle Falls Rate Base	\$26,858
5	Proposed Rate of Return w/2% incentive	10.870%
6	Net Operating Income Requirement	\$2,919
7	Total Net Oper Income Requirement	\$66,072
8	Pro Forma Net Operating Income	\$49,771
9	Net Operating Income Deficiency	\$16,301
10	Conversion Factor	0.620919
11	Revenue Requirement	\$26,253
12	Total General Business Revenues	\$251,759
13	Percentage Revenue Increase	10.43%
Kettle Falls Rate Base Calculation		
1997 Balances		
15	Plant Accounts	\$91,666
16	Accum Depr	(34,152)
17	Net Plant	57,514
18	Accum Deferred FIT	(15,741)
19	Net Disallowance	(1,949)
20	Net Kettle Falls Rate Base	39,824
1998 Balances		
21	Plant Accounts	\$90,176
22	Accum Depr	(33,506)
23	Net Plant	56,670
24	Accum Deferred FIT	(14,470)
25	Net Disallowance	(1,841)
26	Net Kettle Falls Rate Base	40,359
27	Average Net Kettle Falls Rate Base	\$40,092
28	Washington Prod/Trans Ratio	66.990%
29	Washington Kettle Falls Rate Base	\$26,858