

SERVICE DATE
JUN 22 1990

NOTICE TO PARTIES:

This is a final order of the Commission. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-09-810, or a petition for rehearing pursuant to RCW 81.04.200 and WAC 480-09-820(1).

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	DOCKET NO. UE-900093
)	
vs.)	SECOND SUPPLEMENTAL ORDER
)	ACCEPTING STIPULATION
THE WASHINGTON WATER POWER)	
COMPANY,)	
)	
Respondent.)	
.)	

PROCEEDINGS: On January 30, 1990, The Washington Water Power Company (hereafter referred to as "WWP", "Respondent" or "Company") filed tariff revisions designed to recover increased power costs associated with a contract with the Bonneville Power Administration (BPA). Concurrently, the Respondent petitioned for an accounting order approving deferred accounting of all cost increases or decreases under its BPA contract, so that deferred costs would be amortized to expense as revenues are received under the BPA Tracking Rate Adjustment. The filing was suspended by the Commission on February 7, 1990 pending hearings as to its reasonableness and justness. On June 4, 1990, a proposed Stipulation Resolving Contested Issues was submitted to the Commission by the Respondent, Commission Staff and intervenor WICFUR; all parties, except Public Counsel, joined in the Stipulation.

HEARINGS: Pursuant to due and proper notice to all interested parties, an initial hearing session was held in Olympia on March 22, 1990, followed by hearings before Chairman Sharon L. Nelson, Commissioner Richard D. Casad and Commissioner A. J. Pardini in Olympia on April 12 and June 4, 1990. A hearing for the purpose of taking testimony from members of the public was held in Spokane on June 8, 1990.

388

APPEARANCES: The Respondent was represented by David Meyer and Gary A. Dahlke, Attorneys at Law, Spokane. The Staff of the Washington Utilities and Transportation Commission was represented by Marjorie R. Schaer, Assistant Attorney General, Olympia. The public of the State of Washington was represented by Charles F. Adams, Assistant Attorney General, Seattle. Intervenor Washington Industrial Committee For Fair Utility Rates (WICFUR) was represented by Mark P. Trincherro and Grant E. Tanner, Attorneys at Law, Portland, Oregon.

SUMMARY: The Commission accepts the Stipulation Resolving Contested Issues submitted by the Respondent, Commission Staff and WICFUR. The Stipulation is a reasonable resolution of the matters before the Commission in this filing. The Respondent is allowed to reflect in rates, the purchased power costs of 43 mills per kilowatt-hour (kWh) in accordance with the WNP-1 Exchange Agreement, per the February 27, 1990 Settlement Agreement. After giving effect to the stipulated adjustments to the results of operation study, together with the agreed-upon recovery of WNP-1 exchange costs, the resulting increase in the Company's revenue requirement is \$3,832,474.

The Commission authorizes tariff revisions which reflect this revenue increase, resulting in a uniform 0.094 cents per kWh increase for all blocks of the Company's retail rate schedules, except for street and area light schedules, which are to be increased by 0.094 cents per kWh for the kWh usages of individual light types and sizes rounded to the nearest five cents. The Respondent withdraws its request for the establishment of a deferred accounting mechanism. Revised conservation caps are established for accruing AFUCE (Allowance for Funds Used to Conserve Energy) and the deferral of conservation amortization.

I. PROCEDURAL HISTORY

On January 30, 1990, the Respondent filed tariff revisions designed to recover increased power costs associated with a contract between it and the Bonneville Power Administration (BPA). It also concurrently petitioned for an accounting order approving deferred accounting of all future cost increases or decreases under its BPA contract.

The filing was suspended on February 7, 1990, pending hearings as to the tariff's reasonableness and justness. A hearing was held on March 22, 1990 for the resolution of preliminary matters. The presentation of WWP's case and the cross-examination thereof was heard on April 12, 1990.

II. PROPOSED STIPULATION

On June 4, 1990, a proposed Stipulation Resolving Contested Issues was submitted to the Commission by the Respondent, Commission Staff and intervenor WICFUR; all parties, except Public Counsel, joined in the Stipulation. A hearing on the Stipulation was conducted on June 4, 1990. Testimony from members of the public was taken at a hearing in Spokane on June 8, 1990, which was followed by oral argument from the parties. Intervenor WICFUR filed written comments in lieu of oral argument.

The parties to the Stipulation agreed that the Company would be allowed to reflect in rates as of July 1, 1990, the purchased power costs of 43 mills per kWh, in accordance with the WNP-1 Exchange Agreement, under its February 27, 1990 WNP-1 Settlement Agreement with BPA, Exhibit No. 5. The Company withdrew its request for the establishment of a deferred accounting mechanism; the recovery of cost increases associated with the WNP-1 Settlement Agreement will be, at the Company's option, the subject of subsequent filings.

The Respondent contends that the proposed Stipulation is a "sensible and reasonable" resolution of the issues. The Company pointed out in oral argument that offsetting a tracker by Commission basis reporting is unique to this case, it sets no precedent, and it will not tie the parties' or the Commission's hands in the future. It called the Stipulation a reasonable balance of the interests of ratepayers, the Company and all parties to this proceeding. The Respondent recommended that the Commission approve the Stipulation.

The Commission Staff recommended that the Commission approve the Stipulation. Staff pointed out that the Stipulation resolves issues based on prior Commission decisions, except for the new Hydro adjustment, which corrects for previously overstated hydro generation. Staff did not recommend the disallowance of executive salaries or bonuses, but indicated that it would argue that and other matters in the Company's next general rate case. Commission Staff recommended approval of the Stipulation as a fair resolution of the matter before the Commission.

Public Counsel expressed some concerns with the Stipulation, primarily with the wage and bonus issue. Public Counsel did not sign the Stipulation. Although Public Counsel did not present evidence, he argued that the executive wage increases and bonuses were inappropriate and that they should be disallowed. Public Counsel thus argued that the Stipulation should be modified. Possible options mentioned by Public Counsel were (1) rejecting any increases subsequent to 1988 or (2)

390

allowing a 4.5% or 4.6% increase, which is roughly consistent with some of the increases given to unionized, non-management employees.

Intervenor Washington Industrial Committee for Fair Utility Rates (WICFUR) signed the Stipulation and urged the Commission to accept it as filed. WICFUR viewed the Stipulation as a fair and reasonable resolution of complex contested issues. WICFUR noted that the Respondent's legitimate revenue requirements are being recognized and that certain issues are properly being deferred to future proceedings. WICFUR further noted that nothing in the Stipulation limits the Commission's, or the parties' right to address in future cases, issues that are resolved or deferred by the Stipulation.

III. PUBLIC PARTICIPATION

A hearing for members of the public was held in Spokane on June 8, 1990. Many members of the public attended the hearing and presented live testimony, while others submitted written statements to the Commission.

The Commission was favorably impressed with the participation from the public. While a large segment opposed any rate increase for any reason, several ratepayers made specific comments about issues, primarily WWP's executive pay increases and bonuses. The consensus of those witnesses was that the bonuses were excessive and should not be passed on to ratepayers. The public testimony also pointed out that low income and elderly ratepayers have difficulty in paying high electric bills. Members of the public also expressed concern about the proposed siting of a high voltage transmission line.

IV. COMMISSION DISCUSSION

The Commission has reviewed the proposed Stipulation and concludes that its approval is in the public interest. Provision is properly made for the Respondent to reflect in rates effective July 1, 1990, its purchased power costs of 43 mills per kWh in accordance with the WNP-1 Exchange Agreement, per the February 27, 1990 Settlement Agreement. After giving effect to the stipulated adjustments to the results of operation study, together with the agreed-upon recovery of WNP-1 exchange costs, the resulting increase in the Company's revenue requirement is \$3,832,474. The Company has withdrawn its request for deferred accounting.

The Stipulation resolves matters pending before this Commission and defers certain issues. One such matter that will be examined in a future proceeding is the executive wage and

bonus issue. The comments from members of the public in this regard and the recommendations from Public Counsel were duly considered by the Commission, but there is insufficient evidence in this record on which to base a disallowance. The Commission accepts the treatment in the Stipulation based on the parties' understanding and our ruling that doing so does not approve that part of the result or bind the Commission to that treatment in any future case. This and other issues will be properly examined in the Company's next general rate case. The Commission also restates that siting of the proposed transmission line is not a part of this proceeding.

The Stipulation satisfactorily resolves a number of difficult issues for purposes of this case. The interests of ratepayers and shareholders under the Stipulation have been weighed by the Commission. Upon full review of the matter, the Commission concludes that it will accept the Stipulation as being consistent with the public interest.

FINDINGS OF FACT

Having discussed the evidence above in detail, the Commission now makes the following summary of facts as found. Portions of the preceding detailed findings pertaining to the ultimate facts are incorporated herein by this reference.

1. The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities and transfers of public service companies, including electric companies.

2. The Washington Water Power Company is engaged in the business of furnishing electric service for hire within the state of Washington, and, as such, is a public service company, subject to regulation by the Washington Utilities and Transportation Commission.

3. On January 30, 1990, the Washington Water Power Company filed certain tariff revisions designed to recover increased power costs associated with a contract with the Bonneville Power Administration and also petitioned for an accounting order seeking approval of a deferred accounting mechanism of costs under its BPA contract.

4. On June 4, 1990, a proposed Stipulation Resolving Contested Issues was submitted to the Commission by the Respondent, Commission Staff and intervenor WICFUR. The Stipulation is attached to this order as Appendix A and is incorporated herein by this reference. The Stipulation contains

392

an agreed-upon results of operation study and a resulting \$3,832,474 increase in the Company's revenue requirement. As a part of the Stipulation, the Company withdrew its request for the establishment of a deferred accounting mechanism in this proceeding. The Stipulation also provides for revised conservation caps for accruing AFUCE (Allowance for Funds Used to Conserve Energy) and the deferral of conservation amortization. The Stipulation is acceptable to the Commission.

5. The tariff revisions originally filed by the Respondent should be rejected. The Respondent should be authorized to file revisions consistent with the provisions of the proposed Stipulation.

CONCLUSIONS OF LAW

1. The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of this proceeding and the parties thereto.

2. The Commission has reviewed the terms of the proposed Stipulation and concludes that its acceptance is proper and is consistent with the public interest. Therefore, the Stipulation should be adopted.

3. All motions made in the course of this proceeding which are consistent with the findings, conclusions and decision herein should be granted, and those inconsistent therewith should be denied.

O R D E R

WHEREFORE, THE COMMISSION HEREBY ORDERS:

1. The proposed Stipulation is approved and adopted in its entirety.

2. The tariff revisions filed herein by the Washington Water Power Company on January 30, 1990, now under suspension and docketed in Docket No. UE-900093, are rejected in their entirety.

3. The Respondent is authorized to file revisions to Tariff Schedule 52 in accordance with the terms of the Stipulation approved herein.

4. All motions consistent herewith are granted and those inconsistent are denied.

5. Jurisdiction is retained by the Washington

Utilities and Transportation Commission to effectuate the provisions of this order.

DATED at Olympia, Washington, and effective this 22nd day of June, 1990.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Sharon L. Nelson
SHARON L. NELSON, Chairman

Richard D. Casad
RICHARD D. CASAD, Commissioner

A. J. Pardini
A. J. PARDINI, Commissioner

BEFORE THE
 WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	
)	
Complainant,)	Docket No. UE-900093
)	
v.)	
)	STIPULATION RESOLVING
THE WASHINGTON WATER POWER COMPANY,)	CONTESTED ISSUES
)	
Respondent.)	
)	

WHEREAS, on January 30, 1990, The Washington Water Power Company (the Company) filed with the Washington Utilities and Transportation Commission (the Commission) a Petition For An Order Approving Increased Electric Rates and for an Accounting Order; and

WHEREAS, the undersigned represent all parties (with the exception of Public Counsel) who have intervened and participated in this proceeding; and

WHEREAS, the undersigned parties believe that a Stipulation concerning remaining issues will serve to facilitate and expedite the resolution of this case and is otherwise in the public interest; and

WHEREAS, the undersigned parties wish to present this Stipulation to this Commission for its consideration and approval, at the earliest opportunity;

NOW, THEREFORE, the undersigned parties hereby agree to the following, for purposes of resolving all issues in this case:

- I. STIPULATION CONCERNING REVENUE REQUIREMENT ISSUES, INCLUDING INCREASED RATES TO COVER WNP-1 EXCHANGE AGREEMENT COSTS.

The parties hereby agree to the following stipulations, resolving among themselves all remaining issues in this proceeding:

A. Rate Increase Associated With The WNP-1 Exchange Agreement.

The Company shall be allowed to reflect, in rates, as of July 1, 1990, the purchased power costs of 43 mills per KWH, in accordance with the WNP-1 Exchange Agreement, as per the Settlement Agreement dated February 27, 1990, entered into between the Company, BPA and the Supply System. (See Exh. 5) The Company withdraws its request, in this proceeding, for the establishment of a deferred accounting mechanism which would cover the increase in costs under the WNP-1 Settlement Agreement over the term of the Agreement. Instead, the Company may, at its option, choose to file to recover any cost increases associated with the WNP-1 Settlement Agreement by means of subsequent filings.

B. Proformed Adjustments to Results of Operations.

For purposes of reaching a stipulation in this case only, the parties have agreed to net against the revenue requirement associated with the tracking of WNP-1 costs, proforma results of operations for the test period ending June 30, 1989. Accordingly, the Staff's proformed results of operations study, as contained within prefiled Exhibit No. MRL-2 has been further modified, by agreement of the parties, in order to reflect the resolution of several issues discussed below. Appendix A contains the agreed-upon results of operation study. After giving effect to the agreed-upon adjustments to the results of operations study as contained within Appendix A, together with the agreed-upon recovery of WNP-1 exchange costs, the resulting increase in the Company's revenue requirement is \$3,832,474, as derived in Appendix B.

The use of an agreed-upon proformed results of operation study for purposes of limiting the cost recovery associated with the WNP-1 Exchange Agreement, is unique to this proceeding and shall not be construed or relied upon as precedent in subsequent proceedings before

this or other Commissions. Nor should this stipulation be construed as an agreement that "Commission-basis" operating results of the Company, as filed pursuant to WAC 480-100-031, should be used to cap or otherwise adjust cost increases otherwise recoverable through "tracking" proceedings.

Appendix A contains the agreed-upon adjustments to the results of operations study originally proffered by Staff (see Exhibit MRL-2), and includes agreement on the following contested issues:

(1) Hydro Generation Adjustment to Power Supply Costs.

The parties agree that prior hydro regulation studies used for ratemaking have overstated the Company's hydro generation due to incorrect data contained in the hydro regulation model. This, in turn, has led to the understatement of power supply expense. Accordingly, the parties have agreed to adjust normalized levels of hydro generation in order to better reflect the actual hydro generation that could be expected to occur during normal streamflow conditions.

For purposes of this case, the parties have agreed to the hydro generation adjustment shown in column q of Appendix A, which is a conservative portrayal. In order to facilitate the future review of the Company's power supply adjustment, the Company agrees to provide, as an informational filing, in the next rate case, a "production factor adjustment," similar to that utilized by Puget Sound Power & Light Company, and approved by the Commission in Docket Nos. U-89-2688-T and U-89-2955-T.

(2) Colstrip and Kettle Falls Fuel Costs.

For purposes of arriving at a proformed results of operations study, the parties have agreed to reflect the most recent price of coal used to fuel the Company's Colstrip generation, as adjusted for a full twelve months of estimated Colstrip fuel usage. Kettle Falls

fuel costs have also been adjusted to reflect the weighted average of fuel prices for firm deliveries to the Kettle Falls plant. [The impact of these adjustments on the results of operations is reflected in column (r) of Appendix A.]

(3) WIDCo Adjustment.

In its prefiled testimony, the Staff proposed to reduce the cost of coal reflected in the Company's rates, so that WIDCo's return on its investment would not exceed the Company's approved return on equity of 12.9%, as approved in Docket No. U-88-2380-T. The parties have agreed to reflect a portion of Staff's WIDCo adjustment, based on a review of the twelve month period ended June 30, 1989. [See column (r) of Appendix A.]

(4) Wages/Benefits.

The parties have agreed to utilize the actual amount of the 1990 non-union wage increase, instead of earlier, lower estimates. With respect to the 1990 union wage increase, the parties will accept as an accurate portrayal, the union-approved increase in wages, as per the vote of union members on May 17, 1990. [See column (ag) of Appendix A.]

(5) Pension Expense Adjustment.

The level of pension costs shall be proformed to reflect actual company-funded contributions for 1990 (i.e., at "zero"). For financial reporting purposes, the level of expense recorded will match the level of actual funding. Furthermore, the parties agree in principle that the Company should be allowed to amortize pension prepayments over a suitable period of time, but that such a request for amortization will be the subject of a subsequent filing by the Company.

C. Rate Design/Implementation.

The Company shall refile Tariff Schedule 52 (BPA Tracking Rate Adjustment), in order to reflect a revenue increase of \$3,832,474, to become effective July 1, 1990. The increase, as reflected in revised Schedule 52, shall be a uniform cents per KWH increase of 0.094 cents/KWH applicable to all blocks of the Company's retail rate schedules, except for street and area light schedules. (The rates for street and area light schedules are to be increased by 0.094 cents per KWH for the kilowatt-hour usages of individual light types and sizes rounded to the nearest five cents.) The uniform ¢/KWH spread of the rate increase shall not be deemed by the parties or by the Commission as establishing precedent for the allocation of tracking increases.

II. DISPOSITION OF NON-REVENUE REQUIREMENT ISSUES.

Although not directly affecting the determination of the agreed-upon revenue requirement, certain issues have otherwise arisen in the prefiled testimony of staff and have been resolved in the following manner:

A. Revised Conservation Caps.

The parties have agreed that revised conservation caps shall be established for accruing AFUCE (allowance for funds used to conserve energy) and the deferral of conservation amortization. In accordance with the conditions established by the Commission in Docket No. 89-3054-T, and in the Commission's letter dated October 18, 1989, accrual of AFUCE would only be allowed if the Company's total investment in conservation/weatherization exceeded a certain level. The parties have herein agreed that the original cap of \$20,005,720, representing 1988 ending balances, should be revised to \$18,016,000, on a system basis. Moreover, the level of conservation/weatherization

amortization to be included in results of operations should be subject to a revised cap of \$3,540,000 on a system basis.

B. Levels of Allowed Kettle Falls Investment.

All issues pertaining to the Commission allowed amount of Kettle Falls gross investment for ratemaking purposes shall be deferred to a later proceeding. (See, e.g. prefiled testimony of Staff witness Nguyen at pages 2-6.)

C. Consideration of Staff Proposed "Tracking" Options.

Consideration of Staff's proposed option to expand the "tracker" concept as used in the past for cost increases of the Bonneville Power Administration (BPA) into a semi-annual rate adjustment for changes in purchased power and conservation-related costs shall be deferred to a later proceeding, e.g., Docket No. UE-900385 (Notice of Inquiry concerning least cost planning). (See "resource cost" tracking proposal as described in Staff witness Winterfeld testimony beginning at page 14 (Exhibit CKW-1).)

III. RESERVATION OF RIGHTS/MISCELLANEOUS

A. The various provisions of this Stipulation are not severable, and in the event that the Commission does not approve this Stipulation as submitted, then the Stipulation shall become privileged and it shall not be admissible in evidence or in any way described or discussed in any judicial or administrative proceeding. Moreover, if this Stipulation is not accepted, the parties expressly reserve all rights to present testimony and conduct such cross-examination as may be necessary in order to address issues raised in this proceeding.

B. The parties understand that this Stipulation will be presented to the Commission at the commencement of hearings scheduled for June 4, 1990. At such time, the parties agree to make representatives available to testify in support of this Stipulation.

C. The parties have agreed to enter, by stipulation, all testimony and exhibit material prefiled by them in this case, but with the understanding that the terms of the Stipulation shall govern, if accepted by the Commission, where inconsistent with the position set forth in such testimony.

DATED this 4th day of June 1990.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

By: Marjorie R. Schaer
Marjorie R. Schaer
Assistant Attorney General

THE WASHINGTON WATER POWER COMPANY

By: David J. Meyer
David J. Meyer
Attorneys for The Washington Water Power Company

THE WASHINGTON INDUSTRIAL COMMITTEE FOR FAIR UTILITY RATES (WICFUR)

By: Grant E. Tanner
Grant E. Tanner
Mark P. Trinchero
Attorneys for WICFUR

\DJM\P\148R:dr

The Washington Water Power Company
 Electric Results of Operation
 Twelve Months Ended June 30, 1989
 Cause No. UE-90-0089
 (Thousands of dollars)

UNITED STATES DISTRICT COURT
 DISTRICT OF COLUMBIA
 401

Line No.	Description	Actual ^a	Deferred FIT ^b	Gain on Office Bldg. Sale ^c	Cobstrip 3 AFUDC Eliminations ^d	Cobstrip Common AFUDC ^e	Kettle Falls Par U-83-26 ^f	Weatherization and Conservation ^g
Revenues:								
1	Total General Business	206,354	0	0	0	0	0	0
2	Interdepartmental Sales	669						
3	Sales for Resale	44,397						
4	Other Revenue	5,859						
5	Total Electric Revenue	256,279	0	0	0	0	0	0
Expenses:								
Production & Transmission:								
6	Operating	43,031						
7	Purchased Power	37,802						
8	Depreciation & Amortization	16,616			(224)	59	(171)	
9	Taxes	8,587						
10	Total Production & Transmission	106,116	0	0	(224)	59	(171)	0
Distribution:								
11	Operating	6,935						
12	Depreciation	6,392						
13	Taxes	10,171						
14	Total Distribution	31,498	0	0	0	0	0	0
15	Customer Accounting	6,955						
16	Customer Service & Information	3,092						
17	Marketing	663						
Administrative & General:								
18	Operating	13,924						
19	Depreciation	1,717						
20	Taxes	242						
21	Total Administrative & General	15,883	0	0	0	0	0	0
22	Federal Income Taxes	24,225					50	
23	Total Operating Expenses	180,432	0	0	(224)	59	(121)	0
24	Net Operating Income	67,847	0	0	224	(59)	121	0
25	Settlement Exchange	0						
26	Adjusted Net Operating Income	67,847	0	0	224	(59)	121	0
Rate Base:								
27	Plant in Service	783,684			(7,115)	596	(5,483)	11,806
28	Conservation Investment Loss	0						
29	Accumulated Depr. & Amort.	159,632		3,076	(1,110)		(35)	
30	Other Deferred Credits (Debits)	0		(1,345)			(738)	
31	Deferred Taxes	0	52,310					
32	Net Rate Base	624,052	(52,310)	(1,731)	(5,997)	595	(4,710)	11,006
33	Rate of Return	10.87%						

This Washington Water Power Company
 Electric Results of Operation
 Twelve Months Ended June 30, 1989
 Cause No. UE-90-0093
 (Thousands of dollars)

Line No.	Description	Restated Total	Unbilled Revenue	Weather Normalization	Power/Supply	FUEL PRO FOR Anti WDCO Adjustment	Accounts Receivable Expense	WWP-1 Exchange Agreement Costs	Revenue Normalization
Revenues:									
1	Total General Business	206,354	(84)	672					(414)
2	Interdepartmental Sales	669							
3	Sales for Resale	44,397			(9,961)				
4	Other Revenue	5,859			516				
5	Total Electric Revenue	256,279	(84)	672	(9,445)	0	0	0	(414)
Expenses:									
Production & Transmission:									
6	Operating	43,031							
7	Purchased Power	37,082			(3,107)	364		7,716	
8	Depreciation & Amortization	14,444			(8,870)				
9	Taxes	8,587							
10	Total Production & Transmission	103,944	0	0	(11,977)	364	0	7,716	0
Distribution:									
11	Operating	6,936							
12	Depreciation	6,392							
13	Taxes	18,171	(3)	26					(16)
14	Total Distribution	31,498	(3)	26	0	0	0	0	(16)
15	Customer Accounting	7,192		3			(1,516)		(2)
16	Customer Service & Information	3,092							
17	Marketing	663							
Administrative & General:									
18	Operating	13,876		1					(1)
19	Depreciation	1,717							
20	Taxes	242							
21	Total Administrative & General	15,835	0	1	0	0	0	0	(1)
22	Federal Income Taxes	23,062	(28)	218	861	(124)	516	(2,623)	(134)
23	Total Operating Expenses	165,276	(31)	248	(11,116)	240	(1,002)	5,093	(153)
24	Net Operating Income	71,003	(53)	424	1,671	(240)	1,002	(5,093)	(261)
25	Settlement Exchange	8,309							
26	Adjusted Net Operating Income	62,694	(53)	424	1,671	(240)	1,002	(5,093)	(261)
Rate Base:									
27	Plant in Service	771,477							
28	Conservation Investment Loss	11,806							
29	Accumulated Depr. & Amort.	150,479							
30	Other Deferred Credits (Deductions)	3,367							
31	Deferred Taxes	46,046							
32	Net Rate Base	575,391	0	0	0	0	0	0	0
33	Ratio of Return	10.9096							

The Washington Water Power Company
 Electric Results of Operation
 Twelve Months Ended June 30, 1939
 Cause No. UE-90-0853
 (Thousands of Dollars)

Line No.	Description	Cladwater Hydro Turbine	Eliminate II & O Taxes	Excise Tax	Property Tax	Depreciation Adjustment	Uncollectible Expense	Regulatory Expense
		v	w	x	y	z	aa	ab
Revenues:								
1	Total General Business		(6,884)					
2	Interdepartmental Sales							
3	Sales for Resale							
4	Other Revenue							
5	Total Electric Revenue	0	(6,804)	0	0	0	0	0
Expenses:								
Production & Transmission:								
6	Operating	40						
7	Purchased Power					27		
8	Depreciation & Amortization							
9	Taxes				(44)			
10	Total Production & Transmission	40	0	0	(44)	27	0	0
Distribution:								
11	Operating							
12	Depreciation					(64)		
13	Taxes		(6,888)	(5,36)				
14	Total Distribution	0	(6,888)	(5,36)		(64)	0	0
15	Customer Accounting							
16	Customer Service & Information							
17	Marketing							(122)
Administrative & General:								
18	Operating							
19	Depreciation							(21)
20	Taxes				7	(59)		
21	Total Administrative & General	0	0	0	7	(59)	0	(21)
22	Federal Income Taxes	(13)	1	182	(20)	33	41	7
23	Total Operating Expenses	27	(6,887)	(354)	38	(63)	(81)	(14)
24	Net Operating Income	(27)	3	364	(38)	63	81	14
25	Settlement Exchange							
26	Adjusted Net Operating Income	(27)	3	364	(38)	63	81	14
Rate Base:								
27	Plant in Service	377				92		
28	Conservation Investment							
Less:								
29	Accumulated Depr. & Amort.					(48)		
30	Other Deferred Credits (Doubts)							
31	Deferred Taxes	118				33		
32	Net Rate Base	289	0	0	0	107	0	0
33	Rate of Return							

The Washington Water Power Company
 Electric Results of Operation
 Twelve Months Ended June 30, 1989
 Cause No. UE-90-0093
 (Thousands of dollars)

Appendix A
 Page 5 of 5

Line No.	Description	Insurance Expense ac	Injuries and Damage ad	Pro Forma Ind ab	FIT Adjustment al	Wages and Benefits ag	CEP and EHO ah	Pro Forma Total al
Revenues:								
1	Total General Business							198,644
2	Interdepartmental Sales							669
3	Sales for Resale							34,436
4	Other Revenue							6,375
5	Total Electric Revenue	0	0	0	0	0	0	240,124
Expenses:								
Production & Transmission:								
6	Operating					363		40,651
7	Purchased Power							36,768
8	Depreciation & Amortization							14,471
9	Taxes				(48)			8,495
10	Total Production & Transmission	0	0	0	(48)	363	0	100,385
Distribution:								
11	Operating					341		7,276
12	Depreciation							6,328
13	Taxes							10,849
14	Total Distribution	0	0	0	0	341	0	24,453
Customer Accounting								
15	Customer Accounting					228		5,701
16	Customer Service & Information					30		3,122
17	Marketing					36		699
Administrative & General:								
18	Operating	92	87			368	(224)	14,178
19	Depreciation							1,658
20	Taxes							249
21	Total Administrative & General	92	87	0	0	368	(224)	16,085
22	Federal Income Taxes	(31)	(30)	1,250	(584)	(465)	76	22,105
23	Total Operating Expenses	61	57	1,250	(632)	901	(148)	172,710
24	Net Operating Income	(61)	(57)	(1,250)	632	(901)	148	67,414
25	Settlement Exchange							8,309
26	Adjusted Net Operating Income	(61)	(57)	(1,250)	632	(901)	148	59,105
Rate Base:								
27	Plant in Service							771,946
28	Conservation Investment							11,806
Less:								
29	Accumulated Depr. & Amort.							158,431
30	Other Deferred Credits (Benefits)							3,367
31	Deferred Taxes							46,197
32	Net Rate Base	0	0	0	0	0	0	575,757
33	Rate of Return							10.27%

THE WASHINGTON WATER POWER COMPANY
Revenue Requirement
Washington - Electric

Appendix B

1	Washington Rate Base		575,757,000
2	Authorized Rate of Return	10.67%	
3	Gross ROI Requirement		61,635,272
4	Conservation Investment		
5	Common Equity Ratio		11,806,000
6	From U-60-2180	37.39%	
7	Conservation Return	2.00%	
8	Additional Return on Equity Portion	0.08747%	80,285
9	Total ROI Requirement		61,521,557
10	Less Pro Forma Net Operating Income		59,105,062
11	ROI Deficiency		2,416,496
12	Conversion Factor		0.630532
13	Revenue Requirement Deficiency		3,812,676
UMP-1 Exchange Agreement			
14	ROI of UMP-1 (Adjustment 1)		5,093,000
15	Conversion Factor		0.630532
16	Revenue Requirement of UMP-1		8,077,312
17	Recommended Revenue Requirement		3,812,676
18	ROM (from Exhibit 12, page 3)		4,077,044,689
19	Recommended Cents per kWh Increase		90.0000%

12:59:00

0111 12:59:00

12:59:00

0111-01-10-100 THE