WWP NEWS

A News Release From The Washington Water Power Company

Ice Storm '96: Washington Water Power Electric Prices Will Remain Unchanged

WWP Estimates Cost of Ice Storm Power Restoration Efforts Will Range Between $10-15 Million

SPOKANE, Wash., Dec. 5 /PRNewswire/ -- Washington Water Power (NYSE: WWP) said today that preliminary estimates to repair Ice Storm-related damages to the company's electric system range between $10-15 million.

Paul A. Redmond, Washington Water Power's chairman of the board and chief executive officer, said electric prices will remain unchanged in the aftermath of Ice Storm and the subsequent related storms that caused extensive damage to the company's electric transmission and distribution systems.

"Make no mistake, this natural disaster has caused a significant financial loss for our company," Redmond said. "But our decision is to write-off the cost of this storm against our 1996 fourth quarter earnings. In preserving our ten-year record of energy price stability, our customers will see no change in electric prices as a result of the storm damage costs."

Redmond estimated that the impact on company earnings would be in the range of $0.08-$0.14 per share on an after-tax basis. He said there is no insurance coverage available to cover this type of storm.

About 80-90 percent of storm-related costs will be operations and ntenance expenses, including labor and materials for the repair of damaged es, transformers and other equipment. The remainder of the cost represents capital expenditures to replace poles and other equipment damaged beyond repair.

Rob Fukai, Washington Water Power's vice president of external relations, said the company has initiated an extensive review of its response to Ice Storm.

"We're interested in learning all we can from this extraordinary event," Fukai said. "Every event provides an opportunity for improvement. What we take away from our review of the events of Ice Storm will be extremely valuable as we prepare for the future."

Fukai said the company's review would focus on several key areas, including information systems and communication technology, operations and maintenance practices and procedures, coordination of people, materials and equipment, internal and external communications and information flow, and field safety practices.

"We're open to all constructive input," Fukai said. "Our review will involve state utility regulators, city and county officials, Emergency Operations Center officials, our own field and office employees, other utilities, the public, and the media."

In the aftermath of the initial ice storm, Washington Water Power estimated that at least 100,000 of its electric customers were without service. Within 72 hours of the initial storm, electric service had been restored to about 75 percent of affected customers.

(more)

"Without question, this storm caused the most damage we've ever seen to our electric system," said Nancy Racicot, Washington Water Power's senior vice president and general manager for the company's energy delivery business. "In the first eight hours of the storm, our area received 1 1/4 inches of precipitation, all in the form of ice. Every part of our system suffered extensive damage -- from our transmission system all the way down to individual home services. Damage was so extensive in some areas that we literally had to rebuild the system from the ground up."

Initial work focused on the restoration of vital services, which included services critical to infrastructure, health and emergency services, environmental-related services, and services that affect the general well-being of the community.

Racicot added that the thrust of the restoration effort was to repair lines that would restore service to the greatest number of customers. She said initial efforts were concentrated on the repair of the company's transmission system. With the transmission system intact, crews could then turn their attention to the lengthy process of repairing the dozens of main distribution feeders that were out of service.

Racicot said each distribution feeder had to be patrolled foot-by-foot to make sure the line was clear of trees and other related debris. Only after the line had been cleared could it be brought back into service.

"It was a laborious, time-intensive process, but for the safety of our crews and our customers, that was how this work had to be done," Racicot said.

She said the same process had to be repeated in restoring service on the "lateral" lines -- those lines that come off the main distribution feeders and extend into individual neighborhoods. The final phase of the process involved restoring power to individual services -- the wires that extend from the distribution transformer to homes and businesses.

"The most gratifying part of the restoration process was the outpouring of support from the community and the generosity of our customers toward our people in the field," Racicot said. "It was heartening for our employees, in the face of this natural disaster, to know how much their efforts were appreciated."

More than 180,000 man-hours were devoted to Ice Storm power restoration -- or the equivalent of 1,300 people working 24 hours per day through the restoration effort. At the peak of the storm, Washington Water Power's call center received nine times the normal volume of calls. The call center received more than 109,000 calls over the duration of the power restoration effort. In some cases, the company purchased more than six times its average annual use of certain construction materials.

SOURCE Washington Water Power

-0- 12/05/96

/CONTACT: Dana Anderson, 509-482-4174, or Patrick Lynch, 509-482-4246, both of Washington Water Power/

/WWP's press releases available through Company News On-Call by fax, 800-758-5804, ext. 959537, or at http://www.prnewswire.com/

(WWP)