

Deloitte & Touche LLP

THE WASHINGTON WATER POWER COMPANY

Depreciation Study as of December 31, 1997

Prod _____ Transm _____ Distr Genl _____

Account 1376 - Mains

Depreciable Balance \$ 106,337,540

Depreciation Reserve \$ 30,302,837

	PRIOR STUDY	EXISTING	CURRENT STUDY
Average Service Life, Yrs	<u>55</u>	<u>55</u>	<u>55</u>
Iowa Curve	<u>R2</u>	<u>---</u>	<u>R2</u>
Remaining Life, Yrs	<u>40.29</u>	<u>38.6</u>	<u>42.61</u>
Salvage, %	<u>3</u>	<u>3</u>	<u>15</u>
Cost of Removal, %	<u>53</u>	<u>23</u>	<u>60</u>
Net Salvage, %	<u>(50)</u>	<u>(20)</u>	<u>(45)</u>
Rate, %	^{ALG} <u>2.92</u> / ^{EL6} <u>3.57</u>	<u>2.22</u>	<u>2.73</u>

Account Content: 5390 Steel
4790 Plastic

Life Analysis:

Salvage Analysis:

WUTC		
DOCKET NO. <u>UE-991606</u>		
EXHIBIT # <u>301</u>		
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Deloitte & Touche LLP

THE WASHINGTON WATER POWER COMPANY
 Depreciation Study as of December 31, 1997
 Life Analysis

PROD _____ TRANSM _____ DISTR _____ GNL _____

Account 1376 - Mains

BAND	PRIOR		CURRENT	
	ASL	CURVE	ASL	CURVE
5 Year	_____	_____	_____	_____
6 Year	_____	_____	_____	_____
10 Year	_____	_____	_____	_____
Full () ()	_____	_____	_____	_____
Other () ()	_____	_____	_____	_____
Selection	<u>55</u>	<u>R2</u>	_____	_____
Balance	\$ <u>66,107,221</u>		\$ <u>106,337,540</u>	

Notes: NO CURVE FIT

Avg. Age Rets. 13.62
 Avg. Age Survs. 15.02

CANNOT JUSTIFY ASL INCREASE

USE 55-R2

Deloitte & Touche LLP

THE WASHINGTON WATER POWER COMPANY
 Depreciation Study as of December 31, 1997
 Salvage and Cost of Removal Analysis

Prod _____ Transm _____ Distr Genl _____

Account 1376 - Mains

Band	EXISTING			CURRENT		
	Salv %	COR %	Net Salv %	Salv %	COR %	Net Salv %
5 Year	<u>3</u>	<u>23</u>	<u>(20)</u>	<u>16</u>	<u>65</u>	<u>(49)</u>
10 Year	<u>13</u>	<u>28</u>	<u>(15)</u>	<u>11</u>	<u>-1</u>	<u>(38)</u>
Full (2) (15)	<u>32</u>	<u>24</u>	<u>+8</u>	<u>14</u>	<u>47</u>	<u>33</u>
Other () ()	_____	_____	_____	_____	_____	_____
Selection	<u>8</u>	<u>28</u>	<u>(20)</u>	<u>15</u>	<u>45</u>	<u>(30)</u>
Balance	<u>\$ 66,106,716</u>			<u>\$ 106,337,540</u>		

Notes: 1992 Prime cost plus - based on 1992 baseline assumptions.

AGE OF RETIREE
 VERY YOUNG RELATIVE
 TO EXPECTED ASL

BASED ON FULL
 EXPERIENCE
 INITIAL
 SELECTIONS SALV. 15%
 COR 45%

TERMINAL COR ESTIMATED
 TO BE ~ 311%

See Age Sensitivity Adjustment

USE
 SALV 15%
 COR 60%