(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF THE WASHINGTON WATER POWER COMPANY FOR AN ORDER AUTHORIZING ISSUANCE OF UP TO TWO MILLION SHARES OF NEW SERIES PREFERRED STOCK, SERIES L; MANDATORY CONVERSION OF PREFERRED STOCK, SERIES L, INTO COMMON STOCK; AND ISSUANCE OF COMMON STOCK AT THE OPTION OF WASHINGTON WATER POWER IN CONNECTION WITH THE CONVERSION OF THE NEW PREFERRED STOCK.  | ))))))))))))) | CASE NO. WWP-U-98-1 NOTICE OF APPLICATIONNOTICE OF MODIFIED          PROCEDUREORDER NO. 27720 |

Pursuant to Chapter 9, Title 61, of the Idaho Code and the Commission’s Rules of Procedure, (IDAPA 31.01.01.141-150), on August 18, 1998, Washington Water Power filed an Application for a Commission Order authorizing a new stock issuance as described below.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that  Washington Water Power states it is a Washington corporation, qualified to do business in Washington, Idaho, Montana, Oregon and California that owns and operates property in Eastern Washington, Northern Idaho, Western Montana, Central & Southwest Oregon, and South Lake Tahoe, California.

YOU ARE FURTHER NOTIFIED thatWashington Water Power states it is engaged in the generation, transmission, distribution, and sale of electric energy, which it sells at retail to approximately 301,000 residential, commercial, and industrial customers in Eastern Washington and Northern Idaho, and at wholesale to public utilities, municipalities and others.  Washington Water Power further stated that its electric properties are operated as a unified system and are interconnected with adjacent electric utilities.  The electric energy sold by Washington Water Power is generated in power stations, which it owns in whole or in part or obtained, by purchase or exchange from other utilities and governmental agencies.  Washington Water Power states that  natural gas is distributed and sold to approximately 251,000 residential commercial and industrial customers in Eastern Washington, Northern Idaho, Central & Southwest Oregon, and South Lake Tahoe, California.

YOU ARE FURTHER NOTIFIED that in this Application Washington Water Power requests the Commission issue an Order, pursuant to Idaho Code §§ 61-901 through 61-904, authorizing it to:

(a)issue up to two million (2,000,000) shares of Preferred Stock, Convertible Series L, in exchange for up to twenty-million (20,000,000) shares of Common Stock;

(b)issue shares of Common Stock upon the mandatory conversion of the Preferred Stock into Common Stock on the Mandatory Conversion Date, on the basis of ten shares of Common Stock for one share of new Preferred Stock (subject to antidilution adjustments as described in the documents submitted with this Application); and

(c)issue shares of Common Stock in connection with the conversion of the new Preferred Stock, at the option of the Washington Power, prior to the Mandatory Conversion Date in a number sufficient for the Optional Conversion Price and the Optional Conversion Premium.

YOU ARE FURTHER NOTIFIED that Washington Water Power states that no person has received or will be entitled to receive from Washington Water Power any fee for services in connection with the exchange of Common Stock for Depository Shares, other than fees for legal, accounting or similar professional or technical services or for the services in securing underwriters.

YOU ARE FURTHER NOTIFIED that Washington Water Power states that the proposed exchange of Common Stock for Depository Shares, representing one-tenth of a share of Preferred Stock, if authorized by this Commission, will be for a lawful purpose in accordance with and permitted by the provisions of the governing statutes under which the Application is made, in that the proposed transaction is consistent with the public interest and necessary or appropriate for the proper performance of service as a public utility by Washington Water Power.

YOU ARE FURTHER NOTIFIED that this Application does not propose any change to rates to be charged by Washington Water Power for electric or natural gas service to consumers in Idaho.

YOU ARE FURTHER NOTIFIED that this Application, together with supporting exhibits, has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that pursuant to Idaho Code § 61-902 and on its own motion, the Commission has determined that the public interest may not require a formal hearing in this matter and, therefore, will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through -.204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the date of this Notice.  The comment must contain a statement of reasons supporting the comment.  Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

COMMISSION SECRETARYDIANE C. THOREN

IDAHO PUBLIC UTILITIES COMMISSIONTHE WASHINGTON WATER POWER COMPANY

PO BOX 83720EAST 1411 MISSION AVENUE

BOISE, IDAHO  83720-0074SPOKANE, WA  99202-2600

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

These comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that persons desiring a hearing must specifically request a hearing in their written comments and set forth specifically the ground or grounds of why a hearing is necessary.  Requests for hearing must also contain a statement of the nature and quantity of evidence or argument the person will offer if a hearing is held.

YOU ARE FURTHER NOTIFIED that if no written comments are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing.  If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 et seq.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

O R D E R

IT IS HEREBY ORDERED that upon review of the filings in this case and determination of the Commission, that this Case No. WWP-U-98-1 shall be processed by Modified Procedure, Commission Rules of Procedure 201-204, IDAPA 31.01.01.201-04.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of September 1998.

DENNIS S. HANSEN, PRESIDENT

RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

O:wwpu981.cc

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

September 4, 1998