



August 19, 2009

David W. Danner
Executive Director
Washington Utilities & Transportation Commission
1300 S. Evergreen park Drive SW
Olympia, WA 98504-7250

Dear Mr. Danner,

RE: Notice of Avista Corporation
That It No Longer Intends to Form a Holding Company
(Docket No. U-060273)

By Order No. 03, the Commission approved the formation of a holding company structure by Avista Corporation, subject to certain commitments and contingencies, including receipt of all necessary regulatory approvals. As discussed below, Avista has determined that it does not intend to proceed with the proposed formation of a holding company.

By way of background, at the 2006 Annual Meeting of Shareholders, the shareholders of Avista approved a proposal to proceed with a statutory share exchange, which would have changed the Company's organization to a holding company structure. Avista subsequently received approval from the Federal Energy Regulatory Commission, conditioned on approval by the state regulatory agencies. The Company had also received approval from the Washington Utilities and Transportation Commission (WUTC) and the Idaho Public Utilities Commission (IPUC), having reached agreement with staffs of those commissions and other parties, as to the terms of various proposed financial and other conditions and commitments on the part of the Company and the proposed new holding company. The Company was unable, however, to reach agreement with interested parties in proceedings before the Public Utility Commission of Oregon (OPUC).

At the August 14, 2009 meeting of the Avista Corp. Board of Directors, the Board of Directors concluded that the conditions and commitments proposed in proceedings before the OPUC would present risks and uncertainties such that it would not be in the best interests of the Company's shareholders, or the Company's customers, to accept

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such conditions. Therefore, the Board of Directors determined that the consummation of the statutory share exchange contemplated in the Plan of Share Exchange would not be in the best interest of the Company or its shareholders at this time, and accordingly, abandoned the plan of share exchange and related transactions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kelly Norwood". The signature is written in a cursive, flowing style.

Kelly Norwood
Vice President
Avista Corporation
State and Federal Regulation

c: Service List

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have served Avista Corporation's Notice that it no longer intends to form a Holding Company in Docket U-060273, by mailing a copy thereof, postage prepaid to the following:

David W. Danner, Executive Director
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Dated at Spokane, Washington this 19th day of August 2009.



Patty Olsness
Rates Coordinator