

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): March 24, 2008

**AVISTA CORPORATION**

(Exact name of registrant as specified in its charter)

**Washington**  
(State or other jurisdiction of  
incorporation)

**1-3701**  
(Commission  
File Number)

**91-0462470**  
(I.R.S. Employer  
Identification No.)

**1411 East Mission Avenue, Spokane, Washington**  
(Address of principal executive offices)

**99202-2600**  
(Zip Code)

Registrant's telephone number, including area code: 509-489-0500  
Web site: <http://www.avistacorp.com>

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Section 7 – Regulation FD Disclosure**

### **Item 7.01 Regulation FD Disclosure.**

The information in this report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Management of Avista Corporation (Avista Corp.) will be giving a business update at the Edward Jones Midcap Utility Conference on March 25, 2008 at 9:50 am ET at the New York Palace Hotel in New York. The presentation will be web cast and will be available in the “Investors” section of Avista Corp.’s website at:

<http://investor.avistacorp.com/phoenix.zhtml?c=97267&p=irol-calendar>.

In addition, management will have meetings with investors on March 25 and 26, 2008 and provide the same business update presentation. A copy of the business update presentation is furnished as Exhibit 99.1.

As part of this update, Avista Corp. will be confirming earnings guidance for 2008. This 2008 earnings guidance was included in Avista Corp.’s fourth quarter and fiscal year 2007 earnings release furnished on Form 8-K on February 20, 2008.

Any reference to Avista Corp.’s Internet address shall not, under any circumstances, be deemed to incorporate the information available at such Internet address into this Current Report. The information available at Avista Corp.’s Internet address is not part of this Current Report or any other report furnished or filed by Avista Corp. with the Securities and Exchange Commission.

## **Section 9 – Financial Statements and Exhibits**

### **Item 9.01 Financial Statements and Exhibits.**

#### **(d) Exhibits**

99.1 Business update presentation dated March 2008, which is being furnished pursuant to Item 7.01.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVISTA CORPORATION  
(Registrant)

Date: March 24, 2008

/s/ Marian M. Durkin

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Marian M. Durkin  
Senior Vice President, General Counsel  
and Chief Compliance Officer



# *Avista Corp. Business Update*

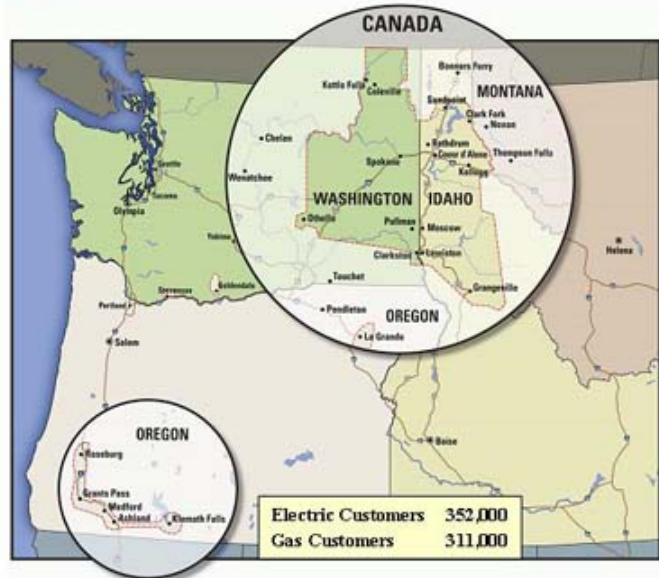
*March 2008*

NYSE: AVA

[www.avistacorp.com](http://www.avistacorp.com)

## Company Overview

- Headquartered in Spokane, Wash.
- Core business is the utility
- Generates, transmits and distributes electricity and distributes natural gas
- Has one of the smallest carbon footprints in the United States



*Utility Service Territory*

### *Non-regulated Subsidiary Advantage IQ*

- Provides utility, telecom and waste bill processing, payment and information services to multi-site companies

## *2007 was a year of repositioning our Company ...*

- Washington General Rate Case Settlement on October 30, 2007
- New rates effective January 1, 2008
  - Electric rate increase of \$30.2 million
  - Natural gas rate increase of \$3.3 million
  - 46.0% equity ratio and 10.2% ROE
- On June 30, 2007, sold substantially all of the contracts and ongoing operations of Avista Energy to Coral Energy
  - Approximately \$170 million in proceeds
  - Purchased Power Agreement for 270 MW natural gas plant available January 1, 2010 through 2026

## *We expect significant improvement in 2008*

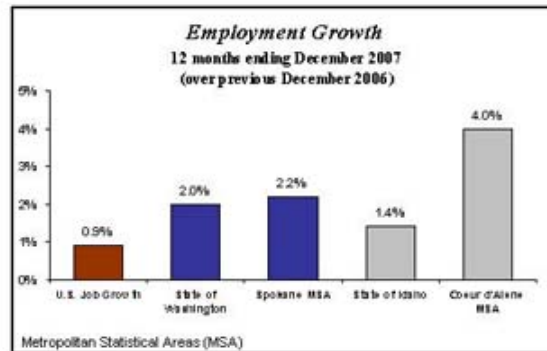
- New rates effective January 1, 2008
  - Reset the authorized power supply costs
- Hydro generation expected to be slightly above normal
- Moody's and S&P recently upgraded our corporate credit rating to investment grade
- Decrease in interest expense
  - \$273 million of 9.75% senior notes mature on June 1, 2008
- Capital budget continues to grow
  - Approximately \$200 million in 2008
- Quarterly dividend increase of 10%

*The economy in our service territory is well diversified and continues to grow*

- ▶ Healthcare, education, finance and tourism provide an important balance
- ▶ Strong commodity prices for wheat and metals have led to a resurgence in agriculture and mining



*Coeur d'Alene/Kootenai County was the fastest growing metro area last year*



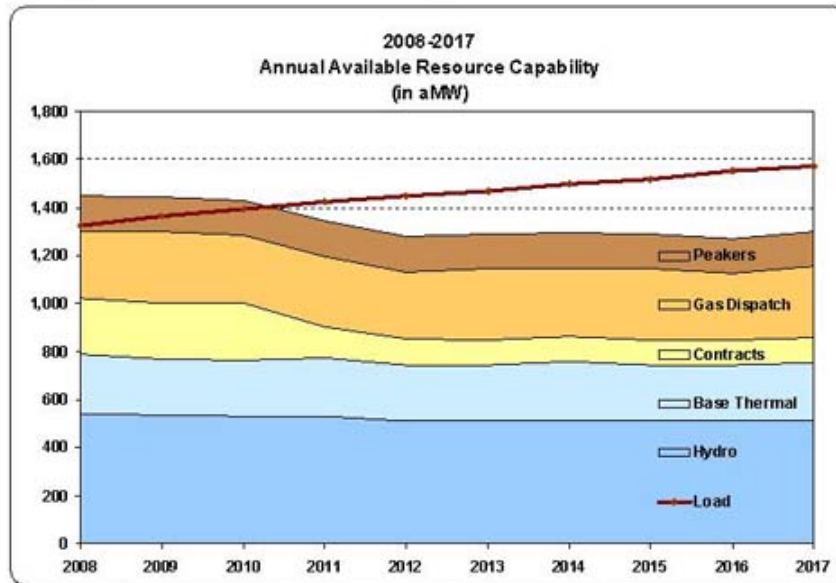
*Eastern Washington and Northern Idaho continue to add workers at a rapid pace*



*Responsible Resources*



## Avista is Long Resources through 2010\*



\* Excludes new resources from the 2007 Integrated Resource Plan shown on next page.

## 2007 Integrated Resource Plan

- Preferred Resource Strategy by 2017
  - 350 MW of natural gas-fired plants
  - 300 MW of wind
  - 87 MW of conservation
  - 38 MW of hydro plant upgrades
  - 34 MW of other renewables



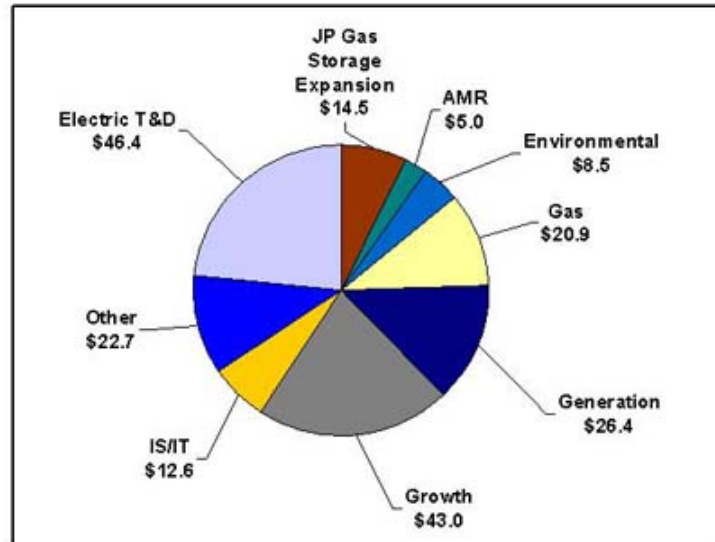
<i>Timing of Preferred Resource Strategy in MW</i>											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
CCCT				270			80				350
Wind							100		200		300
Conservation	6	7	7	7	9	10	10	10	10	11	87
Hydro Upgrades		9.5	9.5	9.5	9.5						38
Other Renewables				20	10		4				34

## *What Has Changed?*

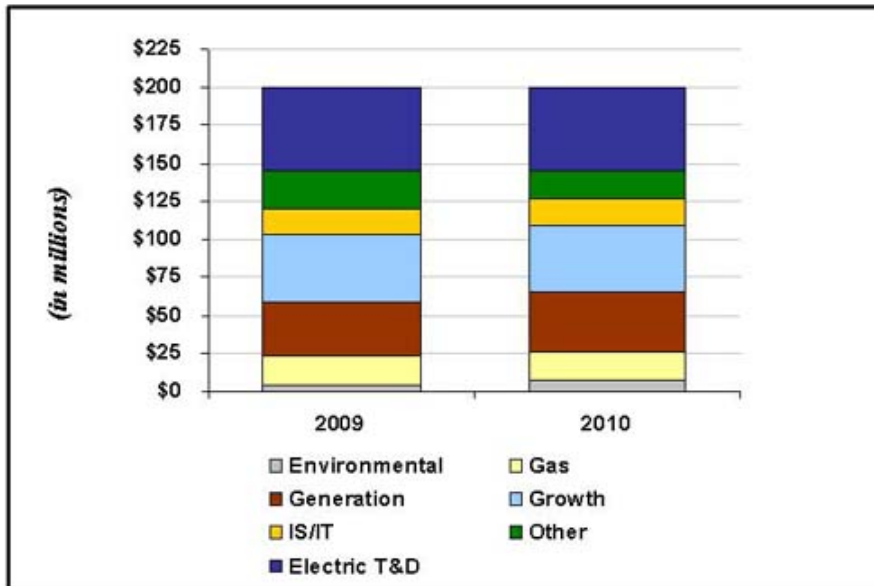
- Citizens Initiative 937 - Renewables Mandate
  - 3% Washington energy by 2012
  - 9% Washington energy by 2016
  - 15% Washington energy by 2020
- Western governors sign agreement to reduce greenhouse gases (Washington, California, Oregon, Arizona, New Mexico)
- Washington HB 6001 limiting emissions to gas plant (kills coal)
- Federal CO<sub>2</sub> legislation in progress
- Avista develops global climate change policy (in draft stage)
- Higher capital costs for new generation

Year	Avista's Requirement to Meet Mandate (aMW)
2012	0.9
2013	1.3
2014	1.7
2015	1.4
2016	45.7
2017	47.3
2018	48.6
2019	49.5
2020	98.4

## 2008 Budgeted Utility Capital Expenditures \$200 million



## 2009-2010 Forecasted Utility Capital Expenditures



## Avista Utilities Regulatory Update

<i>Rate Base*</i>				
Washington		Idaho		Oregon
Electric	Gas	Electric	Gas	Gas
\$890 million	\$151 million	\$502 million	\$73 million	\$89 million

Jurisdiction and Service	Authorized		
	Rate of Return	Return on Equity	Common Equity Level
Washington Electric and Natural Gas (implemented in January 2008)	8.20%	10.20%	46.00%
Idaho Electric and Natural Gas (implemented in September 2004)	9.25%	10.40%	42.59%
Oregon Natural Gas (settlement reached on February 22, 2008)	8.20%	10.00%	50.00%

\* Rate base as of 12/31/07

## *Oregon Gas General Rate Case*

- Filed October 12, 2007
- All-party settlement agreement reached on February 22, 2008
- Increase will be implemented in two steps resulting in a total of \$2.28 million
  - \$866,000 in April 2008
  - Approximately \$1.42 million in November 2008 based on completion of certain capital projects

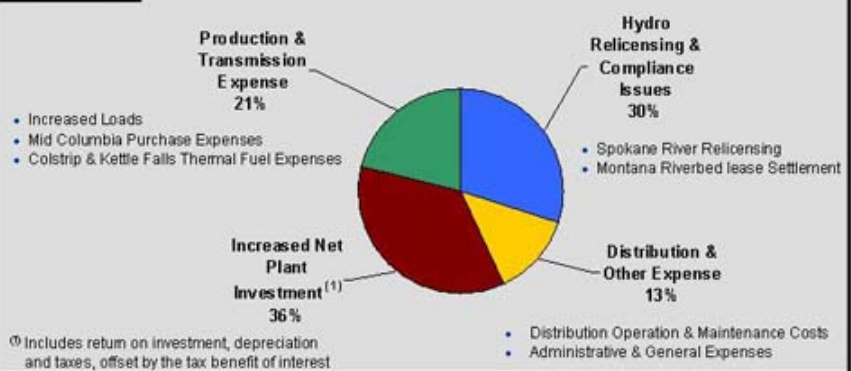
	<i>Original Request</i>	<i>Settlement Agreement</i>
Amount	\$3.0 M	\$2.28 M
% increase	2.3%	1.82%
Rate of return	8.98%	8.2%
Return on equity	11.0%	10.0%
Common equity ratio	51.2%	50.0%



## Washington Electric and Gas General Rate Case

Filed March 4, 2008	Electric	Natural Gas
Amount	\$36.6 m	\$6.6 m
% Increase	9.2%	3.3%
Rate of Return	8.4%	8.4%
Return on Equity	10.8%	10.8%
Common Equity Ratio	46.3%	46.3%

### Primary Electric Revenue Requirement Factors



# *Advantage IQ*

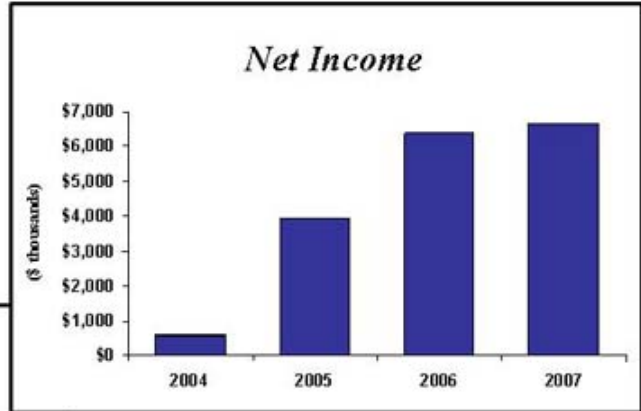
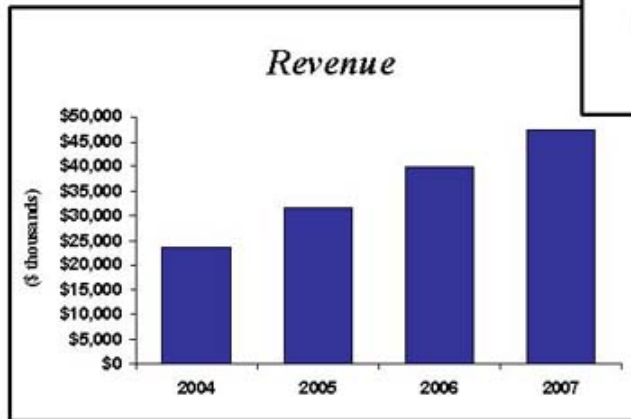
## Advantage IQ

- Analyzes utility usage and provides cost-management services for national, multi-site customers
- Management services include electricity, natural gas, water/sewer, waste and telecom expenses
- Manage over \$12.0B in expenses for 400+ clients
- Currently process and pay 620,000 bills per month, supporting 203,000+ sites nationwide

- |                      |                     |
|----------------------|---------------------|
| ▶ Airlines           | ▶ Entertainment     |
| ▶ Banking/Finance    | ▶ Fast Food         |
| ▶ Big Box Retail     | ▶ Government        |
| ▶ Casual Dining      | ▶ Grocery           |
| ▶ Commercial         | ▶ Hospitality       |
| ▶ Communications     | ▶ Industrial        |
| ▶ Convenience Stores | ▶ Medium Box Retail |
| ▶ Education          | ▶ Small Box Retail  |



## Financial Information



## *Financial*

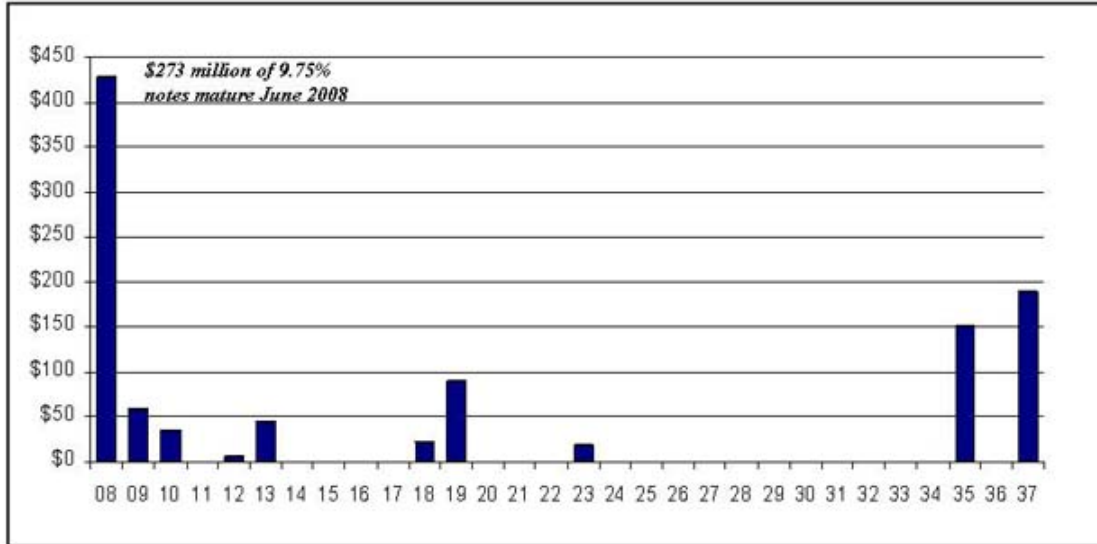
## *Investment Grade Credit Rating*

	<i>Standard &amp; Poor's</i>	<i>Moody's</i>	<i>Fitch, Inc.</i>
Corporate/Issuer Rating	BBB-	Baa3	BB+
Senior Secured Debt	BBB+	Baa2	BBB
Senior Unsecured Debt	BBB-	Baa3	BBB-

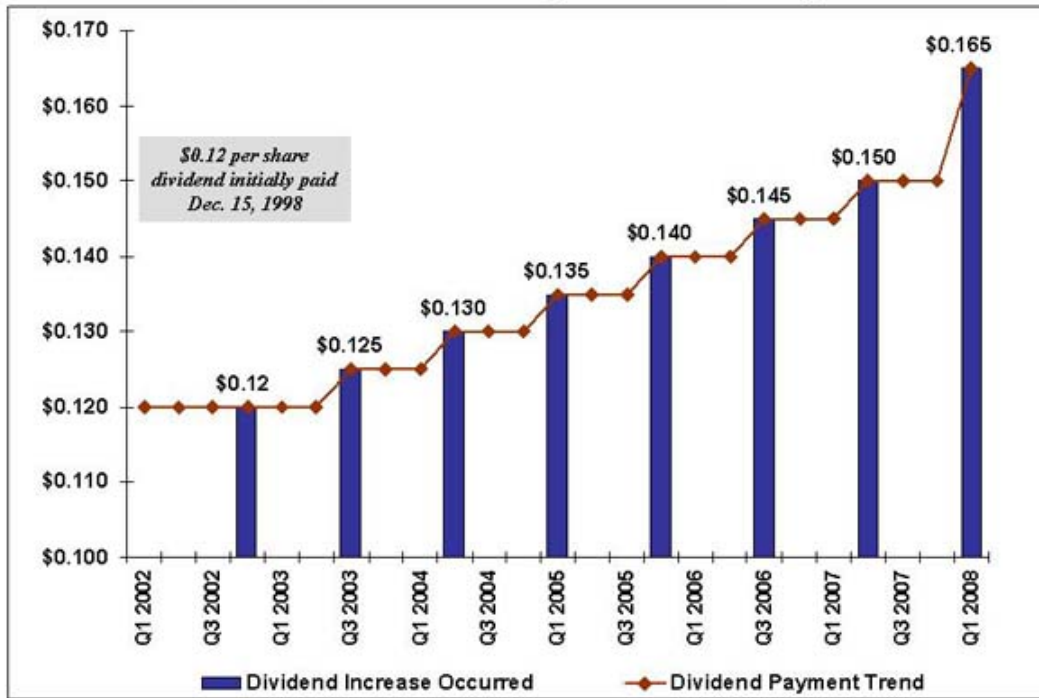
- Standard & Poor's upgraded corporate credit rating and senior unsecured debt from BB+ to BBB- on February 7, 2008
  - Upgraded Senior Secured from BBB- to BBB+ in September 2007
- On December 20, 2007, received upgrade from Moody's Investors Service

## *Financing Summary*

### *Debt Maturity Profile*

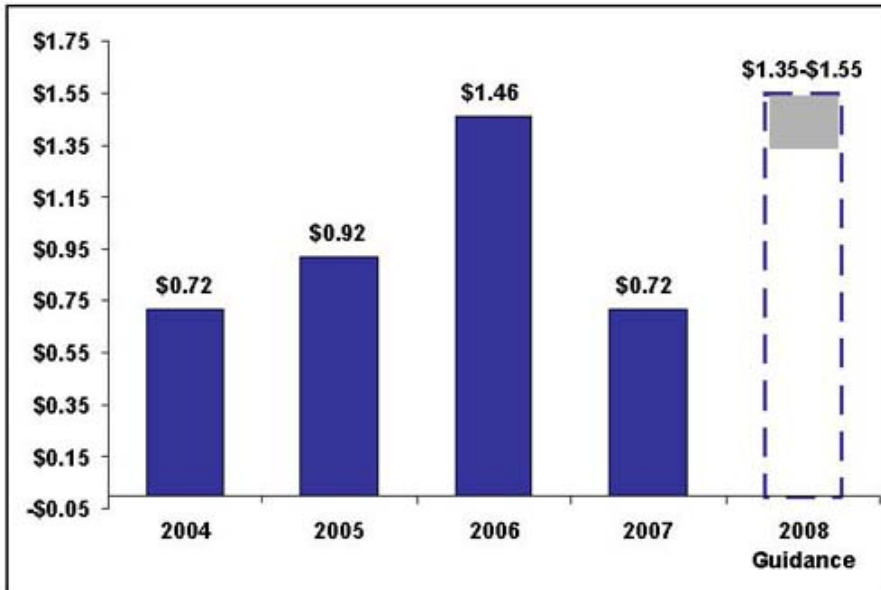


## AVA Dividend Payment History





## Consolidated Earnings



## *2008 Earnings Guidance*

Consolidated	\$1.35-\$1.55
Avista Utilities	\$1.20-\$1.40
Advantage IQ	\$0.10-\$0.12
Other	\$(0.03)-\$0.00

## *In Summary ...*

- 2007 was a transition year and we expect significant improvement in 2008
- Washington General Rate Case settled – rates effective January 1, 2008
- Significant capital spend
- Continued growth at Advantage IQ
- \$273 million of 9.75% notes will be refinanced by June 2008
- Room to increase dividend

*This presentation contains forward-looking statements, including statements regarding our current expectations for future financial performance and cash flows, capital expenditures, our current plans or objectives for future operations, future hydroelectric generation projections and other factors, which may affect the company in the future. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond our control and many of which could have significant impact on our operations, results of operations, financial condition or cash flows and could cause actual results to differ materially from those anticipated in such statements.*

*The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: weather conditions, including the effect of precipitation and temperatures on the availability of hydroelectric resources and the effect of temperatures on customer demand; changes in wholesale energy prices that can affect, among other things, cash needed to purchase electricity, natural gas for our retail customers and natural gas fuel for electric generation, and the value of surplus energy sold, as well as the market value of derivative assets and liabilities; volatility and illiquidity in wholesale energy markets, including the availability and prices of purchased energy and demand for energy sales; the effect of state and federal regulatory decisions affecting our ability to recover costs and/or earn a reasonable return including, but not limited to, the disallowance of costs that we have deferred; the potential effects of any legislation or administrative rulemaking, including the possible adoption of national or state laws requiring resources to meet certain standards and placing restrictions on greenhouse gas emissions to mitigate concerns over global warming; the outcome of pending regulatory and legal proceedings arising out of the "western energy crisis" of 2000 and 2001, and including possible retroactive price caps and resulting refunds; the outcome of legal proceedings and other contingencies; changes in, and compliance with, environmental and endangered species laws, regulations, decisions and policies, including present and potential environmental remediation costs; wholesale and retail competition including, but not limited to, electric retail wheeling and transmission costs; the ability to relicense and maintain licenses for our hydroelectric generating facilities at cost-effective levels with reasonable terms and conditions; unplanned outages at any of our generating facilities or the inability of facilities to operate as intended; unanticipated delays or changes in construction costs, as well as our ability to obtain required operating permits for present or prospective facilities; natural disasters that can disrupt energy production or delivery, as well as the availability and costs of materials and supplies and support services; blackouts or disruptions of interconnected transmission systems; the potential for future terrorist attacks or other malicious acts, particularly with respect to our utility assets; changes in the long-term climate of the Pacific Northwest, which can affect, among other things, customer demand patterns and the volume and timing of streamflows to our hydroelectric resources; changes in future economic conditions in our service territory and the United States in general, including inflation or deflation; changes in industrial, commercial and residential growth and demographic patterns in our service territory; the loss of significant customers and/or suppliers; default or nonperformance on the part of any parties from which we purchase and/or sell capacity or energy; deterioration in the creditworthiness of our customers and counterparties; our ability to obtain financing through the issuance of debt and/or equity securities, which can be affected by various factors including our credit ratings, interest rates and other capital market conditions; the effect of any change in our credit ratings; changes in actuarial assumptions, the interest rate environment and the actual return on plan assets for our pension plan, which can affect future funding obligations, costs and pension plan liabilities; increasing health care costs and the resulting effect on health insurance provided to our employees and retirees; increasing costs of insurance, changes in coverage terms and our ability to obtain insurance; employee issues, including changes in collective bargaining unit agreements, strikes, work stoppages or the loss of key executives, as well as our ability to recruit and retain employees; the potential effects of negative publicity regarding business practices, whether true or not, which could result in, among other things, costly litigation and a decline in our common stock price; changes in technologies, possibly making some of the current technology obsolete; changes in tax rates and/or policies; and changes in our strategic business plans, which may be affected by any or all of the foregoing, including the entry into new businesses and/or the exit from existing businesses.*

*For a further discussion of these factors and other important factors, please refer to the company's Annual Report on Form 10-K for the year ended Dec. 31, 2007. The forward-looking statements contained in this news release speak only as of the date hereof. The company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the company's business or the extent to which any such factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.*

*Securities ratings are not recommendations to buy, sell or hold securities. The ratings are subject to change or withdrawal at any time by the respective credit rating agencies. Each credit rating should be evaluated independently of any other ratings.*

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Corp.

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