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**SENT VIA OVERNIGHT MAIL**

October 14, 2009

Public Utility Commission of Oregon  
Attn: Filing Center  
550 Capitol St NE #215  
Salem, OR 97308-2148

**Re: 2008 Tax Report Filing of Avista Corporation, Docket UG 171(2)**

Enclosed is Avista Corporation's confidential tax report for calendar year 2008. The tax report for 2006 was submitted in October 2007 in Docket No. UG 171, and the tax report for 2007 was submitted in October 2008 in Docket No. UG 171(1), and are incorporated herein by reference. This filing is made in compliance with OAR 860-022-0041. Docket No. UG 171(2) has been designated as the docket to address the Company's 2008 tax report filing.

The 2008 tax report is being filed under seal and is to be handled as a highly confidential document pursuant to the protective order issued in Order No. 06-033. The Company is also submitting the backup workpapers associated with the 2008 tax report, which are to be handled as being highly confidential. Two copies of the report and the workpapers are stamped confidential, copied on green paper, and enclosed in a sealed envelope that is labeled as containing confidential information. Also enclosed are two copies of an electronic version of the tax report on two compact disks that are also marked as being confidential and are subject to the protections for highly confidential information applicable to the tax report. One copy of each of the confidential items is to be designated as the Staff's working copy.

For 2008 the amount of federal and state income tax paid, as calculated pursuant to the rule, is less than the amount of taxes authorized to be collected by \$850,000. Under SB 408, this difference, plus interest, would be refunded through the automatic adjustment clause (AAC). Avista hereby advises the Commission and all parties in UG 171(2) that Avista reserves its right to assert a claim that a rate adjustment in connection with its tax report for 2008 will violate ORS 756.040. Consideration of such a claim is expressly allowed by OAR 860-022-0041(10). Accordingly, Avista may be proposing no refund in connection with its tax report for 2008.

If you have any questions, please contact Ron McKenzie at (509) 495-4320.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Norwood".

Kelly Norwood, Vice President, State and Federal Regulation  
Enclosures

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served Avista Utilities' letter to the Filing Center of the Public Utility Commission of Oregon in connection with its 2008 Tax Report Filing (UG 171(2)), upon the parties listed below by electronic mail or by mailing a copy thereof, where paper service has not been waived.

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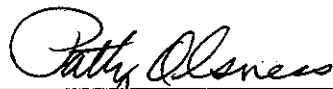
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Dated at Spokane, Washington this 14th day of October 2009.



Patty Olsness, Rates Coordinator