

**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): June 22, 2006

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>

(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 5 – Corporate Governance and Management

Item 5.02(b) Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

On June 22, 2006, Jessie J. Knight, Jr. provided written notification to Avista Corporation (Avista Corp.) of his resignation from Avista Corp.'s board of directors due to the fact that Mr. Knight has accepted a position as an executive officer of another public utility company.

Section 7 – Regulation FD Disclosure

Item 7.01 Regulation FD Disclosure.

As described at Item 5.02(b), Jessie J. Knight, Jr. resigned from Avista Corp.'s board of directors on June 22, 2006. A copy of Mr. Knight's letter of resignation is furnished as exhibit 99.1. The information in Exhibit 99.1 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.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following item is furnished as an exhibit to this report pursuant to Item 7.01:

99.1 Letter of resignation from Jessie J. Knight, Jr.

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: June 28, 2006

/s/ Malyn K. Malquist

Malyn K. Malquist
Executive Vice President and
Chief Financial Officer

June 22, 2006

Mr. Gary Ely
Chairman, President and Chief Executive Officer
Avista Corporation
1411 East Mission Avenue
MSC-12
Spokane, Washington 99202

Dear Gary,

It is with deep regret that I inform you that I must resign my position on the board of directors of Avista Corporation, due to my acceptance of new employment to be an officer and Executive Vice President of Sempra Energy, a public utility in San Diego, California. I have truly enjoyed my past five years as a board member of one of this country's best run companies.

/s/ Jessie J. Knight, Jr.

Jessie J. Knight, Jr.
President & Chief Executive Officer
San Diego Regional Chamber of Commerce
402 West Broadway, Suite 1000
San Diego, California 92101