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May 4 2006 10:12

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May 4, 2006

Re: AVU-E-06-01

Idaho Public Utilities Commission,

Thank you for the opportunity to comment. I am both a ratepayer/customer of Avista Corp. and a long time shareholder.

I strongly urge you to reject Avista's application to form a holding company. They say it will protect their utility from the volatility of other investments. In their proxy statement they state that it will give them more ability to borrow money in support of their nonutility investments. They also state that the only assets of the holding company will be stock in the utility and the other owned companies. How will they repay loans that go bad, when the utility is their major holding, with no impact on the utility?

Rate payers may be theoretically protected from such risky behaviors, but financial losses are offset by operational "efficiencies," reduced investment in infrastructure, etc. Avista is just now recovering financially from their last attempt to be entrepreneurial. They are an excellent utility but jeopardize that business when wandering into other markets and enterprises.

We would not want to compare Avista with Enron, but there are many lessons to be learned from that debacle. One is that their utility holding, PGE, has been wounded for the coming decades from the financial woes of its holding company parent.

Please protect Idaho ratepayers who rely on having their utility company focus on delivering reliable, low cost power to customers: vote against AVA Formation Corp.

Sincerely,

Marian O'Reilly