

AVISTA CORP  
Form 4  
January 10, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
PETERSON RONALD R

(Last) (First) (Middle)

1411 E MISSION AVE

(Street)

SPOKANE, WA 99202

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
AVISTA CORP [AVA]

3. Date of Earliest Transaction (Month/Day/Year)  
01/05/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock - Performance Shares	01/05/2007		M		6,466	A	<u>(1)</u> 7,356
Common Stock - Performance Shares	01/05/2007		F		296 <sup>(2)</sup>	D	\$ 24.72 7,060
Common Stock - Performance Shares	01/05/2007		J <sup>(3)</sup>		6,170 <sub>(3)</sub>	D	<u>(1)</u> 890

Common Stock - Performance Shares	01/05/2007	M	610	A	<u>(1)</u>	676	I	Held by Spouse
Common Stock - Performance Shares	01/05/2007	F	160 <u>(2)</u>	D	\$ 24.72	516	I	Held by Spouse

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
				Code V (A) (D)		Date Exercisable Expiration Date	Title	
Conversion of 2004 Performance Shares	<u>(1)</u>	01/05/2007		M	5,300	<u>(1)</u> <u>(1)</u>	Common Stock	5,300
Deferred Performance Shares	<u>(1)</u>	01/05/2007		J <sup>(3)</sup>	6,170 <u>(3)</u>	<u>(3)</u> <u>(3)</u>	Common Stock	6,170
Conversion of 2004 Performance Shares	<u>(1)</u>	01/05/2007		M	500	<u>(1)</u> <u>(1)</u>	Common Stock	500

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PETERSON RONALD R 1411 E MISSION AVE			Vice President	

SPOKANE, WA 99202

## Signatures

/s/ Ronald R.  
Peterson

01/10/2007

\_\_Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each performance share represented a contingent right to receive a share of Avista Common Stock upon Avista achieving a specified performance measure.
- (2) Shares sold to pay income tax on Performance Shares acquired on 1/5/2007.
- (3) Shares placed in Executive Deferral Plan of Avista Corp. and will be settled in Avista Corp. Common Stock upon the reporting person's retirement.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.