

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <b>PETERSON RONALD R</b>  (Last) (First) (Middle) <b>1411 E MISSION AVE</b>  (Street) <b>SPOKANE WA 99202</b>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <b>AVISTA CORP [ AVA ]</b>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <b>Vice President</b>
	3. Date of Earliest Transaction (Month/Day/Year) <b>01/05/2007</b>	
		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> 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	(A) or (D)	Price			
Common Stock - Performance Shares	01/05/2007		M		6,466	A	(1)	7,356	D	
Common Stock - Performance Shares	01/05/2007		F		296 <sup>(2)</sup>	D	\$24.72	7,060	D	
Common Stock - Performance Shares	01/05/2007		J <sup>(3)</sup>		6,170 <sup>(3)</sup>	D	(1)	890	D	
Common Stock - Performance Shares	01/05/2007		M		610	A	(1)	676	I	Held by Spouse
Common Stock - Performance Shares	01/05/2007		F		160 <sup>(2)</sup>	D	\$24.72	516	I	Held by Spouse

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Conversion of 2004 Performance Shares	(1)	01/05/2007		M			5,300	(1)	(1)	Common Stock	5,300	(1)	0	D	
Deferred Performance Shares	(1)	01/05/2007		J <sup>(3)</sup>		6,170 <sup>(3)</sup>		(3)	(3)	Common Stock	6,170	(3)	12,537	I	By Trustee
Conversion of 2004 Performance Shares	(1)	01/05/2007		M		500		(1)	(1)	Common Stock	500	(1)	0	I	Held by Spouse

**Explanation of Responses:**

- Each performance share represented a contingent right to receive a share of Avista Common Stock upon Avista achieving a specified performance measure.
- Shares sold to pay income tax on Performance Shares acquired on 1/5/2007.
- Shares placed in Executive Deferral Plan of Avista Corp. and will be settled in Avista Corp. Common Stock upon the reporting person's retirement.

/s/ Ronald R. Peterson

01/10/2007

\*\* Signature of Reporting Person

Date

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

\* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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