

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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

OMB APPROVAL	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person* <u>PETERSON RONALD R</u>  (Last) (First) (Middle) 1411 E MISSION AVE  (Street) SPOKANE WA 99202  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>AVISTA CORP [ AVA ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  Director 10% Owner Officer (give title below) Other (specify below)  X <u>Vice President</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>03/20/2007</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line)  X 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	(A) or (D)	Price			
Common Stock	03/20/2007		M		900 <sup>(1)</sup>	A	(1)	1,503	I	by Spouse
Common Stock	03/20/2007		S		900 <sup>(1)</sup>	D	\$24	603	I	by Spouse
Common Stock								1,690	D	
Common Stock held in Executive Deferral Plan								12,638	I	by Trustee
Common Stock held in 401(k) Investment Plan								9,949	I	by Trustee
Common Stock held in Spouse's Executive Deferral Plan								605	I	by Trustee
Common Stock held in Spouse's 401(k) Investment Plan								1,369	I	by Trustee

**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
Employee Stock Options <sup>(1)</sup>	\$22.54	03/20/2007		M		900		11/09/2001 <sup>(2)</sup>	11/09/2010	Common Stock	900	\$24	2,200 <sup>(3)</sup>	I	By Spouse

**Explanation of Responses:**

- Per Beth V. Peterson's (spouse of Ronald R. Peterson) 10b5-1 Sales Plan dated December 14, 2006 - Exercise of Employee Stock Options under the Company's Long-Term Incentive Plan. 3,100 Options were granted on 11/09/2000 at an option price of \$22.54.
- Options vest in four equal annual installments beginning on the first anniversary of the grant date. 3,100 options were granted on 11/09/2000.
- Total reflects the number of derivative securities remaining under this particular option grant.

/s/ Ronald R. Peterson 03/22/2007

\*\* 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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.