



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): May 22, 2002

**AVISTA CORPORATION**

(Exact name of registrant as specified in its charter)

Washington

1-3701

91-0462470

(State or other jurisdiction of  
incorporation or organization)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

1411 East Mission Avenue, Spokane, Washington

99202-2600

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

Web site: <http://www.avistacorp.com>

509-489-0500

(Former name or former address, if changed since last report)

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**Item 5. Other Information**

On February 13, 2002, the Federal Energy Regulatory Commission (FERC) issued an order commencing a fact-finding investigation of potential manipulation of electric and natural gas prices in California energy markets. On May 8, 2002, the FERC requested data and information with respect to certain trading strategies that companies may have engaged in. Specifically, the requests inquired as to whether or not certain trading strategies were the same or similar to those of Enron Corporation and its affiliates. This request was made to all sellers of wholesale electricity and/or ancillary services to the California Independent System Operator and/or the California Power Exchange during the period 2000 and 2001, including Avista Corporation and Avista Energy.

On May 22, 2002, Avista Corporation and Avista Energy filed their responses to this request. In their responses, Avista Corporation and Avista Energy deny improper California trading activities. Avista Corporation's press release is filed as exhibit 99(a).

**Item 7. Exhibits**

99(a) Press Release dated May 22, 2002.

**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

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(Registrant)

/s/ Jon E. Eliassen

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Jon E. Eliassen  
Senior Vice President and  
Chief Financial Officer  
(Principal Accounting and  
Financial Officer)

Date: May 28, 2002

[AVISTA CORP. LOGO]

----- NEWS RELEASE

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FOR IMMEDIATE RELEASE:  
May 22, 2002  
5:30 p.m. EDT

AVISTA DENIES IMPROPER CALIFORNIA TRADING ACTIVITIES  
EXTENSIVE RECORDS SEARCH CONFIRMS THAT TRADING STRATEGIES WERE ETHICAL AND LEGAL

SPOKANE, WASH.: Avista Corp. (NYSE:AVA) has affirmed that the past and present trading activities of both its utility and unregulated subsidiary have been carried out in a legitimate and ethical manner. The company has detailed its position in a response to a Federal Energy Regulatory Commission inquiry into trading practices in the California energy market during 2000 and 2001.

"Avista's actions were legitimate, backed by real energy assets and did not violate the ISO tariff or any state or federal regulations," said Gary G. Ely, chairman, president and chief executive officer of Avista Corp. "Our company's success has been built on decades of experience serving customers in the western energy markets."

An extensive search of Avista's records failed to turn up any pertinent references to trading practices allegedly carried out by Enron traders to manipulate the California market.

Avista Corp. is an energy company involved in the production, transmission and distribution of energy as well as other energy-related businesses. Avista Utilities is a company operating division that provides electric and natural gas service to customers in four western states. Avista's non-regulated affiliates include Avista Advantage, Avista Labs and Avista Energy. Avista Corp.'s stock is traded under the ticker symbol "AVA" and its Internet address is [www.avistacorp.com](http://www.avistacorp.com)

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