

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): November 23, 1999

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:

509-489-0500

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

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

ITEM 5. OTHER INFORMATION

A copy of the press release announcing a redirection of Avista Energy's focus away from national energy trading toward a more regionally based energy marketing and trading effort backed by physical assets is attached hereto as Exhibit 99 and is incorporated herein by reference. Neither the filing of any press release as an exhibit to this Current Report nor the inclusion in such press releases of a reference to the Company's Internet address shall, under any circumstances, be deemed to incorporate the information available at such Internet address into this Current Report. The information available at the Company's Internet address is not part of this Current Report or any other report filed by the Company with the Securities and Exchange Commission.

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
(Registrant)

Date: December 2, 1999

/s/ Jon E. Eliassen

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

[AVISTA CORP. LOGO]

NEWS RELEASE

CONTACT: Media: Steve Becker (509) 495-4264 Email: sbecker@avistacorp.com
Investor: David Brukardt (509) 495-2833 Email: dbrukardt@avistacorp.com

FOR IMMEDIATE RELEASE:
NOVEMBER 23, 1999

AVISTA CORP. AFFILIATE, AVISTA ENERGY, TO REFOCUS ITS ENERGY TRADING UNIT
CHANGING MARKET PROMPTS SHIFT TO REGIONAL MARKETING IN WESTERN U.S.

SPOKANE, WASH: Avista Corp. (NYSE:AVA) affiliate Avista Energy today announced a redirection of its focus away from national energy trading toward a more regionally based energy marketing and trading effort backed by physical assets. Costs to effect the transition are estimated to be between \$10 million and \$15 million dollars and will be reflected in normal expenses during the next six months. The company is presently evaluating a number of options including the sale of a portion of the business.

The move toward regionally focused energy-marketing activities follows significant changes in the overall energy trading and marketing industry that have created low margins while requiring higher levels of investment, credit commitments and value-at-risk limits. Mergers and consolidations within the industry have also created a small number of large players and a marketplace where liquidity has decreased and volatility has risen.

"Our acquisition of Vitol Gas & Electric earlier this year allowed Avista Energy to assemble one of the strongest and fastest-growing energy trading and marketing teams in the United States. This team has been successful and we will continue to benefit from the knowledge and systems acquired," said T.M. Matthews, Avista Corp. board chairman, president and chief executive officer. "Because of the risks inherent in the evolving market, we have concluded we must refocus Avista Energy to the Western United States where we can back our business with physical assets and build on our strengths gained from our direct knowledge of and experience with markets and facilities within the region," Matthews said.

Matthews added that a factor in the decision to refocus Avista Energy was the growing success of Avista Advantage which is successfully demonstrating the ability to act as a "virtual utility" by providing a wide range of

analytical tools such as energy analysis, load profiling and aggregation, and facility and commodity management for multi-site business customers across the nation. These tools are provided through its proprietary Internet-based ACIS product which offers superior e-commerce technology for businesses seeking to lower their utility expenditures and manage their commodity purchases.

"As the analytic services available to businesses through Avista Advantage's Internet-based product continue to grow and evolve, we have determined that its success is no longer dependent on the ability to provide Avista Energy's national energy commodity-management services," said Matthews. "Avista Advantage is able to act on the customer's behalf to provide tools to allow the customer to seek out cost-lowering energy solutions without Avista incurring the risk associated with providing the service directly."

Matthews estimates it will take between three and six months to transition the business to a Western regional focus. During that time, Avista Energy will engage in a process to seek a purchaser for the Houston and Boston operations.

While overall impacts on staffing are unclear, shifts associated with back office accounting and other support functions will result in a modest increase in positions in the Spokane offices of Avista Energy.

Avista Corp., a Fortune 500 company, is an energy, information and technology company with utility and subsidiary operations located throughout North America. Avista Corp.'s portfolio of businesses is focused on delivering superior products and providing innovative solutions to business and residential customers throughout the United States and Canada.

Avista Corp. also operates Avista Capital, which owns all the company's non-regulated energy and non-energy businesses. Avista Capital companies include Avista Energy, Avista Energy Canada, Ltd., Avista Power, Avista Advantage, Avista Labs, Avista Fiber, Avista Communications, Avista Development and Pentzer Corporation. Avista Corp.'s stock is traded under the ticker symbol "AVA." For more information about Avista Corp. and its affiliate businesses, visit the corporate website at www.avistacorp.com

This news release contains forward-looking statements regarding the company's current expectations. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all of the factors discussed in the company's Annual Report on Form 10-K for the year 1998 and the Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.

Avista Corp. and the Avista Corp. logo are trademarks of Avista Corporation. All other trademarks mentioned in this document are the property of their respective owners.