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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): February 28, 2012**

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**AVISTA CORPORATION**

(Exact name of registrant as specified in its charter)

**Washington**  
(State or other jurisdiction of  
incorporation)

**1-3701**  
(Commission  
File Number)

**91-0462470**  
(I.R.S. Employer  
Identification No.)

**1411 East Mission Avenue, Spokane, Washington**  
(Address of principal executive offices)

**99202-2600**  
(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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Section 5 – Corporate Governance and Management

### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

Effective February 28, 2012, Ecova, Inc. (Ecova) an indirect subsidiary of Avista Corporation (Avista Corp.), amended its stock plan for the purpose of including employees of Ecova's parent corporation (Avista Corp.) as eligible recipients for the award of stock options under the plan.

On February 28, 2012, non-qualified stock options were granted by Ecova to certain named executive officers of Avista Corp. These stock options have an exercise price of \$4.46, which is estimated to be the grant date fair value of Ecova's common stock for shares that do not have put rights. The stock options will vest over a 3-year period based on Ecova's earnings growth, do not have put rights and terminate 10 years from the date granted. Ecova must achieve an earnings before interest, taxes, depreciation and amortization (EBITDA) growth rate of 15 percent in each year for 1/3 of the options to vest each year. However, if Ecova achieves a cumulative EBITDA growth rate of 30 percent after 2 years or 45 percent after 3 years, then all previously unvested options will vest. The following table details the number of stock option shares granted to each of Avista Corp.'s named executive officers:

<u>Name and Principal Position with Avista Corp.</u>	<u>Option Shares</u>
Scott L. Morris Chairman of the Board, President and Chief Executive Officer	100,000
Mark T. Thies Senior Vice President and Chief Financial Officer	25,000
Karen S. Feltes Senior Vice President and Corporate Secretary	25,000
Marian M. Durkin Senior Vice President, General Counsel and Chief Compliance Officer	25,000

**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: March 2, 2012

/s/ Marian M. Durkin

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Marian M. Durkin  
Senior Vice President, General Counsel  
and Chief Compliance Officer