

FELTES KAREN S  
 Form 4  
 May 21, 2007

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

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).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**FELTES KAREN S**

2. Issuer Name and Ticker or Trading Symbol  
**AVISTA CORP [AVA]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 1411 E MISSION AVE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 05/18/2007

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Sr. VP & Corp. Secretary

SPOKANE, WA 99202

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**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 or (D) Price   |  |   |              |
| Common Stock in 401(k) Investment Plan | 05/18/2007                           |  | S                              |   | 1,691<br>(1)  | D  | \$ 23.65 633  | I by Trustee |
| Common Stock                           | 05/18/2007                           |  | M                              |   | 2,800   | A  | \$ 17.31 18,039                                       | D            |
| Common Stock                           | 05/18/2007                           |  | S                              |   | 2,800   | D  | \$ 23.4732 15,239                                     | D            |
| Common Stock                           | 05/18/2007                           |  | M                              |   | 12,000  | A  | \$ 11.8 27,239  | D            |

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|              |            |   |        |   |            |        |   |
|--------------|------------|---|--------|---|------------|--------|---|
| Common Stock | 05/18/2007 | S | 12,000 | D | \$ 23.4732 | 15,239 | D |
| Common Stock | 05/18/2007 | M | 9,000  | A | \$ 10.17   | 24,239 | D |
| Common Stock | 05/18/2007 | S | 9,000  | D | \$ 23.4732 | 15,239 | D |

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

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(9-02)

**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 Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Exercise of Stock Option                   | \$ 17.31   | 05/18/2007                           |  | M                              | 2,800   | <u>(2)</u> 11/11/2009                                    | Common Stock  | 2,800                         |
| Exercise of Stock Option                   | \$ 11.8  | 05/18/2007                           |  | M                              | 12,000  | <u>(4)</u> 11/08/2011                                    | Common Stock  | 12,000                        |
| Exercise of Stock Option                   | \$ 10.17   | 05/18/2007                           |  | M                              | 9,000   | <u>(5)</u> 11/07/2012                                    | Common Stock  | 9,000                         |

## Reporting Owners

| Reporting Owner Name / Address                            | Relationships |           |                          |       |
|---|---------------|-----------|--------------------------|-------|
|   | Director      | 10% Owner | Officer                  | Other |
| FELTES KAREN S<br>1411 E MISSION AVE<br>SPOKANE, WA 99202 |               |           | Sr. VP & Corp. Secretary |       |

## Signatures

/s/ Karen S.  
Feltes

05/21/2007

\_\_Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* 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).
- (1) Transaction done to reallocate/balance funds within 401(k) Investment Plan. Total dollar balance in 401(k) Investment Plan remains the same.
- (2) Options vest in four equal annual installments beginning on the first anniversary of the grant date. 2,800 options were granted on 11/11/1999.
- (3) Total reflects the number of derivative securities remaining under this particular option grant.
- (4) Options vest in four equal annual installments beginning on the first anniversary of the grant date. 12,000 options were granted on 11/08/2001.
- (5) Options vest in four equal annual installments beginning on the first anniversary of the grant date. 9,000 options were granted on 11/07/2002.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.