

| OMB APPROVAL                                 |           |
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**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

|  |  |   |
|--|--|---|
| <b>1. Name and Address of Reporting Person*</b><br><u>NORWOOD KELLY O</u><br><br>(Last) (First) (Middle)<br><u>1411 E MISSION AVE</u><br><br>(Street)<br><u>SPOKANE WA 99202</u><br><br>(City) (State) (Zip) | <b>2. Issuer Name and Ticker or Trading Symbol</b><br><u>AVISTA CORP [ AVA ]</u> | <b>5. Relationship of Reporting Person(s) to Issuer</b><br>(Check all applicable)<br><br>Director 10% Owner<br>Officer (give title below) Other (specify below)<br><br><u>Vice President</u>                                  |
|  | <b>3. Date of Earliest Transaction (Month/Day/Year)</b><br><u>01/08/2010</u>     |   |
|  | <b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>                  | <b>6. Individual or Joint/Group Filing (Check Applicable Line)</b><br><br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><br><input type="checkbox"/> 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                     | 01/08/2010                           |  | F                              |   | 567 <sup>(1)</sup>  | D          | \$21.6 | 3,665   | D  |   |
| Common Stock held in 401(k) Plan |                                      |  |                                |   |   |            |        | 9,635   | I  | by Trustee  |
| Common Stock held by Spouse      |                                      |  |                                |   |   |            |        | 3   | I  | by Spouse   |

**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) |   | 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) |   |  |  |   |  |

**Explanation of Responses:**

1. Shares withheld to pay income tax on restricted shares that vested on 1/4/2010.

/s/ Kelly O. Norwood 01/12/2010  
 \*\* 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.