

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

| OMB APPROVAL | |
|--|-----------|
| OMB Number: | 3235-0287 |
| Estimated average burden hours per response: | 0.5 |

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

| | | | | | | | | |
|---|-----------|--------------|---|--|--|---|--|--|
| 1. Name and Address of Reporting Person* <u>MALQUIST MALYN K</u> | | | 2. Issuer Name and Ticker or Trading Symbol <u>AVISTA CORP [AVA]</u> | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Executive VP & CFO</u> | | |
| (Last) | (First) | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year) <u>01/07/2008</u> | | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person | | |
| <u>1411 E MISSION AVENUE</u> | | | 4. If Amendment, Date of Original Filed (Month/Day/Year) | | | | | |
| (Street) | <u>WA</u> | <u>99202</u> | | | | | | |
| (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 | (A) or (D) | Price | | | |
| Common Stock - Performance Shares | 01/07/2008 | | M | | 10,075 | A | (1) | 38,330 | D | |
| Common Stock - Performance Shares | 01/07/2008 | | F | | 2,362 ⁽²⁾ | D | \$20.75 | 35,968 | D | |
| Common Stock - Restricted Share Award | 01/07/2008 | | F | | 265 ⁽³⁾ | D | \$20.75 | 35,703 | D | |
| Common Stock held in Executive Deferral Plan | | | | | | | | 9,711 | I | by Trustee |
| Common Stock held in 401(k) Investment Plan | | | | | | | | 2,771 | I | by Trustee |
| Common Stock held in Family Trust ⁽⁴⁾ | | | | | | | | 9,500 | I | by Family Trust |

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 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) | Date Exercisable | Expiration Date | | | | | |
| Conversion of 2005 Performance Shares | (1) | 01/07/2008 | | M | | 15,500 | | (1) | (1) | Common Stock | 15,500 | (1) | 0 | D |

Explanation of Responses:

- Each performance share represented a contingent right to receive a share of Avista Common Stock upon Avista achieving a specified performance measure.
- Shares sold to pay income tax on Performance Shares acquired on 1/7/2008.
- Shares sold to pay income tax on restricted shares that vested on 1/7/2008.
- Stock held in The Malquist Family Trust, dated February 5, 1999, with Malyn K. Malquist and Georgia G. Malquist, Trustees.

/s/ Malyn K. Malquist 01/09/2008
 ** 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.