

**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

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

1. Name and Address of Reporting Person* <b>MALQUIST MALYN K</b>  (Last) (First) (Middle) <b>1411 E MISSION AVENUE</b>  (Street) <b>SPOKANE WA 99202</b>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <b>AVISTA CORP [ AVA ]</b>	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) <b>Executive Vice President &amp; CFO</b>
	3. Date of Earliest Transaction (Month/Day/Year) <b>09/10/2008</b>	
		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <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	09/10/2008		M		12,500	A	\$11.03	52,503	D	
Common Stock	09/10/2008		S		12,500	D	\$21.9266	40,003	D	
Common Stock held in 401(k) Investment Plan								2,874	I	by Trustee
Common Stock held in Executive Deferral Plan								9,788	I	by Trustee
Common Stock held by Family Trust								9,500	I	by Family Trust <sup>(1)</sup>

**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						Title
Exercise of Stock Option	\$11.03	09/10/2008		M			12,500	(2)	09/30/2012	Common Stock	12,500	\$21.9266	37,500 <sup>(3)</sup>	D	

**Explanation of Responses:**

- Stock held in The Malquist Family Trust, dated February 5, 1999, with Malyn K. Malquist and Georgia G. Malquist, Trustees
- Options vest in four equal annual installments beginning on the first anniversary of the grant date. Mr. Malquist received an option grant of 50,000 shares on 09/30/2002.
- Total reflects the number of derivative securities remaining under this particular option grant.

/s/ Malyn K. Malquist                      09/10/2008

\*\* 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.