

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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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

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

SPOKANE, WA 99202

(City) (State) (Zip)

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

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

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ___ 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 or (D) Price			
Common Stock in 401(k) Investment Plan	05/18/2007		S		1,691 (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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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 1411 E MISSION AVE 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.