

PETERSON RONALD R  
 Form 4  
 February 13, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 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).

**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 \*  
**PETERSON RONALD R**

(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)  
**02/09/2006**

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)  
 Vice President

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  | (A) or (D)   | Price   |       |   |                |
| Common Stock-Restricted Shares       | 02/09/2006                           |  | A                              |   | 1,000   | A  | (1)   | 1,000 | D |                |
| Common Stock-Restricted Stock        | 02/09/2006                           |  | A                              |   | 100   | A  | (1)   | 100   | I | Held by Spouse |
| Common Stock-Performance Share Award | 02/09/2006                           |  | M                              |   | 6,360   | A  | (2)   | 6,360 | D |                |
| Common Stock-Performance             | 02/09/2006                           |  | M                              |   | 600   | A  | (2)   | 600   | I | Held by Spouse |

Share Award

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

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SEC 1474  
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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) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
|  |  |                                      |  | Code V (A) (D)                 |   | Date Exercisable Expiration Date                         | Title   |                            |
| Conversion of derivative security          | \$ 17.8  | 02/09/2006                           |  | M                              | 5,300   | (3) (3)  | Common Stock  | 5,300                      |
| Conversion of derivative securities        | \$ 17.8  | 02/09/2006                           |  | M                              | 500   | (3) (3)  | Common Stock  | 500                        |
| Performance Shares                         | (4)  | 02/09/2006                           |  | A                              | 3,900   | (5) (5)  | Common Stock  | 3,900                      |
| Performance Shares                         | (4)  | 02/09/2006                           |  | A                              | 370   | (5) (5)  | Common Stock  | 370                        |

## Reporting Owners

| Reporting Owner Name / Address                               | Relationships |           |                |       |
|--|---------------|-----------|----------------|-------|
|  | Director      | 10% Owner | Officer        | Other |
| PETERSON RONALD R<br>1411 E MISSION AVE<br>SPOKANE, WA 99202 |               |           | Vice President |       |

## Signatures

/s/ Ronald R.  
Peterson

02/13/2006

\*\*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) Restricted shares vest one-third each year over a three-year period and are payable in Avista Corp. Common Stock at the end of each year in the three-year period if targets are met.
- (2) Shares are received in satisfaction of 2003 performance grant.
- (3) 2003 Performance Grant-disposition of Derivative Securities.
- (4) No conversation price - Shares awarded if performance measure is met.
- (5) Each performance cycle is three years in length. Shares will be issued at the end of each three-year cycle if performance measure is met.

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.