

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement") is dated as of October 13, 2004, by and among MIRANT OREGON, LLC, a Delaware limited liability company ("Seller"), AVISTA CORPORATION, a Washington corporation ("Purchaser") and Wilmington Trust Company, a Delaware banking corporation (the "Escrow Agent").

WITNESSETH:

WHEREAS, concurrently herewith, Seller and Purchaser are entering into an Asset Purchase and Sale Agreement (the "Purchase Agreement") dated as of ~~even~~ date herewith;

WHEREAS, pursuant to Section 2.4.1 of the Purchase Agreement, Purchaser shall, concurrently with the execution of the Purchase Agreement, deposit the Escrow Deposit with the Escrow Agent, to be held by the Escrow Agent subject to the terms and conditions of this Agreement;

WHEREAS, the parties hereto have agreed upon and wish to set forth herein the terms and conditions of this Agreement with respect to the Escrow Fund (as defined below) to be held by the Escrow Agent.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, Purchaser and the Escrow Agent hereby covenant and agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement.
2. Escrow Agent. Purchaser and Seller hereby designate and appoint the Escrow Agent to serve as escrow agent with respect to the Escrow Fund, in accordance with the terms, conditions and provisions of this Agreement. The Escrow Agent hereby agrees to act as escrow agent in accordance with the terms, conditions and provisions of this Agreement.
3. Escrow Fund. Pursuant to Section 2.4.1 of the Purchase Agreement, Purchaser hereby deposits into escrow with the Escrow Agent the Escrow Deposit (such amount, together with any investment income thereon, the "Escrow Fund"). The Escrow Fund held by the Escrow Agent pursuant to this Agreement shall constitute trust property for the purposes for which it is held.
4. Obligations Secured by Escrow Fund. The Escrow Fund shall, subject to the terms and conditions of this Agreement, be held by the Escrow Agent as a downpayment of the purchase price payable by Purchaser at the Closing in consideration for Purchaser's acquisition of Seller's Interest. If the Closing occurs, the Escrow Fund shall be credited toward Purchaser's payment of the Purchase Price as provided in Section 2.4.2 of the Purchase Agreement and, upon receipt of the Joint Certificate contemplated by Section 2.4.2. of the Purchase Agreement, the

Escrow Agent shall deliver the Escrow Funds to the Seller at the Closing by wire transfer of immediately available funds to the account of Seller designated in such Joint Certificate. In all other circumstances, the Escrow Fund shall be applied and disbursed as provided in Section 6 hereof.

5. Joint Claims. If after the date hereof and before the Termination Date (as defined below), the Escrow Agent receives a certificate signed by both Seller and Purchaser (a "Joint Certificate") directing the Escrow Agent to release and deliver the Escrow Fund as specified in such Joint Certificate, then the Escrow Agent shall promptly follow such instructions and transfer, assign, deliver and pay over to the person named in such Joint Certificate the balance of the Escrow Fund without further instructions from Seller or Purchaser.

6. Claims of Seller or Purchaser. In the event that, at any time after the date hereof and before the Termination Date, the Purchase Agreement is terminated (i) by Seller pursuant to Section 11.1.3 of the Purchase Agreement, (ii) by Purchaser pursuant to Section 11.1.2, 11.1.4 or 11.1.5 of the Purchase Agreement, (iii) by both Seller and Purchaser pursuant to Section 11.1.1 of the Purchase Agreement, (iv) by either party pursuant to Section 11.1.6 of the Purchase Agreement or (v) automatically pursuant to Section 11.1.7 of the Purchase Agreement, the terminating party (or, in the case of a termination pursuant to Section 11.1.1, 11.1.6 or 11.1.7, either Seller or Purchaser, shall deliver a certificate (a "Certificate" and the party delivering such Certificate, the "Sender") to the Escrow Agent, stating that the Purchase Agreement has been terminated and identifying the provision thereof pursuant to which the Purchase Agreement has been terminated, and directing the Escrow Agent to release and deliver the Escrow Fund to (i) the Seller, in the case of any termination pursuant to Section 11.1.3 of the Purchase Agreement or (ii) to the Purchaser in the case of any termination of the Purchase Agreement pursuant to any provision of Section 11.1 thereof other than Section 11.1.3 of the Purchase Agreement.

7. Certificates. (a) Certificates shall be sent to the Escrow Agent in accordance with the terms of Section 16 hereof, with a copy to Seller or Purchaser (the non-Sender party), as applicable (the "Receiver") and shall state the date on which it was sent to the Receiver.

(b) In the event that, within ten (10) business days after the date on which the Certificate was sent to the Receiver, the Sender and the Escrow Agent shall not have received from the Receiver a written notice of objection to the release of the Escrow Fund, then the Escrow Agent shall promptly thereafter follow the instructions set forth in the Certificate, and transfer, assign, deliver and pay over to the Sender, the balance of the Escrow Fund without further instructions from Seller or Purchaser. For this purpose "business day" means a day on which banks in the place of receipt of the Certificate by the Receiver are open for business in the ordinary course, other than Saturdays and Sundays.

8. Resolution of Claims in Dispute. In the event that the Receiver delivers a written statement of objection, within the time and in the manner specified in Section 7 hereof, stating that the Receiver objects to any release of the Escrow Fund, then the Escrow Agent shall continue to hold the Escrow Fund until such time as (i) the Escrow Agent receives a Joint Certificate directing the Escrow Agent to release and deliver the Escrow Fund as specified in such Joint Certificate, or (ii) the Escrow Agent is directed pursuant to an arbitral award following a final determination, or by a court of competent jurisdiction by a final, nonappealable judgment

or order of such court (either such direction, an "Order"), to release and deliver the Escrow Fund to the person named in the Order. In any event described in clauses (i) or (ii) above, the Escrow Agent shall release and deliver the Escrow Fund in accordance with such Joint Certificate or Order.

9. Termination. This Agreement shall automatically terminate upon the date (the "Termination Date") on which the Escrow Agent shall have disposed of the entire Escrow Fund in accordance with the terms and conditions of this Agreement.

10. Taxes. The Purchaser hereby agrees that it shall be responsible for all taxes payable with respect to any interest or other income accrued or earned on the Escrow Deposit. At the request of the Purchaser, the Escrow Agent shall provide the Purchaser with any information reasonably requested by it and available to the Escrow Agent which may be helpful in satisfying any tax reporting requirement applicable to the Purchaser with respect to taxes of which the Purchaser is responsible.

11. Fees and Expenses. Each of Purchaser and Seller agrees to pay the Escrow Agent fifty percent 50% of the fees set forth on Schedule 1 hereto (incorporated herein by reference). Each of Purchaser and Seller further agrees to reimburse the Escrow Agent an amount equal to fifty percent 50% of any reasonably documented expenses, including reasonable counsel fees and expenses which it may incur in acting hereunder, and the Escrow Agent's claim therefor shall constitute a first lien against the Escrow Fund. The provisions of this Section 11 shall survive the resignation or removal of the Escrow Agent and any termination of this Agreement.

12. Responsibilities of the Escrow Agent. The acceptance by the Escrow Agent of its duties under this Agreement is subject to the following terms and conditions, which the parties to this Agreement hereby agree shall govern and control with respect to such Escrow Agent's rights, duties, liabilities and immunities:

(a) The Escrow Agent shall act hereunder as depository only, and it shall not be responsible or liable in any manner whatsoever for the sufficiency of any amount deposited with it. The duties and responsibilities of the Escrow Agent hereunder shall be determined solely by the express provisions of this Agreement, and no further duties or responsibilities shall be implied. Except for the defined terms in the Purchase Agreement, the Escrow Agent shall have not have any liability under, nor duty to inquire into the terms and provisions of any agreements or instructions, other than outlined in this Agreement.

(b) The Escrow Agent shall be protected in acting upon any written notice, request, waiver, consent, receipt or other paper or document furnished to it, not only as to its due execution and the validity and effectiveness of its provisions but also as to the truth and acceptability of any information therein contained, which it in good faith believes to be genuine and what it purports to be.

(c) The Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it, or for any mistake of fact or law or for anything

which it may do or refrain from doing in connection herewith, except for fraud, gross negligence, willful misconduct or for any action taken or omitted in bad faith that a court of competent jurisdiction determines was the primary cause of a loss to either Seller or Purchaser. The Escrow Agent shall not incur any liability for following the instructions herein contained or expressly provided for, or written instructions given by either Seller or Purchaser. Seller and Purchaser, jointly and severally, covenant and agree to indemnify and hold the Escrow Agent and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, reasonable costs and expenses, including reasonable out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim ("Damages") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or direction upon which the Escrow Agent is authorized to rely pursuant to the terms of this Agreement. In addition to and not in limitation of the immediately preceding sentence, Seller and Purchaser, jointly and severally, also covenant and agree to indemnify and hold the Indemnitees and each of them harmless from and against any Damages that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Escrow Agent's performance under this Agreement; provided the Escrow Agent has not acted with fraud, gross negligence or bad faith or engaged in willful misconduct. The provisions of this Section 12(c) shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent for any reason. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of such loss or damage and regardless of the form of action.

(d) In the administration of this Agreement and the Escrow Fund hereunder, the Escrow Agent may consult with counsel or accountants to be selected and retained by it. The Escrow Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel or accountant.

(e) The Escrow Agent shall have no duties except those which are expressly set forth herein, and it shall not be bound by any notice of a claim, or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Agreement, unless in writing received by it.

(f) The Escrow Agent may resign at any time by giving written notice thereof to each of Seller and Purchaser, but such resignation shall not become effective until a successor Escrow Agent mutually agreed to by Seller and Purchaser shall have been appointed and shall have accepted such appointment in writing. In the event that an instrument of acceptance by a successor Escrow Agent shall not have been delivered to the Escrow Agent within thirty (30) days after the giving of such notice of resignation, the resigning Escrow Agent may, at the joint and several expense of Seller and Purchaser, petition any court of competent jurisdiction for the appointment of a successor Escrow Agent. The Escrow Agent shall have the right to withhold an amount from the Escrow

Fund equal to the amount due and owing to the Escrow Agent, plus any costs and expenses the Escrow Agent shall reasonably believe may be incurred by the Escrow Agent in connection with the appointment of a successor Escrow Agent. Any corporation or association into which the Escrow Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all of the corporate trust business of the Escrow Agent in its individual capacity may be sold or otherwise transferred, shall be the Escrow Agent under this Agreement without further act.

(g) The Escrow Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Escrow Fund shall be to deal such Escrow Fund in the same manner as the Escrow deals with similar property for its own account.

13. Investment of Escrow Fund. (a) The Escrow Fund shall be invested and reinvested by the Escrow Agent in any one or more Permitted Investments (as defined below) from time to time as maturities occur and as directed in writing by Purchaser.

"Permitted Investments" shall mean each of (i) U.S. dollar denominated, direct, noncallable, full-faith-and-credit obligations of the federal government of the United States of America, (ii) certificates of deposit, banker's acceptances or time deposits having maturities of six months or less from the date of acquisition and issued by a United States commercial bank which has unsecured senior debt securities or letters of credit rated at least P-1 by Moody's Investors Service, Inc. or A-1 by Standard & Poor's Corporation, (iii) commercial paper or securities with maturities of 90 days or less from the date of acquisition rated at least P-1 by Moody's Investors Service, Inc. and A-1 by Standard & Poor's Corporation (or, with respect to clauses (ii) and (iii) above, if neither of such rating agencies is then providing ratings, the equivalent thereof by another investor service of comparable national recognition selected by Seller and reasonably acceptable to Purchaser) and (iv) a money market mutual fund which invests primarily in the Permitted Investments set forth in (i), (ii) or (iii).

(b) The Escrow Agent shall invest the Escrow Fund in The U.S. Government Portfolio of the Wilmington Funds (a mutual fund managed by Rodney Square Management Corporation, a subsidiary of the Escrow Agent) in the absence of written instructions of Purchaser as to the investment of the Escrow Fund. The parties acknowledge that shares in this mutual fund are not obligations of Wilmington Trust Company, are not deposits and are not insured by the FDIC. The Escrow Agent or its affiliate is compensated by the mutual fund for services rendered in its capacity as investment advisor, custodian and/or transfer agent, and such compensation is both described in detail in the prospectus for this mutual fund, and is in addition to the compensation paid Wilmington Trust Company in its capacity as Escrow Agent hereunder.

(c) Neither Purchaser nor the Escrow Agent shall have liability for any loss incurred as a result of investments made in accordance with the provisions of this Section.

14. Investment Income. (a) All investment income shall be retained and reinvested as provided in Section 13 hereof until distributed pursuant to the terms hereof. All

proceeds received by the Escrow Agent in respect of any investments of the Escrow Fund shall be added to and become part of the Escrow Fund.

(b) The Escrow Agent may liquidate any investments made hereunder at such time as it shall deem necessary to make payments in accordance with the provisions hereof. The Escrow Agent shall have no liability for any loss incurred as a result of liquidation made by it in accordance with the provisions of this Section 14(b).

15. Amendment and Termination. This Agreement may be amended or terminated by and upon written notice to the Escrow Agent at any time given jointly by Purchaser and Seller, but the duties or responsibilities of the Escrow Agent may not be amended or modified without its consent.

16. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, or when sent by fax or other facsimile transmission (with receipt confirmed), or when sent via express delivery service and addressed as follows (or at such other addresses as the parties may designate by written notice in the manner aforesaid):

If to Purchaser:

Avista Corporation
1411 East Mission Avenue
Spokane, Washington 99220-3727
Attention: Ronald R. Peterson
Phone: 509-495-8045
Fax: 509-495-4272

With a copy (which shall not constitute notice) to:

Dewey Ballantine LLP
1301 Avenue of the Americas
New York, New York 10017
Attention: J. Anthony Terrell, Esq.
Phone: 212-259-7070
Fax: 212-259-6333

If to Seller:

Mirant Oregon, LLC
1155 Perimeter Center Parkway
Atlanta, Georgia 30338
Attention: Anthony Ellis, Esq.
Phone: (678) 579-5000
Fax: (678) 579-5001

with a copy (which shall not constitute notice) to:

White & Case LLP
1155 Avenue of the Americas
New York, New York 10036
Attention: Mark L. Mandel, Esq.
Phone: 212-819-8200
Fax: 212-354-8113

If to the Escrow Agent:

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, DE 19890
Attention: Margaret Pulgini
Phone: 302-636-6450
Fax: 302-636-4149

or to such other Person as shall be designated in writing by any such party, and such notice or communication shall be deemed to have been given as of the date of this Agreement so delivered, sent by fax or mailed.

17. Assignment. This Agreement may not be transferred, assigned, pledged or hypothecated by any party hereto; provided, however, Purchaser may assign all or any portion of its rights and obligations under this Agreement to any Person, including, without limitation, to its financing sources or financing sources of any of its subsidiaries by way of security, to any Person appointed to enforce such security or to any Person in connection with such enforcement. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, executors, administrators, successors and permitted assigns.

18. Execution. The execution of this Agreement by the Escrow Agent shall evidence its acceptance and agreement to the terms hereof. This Agreement may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Any signature page of any such counterpart, or any facsimile thereof, may be attached or appended to any other counterpart to complete a fully extended counterpart to this Agreement, and any facsimile transmission of any party's signature to any counterpart shall be deemed an original and shall bind such party.

19. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE, EXCLUDING ONLY ITS CHOICE OF LAW RULES.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereunto have duly caused this Agreement to be executed as of the date first above written.

MIRANT OREGON, LLC

By: Anne M. Cleary
Name: *Anne M. Cleary*
Title: *President*

AVISTA CORPORATION

By: _____
Name:
Title:

WILMINGTON TRUST COMPANY
as Escrow Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereunto have duly caused this Agreement to be executed as of the date first above written.

MIRANT OREGON, LLC

By: _____
Name:
Title:

AVISTA CORPORATION

By: Ronald R. Peterson
Name: Ronald R. Peterson
Title: Vice President

WILMINGTON TRUST COMPANY,
as Escrow Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereunto have duly caused this Agreement to be executed as of the date first above written.

MIRANT OREGON, LLC

By: _____
Name:
Title:

AVISTA CORPORATION

By: _____
Name:
Title:

WILMINGTON TRUST COMPANY,
as Escrow Agent

By: Margaret Pulgini
Name: Margaret Pulgini
Title: Vice President

Schedule 1
Fees

Initial Fee: \$3,000.00