

**SCHEDULE I  
DELEGATION OF AUTHORITY**

**HYDRO ONE LIMITED BOARD OF DIRECTORS  
SUBSIDIARY BOARD OF DIRECTORS DELEGATION OF AUTHORITY<sup>1</sup>**

***ADOPTED AS OF [•, 2018]***

In addition to all powers and authority reserved to the Board of Directors of Avista Corporation (the “Subsidiary Board”), a Washington corporation (the “Surviving Corporation”), as a matter of law, including the Washington Business Corporation Act and pursuant to its articles of incorporation and bylaws, as may be amended from time to time (the “Organizational Documents”), the Board of Directors of Parent (as defined below) (the “Parent Board”) hereby acknowledges and agrees that, to the fullest extent permitted by applicable law, decisions with respect to the matters set forth on Schedule I attached hereto shall be expressly reserved to the Subsidiary Board and the Subsidiary Board shall be expressly delegated the sole authority to review, authorize and approve such matters (the “Delegation of Authority Matters”), without any obligation to obtain any separate authorization or approval from the Parent Board, the board of directors of Olympus Equity LLC, a Delaware limited liability company (“Shareholder”), any Subsidiary of Parent that is an indirect parent of the Surviving Corporation, or any officer or employee of any of Parent, Shareholder or any such Subsidiary (other than in such person’s capacity as a director of the Surviving Corporation, as applicable), prior to the execution and delivery of any definitive, legally binding commitment or the taking of any other action with respect to or in connection with the Delegation of Authority Matters by the Surviving Corporation, its subsidiaries or any of their respective officers, employees or authorized representatives; provided, that, (i) decisions with respect to the matters set forth on Schedule II attached hereto shall require the express approval of Shareholder in its capacity as the sole shareholder of the common stock of the Surviving Corporation, and no authorization or approval of such matters shall be made by the Subsidiary Board, nor shall any action be taken by the Surviving Corporation with respect to such matters, without such express approval (the “Shareholder Approval Matters”); and (ii) the foregoing delegation is subject to the governance provisions set forth on Schedule III being implemented and in full force and effect with respect to the Surviving Corporation (the “Governance Requirements”). Capitalized terms used but not defined herein or on the attached Schedules shall have the meanings set forth in that certain Agreement and Plan of Merger (the “Merger Agreement”), by and among Hydro One Limited, a corporation organized under the laws of the Province of Ontario (“Parent”), Olympus Holding Corp., a Delaware corporation, Olympus Corp., a Washington corporation (“Merger Sub”), and Avista Corporation, a Washington corporation (the “Company”), dated as of July 19, 2017, and this instrument is referred to herein as the “Delegation of Authority.”

The delegations of authority set forth herein are intended to assist the Subsidiary Board and the officers of the Surviving Corporation and its subsidiaries in effectively performing their duties, while enabling the Subsidiary Board to monitor performance and maintain control over the management and decision-making of the Surviving Corporation and its Subsidiaries related to or in connection with the Delegation of Authority Matters.

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<sup>1</sup> To be adopted by the Parent Board of Directors substantially concurrent with the Closing of the transaction.

Notwithstanding any express, implied or inherent grant of managerial and executive authority to any officer of Shareholder, the Surviving Corporation or any of its subsidiaries, no officer shall take or cause or permit Shareholder, the Surviving Corporation or any of its subsidiaries to take action, or expend any money on behalf of the Surviving Corporation or any of its subsidiaries with respect to, any of the Delegation of Authority Matters, unless such action or expenditure has been approved by the Subsidiary Board in accordance with the articles of incorporation and bylaws of the Surviving Corporation and this Delegation of Authority. Any actions taken by the Chief Executive Officer or Chief Financial Officer of the Surviving Corporation following the approval by the Subsidiary Board in accordance with and pursuant to this Delegation of Authority with respect to the Delegation of Authority Matters shall, for all purposes and in all respects, and without any further action of Shareholder, the Surviving Corporation, the Subsidiary Board, or any other person, be deemed to be the due and proper actions of the Surviving Corporation.

The delegations of authority set forth herein with respect to the Delegation of Authority Matters shall be deemed to include, in the case of each such delegation of authority, the authority to perform such further acts and deeds, for and on behalf of the Surviving Corporation, as may be necessary, proper or advisable, in the judgment of the Subsidiary Board, to fully carry out the actions and effectuate the intent and purposes of the matters described herein.

To the extent provisions with respect to the Delegation of Authority Matters, Shareholder Approval Matters or Governance Requirements are inconsistent with one or more provisions of the Washington Business Corporation Act, Parent and Shareholder intend that such provisions be effective as an agreement among shareholders pursuant to RCW 23B.07.320 and that such agreement be valid as long as Shareholder is the sole shareholder of the common stock of the Surviving Corporation.

Any amendment, revision, modification or repeal of any provision with respect to the Delegation of Authority Matters, Shareholder Approval Matters or Governance Matters shall require the prior approval of any applicable state utility regulatory authorities with jurisdiction over the Surviving Corporation. Notwithstanding any contrary provision contained herein, the Delegation of Authority Matters, Shareholder Approval Matters or Governance Matters are subject to, and the provisions hereof shall be construed and interpreted in compliance with, all applicable requirements of any order of any applicable state utility regulatory authority with jurisdiction over the Surviving Corporation, including, specifically, any commitments made by the Surviving Corporation in connection with any such orders.

*SCHEDULE I*

**DELEGATION OF AUTHORITY MATTERS**

*Operational Commitments*

Decisions to:

1. maintain (a) the Surviving Corporation's headquarters in Spokane, Washington; (b) the Surviving Corporation's office locations in each of its other service territories, and (c) no less of a significant presence in the immediate location of each of such office locations than what the Company and its subsidiaries maintained immediately prior to the Effective Time;
2. maintain the Surviving Corporation's and its Subsidiaries' brand and establish the plan for the operation of the business of the Surviving Corporation and its Subsidiaries;
3. maintain at least the Surviving Corporation's and its Subsidiaries' existing levels prior to the Effective Time of community involvement and support initiatives in the existing service territories of the Surviving Corporation and its Subsidiaries;
4. maintain a \$4,000,000 annual budget for charitable contributions by the Surviving Corporation, make a \$7,000,000 initial contribution to the Surviving Corporation's charitable foundation at or promptly following the Effective Time and make a \$2,000,000 annual contribution to the Surviving Corporation's charitable foundation;
5. maintain at least the Surviving Corporation's and its Subsidiaries' existing levels of economic development as of the Effective Time, including the ability of the Surviving Corporation to spend operations and maintenance funds to support regional economic development and related strategic opportunities in a manner consistent with the past practices of the Surviving Corporation and its Subsidiaries;
6. maintain the Surviving Corporation's and its Subsidiaries' existing levels as of the Effective Time of capital allocations for capital investment in strategic and economic development items, including property acquisitions in the university district, support of local entrepreneurs and seed-stage investments;
7. continue development and funding of the Surviving Corporation's and its Subsidiaries' existing and future innovation activities; and
8. maintain the Surviving Corporation's and its Subsidiaries' safety and reliability standards and policies and service quality measures in a manner that is substantially comparable to, or better than, those currently maintained as of the Effective Time by the Company and its Subsidiaries.

### *Governance Matters*

#### Decisions to:

1. retain the Surviving Corporation's existing executive management team to manage the Surviving Corporation's business;
2. hire, dismiss or replace the Chief Executive Officer of the Surviving Corporation (and shall not require any approval of Parent or its Subsidiaries, other than the approval of the Subsidiary Board);
3. cause the Subsidiary Board to consist of nine (9) members, determined as follows: (i) two (2) directors designated by Shareholder who are executives of Parent or any of its Subsidiaries; (ii) three (3) Independent Directors who are residents of the Pacific Northwest Region, to be designated by Shareholder (the "Shareholder Independent Directors"), and, together with the directors designated in clause (i) hereof, the "Shareholder Designees"); (iii) three (3) directors who as of immediately prior to the Effective Time are members of the Board of Directors of the Company, including the Chairman of the Board of Directors of the Company (if such person is different from the Chief Executive Officer of the Surviving Corporation); and (iv) the Chief Executive Officer of the Surviving Corporation (collectively, the directors designated in clauses (iii) and (iv) hereof, the "Company Designees," at least two (2) of whom must be Independent Directors (the "Company Independent Directors")), and (a) the initial Chairman of the Board of Directors of the Surviving Corporation shall be the Chief Executive Officer of the Company as of the time immediately prior to the Effective Time for a one year term and (b) if any Company Designee resigns, retires or otherwise ceases to serve as a director of the Surviving Corporation for any reason, the remaining Company Designees shall have the sole right to nominate a replacement director to fill such vacancy, and such person shall thereafter become a Company Designee; provided, that in the case of the Shareholder Independent Directors and the Company Independent Directors, the Company and Parent shall consult with each other prior to the designation of any such director; and
4. maintain the composition of the Subsidiary Board (including regional representation) and the appointment of the Chairman of the Subsidiary Board in accordance with paragraph 3 immediately above.

As used herein, "Independent Director" means any director of the Surviving Corporation who (i) meets the standards for "independent director" under section 303A.02 of the New York Stock Exchange Listed Company Manual with respect to Parent and its Subsidiaries, including the Surviving Corporation, (ii) has no material relationship with Parent, its Subsidiaries or affiliated entities currently or in the prior three years, and (iii) if and to the extent required with respect to a specific director, who meets such other qualifications as may be required by any applicable state utility regulatory authority for an independent director. Notwithstanding anything to the contrary in this definition of "Independent Director," (a) a director who also serves as an independent director of the Surviving Corporation or any of its Subsidiaries or the Shareholder and who otherwise satisfies the criteria set forth above for an "Independent Director," may still be considered independent within the meaning hereof, and (b) former officers of the Company or the Surviving Corporation, who otherwise satisfy the criteria set forth above for an "Independent Director," may still be considered independent within the meaning hereof.

As used herein, "Pacific Northwest Region" means the Pacific Northwest states in which the Surviving Corporation serves retail electric or natural gas customers, currently Alaska, Idaho, Montana, Oregon and Washington.

*Additional Matters*

Decisions to:

1. negotiate, enter into, modify, amend, terminate or agree to changes in any collective bargaining agreement or any other Company Material Contract with any labor organizations, union employees or their representatives;
2. maintain compensation and benefits related practices consistent with the requirements of the Merger Agreement;
3. maintain or make changes to director, officer or employee compensation or any aspects thereof, such as amount, mix, form, timing etc., in each case that are consistent with current market standards and prevailing practices of relevant U.S. electric and gas utility benchmarks; and
4. maintain the dues paid by the Surviving Corporation to various industry trade groups and membership organizations.

The authority of the Subsidiary Board to make decisions with respect to the foregoing matters includes the authority to amend the foregoing commitments if the Subsidiary Board determines by special resolution requiring the approval of two-thirds (2/3) of the directors, including the affirmative vote of at least one (1) Company Designee, one (1) Shareholder Designee (exclusive of the Shareholder Independent Directors) and two (2) Shareholder Independent Directors, that an amendment would be in the best interest of the Surviving Corporation, taking into account relevant regulatory considerations; provided, that any amendment, revision, modification or repeal of any of the foregoing commitments receive the prior approval of any applicable state utility regulatory authorities with jurisdiction over the Surviving Corporation.

*SCHEDULE II*

**SHAREHOLDER APPROVAL MATTERS**

*Operational Matters*

Decisions to:

1. enter into any agreement with respect to, or otherwise enter into any merger, consolidation, amalgamation, share purchase or other business combination transaction, or any sale of all or substantially all of the assets of the Surviving Corporation;
2. take any action that would reasonably be expected to lead to or result in (i) a material change in the nature of the business of the Surviving Corporation or any of its Subsidiaries or (ii) the carrying out by the Surviving Corporation or any of its Subsidiaries of any business other than its current business as of the Effective Time;
3. take any steps to wind up, terminate or dissolve the corporate existence of the Surviving Corporation or any of its Subsidiaries;
4. declare, pay or withhold any distribution or dividend; and
5. make any commitment or enter into any agreement to do any of the foregoing.

*Governance and Organizational Matters*

Decisions to:

1. repeal, replace or amend in any respect the articles of incorporation, bylaws, or other organizational documents of the Surviving Corporation or any of its Subsidiaries;
2. increase or otherwise amend or change the authorized or issued capital of the Surviving Corporation or any of its Subsidiaries;
3. make any change to the number of directors that constitute the full board of directors of the Surviving Corporation; and
4. make any commitment or enter into any agreement to do any of the foregoing.

### SCHEDULE III

#### GOVERNANCE REQUIREMENTS

The Organizational Documents shall provide for the following:

1. the Subsidiary Board shall consist of nine (9) members, determined as follows: (i) two (2) directors designated by Shareholder who are executives of Parent or any of its Subsidiaries; (ii) three (3) Independent Directors who are residents of the Pacific Northwest Region, to be designated by Shareholder (the "Shareholder Independent Directors"), and, together with the directors designated in clause (i) hereof, the "Shareholder Designees"); (iii) three (3) directors who as of immediately prior to the Effective Time are members of the Board of Directors of the Company, including the Chairman of the Board of Directors of the Company (if such person is different from the Chief Executive Officer of the Surviving Corporation); and (iv) the Chief Executive Officer of the Surviving Corporation (collectively, the directors designated in clauses (iii) and (iv) hereof, the "Company Designees," at least two (2) of whom must be Independent Directors (the "Company Independent Directors"), and (a) the initial Chairman of the Board of Directors of the Surviving Corporation shall be the Chief Executive Officer of the Company as of the time immediately prior to the Effective Time for a one year term and (b) if any Company Designee resigns, retires or otherwise ceases to serve as a director of the Surviving Corporation for any reason, the remaining Company Designees shall have the sole right to nominate a replacement director to fill such vacancy, and such person shall thereafter become a Company Designee;
2. the Company and Parent shall consult with one another prior to the designation of any Shareholder Independent Director or any Company Independent Director;
3. Shareholder shall have the unfettered right to designate, remove and replace the Shareholder Designees as directors of the Surviving Corporation with or without cause or notice at its sole discretion, subject to the requirement that (i) two (2) of such directors are executives of Parent or any of its Subsidiaries and (ii) three (3) of such directors are Independent Directors who are residents of the Pacific Northwest Region, while such requirement is in effect (subject in the case of clause (ii) hereof to Shareholder determining, in good faith, that it is not able to appoint an Independent Director who is a resident of the Pacific Northwest Region in a timely manner, in which case Shareholder may replace any such director with any person, including an employee or executive of Parent or any of its Subsidiaries, on an interim basis, not exceeding six months, provided that Shareholder Designees who are employees or executives of Parent or any of its Subsidiaries shall in no case constitute a majority of the directors of the Surviving Corporation, after which time Shareholder shall replace any such interim director with an Independent Director who is a resident of the Pacific Northwest Region. If, at any time a circumstance arises, and during the pendency of any such circumstance, whereby the Province of Ontario ("Ontario") exercises its rights as a shareholder of Parent, uses legislative authority or acts in any other manner whatsoever, that results, or would result, in Ontario appointing nominees to the board of directors of Parent that constitute, or would constitute a majority of the directors of such board, then Parent's authority to replace an Independent Director with an employee or executive on an interim basis is suspended for the pendency of such circumstance. ; provided, however, that this exception to clause (ii) hereof shall not apply if, at any time a circumstance arises, and during the pendency of any such circumstance, whereby the Province of Ontario

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~~(“Ontario”) exercises its rights as a shareholder of Parent, uses legislative authority or acts in any other manner whatsoever, that results, or would result, in Ontario appointing nominees to the board of directors of Parent that constitute, or would constitute a majority of the directors of such board);~~

4. following the initial one year term of the Chairman of the Board of the Surviving Corporation, Shareholder shall have the right to designate the Chairman of the Board of the Surviving Corporation, including electing to continue the term of the initial Chairman of the Board of the Surviving Corporation;
5. at all times, the chief executive officers of the Surviving Corporation and Parent shall be members of the Subsidiary Board;
6. not less than three (3) business days’ notice shall be required to call a meeting of the Subsidiary Board and such notice shall include an agenda of all items of business to be addressed or subject to decision at such meeting of the Subsidiary Board, unless such notice requirement or agenda requirement is expressly waived by Shareholder in writing; and
7. a quorum of the Subsidiary Board shall require (i) at least five (5) directors and (ii) that the number of Shareholder Designees in attendance be equal to or greater than the number of Company Designees in attendance, and shall include at least one Shareholder Designee who is an executive of Parent or any of its Subsidiaries.

As used herein, “Independent Director” means any director of the Surviving Corporation who (i) meets the standards for “independent director” under section 303A.02 of the New York Stock Exchange Listed Company Manual with respect to Parent and its Subsidiaries, including the Surviving Corporation, (ii) has no material relationship with Parent, its Subsidiaries or affiliated entities currently or in the prior three years, and (iii) if and to the extent required with respect to a specific director, who meets such other qualifications as may be required by any applicable state utility regulatory authority for an independent director. Notwithstanding anything to the contrary in this definition of “Independent Director,” (a) a director who also serves as an independent director of the Surviving Corporation or any of its Subsidiaries or the Shareholder and who otherwise satisfies the criteria set forth above for an “Independent Director,” may still be considered independent within the meaning hereof, and (b) former officers of the Company or the Surviving Corporation, who otherwise satisfy the criteria set forth above for an “Independent Director,” may still be considered independent within the meaning hereof.

As used herein, “Pacific Northwest Region” means the Pacific Northwest states in which the Surviving Corporation serves retail electric or natural gas customers, currently Alaska, Idaho, Montana, Oregon and Washington.

In addition to the foregoing, the Subsidiary Board intends to adopt a skills matrix (the “Skills Matrix”) with respect to the qualifications of directors. No director nominee may be proposed to replace an incumbent director if, taking into account the selection criteria required above, and any other proposed replacement directors who have already been confirmed, the Subsidiary Board would not collectively satisfy the Skills Matrix.



