

ON BEHALF OF AVISTA CORPORATION

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ON BEHALF OF HYDRO ONE LIMITED

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT)
APPLICATION OF HYDRO ONE LIMITED) CASE NO. AVU-E-17-05
(ACTING THROUGH ITS INDIRECT) CASE NO. AVU-G-17-09
SUBSIDIARY, OLYMPUS EQUITY LLC))
AND)
AVISTA CORPORATION) EXHIBIT NO. 12
FOR AN ORDER AUTHORIZING PROPOSED)
TRANSACTION) MARK T. THIES

FOR AVISTA CORPORATION

(ELECTRIC AND NATURAL GAS)

SERVICES AND INDEMNITY AGREEMENT

This Services and Indemnity Agreement, dated as of [●], 2018 (this "Agreement"), is among GSS Holdings (AGS), Inc. ("HoldCo"), a Delaware corporation, Global Securitization Services, LLC ("Global"), a Delaware limited liability company, and Avista Corporation, a Washington corporation (the "Company").

WHEREAS, HoldCo is an affiliate of Global; and

WHEREAS, HoldCo has been requested and has agreed to hold one share of limited preferred voting stock (the "Share") to be issued by the Company.

NOW, THEREFORE, in consideration of the mutual promises herein contained, and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. HoldCo's Service.

(a) HoldCo agrees to hold the Share as provided subject to the rights and preferences with respect to the Share as provided in the Amended and Restated Articles of Incorporation of the Company dated as of [●], as may be amended from time to time (the "Company Articles") and the Amended and Restated Bylaws of the Company dated as of [●], as may be amended from time to time (the "Company Bylaws" and, together with the Company Articles, the "Company Governing Documents").

(b) In consideration of HoldCo holding the Share pursuant to Section 1(a) of this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Company, the Company shall pay to Global a fee in the amount of \$5,000.00 per year for each year that the Share continues to be outstanding and held by HoldCo. Such fee for the first year of this Agreement shall be due and payable by the Company to Global upon the execution of this Agreement, and such fee for subsequent years shall be due and payable by the Company to Global no later than each respective anniversary date hereof (the "Payment Date"). Invoices in respect of such annual fee will be issued by Global by no later than 30 days prior to the Payment Date during the term of this Agreement and sent to: Avista Corporation, 1411 East Mission Avenue, Spokane, Washington 99220, Attn: Marian Durkin, Senior Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer.

(c) HoldCo and Global hereby agree to maintain in strict confidence all information regarding the Company and its affiliates, including without limitation, information regarding transactions to which the Company or any of its affiliates is a party, except as may be required by law to be disclosed.

(d) The Company shall reimburse Global for any reasonable, documented fees and out-of-pocket expenses incurred pursuant to this Agreement customary for the type of corporations formed in Delaware such as HoldCo. Such fees and expenses shall be payable by the Company to Global within thirty (30) days of demand to the Company; provided that the Company receives from Global an invoice therefor together with satisfactory evidence of such fees and expenses.

(e) The Company agrees to inform HoldCo and Global, as necessary and in a timely manner, of any information which is material with respect to any matter as to which HoldCo is asked to vote in its capacity as the holder of the Share.

Section 2. Indemnification by Company.

(a) In consideration of HoldCo's service as the holder of the Share, recognizing that the Company benefits from such service, and subject to Sections 2(b), 4, 5, 6 and 14, the Company hereby agrees to indemnify and hold HoldCo and Global (collectively, the "Indemnitees") harmless from and against any and all claims, liabilities, losses, damages, judgments, settlements, costs and expenses (including, without limitation, court costs and reasonable attorneys' fees and disbursements) (individually, a "Loss" and collectively, "Losses") that the Indemnitees may sustain or incur as a result of (i) HoldCo's service as the holder of the Share or (ii) any act or omission of HoldCo as the holder of the Share, irrespective of the time when the claim giving rise to such Loss or Losses is asserted or when the amount of such Loss or Losses is established, excluding however any Losses resulting from the gross negligence or willful misconduct of any Indemnitee.

(b) Upon the Indemnitees' written verification to the reasonable satisfaction of the Company of the amount and cause of any Loss or Losses incurred by the Indemnitees or either of them, the Company shall pay each such Loss covered by this Section directly as and when due to the Indemnitee entitled thereto.

Section 3. HoldCo and Global Representations, Warranties and Covenants. HoldCo and Global represent and warrant that HoldCo was incorporated on July 17, 2018. HoldCo has not engaged in any business other than in connection with its ownership of the Share and has no other assets or liabilities other than this Agreement, the Share and its rights as a shareholder under the Company Governing Documents. HoldCo and Global covenant that HoldCo will not engage in any business activities and will not incur any liabilities other than pursuant to this Agreement. HoldCo and Global covenant that HoldCo will not sell, assign, transfer, pledge, hypothecate or otherwise convey the Share without the prior written consent of the Company and in conformity with the Company Governing Documents. For as long as HoldCo owns the Share, HoldCo and Global each covenant that HoldCo will remain duly qualified and in good standing to do business in each jurisdiction in which the nature of HoldCo's business or the ownership of its assets and properties makes such qualification necessary other than in such jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on HoldCo. For as long as HoldCo owns the Share, HoldCo and Global each covenant that it will not dissolve, liquidate or wind-up HoldCo.

Section 4. Duty to Defend; Advance of Expenses. If any judicial or administrative proceeding, or threatened proceeding, including any government investigation, whether civil criminal or otherwise (individually, an "Action" and collectively, "Actions"), is asserted, commenced or brought against the Indemnitees, or any of them, for which the Indemnitees may be indemnified by the Company pursuant to Section 2(a), the Company shall have the right (in its sole discretion) to retain and direct counsel to defend such Action, and shall permit the Indemnitees to monitor the defense thereof. The Indemnitees shall cooperate fully with the

Company and with such counsel in such defense. The Company shall assume responsibility for all reasonable fees and disbursements of such counsel.

Section 5. Reimbursement by Indemnitees. The Indemnitees hereby agree that if it is determined that the Indemnitees, or any of them, are not entitled to indemnification pursuant to the provisions of Section 2(a) and the Company shall have paid any amounts to or on behalf of such Indemnitees, then promptly after such determination shall have been made, the Indemnitees, or those of them not entitled to indemnification as aforesaid, shall jointly and severally repay all amounts paid by the Company to or on behalf of the Indemnitees in connection with all matters as to which it has been determined that such Indemnitees are not entitled to indemnification.

Section 6. Notice of Claims; Settlements.

(a) If the Indemnitees, or any of them, receives complaints, claims or other notices of any actions, Losses or other liabilities that may give rise to indemnification under Section 2, the Indemnitees shall promptly notify the Company in writing of each such complaint, claim or other notice; but the omission to so notify the Company shall not relieve the Company from any liability under this Agreement, except to the extent that the Company is prejudiced as a result of such failure.

(b) The Company shall not be obligated to indemnify the Indemnitees for any settlements of any action or Losses otherwise covered by the indemnity provided hereunder that are effected without the Company's prior written consent, which consent shall not be unreasonably withheld.

Section 7. No Lawsuits. Except to the extent provided in Section 2(a) including, but not limited to, to the extent of any gross negligence or willful misconduct on the part of an Indemnitee or in connection with the enforcement of representations, warranties or covenants set forth in Section 3, the Company agrees that it will not assert, commence or bring any action against the Indemnitees, or prosecute any lawsuit in state or federal court against the Indemnitees on account of HoldCo's service as holder of the Share, or as a result of any act or omission by the Indemnitees covered by the Company's agreement to indemnify under Section 2.

Section 8. Notices. Any notice or other communication under this Agreement shall be in writing and deemed given upon receipt by a party at its address set forth on the signature page hereof or at such other address as such party shall hereafter furnish in writing.

Section 9. Counterparts; Modification; Headings.

(a) This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument, and any party may execute this Agreement by signing any such counterpart. A signature to this Agreement transmitted electronically shall have the same authority, effect and enforceability as an original signature.

(b) No modification of this Agreement shall be binding unless executed in writing by the parties hereto or their respective successors and permitted assigns.

(c) Section headings are not part of this Agreement, but are solely for convenience of reference and shall not affect the meaning or interpretation of any provisions of this Agreement.

Section 10. Successors and Assigns; Sole Benefit. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns. Nothing expressed or referred to herein is intended or shall be construed to give any person other than the Company or the Indemnitees and the Indemnitees' heirs, executors, administrators, successors and assigns any legal or equitable rights, remedies or claims under or with respect to any provisions of this Agreement. Subject to Section 16, no party hereto may assign its obligations under this Agreement without the prior consent of the other parties hereto.

Section 11. Agreement Not Exclusive. The right to indemnification provided to the Indemnitees under this Agreement shall be independent of, and neither subject to nor in derogation of, any other rights to indemnification or exculpation to which HoldCo or Global may be entitled, including, without limitation, any such rights that may be asserted under any other agreement, applicable corporate law, the Company Governing Documents or any other contract or insurance.

Section 12. Costs of Enforcement. The Company shall pay all reasonable, documented costs and expenses incurred by the Indemnitees in the enforcement of their rights under this Agreement, including, without limitation, all reasonable court costs and attorney's fees.

Section 13. Severability. If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect.

Section 14. No Violation of Law. The Company shall be relieved of any obligation to make payment of an amount to an Indemnitee pursuant to the terms of this Agreement if payment of such amount would constitute a violation by the Company of applicable law or regulation, but only so long as, and only to the extent that, such payment constitutes such a violation.

Section 15. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without reference to applicable principles of conflict of laws. The parties hereto irrevocably (a) submit to the non-exclusive jurisdiction of any New York State court sitting in New York City or the United States District Court for the Southern District of New York in any action or proceeding arising out of or relating to this Agreement, (b) waive, to the fullest extent they may effectively do so, any defense based on inconvenient forum, improper venue or lack of jurisdiction to the maintenance of any such action or proceeding, and (c) waive all right to trial by jury in any action, proceeding or counterclaim arising out of this Agreement or the transactions contemplated hereby.

Section 16. Prior Approval. This Agreement (and any rights or obligations hereunder) may not be assigned by HoldCo or Global to any party without the prior approval of any such assignee by any applicable state utility regulatory authority with jurisdiction over the Company.

Section 17. Termination. Except as otherwise specified, this Agreement shall be in full force and effect from the date hereof until it is terminated by the parties in accordance herewith. This Agreement may be terminated by any party upon thirty (30) days prior written notice of termination to the other parties; provided that no termination of this Agreement shall be effective until a replacement holder of the Share has been appointed and consented to by the Company and any applicable state utility regulatory authority with jurisdiction over the Company. In the event of a termination of this Agreement by Global or HoldCo, Global or HoldCo shall provide a pro rata refund of the annual fee paid in advance for the year in which such termination is effected.

Section 18. Survival. The provisions of this Section 18 and Sections 1(c), 2, 4, 5, 6, 7, 11, 14, 15 and the last sentence of Section 17 shall survive termination or expiry of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officers, as of the day and year first above written.

GSS HOLDINGS (AGS), INC.

By: _____
Name:
Title: Vice President
Address: 68 South Service Road, Suite 120
Melville, NY 11747

GLOBAL SECURITIZATION SERVICES, LLC

By: _____
Name: Kevin P. Burns
Title: President
Address: 114 West 47th Street, Suite 2310
New York, NY 10036

AVISTA CORPORATION

By: _____
Name:
Title:
Address: 1411 East Mission Avenue
Spokane, WA 99220