

Fortis Inc. Directors and Officers

Directors

Gilbert S. Bennett
Angus A. Bruneau
Bruce Chafe
Darryl D. Fry
Linda L. Inkpen
H. Stanley Marshall
David A. Scales
James M. Stanford

Corporate Officers

H. Stanley Marshall, *President & Chief Executive Officer*
Karl W. Smith, *Vice-President, Finance & Chief Financial Officer*
Ronald W. McCabe, *General Counsel & Corporate Secretary*



Exchange Listings

Common Shares of Fortis Inc. (FTS) and First Preference Shares, Series B (FTSPRB) are traded on the Toronto Stock Exchange.

Registrar and Transfer Agent - Montreal Trust Company

Important Dates - Dividends & Earnings

Expected Earnings Release Dates

August 14, 2000 November 13, 2000
March 9, 2001 May 16, 2001

Expected Dividend Record Dates

May 5, 2000 August 4, 2000
November 3, 2000 February 2, 2001

Expected Dividend Payment Dates*

June 1, 2000 September 1, 2000
December 1, 2000 March 1, 2001

* The declaration and payment of dividends are subject to Board of Directors' approval.

Share Price (TSE)

Quarter Ending

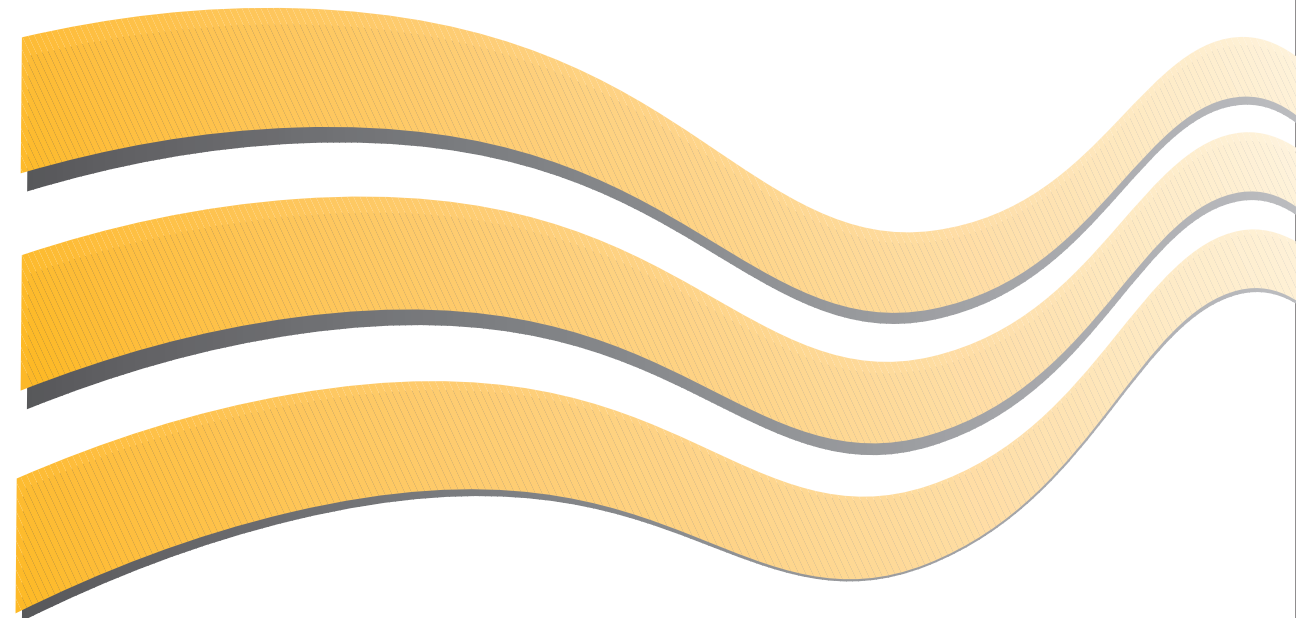
	<u>2000</u>	<u>1999</u>
High	32.00	39.70
Low	27.50	35.50
Close	29.05	38.00

*Inquiries for general information or publications should be directed to:
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**FIRST QUARTER REPORT
MARCH 2000**

Results for the Quarter Ended March 31, 2000

RESULTS FOR THE QUARTER ENDED MARCH 31, 2000

Earnings applicable to common shares grew by 6.6 per cent to \$11.3 million, or \$0.86 per common share, in the first quarter of 2000 compared to \$10.6 million, or \$0.81 per common share, for the first quarter of 1999.

The growth in earnings reflects the positive contributions of Belize Electricity and Caribbean Utilities Company, Ltd., a significant increase in Newfoundland Power's earnings and the positive contribution of the Brunswick Square acquisition to Fortis Properties' earnings. Earnings in the first quarter of 2000 were negatively impacted by increased energy costs at Maritime Electric due to high oil prices.

UTILITY OPERATIONS

Newfoundland Power

Newfoundland Power's earnings for the first quarter of 2000 increased by 11.5 per cent over the first quarter of 1999. Earnings applicable to common shares were \$9.7 million compared to \$8.7 million in the same period last year.

Year-to-date energy sales were 1,532 gigawatt hours (GWh), a 40 GWh or 2.7 per cent increase over the same period last year. Revenue increased by approximately \$3.3 million, or 3.0 per cent, to \$112.1 million in the first quarter compared to \$108.8 million for the same period last year. The increase in revenue was the result of higher energy sales combined with a 0.7 per cent increase in electricity rates effective January 1, 2000.

Operating expenses, excluding purchased power costs, were \$12.7 million in the first quarter of 2000, a \$1.1 million or 8.0 per cent reduction over the same quarter last year. The impact of higher energy sales on purchased power costs was reduced through improved efficiencies at Newfoundland Power's hydroelectric plants.

Newfoundland Power's allowed return on common equity has been set at 9.59 per cent in 2000 compared to 9.25 per cent in 1999. The increase results from the application of the automatic adjustment formula finalized in 1999.

Maritime Electric

Energy sales grew by 3.9 per cent to 242 GWh in the first quarter compared to 233 GWh for the same period in 1999. Increased commercial construction currently taking place on Prince Edward Island, particularly in Charlottetown, accounted for most of the growth.

Revenue for the first quarter was \$22.5 million, an increase of \$0.9 million over the same period last year.

Operating expenses for the first quarter were \$17.8 million compared to \$13.9 million for the same period in 1999. The increase over last year reflects the increase in energy sales and the higher energy costs primarily associated with high oil prices.

The dramatic increase in oil prices reduced earnings for the first quarter, which were \$0.4 million compared to \$2.0 million for the same period in 1999.

On April 1, 2000, Maritime Electric increased residential rates by 3.0 per cent in conjunction with an identical increase by New Brunswick Power. Rates on

Prince Edward Island will continue to be no more than 110 per cent of those charged by New Brunswick Power for comparable service in New Brunswick.

Canadian Niagara Power

Energy sales for the first quarter of 2000 were 163 GWh compared to 180 GWh for the same period in 1999. The company reduced wholesale energy sales to the United States as a result of changing market conditions there.

Revenue for the first quarter was \$8.1 million compared to \$8.8 million for the same period last year. The decrease results from the decline in energy sales quarter over quarter.

Fortis' share of Canadian Niagara Power's earnings from continuing operations for the first quarter was \$1.0 million, unchanged from the same period last year.

Belize Electricity

In its first full quarter of operations since Fortis' investment in Belize Electricity, energy sales were 52.6 GWh, an increase of approximately 13.4 per cent over the same period last year. In the first quarter of 2000, Belize Electricity contributed \$1.0 million, net of after tax interest, to earnings applicable to common shares.

FortisUS Energy

Energy production for the first quarter was 18.2 GWh compared to 16.4 GWh for the same period last year.

Revenue from the sale of electricity was \$724,000. Operating expenses for the reporting period were

\$292,000.

In the first quarter, FortisUS Energy contributed \$42,000, net of after tax interest, to earnings applicable to common shares.

NON-UTILITY OPERATIONS

Fortis Properties

Net earnings for the first quarter of 2000 were \$372,000 compared to \$96,000 for the same period last year. The substantial increase in earnings was primarily attributable to the contribution to earnings of Brunswick Square.

Revenue for the first quarter of 2000 was \$11.3 million, a 34 per cent increase over revenue of \$8.4 million for the first quarter of 1999. The increase in revenue was mainly related to the inclusion of Brunswick Square, acquired in August 1999.

Fortis Trust

Fortis Trust's earnings for the first quarter of 2000 were \$104,000, consistent with earnings of \$107,000 for the same period last year.

CORPORATE

General

On March 3, 2000, Fortis Inc. purchased 16.8 per cent or 4.75 million of the outstanding shares of Caribbean Utilities Company, Ltd. ("Caribbean Utilities") for US\$11.50 per share aggregating to Cdn\$79.5 million.

Subsequent to Fortis' acquisition, Caribbean Utilities bought back an equivalent number of shares from

FINANCIAL HIGHLIGHTS

First Quarter Results - Quarter Ended March 31 (in thousands excepts for per share amounts)

	2000	1999
Revenue	\$166,838	\$144,322
Cash Flow from Operations	\$22,695	\$34,950
Earnings Applicable to Common Shares	\$11,271	\$10,588
Earnings Per Common Share	\$0.86	\$0.81

Quarter Ended March 31 (in thousands)

	Utility		Non-Utility		Consolidated	
	2000	1999	2000	1999	2000	1999
Operating Revenues	\$154,505	\$134,749	\$12,333	\$9,573	\$166,838	\$144,322
Operating Expenses	108,368	93,752	8,496	6,529	116,864	100,281
Depreciation and Amortization	13,456	10,775	1,592	1,672	15,048	12,447
Interest	10,166	8,613	3,094	1,671	13,260	10,284
Dividends on Preference Shares	-	-	744	744	744	744
Income Taxes	8,825	9,692	58	256	8,883	9,948
Results of Discontinued Operations	-	99	-	-	-	99
Non-Controlling Interest	796	157	(28)	(28)	768	129
Earnings Applicable to Common Shares	\$12,894	\$11,859	\$(1,623)	\$(1,271)	\$11,271	\$10,588
Identifiable Assets	\$1,029,053	\$820,760	\$300,251	\$207,214	\$1,329,304	\$1,027,974
Capital Expenditures	\$16,649	\$10,431	\$2,193	\$5,730	\$18,842	\$16,161

Unaudited Financial Statements

Consolidated Statement of Earnings (*in thousands*)

	Three Months Ended March 31	
	2000	1999
Operating Revenues	\$166,838	\$144,322
Expenses		
Operating	116,864	100,281
Depreciation and Amortization	15,048	12,447
	131,912	112,728
Operating Income	34,926	31,594
Finance Charges		
Interest on Long Term Debt	13,260	10,284
Dividends on Preference Shares	744	744
Income Before Income Taxes	20,922	20,566
Income Taxes	8,883	9,948
Earnings before Non-Controlling Interest and Discontinued Operations	12,039	10,618
Results of Discontinued Operations	-	99
Non-Controlling Interest	(768)	(129)
Earnings Applicable to Common Shares	\$11,271	\$10,588
Average Common Shares Outstanding	13,179	13,014
Earnings per Common Share (\$)	\$0.86	\$0.81

Consolidated Statement of Retained Earnings (*in thousands*)

	2000	1999
Balance at Beginning of Period	\$190,661	\$189,585
Change in Accounting Policy for Post Retirement Benefits	-	(3,266)
Change in Accounting Policy for Future Income Taxes	-	(1,053)
As restated	190,661	185,266
Earnings Applicable to Common Shares	11,271	10,588
	201,932	195,854
Dividends on Common Shares	(6,080)	(5,889)
Balance at End of Period	\$195,852	\$189,965

Note:

- The 1999 comparative figures have been restated to reflect the discontinued operations resulting from the sale of Canadian Niagara Power's wind powered electric generating operations in Cowley Ridge, Alberta.
- The comparative figures have been retroactively adjusted to reflect the change in accounting policy resulting from the adoption of the recommendations of Section 3461, Employee Future Benefits, and 3465, Income Taxes, of the CICA Handbook.

existing shareholders bringing Fortis' ownership percentage to 20.2 per cent. Currently, another shareholder holds in excess of 30 per cent of the outstanding voting shares. As a result, this investment has been accounted for on the cost basis in the March 31, 2000 consolidated financial statements.

The following is a discussion of significant financial items that have not been previously addressed in this interim report.

Financial Position

Assets

Total assets for the quarter ended March 31, 2000 aggregated \$1.3 billion, a 30 per cent increase over total assets at March 31, 1999. The increase in assets results primarily from recent acquisitions in Caribbean Utilities, Belize Electricity, and FortisUS Energy.

Liabilities

Short-term borrowings at March 31, 2000 increased \$168.8 million over the comparative March 31, 1999 figure to \$173.4 million primarily reflecting short-term financing for the acquisitions outlined previously.

Accounts payable and accrued charges at March 31, 2000 increased 25.3 per cent and long term debt increased 14.9 per cent over the March 31, 1999 comparative figures. The increase in these items results primarily from the investment in Belize Electricity and Brunswick Square which have been consolidated in the March 31, 2000 financial statements.

The \$25.5 million increase in March 31, 2000 deferred credits over the March 31, 1999 figure, predominantly represents the contributions in aid of construction and post retirement benefits liability of Belize Electricity.

Non-Controlling Interest

The \$21.6 million increase in non-controlling interest represents 33 percent of the net assets of Belize Electricity. While Fortis owns 67 per cent of Belize Electricity, ownership of the remaining 33 per cent non-controlling interest is distributed between the Government of Belize, with a 25 per cent ownership, and the public, with an 8 per cent ownership.

Foreign Currency Translation Adjustment

Acquisition of ownership interests in foreign jurisdictions has created foreign currency translation

adjustments. The assets and liabilities of Belize Electricity and FortisUS Energy, both of which are self sustaining, were translated at exchange rates in effect at the balance sheet date. The resulting gains and losses were accumulated in the foreign currency translation adjustment in shareholders' equity. Revenue and expense items are translated at average exchange rates prevailing throughout the period.

Change in Accounting Policy

On January 1, 1999, Fortis and its subsidiaries, except Newfoundland Power, adopted the recommendations of Section 3461 of the CICA Handbook, Employee Future Benefits. These recommendations have been applied retroactively. Similarly, Fortis, except with respect to Newfoundland Power, retroactively adopted the recommendations of Section 3465 of the CICA Handbook, Future Income Taxes during the first quarter of 2000 with restatement of 1999 comparative figures.

Newfoundland Power is regulated on a cost of service basis and regulatory approval is required for the recovery of current and past expenses.

Cash Flows

Cash flows from operations for the first quarter of 2000 totaled \$22.7 million compared to \$35.0 million in the first quarter of 1999, a decrease of \$12.3 million. During the first quarter of 1999, Fortis Properties received \$15.5 million proceeds from its December 1998 sale of its partnership interest in AT&T Canada (Newfoundland), which was applied to 1999 first quarter bank indebtedness.

On a normalized basis, cash flow from operations for the quarter ended March 31, 2000 increased \$3.2 million over cash flow for the same period in 1999. This improvement is predominantly due to the net contribution of the operations of Belize Electricity and FortisUS Energy.

During the first quarter of 2000, cash used in investing activities increased \$83.3 million over cash used for the same period in 1999. The acquisition of the interest in Caribbean Utilities required \$79.5 million, which was arranged through short term bank lines. The remaining \$3.8 million increase primarily reflects capital asset additions of FortisUS Energy and Belize Electricity.

Consolidated Statement of Cash Flows *(in thousands)* Year to Date

	2000	1999
Cash From Operations		
Earnings Before Discontinued Operations	\$11,271	\$10,489
Items Not Affecting Cash		
Depreciation and Amortization	15,048	12,447
Future Income Taxes	(113)	628
Non-Controlling Interest	768	129
Accrued Employee Future Benefits	(1,398)	(1,462)
Other	117	21
	<u>25,693</u>	<u>22,252</u>
Change in Non-Cash Working Capital	(2,998)	12,698
	<u>22,695</u>	<u>34,950</u>
Cash Used in Investing		
Capital Additions	(18,842)	(16,161)
Investment in Class A Ordinary Shares of Caribbean Utilities Company, Ltd.	(79,523)	-
Additional Investment in Shares of Belize Electricity Limited and FortisUS Energy Corporation	(419)	-
Mortgages	(845)	(467)
Change in Deferred Charges and Credits	213	512
	<u>(99,416)</u>	<u>(16,116)</u>
Cash From (Used in) External Financing		
Issue of Common Shares	1,962	1,487
Net Increase in Long Term Debt	902	1,997
Change in Short Term Borrowings	80,898	(17,595)
Contributions in Aid of Construction	428	375
Change in Deposits Due Beyond One Year	(1,519)	(1,666)
	<u>82,671</u>	<u>(15,402)</u>
Dividends		
Common Shares	(6,080)	(5,889)
Subsidiaries to Non-Controlling Shareholders	(129)	(129)
	<u>(6,209)</u>	<u>(6,018)</u>
Change in Cash	(259)	(2,586)
Cash, Beginning of Period	11,291	6,587
Cash, End of Period	<u>\$ 11,032</u>	<u>\$4,001</u>

Note:

- The comparative figures have been restated to reflect the discontinued operations resulting from the sale of Canadian Niagara Power's wind powered electric generating operations in Cowley Ridge, Alberta.
- Certain comparative figures have been restated to conform with the current period presentation.

Consolidated Balance Sheet *(in thousands)* As at March 31

	2000	1999
ASSETS		
Current Assets		
Cash	\$11,032	\$4,001
Accounts Receivable	68,948	58,812
Materials and Supplies	17,217	6,337
Assets of Discontinued Operations	-	10,778
	<u>97,197</u>	<u>79,928</u>
Other Assets		
Mortgages Receivable - Fortis Trust	50,931	55,466
Corporate Income Tax Deposit	15,595	15,595
Deferred Charges	58,234	49,058
	<u>124,760</u>	<u>120,119</u>
Utilities' Capital Assets	866,144	687,434
Income Producing Properties	123,426	99,310
Investment in Caribbean Utilities Company, Ltd.	79,523	-
Goodwill	38,254	41,183
	<u>\$1,329,304</u>	<u>\$1,027,974</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short Term Borrowings	\$173,430	\$4,623
Accounts Payable and Accrued Charges	103,980	83,012
Deposits Payable - Fortis Trust	34,013	33,644
Liabilities of Discontinued Operations	-	9,706
	<u>311,423</u>	<u>130,985</u>
Deposits Due Beyond One Year - Fortis Trust	14,120	14,079
Long Term Debt	490,066	426,614
Preference Shares	50,000	50,000
Deferred Credits	82,773	57,254
Non-Controlling Interest	30,087	8,498
Shareholders' Equity		
Common Shares	155,906	150,579
Foreign Currency Translation Adjustment	(923)	-
Retained Earnings	195,852	189,965
	<u>350,835</u>	<u>340,544</u>
	<u>\$1,329,304</u>	<u>\$1,027,974</u>

Note

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- The comparative figures have been retroactively adjusted to reflect the change in accounting policy resulting from the adoption of the recommendations of Section 3461, Employee Future Benefits, and 3465, Income Taxes, of the CICA Handbook.