



Edison Electric Institute  
Financial Conference  
November 6<sup>th</sup> & 7<sup>th</sup>, 2016



# Forward-Looking Statement



Fortis Inc. (“Fortis” or, the “Corporation”) includes forward-looking statements in this presentation within the meaning of applicable securities laws including the Private Securities Litigation Reform Act of 1995. Forward-looking statements included in this presentation reflect expectations of Fortis management regarding future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “schedule”, “should”, “target”, “will”, “would” and the negative of these terms and other similar terminology or expressions have been used to identify the forward-looking statements, which include, without limitation: targeted annual dividend growth through 2021; the Corporation’s forecast consolidated midyear rate base for the period 2016 through 2021; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; the Corporation’s forecast gross consolidated and segmented capital expenditures for the period 2016 through 2021; the nature, timing and expected costs of certain capital projects including, without limitation, the Lake Erie Connector and the Woodfibre LNG facility; and estimated long-term debt issuances for the period 2017 through 2021.

Forward-looking statements involve significant risk, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally, including those identified from time-to-time in the forward-looking statements. Such risk factors or assumptions include, but are not limited to: uncertainty regarding the outcome of regulatory proceedings of the Corporation’s utilities and the expectation of regulatory stability; no material capital project and financing cost overrun related to any of the Corporation’s capital projects; sufficient human resources to deliver service and execute the capital program; the Board of Directors exercising its discretion to declare dividends, taking into account the business performance and financial conditions of the Corporation; risk associated with the impact of less favorable economic conditions on the Corporation’s results of operations; currency exchange rates and resolution of pending litigation matters. Fortis cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the continuous disclosure materials filed from time to time by Fortis with Canadian securities regulatory authorities and the Securities and Exchange Commission. Fortis disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Unless otherwise specified, all financial information referenced is in Canadian dollars.

# Fortis Today

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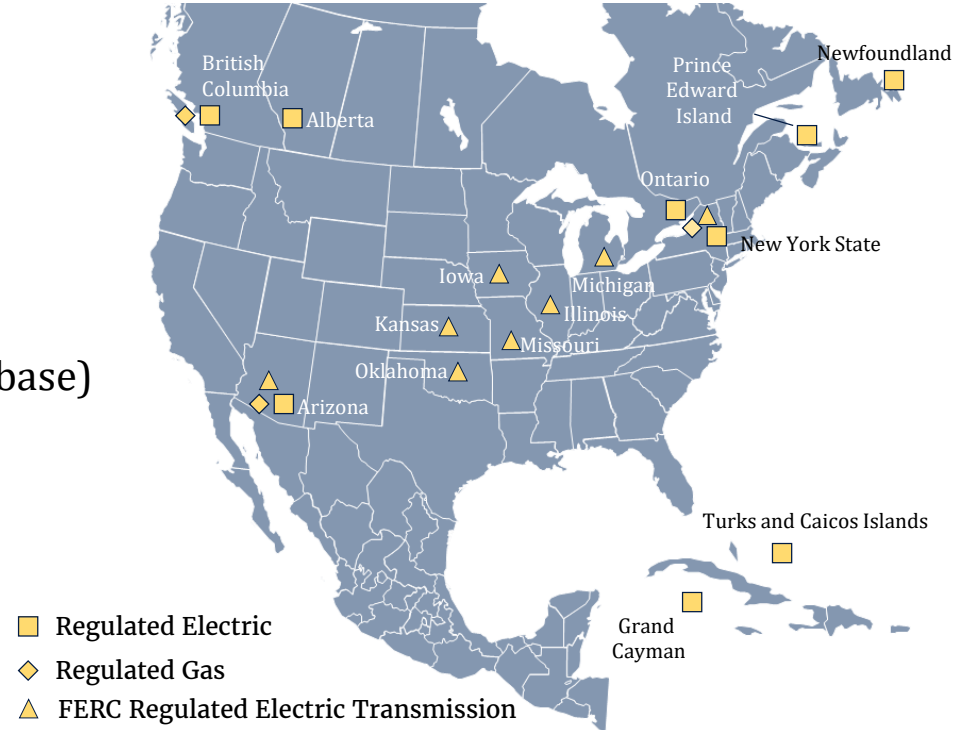
- Leader in the North American regulated electric and gas utility business
  - ITC provides strong platform in electric transmission sector
  - Successful utility acquisition track record
  - Tremendous economic, geographic and regulatory diversity
  - Regulatory outcomes provide stability for near term
  - Visible growth provided by base 5-year capital program
  - Pursuing several additional energy infrastructure opportunities
  - Record dividend growth and superior long-term returns to shareholders
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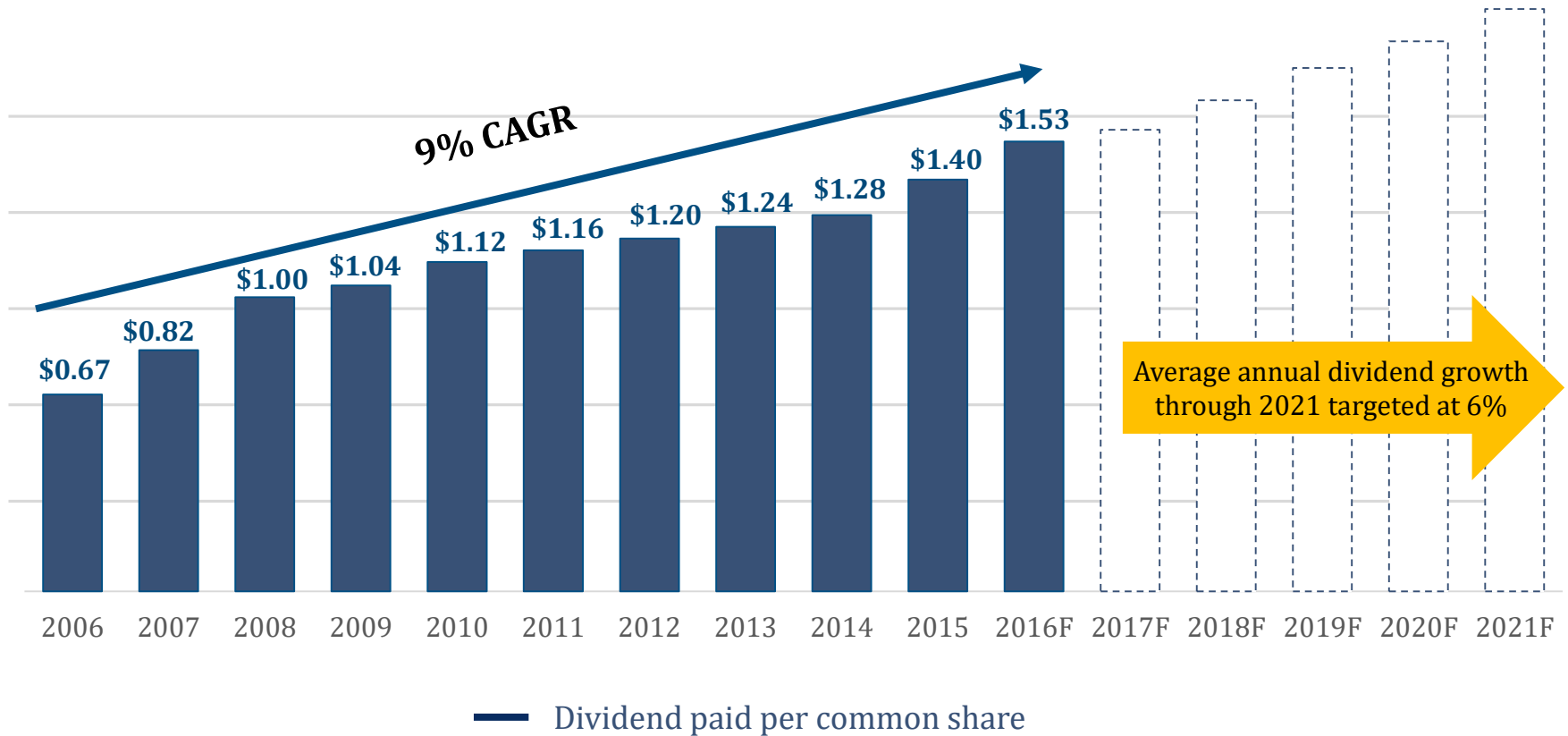
# A Leader in North American Utility Industry



- Regulated utilities
  - 9 U.S. states
  - 5 Canadian provinces
  - 3 Caribbean countries
- 8,000 employees
- 2017F pro forma midyear rate base ~\$26B
- ~30% of rate base regulated by FERC (ITC rate base)
- Market cap \$17B
- Listed on TSX/ NYSE



\* Includes Waneta Hydroelectric Expansion & ITC



Longest record of any public corporation in Canada

Average annualized total shareholder return over last 10 years<sup>(1)</sup>

<b>Fortis</b>	<b>9.55%</b>
S&P 500 Utility Sector	7.90%
S&P/TSX Capped Utilities Index	6.67%
S&P/TSX Composite Index	5.29%

(1) For the 10-year period ending September 30, 2016

# Commencing Period of Regulatory Stability

## Summary of Recent Regulatory Outcomes

Regulated Utility	Application/Proceeding	Outcome	Agreement/Decision Timing
TEP	2017 General Rate Application (GRA)	<ul style="list-style-type: none"> <li>- Settlement agreement reached on revenue requirement</li> <li>- 9.75% ROE and common equity thickness of 50%</li> </ul>	August 2016
FortisBC	2016 Generic Cost of Capital Proceeding (GCOC)	<ul style="list-style-type: none"> <li>- ROE maintained at 8.75% and common equity thickness of 38.5%</li> </ul>	August 2016
ITC	Initial MISO Base ROE Complaint	<ul style="list-style-type: none"> <li>- 10.32% base ROE with a high-end zone of reasonableness of 11.35%</li> </ul>	September 2016
FortisAlberta	2016/2017 Generic Cost of Capital Proceedings (GCOC)	<ul style="list-style-type: none"> <li>- 2016 ROE maintained at 8.30% and increasing to 8.50% for 2017. Common equity thickness reduced from 40% to 37%</li> </ul>	October 2016

## Remaining Regulatory Decisions

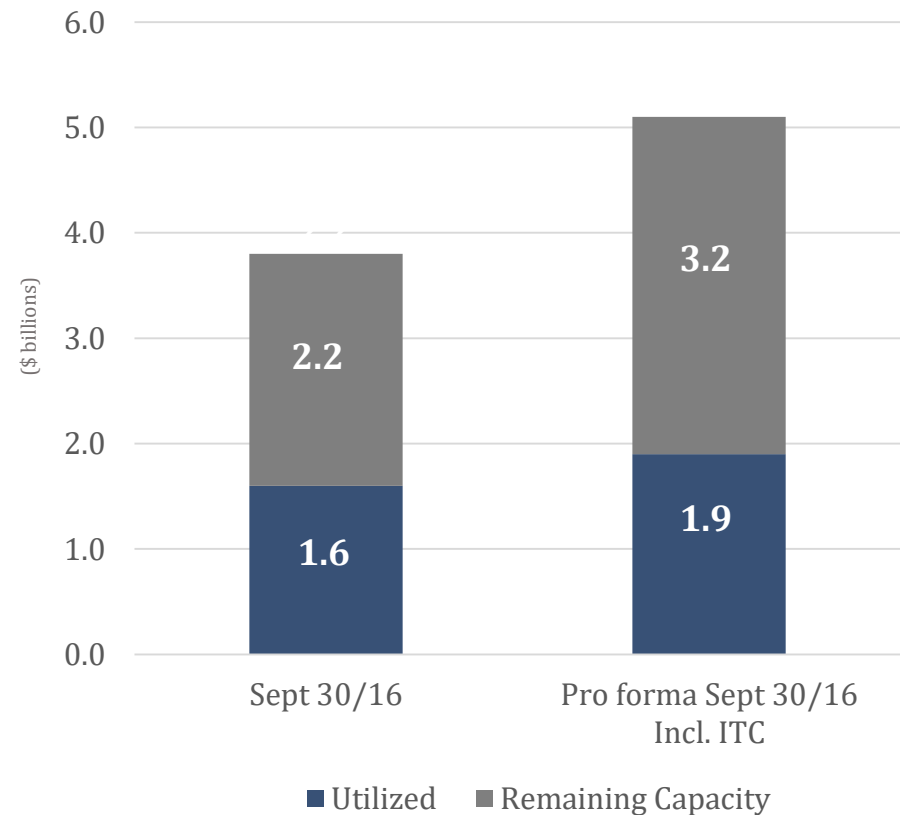
Regulated Utility	Application/Proceeding	Filing Date	Expected Decision
TEP	2017 General Rate Application	November 2015	Q4 2016
FortisAlberta	Next Generation PBR Proceeding	Not applicable	Q4 2016
Central Hudson	Reforming the Energy Vision	Not applicable	TBD
ITC	Second MISO Base ROE Complaint	Not applicable	2017



## Credit Ratings<sup>(1)</sup>

Fortis Inc.	
S&P	A- / BBB+
DBRS	BBB (high)
Moody's	Baa3

## Credit Facilities



(1) In October 2016, following the completion of the acquisition of ITC, DBRS revised the Corporation's unsecured debt credit rating to BBB(high) from A(low) and revised its outlook to stable from under review with negative implications and S&P affirmed the Corporation's long-term corporate and unsecured debt credit ratings. In September 2016, Moody's assigned a Baa3 issuer rating to Fortis Inc. and a Baa3 senior unsecured rating to an outstanding Fortis Inc. debenture, with both ratings given a stable outlook.

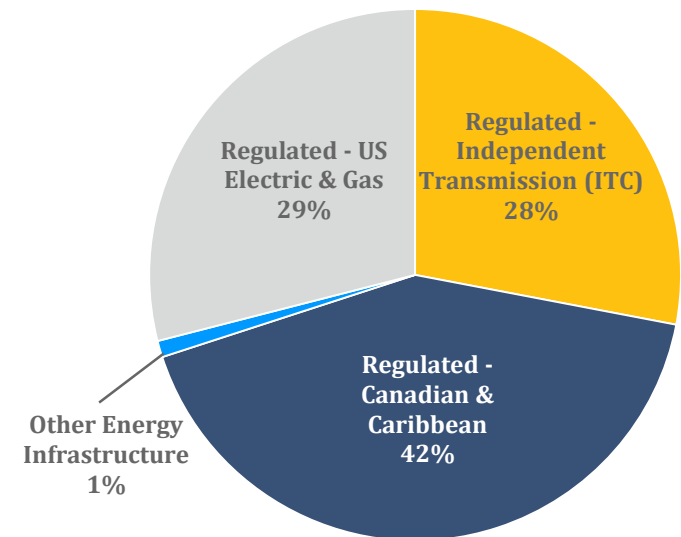


# 2017-2021 Five Year Capital Program by Segment

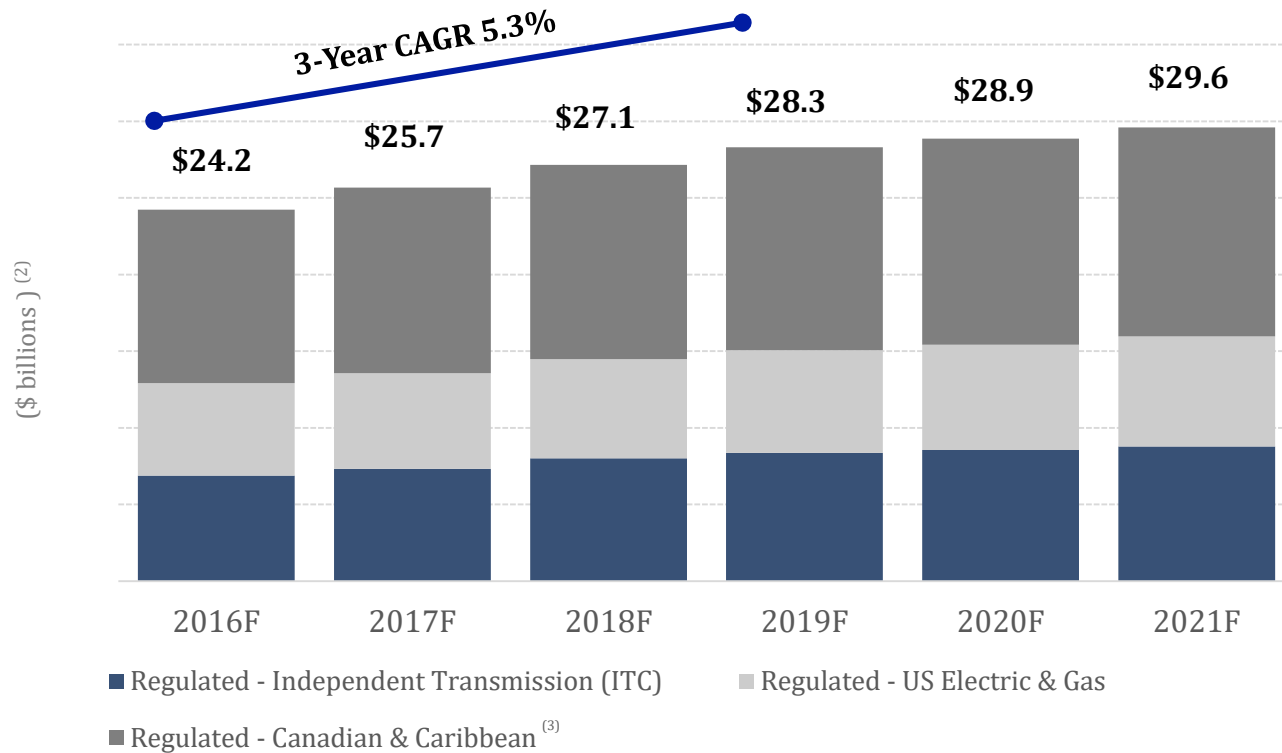
<i>\$millions</i>	2017	2018	2019	2020	2021	Total
Regulated – Independent Transmission (ITC)	\$ 958	\$872	\$590	\$619	\$616	\$3,655
Regulated – US Electric & Gas	742	693	830	825	671	3,761
Regulated – Canadian & Caribbean	1,225	1,244	970	955	958	5,352
Other Energy Infrastructure	18	50	27	8	8	111
<b>Total Capital Expenditures</b>	<b>\$2,943</b>	<b>\$2,859</b>	<b>\$2,417</b>	<b>\$2,407</b>	<b>\$2,253</b>	<b>\$12,879</b>

## 5-Year Capital Program by Segment

<b>2017 Capital Program</b>	<b>(\$millions)</b>
<b>Regulated-Independent Transmission (ITC)</b>	
ITC	958
<b>Regulated-US Electric &amp; Gas</b>	
UNS Energy	520
Central Hudson	222
<b>Regulated-Canadian &amp; Caribbean</b>	
FortisBC Gas	443
FortisAlberta	419
FortisBC Electric	111
Eastern Canadian	153
Caribbean	99
Other Energy Infrastructure	18
<b>Total Capital</b>	<b>2,943</b>



## 2016 – 2021 Midyear Rate Base<sup>(1)</sup>



(1) Includes the impact of bonus depreciation and excludes construction work in progress.

(2) US Dollar denominated Midyear Rate Base converted at a USD/CAD exchange rate of 1.32 for 2016 and 1.30 for 2017 through 2021.

(3) Includes 100% of the Waneta Expansion, of which Fortis has a 51% controlling ownership interest.



- Massive amounts of natural gas discovered in BC
- FortisBC owns substantial natural gas infrastructure in BC
- FortisBC has constructive First Nations relationships
- Tilbury LNG site has ocean access that can be expanded
- Favourable alignment with provincial goals regarding local LNG markets and greenhouse gas reductions
- Opportunity to invest in regulated gas infrastructure as well as low-risk LNG facilities operating under a tolling model with no commodity exposure
- Woodfibre LNG
  - Pipeline to service new LNG export terminal known as Woodfibre LNG
  - Woodfibre LNG received export license and environmental approvals
  - FortisBC received provincial environmental assessment certificate in August 2016
  - \$600 million opportunity – not in forecast

**In Infancy of Multi-Decade Transmission Investment Cycle – Projected System Needs Require US\$120 - US\$160 billion of Transmission Investment per Decade Through 2030<sup>(1)</sup>**



## Historical Underinvestment

Aged infrastructure remains prevalent



## Power Market Dynamics

Price differential between power regions



## Reliability

NERC requirements, FERC enforcement activities and storm hardening



## Changing Generation Fleet

EPA and coal plant implications, nuclear closures and plant outages

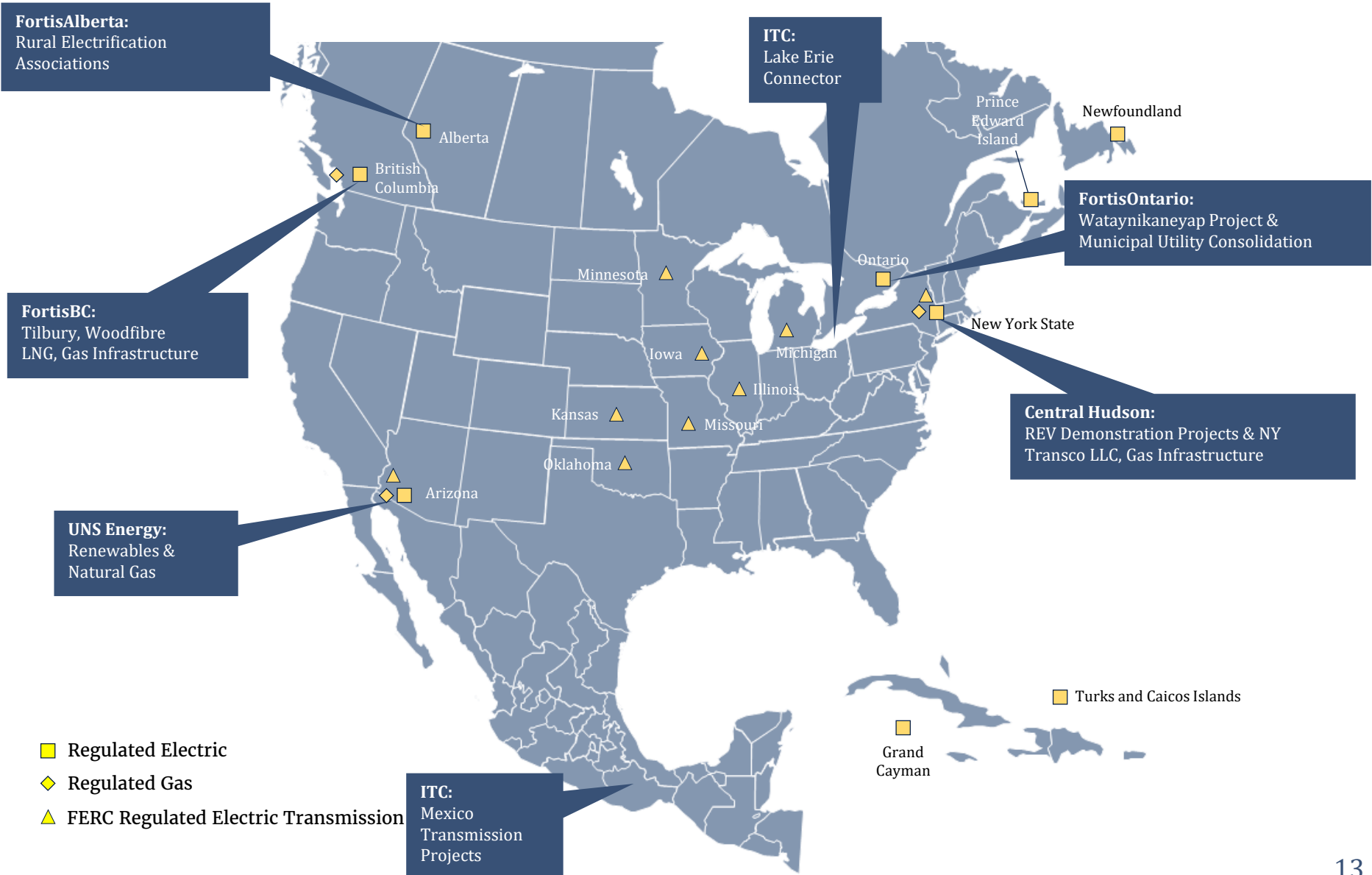


## RPS Mandates & Intermittent Resource Integration

Individual State needs

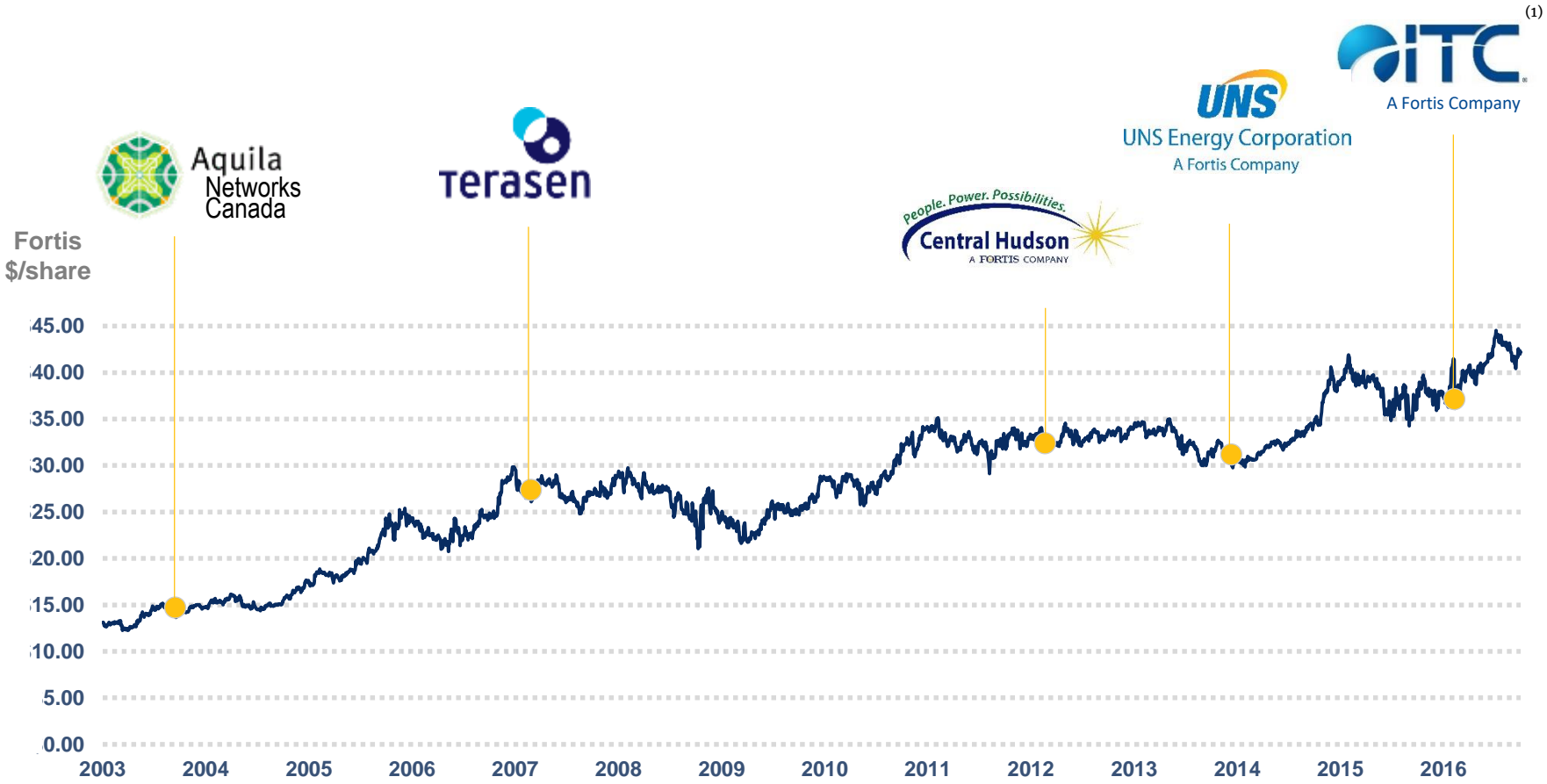
(1) The Brattle Group, Investment Trends and Fundamentals in US Transmission and Electricity Infrastructure, July 2015.

# Opportunities Beyond Base Plan



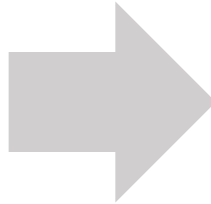
# Proven Acquisition Track Record

Accelerating growth through strategic utility acquisitions



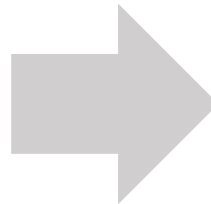
(1) Indicates date of announcement by Fortis that it had entered into an agreement to acquire ITC.

*SUBSTANTIALLY  
AUTONOMOUS*  
Operating Companies



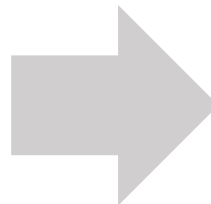
Local teams empowered to maximize the value of utility operations

*LEAN and EFFICIENT*  
Corporate Model



Small management group able to focus and execute on opportunities quickly

*ADAPTABLE*  
Operating Model



From a set of independent operations to leveraging the expertise and competencies across businesses

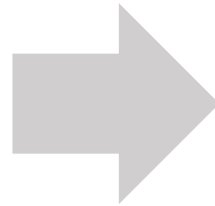


# Acquisitions Have Added Value



**\$1.5B**

September 30, 2016 Total Assets

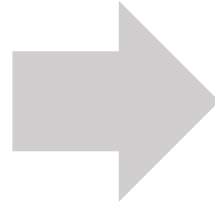


**\$47B**

September 30, 2016 Pro Forma Total Assets

**\$1.1B**

2016F Midyear Rate Base

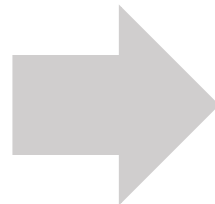


**\$26B**

2017 Pro Forma Midyear Rate Base

**\$115M**

2016F CapEx



**\$2.9B**

2017 Pro Forma CapEx

- Highly diversified; virtually all regulated electric and gas assets
- Highly executable base capital plan
- Focus on transmission & distribution
- Regulatory stability
- Consistent dividend growth
  - 43 years of consecutive dividend increases
  - 6% average annual dividend growth guidance through 2021
- Strong M&A track record & upside growth potential
  - Integrate ITC
  - Pursue additional growth opportunities
- Track record of superior shareholder returns





## Appendix



# 2017-2021 Forecast Highlights

<b>Capital Expenditures</b>	<ul style="list-style-type: none"> <li>- <b>~\$13B base capital program</b></li> <li>- Highly executable, low-risk, capital projects</li> </ul>
<b>Opportunities Beyond Base Plan</b>	<ul style="list-style-type: none"> <li>- Woodfibre – Potential ~\$600 million <b>LNG opportunity</b></li> <li>- ITC Lake Erie Connector – 1,000 MW, bi-directional, HDVC line connecting PJM and IESO</li> <li>- Various <b>infrastructure opportunities</b> across North America</li> </ul>
<b>Midyear Rate Base</b>	<ul style="list-style-type: none"> <li>- <b>~\$30B midyear rate base by end of 2021</b></li> <li>- 3-year rate base CAGR 5.3% (2016-2019)</li> <li>- Rate base reflects ITC bonus depreciation impacts</li> <li>- Sustaining current base annual capital program at a run rate of \$2.9B annually would increase the 3-year rate base CAGR by approximately 40 basis points</li> </ul>
<b>Dividend Strategy</b>	<ul style="list-style-type: none"> <li>- <b>6% annual dividend growth target through 2021</b></li> <li>- Q4 2016 dividend growth of 6.7% to \$0.40 per share equivalent to annualized dividend of \$1.60</li> <li>- 43 consecutive years of annual dividend increases</li> </ul>
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>- <b>~\$4-\$5B in long-term debt issuances;</b> amounts largely to be issued at the subsidiary level to support capital program</li> <li>- Improving CFO and credit metrics</li> </ul>
<b>FX Assumptions</b>	<ul style="list-style-type: none"> <li>- <b>US\$1.00:CAD\$1.30 assumed</b> over planning period</li> <li>- Estimated that a 5 cent change in the US dollar to Canadian dollar exchange rate would impact earnings per common share by approximately 7 cents, absent the use of foreign exchange derivative hedges</li> </ul>
<b>Regulatory Stability</b>	<ul style="list-style-type: none"> <li>- Commencing period of regulatory stability with recent rate case settlements and decisions at TEP, BC, Alberta and FERC's recent ROE decision at ITC</li> </ul>

# Utility Credit Ratings

Company	S&P	DBRS	Moody's
Tucson Electric Power	BBB+	n/a	A3
Central Hudson	A-	n/a	A2
FortisBC (Gas)	n/a	A	A3
FortisAlberta	A-	A (low)	n/a
FortisBC (Electric)	n/a	A (low)	Baa1
Newfoundland Power	n/a	A	A2
ITC <i>Transmission</i>	A	n/a	A1
Michigan Electric Transmission Company (METC)	A	n/a	A1
ITC Midwest	A	n/a	A1
ITC Great Plains	A	n/a	A1

# Operational Highlights



## Regulated

UTILITY	(as at September 30, 2016)				2015				2016F		
	Customers			Total Assets (\$B)	Peak Demand		Volumes Gas (PJ)	Sales Electric (GWh)	Operating Earnings (\$M)	Midyear Rate Base (\$B)	Capital Program (\$M)
	Electric (#)	Gas (#)	Employees (#)		Gas (TJ)	Electric (MW)					
UNS Energy	514,426	153,275	2,020	8.6	109	3,267	13	15,366	195	4.5	554
Central Hudson	300,000	79,000	998	3.1	140	1,059	24	5,132	58	1.5	241
FortisBC	167,600	985,768	2,137	8.1	1,074	624	186	3,116	190	5.0	425
FortisAlberta	544,000	-	1,136	4.0	-	2,733	-	17,132	138	2.9	399
Newfoundland Power	263,453	-	639	1.5	-	1,359	-	5,957	39	1.1	115
Maritime Electric	79,261	-	187	0.5	-	264	-	1,189	12	0.3	32
FortisOntario	65,139	-	196	0.3	-	260	-	1,257	11	0.3	25
Caribbean Utilities	28,498	-	206	0.8	-	101	-	582	17	0.6	71
Fortis Turks and Caicos	14,303	-	165	0.4	-	38	-	220	17	0.4	46
<b>Total Regulated</b>	<b>1,976,680</b>	<b>1,218,043</b>	<b>7,684</b>	<b>27.3</b>	<b>1,323</b>	<b>9,705</b>	<b>223</b>	<b>49,951</b>	<b>677</b>	<b>16.6</b>	<b>1929</b>

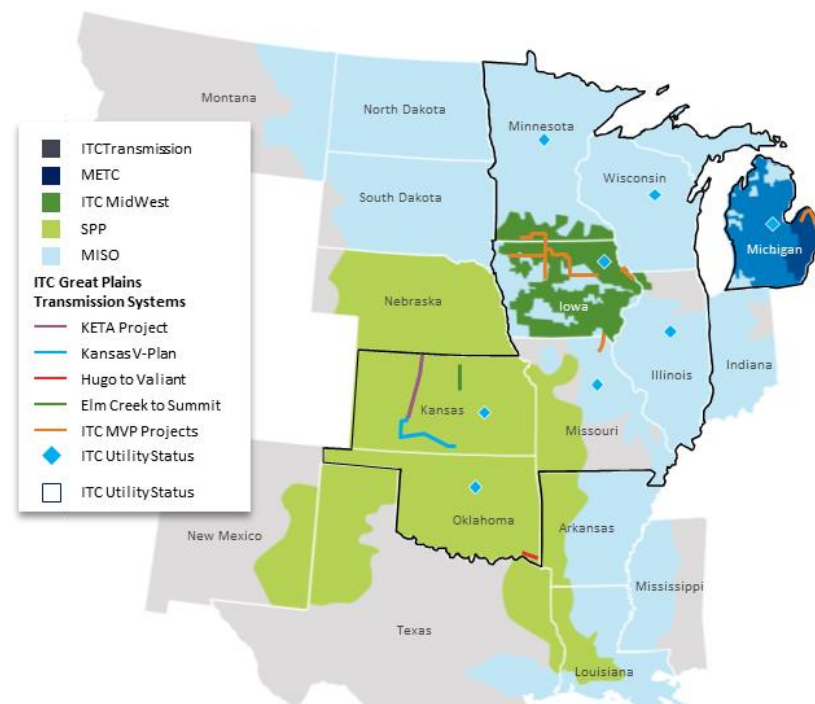
<sup>(1)</sup> UNS Energy Corporation ("UNS Energy") was acquired by Fortis on August 15, 2014. Electric sales, gas volumes and earnings are from August 15, 2014, the date of acquisition.

<sup>(2)</sup> Data represents 100% of Caribbean Utilities' operations except for earnings, which represent Caribbean Utilities' contribution to consolidated earnings of Fortis based on the Corporation's approximate 60% ownership interest.

## Energy Infrastructure

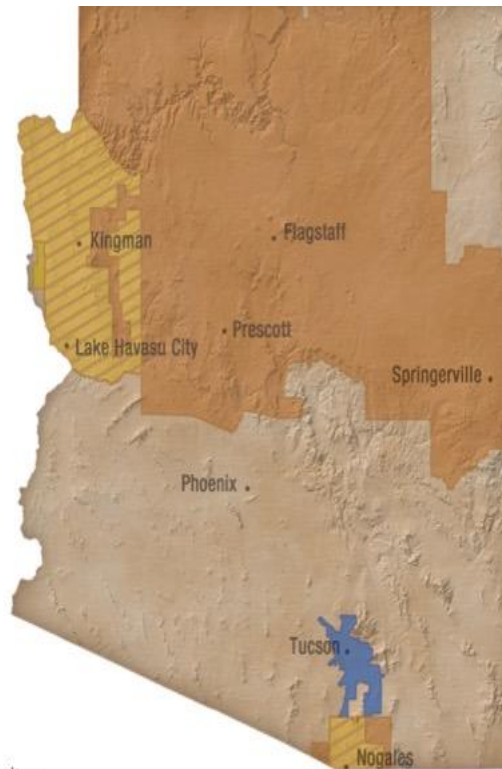
Energy Infrastructure	(as at September 30, 2016)		2015		2016F
	Generating Capacity (MW)	Total Assets (\$B)	Energy Sales (GWh)	Operating Earnings (\$M)	Capital Program (\$M)
Energy Infrastructure	391	1.5	844	77	23

- ITC’s business model creates a unique, structurally advantaged infrastructure portfolio
- Rate construct supports efficient capitalization of needed investment and timely return of capital
  - Forward-looking rates
  - Supportive rate structure
- Actively developing electrical infrastructure required for increasing system demands through:
  - Investing in existing systems
  - Regional projects
  - Development / M&A



<b>Assets</b>	~US\$8.1 billion
<b>Line Miles</b>	~15,700
<b>Station/ Substations</b>	~560
<b>States</b>	Seven

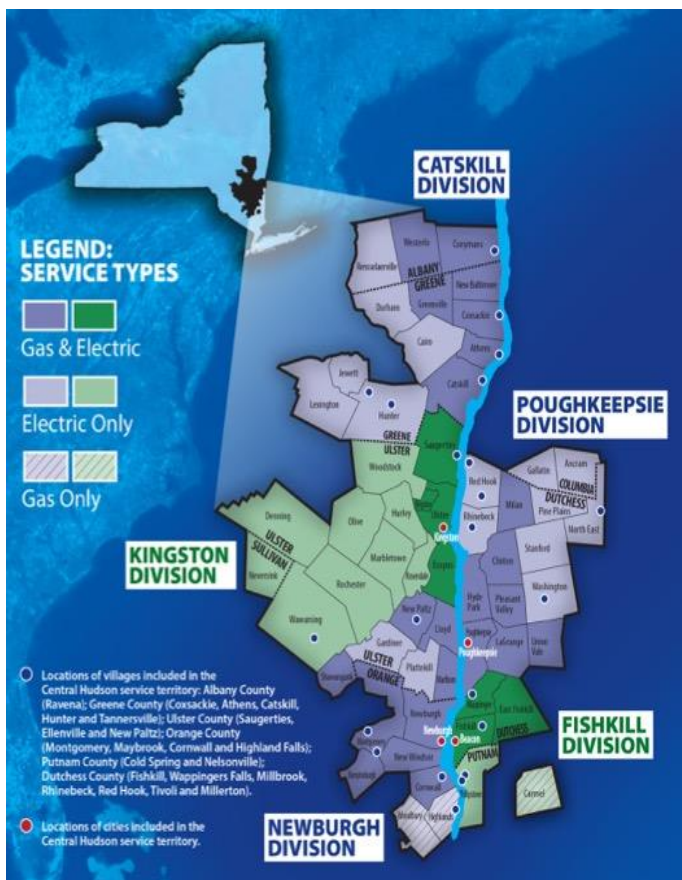




- TEP Service Territory
- UNS Gas Service Territory
- UNS Electric Service Territory
- Shared UNS Gas and UNS Electric Service Territory

	Tucson Electric	UNS Electric	UNS Gas
Type of utility	Electricity	Electricity	Gas distribution
Regulator	Arizona Corporation Commission		
Regulatory model	Cost of service/Historical Test Year		
2016 formula	10% ROE on 43.5% equity	9.5% ROE on 52.8% equity	9.75% ROE on 50.8% equity
2015 Assets % of total regulated assets <sup>(1)</sup>	32%		
2015 Earnings (\$millions)	195		
2015 Earnings % of total regulated operating earnings	29%		

(1) Includes goodwill.



Central Hudson Gas and Electric	
Type of utility	Gas and electricity
Regulator	NY State Public Service Commission
Regulatory model	Cost of service on future test year
2016 formula	9% ROE on 48% equity
2015 Assets % of total regulated assets <sup>(1)</sup>	12%
2015 Earnings (\$millions)	58
2015 Earnings % of total regulated operating earnings	9%

<sup>(1)</sup> Includes goodwill.



FortisBC		
Type of utility	Gas distribution	Electricity
<b>Regulator</b>	BC Utilities Commission	BC Utilities Commission
<b>Regulatory model</b>	Cost of service + PBR	Cost of service + PBR
<b>2016 formula</b>	8.75% ROE on 38.5% equity	9.15% ROE on 40.0% equity
<b>2015 Assets % of total regulated assets<sup>(1)</sup></b>	22%	8%
<b>2015 Earnings (\$millions)</b>	140	50
<b>2015 Earnings % of total regulated operating earnings</b>	21%	7%

<sup>(1)</sup> Includes goodwill.



FortisAlberta	
Type of utility	Electricity distribution
<b>Regulator</b>	Alberta Utilities Commission
<b>Regulatory model</b>	PBR
<b>2016 formula</b>	8.3% on 37% equity
<b>2015 Assets % of total regulated assets<sup>(1)</sup></b>	14%
<b>2015 Earnings (\$millions)</b>	138
<b>2015 Earnings % of total regulated operating earnings</b>	20%

(1) Includes goodwill.

	FortisOntario <sup>(1)</sup>	Maritime Electric	Newfoundland Power
Type of utility	Electricity	Electricity	Electricity
Regulator	Ontario Energy Board	Island Regulatory and Appeals Commission	Newfoundland and Labrador Board of Commissioners of Public Utilities
Regulatory model	Cost of service with incentives	Cost of service on future test year	Cost of service on future test year
2016 formula	8.93% - 9.30% on 40% equity	9.35% ROE on 40% equity	8.50% ROE +/- 50 bp on 45% equity
2015 Assets % of total regulated assets	1%	2%	5%
2015 Earnings (\$millions)	11	12	39
2015 Earnings % of total regulated operating earnings	2%	2%	6%

(1) Includes three electric utilities: Canadian Niagara Power, Cornwall Electric and Algoma Power.

	Caribbean Utilities <sup>(1)</sup>	Fortis Turks & Caicos
Type of utility	Electricity	Electricity
<b>Regulator</b>	Electricity Regulatory Authority	Government of the Turks and Caicos Islands
<b>Regulatory model</b>	Cost of service with historical test year	Cost of service with historical test year
<b>2016 formula</b>	6.75-8.75% Return on Assets	15-17.50% Return on Assets
<b>2015 Assets % of total regulated assets</b>	3%	1%
<b>2015 Earnings (\$millions)</b>	17	17
<b>2015 Earnings % of total regulated operating earnings</b>	3%	3%

(1) Fortis has an approximate 60% controlling interest in Caribbean Utilities Company, Ltd.



Presenter  
Biographies





## **Barry V. Perry, President and CEO, Fortis.**

Prior to his current position, Mr. Perry served as VP, Finance and CFO of the Corporation since 2004. He joined the Fortis organization in 2000 as VP, Finance and CFO of Newfoundland Power.

Previously, Mr. Perry held the position of VP, Treasurer with a global forest products company and Corporate Controller with a large crude oil refinery.

He earned a Bachelor of Commerce (Honours) from Memorial University of Newfoundland and is a member of the Institute of Chartered Accountants of Newfoundland and Labrador.

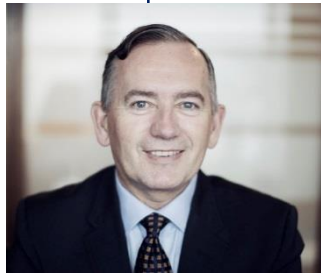
Mr. Perry serves on the Boards of Fortis utilities in Michigan, British Columbia, Alberta and Arizona.

He is a native of New-Wes-Valley, Bonavista Bay, Newfoundland and Labrador.





**Barry Perry**  
*President & CEO*



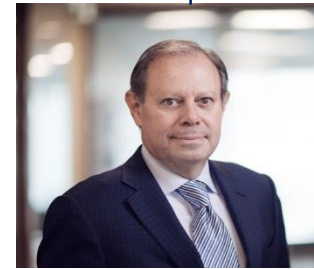
**Karl Smith**  
*EVP, CFO*



**Nora Duke**  
*EVP, Corporate Services & CHRO*



**Earl Ludlow**  
*EVP, Eastern Canadian & Caribbean Operations*



**James Laurito**  
*EVP, Business Development*



**David Bennett**  
*EVP, Chief Legal Officer & Corporate Secretary*



**David Hutchens**  
*President & CEO  
UNS Energy*



**Michael Mosher**  
*President & CEO  
Central Hudson*



**Linda Blair**  
*President & CEO  
ITC Holdings Corp.*



**Michael Mulcahy**  
*President & CEO  
FortisBC*



**Phonse Delaney**  
*President & CEO  
FortisAlberta*