



2017 Q2 Earnings Conference Call
July 28, 2017

Forward-Looking Information

Fortis Inc. (“Fortis” or, the “Corporation”) includes “forward-looking information” in this presentation within the meaning of applicable Canadian securities laws and “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (collectively referred to as “forward-looking information”). Forward-looking information included in this presentation reflects the 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 forward-looking information, which includes, without limitation: the Corporation’s forecast gross consolidated and segmented capital expenditures for 2017 and the period 2017 through 2021; targeted average annual dividend growth through 2021; the acquisition of the Waneta Dam and related transmission assets and the expected financing, timing and benefits thereof; the Corporation’s consolidated and segmented forecast midyear rate base for 2017 and the period 2017 through 2021 and associated compound annual growth rate; the nature, timing and expected costs of certain capital projects including, without limitation, the ITC Multi-Value Regional Transmission Projects and 34.5kV to 69kV Conversion Project, the Central Hudson Gas Main Replacement Program, the FortisBC Lower Mainland System Upgrade and expansion to Tilbury 1A, the FortisAlberta Pole Management Program, and additional opportunities including, without limitation, the Lake Erie Connector, the Wataynikaneyap Project and the pipeline expansion to the Woodfibre liquid natural gas site; the expectation of regulatory stability in the near-term; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; the estimated range of refunds with respect to the Federal Energy Regulatory Commission regional base Midcontinent Independent System Operator return on equity complaint; and the expectation that opportunities beyond the base capital plan will enhance the ability to serve customers, grow rate base and support dividend growth target while maintaining a conservative payout ratio.

Forward-looking information involves significant risk, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking information. 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 information. 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; no significant changes in laws and regulations that may materially negatively affect the Corporation and its subsidiaries; 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 information. These factors should be considered carefully and undue reliance should not be placed on the forward-looking information. 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 information, whether as a result of new information, future events or otherwise.

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

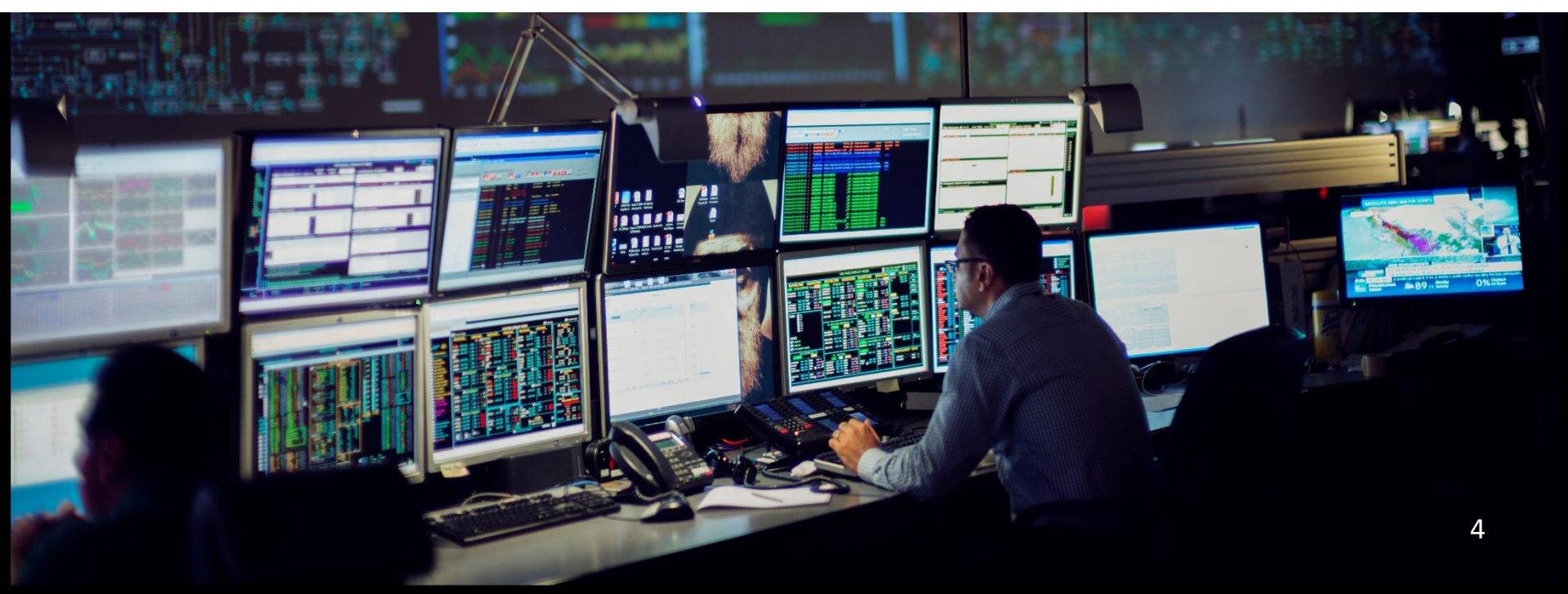


Barry Perry
President & CEO

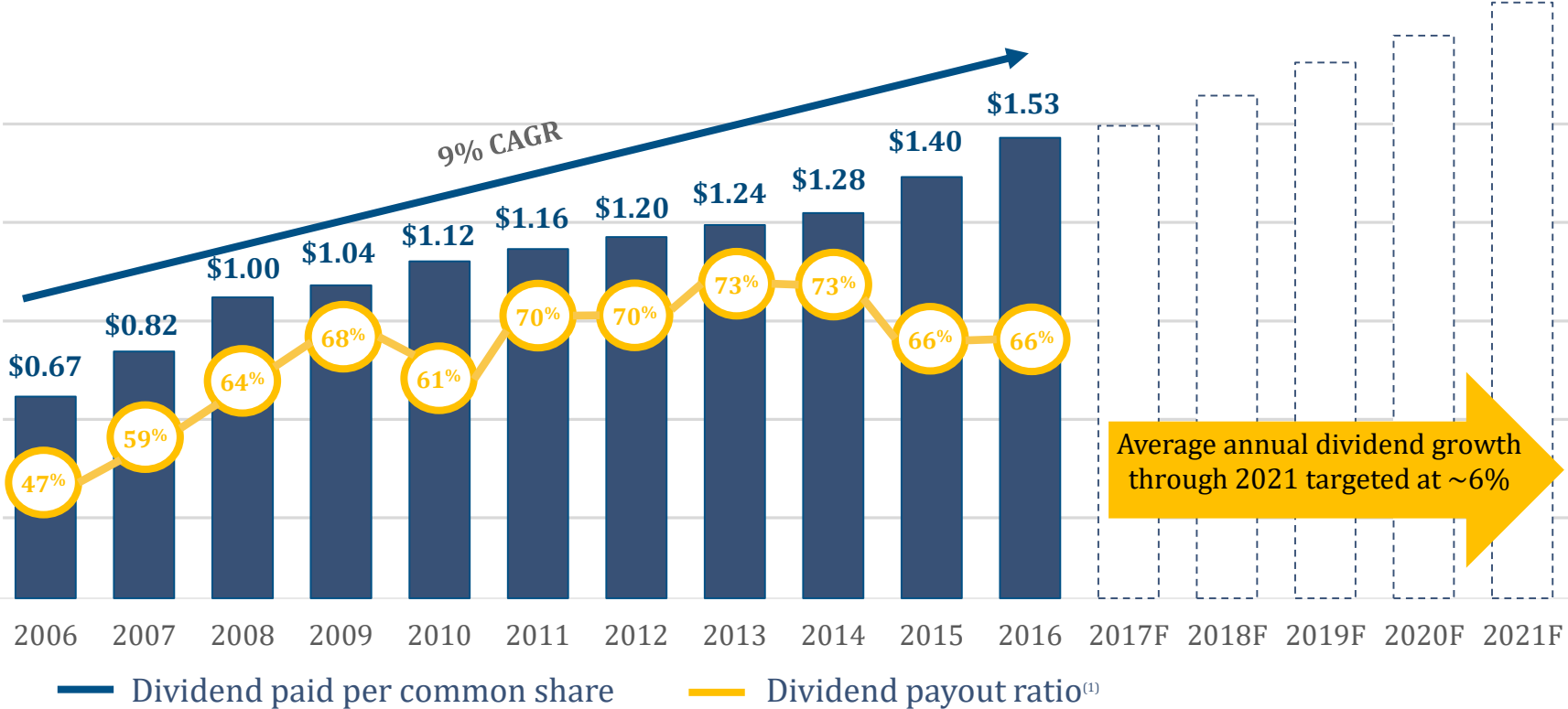


Our Focused Strategy Continues to Yield Strong Results

- ✓ Focused on base growth while making prudent investments to ensure safe, reliable and cost effective energy solutions to our customers
- ✓ Benefitting from the acquisition of ITC
- ✓ Maintaining constructive regulatory relationships:
 - UNS rate case settlement
- ✓ Highly executable, low risk capital plan remains on track



Average Annual Dividend Growth Target of ~6% through 2021



43 Consecutive Years of Annual Dividend Payment Increases

(1) Dividend payout ratio for 2011 through 2016 adjusted for non-recurring items

Waneta Dam Hydroelectric Facility Agreement:

High Quality Asset that Compliments Existing Service Territory in British Columbia

- ✓ High-quality, renewable energy facility located in current operational area
- ✓ Currently operated by FortisBC
- ✓ Stable long-term asset that will generate strong cash flows from a 20-year agreement with Teck Metals
- ✓ Aligns well with our strategy to increase our investment in sustainable energy
- ✓ The transaction is expected to be immediately accretive to earnings per share



Acquisition of Waneta Dam –

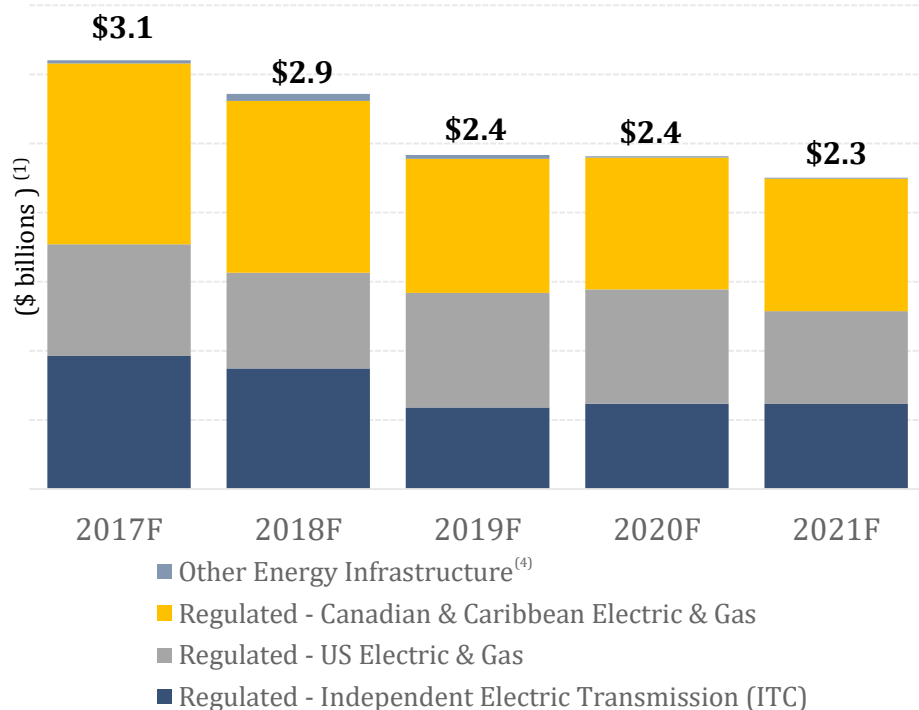
- ✓ Fortis is acquiring 2/3 ownership interest from Teck for \$1.2B with BC Hydro owning the remaining 1/3 interest
- ✓ Transaction is subject to BC Hydro not electing its right of first offer with respect to the Teck assets

Waneta Expansion Facility –

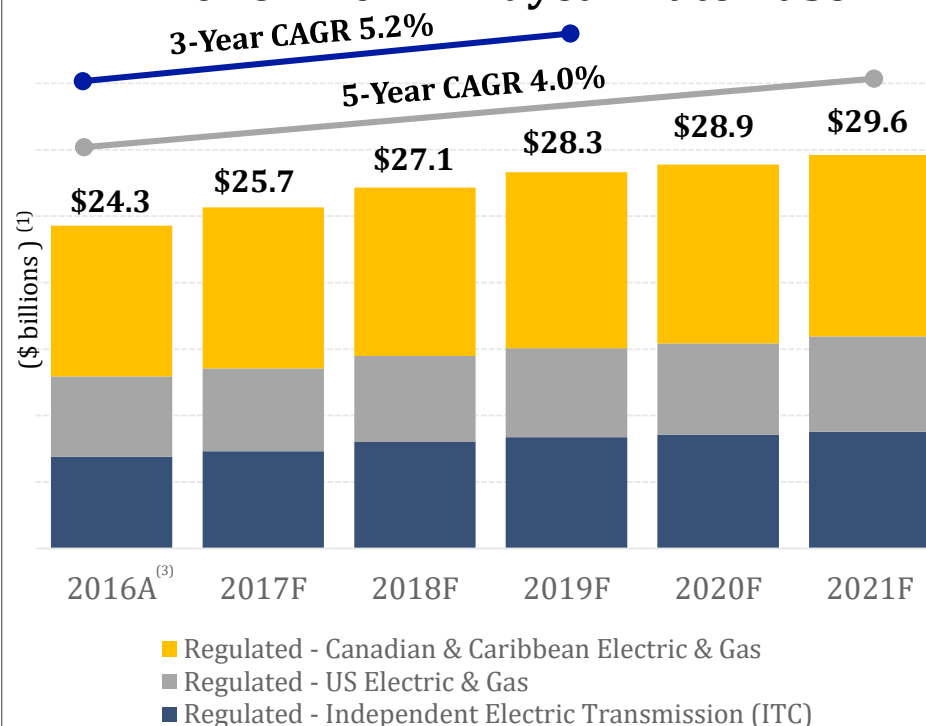
- ✓ Fortis currently holds a 51% interest in the Waneta Expansion, completed in 2015
- ✓ FortisBC operates the facility

Capital Plan Grows Rate Base to ~\$30 Billion in 2021

~\$13B Five-Year Capital Program



2016 - 2021 Midyear Rate Base⁽²⁾



Midyear Rate Base Sensitivities

Capex at ~\$3B for all years

Add \$1 billion in rate base in the last year

3-Year CAGR to 2019

+30 bps to 5.5%

+130 bps to 6.5%

5-Year CAGR to 2021

+90 bps to 4.9%

+70 bps to 4.7%

(1) US Dollar-denominated CAPEX and midyear rate base converted at a USD/CAD exchange rate of 1.30 for 2017 through 2021.

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

(3) Reflects actual midyear 2016 rate base compared to the November 2016 forecast of \$24.2 billion.

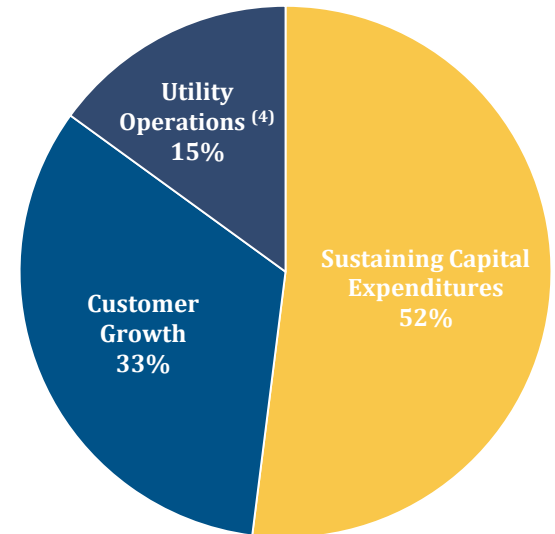
(4) Includes 100% of the Waneta Expansion, of which Fortis has a 51% controlling ownership interest.

Highly Executable Capital Plan

Major Capital Projects

\$millions ^{(1) (2)}	Forecast 2017	Forecast 2018-2021	Total 2017-2021 Forecast
ITC Multi-Value Regional Transmission Projects ⁽³⁾	305	244	549
ITC 34.5 kV to 69 kV Conversion Project	89	369	458
FortisBC Lower Mainland System Upgrade	200	182	382
Central Hudson Gas Main Replacement Program	33	169	202
FortisAlberta Pole-Management Program	43	53	96
FortisBC Tilbury LNG Facility Expansion – Tilbury 1A	65	-	65

5-Year Capital Forecast Spending






(1) Represents capital asset expenditures, including both the capitalized debt and equity components of AFUDC, where applicable.

(2) US Dollar denominated CAPEX converted at a USD/CAD exchange rate of 1.30 for 2017 through 2021.

(3) Consists of four separate multi-value projects to create a stronger connection within the Midwestern United States, improve transmission capacity and to connect wind energy.

(4) Includes facilities, equipment, vehicles, information technology and other assets.

Beyond the Forecast: Development Project Update

 <p>Wataynikaneyap Power Project</p>	<ul style="list-style-type: none"> ✓ Opportunity to connect remote First Nations communities in Northern Ontario to the grid ✓ During the first quarter 2017, the Ontario Energy Board issued its deferral account approval allowing recovery of spending that occurred since November 2010 ✓ Construction will begin following the receipt of permitting, approvals and a cost-sharing agreement between the federal and provincial governments
 <p>Woodfibre LNG</p>	<ul style="list-style-type: none"> ✓ Potential pipeline expansion to the Woodfibre LNG export site ✓ Earliest expected in service date is late 2020
 <p>Lake Erie Connector</p>	<ul style="list-style-type: none"> ✓ Proposed 1,000 MW, bi-directional, high-voltage direct current transmission underwater line connecting the Ontario energy grid to the PJM energy market ✓ In May 2017, ITC completed the major permit process in Pennsylvania upon receipt of two required permits from the Pennsylvania Department of Environmental Protection, and in June approval was received from Canada's Governor in Council and the Certificate of Public Convenience and Necessity was issued by the National Energy Board

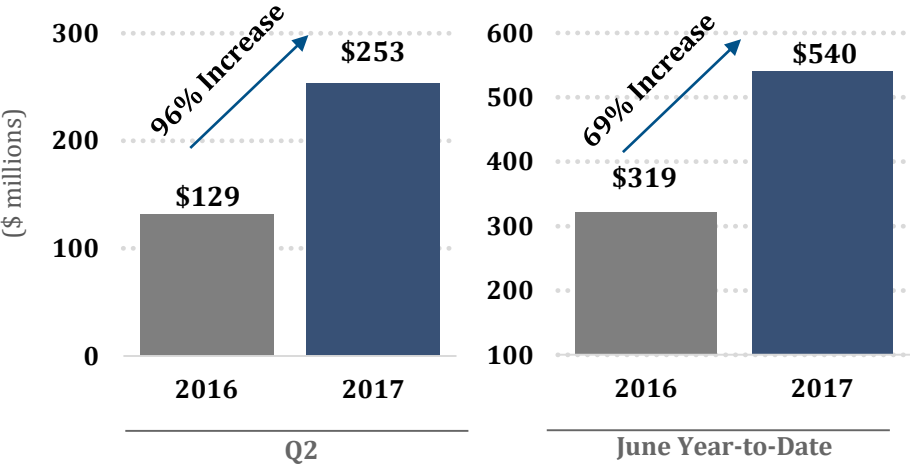


Karl Smith
Executive Vice President,
Chief Financial Officer

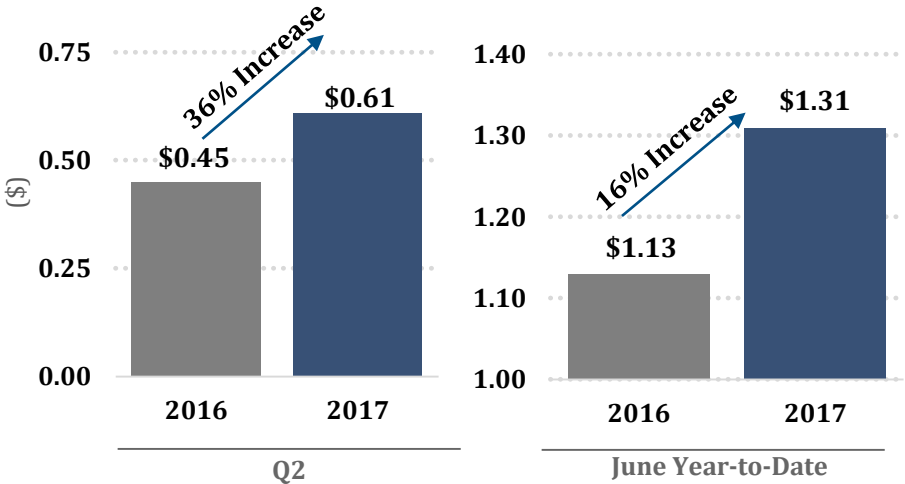


Diversified Portfolio of Utilities Delivers Strong Performance

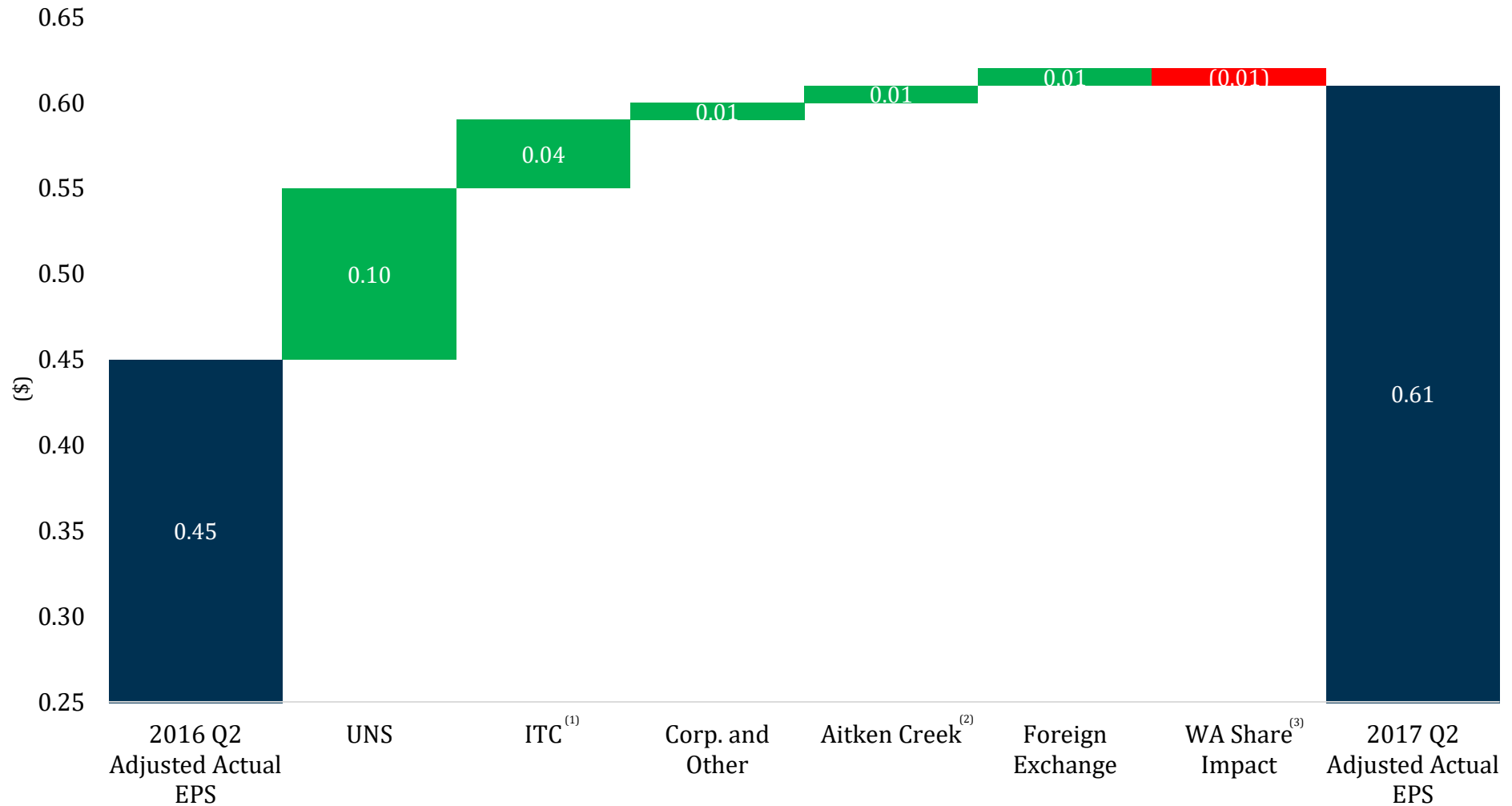
Adjusted Earnings



Adjusted EPS



Multiple Drivers of EPS Growth – Q2

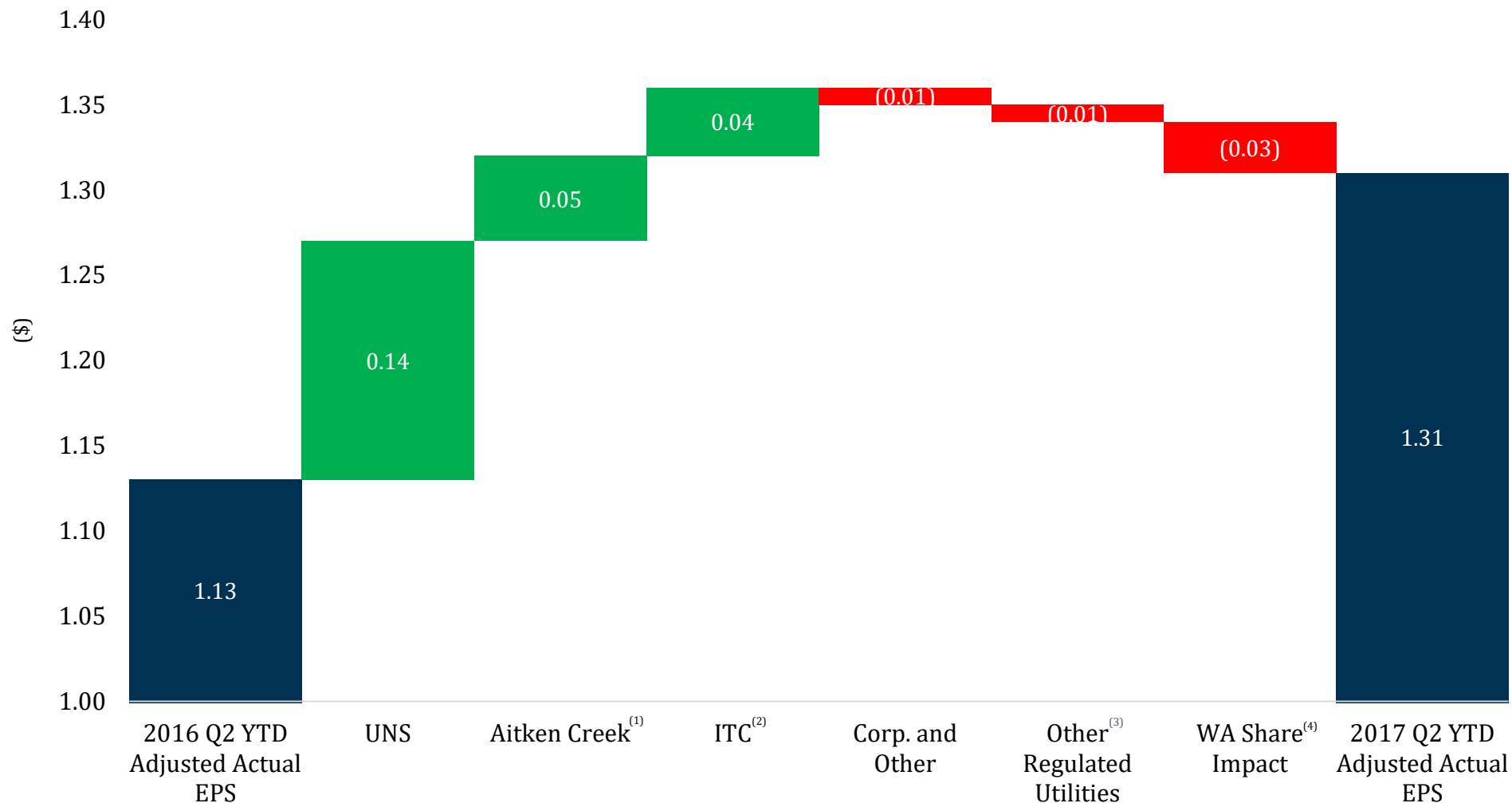


(1) Inclusive of finance charges and increased share issuance related to ITC acquisition.

(2) Includes variance related to unrealized gains associated with mark-to-market of derivatives.

(3) Reflects share impact for normal course business activity and excludes the shares issued to finance a portion of the ITC acquisition.

Multiple Drivers of EPS Growth – June Year-to-Date



(1) Includes variance related to unrealized gains associated with mark-to-market of derivatives.

(2) Inclusive of finance charges and increased share issuance related to ITC acquisition.

(3) Includes FortisAlberta, Central Hudson, FortisBC Electric, FortisBC Gas, Eastern Canadian and Caribbean utilities. Q2 YTD impact driven primarily by FortisAlberta.

(4) Reflects share impact for normal course business activity and excludes the shares issued to finance a portion of the ITC acquisition.

Investment-Grade Credit Ratings and Ample Liquidity

Credit Ratings⁽¹⁾

Fortis Inc.

S&P

A- / BBB+

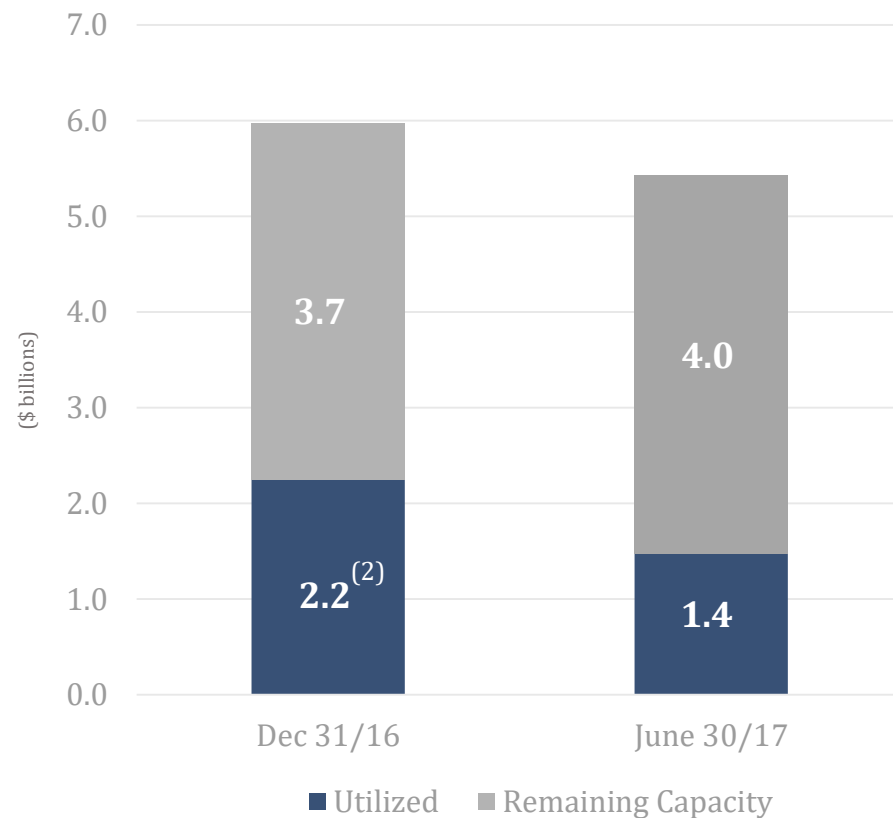
DBRS

BBB (high)

Moody's

Baa3

Consolidated 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. In September 2016, Moody's assigned to Fortis, with a stable outlook, a Baa3 issuer and Baa3 senior unsecured debt credit ratings. In May 2017, S&P and DBRS affirmed the Corporation's long-term corporate and unsecured debt credit ratings.

(2) Included \$500 million non-revolving term senior unsecured equity bridge credit facility, used to finance a portion of the cash purchase price of the acquisition of ITC, which facility was repaid in March 2017.

Regulatory Stability

Recent Regulatory Outcomes

Regulated Utility	Application/Proceeding	Outcome	Agreement/ Decision Timing
ITC	Initial MISO Base ROE Complaint	– 10.32% base ROE with a high-end zone of reasonableness of 11.35%	September 2016
FortisBC Energy	2016 Application: ROE and Common Equity Thickness	– Maintained ROE at 8.75% and common equity thickness of 38.5%	August 2016
FortisAlberta	2016/2017 Generic Cost of Capital Proceeding (GCOC)	– ROE maintained for 2016 at 8.30% and increasing to 8.50% for 2017. Common equity thickness reduced from 40% to 37% for 2016 and 2017	October 2016
TEP	2017 General Rate Application (GRA)	– Decision issued approving settlement agreement on revenue requirement – 9.75% ROE and common equity thickness of 50%	February 2017

Remaining Significant Regulatory Decisions

Regulated Utility	Application/Proceeding	Filing Date	Expected Decision
ITC	Second MISO Base ROE Complaint	– Not applicable	To be determined
Central Hudson	Rate case filing to request an increase in the allowed ROE to 9.5% from 9.0% and equity component of capital structure to 50% from 48%	– July 28 th	June 2018

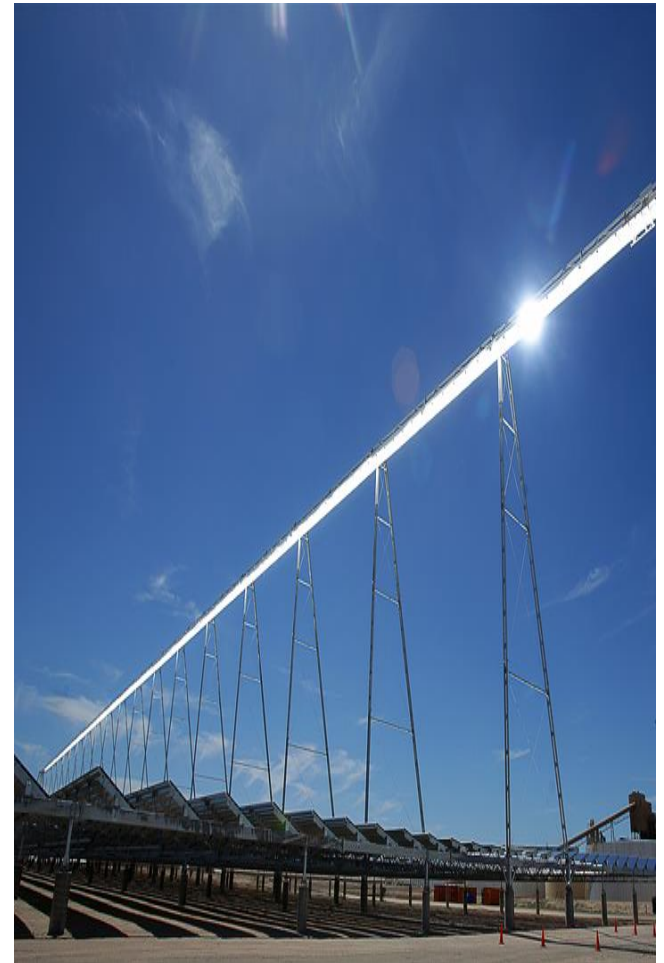


Barry Perry
President & CEO



Poised to Deliver Quality Results

- On track to execute 2017 plan, supported by acquisition of ITC and reasonable rate case outcome at UNS
- Consistent dividend growth
 - 43 years of consecutive dividend increases
 - 6% average annual dividend growth guidance through 2021
- Highly diversified regulated utilities, focused on wires and gas businesses
- Highly executable, risk-adjusted base capital plan
- Regulatory stability
- Strong organic growth potential in existing businesses
- Track record of superior shareholder returns



Expected Upcoming Events

Expected Earnings Release Dates

Q3 – 2017	November 3, 2017
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Save the Date - 2017 Investor Day

Toronto	October 16, 2017
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New York	October 18, 2017
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Q2 2017 Results by Segment

Second Quarter Variance Analysis by Segment							
(\$'s in millions, excluding EPS)	Q2 2017	Adjustment	Q2 2017 (Adjusted)	Q2 2016	Adjustment	Q2 2016 (Adjusted)	Q2 (Adjusted) Variance
Regulated - Independent Electric Transmission							
ITC Holdings Corp.	93	-	93	-	-	-	93
Regulated - US Electric & Gas							
UNS Energy	89	(4)	85	56	-	56	29
Central Hudson	<u>10</u>	-	<u>10</u>	<u>12</u>	-	<u>12</u>	<u>(2)</u>
	99	(4)	95	68	-	68	27
Regulated Canadian & Caribbean Electric & Gas							
FortisBC Gas	6	-	6	8	-	8	(2)
FortisAlberta	31	-	31	30	-	30	1
FortisBC Electric	16	-	16	15	-	15	1
Eastern Canadian & Caribbean	<u>27</u>	-	<u>27</u>	<u>27</u>	-	<u>27</u>	-
	80	-	80	80	-	80	-
Other Energy Infrastructure	25	-	25	19	-	19	6
Corporate and Other	(40)	-	(40)	(60)	22	(38)	(2)
Net Earnings	\$257	(\$4)	\$253	\$107	\$22	\$129	\$124
Weighted Average Shares	416.8	416.8	416.8	283.7	283.7	283.7	133.1
EPS	\$0.62	\$(0.01)	\$0.61	\$0.38	\$0.07	\$0.45	\$0.16

June YTD 2017 Results by Segment

June Year-to-Date Variance Analysis by Segment							
<i>(\$'s in millions, excluding EPS)</i>	June YTD 2017	Adjustment	June YTD 2017 (Adjusted)	June YTD 2016	Adjustment	June YTD 2016 (Adjusted)	June YTD (Adjusted) Variance
Regulated - Independent Electric Transmission							
ITC Holdings Corp.	184	-	184	-	-	-	184
Regulated - US Electric & Gas							
UNS Energy	130	(11)	119	68	11	79	40
Central Hudson	<u>33</u>	-	<u>33</u>	<u>36</u>	-	<u>36</u>	<u>(3)</u>
	163	(11)	152	104	11	115	37
Regulated Canadian & Caribbean Electric & Gas							
FortisBC Gas	103	-	103	100	-	100	3
FortisAlberta	56	-	56	61	-	61	(5)
FortisBC Electric	31	-	31	30	-	30	1
Eastern Canadian & Caribbean	<u>53</u>	-	<u>53</u>	<u>55</u>	-	<u>55</u>	<u>(2)</u>
	243	-	243	246	-	246	(3)
Other Energy Infrastructure Corporate and Other							
	48	-	48	30	-	30	18
	(87)	-	(87)	(111)	39	(72)	(15)
Net Earnings	\$551	(\$11)	\$540	\$269	\$50	\$319	\$221
Weighted Average Shares	411.5	411.5	411.5	283.0	283.0	283.0	128.5
EPS	\$1.34	(\$0.03)	\$1.31	\$0.95	\$0.18	\$1.13	\$0.18

2017-2021 Five Year Forecast by Segment

2017 Capital Forecast	(\$millions)
Regulated-Independent Transmission (ITC)	
ITC	958
Regulated-US Electric & Gas	
UNS Energy	579
Central Hudson	230
Regulated-Canadian & Caribbean Electric & Gas	
FortisBC Gas	489
FortisAlberta	419
FortisBC Electric	118
Eastern Canadian	165
Caribbean	115
Other Energy Infrastructure	23
Total Capital	3,096

<i>\$millions</i>	2017	2018	2019	2020	2021
Regulated – Independent Transmission (ITC)	\$958	\$872	\$590	\$619	\$616
Regulated – US Electric & Gas	809	693	830	825	671
Regulated – Canadian & Caribbean Electric & Gas	1,306	1,244	970	955	958
Other Energy Infrastructure	23	50	27	8	8
Total Capital Expenditures	\$3,096	\$2,859	\$2,417	\$2,407	\$2,253

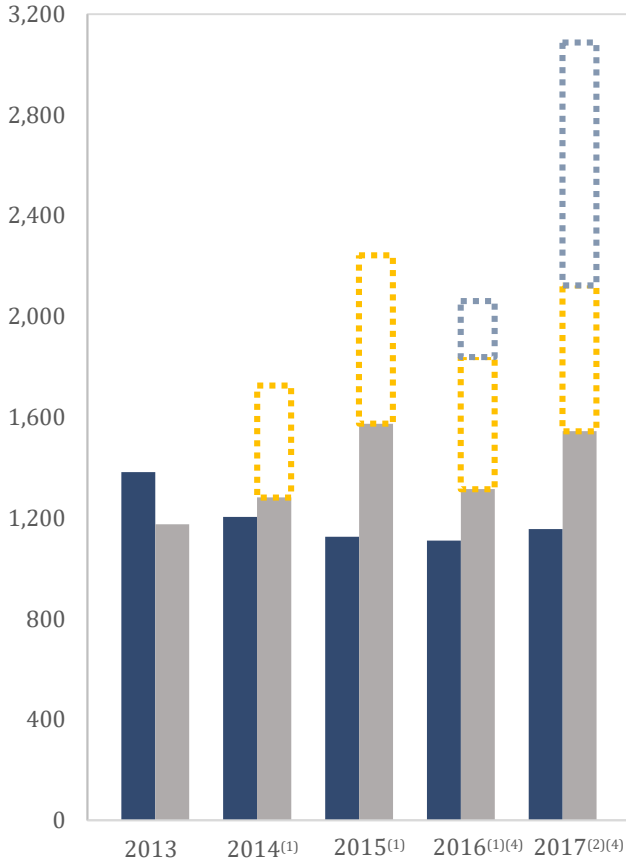
Capital Expenditures Exceeding Expectations

2013-2017 Business Plan Capex

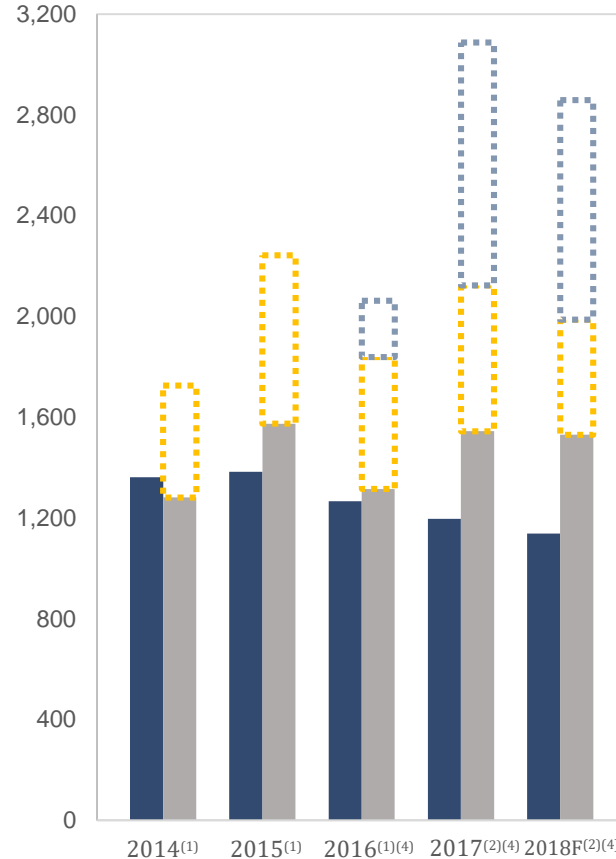
2014-2018 Business Plan Capex

2015-2019 Business Plan Capex

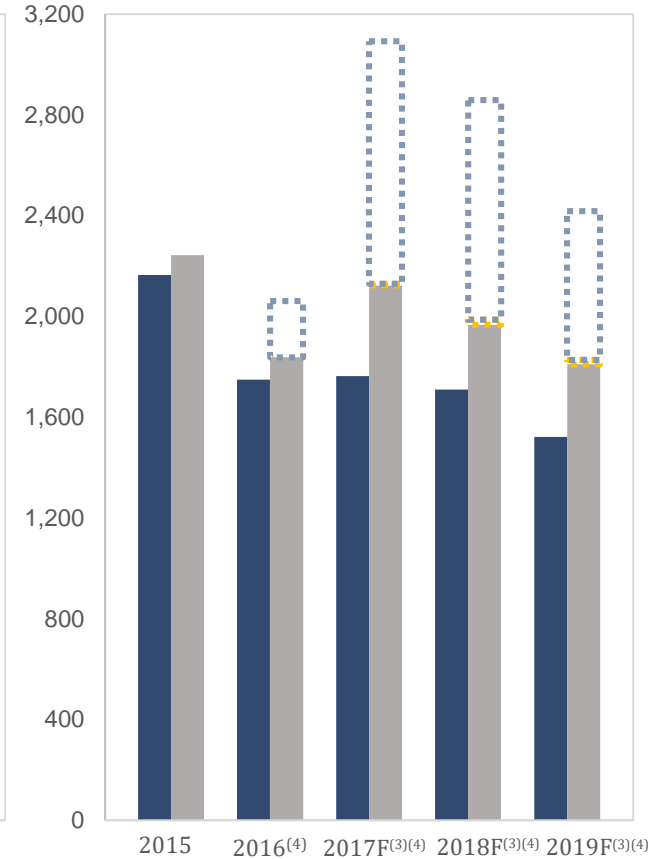
\$ Millions



\$ Millions



\$ Millions



■ 5-YR Plan

■ Actual (Adjusted) / Current Forecast

□ Acquisition Capex ⁽¹⁾⁽²⁾⁽³⁾

□ ITC Acquisition

(1) Acquisition capex relates to UNS Energy acquired in August 2014.

(2) Acquisition capex relates to UNS Energy acquired in August 2014 and capex from Aitken Creek effective April 1, 2016.

(3) Acquisition capex relates to Aitken Creek acquired April 1, 2016.

(4) ITC capex relates to capex contribution from ITC following acquisition in October 2016.

Opportunities Beyond Base Plan

