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News Release

FOR IMMEDIATE RELEASE

December 17, 2009

Terasen Gas Inc. Receives Decision on Return on Equity and Capital Structure Application

SURREY, B.C. – Terasen Gas Inc., an indirect wholly owned subsidiary of Fortis Inc. (TSX:FTS), announced today that it has received the British Columbia Utilities Commission's (BCUC) decision on its Return on Equity and Capital Structure Application.

The BCUC set the return on equity (ROE) for Terasen Gas Inc. at 9.5%, which is an increase from the current level of 8.47%. The BCUC also maintained Terasen Gas Inc. as a benchmark for calculating the ROE allowed in rates for certain utilities regulated by the BCUC, and as such the ROE for Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. will be 10%.

FortisBC Inc., an indirect wholly owned subsidiary of Fortis Inc., will also be impacted by the BCUC decision. The FortisBC Inc. ROE will be 9.90%, which is an increase from its current level of 8.87%.

The BCUC also determined that the automatic adjustment mechanism that was used to determine the ROE on an annual basis will no longer apply, and the ROE as determined in the decision will apply until further reviewed by the BCUC.

Additionally, for Terasen Gas Inc., the common equity component in capital structure allowed for rate making purposes increased to 40% from 35.01%. The equity component of capital structure for Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. will remain at 40%, as neither of these companies applied for an increase to their respective equity components. The FortisBC Inc. equity component of capital structure remains unchanged at 40%.

On November 26, 2009, the BCUC approved Terasen Gas Inc.'s and Terasen Gas (Vancouver Island) Inc.'s 2010-2011 Revenue Requirements Negotiated Settlement Agreements (the "Negotiated Settlement Agreements"). The Performance-Based Rate-Setting ("PBR") Agreements currently in effect at Terasen Gas Inc. and Terasen Gas (Vancouver Island) Inc. expire on December 31, 2009. The new Negotiated Settlement Agreements reflect a rebasing of incentive earnings and do not include provisions for a PBR incentive mechanism going forward.

Announcements that factor in the impact of the decision for customers of Terasen Gas Inc., Terasen Gas (Whistler) Inc. and FortisBC Inc. will be made shortly. Rates for Terasen Gas (Vancouver Island) Inc. customers are frozen until the end of 2011. The decision and orders are available on the BCUC's website at www.bcuc.com.

Terasen Gas is mainly composed of the operations of Terasen Gas Inc. and Terasen Gas (Vancouver Island) Inc., both indirect wholly owned subsidiaries of Fortis Inc. Fortis Inc., the largest investor-owned distribution utility in Canada, serves more than two million gas and electric customers and has total assets approaching \$12 billion. Its regulated holdings include Terasen Gas and electric utilities in five Canadian provinces and three Caribbean countries. Fortis Inc. owns non-regulated hydroelectric generation assets across Canada and in Belize and upper New York State. It also owns hotels and commercial real estate in Canada. Fortis Inc. shares are listed on the Toronto Stock Exchange and trade under the symbol FTS. Additional information can be accessed at www.fortisinc.com or www.sedar.com.

FortisBC Inc. is an integrated regulated electric utility based in Kelowna, British Columbia. Focused on the safe delivery of reliable and cost-effective electricity, FortisBC serves approximately 158,000 customers directly and indirectly through wholesale utilities in the southern interior of B.C. FortisBC owns and operates four regulated hydroelectric generating plants and approximately 7,000 kilometres of transmission and distribution power lines. FortisBC employs over 500 people in British Columbia and is an indirect wholly owned subsidiary of Fortis Inc., the largest investor-owned distribution utility in Canada. Fortis Inc. shares are listed on the Toronto Stock Exchange and trade under the symbol FTS. Additional information can be accessed at www.fortisinc.com or www.sedar.com.

Terasen Gas and FortisBC may include forward-looking statements in this media release which reflect management's expectations regarding each company's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate," "believe," "expects," "intend" and similar expressions have been used to identify the forward-looking statements. The forward looking statements in this media release include, but are not limited to, statements regarding: future earnings, capital structure and reliability of services. These statements reflect management's current beliefs and are based on information currently available to the company's management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements, which include but are not limited to receipt of applicable regulatory approvals and requested rate orders; no significant operational disruptions or environmental liability as a result of a catastrophic event or environmental upset; the competitiveness of natural gas or electric pricing when compared with alternate sources of energy; continued population growth and new housing starts; the availability of natural gas or electric supply; access to capital; interest rates and the ability to hedge certain risks. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally that could cause actual results to differ materially from historical results or results anticipated by the forward-looking statements. Such risk factors include, but are not limited to, regulatory approval and rate orders risk; operational disruptions and environmental risk; price competitiveness risk; changes in economic conditions; natural gas supply risks; capital and credit ratings risk, interest rate risk and counterparty credit risk. 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 each company's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities including the section entitled "Commitments, Events, Risks and Uncertainties" in each company's management discussion and analysis for the year ended December 31, 2008 and for the three and nine months ended September 30, 2009. Except as required by law, each Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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