

## FortisInc.DirectorsandOfficers

### Directors

GilbertS.Bennett  
AngusA.Bruneau  
BruceChafe  
Darryl D. Fry  
LindaL.Inkpen  
H.StanleyMarshall  
DavidA.Scales  
James M.Stanford

### CorporateOfficers

H.StanleyMarshall, *President&ChiefExecutiveOfficer*  
KarlW.Smith, *Vice-President,Finance&ChiefFinancialOfficer*  
RonaldW.McCabe, *GeneralCounsel&CorporateSecretary*



## Exchange Listings

CommonSharesofFortisInc.(symbolFTS)aretradedontheMontrealExchangeandTorontoStock Exchange. TheFirstPreferenceShares, SeriesBaretraded ontheTorontoStockExchange(symbol FTSPRB).

## Registrar and Transfer Agent - Montreal Trust Company

## Important Dates- Dividends& Earnings

### Expected Earnings Release Dates

March 13, 2000 August 14, 2000  
May 15, 2000 November 13, 2000

### Expected Dividend Record Dates

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

### Expected Dividend Payment Dates

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

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

### Share Price (TSE & ME)

#### Quarter Ending September 30

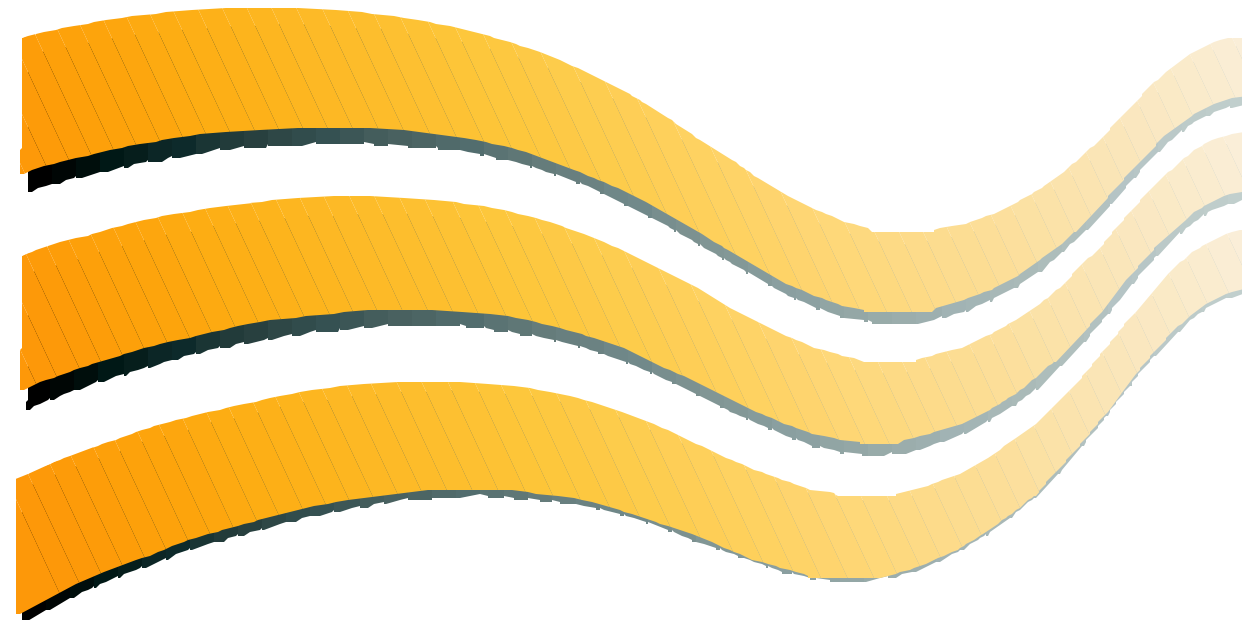
	1999	1998
High	37.00	45.50
Low	33.40	35.00
Close	34.05	36.50

*Inquiries for general information or publications should be directed to:  
Manager, Investor and Public Relations*



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Third Quarter Report  
September 1999

## Results for the Quarter Ended September 30, 1999

### REPORT TO SHAREHOLDERS

Consolidated earnings for the three months ended September 30, 1999 were \$4.9 million, an increase of \$0.6 million over the same period in 1998.

Continued increases in the quarterly earnings of Newfoundland Power and Fortis Properties, as well as an increase in the quarterly earnings of Canadian Niagara Power, were partially offset by a decrease in Maritime Electric's third quarter earnings. The decline in Maritime Electric's third quarter earnings was due to an increase in oil prices and the timing of the scheduled maintenance outage at New Brunswick Power's Point Lepreau Nuclear Generating Station.

### Results for the Nine Months Ended September 30, 1999

Consolidated earnings for the nine months ended September 30, 1999 were \$23.4 million, an increase of \$3.0 million over the same period in 1998, which also represented a \$0.21 increase in earnings per share. Earnings

growth continued to be attributable to increased energy sales in all three utilities along with rate increases at Newfoundland Power and Maritime Electric. Furthermore, efficiency improvements and a significant increase in earnings from Fortis Properties' hospitality operations positively impacted earnings.

### UTILITY OPERATIONS

#### *Newfoundland Power*

Year-to-date energy sales were 3,371 Gwh, a 1.2 percent increase over the same period last year. The improved economy in the company's operating areas, combined with a 0.8 percent increase in the number of customers, was a key contributor to the growth in sales.

Revenue for the nine months ended September 30, 1999 was \$255.9 million, 1.8 percent higher than for the corresponding period in 1998. The average 1.0 percent increase in electricity rates effective February 1, 1999, combined with increased energy sales, produced the improvement in revenue.

As a result of efficiency gains achieved at Newfoundland Power's hydroplants and production from the new Rose Blanche hydroelectric plant, year-to-date purchased power costs increased at a lesserrate than the increase in sales. Despite a 1.2 percent increase in energy sales, purchased power expenses increased by only 0.8 percent. The company maintained other operating costs at 1998 levels.

Earnings for the nine months ended September 30, 1999 were \$18.6 million, a \$0.8 million increase over the same period in the previous year.

#### *Maritime Electric*

Energy sales for the nine months ended September 30, 1999 were 682.0 GWh, an increase of 3.9 percent over the same period in 1998. An improved local economy, reflected in continued growth in the commercial sector, contributed to the increase in sales.

Revenue for the period was \$64.6 million compared to \$61.0 million for the

corresponding period in 1998, reflecting a 2.9 percent increase in rates on October 1, 1998 as well as the increase in energy sales.

Operating expenses for the nine months ended September 30, 1999 were \$45.3 million compared to \$43.5 million for the same period in 1998. The increase over 1998 was due to the increase in purchased energy as a result of increased energy sales, higher oil prices and costs associated with the extended scheduled outage of the Point Lepreau Nuclear Generating Station.

Maritime Electric achieved an overall \$0.4 million increase in year-to-date earnings over 1998. Earnings for the nine months ended September 30, 1999 were \$4.0 million.

#### *Canadian Niagara Power*

Revenue for the nine months ended September 30, 1999 was \$32.6 million, an increase of \$5.7 million over the same period last year. The improvement was attributable to increased energy marketing activity during the first quarter and higher wholesale energy prices induced by warm weather during the second and third quarters.

## Financial Highlights

Earnings and Dividends Paid per Common Share (\$) for the Nine Months Ended September 30

Quarter Ended	1999		1998	
	Earnings	Dividends	Earnings	Dividends
March 31	0.80	0.45	0.66	0.45
June 30	0.61	0.45	0.59	0.45
September 30	0.38	0.45	0.33	0.45
	<b>1.79</b>	<b>1.35</b>	<b>1.58</b>	<b>1.35</b>

Comparative Segmented Earnings For The Nine Months Ended September 30 (\$ millions)

	1999	1998
Newfoundland Power	\$18.6	\$17.8
Maritime Electric	4.0	3.6
Fortis Properties	2.3	0.5
Fortis Trust	0.4	0.4
Share of Canadian Niagara Power	3.6	3.5
Corporate and Consolidation Adjustments	(3.3)	(3.2)
Preferred Dividends	(2.2)	(2.2)
<b>Earnings</b>	<b>\$23.4</b>	<b>\$20.4</b>

The increase in year-to-date operating expenses of \$4.4 million was primarily due to an increase in purchased power costs.

Fortis' share of Canadian Niagara Power's earnings for the nine months ended September 30, 1999 increased slightly to \$3.6 million from \$3.5 million for the same period in 1998.

## NON-UTILITY OPERATIONS

### *Fortis Properties*

Fortis Properties achieved year-to-date earnings of \$2.3 million, a significant increase of \$1.8 million from the same period in the previous year. The growth in operating income of the hospitality operations was attributable to increased occupancy in the company's hotel properties, reflecting Fortis Properties' ongoing commitment to superior customer service, and growth in the Newfoundland economy.

A reduction in depreciation expense of \$0.5 million after tax also contributed to the increase in earnings. The reduction in depreciation expense resulted from a revision to life cycle estimates of building stock estimates that conform with industry standards and to better reflect the expected useful life of properties. Real estate operations maintained results commensurate with 1998 levels.

In August 1998, Fortis Properties acquired a 50 percent interest in Brunswick Square Limited in Saint John, New Brunswick. The property includes 483,987 square feet of office and retail space, a 255 room hotel and a 750 lot parkade. One hundred percent of the office space is occupied. The acquisition provides an

extension of the current hotel portfolio and strengthens the company's commercial real estate holdings. During the quarter, Brunswick Square contributed \$0.3 million to the operating income of Fortis Properties.

### *Fortis Trust*

Fortis Trust's earnings of \$0.4 million for the nine months ended September 30, 1999 remained consistent with performance for the same period in 1998.

### *Corporate*

During the third quarter, Mr. Karl Smith was appointed Vice President, Finance and Chief Financial Officer of the corporation. Mr. Smith had been Vice President, Finance & Chief Financial Officer of Newfoundland Power Inc. since 1995 and, prior to that appointment, served as Vice President, Finance of Fortis Trust and Fortis Properties. The Board of Directors and management of Fortis extend a sincere thank you and best wishes to Mr. Wayne Watson on his retirement as Vice President and Chief Financial Officer of the corporation.

Subsequent to September 30, 1999, Fortis strengthened its holdings in the core electrical utility business with the purchase, through offshore holding companies, of a 62.96 percent interest in Belize Electricity Limited (BEL) for an aggregate cash purchase of approximately US\$25 million. The acquisition should make an immediate positive contribution to the earnings of Fortis.

BEL is the primary producer, transmitter and distributor of electricity in Belize, Central America, serving more than 52,000 customers

and meeting an annual aggregate peak demand of 37 MW. Agriculture, tourism and fisheries are major contributors to the economy of Belize.

Consistent with its intention to expand the core electric utility business, Fortis signed a letter of intent in October 1999 to acquire two hydro generating stations in upper New York State. The plants have a combined generating capacity of 16 MW and will be owned and operated by *Fortis US Energy Corporation*, a newly created subsidiary of Fortis. The geographic diversification realized by this strategic investment will further strengthen the corporation's industry standing and position Fortis for growth in the large and dynamic US marketplace.

### *Year 2000*

In preparation for year 2000 (Y2K), all internal systems of the Fortis subsidiaries have been made Y2K compliant. Loss of energy supply from external suppliers represents the most significant year 2000 risk for Fortis' electric utilities. Extensive communications and planning have occurred with external suppliers to coordinate Y2K activity, and contingency plans have been developed and tested for all critical business functions.

November 20, 1999

H. Stanley Marshall  
President and CEO

## Unaudited Financial Statements

### Consolidated Statement of Earnings (in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998 (note 1)	1999	1998 (note 1)
Operating Revenues	\$103,530	\$97,905	\$369,969	\$353,793
Expenses				
Operating Expenses	73,435	68,828	255,699	247,794
Depreciation and Amortization	8,733	9,118	33,798	32,449
	<b>82,168</b>	<b>77,946</b>	<b>289,497</b>	<b>280,243</b>
Operating Income	<b>21,362</b>	19,959	<b>80,472</b>	73,550
Finance Charges				
Interest on Long Term Debt	10,243	9,961	31,262	30,321
Dividends on Preference Shares	744	744	2,231	2,231
Earnings Before Income Taxes	<b>10,375</b>	9,254	<b>46,979</b>	40,998
Income Taxes	5,272	4,786	23,122	20,311
Earnings before Non-Controlling Interest and Discontinued Operations	<b>\$5,103</b>	\$4,468	<b>\$23,857</b>	\$20,687
Results of Discontinued Operations	(55)	(64)	(55)	115
Earnings before Non-Controlling Interest Non-Controlling Interest	<b>5,048</b>	4,404	<b>23,802</b>	20,802
	<b>129</b>	129	<b>387</b>	387
Earnings Applicable to Common Shares	<b>\$4,919</b>	\$4,275	<b>\$23,415</b>	\$20,415
Average Common Shares Outstanding	<b>13,045</b>	12,905	<b>13,045</b>	12,905
Earnings per Common Share	<b>\$0.38</b>	\$0.33	<b>\$1.79</b>	\$1.58
Dividends Paid per Common Share	<b>\$0.45</b>	\$0.45	<b>\$1.35</b>	\$1.35

### Consolidated Statement of Retained Earnings (in thousands)

	1999	1998	1999	1998
Balance at Beginning of Period	\$196,302	\$190,010	\$189,585	\$185,480
Earnings Applicable to Common Shares	4,919	4,275	23,415	20,415
	<b>201,221</b>	194,285	<b>213,000</b>	205,895
Dividends on Common Shares	5,890	5,806	17,669	17,416
Balance at End of Period	<b>\$195,331</b>	\$188,479	<b>\$195,331</b>	\$188,479

**Note:**  
1. The 1998 comparative figures included in the statement of earnings have been reclassified to reflect discontinued operations resulting from the sale of the partnership interest in AT & T Canada (Newfoundland) and the sale of Canadian Niagara Power's wind powered electric generating operations in Cowley Ridge, Alberta.

### Consolidated Statement of Cash Flows (in thousands)

	Year To Date	
	1999	1998
<b>Cash From Operations</b>		
Earnings Applicable to Common Shares	\$23,415	\$20,415
Items Not Affecting Cash	41,726	33,775
Change in Non-Cash Working Capital	22,908	2,763
	<b>88,049</b>	56,953
<b>Cash Used in Investing</b>		
Capital Additions - Net	(76,953)	(39,434)
Mortgages	4,808	3,234
Change in Deferred Charges and Credits	(3,723)	(2,577)
	<b>(75,868)</b>	(38,777)
<b>Cash From External Financing</b>		
Issue of Common Shares	3,764	6,851
Net Repayment of Long Term Debt	13,098	(11,308)
Change in Bank Indebtedness	(8,306)	5,392
Change in Deposits Due Beyond One Year	(569)	(4,010)
	<b>7,987</b>	(3,075)
<b>Dividends</b>		
Common Shares	(17,669)	(17,416)
Subsidiaries to Minority Shareholders	(387)	(387)
	<b>(18,056)</b>	(17,803)
Change in Cash	<b>2,112</b>	(2,702)
Cash, Beginning of Period	6,961	11,823
<b>Cash, End of Period</b>	<b>\$ 9,073</b>	\$9,121

### Consolidated Balance Sheet (in thousands)

	As at September 30	
	1999	1998
<b>CURRENT ASSETS</b>		
Cash	\$9,073	\$9,121
Other Current Assets	52,875	49,389
	<b>61,948</b>	58,510
<b>OTHER ASSETS</b>		
Mortgages Receivable - Fortis Trust	50,193	54,334
Corporate Income Tax Deposit	15,595	15,595
Deferred Charges	56,963	48,223
Income-Producing Properties	125,443	93,553
Capital Assets	699,174	692,178
Goodwill	39,719	42,647
	<b>\$ 1,049,035</b>	\$1,005,040
<b>LIABILITIES</b>		
Current Liabilities	\$128,209	\$152,622
Long Term Debt	442,451	388,836
Preference Shares	50,000	50,000
Deposits due beyond One Year - Fortis Trust	15,177	16,434
Deferred Credits	56,511	52,257
Non-Controlling Interest	8,498	8,498
	<b>700,846</b>	668,647
<b>SHAREHOLDERS' EQUITY</b>		
Common Shares	152,858	147,914
Earnings Retained and Invested in the Business	195,331	188,479
	<b>348,189</b>	336,393
	<b>\$ 1,049,035</b>	\$1,005,040