



Bank of America  
2020 Canadian Utilities Day  
Conference

June 2, 2020



# **Forward Looking Information**

Fortis 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 reflects expectations of Fortis management regarding future growth, results of operations, performance and 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 information, which includes, without limitation: targeted average annual dividend growth through 2024; FortisBC's 2030 GHG emission goal; TEP's renewable energy target; forecast capital expenditures for the period from 2020 through 2024; forecast rate base for the period 2020 through 2024; the expected timing of regulatory decisions including at TEP and FortisBC; forecast debt maturities for the period 2020 through 2024; the nature, timing, benefits and costs of certain capital projects including, without limitation, the Wataynikaneyap Transmission Power Project, ITC Multi-Value Regional Transmission Projects and 34.5 to 69 kV Transmission Conversion Project, UNS Energy Southline Transmission Project and Oso Grande Wind Project, FortisBC Lower Intermediate Pressure System Upgrade, Eagle Mountain Woodfibre Gas Line Project, Transmission Integrity Management Capabilities Project, Inland Gas Upgrades Project and Tilbury 1B.

Forward-looking information involves significant risks, 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 assumptions include, but are not limited to: no material impact from the COVID-19 pandemic; reasonable outcomes for regulatory proceedings and the expectation of regulatory stability; the successful execution of the five-year capital expenditure plan; no material capital project or financing cost overruns; sufficient human resources to deliver service and execute the capital expenditure plan; no significant variability in interest rates; and the Board exercising its discretion to declare dividends, taking into account the business performance and financial condition of the Corporation. 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 the Corporation with Canadian securities regulatory authorities and the Securities and Exchange Commission. All forward-looking information herein is given as of the date of this presentation. 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 is in Canadian dollars and rate base refers to mid-year rate base.**

## A Geographically Diverse Energy Delivery Business

-  Regulated Electric
-  Regulated Gas
-  FERC-Regulated Electric Transmission
-  Long-Term Contracted Hydro Generation
-  Natural Gas Storage Facility



# FORTIS INC. High Quality Portfolio

10

## Operations

Canada, U.S. & Caribbean

3.3M

## Customers

2.0M Electric & 1.3M Gas

~99%

## Regulated Utility Assets

~93%

## Transmission & Distribution

\$28B

## 2019 Rate Base

~65%

## Earnings<sup>(1)</sup> from the U.S

Note: All information as at December 31, 2019.

(1) Non-US GAAP measure.



# Long-Term Strategy

- ✓ The safety and health of our employees is the priority
- ✓ Focused on delivering reliable service to our customers



**6%**  
Average Annual  
Dividend Growth  
Guidance through 2024

## STRATEGY

Leverage the operating model, footprint of our businesses, operating expertise, reputation and financial strength to execute on growth opportunities



Focused on  
Growth

## AREAS OF FOCUS:

Capital  
Investment Plan

Customer &  
Regulatory  
Relationships

Sustainability  
& Delivery of  
Cleaner  
Energy

System  
Resiliency,  
Innovation &  
Cybersecurity

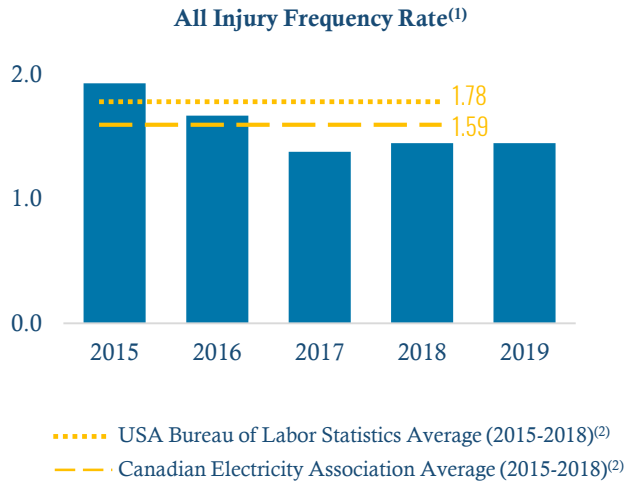
Energy  
Infrastructure,  
LNG Expansion  
&  
Energy Storage

Investment  
Grade Credit  
Ratings

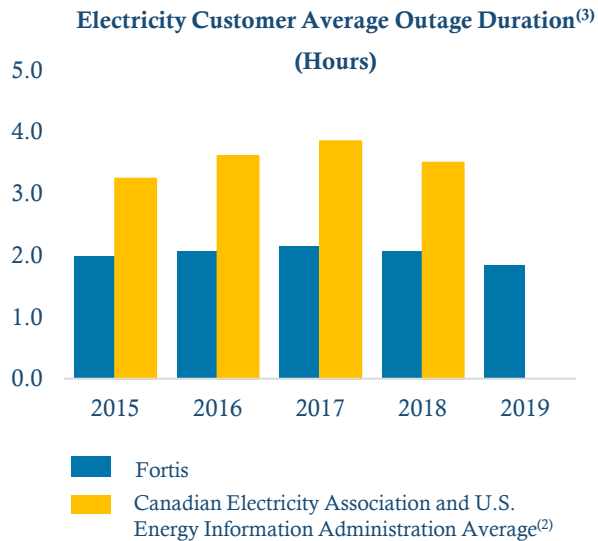
# FORTIS INC. Strong Operational Performance



## Safety



## Reliability

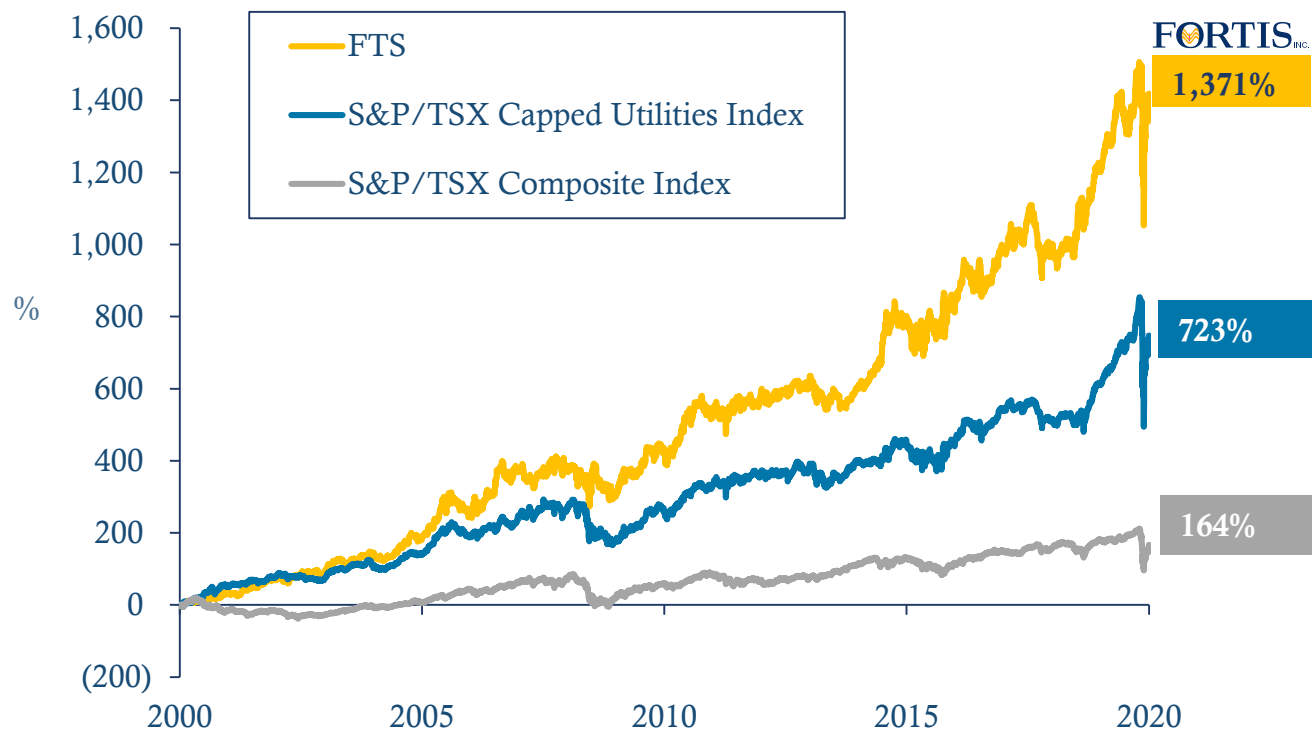


(1) Injuries per 200,000 hours worked

(2) 2019 industry comparator will be available later in 2020

(3) Based on weighted average of Fortis' customer count in each jurisdiction

# FORTIS<sup>INC.</sup> Superior 20-Year Total Shareholder Return



FTS Total Shareholder Returns (Average Annual)	
1-Year	12.7%
5-Year	10.6%
10-Year	10.8%
20-Year	14.4%

Note: Cumulative 20-year total shareholder return as at April 30, 2020.

# FORTIS INC. Sustainability: It's How We Do Everything

**93%** of our assets are dedicated to energy transmission and distribution, limiting our impact on the environment

## Focused on Delivering Cleaner Energy



**30%** GHG Reduction by 2030



UNS Energy Corporation

**28%** Renewable Power in 2021

## Strong Performance

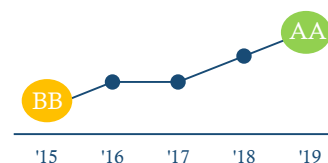
**Outperformed** Industry Averages in **Safety** and **Reliability** Measures

### Strong Gender Diversity

Throughout Company Including Board, Head Office & Executive Team

## Industry Recognition

**MSCI ESG Rating Upgrade to 'AA'**<sup>(1)</sup>



**Ranked Top 20** in Globe & Mail Board Games for past five years<sup>(2)</sup>

(1) MSCI is a leading ESG rating group that rates companies on a 'AAA' to 'CCC' scale according to their exposure to industry-specific ESG risks and their ability to manage those risks relative to peers.

(2) The Globe and Mail ranks over 200 Canadian corporate boards based on the quality of their governance practices in four broad subcategories: board composition, shareholding & compensation, shareholder rights and disclosure.



# Path to Cleaner Energy

Generation Shifting from  
Fossil Fuel to Solar, Wind  
and Storage



Innovation and  
Enabling Technologies



Electric Vehicle  
Penetration



Energy  
Efficiency



**Cleaner  
Energy**

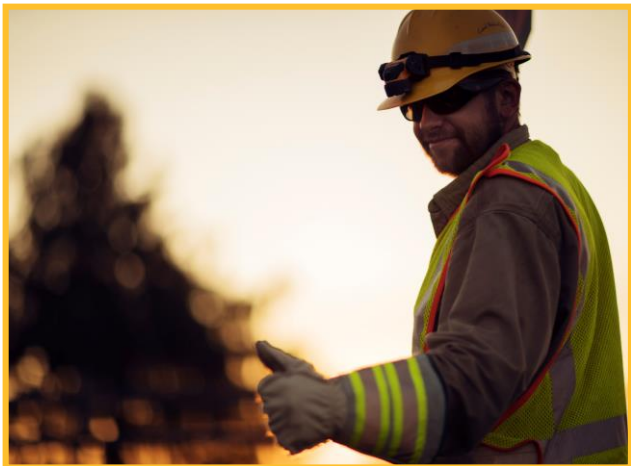


Capital Investment in a  
Green and Resilient  
Grid

Renewable Gas at  
FortisBC



# FORTIS INC. Strategically Positioned to Navigate Through COVID-19



## Operationally:

- ✓ 10 locally operated utilities
- ✓ Essential workers maintaining and operating electricity grids and natural gas networks
- ✓ Limited impacts on supply chain
- ✓ Key operational employees sequestered
- ✓ Social distancing and good hygiene practices in place



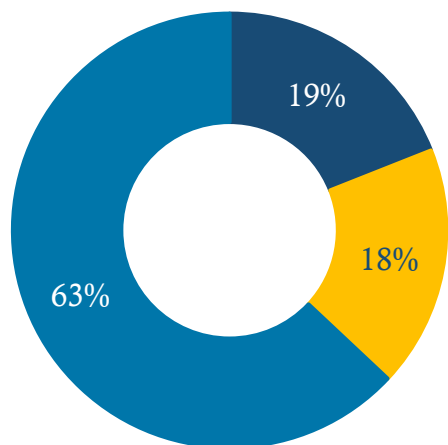
## Financially:

- ✓ ~82% of annual revenues protected by regulatory mechanisms or from residential sales<sup>(1)</sup>
- ✓ Strong liquidity
- ✓ Foreign exchange potential tailwind from strengthening U.S. dollar
- ✓ Limited pension expense exposure

(1) ~63% of annual revenues protected by regulatory mechanisms from changes in sales. Remaining ~37% of annual revenues consists of ~19% residential and ~18% commercial and industrial.

# ~82% of Revenues Protected by Regulatory Mechanisms or From Residential Sales

2019 Revenues



EPS Sensitivity

Annual EPS Impact (\$)	UNS	Other Electric
+/- 1% Residential Sales	+/- \$0.008	+/- \$0.006
+/- 1% Commercial and Industrial Sales	+/- \$0.008	+/- \$0.004

- Revenues Protected by Regulatory Mechanisms<sup>(1)</sup>
- Residential Revenues Not Protected by Regulatory Mechanisms<sup>(2)</sup>
- Commercial and Industrial Revenues Not Protected by Regulatory Mechanisms<sup>(3)</sup>

(1) Includes regulatory mechanisms at ITC, Central Hudson, FortisBC, and 85% of FortisAlberta's revenues which are based on fixed-billing determinants. Also includes wholesale/other revenues at UNS that do not have a significant impact on earnings and are primarily returned to customers through regulatory mechanisms.

(2) Residential revenues not protected by regulatory mechanisms from change in sales with 9% at UNS and 10% at Other Electric in 2019.

(3) Commercial and Industrial revenues not protected by regulatory mechanisms from change in sales with 9% at UNS and 9% at Other Electric in 2019.

# FORTIS INC. Local Economic Overview

Regulatory Mechanisms Protecting Changes in Sales	Commentary on Local Economy 1 <sup>st</sup> Month into Pandemic	Takeaway
 <small>A FORTIS COMPANY</small>	✓	<ul style="list-style-type: none"> <li>• Peak load down ~20%; Strict Stay-at-Home Order in Michigan</li> <li>• Auto manufacturers and suppliers began reopening in mid-May</li> </ul>
 <small>UNS Energy Corporation A Fortis Company</small>	✗	<ul style="list-style-type: none"> <li>• Residential sales increased ~7% due to weather</li> <li>• Commercial and industrial sales down ~10%</li> <li>• Overall sales decreased ~4%</li> </ul>
 <small>A FORTIS COMPANY</small>	✓	<ul style="list-style-type: none"> <li>• Residential sales unchanged</li> <li>• Minimal exposure to commercial and industrial sales</li> </ul>
Western Canada	✓	<ul style="list-style-type: none"> <li>• On a combined basis, residential and commercial sales up slightly in B.C.; Industrial sales slightly down</li> <li>• Alberta hit by collapse in oil prices; Residential sales up ~4%; Commercial/Industrial sales down ~32%; ~85% of revenue based on fixed-billing determinants</li> </ul>
Other Electric	✗	<ul style="list-style-type: none"> <li>• Minimal sales impacts for Eastern Canadian utilities</li> <li>• Travel restrictions impacting Caribbean economy</li> </ul>

## System Trends:



Residential Sales Up

Commercial & Industrial  
Sales Down



**~3%** Decline in Sales  
at Utilities Without  
Regulatory Mechanisms

**FORTIS** INC. **Our Five-Year Plan**



**\$18.8B**  
Capital  
Plan



**~7%**  
Rate Base  
Growth

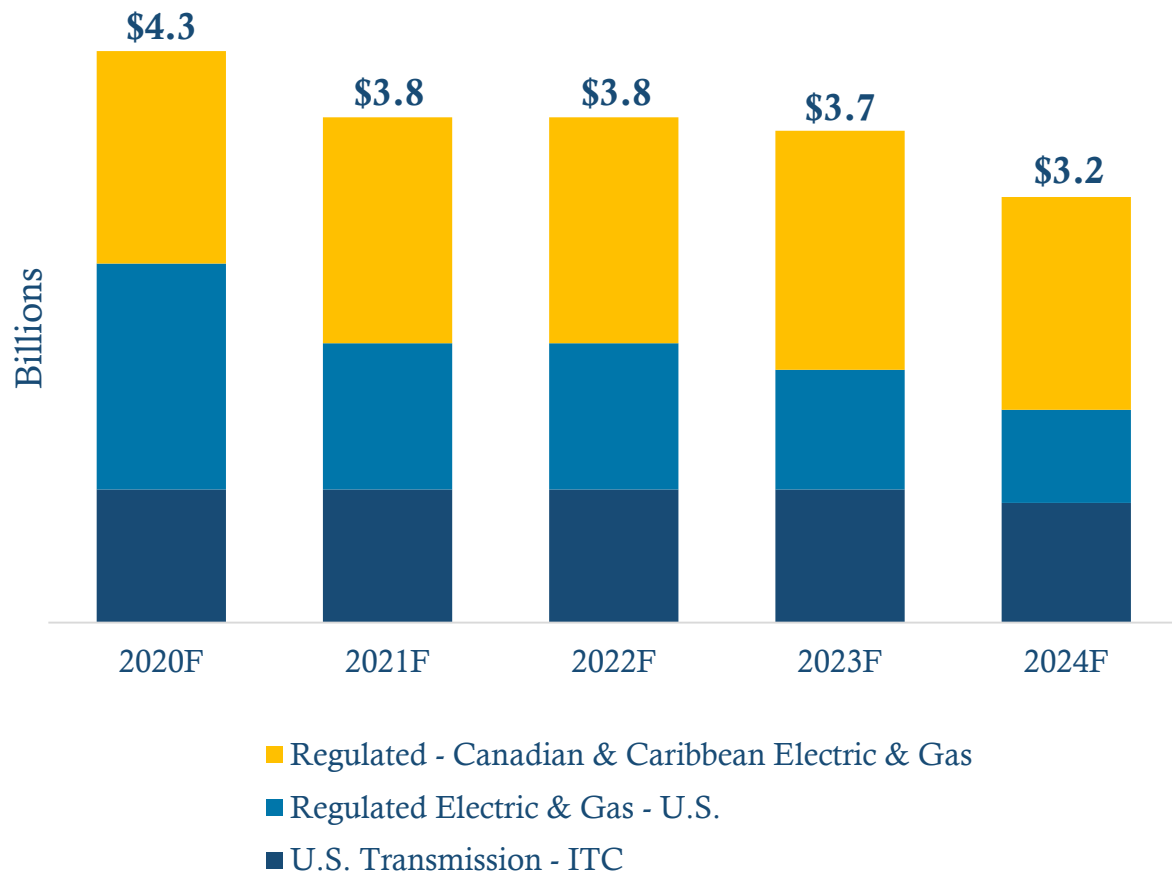


**~6%**  
Dividend  
Growth  
Guidance



## FORTIS INC. Five-Year Capital Plan

### \$18.8B Capital Plan<sup>(1)</sup>

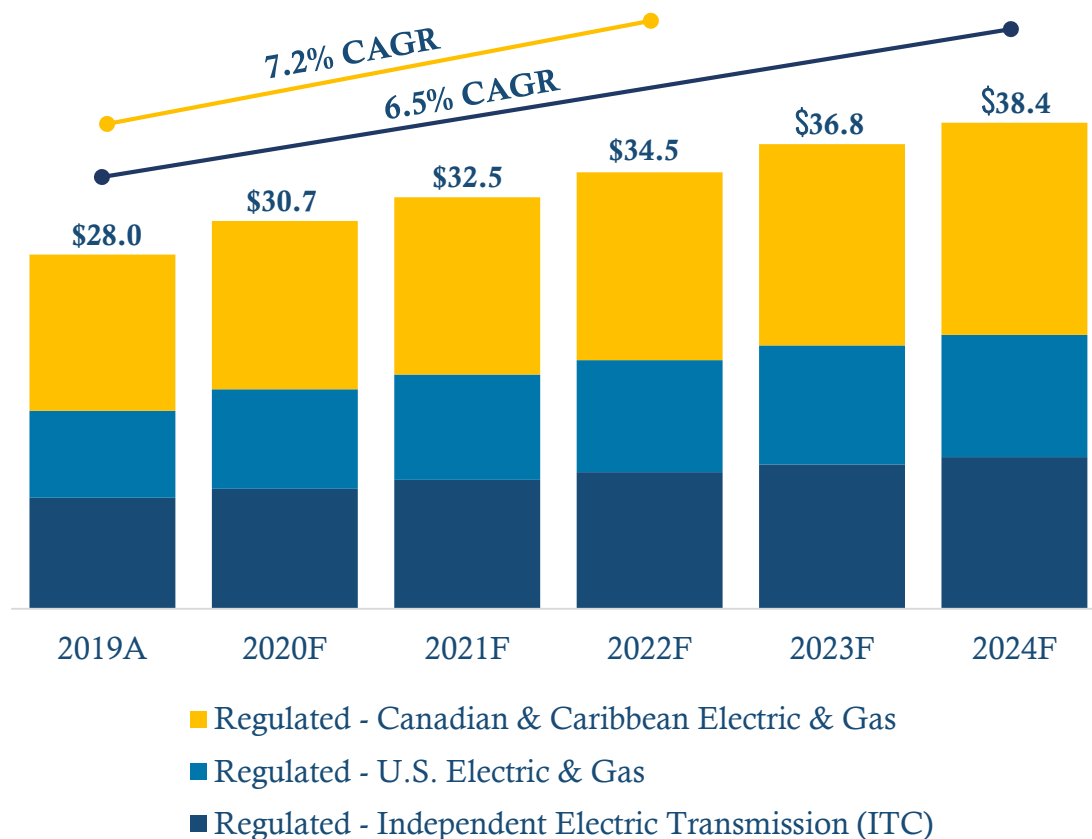


2020 Capital  
Plan on Track

**\$1.2B** Invested  
in Q1 2020

(1) Capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.32.

## FORTIS INC. 2020-2024 Rate Base<sup>(1)</sup>



(1) Reflects midyear rate base. US dollar-denominated rate base for 2019 is based on the actual average USD/CAD foreign exchange rate of \$1.33 and forecast rate base for 2020-2024 is based on \$1.32.

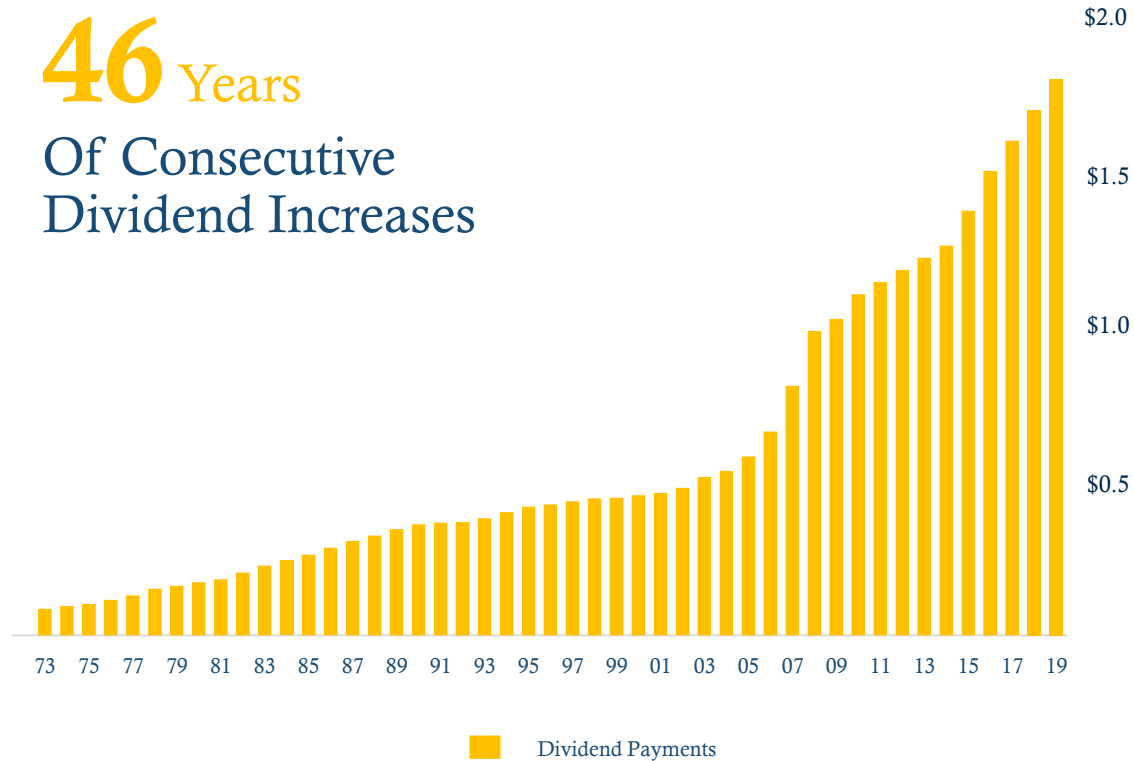
# Dividend Guidance Supported by Long-Term Growth Strategy

6%

Average Annual Dividend  
Growth Guidance to 2024

46 Years

Of Consecutive  
Dividend Increases



# Growth Expected Beyond 2024: Three Largest Utilities Account for 2/3 of Capital Plan



**Today's 5-Year  
Capital Plan**

**\$4.9B**

**\$3.8B**

**\$3.9B**

**Potential Future  
Drivers of  
Growth  
(Not Yet Included  
in Capital Plan)**

- Generation shift to renewables:
  - Significant renewable capacity and battery storage in MISO and SPP queues<sup>(1)</sup>
  - Need for additional regional projects (MISO multi-value projects at capacity upon completion)
- Resiliency:
  - Hardening of physical assets and IT/fibre networks

- Resiliency:
  - Tilbury LNG storage
  - Southern Crossing Expansion
- Target of 30% reduction in customer GHG emissions by 2030
  - Renewable gas target of 15% by 2030
- Tilbury expansion to support additional liquefaction for export opportunities

- TEP target of 30% renewables 9 years ahead of schedule
- 2020 Integrated Resource Plan (IRP) will provide visibility on investments to further the delivery of cleaner energy

(1) Additional 89 GW and 86 GW of additional renewable capacity in MISO and SPP queues; 3 GW and 7 GW of battery storage in MISO and SPP queues

# **FORTIS INC.** Update on Regulatory Proceedings



- FERC MISO Return on Equity – On May 21, 2020 FERC issued an Order establishing a three-part ROE methodology yielding a new base ROE of 10.02%, resulting in an all-in ROE of 10.77% with incentives compared to the previous all-in ROE of 10.63%
- NOIs on ROE and Incentives – Transmission Incentive NOPR issued in March 2020



- TEP General Rate Application – Procedural schedule delayed due to COVID-19; decision expected in late 2020 which seeks rates reflecting additional ~US\$700M invested in rate base since last rate case



- 2020-2024 Multi-Year Rate Plan – Expect final order by mid-2020
- Tilbury Expansion – Initial project description filed with regulators to begin federal impact assessment and provincial environmental assessment

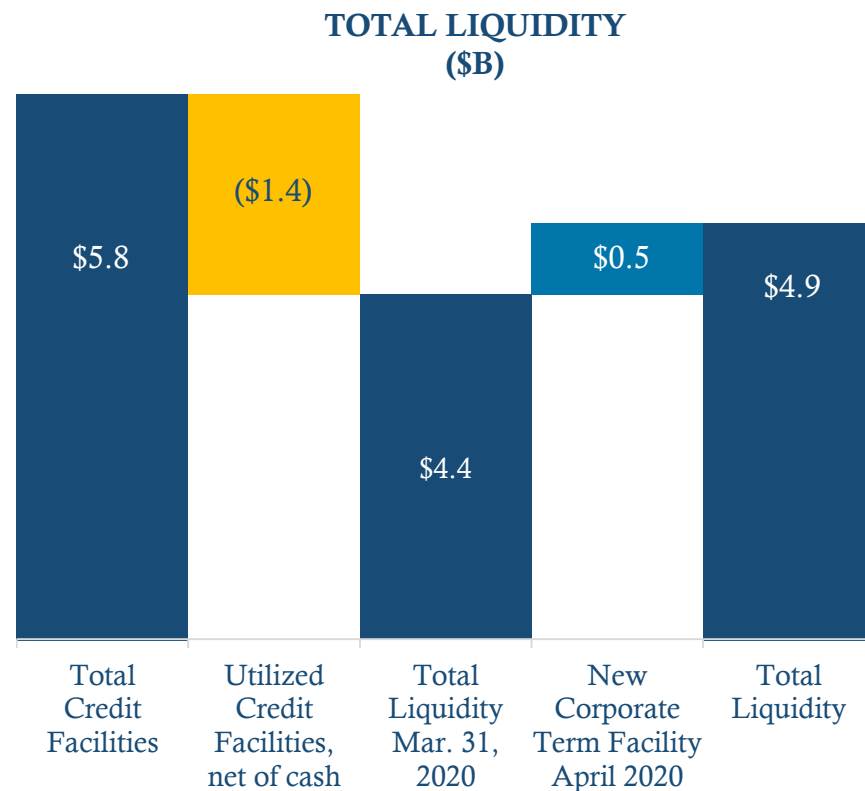


- Generic Cost of Capital Proceeding – Timing and process under review
- AESO Tariff Application – Additional procedural steps to be completed by September 2020, with decision expected in late 2020



# FORTIS INC. Strong Liquidity Position

- ✓ Fortis well positioned on liquidity given 2019 actions
  - Waneta Asset Sale ~\$1B
  - Q4 Equity Issuance ~\$1.2B
- ✓ ~\$5B consolidated credit available on facilities, including \$1.8B unutilized Corporate credit facilities
- ✓ ~80% of credit facilities unsecured committed revolvers with maturities ranging from 2022-2025

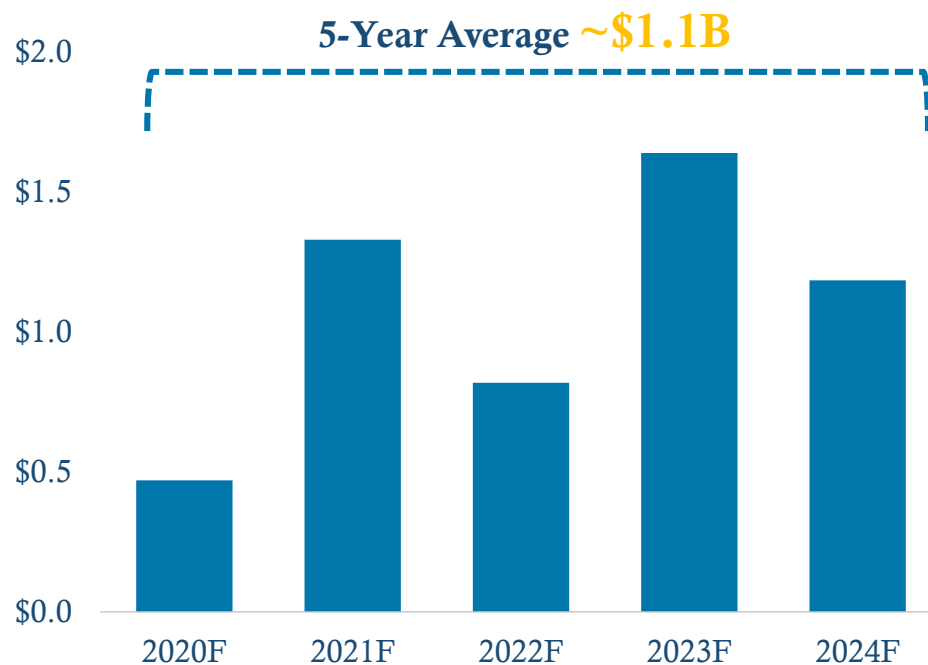


# Strong Access to Debt Markets & Manageable Maturities

## DEBT ISSUANCES COMPLETED IN Q2 2020

- ✓ **ITC**
  - US\$700M 10-year 2.95% notes
- ✓ **UNS**
  - US\$350M 30-year 4.00% notes
- ✓ **Central Hudson**
  - US\$30M 30-year 3.42% notes
- ✓ **FortisBC**
  - \$75M 30-year 3.12% notes
- ✓ **Newfoundland Power**
  - \$100M 40-year 3.61% bonds

## FIXED-TERM DEBT MATURITIES<sup>(1)</sup> (\$B)



(1) Debt as at March 31, 2020 and excludes any new debt issuances during the forecast period. Excludes repayments of finance leases along with the current portion of credit facilities, which are assumed to be extended by one-year annually.

# **FORTIS** INC. Investment-Grade Credit Ratings and Funding Plan Intact

## CREDIT RATINGS

	A <sup>-(1)</sup>
	BBB (high) <sup>(2)</sup>
MOODY'S	Baa3

- ✓ S&P and DBRS Morningstar Affirmed Ratings in 2020
- ✓ Improved Credit Metrics in 2019
- ✓ Strong Liquidity

(1) S&P rating reflects the issuer credit rating. Fortis' unsecured debt rating is BBB+. Ratings were affirmed on March 27, 2020 and S&P maintained the negative outlook due to COVID-19. On April 2, 2020 S&P revised its assessment of the North American regulated utility industry to negative from stable due to the impacts of COVID-19.

(2) On May 4, 2020 DBRS Morningstar affirmed Fortis' BBB (high) issuer and unsecured debt ratings and changed the trend to positive from stable.

# **FORTIS** INC. **Why Invest In Fortis?**



**Well-Run  
Businesses**



**Sustainability  
Leader**



**Highly  
Diversified**



**Focused on  
Energy  
Delivery**



**Innovative**



**Strong  
Growth  
Profile**



**Virtually  
All  
Regulated**



**6%  
Dividend  
Guidance**

**FORTIS** INC.

Appendix





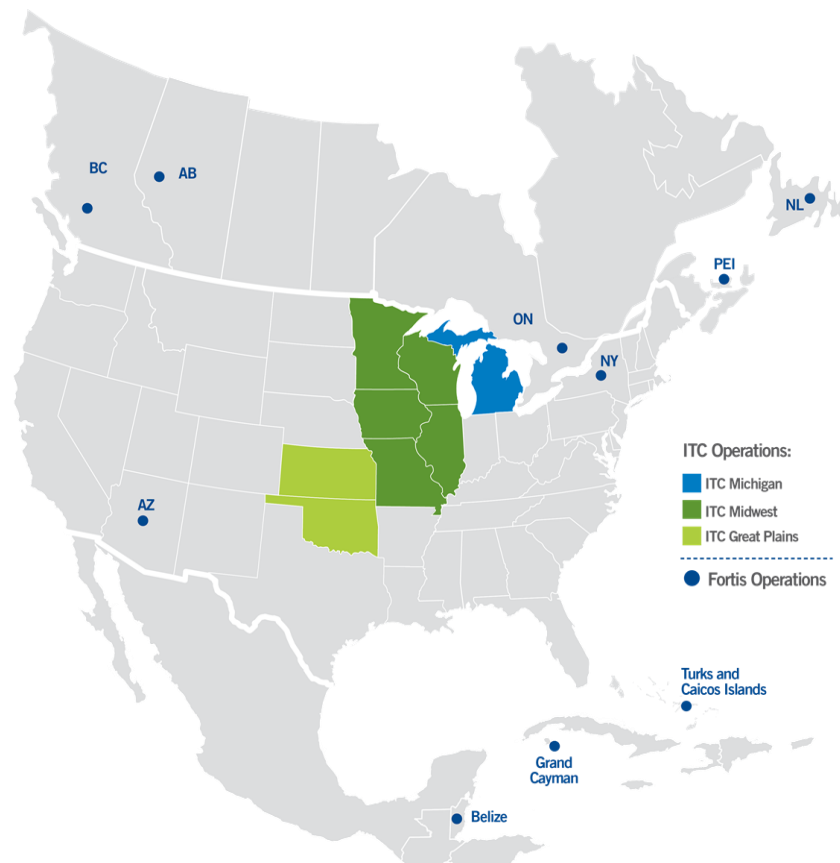
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Type of Utility	Transmission
Regulator	FERC
Regulatory Model	Cost of Service with FERC Formula Rates
Current Regulatory Compact	10.77-12.16% ROE on 60% equity
Significant Regulatory Features	Cost-based, forward formula rates with annual true-up
2020F Rate Base <sup>(1)</sup>	\$9.5B
5-Year Rate Base CAGR <sup>(1)</sup>	6.4%
2019 Assets % of Total Consolidated Regulated Assets <sup>(2)</sup>	38%
Development Opportunities <sup>(3)</sup>	Lake Erie Connector, Connecting Renewables & Grid Modernization
Regulatory Proceedings	Notice of Inquiry for Base ROE Methodology & Notice of Proposed Rulemaking on Incentive Policy

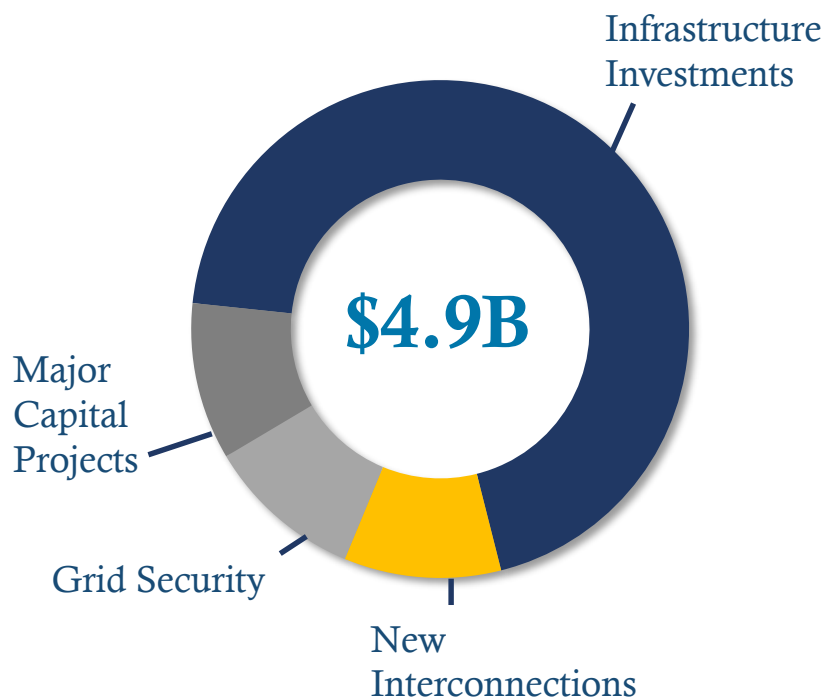
(1) Rate base for 2019 is based on the actual average USD/CAD foreign exchange rate of \$1.33 and rate base for 2020-2024 translated at a USD/CAD foreign exchange rate of \$1.32.

(2) Includes goodwill

(3) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# FORTIS INC. ITC Capital Plan

## 2020-2024 Capital<sup>(1)</sup>



### **\$3.3B Infrastructure Investments**

Rebuild, reliability, resiliency, system efficiencies, increased capacity, circuit overloads, pocket load growth



### **\$600M Major Capital Projects**

Multi-Value Regional Transmission Projects & 34.5 to 69kV Transmission Conversion Project



### **\$500M Grid Security**

Physical and technological hardening along with technology upgrades



### **\$500M New Interconnections**

Supports economic development and changes in generation sources

(1) Capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.32.

# FORTIS INC. ITC Building the Grid of the Future



## Opportunities Beyond the Plan



### New Technologies

3 GW and 7 GW of battery storage in MISO and SPP queues



### Access to Regional Markets

MISO multi-value projects at capacity upon completion



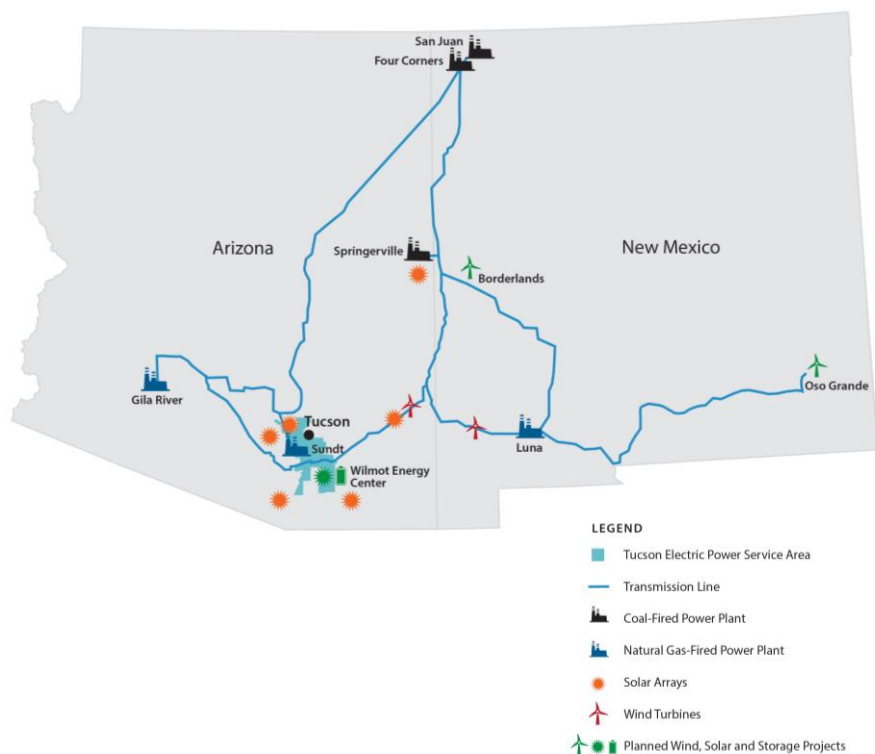
### Generation Shifts

89 GW and 86 GW of additional renewable capacity in MISO & SPP queues



### Grid Security

Hardening of physical assets and IT/telecom systems



	Tucson Electric	UNS Electric	UNS Gas
Type of Utility	Electricity		Gas distribution
Regulator	Arizona Corporation Commission and FERC		
Regulatory Model	Cost of service/historical test year		
Current Regulatory Compact	9.75% ROE on 50% equity	9.5% ROE on 52.8% equity	9.75% ROE on 50.8% equity
2020F Rate Base <sup>(1)</sup>	\$5.8B		
5-Year Rate Base CAGR <sup>(1)</sup>	6.5%		
2019 Assets % of Total Consolidated Regulated Assets <sup>(2)</sup>	20%		
Development Opportunities <sup>(3)</sup>	Renewables, Storage & Electric Transmission		
Regulatory Proceedings	TEP rate case filed in 2019 using a 2018 test year & hearing and settlement procedures for FERC formula rate application		

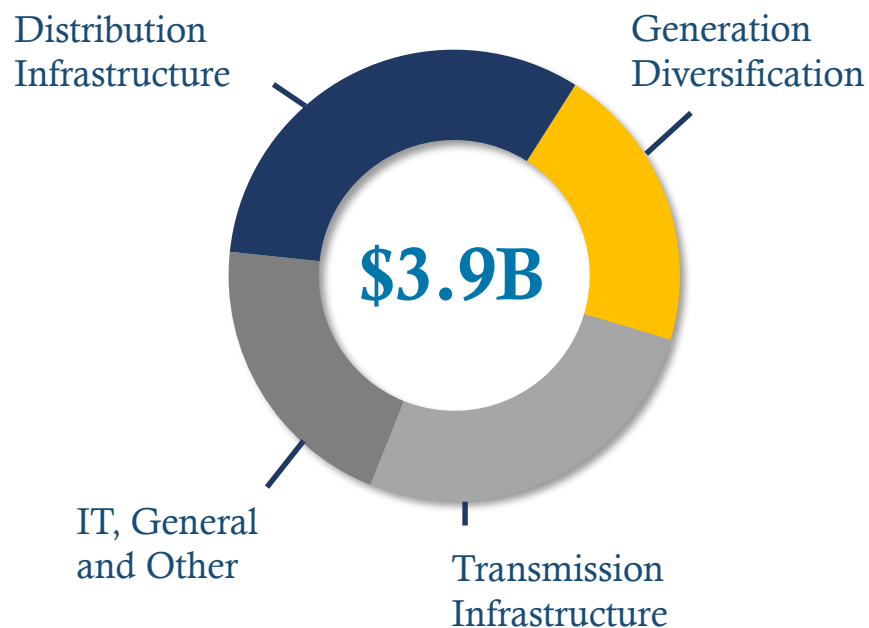
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(2) Includes goodwill

(3) Development opportunities are not included in the base capital forecast and represent incremental capital spending.



## 2020-2024 Capital<sup>(1)</sup>



### **\$1.2B Distribution Infrastructure**

Customer meter infrastructure, grid resiliency, modernization



### **\$1.0B Generation Diversification**

Reciprocating engines, 250 MW Wind



### **\$1.0B Transmission Infrastructure**

Direct Current tie with Mexico, Southline Project



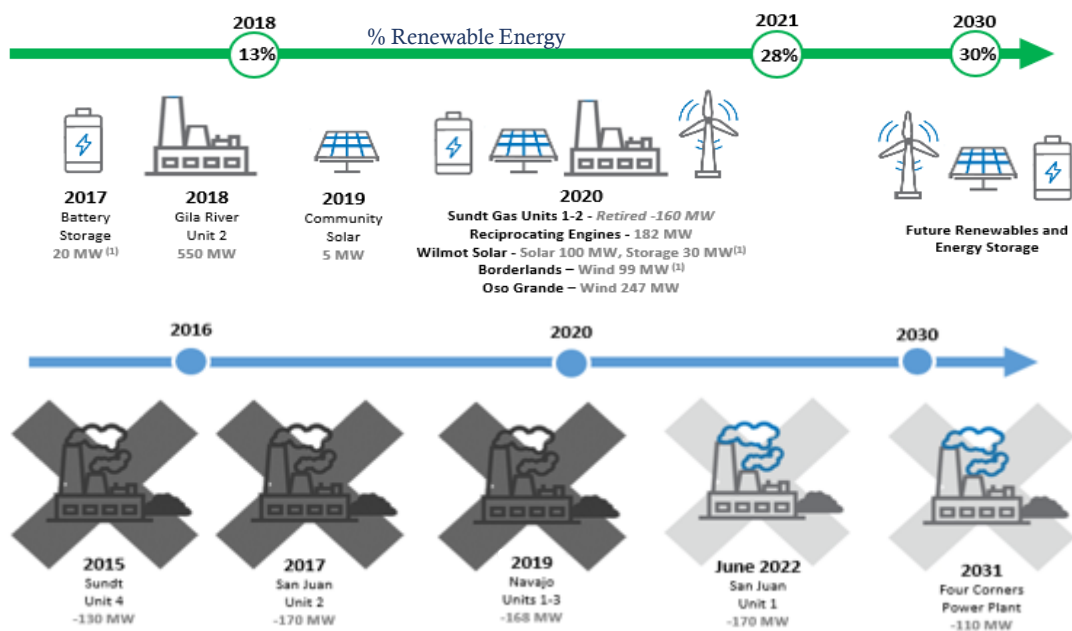
### **\$700M IT, General and Other**

Supports technology, efficiency and sustainment

(1) Capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.32.

# FORTIS INC. Arizona Focused on Renewables

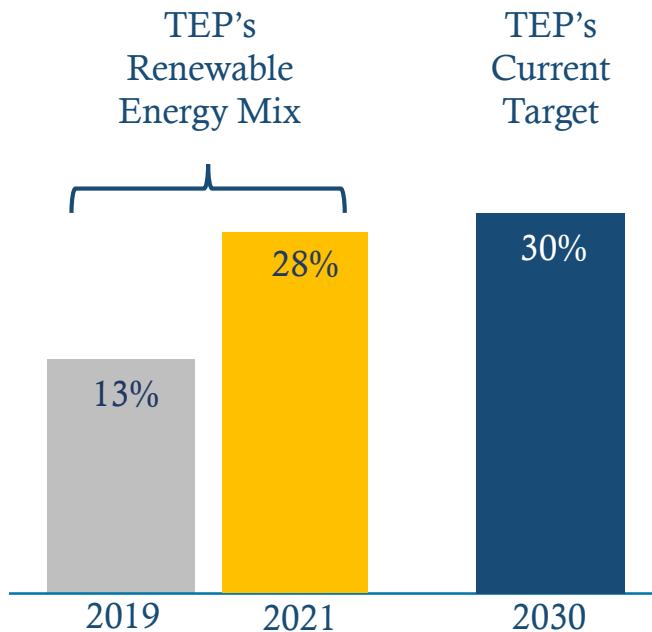
## TEP's Resource Transition



(1) Projects developed through purchase power agreements

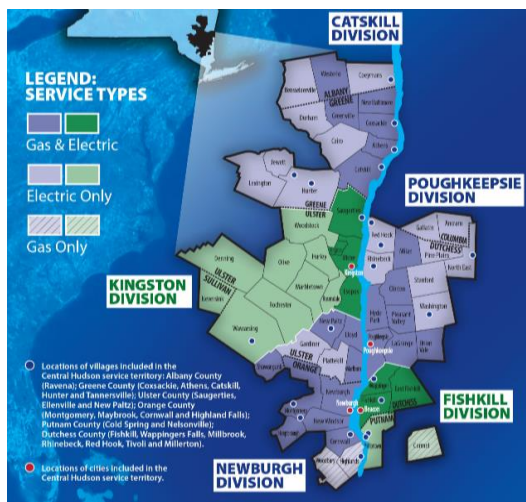
Renewable Energy  
Production of  
28% in 2021

## **FORTIS INC. TEP Collaborating with Local University to Create New Goals**



### **Developing New Carbon Emission Goals**

- Advisory Committee of Key Community Stakeholders
- Collaboration with University of Arizona's Institute of the Environment
- To be filed with Integrated Resource Plan in June 2020



Type of Utility	Gas and Electricity
Regulator	New York State Public Service Commission
Regulatory Model	Cost of service on future test year
Current Regulatory Compact <sup>(1)</sup>	8.8% ROE on 49% equity <sup>(1)</sup>
Significant Regulatory Features	Revenue decoupling
2020F Rate Base <sup>(2)</sup>	\$2.1B
5-Year Rate Base CAGR <sup>(2)</sup>	8.2%
2019 Assets % of Total Consolidated Regulated Assets <sup>(3)</sup>	7%
Development Opportunities <sup>(4)</sup>	Grid Modernization

(1) Effective July 1, 2019. Effective July 1, 2020, equity thickness will increase to 50%.

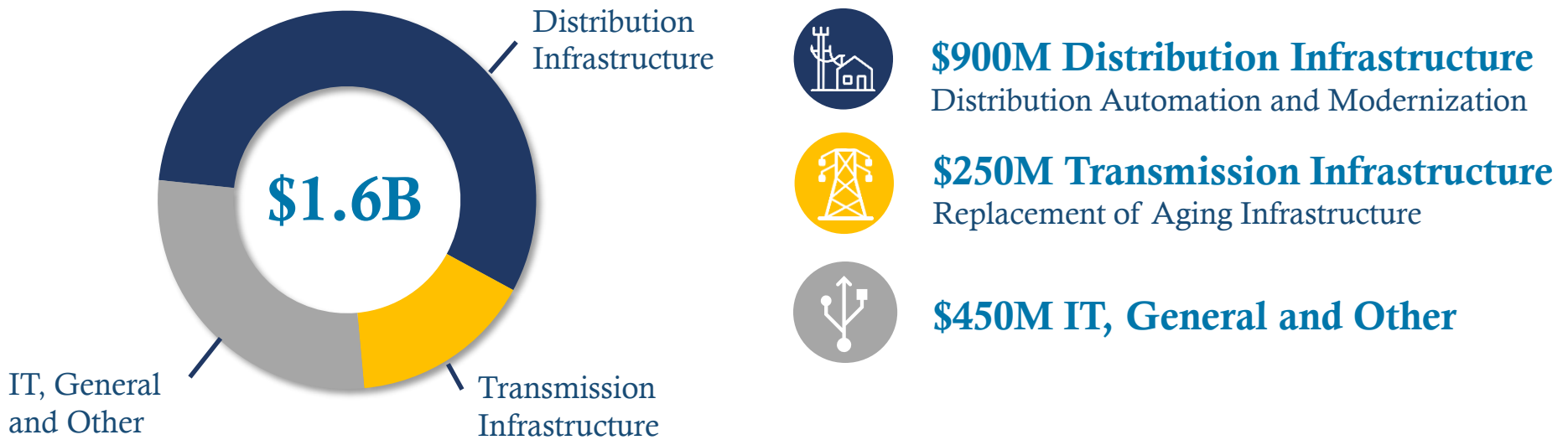
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(3) Includes goodwill

(4) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# FORTIS INC. Central Hudson Capital Plan

## 2020-2024 Capital<sup>(1)</sup>



(1) Capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.32.



	FortisBC Gas	FortisBC Electric
Type of Utility	Gas distribution	Electricity
Regulator	British Columbia Utilities Commission	
Regulatory Model	Cost of service + PBR	
Current Regulatory Compact	8.75% ROE on 38.5% equity	9.15% ROE on 40.0% equity
Significant Regulatory Features	Multi-year rates with revenue deferrals – changes in consumption and commodity costs do not impact earnings	
2020F Rate Base	\$5.0B	\$1.4B
5-Year Rate Base CAGR	7.8%	3.0%
2019 Assets % of Total Consolidated Regulated Assets <sup>(1)</sup>	14%	4%
Development Opportunities <sup>(2)</sup>	Renewable Gas, Tilbury LNG & Gas Infrastructure	N/A
Regulatory Proceeding	2020-2024 Multi-Year Rate Plan filed in March 2019 <sup>(3)</sup>	

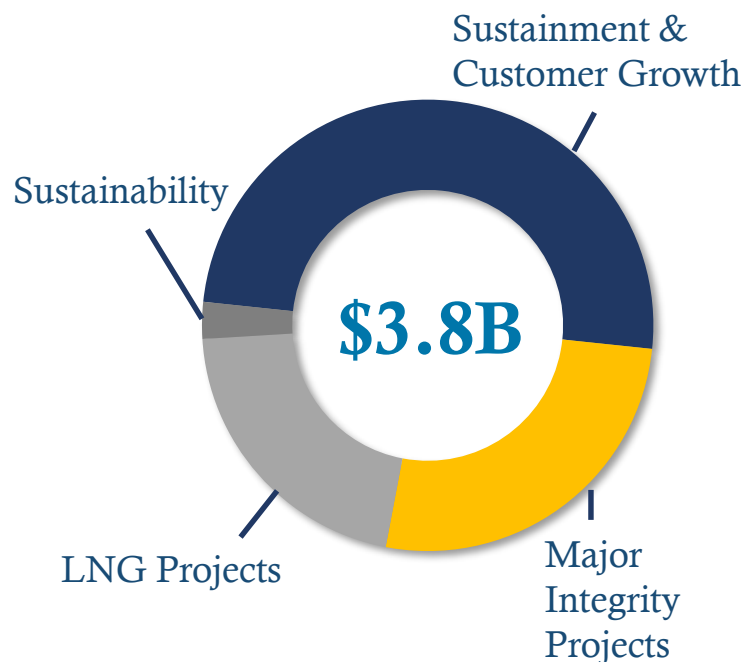
(1) Includes goodwill

(2) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

(3) BCUC order received in November 2019 approving interim rates effective January 1, 2020. Final order expected in mid-2020



## 2020-2024 Capital



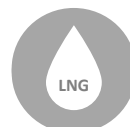
### **\$1.9B Sustainment & Customer Growth**

Ongoing maintenance requires significant capital investment  
Includes customer growth and general plant investment



### **\$1.1B Major Integrity Projects**

Inland Gas Upgrades Project  
Transmission Integrity Management Capabilities Project  
Lower Mainland Intermediate Pressure System Upgrade



### **\$700M LNG Projects**

Eagle Mountain Woodfibre Gas Line Project  
Tilbury 1B Expansion Project



### **\$100M Sustainability**

Renewable Gas Projects  
Natural gas for transportation

**FORTIS INC.** **FortisBC's Clean Growth Pathway:**  
**30% GHG Reduction by 2030**



Energy  
Efficiency

Conservation &  
Efficiency Programs  
Increased to ~\$370M  
through 2022



Renewable  
Natural Gas

Currently Utilizing  
Renewable Natural  
Gas<sup>(1)</sup>

-----  
Regulatory  
Approval Received  
at FortisBC's  
largest RNG  
project to date<sup>(2)</sup>



Global  
LNG

Positioning BC  
as a Domestic &  
International  
Bunkering Hub

-----  
Provincial Government  
Supportive of  
Global LNG



Zero & Low-Carbon  
Transportation

FortisBC  
Owns and Operates  
19 Charging Stations<sup>(3)</sup>

-----  
Owns and Operates  
15 Compressed  
Natural Gas Stations

(1) Locations include Sea Breeze Dairy Farm, Surrey Biofuel Facility, Fraser Valley Biogas, Salmon Arm Landfill (owned and operated by FortisBC) & Glenmore Landfill (owned and operated by FortisBC).

(2) Renewable Natural Gas production at Vancouver Landfill

(3) Includes 17 fast-charging stations and 2 level two chargers.

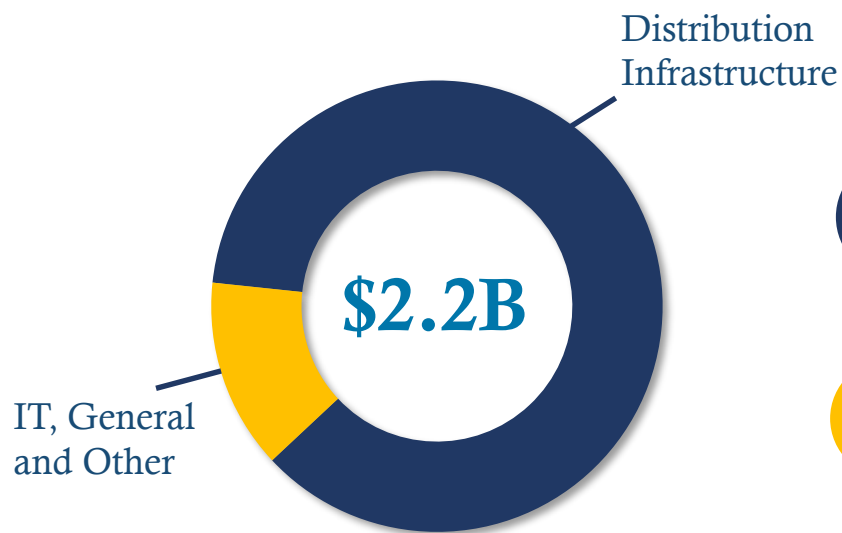


Type of Utility	Electricity distribution
Regulator	Alberta Utilities Commission
Regulatory Model	PBR
Current Regulatory Compact	8.5% ROE on 37% equity
Significant Regulatory Features	~85% of revenue derived from fixed-billing determinants
2020F Rate Base	\$3.7B
5-Year Rate Base CAGR	4.1%
2019 Assets % of Total Consolidated Regulated Assets <sup>(1)</sup>	9%
Regulatory Proceedings	AESO Customer Contribution Policy Decision Review and Variance Application & 2021 Generic Cost of Capital <sup>(2)</sup>

(1) Includes goodwill

(2) In March 2020, due to the ongoing COVID-19 pandemic, this proceeding was suspended indefinitely, with a commitment from the AUC to reassess the suspension every 30 to 60 days going forward.

## 2020-2024 Capital






### **\$1.9B Distribution Infrastructure**

Safety & Reliability of Distribution Assets, Meter Upgrades, Pole Management Program, Modernization



### **\$300M IT, General and Other**

# FORTIS INC. Other Electric Utilities

	 FORTIS ONTARIO <sup>(1)</sup>	 MARITIME ELECTRIC A FORTIS COMPANY	 NEWFOUNDLAND POWER A FORTIS COMPANY
Type of Utility	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
Current Regulatory Compact	8.52% - 9.30% ROE on 40% equity <sup>(2)</sup>	9.35% ROE on 40% equity	8.50% ROE +/- 40 bps on 45% equity
2020F Rate Base	\$0.4B <sup>(3)</sup>	\$0.4B	\$1.2B
5-Year Rate Base CAGR	27.2% <sup>(3)</sup>	3.9%	3.3%
2019 Assets % of Total Consolidated Regulated Assets <sup>(4)</sup>	1%	1%	3%
Development Opportunities <sup>(5)</sup>	Municipal Utility Consolidation	Grid Modernization	Grid Modernization

(1) Includes Canadian Niagara Power, Cornwall Electric, Algoma Power and Fortis' 39% ownership of the Wataynikaneyap Transmission Power Project.



(2) Allowed ROE is 8.52% for Algoma Power, 8.78% for Canadian Niagara Power distribution and 9.3% for Canadian Niagara Power transmission. Cornwall Electric operates under a franchise agreement with a price-cap and commodity cost flow through and, therefore, is not regulated with reference to an allowed ROE.

(3) Reflects Fortis' 39% ownership of the Wataynikaneyap Transmission Power Project

(4) Includes goodwill

(5) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

## FORTIS INC. Other Electric Utilities (continued)

		
Type of Utility	Electricity	
Regulator	Utility Regulation and Competition Office	Government of the Turks and Caicos Islands
Regulatory Model	Cost of service	Cost of service
2019 Achieved ROE	12.10%	8.00%
2020F Rate Base <sup>(2)</sup>	\$0.7B	\$0.5B
5-Year Rate Base CAGR <sup>(2)</sup>	8.2%	3.2%
2019 Assets % of Total Consolidated Regulated Assets <sup>(3)</sup>	2%	1%
Development Opportunities <sup>(4)</sup>	Grid Modernization, Battery Storage & Renewables	
Regulatory Proceeding	FortisTCI 2018 Rate Variance Application <sup>(5)</sup>	

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

(2) Rate base for 2019 is based on the actual average USD/CAD foreign exchange rate of \$1.33 and rate base for 2020-2024 translated at a USD/CAD foreign exchange rate of \$1.32.

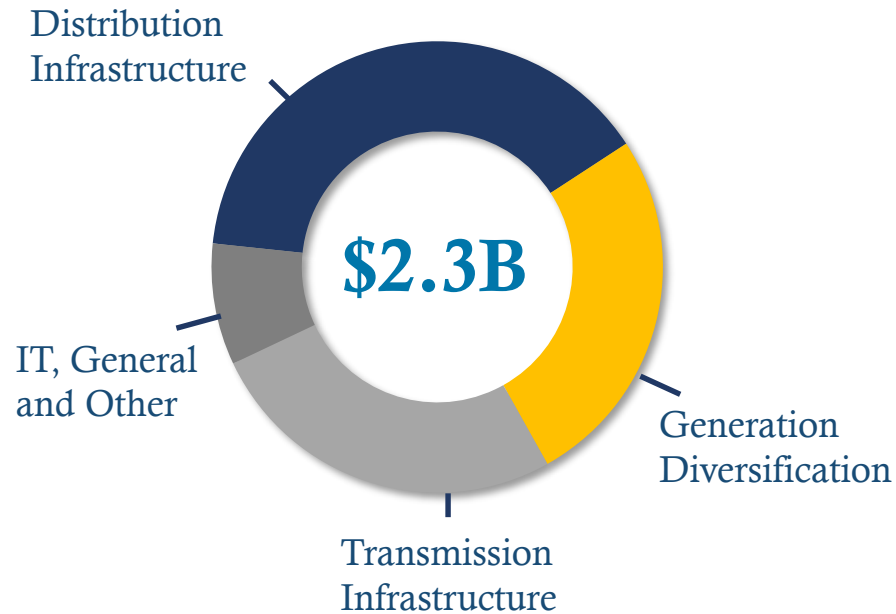
(3) Includes goodwill

(4) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

(5) In February 2020 the Government of the Turks and Caicos Islands approved a 6.8% average increase in FortisTCI's electricity rates, effective April 1, 2020. In March 2020, to help ease customers' financial hardship due to the ongoing effects of the COVID-19 Pandemic, the effective date was deferred to July 1, 2020.

# FORTIS INC. Other Electric Capital Plan

## 2020-2024 Capital



### **\$900M Distribution Infrastructure**

Newfoundland Power and Caribbean Utilities



### **\$600M Generation Diversification**

Caribbean Utilities Shift to Cleaner Energy



### **\$600M Transmission Infrastructure**

Wataynikaneyap Transmission Power Project



### **\$200M IT, General and Other**



# FORTIS INC. 2019-2024 Rate Base by Segment

Midyear Rate Base <sup>(1)</sup>								
(\$billions)	2019A	2020F	2021F	2022F	2023F	2024F	3-Year CAGR to 2022	5-Year CAGR to 2024
Regulated - Independent Electric Transmission								
ITC <sup>(2)</sup>	8.8	9.5	10.2	10.8	11.4	12.0	7.2%	6.4%
Regulated - US Electric & Gas								
UNS Energy	5.0	5.8	6.1	6.4	6.8	6.9	8.6%	6.5%
Central Hudson	<u>1.9</u>	<u>2.1</u>	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>	<u>2.8</u>	<u>9.0%</u>	<u>8.2%</u>
Total Regulated - US Electric & Gas	6.9	7.9	8.3	8.8	9.4	9.7	8.7%	7.0%
Regulated - Canadian & Caribbean Electric & Gas								
FortisBC Energy	4.5	5.0	5.1	5.4	6.1	6.6	6.4%	7.8%
FortisAlberta	3.5	3.7	3.9	4.1	4.2	4.3	4.8%	4.1%
FortisBC Electric	1.3	1.4	1.5	1.5	1.5	1.5	3.6%	3.0%
Other Electric <sup>(3)</sup>	<u>3.0</u>	<u>3.2</u>	<u>3.5</u>	<u>3.9</u>	<u>4.2</u>	<u>4.3</u>	<u>9.2%</u>	<u>7.9%</u>
Total Regulated - Canadian & Caribbean Electric & Gas	12.3	13.3	14.0	14.9	16.0	16.7	6.3%	6.3%
<b>Total Midyear Rate Base Forecast</b>	<b>28.0</b>	<b>30.7</b>	<b>32.5</b>	<b>34.5</b>	<b>36.8</b>	<b>38.4</b>	<b>7.2%</b>	<b>6.5%</b>

(1) US dollar-denominated rate base for 2019 is based on the actual average USD/CAD foreign exchange rate of \$1.33 and forecast rate base for 2020-2024 is based on \$1.32.

(2) Fortis has an 80.1% controlling ownership interest in ITC, rate base represents 100% ownership.

(3) Comprises Eastern Canadian and Caribbean electric utilities.

# FORTIS INC. 2020-2024 Capital Plan by Segment

Capital Forecast <sup>(1)</sup>						
(\$millions)	2020F	2021F	2022F	2023F	2024F	2020-2024 TOTAL
Regulated - Independent Electric Transmission						
ITC	976	987	1,043	1,018	922	4,946
Regulated - US Electric & Gas						
UNS Energy	1,390	828	710	575	371	3,874
Central Hudson	292	309	359	306	292	1,558
Total Regulated - US Electric & Gas	1,682	1,137	1,069	881	663	5,432
Regulated - Canadian & Caribbean Electric & Gas						
FortisBC Energy	507	546	648	850	688	3,239
FortisAlberta	436	460	421	420	417	2,154
FortisBC Electric	141	139	110	109	108	607
Other Electric <sup>(2)</sup>	566	473	485	438	348	2,310
Total Regulated - Canadian & Caribbean Electric & Gas	1,650	1,618	1,664	1,817	1,561	8,310
Non-Regulated	32	13	35	10	36	126
<b>Total Capital Forecast</b>	<b>4,340</b>	<b>3,755</b>	<b>3,811</b>	<b>3,726</b>	<b>3,182</b>	<b>18,814</b>

(1) Capital expenditures are translated at a USD/CAD foreign exchange rate of \$1.32.

(2) Comprises Eastern Canadian and Caribbean electric utilities.

# FORTIS INC. Major Capital Projects<sup>(1)</sup>

(\$Millions)	Incurred to End of 2019	2020-2024 Plan	Expected Year of Completion
ITC Multi-Value Regional Transmission Projects	625 <sup>(2)</sup>	276	2023
ITC 34.5 to 69 kV Transmission Conversion Project	352 <sup>(2)</sup>	268	Post-2024
UNS Southline Transmission Project	-	392	Post-2024
UNS Oso Grande Wind Project	65	453	2020
FortisBC Lower Mainland Intermediate Pressure System Upgrade	388	72	2020
FortisBC Eagle Mountain Woodfibre Gas Line Project	-	350	2024
FortisBC Transmission Integrity Management Capabilities Project	13	517	Post-2024
FortisBC Inland Gas Upgrades Project	9	319	Post-2024
FortisBC Tilbury 1B Project	8	352	2024
Wataynikaneyap Transmission Power Project <sup>(3)</sup>	123	501	2023



(1) Major capital projects are identified as those with a total project cost of \$200 million or greater and exclude ongoing capital maintenance projects. Total project costs include forecasted capitalized interest and non-cash equity component of AFUDC. Capital expenditures for 2020-2024 are translated at a forecast USD/CAD foreign exchange rate of \$1.32.

(2) Reflects capital expenditures since date of acquisition of ITC on October 14, 2016.

(3) Reflects Fortis' assumed 39% share of the estimated capital spending for the project. Under the funding framework, Fortis will be funding its equity component only.

# COVID-19: Other Financial Implications

## Defined Benefit Pension Plan

- ✓ ~46% of assets invested in fixed income
- ✓ ~88% of \$3.2B plan assets funded at December 31, 2019
- ✓ ~80% of pension assets subject to regulatory mechanisms
  - UNS pension plan assets (~\$0.6B) not subject to automatic regulatory mechanisms
  - Impact of asset valuation on future pension expense depends on asset valuations as of December 31<sup>st</sup>

## Certain U.S. Retirement Benefits

- ✓ Certain retirement benefits funded through trusts and are subject to market volatility each quarter
  - Decline in market values in Q1 resulted in ~\$0.03 EPS decline in earnings quarter-over-quarter for UNS
  - Minimal impact at other utilities as assets are more heavily invested in fixed income

## Foreign Exchange – Earnings & Capital Plan

- ✓ 65%<sup>(1)</sup> of earnings and 60% of 5-year \$18.8B capital plan from U.S.
- ✓ Expect tailwind due to higher USD/CAD exchange rate
- ✓ Foreign exchange sensitivity for every 5 cent change in USD/CAD exchange rate:
  - Annual EPS – \$0.06
  - 5-year Capital Plan – \$400M

## Credit Losses

- ✓ Too early to assess impacts; continue to evaluate potential credit losses associated with pandemic
- ✓ Potential for recovery of credit losses through extraordinary riders in regulatory mechanisms
- ✓ FortisAlberta and ITC collect revenues from retail energy providers and distribution utilities reducing collection risk vs. end-use customers
  - Together they represent ~30% of annual revenues

(1) Non-US GAAP Measure. Data as of December 31, 2019.

# FORTIS INC. Manageable Debt Maturities

## FIXED-TERM DEBT MATURITIES<sup>(1)</sup>

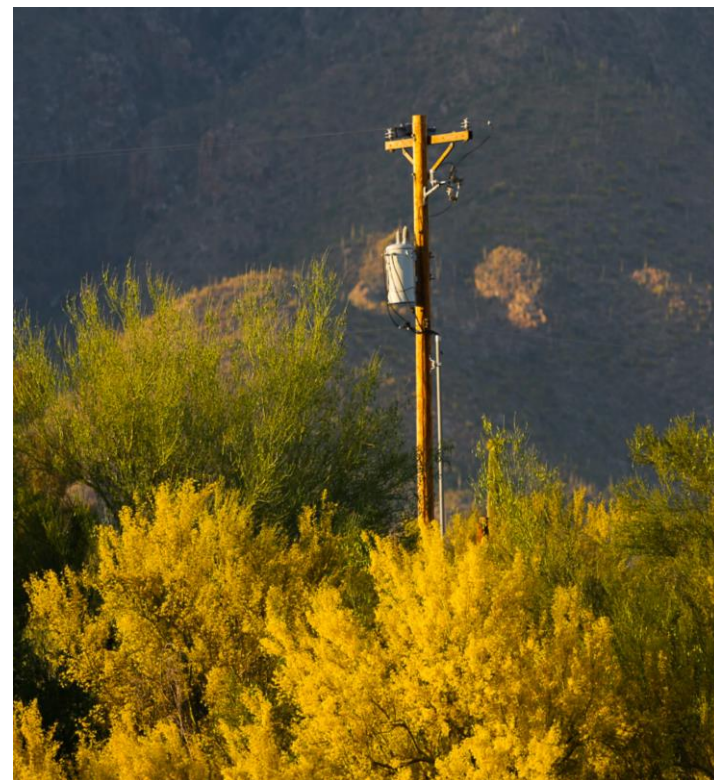
(\$millions)	2020F	2021F	2022F	2023F	2024F	Total
ITC	49	668 <sup>(2)</sup>	703	352	668	2,440
U.S. Regulated	172	416	36	284	45	953
Canadian and Caribbean Regulated Electric	73	69	79	101	204	526
Corporate	176	176	-	901	267	1,520
<b>Total</b>	<b>470</b>	<b>1,329</b>	<b>818</b>	<b>1,638</b>	<b>1,184</b>	<b>5,439</b>

(1) Debt as at March 31, 2020 and excludes any new debt issuances during the plan period. Excludes repayments of finance leases along with the current portion of credit facilities, which are assumed to be extended by one-year annually.

(2) Includes US\$400 million term loan agreement at ITC Holdings due in June 2021.

# FORTIS INC. Investment-Grade Credit Ratings

Company	S&P Global	MOODY'S	DBRS
Fortis Inc.	A <sup>(1)</sup>	Baa3	BBB (High)
ITC Holdings Corp.	A <sup>(1)</sup>	Baa2	n/a
ITC Regulated Subsidiaries	A	A1	n/a
TEP	A-	A3	n/a
Central Hudson	A-	A3	n/a
FortisBC Energy	n/a	A3	A
FortisBC Electric	n/a	Baa1	A (low)
FortisAlberta	A-	Baa1	A (low)
Newfoundland Power	n/a	A2	A



(1) S&P credit ratings for Fortis Inc. and ITC Holdings Corp. reflect the issuer credit ratings. The unsecured debt rating for Fortis Inc. and ITC Holdings Corp. is BBB+.

# FORTIS INC. Executive Team

