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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: forecast rate base for 2020 and 2021-2025; targeted average annual dividend growth through 2025; forecast capital expenditures and expected funding sources for 2020 and 2021-2025; TEP's carbon emissions reduction target, 2035 generation mix and coal-fired generation retirements; the Corporation's 2035 carbon emissions reduction target and projected asset mix; the expectation that execution of the carbon emissions target as well as key industry trends will drive incremental investments beyond the five-year capital plan; 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 Vail to Tortolita Transmission Project and Oso Grande Wind Project, FortisBC Eagle Mountain Woodfibre Gas Line Project, Transmission Integrity Management Capabilities Project, Inland Gas Upgrades Project, Tilbury 1B, Tilbury Resiliency Tank and Gas Advanced Metering Infrastructure Project; additional opportunities beyond the capital plan; FortisBC's 2030 GHG emissions goal and renewable gas target; CUC's GHG emissions target and renewable energy goal; forecast debt maturities for 2020-2025; and the expected timing, outcome and impacts of regulatory filings and decisions.

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Unless otherwise specified, all financial information is in Canadian dollars and rate base refers to mid-year rate base.

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. My name is Chris, and I will be your conference operator today. Welcome to the Fortis 5-year Capital and Dividend Outlook Conference Call and webcast. (Operator Instructions)

At this time, I would like to turn the conference over to Stephanie Amaimo. Please go ahead, Ms. Amaimo.

Stephanie A. Amaimo - *Fortis Inc. - VP of IR*

Thanks, Chris, and good morning, everyone, and welcome to Fortis' 5-year Outlook Conference Call. I'm joined by Barry Perry, President and CEO; Jocelyn Perry, Executive Vice President and CFO; David Hutches, COO; other members of the senior management team; as well as CEOs from certain subsidiaries.

Before we begin today's call, I want to remind you that the discussion will include forward-looking information, which is subject to the cautionary statement contained in the supporting slide show. Actual results can differ materially from the forecast or projections included in the forward-looking information presented today. Unless otherwise specified, all financial information referenced is in Canadian dollars.

With that, I will turn the call over to Barry.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Thank you, and welcome, everyone. Earlier this morning, the Fortis Board of Directors made public my retirement and announced the appointment of David Hutchens as my successor, effective January 1, 2021. I am honored and privileged to have served the company for more than 20 years. To say I'm proud of the success of Fortis would be an understatement.

In 1987, in our first-ever annual report, our CEO of the time, Angus Bruneau, said, and I quote, "It is our goal as we look forward to the future to ensure that Fortis will become the main strength of tradition, of management, of commitment, of service and of achievement." Mr. Bruneau passed away in 2017, but I can't think of no better reflection on our company. We continue to stand by these goals today, and we have Mr. Bruneau, Mr. Stanley Marshall, and a host of others to thank for our success.

Our team is best-in-class, and I know they will continue to guide our utilities to serve customers well and continue to find opportunities to grow. Thank you to each and every one of you. I'm looking forward to my retirement, and I am fully confident that David will provide the leadership necessary to continue executing on the corporation's business plan.

David has worked closely with me and our entire team now for 6 years. He is immersed in our culture and is the right choice to lead Fortis into a cleaner energy future for our customers.

Thank you, David, for accepting the challenge.

David Gerard Hutchens - *Fortis Inc. - COO*

Thank you, Barry. It has been truly an honor to be part of this incredible company under your leadership. During that time, I have come to know and respect Fortis' rich history, culture and people that have made it such a success.

While I never knew Mr. Bruneau, I can personally attest to the outstanding leadership and character of the other 2 Fortis CEOs, yourself and Mr. Marshall, that built this great company. Barry, your accomplishments at Fortis have been extraordinary. You have more than doubled the size of the company during your tenure while achieving impressive shareholder returns. You led us through our largest acquisition, ITC, listed Fortis on the New York Stock Exchange and successfully pivoted our company to focus on the organic growth of our utilities.

But we aren't only thankful to Barry for his accomplishments and delivering on the numbers. We are thankful for his true leadership in every sense of the word and for the truly genuine person that he is. You will certainly be missed by all of us at Fortis and by so many of our industry colleagues.

As I look forward to taking the helm of Fortis next year, I do not take lightly the level of trust that our Board has placed in me and our team to continue Fortis' exemplary track record of success. I am confident that we will continue to steer our leading North American energy delivery business toward an even better future for our employees, customers, shareholders and planet.

I will now turn the call back over to Barry to provide the business update.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Thanks, David. Before getting into the details of the business update, I want to thank all our employees who are working hard to provide customers with reliable service during the pandemic. I am so impressed with your commitment to each other and to our customers and communities. It is you that makes Fortis a strong company. I especially want to thank the workers in the field in both our electricity and natural gas businesses. You have been out there since COVID-19 started. We truly appreciate all your efforts.

As a low-risk energy delivery business, our utilities are positioned to operate well during the good times and the bad times. That is exactly what we are seeing in 2020 across our utilities amidst the pandemic, hurricanes, record snowfalls in Newfoundland and record high temperatures in Arizona, just to name a few.

Our capital investment plan of $4.3 billion for 2020 remains on track. As always, the health and safety of our employees and customers remain at the forefront as we deliver essential electricity and natural gas to homes and businesses across North America.

On safety, we have improved considerably in 2020. Through August, our safety-related incidents are down over 40% compared to our internal 3-year average. And when you consider that historically we performed better than the industry averages, it's encouraging knowing that we continue to improve our safety performance during the pandemic. I am so proud of the way our teams are navigating through COVID-19, executing on our objectives and now delivering a new long-term business plan.

This morning, David Hutchens will walk through the details of our new 5-year capital plan, and Jocelyn Perry will provide an update on our 5-year financial outlook. Before turning the call over to them, I'll spend a few minutes reviewing our long-term outlook and sustainability initiatives, including the corporate-wide carbon-reduction target announced today.

With 10 utility businesses serving over 3 million electric and gas customers, our focus on regulated transmission and distribution, we are a premium North American energy delivery business. Our decentralized model where local teams have the authority to manage their businesses positions us well to provide customers safe and reliable service.

When you factor in our geographic and regulatory diversity, we have a strong and differentiated business driving low risk, high-quality results. This simple yet effective business model has yielded strong results with our market capitalization over $24 billion and total shareholder returns averaging 14% annually over the past 20 years.

In 2020, our rate base is expected to reach over $30 billion, representing a $2 billion or approximately an 8% increase over 2019 rate base. Our long-term strategy and growth platform remains stronger than ever. Over the past decade, we've expanded our business into the U.S. with the purchase of 3 investor-owned utilities, including our largest acquisition, the purchase of ITC in 2016. I'm so happy we acquired the businesses that we did when we did.

With our acquisitive chapter behind us, we have successfully transitioned the company to organic growth, which is expected to drive our growth strategy for years to come.

Today, we've announced our 2021 to 2025 5-year outlook. Key highlights of the new plan include investing $19.6 billion into our 10 utilities, which increases rate base on average by approximately 6% annually, and we've extended our 6% average annual dividend growth guidance to 2025. The plan was developed to ensure our utilities provide safe, reliable and affordable service to our customers. Given our track record, the quality of our businesses and strong team, I am very optimistic about Fortis' future.

Turning now to one of my favorite slides. Earlier today, we announced a 5.8% fourth quarter dividend increase, marking 47 years -- consecutive years of dividend increases, a record we're extremely proud of. Our low-risk energy delivery business and strong growth platform gives us the confidence to continue this record.

Turning to Slide 9. I would like to take a few minutes to talk about the progress we have made on the sustainability front. I'm proud of where we are. Fortis' low emissions profile is supported by our focus on transmission and distribution. We are committed to further strengthening our already low carbon emissions profile.

At the end of 2019, we had approximately 12 million tons of carbon dioxide equivalent Scope 1 emissions. For reference, Scope 1 emissions are defined as direct emissions from owned or controlled sources. Of those Scope 1 emissions, approximately 90% are generated from our vertically integrated utility in Arizona at TEP. And when TEP's latest integrated -- and with TEP's latest integrated resource plan, the company expects to significantly reduce its Scope 1 emissions by exiting coal-fired generation and replacing it with approximately 2,400 megawatts of wind and solar and 1,400 megawatts of energy storage.

To better understand how our 2019 Scope 1 emissions compare to the sector, we ranked ourselves against our 25 peers, comprised of 22 U.S. utilities and 3 Canadian utilities. Overall, our 2019 Scope 1 emissions were lower than approximately half of our peers. The Fortis' profile improves significantly when excluding the emissions associated with TEP.

To demonstrate our commitment to a cleaner energy future, we've now announced today an ambitious corporate-wide carbon emissions reduction target of 75% by 2035 compared to 2019 levels. This target adopts a deliberate 15-year reduction plan, providing sufficient time to support the communities and employees affected.

While the bulk of the target will be met through generation resource changes outlined in TEP's integrated resource plan, achieving our target requires all of our utilities to provide customers with cleaner energy and reduce their environmental footprint. Through execution of this target, Fortis expects to have approximately 99% of its assets dedicated to energy delivery and carbon-free generation by 2035. Beyond reducing Scope 1 emissions, our group of utilities aim to reduce Scope 2 and 3 emissions, often referred to as indirect emissions as well as global greenhouse gas emissions.

Notably, FortisBC will be working to meet its 30 by 30 target, which is focused on reducing customer missions and increasing LNG bunkering to facilitate cleaner fuel options for the marine sector. At ITC, the transmission system there will improve emissions by interconnecting more renewables to the grid.

In Ontario, the Wataynikaneyap Power project is another example of our focus to reduce global greenhouse gas emissions. The project will allow for the elimination of small-scale diesel generation by connecting remote communities to Ontario's cleaner energy grid through 1,800 kilometers of transmission line.

Each of our 10 utilities are focused on improving their respective environmental footprint beyond the target through efforts such as electric vehicle penetration and energy efficiency initiatives. As we continue to focus on regulated energy delivery, continuously improving our sustainability profile remains a priority. Beyond our environmental focus, we are an industry leader on safety and reliability. From a governance perspective, we are consistently recognized for our strong governance practices, grounded in local leadership and independence.

We are committed to inclusion, equity and diversity and have established a framework to take an active role on this front. Today, females represent 40% of our Fortis Inc. directors, 3 of our 10 utility presidents and 60% of employees at our corporate head office. Our local leaders are supporting their local communities. The Fortis Group of companies made more than $12 million in community investments in 2019. As I said earlier, I'm proud of where we are on the environmental, social and governance front.

I will now turn the call over to David Hutchens for an update on our 5-year capital plan.

David Gerard Hutchens - *Fortis Inc. - COO*

Thank you, Barry, and good morning, everyone. Having been with the Fortis family for 6 years now, I can remember our first Investor Day back in 2015 when we were forecasting 5-year capital investments of $9 billion. And now today, we have more than doubled that amount with our nearly $20 billion capital plan for the next 5 years. This equates to an average of approximately $4 billion per year that will be invested in our energy systems to maintain safe and reliable service while ensuring it remains affordable to our customers. 80% of our 5-year capital plan will be spent in our electric utilities across North America and the Caribbean and 20% in our gas businesses in British Columbia, Arizona and New York.

Approximately 55% is expected to be invested in the United States, 41% in Canada and the remaining investments in the Caribbean. The 5-year capital plan represents an $800 million increase over and above the prior plan for 2020 to 2024. This is impressive when you consider our forecasted 2020 capital plan of $4.3 billion will be a record year of investments for the company and rolls off the new 5-year plan.

Turning to Slide 15. Our capital plan's low execution risk continues to improve, with only 11 projects or 15% of the 5-year plan deemed major projects. We define major projects as those with total capital spend over $200 million, which is just 1% of the 5-year plan. The remaining 85% are smaller projects required to maintain safe and reliable service to our customers.

Similar to last year's plan, our 3 largest utilities, ITC, FortisBC and UNS, account for approximately 2/3 of our 5-year total. Notably, FortisBC added $500 million, largely driven by 2 new major projects, which I'll touch on shortly.

At Central Hudson, additional investments in information technology systems, facilities and storm hardening contributed to a $200 million increase. At ITC, the 5-year plan increased $100 million, primarily due to the required capital to support interconnections and system rebuilds that provide additional capacity and other benefits.

With ITC, Fortis owns one of the best transmission infrastructure companies in North America with approximately 16,000 miles of transmission assets strategically positioned in 7 states across the U.S. Midwest. 70% ITC's $5 billion capital plan is dedicated to investments to maintain system reliability, such as replacing aging infrastructure, increasing capacity, improving efficiencies and adding resiliency to the grid. ITC will play a critical role in building the "Grid of the Future" by connecting customers to clean energy resources and interconnecting markets.

ITC expects to invest $700 million over the next 5 years to interconnect 2,800 megawatts of new renewables to ITC's transmission system. The additional renewables reflect integrated resource plans filed by the distribution utilities in ITC's footprint as well as known and anticipated interconnection agreements. ITC has $400 million planned for major capital projects, including the completion of the last multi-value project, and continuation of the 34.5 kV to 69 kV conversion project in the ITC Midwest system. Investments to improve physical and cybersecurity of the grid account for an additional $400 million of the capital plan.

In British Columbia, our innovative natural gas and electric franchise expects to invest over $4 billion in capital over the next 5 years to improve system integrity and resiliency, expand their liquefied natural gas or LNG infrastructure, and modernize its distribution system.

With 1.2 million customers, investments centered around safety and integrity of its system are paramount. The 5-year plan includes $1 billion for natural gas infrastructure projects. This includes expansion of Tilbury's liquefaction capacity and an additional LNG storage tank to increase resiliency of the system as well as approximately $100 million for renewable natural gas projects.

The Tilbury LNG tank project contributes $200 million of incremental investments to the new 5-year plan. This project will allow for increased LNG storage at the Tilbury site and increase the available regasification capacity to provide the lower mainline customers with short-term backup supply. Earlier this year, FortisBC filed an initial project description with regulators and began the environmental assessment processes to further expand the site. The next steps for the projects include FortisBC filing a Certificate of Public Convenience and Necessity, otherwise known as a CPCN application with the BCUC in early 2021.

Also FortisBC added the Advanced Metering Infrastructure, or AMI project, which calls for replacement or retrofitting of residential, commercial and industrial gas meters with new investments of approximately $250 million included in the new 5-year plan.

The next steps for this project include FortisBC filing a CPCN application with the BCUC by early 2021. Both projects are expected to be completed after 2025, and FortisBC continues to refine cost estimates in preparation of those CPCN applications. The current estimates for the project's total cost are approximately $700 million for the Tilbury LNG tank project and $300 million for the AMI project.

In Arizona, UNS has $3.8 billion of capital expenditures planned over the next 5 years in its vertically integrated utilities. These investments are balanced across the value chain with approximately $1.3 billion planned for investments in distribution systems, $1.1 billion for transmission to improve reliability and meet future energy needs, and $800 million mainly for clean energy resources to support the greenhouse gas reductions outlined in TEP's integrated resource plan.

To help show our path to a cleaner energy future, let me now play a brief video for you on the progress we're making in Arizona to reduce our emissions.

(presentation)

David Gerard Hutchens - *Fortis Inc. - COO*

That video stopped just short of the big reveal, TEP's integrated resource plan that will help lead Fortis to reduce its greenhouse gas emissions by 75% over the next 15 years. And only a fraction of the investments needed for this transition occurs over the next 5 years since the Oso Grande wind project will be completed this year and the majority of the 2,400 megawatts of renewables and 1,400 megawatts of storage will occur after this 5-year plan.

This sets us up for an exciting future. We have additional opportunities to expand and extend investments across our businesses by connecting renewable energy resources to the grid, adding LNG infrastructure, increasing investments in energy efficiency, and expanding low carbon transportation.

I will now turn the call over to Jocelyn who will walk you through the financial outlook.

Jocelyn H. Perry - *Fortis Inc. - Executive VP & CFO*

Thank you, David, and good morning, everyone. As David highlighted, our new 5-year capital plan is rooted in investing in our existing regulated energy delivery assets to ensure safe and reliable service as well as investing in projects which support a cleaner energy future.

This morning, I'll provide you with an update on how our capital plan will translate into rate base growth as well as provide an update on our funding plan. And I'll also spend some time this morning reviewing our regulatory proceedings with you.

With that, turning to Slide 23. Consolidated rate base is expected to grow by approximately $10 billion or nearly $1 billion every 6 months through 2025. And to put this in perspective, our largest utility, ITC, is projecting rate base just shy of $10 billion by the end of this year. So it's like adding another ITC to our portfolio over the next 5 years.

Rate base is expected to grow from approximately $30 billion in 2020 to over $40 billion by 2025. This yields 3 and 5-year compound average annual growth rates of approximately 6.5% and 6%, respectively.

Similar to last year, we continue to see strong rate base growth across our portfolio of utilities. Central Hudson continues to lead the way with 5-year rate base growth of over 9% driven by investments in information technology and other infrastructure upgrades. Overall, we expect our annual consolidated rate base growth of about 6% will be supported by our 3 largest utilities, ITC, FortisBC and UNS Energy.

Turning now to our funding plan. As you can see from the pie chart, the bulk of our capital plan is expected to be funded from cash from operations and debt issued at our regulated utilities, and this should come as no surprise given our capital plan is effectively all regulated.

With regards to our equity needs, you may recall, late last year, we decided to take advantage of favorable market conditions and accelerated our equity funding, issuing $1.2 billion of common shares. The net proceeds of the equity issue were used to repay corporate debt, including the redemption of USD 500 million unsecured notes and repayment of credit facility borrowings.

In conjunction with the equity issuance, we decided at the time to terminate the 2% discount on our Dividend Reinvestment Program. And with this termination of the discount, DRIP participation is currently at 5%. As the pie chart on the slide indicates, 6% of our $19.6 billion 5-year capital plan is expected to be funded through our DRIP program.

With the increase in our capital plan, coupled with the fact we are receiving lower-than-expected DRIP participation, we've elected to reinstate the 2% discount on our DRIP effective December 1. We expect participation will increase to approximately 20% annually upon the discount being reinstated. We continue to take a conservative approach to running our business, and our funding plan positions us well within our existing credit ratings.

In 2019, we met all credit rating agency thresholds and significantly improved our cash flow to debt and holding company debt metrics. The significant improvement was reflective of the acceleration of our funding strategy, including the equity issuance and sale of Waneta Expansion project earlier in 2019. During 2020, all 3 of our rating agencies affirmed our existing credit ratings while highlighting the execution of our funding plan in 2019 and Fortis' low business risk profile driven by geographic and regulatory diversity across our subsidiaries.

Over the next 5 years, our funding plan will enable us to maintain credit metrics similar to where we finished at the end of 2019. Moody's CFO to debt metric, in particular, is expected to average 12% over the planning period and S&P FFO to debt is expected to average 11%. Both the Moody's and S&P metrics are above thresholds required to maintain our current ratings.

The reinstatement of our 2% discount on our dividend reinvestment plan is expected to provide additional financial flexibility while further strengthening our balance sheet. Fortis is well-positioned to execute on our 5-year capital plan and maintain our strong credit profile.

Slide 27 illustrates our expected debt maturities over the next 5 years and our strong liquidity position and highlight some of our recent activity in the debt capital markets. As you can see from the table, we expect average fixed-term debt maturities of around $1 billion annually over the next 5 years, the majority of which are at our regulated utilities.

At the end of June, we had over $5 billion in liquidity, which includes credit facilities at our regulated utilities and our corporate facilities. Most of our credit facilities are on secure facilities with maturities ranging from 2022 to 2025. Fortis is in a strong position as we continue to work through COVID-19 pandemic and execute on our capital plan.

Lastly, Fortis continues to remain active in the debt capital markets and have issued approximately $3 billion in long-term debt in 2020. More recently, 2 of our larger utilities, FortisBC and TEP, issued inaugural green bonds. Both offerings received strong investor demand. FortisBC's green bond was the first for a natural gas utility in Canada and final pricing reflected the lowest long-dated Canadian corporate coupon on record.

Now turning to updates on our ongoing regulatory proceedings. Although not depicted on this slide, we recently received clarity on key regulatory proceedings at 2 of our largest utilities. In May 2020, ITC received an order from FERC regarding ITC's MISO-based ROE, which resulted in an all-in ROE of 10.77%. More recently, in June, the BCUC issued a final order approving FortisBC's multiyear rate plan, which sets the rate setting framework for 2020 through 2024.

At ITC, there have been no further updates since the second quarter with respect to the notice of proposed rulemaking on transmission incentives as comments from stakeholders were due to FERC by July 1. In Arizona, the TEP rate case continues to progress. Hearings concluded in June and post hearing briefs were filed in July and August, and we continue to expect a decision by year-end.

In New York, the Public Service Commission approved Central Hudson's request to delay the previously approved July 1 electric and gas rate increase to help customers through the financial challenges of COVID-19. The revenues will be deferred and collected from October 1 through June 30, 2021.

Given Central Hudson's 3-year plan concludes next year on June 30, 2021. Last month, the utility filed a general rate application with the New York Public Service Commission. The rate filing aims to balance customer bill impacts with the need to advance climate and energy policy, improve the safety and resiliency of utility systems and enhance customer interactions. We expect a decision in mid-2021.

In Alberta, the generic cost of capital proceedings for utility in the province remains outstanding. Currently approved cost of capital parameters will remain in place on a final basis for 2021 one full quarter at a time and continuing until the end of the quarter in which the commission makes a decision, which is expected in 2021.

And lastly, FortisAlberta awaits the decision by the AUC with respect to the Alberta Electric System Operators' customer contribution policy related to transmission investment. FortisAlberta filed additional evidence in July and additional procedural steps concluded just last week. We continue to expect the decision later this year.

And with that, this concludes my remarks, and I'll now turn the call back to Barry.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Thank you, Jocelyn. To wrap up, I'm pleased to outline for you another strong 5-year plan. As we embark on a cleaner energy future, we expect our growth profile will be enhanced for many years to come. The pace at which we plan to reduce our carbon emissions over the next 15 years is aggressive and places us as an industry leader.

By 2035, our business will be made up of virtually all energy delivery assets and renewable carbon-free generation. What an exciting time for Fortis and the industry. We look forward to executing on this next chapter of growth.

With that, I'll turn the call back to Stephanie.

Stephanie A. Amaimo - *Fortis Inc. - VP of IR*

Thank you, Barry. This concludes the presentation. At this time, we'd like to open the call to address questions from the investment community.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Robert Kwan of RBC Capital Markets.

Robert Michael Kwan - *RBC Capital Markets, Research Division - MD & Energy Infrastructure Analyst*

I guess just to start, Barry, all the best in retirement. And congratulations, Dave, on the new role.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Thank you, Robert.

Robert Michael Kwan - *RBC Capital Markets, Research Division - MD & Energy Infrastructure Analyst*

You're welcome. So there's obviously a focus here, and you've had a focus on your ESG profile. And I'm wondering if you can just give some color marrying ESG with the investment decisions. Obviously, anything decarbonization-wise on spending is a clear win, but given your focus on ESG, when you're looking at future investments, how much are you looking at emissions, both Scope 1, but as well Scope 2 and Scope 3 when deciding whether to take them on or put differently? How much do emissions factor into the investment decision? Would you take on a project that makes your emissions profile worse and then just figure out how to mitigate it later?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Great question, Robert, and maybe I'll take a stab at it. And David and Jocelyn, you can jump in. Clearly, what we're finding, Robert, is as we engage with our shareholders, this is a topic that is present in just about every engagement now. And Fortis, clearly, we're fortunate that we put together a group of utilities that was focused on transmission and distribution that really had a -- from a Scope 1 perspective, at least, had a very low footprint. And in some cases, we don't even own the energy that we move down our lines, right? That's the way the regulatory model works.

We did have the vertically integrated utility in Arizona at TEP, and that seemed to be the outlier for us, right? And with David's work and his team in Arizona now to basically cut those emissions dramatically in Arizona brings Fortis into this place that we have this very light environmental footprint. So from our perspective, as we go forward from here, the things we decide to do will always be thinking about whether it improves our position or it does not improve our position.

And if it doesn't improve our position, we're going to be very careful to be offering up, mitigating plans that will quickly get us back on side. So this is not going away. This is going to be a continued focus for our industry. I'm actually so proud of where the industry is going on this, frankly, that it's just a very exciting time. So I think it will be present in everything we do going forward from here.

David, any other thoughts?

David Gerard Hutchens - *Fortis Inc. - COO*

Yes. I would reiterate what you said, Barry, is when you look at basically any decision that any company makes, any significant decision in the back of your mind is going to be emissions, greenhouse gas impacts, et cetera. It's going to be part of our going-forward decision-making process period. The goal that we set today of reducing our greenhouse gas emissions by 75% isn't a goal you can just phone in. This is going to take a lot of action on our part and execution down here in Arizona to make sure we get there.

And with that goal, we know that every decision that we make on a going-forward basis has to contribute to us meeting or exceeding that goal. So yes, it's basically -- it's almost table stakes now, new projects, what is the impact on our greenhouse gas emissions, et cetera.

Robert Michael Kwan - *RBC Capital Markets, Research Division - MD & Energy Infrastructure Analyst*

Got it. And maybe if I can ask one other question just around the capital plan. Can you just speak a little bit more to the composition what is behind the numbers, framing that against the top line growth rate that's moderating slightly? Is this just the law of large numbers or are there things moving around such as larger initiatives that are rolling off? I guess, just typically, what we've seen is more meaningful list in the near years coupled with what we've seen here being those larger increases in the out years as you firm out the numbers.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Well, Robert, I think since I'm not going to be here to execute on the 5-year plan, I'm going to let David and Jocelyn weigh in on that one. I know what I would say. So -- but you need to hear from those folks.

Jocelyn H. Perry - *Fortis Inc. - Executive VP & CFO*

Well, Robert, first, I'll say that you are right. It is the law -- it's the curse of being successful. We are coming off of a very big year, so that is tempering some of the growth. And you're right, we do have some timing of our capital projects in the later years. So what you're seeing is that not everything is hitting rate base just yet either.

So there's some math that's happening. And ultimately, what we're seeing over the next 3 years is a 6.5% growth, and that's what we had shown last year over the 5 years. So I expect -- and David, I don't want to speak for you. But we're -- today, we're seeing -- this past year, we've seen 8% growth, over the next 3, we're 6.5%. We tend to find a little more as we go out. So I would say the future is looking pretty consistent to last year.

David Gerard Hutchens - *Fortis Inc. - COO*

Yes. I'd just add a couple of things there, Jocelyn. You nailed it with -- it's the starting point, right? So Robert, when you look at the capital expenditures that we had over the past couple of years, they were record -- each one was a record. 2019 was a record, 2020 is a bit larger still.

And I know Barry really wanted to say this, but I'll say it and channel Barry a little bit. And that's -- we've exceeded every 5-year forecast since he's been CEO. I don't plan on losing that streak on a going-forward basis.

Operator

Our next question comes from Linda Ezergailis of TD Securities.

Linda Ezergailis - *TD Securities Equity Research - Research Analyst*

I want to also offer all my best wishes to Barry on your retirement, and congratulations to Dave on your promotion. It's a very exciting time for the company.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Thank you, Linda.

David Gerard Hutchens - *Fortis Inc. - COO*

Thank you.

Linda Ezergailis - *TD Securities Equity Research - Research Analyst*

Looking at the opportunities you have to expand and extend your capital plan, I'm just wondering if you can help us understand, within UNS and the IRP, this total opportunity of $4 billion to $6 billion. How much of that is already in your 5-year capital plan and how much of that is incremental? And can you paint a picture of us as to what would be required, what factors need to be put in place to translate that full IRP opportunity into your plan? Or is it just some of it a matter of being beyond your 5-year planning horizon as well?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Over to you, David.

David Gerard Hutchens - *Fortis Inc. - COO*

I'll take that, Barry. As far as when you look at the plan that we have laid out over the next 5 years, there's only about 1/5 or 1/6 of that total that's in the next 5 years. So one of the things that we're spending a lot of time on now is developing exactly what that plan looks like on a going-forward basis. It takes some time to develop the renewables, the storage, transmission interconnections, the bigger, broader plan of what we're going to need to do to actually execute on that.

So we will be providing more guidance as we spend probably the next, I would say, a year or so to come up with a good solid plan. And those will be investments that we're going to need in total, and a lot of that is what we plan on owning within our own utility and earning on. So lots of details to be determined on a going-forward basis. And we're going to provide you all with frequent updates as we start laying those things in both in the next 5 years and in the 5 to 10-year cycle.

Linda Ezergailis - *TD Securities Equity Research - Research Analyst*

And one of the other -- just as a follow-on, one of the other significant opportunities that you've been working on in BC for some time, I think, really at the forefront of this development is this renewable gas target of 15% by 2030. Can you talk about the magnitude of investment required? How much of that would be within the utility, how much of it might be required investments by third party, and also more broadly, how hydrogen might supplement some of the renewable gas opportunities as well?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

So Linda, we -- I think we have about $100 million in this current 5-year plan. And there will be more after that clearly. And there will be a mix of projects that we own and projects that we enter into PPAs with to buy the renewable gas from. But Roger or David, maybe Roger -- Roger is on the line, I believe. Roger, can you just offer some thoughts around some further details around Linda's question?

Roger A. Dall'Antonia - *FortisBC Inc. - President, CEO & Director*

Yes. Thanks, Barry. Yes. So in the 5-year plan, Barry's right, we have about $100 million of net investment for a couple of facilities that we'll own in the utility. City of Vancouver is a primary one. We're working on a couple of others. We have about 6 petajoules. Our target of 15% will be about 25 to 30 petajoules of natural gas. We have about 6 petajoules approved. The majority of those will be long-term supply contracts.

We have a number in excess of that in the development stage. And again, the majority of those are contracted supply. We'll be looking at supply within BC, which is where we're likely going to invest capital at $100 million for the next 5 years and then in excess of that beyond to get to 2030. But we're also looking at out of province. So for us, we think the majority of the supply will come from third parties, and we'll look to be the offtake under long-term supply arrangements.

Hydrogen, right now, we're in the feasibility and pilot stage. We are looking at 2 primary approaches to hydrogen. One is the blending of hydrogen into the distribution system, maybe up to 5% hydrogen, which will decarbonize the natural gas stream. And then we're also looking at closed-loop systems, industrial applications where we can displace natural gas and use hydrogen within industrial sites. But the hydrogen is still in the, I would say, the feasibility in pilot stage.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Thank you, Roger.

Linda Ezergailis - *TD Securities Equity Research - Research Analyst*

Okay. And just as a follow-up for Jocelyn, looking at these opportunities to expand the capital plan. Can you talk about what the incremental source of financing might be for this beyond what's already secured?

Jocelyn H. Perry - *Fortis Inc. - Executive VP & CFO*

Well, Linda, I think that's going to depend on some timing of these capital projects. But we've said this before that any -- what we want to do is maintain our position strength. We've made a lot of improvements in our balance sheet over the last number of years, and we're certainly looking to go forward from there.

If we're successful -- when we're successful on increasing any incremental capital investments, then I think everything goes back on the table from whatever equity we need to -- I'd say we run the gamut of everything when we're looking at funding options, so everything goes back on the table at that time, Linda.

Operator

Our next question comes from the line of Rob Hope of Scotiabank.

Robert Hope - *Scotiabank Global Banking and Markets, Research Division - Analyst*

And Barry, all the best for your retirement, and David, congratulations on the new role.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Thank you, Rob.

Robert Hope - *Scotiabank Global Banking and Markets, Research Division - Analyst*

I want to follow-up on Robert Kwan's question about ESG. It's increasingly coming up in investment decisions. However, how are regulators and other stakeholders looking at the potential for lower environmental emissions in regards to future capital investments as well as the potential for higher rates? Are we seeing a willingness to allow the bill to move up to reduce carbon emissions?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Rob, listen, that's a big question, right? And I think companies have to figure out to do -- how to do this without having any big impacts on their customers. There will be some increases, I would say, but they have -- that customer concern has to be front and center. We have to be able to continue to do this while keeping rates affordable. And clearly, in Arizona's case, moving away from coal and basically using the operating costs that we have today to operate those plants and having that to pay for the investments in renewables mitigate the impact on customers, right? So it's a really good news story.

And you could apply that in the Caribbean. As we think about expanding our renewable fleet in the Caribbean, the cost of fuel should be able to pay for the cost of those investments without having a big impact on customer rates. So that's the secret sauce, how can you do this and get cleaner energy and not have an impact -- big impact on customer rates.

And that's what we're focused on. And I think, generally, I think the industry, except for some massive government projects that would cause some real severe trouble in certain parts of probably Canada, the industry has done a pretty damn good job of getting cleaner without a big impact on customer rates.

Robert Hope - *Scotiabank Global Banking and Markets, Research Division - Analyst*

All right. And then maybe just as a follow-up. As you look at ITC in the Midwest and the potential for incremental wind capacity there, how long of a runway do you think on this do you have on ITC and some above-average growth rates there?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Well, we have a lady on the call to answer that. Linda is there. And I'll reiterate, the highlight of my career was purchasing ITC and listing Fortis because of that on the New York Stock Exchange, and I couldn't be happier about how it's worked out for our company. Linda and her team have done an incredible job and will continue to do so.

So Linda, over to you.

Linda H. Blair Apsey - *ITC Holdings Corp. - President, CEO & Director*

Great. Thanks, Barry, and thanks, Rob, for the question. Yes. Look, I think stepping back, and I think if you look at the bigger picture and sort of the bigger opportunity set, I would compare it to the MISO MVP process that took place about 10 years ago. And I think when you think about the MVP process in terms of sort of what were the fundamental underlying issues, obviously, increasing demand, desire for more and more renewables, and ultimately, what was the time line to sort of I guess come to sort of a broader agreement on how we were going to pay for these bigger regional projects, all of that took the better part of probably 5 years.

And then once the portfolio was approved, it took the better part of about a decade to see sort of all of those investments come to fruition and sort of be represented in rate base. So as I think about where we are particularly in the Midwest ISO given the queue for renewables, there is a lot of ongoing discussion, a lot of studies, a lot of engagement by stakeholders that recognize the need for more transmission to facilitate renewables.

My gut is, is that we're probably within a year to 2 years from some sort of overarching agreements. I think then we need to get a portfolio that identifies what are the specific transmission projects. And then, I think from there, depending on sort of how the process is, I think much of that can be realized over the course of a decade. And so that's sort of how I would think about the time frame, but certainly, some projects will be able to move faster sooner, depending on the state, depending on fighting requirements, regulatory approvals. And so it doesn't mean that every project is going to take 10 years. I just think from an overall portfolio process, I could think about it in terms of the decade.

Operator

(Operator Instructions) Your next question comes from Mark Jarvi of CIBC Capital Markets.

Mark Thomas Jarvi - *CIBC Capital Markets, Research Division - Director of Institutional Equity Research*

First, congratulations to both Barry and David. And then I guess my question comes -- yes -- question comes back to some of the prior comments in moderation of growth and extending the sort of runway for growth. When you think about some tailwinds that have happened and created headroom for rate-based growth that maybe fade, whether it's lower fuel cost and tax rates and interest rates, but then sort of growing load interconnection trend, so maybe if you think about those, how do you see those kind of lining up in terms of tailwinds that have been there that maybe fade and then growing load?

And so as you think about the extension of runway to 2025 and beyond, which one of your utilities you've got most confidence in sort of making that transition and benefiting from load growth as other tailwinds abate?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

That's a big question, Mark. Like I'm really feeling there's lots of tailwinds, right, in the industry. And the utility industry in North America, I'm so proud to have been part of it because it's done such a damn good job of cleaning up the portfolio of energy supply, making the grid more reliable, dealing with all the storm response, all those things and really working with customers to deliver what they're looking for, which is cleaner energy. And I think our regulators generally across North America have been very responsive to what the utilities have been doing.

So I think that's -- I think it's got a lot of runway. I think those tailwinds around cleaner energy, grid resiliency, all that is still there. And cost of renewables have come down so much. The fact that we can build a wind farm in New Mexico at 50% capacity, get it into Tucson so cheaply, man, that's just so impressive, and that's going to continue.

So when I think about this 5 years that we've laid out, we're a T&D business growing 6.5%, really diversified. That's pretty impressive. Keeping that going beyond this 5-year plan, which I fully expect this team to do, support that dividend guidance. That's the value proposition in Fortis. And I think there's still lots of tailwinds that are there.

So Alberta, we have a little bit of a slowdown right now. That's one business that, that because of the double I guess impact of pandemic and the impact on oil and gas, that business is not quite growing as much as it used to in the past. And it's still a great business. We still love Alberta, and I think they'll find their footing and be a big part of that economy there once Alberta comes out of this.

So -- but that business is where we have a little bit of slower growth at this point in time, but I'm not giving up on Alberta or anything. I'm still -- it was always the mainstay of Fortis' growth. And I think my gut is it returns to that. It's a pure distribution electric business and it's an incredible franchise. So that -- but that's one that is going through a bit of a rough time right now.

Mark Thomas Jarvi - *CIBC Capital Markets, Research Division - Director of Institutional Equity Research*

Yes. I recognize a bit of a broad question. And then maybe more specifically, and this one is for David, is when you think about the transition to renewables at TEP, just your thought process on future procurement through PPAs versus the build on transfer, how much of that renewables and storage you want to be put into rate base over the next decade.

David Gerard Hutchens - *Fortis Inc. - COO*

Yes. Thanks, Mark. I think the short answer is as much as we can. We think that's the best way to integrate renewables is to have that full picture and operational control of the assets. Batteries are going to be extremely important in balancing the renewable energy from wind and solar. And in order to make that make sense, you have to have the full operational capability and flexibility at your own discretion. And really, the only way to do that to extract as much value out of the renewables and the batteries and to provide that reliability is to own a good portion of those assets.

Now we've done PPAs mostly to date other than Oso Grande and a few small solar projects. Most of the existing portfolio is PPA. So we plan on blending that out so that we get a much more even balance of PPAs and ownership and actually even lean towards ownership when you look at it on a total portfolio basis.

But I'd like to go back to your other question there, Mark. And just to add a little bit. I mean you call it tailwinds. I call them a bit of a breeze us all. I think what we've got is, on a going-forward basis, is more like gale force tailwinds as we go into the clean energy future.

When you look at what we're doing in Arizona, et cetera, that's going to happen across the entire North American continent. And I think that provides us a ton of opportunity and a ton of long-term growth options as we look forward. Electric vehicles. I mean that's not a tailwind. They're barely here yet. Right now is when we're starting to invest in electric vehicle infrastructure.

Look, this stuff is just the tip of the iceberg. If we're really going to get to a carbon-free or near carbon-free, low-carbon, whichever term you prefer society, there's going to have to be a ton of investments in things that deliver clean natural gas, hydrogen electricity across the entire North American continent, and we just happen to be in that business.

Mark Thomas Jarvi - *CIBC Capital Markets, Research Division - Director of Institutional Equity Research*

Great. And maybe just one last one for Jocelyn. Just in terms of the funding plan, it seems like the percentage contribution on debt goes up. Is that just the fact that cost of debt has come down and cash flows have come up even the [equity rate]. I mean just any other incremental details in terms of how that pie has shifted over the last year in terms of funding.

Jocelyn H. Perry - *Fortis Inc. - Executive VP & CFO*

Yes. Part of that, Mark, is that, as I said during the call, we've pre-funded some of the equity. So it shifts around that pie a bit. And there's some timing of debt, you're right in that, but no systemic changes to really how we're funding our capital plan going forward, just more timing of equity and timing of debt.

Operator

Our next question comes from Neil Kalton of Wells Fargo Securities.

Neil Andrew Kalton - *Wells Fargo Securities, LLC, Research Division - MD & Senior Equity Analyst*

Congrats to all as well. Yes, I just wanted to follow up a little bit on ITC. So we can all see the needs coming in the Midwest. And it's a little bit unclear, the timing and how it will play out from a process standpoint.

But I'm curious, it's characterized sort of MVP 2. It's going to be a bidding process I would imagine for some of these projects. Returns could be a little bit lower, and we'll see how all that plays out.

But I'm wondering, is there also a pretty significant knock-on effect as these lines get built out for the existing infrastructure where you would need to upgrade that and there's sort of certainty in that Capex. So is that the case? And how significant could that be?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Linda, you want to jump in?

Linda H. Blair Apsey - *ITC Holdings Corp. - President, CEO & Director*

Sure. Yes. So Neil, I think as you think about sort of what -- I think you referred to as sort of MVP 2 for lack of a better term, I think it's too soon to say as to whether that will be competitively better or not.

One thing I would highlight and note though is that in the state of Iowa as well as Minnesota, both of those states have right of first refusals. So that would -- in terms of us being the incumbent transmission provider, we would retain that ability to build those investments that exist within our footprint.

So I just wanted to highlight that. But I would say more overarching, I think it's too soon to say whether all of those projects would be subject to competitive bidding. Beyond that, look, I think the study process that takes place within the RTO in terms of any new projects or new investments, we work hand-in-hand with the respective RTO to understand what are the other system impacts.

And in some cases, yes, there are additional investments or upgrades that are required to support new investment, just given the way the new flows on the system materialize. But I think at this point in time, it's premature to know or to say what, if any, of those incremental investments as a result of the new regional project would be. Obviously, we have to first understand what those projects are and then go through the extensive study work to understand the broader system impact.

Operator

Our next question comes from the line of Ben Pham with BMO.

Benjamin Pham - *BMO Capital Markets Equity Research - Analyst*

Thanks for the update. I wanted to ask, in terms of your rate base growth, it's moving around a little bit here but still quite robust. If you think of your EPS trajectory, though, which is probably more of a focus for me going forward, if you look at the last few years, it's been disconnect and EPS growth and rate base growth -- and that EPS has been trending below for a number of different reasons.

But as you look forward, my question is, really, do you think that EPS growth rate is going to trend more towards the rate base growth now even above, especially next, next year with Arizona or do you expect a different scenario?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

So Ben, we don't give guidance around EPS growth. But generally, yes, I would say the expectation is rate base growth generally is a proxy for our dividend guidance, and -- which means EPS growth should be pretty close there, too, as well. I always caution that Fortis, we have a lot of regulated businesses. There are times when we're in rate cases, times when we're not. So we're not that perfect curve that goes up, but over the long term, as you invest this capital in the ground and grow rate base by $2 billion a year, it does show up in earnings and support the long-term guidance for the company.

So yes, I do believe that looking back 5 years from now, that we will have seen, assuming everything else remains basically the same, that we will have seen that growth in EPS that corresponds to rate base growth, dividend growth.

Benjamin Pham - *BMO Capital Markets Equity Research - Analyst*

Okay. Maybe on the topic of sustainability of ESG. It's a big focus for you guys. And to continue an earlier question on that topic, are you finding through your conversations with existing new investors of your coal exposure now albeit being relatively low, is that including potential investments in your shares?

And then the better related areas, as you look at your Scope 1, 2 emissions there, it looks still below any sort of thresholds for preclusions. But are you planning that investors could start to tilt more towards including Scope 3 emissions over time? Is it a thought process in terms of where investors are going long term?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

So Ben, no, we are not getting -- I don't think -- there might be 1 or 2 funds in the world that don't invest in our company because we own some coal in Arizona. But I think the more sophisticated investors are seeing the opportunities to invest in companies who are moving away from coal and investing in renewables. We always were put in a pretty good box because this part of our business was so small overall. And now we're actually exiting coal, so that is just even more powerful in terms of our -- of what we present to the market and to folks that are focused on ESG investing.

So for us, it's just been a continued, I guess, improvement in what we present to the market. And I forget the last question. What was the latter part of your question, Ben?

Benjamin Pham - *BMO Capital Markets Equity Research - Analyst*

Yes. So I was asking about there's -- to continue, there's an earlier question around your Scope 1 and 3 emissions. And it seems like there's just been a big focus on just looking at Scope 1 direct emissions and it's -- should be gravitating more towards even including Scope 2, the power you're buying, and I was -- [rough population] that suggest those 2 are still in a decent spot. But you start including stuff like business travel, greenhouse gas from indirect stuff. It starts to maybe tilt dramatically higher there. And so are you getting a sense with your team that that's where the world's moving towards in an investment standpoint and preclusion? Just taking more longer-term here and in terms of your comments on sustainability.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Yes. So Ben, Nora Duke is here. She heads up our sustainability efforts, and I'm going to get her to weigh in on that question. Because I would tell you that just generally, though, that when we did those scan of our sector in North America, what we were seeing is the utilities were focused on Scope 1 emissions, the -- for example, Scope 3 for us, where it's the emissions of our customers.

If you think about, say, ITC, ITC gets paid to move electrons down its transmission system. We don't have any control -- in fact, we're not even allowed to own generation. We actually don't even own the electricity. We just get paid for moving it. So that's the beauty of a lot of Fortis' assets, whether it be Alberta or whether it be ITC or New York is that our part of the value chain is we're getting paid for moving this stuff.

So in fact, we can't even weigh into where it's going. Now we can participate in industry forums and all that kind of stuff, but -- and have a voice, but there's only so far we can go on it. Nora, do you want to just add?

Nora M. Duke - *Fortis Inc. - Executive VP of Sustainability & Chief Human Resource Officer*

Yes. Just -- thanks, Ben. So as Barry suggested, yes, we're very much focused on the Scope 1 for purposes of this target, because it is obviously direct emissions and those that we can most directly influence although they are a very small part of our footprint, as Barry suggested. In terms of your question on Scope 3, certainly, all of our utilities are very much focused on that. You think of our efforts around energy efficiency and use with customers, FortisBC, a huge effort in terms of energy efficiency.

So that is a build-out of our effort. I would say it's not around our target, but it is part of our everyday efforts that all of our distribution utilities are focused on.

Benjamin Pham - *BMO Capital Markets Equity Research - Analyst*

All right, great. And maybe my last question is for Jocelyn on some of the -- on the balance sheet. And I was wondering, is there any sort of refinancing opportunities that you see ahead there with record low interest rates, maybe the 2023 holdco debt or your preferred shares? Have you seen one of your peers paying down, perhaps issuing debt, taking advantage of it. Is there anything in the horizon that you see?

Jocelyn H. Perry - *Fortis Inc. - Executive VP & CFO*

There's nothing right now, Ben, but I'll tell you it's something that we're always looking at even with our subs. As you know, we've done lot financing this year. That was advancing a lot of it forward, and we did have a look at refinancing opportunities. So we're always watching it. And it depends on where we are within our capital plan and the cash we need and all those considerations, but it is something that's on our radar. It is.

Operator

Our next question comes from the line of Michael Sullivan of Wolfe.

Michael Sullivan

Yes. Barry and David, congrats.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Thank you.

Michael Sullivan

My question was just going back to the IRP and the plan out in Arizona. Just given -- it seems pretty robust. How are you guys thinking about investment recovery there and the potential for using any existing mechanisms or getting anything approved that could accelerate that? Just particularly given what we've seen play out in the current pending rate case, it's taken a while and -- has led to some lag. So anything you're thinking about on that front?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

David?

David Gerard Hutchens - *Fortis Inc. - COO*

Yes. Michael, I'll jump right in. Yes, we're thinking about a couple of different mechanisms and evaluating exactly which one will work best for us and what to propose to our commission. But it's early days in the formulation period. We've got a lot of stuff on the whiteboard around it, but really don't have anything ready for prime time yet.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

And David, maybe you could chat about -- a little bit about how committed it seems like the Commission is to, obviously, having a much higher renewable standard. So there's a lot of alignment for what people want to happen in Arizona, right?

David Gerard Hutchens - *Fortis Inc. - COO*

Yes. That's right, Barry. As we sit here today, the Arizona Corporation Commission this week will be talking about new energy rules. And as part of that process, we'll be looking at changing the way that we do the integrated resource planning process, perhaps changing -- I'm sure it will change the renewable portfolio standards. There've been a lot of discussion. There are staff reports out there, commissioner proposals, et cetera, that folks will be going through.

They're obviously going to be focused on the affordability and reliability side of the equation. But at the end of the day, in order to get a lot of renewables into our system, we need to have a better and more, I'll say, a quicker regulatory recovery mechanism so that we're all on the same page and we can reach those goals.

So yes, everybody is pulling in the same direction. We're just really trying to figure out exactly the details from a regulatory perspective, from a rules perspective, on how we're going to get there. And again, I can't say this enough is making sure that the reliability and affordability of our service remains the main concern for us, our customers, and the commission.

Michael Sullivan

Great. And then my second question was just, Barry, I think you said a little earlier, still liking the Alberta business even though the growth has slowed a little bit. Does that opinion change at all if this transmission rate base proceeding goes against you? And maybe just as an add-on to that, thinking more broadly, any other parts of the portfolio of businesses that may not make sense if there's a good price?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

As a big public company, we always have to be open to, if some other folks feel our businesses are worth a lot of money, open to those discussions, and we'll always be that way. I think Alberta, if we get a bad decision on the transmission, I'm hoping that doesn't happen, I'd be really, really disappointed. We just double down and do our jobs in Arizona -- in Alberta. It's a good business. It's got 0.5 million customers, over 1 million poles in its system. What is it, Gary? 100,000 kilometers of line. It's a massive piece of distribution in Canada. And we will keep doing our jobs, but we're hopeful that we will come out on the right side of it.

Operator

Our next question comes from the line of Elias Foscolos of Industrial Alliance.

Elias A. Foscolos - *Industrial Alliance Securities Inc., Research Division - Equity Research Analyst*

So first of all, I'd like to congratulate both Barry and David.

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

Thank you.

David Gerard Hutchens - *Fortis Inc. - COO*

Thank you.

Elias A. Foscolos - *Industrial Alliance Securities Inc., Research Division - Equity Research Analyst*

Just looking at the capital spending profile, it looks to me like Tilbury Phase 2 is, of course, not in there. But does that represent potentially the biggest opportunity that's not sort of visible at the moment?

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

David, do you want to take that one?

David Gerard Hutchens - *Fortis Inc. - COO*

Yes. I'll take that one. Yes. That is probably the biggest single project. There's obviously a lot of other projects that are not in there like Lake Erie connector, et cetera. But that one has probably the biggest single potential for adding and expanding our capital budget.

Elias A. Foscolos - *Industrial Alliance Securities Inc., Research Division - Equity Research Analyst*

Okay. And with that one and that specific one in mind, what would be sort of the key factors to sort of bring that in? Would it be sort of longer-term contracts and approvals? I guess that -- just some confirmation on that.

David Gerard Hutchens - *Fortis Inc. - COO*

Yes. I'll jump right in on that one. That's exactly right. You need those long-term contracts to build the level of infrastructure that's needed for a large LNG facility. And so of course, you also need the environmental assessments, permits, et cetera, that go along with it. So those are both huge topics and the subject of much discussion and planning currently in the BC team.

Elias A. Foscolos - *Industrial Alliance Securities Inc., Research Division - Equity Research Analyst*

Okay. And one sort of last high-level thing, maybe for you, David. Barry talked about looking back and the acquisition of ITC as being something that he sort of points to. If we can kind of fast forward and then look back, and I'll try to keep this to a financial perspective, would you be -- in 5, 10 years from now, would you be saying potentially, I would be really happy if the organic growth that we were able to pull out of the asset base, acquisitions, a combination or something else?

David Gerard Hutchens - *Fortis Inc. - COO*

Yes. I think the number one thing, of course, that we're focused on now is organic growth. 5 to 10 years from now, looking back, and if there happens to be a great opportunity for additional acquisitions, we'll jump on them. I should back up and say I was a little hurt. I thought Barry would say UNS Energy was (inaudible).

Barry V. Perry - *Fortis Inc. - President, CEO & Director*

That, too, Dave. That's, too.

David Gerard Hutchens - *Fortis Inc. - COO*

Technically, he wasn't quite CEO at the time, but it sure felt like a Barry transaction. Yes. So it's going to depend. We're always looking for great opportunities out there to add shareholder value. We think right now, the best way for us to do that is growing our utilities in the regulated space. And 5 to 10 years from now, we'll have the conversation on the look back like Barry is doing now.

Operator

Thank you. As there are no further questions, I would like to turn the call back to Ms. Amaimo for any closing remarks.

Stephanie A. Amaimo - *Fortis Inc. - VP of IR*

Thank you, Chris. We have nothing further at this time. Thank you for participating in our 5-year outlook conference call. Please contact Investor Relations should you need anything further. Thank you for your time, and have a great day.

Operator

Thank you for participating, ladies and gentlemen. This concludes today's conference. You may now disconnect.
