



First Quarter 2020
Earnings Conference Call
May 6, 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: the expectation that ITC will recover lost revenues associated with lower peak loads; forecast capital expenditures for the period from 2020 through 2024; the expectation that certain planned 2020 capital projects may be delayed or postponed until subsequent years; forecast rate base for the period 2020 through 2024; the expectation that Fortis' long-term strategy will create shareholder value; targeted average annual dividend growth through 2024; the expectation that the delay in the TEP rate case may temper earnings in 2020; the expected timing of regulatory decisions including at TEP and FortisBC; forecast debt maturities for the period 2020 through 2024; the expectation that some of the Corporation's utilities may seek future rate recovery of credit losses associated with this pandemic; 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 midyear rate base.



Barry Perry
President and
Chief Executive Officer



FORTIS INC. We Thank Our Employees, Customers & Communities



9,000
Employees

~50%
Working in The Field

~50%
Working From
Home



3.3M
Customers

Working With Our
Customers Impacted
By COVID-19



~\$4M
Donated

In Support of The
Communities
We Serve

- ✓ 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



Positioned to Navigate Through COVID-19

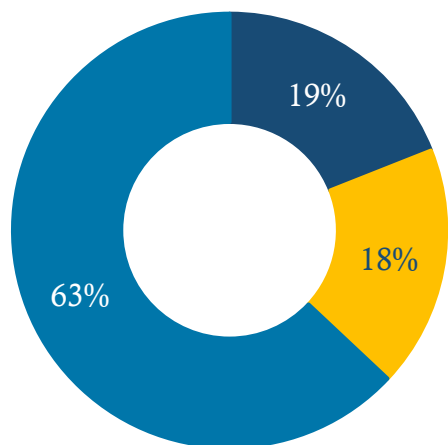


- ✓ 10 Locally Operated Utilities
- ✓ ~82% of Annual Revenues Protected by Regulatory Mechanisms⁽¹⁾ or From Residential Sales
- ✓ Strong Liquidity
- ✓ Foreign Exchange Potential Tailwind from Strengthening U.S. Dollar
- ✓ Limited Pension Expense Exposure

(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 revenues.

~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⁽¹⁾
- Residential Revenues Not Protected by Regulatory Mechanisms⁽²⁾
- Commercial and Industrial Revenues Not Protected by Regulatory Mechanisms⁽³⁾

(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.

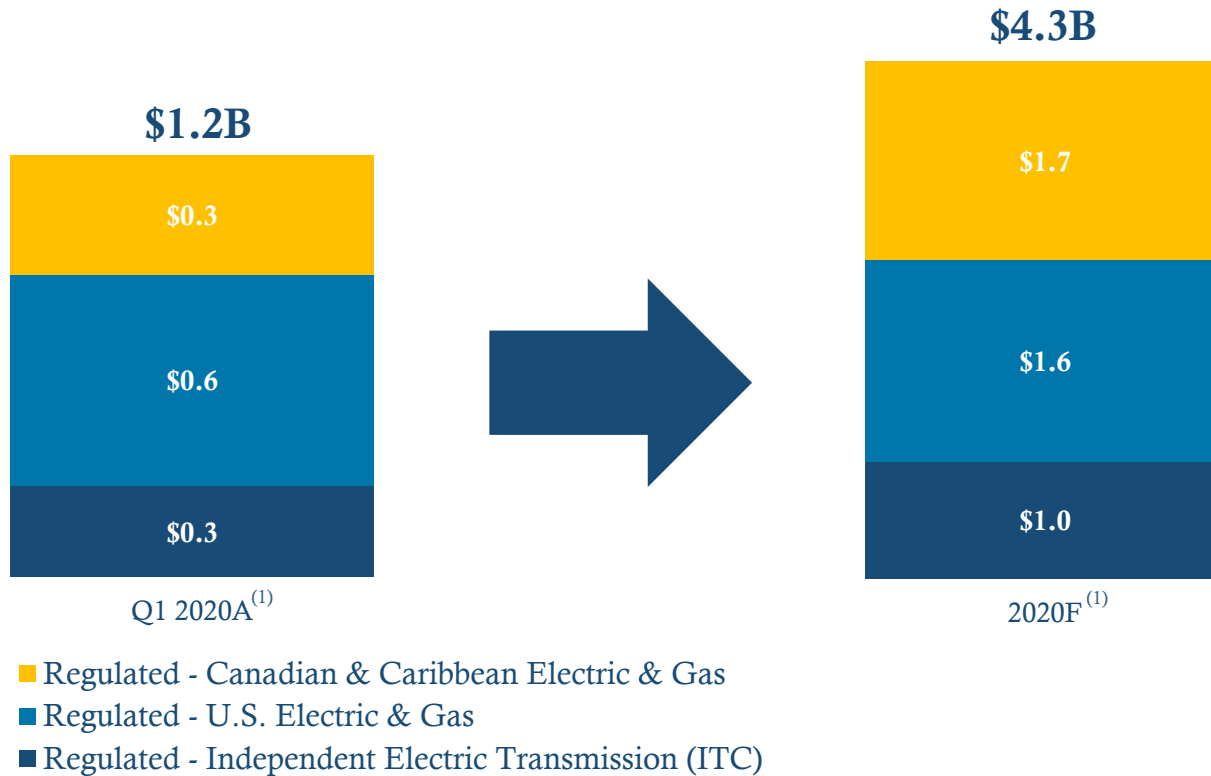
(2) Residential revenues not protected by regulatory mechanisms for change in sales with 9% at UNS and 10% at Other Electric in 2019.

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

FORTIS INC. Local Economic Overview

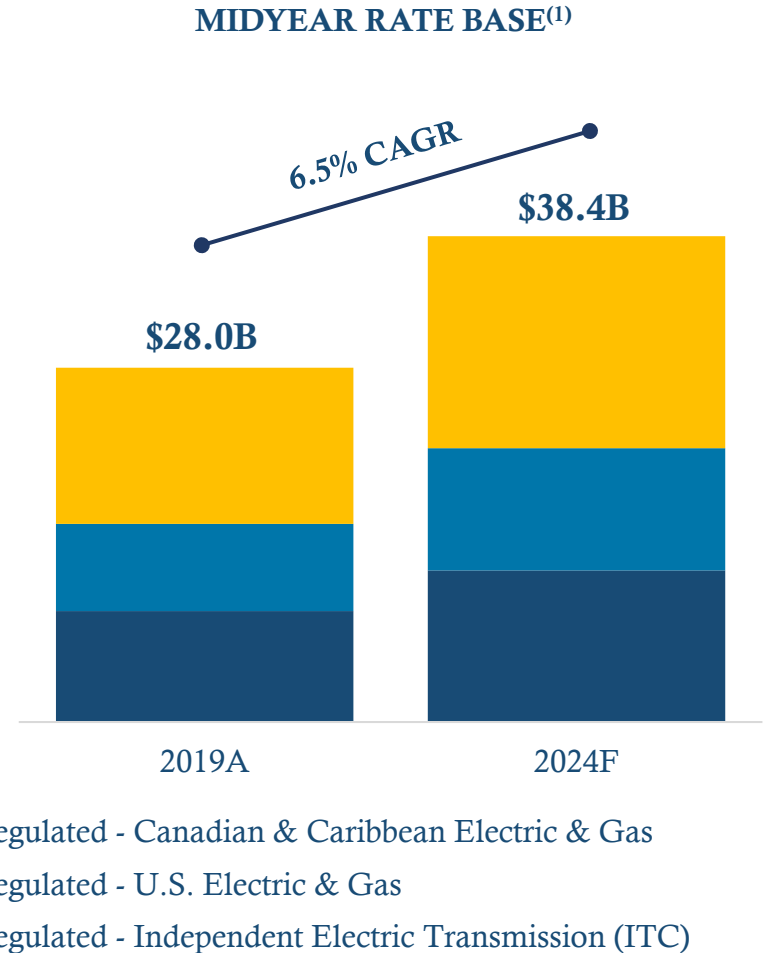
Regulatory Mechanisms Protecting Changes in Sales	Commentary on Local Economy 1 st Month into Pandemic	Takeaway
 A FORTIS COMPANY	<ul style="list-style-type: none"> • Peak load down ~18-25%; Strict Stay-at-Home Order in Michigan • Auto manufacturers and suppliers considering reopening mid-May 	System Trends:  Residential Sales Up Commercial & Industrial Sales Down  ~3% Decline in Sales at Utilities Without Regulatory Mechanisms
 UNS Energy Corporation A Fortis Company	<ul style="list-style-type: none"> • Residential sales increased ~7% due to weather • Commercial and industrial sales down ~10% • Overall sales decreased ~4% 	
 A FORTIS COMPANY	<ul style="list-style-type: none"> • Residential sales unchanged • Minimal exposure to commercial and industrial sales 	
Western Canada	<ul style="list-style-type: none"> • On a combined basis, residential and commercial sales up slightly in B.C.; Industrial sales slightly down • Alberta hit by collapse in oil prices; Residential sales up ~4%; Commercial/Industrial sales down ~32%; ~85% of revenue based on fixed-billing determinants 	
Other Electric	<ul style="list-style-type: none"> • Minimal sales impacts for Eastern Canadian utilities • Travel restrictions impacting Caribbean economy 	

2020 Capital Plan On Track



(1) US dollar-denominated capital expenditures for Q1 2020 based on USD/CAD foreign exchange rate of \$1.34 and 2020F capital expenditures based on \$1.32.

5-Year Capital Plan & Rate Base Growth Outlook



(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.

Our Long-Term Strategy Remains Intact

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



6%

Average Annual
Dividend Growth Target
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

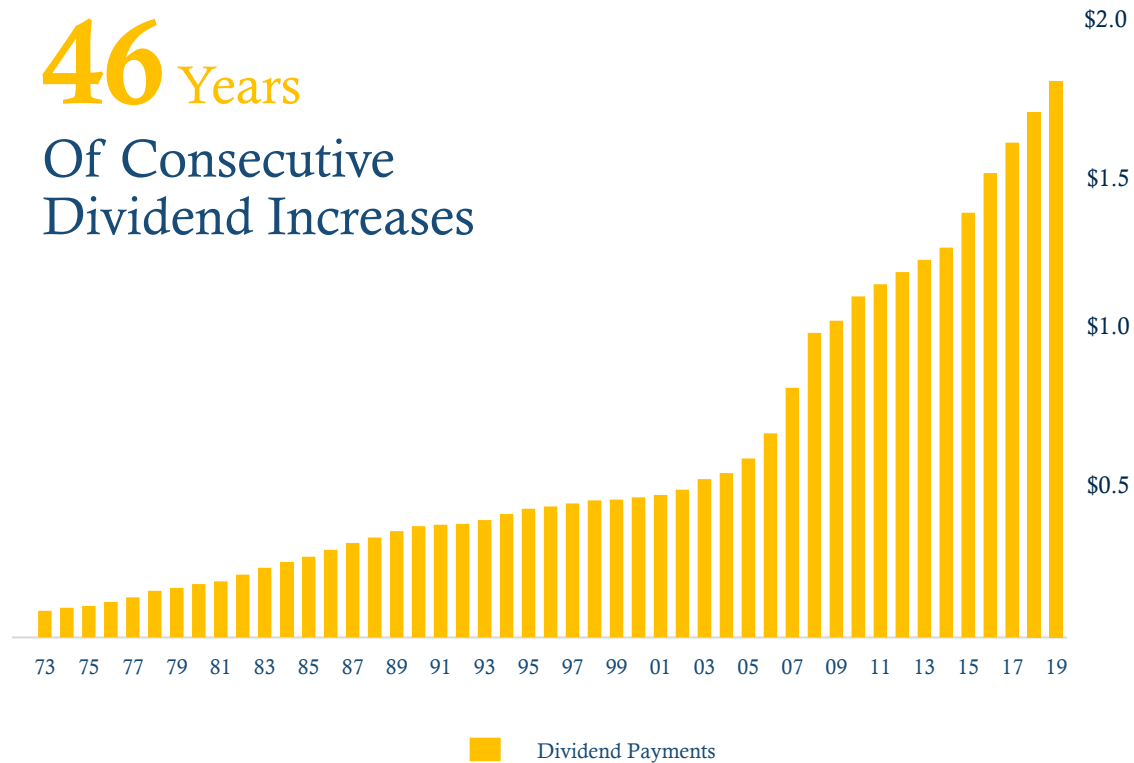
Dividend Guidance Supported by Long-Term Growth Strategy

6%

Average Annual Dividend
Growth Guidance to 2024

46 Years

Of Consecutive
Dividend Increases



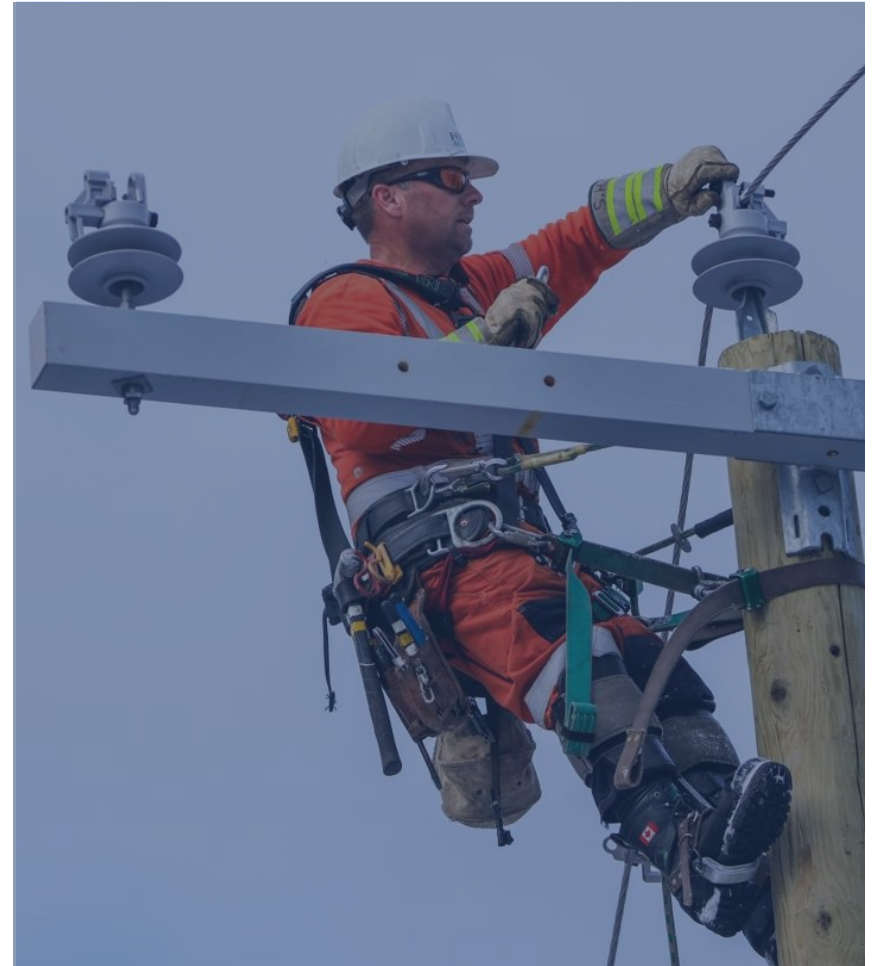
FORTIS INC. First Quarter Highlights

Safe and Reliable Operations

Q1 2020 Adjusted EPS⁽¹⁾ of **\$0.68**

FERC Issues Supportive
Notice of Proposed Rulemaking
on Transmission Incentives

S&P and DBRS Affirm Ratings



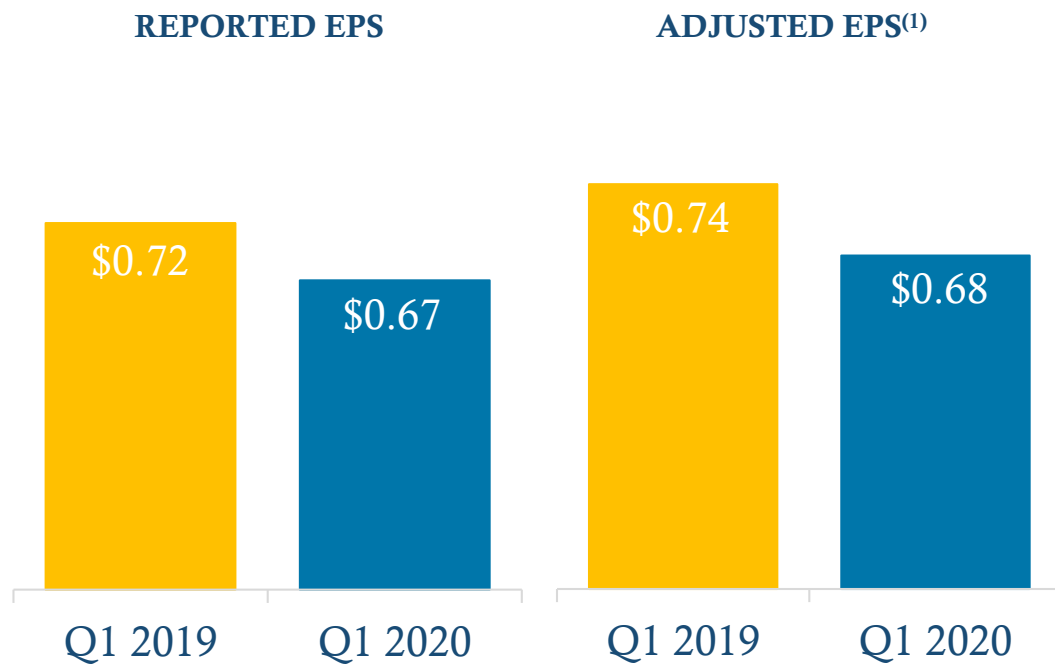
(1) Non-US GAAP measure.



Jocelyn Perry
Executive Vice President and
Chief Financial Officer



FORTIS INC. First Quarter Results



Main Q1 EPS Drivers:

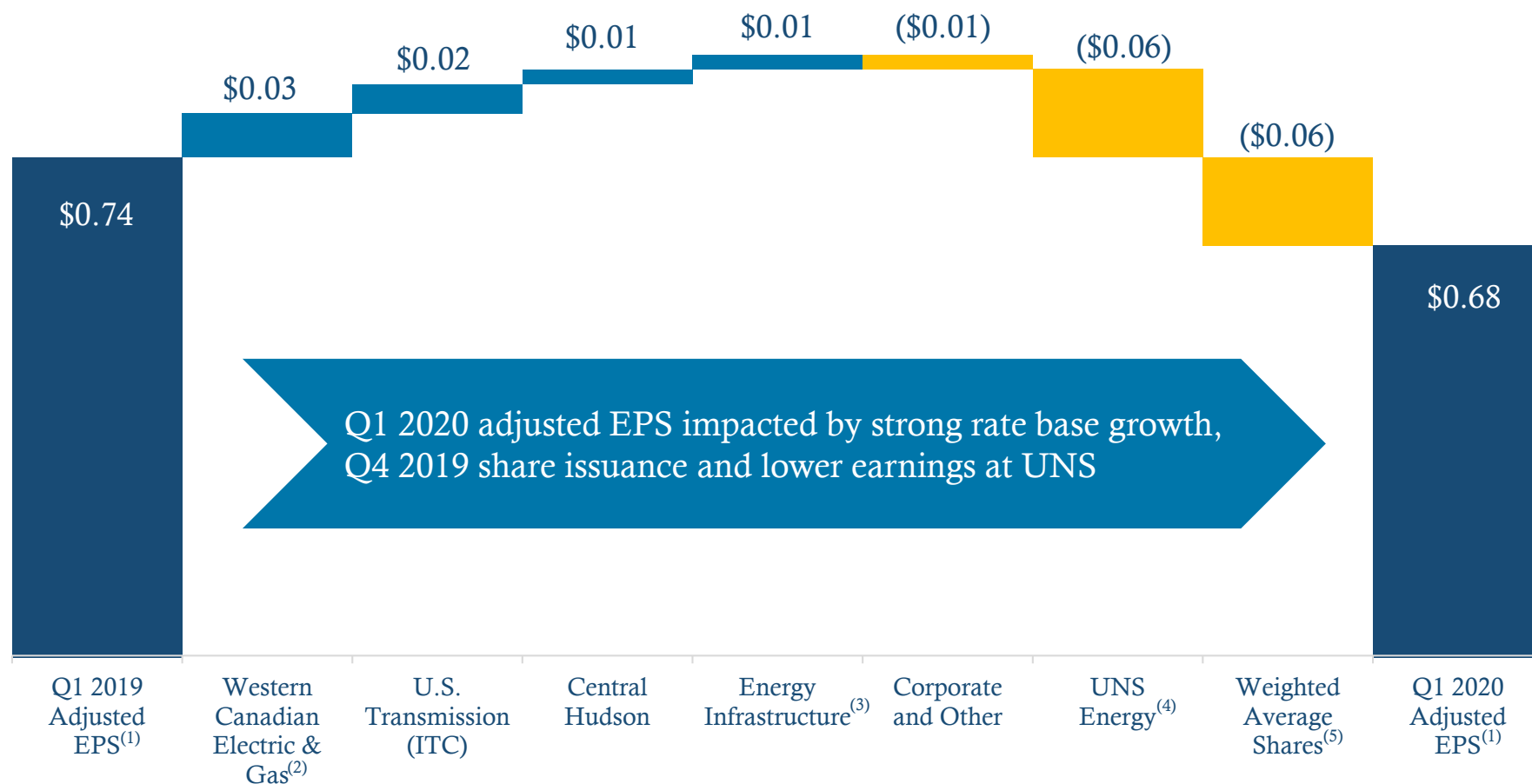
+\$0.06 Rate Base Growth

-\$0.06 Q4 2019 Share Issuance

-\$0.06 UNS Energy

- Delayed rates at TEP and weather
- Decline in value of assets supporting retirement benefits

FORTIS INC. First Quarter EPS Drivers



(1) Non-US GAAP measure

(2) FortisBC Energy, FortisBC Electric and FortisAlberta

(3) Excludes earnings impact related to the disposition of Waneta

(4) Includes \$0.02 EPS impact due higher costs and rate base growth not yet reflected in rates, \$0.01 EPS impact due to reduced heating load compared to 2019 and \$0.03 EPS impact due to a reduction in the value of investments related to retirement benefits due to market volatility associated with COVID-19

(5) Reflects common shares issued under the \$1.2B equity issuance in Q4 2019

FORTIS INC. Update on Regulatory Proceedings



- FERC MISO Return on Equity – No updates to report at this time
- 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
- Proposed COVID-19 Order – Proposes deferral of costs for recovery in a future rate case



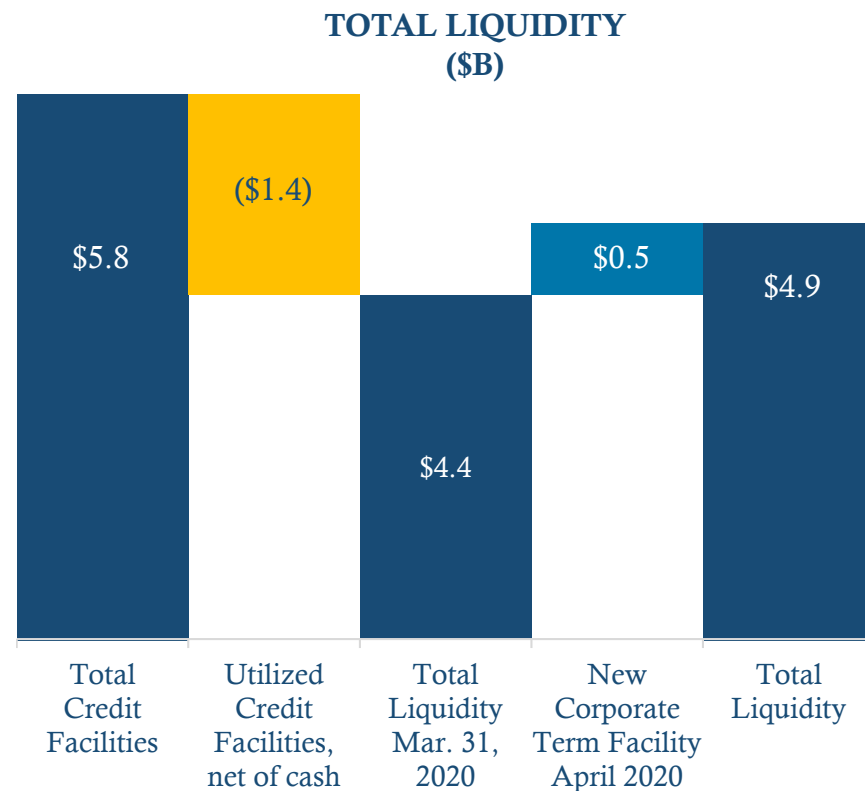
- 2020-2024 Multi-Year Rate Plan – Expect final order by mid-2020
- Tilbury Expansion – Initial project description filed with regulators to begin federal impact assessment and provincial environmental assessment



- Generic Cost of Capital Proceeding – Suspended for an indefinite period with a commitment from the AUC to reassess the suspension every 30 to 60 days
- AESO Tariff Application – No updates; non-essential proceedings largely on hold

FORTIS INC. Strong Liquidity Position

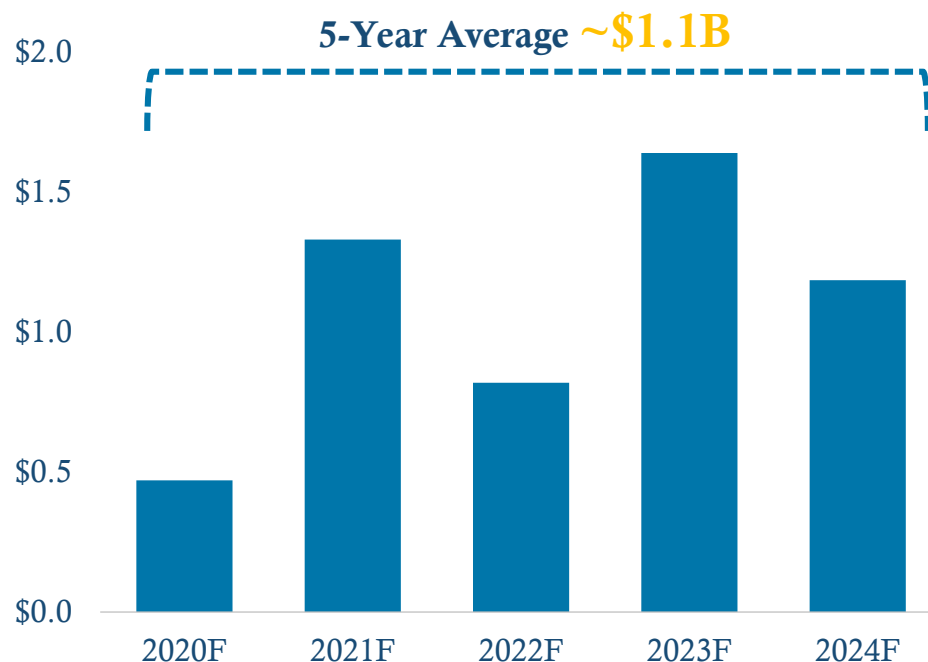
- ✓ Fortis well positioned on liquidity given 2019 actions
 - Waneta Asset Sale ~\$1B
 - Q4 Equity Issuance ~\$1.2B
- ✓ ~\$5B consolidated credit available on facilities, including \$1.8B unutilized Corporate credit facilities
- ✓ ~80% of credit facilities unsecured committed revolvers with maturities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



2020 COMPLETED DEBT ISSUANCES

- ✓ **ITC**
 - US\$200M term loan
 - US\$75M term loan
- ✓ **UNS**
 - US\$350M 30-year 4.00% notes
- ✓ **Newfoundland Power**
 - \$100M 40-year 3.61% bonds

FIXED-TERM DEBT MATURITIES⁽¹⁾ (\$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 ⁻⁽¹⁾
	BBB (high) ⁽²⁾
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 4th, DBRS Morningstar affirmed Fortis' BBB (high) issuer and unsecured debt ratings and changed the trend to positive from stable.

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 31st

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%⁽¹⁾ 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. **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. **Expected Upcoming Events**

Upcoming Events

2020 Annual and Special Meeting	May 7, 2020
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Expected Earnings Release Dates

Q2 2020	July 30, 2020
Q3 2020	October 30, 2020





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FORTIS INC.

Appendix



FORTIS INC. Q1 2020 Results by Segment

First Quarter Variance Analysis by Segment							
(\$millions, excluding weighted average shares and EPS)	Q1 2020	Adjustment	Adjusted Q1 2020 ⁽¹⁾	Q1 2019	Adjustment	Adjusted Q1 2019 ⁽¹⁾	Adjusted Q1 Variance
Regulated – Independent Electric Transmission							
ITC	101	-	101	92	-	92	9
Regulated – US Electric & Gas							
UNS Energy	28	-	28	55	-	55	(27)
Central Hudson	<u>35</u>	-	<u>35</u>	<u>32</u>	-	<u>32</u>	<u>3</u>
	63	-	63	87	-	87	(24)
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	106	-	106	100	-	100	6
FortisAlberta	32	-	32	27	-	27	5
FortisBC Electric	15	-	15	16	-	16	(1)
Other Electric ⁽²⁾	<u>23</u>	-	<u>23</u>	<u>23</u>	-	<u>23</u>	<u>-</u>
	176	-	176	166	-	166	10
Non-Regulated Energy Infrastructure	9	3	12	8	5	13	(1)
Corporate and Other	(37)	-	(37)	(42)	-	(42)	5
Common Equity Earnings	312	3	315	311	5	316	(1)
Weighted Average Shares (# millions)	463.9	-	463.9	429.5	-	429.5	34.4
EPS	\$0.67	\$0.01	\$0.68	\$0.72	\$0.02	\$0.74	(\$0.06)

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

Q1 Adjusted Earnings Reconciliation

Non-US GAAP Reconciliation			
(\$millions, except as indicated)	Q1 2020	Q1 2019	Variance
Common Equity Earnings	312	311	1
Adjusting Item:			
Unrealized loss on mark-to-market of derivatives ⁽¹⁾	3	5	(2)
Adjusted Common Equity Earnings	315	316	(1)
Adjusted Basic EPS	\$0.68	\$0.74	(\$0.06)

(1) Represents timing differences related to the accounting of natural gas derivatives at the Aitken Creek natural gas storage facility, included in the Energy Infrastructure segment

FORTIS INC. 2019-2024 Rate Base by Segment

Midyear Rate Base ⁽¹⁾								
(\$billions)	2019A	2020F	2021F	2022F	2023F	2024F	3-Year CAGR to 2022	5-Year CAGR to 2024
Regulated - Independent Electric Transmission ITC ⁽²⁾	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 ⁽³⁾	<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%
Total Midyear Rate Base Forecast	28.0	30.7	32.5	34.5	36.8	38.4	7.2%	6.5%

(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

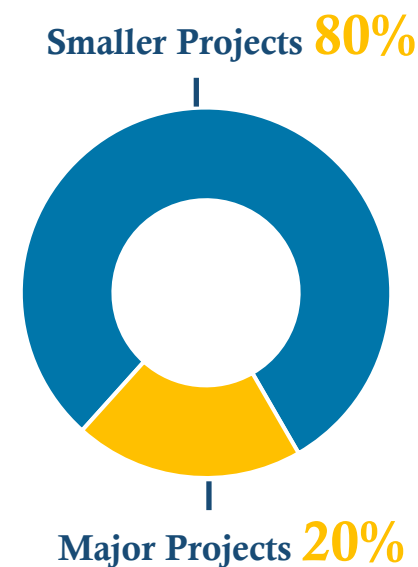
Capital Forecast ⁽¹⁾						
(\$millions)	2020F	2021F	2022F	2023F	2024F	2020-2024 TOTAL
Regulated - Independent Electric Transmission						
ITC	976	987	1,043	1,018	922	4,946
Regulated - US Electric & Gas						
UNS Energy	1,390	828	710	575	371	3,874
Central Hudson	<u>292</u>	<u>309</u>	<u>359</u>	<u>306</u>	<u>292</u>	<u>1,558</u>
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 ⁽²⁾	<u>566</u>	<u>473</u>	<u>485</u>	<u>438</u>	<u>348</u>	<u>2,310</u>
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
Total Capital Forecast	4,340	3,755	3,811	3,726	3,182	18,814

(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⁽¹⁾

(\$Millions)	Incurred to End of 2019	2020-2024 Plan	Expected Year of Completion
ITC Multi-Value Regional Transmission Projects	625 ⁽²⁾	276	2023
ITC 34.5 to 69 kV Transmission Conversion Project	352 ⁽²⁾	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	8	352	2024
Wataynikaneyap Transmission Power Project ⁽³⁾	123	501	2023



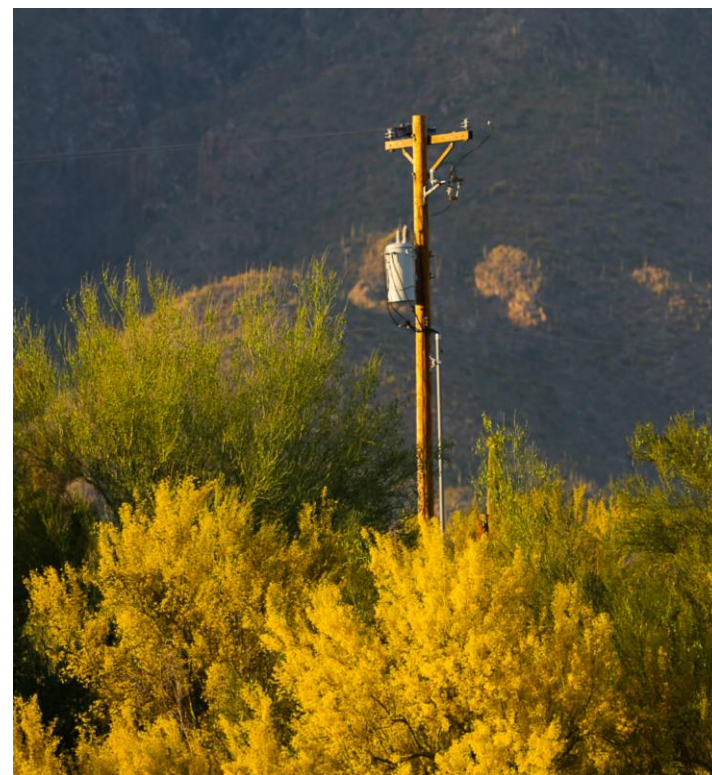
(1) Major capital projects are identified as those with a total project cost of \$200 million or greater and exclude ongoing capital maintenance projects. Total project costs include forecasted capitalized interest and non-cash equity component of AFUDC. Capital expenditures for 2020-2024 are translated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

FORTIS INC. Investment-Grade Credit Ratings

Company	S&P Global	MOODY'S	DBRS MICROFINANCIAL
Fortis Inc.	A ⁽¹⁾	Baa3	BBB (High)
ITC Holdings Corp.	A ⁽¹⁾	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+.