

F **ORTIS**

**Q1 2021 EARNINGS
CONFERENCE CALL**

MAY 5, 2021



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 2035 carbon emissions reduction target; forecast capital expenditures for 2021 and 2021-2025; TEP's carbon emissions reduction target and projected asset mix; forecast rate base and rate base growth for 2025; the nature, timing, benefits and costs of certain capital projects including, without limitation, the Wataynikaneyap Transmission Power Project and additional opportunities beyond the capital plan, including the Lake Erie Connector Project and opportunities arising and impacts from proposed infrastructure and tax plans in the United States; FortisBC's greenhouse gas emissions target; targeted average annual dividend growth through 2025; and the expected timing, outcome and impacts of regulatory decisions.

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, including, without limitation: no material adverse effects from the COVID-19 pandemic; reasonable regulatory decisions and the expectation of regulatory stability; the successful execution of the capital plan; no material capital project or financing cost overrun; sufficient human resources to deliver service and execute the capital 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.



FORTIS

DAVID HUTCHENS
PRESIDENT AND CEO

BUSINESS UPDATE

Q1 Highlights:



Strong EPS growth with capital investments of \$900 million



Provided safe and reliable service during the pandemic



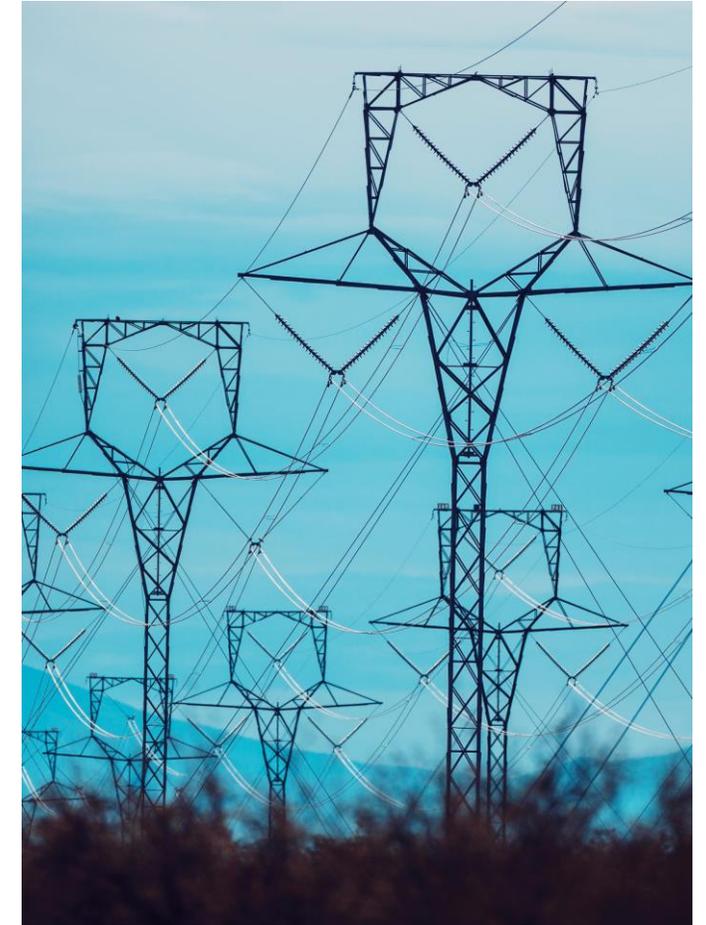
Advanced ESG initiatives; gender parity expected for Fortis Board



Credit ratings affirmed by S&P and upgraded by DBRS Morningstar



FERC issues supplemental NOPR proposing to eliminate RTO adder incentive

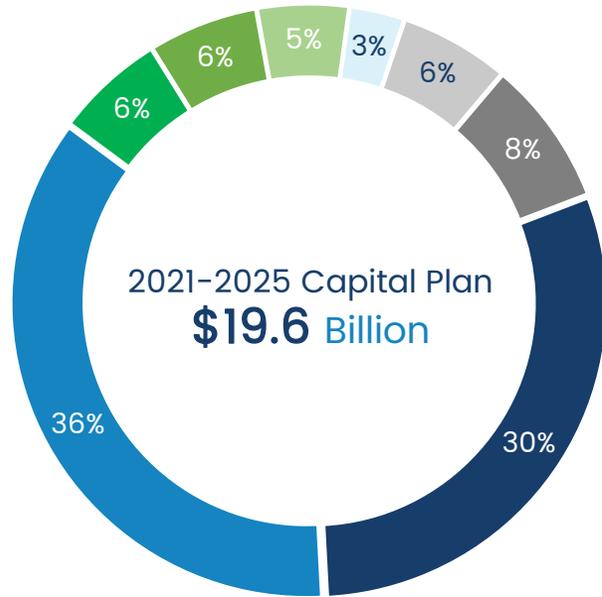


2021 CAPITAL PLAN ON TRACK

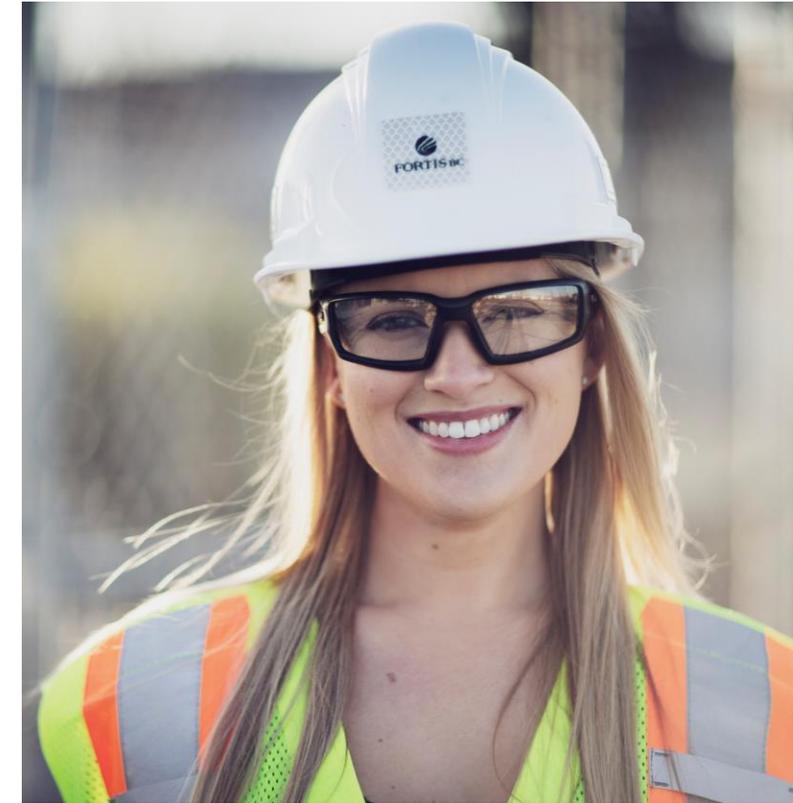


- Committed to 2021 \$3.8B capital plan
- Higher forecast capital expenditures expected to offset a lower foreign exchange rate
- Oso Grande Wind Project completed
- Construction of Wataynikaneyap Transmission Power Project continues

BALANCED CAPITAL PLAN SUPPORTS LOW-RISK GROWTH



- Distribution
- Transmission
- Transmission supporting clean energy
- RNG/LNG
- Clean Generation
- Traditional Generation
- Information Technology
- Other ⁽¹⁾



Note: Rate base growth percentage calculated using constant exchange rate.

(1) Other includes facilities, equipment, and vehicles.

UPDATE ON OPPORTUNITIES TO EXPAND & EXTEND GROWTH



- In March, MISO outlined a long-range transmission planning (LRTP) roadmap with a focus on system constraints and configuration options
- Potential new, regional projects
- Visibility on initial projects could be as early as this year



UPDATE ON OPPORTUNITIES TO EXPAND & EXTEND GROWTH

LAKE ERIE connector

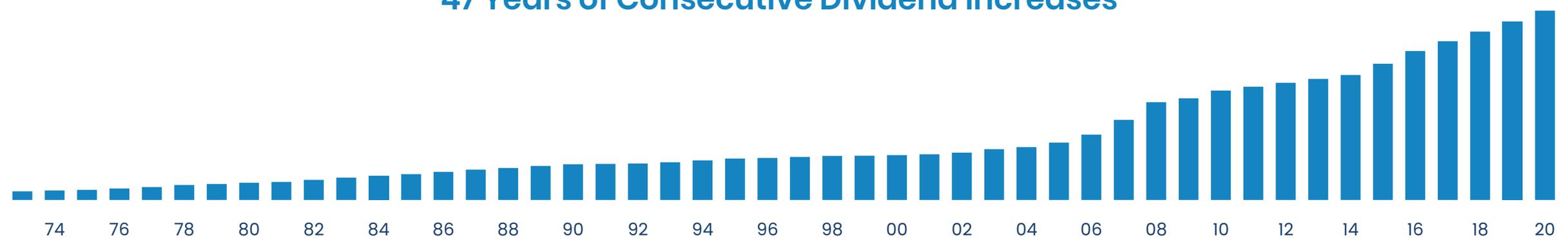


- In April, the Canada Infrastructure Bank announced that it would fund up to 40% of the ~\$1.7B project cost
- Project expected to:
 - Provide ~\$100M of annual savings to customers
 - Up to 2 to 3 million tons of CO₂ reductions annually
- Project is not currently included in five-year capital plan
 - Fully permitted in both the U.S. and Canada
 - Negotiation of transmission service agreements required to advance to construction phase



6% AVERAGE ANNUAL DIVIDEND GROWTH GUIDANCE TO 2025

47 Years of Consecutive Dividend Increases





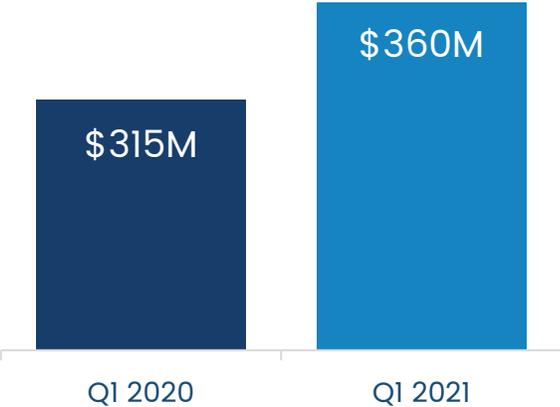
FORTIS

JOCELYN PERRY

EXECUTIVE VICE PRESIDENT AND CFO

Q1 ADJUSTED RESULTS

Adjusted Earnings



Adjusted EPS

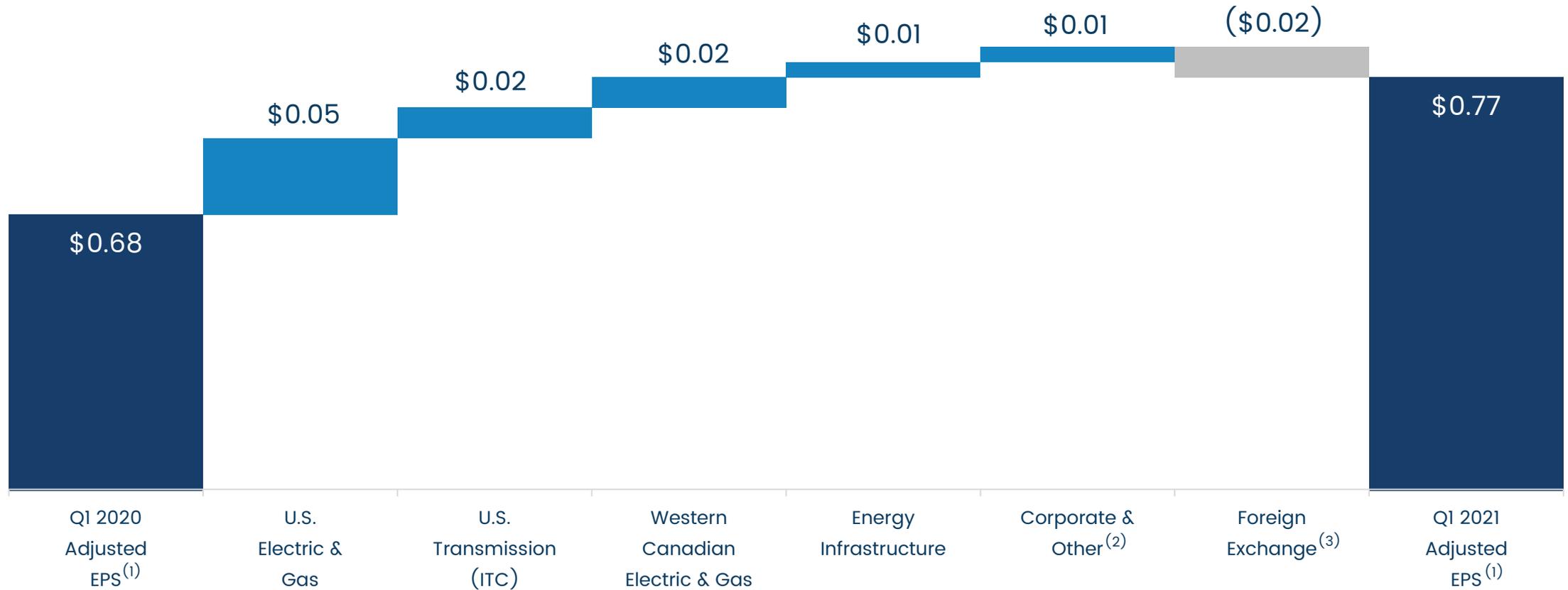


EPS Mainly Impacted by:

- ↑ Rate base growth
- ↑ New rates at TEP
- ↑ Impact of losses on retirement investments and FX contracts recognized in March 2020
- ↓ Foreign exchange

Note: Adjusted Earnings and EPS are Non-US GAAP measures. Refer to Slide 20 for the Non-US GAAP reconciliation.

Q1 EPS DRIVERS



(1) Non-US GAAP measure

(2) Includes higher weighted average share impact of (\$0.01).

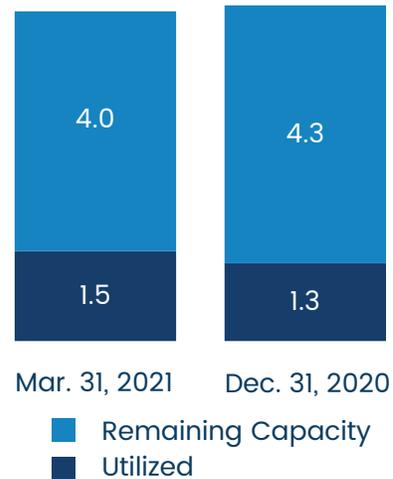
(3) Based on an average USD:CAD foreign exchange rate of 1.27 in Q1 2021 compared to 1.34 in Q1 2020

CREDIT RATINGS AND LIQUIDITY

Credit Ratings

S&P Global	A ⁻ ⁽¹⁾
MORNINGSTAR DBRS	A (low)
MOODY'S	Baa3

Credit Facilities (\$B)



(1) S&P rating reflects the issuer credit rating. Fortis' unsecured debt rating is BBB+. Ratings were affirmed in April 2021 and outlook revised to stable from negative.

UPDATE ON REGULATORY PROCEEDINGS



- **Notice of Proposed Rulemaking (NOPR) on Incentives** – In April 2021, FERC issued a supplemental NOPR proposing to eliminate the 50 bps RTO adder for transmission owners that have been RTO members for more than three years; stakeholder comments due in May 2021; initial NOPR issued in March 2020 remains outstanding



- **General Rate Application** – Rate case filed in August 2020 with NYPSC requesting an electric rate increase of US\$33 million and gas delivery rate increase of US\$14 million; settlement discussions ongoing; decision expected in 2021



- **Generic Cost of Capital Proceeding (GCOC)** – In January 2021, BCUC announced a GCOC proceeding will be initiated in Q2 2021 effective January 2022; participants invited to provide comments on scope of proceeding in March 2021, including proposed effective date



- **Generic Cost of Capital Proceeding** – Currently approved ROE and equity thickness parameters extended for 2022
- **2023 Generic Cost of Service (COS) Review & Evaluation of PBR** – In March 2021, AUC initiated a generic COS review to establish 2023 rates and a generic proceeding to evaluate past and current PBR plans; reports expected in mid-2021

PROPOSED TAX & INFRASTRUCTURE PLAN

Made in America Tax Plan

- Increase corporate tax rate to 28% from 21%
- Expected to be EPS and cash flow **positive**
 - EPS impacts driven by higher tax rate on non-regulated interest deductions

- Transmission tax credits
- EPS neutral and cash flow **positive**
 - Expected to encourage regional transmission projects

American Jobs Plan



- Proposal aims to
- Build a resilient grid
 - Lower energy bills for Americans
 - Create good jobs
 - Achieve 100% carbon-free electricity by 2035



Strong focus on transmission & grid resiliency



- ~US\$400B identified for **green** infrastructure
- US\$100B electric grid resilience
 - US\$174B electric vehicles



WHY INVEST IN FORTIS?



Well-Run
Businesses



ESG
Leader



Geographic
& Regulatory
Diversity



Focused on
Energy
Delivery



Innovative



Low-Risk
Growth
Profile



Virtually
All
Regulated



6%
Dividend
Guidance



Upcoming Events

2021 Annual Meeting

May 6, 2021

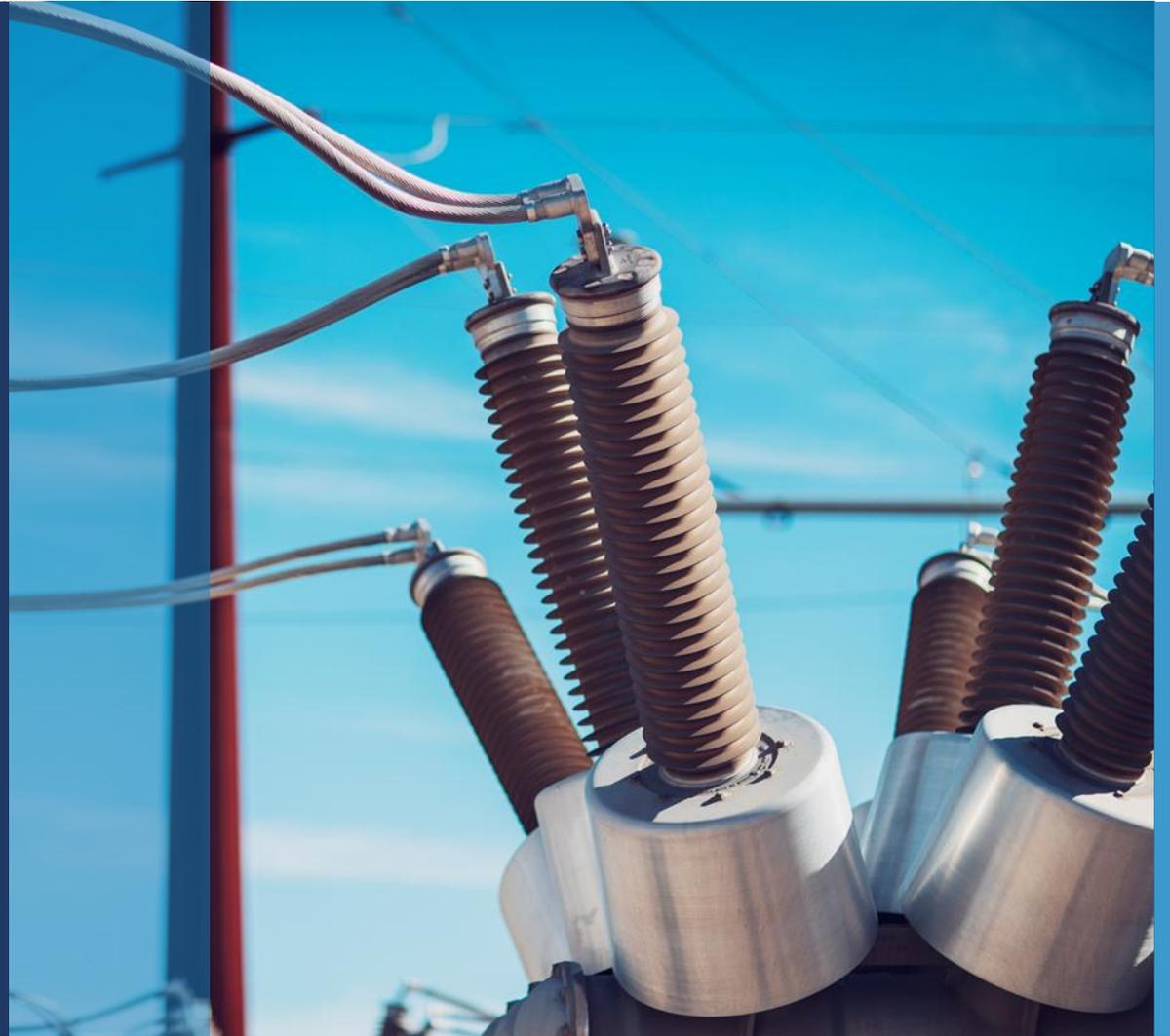
Expected Earnings Release Dates

Q2 2021

July 29, 2021

Q3 2021

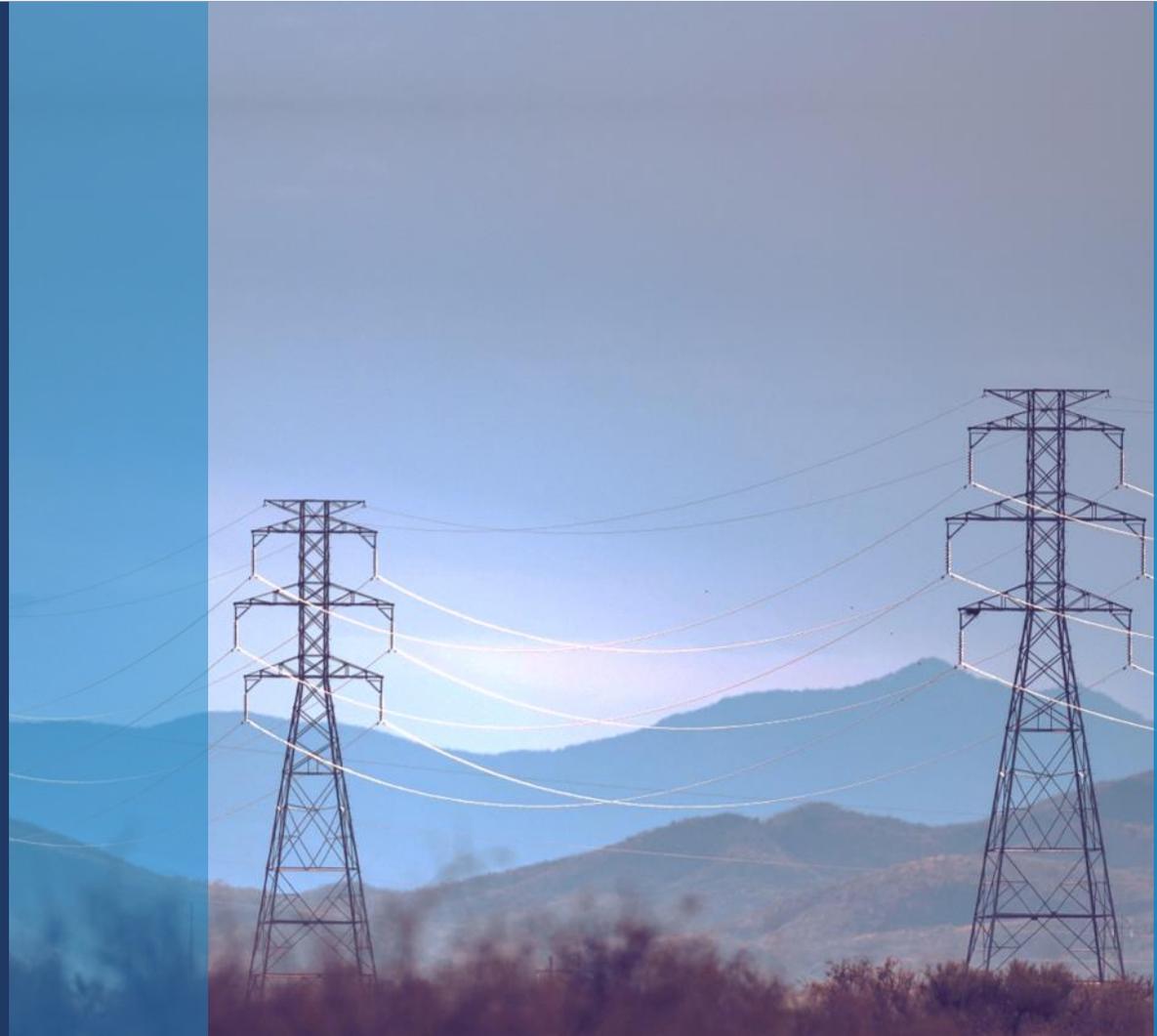
October 29, 2021



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Q1 2021 RESULTS BY SEGMENT

First Quarter Variance Analysis by Segment

(\$millions, except weighted average shares and EPS)	Q1 2021	Adjustment	Adjusted Q1 2021 ⁽¹⁾	Q1 2020	Adjustment	Adjusted Q1 2020 ⁽¹⁾	Adjusted Q1 Variance
Regulated – Independent Electric Transmission							
ITC	103	-	103	101	-	101	2
Regulated – US Electric & Gas							
UNS Energy	45	-	45	28	-	28	17
Central Hudson	39	-	39	35	-	35	4
	84	-	84	63	-	63	21
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	111	-	111	106	-	106	5
FortisAlberta	35	-	35	32	-	32	3
FortisBC Electric	16	-	16	15	-	15	1
Other Electric ⁽²⁾	20	-	20	23	-	23	(3)
	182	-	182	176	-	176	6
Non-Regulated Energy Infrastructure							
Corporate and Other	14	5	19	9	3	12	7
	(28)	-	(28)	(37)	-	(37)	9
Common Equity Earnings	355	5	360	312	3	315	45
Weighted Average Shares (# millions)	467.8	-	467.8	463.9	-	463.9	3.9
EPS	\$0.76	\$0.01	\$0.77	\$0.67	\$0.01	\$0.68	\$0.09

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

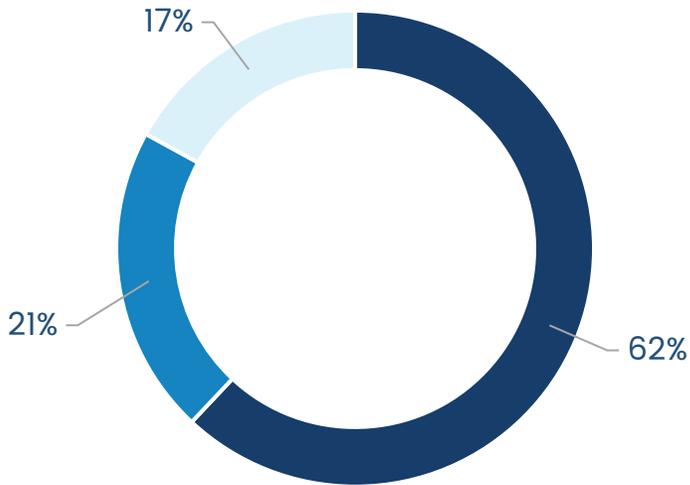
Q1 ADJUSTED EARNINGS RECONCILIATION

Non-US GAAP Reconciliation			
(\$ millions, except EPS)	Q1 2021	Q1 2020	Variance
Common Equity Earnings	355	312	43
Adjusting Items:			
Unrealized loss on mark-to-market of derivatives ⁽ⁱ⁾	5	3	2
Adjusted Common Equity Earnings	360	315	45
Adjusted Basic EPS	\$0.77	\$0.68	\$0.09

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

Q1 SALES AND LOAD TRENDS

83% 2020 Revenues
From Residential Sales
or Protected by
Regulatory Mechanisms



- Revenues Protected by Regulatory Mechanisms
- Residential Revenues Not Protected by Regulatory Mechanisms
- Commercial and Industrial Revenues Not Protected by Regulatory Mechanisms

Regulatory Mechanisms Protecting Changes in Sales	Q1 2021 vs. Q1 2020 Sales Trends
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- Peak load flat; decrease in January peak load offset by increase in March peak load due to easing of pandemic restrictions



- Electric sales up 4% due to higher residential consumption, due to work-from-home practices and colder temperatures
- Minimal exposure to commercial and industrial sales

Western Canada



- In B.C., gas sales down 2% due to lower consumption by transportation customers, increase in residential sales due to work-from-home practices offset by warmer temperatures; electric sales up 2% due to residential customers
- In Alberta, sales down 3%; ~85% of revenue based on fixed-billing determinants



- Residential sales increased 3%; commercial and industrial decreased 3%
- Overall retail sales decreased 1%; weather did not have a material impact on quarter over quarter sales

Other Electric



- Other Electric sales down 3%, reflecting a 6% decrease in commercial sales; residential sales decreased 1%
- 7% decrease in the Caribbean, mainly reflecting a decrease in commercial sales driven by decline in tourism

2020–2025 RATE BASE BY SEGMENT

(\$billions)	Rate Base ⁽¹⁾						5-Year CAGR to 2025
	2020A	2021F	2022F	2023F	2024F	2025F	
Regulated – Independent Electric Transmission ITC ⁽²⁾	9.5	9.9	10.6	11.3	11.9	12.5	6.0%
Regulated – US Electric & Gas							
UNS Energy	5.7	6.2	6.7	7.0	7.3	7.6	6.2%
Central Hudson	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>3.0</u>	<u>3.2</u>	<u>9.1%</u>
Total Regulated – US Electric & Gas	7.8	8.5	9.2	9.7	10.3	10.8	7.0%
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	5.1	5.2	5.4	5.7	6.2	6.8	6.1%
FortisAlberta	3.7	3.8	3.9	4.0	4.1	4.2	2.9%
FortisBC Electric	1.4	1.5	1.5	1.6	1.7	1.7	3.5%
Other Electric ⁽³⁾	<u>3.0</u>	<u>3.3</u>	<u>3.7</u>	<u>4.1</u>	<u>4.1</u>	<u>4.3</u>	<u>6.8%</u>
Total Regulated – Canadian & Caribbean Electric & Gas	13.2	13.8	14.5	15.4	16.1	17.0	5.2%
Total Rate Base Forecast	30.5	32.2	34.3	36.4	38.3	40.3	6.0%

(1) US dollar-denominated rate base converted at USD:CAD foreign exchange rate of \$1.34 for 2020 and \$1.32 for 2021–2025. Five-year CAGRs calculated using constant USD:CAD foreign exchange rate of \$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.

2021-2025 CAPITAL PLAN BY SEGMENT

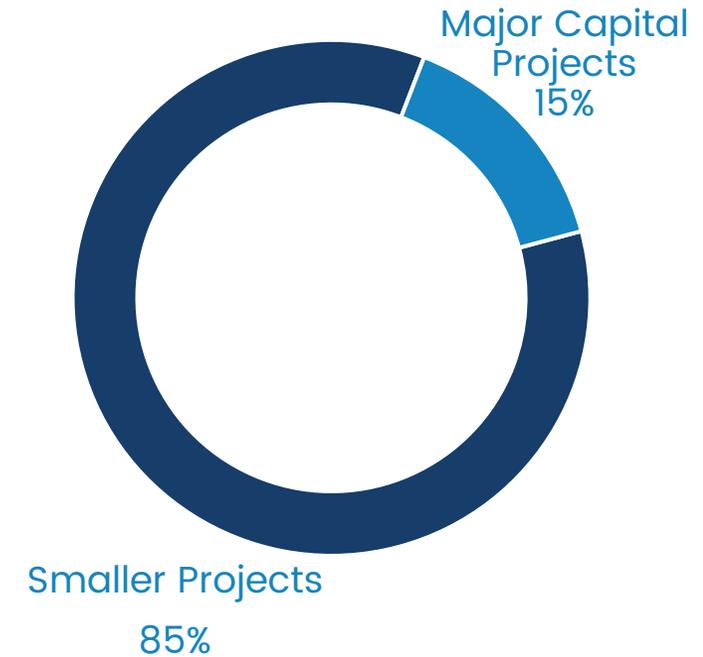
Capital Plan ⁽¹⁾						
(\$millions)	2021F	2022F	2023F	2024F	2025F	2021-2025 TOTAL
Regulated - Independent Electric Transmission ITC	1,000	1,007	993	1,107	993	5,100
Regulated - US Electric & Gas						
UNS Energy	749	781	840	853	547	3,770
Central Hudson	<u>306</u>	<u>416</u>	<u>409</u>	<u>346</u>	<u>310</u>	<u>1,787</u>
Total Regulated - US Electric & Gas	1,055	1,197	1,249	1,199	857	5,557
Regulated - Canadian & Caribbean Electric & Gas						
FortisBC Energy	467	569	671	788	1,238	3,733
FortisAlberta	346	367	413	438	468	2,032
FortisBC Electric	153	130	112	111	132	638
Other Electric ⁽²⁾	<u>721</u>	<u>560</u>	<u>453</u>	<u>368</u>	<u>307</u>	<u>2,409</u>
Total Regulated - Canadian & Caribbean Electric & Gas	1,687	1,626	1,649	1,705	2,145	8,812
Non-Regulated	71	13	17	21	46	168
Total Capital Plan	3,813	3,843	3,908	4,032	4,041	19,637

(1) US dollar-denominated capital expenditures translated at a forecast USD:CAD foreign exchange rate of \$1.32.

(2) Comprises Eastern Canadian and Caribbean electric utilities.

MAJOR CAPITAL PROJECTS

(\$ Millions)	Total Incurred to the End of 2020	2021-2025 Plan ⁽¹⁾	Expected Year of Completion
ITC Multi-Value Regional Transmission Projects	642 ⁽²⁾	261	2023
ITC 34.5 kV to 69 kV Transmission Conversion Project	445	148	Post-2025
UNS Vail-to-Tortolita Project ⁽³⁾	-	244	2023
UNS Oso Grande Wind Project ⁽⁴⁾	574	24	2021 ✓
FortisBC Eagle Mountain Woodfibre Gas line Project ⁽⁵⁾	-	350	2025
FortisBC Transmission Integrity Management Capabilities Project	21	441	Post-2025
FortisBC Inland Gas Upgrades Project	59	230	2025
FortisBC Tilbury 1B	20	376	2025
FortisBC Tilbury LNG Resiliency Tank	10	209	Post-2025
FortisBC Advanced Metering Infrastructure Project	-	247	Post-2025
Wataynikaneyap Transmission Power Project ⁽⁶⁾	178	536	2023



Note: Major capital projects are defined as projects, other than ongoing maintenance projects, individually costing \$200 million or more. Total project costs include forecasted capitalized interest and non-cash equity component of allowance for funds used during construction, where applicable.

- (1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD exchange rate of 1.32 for 2021 through 2025.
- (2) Reflects capital expenditures since date of acquisition of ITC on October 14, 2016.
- (3) The Vail-to-Tortolita transmission project was previously disclosed as a phase of the Southline Transmission Project.
- (4) Construction completed in May 2021.
- (5) Capital plan is net of customer contributions.
- (6) Represents Fortis' 39% share of the estimated capital spending for the project, including deferred development costs.

OPPORTUNITIES TO EXPAND & EXTEND GROWTH



- Lake Erie Connector Project (~\$1.7B)
- Significant renewable capacity and battery storage in MISO and SPP queues⁽¹⁾
- MISO long-range transmission plan
- Hardening of physical assets and fibre networks



UNS Energy Corporation
A Fortis Company

- 2020 Integrated Resource Plan (IRP) outlined TEP's ambitious and realistic sustainability objectives including coal-free generation mix by 2032
 - Total opportunity of ~\$4-6B



- Further develop Tilbury to position BC as a marine bunkering hub
- Long-term contracted LNG export opportunities
- Southern Crossing Gas Transmission Expansion for market expansion and resiliency
- Target of 30% reduction in customer GHG emissions by 2030
- Renewable gas target of 15% by 2030



Other Electric

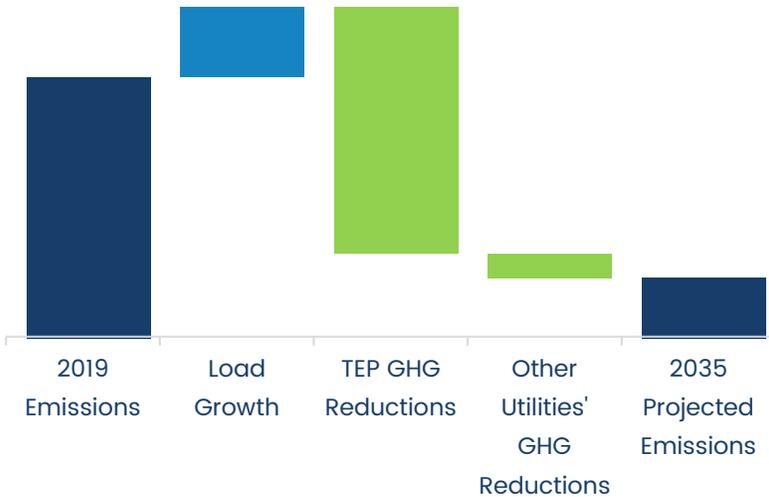
- Caribbean Utilities: Achieve National Energy Policy goal of 70% renewable energy by 2037 through IRP. IRP calls for 170 to 200 MW of solar in addition to wind power, battery storage and conversion of diesel to natural gas.
- FortisTCl: Resilient National Energy Transition Strategy finalized with Government in 2019. Latest IRP completed in 2019 targets 33% renewable energy generation by 2040.



⁽¹⁾ 74 GW and 105 GW of additional renewable capacity in MISO and SPP queues; 4 GW and 10 GW of battery storage in MISO and SPP queues as at April 1, 2021 and April 16, 2021, respectively.

CARBON EMISSIONS REDUCTION TARGET OF 75% BY 2035

Reduction in Scope 1 Emissions by 2035 Using a 2019 Base Year



Achievable Target Largely Driven by TEP's Integrated Resource Plan



Adding Clean Energy
2,400 MW Wind and Solar
1,400 MW Battery Storage
 • Majority of investment expected 2026-2032



Coal Free by 2032
1,073 MW Coal Retirements
 • San Juan shuts down in 2022
 • Seasonal operations of Springerville starting in 2023

Plan Improves Already Low Environmental Footprint



Today
Only 5% of Assets
 • Fossil-Fuel Generation



By 2035
99% of Assets
 • Expected to be Energy Delivery or Carbon-Free Generation

ESG LEADERSHIP



Continued focus on

**Energy
Delivery**



Industry leader in
Safety
and **Reliability**

More than
\$15 million 
in 2020 community
investment



Carbon emissions reduction
target of **75%** by 2035
using a 2019 base year



Industry recognition for
Strong Governance
grounded in local leadership &
independence



Focused on
Gender Diversity
60% of Fortis utilities have
either a female CEO or Board Chair;
Inclusion & Diversity Council
created in 2020

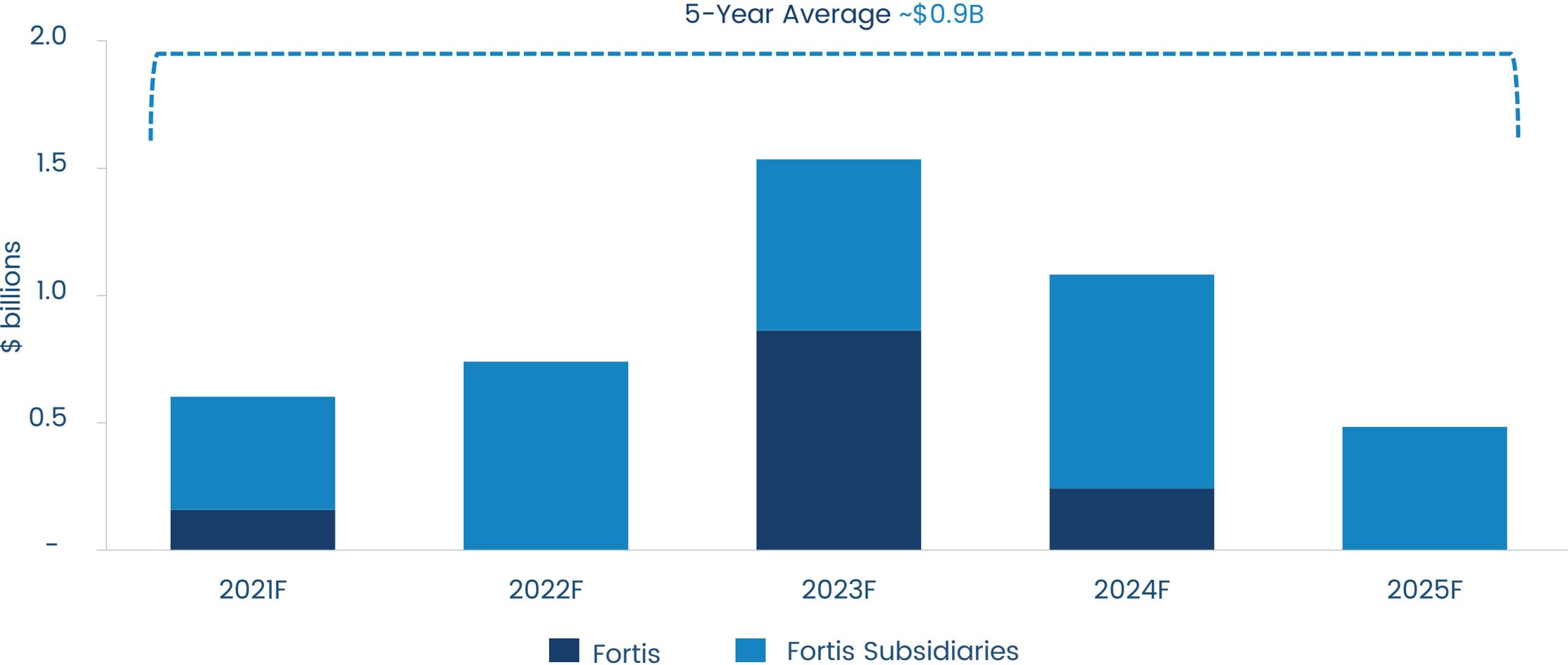
INVESTMENT-GRADE CREDIT RATINGS



Company	S&P Global	MOODY'S	MORNINGSTAR DBRS
Fortis Inc.	A-(1)	Baa3	A (low)
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+.

MANAGEABLE DEBT MATURITIES



Note: Debt as at March 31, 2021 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.