Q1 2026 EARNINGS CONFERENCE CALL

May 6, 2026

FORTIS INC.

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: forecast Capital Expenditures for 2026 and 2026-2030; the nature, timing, benefits and costs of certain Major Capital Projects, including ITC's investments associated with the Big Cedar Load Expansion, TEP's Springerville Natural Gas Conversion, and FortisBC Energy's Tilbury LNG Storage Expansion; expectations regarding potential reductions in ITC Midwest network transmission rates as additional data center load comes online; forecast Rate Base for 2026-2030 and forecast five-year Rate Base CAGR on a consolidated basis; expected nature, timing and benefits of additional opportunities to expand and extend growth beyond the Capital Plan, including ITC's investments associated with customer connections and the MISO LRTP, UNS Energy's investments associated with retail load growth, integrated resource plans, and transmission, and FortisBC's investments associated with Tilbury LNG storage expansion upside, Tilbury LNG expansion, regional transmission, and customer and load growth investments; expected nature, timing, benefits and costs associated with TEP's energy supply agreement with a customer to support a planned data center in TEP's service territory, including the outcome of negotiations for potential additional capacity at a second site, and estimated new generation and transmission associated therewith; annual dividend growth guidance through 2030; expected sources of funding for the 2026-2030 Capital Plan, including the sources of common equity; expected timing, outcome and impact of legal and regulatory proceedings; forecast Capital Expenditures for 2026-2030 by business unit; the nature, timing, benefits and costs of certain Major Capital Projects, including ITC's investments associated with MISO LRTP Tranches 1 and 2.1 and Big Cedar Load Expansion, TEP Transmission Project, Springerville Natural Gas Conversion, Black Mountain Gas Generation, Vail-to-Tortolita Transmission Project, Tilbury LNG Storage Expansion, AMI Project, Tilbury 1B Project and Eagle Mountain Pipeline Project; forecast Rate Base for 2026-2030 and forecast five-year Rate Base CAGR to 2030 by business unit; the expectation of having a coal-free generation mix by 2032; the 2050 GHG emissions net-zero target; forecast debt maturities for 2026-2035; expectations regarding the evolution of stakeholder sentiment toward data center development; the expected nature, timing, benefits, and costs regarding future data center interconnections, developments and expansions; expectations regarding opportunities to expand pipeline capacity in British Columbia; expected outcomes of integrated resource planning; expectations that timing of future projects may be influenced by equipment availability and supply chain considerations; and expectations regarding data center development and interconnection opportunities in Alberta.

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: 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; the realization of additional opportunities beyond the Capital Plan; no significant variability in interest rates; no material changes in the assumed U.S. dollar-to-Canadian dollar exchange rate; the Board exercising its discretion to declare dividends, taking into account the financial performance and condition of the Corporation; reasonable legal and regulatory decisions and the expectation of regulatory stability; no significant operational disruptions or environmental liability or upset; the continued ability to maintain the performance of the electricity and gas systems; no severe and prolonged economic downturn; sufficient liquidity and capital resources; the ability to hedge exposures to fluctuations in foreign exchange rates, natural gas prices and electricity prices; the continued availability of natural gas, fuel, coal and electricity supply; continuation of power supply and capacity purchase contracts; no significant changes in government energy policies, environmental laws and regulations that could have a material negative impact; maintenance of adequate insurance coverage; the ability to obtain and maintain licenses and permits; retention of existing service areas; no significant changes in tax laws and the continued tax deferred treatment of earnings from the Corporation's foreign operations; continued maintenance of information technology infrastructure and no material breach of cybersecurity; continued favourable relations with Indigenous Peoples; and favourable labour relations.

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

Note: U.S. dollar-denominated five-year Capital Plan and forecast rate base converted at a forecast USD:CAD foreign exchange rate of 1.35 for 2026-2030.

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PRESENTATION

Operator

Thank you for standing by. This is Betsy, the conference operator. Welcome to the Fortis Inc. first-quarter 2026 results conference call. (Operator Instructions) and the conference is being recorded. (Operator Instructions)

I would now like to turn the conference over to Stephanie Amaimo, Vice President, Investor Relations. Please go ahead, Ms. Amaimo.

Stephanie Amaimo - *Fortis Inc - Vice President – Investor Relations*

Thanks, Betsy, and good morning, everyone. Welcome to Fortis's first-quarter 2026 results conference call. I'm joined by David Hutchens, President and CEO; Jocelyn Perry, Executive VP and CFO; 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 projections included in the forward-looking information presented today.

Non-GAAP financial measures referenced in our prepared remarks are reconciled to the related U.S. GAAP financial measures in our first-quarter 2026 MD&A. Also, unless otherwise specified, all financial information referenced is in Canadian dollars.

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

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Thank you and good morning, everyone. Before getting into the results, I'd like to take a moment to acknowledge Gary Smith, Executive Vice President of Operations and Technology, who is retiring at the end of this month. Gary has had an incredible 42-year career with Fortis, serving in leadership roles and Boards across our utilities. He has been integral to Fortis's growth and success, and we're incredibly grateful for his many contributions. We truly wish Gary all the best in retirement.

We are pleased with our start in 2026, building on the momentum from last year. During the first quarter, we delivered safe and reliable service while advancing our long-term growth strategy. We invested $1.4 billion of capital into our utility systems and reported earnings per share of $0.99. We also successfully concluded the UNS Gas rate case, reaching a constructive regulatory outcome for our customers and stakeholders. With 25% of our capital plan invested in the first quarter, we remain well positioned to execute our $5.6 billion of planned investments in 2026.

Major capital projects continue to progress. A significant milestone was achieved at the Big Cedar Industrial Center, where ITC completed the substation that will support 300 megawatts of load growth for the first data center. Transmission upgrade work for the Big Cedar load expansion project is also underway at this location to serve another 1,600 megawatts of new data center load expected to be completed by 2028.

At UNS, the ACC approved an amendment to the Springerville Generating Station–s certificate of environmental compatibility to allow the conversion from coal to natural gas generation. This approval advances TEP's plan to extend the operational life of the facility and supports long-term customer affordability and system reliability.

As we have discussed in the past, our utilities continue to prioritize capital investments focused on operational need and customer bill impacts. At ITC, with a substantial data center load anticipated to come online in Iowa, ITC Midwest network transmission rates are expected to be reduced by approximately 20% by the end of the decade.

At TEP, the coal to natural gas conversion at Springerville Generating Station will be approximately 10% of the capital cost of new gas generation. This is an economical solution benefiting our customers and the communities we serve. Also at TEP, the 300 megawatts of load growth for the data center associated with the approved energy supply agreement is expected to save a typical residential customer approximately USD13 per month once at full production, thanks to this additional revenue. Overall, affordability continues to be an integral part of how we plan, invest and operate across our group of companies to ensure cost-effective service for our customers.

Turning now to slide 7, with our 2026 and 5-year capital plan -- plans on track, we continue to expect average annual rate base growth of 7% through 2030. Above and beyond the plan, our teams continue to drive forward a strong slate of incremental growth opportunities. First, at ITC, the MISO LRTP portfolio of projects is advancing. For Tranche 2.1, ITC expects USD3.3 billion to USD3.8 billion of investment beyond 2030 for projects that have been awarded and are not subject to competitive bidding. For projects that are subject to a competitive process, ITC is actively evaluating opportunities and preparing bids as appropriate.

As it relates to competitively bid projects, ITC, alongside its Grid Acceleration Coalition partners, filed a joint complaint at FERC in April against the competitive bidding processes in MISO and SPP. The complaint urges the commission to either direct MISO and SPP to exempt transmission projects from the solicitation process when those projects facilitate new generation or large load interconnection or suspend the solicitation process entirely for the next five years. The complaint emphasizes that competition delays much needed infrastructure development, slowing down AI implementation through regulatory red tape and increasing costs to customers. While complaints at FERC are not subject to a fixed timeline, the coalition has asked the commission to issue a ruling by July 16th.

Shifting now to load growth opportunities in Arizona. In April, key contractual contingencies tied to the approved ESA for 300 megawatts advanced at TEP with credit support now in place. As you may recall, this initial phase will leverage existing and planned capacity with a ramp-up expected in 2027 and continuing through 2029.

Beyond this ESA, negotiations continue for an incremental 300 megawatts of capacity to support a potential buildout of 600 megawatts at this site. TEP is also in active negotiations for additional capacity at a second site in the range of 500 to 700 megawatts. If agreements are finalized for these subsequent phases, we estimate new generation investment in the range of USD1.5 billion to USD2 billion would be required. Our track record of long-term sustainable growth reflects the strength of our regulated businesses and supports our commitment to deliver 4% to 6% annual dividend growth through 2030. Now, I will turn the call over to Jocelyn for an update on our first-quarter financial results.

Jocelyn Perry - *Fortis Inc - Chief Financial Officer, Executive Vice President*

Thank you, David, and good morning everyone. For the quarter, we reported net earnings of $501 million or $0.99 per common share. As shown on the slide, we have identified the EPS drivers for the quarter by segment. Our Western Canadian utilities contributed a $0.04 increase in EPS, largely driven by capital investments and timing of operating costs. At ITC, EPS increased by $0.02, largely due to continued capital investment and related rate base growth.

For our U.S. electric and gas utilities, EPS decreased by $0.02. Lower earnings at UNS Energy were driven by wholesale market conditions, timing of planned generation maintenance costs, milder weather as well as regulatory lag for rate base not yet included in rates. Moderating this was higher earnings at Central Hudson due to a shift in quarterly revenue, timing of operating expenses as well as rate base growth. The Corporate and Other segment reflects higher finance costs and unrealized losses on foreign exchange contracts.

While not shown on the slide, earnings at our Other Electric segment were largely offset by the disposition of FortisTCI in 2025. In total, the dispositions had a $0.02 dilutive impact on the first-quarter results, and we expect a $0.05 dilutive impact for the full year. Continuing on, foreign exchange had an unfavorable $0.03 impact for the quarter and higher weighted average shares issued under our dividend reinvestment plan impacted EPS by $0.01. On the financing activities for the quarter, our utilities issued $800 million of long-term debt. Additionally, in April, ITC Holdings issued USD900 million of unsecured notes with proceeds expected to repay maturing debt and short-term borrowings.

Our capital plan is expected to be funded largely from cash from operations, utility debt and our dividend reinvestment plan. Our $500 million ATM program has not been utilized to date and remains available for funding flexibility as required. On the rating agency front, Morningstar DBRS recently confirmed our A (low) issuer and unsecured debt credit ratings and stable outlook. Overall, our liquidity position and our funding plan support our strong investment-grade credit ratings. Several regulatory filings advanced in Arizona during the quarter.

In February, the ACC issued an order in the UNS Gas general rate application, authorizing an allowed ROE of 9.61% and a 56% equity ratio. The order also approved a formula, subject to a range of plus or minus 50 basis points around the allowed ROE and inclusive of post-test year adjustments. The first rate adjustment under the formula is expected to occur in April 2027. New rates went into effect on March 1st. With respect to TEP's general rate application, the ACC staff filed testimony during the quarter, recommending a 9.75% ROE and a 55% equity ratio. Staff also filed rate design testimony recommending a formula rate framework that closely mirrors the recently approved approach for UNS Gas. Hearings commenced last month and based on the procedural schedule, we continue to expect an order in the fall.

That concludes my remarks. I'll now turn the call back to David.

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Thank you, Jocelyn. To wrap up, we are off to a solid start in 2026 with first-quarter results aligned with our expectations. Our utilities are executing their capital plans focused on reliability and customer affordability. Looking ahead, we will continue to drive meaningful shareholder value through execution of our 5-year capital plan and delivery of our 4% to 6% annual dividend growth guidance through 2030. That concludes my remarks.

I will now turn the call back over to Stephanie.

Stephanie Amaimo - *Fortis Inc - Vice President – Investor Relations*

Thank you, David. 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) Maurice Choy, RBC Capital Markets.

Maurice Choy - *RBC Capital Markets Inc - Analyst*

Thank you and good morning everyone. If I could just start, in your prepared remarks, you mentioned that affordability has been an integral part of how you plan, invest and operate across your companies. And you've also shared how TEP and ITC Midwest customers will benefit from your data center initiatives. So with that, given the heightened nimbyism, how would you characterize how data center sentiment among your local stakeholders have evolved since the Q4 call?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yes. Thanks, Maurice, and thanks for that question. It's obviously a big topic and if folks understand how you can do data center development correctly, if you make sure that you have the protections in place for the--the rest of the retail customers, then you definitely can have a positive impact from an affordability standpoint. It's just, you know, in essence, fairly straightforward math when you add some assets that someone else is going to pay for and then you actually have some kilowatt hours that they use that spread the rest of the fixed costs among a larger pie, then it definitely does help.

It is really hard, I'm not going to lie. It's hard to get folks to understand that messaging, but you have to you have to prove it, and that's hopefully what we're going to be doing here as we go forward as we add this contract that TEP has in place for that first data center and with no additional resources needed to supply it, they're paying for the transmission interconnection. And so now it's really just the, you know, just the end result of them using a lot of kilowatt hours and paying for a lot of the system that the rest of the customers would have.

So it's an--its an ongoing conversation and ongoing you know information flow that we have to have out there. But if you are doing it right, you should be making that loud and clear.

Maurice Choy - *RBC Capital Markets Inc - Analyst*

Understood and if I could finish with a question on ITC. Recognizing that the Grid Acceleration Coalition complaint was only filed a few weeks ago, I wonder if you had any early feedback from FERC about whether they're moved by your arguments and how you think this will all play out in the coming months towards your mid-July deadline request?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yes let me turn that directly over to Krista Tanner, CEO of ITC, and she's the one who's been at the front of this. Krista?

Krista Tanner - *ITC Holdings Corp. - President and CEO*

Yes, good morning and thank you for the question. So obviously, we haven't talked to the FERC since we filed because that would be an ex parte, but we had several meetings beforehand, and we continue to have meetings with other key stakeholders. And I think it's fair to say that everyone understands that there's a problem here. Now what they will do, whether they will take our options or come up with their own, I think, remains to be seen, but when you have data centers wanting to connect in 24 months or less, and that's precisely how long the competitive solicitation process takes, that's just an untenable situation. And we provided a lot of good data about we will not win the AI race in this country if we don't move faster. So, I think those arguments are compelling. I think everyone understands them. So, we are optimistic that something will be done, but obviously, we'll have to wait to see the final order before we see what that solution is.

Maurice Choy - *RBC Capital Markets Inc - Analyst*

Thanks Krista. If I could have a quick follow-up. Have you seen a counter complaint being filed with FERC on this?

Krista Tanner - *ITC Holdings Corp. - President and CEO*

Haven't seen a countercomplaint. The only thing that proponents of so-called competition have submitted are studies that cherry-pick a handful of projects that were competitive that came in, but nothing, I think, really compelling. Again, if you look at the data and the testimony that we filed with our complaint, I think it's really clear that so-called competition has not lowered costs for customers. In fact, it's increased costs in some cases and the costs associated with delay is far greater than any savings you might see.

So really, all that so-called competition has accomplished is delay. And I mean, there's just there–s just no evidence to contradict that. Furthermore, we've had a real-world situation where someone won a bid in Wisconsin and then three of those substations had to go to variance analysis because they couldn't be completed in time for a data center. So yes, of course, there–s, you know, there are other arguments out there. I would not characterize them as compelling, and they have not filed anything.

Maurice Choy - *RBC Capital Markets Inc - Analyst*

That's good to know. Thanks for that and my congratulations to Gary on his retirement and all the best.

Operator

Robert Hope, Scotiabank.

Robert Hope - *Scotiabank GBM - Analyst*

Good morning everyone. So, it would seem like you've been making some regulatory and contractual progress at TEP regarding the initial 300 megawatts. You know, this would include the USD40 million termination fee. Can you speak to what the next steps are for this project to get across the line and what milestones we should be watching?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yes. I'll turn that over to Susan Gray, CEO of UNS, so that she only says the things that are public.

Susan Gray - *UNS Energy - Chief Executive Officer*

Yes. Thanks, Dave, and thanks for the question, Rob. We just hit some really major milestones in terms of having that USD40 million letter of credit established and payments for the construction agreement to build out the substation and the transmission interconnection. So, the site has been prepared and they're starting to build at this point. So, Phase 1 is off and running.

The next steps are really around expanding the capability at that first site up to a possible 600 megawatts. So, the first 300 is underway, now--now looking at doubling that capacity. And then the second site that's in Marana, just north of Tucson, we're also negotiating an agreement, a service agreement for that site. And so, then it's about, you know -- once we have all of the terms established, we will have to build new generation to serve those additional agreements and I think the terms of the contracts will help us -- help guide us in terms of what we need to build and when, so those are really the next steps, but really pleased to see that Phase 1 is underway and moving forward.

Robert Hope - *Scotiabank GBM - Analyst*

Alright. I appreciate that. And then my follow-up question relates to Phase 2. So, when you're thinking about planning for incremental generation requirements to serve the next phase of load there, you know how are you incorporating increasing delivery timelines for electrical equipment such as generators? You know, could you potentially look to lock these up a little bit earlier if you are able to get line of sight to an agreement or we'll call it, backstopping from the counterparty?

Susan Gray - *UNS Energy - Chief Executive Officer*

Yes. I think we would really need to have certainty from the customer that they're going to move forward and have those customer protections in place. In order to -- and I think that's the incentive to get the agreement locked up here so that we can start moving forward with procurement and potentially partnering with a builder to start actually getting those sites going.

Robert Hope - *Scotiabank GBM - Analyst*

Alright, thank you, and Gary, all the best! That–s all.

Operator

Mark Jarvi, CIBC.

Mark Jarvi - *CIBC World Markets Corp - Analyst*

Good morning everyone. Last quarter, you guys said that you thought maybe FERC would start to tie up some loose ends. We saw the decision on--on transmission operators in New England. Are you expecting more to come? Is there any expectation that they'll address the adders this year?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yeah, thanks, Mark. We haven't seen any indication. We're hopeful that, that stale docket finally kind of gets pushed aside and if they do want to address incentive adders that they do it in, you know, the fulsome approach that they started that way back when in 2020, which was looking at all the different incentive adders that you could add based on not just the RTO adder, that was in a bucket of several adders, including additions for using new technology, reducing costs, increasing reliability. So, if they do set that aside and want to address it, we hope that they would start with a fresh view of those incentives and what's needed on a going-forward basis.

Mark Jarvi - *CIBC World Markets Corp - Analyst*

Okay. And then in the last week, there's been some media reports about a potential executive order around some things like dynamic line rating, reconducting for transmission from the White House. Is that something you guys feel like will come through? And what could that mean for ITC, if anything?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

I can't say it, that's the first I heard of that. So, Krista, is this something that you've heard? So, you know, obviously, the things like dynamic line rating and other conductor -- reconductoring for higher capacity is something that we always look at from an affordability perspective, but I had no idea there was an executive order chatter on it. Krista?

Krista Tanner - *ITC Holdings Corp. - President and CEO*

Yeah, I think there was just something that came out yesterday, Dave, so you're not behind. And yeah, there's always discussion about the proper use and are we using dynamic line ratings and other technology enough? I think, you know, for ITC, we use it, we have used it when appropriate and when we don't -- when it's not appropriate, we don't.

So I think we're hopeful through the conversations we've had that it wouldn't be an across-the-board mandate or to use it when it doesn't make sense. I think if there is an executive order issue that it would just be for FERC to look at it and consider it, which frankly, they do when utilities do anyway. So, I don't see this as significantly moving the needle rather than just advancing the conversation that's already happening.

Mark Jarvi - *CIBC World Markets Corp - Analyst*

Understood. And just last question for me, just some other media reports about, you know, BC LNG, you know Woodfibre expansion, can you remind us again where the pipe is sized right now, if there's the potential to do incremental investments there in BC?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Roger, do you want to take that one?

Roger Dall'Antonia - *FortisBC - President and Chief Executive Officer*

Yes. Thanks, Dave. There is an opportunity to expand pipe. It would require a de--debottlenecking further upstream from the current expansion of our pipeline. We haven't entered into discussions yet with Woodfibre, but it's something that we will be looking at, I'm sure, in the near future here.

Mark Jarvi - *CIBC World Markets Corp - Analyst*

Ok, thanks everyone

Operator

Benjamin Pham, BMO.

Benjamin Pham - *Bank of Montreal - Equity Analyst*

Good morning, I want to stay at BC. You mentioned the environmental assessment update on the Tilbury storage site. Was that in response to the Middle East situation that's occurring? And maybe just add incremental context on future expansion if that potentially could be accelerated?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yes. So far, everything that we have been doing has been based on projects that we've had in the queue for quite a while. So, nothing that's incremental or increased due to the Middle East. Obviously, there's a lot of attention on LNG. It's having quite the moment now and that's probably the genesis of that prior question on looking at whether or not you can increase capacity at Woodfibre for additional LNG. But that EA was just the, there's a couple of different EAs going on, one is related to the Tilbury tank, the larger size one that we got approved last year. And the other is for any ultimate additional LNG liquefaction capacity that we can put at the Tilbury site, which is we refer to as Tilbury 2 in that EA process. So, nothing that is directly, I'll say, impacted or pushed by the current situation.

Benjamin Pham - *Bank of Montreal - Equity Analyst*

Okay. Got it. And maybe switch to the stats that you or your expectation, the customer impacts from the data center volume integration and particularly the pronounced impacts you're seeing in the U.S. Midwest throughout the decade. Is that something you think is more applicable to the Fortis, especially magnitude, or is that -- do you think that's more of a broader industry trend that you're anticipating? And maybe just related to that, is there any expectation that this is more of a lot more room for rate base acceleration?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yes, it is a broader sector, I'll say it's broader depending on how you're doing it. If you're making sure that the data centers are paying for the incremental or marginal generation that's being installed and I'll say, infrastructure in general, that's being installed to supply them and you're recovering that from that data center with all of, of course, the appropriate credit enhancements, et cetera. And then you are also getting a bit of contribution back to paying for the rest of the infrastructure that's needed to support that. You don't just pop it on the grid and not need to have the ancillary services and all the rest of the support that you get from the overall grid.

Then it will have a positive impact for customers. You know, obviously, ITC is the transmission rate, you're putting a ton of kWh on that system and you're basically doing a few interconnections to get there. So, it's got some really good economics as that percentage decrease reflects. And then in Arizona, same thing. If you're not building even on the next phases, we would make sure that whatever those next phases are that those data centers are paying for that marginal cost of energy and then some so that there is a positive customer contribution.

So it is -- if you're doing it right, especially if you're in a region where you're controlling those portions of the cost, whether it's ITC as a transmission-only company or a vertically integrated utility, we have the ability to see quite clearly how that will benefit customers.

Benjamin Pham - *Bank of Montreal - Equity Analyst*

And do you think this is maybe a kW to rate base conversion similar to that recent historical trend of OpEx to rate base?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yes. So there's -- yes, it's all going -- you always have to look at things on a bill basis on what our customers pay. So, it does -- anything that puts downward pressure on bills is a good thing. And that's really what we're focused on, not necessarily saying, well, downward pressures allow for additional incremental investments. We're only making the investments that we need to, to provide value to our customers. So the more offsets we have for those needed investments that don't necessarily pay for themselves. We have a lot of, you know, CapEx or OpEx kinds of conversations, steel for fuel, whatever you want to call it, where you are replacing some of the operating costs with capital and still maintaining or even decreasing customers' bills in that sense. But there are things around resiliency and other investments that we have to make that would normally just increase costs so it is good to have this other side of the ledger helping to keep customers' rates balanced.

Benjamin Pham - *Bank of Montreal - Equity Analyst*

Ok understood, thank you, very useful.

Operator

(Operator Instructions) John Mould, TD Cowen.

John Mould - *TD Cowen and Company LLC - Equity Analyst*

Hi there, good morning everybody. Maybe just starting with the Tucson Electric rate case and, you know, appreciating it's a live rate case. Just wondering if you could provide some initial thoughts on how the parameters in the rate ask have been received and any points of debate so far that may have varied versus what you saw in the UNS Gas rate case process that concluded in February and I'm thinking both about the formulaic rate ask and just also the broader points of the rate case.

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yes, John, it's an obviously an ongoing rate case. The testimony started a couple of weeks ago, meaning the in-person testimony, of course, most of this is actually done trade and paper testimony, which frankly hasn't -- we haven't seen anything come up in the hearings that would surprise us from a perspective of not already seeing or hearing the conversation or arguments in the written testimony. So, we were really pleased with the UNS Gas outcome. We were the first utility in Arizona. The UNS Gas was to get that formula rate.

We see that we're basically having those same types of conversations in the TEP rate case. So I think it bodes well from that perspective, but it's still you know, in the middle of the process, so we'll kind of couch it at that.

John Mould - *TD Cowen and Company LLC - Equity Analyst*

Okay. No, that's fair. And then maybe just stepping back, you know one of the broader opportunities above and beyond the existing capital plans. I'd be curious to know just which are you the most optimistic about in terms of -- turning some of those more aspirational opportunities into firm, secured investment and what are some of the near-term opportunities or items that extend beyond your current capital planning horizon right now?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yes, we've got a really good slide in our deck that kind of breaks this conversation up into the two different time frames. One is, you know, what's possible in the -- kind of in the current five-year capital plan and then what's possible post five-year capital plan. And, you know, obviously, we're generally like most folks, focused on getting those near-term opportunities while still working to get those longer-term opportunities that fill in the growth opportunities later on.

But we have a lot of that just in things that are already happening like the rest of the, you know, Tranche 1, Tranche 2.1 and wherever MTEP-26 goes, there's a lot of transmission opportunities that are longer term but really, the short-term ones are, you know, some additional data center connections that could happen in, and manufacturers -- general interconnections, generation and load in ITC's footprint.

And then, of course, the data center developments that we have in Arizona, those can be -- well, they'd love them to be even shorter term, at least from a data center perspective and as quick as possible, but, you know, timing and availability of the equipment, et cetera, can delay that a little bit. So we are looking at those opportunities and we still have a huge additional one that we really aren't talking about yet because we're in the process of developing the integrated resource plans in Arizona, but that's going to spit out some longer-term investment opportunities for us as well. So, a very target-rich environment as it were.

John Mould - *TD Cowen and Company LLC - Equity Analyst*

Ok, I–ll leave it there, Thanks for answering my question.

Operator

Patrick Kenny, National Bank.

Patrick Kenny - *National Bank Financial Research - Analyst*

Good morning. Just a quick question on FortisAlberta with, you know I guess, the number of proponents here looking for data center projects and I know I've seen FortisAlberta partner up with a couple of projects. Just wondering if you could walk us through some of those partnerships and, you know, help us distill the overall upside potential if and when the Phase 2 allocation does take off in the province.

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yeah, thanks, Patrick. I'm going to kick that over to Janine Sullivan, CEO of FortisAlberta.

Janine Sullivan - *FortisAlberta - President and Chief Executive Officer*

Good morning, Patrick, and thanks for the question. There certainly is a lot of data center activity, certainly a lot of discussion first happening in the province. And with the ISO having introduced its 1,200-megawatt cap, it certainly is leading to discussions at the distribution level as to how we can interconnect some of the smaller loads that they want more imminently interconnected. So, lots of conversations going on between ourselves, the transmission facility owner and operator and the AESO right now as to how we can facilitate the more timely interconnection of some of this data center opportunity for the province sooner than later.

Patrick Kenny - *National Bank Financial Research - Analyst*

Ok that–s great thank you.

Operator

This concludes our question-and-answer session. I would like to turn the call back over to Ms. Amaimo for any closing remarks.

Stephanie Amaimo - *Fortis Inc - Vice President – Investor Relations*

Thank you, Betsy. We have nothing further at this time. Thank you, everyone, for participating in our first quarter conference call. Please contact Investor Relations should you need anything further and have a great day.

Operator

This brings to a close today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.
