

THIRD QUARTER 2020 EARNINGS CONFERENCE CALL

OCTOBER 30, 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: forecast capital expenditures and expected funding sources for 2020 and 2021-2025; the 2035 carbon emissions reduction target and projected asset mix; targeted average annual dividend growth through 2025; the expected timing, outcome and impacts of regulatory decisions, including the expectation that new rates will be approved at TEP prior to the end of 2020; 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 and Tilbury Resiliency Tank and Advanced Metering Infrastructure Project; and forecast debt maturities for 2021-2025.

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 adverse effects from the COVID-19 pandemic; reasonable regulatory decisions and the expectation of regulatory stability; the implementation of the five-year capital expenditure plan; no material capital project or financing cost overrun; 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
& CHIEF EXECUTIVE OFFICER

FORTIS_{INC.}



THIRD QUARTER BUSINESS UPDATE



PRESIDENT & CEO SUCCESSION



2021-2025 FIVE-YEAR OUTLOOK



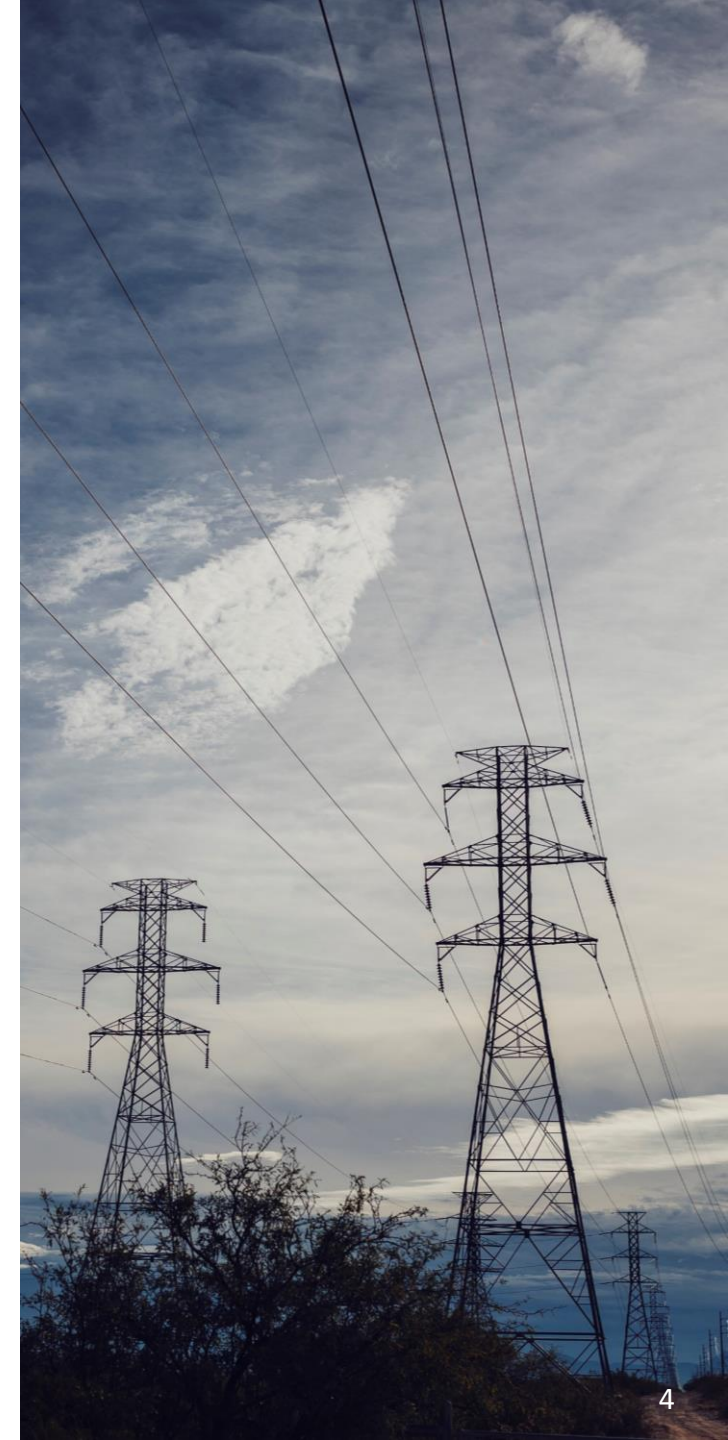
~6% Q4 DIVIDEND INCREASE AND GUIDANCE TO 2025 ANNOUNCED



CORPORATE-WIDE CARBON REDUCTION TARGET



SAFE & RELIABLE SERVICE DURING COVID-19





DAVID HUTCHENS
CHIEF OPERATING OFFICER



SAFE AND RELIABLE SERVICE DURING COVID-19



- ✓ Essential workers operating electricity grids and natural gas networks
- ✓ Locally operated utilities working with customers and regulators
- ✓ Strong safety performance
- ✓ Q3 2020 sales up ~3% at utilities not protected by regulatory mechanisms

~82% OF REVENUES PROTECTED BY REGULATORY MECHANISMS OR FROM RESIDENTIAL SALES⁽¹⁾

UNS Energy

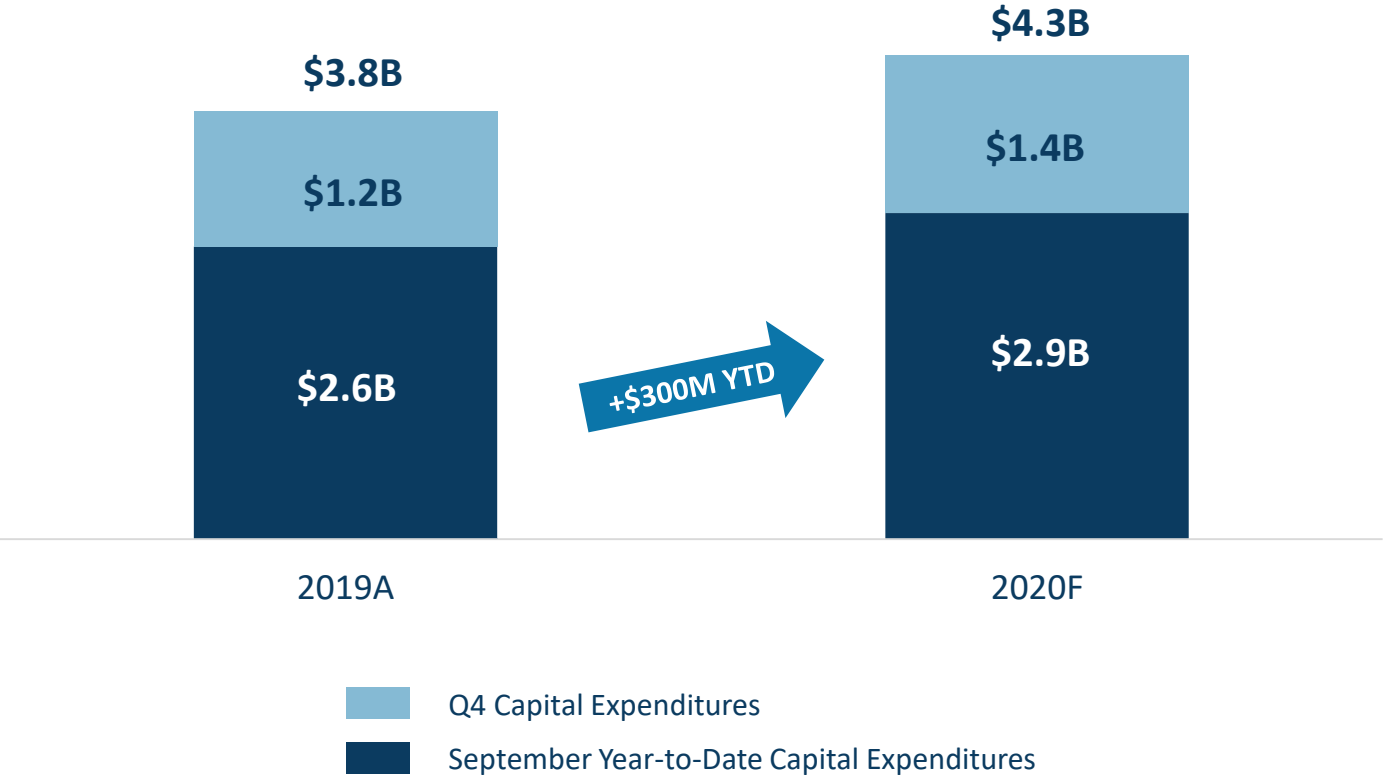
- Q3 retail sales ↑ ~5%; excluding weather, retail sales ↑ ~1%
 - Residential sales ↑ ~13% mainly due to weather
 - Commercial and industrial sales ↓ ~3%

Other Electric

- Q3 sales ↓ ~1% primarily driven by decline in Caribbean tourism
 - Caribbean sales ↓ ~10% due to lower commercial sales
 - Eastern Canadian sales ↓ ~1%

(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. Revenues not protected by regulatory mechanisms relate primarily to UNS Energy and Other Electric segment.

ON TRACK TO INVEST \$4.3B IN 2020

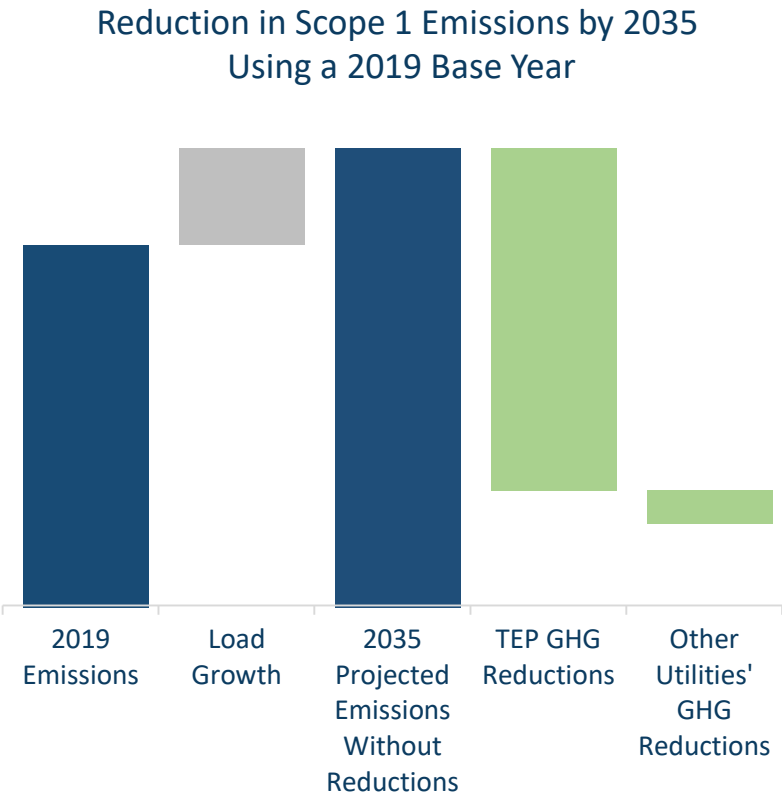
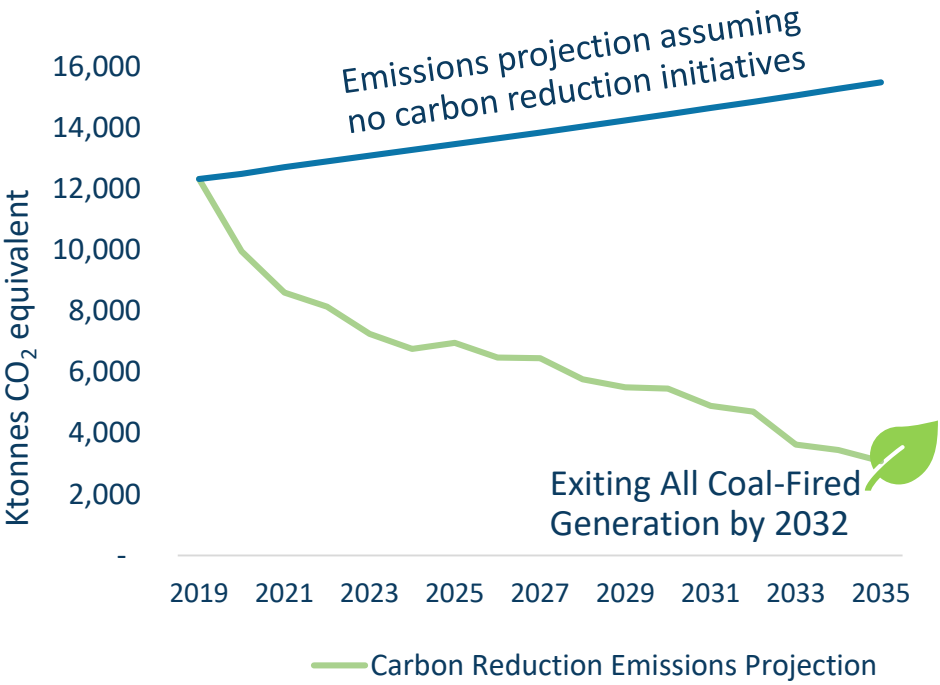


Note: US dollar-denominated capital expenditures converted at USD:CAD foreign exchange rate of \$1.33 for 2019 and forecasted at \$1.36 for 2020.



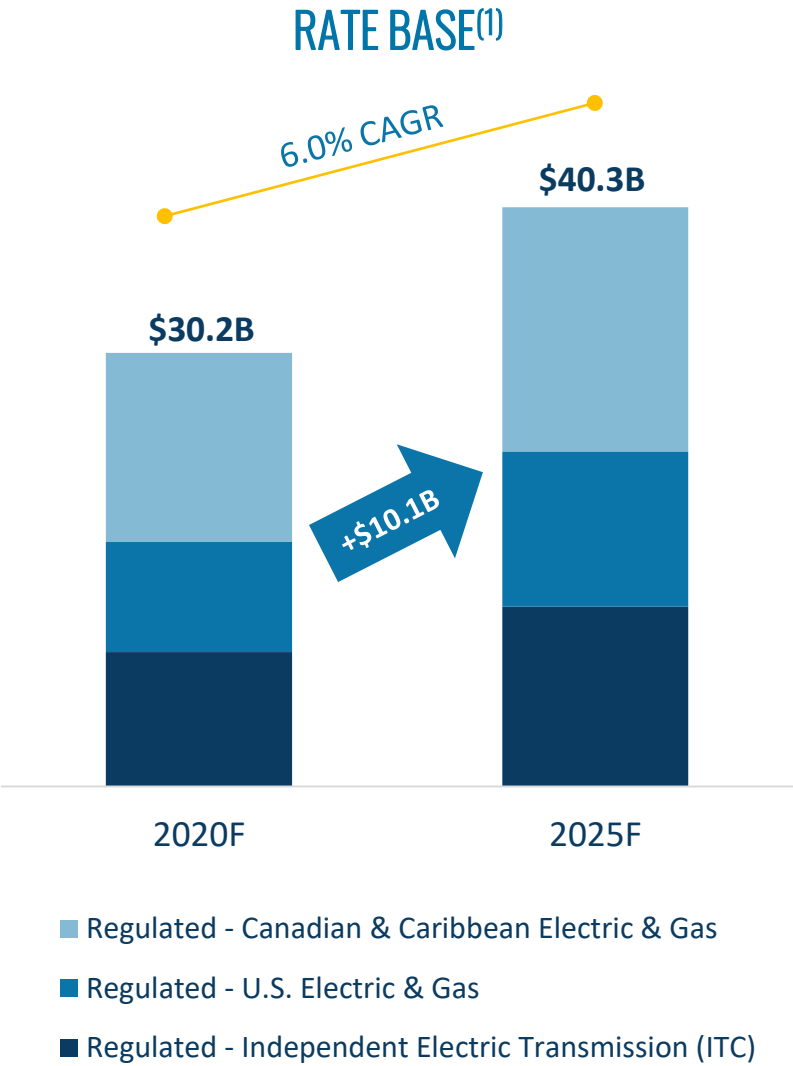
CORPORATE-WIDE CARBON EMISSIONS REDUCTION TARGET OF 75% BY 2035 COMPARED TO 2019 LEVELS

PROVIDES CUSTOMERS
WITH CLEANER ENERGY



- Industry leader in sustainability with shorter timeframe for reduction and using current base year of 2019
- Focused on reducing Scope 1 emissions
- Target to be largely achieved through TEP’s carbon emissions reduction plan
- Sustainability focus and clean energy initiatives throughout company support target

5-YEAR CAPITAL PLAN & RATE BASE GROWTH OUTLOOK



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

LOW RISK, HIGHLY
EXECUTABLE CAPITAL PLAN



Smaller Projects 85%
Major Projects 15%

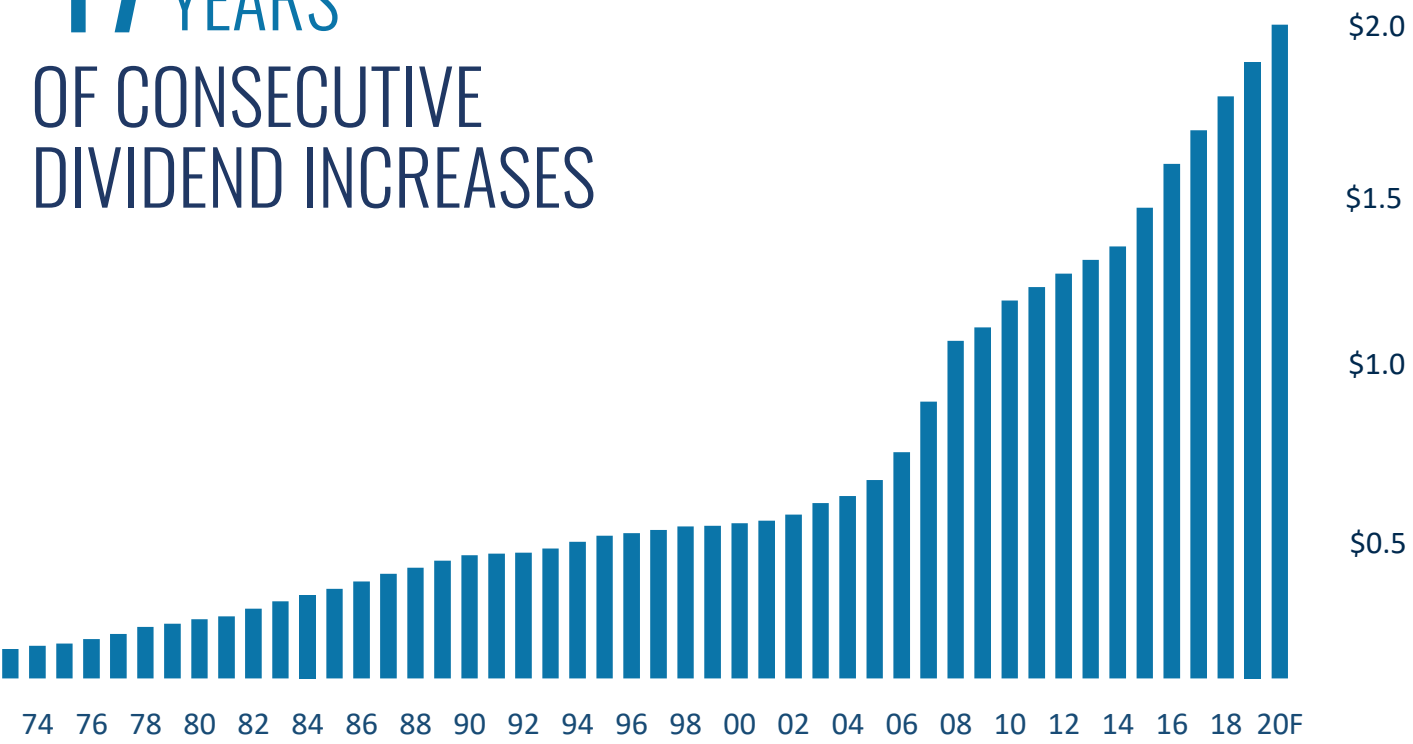


Electric 80%
Gas 20%

DIVIDEND GUIDANCE SUPPORTED BY LONG-TERM GROWTH STRATEGY



47 YEARS
OF CONSECUTIVE
DIVIDEND INCREASES





JOCELYN PERRY

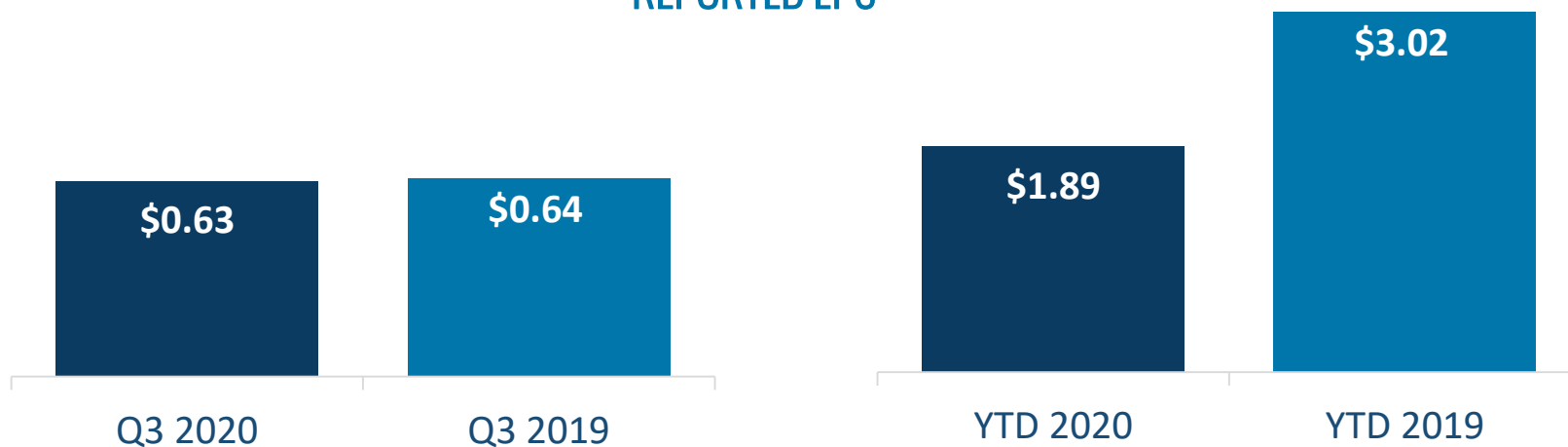
EXECUTIVE VICE PRESIDENT
& CHIEF FINANCIAL OFFICER

FORTIS INC.

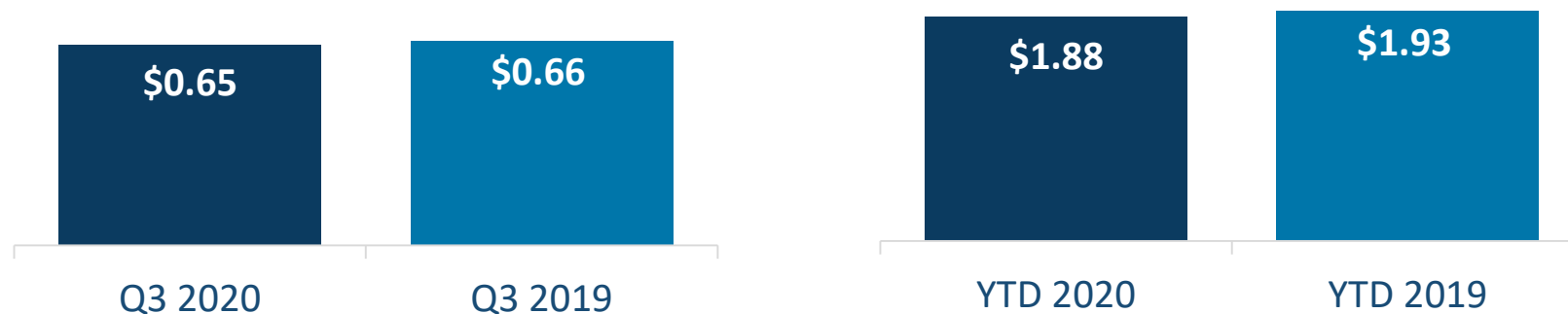


THIRD QUARTER RESULTS

REPORTED EPS



ADJUSTED EPS⁽¹⁾



(1) Non-US GAAP measure

Reported EPS Includes:

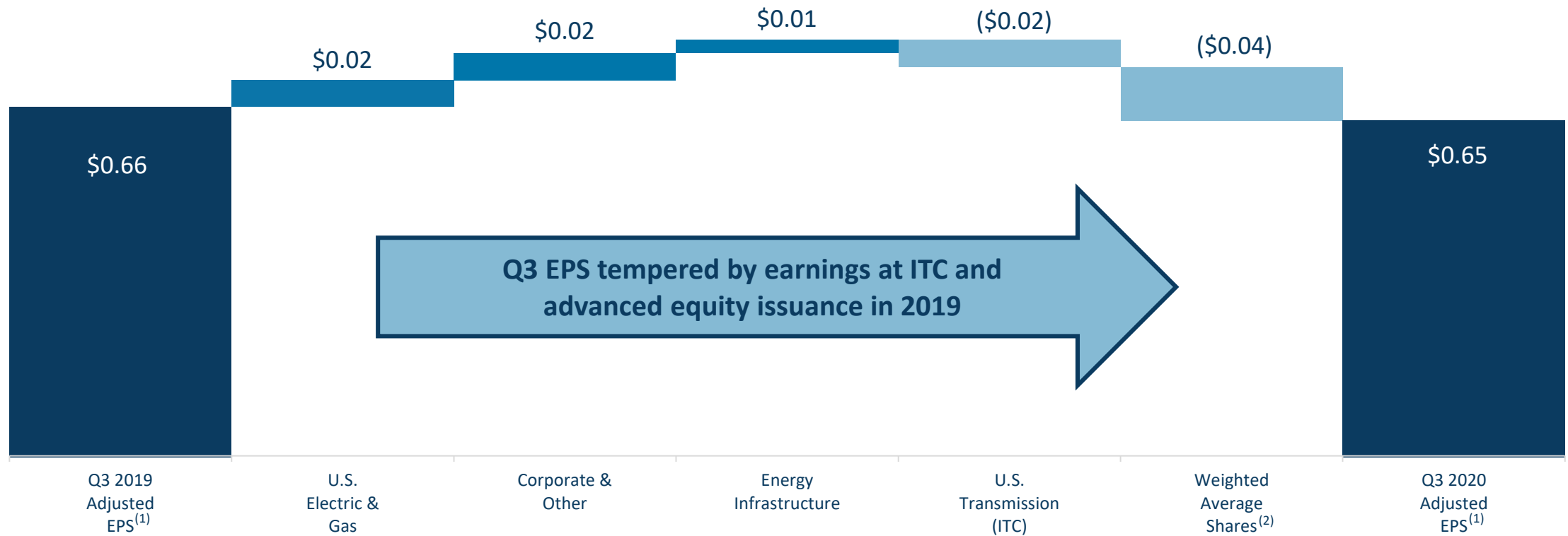
- \$484M Net Gain on Waneta Asset Sale in Q2 2019
- \$27M Favourable Impact of May 2020 FERC order at ITC

Q3 Adjusted EPS Impacted by:

- ↑ Rate Base Growth
- ↑ Weather in Arizona
- ↓ Q4 2019 Share Issuance
- ↓ Earnings at ITC

\$0.05 YTD COVID-19 EPS Impact

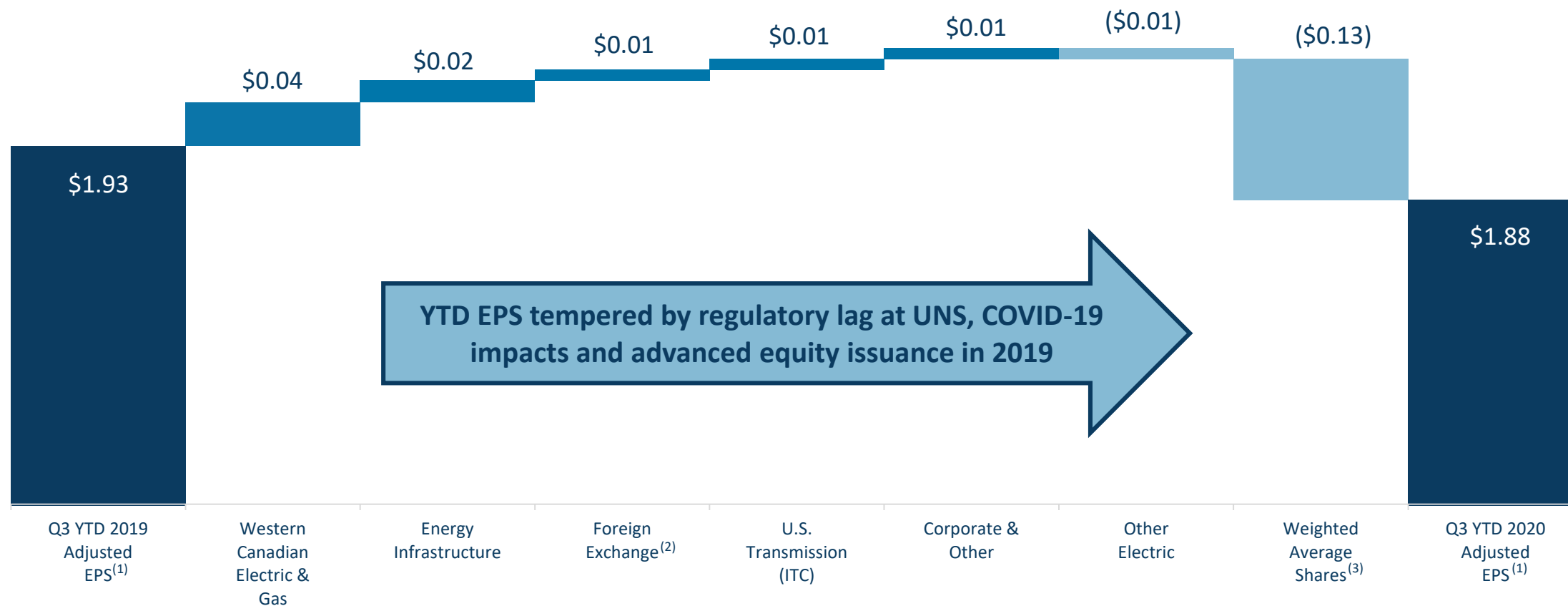
THIRD QUARTER EPS DRIVERS



(1) Non-US GAAP measure

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

SEPTEMBER YEAR-TO-DATE EPS DRIVERS



(1) Non-US GAAP measure

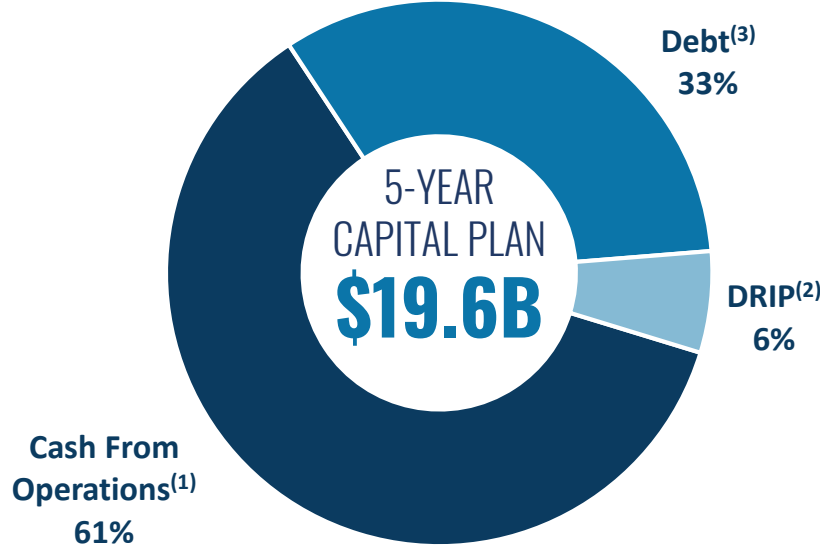
(2) Reflects higher average USD:CAD foreign exchange rate of \$1.36 for Q3 YTD 2020 versus \$1.33 for Q3 YTD 2019

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

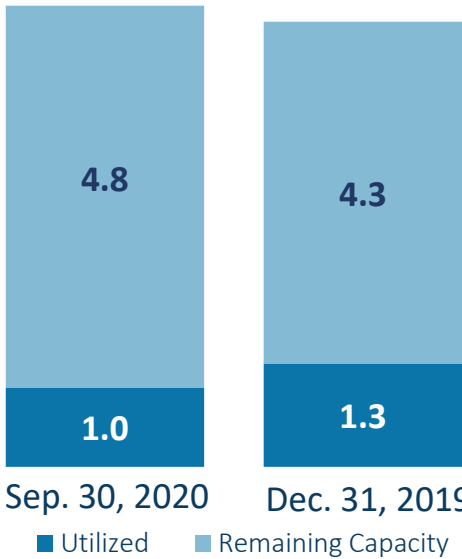
FUNDING PLAN & STRONG LIQUIDITY

MAINTAINING INVESTMENT-GRADE CREDIT RATINGS

2021-2025 FUNDING PLAN



CREDIT FACILITIES (\$B)



(1) Cash from operations after dividends and including customer contributions. This is a non-US GAAP measure.
(2) Includes funds from the Corporation’s dividend reinvestment and employee stock purchase and options plans.
(3) Regulated and corporate debt issuances, net of repayments.

**\$3B+ IN LONG-TERM DEBT
ISSUED YEAR-TO-DATE 2020**

- Strong access to debt markets
- Highlighted by inaugural green bonds at FortisBC and TEP
 - FortisBC - \$200M 30-year 2.54%
 - TEP – US\$300M 10-year 1.50%



UPDATE ON REGULATORY PROCEEDINGS



- **Notice of Proposed Rulemaking (NOPR) on Incentives** – Transmission Incentive NOPR issued in March 2020; comments filed in July 2020 and awaiting next steps



UNS Energy Corporation
A Fortis Company

- **TEP General Rate Application** – Hearings concluded in June 2020; decision expected in late 2020



- **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; decision expected in mid-2021



- **Generic Cost of Capital Proceeding** – Currently approved ROE and equity thickness parameters extended on a final basis for 2021; new proceeding to establish post-2021 parameters expected to commence in 2021
- **AESO Tariff Application** – Additional procedural steps completed in September 2020; decision expected in late 2020

WHY INVEST IN FORTIS?



**Well-Run
Businesses**



**ESG
Leader**



**Highly
Diversified**



**Focused on
Energy
Delivery**



Innovative



**Strong
Growth
Profile**



**Virtually
All
Regulated**



**6%
Dividend
Guidance**

EXPECTED UPCOMING EVENTS

UPCOMING EVENTS

EEI – 55th Financial Conference

November 9-11, 2020

EXPECTED EARNINGS RELEASE DATES

Q4 2020

February 12, 2021

Q1 2021

May 5, 2021



THIRD QUARTER 2020 EARNINGS CONFERENCE CALL

OCTOBER 30, 2020

FORTIS INC.



Q3 2020 RESULTS BY SEGMENT

Third Quarter Variance Analysis by Segment							
(\$millions, except weighted average shares and EPS)	Q3 2020	Adjustment	Adjusted Q3 2020 ⁽¹⁾	Q3 2019	Adjustment	Adjusted Q3 2019 ⁽¹⁾	Adjusted Q3 Variance
Regulated – Independent Electric Transmission							
ITC	101	-	101	107	-	107	(6)
Regulated – US Electric & Gas							
UNS Energy	144	-	144	139	-	139	5
Central Hudson	<u>19</u>	-	<u>19</u>	<u>16</u>	-	<u>16</u>	<u>3</u>
	163	-	163	155	-	155	8
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	(21)	-	(21)	(22)	-	(22)	1
FortisAlberta	35	-	35	37	-	37	(2)
FortisBC Electric	11	-	11	11	-	11	-
Other Electric ⁽²⁾	<u>33</u>	-	<u>33</u>	<u>32</u>	-	<u>32</u>	<u>1</u>
	58	-	58	58	-	58	-
Non-Regulated Energy Infrastructure	-	10	10	(4)	9	5	5
Corporate and Other	(30)	-	(30)	(38)	-	(38)	8
Common Equity Earnings	292	10	302	278	9	287	15
Weighted Average Shares (# millions)	464.9	-	464.9	437.4	-	437.4	27.5
EPS	\$0.63	\$0.02	\$0.65	\$0.64	\$0.02	\$0.66	\$(0.01)

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

SEPTEMBER YEAR-TO-DATE 2020 RESULTS BY SEGMENT

Third Quarter September Year-to-Date Variance Analysis by Segment							
(\$millions, except weighted average shares and EPS)	Sept YTD 2020	Adjustment	Adjusted Sept YTD 2020 ⁽¹⁾	Sept YTD 2019	Adjustment	Adjusted Sept YTD 2019 ⁽¹⁾	Adjusted Sept YTD Variance
Regulated – Independent Electric Transmission							
ITC	340	(27)	313	300	-	300	13
Regulated – US Electric & Gas							
UNS Energy	257	-	257	254	-	254	3
Central Hudson	<u>56</u>	-	<u>56</u>	<u>55</u>	-	<u>55</u>	<u>1</u>
	313	-	313	309	-	309	4
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	101	-	101	88	-	88	13
FortisAlberta	100	-	100	98	-	98	2
FortisBC Electric	43	-	43	42	-	42	1
Other Electric ⁽²⁾	<u>80</u>	-	<u>80</u>	<u>84</u>	-	<u>84</u>	<u>(4)</u>
	324	-	324	312	-	312	12
Non-Regulated Energy Infrastructure ⁽³⁾	12	11	23	12	13	25	(2)
Corporate and Other	(111)	13	(98)	376	(484)	(108)	10
Common Equity Earnings	878	(3)	875	1,309	(471)	838	37
Weighted Average Shares (# millions)	464.4	-	464.4	433.3	-	433.3	31.1
EPS	\$1.89	\$(0.01)	\$1.88	\$3.02	\$(1.09)	\$1.93	\$(0.05)

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

(3) September year-to-date 2019 earnings for Non-Regulated Energy Infrastructure include \$9 million in earnings from the Waneta Expansion up to the April 16, 2019 date of disposition..

ADJUSTED EARNINGS RECONCILIATION

Non-US GAAP Reconciliation						
(\$millions, except as indicated)	Q3 2020	Q3 2019	Variance	Sept YTD 2020	Sept YTD 2019	Variance
Common Equity Earnings	292	278	14	878	1,309	(431)
Adjusting Items:						
May 2020 FERC Order ⁽¹⁾	-	-	-	(27)	-	(27)
Anti-hybrid tax regulations ⁽²⁾	-	-	-	13	-	13
Unrealized loss on mark-to-market of derivatives ⁽³⁾	10	9	1	11	13	(2)
Gain on disposition ⁽⁴⁾	-	-	-	-	(484)	484
Adjusted Common Equity Earnings	302	287	15	875	838	37
Adjusted Basic EPS	\$0.65	\$0.66	\$(0.01)	\$1.88	\$1.93	\$(0.05)

(1) Reversal of regulatory liabilities accrued in prior years as a result of an order from FERC in May 2020 establishing a new base ROE, included in the ITC segment

(2) Reversal of a tax recovery, originally recognized in 2019, due to the finalization of anti-hybrid tax regulations in April 2020 associated with U.S. tax reform, included in the Corporate and Other segment

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

(4) Gain on sale of the Waneta Expansion, net of expenses, in April 2019, included in the Corporate and Other segment

2020-2025 RATE BASE BY SEGMENT

Rate Base ⁽¹⁾							
(\$billions)	2020F	2021F	2022F	2023F	2024F	2025F	5-Year CAGR to 2025
Regulated - Independent Electric Transmission							
ITC ⁽²⁾	9.4	9.9	10.6	11.3	11.9	12.5	6.0%
Regulated - US Electric & Gas							
UNS Energy	5.6	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>9.3%</u>
Total Regulated - US Electric & Gas	7.7	8.5	9.2	9.7	10.3	10.8	7.1%
Regulated - Canadian & Caribbean Electric & Gas							
FortisBC Energy	5.0	5.2	5.4	5.7	6.2	6.8	6.2%
FortisAlberta	3.7	3.8	3.9	4.0	4.1	4.2	3.0%
FortisBC Electric	1.4	1.5	1.5	1.6	1.7	1.7	3.8%
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	13.1	13.8	14.5	15.4	16.1	17.0	5.3%
Total Rate Base Forecast	30.2	32.2	34.3	36.4	38.3	40.3	6.0%

(1) US dollar-denominated rate base translated at a forecast 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

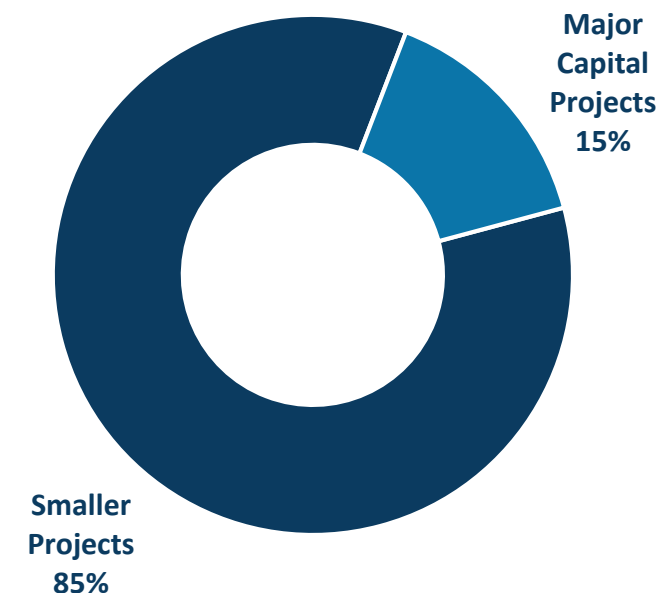
Capital Forecast ⁽¹⁾						
(\$millions)	2021F	2022F	2023F	2024F	2025F	2021-2025 TOTAL
Regulated - Independent Electric Transmission						
ITC	1,000	1,007	993	1,107	993	5,100
Regulated - US Electric & Gas						
UNS Energy	749	781	840	853	547	3,770
Central Hudson	<u>306</u>	<u>416</u>	<u>409</u>	<u>346</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 Forecast	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

	2020 Forecast ⁽¹⁾	2021-2025 Plan ⁽¹⁾	Expected Year of Completion
(\$ Millions)			
ITC Multi-Value Regional Transmission Projects	12	261	2023
ITC 34.5 kV to 69 kV Transmission Conversion Project	99	148	Post-2025
UNS Vail to Tortolita ⁽²⁾	-	244	2023
UNS Oso Grande ⁽³⁾	514	-	2021
FortisBC Eagle Mountain Woodfibre Gas line Project ⁽⁴⁾	-	350	2025
FortisBC Transmission Integrity Management Capabilities Project	6	441	Post-2025
FortisBC Inland Gas Upgrades Project	46	230	2025
FortisBC Tilbury 1B	1	376	2025
NEW FortisBC Tilbury Resiliency Tank	9	209	Post-2025
NEW FortisBC Advanced Metering Infrastructure	-	247	Post-2025
Wataynikaneyap Transmission Power Project ⁽⁵⁾	212	479	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 1.36 for 2020 and 1.32 for 2021 through 2025.

(2) The Vail to Tortolita transmission project was previously disclosed as a phase of the Southline Transmission Project.

(3) Construction began in 2019 and the project is expected to be commissioned in 2021.

(4) Capital plan is net of customer contributions.

(5) Represents Fortis' 39% share of the estimated capital spending for the project, including deferred development costs.

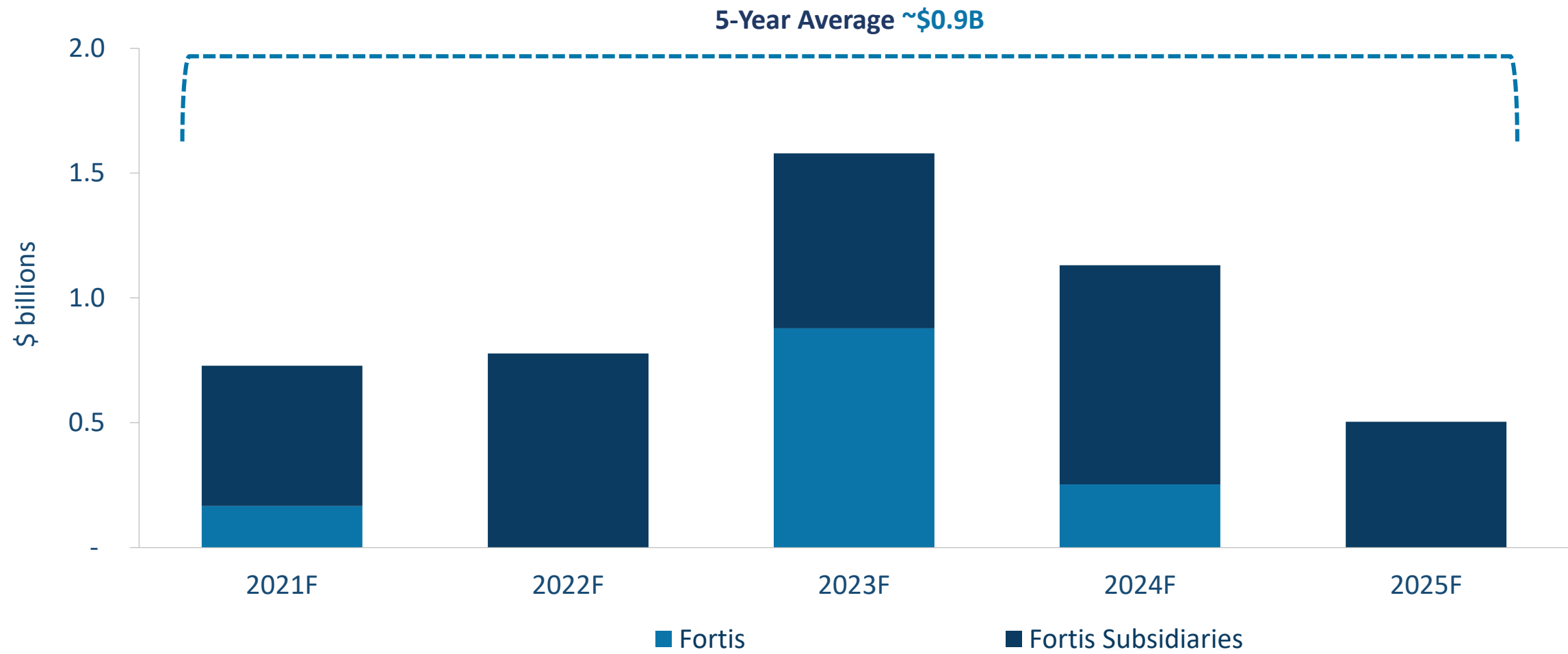
INVESTMENT-GRADE CREDIT RATINGS

Company	S&P Global	Moody's	DBRS
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+.



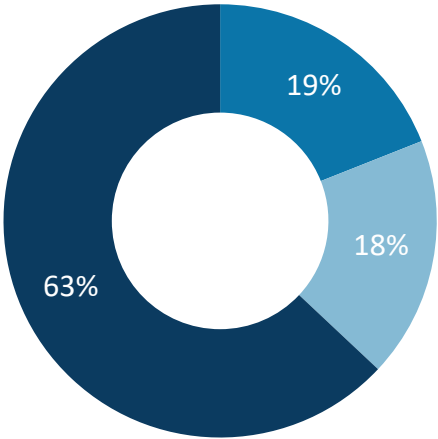
MANAGEABLE DEBT MATURITIES



Note: Debt as at September 30, 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.

~82% OF REVENUES PROTECTED BY REGULATORY MECHANISMS OR FROM RESIDENTIAL SALES

2019 REVENUES



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

EPS SENSITIVITY

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

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

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

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



COVID-19 Q3 SALES AND LOAD TRENDS:

SALES UP ~3% AT UTILITIES NOT PROTECTED BY REGULATORY MECHANISMS

REGULATORY MECHANISMS PROTECTING CHANGES

Q3 2020 VS. Q3 2019 SALES TRENDS



- Peak load increased ~1% including weather impacts



- Electric sales up ~3%
- Minimal exposure to commercial and industrial sales

Western
Canada



- In B.C., gas sales down ~12% due to lower consumption by transportation customers, partially offset by higher residential consumption; electric sales up ~4% due to residential customers
- In Alberta sales down ~6%; ~85% of revenue based on fixed-billing determinants

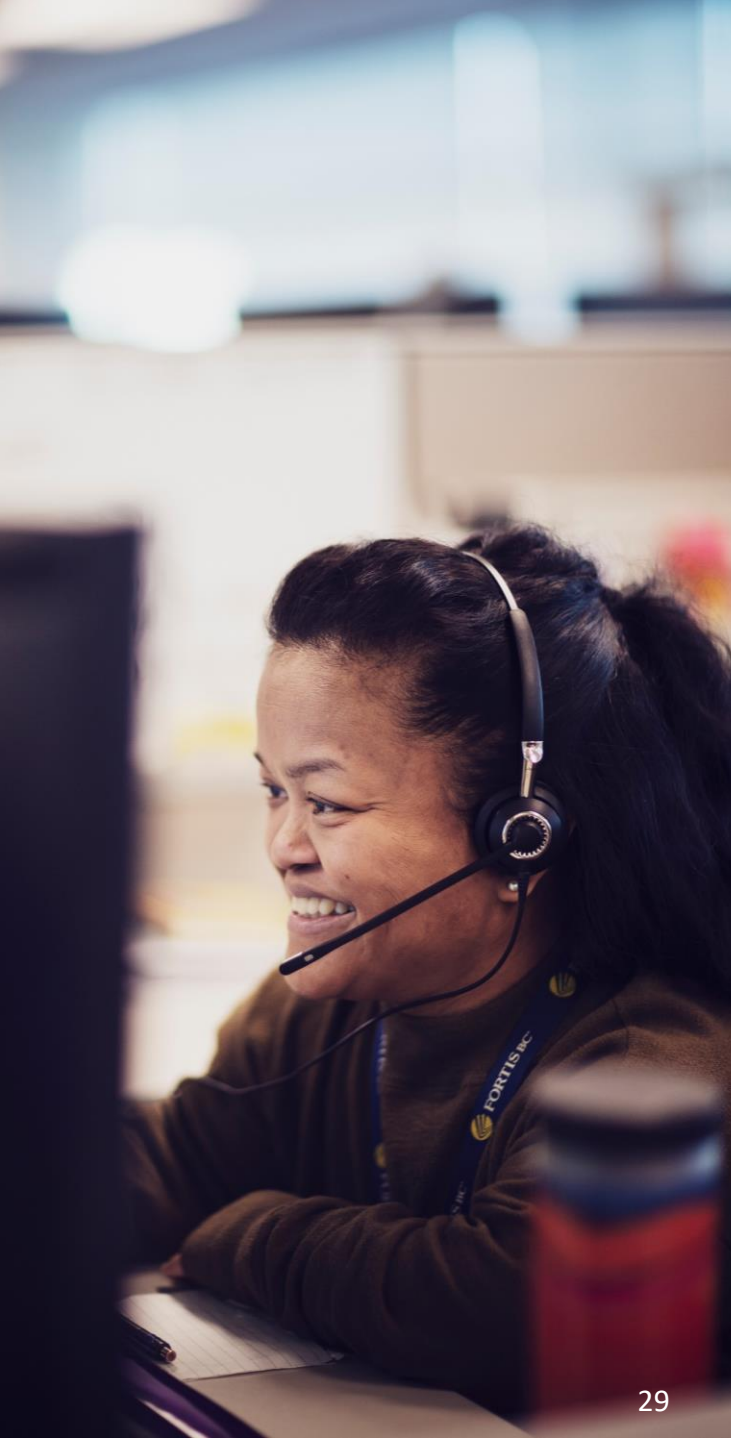


- Residential sales increased ~13% mainly due to weather
- Commercial and industrial sales down ~3%
- Overall retail sales increased ~5%, excluding weather impacts sales up ~1%

Other
Electric



- No material change in Eastern Canada as residential sales increased ~6% and commercial sales decreased ~5%
- ~10% decrease in the Caribbean, reflecting a 19% decrease in commercial sales



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

Foreign Exchange – Earnings & Capital Plan

- ✓ 65%⁽¹⁾ of earnings and 60% of 5-year \$19.6B capital plan from U.S. and Caribbean
- ✓ Foreign exchange sensitivity for every 5-cent change in USD:CAD exchange rate:
 - Average Annual EPS – \$0.06
 - 5-year Capital Plan – \$400M

Certain U.S. Retirement Benefits

- ✓ Certain retirement benefits funded through trusts and are subject to market volatility each quarter
 - Decline in market values in the first nine months resulted in a ~\$0.02 EPS decline year-over-year for UNS
 - Minimal impact at other utilities as assets are more heavily invested in fixed income

Credit Losses

- ✓ Potential for recovery of credit losses through extraordinary riders in regulatory mechanisms
 - FortisBC received approval for recovery in June 2020
- ✓ 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.