

## **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 2023-2027, including cleaner energy investments; the nature, timing and benefits of certain capital projects, including Wataynikaneyap Transmission Power Project; the 2030 greenhouse gas emissions reduction target; the 2035 greenhouse gas emissions reduction target and projected asset mix; the 2050 net-zero greenhouse gas emissions target; Tucson Electric Power's cleaner energy initiatives; the expectation to exit coal by 2032; forecast rate base and rate base growth for 2023 through 2027; the expected timing and outcome of the sale of Aitken Creek; annual dividend growth guidance through 2027; the expectation that the long-term dividend guidance will provide flexibility to fund more capital internally; and the expectation of delivering stable and compelling returns to shareholders over the long-term.

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 impact from volatility in energy prices, global supply chain constraints and persistent inflation; reasonable regulatory decisions and the expectation of regulatory stability; the successful execution of the capital plan; no material capital project or financing cost overrun; no material changes in the assumed U.S. dollar to Canadian dollar exchange rate; 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.**

REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

FTS.TO - Fortis Inc Annual Shareholders Meeting

EVENT DATE/TIME: MAY 04, 2023 / 1:00PM GMT

## CORPORATE PARTICIPANTS

**David G. Hutchens** *Fortis Inc. - President, CEO & Director*

**James R. Reid** *Fortis Inc. - Executive Vice President, Sustainability and Chief Legal Officer*

**Jo Mark Zurel**

**Jocelyn H. Perry** *Fortis Inc. - Executive Vice President and Chief Financial Officer*

**Stephanie A. Amaimo** *Fortis Inc. - Vice President of Investor Relations*

## CONFERENCE CALL PARTICIPANTS

**Jennifer Lawlor**

**Mark McGrath**

**Monica Gregory**

**Susan Escott**

**Tony Keeping**

**Chantelle Mugford**

**Denise O'Keefe**

**James Goodridge**

## PRESENTATION

**Stephanie A. Amaimo** - *Fortis Inc. - Vice President of Investor Relations*

Well, good morning, and welcome to the Annual Meeting of Shareholders of Fortis Inc. My name is Stephanie Amaimo, Vice President, Investor Relations. I would like to begin by acknowledging the land on which we gather today as the ancestral homeland of the Beothuk, Mi'kmaq, Innu and the Inuit. We recognize all First Peoples who were here before us and those who live with us now. At Fortis, we strive to be responsible stewards of the land and to respect the cultures, ceremonies and the traditions of all who call it home and the seven generations to come. If you are joining us virtually, please take a moment to acknowledge the First Peoples of the lands which you call home. As we open our hearts and minds to the past, we commit ourselves to working in the spirit of truth and reconciliation in our relationships with all First Peoples as we honour this beautiful land together.

I am pleased to be joining you today to support the facilitation of our hybrid Annual Meeting. All shareholders, whether you are present in-person or online, will be able to ask questions, vote and participate. Before we call the meeting to order, I will briefly review the procedures regarding voting and asking questions. Registered shareholders and duly appointed proxy holders are eligible to vote during the meeting. If you have already voted ahead of the meeting, your vote has been counted, and you do not need to vote again. If you have not yet voted and would like to cast your vote, shareholders in-person with us today can return the paper ballots to the scrutineers table to my left. Shareholders joining virtually may vote online for each matter brought forward at the meeting. To vote online, you must be logged in as a registered shareholder or appointed proxy holder. Further instructions can be found on the left-hand side of your screen.

Only registered shareholders and duly appointed proxyholders will be able to address the meeting and ask questions during the formal conduct of business. If you're in-person today, you may raise your hand and proceed to the nearest microphone. If you're online, you can click the messaging tab at the top of your screen and type your question.

We will address questions that directly relate to a particular motion at the appropriate time of the meeting, and we will address general questions from either shareholders or guests following Management's presentation. For questions submitted online, I will read the questions aloud and the

Chair of the Board or the President and CEO, as appropriate, will respond. If we receive questions of a similar theme, we may combine them or otherwise paraphrase your question in the interest of addressing as many questions as possible

We have reserved about 20 minutes for questions and answers and a complete list of these questions and our responses will be posted to our website following the meeting, including any questions received that were not able to be addressed during the Q&A period. I will now invite the Chair of our Board, Jo Mark Zurel, to call this meeting to order.

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### **Jo Mark Zurel**

Great. Thank you, Stephanie. Good morning, everyone. I'm pleased to call this 36th Annual Meeting of Fortis Inc. to order. My name is Jo Mark Zurel. I'm the Chair of the Board of Directors of Fortis and will serve as Chair of this meeting. Welcome.

On behalf of my Board colleagues, I would like to welcome you all. We'd also like to welcome everyone attending virtually via the Lumi platform. We are hosting this meeting in a hybrid format, both in-person and online, to allow shareholders the opportunity to participate from their location of choice. We thank you for joining us. This marks my first shareholder meeting as Chair. I'm pleased and honored to follow in the footsteps of Doug Haughey. Doug is retiring from the Board today after serving 14 years as a Fortis Director, including 6 years as Chair. Throughout his tenure, Doug focused on key strategic issues and brought out the very best in every Director. He is a gifted facilitator who leaves a legacy of excellence in Board governance. With Doug as Chair, Fortis pivoted to an organic growth strategy with an ever-increasing focus on sustainability. We sincerely thank Doug for his dedication and strong leadership. Doug, please stand for a round of applause.

Another member of our Board is retiring this year, Paul Bonavia. For the past five years, Paul has served as a Fortis Director and as a member of the Human Resources Committee and Governance and Sustainability Committee. He also previously served as a Fortis Director from May 2015 to February 2016. We thank Paul for his dedication, thoughtful leadership and insightful contributions over the years. Paul, I would ask that you please stand for a round of applause.

Thank you, Paul. Before we get to the formal part of the agenda, I'd like to briefly comment on some important areas of focus for the Board during this past year. In 2022, Fortis utilities and our 9,200 employees delivered electric and gas service to over 3.4 million customers in Canada, the U.S. and the Caribbean while outperforming industry averages for reliability and safety. The Board could not be more proud of the efforts of our people that serve our customers and communities while continuing to deliver strong financial results for our shareholders.

Fortis is committed to growing responsibly for the benefit of all stakeholders. This past year, we set a net-zero direct greenhouse gas emissions goal and we released our 2022 Sustainability Report, which fully aligns with applicable SASB standards, and our first TCFD and climate assessment report, which includes an analysis of the risks and opportunities under four climate-related scenarios.

We also made adjustments to our executive compensation structure to enhance alignment between the business and shareholder interests. In this regard, we have added new performance measures to our annual long-term incentive plans that are focused on carbon reduction and diversity, equity and inclusion objectives.

For many years, Fortis has been recognized as a governance leader. Our Board of Directors was ranked #1 out of the 226 companies in the S&P TSX Composite Index in the 2022 Annual Globe and Mail Board Games ranking of corporate governance practices.

Our Board is committed to implementing practices that enhance strategic planning aligned with shareholder interests and support effective oversight. This year, we are proud to put forward twelve highly qualified director nominees who bring diverse views, strong leadership, and highly relevant experience to the Fortis Board. Among the nominated directors are seven women and two individuals who self-identify as visible minorities. We continue to work to ensure our Board, Management team, and workforce better reflect the communities we serve. You'll hear more about our performance over the year and our plans for the future during Management's presentation.

As we reflect on our progress over the past year and the opportunities that lie ahead, your Board remains committed to the long-term success of Fortis and delivering a cleaner energy future. With me at the podium this morning are Dave Hutchens, your President and CEO; Jocelyn Perry, EVP and CFO; and Jim Reid, EVP, Sustainability and CLO. Members of our Board of Directors and Management team are present with us in-person today.

The formal business of this meeting will follow the agenda as set out in the notice of the meeting and included in the proxy circular. After the appointment of the Secretary and the scrutineers, we will receive the financial statements for the year ended December 31, 2022, followed by the election of your directors and the appointment of your auditors for 2023, together with the authorization of the directors to fix their remuneration. Finally, our shareholders will consider our annual advisory vote on the Company's approach to executive compensation.

Following the conclusion of the formal part of this meeting, we'll hear from Dave and Jocelyn for remarks from Management.

As in prior years, to expedite the meeting, several shareholders have agreed to move and second formal motions, and I will call on them at the appropriate times. Computershare Trust Company of Canada acts as our transfer agent and registrar of our common shares and, with your consent, I appoint Colleen Nielsen of Computershare and Bernard Young of Fortis Inc. to act as scrutineers for this meeting. I further appoint Jim Reid, EVP, Sustainability and CLO of Fortis to act as Secretary for this meeting. I ask that Jim read the Scrutineers' Report.

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**James R. Reid** - Fortis Inc. - Executive Vice President, Sustainability and Chief Legal Officer

We have received an affidavit from Computershare, our transfer agent, that the documents required to be delivered to shareholders were mailed on or before March 31, 2023, to shareholders of record as of March 17, 2023. The scrutineers have confirmed that there is a quorum present. Notice of the meeting having been given within the time prescribed in the by-law, and a quorum being present, I can confirm that this meeting is validly constituted for the transaction of business.

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**Jo Mark Zurel**

Thank you, Jim. The Secretary has reported that notice was properly given and that a quorum is present. I, therefore, declare this meeting validly constituted for the transaction of business. During the meeting, I may pause from time-to-time to check in with the Secretary as we coordinate both the in-person and virtual experience for our participants.

We'll begin by presenting our consolidated financial statements for the year ended December 31, 2022. Our 2022 Annual Financial Statements and accompanying Management Discussion and Analysis were filed with applicable securities regulators and posted to our website on February 10, 2023, with copies mailed to shareholders who indicated their preference to receive a printed copy. The unqualified opinion of your auditors, Deloitte LLP, is found on Page 3 of the Financial Statements. I would ask that you hold any questions on the financial statements until after the presentation from David and Jocelyn.

Before we move to our next item of business, I'll take a moment to explain our voting practice. The majority of votes are voted by proxy. These votes have been tabulated by Computershare up to the proxy cut-off time of 10:30 a.m. on Tuesday, May 2, 2023. Our Majority Voting Policy requires that we conduct a ballot vote to ensure that all shares voted in the meeting, both in-person and virtually, are tabulated and reported. I'm pleased to report that all resolutions received strong support from shareholders voting by proxy. Since the majority of our shareholders have expressed their wishes by proxy, we can confirm that all matters to be considered by the shareholders at this meeting have been approved by the requisite number of shareholders present in-person or online or represented by proxy. Regardless, we will tabulate all votes cast by proxy as well as votes cast live during the meeting.

For those of you in the room receiving ballots to complete your voting, we ask that you pass your ballots to the scrutineers or raise your hands so that your ballots may be collected and your vote tabulated. For those attending virtually and voting online during the meeting, we will open the voting for all resolutions at the conclusion of the reading of the first motion. Voting will close after the reading of the final motion. As a reminder, if you have already voted by proxy, you do not need to vote again. Your vote has already been counted.

Now, let's move to the Election of Directors for 2023. The Board of Directors of Fortis is proud to put forward twelve highly qualified candidates for election to the Board this year. The nominated Directors are pictured on the current slide, and their biographies are included in the proxy circular. Eleven of the nominated Directors currently serve on the Board. Our slate of Directors is committed, active and engaged and will work hard on your behalf to oversee the business of the corporation.

One of our nominees is standing for election for the first time, Don Marchand. Don is the former Chief Financial Officer of TC Energy and its predecessor, TransCanada Corporation, a leading North American energy infrastructure company. During his 27-year tenure with the company, Don held many leadership positions and executive roles, including the Executive Vice President, Strategy and Corporate Development. We welcome the extensive experience that Don will bring to our Board, and we are pleased to nominate him for election.

All the nominated Directors are independent except for David Hutchens, your President and CEO. The resolution to elect our Directors is set out on Page 14 of the Circular. I believe Tony Keeping has a motion to place before us.

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### **Tony Keeping**

I hereby move that Tracey C. Ball, Pierre J. Blouin, Lawrence T. Borgard, Maura J. Clark, Lisa Crutchfield, Margarita K. Dilley, Julie A. Dobson, Lisa L. Durocher, David G. Hutchens, Gianna M. Manes, Donald R. Marchand and Jo Mark Zurel, be elected as Directors of Fortis to hold office until the close of the next annual meeting or until their successors are appointed or elected.

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### **Jo Mark Zurel**

Thanks, Tony. I will ask Susan Escott to second the motion.

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### **Susan Escott**

I second the motion.

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### **Jo Mark Zurel**

Thanks, Susan. We'll now proceed to a vote. I remind you that the Board of Directors and Management recommend that you vote for all the nominated Directors. For those of you online who are registered shareholders or appointed proxy holders and have not yet voted and wish to vote during the meeting, you can now vote by selecting the polling icon on the navigation bar at the top of your screen. For those of you in the room entitled to vote, if you haven't already returned your ballot, please raise your hand so that the scrutineers may collect it from you.

I'm advised that the tabulation of the shares represented by proxy confirms that each of the nominees received more votes in favor than votes withheld and that no nominee received less than a 95% favorable vote. Based on the proxy vote, I can declare your Directors elected. I will now ask each of the Directors present to stand as I call their name and ask that you hold your applause, if you can, until I've introduced all of them. David Hutchens, Tracey Ball, Pierre Blouin, Maura Clark, Lisa Crutchfield, Margarita Dilley, Gianna Manes, Don Marchand, Larry Borgard, who is joining us online today, and yours truly, Jo Mark Zurel. Your Fortis 2023 Board of Directors.

I think I missed Don Marchand, did I? Lisa, my apologies, Lisa Durocher, please stand. And Julie Dobson, please stand.

Our next item of business is to appoint the auditors for 2023 and to authorize the Directors to fix their remuneration. In this regard, I believe that Jennifer Lawlor has a motion.

**Jennifer Lawlor**

I hereby move that Deloitte LLP be appointed auditors of Fortis until the close of the next annual meeting or until their successors are appointed and that the Directors be and are hereby authorized to fix the remuneration of the auditors, at such amount as they, in their discretion, determine.

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**Jo Mark Zurel**

Thank you. I'll ask Mark McGrath to second this motion.

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**Mark McGrath**

I second the motion.

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**Jo Mark Zurel**

Thank you, Mark.

Is there any discussion?

Thank you. We will now proceed to a vote. The Board of Directors and Management recommend that you vote for the appointment of the auditors.

Based on the proxy information we have received, over 99% of the proxy votes were cast in favor of the appointment of Deloitte LLP as auditors.

I, therefore, declare that Deloitte LLP are appointed auditors of Fortis Inc. for 2023 and that the Directors are authorized to fix their remuneration.

The final item of formal business is the advisory vote on the Fortis approach to executive compensation. As part of the Company's ongoing commitment to strong corporate governance practices, the Board adopted an annual non-binding advisory vote to accept the Company's approach to executive compensation. The resolution is discussed on Page 15 of the Circular. I ask Monica Gregory to propose the resolution in this regard.

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**Monica Gregory**

I hereby move on an advisory basis, and not to diminish the role and responsibilities of the Board of Directors of Fortis, the shareholders of Fortis accept the approach to executive compensation as described in the Compensation Discussion and Analysis section of the Management Information Circular of Fortis dated March 17, 2023.

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**Jo Mark Zurel**

Thank you, Monica. I'll ask Chantelle Mugford to second this motion.

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**Chantelle Mugford**

I second the motion.

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**Jo Mark Zurel**

Thanks, Chantelle.

Is there any discussion relating to this item of business?

Thank you. We will now proceed to a vote. The Board of Directors and Management recommend that you vote for the advisory vote on the Corporation's approach to executive compensation. The proxy results indicate that over 92% of the shares voted by proxy accept the Company's approach to executive compensation and, therefore, I declare the motion carried.

All motions to be voted on have now been moved and seconded and, based upon proxy results, have been carried. We will now proceed to close online voting for this meeting and will ask the scrutineers to confirm to the Secretary the results of the voting.

While this is taking place, I would like to take this opportunity to thank our shareholders who took the time to vote their shares this year, whether you voted today or in advance of the meeting. We appreciate your continued participation.

I will now ask our Secretary to confirm the voting results of the three resolutions placed before the meeting this morning. Final voting results will be published this afternoon in our press release that will be available on the Fortis website as well as filed on SEDAR and EDGAR. Jim, can you please confirm the results of the motions?

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**James R. Reid** - Fortis Inc. - Executive Vice President, Sustainability and Chief Legal Officer

Mr. Chair, based on the votes received by proxy prior to the proxy cutoff time and the votes received online, and in-person today, all motions have been carried.

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**Jo Mark Zurel**

Thank you, Jim. Based on the report of our Secretary, I confirm all motions brought before the meeting this morning have been carried. This concludes the formal business of the meeting. Before I pass things over to David and Jocelyn for Management's presentation, I will ask James Goodridge for a motion to terminate.

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**James Goodridge**

I hereby move that the meeting be terminated.

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**Jo Mark Zurel**

Thanks, James. Will Denise O'Keefe second the motion?

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**Denise O'Keefe**

I second the motion.

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**Jo Mark Zurel**

Thanks, Denise. I declare the 36th Annual Meeting of Fortis Inc. closed. I will be back with a couple of wrap-up comments at the end.

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**Stephanie A. Amaimo** - Fortis Inc. - Vice President of Investor Relations

Thank you, Jo Mark.



As a reminder for those online, to ask a question, select the messaging icon at the top of your screen. Type your message in the text box and then select the send button. If you are in the room today and would like to ask a question at the end of Management's presentation, please proceed to the nearest microphone.

I note that David and Jocelyn's statements today may include forward-looking information. Details regarding forward-looking information are on screen and can also be found in our 2022 Management Discussion and Analysis and as updated in our first quarter report to shareholders. Actual results can differ materially from forecast projections included in the forward-looking information presented today. Unless otherwise indicated, all financial information is referenced in Canadian dollars. With that, I will now pass things over to Dave and Jocelyn for Management's presentation.

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Good morning, and thank you for joining us. I'm happy to have a full house today. Welcome to our shareholders and guests here in the room and those joining us online.

To kick things off, I'll introduce our Fortis senior leadership team. Please stand as I call your name. Previously introduced by Jo Mark, we have Jocelyn Perry, Executive Vice President and Chief Financial Officer, and Jim Reid, Executive Vice President, Sustainability and Chief Legal Officer. We also have Gary Smith, Executive Vice President, Operations and Innovation and Senior Vice President, Capital Markets and Business Development, Stuart Lochray. I'd like to acknowledge a member of our executive team who retired in June; Nora Duke, who was our Executive Vice President of Sustainability and Chief Human Resources Officer. Nora had an incredible 36-year career with Fortis, and she was integral to the growth and success of Fortis, and we're incredibly grateful for her many contributions. Standup, Nora.

I'll now introduce the CEOs of our utility subsidiaries. I ask that you please stand as you're introduced. Linda Apsey, ITC Holdings; Roger Dall'Antonia, FortisBC; Ruth Forbes, Turks and Caicos; Chris Capone, Central Hudson; Susan Gray, UNS Energy; Scott Hawkes, FortisOntario; Richard Hew, Caribbean Utilities; Kay Menzies, Fortis Belize; Gary Murray, Newfoundland Power; Jason Roberts, Maritime Electric; and Janine Sullivan, FortisAlberta. Let's give them all a round of applause.

Also with us today is Margaret Kenequanash, CEO of Wataynikaneyap Power, a transmission company majority owned by 24 First Nations in partnership with Fortis.

And last but not least, my old boss, Barry Perry, is joining us today, past President and CEO of Fortis. Together with our 9,200 employees, we are Fortis. To all of you, thank you for your leadership and your commitment to safe operations and excellent customer service.

Fortis is a premium North American utility, delivering a cleaner energy future for our 3.4 million customers. With \$65 billion in assets, our geographic footprint is large and diverse. We have utility operations in 5 Canadian provinces, 10 U.S. states and 3 Caribbean countries. Fortis leadership teams are local to the communities and the customers they serve. Most of our utilities have Boards of Directors, with the majority of independent directors, that oversee their business. This local operating model is key to our success.

Several members of our utilities Boards of Directors have joined us here today. Please stand as I call your name: Newfoundland Power Board Chair, Gina Pecore; Maritime Electric Board Chair, Doug Newson; Fortis Alberta Board member, Guy Bridgeman; FortisBC Board member, Peter Blake; Central Hudson Board members, Kevin Cleary and Mary Madden; CUC Board Chair Sheree Ebanks; and ITC Board member, Doug Rothwell.

We are happy to have you here today. Please join me in acknowledging our independent Board members of our utilities.

While our companies operate across a vast geographic footprint, Fortis is an interconnected network rich with collaboration. Subject matter experts from many areas of our business, electricity and natural gas operations, safety, sustainability, human resources and many more, work together to drive innovation, share ideas and foster improvements that advance our business strategies.

The force of our combined strength was put to test last fall when three of our ten utilities were hit by one of the strongest storms in Canadian history. Hurricane Fiona caused significant damage in the Turks and Caicos, swept homes out to sea on the West Coast here in Newfoundland, and

caused power outages for nearly every customer of Maritime Electric on Prince Edward Island. 260 crews from across our utilities worked tirelessly to restore power as safely and quickly as possible.

I'd like to acknowledge the incredible teamwork and tenacity of our employees, contractors and communities in making this happen.

Our focus on safety and reliability was steadfast in 2022. We experienced the lowest recordable injury rate in Fortis history, and we kept the lights on and the gas flowing, outperforming industry averages in Canada and the U.S.

But providing reliable energy service into the future means preparing for more frequent extreme weather events and Fortis is taking a pragmatic approach to both mitigating climate change and preparing for its impacts. We are keenly focused on meeting our clean energy goals while investing in the resiliency of our energy systems, all in a manner that will ensure continued customer affordability.

In 2022, Fortis utilities invested \$4 billion to modernize and strengthen the resiliency of our energy systems, with \$600 million focused on cleaner energy infrastructure.

This includes one of our most transformative projects. You may recall the Wataynikaneyap transmission project will connect 17 remote First Nation communities to the Ontario Power Grid. In November, Kingfisher Lake became the third First Nation to turn off diesel generators and connect to the grid, supplying cleaner, more reliable energy.

Construction of the 1,800-kilometer Wataynikaneyap transmission line is 85% complete and scheduled to finish next year. This project will reduce greenhouse gas emissions by 6.6 million tonnes over a 40-year time frame.

Only 5% of Fortis assets are fossil fuel generation, which contributes to the vast majority of our Scope 1 greenhouse gas emissions, and we are committed to getting this energy as clean as we can, as fast as we can, while maintaining reliability and affordability.

Our approach is straightforward, replace fossil generation with renewables and storage, which leads to greenhouse gas emission targets that are clear and credible.

In fact, Fortis has already achieved a 28% reduction in Scope 1 emissions through 2022 compared to just 2019 levels, putting us more than halfway to our short-term target of reducing emissions 50% by 2030 and on track to achieve our midterm target of 75% by 2035. We have also established a long-term aspirational target to reach net-zero by 2050. And in pursuit of this goal, we are investing in innovative technologies and advocating for supportive regulatory and policy actions.

Reductions in our Scope 1 emissions are being driven by Fortis utility, Tucson Electric Power, that just last year shut down another 170 megawatts of coal-fired generation, supporting its plan to fully exit coal by 2032. Tucson Electric continues to increase renewable electricity generation capacity with plans to add an additional 3,400 megawatts of wind, solar and storage by 2035. As we reduce emissions to help mitigate climate change severity, we're also committed to a just transition and supporting the communities that are negatively impacted by these coal plant closures.

Fortis expects to invest \$5.9 billion in cleaner energy infrastructure over the next five years. Our focus is connecting renewables to the grid. This includes ITC's transmission investments as well as renewable and storage investments in Arizona and the Caribbean.

We're focused beyond electricity and looking at cleaner fuels as well. FortisBC is making important progress on decarbonizing the critical energy it delivers to its 1.1 million natural gas customers through investments in alternative fuels like renewable natural gas and hydrogen, as well as efficiency programs to help customers use less energy.

In 2022, FortisBC experienced its largest annual increase in renewable natural gas supply, and they've signed more than 30 renewable natural gas supply projects. This year, we announced a partnership for a new pilot project that will use an innovative technology to produce zero-carbon hydrogen from natural gas for the first time in North America.

By working together with all of our stakeholders, we'll continue to take deliberate and meaningful actions to execute our sustainability strategy. As we move to a cleaner energy future, we recognize that with cost increases in all parts of our lives, affordability is at the front of everyone's mind. Inflation and elevated commodity costs impact customer rates and requires us to find efficiencies through innovation and process improvements, getting the most out of our existing infrastructure and helping our customers manage their bills and save energy.

Now I'll turn things over to Jocelyn for an update on our financial performance as well as our 5-year capital plan.

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**Jocelyn H. Perry** - Fortis Inc. - Executive Vice President and Chief Financial Officer

Thank you, David, and good morning to everyone. I'm happy to start the presentation today with a look back on our 2022 results. David discussed several of our operational achievements in 2022. Our financial results were also very strong and showcased the strength of our regulated businesses. Reported net earnings were \$1.3 billion or \$2.78 per common share. This is up from \$2.61 in 2021. Our adjusted net earnings per common share were \$2.78, \$0.19 higher than 2021.

The EPS growth was mainly driven by rate base growth across our regulated utilities. We also experienced higher electricity sales and transmission revenue in Arizona and higher gas margins at Aitken Creek.

The results in 2022 were also positively impacted by foreign exchange. However, even when you remove that impact, 2022 adjusted EPS grew approximately 6% over 2021.

I'm also pleased to report we started 2023 strong. We released our first quarter results yesterday and Q1 2023 adjusted net earnings were \$439 million or \$0.91 per common share. This is up \$0.13 per common share over Q1 2022. During the first quarter, we made capital investments of \$1 billion and our annual \$4.3 billion capital plan remains on track.

We announced our new \$22.3 billion 5-year capital plan in the fall of 2022. This is our largest plan to date. It consists of virtually all regulated investments with a diverse mix of projects supporting rate-base growth across our utilities. As David outlined, the plan will improve our already low carbon footprint with \$5.9 billion in cleaner energy investments.

Our capital plan is low-risk, balanced and highly executable. Large projects account for just 17% of the plan. As always, we are focused on responsible, cost-effective investments that provide the most value for our customers. Our capital plan is expected to increase rate base by over \$12 billion from approximately \$34 billion in 2022 to over \$46 billion in 2027, supporting an average annual rate base growth of approximately 6.2%.

We were active in the debt capital markets again in 2022. We issued more than \$3 billion in long-term debt, including approximately \$400 million in green debt at ITC and FortisBC Energy.

In addition to our debt issuances, we amended the terms of our revolving corporate credit facility to establish sustainability-linked targets related to Board diversity and the reduction of Scope 1 emissions. With our recent debt issuances, coupled with \$3.6 billion available on our credit facilities, we continue to maintain a strong liquidity position, supporting our 5-year capital plan. We also saw an improvement in our credit metrics and achieved a cash flow-to-debt ratio of 11.7% for 2022. Our credit metrics, coupled with Fortis' low business risk profile, continue to support our investment-grade credit ratings.

On Monday, we announced we entered into a definitive sale agreement with Enbridge to sell our unregulated investment in the Aitken Creek Natural Gas Storage Facility in British Columbia for approximately \$400 million. This transaction is subject to approval and is expected to close in the second half of 2023. We expect to use the proceeds to pay down our corporate borrowings, which further strengthens our balance sheet and provides additional funding flexibility to support our regulated utility growth strategy.

In the third quarter of 2022, we announced annual dividend growth guidance of 4% to 6% through 2027. With our strong dividend track record and, low-risk regulated growth strategy, this guidance extends visibility on dividend increases through 2027. The updated guidance also provides flexibility to fund more capital internally as the macro interest rate environment continues to change.

Over a 20-year time frame, Fortis has delivered annual total shareholder returns of approximately 12%. Going forward, we expect to continue to deliver stable and compelling returns over the long run.

Looking ahead, we are focused on executing our five-year capital plan, which will drive rate base growth of 6% and support our annual dividend growth guidance of 4% to 6% through 2027. I'll now turn things back to David.

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Thank you, Jocelyn.

Fortis has delivered dividend increases to our shareholders for nearly five decades. This is one of the longest records for annual common share dividend increases by a public corporation in Canada. To continue this success, we must execute on our plan to deliver a cleaner energy future. This matters to our customers and the communities we serve, and it matters to you, our shareholders.

At Fortis, we remain guided by our values. At the center of these values are our people. Our employees are dedicated. They take pride in working hard and doing the right thing. We continue to focus on fostering a diverse, equitable, safe and inclusive workplace culture, where our employees can reach their full potential. I want to sincerely thank our 9,200 employees for your hard work and commitment to serve our customers. You are the reason for our continued success.

On behalf of Fortis, I also offer my thanks and gratitude to you, our shareholders, for investing in our company and for joining us today. I will now turn things over to Stephanie to begin the Q&A session. Thank you.

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## QUESTIONS AND ANSWERS

**Stephanie A. Amaimo** - Fortis Inc. - Vice President of Investor Relations

Thank you, Dave and Joslin.

So now we'll begin our Q&A session. I would open it up to the room. If you'd like to ask a question, please come to the microphones in the center, please.

I see no questions here in the room. I will go to the online questions that were submitted. We did receive one during the meeting. We have three also that were submitted ahead of time.

So, I'll start with the first one from James Polson. I'll read this verbatim. Accurate billing is fundamental to any business. It's been 18 months since Central Hudson Gas & Electric adopted a widely inaccurate billing system. It admits squandered a century of good customer relations. The regulator claims the adoption and continued failures violate state law. When will those customers get accurate monthly bills, and can Fortis assure shareholders this failure will not be repeated at other units?

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Yes. Thank you. Mr. Polson for that question. As many in the room know, we had a Customer Information System implementation at Central Hudson that went very poorly and had a very detrimental impact on a number of our customers in the Central Hudson service territory. We have put additional resources to bear at Central Hudson. We've brought in new people. We're hiring many in the call center and in billing to make sure that we can, in essence, recover from those back bills that were not done correctly.

As we sit here today, on a going-forward basis, we have confidence that the bills that are going out today are going out correctly. We still have work to do to get the last few of those prior bills cleaned up, and that's why we're getting those additional resources and those additional people and, of course, leaning across the Fortis family here to assist them. So, we obviously apologize to those customers for the detrimental impact that it had on them and we hope that you continue to work with us as we continue to fix those bills and rebuild that relationship and trust that we have with our customers there at Central Hudson.

As far as additional and different systems across our subsidiaries, this is a prime example of how we share lessons learned at one utility across the rest of them. We have had a lot of our teams have those conversations. We've had our corporate Chief Information Officer involved on these and we are making sure that when we do any upgrade like this going forward, we have everything that we need ahead of time and before going live and making sure that we don't have an impact like this again. And again, I apologize Mr. Polson.

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**Stephanie A. Amaimo** - Fortis Inc. - Vice President of Investor Relations

Thank you, Dave. So we have three more questions that were pre-submitted. This comes from Derek Hutchens who cannot be here in person with us today.

Mr. Hutchens, in the Annual Report, you talked about growth opportunities, but I question your ability to raise funds internally when your actual dividend payout last year was nearly a record high of 78%. To borrow the necessary funds would be costly, given the interest rate hikes in the past year. So, can you continue to pay out such a large percentage of net income for shareholder dividends and finance growth internally?

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

Mr. Hutchens, thank you for submitting those questions. I'm sorry you're not here. I think the last time we saw you live was four years ago and looking forward to you joining us again here in person. So, it's a great question and I think there's a couple of things to understand. One is our base funding plan is extremely straightforward. When you look at how we're funding that \$22.3 billion capital plan, 57% of that is coming from funds from operations, 33% is coming from subsidiary debt, and 10% is coming through our dividend reinvestment program. So very, very straightforward. The other thing is that there's two other pieces of information that are useful in this conversation, particularly related to payout ratio is the first is last year, we changed our dividend growth policy to target 4% to 6%. And that gives us a little additional flexibility to use internally generated funds, which gives us a little bit more headroom. And when we announced that, it was very clear that we said what we want to do here is have the rate base and underlying growth of the utilities that can support that 4% to 6% dividend growth while decreasing our payout ratio.

So that's been the target. Now, of course, when you look at it, as we sit here today with the announcement last, or I guess it was this week, of the Aitken Creek Gas Storage, that's another way that we're adding flexibility to our funding. That's \$400 million of additional funding that we're taking out of an unregulated part of our business that we can invest infrastructure in our regulated businesses. So that's another thing that gives us, improves, our balance sheet strength and provides us that funding flexibility. So those are the pieces that I would say address that issue, Mr. Hutchens.

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**Stephanie A. Amaimo** - Fortis Inc. - Vice President of Investor Relations

Thank you. So here's the next question. Mr. Hutchens, given the Canadian and U.S. foreign exchange rates of recent years, what impact is it having on seeking additional investment opportunities in the U.S.?

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**David G. Hutchens** - Fortis Inc. - President, CEO & Director

So just to be clear, this is a different Mr. Hutchens than me. So, these weren't me submitting myself some soft-ball questions or something.

So, FX, I'm not sure which way you're addressing this question, so I am going to answer both.

From an M&A perspective, FX is obviously something that goes into the basket of different variables when you're looking at mergers and acquisitions, say, in the U.S. as a Canadian company. Let me just put that one aside and say that's not where we're going. That's not what we're doing. That's not what we're focused on. So, it doesn't really impact anything from a strategy perspective for us. Our strategy is clearly to grow organically across the existing footprint that we have.

The other one is, well, does it impact in any way the investments that you make in your U.S. subsidiaries? And, absolutely not, right. Those are decisions that are made down at that local utility level. And frankly, all that FX kind of washes out when you think about our U.S. subsidiaries, right? The U.S. subsidiaries earn in U.S. dollars, get U.S. debt and send those dollars up to us in U.S. dollars. So, the FX sort of nets out and takes care of itself. So, no impact on our strategy and no worries from our perspective.

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**Stephanie A. Amaimo** - Fortis Inc. - Vice President of Investor Relations

Thank you. One last question here. Mr. Chairman, a human capital question. How do you identify candidates for leadership positions and how successful were you last year with your new leadership program?

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**Jo Mark Zurel**

Okay. Well, thank you very much for that question. Human capital is a hugely important priority for our Board of Directors. Fortis is a people business. We have the Board of Directors under the capable leadership of Julie Dobson, the Chair of our Human Resources Committee, who does an annual talent review, which includes a review, in particular, of the most important and imminent succession requirements. How that works is Dave and the executive team at Fortis Inc., along with all of the CEOs of the subsidiaries, profile all of their top leaders, profile their capabilities and the steps needed, the experience needed, for them to advance to higher positions within the organization as well as the next generation of leaders that will be there for future requirements. In the past year, we had, since the start of 2022 until now, we've had 13 planned executive retirements who we've recruited and put into new positions. Of these, 11 were candidates who were identified through the annual talent review process.

Another highlight for this past year - over the past few years we all hear a lot about the great resignation where through the pandemic, a lot of companies struggle to keep their people. We did not lose a single executive member across the organization to a resignation during that whole period. So, it speaks to Fortis as an employer and as a place where we all feel proud to serve. The one other thing I'll highlight is we've got a new program called our Fortis Leadership Lab. It started in 2021. We've had two cohorts go through already. Almost 70 participants have been through that. At our last Board meeting, we got to see a couple of participants present to the Board of Directors on real-live Fortis risks and opportunities and how they tackle them. How this works is the early career individuals within Fortis who identified as having a lot of talent and leaders of the future are challenged and paired up with mentors from the executive ranks of Fortis to tackle these real-life problems and opportunities. And they get to show their talent broadly across the organization.

And I'm happy to say that over 50% of the people who have gone through the first two cohorts have already been promoted. And in fact, you saw James Goodridge, he made a motion today. He's one of that group. And I know a lot of us focused on our sustainability reporting and all the progress we've made. Kealey Martin was promoted to VP yesterday, and she came to that program as well. So, we're very excited about the leadership team at Fortis, and we'll continue to focus on talent development and succession.

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**Stephanie A. Amaimo** - Fortis Inc. - Vice President of Investor Relations

Thank you, Jo Mark. Having received no further questions, this concludes our Q&A session. I would like to turn it over to Jo Mark for final comments.

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**Jo Mark Zurel**

Great. Thank you, Stephanie. First, thank you very much for the questions today. They are always an important part of our annual meeting. Thank you to everyone who helped to organize this hybrid meeting, including critical Fortis employees, the audiovisual teams and the staff of the St.

John's Convention Center. On behalf of our Board of Directors, we'd like to thank the entire Fortis team, including the folks in our operating companies for our continued strong performance in 2022.

Finally, I'd like to thank our shareholders and other stakeholders who participated both in-person and online today. With that, I'll declare the meeting adjourned.

Please join us for lunch outside, but don't get in the way of Dave and Kathy Hutchens, right? They are expecting a grandchild later today. So, as soon as they stand up, they're going to bolt straight through the lobby and head to the airport because they want to be on the ground when the baby is born. So, all the best and congratulations to you both.

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