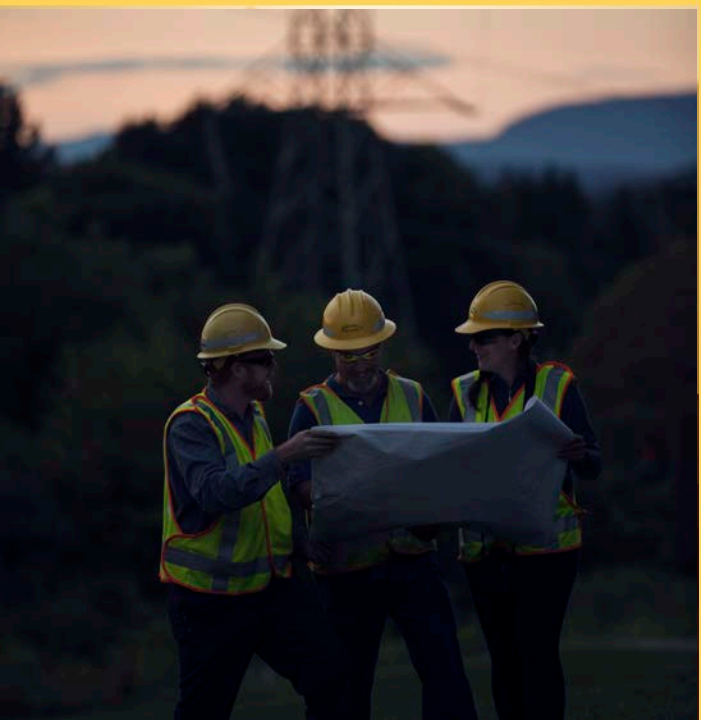
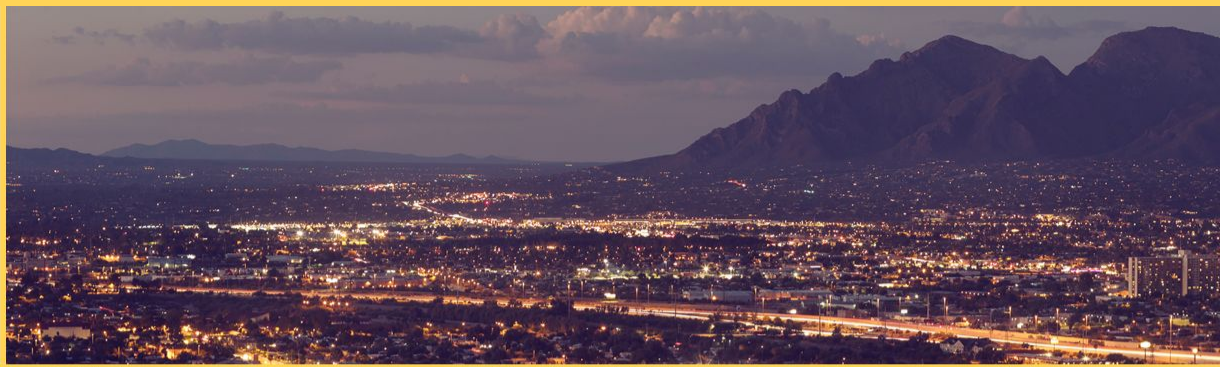


FORTIS



2017  
INVESTOR  
DAY



# Investor Day Presentation

October 2017

FORTIS

# Wired for Growth

## Strategic Overview and Capital Plan

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**Barry Perry**

Fortis Inc., President & CEO



# Forward-looking information

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Fortis Inc. (“Fortis” or the “Corporation”) 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 included in this presentation reflects the expectations of Fortis management regarding future growth, results of operations, performance, 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 forward-looking information, which includes, without limitation: targeted average annual common share dividend growth through 2022; the Corporation’s consolidated and segmented forecast rate base for 2017 and the period 2018 through 2022 and associated compound annual growth rate for the period 2018 through 2022; the Corporation’s forecast gross consolidated and segmented capital expenditures for 2017, 2018 and the period 2018 through 2022; the nature, timing and expected costs of certain capital projects including, without limitation, the FortisBC Pipeline Integrity Management Program, Eagle Mountain – Woodfibre Gas Pipeline Project and Lower Mainland System Upgrade, UNS Flexible Generation Resource investment and Combined Cycle Generation purchase, the ITC Multi-Value Regional Transmission Projects and 34.5kV to 69kV Conversion Project; TEP’s Resource Diversification Plan; additional opportunities beyond the base plan including, without limitation, the Lake Erie Connector, the Wataynikaneyap Project, and the FortisAlberta LED streetlight conversion project; potential aggregate capital opportunities for the period 2018 through 2022; expected fixed-term debt maturities; target cash flow hedging; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; and 2017 forecast new customers and energy deliveries at FortisAlberta.

Forward-looking information involves significant risk, 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 risk factors or assumptions include, but are not limited to: uncertainty regarding the outcome of regulatory proceedings of the Corporation’s utilities and the expectation of regulatory stability; no material capital project and financing cost overrun related to any of the Corporation’s capital projects; sufficient human resources to deliver service and execute the capital program; the Board of Directors exercising its discretion to declare dividends, taking into account the business performance and financial conditions of the Corporation; risk associated with the impact of less favorable economic conditions on the Corporation’s results of operations; no significant changes in laws and regulations that may materially negatively affect the Corporation and its subsidiaries; and currency exchange rates. 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 Fortis with Canadian securities regulatory authorities and the Securities and Exchange Commission. 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 referenced is in Canadian dollars and references to rate base refer to midyear rate base.**

# Investor day agenda

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1

## Wired for Growth – Strategic Overview and Capital Plan

Barry Perry, President & CEO

2

## Blueprint for Growth – Business Trends, Near and Long-Term Incremental Opportunities

Jim Laurito, EVP, Business Development

3

## Financial Outlook – 5-Year Plan and Outlook

Karl Smith, EVP & CFO

4

## Q&A followed by Lunch Break

5

## Roundtable Sessions – In-depth Conversations with Fortis Leaders





**Barry Perry**  
President & CEO



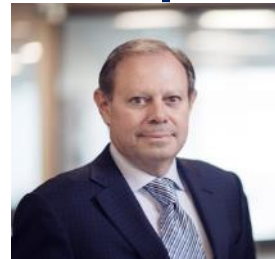
**Karl Smith**  
EVP, CFO



**Nora Duke**  
EVP, Corporate  
Services & CHRO



**Gary Smith**  
EVP, Eastern Canadian  
& Caribbean Operations



**James Laurito**  
EVP,  
Business Development



**David Bennett**  
EVP,  
Chief Legal Officer &  
Corporate Secretary



**Phonse Delaney**  
EVP,  
Chief Information  
Officer



**David Hutchens**  
President & CEO  
UNS Energy



**Michael Mosher**  
President & CEO  
Central Hudson



**Linda Apsey**  
President & CEO  
ITC Holdings Corp.



**Michael Mulcahy**  
President & CEO  
FortisBC



**Karl Bomhof**  
President & CEO  
FortisAlberta

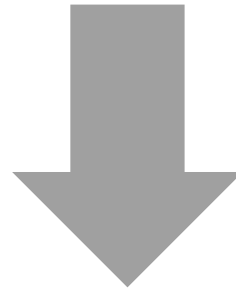
# Our strategy – simple, effective, proven

## *Strategy*

*Leverage the operating model, footprint of our utilities, operating expertise, reputation and financial strength to develop growth opportunities*



Dividend Growth Target:  
6% Average Annual  
Growth Through 2022



Investment-Grade  
Credit Ratings

## *Strategic Initiatives*

Execute  
Utility  
CAPEX Plan

ITC  
Transmission  
Growth

Deliver  
Cleaner  
Energy

Enhance  
Customer &  
Regulatory  
Relationships

Unlock LNG  
Value

Pursue Energy  
Infrastructure  
in and Near  
Existing Service  
Territories

# Substantially autonomous operating model

Thinking globally, acting locally

## Corporate Oversight

- Strategy
- Capital Attraction
- Investor Relations
- Public Company Reporting
- Talent Management
- Business Development
- Cybersecurity
- Corporate Governance
- Corporate Communications

## Local Presence

- Customer Focus
- Local Management Team
- Community Giving
- Mostly locally based independent board members at the subsidiary level
- Close to Regulators

## Local Autonomy

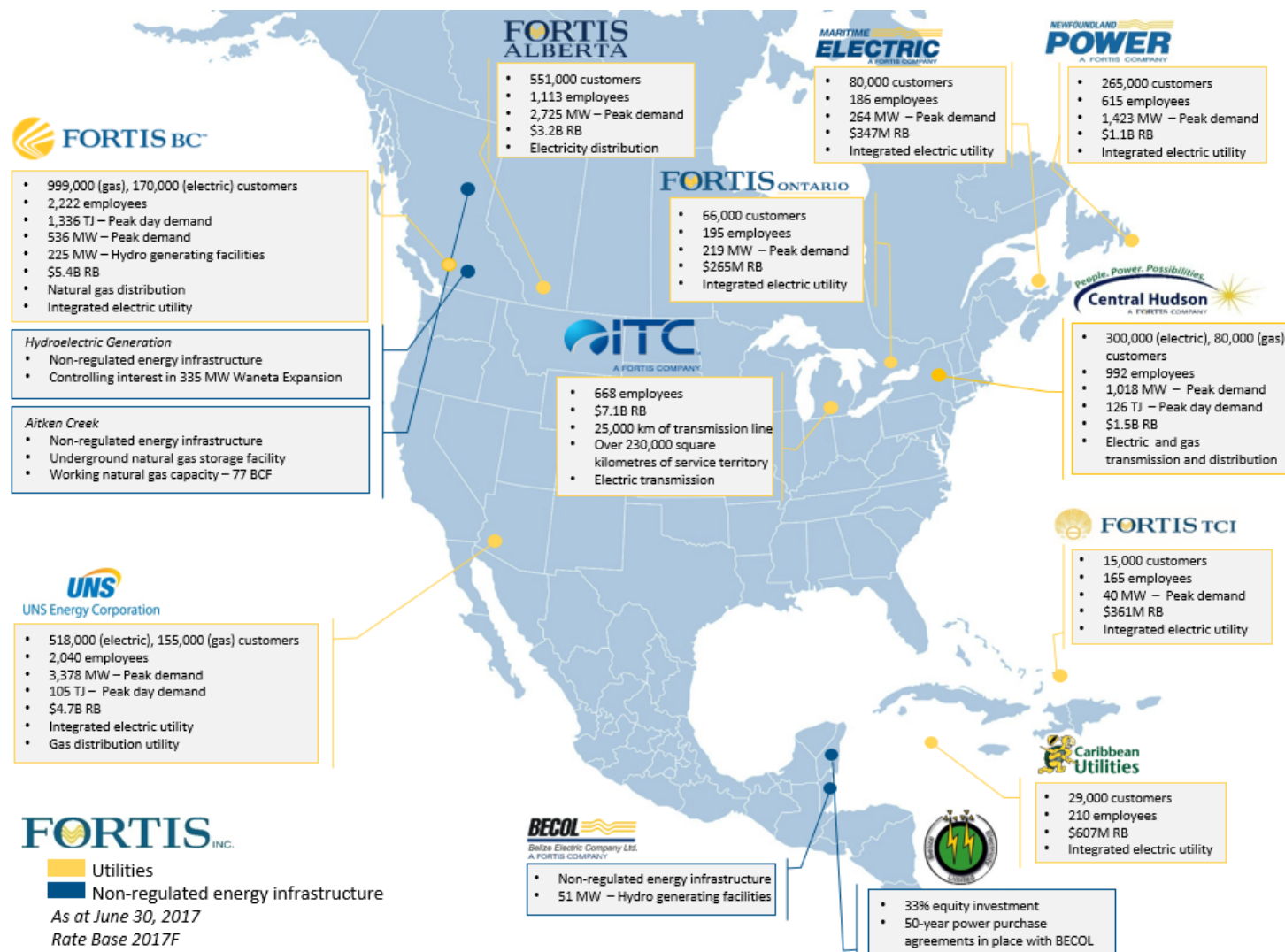
- IT / Cybersecurity
- Federal Regulations & Policy
- State / Provincial Regulations
- Capital Budgeting
- Labour & Regulatory Relations
- Local Government
- Operations

## Sharing of Best Practices

- Operations
- Information Technology
- Human Resources
- Customer Service
- Legal
- Regulatory
- Finance & Accounting
- Communications
- Local CEOs serve on other subsidiary boards

# High quality & diverse utility portfolio

One of the lowest risk utility businesses in North America





# High quality & diverse utility portfolio

Highly regulated, predominantly wires and gas LDCs

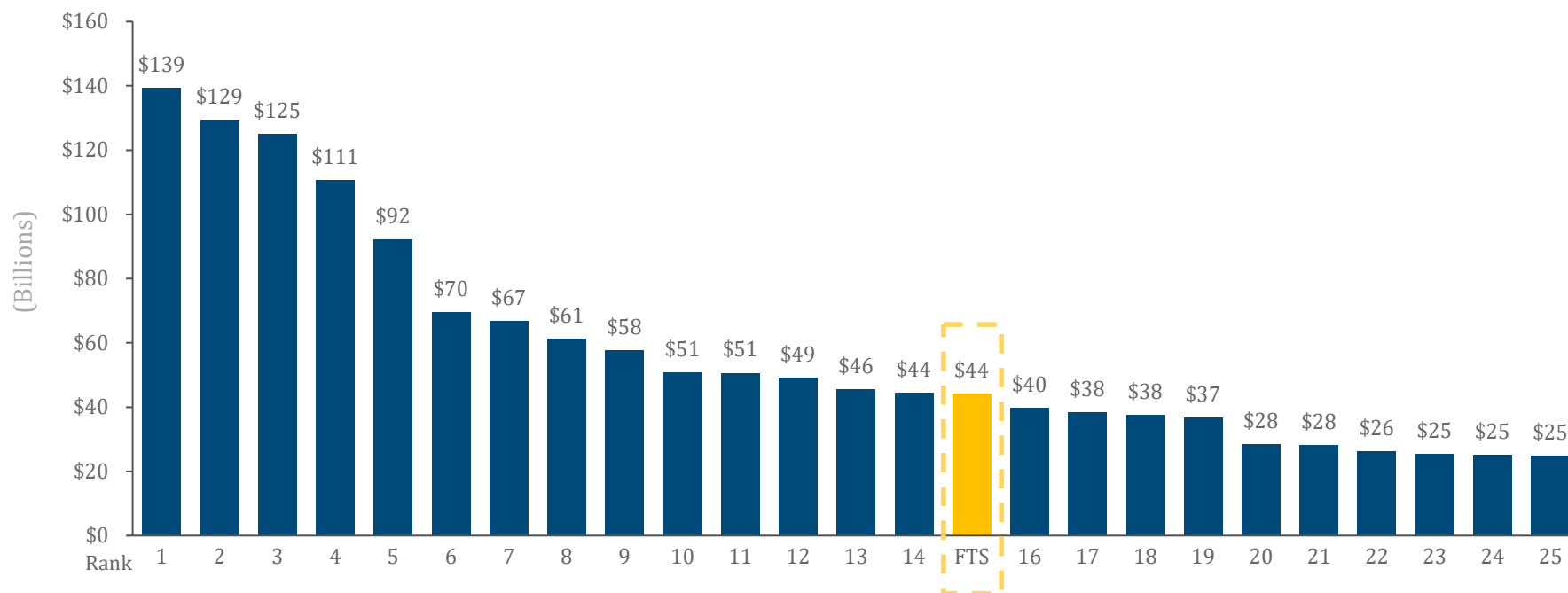


(1) As at June 30, 2017.

(2) As at December 31, 2016.

# We have now achieved scale

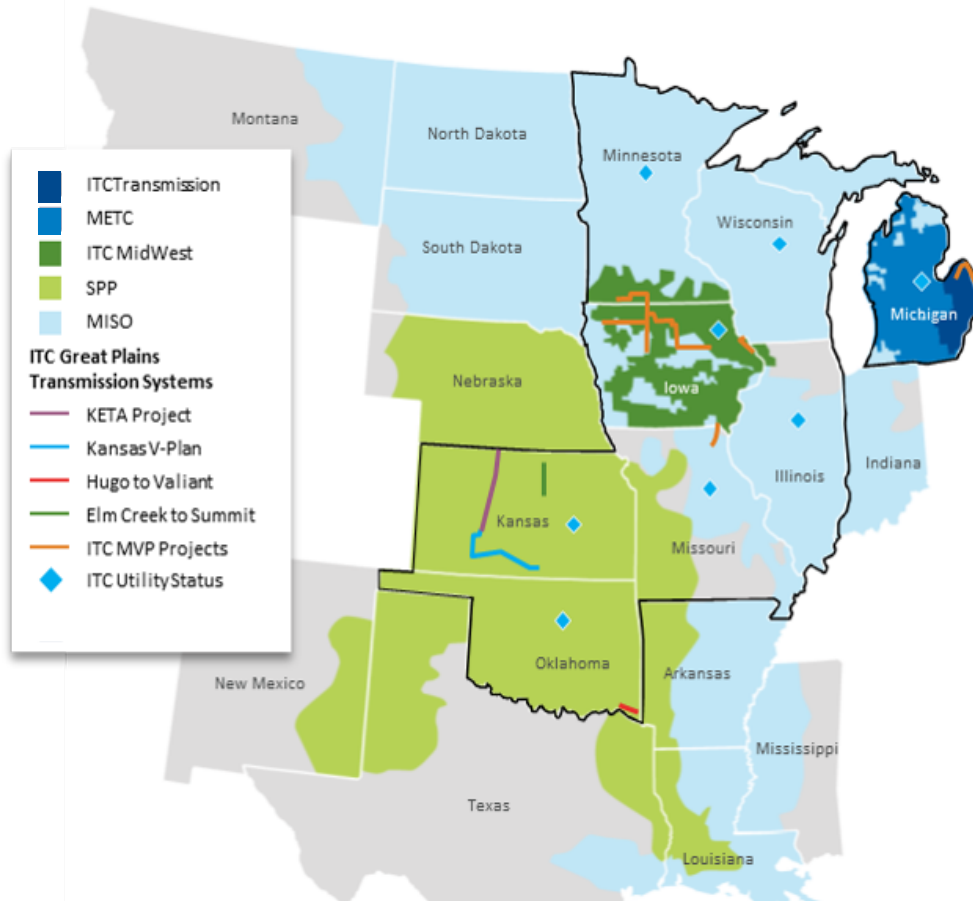
- Fortis is a top 15 North American investor-owned utility ranked by enterprise value<sup>(1)</sup>



Source: CapitalIQ and public company filings

(1) Includes integrated electric utilities and gas distribution utilities per CapitalIQ. Enterprise values based on market close as of September 29, 2017. Based on a USD/ CAD exchange rate of \$1.25 and the \$44.78 closing price of Fortis' common shares on September 29, 2017.

# Addition of ITC augments high-quality regulatory construct



## Key Facts

2017F Rate Base **\$7.1B**

5-Year CAGR on Rate Base<sup>(1)</sup> **4.8%**

5-Year Capital Spending **\$3.6B**

**11.32%–12.16%**

Allowable ROE

**60%**

Equity Thickness

**668**

Employees

**90,000**

Square Miles of Service Territory

Development Activity  
(not included in  
base 5-year capital plan)

**Incremental Regulated Transmission,  
Contracted Transmission & Storage**

(1) 5-Year CAGR on rate base includes \$7.1B 2017F to \$9.0B 2022F.

# Swift action to support Hurricane Irma relief efforts

Our hurricane response team was on the ground just 48 hours following the aftermath of Hurricane Irma in Turks and Caicos to support restoration efforts

60 / 48  
PEOPLE / HRS

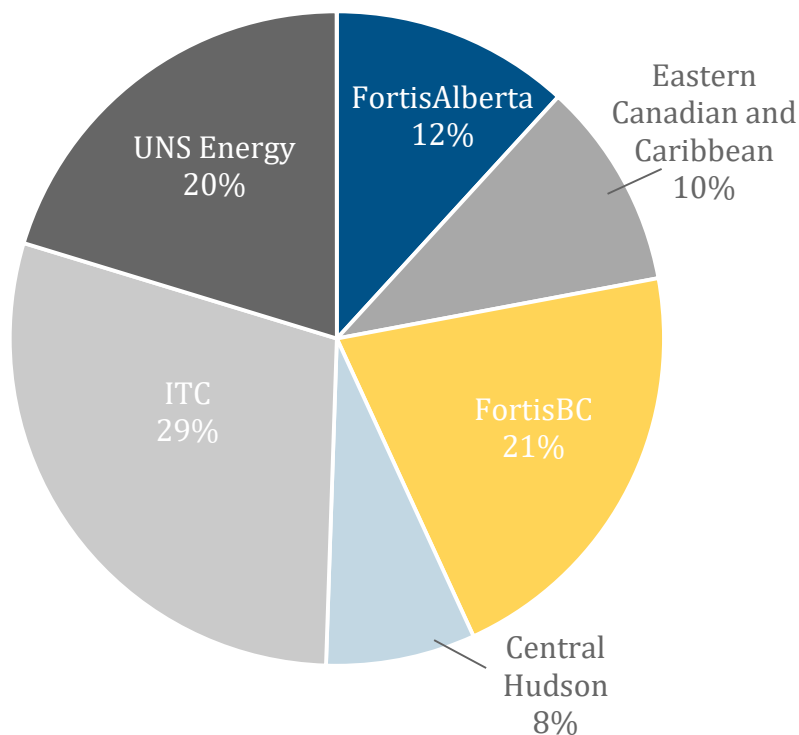




# Constructive regulatory relationships

## Regulated Utility Assets

As at June 30, 2017



*“They truly are as separate and, you know, independent as you can be while still owning all of the common stock of the company” – Kansas Corporation Commission*

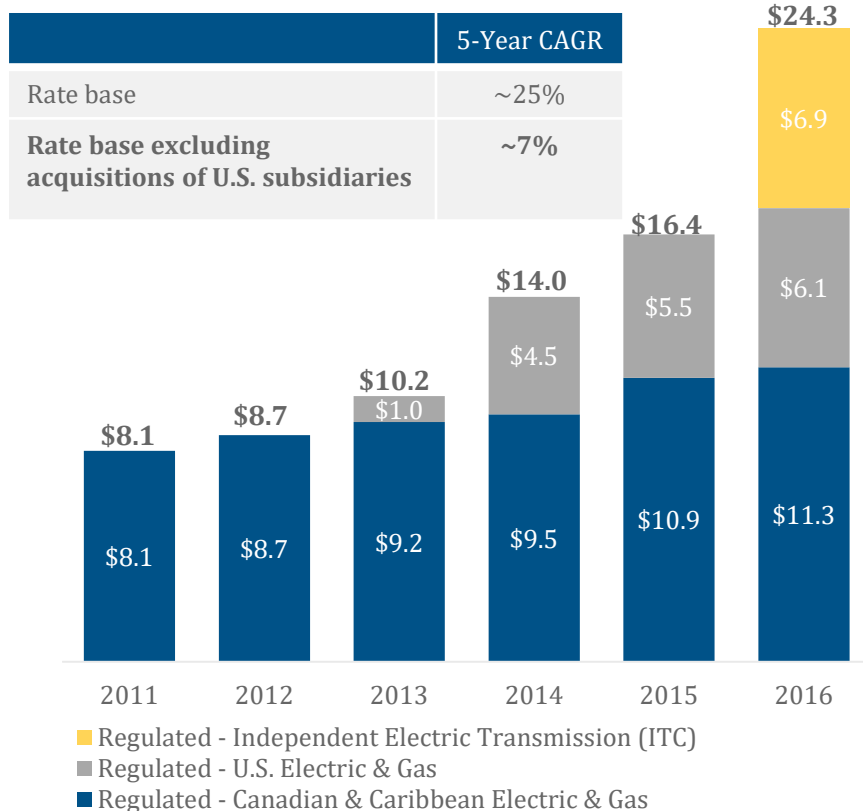
*“Fortis has experience owning and operating regulated utilities in Canada and the United States, with a **reputation for honoring regulatory commitments**” – Arizona Corporation Commission*

*“In approving the Fortis acquisition of Central Hudson and in considering the **standalone philosophy of the Fortis operating model**, the New York Public Service Commission unanimously concluded that the acquisition was in the public interest” – New York Public Service Commission*

# Strong track record of rate base and EPS growth

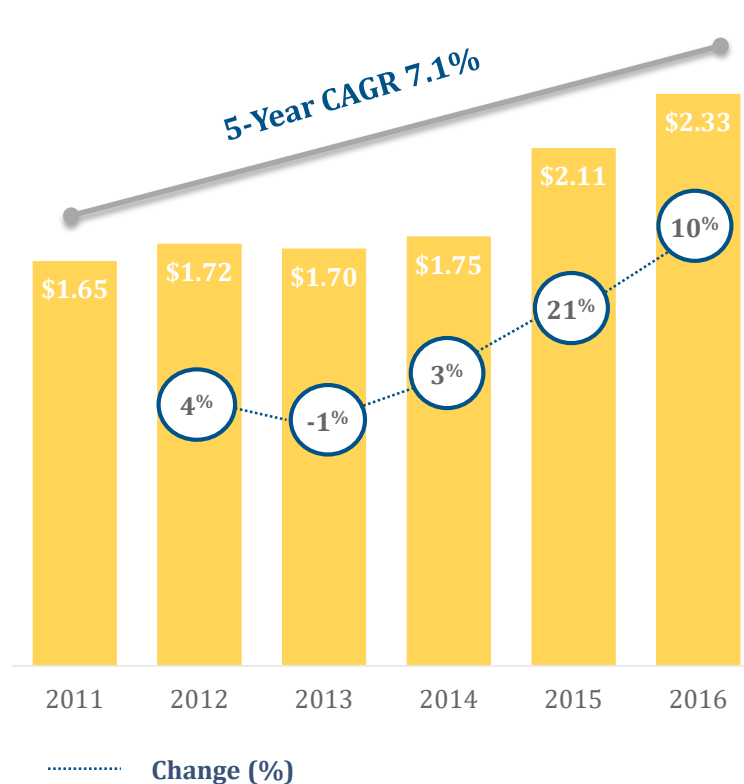
## 2011 – 2016 Rate Base

(\$ billions<sup>(1)</sup>)



## Adjusted Earnings Per Share

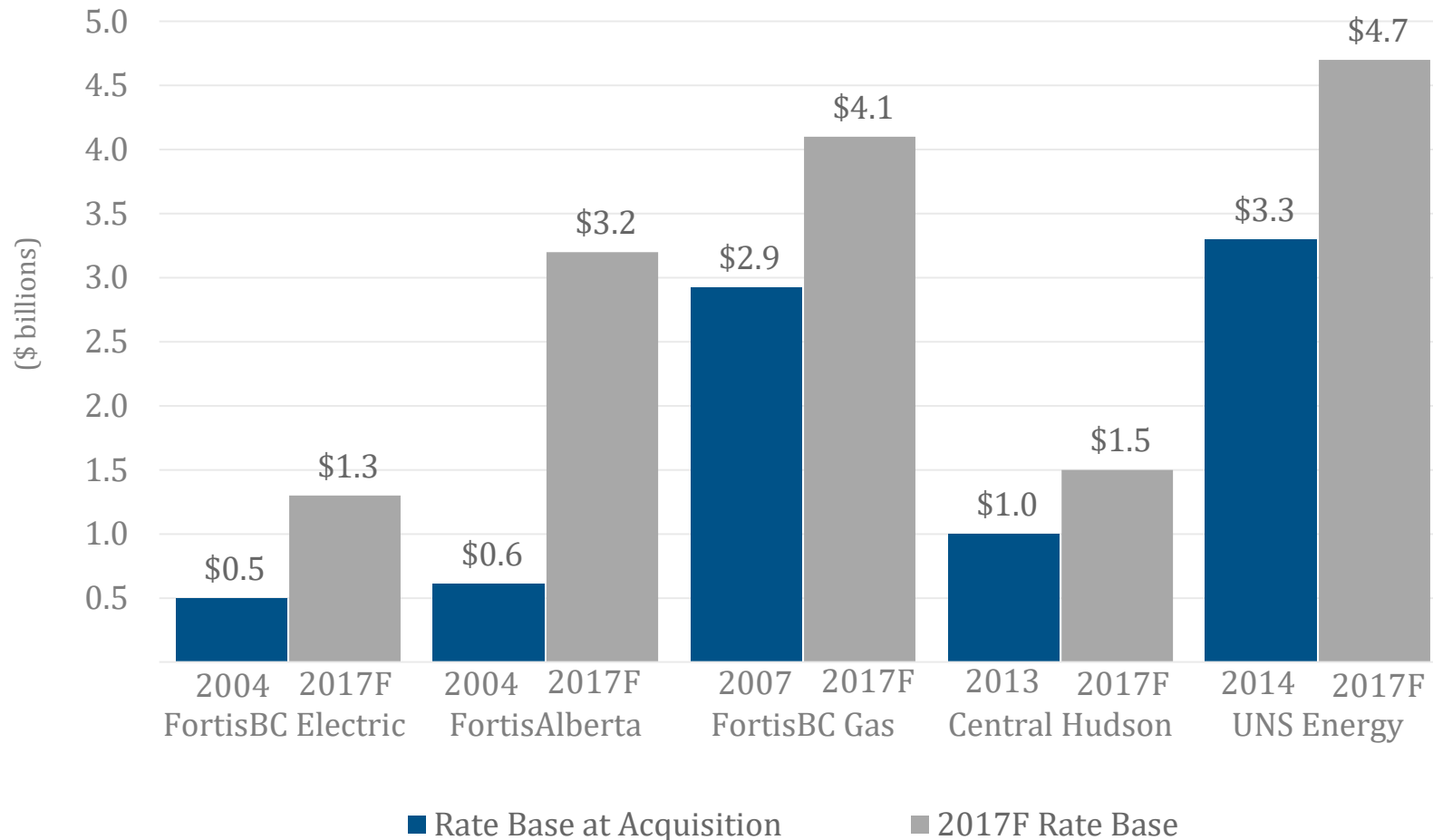
(\$ millions)



(1) US dollar-denominated rate base converted at the historical USD/CAD exchange rates as reported in the respective filed annual reports.

# Past acquisition success delivers strong growth platform today

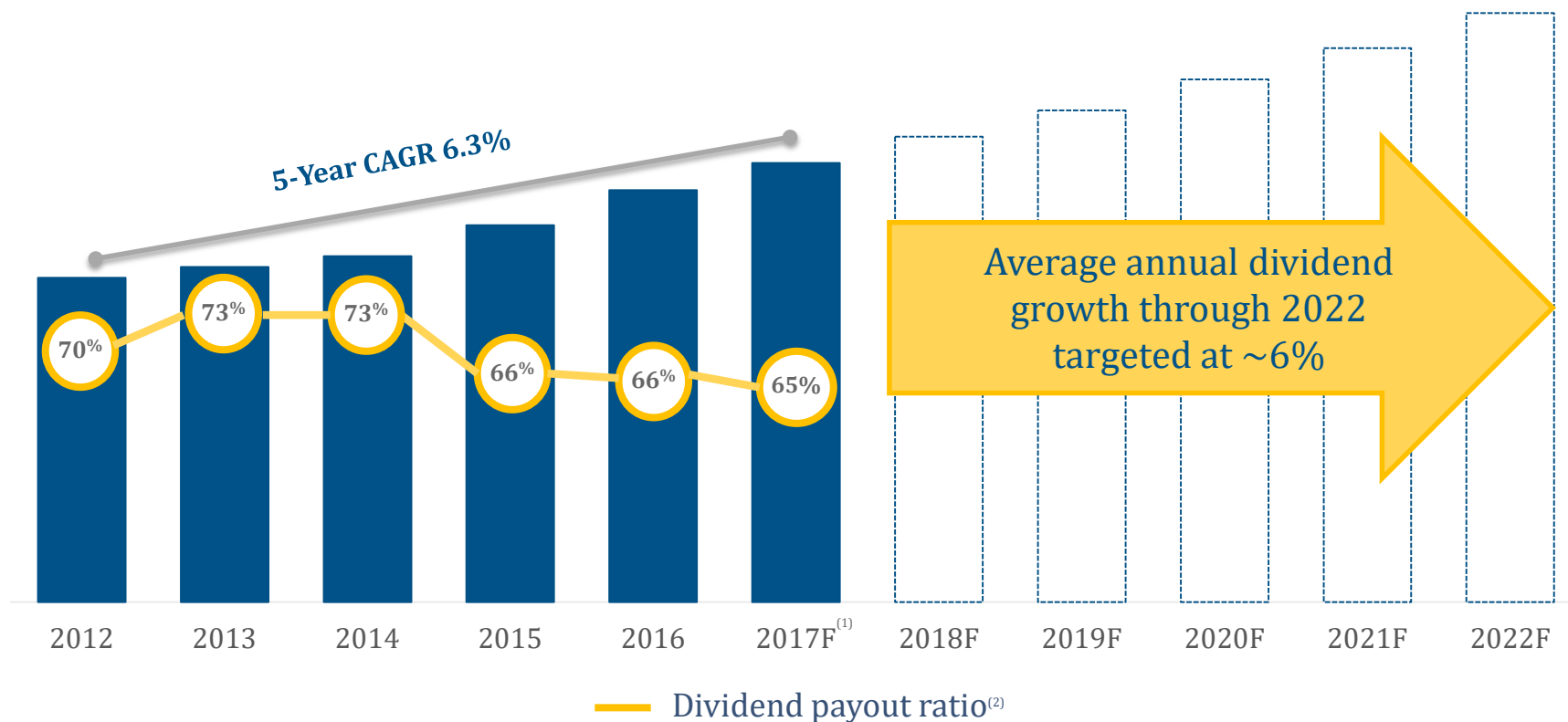
Rate Base from Acquisition to 2017F<sup>(1)</sup>



(1) US dollar-denominated historical rate base converted at the USD/CAD exchange rates as reported in the respective filed annual reports. US dollar-denominated 2017F rate base is translated at a forecast USD/CAD foreign exchange rate of \$1.28.

# 44 consecutive years of annual dividend payment increases

Guidance extended through 2022



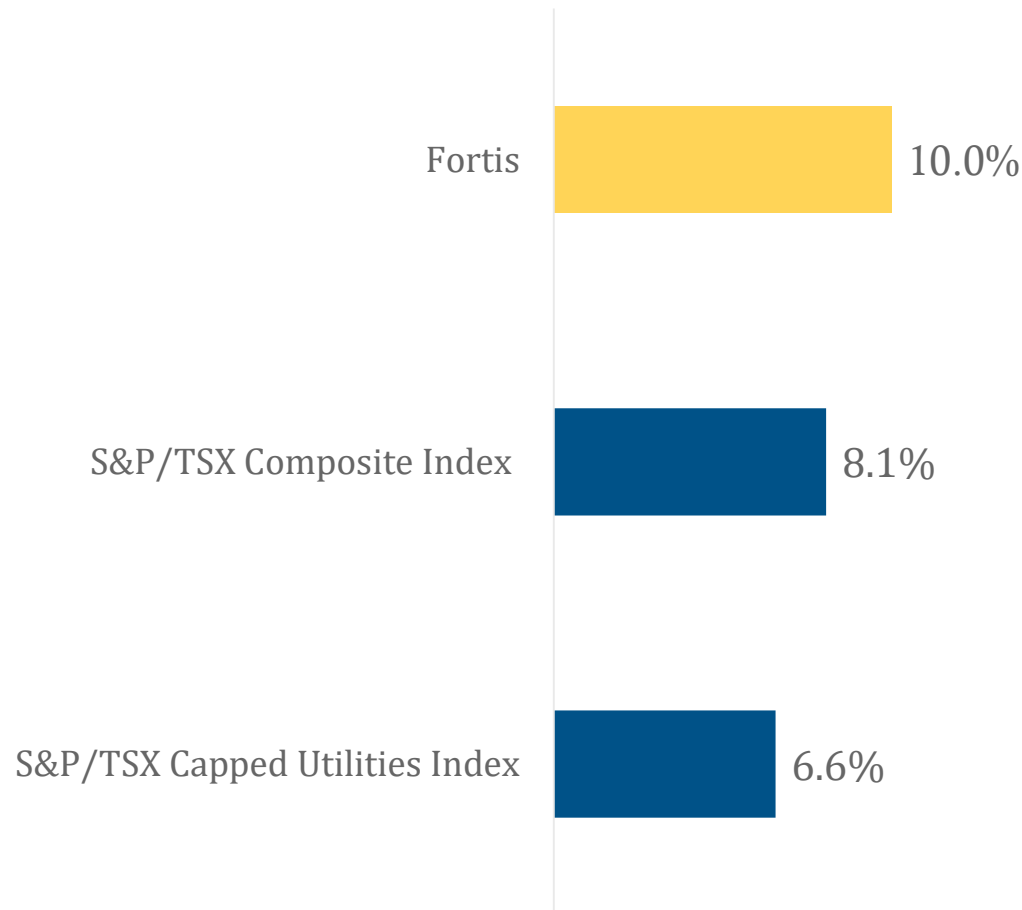
(1) 2017 forecast dividend payout ratio based on the consensus EPS estimate of \$2.50.

(2) Dividend payout ratio adjusted for non-operating items.



# Supporting the delivery of superior total shareholder returns

- Average annualized total shareholder return over last 5 years<sup>(1)</sup>

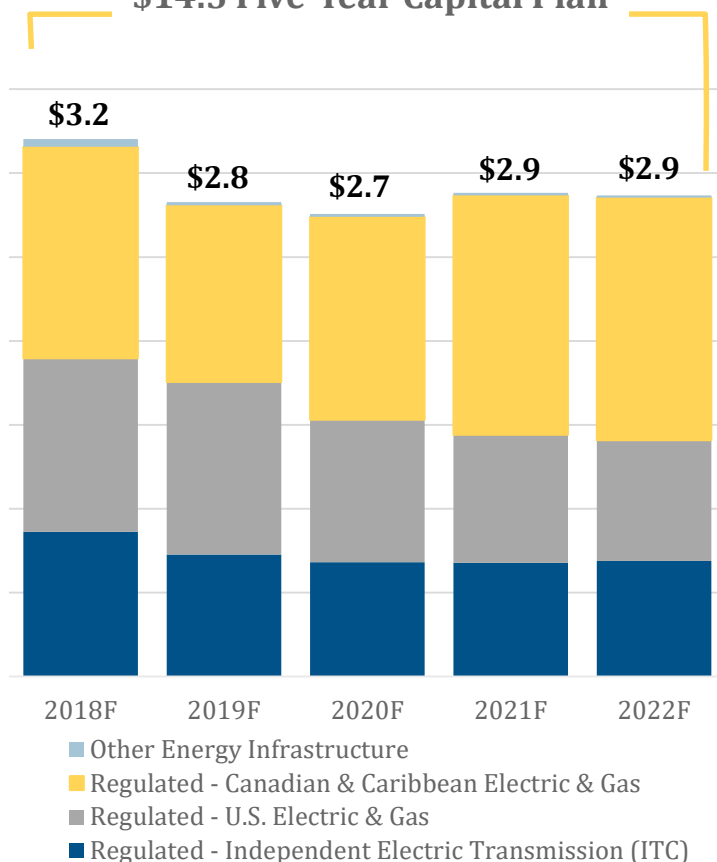


(1) For the 5-year period ending September 29, 2017.

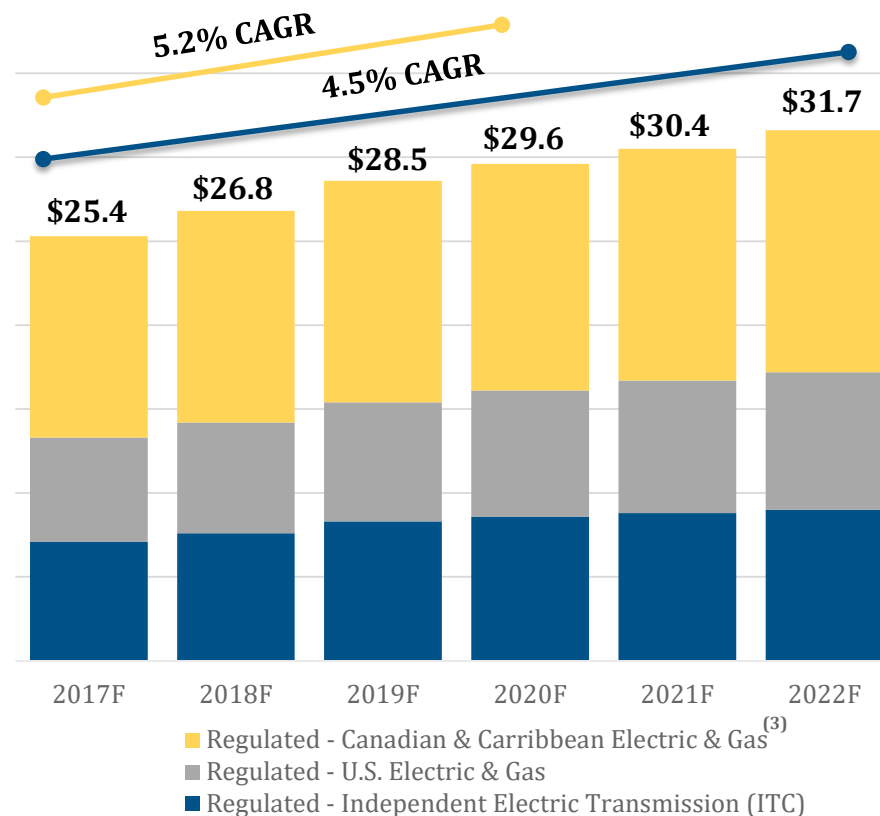
# Strong outlook – capital program and rate base growth

**Capital Expenditures<sup>(1)</sup>**  
(\$ billions)

**\$14.5 Five-Year Capital Plan**



**Rate Base<sup>(2)</sup>**  
(\$ billions)



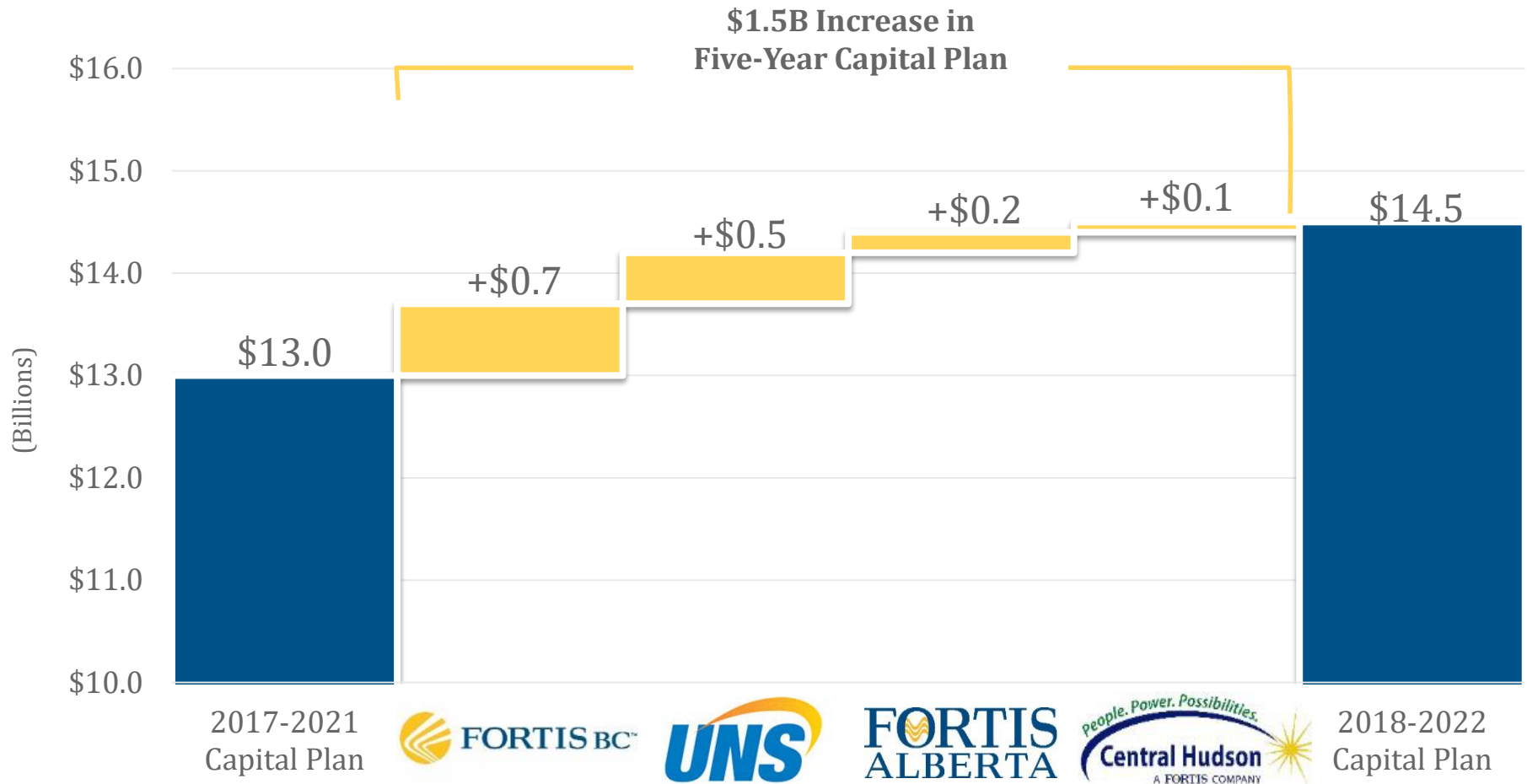
(1) US dollar-denominated capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.28.

(2) US dollar-denominated rate base is translated at a forecast USD/CAD foreign exchange rate of \$1.28.

(3) Includes 100% of the Waneta Expansion, of which Fortis has a 51% controlling ownership interest.

# Improved five-year capital program

Increase resulting from sustainable growth platform



# FortisBC 2018-2022 base capital plan

Unlocking incremental value in our gas LDC business for delivery to customers



- Pipeline Integrity Management Program
  - Program to improve pipeline safety and integrity
  - Focused on transmission pressure systems
  - Includes pipeline modifications and looping
  - Total project investment of ~\$300 million
  - Opportunity for further investment beyond 2022



- Eagle Mountain - Woodfibre Gas Pipeline Project
  - Located in Squamish, British Columbia
  - 47-kilometer gas line will service a small-scale, third-party owned, Woodfibre LNG facility for export to the Asian market
  - The project represents a ~\$350 million regulated rate base investment
  - The Woodfibre LNG facility will export up to 2.1 MTPA of LNG



# UNS 2018-2022 base capital plan

Modernizing natural gas generating resources support new base capital plan



- Flexible Generation Resource
  - Facilitating renewables on the grid
  - Provide ramping and peaking requirements
  - Replace aging, less efficient combustion turbines
  - Reciprocating engines to be constructed in Tucson
  - 200 MW total capacity (10 modular units @ 20 MW each)
  - Flexible unit dispatch (4 – 20 MW)
  - In-service 2019-2020
  - Low gas pressure requirements and efficient water use
  - ~\$200 million investment over forecast period



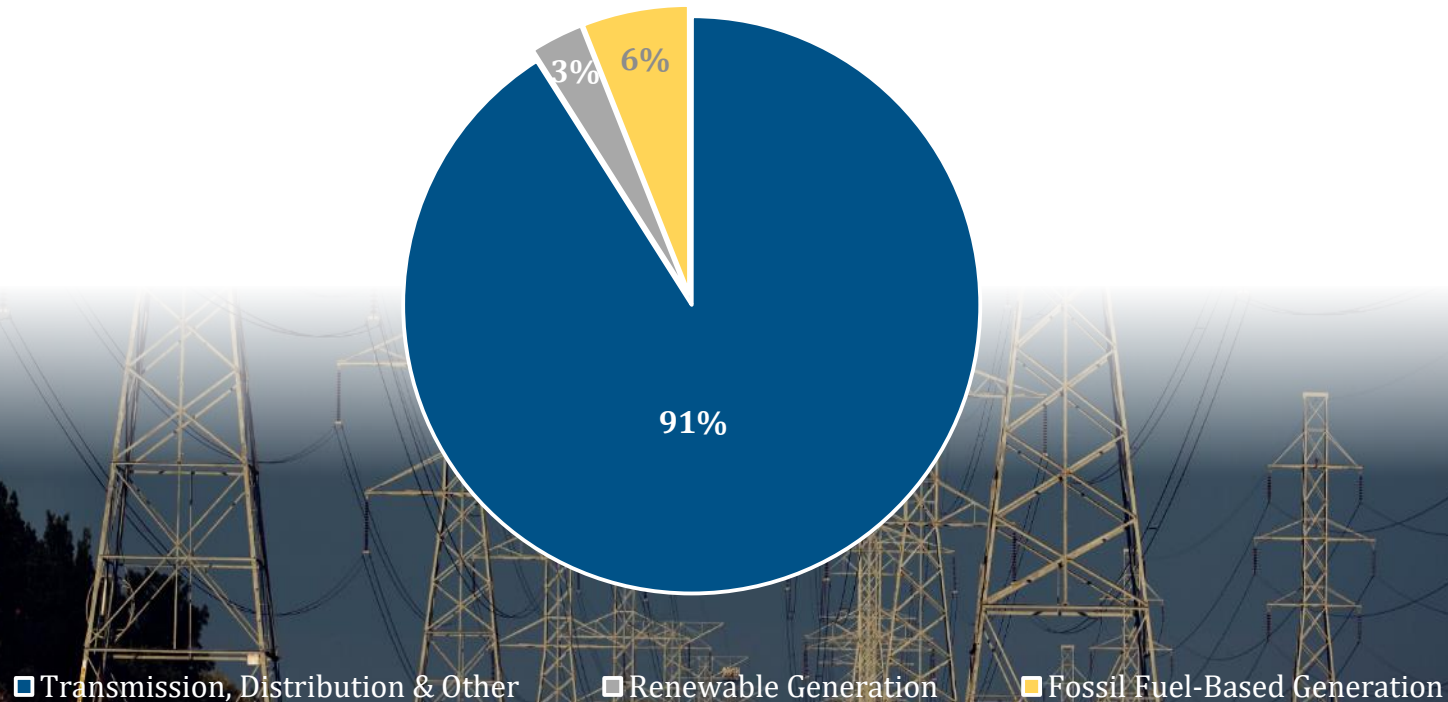
- Modern, Efficient Baseload Combined Cycle Generation
  - Gila River Unit 2 - 550 MW
  - Initial short-term tolling agreement
  - ~\$200 million purchase
  - Replace higher cost, aging coal facilities while reducing rate pressure
  - TEP (75%) and UNS Electric (25%) jointly own Gila River Unit 3

# Asset mix results in low environmental impact

Minimal amount of generation, mainly in Arizona

**91% Transmission, Distribution & Other Assets**

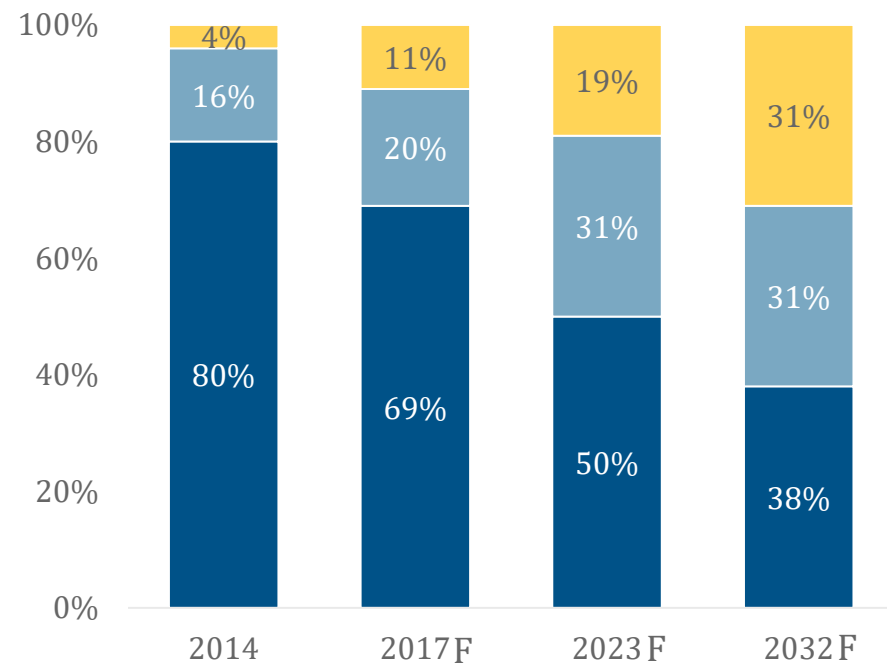
as at December 31, 2016



# Tucson Electric Power's resource diversification plan

Exceeding Arizona's renewable energy standard with a balanced portfolio

Coal-fired kilowatt hours declining

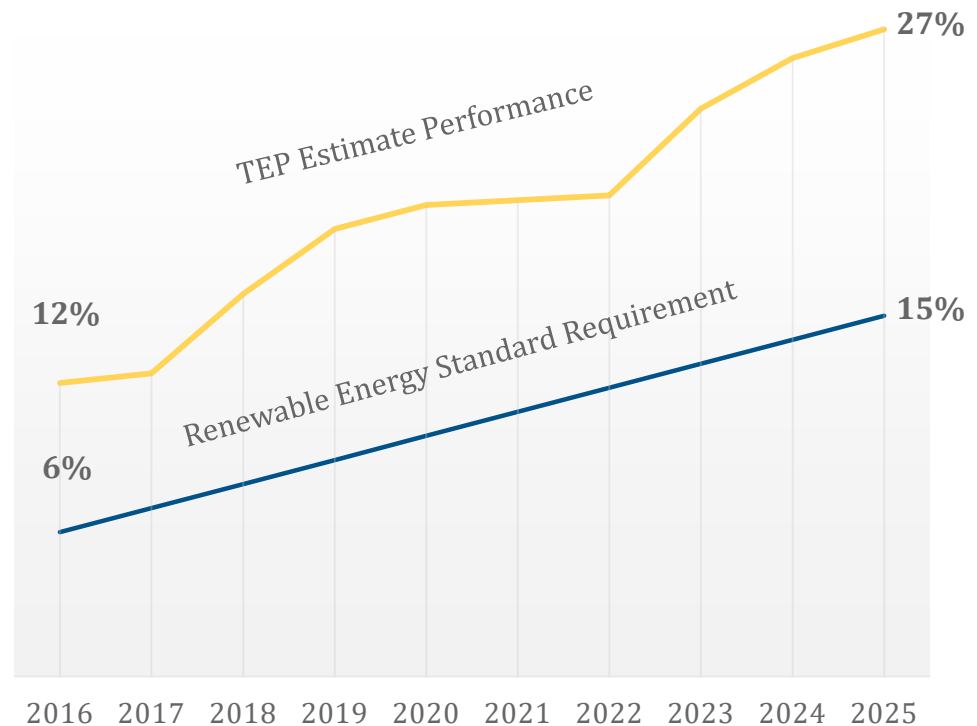


■ Renewables

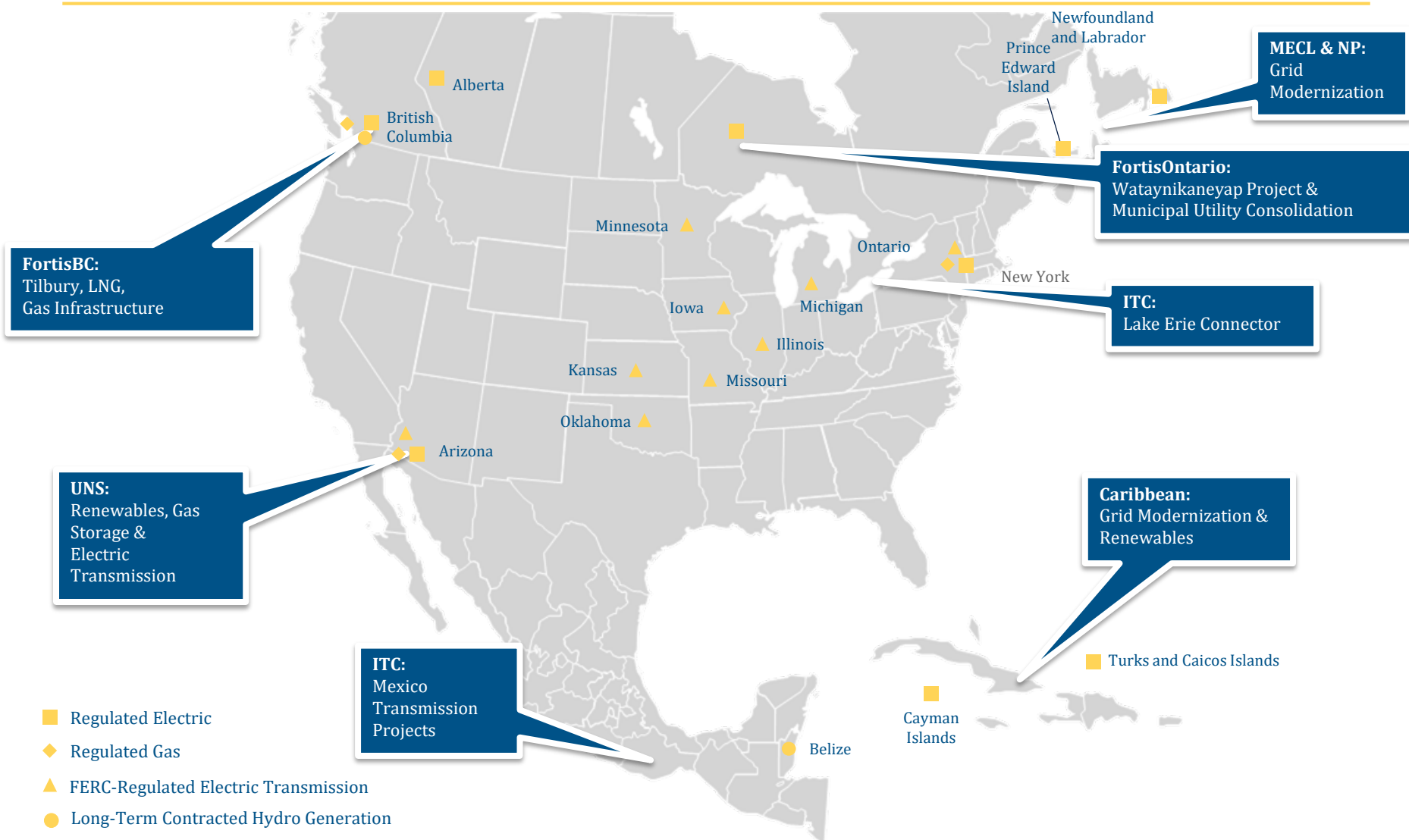
■ Natural Gas & Market Purchases

■ Coal

Renewable Energy Standard vs. TEP Estimated Performance



# Opportunities beyond the base capital plan





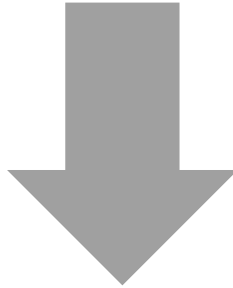
# Our strategy – simple, effective, proven

## *Strategy*

*Leverage the operating model, footprint of our utilities, operating expertise, reputation and financial strength to develop growth opportunities*



Dividend Growth Target:  
6% Average Annual  
Growth Through 2022



Investment-Grade  
Credit Ratings

## *Strategic Initiatives*

Execute  
Utility CAPEX  
Plan

ITC  
Transmission  
Growth

Deliver  
Cleaner  
Energy

Enhance  
Customer &  
Regulatory  
Relationships

Unlock LNG  
Value

Pursue Energy  
Infrastructure  
in and Near  
Existing Service  
Territories

# Blueprint for Growth

## Business Trends, Near and Long-Term Incremental Opportunities

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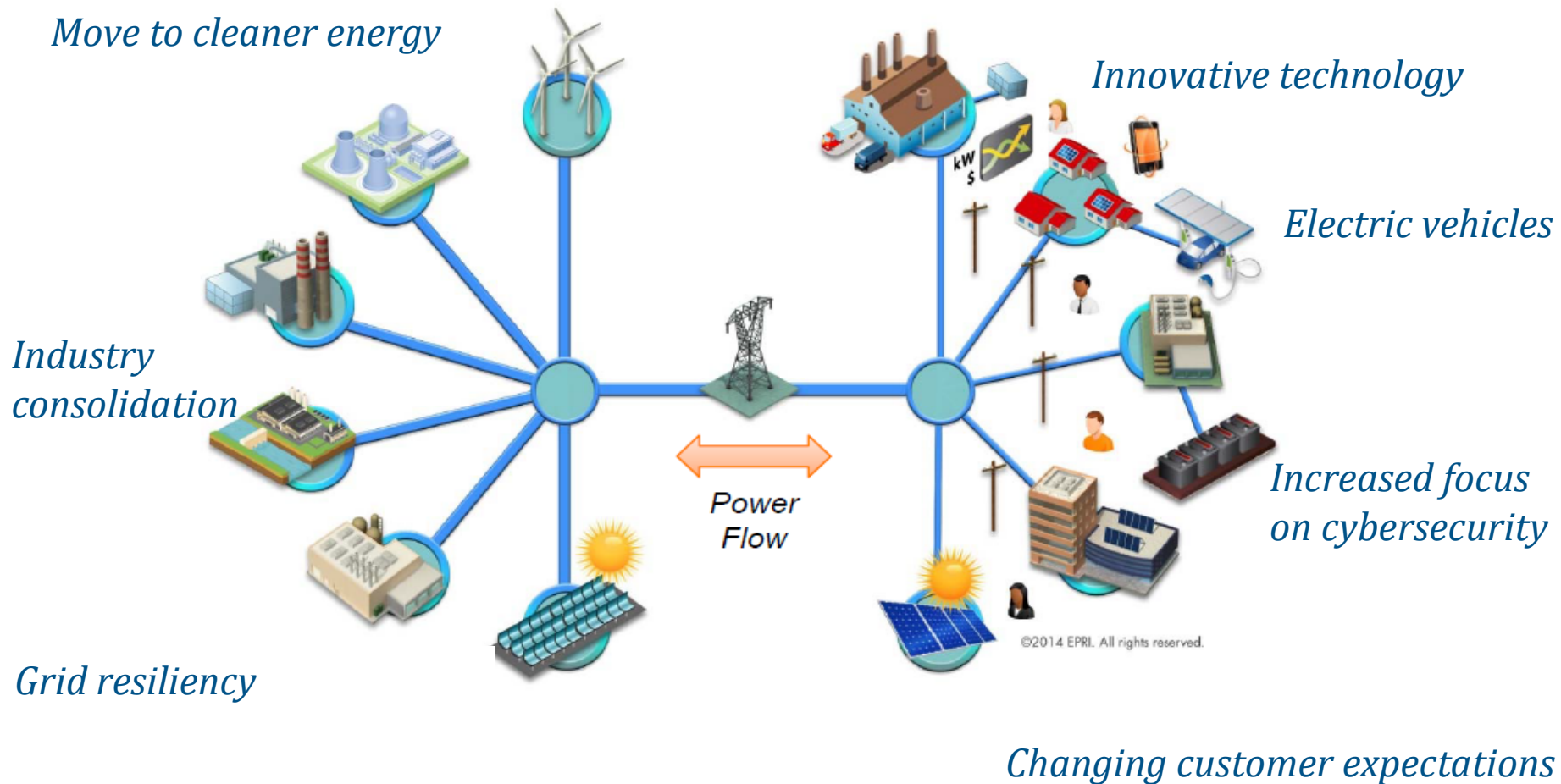


**Jim Laurito**

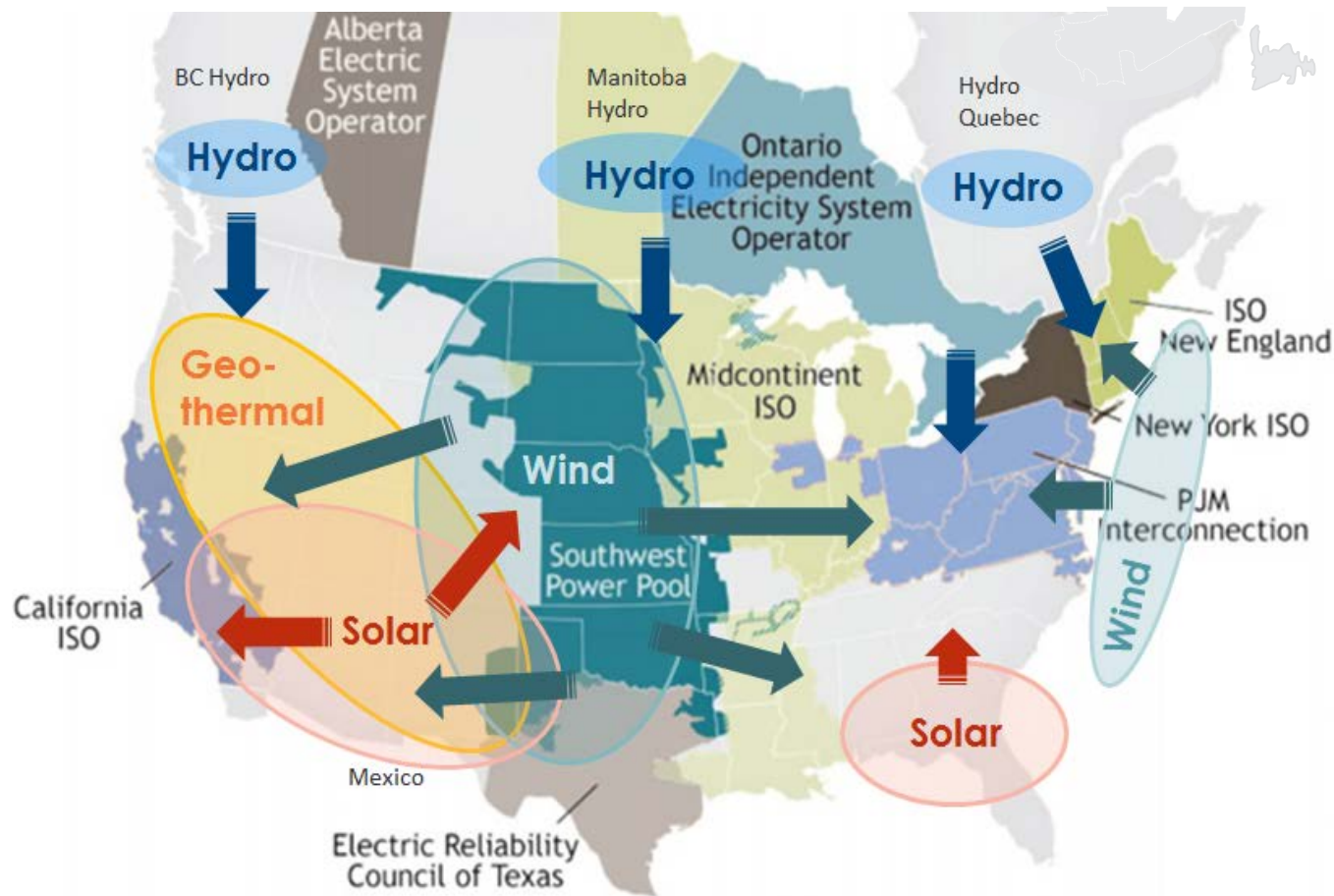
Fortis Inc., EVP, Business Development



# Business trends driving investment opportunities



# North American footprint rich with natural resources will present energy infrastructure opportunities for Fortis

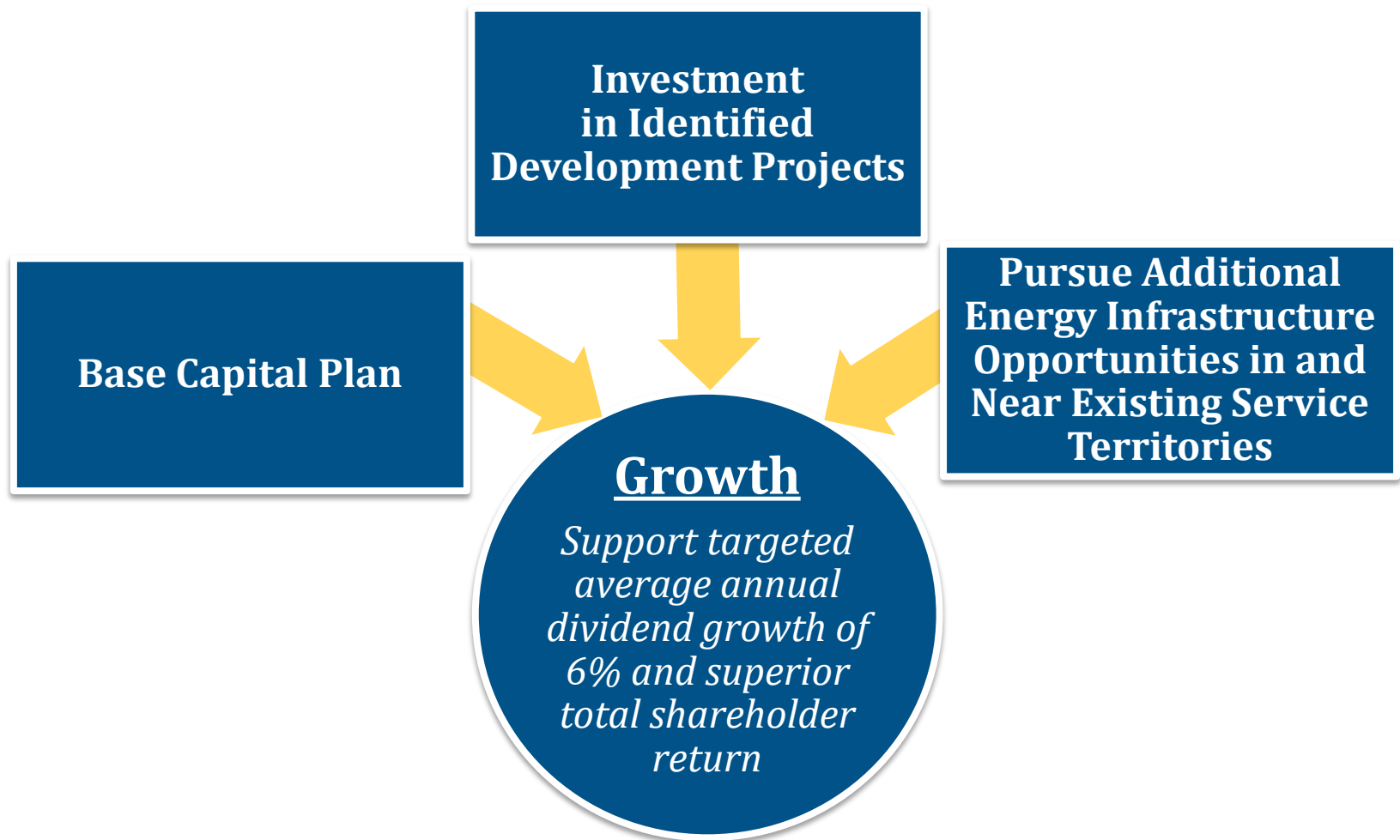


# Investing in innovative technology through Energy Impact Partners

Priority Sectors	Investments
DERMS	FIRSTFUEL
Customer Analytics & Engagement	greenlots
Utility-scale Storage	POWERPHASE <sup>®</sup> GENERATION SMART
EV Charging Infrastructure	CIMCON Lighting, Inc. <small>Controls Simplified</small>
Cyber Security - OT	Advanced Microgrid Solutions
C&I Storage	sparkfund
Distributed Generation Technologies	AutoGrid
Microgrids	opusone solutions
Home Automation / IoT	sense
Electrification (Other)	Arcadia Power
Residential Storage	DRAGOS
Residential Load Disaggregation	
Community Solar	
C&I Customer Analytics & Engagement	
Energy Transactions Platforms	
Electric Vehicles	

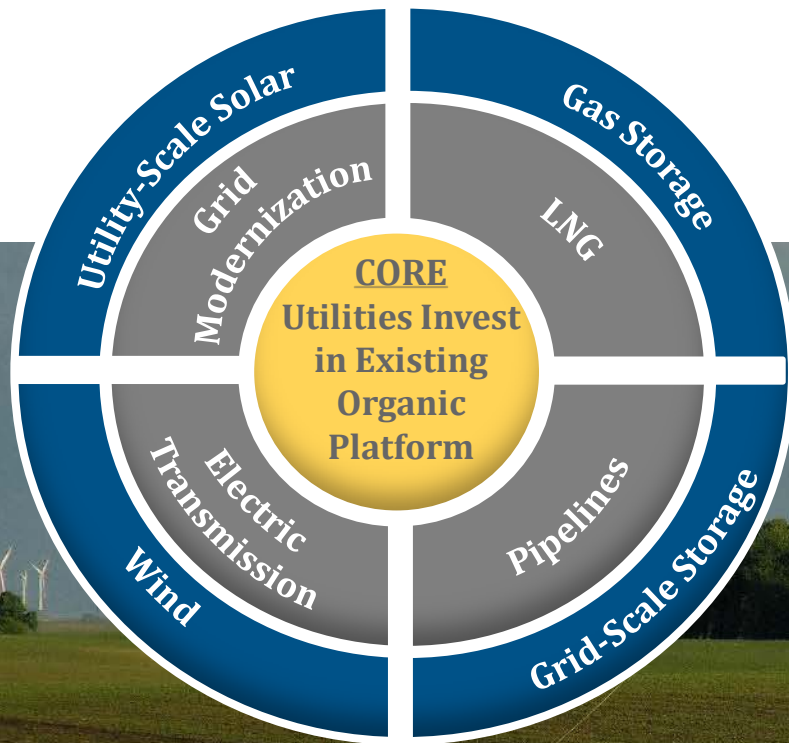
# Formula for success beyond the base capital plan

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# Focus areas of growth empowered by diverse, high-quality platform and industry trends



Existing  
Platform

Incremental  
Near-Term  
Opportunities

Incremental  
Long-Term  
Opportunities



# Disciplined approach to development projects



**Accretive to EPS**



**Credit neutral to credit enhancing**



**Regulated assets or “regulated-like”  
long-term contracted assets**

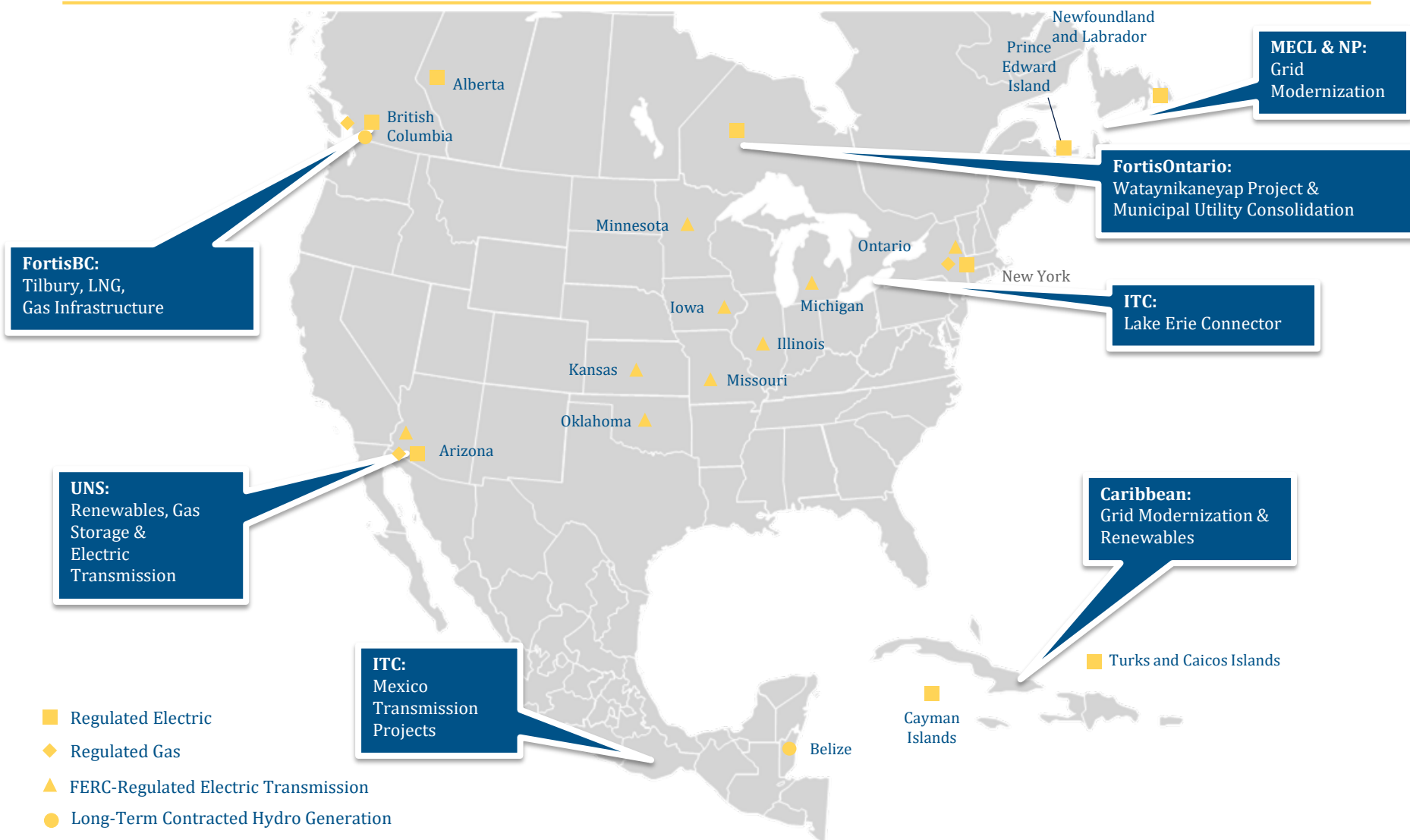


**Predictable and stable cash flows**





**Proximity relative to existing utilities**

# Opportunities beyond the base capital plan



# Near-term projects beyond the base capital plan

	1 Wataynikaneyap Power Project	2 Lake Erie Connector
		
Asset Description	<ul style="list-style-type: none"> <li>~1,800km of new transmission line to connect 22 remote First Nations to the grid for the first time, replacing diesel generation</li> </ul>	<ul style="list-style-type: none"> <li>1,000 MW bi-directional high-voltage direct current (HVDC) underwater transmission line</li> </ul>
Anticipated Recovery Mechanism	<ul style="list-style-type: none"> <li>Rate Base</li> <li>40% Equity</li> <li>9.19% - 9.30% ROE</li> </ul>	<ul style="list-style-type: none"> <li>Long-term bilateral contract</li> <li>Investment grade shippers</li> </ul>
Included in Current 5-year Base Capital Plan	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>No</li> </ul>
Project Cost	<ul style="list-style-type: none"> <li>Total project estimate ~\$1.4B<sup>(1)</sup></li> <li>49% stake held by Fortis</li> <li>51% stake held by 22 First Nations</li> </ul>	<ul style="list-style-type: none"> <li>~US\$1B</li> </ul>
Potential In-service Date	<ul style="list-style-type: none"> <li>2023</li> </ul>	<ul style="list-style-type: none"> <li>End of 2021 or 3 full years from commencement of construction</li> </ul>

(1) 2015 estimate.



# Near-term projects beyond the base capital plan

## Wataynikaneyap Power Project – “Line that brings light”

1



### Recent Milestones:

- Ontario Energy Board (OEB) approved a deferral account in March 2017 to recover development costs incurred between November 2010 and the commencement of construction
- Federal Government announced in August 2017 up to \$60M in funding for the Pikangikum First Nation connection to grid

### Remaining Milestones:

- Completion of environmental assessments
- Cost-sharing agreement with federal and provincial governments
- Filing of the Leave to Construct with the OEB, which is expected in the fourth quarter of 2017
- Final approvals, receipt of permits, and construction start by late 2018

# Near-term projects beyond the base capital plan

## ITC - Lake Erie Connector

2



- 1,000 MW HVDC transmission line would connect the IESO and PJM markets for the first time
- ~73 miles – majority buried in Lake Erie
- ~ US\$1 billion capital investment opportunity
- ~ 3 full years to construct from commencement of construction
- Substantially all regulatory approvals obtained, currently working to secure contracts with shippers



# Long-term opportunities beyond the base capital plan

ITC – Regulated Transmission U.S.

*Transmission focuses on North America “Grid of the Future”-  
reliable, resilient, and efficient grid to connect energy resources to customers*

## Regulated Transmission – U.S.

- Potential incremental needs within existing systems to address additional security concerns, new customer connection requests and congestion
- Expansion into new RTO and non-RTO regions through greenfield projects and value-added acquisitions/partnerships



# Long-term opportunities beyond the base capital plan

## ITC – Contracted Transmission and Energy Storage

*Transmission focuses on North America “Grid of the Future”-  
reliable, resilient, and efficient grid to connect energy resources to customers*

### Contracted Transmission

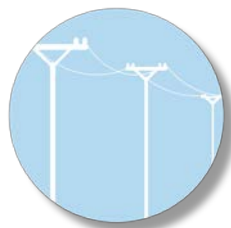
#### Mexico

- Evaluating government mandated infrastructure modernization efforts
- Jointly planning to pursue phase 1 with two experienced partners, consisting of over ~700 miles of 500 HVDC



#### Generator Interconnection Ties

- Ability to build, own and operate discrete generator interconnection ties for new generation resources
- Transfers NERC compliance requirements to ITC



### Energy Storage

- Anticipated increase in energy storage needs with growth in intermittent renewable generation
- Opportunistic investment landscape given ITC's innovative approach and willingness to test new technologies



# Long-term opportunities beyond the base capital plan

UNS - Delivery of cleaner energy and increased reliability

- Renewable Generation
  - Purchase existing renewable facilities
    - Purchase options in existing contracts
  - Self-build utility-scale projects
- Grid Modernization
  - Distribution automation
  - Utility-scale storage
- Infrastructure Resiliency
  - Physical security
  - System hardening



# Long-term opportunities beyond the base capital plan

## FortisBC - LNG infrastructure opportunities

Site of potential future marine terminal

Existing facility



Site expansion opportunity for two more tanks

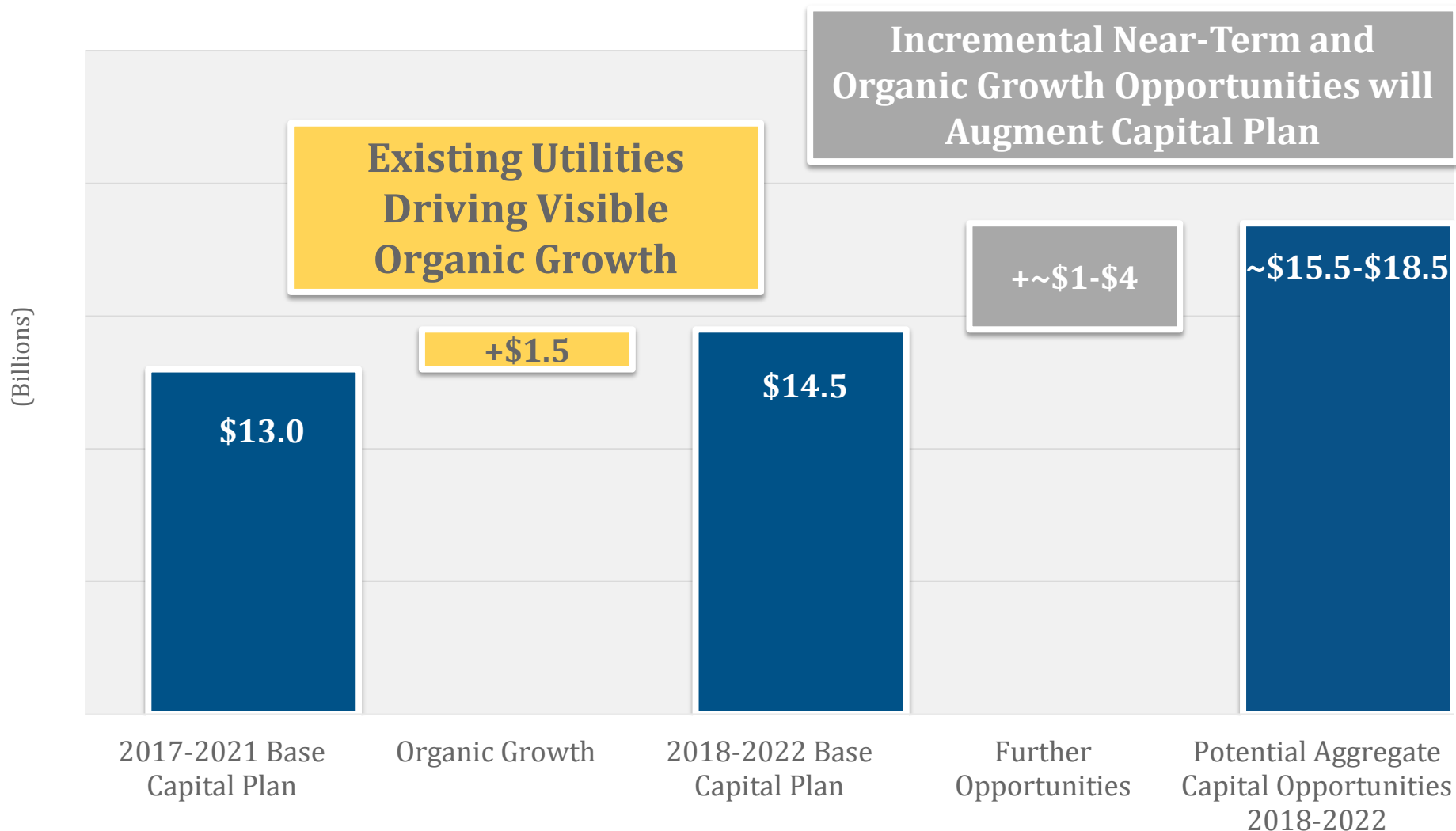
Tilbury 1A near completion

- Tilbury LNG facility
  - Site is scalable with ocean access
  - Tilbury 1B - \$400M approved for regulated expansion but not yet started
    - To serve marine bunkering, transportation and remote communities
  - Future expansion – developing new markets
    - Regional and international
    - Long-term contracted projects



# Blueprint for growth beyond the base capital plan

Focused on capitalizing organic opportunities and business trends



# Financial Outlook

## 5-Year Plan and Outlook

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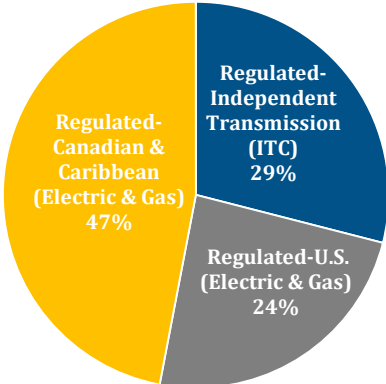

**Karl Smith**

Fortis Inc., EVP & CFO





# Executing well in 2017

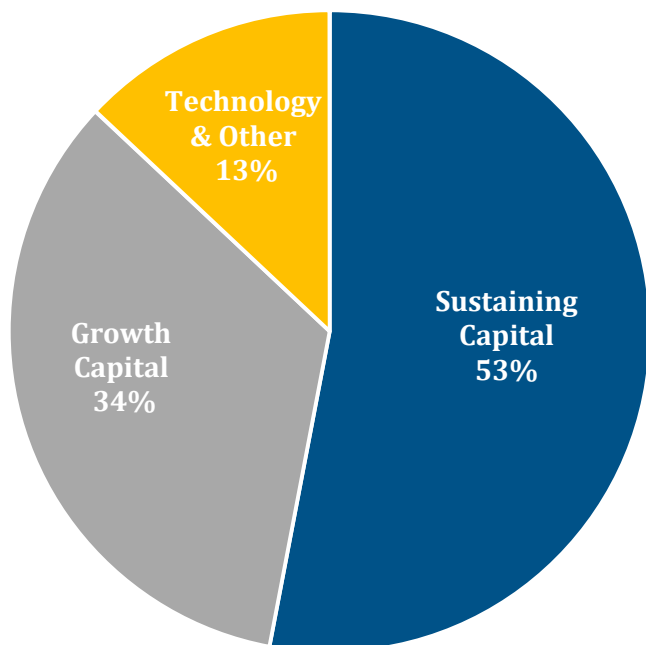
<div><p><b>~6.25%</b> <i>Dividend Increase in Q4 '17</i></p></div> <div><p>✓ <i>44<sup>th</sup> consecutive annual dividend payment increase</i></p></div>	<div></div> <div><p>✓ <i>Focused on organic growth</i></p></div>	<div><p><b>~\$3.1B</b> <i>2017F Capital Plan</i></p></div> <div><p>✓ <i>On track</i></p></div>								
<div></div> <div><p>✓ <i>Constructive rate case settlements reached in Q1</i></p></div>	<div><p><b>Fortis 2017F Rate Base \$25.4B</b></p><table><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>Regulated-Canadian &amp; Caribbean (Electric &amp; Gas)</td><td>47%</td></tr><tr><td>Regulated-U.S. (Electric &amp; Gas)</td><td>24%</td></tr><tr><td>Regulated-Independent Transmission (ITC)</td><td>29%</td></tr></tbody></table></div>	Category	Percentage	Regulated-Canadian & Caribbean (Electric & Gas)	47%	Regulated-U.S. (Electric & Gas)	24%	Regulated-Independent Transmission (ITC)	29%	<div></div> <div><p>✓ <i>Integration on track</i> ✓ <i>Accretive to EPS</i></p></div>
Category	Percentage									
Regulated-Canadian & Caribbean (Electric & Gas)	47%									
Regulated-U.S. (Electric & Gas)	24%									
Regulated-Independent Transmission (ITC)	29%									

# 2018 – 2022 plan highlights

<b>Capital Expenditures</b>	<ul style="list-style-type: none"> <li>- ~\$14.5B base capital program consists of very few major projects</li> <li>- On average \$2.9B to be invested annually</li> <li>- Highly executable, low-risk capital projects</li> </ul>
<b>Near-Term Opportunities Beyond Base Plan</b>	<ul style="list-style-type: none"> <li>- Wataynikaneyap Transmission Project</li> <li>- ITC Lake Erie Connector</li> <li>- LNG infrastructure</li> <li>- Grid modernization</li> </ul>
<b>Rate Base</b>	<ul style="list-style-type: none"> <li>- ~\$32B rate base by 2022</li> <li>- 3-year rate base CAGR 5.2%/5-year rate base CAGR 4.5%</li> </ul>
<b>Dividend Strategy</b>	<ul style="list-style-type: none"> <li>- 6% average annual dividend growth target through 2022<sup>(1)</sup></li> <li>- Q4 2017 dividend grows 6.25% to \$0.425 per share equivalent to annualized dividend of \$1.70</li> <li>- 44 consecutive years of annual dividend payment increases</li> </ul>
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>- Consolidated unused credit facilities averaging \$3.3 billion over forecast period</li> <li>- Consolidated fixed-term debt maturities and repayments averaging \$775 million annually</li> <li>- No common equity issuances required to fund plan other than from the DRIP</li> <li>- Capital structure supportive of the Corporation's investment-grade credit ratings</li> </ul>
<b>FX Assumptions</b>	<ul style="list-style-type: none"> <li>- US\$1.00:CAD\$1.28 assumed over forecast period</li> <li>- 5 cent change in the U.S. dollar to Canadian dollar exchange rate would impact annual earnings per common share by approximately ~\$0.07</li> </ul>

(1) 6% average annual dividend growth target is off a base annual dividend of \$1.60.

# Nature of capital investments



## Sustaining Capital

- Infrastructure resilience and modernization required to improve the reliability and safety of our utility assets

## Growth Capital

- Connecting new customers to the grid
- Addressing changing customer expectations and demands

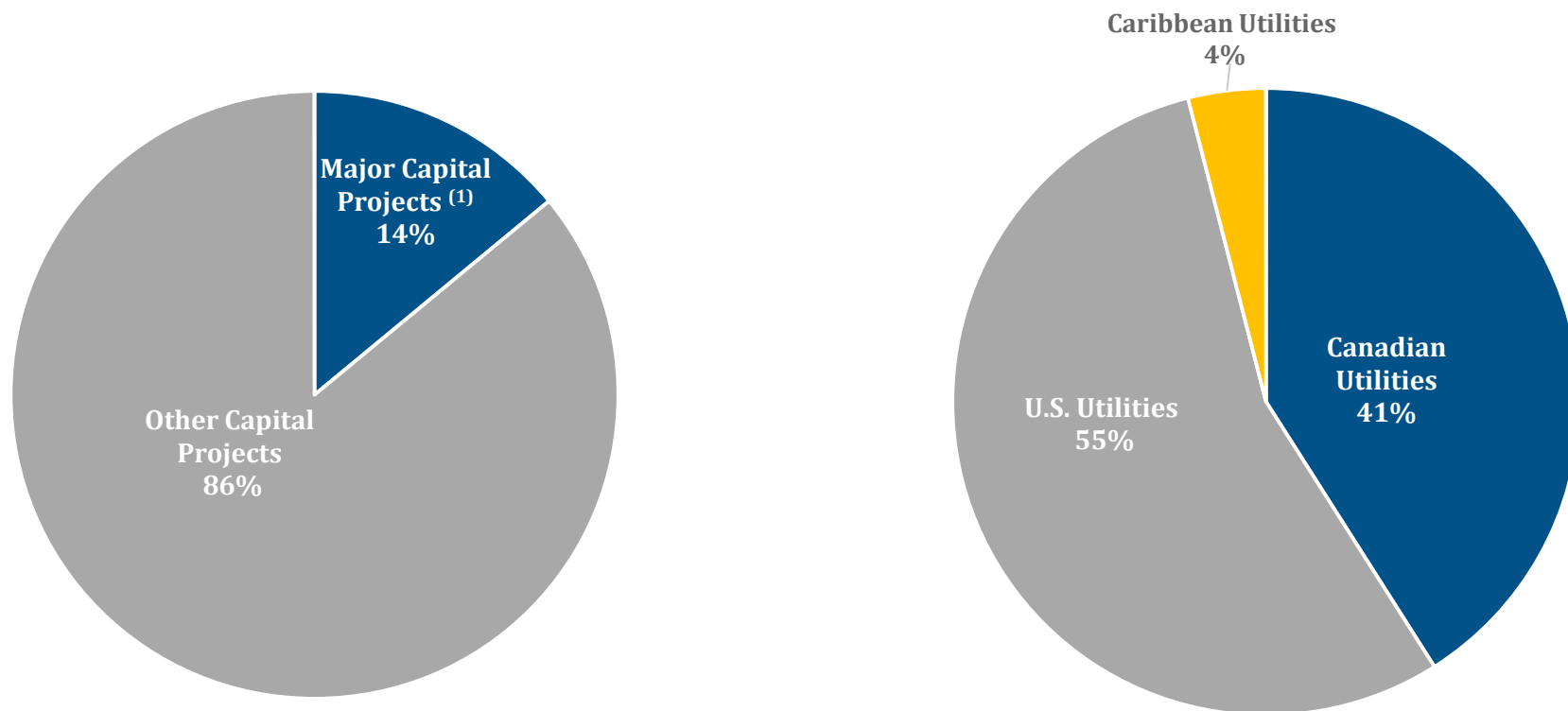
## Technology & Other

- Information technology security
- Operations technology
- Network integrity
- Updates in facilities, equipment, vehicles and other assets

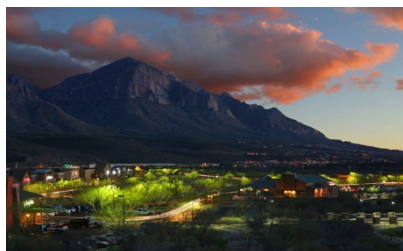


# Nature of capital investments

Highly executable and low-risk capital plan of \$14.5 billion



(1) Major capital projects are identified as those with a total project cost of \$150 million or greater and exclude ongoing capital maintenance projects.



# Highly-executable capital plan

Low-risk capital plan of \$14.5 billion

Significant Capital Projects <sup>(1)</sup> (\$millions) <sup>(2)</sup>	Forecast 2018	Forecast 2019-2022	Forecast Total 2018-2022
ITC Multi-Value Regional Transmission Projects <sup>(3)</sup>	165	192	357
ITC 34.5 kV to 69 kV Conversion Project	110	361	471
UNS Flexible Generation Resource	115	90	205
UNS Modern, Efficient Baseload Combined Cycle Generation	-	211	211
FortisBC Lower Mainland System Upgrade	177	5	182
FortisBC Eagle Mountain - Woodfibre Gas Pipeline Project	-	362	362
FortisBC Pipeline Integrity Management Program	-	312	312

(1) Major capital projects are identified as those with a total project cost of \$150 million or greater and exclude ongoing capital maintenance projects. Total project costs include forecasted capitalized interest and non-cash equity component of AFUDC, where applicable.

(2) US dollar denominated capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.28.

(3) Consists of four separate multi-value projects to create a stronger connection within the Midwestern United States, improve transmission capacity and to connect wind energy.

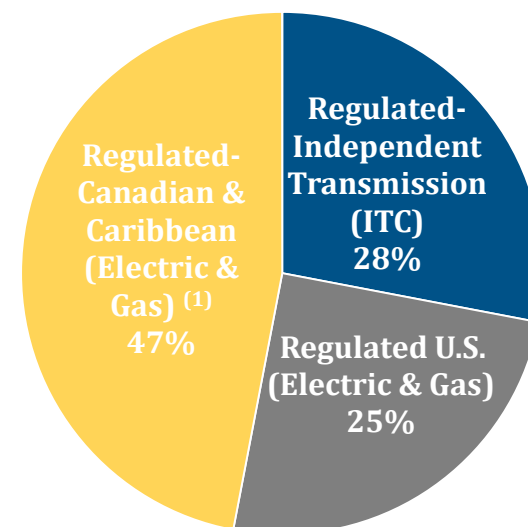


# 2018-2022 capital forecast by segment

2018 Capital Forecast	(\$millions)
Regulated-Independent Transmission (ITC)	
ITC	863
Regulated-U.S. Electric & Gas	
UNS Energy	759
Central Hudson	275
Regulated-Canadian & Caribbean Electric & Gas	
FortisBC Gas	462
FortisAlberta	407
FortisBC Electric	104
Eastern Canadian	152
Caribbean	135
Other Energy Infrastructure	46
<b>Total Capital Expenditures</b>	<b>\$3,203</b>

## Fortis 2018F Rate Base<sup>(1)</sup>

~\$26.8 Billion



(\$millions)	2018F	2019F	2020F	2021F	2022F
Regulated – Independent Transmission (ITC)	863	727	682	677	690
Regulated – U.S. Electric & Gas	1,034	1,028	849	764	719
Regulated – Canadian & Caribbean Electric & Gas	1,260	1,053	1,208	1,427	1,444
Other Energy Infrastructure	46	20	17	15	15
<b>Total Capital Expenditures</b>	<b>\$3,203</b>	<b>\$2,828</b>	<b>\$2,756</b>	<b>\$2,883</b>	<b>\$2,868</b>

(1) Includes 100% of the Waneta Hydroelectric Expansion of which Fortis has a 51% controlling ownership interest.

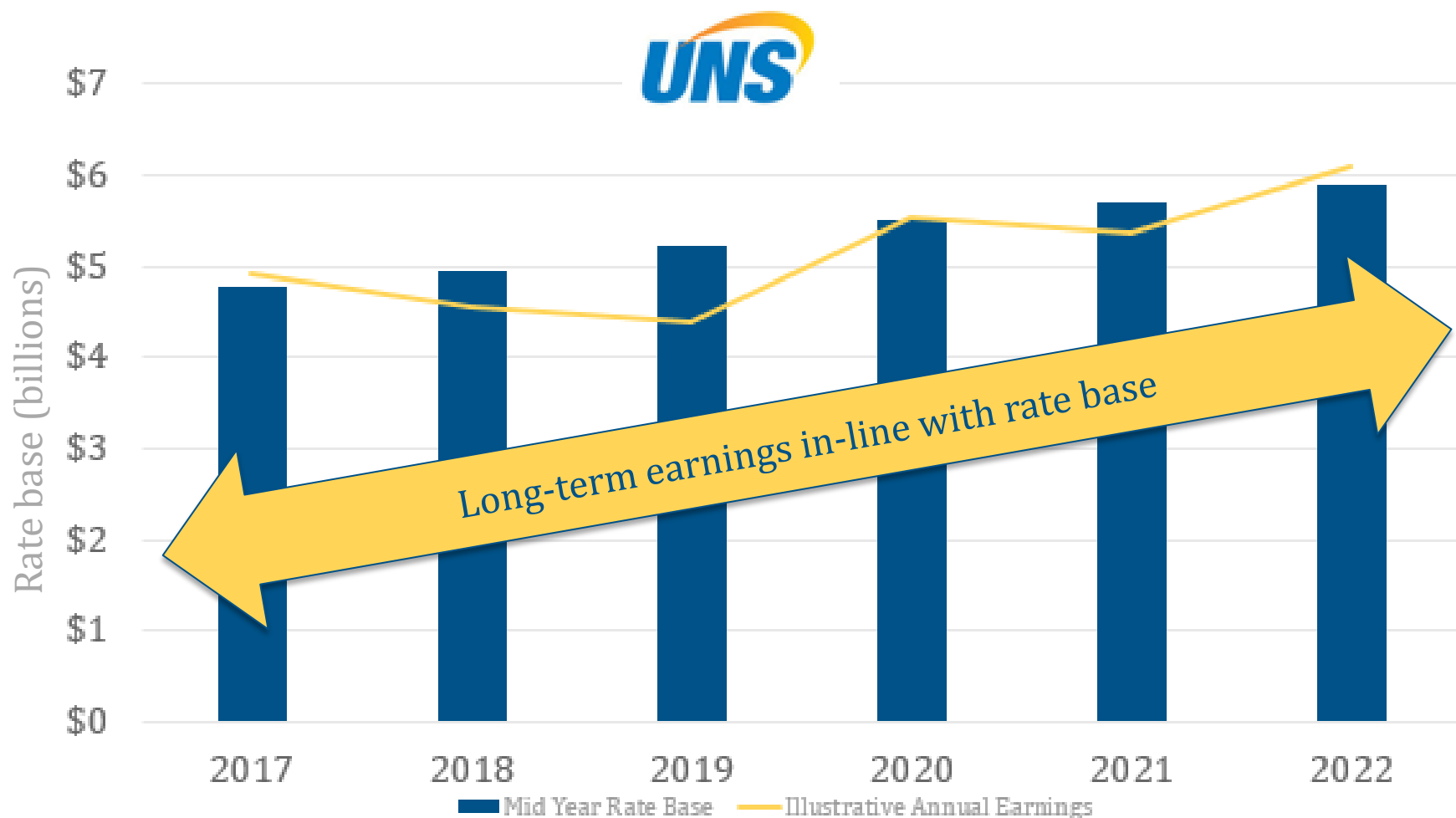
# Constructive regulatory outcomes

## TEP general rate application

	2012 Rate Case 12/31/2011 Test Year		2015 Rate Request 6/30/2015 Test Year	ACC-Approved Rate Case Settlement 6/30/2015 Test Year
	Requested	Approved	Requested	Approved
Increase in Non-Fuel Revenue Requirement	\$128M	\$84M	\$110M	\$81.5M
Original Cost Rate Base	\$1.5B	\$1.5B	\$2.1B	\$2.0B
Capital Structure	46% Equity 54% Debt (pro forma)	43.5% Equity 57.5% Debt (actual)	50% Equity 50% Debt (actual)	50% Equity 50% Debt (actual)
ROE	10.75%	10.00%	10.35%	9.75%
Average Cost of Debt	5.18%	5.18%	4.32%	4.32%
Weighted Average Cost of Capital	7.74%	7.26%	7.34%	7.04%
New Rates Effective	7/1/2013	7/1/2013	1/1/2017	2/27/17

# Arizona utilities provide long-term earnings growth

Historical test year results in capital recovery lag

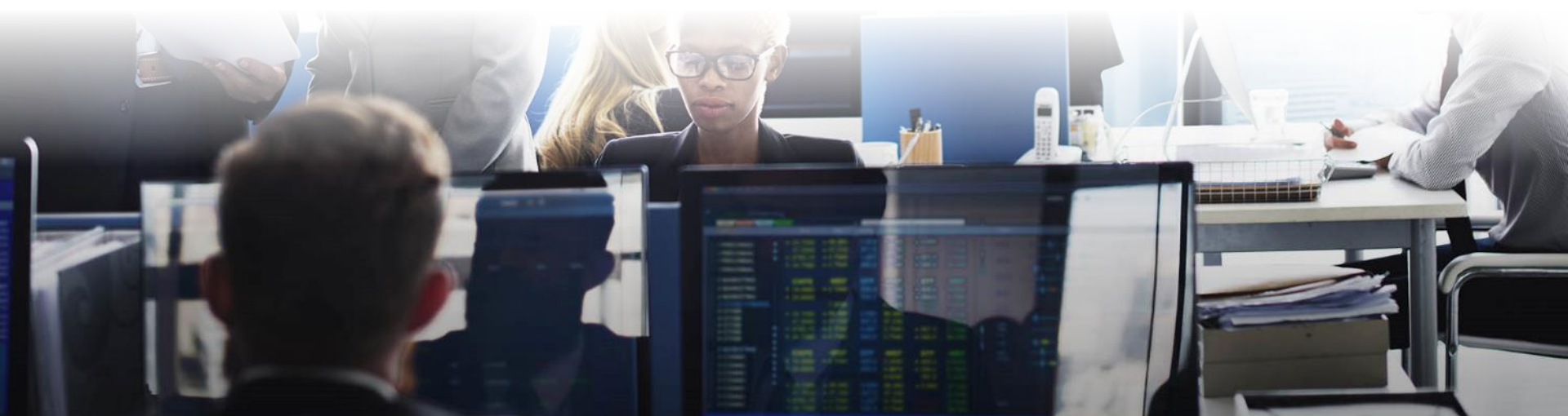


# Funding strategy

Strong balance sheet and investment-grade credit ratings

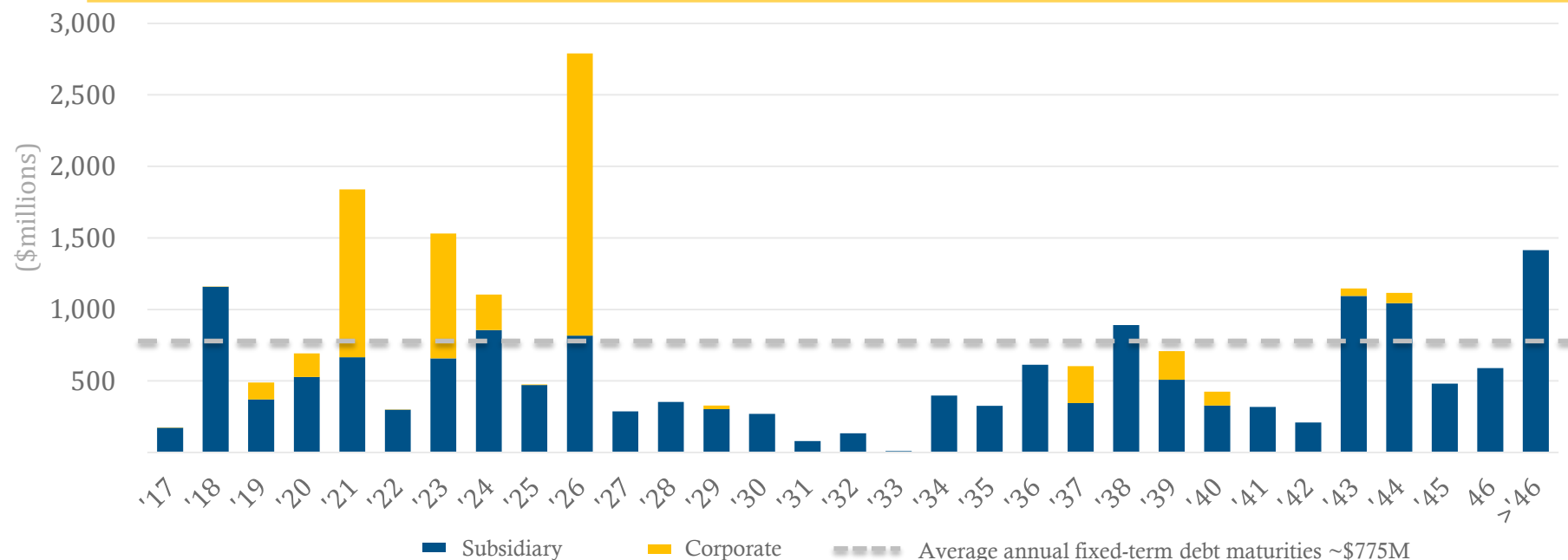
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- Subsidiary balance sheets consistent with approved levels
- Ample liquidity
- Debt issued primarily at operating company level
- Only debt refinancing at corporate level
- Improving credit metrics
- Maintain investment-grade credit ratings
- No discrete common equity issuances required to fund plan



# Manageable debt maturities

## Average annual fixed-term debt maturities



(\$millions)	2017 <sup>(1)</sup>	2018	2019	2020	2021	2022	Total
Canadian Regulated Electric	6	74	7	36	135	34	292
U.S. Regulated	160	1,057	347	461	499	226	2,750
Other Segments	6	26	16	31	33	38	150
Corporate	2	2	119	164	1,172	3	1,462
<b>Total</b>	<b>174</b>	<b>1,159</b>	<b>489</b>	<b>692</b>	<b>1,839</b>	<b>301</b>	<b>4,654</b>

(1) As at June 30, 2017.

# Credit metrics support credit ratings

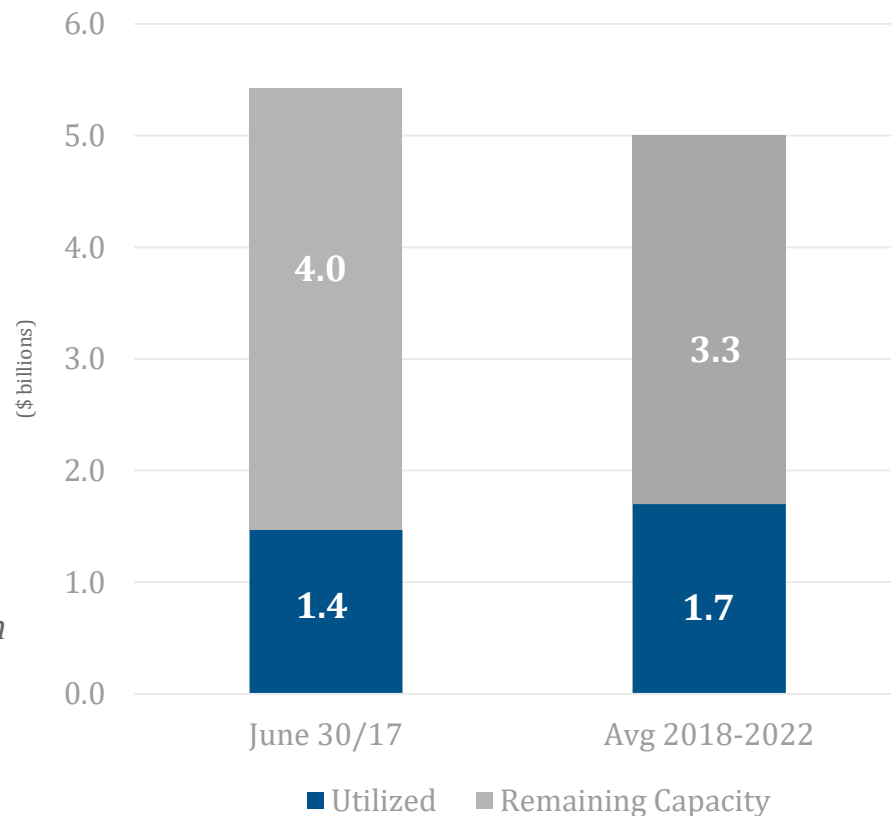
Ample liquidity through forecast period

## Credit Ratings

Fortis Inc.	
S&P	A- / BBB+
DBRS	BBB (high)
Moody's	Baa3

*“Fortis Inc. has a very strong business risk profile, which is a key credit strength. More than 95% of its cash flow comes from a diverse portfolio of low risk investment grade regulated utilities with an average rating of A3.” – Moody’s Credit Opinion (September 27, 2017) <sup>(2)</sup>*

## Credit Facilities <sup>(1)</sup>



(1) US dollar- denominated credit facilities are translated at an actual USD/CAD foreign exchange rate of \$1.30 as at June 30, 2017 and at a forecasted USD/CAD foreign exchange rate of \$1.28 for the 5-year forecast period 2018-2022.

(2) Please refer to Moody’s report for the full assessment.



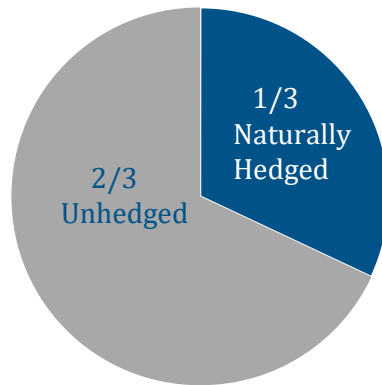
## Virtually all utility credit ratings are in the A category

Company	S&P	DBRS	Moody's
ITCTransmission	A	n/a	A1
Michigan Electric Transmission Company (METC)	A	n/a	A1
ITC Midwest	A	n/a	A1
ITC Great Plains	A	n/a	A1
ITC Holdings Corp.	A-	n/a	Baa2
Tucson Electric Power	A-	n/a	A3
Central Hudson	A-	n/a	A2
FortisBC (Gas)	n/a	A	A3
FortisBC (Electric)	n/a	A (low)	Baa1
FortisAlberta	A-	A (low)	n/a
Newfoundland Power	n/a	A	A2

# Hedging strategy reduces volatility in earnings, cash flow and net investment

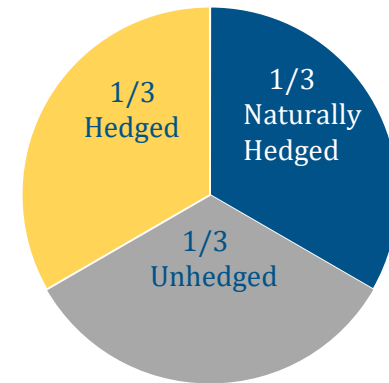
US dollar-denominated borrowings reduce net foreign exchange exposure

Current Cash Flow Hedging



\$0.05 change in foreign exchange equates to an ~\$0.07 annual EPS impact.

Target Cash Flow Hedging



\$0.05 change in foreign exchange equates to an ~\$0.06 annual EPS impact.

# Risks and opportunities

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## Opportunities

- Potential rising ROEs
- Continued low natural gas prices
- Additional capital investment beyond base plan

## Risks

- Regulatory outcomes
- Government policies
  - Taxes
  - Cross-border trade
  - Environment
- Customer rate impacts
- Foreign exchange



# 2018 risks and opportunities

- ITC Base ROE complaints
- Central Hudson rate case
- Foreign exchange

Sensitivity	2018 Impact
50 Basis Point Change in Allowed ROE <sup>(1)</sup>	\$0.06 EPS
Foreign exchange rate decrease from \$1.28 to \$1.25	\$200M change in 5-year capital expenditure forecast

(1) Sensitivity based on a 50 basis point change at ITC, Central Hudson and FortisAlberta.

# Significant regulatory items

## Recent regulatory outcomes

Regulated Utility	Application/Proceeding	Outcome	Agreement/ Decision Timing
ITC	Initial MISO Base ROE Complaint	– 10.32% base ROE with a high-end zone of reasonableness of 11.35%	September 2016
FortisBC Energy	2016 Application: ROE and Common Equity Thickness	– Maintained ROE at 8.75% and common equity thickness of 38.5%	August 2016
FortisAlberta	2016/2017 Generic Cost of Capital Proceeding (GCOC)	– ROE maintained for 2016 at 8.30% and increasing to 8.50% for 2017. Common equity thickness reduced from 40% to 37% for 2016 and 2017	October 2016
TEP	2017 General Rate Application (GRA)	– Decision issued approving settlement agreement on revenue requirement – 9.75% ROE and common equity thickness of 50%	February 2017

## Remaining significant regulatory decisions

Regulated Utility	Application/Proceeding	Filing Date	Expected Decision
ITC	Second MISO Base ROE Complaint	– Not applicable	To be determined
Central Hudson	Rate case filing to request an increase in the allowed ROE to 9.5% from 9.0% and equity component of capital structure to 50% from 48%	– July 28, 2017	June 2018



# Predictable returns from highly regulated asset base



Future Test Year  
 Allowed/Achieved 2016 ROE (%): 9.00/9.98  
 Allowed 2017 ROE (%): 9.00  
 Allowed Equity in Capital (%): 48



FERC Regulated  
 Forward-Looking Rate Construct with True-Up  
 Allowed/Achieved 2016 ROE (%): 11.32-13.88/12.65  
 Allowed 2017 ROE (%): 11.32-12.16  
 Allowed Equity in Capital (%): 60



Historic Test Year  
 Allowed/Achieved 2016 ROE (%): 10.0/8.20 (TEP)  
 Allowed 2017 ROE (%): 9.50-9.75  
 Allowed Equity in Capital (%): 50-52.8

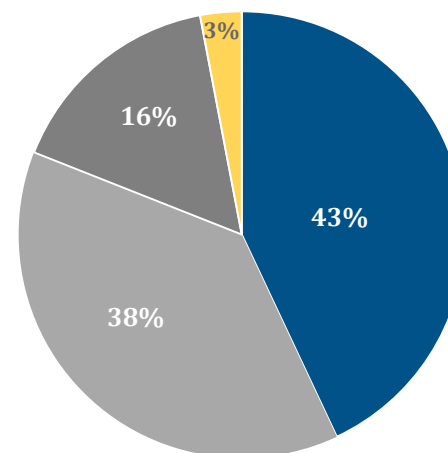


PBR through 2022  
 Allowed/Achieved 2016 ROE (%): 8.30/10.66  
 Allowed 2017 ROE (%): 8.50  
 Allowed Equity in Capital (%): 37



PBR through 2019  
 Allowed/Achieved 2016 ROE (%): 8.75/9.28 (gas), 9.15/9.38 (electric)  
 Allowed 2017 ROE (%): 8.75-9.15  
 Allowed Equity in Capital (%): 38.5-40

**97% Regulated Utility Assets**  
 as at June 30, 2017



- Electric
- Transmission- ITC
- Gas
- Non-Regulated Energy Infrastructure

2017	
Weighted Average	Combined
Allowed ROE	9.75%
Actual Equity Thickness	48.2%

# Sustainable business model key to our success

---

- Highly diversified, low-risk regulated utilities focused on wires & gas business
- Strong and stable cash flow
- Focused on organic growth opportunities
- Highly executable, low-risk capital plan
- Regulatory stability



# Closing Remarks and Q&A

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**Barry Perry**  
Fortis Inc., President & CEO



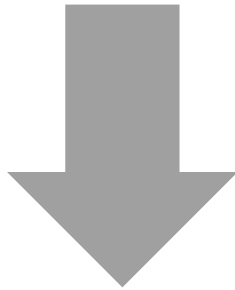
# Our strategy – simple, effective, proven

## *Strategy*

*Leverage the operating model, footprint of our utilities, operating expertise, reputation and financial strength to develop growth opportunities*



Dividend Growth Target:  
6% Average Annual  
Growth Through 2022



Investment-Grade  
Credit Ratings

## *Strategic Initiatives*

Execute  
Utility CAPEX  
Plan

ITC  
Transmission  
Growth

Deliver  
Cleaner  
Energy

Enhance  
Customer &  
Regulatory  
Relationships

Unlock LNG  
Value

Pursue Energy  
Infrastructure  
in and Near  
Existing Service  
Territories



# ITC Holdings Corp.

Building the grid of the future

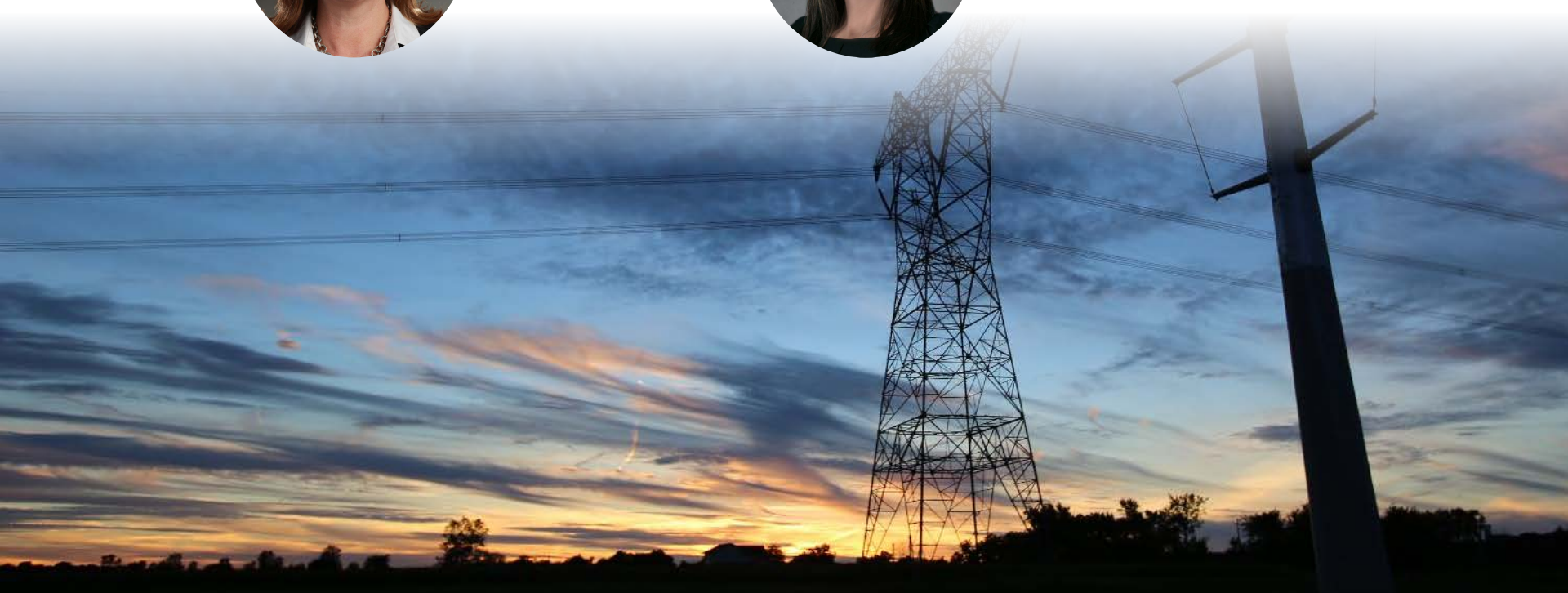
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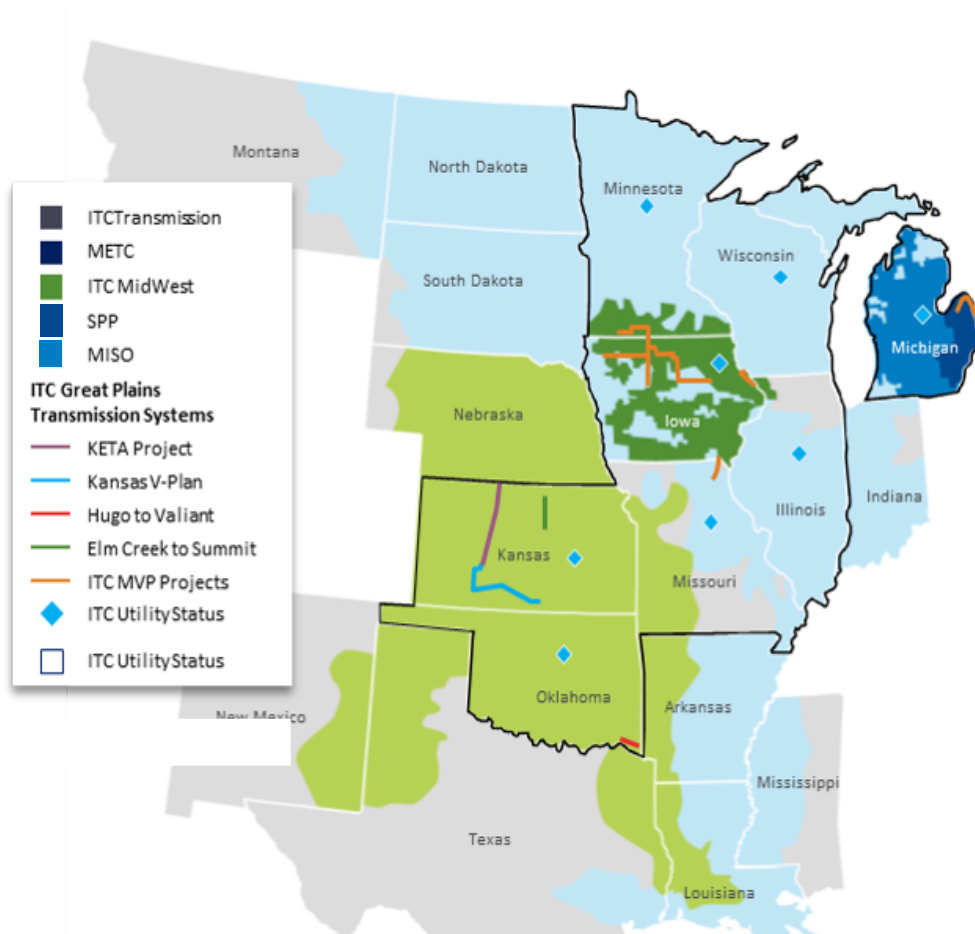
**Linda Apsey**  
President & CEO



**Gretchen Holloway**  
SVP & CFO







## Key Facts

2017F Rate Base **\$7.1B**

5-Year CAGR on Rate Base<sup>(1)</sup> **4.8%**

5-Year Capital Spending **\$3.6B**

**11.32%–12.16%**

Allowable ROE

**60%**

Equity Thickness

**668**

Employees

**90,000**

Square Miles of Service Territory

Development Activity (not included in base 5-year capital plan) **Incremental Regulated Transmission, Contracted Transmission & Storage**

(1) 5-Year CAGR on rate base includes \$7.1B 2017F to \$9.0B 2022F.

# The opportunity ahead

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The energy industry is experiencing transformational change

A reliable, resilient and efficient grid will be a key enabler of North America's energy future. ITC is positioned to play a key role in building the grid of the future

- Change is driven by the potential for distributed resources, renewables and ongoing diversification of the energy resources
- Transmission needs to support an energy diverse, technologically advanced future



Our opportunity is to continue improving transmission infrastructure to meet existing and future customer demands through:

- Replace aging infrastructure
- Maintaining operational excellence
- Investments to improve reliability and reduce congestion
- Accommodating changes in generation resources
- Address public policy needs

# ITC – Building the grid of the future



## 2018-2022 Key Initiatives

- Execute on base capital plan and complete major capital projects on time and on budget to maintain operational excellence
- Pursue actionable development projects & strategic acquisitions incremental to the current base capital plan



## Sources of Organic Growth

- Reliability, security and maintenance of existing regulated systems
- New customer connection requests driven by customer needs
- Economic and efficient transmission solutions



## Key Macro Trends

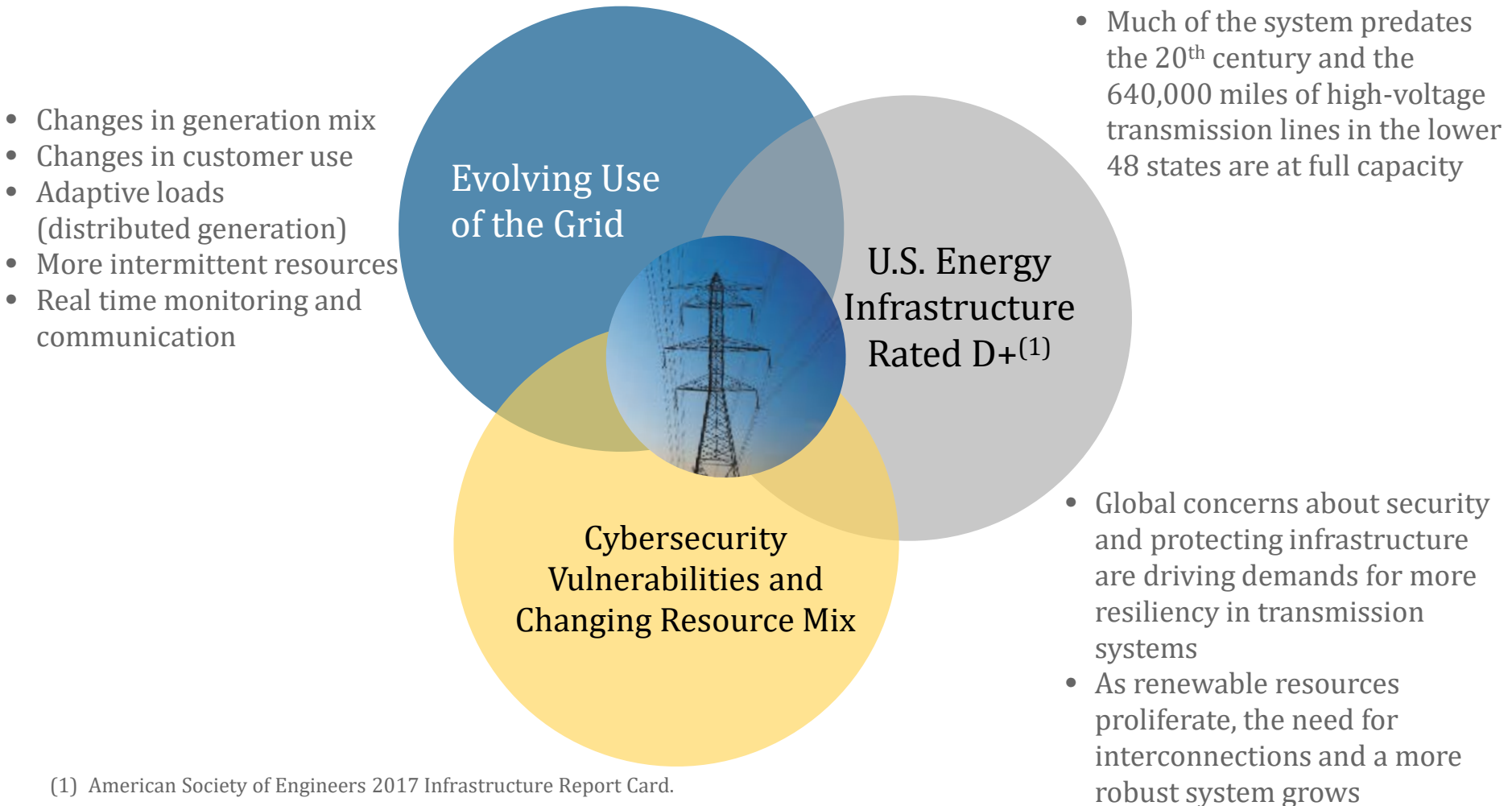
- Grid modernization to meet system demands
- Shift from coal to more renewable resources
- Evolving security and compliance requirements- greater resiliency in transmission systems



## Local Trends

- Transmission system needs to serve regional versus local needs

# Grid modernization drivers & demands



# Strong regulatory relationships with FERC

- FERC has consistently promoted policies to facilitate and support transmission investment
- Key Facts:
  - Independent regulatory commission with five appointed commissioners, one who serves as chair
  - No more than three commissioners can be from the same political party
  - Commissioners serve five year, staggered terms, with one commissioner's term ending each year
- States have jurisdiction over siting of transmission facilities and related matters, as well as oversight of environmental compliance
  - ITC is regulated by 8 states: Illinois, Iowa, Kansas, Michigan, Minnesota, Missouri, Oklahoma & Wisconsin

Year	FERC actions
1992	Energy Policy Act of 1992 mandated open access transmission tariffs
1999	Order 2000 provided for voluntary RTO formation and regional wholesale energy markets
2003	FERC adoption of independence incentives
2005	Energy Policy Act directed FERC to provide financial incentives for transmission
2006	Order 679 established incentives for transmission investment
2007	Order 890 expanded regional planning mandate and subsumed Order 888 that established regional planning and open transmission access
2011	Order 1000 provided guidelines for regional planning and cost allocation, will facilitate inter-regional project development, and introduce competition
2012	Policy Statement on Promoting Transmission Investment Through Pricing Reform
2014	Opinion 531 modified methodology for calculating transmission returns to support continued investment





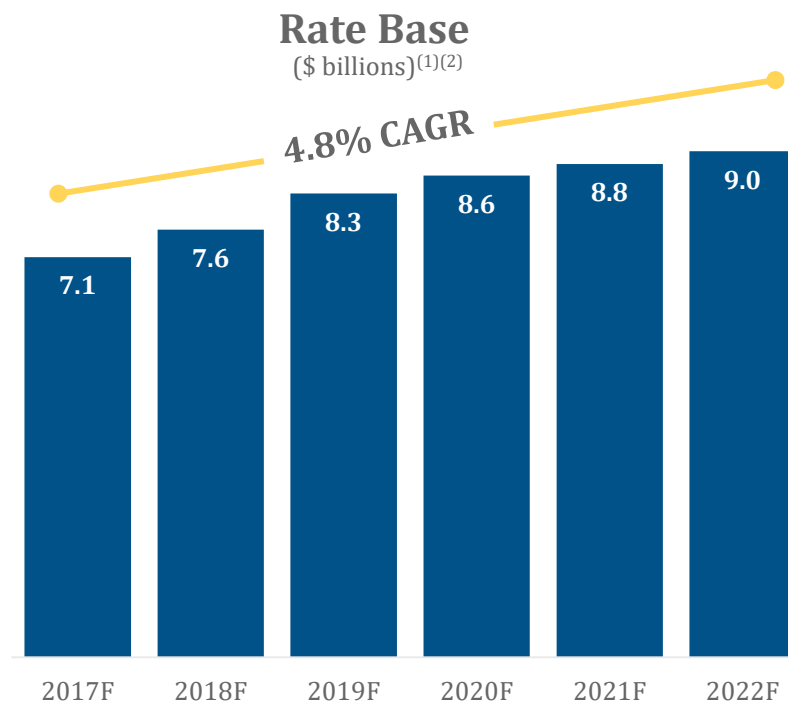
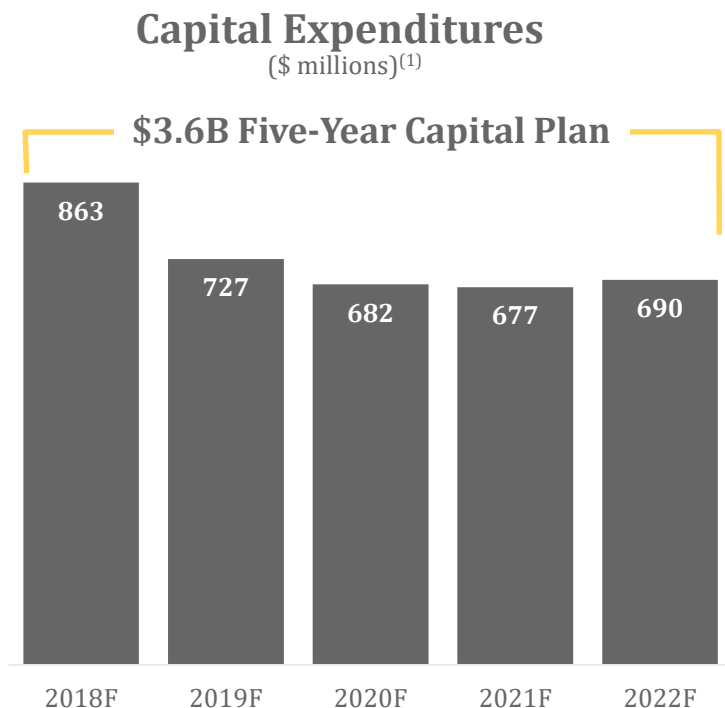
## MISO ROE Complaints

- Initial Complaint – FERC Order issued in September 2016 setting the base ROE of 10.32% and high-end of the zone at 11.35% (Nov '12 – Feb '15) and also going forward from the date of the FERC order
- Second Complaint – Presiding Administrative Law Judge issued an initial decision in June 2016, recommending a base ROE of 9.70% for the second refund period with a high-end of the zone of 10.68% (Feb '15 – May '16) and going forward from the date of a final FERC order on the second complaint
  - FERC has yet to rule on the second complaint, with a final order expected in 2018; however, there is no statutory deadline
  - In September 2017 the MISO transmission owners moved for an order to dismiss the second complaint

## FERC Quorum

- With the departure of Commissioner Bay in early 2017, FERC has lacked a quorum
- In August, quorum was restored with the appointment of Commissioners Neil Chatterjee (current Chair) and Powelson, these appointments, combined with sitting Commissioner LaFleur establish a quorum
  - Nominees for remaining seats are Richard Glick (Democrat) and Kevin McIntyre (Republican)
- Given backlog of other issues, a decision on second MISO complaint is not expected until 2018

# Capital program & rate base growth



- ITC will represent approximately 30% of the 2017F Fortis rate base

(1) U.S. dollar-denominated capital expenditures and rate base are translated at a forecast USD/CAD foreign exchange rate of \$1.28

(2) Includes impact of bonus depreciation

# ITC– Opportunities beyond the base capital plan

*Transmission focuses on North America “Grid of the Future” -  
reliable, resilient, and efficient grid to connect energy resources to customers*

## Regulated Transmission – U.S.

- Potential incremental needs within existing systems to address additional security concerns, new customer connection requests and congestion
- Expansion into new RTO and non-RTO regions through greenfield projects and value-added acquisitions / partnerships



# ITC– Opportunities beyond the base capital plan

*Transmission focuses on North America “Grid of the Future” -  
reliable, resilient, and efficient grid to connect energy resources to customers*

## Generator Interconnection Ties

- Ability to build, own and operate discrete generator interconnection ties for new generation resources
- Transfers NERC compliance requirements to ITC

## Mexico

- Evaluating government mandated infrastructure modernization efforts
- Jointly planning to pursue phase 1 with two experienced partners, consisting of ~600 miles of 500 HVDC



## Energy Storage

- Anticipated increase in energy storage needs with growth in intermittent renewable generation
- Opportunistic investment landscape given ITC's innovative approach and willingness to test new technologies

## Contracted Transmission

### Lake Erie Connector

- 1,000MW HVDC merchant line, only direct connection between IESO and PJM
- Major permits secured; project engineering on schedule; RTO coordination and shipper negotiations in progress
- If key milestones are met, expected in-service date will be the end of 2021 or ~3 full years from commencement of construction



# Development approach

- Disciplined growth through new development projects is a key strategic objective and incorporates the following parameters:

## **Strategically compelling**

- Regulated or sufficiently contracted
- New systems with identified need for base capital investments
- Large footprint supports incremental development opportunities
- Transformational to size and scale

## **Value enhancing to stand-alone plan**

- Immediately and sustainably value accretive
- Increased flexibility in capital deployment and enhanced growth portfolio

## **Maintains credit quality**

- Credit quality enhancing through diversified rate base and increased scale
- Credit metric neutral



# UNS Energy Corporation

## Sustainable Power Resource Diversification in a Growing Market

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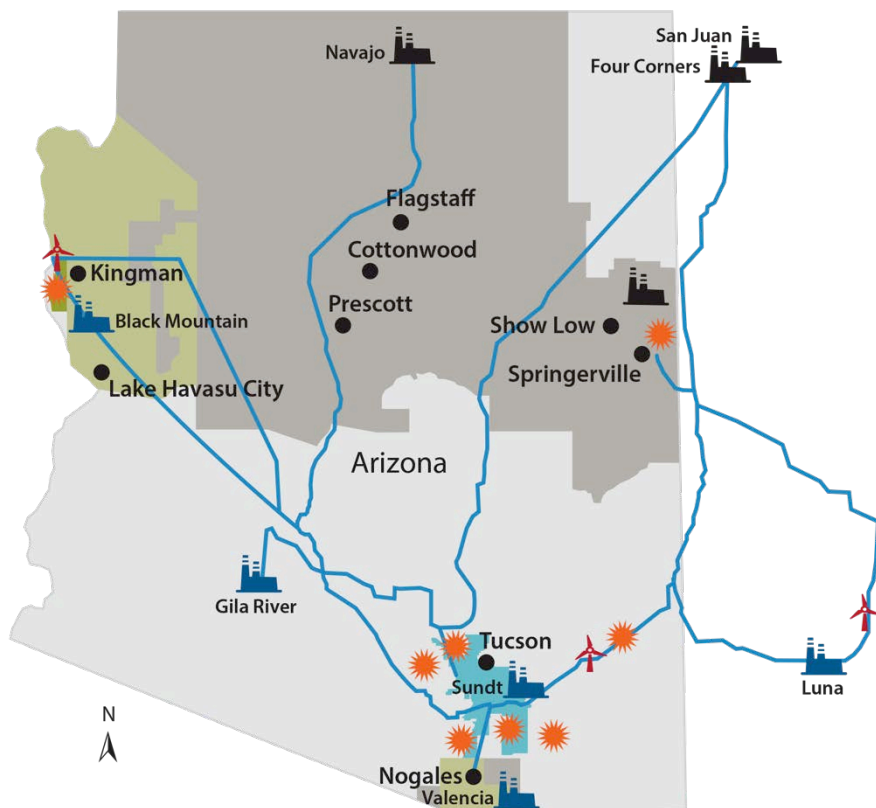
**David Hutchens**  
President & CEO



**Frank Marino**  
CFO







#### SERVICE AREAS / CUSTOMERS

- Tucson Electric Power Service Area
- UNS Gas Service Area
- UNS Electric Service Area
- UNS Gas & Electric Service Area
- Transmission Line
- Coal-Fired Power Plant
- Natural Gas-Fired Power Plant
- Community-Scale Solar Power
- Company Offices
- Community-Scale Wind Power

## Key Facts

2017F Rate Base **\$4.7B**

5-Year CAGR on Rate Base<sup>(1)</sup> **4.7%**

5-Year Capital Spending **\$2.95B**

	Allowable ROE	Equity Thickness
Tucson Electric Power	<b>9.75%</b>	<b>50.00%</b>
UNS Electric	<b>9.50%</b>	<b>52.83%</b>
UNS Gas	<b>9.75%</b>	<b>50.80%</b>
<b>2,040</b>	<b>518,000</b>	<b>155,000</b>
Employees	Electric Customers	Gas Customers

Development Activity  
(not included in base capital plan)

**Renewables, Transmission  
Investments, Grid Modernization &  
Infrastructure Resiliency**

(1) 5-Year CAGR on rate base includes \$4.7B 2017F to \$5.9B 2022F.

# Track record & the opportunity ahead

---

- With a history of producing strong operating results, UNS successfully manages operating expenses while exceeding safety, reliability and customer service targets
  - Healthy balance sheet with 'A' rated utility subsidiaries
- UNS is well positioned to continue providing sustainable service by integrating more renewable and low-carbon generating resources
  - Increase the use of renewable energy and fast-ramping generation
  - Utility-scale solar and wind projects will provide the bulk of renewable generation
  - Renewable resource goals exceed the requirements of Arizona's Renewable Energy Standards
- Significant investment opportunities tied to modernization of distribution grid
  - Equipment upgrades and technology investments to improve service reliability and customer options

# UNS – Strategic outlook



## Key Initiatives

- Focus on “winning the customer”
- Diversifying our resource portfolio
- Modernization of TEP distribution grid
- Executing regulatory strategies



## Sources of Organic Growth

- Reliability, security and maintenance of regulated systems
- New distribution interconnections driven by customer needs
- Transmission and renewable energy
- Major capital projects



## Key macro trends

- Arizona’s long-term economic outlook is strong



## Local trends

- Positive trends with unemployment levels below national and state levels



# Strong regulatory relationships

## Review update



### Phase 1 Rate Cases Concluded (2016 & 2017)

- Decisions included revenue requirements and rate design for non-solar customers
- Enhanced fixed cost recovery
  - Higher monthly customer charges
  - Reduction in volumetric tiers
  - Modifications to lost fixed cost recovery mechanism

### Phase 2 Rate Case - Joint Proceedings (Ongoing)

- Expected to conclude in Q1 2018
- Rate design for new solar customers
  - 2-part time-of-use rate with grid access and incremental meter fees
  - 3-part time-of-use rate with a charge based on the highest hourly demand during the month and an incremental meter fee
- Rate design for new solar customers
  - Establish initial rate for bill credits for excess energy delivered to the grid
  - Proposed export rate per kWh based on 5-year weighted average cost of owned and contracted solar resources

	TEP	UNS Electric
Test Year	6/30/15	12/31/14
Decision Date	Feb. 2017	Aug. 2016
Rate Base	US\$2.0B	US\$270M
Non-Fuel Revenue Increase	US\$81.5M	US\$15M
ROE	9.75%	9.50%
Equity Ratio	50%	53%

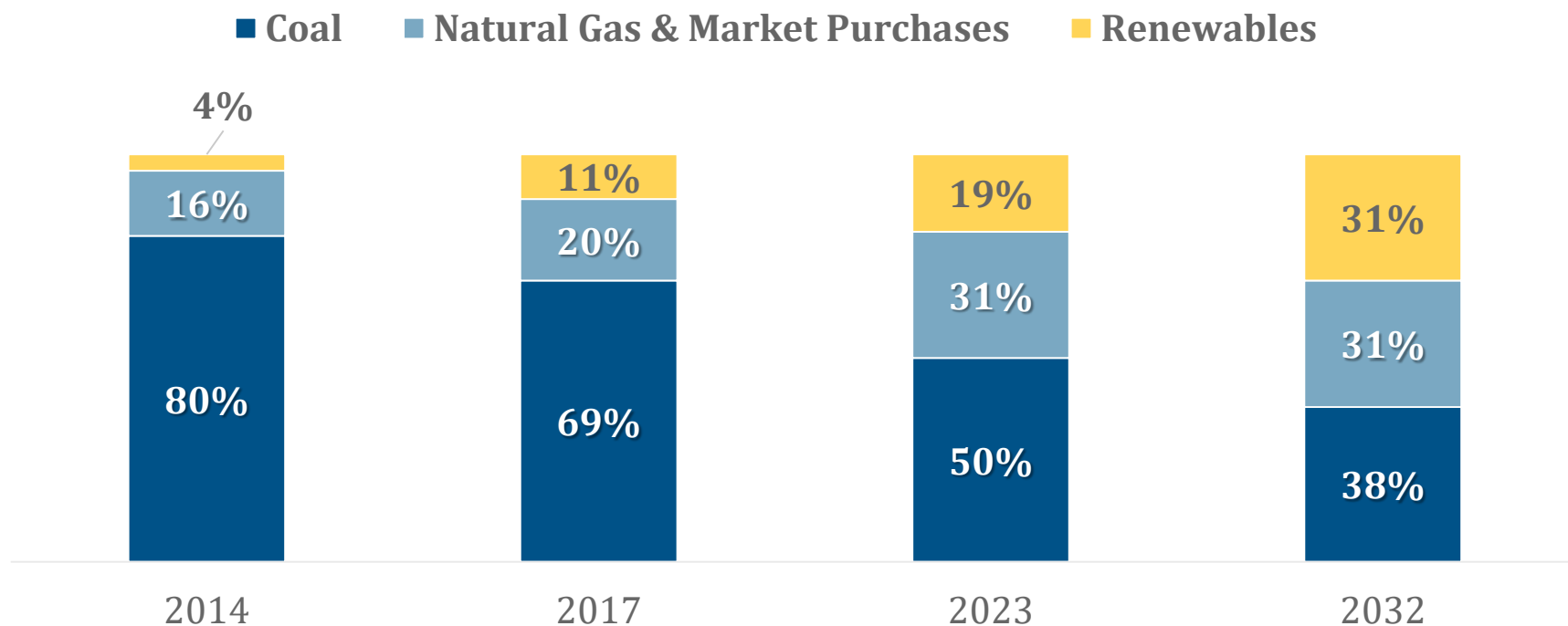
# Resource diversification plan

Building a sustainable, cost-effective resource portfolio



## TEP Energy Portfolio Mix

Coal-fired kilowatt hours declining



# Resource diversification plan

TEP - Diversifying resource mix while mitigating rate impacts



**2018**  
San Juan Unit 2  
Retirement  
-170 MW

## Jointly-Owned Coal Plant “Off-ramps”

- Fuel switching
- Coal contracts
- Land leases
- Participation agreements
- Environmental regulations

2014

2017

2019

2021

2023

2025

2030



**2015**  
Sundt Unit 4  
Fuel Switch  
-125 MW  
Coal Handling Facilities Retired



**2020**  
Navajo Generation  
Station Retirement  
-168 MW



**2022**  
San Juan Unit 1  
Retirement  
-170 MW



**2031**  
Four Corners Power  
Plant Retirement  
-110 MW

## Mitigating Rate Impacts

- Regulatory approval for:
  - Depreciation rates that reflect the early exit of San Juan Units 1 and 2, and the Sundt Coal Handling Facilities
  - Use of excess depreciation reserves for unrecovered book value of retiring assets





# Resource diversification plan

## Modernizing natural gas generating resources



- Flexible Generation Resource
  - Facilitating renewables on the grid
  - Provide ramping and peaking requirements
  - Replace aging, less efficient combustion turbines
  - Reciprocating engines to be constructed in Tucson
  - 200 MW total capacity (10 modular units @ 20 MW each)
  - Flexible unit dispatch (4 – 20 MW)
  - In-service 2019-2020
  - Low gas pressure requirements and efficient water use
  - ~\$200 million investment over plan period



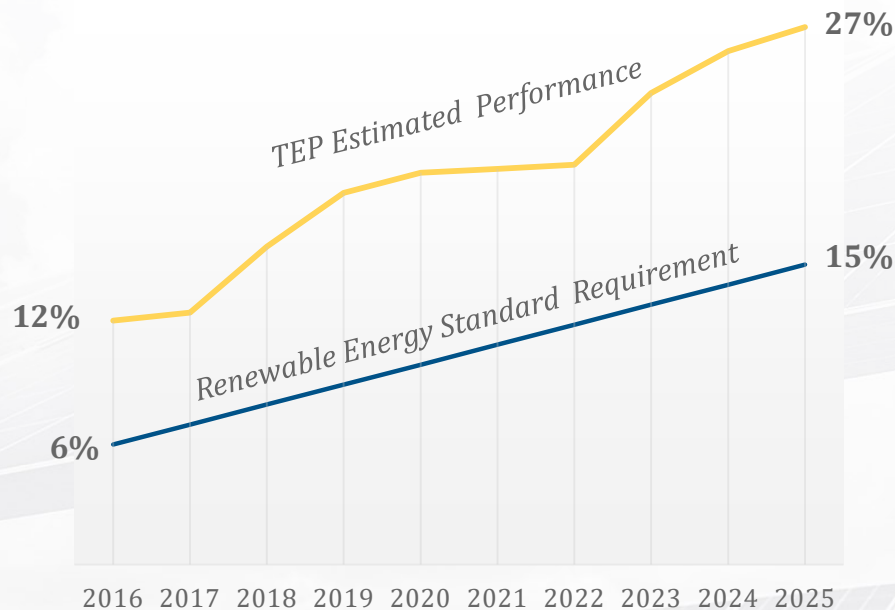
- Modern, Efficient Baseload Combined Cycle Generation
  - Gila River Unit 2 - 550 MW
  - Initial short-term tolling agreement
  - ~\$200 million purchase
  - Replace higher cost, aging coal facilities while reducing rate pressure
  - TEP (75%) and UNS Electric (25%) jointly own Gila River Unit 3

# Resource diversification plan

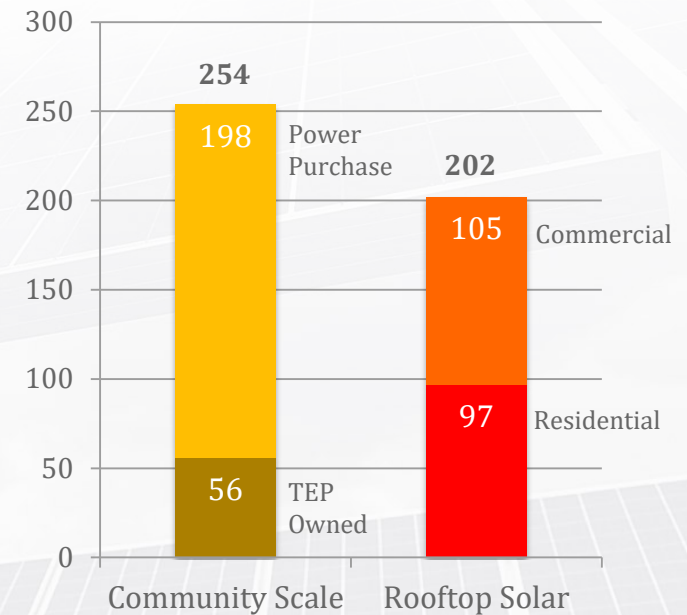
Exceeding Arizona's Renewable Energy Standard with a balanced portfolio



**Renewable Energy Standard  
vs. TEP Estimated Performance**



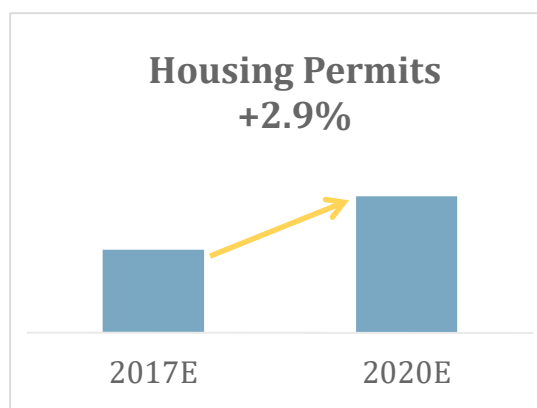
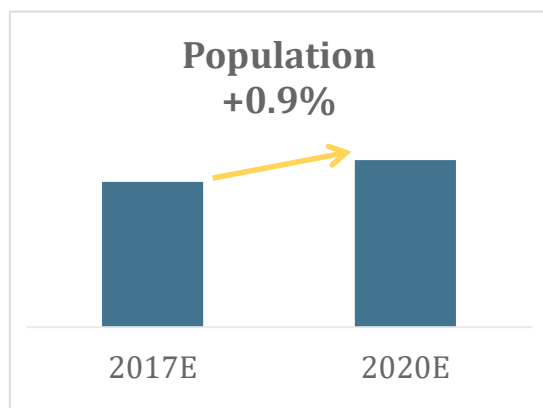
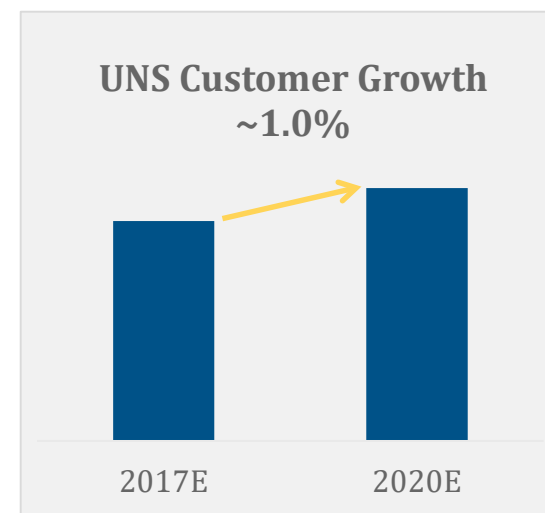
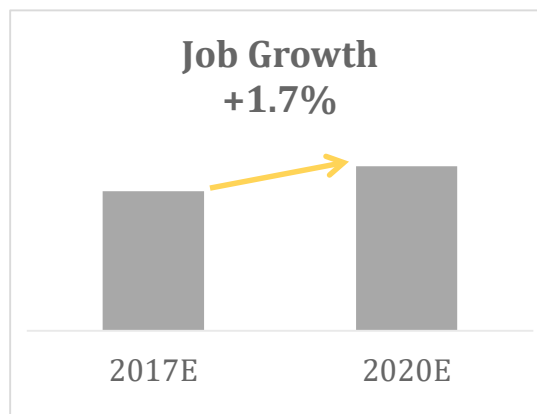
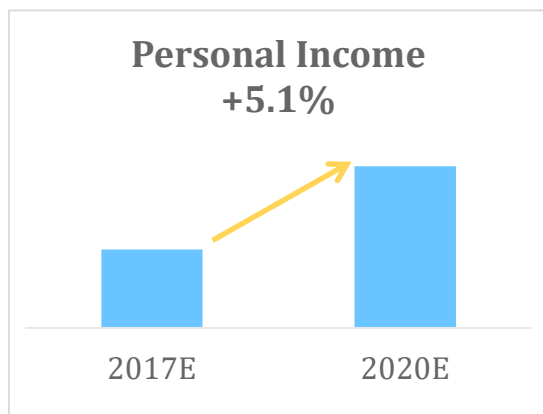
**Current TEP Solar Resources  
Megawatts (456 Total)**



# Favorable Tucson economic indicators



## 2017 – 2020 Projected CAGR

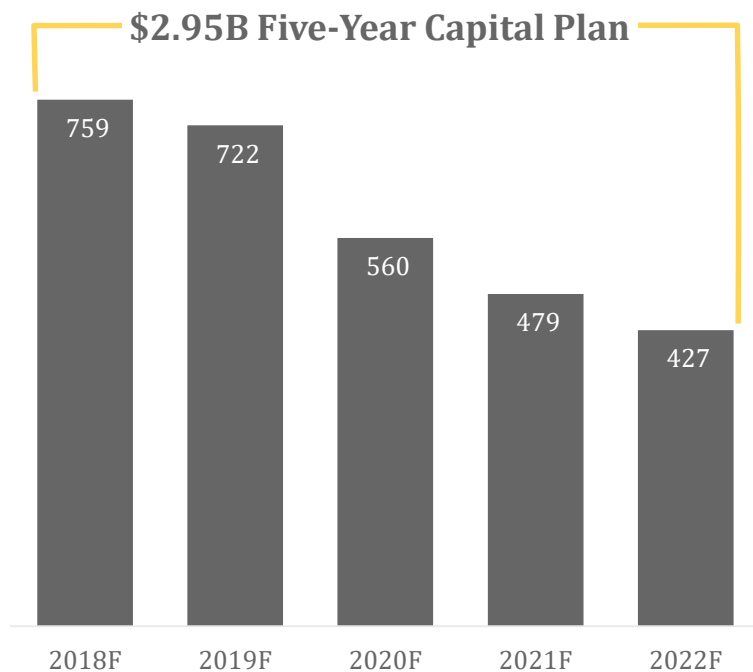


Source: University of Arizona Economic & Business Research Center

# Capital program and rate base growth

## Capital Expenditures

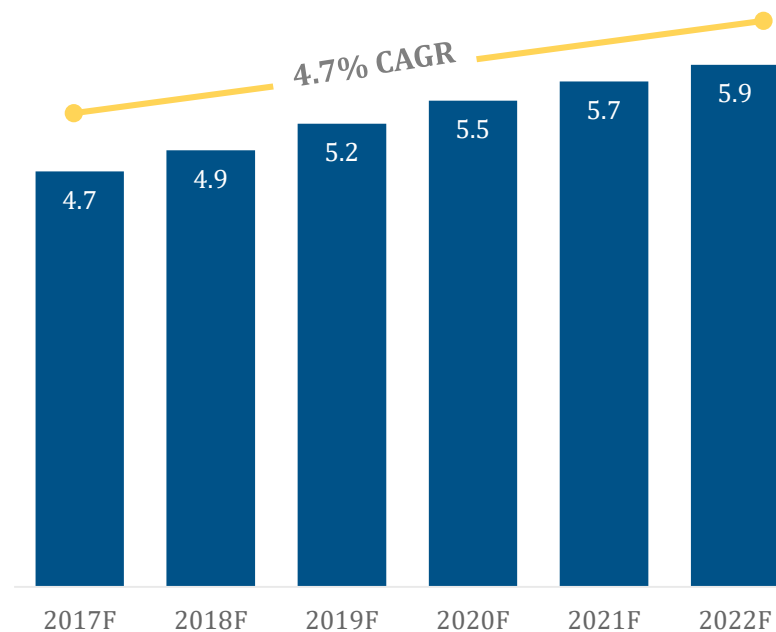
(\$ millions<sup>(1)</sup>)



(2018-2020 – includes distribution modernization, RICE, Mexico Intertie)

## Rate Base

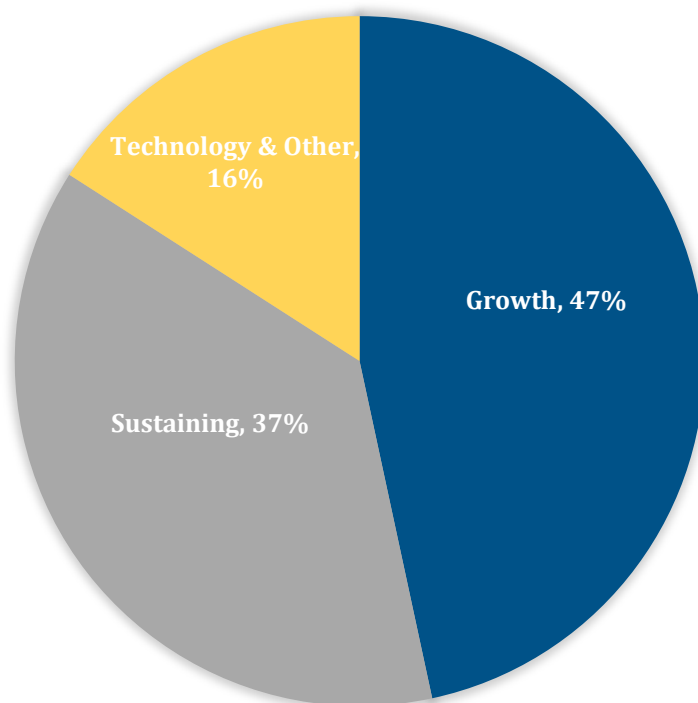
(\$ billions<sup>(1)</sup>)



(1) U.S. dollar-denominated capital expenditures and rate base are translated at a forecast USD/CAD foreign exchange rate of \$1.28.

# Capital investments span the value chain

UNS CAPITAL INVESTMENTS 2018-2022E  
\$2.95 BILLION



# Opportunities beyond the base capital plan

- Renewable Generation
  - Purchase existing renewable facilities
    - Purchase options in existing contracts
  - Self-build utility-scale projects
- Grid Modernization
  - Distribution automation
  - Utility-scale storage
- Infrastructure Resiliency
  - Physical security
  - System hardening





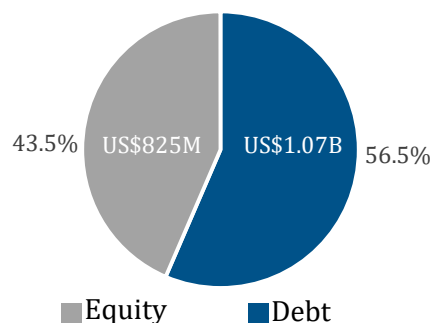
# Underlying financial strength

## Fortis support drives capital structure and credit rating improvement

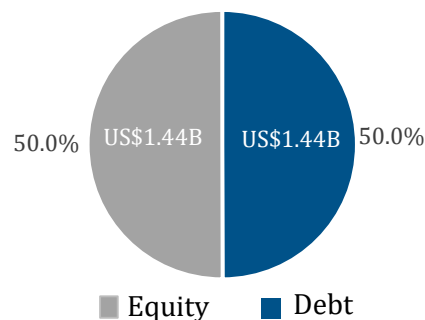


- Fortis contributed US\$287 million of equity to UNS in 2014 and US\$180 million in 2015

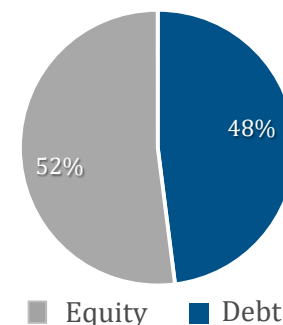
**TEP 2011 Test Year Capital Structure**



**TEP 2015 Test Year Capital Structure**



**TEP 2017E Capital Structure**



- Credit Rating Improvements

	Moody's/S&P Ratings as of 12/31/2013	Moody's Upgrade 1/30/2014	S&P Upgrade 10/28/2014	Moody's Upgrade 2/27/2015	S&P Upgrade 4/3/2017
UNS	Baa3	Baa2		Baa1	
TEP	Baa2/BBB	Baa1	BBB+	A3	A-
UNS Electric	Baa2	Baa1		A3	
UNS Gas	Baa2	Baa1		A3	

# Central Hudson Gas & Electric Corporation

Leveraging strengths to deliver solid operating  
and financial performance

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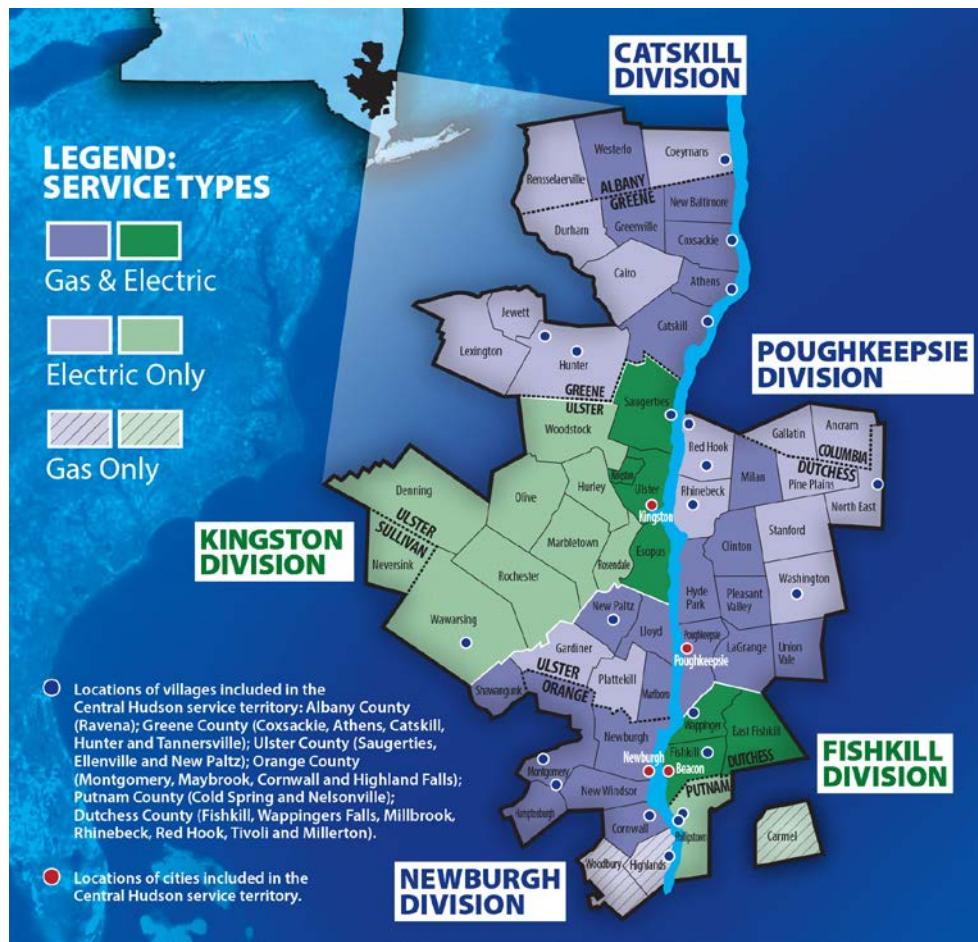


**Michael Mosher**  
President & CEO



**Christopher Capone**  
EVP & CFO





## Key Facts

2017F Rate Base **\$1.5B**

5-Year CAGR on Rate Base<sup>(1)</sup> **8.6%**

5-Year Capital Spending **\$1.5B**

**9.0%** Allowable ROE

**48%** Equity Thickness

**992** Employees

**300,000** Electric Customers

**80,000** Gas Customers

Development Activity (not included in base capital) **Transmission Investments**

(1) 5-Year CAGR on rate base includes \$1.5B 2017F to \$2.3B 2022F.

# Our track record & the opportunity ahead

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- We are delivering solid operating and financial performance and have robust plans for increased capital investment within the rate plan
  - Strong operational expertise
  - Established risk management
  - Experienced management team
- Our investment in recent years has increased steadily to replace aging infrastructure, improve grid performance and efficiency and modernize our IT infrastructure and capabilities
- Our industry is poised for major changes due to an evolving regulatory environment
- We are well positioned to adapt and capitalize on the changes ahead
  - New revenue and earnings opportunities
  - Declining cost curves of PV solar technology
  - New applications of information technology
  - Opportunities within policy change at federal and state level, clean energy, grid decentralization and evolving customer expectations

# Central Hudson – Strategic Outlook

Capitalizing on the transformation of the traditional energy model



## 2018-2022 Key Initiatives

- Execute robust capital plan including IT strategic plan
- Execute new rate plan effective 7/1/18
- Workforce development and knowledge transfer
- Influence evolving regulation



## Sources of Organic Growth

- Leak prone pipe replacement program
- Age/condition-based CAPEX
- Information technology/cybersecurity
- Grid modernization/distribution automation and DMS
- Training center/master facilities plan



## Key Macro Trends

- Evolving regulatory model
- Increasing penetration of DERs (PV solar technology)
- Changing service territory economy
- Low commodity prices for electric and gas



## Local Trends

- Unemployment rate low but now above state/national levels
- Weak median income growth
- Improving housing market





# Leadership on policy issues



## Shaping the evolving regulatory model: NYS Public Service Commission

- Central Hudson is actively engaged in the current regulatory process - Reforming the Energy Vision (REV) - which seeks to redesign the utility business model in New York State. It is unprecedented in scope and complexity
  - REV aspires to drive changes that will lead to more efficient use of the power grid and deeper and wider penetration of renewable and distributed resources such as solar and wind
  - Ultimately, REV will begin to change the way utilities earn income through new streams called Earnings Adjustment Mechanisms (EAMs) and Platform Service Revenues (PSRs)
  - New Public Service Commission Chair appointed/one vacant Commission seat recently filled. One seat remains vacant. Policy focus unlikely to change
- REV is now moving from policy development to implementation – lessening uncertainty and increasing opportunity for us.
  - Track 1 Order Adopting Regulatory Policy Framework and Implementation Plan (February 2015)
    - Utility Distribution System Implementation Plan (DSIP) filed 7/30/2016
      - Hosting capacity, interconnection portal, suitability criteria, energy management and benchmarking, energy storage projects
    - Benefit Cost Analysis Handbook filed 7/30/2016
      - Evaluation of non-wire alternatives to traditional utility investment and Energy Efficiency Transition Implementation Plans (ETIP) and provide guidance for development of new tariffs
  - Track 2 Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (May 2016)
    - Earnings Adjustment Mechanisms (EAMs), Platform Service Revenues (PSRs)
    - Rate Design Reform and Development (Time of Use and Smart Home Rates)



# Leadership on policy issues

## Shaping the evolving regulatory model



- Our policy driven opportunities include:
  - NYS REV-Related
    - Community Distributed Generation (CDG)
    - Value of D Order on Net Energy Metering Transition Issued March 9, 2017 – Interim Successor to Net Metering
      - Value Stack- several elements representing the value of a clean kWh to the grid
    - Community Choice Aggregation (CCA)
    - Distributed System Implementation Plan (DSIP)
    - Interconnections - Standards and Queue Management Orders
  - NYS Clean Energy Standard (CES)
    - Renewable Energy Standard – 50% renewables by 2030
    - Greenhouse Gas Emissions – 40% reduction by 2030
    - Zero Emissions Credits (ZECs) – support for at risk nuclear generators through 2029
  - NYS Clean Energy Fund (CEF)
    - NYSERDA Administered Clean Energy Programs - New York Green Bank/New York Sun
  - Low Income Bill Discounts - enhanced statewide

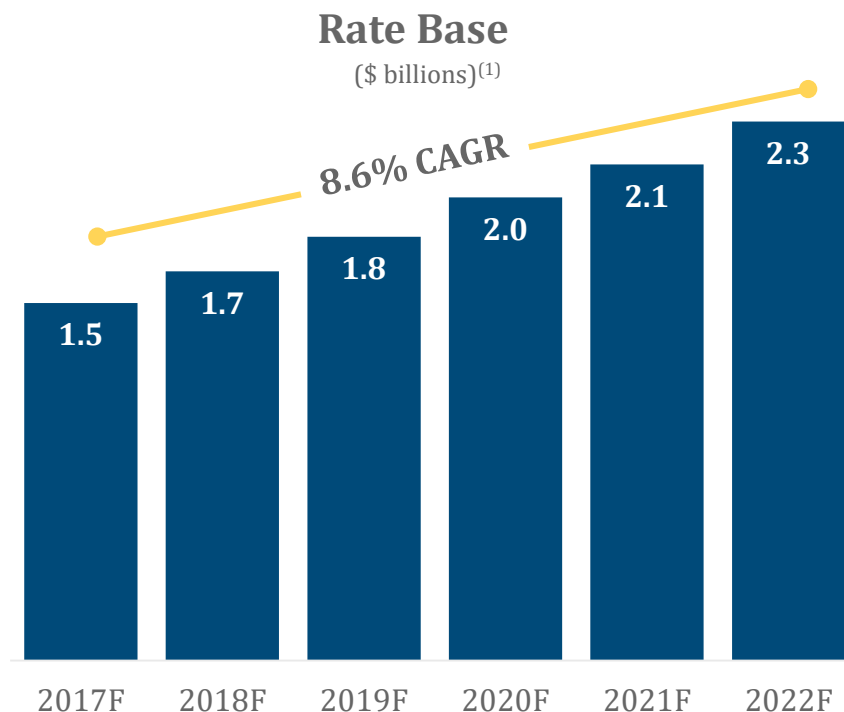
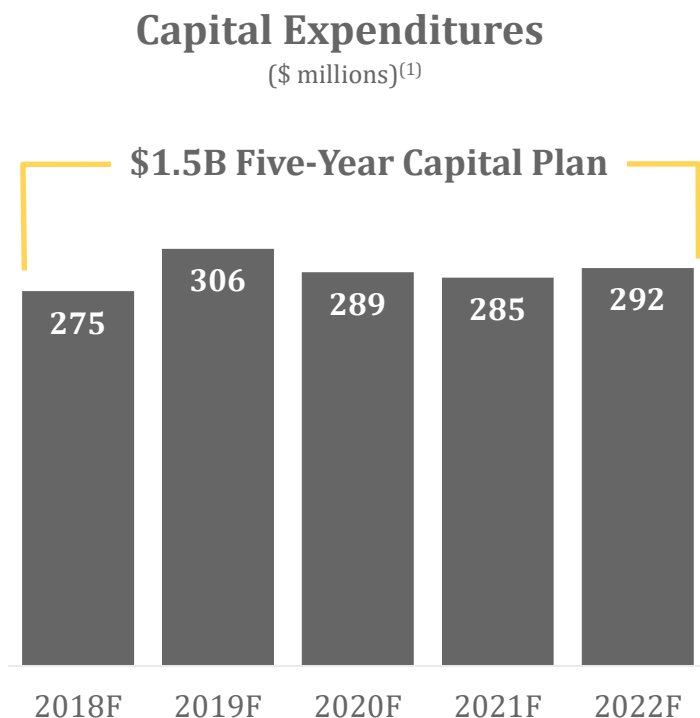
# Regulatory timeline



- Central Hudson Rate Filing in July 2017 for new rates to go into effect on July 1, 2018.  
Rate filing driven by initiatives to enhance or improve:
  - Grid Modernization and Efficiency
  - Financial Strength
  - Customer Service
  - Vegetation Management/System Reliability
  - Low Income Programs
  - IT/Cybersecurity Investments
- Anticipated Case Schedule:

→ Central Hudson Filing	July 28, 2017
→ Staff Filing	November 2017
→ Possible Settlement Discussions	December 2017
→ Hearings (if needed)	January 2018
→ Settlement Agreement/Joint Petition (if achieved)	April/May 2018
→ Order Approving Rates	June 2018

# Capital program & rate base growth

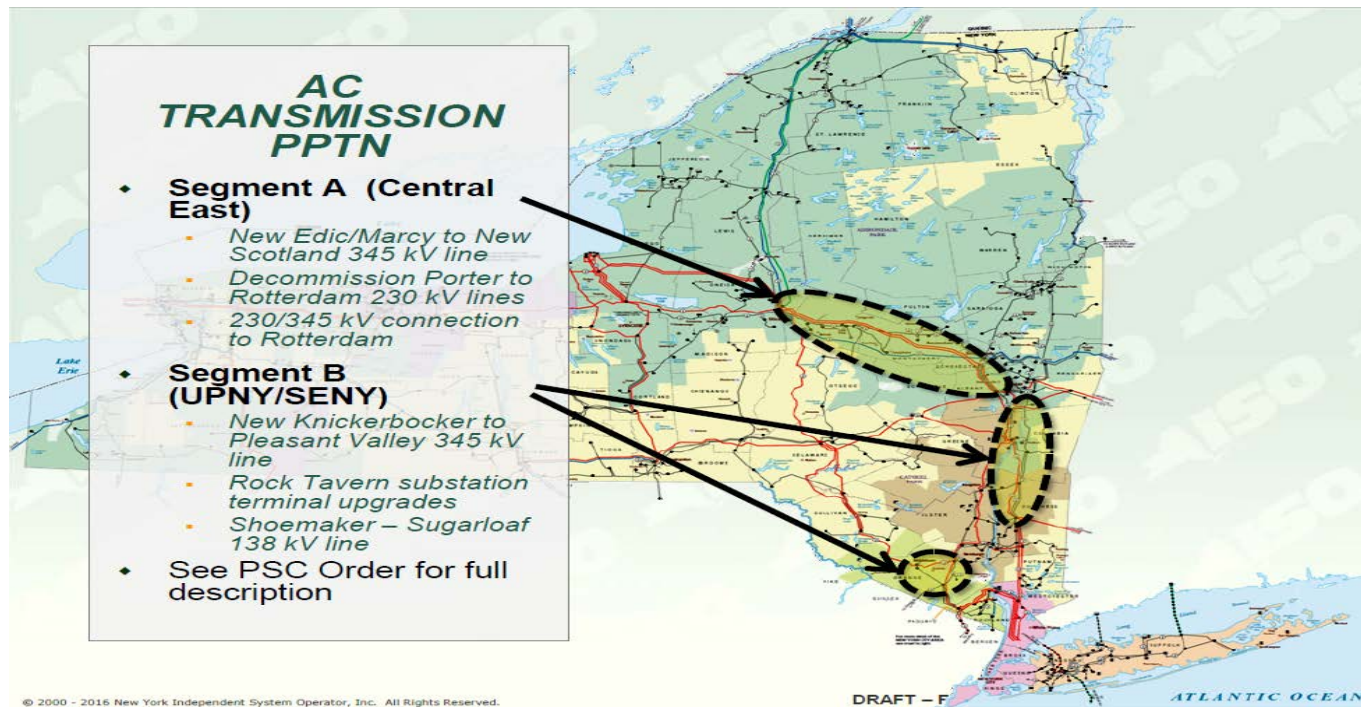


- Infrastructure replacement and modernization are driving growth
  - Leak-prone gas pipe replacement
  - Distribution Automation/Distribution Management System/Network Strategy (electric)
  - IT systems
- Bonus depreciation impacts rate base growth during time horizon illustrated

(1) U.S. dollar-denominated capital expenditures and rate base are translated at a forecast USD/CAD foreign exchange rate of \$1.28.

# Opportunities beyond the base capital plan

- NY Transco LLC
  - Pending competitive Alternating Current (AC) proceeding proposals
  - Potential investment opportunities with CES mandate



# FortisBC Energy Inc. & FortisBC Inc.

Pursuing major gas infrastructure opportunities

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**Michael Mulcahy**  
President & CEO



**Ian Lorimer**  
Vice President,  
Finance & CFO



**Doyle Sam**  
Executive Vice President,  
Operations and Engineering



**Douglas Stout**  
Vice President, Marketing Development  
and External Relations







## Key Facts

<b>\$4.1B</b>	<b>\$1.3B</b>	<b>3.8%</b>	<b>2.6%</b>
Gas Distribution	Electricity	Gas Distribution	Electricity

2017F  
Rate Base

5-Year CAGR on  
Rate Base<sup>(1)(2)</sup>

<b>\$2.4B</b>	<b>\$0.5B</b>
Gas Distribution	Electricity
5-Year Capital Spending	

<b>8.75%</b>	<b>38.5%</b>	<b>9.15%</b>	<b>40.0%</b>
Gas Allowable ROE	Equity Thickness	Electricity Allowable ROE	Equity Thickness

<b>2,222</b>	<b>999,000</b>	<b>170,000</b>
Employees	Gas Customers	Electric Customers

### Tilbury Expansion and Additional Gas Infrastructure Opportunities

Development Activity  
(not included in base capital plan)

- (1) 5-Year CAGR on rate base includes \$4.1B 2017F to \$5.0B 2022F and \$1.3B 2017F to \$1.5B 2022F for Gas Distribution and Electricity, respectively
- (2) Including CWIP, rate base plus CWIP 5-year CAGR increases to 4.9% for the Gas Distribution business and decreases to 2.5% for the Electric business.



# FortisBC – Positioned for growth



## 2018-2022 Key Initiatives

- Renewal of regulatory rate-setting structure
- Capital program execution
- Participation in climate action plan



## Sources of Organic Growth

- System integrity projects
- LNG related opportunities
- Related energy infrastructure



## Local Trends

- Continued strong GDP growth
- Housing starts remain strong
- Job creation strong, unemployment lowest in Canada



## Key Macro Trends

- Change in provincial government
- Increasing focus on climate action plan
- Net positive population growth
- Competitive resource pricing
- Stable regulatory environment



# Key growth drivers

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- Changing environment related to integrity management programs and initiatives
- Development of markets to support alternative use of natural gas
- New end-use technologies that utilize natural gas, but offer the ability to reduce greenhouse gas (GHG) content
- Installation of technology infrastructure to increase load in the electric service territory

# Regulatory overview

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- Regulatory
  - Current Performance Based Regulation (PBR) expires end of 2019
    - PBR framework providing benefits to customers and shareholder
    - Pass through of costs of major capital projects and commodity/power purchase costs
    - Revenue deferral accounts
  - Decoupling of capital spend from PBR formula
- Political
  - Minority NDP government supported by Green Party

# Eagle Mountain – Woodfibre Gas Pipeline



## Overview

- 47-km gas line to serve Squamish-based Woodfibre LNG (WLNG) for export to Asian markets
- ~\$350 million rate base
- Regulated investment
- The Woodfibre facility will export up to 2.1 MTPA of LNG

**2013**

**2015**

**2016**

**2017**

2013  
Project  
development  
starts

2015  
Squamish Nation  
Council outlines a  
series of  
environmental  
conditions

2016  
June - Squamish  
Nation Council  
votes to approve an  
EA Agreement  
August -  
Provincial  
government issues  
EA Certificate

2016  
November -  
WLNG  
announces they  
will be moving  
ahead with  
LNG export  
facility

2017  
WLNG secures  
NEB export  
agreement for  
40 years

# Pipeline Integrity Management Program



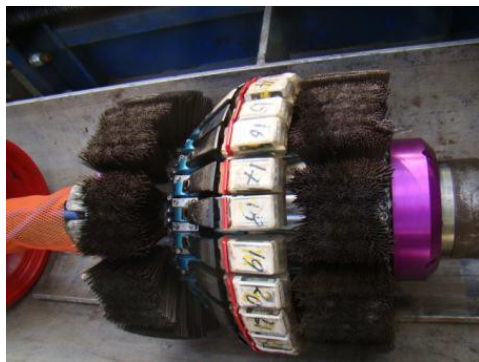
## Pipeline System Overview

- 48,200 kilometres of distribution and transmission lines
- 3,700 kilometres of transmission pipe ranging from 2-42" diameter
- Up to 2,160 psi

## Project Overview

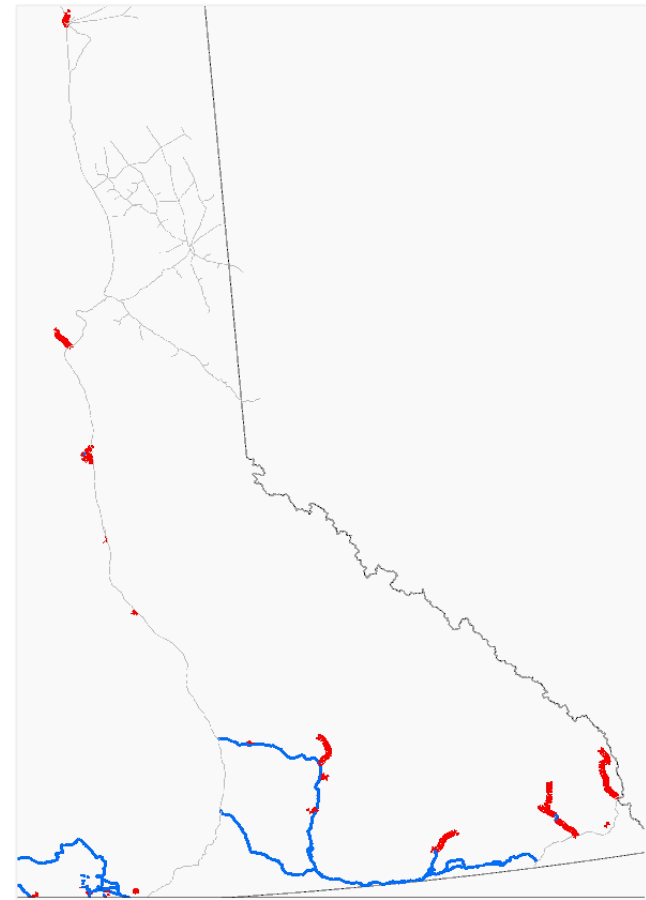
- Primary driver: asset integrity
- Focused on transmission pressure systems
- Project to improve pipeline safety and integrity
- Pipeline modifications and looping
- Total project investment of ~\$300 million
- Opportunity for further investment beyond 2022

# Transmission Pressure Laterals Project



## Overview

- We have in-line inspection capacity on 2,000 km of our pipelines (blue on map)
- Multi-year project will provide in-line inspection capability to an additional 30 lateral gas lines (400 km)





# Emerging technology: EMAT In-Line Inspection

- Technology advancements in In-Line Inspection
- Increasing industry adoption
- Provides ability for proactive, enhanced inspection
- Multi-year program

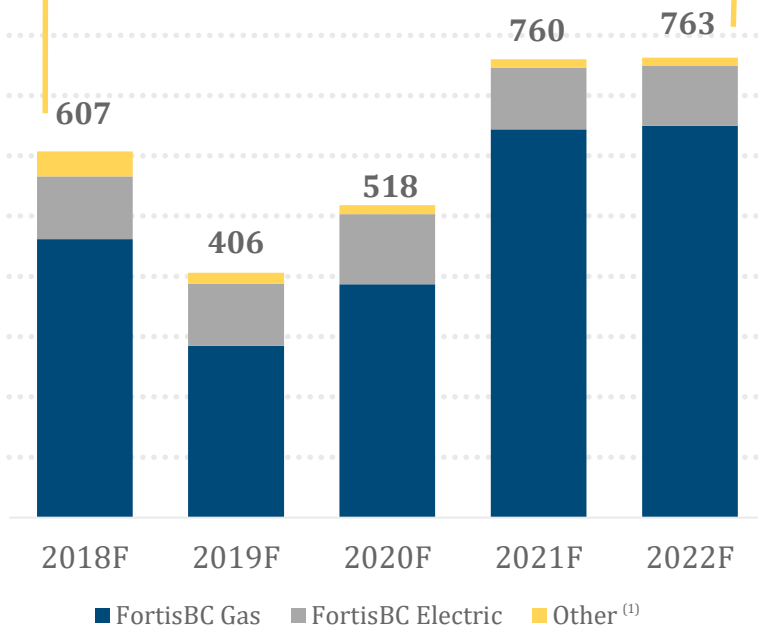


# FortisBC – Capital program and rate base growth

## Capital Expenditures

(\$ millions)

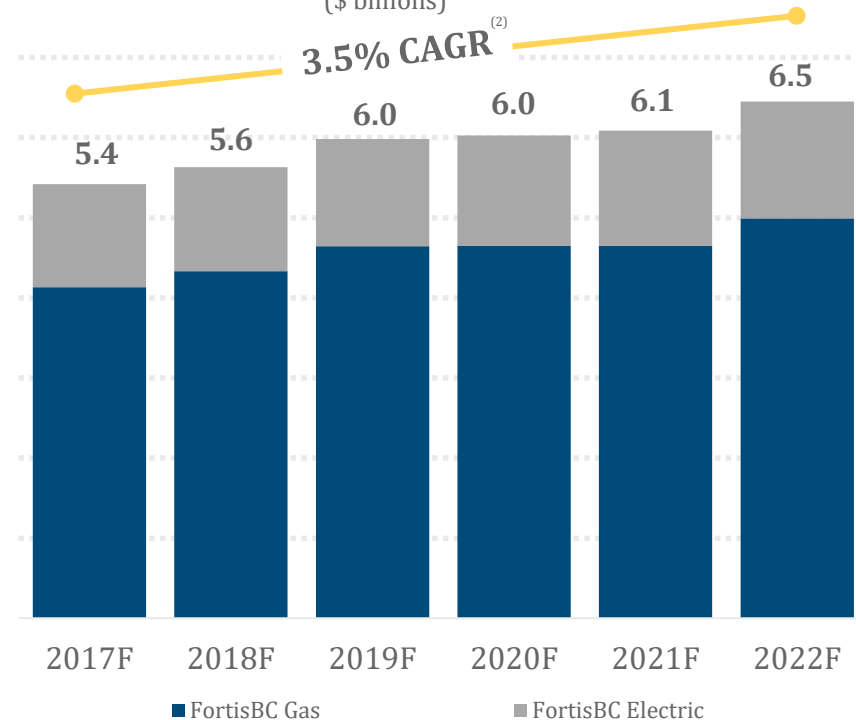
**\$3.0B Five-Year Capital Plan**



## Rate Base

(\$ billions)

**3.5% CAGR<sup>(2)</sup>**



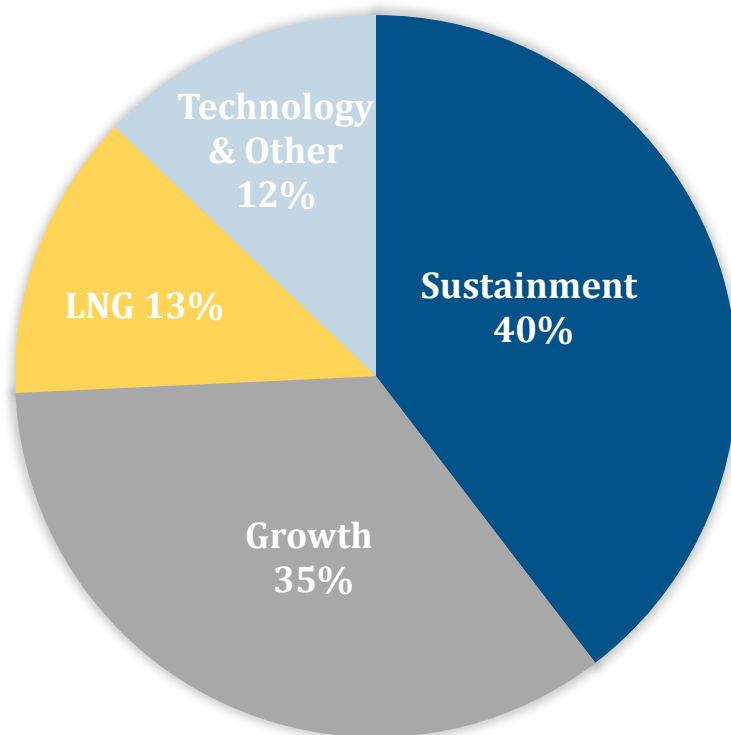
- FortisBC represents approximately one-quarter of the Fortis consolidated five-year capital plan

(1) Includes the Waneta Expansion, which is 51% owned and controlled by Fortis, Aitken Creek and FortisBC Alternative Energy Services

(2) Including CWIP, rate base plus CWIP 5-year CAGR increases to 4.4%

# Capital investment overview

FortisBC Gas & Electric Combined Investments  
2018-2022E \$3.0 billion



# Long-term opportunities

## LNG infrastructure opportunities

Site of potential future marine terminal

Existing facility



Site expansion opportunity for two more tanks

Tilbury 1A near completion

- Tilbury LNG facility
  - Site is scalable with ocean access
  - Tilbury 1B - \$400M approved for regulated expansion but not yet started
    - Serves marine bunkering, transportation, and remote communities
  - Future expansion – developing new markets
    - Regional and international
    - Long-term contracted projects

# FortisAlberta Inc.

**Keeping pace with customers in an evolving energy industry**

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**Karl Bomhof**  
President & CEO



**Janine Sullivan**  
VP, Finance & CFO





## Alberta, Canada

### Electrical Distribution



## Key Facts

2017F Rate Base **\$3.2B**

5-Year CAGR on Rate Base<sup>(1)</sup> **5.6%**

5-Year Capital Spending **\$2.1B**

**8.50%**

Allowable ROE

**37%**

Equity Thickness

**1,113**

Employees

**551,000**

Electric Customers

Development Activity  
(not included in base capital plan)

**Renewables, Distribution System Investments, Changing Customer Expectations**

(1) 5-Year CAGR on rate base includes \$3.2B 2017F to \$4.1B 2022F.



# FortisAlberta – Supporting the integration of distributed energy resources



## 2018-2022 Key Initiatives

- Performance Based Regulation – second term
- Grid modernization
- Integration of distributed generation
- Capital program execution



## Sources of Organic Growth

- Strategic acquisition of small distribution systems within service territory (REAs and small municipalities)
- Customer specific facilities
- Investing in the safety and reliability of the system



## Local Trends

- Recovering Alberta economy
- Increasing competitive pressures
- Oil market stabilizing



## Key Macro Trends

- Industry restructuring
- Evolving government and regulatory policy
- Alberta Climate Leadership Plan-shift to renewable generation



# Current trends and developments

## Provincial government policy

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- Alberta's Climate Leadership Plan
  - Coal-fired plants will be phased out and replaced by renewable energy and natural gas-fired electricity. Approximately 5,000 MW of renewable generation is forecast
  - Introduction of a carbon tax and improved emissions performance standards. Starting in 2018, coal-fired generators will pay \$30 per tonne of CO<sup>2</sup> emissions
  - Implementation of an Energy Efficiency Program, including a commitment to community-based renewable energy systems
- Distributed Energy Resources
  - The Alberta Government is committed to encouraging the development of community energy systems, a key feature of which will be Distributed Energy Resources (DER). The increased integration of DER is expected to require the development of a new regulatory and legislative framework
  - The Alberta Government has tasked the Alberta Utilities Commission (AUC) with conducting an inquiry on matters relating to "Electric Distribution System-Connected Generation" (the DG Inquiry). This is an important opportunity for FortisAlberta to communicate its perspective on the role that distribution utilities can play in enabling the integration of DER, as well as the risks posed by DER to the reliable operation of the distribution system

# Current trends and developments

## Industry Restructuring

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- In November 2016, the Provincial Government announced that by 2021 Alberta will transition to a capacity market for electricity generation, providing a more stable market for power generators
- In an effort to protect consumers, a price cap on the Regulated Rate Option (RRO) was introduced and came into effect on June 1, 2017. Capping the RRO will ensure consumers pay the lower of the fluctuating market rate or the capped rate of 6.8 cents per kilowatt hour
- The Government of Alberta has initiated a review to consider the role and scope of Rural Electrification Associations (REAs) in the provision of electricity distribution service for the purpose of modernizing electricity legislation. The objective is to pursue options that will better account for the intermingled systems owned by REAs and investor-owned utilities, and to allow for the efficient integration of new sources of renewable energy

# Current trends and developments

## Economy

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- Alberta economy demonstrating signs of improvement after two-year recession
- Economic forecasts estimate that Alberta's real GDP will grow by 2.5 percent in 2017
- Stabilization of the oil market, albeit at lower commodity prices, is expected to support modest employment growth in the province
- FortisAlberta's rates are impacted by the inflation factor (I Factor) included in the PBR formula, which is calculated using a lagging labour market indicator, Alberta's Average Weekly Earnings (AWE), and the Consumer Price Index (CPI)
- While FortisAlberta continues to grow, new service requests and energy deliveries are lower compared to high-growth periods

	2014	2015	2016	2017F
New Customers	11,486	9,782	9,608	5,738
Energy Deliveries (GWh)	17,371	17,132	16,788	17,172

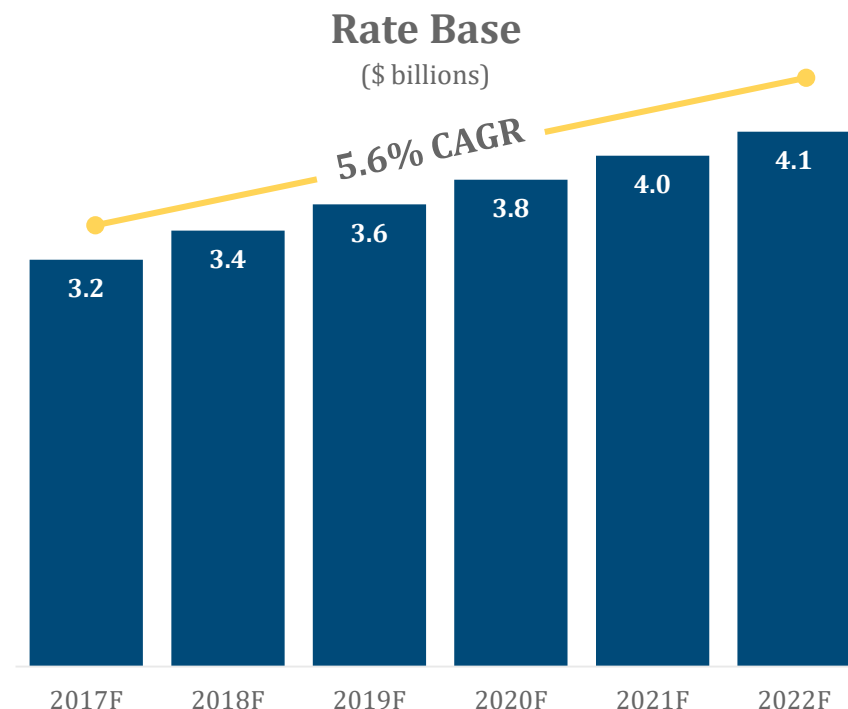
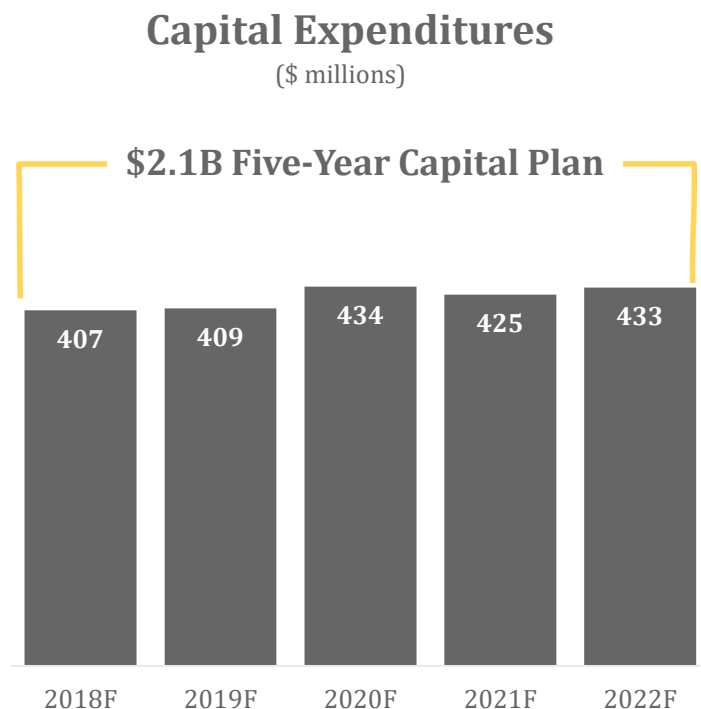
# Current trends and developments

## Regulation

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- Performance Based Ratemaking (PBR)
  - 2017 is the last year of the current 5-year PBR term
  - In December 2016, the AUC issued a decision outlining the manner in which distribution rates will be determined during the second PBR term, which will be 2018 to 2022
  - The formula approved for the first term will substantially continue into the second term, with the most notable change being to the method of providing supplemental capital funding. Utilities will now receive funding for a base amount of capital investment (K-Bar) and will be required to manage within that amount. Additional funding may be available for certain other capital if it meets specific requirements
  - FortisAlberta filed a rebasing application in April 2017 that will establish a going-in revenue requirement for the second PBR term. The going-in revenue requirement will be used to determine the going-in rates upon which the PBR formula will be applied to establish distribution rates for 2018
- Generic Cost of Capital (GCOC)
  - The Alberta Utilities Commission (AUC) issued its decision in October 2016 on the Return on Equity (ROE) and capital structure for regulated utilities for 2016, 2017 and interim 2018
  - For 2017 and interim 2018, ROE increased to 8.50% from 8.30%. The equity component of the approved capital structure decreased to 37% from 40%
  - In July 2017, the AUC launched a 2018 GCOC proceeding to set the ROE and capital structure for Alberta utilities for 2018, 2019 and 2020
  - An oral hearing on this matter is scheduled for March 2018

# Capital program and rate base growth



- FortisAlberta's capital program consists of projects to connect new customers and ensure the safety and reliability of the existing distribution system
- Despite the economic downturn, FortisAlberta's rate base growth over five years is expected to remain strong at a 5.6% CAGR



# Opportunities beyond the base capital plan

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- The Province of Alberta will support the creation of 5,000 MW of additional renewable energy capacity by 2030
  - FortisAlberta is assessing the acquisition and/or operation of the distribution systems of large-scale wind farms in Alberta
  - Findings of DG Inquiry expected to facilitate DER-related investment to support accelerated penetration of renewables in Alberta
  - Introduction of technology to support grid modernization that will facilitate DER integration
- Meeting the changing expectations of our customers
  - In 2017, FortisAlberta will continue its LED street light conversion project and anticipates that 35,000 LED street lights will be installed by the end of 2017. Opportunity exists to install a further 35,000 LED street lights
  - FortisAlberta will partner with customers and local community stakeholders to maximize benefits from energy efficiency programs offered through Energy Efficiency Alberta, the government agency established to coordinate consumer programs

# Opportunities beyond the base capital plan

---

- Strategic acquisitions provide opportunities to consolidate distribution system assets in our service territory
  - In 2015, FortisAlberta purchased the distribution assets of two REAs. Opportunities exist to purchase the distribution assets of additional REAs
  - In 2016, FortisAlberta purchased the distribution assets of the Municipality of Crowsnest Pass. Opportunities exist to purchase the distribution assets of other municipalities
  - FortisAlberta is pursuing the purchase of distribution assets owned by customers in its service area. Such customers include oil and gas processors and military bases

# Eastern Canadian & Caribbean Operations

## Investing in sustainability of our infrastructure & pursuing opportunities to reduce the carbon footprint

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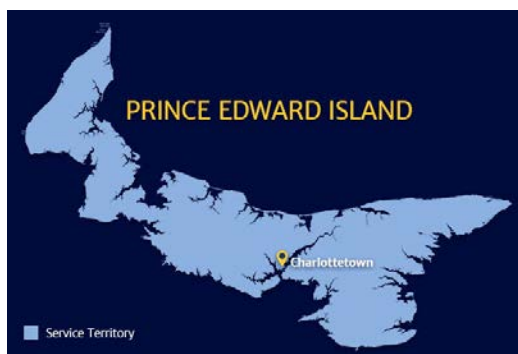


**Gary Smith**  
Fortis Inc., EVP, Eastern  
Canadian & Caribbean  
Operations



**Jocelyn Perry**  
Newfoundland Power,  
President & CEO





Maps are not to scale

## Key Facts

### EASTERN CANADIAN OPERATIONS

	Newfoundland Power (NP)	Maritime Electric (MECL)	Fortis Ontario (FON)
2017F Rate Base	\$1.1B	\$347M	\$265M
5-Year CAGR on Rate Base <sup>(1)</sup>	2.2%	2.3%	3.8%
5-Year Capital Spending	\$513M	\$175M	\$119M
Allowable ROE	8.50%+/- 50bp	9.35%	8.93%-9.30% <sup>(2)</sup>
Equity Thickness	45%	40%	40%
Employees	615	186	195
Customers	265,000	80,000	66,000
Development Activity (not included in base capital plan)	Wataynikaneyap Power Project		

(1) 5-Year CAGR on rate base includes \$1.1B 2017F to \$1.2B 2022F for Newfoundland Power, \$0.3B 2017F to \$0.4M 2022F for MECL and \$0.3B 2017F to \$0.4B 2022F for FON.

(2) Allowed ROE shown is for Algoma Power. Cornwall Electric operates under a franchise agreement with a price-cap and commodity cost flow through and, therefore, is not regulated with reference to an allowed ROE. The allowed ROE for Canadian Niagara Power is 8.78% for 2017.



Maps are not to scale

## CARIBBEAN OPERATIONS

### Key Facts

Caribbean Utilities  
Company (CUC)

Fortis  
Turks & Caicos  
(TCI)

2017F Rate Base

**\$607M**

**\$361M**

5-Year CAGR on  
Rate Base<sup>(1)</sup>

**3.2%**

**6.9%**

5-Year Capital  
Spending

**\$310M**

**\$215M**

2016 Achieved  
ROE

**11.5%**

**10.3%**

Employees

**210**

**165**

Customers

**29,000**

**15,000**

Other Caribbean  
Assets

Belize Electricity Limited (BEL) is a transmission and distribution electric utility of which Fortis owns a 33% minority interest.

Belize Electric Company Limited (BECOL) is comprised of three hydroelectric generating plants with 51MW capacity. The energy produced is sold to BEL under 50-year purchase price agreements.

(1) 5-Year CAGR on rate base includes \$607M 2017F to \$710M 2022F for Caribbean Utilities Company, \$361M 2017F to \$505M 2022F for Fortis Turks & Caicos.

# Strong track records & future opportunities

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## Eastern Canadian Operations

- Ability to earn at or above allowed ROE
- Stable regulatory outlook
- History of reasonable regulatory decisions

## Caribbean Operations

- Strong sales growth and favorable earnings outlook
- Recent hurricanes reaffirm Caribbean risk and need for robust regulatory construct
- Operations performing well
- Stable regulatory relationships
- Our opportunity
  - Positioned to capitalize on solar and wind generation projects to reduce use of fossil fuel



# Eastern Canada - Stable operations with focus on customers, safety and reliability



## 2018-2022 Key Initiatives

- Wataynikaneyap Project will connect remote First Nations communities in Northern Ontario to the grid
- Construction will begin following permitting, approvals and cost-sharing agreement with federal and provincial governments
- Consolidation of municipally owned utilities in Ontario are expected - creates potential investment opportunities



## Sources of Organic Growth

- Sustaining capital projects
- Technology presents opportunities to strengthen customer service
- Opportunities for grid modernization
- Seeking to play a larger role in Newfoundland and Labrador



## Key Macro Trends

- Load growth as customers move from oil-based heat to electricity
- Experiencing electricity price pressures
- Regulatory changes anticipated to reflect economic trends



## Local Trends

- Economic growth in Newfoundland has slowed - Province is impacted by lower commodity prices and declining oil production

# Caribbean – Uptick in economy and a focus on renewables



## 2018-2022 Key Initiatives

- Introduction of solar and wind to the generation mix
- Improving reliability by system hardening
- Restoring damaged infrastructure in Turks and Caicos in order to serve customers



## Sources of Organic Growth

- Development of power systems to keep pace with load growth
- Technology presents opportunities to strengthen customer service
- Renewables and fuel replacement projects
- Grid modernization and resiliency



## Key Macro Trends

- Regulatory changes anticipated to benefit investments
- National Energy Policy's goal is to comply with the Paris Accord and to target 60% renewables by 2030 in the Cayman Islands
- Cayman Islands Government released a new National Energy Policy target indicating that by 2037, 70% of electricity generation in Cayman must be powered by renewables



## Local Trends

- Strong customer and sales growth driven by the tourism industry
- Wind and solar increasingly competitive
- Hurricane impact expected to hinder economy for 6 to 12 months



# Regulatory overview

Stable in the near term



**FORTIS** ONTARIO

**MARITIME**  
**ELECTRIC**  
A FORTIS COMPANY

**NEWFOUNDLAND**  
**POWER**  
A FORTIS COMPANY

Regulator	Ontario Energy Board	Island Regulatory and Appeals Commission	Newfoundland and Labrador Board of Commissioners of Public Utilities
Regulatory Model	Cost of service with incentives	Cost of service on future test year	Cost of service on future test year
2017 Formula	Formula driven with 8.93% - 9.30% on 40% equity	Set for 3 years using 9.35% ROE on 40% equity	GRA held approximately every two years Currently 8.50% ROE +/- 50 bp on 45% equity
Upcoming Regulatory Decisions	<ul style="list-style-type: none"> <li>• Canadian Niagara Power rebase occurred in March 2017</li> <li>• Next rebasing expected in 2020 and 2022 for Algoma Power and Canadian Niagara Power, respectively</li> <li>• The current GRA is in place until February 28, 2019</li> <li>• A new GRA will be filed in the fall of 2018 for rates effective March 1, 2019</li> <li>• Requirement to file the next rate case by mid-2018 to set customer rates for 2019</li> </ul>		

# Regulatory overview

Stable in the near term



**FORTIS** TCI

## Regulator

Electricity Regulatory  
Authority

Government of the Turks  
and Caicos Islands

## Regulatory Model

Cost of service with  
historical test year

Cost of service with  
historical test year

## 2017 Formula

Formula driven with 6.75%-  
8.75% Return on Assets

Rates and sales growth drive  
revenue

## Upcoming Regulatory Decisions

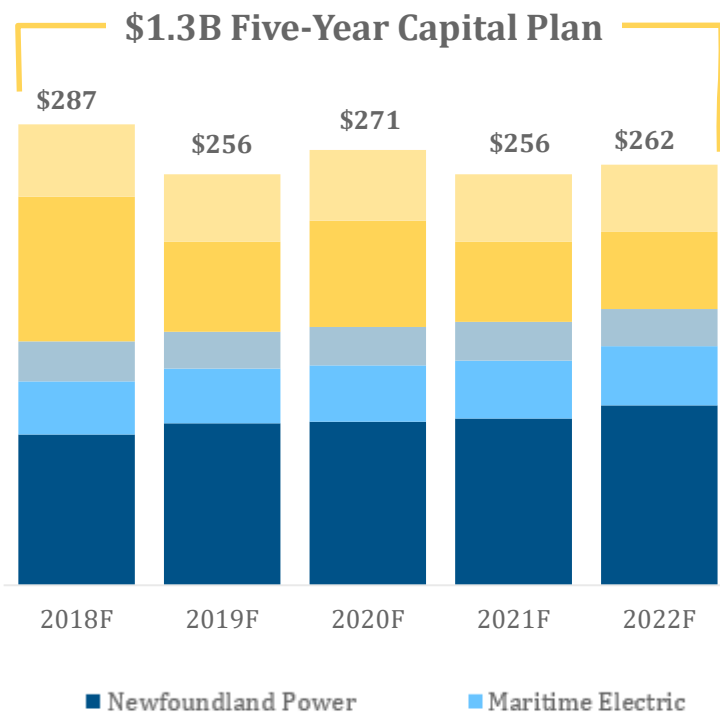
Set annually in June, through a  
rate-cap adjustment mechanism  
based on published consumer  
price indices

Continue discussions  
on regulatory reform

# Capital program and rate base growth

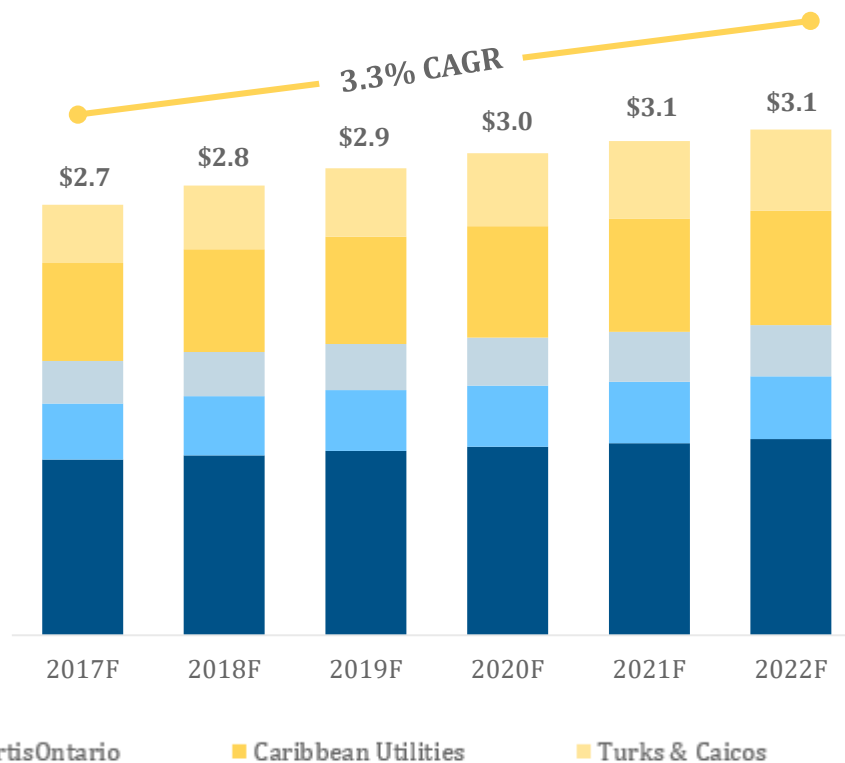
## Capital Expenditures

(\$ millions<sup>1</sup>)



## Rate Base

(\$ billions<sup>1</sup>)



(1) U.S. dollar-denominated capital expenditures and rate base are translated at a forecast USD/CAD foreign exchange rate of \$1.28.

# Opportunities beyond the base capital plan

## Eastern Canadian & Caribbean Operations

### • Renewables at CUC

- In February 2017, the Cayman Islands Government released a new National Energy Policy target indicating that by 2037, 70% of electricity generation in Cayman must be powered by renewables
- CUC has been evaluating opportunities to change current energy mix from diesel to wind and solar resources. These opportunities will allow CUC to reach a 60% renewables target energy mix by 2030
  - The plan's most important objectives will be CUC's commitment to provide the lowest cost to the customer and ensure the reliability of its infrastructure while reaching the greenhouse gas emissions target

### • Wataynikaneyap Project at FortisOntario

- 1,800 kilometers of transmission lines to connect First Nations communities in Northern Ontario to electricity grid and replace remote diesel generation
- Wataynikaneyap Power is a partnership of 22 First Nations (51%) and FortisOntario (49%)
- 2017 Updates:
  - In Q1 2017, the Ontario Energy Board issued its deferral account approval allowing recovery of development spending that occurred since November 2010
  - Federal Government announced in August 2017 up to \$60 million in funding to connect Pikangikum First Nation to the power grid
  - Construction of the ~\$1.4 billion<sup>(1)</sup> project expected to begin in October 2017 with the connection of the Pikangikum First Nation. The remainder of the project will begin following the receipt of permitting, approvals and a cost-sharing agreement between the federal and provincial governments

(1) 2015 estimate.



Phase 1 and Phase 2 of the Wataynikaneyap Power Project