

# Investor Presentation

Q2 2023

**FORTIS** INC.



# FORWARD-LOOKING INFORMATION

Fortis includes forward-looking information in this presentation within the meaning of applicable Canadian securities laws and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (collectively referred to as "forward-looking information"). Forward-looking information reflects expectations of Fortis management regarding future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as anticipates, believes, budgets, could, estimates, expects, forecasts, intends, may, might, plans, projects, schedule, should, target, will, would, and the negative of these terms, and other similar terminology or expressions have been used to identify the forward-looking information, which includes, without limitation: forecast capital expenditures for 2023-2027, including cleaner energy investments; annual dividend growth guidance through 2027; forecast rate base and rate base growth for 2023 through 2027; the 2030 GHG emissions reduction target; the 2035 GHG emissions reduction target and the projected asset mix; the 2050 net-zero GHG emissions target; TEP's Integrated Resource Plan; planned coal retirements and the expectation to exit coal by 2032; the expected timing and outcome of the sale of Aitken Creek; the nature, timing, benefits and expected costs of certain capital projects, including ITC's transmission projects associated with the MISO Long-Range Transmission Plan, FortisBC Tilbury LNG Storage Expansion, FortisBC Tilbury 1B Project, FortisBC Eagle Mountain Woodfibre Gas Line Project, FortisBC Gas AMI Project, FortisBC Okanagan Capacity Upgrade, UNS renewable energy and storage projects, UNS Vail-to-Tortolita Transmission Project, Wataynikaneyap Transmission Power Project, and additional opportunities beyond the capital plan, including investments related to the Inflation Reduction Act, the MISO Long-Range Transmission Plan, climate adaptation and grid resiliency, and renewable fuel solutions and LNG infrastructure in British Columbia; expected sources of funding for the 2023-2027 capital plan; expected capital structure stability through 2027; the expectation that the long-term dividend guidance will provide flexibility to fund more capital internally; forecast credit metrics through 2027; the expectation of minimal impacts from the introduction of an alternative minimum income tax; the expected timing, outcome and impact of regulatory proceedings and decisions; the expectation that there will be no significant change in UNS' 2023 pension expense; and forecast debt maturities for 2023-2032.

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; assumed moderating inflation levels with return to historical averages in 2025; 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.**

# A PREMIUM ENERGY DELIVERY BUSINESS



**93%**  
transmission & distribution assets



**\$4.3 billion**  
2023F capital expenditures



**10 regulated utilities**  
in Canada, the U.S. and Caribbean



**\$36 billion**  
2023F rate base



**3.4 million**  
electric and gas customers



**\$29 billion<sup>(1)</sup>**  
market capitalization



**9,200**  
dedicated employees



**9.5% average annual<sup>(1)</sup>**  
10-year total shareholder return



**99%**  
regulated utility assets



**82% of Fortis utilities**  
have female CEO or Board Chair

(1) As at April 30, 2023.





# OUR VISION & STRATEGY

## A Premium North American Utility Delivering a Clean Energy Future



Operational Excellence



Financial Strength



Diversified Regulated Portfolio



Substantially Autonomous Business Model



Strong Governance



Clean Energy  
Transition



Innovation  
& Technology



People  
& Culture



Regulatory  
Relations



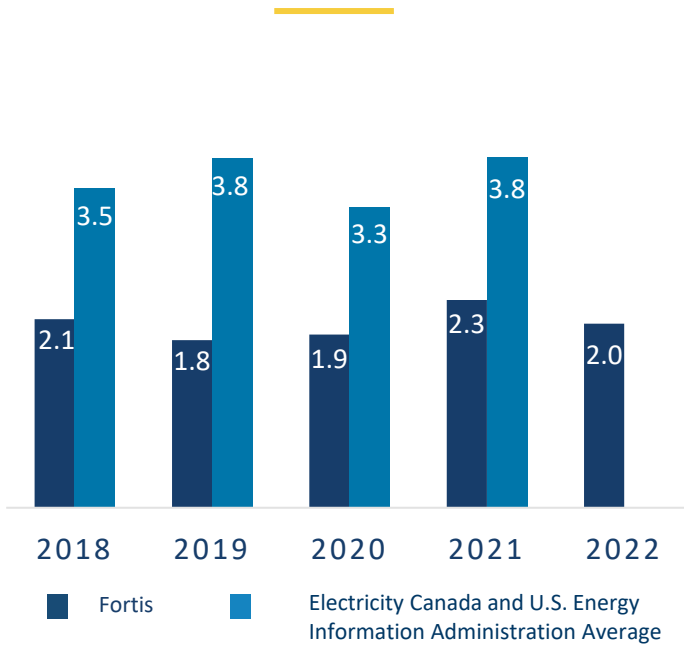
Customer  
& Community

# DRIVING SUSTAINABLE GROWTH

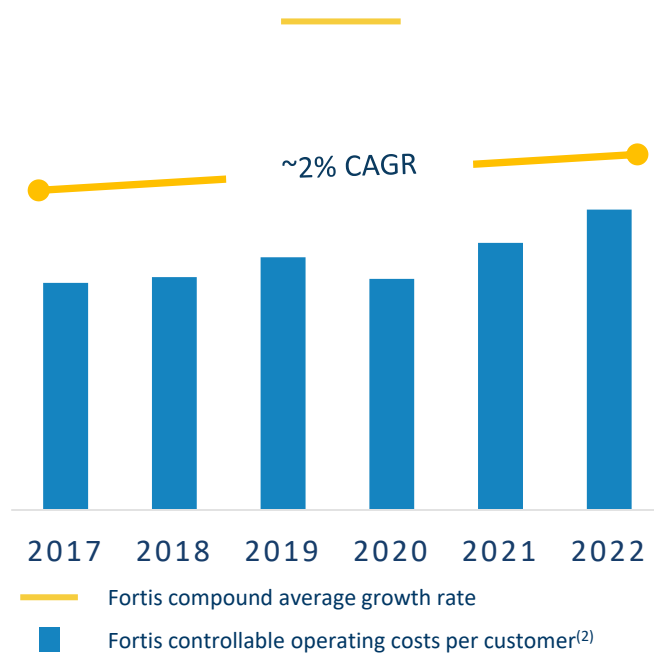


# DELIVERING SAFE AND RELIABLE SERVICE

## Average Electricity Customer Outage Duration (Hours)<sup>(1)</sup>



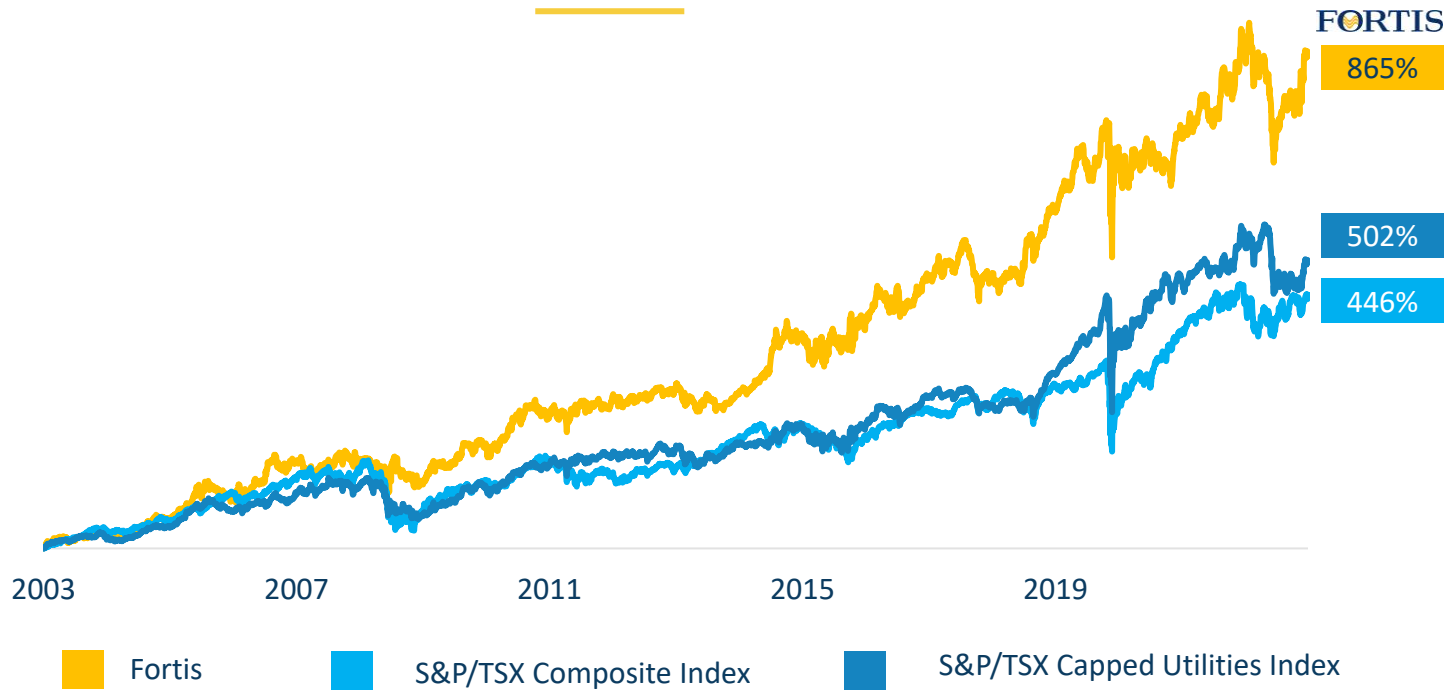
## Managing Controllable Operating Costs Below Inflation



(1) Based on weighted average of Fortis' customer count in each jurisdiction. 2022 industry data not yet available.  
 (2) Controllable operating cost per customer is a financial measure used by management to evaluate operating efficiency. May not be comparable with measures used by other entities and excludes costs that are considered largely outside of management's control (e.g., purchased power, generation fuel expense).

# 20-YEAR TOTAL SHAREHOLDER RETURN

## Cumulative 20-Year Total Shareholder Return



## Average Annual Total Shareholder Returns

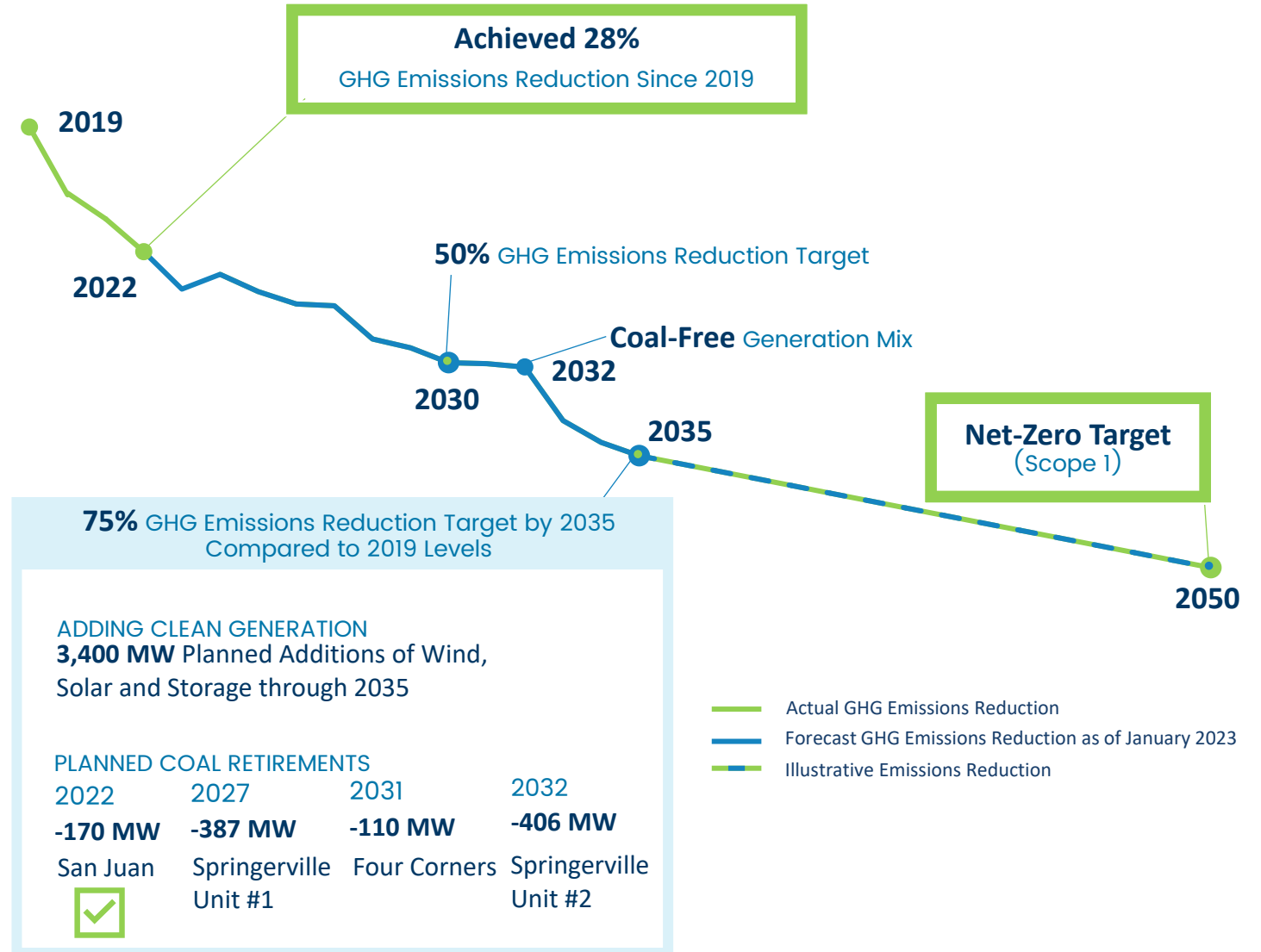
1-Year	(1.1%)
5-Year	10.7%
10-Year	9.5%
20-Year	12.0%

Note: Cumulative 20-year total shareholder return as at April 30, 2023.

# CARBON EMISSIONS REDUCTION ON TRACK

## Sustainability Highlights:

- Ranked #1 in the Globe & Mail 2022 Board Games
- Released first TCFD and Climate Report in 2022
- Fortis aligned with GRI and SASB
- Strong board diversity with 58% female directors and 2 directors identifying as visible minorities
- Sustainability-linked loan provisions
- Enhanced linkage between sustainability performance and executive compensation





# SALE OF AITKEN CREEK ANNOUNCED FOR ~\$400M

## Transaction Highlights

- Agreement with Enbridge to sell Fortis' interest<sup>(1)</sup> in its unregulated investment of the Aitken Creek Natural Gas Storage Facility for ~\$400M<sup>(2)</sup>
- Proceeds expected to be used to repay Corporate credit facilities and support our regulated utilities' growth strategy
- Subject to required approvals, including the British Columbia Utilities Commission
- Expected to close in the second half of 2023

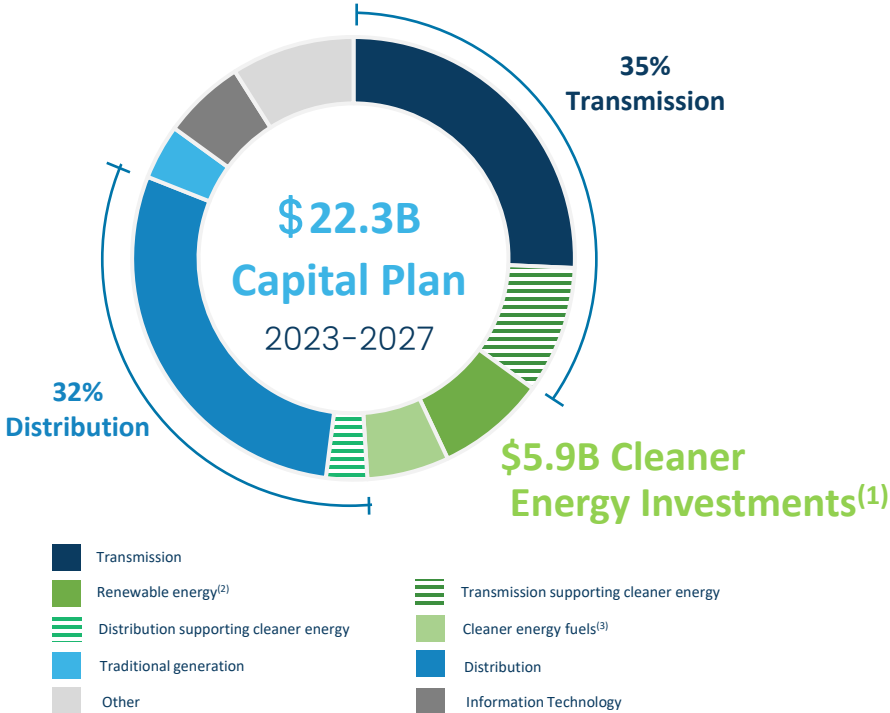
- (1) Fortis owns 93.8% of the Aitken Creek Natural Gas Storage Facility and 100% of the Aitken Creek North Gas Storage Facility through an indirect, wholly owned subsidiary.
- (2) Sale subject to customary closing conditions and adjustments.



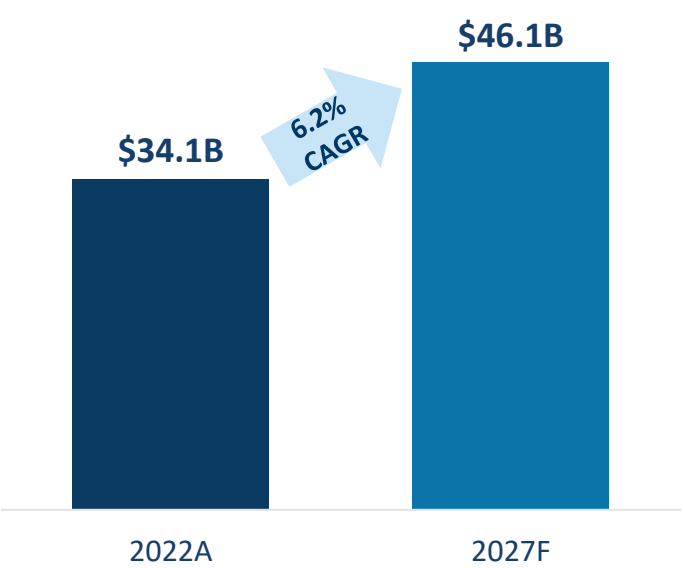


# HIGHLY EXECUTABLE CAPITAL PLAN SUPPORTS LOW-RISK RATE BASE GROWTH OF ~6%

## Capital Plan



## Rate Base



## Continued Focus on Customer Affordability

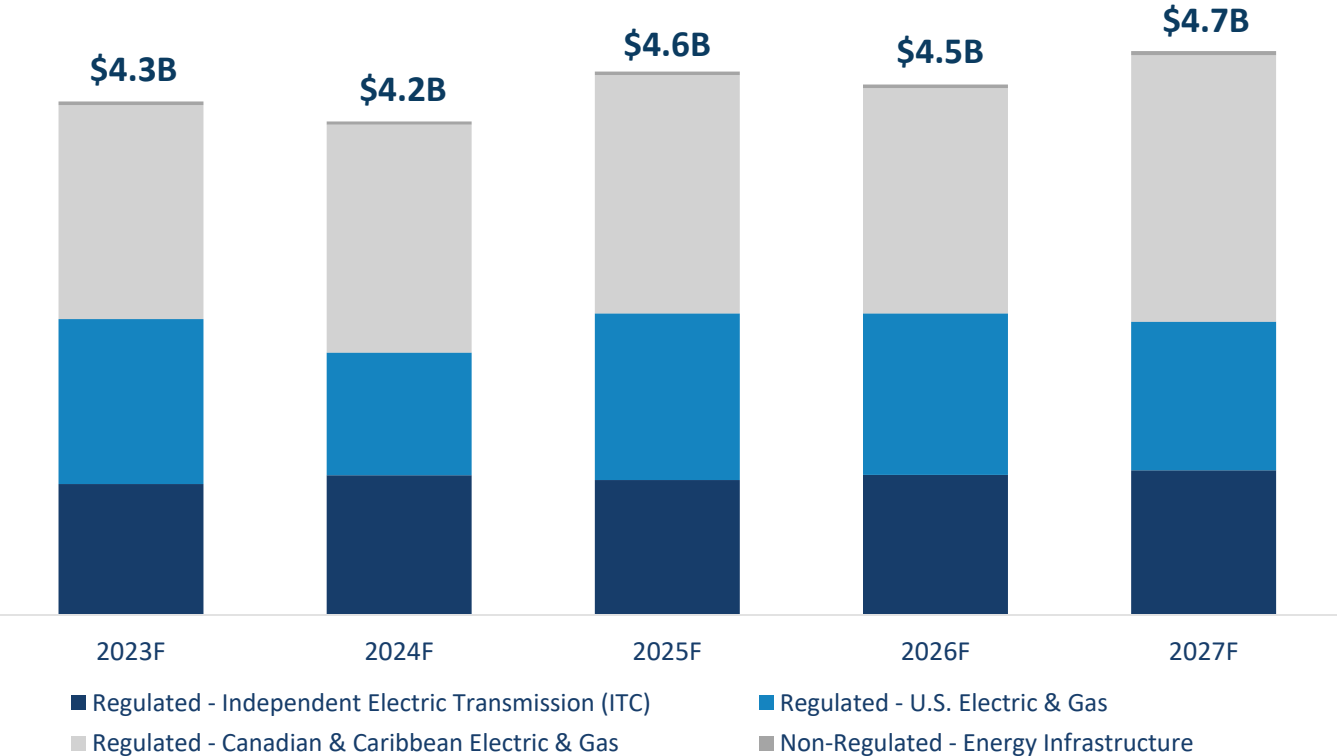
- Targeting controllable operating cost increases below inflation, consistent with historical practice
- Focused on preventative maintenance and innovation to reduce operating costs
- Cleaner energy investments with fuel savings for customers
- Energy efficiency programs

Note: The Capital Plan is a forward-looking Non-U.S. GAAP financial measure calculated in same the manner as Capital Expenditures. Refer to Q1 2023 MD&A for the Non-U.S. GAAP reconciliation. U.S. dollar-denominated capital expenditures and rate base converted at a forecast USD:CAD foreign exchange rate of 1.30.

(1) Direct cleaner energy investments defined as capital that supports reductions in air emissions, water usage and/or increases customer energy efficiency.  
 (2) Includes clean generation and energy storage.  
 (3) Includes renewable natural gas and liquefied natural gas.

# FIVE-YEAR PLAN AT A GLANCE

Average Annual Capital of \$4.4B



Note: The Capital Plan is a forward-looking Non-U.S. GAAP financial measure calculated in the same manner as Capital Expenditures. Refer to Q1 2023 MD&A for the Non-U.S. GAAP reconciliation. U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30 for 2023-2027.

## Highly Executable Capital Plan



99% Regulated



83% Smaller Projects  
17% Major Projects



55% U.S.  
41% Canada  
4% Caribbean

# CAPITAL PLAN CONCENTRATED AT THREE LARGEST UTILITIES



- Infrastructure investments including reliability and resiliency upgrades, increased capacity, etc.
- ~US\$0.7B included in plan for MISO Long-Range Transmission Plan (LRTP). Estimated transmission investments of US\$1.4-\$1.8B through 2030 associated with six of 18 LRTP projects
- Economic development, load and changes in generation interconnections
- Grid security investments



- Reliability and integrity investments
- Natural gas infrastructure including LNG resiliency tank, Tilbury 1B and Eagle Mountain Woodfibre gas line projects
- Automated Gas Metering Infrastructure and Okanagan Capacity Upgrade
- Renewable gas projects and natural gas for transportation



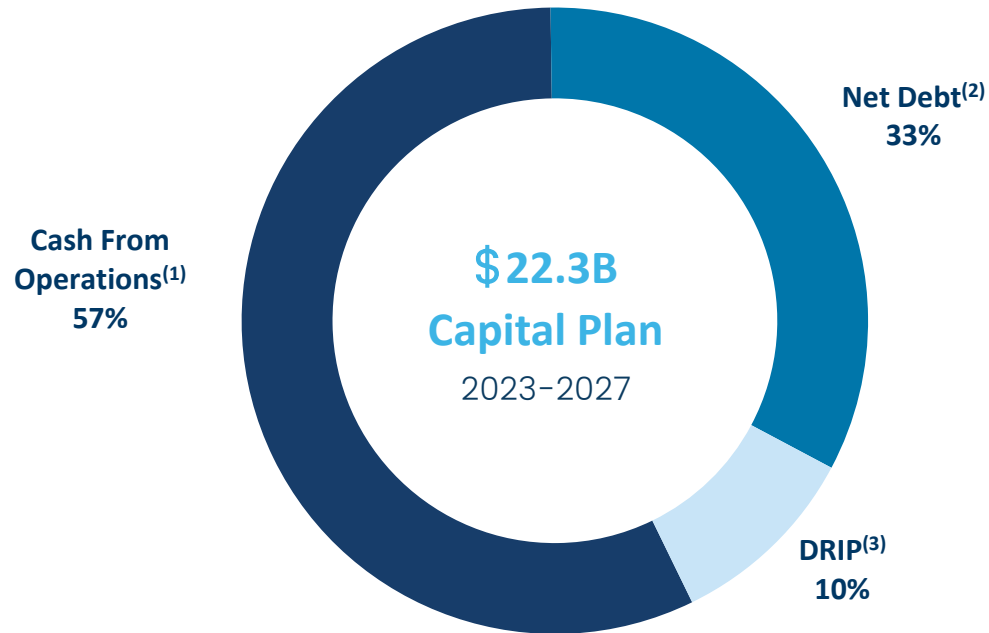
UNS Energy Corporation  
A Fortis Company

- Includes ~\$1.2B of renewable and storage investments to transition to cleaner energy aligned with TEP's Integrated Resource Plan (IRP)
- Distribution investments including customer meter infrastructure and grid resiliency and modernization
- Vail-to-Tortolita Transmission Project (~\$400M)





# NO DISCRETE EQUITY REQUIRED TO FUND 2023-2027 CAPITAL PLAN



- (1) Cash from operations is a Non-U.S. GAAP financial measure and reflects cash from operating activities net of dividends and customer contributions.
- (2) Net debt reflects regulated and non-regulated debt issuances, net of repayments.
- (3) Reflects common shares issued under the Corporation's dividend reinvestment, stock option and employee share purchase plans.
- (4) Estimated impact of <10-20 bps from AMT for 2023 and 2024 forecast credit metrics, subject to publication of final regulations.

## Predictable Funding Plan



### Capital Plan Funded Primarily with Cash from Operations and Debt at Regulated Subsidiaries

- Regulated debt used to repay maturing debt, and fund capital expenditures and operating requirements



### Equity Funding Supported by DRIP

- No discrete equity required



### Dividend Growth Guidance Range of 4-6%

- Flexibility to fund more capital with internally generated funds



### Maintaining Investment-Grade Credit Ratings

- Moody's CFO/Debt and S&P FFO/Debt expected to average ~12% for 2023-2027 before Alternative Minimum Tax (AMT)<sup>(4)</sup>



### Sale of Aitken Creek Natural Gas Storage Facilities

- Announced in May 2023 for ~\$400M, subject to certain conditions and approvals
- Incremental funding not included in base funding plan. Sale strengthens balance sheet and provides additional funding flexibility to support regulated utility growth strategy



## Inflation Reduction Act

- A catalyst for future transmission investments
- Renewable generation including TEP's IRP<sup>(1)</sup>
- Interconnecting renewables to the grid
- Electric vehicle infrastructure
- Funding for community transition from fossil fuels



## Climate Adaptation & Grid Resiliency

- Investing to withstand more severe weather
- Under various climate scenarios and geographies



## Renewable Fuel Solutions & LNG

- RNG & hydrogen to support British Columbia
- Develop Canadian LNG resources to aid in international energy security and GHG reductions

(1) Incremental opportunity of ~US\$2-\$4 billion through 2035. Excludes ~US\$1B for projects included in the 2023-2027 capital plan, and US\$0.5B invested previously, including the Oso Grande Wind project.



# LONG CAPEX RUNWAY

Responding to stakeholder expectations and capitalizing on opportunities to expand & extend growth

Connect more renewable generation to the grid



Build more renewable generation



Provide alternative energy sources to reduce emissions



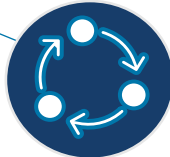
Accelerate climate change adaptation for reliability, grid resiliency and hardening



Business development in existing footprint



Prepare grid for additional electrification



Invest in technology to ensure security and improve service and efficiency



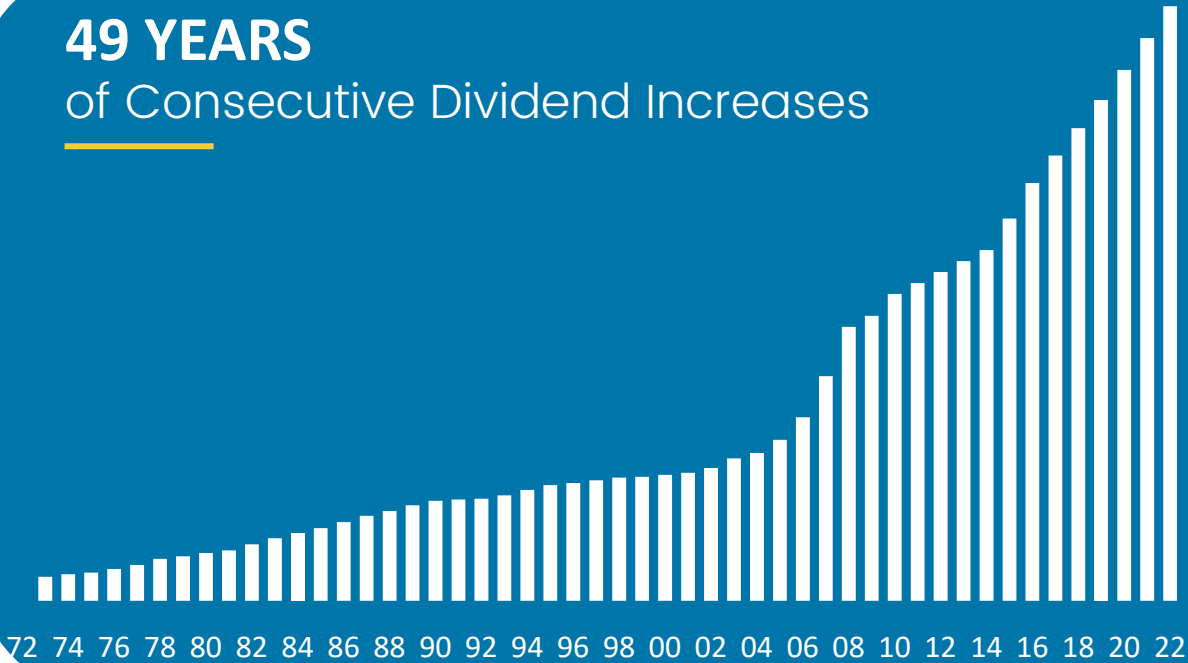
Replace aging assets to maintain reliability



# DIVIDEND GUIDANCE SUPPORTED BY LONG-TERM GROWTH STRATEGY

**49 YEARS**

of Consecutive Dividend Increases



**4-6%**

Annual Dividend  
Growth Guidance  
through 2027



# ONGOING REGULATORY PROCEEDINGS



**ITC Midwest Capital Structure Complaint** – In 2022, FERC denied the complaint filed by the Iowa Coalition for Affordable Transmission (ICAT) seeking to lower ITC Midwest’s equity ratio from 60% to 53%; ICAT’s request for rehearing was denied by FERC in March 2023

**MISO Base ROE** – In 2022, the U.S. Court of Appeals for the D.C. Circuit vacated certain FERC orders that established the methodology used to calculate the MISO base ROE; matter dates back to complaints filed at FERC in 2013 and 2015; DC Circuit noted FERC did not adequately explain why it reintroduced the risk-premium model in its methodology which increased the MISO Base ROE from 9.88% to 10.02%; timing and outcome remains unknown

**Notice of Proposed Rulemaking (NOPR) on Incentives** – In 2021, FERC issued a supplemental NOPR proposing to eliminate the 50-bps regional transmission organization (RTO) adder for transmission owners that have been RTO members for more than three years; stakeholder comments filed in June 2021; the supplemental NOPR and the initial incentive NOPR remain outstanding

**Iowa Transmission Right of First Refusal (ROFR)** – In March 2023, the Iowa Supreme Court granted certain parties standing to challenge the Iowa ROFR statute, issued a temporary injunction staying enforcement of the ROFR statute, and remanded the matter to the district court to decide the merits of the claim; timing and outcome of the proceeding remains unknown; ITC's Tranche 1 MISO Long -Range Transmission Plan projects in Iowa are not expected to be impacted

# ONGOING REGULATORY PROCEEDINGS (CONTINUED)



**TEP ACC Rate Case** – In June 2022, TEP filed a general rate application seeking new rates to become effective no later than September 2023 using a December 31, 2021 test year; hearings concluded in April 2023; recommended order and opinion from administrative law judge expected mid-year

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**Customer Information System (CIS) Implementation** – In December 2022, the New York Public Service Commission (PSC) issued an order requiring Central Hudson to show cause as to why the PSC should not pursue penalties or initiate a prudence proceeding in respect to Central Hudson's new CIS; response filed to the PSC's show cause order in January 2023; timing and outcome of the proceeding remains unknown

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**Generic Cost of Capital (GCOC) Proceeding** – GCOC proceeding initiated in 2021 includes a review of the common equity component of capital structure and the allowed ROE; final reply arguments filed in February 2023 with a decision expected by mid-2023

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**GCOC Proceeding** – Includes a review of the common equity component of capital structure and the allowed ROE for 2024 and beyond; proceeding is ongoing with a decision expected in Q3 2023

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**Third Performance-Based Rates (PBR) Term** – Proceeding to consider the design of the third PBR term commencing in 2024; remains ongoing with a decision from the AUC expected in Q4 2023

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## WHY INVEST IN FORTIS?



**Focused on**  
**ENERGY**  
**DELIVERY**



**Geographic &**  
**Regulatory**  
**DIVERSITY**



4-6%  
**ANNUAL DIVIDEND**  
**Growth Guidance**



**SAFE,**  
**WELL-RUN**  
**Local Utilities**



**LOW-RISK**  
**Growth**  
**Profile**



**Virtually**  
**All**  
**REGULATED**



**ESG**  
**Leader**



**Innovative**

# APPENDICES

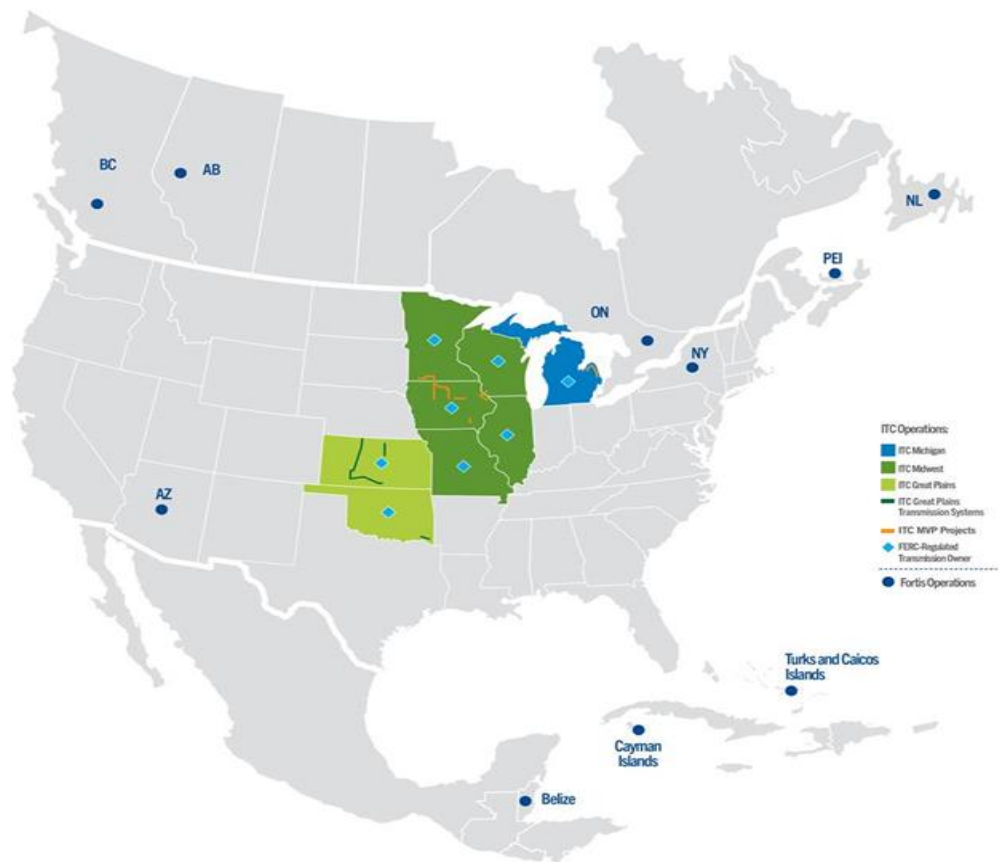


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# ITC HOLDINGS CORP.

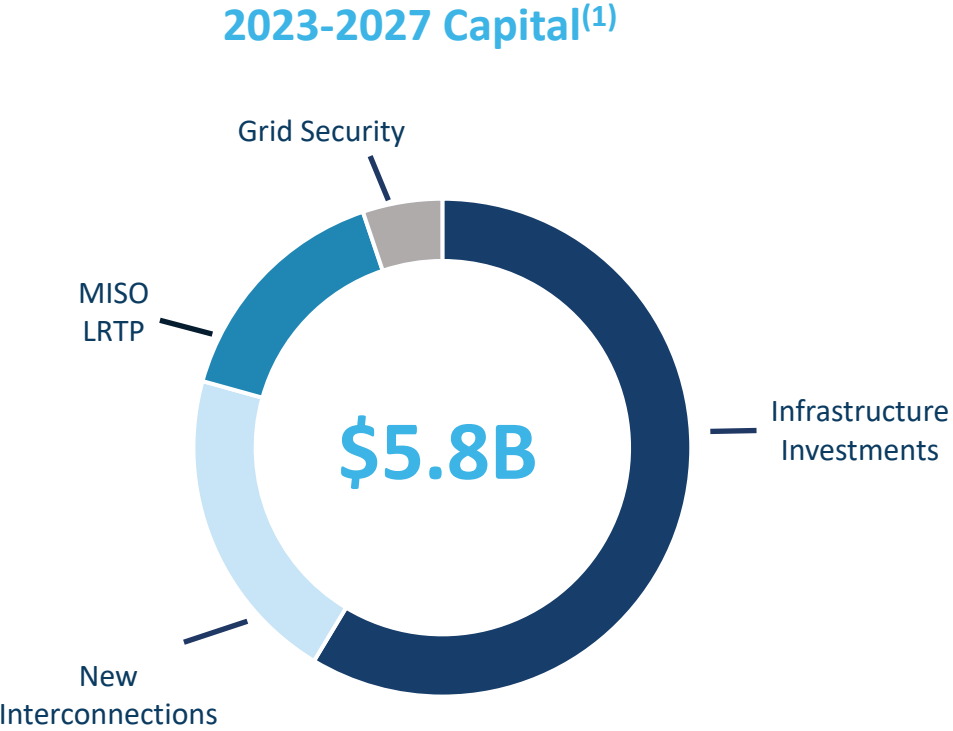


<b>Type of Utility</b>	Transmission
<b>Regulator</b>	FERC
<b>Regulatory Model</b>	Cost of Service with FERC Formula Rates
<b>Current Regulatory Construct</b>	10.77-11.41% ROE on 60% equity
<b>Significant Regulatory Features</b>	Cost-based, forward-looking formula rates with annual true-up
<b>2023F Rate Base<sup>(1)</sup></b>	\$11.1B
<b>5-Year Rate Base CAGR (2022A-2027F)</b>	6.1%
<b>2022 Assets % of Total Consolidated Regulated Assets<sup>(2)</sup></b>	37%
<b>Development Opportunities<sup>(3)</sup></b>	Connecting Renewables & Grid Modernization, MISO Long-Range Transmission Plan
<b>Regulatory Proceedings</b>	FERC MISO Base ROE, NOPR on Incentive Policy, Supplemental NOPR on Regional Transmission Organization Incentive Adder, Iowa Transmission ROFR

(1) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.30.  
 (2) Includes goodwill  
 (3) Development opportunities are not included in the base capital forecast and represent incremental capital spending.



# ITC CAPITAL INVESTMENT OVERVIEW



**\$3.4B Infrastructure Investments**  
Rebuild, reliability, resiliency, system efficiencies, increased capacity, circuit overloads, pocket load growth



**\$1.2B New Interconnections**  
Supports economic development, load interconnection requests and changes in generation sources



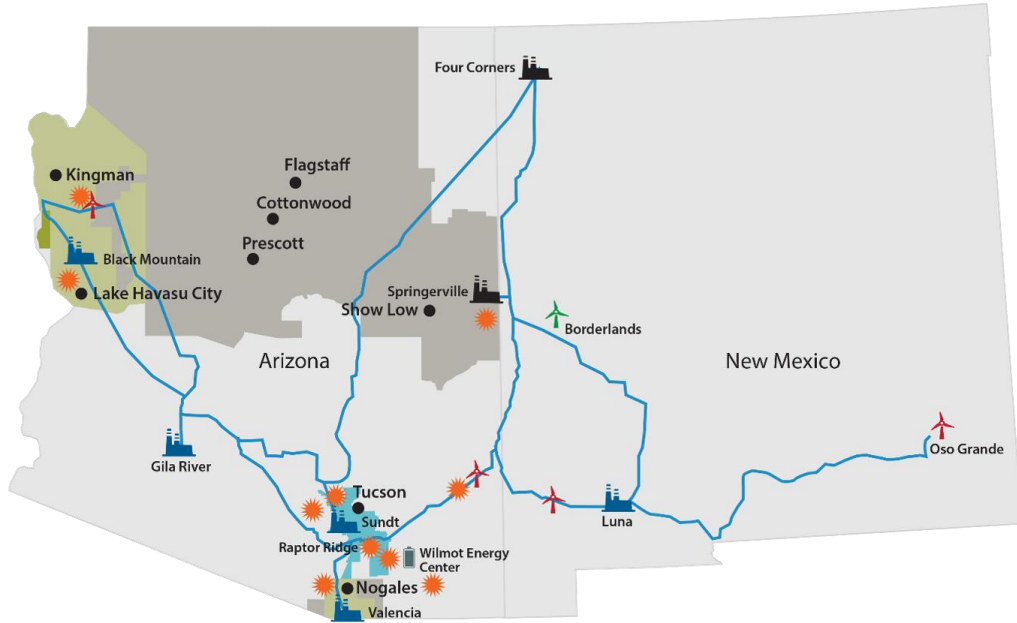
**\$900M MISO Long-Range Transmission Plan**  
Includes portion of investments for Tranche 1



**\$300M Grid Security**  
Physical and cyber hardening along with technology upgrades

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.

# UNS ENERGY



**SERVICE AREAS**

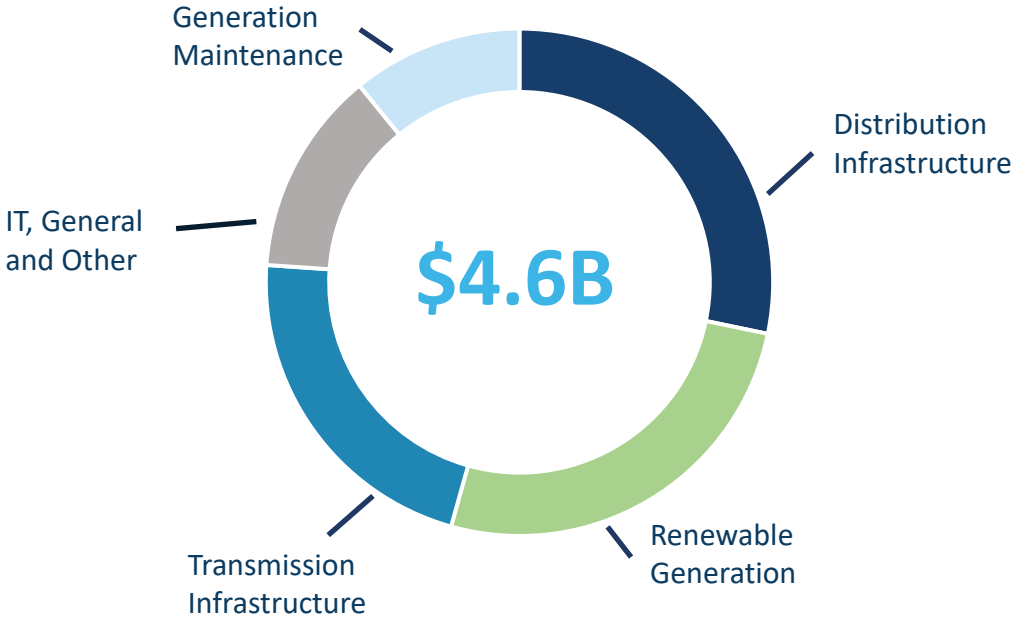
- Tucson Electric Power
- UniSource Gas
- UniSource Electric
- UniSource Gas & Electric
- Transmission Line
- Coal-Fired Power Plant
- Natural Gas-Fired Power Plant
- Solar Arrays
- Wind Turbines
- Planned Wind Project
- Battery Storage
- TEP/UniSource Office

	Tucson Electric	UNS Electric	UNS Gas
<b>Type of Utility</b>	Electricity		Gas Distribution
<b>Regulator</b>	Arizona Corporation Commission & FERC		
<b>Regulatory Model</b>	Cost of service/historical test year & FERC formula transmission rates		
<b>Current Regulatory Construct<sup>(1)</sup></b>	9.15% ROE on 53.0% equity	9.50% ROE on 52.8% equity	9.75% ROE on 50.8% equity
<b>2023F Rate Base<sup>(2)</sup></b>	\$7.0B		
<b>5-Year Rate Base CAGR (2022A-2027F)</b>	6.3%		
<b>2022 Assets % of Total Consolidated Regulated Assets<sup>(3)</sup></b>	20%		
<b>Development Opportunities<sup>(4)</sup></b>	Renewables, Storage & Electric Transmission		
<b>Regulatory Proceedings</b>	TEP General Rate Application & UNS Electric General Rate Application		

- (1) Allowed ROE and equity based on Arizona Corporation Commission regulatory authority.
- (2) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.30.
- (3) Includes goodwill
- (4) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# UNS CAPITAL INVESTMENT OVERVIEW

## 2023-2027 Capital<sup>(1)</sup>



### \$1.3B Distribution Infrastructure

Grid resiliency and modernization



### \$1.2B Renewable Generation

Energy storage, renewable investments



### \$1.0B Transmission Infrastructure

Vail-to-Tortolita, new substations



### \$600M IT, General and Other

Supports technology, efficiency and sustainment



### \$500M Generation Maintenance

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.

# TEP GENERAL RATE APPLICATION

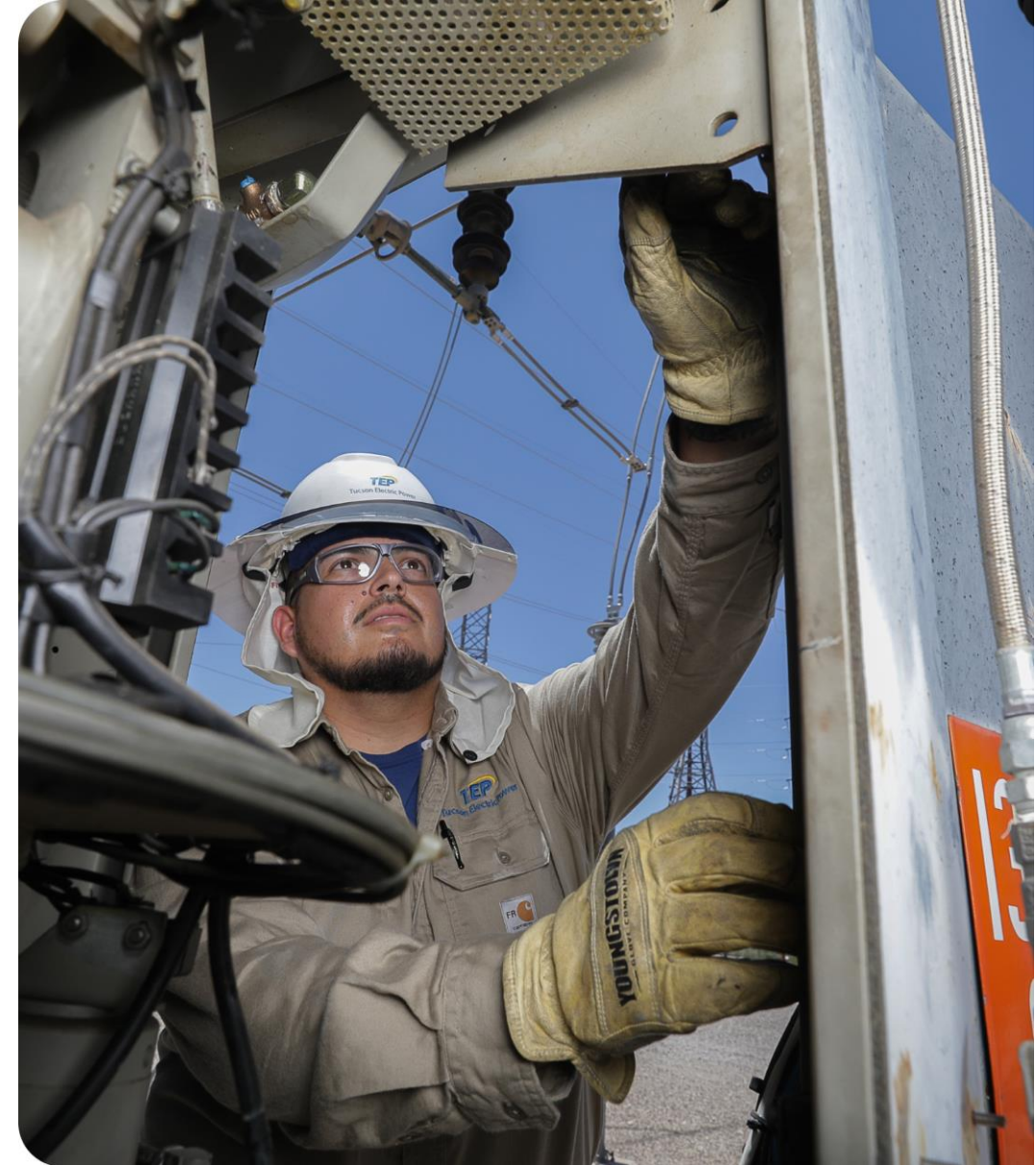
Application supports TEP'S clean energy transition and continued delivery of safe and reliable service

	2019 Rate Case		2022 Rate Case	
	Application	Decision	Application <sup>(1)</sup>	Staff Testimony <sup>(2)</sup>
Test Year	December 31, 2018		December 31, 2021	
New Rates Effective	May 2020	January 2021	September 2023	
Rate Base	US\$2.7B	US\$2.7B	US\$3.6B <sup>(3)</sup>	US\$3.6B
Non-Fuel Revenue Increase	US\$115M	US\$58M	US\$123M	US\$90-\$106M
Equity/Debt	53%/47%	53%/47%	54%/46%	54%/46%
ROE	10.35%	9.15%	9.75%	9.50%

(1) Reflects TEP's revised ROE and non-fuel revenue increase request filed in March 2023.

(2) Reflects surrebuttal testimony filed in March 2023.

(3) Includes US\$0.2B in post-test year adjustments.





# ARIZONA FOCUSED ON RENEWABLES

## TEP Integrated Resource Plan filed in 2020

Next IRP expected in 2023

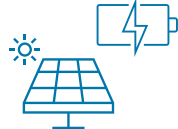
**Coal-free**  
generation mix by 2032

**>70%** renewable power  
by 2035

**Over 50 million tonnes**  
of CO<sub>2</sub> emissions  
avoided over 15 years



**250 MW**  
Oso Grande



**100 MW**  
Wilmot Solar <sup>(1)(2)</sup>



**99 MW**  
Borderlands<sup>(1)</sup>



**3,400 MW** Planned Additions of  
Wind, Solar and Storage

2021

2022-2035

**1,073 MW**  
Planned Coal Retirements



2022  
**170 MW**  
San Juan



2027  
**387 MW**  
Springerville  
Unit #1



2031  
**110 MW**  
Four Corners



2032  
**406 MW**  
Springerville  
Unit #2

(1) Power purchase agreement  
(2) Wilmot also has 30 MW of battery storage

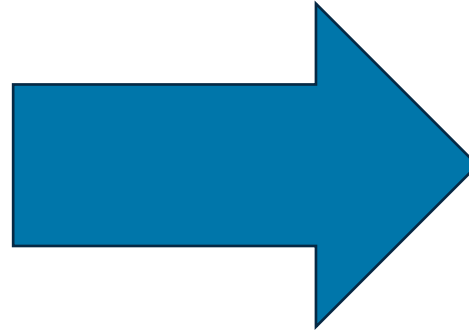
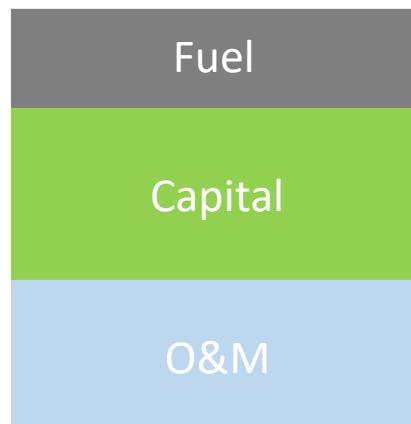
# RELIABLE & AFFORDABLE SERVICE DURING CLEAN ENERGY TRANSITION

*TEP's goal is to transition to a cleaner grid while maintaining affordable rates and reliable service for our customers*



1,073 MW Planned Coal Retirements by 2032

## Current



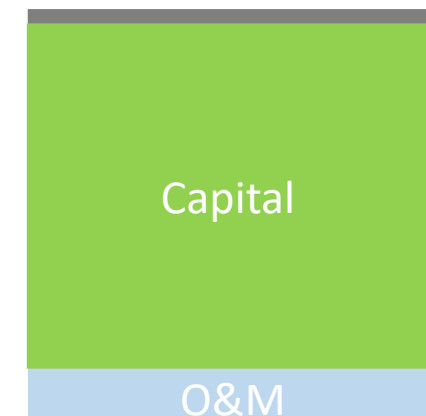
## Steel for Fuel Transition

- Significant fuel and fixed O&M costs replaced with capital investment
- Coal exit plan provides time for development of impacted community transition assistance
- ~492 MW of wind, solar and energy storage resources added in 2021-2022
- All-Source RFP launched in April 2022 targeting both energy and firm capacity

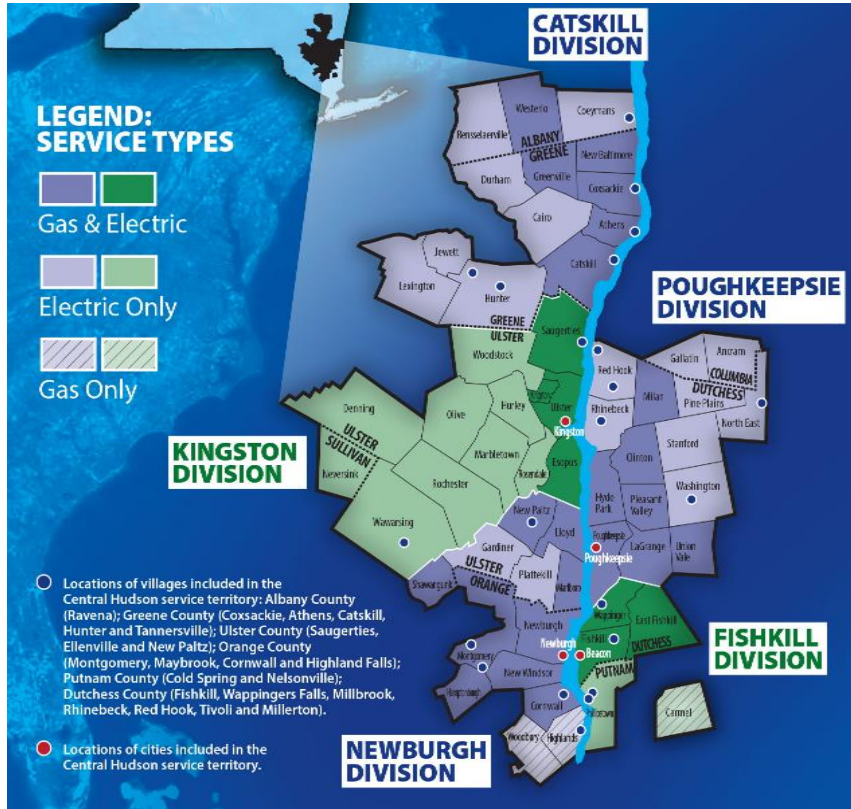


3,400 MW of Planned Wind, Solar and Storage Resources

## Future



# CENTRAL HUDSON



Type of Utility	Electric and Gas Transmission & Distribution
Regulator	New York State Public Service Commission
Regulatory Model	Cost of service on future test year
Current Regulatory Construct <sup>(1)</sup>	9.0% ROE on 49% equity
Significant Regulatory Features	Revenue decoupling
2023F Rate Base <sup>(2)</sup>	\$2.7B
5-Year Rate Base CAGR (2022A-2027F)	6.4%
2022 Assets % of Total Consolidated Regulated Assets <sup>(3)</sup>	8%
Development Opportunities <sup>(4)</sup>	Grid Modernization & NY Transco Expansion
Regulatory Proceedings	Customer Information System Implementation

- (1) In November 2021, the New York Public Service Commission approved a three-year rate plan for Central Hudson with retroactive application to July 1, 2021, including an ROE of 9.0%, and common equity component of capital structure of 50% declining by 1% annually to 48% in the third rate year.
- (2) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.30.
- (3) Includes goodwill
- (4) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# CENTRAL HUDSON CAPITAL INVESTMENT OVERVIEW



### \$1.1B Distribution Infrastructure

Distribution automation and modernization



### \$500M IT, General and Other Modernization

Building the Workforce of the Future



### \$200M Transmission Infrastructure

Replacement of aging infrastructure

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.





	FortisBC Energy	FortisBC Electric
<b>Type of Utility</b>	Gas distribution	Electricity
<b>Regulator</b>	British Columbia Utilities Commission	
<b>Regulatory Model</b>	Cost of service with incentive mechanisms	
<b>Current Regulatory Construct</b>	8.75% ROE on 38.5% equity	9.15% ROE on 40.0% equity
<b>Significant Regulatory Features</b>	Multi-year rates with revenue deferrals – changes in consumption and commodity costs do not impact earnings	
<b>2023F Rate Base</b>	\$5.8B	\$1.7B
<b>5-Year Rate Base CAGR (2022A-2027F)</b>	6.9%	4.3%
<b>2022 Assets % of Total Consolidated Regulated Assets<sup>(1)</sup></b>	14%	4%
<b>Development Opportunities<sup>(2)</sup></b>	LNG for Marine Bunkering, LNG Bulk Export & Gas Infrastructure	N/A
<b>Regulatory Proceedings</b>	Generic Cost of Capital	

(1) Includes goodwill

(2) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# FORTISBC CAPITAL INVESTMENT OVERVIEW



### \$2.6B Reliability & Integrity Investments

Ongoing maintenance requires significant capital investment  
Includes customer growth and general plant investment



### \$1.3B LNG Projects

Tilbury 1B  
Tilbury LNG Resiliency Tank  
Eagle Mountain Woodfibre Gas Line Project



### \$600M Major Integrity Projects

Advanced Metering Infrastructure Project  
Okanagan Capacity Upgrade



### \$100M Sustainability

Renewable gas projects  
Natural gas for transportation

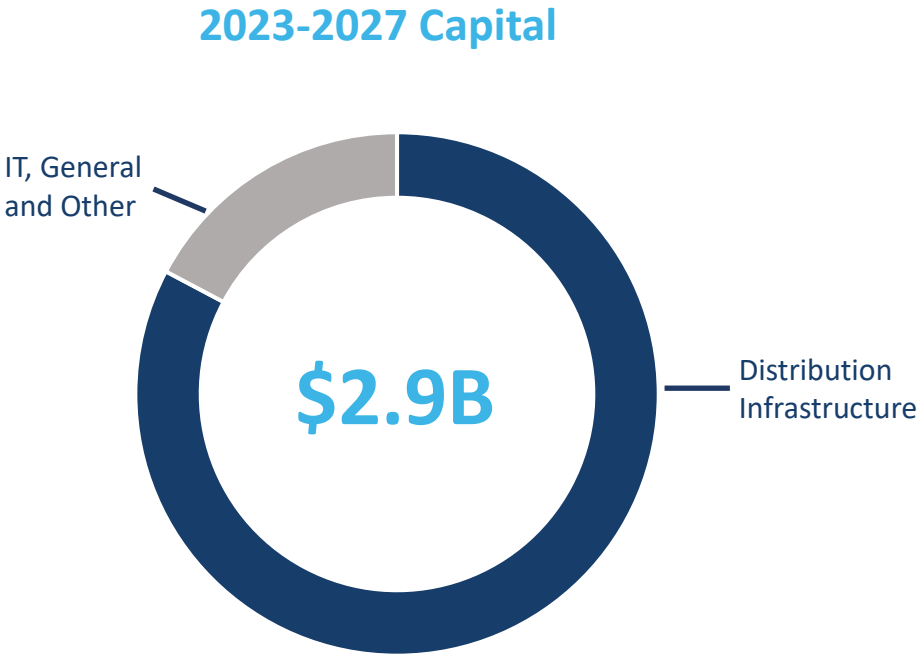
# FORTISALBERTA



Type of Utility	Electricity distribution
Regulator	Alberta Utilities Commission
Regulatory Model	PBR
Current Regulatory Construct	8.5% ROE on 37% equity
Significant Regulatory Features	~85% of revenue derived from fixed-billing determinants
2023F Rate Base	\$4.2B
5-Year Rate Base CAGR (2022A-2027F)	4.7%
2022 Assets % of Total Consolidated Regulated Assets <sup>(1)</sup>	9%
Regulatory Proceedings	2024 Generic Cost of Capital Proceeding & Third PBR Term

(1) Includes goodwill.

# FORTISALBERTA CAPITAL INVESTMENT OVERVIEW



### \$2.4B Distribution Infrastructure

Safety & reliability of distribution assets, meter upgrades, pole management program, modernization



### \$500M IT, General and Other



# OTHER ELECTRIC UTILITIES



Type of Utility	Electricity		
<b>Regulator</b>	Newfoundland and Labrador Board of Commissioners of Public Utilities	Island Regulatory and Appeals Commission	Ontario Energy Board
<b>Regulatory Model</b>	Cost of service on future test year	Cost of service on future test year	Cost of service with incentives
<b>Current Regulatory Construct</b>	8.50% ROE on 45% equity	9.35% ROE on 40% equity	8.52% - 9.36% ROE on 40% equity <sup>(2)</sup>
<b>2023F Rate Base</b>	\$1.3B	\$0.5B	\$0.7B <sup>(1)</sup>
<b>5-Year Rate Base CAGR (2022A-2027F)</b>	4.2%	8.1%	15.3% <sup>(3)</sup>
<b>2022 Assets % of Total Consolidated Regulated Assets<sup>(4)</sup></b>	3%	1%	1%
<b>Development Opportunities<sup>(5)</sup></b>	Grid Modernization	Grid Modernization	Municipal Utility Consolidation

(1) Includes Canadian Niagara Power, Cornwall Electric, Algoma Power and Fortis' 39% ownership of the Wataynikaneyap Transmission Power Project.

(2) Allowed ROE is 8.52% for Algoma Power, 8.66% for Canadian Niagara Power distribution, 9.30% for Canadian Niagara Power transmission and 9.36% for Wataynikaneyap Transmission Power Project. 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.

(3) Reflects Fortis' 39% ownership of the Wataynikaneyap Transmission Power Project

(4) Includes goodwill

(5) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# OTHER ELECTRIC UTILITIES (CONTINUED)



Type of Utility	Electricity	
Regulator	Utility Regulation and Competition Office	Government of the Turks and Caicos Islands
Regulatory Model	Cost of service	Cost of service
<b>2022 Achieved ROE</b>	10.8%	10.8%
<b>2023F Rate Base<sup>(2)</sup></b>	\$0.8B	\$0.5B
<b>5-Year Rate Base CAGR (2022A-2027F)</b>	10.6%	3.3%
<b>2022 Assets % of Total Consolidated Regulated Assets<sup>(3)</sup></b>	2%	1%
<b>Development Opportunities<sup>(4)</sup></b>	Grid Modernization, Battery Storage & Renewables	

(1) Fortis has an approximate 60% indirect controlling interest in Caribbean Utilities Company, Ltd.

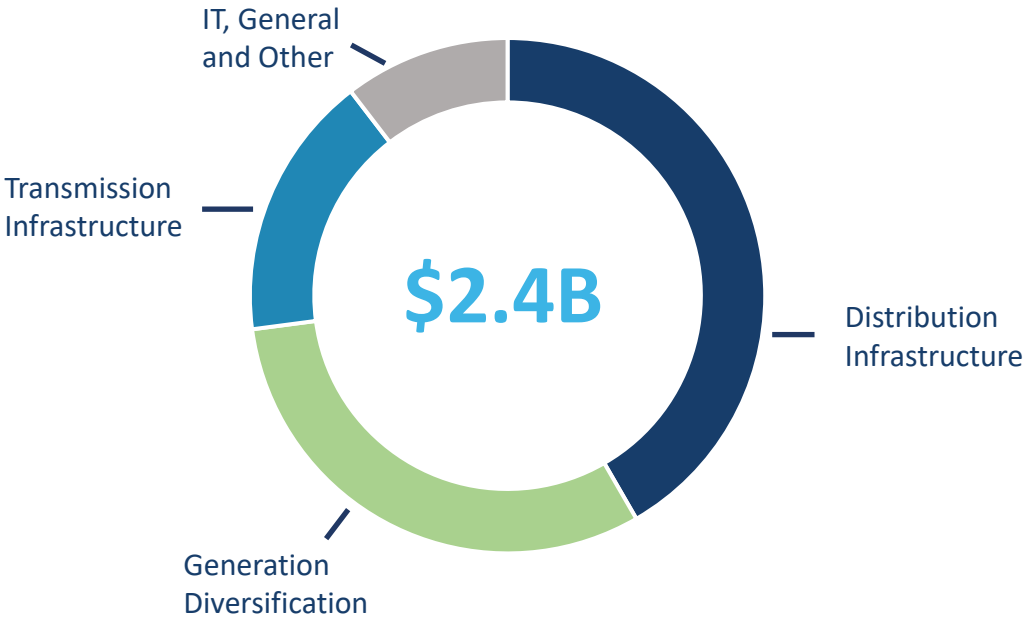
(2) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.30.

(3) Includes goodwill

(4) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# OTHER ELECTRIC CAPITAL INVESTMENT OVERVIEW

## 2023-2027 Capital<sup>(1)</sup>



**\$1B Distribution Infrastructure**  
 Newfoundland Power, Maritime Electric and Caribbean Utilities



**\$750M Generation Diversification**  
 Caribbean Utilities shift to cleaner energy



**\$400M Transmission Infrastructure**  
 Maritime Electric  
 Wataynikaneyap Transmission Power Project



**\$250M IT, General and Other**

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.

# 2022-2027 RATE BASE BY BUSINESS UNIT

(\$BILLIONS, EXCEPT FOR CAGR)	Rate Base						5-YEAR CAGR to 2027
	2022A	2023F	2024F	2025F	2026F	2027F	
Regulated – Independent Electric Transmission							
ITC <sup>(1)</sup>	10.5	11.1	11.9	12.5	13.2	14.1	6.1%
Regulated – U.S. Electric & Gas							
UNS Energy	6.7	7.0	7.4	7.8	8.5	9.1	6.3%
Central Hudson	2.6	2.7	2.9	3.1	3.4	3.6	6.4%
Total Regulated – U.S. Electric & Gas	9.3	9.7	10.3	10.9	11.9	12.7	6.3%
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	5.4	5.8	6.0	6.5	7.0	7.6	6.9%
FortisAlberta	4.0	4.2	4.4	4.6	4.8	5.0	4.7%
FortisBC Electric	1.6	1.7	1.7	1.8	1.9	2.0	4.3%
Other Electric <sup>(2)</sup>	3.3	3.8	4.1	4.4	4.5	4.7	7.7%
Total Regulated – Canadian & Caribbean Electric & Gas	14.3	15.5	16.2	17.3	18.2	19.3	6.2%
<b>Total Rate Base Forecast</b>	<b>34.1</b>	<b>36.3</b>	<b>38.4</b>	<b>40.7</b>	<b>43.3</b>	<b>46.1</b>	<b>6.2%</b>

Note: U.S. dollar-denominated rate base converted at a foreign exchange rate of 1.30 for 2022-2027. CAGR, as defined in the Q1 2023 MD&A.

(1) Fortis has an 80.1% controlling ownership interest in ITC; rate base represents 100% ownership.

(2) Includes Eastern Canadian and Caribbean electric utilities.

# 2023-2027 CAPITAL PLAN BY BUSINESS UNIT

(\$MILLIONS)	Capital Plan <sup>(1)</sup>					2023-2027 TOTAL
	2023F	2024F	2025F	2026F	2027F	
Regulated – Independent Electric Transmission						
ITC	1,103	1,177	1,137	1,180	1,220	5,817
Regulated – U.S. Electric & Gas						
UNS Energy	1,006	690	986	1,027	891	4,600
Central Hudson	384	343	418	334	360	1,839
Total Regulated – U.S. Electric & Gas	1,390	1,033	1,404	1,361	1,251	6,439
Regulated – Canadian & Caribbean Electric & Gas						
FortisBC Energy	536	748	851	724	1,087	3,946
FortisAlberta	556	568	564	588	599	2,875
FortisBC Electric	132	140	143	147	141	703
Other Electric <sup>(2)</sup>	579	465	451	439	419	2,353
Total Regulated – Canadian & Caribbean Electric & Gas	1,803	1,921	2,009	1,898	2,246	9,877
Non-Regulated	31	28	29	31	35	154
<b>Total Capital Plan</b>	<b>4,327</b>	<b>4,159</b>	<b>4,579</b>	<b>4,470</b>	<b>4,752</b>	<b>22,287</b>

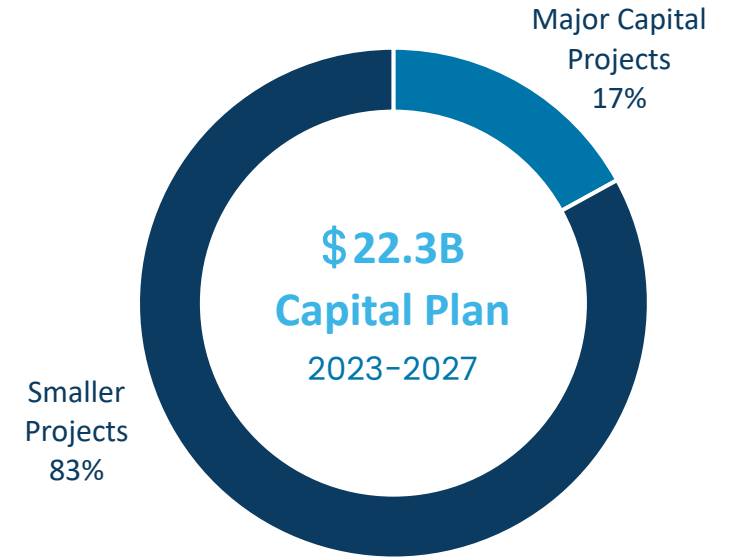
(1) Capital Plan is a forward-looking Non-U.S. GAAP financial measure calculated in same manner as Capital Expenditures. Refer to Q1 2023 MD&A for the Non-U.S. GAAP reconciliation. U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.

(2) Includes Eastern Canadian and Caribbean electric utilities.



# MAJOR CAPITAL PROJECTS

(\$ Millions)	2023-2027 PLAN	ESTIMATED COMPLETION DATE
ITC MISO Long-Range Transmission Plan <sup>(1)</sup>	923	Post-2027
UNS Energy Renewable Generation <sup>(2)</sup>	417	Various
UNS Energy Vail-to-Tortolita Transmission Project	378	2027
FortisBC Tilbury LNG Storage Expansion	504	Post-2027
FortisBC AMI Project	421	Post-2027
FortisBC Eagle Mountain Woodfibre Gas Line Project <sup>(3)</sup>	420	2027
FortisBC Tilbury 1B Project	343	Post-2027
FortisBC Okanagan Capacity Upgrade	200	2025
Wataynikaneyap Transmission Power Project <sup>(4)</sup>	137	2024



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

- (1) Reflects investments associated with six projects in states with rights of first refusal for incumbent transmission owners. Total estimated transmission investments of US\$1.4-\$1.8B through 2030 inclusive of the US\$700M reflected in the 2023-2027 capital plan.
- (2) Reflects expected investments in renewable generation to support TEP's Integrated Resource Plan. Excludes energy storage investments not yet defined.
- (3) Capital plan is net of forecast customer contributions.
- (4) Represents Fortis' 39% share of the estimated capital spending for the project.

# ESG LEADERSHIP

## Environmental

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- Released first TCFD and Climate Report in 2022; Fortis also aligned with GRI and SASB
- 2050 net-zero direct emissions goal, with interim targets to reduce GHG emissions 50% by 2030 and 75% by 2035
- Progress: More than halfway to achieving our 50% by 2030 target with a 28% reduction in Scope 1 emissions relative to 2019 levels
- 170 MW of coal generation capacity was retired at TEP in June 2022: expect to be coal-free by 2032
- 15% increase in renewable electricity generation capacity since 2019: TEP plans to add 3,400 MW of wind, solar and storage through 2035
- Five-year capital plan includes \$5.9B for cleaner energy investments
- FortisBC experienced its largest annual increase in renewable gas supply in recent years and has signed more than 30 RNG supply agreements
- In 2022, FortisBC announced a partnership for a new pilot project that will use an innovative technology for the first time in North America to produce zero-carbon hydrogen from natural gas

## Social

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- Focus on Indigenous partnerships and business
- 1,800 KM Wataynikaneyap transmission line connecting 17 remote First Nations communities to the Ontario power grid is more than 85% complete at the end of Q1 2023; expected to be completed in 2024
- Focus on just transition
- ~\$10M of community investment in 2022

## Governance

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- Ranked #1 in the Globe & Mail 2022 Board Games
- Independent chair; 11 of 12 directors are independent
- 58% of Fortis board members are female; 2 identify as a visible minority
- Average board tenure of 4.8 years
- 82% of Fortis utilities have a female in the position of CEO or board chair
- Executive compensation linked to climate and diversity targets





# MACRO OUTLOOK & ASSUMPTIONS



## Foreign Exchange

- USD:CAD FX Rate of 1.30 for 2023-2027
- 65% of operating earnings<sup>(1)</sup> / 60% of capital plan from U.S. & Caribbean
- +/- \$0.05 change in USD:CAD – EPS: \$0.06<sup>(2)</sup>  
Five-year capital plan: \$500M



## Interest Rates

- Primary exposure to rising rates at Fortis Inc. and ITC Holdings (non-regulated)
- Average annual near-term non-regulated maturities of ~US\$400M at ~4% weighted average rate for 2023-2025



## Inflation

- Plan assumes moderating inflation levels with return to historical averages in 2025
- +/- 100 bps in inflation impacts five-year capital plan by ~\$200M



## ROE & Equity Ratio

(EPS Impact)	ROE +/- 25 bps	Equity +/- 100 bps
• ITC	• \$0.03	• \$0.02
• UNS Energy	• \$0.02	• \$0.01
• FortisBC Energy	• \$0.01	• \$0.01

(1) Non-U.S. GAAP financial measure as at December 31, 2022. Excludes Net Expense of Corporate and Other segment.  
 (2) Foreign exchange EPS sensitivity inclusive of the Corporation's hedging activities.



# Q1 SALES TRENDS

## Change in Retail Electric Sales

## Q1 2023 vs. Q1 2022 Sales Trends



N/A

- Peak load down 2% due to milder weather and economic conditions



+2%

- Increase primarily due to higher heating load associated with cooler temperatures and customer growth; excluding weather impacts, retail sales up 1%



+1%

- Retail sales largely consistent as higher consumption partially offset by milder weather



-2%

- Residential sales down 6% due to milder weather; C&I sales flat



-

- Residential electric sales down 1% due to lower consumption; C&I electric sales up 2%

Other Electric

+1%

- Eastern Canadian residential sales up 1% and C&I sales flat
- Caribbean sales up 6% due to customer growth and increase in tourism-related activities

(1) Excludes wholesale sales at UNS Energy.

(2) Reflects electric sales at FortisBC Electric. Gas sales at FortisBC down 2% primarily due to lower average consumption by residential and transportation customers.



# LIQUIDITY & CREDIT RATINGS

## Active in Debt Markets

- Over \$600M in long-term debt raised in Q1 2023
- UNS Energy
  - US\$375M 30-year 5.50% notes
- Central Hudson
  - US\$90M notes<sup>(1)</sup>

## Credit Facilities



Mar. 31, 2023

■ Remaining capacity ■ Utilized

## Credit Ratings

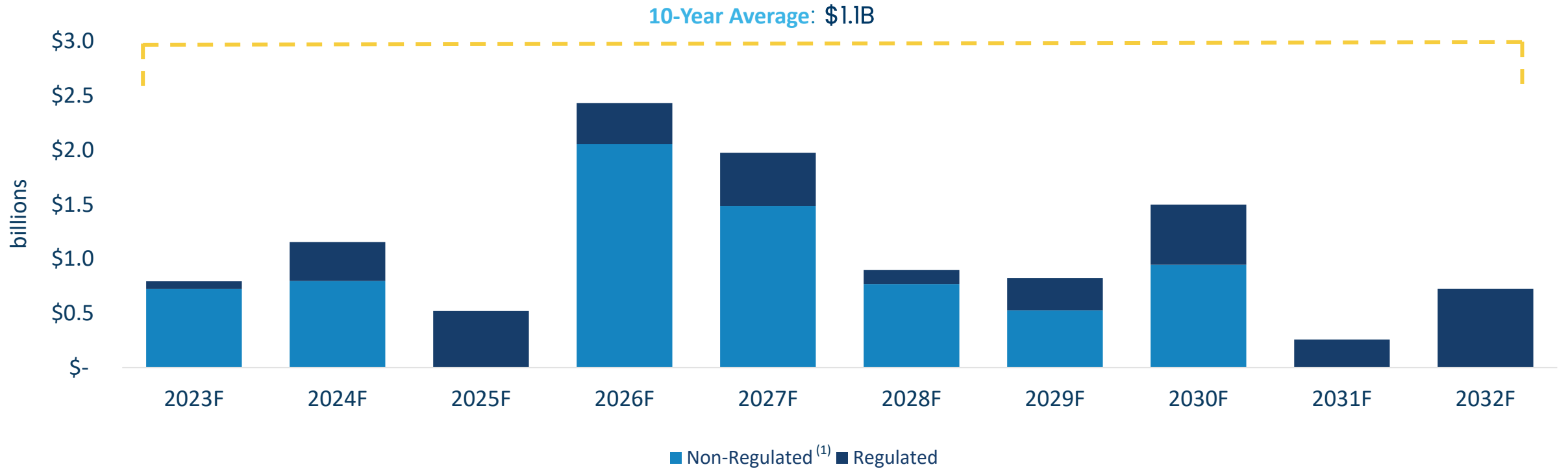
<b>S&amp;P Global</b>	A <sup>-(2)</sup>
<b>MOODY'S</b>	Baa3
<b>MORNINGSTAR</b>   <b>DBRS</b>	A (low)

(1) Includes US\$40M 10-year 5.68% notes, US\$15M 12-year 5.78% notes and US\$35M 15-year 5.88% notes.

(2) S&P rating reflects the issuer credit rating. Fortis' unsecured debt rating is BBB+.



# DEBT MATURITIES



Note: Debt as at March 31, 2023 and excludes any new debt issuances during the forecast period. Excludes repayments of finance leases along with the current portion of credit facilities, which are assumed to be extended by one-year annually.

(1) Includes non-regulated debt issued at Fortis Inc. and ITC Holdings.

# INVESTMENT-GRADE CREDIT RATINGS

Company	S&P Global	MOODY'S	MORNINGSTAR DRC
Fortis Inc.	A <sup>-(1)</sup>	Baa3	A (low)
ITC Holdings Corp.	A <sup>-(1)</sup>	Baa2	n/a
ITC Regulated Subsidiaries	A	A1	n/a
TEP	A-	A3	n/a
Central Hudson	BBB+	Baa1	n/a
FortisBC Energy	n/a	A3	A
FortisBC Electric	n/a	Baa1	A (low)
FortisAlberta	A-	Baa1	A (low)
Newfoundland Power	n/a	A2	A

(1) S&P credit ratings for Fortis Inc. and ITC Holdings Corp. reflect the issuer credit ratings. The unsecured debt rating for Fortis Inc. and ITC Holdings Corp. is BBB+.



# STRONG LEADERSHIP TEAM

Fortis Inc.  
Executive



**David Hutchens**  
President & CEO



**Jocelyn Perry**  
EVP, CFO



**Jim Reid**  
EVP, Sustainability &  
CLO



**Gary Smith**  
EVP, Operations &  
Innovation



**Stuart Lochray**  
Sr. VP Capital Markets &  
Business Development



**Stephanie Amaimo**  
VP, Investor Relations



**Julie Avery**  
VP, Controller



**Tanya Finlay<sup>(1)</sup>**  
VP, People & Culture



**Karen Gosse**  
VP, Finance



**Ron Hinsley**  
VP, IT & CIO



**Kealey Martin<sup>(1)</sup>**  
VP, Sustainability &  
Climate Strategy



**Karen McCarthy**  
VP, Communications &  
Government Relations



**Regan O'Dea**  
VP, General Counsel



**Kevin Woodbury**  
VP, Innovation &  
Technology



**Linda Apsey**  
ITC



**Chris Capone**  
Central Hudson



**Roger Dall'Antonia**  
FortisBC



**Ruth Forbes**  
FortisTCI



**Susan Gray**  
UNS Energy



**Scott Hawkes**  
FortisOntario



**Richard Hew**  
Caribbean Utilities



**Kay Menzies**  
Fortis Belize



**Gary Murray**  
Newfoundland Power



**Jason Roberts**  
Maritime Electric



**Janine Sullivan**  
FortisAlberta

(1) Effective July 1, 2023