# INVESTOR PRESENTATION

November 2024





## 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 2024 and 2025-2029, including investments which support the energy transition; forecast rate base growth for 2024 through 2029; the 2050 net-zero direct GHG emissions target and interim 2030 and 2035 GHG emissions reduction targets; the expectation to have a coal-free generation mix by 2032; annual dividend growth guidance through 2029; expected sources of funding for the Corporation's Capital Plan; expected sources of common equity proceeds; the expectation of a consistent capital structure over the planning period; the expectation that the long-term dividend guidance will support a reduction in dividend payout ratio over time; forecast average cash flow to debt metrics over the next five years; the nature, timing, benefits and expected costs of additional opportunities beyond the Capital Plan and other key transmission investments, including ITC's investments related to Tranches 2.1 and 2.2 of the MISO LRTP, customer connections including investments related to Alliant Energy's Big Cedar Industrial Center, new data center manufacturing opportunities, renewable gas solutions and liquefied natural gas infrastructure investments in British Columbia, and regional transmission wi

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

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

Note: U.S. dollar-denominated capital expenditures and rate base converted at a forecast USD:CAD foreign exchange rate of 1.30 for 2025-2029.



## FORTIS AT A GLANCE

TSX/NYSE: FTS O

#### 93%

transmission and distribution assets

#### 10 regulated utilities

in Canada, U.S., and Caribbean

#### 3.5 million

electricity and gas customers

#### 9,600

dedicated employees

#### 99%

Regulated utility assets

#### \$5.2 billion

2024F Capital expenditures

#### \$38.8 billion

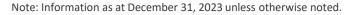
2024F rate base

### ~9% average annual<sup>(1)</sup>

10-year total shareholder return

#### 82% Fortis utilities

have a female CEO or Board Chair



(1) As at October 31, 2024





# OUR VISION & STRATEGY

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



- Operational Excellence
- Financial Strength
- Diversified Regulated Portfolio
- Local Business Model
- Strong Governance





## OUR COMMON GROUND





#### Provision of Safe & Reliable Service

#### Priority #1

- Health and safety of our employees, customers and contractors
- Doing whatever it takes to ensure safe and reliable service to our 3.5M customers
- Consistently outperforming industry averages in both Canada and the U.S.



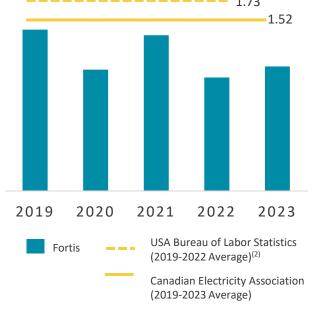
#### **Good Governance**

## Fortis Ranked #2 out of 219 S&P/TSX companies in The Globe & Mail 2023 Board Games

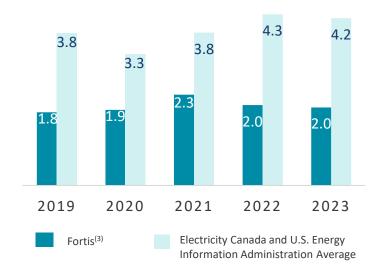
- Utilities operate within the parameters of common policies and best practices
- Local business model with subsidiary boards comprised of a majority independent local directors
- Subsidiary boards provide effective independent oversight and administration of their governance and operations

## DELIVERING SAFE & RELIABLE SERVICE

## All-Injury Frequency Rate<sup>(1)</sup>



# Average Electricity Customer Outage Duration (Hours)



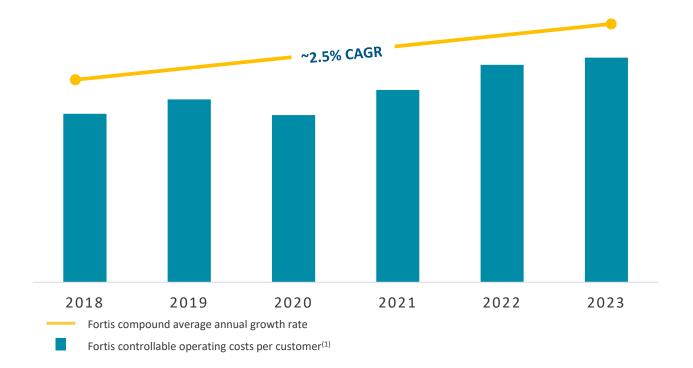


- (1) All injury frequency rate = (# injuries x 200,000) / hours worked.
- (2) 2023 data not yet available.
- (3) Based on weighted average of Fortis' customer count in each jurisdiction.



## MAINTAINING CUSTOMER AFFORDABILITY

## Controllable Operating Costs per Customer



<sup>(1)</sup> 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).

#### **Key Areas of Focus**

- Preventative maintenance and the introduction of innovative practices to reduce costs
- Prioritization of capital investment based on operational needs and associated rate impact
- Utilization of available tax credits
- Cleaner energy investments generating fuel savings
- Implementation of efficiency programs
- Relationships with partners to maximize value for customers



## REDUCING CARBON EMISSIONS



## Our planned trajectory to net-zero



## SUSTAINABILITY REPORTING

## Climate Report (March 2024)

- Climate scenario analysis conducted using low and high emissions scenarios over three time horizons (present day, 2030 and 2050)
- Physical climate risks and opportunities were assessed on priority assets using nine climate hazards
- Transition risk and opportunity assessment were aligned with enterprise risk management principles
- Fortis' business strategy addresses the identified risks and opportunities and informs future work to advance preparedness for climate impacts

## Sustainability Report (July 2024)

- Includes 2023 sustainability-related key performance indicators
- Report includes information on resiliency efforts, biodiversity programs, and actions to support energy efficiency and lower emissions for customers
- Highlights recent governance advancements, including a new human rights statement and vendor code of conduct
- Committed to our sustainability initiatives as we pursue growth opportunities and deliver a cleaner energy future, while also ensuring safety and reliability are our top priorities









Capital Expenditures

\$26B

2025-2029 Capital Plan

\$1B

Increase over Prior Plan

Rate Base

6.5%

2024-2029 CAGR

~\$14B

Increase to \$53B by 2029

Funding Plan

>12%

Average Cash Flow To Debt Metrics

~59%

Funded by Cash From Operations<sup>(1)</sup>; 30% Net Debt; 11% DRIP **Dividend Growth** 

4-6%

Annual Dividend Growth Guidance Extended to 2029

~4%

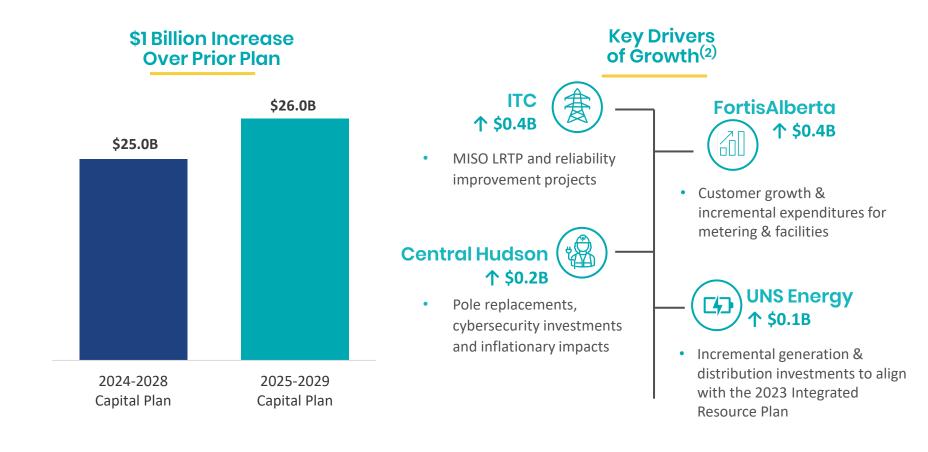
Q4 2024 Dividend Increase

(1) Non-U.S. GAAP financial measure



## 2025-2029 \$26B CAPITAL PLAN



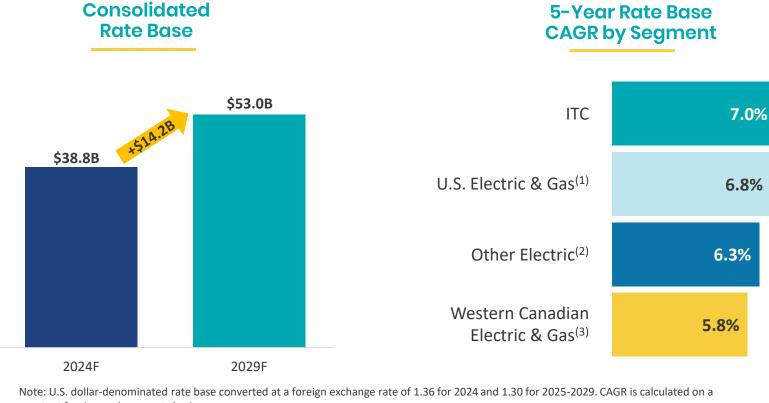


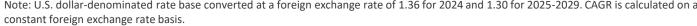
Note: U.S. dollar-denominated capital converted at a foreign exchange rate of 1.30 for 2025-2029.

- (1) Refer to Slide 41 for additional details.
- (2) Includes a \$0.3B reduction at FortisBC Energy due to timing of Eagle Mountain Pipeline project spend in 2024, partially offset by \$0.2B of growth at FortisBC Electric



## FIVE-YEAR RATE BASE CAGR OF ~6.5%





- (1) Includes UNS Energy & Central Hudson.
- (2) Includes Newfoundland Power, Maritime Electric, FortisOntario, Caribbean Utilities and FortisTCI.
- (3) Includes FortisBC Energy, FortisAlberta and FortisBC Electric.



## BALANCED APPROACH TO FUNDING GROWTH

\$26B

**Capital Plan** 

2025-2029

11% 30% 59%

**Funding Plan** 



## **Equity**

Corporation's DRIP at current participation levels<sup>(1)</sup> and employee share purchase plans



#### **Net Debt**

Regulated and non-regulated debt issuances, net of repayments



## Cash from Operations<sup>(2)</sup>

Cash from operating activities net of dividends and including customer contributions

- (1) Assumes average participation rate of ~38%.
- (2) Non-U.S. GAAP financial measure

## **Key Highlights**

- Funding plan largely consistent with prior year plan
- Equity funded through DRIP program
- \$500M ATM program available for flexibility as required
- Consistent capital structure expected over planning period
- 4-6% annual dividend growth guidance range supports reduction in dividend payout ratio over time



## FUNDING PLAN SUPPORTS INVESTMENT-GRADE CREDIT RATINGS



**MOODY'S** 

Baa3

Stable

S&P Global

 $A^{-(1)}$ 

Negative

M\(\rightar\) DBRS A (low)

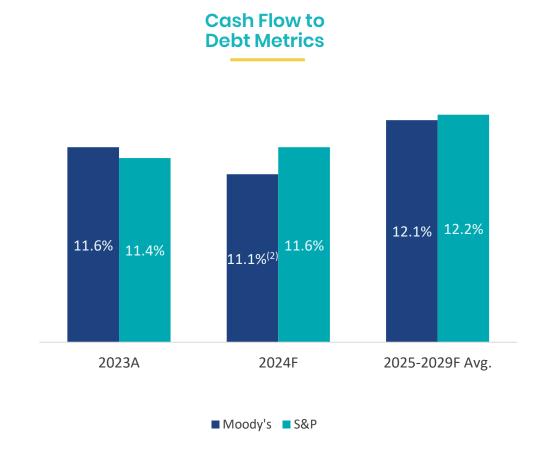
Stable



## Key Credit Strengths







- S&P rating reflects the issuer credit rating. Fortis' unsecured debt rating is BBB+.
- (2) Decrease in Moody's 2024F CFO pre-working capital to Debt driven by timing of long-term regulatory recoveries.



## STRONG LIQUIDITY

## Q3 2024 Long-Term Debt Issuances

- Fortis Inc. \$500M 7-year notes at 4.17%
- UNS Energy US\$400M 10-year notes at 5.20%
- FortisBC Electric \$100M 30-year debentures at 4.92%
- FortisOntario \$55M 30-year notes at 5.05%



## Preference Share Dividends

- Preference share dividend rate resets
  - Series M \$600M (Q4 2024)<sup>(1)</sup>
  - Series H \$192M (Q2 2025)



<sup>(1)</sup> The annual fixed rate dividend per share for Series M will be reset from \$0.9783 to \$1.37325 for the five-year period from December 1, 2024 up to but excluding December 1, 2029.



## OPPORTUNITIES TO EXPAND AND EXTEND GROWTH BEYOND THE PLAN











- MISO LRTP Tranche 2.1 At least US\$3B expected in Michigan and Minnesota where ROFRs are in effect; majority of investment anticipated post-2029
- MISO LRTP Tranche 2.2
   Timing and scope unknown
- Customer Connections
   Data centers and load growth
- MISO/SPP JTIQ



UNS Energy Corporation
A Fortis Company

- Investment opportunity of ~US\$2.5-\$5.0B through 2038
- Potential New Retail Load
  Supporting economic growth in region including data centers
- Transmission investments



- Tilbury LNG Expansion
   Marine bunkering
- Renewable Gases



Transmission Investments
 Supporting delivery of offshore wind as minority partner in NY Transco

## KEY TRANSMISSION INVESTMENTS



#### MISO LRTP Tranche 2.1

- In September 2024, MISO released its final Tranche 2.1 portfolio of projects which includes 24 projects totaling US\$21.8B
- At least US\$3B of capital investment expected at ITC for projects in Michigan and Minnesota where ROFRs are in effect; majority of investment anticipated post-2029
- Tranche 2.1 subject to MISO Board approval in December 2024

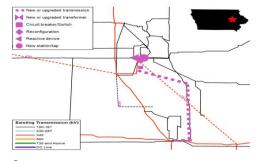


#### **Customer Connections**

- ITC's plan includes investment necessary to serve the previously announced 300 MW Google data center at Alliant Energy's Big Cedar Industrial Center
- In October 2024, MISO approved the Big Cedar Load Expansion Project for transmission upgrades to serve up to 1,600 MW of new data center load at the Big Cedar Industrial Center, expected to be completed in two phases with targeted in-service dates of 2027 & 2028
  - Project requires franchise approval from the Iowa Utilities Commission prior to construction
  - Total project cost of up to US\$400M



Source: https://www.misoenergy.org/planning/long-range-transmission-planning



Source

https://cdn.misoenergy.org/20241016%20PAC%20Item%2004a%20EPR



## LONG CAPEX RUNWAY



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



Connect more renewable generation to the grid



Replace aging assets to maintain reliability



Build more renewable generation and provide alternative energy sources to reduce emissions



Invest in technology to ensure security and improve service and efficiency



Expand infrastructure to support load growth from data centers, AI and manufacturing



Prepare grid for additional electrification



Accelerate climate change adaptation for reliability, grid resiliency and hardening



Business development in existing footprint





## RECENT REGULATORY ACTIVITY









#### **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
- In October 2024, FERC removed use of the riskpremium model in the ROE methodology; as a result, the base MISO ROE was revised from 10.02% to 9.98%, with a total maximum ROE of 12.58% with incentive adders; the order is effective September 2016 and directs refunds for certain periods<sup>(1)</sup>
- Reduction in the base ROE will impact EPS by less than one cent annually with a total MISO ROE including incentive adders of 10.73% at ITC, compared to 10.77% previously

#### **Transmission ROFR**

- In 2023, the lowa District Court ruled that the lowa ROFR legislation is unconstitutional, based on procedural grounds; an injunction was granted preventing any action on MISO LRTP Tranche 1 projects in lowa that depend on the ROFR
- As a result of the inability to construct projects due to the Iowa District Court order, MISO conducted a variance analysis of the MISO LRTP Tranche 1 projects in Iowa; the conclusion issued in August reaffirmed the allocation of projects to ITC and other incumbent transmission owners; work on the Tranche 1 projects in Iowa has resumed<sup>(2)</sup>
- lowa Court proceedings are ongoing for which the timing and outcome are unknown

#### ACC Generic Regulatory Lag Docket

- In October 2024, the ACC held a workshop exploring alternatives to using historical test year for determining rates
- The workshop focused on using formulaic rates
- Other options discussed included future test year and a multi-year rate plan
- The timing and outcome of this proceeding remain unknown

### 2025 General Rate Application

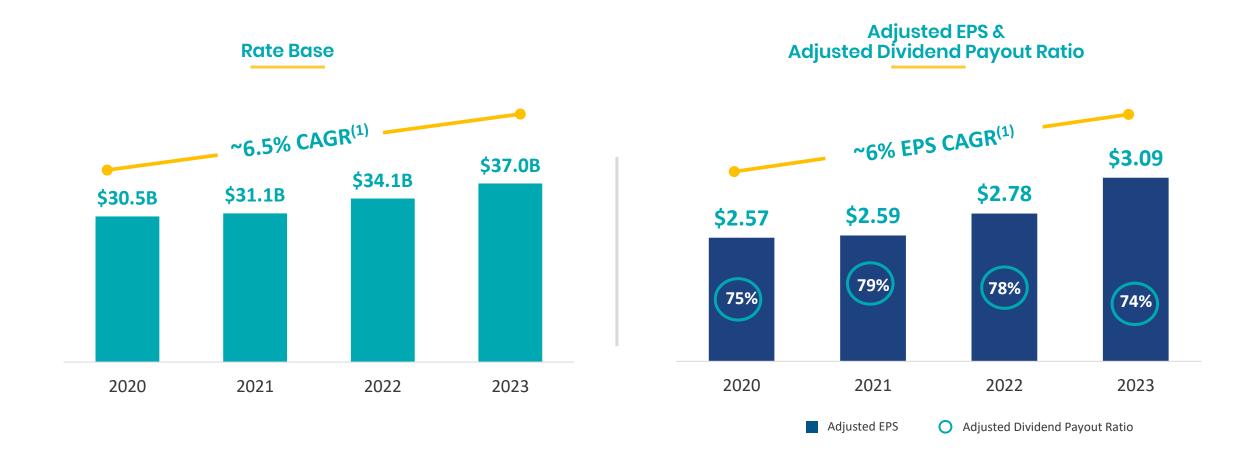
- In August 2024, Central Hudson filed its 2025 general rate application requesting new rates effective July 1, 2025
- Application seeks an allowed ROE of 10% and 48% common equity ratio
- Timing and outcome of this proceeding remain unknown

#### **Show Cause Order**

- In October 2024, the PSC issued a show cause order directing Central Hudson to explain why an enforcement proceeding should not commence in connection with a gas-related explosion that occurred in November 2023
- Central Hudson will file a response within 30 days of the order; the timing and outcome of this proceeding is unknown
- (1) The application of the order will result in a regulatory liability of ~\$35M (US\$26M) to be recognized by ITC in Q4 2024. Fortis' 80.1% share of the related after-tax earnings impact will be ~\$22M, of which the vast majority relates to periods prior to January 1, 2024.
- (2) ITC's 2025-2029 capital plan includes ~US\$800M in MISO LRTP Tranche 1 projects in Iowa.



## THREE-YEAR LOOK BACK



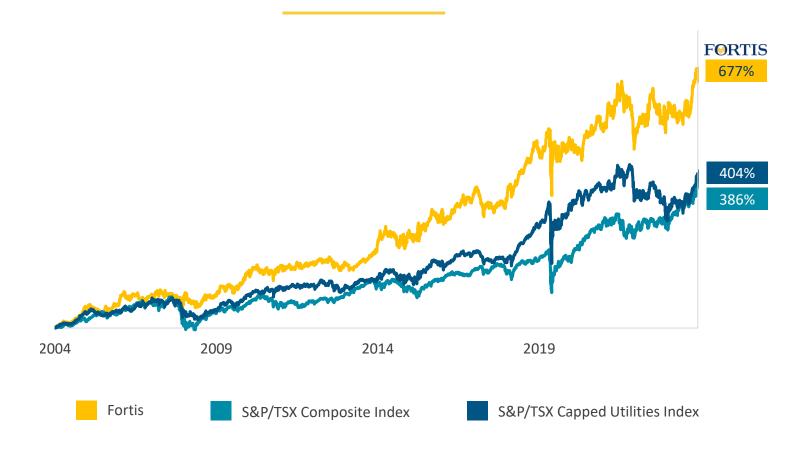
Note: Adjusted EPS and Adjusted Dividend Payout Ratio are Non-U.S. GAAP financial measures. Adjusted Dividend Payout Ratio calculated using annual dividends paid per common share as disclosed in the 2023 MD&A divided by annual Adjusted EPS. Refer to the 2023 MD&A for the Non-U.S. GAAP reconciliation.

(1) 2020-2023 CAGR for rate base and adjusted EPS calculated based on a constant foreign exchange rate.



## TOTAL SHAREHOLDER RETURNS





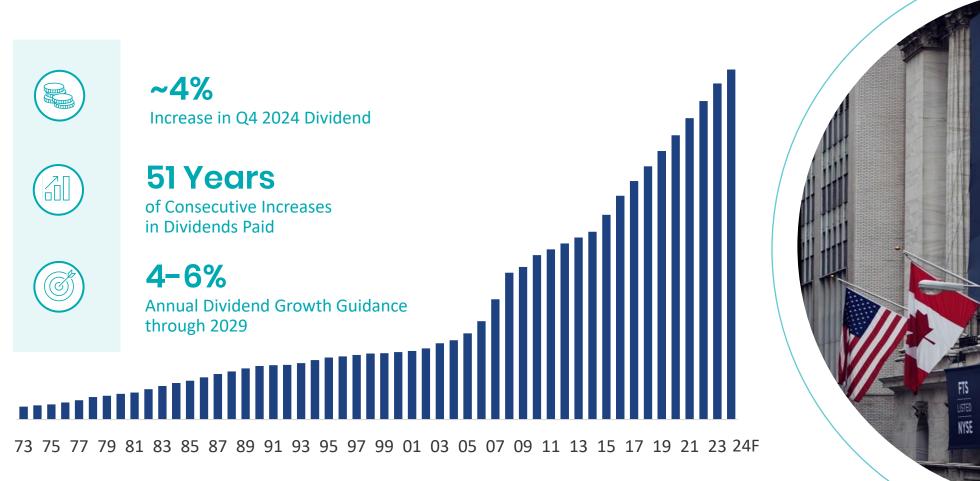
## Average Annual Total Shareholder Returns

1-Year	14.0%
5-Year	5.9%
10-Year	9.0%
20-Year	10.4%

Note: Cumulative and average annual total shareholder returns reflect period ended October 31, 2024.



## DIVIDEND GUIDANCE SUPPORTED BY LONG-TERM GROWTH STRATEGY





## WHY INVEST IN FORTIS?

### SUSTAINABLE GROWTH

## **Focused on Executing**



Strong Rate Base Growth



**Robust Transmission Investment Pipeline** 



**Transparent Funding Plan** 



Cleaner **Energy Transition** 



4-6% Annual **Dividend Growth** 



**Investment-Grade Credit Ratings** 



## Safe, Well-Run Utilities



Strong Governance



Regulatory & Geographic Diversity



Constructive Regulatory Relationships



**Local Business** Model



Virtually 100% Regulated



**Primarily** Transmission & **Distribution Assets** 



# APPENDIX





## TABLE OF CONTENTS

ITC Holdings Corp.	26-27
UNS Energy	28-30
Central Hudson	31-32
FortisBC	33-34
FortisAlberta	35-36
Other Electric Utilities	37-38
2025-2029 Capital Plan by Business Unit	39
Major Capital Projects	40
2024-2029 Rate Base by Business Unit	41
Sensitivity Exposure	42
Ongoing Regulatory Proceedings	43
Sustainability Leadership	44
Debt Maturities & Preference Share Dividends	45
Strong Investment-Grade Credit Ratings	46
Strong Leadership Team	47
Glossary	48



# ITC OVERVIEW FERC REGULATED ELECTRIC TRANSMISSION UTILITY



**26,100 km**Lines of transmission



Assets in 8 U.S. States

Michigan and Iowa key states



~750

dedicated employees



**FERC Rate Regulated** 

Cost-based, forward-looking formula rates with annual true-up



\$12.8 billion

2025F rate base



22,102 MW

Peak demand



Fortis owns 80.1%

Interest in ITC



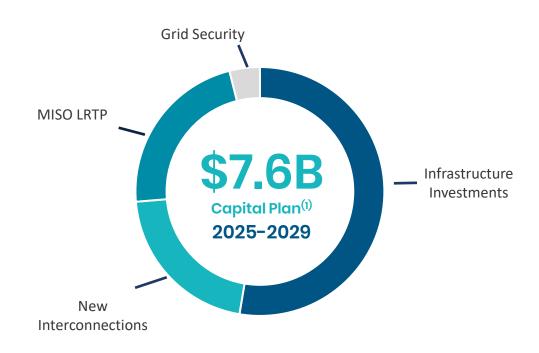
10.73-11.37% Allowed ROE on 60% Equity

MISO and SPP, respectively



Note: Data as of December 31, 2023, unless otherwise noted

## ITC CAPITAL INVESTMENT OVERVIEW





#### \$4.0B Infrastructure Investments

Rebuild, reliability, resiliency, system efficiencies, increased capacity, circuit overloads, pocket load growth



### \$1.7B MISO Long-Range Transmission Plan

Includes portion of investments for Tranche 1 & 2.1



#### \$1.6B New Interconnections

Supports economic development, load interconnection requests and changes in generation sources



### \$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 OVERVIEW VERTICALLY INTEGRATED ELECTRIC AND GAS UTILITY



23,200 km of electric T&D lines



**5,100 km** of natural gas T&D lines



**719,000** electric and gas customers



**~2,100** dedicated employees



**\$7.7 billion** 2025F rate base



**3,314 MW** Peak demand



ACC & FERC Regulated
Cost of service/historical test year
& FERC formula transmission rates



9.55% Allowed ROE on **54.32% Equity**<sup>(1)</sup>

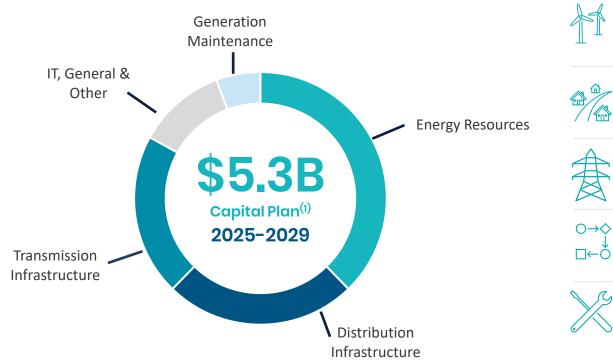


Note: Data as of December 31, 2023 unless otherwise noted

(1) Reflects TEP's cost of capital parameters. UNS Electric has an allowed ROE of 9.75% on 53.72% equity and UNS Gas has an allowed ROE of 9.75% on 50.82% equity.



## UNS ENERGY CAPITAL INVESTMENT OVERVIEW





#### \$2.0B Energy Resources

Expected energy storage, renewables and other investments associated with exit from coal

#### \$1.3B Distribution Infrastructure

Grid resiliency and modernization



#### \$1.1B Transmission Infrastructure

Vail-to-Tortolita, new substations

\$600M IT, General & Other

Supports technology, efficiency and sustainment

\$300M Generation Maintenance

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



## 2023 TEP IRP SUPPORTS EXIT FROM COAL

#### **Exit from Coal On Track**

#### 2017-2023

#### **508 MW**

Completed Coal Retirements

2019

**168 MW** 

Navajo



2017

170 MW

San Juan Unit #2







2022

170 MW

San Juan Unit #1



#### 2024-2032

#### Coal-free

generation mix by 2032





387 MW



2031 110 MW



2032

**406 MW** 

Springerville Four Corners Springerville Unit #2 Unit #1



## Delivering reliable, cleaner energy that is lower risk and affordable for customers

#### TEP 2023 IRP Highlights (3,970 MW)

- 2,240 MW of wind and solar generation
- 1,330 MW of energy storage
- 400 MW hydrogen ready natural gas
- Fully exiting coal by 2032

#### UNS Electric 2023 IRP Highlights (775 MW)

- 350 MW of wind and solar generation
- 225 MW of energy storage
- 200 MW hydrogen ready natural gas
- IRP supports reducing wholesale market exposure

#### **Next Steps and Expected Impacts**

- ACC acknowledged IRPs in October 2024
- Incremental investment opportunity of ~US\$2.5-\$5.0B through 2038<sup>(1)</sup>
- Adding efficient, flexible, and lower-carbon natural gas-fired resources will help create a bridge to a cleaner energy future

(1) Incremental opportunity of ~US\$2.0-\$4.0B at TEP and US\$0.5-\$1.0B at UNS Electric through 2038.



# CENTRAL HUDSON OVERVIEW ELECTRIC AND GAS T&D UTILITY



**15,200 km** of electric T&D lines



**2,400 km** of natural gas T&D lines



**315,000** electric customers



**90,000** natural gas customers



**~1,200** dedicated employees



**\$3.4 billion** 2025F rate base



New York Public Service Commission Regulated Cost of service on future test year

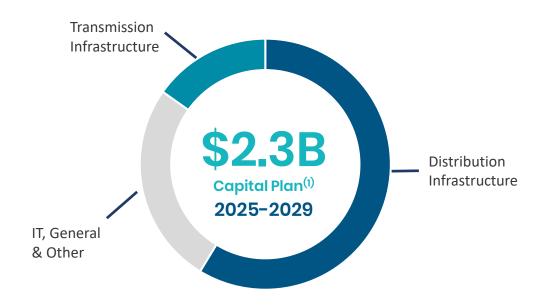


9.5% 48% Allowed Equity ROE Ratio



Note: Data as of December 31, 2023 unless otherwise noted

## CENTRAL HUDSON CAPITAL INVESTMENT OVERVIEW





#### \$1.35B Distribution Infrastructure

Distribution automation and modernization



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

Building the workforce of the future



#### \$350M Transmission Infrastructure<sup>(2)</sup>

Replacement of aging infrastructure

<sup>(2)</sup> Transmission capital does not include equity investments associated with Central Hudson's minority interest in New York Transco, including the Propel New York Energy Project.



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

# FORTISBC OVERVIEW GAS LDC AND INTEGRATED ELECTRIC UTILITY



**51,600 km** of natural gas T&D lines



**7,300 km** of electric T&D lines



**1.1 million**natural gas customers



**191,000** electric customers



**~2,700** dedicated employees



**\$8.1 billion** 2025F rate base



BCUC Regulated
Cost of service with
incentive mechanisms

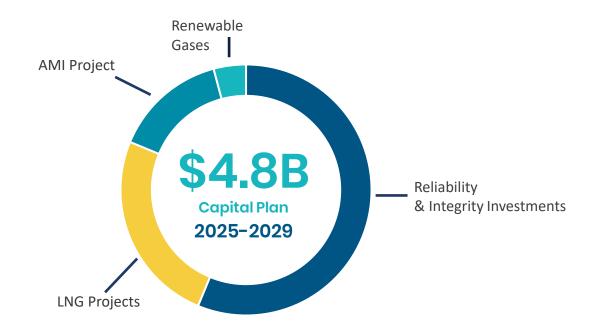


9.65% Gas 45% Allowed ROEs Equity Ratios



Note: Data as of December 31, 2023 unless otherwise noted

## FORTISBC CAPITAL INVESTMENT OVERVIEW





#### \$2.7B Reliability & Integrity Investments

Ongoing capital and includes customer growth and general plant investments



### \$1.2B LNG Projects

Tilbury 1B
Tilbury LNG Storage Expansion
Eagle Mountain Pipeline Project



## \$700M Advanced Metering Infrastructure Project



#### \$200M Renewable Gases

Hydrogen and renewable natural gas



# FORTISALBERTA OVERVIEW ELECTRIC DISTRIBUTION UTILITY



**90,500 km** distribution lines



**592,000** customers



**2,643 MW** Peak demand



**~1,200** dedicated employees



**\$4.7 billion** 2025F rate base



~85% of revenue derived from fixed-billing determinants



AUC Regulated
Performance-based
rate-setting (PBR)

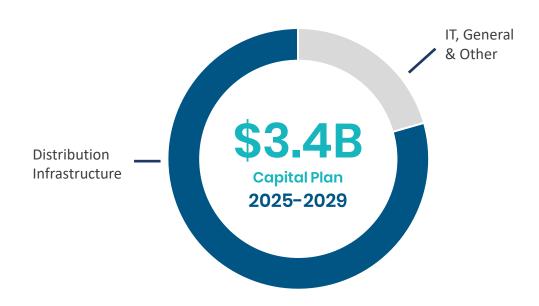


9.28% 37% 2024 Equity Allowed Ratio ROE



Note: Data as of December 31, 2023 unless otherwise noted

## FORTISALBERTA CAPITAL INVESTMENT OVERVIEW





#### \$2.7B Distribution Infrastructure

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



\$700M IT, General & Other



# OTHER ELECTRIC OVERVIEW ELECTRIC T&D UTILITIES



23,000 km of electric T&D lines



**484,000** customers



**~1,550** dedicated employees



**\$4.0 billion** 2025F rate base



**Five** regulated electric utilities<sup>(1)</sup>



**Equity investments** 

Wataynikaneyap Partnership & Belize Electricity



**Three** 

North American countries

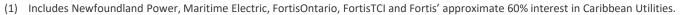


8.75% 43.0%

Allowed ROE<sup>(2)</sup>

Equity Ratio<sup>(2)</sup>

Note: Data as of December 31, 2023 unless otherwise noted



<sup>(2)</sup> Reflects weighted average allowed ROE and equity ratio for Newfoundland Power (8.50% / 45%), Maritime Electric (9.35% / 40%) and FortisOntario (8.52%-9.30% / 40%). Caribbean Utilities and FortisTCI earn a return on rate base. For 2023, Caribbean Utilities and FortisTCI achieved ROEs of 11.9% and 10.6%, respectively.



### OTHER ELECTRIC CAPITAL INVESTMENT OVERVIEW





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



# 2025-2029 CAPITAL PLAN BY BUSINESS UNIT

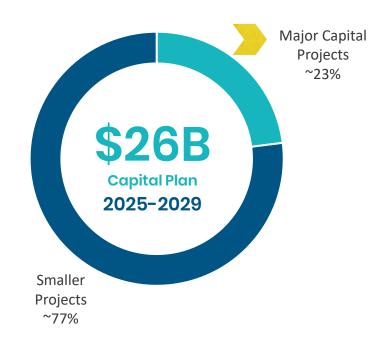
Capital Plan						
(\$MILLIONS)	2025F	2026F	2027F	2028F	2029F	2025-2029 TOTAL
Regulated – Independent Electric Transmission	'					
ITC	1,403	1,488	1,523	1,600	1,573	7,587
Regulated – U.S. Electric & Gas						
UNS Energy	1,276	1,087	1,201	1,138	581	5,283
Central Hudson	462	480	440	486	462	2,330
Total Regulated – U.S. Electric & Gas	1,738	1,567	1,641	1,624	1,043	7,613
Regulated – Canadian & Caribbean Electric & Gas						
FortisBC Energy	687	785	1,080	804	564	3,920
FortisAlberta	624	683	681	701	743	3,432
FortisBC Electric	179	186	167	183	181	896
Other Electric	540	477	491	528	500	2,536
Total Regulated – Canadian & Caribbean Electric & Gas	2,030	2,131	2,419	2,216	1,988	10,784
Non-Regulated – Corporate & Other	7	6	5	3	2	23
Total Capital Plan	5,178	5,192	5,588	5,443	4,606	26,007

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



### MAJOR CAPITAL PROJECTS

(\$ Millions)	2024F	2025- 2029F	Estimated Completion Date
ITC MISO LRTP <sup>(1)</sup>	27	1,739	Post-2029
UNS IRP Related Generation <sup>(2)</sup>	-	1,621	Various
UNS Roadrunner Reserve Battery Storage Project 1	313	23	2025
UNS Roadrunner Reserve Battery Storage Project 2	114	325	2026
UNS Vail-to-Tortolita Transmission Project	78	223	2027
FortisBC Eagle Mountain Pipeline Project <sup>(3)</sup>	379	317	2027
FortisBC Tilbury LNG Storage Expansion	7	584	2029
FortisBC AMI Project	66	697	2028
FortisBC Tilbury 1B Project	1	343	2029



Note: Projects, other than ongoing maintenance projects, individually costing \$200M or more in the forecast/planning period.

- (1) Includes capital expenditures of ~US\$1.2B for Tranche 1 and ~US\$140M for Tranche 2.1 for the forecast period 2025-2029.
- (2) Includes capital expenditures for resource requirements, including renewable generation, energy storage systems and natural gas generation supporting the transition to cleaner energy as outlined in the 2023 IRPs for TEP and UNS Electric.
- (3) The project is net of customer contributions.



### 2024-2029 RATE BASE BY BUSINESS UNIT

Rate Base							
(\$BILLIONS, EXCEPT FOR CAGR)	2024F	2025F	2026F	2027F	2028F	2029F	5-YEAR CAGR to 2029
Regulated – Independent Electric Transmission							
$ITC^{(1)}$	12.3	12.8	13.9	14.8	15.7	16.5	7.0%
Regulated – U.S. Electric & Gas							
UNS Energy <sup>(2)</sup>	7.6	7.7	8.3	8.8	9.8	10.7	6.7%
Central Hudson	3.2	3.4	3.7	4.0	4.1	4.3	7.2%
Total Regulated – U.S. Electric & Gas	10.8	11.1	12.0	12.8	13.9	15.0	6.8%
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy <sup>(2)</sup>	5.8	6.3	6.7	7.4	8.1	8.7	6.6%
FortisAlberta	4.4	4.7	4.9	5.2	5.4	5.7	5.2%
FortisBC Electric	1.7	1.8	1.8	2.0	2.0	2.1	4.4%
Other Electric	3.8	4.0	4.3	4.4	4.8	5.0	6.3%
Total Regulated – Canadian & Caribbean Electric & Gas	15.7	16.8	17.7	19.0	20.3	21.5	5.9%
Total Rate Base Forecast	38.8	40.7	43.6	46.6	49.9	53.0	6.5%

Note: U.S. dollar-denominated rate base converted at a foreign exchange rate of 1.36 for 2024 and 1.30 for 2025-2029. CAGR is calculated on a constant foreign exchange rate basis.

<sup>(2)</sup> CAGR includes CWIP balances at UNS Energy and FortisBC Energy due to significant construction projects in process in 2024 that become rate base later in the planning period. Rate base growth adjusted for CWIP balances of \$0.9B at UNS Energy and \$0.6B at FortisBC Energy, respectively, in 2024, as well \$0.5B at UNS Energy and \$0.1B at FortisBC Energy, respectively, in 2029.



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

### SENSITIVITY EXPOSURE

#### Foreign Exchange

- Assumed forecast USD:CAD FX rate of 1.30 for 2025-2029
- 65% of regulated earnings<sup>(1)</sup> / 60% of capital plan in USD at U.S. & Caribbean utilities
- +/- \$0.05 change in USD:CAD
  - EPS: ~\$0.06
  - Five-year capital plan: \$600M

### **ROE & Equity Ratio**

	ROE +/- 25 bps	Equity +/- 100 bps
ITC	\$0.035	\$0.030
UNS Energy	\$0.025	\$0.015
FortisBC	\$0.020	\$0.015
Central Hudson	\$0.010	\$0.005
FortisAlberta	\$0.010	\$0.010

Note: EPS sensitivities reflect forecasted average annual impacts for 2025-2029. Foreign exchange EPS sensitivity inclusive of the Corporation's hedging activities.

(1) Non-U.S. GAAP financial measure for year ended December 31, 2023. Excludes Net Expense of Corporate and Other segment.



### ONGOING REGULATORY PROCEEDINGS



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; D.C. 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%; the court remanded the matter to FERC for further process; in October 2024 FERC issued an order revising the MISO Base ROE from 10.02% to 9.98% and removed use of the risk-premium model in establishing the base ROE<sup>(1)</sup>

Notice of Proposed Rulemaking on Incentives In 2021, FERC issued a supplemental NOPR proposing to eliminate the 50-bps 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 incentives NOPR remain outstanding

Transmission ROFR In December 2023, the Iowa District Court ruled that the manner in which Iowa's ROFR statute was passed is unconstitutional; statute granted incumbent electric transmission owners, including ITC, a ROFR to construct, own and maintain certain electric transmission assets in the state; the District Court did not make any determination on the merits of the ROFR itself, but did issue a permanent injunction preventing ITC and others from taking further action to construct the MISO LRTP Tranche 1 lowa projects in reliance on the ROFR; in August 2024, MISO concluded its variance analysis of the MISO LRTP Tranche 1 projects in Iowa, reaffirming the allocation of projects to ITC and other incumbent transmission owners; as a result, work on the Tranche 1 projects in Iowa has resumed; various legal proceedings with respect to this matter are ongoing for which the timing and outcome are unknown



**2025 General Rate Application** In August 2024, Central Hudson filed a general rate application with the PSC requesting new rates effective July 1, 2025; application seeks an allowed ROE of 10% and 48% common equity ratio; timing and outcome of proceeding are unknown

Show Cause Order In October 2024, the PSC issued a show cause order directing Central Hudson to explain why an enforcement proceeding should not commence in connection with a gas-related explosion that occurred in November 2023; Central Hudson will file a response within 30 days of the order; the timing and outcome of this proceeding are unknown



**2025-2027 Rate Framework** In April 2024, FortisBC filed an application with the BCUC requesting approval of a rate framework for 2025-2027; process will continue throughout 2024, with a decision expected by mid-2025



GCOC Decision In 2023, the AUC issued a decision in the GCOC proceeding and FortisAlberta sought permission to appeal the decision to the Court of Appeal on the basis that the AUC erred in its decision to not adjust FortisAlberta's ROE and common equity component for certain risk factors; in April 2024, the Court of Appeal granted permission to appeal, which is expected to be completed in Q1 2025

Third PBR Term Decision In 2023, the AUC issued a decision establishing the parameters for the third PBR term for 2024-2028; FortisAlberta sought permission to appeal the decision to the Court of Appeal on the basis that the AUC erred in its decision to determine capital funding using 2018-2022 historical capital investments without consideration for funding of new capital programs included in the company's 2023 COS revenue requirement as approved by the AUC; FortisAlberta's application for permission to appeal the decision will be heard by the Court of Appeal in Q4 2024

(1) The application of the order will result in a regulatory liability of ~\$35M (US\$26M) to be recognized by ITC in Q4 2024. Fortis' 80.1% share of the related after-tax earnings impact will be ~\$22M, of which the vast majority relates to periods prior to January 1, 2024.





#### Climate and Innovation

- 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 33% 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; seasonal operations commenced at Springerville in 2023
- Pilot project formed to produce low-carbon hydrogen; FortisBC continues to partner with others, including local universities, to study safe and reliable hydrogen blending with natural gas
- FortisBC increased RNG supply by 21% in 2023, and by more than 10 times since 2019
- FortisBC targets to support the energy transition and reduce GHG emissions:
  - Reduce absolute scope 1 GHG emissions by 35% by 2035 from 2019 levels
  - Reduce customers' GHG emissions by 200k tonnes through participation in conservation and energy management initiatives by the end of 2027
  - Invest \$690M to help customers save 3.8M gigajoules of gas and 115 GWh of electricity by the end of 2027

#### Community and Indigenous Relations

- Building on our strong record of mutually beneficial partnerships with Indigenous peoples
- FortisBC awarded silver-level designation in Progressive Aboriginal Relations<sup>TM</sup> from the Canadian Council of Indigenous Business
- 1,800 KM Wataynikaneyap transmission line connecting 17 remote First Nations communities to the Ontario power grid
- ~\$11M of community investment in 2023

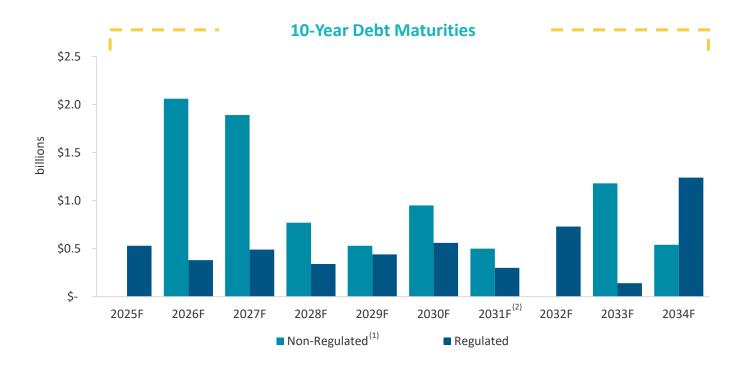
#### **Governance Leadership**

- Ranked #2 out of 219 S&P/TSX companies in The Globe & Mail 2023 Board Games
- Independent chair; 11 of 12 directors are independent
- 58% of Fortis board members are women; 2 of 12 identify as a visible minority
- Average board tenure of 5.7 years
- Women currently represent 57% of the Fortis Inc. executive leadership team
- 82% of Fortis utilities have a female in the position of CEO or board chair
- Executive compensation linked to climate and diversity targets



### DEBT MATURITIES & PREFERENCE SHARE DIVIDENDS

#### **Debt Maturities**



Note: U.S. dollar-denominated debt translated at September 30, 2024 closing exchange rate of 1.35.

- (1) Includes non-regulated debt maturities at Fortis Inc. and ITC Holdings.
- (2) The annual fixed rate dividend per share for Series M will be reset from \$0.9783 to \$1.37325 for the five-year period from December 1, 2024 up to but excluding December 1, 2029.

# Preference Share Dividend Rate Resets & Conversions





# STRONG INVESTMENT-GRADE CREDIT RATINGS

Company	S&P Global (1)	MOODY'S	M\(\text{RNINGSTAR}\) \(\text{DBRS}\)
Fortis Inc.	A- <sup>(2)</sup>	Baa3	A (low)
ITC Holdings Corp.	A- <sup>(2)</sup>	Baa2	n/a
ITC Regulated Subsidiaries	А	A1	n/a
TEP	A-	А3	n/a
Central Hudson	BBB+	Baa1	n/a
FortisBC Energy	n/a	А3	А
FortisBC Electric	n/a	Baa1	A (low)
FortisAlberta	A-	Baa1	A (low)
Newfoundland Power	n/a	A2	Α

<sup>(2)</sup> 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+.





<sup>(1)</sup> In October 2024, S&P confirmed the Corporation's credit ratings and negative outlook.

### 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

**Utility CEOs** 



Linda Apsey



Stephanie Raymond Central Hudson



Roger Dall'Antonia FortisBC



Ruth Forbes FortisTCI



Susan Gray
UNS Energy



Glen King FortisOntario



Richard Hew
Caribbean Utilities



Kay Menzies
Fortis Belize



Gary Murray
Newfoundland Power



Jason Roberts
Maritime Electric



Janine Sullivan
FortisAlberta

# **GLOSSARY**

ACC	Arizona Corporation Commission	GHG	greenhouse gas
AMI	Advanced Metering Infrastructure	GWh	Gigawatt hours
ATM	At-the-market equity program	IRP	Integrated Resource Plan
AUC	Alberta Utilities Commission	IT	Information technology
BC	British Columbia		ITC Investment Holdings Inc., an indirect 80.1%-owned subsidiary of Fortis, together with its subsidiaries, including International
BCUC	British Columbia Utilities Commission	ITC	Transmission Company, Michigan Electric Transmission Company, LLC, ITC Midwest LLC, and ITC Great Plains, LLC
Board	Board of Directors of the Corporation	JTIQ	Joint Transmission Interconnection Queue Study
	compound average growth rate of a particular item. CAGR = (EV/BV) 1-N-1, where: (i) EV is the ending value of the item; (ii) BV is the beginning value of the item; and (iii) N is the number of periods. Calculated on a constant	Km	Kilometers(s)
CAGR	U.S. dollar to Canadian dollar exchange rate	LNG	liquefied natural gas
	cash outlay for additions to property, plant and equipment and intangible assets as shown in the Annual	LRTP	Long-Range Transmission Plan
	Financial Statements, as well as Fortis' 39% share of capital spending for the Wataynikaneyap Transmission	Major Capital Projects	projects, other than ongoing maintenance projects, individually costing \$200M or more
Capital Expenditures	Power Project. See "Non-US GAAP Financial Measures" in Q3 2024 MD&A.	Maritime Electric	Maritime Electric Company, Limited, an indirect wholly owned subsidiary of Fortis
	forecast Capital Expenditures. Represents a non-U.S. GAAP financial measure calculated in the same manner as	MD&A	the Corporation's management discussion and analysis
Capital Plan	Capital Expenditures	MISO	Midcontinent Independent System Operator, Inc.
	CH Energy Group, Inc., an indirect wholly owned subsidiary of Fortis, together with its subsidiaries, including	Moody's	Moody's Investor Services, Inc.
Central Hudson	Central Hudson Gas & Electric Corporation	Morningstar DBRS	DBRS Limited
CEO	Chief Executive Officer of Fortis	MW	megawatt(s)
CFO	Chief Financial Officer of Fortis	Newfoundland Power	Newfoundland Power Inc., a direct wholly owned subsidiary of Fortis
CIS	Customer information system	Non-U.S. GAAP Financial Measure	e financial measures that do not have a standardized meaning prescribed by U.S. GAAP
Cleaner Energy Transition	Investments that shift energy production to alternatives that result in lower greenhouse gas emissions	NOPR	notice of proposed rulemaking
CLO	Chief Legal Officer of Fortis	PBR	performance-based rate-setting
Corporation	Fortis Inc.	PSC	New York Public Service Commission
COS	Cost of Service		the stated value of property on which a regulated utility is permitted to earn a specified return in accordance with its regulatory
Court of Appeal	Court of Appeal of Alberta	Rate Base	construct
CUC	Caribbean Utilities Company, Ltd., an indirect approximately 60%-owned (as at December 31, 2023) subsidiary of Fortis, together with its subsidiary	RFP	request for proposal
CWIP	Construction work-in-progress	RNG	renewable natural gas
C&I	Commercial & Industrial	ROE	rate of return on common equity
D.C. Circuit Court	U.S. Court of Appeals for the District of Columbia Circuit	ROFR	right of first refusal
DRIP	dividend reinvestment plan	RTO	Regional transmission organization
EEI	Edison Electric Institute	S&P	Standard & Poor's Financial Services LLC
Energy transition Investments	Investments to support clean energy transition	SPP	Southwest Power Pool
EPS	earnings per common share	T&D	transmission and distribution
EVP	Executive Vice President	TEP	Tucson Electric Power Company, a direct wholly owned subsidiary of UNS Energy
FERC	Federal Energy Regulatory Commission	TSX	Toronto Stock Exchange
FFO	funds from operations	U.S.	United States of America
Fortis	Fortis Inc.	U.S. GAAP	accounting principles generally accepted in the U.S.
FortisAlberta	FortisAlberta Inc., an indirect wholly owned subsidiary of Fortis	0.3. 07011	UNS Energy Corporation, an indirect wholly owned subsidiary of Fortis, together with its subsidiaries, including TEP, UNS Electric,
FortisBC	FortisBC Energy and FortisBC Electric	UNS	Inc. and UNS Gas, Inc.
FortisBC Electric	FortisBC Inc., an indirect wholly owned subsidiary of Fortis, together with its subsidiaries	UNS Electric	UNS Electric, Inc.
FortisBC Energy	FortisBC Energy Inc., an indirect wholly owned subsidiary of Fortis, together with its subsidiaries	USD:CAD	U.S. Dollar to Canadian Dollar foreign exchange rate
FortisOntario	FortisOntario Inc., a direct wholly owned subsidiary of Fortis, together with its subsidiaries	Wataynikaneyap Partnership	Wataynikaneyap Power Limited Partnership
FortisTCI	FortisTCI Limited, an indirect wholly owned subsidiary of Fortis, together with its subsidiary	Year-to-date (YTD)	Period ended September 30
	foreign exchange associated with the translation of U.S. dollar-denominated amounts. Foreign exchange is	rear to date (17D)	, choo chaco september 30
FX	calculated by applying the change in the U.Sto-Canadian dollar FX rates to the prior period U.S. dollar balance.		



generic cost of capital

GCOC