



## Investor Presentation

October 2022



# 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 2022 and 2023-2027, including cleaner energy investments; targeted annual dividend growth through 2027; forecast rate base and rate base growth for 2022 through 2027; the nature, timing, benefits and expected costs of certain capital projects, including ITC's transmission projects associated with the MISO Long-Range Transmission Project, UNS Energy Vail-to-Tortolita Transmission Project, UNS Energy Renewables; FortisBC Tilbury LNG Storage Expansion, FortisBC Gas AMI Project, FortisBC Eagle Mountain Woodfibre Gas Line Project, FortisBC Tilbury 1B, FortisBC Okanagan Capacity Upgrade, 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; the anticipated impacts of the Inflation Reduction Act, including impacts on the transition to a cleaner energy future, the capital plan, the MISO Long-Range Transmission Plan and TEP's Integrated Resource Plan; the 2035 GHG emissions reduction target and the projected asset mix; the 2050 net-zero GHG emissions target; FortisBC's GHG emissions reduction target; TEP's Integrated Resource Plan; planned coal retirements and the expectation to exit coal by 2032; the expectation that the long-term dividend guidance will provide flexibility to fund more capital internally; expected sources of funding for the 2023-2027 capital plan; expected capital structure stability through 2027; forecast credit metrics through 2027; the expectation that the introduction of a corporate alternative minimum income tax will not have a material impact on credit metrics over the planning period; the expected timing, outcome and impact of regulatory proceedings and decisions; 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, the global supply chain and rising inflation; the return of inflation levels 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



## HIGH QUALITY PORTFOLIO

10 Regulated Utility Businesses

3.4M Electric & Gas Customers

9,100 Employees

99% Regulated Utility Assets

\$25B Market Capitalization<sup>(1)</sup>

~9% Average Annual 10-Year Total Shareholder Return<sup>(1)</sup>

\$34B 2022F Rate Base

(1) As of September 30, 2022.

# 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



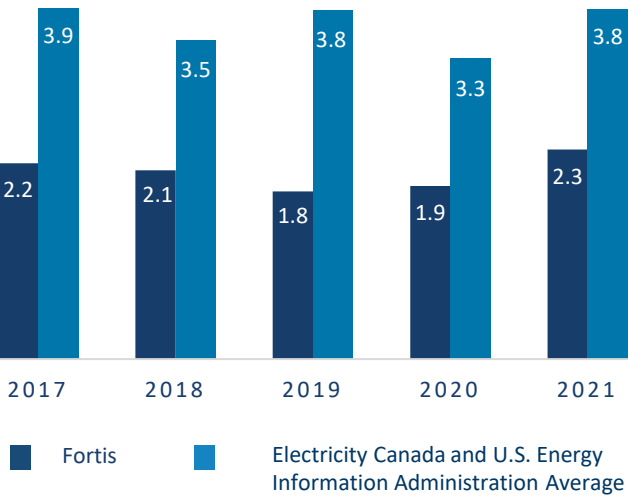
Customer  
& Community

DRIVING  
SUSTAINABLE  
GROWTH

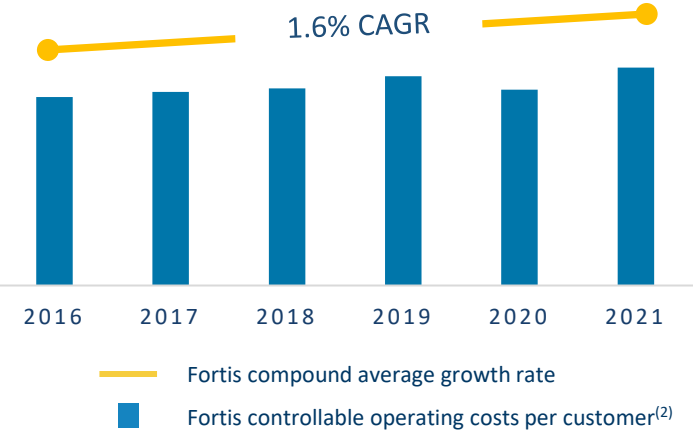


# FOCUSED ON RELIABILITY & AFFORDABILITY

AVERAGE ELECTRICITY CUSTOMER OUTAGE DURATION (HOURS)<sup>(1)</sup>



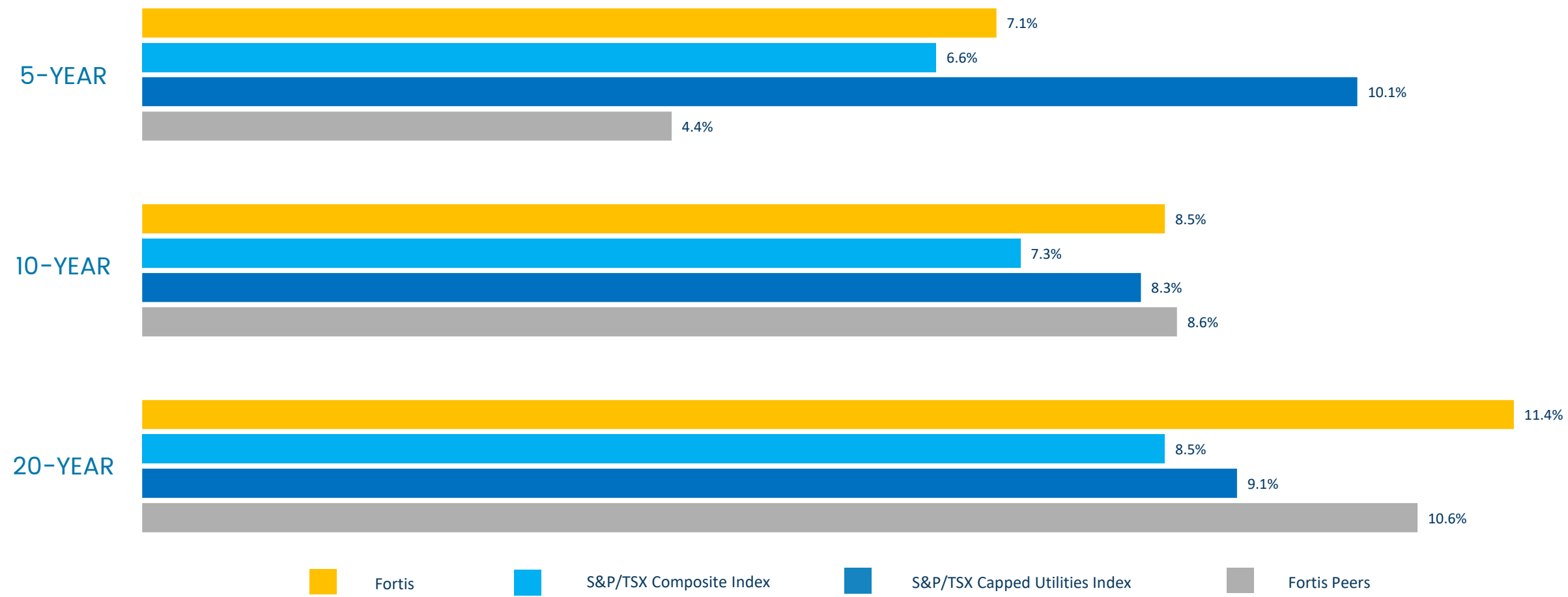
MANAGING CONTROLLABLE OPERATING COSTS BELOW INFLATION



(1) Based on weighted average of Fortis' customer count in each jurisdiction.  
(2) Controllable operating cost per customer is a financial measure used by management to evaluate operating efficiency and may not be comparable with similar measures used by other entities. It excludes costs that are considered outside of management's control, such as purchased power and generation fuel expense.



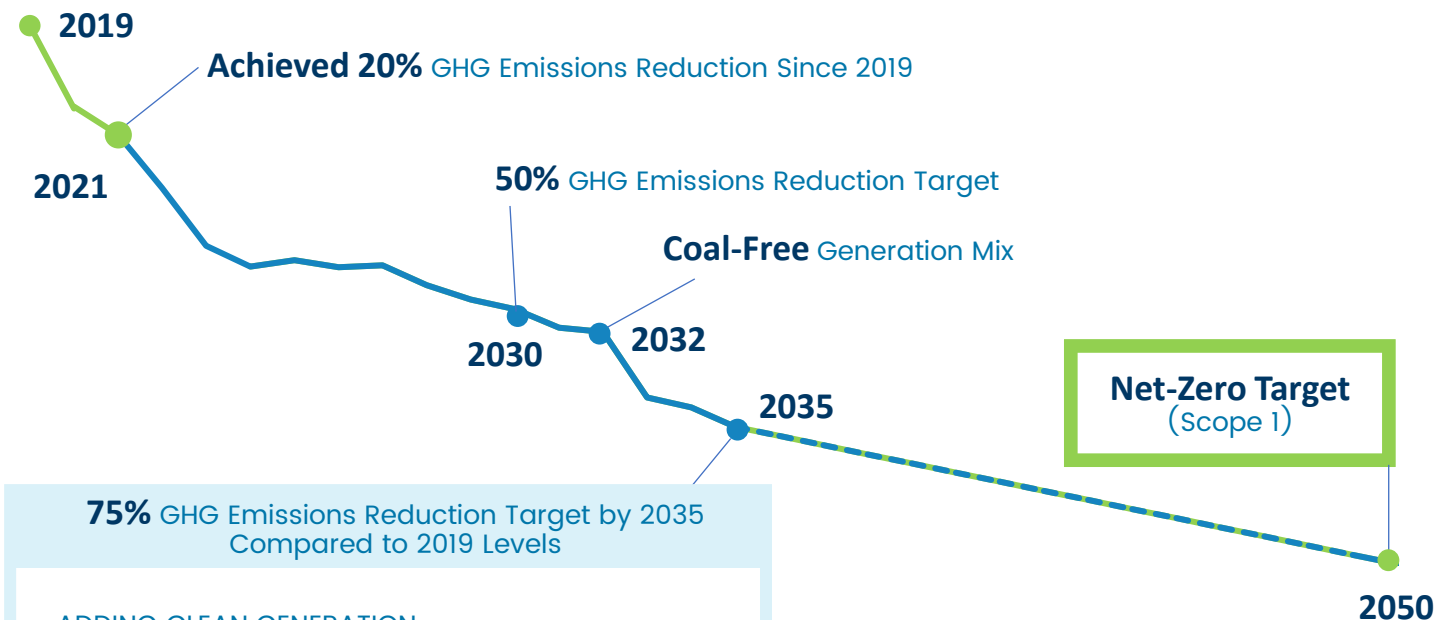
# AVERAGE ANNUAL TOTAL SHAREHOLDER RETURN



Note: TSR as at September 30, 2022.

# EXECUTING ON A CLEANER ENERGY FUTURE

## PATHWAY TO 2050 NET-ZERO TARGET



### ADDING CLEAN GENERATION

**3,400 MW** Planned Additions of Wind,  
Solar and Storage from 2022-2035

### PLANNED COAL RETIREMENTS

2022	2027	2031	2032
-170 MW	-387 MW	-110 MW	-406 MW
San Juan	Springerville Unit #1	Four Corners	Springerville Unit #2



- Actual GHG Emissions Reduction
- Forecast GHG Emissions Reduction
- Illustrative Emissions Reduction



# ESG LEADERSHIP



## ENVIRONMENTAL

- 93% energy delivery assets
- Scope 1 GHG emissions reduction target of 75% by 2035 compared to 2019 levels and net zero by 2050
- In 2021, 4% of rate base and 5% of total revenues related to coal-fired electricity; TEP retired 170 MW of coal generation capacity in June 2022; expect to be coal-free by 2032
- Five-year capital plan includes \$5.9B for cleaner energy investments
- Executive compensation linked to climate targets
- In 2021, TEP added 450 MW of wind and solar power and 30 MW of battery energy storage system
- FortisBC has targeted to reduce customer emissions 30% by 2030 relative to 2007 levels

## SOCIAL

- Strong safety culture and commitment to employee well-being
- More than \$10M of community investment in 2021
- Economic and business development in the communities we serve
- Focus on Indigenous partnerships and businesses
- Focused on just transition
- Fortis-wide Diversity, Equity and Inclusion Advisory Council established
- Signatory of the BlackNorth Initiative in efforts to end anti-Black systemic racism

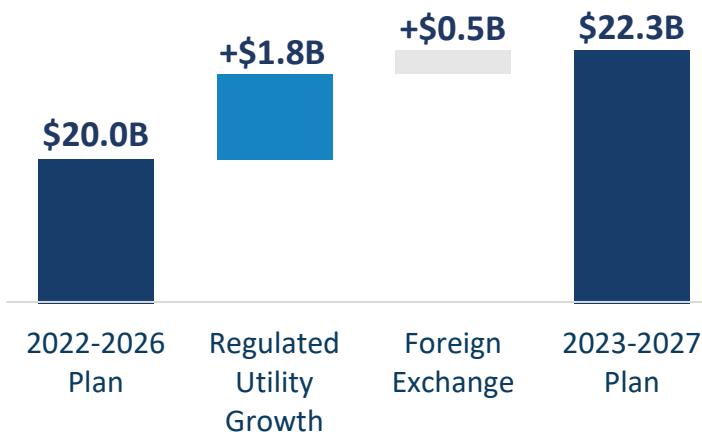
## GOVERNANCE

- Independent chair; 12 of 13 directors are independent
- 54% of directors are female; 16% identify as a visible minority
- Average board tenure of 4.9 years
- 70% of Fortis utilities have either a female president or female board chair
- Board-shareholder engagement ongoing with Board and committee chairs
- Decentralized business model and focus on independent governance with each subsidiary governed by its own board of directors

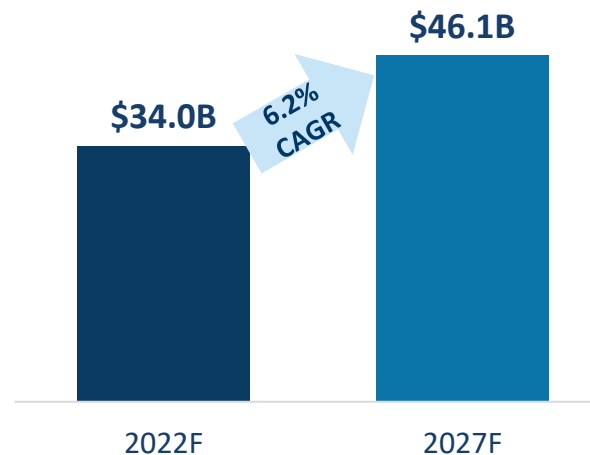


# FIVE-YEAR PLAN AT A GLANCE

## 2023-2027 Capital Plan Up \$2.3B From Prior Plan



## \$22.3B Capital Plan Supports Low-Risk Rate Base Growth



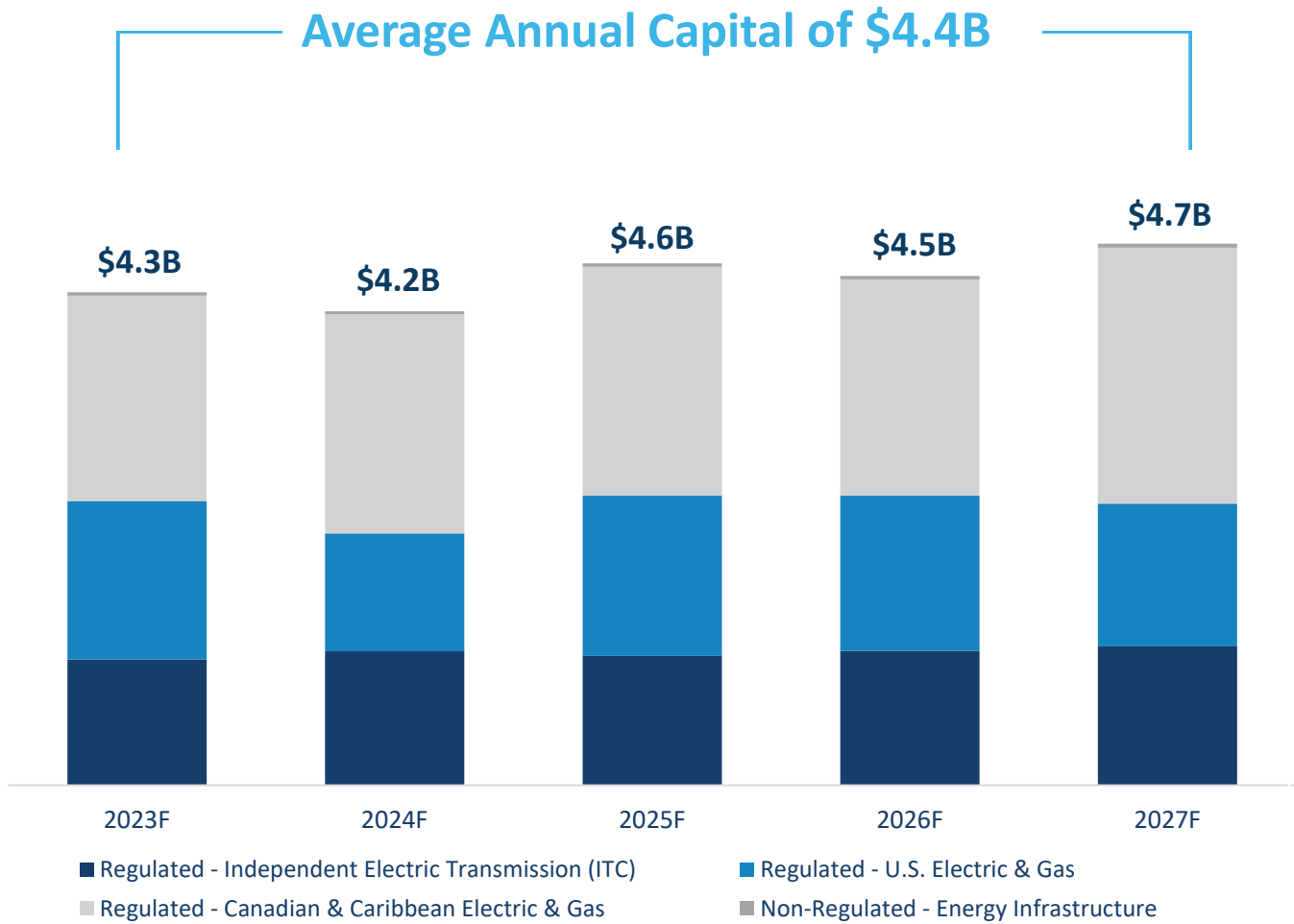
## Continued Focus on Customer Affordability



- 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: U.S. dollar-denominated rate base converted at a foreign exchange rate of 1.29 for 2022 and 1.30 for 2023-2027. CAGR, as defined in the Q3 2022 MD&A, assumes a constant USD:CAD foreign exchange rate.

# \$22.3B FIVE-YEAR CAPITAL PLAN



Note: The Capital Plan is a forward-looking Non-U.S. GAAP financial measure calculated in the same manner as Capital Expenditures. Refer to Q3 2022 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



- 83% Smaller Projects
- 17% Major Projects



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



- 99% Regulated

# 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

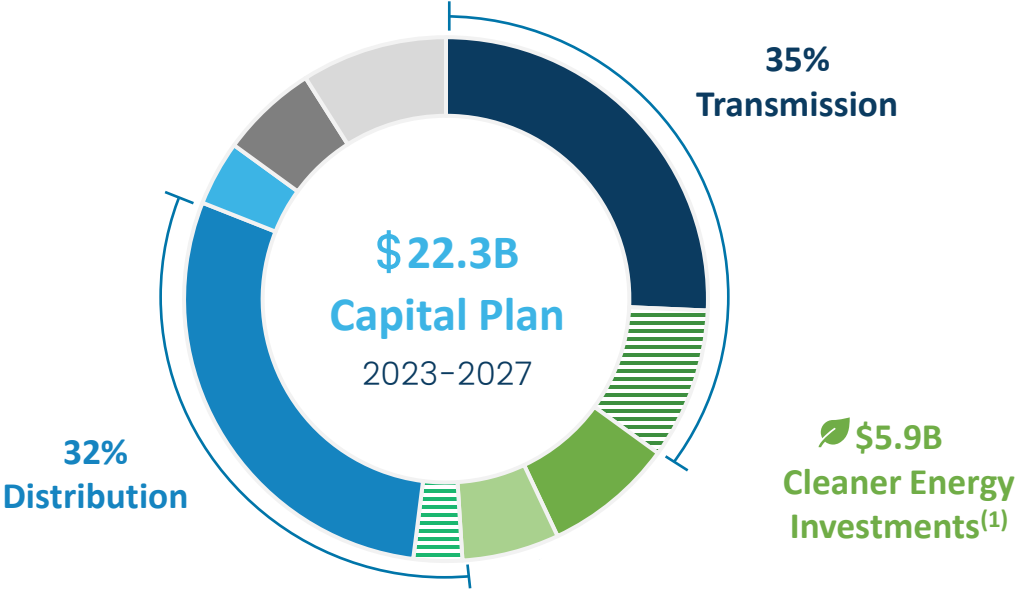


- Includes ~\$1.2B of renewable and storage investments to transition to cleaner energy aligned with TEP's Integrated Resource Plan (IRP)
- Distribution investments including customer meter infrastructure and grid resiliency and modernization
- Vail-to-Tortolita Transmission Project (\$378M)








# CAPITAL PLAN SUPPORTS CLEANER ENERGY FUTURE



- Transmission
- Renewable energy<sup>(2)</sup>
- Distribution supporting cleaner energy
- Traditional generation
- Other
- Transmission supporting cleaner energy
- Cleaner energy fuels<sup>(3)</sup>
- Distribution
- Information technology



### Direct Cleaner Energy Investments

**\$2.7B Delivering Renewables to the Grid**

- ITC MISO LRTP and wind/ solar interconnections

**\$1.8B Renewable Energy**

- UNS Energy: renewables and energy storage
- Caribbean Utilities: Alternative energy technologies

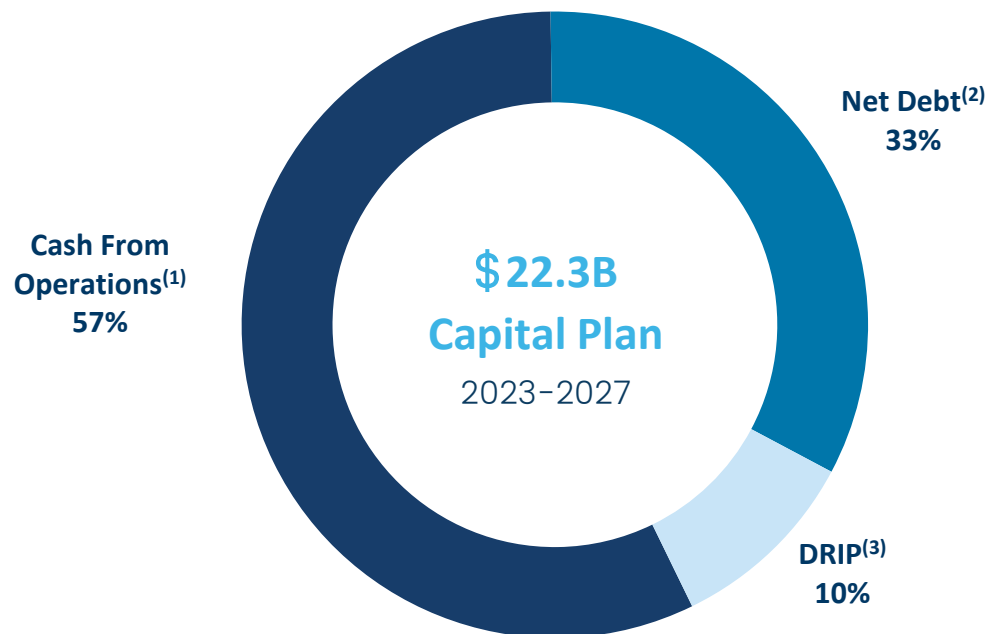
**\$1.4B Cleaner Natural Gas Solutions**

- FortisBC Energy: LNG and renewable gases (RNG, hydrogen)

Note: The Capital Plan is a forward-looking Non-U.S. GAAP financial measure calculated in same the manner as Capital Expenditures. Refer to Q3 2022 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.

(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.

# 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) Reflects estimated impact on 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
- Consistent capital structure expected over planning period



### Dividend Growth Guidance Range Provides Incremental Funding Flexibility

- 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)
- Minimal expected impacts from AMT (<10-20 bps on CFO/Debt)<sup>(4)</sup>

# BEYOND THE PLAN



## Inflation Reduction Act

- A catalyst for MISO's LRTP Tranche 2
- 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 and LNG

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

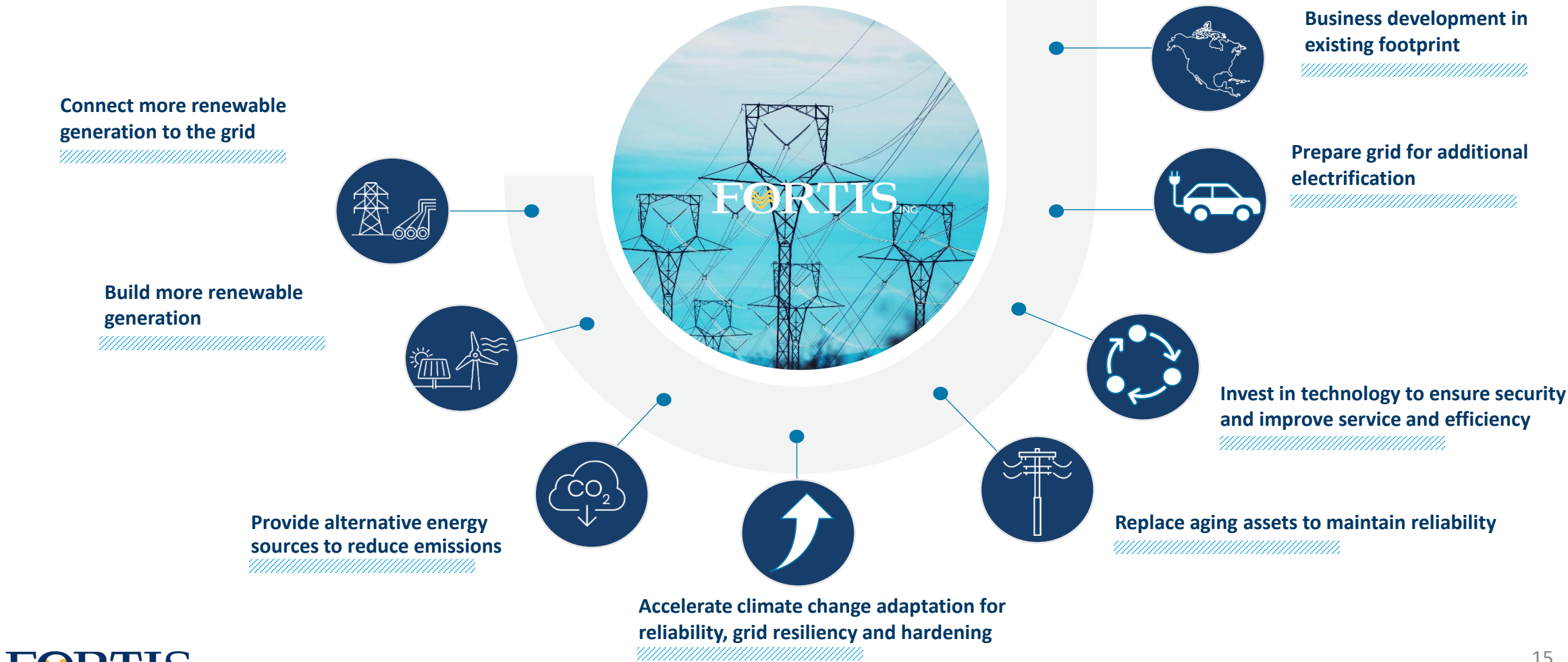
(1) Incremental opportunity of ~US\$2-\$4 billion through 2035. Excludes ~US\$1B for projects included in the 2023-2027 capital plan, and US\$0.5B invested previously, including the Oso Grande Wind project.



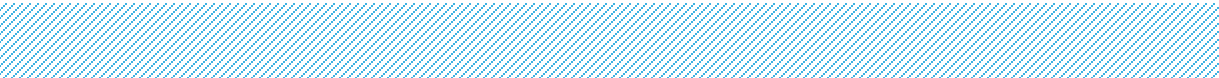


# LONG CAPEX RUNWAY

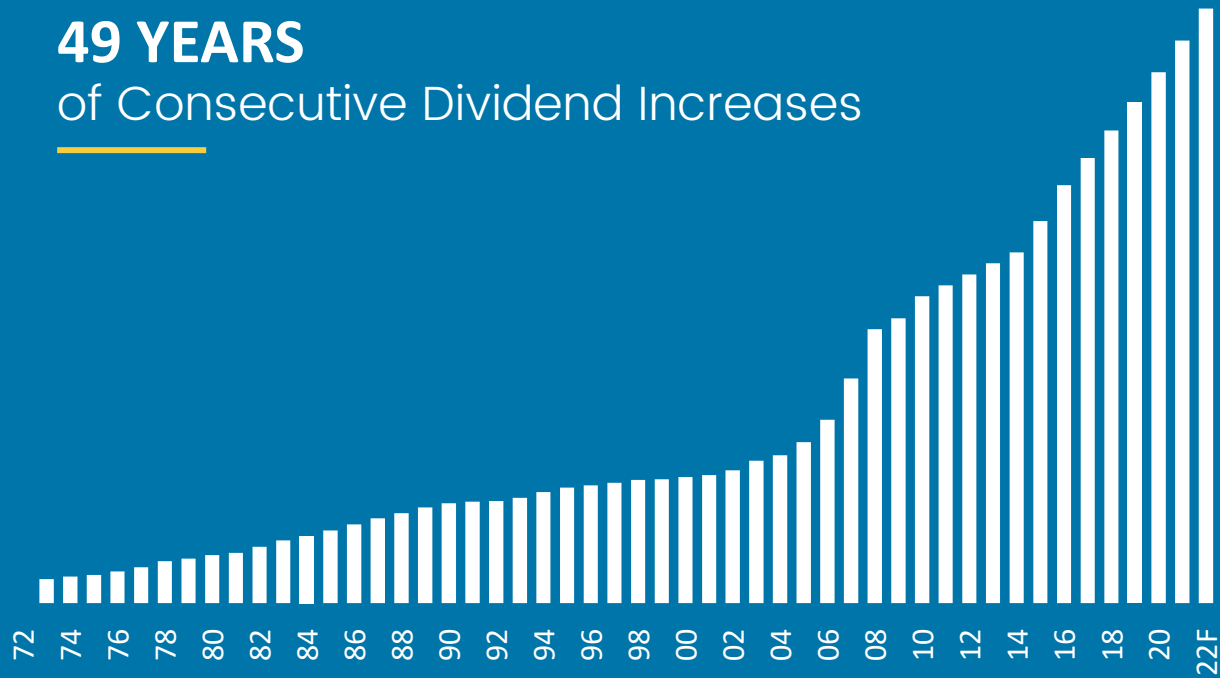
Responding to stakeholder expectations and capitalizing on opportunities to expand & extend growth



# DIVIDEND GUIDANCE SUPPORTED BY LONG-TERM GROWTH STRATEGY



**49 YEARS**  
of Consecutive Dividend Increases



**4-6%**  
Annual Dividend  
Growth Guidance  
through 2027



# CURRENT REGULATORY CALENDAR

## Q3 UPDATE



### FERC MISO Base ROE

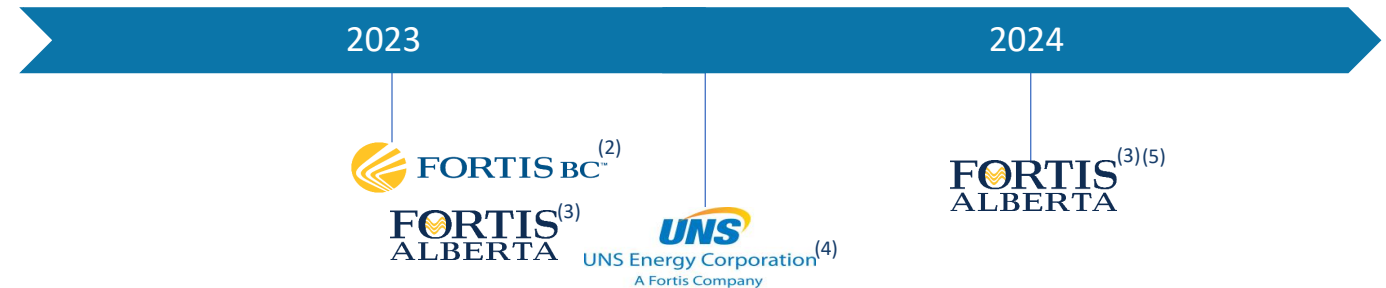
- In August 2022, the DC Circuit Court vacated certain FERC orders that established the methodology used to calculate the MISO base ROE
- Matter dates back to complaints filed at FERC in 2013 and 2015
- DC Circuit noted FERC did not adequately explain why it reintroduced the risk-premium model in its methodology which increased the MISO Base ROE from 9.88% to 10.02%
- Timing and outcome remains unknown



### Cost of Service Application (COS)

- In July 2022, the AUC issued a decision largely accepting the forecast requested in FortisAlberta's 2023 COS Rebasing application
- FortisAlberta refiled its 2023 revenue requirement in September reflecting 5% increase in distribution rates
- Final decision expected in Q4 2022

## REGULATORY CALENDAR



- (1) Ongoing FERC proceedings relating to MISO base ROE, RTO adder and ITC Midwest capital structure.  
(2) Generic cost of capital proceeding.  
(3) Third performance-based rate-setting (PBR) term will begin in 2024 with going-in rates based on the 2023 COS rebasing.  
(4) Tucson Electric Power rate case decision expected in Q3 2023.  
(5) FortisAlberta generic cost of capital proceeding.



# ONGOING REGULATORY PROCEEDINGS



**Notice of Proposed Rulemaking (NOPR) on Incentives** – In April 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; initial NOPR issued in March 2020 remains outstanding

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**ITC Midwest Capital Structure Complaint** – In May 2022, the Iowa Coalition for Affordable Transmission filed a complaint with FERC, seeking to lower ITC Midwest's equity ratio from 60% to 53%; ITC Midwest filed reply comments in June asserting the complaint is without merit; the timing and outcome of this proceeding remains uncertain

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**TEP ACC Rate Case** – In June 2022, TEP filed a general rate application seeking new rates to become effective no later than September 1, 2023 using a December 31, 2021 test year

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**Generic Cost of Capital Proceeding (GCOC)** – GCOC proceeding initiated in 2021 including a review of the common equity component of capital structure and the allowed ROE; proceeding is ongoing and the effective date of any change in the cost of capital parameters in 2023 remains unknown

# 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

# FORTIS

## APPENDIX

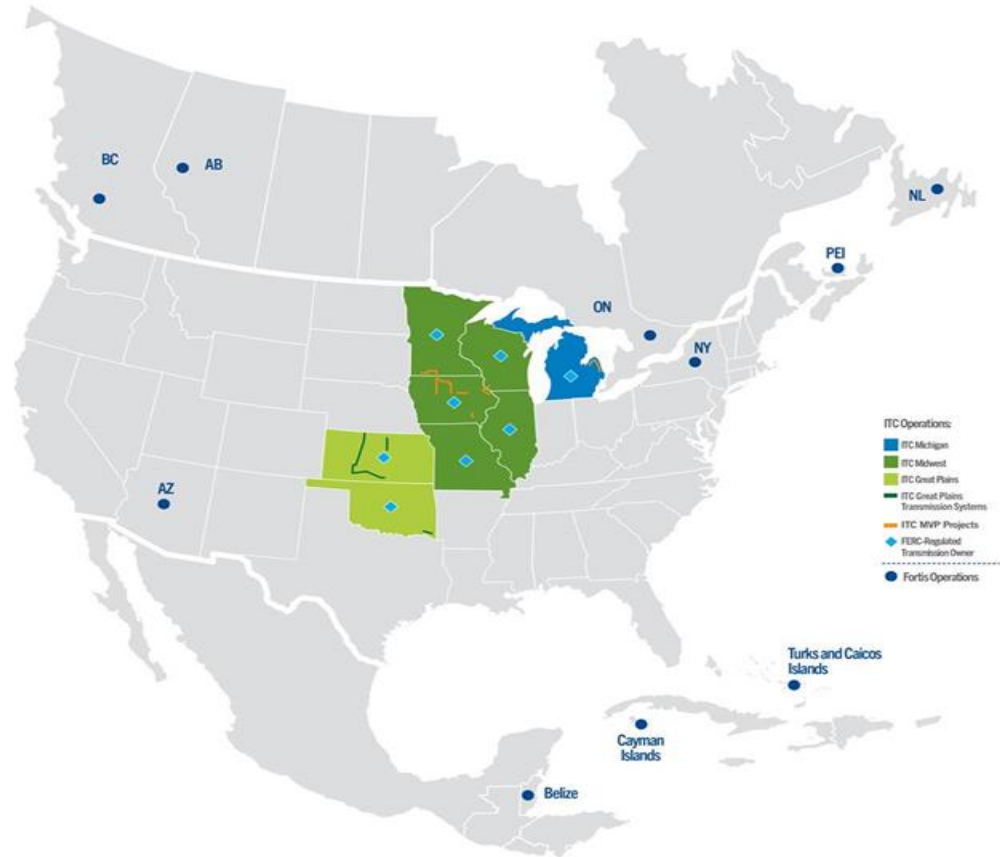




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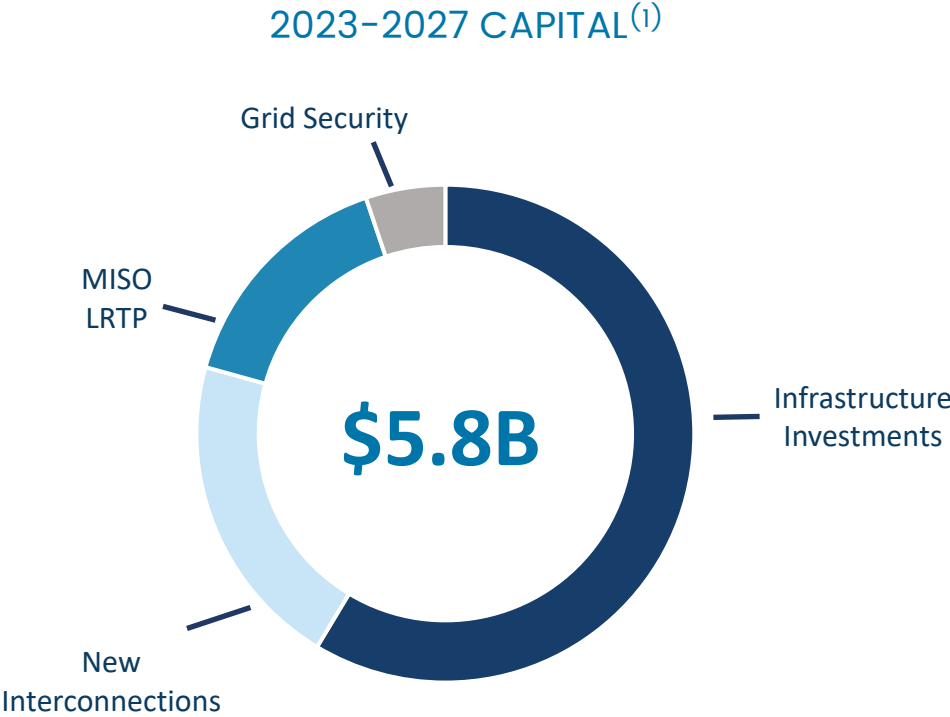




Type of Utility	Transmission
Regulator	FERC
Regulatory Model	Cost of Service with FERC Formula Rates
Current Regulatory Construct	10.77-11.41% ROE on 60% equity
Significant Regulatory Features	Cost-based, forward-looking formula rates with annual true-up
2023F Rate Base <sup>(1)</sup>	\$11.1B
5-Year Rate Base CAGR (2023F-2027F)	6.1%
2021 Assets % of Total Consolidated Regulated Assets <sup>(2)</sup>	37%
Development Opportunities <sup>(3)</sup>	Connecting Renewables & Grid Modernization
Regulatory Proceedings	FERC MISO Base ROE, Notice of Proposed Rulemaking (NOPR) on Incentive Policy, Supplemental NOPR on Regional Transmission Organization Incentive Adder, & ITC Midwest Capital Structure Complaint

- (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.

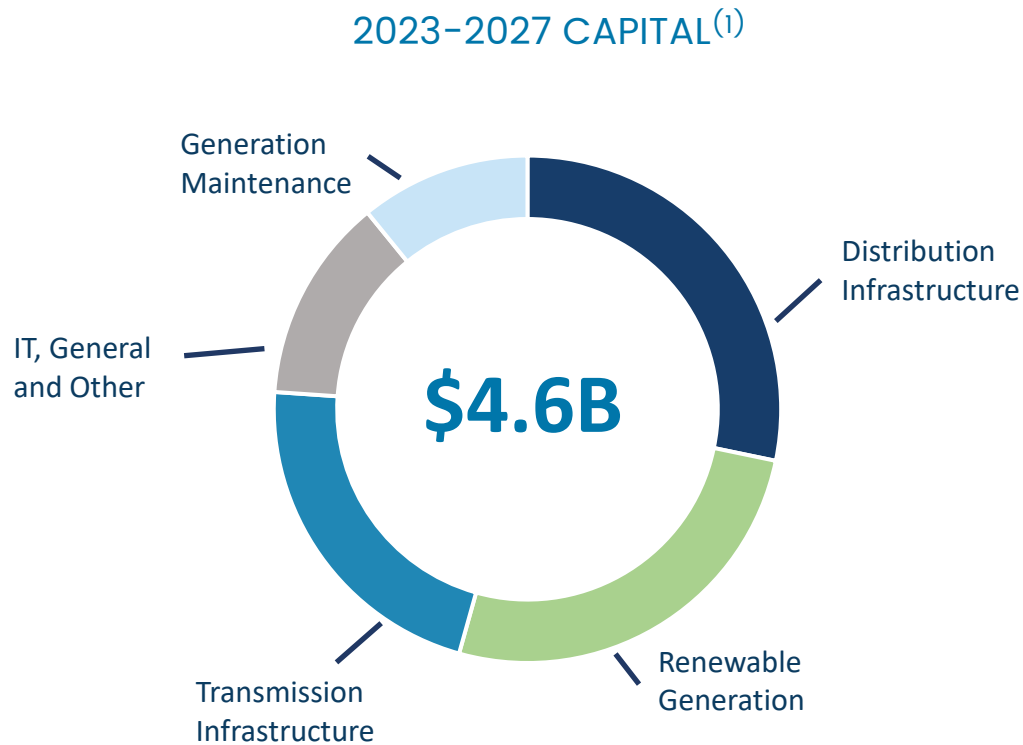


	Tucson Electric	UNS Electric	UNS Gas
Type of Utility	Electricity		Gas Distribution
Regulator	Arizona Corporation Commission & FERC		
Regulatory Model	Cost of service/historical test year & FERC formula transmission rates		
Current Regulatory Construct <sup>(1)</sup>	9.15% ROE on 53.0% equity	9.50% ROE on 52.8% equity	9.75% ROE on 50.8% equity
2023F Rate Base <sup>(2)</sup>	\$7.1B		
5-Year Rate Base CAGR (2023F-2027F)	6.0%		
2021 Assets % of Total Consolidated Regulated Assets <sup>(3)</sup>	20%		
Development Opportunities <sup>(4)</sup>	Renewables, Storage & Electric Transmission		
Regulatory Proceedings	TEP General Rate Application & UNS Electric Generate 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



**\$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

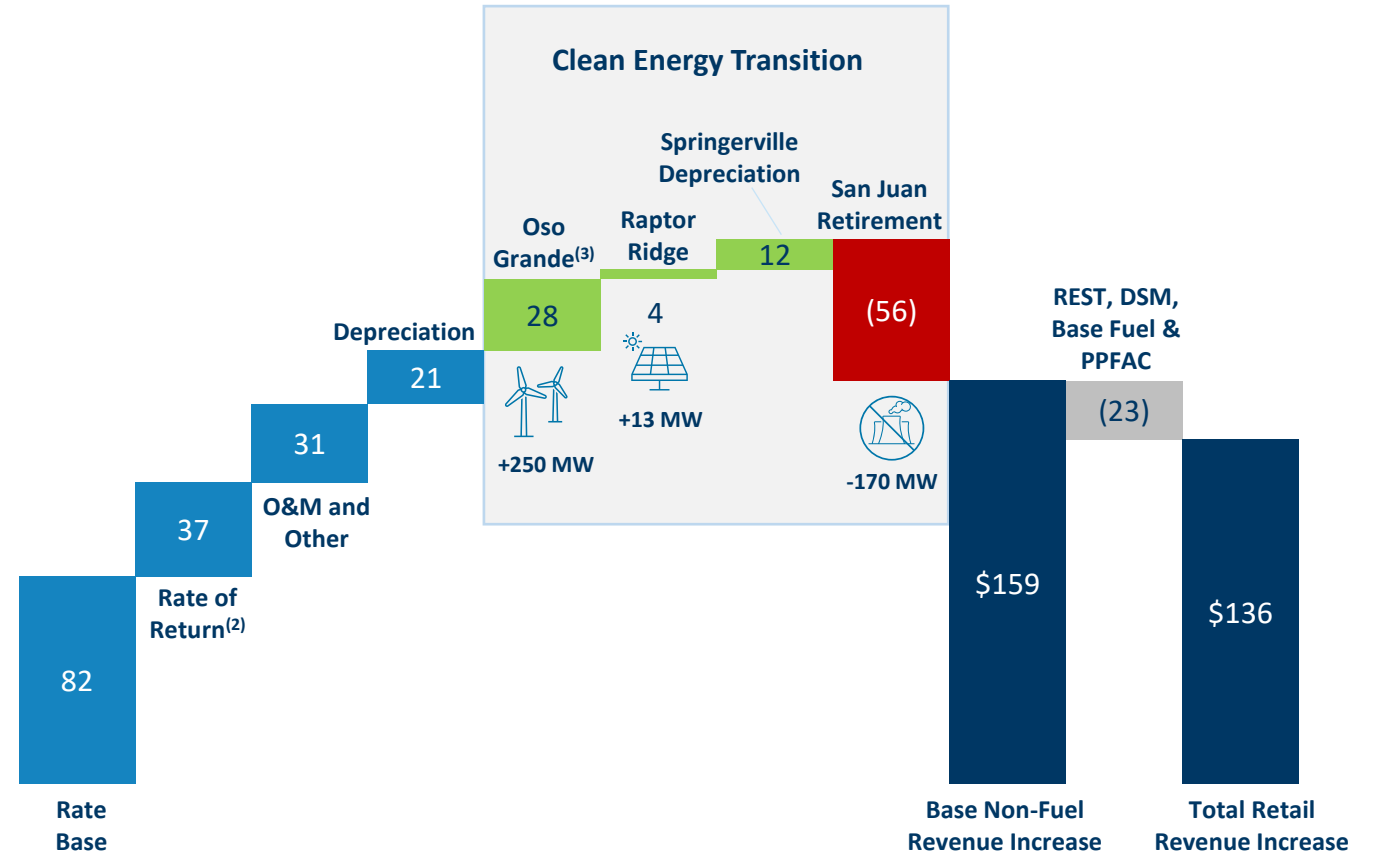
	2019 Rate Case		2022 Rate Case
	Application	Decision	Application
Test Year	December 31, 2018		December 31, 2021
New Rates Effective	May 2020	January 2021	September 2023
Rate Base	US\$2.7B	US\$2.7B	US\$3.6B <sup>(1)</sup>
Non-Fuel Revenue Increase	US\$115M	US\$58M	US\$159M
Equity/Debt	53%/47%	53%/47%	54%/46%
ROE	10.35%	9.15%	10.25%

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

(2) Includes fair value increment.

(3) Net of production tax credits.

## REVENUE REQUIREMENT (US\$M)



# ARIZONA FOCUSED ON RENEWABLES

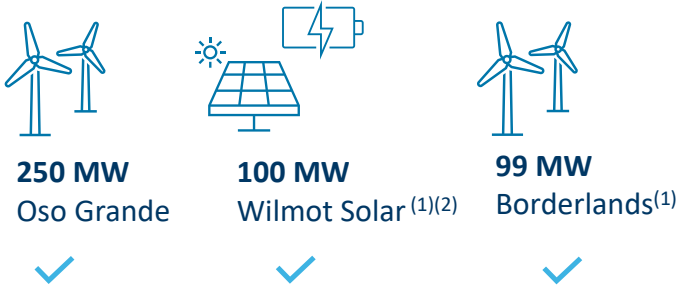
## TEP INTEGRATED RESOURCE PLAN FILED IN 2020

- Next IRP expected in mid-2023

**Coal-free**  
generation mix by 2032

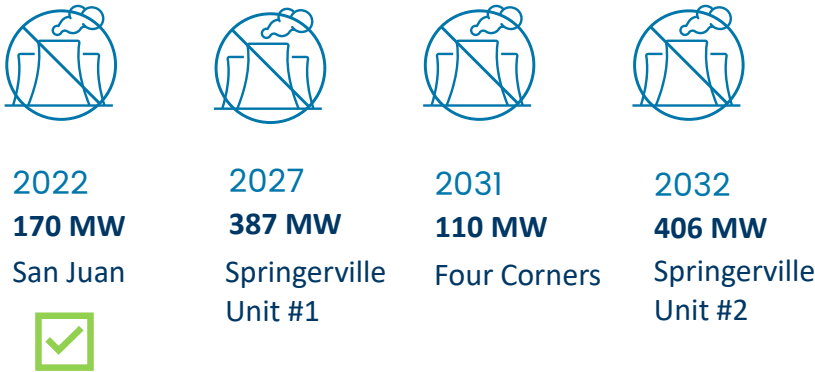
**>70%** renewable power  
by 2035

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



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

1,073 MW  
Planned Coal Retirements



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

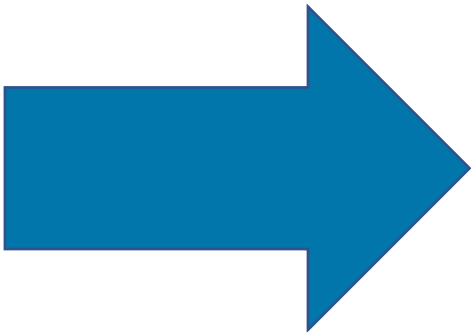
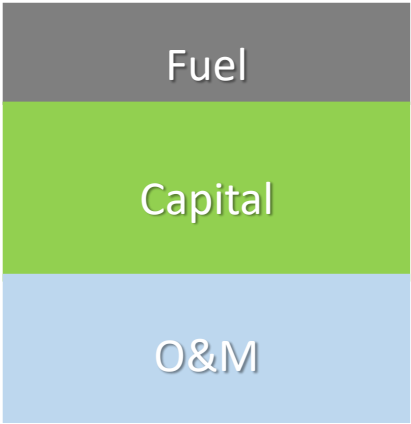
# RELIABLE & AFFORDABLE SERVICE DURING CLEAN ENERGY TRANSITION

*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



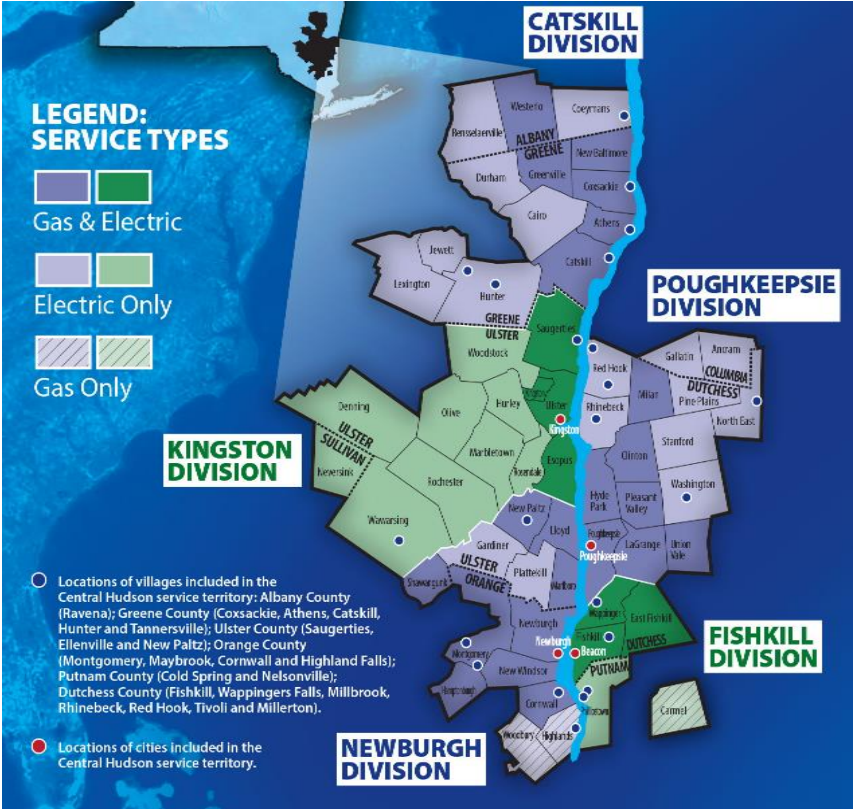
3,400 MW of Planned Wind, Solar and Storage Resources

**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>	\$2.6B
5-Year Rate Base CAGR (2023F-2027F)	7.5%
2021 Assets % of Total Consolidated Regulated Assets <sup>(3)</sup>	8%
Development Opportunities <sup>(4)</sup>	Grid Modernization & NY Transco Expansion

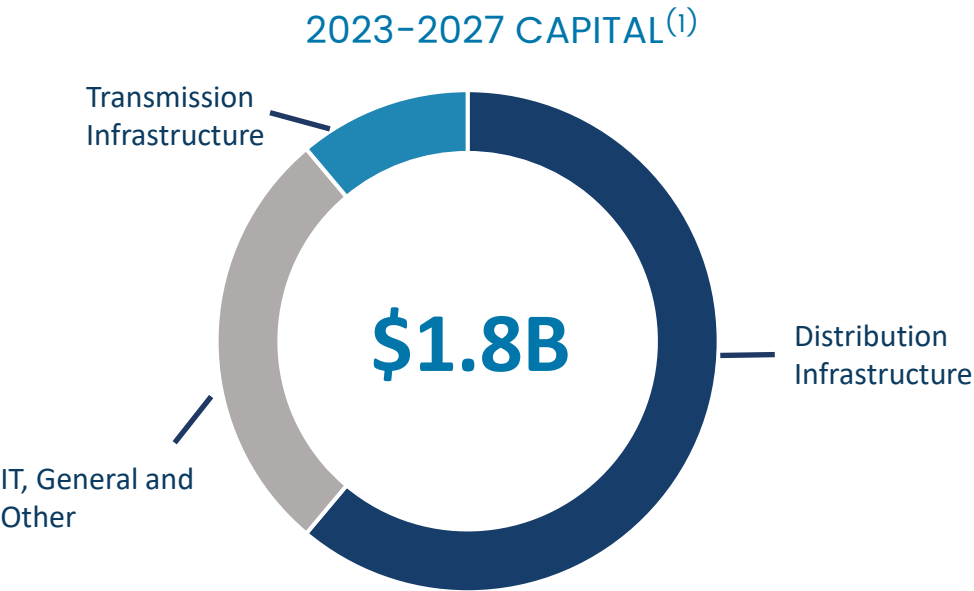
(1) In November 2021, the New York Public Service Commission approved a three-year rate plan for Central Hudson with retroactive application to July 1, 2021, including an ROE of 9.0%, and common equity component of capital structure of 50% declining by 1% annually to 48% in the third rate year.


(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
Type of Utility	Gas distribution	Electricity
Regulator	British Columbia Utilities Commission	
Regulatory Model	Cost of service with incentive mechanisms	
Current Regulatory Construct	8.75% ROE on 38.5% equity	9.15% ROE on 40.0% equity
Significant Regulatory Features	Multi-year rates with revenue deferrals – changes in consumption and commodity costs do not impact earnings	
2023F Rate Base	\$5.8B	\$1.7B
5-Year Rate Base CAGR (2023F-2027F)	6.9%	4.3%
2021 Assets % of Total Consolidated Regulated Assets <sup>(1)</sup>	14%	4%
Development Opportunities <sup>(2)</sup>	LNG for Marine Bunkering, LNG Bulk Export & Gas Infrastructure	N/A
Regulatory Proceedings	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

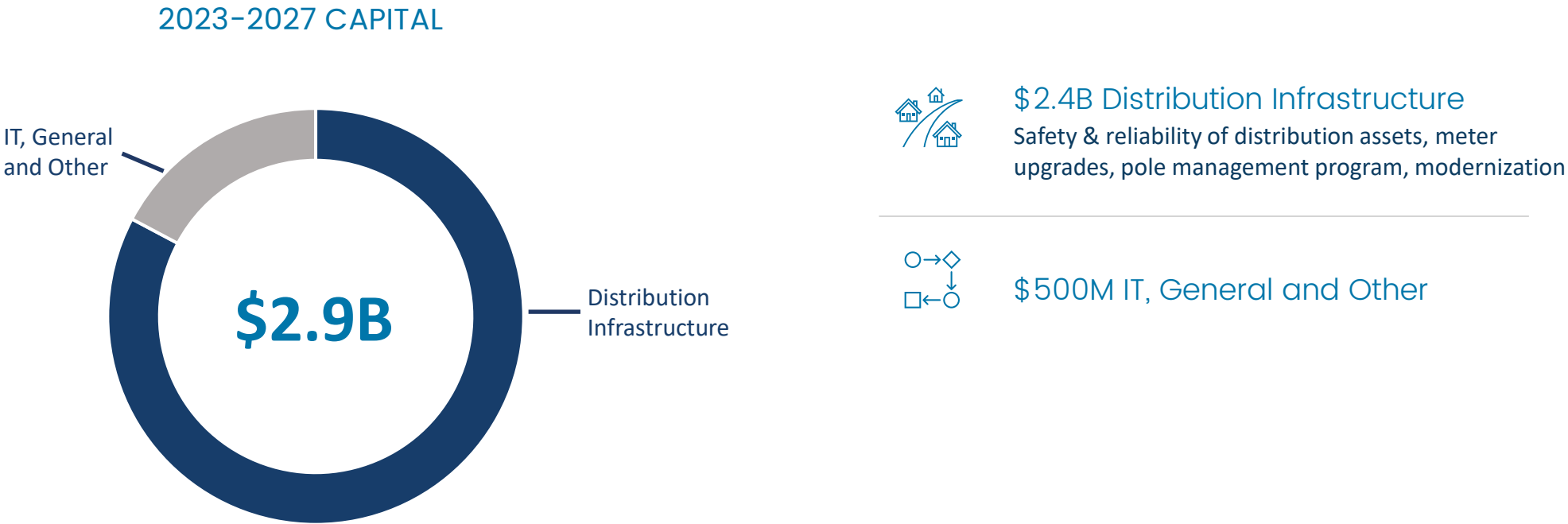




Type of Utility	Electricity distribution
Regulator	Alberta Utilities Commission
Regulatory Model	PBR
Current Regulatory Construct	8.5% ROE on 37% equity
Significant Regulatory Features	~85% of revenue derived from fixed-billing determinants
2023F Rate Base	\$4.2B
5-Year Rate Base CAGR (2023F-2027F)	4.7%
2021 Assets % of Total Consolidated Regulated Assets <sup>(1)</sup>	9%
Regulatory Proceedings	2023 Cost of Service Application, 2024 Generic Cost of Capital Proceeding & Third PBR Term

(1) Includes goodwill.

# FORTISALBERTA CAPITAL INVESTMENT OVERVIEW



# OTHER ELECTRIC UTILITIES



Type of Utility	Electricity		
Regulator	Newfoundland and Labrador Board of Commissioners of Public Utilities	Island Regulatory and Appeals Commission	Ontario Energy Board
Regulatory Model	Cost of service on future test year	Cost of service on future test year	Cost of service with incentives
Current Regulatory Construct	8.50% ROE on 45% equity	9.35% ROE on 40% equity	8.52% - 9.30% ROE on 40% equity <sup>(2)</sup>
2023F Rate Base	\$1.3B	\$0.5B	\$0.7B <sup>(1)</sup>
5-Year Rate Base CAGR (2023F-2027F)	4.1%	8.1%	11.8% <sup>(3)</sup>
2021 Assets % of Total Consolidated Regulated Assets <sup>(4)</sup>	3%	1%	1%
Development Opportunities <sup>(5)</sup>	Grid Modernization	Grid Modernization	Municipal Utility Consolidation
Regulatory Proceedings	-	General Rate Application	-

(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 and 9.30% for Canadian Niagara Power transmission. 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)



(1)



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
2021 Achieved ROE	10.2%	8.5%
2023F Rate Base <sup>(2)</sup>	\$0.8B	\$0.5B
5-Year Rate Base CAGR (2023F-2027F)	10.4%	2.7%
2021 Assets % of Total Consolidated Regulated Assets <sup>(3)</sup>	2%	1%
Development Opportunities <sup>(4)</sup>	Grid Modernization, Battery Storage & Renewables	

(1) Fortis has an approximate 60% 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.

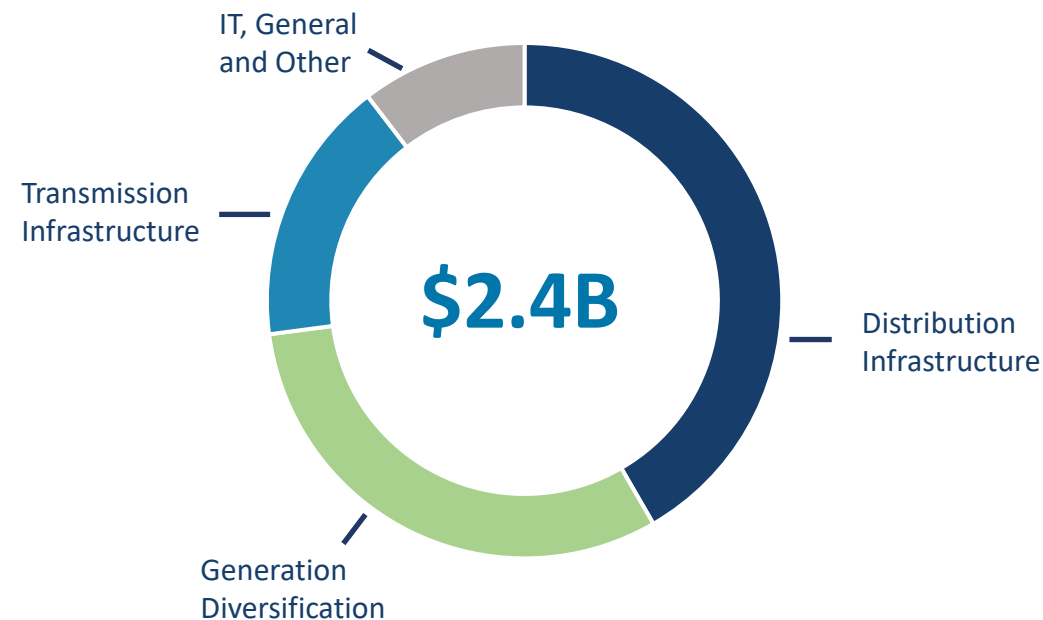
(3) Includes goodwill





(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

	RATE BASE						5-YEAR CAGR to 2027
(\$BILLIONS, EXCEPT FOR CAGR)	2022F	2023F	2024F	2025F	2026F	2027F	
Regulated - Independent Electric Transmission ITC <sup>(1)</sup>	10.4	11.1	11.9	12.5	13.2	14.1	6.1%
Regulated – U.S. Electric & Gas							
UNS Energy	6.7	7.1	7.4	7.8	8.5	9.1	6.0%
Central Hudson	2.5	2.6	2.9	3.1	3.4	3.6	7.5%
Total Regulated – U.S. Electric & Gas	9.2	9.7	10.3	10.9	11.9	12.7	6.4%
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>	3.4	3.8	4.1	4.4	4.5	4.7	7.1%
Total Regulated - Canadian & Caribbean Electric & Gas	14.4	15.5	16.2	17.3	18.2	19.3	6.1%
<b>Total Rate Base Forecast</b>	<b>34.0</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 1.29 for 2022 and 1.30 for 2023-2027. CAGR, as defined in the Q3 2022 MD&A, assumes a constant USD:CAD foreign exchange rate.

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

(2) Comprises 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>

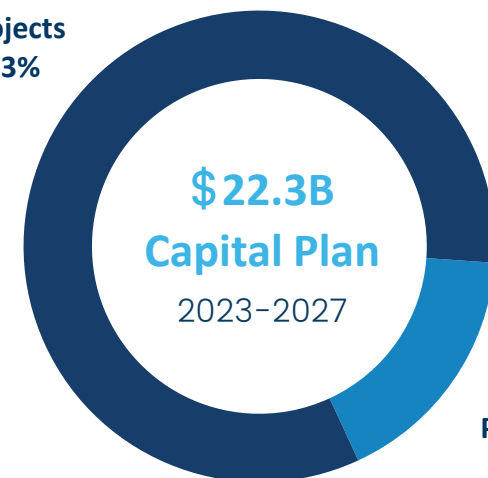
(1) Capital Plan is a forward-looking non-U.S. GAAP financial measure calculated in same manner as Capital Expenditures. Refer to Q3 2022 MD&A for the Non-U.S. GAAP reconciliation. U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.

(2) Comprises Eastern Canadian and Caribbean electric utilities.

# MAJOR CAPITAL PROJECTS

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

Smaller  
Projects  
83%



Major  
Capital  
Projects  
17%

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.

# MAJOR CAPITAL PROJECTS



## MISO Long-Range Transmission Projects

- First of four tranches of transmission solutions developed to provide reliable and economic energy to address future reliability needs
- US\$700M in transmission investments associated with six projects in states with right of first refusal provisions for incumbent transmission owners
- Total estimated transmission investments of US\$1.4-\$1.8B through 2030



## Renewables

- Reflects planned investments in renewable generation to support TEP's Integrated Resource Plan
- Excludes energy storage investments not yet defined



## Vail-to-Tortolita Transmission Project

- Investment in one circuit of a new 230 kV line to tie newly built 230 kV infrastructure into TEP system
- Improves reliability and facilitates the connection of renewable energy resources to the grid



## Wataynikaneyap Transmission Power Project

- Partnership with 24 First Nations to connect remote communities in Northern Ontario to the grid via 1,800 km transmission line
- Construction is underway and the project is expected to be completed in 2024





# MAJOR CAPITAL PROJECTS



## AMI Project

- Replacement or retrofitting of residential, commercial and industrial gas meters and installation of ~700k by-pass valves to avoid future interruption of gas service
- Project will assist in load management by allowing for remote meter reading on a near real-time basis and remote shutoff of gas flow
- CPCN application filed in May 2021



## Eagle Mountain Woodfibre Gas Line Project

- 47 km gas line will service a small-scale, third-party owned facility for export to Asian market
- In 2022, Woodfibre LNG issued a notice to proceed to its prime contractor to prepare to start construction in 2023
- Remains contingent on Woodfibre LNG Limited and on FortisBC Energy receiving the remaining regulatory and permitting approvals



## Tilbury 1B

- Construction of additional liquefaction and dispensing in support of marine bunkering and to further optimize the existing investment in Tilbury Phase 1A Expansion Project
- Order-in-Council received from BC government allowing for \$400M of regulated investment
- Supports FortisBC's 30BY30 target by meeting increasing customer demand for LNG as a lower-carbon fuel for marine vessels



## Okanagan Capacity Upgrade

- Construction of a new section of pipeline and associated facilities to address expected load growth in the Okanagan region



## Tilbury LNG Storage Expansion

- Replaces the original LNG storage tank at the Tilbury site and increases the available regasification capacity to provide backup gas supply for lower mainland customers
- Project will enhance resiliency in face of system or supply disruptions
- CPCN application filed in December 2020



# 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, 2021. Excludes Net Expense of Corporate and Other segment.

(2) Foreign exchange EPS sensitivity inclusive of the Corporation's hedging activities.










# Q3 SALES TRENDS

## RETAIL ELECTRIC SALES

## Q3 2022 vs. Q3 2021 SALES TRENDS

 A FORTIS COMPANY	N/A	<ul style="list-style-type: none"> <li>Peak load flat</li> </ul>
 UNS Energy Corporation A Fortis Company <sup>(1)</sup>	+1%	<ul style="list-style-type: none"> <li>Increase primarily due to higher cooling load associated with warmer temperatures; Excluding weather impacts, retail sales flat</li> </ul>
 A FORTIS COMPANY	-2%	<ul style="list-style-type: none"> <li>Residential sales down 6% due to lower average consumption and C&amp;I up 3%</li> </ul>
	+1%	<ul style="list-style-type: none"> <li>Residential sales down 8% due to milder weather; C&amp;I up 5% due to higher load from industrial customers and higher average consumption from commercial customers, and customer additions</li> </ul>
 <sup>(2)</sup>	+2%	<ul style="list-style-type: none"> <li>Residential electric sales up 9% due to higher average consumption due to warmer temperatures; C&amp;I electric sales down 6%</li> </ul>
Other Electric	+1%	<ul style="list-style-type: none"> <li>Eastern Canadian residential sales flat and C&amp;I sales down 1%</li> <li>Caribbean sales up 3% due to continued recovery of tourism industry</li> </ul>

(1) Excludes wholesale sales at UNS Energy.  
 (2) Reflects electric sales at FortisBC Electric. Gas sales at FortisBC Energy down 13% primarily due to lower average consumption by transportation customers.



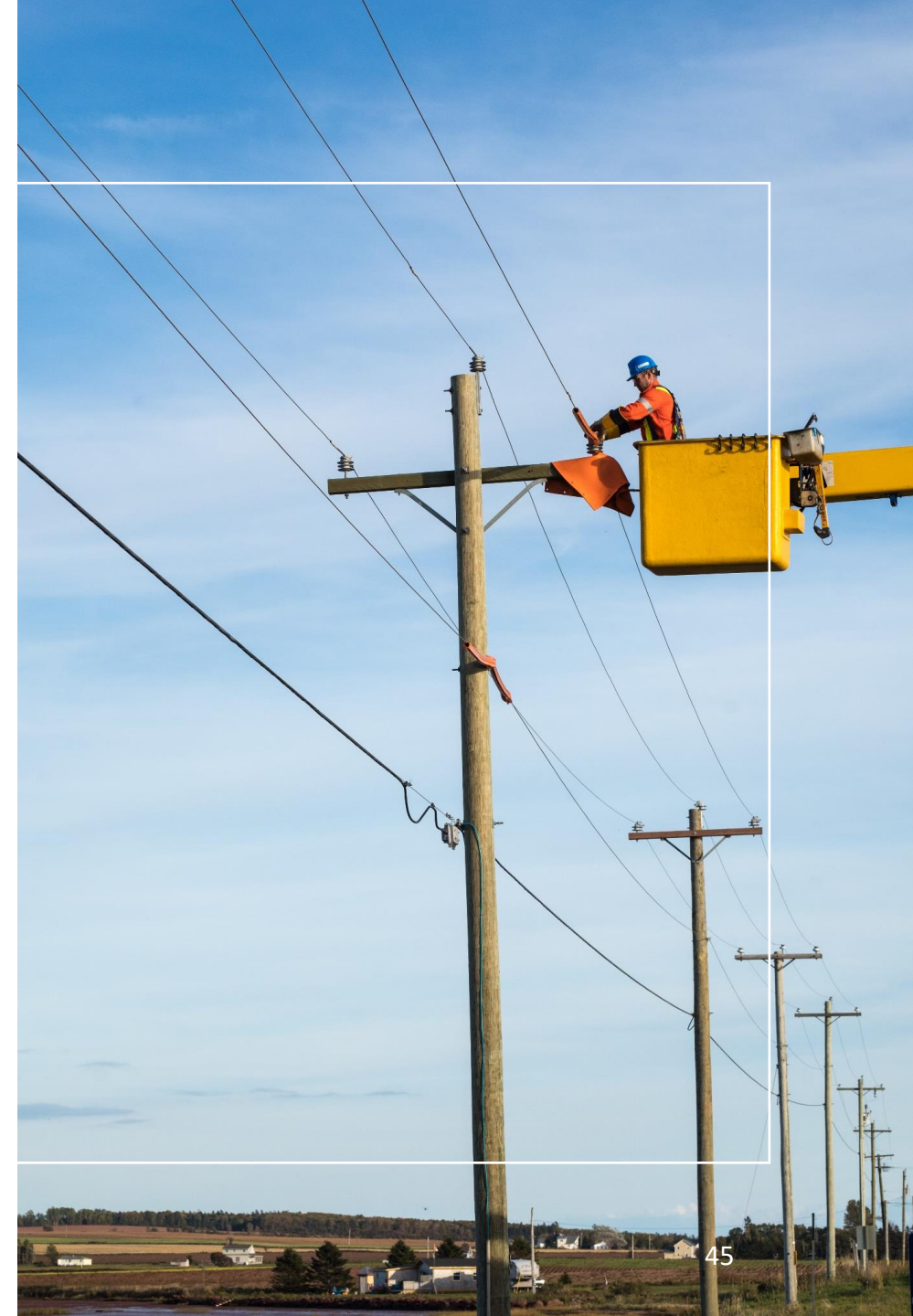
# LIMITED PENSION EXPOSURE

## DEFINED BENEFIT PENSION PLANS

- 95% of \$3.9B pension benefit obligation funded at December 31, 2021
- Allocation of plan assets at December 31, 2021
  - Equities – 48%
  - Fixed income – 45%
  - Other – 7%
- ~80% of pension assets subject to regulatory mechanisms
  - UNS pension plan assets (~\$0.7B) not subject to automatic regulatory mechanisms
  - Future pension expense depends on actuarial calculations and asset valuations at December 31<sup>st</sup>

## CERTAIN U.S. RETIREMENT BENEFITS

- Certain retirement benefits funded through trusts are subject to market volatility each quarter
- Decline in market values in 2022 resulted in year-over-year unfavourable EPS impact of \$0.05 for YTD September 2022
- ~US\$140M in assets at September 30, 2022



# INVESTMENT-GRADE CREDIT RATINGS

## COMPANY

**S&P Global**

**MOODY'S**

**MORNINGSTAR**



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 A- Baa1 n/a

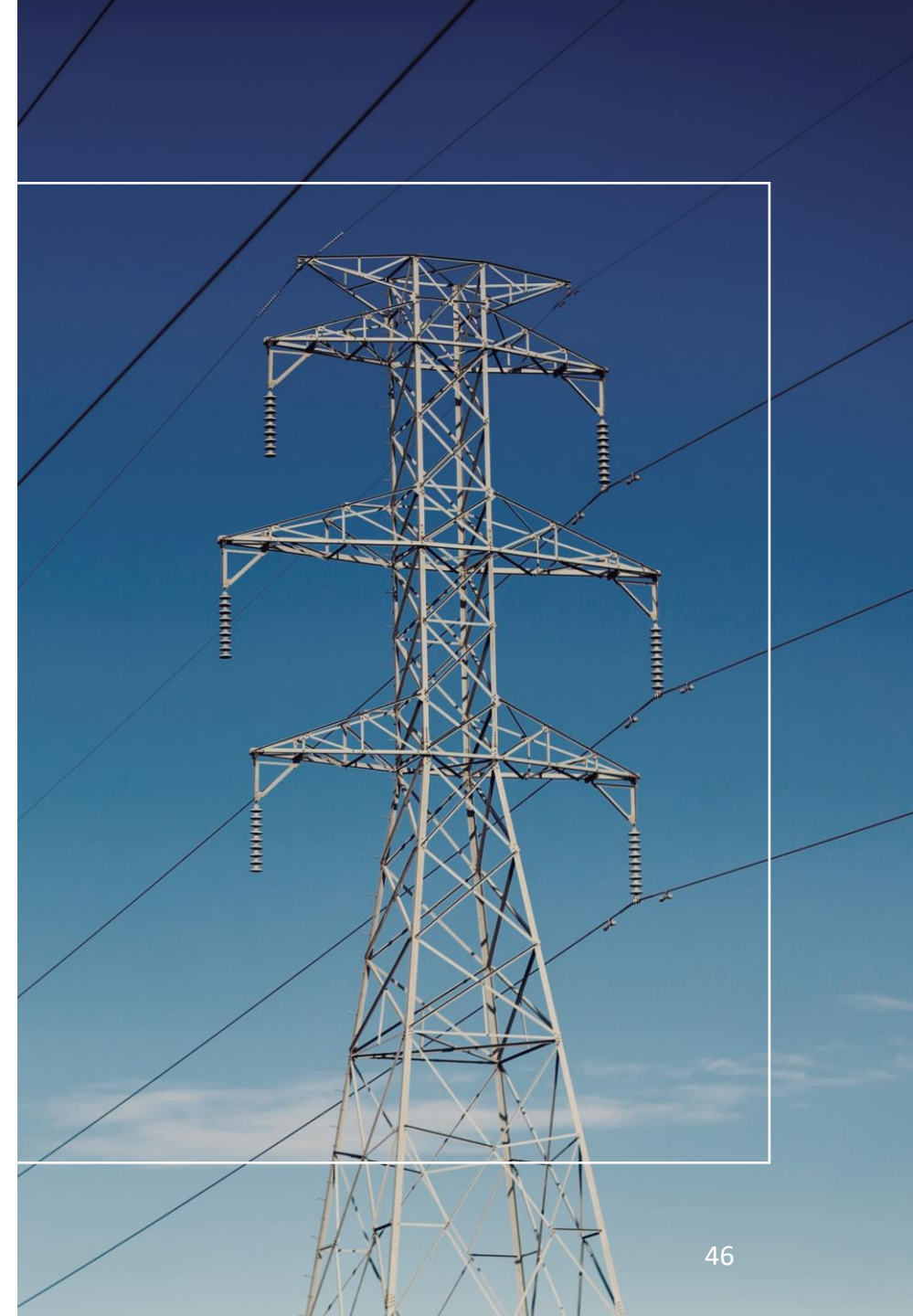
FortisBC Energy n/a A3 A

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+.



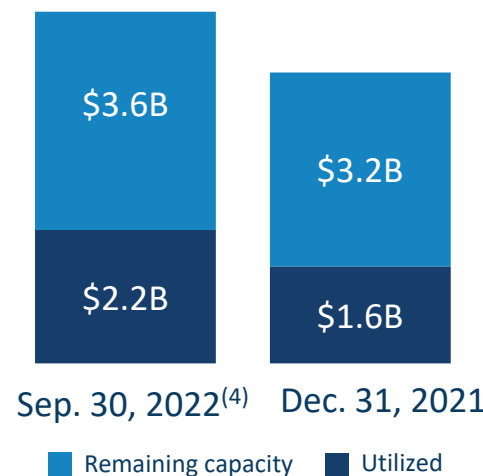


# STRONG LIQUIDITY

## ~\$2.5B IN DEBT RAISED YTD

- ITC
  - US\$300M secured mortgage bonds<sup>(1)</sup>
  - US\$75M secured 30-year 3.05% notes
  - US\$600M unsecured 5-year 4.95% notes<sup>(2)</sup>
- UNS Energy
  - US\$325M unsecured 10-year 3.25% notes
- Central Hudson
  - US\$220M unsecured notes<sup>(3)</sup>
- FortisAlberta
  - \$125M unsecured 30-year 4.62% debentures
- Fortis Inc.
  - \$500M unsecured 7-year 4.43% notes

## CREDIT FACILITIES



## DEBT MATURITIES

- 5-year average debt maturities of \$1.4B for 2023-2027
- ~75% of long-term debt, excluding credit facility borrowings, have maturities >5 years
- Weighted average rate of ~4.1% for fixed-term debt

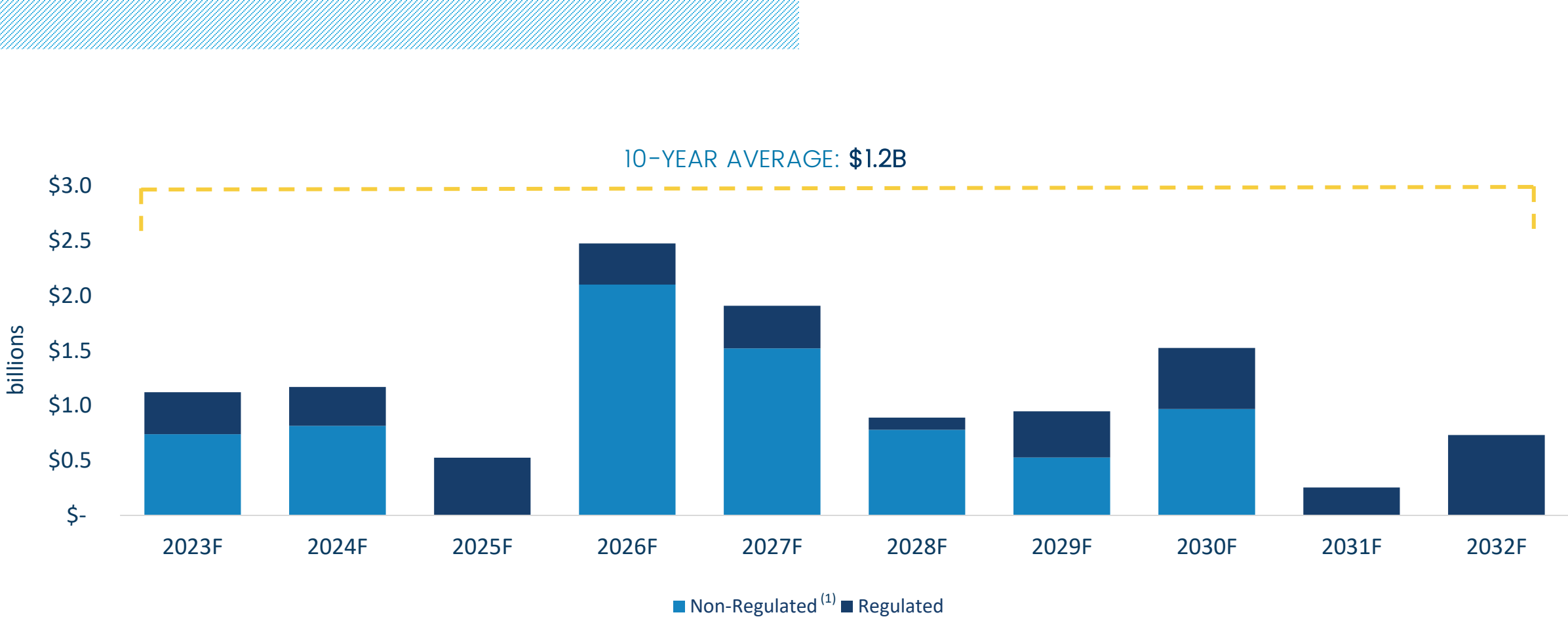
(1) Includes US\$150M 30-year 2.93% bonds issued in January, US\$75M 30-year 4.53% bonds issued in October and US\$75M 5-year 3.87% bonds issued in October.

(2) Prior to the debt issuance in September 2022, ITC executed US\$450M notional interest rate swaps to mitigate refinancing risk associated with debt due in November 2022. Inclusive of the hedging activities, the effective interest rate on the US\$600M debt is 3.54%.

(3) Includes US\$50M 5-year 2.37% notes issued in January, US\$60M 7-year 2.59% notes issued in January, US\$100M 10-year 5.07% notes issued in September and US\$10M 30-year 5.42% notes issued in September.

(4) In May 2022, Fortis Inc. entered into a 1-year, unsecured US\$500M non-revolving term credit facility.

# DEBT MATURITIES



Note: Debt as at September 30, 2022 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.

# STRONG LEADERSHIP TEAM

Fortis Inc.  
Exec.



**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



**Karen Gosse**  
VP, Finance



**Ron Hinsley**  
VP, IT & CIO



**Karen McCarthy**  
VP, Communications &  
Corporate Affairs



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



**Kevin Woodbury**  
VP, Innovation &  
Technology

Utility  
CEOs



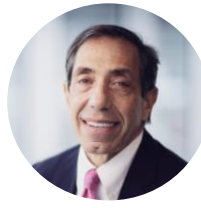
**Linda Apsey**  
ITC



**Roger Dall'Antonia**  
FortisBC



**Ruth Forbes**  
FortisTCI



**Charles Freni**  
Central Hudson



**Susan Gray**  
UNS Energy



**Scott Hawkes**  
FortisOntario



**Richard Hew**  
Caribbean Utilities



**Kay Menzies**  
Fortis Belize



**Gary Murray**  
Newfoundland Power



**Jason Roberts**  
Maritime Electric



**Janine Sullivan**  
FortisAlberta