



2018

FORTIS_{INC.}

FIRST QUARTER EARNINGS
CONFERENCE CALL

May 1, 2018

Investing in Our Networks

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 U.S. Private Securities Litigation Reform Act of 1995, collectively referred to as "forward-looking information". Forward-looking information included in this presentation 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 include, without limitation: the Corporation's forecast capital expenditures for 2018 and for the period 2018 through 2022; the Corporation's forecast consolidated and segmented rate base for 2018 and for the period 2018 through 2022; the nature, timing, benefits and expected costs of certain capital projects including, without limitation, the Wataynikaneyap Power Project; the ITC Multi-Value Regional Transmission Projects and 34.6 to 69 kV Conversion Project, UNS Energy flexible generation reciprocating engines investment and Gila River Generating Station Unit 2, FortisBC Lower Mainland System Upgrade, Eagle Mountain Woodfibre Gas Pipeline Project and Pipeline Integrity Management Program and additional opportunities beyond the base capital plan including LNG opportunities at FortisBC; targeted average annual dividend growth through 2022; the expectation that mark-to-market of natural gas hedges will be earnings neutral over the long term; the expectation that the Corporation will recoup lower-than-normal revenue from Fortis Turks and Caicos under its business interruption insurance; the impact of U.S. Tax Reform on the Corporation's annual earnings per share; and the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions.

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. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally, including those identified from time to time in the forward-looking information. Such risk factors or assumptions include, but are not limited to: uncertainty regarding the outcome of regulatory proceedings of the Corporation's utilities and the expectation of regulatory stability; no material capital project and financing cost overrun related to any of the Corporation's capital projects; sufficient human resources to deliver service and execute the capital program; the Board of Directors exercising its discretion to declare dividends, taking into account the business performance and financial conditions of the Corporation; risk associated with the impact of less favorable economic conditions on the Corporation's results of operations; no significant changes in laws and regulations that may materially negatively affect the Corporation and its subsidiaries; and currency exchange rates. Fortis cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors should be considered carefully and undue reliance should not be placed on the forward-looking information. For additional information with respect to certain of these risks or factors, reference should be made to the continuous disclosure materials filed from time to time by Fortis with Canadian securities regulatory authorities and the Securities and Exchange Commission. All forward-looking information in this presentation is given as of the date of this presentation and Fortis disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Unless otherwise specified, all financial information referenced is in Canadian dollars and references to rate base refers to mid-year rate base.



Barry Perry
President and CEO

FORTIS INC.

First Quarter Reinforces the Strength of Fortis as a North American Utility Leader



Capital Investments:

- Focused on providing safe, reliable, affordable, cleaner energy solutions to customers
- \$3.2 billion capital forecast for 2018 on track



Development Opportunities:

- Funding framework announced for Wataynikaneyap Power Project
- Five-year capital plan increased \$600 million to \$15.1 billion



Regulatory:

- Central Hudson filed three-year rate case settlement in April 2018 covering the period July 2018 to June 2021

**\$323M
REPORTED
NET
EARNINGS**



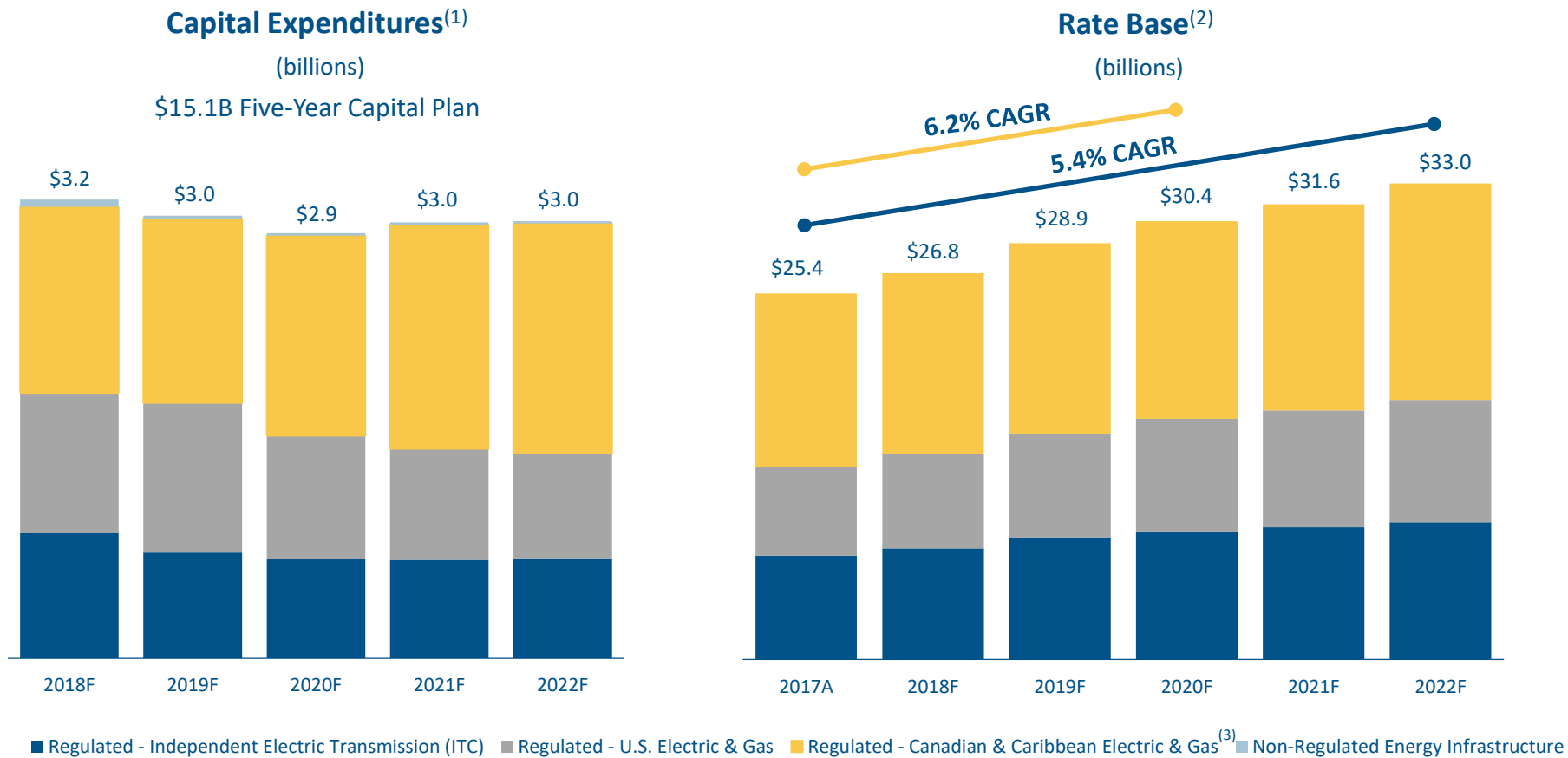
**9%
OPERATING
CASH FLOW
INCREASE**



**\$685M IN
CAPITAL
EXPENDITURES**

Rate Base Growth Supports Dividend Guidance

2018-2022 Capital Expenditure Program of \$15.1B Increases Rate Base to \$33B by 2022



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

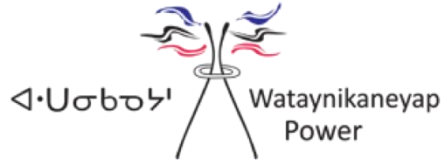
(2) US dollar-denominated rate base for 2017 is based on the actual average USD/CAD foreign exchange rate of \$1.30 and forecast rate base for 2018 to 2022 is based on a projected USD/CAD foreign exchange rate of \$1.28. Holding foreign exchange constant, 5-year and 3-year rate base CAGRs would be 5.5% and 6.5%, respectively.

(3) Includes 100% of the Waneta Hydroelectric Expansion, of which Fortis has a 51% controlling ownership interest and Fortis' effective 49% of the rate base of the Wataynikaneyap Power Project.

Advancing the Wataynikaneyap Power Project

Canada's Largest First Nation's-Led Infrastructure Project

FORTIS ONTARIO



Partnership with First Nations to connect remote communities in Northern Ontario to the grid via 1,800 km of transmission line

In March 2018, a funding framework was reached with Wataynikaneyap Power, the Government of Canada and the Government of Ontario

Estimated total capital project cost of \$1.6B, with Fortis having a 49% ownership interest

Fortis has revised its capital forecast to include ~\$600M of capital expenditures⁽¹⁾ for 2019-2022, with the remaining portion forecast in 2023



Remaining Milestones

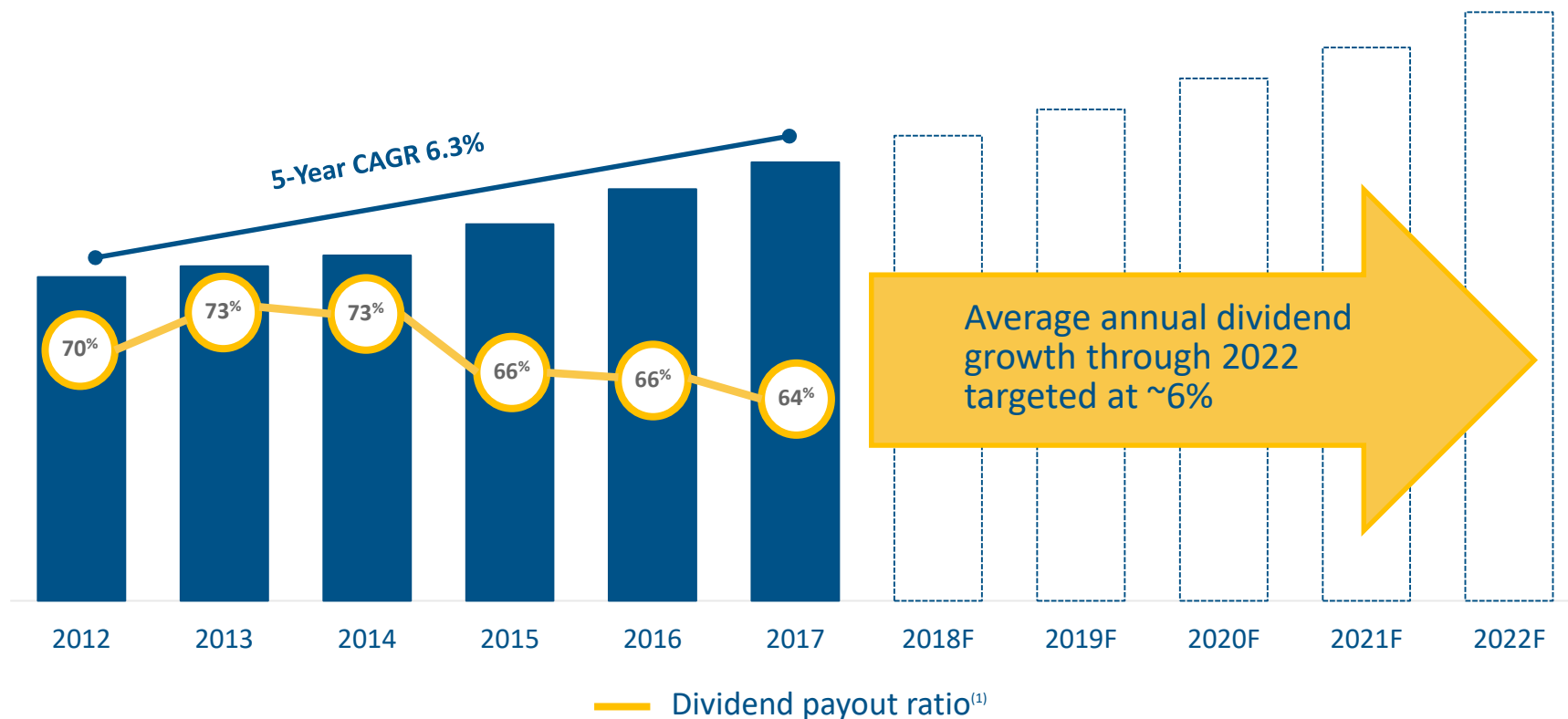
- Obtain Leave to Construct from the OEB, expected in early 2019
- Completion of environmental assessments
- Construction to begin once final approvals and receipt of permits are complete
- Phase 1 construction completion targeted by the end of 2020 and Phase 2 targeted by the end of 2023

(1) The increase in capital forecast reflects Fortis' effective 49% share of the estimated capital spending for the Wataynikaneyap Power Project. Under the funding framework, Fortis will be funding its equity component only.


Opportunities Beyond the Base Capital Plan



44 Years of Consecutive Annual Dividend Growth



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

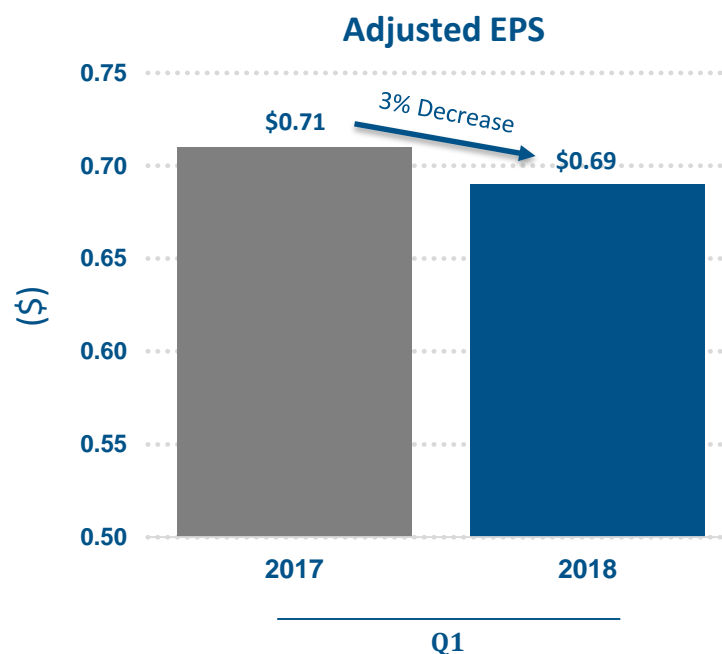
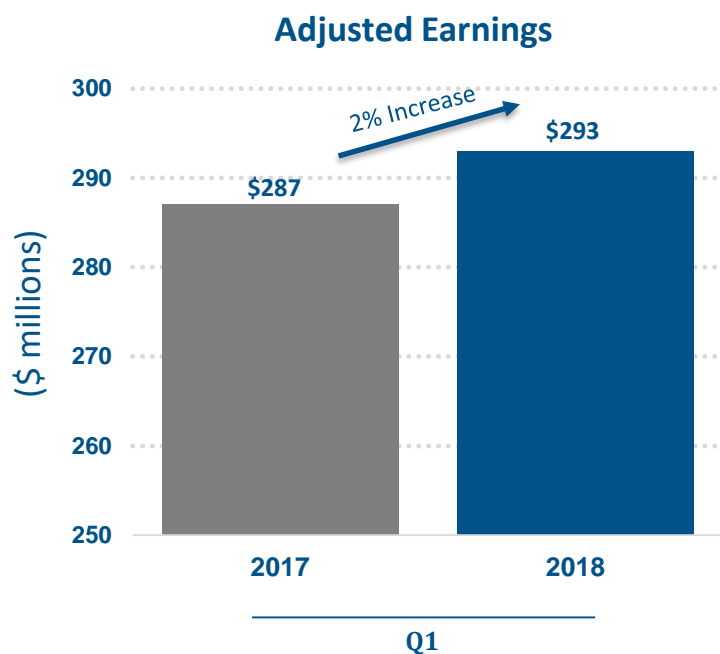
A professional headshot of Karl Smith, a middle-aged man with short, graying hair and a light beard. He is wearing a dark blue suit jacket, a light blue dress shirt, and a dark tie with a small, repeating pattern. He is smiling slightly and looking directly at the camera. The background is a blurred office interior with warm lighting.

Karl Smith
Executive Vice President,
Chief Financial Officer

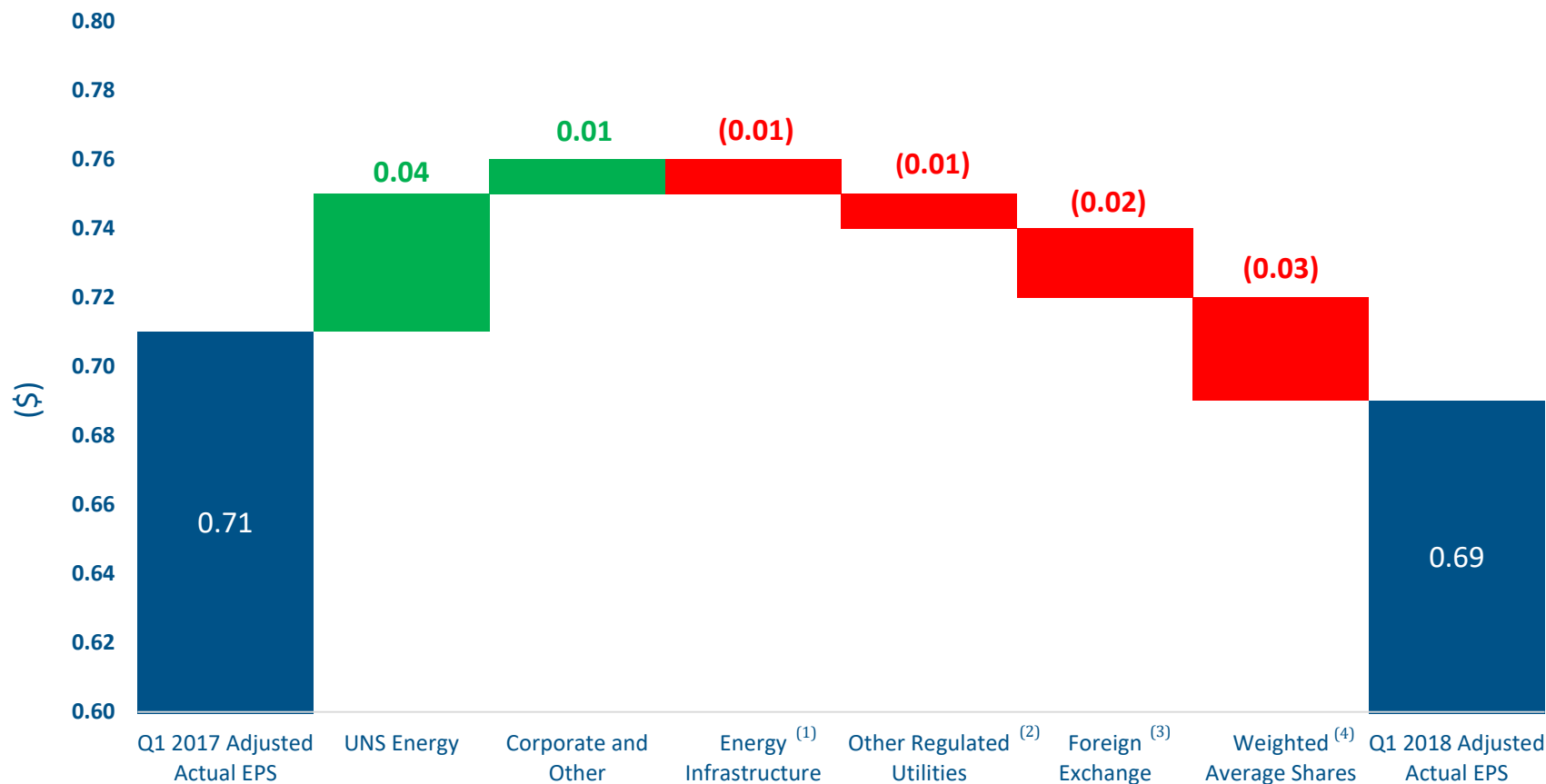
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Fortis Delivers Q1 2018 Results Aligned With Expectations



EPS Drivers – Q1



(1) Includes variance related to unrealized losses associated with the mark-to-market of natural gas hedges at Aitken Creek in Q1 2018 compared to unrealized gains in Q1 2017.

(2) Reflects lower earnings at Newfoundland Power of \$4.5 million primarily driven by timing of energy costs and lower earnings at FortisTCI due to US\$1.5 million of lost revenue associated with Hurricane Irma.

(3) Due to lower average U.S. dollar to Canadian dollar foreign exchange rate of \$1.26 in Q1 2018 versus \$1.32 in Q1 2017.

(4) Reflects increase in the number of common shares issued and outstanding through normal course of business and the impact of issuing 12.2 million shares on March 1, 2017 to an institutional investor.



U.S. Tax Reform Updates

Benefits Customers Immediately and Shareholders Over the Long Term

Customer Rate Decrease

TEP – Application approved by ACC to return savings through customer bill credits and a regulatory liability account

ITC – 2018 MISO rates reposted to reflect lower income tax expense

CH – Revised rates effective July 1, 2018 to reflect lower tax expense as part of rate settlement agreement

Interest Expense Deductibility Clarity

U.S. Treasury confirmed application of interest deductibility on a consolidated basis for 30% EBITDA cap

EEI leading efforts to clarify utility exemption with U.S. Treasury




Credit Rating Agency Updates

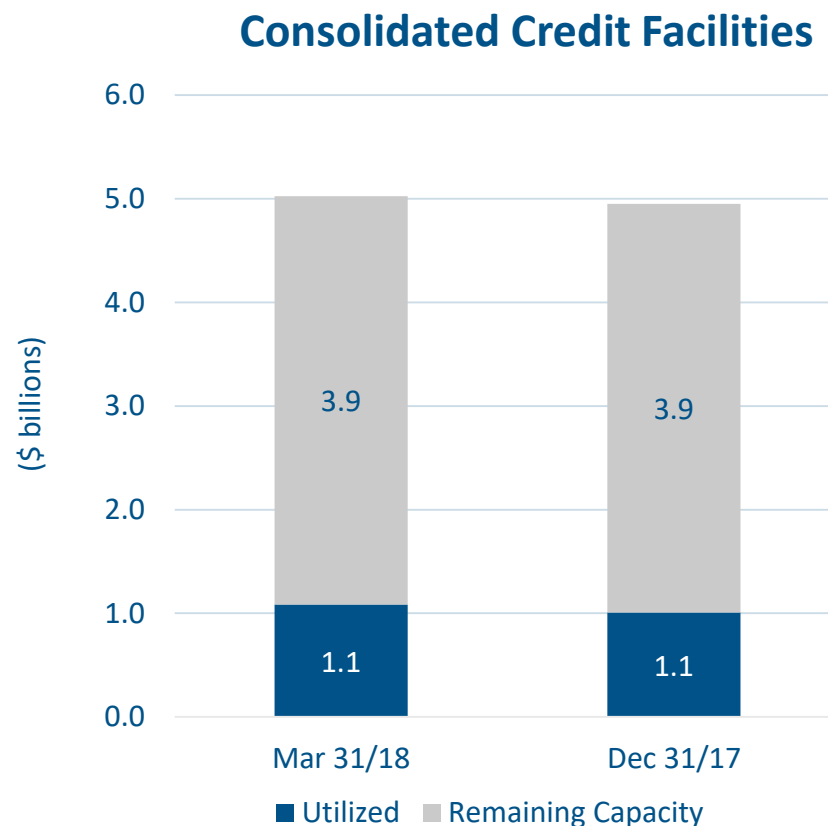
Held meetings with rating agencies

Moody's recent credit opinion had no change in credit ratings or outlook

S&P affirmed credit ratings and revised outlook to negative from stable due to modest temporary weakening of financial measures following U.S. Tax Reform

Investment-Grade Credit Ratings and Ample Liquidity

Credit Ratings	
 ⁽¹⁾	A- / BBB+
	BBB (high)
 ⁽²⁾	Baa3



(1) In March 2018, S&P affirmed the Corporation's credit ratings. The outlook was revised to negative from stable, due to modest temporary weakening of financial measures as a result of U.S. Tax Reform, which reduces cash flow at the Corporation's U.S. utilities.

(2) In April 2018, Moody's issued a credit opinion with no change to the Corporation's credit ratings or outlook.



Regulatory Stability

Recent regulatory outcomes

Regulated Utility	Application/Proceeding	Outcome	Agreement/ Decision Timing
TEP	2017 General Rate Application	<ul style="list-style-type: none"> Decision issued approving settlement agreement on revenue requirement 9.75% ROE and common equity thickness of 50% 	<ul style="list-style-type: none"> February 2017

Remaining significant regulatory proceedings

Regulated Utility	Application/Proceeding	Filing Date	Expected Decision
ITC	MISO Base ROE Complaints	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> To be determined
Central Hudson	General Rate Application – Joint Proposal	<ul style="list-style-type: none"> July 2017 	<ul style="list-style-type: none"> 3-year settlement agreement filed with Commission in April 2018 for July 2018 - June 2021 Expected decision in June 2018



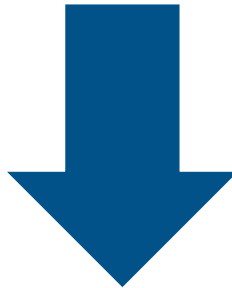
FORTIS_{INC.}

Investing in Our Networks

Our Strategy- Simple, Effective, Proven

Strategy

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



Strategic Initiatives

Execute
Utility CAPEX
Plan

ITC
Transmission
Growth

Deliver
Cleaner
Energy

Enhance
Customer &
Regulatory
Relationships

Unlock LNG
Value

Pursue Energy
Infrastructure
in and Near
Existing Service
Territories

Expected Upcoming Events

Annual General Meeting

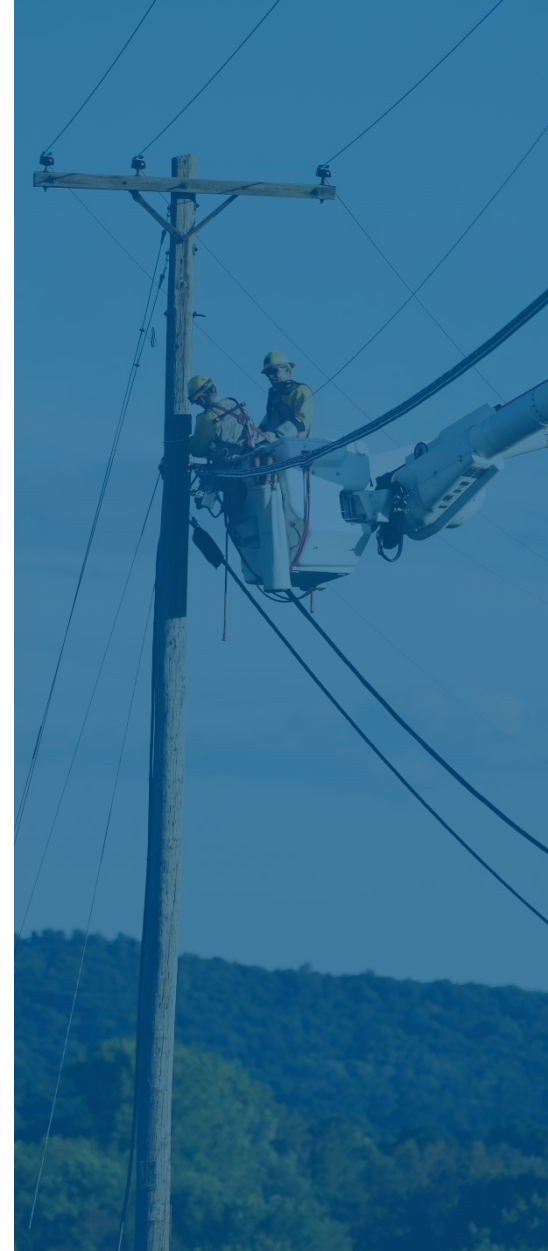
May 3, 2018	10:30 a.m. (Newfoundland), 9:00 a.m. (Eastern) A live video webcast of the meeting will be available on the Corporation's website www.fortisinc.com
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Expected Upcoming Earnings Release Dates

Q2 – 2018	July 31, 2018
Q3 – 2018	November 2, 2018
Q4 – 2018	February 14, 2019

Save the Date – 2018 Investor Days

Toronto	October 15, 2018
New York	October 16, 2018





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Q1 2018 Results by Segment

First Quarter Variance Analysis by Segment

(\$ in millions, excluding EPS)	Q1 2018	Adjustment	Q1 2018 (Adjusted)		Q1 2017	Adjustment	Q1 2017 (Adjusted)		Q1 (Adjusted) Variance
Regulated – Independent Electric Transmission									
ITC	86	-	86		91	-	91		(5)
Regulated – US Electric & Gas									
UNS Energy	50	-	50		41	(7)	34		16
Central Hudson	<u>21</u>	<u>-</u>	<u>21</u>		<u>23</u>	<u>-</u>	<u>23</u>		<u>(2)</u>
	71	-	71		64	(7)	57		14
Regulated Canadian & Caribbean Electric & Gas									
FortisBC Energy	98	-	98		97	-	97		1
FortisAlberta	27	-	27		25	-	25		2
FortisBC Electric	16	-	16		15	-	15		1
Other Electric ⁽¹⁾	<u>18</u>	<u>-</u>	<u>18</u>		<u>26</u>	<u>-</u>	<u>26</u>		<u>(8)</u>
	316	-	316		318	(7)	311		5
Other Energy Infrastructure	18	-	18		23	-	23		(5)
Corporate and Other	(11)	(30)	(41)		(47)	-	(47)		6
Net Earnings	\$323	\$(30)	\$293		\$294	\$(7)	\$287		\$6
Weighted Average Shares	422.0		422.0		406.2		406.2		15.8
EPS	\$0.77		\$0.69		\$0.72		\$0.71		\$(0.02)

(1) Comprised of Eastern Canadian and Caribbean electric utilities.

2018-2022 Capital Forecast by Segment

2018 Capital Forecast ⁽¹⁾	(\$ millions)
Regulated – Independent Electric Transmission	
ITC	863
Regulated – U.S. Electric & Gas	
UNS Energy	686
Central Hudson	275
Regulated Canadian & Caribbean Electric & Gas	
FortisBC Energy	462
FortisAlberta	407
FortisBC Electric	104
Other Electric ⁽³⁾	307
Other Energy Infrastructure	49
Total Capital Expenditures	\$3,153

(\$ billions) ⁽¹⁾	2018F	2019F	2020F	2021F	2022F
Regulated – Independent Electric Transmission	0.9	0.7	0.7	0.7	0.7
Regulated – U.S. Electric & Gas	1.0	1.0	0.8	0.8	0.7
Regulated Canadian & Caribbean Electric & Gas ⁽⁴⁾	1.3	1.3	1.4	1.5	1.6
Other Energy Infrastructure	-	-	-	-	-
Total Capital Expenditures	\$3.2	\$3.0	\$2.9	\$3.0	\$3.0

(1) US dollar-denominated rate base for 2018 to 2022 is based on the forecast average USD/CAD foreign exchange rate of \$1.28.

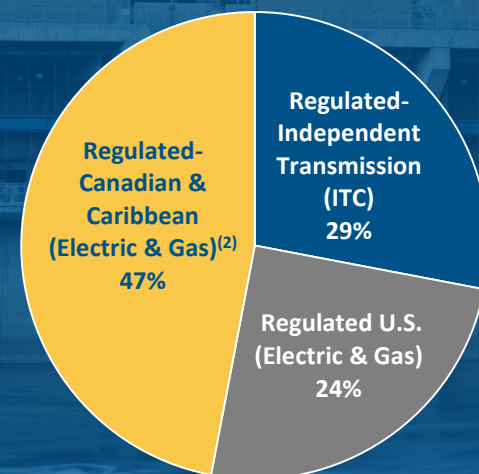
(2) Includes 100% of the Waneta Hydroelectric Expansion of which Fortis has a 51% controlling ownership interest.

(3) Comprised of Eastern Canadian and Caribbean electric utilities.

(4) Includes 100% of the Waneta Hydroelectric Expansion of which Fortis has a 51% controlling ownership interest and includes Fortis' effective 49% share of the estimated capital spending for the Wataynikaneyap Power Project.

2018F Rate Base⁽¹⁾

~\$26.8 Billion



Highly Executable Capital Plan

Progress Made on Capital Projects During The First Quarter

Significant Projects⁽¹⁾ (\$ millions)⁽²⁾

	Forecast 2018	Forecast 2019-2022	Forecast Total 2018- 2022
ITC Multi-Value Regional Transmission Projects ⁽³⁾	169	194	363
ITC 34.5 kV to 69 kV Conversion Project	111	369	480
UNS Flexible Generation – Reciprocating Engines	150	45	195
UNS Gila River Generating Station Unit 2	-	211	211
FortisBC Lower Mainland System Upgrade	177	317	494
FortisBC Eagle Mountain Woodfibre Gas Pipeline Project ⁽⁴⁾	-	350	350
FortisBC Pipeline Integrity Management Program	-	312	312
Wataynikaneyap Transmission Power Project ⁽⁵⁾	-	631	631



- (1) Major capital projects are identified as those with a total project cost of \$150 million or greater and exclude ongoing capital maintenance projects. Total project costs include forecasted capitalized interest and non-cash equity component of allowance for funds used during construction, where applicable.
- (2) US dollar-denominated capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.28.
- (3) Capital forecast consists of three regional electric transmission projects that have been identified by MISO to address system capacity needs and reliability in several states.
- (4) Capital forecast is net of customer contributions.
- (5) Capital spending represents Fortis' effective 49% share of the estimated capital spending for the Wataynikaneyap Power Project. Under the funding framework, Fortis will be funding its equity component only.