

Q2 2023 Earnings Conference Call

August 2, 2023

FORTIS_{INC.}



FORWARD-LOOKING INFORMATION

Fortis includes forward-looking information in this presentation within the meaning of applicable Canadian securities laws and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (collectively referred to as "forward-looking information"). Forward-looking information reflects expectations of Fortis management regarding future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as anticipates, believes, budgets, could, estimates, expects, forecasts, intends, may, might, plans, projects, schedule, should, target, will, would, and the negative of these terms, and other similar terminology or expressions have been used to identify the forward-looking information, which includes, without limitation: the 2030 GHG emissions reduction target; the 2035 GHG emissions reduction target; the 2050 net-zero GHG emissions target; forecast capital expenditures for 2023-2027, including cleaner energy investments; forecast rate base and rate base growth for 2023-2027; dividend growth guidance through 2027; the expected timing, outcome and impact of regulatory proceedings and decisions; the expected timing and outcome of the sale of Aitken Creek; the expectation of providing long-term value to shareholders; the nature, timing, benefits and expected costs of certain capital projects, including ITC MISO Long-Range Transmission Plan, UNS Energy Renewable Generation; UNS Energy Vail-to-Tortolita Transmission Project, FortisBC Tilbury LNG Storage Expansion, FortisBC AMI Project, FortisBC Eagle Mountain Woodfibre Gas Line Project, FortisBC Tilbury 1B Project, FortisBC Okanagan Capacity Upgrade, Wataynikaneyap Transmission Power Project, and additional opportunities beyond the capital plan, including Central Hudson's investment in the Propel NY Energy project through Transco; the expectation to exit coal by 2032; TEP's Integrated Resource Plan and planned additions of wind, solar and storage through 2035; FortisBC's 2030 renewable gas targets; 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 energy price volatility, global supply chain constraints and inflation; 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 of Directors 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.



David Hutchens
President and CEO





Q2 BUSINESS HIGHLIGHTS



**Safe &
Reliable Service**



**YTD June Capital
Expenditures of \$2.0B**



**EPS
Growth**



**2023 Sustainability
Update Report Released**



**Regulatory Proceedings
Progressing**



**Sale of Aitken Creek on
Track to Close in 2023**

RELEASED 2023 SUSTAINABILITY UPDATE REPORT

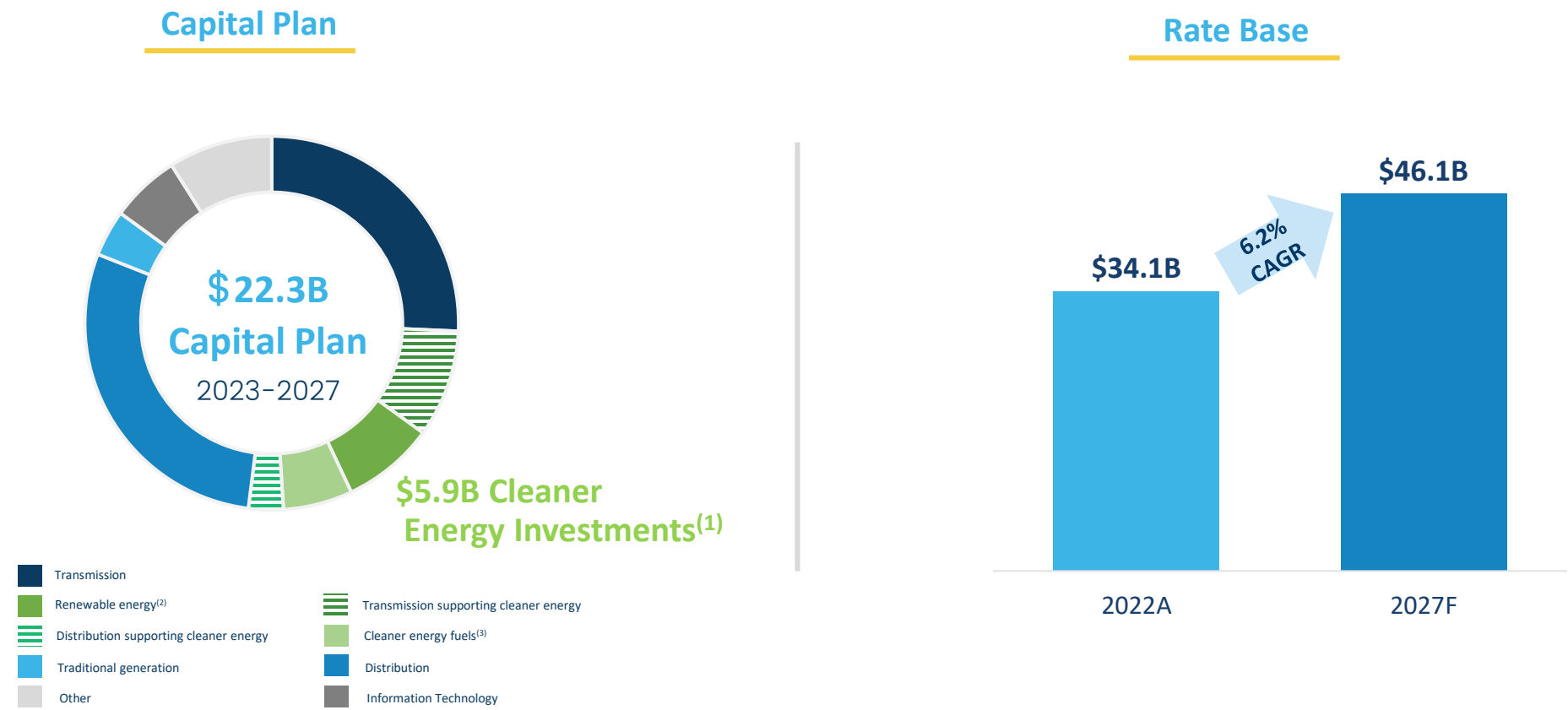


Highlights

- 29% reduction in Scope 1 greenhouse gas (GHG) emissions through 2022 compared to 2019 levels
- Completed limited third-party assurance on select 2022 GHG emissions data and board diversity metrics
- Achieved Board of Directors diversity targets – 58% women; 2 of 12 identify as a visible minority
- In 2023, executive compensation updated to include greater weighting for ESG leadership and safety in annual incentive plan and new DEI measure included in long-term incentive plan

2023 CAPITAL PLAN ON TRACK

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

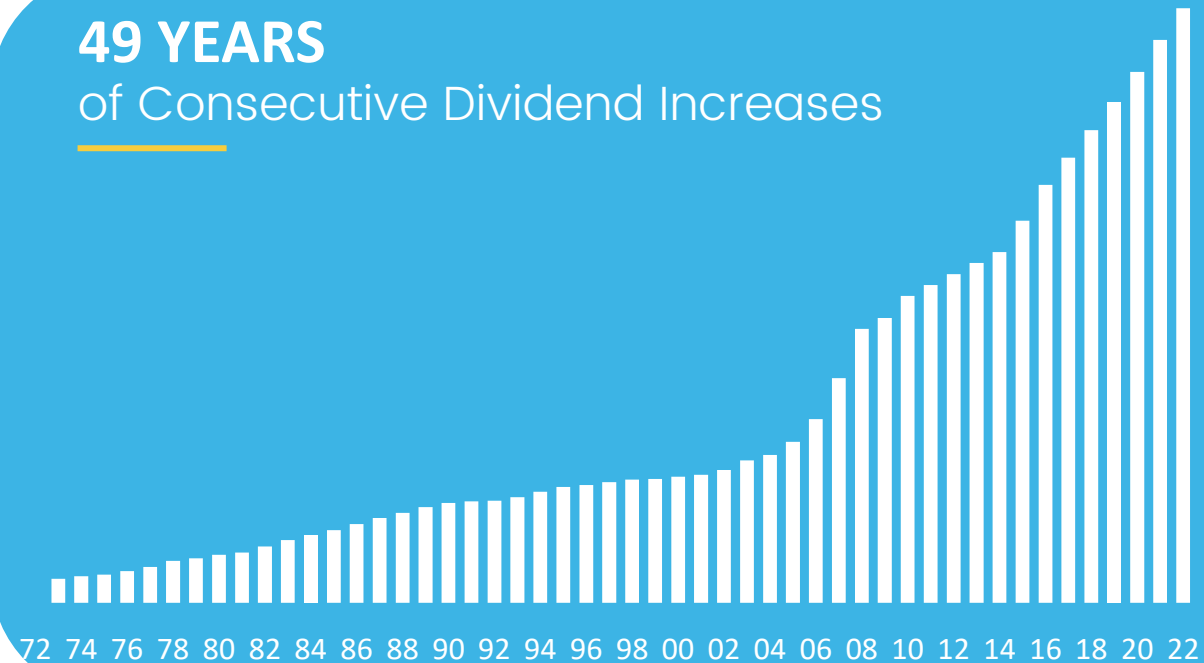


Note: The Capital Plan is a forward-looking Non-U.S. GAAP financial measure calculated in the same manner as Capital Expenditures. Refer to Q2 2023 MD&A for the Non-U.S. GAAP reconciliation. U.S. dollar-denominated capital expenditures and rate base converted at a forecast USD:CAD foreign exchange rate of 1.30.

- (1) 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.

DIVIDEND GUIDANCE SUPPORTED BY LONG-TERM GROWTH STRATEGY

49 YEARS
of Consecutive Dividend Increases



4-6%
Annual Dividend
Growth Guidance
through 2027

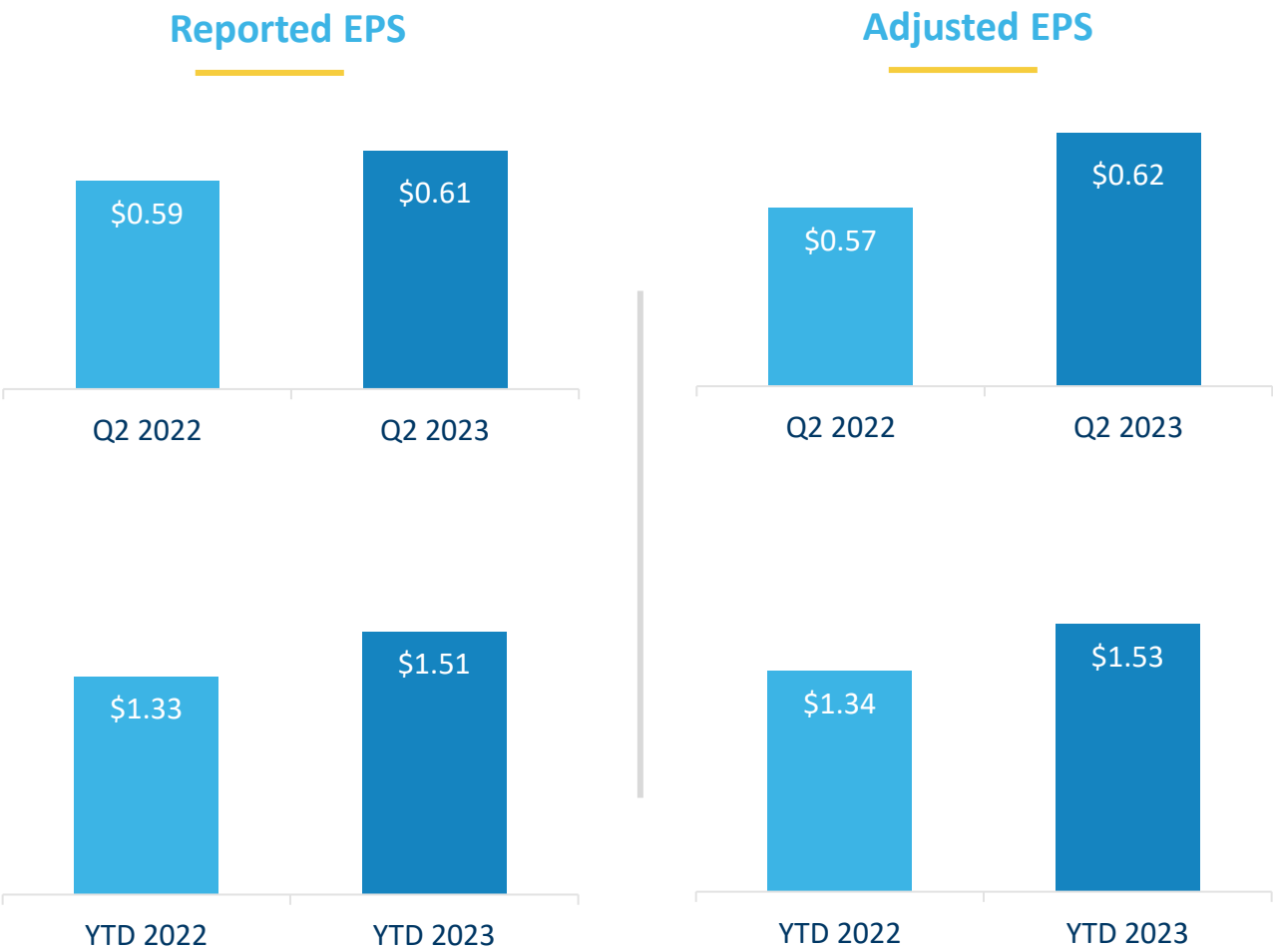




Jocelyn Perry
Executive Vice President and CFO



SECOND QUARTER RESULTS

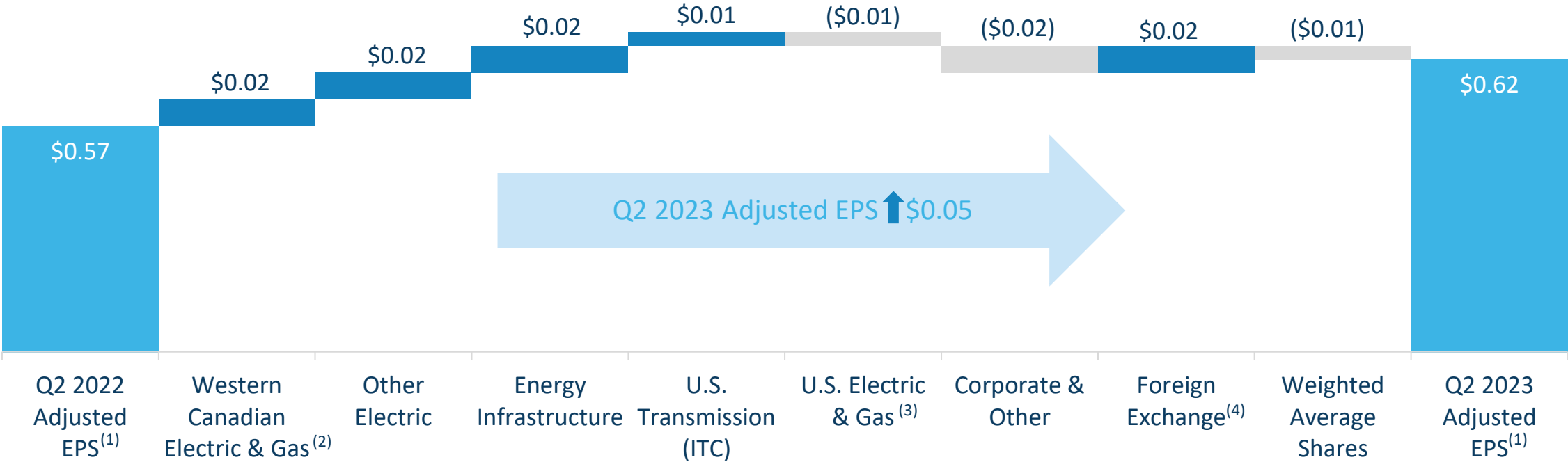


Q2 Adjusted EPS Drivers

- ↑ Rate base growth
- ↑ Timing of operating expenses at Central Hudson and FortisAlberta
- ↑ Higher margins on gas sold at Aitken Creek
- ↓ Milder weather in Arizona and timing of wholesale electricity sales
- ↓ Higher corporate finance costs and weighted average shares partially offset by favourable foreign exchange

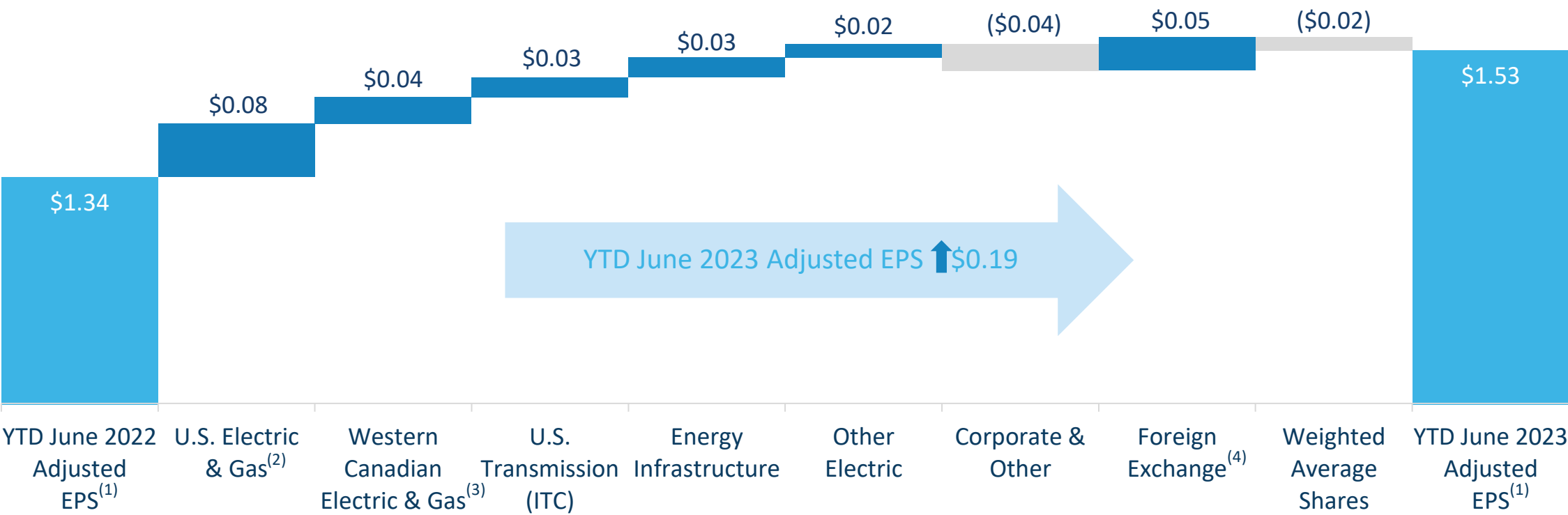
Note: Adjusted EPS is a Non-U.S. GAAP financial measure. Refer to Slide 17 for the Non-U.S. GAAP reconciliation.

SECOND QUARTER 2023 EPS DRIVERS



(1) Non-U.S. GAAP financial measure. Refer to Slide 17 for the Non-U.S. GAAP reconciliation.
(2) Includes FortisBC Energy, FortisAlberta and FortisBC Electric.
(3) Includes UNS Energy and Central Hudson.
(4) Impact of average USD:CAD foreign exchange rate of 1.34 in Q2 2023 compared to 1.28 in Q2 2022.

YEAR-TO-DATE JUNE 2023 EPS DRIVERS



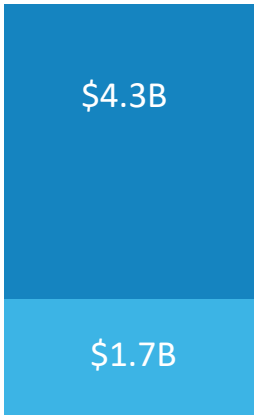
(1) Non-U.S. GAAP financial measure. Refer to Slide 17 for the Non-U.S. GAAP reconciliation.
(2) Includes UNS Energy and Central Hudson.
(3) Includes FortisBC Energy, FortisAlberta and FortisBC Electric.
(4) Impact of average USD:CAD foreign exchange rate of 1.35 for YTD June 2023 compared to 1.27 for YTD June 2022.

LIQUIDITY & CREDIT RATINGS

Active in Debt Markets

- ~\$1.9B in long-term debt raised YTD June
- ITC
 - US\$800M notes⁽¹⁾
- UNS Energy
 - US\$375M 30-year 5.50% notes
- FortisAlberta
 - \$200M 30-year 4.86% debentures
- Central Hudson
 - US\$90M notes⁽²⁾

Credit Facilities



June 30, 2023

■ Remaining capacity ■ Utilized

Credit Ratings

S&P Global	A ⁻⁽³⁾
MOODY'S	Baa3
MORNINGSTAR DBRS	A (low)

(1) Includes US\$500M 10-year 5.40% notes and US\$300M 4-year 4.95% notes. ITC entered interest rate locks which reduced the effective interest rate on the US\$500M notes to 5.32%.

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

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

Q2 REGULATORY HIGHLIGHTS



TEP ACC Rate Case – Administrative Law Judge issued a recommended opinion and order in TEP’s general rate application in July 2023, recommending a non-fuel revenue increase of US\$102M, an allowed ROE of 9.4% and 54.32% common equity ratio, with new rates on or after September 1, 2023



Customer Information System (CIS) Implementation – In January 2023, Central Hudson filed a response to the PSC’s show cause order in respect of its new CIS; interim agreement reached with the PSC in July 2023 including independent third-party verification of recent system improvements relating to billing system and acceleration of plans to perform monthly meter reading; timing and outcome of proceeding remains unknown

General Rate Application – In July 2023, a general rate application was filed with the PSC requesting new rates effective July 1, 2024; application seeks an allowed ROE of 9.8% and 50% common equity ratio; timing and outcome of proceeding is unknown



Generic Cost of Capital (GCOC) Proceeding – Final reply arguments filed in February 2023; decision expected in Q3 2023

GCOC Proceeding – Includes a review of the common equity component of capital structure and the allowed ROE for 2024 and beyond; decision expected in second half of 2023

Third Performance-Based Rates (PBR) Term – Proceeding to consider the design of the third PBR term, commencing in 2024; decision expected in second half of 2023





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
Leadership



Innovative



UPCOMING EVENTS



Expected Earnings Release Dates

- Q3 2023 – October 27, 2023
- Q4 2023 – February 9, 2024



Save the Date

- Investor Day – September 19, 2023
(Event hosted in St. John's, NL with webcast)

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NON-U.S. GAAP RECONCILIATION

(\$MILLIONS, EXCEPT EPS)	Q2 2023	Q2 2022	VARIANCE	YTD June 2023	YTD June 2022	VARIANCE
Adjusted Net Earnings						
Net Earnings	294	284	10	731	634	97
Adjusting Item:						
Unrealized loss (gain) on mark-to-market of derivatives ⁽¹⁾	8	(12)	20	10	7	3
Adjusted Net Earnings	302	272	30	741	641	100
Adjusted Net Earnings per Share	\$0.62	\$0.57	\$0.05	\$1.53	\$1.34	\$0.19
Capital Expenditures						
Additions to property, plant and equipment	938	827	111	1,845	1,693	152
Additions to intangible assets	44	58	(14)	91	107	(16)
Adjusting Item:						
Wataynikaneyap Transmission Power Project ⁽²⁾	43	45	(2)	84	94	(10)
Capital Expenditures	1,025	930	95	2,020	1,894	126

(1) Represents timing differences related to the accounting of natural gas derivatives at Aitken Creek, net of income tax recovery of \$3M and \$4M for Q2 2023 and YTD June 2023, respectively (income tax expense of \$5M for Q2 2022 and income tax recovery of \$3M for YTD June 2022), included in the Energy Infrastructure segment.

(2) Represents Fortis' 39% share of capital spending for the Wataynikaneyap Transmission Power Project, included in the Other Electric Segment.

SECOND QUARTER RESULTS BY BUSINESS UNIT

Second Quarter Earnings Variance Analysis by Business Unit

(\$MILLIONS, EXCEPT WEIGHTED AVERAGE SHARES AND EPS)

	Q2 2023	ADJUSTMENT	ADJUSTED Q2 2023 ⁽¹⁾	Q2 2022	ADJUSTMENT	ADJUSTED Q2 2022 ⁽¹⁾	VARIANCE
Regulated – Independent Electric Transmission							
ITC	127	-	127	114	-	114	13
Regulated – U.S. Electric & Gas							
UNS Energy	70	-	70	77	-	77	(7)
Central Hudson	17	-	17	10	-	10	7
	87	-	87	87	-	87	-
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	23	-	23	17	-	17	6
FortisAlberta	41	-	41	35	-	35	6
FortisBC Electric	18	-	18	19	-	19	(1)
Other Electric ⁽²⁾	42	-	42	33	-	33	9
	124	-	124	104	-	104	20
Energy Infrastructure	6	8	14	19	(12)	7	7
Corporate and Other	(50)	-	(50)	(40)	-	(40)	(10)
Common Equity Earnings	294	8	302	284	(12)	272	30
Weighted Average Shares (# millions)	485.4	-	485.4	477.8	-	477.8	7.6
EPS	\$0.61	\$0.01	\$0.62	\$0.59	(\$0.02)	\$0.57	\$0.05

(1) Non-U.S. GAAP financial measure. Refer to Slide 17 for the Non-U.S. GAAP reconciliation.

(2) Includes Eastern Canadian and Caribbean electric utilities.

YTD JUNE RESULTS BY BUSINESS UNIT

Year-To-Date June Earnings Variance Analysis by Business Unit

(\$MILLIONS, EXCEPT WEIGHTED AVERAGE SHARES AND EPS)	YTD June 2023	ADJUSTMENT	ADJUSTED YTD June 2023 ⁽¹⁾	YTD June 2022	ADJUSTMENT	ADJUSTED YTD June 2022 ⁽¹⁾	VARIANCE
Regulated – Independent Electric Transmission							
ITC	253	-	253	223	-	223	30
Regulated – U.S. Electric & Gas							
UNS Energy	160	-	160	120	-	120	40
Central Hudson	49	-	49	42	-	42	7
	209	-	209	162	-	162	47
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	147	-	147	136	-	136	11
FortisAlberta	81	-	81	71	-	71	10
FortisBC Electric	36	-	36	37	-	37	(1)
Other Electric ⁽²⁾	72	-	72	59	-	59	13
	336	-	336	303	-	303	33
Energy Infrastructure	24	10	34	13	7	20	14
Corporate and Other	(91)	-	(91)	(67)	-	(67)	(24)
Common Equity Earnings	731	10	741	634	7	641	100
Weighted Average Shares (# millions)	484.3	-	484.3	476.8	-	476.8	7.5
EPS	\$1.51	\$0.02	\$1.53	\$1.33	\$0.01	\$1.34	\$0.19

(1) Non-U.S. GAAP financial measure. Refer to Slide 17 for the Non-U.S. GAAP reconciliation.

(2) Includes Eastern Canadian and Caribbean electric utilities.

2022-2027 RATE BASE BY BUSINESS UNIT

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

Note: U.S. dollar-denominated rate base converted at a foreign exchange rate of 1.30 for 2022-2027. CAGR, as defined in the Q2 2023 MD&A.

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

(2) Includes Eastern Canadian and Caribbean electric utilities.

2023-2027 CAPITAL PLAN BY BUSINESS UNIT

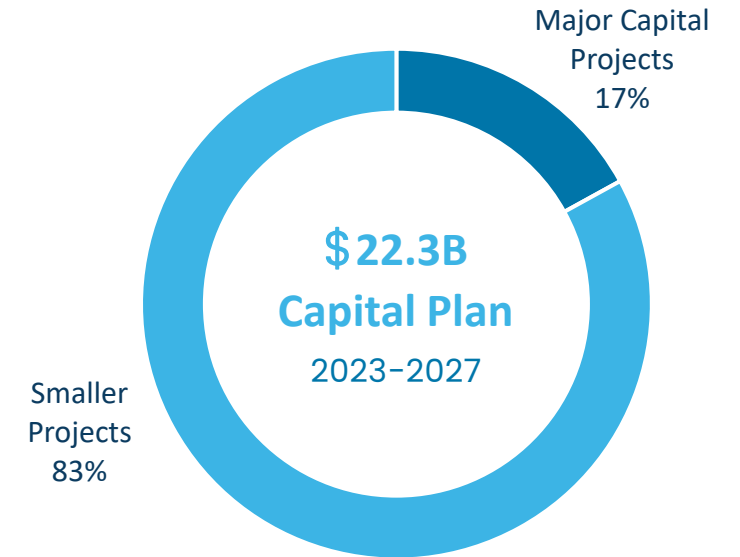
(\$MILLIONS)	Capital Plan ⁽¹⁾					2023-2027 TOTAL
	2023F	2024F	2025F	2026F	2027F	
Regulated – Independent Electric Transmission						
ITC	1,103	1,177	1,137	1,180	1,220	5,817
Regulated – U.S. Electric & Gas						
UNS Energy	1,006	690	986	1,027	891	4,600
Central Hudson	384	343	418	334	360	1,839
Total Regulated – 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 ⁽²⁾	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
Total Capital Plan	4,327	4,159	4,579	4,470	4,752	22,287

(1) Capital Plan is a forward-looking Non-U.S. GAAP financial measure calculated in same manner as Capital Expenditures. Refer to Q2 2023 MD&A for the Non-U.S. GAAP reconciliation. U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.

(2) Includes Eastern Canadian and Caribbean electric utilities.

MAJOR CAPITAL PROJECTS

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



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

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

ESG LEADERSHIP

Environmental

- 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 29% reduction in Scope 1 emissions relative to 2019 levels
- 170 MW of coal generation capacity was retired at TEP in June 2022: expect to be coal-free by 2032
- 15% increase in renewable electricity generation capacity since 2019: TEP plans to add 3,400 MW of wind, solar and storage through 2035
- Five-year capital plan includes \$5.9B for cleaner energy investments
- At FortisBC, avoided emissions from the use of renewable natural gas in natural gas deliveries increased 275% in 2022 vs. 2021
- Pilot project formed to produce low-carbon hydrogen; FortisBC continues to partner with local universities to study safe and reliable hydrogen blending with natural gas
- FortisBC plans to increase RNG supply so that at least 15% of natural gas consumption comes from renewable and low-carbon gas by 2030

Social

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

Governance






- Ranked #1 in the Globe & Mail 2022 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 4.8 years
- Women currently represent 50% 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



Q2 SALES TRENDS

CHANGE IN RETAIL ELECTRIC SALES

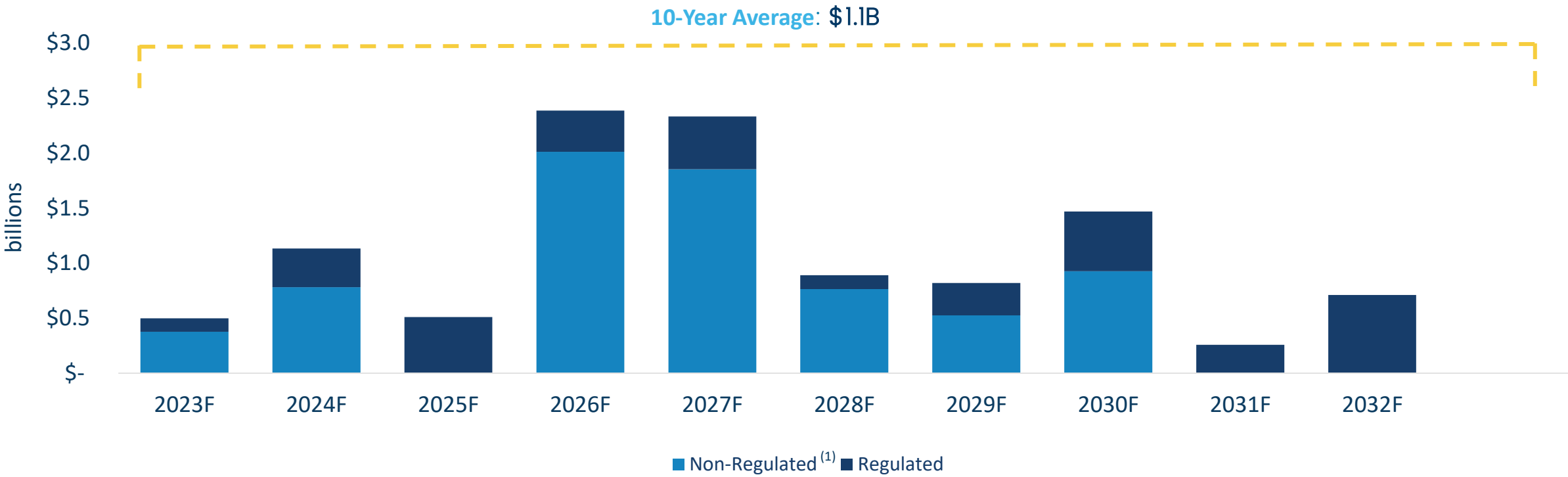
Q2 2023 vs. Q2 2022 SALES TRENDS

 A FORTIS COMPANY	N/A	<ul style="list-style-type: none"> Peak load down 9% due to milder weather and economic conditions
 UNS Energy Corporation A Fortis Company (1)	-7%	<ul style="list-style-type: none"> Decrease primarily due to lower air conditioning load associated with milder temperatures; excluding weather impacts, retail sales were flat
 A FORTIS COMPANY	-9%	<ul style="list-style-type: none"> Decrease primarily due to mild weather
	+3%	<ul style="list-style-type: none"> Residential sales up 2% and C&I sales up 3%; increases primarily due to customer additions and higher average consumption
 FORTIS BC ⁽²⁾	+3%	<ul style="list-style-type: none"> Residential electric sales up 5% and C&I electric sales up 2%; increases primarily due to higher average consumption
Other Electric	+5%	<ul style="list-style-type: none"> Eastern Canadian residential sales up 5% and C&I sales up 3% Caribbean sales up 8% due to customer growth and tourism

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







DEBT MATURITIES



Note: Debt as at June 30, 2023 and excludes any new debt issuances during the forecast period. Excludes repayments of finance leases along with the current portion of credit facilities, which are assumed to be extended by one-year annually.

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

INVESTMENT-GRADE CREDIT RATINGS

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

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

