Q2 2024 Earnings Conference Call – July 31, 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 2024-2028, including Cleaner Energy Capital; forecast rate base and rate base growth for 2024-2028; the nature, timing, benefits and expected costs of additional opportunities beyond the Capital Plan, including investments related to tranche 2.1 of the MISO LRTP, the Tilbury Marine Jetty project, TEP's and UNS Electric's IRPs, continued electrification and load growth, climate adaptation and grid resiliency and the acceleration of cleaner energy infrastructure; annual dividend growth guidance through 2028; forecast average cash flow to debt metrics over the next five years; the expected timing, outcome and impact of legal and regulatory proceedings and decisions; forecast rate base and rate base growth for 2024-2028 by business unit; forecast capital expenditures for 2024-2028 by business unit; the nature, timing, benefits and expected costs of certain capital projects, including ITC's transmission projects associated with the MISO LRTP, UNS Energy Roadrunner Reserve Battery Storage Project, UNS Energy Vail-to-Tortolita Transmission Project, UNS Energy IRP Energy Resources, FortisBC Eagle Mountain Woodfibre Gas Line Project, FortisBC Tilbury LNG Storage Expansion, FortisBC AMI Project, FortisBC Tilbury 1B Project, FortisBC Okanagan Capacity Upgrade, and Wataynikaneyap Transmission Power Project; forecast debt maturities for 2024-2033; scheduled preferred share dividend rate resets; impacts of data center load growth; and no expectations of supply constraints related to projects at ITC.

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; no material changes in the assumed U.S. dollar to Canadian dollar exchange rate; 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 favourable relations with Indigenous Peoples; and favourable labour relations.

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 2024-2028.

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PRESENTATION

Operator

Good morning, everyone. Thank you for standing by. My name is Constantine, and I will be your conference operator today. Welcome to Fortis second-quarter 2024 earnings conference call and webcast. (Operator Instructions)

At this time. I would like to turn the conference over to Stephanie Amaimo. Please go ahead, Ms. Amaimo.

Stephanie Amaimo - *Fortis Inc - Vice President - Investor Relations*

Thanks, Constantine, and good morning, everyone. Welcome to Fortis second-quarter 2024 results conference call. I'm joined by David Hutchens President and CEO; Jocelyn Perry Executive VP and CFO, other members of the senior management team as well as CEOs from certain subsidiaries.

Before we begin today's call, I want to remind you that the discussion will include forward-looking information, which is subject to the cautionary statement contained in the supporting slideshow. Actual results can differ materially from the forecast projections included in the forward-looking information presented today. All non-GAAP financial measures referenced in our prepared remarks are reconciled to the related US GAAP financial measures in our second quarter 2024 MD&A. Also, unless otherwise specified, all financial information referenced is in Canadian dollars.

With that, I will turn the call over to David.

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Thank you, and good morning, everyone. Today we are pleased to report our second quarter results. Operationally, our teams delivered reliable service to our customers, despite a variety of severe weather conditions experienced during the quarter.

Through the end of June we invested capital of approximately $2.3 billion focused on system reliability and resiliency, customer growth and economic development as well as cleaner energy investments. These capital investments supported rate base and EPS growth.

On the regulatory front, we had a number of key proceedings advance. Notably at ITC, the Iowa Supreme Court granted a motion filed by ITC Midwest requesting a stay of the injunction issued by the Iowa District Court for Tranche one projects in Iowa.

With this stay in place, ITC is now permitted to advance construction of all Iowa Tranche one projects originally awarded to the company in 2022. This is a positive development, as ITC looks to invest in critical transmission infrastructure to support the clean energy transition and load growth in the region.

And today, we released our 2024 sustainability report. It includes new information on resiliency efforts, biodiversity programs and actions to support energy efficiency and lower emissions. The report also contains information regarding our progress on key sustainability targets.

Our 2024 capital plan of $4.8 billion remains on track. During the quarter, construction of the 1800 kilometer Wataynikaneyap power transmission project was completed. We are proud to be a part of this project. It is a majority owned by 24 First Nations provides socio-economic benefits and reduces greenhouse gas emissions associated with diesel fired generation previously used in these remote locations.

We continue to execute our 5-year capital plan of $25 billion that is comprised of virtually all regulated investments and a diverse mix of highly executable low-risk projects. Rate base is expected to increase by approximately $12 billion to over $49 billion by 2028, supporting average annual rate base growth of 6.3%.

Beyond the plan, regulated growth opportunities progressed during the quarter. At ITC, MISO released a near final map of its LRTP Tranche 2.1 projects with transmission investments now estimated in the range of USD23 billion to USD27 billion, up from an earlier estimate of USD17 billion to USD23 billion. While it is still too early to estimate the investment opportunities within ITC's footprint, MISO Board approval is anticipated in late 2024. In June, MISO also confirmed that transmission projects included in Tranche 2.1 would be insufficient to meet the demand and needs of the MISO Midwest subregion under the Future 2A scenario.

As a result, MISO expects additional transmission will be required likely through a Tranche 2.2 portfolio. While MISO has not provided any firm details regarding timing or scope of this new tranche, it certainly underscores both the need and opportunity associated with transmission investments in the Midwest, considering decarbonization and load growth trends.

In British Columbia, the federal environmental assessment certificate was issued in the quarter for the Tilbury marine jetty project. The construction of the jetty supports further expansion of Fortis BC's Tilbury LNG facility. The site is scalable and can accommodate additional storage liquefaction equipment and is close to international shipping lanes. Once constructed, the Jetty will utilize FortisBC’s assets at the Tilbury site, including the future Phase 1b expansion project to serve marine bunkering and reduce greenhouse gas and other emissions.

In addition to the developments at ITC and FortisBC, our utilities across North America are focused on expanding and extending growth opportunities in their jurisdictions, especially in the areas of clean energy, continued electrification and load growth.

With a strong track record of increasing dividends for the past 50 consecutive years, coupled with our low-risk growth strategy, we remain confident in our 4% to 6% annual dividend growth guidance through 2028.

Now I will turn the call over to Jocelyn for an update on our second quarter financial results.

Jocelyn Perry - *Fortis Inc - Chief Financial Officer, Executive Vice President*

Thank you, David, and good morning, everyone. For the second quarter reported and adjusted EPS was $0.67, $0.05 higher than adjusted EPS last year. Year-to-date June, reported and adjusted EPS was $1.60, resulting in an increase in adjusted EPS of $0.07 year-over-year.

EPS growth was mainly driven by rate base investments across our utilities, new customer rates and warmer weather in Arizona as well as new cost of capital parameters in British Columbia, which were approved in late 2023 and retroactive to January first, 2023.

The chart on slide 9 highlights the EPS drivers for the second quarter by segment. Our U.S. electric and gas utilities contributed a $0.05 EPS increase quarter over quarter. In Arizona, EPS was up $0.07 due to the favorable impacts of new customer rates and higher retail revenues due to warmer weather.

Weather impacts were $0.02 quarter over quarter. At Central Hudson EPS decreased $0.02 quarter over quarter, largely due to a one-time impact of a regulatory settlement associated with the CIS implementation, which I'll discuss later, as well as the recognition of a regulatory performance target in the second quarter of 2023.

At ITC, the $0.02 EPS increase was mainly driven by rate base growth tempered by higher holding company finance costs. Our Western Canadian utilities increased EPS by $0.02. The increase largely related to the due to the timing of the new cost of capital parameters in BC, the higher allowed return in Alberta for 2024 was tempered by the timing of operating costs and the recognition of income tax expenses.

At our Other Electric segment, EPS decreased $0.01, mainly due to higher costs and lower equity income. For the Corporate and Other segment, the decrease mainly reflects the disposition of Aitken Creek in 2023 and higher holding company finance costs.

And lastly, higher weighted average shares reflect shares issued under our dividend reinvestment plan. We have not used the ATM program to date, as participation under the DRIP remains strong.

Turning to slide 10, many of the factors discussed for the quarter are the same for the year-to-date period. There are a few items to note for the year-to-date results. For our Western Canadian Utilities, specifically at Fortis Alberta higher demand charges and customer additions also favorably impacted the year-to-date results.

In Arizona, in addition to the new customer rates at TEP and higher retail revenue driven by warmer weather, higher margins on wholesale sales tempered by higher operating costs also impacted EPS in the first half of the year.

At our Corporate and Other segment, the disposition of Aitken Creek unrealized losses on derivative contracts compared to the gains in the first half of 2023 and higher holding company finance costs were the main drivers of EPS. And while negative for the quarter and year to date periods, on an annual basis, the disposition of Aitken Creek will be neutral to EPS.

And finally, higher weighted average shares outstanding, reduced EPS by $0.03 through year-to-date June. Through June, we have raised approximately $1.4 billion of debt to repay borrowings and to fund our capital program. We remain in a strong liquidity position as we execute our 5-year capital plan and maintain our investment grade credit ratings.

As I mentioned last quarter, we expect to have further engagement with S&P in the fall, particularly on Fortis' mitigation plans around physical and climate risks. Looking ahead, we are on track to achieve average cash flow to debt metrics of 12% over the five-year period.

As David noted, earlier this month, the Iowa Supreme Court granted a stay of the injunction issued by the Iowa district court with respect to construction of the MISO long-range transmission plan Tranche 1 projects in Iowa.

With the stay of the injunction in place, ITC is permitted to advance construction on all Iowa Tranche 1 projects originally awarded to the company in 2022. Certain complainants have requested that the judge's order be reviewed by a full quorum of the Iowa Supreme Court. Regardless of any quorum review by the Iowa Supreme Court, approximately 70% of the Iowa Tranche 1 projects are upgrades to ITC's facilities along existing rights of way, which under MISO's tariff grants ITC the option to construct the upgrades. Further MISO is conducting a variance analysis for the Tranche 1 projects in Iowa, and we believe the process should reaffirm the initial award of the projects in 2022. In Arizona the generic regulatory lag docket continues to advance. The Arizona Corporation Commission will host workshops in the third quarter to further assess the possibility of using formulaic rates, or forward-looking test years, instead of the historical test year currently in use. While the timing and outcome remain unknown, we are encouraged by these efforts to evaluate regulatory constructs that may reduce regulatory lag. In June, the New York Public Service Commission issued an order concluding the investigation into the implementation of Central Hudson's billing system. As part of the order, the independent third-party monitor reported that the CIS system was deemed stable and critical issues were resolved. The order also stipulates certain costs are not to be recovered from customers, including USD4 million for contribution to a customer benefit fund, which was recognized in the second quarter. The vast majority of the remaining costs were previously recognized in prior periods. Future impacts are not expected to be material. And earlier this month, the New York Public Service Commission also issued an order on Central Hudson's 2024 general rate application. The decision retroactive to July first includes an allowed ROE of 9.5%, 50 basis points higher than the previous allowed return. Central Hudson expects to file its 2025 general rate application in the third quarter.

And with that, I'll now turn the call back to David.

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Thank you, Jocelyn. The first half of the year continued our long track record of executing our growth strategy. We continued to implement our $4.8 billion annual capital plan, made progress on our opportunities beyond the plan and advanced our regulatory proceedings.

This is an exciting time to be a regulated transmission and distribution company, and we continue to pursue additional growth opportunities that deliver a cleaner energy future while continuing to prioritize safety, reliability and affordability for our growing customers' needs. That concludes my remarks.

I will now turn the call back over to Stephanie.

Stephanie Amaimo - *Fortis Inc - Vice President - Investor Relations*

Thank you, David. This concludes the presentation. At this time, we'd like to open the call to address questions from the investment community.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now conduct the question-and answer-period. (Operator Instructions)

Our first questions from the line of Maurice Choy, RBC Capital Markets. Please proceed with your questions.

Maurice Choy - *RBC Capital Markets - Analyst*

Thank you, and good morning, everyone. If I could start with your updated view of the electric and gas demand outlooks across your utilities. There's obviously a broad anticipation for higher load due to a number of reasons and that could also lead to higher gas-fired power and potentially some changes in future IRPs. Can you speak to which utilities you're seeing notable change in demand outlook versus a year ago? And how utilities might respond to this.?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yeah. Thanks, Maurice. And I'll start with a kind of a broad overview, and if you want to dig down into any of the individual utilities, Actually we have everybody in the same room for once this call, so I can I can ping it over to them if need be. But I think probably the especially from the gas generation perspective, really the only big utility that we have that we're considering additional gas generation right now is at UNS. We have, as you know, the two different utilities are TEP and UNS Electric. And as part of the integrated resource plans that they filed last year, we're adding a total of 600 megawatts, 400 at TEP and 200 megawatts at UNS Electric of combustion turbines to help fill in the variability associated with adding quite a bit more renewable energy into the portfolio.

So that was what we filed last year. Obviously, that was based on prior information on load growth, et cetera. So we are seeing a lot of potential for additional load growth related to manufacturing and data centers in that footprint.

But at this point, we haven't changed our integrated resource plan or changed any timing or additions to it, although we do (inaudible) resource plan is as good the day you file it. And then you look at the additional assumptions, the load growth and retirement schedules, et cetera, and adjust them accordingly.

But right now we don't have a lot of that built into the current plan, but we are working very hard behind the scenes to see where that might come.

ITC also has as we mentioned on the last call, some data centers looking to come into its footprint in both Iowa, and I'm sure you're aware in Michigan as well. There's a lot of efforts to attract data centers into those utilities' footprints, of course, that we serve from a transmission perspective.

So they're there, but there's still a lot of TBD to be determined on how that lands. Those are primarily two jurisdictions that we'll see the biggest impact from those types of load. Now, of course, I should mention Alberta as well is Fortis Alberta while the distribution company out there, I think will see some knock-on impacts of data center growth there, and just the, due to the comments of the government up there they are receptive to siting data centers up there, but they have what I'm calling a BYOP, bring your own power, sort of philosophy to make sure that folks who come up, they're going to come and either build generation or contract with it to make sure that they're not pulling it all out of the market. So that's if you want to go into any more details, just let me know.

Maurice Choy - *RBC Capital Markets - Analyst*

Maybe just a quick follow-up on that. And obviously, there's a lot of discussion about sharing of transmission costs and any other costs related to this new load? How are you seeing or which part of your portfolio are you seeing the greatest progression in policymaking and are you anticipating all the other jurisdictions to follow suit?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yes. So I think we're testing out a lot of stuff and I think you know the big test I suppose is in Arizona because we have a vertically integrated utility, and we can offer different kind of options for customers that come in there from special contracts to special rates, et cetera. There's one principle that I think everyone every utility isn't just unique to us will be following and that is this load has to pay for itself and in fact, we think that it should have and will have a positive impact on customer affordability because of the additional high level of utilization that these high load factor customers bring. So overall, we think it's a good story, both from a growth perspective and a customer affordability perspective.

Maurice Choy - *RBC Capital Markets - Analyst*

Great. And if I could just finish up on ITC to just better understand the district court the Supreme Court judges order here. Can the stay of the injunction continue endlessly for so long as a full quorum for Supreme Court not review the judge's order?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yeah, I'll turn that over to Linda Apsey, CEO of ITC.

Linda Apsey - *ITC Holdings Corp - Chief Executive Officer, Director*

Yeah, good morning. Thank you, Maurice. I suppose yes, it could. There's no requirement that the Supreme Court acts in any certain timeline, they do act at their discretion. So to the extent that there was never any ruling or further decision or determination, then yes, the stay of the injunction would remain in place.

Maurice Choy - *RBC Capital Markets - Analyst*

And I guess to just follow up on that, if we have a decision on Tranche 2.1 and I suppose ITC is going to proceed with investments in Tranche 1, 2.1, how should we think about these investments if one day, let's say, months years and decades from now, the original filing position has reverted back. Is there any risk of any stranded risk, stranded asset risk?

Linda Apsey - *ITC Holdings Corp - Chief Executive Officer, Director*

Yeah Maurice, no that we have no concern of any stranded asset risk. Obviously, we are continuing to pursue and invest in these projects according to the MISO tariff. And so the associated expenses related to that would all be under the premise that these projects were awarded to us and that we have continued to pursue and develop under all provisions with the MISO tariff.

Maurice Choy - *RBC Capital Markets - Analyst*

Great. Thanks for the colour.

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Thanks, Maurice.

Operator

And your next question comes from the line of Rob Hope, Scotia Capital. Please proceed with your question.

Robert Hope - *Scotia Capital - Analyst*

Good morning, everyone. I just want to take maybe some additional commentary on the regulatory outlook for Central Hudson. So the billing issues seem to be behind you and stabilize new rates are in service at July 1.

Do you think the new rates are going to be sufficient to largely close the gap between the old achieved and allowed ROE? Or is this something that's probably more of the next rate filing?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yeah. So that should help the definitely close that gap. And obviously, the difference between allowed and earned over the past couple of years have been related to the CIS implementation costs, the additional costs that we were seeing associated with that, which, of course, was part of that settlement that we agreed we won't recover.

So that's all behind us. So on a going forward basis, we expect to see you know a much, closer correlation between earned and authorized ROE. And as Jocelyn mentioned, too, we're filing the next rate case because it is important to note that that rate case was just a one-year rate case. So it's only good for a year so we're required to file another one and we're doing that tomorrow.

Robert Hope - *Scotia Capital - Analyst*

All right. Thanks for that. And then more broadly, you know in a relatively surprise move the Vancouver council reversed the gas ban there. But when you think about(inaudible), what are your thoughts on the continued need for natural gas in a world where gas-fired heating and cooking could help reduce the cost of home ownership as well as just kind of the incremental load that we're seeing pop up for electrical demand there as well. Like could we, you know is this the beginning of a change in sentiment on the gas side?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

So [Maurice], I think that change in sentiment has been around in almost every one of our jurisdictions, and with maybe the slight exception of British Columbia, which now I think has come around. The and the impact on affordability has to be a top line conversation.

And as we look at the different pathways for energy service from an electric and gas perspective, we do believe that there is a necessity to have both of those contribute and supply energy in order for us to do it both affordably and reliably.

So we do see some of those, LDC changes as we've seen in BC, we see our role being a little bit different and maybe more of a capacity roll on a going forward basis. But the necessity for that capacity is getting clearer and clearer across every jurisdiction.

So I do think people are recognizing that. And I think also one of the main things we have to remember is we're still we're still marching towards a clean energy future here, and we I think are also getting people to understand the ability for us as LDCs as gas companies to be able to supply clean molecules.

That's a huge thing that we need to remind people of and to focus on as you probably well know it out now in Vancouver, we also got a good approval from the BCUC for RNG to be a part of the portfolio for every one of our customers. That was a big win for Roger and his team out there in BC and something that I think, you know, compound that with the decision to allow natural gas in new buildings again or new construction, I think we're starting to see how we can make this blend work and cost effectively, affordably, but still hitting some clean energy targets.

Robert Hope - *Scotia Capital - Analyst*

Thank you, I'll hop back in the queue.

Operator

(Operator Instructions)

Mark Jarvi, CIBC Capital Markets. Please proceed with your question.

Mark Jarvi - *CIBC World Markets Inc - Analyst*

Good morning, everyone. Maybe just going back to the Iowa situation and the relief on the injunction, albeit there's I guess, sort of uncertainty on how this all plays out. How does that impact your thinking and activity around procurement and moving ahead with projects that might come through in 2025-'26?

Are you being more cautious, pushing things out a little bit and then those projects that maybe wouldn't fit under the right of way of that 30%. How are you managing those projects in terms of permitting or trying to advance them before you have to put CapEx to work?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Thanks, Mark. I'll have Linda ask that it is a question related to both. How do we manage the risk and this from a supply chain perspective?

Linda Apsey - *ITC Holdings Corp - Chief Executive Officer, Director*

Yeah. Obviously, we are in the early stages of advancing all of the LRTP 1 projects. As you recall, obviously, there's significant work that has to go into siting permitting regulatory applications. So as it relates to the Iowa Tranche 1 projects, we're still in the early stages.

And so we haven't even received the IUB regulatory approval for those projects yet. And in fact, we haven't even begun the franchise process that's required under state law. And so I would say, you know, there's no immediate effect or impact in how we think about supply chain. We have strategic relationships with all of our major vendors.

So, we have queue capacity for all of our major components of our infrastructure, our queue capacity for the LRTP Tranche 1 projects as well as our other projects as well in hand. We don't anticipate any supply constraints related to this project or others. And so that's for us not a risk or anything that we are concerned about.

We are keenly focused, obviously, in sort of the legal issues, the regulatory process, those are and the landowner issues. Those are the primary areas of focus for us at this stage of those LRTP projects.

Mark Jarvi - *CIBC World Markets Inc - Analyst*

Can you remind us again what the planned spending would have been for next year and whether or not that could be impacted here as you work through these issues?

Linda Apsey - *ITC Holdings Corp - Chief Executive Officer, Director*

Our planned spending for next year, we are, we're continuing obviously, there's no change at this point in time in terms of our planned spend. We obviously will continue to reassess that as we release our next vintage of our five-year plan. But obviously, we're continuing to move forward and pursue the projects as identified. And we certainly will update if there's any delay or slide specific to the LRTP 1 projects. But at this time, there's no change in our overall capital plan.

Mark Jarvi - *CIBC World Markets Inc - Analyst*

Okay. So then on the regulatory lag docket in Arizona, what would you be advocating for as you work through the workshops in the fall and trying to push that forward?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Yeah, I'll turn that over to Susan Gray, CEO of UNS.

Susan Gray - *UNS Energy Corp - President, Chief Executive Officer, Director*

All right. Good morning, Mark. Thanks for the question. The commission is considering basically either a forward test year or formulaic rate and so we're having another workshop coming up in the fall to discuss that. And I think either format can work for us as long as we get the design of it correct.

I think it's a good sign that we're talking about changing our long-standing rate-making policy here and I think either way, we'll end up reducing lag. In the workshop we did we did emphasize the formulaic rate, but I think in either case we can design it to benefit our company.

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

She is doing stuff down there at TEP I only dreamed of. That was a something that we've always been looking for is was trying to figure out how to get out some of that regulatory lag, and we've been doing things with other tracker mechanisms, et cetera. But this is quite a bit better and cleaner solution and probably a little bit more simpler too.

Mark Jarvi - *CIBC World Markets Inc - Analyst*

Sounds like there is momentum behind it, so Susan, do you think something will come to fruition and you won't hear roadblocks where this falls out.

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

We're optimistic.

Mark Jarvi - *CIBC World Markets Inc - Analyst*

And with the completion of the Watay project, what would be the sort of long-term vision around your ownership there? Is there strategic benefits to stay invested? And do you think there's potential projects or investments around that that that ownership position that you can pursue? Or is it just becomes sort of a cash flowing asset that you hold and potentially monetize if and when opportunity presents itself?

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

I think we've always seen that as a bit of an entry point into the Ontario market. I mean, it gives us a good anchor for looking at additional projects and additional transmission development. And we obviously created a tremendous relationship with the First Nations up there.

So yeah, we'd always love to build more transmission in Ontario up, frankly, anywhere within our within our footprint. So we would look at we don't have any plans on a going forward basis other than owning that asset.

Mark Jarvi - *CIBC World Markets Inc - Analyst*

Okay. Thanks.

David Hutchens - *Fortis Inc - President, Chief Executive Officer, Director*

Thanks, Mark.

Operator

(Operator Instructions)

As there are no further questions, I would like to turn the call back to Ms. Amaimo.

Stephanie Amaimo - *Fortis Inc - Vice President - Investor Relations*

Thank you, Constantine. We have nothing further at this time. Thank you everyone for participating in our second-quarter 2024 results conference call. Please contact Investor Relations should you need anything further. Thank you for your time and have a great day.

Operator

Thank you for participating. This concludes today's conference call. You may now disconnect.
