



# Industrial Alliance Retail Investors Meeting

June 17, 2019



# 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: forecast capital expenditures for the period 2019 through 2023 and potential funding sources for the capital plan; forecast rate base for the period 2019 through 2023; targeted average annual dividend growth through 2023; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; expected expenditures and benefits related to FortisBC energy conservation and efficiency projects; and the nature, timing, benefits and costs of certain capital projects including, without limitation, the Wataynikaneyap Transmission Power Project, ITC Multi-Value Regional Transmission Projects and 34.5 to 69 kV Transmission Conversion Project, UNS Energy Gila River Natural Gas Generating Station Unit 2, Southline Transmission Project and Oso Grande Wind Project, FortisBC Lower Mainland Intermediate Pressure System Upgrade, Eagle Mountain Woodfibre Gas Line Project, Transmission Integrity Management Capabilities Project and Inland Gas Upgrades Project and additional opportunities beyond the base capital plan.

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: the implementation of the Corporation's five-year capital investment plan; 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 realization of additional opportunities; the impact of fluctuations in foreign exchange; the Board exercising its discretion to declare dividends, taking into account the business performance and financial condition of the Corporation; reasonable decisions by utility regulators and the expectation of regulatory stability and no significant changes in laws and regulations that may materially negatively affect the Corporation and its subsidiaries. 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 refer to mid-year rate base.**

# Fortis: A Highly Regulated Energy Delivery Company





# High Quality & Diverse Utility Portfolio

10

UTILITY OPERATIONS  
Canada, U.S. & Caribbean

3.3

MILLION  
UTILITY CUSTOMERS  
2.0M Electric & 1.3M Gas

~99%

REGULATED  
UTILITY ASSETS

~93%

TRANSMISSION &  
DISTRIBUTION

\$26.1

BILLION IN  
MIDYEAR RATE  
BASE IN 2018

~65%

EARNINGS  
FROM THE U.S.

Note: All information as at December 31, 2018.

# Our Strategy

## STRATEGY



6%

Average Annual Dividend  
Growth Target through  
2023

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



Focus on  
Growth

## AREAS OF FOCUS:

Utility Capital  
Investment  
Plan

System  
Resiliency &  
Cybersecurity

Sustainability &  
Delivery of  
Cleaner Energy

Customer &  
Regulatory  
Relationships

Energy Infrastructure,  
LNG Expansion &  
Energy Storage

Investment  
Grade Credit  
Ratings

# Sustainability: It's How We Do Everything



## Ranked Top Decile on Governance Matters<sup>(1)</sup>

- Women represent
  - 60% of Head Office
  - 42% of Board
  - 1/3 of Executive team



## Focused on Delivering Cleaner Energy

- Carbon Intensity Decreased **63%** since 2015
- Renewable Generation Expansion in Arizona

**93%** of our assets are electricity poles, wires and natural gas lines



## Outperformed Industry Averages in Safety and Reliability Measures<sup>(2)</sup>



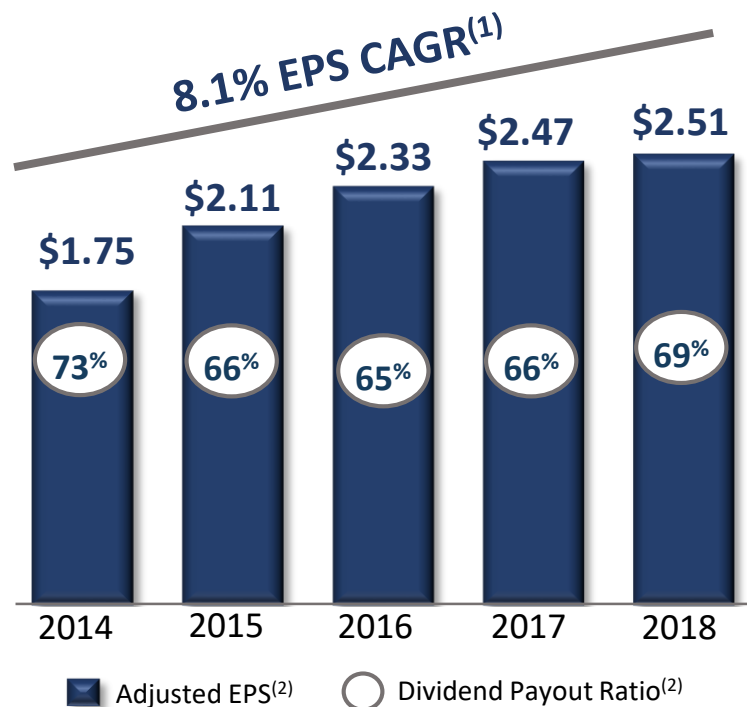
**~\$13M** invested in communities that we serve in 2018

(1) Ranked 7 out of 237 S&P/TSX Composite companies in the 2018 Globe and Mail Board Games and received the 2017 Governance Gavel Award for "Best Disclosure of Corporate Governance and Executive Compensation Practices."

(2) In 2018 the Fortis all-injury frequency rate was 1.47, outperforming the Canadian industry rate of 1.6 and the U.S. rate of 1.9 and the average hours of interruption per customer served was 2.07, compared to the industry average of 3.6 hours.



# Strong Financial Track Record



(1) 5-year period ending 2018 and reflects adjusted EPS, a non-US GAAP measure.

(2) Reflects adjusted EPS, a non-US GAAP measure.

(3) 5-year period ending 2018 and excludes acquisition impacts. Including acquisitions, CAGR is 21%.



## 2018 Key Statistics

**8,800** Employees

**\$8.4B** Revenues

**\$1.1B** Net Earnings

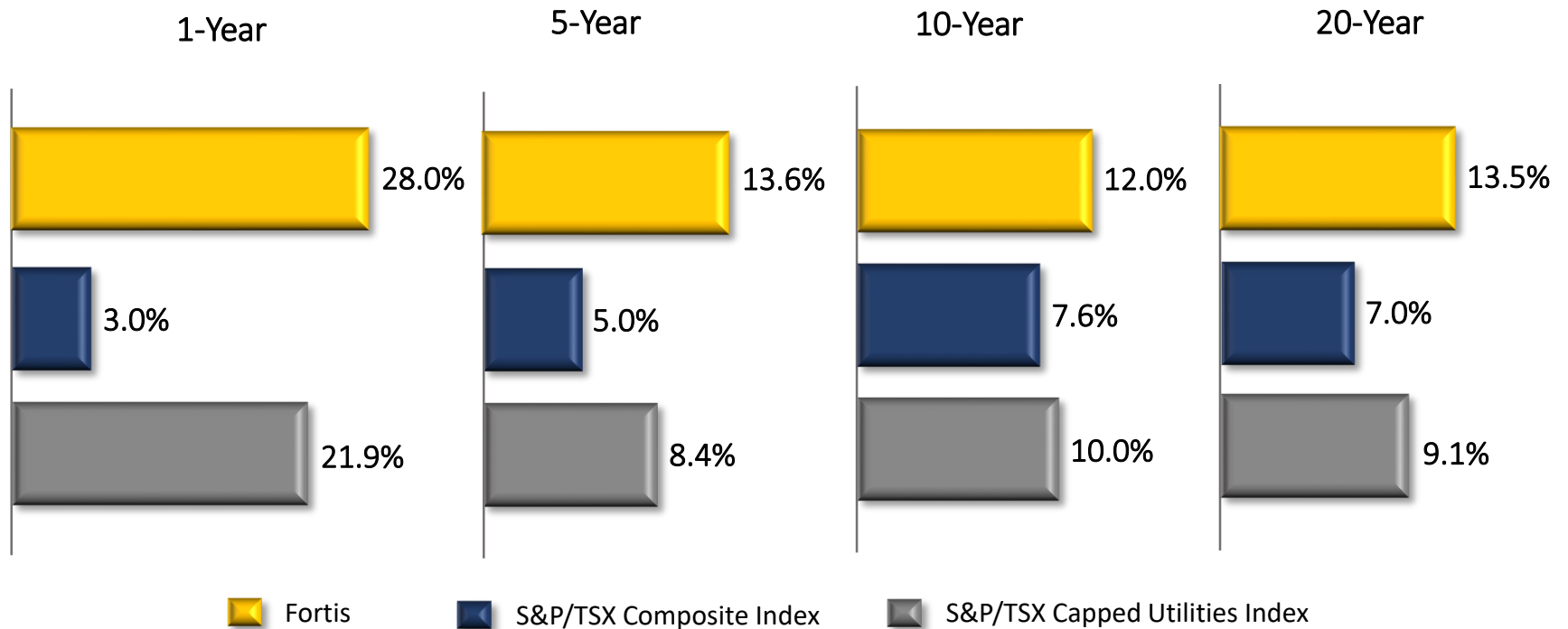


## Strong Rate Base Growth

**6%** 2018 Rate Base Growth

**6%** 5-Year Historical Rate Base CAGR<sup>(3)</sup>

# Consistently Delivering Superior Average Annualized Total Shareholder Returns



Note: For the period ending May 31, 2019.



# 2019-2023 Business Plan Highlights



**\$17.3B**

**5-Year  
Capital Plan**



**6-7%**

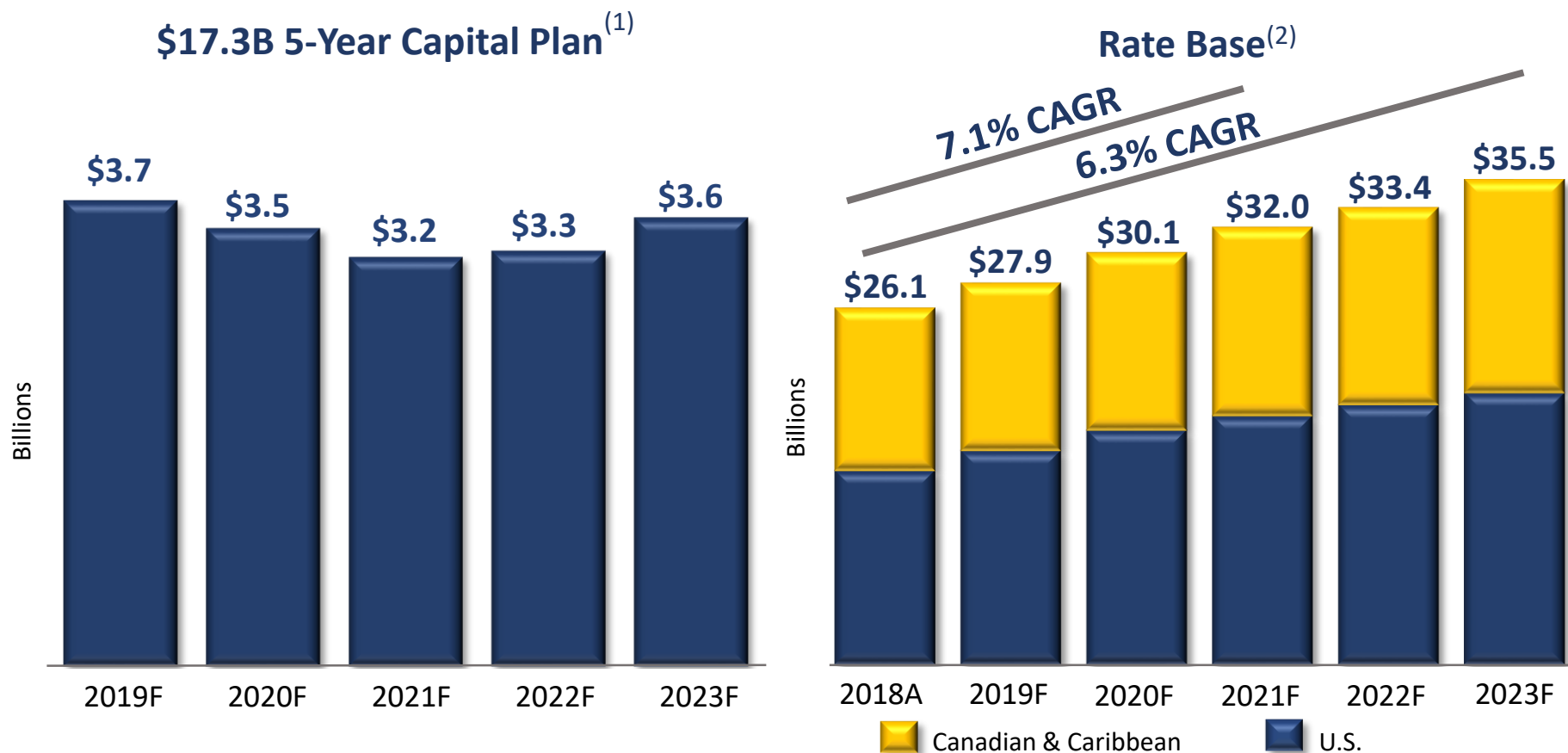
**Rate Base  
Growth**



**6%**

**Average Annual  
Dividend Growth  
Target to 2023**

# Capital Plan Supports 6-7% Average Annual Rate Base Growth



(1) Capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.28.

(2) US dollar-denominated rate base for 2018 is based on the actual average USD/CAD foreign exchange rate of \$1.30 and forecast rate base for 2019 to 2023 is based on \$1.28. Holding foreign exchange constant at \$1.30, rate base CAGR would be 6.5% for 5-year CAGR and 7.4% for 3-year CAGR.

# Executing on Capital Plan

## Supporting a Cleaner Energy Future

### TEP Oso Grande 247 MW Wind Project



Once complete:

- Renewable energy production will be ~28% of retail sales
- Helps to achieve 30% renewables target

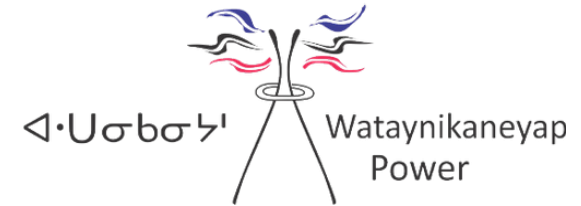
### FortisBC Energy Conservation & Efficiency Program Increased to ~\$370M



Expected to:

- Decrease CO<sub>2</sub> emissions by 50K tonnes annually
- Equivalent of taking 11K cars off the road

### Obtained Leave to Construct from OEB



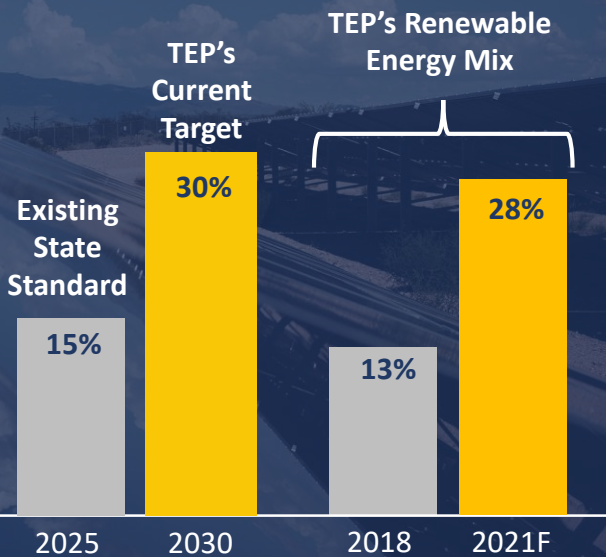
Next steps include:

- Environmental assessment approvals
- Connects 17 First Nations to clean & reliable energy

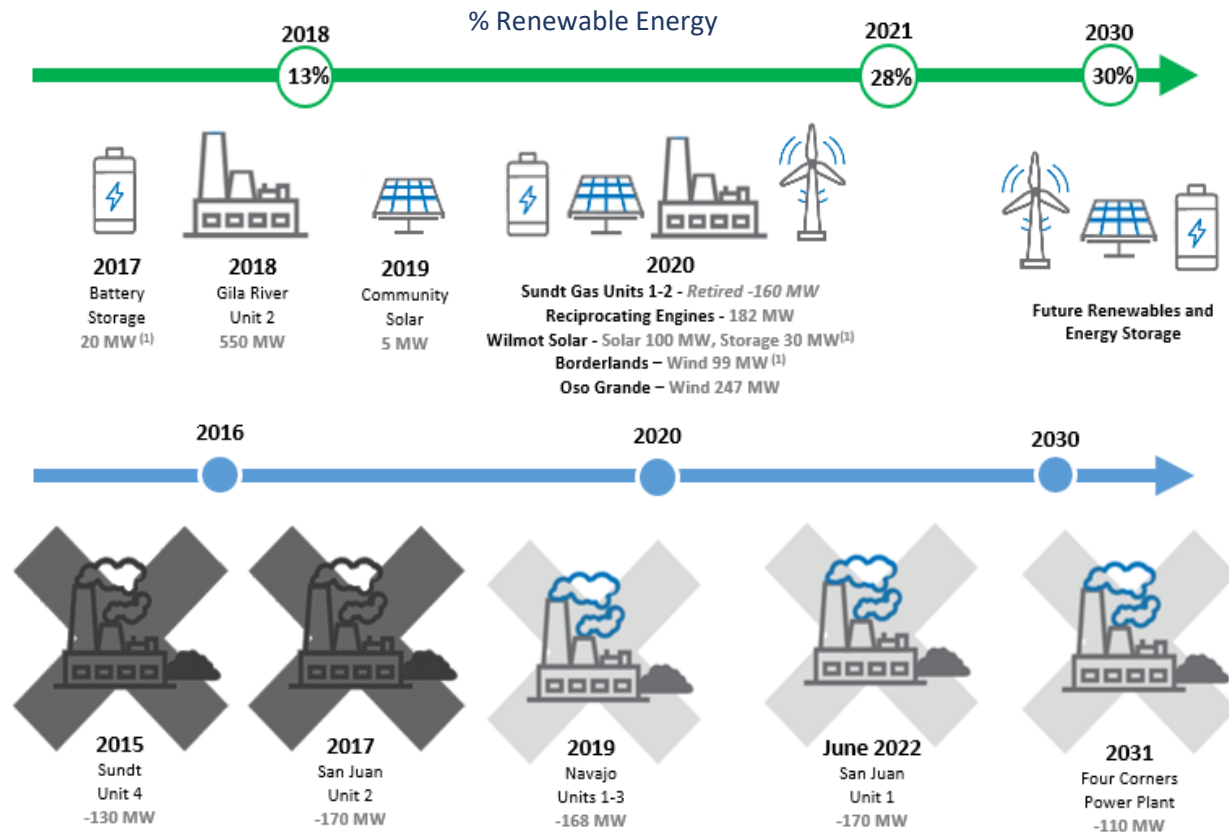


# TEP: Focused on Renewables

**30%**  
**Renewables by**  
**2030**



## TEP's Resource Transition



(1) Project developed through purchase power agreements.

# TEP Rate Case Filing

## Summary of TEP Rate Case Applications

	<b>2017 General Rate <u>Approved</u> Application</b>	<b>2019 Rate Case <u>Requested</u> Application</b>
Test Year	June 30, 2015	December 31, 2018
New Rates Effective	February 2017	May 1, 2020
Rate Base	US\$2.0B	US\$2.7B
Non-Fuel Rate Increase	US\$81M	US\$115M <sup>(1)</sup>
Equity/Debt	50%/50%	53%/47%
ROE	9.75%	10.35%

(1) Non-fuel rate increase is offset by a US\$39M reduction in fuel costs equating to a net US\$76M total revenue request.

**2018**  
**Test Year**

**Annual Customer  
Rate Increases  
Below Inflation  
Rate Over Past 10  
Years**

# 2019 Regulatory Outlook



## MISO Base ROE Complaints

- FERC recently established new supportive methodology
- Awaiting final decision from FERC

Notice of Inquiries (NOIs) issued by FERC in March 2019 to seek stakeholder comments on:

- Incentive policies for transmission investment
- Methodology for establishing ROEs



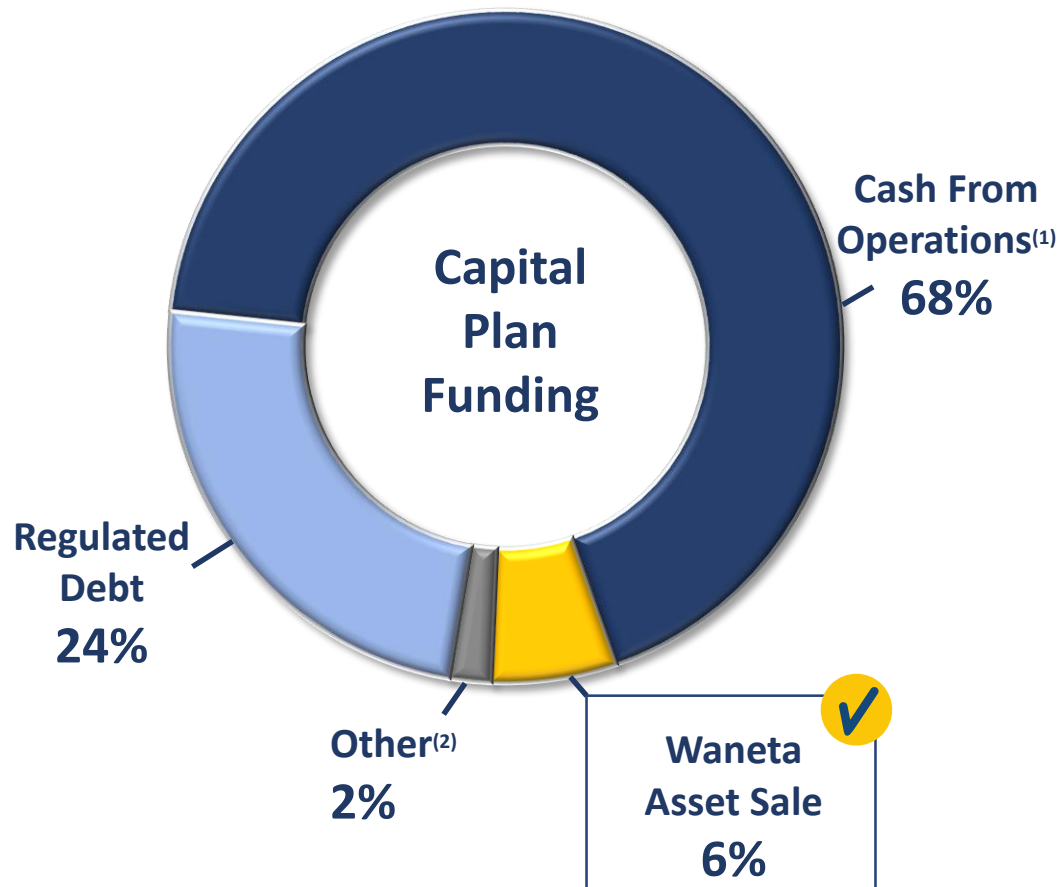
TEP rate case filed on April 1<sup>st</sup> using December 31, 2018 test year



2020-2024 Multi-Year Rate Plan Filed in March 2019



# Execution of Funding Plan Supports Investment-Grade Credit Ratings



(1) Cash from operating activities after net dividends and customer contributions. This is a non-US GAAP measure.

(2) Includes non-regulated debt and funds from the Corporation's employee stock purchase and stock option plans.

(3) In March 2019, S&P affirmed the Corporation's credit rating and outlook.

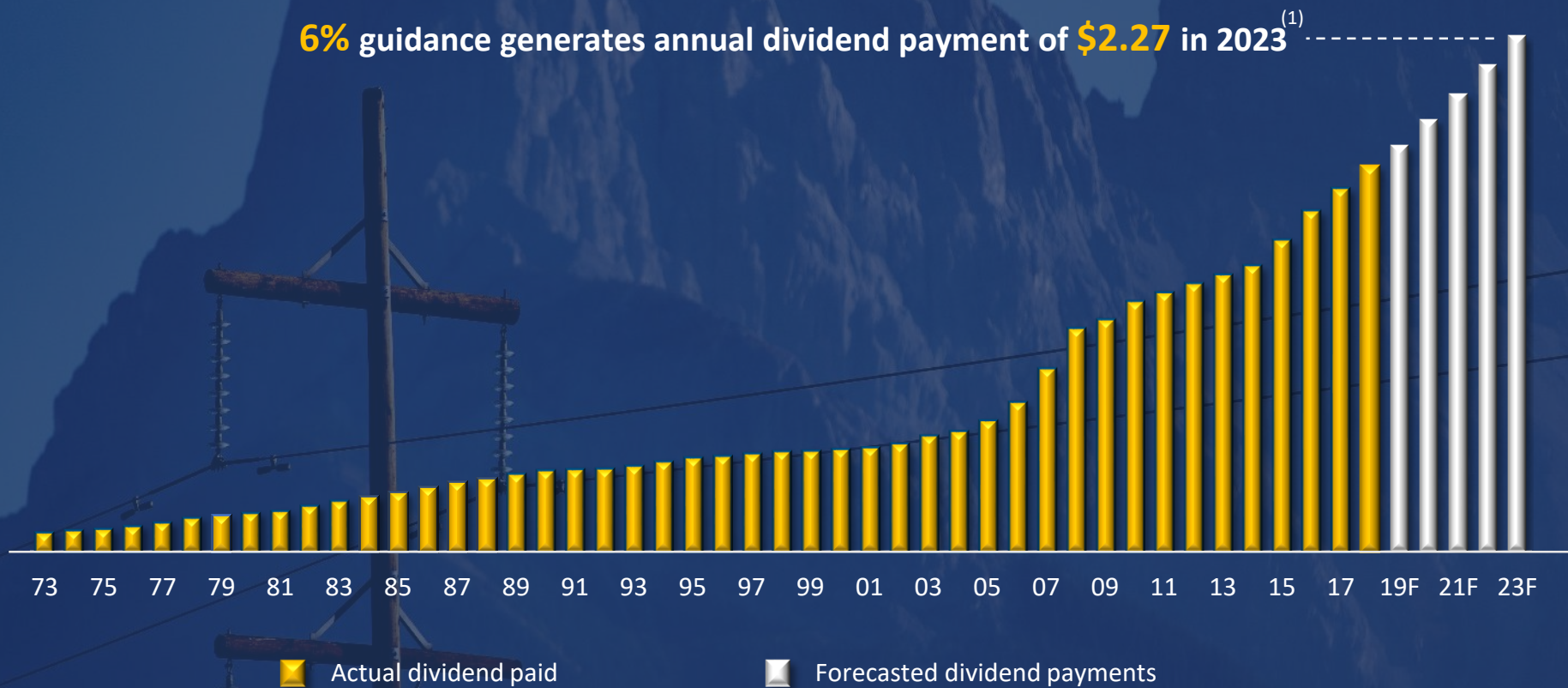
## Investment-Grade Credit Ratings

S&P Global	A- / BBB+ <sup>(3)</sup>
DBRS	BBB (high)
Moody's	Baa3

CFO/Debt  $\geq$  **11%**  
&  
Improved Holdco  
Debt / Total Debt

# Leader in Dividend Growth With 45 Years of Dividend Increases

6% guidance generates annual dividend payment of **\$2.27** in 2023<sup>(1)</sup>



(1) Based on an annualized dividend of \$1.70 in 2018.

# Why Invest In Fortis?



Well-Run Utilities



Virtually All Regulated



Highly Diversified



Strong Growth Profile



6% Dividend Guidance



Opportunities Beyond  
Capital Plan







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