

# INVESTOR PRESENTATION

September 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: the 2050 net-zero GHG emissions target and forecast interim GHG emissions reduction pathway to net-zero; the 2035 GHG emissions reduction target and the projected asset mix; planned coal retirements and the expectation to exit coal by 2032; FortisBC's GHG emissions reduction target; TEP's integrated resource plan and projected asset mix; forecast capital expenditures for 2022-2026, including cleaner energy investments; anticipated impacts of the Inflation Reduction Act on capital expenditures and the utility sector; targeted average annual dividend growth through 2025; forecast rate base and rate base growth through 2026; the nature, timing, benefits and costs of certain capital projects and additional opportunities beyond the capital plan, including the MISO long-range transmission plan; the expected timing, outcome and impacts of regulatory proceedings; expected funding sources for the capital plan and the expectation that the capital structure will remain consistent over the next five years; potential impacts of changes in commodity prices and supply chains; and scheduled debt maturities for 2022-2031.

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 or rising 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 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

~\$28B Market Capitalization<sup>(1)</sup>

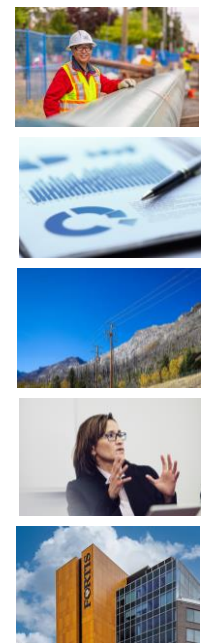
10% Average Annual 10-Year Total Shareholder Return<sup>(1)</sup>

\$31.1B 2021 Rate Base

(1) As of August 31, 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



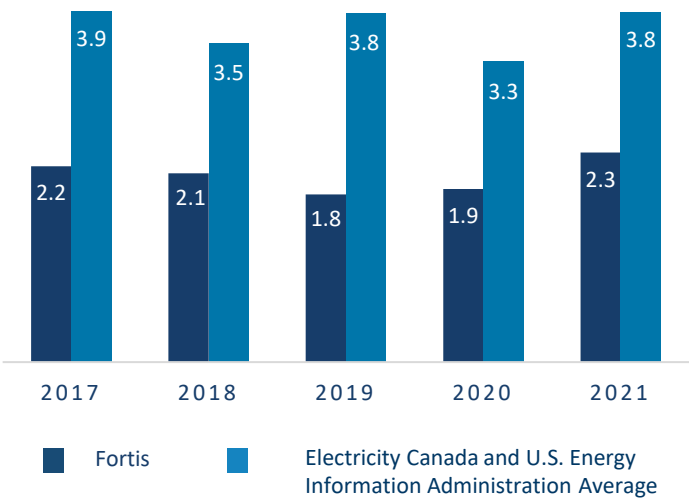
Customer  
& Community

DRIVING  
SUSTAINABLE  
GROWTH

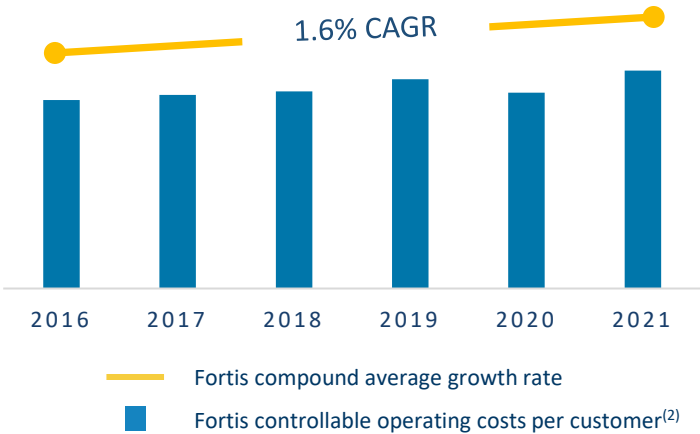


# FOCUSED ON RELIABILITY & AFFORDABILITY

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



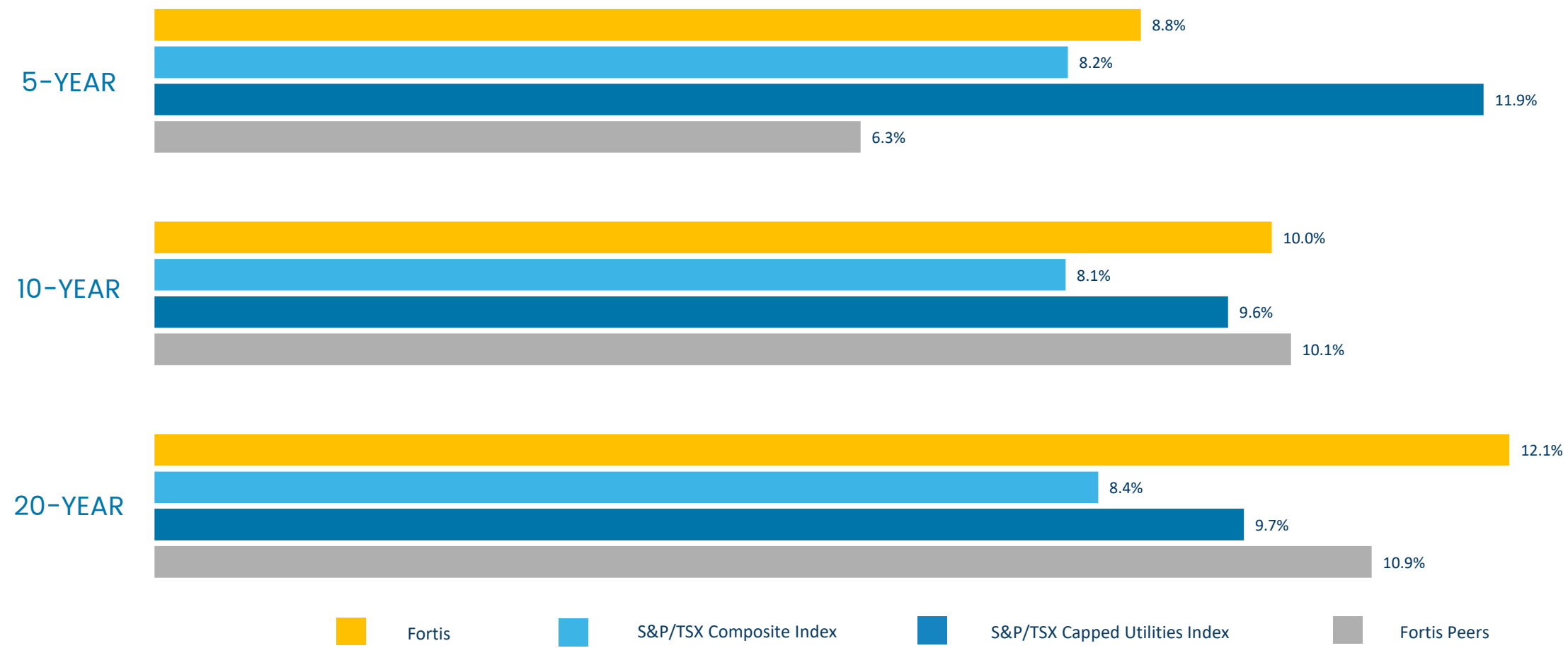
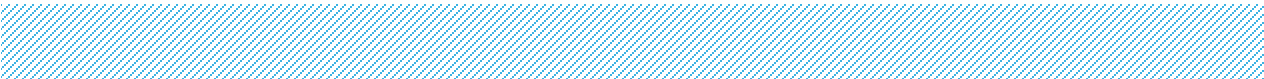
MANAGING CONTROLLABLE OPERATING COSTS BELOW INFLATION



(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



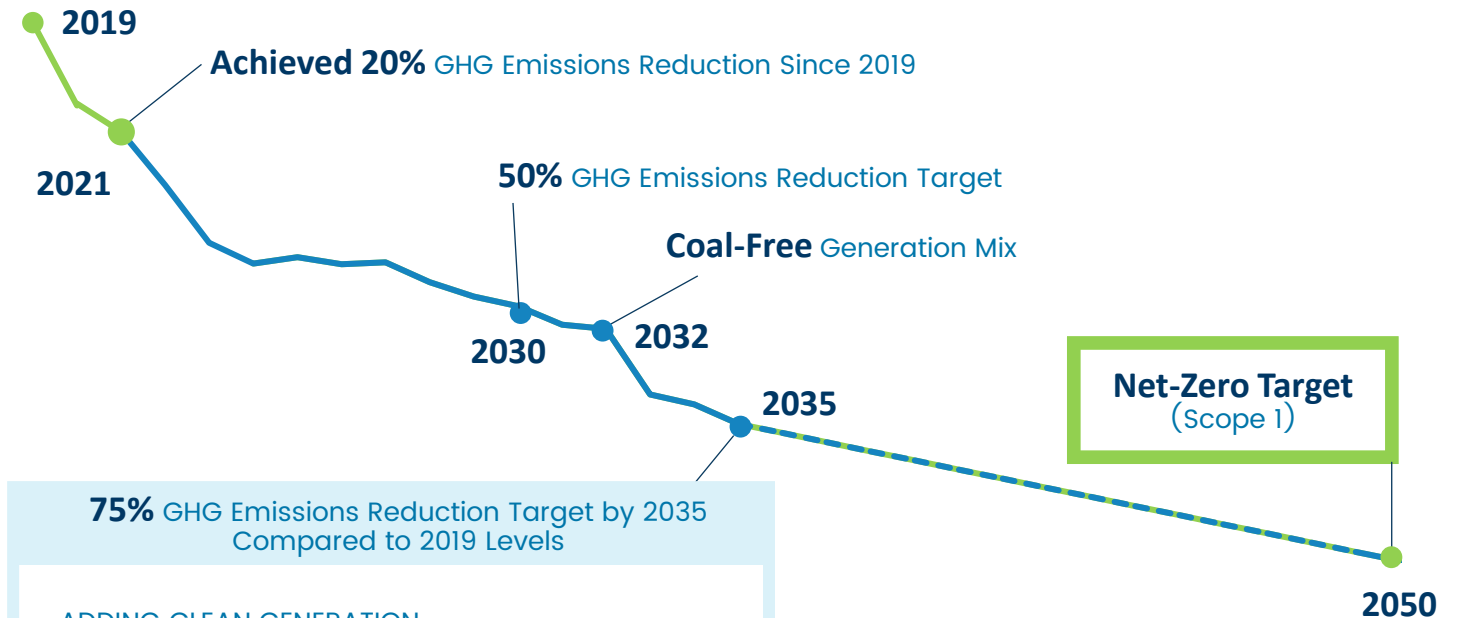
Note: TSR as at August 31, 2022.

# EXECUTING ON A CLEAN ENERGY FUTURE

## 2022 Sustainability Report Highlights:

- Over 35 new key performance indicators
- Fortis aligned with GRI, TCFD and SASB
- Strong board diversity with 54% female directors
- New sustainability-linked loan provisions
- Enhanced linkage between sustainability performance and executive compensation

## 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





# ESG LEADERSHIP



## ENVIRONMENTAL

- 93% energy delivery assets
- 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 \$3.8B 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

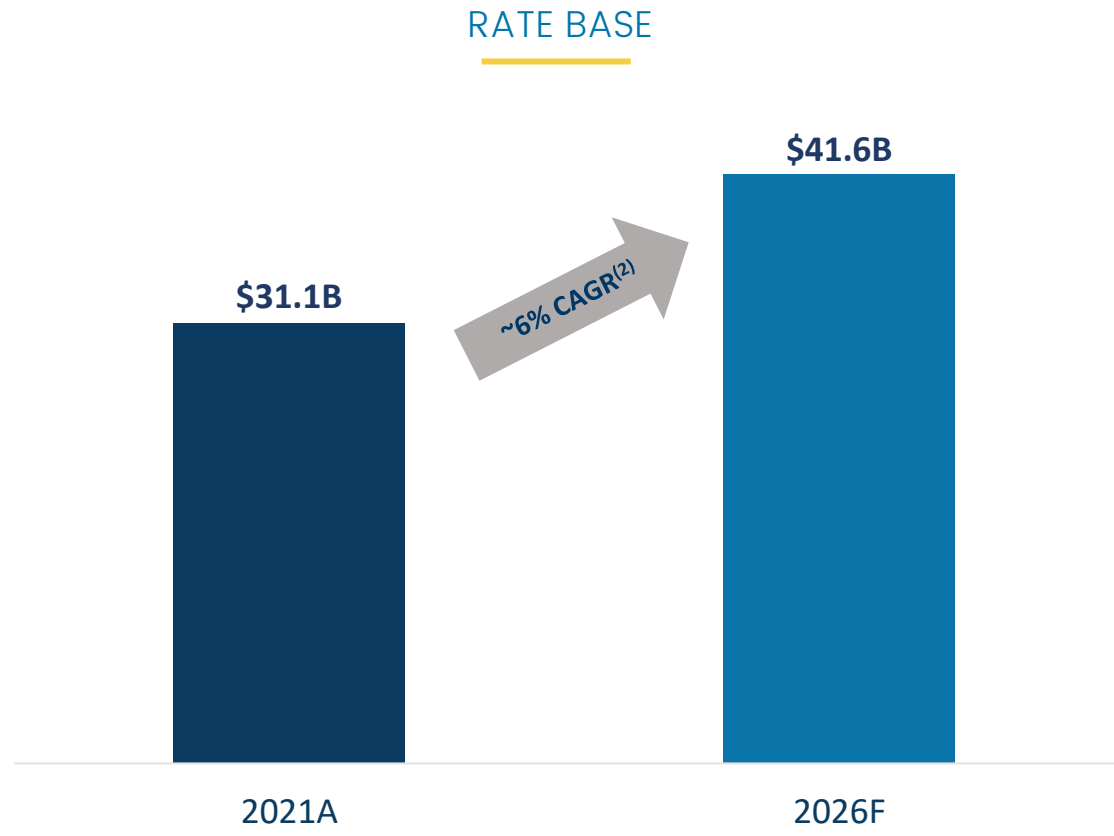
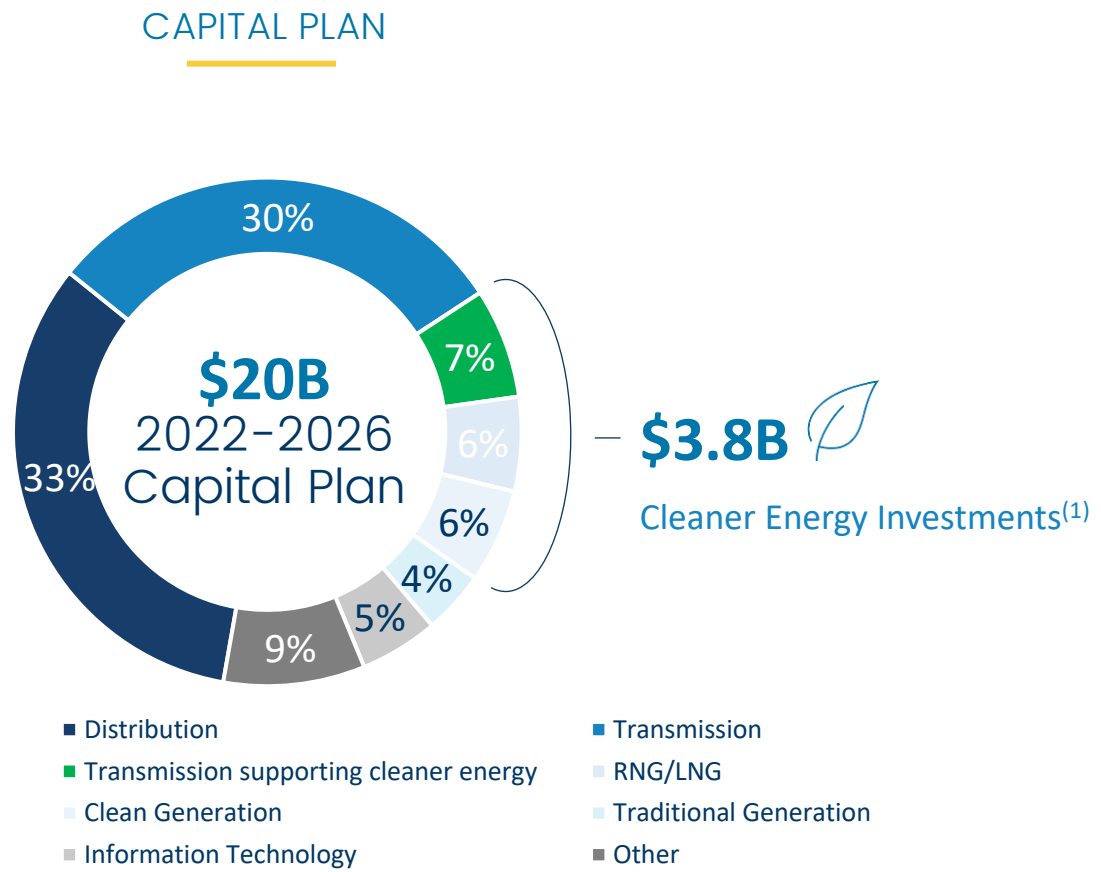
- Strong safety culture and commitment to employee well-being
- More than \$10 million of community investment in 2021
- Economic and business development in the communities we serve
- Focused on Indigenous partnerships and Indigenous businesses
- Focused on just transition
- Established Fortis-wide Diversity, Equity and Inclusion Advisory Council
- 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



# 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 same manner as Capital Expenditures. Refer to Q2 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 1.25 for 2022-2026.

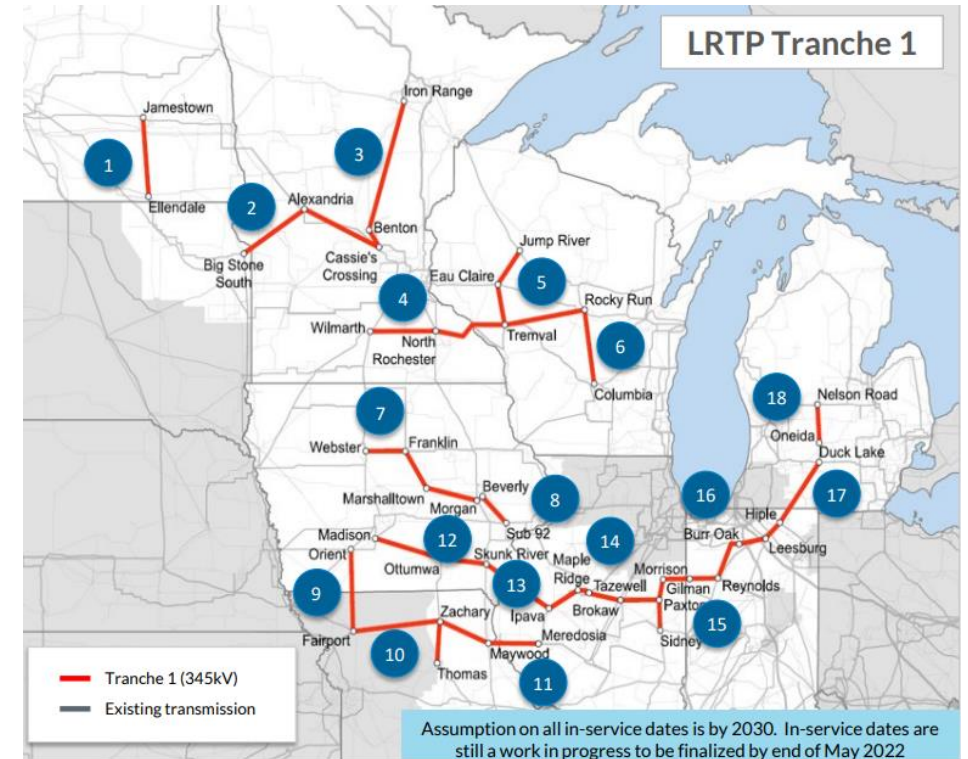
(1) Cleaner energy investments defined as capital that reduces air emissions, water usage and/or increases customer energy efficiency.

(2) Refer to the Q2 2022 MD&A glossary for the calculation of CAGR. U.S. dollar-denominated rate base converted at a USD:CAD foreign exchange rate of 1.25 for 2021-2026. Rate base refers to the stated value of property on which a regulated utility is permitted to earn a specified return in accordance with its regulatory construct.

# NEAR-TERM OPPORTUNITIES TO EXPAND & EXTEND GROWTH

## MISO LONG-RANGE TRANSMISSION PLAN

- In July 2022 the MISO Board approved the first tranche of projects with total associated transmission investments estimated at ~US\$10B
- ITC estimates transmission investments of US\$1.4-\$1.8B through 2030 associated with six of 18 projects, up from previously estimated range
- ITC to provide further details on projects and timing in conjunction with release of new five-year capital outlook in October 2022



Source: MISO Transmission Expansion Plan: MTEP21 Addendum - L RTP Tranche 1 Report Overview Presentation dated April 2022

# LONG CAPEX RUNWAY

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

Connect more renewable generation to the grid

Build more renewable generation

Provide alternative energy sources to reduce emissions

Accelerate climate change adaptation for reliability, grid resiliency and hardening

Business development in existing footprint

Prepare grid for additional electrification

Invest in technology to ensure security and improve service and efficiency

Replace aging assets to maintain reliability



# INFLATION REDUCTION ACT STRENGTHENS CAPEX RUNWAY

Passage of Inflation Reduction Act positive for Fortis and utility sector and aligns with Fortis' clean energy goals

## Connect more renewable generation to the grid

- IRA expected to mitigate customer rate impacts of energy transition
- Transmission siting reform

## Build more renewable generation

- 10-year extension of ITCs and PTCs for renewables, clean hydrogen, nuclear and storage
- Supports clean energy transition in Arizona and mitigates customer rate impacts

## Provide alternative energy sources to reduce emissions

- US\$5B in energy infrastructure reinvestment financing
- Potential resource to help communities impacted by TEP's transition from coal

## Accelerate climate change adaptation for reliability, grid resiliency and hardening

## Replace aging assets to maintain reliability

- US\$2B in loans for new or upgraded transmission facilities
- Supports incremental transmission growth

## Business development in existing footprint

## Prepare grid for additional electrification

- EV credits up to US\$7.5K, tax credits for EV charging, and US\$9B in electrification rebates
- Supports incremental transmission growth based on high electrification scenarios (e.g. MISO LRTP Futures 2&3)

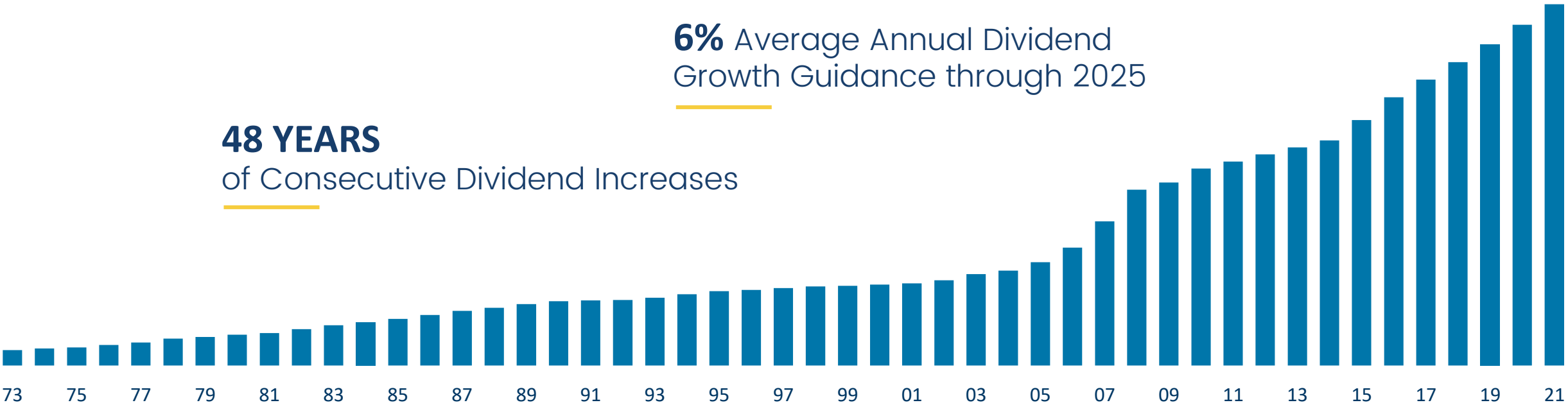
## Invest in technology to ensure security and improve service and efficiency

# DIVIDEND GUIDANCE SUPPORTED BY LONG-TERM GROWTH STRATEGY



**6%** Average Annual Dividend  
Growth Guidance through 2025

**48 YEARS**  
of Consecutive Dividend Increases



# REGULATORY UPDATE

**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



**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

**FERC MISO BASE ROE** – In August 2022, the DC Circuit Court of Appeals issued a decision vacating prior FERC orders that set out the methodology used to calculate the MISO base ROE, on the basis that FERC did not adequately explain why it reintroduced the risk-premium model in its methodology; the timing and outcome of this proceeding remains unknown



**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



**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



**COST OF SERVICE (COS) APPLICATION** – In July 2022, the AUC issued a decision in FortisAlberta's 2023 COS Rebasing application, largely accepting the forecasting methodology and O&M forecast, while ordering reductions to certain escalation factors including inflation for capital costs and customer growth.



# FUNDING PLAN SUPPORTS INVESTMENT-GRADE CREDIT RATINGS



## FUNDING PLAN

- Capital plan funded primarily with cash from operations and debt at regulated utilities
- Equity funding mainly through DRIP
  - No discrete equity required to fund capital plan
- Capital structure expected to remain consistent over five-year outlook
- Alternative Minimum Tax not expected to impact funding plan<sup>(1)</sup>
  - Minimal impact to CFO/Debt of <20 bps<sup>(2)</sup>



## CREDIT RATINGS

**S&P Global**

A-<sup>(3)</sup>

**MOODY'S**

Baa3

**MORNINGSTAR**



A (low)

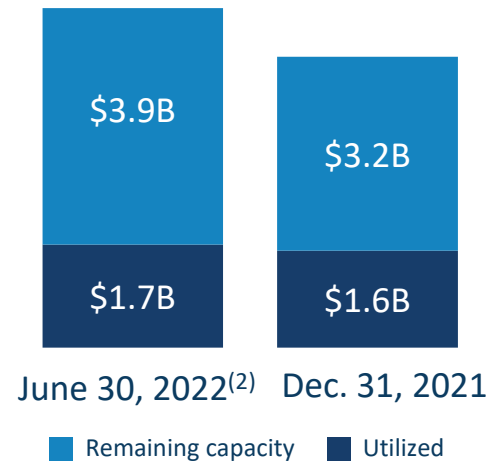
(1) Overall impact is subject to final regulations.  
(2) Reflects estimated impact on 2023 forecast credit metrics. Estimate subject to publication of final regulations.  
(3) S&P rating reflects the issuer credit rating. Fortis' unsecured debt rating is BBB+.

# STRONG LIQUIDITY

## OVER \$2B IN DEBT RAISED YTD

- ITC
  - US\$150M 30-year 2.93% bonds 
  - US\$75M 30-year 3.05% notes
  - US\$600M 5-year 4.95% notes<sup>(1)</sup>
- UNS Energy
  - US\$325M 10-year 3.25% notes
- Central Hudson
  - US\$50M 5-year 2.37% notes
  - US\$60M 7-year 2.59% notes
- FortisAlberta
  - \$125M 30-year 4.62% debentures
- Fortis Inc.
  - \$500M 7-year 4.43% notes

## CREDIT FACILITIES



(1) Notes issued in September 2022.

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

Corporation's \$1.3B revolving-term credit facility amended in May 2022 to include **sustainability-linked** targets

- **Board diversity** 
- **GHG Emissions** 

# WHY INVEST IN FORTIS?



**Focused on**  
ENERGY DELIVERY



**Geographic &  
Regulatory DIVERSITY**



**6% DIVIDEND**  
**Growth Guidance**



**WELL-RUN**  
**Local Utilities**



**LOW-RISK**  
**Growth Profile**



**Virtually**  
**All REGULATED**



**ESG**  
**Leader**



**INNOVATIVE**



# UPCOMING EVENTS

## EXPECTED EARNINGS RELEASE DATES

- October 28, 2022 – Q3 2022 Earnings and Five-Year Capital Outlook Conference Call
- February 10, 2023 – Q4 2022 Earnings Call

# APPENDIX

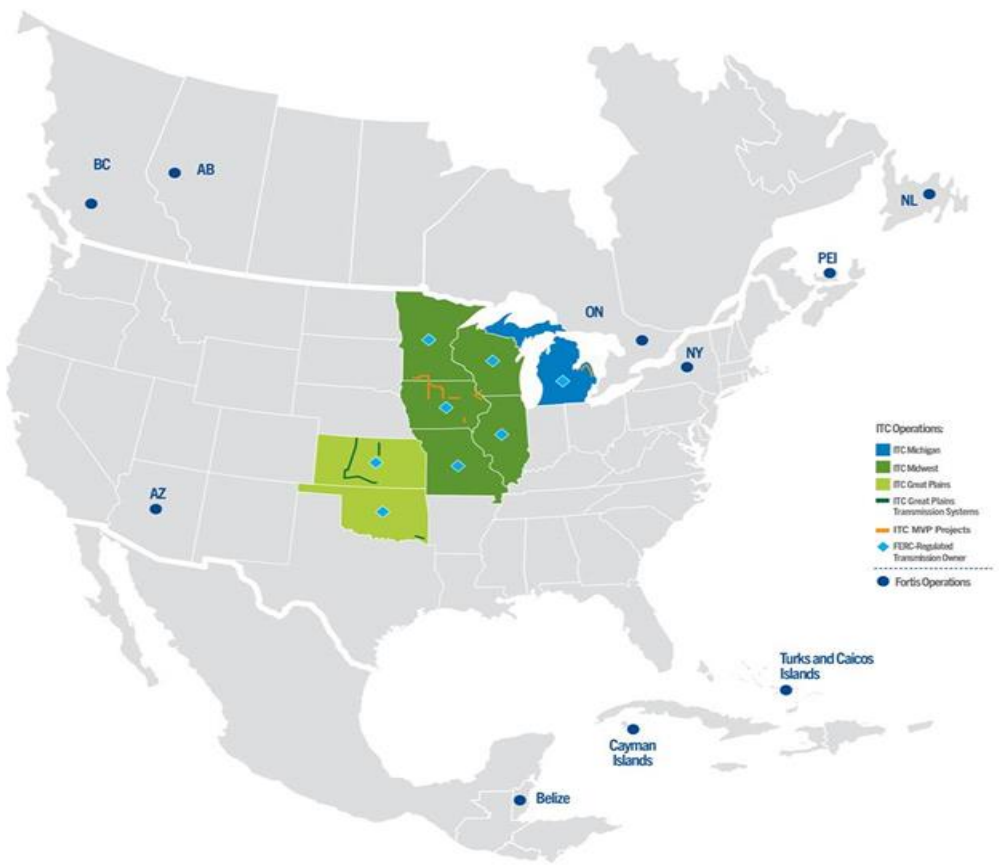




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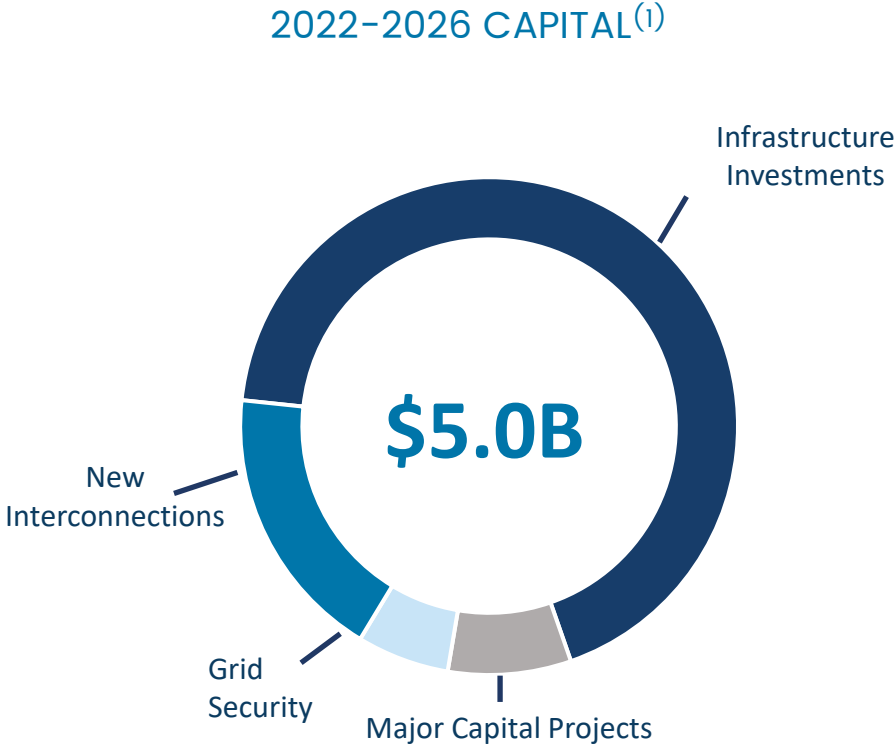




Type of Utility	Transmission
Regulator	FERC
Regulatory Model	Cost of Service with FERC Formula Rates
Current Regulatory Construct	10.77-11.41% ROE on 60% equity
Significant Regulatory Features	Cost-based, forward-looking formula rates with annual true-up
2022F Rate Base <sup>(1)</sup>	\$10.1B
5-Year Rate Base CAGR (2022F-2026F)	5.9%
2021 Assets % of Total Consolidated Regulated Assets <sup>(2)</sup>	37%
Development Opportunities <sup>(3)</sup>	Connecting Renewables, Grid Modernization & MISO Long Range Transmission Plan
Regulatory Proceedings	Notice of Proposed Rulemaking (NOPR) on Incentive Policy, Supplemental NOPR on Regional Transmission Organization Incentive Adder, NOPR on Regional Transmission Planning and Cost Allocation, ITC Midwest Capital Structure Complaint & FERC MISO Base ROE

(1) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.25.  
(2) Includes goodwill  
(3) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# ITC CAPITAL INVESTMENT OVERVIEW



## \$3.6B Infrastructure Investments

Rebuild, reliability, resiliency, system efficiencies, increased capacity, circuit overloads, pocket load growth



## \$800M New Interconnections

Supports economic development, load interconnection requests and changes in generation sources



## \$200M Grid Security

Physical and cyber hardening along with technology upgrades



## \$400M Major Capital Projects

Multi-Value Regional Transmission Projects & 34.5 to 69kV Transmission Conversion Project

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.25.



	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
2022F Rate Base <sup>(2)</sup>	\$6.5B		
5-Year Rate Base CAGR (2022F-2026F)	6.4%		
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 <sup>(5)</sup>		

(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 1.25.  
(3) Includes goodwill  
(4) Development opportunities are not included in the base capital forecast and represent incremental capital spending.  
(5) In June 2022, TEP filed its general rate application with the ACC.



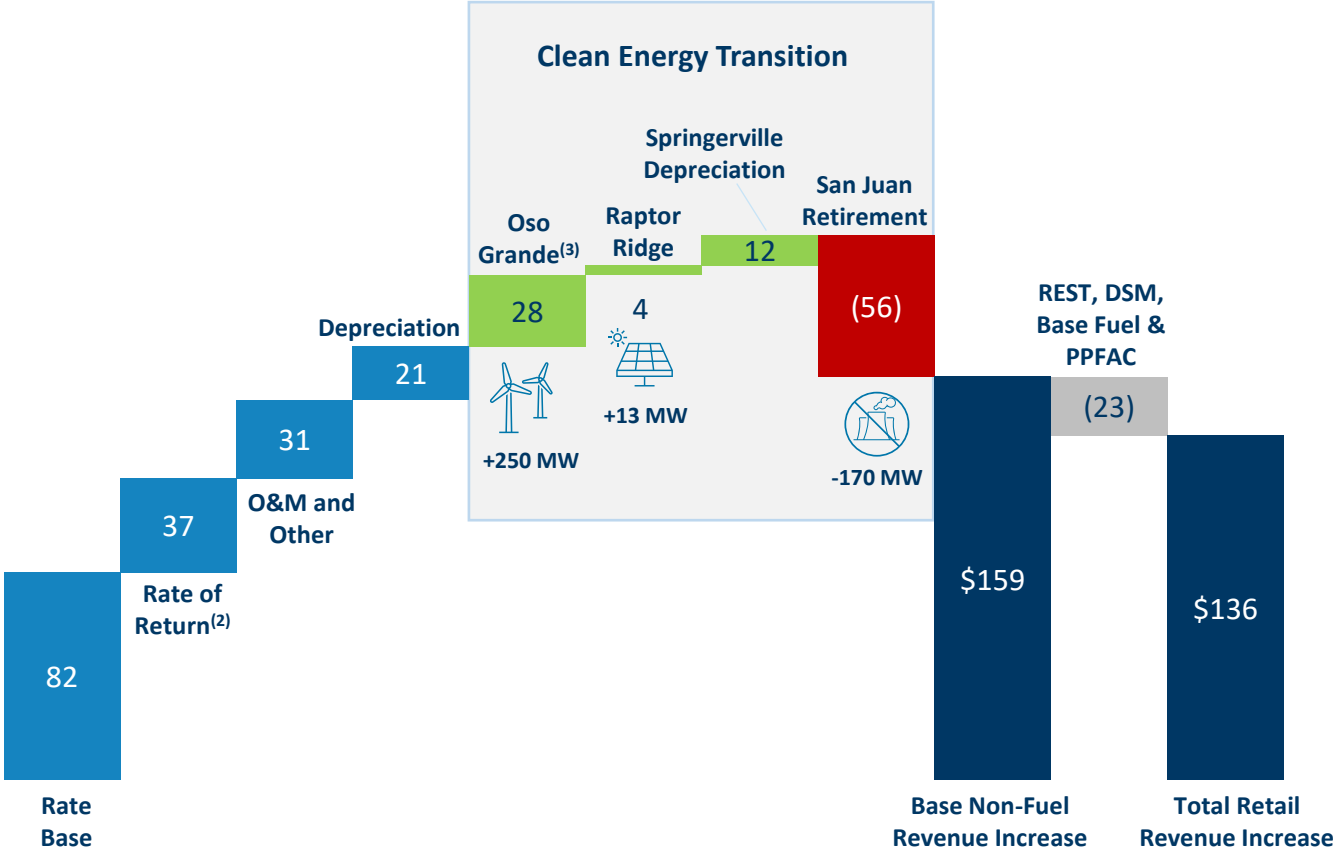
# TEP GENERAL RATE APPLICATION

APPLICATION SUPPORTS TEP'S CLEAN  
ENERGY TRANSITION AND CONTINUED  
DELIVERY OF SAFE AND RELIABLE SERVICE

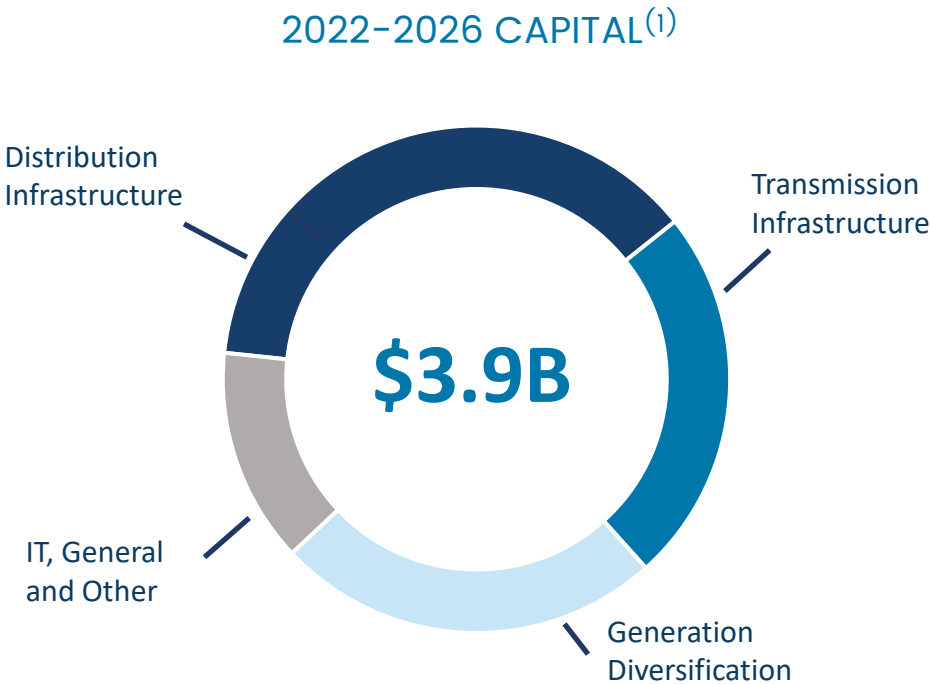
	2019 Rate Case		2022 Rate Case
	Application	Decision	Application
Test Year	December 31, 2018		December 31, 2021
New Rates Effective	May 2020	January 2021	September 2023
Rate Base	US\$2.7B	US\$2.7B	US\$3.6B <sup>(1)</sup>
Non-Fuel Revenue Increase	US\$115M	US\$58M	US\$159M
Equity/Debt	53%/47%	53%/47%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



# UNS CAPITAL INVESTMENT OVERVIEW



**\$1.5B Distribution Infrastructure**  
Customer meter infrastructure, grid resiliency, modernization



**\$900M Transmission Infrastructure**  
Vail-to-Tortolita, new substations



**\$1.0B Generation Diversification and Maintenance**  
Battery storage, solar



**\$500M IT, General and Other**  
Supports technology, efficiency and sustainment

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.25.

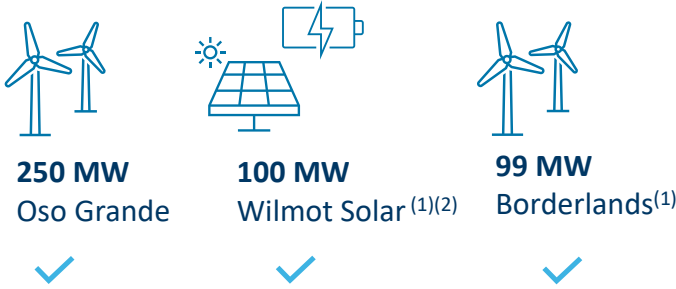
# ARIZONA FOCUSED ON RENEWABLES

TEP INTEGRATED RESOURCE  
PLAN FILED IN 2020

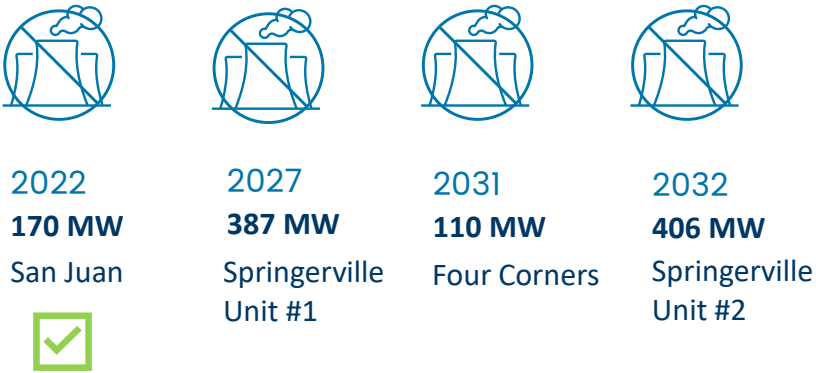
**Coal-free**  
generation mix by 2032

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



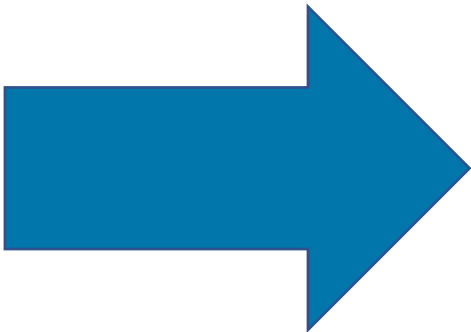
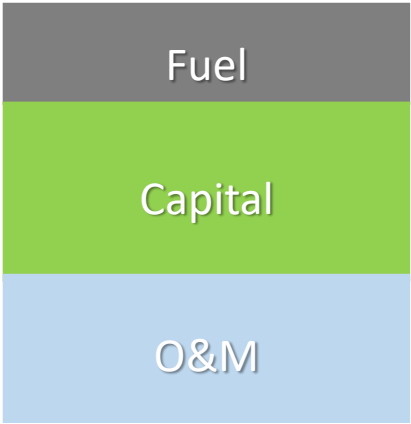
# RELIABLE & AFFORDABLE SERVICE DURING CLEAN ENERGY TRANSITION

*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

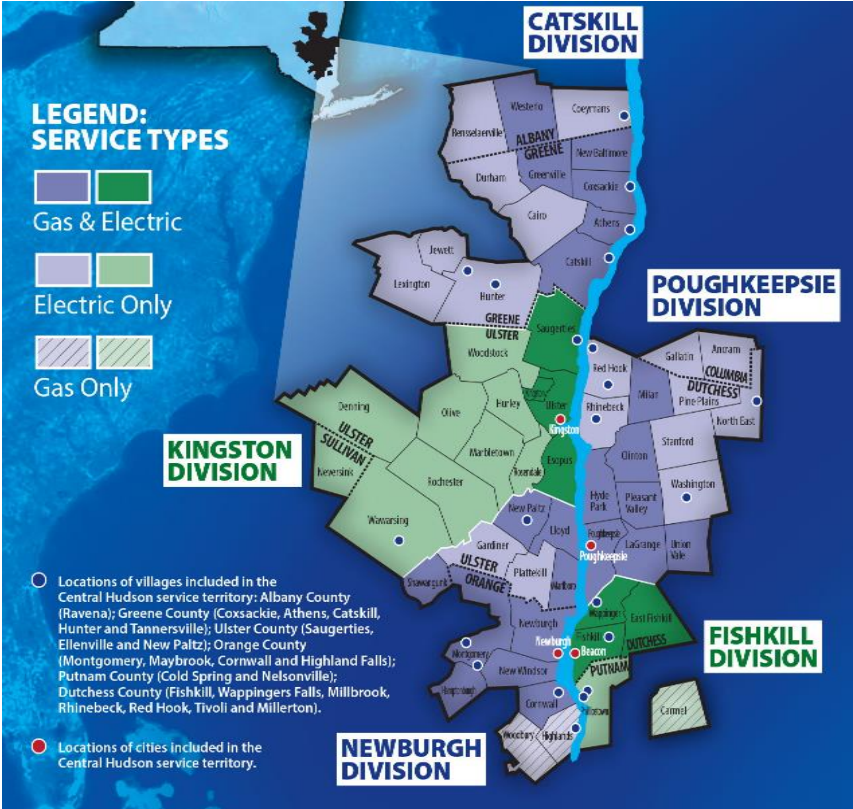


3,400 MW of Planned Wind, Solar and Storage Resources

**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

2022F Rate Base<sup>(2)</sup> \$2.4B

5-Year Rate Base CAGR (2022F-2026F) 7.4%

2021 Assets % of Total Consolidated Regulated Assets<sup>(3)</sup> 8%

Development Opportunities<sup>(4)</sup> Grid Modernization & NY Transco Expansion

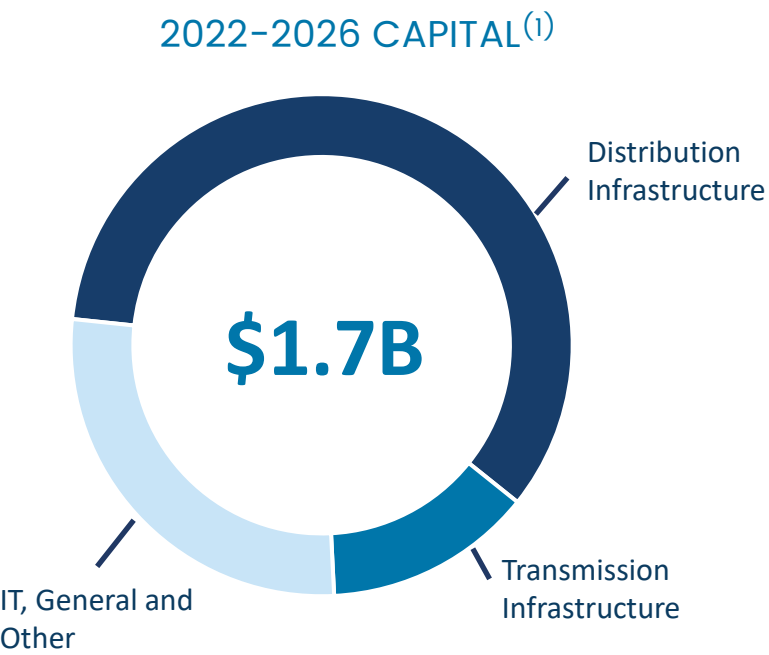
(1) In November 2021, the New York Public Service Commission approved a three-year rate plan for Central Hudson with retroactive application to July 1, 2021, including an ROE of 9.0%, and common equity component of capital structure of 50% declining by 1% annually to 48% in the third rate year.


(2) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.25.


(3) Includes goodwill

(4) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# CENTRAL HUDSON CAPITAL INVESTMENT OVERVIEW



 **\$1.0B Distribution Infrastructure**  
Distribution automation and modernization

 **\$200M Transmission Infrastructure**  
Replacement of aging infrastructure

 **\$500M IT, General and Other Modernization**  
Building the Workforce of the Future

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.25.



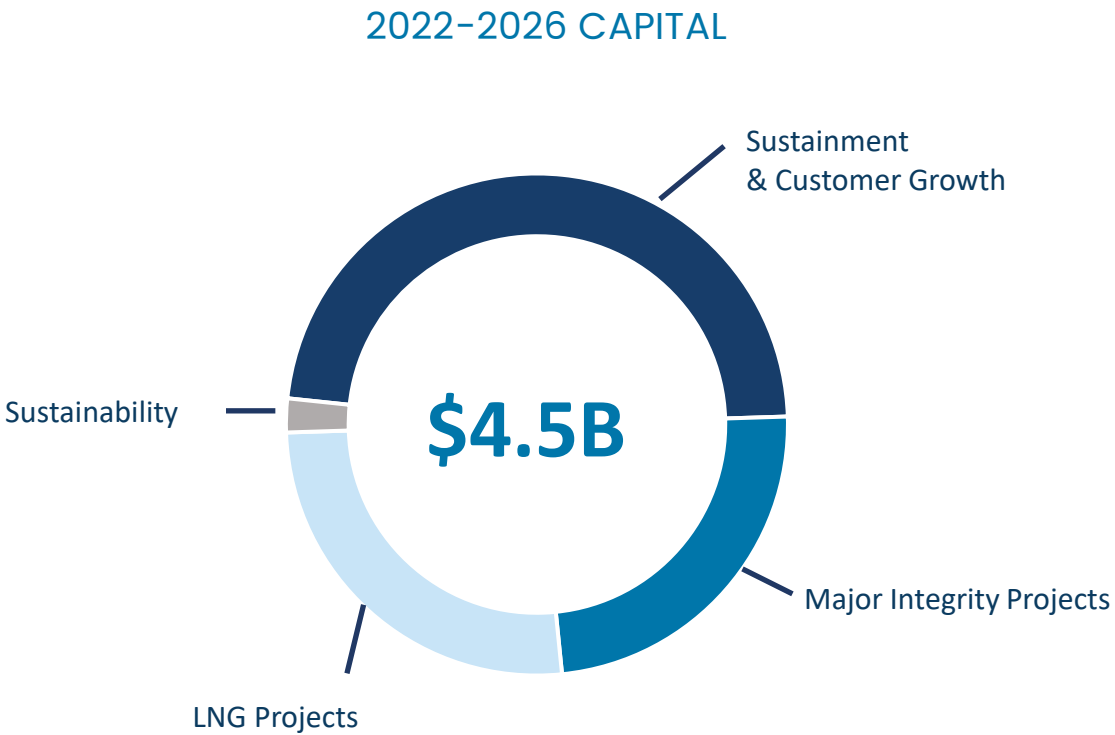


	FortisBC Gas	FortisBC Electric
Type of Utility	Gas distribution	Electricity
Regulator	British Columbia Utilities Commission	
Regulatory Model	Cost of service with incentive mechanisms	
Current Regulatory Construct	8.75% ROE on 38.5% equity	9.15% ROE on 40.0% equity
Significant Regulatory Features	Multi-year rates with revenue deferrals – changes in consumption and commodity costs do not impact earnings	
2022F Rate Base	\$5.4B	\$1.5B
5-Year Rate Base CAGR (2022F-2026F)	6.4%	4.1%
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



**\$2.1B Sustainment & Customer Growth**  
Ongoing maintenance requires significant capital investment  
Includes customer growth and general plant investment



**\$1.1B Major Integrity Projects**  
Inland Gas Upgrades Project  
Transmission Integrity Management Capabilities Project  
Advanced Metering Infrastructure Project  
Okanagan Capacity Upgrade



**\$1.2B LNG Projects**  
Eagle Mountain Woodfibre Gas Line Project  
Tilbury 1B  
Tilbury LNG Resiliency Tank



**\$100M Sustainability**  
Renewable gas projects  
Natural gas for transportation

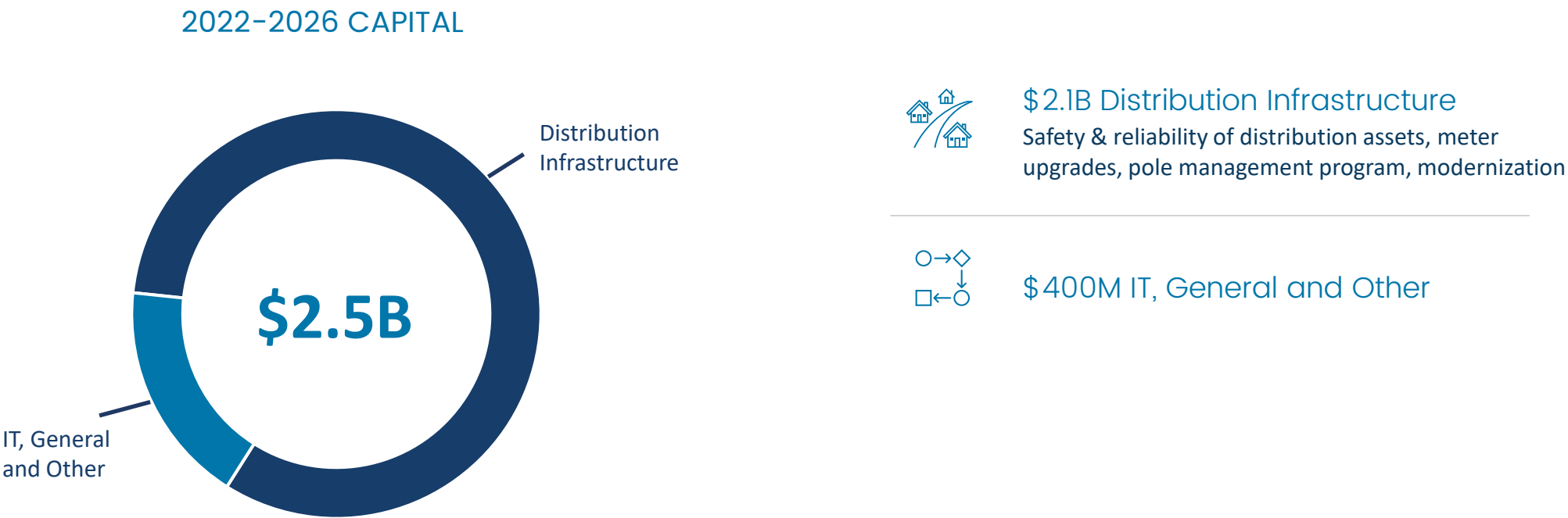


Type of Utility	Electricity distribution
Regulator	Alberta Utilities Commission
Regulatory Model	PBR
Current Regulatory Construct	8.5% ROE on 37% equity
Significant Regulatory Features	~85% of revenue derived from fixed-billing determinants
2022F Rate Base	\$4.0B
5-Year Rate Base CAGR (2022F-2026F)	4.1%
2021 Assets % of Total Consolidated Regulated Assets <sup>(1)</sup>	9%
Regulatory Proceedings	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>
2022F Rate Base	\$1.2B	\$0.4B	\$0.6B <sup>(1)</sup>
5-Year Rate Base CAGR (2022F-2026F)	3.8%	6.4%	19.8% <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%
2022F Rate Base <sup>(2)</sup>	\$0.8B	\$0.5B
5-Year Rate Base CAGR (2022F-2026F)	9.7%	1.6%
2021 Assets % of Total Consolidated Regulated Assets <sup>(3)</sup>	2%	1%
Development Opportunities <sup>(4)</sup>	Grid Modernization, Battery Storage & Renewables	

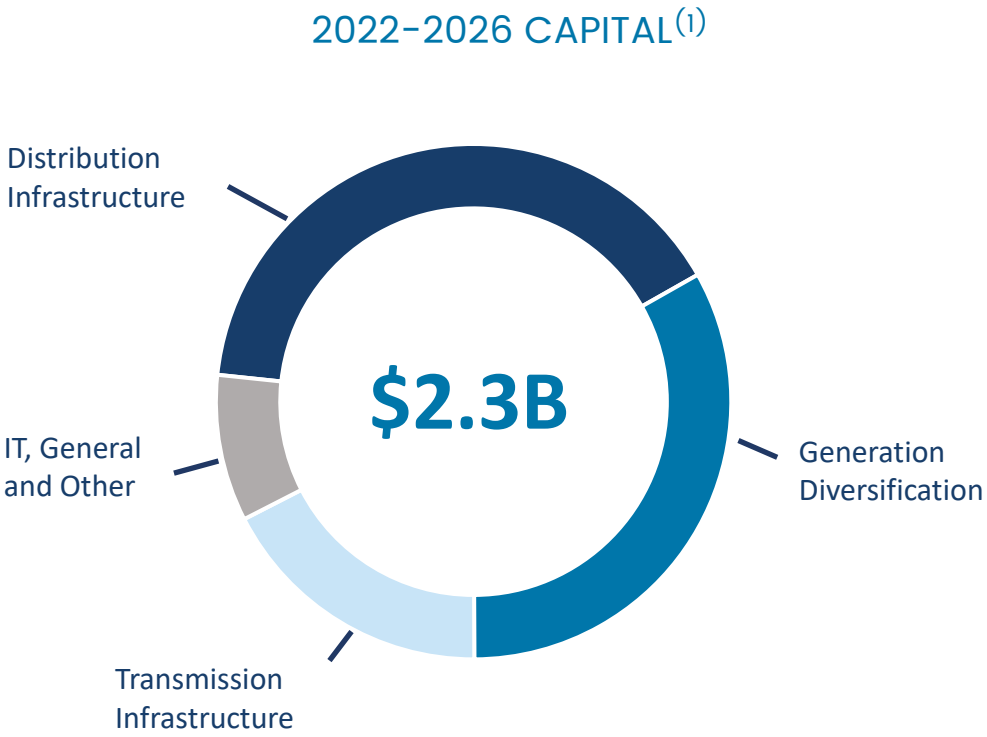
(1) Fortis has an approximate 60% controlling interest in Caribbean Utilities Company, Ltd.





(2) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.25.

(3) Includes goodwill

(4) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# OTHER ELECTRIC CAPITAL INVESTMENT OVERVIEW



-  **\$900M Distribution Infrastructure**  
Newfoundland Power and Caribbean Utilities
-  **\$750M Generation Diversification**  
Caribbean Utilities shift to cleaner energy
-  **\$400M Transmission Infrastructure**  
Wataynikaneyap Transmission Power Project
-  **\$200M IT, General and Other**

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.25.



# 2021-2026 RATE BASE BY BUSINESS UNIT

(\$BILLIONS, EXCEPT FOR CAGR)	RATE BASE <sup>(1)</sup>						5-YEAR CAGR to 2026
	2021A	2022F	2023F	2024F	2025F	2026F	
Regulated - Independent Electric Transmission ITC <sup>(2)</sup>	9.5	10.1	11.0	11.6	12.1	12.6	5.9%
Regulated – U.S. Electric & Gas							
UNS Energy	5.8	6.5	6.7	6.9	7.4	8.0	6.4%
Central Hudson	2.2	2.4	2.6	2.7	3.0	3.1	7.4%
Total Regulated – U.S. Electric & Gas	8.0	8.9	9.3	9.6	10.4	11.1	6.7%
Regulated - Canadian & Caribbean Electric & Gas							
FortisBC Energy	5.2	5.4	5.6	6.0	6.5	7.1	6.4%
FortisAlberta	3.8	4.0	4.1	4.3	4.5	4.7	4.1%
FortisBC Electric	1.5	1.5	1.6	1.7	1.7	1.8	4.1%
Other Electric <sup>(3)</sup>	3.1	3.6	4.1	4.1	4.2	4.3	7.4%
Total Regulated - Canadian & Caribbean Electric & Gas	13.6	14.5	15.4	16.1	16.9	17.9	5.8%
<b>Total Rate Base Forecast</b>	<b>31.1</b>	<b>33.5</b>	<b>35.7</b>	<b>37.3</b>	<b>39.4</b>	<b>41.6</b>	<b>6.0%</b>

(1) U.S. dollar-denominated rate base converted at a USD:CAD foreign exchange rate of 1.25.

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

(3) Comprises Eastern Canadian and Caribbean electric utilities.

# 2022-2026 CAPITAL PLAN BY BUSINESS UNIT

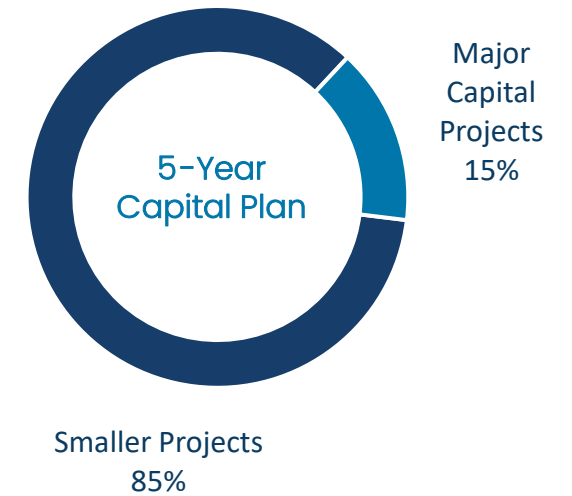
(\$MILLIONS)	CAPITAL PLAN <sup>(1)</sup>					2022-2026 TOTAL
	2022F	2023F	2024F	2025F	2026F	
Regulated - Independent Electric Transmission						
ITC	998	999	1,010	998	1,000	5,005
Regulated – U.S. Electric & Gas						
UNS Energy	704	810	924	729	725	3,892
Central Hudson	344	335	311	331	349	1,670
Total Regulated – U.S. Electric & Gas	1,048	1,145	1,235	1,060	1,074	5,562
Regulated - Canadian & Caribbean Electric & Gas						
FortisBC Energy	622	585	798	761	1,078	3,844
FortisAlberta	445	477	494	534	544	2,494
FortisBC Electric	156	127	120	129	127	659
Other Electric <sup>(2)</sup>	621	470	357	443	387	2,278
Total Regulated - Canadian & Caribbean Electric & Gas	1,844	1,659	1,769	1,867	2,136	9,275
Non-Regulated	77	36	27	26	28	194
<b>Total Capital Plan</b>	<b>3,967</b>	<b>3,839</b>	<b>4,041</b>	<b>3,951</b>	<b>4,238</b>	<b>20,036</b>

(1) Capital Plan is a forward-looking non-U.S. GAAP financial measure calculated in same manner as Capital Expenditures. Refer to Q2 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 1.25.

(2) Comprises Eastern Canadian and Caribbean electric utilities.

# MAJOR CAPITAL PROJECTS

(\$ MILLIONS)	TOTAL INCURRED TO THE END OF 2021	2022-2026 PLAN <sup>(1)</sup>	ESTIMATED COMPLETION DATE
ITC Multi-Value Regional Transmission Projects	710 <sup>(2)</sup>	154	2023
ITC 34.5 to 69kV Transmission Conversion Project	482	145	Post-2026
UNS Vail-to-Tortolita Project	21	240	2025
FortisBC Eagle Mountain Woodfibre Gas Line Project <sup>(3)</sup>	-	350	2026
FortisBC Transmission Integrity Management Capabilities Project	30	222	Post-2026
FortisBC Inland Gas Upgrade Project	128	144	2025
FortisBC Okanagan Capacity Upgrade	16	201	2024
FortisBC Tilbury 1B Project	29	355	Post-2026
FortisBC Tilbury LNG Storage Expansion	16	457	Post-2026
FortisBC Gas Advanced Metering Infrastructure (AMI) Project	-	380	Post-2026
Wataynikaneyap Transmission Power Project <sup>(4)</sup>	355	357	2024



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

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD exchange rate of 1.25 for 2022 through 2026.

(2) Reflects capital expenditures since date of acquisition of ITC on October 14, 2016.

(3) Capital plan is net of forecast customer contributions.

(4) Represents Fortis' 39% share of the estimated capital spending for the project.

# COMMODITY & SUPPLY CHAIN CONSIDERATIONS

## HIGHER NATURAL GAS PRICES

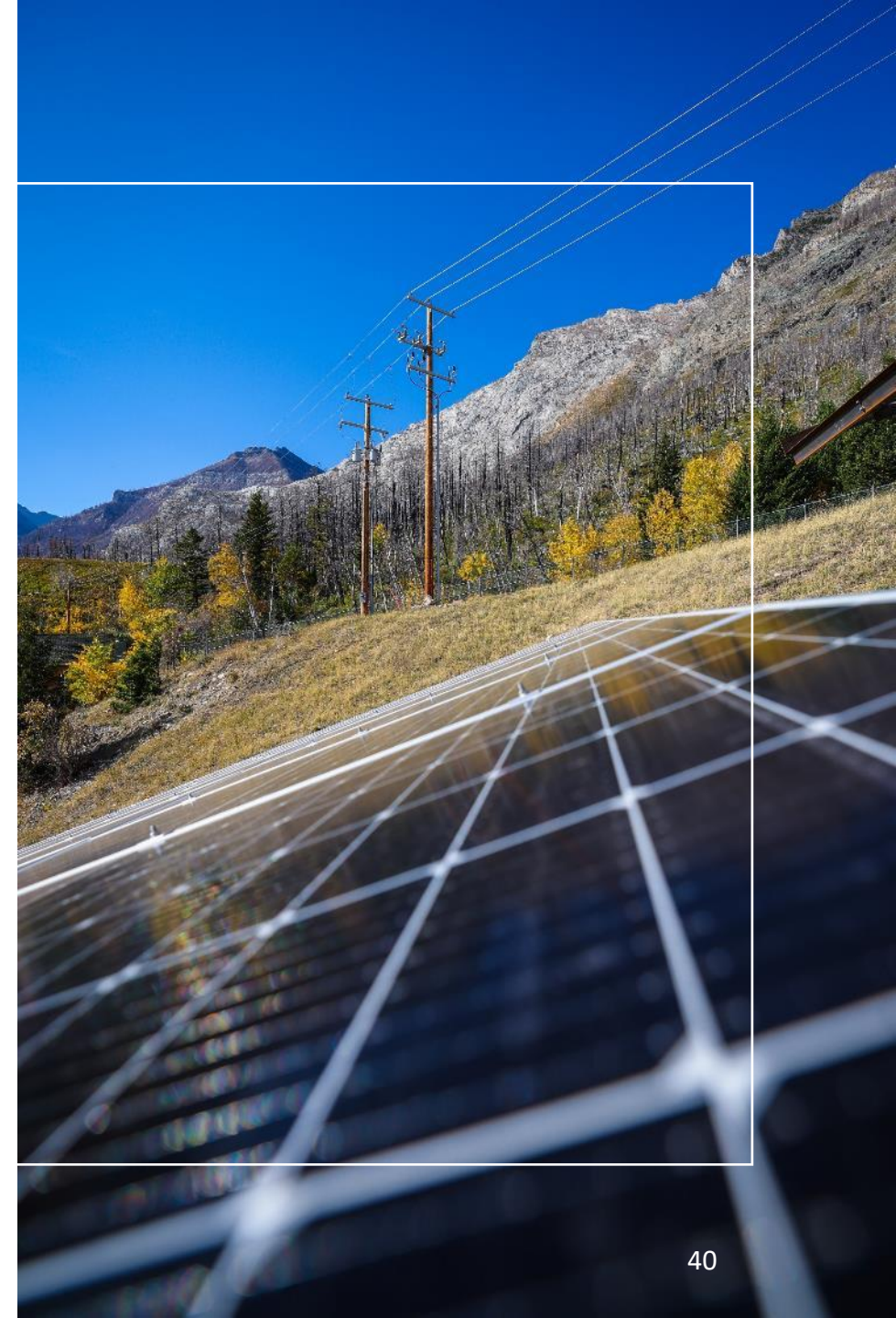
- Impacts fuel and power costs at electric utilities and gas supply costs for gas utilities
- Recovered from customers through regulatory mechanisms
- Causes upward bill pressure

## MITIGATING CUSTOMER IMPACTS

- Promoting energy efficiency and conservation
- Managing costs through innovation and process improvements
- Over the past 5 years, average operating expenses per customer tracked below inflation


## SUPPLY CHAIN

- Proactively managing supply chain requirements with coordinated buying and supplier alliances to ensure reliable service
- Fluctuations in commodity prices such as steel and copper not fully reflected in new five-year plan

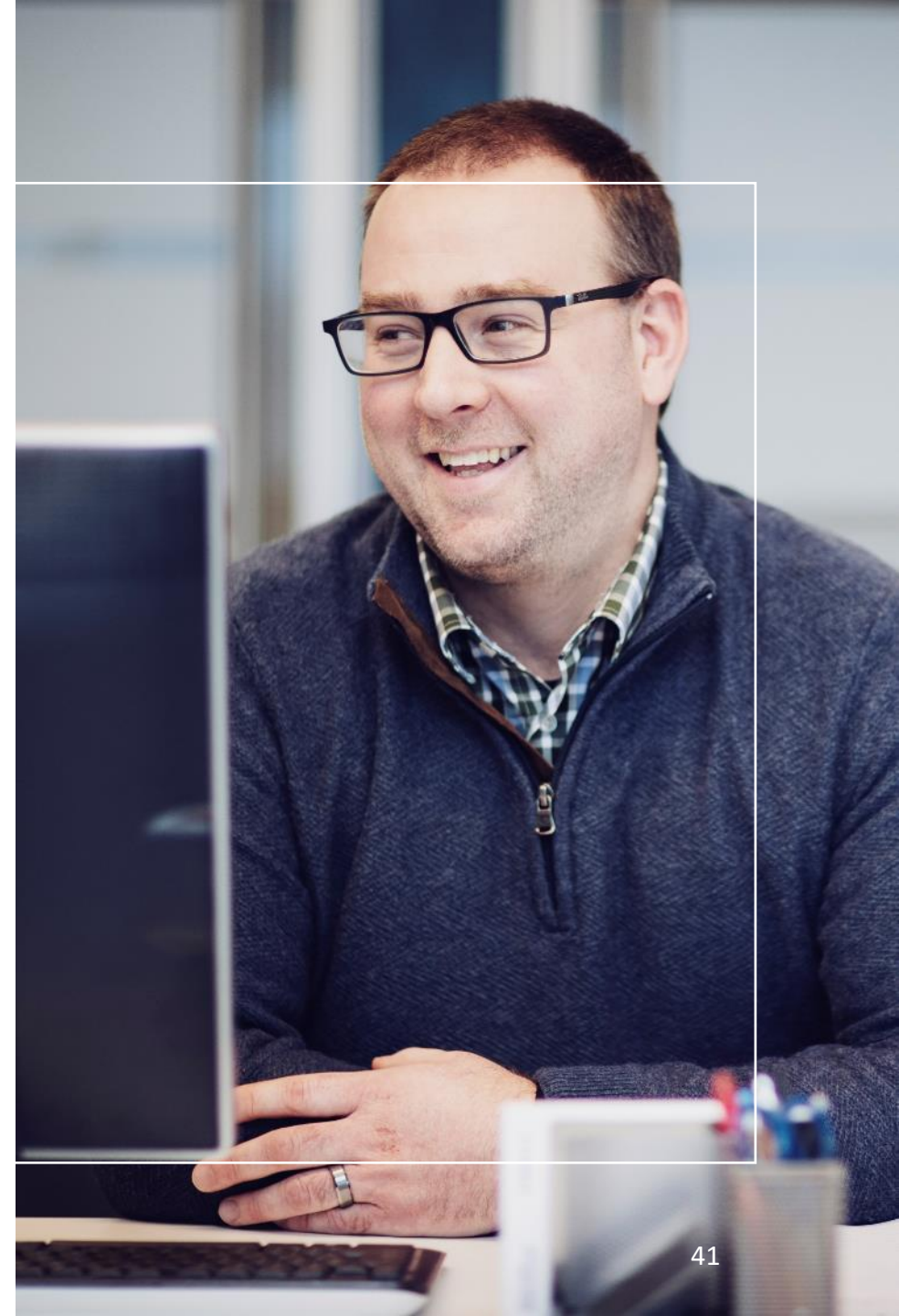




# INVESTMENT-GRADE CREDIT RATINGS

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+.



# Q2 SALES TRENDS



## RETAIL ELECTRIC SALES

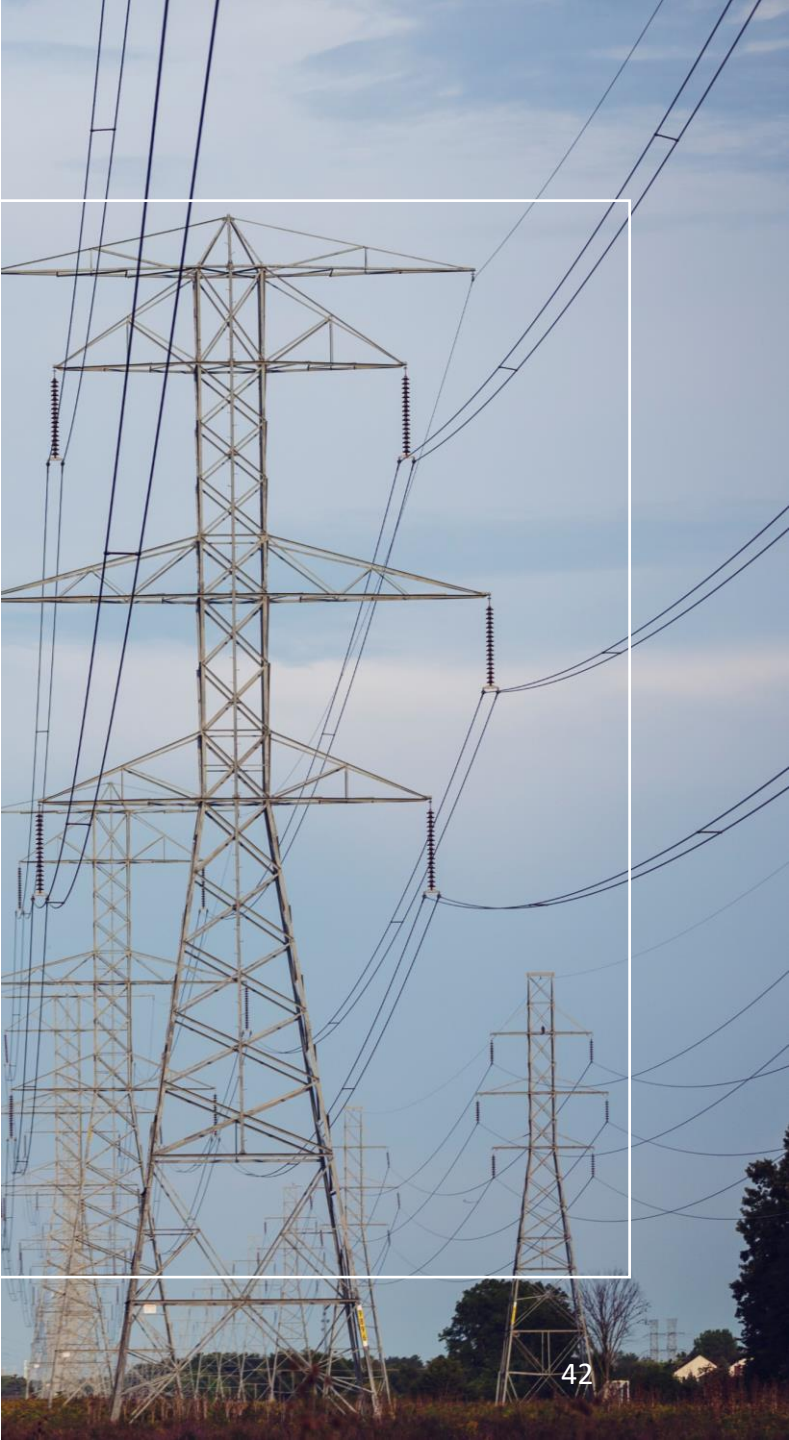
## Q2 2022 vs. Q2 2021 SALES TRENDS



Other  
Electric

N/A	<ul style="list-style-type: none"><li>Peak load up 7% mainly due to favourable weather impacts</li></ul>
-1% <sup>(1)</sup>	<ul style="list-style-type: none"><li>Decrease primarily due to lower cooling load due to cooler temperatures; Excluding weather impacts, retail sales up 1%</li></ul>
10%	<ul style="list-style-type: none"><li>Residential sales up 15% and C&amp;I up 7% due to higher average consumption</li></ul>
-1% <sup>(2)</sup>	<ul style="list-style-type: none"><li>Residential electric sales down 7% due to cooler temperatures; C&amp;I electric sales up 10%</li></ul>
-	<ul style="list-style-type: none"><li>Overall sales flat with residential sales down 2% due to milder weather; C&amp;I up 2% due to higher load from industrial customers and higher average consumption from commercial customers</li></ul>
1%	<ul style="list-style-type: none"><li>Eastern Canadian residential and C&amp;I sales both up 1%</li><li>Caribbean sales up 1% due to continued recovery of tourism industry driven by higher retail sales at FortisTCI increasing 4% and CUC sales consistent compared to Q2 2021</li></ul>

(1) Excludes wholesale sales at UNS Energy.  
(2) Reflects electric sales at FortisBC Electric. Gas sales at FortisBC Energy up 12% due to higher average consumption.



# FOREIGN EXCHANGE EXPOSURE



## EARNINGS AND CAPITAL PLAN

- ~65% of operating earnings<sup>(1)</sup> in U.S. and Caribbean
- ~55% of \$20.0B five-year capital plan from U.S. and Caribbean
- Five-year plan translated at a forecast USD:CAD FX rate of 1.25



## HEDGING ACTIVITIES

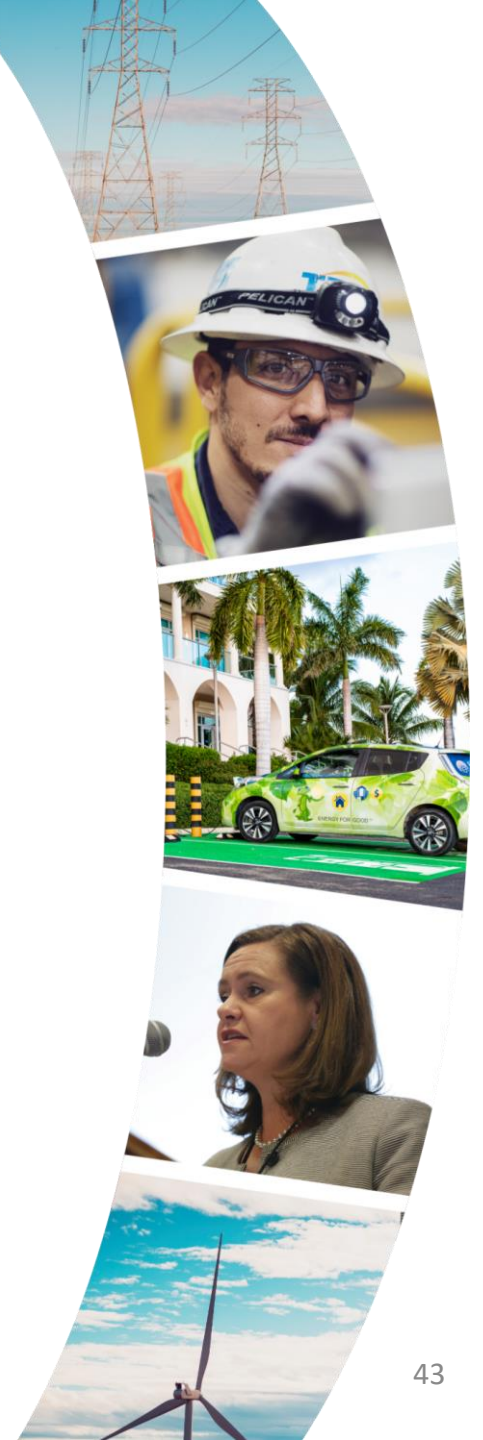
- U.S. dollar-denominated debt at corporate level
- Average rate forward contracts
- Cross-currency interest rate swaps



## EXCHANGE RATE SENSITIVITY FIVE-CENT CHANGE IN USD:CAD

- Average annual EPS: ~\$0.06
- Five-year capital plan: ~\$450M

(1) Non-U.S. GAAP financial measure as at December 31, 2021. Excludes Net Expense of Corporate and Other segment.





# 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>

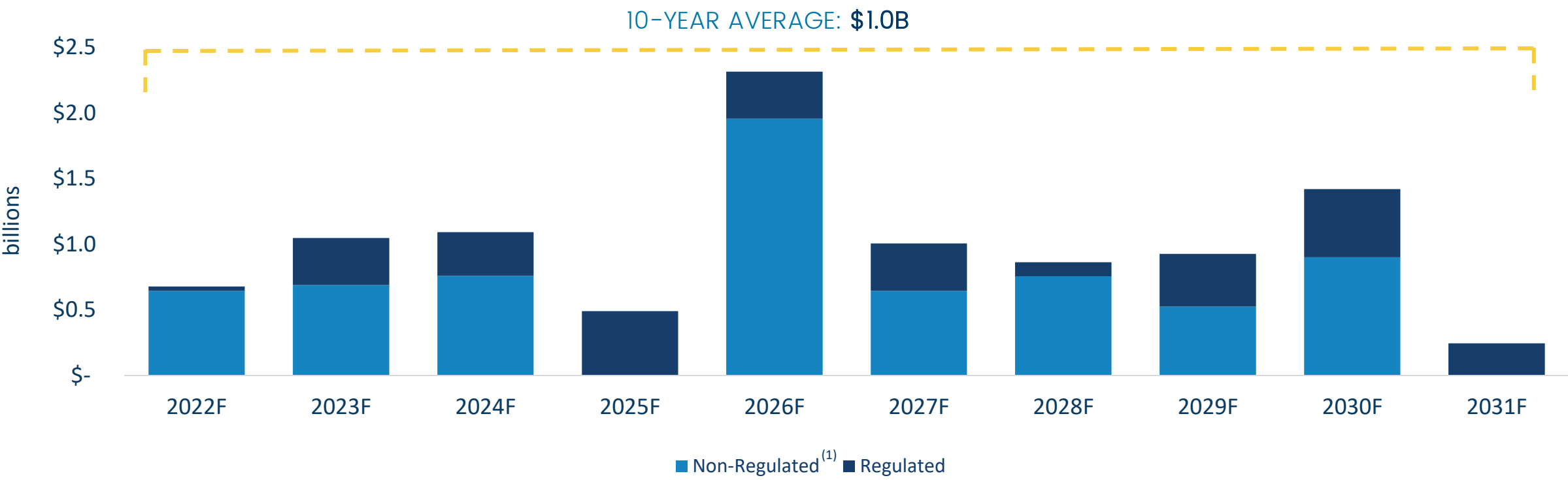
## CERTAIN U.S. RETIREMENT BENEFITS

- 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 \$0.02 and \$0.04 for Q2 and YTD June 2022, respectively
- ~US\$150M in assets at June 30, 2022





# DEBT MATURITIES



Note: Debt as at June 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



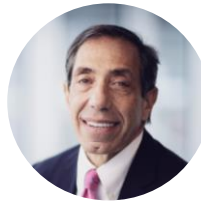
**Linda Apsey**  
ITC



**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