

# Investor Presentation

August 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: forecast capital expenditures for 2023-2027, including cleaner energy investments; forecast rate base and rate base growth for 2023 through 2027; the 2030 GHG emissions reduction target; the 2035 GHG emissions reduction target and the projected asset mix; the 2050 net-zero GHG emissions target; planned coal retirements and the expectation to exit coal by 2032; the expected timing and outcome of the sale of Aitken Creek; the target of maintaining controllable operating cost increases below inflation; the nature, timing, benefits and expected costs of certain capital projects, including ITC's transmission projects associated with the MISO Long-Range Transmission Plan, FortisBC Tilbury LNG Storage Expansion, FortisBC Tilbury 1B Project, FortisBC Eagle Mountain Woodfibre Gas Line Project, FortisBC Gas AMI Project, FortisBC Okanagan Capacity Upgrade, UNS renewable energy and storage projects, UNS Vail-to-Tortolita Transmission Project, Wataynikaneyap Transmission Power Project, and additional opportunities beyond the capital plan, including investments related to the Inflation Reduction Act, the MISO Long-Range Transmission Plan, climate adaptation and grid resiliency, renewable fuel solutions and LNG infrastructure in British Columbia, and Central Hudson's investment in the Propel NY Energy project through Transco; expected sources of funding for the 2023-2027 capital plan; annual dividend growth guidance through 2027; the expectation that the long-term dividend guidance will provide flexibility to fund more capital internally; forecast credit metrics through 2027; forecast impact from the introduction of an alternative minimum income tax; the expected timing, outcome and impact of regulatory proceedings and decisions; TEP's Integrated Resource Plan; TEP's planned additions of wind, solar and storage by 2035 and its projected asset mix; planned energy efficiency investments at FortisBC, including planned clean energy research and pilot projects; planned increases in renewal natural gas supply at FortisBC and related 2030 target; 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; assumed moderating inflation levels with return to historical averages in 2025; 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.**

# A PREMIUM ENERGY DELIVERY BUSINESS



**93%**  
transmission & distribution assets



**\$4.3 billion**  
2023F capital expenditures



**10 regulated utilities**  
in Canada, the U.S. and Caribbean



**\$36 billion**  
2023F rate base



**3.4 million**  
electric and gas customers



**\$27 billion<sup>(1)</sup>**  
market capitalization



**9,200**  
dedicated employees



**~10% average annual<sup>(1)</sup>**  
10-year total shareholder return



**99%**  
regulated utility assets



**82% of Fortis utilities**  
have female CEO or Board Chair

(1) As at July 31, 2023.



# 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



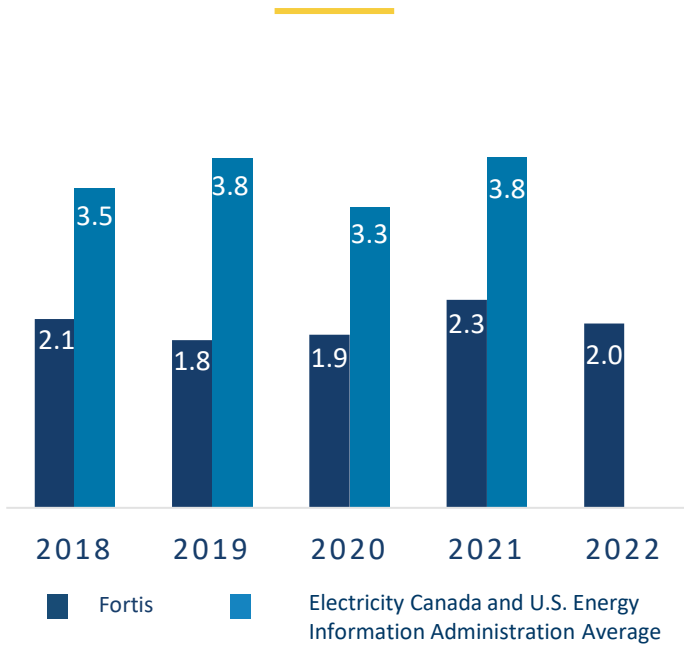
Customer  
& Community

# DRIVING SUSTAINABLE GROWTH

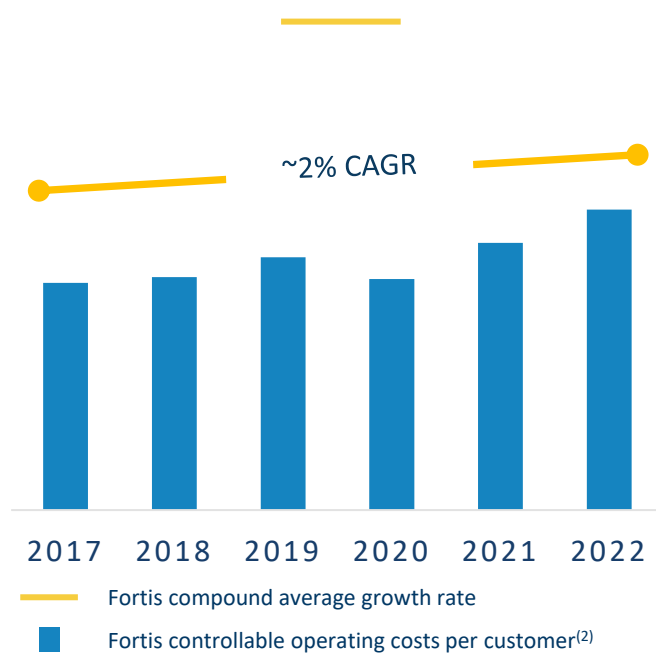


# DELIVERING SAFE AND RELIABLE SERVICE

## Average Electricity Customer Outage Duration (Hours)<sup>(1)</sup>

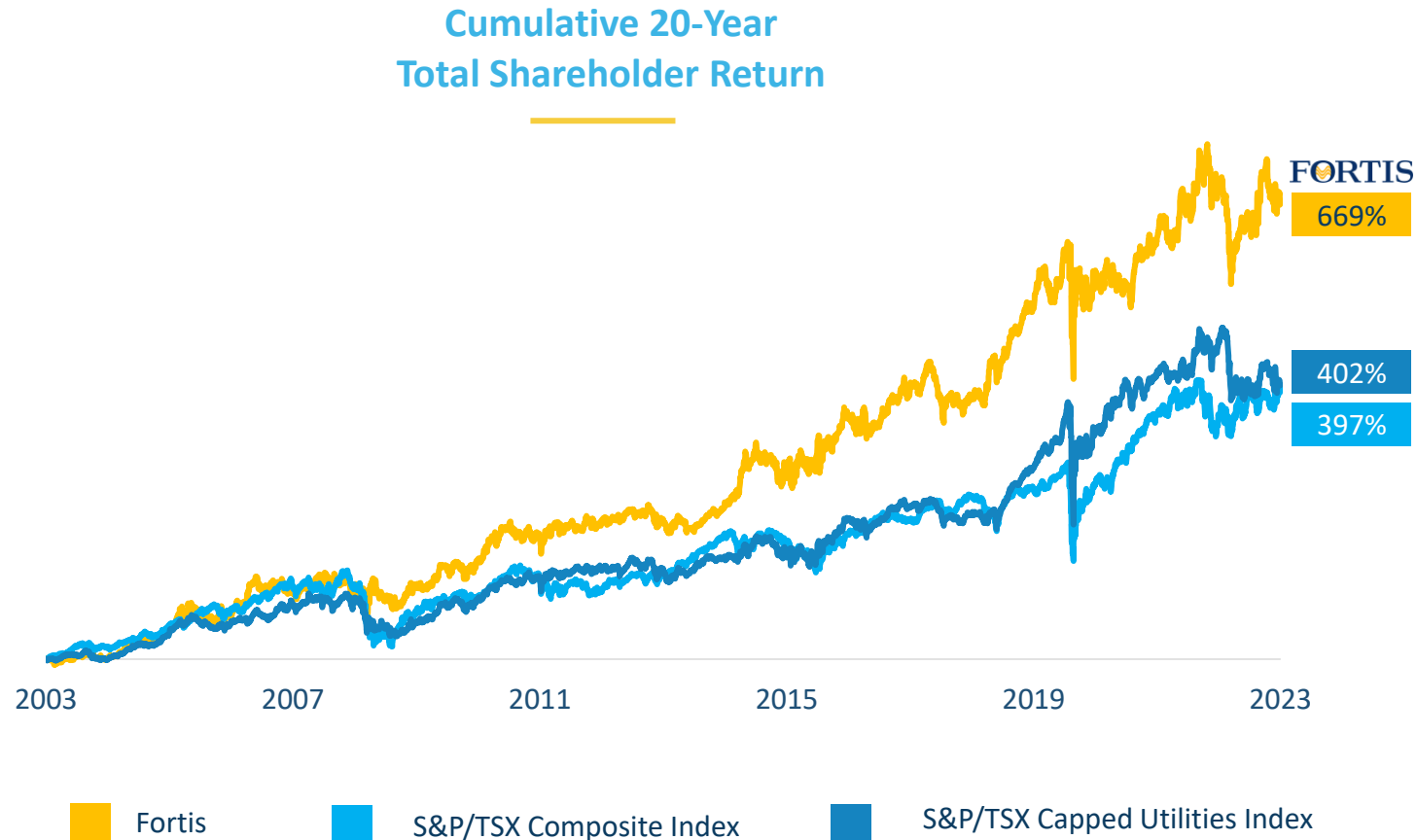


## Managing Controllable Operating Costs Below Inflation



(1) Based on weighted average of Fortis' customer count in each jurisdiction. 2022 industry data not yet available.  
 (2) Controllable operating cost per customer is a financial measure used by management to evaluate operating efficiency. May not be comparable with measures used by other entities and excludes costs that are considered largely outside of management's control (e.g., purchased power, generation fuel expense).

# 20-YEAR TOTAL SHAREHOLDER RETURN



## Average Annual Total Shareholder Returns

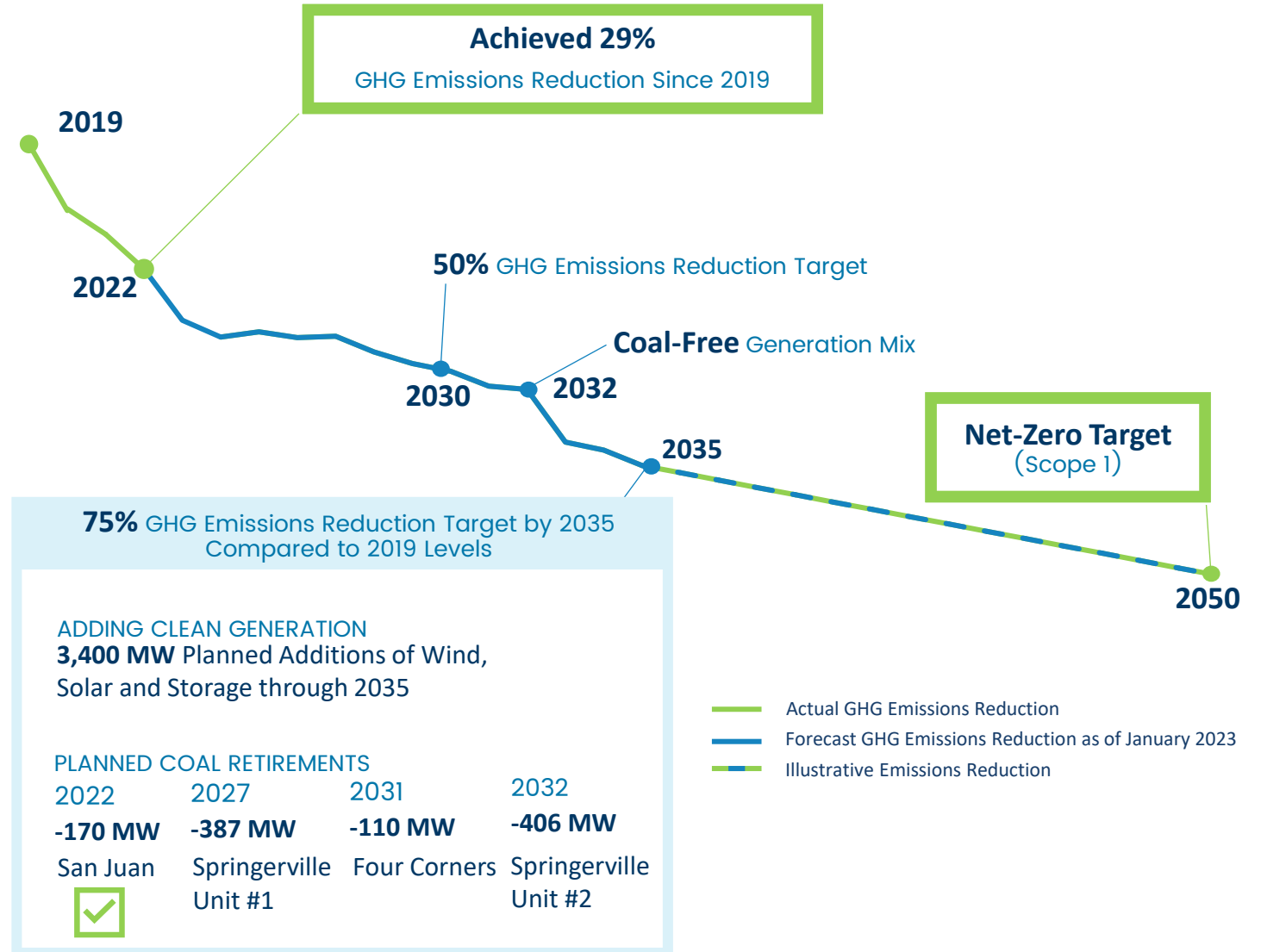
|         |        |
|---------|--------|
| 1-Year  | (3.4%) |
| 5-Year  | 9.6%   |
| 10-Year | 9.7%   |
| 20-Year | 10.7%  |

Note: Cumulative 20-year total shareholder return as at July 31, 2023.

# CARBON EMISSIONS REDUCTION ON TRACK

## Sustainability Highlights:

- Ranked #1 in the Globe & Mail 2022 Board Games
- Released first TCFD and Climate Report in 2022
- Completed limited third-party assurance on select 2022 GHG emissions data and board diversity metrics
- Strong board diversity with 58% female directors and 2 directors identifying as visible minorities
- Sustainability-linked loan provisions
- Enhanced linkage between sustainability performance and executive compensation



# SALE OF AITKEN CREEK ANNOUNCED FOR ~\$400M

## Transaction Highlights

- Agreement with Enbridge to sell Fortis' interest<sup>(1)</sup> in its unregulated investment of the Aitken Creek Natural Gas Storage Facility for ~\$400M<sup>(2)</sup>
- Proceeds expected to be used to repay Corporate credit facilities and support our regulated utilities' growth strategy
- Subject to required approvals, including the British Columbia Utilities Commission
- Expected to close in the second half of 2023

- (1) Fortis owns 93.8% of the Aitken Creek Natural Gas Storage Facility and 100% of the Aitken Creek North Gas Storage Facility through an indirect, wholly owned subsidiary.
- (2) Sale subject to customary closing conditions and adjustments.





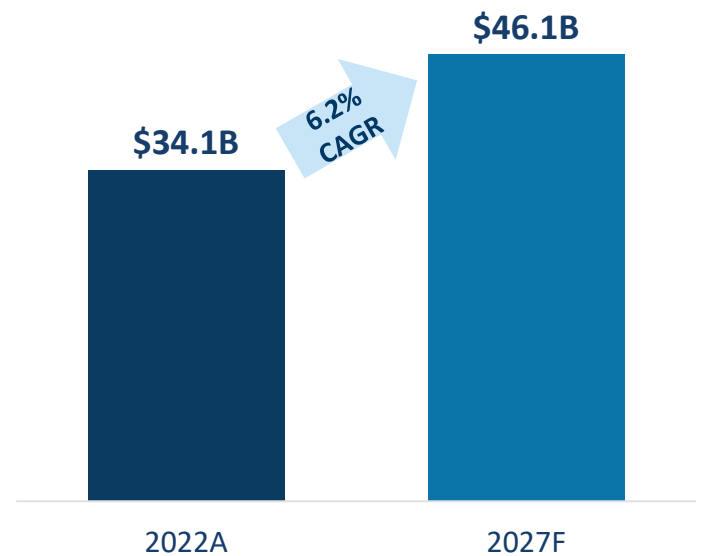
# 2023 CAPITAL PLAN ON TRACK

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

## Capital Plan



## Rate Base



## Continued Focus on Customer Affordability

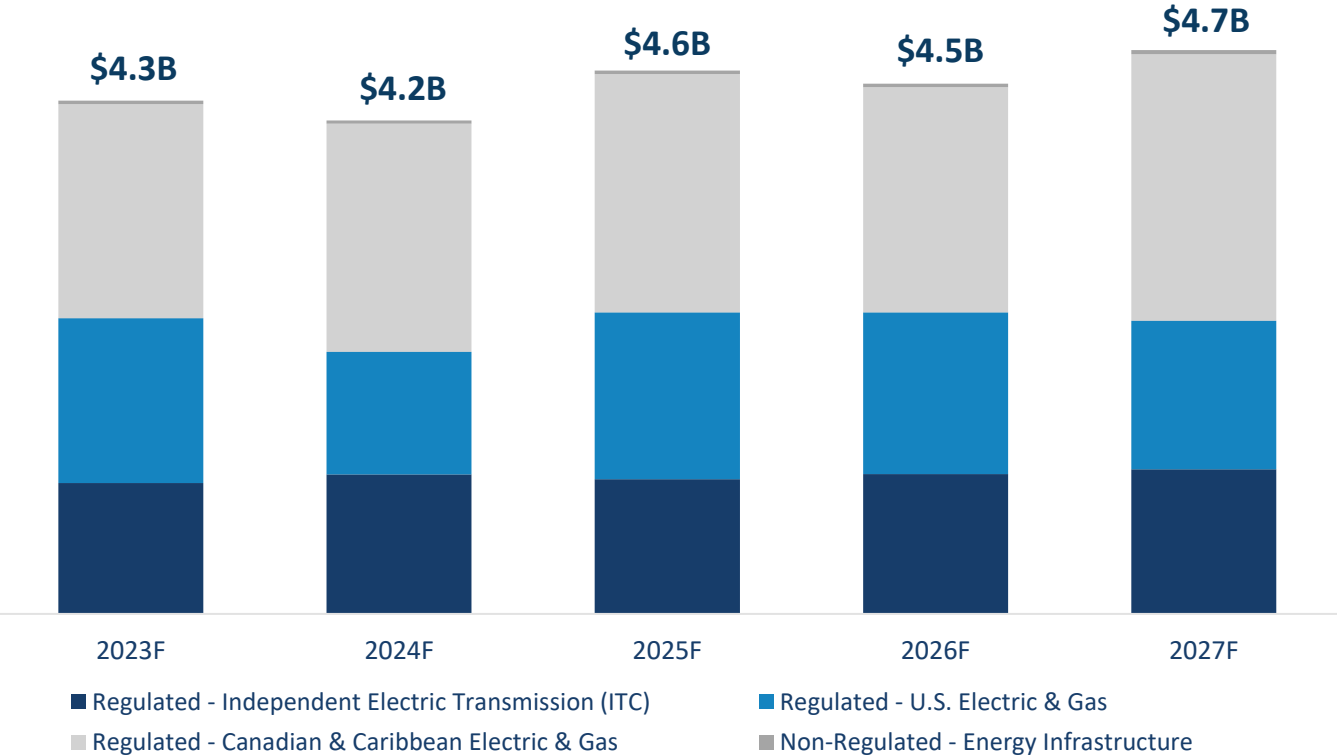
- Targeting controllable operating cost increases below inflation, consistent with historical practice
- Focused on preventative maintenance and innovation to reduce operating costs
- Cleaner energy investments with fuel savings for customers
- Energy efficiency programs

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.

# FIVE-YEAR PLAN AT A GLANCE

Average Annual Capital of \$4.4B



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 converted at a forecast USD:CAD foreign exchange rate of 1.30 for 2023-2027.

## Highly Executable Capital Plan



99% Regulated



83% Smaller Projects  
17% Major Projects



55% U.S.  
41% Canada  
4% Caribbean

# CAPITAL PLAN CONCENTRATED AT THREE LARGEST UTILITIES



- Infrastructure investments including reliability and resiliency upgrades, increased capacity, etc.
- ~US\$0.7B included in plan for MISO Long-Range Transmission Plan (LRTP). Estimated transmission investments of US\$1.4-\$1.8B through 2030 associated with six of 18 LRTP projects
- Economic development, load and changes in generation interconnections
- Grid security investments



- Reliability and integrity investments
- Natural gas infrastructure including LNG resiliency tank, Tilbury 1B and Eagle Mountain Woodfibre gas line projects
- Automated Gas Metering Infrastructure and Okanagan Capacity Upgrade
- Renewable gas projects and natural gas for transportation

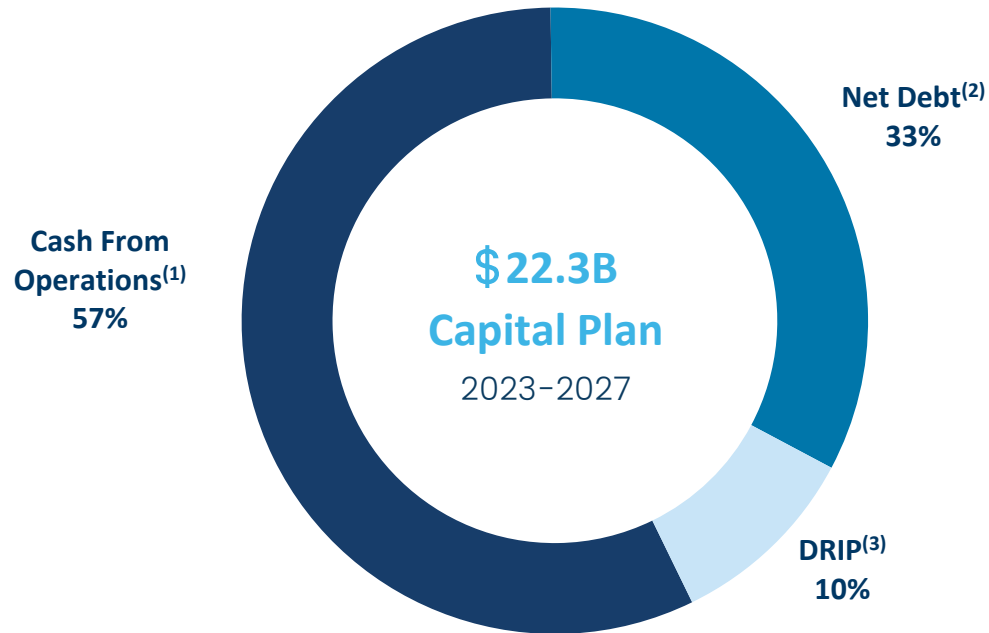


UNS Energy Corporation  
A Fortis Company

- Includes ~\$1.2B of renewable and storage investments to transition to cleaner energy aligned with TEP's Integrated Resource Plan (IRP)
- Distribution investments including customer meter infrastructure and grid resiliency and modernization
- Vail-to-Tortolita Transmission Project (~\$400M)



# NO DISCRETE EQUITY REQUIRED TO FUND 2023-2027 CAPITAL PLAN



- (1) Cash from operations is a Non-U.S. GAAP financial measure and reflects cash from operating activities net of dividends and customer contributions.
- (2) Net debt reflects regulated and non-regulated debt issuances, net of repayments.
- (3) Reflects common shares issued under the Corporation's dividend reinvestment, stock option and employee share purchase plans.
- (4) Estimated impact of <10-20 bps from AMT for 2023 and 2024 forecast credit metrics, subject to publication of final regulations.

## Predictable Funding Plan



### Capital Plan Funded Primarily with Cash from Operations and Debt at Regulated Subsidiaries

- Regulated debt used to repay maturing debt, and fund capital expenditures and operating requirements



### Equity Funding Supported by DRIP

- No discrete equity required



### Dividend Growth Guidance Range of 4-6%

- Flexibility to fund more capital with internally generated funds



### Maintaining Investment-Grade Credit Ratings

- Moody's CFO/Debt and S&P FFO/Debt expected to average ~12% for 2023-2027 before Alternative Minimum Tax (AMT)<sup>(4)</sup>



### Sale of Aitken Creek Natural Gas Storage Facilities

- Announced in May 2023 for ~\$400M, subject to certain conditions and approvals
- Incremental funding not included in base funding plan. Sale strengthens balance sheet and provides additional funding flexibility to support regulated utility growth strategy



## Inflation Reduction Act

- A catalyst for future transmission investments
- Renewable generation including TEP's IRP<sup>(1)</sup>
- Interconnecting renewables to the grid
- Electric vehicle infrastructure
- Funding for community transition from fossil fuels



## Climate Adaptation & Grid Resiliency

- Investing to withstand more severe weather
- Under various climate scenarios and geographies



## Renewable Fuel Solutions & LNG

- RNG & hydrogen to support British Columbia
- Develop Canadian LNG resources to aid in international energy security and GHG reductions

(1) Incremental opportunity of ~US\$2-\$4 billion through 2035. Excludes ~US\$1B for projects included in the 2023-2027 capital plan, and US\$0.5B invested previously, including the Oso Grande Wind project.



# LONG CAPEX RUNWAY

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

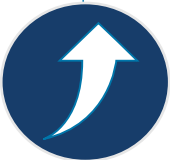
Connect more renewable generation to the grid



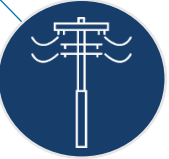
Build more renewable generation



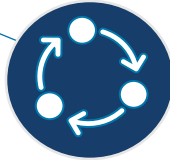
Provide alternative energy sources to reduce emissions



Accelerate climate change adaptation for reliability, grid resiliency and hardening



Replace aging assets to maintain reliability



Invest in technology to ensure security and improve service and efficiency



Prepare grid for additional electrification

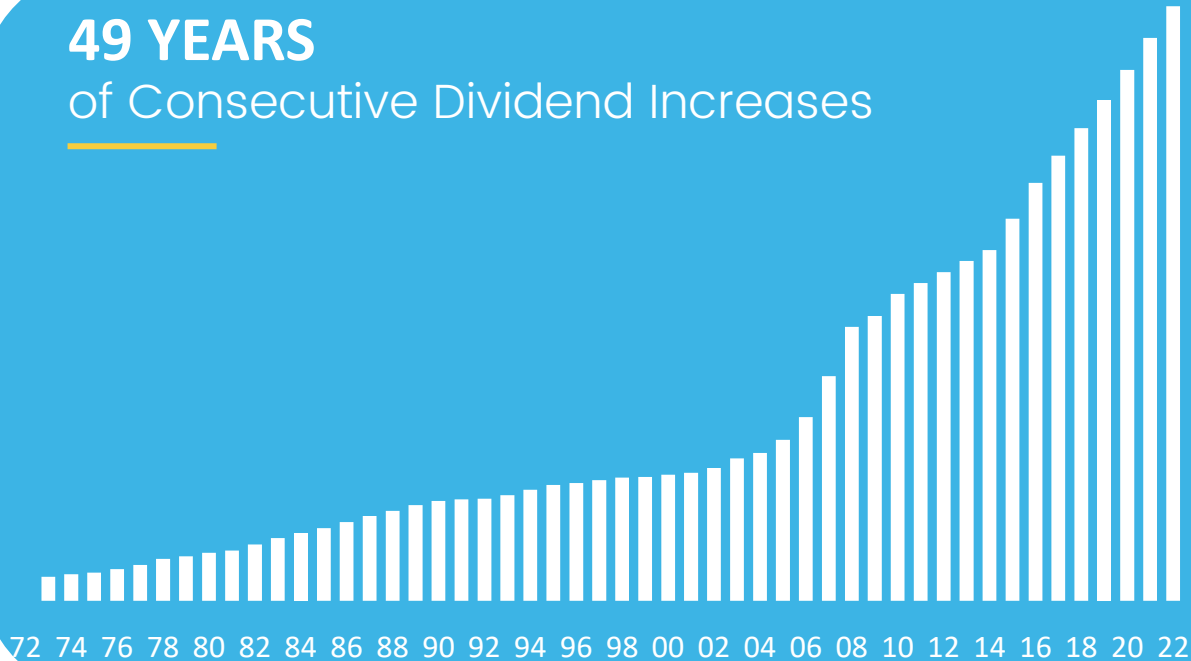


Business development in existing footprint

# DIVIDEND GUIDANCE SUPPORTED BY LONG-TERM GROWTH STRATEGY

**49 YEARS**

of Consecutive Dividend Increases



**4-6%**

Annual Dividend  
Growth Guidance  
through 2027



# ONGOING REGULATORY PROCEEDINGS



**ITC Midwest Capital Structure Complaint** – In 2022, FERC denied the complaint filed by the Iowa Coalition for Affordable Transmission (ICAT) seeking to lower ITC Midwest’s equity ratio from 60% to 53%; ICAT’s request for rehearing was denied by FERC in March 2023

**MISO Base ROE** – In 2022, the U.S. Court of Appeals for the D.C. Circuit vacated certain FERC orders that established the methodology used to calculate the MISO base ROE; matter dates back to complaints filed at FERC in 2013 and 2015; DC Circuit noted FERC did not adequately explain why it reintroduced the risk-premium model in its methodology which increased the MISO Base ROE from 9.88% to 10.02%; timing and outcome remains unknown

**Notice of Proposed Rulemaking (NOPR) on Incentives** – In 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; the supplemental NOPR and the initial incentive NOPR remain outstanding

**Iowa Transmission Right of First Refusal (ROFR)** – In March 2023, the Iowa Supreme Court granted certain parties standing to challenge the Iowa ROFR statute, issued a temporary injunction staying enforcement of the ROFR statute, and remanded the matter to the district court to decide the merits of the claim; timing and outcome of the proceeding remains unknown; ITC's Tranche 1 MISO Long -Range Transmission Plan projects in Iowa are not expected to be impacted



**TEP ACC Rate Case** – Administrative Law Judge filed 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 9.40% and 54.32% common equity ratio, with new rates on or after September 1, 2023



# ONGOING REGULATORY PROCEEDINGS (CONTINUED)



**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 the 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** – GCOC proceeding initiated in 2021 includes a review of the common equity component of capital structure and the allowed ROE; 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**

# Appendices

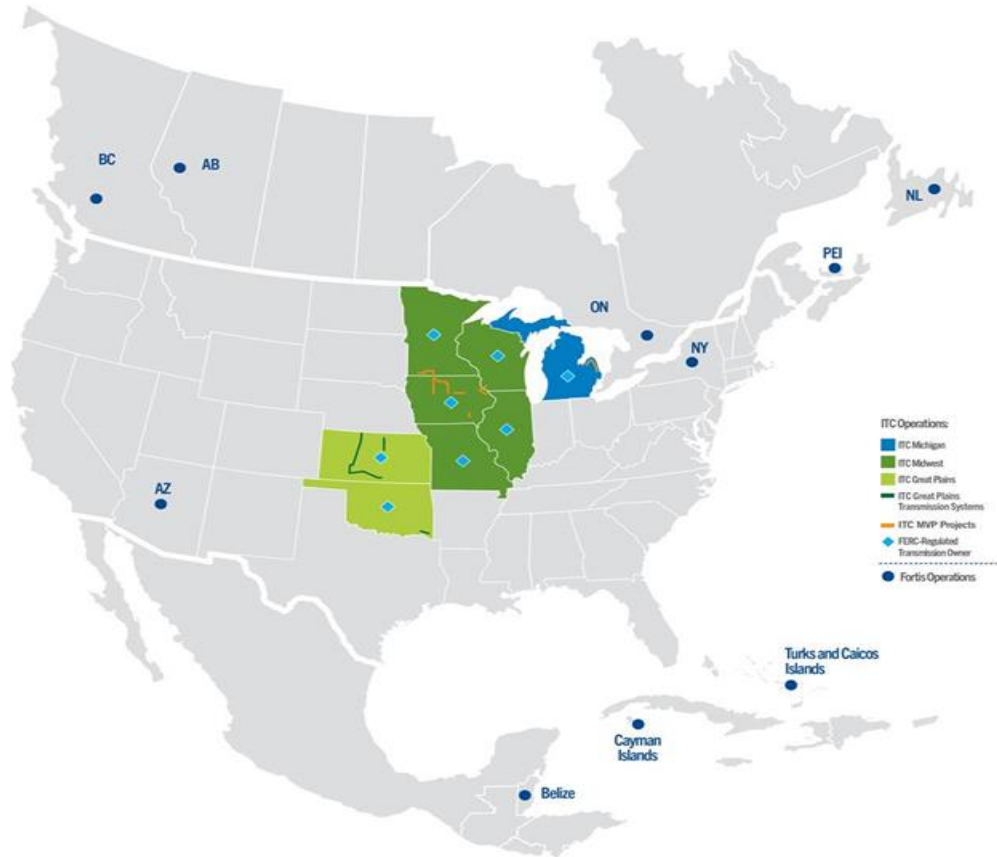


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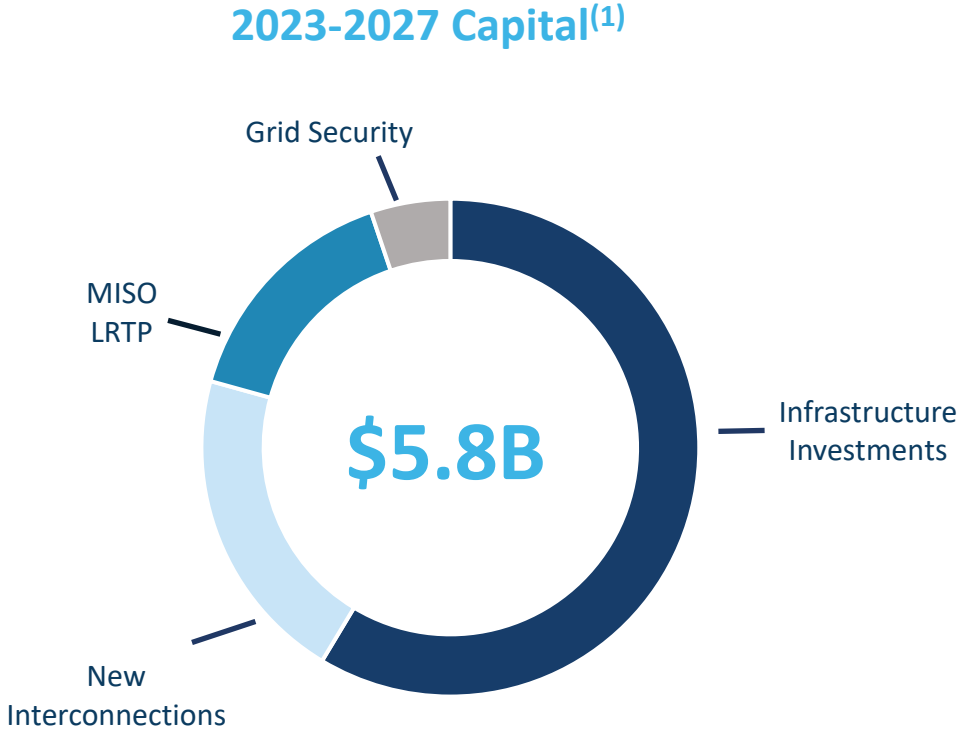
# ITC HOLDINGS CORP.



|   |   |
|---|---|
| <b>Type of Utility</b>  | Transmission  |
| <b>Regulator</b>  | FERC  |
| <b>Regulatory Model</b>   | Cost of Service with FERC Formula Rates   |
| <b>Current Regulatory Construct</b>                                       | 10.77-11.41% ROE on 60% equity  |
| <b>Significant Regulatory Features</b>                                    | Cost-based, forward-looking formula rates with annual true-up   |
| <b>2023F Rate Base<sup>(1)</sup></b>                                      | \$11.1B   |
| <b>5-Year Rate Base CAGR (2022A-2027F)</b>                                | 6.1%  |
| <b>2022 Assets % of Total Consolidated Regulated Assets<sup>(2)</sup></b> | 37%   |
| <b>Development Opportunities<sup>(3)</sup></b>                            | Connecting Renewables & Grid Modernization, MISO Long-Range Transmission Plan   |
| <b>Regulatory Proceedings</b>   | FERC MISO Base ROE, NOPR on Incentive Policy, Supplemental NOPR on Regional Transmission Organization Incentive Adder, Iowa Transmission ROFR |

(1) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.30.  
 (2) Includes goodwill  
 (3) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# ITC CAPITAL INVESTMENT OVERVIEW



**\$3.4B Infrastructure Investments**  
 Rebuild, reliability, resiliency, system efficiencies, increased capacity, circuit overloads, pocket load growth



**\$1.2B New Interconnections**  
 Supports economic development, load interconnection requests and changes in generation sources



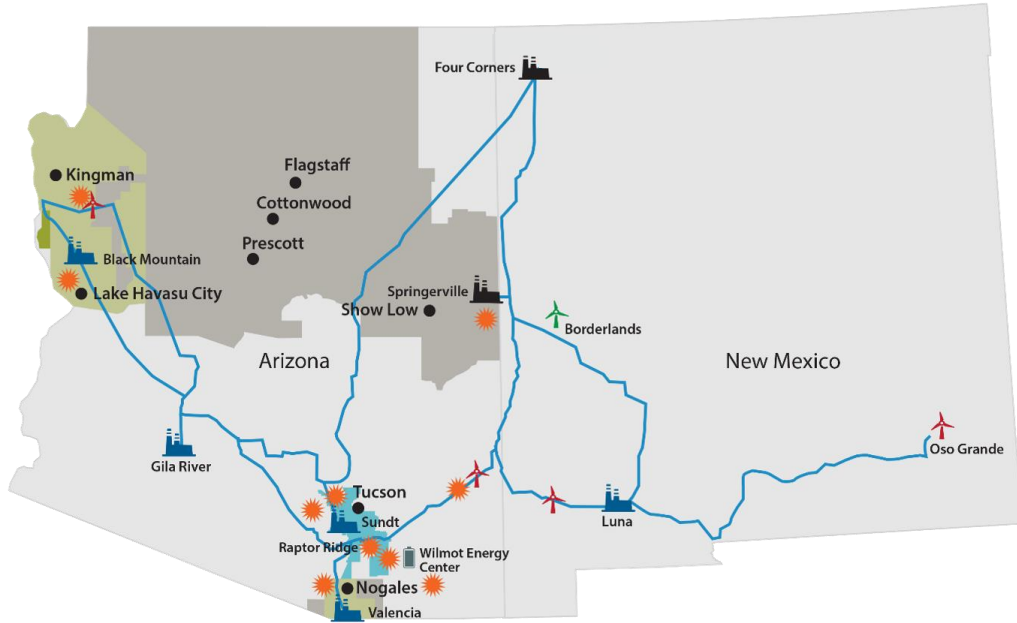
**\$900M MISO Long-Range Transmission Plan**  
 Includes portion of investments for Tranche 1



**\$300M Grid Security**  
 Physical and cyber hardening along with technology upgrades

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.

# UNS ENERGY



**SERVICE AREAS**

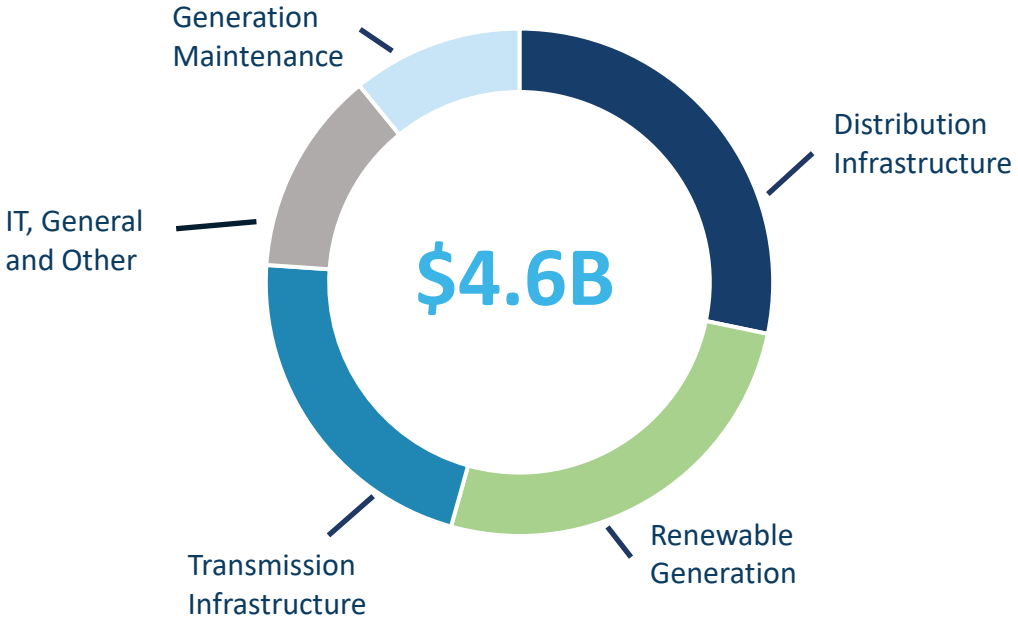
- Tucson Electric Power
- UniSource Gas
- UniSource Electric
- UniSource Gas & Electric
- Transmission Line
- Coal-Fired Power Plant
- Natural Gas-Fired Power Plant
- Solar Arrays
- Wind Turbines
- Planned Wind Project
- Battery Storage
- TEP/UniSource Office

|   | Tucson Electric  | UNS Electric              | UNS Gas                   |
|---|--|---------------------------|---------------------------|
| <b>Type of Utility</b>  | Electricity  |                           | Gas Distribution          |
| <b>Regulator</b>  | Arizona Corporation Commission & FERC                                  |                           |                           |
| <b>Regulatory Model</b>   | Cost of service/historical test year & FERC formula transmission rates |                           |                           |
| <b>Current Regulatory Construct<sup>(1)</sup></b>                         | 9.15% ROE on 53.0% equity  | 9.50% ROE on 52.8% equity | 9.75% ROE on 50.8% equity |
| <b>2023F Rate Base<sup>(2)</sup></b>                                      | \$7.0B   |                           |                           |
| <b>5-Year Rate Base CAGR (2022A-2027F)</b>                                | 6.3%   |                           |                           |
| <b>2022 Assets % of Total Consolidated Regulated Assets<sup>(3)</sup></b> | 20%  |                           |                           |
| <b>Development Opportunities<sup>(4)</sup></b>                            | Renewables, Storage & Electric Transmission                            |                           |                           |
| <b>Regulatory Proceedings</b>   | TEP General Rate Application & UNS Electric General Rate Application   |                           |                           |

- (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 1.30.
- (3) Includes goodwill
- (4) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# UNS CAPITAL INVESTMENT OVERVIEW

## 2023-2027 Capital<sup>(1)</sup>



### \$1.3B Distribution Infrastructure

Grid resiliency and modernization



### \$1.2B Renewable Generation

Energy storage, renewable investments



### \$1.0B Transmission Infrastructure

Vail-to-Tortolita, new substations



### \$600M IT, General and Other

Supports technology, efficiency and sustainment



### \$500M Generation Maintenance

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.

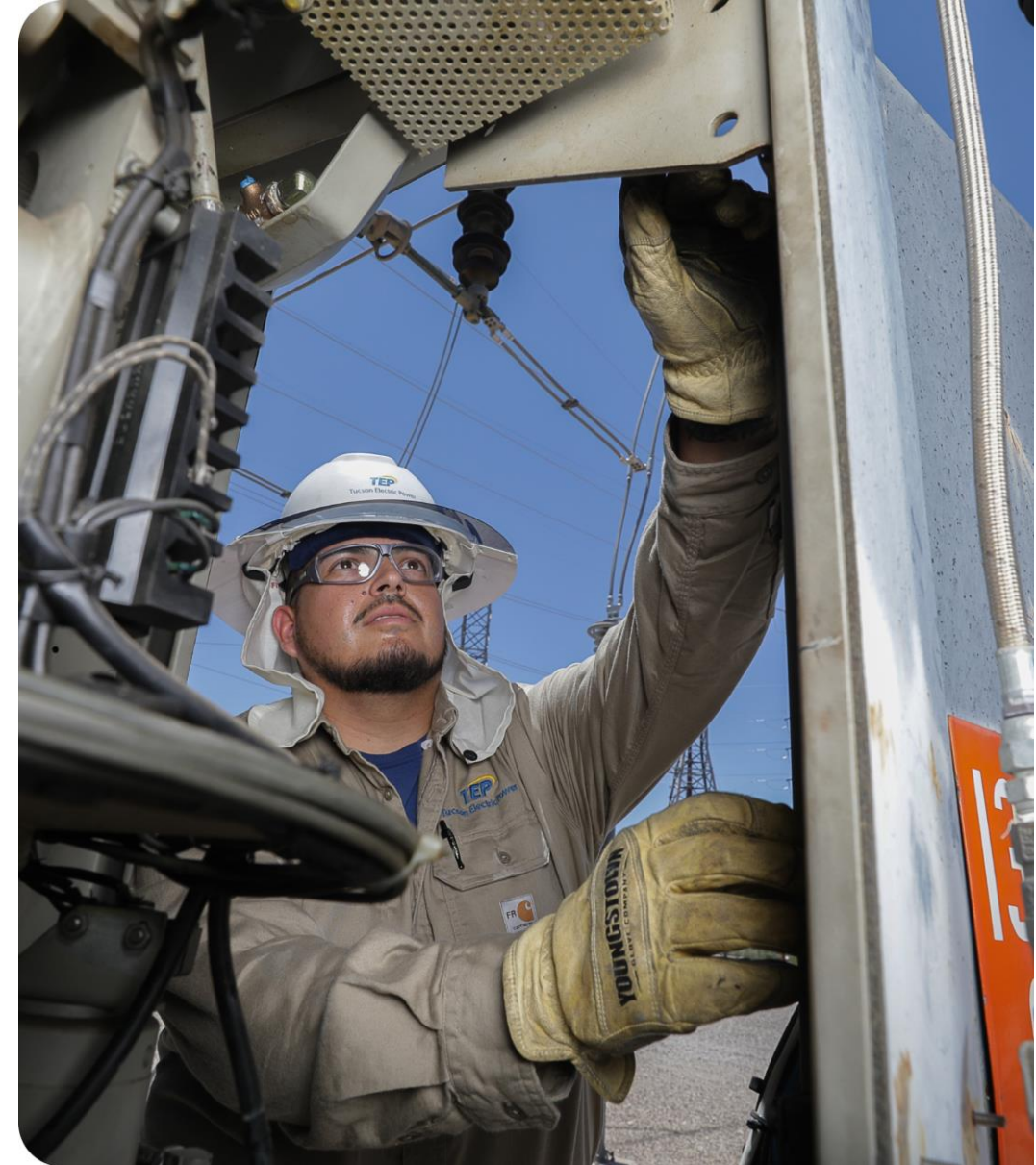


# TEP GENERAL RATE APPLICATION

Application supports TEP'S clean energy transition and continued delivery of safe and reliable service

|                           | 2019 Rate Case    |              | 2022 Rate Case             |                                |                                   |
|---------------------------|-------------------|--------------|----------------------------|--------------------------------|-----------------------------------|
|                           | Application       | Decision     | Application <sup>(1)</sup> | Staff Testimony <sup>(2)</sup> | ALJ Recommendation <sup>(3)</sup> |
| Test Year                 | December 31, 2018 |              | December 31, 2021          |                                |                                   |
| New Rates Effective       | May 2020          | January 2021 | September 2023             |                                |                                   |
| Rate Base <sup>(4)</sup>  | US\$2.7B          | US\$2.7B     | US\$3.6B                   | US\$3.6B                       | US\$3.6B                          |
| Non-Fuel Revenue Increase | US\$115M          | US\$58M      | US\$123M                   | US\$90-\$106M                  | US\$102M                          |
| Equity/Debt               | 53%/47%           | 53%/47%      | 54%/46%                    | 54%/46%                        | 54%/46%                           |
| ROE                       | 10.35%            | 9.15%        | 9.75%                      | 9.50%                          | 9.40%                             |

- (1) Reflects TEP's revised ROE and non-fuel revenue increase request filed in March 2023.
- (2) Reflects surrebuttal testimony filed in March 2023.
- (3) Reflects the Administrative Law Judge's recommended order and opinion issued in July 2023.
- (4) Inclusive of post-test year adjustments.



# ARIZONA FOCUSED ON RENEWABLES

## TEP Integrated Resource Plan filed in 2020

Next IRP expected in November 2023

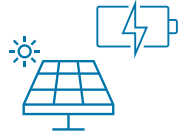
**Coal-free** generation mix by 2032

**>70%** renewable power by 2035

**Over 50 million tonnes** of CO<sub>2</sub> emissions avoided over 15 years



**250 MW**  
Oso Grande



**100 MW**  
Wilmot Solar <sup>(1)(2)</sup>



**99 MW**  
Borderlands<sup>(1)</sup>



**3,400 MW** Planned Additions of Wind, Solar and Storage

2021

2022-2035

**1,073 MW**  
Planned Coal Retirements



2022  
**170 MW**  
San Juan



2027  
**387 MW**  
Springerville Unit #1



2031  
**110 MW**  
Four Corners



2032  
**406 MW**  
Springerville Unit #2

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

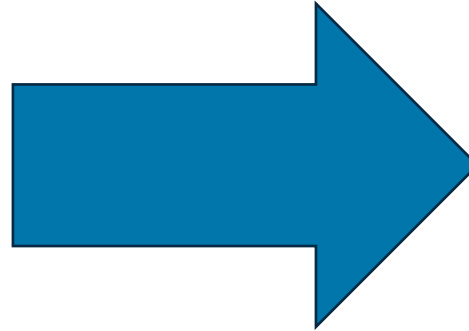
# RELIABLE & AFFORDABLE SERVICE DURING CLEAN ENERGY TRANSITION

*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



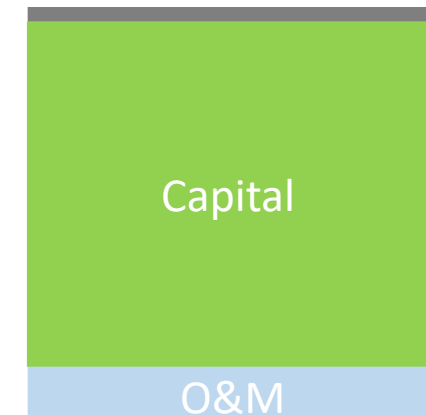
## Steel for Fuel Transition

- 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

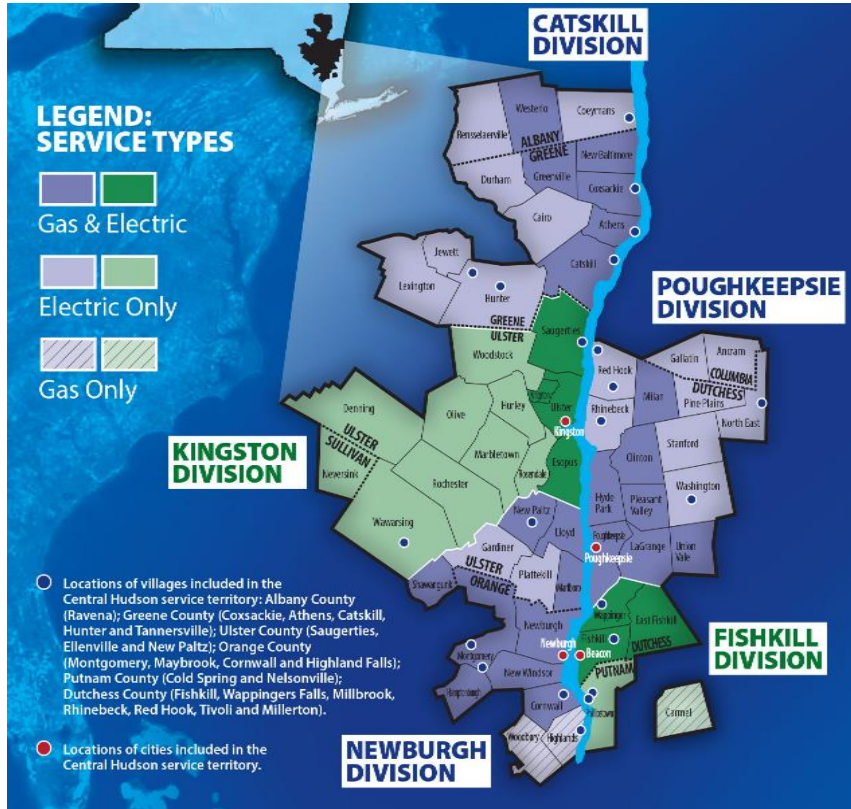


3,400 MW of Planned Wind, Solar and Storage Resources

Future



# CENTRAL HUDSON



|   |   |
|---|---|
| <b>Type of Utility</b>  | Electric and Gas Transmission & Distribution                          |
| <b>Regulator</b>  | New York State Public Service Commission                              |
| <b>Regulatory Model</b>   | Cost of service on future test year                                   |
| <b>Current Regulatory Construct</b>                                       | 9.0% ROE on 48% equity  |
| <b>Significant Regulatory Features</b>                                    | Revenue decoupling  |
| <b>2023F Rate Base<sup>(1)</sup></b>                                      | \$2.7B  |
| <b>5-Year Rate Base CAGR (2022A-2027F)</b>                                | 6.4%  |
| <b>2022 Assets % of Total Consolidated Regulated Assets<sup>(2)</sup></b> | 8%  |
| <b>Development Opportunities<sup>(3)</sup></b>                            | Grid Modernization & NY Transco Expansion                             |
| <b>Regulatory Proceedings</b>   | General Rate Application & Customer Information System Implementation |

(1) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.30.  
 (2) Includes goodwill  
 (3) Development opportunities are not included in the base capital forecast and represent incremental capital spending.

# CENTRAL HUDSON CAPITAL INVESTMENT OVERVIEW



(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.



|   | FortisBC Energy   | FortisBC Electric         |
|---|---|---------------------------|
| <b>Type of Utility</b>  | Gas distribution  | Electricity               |
| <b>Regulator</b>  | British Columbia Utilities Commission   |                           |
| <b>Regulatory Model</b>   | Cost of service with incentive mechanisms   |                           |
| <b>Current Regulatory Construct</b>                                       | 8.75% ROE on 38.5% equity   | 9.15% ROE on 40.0% equity |
| <b>Significant Regulatory Features</b>                                    | Multi-year rates with revenue deferrals – changes in consumption and commodity costs do not impact earnings |                           |
| <b>2023F Rate Base</b>  | \$5.8B  | \$1.7B                    |
| <b>5-Year Rate Base CAGR (2022A-2027F)</b>                                | 6.9%  | 4.3%                      |
| <b>2022 Assets % of Total Consolidated Regulated Assets<sup>(1)</sup></b> | 14%   | 4%                        |
| <b>Development Opportunities<sup>(2)</sup></b>                            | LNG for Marine Bunkering, LNG Bulk Export & Gas Infrastructure  | N/A                       |
| <b>Regulatory Proceedings</b>   | 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



### \$2.6B Reliability & Integrity Investments

Ongoing maintenance requires significant capital investment  
Includes customer growth and general plant investment



### \$1.3B LNG Projects

Tilbury 1B  
Tilbury LNG Resiliency Tank  
Eagle Mountain Woodfibre Gas Line Project



### \$600M Major Integrity Projects

Advanced Metering Infrastructure Project  
Okanagan Capacity Upgrade



### \$100M Sustainability

Renewable gas projects  
Natural gas for transportation

# FORTISALBERTA

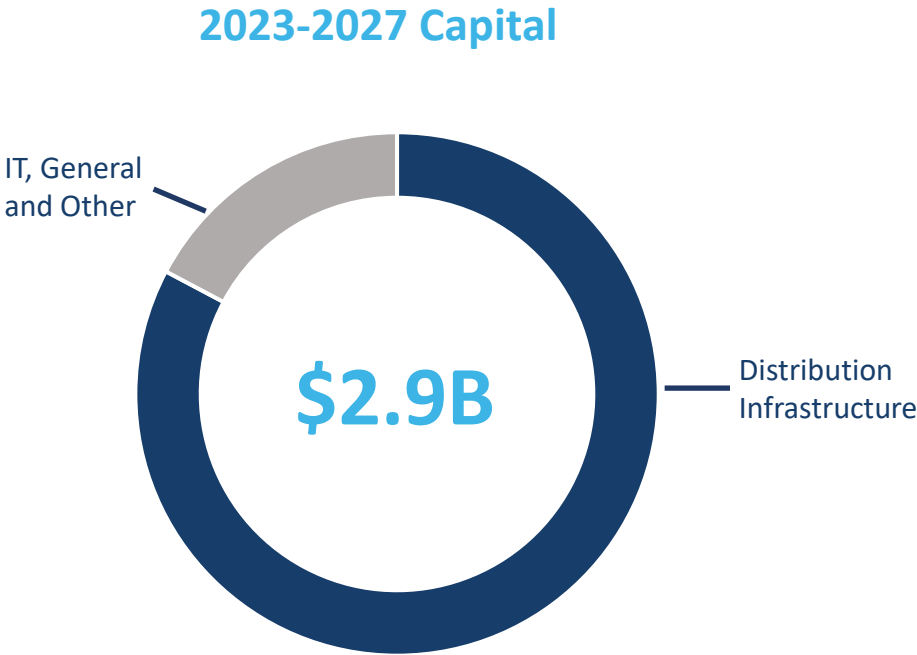


|   |  |
|---|--|
| Type of Utility   | Electricity distribution                                 |
| Regulator   | Alberta Utilities Commission                             |
| Regulatory Model  | PBR  |
| Current Regulatory Construct  | 8.5% ROE on 37% equity                                   |
| Significant Regulatory Features                                     | ~85% of revenue derived from fixed-billing determinants  |
| 2023F Rate Base   | \$4.2B   |
| 5-Year Rate Base CAGR (2022A-2027F)                                 | 4.7%   |
| 2022 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



### \$2.4B Distribution Infrastructure

Safety & reliability of distribution assets, meter upgrades, pole management program, modernization



### \$500M IT, General and Other

# OTHER ELECTRIC UTILITIES



| Type of Utility   | Electricity  |  |  |
|---|--|--|--|
| <b>Regulator</b>  | Newfoundland and Labrador Board of Commissioners of Public Utilities | Island Regulatory and Appeals Commission | Ontario Energy Board                           |
| <b>Regulatory Model</b>   | Cost of service on future test year                                  | Cost of service on future test year      | Cost of service with incentives                |
| <b>Current Regulatory Construct</b>                                       | 8.50% ROE on 45% equity  | 9.35% ROE on 40% equity                  | 8.52% - 9.36% ROE on 40% equity <sup>(2)</sup> |
| <b>2023F Rate Base</b>  | \$1.3B   | \$0.5B                                   | \$0.7B <sup>(1)</sup>                          |
| <b>5-Year Rate Base CAGR (2022A-2027F)</b>                                | 4.2%   | 8.1%                                     | 15.3% <sup>(3)</sup>                           |
| <b>2022 Assets % of Total Consolidated Regulated Assets<sup>(4)</sup></b> | 3%   | 1%                                       | 1%   |
| <b>Development Opportunities<sup>(5)</sup></b>                            | Grid Modernization   | Grid Modernization                       | Municipal Utility Consolidation                |

(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, 9.30% for Canadian Niagara Power transmission and 9.36% for Wataynikaneyap Transmission Power Project. 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)



| Type of Utility   | Electricity                                      |  |
|---|--|--|
| <b>Regulator</b>  | Utility Regulation and Competition Office        | Government of the Turks and Caicos Islands |
| <b>Regulatory Model</b>   | Cost of service                                  | Cost of service                            |
| <b>2022 Achieved ROE</b>  | 10.8%  | 10.8%                                      |
| <b>2023F Rate Base<sup>(2)</sup></b>                                      | \$0.8B   | \$0.5B                                     |
| <b>5-Year Rate Base CAGR (2022A-2027F)</b>                                | 10.6%  | 3.3%                                       |
| <b>2022 Assets % of Total Consolidated Regulated Assets<sup>(3)</sup></b> | 2%   | 1%   |
| <b>Development Opportunities<sup>(4)</sup></b>                            | Grid Modernization, Battery Storage & Renewables |  |

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

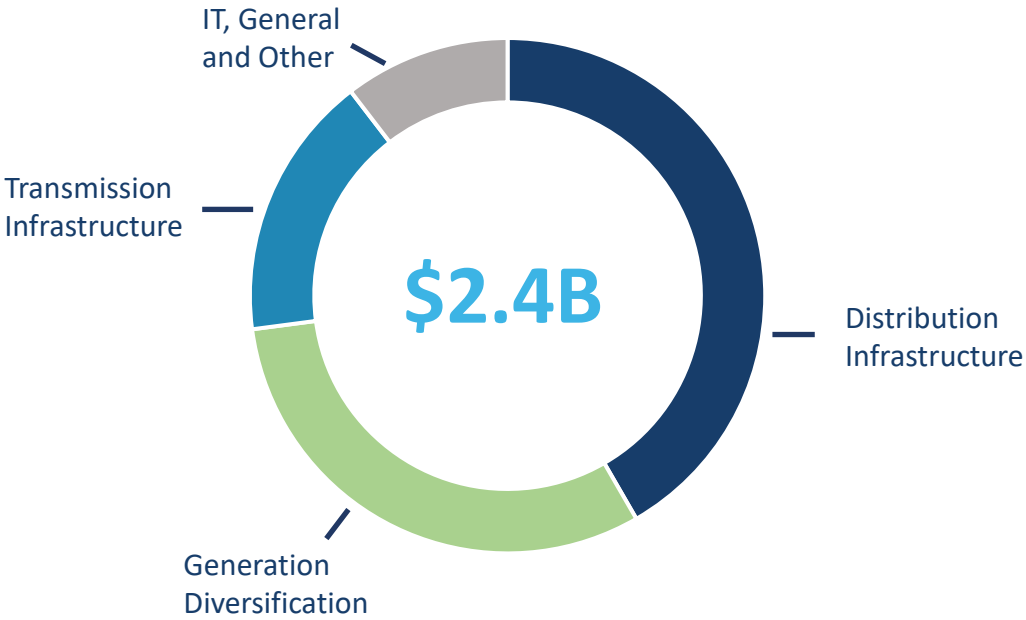
(2) U.S. dollar-denominated rate base converted at a forecast USD:CAD foreign exchange rate of 1.30.

(3) Includes goodwill

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

# OTHER ELECTRIC CAPITAL INVESTMENT OVERVIEW

## 2023-2027 Capital<sup>(1)</sup>



**\$1B Distribution Infrastructure**  
 Newfoundland Power, Maritime Electric and Caribbean Utilities



**\$750M Generation Diversification**  
 Caribbean Utilities shift to cleaner energy



**\$400M Transmission Infrastructure**  
 Maritime Electric  
 Wataynikaneyap Transmission Power Project



**\$250M IT, General and Other**

(1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD foreign exchange rate of 1.30.

# 2022-2027 RATE BASE BY BUSINESS UNIT

| (\$BILLIONS, EXCEPT FOR CAGR)                         | Rate Base   |             |             |             |             |             | 5-YEAR<br>CAGR to<br>2027 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------|
|   | 2022A       | 2023F       | 2024F       | 2025F       | 2026F       | 2027F       |                           |
| Regulated – Independent Electric Transmission         |             |             |             |             |             |             |                           |
| ITC <sup>(1)</sup>                                    | 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 <sup>(2)</sup>                         | 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%                      |
| <b>Total Rate Base Forecast</b>                       | <b>34.1</b> | <b>36.3</b> | <b>38.4</b> | <b>40.7</b> | <b>43.3</b> | <b>46.1</b> | <b>6.2%</b>               |

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

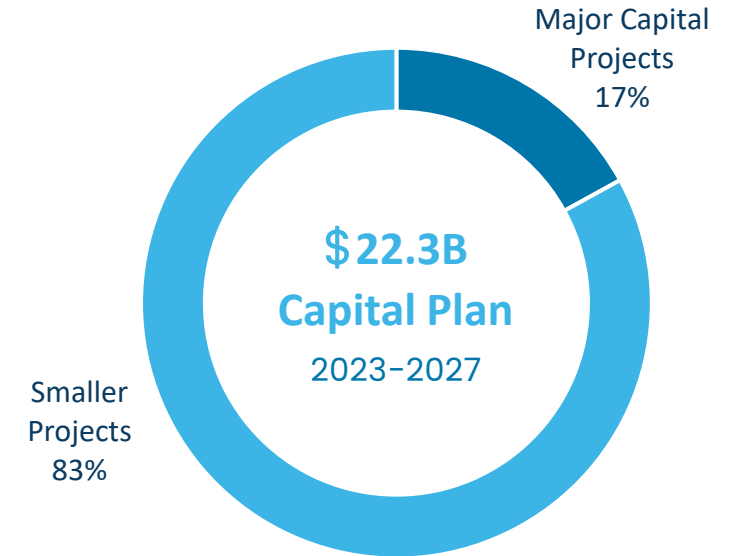
| (\$MILLIONS)  | Capital Plan <sup>(1)</sup> |              |              |              |              | 2023-2027<br>TOTAL |
|---|-----------------------------|--------------|--------------|--------------|--------------|--------------------|
|   | 2023F                       | 2024F        | 2025F        | 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 <sup>(2)</sup>                         | 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                |
| <b>Total Capital Plan</b>                             | <b>4,327</b>                | <b>4,159</b> | <b>4,579</b> | <b>4,470</b> | <b>4,752</b> | <b>22,287</b>      |

(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<br>PLAN | ESTIMATED<br>COMPLETION<br>DATE |
|---|-------------------|---------------------------------|
| ITC MISO Long-Range Transmission Plan <sup>(1)</sup>              | 923               | Post-2027                       |
| UNS Energy Renewable Generation <sup>(2)</sup>                    | 417               | Various                         |
| UNS Energy Vail-to-Tortolita Transmission Project                 | 378               | 2027                            |
| FortisBC Tilbury LNG Storage Expansion                            | 504               | Post-2027                       |
| FortisBC AMI Project  | 421               | Post-2027                       |
| FortisBC Eagle Mountain Woodfibre Gas Line Project <sup>(3)</sup> | 420               | 2027                            |
| FortisBC Tilbury 1B Project                                       | 343               | Post-2027                       |
| FortisBC Okanagan Capacity Upgrade                                | 200               | 2025                            |
| Wataynikaneyap Transmission Power Project <sup>(4)</sup>          | 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





# MACRO OUTLOOK & ASSUMPTIONS



## Foreign Exchange

- USD:CAD FX Rate of 1.30 for 2023-2027
- 65% of operating earnings<sup>(1)</sup> / 60% of capital plan from U.S. & Caribbean
- +/- \$0.05 change in USD:CAD – EPS: \$0.06<sup>(2)</sup>  
Five-year capital plan: \$500M



## Interest Rates

- Primary exposure to rising rates at Fortis Inc. and ITC Holdings (non-regulated)
- Non-regulated maturities of ~US\$500M at Fortis Inc. at ~4% weighted average rate through end of 2024
- Upcoming preference share dividend rate resets – Series G (September 2023) & Series K (March 2024)<sup>(3)</sup>



## Inflation

- Plan assumes moderating inflation levels with return to historical averages in 2025
- +/- 100 bps in inflation impacts five-year capital plan by ~\$200M



## ROE & Equity Ratio

| (EPS Impact)      | ROE<br>+/- 25 bps | Equity<br>+/- 100 bps |
|-------------------|-------------------|-----------------------|
| • ITC             | • \$0.03          | • \$0.02              |
| • UNS Energy      | • \$0.02          | • \$0.01              |
| • FortisBC Energy | • \$0.01          | • \$0.01              |

(1) Non-U.S. GAAP financial measure as at December 31, 2022. Excludes Net Expense of Corporate and Other segment.

(2) Foreign exchange EPS sensitivity inclusive of the Corporation's hedging activities.

(3) Current yields on the Series G (\$230M) and Series K (\$250M) preference shares are 4.39% and 3.93%, respectively. The reset annual dividend per share determined using the reset dividend yield as disclosed in the 2022 Annual MD&A and five-year Government of Canada Bond Yield.



# Q2 SALES TRENDS

## CHANGE IN RETAIL ELECTRIC SALES

## Q2 2023 vs. Q2 2022 SALES TRENDS



N/A

- Peak load down 9% due to milder weather and economic conditions



-7%

- Decrease primarily due to lower air conditioning load associated with milder temperatures; excluding weather impacts, retail sales were flat



-9%

- Decrease primarily due to mild weather



+3%

- Residential sales up 2% and C&I sales up 3%; increases primarily due to customer additions and higher average consumption



+3%

- Residential electric sales up 5% and C&I electric sales up 2%; increases primarily due to higher average consumption

Other  
Electric

+5%

- 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.

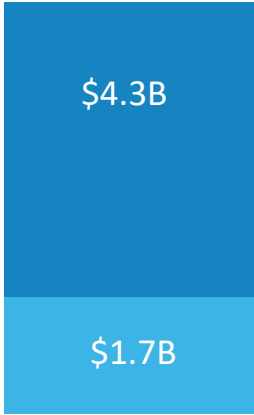


# LIQUIDITY & CREDIT RATINGS

## Active in Debt Markets

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

## Credit Facilities



June 30, 2023

■ Remaining capacity ■ Utilized

## Credit Ratings

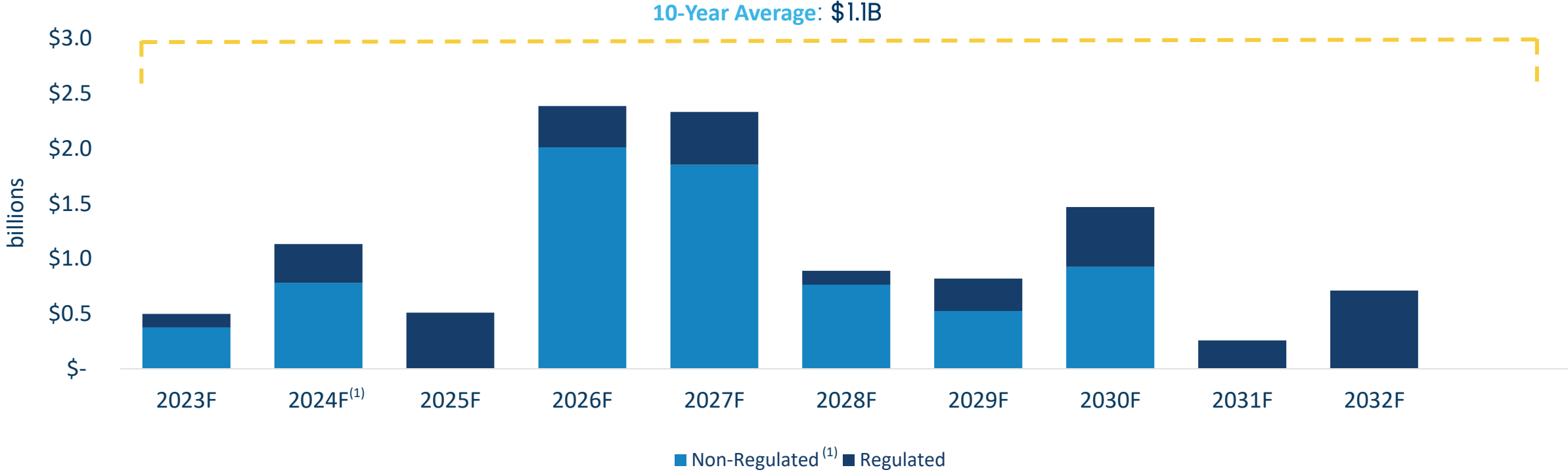
|                                  |                   |
|----------------------------------|-------------------|
| <b>S&amp;P Global</b>            | A <sup>-(3)</sup> |
| <b>MOODY'S</b>                   | Baa3              |
| <b>MORNINGSTAR</b>   <b>DBRS</b> | A (low)           |

(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+.


# 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 <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             | 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+.



# STRONG LEADERSHIP TEAM

## Fortis Inc. Executive



**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



**Linda Apsey**  
ITC



**Chris Capone**  
Central Hudson



**Roger Dall'Antonia**  
FortisBC



**Ruth Forbes**  
FortisTCI



**Susan Gray**  
UNS Energy



**Glen King**  
FortisOntario

## Utility CEOs



**Richard Hew**  
Caribbean Utilities



**Kay Menzies**  
Fortis Belize



**Gary Murray**  
Newfoundland Power



**Jason Roberts**  
Maritime Electric



**Janine Sullivan**  
FortisAlberta