

**Speech to the
Conception Bay South Chamber of Commerce
Awards Presentation**

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President & Chief Executive Officer**



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CHECK AGAINST DELIVERY

Everyone in this audience is aware of the importance of having a strong business sector in our community. However, in the community at large, the important role of local business is not well recognized. Our businesses:

- produce goods or services of value to customers; and
- generate economic wealth or profits to investors

These are our reasons for being, but in the process we:

- generate employment in the community; and
- pay taxes to various levels of government

These we provide only if we're successful. Employment and social transfers are the by products of our success. If we're unsuccessful, there is no employment and no taxes.

Historically, Newfoundlanders have not celebrated business success which may, in part, explain why we've not had a lot to celebrate!

At Fortis we have been tremendously successful. I like to think that we're an example for other Newfoundland businesses to follow.

Since Fortis was established as the parent company of Newfoundland Power in 1987, we've grown from a single utility with assets of \$390 million to an internationally diversified company with assets exceeding \$4.1 billion and annual revenues of approximately \$1.2 billion.

Today, Fortis is the leading electric distribution company in Canada, providing electric distribution in 5 provinces. No other utility distributes electricity in more than one province.

Despite our success, I find that many Newfoundlanders, even those in the business community, have no sense of who we are or what we've achieved. Our principal business is the ownership and operation of electric utilities (which makes up about 83 per cent of our business). Here at 'home', Newfoundland Power serves about 230,000 customers or about 85 per cent of all electricity consumers in the Province. Besides Newfoundland Power, we own Maritime Electric which is the principal distributor of electricity on Prince Edward Island, and FortisOntario which distributes electricity to the Fort Erie, Port Colborne, Cornwall and Gananoque areas of Ontario.

In 2004, Fortis acquired 2 electric utilities in western Canada for \$1.5 billion, the largest acquisition in our history. FortisAlberta is a distributing utility company service about 400,000 customers in southern and central Alberta. FortisBC is a

vertically integrated utility serving about 140,000 customers in southern British Columbia.

We also have utility investments in the Caribbean region. Belize Electricity is the distributor of electricity in Belize, Central America. Caribbean Utilities provides electricity on the island of Grand Cayman.

In all, Fortis utilities serve almost 1,000,000 customers in Canada and the Caribbean. We meet a combined peak demand of about 5,000 MW. These assets include 130,000 kilometres of transmission and distribution lines. Consolidated energy sales and deliveries totalled approximately 34,000 GWh last year.

Fortis also owns non-regulated generation assets here in central Newfoundland, as well as in Ontario, British Columbia, Belize and Upper New York State. These operations, which account for about 7 per cent of our total assets, have a combined generating capacity of approximately 200 MW, essentially all of which is hydroelectric generation. In addition, we operate approximately 1,000 MW of generation in our regulated utilities and for others. With approximately 1,200 MW of capacity, we are the largest private operator of hydroelectric facilities in Canada.

One Fortis company is not in the utility business. Fortis Properties owns and operates 15 hotels - 4 here in Newfoundland, 3 in Nova Scotia, 1 in New Brunswick, 4 in Ontario, 1 in Manitoba and 2 in Alberta. These hotels have more than 2,900

rooms in total and are comprised of a mix of branded and non-branded hotels including 6 Holiday Inns, 3 Deltas, a Four Points by Sheraton and a Days Inn. In June 2005, Fortis Properties completed a \$15 million, 128-room expansion to the Delta St. John's, making the hotel the largest convention hotel in Atlantic Canada.

The Company's real estate holdings include 2.7 million square feet of commercial real estate in St. John's, Halifax, Moncton, St. John and Fredericton.

Newfoundland Power and Fortis Properties are 2 of the biggest companies and largest employers here in this Province. Newfoundland Power has approximately 600 employees in the Province and Fortis Properties 500. In total, Fortis Companies have about 4,000 employees throughout Canada and the Caribbean.

One thing that Fortis has remained focused on as we've grown our business is to ensure we grow our business *profitably*. Last year, we delivered record earnings of \$90.9 million, representing the fifth consecutive year of record earnings to our shareholders.

Fortis has consistently out performed its peers. Over the last 5 years, Fortis shareholders have earned an average on annual return of almost 28% - the highest in its sector. In the last 12 months alone the return has been approximately 62%.

Fortis will continue to grow its business as our companies make significant capital investments to enhance the reliability of their electricity systems and to meet the needs of their customers. In 2005, our capital expenditures are expected to approach \$500 million, over 3 times the level expended 5 years earlier. Over the next 5 years, capital expenditures are expected to approach \$2 billion, with the lion's share invested in electrical infrastructure. This capital investment should translate into strong organic earnings growth for Fortis.

Make no mistake about it - business is about risk and reward. When we take risks there will be successes and there will be failures. When there are failures, we learn by them and we move on. When there are successes, we must celebrate them and use them as beacons to guide others on.

Obviously, there are substantial differences between small businesses and large businesses. A small business may be no more than a vehicle for self employment. A business like Fortis has billions of dollars of invested capital. But irrespective of the size of the business, success requires good leadership.

Leadership is one of those things that's hard to define but we know it when we see it. A leader, in my mind, is someone others want to follow. Others want to follow because they see the objective and are motivated to act.

Leaders do not seek the recognition of others for their own glorification. Leaders must lead, and success for them is its own reward. Recognition of success and leadership should encourage others to follow.

Judging by what I've seen of the Conception Bay South Chamber of Commerce, we have leadership and business success in this community. I'm delighted to be here with you today to celebrate some of that success.