



2017 Q1 Earnings Call

May 2, 2017

FORTIS INC.

Forward-Looking Information

Fortis Inc. (“Fortis” or, the “Corporation”) includes forward-looking information in this presentation within the meaning of applicable securities laws including the Private Securities Litigation Reform Act of 1995. Forward-looking information included in this presentation reflect expectations of Fortis management regarding future growth, results of operations, performance, 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 statements, which include, without limitation: targeted average annual dividend growth through 2021; the Corporation’s forecasted gross consolidated and segmented capital expenditures for 2017 and the period 2017 through 2021; the Corporation’s forecast midyear rate base for the period 2017 through 2021; the nature, timing and expected costs of certain capital projects including, without limitation, the ITC Multi-Value Regional Transmission Projects, 34.5kV to 69kV Conversion Project and the Lake Erie Connector, the Central Hudson Gas Main Replacement Program, the FortisBC Lower Mainland System Upgrade, pipeline expansion to the Woodfibre liquefied natural gas (“LNG”) site and expansion to the Tilbury LNG facility, the FortisAlberta Pole Management Program, and the Fortis Ontario Wataynikaneyap Project; and the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions.

Forward-looking information involves significant risk, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally, including those identified from time-to-time in the forward-looking statements. Such risk factors or assumptions include, but are not limited to: uncertainty regarding the outcome of regulatory proceedings of the Corporation’s utilities and the expectation of regulatory stability; no material capital project and financing cost overrun related to any of the Corporation’s capital projects; sufficient human resources to deliver service and execute the capital program; the Board of Directors exercising its discretion to declare dividends, taking into account the business performance and financial conditions of the Corporation; risk associated with the impact of less favorable economic conditions on the Corporation’s results of operations; currency exchange rates and resolution of pending litigation matters. 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 statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the continuous disclosure materials filed from time to time by Fortis with Canadian securities regulatory authorities and the Securities and Exchange Commission. Fortis disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Unless otherwise specified, all financial information referenced is in Canadian dollars.



Barry Perry

President & CEO





Earnings & Cash Flows

- Q1 2017 adjusted EPS of \$0.69
 - An increase of \$0.02 compared to Q1 2016
 - Earnings growth driven by UNS and accretion from ITC
 - Tempered by lower earnings at FortisAlberta as well unfavourable foreign exchange associated with US dollar-denominated earnings
- Cash flow from operating activities totalled ~\$500 million, increasing 12% compared to Q1 2016 driven by ITC

Accretion at ITC on Plan

- ITC accretive in Q1 2017
- Raised \$500 million through a private placement of 12.2 million common shares to a large US institutional investor

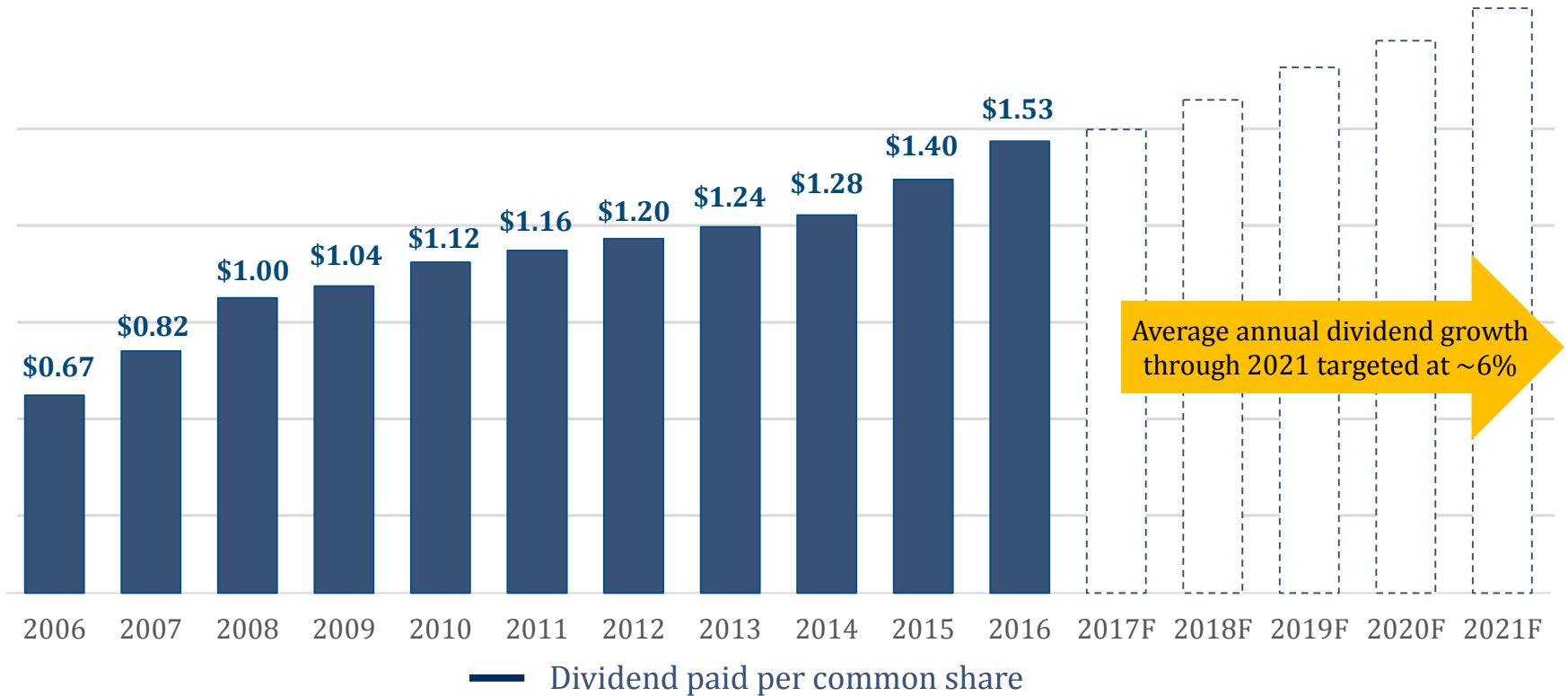
Execution of Growth Strategy

- Invested ~\$700 million in Q1; on track to invest \$3.0 billion in 2017
- Major capital projects progressing as planned

Dividend

- Dividends paid per common share of \$0.40 in Q1 2017 compared to \$0.375 in Q1 2016
- Targeted average annual dividend growth of ~6% through 2021

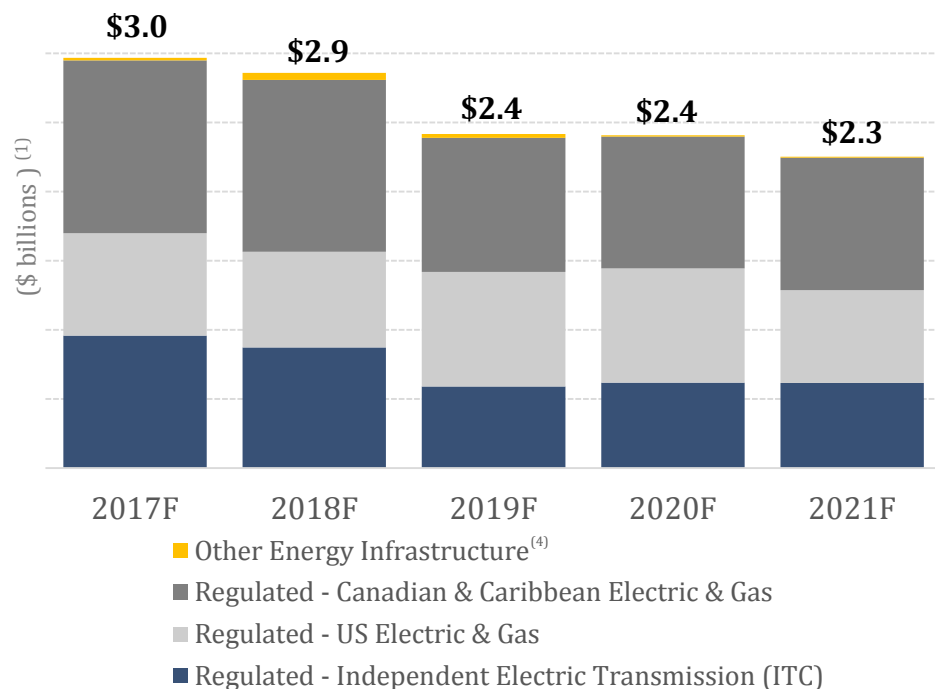
Average Annual Dividend Growth Target of ~6% through 2021



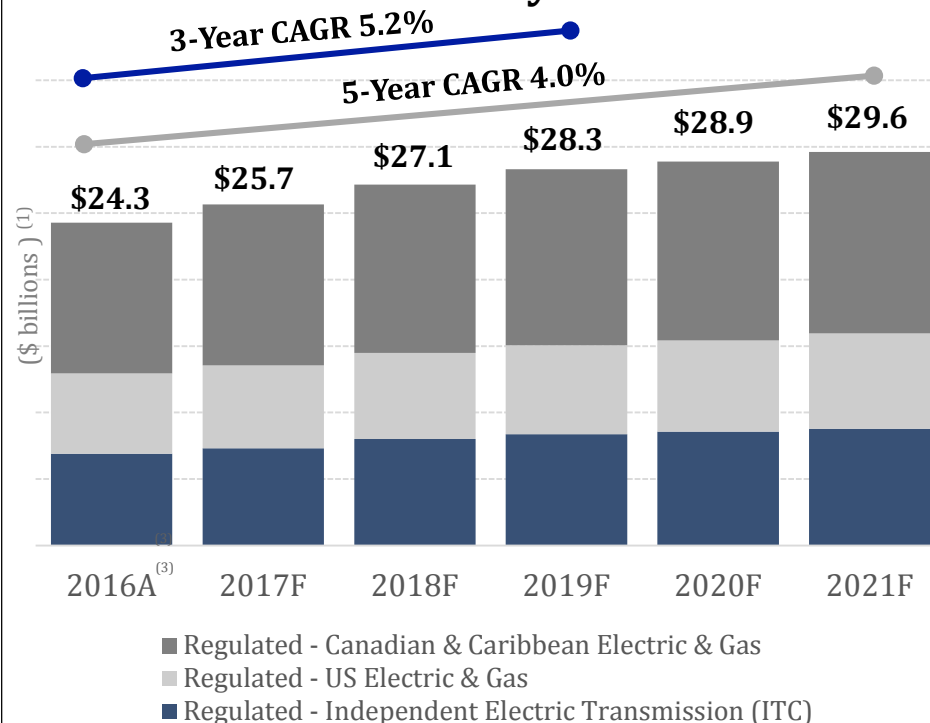
*43 Consecutive Years of Annual Dividend Increases -
Longest record of any public company in Canada*

Capital Plan Grows Rate Base to ~\$30 Billion in 2021

~\$13B Five-Year Capital Program



2016 - 2021 Midyear Rate Base⁽²⁾



Midyear Rate Base Sensitivities

Capex at \$3B for all years

Add \$1 billion in rate base in the last year

3-Year CAGR to 2019

+30 bps to 5.5%

+130 bps to 6.5%

5-Year CAGR to 2021

+90 bps to 4.9%

+70 bps to 4.7%

(1) US Dollar-denominated CAPEX and midyear rate base converted at a USD/CAD exchange rate of 1.30 for 2017 through 2021.

(2) Includes the impact of bonus depreciation and excludes construction work in progress.

(3) Reflects actual midyear 2016 rate base compared to the November 2016 forecast of \$24.2 billion.

(4) Includes 100% of the Waneta Expansion, of which Fortis has a 51% controlling ownership interest.

Progress on Major Capital Projects

\$millions ^{(1) (2)}	Forecast 2017	Forecast 2018-2021	Total 2017-2021 Forecast
ITC Multi-Value Regional Transmission Projects	305	244	549
ITC 34.5 kV to 69 kV Conversion Project	89	369	458
Central Hudson Gas Main Replacement Program	33	169	202
FortisBC Tilbury LNG Facility Expansion – Tilbury 1A	65	-	65
FortisBC Lower Mainland System Upgrade	162	220	382
FortisAlberta Pole-Management Program	43	53	96

(1) Represents capital asset expenditures, including both the capitalized debt and equity components of AFUDC, where applicable.

(2) US Dollar denominated CAPEX converted at a USD/CAD exchange rate of 1.30 for 2017 through 2021.



Potential Development Opportunities Update ⁽¹⁾



- Potential pipeline expansion to the Woodfibre LNG export site
- Project estimate of up to \$600 million, not currently in forecast
- Earliest expected in service date is late 2020



- Proposed 1,000 MW, bi-directional, high-voltage direct current transmission underwater line connecting the Ontario energy grid to the PJM energy market
- Expected in-service date of late 2020, subject to meeting milestones



- Opportunity to connect remote First Nations communities in Northern Ontario to the grid
- Received approval from the OEB in the first quarter to acquire Renewable Energy Systems Canada ownership interest, which closed in March 2017
- During the quarter the OEB also issued its deferral account approval allowing recovery of spending that occurred since November 2010
- Construction will begin following the receipt of permitting, approvals and a cost-sharing agreement between the federal and provincial governments

(1) Potential development opportunities are not included in the base 2017-2021 capital plan.



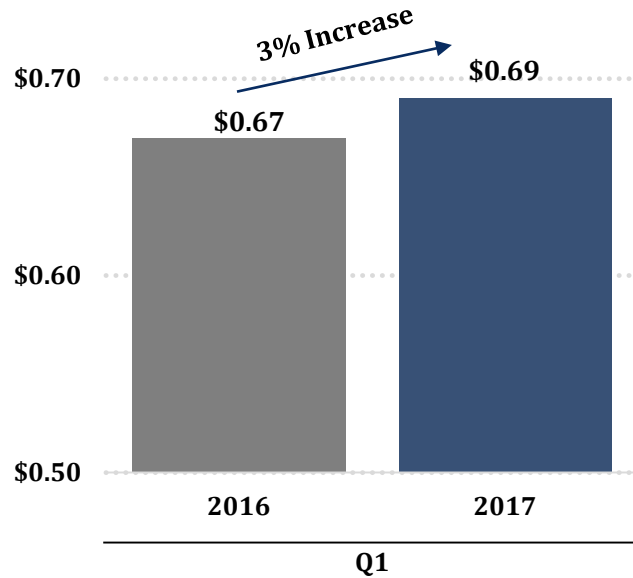
Karl Smith

Executive Vice President,
Chief Financial Officer

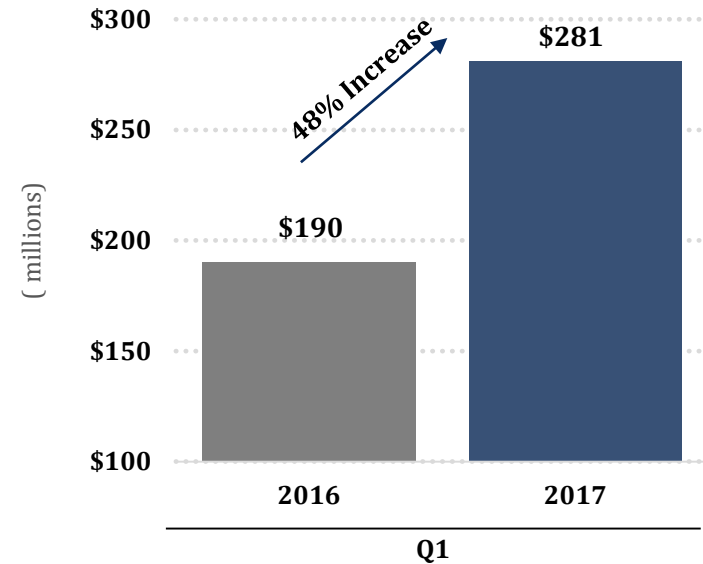


Diversified Portfolio of Utilities Continues to Deliver Quality Performance

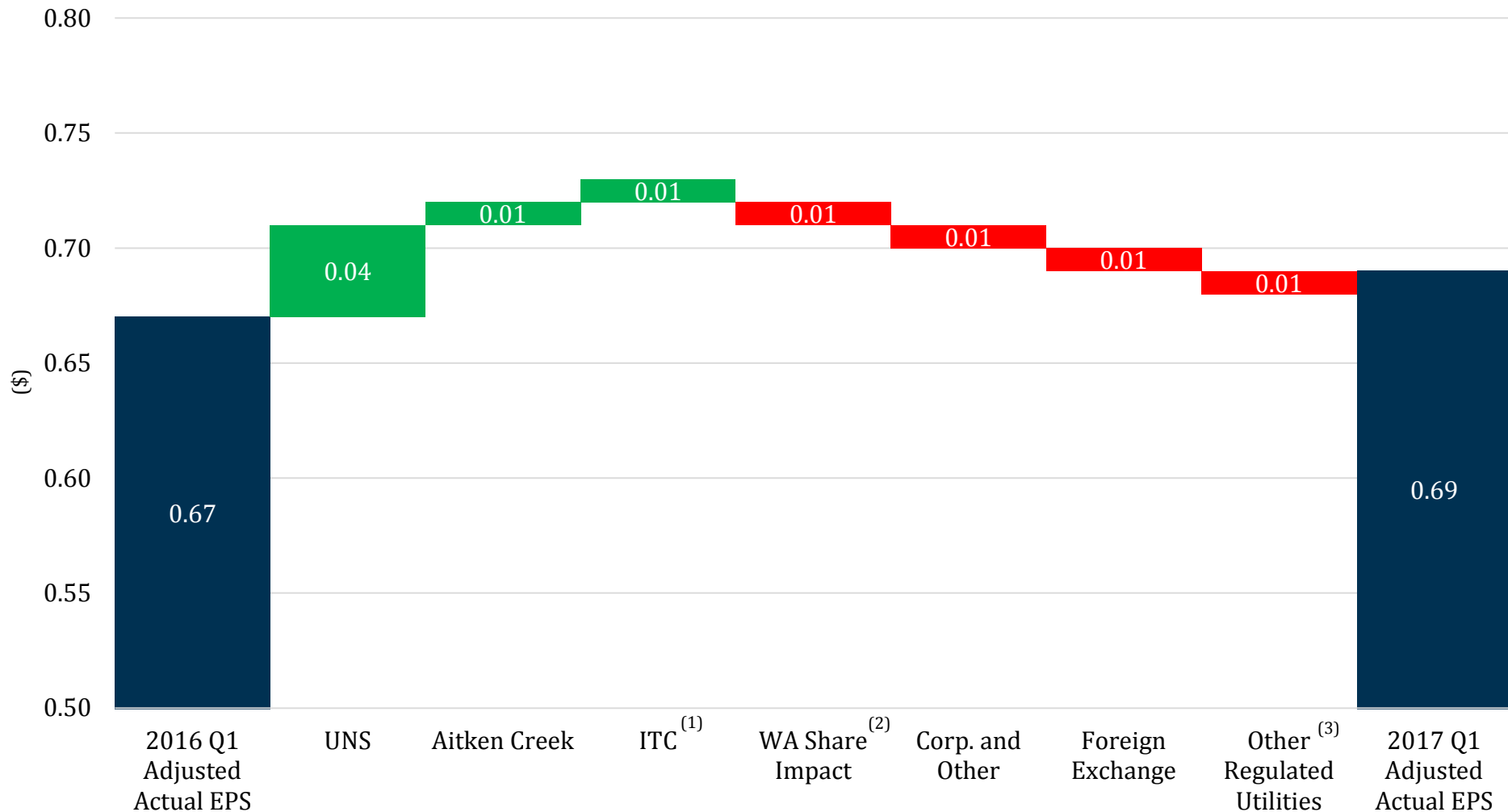
Adjusted EPS



Adjusted Earnings



Multiple Drivers of EPS Growth – Q1



(1) Inclusive of finance charges and increased share issuance related to ITC acquisition.

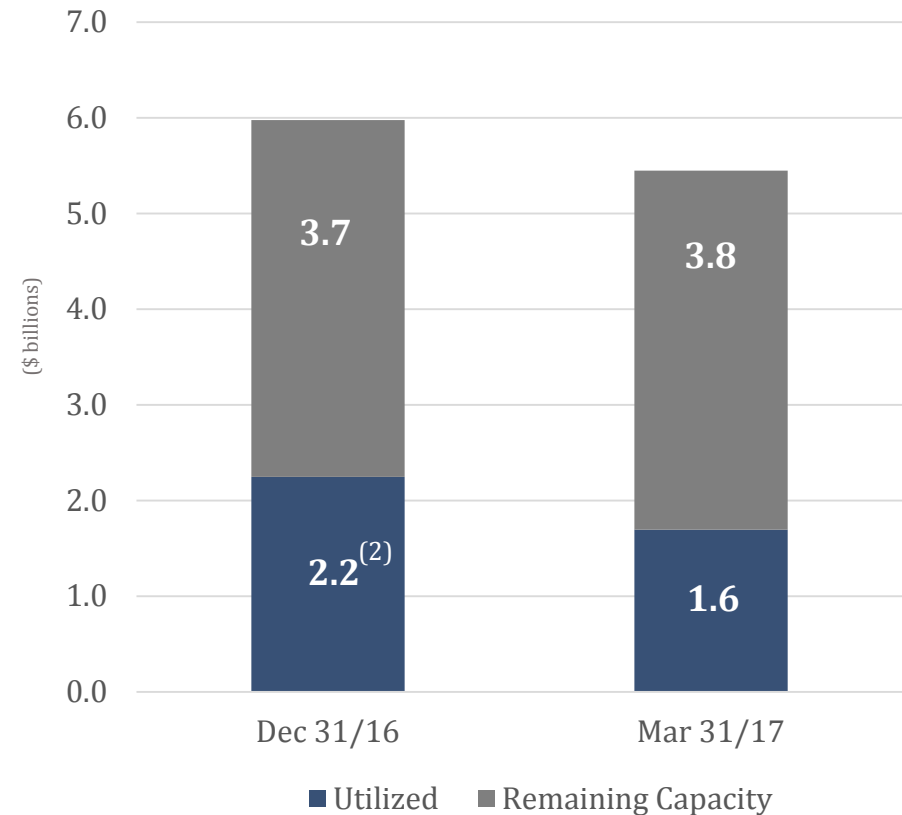
(2) Reflects share impact for normal course business activity and excludes the shares issued to finance a portion of the ITC acquisition.

(3) Includes FortisAlberta, Central Hudson, FortisBC Electric, FortisBC Gas, Eastern Canadian and Caribbean utilities. Q1 impact driven primarily by FortisAlberta.

Credit Ratings⁽¹⁾

Fortis Inc.	
S&P	A- / BBB+
DBRS	BBB (high)
Moody's	Baa3

Consolidated Credit Facilities



(1) In October 2016, following the completion of the acquisition of ITC, DBRS revised the Corporation's unsecured debt credit rating to BBB(high) from A(low) and revised its outlook to stable from under review with negative implications. In September 2016, Moody's assigned to Fortis, with a stable outlook, a Baa3 issuer and Baa3 senior unsecured debt credit ratings.

(2) Included \$500 million non-revolving term senior unsecured equity bridge credit facility, used to finance a portion of the cash purchase price of the acquisition of ITC, which facility was repaid in March 2017.

Continued Regulatory Stability

Recent Regulatory Outcomes

Regulated Utility	Application/Proceeding	Outcome	Agreement/ Decision Timing
ITC	Initial MISO Base ROE Complaint	– 10.32% base ROE with a high-end zone of reasonableness of 11.35%	September 2016
FortisBC Energy	2016 Application: ROE and Common Equity Thickness	– Maintained ROE at 8.75% and common equity thickness of 38.5%	August 2016
FortisAlberta	2016/2017 Generic Cost of Capital Proceeding (GCOC)	– ROE maintained for 2016 at 8.30% and increasing to 8.50% for 2017. Common equity thickness reduced from 40% to 37% for 2016 and 2017	October 2016
TEP	2017 General Rate Application (GRA)	– Decision issued approving settlement agreement on revenue requirement – 9.75% ROE and common equity thickness of 50%	February 2017

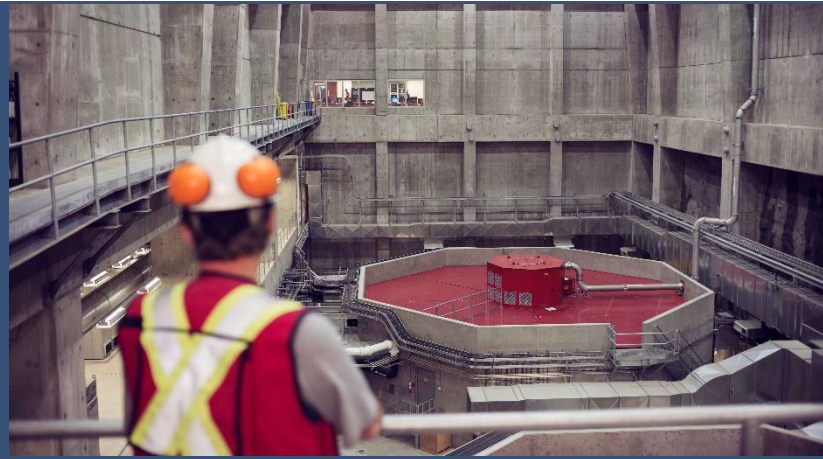
Significant Regulatory Decisions Remaining

Regulated Utility	Application/Proceeding	Filing Date	Expected Decision
ITC	Second MISO Base ROE Complaint	– Not applicable	To be determined

FORTIS INC.

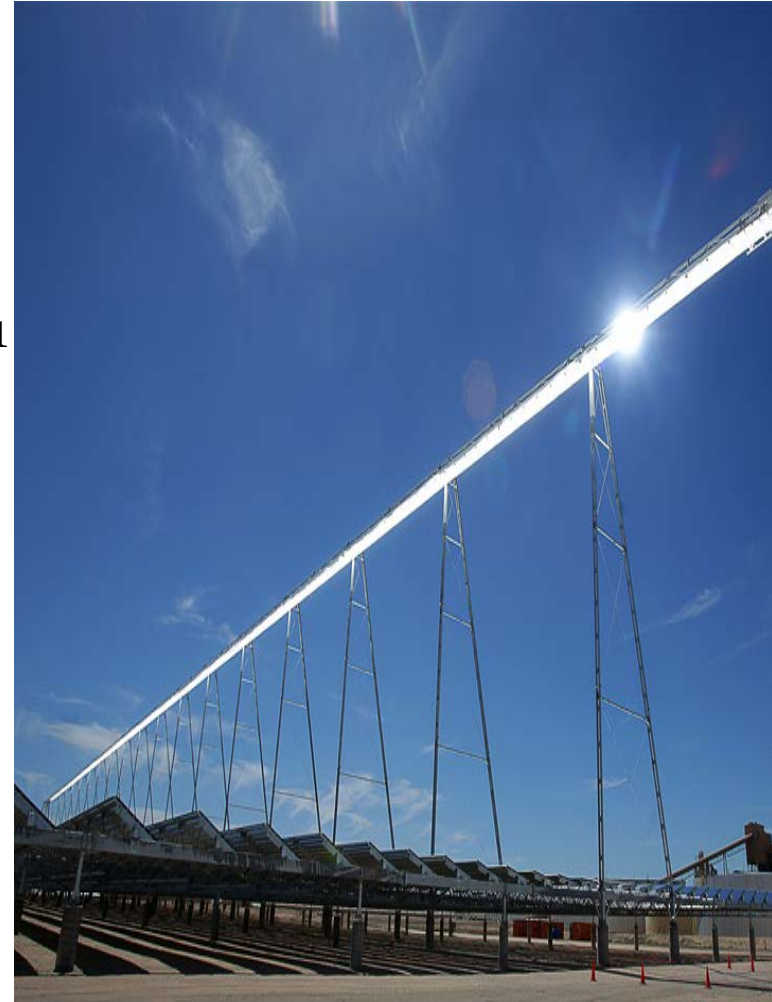
Barry Perry

President & CEO



Poised to Deliver Quality Results

- On track to execute 2017 plan, supported by acquisition of ITC and new UNS rates
- Consistent dividend growth
 - 43 years of consecutive dividend increases
 - 6% average annual dividend growth guidance through 2021
- Highly diversified regulated utility, focused on wires and gas businesses
- Highly executable base capital plan
- Regulatory stability
- Strong M&A track record & upside growth potential
- Track record of superior shareholder returns



Annual and Special Meeting

Thursday, May 4, 2017

9:00 a.m. (Eastern), 10:30 a.m. (Newfoundland)

The Holiday Inn St. John's, 180 Portugal Cove Road, St. John's, NL

A live webcast of the meeting will be available on the Corporation's website www.fortisinc.com.



Save the Date - 2017 Investor Day

Toronto	October 16, 2017
New York	October 18, 2017

Expected Earnings Release Dates

Q2 - 2017	July 28, 2017
Q3 - 2017	November 3, 2017



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Q1 Results by Segment

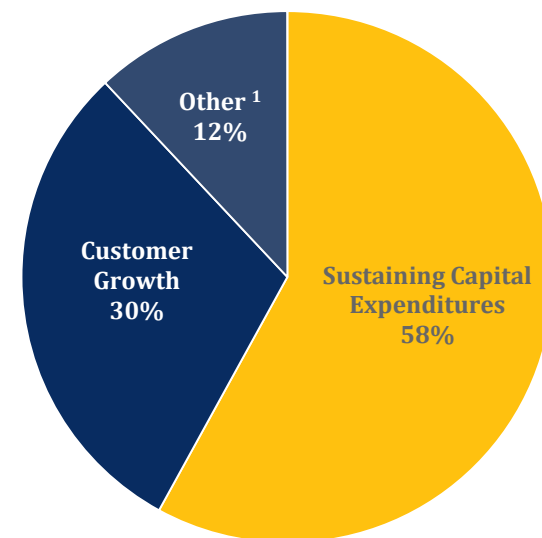
Q1 Variance Analysis By Segment

	<u>Q1 2017</u>	<u>Adj.</u>	<u>Q1 2017 (Adjusted)</u>	<u>Q1 2016</u>	<u>Adj.</u>	<u>Q1 2016 (Adjusted)</u>	<u>Q1 (Adjusted) Variance</u>
<i>(Millions excluding EPS)</i>							
Regulated- Independent Electric Transmission (ITC)							
ITC Holdings	91	-	91	-	-	-	91
Regulated - US Electric & Gas							
UNS Energy	41	(7)	34	12	11	23	11
Central Hudson	23	-	23	24	-	24	(1)
	64	(7)	57	36	11	47	10
Regulated Canadian & Caribbean Electric & Gas							
FortisBC Gas	97	-	97	92	-	92	5
FortisAlberta	25	-	25	31	-	31	(6)
FortisBC Electric	15	-	15	15	-	15	-
Eastern Canadian	18	-	18	18	-	18	-
Caribbean	8	-	8	10	-	10	(2)
	163	-	163	166	-	166	(3)
Other Energy Infrastructure	23	(6)	17	11	-	11	6
Corporate and Other	(47)	-	(47)	(51)	17	(34)	(13)
Net Earnings	\$ 294	\$ (13)	\$ 281	\$ 162	\$ 28	\$ 190	\$ 91
Weighted Avg Shares	406.2		406.2	282.4		282.4	123.8
EPS	\$ 0.72		\$ 0.69	\$ 0.57		\$ 0.67	\$ 0.02

2017-2021 Five Year Forecast by Segment

2017 Capital Forecast	(\$millions)
Regulated-Independent Transmission (ITC)	
ITC	958
Regulated-US Electric & Gas	
UNS Energy	520
Central Hudson	222
Regulated-Canadian & Caribbean Electric & Gas	
FortisBC Gas	467
FortisAlberta	419
FortisBC Electric	111
Eastern Canadian	153
Caribbean	99
Other Energy Infrastructure	18
Total Capital	2,967

5-Year Capital Forecast Spending



<i>\$millions</i>	2017	2018	2019	2020	2021
Regulated – Independent Transmission (ITC)	\$ 958	\$872	\$590	\$619	\$616
Regulated – US Electric & Gas	742	693	830	825	671
Regulated – Canadian & Caribbean Electric & Gas	1,249	1,244	970	955	958
Other Energy Infrastructure	18	50	27	8	8
Total Capital Expenditures	\$2,967	\$2,859	\$2,417	\$2,407	\$2,253

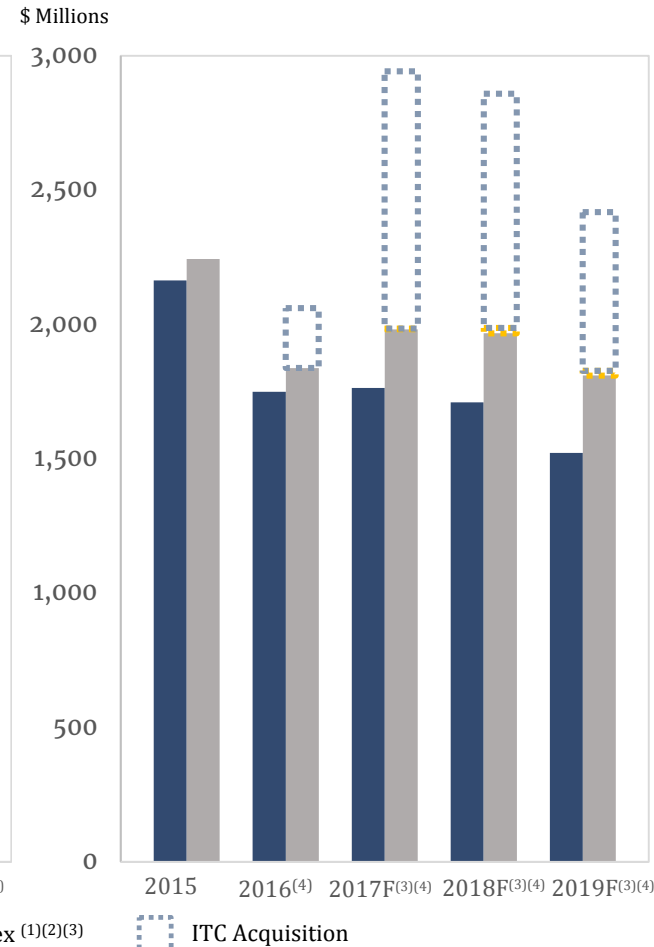
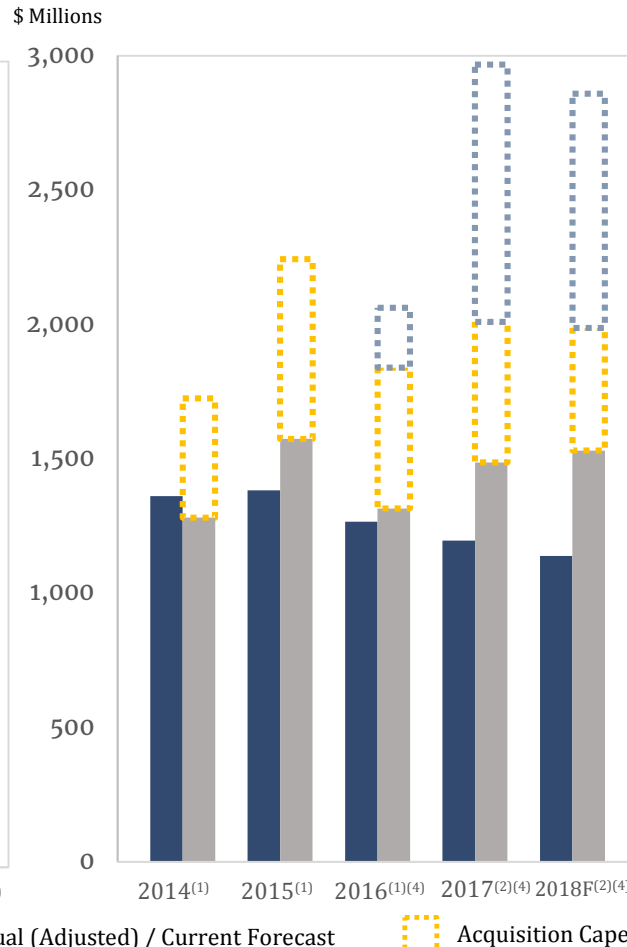
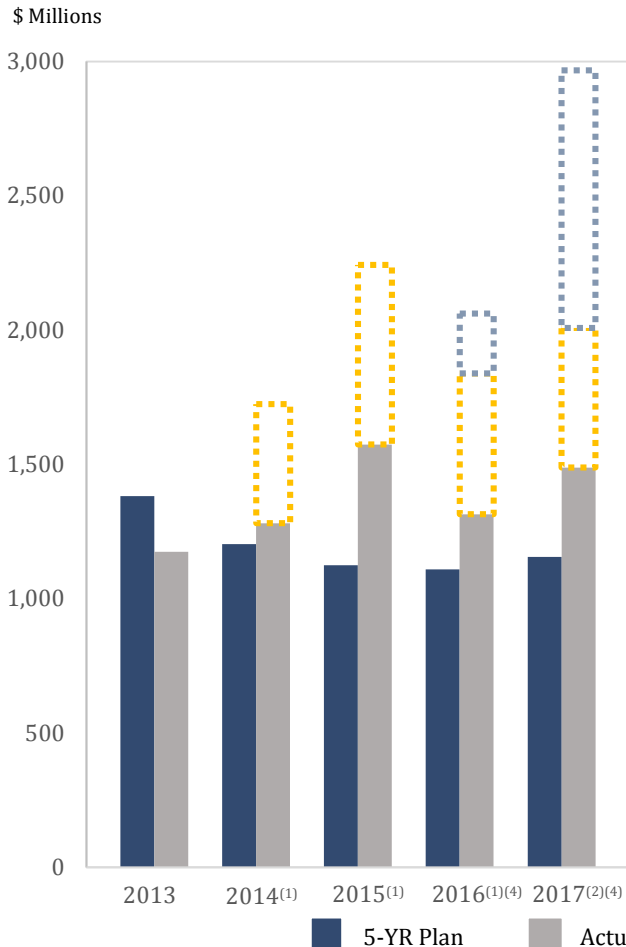
(1) Includes facilities, equipment, vehicles, information technology and other assets.

Capital Expenditures Exceeding Expectations

2013-2017 Business Plan Capex

2014-2018 Business Plan Capex

2015-2019 Business Plan Capex



- (1) Acquisition capex relates to UNS Energy acquired in August 2014.
- (2) Acquisition capex relates to UNS Energy acquired in August 2014 and capex from Aitken Creek effective April 1, 2016.
- (3) Acquisition capex relates to Aitken Creek acquired April 1, 2016.
- (4) ITC capex relates to capex contribution from ITC following acquisition in October 2016.

Opportunities Beyond Base Plan

