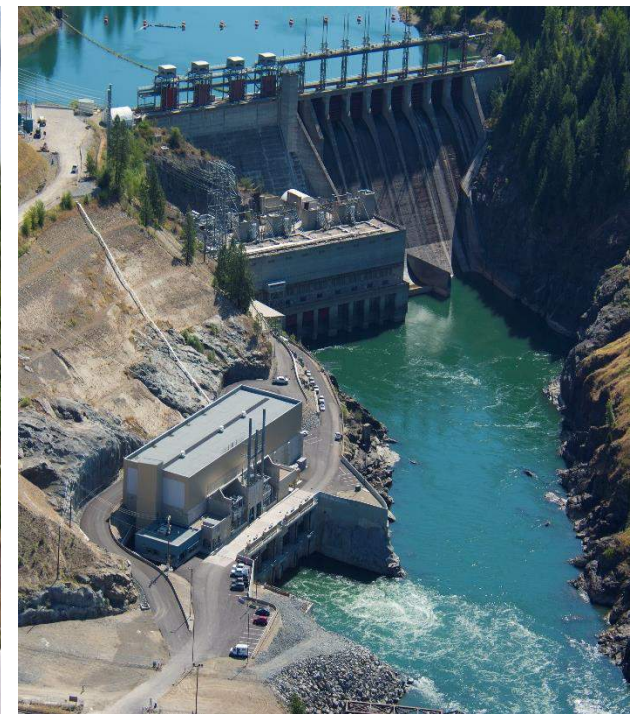




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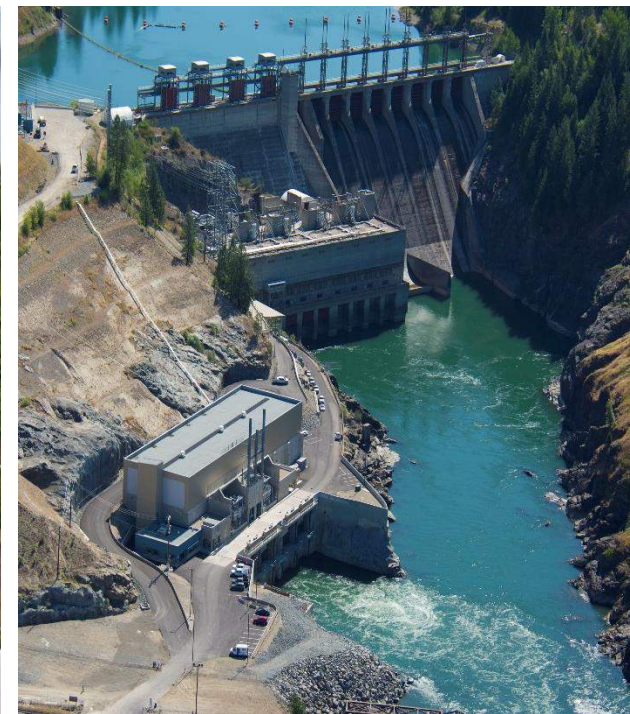


Investor Day

October 6, 2015



FORTIS



Barry Perry  
President & CEO

# Forward-looking Statement

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Fortis includes forward-looking information in this material within the meaning of applicable securities laws in Canada. The purpose of the forward-looking information is to provide management's expectations regarding the Corporation's future growth, results of operations, performance, business prospects and opportunities, and it may not be appropriate for other purposes. All forward-looking information is given pursuant to the safe harbour provisions of applicable Canadian securities legislation. Forward-looking statements are typically identified by such words as "anticipates", "budgets", "could", "estimates", "expects", "forecasts", "may", "opportunity", "projects", "pending", "schedule", "should", "target", "would" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements included in this material include, but are not limited to, statements related to the annualized 2016 common share dividend; targeted annual dividend growth through 2020; the expected sale of the Corporation's hotel assets; the timing of regulatory proceedings and decisions; the Corporation's forecast total capital spending for the period 2015-2020; the expectation that midyear rate base will increase from 2015 through 2020; the nature, timing and expected costs of capital projects, including the Tilbury liquefied natural gas ("LNG") facility; the potential gas pipeline expansion to the Woodfibre LNG site, the Wataynikaneyap transmission project and additional opportunities including electric transmission, LNG and renewable related infrastructure and generation; and the implementation of the Environmental Protection Agency's Clean Power Plan.

Forward-looking statements involve 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. Such risk factors or assumptions include, but are not limited to, the completion of the sale of the Corporation's hotel assets; reasonable decisions by utility regulators; the implementation of the Corporation's five-year capital plan; no material capital project and financing cost overrun related to any of the Corporation's capital projects; the realization of additional opportunities including natural gas-related infrastructure and generation; fluctuating foreign exchange; and the Board exercising its discretion to declare dividends, taking into account the business performance and financial conditions 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 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 Corporation's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities. Except as required by law, the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

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

# A Leader in North American Utility Industry



- Guided by Profitable Growth

# Strategic Outlook

Our Strategy

Our Position

Our Focus

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

**Dividend Target:  
6% Annual Growth  
Through 2020**



**Strong Balance Sheet**

**STRATEGIC INITIATIVES**

Execute Utility CAPEX Plan	Target Additional Energy Infrastructure	Increase Renewables	Enhance Customer & Regulatory Relationships	Unlock LNG Value	Utility Acquisitions
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# What have we accomplished in the past year?

Our Strategy

Our Position

Our Focus

- ✓ Successful integration of UNS Energy
- ✓ Completion of Waneta Expansion Project
- ✓ Three-year rate plan at Central Hudson
- ✓ Strong EPS growth/Two dividend increases
- ✓ Sale of commercial real estate portfolio \$430M
- ✓ Pending sale of hotel portfolio \$365M
- ✓ Sale of small hydroelectric generating assets \$93M
- ✓ Settlement of BEL expropriation matters

# UNS Energy – A Year Later

Our Strategy

Our Position

Our Focus

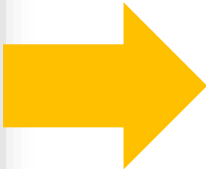
- Management team retained
- Significant EPS accretion in 2015
- Merger conditions met
  - Equity level at TEP increased by 650 bps to 50%
- Significant capital investments since acquisition
- Credit rating upgrades
- TEP Resource Diversification Plan on track
- TEP rate filing later this year

# Waneta: Largest Capital Project Completed to Date

Our Strategy

Our Position

Our Focus





# Waneta Expansion Project

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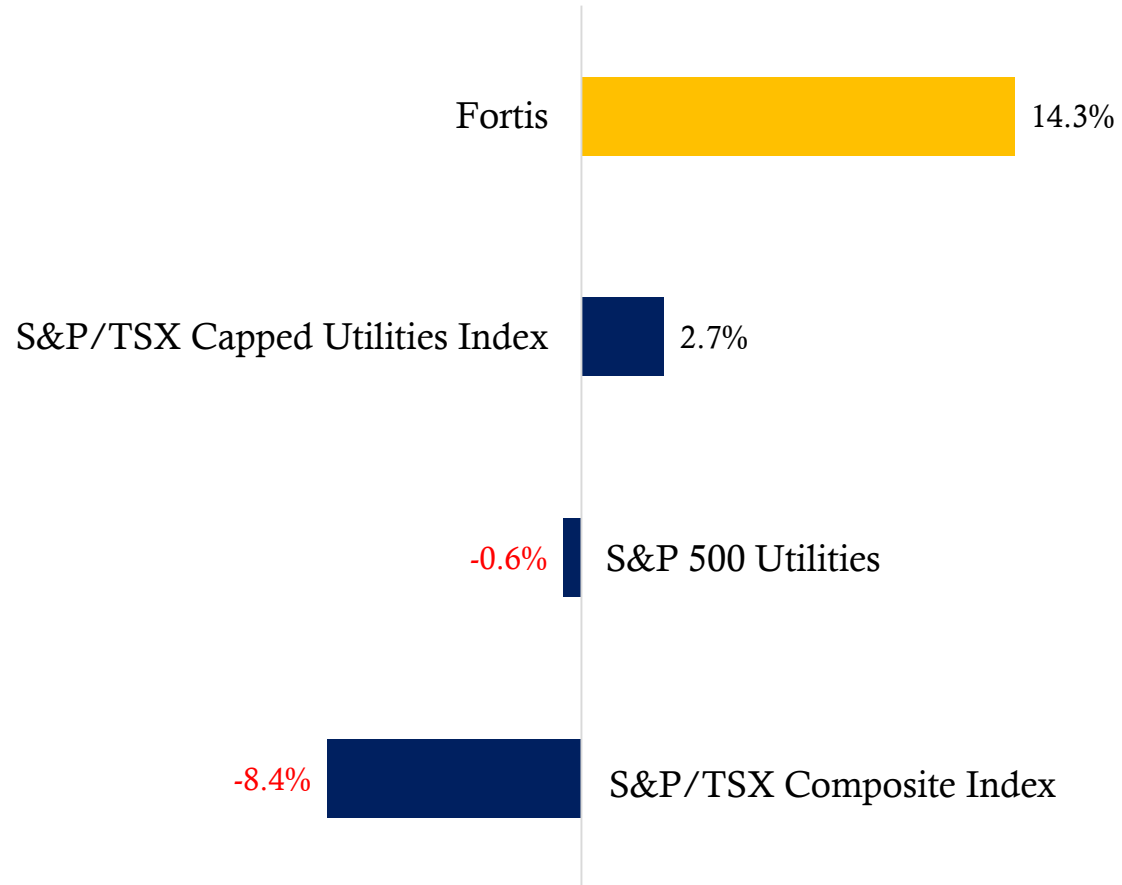
- 2-unit 335-MW hydroelectric plant
- \$900M (51% FTS)
- Supported by 40-year PPAs with BC Hydro and FortisBC Electric
- Commissioned and online in Q2 2015
  - Ahead of time and on budget
- Performing as expected

# 1-Year Total Shareholder Return<sup>(1)</sup>

Our Strategy

Our Position

Our Focus



<sup>(1)</sup> as of September 30, 2015

# Investment Opportunities

Our Strategy

Our Position

Our Focus

## Distribution:

- New York – REV Demonstration Projects
- Alberta – Rural Electrification Associations
- Ontario – Municipal Utility Consolidation

## Transmission:

- FortisOntario – Wataynikaneyap Project
- NY Transco LLC, 2014

## Generation:

- UNS Energy – Renewables and Natural Gas
- Caribbean – Solar
- Acquisitions

# Investment Opportunities

Our Strategy

Our Position

Our Focus

## Natural Gas:

- British Columbia:
  - Tilbury LNG
  - Eagle Mountain Woodfibre Transmission
- New York Transmission

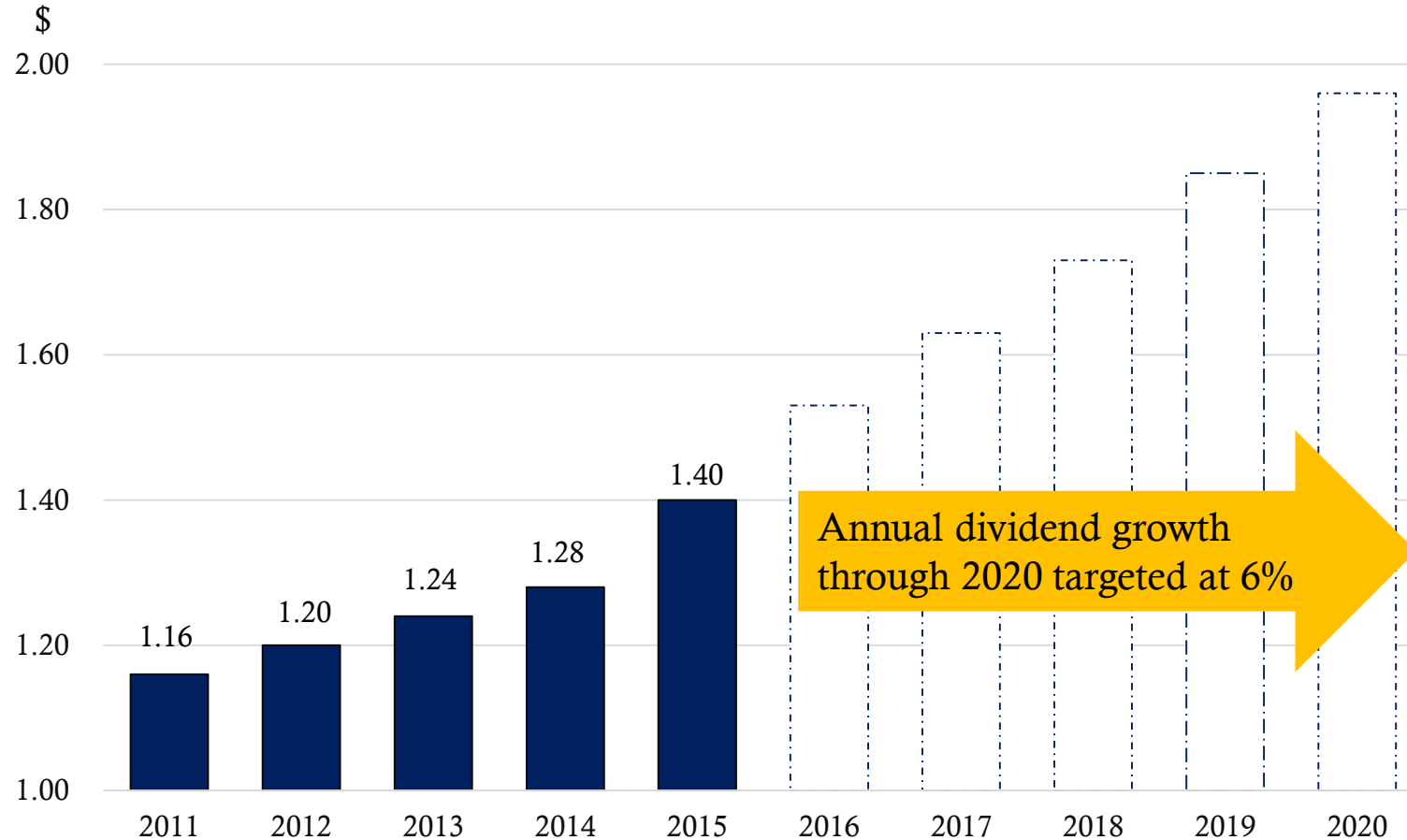


# Dividend Guidance Initiated

Our Strategy

Our Position

Our Focus



- A record 42 consecutive years of annual dividend increases
- Two dividend increases in 2015

# Proven Acquisition Framework – “Stand-Alone” Model

Our Strategy

Our Position

Our Focus



# Our Focus

Our Strategy

Our Position

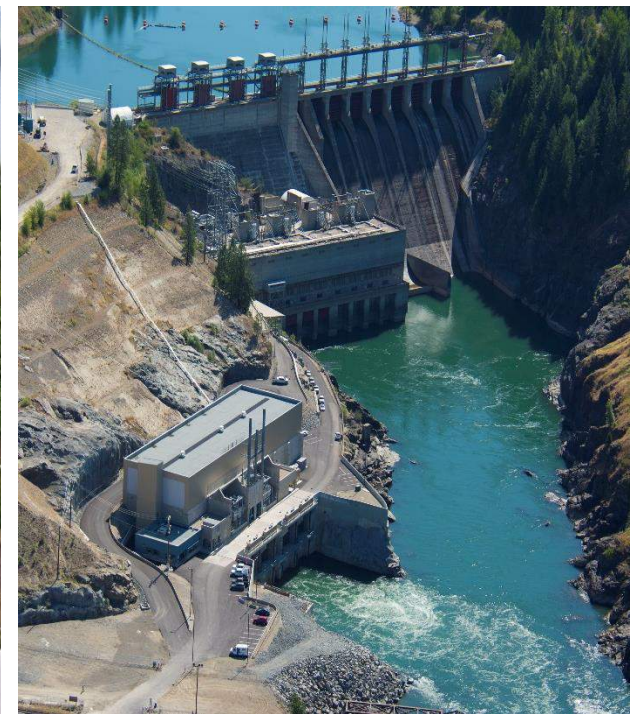
Our Focus

- Continue to grow dividends
- Execute ~\$9B capital expenditure plan
- Navigate significant regulatory applications
- Target additional energy infrastructure opportunities





**F**ORTIS



**Karl Smith**  
EVP, Chief Financial Officer



# Financial Outlook

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- Strong financial metrics
- Diversified earnings and assets
- Strong balance sheet
- Increasing dividends

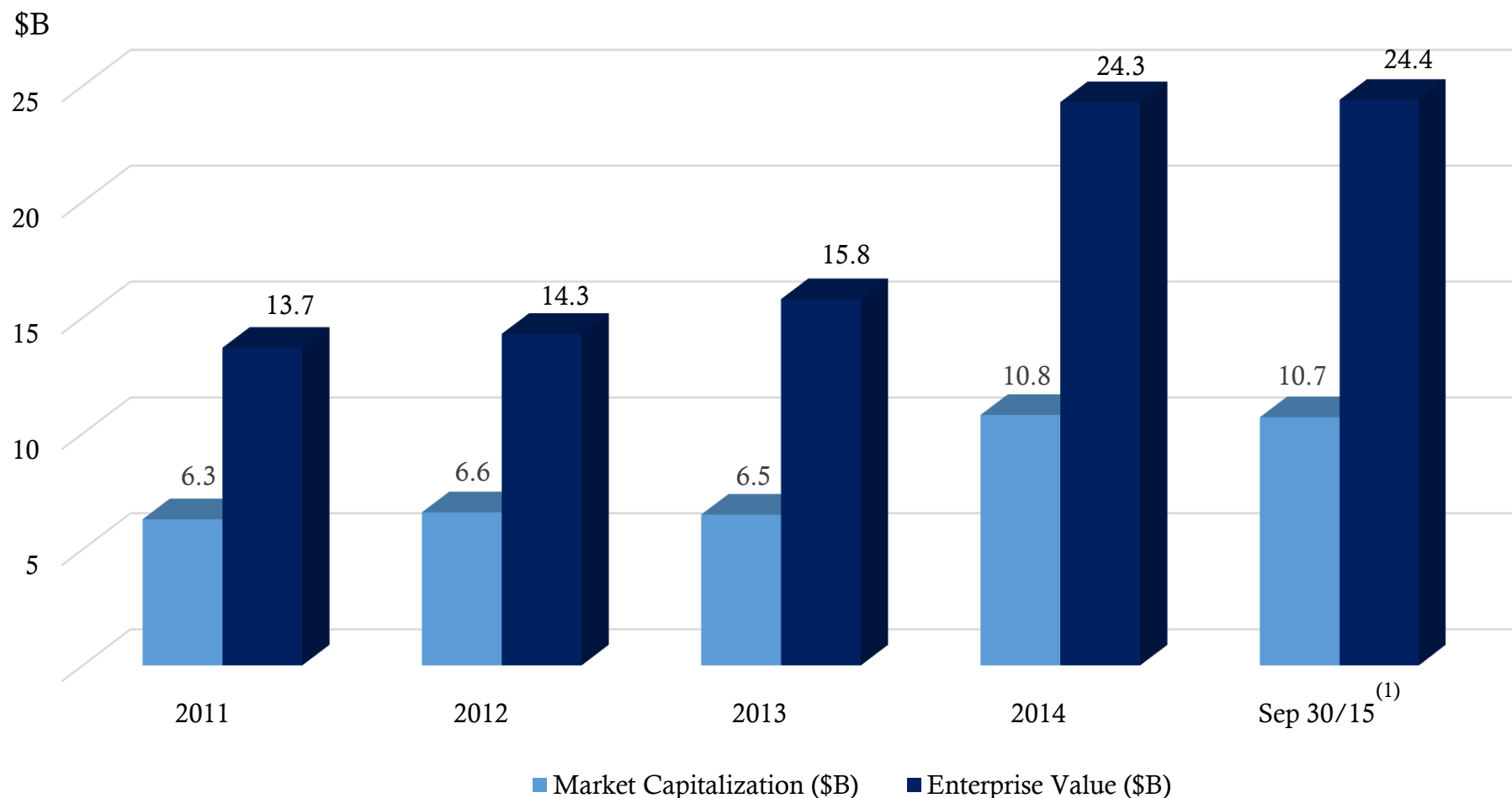


# Summary Financial Metrics<sup>(1)</sup>

	2013A	2014A	Q2 2015 TTM
Earnings to Common Shareholders (\$M)	344	407	492
Basic EPS (\$)	1.70	1.81	1.91
EBITDA (\$B)	1.4	1.8	2.1
FFO (\$B)	0.9	1.2	1.4
CAPEX (\$B)	1.2	1.7	2.4

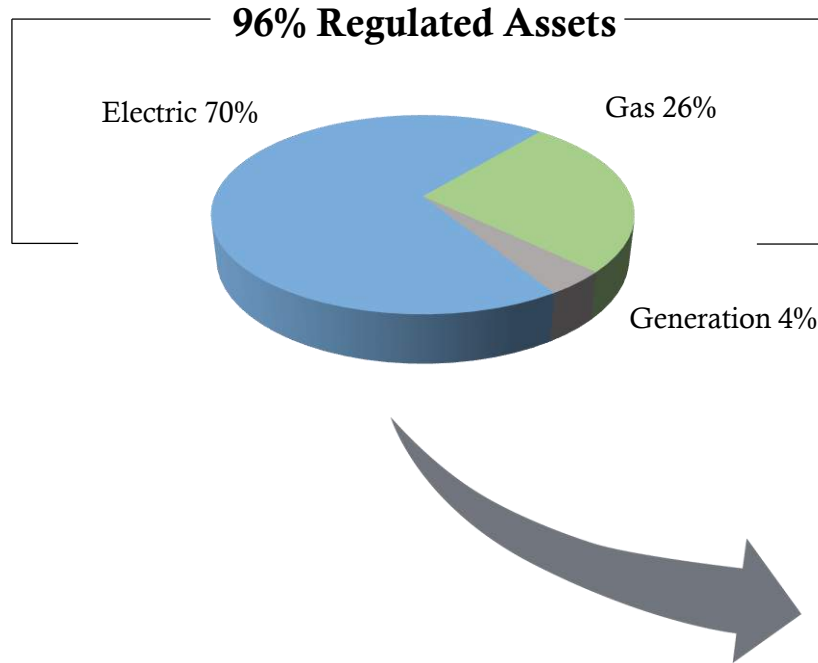
<sup>(1)</sup> Adjusted for non-recurring items

# Growing Enterprise Value and Market Capitalization

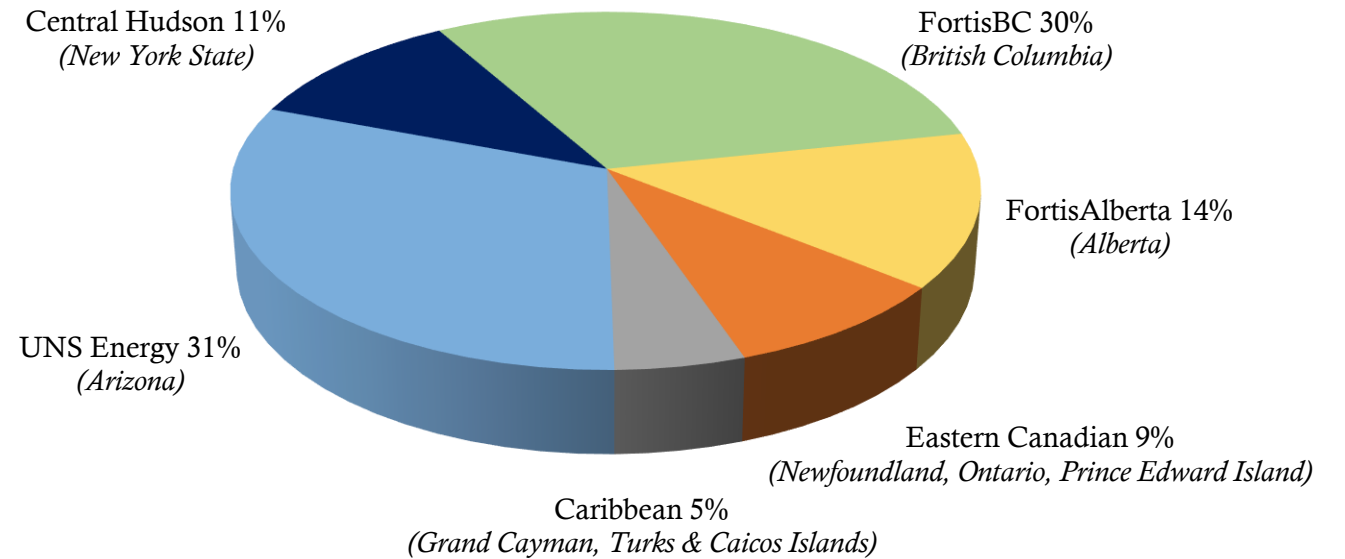


<sup>(1)</sup> Except for debt, which is as at June 30, 2015

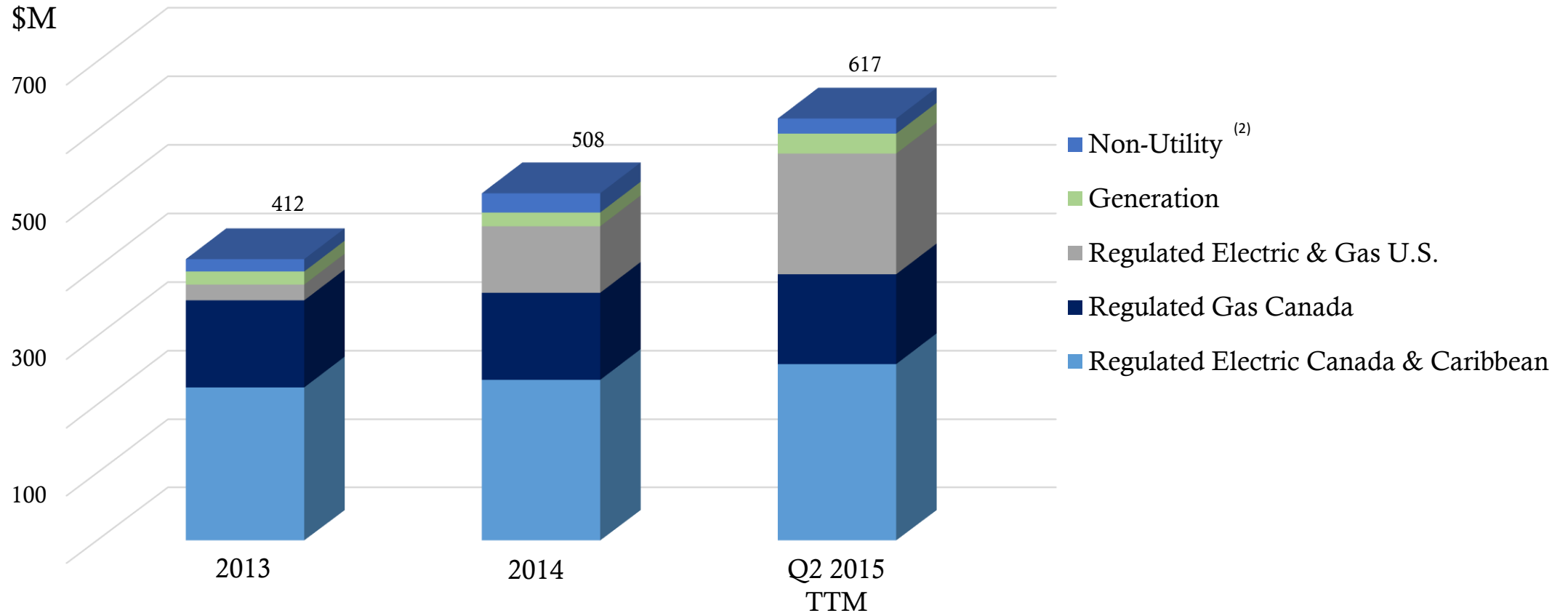
# Diversity in Assets



## Regulated Assets by Jurisdiction



# Building Diversity of Operating Earnings<sup>(1)</sup>



<sup>(1)</sup> Operating earnings before Corporate segment net expenses

<sup>(2)</sup> Commercial real estate and hotels

# Returns and Equity

2015			
Weighted Average (%)	Canada	U.S.	Combined
Allowed ROE	8.73	9.88	9.16
Actual Equity Thickness	40.0	49.5	43.5

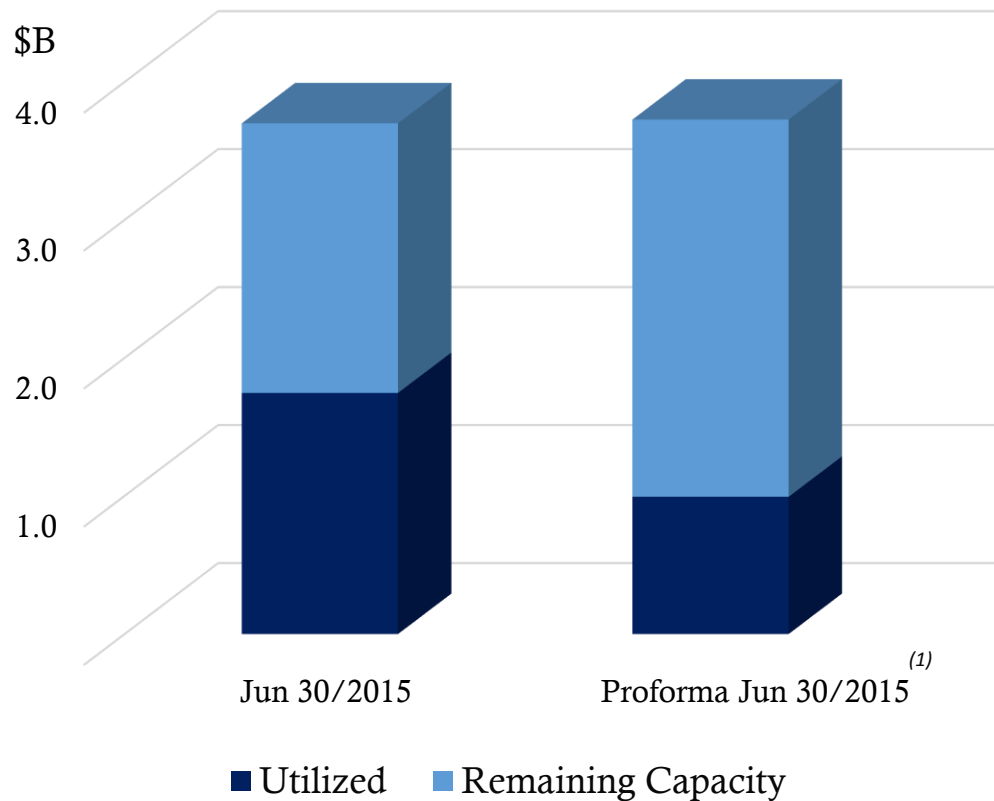
# Capital Structure

%	Dec 31/13	Dec 31/14	Jun 30/15
Debt <sup>(1)</sup>	55	55	54
Preferred	9	9	9
Common	36	36	37
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

<sup>(1)</sup> Excludes capital lease and finance obligations

# Liquidity

## Ample Credit Facilities



<sup>(1)</sup> Adjusted to reflect proceeds from the sale of commercial real estate and hotel assets

## Strong Credit Ratings

**Fortis Inc.**

S&P	A-
DBRS	A(low)



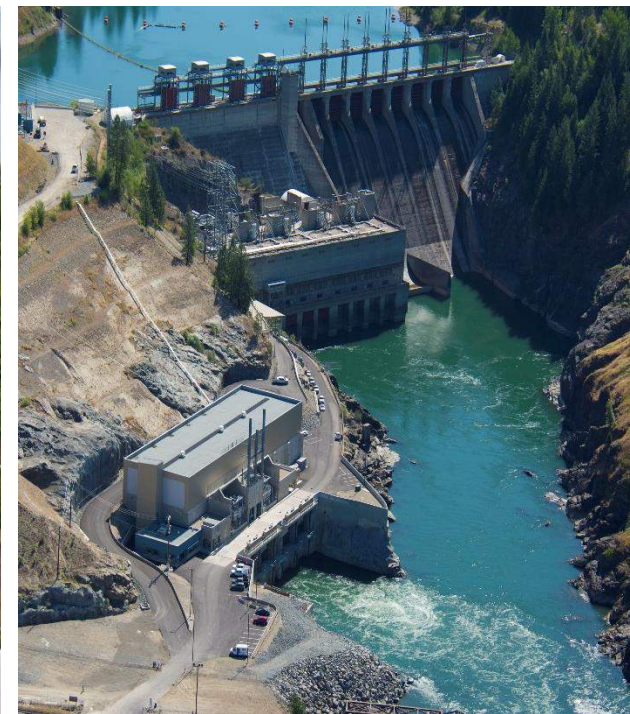
# Utility Credit Ratings

Company	S&P	DBRS	Moody's
Tucson Electric Power <sup>(1)</sup>	BBB+	n/a	A3
Central Hudson	A	n/a	A2
FortisBC (Gas)	n/a	A	A3
FortisAlberta	A-	A (low)	n/a
FortisBC (Electric)	n/a	A (low)	Baa1
Newfoundland Power	n/a	A	A2

<sup>(1)</sup> Fitch rating A-; S&P Positive Outlook

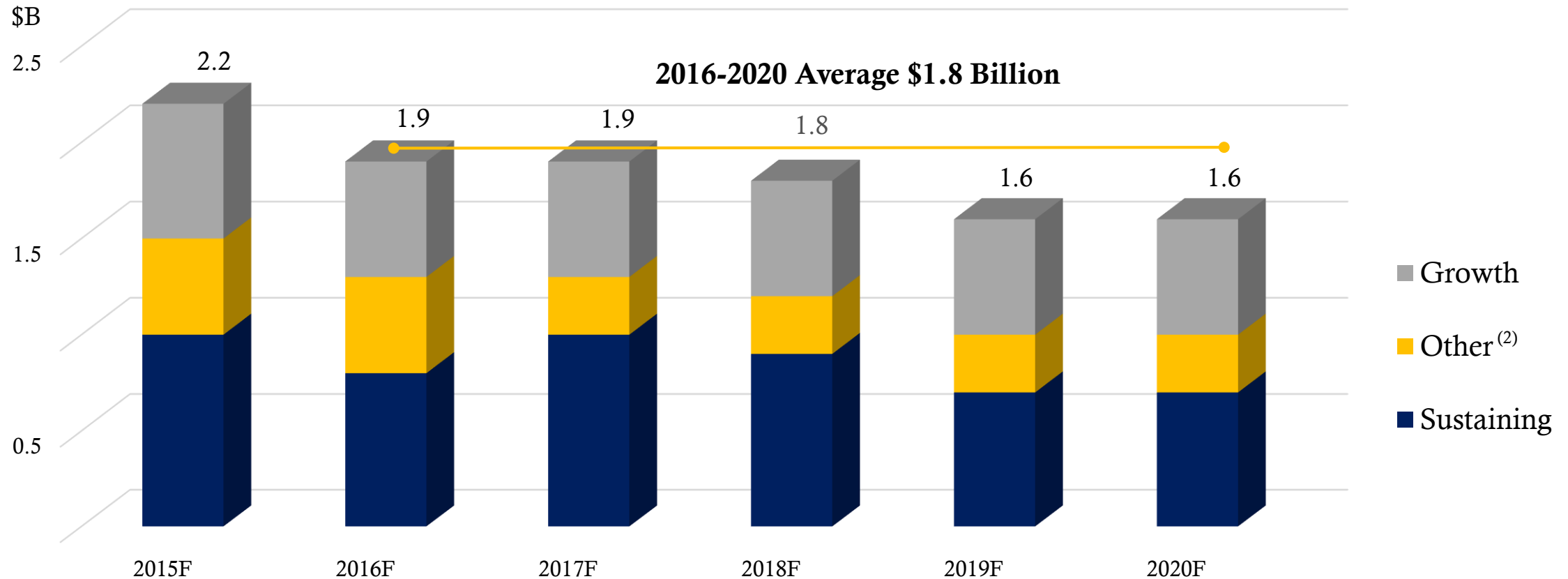


FORTIS



Looking Forward

# Capital Program ~ \$9 Billion<sup>(1)</sup>



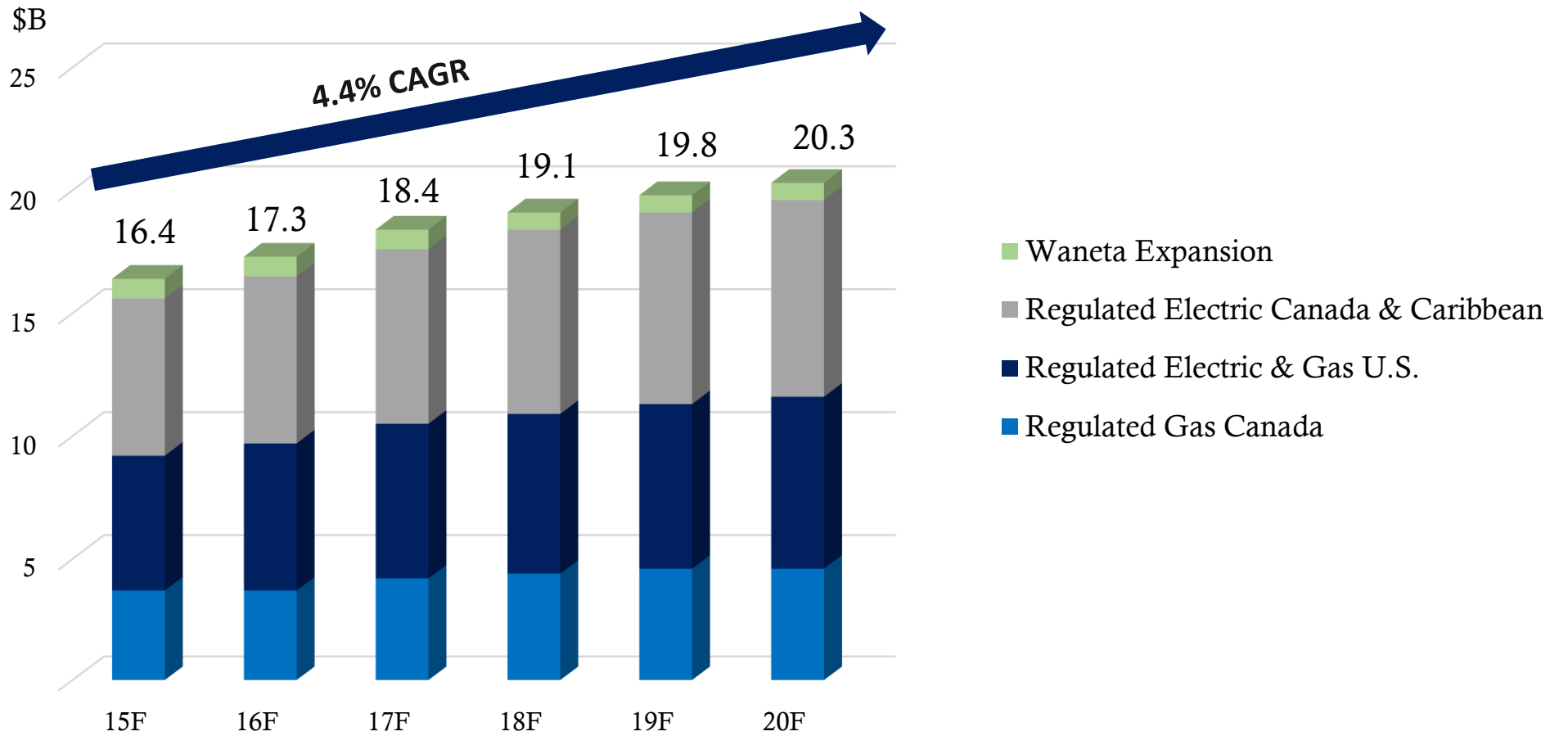
<sup>(1)</sup> US dollar denominated CAPEX converted at a USD/CAD exchange rate of 1.30

<sup>(2)</sup> Capital expenditures related to facilities, equipment, vehicles, information technology systems and other assets

# Highly Executable Capital Plan

\$M	2015	2016	2017	2018	2019	2020	2016-2020 Total
FortisBC Tilbury Expansion - Phase 1A	188	105	5	-	-	-	110
FortisBC Lower Mainland System Upgrade	15	50	151	205	2	-	408
UNS Energy Springerville Leases	148	-	49	-	-	-	49
UNS Energy Pinal Transmission	98	-	-	-	-	-	-
Central Hudson Gas Main Replacement	15	25	26	26	26	26	129
FortisAlberta Pole Management	41	42	25	23	23	23	136
Caribbean Utilities Generation Expansion	62	33	-	-	-	-	33
Waneta Expansion	50	13	-	23	-	-	36
Other Capital Projects	1,589	1,599	1,633	1,547	1,575	1,589	7,943
<b>Total</b>	<b>2,206</b>	<b>1,867</b>	<b>1,889</b>	<b>1,824</b>	<b>1,626</b>	<b>1,638</b>	<b>8,844</b>

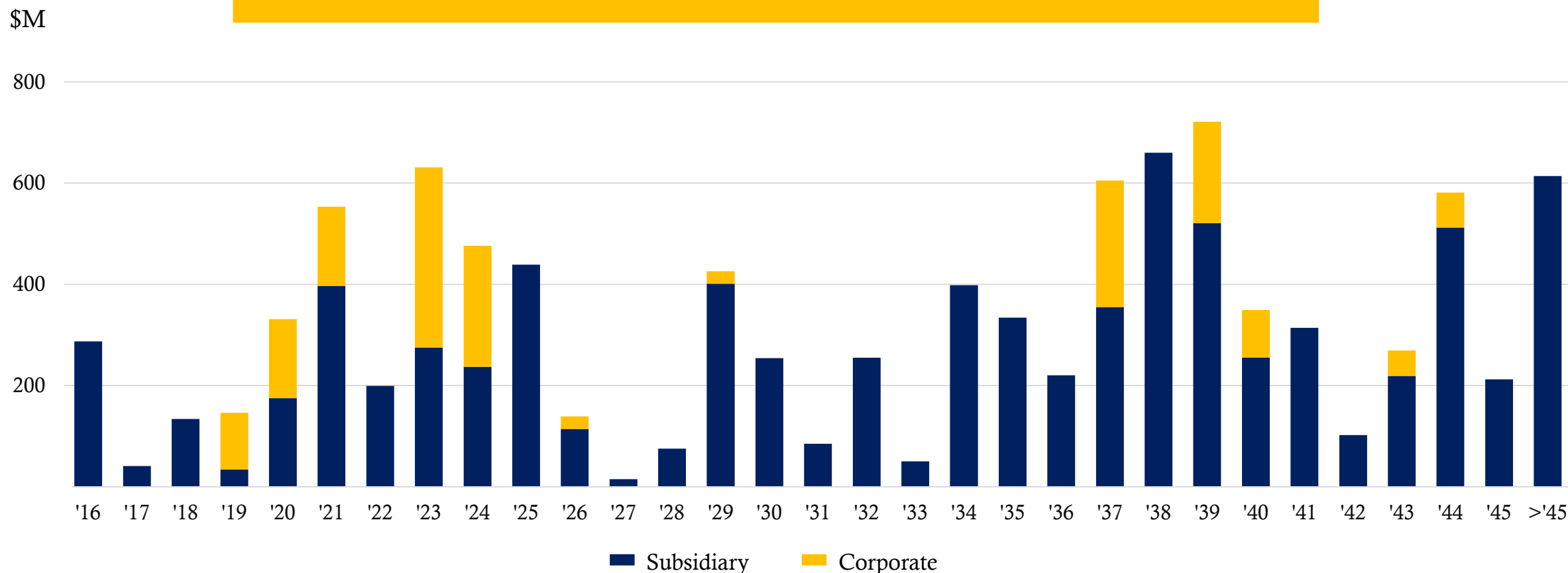
# Drives Rate Base Growth<sup>(1)</sup>



<sup>(1)</sup> Midyear Rate Base

# Low Debt Maturities

Average annual debt maturities over next 5 years ~\$200M



# Funding Strategy

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- Strong balance sheet and investment-grade credit rating
- Subsidiary balance sheets in line with approved levels
- Ample liquidity
- Debt primarily at operating company level
- Debt at corporate level issued in US dollars
- No anticipated common equity issuance
  - DRIP generates ~ \$150 million of common equity annually



**FORTIS**



**Earl Ludlow**  
EVP, Eastern Canadian and  
Caribbean Operations



# Caribbean

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- CUC and FortisTCI performing well
- Strong sales growth
- New generation projects on time, on budget
- Potential renewable projects



# Regulation

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- Newfoundland Power
  - 2016 Capex Program approved at \$107M, as filed
  - General Rate Application to be filed on October 16, 2015
- Maritime Electric
  - General Rate Application to be filed Fall 2015



# Ontario LDC-Consolidation Policy Changes

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- Ontario 2015/16 Budget cites benefits of consolidation of municipal utilities and important role private capital can play in facilitating consolidation
- Time-limited relief on taxes pertaining to transfers of electricity assets, including transfers to the private sector, for the period Jan 1, 2016 – Dec 31, 2018
  - Municipal utilities with < 30,000 customers exempt from transfer tax
  - Transfer tax rate reduced from 33% to 22%

# FortisOntario Strengths

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- FortisOntario only private owner/operator of electric distribution utilities in Ontario
  - Canadian Niagara Power, Cornwall Electric and Algoma Power
  - 10% equity in three other distribution utilities
- Strong reputation with municipal-owned LDCs, the OEB, and the Province
- Fortis is well positioned to consolidate the industry
- Flexible approach: RFP responses, partnerships, mergers, equity investments, renewable energy projects

# FortisOntario Strengths

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# Wataynikaneyap Transmission Project



# Wataynikaneyap Transmission Project

- 20 First Nations consortium majority ownership in partnership with FortisOntario-RES (Fortis 24.5%)
- \$1.35B estimated total project capital cost
- Phase 1: line to Pickle Lake; Phase 2: lines to connect 16 remote First Nations communities
- 1,800 km of new 230-, 115- & 44-kV transmission lines
- Proposed construction: Phase 1(2018), Phase 2 (2020)
- Transmission Licence Application filed with OEB



# Ontario Long-Term Energy Plan

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*“This unprecedented agreement between Wataynikaneyap Power and Fortis-RES to expand grid connection to 16 First Nation communities in northwestern Ontario demonstrates a significant step forward in that plan.”*

*Hon. Bob Chiarelli  
Minister of Energy*



# Top Priorities

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- Capital programs
- Renewable energy in the Caribbean
- Regulatory agenda at Eastern Canadian utilities
- FortisOntario growth opportunities



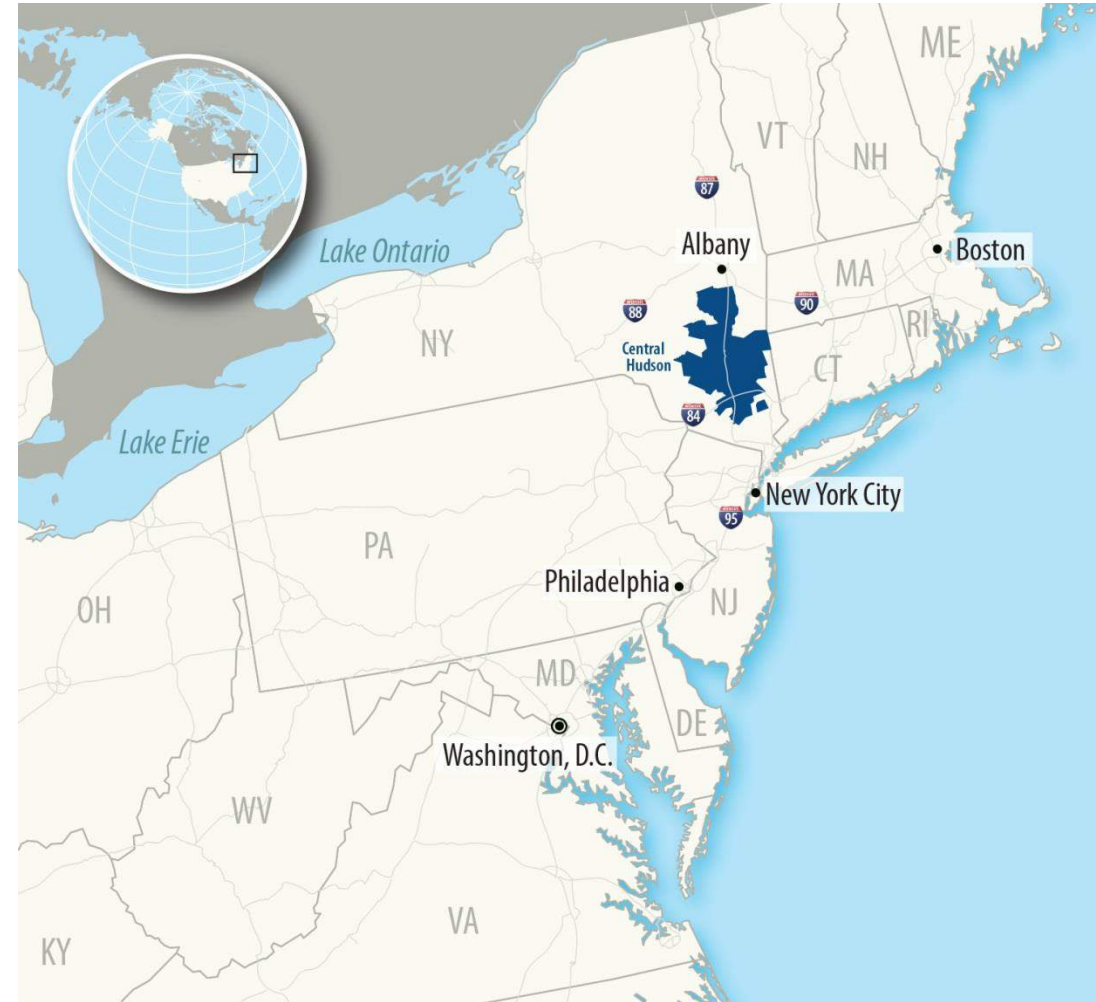
**FORTIS**



**James Laurito**  
President and CEO

# Central Hudson

- Regulatory Update
  - Rate case
  - REV Proceeding
- Regional Growth Opportunities
  - Electric Transmission
  - Natural Gas Transmission



# Regulatory Update: Rate Case

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- Rate-setting policies supportive of “A” bond ratings
  - Forward-looking test year
  - Multi-year rate agreements
  - Revenue decoupling mechanisms
  - Full recovery of electricity and natural gas purchases
  - Deferral treatment for pensions, other post-employment benefits, environmental site investigation and remediation and other expenses
- Filed in July 2014 for new rates to be effective July 1, 2015
- Settlement for a three-year rate plan reached in February 2015
- Rate Order issued June 2015

# Regulatory Update: Rate Case

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- New three-year rate plan through June 2018:
  - US\$45M electric and US\$11M natural gas delivery rate increases over three years
  - US\$31M of bill credits to mitigate customer bill impacts (merger benefit)
  - 48% common equity ratio; 9% ROE; Earnings sharing above 9.5% ROE
  - US\$475M of capital investment over the three-year period
  - Continuing provisions:
    - Revenue decoupling
    - Full recovery of electricity and natural gas purchases
    - Pension and OPEB deferral treatment
    - Manufactured gas plant remediation expense deferral treatment
  - New provisions
    - Establishment of a major storm reserve
    - Support for REV foundational and demonstration projects

# Regulatory Update: REV Proceeding

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- Regulatory proceeding to reform the electric distribution industry
- Essential purpose is to:
  - Improve system efficiency
  - Empower customer choice
  - Encourage greater penetration of distributed energy resources (energy efficiency, demand response, distributed generation)

# Regulatory Update: REV Policy Goals

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- Enhance customer knowledge and tools that will support effective management of their total energy bill
- Market animation and leverage of ratepayer contributions
- System-wide efficiency
- Fuel and resource diversity
- System reliability and resiliency
- Reduction of carbon emissions
- Affordability

# Regulatory Update: REV Status

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## TRACK 1

- Addressed Distributed System Provider (DSP)
- Market design and platform technology
- Customer engagement
- Cost-benefit analysis

## TRACK 2

- Regulatory and ratemaking reforms
- Cost recovery for REV initiatives and utility incentives
- New utility business model



# Regulatory Update: REV Opportunities

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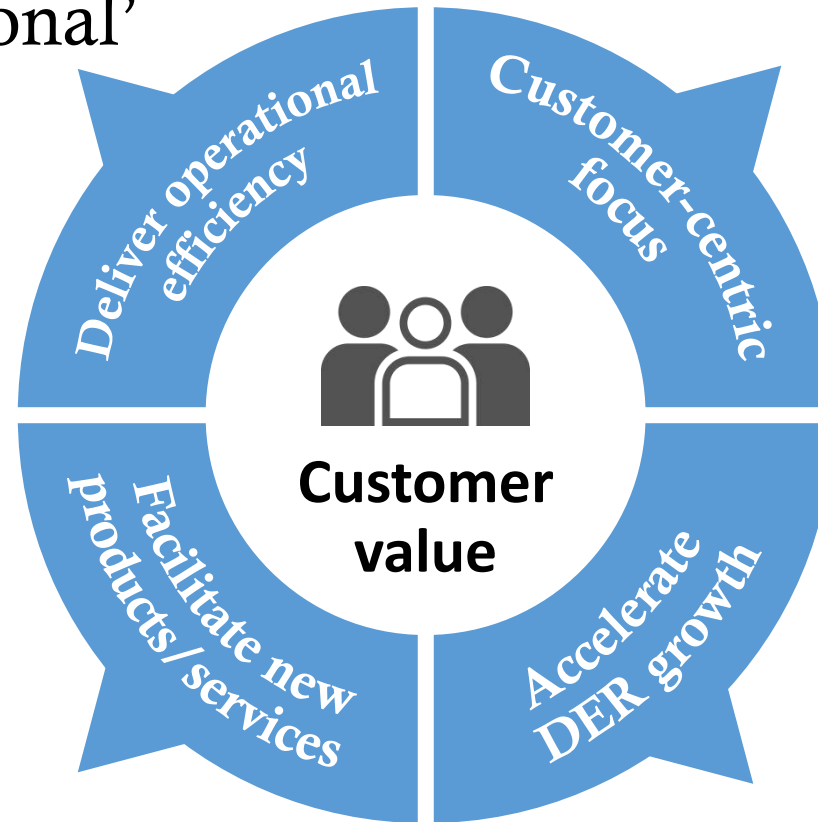
- Increased investment as DSP
  - Distribution System Automation (DA)
  - Distribution Management Systems (DMS)
  - Network strategy communications
- Implementation of demonstration projects
- Increased customer engagement
  - Information
  - New services
  - Increase in self-service
- Earnings opportunities
  - Earnings Impact Mechanisms (EIM)
  - Market Based Earnings (MBE)
  - Earnings Sharing Mechanism (ESM)

These are consistent with  
our capital plan and strategy

# Regulatory Update: REV Strategy

REV 'foundational'  
investments

Customer  
engagement



Provider and  
integrator

Demonstration  
projects



# Regulatory Update: REV Strategy

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Demonstration projects – accelerating DER growth

Community  
solar



Demand  
response



Microgrids



Energy  
exchange



# Regional Growth Opportunities

## Electric Transmission

- NY Transco formed in November 2014
  - FERC-regulated projects
  - PSC-approved projects await FERC approval (up to US\$500M)
  - Additional proposed projects (up to US\$1.2B)
  - Potential new Western NY projects
- Central Hudson Electric Transmission (CHET)
  - 6% stake in NY Transco
  - Up to US\$100M potential investment for proposed projects (not in forecast)



# Regional Growth Opportunities

## Natural Gas Transmission

- Strategic position
  - Marcellus to Northeast
- Pipeline infrastructure benefits
  - Lower cost gas
  - System reliability
  - Supply source for generators



# Top Priorities

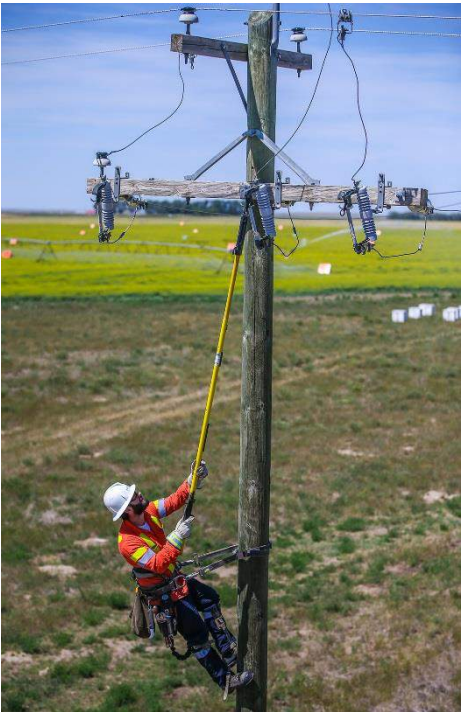
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- Execute Rate Plan
- Execute REV Projects
- Pursue transmission investment opportunities

**Positioned for Growth**



**FORTIS**  
**ALBERTA**



**FORTIS**



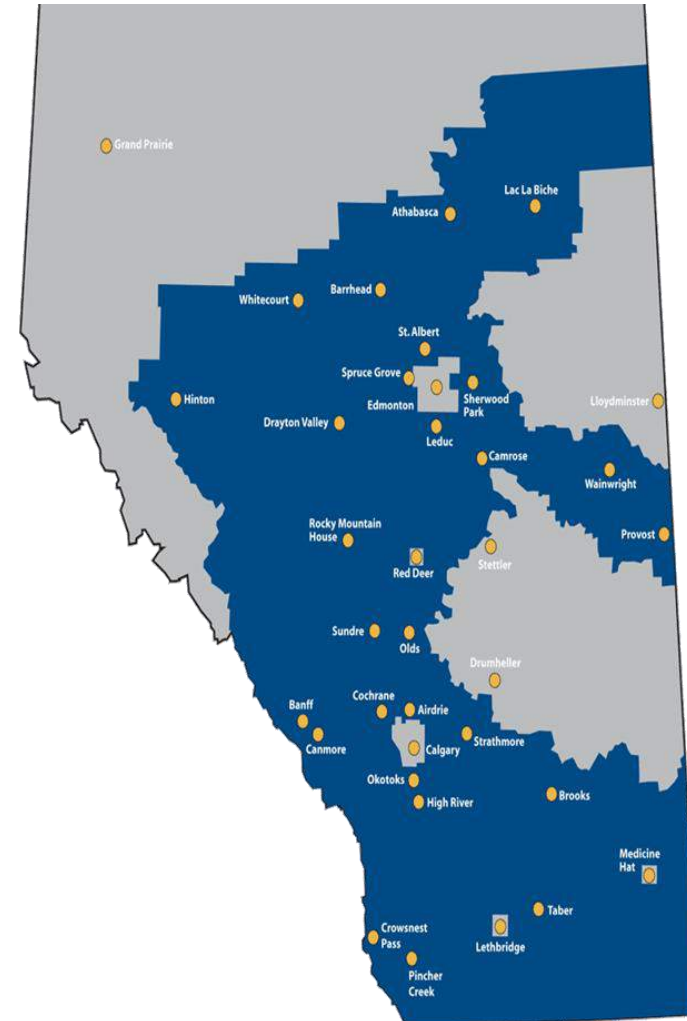
Phonse Delaney  
President and CEO



# Overview

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- Alberta's Economy
- Regulatory Environment
- Opportunities

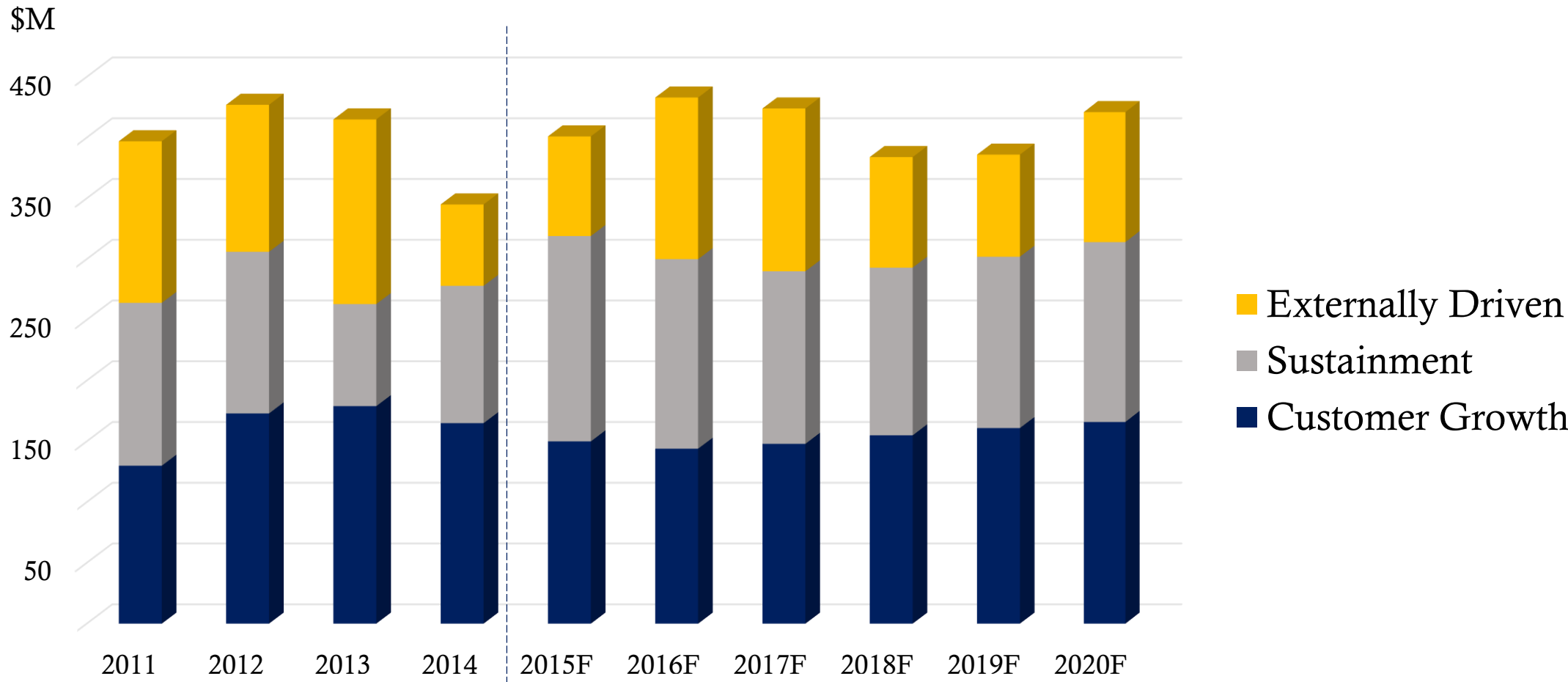


# Alberta Economic Indicators

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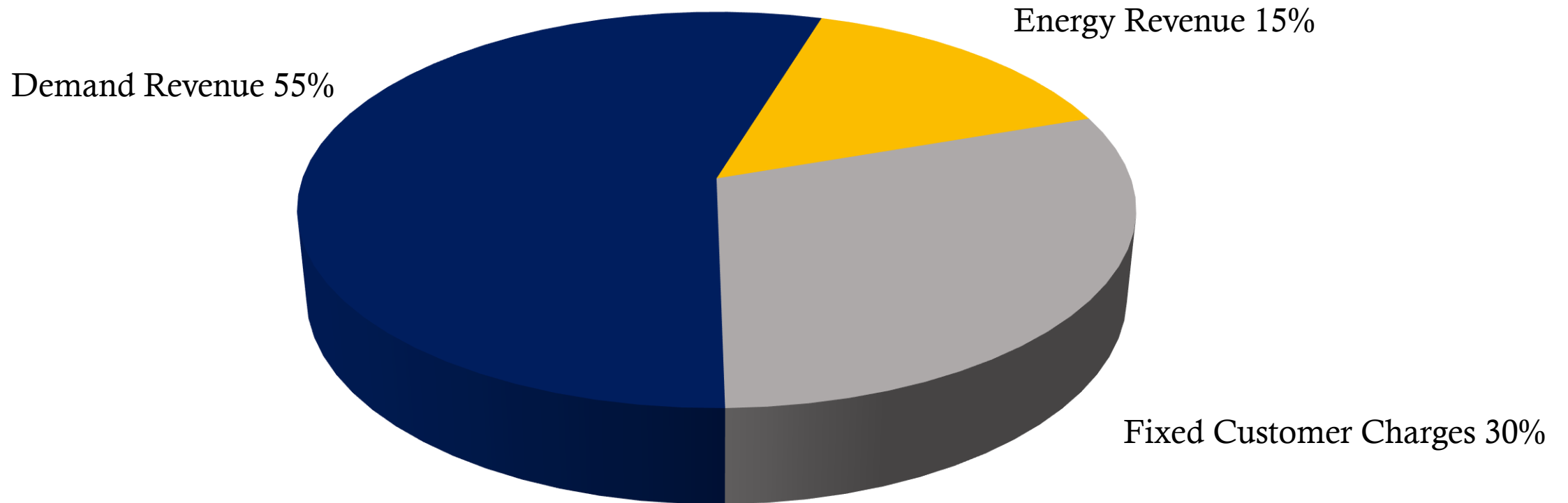
	2013	2014	2015 Current Estimate	2016 Forecast
Real GDP Growth (%)	3.8	4.3	-1.3	0.6
Housing Starts (#)	36,011	40,590	34,184	32,281

# Capital Expenditures Remain Strong

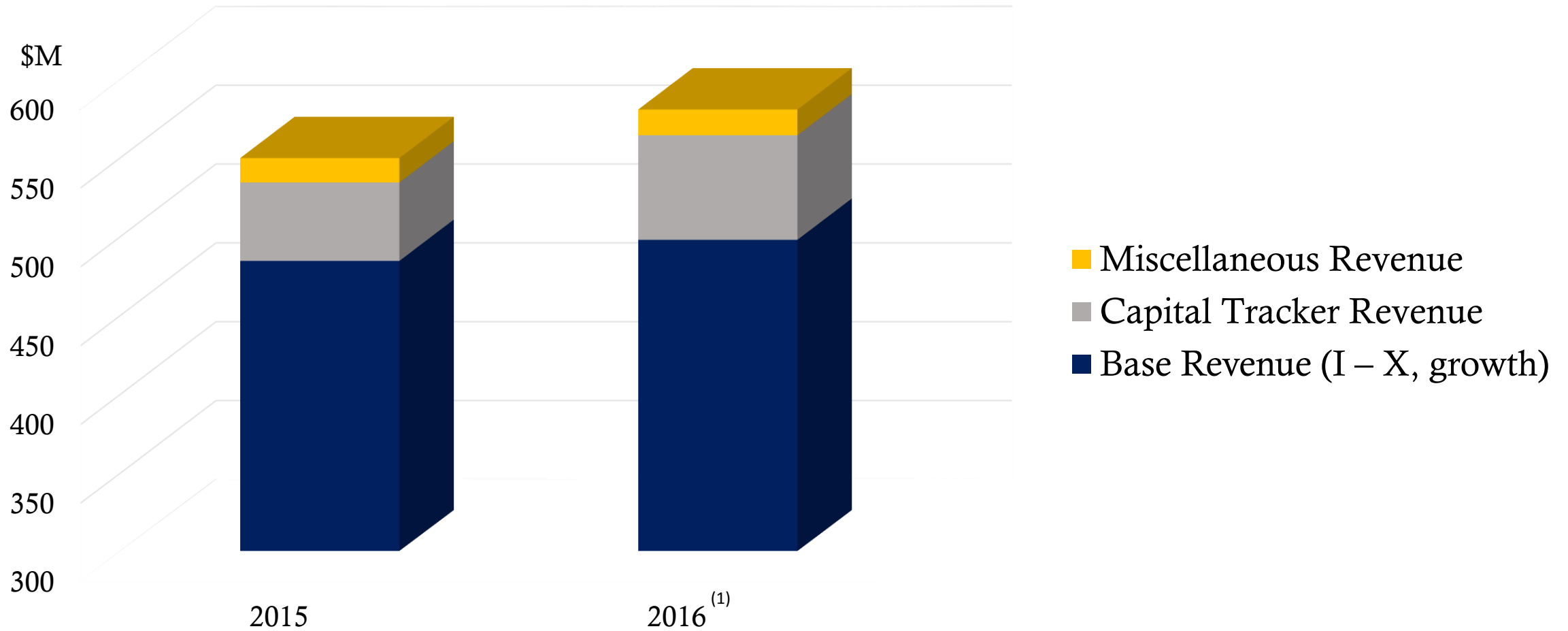


# Components of Revenue

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# Revenue Growth Remains Strong



*(1) Based on regulatory filings*

# Regulatory Environment

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- Performance Based Regulation
- Capital Trackers
- Generic Cost of Capital
- Utility Asset Disposition

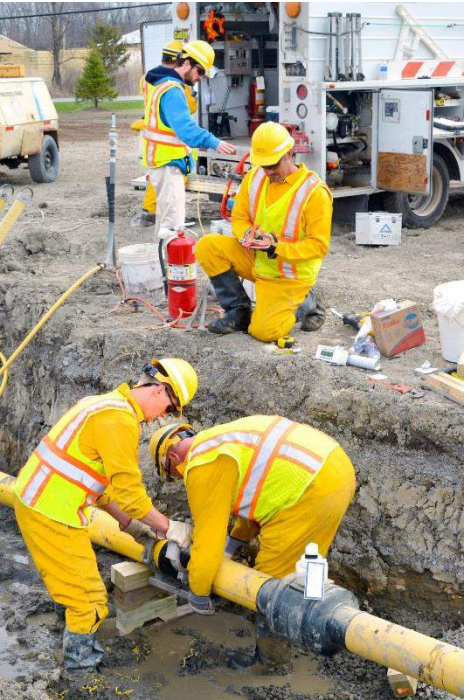


# Opportunities

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- Municipal-Owned Utilities
- Rural Electrification Associations
- Technology Deployment





FORTIS



Michael Mulcahy  
President and CEO



# FortisBC Background

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## FortisBC Energy Inc.

- Serve ~ 970,000 customers in more than 125 communities in BC
- Owns & operates ~ 47,500 km of natural gas transmission & distribution pipelines
- Largest distributor of natural gas in BC

## FortisBC Inc.

- Serve directly and indirectly ~167,000 customers
- Owns four hydroelectric generating plants
- Owns 7,200 km of transmission and distribution power lines

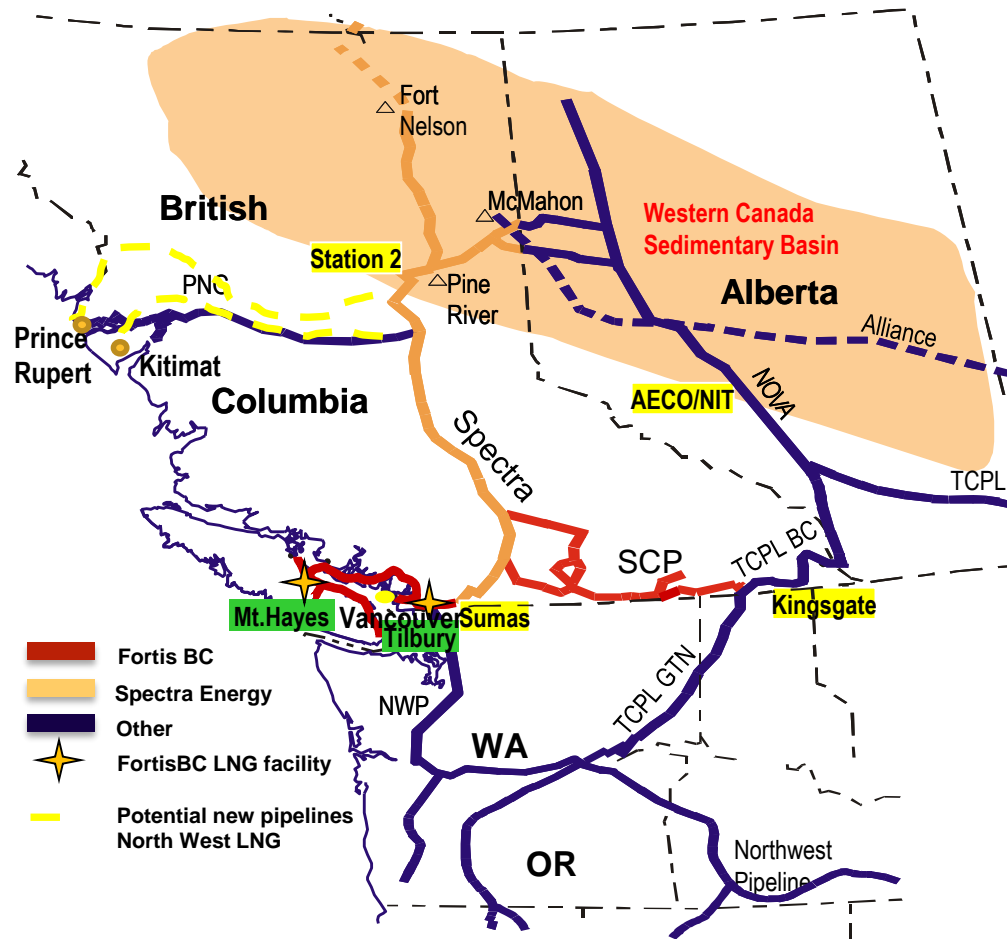
FortisBC delivers ~ 21% of the total energy consumed in British Columbia

# Regulatory Overview

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- Regulated by the BCUC
- Rates are set to recover costs, including return of capital and an allowed return on equity as determined by the BCUC
- FEI and FBC in Multi-Year PBR Plans through 2019
- Controllable O&M and base capital set by formula
- Earnings sharing mechanism
- Cost of Capital Application

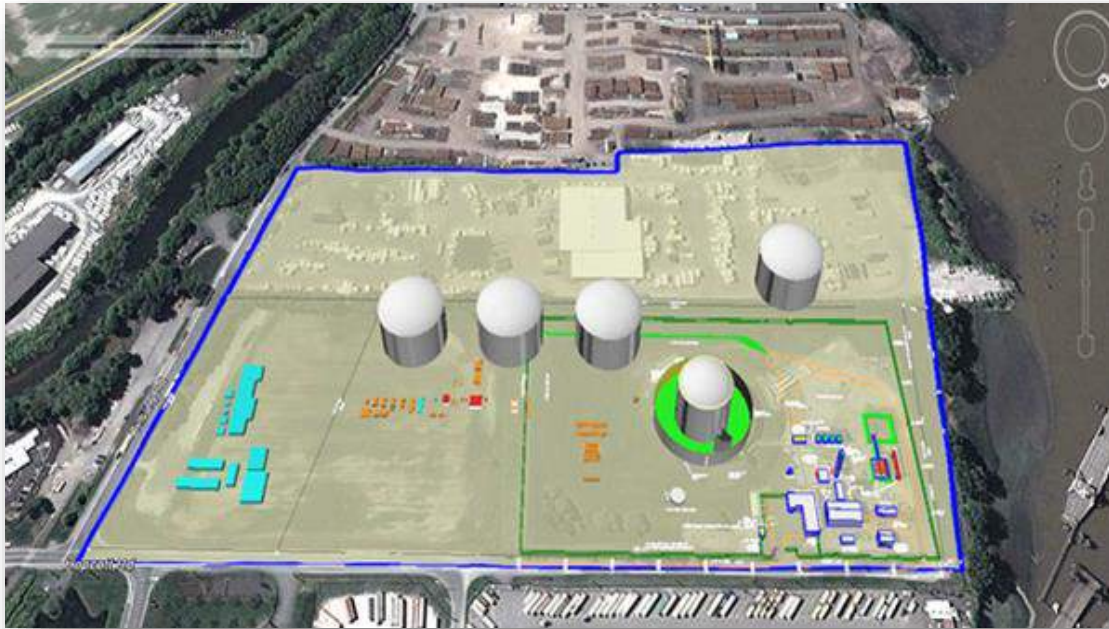
# LNG – FortisBC Strategic Advantage



- Existing infrastructure
- Brownfield sites
- Proximity to Asia/Hawaii
- Alignment with provincial energy objectives
- Constructive First Nations relationships
- Low-risk tolling model
- No commodity risk

# Tilbury LNG Site

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- 35-acre site zoned for LNG
- Ocean access
- Site scalable
- Full build out up to 3 to 3.5 MTPA

# Tilbury 1A

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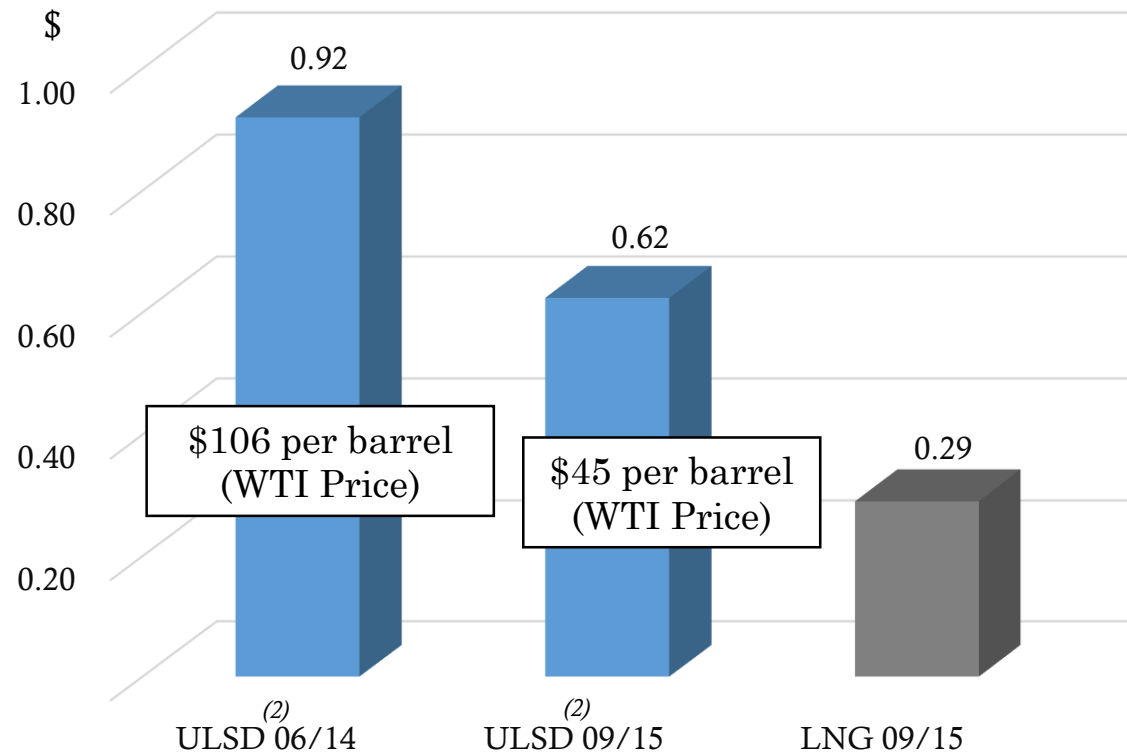


- Expansion to add a 1 BCF storage tank and up to 0.23 MTPA of liquefaction
- Construction began in October 2014
- On budget
- Estimated rate base addition ~ \$440 million
- Expected in-service date: Q4 2016
- Supports domestic LNG market
- Supports the Greenhouse Gas Reduction Act

# LNG Still Half the Price of Diesel

Energy Equivalent Price Comparison CAD\$/DLE<sup>(1)</sup>

Plant Gate Price



<sup>(1)</sup> Diesel Litre Equivalent

<sup>(2)</sup> Ultra Low Sulphur Diesel

- Diesel Price Shell Vancouver Rack Price
- Prices in Canadian Dollars excluding taxes
- LNG Price for Sep 2015 (includes current commodity and liquefaction)

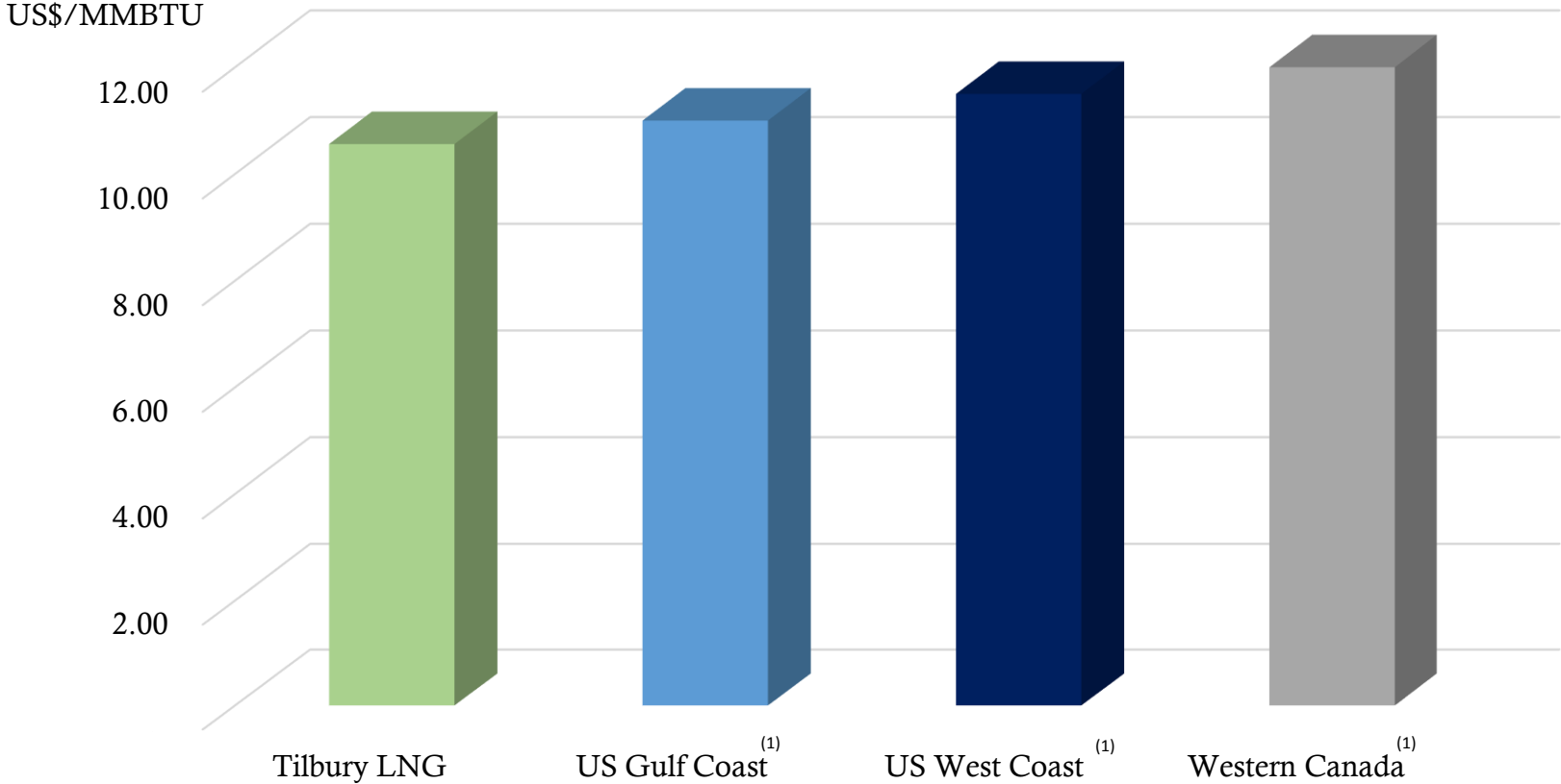
# Tilbury 1B

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- Government approval for ~ \$400M in rate base (not in forecast)
- Incremental 0.85 MTPA of liquefaction
- Conditional agreements signed with HECO
- Transport method changed to bulk shipping from ISO containers
- Capital cost under review
- Hawaii Public Utilities Commission approval required

# Tilbury Competitive Advantage

Indicative Delivered Cost of LNG to Asia Market

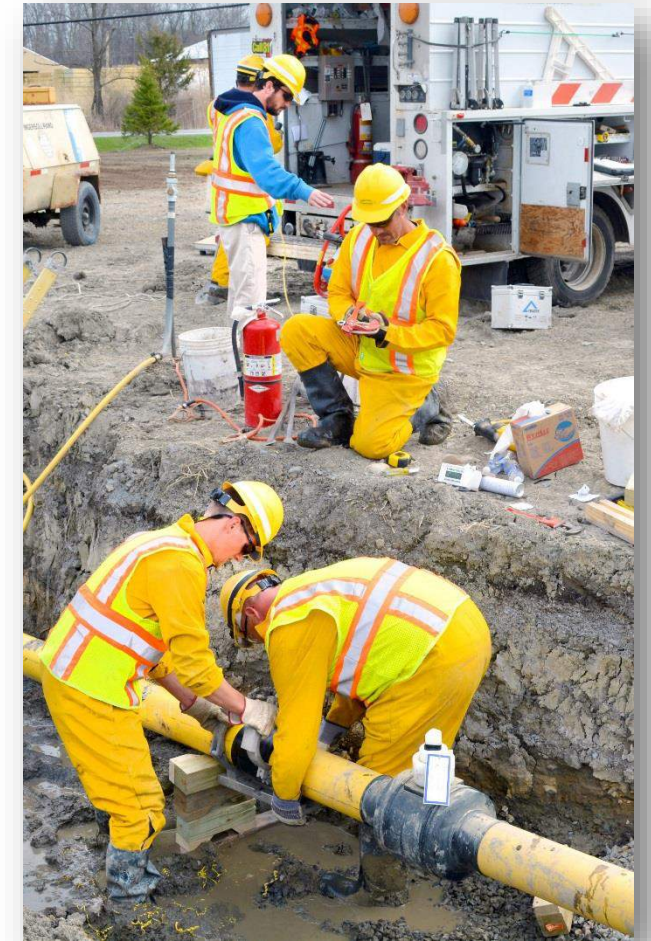


<sup>(1)</sup> Source: Wood Mackenzie



# Woodfibre LNG

- Pipeline expansion to supply Woodfibre LNG site near Squamish
- Government approval received
- Estimated rate base of \$600M (not in forecast)
- Environmental assessment process underway

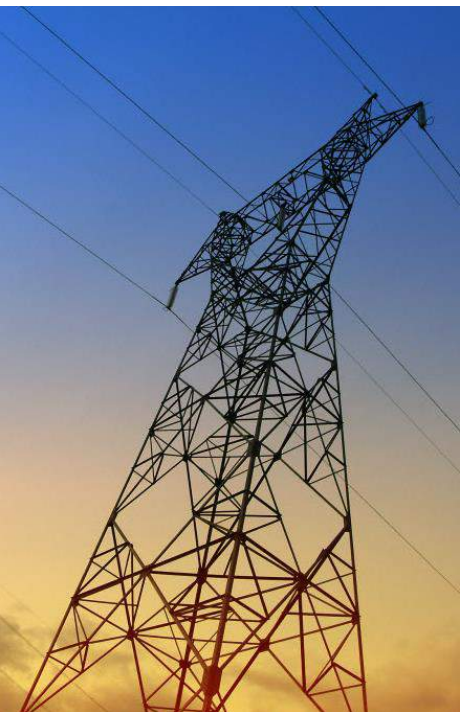


# Top Priorities

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- Maintaining rate stability
- Customer focus
- Increased productivity
- System integrity and safety
- Execute capital program
- LNG expansion – transportation, remote communities, storage & marketplace





**FORTIS**



UNS Energy Corporation  
A Fortis Company



David Hutchens  
President & CEO

# Arizona Corporation Commission (ACC)

Terms End January 2019



Tom Forese  
(R)



Doug Little  
(R)

Terms Ends January 2017



Susan  
Bitter Smith  
(R) Chairman



Bob Burns  
(R)



Bob Stump  
(R)

- Constitutionally created branch of Arizona government
- Sets retail energy rates
  - Cost of service ratemaking
  - Historical test year
- Five Commissioners elected state-wide
- Limited to serve two consecutive four-year terms

# Constructive Regulatory Environment

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- Authorized ROEs 9.5% – 10.0%
- Adjustor mechanisms mitigate risk
- No stay-out or rate-freeze provisions
- Last two rate cases completed in less than one year
- New dockets to address rate design, including effects of distributed generation and net metering



# Solar Distributed Generation

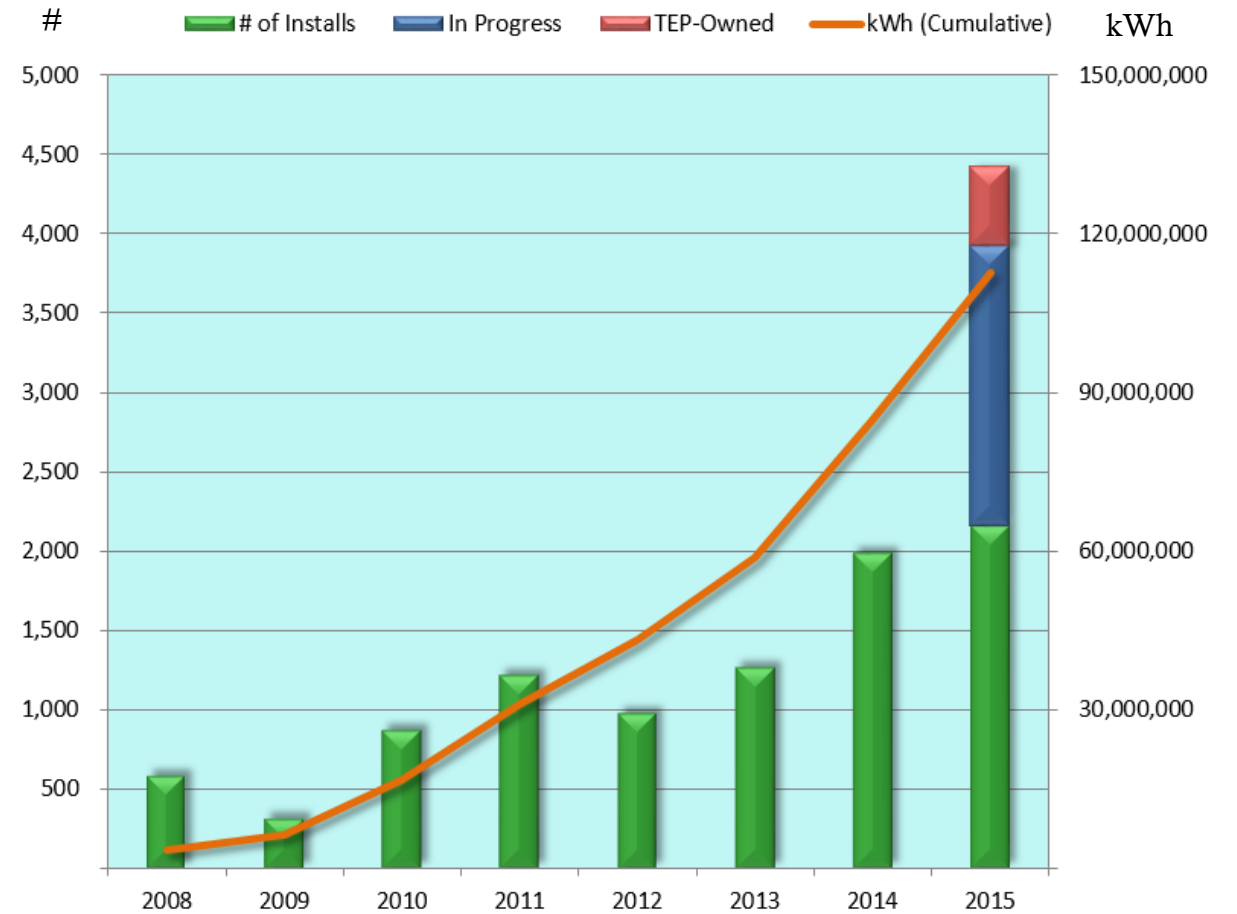
- Solar DG Challenges

- Rooftop solar twice as expensive as utility-scale
- Net metering, rate design cost shift
- System reliability investments

- Solar DG Customer Choices

- Community Solar Program (2010)
  - Customers purchase blocks of utility-scale solar at a premium
- TEP-owned rooftop solar program
  - US\$10M Pilot launched in 2015
  - Fixed bill for up to 25 years
  - 2016 proposal for additional US\$15M
- Proposed new Residential Community Solar program
  - US\$10M investment to develop 5-MW utility-scale solar facility
  - Participating customers purchase system output
  - Fixed monthly bills for 10 years

Annual TEP Residential Solar DG Installs and kWh



# Our Strategy - More Solar for Less Money

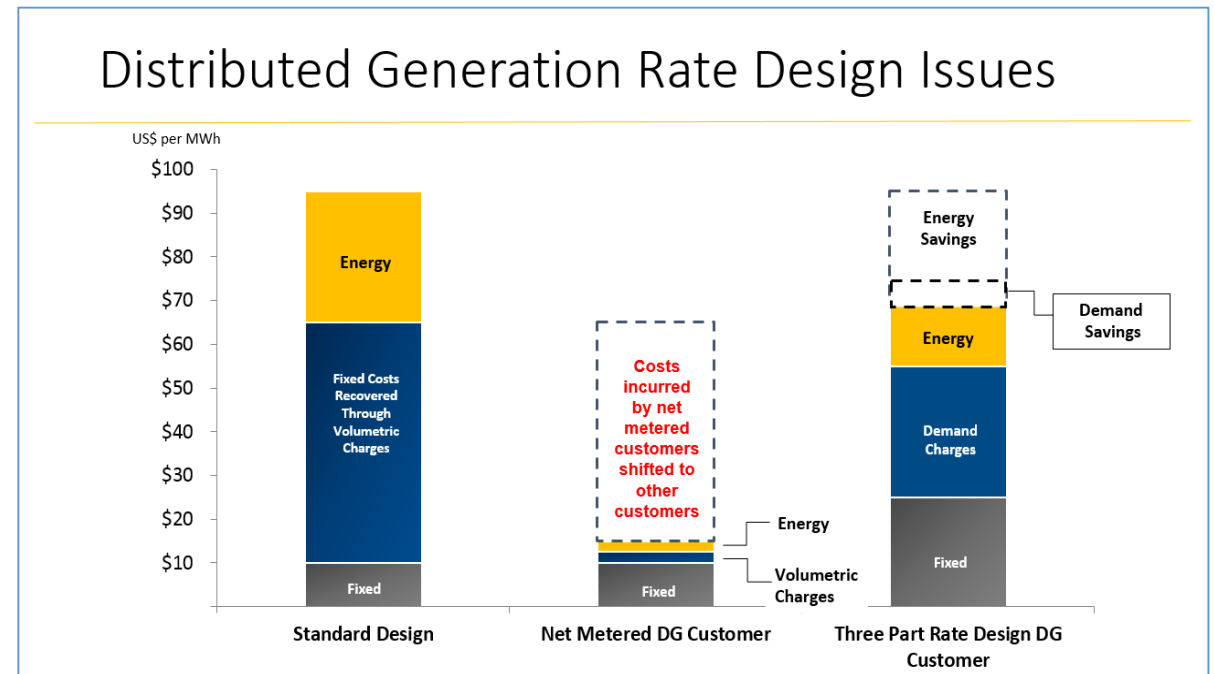
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- Develop more community scale arrays tied to the distribution system
- Offer customers more cost-effective options for going solar
- Modify net metering tariff & rate design to send more accurate, equitable price signals

# Net Metering Rules & Rate Design Proposals

- Net Metering
  - No carry over or “banking” of excess solar generation
  - Bill credits for excess solar generation at current solar PPA price (5.8 cents/kWh)  
“Avoided Cost of Solar”
- Rate Design Proposals
  - Fixed Cost Recovery
    - Increase basic service charge
  - Three-Part Rate Design
    - Applies to partial requirements customer
    - Basic service charge
    - Demand charge
    - Lower energy charge

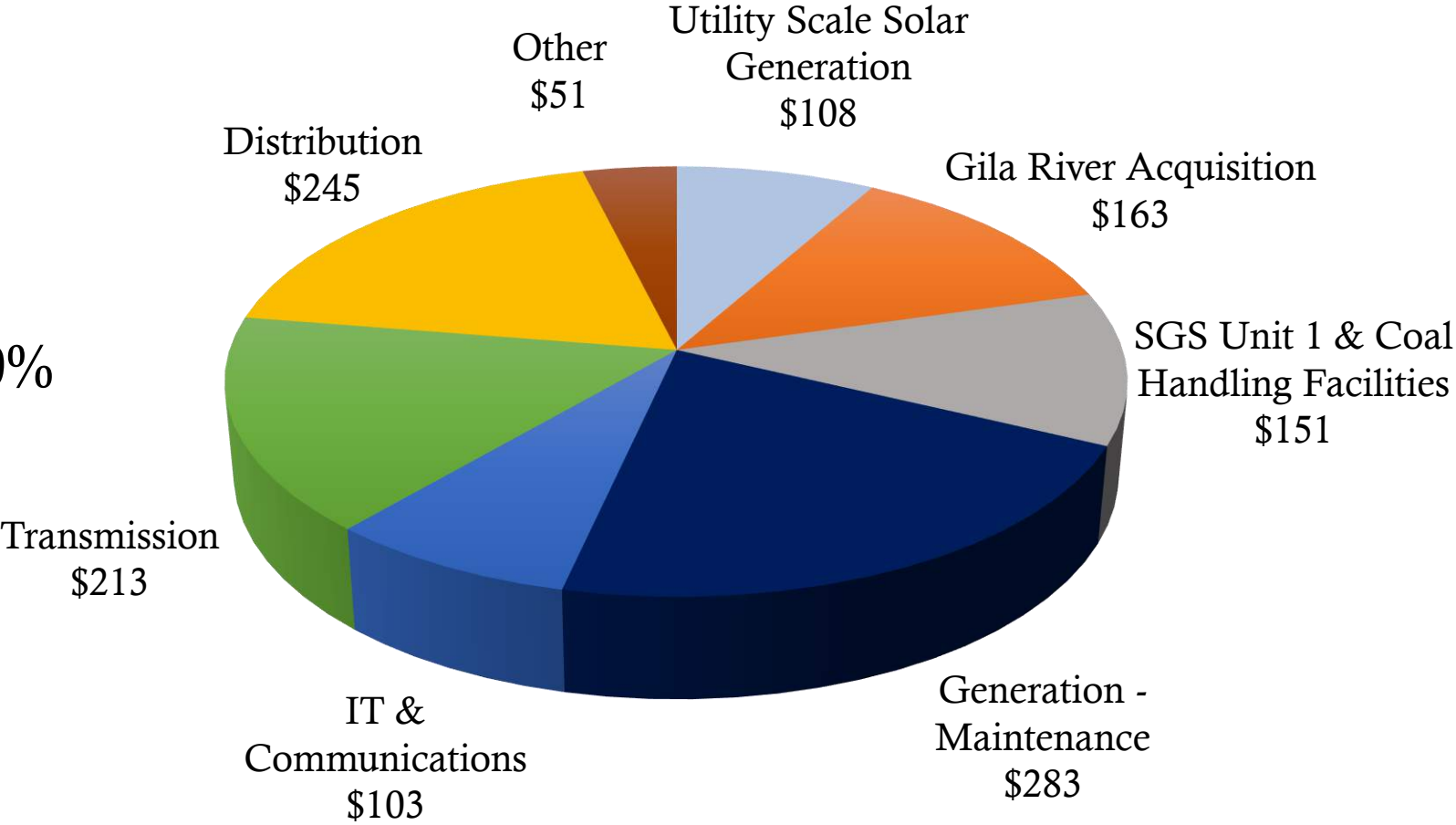




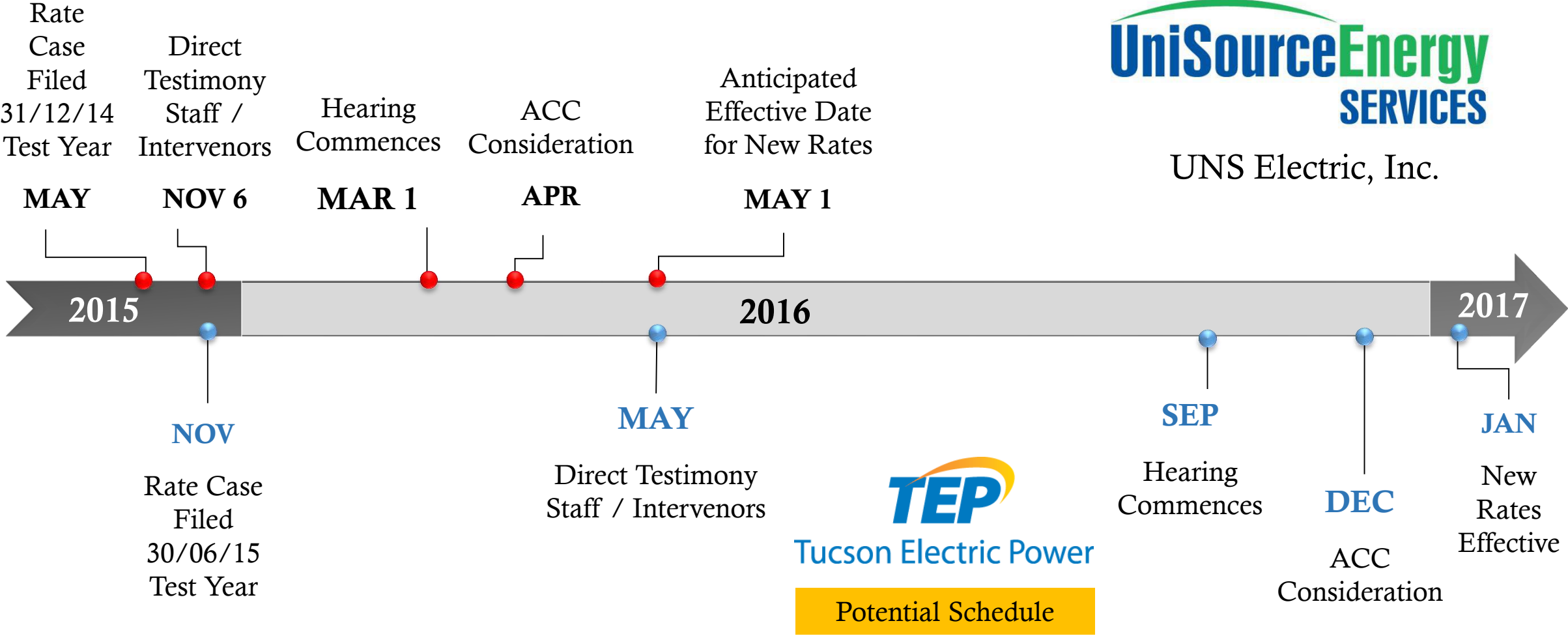
# TEP Capital Investments Since Last Test Year (2011)

US\$M

- Total Cumulative Capital Investments \$1,317
- Equity level increased to 50%



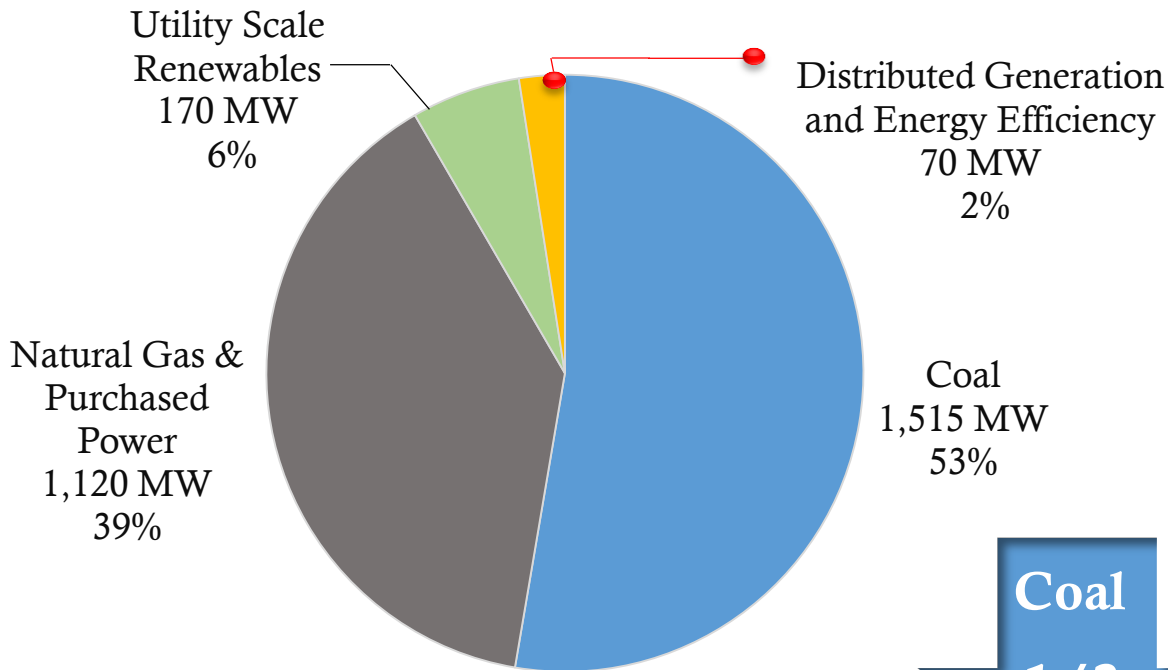
# Rate Filing Timelines



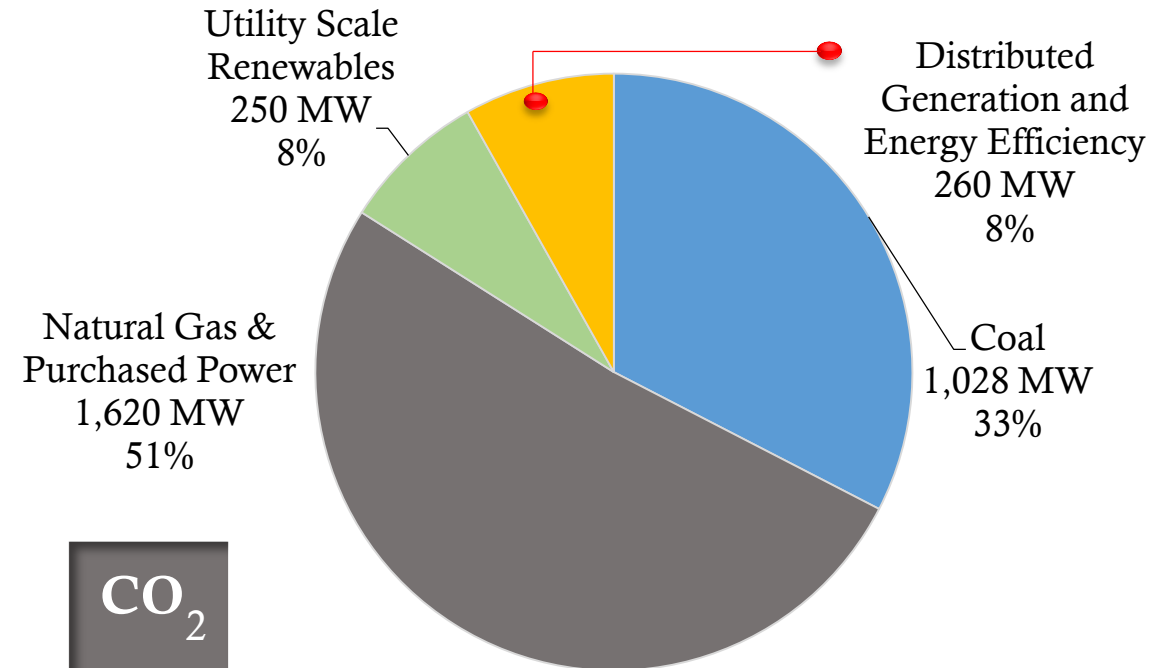
# Generation Portfolio - Resource Diversification Strategy

## TEP Resource Capacity

2014



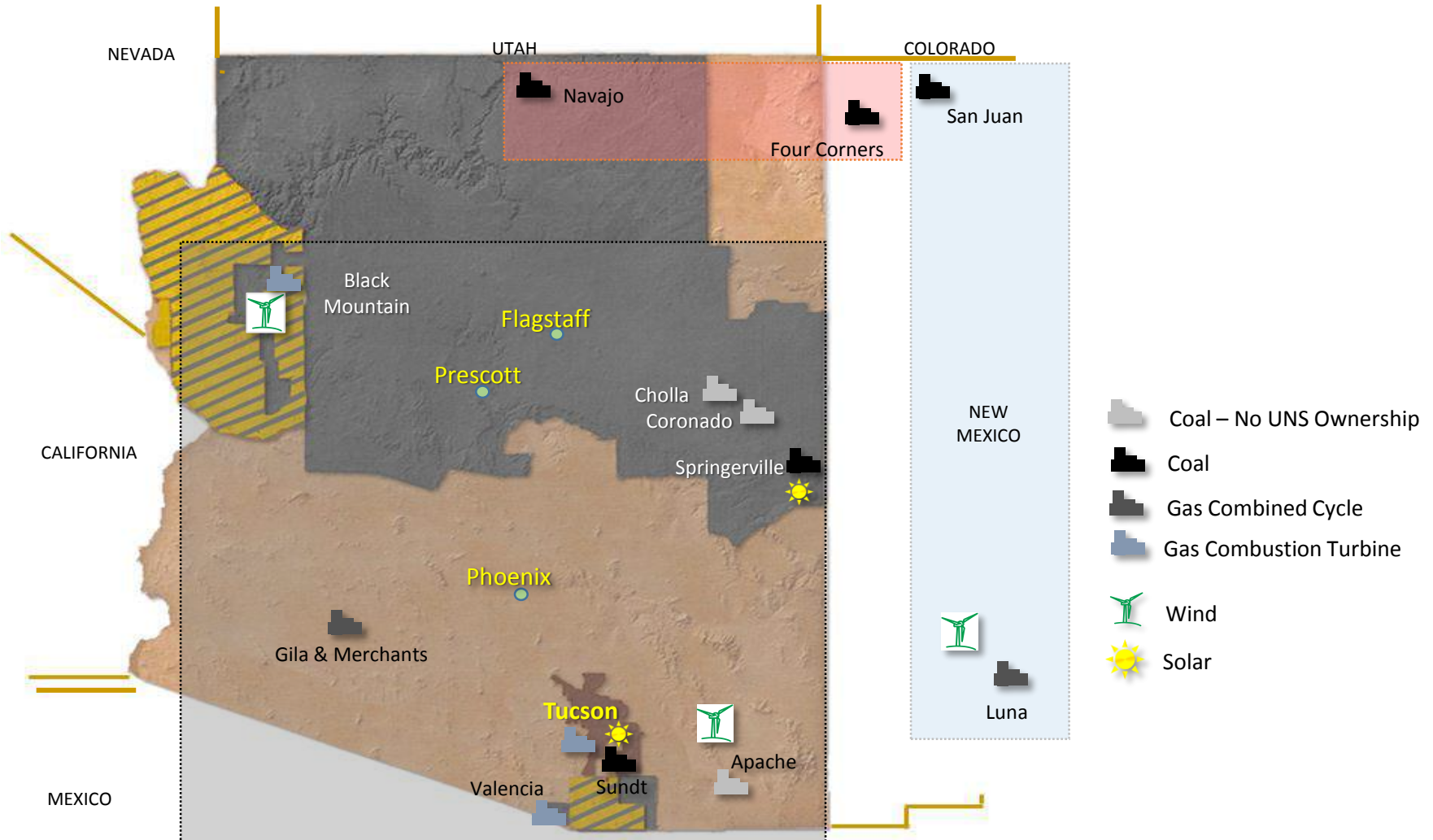
2020 Forecast



Coal  
1/3

CO<sub>2</sub>  
25%

# UNS Plants & Clean Power Plan (CPP) Regions



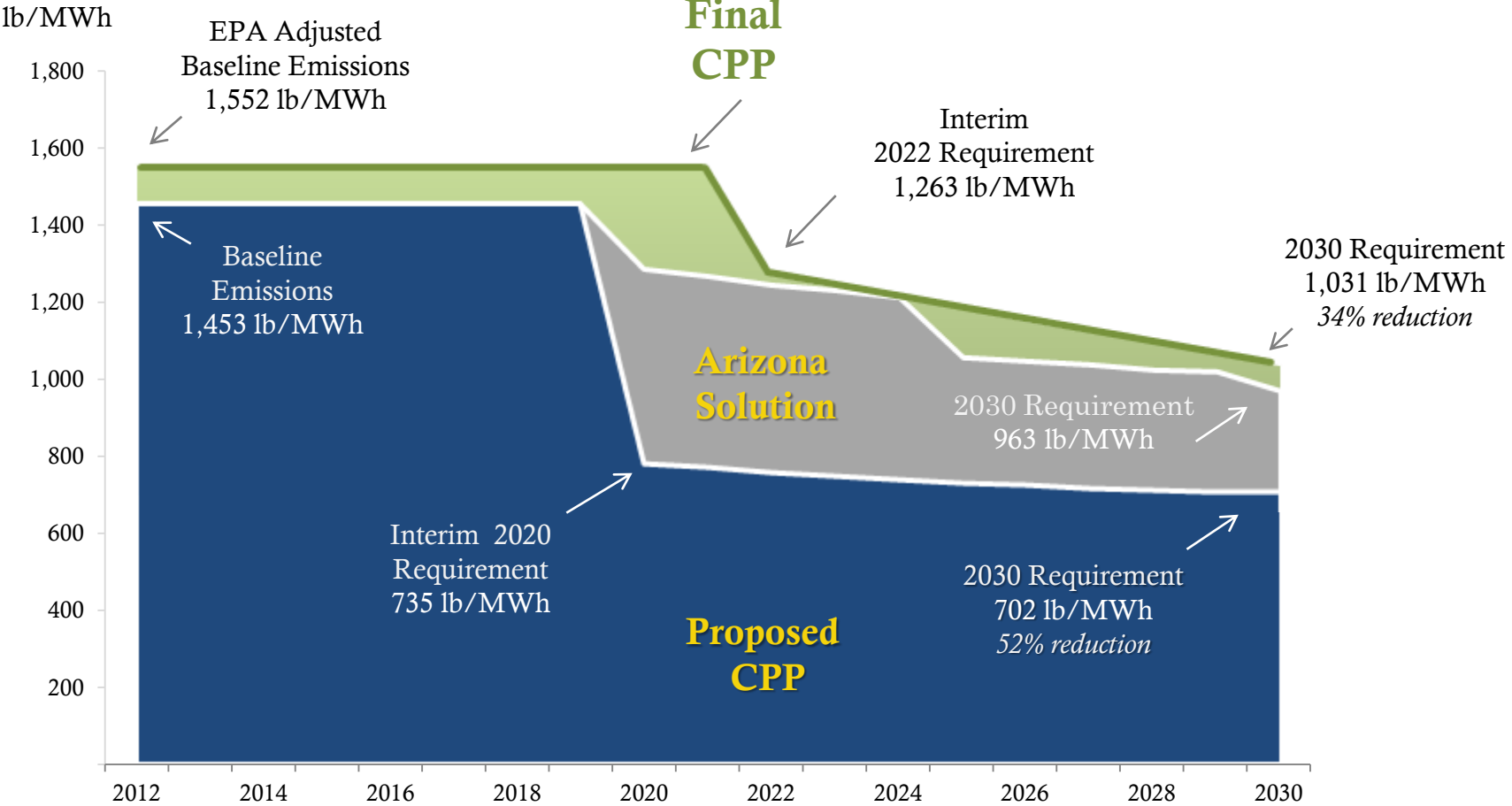
# Major Revisions to the Draft CPP

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- Uniform National Emission Rate
- Addressed Arizona's "Cliff" & Timing Concerns
- Improved State Equity
- Reliability "Safety Valve"
- More Definition on Mass Based Alternative
- Clean Energy Incentive Program (CEIP)



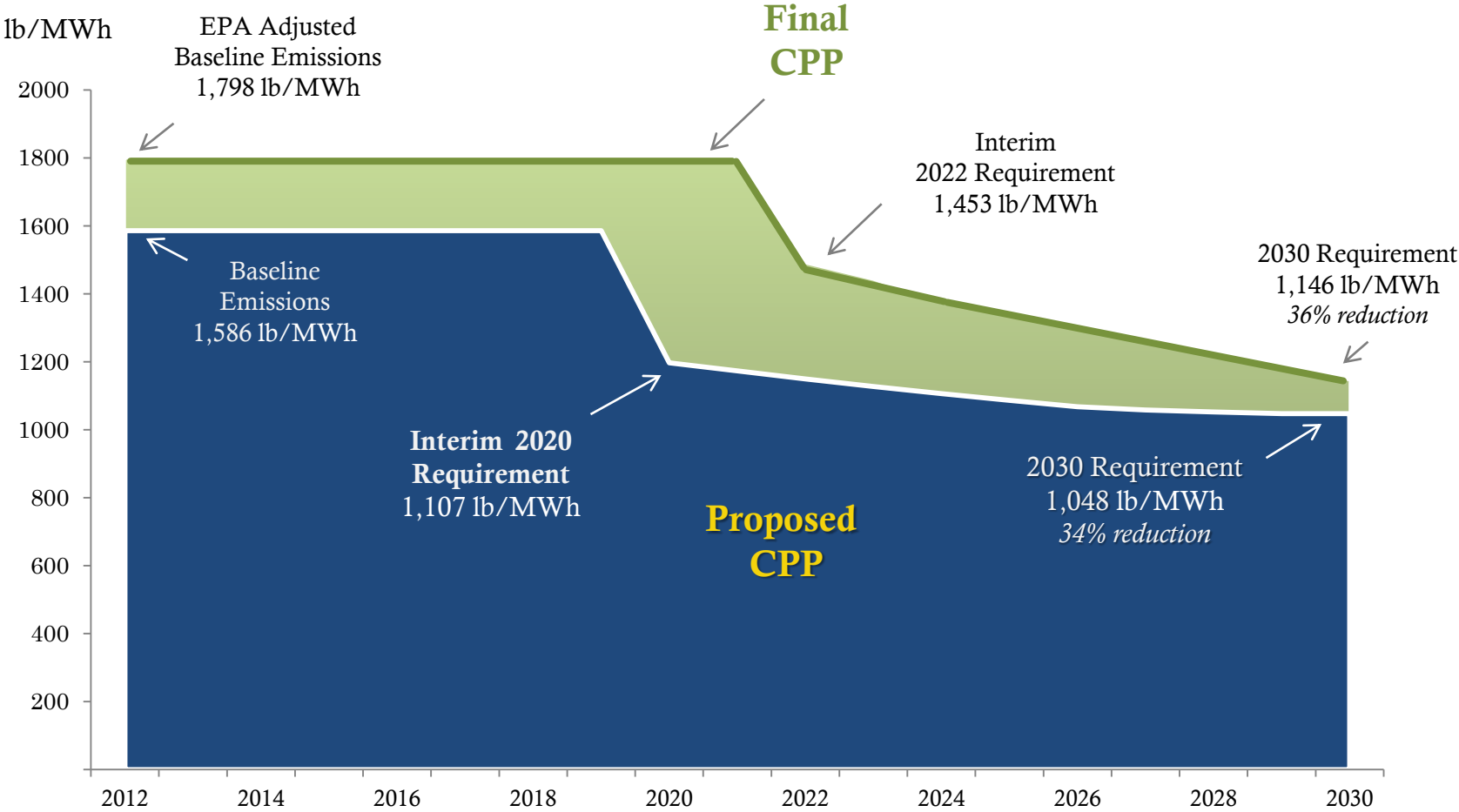
# Clean Power Plan - Final Arizona Reduction Requirements



Station	Fuel	Capacity MW
Springerville Generation Station	Coal	582
Sundt Generating Station	Natural Gas	421
Gila River Power Station	Natural Gas	413
Eligible Renewable Resources	Wind / Solar	137

*“Arizona’s step 1 interim goal of 1,263 pounds per megawatt-hour reflects changes EPA made to provide a smoother glide path and less of a “cliff” at the beginning of the program. The “cliff” had been particularly significant for Arizona.” - EPA*

# Clean Power Plan - New Mexico CO<sub>2</sub> Reduction Requirements

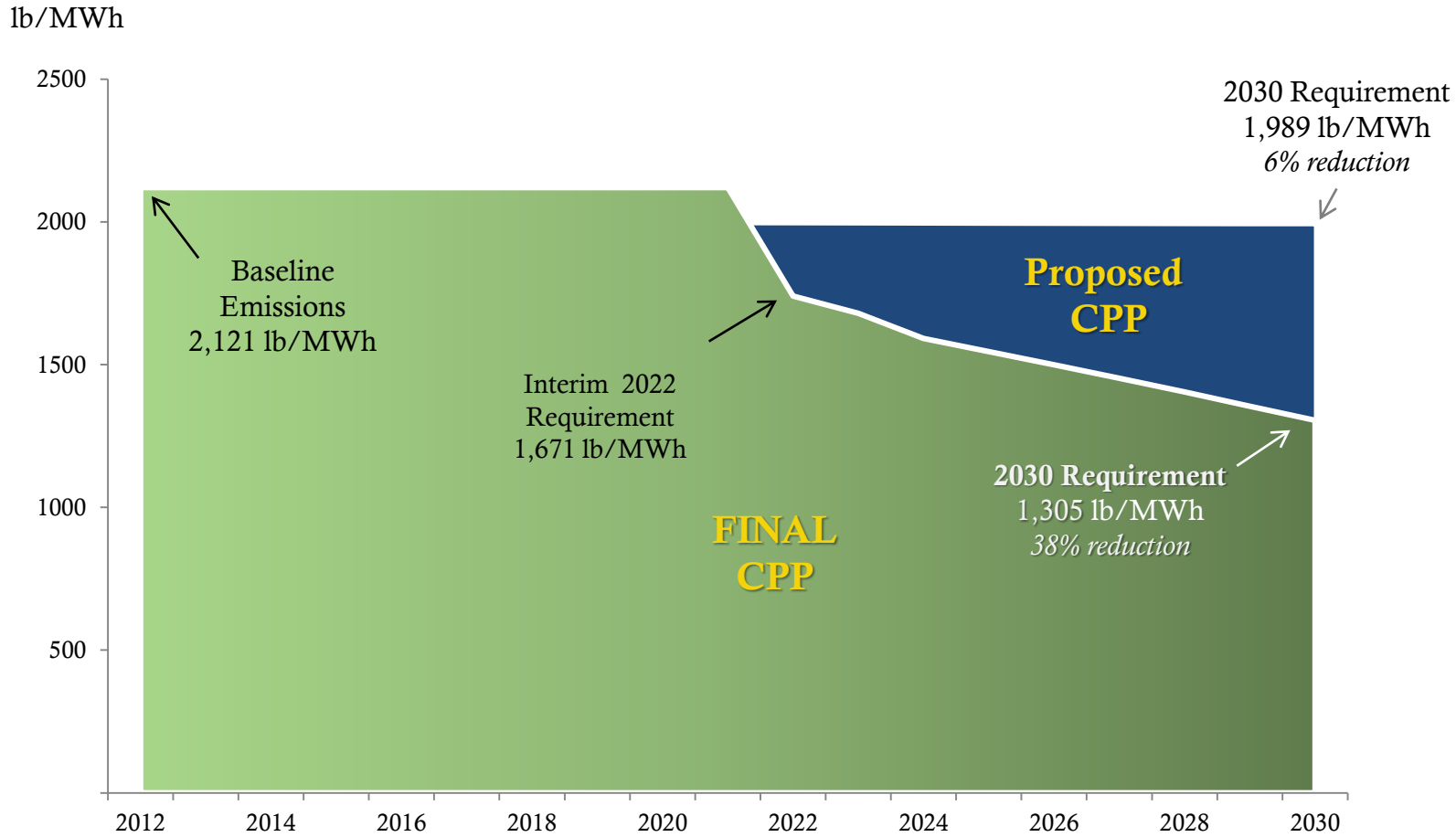


Station	Fuel	Capacity MW
San Juan Generating Station	Coal	170 <sup>(1)</sup>
Luna Energy Facility	Natural Gas	185

<sup>(1)</sup> After San Juan Unit 2 shutdown by Dec 2017

# Clean Power Plan

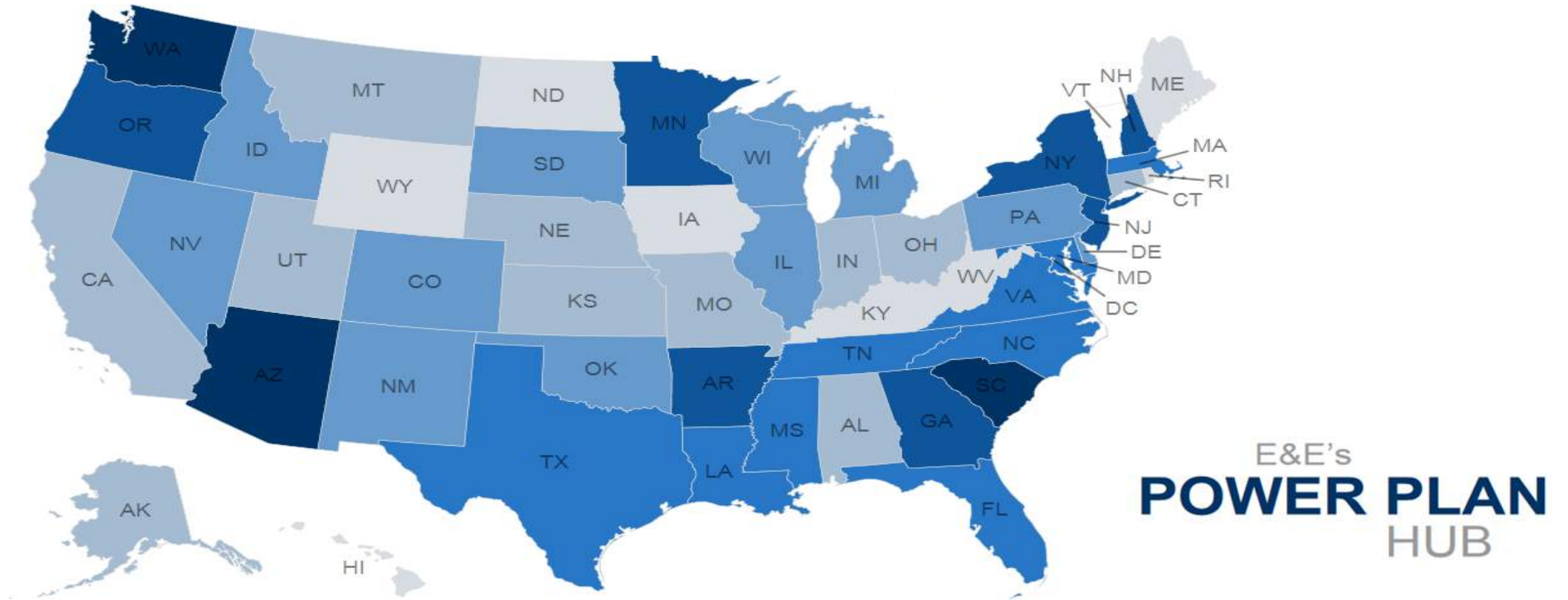
## Navajo Nation CO<sub>2</sub> Reduction Requirements



Station	Fuel	Capacity MW
Four Corners Power Plant	Coal	110
Navajo Generating Station	Coal	168



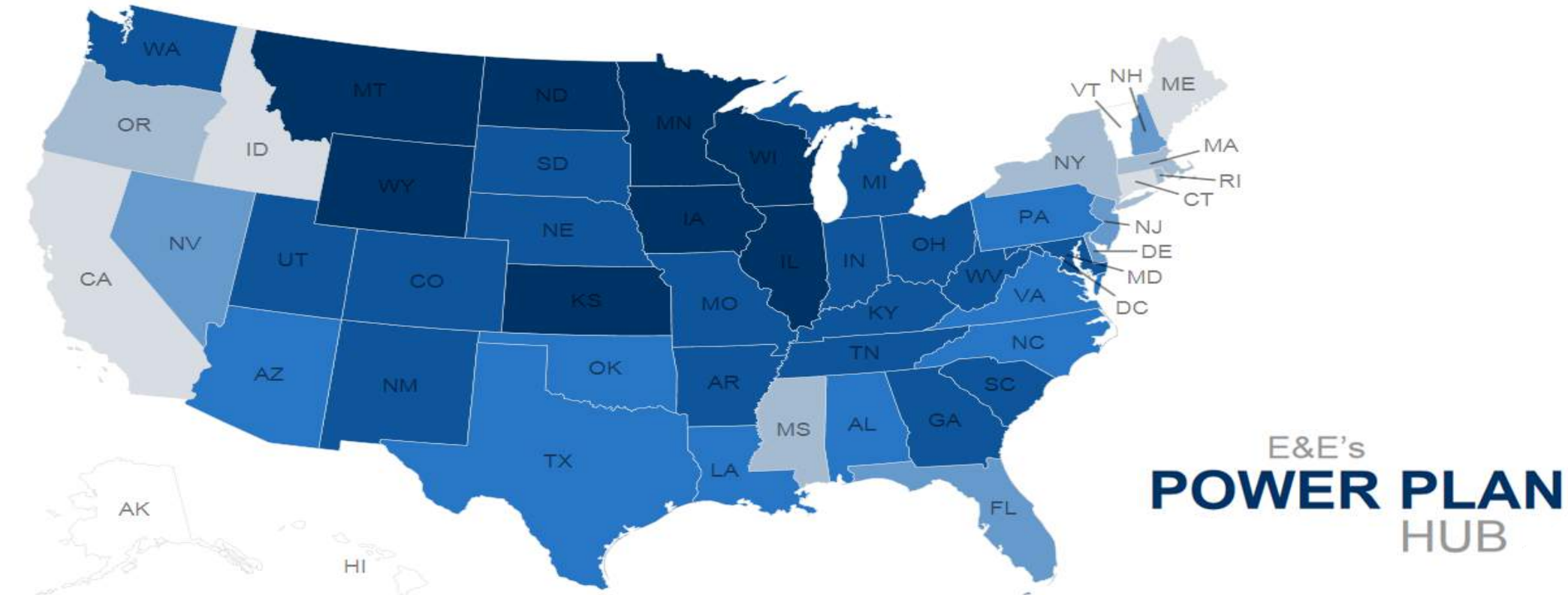
# Proposed CPP Emissions Reductions



Proposed Emissions Rate Reduction



# Final CPP Emissions Reductions



**Final Emissions Rate Reduction**



# Many Questions Remain

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- Final Federal Plan
  - Allowance allocation methodology
- State Plan Decisions
  - Rate (lbCO<sub>2</sub>/MWh) vs Mass (tons)
  - Multi state plans & timing
  - Allowance allocation & Trading
- Carbon Markets
  - Size and diversity (liquidity)
  - Pricing
- Litigation is certain, outcome is not



# Growth Opportunities

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- Clean Power Plan

- Further resource diversification
- Clean Energy Incentive Plan

- Distribution System

- Grid Modernization
- Solar Integration

- Solar Strategy

- Community Scale Projects
- Residential Programs

- Transmission

- Expand Import Capability
- Mexico Opportunities



# Top Priorities

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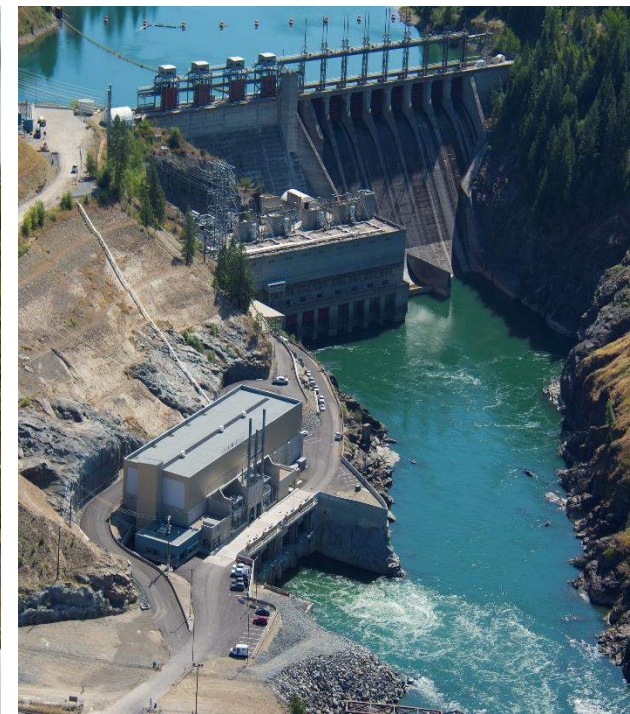
- Operational Excellence
  - Customer Satisfaction
  - Safety
  - Reliability
  - Cost containment



- Execute Resource Diversification Strategies
  - EPA's Clean Power Plan
  - Existing Coal Generation
- Execute Regulatory Strategies
  - Rate Design Modernization
  - UNSE Rate Case
  - TEP Rate Case
- Non-Retail Revenue
  - Wholesale Energy
  - Transmission



FORTIS



Barry Perry  
President & CEO

# A Look Forward

Our Strategy

Our Position

Our Focus

- Rate base grows to \$20B+ by 2020
- Annual dividend growth targeted at 6% through 2020
- Capitalize on additional energy infrastructure opportunities
- Disciplined utility acquisitions

# Shareholder Value Proposition

Our Strategy

Our Position

Our Focus

Well-Run Utilities

Low Risk and Diversified

Financial Strength

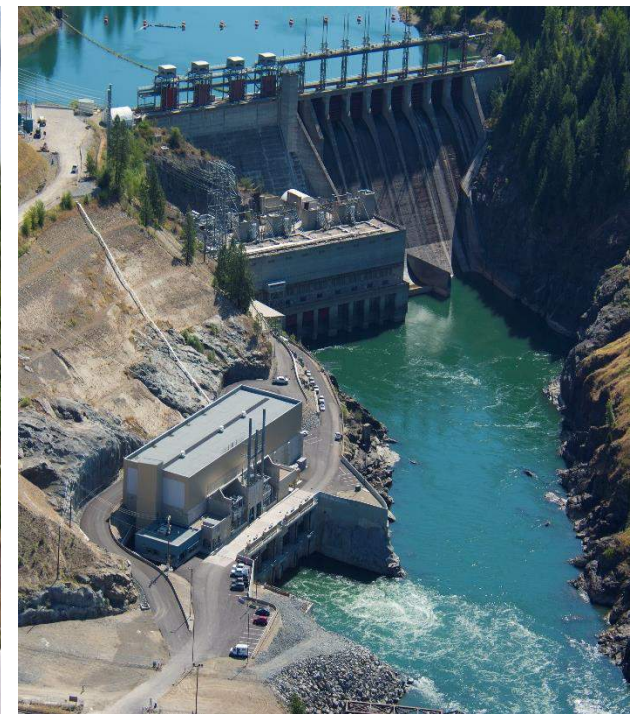
Predictable Dividend Growth

Strong  
Platform  
for  
Growth





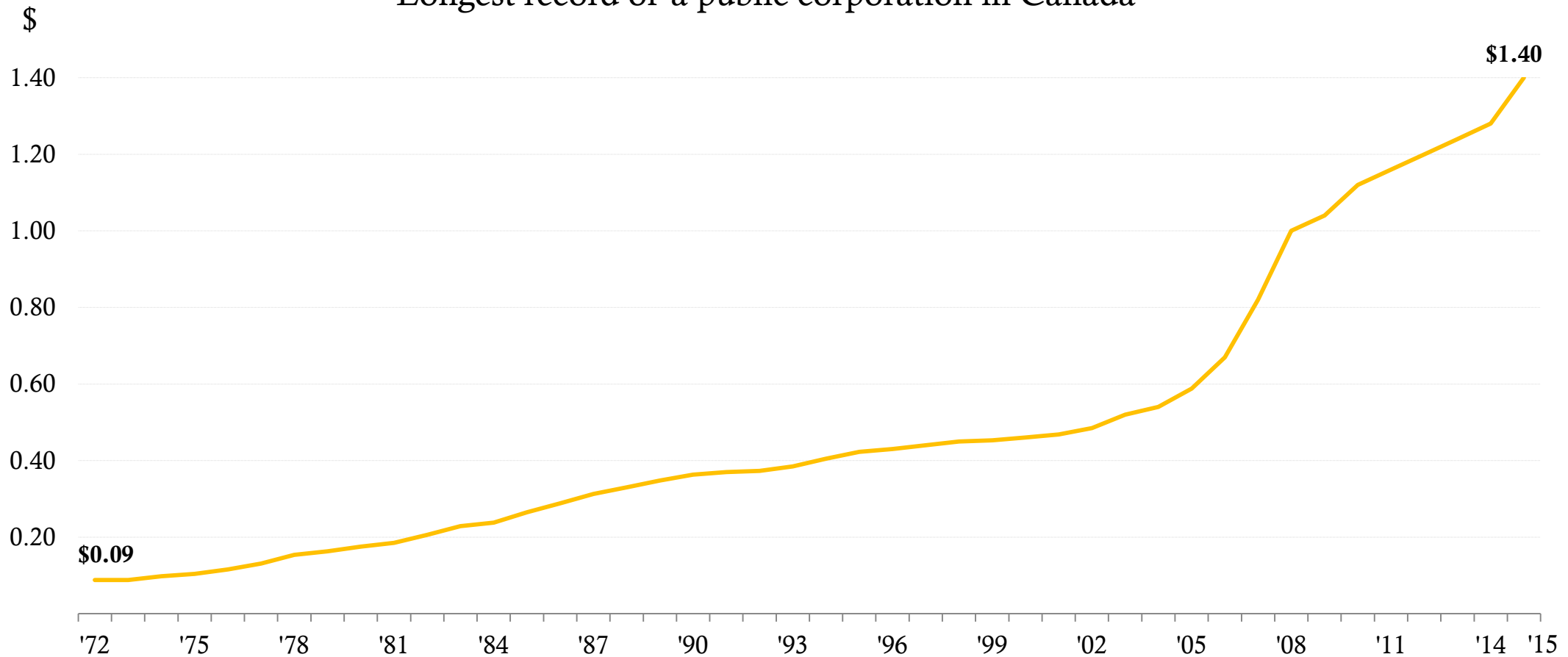
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Appendix

# Dividend Growth

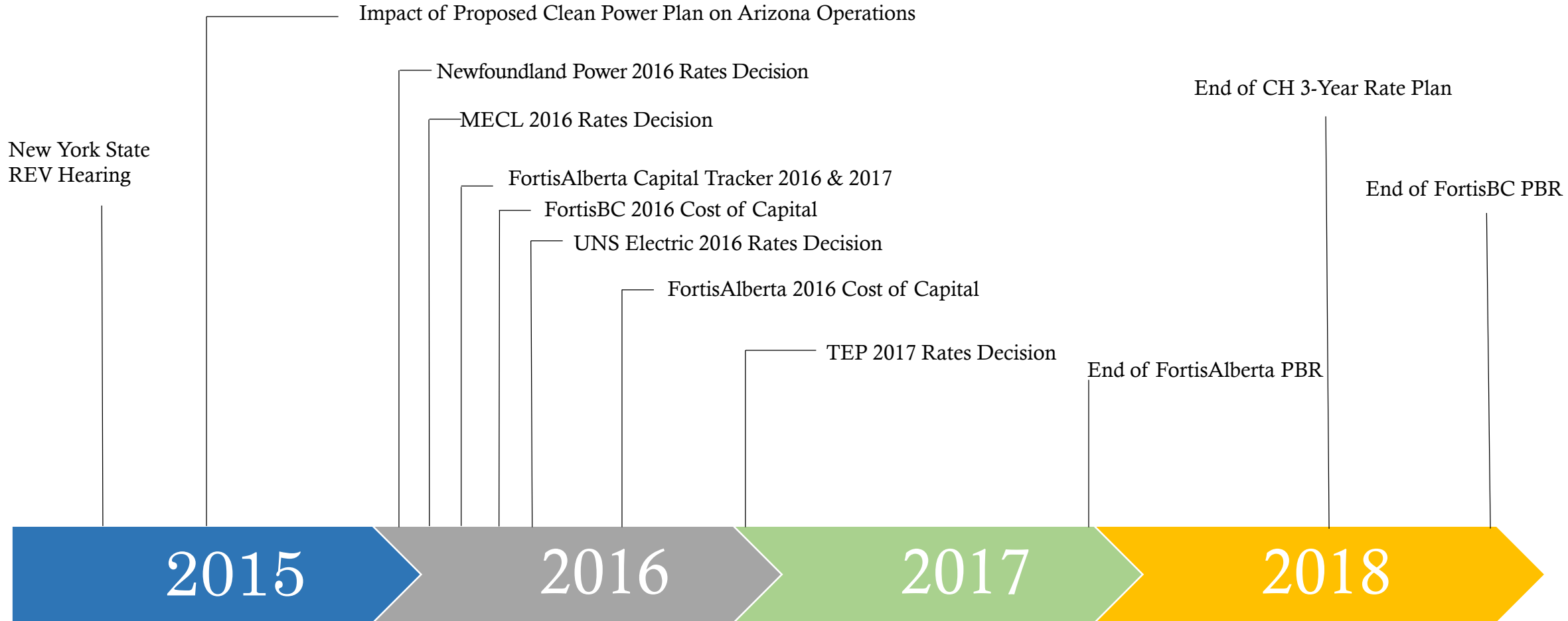
- 42 consecutive years of annual dividend increases
- Longest record of a public corporation in Canada



# Regulatory Overview

Company	Jurisdiction	Rate Methodology	Test Year	Equity in Capital (%)	Allowed 2015 ROE (%)	Comments
UNS Energy	Arizona	COS	Historic	43.5-52.6	9.50-10.0	No earnings cap, regulator supportive of 50% equity thickness
Central Hudson	New York	COS (3-yr Rate Order)	Future	48	9.00	Earnings sharing above 9.50%
FortisBC	British Columbia	COS (PBR 2014-2019)	Future	38.5-40	8.75-9.15	2015-2019 revenue requirement set by formula with earnings sharing above allowed ROE
FortisAlberta	Alberta	COS (PBR 2013-2017)	Future	40	8.30	No earnings cap, revenue requirement set by formula with adjustments for capex
Newfoundland Power	Newfoundland	COS	Future	45	8.80	Earnings capped at 9.30%

# Significant Regulatory Proceedings



# Operational Highlights

REGULATED											
UTILITY	(as at June 30, 2015)				2014					2015F	
	Customers			Total Assets (\$B)	Peak Demand		Volumes	Sales	Operating Earnings (\$M)	Midyear Rate Base (\$B)	Capital Program (\$M)
	Electric (#)	Gas (#)	Employees (#)		Gas (TJ)	Electric (MW)	Gas (PJ)	Electric (GWh)			
UNS Energy <sup>(1)</sup>	511,000	152,000	2,031	8.2	95	3,293	5	5,646	60	4.2	704
Central Hudson	300,000	77,000	942	2.9	138	1,060	23	5,075	37	1.4	176
FortisBC	167,000	970,000	2,142	7.9	1,324	684	195	3,179	173	4.9	529
FortisAlberta	534,000	-	1,162	3.7	-	2,648	-	17,372	103	2.7	412
Newfoundland Power	260,000	-	659	1.5	-	1,398	-	5,899	37	1.0	103
Maritime Electric	78,000	-	180	0.4	-	256	-	1,168	12	0.3	27
FortisOntario	65,000	-	198	0.3	-	264	-	1,309	11	0.3	30
Caribbean Utilities <sup>(2)</sup>	28,000	-	200	0.7	-	100	-	564	13	0.5	98
Fortis Turks and Caicos	14,000	-	156	0.4	-	37	-	207	14	0.3	42
<b>Total Regulated</b>	<b>1,957,000</b>	<b>1,199,000</b>	<b>7,670</b>	<b>26.0</b>	<b>1,557</b>	<b>9,740</b>	<b>223</b>	<b>40,419</b>	<b>460</b>	<b>15.6</b>	<b>2,121</b>

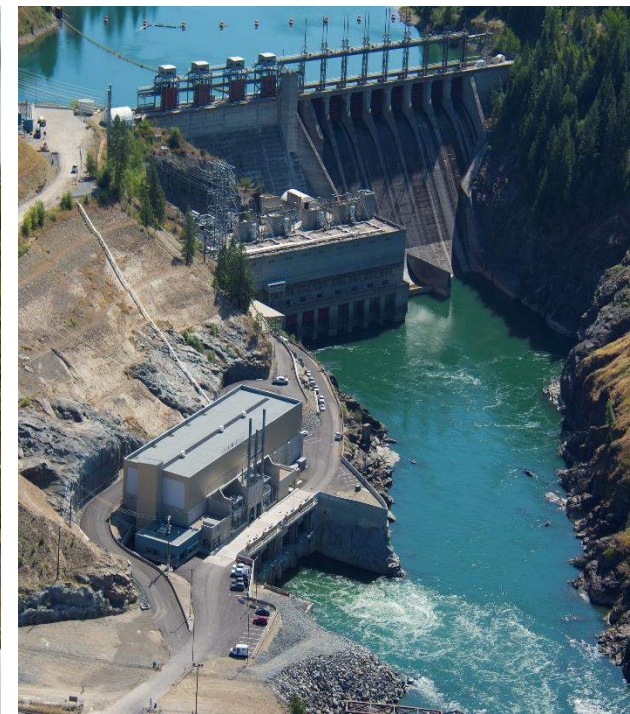
<sup>(1)</sup> UNS Energy Corporation ("UNS Energy") was acquired by Fortis on August 15, 2014. Electric sales, gas volumes and earnings are from August 15, 2014, the date of acquisition.

<sup>(2)</sup> Data represents 100% of Caribbean Utilities' operations except for earnings, which represent Caribbean Utilities' contribution to consolidated earnings of Fortis based on the Corporation's approximate 60% ownership interest.

NON-REGULATED						
NON-REGULATED	(as at June 30, 2015)			2014		2015F
	Generating Capacity (MW)	Employees (#)	Total Assets (\$M)	Energy Sales (GWh)	Earnings (\$M)	Capital Program (\$M)
Fortis Generation	407	40	1.0	407	20	52
Non-Utility	-	2,150	1.1	-	28	33
<b>Total Non-Regulated</b>	<b>407</b>	<b>2,190</b>	<b>2.1</b>	<b>407</b>	<b>48</b>	<b>85</b>



**F**ORTIS



Presenter Biographies



**Barry V. Perry**, President and CEO, Fortis, effective December 31, 2014

Prior to his current position, Mr. Perry served as VP, Finance and CFO of the Corporation since 2004. He joined the Fortis organization in 2000 as VP, Finance and CFO of Newfoundland Power. Previously, Mr. Perry held the position of VP, Treasurer with a global forest products company and Corporate Controller with a large crude oil refinery.

He earned a Bachelor of Commerce (Honours) from Memorial University of Newfoundland and is a member of the Institute of Chartered Accountants of Newfoundland and Labrador.

Mr. Perry serves on the Boards of Fortis utilities in British Columbia, Alberta, Arizona and New York, as well as the Board of Fortis Properties.

He is a native of New-Wes-Valley, Bonavista Bay, Newfoundland and Labrador.



**Karl W. Smith, EVP, CFO, Fortis, effective June 30, 2014**

Prior to his current position, Mr. Smith served as President and CEO of FortisAlberta since 2007. He served as President and CEO, Newfoundland Power from 2004 through 2007 and as CFO, Fortis from 1999 through 2003.

Mr. Smith earned a Bachelor of Commerce (Honours) from Memorial University of Newfoundland and is a member of the Institute of Chartered Accountants of Newfoundland and Labrador.

Mr. Smith currently serves as a Director on the Board of CH Energy Group and the FortisBC Group of Companies. He has served on the Boards of FortisOntario, FortisAlberta and Caribbean Utilities. Mr. Smith is Chair of the Atlantic Provinces Economic Council and past Chair of the Canadian Electricity Association. He is past Treasurer of the Western Energy Institute.

Mr. Smith is a native of Stephenville Crossing, Newfoundland and Labrador.





**Earl A. Ludlow**, EVP, Eastern Canadian & Caribbean Operations, Fortis, effective August 1, 2014. He is responsible for Newfoundland Power, Maritime Electric, FortisOntario, Fortis Turks and Caicos and Caribbean Utilities, as well as non-regulated generating assets in Belize.

Mr. Ludlow has a career with the Fortis Group that spans more than 34 years. He was appointed President and CEO of Newfoundland Power in 2007. Prior to then, he served as President and CEO, Fortis Properties 2005 through 2007, and as Senior VP, FortisBC and VP, Operations, FortisAlberta 2004 through 2005.

He earned a Bachelor of Engineering (Electrical) and Master of Business Administration from Memorial University of Newfoundland. He is a member of the Professional Engineers and Geoscientists of Newfoundland and Labrador.

Mr. Ludlow currently serves as a Director on the Boards of Newfoundland Power, Maritime Electric, FortisOntario, Caribbean Utilities, Fortis Turks and Caicos and Belize Electricity. He also serves as a Director on the Board of the Canadian Electricity Association.

Mr. Ludlow is a native of Joe Batt's Arm, Fogo Island, Notre Dame Bay, Newfoundland and Labrador.



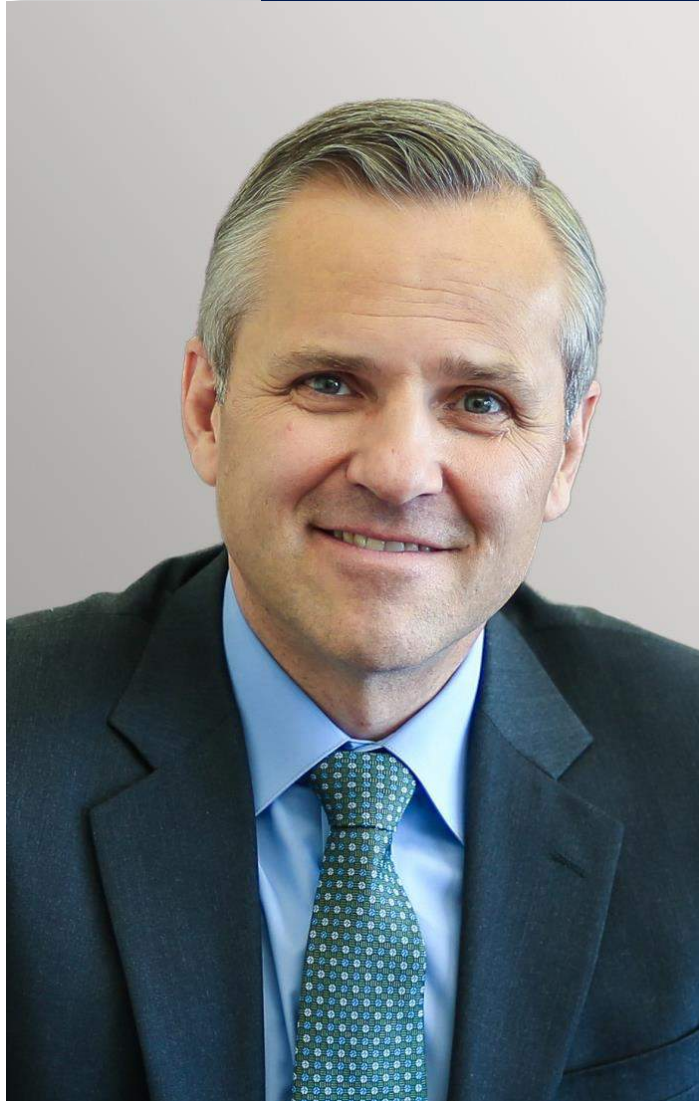
## **James Laurito, President and CEO, Central Hudson**

Mr. Laurito joined Central Hudson in 2009. Prior to that, he served as President & CEO of both New York State Electric and Gas Corporation and Rochester Gas & Electric Corporation.

Mr. Laurito earned a Bachelor of Science in Civil Engineering from West Virginia University and completed the Executive Program in Finance and Manufacturing Management at Columbia University.

He is a Director on the Federal Reserve Bank of New York's Upstate Advisory Board, and Mr. Laurito also serves on the boards of UNS Energy, New York State Business Council, Edison Electric Institute, American Gas Association, Mid-Hudson Pattern for Progress and is Chairman of the Hudson Valley Economic Development Corporation and the Northeast Gas Association.

He is a native of Pittsburgh, Pennsylvania, and currently resides in Fishkill, New York.



**Phonse Delaney, President and CEO, FortisAlberta, effective June 30, 2014**

Mr. Delaney began his career with the Fortis Group of Companies with Newfoundland Power in 1987. Prior to his current position at FortisAlberta, he served as EVP, Operations, Engineering and Information Technology, FortisAlberta since 2008. Prior to then, he was VP, Operations and Engineering, Newfoundland Power.

He holds a Bachelor of Electrical Engineering from Memorial University and is a member of the Association of Professional Engineers and Geoscientists of Alberta.

Mr. Delaney serves as a Director on the Board of Newfoundland Power, as well as the Boards of the Canadian Electricity Association and the Western Energy Institute.

He is a native of Corner Brook, Newfoundland and Labrador.



**Mike Mulcahy**, President and CEO of FortisBC Holdings Inc., FortisBC Energy Inc. and FortisBC Inc., effective August 1, 2014

Mr. Mulcahy began his career with the Fortis Group of Companies in 1993 at Maritime Electric and has held continuously progressive positions since that time, most recently as EVP, HR, Customer & Corporate Services at the FortisBC Group of Companies. He has held executive positions at Fortis Properties (1996-2002), Newfoundland Power (2003-2005), and FortisBC Inc. (2005-2010).

He earned a Bachelor of Commerce from Dalhousie University and serves on the Boards of the Canadian Electricity Association, the Executive Council of the Western Energy Institute and is Vice Chair of the Canadian Gas Association. Mr. Mulcahy also serves as a Director on the Board of FortisAlberta.

He is a native of Halifax, Nova Scotia.



**David G. Hutchens**, President and CEO of UNS Energy Corporation (“UNS Energy”), parent company of Tucson Electric Power (“TEP”) and Unisource Energy Services (“UES”)

Mr. Hutchens has been with UNS Energy for nearly 20 years. He advanced through various management positions overseeing wholesale energy trading and marketing and, in January 2007, was named VP of Wholesale Energy and UNS Gas, an operating subsidiary of UES. He became VP of Energy Efficiency and Resource Planning in May 2009, rose to EVP in March 2011 and was named President in December 2011 before assuming his current role in May 2014.

He earned a Bachelor of Aerospace Engineering and Master of Business Administration from the University of Arizona and is a former nuclear submarine officer in the U.S. Navy.

Mr. Hutchens joined the Board of UNS Energy in December 2013 and FortisBC in January 2015. He is a member of the Boards of Edison Electric Institute, Arizona’s State Energy Advisory Board and Tucson Regional Economic Opportunities.

He is a native of Minneapolis, Minnesota.



**Barry Perry**  
*President & CEO, Fortis*



**Karl Smith**  
*EVP, CFO, Fortis*



**Nora Duke**  
*EVP, Corporate Services  
and Chief HR Officer, Fortis*



**Earl Ludlow**  
*EVP, Eastern Canadian &  
Caribbean Operations, Fortis*



**David Hutchens**  
*President & CEO  
UNS Energy*



**James Laurito**  
*President & CEO  
Central Hudson*



**Michael Mulcahy**  
*President & CEO  
FortisBC*



**Phonse Delaney**  
*President & CEO  
FortisAlberta*