FortisBC Inc.
An indirect subsidiary of Fortis Inc.

Annual Information Form
For the Year Ended December 31, 2021
Dated March 18, 2022

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All figures are expressed in Canadian dollars unless otherwise noted.

Except as otherwise stated, the information in this Annual Information Form is given as of December 31, 2021.

FORWARD-LOOKING INFORMATION

Certain statements contained in this Annual Information Form contain forward-looking information within the meaning of applicable securities laws in Canada ("forward-looking information"). The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information reflects management's current beliefs and is based on information currently available to the Corporation's management. The forward-looking information in this Annual Information Form and the information incorporated herein by reference includes, but is not limited to, statements regarding: expectations regarding power output in the event that the CPA is terminated; expectations under take-or-pay contracts; the Corporation's expectation that compliance with environmental laws and regulations will not have a material effect on the Corporation's capital expenditures, earnings or competitive position; and the Corporation's expectation that costs incurred for site remediation will be recovered through rates.

The forecasts and projections that make up the forward-looking information are based on assumptions, which include but are not limited to: receipt of applicable regulatory approvals and requested rate orders (including absence of administrative monetary penalties); continued electricity demand; absence of climate change impacts; absence of adverse weather conditions and natural disasters; absence of environmental damage and health and safety issues; absence of asset breakdown; no weather related demand loss or significant and sustained loss of precipitation over the headwaters of the Kootenay River system; the ability to maintain and obtain applicable permits; the Indigenous engagement process will not delay or otherwise impact the Corporation's ability to obtain government or regulatory approvals; the adequacy of the Corporation's existing insurance arrangements; the ability to arrange sufficient and cost effective financing; no material adverse rating actions by credit rating agencies; that counterparties agree to renew power supply contracts; the ability of the Corporation to attract and retain a skilled workforce; the ability to maintain and renew collective bargaining agreements on acceptable terms; no material change in employee future benefit costs; absence of information technology infrastructure failure; absence of cybersecurity failure; absence of pandemic and public health crises impacts; and the ability to continue to report under US GAAP beyond the Canadian securities regulators exemption to the end of 2023 or earlier.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results or events to differ from current expectations include, but are not limited to: regulatory approval and rate orders risk (including the risk of imposition of administrative monetary penalties); competitiveness and commodity price risk; climate change risk; weather and natural disasters risk; environment, health and safety matters risk; asset breakdown, operation, maintenance and expansion risk; electricity supply risks; permits risk; risks related to Indigenous rights and engagement; underinsured and uninsured losses; capital resources and liquidity risk; interest rates risk; impact of changes in economic conditions risk; power purchase and capacity sale contracts risk; human resources risk; labour relations risk; employee future benefits risk; information technology infrastructure risk; cybersecurity risk; pandemic and public health crises risk; continued reporting in accordance with US GAAP risk; and other risks described in this Annual Information Form. For additional information with respect to these risk factors, reference should be made to the section entitled "Risk Factors" in this Annual Information Form, the section entitled "Business Risk Management" in the Corporation's Management Discussion & Analysis for the year ended December 31, 2021 and the other continuous disclosure materials filed from time to time on SEDAR at www.sedar.com, and which are incorporated herein by reference.

All forward-looking information in this Annual Information Form and the information incorporated herein by reference is qualified in its entirety by this cautionary statement and, 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.

GLOSSARY

Except as otherwise defined, or unless the context otherwise requires, the following terms have the meanings set forth below.

"ARO" means asset retirement obligation;

"BC Hydro" means British Columbia Hydro and Power Authority, a British Columbia Crown corporation and electric utility serving the majority of British Columbia residents;

"BC Hydro PPA" means the 200 MW power purchase agreement between the Corporation and BC Hydro dated May 21, 2013;

"BCUC" means the British Columbia Utilities Commission;

"Board" means the Board of Directors of FBC;

"Brilliant Plant" means the 149 MW hydroelectric generating plant jointly owned by CPC and CBT through the Brilliant Power Corporation;

"Brilliant PPA" means the 149 MW power purchase agreement between the Corporation and Brilliant Power Corporation terminating in 2056;

"Canal Plant" means the Kootenay Canal Plant, a hydroelectric generating plant on the Kootenay River system owned by BC Hydro;

"CBT" means Columbia Basin Trust;

"Corporation" or **"FBC"** means FortisBC Inc.;

"CPA" means the second amended and restated Canal Plant Agreement dated for reference November 15, 2011 among BC Hydro, the Corporation, Teck Metals Ltd., Brilliant Power Corporation, Brilliant Expansion Corporation and Waneta Expansion Power Corporation;

"CPC" means Columbia Power Corporation, a British Columbia Crown corporation;

"DBRS Morningstar" means DBRS Limited, which was acquired by Morningstar, Inc. on July 2, 2019;

"EMS" means environmental management system;

"Entitlement" means a generating facility's fixed annual entitlement of capacity and energy under the CPA;

"Entitlement Parties" means, collectively, Brilliant Power Corporation, Brilliant Expansion Power Corporation, Teck Metals Ltd., Waneta Expansion Power Corporation and FBC;

"FEI" means FortisBC Energy Inc.;

"FHI" means FortisBC Holdings Inc.;

"Fortis" means Fortis Inc.;

"FortisBC Pacific" means FortisBC Pacific Holdings Inc.;

"GCOC Proceeding" means a general cost of capital proceeding;

"**GHG**" means greenhouse gas;

"GWh" means a gigawatt hour, which is a measure of energy that is equal to 1,000,000,000 watts used over a one-hour period;

"IBEW" means International Brotherhood of Electrical Workers Union, Local 213;

"Moody's" means Moody's Investors Service;

"MoveUP" means Canadian Office and Professional Employees Union Local 378, which operates as MoveUP;

"MW" means a megawatt, which is a measure for power that is equal to 1,000,000 watts;

"MWh" means a megawatt hour, which is a measure of energy that is equal to 1,000,000 watts used over a one-hour period;

"PCBs" means polychlorinated biphenyls;

"Powerex" means Powerex Corp.;

"Rate Base Assets" means all generation, transmission, distribution and other utility assets that are used or required to be used to provide service to utility customers, which are included in the calculation of the Corporation's revenue requirement for the applicable year and are subject to a regulated rate of return;

"UCA" or the "Act" means the *Utilities Commission Act* (British Columbia), as amended from time to time**;**

"WECA" means the capacity purchase agreement between Waneta Expansion Power Corporation and FBC made as of October 1, 2010.

1.0 CORPORATE STRUCTURE

1.1 NAME AND INCORPORATION

FortisBC Inc. ("FBC") was incorporated as West Kootenay Power and Light Company, Limited pursuant to the *West Kootenay Power and Light Company, Limited, Act 1897* (British Columbia), as amended. The Corporation's name was changed to "West Kootenay Power Ltd." on September 1, 1988, to "UtiliCorp Networks Canada (British Columbia) Ltd." on October 22, 2001, to "Aquila Networks Canada (British Columbia) Ltd." on May 31, 2002 and to "FortisBC Inc." on June 1, 2004.

FBC's head office is located at Suite 100, 1975 Springfield Road, Kelowna, British Columbia ("BC"), V1Y 7V7 and its registered office is located at 2500 – 700 West Georgia Street, Vancouver, BC, V7Y 1B3.

1.2 INTER-CORPORATE RELATIONSHIPS

The Corporation is an indirect, wholly-owned subsidiary of Fortis, a leader in the North American regulated electric and gas utility industry. Fortis shares are listed on both the Toronto Stock Exchange and the New York Stock Exchange.

2.0 GENERAL DEVELOPMENT OF THE BUSINESS

2.1 THREE-YEAR HISTORY

Over the past three years, the Corporation's Rate Base Assets have grown by approximately 12 per cent, from $1,321 million as at December 31, 2018 to $1,479 million as at December 31, 2021. This growth reflects the Corporation's capital expenditures necessary to ensure the ability to provide service, public and employee safety and reliability of supply of electricity to the Corporation's customer base. Significant capital expenditures that have contributed to the increase in Rate Base Assets over the three-year period include the Upper Bonnington Old Units Refurbishment and the Corra Linn Spillway Gate Replacement.

3.0 THE BUSINESS OF FORTISBC INC.

3.1 GENERAL

FBC is an integrated, regulated electric utility operating in the southern interior of BC, serving approximately 184,800 residential, commercial, wholesale, and industrial customers, directly and indirectly, focusing on the safe delivery of reliable and cost effective electricity. The Corporation has been in continuous operation since 1897.

FBC serves a diverse base of customers located in the cities and rural regions of the southern interior of BC. The majority of FBC's customers are located in urban centres. In 2021, the Corporation sold 3,460 GWh of electricity to its customers, 588 GWh of which was purchased by FBC's six wholesale customers. The Corporation had a new historical peak demand of 777 MW, which occurred during the fourth quarter of 2021 and which surpassed the previous peak demand of 764 MW, which occurred during the second quarter of 2021. Prior to 2021, the Corporation's historical peak demand was 746 MW, which occurred during the fourth quarter of 2008.

The Corporation's regulated generation assets consist of four hydroelectric generating plants on the Kootenay River with an aggregate capacity of 225 MW and an annual gross energy entitlement of approximately 1,609 GWh. FBC meets the remainder of its customers' energy and capacity requirements through a portfolio of long-term and short-term power purchase contracts, the costs of which are flowed through to customers. The Corporation's regulated transmission and distribution assets consist of approximately 7,300 kilometres of transmission and distribution power lines and 65 substations. With the exception of BC Hydro, FBC is the only integrated, regulated electric utility operating in BC. FBC also conducts a small amount of other activities relating primarily to the operation and management of third-party owned hydroelectric generation, transmission and distribution systems located within the FBC service area.

FBC operates in the southern interior of BC serving approximately 145,800 direct customers in communities including Kelowna, Oliver, Osoyoos, Trail, Castlegar, Creston and Rossland. In addition, FBC indirectly serves approximately 39,000 customers through the wholesale supply of power to municipal distributors in the communities of Summerland, Penticton, Grand Forks and Nelson, as well as to BC Hydro at two points. The service territory is primarily residential but also contains key industries served by FBC including lumber, pulp and paper, mining, agriculture and manufacturing.

The following table compares 2021 and 2020 regulated electricity revenue, electricity sales, and number of customers by customer class:

	Electricity Revenue				Electricity Sales				Customers [2]			
	2021		2020		2021		2020		2021		2020	
	$ millions	%	$ millions	%	GWh	%	GWh	%	#	%	#	%
Residential Service	205	51	181	51	1,394	40	1,334	40	126,678	87	124,966	87
Commercial [1]	110	27	97	27	1,024	30	966	30	19,104	13	18,699	13
Wholesale	52	13	45	12	588	17	560	17	6	0	6	0
Industrial	38	9	35	10	454	13	431	13	42	0	43	0
Total	**405**	**100**	**358**	**100**	**3,460**	**100**	**3,291**	**100**	**145,830**	**100**	**143,714**	**100**

Notes:

1. Commercial includes street light & irrigation customers.
2. Direct customers.

3.2 GENERATION AND POWER SUPPLY

FBC meets the electricity supply requirements of its customers through a mix of owned-generation and short-term and long-term power purchase contracts. The Corporation owns four regulated hydroelectric generating plants with an aggregate capacity of 225 MW, which provide approximately 45 per cent of the energy and 27 per cent of the peak capacity needs of FBC. The four hydroelectric generation plants are located on the Kootenay River and contain fifteen separate generating units. Generation assets represent approximately 15 per cent of the Corporation's Rate Base Assets. Under the CPA, as described below, these generating facilities are dispatched by BC Hydro in exchange for Entitlement. However, the generating units are required to be maintained and available for dispatch. Since 1998, eleven of fifteen FBC hydroelectric generation units have been subject to a life extension and upgrade program which substantially concluded in 2011. On January 20, 2017, the BCUC approved a complete refurbishment of the remaining four units, which commenced in 2017. The refurbishment of all four units is now complete, and the balance of plant work associated with the refurbishment project was fully completed in 2021.

(a) Canal Plant Agreement

FBC's four hydroelectric generating plants are governed by the CPA. The CPA is a multi-party agreement that enables the five separate owners and one lease holder of nine hydroelectric generating plants (having a combined capacity of approximately 1,900 MW and all located in relatively close proximity to each other) to coordinate the operation and dispatch of their generating plants. The plants and their respective capacity and owners are:

Plant	Capacity (MW)	Owners
Canal Plant	580	BC Hydro
Waneta Dam	493	BC Hydro (long term lease of 237 MW to Teck Metals Ltd.)
Waneta Expansion	335	Waneta Expansion Power Corporation (WEPC), an indirect, wholly-owned subsidiary of each of CPC and CBT
Kootenay River System (4 plants)	225	FBC
Brilliant Dam	149	Brilliant Power Corporation
Brilliant Expansion	120	Brilliant Expansion Power Corporation

The CPA enables BC Hydro and the Entitlement Parties, through coordinated use of water flows, subject to the 1961 Columbia River Treaty between Canada and the United States, and coordinated operation of storage reservoirs and generating plants, to generate more power from their respective generating plants than they could if they operated independently. Under the CPA, BC Hydro determines the output of the plants such that all plants are operated as a coordinated whole. BC Hydro then takes into its system the power generated by all of the plants. In exchange, the Entitlement Parties are each contractually entitled to their Entitlements, which are based on 50-year historical water flows and the plants' generating capabilities. The Entitlement Parties receive their Entitlements irrespective of actual water flows to the Entitlement Parties' generating plants.

BC Hydro enjoys the benefits of the additional power generated through coordinated operation and optimal use of water flows. The Entitlement Parties benefit by knowing years in advance the amount of power that they will receive from their generating plants and therefore do not face hydrology variability in generation supply planning.

The Corporation, however, retains rights to its original water licenses and flows in perpetuity. Should the CPA be terminated, the output of the Corporation's Kootenay River system plants would, with the water and storage authorized under its existing licenses and on a long-term average, be approximately the same power output as the Corporation receives under the CPA. The CPA does not affect the Corporation's ownership of its physical generation assets. The Corporation continues to own and operate its four Kootenay River system generating plants, which are included in the Corporation's Rate Base Assets. The CPA continues in force until terminated by any of the parties by giving no less than five years' notice at any time on or after December 31, 2030.

(b) Power Purchase Agreements

The Corporation's electricity supply not supplied by its own generating plants is acquired through power purchase contracts consisting of the following:

(i) the Brilliant PPA;

(ii) the BC Hydro PPA;

(iii) Brilliant Expansion Capacity and Energy Purchase Agreement;

(iv) a number of small power purchase contracts with certain independent power producers;

(v) spot market and contracted capacity purchases; and

(vi) the WECA.

These power purchase contracts have been accepted by the BCUC and prudently incurred costs thereunder flow through to customers through electricity rates.

(i) Brilliant Power Purchase Agreement

The Brilliant Plant is a hydroelectric generating plant jointly owned by CPC and CBT through the Brilliant Power Corporation. The Brilliant Plant is allocated Entitlement energy of 985 GWh and capacity of 149 MW pursuant to the CPA. Under the Brilliant PPA, FBC has agreed to purchase from Brilliant Power Corporation, on a long-term basis (a) the Entitlement allocated to the Brilliant Plant and (b) after the expiration of the CPA, the actual electrical output generated by the Brilliant Plant. While the total Entitlement is 985 GWh, FBC does not purchase the approximately 60 GWh of regulated flow upgrade Entitlement under this agreement. However, FBC has entered into another agreement with CPC for this energy over a ten-year period as discussed below. The Brilliant PPA uses a take-or-pay contract structure which requires that FBC pay for the Brilliant Plant's Entitlement, irrespective of whether FBC actually takes it. FBC does not foresee any circumstances under which the Corporation would be required to pay for power that it does not require. During the first 30 years of the Brilliant PPA term, FBC pays to Brilliant Power Corporation an amount that covers the operation and maintenance costs of the Brilliant Plant and provides a return on capital, including original purchase costs, sustaining capital costs and any life extension investments. During the second 30 years of the Brilliant PPA term (commencing in 2026), an adjustment using a market price mechanism based on the depreciated value of the Brilliant Plant and then-prevailing operating costs will be made to the amounts payable by FBC. The Brilliant PPA provided FBC with approximately 24 per cent of its energy requirements in 2021.

(ii) Power Purchases from BC Hydro

FBC is a party to the BC Hydro PPA, which provides the Corporation with additional electricity for purposes of supplying its load requirements, up to a maximum demand of 200 MW. Energy bought pursuant to the BC Hydro PPA provided approximately 15 per cent of FBC's energy requirements in 2021. The current BC Hydro PPA was approved by the BCUC in May 2014 and expires on September 30, 2033. The current agreement replaced a previous power purchase agreement with BC Hydro that had been in place since 1993.

(iii) Brilliant Expansion Capacity and Energy Purchase Agreement

FBC has an agreement to purchase CPC's unused Entitlements from the Brilliant Plant and the Brilliant Expansion Plant, including the 60 GWh from the Brilliant Plant that is not included in the Brilliant Power Purchase Agreement. The agreement provided approximately 2 per cent of FBC's energy requirements in 2021. The agreement is for a ten- year period expiring at the end of 2027, and contains terms similar to those in a previous agreement which expired at the end of 2017.

(iv) Small Power Purchase Contracts

FBC has a number of small power purchase contracts with independent power producers and self-generating customers, which collectively provided less than 1 per cent of the Corporation's energy supply requirements in 2021.

(v) Spot Market and Contracted Capacity Purchases

During 2021, the Corporation purchased capacity and energy from the market to meet its peak energy requirements and optimize its overall power supply portfolio. To facilitate market transactions going forward, FBC entered into the Capacity and Energy Purchase and Sale Agreement (CEPSA) with Powerex, which was approved by the BCUC in April 2015 and was amended by the First Amending Agreement dated April 29, 2019. The CEPSA is a master agreement that sets the terms and conditions for future market transactions entered into by FBC with Powerex. The CEPSA became effective May 1, 2015 and expires on September 30, 2023. Spot market and contracted purchases provided approximately 14 per cent of the Corporation's energy supply requirements in 2021.

(vi) WECA

The Corporation entered into the WECA to purchase capacity from the Waneta Expansion Plant, a 335 MW hydroelectric generating facility owned by WEPC and situated adjacent to the existing Waneta Plant on the Pend d'Oreille River in BC. WECA allows FBC to purchase capacity over a 40-year period which commenced in April 2015. The WECA was accepted for filing as an energy supply contract by the BCUC in May 2012. The Waneta Expansion Plant was owned and operated by Waneta Expansion Limited Partnership, of which Fortis owned a 51 per cent interest, and a wholly-owned subsidiary of each of CPC and CBT owned the remaining interest. However, on April 16, 2019 Fortis sold its interest in the Waneta Expansion Plant to CPC and CBT.

3.3 OPERATIONS

(a) Transmission

FBC's transmission system is a high voltage system that operates at the 230 kV, 161 kV, 138 kV and 63 kV levels while transmitting electricity to customers directly connected to the transmission grid. The transmission system is highly integrated and operates synchronously with the BC Hydro system. It consists of approximately 1,300 kilometres of transmission lines and includes major substations throughout the service territory. FBC has 9 terminal transmission substations, the components of which include high voltage power transformers, power circuit breakers, high voltage switches, capacitor and reactor banks, protection and control systems, metering and monitoring systems, together with site infrastructures such as buildings and security systems. There are also 4 additional substations with generator step-up transformers associated with the four generating plants.

(b) Distribution

Electricity produced at generating plants is moved across transmission lines to terminal stations and transformers and then distributed at lower voltages to customers. FBC's distribution system is comprised of 52 distribution substations and approximately 6,000 kilometres of overhead and underground distribution lines. The FBC distribution system is being upgraded in a number of locations over several years in order to renew obsolete components at or near the end of their useful life, and to accommodate load growth that has caused load on the existing system to approach design capacity.

(c) Major Capital Projects

The Corporation plans and implements programs for sustaining and enhancing its regulated generation, transmission and distribution assets. Capital projects are typically identified as being one of two types: (a) "sustaining", which are directed at adequately maintaining asset condition and modernizing equipment; and (b) "growth" or "expansionary", which are primarily required to accommodate customer and load growth within the FBC service area. Developing the priorities for the transmission and distribution system involves an assessment of both asset condition and maintenance needs and system contingency analysis. The latter involves a modeling and simulation of system impacts following several possible and different system event scenarios.

3.4 OTHER OPERATIONS, ASSETS AND ACTIVITIES

(a) Other Operations

FBC carries out monitoring, control and real-time management of its generation, transmission and distribution facilities through its centralized system control centre. The control centre coordinates with BC Hydro to ensure that appropriate monitoring and control of transmission equipment is maintained twenty-four hours a day.

(b) Other Assets

Other assets of the Corporation include those supporting the ongoing maintenance and operation of the system, such as office and service buildings, transport and work equipment and other office and information technology assets.

(c) Other Activities

FBC's other activities are relatively small in comparison to its regulated electricity operations but provide an opportunity to leverage the utilization of FBC's utility operation, maintenance and management resources under service contracts to third parties. FBC provides certain operations, maintenance and management services relating to the Waneta Plant and the Brilliant Plant.

FortisBC Pacific, the direct parent of the Corporation, provides services of a similar nature with respect to the Brilliant Expansion Plant, Waneta Expansion Plant and Arrow Lakes Generating Station. FBC provides staff and material resources to FortisBC Pacific in order for it to carry out the services required under the contracts and charges FortisBC Pacific its cost plus a mark-up as compensation.

3.5 OTHER MATERIAL CORPORATE ISSUES

(a) Insurance

The Corporation, through Fortis, maintains insurance coverage including liability, all risk property, boiler and machinery, directors' and officers' liability, and cyber insurance for the benefit of the Corporation. The Corporation self-insures against the risk of damage to transmission and distribution poles, wires and related equipment. FBC also maintains insurance coverage that is required by provincial statute, which covers automobile liability, firefighting expense and owned and non-owned aircraft liability. Management believes that the coverage, amounts and terms of the Corporation's insurance agreements are consistent with industry practices.

(b) Employees

The Corporation employed 553 employees as at December 31, 2021. The organized employees of FBC are represented by the IBEW and MoveUP unions.

The collective agreement between the Corporation and Local 213 of the IBEW was ratified in February 2021 and expires on January 31, 2023. The IBEW represents employees in specified occupations in the areas of generation, transmission, and distribution.

There are two collective agreements between the Corporation and MoveUP. The first collective agreement, representing employees in specified occupations in the areas of administration and operations support, expires on June 30, 2023. The second collective agreement, representing customer service employees, expires on March 31, 2022.

(c) Specialized Skills and Knowledge

The skills and knowledge needed to operate and maintain electrical generation, transmission and distribution systems are key to the Corporation's success. These skills are currently available, and the Corporation has placed considerable focus in succession planning on ensuring that these skills are preserved as the Corporation's workforce ages and retires.

(d) Intellectual Property

Fortis owns the trademark "FortisBC", which it has licensed the Corporation to use. FBC owns the trademark "PowerSense", which has been used in the promotion by the Corporation of energy efficiency and energy awareness programs.

(e) Real Property

Certain of the Corporation's transmission and distribution facilities cross over land that is owned by the governments of Canada or BC. The Corporation believes it has obtained appropriate access rights from the relevant governments through

Crown leases, statutory rights of way, land use permits, licenses of occupation and low voltage permits. Where transmission or distribution lines extend over waterways, various provincial and federal government bodies must approve the installation of those lines. Agreements and permits in this respect have been obtained from the appropriate government body.

The Corporation's transmission and distribution lines at times also cross over or run parallel to lands owned by various railway companies. In these circumstances, appropriate access rights, generally referred to as crossing agreements, have been obtained from the relevant railway company. Some of the Corporation's transmission and distribution lines are located on lands owned by other persons, including local governments, corporations, Indigenous Peoples, and individuals. The Corporation believes it has obtained or is in the process of obtaining the rights to use these lands through working with the property owner to come to an agreement (such as statutory rights of way) permitting land usage.

If the Corporation becomes aware of a situation in which it has not acquired the requisite usage rights, it will attempt to come to an agreement to secure usage rights with the landowner. The Corporation has the power to expropriate land if necessary.

(f) Seasonality

FBC's operations generally produce higher net earnings in the second quarter due to the timing of power purchases, lower net earnings in the third quarter and higher net earnings in the first and fourth quarters due to increased customer load as a result of cooler weather, while certain expenses such as depreciation, interest and operating expenses remain more evenly distributed throughout the fiscal year.

(g) Competition

BC's traditional regulatory model does not generally support retail competition for customers, which would give customers the right to purchase electricity from suppliers outside of the service area of the utility to which they are directly connected. FBC has a form of retail access for its wholesale and industrial customers supplied at transmission voltage pursuant to certain principles set by the BCUC. This retail access has not led to a loss of any of FBC's wholesale or industrial customers.

4.0 REGULATION

4.1 OVERVIEW

Public utilities in BC, such as FBC, are subject to the regulatory jurisdiction of the BCUC. The UCA is the legislation that defines the scope of the BCUC's jurisdiction regarding the regulation of public utilities and the responsibilities of those public utilities. The BCUC's primary responsibility is to establish just and reasonable utility rates, which include an opportunity for the public utilities to earn a fair return on the investments they make to provide customers with safe and reliable service.

4.2 RATE SETTING

The rate setting process generally has two main elements: revenue requirements and rate design.

The utility's revenue requirements represent the total revenues that are necessary for the utility to recover prudent costs for providing the utility services, to recover prudent investment, and to earn a fair return on and of its investments. The cost of providing service includes energy costs, operating and maintenance expenses, depreciation expenses, taxes, financing costs and a return on equity. Rate base is the book value of utility plant in service (plant less accumulated depreciation and customer contributions in aid of construction) and utility deferred charges, plus an allowance for working capital invested in the business, and is the investment base to which a rate of return is applied. The return on rate base is established by determining the cost of individual components of the capital structure, including equity, and weighting such costs to determine an aggregate return on rate base. Both the capital structure and rate of return on equity are determined by the BCUC.

In June 2020, the BCUC issued its decision on FBC's Multi-year Rate Plan application for the years 2020 to 2024 ("MRP Decision"). The approved Multi-year Rate Plan includes, amongst other items, a level of operation and maintenance expense per customer indexed for inflation less a fixed productivity adjustment factor, a forecast approach to growth and sustainment capital, a number of service quality indicators designed to ensure the Corporation maintains service levels, and a 50/50 sharing between customers and the Corporation of variances from the allowed return on equity ("ROE").

Variances from the allowed ROE subject to sharing include certain components of operating and maintenance costs, as well as variances in the utility's regulated rate base amounts, while variances associated with revenues and other expenses, including variances in gross margin and variances in those items that are not controllable or are associated with clean growth capital expenditures, are subject to flow-through treatment and refunded to or recovered from customers.

The MRP Decision approved updated FBC depreciation rates for property, plant and equipment and intangible assets, as well as updates to the provisions for removal costs collected as a component of depreciation on an accrual basis. These updates were effective for 2020 and have resulted in a net depreciation rate effect that is comparable to net depreciation rates previously in effect.

As part of the MRP Decision, FBC received approval to maintain the allocation of overhead costs to property, plant and equipment and intangible assets, which relate to the overall capital expenditure program.

Through periodic rate design proceedings, costs are allocated among different classes of energy users/customers and rates are designed to reflect the cost of providing services to each rate class. Before any rate can be put into effect, it must be filed with and approved by the BCUC.

In BC, the regulatory process for revenue requirement determination and rate design involves participation of interested parties, such as customer representatives, other public groups or private individuals.

4.3 KEY REGULATORY INFORMATION

Important regulatory information pertaining to decisions made by the BCUC with respect to FBC, is summarized in the following table.

	2021	2020	2019	2018	2017
Rate Base Assets ($ millions)	**1,479**	1,412	1,342	1,321	1,285
Deemed common equity component of total capital structure[1] (%)	**40.00**	40.00	40.00	40.00	40.00
Allowed rate of return on common equity[1] (%)	**9.15**	9.15	9.15	9.15	9.15

Note:

1. In January 2021, the BCUC announced that a GCOC Proceeding was being initiated, including includes a review of the deemed common equity component of total capital structure and the allowed ROE for regulated utilities in BC. See Section 7.0 for further details. The effective date of any changes is yet to be determined and the decision on the GCOC Proceeding could materially impact the Corporation's net earnings.

5.0 SAFETY AND ENVIRONMENTAL MATTERS

5.1 GENERAL

Canadian federal, provincial and municipal governments share jurisdiction over matters affecting safety and the environment. As a result, the Corporation is subject to provincial occupational health and safety legislation as well as federal, provincial, municipal and Indigenous requirements where applicable relating to the protection of the environment including, but not limited to, air, water, land, and natural resource protection, including fish and wildlife; the proper storage, transportation, discharge and disposal of hazardous and non-hazardous substances; and air emissions management. In addition, both the provincial and federal governments have environmental assessment legislation, which is designed to foster better natural resource and land-use planning through the identification and mitigation of potential environmental impacts of projects or undertakings prior to and after commencement. Both the federal and provincial environmental assessment processes provide for engagement with Indigenous communities.

5.2 ENVIRONMENTAL MANAGEMENT SYSTEM

The environmental risks associated with the Corporation's activities and operations are managed under the framework of an EMS. FBC has an EMS in place to manage the impact of its activities on the environment and the design of the EMS is consistent with the guidelines of ISO 14001:2015, an internationally recognized standard for EMS.

The Corporation's EMS includes an environmental policy, a summary of the environmental risks associated with the Corporation's business and operations, a summary of relevant environmental legislation, and an internal reporting process. The EMS also includes environmental training requirements for employees and contractors and reinforces environmental guidelines that serve to minimize the environmental impacts of FBC operations and comply with applicable environmental legislation. FBC has external audits of its EMS conducted on a regular cycle to ensure continued compliance with ISO 14001:2015 standards and legal requirements.

5.3 PERMITS, LICENCES AND APPROVALS

Various federal and provincial statutes require the Corporation to obtain and comply with specific permits, licenses and approvals in the course of its operations. Pursuant to the *Water Sustainability Act* (British Columbia), water rental rates apply to the use of water for power generation. Water rental rates in BC are levied on the basis of both total station capacity and on total station generation. The Corporation is able to recover water rental costs through rates.

5.4 ENVIRONMENTAL EXPENDITURES

The Corporation incurs environmental management and compliance related expenditures in connection with capital projects and in connection with ongoing operation and maintenance activities that are not reasonably quantifiable. The Corporation's cost of compliance with environmental laws and regulations did not have a material effect on the operating costs, capital expenditures, earnings or competitive position of the Corporation in 2021 and, based on current laws, facts and circumstances, is not expected to have a material effect on such matters in the future. Operating and capital costs associated with complying with environmental laws and regulations are generally recoverable by the Corporation through rates.

5.5 RELEASES

Federal, provincial and municipal environmental legislation regulate the release of substances into the environment through the regulation of discharges that have an adverse effect or a potentially adverse effect on the environment. FBC believes that the potential for spills, and resulting enforcement actions under existing environmental legislation, is reduced through the implementation of spill prevention, waste discharge authorizations, proper material handling, emergency response programs and spill response guidelines in conjunction with appropriate training. The potential for an adverse effect resulting from a spill is further reduced by the Corporation through the tracking of all incidents and potential incidents in an incident reporting database in order to facilitate continual learning and improvement.

5.6 HAZARDOUS SUBSTANCES

The Corporation manages hazardous substances used in its operations such as PCBs and herbicides. The Corporation has environmental management programs in place to deal with the hazardous substances including programs to deal with PCBs and herbicides:

(a) *PCBs* - Current management plans for PCBs focus on the identification, safe handling, transportation, storage and ultimate disposal of PCB containing equipment. As equipment becomes obsolete and is taken out of service, FBC disposes of it in an environmentally sound manner and in compliance with applicable laws. Federal PCB regulations specify deadlines for the elimination of PCB containing equipment. With the exception of pole-top transformers and their auxiliary equipment, PCB containing equipment having levels of PCBs greater than 500 ppm or those with PCB levels between 50 ppm and 500 ppm located in sensitive areas were removed from service by the end of 2009. FBC believes it is compliant with the PCB regulation. For certain substation auxiliary equipment FBC had been granted an extension to the Federal PCB regulation deadline to 2014 and had mitigated the PCB concern for the majority of this substation equipment at year end. However, the regulation was subsequently amended to extend the deadline for removal from service of such substation auxiliary equipment to December 31, 2025. All other electrical equipment with PCB levels greater than 50 ppm must be removed from service by December 31, 2025. FBC is taking the necessary steps to meet these compliance deadlines and will recover the associated costs through rates as approved by the BCUC.

(b) *Herbicides* - The Corporation uses herbicides primarily for the control of incompatible vegetation on rights-of-way, along transmission and distribution lines and on station sites. Herbicides are also used as part of the test and treat program to treat wooden power poles to prevent decay. The Corporation uses an integrated approach toward vegetation management using manual and mechanical cutting, natural competition from compatible vegetation, together with the selective use of herbicides. Patrols occur to monitor vegetation growth and assess appropriate maintenance activities. Site-specific conditions, including tree species, tree density, height, terrain, prevailing wind directions, and adjacent land uses, are considered by the Corporation in determining the appropriate overall vegetation management plan. Herbicides are applied in accordance with applicable federal and provincial legislation, which governs application, notification and reporting.

(c) *Other* - In addition, some facilities and products used in operational activities contain substances that are designated for special treatment under occupational health and safety legislation, such as asbestos, lead and mercury. The Corporation has exposure control plans in place to address situations when these kinds of substances are encountered or utilized. In addition, the Corporation has programs in place to manage the disposal of materials and products containing hazardous substances in accordance with regulatory requirements.

5.7 SITE INVESTIGATION AND REMEDIATION

Spills and leaks of substances may occur in the normal course of the Corporation's operations and may result in future clean-up costs being incurred in connection with these releases. The Corporation has from time to time, investigated sites for potential contamination and remediated sites where appropriate. It is possible that remediation costs could be incurred in future due to contamination at sites and the Corporation expects that costs incurred for site remediation would be recovered through rates.

5.8 AIR EMISSIONS MANAGEMENT AND POLICY

The Company has an emissions management program in place to track regulatory and policy changes, implement operational changes, and report compliance. The Corporation continues to report its GHG emissions for electricity imports pursuant to provincial GHG reporting regulation.

The BC government (the "Province") has enacted climate change legislation that frames BC's approach to reducing emissions and transitioning to a low-carbon economy. The *Climate Change Accountability Act* (formerly the *Greenhouse Gas Reduction Targets Act*) sets new legislated targets for reductions in GHG emissions. Under this Act, the Province is required to report publicly on how it is preparing for climate change. Starting in 2020, the Province will report on the risks to BC from a changing climate, progress towards reducing those risks, and actions and plans to achieve that progress.

The *Climate Change Accountability Act* mandates GHG emission reduction goals for the transportation, buildings, industrial and waste sectors. As of 2021, sectoral targets for 2030 are expressed as a percentage reduction from 2007 baseline sector emissions. Sectoral targets ranges for each sector include: transportation - 27 to 32%; industry - 38 to 43%; oil and gas – 33 to 38%; and buildings and communities – 59 to 64%. These sectoral targets will be reviewed next in 2025 and then at least once every 5 years thereafter. These sectoral targets were based on emissions modelling done by the Climate Action Secretariat and input from a range of stakeholders and partners. Sectoral targets are intended to act as a guide to emissions reductions policy and are non-binding on both provincial government and emitters.

In late 2018, the Province released its provincial climate plan, entitled CleanBC. CleanBC was developed as a pathway to achieve the Province's legislated targets of reducing GHG emissions by 40% by 2030 based on 2007 levels and has two phases. The first phase highlights actions to achieve 75% of the 2030 target. CleanBC recognizes the role of electrical infrastructure in achieving long-term GHG reductions and creating opportunities for the Corporation. For example, CleanBC emphasizes the role of electric vehicles and electrical vehicle charging infrastructure in reducing GHG emissions.

In late 2021, the provincial government released the second phase called CleanBC Roadmap which updated their 2018 CleanBC plan. The Roadmap identified additional actions that would be required to achieve the Province's 40% GHG reduction target by 2030. The Roadmap outlined key areas of heightened ambition from the 2018 plan. Notably, the BC Low-Carbon Fuel Standard would triple in stringency by achieving at 30% carbon intensity reduction from transport fuels by 2030. The Zero Emissions Vehicle ("ZEV") mandate was also strengthened requiring an acceleration of new light-duty ZEV sales, targeting 90% by 2030 and 100% by 2035. Additionally, the Roadmap states that the province will bring "right-to-charge" legislation, allowing greater installation of EV charging infrastructure in strata and apartment buildings. The

ZEV mandate will also continue to grow in the coming years as it targets greater adoption of medium- and heavy-duty vehicles.

5.9 ASSET RETIREMENT OBLIGATIONS

AROs are legal obligations associated with the retirement of long-lived assets. The Corporation has recognized an ARO of approximately $1 million associated with the removal of PCB contaminated oil, as previously described in Section 5.6(a), from certain of its electrical equipment, as at December 31, 2021. The determination of the ARO depends upon management's best estimates relating to factors such as timing, amount and nature of future cash flows necessary to discharge the legal obligation and comply with existing legislation or regulations, as well as the use of a credit-adjusted risk-free rate for measurement purposes. There are uncertainties in estimating future asset retirement costs due to potential external events such as changing legislation or regulations and advances in remediation technologies. It is possible that volumes of contaminated assets, inflation assumptions, cost estimates to perform the work and the assumed pattern of annual cash flows may differ significantly from the Corporation's current assumptions. In addition, in order to remove certain PCB-contaminated oil, the ability to conduct maintenance outages in critical facilities may impact the timing of expenditures. The ARO may change from period to period because of the changes in the estimation of these uncertainties.

Excluding the ARO pertaining to PCBs, the nature, amount and timing of costs associated with land and other environmental remediation and/or removal of assets, cannot be reasonably estimated due to the nature of their operation; and applicable licences, permits and laws are reasonably expected to be renewed or extended indefinitely to maintain the integrity of the related assets and to ensure the continued provision of service to customers. In the event that environmental issues are identified, or the applicable licences, permits, laws or agreements are terminated, AROs will be recorded at that time provided the costs can be reasonably estimated.

5.10 EMERGENCY PREPAREDNESS AND SAFETY

FBC has detailed emergency preparedness plans in place to respond to natural disasters, accidents and emergencies, and regularly tests these plans in simulations involving employees and other emergency response organizations.

The Corporation is committed to monitoring and assessing its safety management system regularly. FBC incorporates safety performance measures into its employee compensation system, sets challenge levels and objectives for performance, and conducts safety and environmental audits regularly.

5.11 ELECTRO-MAGNETIC FIELDS

Electric and magnetic fields exist wherever electricity is used or transmitted, including electric power facilities such as transmission and distribution lines and within every building that has electrical service. Scientists and public health experts in North America and abroad are studying the possibility that exposure to electro-magnetic fields may cause health problems. FBC understands there is no conclusive evidence of any harm caused by exposure at levels normally found in Canadian living and working environments. Electro-magnetic fields are not currently regulated by the federal or provincial governments and the Corporation is unaware of any plans to regulate electro-magnetic fields.

6.0 RISK FACTORS

For more information with respect to risks and uncertainties to which the Corporation is subject, see the section entitled "Business Risk Management" in the Corporation's Management Discussion & Analysis for the year ended December 31, 2021, which is filed on SEDAR at www.sedar.com, and is incorporated herein by reference.

7.0 CAPITAL STRUCTURE

FBC's business requires the Corporation to have ongoing access to capital to allow it to build and maintain the electrical systems in its service territory. In accordance with BCUC requirements, the Corporation currently targets a long-term capital structure that includes 40 per cent equity and 60 per cent debt. This capital structure excludes the effects of goodwill and other items that do not impact the deemed capital structure.

In January 2021, the BCUC announced that a GCOC Proceeding was being initiated, including includes a review of the deemed common equity component of total capital structure and the allowed ROE for regulated utilities in BC. The BCUC has determined, the GCOC Proceeding will move forward in two stages. The first stage will address the allowed return on equity and deemed equity component of capital structure for FEI and FBC and the effective date for any change, whether re-establishment of a formulaic ROE automatic adjustment mechanism is warranted and, if so, what it would look like and when it would take effect, and the criteria or other triggers for a future cost of capital proceeding. Other utilities will be reviewed in Stage 2. The BCUC has also determined it will address deferral account financing costs after the completion of both Stages 1 and 2. On January 31, 2022, FBC and FEI submitted evidence in support of their respective cost of capital as part of Stage 1 of the GCOC Proceeding.

7.1 SHARE CAPITAL

The Corporation is authorized to issue 500,000,000 common shares with a par value of $100 each and 500,000,000 preferred shares with a par value of $25 each, of which 20,000 shares have been designated as Preferred Shares - Series 1, and 480,000 shares have been designated as Cumulative Redeemable Retractable Preferred Shares - Series 2. The issued and outstanding share capital of FBC as at December 31, 2021 consists of 2,991,510 common shares and no preferred shares. Fortis indirectly owns all of the issued common shares through its indirect wholly-owned subsidiary, FortisBC Pacific.

Holders of common shares of the Corporation are entitled to receive dividends as and when declared by the Board, subject to the rights of holders of the preferred shares, and are entitled to one vote per share on all matters to be voted on at all meetings of shareholders except those meetings at which only the holders of shares of another class or of a particular series are entitled to vote. Upon the liquidation, dissolution or winding-up of the Corporation, the holders of common shares are entitled to share ratably in the remaining assets available for distribution, after payment of liabilities and subject to the rights of the holders of the preferred shares. The common shares do not have exchange, conversion, redemption or retraction rights.

Preferred shares may be issued from time to time in one or more series, each series comprising the number of shares, designation, rights and restrictions determined by the Board. Preferred shares are entitled to priority over the common shares with respect to the payment of dividends and distributions of assets in the event of the liquidation, dissolution or winding-up of the Corporation. Except in respect of a meeting of holders of the preferred shares or of a particular series of the preferred shares, or except as may otherwise be provided in the rights attached to any series of preferred shares, holders of the preferred shares will not be entitled to vote at any meetings of shareholders.

7.2 DIVIDEND POLICY

The declaration and payment of dividends is at the discretion of the Board and will be influenced by ongoing capital structure management. In 2021, FBC paid $47 million in dividends to its parent company, FortisBC Pacific, compared with $45 million in 2020 and $45 million in 2019.

Certain of the Corporation’s debt covenants contain restrictions on the payment of dividends if consolidated debt exceeds 75 per cent of consolidated capitalization, if the dividends are not in the ordinary course of business or if the cumulative dividends paid since the date that certain debt instruments were issued exceeds thresholds based on the cumulative net earnings of the Corporation.

8.0 CREDIT RATINGS

The following table discloses the Corporation’s credit ratings as at December 31, 2021.

Credit Ratings	DBRS Morningstar	Moody’s
Unsecured Debentures	A (low), Stable Trend	Baa1, Stable Outlook
Secured Debentures	A (low), Stable Trend	-
Commercial Paper	R-1 (low), Stable Trend	-

During 2021, DBRS Morningstar and Moody’s issued updated credit rating reports confirming the Corporation’s debenture rating and outlook.

Ratings are not recommendations to purchase, hold, or sell debentures because ratings do not comment as to market price or suitability for a particular investor. The Corporation understands that ratings are based on, among other things, information furnished to the rating agencies by the Corporation and information obtained by the rating agencies from public sources. Ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, that information.

Securities issued by FBC in the form of unsecured and secured debentures are rated by DBRS Morningstar and Moody's. FBC paid each of these agencies a maintenance fee to provide ratings during 2021 and 2020, but did not pay for or receive any other services from the agencies during those years. The ratings assigned to securities issued by FBC are reviewed by these agencies on an ongoing basis. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. DBRS Morningstar rates debt instruments by rating categories ranging from AAA which represents the highest quality of securities, to D which represents the lowest quality of securities rated. Moody's rates debt instruments by rating categories ranging from Aaa which represents the highest quality of securities to C which represents the lowest quality of securities.

According to the DBRS Morningstar rating system, debt securities rated A are of good credit quality. Protection of interest and principal is still substantial, but the degree of strength is less than with AA rated entities. Entities in the A category may be vulnerable to future events, but qualifying negative factors are considered manageable. “High” or “Low” are used to indicate the relative standing of a credit within a particular rating category. The lack of one of these designations indicates a rating which is essentially in the middle of the category. FBC's rating of A (low) is in the lowest range of this rating category.

According to the Moody's rating system, debt securities rated Baa are considered moderate grade credit quality and as such may possess certain speculative characteristics. Moody's applies numerical modifiers (1, 2 and 3) in each rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of its rating category. FBC's rating of Baa1 is the highest range of this rating category.

Short-term debt securities in the form of commercial paper are rated by DBRS Morningstar only. Short term debt securities rated R-1(low) are of good credit quality. The capacity for the payment of short-term financial obligations as they fall due is substantial, however, strength is not as favourable as higher rating categories. The entity may be vulnerable to future events, but qualifying negative factors are considered manageable.

9.0 MARKET FOR SECURITIES

None of the issued and outstanding shares of the Corporation or any of its debentures are listed on any exchange. FBC did not issue long-term debt in 2021. On March 14, 2022, the Corporation issued 30-year medium term note debentures of $100 million with an interest rate of 4.16 per cent

10.0 DIRECTORS AND OFFICERS

10.1 DIRECTORS

The following table sets forth the name, province or state, and country of residence of each director of the Corporation, his or her respective position and office with the Corporation as at the date of filing of this Annual Information Form. In addition this table sets forth each director's principal occupation during the five preceding years, and the period during which he or she has served as a director of the Corporation, and when his or her term expires:

NAME AND RESIDENCE	TERM AS A DIRECTOR(4)(5)	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
Tracey C. Ball(2) British Columbia, Canada	Commencing 2018. Term expires at the next annual general meeting.	Corporate Director.
Peter Blake(1) British Columbia, Canada	Commencing 2017. Term expires at the next annual general meeting.	Corporate Director. Additionally Chief Executive Officer of WesternOne Inc. to December 2018.
Michelle Corfield(2) British Columbia, Canada	Commencing 2020. Term expires at the next annual general meeting.	CEO of Corfield & Associates Consulting Services; Consultant.
Roger A. Dall'Antonia British Columbia, Canada	Commencing 2017. Term expires at the next annual general meeting.	President & CEO of the Corporation and additionally of FEI since December 2017; prior thereto Executive Vice President, Customer Service & Technology of the Corporation and additionally of FEI.
Nora M. Duke(1) Newfoundland and Labrador, Canada	Commencing 2021. Term expires at the next annual general meeting.	Executive Vice President, Sustainability and Chief Human Resource Officer of Fortis since December 2017; prior thereto Executive Vice President, Corporate Services & Chief Human Resource Officer.
David G. Hutchens(2) Arizona, USA	Commencing 2015. Term expires at the next annual general meeting.	President and CEO of Fortis since January 2021; Chief Operating Officer of Fortis since January 2020; Executive Vice President, Western Utility Operations of Fortis since January 2018; additionally and prior thereto President & Chief Executive Officer of UNS Energy Corporation ("UNS Energy").
K.M. Tracy Medve(2)(3) British Columbia, Canada	Commencing 2016. Term expires at the next annual general meeting.	President and CEO of KF Aerospace Group of Companies since July 2021; prior thereto President of KF Aerospace Group of Companies.
Douglas G. Pearce(1) British Columbia, Canada	Commencing 2020. Term expires at the next annual general meeting.	Corporate Director.
Jocelyn H. Perry(1) Newfoundland and Labrador, Canada	Commencing 2019. Term expires at the next annual general meeting.	Chief Financial Officer of Fortis since June 2018; prior thereto President & CEO of Newfoundland Power Inc. since June 2017; prior thereto executive of Newfoundland Power Inc.

NAME AND RESIDENCE	TERM AS A DIRECTOR[4][5]	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
Janine Sullivan[2] Alberta, Canada	Commencing 2021. Term expires at the next annual general meeting.	President and Chief Executive Officer of FortisAlberta since January 1, 2021; prior thereto Executive Vice President & Chief Financial Officer of FortisAlberta since August 1, 2020; prior thereto Vice President, Finance and Chief Financial Officer of FortisAlberta.
Susan L. Yurkovich[1] British Columbia, Canada	Commencing 2021. Term expires at the next annual general meeting.	President and CEO of the BC Council of Forest Industries.

Notes:

1. Member of the Audit Committee.
2. Member of the Governance Committee.
3. Chair of the Board.
4. The Articles of the Corporation provide that if the Corporation does not hold an annual general meeting in accordance with the Business Corporations Act (British Columbia), the Directors then in office shall be deemed to have been elected or appointed as Directors on the last day on which the annual general meeting could have been held pursuant to the Business Corporations Act (British Columbia), and they may hold office until other Directors are appointed or elected or until the day on which the next annual general meeting is held.
5. Christopher F. Scott and Janet W. Woodruff ceased as Directors of the Corporation on March 31, 2021.

10.2 OFFICERS

The following table sets forth the name, province and country of residence of each executive officer of the Corporation, his or her respective position and office with the Corporation as at the date of filing of this Annual Information Form. In addition, this table sets forth each officer's principal occupation during the five preceding years:

NAME AND RESIDENCE	OFFICE HELD	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
Roger A. Dall'Antonia British Columbia, Canada	President & CEO	President & CEO of the Corporation and additionally of FEI since December 2017; prior thereto Executive Vice President, Customer Service & Technology of the Corporation and additionally of FEI.
Doyle Sam British Columbia, Canada	Executive Vice President, Operations & Engineering	Executive Vice President, Operations & Engineering of the Corporation and additionally of FEI.
Jody D. Drope[1] British Columbia, Canada	Vice President, Human Resources & Environment, Health and Safety	Vice President, Human Resources & Environment, Health and Safety of the Corporation and additionally of FEI.
Andrea M. Cadogan[2] British Columbia, Canada	Vice President, People	Vice President, People, of the Corporation and additionally of FEI since January 2022; prior thereto Director, Human Resources of the Corporation and additionally of FEI.
Michael A. Leclair British Columbia, Canada	Vice President, Major Projects	Vice President, Major Projects of the Corporation since February 2018; additionally Vice President, Major Projects and LNG of FEI since July 2021 and Vice President, Major Projects of FEI since February 2018; prior thereto Director, Generation & Compression of the Corporation.

NAME AND RESIDENCE	OFFICE HELD	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
Ian G. Lorimer British Columbia, Canada	Vice President, Finance & CFO	Vice President, Finance & CFO of the Corporation and additionally of FEI.
Joseph C. Mazza British Columbia, Canada	Vice President, Energy Supply & Resource Development	Vice President, Energy Supply & Resource Development of the Corporation and additionally of FEI since January 2021; prior thereto Senior Vice President, Operations & Engineering of Pacific Northern Gas Ltd. since March 2017; prior thereto Director, Global Infrastructure Advisory at KPMG.
Dawn M. Mehrer British Columbia, Canada	Vice President, Customer & Corporate Services	Vice President, Customer & Corporate Services of the Corporation and additionally of FEI since November 2021; prior thereto Vice President, Customer Service and Information Systems of the Corporation and additionally of FEI since February 2018; prior thereto Director, Customer Contact Centres of FEI.
Monic D. Pratch British Columbia, Canada	Vice President, General Counsel, Corporate Secretary & Sustainability	Vice President, General Counsel, Corporate Secretary & Sustainability of the Corporation and additionally of FEI since November 2021; prior thereto Vice President, General Counsel and Corporate Secretary of the Corporation and additionally of FEI since January 2021; prior thereto Director, Governance & Corporate Compliance, Corporate Secretary & Senior Counsel of the Corporation and additionally of FEI since August 2018; prior thereto Chief Privacy Officer, Corporate Secretary & Senior Counsel of the Corporation and additionally of FEI since April 2017; prior thereto Chief Privacy Officer, Corporate Secretary & Counsel of the Corporation and additionally of FEI.
Diane E. Roy British Columbia, Canada	Vice President, Regulatory Affairs	Vice President, Regulatory Affairs of the Corporation and additionally of FEI.
Douglas M. Slater British Columbia, Canada	Vice President, External and Indigenous Relations	Vice President, External and Indigenous Relations of the Corporation and additionally of FEI since August 2020; prior thereto Director, Regulatory Affairs of the Corporation and additionally of FEI since December 2018; prior thereto General Manager, FortisBC Alternative Energy Services Inc. since March 2017; prior thereto Senior Manager, Employee Relations and Pensions of the Corporation and additionally of FEI.
Debra G. Nelson British Columbia, Canada	Assistant Corporate Secretary	Assistant Corporate Secretary and Manager, Corporate Compliance and Secretariat of the Corporation and additionally of FEI.

Notes:

1. Jody D. Drope ceased as an Officer of the Corporation on September 24, 2021.
2. Andrea M. Cadogan was appointed as an Officer, Vice President, People, effective January 1, 2022.

10.3 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer of the Corporation is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company that (a) was subject to a cease trade order, similar order or order that denied the company access to any exemption under securities legislation in effect for a period of 30 days or more issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to such an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as described below, no director or executive officer of the Corporation is, at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Peter Blake, a director of the Corporation, was previously the chief executive officer of WEQ Holdings Inc. (“WEQ”) until December 17, 2018 when WEQ commenced court-supervised voluntary liquidation proceedings under the *Business Corporations Act* (Canada) in order to distribute the net proceeds following the sale of substantially all of its assets. In December of 2020, the court made a conditional order discharging the liquidator of WEQ, and the company was dissolved in June of 2021.

The liquidation was commenced following the sale of one of WEQs two previous main divisions. WEQ had previously sold the assets of its other main division, Pacific Coast Modular Construction LP (“PCMC LP”), whose general partner is Pacific Coast Modular Construction Inc. (“PCMC GP”) in the spring of 2017. Following the sale of the assets of PCMC LP in 2017, the proceeds were used to repay some of PCMC LP’s debts. On May 31, 2019, following the commencement of WEQ’s liquidation proceedings, PCMC GP and PCMC LP each filed an assignment in bankruptcy. At the time of the assignment into bankruptcy, PCMC LP and PCMC GP had nominal assets and its only liabilities were tax, a contingent liability and inter-company debts. Mr. Blake was a director of PCMC GP at the time of the bankruptcy filings. The discharge order for the PCMC GP bankruptcy was granted in November of 2020. The discharge order for the PCMC LP bankruptcy was granted in February of 2021.

10.4 CONFLICTS OF INTEREST

Other than as disclosed herein, to the knowledge of management of the Corporation, there are no existing or potential material conflicts of interest among the Corporation or a subsidiary of the Corporation and any director or officer of the Corporation or such subsidiary.

11.0 EXECUTIVE COMPENSATION

The Corporation’s Statement of Executive Compensation is attached as Schedule “A”.

12.0 SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation does not have a compensation plan under which securities of the Corporation are authorized for issuance. See “Executive Compensation – Share Based Awards” in Schedule “A” of this Annual Information Form for a description of equity plans related to securities of the Corporation’s parent company Fortis Inc.

13.0 INDEBTEDNESS OF EXECUTIVE OFFICERS, DIRECTORS, AND EMPLOYEES

The following table sets forth details of the aggregate indebtedness of all executive officers, directors, and employees and former executive officers, directors and employees outstanding at the date of this Annual Information Form to the Corporation or any of its subsidiaries in connection with (i) the purchase of securities and (ii) all other indebtedness, other than routine indebtedness.

Aggregate Indebtedness ($)		
Purpose	**To the Corporation or its Subsidiaries**	**To Another Entity**
Share purchases	Nil	Nil
Other	Nil	Nil

14.0 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation, or person or Corporation that beneficially owns, or controls or directs, directly or indirectly, more than 10 per cent of any class or series of the Corporation's outstanding voting securities, nor any associate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years of the Corporation or during the current financial year of the Corporation that has materially affected or is reasonably expected by the Corporation to materially affect the Corporation.

For more information with respect to the Corporation's material transactions with related parties, see the section entitled "Related Party Transactions" in the Corporation's Management Discussion & Analysis for the year ended December 31, 2021, which is filed on SEDAR at www.sedar.com, and is incorporated herein by reference.

15.0 MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business and not required by applicable securities laws to be filed with a Canadian securities regulatory authority or those that were entered into before January 1, 2002, which have been entered into by the Corporation within the Corporation's most recently completed financial year, or before the most recently completed financial year but is still in effect:

- the trust indenture dated as of November 30, 2004 between the Corporation and Computershare Trust Corporation of Canada, as Trustee, as supplemented and amended from time to time;
- the CPA (see "The Business of FortisBC Inc. – Generation and Power Supply"); and
- the trust indenture dated as of May 27, 2009 between the Corporation and Computershare Trust Corporation of Canada, as Trustee, as supplemented and amended from time to time.

Copies of the above noted agreements are contained on SEDAR at www.sedar.com.

16.0 LEGAL PROCEEDINGS

There are no material legal proceedings filed by or against the Corporation at the date of this Annual Information Form.

17.0 TRANSFER AGENTS AND REGISTRARS

Computershare Trust Corporation of Canada is the registrar and transfer agent and trustee for the Corporation's debentures. Transfers of these securities may be effected at Computershare Trust Corporation of Canada's offices in the city of Vancouver, BC.

18.0 INTEREST OF EXPERTS

Deloitte LLP Chartered Accountants is the auditor of the Corporation and was appointed effective as at May 15, 2017 and each year thereafter. Deloitte LLP has prepared the audit report attached to the audited consolidated financial statements for the Corporation's financial year ended December 31, 2021. Deloitte LLP remains independent with respect of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

19.0 ADDITIONAL INFORMATION

Additional financial information is also provided in the Corporation's financial statements for the financial year ended December 31, 2021, and management's discussion and analysis of such financial results. A copy of such documents and additional information relating the Corporation is contained on SEDAR at www.sedar.com. Such information is not incorporated by reference into this document unless specifically stated herein.

SCHEDULE "A" - EXECUTIVE COMPENSATION

A. COMPENSATION DISCUSSION AND ANALYSIS

It is the responsibility of the Governance Committee to review, recommend and administer the compensation policies in respect of the Corporation's executive officers. The Governance Committee's recommendations as to base salary, short term incentives and grants under the 2015 Performance Share Unit ("PSU") Plan are submitted to the Board of the Corporation for approval. Proposed grants to the Corporation's executive officers under the Fortis Stock Option Plan and the 2020 Restricted Share Unit ("RSU") Plan are recommended by the Governance Committee to the Board of Directors who subsequently recommend these awards to the Human Resources Committee of the Fortis Board of Directors for approval.

The Corporation's executive compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Governance Committee recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility.

The Corporation has a policy of compensating executive officers at approximately the median (50th percentile) of comparable Canadian commercial industrial companies. For clarity, this reference group does not include organizations in the financial service and broader public sectors. It does include organizations from the energy, mining and manufacturing sectors. Annually, the Governance Committee uses the compensation data from this reference group to compare each executive officer to corresponding positions within the reference group. This framework serves as a guide for the Governance Committee's deliberations. The actual total compensation and/or amount of each compensation component for an individual executive officer may be more or less than the median amount.

Total annual compensation for the executive officers is composed primarily of the following main components:

- annual base salary;
- annual incentive plan that provides the opportunity to each to earn a cash bonus;
- share-based awards that provide the opportunity to earn cash or shares equivalent at the end of a three-year period (RSU Plan);
- share-based awards that provide the opportunity to earn cash based on performance metrics at the end of a three-year period (PSU Plan);
- option-based awards to purchase Fortis Common Shares; and
- pension arrangements.

Each of the components is discussed further in the following sections of this Schedule "A".

REPORT ON CORPORATE GOVERNANCE

Governance Committee

Specifically, the Governance Committee provides assistance to the Board by overseeing the Corporation's policy and performance in matters of corporate governance, including the nomination of Directors, matters of environment and safety, and matters of human resource management, including compensation of executive officers and the Corporation's pension plans.

With regards to executive compensation matters, the responsibilities of the Governance Committee include reviewing and making recommendations to the Board regarding:

- the adequacy and form of compensation of directors;
- the appointment and compensation of executive officers;
- the overall effectiveness of the senior management team including the CEO; and
- the development of policy for orderly succession to senior positions and targets used by the Corporation to measure performance for compensation purposes.

Total annual compensation for the executive officers involves a significant proportion that is at risk due to the use of short-term and long-term incentive components. For 2021, approximately 70 per cent of the President & Chief Executive

Officer's total annual compensation was designed to be at risk. Approximately 50-55 per cent of other executive officers' total annual compensation was designed to be at risk. Total annual compensation includes both the cash compensation paid to the executive officers in the year and the target compensation for the medium-term and long-term incentive components.

Additionally, the Governance Committee believes that the Corporation's compensation regime appropriately takes into account the performance of the Corporation and the contribution of the President & CEO and other executive officers of the Corporation toward that performance.

The mandate of the Governance Committee includes making recommendations to the Board with respect to the governance and management of the pension plans and designating executive officers for purposes of participation in supplemental pension plans. In regards to non-union pension matters, the Governance Committee appoints the auditor for the pension plan financial statements. The Board establishes or terminates pension plans, is the fiduciary and administrator for the plans and approves the governance structure, major plan design changes and the mandate of the Governance Committee.

The Corporation recognizes the importance of appointing knowledgeable and experienced individuals to the Governance Committee. The Governance Committee composition includes members that have the necessary background and skills to provide effective oversight of corporate governance and executive compensation, including adherence with sound risk management principles.

To enable the Governance Committee to fulfill its mandate, all Governance Committee members have significant senior leadership and/or governance experience. More specifically, a majority of the membership of the Governance Committee has direct operational or functional experience overseeing compensation policies and practices at large organizations similar in complexity to FBC.

For the year ended December 31, 2021, the members of the Governance Committee were Tracey C. Ball, Michelle Corfield, David G. Hutchens, K. M. Tracy Medve and Janine Sullivan. These directors are independent directors with the exception of David G. Hutchens, President & CEO of Fortis, and Janine Sullivan, President & CEO of FortisAlberta Inc.

In fulfilling its duties and responsibilities with respect to executive compensation, the Governance Committee seeks periodic input, advice, and recommendations from various sources, including the Board, executive officers, and external independent consultants. The Governance Committee retains discretion in its executive compensation decisions and is not bound by the input, advice, and/or recommendations received from the external independent consultant.

Compensation Review Framework

Annual Review

FBC monitors, reviews, and evaluates its executive compensation program annually to ensure that it provides reasonable compensation ranges at appropriate levels and remains competitive and effective.

As part of the annual review process, Fortis engages Korn Ferry Hay Group Limited ("Korn Ferry") its primary compensation consultant, to provide comparative analyses of market compensation data reflecting the pay levels and practices of Canadian commercial industrial companies. Using this data, a detailed review is prepared to analyze the Corporation's competitive compensation positioning against its peer group is undertaken. Korn Ferry provides Fortis and its subsidiaries' management preliminary recommendations on the basis of pay competitiveness, emerging market trends and best practices. In addition, the Corporation may from time to time engage Korn Ferry to provide specific analysis of its executive compensation components.

Management then takes into account the corporate performance against pre-determined objectives and together with the CEO recommends a set of new performance objectives for the following year. Individual performance reviews, incentive award payouts, and compensation adjustments, if any, are also determined at this stage. The CEO does not make recommendations to the Governance Committee with respect to his own compensation.

In the final step, the Governance Committee reviews the recommendations set forward by management and the compensation consultant prior to seeking approval from the Board regarding current year's compensation payouts and next year's performance objectives. The Governance Committee and the Board may exercise discretion when making compensation decisions in appropriate circumstances and make deviations from the prescribed incentive award formulas, if necessary.

Competitive Positioning

FBC does not measure performance against a particular reference group. However, as a general policy, FBC establishes base and incentive compensation targets so as to compensate executives and in particular, each person who served as the CEO or CFO during the most recently completed financial year and the most highly compensated executive officers of the Corporation during the most recently completed financial year (the "Named Executive Officers" or "NEOs"), at a level generally equivalent to the median of practice among a broad reference group of 214 Canadian commercial industrial companies. This reference group, (The Commercial Industrial Comparator Group) is compiled by Korn Ferry. For clarity, this reference group does not include organizations in the financial service and broader public sectors. It does include organizations from the energy, mining and manufacturing sectors. This reference group is formally reviewed as part of the Fortis review of executive compensation policy.

Elements of Total Compensation

Total annual compensation for the executive officers involves a significant proportion that is at risk due to the use of short-term and long-term incentive components. The total annual compensation includes both the cash compensation paid to the executive officers in the year and an estimated compensation for the long-term incentive components.

The executive compensation regime is structured in a manner that recognizes the greater ability of the President & CEO to affect corporate performance by making a greater portion of that individual's compensation dependent upon corporate performance.

The elements of compensation of the NEOs and their respective compensation objectives for the year ended December 31, 2021 are set out below:

Compensation Element ***(Eligibility)***	**Description**	**Compensation Objectives**
Annual Base Salary and Annual Incentive		
Annual Base Salary *(all NEOs)*	Salary is a market-competitive, fixed level of compensation.	Attract and retain highly qualified executives. Motivate strong business performance.
Annual Incentive *(all NEOs)*	Combined with salary, the target level of annual incentive is intended to provide executives with a market-competitive total cash opportunity. Annual incentive payout depends on individual and corporate performance.	Attract and retain highly qualified executives. Motivate strong business performance. Compensation dependent on individual and corporate performance. Simple to communicate and administer.
Mid-term Equity Based Incentive		
Share-Based Awards (PSUs) *(all NEOs)*	Incentive is based on the Corporation's and Fortis' performance over a three-year period against predetermined measures. The amount of annual grant is determined as a specified percentage of the participant's annual base salary divided by the volume-weighted average price of Fortis' common shares for the five trading days immediately preceding the date of grant. The grant date is January 1 of each year. Cash payout upon completion of the three-year performance period, depending on the Corporation's and Fortis' performance.	Align executive and shareholder interests. Attract and retain highly qualified executives. Encourage strong long-term business performance. Balance compensation for short and long-term strategic results. Compensation dependent on corporate performance. Encourages sustained long-term growth by linking a portion of compensation to long-term performance. Simple to communicate and administer.

Share Based Awards (RSUs) *(all NEOs)*	The amount of annual grant is determined as a specified percentage of the participant's annual base salary divided by the volume-weighted average price of Fortis' common shares for the five trading days immediately preceding the date of grant. The grant date is January 1 of each year. Cash or shares equivalent payout upon completion of the three-year period.	Align executive and shareholder interests. Attract and retain highly qualified executives. Balance compensation for short and long-term strategic results. Simple to communicate and administer.
Long-term Equity Based Incentive		
Stock Options *(all NEOs)*[1]	Annual equity grants are made in the form of stock options to purchase common shares of Fortis. Beginning in 2015, the amount of annual grant is determined as a specified percentage of the participant's annual base salary divided by the binomial valuation of Fortis' share price. Options vest over a 4-year period and expire after 10 years (2012 Stock Option Plan).	Align executive and shareholder interests. Attract and retain highly qualified executives. Encourage strong long-term business performance. Balance compensation for short and long-term strategic results. Simple to communicate and administer.
Pension Plans		
Registered Retirement Savings Plan ("RRSP") *(all NEOs)*	Contribution to a RRSP equal to 6.5 per cent of a member's base salary which is matched by the member up to the maximum annual contribution limit allowed by the Canada Revenue Agency.	Attract and retain highly qualified executives. Simple to communicate and administer.
Defined Contribution: Supplemental Employee Retirement Plan ("SRP" or "SERP") *(all NEOs)*	Accrual of 13 per cent of base salary and annual incentive in excess of the Canada Revenue Agency annual limit. At time of retirement, paid in one lump sum or in equal payments up to 15 years.	Attract and retain highly qualified executives. Simple to communicate and administer.

Note:

1. Effective January 1, 2022, stock options grants are no longer a compensation element.

Annual Base Salary

Annual base salaries paid to the Corporation's NEOs are determined by the Board upon recommendation by the Governance Committee and are established annually by reference to the range of salaries paid by comparable Canadian commercial industrial companies and are targeted to the median of the comparator group.

Annual Incentive

NEOs participate in an annual incentive plan that provides for annual cash bonuses which are determined by way of an annual assessment of corporate and individual performance in relation to targets approved by the Board upon recommendation by the Governance Committee. The Corporation's annual earnings must reach a minimum threshold level before any payments are made. The objectives of the annual incentive plan are to reward achievement of short-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Corporation.

Corporate performance is determined with reference to the performance of the Corporation relative to weighted targets in respect to financial performance, employee safety, customer and strategic execution. There were eight targets in 2021 which included (i) net earnings (30 per cent weighting); (ii) major capital projects (10 per cent weighting); (iii) cash flow (10 per cent weighting); (iv) an all injury frequency rate which measures how safely the Corporation operates (10 per cent weighting); (v) safety improvements (10 per cent weighting); (vi) customer service index which measures a customer survey score (10 per cent weighting); (vii) system average interruption duration index (10 per cent weighting); and (viii) strategic plan execution (10 per cent weighting). Net earnings are primarily based on regulated earnings which are representative of the achieved return on equity based on the allowed return on equity as approved by the BCUC.

Individual performance is determined with reference to individual contribution to corporate objectives, elements of which are subjective. For the President & CEO and each of the other NEOs, 70 per cent of the annual cash bonus is based on corporate targets and 30 per cent is based upon personal targets. At the discretion of the Board, executives may be awarded up to an additional 50 per cent of target incentive pay in recognition of exceptional performance contributions.

Medium and Long-Term Incentive Plan

Effective 2015, the Corporation has changed its medium and long-term incentive granting practices to provide a target long-term incentive (“LTI”) value, expressed as a percentage of base salary, which is then granted in pre-determined proportions of PSUs, RSUs and stock options. The LTI value for the President & CEO was 170 per cent of his base salary. The Vice President, Finance & CFO was granted LTI having a market value at the time of grant equal to 60 per cent of his base salary. The Executive Vice President, Operations & Engineering was granted LTI having a market value at the time of grant equal to 70 per cent of his base salary. The LTI value is granted to all the executive officers through a combination of 50 per cent in PSUs, 25 per cent in RSUs and 25 per cent in stock options.

Share Based Awards

PSUs: Effective January 1, 2015, the Corporation adopted a PSU Plan. Each PSU represents a unit with an underlying value equivalent to the value of a Fortis common share. Grants of PSUs are determined as a specified percentage of the participant’s annual base salary divided by the volume-weighted average trading price of Fortis common shares for the five trading days immediately preceding the date of the grant. Notional dividends are assumed to accrue to the holder of the PSU and to be reinvested on the quarterly dividend payment dates of the common shares. Payment is made three years after the grant in an amount of 0-200 per cent of the number of PSUs accumulated, including reinvestment of notional dividends, times the volume-weighted average trading price of Fortis common shares, as determined appropriate by the Governance Committee upon measurement of Fortis’ performance, as compared to a comparable group of utility holding companies, over such three-year period against predetermined measures and the Corporation’s performance over such three-year period against predetermined net income targets. Previous grants of PSUs are not taken into consideration when new PSUs are awarded.

RSUs: Effective January 1, 2020, the Corporation adopted a Fortis RSU Plan. Each RSU represents a unit with an underlying value equivalent to the value of a Fortis common share. Grants of RSUs and the accumulation of notional dividends are consistent with the PSU Plan. Payment will be made three years after the grant in an amount or shares equivalent of the number of RSUs accumulated, including reinvestment of notional dividends, times the volume-weighted average trading price of Fortis common shares.

Option-Based Awards: Long-term incentives take the form of grants of options under a Fortis Stock Option Plan, pursuant to which options to acquire Fortis common shares may be granted to executive officers, in order to encourage increased share ownership to participants as an incentive to maximize shareholder value. Grants of options are dependent upon the optionee's salary.

In February 2021, the President & Chief Executive Officer of the Corporation was granted options entitling him to purchase that number of common shares of Fortis having a market value at the time of grant equal to 42.5 per cent of his base salary. The Chief Financial Officer of the Corporation was granted options entitling him to purchase that number of common shares of Fortis having a market value at the time of grant equal to 15.0 per cent of his base salary. The Executive Vice President, Operations & Engineering was granted options entitling him to purchase that number of common shares having a market value at the time of grant equal to 17.5 per cent of his base salary. Previous grants of stock options are not taken into consideration when new options are awarded.

The stock option plan in place for 2021 was the 2012 Stock Option Plan. The 2012 Stock Option Plan became effective May 4, 2012. The exercise period of options granted under the 2012 Stock Option Plan is ten years from the date the option is granted, subject to any accelerated termination. In addition, options granted under the 2012 Stock Option Plan will vest and become exercisable at such time or times as may be determined by Fortis. Under the terms of this plan, all options granted, vesting rights, and financing provisions under previous plans continue to exist and remain in force as long as any options granted under former plans are outstanding. Effective January 1, 2022, Fortis has ceased to grant options under previous stock option plans.

Pension Plans – see "Executive Compensation – Pension Plan Benefits".

Director Compensation

The Governance Committee reviews director compensation on a periodic basis by reviewing director fees paid by organization of similar size and complexity to FBC.

Director compensation is comprised solely of retainer fees. There are no compensation securities issued to Directors. In 2021, each director of the Corporation, other than the President & CEO who does not receive director compensation, was paid an annual retainer of $80,000. An additional annual retainer of $10,000 was paid to the Chair of the Audit Committee and an additional annual retainer of $6,000 was paid to the Chair of Governance Committee. The Chair of the Board was paid an annual retainer of $115,000, inclusive of the basic annual director's retainer. The Corporation also paid an additional $1,250 in respect of travel time for directors that attended a group of meetings outside of their regional area of residence.

Directors of FBC also serve on the respective board of FEI, and the companies share the total board compensation costs proportionately.

The President & Chief Executive Officer receives no fees for his services as a director.

B. TABLE OF COMPENSATION

The following table sets forth information concerning the compensation earned for services rendered in respect of each of the individuals who served as the President & CEO, the Vice President, Finance & CFO and the Corporation's other most highly compensated executive officer during the most recently completed financial year. The table also details individual director compensation.

Name and position	Year	Salary or Retainer(1) ($)	Bonus(2) ($)	Committee or meeting fees(3) ($)	Value of all other compensation(4) ($)	Total Compensation(5)(6) ($)
Roger A. Dall'Antonia President & CEO Director(7)	2021 2020	640,000 610,000	587,500 660,000	- -	204,763 211,496	1,432,263 1,481,496
Ian G. Lorimer Vice President, Finance & CFO	2021 2020	379,000 371,500	181,500 210,000	- -	106,803 123,567	667,303 705,067
Doyle Sam Executive Vice President, Operations & Engineering	2021 2020	399,000 391,000	286,000 300,000	-	82,947 105,826	767,947 796,826
Tracey C. Ball (8) Director	2021 2020	84,500 80,000	- -	- -	1,250 1,250	85,750 81,250
Peter Blake(9) Director	2021 2020	90,000 90,000	- -	- -	- -	90,000 90,000
Michelle Corfield Director	2021 2020	80,000 60,000	- -	- -	- -	80,000 60,000
Nora M. Duke (10) Director	2021	60,000	-	-	-	60,000
David G. Hutchens(11) Director	2021 2020	80,000 80,000	- -	- -	- 1,250	80,000 81,250
K.M. Tracy Medve(12) Director	2021 2020	115,000 119,946	- -	- -	- 1,250	115,000 121,196
Douglas G. Pearce Director	2021 2020	80,000 60,000	- -	- -	- -	80,000 60,000
Jocelyn H. Perry(13) Director	2021 2020	80,000 80,000	- -	- -	- 1,250	80,000 81,250
Janine Sullivan(14) Director	2021	72,188	-	-	-	72,188
Susan L. Yurkovich(15) Director	2021	60,000	-	-	1,250	61,250
Christopher F. Scott(16) Director	2021 2020	21,500 86,000	- -	- -	- 1,250	21,500 87,250
Janet P. Woodruff(16) Director	2021 2020	20,000 80,000	- -	- -	- -	20,000 80,000

Notes:

1. Represents the annual salary for the NEOs and the retainer paid to each of the Directors. See **Director Compensation** for a description of fees paid to Directors.

2. Represents performance bonus and amounts awarded under the Corporation's short-term non-equity incentive program in recognition of FEI and FBC's respective corporate performances and the individual's performance for the reported year and paid in the following year.
3. See **Director Compensation** for a description of retainers and other fees paid to Directors.
4. Includes, where applicable the aggregate of amounts paid by FEI or FBC for (i) payment in lieu of vacation, (ii) the dollar value of insurance premiums paid by the Corporation with respect to term life insurance, (iii) 10 per cent match by the Corporation on contributions made to purchase Fortis Common Shares through the Employee Share Purchase Plan (ESPP), (iv) interest benefit from ESPP loans, (v) Director travel reimbursement and (vi) all compensation paid or accrued to Named Executive Officers relating to defined contribution pension plans, including contributions to the Named Executive Officer's self-directed RRSP and SERP. See **Pension Plan Benefits**. Perquisites are not disclosed as they did not exceed the minimum disclosure threshold of the lesser of 10 per cent of the total annual salary of the Named Executive Officer.
5. Amounts reported represent amounts paid by FBC for Mr. Sam's service to FEI and FHI. FEI proportionately reimburses FBC for Mr. Sam's service.
6. Amounts reported represent amounts paid by FEI for Mr. Dall'Antonia's and Mr. Lorimer's service to FBC and other FortisBC companies. FBC proportionately reimburses FEI for their services.
7. In addition to his role of President and CEO, Mr. Dall'Antonia also held the position of Director for which no additional compensation was earned or received.
8. Chair of Governance Committee from Apr 1 to Dec 31, 2021.
9. Chair of Audit Committee.
10. Appointed to the Board of Directors April 1, 2021.
11. Mr. Hutchens also held the position of President & CEO of UNS Energy for which UNS Energy provided executive compensation.
12. Chair of the Board. Ms. Medve was paid a prorated fee of $4,946.24 in Q1 2020 for her chair retainer from Dec 16 to Dec 31, 2019.
13. Ms. Perry also held the position of Chief Financial Officer of Fortis Inc. for which Fortis Inc. provided executive compensation.
14. Appointed to the Board of Directors February 5, 2021.
15. Appointed to the Board of Directors April 1, 2021.
16. Christopher F. Scott, Chair of the Governance Committee, and Janet P. Woodruff ceased as Directors of the Corporation on March 31, 2021.

C. COMPENSATION SECURITIES

The following table sets forth details of the securities granted to each NEO in the most recently completed financial year. There are no compensation securities issued to Directors.

Name and Position	Type of compensation security	Number of compensation securities[1]	Date of grant	Issue or exercise price[2] ($)	Closing price of underlying security on date of grant[3] ($)	Closing price of underlying security at year end[3] ($)	Expiry Date
Roger A. Dall'Antonia President & CEO Director[4]	Stock Options	42,456	25-Feb-21	50.33	49.67	61.03	25-Feb-31
	PSUs	10,390	1-Jan-21	52.36	50.10	61.03	1-Jan-24
	RSUs	5,195	1-Jan-21	52.36	50.10	61.03	1-Jan-24
Ian G. Lorimer Vice President, Finance & CFO[5]	Stock Options	8,876	25-Feb-21	50.33	49.67	61.03	25-Feb-31
	PSUs	2,172	1-Jan-21	52.36	50.10	61.03	1-Jan-24
	RSUs	1,086	1-Jan-21	52.36	50.10	61.03	1-Jan-24
Doyle Sam Executive Vice President, Operations & Engineering [6]	Stock Options	10,900	25-Feb-21	50.33	49.67	61.03	25-Feb-31
	PSUs	2,667	1-Jan-21	52.36	50.10	61.03	1-Jan-24
	RSUs	1,334	1-Jan-21	52.36	50.10	61.03	1-Jan-24

Notes:

1. Each unit of stock option, PSU and RSU is equivalent to one common share of Fortis. The compensation securities granted in 2021 represent less than 1 per cent of the total number of common shares issued and outstanding of Fortis.
2. The exercise price for stock options and issue price for PSUs and RSUs is the volume weighted average price of the common shares of Fortis traded on the Toronto Stock Exchange (TSX) for the five trading days immediately preceding the date of grant.
3. Represents the closing price of Fortis Common Shares on the TSX on the applicable dates.
4. At December 31, 2021, Mr. Dall'Antonia held 224,572 unexercised stock options, of which 118,301 were fully vested. Options vest at a rate of 25 per cent, per year over the four-year period commencing on the first anniversary of the date of grant. Mr. Dall'Antonia also held 47,675 PSUs and RSUs. PSUs and RSUs vest upon the completion of the three-year period from the date of grant.
5. At December 31, 2021, Mr. Lorimer held 77,772 unexercised stock options, of which 53,660 were fully vested. Options vest at a rate of 25 per cent, per year over the four year period commencing on the first anniversary of the date of grant. Mr. Lorimer also held 10,724 PSUs and RSUs. PSUs and RSUs vest upon the completion of the three-year period from the date of grant.
6. At December 31, 2021, Mr. Sam held 77,104 unexercised stock options, of which 47,403 were fully vested. Options vest at a rate of 25 per cent, per year over the four-year period commencing on the first anniversary of the date of grant. Mr. Sam also held 13,171 PSUs and RSUs. PSUs and RSUs vest upon the completion of the three-year period from the date of grant.

The following table sets forth details of the securities exercised by each NEO in the most recently completed financial year.

Name and Position	Type of compensation security(1)(2)	Number of underlying securities exercised	Exercise price per security ($)	Date of exercise	Closing price per security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise date ($)
Roger A. Dall'Antonia President & CEO Director	Stock Options	10,664	34.27	9-Jun-21	56.01	21.74	231,835
	RSUs	3,949	46.01	1-Jan-21	52.36	6.35	206,757
	PSUs	7,898	46.01	1-Jan-21	52.36	6.35	522,681
Ian G. Lorimer Vice President, Finance & CFO	Stock Options	10,832	33.58	20-Dec-21	60.64	27.06	293,174
	RSUs	1,203	46.01	1-Jan-21	52.36	6.35	62,981
	PSUs	2,406	46.01	1-Jan-21	52.36	6.35	159,217
Doyle Sam Executive Vice President, Operations & Engineering (3)	RSUs	1,522	46.01	1-Jan-21	52.36	6.35	79,713
	PSUs	3,045	46.01	1-Jan-21	52.36	6.35	201,514

Notes:

1. PSUs represent the 2018 PSU values that were realized and paid in 2021 in respect of the three-year period. The value of the PSUs at the payment date is dependent on meeting the payment criteria and corporate performance.
2. RSUs represent the 2018 RSU values that were realized and paid in 2021 in respect of the three-year period.
3. Mr. Sam did not exercise Stock Options in 2021

D. PENSION PLAN BENEFITS

The following table sets forth the details of the defined contribution amounts and supplemental employee retirement plan for the respective NEOs.

Name	Accumulated value at start of year ($)	Compensatory($)	Accumulated value at end of year(1) ($)
Roger A. Dall'Antonia	735,153	141,170	899,661
Ian G. Lorimer	448,745	48,740	515,739
Doyle Sam	691,469	63,040	782,352

Note:

1. Includes non-compensatory amount, including regular investment earnings on contributions, which are not included as a separate column in the table above.

Each of Mr. Dall'Antonia, Mr. Lorimer and Mr. Sam participate in an RRSP which requires the NEO to contribute to a self-directed RRSP equal to 6.5 per cent of the individual's annual base salary and bonus which is matched by the corporation that employs them, up to the maximum contribution limit allowed by the Canada Revenue Agency. In 2021, the respective corporations that employ each of the NEOs contributed $13,915 for each of the NEO's participating in the executive RRSP arrangement.

In addition, Mr. Dall'Antonia, Mr. Lorimer and Mr. Sam participate in a defined contribution supplemental employee retirement plan (the "DC SERP"). The DC SERP provides for the accrual by the respective corporations who employ each of the NEOs of an amount equal to 13 per cent of the annual base salary and bonus paid to the NEO. This amount which is in excess of the maximum contribution limit allowed by the Canada Revenue Agency to an RRSP, is tracked in a notional account which accrues interest equal to the rate of a 10-year Government of Canada Bond plus a premium of 0 per cent to 3 per cent dependent upon years of service. At the time of retirement, the notional amounts accumulated under the DC SERP may be paid to the NEO in one lump sum or in equal payments up to 15 years.

E. TERMINATION AND CHANGE OF CONTROL BENEFITS

There are no contracts, agreements, plans or arrangements that provide for payments to Mr. Lorimer and Mr. Sam at, following or in connection with any termination. There is a written employment agreement between FEI and Mr. Dall'Antonia that sets out the terms of his employment and provides for certain benefits in the event that employment is terminated other than for cause. The terms of the agreements are based on competitive practices and include non-competition, non-solicitation and confidentiality provisions.

The table below sets out the key severance, termination and change of control provisions for Mr. Dall'Antonia during the most recently completed financial year.

	Retirement (early or normal)	Termination with Cause	Termination without Cause	Change of Control
Annual base salary	Ceases on the termination date.	Ceases on the termination date.	Ceases on the termination date.	Ceases on the termination date.
Annual STI for applicable year	Target annual incentive for the fiscal year is pro-rated to the date of retirement.	Forfeited.	Target annual incentive for the fiscal year is pro-rated to the date of termination.	Target annual incentive for the fiscal year in which the termination date occurs (or if greater, the fiscal year immediately preceding the fiscal year in which the change of control occurs).
Cash severance	None.	None.	The greater of: A lump sum payment to one million five hundred thousand dollars ($1,500,000) or a lump sum payment equal to one and a half (1.5) times the sum of the base salary and target incentive for the fiscal year in which the termination date occurs.	A lump sum payment equal to one and a half (1.5) times the sum of the base salary and target incentive for the fiscal year in which the termination date occurs (or if greater, the fiscal year immediately preceding the fiscal year in which the change of control occurs).
Performance share units	Continue per normal schedule.	All PSUs are cancelled.	PSUs that have a payment date prior to the expiry of the notice period are paid. Other PSUs are cancelled.	All PSUs are redeemed at 100% on the date immediately before the change of control.
Restricted share units	Continue per normal schedule.	All RSUs are cancelled.	RSUs that have a payment date prior to the expiry of the notice period are paid. Other RSUs are cancelled.	All RSUs are redeemed at 100% on the date immediately before the change of control.

Stock Options	All unvested options continue to vest per normal schedule for two years after retirement, and all remaining unvested options after the second year vest immediately. Options expire on the original expiry date or three years from the date of retirement, whichever is earlier.	All vested and unvested options expire immediately and are forfeited on the termination date.	All unexercised options expire after 90 days from the termination date. All unvested options expire immediately and are forfeited.	All unvested options vest immediately and become exercisable.
Retirement benefits	Entitled to accrued pension and retiree health benefits.	Entitled to accrued pension.	Entitled to accrued pension and retiree health benefits.	Entitled to accrued pension and retiree health benefits.
Perquisites	Ceases immediately.	Ceases immediately.	Ceases immediately.	Ceases immediately.

The next table shows the estimated incremental amounts that would be paid to Mr. Dall'Antonia if his employment had been terminated on December 31, 2021.

	Retirement (early or normal)(1) ($)	**Termination with Cause ($)**	**Termination without Cause(2) ($)**	**Change of Control(3) ($)**
Cash Severance	-	-	1,632,000	1,632,000
Annual Incentive	587,500	-	448,000	448,000
Restricted share units	-	-	-	969,877
Performance share units	-	-	-	1,939,754
Stock options	-	-	-	3,278,715

Notes:

1. PSUs continue to vest according to the normal schedule.
2. PSU payments depend on the notice period.
3. Market or payout value of share-based awards is the market value of outstanding PSUs and RSUs based on $61.03, the closing price of Fortis common shares on the TSX on December 31, 2021.