



FortisBC Energy Inc.
An indirect subsidiary of Fortis Inc.

Annual Information Form
For the Year Ended December 31, 2019
Dated March 10, 2020

TABLE OF CONTENTS

FORWARD-LOOKING INFORMATION	3
GLOSSARY	4
1.0 CORPORATE STRUCTURE	6
1.1 NAME AND INCORPORATION	6
1.2 INTER-CORPORATE RELATIONSHIPS	6
2.0 GENERAL DEVELOPMENT OF THE BUSINESS	6
2.1 THREE-YEAR HISTORY	6
3.0 THE BUSINESS OF FORTISBC ENERGY INC.	6
3.1 GENERAL	6
3.2 GAS PURCHASE, STORAGE AND OFF-SALES AGREEMENTS	7
3.3 OPERATIONS	8
3.4 OTHER OPERATIONS, ASSETS AND ACTIVITIES.....	9
3.5 OTHER MATERIAL CORPORATE ISSUES.....	10
4.0 REGULATION	11
4.1 OVERVIEW	11
4.2 RATE SETTING	11
4.3 KEY REGULATORY INFORMATION	12
5.0 SAFETY AND ENVIRONMENTAL MATTERS	12
5.1 GENERAL	12
5.2 ENVIRONMENTAL MANAGEMENT SYSTEM	12
5.3 PERMITS, LICENCES AND APPROVALS.....	12
5.4 ENVIRONMENTAL EXPENDITURES.....	13
5.5 RELEASES	13
5.6 HAZARDOUS SUBSTANCES	13
5.7 SITE INVESTIGATION AND REMEDIATION.....	13
5.8 AIR EMISSIONS MANAGEMENT AND POLICY	13
5.9 ASSET RETIREMENT OBLIGATIONS	14
5.10 EMERGENCY PREPAREDNESS AND SAFETY	15
6.0 RISK FACTORS	15
7.0 CAPITAL STRUCTURE	15
7.1 SHARE CAPITAL.....	15
7.2 DIVIDEND POLICY	16
8.0 CREDIT RATINGS	16
9.0 MARKET FOR SECURITIES	17
10.0 DIRECTORS AND OFFICERS	17
10.1 DIRECTORS	17
10.2 OFFICERS	19
10.3 CONFLICTS OF INTEREST	20
11.0 EXECUTIVE COMPENSATION	20
12.0 SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS	20
13.0 INDEBTEDNESS OF EXECUTIVE OFFICERS, DIRECTORS, AND EMPLOYEES	20
14.0 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	21
15.0 MATERIAL CONTRACTS	21
16.0 LEGAL PROCEEDINGS	21
17.0 TRANSFER AGENTS AND REGISTRARS	21

18.0 INTERESTS OF EXPERTS.....	21
19.0 ADDITIONAL INFORMATION.....	21
SCHEDULE “A” - EXECUTIVE COMPENSATION.....	22
A. COMPENSATION DISCUSSION AND ANALYSIS	22
B. TABLE OF COMPENSATION	28
C. COMPENSATION SECURITIES	30
D. PENSION PLAN BENEFITS	31
E. TERMINATION AND CHANGE OF CONTROL BENEFITS.....	32

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, 2019.

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 the expected timing of the BCUC’s decision on FEI’s Multi-year Rate Plan (MRP) Application; and 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.

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; absence of administrative monetary penalties; the ability to continue to report under United States generally accepted accounting principles (“US GAAP”) beyond the Canadian securities regulators exemption to the end of 2023 or earlier; absence of asset breakdown; absence of environmental damage and health and safety issues; absence of climate change impacts; absence of adverse weather conditions and natural disasters; ability to maintain and obtain applicable permits; the adequacy of the Corporation’s existing insurance arrangements; no adverse effect of the Indigenous peoples’ settlement process on the Corporation; the ability to maintain and renew collective bargaining agreements on acceptable terms; no material change in employee future benefit costs; the ability of the Corporation to attract and retain a skilled workforce; absence of information technology infrastructure failure; absence of cyber-security failure; continued energy demand; the ability to arrange sufficient and cost effective financing; no material adverse rating actions by credit rating agencies; the competitiveness of natural gas pricing when compared with alternate sources of energy; continued population growth and new housing starts; the availability of natural gas supply; and the ability to hedge certain risks including no counterparties to derivative instruments failing to meet obligations.

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); continued reporting in accordance with US GAAP risk; asset breakdown, operation, maintenance and expansion risk; environment, health and safety matters risk; climate change risk; weather and natural disasters risk; permits risk; underinsured and uninsured losses; risks related to Indigenous rights and engagement; labour relations risk; employee future benefits risk; human resources risk; information technology infrastructure risk; cyber-security risk; interest rates risk; impact of changes in economic conditions risk; capital resources and liquidity risk; competitiveness and commodity price risk; counterparty credit risk; natural gas supply and weather related risks; 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, 2019 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 meaning set forth below.

“**ACP**” means Annual Contracting Plan;

“**ARO**” means asset retirement obligation;

“**BCUC**” means the British Columbia Utilities Commission;

“**Board**” means the Board of Directors of FEI;

“**CNG**” means compressed natural gas;

“**COPE**” or “**MoveUP**” means Canadian Office and Professional Employees Union Local 378, which operates as MoveUP;

“**Corporation**” or “**FEI**” means FortisBC Energy Inc.;

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

“**EMS**” means environmental management system;

“**FBC**” means FortisBC Inc.;

“**FHI**” means FortisBC Holdings Inc.;

“**FEVI**” means FortisBC Energy (Vancouver Island) Inc.;

“**FEW**” means FortisBC Energy (Whistler) Inc.;

“**Foothills**” means Foothills Pipe Lines Ltd., a subsidiary of TC Energy Corporation;

“**Fortis**” means Fortis Inc.;

“**GHG**” means greenhouse gas;

“**IBEW**” means International Brotherhood of Electrical Workers Union, Local 213;

“**kPag**” means kilopascals gauge;

“**LNG**” means liquefied natural gas;

“**Moody’s**” means Moody’s Investors Service;

“**NEB**” means the National Energy Board;

“**NGTL**” means NOVA Gas Transmission Ltd., a subsidiary of TC Energy Corporation;

“**NPS**” means nominal pipe size;

“**PBR**” means the performance based rate setting methodology for regulation of public utilities;

“**PJ**” means petajoule;

“**Rate Base Assets**” means all 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;

“**Westcoast**” means Westcoast Energy Inc., a wholly-owned subsidiary of Enbridge Inc.

1.0 CORPORATE STRUCTURE

1.1 NAME AND INCORPORATION

FEI was formed by the amalgamation on July 1, 1989 under the *Company Act* (British Columbia) a predecessor to the *Business Corporations Act* (British Columbia), of Inland Natural Gas Co. Ltd., B.C. Gas Inc., Columbia Natural Gas Limited and Fort Nelson Gas Ltd. The Corporation's name was changed to "BC Gas Utility Ltd." on July 1, 1993 (pursuant to an arrangement between FEI and a subsidiary) and then to "Terasen Gas Inc." on April 25, 2003. On January 1, 2007 the Corporation and one of its subsidiaries, Terasen Gas (Squamish) Inc. were amalgamated and on March 1, 2011 the Corporation changed its name to "FortisBC Energy Inc.". On December 31, 2014, the Corporation amalgamated with FEVI, FEW and Terasen Gas Holdings Inc. and continues to operate under the name FortisBC Energy Inc.

FEI's head office and registered office is located at #1000 - 1111 West Georgia Street, Vancouver, British Columbia ("BC"), V6E 4M3.

1.2 INTER-CORPORATE RELATIONSHIPS

The Corporation is an indirect, wholly-owned subsidiary of Fortis. Fortis is a leader in the North American electric and gas utility business, serving customers across Canada, the United States and the Caribbean.

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 22 per cent. 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 natural gas 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 Tilbury Liquefied Natural Gas Expansion Project, the Coastal Transmission System Project, and the Lower Mainland Intermediate Pressure System Upgrade Project.

3.0 THE BUSINESS OF FORTISBC ENERGY INC.

3.1 GENERAL

The Corporation is the largest distributor of natural gas in BC serving approximately 1,040,700 residential, commercial and industrial and transportation customers in more than 135 communities. The Corporation provides transmission and distribution services to its customers, and obtains natural gas supplies on behalf of most residential, commercial and industrial customers.

FEI holds operating agreements with most of the incorporated municipalities in which it distributes gas in the Greater Vancouver and Fraser Valley service areas. The operating agreements are in force so long as the distribution lines of FEI are operative and do not contain any provision entitling the municipality to purchase the distribution system. No fees are collected from customers under these operating agreements with the exception of one municipality, the City of Surrey. Effective July 1, 2019, the City of Surrey receives operating fees of 0.7 per cent of the delivery margin from customers in the municipality.

FEI holds operating agreements with most of the incorporated municipalities in which it distributes gas in the interior of BC and on Vancouver Island. While such operating agreements are in effect, the municipalities receive operating fees of three per cent of the gross revenue from customers in the municipality. There are two municipalities in the interior of BC where FEI holds a franchise agreement. Under the agreements, the municipalities receive fees of three per cent of the gross revenue from customers in these municipalities.

Between 2000 and 2005 the Corporation entered into leasing arrangements whereby certain natural gas distribution assets were leased to certain municipalities and then leased back by the Corporation from the municipalities. Three of these leasing arrangements remain in effect. The natural gas distribution assets are

considered to be integral equipment to real estate assets and as such the transactions have been accounted for as financing transactions. The proceeds from these transactions have been recorded as a financial liability included in capital lease and finance obligations. Lease payments less the portion considered to be interest expense decrease the financial liability. The transactions have implicit interest rates between 6.79 per cent and 7.25 per cent and are being repaid over a 35-year period. Each of the arrangements allow the Corporation, at its option, to terminate the lease arrangements early, after 17 years.

The following table compares 2019 and 2018 natural gas revenue, sales and number of customers by customer class:

	Natural Gas Revenue				Natural Gas Sales Volumes				Customers			
	2019		2018		2019		2018		2019		2018	
	\$ millions	%	\$ millions	%	PJs	%	PJs	%	#	%	#	%
Residential	744	58%	655	58%	81	36%	77	36%	942,649	91%	932,061	91%
Commercial	369	29%	315	28%	52	23%	49	23%	96,133	9%	94,749	9%
Industrial	55	4%	36	3%	10	4%	6	3%	619	0%	363	0%
Transportation	122	9%	130	11%	84	37%	80	38%	1,320	0%	2,303	0%
Total	1,290	100%	1,136	100%	227	100%	212	100%	1,040,721	100%	1,029,476	100%

3.2 GAS PURCHASE, STORAGE AND OFF-SALES AGREEMENTS

(a) Gas Purchase Agreements

In order to acquire supply resources to provide reliable natural gas deliveries to its customers, FEI purchases natural gas supply from counterparties, which include producers, aggregators, and marketers. These counterparties adhere to standards of counterparty creditworthiness, and contract execution/management policies. FEI contracts for approximately 184 PJs of baseload and seasonal supply, of which the majority is sourced in Northeast BC and transported on Westcoast's T-South pipeline transportation system ("Westcoast Pipeline"). The remainder is sourced in Alberta and transported on TC Energy Corporation's pipeline transportation system ("TCEC Pipeline System") namely, the NGTL pipeline system and the Foothills pipeline system, which are owned and operated through subsidiaries of TC Energy Corporation.

FEI procures and delivers gas directly to core market customers. Transportation only customers are responsible to procure and deliver their own gas to the FEI system and FEI then delivers the gas to the operating premises of these customers. FEI contracts for transportation capacity on third party pipelines, such as the Westcoast Pipeline and the TCEC Pipeline System, to transport gas supply from various market hubs to FEI's system. These third-party pipelines are regulated by the NEB. FEI pays both fixed and variable charges for the use of transportation capacity on these pipelines, which are recovered through rates paid by FEI's core market customers. FEI contracts for firm transportation capacity in order to meet its obligation to supply customers within its broad operating region under all reasonable demand scenarios.

(b) Gas Storage and Peak Shaving Arrangements

FEI incorporates peak shaving and gas storage facilities into its portfolio to:

- Supplement contracted baseload and seasonal gas supply in the winter months while injecting excess baseload supply to refill storage in the summer months.
- Mitigate the risk of supply shortages during cooler weather and peak demand.
- Manage the cost of gas during winter months.
- Balance daily supply and demand on the distribution system during periods of peak use that occur over the course of the winter months.

FEI holds approximately 36 PJs of total storage capacity. FEI's own Tilbury and Mt. Hayes LNG peak shaving facilities provide on-system storage capacity and deliverability. FEI also contracts for underground storage capacity and deliverability from parties in Northeast BC, Alberta and the Pacific Northwest of the United States. One of the parties FEI contracts with is Aitken Creek Gas Storage ULC, an indirect subsidiary of Fortis. On a combined basis, FEI's Tilbury and Mt. Hayes facilities, the contracted storage facilities, and other peaking arrangements can deliver up to 0.73 PJs per day of supply to FEI on the coldest days of the heating season. The heating season typically occurs during the December through February period.

(c) Mitigation Activities

FEI engages in off-system sales activities that allow for the recovery or mitigation of costs of any unutilized supply and/or pipeline and storage capacity that is available once customers' daily load requirements are met.

Under the Gas Supply Mitigation Incentive Plan ("GSMIP") revenue sharing model, which is approved by the BCUC, FEI can earn an incentive payment for its mitigation activities. Historically, FEI has earned approximately \$1.8 million annually through the GSMIP while the remaining savings are credited back to customers through reduced rates. In the gas contract year ending October 31, 2019, FEI earned an incentive payment of approximately \$3.1 million pending BCUC approval.

The current GSMIP program was approved by the BCUC following a comprehensive review in 2011. The BCUC has approved the extension of the program a number of times since then, with the most recent extension approved for the period November 1, 2019 to October 31, 2022.

(d) Price Risk Management

FEI engages in price risk management activities to mitigate the impact to customer rates of fluctuations in natural gas market prices. These activities include physical gas purchasing and storage strategies as defined within the ACP as well as FEI's quarterly commodity rate setting and deferral account mechanisms. FEI also includes the use of certain derivative instruments, which are implemented pursuant to a price risk management plan reviewed and approved by the BCUC.

On May 6, 2019 FEI filed its Winter 2019/20 Sumas Risk Mitigation Application to implement Sumas hedging strategies for the 2019/20 winter season to mitigate the impact of price spikes and sustained elevated prices at the Sumas market hub. The BCUC approved the application on June 27, 2019, and FEI implemented the hedging strategies in July 2019.

(e) Unbundling

The FEI Customer Choice program allows eligible commercial and residential customers a choice to buy their natural gas commodity supply from FEI or directly from third-party marketers. FEI continues to provide the delivery service of the natural gas to all its customers.

The program has been in place since November 2004 for commercial customers and November 2007 for residential customers. For the year ended 2019, approximately 4 per cent of eligible commercial customers and 3 per cent of eligible residential customers participated in the program by purchasing their commodity supply from alternate providers.

3.3 OPERATIONS

(a) Transmission Pressure (TP)

FEI's TP system consists of pipelines operating at pressures ranging from 2,100 to 15,000 kPag and diameters ranging from an NPS of 2 inches up to an NPS of 42 inches. The system consists of:

- The Coastal Transmission System (CTS): serving customers in the Fraser Valley and Metro Vancouver;
- The Vancouver Island Transmission System (VITS): serving customers on Vancouver Island, the Sunshine Coast, Squamish and Whistler;
- The Interior Transmission System (ITS): serving Southern Interior communities in the Kootenays, the Okanagan Valley and the South Thompson Valley.

Additionally, FEI operates a number of transmission laterals that connect to the Westcoast Pipeline and the TCEC Pipeline System to serve communities and industrial users in the North, Central and Southeastern BC.

The CTS consists of a network of pipelines providing gas transportation from the Huntingdon-Sumas trading point to various metering and regulating stations in the Fraser Valley and Metro Vancouver areas. The CTS delivers gas to the distribution networks in the Lower Mainland and to the VITS at Eagle Mountain in Coquitlam. There are two primary capacity related facilities on the CTS: the Langley Compressor Station, which is used to boost pressures on the CTS during periods of high demand, and the Tilbury LNG facility.

The VITS serves Vancouver Island, the Sunshine Coast, Squamish and Whistler. It consists of high pressure pipelines including three twinned marine crossings of the Georgia and Malaspina Straits, three compressor stations, and the Mt. Hayes LNG storage facility.

The ITS system interconnects supply from the Westcoast Pipeline in the west and the TCEC Pipeline System in the east. The FEI-owned Southern Crossing Pipeline (SCP) is a bi-directional transportation pipeline operating between Yahk and Oliver in the BC Southern Interior. From the FEI Oliver hub, pipelines transport gas to serve customers in the South and Central Okanagan. In winter periods, the Kingsvale-Oliver pipeline transports gas from the SCP via the Oliver hub to Kingsvale for redelivery to the Lower Mainland via the Westcoast Pipeline. There are seven compressor stations in the ITS system.

(b) Intermediate and Distribution Pressure (IP and DP)

By convention, FEI considers infrastructure operating at or below 2,100 kPag as distribution assets, which are further divided into IP systems operating above 700 kPag up to 2,100 kPag (with the exception of the IP system on Vancouver Island which operates up to 3,100 kPag); and DP systems operating at or below 700 kPag. For ease of operation and maintenance, safety to the public and reliable service, distribution networks operate at a relatively low pressure. In general, FEI operates its distribution networks at a maximum operating pressure of 420 kPag; on Vancouver Island and the Sunshine Coast, FEI typically operates its distribution networks at a maximum operating pressure of 550 kPag.

(c) Compression and LNG

Compressor stations are used to increase the average pipeline pressure, thereby providing a higher supply (or driving) pressure to move the gas. This higher pressure also increases the gas density leading to a reduction in gas pipeline velocity and correspondingly lower rate of pressure drop along the pipeline. FEI owns and operates 11 compressor stations located throughout the province.

The Tilbury LNG and Mt. Hayes LNG storage facilities are used to balance the load in cold or extreme weather conditions, or to provide gas supply during emergency conditions. The high level of deliverability from these facilities assists in managing price volatility at the Huntingdon-Sumas marketplace while providing a secure source of on-system gas supply. These facilities also provide LNG for the transportation sector.

(d) Revelstoke Propane System

FEI operates a satellite, off-grid propane distribution system that serves residential and commercial customers in the Revelstoke area. Revelstoke is located too far away to economically connect to the natural gas grid. Consequently, propane is transported by railcar and tanker truck to Revelstoke where it is then off-loaded into storage tanks, vaporized as needed and distributed to customers through an underground distribution system.

3.4 OTHER OPERATIONS, ASSETS AND ACTIVITIES

(a) Other Operations

Operations support functions are primarily located in the regional centres located throughout the service territory, and include planning, resource management, dispatching, permits, and work closing. There are also several centralized operations support groups including process support, the operations centre, operational reporting, claims, engineering, asset management and records. The support groups provide the necessary expertise to assess work priorities, plan and design work to be completed, establish and maintain processes to

be followed, and coordinate who, when and how the work gets completed. They also monitor costs and operational metrics to ensure commitments made to customers, regulators and other stakeholders are met.

(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

The Corporation's other activities are relatively small in comparison to its regulated gas operations but provide an opportunity to leverage the utilization of the Corporation's utility operation, maintenance and management resources under service contracts to third parties.

3.5 OTHER MATERIAL CORPORATE ISSUES

(a) Insurance

The Corporation, through Fortis, maintains insurance coverage including liability, all risk property, boiler and machinery, and directors' and officers' liability insurance for the benefit of the Corporation. The Corporation also maintains insurance coverage that is required by provincial statute, which covers automobile liability, firefighting expense 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 1,833 employees as at December 31, 2019. The organized employees of FEI are represented by the IBEW and COPE unions. IBEW represents employees in specified occupations in the areas of transmission and distribution. The IBEW collective agreement expired on March 31, 2019 and is currently under negotiations.

There are two collective agreements between the Corporation and COPE, now referred to as MoveUP. The term of the first collective agreement with MoveUP, representing employees in specified occupations in the areas of administration and operations support, is April 1, 2018 to June 30, 2023. The term of the second collective agreement with MoveUP, representing customer service employees, is April 1, 2017 to March 31, 2022.

(c) Specialized Skills and Knowledge

The skills and knowledge needed to operate and maintain natural gas 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.

(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 and licences of occupation. Where transmission or distribution lines extend over or under 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

Due to the seasonal nature of customer natural gas consumption patterns, FEI normally generates higher net earnings in the first and fourth quarters and lower net earnings in the second quarter, which are partially offset by net losses in the third quarter.

4.0 REGULATION

4.1 OVERVIEW

Public utilities in BC, such as FEI, 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 have already made and will make in the future 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), plus gas in storage 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.

From 2014 to 2019, FEI operated under a PBR Plan. In March 2019, FEI filed an MRP Application for 2020 to 2024 with the BCUC that is similar to the 2014 to 2019 PBR Plan. In the MRP Application, FEI proposes a rate-setting framework that includes, among other items, the following: (1) a level of operation and maintenance expense per customer indexed for inflation; (2) a level of growth capital per customer indexed to inflation; (3) a forecast approach to sustainment capital (rather than the formulaic approach adopted in the 2014 to 2019 PBR term); (4) a 50/50 sharing between customers and FEI of variances from the allowed ROE; (5) targeted incentives for Company-related growth, emissions reductions, and customer engagement; (6) an innovation fund recognizing the need to accelerate investment in clean energy innovation; and (7) the BCUC's approval of updated depreciation rates and a number of service quality indicators designed to ensure FEI maintains service level.

A decision on FEI's MRP Application is expected by mid-2020. In the interim, the BCUC has approved FEI's request for an interim rate increase of 2.0% over 2019 rates, effective January 1, 2020. Interim rates will remain in place pending a final decision by the BCUC on permanent rates.

When approved by the BCUC, FEI employs deferral accounts to address certain uncontrollable or non-routine items and to match costs incurred to the periods that the costs benefit. Two primary deferral mechanisms currently in place decrease the volatility in rates caused by such factors as fluctuations in gas supply costs and the significant impacts of weather and other changes on use rates. In its MRP Application, FEI has proposed a deferral account to flow through other variances in gross margin and in certain uncontrollable items.

After revenue requirements have been established, 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 FEI, is summarized in the following table.

	2019	2018	2017	2016
Rate Base Assets (\$millions) ⁽¹⁾	4,509	4,382	3,716	3,704
Deemed common equity component of total capital structure (%)	38.50	38.50	38.50	38.50
Allowed rate of return on common equity (%)	8.75	8.75	8.75	8.75

Notes:

1. Includes the Fort Nelson service area.

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 and municipal requirements 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.

5.2 ENVIRONMENTAL MANAGEMENT SYSTEM

The environmental risks associated with the Corporation's activities and operations are managed under the framework of an EMS. FEI has an EMS in place to manage the impacts 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 FEI operations, and comply with applicable environmental legislation. FEI 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.

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 2019 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. FEI believes that the potential for spills, and resulting enforcement actions under existing environmental legislation, is reduced through 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. The Corporation has environmental management programs in place to deal with the hazardous substances including programs to deal with herbicides:

- (a) *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. 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.
- (b) *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 the 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 also continues to report its GHG

emissions pursuant to provincial GHG reporting regulation and under Environment Canada's GHG Reporting program.

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 publically 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.

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. The second phase, which began in 2019, will be developed over the course of 18 to 24 months and will describe and quantify additional reduction initiatives. CleanBC sets GHG emission reduction goals for the transportation, buildings, industrial and waste sectors. The actions proposed under each of these sectors fall into three categories: significantly improve efficiency, electrify some energy end-uses, and use low carbon fuels such as renewable gases delivered by FEI. CleanBC recognizes the role of low-carbon fuel in achieving long-term GHG reductions and creating opportunities for the Corporation. For example, the plan anticipates a full three-quarters of all of the GHG emissions reductions identified in the buildings sector will be achieved with renewable gases delivered by FEI. CleanBC also emphasizes the role that CNG and LNG will play in reducing GHG emissions in the transportation sector.

Federal and provincial energy and emissions policy and legislation such as the *BC Clean Energy Act* and the Pan-Canadian Framework on Clean Growth and Climate Change continue to present opportunities for the Corporation by creating support for incentives and infrastructure to expand the use of renewable energy (such as renewable gas), transportation-related incentives (such as LNG/CNG refueling) and to expand the Corporation's Energy Efficiency and Conservation program. In addition, the Renewable and Low Carbon Fuel Requirements Regulation under the *BC Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* provides the Corporation the opportunity to sell carbon credits generated from customer offerings. The *Carbon Tax Act* improves the position of natural gas relative to other fossil energy, as the tax is based on the amount of carbon dioxide equivalent emitted per unit of energy.

However, the federal, provincial and municipal climate change policies, along with current and proposed regulatory initiatives continue to place pressure on existing customer natural gas consumption and impair the Corporation's ability to add new customers because its direct use in applications such as space and water-heating contributes to GHG emissions. Further, electricity that is produced from hydro sources has been given increased emphasis over natural gas for thermal and transportation applications. The Corporation continues to work with all levels of government to define the key role of the Corporation's gas system in achieving GHG reduction objectives, and to develop policies and other support mechanisms to leverage the gas system in the transition to a low carbon future.

To date, the Province has not pursued a cap and trade approach to GHG emissions reduction. However, BC remains a participating jurisdiction in the Western Climate Initiative ("WCI") and if BC decides to participate in a WCI cap and trade program, the specific details will be defined in regulation. If implemented, the cap and trade program is expected to have a declining cap on emissions that all covered facilities must meet, either by reducing emissions internally or by purchasing allowances from other facilities for releases over the capped amount.

5.9 ASSET RETIREMENT OBLIGATIONS

The Corporation does not currently have any identified AROs and as such no amounts have been recorded as at December 31, 2019. The nature, amount and timing of costs associated with land and environmental remediation and/or removal of assets cannot be reasonably estimated due to the nature of their operation;

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

FEI 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. FEI incorporates safety performance measures into its employee compensation system, sets challenge levels and objectives for performance, and conducts safety and environmental audits regularly.

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, 2019, which is filed on SEDAR at www.sedar.com, and is incorporated herein by reference.

7.0 CAPITAL STRUCTURE

FEI’s business requires the Corporation to have ongoing access to capital in order to allow the Corporation to fund the maintenance, replacement and expansion of infrastructure. In order to ensure that this access to capital is maintained and in accordance with BCUC requirements, the Corporation targets a long-term capital structure that includes 38.5 per cent equity and 61.50 per cent debt. This capital structure excludes the effects of goodwill and other items that do not impact the deemed capital structure. The cost of capital for regulated utilities in BC is reviewed periodically which can result in a change in the equity component of the Corporation.

7.1 SHARE CAPITAL

The Corporation is authorized to issue 500,000,000 common shares without par value, 100,000,000 first preference shares without par value of which 3,000,000 have been designated as 8.625 per cent cumulative redeemable retractable first preference shares without par value, 50 have been designated as cumulative redeemable perpetual first preference shares without par value, 40 have been designated as cumulative redeemable non-convertible perpetual first preference shares without par value, 3,000,000 have been designated as 7.10 per cent cumulative redeemable retractable first preference shares without par value and 3,000,000 have been designated as 6.32 per cent cumulative redeemable first preference shares without par value, none of which are issued and 100,000,000 second preference shares without par value. As at December 31, 2019, 338,944,220 common shares were issued and outstanding. Fortis indirectly owns all of the issued common shares through its wholly-owned subsidiary, FHI.

Holder of common shares of the Corporation are entitled to receive, out of monies lawfully available for dividends, dividends as and when declared by the Board 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 receive, after payment of any amounts payable on the First Preference shares or the Second Preference shares, the remaining assets available for distribution, after payment of liabilities. The common shares do not have exchange, conversion, redemption or retraction rights. The First Preference shares may be issued from time to time in one or more series, each series comprising of the number of shares, designation, rights and restrictions determined by the Board. The First Preference shares are entitled to priority over the common shares and the Second Preference 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 First Preference shares or of a particular series of

the First Preference shares, or except as may otherwise be provided in the rights attached to any series of First Preference shares, holders of the First Preference shares will not be entitled to vote at any meetings of shareholders.

The Second Preference shares may be issued from time to time in one or more series, each series comprising of the number of shares, designation, rights and restrictions determined by the Board. The Second Preference 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 Second Preference shares or of a particular series of the Second Preference shares, or except as may otherwise be provided in the rights attached to any series of Second Preference shares, holders of the Second Preference 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 2019, FEI paid \$150 million in dividends, compared with \$142 million in 2018 and \$126 million in 2017. There are a number of BCUC imposed conditions intended to ring-fence FEI from its parent corporation. These restrictions include a prohibition on the payment of dividends unless FEI has in place at least as much common equity as that deemed by the BCUC for rate-making purposes. FEI's dividend policy is intended to ensure that FEI maintains at least as much common equity as that deemed by the BCUC for rate-making purposes.

8.0 CREDIT RATINGS

The following table discloses the Corporation's credit ratings as of December 31, 2019:

Credit Ratings	DBRS Morningstar	Moody's
Unsecured Debentures	A, Stable Trend	A3, Stable Outlook
Commercial Paper	R-1 (Low), Stable Trend	-

In August 2019, Moody's affirmed the long-term credit rating for FEI of A3 for unsecured debentures. In December 2019, DBRS Morningstar affirmed the long-term credit rating for FEI of A for unsecured debentures and R-1 (low) commercial paper.

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 FEI are rated by DBRS Morningstar and Moody's. FEI paid each of these agencies a maintenance fee to provide ratings during 2019 and 2018, but did not pay for or receive any other services from the agencies during those years. The ratings assigned to securities issued by FEI 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 Moody's rating system, debt securities rated A are considered upper medium grade credit quality, and subject to low credit risk. 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.

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. 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. 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.

On August 7, 2019, the Corporation issued a 30-year medium term note debenture of \$200 million with an interest rate of 2.82 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⁾	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
Tracey C. Ball ⁽¹⁾ 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.
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 FortisBC Inc. since December 2017; prior thereto Executive Vice President, Customer Service & Technology of the Corporation and additionally of FortisBC Inc. since October 2016; prior thereto Executive Vice President, Customer Service & Regulatory Affairs of the Corporation and additionally of FortisBC Inc.

NAME AND RESIDENCE	TERM AS A DIRECTOR ⁽⁴⁾	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
David G. Hutchens ⁽¹⁾ Arizona, USA	Commencing 2015. Term expires at the next annual general meeting.	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 of KF Aerospace Group of Companies.
Michael L. Mosher ⁽²⁾ Alberta, Canada	Commencing 2019. Term expires at the next annual general meeting.	President & CEO of FortisAlberta Inc. since September 2018; prior thereto President & CEO of Central Hudson Gas & Electric Corp. since April 2016; prior thereto Vice President, Regulatory Affairs of same.
Barry V. Perry ⁽²⁾ Newfoundland and Labrador, Canada	Commencing 2007. Term expires at the next annual general meeting.	President & CEO of Fortis.
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.
Christopher F. Scott ⁽²⁾ British Columbia, Canada	Commencing 2013. Term expires at the next annual general meeting.	Corporate Director; additionally Consultant to Indigenous Bands; additionally Owner/Operator of Premium Varietal Vineyard.
Janet P. Woodruff ⁽¹⁾ British Columbia, Canada	Commencing 2013. Term expires at the next annual general meeting.	Corporate Director; additionally Consultant to 2015.

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.

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 FortisBC Inc. since December 2017; prior thereto Executive Vice President, Customer Service & Technology of the Corporation and additionally of FortisBC Inc. since October 2016; prior thereto Executive Vice President, Customer Service & Regulatory Affairs of the Corporation and additionally of FortisBC Inc.
Doyle Sam British Columbia, Canada	Executive Vice President, Operations & Engineering	Executive Vice President, Operations & Engineering of the Corporation and additionally of FortisBC Inc.
Jody D. Drope 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 FortisBC Inc.
Michael A. Leclair British Columbia, Canada	Vice President, Major Projects	Vice President, Major Projects of the Corporation and additionally of FortisBC Inc. since February 2018; prior thereto Director, Generation & Compression of FortisBC Inc. since August of 2016; prior thereto Director, Generation of FortisBC Inc.
Ian G. Lorimer British Columbia, Canada	Vice President, Finance & CFO	Vice President, Finance & CFO of the Corporation and additionally of FortisBC Inc. since June 2015; prior thereto Vice President, Finance & CFO of FortisAlberta Inc.
Dawn M. Mehrer British Columbia, Canada	Vice President, Customer Service and Information Systems	Vice President, Customer Service and Information Systems of the Corporation and additionally of FortisBC Inc. since February 2018; prior thereto Director, Customer Contact Centres of the Corporation.
Diane E. Roy British Columbia, Canada	Vice President, Regulatory Affairs	Vice President, Regulatory Affairs of the Corporation and additionally of FortisBC Inc. since October 2016; prior thereto Director, Regulatory Services of the Corporation and additionally of FortisBC Inc.
Douglas L. Stout British Columbia, Canada	Vice President, Market Development & External Relations	Vice President, Market Development & External Relations of the Corporation and additionally of FortisBC Inc.

NAME AND RESIDENCE	OFFICE HELD	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
Dennis A. Swanson British Columbia, Canada	Vice President, Energy Supply & Resource Development	Vice President, Energy Supply & Resource Development of the Corporation and additionally of FortisBC Inc. since August 2017; prior thereto Vice President, Energy Supply of the Corporation and additionally of FortisBC Inc. since May 2016; prior thereto Vice President, Corporate Services of the Corporation and additionally of FortisBC Inc.
Monic D. Pratch British Columbia, Canada	Corporate Secretary	Director, Governance & Corporate Compliance, Corporate Secretary & Senior Counsel of the Corporation and additionally of FortisBC Inc. since August 2018; prior thereto Chief Privacy Officer, Corporate Secretary & Senior Counsel of the Corporation and additionally of FortisBC Inc. since April 2017; prior thereto Chief Privacy Officer, Corporate Secretary & Counsel of the Corporation and additionally of FortisBC Inc.
Debra G. Nelson British Columbia, Canada	Assistant Corporate Secretary	Assistant Corporate Secretary and Manager, Corporate Compliance and Secretariat of the Corporation; and additionally of FortisBC Inc.

10.3 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 the Fortis 2012 Stock Option Plan.

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 as of 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, 2019, which is filed on SEDAR at www.sedar.com, and is incorporated herein by reference.

15.0 MATERIAL CONTRACTS

The Corporation has not entered into any material contracts subsequent to January 1, 2002 that are outside the ordinary course of business.

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

BNY Trust Company of Canada, as agent for CIBC Mellon Trust Company, is the registrar and transfer agent and trustee for the Corporation's unsecured debentures. Transfers of these securities may be effected at BNY Trust Company of Canada's offices in the cities of Vancouver, Toronto or Montreal.

18.0 INTERESTS 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, 2019. 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, 2019, 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 and the 2015 Restricted Share Unit (“RSU”) 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 are submitted by the Corporation's Board 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 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 2019, 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 FEI.

The members of the Governance Committee are Christopher F. Scott, Barry V. Perry, K.M. Tracy Medve, and Michael L. Mosher. These directors are independent directors with the exception of Barry V. Perry, President & CEO of Fortis and Michael L. Mosher, 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

FEI 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

FEI does not measure performance against a particular reference group. However, as a general policy, FEI 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 approximately 200 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 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) <i>(all NEOs)</i>	<p>Incentive is based on the Corporation's and Fortis' performance over a three-year period against predetermined measures.</p> <p>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.</p> <p>Cash payout upon completion of the three-year performance period, depending on Fortis' performance.</p>	<p>Align executive and shareholder interests.</p> <p>Attract and retain highly qualified executives.</p> <p>Encourage strong long-term business performance.</p> <p>Balance compensation for short and long-term strategic results.</p> <p>Compensation dependent on corporate performance.</p> <p>Encourages sustained long-term growth by linking a portion of compensation to long-term performance.</p> <p>Simple to communicate and administer.</p>
Share Based Awards (RSUs) <i>(all NEOs)</i>	<p>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.</p> <p>Cash payout upon completion of the three-year period.</p>	<p>Align executive and shareholder interests.</p> <p>Attract and retain highly qualified executives.</p> <p>Balance compensation for short and long-term strategic results.</p> <p>Simple to communicate and administer.</p>
Long-term Equity Based Incentive		
Stock Options <i>(all NEOs)</i>	<p>Annual equity grants are made in the form of stock options to purchase common shares of Fortis.</p> <p>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.</p> <p>Options vest over a 4-year period and expire after 10 years (2012 Stock Option Plan).</p>	<p>Align executive and shareholder interests.</p> <p>Attract and retain highly qualified executives.</p> <p>Encourage strong long-term business performance.</p> <p>Balance compensation for short and long-term strategic results.</p> <p>Simple to communicate and administer.</p>

Pension Plans		
Registered Retirement Savings Plan (“RRSP”) (<i>all NEOs</i>)	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.
Pension Plans		
Defined Contribution: Supplemental Employee Retirement Plan (“SRP” or “SERP”) (<i>all NEOs</i>)	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.

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, safety, customer satisfaction and regulatory performance. There were seven targets in 2019 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 (15 per cent weighting); (v) safety improvements (5 per cent weighting); (vi) customer satisfaction index which measures a customer survey score (15 per cent weighting); and (vi) gas line contacts (15 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 150 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, 2015, the Corporation adopted a 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 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 2019, 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 37.5 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 the executive to purchase that number of common shares having a market value at the time of grant equal to 17.5 per cent of such executive's base salary. Previous grants of stock options are not taken into consideration when new options are awarded.

The stock option plan in place for 2019 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. No consolidation of options granted previous to May 4, 2012 will be made into the 2012 Stock Option Plan and 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 FEL.

Director compensation is comprised solely of retainer fees. There are no compensation securities issued to Directors. In 2019, 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 a travel time for directors that attended a group of meetings outside of their regional area of residence.

Directors of FEI also serve on the respective board of FBC, 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⁾ FortisBC Holdings Inc.	2019	575,000	695,000	-	170,953	1,440,953
	2018	500,000	525,000	-	130,462	1,155,462
Ian G. Lorimer Vice President, Finance & CFO FortisBC Energy Inc.	2019	360,500	288,500	-	106,175	755,175
	2018	330,000	190,737	-	100,156	620,893
Doyle Sam Executive Vice President, Operations & Engineering	2019	379,500	345,000	-	83,341	807,841
	2018	358,000	279,797	-	69,928	707,725
Peter Blake Director ⁽⁸⁾	2019	87,500	-	-	1,250	88,750
	2018	70,000	-	-	2,500	72,500
Phonse Delaney Director ⁽⁹⁾	2019	29,538	-	-	2,500	32,038
	2018	70,000	-	-	5,000	75,000
Brenda Eaton Director ⁽¹⁰⁾	2019	22,500	-	-	1,250	23,750
	2018	79,000	-	-	3,750	82,750

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⁾ (\$)
Ida J. Goodreau Director ⁽¹¹⁾	2019	108,030	-	-	5,000	113,030
	2018	105,000	-	-	5,000	110,000
David G. Hutchens Director ⁽¹²⁾	2019	80,000	-	-	5,000	85,000
	2018	70,000	-	-	5,000	75,000
K.M. Tracy Medve Director	2019	80,000	-	-	3,750	83,750
	2018	70,000	-	-	3,750	73,750
Barry V. Perry Director ⁽¹³⁾	2019	80,000	-	-	3,750	83,750
	2018	70,000	-	-	5,000	75,000
Tracey C. Ball Director	2019	80,000	-	-	5,000	85,000
	2018	52,500	-	-	2,500	55,000
Christopher F. Scott Director ⁽¹⁴⁾	2019	86,000	-	-	5,000	91,000
	2018	75,000	-	-	5,000	80,000
Michael L. Mosher Director ⁽¹⁵⁾	2019	80,000	-	-	3,750	83,750
	2018	-	-	-	-	-
Janet P. Woodruff Director	2019	80,000	-	-	1,250	81,250
	2018	70,000	-	-	2,500	72,500
Jocelyn H. Perry Director ⁽¹⁶⁾	2019	40,000	-	-	2,500	42,500
	2018	-	-	-	-	-

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 payable 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 FEI and other FortisBC companies. FBC proportionately reimburses FEI for their services.
7. In addition to his previous role of President and CEO, Mr. Dall'Antonia also held the position of Director for which no additional compensation was earned or received.

8. Appointed Chair of Audit Committee in April 2019.
9. Mr. Delaney also held the position of Executive Vice President with Fortis for which Fortis provided executive compensation. Director to May 13, 2019.
10. Chair of the Audit Committee to March 30, 2019. Director to March 30, 2019.
11. Chair of the Board of Directors to December 9, 2019. Director to December 9, 2019.
12. Mr. Hutchens also held the position of President & CEO of UNS Energy for which UNS Energy provided executive compensation.
13. Mr. Perry also held the position of President & CEO of Fortis for which Fortis provided executive compensation.
14. Chair of the Governance Committee.
15. Appointed to the Board of Directors January 1, 2019.
16. Appointed to the Board of Directors July 1, 2019. Ms. Perry also held the position of Chief Financial Officer of Fortis for which Fortis provided executive compensation.

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 & 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	45,328	13-Feb-19	47.57	47.19	53.88	13-Feb-29
	PSUs	9,553	1-Jan-19	45.14	45.51	53.88	1-Jan-22
	RSUs	4,776	1-Jan-19	45.14	45.51	53.88	1-Jan-22
Ian G. Lorimer Vice President, Finance & CFO ⁽⁵⁾	Stock Options	11,368	13-Feb-19	47.57	47.19	53.88	13-Feb-29
	PSUs	2,396	1-Jan-19	45.14	45.51	53.88	1-Jan-22
	RSUs	1,198	1-Jan-19	45.14	45.51	53.88	1-Jan-22
Doyle Sam Executive Vice President, Operations & Engineering ⁽⁶⁾	Stock Options	13,964	13-Feb-19	47.57	47.19	53.88	13-Feb-29
	PSUs	2,942	1-Jan-19	45.14	45.51	53.88	1-Jan-22
	RSUs	1,471	1-Jan-19	45.14	45.51	53.88	1-Jan-22

Notes:

1. Each unit of stock option, PSU and RSU is equivalent to one common share of Fortis. The compensation securities granted in 2019 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, 2019, Mr. Dall'Antonia held 148,388 unexercised stock options, of which 69,516 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 31,018 PSUs and RSUs. PSUs and RSUs vest upon the completion of the three-year period from the date of grant.
5. At December 31, 2019, Mr. Lorimer held 70,184 unexercised stock options, of which 44,107 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 10,990 PSUs and RSUs. PSUs and RSUs vest upon the completion of the three-year period from the date of grant.
6. At December 31, 2019, Mr. Sam held 54,484 unexercised stock options, of which 21,102 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 13,849 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 & 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 ⁽³⁾	RSUs	1,632	37.72	1-Jan-19	45.14	7.42	73,663
	PSUs	3,264	37.72	1-Jan-19	45.14	7.42	149,388
Ian G. Lorimer Vice President, Finance & CFO	Stock Options	10,288	34.27	27-Mar-19	49.69	15.42	158,692
	RSUs	1,110	37.72	1-Jan-19	45.14	7.42	50,103
	PSUs	2,220	37.72	1-Jan-19	45.14	7.42	101,608
Doyle Sam Executive Vice President, Operations & Engineering	Stock Options	11,556	34.27	07-Mar-19	48.00	13.73	158,664
		12,860	33.58	07-Mar-19	48.00	14.42	185,441
		15,132	30.73	07-Mar-19	48.00	17.27	261,330
		12,192	39.25	07-Mar-19	48.00	8.75	106,680
	RSUs	1,715	37.72	1-Jan-19	45.14	7.42	77,416
	PSUs	3,430	37.72	1-Jan-19	45.14	7.42	157,000

Notes:

1. PSUs represent the 2016 PSU values that were realized and paid in 2019 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 awarded in 2016 vested January 1, 2019 and paid in 2019.
3. Mr. Dall'Antonia did not exercise Stock Options in 2019.

D. PENSION PLAN BENEFITS

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at year end (\$) ⁽¹⁾
Roger A. Dall'Antonia	445,829	116,500	577,129
Ian G. Lorimer	317,985	45,161	376,382
Doyle Sam	521,084	59,209	601,625

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 2019, the respective corporations that employ each of the NEOs contributed \$13,250 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.

	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	All RSUs are redeemed at 100% on the date immediately before

			paid. Other RSUs are cancelled.	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, 2019.

	Retirement (early or normal)⁽¹⁾ (\$)	Termination with Cause (\$)	Termination without cause⁽²⁾ (\$)	Change of Control⁽³⁾ (\$)
Cash Severance	-	-	1,500,000	1,466,250
Annual Incentive	695,000	-	402,500	402,500
Restricted share units	-	-	-	557,085
Performance share units	-	-	-	1,114,170
Stock options	-	-	-	1,932,080

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 \$53.88, the closing price of Fortis common shares on the TSX on December 31, 2019.