FortisBC Energy Inc.

An indirect subsidiary of Fortis Inc.

Annual Information Form

For the Year Ended December 31, 2022

Dated March 28, 2023

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All figures are expressed in Canadian dollars unless otherwise noted.

Except as otherwise stated, the information in this Annual Information Form is given as of December 31, 2022.

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 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 Corporation's expectation that costs incurred for site remediation will be recovered through rates, and the Corporation's expectation that licenses and permits will be renewed or extended to maintain the integrity of the related assets and to ensure the continued provision of service to customers.

The forecasts and projections that make up the forward-looking information are based on assumptions, which include but are not limited to: receipt of applicable regulatory approvals and requested rate orders (including absence of administrative monetary penalties); the competitiveness of natural gas pricing when compared with alternate sources of energy; continued demand for natural gas; absence of climate change impacts; absence of adverse weather conditions and natural disasters; absence of environmental damage and health and safety issues; absence of asset breakdown; the availability of natural gas supply; the ability to maintain and obtain applicable permits; the Indigenous engagement process will not delay or otherwise impact the Corporation's ability to obtain government or regulatory approvals; the adequacy of the Corporation's existing insurance arrangements; the ability to arrange sufficient and cost effective financing; no material adverse rating actions by credit rating agencies; continued energy demand; continued population growth and new housing starts; the ability to hedge certain risks including no counterparties to derivative instruments failing to meet obligations; the ability of the Corporation to attract and retain a skilled workforce; the ability to maintain and renew collective bargaining agreements on acceptable terms; no material change in employee future benefit costs; absence of information technology infrastructure failure; absence of cybersecurity failure; absence of pandemic and public health crises impacts; the ability to continue to report under US GAAP beyond the Canadian securities regulators exemption to the end of 2027 or earlier; and the absence of legal, administrative, and other proceedings.

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); natural gas competitiveness risk; commodity price risk; climate change risk; weather and natural disasters risk; environment, health and safety matters risk; natural gas supply risk; asset breakdown, operation, maintenance and expansion risk; permits risk; risks related to Indigenous rights and engagement; underinsured and uninsured losses; capital resources and liquidity risk; interest rates risk; impact of changes in economic conditions risk; counterparty credit risk; human resources risk; labour relations risk; employee future benefits risk; information technology infrastructure risk; cybersecurity risk; pandemic and public health crises risk; continued reporting in accordance with US GAAP risk; legal, administrative, and other proceedings risk; and other risks described in this Annual Information Form. For additional information with respect to these risk factors, reference should be made to the section entitled "Business Risk Management" in the Corporation's Management Discussion & Analysis for the year ended December 31, 2022 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 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;

"CER" means the Canada Energy Regulator, formerly the National Energy Board;

"CNG" means compressed natural gas;

"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.;

"FEVI" means FortisBC Energy (Vancouver Island) Inc.;

"FEW" means FortisBC Energy (Whistler) Inc.;

"FHI" means FortisBC Holdings Inc.;

"Foothills" means Foothills Pipe Lines Ltd., a subsidiary of TC Energy Corporation;

"Fortis" means Fortis Inc.;

"GCOC Proceeding" means Generic Cost of Capital Proceeding;

"**GHG**" means greenhouse gas;

"GSMIP" means Gas Supply Mitigation Incentive Program;

"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;

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

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

"**NPS**" means nominal pipe size;

"PJ" means petajoule;

"PSU" means Performance Share Unit;

"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;

"RNG" means Renewable Natural Gas;

"ROE" means Return on Equity;

"RSU" means Restricted Share Unit;

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

"US GAAP" means the accounting principles generally accepted in the United States of America;

"Westcoast" means Westcoast Energy Inc., a wholly-owned subsidiary of Enbridge Inc.

1.0 CORPORATE STRUCTURE

1.1 NAME, ADDRESS, AND INCORPORATION

FortisBC Energy Inc. ("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 Suite 1000 - 1111 West Georgia Street, Vancouver, British Columbia ("BC"), V6E 4M3.

1.2 INTERCORPORATE RELATIONSHIPS

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

The Corporation owns an 85 per cent interest in the Mt. Hayes Storage Limited Partnership.

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 20 per cent, from $4,509 million as at December 31, 2019 to $5,422 as at December 31, 2022. 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 Inland Gas Upgrade Project, and the Lower Mainland Intermediate Pressure System Upgrade Project. In 2022, FEI received approval to implement common delivery rates and cost of gas rates with its customers located in the Fort Nelson Service Area and the assets associated with this service area are included in the Corporation's Rate Base Assets as at December 31, 2022.

2.2 SIGNIFICANT ACQUISITIONS

The Corporation did not have any significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102, *Continuous Disclosure Obligations*.

3.0 THE BUSINESS OF FORTISBC ENERGY INC.

3.1 GENERAL

A. General

FEI is the largest distributor of natural gas in BC, serving approximately 1,075,600 residential, commercial, industrial and transportation customers through approximately 51,200 kilometers of natural gas pipelines. The Corporation provides transmission and distribution services to its customers, and obtains natural gas and renewable gas supplies on behalf of most residential, commercial, and industrial customers. Gas supplies are sourced primarily from northeastern BC and, through the Corporation's Southern Crossing Pipeline, from Alberta.

In the Greater Vancouver and Fraser Valley service areas, FEI holds operating agreements with most of the incorporated municipalities in which it distributes gas. No fees are collected from customers under such operating agreements, with the exception of the City of Surrey, which receives operating fees of 0.7 per cent of the delivery margin from customers in the municipality.

In the interior of BC and on Vancouver Island, FEI holds operating agreements with most of the incorporated municipalities in which it distributes gas. While such operating agreements are in effect, the municipalities receive operating fees of 3 per cent of the gross revenue from customers in the municipality.

The following table compares 2022 and 2021 regulated natural gas revenue, natural gas sales, and number of customers by customer class:

	Natural Gas Revenue				Natural Gas Sales Volumes				Customers			
	2022		2021		**2022**		2021		**2022**		2021	
	$ millions	**%**	$ millions	%	**PJs**	**%**	PJs	%	**#**	**%**	#	%
Residential	1,182	57	941	57	87	38	83	36	976,170	91	965,847	91
Commercial	668	32	500	30	61	26	56	25	97,663	9	97,160	9
Industrial	147	7	110	7	19	8	18	8	781	-	708	-
Transportation	82	4	94	6	64	28	71	31	981	-	1,085	-
Total	**2,079**	**100**	1,645	100	**231**	**100**	228	100	**1,075,595**	**100**	1,064,800	100

B. Gas Purchase, Storage and Off-Sales Agreements

Gas Purchase Agreements

In order to acquire supply resources to provide reliable gas deliveries to its customers, FEI purchases natural gas and low carbon 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 181 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 purchased approximately 2.3 PJs of RNG in 2022.

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 CER. 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.

Gas Storage and Peak Shaving Arrangements

FEI incorporates peak shaving and gas storage facilities into its portfolio in order 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, and
- 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 0.85 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 pipeline and storage capacity that is available once customers' daily load requirements are met.

Under the GSMIP revenue sharing model, FEI can earn an incentive payment for its mitigation activities, as approved by the BCUC. For the gas contract year ended October 31, 2022, FEI earned an incentive payment of approximately $4.6 million, which was accepted by the BCUC in February 2023.

During 2022, following a comprehensive review, the BCUC approved the extension of the GSMIP for a three-year term for the period November 1, 2022 to October 31, 2025.

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 April 27, 2022, FEI filed its Winter 2022/23 Sumas Risk Mitigation Application to implement the Sumas hedging strategy for the 2022/23 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 2, 2022, and FEI implemented the Sumas hedging strategy in June, July, and August 2022.

On June 10, 2022, FEI filed its AECO/NIT Price Risk Mitigation Application to implement one year (April 2023 – March 2024) fixed price AECO/NIT hedges to mitigate the impact of rising prices at the AECO/NIT market hub and provide increased pricing diversity to the commodity supply portfolio. The BCUC approved the application on July 22, 2022, and FEI implemented the fixed price AECO/NIT hedges in July, August, September, and October 2022.

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 2022, approximately 8 per cent of eligible commercial customers and 4 per cent of eligible residential customers participated in the program by purchasing their commodity supply from alternate providers.

F. 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 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 Pressure ("IP") and Distribution Pressure ("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.

G. Regulation

(a) 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 make to provide customers with safe and reliable service.

(b) 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.

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

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

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

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

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

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

In January 2021, the BCUC announced that a GCOC Proceeding was being initiated, including a review of the deemed common equity component of total capital structure and the allowed ROE on common equity for regulated utilities in BC. The BCUC also determined the GCOC Proceeding will move forward in two stages. The first stage will address the allowed ROE and deemed equity component of capital structure for FEI and FBC and the effective date for any change, whether re-establishment of a formulaic ROE automatic adjustment mechanism is warranted and if so, what it would look like and when it would take effect, and the criteria or other triggers for a future cost of capital proceeding. Other utilities will be reviewed in Stage 2. The BCUC has also determined it will address deferral account financing costs after the completion of both Stages 1 and 2. During 2022, as part of Stage 1 of the GCOC Proceeding, FEI and FBC submitted evidence in support of their respective cost of capital, after which a regulatory review process took place which included various forms of evidence, an oral hearing, and a final argument that was filed in December 2022. The final stages of argument will complete in February 2023. A decision from the BCUC is expected by mid-2023.

(c) Key Regulatory Information

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

	2022	2021	2020	2019	2018
Rate Base Assets[1] ($ millions)	**5,422**	5,225	5,059	4,509	4,382
Deemed common equity component of total capital structure[2] (%)	**38.50**	38.50	38.50	38.50	38.50
Allowed rate of return on common equity[2] (%)	**8.75**	8.75	8.75	8.75	8.75

Notes:

1. Includes the Fort Nelson Service Area.
2. Represents the Corporation's approved capital structure. The BCUC is currently reviewing the cost of capital for regulated utilities in BC through a GCOC Proceeding, discussed above, which could affect FEI's capital structure and allowed ROE. The effective date of any changes is yet to be determined and the decision on the GCOC Proceeding could materially impact the Corporation's net earnings.

H. 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.

I. Other Material Corporate Issues

(a) Insurance

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

(b) Employees

The Corporation employed 2020 employees as at December 31, 2022. The organized employees of FEI are represented by the IBEW and MoveUp unions.

The collective agreement between the Corporation and Local 213 of the IBEW expires on March 31, 2024. The IBEW represents employees in specified occupations in the areas of transmission and distribution.

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

(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.

J. Safety and Environmental Matters

(a) General

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

(b) 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 International Organization for Standardization ("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.

(c) 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.

(d) Environmental Expenditures

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 2022 and, based on current laws, facts and circumstances, is not expected to have a material effect on such matters in the future.

(e) 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.

(f) 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:

> *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.

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.

(g) 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.

(h) Air Emissions Management and Policy

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

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.

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 per cent by 2030 based on 2007 baseline emission levels and has two phases. The first phase highlighted actions to achieve 75 per cent of the 2030 target.

In late 2021, the provincial government released the second phase called CleanBC Roadmap to 2030 (the "Roadmap") which updated their 2018 CleanBC plan. The Roadmap identified additional actions that would be required to achieve the Province's 40 per cent GHG reduction target by 2030. The Roadmap outlined key areas of heightened ambition from the 2018 plan. Notably, the BC Low-Carbon Fuel Standard ("LCFS") would triple in stringency by achieving at 30 per cent carbon intensity reduction from transport fuels by 2030. The Zero Emissions Vehicle ("ZEV") mandate was also strengthened requiring an acceleration of new light-duty ZEV sales, targeting 90 per cent by 2030 and 100 per cent by 2035. Additionally, the Roadmap states that the province will bring "right-to-charge" legislation, allowing greater installation of ZEV charging infrastructure in strata and apartment buildings. The ZEV mandate will also continue to grow in the coming years as it targets greater adoption of medium- and heavy-duty vehicles. Supplying low-carbon fuels in the form of CNG, LNG and compressed or liquefied RNG as a transport fuel for on or off-road fleet owners and/or domestic marine vessels will generate compliance credits for the LCFS. Additionally, supplying low-carbon hydrogen as a transport fuel will generate credits.

The *Climate Change Accountability Act* mandates GHG emission reduction goals for the transportation, buildings, industrial and waste sectors. As of 2022, sectoral targets for 2030 are expressed as a percentage reduction from 2007 baseline sector emissions. Each sector has a targeted range for GHG reductions which are: transportation - 27 to 32 per cent; industry - 38 to 43 per cent; oil and gas – 33 to 38 per cent; and buildings and communities – 59 to 64 per cent. These sectoral targets will be reviewed next in 2025 and then at least once every 5 years thereafter. BC's 2022 Climate Change Accountability Report, released in December 2022, highlights that there are still gaps between the anticipated GHG reductions from existing and announced policies and the 2030 targets. Notably, the Report highlights that existing and announced policies in the CleanBC Roadmap achieve between 61 and 66 per cent of the total GHG reduction target for buildings and communities.

The federal government is also developing and implementing policies in accordance with its 2030 Emissions Reduction Plan ("ERP") released in March 2022. The ERP builds on the approach taken by the Pan-Canadian framework and heightens GHG reduction ambition from a 30 to 40 per cent GHG reduction by 2030. Key policies as they pertain to FEI include the Clean Fuel Regulation ("CFR") which aims for an approximate 15 per cent reduction in the carbon intensity of liquid fuels from 2016 levels. Similar to the LCFS, the CFR opens opportunities for FEI to generate compliance credits from the same sources.

(i) Asset Retirement Obligations

AROs are legal obligations associated with the retirement of long-lived assets. As at December 31, 2022, the Corporation has not recognized any AROs. 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.

(j) 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.

3.2 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, 2022, which is filed on SEDAR at www.sedar.com, and is incorporated herein by reference.

4.0 DIVIDENDS AND DISTRIBUTIONS

The declaration and payment of dividends is at the discretion of the Board and will be influenced by ongoing capital structure management. In 2022, FEI paid $170 million in dividends to its parent company, FHI, compared with $165 million in 2021 and $160 million in 2020.

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.

5.0 CAPITAL STRUCTURE

5.1 GENERAL

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, 2022, 357,212,009 common shares were issued and outstanding. Fortis indirectly owns all of the issued common shares through its wholly-owned subsidiary, FHI.

Holders 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.

5.2 CONSTRAINTS

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 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 BCUC is currently reviewing the cost of capital for regulated utilities in BC through a GCOC Proceeding, discussed in Section 3.1, which could affect FEI's capital structure and allowed ROE.

5.3 CREDIT RATINGS

The ratings assigned to the Corporation are reviewed by DBRS Morningstar and Moody's Investors Service ("Moody's") on an ongoing basis and are summarized as follows:

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

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 in the form of unsecured debentures are rated by DBRS Morningstar and Moody's. FEI paid each of these agencies a maintenance fee to provide ratings during 2022 and 2021, 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 DBRS Morningstar rating system, debt securities rated A are of good credit quality. Protection of interest and principal is still substantial, but the degree of strength is less than with AA rated entities. Entities in the A category may be vulnerable to future events, but qualifying negative factors are considered manageable. "High" or "Low" are used to indicate the relative standing of a credit within a particular rating category. The lack of one of these designations indicates a rating which is essentially in the middle of the category. FEI's rating of A is in the middle of this rating category.

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. FEI's rating of A3 is in the lowest range of this rating category.

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

6.0 MARKET FOR SECURITIES

None of the issued and outstanding shares of the Corporation or any of its debentures are listed on any exchange.

On November 28, 2022, the Corporation issued $150 million of Medium Term Note Debentures, with an interest rate of 4.67 per cent, and maturity date of November 28, 2052. The issuance was the second under the Corporation's Green Bond Framework and the proceeds have been used to finance or refinance eligible projects.

7.0 DIRECTORS AND OFFICERS

7.1 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(1)	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
Tracey C. Ball(2) British Columbia, Canada	Commencing 2018. Term expires at the next annual general meeting.	Corporate Director.
Peter Blake(3) British Columbia, Canada	Commencing 2017. Term expires at the next annual general meeting.	Corporate Director. Additionally Chief Executive Officer ("CEO") of WesternOne Inc. to December 2018.
Michelle Corfield(2) British Columbia, Canada	Commencing 2020. Term expires at the next annual general meeting.	CEO of Corfield & Associates Consulting Services; Consultant.
Roger A. Dall'Antonia British Columbia, Canada	Commencing 2017. Term expires at the next annual general meeting.	President and CEO of the Corporation and additionally of FBC.
David G. Hutchens(2) Arizona, USA	Commencing 2015. Term expires at the next annual general meeting.	President and CEO of Fortis since January 2021; prior thereto Chief Operating Officer of Fortis since January 2020; prior thereto, Executive Vice President, Western Utility Operations of Fortis. since January 2018; and prior thereto, President and CEO of UNS Energy Corporation ("UNS Energy").
K.M. Tracy Medve(2) (4) British Columbia, Canada	Commencing 2016. Term expires at the next annual general meeting.	President and CEO of KF Aerospace Group of Companies since July 2021; and prior thereto, President of KF Aerospace Group of Companies.
Douglas G. Pearce(3) British Columbia, Canada	Commencing 2020. Term expires at the next annual general meeting.	Corporate Director.

NAME AND RESIDENCE	TERM AS A DIRECTOR[1]	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
Jocelyn H. Perry[5] Newfoundland and Labrador, Canada	Commencing 2019.	Chief Financial Officer ("CFO") of Fortis since June 2018; and prior thereto, President and CEO of Newfoundland Power Inc.
James R. Reid[2] Ontario, Canada	Commencing 2023. Term expires at the next annual general meeting.	Executive Vice President, Sustainability and Chief Legal Officer of Fortis since July 2022; prior thereto, Executive Vice President, Chief Legal Officer and Corporate Secretary of Fortis since March 2018; and prior thereto, Partner of Davies Ward Phillips & Vineberg LLP.
Janine Sullivan[3] Alberta, Canada	Commencing 2021. Term expires at the next annual general meeting.	President and CEO of FortisAlberta since January 1, 2021; prior thereto, Executive Vice President and CFO of FortisAlberta since August 1, 2020; and prior thereto, Vice President, Finance and CFO of FortisAlberta.
Susan L. Yurkovich[3] British Columbia, Canada	Commencing 2021. Term expires at the next annual general meeting.	Senior Vice President, Global Business Development of Canfor Corporation since October 2022; and prior thereto, President and CEO of the BC Council of Forest Industries.

Notes:

1. 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.
2. Member of the Governance & Sustainability Committee.
3. Member of the Audit Committee.
4. Chair of the Board.
5. Jocelyn H. Perry ceased as a member of the Board on December 31, 2022.

7.2 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 and CEO	President and CEO of the Corporation and additionally of FBC.
Doyle Sam British Columbia, Canada	Executive Vice President, Operations & Engineering	Executive Vice President, Operations & Engineering of the Corporation and additionally of FBC.
Andrea M. Cadogan British Columbia, Canada	Vice President, People	Vice President, People, of the Corporation and additionally of FBC since January 2022; prior thereto Director, Human Resources of the Corporation and additionally of FBC.
Michelle L. Carman[1] British Columbia, Canada	Vice President, Customer Service and External Communications	Vice President, Customer Service and External Communications of the Corporation and additionally of FBC since January 2023; prior thereto Director, Customer Service of the Corporation and additionally of FBC since February 2018; prior thereto Manager, Customer Operations and Contact Centre of the Corporation and additionally of FBC.

NAME AND RESIDENCE	OFFICE HELD	PRINCIPAL OCCUPATION FOR THE FIVE PRECEDING YEARS
Michael A. Leclair British Columbia, Canada	Vice President, Major Projects and LNG	Vice President, Major Projects and LNG of the Corporation since July 2021; prior thereto Vice President, Major Projects of the Corporation and additionally of FBC since February 2018; prior thereto Director, Generation & Compression of FBC.
Ian G. Lorimer British Columbia, Canada	Vice President, Finance and CFO	Vice President, Finance and CFO of the Corporation and additionally of FBC.
Joseph C. Mazza British Columbia, Canada	Vice President, Energy Supply & Resource Development	Vice President, Energy Supply & Resource Development of the Corporation and additionally of FBC since January 2021; prior thereto Senior Vice President, Operations & Engineering of Pacific Northern Gas Ltd.
Dawn M. Mehrer British Columbia, Canada	Vice President, Corporate Services and Technology	Vice President, Corporate Services and Technology of the Corporation and additionally of FBC since January 2023; prior thereto Vice President, Customer & Corporate Services of the Corporation and additionally of FBC since November 2021; prior thereto Vice President, Customer Service and Information Systems of the Corporation and additionally of FBC since February 2018; prior thereto Director, Customer Contact Centres of the Corporation.
Monic D. Pratch British Columbia, Canada	Vice President, General Counsel, Corporate Secretary & Sustainability	Vice President, General Counsel, Corporate Secretary & Sustainability of the Corporation and additionally of FBC since November 2021; prior thereto Vice President, General Counsel and Corporate Secretary of the Corporation and additionally of FBC since January 2021; prior thereto Director, Governance & Corporate Compliance, Corporate Secretary & Senior Counsel of the Corporation and additionally of FBC since August 2018; prior thereto Chief Privacy Officer, Corporate Secretary & Senior Counsel of the Corporation and additionally of FBC.
Diane E. Roy [(2)] British Columbia, Canada	Vice President, Regulatory Affairs	Vice President, Regulatory Affairs of the Corporation and additionally of FBC.
Douglas M. Slater British Columbia, Canada	Vice President, Indigenous Relations and Regulatory Affairs	Vice President, Indigenous Relations and Regulatory Affairs of the Corporation and additionally of FBC since March 1, 2023; prior thereto Vice President, External and Indigenous Relations of the Corporation and additionally of FBC since August 2020; prior thereto Director, Regulatory Affairs of the Corporation and additionally of FBC since December 2018; prior thereto General Manager, FortisBC Alternative Energy Services 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 FBC.

Notes:

1. Michelle Carman was appointed as an Officer, Vice President, Customer Service and External Communications, effective January 1, 2023.
2. Diane Roy ceased as an Officer of the Corporation effective February 28, 2023.

7.3 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

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

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

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

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

7.4 CONFLICTS OF INTEREST

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

8.0 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

9.0 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, 2022, which is filed on SEDAR at www.sedar.com, and is incorporated herein by reference.

10.0 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 affected at BNY Trust Company of Canada's offices in the cities of Vancouver, Toronto or Montreal.

11.0 MATERIAL CONTRACTS

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

12.0 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 year ended December 31, 2022. 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.

13.0 ADDITIONAL INFORMATION

Additional financial information is also provided in the Corporation's Consolidated Financial Statements and Management's Discussion & Analysis for the year ended December 31, 2022. A copy of such documents and additional information relating to the Corporation is contained on SEDAR at www.sedar.com. Such information is not incorporated by reference into this document unless specifically stated herein.

13.1 EXECUTIVE COMPENSATION

The Corporation's Statement of Executive Compensation is attached as Schedule "A" to this Annual Information Form.

13.2 SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

13.3 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

SCHEDULE "A" - EXECUTIVE COMPENSATION

1. COMPENSATION DISCUSSION AND ANALYSIS

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

The Corporation's executive compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Governance & Sustainability 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 & Sustainability 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 & Sustainability Committee's deliberations. The actual total compensation and/or amount of each compensation component for an individual executive officer may be more or less than the median amount.

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

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

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

REPORT ON CORPORATE GOVERNANCE

Governance & Sustainability Committee

Specifically, the Governance & Sustainability 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 & Sustainability 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 2022, approximately 70 per cent of the President and CEO'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 long-term incentive components.

Additionally, the Governance & Sustainability 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 & Sustainability 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 regard to non-union pension matters, the Governance & Sustainability 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 & Sustainability Committee.

The Corporation recognizes the importance of appointing knowledgeable and experienced individuals to the Governance & Sustainability Committee. The Governance & Sustainability 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 & Sustainability Committee to fulfill its mandate, all Governance & Sustainability Committee members have significant senior leadership and/or governance experience. More specifically, a majority of the membership of the Governance & Sustainability Committee has direct operational or functional experience overseeing compensation policies and practices at large organizations similar in complexity to FEI.

For the year ended December 31, 2022, the members of the Governance & Sustainability Committee were Tracey C. Ball, Michelle Corfield, David G. Hutchens, K.M. Tracy Medve and Janine Sullivan. These directors are independent directors with the exception of David G. Hutchens, President & CEO of Fortis, and Janine Sullivan, President & CEO of FortisAlberta Inc.

In fulfilling its duties and responsibilities with respect to executive compensation, the Governance & Sustainability Committee seeks periodic input, advice, and recommendations from various sources, including the Board, executive officers, and external independent consultants. The Governance & Sustainability 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 & Sustainability Committee with respect to his own compensation.

In the final step, the Governance & Sustainability 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 & Sustainability 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 213 Canadian commercial industrial companies. This reference group, (The Commercial Industrial Comparator Group) is compiled by Korn Ferry. For clarity, this reference group does not include organizations in the financial service and broader public sectors. It does include organizations from the energy, mining and manufacturing sectors. This reference group is formally reviewed as part of the Fortis review of executive compensation policy.

ELEMENTS OF TOTAL COMPENSATION

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

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

The elements of compensation of the NEOs and their respective compensation objectives for the year ended December 31, 2022 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.
Long term Equity Based Incentive[1]		
Share-Based Awards (PSUs) (all NEOs)	Incentive is based on the Corporation's and Fortis' performance over a three-year period against predetermined measures. The amount of annual grant is determined as a specified percentage of the participant's annual base salary divided by the volume-weighted average price of Fortis' common shares for the five trading days immediately preceding the date of grant. The grant date is January 1 of each year. Cash payout upon completion of the three-year performance period, depending on the Corporation's and Fortis' performance.	Align executive and shareholder interests. Attract and retain highly qualified executives. Encourage strong long-term business performance. Balance compensation for short and long-term strategic results. Compensation dependent on corporate performance. Encourages sustained long-term growth by linking a portion of compensation to long-term performance. Simple to communicate and administer.

Share Based Awards (RSUs) (all NEOs)	The amount of annual grant is determined as a specified percentage of the participant's annual base salary divided by the volume-weighted average price of Fortis' common shares for the five trading days immediately preceding the date of grant. The grant date is January 1 of each year. Cash or shares equivalent payout upon completion of the three-year period.	Align executive and shareholder interests. Attract and retain highly qualified executives. Balance compensation for short and long-term strategic results. Simple to communicate and administer.
Pension Plans		
Registered Retirement Savings Plan ("RRSP") (all NEOs)	Contribution to a RRSP equal to 6.5 per cent of a member's base salary which is matched by the member up to the maximum annual contribution limit allowed by the Canada Revenue Agency.	Attract and retain highly qualified executives. Simple to communicate and administer.
Defined Contribution: Supplemental Employee Retirement Plan ("SRP" or "SERP") (all NEOs)	Accrual of 13 per cent of base salary and annual incentive in excess of the Canada Revenue Agency annual limit. At time of retirement, paid in one lump sum or in equal payments up to 15 years.	Attract and retain highly qualified executives. Simple to communicate and administer.

Note:

1. Effective January 1, 2022, stock options grants are no longer a compensation element; however, NEO's continue to hold historical grants until all outstanding units have been exercised or expire.

Annual Base Salary

Annual base salaries paid to the Corporation's NEOs are determined by the Board upon recommendation by the Governance & Sustainability 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 & Sustainability Committee. The Corporation's annual earnings must reach a minimum threshold level before any payments are made. The objectives of the annual incentive plan are to reward achievement of short-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Corporation.

Corporate performance is determined with reference to the performance of the Corporation relative to weighted targets in respect to financial performance, employee safety, customer and strategic execution. There were eight targets in 2022 which included (i) net earnings (30 per cent weighting); (ii) major capital projects (10 per cent weighting); (iii) cash flow (10 per cent weighting); (iv) an all injury frequency rate which measures how safely the Corporation operates (10 per cent weighting); (v) safety improvements (10 per cent weighting); (vi) customer service index which measures a customer survey score (10 per cent weighting); (vii) gas line hits (10 per cent weighting), and (viii) strategic plan execution (10 percent 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.

Long-Term Incentive Plan

The Corporation provides a target long-term incentive ("LTI") value, expressed as a percentage of base salary, which is then granted in pre-determined proportions of PSUs and RSUs. The LTI value for the President and CEO was 180 per cent of his base salary. The Vice President, Finance and 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 2/3 in PSUs, and 1/3 in RSUs.

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 & Sustainability Committee upon measurement of Fortis' performance, as compared to a comparable group of utility holding companies, over such three-year period against predetermined measures and the Corporation's performance over such three-year period against predetermined net income targets. Previous grants of PSUs are not taken into consideration when new PSUs are awarded.

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

Option-Based Awards: Prior to 2022, long-term incentives included the 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 were dependent upon the optionee's salary. Effective January 1, 2022, Fortis has ceased to grant options as part of its long-term incentive mix, however, NEO's will continue to hold historical grants until all outstanding units have been exercised or expire.

Pension Plans

See "Executive Compensation – Pension Plan Benefits".

Director Compensation

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

Director compensation is comprised solely of retainer fees. There are no compensation securities issued to Directors. In 2022, each director of the Corporation, other than the President & CEO who does not receive director compensation, was paid an annual retainer of $90,000. An additional annual retainer of $10,000 was paid to the Chair of the Audit Committee and an additional annual retainer of $10,000 was paid to the Chair of Governance & Sustainability Committee. The Chair of the Board was paid an annual retainer of $130,000, inclusive of the basic annual director's retainer. The Corporation also paid an additional $1,250 in respect of travel time for directors that attended a group of meetings outside of their regional area of residence.

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

The President and CEO receives no fees for his services as a director.

2. 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 and 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 and CEO Director[7]	2022	750,000	890,300	-	205,425	1,845,725
	2021	640,000	587,500	-	204,763	1,432,263
Ian G. Lorimer Vice President, Finance and CFO	2022	392,000	224,200	-	108,196	724,396
	2021	379,000	181,500	-	106,803	667,303
Doyle Sam Executive Vice President, Operations & Engineering	2022	412,000	290,600	-	82,745	785,345
	2021	399,000	286,000		82,947	767,947
Tracey C. Ball [8] Director	2022	100,000	-	-	2,500	102,500
	2021	84,500	-	-	1,250	85,750
Peter Blake [9] Director	2022	100,000	-	-	1,250	101,250
	2021	90,000	-	-	-	90,000
Michelle Corfield Director	2022	90,000	-	-	2,500	92,500
	2021	80,000	-	-	-	80,000
Nora M. Duke [10] Director	2022	45,000	-	-	-	45,000
	2021	60,000	-	-	-	60,000
David G. Hutchens [11] Director	2022	90,000	-	-	2,500	92,500
	2021	80,000	-	-	-	80,000
K.M. Tracy Medve [12] Director	2022	130,000	-	-	1,250	131,250
	2021	115,000	-	-	-	115,000
Douglas G. Pearce Director	2022	90,000	-	-	1,250	91,250
	2021	80,000	-	-	-	80,000
Jocelyn H. Perry [13] Director	2022	90,000	-	-	2,500	92,500
	2021	80,000	-	-	-	80,000
Janine Sullivan [14] Director	2022	90,000	-	-	2,500	92,500
	2021	72,188	-	-	-	72,188
Susan L. Yurkovich Director	2022	90,000	-	-	1,250	91,250
	2021	60,000	-	-	1,250	61,250

Notes:

1. Represents the annual salary for the NEOs and the retainer paid to each of the Directors. See **Director Compensation** for a description of fees paid to Directors.
2. Represents performance bonus and amounts awarded under the Corporation's short-term non-equity incentive program in recognition of FEI and FBC's respective corporate performances and the individual's performance for the reported year and paid in the following year.
3. See **Director Compensation** for a description of retainers and other fees paid to Directors.
4. Includes, where applicable the aggregate of amounts paid by FEI or FBC for (i) payment in lieu of vacation, (ii) the dollar value of insurance premiums paid by the Corporation with respect to term life insurance, (iii) 10 per cent match by the Corporation on contributions made to purchase Fortis Common Shares through the Employee Share Purchase Plan (ESPP), (iv) interest benefit from ESPP loans, (v) Director travel reimbursement and (vi) all compensation paid or accrued to Named Executive Officers relating to defined contribution pension plans, including contributions to the Named Executive Officer's

self-directed RRSP and SERP. See **Pension Plan Benefits**. Perquisites are not disclosed as they did not exceed the minimum disclosure threshold of the lesser of 10 per cent of the total annual salary of the Named Executive Officer.

5. Amounts reported represent amounts paid by FBC for Mr. Sam's service to FEI and FHI. FEI proportionately reimburses FBC for Mr. Sam's service.
6. Amounts reported represent amounts paid by FEI for Mr. Dall'Antonia's and Mr. Lorimer's service to FBC and other FortisBC companies. FBC proportionately reimburses FEI for their services.
7. In addition to his role of President and CEO, Mr. Dall'Antonia also held the position of Director for which no additional compensation was earned or received. Mr. Dall'Antonia's incentive targets changed, effective January 1, 2022.
8. Chair of Governance & Sustainability Committee.
9. Chair of Audit Committee.
10. Director to June 30, 2022.
11. Mr. Hutchens also held the position of President & CEO of UNS Energy for which UNS Energy provided executive compensation.
12. Chair of the Board.
13. Ms. Perry also held the position of CFO of Fortis Inc. for which Fortis Inc. provided executive compensation. Director to December 31, 2022.
14. Ms. Sullivan also held the position of President & CEO of FortisAlberta Inc. for which FortisAlberta Inc. provided executive compensation.

3. COMPENSATION SECURITIES

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

Name and Position	Type of compensation security	Number of compensation securities(1)	Date of grant	Issue or exercise price(2) ($)	Closing price of underlying security on date of grant(3) ($)	Closing price of underlying security at year end(4) ($)	Expiry Date
Roger A. Dall'Antonia President and CEO Director(5)	PSUs	14,735	1-Jan-22	61.08	60.48	54.18	1-Jan-25
	RSUs	7,367	1-Jan-22	61.08	60.48	54.18	1-Jan-25
Ian G. Lorimer Vice President, Finance and CFO(6)	PSUs	2,567	1-Jan-22	61.08	60.48	54.18	1-Jan-25
	RSUs	1,284	1-Jan-22	61.08	60.48	54.18	1-Jan-25
Doyle Sam Executive Vice President, Operations & Engineering (7)	PSUs	3,148	1-Jan-22	61.08	60.48	54.18	1-Jan-25
	RSUs	1,574	1-Jan-22	61.08	60.48	54.18	1-Jan-25

Notes:

1. Each unit of PSU and RSU is equivalent to one common share of Fortis. The compensation securities granted in 2022 represent less than 1 per cent of the total number of common shares issued and outstanding of Fortis.
2. The 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 date of grant. Since January 1, 2022 (day of grant) fell on a weekend, the next business day, January 4, 2022 was used for the closing price.
4. Represents the closing price of Fortis Common Shares on the TSX at year-end. Since December 31, 2022 (year end) fell on a weekend, the previous business day, December 31, 2022 was used for the closing price.
5. At December 31, 2022, Mr. Dall'Antonia held 213,588 unexercised stock options, of which 148,218 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 55,825 PSUs and RSUs. PSUs and RSUs vest upon the completion of the three-year period from the date of grant.

6. At December 31, 2022, Mr. Lorimer held 77,772 unexercised stock options, of which 63,501 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 10,966 PSUs and RSUs. PSUs and RSUs vest upon the completion of the three-year period from the date of grant.
7. At December 31, 2022, Mr. Sam held 77,104 unexercised stock options, of which 59,578 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 13,459 PSUs and RSUs. PSUs and RSUs vest upon the completion of the three-year period from the date of grant.

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

Name and Position	Type of compensation security[(1)(2)]	Number of underlying securities exercised	Exercise price per security ($)	Date of exercise	Closing price per security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise date ($)
Roger A. Dall'Antonia President and CEO Director	Stock Options	10,984	33.58	1-Apr-22	61.50	27.92	306,673
	RSUs	5,328	45.14	1-Jan-22	61.08	15.94	325,406
	PSUs	10,655	45.14	1-Jan-22	61.08	15.94	1,017,220
Ian G. Lorimer Vice President, Finance and CFO[(3)]	RSUs	1,336	45.14	1-Jan-22	61.08	15.94	81,606
	PSUs	2,672	45.14	1-Jan-22	61.08	15.94	255,101
Doyle Sam Executive Vice President, Operations & Engineering [(3)]	RSUs	1,641	45.14	1-Jan-22	61.08	15.94	100,225
	PSUs	3,282	45.14	1-Jan-22	61.08	15.94	313,304

Notes:

1. PSUs represent the 2019 PSU values that were realized and paid in 2022 in respect of the three-year period. The value of the PSUs at the payment date is dependent on meeting the payment criteria and corporate performance.
2. RSUs represent the 2019 RSU values that were realized and paid in 2022 in respect of the three-year period.
3. Mr. Lorimer and Mr. Sam did not exercise Stock Options in 2022.

4. PENSION PLAN BENEFITS

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

Name	Accumulated value at start of year ($)	Compensatory ($)	Accumulated value at end of year(1) ($)
Roger A. Dall'Antonia	899,661	144,665	1,089,784
Ian G. Lorimer	515,739	45,345	591,346
Doyle Sam	782,352	61,530	889,626

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 2022, the respective corporations that employ each of the NEOs contributed $14,605 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.

5. TERMINATION AND CHANGE OF CONTROL BENEFITS

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

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

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

	Retirement (early or normal)	Termination with Cause	Termination without Cause	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, 2022.

	Retirement (early or normal)(1) ($)	Termination with Cause ($)	Termination without Cause(2) ($)	Change of Control(3) ($)
Cash Severance	-	-	1,912,500	1,912,500
Annual Incentive	890,300	-	525,000	525,000
Restricted share units	-	-	-	980,519
Performance share units	-	-	-	1,961,037
Stock options	-	-	-	1,701,461(4)

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 $54.18, the closing price of Fortis common shares on the TSX on December 30, 2022, the last business day for the year ended December 31, 2022.
4. Due to the closing price of Fortis common shares on the TSX on December 30, 2022 being lower than the market price at the time of grant for the 2020 grant, the value for that year is zero.