



For Immediate Release

St. John's, NL – August 26, 2010

Fortis to Invest in 335-Megawatt Hydroelectric Project in British Columbia

Fortis Inc. (“Fortis” or the “Corporation”) (TSX:FTS) announced today that the Corporation, in partnership with Columbia Power Corporation and Columbia Basin Trust (“CPC/CBT”), intends to construct a 335-megawatt (“MW”) hydroelectric generating facility (the “Waneta Expansion”), at an estimated cost of approximately \$900 million. The facility is sited near the Waneta Dam and powerhouse facilities on the Pend d’Oreille River, south of Trail, British Columbia. CPC/CBT are both 100% owned corporations of the Government of British Columbia. Subject to negotiation and completion of definitive agreements, Fortis will own 51% of the Waneta Expansion and will operate and maintain the non-regulated investment when the facility comes into service, which is expected in spring 2015. Federal and provincial environmental assessment approvals are in place for the project.

The Waneta Expansion will become part of the Canal Plant Agreement and will receive fixed energy and capacity entitlements based upon long-term average water flows, thereby significantly reducing hydrologic risk associated with the project.

The energy, approximately 630 gigawatt hours, (and associated capacity required to deliver such energy) for the Waneta Expansion will be sold to BC Hydro under a long-term energy purchase agreement at prices comparable to those for projects recently accepted by BC Hydro under its *2008 Clean Power Call*. The surplus capacity, equal to 234 MW on an average annual basis, will, subject to approval of the British Columbia Utilities Commission (the “BCUC”), be sold to FortisBC Inc. under a long-term capacity purchase agreement at a price within the range of alternatives outlined in FortisBC’s Resource Plan filed with the BCUC in May 2009.

“Fortis is excited about this opportunity to grow our non-regulated hydroelectric generation business in British Columbia, where we have well-established regulated utility operations at FortisBC and Terasen Gas,” says Stan Marshall, President and Chief Executive Officer, Fortis Inc. “Fortis, through our operating and predecessor companies, has 125 years of expertise in the hydroelectric generation business. FortisBC and CPC/CBT have a lengthy, successful working relationship resulting from the many years that FortisBC has managed CPC/CBT’s hydroelectric assets in the Columbia Basin.”

“The Waneta Expansion will substantially resolve capacity shortfall issues for FortisBC and will enable FortisBC to serve its customers with long-term, reliable electricity from a renewable resource,” Marshall explains. “The hydroelectric generating capacity in British Columbia owned and/or managed by Fortis, including the Waneta Expansion, will exceed 1,500 megawatts.”

“The Corporation’s investment in the Waneta Expansion will increase consolidated capital expenditures of Fortis by almost 10 per cent to about \$5.5 billion over the next five years,” says Marshall.

The Waneta Expansion is expected to generate slightly better financial returns than regulated investments, commensurate with the higher risk associated with a non-regulated project.

Each partner will be responsible to fund its share of the construction of the project. Fortis expects to initially finance its share of costs through existing committed credit facilities, which will be permanently financed through a combination of equity and debt.

“British Columbia and the Pacific Northwest region provide good potential to pursue additional hydroelectric generation assets that complement the utility operations of Fortis in western Canada and deliver value to our customers and shareholders,” concludes Marshall.

Key aspects of the partnership are outlined in the *Notice of Intent (“NOI”)* available for viewing online through BC Bid at www.bcbid.gov.bc.ca. The publication of the NOI is a requirement of the Government of British Columbia.

Fortis Inc. is the largest investor-owned distribution utility in Canada, with total assets exceeding \$12 billion and fiscal 2009 revenues totalling \$3.6 billion. The Corporation serves approximately 2,100,000 gas and electricity customers. Its regulated holdings include electric distribution utilities in five Canadian provinces and three Caribbean countries and a natural gas utility in British Columbia. Fortis owns and operates non-regulated generation assets across Canada and in Belize and Upper New York State. It also owns hotels and commercial real estate across Canada.

FortisBC Inc., an indirect wholly owned subsidiary of Fortis Inc., is an integrated regulated electric utility based in Kelowna, British Columbia, serving approximately 160,000 customers directly and indirectly through wholesale utilities in the southern interior of B.C. FortisBC owns and operates four regulated hydroelectric generating plants with an aggregate capacity of 223 MW that provide approximately 45% of FortisBC’s energy and 30% of its capacity needs. FortisBC’s remaining electricity supply is acquired through long-term power purchase contracts and short-term market purchases. FortisBC also operates and maintains, pursuant to management service agreements, the 493-MW Waneta hydroelectric generation facility owned by Teck Cominco Metals Ltd., and the 149-MW Brilliant Hydroelectric Plant, 120-MW Brilliant Expansion Plant and 185-MW Arrow Lakes Hydroelectric Plant, each owned by CPC/CBT.

Fortis Inc. shares are listed on the Toronto Stock Exchange and trade under the symbol FTS. Additional information can be accessed at www.fortisinc.com or www.sedar.com.

Fortis includes forward-looking information in this media release within the meaning of applicable securities laws in Canada (“forward-looking information”). The purpose of the forward-looking information is to provide management’s expectations regarding the Corporation’s future growth, results of operations, performance, business prospects and opportunities, and it may not be appropriate for other purposes. All forward-looking information is given pursuant to the “safe harbour” provisions of applicable Canadian securities legislation. 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 assumptions developed using information currently available to the Corporation's management. Although Fortis believes that these statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties, including that the involvement of Fortis in the Waneta Expansion on the terms discussed herein is subject to negotiation and completion of definitive agreements, the risk of project construction and cost overruns and increased financing costs due to higher-than-anticipated interest rates. For additional information on risk factors that have the potential to affect the Corporation, reference should be made to the Corporation's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities and to the heading "Business Risk Management" in the MD&A for the three and six months ended June 30, 2010 and for the year ended December 31, 2009. 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.

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