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PRESENTATION

Operator

Welcome to the Fortis second-quarter 2015 conference call and webcast.

(Operator Instructions)

At this time, I would like to turn the conference over to Donna Hynes, Director, Investor and Public Relations, Fortis, Inc. Please go ahead, Ms. Hynes.

Donna Hynes - *Fortis Inc. - Director of IR and Public Relations*

Thank you and good morning, everyone. Fortis participants on the call this morning are Barry Perry, President and CEO and Karl Smith, Executive Vice President and CFO as well as additional members of our Senior Management Team.

This conference call is webcast and the supporting slide show is available on the Fortis Inc. website at www.Fortisinc.com. A replay of the call will be available later today and the transcript will be posted to our website shortly thereafter. Our second quarter earnings release and related materials are also available on our website.

I would like to remind you that all forward-looking information provided during this call is subject to the forward-looking statements contained in the supporting slide show. All non-GAAP financial measures referenced in our prepared remarks are reconciled to the related U.S GAAP financial measures in the slide show. Also, unless otherwise specified, all financial information referenced is in Canadian dollars.

Barry Perry will begin will begin with a corporate update, and then Karl Smith will review the financial results in detail and discuss regulatory matters. The presentation will be approximately 15 minutes, after which time we will turn the call over to the conference call operator for questions.

During the question-and-answer period, we will take questions from the investment community first, followed by the media, if time permits. In order to provide everyone with an equal opportunity to participate, we ask that you limit yourself to two questions. If you have additional questions, please reenter the queue. Also, we ask that you focus your questions on our industry, our corporate strategy, recent developments and key elements of the Corporations financial performance.

If you have any detailed questions, please follow-up with us after this call and we would be pleased to discuss them with you at that time. I will now turn the call over to Barry Perry.

Barry Perry - *Fortis, Inc. - President & CEO*

Thank you, Donna, and good morning, everyone.

Fortis had a very strong second quarter and delivered record earnings. During the quarter, we sold a number of non-core assets resulting in significant gains. Additional key drivers were earnings of CAD52 million from UNS energy, a CAD12 million contribution from the start up of the Waneta generating station and strong results from our other utilities.

Our focus during the quarter was primarily in two areas: our CAD2.2 billion annual capital program, which is well advanced with CAD1.2 billion spent in the first half of the year and the sale of our non-core real estate hotel and small hydroelectric assets. The CAD430 million sale of the commercial real estate portfolio closed on June 30. We sold our small hydroelectric plant in New York, in June, and in Ontario, in July, for a combined price of CAD93 million.

And in early July, we announced that we had signed an agreement with a private investor group to sell a hotel portfolio for CAD365 million. The sale is expected to be completed in the fall of 2015.

Looking at the entire year, Fortis is well positioned for a strong 2015 given the combination of a full-year of earnings from UNS energy, the implementation of new rates at central Hudson in July after a two-year rate freeze, contributions from the Waneta generating station, resolution of capital tracker matters at FortisAlberta and a strong US dollar.

Following a decade of growth driven mainly by acquisitions, 2015 also kicks off a period of significant organic growth for Fortis. The CAD900 million 335 MW Waneta generating station in British Columbia came online in early April, six weeks ahead of schedule and on budget, while maintaining an excellent safety and environmental protection record.

This investment, of which Fortis holds a 51% controlling interest, is supported by 40-year power purchase agreement BC Hydro and the Corporation's wholly owned subsidiary FortisBC. Contributions from the Waneta generating station is expected to be in the range of CAD20 million to CAD25 million annually. Construction of the CAD440 million Tilbury, Phase 1A project in British Columbia is proceeding as planned.

This expansion will add a second storage tank and new liquefier and will provide natural gas for the transportation industry for remote communities and for the marketplace in general. The investment will be included in FortisBC's regulated rate base. Completion is expected before the end of 2016.

We also continue to invest prudently in our existing electric and gas networks to ensure safe, reliable and cost efficient energy services to our customers. In all, our forecasted CAD2.2 billion capital expenditure program represents an increase of almost 30% over 2014.

Turning to our potential LNG opportunities, there is considerable interest for LNG supply from the Pacific Northwest, Hawaii, Alaska and other international markets. FortisBC is well positioned to meet this growing demand. Two significant LNG infrastructure projects are currently being pursued. First, our Tilbury site has 35 acres of LNG-zoned land with ocean access that is suitable for further expansion. FortisBC is working toward a possible further expansion at the Tilbury site referred to as Tilbury, Phase 1B.

The Company continues to have discussions with Hawaiian Electric, which is expected to be the primary off-taker regarding the scope and the viability of the project. Any resulting agreement will be the subject to the approval by the Hawaii Public Utilities Commission. And second, FortisBC continues to move forward with an opportunity to expand its pipeline compression infrastructure to the Woodfibre LNG site near Squamish, British Colombia.

Woodfibre is a privately owned LNG processing and export facility that is expected to be operational by 2019. The owner of the export facility is targeting to finalize its investment decisions by the end of 2015. Combined capital expenditures of over CAD1 billion for these two potential LNG projects have been approved by the government of British Columbia.

Looking over the five-year horizon, our capital expenditures for 2015 through 2019 are expected to exceed CAD9 billion, driving a 40% increase in forecast mid-year rate base from CAD14 billion in 2014 to CAD19.5 billion in 2019. This would represent a five-year compound annual growth rate of approximately 6.5%. If you include the Tilbury, Phase 1B project, and the pipeline expansion to the Woodfibre LNG site, the five-year CAGR would rise to approximately 7.5%.

Over this five-year horizon, we expect capital investment will support continuing growth and earnings and dividends to our common shareholders. Fortis has successfully navigated a period of transformative change. We expanded into the US utility markets through the acquisitions of UNS energy and central Hudson, brought the Waneta generating station online and considerably progressed the sale of non-core assets.

Looking ahead, our near-term focus will be providing safe, reliable, and cost efficient energy services to our customers, executing the corporation's capital expenditure program, navigating through our regulatory proceedings, which Karl will discuss shortly, progressing our LNG opportunities, and closing the hotel portfolio sale. Post closing, virtually all of the assets of Fortis will be regulated utilities or long-term contracted energy infrastructure.

In all, I am very optimistic about our prospects for 2015 and beyond. And with that update I'll now turn things over to Karl, who will discuss our financial results and key regulatory matters.

Karl Smith - *Fortis, Inc. - EVP & CFO*

Thanks, Barry. Good morning, everybody.

Earnings attributable to common equity shareholders for the second quarter were CAD244 million, or CAD0.88 per common share, compared to CAD47 million or CAD0.22 per common share for the second quarter of 2014. As Barry mentioned, UNS energy and the startup of the Waneta generating station had a positive impact on our Quarter Two results.

When comparing these results to last year, several nonrecurring items must be considered. The slide now being webcast provides an analysis of second quarter adjusted earnings and adjusted earnings per common share. It removes from our results the following four items: a net gain of CAD123 million related to the sale of non-core assets, acquisition-related costs incurred in the second quarter of 2014 pertaining to the UNS energy transaction, foreign exchange losses on the expropriation investment in Belize electricity and a FortisAlberta capital tracker revenue adjustment.

On this basis, adjusted earnings for the second quarter were CAD123 million, or CAD0.44 per common share. Compared to CAD65 million, or CAD0.30 per common share for the same quarter last year. The increase in second quarter adjusted earnings and adjusted earnings per common share reflects a contribution by UNS Energy of CAD52 million, representing accretion of CAD0.09 per common share, as well as a CAD12-million contribution from the Waneta generating station, and strong performance at our other utilities.

These positive impacts were partially offset by increased corporate expenses, due largely to financing costs associated with the acquisition of UNS Energy. Given that approximately 50% of our Quarter Two revenue originated in US dollars, the strength in US dollars is also having a positive impact on our financial results.

Turning now to our financing highlights, net proceeds from the sales of non-core assets have been used to re-pay credit facility borrowings. We expect to apply the net proceeds from the pending sale of the hotels in the same way. Together, these transactions will complete all of financing associated with the acquisition of UNS Energy.

In the second quarter, the corporation's utilities issued in excess of CAD200 million of long-term debt at attractive rates. This included CAD150 million of unsecured debentures issued by FortisBC Energy. In April, UNS Electric and UNS Gas entered into agreements to issue in August 2015 a total of $125 million of unsecured debt. In June, Fortis injected $180 million of equity into Tucson Electric Power. The equity injection fulfilled one of the commitments made by Fortis to obtain regulatory approval for the acquisition of UNS Energy, and increases Tucson Electric Power's equity thickness to almost 50%, which is comparable to other regulated utilities in Arizona.

Moving on to liquidity, cash flow from operating activities was CAD468 million for the second quarter, an increase of CAD147 million, or 46%, compared to the second quarter of last year. This increase reflects higher cash earnings, driven largely by UNS Energy.

Fortis has a light debt maturity profile, with fixed term debt maturities and repayments expected to average CAD200 million annually over the next five years. Additionally, at June 30, 2015, Fortis and its subsidiaries had un-utilized committed credit facilities of CAD2 billion, providing ample liquidity. Fortis continues to have strong access to capital. At the parent level, we are rated A minus by S&P and A low by DBRS, both with a stable outlook. These ratings, which are amongst the highest for utility holding companies in North America, are supported by our low-risk business profile, and our strong capital structure, which on a consolidated basis at June 30, 2015, was 36% common equity, 9% preferred equity, and 55% debt.

It has been a very busy period on the regulatory front. In June, Central Hudson received a decision on its general rate application. The new plan covers a three-year period beginning July 1, 2015, and follows a two-year rate freeze. Under the rate plan, Central Hudson's allowed return on equity is set of 9%, with a common equity thickness of 48%. The rate plan also provides for capital expenditures of approximately $490 million over the three-year period, which are targeted at enhancing the reliability of the electric and gas distribution systems.

Reform of the energy vision proceedings are ongoing in New York State. These are generic proceedings aimed at reviewing the role of distribution utilities, and aligning their investments and earnings with state policy goals. Programs included in Central Hudson's proposal in support of these proceedings are currently under review by the regulator.

FortisAlberta filed an application in May for 2016 and 2017 capital tracker revenue. This follows a regulatory decision in March 2015 that approved revenue for substantially all of its 2013 through 2015 capital trackers, as filed. Generic cost of capital proceedings have commenced in Alberta to set the allowed return on equity and capital structure for the years 2016 and 2017.

FortisBC energy is required to file an application by November 30 this year to review the 2016 benchmark return on equity and common equity component of the capital structure. Newfoundland Power is required to file a general rate application on or before October 16 in order to set 2016 rates.

Finally in June, Tucson Electric Power announced its plan to file a general rate application before the end of this year, requesting new rates to be effective January 1, 2017. Since its last rate order in 2013, which was based on a 2011 test year, the utilities rate base has grown by approximately $800 million.

That concludes my prepared remarks, and I'll now turn things back to Donna.

Donna Hynes - *Fortis Inc. - Director of IR and Public Relations*

This concludes the Fortis, Inc., second-quarter earnings presentation. I will now ask the conference call operator to please open the lines for the Q&A segment of the call.

QUESTIONS AND ANSWERS

Operator

Thank you.

Ladies and gentlemen, we will now conduct a question-and-answer period with the analyst community first, followed by questions from the media.

(Operator Instructions)

One moment, please, for the first question. Our first question comes from the line of Paul Lechem with CIBC.

Please proceed with your question.

Paul Lechem - *CIBC World Markets - Analyst*

Thank you, good morning.

Karl, you mentioned a couple of regulatory filings by the end of this year at Tucson Electric and in FortisBC and FortisAlberta. Can you just give us a sense of what you will likely be asking for, relative to where you're at today, in terms of returns and equity thickness?

Karl Smith - *Fortis, Inc. - EVP & CFO*

Yes, thanks, Paul.

That hasn't been ascertained with respect to the Tucson Electric filing yet. That filing is not made, Paul. It will be made later this year. So I'm reluctant to talk about what the specifics of that filing may be. In terms of Alberta and BC, those are generic cost-of-capital proceedings. Again, we're in the midst of putting together our evidence with respect to what we'll be asking for there. So I'm going to have to defer on that question for probably another month or two, Paul.

Barry Perry - *Fortis, Inc. - President & CEO*

Paul, just to add on TEP, clearly we're moving our equity up from 43% approximately to closer to 50%. That would be a big part of that case. Hopefully, we can get a reasonable result there.

Paul Lechem - *CIBC World Markets - Analyst*

Okay, thanks.

On UNS, can you talk about the long-term switching from coal to either distributed or gas generation? Can you give us any updates on what's going on in that front? Where Arizona is trying to get to, in terms of any proposals from EPA? What you see in terms of coming investments in that region for you?

Barry Perry - *Fortis, Inc. - President & CEO*

I'm going to make a general comment on that, Paul. I have Dave Hutchens on the phone, as well, who's our CEO down there.

But clearly, UNS has got a program to diversify away from its coal generation over time, while continuing obviously to utilize these assets. They do provide a good source of low-cost power for our customers. Most recently, we purchased the Gila River, which is a 550-MW combined-cycle gas turbine, which we're bringing into rate base between UNS electric and TEP. That's a good example of some of the things we're doing to reduce the percentage of coal generation in our fleet down there.

Dave, you might want to comment. I guess there's a pending announcement coming from the EPA very shortly.

Dave Hutchens - *Fortis, Inc. - CEO, UNS Energy*

Certainly, Barry.

Thanks for the question, Paul. I would just add a couple things.

One is over the next five years, we'll be reducing our coal on a capacity perspective by one-third, knocking it down from about 1,500 megawatts to 1,000 megawatts. And that includes reductions at Springerville, San Juan, and a local Sundt-generating facility, which when you put all that together, when you look out in 2020, our CO2 reduction is -- when you look at it from the perspective of tons per megawatt hour -- reduced by 25%.

We are already taking significant actions related to our coal fleet ahead of the pending clean power plan announcement. I guess it's been leaked out that it's going to be next week that we see at least the first blush of the final rule. We'll have more to say after we see that next week. But we think we're doing a good job in diversifying that portfolio over the next couple of years.

Paul Lechem - *CIBC World Markets - Analyst*

Okay. Maybe just one final question in relation to that. Can we think that there might be up side to your CapEx plan in UNS over the next five years based off this? Is this a base plan that we should look at, or is there some upside to CapEx spending that might come out of this?

Barry Perry - *Fortis, Inc. - President & CEO*

Let me just jump in there, Dave.

This a base plan, in terms of what we have in our CAD9 billion related to UNS. I've challenged all of our companies, Paul, to find opportunities in our jurisdictions to increase our investment potential. In Arizona and British Colombia especially, being our two largest regions, we're looking forward to finding more opportunities to invest in those regions. I am optimistic about that, but some of our opportunities are not progressed enough to include in our base forecast at this point in time.

Paul Lechem - *CIBC World Markets - Analyst*

All right, thanks, Barry.

Operator

Our next question comes from the line of Robert Kwan with RBC Capital Markets.

Please proceed with your question.

Robert Kwan - *RBC Capital Markets - Analyst*

Good morning.

On Central Hudson with the new agreement, I guess the first question, do you have a comparison of what the earned ROE was over the last 12 months?

Barry Perry - *Fortis, Inc. - President & CEO*

Mr. Laurito, can you give us a sense? I think we're down about 7%, 7.5%.

James Laurito - *Fortis, Inc. - President & CEO, Central Hudson*

Right. I think the last 12 months is about 7.3% -- so I think right in the center of that range, Robert.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay, so we've got that lift going into the 9%. I'm wondering, as you think about going forward and your ability to at least keep completely to yourselves the first 50 basis points, what are you seeing within the business? Obviously you've had it for little bit here in terms of cost and efficiencies.

Like how reasonable -- do you think you can get at the first 50 basis points early on? Do you have plans? Or if there's any other color beyond the 50 basis points as you get into the sharing, how easily or quickly you get into that.

Barry Perry - *Fortis, Inc. - President & CEO*

Robert, first of all, I'm just going to say something.

We're very pleased with the settlement that we reached in New York. Clearly, after the two-year rate freeze, now we have this clear path ahead of us for the next three years. And $490 million of CapEx over that three-year period is going to grow the rate base of Central Hudson substantially, obviously adding resilience to the system there and really working through some of these rev projects that Jim and his team are working on. Overall, we do expect really positive results from the business over the next three years.

As to whether we can achieve beyond the allowed returns, Jim, do you want to comment on that? No pressure.

James Laurito - *Fortis, Inc. - President & CEO, Central Hudson*

Right, exactly.

I think, Robert, you know that the New York regulatory environment is challenging. And earning your allowed return on equity there is a challenge. That's what we always try and do.

You can bet that we're focused on that. We have a good track record at Central Hudson of achieving that, and we expect to do so in the future.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay. But to be clear, that's that 9% just with having the operation. I don't know, maybe it's --

Barry, I know you manage everything locally, but I'm sure you've taken a look at what's there. Are there certain things that you think you can get at pretty quickly to try to get to the 50 basis points? Or do you think it's still a bit of a struggle just to get to the 9% before you keep it going?

Barry Perry - *Fortis, Inc. - President & CEO*

I'd have to say that, Robert, it's a struggle. It's a fairly large capital program for the utility executing on that. It will be a challenge. And I very much have the confidence in Jim and his team to make that happen.

But to outline that we can achieve another 50 basis points above that at this point, I wouldn't want to go there. Obviously, the flexibility is to do that. And if there are opportunities to streamline costs or take advantage of other revenue-generating opportunities, we will be going there. But we do have a pretty aggressive three years ahead of us for Central Hudson at this point in time.

Robert Kwan - *RBC Capital Markets - Analyst*

Okay. Turning to Alberta, and the AUC proceedings on generic cost of capital. Just wondering, with AUC's decision to leave 2016 open and not allow the current ROE to just be rolled over such that you can go to final rates on the 2016 applications, do you see it as a sign that there is a bit of a bias for additional downward pressure on the ROE?

Barry Perry - *Fortis, Inc. - President & CEO*

I don't see that as a sign. I think they're going to have another proceeding, and we are going to go through it. Obviously, each of the participants in the general cost of capital hearing will have their views. But we're going to argue our position. And I think 8.3% is pretty low number, frankly. I would hope that that is the low-water mark.

Robert Kwan - *RBC Capital Markets - Analyst*

Barry, then do you have thoughts as to given we're effectively into August at this point and that proceeding is just kicking off, why the AUC was reluctant to not finalize 2016, given by the time you wrap it up there will be a pretty significant carryback?

Barry Perry - *Fortis, Inc. - President & CEO*

I have nothing to offer on that, Robert. Phonse Delaney is on the call, who runs our Alberta operation.

Phonse, do you have anything? Was there any flavor about timing in terms of regulatory schedule or anything like that?

Phonse Delaney - *Fortis, Inc. - President & CEO, FortisAlberta*

Not really. Thanks for the question.

It is a generic proceeding. There are many factors involved. As Barry indicated, we put out our dues before the Commission, and the Commission decided that it would be open and have a look at GTSC for 2016 and 2017.

Barry Perry - *Fortis, Inc. - President & CEO*

Robert, we really can't offer anything there.

Robert Kwan - *RBC Capital Markets - Analyst*

Fair enough. Thank you very much.

Operator

Your next question comes from the line of Matthew Akman with Deutsche Bank.

Please proceed with your question.

Matthew Akman - *Scotiabank - Analyst*

No, I didn't change teams. (laughter)

Barry Perry - *Fortis, Inc. - President & CEO*

We were wondering, Matthew.

Matthew Akman - *Scotiabank - Analyst*

No, didn't -- Scotiabank.

Following up on the Alberta regulatory situation, do you see -- I know it's a bit early in the process, the generic costs of capital. Do you guys see filing the same kind of extensive evidence again and having to go through all of that administration this quickly? Or do you think this is going to be a little bit more summary-type of evidence and a quicker procedure?

Barry Perry - *Fortis, Inc. - President & CEO*

Matthew, I can't answer that. I think we're going to put forward our evidence in a comprehensive way. There are obviously lots of things happening in Alberta and various proceedings that impact cost of capital. We're going to make sure that we put our views forward on those. I think it's going to be a full-blown review, frankly. That's my gut.

Matthew Akman - *Scotiabank - Analyst*

Do you think there's an argument for increased risk due to the oil and gas environment?

Barry Perry - *Fortis, Inc. - President & CEO*

I think the economy is always a part of the discussion in these kind of hearings. I do believe that that does come into play, and the various again proceedings that are going on in Alberta, also. I think it does.

Karl Smith - *Fortis, Inc. - EVP & CFO*

I would expect that the other participants will file very comprehensive evidence, as well. Yes, this is going to be a full-blown one, I think.

Matthew Akman - *Scotiabank - Analyst*

Okay. My only other question is around acquisition environment and what you are seeing. It seems like the multiples on regulated utilities acquisitions continue to go ever higher. I'm wondering if in that context yet maybe potentially with some delays and some of the LNG CapEx, is that something you would wade back into? Or is the market context just too hot for you?

Barry Perry - *Fortis, Inc. - President & CEO*

Matthew, we haven't changed our stance on that. We're focused on delivering 2015 a strong year this year. We're not involved in any processes on the acquisition front in the US at this point in time. Really, we're really focused on delivering good results this year, getting these LNG opportunities going. That's where our focus is.

Matthew Akman - *Scotiabank - Analyst*

Okay, thank you very much. Those are my questions.

Operator

Your next question comes from the line of Paul Tan with Credit Suisse.

Please proceed with your question.

Paul Tan - *Credit Suisse - Analyst*

Good morning.

With the backdrop on lower energy pricing, are you seeing any changes in demand in Alberta? With the new government also in place, would like your thoughts in terms of future growth in that province.

Barry Perry - *Fortis, Inc. - President & CEO*

Well, demand in our sector, Paul, as you know, has been not that high for some time. You're looking at zero to 1% to 2% growth in that kind of area. CapEx-wise in Alberta, we are probably seeing about a 10% overall in our capital budget on an annual basis decline. But we still are spending in that CAD350 million to CAD400 million a year in CapEx in that region.

We have a very large system in Alberta that continues to require a lot of annual capital to sustain that system. Really, just a slight, I would say, tweak in the growth rate there. Still looking at growing around 6% or so for the next few years in that jurisdiction on the rate base side.

Paul Tan - *Credit Suisse - Analyst*

Thanks for that.

Lastly, with regard to the UNS purchase, you diversified your asset base. How do you see your longer-term asset mix in terms of the splits between US, Canada, which is around I think 40% to 50% split, with a little bit of the Caribbean. How do you see that mix going forward or into the future?

Barry Perry - *Fortis, Inc. - President & CEO*

First of all, we're pretty happy to have 40% of our assets in the US right now. Our timing on these US acquisitions was absolutely stellar. We're getting the benefit from that strong US dollar.

I would look at it, first of all, we moved the Company to almost 100% regulated business right now. That splits 40% in the US, 50%-plus in Canada, with a little bit in the Caribbean. Some of these, about 4% of our assets, are the Waneta generating plant and our hydro plants in Belize. I don't see that changing that much going forward here, frankly, that 40% in the US, 50%-plus in Canada. That's generally where I come down.

I do see us over time really try to capitalize on our franchise regions and finding some incremental investment on the non-regulated energy infrastructure. Things like Waneta, like the coaling arrangements we're trying to do with Hawaii for the Tilbury plant. I could see those becoming 10% of our overall assets over time, so you end up with a 90%/10% kind of mix in the business. But it would be all energy-related infrastructure in that non-regulated area.

Paul Tan - *Credit Suisse - Analyst*

Great, thank you very much.

Operator

Our next question comes from the line of Ben Pham with BMO Capital Markets.

Please proceed with your question.

Ben Pham - *BMO Capital Markets - Analyst*

Okay, thanks.

Good morning, everybody.

Continuing on the last question on the US and your commentary about the currency benefits relative to your initial expectation. I'm wondering, when you think about stripping out that currency benefit and you look at what you've spending on the US side, Central Hudson and UNS, have those spending levels and the earnings organic growth expectations, how have they compared to your initial expectations?

Barry Perry - *Fortis, Inc. - President & CEO*

I would say with Central Hudson, Ben, the initial couple of years were because we had to agree to the rate freeze, the CapEx was CAD200 million, approximately, Jim over those couple of years, right? That was a difficult period for the Company.

The approval conditions were tough for New York. We're now through that, and the three-year settlement with almost CAD500 million US of CapEx, that I think was more consistent with what we were expecting. We're pretty pleased with where we've come out there.

In terms of Arizona, I would say in terms of investment, it is as expected at this point in time. But we are starting to see some real additional opportunities, whether it be generation or transmission, and generation in terms of like solar -- those kinds of things -- that may come to us because we are operating in Arizona.

Ben Pham - *BMO Capital Markets - Analyst*

Okay. Then my second question is on Waneta. I'm wondering if you can remind me the variability on the hydrology. Does that impact the earnings profile that you mentioned at CAD20 million to CAD25 million? Can you also clarify that the seasonality will affect -- it looks like Q2's pretty strong overall.

Barry Perry - *Fortis, Inc. - President & CEO*

Yes, Q2 is the best quarter. There's very little hydrology risk in Waneta because, as you know, it's part of the Canal Plant Agreement which allows BC Hydro to dispatch the plant as it sees fit. We in return get an annual entitlement, as long as the plant's able to run. There's virtually no hydrology risk in the operation.

We're looking at pretty stable earnings contributions from that plant on an annualized basis. But no question, Q2, with the fresh add and the runoff, that's the best period for the plant.

Ben Pham - *BMO Capital Markets - Analyst*

Okay, great. Thanks a lot.

Barry Perry - *Fortis, Inc. - President & CEO*

Thank you.

Operator

Thank you.

As there are no further questions, I would like to turn the call back over to Mr. Perry for any closing remarks.

Barry Perry - *Fortis, Inc. - President & CEO*

Thank you, Operator.

We have nothing further to add at this time. I want to thank all of you for participating in our Q2 earnings call. We look forward to seeing you at our Investor Day in Toronto on October 6, 2015. Enjoy the rest of your day.

Operator

Thank you for participating, ladies and gentlemen. This concludes today's conference. You may disconnect.

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