



Tampa Electric Company

Subsidiary of Emera Inc.

The ratings and Stable Outlook for Tampa Electric Company (TEC) reflect predictable cash flow from its regulated electric utility (Tampa Electric) and gas utility (Peoples Gas System, PGS) in a constructive regulatory environment. Tampa Electric currently operates under a multiyear rate settlement that extends through 2021 and provides for an automatic rate adjustment to recover solar generation investments.

Fitch Ratings forecasts credit metrics to weaken moderately over the forecast period as a result of elevated capex and modest impact from the coronavirus, yet remain strong for its rating level.

Key Rating Drivers

Constructive Florida Regulation: The Florida regulatory compact is supportive of utility credit quality. Authorized ROEs of Florida utilities have been above the median nationwide authorized ROEs in recent years. Tampa Electric operates under an authorized midpoint ROE of 10.25% (plus or minus 100bps), based on a 54% common equity ratio.

The utility has several rate riders that provide timely recovery of all prudent costs related to fuel, purchased power, environmental expenditures, conservation costs, a storm recovery clause, and a gas pipeline replacement rider. Importantly, the use of a solar base rate adjustment (SoBRA) for Tampa Electric's planned solar investments provides timely cost recovery of projects outside of regulatory proceedings.

The regulatory compact also features a generation base rate adjustment (GBRA) rider to recover generation-related investments that TEC was able to use for the completed Polk power plant expansion project. PGS has an authorized ROE range of 9.25%–11.75% and approved equity ratio of 54.7%.

Modest Impact from Coronavirus: Tampa Electric derives approximately 58% of its sales volumes from residential and other, 32% from commercial and 10% from industrial. Fitch believes increased load and related contribution margin from the residential segment due to work-from-home policies could partly offset the impact from lower commercial and industrial sales.

Uncollectible expenses could rise but should remain manageable. In the 2008–2009 financial crisis, Fitch estimates uncollectibles as a percentage of revenues were less than 1%. Sales at PGS could be affected due to lower usage from commercial customers and significantly lower tourist activity. Overall, Fitch believes that the impact of the coronavirus on TEC should be modest.

High Capex: TEC expects to spend approximately \$3.8 billion on capital investments over 2020–2022. Of this amount, it will spend approximately \$850 million to install 600MW of Phase 1 solar generation by 2021; the vast majority of this capex has already been spent. Earlier this year, Tampa Electric announced plans to invest an additional \$800 million in Phase 2 of solar, which will lead to development of 600MW, of which approximately \$600 million will be spent from 2020 to 2022.

The utility also plans to spend \$850 million on modernization of the Big Bend coal plant, which, once completed in 2023, will change Tampa Electric's generation mix to approximately 75% natural gas, 12% coal, 7% solar and 6% from other sources. Finally, Tampa Electric plans to spend \$255 million in 2020–2022 for storm hardening under its storm protection plan (SPP), the costs for which can be recovered starting in 2021. PGS plans to spend \$925 million from 2020–2022 on growth capital and natural gas pipe replacement.

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Ratings

Rating Type	Rating	Outlook	Last Rating Action
Long-Term IDR	A-	Stable	Affirmed June 11, 2020
Senior Unsecured Debt	A		Affirmed June 11, 2020

[Click here for full list of ratings](#)

Applicable Criteria

[Corporate Rating Criteria \(May 2020\)](#)
[Corporate Hybrids Treatment and Notching Criteria \(November 2019\)](#)
[Corporates Notching and Recovery Ratings Criteria \(October 2019\)](#)
[Parent and Subsidiary Rating Linkage \(September 2019\)](#)

Related Research

[Fitch Affirms LTIDRs for Emera at 'BBB' and TEC at 'A-'; Outlooks Stable \(June 2020\)](#)
[Emera Incorporated \(October 2019\)](#)
[U.S. Integrated Electric Utilities Handbook \(August 2019\)](#)

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While Phase 1 solar capex, SPP expenditures and natural gas replacement capex have rider recovery, the Big Bend modernization project will accrue allowance for funds used during construction (AFUDC) and negatively affect credit metrics until the modernization is completed. Fitch expects capex to be funded in a conservative manner and in line with the authorized statutory capital structure, using debt, internal cash flows and equity injections from Emera.

Key Rate Cases Ahead: Tampa Electric plans to file a rate case in 2021 for new rates to be effective January 2022. The outcome of the rate case will be key to improving TEC's credit metrics, which have been elevated due to a sizable capex plan and negative impact from the U.S. tax reform. PGS filed a base rate case earlier this month for new rates to be effective in early 2021. The rate increase request of \$85.3 million is based upon an authorized ROE range of 9.75%-11.75%. Fitch expects constructive resolution of both these rate cases.

Solid Credit Metrics: For 2019, FFO leverage and FFO fixed-charge coverage were 3.5x and 6.5x, respectively. Fitch forecasts credit metrics to moderately weaken over the forecast period as a result of the elevated capex and modest impact from the coronavirus. Fitch expects FFO leverage to recover and remain below 3.5x in 2022, which is strong for the current rating level.

Parent-Subsidiary Linkage: Fitch considers rating linkages between Emera and TEC to be weak to moderate. Legal ties are considered weak due to the absence of guarantees and cross-default provisions. Strategic ties are strong as TEC is a core source of earnings and cash flows to Emera. Other linkage considerations include an authorized regulatory capital structure provision, a local operating board, a maximum debt to capitalization ratio in debt indentures, and access to own-utility financing that provides some level of ring-fencing around TEC. TEC's reliance on parent equity infusions to support a heavy capex program over the forecast period supports the weak to moderate rating linkage. As a result, Fitch would allow a maximum two-notch differential between the Long-Term Issuer Default Ratings (IDRs) of Emera and TEC.

Fitch has applied a bottom-up approach in rating TEC. Fitch considers TEC to be a stronger entity than its parent company due to the 'low business risk nature of its regulated operations, the strength of its regulatory environment, and stronger credit metrics and leverage. TEC's business profile and credit metrics warrant a higher rating, but Fitch has constrained its rating by one notch due to the ownership by a weak parent.

Financial Summary

(\$ Mil., as of Dec. 31)	2016	2017	2018	2019
Gross Revenue	2,396	2,470	2,524	2,404
Operating EBITDAR	843	974	896	942
Cash Flow from Operations	831	612	802	841
Capital Intensity (Capex/Revenue) %	30.3	25.9	43.9	53.4
Total Adjusted Debt With Equity Credit	2,369	2,485	2,812	3,284
FFO Fixed-Charge Coverage (x)	6.6	7.6	6.5	6.5
FFO-Adjusted Leverage (x)	3.0	2.8	3.5	3.5
Total Adjusted Debt/Operating EBITDAR (x)	2.8	2.6	3.1	3.5

Source: Fitch Ratings, Fitch Solutions.

Rating Derivation Relative to Peers

TEC's business risk profile as a regulated integrated utility is stronger compared with that of peers Consumers Energy Company (A-/Stable) and Gulf Power Company (A/Stable) and slightly weaker than that of Florida Power & Light Co. (FPL; A/Stable) driven by size. Fitch considers the regulatory environment in Florida to be constructive, which benefits TEC, Gulf Power and FPL. Likewise, Consumers Energy benefits from a supportive regulatory environment in Michigan.

TEC's financial profile is stronger compared with its peers, but is expected to weaken in the midst of a heavy capex cycle. Once the Big Bend modernization is complete, Fitch anticipates



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TEC's FFO-adjusted leverage will return to the low-3.0x range, reflecting a strong 'A' standalone rating. Fitch has constrained TEC's rating by one-notch due to the weak parent ownership. TEC's forecast FFO-adjusted leverage at 3.3x–3.7x is comparable with the mid-3.0x range at Gulf Power, better than 4.0x at Consumers Energy and weaker than 2.7x–3.2x at FPL. The ratings of both Consumers Energy and FPL are constrained due to ownership by weaker parents, CMS Energy (BBB/Stable) and NextEra Energy, Inc. (A-/Stable), respectively.

Navigator Peer Comparison

Issuer	Business profile										Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Regulation	Market and Franchise	Asset Base and Operations	Commodity Exposure	Profitability	Financial Structure	Financial Flexibility			
Tampa Electric Company	A-/Sta	aa	a-	a-	a-	bbb	bbb+	bbb+	a-	a-			
Consumers Energy Company	A-/Sta	aa	a	a-	a-	bbb+	bbb+	a-	a-	a-			
Gulf Power Company	A-/Sta	aa	a	a	bbb+	bbb	bbb+	bbb+	a	a			
Florida Power & Light Co.	A-/Sta	aa	A	a-	A-	A-	bbb+	a-	a	A			

Source: Fitch Ratings.

Importance Higher Moderate Lower

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Rating upgrade at Emera.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action

- A downgrade at Emera;
- Although not anticipated by Fitch, a material deterioration in the Florida regulatory compact;
- FFO leverage above 4.3x on a sustained basis.

Liquidity and Debt Structure

Adequate Liquidity: TEC has credit facilities that aggregate \$550 million with maturities ranging from March 2021 to March 2022. The company has utilized \$105 million and was compliant with the covenant as of March 31, 2020. In addition, in February TEC entered into a \$300 million non-revolving credit agreement with a maturity date of Feb. 4, 2021.

ESG Considerations

The highest level of Environmental, Social and Governance (ESG) credit relevance, if present, is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on TEC, either due to their nature or to the way in which they are being managed by TEC. For more information on Fitch's ESG Relevance Scores, visit <http://www.fitchratings.com/site/esg>.



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Liquidity and Debt Maturities with No Refinancing

Liquidity Analysis

(\$ Mil.)	12/31/19	3/31/20
Total Cash and Cash Equivalents	14	16
Short-Term Investments		
Less: Not Readily Available Cash and Cash Equivalents	0	0
Fitch-Defined Readily Available Cash and Cash Equivalents	14	16
Availability Under Committed Lines of Credit	201	445
Total Liquidity	215	461
LTM EBITDA After Associates and Minorities	938	954
LTM FCF	(815)	(815)

Source: Fitch Ratings, Fitch Solutions, Tampa Electric Company.

Scheduled Debt Maturities

(\$ Mil.)	12/31/19
2020	0
2021	332
2022	545
2023	0
2024	0
Thereafter	2,375
Total	3,252

Source: Fitch Ratings, Fitch Solutions, Tampa Electric Company.

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer

- Revenue increases for 2020–2022 reflect settlements and riders; rate increase for PGS in 2021 and for Tampa Electric in 2022, pursuant to base rate case filings
- For both Tampa Electric and PGS, Fitch has assumed that they are able to retain their current ROE ranges and equity ratios.
- Modest sales decline in 2020 and a rebound in 2021; and 1.5% sales growth in 2022.



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Financial Data

(\$ Mil., as of Dec. 31)	2016	2017	2018	2019
Summary Income Statement				
Gross Revenue	2,396	2,470	2,524	2,404
Revenue Growth (%)	(1.0)	3.1	2.2	(4.8)
Operating EBITDA (Before Income from Associates)	841	972	894	938
Operating EBITDA Margin (%)	35.1	39.4	35.4	39.0
Operating EBITDAR	843	974	896	942
Operating EBITDAR Margin (%)	35.2	39.4	35.5	39.2
Operating EBIT	513	622	522	561
Operating EBIT Margin (%)	21.4	25.2	20.7	23.3
Gross Interest Expense	(118)	(120)	(123)	(139)
Pretax Income (Including Associate Income/Loss)	438	513	422	447
Summary Balance Sheet				
Readily Available Cash and Equivalents	10	13	15	14
Total Debt with Equity Credit	2,353	2,469	2,796	3,252
Total Adjusted Debt with Equity Credit	2,369	2,485	2,812	3,284
Net Debt	2,343	2,456	2,781	3,238
Summary Cash Flow Statement				
Operating EBITDA	841	972	894	938
Cash Interest Paid	(118)	(115)	(123)	(139)
Cash Tax	(3)	(13)	(77)	(63)
Dividends Received Less Dividends Paid to Minorities (Inflow/(Out)flow)	0	0	0	0
Other Items Before FFO	(53)	(77)	(9)	49
FFO	667	767	685	785
FFO Margin (%)	27.8	31.1	27.1	32.7
Change in Working Capital	164	(155)	117	56
Cash Flow from Operations (Fitch Defined)	831	612	802	841
Total Non-Operating/Nonrecurring Cash Flow	0	0	0	0
Capex	(727)	(640)	(1,109)	(1,283)
Capital Intensity (Capex/Revenue) %	30.3	25.9	43.9	53.4
Common Dividends	(288)	(292)	(362)	(373)
FCF	(184)	(320)	(669)	(815)
Net Acquisitions and Divestitures	9	0	1	0
Other Investing and Financing Cash Flow Items	0	(2)	(1)	0
Net Debt Proceeds	26	135	326	419
Net Equity Proceeds	150	190	345	395
Total Change in Cash	1	3	2	(1)
Leverage Ratios (x)				
Total Net Debt With Equity Credit/Operating EBITDA	2.8	2.5	3.1	3.5
Total Adjusted Debt/Operating EBITDAR	2.8	2.6	3.1	3.5
Total Adjusted Net Debt/Operating EBITDAR	2.8	2.5	3.1	3.5
Total Debt with Equity Credit/Operating EBITDA	2.8	2.5	3.1	3.5
FFO-Adjusted Leverage	3.0	2.8	3.5	3.5
FFO-Adjusted Net Leverage	3.0	2.8	3.5	3.5
FFO Leverage	3.0	2.8	3.5	3.5
FFO Net Leverage	3.0	2.8	3.4	3.5
Calculations for Forecast Publication				
Capex, Dividends, Acquisitions and Other Items Before FCF	(1,006)	(932)	(1,470)	(1,656)



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FCF After Acquisitions and Divestitures	(175)	(320)	(668)	(815)
FCF Margin (After Net Acquisitions) (%)	(7.3)	(13.0)	(26.5)	(33.9)
Coverage Ratios (x)				
FFO Interest Coverage	6.7	7.7	6.6	6.6
FFO Fixed-Charge Coverage	6.6	7.6	6.5	6.5
Operating EBITDAR/Interest Paid + Rents	7.0	8.3	7.2	6.6
Operating EBITDA/Interest Paid	7.1	8.5	7.3	6.7
Additional Metrics (%)				
CFO-Capex/Total Debt with Equity Credit	4.4	(1.1)	(11.0)	(13.6)
CFO-Capex/Total Net Debt with Equity Credit	4.4	(1.1)	(11.0)	(13.7)

Source: Fitch Ratings, Fitch Solutions.



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Ratings Navigator



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ESG Relevance:



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Factor Levels	Sector Risk Profile	Operating Environment	Management and Corporate Governance	Regulation	Business Profile Market and Franchise	Asset Base and Operations	Commodity Exposure	Profitability	Financial Profile Financial Structure	Financial Flexibility	Issuer Default Rating
aaa											AAA
aa+											AA+
aa											AA
aa-											AA-
a+											A+
a											A
a-											A-
bbb+											BBB+
bbb											BBB
bbb-											BBB-
bb+											BB+
bb											BB
bb-											BB-
b+											B+
b											B
b-											B-
ccc+											CCC+
ccc											CCC
ccc-											CCC-
cc											CC
c											C
d or rd											D or RD



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US Utilities

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
b-	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
ccc+			

Regulation

a+	Degree of Transparency and Predictability	a	Track record of transparent and predictable regulation.
a	Timeliness of Cost Recovery	a	Minimal lag to recover capital and operating costs.
a-	Trend in Authorized ROEs	bbb	Average authorized ROE.
bbb+	Mechanisms Available to Stabilize Cash Flows	bbb	Revenues partially insulated from variability in consumption.
bbb	Mechanisms Supportive of Creditworthiness	bbb	Effective regulatory ring-fencing or minimum creditworthiness requirements.

Asset Base and Operations

a-	Diversity of Assets	bbb	Good quality and/or reasonable scale diversified assets.
bbb+	Operations Reliability and Cost Competitiveness	bbb	Reliability and cost of operations at par with industry averages.
bbb	Exposure to Environmental Regulations	bbb	Limited or manageable exposure to environmental regulations.
bbb-	Capital and Technological Intensity of Capex	bbb	Moderate reinvestments requirements in established technologies.
bb+			

Profitability

a	Free Cash Flow	bbb	Structurally neutral to negative FCF across the investment cycle.
a-	Volatility of Profitability	a	Higher stability and predictability of profits relative to utility peers.
bbb+			
bbb			
bbb-			

Financial Flexibility

a+	Financial Discipline	bbb	Less conservative policy, but generally applied consistently.
a	Liquidity		Very comfortable liquidity. Well-spread maturity schedule of debt. Diversified sources of funding.
a-	FFO Interest Coverage	5.0x	
bbb+			
bbb			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Management and Corporate Governance

a+	Management Strategy	a	Coherent strategy and good track record in implementation.
a	Governance Structure	bbb	Good CO track record but effectiveness/independence of board less obvious. No evidence of abuse of power even with ownership concentration.
a-	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb+	Financial Transparency	a	High quality and timely financial reporting.
bbb			

Market and Franchise

a+	Market Structure	a	Well-established market structure with complete transparency in price-setting mechanisms.
a	Consumption Growth Trend	a	Economically vibrant market or service territory with strong sales growth.
a-	Customer Mix	a	Favorable customer mix.
bbb+	Geographic Location	bbb	Beneficial location or reasonable locational diversity.
bbb	Supply Demand Dynamics	bbb	Moderately favorable outlook for prices/rates.

Commodity Exposure

a	Ability to Pass Through Changes in Fuel	a	Complete pass-through of commodity costs.
a-	Underlying Supply Mix	bbb	Low variable costs and moderate flexibility of supply.
bbb+	Hedging Strategy	bbb	Long-term supply and sales contracts with creditworthy counterparties.
bbb			
bbb-			

Financial Structure

a+	FFO Leverage	a	3.5x
a	Total Debt With Equity Credit/Op. EBITDA	bbb	3.75x
a-			
bbb+			
bbb			

Credit-Relevant ESG Derivation

Tampa Electric Company has 14 ESG potential rating drivers				Overall ESG	
key driver	0	issues	5		
driver	0	issues	4		
potential driver	14	issues	3		
not a rating driver	0	issues	2		
driver	0	issues	1		

Showing top 6 issues



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Credit-Relevant ESG Derivation

Tampa Electric Company has 14 ESG potential rating drivers

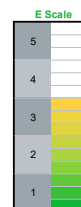
- ▶ Tampa Electric Company has exposure to emissions regulatory risk but this has very low impact on the rating.
- ▶ Tampa Electric Company has exposure to energy productivity risk but this has very low impact on the rating.
- ▶ Tampa Electric Company has exposure to water management risk but this has very low impact on the rating.
- ▶ Tampa Electric Company has exposure to waste & impact management risk but this has very low impact on the rating.
- ▶ Tampa Electric Company has exposure to extreme weather events but this has very low impact on the rating.
- ▶ Tampa Electric Company has exposure to access/affordability risk but this has very low impact on the rating.

Showing top 6 issues

key driver	0	issues	5
driver	0	issues	4
potential driver	14	issues	3
not a rating driver	0	issues	2
	0	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Asset Base and Operations; Commodity Exposure; Regulation; Profitability
Energy Management	3	Fuel use to generate energy and serve load	Asset Base and Operations; Commodity Exposure; Profitability
Water & Wastewater Management	3	Water used by hydro plants or by other generation plants, also effluent management	Asset Base and Operations; Regulation; Profitability
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste from operations	Asset Base and Operations; Regulation; Profitability
Exposure to Environmental Impacts	3	Plants' and networks' exposure to extreme weather	Asset Base and Operations; Regulation; Profitability



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

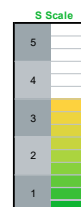
The **Environmental (E), Social (S) and Governance (G)** tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The **Credit-Relevant ESG Derivation table** shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

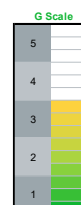
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Asset Base and Operations; Regulation; Profitability; Financial Structure
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Regulation; Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Asset Base and Operations; Profitability
Employee Wellbeing	3	Worker safety and accident prevention	Profitability; Asset Base and Operations
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Asset Base and Operations; Profitability



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance



CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

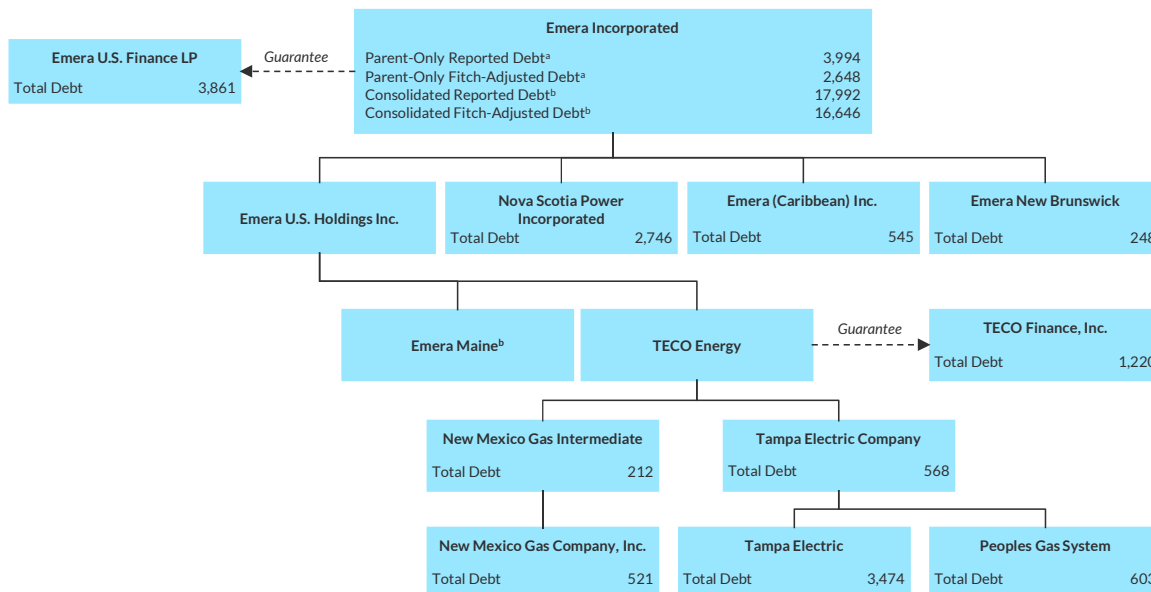
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.



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Simplified Group Structure Diagram

Simplified Group and Debt Structure Diagram — Emera Inc.
(CAD Mil., as of March 31, 2020)



^aIncludes preferred. ^bIncludes preferred and excludes Emera Maine, which was sold on March 24, 2020. Note: Fitch adjustments include 50% equity credit to fixed to floating subordinated notes issued at Emera Inc. and to cumulative preferred stock issued at Emera Inc.
Source: Fitch Ratings, Fitch Solutions, Emera Inc.



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Peer Financial Summary

Company	Issuer Default Rating	Financial Statement Date	Gross Revenue (\$ Mil.)	Funds Flow From Operations (\$ Mil.)	FFO Fixed-Charge Coverage (x)	FFO-Adjusted Leverage (x)	Total Adjusted Debt/Operating EBITDAR (x)
Tampa Electric Company	A-						
	A-	2019	2,404	785	6.5	3.5	3.5
		2018	2,524	685	6.5	3.5	3.1
		2017	2,470	767	7.6	2.8	2.6
Consumers Energy Company	A-						
	A-	2019	6,342	1,584	6.4	4.0	3.6
	A-	2018	6,430	1,423	5.8	4.0	3.5
	A-	2017	6,187	1,755	7.1	3.0	2.9
Gulf Power Company	A						
	A-	2019	1,487	473	9.3	4.0	3.8
	A-	2018	1,465	392	7.2	3.0	3.4
	A-	2017	1,516	378	6.9	3.2	3.2
Florida Power & Light Company	A						
	A	2019	12,116	5,114	9.7	2.8	2.7
	A	2018	11,788	4,989	10.2	2.4	2.2
	A	2017	11,898	4,748	11.1	2.6	2.4

Source: Fitch Ratings, Fitch Solutions.



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Reconciliation of Key Financial Metrics

(\$ Mil., as Reported)	12/31/19
Income Statement Summary	
Operating EBITDA	938
+ Recurring Dividends Paid to Non-controlling Interest	0
+ Recurring Dividends Received from Associates	0
+ Additional Analyst Adjustment for Recurring I/S Minorities and Associates	0
= Operating EBITDA After Associates and Minorities (k)	938
+ Operating Lease Expense Treated as Capitalized (h)	4
= Operating EBITDAR after Associates and Minorities (j)	942
Debt & Cash Summary	
Total Debt with Equity Credit (l)	3,252
+ Lease-Equivalent Debt	32
+ Other Off-Balance-Sheet Debt (p)	0
= Total Adjusted Debt with Equity Credit (a)	3,284
Readily Available Cash [Fitch-Defined]	14
+ Readily Available Marketable Securities [Fitch-Defined]	0
= Readily Available Cash & Equivalents (o)	14
Total Adjusted Net Debt (b)	3,270
Cash-Flow Summary	
Preferred Dividends (Paid) (f)	0
Interest Received	0
+ Interest (Paid) (d)	(139)
= Net Finance Charge (e)	(139)
Funds From Operations [FFO] (c)	785
+ Change in Working Capital [Fitch-Defined]	56
= Cash Flow from Operations [CFO] (n)	841
Capital Expenditures (m)	(1,283)
Multiple applied to Capitalized Leases	8.0
Gross Leverage (x)	
Total Adjusted Debt/Op. EBITDAR ^a (a/j)	3.5
FFO Adjusted Gross Leverage (a/(c-e+h-f))	3.5
Total Adjusted Debt/(FFO - Net Finance Charge + Capitalized Leases - Pref. Div. Paid)	
FFO Leverage ((l+p)/(c-e+h-f))	3.5
(Total Debt + Other Debt)/(FFO - Net Finance Charge - Pref. Div. Paid)	
Total Debt With Equity Credit/Op. EBITDAR ^a (l/k)	3.5
CFO-Capex/Total Debt with Equity Credit (%)	(13.6)
Net Leverage (x)	
Total Adjusted Net Debt/Op. EBITDAR ^a (b/j)	3.5
FFO Adjusted Net Leverage (b/(c-e+h-f))	3.5
Total Adjusted Net Debt/(FFO - Net Finance Charge + Capitalized Leases - Pref. Div. Paid)	
FFO Net Leverage ((l+p-o)/(c-e+h-f))	3.5
Total Adjusted Net Debt/(FFO - Net Finance Charge - Pref. Div. Paid)	
Total Net Debt/(CFO - Capex) ((l-o)/(n+m))	(7.3)
CFO-Capex/Total Net Debt with Equity Credit (%)	(13.7)
Coverage (x)	
Op. EBITDAR/(Interest Paid + Lease Expense) ^a (j/-d+h)	6.6
Op. EBITDA/Interest Paid ^a (k/(-d))	6.7
FFO Fixed Charge Cover ((c+e+h-f)/(-d+h-f))	6.5
(FFO + Net Finance Charge + Capit. Leases - Pref. Div. Paid)/(Gross Int. Paid + Capit. Leases - Pref. Div. Paid)	
FFO Gross Interest Coverage ((c+e-f)/(-d-f))	6.6
(FFO + Net Finance Charge - Pref. Div. Paid)/(Gross Int. Paid - Pref. Div. Paid)	

^aEBITDA/R after dividends to associates and minorities.
Source: Fitch Ratings, Fitch Solutions, Tampa Electric Company.



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Fitch Adjustment Reconciliation

(\$ Mil.)	Reported Values 12/31/19	Sum of Fitch Adjustments	Fair Value and Other Debt Adjustments	CORP - Lease Treatment	Other Adjustment	Adjusted Values
Income Statement Summary						
Revenue	2,404	0				2,404
Operating EBITDAR	938	4		4		942
Operating EBITDAR after Associates and Minorities	938	4		4		942
Operating Lease Expense	0	4		4		4
Operating EBITDA	938	0				938
Operating EBITDA after Associates and Minorities	938	0				938
Operating EBIT	561	0				561
Debt & Cash Summary						
Total Debt With Equity Credit	3,217	35	35			3,252
Total Adjusted Debt With Equity Credit	3,217	67	35	32		3,284
Lease-Equivalent Debt	0	32		32		32
Other Off-Balance Sheet Debt	0	0				0
Readily Available Cash & Equivalents	14	0				14
Not Readily Available Cash & Equivalents	0	0				0
Cash-Flow Summary						
Preferred Dividends (Paid)	0	0				0
Interest Received	0	0				0
Interest (Paid)	(134)	(5)			(5)	(139)
Funds From Operations [FFO]	785	0				785
Change in Working Capital [Fitch-Defined]	56	0				56
Cash Flow from Operations [CFO]	841	0				841
Non-Operating/Non-Recurring Cash Flow	0	0				0
Capital (Expenditures)	(1,283)	0				(1,283)
Common Dividends (Paid)	(373)	0				(373)
Free Cash Flow [FCF]	(815)	0				(815)
Gross Leverage (x)						
Total Adjusted Debt/Op. EBITDAR ^a	3.4					3.5
FFO Adjusted Leverage	3.5					3.5
FFO Leverage	3.5					3.5
Total Debt With Equity Credit/Op. EBITDA ^a	3.4					3.5
CFO-Capex/Total Debt with Equity Credit (%)	(13.7)					(13.6)
Net Leverage (x)						
Total Adjusted Net Debt/Op. EBITDAR ^a	3.4					3.5
FFO Adjusted Net Leverage	3.5					3.5
FFO Net Leverage	3.5					3.5
Total Net Debt/(CFO - Capex)	(7.2)					(7.3)
CFO-Capex/Total Net Debt with Equity Credit (%)	(13.8)					(13.7)
Coverage (x)						
Op. EBITDAR/(Interest Paid + Lease Expense) ^a	7.0					6.6
Op. EBITDA/Interest Paid ^a	7.0					6.7
FFO Fixed Charge Coverage	6.9					6.5
FFO Interest Coverage	6.9					6.6

^aEBITDA/R after dividends to associates and minorities.
Source: Fitch Ratings, Fitch Solutions, Tampa Electric Company.



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