



FOR IMMEDIATE RELEASE

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**Fortis Inc. Increases Investment in Caribbean Utilities to 54 Per cent
Becomes Controlling Shareholder**

Fortis Inc. ("Fortis") (TSX:FTS) and Caribbean Utilities Company, Ltd., ("CUC") (TSX:CUP.U) announced today that Fortis, through its wholly owned subsidiary Fortis Energy (Bermuda) Ltd., has acquired an aggregate of 4,113,116, or approximately 16 per cent, of the outstanding Class A Ordinary Shares, (the "Class A Shares"), of CUC from International Power Holdings Ltd. ("International Power") and four other vendors associated with International Power for US\$11.89 per share under a private agreement.

Following this purchase, Fortis controls CUC by beneficially owning 13,565,511, or approximately 54 per cent, of the outstanding Class A Shares of CUC. International Power no longer holds any interest in CUC.

"This investment reflects our confidence in the future of Grand Cayman and the ability of CUC to meet the existing and future electricity needs of its customers," says Stan Marshall, President and CEO of Fortis Inc. "It is expected to be immediately accretive to earnings of Fortis."

"Fortis is the leading operator of distribution utilities in Canada. Our increased investment in CUC positions Fortis as a leading utility operator in the Caribbean region," explains Marshall.

The purchase by Fortis of the additional Class A Shares of CUC was made in compliance with the Shareholders Agreement and the Standstill Agreement entered into in connection with the increased investment of Fortis in CUC in January 2003.

Fortis has acquired the additional Class A Shares of CUC for the purpose of acquiring legal control of CUC. Fortis will review its holdings in CUC from time to time and may acquire additional securities, or dispose of securities, of CUC, in either case, in the open market, by private agreement or otherwise, depending on numerous factors, including without limitation the availability of securities of CUC, economic conditions, market conditions, and other business and investment opportunities available to Fortis.

As a result of acquiring control of CUC, Fortis will begin consolidating results of CUC in the financial statements of Fortis. Previously, Fortis accounted for its investment in CUC on an

equity basis, pursuant to which Fortis only recorded its *pro rata* share of earnings of CUC in the consolidated statements of earnings of Fortis.

“CUC’s ability to serve our customers has been enhanced as a result of this additional investment by Fortis,” says Richard Hew, President and Chief Executive Officer, CUC. Hew explains that Fortis has had a long-standing relationship with CUC, providing the Company with technical advice, training and resources for more than 15 years. Fortis acquired an initial equity interest of 20 per cent in CUC in March 2000.

“Greater access as a Fortis subsidiary to the management and operational expertise of the Fortis Group of Companies, developed over many years of operating in diverse jurisdictions and environments, will be of benefit to our customers, as will be the resources to restore services in emergencies,” adds Hew. More than 120 Fortis employees were deployed to Grand Cayman to assist CUC with electricity service restoration efforts following Hurricane Ivan in September 2004.

CUC is the sole provider of electricity to the Island of Grand Cayman, Cayman Islands pursuant to an exclusive 25-year licence issued January 17, 1986, as supplemented.

Fortis is a diversified, international electric utility holding company with assets of approximately \$5 billion and annual revenues of more than \$1.4 billion. Fortis has holdings in regulated electric distribution utilities in Alberta, British Columbia, Newfoundland, Ontario, Prince Edward Island, Belize, Grand Cayman, Cayman Islands and Turks and Caicos Islands. It has non-regulated generation operations in British Columbia, Ontario, Newfoundland, upper New York State and Belize. Fortis also has investments in real estate and hotels through its wholly owned non-utility subsidiary.

The Common Shares, First Preference Shares, Series C; First Preference Shares, Series E and First Preference Shares, Series F of Fortis are traded on the Toronto Stock Exchange under the symbols FTS, FTS.PR.C, FTS.PR.E and FTS.PR.F, respectively. Fortis information can be accessed at www.fortisinc.com.

Fortis includes forward-looking statements in this material. By their very nature, forward-looking statements are based on underlying assumptions and are subject to inherent risks and uncertainties surrounding future expectations generally. Such events include, but are not limited to, general economic, market and business conditions, regulatory developments, weather and competition. Fortis cautions readers that should certain events or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected. For additional information with respect to certain of these risks or factors, reference should be made to the Corporation’s continuous disclosure materials filed from time to time with Canadian securities regulatory authorities. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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