DECLARATIONS - SECTION A

1. NAMED INSURED AND MAILING ADDRESS

Fortis Inc., a/o Newfoundland Power Inc., a/o Maritime Electric Company, Limited, a/o FortisUS Energy Corporation, a/o FortisOntario Inc., a/o Canadian Niagara Power Inc., a/o Cornwall Street Railway Light Power Company Limited ("Cornwall Electric"), a/o CNE Energy Inc., a/o FortisAlberta Inc., a/o FortisBC Inc., a/o Belize Electricity Limited (BEL), a/o Belize Electric Company Limited (BECOL), and any subsidiary, associated or allied company, corporation, firm, organization, and Fortis Inc.'s interest in any partnership or joint venture in which Fortis Inc. has management control or ownership as now constituted or hereafter is acquired, as the respective interest of each may appear; all hereafter referred to as the "Insured", including legal representatives,

However, Named Insured does not include Fortis Properties Corporation and Caribbean Utilities Company, Ltd.

55 Kenmount Road
St. John's, Newfoundland A1B 3P6

2. POLICY DATES

FROM:	01-July-2006
TO:	01-July-2007
TERM:	01 Year 00 Months 00 Days

3. TERRITORY

This Policy covers Insured Locations in:

A. Canada.

B. The United States of America.

C. The Commonwealth of Puerto Rico.

D. Belize.

4. INSURED LOCATION

A. The coverages under this Policy apply to an Insured Location unless otherwise provided.

Insured Location is a location:

1) listed on a Schedule of Locations attached to this Policy.

2) covered as a Miscellaneous Unnamed Location.

3) covered under the terms and conditions of the Automatic Coverage or Errors and Omissions provisions.

B. References and Application. The following term(s) wherever used in this Policy means:

1) Miscellaneous Unnamed Location: A Location owned, leased or rented by the Insured, but not specified in the Schedule of Locations.

2) Location:

a) as specified in the Schedule of Locations, or

b) if not so specified in the Schedule of Locations: a Location is a building, yard, dock, wharf, pier or bulkhead (or any group of the foregoing) bounded on all sides by public streets, clear land space or open waterways, each not less than fifty feet wide. Any bridge or tunnel crossing such street, space or waterway will render such separation inoperative for the purpose of this References and Application.

5. CURRENCY

All amounts, including deductibles, premiums and limits of liability, indicated in this Policy shall be in the currency represented by the three letter currency designation shown. This three letter currency designator is defined in Table A.1-Currency and funds code list, International Standards Organization (ISO) 4217, edition effective at inception of this Policy.

6. LIMITS OF LIABILITY

The Company's maximum limit of liability in a single occurrence regardless of the number of Locations or coverages involved will not exceed the Policy limit of liability of CAD2,000,000,000, except as follows. When a limit of liability for a Location or other specified property is shown, such limit will be the maximum amount payable for any loss or damage arising from physical loss or damage at such Location or involving such other specified property.

Miscellaneous Unnamed Locations: CAD10,000,000 per Location

Rankine Station, Niagara Falls, Ontario: CAD5,000,000

Gananoque Diesel Plant, Gananoque, Ontario: CAD2,000,000

Belize Electricity Limited: USD50,000 per day as respects TIME ELEMENT loss

If a lesser limit of liability is stated below or elsewhere in this Policy, the lesser limit will apply. The limits of liability stated below or elsewhere in this Policy are part of and not in addition to the Policy limit of liability.

Limits of liability stated below apply in the aggregate per occurrence for all Locations and coverages involved.

When a limit of liability is shown as applying in the Aggregate During Any Policy Year, the Company's maximum limit of liability will not exceed such limit during any policy year regardless of the number of locations, coverages or occurrences involved.
In the event an occurrence results in liability payable under more than one policy issued to the Named Insured by the Company, or its representative companies, the maximum amount payable in the aggregate under all such policies will be the applicable limit(s) of liability indicated in this Policy regardless of the number of coverages, locations or perils involved.

Limits of Liability

CAD10,000,000 applies to each of the following:	ACCOUNTS RECEIVABLE; DEPENDENT TIME ELEMENT; DATA, PROGRAMS OR SOFTWARE and COMPUTER SYSTEMS-NON PHYSICAL DAMAGE combined; DEBRIS REMOVAL; DECONTAMINATION COSTS; DEMOLITION AND INCREASED COST OF CONSTRUCTION; ERRORS AND OMISSIONS; MISCELLANEOUS PERSONAL PROPERTY per Location; NON-ADMITTED INCREASED TAX LIABILITY; OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION; PROTECTION AND PRESERVATION OF PROPERTY – TIME ELEMENT; SERVICE INTERRUPTION PROPERTY DAMAGE and SERVICE INTERRUPTION TIME ELEMENT combined as respects all specified services interrupted; SOFT COSTS
CAD200,000,000:	EARTH MOVEMENT in the Aggregate During Any Policy Year but not to exceed the following limits in the Aggregate During Any Policy Year: USD100,000,000 for property located in the United States of America USD75,000,000 for property of BEL USD100,000,000 for property of BECOL

CAD200,000,000:	FLOOD in the Aggregate During Any Policy Year but not to exceed the following limits in the Aggregate During Any Policy Year:
	USD100,000,000 for property located in the United States of America
	USD75,000,000 for property of BEL
	USD100,000,000 for property of BECOL
CAD20,000,000:	EXPEDITING COSTS, EXTRA EXPENSE and EXTRA EXPENSE REPLACEMENT POWER combined but not to exceed the following limits:
	CAD12,000,000 for Brilliant Generating Station and associated terminal station
	USD15,000,000 for property outside Canada, except
	USD10,000,000 for Belize Electric Limited (BEL) step-up transformers located at the Mollejon and Chalillo generating facilities of BECOL
CAD50,000,000:	Dams, dikes and control structures, except a CAD150,000,000 limit as respects the Lower Bonnington, Upper Bonnington, South Slocan and Corra Linn hydro electric generation facilities combined
CAD20,000,000:	SUBMARINE CABLES as specified in Item 1) in the SUBMARINE CABLES clause
CAD10,000,000:	SUBMARINE CABLES as specified in Item 2) in the SUBMARINE CABLES clause
USD5,000,000:	SUBMARINE CABLES as specified in Item 3) in the SUBMARINE CABLES clause
CAD50 per Mega-watt hour:	Maximum electricity price to be used for net sales and replacement power purchase costs combined in the determination of the Time Element loss amount as respects FortisBC Locations, except CAD110 per Mega-watt hour for FortisOntario Locations and USD110 per Mega-watt hour for FortisUS Locations
CAD500,000:	LAND AND WATER CONTAMINANT OR POLLUTANT CLEANUP, REMOVAL AND DISPOSAL in the Aggregate During Any Policy Year

CAD500,000:	Transmission and Distribution lines in the Aggregate During Any Policy Year as respects each of the following divisions Newfoundland Power; Maritime Electric; FortisOntario; FortisAlberta; FortisBC FortisUS but not to exceed a combined limit of CAD1,500,000 in the Aggregate During Any Policy Year
CAD5,000,000:	LICENSED VEHICLES
CAD15,000,000:	TRANSPORTATION but not to exceed a CAD12,000,000 limit for TIME ELEMENT, except a USD12,000,000 limit for property located in the United States of America and Belize but not to exceed a USD10,000,000 limit for TIME ELEMENT
CAD10,000,000:	VALUABLE PAPERS AND RECORDS but not to exceed a CAD10,000 limit per item for Irreplaceable Valuable Papers and Records not on a schedule on file with the Company
CAD10,000,000:	FINE ARTS but not to exceed a CAD10,000 limit per item for Irreplaceable Fine Arts not on a schedule on file with the Company
CAD25,000 plus 50% of the amount recoverable under this coverage in excess of CAD25,000:	PROFESSIONAL FEES
CAD5,000,000:	TERRORISM and NON CERTIFIED ACT OF TERRORISM combined in the Aggregate During Any Policy Year for Property Damage and Time Element combined but not to exceed the following limit(s) in the Aggregate During Any Policy Year: CAD1,000,000 for Miscellaneous Unnamed Locations, MISCELLANEOUS PERSONAL PROPERTY, OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION and TEMPORARY REMOVAL OF PROPERTY combined for Property Damage and Time Element combined CAD1,000,000 for Flood Property Damage and Time Element combined when caused by or resulting from Terrorism and Non Certified Act of Terrorism combined These limits shall not include the Actual Cash Value portion of fire damage caused by Terrorism

11. DEDUCTIBLES

In each case of loss covered by this Policy, the Company will be liable only if the Insured sustains a loss in a single occurrence greater than the applicable deductible specified below, and only for its share of that greater amount.

Unless otherwise stated below:

A. When this Policy insures more than one location, the deductible will apply against the total loss covered by this Policy in any one occurrence.

B. If two or more deductibles provided in this Policy apply to a single occurrence, the total to be deducted will not exceed the largest deductible applicable, unless otherwise provided.

C. In the event an occurrence involves loss or damage caused by or resulting from both Flood and Wind and there is a specific Flood deductible and a specific Wind deductible applying, such Flood and Wind loss or damage shall be adjusted separately from each other with each being subject to its respective deductible.

Policy Deductible(s)

CAD200,000 - Property Damage and EXTRA EXPENSE combined

20 day Waiting Period deductible - Time Element, excluding EXTRA EXPENSE, except as follows.

Exceptions to Policy Deductible(s)

Transmission and Distribution Systems

CAD300,000 combined all coverages

PROPERTY DAMAGE - SECTION B

1. PROPERTY INSURED

This Policy insures the following property, unless otherwise excluded elsewhere in this Policy, located at an Insured Location or within 1,000 feet thereof, to the extent of the interest of the Insured in such property.

A. Real Property, including new buildings and additions under construction at an Insured Location, in which the Insured has an insurable interest.

B. Personal Property:

1) owned by the Insured.

2) consisting of the Insured's interest as a tenant in improvements and betterments. In the event of physical loss or damage, the Company agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.

3) of officers and employees of the Insured.

4) of others in the Insured's custody to the extent the Insured is under obligation to keep insured for physical loss or damage insured by this Policy.

5) of others in the Insured's custody to the extent of the Insured's legal liability for physical loss or damage to Personal Property. The Company will defend that portion of any suit against the Insured that alleges such liability and seeks damages for such insured physical loss or damage. The Company may, without prejudice, investigate, negotiate and settle any claim or suit as the Company deems expedient.

This Policy also insures the interest of contractors and subcontractors in insured property during construction at an Insured Location or within 1,000 feet thereof, to the extent of the Insured's legal liability for insured physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform work and such interest will not extend to any TIME ELEMENT coverage provided under this Policy.

2. PROPERTY EXCLUDED

This Policy excludes:

A. currency, money, precious metal in bullion form, notes, or securities.

B. land, water or any other substance in or on land; except this exclusion does not apply to:

1) land improvements consisting of landscape gardening, roadways and pavements, but not including any fill or land beneath such property.

2) water that is contained within any enclosed tank, piping system or any other processing equipment.

C. animals, standing timber, growing crops.

D. watercraft or aircraft.

E. vehicles of officers and employees of the Insured or vehicles otherwise insured for physical loss or damage, except as provided by the LICENSED VEHICLES coverage of this Policy.

F. underground mines or mine shafts or any property within such mine or shaft.

G. property in transit, except as otherwise provided by this Policy.

H. property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers.

I. electronic data, programs and software, except when they are stock in process, finished goods manufactured by the Insured, raw materials, supplies or other merchandise not manufactured by the Insured or as otherwise provided by the DATA, PROGRAMS OR SOFTWARE coverage of this Policy.

J. railroad rolling stock, except when at a location specifically described on the Schedule of Locations.

K. any Turbine Unit installed or acquired by the Insured over 5MW in rating after the inception date of this Policy unless specifically endorsed to the Policy.

L. transmission and distribution systems beginning at the last outgoing circuit breaker or transformer bushing and ending at the first incoming transformer bushing located at any power generation facilities, switchyards or substations. Such transmission and distribution systems include poles, towers and fixtures, overhead conductors and devices, underground or underwater conduit, underground or underwater conductors and devices, line transformers, service meters, street lighting and signal systems, except as respects the following division groups: Newfoundland Power, Maritime Electric, FortisOntario, FortisAlberta, FortisBC, FortisUS for Moose, Philadelphia, Dolgeville and Diana locations. This exclusion will not apply to SUBMARINE CABLES insured elsewhere in this Policy.

M. contractor provided or owned tools and equipment not forming part of the completed project.

N. property of Fortis Properties Corporation and Caribbean Utilities Company, Ltd.