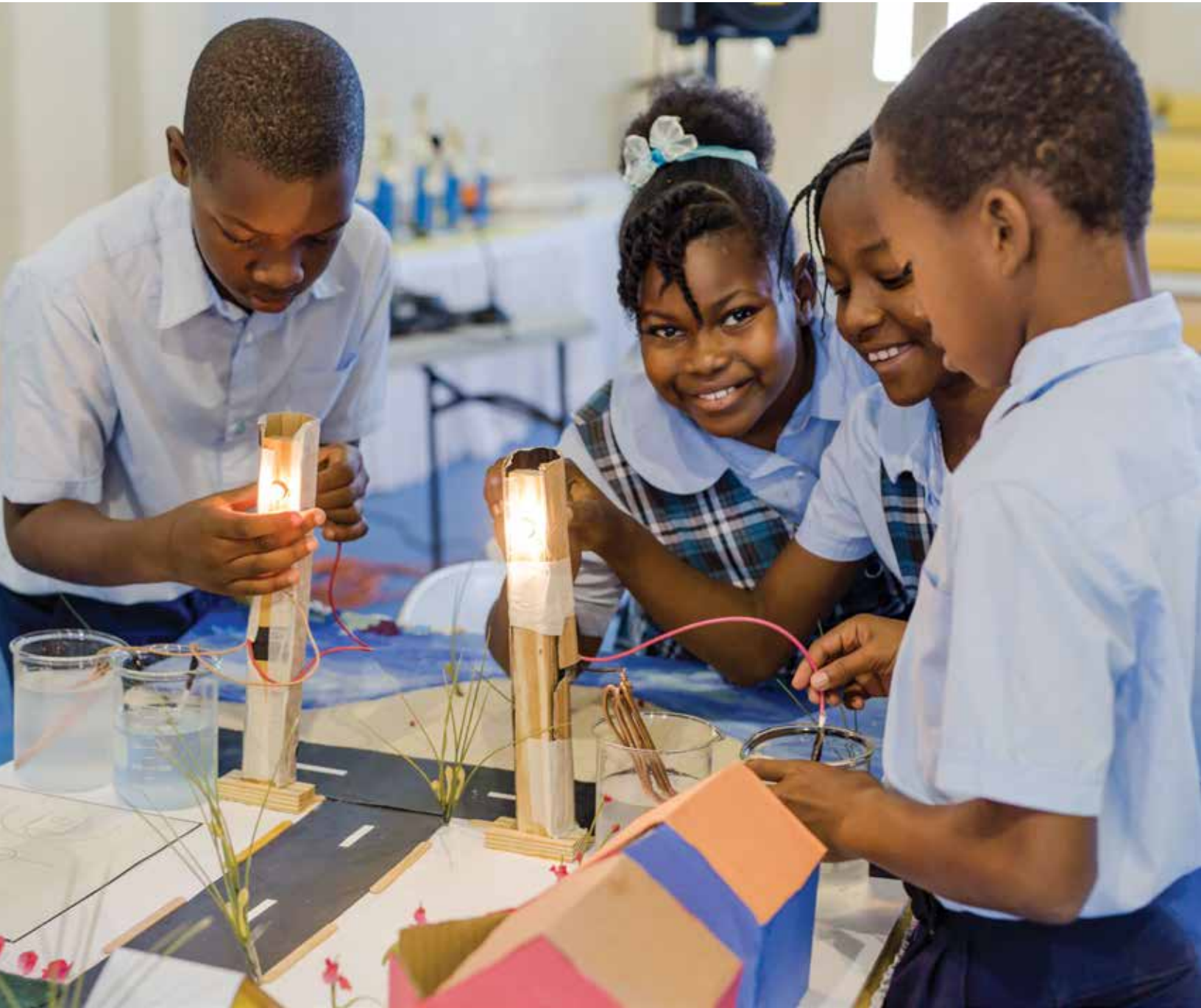




FORTIS TCI
ENERGY FOR GOOD™



Leading Today. Investing in Tomorrow.

2016 STAKEHOLDER REPORT

OUR MISSION

FortisTCI (FTCI) is committed to providing safe, reliable, least-cost energy, using smart innovative technologies and by investing in people, while being a good corporate citizen, being environmentally responsible, maintaining the highest level of customer satisfaction, and ensuring a reasonable rate of return for our investors.

OUR VALUES

COMMITMENT

We are passionate and intensely focused on serving our clients and helping them achieve their objectives.

We will do what we say we are going to do and by doing so create value for all our stakeholders.

INNOVATION

We are committed to engaging in innovative thinking and problem solving and will embrace all ideas that increase the efficacy of FTCI as we carry out our mandate.

INTEGRITY

We will earn the trust of our stakeholders by endeavoring to maintain the highest ethical standards in all our actions.

RELIABILITY

We will deliver what we promise; whenever the customer requires.

RESPECT

We will consider mutual trust, recognition of accomplishments, self-esteem and regard for others as important elements of respectful working relationships.



CONTENTS

2016 FortisTCI Stakeholder Report

| | |
|-----------------------------|----|
| About FortisTCI | 6 |
| TCI Economic Overview | 8 |
| Financial Highlights..... | 10 |
| To Our Stakeholders | 12 |
| Our People | 18 |
| Our Community | 24 |
| Our Customers | 28 |
| Capital Projects | 30 |
| Renewable Energy | 32 |
| Reliability | 33 |
| Power Generation | 34 |
| Health and Safety | 36 |
| Environment | 38 |
| Innovation | 40 |
| Board of Directors | 42 |
| Executive Team | 43 |

On the cover: Oseta Jolly Primary School students showcase their project during the FortisTCI National Science & Technology Fair.





PROFILE & REGULATORY OVERVIEW

FortisTCI Limited (FTCI or the Company) is comprised of two electric utility companies that operate four vertically integrated power plants and serve approximately 14,500 customers across the Turks and Caicos Islands. The principal activity of the Company is to generate, transmit and distribute electricity in its service territory. The Company operates under a simple contract and a cost-of-service style regulation.

FTCI is a wholly owned subsidiary of Fortis Inc. (based in Newfoundland, Canada) and was purchased in August 2006. The Company serves the Islands of Providenciales, North Caicos, and Middle Caicos pursuant to a 50-year license granted by the Turks and Caicos Islands Government (“Government”) which expires in 2037; South Caicos pursuant to a 50-year license that runs through 2036. Turks and Caicos Utility Limited (TCU), was acquired by FTCI in August 2012, and serves the Islands of Grand Turk and Salt Cay under a 50-year license that expires in March 2036. Additionally, the Company’s franchise



area includes the Cays between Providenciales and North Caicos (with the exception of Parrot Cay) and East Caicos and adjacent cays and inlets under two 25-year licenses that expire in March 2037.

The Company has Customer Service Centers on four islands, including its headquarters on Leeward Highway in Providenciales.

As part of the Government’s regulatory oversight, FortisTCI is required to submit on an annual basis standardized

regulatory filings to the Ministry of Infrastructure, Housing and Planning (“Ministry”) for review and works directly with the Energy and Utilities Department. The Company also files annual audited financial accounts with the Ministry.

The Company ended the year 2016 with an Average System Availability Index (ASAI) of 99.98% and is one of the most reliable utilities in the Caribbean. FTCI operates under one vision: Leading Today. Investing in Tomorrow.



TURKS & CAICOS ECONOMY

The Turks and Caicos Islands (TCI) economy will remain on a solid growth path over the next few years, largely supported by its strong tourism, construction and real estate sectors.

The Country is predicted to experience modest growth in real GDP in the coming years, as the tourism sector continues to grow. The Strategic Policy and Planning Department (SPPD) forecasts economic growth in the TCI at 4.4% percent in 2016, 4.3% in 2017, and 5.3% in 2018, some of the Caribbean's highest rates of GDP growth in the coming years.

(Source: Turks and Caicos Islands National Accounts Statistics 2016)

...

Fixed investment growth is expected to remain strong in the medium term as the stable tourism sector continues to drive investments. While construction activity is expected to increase moder-

ately over the next three years, propelled by investments in large-scale tourism related projects, there is no new major room inventory planned for 2017.

The tourism sector is the main pillar of the Turks and Caicos economy. The Turks and Caicos tourism demographic is largely comprised of visitors from the United States of America (US). In 2016, 82% of overnight stays to the country were citizens of the US. As such, the US economy has a direct and sizeable impact on the economy of the Turks and Caicos Islands.

(Source: Turks and Caicos Islands Tourism Statistics 2016)

...

Tourism data issued by the Turks and Caicos Islands Tourist Board reveal that stopover passenger arrivals to the country has increased by 17.5% in 2016. However, a number of visitors to the islands are staying at private villa and homes, rather than traditional hotels. This trend is expected to continue in 2017.

(Source: Turks and Caicos Islands Tourism Statistics 2016)

...

The tourism industry is expected to be positively impacted by the expansion of the South Caicos International Airport.

The tourism industry is expected to be positively impacted by the expansion of the South Caicos International Airport, which will accommodate the anticipated growth in air arrivals to South Caicos. The expanded airport will provide improved airlift services for visitors to the island and will feature a new terminal, an expanded runway, a new air traffic control tower and facilities for rescue and firefighting services.

Tourism will continue to be the major engine of growth over the next few years, as the economy benefits from steady tourism sector growth. The strength of the US economy is expected to continue to influence travel trends in 2017 as the purchasing power of US citizens is enhanced. As a key destination market for US travelers, the TCI will continue to benefit, as tourists seek more affordable travel options, thus expanding the Airbnb model in the islands.

While tourism is thriving, the government remains committed to encouraging the sustainable diversification of the economy and development of economic activities across the family islands. The government's development strategy includes expanding local small and medium scale private enterprise, exploring renewable energy, developing agriculture, aquaculture, fisheries, financial services and medical tourism.

(Source: Turks and Caicos Islands Tourism Statistics 2016)

| TOURIST TALLY | | |
|---|------|---------|
| STOP-OVER NON-RESIDENCE TRAVEL VIA CRUISE SHIPS | | |
| ✈️ | 2016 | 453,612 |
| | 2016 | 846,963 |
| ✈️ | 2015 | 385,531 |
| | 2015 | 929,737 |
| ✈️ | 2014 | 435,475 |
| | 2014 | 971,838 |
| ✈️ | 2013 | 290,587 |
| | 2013 | 778,920 |
| ✈️ | 2012 | 291,273 |
| | 2012 | 679,647 |

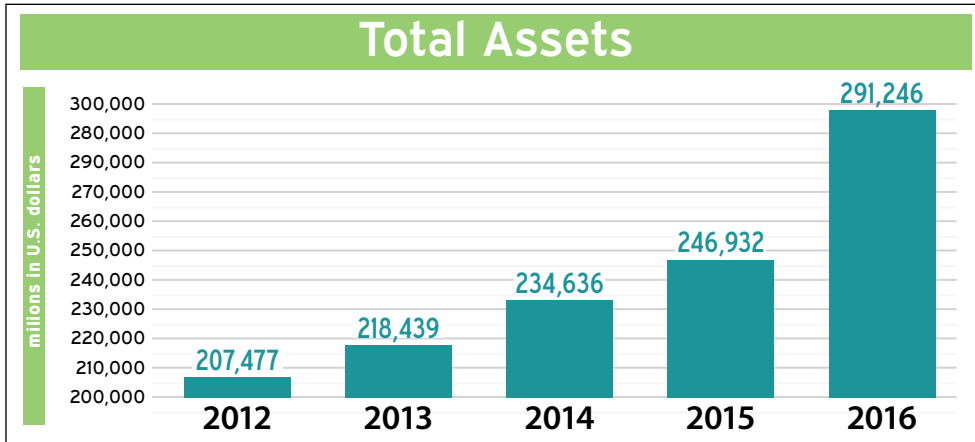
(Source: Turks and Caicos Islands Tourism Statistics 2016)



1,300,575m
tourists in 2016

82% OF OVERNIGHT VISITORS
ARE AMERICAN CITIZENS

2016 FORTISTCI HIGHLIGHTS



BBB

STABLE OUTLOOK
STANDARD & POOR'S RATING

99.98%

—ASA1—

TIME ELECTRICITY WAS AVAILABLE TO CUSTOMERS IN 2016

164

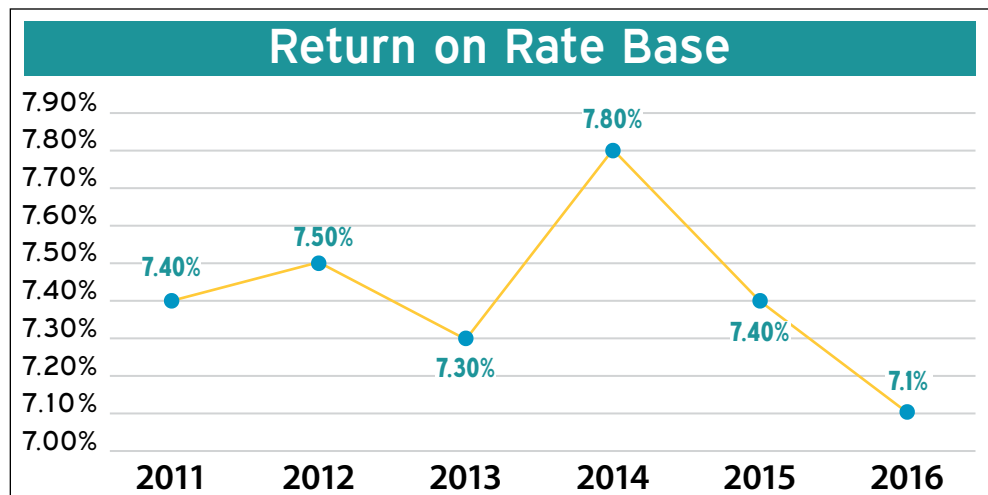
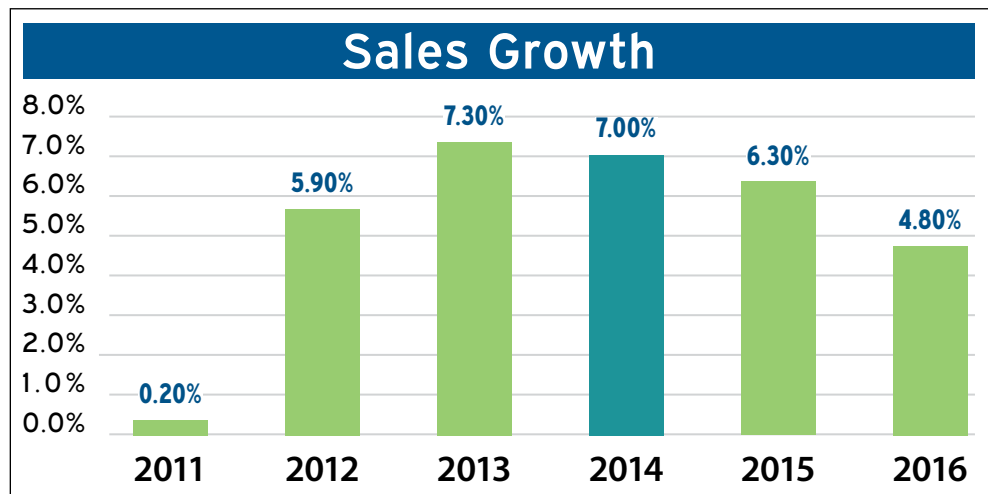
TOTAL FULL-TIME EMPLOYEES

39.5^{MW}

CONSOLIDATED PEAK DEMAND

82^{MW}

TOTAL INSTALLED CAPACITY

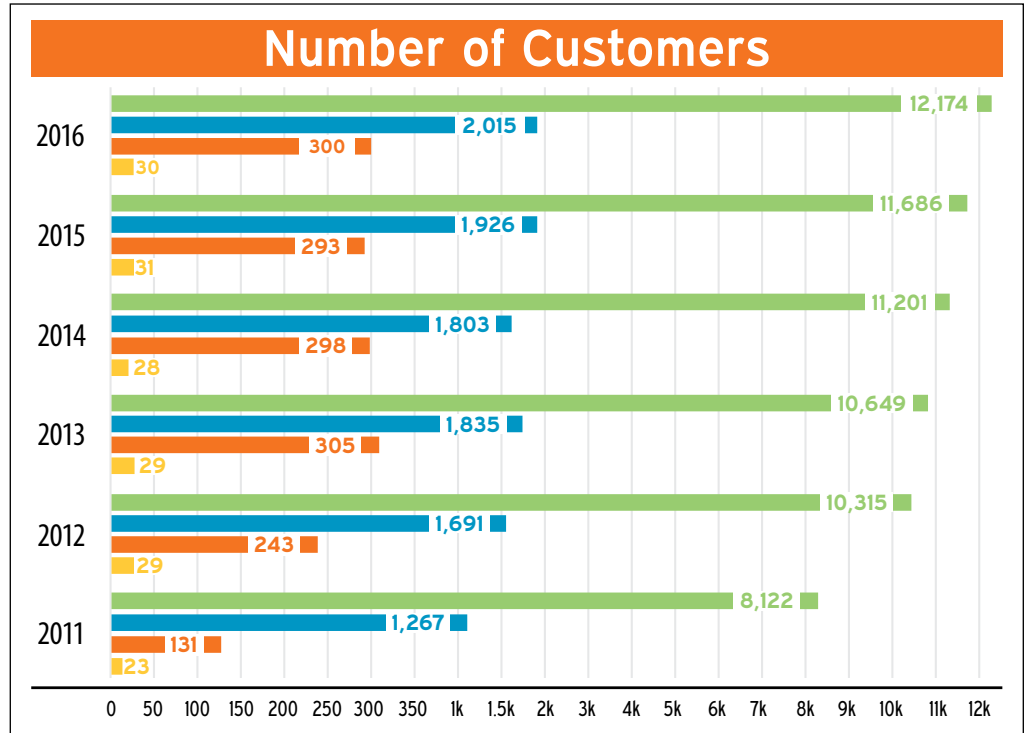


TOTAL CUSTOMER CONNECTIONS

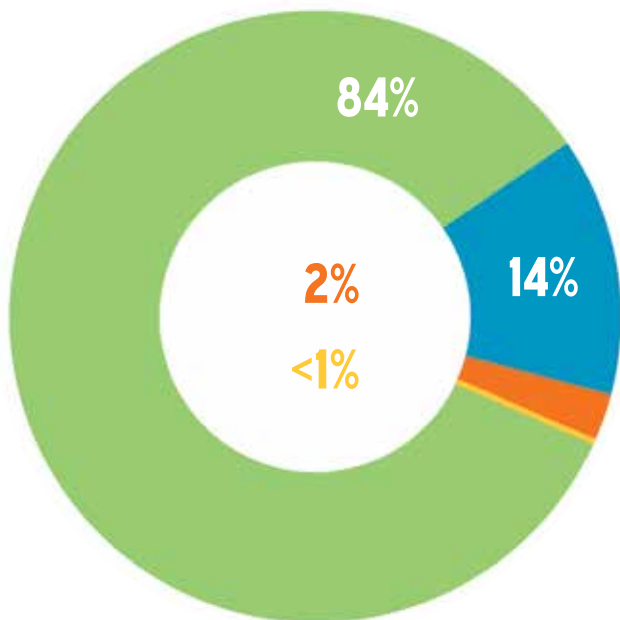
AT DECEMBER 31, 2016

14,519

7
TCI SERVICE
TERRITORIES



■ Residential ■ Commercial ■ Hotels & Supermarkets ■ Government



HOME & WORK

FortisTCI powers the Turks & Caicos Islands, serving nearly 15,000 customers. The largest sector – 84% – is residential. Commercial clients are about 14% of the consumer base. Government and Hotels & Supermarkets are less than 3%.



TO OUR STAKEHOLDERS

The year 2016 proved to be a remarkable one for FortisTCI (‘the Company’). We delivered strong core services to our customers, we pivoted the Company towards a greener future and our capital investment was the highest ever. We delivered earnings growth for our investors, lifted our community engagement activities to new heights, and ramped up our long term strategy of investing in our employees.

Our Customers

During 2016, our customer base grew by over 4% (2015: 4.5%) to 14,519 electricity consumers across the Turks and Caicos Islands. The Company operates four stand-alone vertically integrated generating and transmissions systems to meet the needs of our customers.

We are proud of our record of service. On average, electricity was available to our customers 99.98% of the time using the Institute of Electrical and Electronic Engineers (IEEE) Beta Method. Put another way, we deliver the most reliable electricity of any utility company in our region, and we aim to get better.

Our reliability levels are partially responsible for our strong customer satisfaction numbers for 2016. Our customers gave us an overall rating of 85% in an independent survey conducted in the fourth quarter of 2016. We work hard to earn our customers’ trust, and we plan to work harder to keep it. Indeed, we revamped the survey to give us more insight into our customers’ needs and expectations. We plan to use the data gathered in the survey to drive our customer engagement even further.

Meeting and surpassing our customers’ expectations is at the center of the FortisTCI business model. The electric energy sector is changing at a phenomenal pace, and customers are at the epicenter of that change. Industry surveys

continuously show that utility customers want ever increasing value propositions from their energy partners. FortisTCI is focused on meeting and surpassing our customers’ expectations at every step in the customer-value-chain, both before and behind the meter.

In 2016, we launched our online Customer Web Portal, which allows our customers to conduct a number of transactions from the comfort of their homes, including viewing current and previous bills, monitoring consumption, and paying their bills. In addition, our free Home Energy Audits continue to be very popular with our customers with over 30 audits conducted in 2016 by our qualified energy audit team.

Capital Investments

To meet our customers’ needs we have to sustain and expand our electricity infrastructure. In 2016, the Company invested a record 34 million dollars in Capital Expenditures (CapEX), right across the Turks and Caicos Islands. The primary focus of our 2016 CapEx program was multi-purpose buildings on Grand Turk and Providenciales, Fixed Network Meter Data Collection System (Fixed Network System), upgrades to the Transmission and Distribution Grid, a state-of-the-art substation and emergency generation facility on North Caicos, and strategic land acquisition.



Eddinton Powell
President & CEO

RELIABILITY

99.98%

CUSTOMER POWER AVAILABILITY (IEEE)

EXPANSION

4% CUSTOMER BASE INCREASE DURING 2016

EFFICIENCY

30 CUSTOMER HOME ENERGY AUDITS

INVESTMENT

\$34M IN CAPITAL PROJECTS



Our soon-to-be-completed multi-purpose buildings on Providenciales and Grand Turk will provide much-needed facilities for support services and control systems. For example, the Providenciales building will accommodate our new control room, which will operate on the latest supervisory control and data acquisition (SCADA) architecture, while the Grand Turk building will house various support services such as materials management and maintenance.

The Fixed Network System will provide real-time data from our customers' meters, which will have multiple operational and customer benefits. The Fixed Network System will enable the Company to provide time-of-day data consumption information to customers through the web portal. In addition, the availability of data through a single-point, centralized system will greatly improve our Outage Management

System (OMS) and in turn will allow quicker response in emergency situations and reduce outage downtime.

A significant portion of our 2016 CapEx program focused on our Grid network. FortisTCI operates vertically integrated electricity systems, which means that we generate, transmit, and distribute electricity to our customers. The investment in our Grid (substation, transmission, and distribution facilities) is critical to meeting growth demands, improving reliability, and reducing system losses. The Grid is the means by which the Company delivers electricity to homes and businesses. Without investment in the Grid, the system runs the risk of Grid Congestion, which would mean that as the growth in demand for electricity continues, the Company would not have the network capacity to serve all customers adequately. Grid Congestion

can only be avoided through planning and investing.

Green Energy Future

A robust, smart Grid is essential for the development of a renewable energy market in the Turks and Caicos Islands. In addition to investing in the Grid, the Company made other important strides in laying the foundation for a green future. In the first quarter of 2016, the Company completed its integrated Resources Plan (IRP), which among other things, identified the optimal energy mix of hydrocarbon and Renewable Energy over the next 10 years. We expect to displace 8,413 metric tons of CO₂ emission with solar by 2020.

Another important step forward in the Renewable Energy space was the implementation of a Memorandum of Understanding (MOU) between the Company and the Rocky Mountain Institute and



“
 Significant progress has been made with the Company’s Renewable Energy programs. We are confident about meeting our five and ten-year targets to responsibly integrate Renewable Energy on the Grid that is fair to all stakeholders.
 ”

the Carbon War Room (RMI-CWR) in June 2016 to assist the Company in the development of its Renewable Energy initiatives. I am pleased to report that significant progress has been made in our Renewable Energy programs. We are confident of meeting our five and 10-year targets to responsibly integrate Renewable Energy on the Grid, in a manner that is fair to all stakeholders.

In addition to our work with RMI-CWR, the Company launched its Utility Own Renewable Energy (UORE) and Customer Own Renewable Energy (CORE) programs. These programs are available to any customer and allow them to sell their solar output into the grid.

Business Environment

The economy continued to grow at a solid pace in 2016. Gross Domestic Product (GDP) grew by an estimated 3% compared with 1.7% across the member states of the Organization for Economic Cooperation and Development (OECD). Economic expansion continues to be driven by growth in the tourism sector, with stopover arrivals increasing by 17.5% in 2016. According to the Turks and Caicos Islands Tourist Board, “the destination welcomed and hosted some 1,300,575 tourists to its shores. While the majority of arrivals were cruise-based, 2016 marked an impressive, fifth consecutive year of growth in stopover arrivals. Further assessment of the 1.3 million arrivals in 2016 shows 453,612 visitors were stop overs and 846,963 arrivals came via cruise”.

Other sectors of the economy record-

ed healthy growth as well, including construction and financial services, which posted estimated growth of 6% and 2%, respectively.

(Source: Turks and Caicos Tourism Statistics, 2016)

Earnings and Financing

Strong economic growth was the underpinning to our solid sales growth of 4.8% in 2016 (2015:6.31%). Sales growth and careful attention to our Controllable Operating Expenses (COE) resulted in the Company achieving its 2016 earnings target and a Return On Equity (ROE) of 10.5% which is on par with investor owned utilities in the United States (US).

Our earnings focus is to ensure that the Company delivers returns to its investors that are commensurate with risk in the Caribbean, and that it remains attractive to the equity and debt investors. In October 2016, our parent company Fortis Inc. achieved a major milestone with its debut on the New York Stock Exchange (NYSE). This further strengthens the symbiotic, strategic relationship with FortisTCl.

We were pleased with the reconfirmation of our BBB credit rating by the international credit rating agency, Standards and Poor’s. We remain the only Turks and Caicos Islands based company with an investment-grade rating from an international credit rating agency.

This credit rating allows the Company to access the New York Private Placement market, as well as execute long-term competitive debt financing domestically. In May of 2016, the Company raised 45 million dollars through a





SALES GROWTH

4.8%  2016

RETURN ON EQUITY 10.5%

TCI GDP GROWTH

 2016 3.0%

TOURISM SECTOR  17.5%

\$130,000

CONTRIBUTIONS TO THE COMMUNITY

3000 VOLUNTEER HOURS

privately placed debt issue in New York, and raised a further five million dollars through a bond offering with the National Insurance Board (NIB). We are particularly pleased with our new partnership with the NIB, and by extension, with the people of the Turks and Caicos Islands.

Community and the Environment

Being deeply involved with our community is very important to us. 2016 saw another busy calendar of community involvement. The Company has historically sponsored and has become synonymous with several annual events and initiatives, starting with the FortisTCI Calendar. This has become a much anticipated and sought after property, valued for its highlights of the history and cultural heritage of the Turks and Caicos Islands. This is followed in quick succession by the FortisTCI National Science and Technology Fair, the annual Spring Walk and Run, and the FortisTCI Plenary Session (which has been rebranded “The TCI Business Outlook Conference”).

Other events that we very proudly sponsor on an annual basis include the annual Dog Show, and the Fall Walk and Run on Grand Turk. In addition, the Company supports a plethora of

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In October 2016, our parent company Fortis Inc. achieved a major milestone with its debut on the New York Stock Exchange (NYSE). This further strengthens the symbiotic, strategic relationship with FortisTCI.

”

other charitable events. We take pride in giving back to the community and we foster a culture that encourages our employees to give back to the community through community hours. Indeed, community hours is one of our key corporate targets, I am pleased to say that during 2016, our employees contributed nearly 3,000 community hours across a wide spectrum of very worthy projects.

Nothing says more about an organization’s commitment to the community than its stewardship of the environment.

FortisTCI adheres to the highest international standards for environmental management, and by actively complying with and pursuing certification for both Environment and Health and Safety with the International Organization for Standardization (ISO), the Company is at the forefront of responsible environment stewardship in the Turks and Caicos Islands. The Company has consistently reduced its CO2 footprint through better asset management and we have implemented a burnt-oil disposal process that ships used oil off island to a specialized facility in the US. Our sophisticated ground water containment system separates oil from water and stores the oil in ISO containers for shipment to proper treatment and disposal facilities in the US.

In 2016 we launched our Green Ribbon program through which employees are recognized for exhibiting good safety practices and being environmentally responsible.

People

Our employees remain central to our success. In 2016, we continued the short-term and long-term investment in our employees. We recognize that the electricity business is becoming more and more knowledge based and that the business will require new skill-sets in the future. In 2016, the Company invested 430,000 dollars in training and develop-



ment, and logged over 7,610.5 training hours.

Through our mechanical and electrical apprenticeship programs, our technical employees are being equipped with the theoretical knowledge and hands-on skills of their jobs. In addition, in 2015, we launched the Institute of Leadership and Management (ILM) leadership program for our management team, which is paying dividends by strengthening our leadership abilities. Our Summer Intern and Summer Student Programs continue to attract the best and brightest from across the schools in the country.

The Employee Social Club continues to play a vital role in building social cohesiveness and providing opportunities for our staff to have good, clean fun.

In 2016, we relaunched our Employee Wellness Committee with renewed purpose. Since then, the wellness program has hit new levels of achievement. The program has a holistic focus that caters to the physical, financial, and spiritual health of all employees.

In March of 2016, the Company was officially accredited an Investor in People (IIP), by the Investors in People international organization. In order to achieve accreditation, the Company launched several initiatives to enhance a culture of continuous learning and improve employee engagement. This is a salutary achievement and the Company remains the only organization in the Turks and Caicos Islands to achieve this designation.

Looking forward

The Turks and Caicos Islands' economy is one of the fastest growing economies in the Caribbean, and the Company must stay ahead of the country's growth. Moreover, the Company must remain financially strong and continue to be highly attractive to investors; that is key to everything else. Indeed, there are three legs to our business model stool: investors; customers and community; and our employees. We will continue to focus on delivering strong stakeholders' value to all stakeholders.

Eddinton Powell

President & CEO





OUR PEOPLE



Employee Number

The staff complement as of December 31, 2016 was 169 employees, 164 full-time, three temporary, one contractor and one student. Our full-time employee count reflected an increase of eight persons (5.1% growth) over December 2015.

Investors In People

FortisTCI successfully achieved its official Investors In People (IIP) certification in March 2016, having demonstrated its commitment to maximizing the potential of its people by promoting employee engagement and participation, while building a culture of continuous learning and improvement. The Company launched several initiatives such as a staff sensitization on employ-

ee recognition and rewards, regular celebrations of employee milestones, the evaluation of training, improvements to the Company's performance management process and a continued focus on leadership and management competencies.

The Company now looks forward to achieving the Gold Standard in the new sixth generation Standard for IIP in 2019. This new Standard introduces a four-stage model and nine new indicators based on the features of organizations that consistently outperform industry standards.

Training & Development

In keeping with the Company's mandate to cultivate a highly skilled

164 WORKERS
EMPLOYED
FULL-TIME

▲ 5.1% INCREASE OVER DECEMBER 2015

7610.5 HOURS OF
EMPLOYEE
TRAINING

EMPLOYEES
COMPLETED
INSTITUTE FOR LEADERSHIP
AND MANAGEMENT COURSE **10**

workforce, several training initiatives were undertaken throughout the year and we achieved 7610.5 training hours inclusive of the following programs.

Management Team

Dr. Sonia Greenidge-Franklyn, VP of the Barbados Institute of Management and Productivity, led a two-day training workshop on Presentation Skills for Directors and Managers in October 2016. FortisTCI is committed to creating great leaders in the company and is focused on developing their competency in all facets of their leadership.

This training exposed 16 members of the Management Team to the techniques and knowledge which will empower them to make impactful presentations.

American Society of Power Engineers (ASOPE)

The second level of the ASOPE apprenticeship continued in November 2016 with nine participants who were all successful in attaining certification as Second Class Power Plant Operating Engineers.

Lineman Apprentice

This certification is offered through the Infrastructure Health and Safety Association (IHSA) and is a four-level certification program undertaken by all



Linemen. Four Line apprentices, three in Grand Turk and one in Providenciales, completed their Level 4 certification to qualify as Linesmen in March 2016.

Jessley Robinson and Jeffrey Desir successfully completed Level 1 Technician Apprentice Training at the IHSA Training Center in Mississauga, Ontario, Canada in September 2016, the first step

toward becoming certified Linesmen.

Lineman Refresher Training was held on Providenciales and Grand Turk in August 2016. The training covered 10 modules, including High Voltage Rubber Glove Techniques to 25kV PPT, Basic Hydraulic for Utilities, Material Handling Aerial Device Safety, Rubber Gloves Techniques to 36kV, Crew Vis-





its and Work Observations and Driver Evaluation Operating an Aerial Device.

Traffic Control Training was presented by IFHS of Ontario Canada to Grand Turk and Providenciales employees in February and March 2016.

National Center for Construction Education and Research (NCCER)

This program, which is aimed at certifying electrical and mechanical technicians, entered its third year in 2016. Two groups of mechanical and electrical technicians completed part one of this theoretical training and are set to resume and complete the Level 2 certification in 2017.

Heavy Fleet Hydraulics

This four-level apprenticeship program is geared toward a mechanic certification with the Canadian Utility Fleet Council. Five employees successfully completed Levels 3 and 4 in February 2016. Cameron Coalbrooke and John Gardiner successfully sat the final certification examination and are now certified mechanics with the Canadian Utility Fleet Council.

Student Summer Programs

High school and college students gained valuable work experience and career guidance through the Company's Student Summer Employment Program (SSEP) and Student Internship Program (SIP). In 2016, the Company hosted 10 college students on Grand Turk and Providenciales, and 25 high school students on Providenciales. Through SSEP and SIP these students were exposed to pro-



fessional careers in the utility industry.

Secondments & Scholarships

Daylon Joseph, a former Electrical Engineer with FortisTCI, returned in July 2016 from a one-year secondment at Fortis Inc.'s subsidiaries in Alberta, British Columbia and Newfoundland. On his return, Daylon was promoted to Manager of Transmission and Distribution Operations.

Caltricia Hamilton-Evans was seconded to Tucson Electric Power (TEP), a Fortis Inc. subsidiary in Tucson, Arizona as a part of her development as an Electric Utility Civil engineer. From June 28th to July 28th she observed the Transmission and Distribution structure, standards and design criteria as well as design modifications suitable for TCI's requirements for 12.47kV and 34.5kV projects. She also reviewed TEP's substation civil and structural standards and design criteria, and participated in site visits to observe construction activities for the imple-

mentation of such designs.

Shatel Williams-Wilson became accredited as a Certified Internal Auditor (CIA) in April 2016. The CIA is the only globally accepted designation for internal auditors and the standard by which individuals demonstrate their professionalism in internal auditing.

Avi Adams, Manager of Human Resources, successfully attained his MBA from Edinburgh University in April 2016 and Jerry Clerveaux, Supervisor of IT completed his from the University of Leicester in August.

Edwin Forbes, Mechanical Apprentice 1 in the Energy and Production Department, received a grant to attend the Bedford College in Bedfordshire, UK in August. Edwin, who successfully completed FortisTCI's Student Apprentice Program in October 2015, is pursuing a certificate in Mechanical Engineering.

Institute for Leadership & Management (ILM)

Our participation in the ILM program continued and 10 of our Team Members have successfully completed the course.

Social Club

The Social Club successfully hosted several events during the year, including a beach fun day and the staff annual Christmas Party. The Executive body of the Club was unanimously returned to office at the Annual General Meeting.



The year ahead promises to be an eventful one.

Long Service Awards

More than 130 employees were honored at the 2016 Long Service Awards Ceremony. The gala occasion celebrated those who served the company with dedication beyond five years.

Each employee was recognized with a certificate or trophy and thanked for their contribution. *(Clockwise from top left;)*

President's Outstanding Customer Service Award

Murice Francis and Callis Jones
Jones also won the

President's Award for Reliability

President's Award for Commitment

Eustace Musgrove

President's Award for Innovation

Leonte Martinez and Ramon Suarez
(not pictured)

Top Performance Awards

Nore Verdieu and Almonore Jacson
(not pictured)





OUR COMMUNITY

Exercising social responsibility and overall goodwill in the communities in which FortisTCI operates is not just a checkbox, but a way of doing business at the Company.

FortisTCI has planted roots throughout the Turks and Caicos Islands by way of its Community Involvement Programs, supporting platforms that include education, youth, sports, and cultural activities. This dedication and desire to

give back monetarily and voluntarily helps to foster positive relationships that are meaningful and long-lasting.

FortisTCI contributed monetarily and in-kind through donations totaling more than US\$130,000 to worthy local causes. Employees also play a major part in the FortisTCI Community Involvement Programs, completing nearly 3000 community service hours during the year.



1 Spring and Fall Walk & Run Events

FortisTCI holds two annual community walks in the Turks and Caicos Islands. The Spring Fun Walk & Run, in its 8th year, takes place on Providenciales and caters to more than 500 participants. The Grand Turk Fall Walk & Run, in its 3rd year, is held in the Nation's Capital of Grand Turk and also brings together a large segment of the community. These events promote goodwill, but also holistic healthy living among all.

2 Ona Glinton Garden

In 2015, FortisTCI partnered with its adopted school Ona Glinton Primary on Grand Turk, to start a school herb and vegetable garden to commemorate Earth Day. Work continued during 2016 and students were able to harvest fresh crops.



1



3 Rising Star Basketball

The Rising Star Basketball Club, catering to more than 100 young men and women, held its first regional tournament in 2016. The Club not only serves as a source of mentoring for young adults, but promotes academics, personal character, and team sports.



2



3



4 School Visit

Impressing upon young minds the importance of electricity safety, proper use, and a simple introduction to what their family members and friends do each day at FortisTCI is captured through the Company's School Outreach Program. FortisTCI often visits students for Career Day or for other

special events to talk about the various careers at the Company.

5 FortisTCI National Science Fair

The 7th Annual FortisTCI National Science Fair is a staple sponsorship held in partnership with the Ministry of Education. In 2016 the Company also

partnered with the Turks and Caicos National Museum to support the first ever Cultural History and Heritage Quiz among high school students.

6 Environmental Clean-up

Caring for the environment is important, and protecting the beautiful land and waters of the Turks and Caicos





Islands is a national priority. Each year FortisTCI participates in numerous island-wide clean-ups. Here employees take part in the Annual TCI Shines campaign.

7 FortisTCI Plenary Session

The FortisTCI Plenary Session is a multi-stakeholder event that supports wide-ranging, forward-thinking, and bold discussions about the Turks and Caicos Islands. In 2016, it was held under the theme ‘Caribbean Opportunities and Threats in the Information Age.’ The

Honorable Owen Arthur, former Prime Minister of Barbados, served as the keynote speaker for the occasion.

8 Top Volunteers

The FortisTCI Employee Volunteer Program encourages employees to meet or exceed a set number of community service hours in a given year. In 2016, FortisTCI employees exceeded a goal of 1,500 community service hours completing nearly 3,000 hours.

FortisTCI 2016 Top Volunteers & Volunteer Hours: Mervin Forbes, 340;

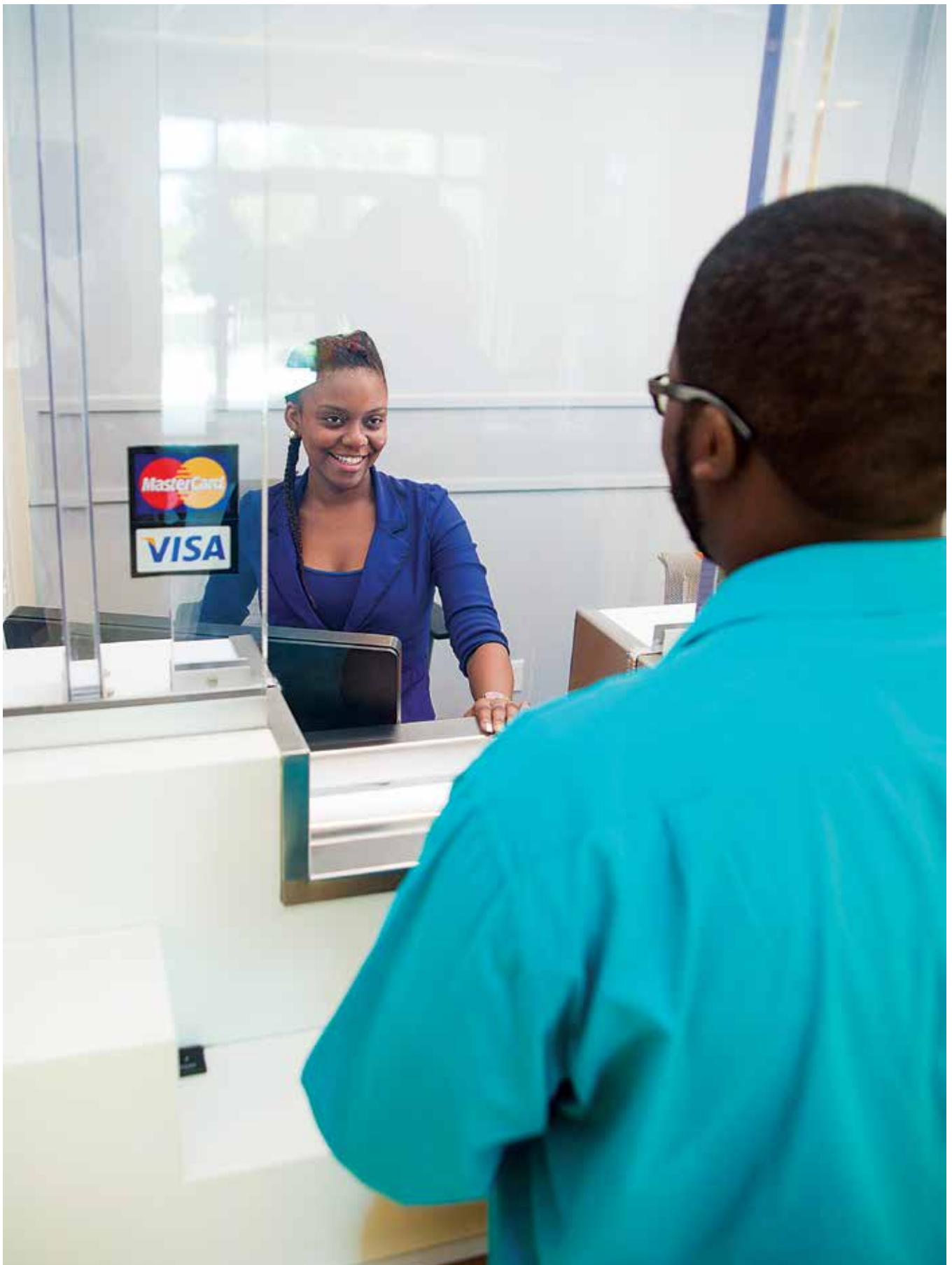


Dwyane Krzanowski, 156; Clarence Williams, 132; Ladonna Bassett, 89; Devon Cox, 85. **2016 Top Division:** Finance, HR, Business Systems with a 91% participation rate.

9 TCSPCA

FortisTCI serves as the chief sponsor of the Annual Turks and Caicos Society for the Prevention of Cruelty to Animals (TCSPCA) Dog Show. The event raises thousands of dollars annually for spay and neuter programs, as well as owner education programs.





OUR CUSTOMERS

For the second consecutive year, FortisTCI has either surpassed or met the customer satisfaction rating target of 85%. This is attributed to the fact that the Company seeks to understand and surpass the expectations of the customer year after year. We serve 14,519 customers (At Dec 2016) across seven territories.

Renewable Energy Programs

FortisTCI's objective is to be the leader in Renewable Energy in the Turks & Caicos Islands. With this mandate, the company ensured that staff were exposed to the Renewable Energy industry and invested in training in the area. The Company subsequently launched two Renewable Energy Programs – Custom-

85% CUSTOMER SATISFACTION RATING

er Owned Renewable Energy (CORE) and Utility Owned Renewable Energy (UORE).

These programs allow customers who are interested in decreasing their carbon footprint and or reducing their energy bills to do so effectively.

The UORE Program specifically allows customers to participate in Renewable Energy without any financial outlay.

Online Web Portal

In response to customer requests for improved accessibility, the Company

launched a Customer Web Portal in April 2016 to enable customers to transact business with FortisTCI from anywhere at any time.

Through the portal, customers can:

- Personalize the language on the portal including English, Spanish, Creole, German and French
- Manage multiple accounts
- Update their contact information
- Pay via credit card from the comfort of their own homes on their PC, tablet or smart phone
- Access all prior bills
- View and analyze transaction history
- Compare consumption to prior year and also track consumption in relation to temperature
- Compare usage to other anonymous properties in their area.





CAPITAL PROJECTS

Providenciales Multi-Purpose Building

Construction began on this multi-purpose three-story building project in December 2016 and is targeted for completion in 2017.

The building will house the Control Room, offices, staff amenities, maintenance workshop and ancillary facilities. The existing Control Room operations at the Provo Power Plant will be relocated, once this building is completed.

Relocation will include the SCADA system and associated equipment, Control Room staff and staff facilities. The SCADA and LAN communication infrastructure will be upgraded, to ensure the overall system is more robust and reliable.

The new Control Room will feature state-of-the-art consoles, displays and equipment that is configured for redundancy, so that the loss of any display, workstation, telephone or radio will not prevent the Operating Personnel from carrying out their tasks. All systems that are installed as part of this new Control Room project will be scalable/modular

and can be readily expanded to meet projected growth/upgrades over the medium to long-term period.

Grand Turk Multi-Purpose Building

This project consists of constructing a multi-purpose two-story building on the current site of the existing warehouse at the plant compound. The warehouse will be demolished and replaced within the new building, which will also house a workshop and offices for technical staff. This project is slated for completion in 2017.

North Caicos Generator Transfer Relocation

As part of the Company's extensive effort to improve reliability and plan for capacity, the stand-by generation facility/substation in Sandy Point was rebuilt and relocated to Kew.

The new site provide easier access to staff, and has been fitted with additional fuel storage and oil/water separation facilities, along with a new automatic Transfer Switch, and is therefore expected to improve responsiveness to contingency situations in North and Middle Caicos.





RENEWABLE ENERGY

The Company's Renewable Energy Programs continued in 2016 with updated incentive offerings. The RE Programs – Utility Owned Renewable Energy (UORE) and Customer Owned Renewable Energy (CORE) – were also launched in Grand Turk during the year.

There was significant interest and many customers were processed for pre-qualification stage. The pre-qualification process is important to ensure that the customer's property is suited for the RE project and to warrant commitment for a long-term partnership between the utility and the interested customer.

Customer Owned Renewable Energy (CORE):

This program is geared for customers who have an existing PV system or is

18¢ average monthly
CORE rate 2016

planning to invest in one.

The customer's system will be connected to the FortisTCI grid and all the energy production will feed back to the grid. The customer's consumption will, as usual, come from the Company's production. This set up is called Full Feed In – Buy All, Sell All. FortisTCI will buy all of the customer's PV system production at CORE Rate/kwh.

The current CORE Rate is equivalent to the month's fuel factor plus a premium of seven cents.

In 2016, the average monthly CORE Rate was about 18 cents. The contract term for this program is five years.

Utility Owned Renewable Energy (UORE)

This unique customer offering entails FortisTCI investing in the PV system to be installed on customer's roof and taking care of the operation and maintenance for the entire lifecycle of the system. Incentives to join this program include a fixed monthly lease payment for the Company's use of the customer's roof and a variable annual share of the PV system's operating results. A typical residential house with installed capacity of 10kWdc can collect an average of \$2,000 per year. The contract term for this program is 20 years. Both programs are available for all residential, commercial, and industrial customers with maximum capacity installation limits of 10 kWdc, 60 kWdc, and 150 kWdc, respectively. Current programs are based on roof-mounted system.

RELIABILITY

Reliability

The Company has worked to ensure its high level of reliability in service is maintained and improved upon for years to come. Projects to address areas of reliability have been proposed, planned out and enacted to make sure that FortisTCI can continue to provide safe, reliable, least-cost energy to the entire country.

Hurricane Matthew

With the passing of Hurricane Matthew in October 2016, FortisTCI experienced several outages on Providenciales.

The crews worked diligently to restore power to affected customers and the network was substantially restored within 24 hours of the storm. Sporadic and localized issues were addressed for up to two days in the aftermath.

TL-05/PP-05 Rebuild

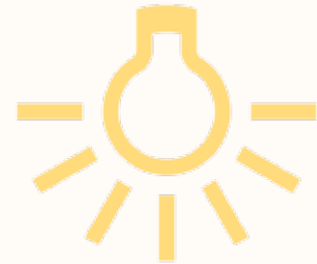
FortisTCI commenced a \$1.5 million transmission line relocation project aimed at improving reliability and increasing capacity to the Grace Bay area.

This project began in October 2016 and is a necessary precursor to several major Transmission and Distribution (T&D) infrastructural projects that the Company is actively planning, developing, and building to ensure that the electricity grid has the capacity to meet future load while maintaining and improving reliability to our customers.

Subsea Cable

FortisTCI has acquired the relevant TCI Government's permits to replace and relocate the seabed transmission cable to North Caicos to ensure reliable service to Water Cay, Pine Cay, Dellis Cay, North Caicos and Middle Caicos.

Due to the shallow water location of the existing submarine cable, FortisTCI has experienced numerous unscheduled interruptions as a result of propeller cuts to the existing submarine cable. Rerouting the submarine cable crossings to deeper waters will minimize interruptions currently experienced by customers on North and Middle Caicos and Pine Cay.



POWER AVAILABILITY 2016

The Company ended the year with creditable reliability indices, calculated as per IEEE Beta 2.5 method as follows:

| TARGET | | ACTUAL |
|------------------------------------|-------|--------|
| 3.500 | SAIDI | 2.043 |
| HOURS OF INTERRUPTION PER CUSTOMER | | |
| 2.500 | SAIFI | 0.756 |
| INTERRUPTION PER CUSTOMER | | |
| 1.400 | CAIDI | 2.703 |
| AVERAGE HOURS INTERRUPTION | | |
| 99.96% | ASAI | 99.98% |
| AVERAGE SYSTEM AVAILABILITY INDEX | | |

Wärtsilä 20V32

Wärtsilä 20V32 has proven reliability, high efficiency, lower fuel consumption and can operate on a range of fuels (our units operate on light diesel fuel). The engines have a maintenance-friendly design, limiting downtime and operating costs. The engine design allows for lower overall station noise levels and exhaust emissions, compliant with IMA Tier 11 exhaust emissions regulations. The Wärtsilä 20V32 engines are housed in individual, hurricane-proof, acoustically attenuated buildings located on the north side of the Provo Power Station.



720

RPMs engine speed

460

kW CYLINDER OUTPUT

8730

kW

rated power

7799

kJ/kWh

heat rate

46.2

% electrical efficiency



POWER GENERATION



HEALTH AND SAFETY

FortisTCI is recognized as a leader in safety in the industry and local community. Environmental, Health and Safety (EHS) are part of the core values of the organization and form the foundation of the culture and strategic objectives of the business. It is important to the Company that staff can work safely and return home safe to their loved ones every day. Our safety commitment extends to customers, contractors and the wider community.

Safety Committees

The EHS representatives have been instrumental in conducting 60 audit checks and 74 work area inspections in

60 AUDIT CHECKS
INSPECTIONS 74

2371
EHS TRAINING HOURS
13.4%
OVER 2015

2016. These inspections and their subsequent corrective actions have reduced hazardous conditions thereby creating a safer work environment.

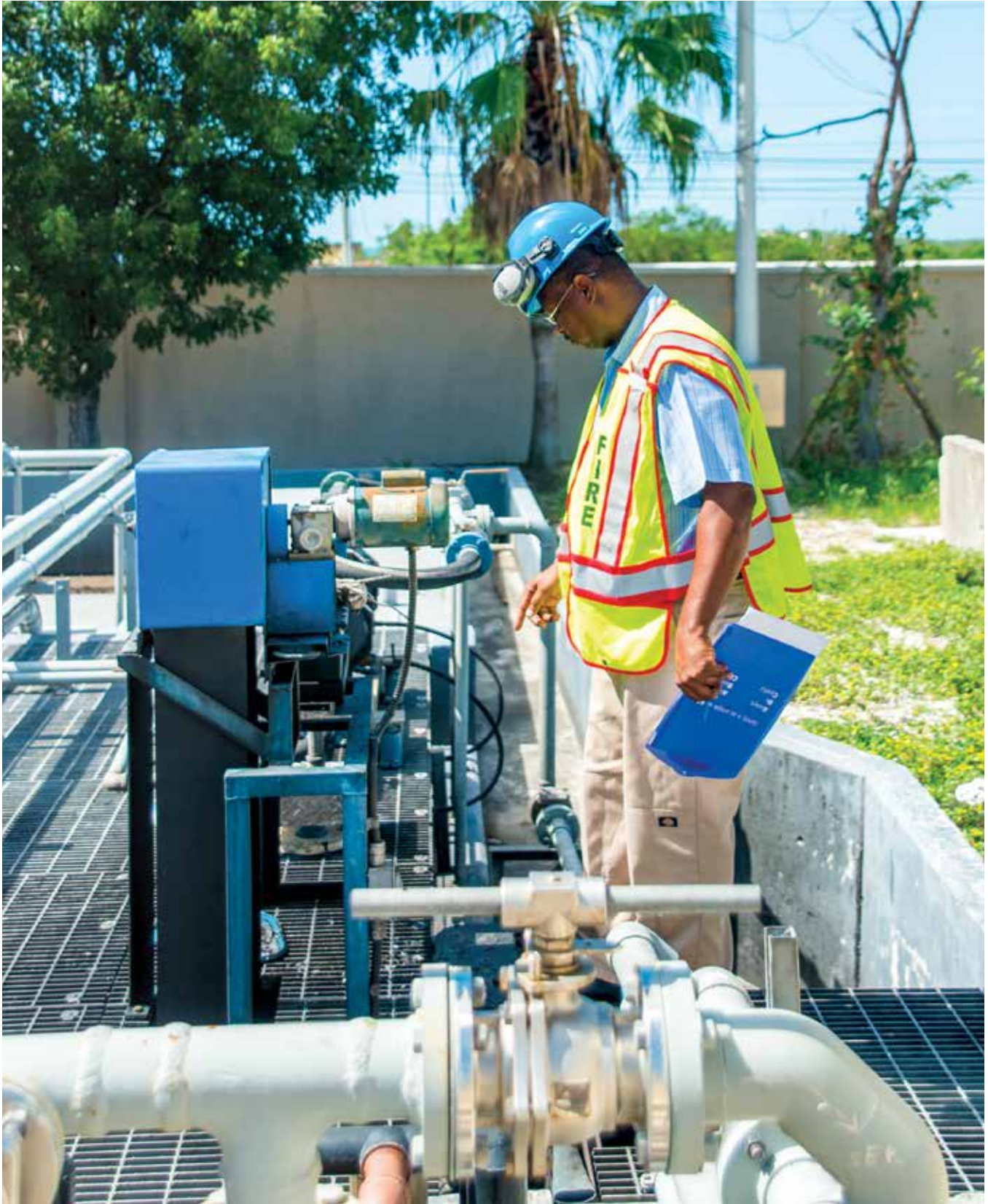
Training and Orientation

FortisTCI has demonstrated its com-

mitment to building a trained workforce with the knowledge and skills needed to develop and sustain an improved safety culture. All new employees and all contractors participated in the EHS Orientation program.

Eighteen orientation sessions were held for new employees and contractors. The orientation program was also conducted on sister islands. During the first quarter of 2016, a companywide EHS re-orientation was conducted. During the year, an EHS meeting was held with contractors on both Providenciales and Grand Turk to discuss EHS issues and to identify ways the EHS department could better serve our contractors.





EMPLOYEES TRAINED: **CPR/127** DEFENSIVE DRIVING/161

OUR ENVIRONMENT

Protecting the environment is one of the fundamental principles of FortisTCI. The Company is guided by international standards and best practice for the industry, an understanding of possible environmental impacts, related risks of operations, as well as the social and economic needs of the communities in which it operates.

FortisTCI seeks to manage air quality issues and to minimize the impact on local communities and ecosystems. FortisTCI uses No. 2 Low Sulphur Diesel fuel for power generation because of its lighter and “cleaner” fuel qualities when burned.

The company also reduces its environmental footprint by purchasing efficient diesel engines, namely, the Wärtsilä units. This allows The Company to dispatch the most efficient engines to meet customer load demands. The Company also maintains the highest standards and guidelines for maintenance.

The design of the generator containment buildings is also to high international standards. FortisTCI has incorporated internal energy use considerations into the business plans and implemented energy efficient and motion sensor lighting technologies at the headquarters.

Waste Oil Disposal Program

FortisTCI continued to strengthen its waste oil program. The company pro-

cured Enpac Over-pack to ensure safer transportation of used oil, along with updated procedures for all its facilities. The EHS department continues a rigorous monitoring and observation program to ensure compliance. Fortis TCI is guided by the ISO 14001:2015 standards in managing its liquid waste.

Greywater Irrigation System

FortisTCI manages and conserves water resources by utilizing a greywater irrigation system for the watering of plants and vegetation on the Company’s properties.

Stormwater Management System

Being located in a major hurricane zone, a Stormwater Management system was commissioned in 2012, and includes a two-chamber containment unit capable of holding approximately 850,000 gallons of water. Waste waters from the compound are

diverted to the retention pond by an underground system of pipes, gullies and serviceable trenches with manholes.

A second retention pond was built to increase the holding capacity by an additional 200,000 gallons

of water for soak-a-ways. The Facilities Management team maintains both ponds and its supporting structures. The main benefit of the stormwater management system is to minimize the

risk of flooding on the compound as well as the public roads.

Scrap Recycling Program

During the year, the Company made significant strides in standardizing the disposal of scrap material. Continu-

ing with our commitment to the environment, the Company has partnered with a reputable recycling company in the United States to properly dispose of all scrap items.

Since the program launched in late 2014, a total of 114,000 pounds of scrap material has been shipped off island.

ISO 14001 and OHSAS 45001 Certification

FortisTCI made strides towards conformance and certification in the ISO 14001:2015 Environmental Management Systems and 45001:2018 Health and Safety Management System. During 2016, 16 employees were trained to use the standards and as internal auditors. The company has built critical internal capacity to achieve

its goal.

The Standards committee, along with the EHS Department, continues to strengthen the internal systems and develop the management systems throughout the company.

The Company introduced the Green Ribbon Award – a program designed to reward departments that have excelled in their environment, health and safety responsibilities during a quarter and individuals who have identified potential issues that could have environmental impacts.







INNOVATION

Integrated Resource Planning Program (IRP)

At the beginning of 2016, the IRP study was released and implemented. The IRP is a study of both supply-side and demand-side options with the objective of meeting the Turks and Caicos Islands' electricity requirements for 2016-2025 by taking into consideration a full range of feasible scenarios to provide a least-cost, reliable electric service and efficiently uses both supply and demand resources. The IRP also introduces the generation mix in traditionally full diesel generation supply. Various technologies and practices were considered, including renewable energy technology and energy efficiency in assessing the best combination to meet electricity demand.

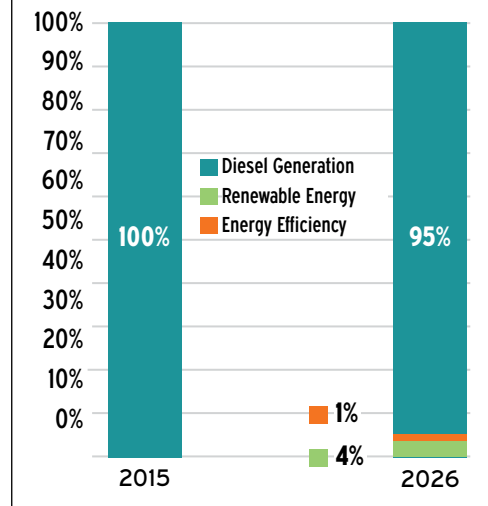
After consideration of different alternatives, uncertainties, limitations, and possible technologies, FTCI's energy supply composition at the end of the 10-year planning horizon – using the preferred portfolio at base case – is projected to have 95% generated from diesel, 4% from renewable energy, and some savings from conservative demand side management, mostly resulting from the impact of behavioral energy efficiency programs. FTCI foresees more generation mix in the future as technologies become more feasible in the TCI.

Fixed Network System

FortisTCI has completed the installation of Fixed Network infrastructure in all service territories except in South Caicos. The technology leveraged the current Automated Metering Reading (AMR) system and employed a smart network that is capable of capturing meter information on a more frequent basis. Benefits of this technology include:

- Time spent in meter reading, if not totally eliminated, will be at the minimal.
- Meter data will be read on an hourly basis, enabling better customer data analytics that can be useful in energy efficiency programs for the customers.
- Potential for fraud prevention.

Demand/Supply Composition



Enterprise Resource Planning and Customer Relationship Management System (ERP and CRM)

In 2016, the Company completed the final phase of its three-year ERP system implementation. We rolled-off our legacy system and now operating with Microsoft AX platform. On top of the current ERP, various software programs have been implemented and integrated with the system, such as the MECOMS, which serves as the Company's CRM system. The Customer Online Payment system was also launched during the year.

The targeted capabilities (end-users skills, technological, and business processed) set at the beginning of the project implementation were established. The Company, moreover, is progressively building on the ERP platform to realize additional effectiveness from the better decision-making capabilities that are afforded by the ERP system. The Company will continue to innovate its technological platform to gain more efficiency in its work processes and to provide better customer experience.

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OUR EXECUTIVE TEAM



Energy For Good.™



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