

January 15, 2019

RESS, EMAIL & COURIER

Ontario Energy Board
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4


Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

Re: Wataynikaneyap Power LP (EB-2016-0262)
– Semi-Annual Report on the Wataynikaneyap Transmission Project

Enclosed on behalf of Wataynikaneyap Power LP is the January 15, 2019 edition of the *Semi-Annual Report on the Wataynikaneyap Transmission Project*. This report is being filed in accordance with the Board's March 23, 2017 Decision and Order in the above-referenced proceeding. A copy has also been filed on RESS.

Yours truly,



Jonathan Myers

Enclosure

cc: Ms. Margaret Keneguanash, WPLP
Mr. Tim Lavoie, WPLP
Mr. Charles Keizer, Torys LLP

ONTARIO ENERGY BOARD

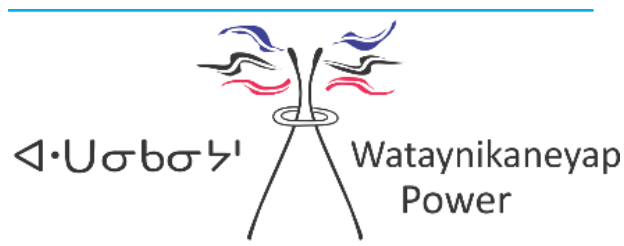
IN THE MATTER OF the *Ontario Energy Board Act, 1998*, C.S.O. 1998, c.15 (Sched. B); pursuant to section 78 of the *Ontario Energy Board Act*.

AND IN THE MATTER OF an Application by 2472883 Ontario Limited on behalf of Wataynikaneyap Power LP, for an Order or Orders to establish a deferral account, for the purposes of recording certain costs relating to development of the Wataynikaneyap Transmission Project.

WATAYNIKANEYAP POWER LP

Semi-Annual Report on the Wataynikaneyap Transmission Project

January 15, 2019



1. Executive Summary

Introduction

On March 23, 2017, the OEB issued a Decision and Order in EB-2016-0262 (the “Decision”), authorizing Wataynikaneyap Power LP (“WPLP”) to establish a deferral account to record development costs for the Wataynikaneyap Transmission Project (the “Project”). The Decision requires WPLP to file a report on the progress of the Project with the OEB on July 17, 2017 and January 15, 2018, and every July 15 and January 15 following until the project is completed.

The reports are intended to address the requirements reflected in the Decision by reporting on each of the following aspects:

- Overall Project Progress – Summary of work progress, cost and schedule status, emerging issues/risks and proposed mitigation
- Cost – Up-to-date project cost forecast and description of reasons for projected variances relative to last forecast provided, as well as updates on funding received, including amounts received, the source of the funding, the activity to which the funding is directed, and any prescribed restrictions on such funding
- Schedule – Up-to-date schedule to project in-service, as well as milestones completed and status of milestones in-progress, including reasons for any delays, impacts of delays and mitigating steps to be taken.
- Risks and Issues Log – Assessment of risks and issues, potential impacts on schedule, cost or scope, as well as potential options for mitigating or eliminating risks or issues.

All information provided in this report in relation to project progress, milestones and risks is current to December 31, 2018. Cost and funding information is based on a financial cut-off of September 30, 2018. WPLP expects that the next report, due July 15, 2019, will contain financial information to March 30, 2019, and all other information current to June 30, 2019.

Overall Project Progress

WPLP’s most notable achievement in the second half of 2018 is the completion of the distribution system to connect Pikangikum to the IESO-controlled grid. This system was put in service on December 20, 2018, consistent with WPLP’s pledge to bring sufficient and reliable electricity to the community in advance of the 2018 Christmas season.

WPLP continues to make notable progress in many aspects of the overall transmission project, with efforts in the second half of 2018 focused on furthering approvals and permits (e.g. Leave to Construct, Environmental Assessments, and Far North Act), releasing a Request for Proposal to select one or more qualified EPC contractor(s), and continuing efforts with respect to community engagement, land sharing protocols and capacity building.

On May 17, 2018, Wataynikaneyap Power and Opiikapawiin Services jointly announced the introduction of a training program in Northwestern Ontario designed for those looking to gain direct or indirect employment in the construction of the Wataynikaneyap Power Transmission Line. Wataynikaneyap Power, Opiikapawiin Services, Infrastructure Health & Safety Association (IHSA), PowerTel and Oshki-Pimache-O-Win Education & Training Institute joined together to deliver training programs including Line Crew Ground Support Training, funded in part by the Government of Canada's Skills and Partnership Fund. Following this announcement, WPLP is pleased to report that seven participants graduated from a Line Crew Ground Support training program in July of 2018, and that a further nine participants graduated in November 2018. Additionally, an Introduction to Power Line Construction and Work Readiness program was developed and three training sessions were held in November involving participants from member communities.

Environmental assessment efforts in relation to the Line to Pickle Lake for the second half of 2018 have progressed to the point where WPLP is now awaiting approval from the relevant ministries in both EA processes. The MECP posted its review document on the EA for the Line to Pickle Lake on August 31, with a 5-week review period concluding in October. WPLP now expects the Minister's decision on the EA in Q1 2019. With respect to the Remote Connection Lines, the final ESR was submitted in November 2018, with a 30-day review period concluding in December. A Statement of Completion for the Remote Connection Lines is expected in Q1 2019.

While Round 3 engagement activities with respect to the Line to Pickle Lake were substantially completed in 2017, WPLP has an obligation to continue engagement efforts through to construction and energization of the project. Additional engagement efforts are therefore ongoing with certain communities as well as the MNO. Engagement with respect to the Remote Connection Lines continues to progress in parallel with environmental assessment efforts. Round 3 engagement meetings for this portion of the project were completed in 2018, with WPLP continuing to provide responses to feedback and input received at these meetings into 2019.

On June 2, 2018, WPLP announced that Hatch Ltd. was selected to provide Owner's Engineer services to the project. In the second half of 2018, Hatch led a process that resulted in the release of a Request for Proposals (RFP) for the Engineering, Procurement, and Construction of the project. The RFP was released in November 2018, with responses due in March of 2019. Following selection of the successful proponent(s), Hatch will continue to provide engineering support during the contracting and construction process.

As the OEB is aware, WPLP filed an amendment to its application for leave to construct the project in October 2018, to ensure alignment of routing between this process and the EA processes. WPLP's engagement efforts are ongoing and it is considering whether further minor routing changes may be needed to address feedback received during permitting discussions with relevant agencies.

Following a presentation day in November 2018, the hearing phase of the proceeding has advanced through a first round of interrogatories in November and December of 2018. On December 14, 2018, the OEB issued PO#2, setting out dates for a supplemental round of interrogatories, as well as dates for

written submissions concluding in mid-February 2018. As such, WPLP is now anticipating a decision from the OEB near the end of Q1 or beginning of Q2 2019.

Cost Forecast and Variances

In the Decision, the OEB determined that costs shall be recorded in the deferral account starting November 23, 2010, and that start-up costs, even if incurred after November 23, 2010, should not be recorded in the account. As a result of this Decision, WPLP has presented an adjusted total development budget of approximately \$71.8 million in Section 2.1 of this report.

Total project spending to September 30, 2018 (excluding costs prior to November 23, 2010 and start-up costs) is \$54.2 million, or 75.6% of the total forecasted development budget. WPLP's current total development spending forecast is \$71.8 million, excluding contingencies. WPLP notes that an amount was budgeted in sub-account #12 to account for a reasonable level of contingency costs during the development period, however all actual costs and future forecasted costs are recorded in the remaining sub-accounts as appropriate. As a result, no actual or forecast spending is provided for sub-account 12.

The table in Section 2 provides a variance analysis at the sub-account level.

Funding

A summary of government funding received between November 2010 (i.e. the effective date of the deferral account) and September 30, 2018 is provided in Section 2.2. Approximately \$12.4 million in funding has been received to date, with approximately \$11.5 million spent to date. Section 2.3 of this report provides information on dates that funding was received by WPLP. WPLP notes that government funding is received by either First Nation LP (FNL) or Opiikapawin Services LP (OSLP), and not by WPLP directly. As a result, both the costs of the development activities being funded, and the associated funding, are not recorded in WPLP's accounts until WPLP receives invoices from these organizations. The amounts and dates provided in Section 2.3 align with entries in account 1508.002.

Carrying Charges

In accordance with the Decision, WPLP has recorded the carrying charges on net development costs in account 1508.003. A summary of these carrying charges is provided in Section 2.4

Schedule and Milestones

The tables in Section 3 of this report provide a summary of major milestones completed to date, as well as forecasted completion dates for future milestones. Discussions of changes to certain target dates are captured in the Overall Project Progress section above, as well as in the notes accompanying the tables in Section 3.

Risks and Issues

The tables in Section 4 of this report provide a current summary of key issues and risks, including discussion of potential impacts on Project scope, cost and/or schedule. The specific risks remain the same as those identified in WPLP's prior reports, however the descriptions, impacts, mitigation efforts and requirements to remove the risk have been updated and expanded on based on progress in a number of project areas during the past six months.

2. Development Costs, Funding and Carrying Charges

2.1 Development Cost, Forecasts and Variances

Wataynikaneyap Power LP (Watay LP)
Deferral Account Spending for the Project
For the Reporting Period- April 1, 2018 to September 30, 2018

| Sub-account | Project Cost Category | Forecast Deferral Costs from EB-2016-0262* | Current Forecast Deferral Costs | Variance between EB-2016-0262 Forecast and Current Forecast | Total Spend as at Reporting Date | Percent of Current Forecast Spent | Variance Analysis |
|-------------|--|--|---------------------------------|---|----------------------------------|-----------------------------------|---|
| 1 | Engineering, design and procurement activity costs | \$ 19,920,028 | \$ 11,205,933 | \$ 8,714,096 | \$ 7,583,000 | 67.67% | The initial budget amount of \$19,920,028 for sub-account 1 "Engineering, design and procurement activity costs" included costs for environmental consultant work. \$6.7M of budget for environmental consultant and permit work has since been re-allocated to sub-account 2 and 3 "Permitting and licensing costs" and "Environmental and regulatory approvals costs, including costs of mitigating project impacts." The adjustment is included in the sub-account 2 & 3 forecast below. The reduction in the forecasted engineering costs not associated with the engineering, design and procurement activities relate to a decrease in owners' engineering costs partially attributable to increase activity within sub-account 9 "Accounting, administration and project management costs", given delays in entering+A11 into a owners' engineer contract additional work was required by internal staffing. |
| 2 | Permitting and licensing costs | \$ 1,850,000 | \$ 4,783,416 | -\$ 2,933,416 | \$ 670,027 | 14.01% | The initial budget amount of \$1,850,000 for sub-account 2 "Permitting and licensing costs" excluded costs for permitting consultant work. It has been determined the best way to track permitting costs is to record all permitting costs in the same sub account. As such, \$2.9M of budget for Permitting consultant work has been re-allocated from sub-account 1 "Engineering, design and procurement activity costs" to sub-account 2 "Permitting and licensing costs." |

Wataynikaneyap Power LP (Watay LP)
Deferral Account Spending for the Project
For the Reporting Period- April 1, 2018 to September 30, 2018

| Sub-account | Project Cost Category | Forecast Deferral Costs from EB-2016-0262* | Current Forecast Deferral Costs | Variance between EB-2016-0262 Forecast and Current Forecast | Total Spend as at Reporting Date | Percent of Current Forecast Spent | Variance Analysis |
|-------------|--|--|---------------------------------|---|----------------------------------|-----------------------------------|--|
| 3 | Environmental and regulatory approvals costs, including costs of mitigating project impacts | \$ 8,467,121 | \$ 12,206,503 | -\$ 3,739,382 | \$ 11,149,282 | 91.34% | The initial budget amount of \$8,467,121 for sub-account 3 "Environmental and regulatory approvals costs, including costs of mitigating project impacts" excluded costs for environmental consultant work. It has been determined that the best way to track environmental costs would be to record all environmental related costs in the same sub-account. As such, \$3.7M of budget for environmental consultant work has been re-allocated from sub-account 1 "Engineering, design and procurement activity costs" to sub-account 3 "Environmental and regulatory approvals costs, including costs of mitigating project impacts". |
| 4 | Land rights acquisition costs and landowner engagement/negotiation costs (excluding Aboriginal Engagement costs) | \$ 985,000 | \$ 754,808 | \$ 230,192 | \$ 310,978 | 41.20% | The forecast includes amounts for legal fees, internal labour, survey work and payment to landowners to secure the required land rights. The primary driver for the variance is internal labour as less internal labour is expected to be spent in future periods. Once the Leave to Construct has been approved the land options will be converted to land rights at a reduced cost. |
| 5 | Aboriginal engagement and communication | \$ 4,441,784 | \$ 8,432,612 | -\$ 3,990,828 | \$ 6,375,933 | 75.61% | The forecast includes additional labour, travel, engagement events, and First Nation capacity funding to effectively engage and review project documentation. In addition, some costs have been reallocated between sub accounts 5, 10 and 11. When consolidated with accounts 10 and 11 there is a negative variance of \$413,556. The negative variance is primarily driven by delays in receiving the EA approval driving increased engagement activities. |
| 6 | Community and other stakeholder engagement costs (excluding landowner and Aboriginal engagement costs) | \$ 2,422,003 | \$ 2,943,030 | -\$ 521,028 | \$ 2,290,376 | 77.82% | The increase in cost is primarily driven by increased stakeholding related to general public and government stakeholding activities to arrive at a government funding framework. |
| 7 | Costs for regulatory activities and filings, including legal support | \$ 1,720,259 | \$ 2,466,340 | -\$ 746,081 | \$ 1,978,840 | 80.23% | The forecast is based on an estimate of time to complete the Leave to Construct, establishing a revenue framework with the OEB and completing the OEB reporting requirements. The variance is primarily driven by an increase in cost in EB-2016-0262 (Deferral Account Application), time spent with IESO working on SIA, and estimated time required to complete future regulatory activities. |
| 26957788.1 | | | | | | | |

Wataynikaneyap Power LP (Watay LP)
Deferral Account Spending for the Project
For the Reporting Period- April 1, 2018 to September 30, 2018

| Sub-account | Project Cost Category | Forecast Deferral Costs from EB-2016-0262* | Current Forecast Deferral Costs | Variance between EB-2016-0262 Forecast and Current Forecast | Total Spend as at Reporting Date | Percent of Current Forecast Spent | Variance Analysis |
|-------------|--|--|---------------------------------|---|----------------------------------|-----------------------------------|--|
| 8 | Interconnection study costs | \$ 323,361 | \$ 124,684 | \$ 198,678 | \$ 124,684 | 100.00% | No material variance |
| 9 | Accounting, administration and project management costs | \$ 13,011,022 | \$ 17,418,807 | -\$ 4,407,785 | \$ 14,922,194 | 85.67% | The balance reflected in "Deferral cost Outlined in the Deferral Application EB-2016-0262" has been adjusted to reflect cost originally estimated in the start up as these costs are more aligned with Accounting, administration and project management. The variance is driven by additional time spent on negotiating federal funding framework, implementation of project management, office and additional staffing. |
| 10 | Aboriginal land-related costs | \$ 710,000 | \$ 1,079,961 | -\$ 369,961 | \$ 783,445 | 72.54% | Additional labour, travel and legal work required to complete land sharing documents |
| 11 | Aboriginal participation, mitigation of project impact and local distribution planning | \$ 13,468,512 | \$ 9,850,602 | \$ 3,617,910 | \$ 7,558,161 | 76.73% | Lower spend than anticipated; reduced training budget forecast to reflect ESDC approved budget and timing (\$2.1M). In addition additional costs have be re-allocated to sub-account 5. |
| 12 | Contingency costs incurred in excess of budgeted costs | \$ 3,498,199 | \$ - | \$ 3,498,199 | \$ - | N/A** | Currently \$3,498,122 of the contingency is being utilized amongst the other sub accounts |
| 13 | Development activity costs not reflected in other sub-accounts | \$ 955,227 | \$ 505,744 | \$ 449,483 | \$ 475,744 | 94.07% | This account reflects a forecast for costs that are not captured in the other sub-accounts. During this reporting period no costs have been recorded in this account. |
| 14 | Start-up costs (partnership formation) | \$ - | \$ - | \$ - | \$ - | N/A | Given the Decision and Order in EB-2016-0262, Wataynikaneyap Power LP does not record start up costs in the deferral account. |
| Grand Total | | \$ 71,772,516 | \$ 71,772,439 | \$ 77 | \$ 54,222,663 | 75.55% | |

* Amount has been adjusted to remove the costs denied per the OEB Decision and Order in EB-2016-0262

** Sub-account 12 contains a budgeted amount of contingency on total development costs. Actual costs, even if higher than forecast, are recorded to the most relevant sub-accounts. The variances shown are therefore offset by the budgeted amount of contingency, such that the total indicated at the bottom of the variance column reflects the amount of budgeted contingency that to date is not expected to be needed.

2.2 Government Funding Received

The following table provides a summary of funding received to date by OSLP and FNLP (including its predecessor Central Corridor Energy Group (CCEG)) for all development activity related to the project. The dates on which project development costs and related funding are recorded by WPLP are summarized in Section 2.3.

Wataynikaneyap Power LP (Watay LP)
First Nations Partnership - Government Funding
For the Reporting Period- April 1, 2018 to September 30, 2018

Funding Received Prior to this Reporting Period

| # | Source | Entity Receiving Funding | Type | Program | Activity | Prescribed Restrictions | Total New Funding Received from Source* | Funding Expended on Regulatory Assets within Watay LP** |
|---|---|--------------------------------------|---------|--|---------------------------------------|---|---|---|
| 1 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Strategic Partnerships Initiative | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 2,259,069 | \$ 1,914,617 |
| 2 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Build Canada Fund (BCF) | Aboriginal Engagement | Subject to the terms of the funding agreement | \$ 1,000,000 | \$ 1,000,000 |
| 3 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Community Opportunities Readiness Program (CORP) | Environmental Assessment | Subject to the terms of the funding agreement | \$ 923,744 | \$ 923,806 |
| 4 | Indigenous and Northern Affairs Canada (INAC) | Central Corridor Energy Group (CCEG) | Federal | Strategic Partnerships Initiative | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 1,310,689 | \$ 1,310,689 |
| 5 | Indigenous and Northern Affairs Canada (INAC) | Central Corridor Energy Group (CCEG) | Federal | Strategic Partnerships Initiative | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 875,000 | \$ 875,000 |
| 6 | Indigenous and Northern Affairs Canada (INAC) | Central Corridor Energy Group (CCEG) | Federal | Regional Program Funds | Aboriginal Engagement / Participation | Subject to the terms of the funding agreement | \$ 1,400,000 | \$ 1,400,000 |
| 7 | Indigenous and Northern Affairs Canada (INAC) | Central Corridor Energy Group (CCEG) | Federal | Strategic Partnerships Initiative | Aboriginal Engagement / Participation | Subject to the terms of the funding agreement | \$ 1,155,908 | \$ 1,155,908 |

Funding Received Prior to this Reporting Period

| # | Source | Entity Receiving Funding | Type | Program | Activity | Prescribed Restrictions | Total New Funding Received from Source* | Funding Expended on Regulatory Assets within Watay LP** |
|----|--|--------------------------------------|------------|---|---------------------------------------|---|---|---|
| 8 | Indigenous and Northern Affairs Canada (INAC) | Central Corridor Energy Group (CCEG) | Federal | Lands and Economic Development Services Program | Aboriginal Engagement / Participation | Subject to the terms of the funding agreement | \$ 100,000 | \$ 100,000 |
| 9 | FedNor | Central Corridor Energy Group (CCEG) | Federal | N/A | Aboriginal Engagement / Participation | Subject to the terms of the funding agreement | \$ 430,011 | \$ 430,011 |
| 10 | Independent Electricity System Operator (IESO) | Opiikapawiin Services LP (OSLP) | Provincial | Education & Capacity Building Program | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 162,875 | \$ 87,617 |
| 11 | Northern Ontario Heritage Fund Corporation (NOHFC) | Central Corridor Energy Group (CCEG) | Provincial | N/A | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 50,000 | \$ 50,000 |
| 12 | Ministry of Energy | Central Corridor Energy Group (CCEG) | Provincial | N/A | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 139,941 | \$ 139,941 |
| 13 | Ministry of Energy | Central Corridor Energy Group (CCEG) | Provincial | N/A | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 26,704 | \$ 26,704 |
| 14 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Strategic Partnerships Initiative | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 201,548 | \$ 108,683 |
| 15 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Build Canada Fund (BCF) | Aboriginal Engagement | Subject to the terms of the funding agreement | \$ 800,000 | \$ 676,200 |

Funding Received Prior to this Reporting Period

| # | Source | Entity Receiving Funding | Type | Program | Activity | Prescribed Restrictions | Total New Funding Received from Source* | Funding Expended on Regulatory Assets within Watay LP** |
|--------------|---|---------------------------------|------------|--|--------------------------|---|---|---|
| 16 | Independent Electricity System Operator (IESO) | Opiikapawiin Services LP (OSLP) | Provincial | Education & Capacity Building Program | Aboriginal Participation | Subject to the terms of the funding agreement | "Program previously recorded, balance moved to line 10" | N/A |
| 17 | Employment and Social Development Canada (ESDC) | Opiikapawiin Services LP (OSLP) | Federal | Aboriginal Skills & Partnership Fund (SPF) | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 610,391 | \$ 120,571 |
| 18 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Build Canada Fund (BCF) - Relates to item 15 above | Aboriginal Engagement | Subject to the terms of the funding agreement | "Program previously recorded, balance moved to line 15" | N/A |
| 19 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Strategic Partnerships Initiative | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 403,095 | \$ 91,317 |
| 20 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Community Opportunities Readiness Program (CORP) - Relates to item 3 above | Environmental Assessment | Subject to the terms of the funding agreement | "Program previously recorded, balance moved to line 3" | N/A |
| 21 | Independent Electricity System Operator (IESO) | Opiikapawiin Services LP (OSLP) | Provincial | Education & Capacity Building Program - Relates to item 10 above | Aboriginal Participation | Subject to the terms of the funding agreement | "Program previously recorded, balance moved to line 10" | N/A |
| 22 | Employment and Social Development Canada (ESDC) | Opiikapawiin Services LP (OSLP) | Federal | Aboriginal Skills & Partnership Fund (SPF) - Relates to item 17 above | Aboriginal Participation | Subject to the terms of the funding agreement | "Program previously recorded, balance moved to line 17" | N/A |
| Total | | | | | | | \$ 11,848,974 | \$ 10,411,064 |

Funding Received During the Reporting Period

| # | Source | Entity Receiving Funding | Type | Program | Activity | Prescribed Restrictions | Total New Funding Received from Source*** | Funding Expended on Regulatory Assets within Watay LP** |
|--------------|---|---------------------------------|---------|---|--------------------------|---|---|---|
| 23 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Strategic Partnerships Initiative | Aboriginal Participation | Subject to the terms of the funding agreement | \$ 565,232 | \$ 83,654 |
| 24 | Indigenous and Northern Affairs Canada (INAC) | Opiikapawiin Services LP (OSLP) | Federal | Build Canada Fund (BCF) - Relates to item 15 above | Aboriginal Engagement | Subject to the terms of the funding agreement | \$ **** | \$ 608,200 |
| 25 | Employment and Social Development Canada (ESDC) | Opiikapawiin Services LP (OSLP) | Federal | Aboriginal Skills & Partnership Fund (SPF) - Relates to item 17 above | Aboriginal Participation | Subject to the terms of the funding agreement | \$ - | \$ 376,553 |
| Total | | | | | | | \$ 565,232 | \$ 1,068,406 |

| | | Amount Expended on Regulatory Assets within Watay LP |
|------------------------------------|--|--|
| Summary of Funding Requests | | Amount Approved |
| Historical Funding Received | | \$ 11,848,974 |
| Funding Received in the Period | | \$ 565,232 |
| Total | | \$ 12,414,206 |

*Third party funding received to fund start up and pre November 2010 costs have not been included as the corresponding costs have been denied pursuant to OEB Decision and Order EB-2016-026

** Funding expended on regulatory assets not recorded until spent by Wataynikaneyap Power LP.

***New funding received can be a continuation of a previously recorded program that had a balance to be expended after previous reporting period.

****Funding from this source was approved for \$700,000, however the amount was received subsequent to reporting date, September 30, 2018.

2.3 WPLP Funding Receipt Dates

Wataynikaneyap Power LP (Watay LP)
First Nations Partnership - Government Funding Date Received
For the Reporting Period- April 1, 2018 to September 30, 2018

Funding Received Prior to this Reporting Period

| Date | Amount |
|--------------------|----------------------|
| August 31, 2015 | \$ 4,536,986 |
| December 31, 2015 | \$ 467,824 |
| March 31, 2016 | \$ 483,443 |
| December 31, 2016 | \$ 1,223,205 |
| March 31, 2017 | \$ 2,124,486 |
| September 30, 2017 | \$ 482,523 |
| December 31, 2017 | \$ 868,872 |
| March 31, 2018 | \$ 223,726 |
| Total | \$ 10,411,064 |

Funding Received During the Reporting Period

| Date | Amount |
|--------------------|---------------------|
| September 30, 2018 | \$ 1,068,406 |
| Total | \$ 1,068,406 |

| | |
|---|----------------------|
| Summary of Funding Received | |
| Total Historical Funds Received | \$ 10,411,064 |
| Current Period Funds Received | \$ 1,068,406 |
| Total Funds Received | \$ 11,479,470 |
| Total Funds per Government Funding Report | \$ 11,479,470 |

Note: Government funding is received by either FNLP or OSLP. The costs and related funding are not recorded in Watay LP until invoiced by FNLP.

2.4 Carrying Charges

Wataynikaneyap Power LP (Watay LP)
Deferral Account Interest
For the Reporting Period - April 1, 2018 to September 30, 2018

| | <i>Audited - As at</i> <u>31-Dec-16</u> | <i>Additions</i> <u>01 - 03 2018</u> | <i>As at</i> <u>31-Mar-18</u> | <i>Additions</i> <u>04 - 09 2018</u> | <i>As at</i> <u>30-Sep-18</u> |
|--|---|--|---|--|---|
| Sub Account 1508.001 Other Regulatory Assets - Carrying Charge Interest Income (Debit to 1508.003) | \$427,845.48 | \$473,143.98 | \$900,989.46 | \$432,377.42 | \$1,333,366.88 |
| | | | | | |
| Sub Account 1508.002 Funding - Carrying Charge Interest Expense (Credit to 1508.003) | (\$210,535.76) | (\$140,182.45) | (\$350,718.21) | (\$98,780.07) | (\$449,498.28) |
| | | | | | |
| Sub Account 1508.003 Other Regulatory Assets - Carrying Charges on Net Development Costs | \$217,309.72 | \$332,961.53 | \$550,271.25 | \$333,597.35 | \$883,868.60 |

3. Schedule and Milestones

The following tables provide a summary of major milestones completed to date, as well as forecasted completion dates for future milestones. A brief summary is provided for forecasted milestones where the target date has changed since the previous report.

| Item | Milestones Completed | Date |
|------|--|----------------------------|
| 1 | Formation of Central Corridor Energy Group (CCEG) | Q3 2008 |
| 2 | Initiation of Environmental Assessment and Aboriginal Consultations for (a) Line to Pickle Lake and (b) Remote Connections | (a) Q1 2012 (b) Q4 2015 |
| 3 | Formation of Wataynikaneyap Power Corporation | Q2 2013 |
| 4 | Received Environmental Assessment Terms of Reference for Line to Pickle Lake portion of the project | Q1 2015 |
| 5 | Formation of Wataynikaneyap Power LP with FortisOntario/RES Canada | Q3 2015 |
| 6 | Received Electricity Transmission License from OEB | Q4 2015 |
| 7 | Submitted Impact Assessment Application in respect of Line to Pickle Lake Portion of the Project | Q1 2016 |
| 8 | Approval of Deferral Account | Q1 2017 |
| 10 | Submitted Draft EA Report (Line to Pickle Lake) | Q2 2017 |
| 10.1 | Submitted Final EA Report (Line to Pickle Lake) | Q4 2017 |
| 11 | Receiving Final System Impact Assessment(s) and Customer Impact Assessment(s) from IESO and Hydro One Networks | Q3 2018 |
| 13 | Line to Pickle Lake – Round 3-Part 2 Engagement | Q3 2017 ¹ |
| 15 | Submitted Leave to Construct Application to OEB | Q2 2018 |
| 26.1 | Pikangikum Grid Connection (Interim Distribution Connection) | Q4 2018 |

¹ This round of engagement was substantially completed in Q3 2017. Additional engagement efforts are however ongoing with certain First Nation communities and MNO.

| Item | Milestones in Progress | Target Date | Date Included in July 2018 OEB Report | Notes |
|-------------|---|--------------------|--|---|
| 12 | Project Funding Framework between Canada and Ontario | Q1 2019 | Q4 2018 | MOU announced Q1 2018; negotiating teams have finalized the definitive documents, with execution expected in Q1 2019 |
| 14 | Stage 2 Archaeological Assessments Complete (Line to Pickle Lake) | Q2 2019 | Q3-Q4 2018 | Substantially completed Q4 2018; very minor section targeted for May 2019 for accessibility reasons |
| 16 | Engineering, Procurement, Construction tender award | Q2 2019 | Q4 2018 – Q1 2019 | RFP issued Q4 2018; proposals remain due in Q1, however award is now expected in Q2 based on proponent requests for extension; in requesting extensions, proponents have provided reassurance that they are able to meet overall project schedule |
| 17 | Remote Connection Lines - Round 3 Engagement | Q1 2019 | Q3 2018 | Most community meetings completed in Q2 2018; a small number of meetings with specific communities were delayed to accommodate community requests and for logistical reasons |
| 18 | Minister's Decision on EA (Line to Pickle Lake) | Q1 2019 | Q4 2018 | Final report submitted Q4 2018; WPLP awaits the Minister's decision |
| 19 | Stage 2 Archaeological Assessments Complete (Remote Connections) | Q4 2018 | Q4 2018 | Assessments completed in Q4 2018 for at least any work expected in 2019; - assessments for work to be completed in subsequent years targeted for 2019 |

| Item | Milestones in Progress | Target Date | Date Included in July 2018 OEB Report | Notes |
|------|--|-------------|---------------------------------------|--|
| 20 | Statement of Completion issued by MNRF for Environmental Assessment of Remote Connections Portion of the Project | Q1 2019 | Q3 2018 | Final ESR submitted Q4 2018; WPLP awaits statement of completion |
| 20.1 | Crown order(s) regarding Far North Act | Q1-Q2 2019 | Q4 2018 | Dependency on items 18, 20; |
| 21 | Leave to Construct Approval | Q1-Q2 2019 | Q1 2019 | PO#2 establishes February 15, 2019 as the due date for WPLP's written reply submission; expect OEB decision late Q1 or early Q2 |
| 22 | Financial Close | Q2 2019 | Q1 2019 | Lender due diligence will start the week of January 14th 2019 with financial close occurring at or prior to the finalization of the EPC contract(s). Financial close is planned to occur in early Q2, 2019 |
| 23 | Construction Start | Q2 2019 | Q1 2019 | Dependency on items 16, 21 and 22 (among others) |
| 24 | Asset Transfer Agreements between Independent Power Authority (IPA) communities and Hydro One Remote Communities | Q3 2019 | Q3 2019 | |
| 25 | Line to Pickle Lake in-service | Q4 2020 | Q4 2020 | |
| 26 | First Community Connected | Q4 2021 | Q1 2021 | This milestone refers to the first community other than Pikangikum, which was connected on an urgent basis using an interim connection to HONI's distribution system at Red Lake. |
| 27 | Construction Completion | Q4 2023 | Q4 2023 | |

4. Issues and Risks

The following tables provide a current summary of key issues and risks, including discussion of potential impacts on Project scope, cost and/or schedule. For each risk, a summary of mitigation efforts completed and planned is provided, and the requirement to remove the risk has been identified.

| ENGINEERING, DESIGN, PROCUREMENT, AND INTERCONNECTION | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 1. | <p>SIA/CIA amendment</p> <p>SIA/CIA risk has been significantly mitigated as a result of receiving Final SIA reports and Notifications of Conditional Approval for Connection from IESO in Q2 2018 and Final CIA reports from Hydro One in Q3, 2018.</p> <p>Risk remains that any changes to design and/or segment length (resulting for example from permitting processes) would require SIA/CIA amendments.</p> | <ul style="list-style-type: none"> Any unexpected requirements arising from SIA/CIA amendment processes could impact project cost and/or schedule | <ul style="list-style-type: none"> Independent analysis of the potential technical impact of any changes before committing to those changes Ongoing communication with IESO and Hydro One as changes occur Keep overall changes to line segment distances to a minimum and avoid any impact to configuration/design to the extent possible | <ul style="list-style-type: none"> Construction completion Note – this risk is significantly reduced from the original risk of scope/schedule impact that resulted from the SIA and CIA reports being outstanding at the time of prior deferral account reports. This risk will continue to be minimized as the design of each line segment and station is finalized, permitted and ultimately constructed |

| ENGINEERING, DESIGN, PROCUREMENT, AND INTERCONNECTION | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 2. | Geotechnical survey Due to the size and scope of the project, completing detailed geotechnical surveys at 100% of the proposed structure locations is unlikely to be practical or cost-effective | <ul style="list-style-type: none"> Differences between design assumptions and actual subsurface conditions could require design modifications, an increase in construction cost and schedule delays. | <ul style="list-style-type: none"> Desktop geotechnical report commissioned and received Findings of desktop report have been augmented using LiDAR data, high-resolution aerial imagery and other techniques. Additional routing review underway in consideration of findings. Additional desktop review completed for areas subject to possible re-alignment resulting from EA and engagement processes Consider cost/benefit of completing field geotechnical surveys at priority structure locations and representative locations that are readily accessible in advance of construction | <ul style="list-style-type: none"> Construction completion |

| ENGINEERING, DESIGN, PROCUREMENT, AND INTERCONNECTION | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 3. | Interdependency on EA, engagement and lands activities Changes to routing and/or design could be triggered by processes related to EA, engagement, and lands activities. | <ul style="list-style-type: none"> Impact will be proportional to the overall magnitude of any required changes. | <ul style="list-style-type: none"> Early and ongoing community engagement and discussions regarding First Nations Land Sharing Protocols Significant interaction between engineering, EA, engagement and lands task leads, with coordination of efforts and processes where practical Early and ongoing identification of specific concerns Prioritize design efforts on sections with least risk Prioritize technical routing reviews in areas with greatest impact to EA, engagement and land acquisition processes | <ul style="list-style-type: none"> MECP decision on EA (Line to Pickle Lake) MNRF Statement of Completion issued (Remote Connection Lines) Engagement activities completed Land options/agreements in place (private, claims, crown and agency lands) First Nation Land Sharing Protocol Agreements (similar to Impact Benefit Agreements) Section 28(2) permits (Reserve Lands) in place |
| 4. | Changes to technical standards and/or related regulatory requirements Standards underpinning the design and regulatory requirements governing the interconnection of the proposed project to the existing Ontario grid could be updated prior to construction | <ul style="list-style-type: none"> Impact could range from minimal (review for compliance with no changes required) to significant (requirement to redesign a significant portion of the project or repeat certain permitting activities) | <ul style="list-style-type: none"> Thorough documentation of all standards and assumptions underpinning the design to allow efficient assessment of any updates Many aspects of the design are software-based, allowing efficient analysis of the impact resulting from changes to any assumptions or parameters Completed a review and redesign of connections to existing HONI system with both HONI and IESO | <ul style="list-style-type: none"> Finalize impact assessments, connection agreements and initiate construction |

| ENVIRONMENTAL, PERMITTING, ENGAGEMENT, AND LAND RIGHTS | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 1. | Line to Pickle Lake Routing Decisions from various ministries are required with respect to Environmental Assessment requirements, Endangered Species Act (ESA) permitting, and requirements for exception and/or exemption order(s) exemptions under the Far North Act (FNA) | <ul style="list-style-type: none"> - A change in routing would increase costs related to archaeology, field surveys, design and acquisition of land rights - A delay in receiving the Minister's decision on the Line to Pickle Lake EA could result in delays to other project milestones | <ul style="list-style-type: none"> - Thorough evaluation of routing impacts through EA process - Ongoing discussions re First Nations Land Sharing Protocols and attempts at engagement with various Aboriginal communities and stakeholders to resolve routing issues - Ongoing discussion with MOECC staff with respect to timelines for Minister's decision - Ongoing discussion with MNRF on ESA permitting/exemption requirements - Ongoing discussion with MNRF and MOECC regarding comments on Final EA report - Ongoing discussion with MNRF regarding application requirements, process and timelines with respect to FNA exception and/or exemption order(s) | <ul style="list-style-type: none"> - MECP decision on EA - MNRF decision on ESA permitting - MNRF acceptance of assessment and mitigation for Phase 1 Final EA Report - Engagement activities related to line routing completed - Land options/agreements in place (private, claims, crown and agency lands) - First Nation Land Sharing Protocol Agreements (similar to Impact Benefit Agreements) - Exception and/or exemption order(s) under the FNA |

| ENVIRONMENTAL, PERMITTING, ENGAGEMENT, AND LAND RIGHTS | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 2. | Findings during archaeology | <ul style="list-style-type: none"> – Potential for delay and minor design/routing changes if areas must be avoided – Findings during Stage 2 archaeological assessments may require Stage 3 & 4 level assessment | <ul style="list-style-type: none"> – Stage 2 archaeological assessment initiated with respect to Line to Pickle Lake (substantially completed) and with respect to the Remote Connection Lines (significant progress). – Preliminary design and land rights efforts include consideration for minor design/routing variations that may be required (e.g. LiDAR data acquisition covers wider corridor, possible adjacent land impacts considered) | <ul style="list-style-type: none"> – Completion of stage 2 archaeological assessments for all portions of the project |

| ENVIRONMENTAL, PERMITTING, ENGAGEMENT, AND LAND RIGHTS | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 3. | Routing for Remote Connection Lines Decisions from various ministries are required with respect to Environmental Assessment requirements, Endangered Species Act (ESA) permitting, and requirements for exception and/or exemption order(s) under the Far North Act (FNA) | <ul style="list-style-type: none"> – A change in routing could increase costs related to archaeology and field surveys, design, acquisition of land rights, and engagement activities. – Significant changes in routing could delay processing of the LTC application, with corresponding delays to other project milestones – A request for Part II Bump-up request would cause significant schedule delay and would increase EA costs – A delay in receiving the MNRF Statement of Completion for the Remote Connection Lines could result in delays to other project milestones. | <ul style="list-style-type: none"> – Early and ongoing engagement with impacted communities and discussions regarding First Nation Land Sharing Protocols – Thorough evaluation of routing options and impacts through EA and engagement processes – Mitigate effects and provide accommodation to land users – Provide opportunity for Aboriginal communities, agencies, the public and stakeholders to review key EA documents – Incorporate concerns and issues into Environmental Study Report (ESR) – Early and extensive engagement on EA work plan and Class EA processes – Coordinate engineering, environmental, and engagement work to identify and process routing adjustments efficiently – Ongoing discussion with MNRF regarding application requirements, process and timelines with respect to FNA exception and/or exemption order(s) | <ul style="list-style-type: none"> – MNRF Statement of Completion issued (Remote Connection Lines) – Engagement activities completed – Land options/agreements in place (private, claims, crown and agency lands) – First Nation Land Sharing Protocol Agreements (similar to Impact Benefit Agreements) – Section 28(2) permits (Reserve Lands) – MNRF decision on ESA permitting – Exception and/or exemption order under the FNA |
| 4. | Non-Aboriginal Land rights | <ul style="list-style-type: none"> – Potential for delay and minor design/routing changes if areas must be avoided – Cost increases and schedule delays to negotiate off right-of-way access. | <ul style="list-style-type: none"> – Early and ongoing engagement with impacted land owners, claim holders, land tenure holders, MNRF and MTO | <ul style="list-style-type: none"> – Land options/agreements in place (private, claims, crown and agency lands) |

| ENVIRONMENTAL, PERMITTING, ENGAGEMENT, AND LAND RIGHTS | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 5. | Duty to Consult Wataynikaneyap has been delegated the procedural aspects of the Crown's duty to consult | <ul style="list-style-type: none"> Failure to carry out the procedural aspects of the Crown's duty to consult could impact project schedule and budget | <ul style="list-style-type: none"> Indigenous Engagement Plans Early and meaningful Indigenous engagement Open and continuous dialogue with Crown agencies, including lead agency (Ministry of Energy) | <ul style="list-style-type: none"> Project approvals |

| ABORIGINAL PARTICIPATION, MITIGATION OF PROJECT IMPACT, AND LOCAL DISTRIBUTION PLANNING | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 1. | <p>Local Distribution Readiness</p> <p>In order to connect to the provincial grid, the local distribution companies in the remote communities need to have distribution licenses from the Ontario Energy Board (OEB) and operate in accordance with the Distribution System Code</p> | <ul style="list-style-type: none"> – A community that does not meet these requirements cannot be connected to the provincial grid – Could impact construction timelines and cost for the portion of the line dedicated to that community | <ul style="list-style-type: none"> – Wataynikaneyap is facilitating the transition of these communities to regulated utilities – Indigenous Services Canada has confirmed Funding will be approved to support the remaining six (6) Independent Power Authority First Nations. Wataynikaneyap will continue to monitor and report on progress as per its role in the Parallel Process Agreement. As part of finalizing the definitive documents for the Government Funding Framework, Canada, Ontario, WPLP and First Nation LP have agreed to enter into a Parallel Process Agreement which outlines the process for funding and executing the IPA upgrades. Of the 16 communities to be connected to the Ontario electrical grid through the Wataynikaneyap Transmission Project: <ul style="list-style-type: none"> – Ten (10) are already serviced by a licensed and regulated Local Distribution Company (LDC)– HORCI. These communities are already positioned to meet the requirements for connection to the grid. – Six (6) communities operate their own Independent Power | <ul style="list-style-type: none"> – IPA community transfer of ownership / operation to a licensed local distribution company (e.g. HORCI) |

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| | | | <p>Authority (“IPA”) utilities which are not licensed or regulated to distribute power. All of these communities are in the process of transferring ownership/operation of the LDC to Hydro One Remote Communities Inc (HORCI). Ongoing dialogue between Wataynikaneyap, HORCI and ISC</p> <ul style="list-style-type: none"> – A 17th community (McDowell Lake), which will eventually be connected, does not currently have local distribution service. It’s connection to the grid will be dependent on the scope / timing of their community development plan | |
| 2. | <p>Aboriginal Participation and Benefits from the Project</p> <p>Aboriginal communities have clearly indicated expectation of participation on the project and sharing of benefits (e.g. training jobs, contracts, capacity building, ownership)</p> | <ul style="list-style-type: none"> – Failure to demonstrate meaningful Aboriginal participation and sharing of benefits could result in loss of Aboriginal support, which could delay schedule and increase costs. | <ul style="list-style-type: none"> – 22 First Nations are majority owners in the project and are actively involved in the management and decision making on the project – Indigenous Participation Guide (IPG) developed – Initiated Aboriginal education & training program – Initiated Aboriginal business readiness planning – Land Sharing Protocols discussions are underway | <ul style="list-style-type: none"> – Construction completion (although Aboriginal Participation and benefit sharing will be ongoing) – First Nation Land Sharing Protocol Agreements (similar to Impact Benefit Agreements) |

| FINANCIAL, FUNDING, LEGAL AND REGULATORY | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 1. | Government funding framework An appropriate funding framework or cost sharing agreement between WPLP and various levels of government is required. | <ul style="list-style-type: none"> – The funding framework will significantly affect the economic viability of the project, the ability to realize the socioeconomic benefits of the project, as well as the allocation of cost and benefits between the provincial and federal governments and Ontario ratepayers | <ul style="list-style-type: none"> – Early and ongoing dialogue with various ministries and government representatives. – Completion of economic and socioeconomic studies – Provision of information to government as requested – MOU with Canada and Ontario announced on March 22, 2018. The MOU defines the terms and conditions of funding for WPLP and for the connection of remote First Nation communities to the transmission grid. – Watay, Canada and Ontario have negotiated the definitive documents to reflect the MOU, the definitive documents have been agreed to by all parties and are subject to approval by respective governments and shareholders. Approval and execution of the definitive documents are expected to occur in Q1 2019. | <ul style="list-style-type: none"> – Finalize definitive documents related to funding – Appropriation of funds by parliament |

| FINANCIAL, FUNDING, LEGAL AND REGULATORY | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 2. | Cost Recovery Framework A commercially viable cost recovery framework, supported by OEB, Ministry of Energy and HORCI is required | <ul style="list-style-type: none"> – Impact the ability to attract private equity required for the investment to proceed – Impact ability to finance the project | <ul style="list-style-type: none"> – Early and ongoing dialogue and negotiations with various ministries and government representatives – Completion of economic and socioeconomic studies – Provision of information to government as requested – Application for leave to construct filed in June 2018 includes a proposed cost recovery framework, with discussion of the implications of the funding framework, as well as analysis of customer impacts in the absence of funding – The leave to construct proceeding has commenced and includes a request for approval of the Cost Recovery Framework. WPLP's target is to have an OEB decision on the proposed cost recovery framework as part of the leave to construct decision in Q1-Q2 2019 | <ul style="list-style-type: none"> – OEB approval of the proposed cost recovery framework |

| FINANCIAL, FUNDING, LEGAL AND REGULATORY | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 3. | Project financing Wataynikaneyap Power LP (Watay LP) is arranging financing for construction of the transmission assets in line with OEB approved parameters. FNLP is seeking financing for the majority of its equity interest in the project. | <ul style="list-style-type: none"> – Funding for WPLP and FNLP is required for the project to proceed – Pricing on the WPLP financing will impact cost of the project – Amortization will impact financial viability of the project | <ul style="list-style-type: none"> – Run a competitive process with multiple lenders across a broad spectrum of financing institutions to ensure best pricing, terms and conditions can be achieved (the process has been initiated and includes Domestic and Foreign Banks and Insurance Companies). – Early and ongoing engagement with lenders on both credit facilities. (Request for Qualification process initiated and significant interest shown in both the WPLP and FNLP financing). – Do not tie funding of WPLP and FNLP financing requirements to ensure best terms and conditions at the WPLP level. (Based on results of Request for Qualifications, lenders do not require to tie the financing requirements). – Initiate Lender due diligence and preliminary approval process for both credit facilities with a goal to have lender(s) selected by Leave to Construct (process delayed until government funding framework has been finalized). – WPLP has established a data room and plans to initiate the due diligence stage with lenders in January 2019. | <ul style="list-style-type: none"> – Enter into binding agreements with lenders, which (excluding customary terms & conditions) requires: <ul style="list-style-type: none"> ○ Establishment of the government funding framework ○ Establishment of commercially viable cost recovery framework ○ Approval of the Leave to Construct ○ Acceptable engineering designs ○ Acceptable engineering and construction counterparty ○ Acceptable land rights |

| FINANCIAL, FUNDING, LEGAL AND REGULATORY | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 4. | Tender pricing There is a potential for total project costs resulting from a competitive tender process to be higher than current project estimates | <ul style="list-style-type: none"> Impact on cost will only be known once tenders have been received and evaluated | <ul style="list-style-type: none"> Project estimates have been derived from multiple sources of information and methodologies Estimated unit costs have been compared to other projects for reasonability Accuracy limitations have been identified and disclosed – estimates to be refined as the level of project development progresses Contingencies have been included in cost estimates Owner’s Engineer retained to refine preliminary engineering and develop contracting strategy in consideration of cost and risk management Construction contract strategies will be considered that avoids allocating inappropriate risk to construction contractor(s). The intent is to avoid prospective bidders building high-risk premiums into their construction bids. | <ul style="list-style-type: none"> Receipt and evaluation of tenders |

| FINANCIAL, FUNDING, LEGAL AND REGULATORY | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 5. | Timing of Leave to Construct | <ul style="list-style-type: none"> – Delay in processing the LTC application could result in the anticipated Q2 2019 construction start date being delayed, which in turn could impact the target in-service dates for various portions of the project | <ul style="list-style-type: none"> – Project team identified with specific roles and responsibilities – Review of deliverables required to meet the OEB's filing requirements (milestones achieved, reports, drawings, etc.) – Application reinforces the urgent social need associated with the project and proposed timelines for construction – Early and ongoing engagement to reduce opposition to project – Government support through legislative amendments confirming the priority of and the need for the proposed project – Application filed June 2018 – Advance review of project scope by IESO – Presentation Day to familiarize OEB Panel and others with key aspects of the application – Commitments from EPC proponents with respect to key milestones | <ul style="list-style-type: none"> – OEB decision and order granting leave to construct the proposed project by Q1-Q2 2019 |

| FINANCIAL, FUNDING, LEGAL AND REGULATORY | | | | |
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| Item | Description | Impact on Scope/Cost/Schedule | Actions/Mitigation | Requirement to Remove Risk |
| 6. | <p>Backup Supply Planning</p> <p>The IESO scope incorporated into WPLP's transmission licence requires facilitation of the arrangement of backup supply, consistent with Emergency Preparedness Plans of the remote communities.</p> <p>[</p> | <ul style="list-style-type: none"> Though WPLP is required to facilitate the arrangement of backup supply resources, actual implementation is beyond its scope as a transmitter – as a result, these costs are not expected to be recovered from ratepayers. As part of finalizing the definitive documents for the Government Funding Framework, Canada, Ontario, WPLP and First Nation LP have agreed to enter into a Parallel Process Agreement which outlines the process for addressing backup power needs. As part of the Parallel Process Agreement, Canada and First Nation LP agree that they will continue to work together (including with the Connecting Communities) and will involve other interested parties as appropriate (including Ontario, WPLP, the IESO and HORCI) to develop a backup power plan and commitments for the Connecting Communities that can be put into service following the Completion Date, including giving consideration to appropriate reliability and service standards, and, which may include the utilization of existing generation facilities that are in a condition to be safely operated for such purposes in accordance with good utility practice. <p>–</p> | <ul style="list-style-type: none"> Ongoing engagement with various stakeholders (remote First Nation communities, IESO, HORCI, ISC, etc.) Third-party study "Remote Communities Backup Power Supply Analysis" completed Backup power study includes a stakeholder matrix identifying numerous parties with active roles and interests in the process. This matrix will be used to identify requirements for further stakeholder engagement to review the preliminary backup power recommendations and determine a process for selecting the preferred option(s) for each community. Third Party Study "Feasibility of Using Existing Diesel Generating Stations for Back Power in Remote Grid-Connected Communities" completed. This study (a) concludes that existing diesel generating stations in communities can be easily repurposed to serve as the local backup with minimal investment, and (b) recommends that existing community diesel generation assets be repurposed to provide centralized backup power in each community until 2030 as a minimum | <ul style="list-style-type: none"> Review of and engagement on the recommended solution(s) for each community Community and stakeholder agreement on recommended solution(s), including commitments to funding and implementation |