

July 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 July 15, 2019 edition of the *Semi-Annual Report on the Wataynikaneyap Transmission Project*. A copy has also been filed on RESS. This report is being filed in accordance with the Board's March 23, 2017 Decision and Order in the above-referenced proceeding. Please note that this is the final such report being made pursuant to the Board's March 23, 2017 Decision and Order. As explained in the attached, future reports will be filed pursuant to the Board's Decision and Order in EB-2018-0190, commencing October 15, 2019.

Yours truly,

(Signed on Original)

Jonathan Myers

Enclosure

cc: Ms. Margaret Kenequanash, 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

July 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.

On April 1, 2019, the OEB issued (and on April 29, 2019 the OEB revised) its Decision and Order in EB-2018-0190, granting WPLP leave to construct the Project, pursuant to Section 92 of the OEB Act, and providing other approvals and determinations related to the Project (the “LTC Decision”). The LTC Decision directs WPLP to use CWIP Account 2055 to record construction costs and approved WPLP’s request to transfer the balances from its development costs deferral account to the CWIP account. In addition, the LTC Decision establishes, as a condition of approval, that WPLP must provide the OEB with semi-annual updates on the CWIP account, as well as on the progress of backup supply arrangements for the connecting communities, with the first such report being due on October 15, 2019 and subsequent reports being required every April 15 and October 15 until the CWIP account is terminated. Moreover, those reports are to be based on December 31 and June 30 cut-offs for financials, and March 31 and September 30 cut-offs for project activities.

Given the reporting requirements established in the LTC Decision, the present report represents the final report to be filed by WPLP pursuant to the Decision in EB-2016-0262. WPLP will file its next report, pursuant to the LTC Decision in EB-2018-0190, on October 15, 2019, followed by semi-annual reporting every April 15 and October 15 thereafter.

Information provided in this report in relation to project progress, milestones and risks is generally current to June 30, 2019. However, in an effort to be current, this report also reflects certain key milestones achieved in early July 2019. Cost and funding information is based on a financial cut-off of March 31, 2019, which is the last day before the effective date for the transfer of balances from the development costs deferral account to the CWIP account pursuant to the LTC Decision.

Overall Project Progress

The transmission project is currently transitioning from the development phase to the construction phase as significant milestones have been achieved in the first half of 2019 and other pre-construction requirements are targeted for Q3 of 2019.

On January 17, 2019, WPLP announced that Mishkeegogamang and Ojibway Nation of Saugeen formally joined the project through FNLP, bringing the number of First Nations communities who are equal owners in the project to 24. This is a significant milestone that will have a positive impact on First Nation engagement and opportunities for participation. Simultaneous with the two First Nations joining the partnership, Fortis Inc. entered into an arrangement with Algonquin Power & Utilities Corp. for a minority share of its ownership.

First Nation training and participation activities continue within the communities to be connected by the project. A two-week “Introduction to Power Line Construction and Work Readiness Training” program took place in Sandy Lake First Nation in January 2019, with a 100% completion rate. A third group of the Line Ground Crew Support program, a 15-week certificate program, commenced on April 29, 2019 with 12 participants.

An “Energizing Youth” capacity building program was announced on May 8, 2019. Opiikapawiin Services LP (“OSLP”), in partnership with Natural Resources Canada, the Ontario Ministry of Energy, Northern Development and Mines, and Wataynikaneyap Power, are delivering a unique energy capacity building and empowerment program for youth aged 18-25 from the 24 owner First Nations. The program is designed to engage youth in the Wataynikaneyap Power transmission project by providing Indigenous-centred introductory energy curriculum, job shadowing and an introduction to careers in the powerline industry. The program will build capacity among six youth per year over the course of 5 years with a total of 30 projected participants. Natural Resources Canada has provided \$400,000 in funding with in-kind contributions from OSLP, ENDM and Wataynikaneyap Power.

The LTC Decision allows WPLP to move forward with the construction phase of the project, subject to obtaining all other required permits, as well as a number of other conditions. Importantly, the LTC Decision approved the cost recovery framework proposed by WPLP, which is compatible with the framework for government funding of the project, and which WPLP indicated was required for project financing.

Three additional key milestones have been achieved through July 2019, as follows.

First, significant progress was made in the first half of 2019 towards selection of one or more EPC contractors. Following receipt of proposals on April 10, 2019, WPLP substantially completed its selection and award process in Q2 2019, and expects to negotiate one or more final EPC contracts early in Q3 2019.

Second, regarding the applicable environmental assessment (“EA”) processes, much of 2019 to date has been focused on working through final comments submitted by a variety of interested parties. As a result of these efforts, WPLP received a Minister’s Decision on its EA for the Line to Pickle Lake on June 21, 2019, and received a Statement of Completion on its EA for the Remote Connection Lines portion of the project on July 3, 2019.

Third, regarding the federal funding framework for the project, WPLP, Ontario and Canada signed definitive documents on July 4, 2019.

Cost Forecast and Variances

In the Decision, the OEB determined that costs shall be recorded in the development costs 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 March 31, 2019 (excluding costs prior to November 23, 2010 and start-up costs) is \$69 million, or 96.2% of the total forecasted development budget. WPLP’s current total development spending forecast is \$71.8¹ 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 March 31, 2019 is provided in Section 2.2. Approximately \$14.8 million in funding has been received to date, with approximately \$11.9 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 (“FNLP”) or Opiikapawiin 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 FNLP and/or OSLP. The amounts and dates provided in Section 2.3 align with entries in account 1508.002.

¹ As of April 1, WPLP’s deferral account ended and has entered pre-construction. Pre-construction reflects both development costs and construction costs, however construction costs have not been reported in the current forecast. Updated costs will be reflected in the October 15, 2019 report per the OEB decision and order EB-2019-0190.

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 - October 1, 2018 to March 31, 2019

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	\$ 10,705,933	\$ 9,214,096	\$ 10,623,959	99.23%	The initial budget amount of \$19,920,028 for sub-account 1 "Engineering, design and procurement activity costs" included costs for environmental consultant work. \$5.4M 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 into a owners' engineer contract additional work was required by internal staffing.
2	Permitting and licensing costs	\$ 1,850,000	\$ 3,131,916	-\$ 1,281,916	\$ 2,307,767	73.69%	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, \$1.3M 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 - October 1, 2018 to March 31, 2019

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	\$ 12,556,503	-\$ 4,089,382	\$ 12,551,266	99.96%	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, \$4.1M 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	\$ 473,838	62.78%	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 since a number of land options successfully acquired by WPLP prior to Leave to Construct approval can now be converted to land rights.
5	Aboriginal engagement and communication	\$ 4,441,784	\$ 8,432,612	-\$ 3,990,828	\$ 7,995,746	94.82%	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 \$992,880. The negative variance is primarily driven by delays in receiving the EA approval driving increased engagement activities.

Wataynikaneyap Power LP (Watay LP)
Deferral Account Spending for the Project
For the Reporting Period - October 1, 2018 to March 31, 2019

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
6	Community and other stakeholder engagement costs (excluding landowner and Aboriginal engagement costs)	\$ 2,422,003	\$ 2,943,030	-\$ 521,028	\$ 2,665,397	90.57%	The increase in cost is primarily driven by stakeholding related to general public and government stakeholding activities to arrive at a government funding framework being managed through project management in sub account 9.
7	Costs for regulatory activities and filings, including legal support	\$ 1,720,259	\$ 2,516,340	-\$ 796,081	\$ 2,486,156	98.80%	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) and time spent with IESO working on SIA.
8	Interconnection study costs	\$ 323,361	\$ 126,184	\$ 197,178	\$ 125,742	99.65%	No material variance
9	Accounting, administration and project management costs	\$ 13,011,022	\$ 18,918,807	-\$ 5,907,785	\$ 18,762,125	99.17%	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	\$ 1,329,961	-\$ 619,961	\$ 1,270,142	95.50%	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	\$ 9,273,951	94.15%	Lower spend than anticipated; reduced training budget forecast to reflect ESDC approved budget and timing (\$3.6M). In addition additional costs have be re-allocated to sub-account 5.

Wataynikaneyap Power LP (Watay LP)
Deferral Account Spending for the Project
For the Reporting Period - October 1, 2018 to March 31, 2019

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
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	\$ 475,864	94.09%	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	\$ 69,011,953	96.15%	

* 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.

*** As of April 1, WPLP's deferral account ended and has entered pre-construction. Pre-construction reflects both development costs and construction costs, however construction costs have not been reported in the current forecast. Updated costs will be reflected in the October 15, 2019 report per the OEB decision and order EB-2019-0190.

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.

First Nations Partnership - Government Funding
For the Reporting Period - October 1, 2018 to March 31, 2019

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

First Nations Partnership - Government Funding
For the Reporting Period - October 1, 2018 to March 31, 2019

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	\$ 1,284,400
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	\$ 497,124

First Nations Partnership - Government Funding
For the Reporting Period - October 1, 2018 to March 31, 2019

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**
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
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	"Program previously recorded, balance moved to line 15"	N/A
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	"Program previously recorded, balance moved to line 17"	N/A
Total							\$ 12,414,206	\$ 11,479,470

First Nations Partnership - Government Funding
For the Reporting Period - October 1, 2018 to March 31, 2019

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**
26	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 690,836	\$ 100,523
27	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	\$ 990,000	\$ -
28	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	\$ 665,892	\$ 341,060
Total							\$ 2,346,728	\$ 441,583

		Amount Expended on Regulatory Assets within Watay LP	
Summary of Funding Requests		Amount Approved	
Historical Funding Received		\$ 12,414,206	\$ 11,479,470
Funding Received in the Period		\$ 2,346,728	\$ 441,583
Total		\$ 14,760,934	\$ 11,921,053

*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.

***Funding from this source was approved for \$990,000, however the amount was received subsequent to previous reporting date, September 30, 2018.

****New funding received can be a continuation of a previously recorded program that had a balance expended prior to receipt of funding.

2.3 Funding Dates

Wataynikaneyap Power LP (Watay LP)
First Nations Partnership - Government Funding - Date Recorded by WPLP
For the Reporting Period - October 1, 2018 to March 31, 2019

Funding Recorded Prior to this Reporting Period

Date	Amount
Monday, August 31, 2015	\$ 4,536,986
Thursday, December 31, 2015	\$ 467,824
Thursday, March 31, 2016	\$ 483,443
Saturday, December 31, 2016	\$ 1,223,205
Friday, March 31, 2017	\$ 2,124,486
Saturday, September 30, 2017	\$ 482,523
December 31, 2017	\$ 868,872
March 31, 2018	\$ 223,726
Sunday, September 30, 2018	\$ 1,068,406
Total	\$ 10,411,064

Funding Recorded During the Reporting Period

Date	Amount
December 31, 2018	\$ 1,287,947
March 31, 2019	\$ 222,042
Total	\$ 1,509,989

Summary of Funding Recorded	
Total Historical Funds Received	\$ 10,411,064
Current Period Funds Received	\$ 1,509,989
Total Funds Received	\$ 11,921,053
Total Funds per Government Funding Report	\$ 11,921,053

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 - October 1, 2018 to March 31, 2019

	<i>Audited - As at</i> <u>31-Dec-16</u>	<i>Additions</i> <u>01 2016 - 09 2018</u>	<i>As at</i> <u>30-Sep-18</u>	<i>Additions</i> <u>10 - 03 2019</u>	<i>As at</i> <u>31-Mar-19</u>
Sub Account 1508.001 Other Regulatory Assets - Carrying Charge Interest Income (Debit to 1508.003)	\$427,845	\$905,521	\$1,333,367	\$681,745	\$2,015,112
Sub Account 1508.002 Funding - Carrying Charge Interest Expense (Credit to 1508.003)	(\$210,536)	(\$238,963)	(\$449,498)	(\$132,609)	(\$582,107)
Sub Account 1508.003 Other Regulatory Assets - Carrying Charges on Net Development Costs	\$217,310	\$666,559	\$883,869	\$549,136	\$1,433,004

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	Received Final System Impact Assessment(s) and Customer Impact Assessment(s) from IESO and Hydro One Networks	Q3 2018
12	Project Funding Framework between Canada and Ontario	Q3 2019
13	Line to Pickle Lake – Round 3-Part 2 Engagement	Q3 2017 ²
14	Stage 2 Archaeological Assessments Complete (Line to Pickle Lake)	Q2 2019

² 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 Completed	Date
15	Submitted Leave to Construct Application to OEB	Q2 2018
17	Remote Connection Lines - Round 3 Engagement	Q1 2019
18	Minister's Decision on EA (Line to Pickle Lake)	Q2 2019
20	Statement of Completion issued by MNRF for Environmental Assessment of Remote Connections Portion of the Project	Q3 2019
21	Leave to Construct Approval	Q2 2019
26.1	Pikangikum Grid Connection (Interim Distribution Connection)	Q4 2018

Item	Milestones in Progress	Target Date	Date Included in January 2019 OEB Report	Notes
16	Engineering, Procurement, Construction tender award	Q3 2019	Q2 2019	RFP issued Q4 2018; proposals received in early Q2 2019; tender award expected early Q3 2019
19	Stage 2 Archaeological Assessments Complete (Remote Connections)	Q4 2019	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
20.1	Crown order(s) regarding Far North Act	Q3 2019	Q1-Q2 2019	Dependency on items 18, 20; expected Q3 2019
22	Financial Close	Q3 2019	Q2 2019	Lender due diligence started in Q1 2019 with financial close occurring at or prior to the finalization of the EPC contract(s). Financial close is planned to occur in Q3 2019
23	Construction Start	Q3 2019	Q1 2019	Dependency on items 16, 18, 20 and 22 (among others)

Item	Milestones in Progress	Target Date	Date Included in January 2019 OEB Report	Notes
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	Q4 2021	
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				
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				
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				
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"> Complete any required amendments to impact assessments, finalize connection agreements and initiate construction

ENVIRONMENTAL, PERMITTING, ENGAGEMENT, AND LAND RIGHTS				
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 exemption order – application submitted Q2 2019 - Minister's decision on EA received June 21, 2019 	<ul style="list-style-type: none"> - MNRF decision on ESA permitting - 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) - Exemption order under the FNA

ENVIRONMENTAL, PERMITTING, ENGAGEMENT, AND LAND RIGHTS				
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 (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				
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 exemption order – application submitted Q2 2019 – MNRF Statement of Completion received on July 3, 2019 	<ul style="list-style-type: none"> – 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 – Exemption order under the FNA

ENVIRONMENTAL, PERMITTING, ENGAGEMENT, AND LAND RIGHTS				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
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)
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				
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. 	<ul style="list-style-type: none"> – IPA community transfer of ownership / operation to a licensed local distribution company (e.g. HORCI)

			<ul style="list-style-type: none"> - Six (6) communities operate their own Independent Power 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 - 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.	Aboriginal Participation and Benefits from the Project Aboriginal communities have clearly indicated expectation of participation on the project and sharing of benefits (e.g. training jobs, contracts, capacity building, ownership)	<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 	<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)

			– Land Sharing Protocols discussions are underway	
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FINANCIAL, FUNDING, LEGAL AND REGULATORY				
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.	– 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	– 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 were signed in June 2019	– Signing of definitive documents occurred in June 2019 – Appropriation of funds by parliament

FINANCIAL, FUNDING, LEGAL AND REGULATORY				
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 included 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 – OEB's April 1, 2019 decision in the leave to construct proceeding approved the cost recovery framework 	<ul style="list-style-type: none"> – OEB approval of the proposed cost recovery framework – OEB approved the cost recovery framework in its April 1, 2019 decision on WPLP's Leave to Construct application (EB-2018-0190); as such, this risk has been eliminated and will not be included in future reports

FINANCIAL, FUNDING, LEGAL AND REGULATORY				
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				
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 – Entering into EPC Contract

FINANCIAL, FUNDING, LEGAL AND REGULATORY				
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 – OEB decision received April 1, 2019 	<ul style="list-style-type: none"> – OEB decision received April 1, 2019 – as such, this risk has been eliminated and will be removed from future reports

FINANCIAL, FUNDING, LEGAL AND REGULATORY				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
6.	Backup Supply Planning 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.	<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. 	<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