

**UPPER CANADA TRANSMISSION, INC.  
(d/b/a NextBridge Infrastructure)**

**East-West Tie Line  
Quarterly Construction Progress Report**

**Reporting Period: February 11, 2019 to June 30, 2019**

**Date Submitted: August 30, 2019**

- In its Decision and Order dated August 7, 2013 (Designation Decision), the Ontario Energy Board (OEB or Board) named Upper Canada Transmission, Inc. (UCT), doing business as NextBridge Infrastructure (NextBridge), as the designated transmitter for the development of the East-West Tie transmission line (EWT Project or Project).
- On July 31, 2017, NextBridge submitted an application for leave to construct (LTC) the EWT Project, pursuant to section 92 of the Ontario Energy Board Act (OEB Act). On February 11, 2019, the OEB issued a Decision and Order approving the LTC application and amending the conditions of UCT's Electricity Transmission Licence to authorize it to proceed to the construction, expansion or reinforcement of the transmission system for the EWT Project, pursuant to a directive to the OEB issued by the Minister of Energy, Northern Development and Mines and approved by Order in Council 52/2019 (OIC), dated January 30, 2019.
- On February 11, 2019, the OEB amended NextBridge's electricity transmission licence to include conditions requiring NextBridge to report to the IESO on the progress, timeliness and cost-effectiveness of the EWT Project and provide such information that the OEB may from time to time require.
- On July 29, 2019, the OEB issued a letter outlining NextBridge's reporting requirements pursuant to sections 14.1 and 13.3 of its transmission licence.
- In accordance with the OEB's letter dated July 29, 2019, NextBridge will report quarterly on the 15th business day of each January, April, July, and October, with the exception of this first quarterly report, which is due on August 30, 2019. NextBridge will continue reporting until the EWT Project is in-service and land restoration activities have been completed.

This report is organized as follows:

1	<p><b>Summary of the EWT Project Progress to June 30, 2019</b></p>	<p>A detailed summary of the status of the EWT Project, including work completed during the reporting period, overall progress, cost and construction schedule updates, and emerging risks. Where applicable, impacts from changes to Hydro One Network Inc.'s (HONI's) station work will be noted. This section includes:</p> <ul style="list-style-type: none"> <li>• Table of Key Project Statuses;</li> <li>• Table of Activities in the Work Fronts (WFs) for the Reporting Period; and</li> <li>• Summary of Activities within the Reporting Period.</li> </ul>
2	<p><b>Construction Schedule Update</b></p>	<p>Construction milestones for the Project were identified in NextBridge's responses to Procedural Order #3, filed May 3, 2018 and updated September 24, 2018. This section provides an overview of the permitting and approval/authorization requirements as they relate to the Construction Schedule and includes:</p> <ul style="list-style-type: none"> <li>• Project Map;</li> <li>• Table of Updated Milestones; and</li> <li>• Permit and Approval/Authorization Requirements by WF.</li> </ul> <p>Where applicable, impacts from changes to HONI's station work will be noted.</p>
3	<p><b>Construction Cost Update</b></p>	<p>Period-specific cost summaries providing details for each cost category in NextBridge's Project cost budget, including:</p> <ul style="list-style-type: none"> <li>• Actual Spent;</li> <li>• Percentage of budgeted costs spent to date;</li> <li>• Updated forecast; and</li> <li>• Material forecast variance (if applicable).</li> </ul> <p>This section also includes a Project Cost Update Summary and associated rationale for forecast variance and associated mitigating measures for negative forecast variances.</p>
4	<p><b>Risk Management</b></p>	<p>A summary of risks that have occurred or could potentially occur during construction, including a discussion of potential impacts on schedule, cost or scope, and potential options for mitigating or eliminating the risk. This section includes:</p> <ul style="list-style-type: none"> <li>• Risk Management Issues, Potential Impacts, and Mitigation Measures Table.</li> </ul>

## 1. Summary of the EWT Project Progress During Reporting Period

**Table of Key Project Statuses**

Key Status	Summary
<b>Stage of Construction</b>	<p><b>Preliminary construction activities have commenced</b></p> <ul style="list-style-type: none"> <li>Activities in preparation of construction of the EWT Project have begun and right of way clearing is expected to commence in September, 2019.</li> </ul>
<b>Costs</b>	<p><b>NextBridge undertook a re-budgeting effort upon the OEB issuing a Decision and Order approving the LTC Application</b></p> <ul style="list-style-type: none"> <li>Construction costs for the EWT Project are forecasted to be on budget as compared to the LTC application.</li> </ul>
<b>Schedule</b>	<p><b>Construction schedule is broken down into 11 WFs</b></p> <ul style="list-style-type: none"> <li>Transmission line right of way clearing is planned to commence on WFs 1 and 7, and continue to WFs 2 and 8 respectively.</li> </ul>
<b>Emerging Risk</b>	<p><b>Permit and access requests are on track but potential approval delays could present schedule risks</b></p> <ul style="list-style-type: none"> <li>NextBridge is making continuous efforts with the applicable parties and governmental agencies, including Ministry of the Environment, Conservation, and Parks (MECP), Reserves and with Ministry of Natural Resources and Forestry (MNR), Fisheries and Oceans Canada, Canada Wildlife Service, NAV Canada, and Transport Canada, in order to maintain the current schedule.</li> </ul>
<b>Indigenous Activities</b>	<p><b>Engagement continuing</b></p> <ul style="list-style-type: none"> <li>NextBridge representatives attended technical briefings and other Project-related meetings and discussions.</li> </ul>

**Table of Activities In Work Fronts<sup>1</sup> for the Reporting Period**

	<b>Env. Permits</b>	<b>Land-ROW<sup>2</sup></b>	<b>Land-Access<sup>3</sup></b>	<b>Clearing</b>	<b>Construction</b>
<b>Work Front 7</b>	Packages submitted	37%	57%	-	Access drawings approved by HONI
<b>Work Front 8</b>	Packages submitted	99.8%	32%	-	Access drawings approved by HONI
<b>Work Front 1</b>	Packages submitted	97%	75%	-	Access drawings approved by HONI
<b>Work Front 9</b>	Packages submitted	100%	69%	-	-
<b>Work Front 2</b>	Packages submitted	69%	94%	-	Access drawings approved by HONI
<b>Work Front 3</b>	Packages submitted	91%	86%	-	Nipigon camp site preliminary preparation activities commenced
<b>Work Front 6</b>	Packages submitted	88%	33%	-	-
<b>Work Front 4</b>	Packages submitted	100%	0%	-	-
<b>Work Front 5</b>	Packages submitted	93%	81%	-	-
<b>Work Front 11</b>	Packages submitted	38%	62%	-	-
<b>Work Front 10</b>	Packages submitted	66%	14%	-	-

<sup>1</sup> This is the currently proposed order of strategic Work Front execution and is subject to change.

<sup>2</sup> Percentage of linear distance of route acquired in kilometers. Unencumbered Provincial Crown Land (Unpatented Land, Conservation Reserves, Parks) are assumed secured, but are still subject to receiving Provincial Government approvals.

<sup>3</sup> Percentage of parcels with construction access requirements acquired. Construction access requirements on unencumbered Provincial Crown Land (Unpatented Land, Conservation Reserves, Parks) are subject to receiving Provincial Government approvals.

## Summary of Activities Within Reporting Period

### Environment

- Species at Risk (SAR)
  - Continued to hold positive discussions with MECP.
  - Anticipated permit approvals for all SAR except bat hibernacula and caribou – September 1, 2019.
  - Anticipated permit approvals for bat hibernacula and caribou – December 1, 2019.
  - Strategic WF permitting/execution approach allows working outside of species' restricted activity periods to minimize potential environmental impacts and disruption to Project schedule.
- WF Packages
  - Package submissions for WFs 1, 2, and 7 are anticipated in August 2019.
  - Permit application approvals are expected to allow right of way clearing work to commence September 1, 2019.
  - Continued productive discussions with MECP on Parks / MNRF on work and land use permits, etc.
- Permitting Requirements
  - Continued consultation with MECP, MNRF, Fisheries and Oceans Canada, Canada Wildlife Service, NAV Canada, and Transport Canada regarding the Environmental Assessment (EA) and upcoming permitting requirements.
- EA Conditions
  - Internal and contractor resources have been deployed to ensure continued compliance with the conditions of the EA Approval.
- Detailed Project Plans (DPPs)
  - Developed and submitted DPPs and associated permit applications for multiple construction WFs that provide the pre-construction, construction, and operation activities to be undertaken for the Project.
    - Key values of interest to MNRF and MECP were incorporated into the DPPs and permit applications.

- Environment-Related Indigenous Discussions
  - Continued solicitation and incorporation of feedback and Traditional Ecologic Knowledge information provided by First Nation and Métis communities and agencies.
  - Documented and responded to inquiries received from First Nations and Métis with respect to the Project.

## Land

- Privately Held Land
  - Negotiated settlement with additional property owners resulting in removal of 10 of the original 23 parcels from the expropriation application.
- Government Land and Permits
  - Continued engagement with Ministry of Transportation, Infrastructure Ontario, and HONI to acquire land and/or obtain permits.
  - Worked with the MNRF to establish schedule details for the submission of concurrent permit applications<sup>4</sup> based on current construction schedule.
  - Crown land disposition applications for WFs 1 and 7 are expected to be submitted in August 2019.
  - Applications for all construction WFs are on track for submission prior to the Post-LTC Decision Baseline Target Date.
  - Received Council approval from the Town of Marathon and Municipality of Shuniah on June 10, 2019 and June 11, 2019, respectively, for required land agreements.
  - Continued engagement with third party utility and rail companies to secure required access and overhead crossing approvals.
  - Agreement on approximately 20% of required third party crossings have been completed.
- General Updates
  - Continued legal surveys to support the land optioning and permitting programs.
  - Met with property owners to execute option exercise and easement registration documentation.
  - Approximately 85% of signed option agreements in WFs 1, 7, 8, 9, and 2 have been exercised.
  - Responded to directly affected property owner and Crown interest holder inquiries, as required.

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<sup>4</sup> Includes Crown Land Disposition Application

## Regulatory

- Expropriation Application
  - On April 17, 2019, NextBridge filed an application with the OEB, pursuant to section 99 of the OEB Act, to expropriate 23 parcels.
  - An amended expropriation application was filed on June 10, 2019, removing 10 of the original 23 expropriation parcels as well as the request for a short-term lease interest.
  - The Affidavit of Service detailing the delivery results of the Expropriation Application to affected property owners, encumbrancers, and interest holders was filed with the Board on June 11, 2019.

## Indigenous Engagement

- Continued Engagement Activities
  - Discussions with the 18 identified First Nation and Métis communities regarding the EWT Project.
    - Discussed next steps in regulatory approvals such as DPPs and associated permits.
  - Hosted group teleconference on February 14, 2019, to provide the 18 identified First Nation and Métis communities with updates regarding the Project, including:
    - The OIC and Ministerial directive (issued January 30, 2019);
    - The OEB approval of the LTC application (issued February 11, 2019);
    - Anticipated EA approval with conditions by MECP; and
    - Plans to move forward with permitting and other regulatory conditions.
- Notifications to the 18 identified First Nation and Métis Communities
  - March 25, 2019
    - That the MECP had provided NextBridge with a Letter of Approval regarding the EA for the EWT Project.
  - April 16, 2019
    - That, as part of the EA approval conditions, NextBridge would be updating the Indigenous Consultation Plan for the EWT Project.
    - NextBridge requested comments on the updated plan by April 29, 2019.
  - May 15, 2019
    - The proposed updates to the geotechnical survey on May 15, 2019.

- June 5, 2019
  - That the Project has started submitting applications for required provincial permits.
  - The website links to access mapping and other relevant documentation.
- Technical Briefings with First Nation and Métis Organization's Staff and Leadership
  - NextBridge hosted two group teleconferences on March 20 and 21, 2019, to provide the 18 identified First Nation and Métis communities with updates regarding the Project.
  - Teleconferences provided an overview of the remaining formal consultation tasks for the Project, including how NextBridge intends to consult on remaining regulatory requirements.
- Staff Meetings
  - Staff meetings were held with consultation representatives.
  - The topics discussed at these meetings included:
    - Updates to the Project regulatory approval process;
    - Updates on construction timelines;
    - Reviews of ongoing offers to develop Capacity Funding Agreements (CFAs) in order for communities to review upcoming DPPs and associated permits;
    - Updates on construction-phase participation, including facilitation opportunities; and
    - Responses to specific inquiries related to pre-construction surveys and assessments.
  - Staff meetings took place with:
    - Red Sky Métis Independent Nation staff meeting on April 1, 2019;
    - Pays Plat First Nation Chief and staff meeting on April 1, 2019;
    - Fort William First Nation staff meeting on April 1, 2019;
    - Long Lake #58 First Nation staff meeting on April 2, 2019;
    - Michipicoten First Nation staff meeting on April 3, 2019;
    - Pic Mobert First Nation staff meeting on April 4, 2019;
    - Biigtigong Nishnaabeg staff meeting on April 4, 2019;
    - Red Rock Indian Band Chief and staff meeting on April 4, 2019;
    - Biinjitiwaabik Zaaging Anishinaabek (BZA) monitor meeting on April 5, 2019;
    - Red Rock Indian Band staff meeting on May 7, 2019;
    - Batchewana First Nation staff meeting on May 15, 2019;
    - Fort William First Nation staff meeting on May 24, 2019;
    - Bingwi Neyaashi Anishinaabek community meeting on May 25, 2019;



- Fort William First Nation community meeting on June 24, 2019;
  - Red Rock Indian Band staff meeting on June 25, 2019; and
  - Michipicoten First Nation teleconference meeting on June 25, 2019.
- CFAs
    - Offered CFAs to the 18 identified First Nation and Métis communities to ensure adequate resources to continue with engagement on the Project during the construction phase.

## **Community/Municipal Engagement**

- Continued Engagement Activities
  - Project team hosted an information booth and presented a Project update to delegates of the Northwestern Ontario Municipal Association Conference in Thunder Bay from April 24 to 26, 2019.
  - Sponsored the Thunder Bay Chamber of Commerce Prosperity Northwest forum and participated as a panel member on the Energy Infrastructure Panel on June 5, 2019.
- Pre-Construction Open Houses
  - Hosted fifth and final required round of open houses from May 6 to 9, 2019 in:
    - Thunder Bay;
    - Dorion;
    - Nipigon;
    - Terrace Bay;
    - Marathon;
    - White River; and,
    - Wawa.
  - Notification of the open houses was published in local newspapers, broadcast on local radio, posted on the Project web site, and hard copies of the notification were mailed to the Project mailing list.
    - The notification and information provided at the open houses are posted on the Project web site and can be found at [http://www.nextbridge.ca/project\\_info](http://www.nextbridge.ca/project_info)

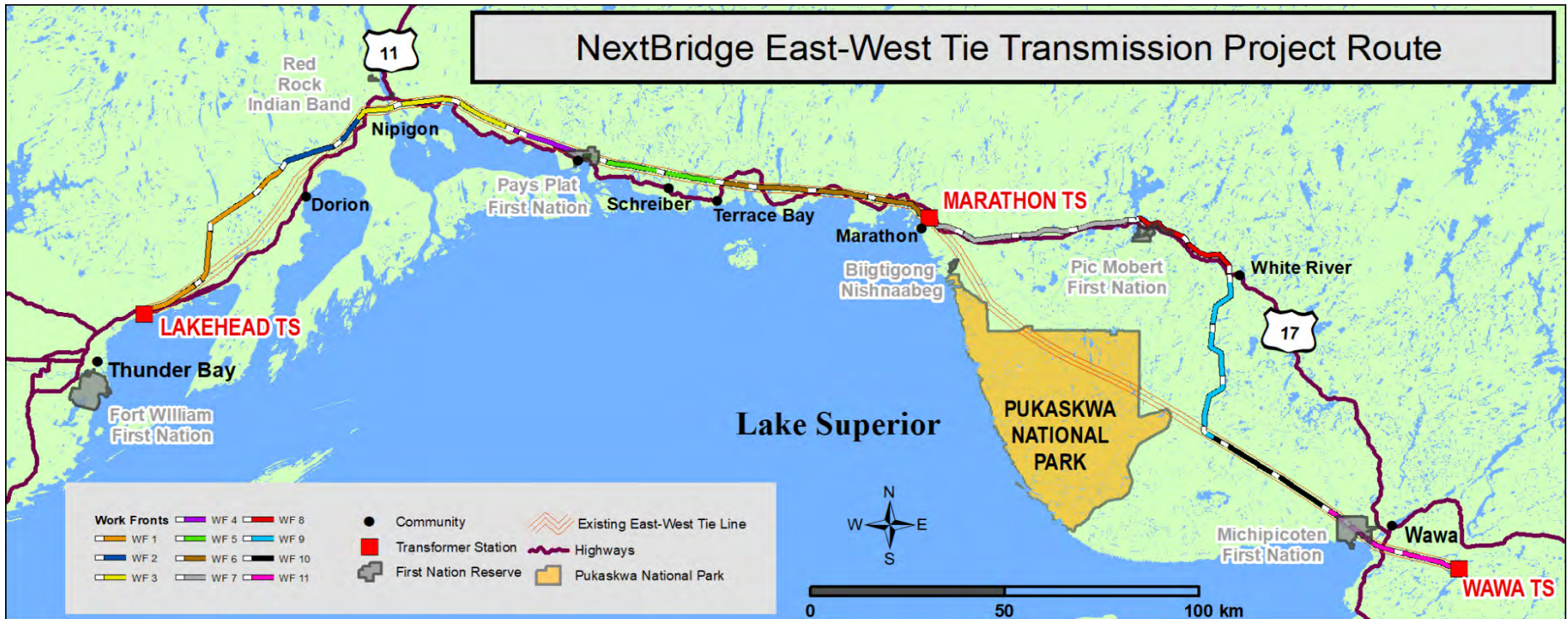
- Complaint Resolution Protocol
  - Drafted and submitted to the MECP for approval.
  - Complaint Protocol was added to NextBridge website and can be found at [http://www.nextbridge.ca/project\\_info/public-record-documents](http://www.nextbridge.ca/project_info/public-record-documents)
- Community Investment Funding
  - Provided support to two community initiatives.
  - Additional funding opportunities are currently under review.

## **Engineering & Construction**

- HONI Engagement and Coordination
  - Continued discussion on the design of existing transmission line crossings and HONI's crossing requirements.
  - Continued discussions related to the execution of agreements with HONI regarding facility upgrades are in progress.
  - Negotiating Construction Cost Recovery Agreement.
  - Discussion regarding Overhead Crossing Designs: Adjustments & T1M crossings.
- Materials
  - Awarded tower supply contract to vendor SARA Energy.
  - Evaluation of conductor, Optical Ground Wire (OPGW) and Overhead Ground Wire (OHGW) vendors are in progress.
- Detailed Engineering
  - Progressing to meet construction schedule.

## 2. Construction Schedule Update

### A. Project Map



## B. Updated Milestones

Following the OEB Decision and Order approving the LTC application the February 11, 2019, milestone dates were revised to meet a new construction schedule based on the new in-service date. Target dates from the LTC application are included in the below table to illustrate the variances which were made during the revision. During the LTC application, the Project was planned to be executed by separating the Project into six segments. These six segments were subsequently revised into 11 WFs. In subsequent reports, the Target dates from the LTC application will be removed and future variances will be defined in the “Variance Reason/Potential Impact” column.

Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
<b>Regulatory</b>				
Oral Hearing Start	October 2, 2018	Completed		
OEB LTC Decision and Order	December 31, 2018	Completed		
OEB approval of authority to expropriate	October 2019	September 2019		
Register approved Plan of Expropriation and issue relevant Expropriation Act Notices/Offer	December 2019	December 2019		
Obtain possession of expropriated lands for construction purposes	March 2020	March 2020		

<sup>5</sup> The column titled, “Target Date in Leave to Construct Application” is included in this report for reference and will be removed in subsequent reports.

<sup>6</sup> Schedule dates were revised to meet a new construction schedule following the Leave to Construct award based on the new in-service date.

Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
<b>Environmental<sup>7</sup></b>				
Approval of the Amended EA	February 2019	Completed	Completed	
Approval by MECP of Permit to Take Water	1Q 2019	4Q 2019		
Approval by MECP of ECA - Camp Wastewater	1Q 2019	2Q 2020		
Approval by MNRF of Water Crossing Permits	1Q 2019	3Q 2019 to Q1 2020		
Approval by MECP of Species at Risk Permits (Bat maternity roosts, Eastern whip-poor-will)	1Q 2019	3Q 2019		
Approval by MECP of Species at Risk Permits (Caribou, Bat hibernacula)	1Q 2019	4Q 2019		
Approval of ECCC SARA Bat hibernacula and caribou permit	1Q 2019	4Q 2019		
Approval of MECP Provincial Park & Conservation Reserve Management Plan Amendments	1Q 2019	4Q 2019		
Lakehead Region Conservation Authority Permit	1Q 2019	3Q 2019		

<sup>7</sup> Apart from the EA which has been issued, based on the WF approach to construction, not all permits are needed at start of construction on the Project as some WFs will have all necessary permits to start construction.

Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
Transport Canada Section 67 for Transport Canada Lands	1Q 2019	3Q-4Q 2019		
Transport Canada Navigation Protection Act Canada permit	1Q 2019	3Q-4Q 2019		
Fisheries and Oceans Canada Navigable Waters Permit	1Q 2019	3Q 2019 to 1Q 2020		
Indigenous Service Canada Section 67 for Reserve Lands	1Q 2019	3Q-4Q 2019		
Infrastructure Ontario Class Environmental Assessment	1Q 2019	4Q 2019		
MTCS - Historical and Cultural Resources acceptance	1Q 2019	4Q 2019		
<b>Land Acquisition</b>				
Substantial completion of signing of option agreements	2Q 2019	Complete		
Crown Land Disposition Application filed	1Q 2019	3Q-4Q 2019		
Third party Crossing agreements complete	1Q 2019	3Q-4Q 2019		
MNRF approval of Crown Lease/Land Use Permits	1Q 2019	3Q 2019 to 1Q 2020		
MNRF approval of Crown Land Work Permits	1Q 2019	3Q 2019 to 1Q 2020		
MTO approval of Land Use and Building Permits	1Q 2019	3Q-4Q 2019		

Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
MTO approval of Entrance Permits	1Q 2019	3Q-4Q 2019		
MTO approval of Encroachment Permits	1Q 2019	3Q-4Q 2019		
<b>Indigenous Relations</b>				
Indigenous Service Canada approval of Land Related Permits	1Q 2019	4Q 2019		
<b>HONI - Related</b>				
HONI approves Longitudinal Access	1Q 2019	3Q 2019		
HONI Approves Transmission Crossing Application	1Q 2019	3Q 2019		
NextBridge files Sec 101 Application (If not approved by HONI)	1Q 2019	3Q-4Q 2019		
HONI Substations commissioned <sup>8</sup>	4Q 2020	4Q 2021		
<b>Engineering &amp; Construction</b>				
Commence Clearing & Access	June 2019	3Q 2019		
Commence Geotech and Foundations	3Q 2019	4Q 2019		

<sup>8</sup> Per Exhibit B, Tab 11, Schedule 1 of Hydro One Station work LTC application.

Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
Commence Towers Assembly	3Q 2019	4Q 2019		
Commence Towers Erection	4Q 2020	1Q 2020		
Commence Conductor Stringing	1Q 2020	2Q 2020		
Work Front 1 - Commence Clearing & Access	N/A <sup>9</sup>	3Q 2019		
Work Front 1 - Commence Geotech and Foundations	N/A	4Q 2019		
Work Front 1 - Commence Towers Assembly	N/A	4Q 2019		
Work Front 1 - Commence Towers Erection	N/A	1Q 2020		
Work Front 1 - Commence Conductor Stringing	N/A	1Q 2020		
Work Front 2 - Commence Clearing & Access	N/A	1Q 2020		
Work Front 2 - Commence Geotech and Foundations	N/A	1Q 2020		
Work Front 2 - Commence Towers Assembly	N/A	1Q 2020		

<sup>9</sup> Segments have been revised to WFs.



Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
Work Front 2 - Commence Towers Erection	N/A	1Q 2020		
Work Front 2 - Commence Conductor Stringing	N/A	2Q 2020		
Work Front 3 - Commence Clearing & Access	N/A	1Q 2020		
Work Front 3 - Commence Geotech and Foundations	N/A	1Q 2020		
Work Front 3 - Commence Towers Assembly	N/A	2Q 2020		
Work Front 3 - Commence Towers Erection	N/A	2Q 2020		
Work Front 3 - Commence Conductor Stringing	N/A	3Q 2020		
Work Front 4 - Commence Clearing & Access	N/A	2Q 2020		
Work Front 4 - Commence Geotech and Foundations	N/A	2Q 2020		
Work Front 4 - Commence Towers Assembly	N/A	3Q 2020		
Work Front 4 - Commence Towers Erection	N/A	3Q 2020		
Work Front 4 - Commence Conductor Stringing	N/A	3Q 2020		

Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
Work Front 5 - Commence Clearing & Access	N/A	1Q 2020		
Work Front 5 - Commence Geotech and Foundations	N/A	1Q 2020		
Work Front 5 - Commence Towers Assembly	N/A	4Q 2020		
Work Front 5 - Commence Towers Erection	N/A	1Q 2021		
Work Front 5 - Commence Conductor Stringing	N/A	1Q 2021		
Work Front 6 - Commence Clearing & Access	N/A	1Q 2020		
Work Front 6 - Commence Geotech and Foundations	N/A	1Q 2020		
Work Front 6 - Commence Towers Assembly	N/A	1Q 2020		
Work Front 6 - Commence Towers Erection	N/A	1Q 2020		
Work Front 6 - Commence Conductor Stringing	N/A	3Q 2020		
Work Front 7 - Commence Clearing & Access	N/A	1Q 2020		
Work Front 7 - Commence Geotech and Foundations	N/A	2Q 2020		

Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
Work Front 7 - Commence Towers Assembly	N/A	3Q 2020		
Work Front 7 - Commence Towers Erection	N/A	3Q 2020		
Work Front 7 - Commence Conductor Stringing	N/A	4Q 2020		
Work Front 8 - Commence Clearing & Access	N/A	1Q 2020		
Work Front 8 - Commence Geotech and Foundations	N/A	3Q 2020		
Work Front 8 - Commence Towers Assembly	N/A	4Q 2020		
Work Front 8 - Commence Towers Erection	N/A	4Q 2020		
Work Front 8 - Commence Conductor Stringing	N/A	1Q 2021		
Work Front 9 - Commence Clearing & Access	N/A	1Q 2020		
Work Front 9 - Commence Geotech and Foundations	N/A	3Q 2020		
Work Front 9 - Commence Towers Assembly	N/A	4Q 2020		
Work Front 9 - Commence Towers Erection	N/A	4Q 2020		

Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
Work Front 9 - Commence Conductor Stringing	N/A	2Q 2021		
Work Front 10 - Commence Clearing & Access	N/A	3Q 2020		
Work Front 10 - Commence Geotech and Foundations	N/A	3Q 2020		
Work Front 10 - Commence Towers Assembly	N/A	4Q 2020		
Work Front 10 - Commence Towers Erection	N/A	1Q 2021		
Work Front 10 - Commence Conductor Stringing	N/A	3Q 2021		
Work Front 11 - Commence Clearing & Access	N/A	3Q 2020		
Work Front 11 - Commence Geotech and Foundations	N/A	3Q 2020		
Work Front 11 - Commence Towers Assembly	N/A	1Q 2021		
Work Front 11 - Commence Towers Erection	N/A	2Q 2021		
Work Front 11 - Commence Conductor Stringing	N/A	3Q 2021		
Project Construction Substantially Complete	4Q 2020	4Q 2021		

Activity	Target Date in Leave to Construct Application <sup>5</sup>	Post-LTC Decision Baseline Target Date <sup>6</sup>	Revised Date	Variance Reason/Potential Impact
Project Commissioning Commences	4Q 2020	4Q 2021		
Project Commissioning Complete - In Service	December 31, 2020	4Q 2021		
Final acceptance and release of General Contractor	2Q 2021	4Q 2021		

### C. Permit and Approval/Authorization Requirements by Work Front

Work Front	Major Permits and Approvals/Authorizations <sup>10</sup>	Target Date
7	2 Species at Risk, 30 Water Body Crossings, 17 Overhead Crossings, 3 Work and Land Use, 49 Access	September 2019
8	3 Species at Risk, 27 Water Body Crossings, 16 Overhead Crossings, 4 Work and Land Use, 265 Access	September 2019
1	3 Species at Risk, 143 Water Body Crossings (78 local), 47 Overhead Crossings 4 Work and Land Use, 68 Access	September 2019
9	2 Species at Risk, 53 Water Body Crossings, 35 Overhead Crossings 4 Work and Land Use, 92 Access	September 2019
2	2 Species at Risk, 26 Water Body Crossings, 11 Overhead Crossings 4 Work and Land Use, 68 Access	September 2019
3	3 Species at Risk, 51 Water Body Crossings, 46 Overhead Crossings 6 Work and Land Use, 1 Phase I ESA, 82 Access	September 2019
6	4 Species at Risk (including Caribou), 70 Water Body Crossings (2 federal), 60 Overhead Crossings, 3 Work and Land Use, 1 Phase I ESA, 134 Access	December 2019

<sup>10</sup> The number of Major Permits and Approvals/Authorizations are subject to change

Work Front	Major Permits and Approvals/Authorizations <sup>10</sup>	Target Date
4	2 Species at Risk, 21 Water Body Crossings, 3 Overhead Crossings 4 Work and Land Use, 89 Access	November 2019
5	2 Species at Risk, 77 Water Body Crossings, 8 Overhead Crossings 3 Work and Land Use, 110 Access	December 2019
11	2 Species at Risk, 90 Water Body Crossings, 25 Overhead Crossings 3 Work and Land Use, 66 Access	November 2019
10	2 Species at Risk, 101 Water Body Crossings, 8 Overhead Crossings 4 Work and Land Use, 92 Access	November 2019

### 3. Construction Cost Update

#### A. Project Cost Update Summary

Construction costs for the EWT Project are forecasted to be on budget when compared to the budget in the LTC application. While increases have been identified in certain budget areas, the use of the previously-budgeted value for Contingency allows for sufficient allocation of funds to address areas where budget increases were identified.

After the issuance of the LTC, NextBridge undertook a re-budgeting effort based on the in-service date change from Q4 2020 to Q4 2021. The re-budgeting effort incorporated the timing of Indigenous and stakeholder consultation, environmental studies, permits, approvals, and authorizations to support the new in-service date.

As a result of the re-budgeting effort, NextBridge identified that many of the cost breakdowns contained within the originally filed LTC application budget from July 31, 2017, could be more efficiently tracked during the construction phase of the Project. For example, Indigenous consultation and participation activities in communities were combined to better reflect the nature of engagement on a community-by-community basis, instead of by activity. The combination of categories is expected to provide increased clarity on the tracking of the forecasted costs.



## B. Project Cost Update Table

Cost Categories For Nextbridge's Construction Costs Reporting		Actuals Spent		Budget			Forecast Budget Variance		
		A Spent This Reporting Period \$	B Total Spent To Date \$	C Budget Per Ltc Application \$	D=C-B Budget Remaining	E=D/C*100 Budget Remaining %	F Forecast Budget Change \$	G Forecast Budget Change %	Reasons For Change
<b>Engineering &amp; Construction</b>		<b>22,634,270</b>	<b>42,463,456</b>	<b>572,761,388</b>	<b>530,297,932</b>	<b>93%</b>	<b>614,267,289</b>	<b>7%</b>	<b>Revised based on in-service date</b>
1	Engineering, Design and Procurement			19,342,245					
2	Materials and Equipment			89,408,231					
8	Site Clearing, Access			107,463,339					
9	Construction			356,547,573					
<b>Environmental &amp; Remediation Activities</b>		<b>149,233</b>	<b>6,175,783</b>	<b>26,929,260</b>	<b>20,753,477</b>	<b>77%</b>	<b>31,277,866</b>	<b>16%</b>	<b>Revised based on in-service date</b>
3	Environmental and Regulatory Approvals			13,030,561					
10	Site Remediation			13,898,699					
<b>Indigenous Activities</b>		<b>4,113,085</b>	<b>7,739,100</b>	<b>20,211,000</b>	<b>12,471,900</b>	<b>62%</b>	<b>23,653,555</b>	<b>17%</b>	<b>Revised based on in-service date</b>
5	Indigenous Economic Participation			7,000,000					
6	Indigenous Consultation			13,211,000					
4	<b>Land Rights (excludes Aboriginal)</b>	<b>2,051,478</b>	<b>5,295,676</b>	<b>23,830,512</b>	<b>18,534,836</b>	<b>78%</b>	<b>23,830,512</b>	<b>0%</b>	<b>Allocation of Contingency</b>
7	<b>Other Consultation</b>	<b>98,087</b>	<b>398,337</b>	<b>2,530,194</b>	<b>2,131,857</b>	<b>84%</b>	<b>2,530,194</b>	<b>0%</b>	
11	<b>Contingency</b>	<b>-</b>	<b>-</b>	<b>49,399,445</b>	<b>49,399,445</b>	<b>100%</b>	<b>102,382</b>	<b>-100%</b>	
12	<b>Regulatory</b>	<b>16,922</b>	<b>2,307,694</b>	<b>5,405,078</b>	<b>3,097,384</b>	<b>57%</b>	<b>5,405,078</b>	<b>0%</b>	
13	<b>EWT Management</b>	<b>328,575</b>	<b>2,947,504</b>	<b>4,900,644</b>	<b>1,953,140</b>	<b>40%</b>	<b>4,900,644</b>	<b>0%</b>	
<b>Total Project Spend</b>		<b>29,391,650</b>	<b>67,327,550</b>	<b>705,967,521</b>	<b>638,639,971</b>	<b>90%</b>	<b>705,967,521</b>	<b>0%</b>	
14	<b>Interest During Construction (IDC)<sup>1</sup></b>	<b>715,917</b>	<b>3,729,748</b>	<b>31,003,000</b>	<b>27,273,252</b>	<b>88%</b>	<b>31,003,000</b>	<b>0%</b>	
<b>Total Construction Costs<sup>2 3</sup></b>		<b>30,107,568</b>	<b>71,057,298</b>	<b>736,970,521</b>	<b>665,913,223</b>	<b>90%</b>	<b>736,970,521</b>	<b>0%</b>	

<sup>1</sup> IDC has not been re-forecasted as interest rates will vary based on the OEB prescribed rates

<sup>2</sup> On the record (EB-2017-0182)

<sup>3</sup> Development Costs eligible for consideration as construction costs of \$5.3 MM not reflected in column B. (OEB Decision, December 20, 2018)

## **C. Project Cost Update Summary by Department**

### **Engineering & Construction (E&C)**

The LTC E&C budget was established based on an Engineering, Procurement, and Construction (EPC) contract, which was predicated on a December 2020 in-service date. As noted in the OEB LTC hearings, a delay in starting construction would result in an increase to the E&C budget, primarily due to an EPC price change resulting from the delay of the in-service date. More specifically, due to the delay in LTC approval, NextBridge missed the first winter of construction that was planned, which has resulted in delaying construction. Additionally, the OEB's directive for NextBridge to align the in-service date with Hydro One's station work schedule (Q4 2021) has resulted in further delay of construction. These delays in construction have resulted in an EPC contract price increase.

### **Environment & Remediation Activities**

The EA was approved in March of 2019 and contains conditions that increased the Environmental budget for surveys, permitting work, and pre-construction activities. NextBridge has also been in discussions with the MECP on mitigation measures for SAR in the Project area. Although these permits have not yet been issued, the forecasted increases in the Environmental budget associated with these mitigation measures, including a translocation program for caribou have been included.

### **Indigenous Activities**

The extended time frame for the approval of the LTC application and associated extended in-service date resulted in budget variances for the Indigenous Consultation and Participation budgets. Consultation, participation, and outreach activities continued after the LTC application was filed and will continue as part of the Project construction phase until Q4 2021 to meet the legal obligations of the Crown. The extended period of consultation has increased the originally forecasted amount of support to be provided to communities for consultation.

The following items were also identified as resulting in a budgetary increases for Indigenous activities:

- The support requirements increased for Indigenous job training and preparation prior to the start of construction.
- As a condition of the approval of the amended EA, the Indigenous environmental monitoring requirements increased.
- In the Federal government agreement to cross the reserves of the two First Nations, payments which were originally expected to be paid out after the in-service date, are now due prior to the in-service date.

### **Land Rights (Non-Indigenous)**

The Land Rights budget is not expected to change when compared to the LTC application budget.

### **Other Consultation**

The Other Consultation budget is not expected to change when compared to the LTC application budget.

### **Regulatory**

The Regulatory budget is not expected to change when compared to the LTC application budget.

### **EWT Management**

The EWT Management budget is not expected to change compared to the LTC application budget.

## 4. Risk Management

### A. Risk Management Issues, Potential Impacts, and Mitigation Measures

Risk Description	Likelihood of Risk Occurring (High, Medium, Low)	Description of Impact of the Risk on the Project	Risk on the Project (High, Medium, Low)	Mitigation of Risk and/or Impact
<b>MECP delay in issuing Caribou SAR permit</b>		<ul style="list-style-type: none"> <li>Delay in receipt of the caribou permit will force schedule compression in later years to meet the in-service date</li> <li>Delay in issuance of the permit past December 1, 2019 may require the Project to work in restricted activity periods that were planned to be avoided</li> </ul>		<ul style="list-style-type: none"> <li>Schedule risk can be mitigated through compression of construction activities in 2020-2021</li> </ul>
<b>Agency delay in issuance of other environmental permit(s)</b>		<ul style="list-style-type: none"> <li>Delay in issuance of required approvals listed in table 2C to start clearing would increase cost due to the schedule compression required to mitigate schedule slip</li> </ul>		<ul style="list-style-type: none"> <li>WF approach is designed to allow staggered issuance of permit approvals to facilitate staging of the start of construction and the start of construction in multiple segments simultaneously</li> </ul>

Risk Description	Likelihood of Risk Occurring (High, Medium, Low)	Description of Impact of the Risk on the Project	Risk on the Project (High, Medium, Low)	Mitigation of Risk and/or Impact
<b>Delay in access to private, provincial, and federal lands</b>		<ul style="list-style-type: none"> <li>Lands not accessible in time for construction commencement date will affect Project schedule</li> <li>Private lands not accessible through expropriation</li> <li>Public lands not accessible through MNRF process</li> <li>Federal lands not accessible through reserve crossing permits</li> </ul>		<ul style="list-style-type: none"> <li>Pursue regulatory avenues available (e.g. expropriation with OEB, provincial mining recorder order) where access is not granted; establish work around/ accommodation plan for “no access” parcels in construction planning</li> <li>Work with government on public and federal land access</li> </ul>
<b>Delay in HONI station work</b>	Unknown <sup>11</sup>	<ul style="list-style-type: none"> <li>If stations are not ready for energization it will delay project in-service date</li> </ul>		<ul style="list-style-type: none"> <li>Communication and coordination with HONI during construction</li> </ul>
<b>Delay in accessing HONI's crossings of access roads and transmission lines</b>		<ul style="list-style-type: none"> <li>Significant portions of lands not accessible in time for access road construction and stringing across HONI right of way lands will affect project schedule</li> </ul>		<ul style="list-style-type: none"> <li>Continue to attempt to resolve crossing and access issues with HONI, and, in the alternative, file a Section 101 application with the OEB for approval of required crossings</li> </ul>

<sup>11</sup> This risk is dependent on HONI and the current status is only known by HONI.

Risk Description	Likelihood of Risk Occurring (High, Medium, Low)	Description of Impact of the Risk on the Project	Risk on the Project (High, Medium, Low)	Mitigation of Risk and/or Impact
<b>Legal Challenges</b>		<ul style="list-style-type: none"> <li>Parties may file applications for judicial review or appeal of OEB decisions or other permit approvals and seek to stay construction</li> <li>Risk has materialized in a current challenge from BZA First Nation</li> <li>There may be some cost risk involved with defending these legal challenges</li> </ul>		<ul style="list-style-type: none"> <li>Continue to proactively engage with First Nation and Métis communities, landowners, and all other stakeholders in order to identify and address concerns</li> </ul>
<b>Public Protests and/or Displays of Project Opposition</b>		<ul style="list-style-type: none"> <li>Potential for reputational impacts, but is unlikely to prevent forward progress given provincial approvals have been obtained</li> </ul>		<ul style="list-style-type: none"> <li>Additional discussion and attempts to satisfy concerns</li> </ul>
<b>Labour Strikes</b>		<ul style="list-style-type: none"> <li>Potential for labour actions and disruption/shutdown of construction activities, which could lead to cost and schedule impacts</li> <li>Potential for media coverage and undesirable project optics</li> </ul>		<ul style="list-style-type: none"> <li>Follow Project labour protocols as per master agreement with Canadian Union of Skilled Workers (CUSW)</li> <li>Foster and maintain good relations and communication with CUSW and its members. Be cognizant of and manage potential for other unions to approach and recruit any non-CUSW members</li> </ul>

Low

Medium /  
Moderate

High

Unknown