

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

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

**Reporting Period: October 1, 2019 to December 31, 2019**

**Date Submitted: January 22, 2020**

- 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 Electricity 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. NextBridge will continue reporting until the EWT Project is in-service and land restoration activities have been completed.

This report is organized as follows:

<b>1</b>	<b>Summary of the EWT Project Progress to December 31, 2019</b>	<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>
<b>2</b>	<b>Construction Schedule Update</b>	<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 Milestone Updates; 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>
<b>3</b>	<b>Construction Cost Update</b>	<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>
<b>4</b>	<b>Risk Management</b>	<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>
<b>5</b>	<b>OEB Requests</b>	<p>The OEB requested information pertaining to ongoing items as well as Report-specific matters.</p> <ul style="list-style-type: none"> <li>• Ongoing items have been addressed throughout this Report.</li> <li>• Report-specific matters can be found in the attached Appendix.</li> </ul>

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

### A. Table of Key Project Statuses

Key Status	Summary
Stage of Construction	<p><b>Construction activities have commenced.</b></p> <ul style="list-style-type: none"> <li>Transmission line right of way (ROW) clearing commenced in September 2019 on WF 1 and WF 7 started in December 2019.</li> <li>Additional information on this topic can be found in Section 1. B. below.</li> </ul>
Costs	<p><b>NextBridge continues to maintain focus on the budget and tracks updates monthly.</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> <li>Additional information on this topic can be found in Section 3. below.</li> </ul>
Schedule	<p><b>Permit and access requests are on track but approval delays have resulted in construction startup delays.</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), Ministry of Natural Resources and Forestry (MNR), Ministry of Energy, Northern Development and Mines (MENDM), Ministry of Transportation, and Infrastructure Ontario (MTO), Fisheries and Oceans Canada (DFO), Canada Wildlife Service (CWS), Environment and Climate Change Canada (ECCC), NAV Canada, Transport Canada, Indigenous engagement, and others, in order to maintain the current schedule.</li> <li>Construction startup delays have resulted in less construction activities undertaken during the 2019-2020 winter season than originally planned.             <ul style="list-style-type: none"> <li>Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts after the 2020 winter construction season concludes.</li> </ul> </li> <li>Additional information on this topic can be found throughout this Report.</li> </ul>
Emerging Risks	<p><b>Delay in finalizing acquisition with outstanding mining leaseholders.</b></p> <ul style="list-style-type: none"> <li>NextBridge continues to work towards mutually acceptable agreements to</li> </ul>

Key Status	Summary
	<p>obtain required consent agreements and easements.</p> <ul style="list-style-type: none"> <li>○ NextBridge anticipates resolution in Q1 of 2020.</li> <li>• Delay of finalizing acquisition with mining leaseholders may require construction to skip certain areas.</li> <li>• While the construction contract anticipated skipping certain areas for potential issues, the length of delay may result in increased cost to NextBridge.</li> <li>• These conditions place uncertainty in the timing of permitting approvals, which could impact construction execution plans.</li> <li>• The Project team is working on mitigating the realization of this risk by continuing engagement with the impacted rights holders and relevant Government agencies to ensure timely approval of the required permits and evaluating construction execution plans in impacted areas.</li> </ul> <p><b>Delay in finalizing acquisition with outstanding mining claim holders.</b></p> <ul style="list-style-type: none"> <li>• NextBridge has reached agreement with all but two mining claim holders.</li> <li>• The Mining and Lands Tribunal (MLT) has scheduled hearings for these matters, to take place in April 2020.</li> <li>• This will delay access to the subject lands for construction and may result in skips and increased cost to NextBridge.</li> </ul>
<p><b>Indigenous Activities</b></p>	<p><b>Engagement continuing.</b></p> <ul style="list-style-type: none"> <li>• NextBridge continues to engage with the 18 identified Indigenous communities in the Project area.</li> <li>• Engagement highlights include robust consultations on permitting, including notifications, permitting workshops and the provision of capacity funding for communities to retain third party experts if required.</li> <li>• NextBridge re-committed to ongoing consultation on the permits to address concerns at any point, including post-issuance of permits.</li> <li>• Section 28.2 Permit negotiations are continuing with the two communities in which the Project crosses First Nations lands and progressing towards conclusion. <ul style="list-style-type: none"> <li>○ Negotiations are taking place between Pic Mobert First Nation, NextBridge and the Federal Government to secure approvals for access requirements over Additions to Reserve Lands which the Project requires temporary use.</li> </ul> </li> <li>• NextBridge representatives organized Indigenous Facilitator training and has launched the Indigenous Facilitator Program which will support on-site</li> </ul>

Key Status	Summary
	<p>construction monitoring activities by Indigenous representatives from seven communities.</p> <ul style="list-style-type: none"> <li>• Traditional land ceremonies, organized in collaboration with communities, were held across the line prior to tree clearing activities.               <ul style="list-style-type: none"> <li>○ Ribbon cutting ceremony was held to celebrate the kickoff of construction in which many Indigenous partners participated.</li> </ul> </li> <li>• Capacity Funding Agreements (CFAs) for the construction phase of the Project have been offered to all 18 identified Indigenous communities and progress has been made on finalizing more than half of the agreements.</li> <li>• Additional information on this topic can be found in Section 1. C. below.</li> </ul>
<p><b>HONI Coordination</b></p>	<p><b>Coordination and engagement continuing.</b></p> <ul style="list-style-type: none"> <li>• NextBridge continues to engage with HONI on multiple fronts.</li> <li>• Positive progress has been made in relation to longitudinal (land) access and transmission line crossing agreements.               <ul style="list-style-type: none"> <li>○ NextBridge worked with HONI and obtained access agreements<sup>1</sup> to HONI lands near all 3 HONI Transformer Stations (TSs).</li> <li>○ Reference plans are being prepared and updated for the Grant of Easements at the TS lands.</li> <li>○ Temporary access agreements have been sought to allow clearing activities to commence, while NextBridge continues to work with HONI to resolve the outstanding items regarding the station lands.</li> <li>○ Resolution of structure locations expected to be resolved in early 1Q, 2020.</li> <li>○ HONI has approved the bulk of the HONI line crossings including the crossing of the T1M lines.</li> <li>○ Overhead crossing approvals for Marathon and Wawa TSs have been received</li> <li>○ NextBridge continues to work with HONI regarding one outstanding overhead crossing agreement at the Lakehead TS and expect to receive this agreement in 1Q 2020.</li> </ul> </li> <li>• NextBridge is anticipating receipt of the preliminary draft of the Construction Cost Recovery Agreement from HONI in 1Q 2020.</li> <li>• Additional information on this topic can be found in Section 1. C. below.</li> </ul>

<sup>1</sup> Pending receipt of final Grant of Easement on HONI property entering three stations.

**B. Table of Activities In Work Fronts<sup>2</sup> for the Reporting Period**

Work Front	Environmental Permit Submissions	Land-ROW <sup>3</sup>	Land-Access <sup>4</sup>	Clearing Progress	Construction
1	<ul style="list-style-type: none"> <li>Detailed Project Plan (DPP) package submitted and 30-day review period has concluded.</li> <li>All related permit applications submitted and received.</li> </ul>	99%	100%	48%	<ul style="list-style-type: none"> <li>Longitudinal access approval received from HONI.</li> <li>100% flagging completed.</li> <li>48% clearing completed.</li> <li>45% road construction completed.</li> <li>90% bridge installations completed.</li> </ul>
7	<ul style="list-style-type: none"> <li>DPP package re-submitted<sup>5</sup> and 30-day review period has concluded.</li> <li>All related permit applications submitted except for Fish Collection License.</li> <li>All other remaining permits have been received.</li> </ul>	63%	95%	4%	<ul style="list-style-type: none"> <li>Longitudinal access approval received from HONI.</li> <li>10% flagging completed.</li> <li>4% clearing completed.</li> </ul>
2	<ul style="list-style-type: none"> <li>DPP Package submitted and 30-day review period has concluded.</li> <li>All related permit applications submitted except for Fish Collection License.</li> <li>All other remaining permits</li> </ul>	94%	94%	-	<ul style="list-style-type: none"> <li>Longitudinal access approval received from HONI.</li> </ul>

<sup>2</sup> This is the currently proposed order of strategic WF execution and is subject to change.

<sup>3</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>4</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.

<sup>5</sup> Comments were received from the MNRF in regards to the submission of the DPP for WF 7 and the DPP package was re-submitted based on this feedback.

Work Front	Environmental Permit Submissions	Land-ROW <sup>3</sup>	Land-Access <sup>4</sup>	Clearing Progress	Construction
	have been received.				
6	<ul style="list-style-type: none"> <li>DPP Package submitted and 30-day review period has concluded.</li> <li>All related permit applications submitted.</li> <li>The majority of permits have been received.</li> <li>Revisions are in preparation.</li> </ul>	90%	72%	-	<ul style="list-style-type: none"> <li>Longitudinal access approval received from HONI.</li> </ul>
8	<ul style="list-style-type: none"> <li>DPP Package submitted and 30-day review period has concluded.</li> <li>All related permit applications submitted.</li> <li>The majority of permits have been received.</li> <li>Revisions are in preparation.</li> </ul>	100%	100%	-	<ul style="list-style-type: none"> <li>Longitudinal access approval received from HONI.</li> </ul>
3	<ul style="list-style-type: none"> <li>DPP Package submitted and 30-day review period has concluded.</li> <li>Kama Cliffs Conservation Reserve and Gravel River Provincial Park DPPs in preparation and expected to be submitted in next Reporting Period.</li> <li>All related permit applications submitted except Fish Collection License.</li> </ul>	95%	91%	-	<ul style="list-style-type: none"> <li>Longitudinal access approval received from HONI.</li> <li>Nipigon camp site preliminary preparation activities commenced.</li> </ul>
9	<ul style="list-style-type: none"> <li>DPP Package submitted and 30-day review period has concluded.</li> <li>All related permit applications submitted and received.</li> </ul>	100%	100%	-	<ul style="list-style-type: none"> <li>Longitudinal access approval received from HONI.</li> </ul>

Work Front	Environmental Permit Submissions	Land-ROW <sup>3</sup>	Land-Access <sup>4</sup>	Clearing Progress	Construction
	<ul style="list-style-type: none"> <li>• Revisions are in preparation.</li> </ul>				
10	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> <li>• Nimoosh Provincial Park DPP in preparation.</li> <li>• Permit applications have been partially submitted.</li> </ul>	98%	80%	-	<ul style="list-style-type: none"> <li>• Longitudinal access approval received from HONI.</li> </ul>
4	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> <li>• Gravel River PP DPP in preparation and expected to be submitted in next Reporting Period.</li> <li>• All permit applications have been submitted.</li> </ul>	100%	100%	-	<ul style="list-style-type: none"> <li>• Longitudinal access approval received from HONI.</li> </ul>
5	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> <li>• All permit applications have been submitted.</li> </ul>	94%	81%	-	<ul style="list-style-type: none"> <li>• Longitudinal access approval received from HONI.</li> </ul>
11	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> <li>• Permit applications have been partially submitted.</li> </ul>	73%	70%	-	<ul style="list-style-type: none"> <li>• Longitudinal access approval received from HONI.</li> </ul>



## **C. Summary of Activities Within Reporting Period**

### **Environment**

- Species at Risk (SAR)
  - Received Overall Benefits Permit (OBP) for SAR from the MECP on December 24, 2019.
  - The Permit included multiple conditions requiring actions to avoid impact to SAR and mitigate for impacts to habitat.
  - The pre-construction conditions are being met and the post construction activities are in the process of being reviewed to understand the scope of the requirements.
- DPPs
  - DPPs have been submitted on all WFs.
  - All DPPs for Provincial Parks and Conservation Reserves have been submitted with the exception of Gravel River Provincial Park, Nimoosh Provincial Park and Kama Cliffs Conservation Reserve.
- WF Packages
  - Permit applications for all WFs were submitted.
  - Permits were issued for WFs 1, 2, 6, 7, 8, and 9.
  - Continued productive discussions with:
    - MECP on Provincial Parks and Conservation Reserves Management Plan amendments; and
    - MNRF on work and land use permits, etc.
- Permitting Requirements
  - Continued consultation with MECP, MNRF, DFO, CWS and other agencies regarding the Environmental Assessment (EA) and upcoming permitting requirements.
- EA Conditions
  - Internal and contractor resources have been deployed to ensure continuous compliance with the conditions of the EA Approval using a comprehensive Construction Compliance Matrix for tracking purposes.
  - NextBridge is preparing an annual compliance report outlining the results of the compliance monitoring program to be submitted to the Director of the Environmental Assessment and Permissions Branch of the MECP.
- 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.
- Supported multiple Permitting Workshops and conference calls with First Nations and Métis representatives and their consultants.
- Supported multiple Indigenous Facilitator training sessions.
  - Indigenous Facilitators have been present along the ROW since the commencement of construction.
  - NextBridge continues to work with Project partners and Indigenous Communities to improve the Indigenous Facilitator Program structure and delivery.

## Land

- Privately Held Land
  - Negotiated settlement with two additional property owners resulting in reduction of parcels subject to expropriation proceedings from 12 to 5.
    - NextBridge continues to work with the remaining property owners included in the expropriation application to reach a negotiated settlement.
  - Meetings with property owners to execute option exercise and easement registration documentation.
    - All signed option agreements across the EWT Project have now been exercised.
- Government Land and Permits
  - Continued engagement with the MTO and Infrastructure Ontario to acquire land rights and/or obtain permits.
  - Executed Grant of Easement agreements for 2 properties owned by MTO and 14 properties administered by Infrastructure Ontario on behalf of the Ministry of Governmental and Consumer Services.
  - Obtained entrance, land use and building, and encroachment permit approvals from the MTO for locations within WFs 1, 7, 2, 8 and 6.
    - Permit applications for all other WFs are under review by the MTO with the remaining approvals expected by the Post-LTC Decision Baseline Target Dates<sup>6</sup>.
  - Crown land disposition applications for all WFs were submitted to the MNR in September, October and November 2019, in line with Post-LTC Decision Baseline Target Dates<sup>7</sup>.

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<sup>6</sup> See Post-LTC Decision Baseline Target Dates in Table in Section 2.B.

<sup>7</sup> See Post-LTC Decision Baseline Target Dates in Table in Section 2.B.

- Obtained Crown land use permit and work permit approvals from the MNRF for WF 1, 7, 2 and 6.
  - Permit applications for all other WFs are under review by the MNRF with the remaining approvals expected by the Post-LTC Decision Baseline Target Dates<sup>8</sup>.
- Continued engagement with third party utility and rail companies to secure required access and overhead crossing approvals.
- Agreements securing approximately 89% of required third party crossings have been completed. NextBridge anticipates completing the remaining third-party crossing agreements in early 2020.
  - A revised milestone target date has been specified in Table B.
- General Updates
  - Continued legal surveys to support the land optioning and permitting programs.
  - Responded to directly affected property owner and Crown interest holder inquiries, as required.

## Regulatory

- Expropriation Application
  - On November 5, 2019, NextBridge filed with the OEB Expropriation Plans in relation to 10 of the 12 parcels subject to expropriation proceedings and requested the OEB's approval and endorsement of the Plans.
  - On December 3, 2019, the OEB issued a revision to its September 12, 2019 Order and Decision granting NextBridge authority to expropriate.
    - The revision was to confirm that the 4 and 7 year terms of the Temporary Easements are appropriate.
  - On December 13, 2019, NextBridge advised the OEB that it had reached negotiated settlements with two additional property owners, and as a result, expropriation is no longer necessary for 7 of the 12 properties that are the subject of the expropriation proceeding.
  - After being approved and endorsed by the OEB, the expropriation plans for the remaining 5 properties were registered at the applicable Ontario Land Registry Offices on December 5 and 12, 2019.
    - In accordance with the *Expropriations Act*, the landowners of the 5 properties were deemed to have been served with the registered plans and the Notices of Expropriation, Possession, and Election on December 11 and 16, 2019.
- Mining and Land Tribunal Proceedings

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<sup>8</sup> See Post-LTC Decision Baseline Target Dates in Table in Section 2.B.

- On October 1, 2019, MENDM referred three matters to the MLT for resolution, pursuant to Section 51 of the Ontario *Mining Act*, regarding the use of the surface rights on unpatented mining claims required for the Project.
- Between October 23, 2019 and November 11, 2019, NextBridge participated in series of mediation calls, resulting in settlement with one mining claim holder.
  - NextBridge was unable to reach a resolution with the two other mining claim holders.
- On November 22, 2019, the MLT issued a Direction to File letter to NextBridge and the two remaining mining claim holders.
- On December 10, 2019, the MLT issued Notices of Hearing outlining the hearings dates and location.
  - The hearings are scheduled to take place on April 21/22 and April 23/24, 2019 in Thunder Bay, Ontario.
- In accordance with the Direction to File, on December 19, 2019, NextBridge filed and served the materials that it will be relying upon at the hearings.

## Indigenous Engagement

- Continued Engagement Activities
  - Discussions with the 18 identified First Nation and Métis communities regarding the EWT Project are ongoing.
  - Regularly engaged with interested communities consulting on Project permitting.
    - Additional consultation and engagement was undertaken with Biinjitiwabik Zaaging Anishnabek (BZA) through the MNRF regarding permitting requirements in WFs 1 through 7.
    - Progress was made in relation to the approvals of permits in WFs 1,2,6 and 7, but approvals for permits in WFs 3,4 and 5 are outstanding.
    - NextBridge is committed to addressing concerns at any point, even post issuance of permits and engage communities on an issue by issue basis.
    - To support this work, NextBridge continued hosting permitting workshops and meetings that were offered to all identified 18 First Nation and Métis communities in November and December with over five events held, including;
      - November 19, 2019 – Permitting workshop held in Biinjitiwabik Zaaging Anishnabek (BZA) First Nation with community leadership;
      - December 2, 2019 - Permitting workshop held in BZA First Nation with community members and leadership;
      - December 9, 2019 – Teleconference workshop held with Pic Mobert First Nation community consultants and representatives on permitting inquiries associated with WFs 7 & 8;

- December 17, 2019 - Permitting workshop held with BZA First Nation community consultants and community leadership in Thunder Bay; and
- December 19, 2019 – Teleconference workshop held with Michipicoten First Nation community consultants on permitting inquiries associated with WF 11.
- BZA continues to pursue a judicial review in regards to the issuance of the NextBridge LTC and OIC.
  
- Notifications to the 18 identified First Nation and Métis Communities
  - October 22, 2019
    - Notification that WF 9 DPP and the Provincial Parks and Conservation Reserves DPPs are available for download and review.
    - Communities were also reminded that all DPPs for WFs 1, 2, 3, 6, 7 and 9 are available for review on the SharePoint site.
  - October 30, 2019
    - Notification that WF 4 & 10 DPPs and the Provincial Parks and Conservation Reserves DPPs are available for download and review.
    - Communities were also reminded that all DPPs for WFs 1, 2, 3, 4, 6, 7, 8, 9 and 10 were uploaded, with the remaining WFs (5 & 11) expected to be uploaded in the coming weeks.
  - November 5, 2019
    - Notification that SAR OBP for Caribou and Bats are posted to the Provincial Registry.
  - November 11, 2019
    - Notification that WF 5 DPPs are available for download and review.
  - November 26, 2019
    - Notification that WF11 DPPs are available for download and review.
  
- Capacity Funding Agreements (CFAs)
  - CFAs had previously been offered to the 18 identified First Nation and Métis communities to ensure adequate resources to continue with engagement on the Project during the construction phase.
    - Progress has been made on finalizing more than half of the agreements.
  
- Staff Meetings
  - Staff meetings and teleconferences are being held regularly with communities when required.
  - The focus of engagement for this period has mainly related to;
    - Permitting;

- CFAs;
- Section 28.2; and
- Access negotiations.

## **Community/Municipal Engagement**

- Continued Engagement Activities
  - Municipal elected officials, along with many others, attended a ribbon cutting ceremony on October 2, 2019.
  - Email sent to elected representatives on October 31, 2019 informing of changes to the September construction schedule that was previously provided to them in September 2019.
  - Newspaper advertisements began to run in the Project area the week of November 11, 2019 informing the public of the availability of the construction schedule, DPPs, and contact information for the Community Liaison who manages construction related issues and complaints.
    - Additional radio advertisements asking listeners to visit the Project website ([www.NextBridge.ca](http://www.NextBridge.ca)) for updates to the Project schedule and DPPs ran the week of December 2, 2019.
  - Presented a Project update at the IESO Regional Forum on November 12, 2019.
    - The event was attended by several municipal and Indigenous representatives from the Project area.
  - All WF related DPPs were posted to the Project website as of December 16, 2019.
    - Some Parks and Conservation Reserve DPPs have been posted and the remaining will be once they are finalized.
  - Project Facebook Group established during the previous Reporting Period continued to grow steadily with approximately 50 members as of the end of Reporting Period.
    - Invitations were sent to communities and elected officials with a Facebook presence to join the Project Facebook Group during the week of October 7, 2019.
  - Monitored the Project email address and hotline for Project inquiries.
- Complaint Resolution Process
  - No formal complaints were submitted during this Reporting Period.
- Community Investment
  - Provided support to groups in eight municipalities for events and initiatives in 2019.

## **Engineering & Construction**

- Materials

- Deliveries of conductor reels are ongoing and well in advance of conductor stringing schedule.
- Deliveries of Overhead Ground Wire (OHGW) reels are ongoing and well in advance of conductor stringing schedule.
- Deliveries of Optical Ground Wire (OPGW) reels are ongoing and well in advance of conductor stringing schedule.
- Tower deliveries have commenced and over 100 towers have been delivered to the Project site.
- Detailed Engineering
  - Transmission line design Issued for Construction Review (IFCR) packages for all WFs have been issued and Issued for Construction (IFC) packages are being issued as ROW is cleared and ground-truthing is being performed.
  - Performing Grounding Studies to optimize the grounding design.

### **Coordination Efforts with HONI**

- Status and Changes to Access Road and Transmission Line Crossings
  - Continued engagement with HONI to acquire necessary land rights and/or obtain permits.
  - Obtained approval from HONI for longitudinal (land) access associated with all WFs.
  - Met with HONI and IESO regarding overhead transmission line crossing designs.
    - HONI has approved NextBridge crossing T1M lines.
    - NextBridge reached agreement with HONI on outstanding crossing items, including T1M and secured agreements in writing on December 20, 2019.
  - Crossing outside of Lakehead TS is outstanding.
    - Subject to HONI approval of draft reference plans and confirmation of structure location immediate outside of Wawa TS.
    - Expect to conclude agreement in 1Q 2020.
    - Work sequence has been adjusted to address timing of crossing agreement and no schedule impacts are expected as a result of this outcome.
- Overview of Key Negotiations, Agreements and Coordination Efforts Between NextBridge and HONI
  - Continued discussions related to the execution of agreements with HONI regarding facility upgrades.
  - Discussions with HONI regarding the negotiation of the Construction Cost Recovery Agreement.
    - NextBridge is anticipating receipt of the preliminary draft of the Construction Cost Recovery Agreement from HONI in 1Q 2020.

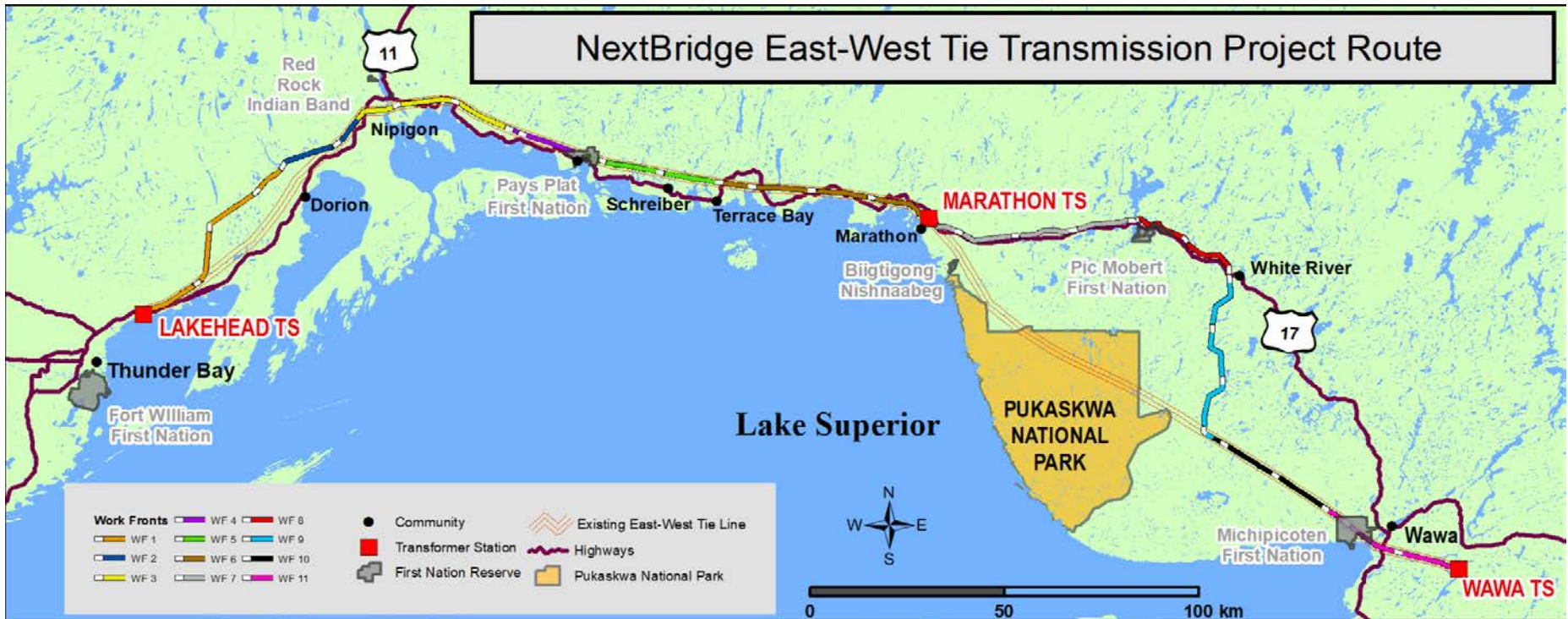
- Other Material Developments, Issues or Risks Related to the Coordination Between NextBridge and HONI
  - Resolution of structure location outside Wawa station delaying issuance of Grant of Easements at all three TSs.
  - Expect to conclude Grant of Easements in 1Q 2020.
  - Obtaining temporary agreements with HONI to mitigate risk to construction schedule.

Risks related to the Coordination efforts between NextBridge and HONI can be found below in Section 4. A.



## 2. Construction Schedule Update

### A. Project Map



## B. Milestone Updates

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. Updates on the progress of these milestones are found in the table below.

Activity	Post-LTC Decision Baseline Target Date <sup>9</sup>	Revised Date	Variance Reason/Potential Impact
<b>Regulatory</b>			
Oral Hearing Start	Completed		
OEB LTC Decision and Order	Completed		
OEB approval of authority to expropriate	Completed		
Register approved Plan of Expropriation and issue relevant Expropriation Act Notices/Offers	December 2019	1Q 2020	<ul style="list-style-type: none"> <li>• Partially completed.</li> <li>• The approved Plans of Expropriation have been registered and the relevant Expropriation Act Notices have been issued.</li> <li>• The Offers of Compensation will be served on the property owners in January or February, 2020.</li> <li>• This item is not expected to impact the construction schedule.</li> </ul>
Obtain possession of expropriated lands for construction purposes	March 2020		
<b>Environmental<sup>10</sup></b>			
Approval of the Amended EA	Completed		

<sup>9</sup> Schedule dates were revised to meet a new construction schedule following the Leave to Construct award based on the new in-service date.

<sup>10</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	Post-LTC Decision Baseline Target Date <sup>9</sup>	Revised Date	Variance Reason/Potential Impact
Approval by MECP of ECA - Camp Wastewater	2Q 2020		
Approval by MNR of Water Crossing Permits	3Q 2019 to Q1 2020		
Approval by MECP of Species at Risk Permits (Bat maternity roosts, Eastern whip-poor-will)	Completed		
Approval by MECP of Species at Risk Permits (Caribou, Bat hibernacula)	4Q 2019		<ul style="list-style-type: none"> <li>Completed in 4Q 2019.</li> </ul>
Approval of ECCC SARA Bat hibernacula and caribou permit	4Q 2019	1Q 2020	<ul style="list-style-type: none"> <li>Awaiting review by ECCC.</li> <li>Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
Approval of MECP Provincial Park & Conservation Reserve Management Plan Amendments	4Q 2019		<ul style="list-style-type: none"> <li>Completed in 4Q 2019.</li> </ul>
Lakehead Region Conservation Authority Permit	Completed		
Transport Canada Section 67 for Transport Canada Lands	3Q-4Q 2019	1Q 2020	<ul style="list-style-type: none"> <li>Expect to conclude agreement in 1Q 2020.</li> <li>Revised milestone date not anticipated to impact construction schedule.</li> </ul>
Transport Canada Navigation Protection Act Canada permit	3Q-4Q 2019	Q1 2020	<ul style="list-style-type: none"> <li>Additional time required for public consultation.</li> <li>May affect tower erection activities schedule.</li> </ul>
Fisheries and Oceans Canada Navigable Waters Permit	3Q 2019 to 1Q 2020		
Indigenous Service Canada Section 67 for Reserve Lands	3Q-4Q 2019	1Q 2020	<ul style="list-style-type: none"> <li>Recorded Plans for Easement with Michipicoten First Nation and Pays Plat First Nation are complete.</li> </ul>

Activity	Post-LTC Decision Baseline Target Date <sup>9</sup>	Revised Date	Variance Reason/Potential Impact
			<ul style="list-style-type: none"> <li>• Explanatory Plans for Access are pending and expected to be completed in 1Q 2020.</li> <li>• Revised milestone date not anticipated to impact clearing activities schedule.</li> </ul>
Infrastructure Ontario Class Environmental Assessment	4Q 2019	1Q 2020	<ul style="list-style-type: none"> <li>• Partially completed.</li> <li>• All approvals are in-hand for parcels requiring the Infrastructure Ontario Class Environmental Assessments.</li> <li>• Awaiting confirmation in writing that no Infrastructure Ontario Class Environmental Assessment is required on one final parcel.</li> <li>• Revised milestone date not anticipated to impact construction schedule.</li> </ul>
MHSTCI– Heritage, Sport, Tourism and Cultural Industries acceptance	4Q 2019	2Q-3Q 2020	<ul style="list-style-type: none"> <li>• Additional archeological field work will now be required in the 2020 Spring field season.</li> <li>• Revised milestone date not anticipated to impact construction schedule.</li> </ul>
<b>Land Acquisition</b>			
Substantial completion of signing of option agreements	Completed		
Crown Land Disposition Application filed	3Q-4Q 2019		<ul style="list-style-type: none"> <li>• Completed in 4Q 2019.</li> </ul>
Third party Crossing agreements complete	3Q-4Q 2019	1Q-2Q 2020	<ul style="list-style-type: none"> <li>• Additional time required to finalize agreements with remaining third-party owners.</li> <li>• Milestone substantially complete.</li> </ul>

Activity	Post-LTC Decision Baseline Target Date <sup>9</sup>	Revised Date	Variance Reason/Potential Impact
			<ul style="list-style-type: none"> <li>Revised milestone date not anticipated to impact construction schedule.</li> </ul>
MNRF approval of Crown Lease/Land Use Permits	3Q 2019 to 1Q 2020		
MNRF approval of Crown Land Work Permits	3Q 2019 to 1Q 2020		
MTO approval of Land Use and Building Permits	3Q-4Q 2019	1Q 2020	<ul style="list-style-type: none"> <li>Additional time is required for the MTO to issue permits for the remaining WFs (3,4,5,9,10,11) as proof of MNRF Crown land approvals are required for permit release.</li> <li>Revised milestone date is not anticipated to impact the construction schedule.</li> </ul>
MTO approval of Entrance Permits	3Q-4Q 2019	1Q 2020	<ul style="list-style-type: none"> <li>Additional time is required for the MTO to issue permits for the remaining WFs (3,4,5,9,10,11) as proof of MNRF Crown land approvals are required for permit release.</li> <li>Revised milestone date is not anticipated to impact the construction schedule.</li> </ul>
MTO approval of Encroachment Permits	3Q-4Q 2019	1Q 2020	<ul style="list-style-type: none"> <li>Additional time is required for the MTO to issue permits for the remaining WFs (3,4,5,9,10,11) as proof of MNRF Crown land approvals are required for permit release.</li> <li>Revised milestone date is not anticipated to impact the construction schedule.</li> </ul>

Activity	Post-LTC Decision Baseline Target Date <sup>9</sup>	Revised Date	Variance Reason/Potential Impact
<b>Indigenous Relations</b>			
Indigenous Service Canada approval of Land Related Permits	4Q 2019	1Q 2020	<ul style="list-style-type: none"> <li>• The first of the two required Section 28.2 permits required for the ROW is expected to be finalized in early 1Q 2020.</li> <li>• In relation to the second of the two required Section 28.2 permits, NextBridge plans to file the necessary application with the Federal government in early 1Q 2020.</li> <li>• Revised milestone date is not anticipated to impact the construction schedule.</li> </ul>
<b>HONI - Related</b>			
HONI approves Longitudinal Access	Approved		
HONI Approves Transmission Crossing Application	3Q 2019	1Q 2020	<ul style="list-style-type: none"> <li>• Additional time required to finalize agreement on Lakehead TS.</li> <li>• Milestone substantially complete.</li> <li>• Revised milestone date not anticipated to impact construction schedule.</li> </ul>
NextBridge files Sec 101 Application (If not approved by HONI)	4Q 2019	N/A	<ul style="list-style-type: none"> <li>• HONI has approved the majority of the HONI line crossings including the crossing of the T1M lines.</li> <li>• NextBridge continues to work with HONI regarding one outstanding overhead crossing agreement at the</li> </ul>

Activity	Post-LTC Decision Baseline Target Date <sup>9</sup>	Revised Date	Variance Reason/Potential Impact
			Lakehead TS and expect to receive this agreement in 1Q 2020. <ul style="list-style-type: none"> <li>• Accordingly, a section 101 application will likely not be required.</li> </ul>
HONI Substations commissioned <sup>11</sup>	4Q 2021		
<b>Engineering &amp; Construction</b>			
Commence Clearing & Access	Commenced		
Commence Geotech and Foundations	4Q 2019		• Commenced in 4Q 2019.
Commence Towers Assembly	4Q 2019		• Commenced in 4Q 2019.
Commence Towers Erection	1Q 2020		
Commence Conductor Stringing	2Q 2020		
Work Front 1 - Commence Clearing & Access	Commenced		
Work Front 1 - Commence Geotech and Foundations	4Q 2019		• Commenced in 4Q 2019.
Work Front 1 - Commence Towers Assembly	4Q 2019		• Commenced in 4Q 2019.
Work Front 1 - Commence Towers Erection	1Q 2020		
Work Front 1 - Commence Conductor Stringing	1Q 2020		
Work Front 2 - Commence Clearing & Access	1Q 2020		
Work Front 2 - Commence Geotech and Foundations	1Q 2020		
Work Front 2 - Commence Towers Assembly	1Q 2020		
Work Front 2 - Commence Towers Erection	1Q 2020		
Work Front 2 - Commence Conductor Stringing	2Q 2020		
Work Front 3 - Commence Clearing & Access	1Q 2020		
Work Front 3 - Commence Geotech and Foundations	1Q 2020		
Work Front 3 - Commence Towers Assembly	2Q 2020		

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

Activity	Post-LTC Decision Baseline Target Date <sup>9</sup>	Revised Date	Variance Reason/Potential Impact
Work Front 3 - Commence Towers Erection	2Q 2020		
Work Front 3 - Commence Conductor Stringing	3Q 2020		
Work Front 4 - Commence Clearing & Access	2Q 2020		
Work Front 4 - Commence Geotech and Foundations	2Q 2020		
Work Front 4 - Commence Towers Assembly	3Q 2020		
Work Front 4 - Commence Towers Erection	3Q 2020		
Work Front 4 - Commence Conductor Stringing	3Q 2020		
Work Front 5 - Commence Clearing & Access	1Q 2020		
Work Front 5 - Commence Geotech and Foundations	1Q 2020		
Work Front 5 - Commence Towers Assembly	4Q 2020		
Work Front 5 - Commence Towers Erection	1Q 2021		
Work Front 5 - Commence Conductor Stringing	1Q 2021		
Work Front 6 - Commence Clearing & Access	1Q 2020		
Work Front 6 - Commence Geotech and Foundations	1Q 2020		
Work Front 6 - Commence Towers Assembly	1Q 2020		
Work Front 6 - Commence Towers Erection	1Q 2020		
Work Front 6 - Commence Conductor Stringing	3Q 2020		
Work Front 7 - Commence Clearing & Access	1Q 2020		• Commenced in 4Q 2019.
Work Front 7 - Commence Geotech and Foundations	2Q 2020		
Work Front 7 - Commence Towers Assembly	3Q 2020		
Work Front 7 - Commence Towers Erection	3Q 2020		
Work Front 7 - Commence Conductor Stringing	4Q 2020		
Work Front 8 - Commence Clearing & Access	1Q 2020		
Work Front 8 - Commence Geotech and Foundations	3Q 2020		
Work Front 8 - Commence Towers Assembly	4Q 2020		
Work Front 8 - Commence Towers Erection	4Q 2020		
Work Front 8 - Commence Conductor Stringing	1Q 2021		



Activity	Post-LTC Decision Baseline Target Date <sup>9</sup>	Revised Date	Variance Reason/Potential Impact
Work Front 9 - Commence Clearing & Access	1Q 2020		
Work Front 9 - Commence Geotech and Foundations	3Q 2020		
Work Front 9 - Commence Towers Assembly	4Q 2020		
Work Front 9 - Commence Towers Erection	4Q 2020		
Work Front 9 - Commence Conductor Stringing	2Q 2021		
Work Front 10 - Commence Clearing & Access	3Q 2020		
Work Front 10 - Commence Geotech and Foundations	3Q 2020		
Work Front 10 - Commence Towers Assembly	4Q 2020		
Work Front 10 - Commence Towers Erection	1Q 2021		
Work Front 10 - Commence Conductor Stringing	3Q 2021		
Work Front 11 - Commence Clearing & Access	3Q 2020		
Work Front 11 - Commence Geotech and Foundations	3Q 2020		
Work Front 11 - Commence Towers Assembly	1Q 2021		
Work Front 11 - Commence Towers Erection	2Q 2021		
Work Front 11 - Commence Conductor Stringing	3Q 2021		
Project Construction Substantially Complete	4Q 2021		
Project Commissioning Commences	4Q 2021		
Project Commissioning Complete - In Service	4Q 2021		
Final acceptance and release of General Contractor	4Q 2021		

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

Work Front	Remaining Major Permits and Approvals/Authorizations <sup>12</sup>	Original Target Date Reported in 1 <sup>st</sup> OEB Quarterly Report	Revised Target Date	Variance Reason/Potential Impact
1	1 Species at Risk 65 Water Body Crossings (78 local received) 7 Overhead Crossings 0 Work Permit and Land Use Permit 0 Access	September 2019		
7	0 Species at Risk 30 Water Body Crossings 4 Overhead Crossings 0 Work Permit and Land Use Permit 0 Access	September 2019	December 2019	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals</li> <li>• Awaiting overhead crossings tied to leasehold negotiations and are anticipated to be received in 1Q 2020.</li> <li>• Awaiting resolution of mining claim holders' and mining leaseholders' interests.</li> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
2	0 Species at Risk 26 Water Body Crossings 1 Overhead Crossings 0 Work Permit and Land Use Permit 0 Access	September 2019	January 2020	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals.</li> <li>• The remaining overhead crossing is expected to be received in 1Q 2020.</li> </ul>

<sup>12</sup> The number of Major Permits and Approvals/Authorizations are subject to change as access plans evolve.

Work Front	Remaining Major Permits and Approvals/Authorizations <sup>12</sup>	Original Target Date Reported in 1 <sup>st</sup> OEB Quarterly Report	Revised Target Date	Variance Reason/Potential Impact
				<ul style="list-style-type: none"> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
6	2 Species at Risk (including Caribou) 70 Water Body Crossings (2 federal) 28 Overhead Crossings 0 Work Permit and Land Use Permit 1 Phase I ESA 4 Access	December 2019	January 2020	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals.</li> <li>• Remaining overhead crossings and permits expected in 1Q 2020.</li> <li>• Awaiting resolution of mining claim holders' and mining leaseholders' interests.</li> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
8	0 Species at Risk 27 Water Body Crossings 0 Overhead Crossings 0 Work Permit and Land Use Permit 0 Access	September 2019	January 2020	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals.</li> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
3	1 Species at Risk 51 Water Body Crossings 32 Overhead Crossings 6 Work Permit and Land Use Permit 1 Phase I ESA 34 Access	September 2019	February 2020	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals.               <ul style="list-style-type: none"> <li>○ BZA has requested permits for this WF to be withheld.</li> </ul> </li> <li>• Remaining overhead crossings and permits expected in 1Q 2020.</li> </ul>

Work Front	Remaining Major Permits and Approvals/Authorizations <sup>12</sup>	Original Target Date Reported in 1 <sup>st</sup> OEB Quarterly Report	Revised Target Date	Variance Reason/Potential Impact
				<ul style="list-style-type: none"> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
9	0 Species at Risk 53 Water Body Crossings 32 Overhead Crossings 4 Work Permit and Land Use Permit 1 Access	September 2019	February 2020	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals.</li> <li>• Remaining overhead crossings and permits expected in 1Q 2020.</li> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
10	0 Species at Risk 101 Water Body Crossings 6 Overhead Crossings 4 Work Permit and Land Use Permit 10 Access	November 2019	February 2020	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals.</li> <li>• Remaining overhead crossings and permits expected in 1Q 2020.</li> <li>• Awaiting resolution of mining claim holders' interests.</li> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
4	0 Species at Risk 21 Water Body Crossings 3 Overhead Crossings 4 Work Permit and Land Use Permit 8 Access	November 2019	January 2020	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals.               <ul style="list-style-type: none"> <li>○ BZA has requested permits for this WF to be withheld.</li> </ul> </li> <li>• Remaining overhead crossings and permits expected in 1Q 2020.</li> </ul>

Work Front	Remaining Major Permits and Approvals/Authorizations <sup>12</sup>	Original Target Date Reported in 1 <sup>st</sup> OEB Quarterly Report	Revised Target Date	Variance Reason/Potential Impact
				<ul style="list-style-type: none"> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
5	1 Species at Risk 77 Water Body Crossings 8 Overhead Crossings 3 Work Permit and Land Use Permit 24 Access	December 2019	January 2020	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals.               <ul style="list-style-type: none"> <li>◦ BZA has requested permits for this WF to be withheld.</li> </ul> </li> <li>• Remaining overhead crossings and permits expected in 1Q 2020.</li> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>
11	2 Species at Risk 90 Water Body Crossings 10 Overhead Crossings 3 Work Permit and Land Use Permit 35 Access	December 2019	February 2020	<ul style="list-style-type: none"> <li>• Awaiting necessary federal and provincial permits and approvals.</li> <li>• Remaining overhead crossings and permits expected in 1Q 2020.</li> <li>• Delays experienced to date will be analyzed to determine if there are any cost and/or schedule impacts.</li> </ul>

### 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 LTC application budget. 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.

#### B. Project Cost Update Table

Cost Categories for NextBridge's Construction Costs Reporting	Actuals Spent		Budget			Forecast Budget Variance			Reasons For Change
	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 %	H Revised Total Budget	
<b>Engineering &amp; Construction</b>	<b>23,967,393</b>	<b>98,992,633</b>	<b>572,761,388</b>	<b>473,768,755</b>	<b>83%</b>	<b>41,505,901</b>	<b>7%</b>	<b>614,267,289</b>	Revised based on in-service date
1 Engineering, Design and Procurement	2,043,625	7,234,610	19,342,245	12,107,635	63%	(10,808,892)	-56%	8,533,353	
2 Materials and Equipment	6,874,302	11,242,010	89,408,231	78,166,221	87%	(22,538,717)	-25%	66,869,514	
8 Site Clearing, Access	(13,828,058)	8,451,503	107,463,339	99,011,836	92%	33,828,145	31%	141,291,484	
9 Construction	28,877,524	72,064,511	356,547,573	284,483,062	80%	41,025,365	12%	397,572,938	
<b>Environmental &amp; Remediation Activities</b>	<b>2,238,277</b>	<b>10,860,690</b>	<b>26,929,260</b>	<b>16,068,570</b>	<b>60%</b>	<b>4,348,606</b>	<b>16%</b>	<b>31,277,866</b>	Revised based on in-service date
3 Environmental and Regulatory Approvals	2,238,277	10,860,690	13,030,561	2,169,871	17%	5,894,505	45%	18,925,066	
10 Site Remediation	-	-	13,898,699	13,898,699	100%	(1,545,899)	-11%	12,352,800	
<b>Indigenous Activities</b>	<b>1,594,089</b>	<b>10,335,240</b>	<b>20,211,000</b>	<b>9,875,760</b>	<b>49%</b>	<b>3,442,555</b>	<b>17%</b>	<b>23,653,555</b>	Revised based on in-service date
5 Indigenous Economic Participation	469,237	4,744,344	7,000,000	2,255,656	32%	2,730,362	39%	9,730,362	
6 Indigenous Consultation	1,124,852	5,590,896	13,211,000	7,620,104	58%	712,193	5%	13,923,193	
4 Land Rights (excludes Aboriginal)	2,104,329	10,759,706	23,830,512	13,070,806	55%	-	0%	23,830,512	
7 Other Consultation	81,700	538,655	2,530,194	1,991,539	79%	-	0%	2,530,194	
11 Contingency	-	-	49,399,445	49,399,445	100%	(49,297,062)	-100%	102,383	Allocation of Contingency
12 Regulatory	298,670	3,013,692	5,405,078	2,391,386	44%	-	0%	5,405,078	
13 EWT Management	255,167	3,515,120	4,900,644	1,385,524	28%	-	0%	4,900,644	
<b>Total Project Spend</b>	<b>30,539,626</b>	<b>138,015,735</b>	<b>705,967,521</b>	<b>567,951,786</b>	<b>80%</b>	<b>49,297,062</b>	<b>7%</b>	<b>705,967,521</b>	
14 Interest During Construction (IDC) <sup>1</sup>	1,082,447	5,681,100	31,003,000	25,321,900	82%	-	0%	31,003,000	
<b>Total Construction Costs<sup>2,3</sup></b>	<b>31,622,073</b>	<b>143,696,836</b>	<b>736,970,521</b>	<b>593,273,685</b>	<b>81%</b>	<b>49,297,062</b>	<b>7%</b>	<b>736,970,521</b>	

1 IDC has not been reforecasted as interest rates will vary based on the OEB prescribed rates

2 On the record (EB-2017-0182)

3 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)**

- 1) Engineering, Design & Procurement, 2) Materials and Equipment, 8) Site Clearing Access and 9) Construction Engineering
  - As a result of the budget reallocation within E&C categories, 8 & 9 show an increase to Budget and 1 & 2 have an offsetting decrease.
  - Contingency was allocated for additional costs as a result of original EPC contract negotiations.

### **Environment & Remediation Activities**

- 3) Environmental
  - The EA was approved in March 2019 and contains conditions increased the Environmental budget for surveys, permitting work, and pre-construction activities.
  - Additional studies, site investigation, and documentation development that were required by the Provincial Government Team during the EA and subsequent Amended EA approval processes.
  - Increased construction compliance support for the duration of construction.
- 10) Site Remediation
  - Reduction in estimated costs for remediation observer.
  - Reduction in scope of remediation activities expected and estimated cost.

### **Indigenous Activities**

- 5) Indigenous Economic Participation
  - 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.
  - The support requirements increased for Indigenous job training and preparation prior to the start of construction.
- 6) Indigenous Consultation
  - As a condition of the approval of the amended EA, the Indigenous environmental monitoring requirements increased.

### **Land Rights (Excludes Aboriginal Engagement)**

- The Project cost forecast for this department has not changed since the last reporting period.

### **Other Consultation**

- The Project cost forecast for this department has not changed since the last reporting period.

### **Regulatory**

- The Project cost forecast for this department has not changed since the last reporting period.

### **EWT Management**

- The Project cost forecast for this department have not changed since the last reporting period.



## 4. Risk Management

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

Risk Item #	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
1	MECP delay in issuing caribou and bat hibernacula SAR permit	Low	<ul style="list-style-type: none"> <li>Delay in receipt of the caribou and bat hibernacula 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>	Low	<ul style="list-style-type: none"> <li>Schedule risk can be mitigated through compression of construction activities in 2020-2021.</li> <li>MECP issued the OBP for bat hibernacula and caribou on December 24, 2019.</li> </ul>
2	Agency delay in issuance of other environmental permit(s)	High	<ul style="list-style-type: none"> <li>Delay in issuance of required approvals listed in table 2.C. to start clearing would increase cost due to the schedule compression required to mitigate schedule slip.</li> </ul>	High	<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> <li>Delays experienced to date</li> </ul>

Low

Medium /  
Moderate

High

Unknown

Risk Item #	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
					<p>will be analyzed to determine if there are any cost and/or schedule impacts.</p> <ul style="list-style-type: none"> <li>Modified work sequence to maintain clearing activities, foundation installation, and tower assembly progress.</li> </ul>

Risk Item #	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
3	Delay in access to private, provincial, and federal lands	Medium	<ul style="list-style-type: none"> <li>Lands not accessible in time for construction commencement date will affect Project schedule.               <ul style="list-style-type: none"> <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> </li> </ul>	High	<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.</li> <li>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>
4	Delay in HONI station work	Unknown <sup>13</sup>	<ul style="list-style-type: none"> <li>If stations are not ready for energization it will delay Project in-service date.</li> </ul>	High	<ul style="list-style-type: none"> <li>Communication and coordination with HONI during construction.</li> </ul>
5	Delay in accessing HONI’s crossings of access roads and transmission lines	Low	<ul style="list-style-type: none"> <li>Significant portions of lands not accessible in time for access road construction and stringing across HONI ROW lands will affect Project</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Continue to work with HONI to resolve crossing and access issues.</li> <li>HONI has approved the bulk of the HONI line crossings</li> </ul>

<sup>13</sup> This risk is dependent on HONI and the current status is only known by HONI.

Risk Item #	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
			schedule.		<p>including the crossing of the T1M lines.</p> <ul style="list-style-type: none"> <li>• NextBridge continues to work with HONI regarding one outstanding overhead crossing agreement at the Lakehead TS and expect to receive this agreement in 1Q 2020.</li> <li>• While a Section 101 application will likely not be required, this option remains in the event that NextBridge is unable to reach agreement on all required crossings .</li> </ul>

Low

Medium /  
Moderate

High

Unknown

Risk Item #	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
6	<b>Legal challenges</b>	High	<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>	Medium	<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> <li>Actively engaged in continued negotiations with BZA related to the judicial review.</li> <li>Commit to addressing concerns at any point, even post issuance of permits and engage communities on an issue by issue basis.</li> </ul>
7	<b>Public protests and/or displays of Project opposition</b>	Low	<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>	Low	<ul style="list-style-type: none"> <li>Additional discussion and attempts to satisfy concerns.</li> </ul>

Risk Item #	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
8	Labour strikes	High	<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>	High	<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.</li> <li>• Be cognizant of and manage potential for other unions to approach and recruit any non-CUSW members.</li> <li>• Media response would be developed to provide public response.</li> </ul>

Low

Medium /  
Moderate

High

Unknown

Risk Item #	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
9	Delays in acquisition/resolution of mining leaseholders' interests	Medium	<ul style="list-style-type: none"> <li>Impacts to schedule and costs associated with timely acquisition/resolution of required interests.</li> </ul>	High	<ul style="list-style-type: none"> <li>NextBridge developed an approach to compensate for these types of interests and continues to work towards obtaining required mutual agreements and easements where required.</li> <li>Construction skips may be required in order to maintain construction activity progress.</li> <li>NextBridge anticipates resolution of mining leaseholders' rights in 1Q 2020.</li> </ul>

Low

Medium /  
Moderate

High

Unknown

Risk Item #	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
10	Delay in finalizing acquisition with outstanding mining claim holders	High	<ul style="list-style-type: none"> <li>Delayed access to the subject lands for construction, which may result in increased cost to NextBridge.</li> </ul>	High	<ul style="list-style-type: none"> <li>MLT has scheduled hearings for these matters to take place in April 2020.</li> <li>Construction skips may be required in order to maintain construction activity progress.</li> <li>Continuing engagement with the impacted rights holders and relevant Government agencies.</li> </ul>

Low

Medium /  
Moderate

High

Unknown



## 5. OEB Requests

### APPENDIX A

#### A. Report-Specific Matters

##### Report Update Requests

- Section 2.C. Permit and Approval/Authorization Requirements by Work Front Table
  - Add column to highlight the original date provided in the first Quarterly OEB Report.
  - Target Date column will be used to report a date variance if it differs from the date in the Quarterly OEB Report.
  - Add Variance Reason/Potential Impact column.
    - Requested column updates have been added to applicable table.
- Section 3.B. Project Cost Update Table
  - Provide breakdown for line items in Columns F, G, and H.
    - Requested breakdowns have been added to applicable table.