

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

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

Reporting Period¹: January 1, 2021 to March 31, 2021

Date Submitted: April 22, 2021

- 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. 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 Independent Electricity System Operator (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 is required to report quarterly on the 15th business day of each January, April, July, and October. NextBridge will continue to file such quarterly reports until the EWT Project is in-service and land restoration activities have been completed.

¹ NextBridge has elected to include content from outside of the Reporting Period throughout this Report to provide additional context and a better understanding of the subject where applicable.

This report is organized as follows:

1	Summary of the EWT Project Progress to March 31, 2021	<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"> • Table of Key Project Statuses; • Table of Activities in the Work Fronts (WFs) for the Reporting Period; and • Summary of Activities within the Reporting Period.
2	Construction Schedule Update	<p>Construction milestones for the Project were originally identified in the LTC proceedings, specifically in NextBridge's responses to Procedural Order #3, filed May 3, 2018, and updated September 24, 2018. On September 3, 2020, in accordance with Conditions 2 and 3 of the Leave to Construct Order, NextBridge notified the OEB of a change in construction schedule to reflect a change to the in-service date from 4Q 2021 to March 31, 2022.</p> <p>This section provides an overview of the updated milestones based on the permitting and approval/authorization requirements as they relate to the updated construction schedule and includes:</p> <ul style="list-style-type: none"> • Project Map • Updated Table of Milestone Updates; and • Permit and Approval/Authorization Requirements by WF. <p>Where applicable, impacts from changes to HONI's station work will be noted.</p>
3	Construction Cost Update	<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"> • Actual spent; • Percentage of budgeted costs spent to date; • Updated forecast; and • Material forecast variance (if applicable). <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	Risk Management	<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"> • Risk Management Issues, Potential Impacts, and Mitigation Measures Table.
5	Reference Materials	<p>This report includes correspondence from the OEB regarding the applicability of the COVID-19 deferral account guidelines to certain utilities. A copy of this correspondence can be found in this section.</p>

1. Summary of the EWT Project Progress During Reporting Period

A. Table of Key Project Statuses

Key Status	Summary
Stage of Construction	<p>Construction activities continued in all WFs</p> <ul style="list-style-type: none"> - Clearing activities across the project have been completed. - The Wawa work camp opened in January and has since been operating at capacity. - Over 600 workers were on site during the winter season with a focus on completions in the both the caribou nursery habitat area and Michipicoten First Nation. - Stringing activities progressed in WF3 and started in WF9. - The structures for the White Lake Narrows crossing have been delivered. - Navigation lights required by Transport Canada are being installed in WFs 6 and 7. - Reclamation activities will commence in the next quarter in select WFs. - Additional information on this topic can be found in Section 1. B. below.
Costs	<p>NextBridge continues to maintain focus on the budget and tracks updates monthly.</p> <ul style="list-style-type: none"> - Known construction costs for the EWT Project are forecasted to be on budget as compared to the LTC application. - Costs associated with the COVID-19 Global Pandemic have not been estimated in their entirety and will not be known until well after construction is completed and the COVID-19 Global Pandemic is resolved. - Additional information on this topic can be found in Section 3. below.

Key Status	Summary
Schedule	<p>Construction activities are ongoing in all WFs</p> <ul style="list-style-type: none"> - Only structures F233-F235 have outstanding land items to be completed. <ul style="list-style-type: none"> • However, NextBridge was able to obtain approval to complete clearing activities in this area. - Attended meetings with HONI to coordinate schedule and conductor/optical ground wire tie-ins to the Lakehead, Marathon, and Wawa transformer stations (TSs). - Crews were able to complete all foundation, assembly, and erection activities in the Michipicoten First Nation area as planned. - Over 95% of foundations, 90% of assembly, and 50% of tower erections were completed in the caribou nursery habitat area. - Majority of workers on site during Q1 will be demobilized in April during the spring breakup period and are expected to return to site in mid-May, or earlier once site conditions allow. - 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, Ministry of Transportation (MTO), Infrastructure Ontario, NAV Canada, Indigenous Services Canada (ISC), Transport Canada, Indigenous engagement, and others, in order to maintain the current schedule. - Additional information on Project schedule can be found throughout this Report.

Key Status	Summary
Emerging Risks	<p data-bbox="431 386 1175 422">Impacts of COVID-19 Global Pandemic on the Project.</p> <p data-bbox="431 453 732 489">Construction Impacts</p> <ul style="list-style-type: none"> <li data-bbox="431 525 1455 632">- NextBridge and its Indigenous and local partners consider the health and safety of their employees, contractors, and the general public to be their top priority. <li data-bbox="431 667 1463 848">- NextBridge has continued taking steps to monitor the daily safety of workers on site, including screening new workers and workers who have recently travelled, modifying accommodations and travel of workers, providing additional cleaning and personal protective equipment (PPE) resources, and daily temperature checks of everyone on site. <li data-bbox="431 884 1479 953">- Weekly calls are held with the construction team to review COVID-19 impacts and discuss the need for potential further mitigation measures on site. <li data-bbox="431 989 1468 1058">- The Province of Ontario declared a provincewide shutdown to commence on December 26, 2020. <ul style="list-style-type: none"> <li data-bbox="480 1079 1495 1148">• Following the 2020 Christmas break, crews returned to their respective work camps. <ul style="list-style-type: none"> <li data-bbox="529 1169 1495 1239">○ Shortly thereafter COVID-19 cases were identified on the EWT Project in mid-January 2021. <li data-bbox="480 1260 1495 1367">• An investigation by the Thunder Bay District Health Unit (TBDHU) was then completed to review COVID-19 policies and the related safety measures that were implemented the EWT Project. <li data-bbox="480 1388 1495 1457">• This review resulted in many orders being issued which would need to be complied with for construction to continue. <li data-bbox="480 1478 1495 1829">• These orders included: <ul style="list-style-type: none"> <li data-bbox="529 1530 1208 1566">○ Additional security and screening at work camps; <li data-bbox="529 1587 1495 1656">○ Prescribing a maximum number of workers that could travel together in a work vehicle; <li data-bbox="529 1677 1495 1747">○ Requiring additional PPE use for workers and implementing further social distancing policies while working; <li data-bbox="529 1768 1495 1837">○ Additional cleaning and sanitizing of all work equipment and work camps; and,

Key Status	Summary
	<ul style="list-style-type: none"> ○ The Marathon work camp was also temporarily shut down during this time. • The Marathon work camp shutdown resulted in crews having to be transferred to the other work camps (Nipigon and White River) outside of the area. ○ These other work camps are significantly further away and added hours of travel time, resulting in reduced production. • On February 8, 2021, the White River work camp was temporarily shut down. ○ The work camp re-opened after sanitizing and cleaning took place. - Project workers who tested positive for COVID-19 peaked at 23 cases during the end of January 2021. • No new positive cases were identified during March. - An infection control specialist is now on site monitoring all workers travelling within the Project boundaries to ensure that they are compliant and following all COVID-19 guidelines. - As the COVID-19 Global Pandemic is continually evolving, including the mitigation measures required to continue construction activities, NextBridge is unable to estimate the associated costs in their entirety and the total costs will not be known until well after construction is completed and the COVID-19 Global Pandemic is resolved. <p>Permitting and Authorization Impacts</p> <ul style="list-style-type: none"> - NextBridge continued to work with applicable ministries, agencies, and Indigenous communities to acquire the remaining outstanding permits and authorizations. - At this time, many ministries, agencies, and Indigenous communities are also impacted by the COVID-19 Global Pandemic, including office closures, and may not be able to process NextBridge's requests for permits and authorizations in a timely manner. • Impacts due to a delay in permits and authorizations have been considered in the updated construction schedule.

Key Status	Summary
Indigenous Activities	<p>Engagement Continuing</p> <ul style="list-style-type: none"> - NextBridge continues to engage with the 18 identified Indigenous communities in the Project area. - Engagement highlights include robust consultations on emerging information associated with culturally significant sites, archaeology, provincial parks, and conservation reserve specific permitting, the Indigenous Facilitator Program, ongoing monitoring of COVID-19 developments and discussions, Caribou SAR permits, fly yard permits, and Section 28.2 Permits. - Ongoing engagement continues on capacity funding agreements for communities to retain third party experts or other engagement costs, where required. - Section 28.2 Permit process has concluded with Michipicoten First Nation and Pays Plat First Nation. - Fly yard permit application consultation was launched in March 2021 to support applications for various fly yard sites required for facilitating the assembly and installation of tower structures and stringing of the transmission line. - NextBridge and Pic Mobert First Nation have completed an agreement related to the cultural and historic issues which were raised by the community related to the White Lake and Nursery Lake areas. <ul style="list-style-type: none"> • In 1Q 2021, construction commenced in the White Lake Narrows area, in compliance with mitigation commitments made with the community. • Clearing and foundation work was completed before the end of March 2021 and tower assembly is not expected to begin until late spring of 2021. - The Indigenous Facilitator Program ran at full capacity during 1Q 2021, with all seven community facilitators participating in observations in the field. - NextBridge continued to work with Supercom Industries Inc. (Supercom) and community partners to ensure ongoing compliance with COVID-19 safety protocols, and to support increased capacity development and Facilitator readiness for the dynamic Project environment. <ul style="list-style-type: none"> • NextBridge also worked with Supercom and the Indigenous Facilitators to implement the Indigenous Facilitator Independence Plan, including the

Key Status	Summary
	<p>provision of adding training, reference guides, and engagement, to support increase facilitator independence in the field come 2Q.</p> <ul style="list-style-type: none"> • NextBridge began discussions with the communities surrounding the flow of construction activities into spring/summer of 2021 and evolving workload for Indigenous Facilitators. <p>- NextBridge continues to be engaged with the six proximate Bamkushwada Limited Partnership (BLP) communities in many aspects of the Project, including the COVID-19 decision making process and construction schedule.</p> <p>- Additional information on this topic can be found in Section 1. C. below.</p>
HONI Coordination	<ul style="list-style-type: none"> - NextBridge continued engagement and coordination activities with HONI on multiple fronts, including: <ul style="list-style-type: none"> • Outage Scheduling and Crossings; • Overall Project schedule; • Easement Agreements; • Construction and Commissioning coordination; • The latest draft of the Construction Cost Recovery Agreement (CCRA); • The latest draft of the Connection Facilities Agreement (CFA); and, • The expected timing of the execution of the HONI/Supercom Operations and Maintenance Service Level Agreement (SLA). - HONI is continuing completion of its stakeholder review of the Wawa TS updated design drawings related to the previously identified demarcation of the Project and expansion of their TS footprint which necessitated design changes. <ul style="list-style-type: none"> • NextBridge expects to finalize outstanding items regarding the Wawa TS lands with HONI in 2Q 2021. - NextBridge continues to coordinate activities with HONI around the updated construction schedule. <ul style="list-style-type: none"> • Monthly coordination meetings continue, and standalone meetings are being held as needed. - Additional information on this topic can be found in Section 1. C. below.

B. Table of Activities In Work Fronts for the Reporting Period

Work Front	Environmental Permit Submissions	Land-ROW ²	Land-Access ³	Clearing Progress	Construction
1	<ul style="list-style-type: none"> Detailed Project Plan (DPP) package submitted and 30-day review period has concluded. 	100%	100%	100%	<ul style="list-style-type: none"> 100% access completed 99% tower assembly completed. 99% tower foundations completed. 99% towers erected. 99% conductor strung.
7	<ul style="list-style-type: none"> DPP package re-submitted⁴ and 30-day review period has concluded. Related permit applications submitted and received. Fly yard applications to support stringing operations in preparation 	100%	100%	100%	<ul style="list-style-type: none"> 100% access completed 83% tower assembly completed. 79% foundations completed. 48% of towers erected.
2	<ul style="list-style-type: none"> DPP Package submitted and 30-day review period has concluded. Related permit applications submitted and received. 	100%	100%	100%	<ul style="list-style-type: none"> 100% access completed. 100% tower assembly completed. 100% foundations completed. 100% towers erected. 100% conductor strung.
6	<ul style="list-style-type: none"> DPP Package submitted and 30-day review period has concluded. Related permit applications submitted and received. 	100%	100%	100%	<ul style="list-style-type: none"> 100% access completed 93% tower assembly completed. 100% foundations

² 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.

³ 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.

⁴ 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 ²	Land-Access ³	Clearing Progress	Construction
	<ul style="list-style-type: none"> • Fly yard applications to support stringing operations submitted. • Received MECP approval for amended OBP to support all season access road construction. 				<ul style="list-style-type: none"> • completed. • 60% towers erected.
8	<ul style="list-style-type: none"> • DPP Package submitted and 30-day review period has concluded. • Related permit applications submitted and received. • Fly yard applications to support stringing operations submitted. 	100%	100%	100%	<ul style="list-style-type: none"> • 100% access completed. • 72% tower assembly completed. • 63% foundations completed. • 25% towers erected.
3	<ul style="list-style-type: none"> • DPP Package submitted and 30-day review period has concluded. • Kama Cliffs Conservation Reserve DPP has been approved. • Related permit applications submitted and received. • Fly yard application to support stringing operations submitted. 	100%	100%	100%	<ul style="list-style-type: none"> • 100% access completed. • 86% tower assembly completed. • 93% foundations completed. • 79% towers erected. • 56% conductor strung.
9	<ul style="list-style-type: none"> • DPP Package submitted and 30-day review period has concluded. • Related permit applications submitted and received. • Fly yard applications to support stringing operations submitted. 	100%	100%	100%	<ul style="list-style-type: none"> • 100% access completed. • 87% towers assembly completed. • 90% foundations completed. • 76% of towers erected. • 43% of conductor strung.
5	<ul style="list-style-type: none"> • DPP Package submitted and 30-day review period has concluded. • Related permit applications submitted and received. • Fly yard applications to support 	100%	100%	100%	<ul style="list-style-type: none"> • 100% access completed. • 34% foundations completed. • 9% assembly completed.

Work Front	Environmental Permit Submissions	Land-ROW ²	Land-Access ³	Clearing Progress	Construction
	stringing operations submitted.				
4	<ul style="list-style-type: none"> • DPP Package submitted and 30-day review period has concluded. • Related permit applications submitted and received. • Fly yard applications to support stringing operations submitted. 	100%	100%	100%	<ul style="list-style-type: none"> • 100% access completed. • 69% foundations completed. • 17% assembly completed.
11	<ul style="list-style-type: none"> • DPP Package submitted and 30-day review period has concluded. • Related permit applications submitted and received. • Fly yard applications to support stringing operations in prep 	100%	99%	100%	<ul style="list-style-type: none"> • 99% access completed. • 26% foundations completed. • 26% assembly completed. • 26% erection completed.
10	<ul style="list-style-type: none"> • DPP Package submitted and 30-day review period has concluded. • Related permit applications submitted and received. • Fly yard applications to support stringing operations in prep 	100%	100%	100%	<ul style="list-style-type: none"> • 100% access completed. • 2% foundations completed.

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 OBP 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.
 - NextBridge received an amendment to allow all season access to be constructed in caribou nursery habitat December 3, 2020.
 - Although NextBridge does not intend to use all season access this winter, the amendment was obtained to mitigate potential other force majeure events (e.g., increased COVID-19 infections) which could jeopardize the Project schedule.
 - As a condition of the OBP, NextBridge filed a Caribou Transfer Strategy (CTS) on March 31, 2021 and will continue to develop the strategy in consultation with the MECP, MNRF and Indigenous communities (including Michipicoten First Nation).
 - While the CTS clearly requires the translocation of 8 female caribou and 4 male caribou, multiple factors are impacting the finalization of the plan, such as:
 - Confirmation of potential impacts on the current caribou population if 12 animals were removed through transfer; and,
 - Confirmation that the host island is predator free.
 - Ultimately, the CTS will need to balance the regulatory and biological requirements of the government with the biological and spiritual beliefs of Indigenous communities (including Michipicoten First Nation).
 - While the transfer plan does not impact the construction schedule, NextBridge requires MECP approval on the final CTS before all of the OBP Condition requirements are satisfied.
 - The federal SARA Permit has been received.
- DPPs
 - DPPs have been submitted on all WFs.
 - All DPPs for Provincial Parks and Conservation Reserves have been submitted.
- WF Packages
 - Permit applications for all WFs have been submitted.
 - Permits were issued for all WFs.

- 25 Fly yard permit applications to support stringing operations have been submitted to MNRF or are in preparation for WFs 3 to 11.
- Continued productive discussions with:
 - MECP on Provincial Parks and Conservation Reserves work and land use permits, etc.; 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 are ensuring continuous compliance with the conditions of the EA Approval using a comprehensive Construction Compliance Matrix for tracking purposes.
- Environment-Related Indigenous Discussions
 - Continued solicitation and incorporation of feedback and Traditional Ecologic Knowledge information provided by Indigenous communities and agencies.
 - Responded to inquiries received from Indigenous communities with respect to the Project.
- Indigenous Facilitator Program
 - Indigenous Facilitators have been present along the right of way (ROW) since the commencement of construction, up until the temporary suspension of the Indigenous Facilitator Program on March 24, 2020.
 - This measure was taken in response to the evolving COVID-19 Global Pandemic and requirements for social distancing.
 - The program was restructured and fully relaunched in September 2020 with all communities' Facilitators actively engaged in the field.
 - The newly structured program ensures ongoing compliance with COVID-19 protocols and upholds safety as a top priority.
 - As invasive construction activities have been completed, increased independence of the Indigenous Facilitators in the field has been implemented in collaboration with Supercom and field staff.
 - NextBridge continues to work with Project partners and Indigenous communities to improve the Indigenous Facilitator Program structure and delivery, and to promote Facilitator capacity and engagement with their respective communities.

Land

- Privately Held Land
 - NextBridge expects to finalize outstanding land agreements regarding the Wawa TS lands with HONI in 2Q 2021.
 - NextBridge is working with land stakeholders to acquire additional property rights to facilitate the W2C (a HONI transmission line) reroute near the Wawa TS.
 - NextBridge is working to mitigate potential impacts to schedule associated with the requirement of these additional property rights.
- Government Land and Permits
 - Obtained remainder of outstanding work permit approvals from the MNRF for WF 11.
 - NextBridge continues to work with the MNRF to amend a Site Plan of Permitted Aggregate Pit on Crown land in WF 5 to allow for the crossing of the Project.
 - An agreement has been reached with the property owner to allow construction to proceed.
 - Following construction, the surrender process for this site will be completed.
 - NextBridge worked with the MNRF to support the surrender of certain lands administered by Transport Canada and held by Her Majesty the Queen, in the Right of Canada to the Province of Ontario.
 - The lands are in WF 11 and are needed for the Project.
 - The MNRF has advised the land has been added to the multi-site LUP and that registration of the land transfer could take up to one year.
 - This development is not expected to impact the Project schedule.
 - Continued engagement with third party utility and rail companies to support construction activities across the Project.
 - 100% of required third party crossings have been secured.
- Worked with Mining Leaseholder for revised Consent to Disposition of Surface Rights to support the revisions required due to concerns raised by the community in the White Lake Narrows area.
 - NextBridge had been working with an existing Mining Leaseholder to obtain a revised consent to the Disposition of Surface Rights for this location since August 2020.
 - NextBridge recently became aware of a sale between the existing Mining Leaseholder for the transfer of land rights to a new Mining Leaseholder in late November 2020.
 - NextBridge immediately initiated consultation with the new Mining Leaseholder to obtain a revised consent to the Disposition of Surface Rights to allow construction to proceed.
 - NextBridge continues to work expeditiously to obtain the required consent.

- General Updates

- Continued legal surveys to support the land acquisition and permitting programs.
- Responded to and tracked directly affected property owner and Crown interest holder inquiries and complaints regarding construction activities.
- Obtained settlements with property owners and Crown interest holders pertaining to damage and disturbance claims as a result of construction activities.
- Supported the acquisition of alternate worker camp, storage, and fly site locations required for construction.

Regulatory

- Rate Case

- On January 28, 2021, NextBridge filed responses to interrogatories issued by the intervenors and OEB Staff in respect of NextBridge's rate-setting application, which was filed on November 4, 2020.
- On March 4, 2021, NextBridge advised the OEB that it had attended a settlement conference with the intervenors and OEB Staff, but that the parties did not reach a settlement.
- From March 29-31, 2021, the OEB held an oral hearing in respect of the rate-setting application.

Indigenous Engagement

- Continued Engagement Activities

- NextBridge has responded to inquiries and questions received from Indigenous communities with respect to the Project.
- Ongoing engagement has promoted open dialogue with communities.
- NextBridge is regularly engaged with interested communities consulting on Project permitting, construction progress and other topics that arise during this phase of the Project.

- Biinjitiwabik Zaaging Anishnabek (BZA) Engagements

- NextBridge, the Crown, and BZA are in the final stages of negotiations intended to resolve BZA's appeal and judicial review of the issuance to the LTC and OIC to NextBridge.

- Pic Mobert First Nation Engagement

- Final negotiations have been completed with Pic Mobert First Nation, NextBridge, and the Federal Government on securing approvals for access requirements over ATR Lands where the Project requires temporary use.
- NextBridge and Pic Mobert First Nation have completed an agreement related to the cultural and historic issues which were raised by the community related to the White Lake and Nursery Lake areas.

- On October 21, 2020, the Pic Mobert First Nation Chief and Council approved the re-routing of the Project and removed the Stop Work Order on the condition that the Project adhered to a list of mitigation measures.
 - A notification letter was sent to the MECP on December 3, 2020, which summarizes the activities leading to this outcome, as well as the agreed mitigation measures.
 - Construction has commenced in the area.
 - Clearing and foundation work has been completed.
 - Tower assembly is not expected to begin until late spring 2021.
- Michipicoten First Nation Engagement
- NextBridge concluded work with Michipicoten First Nation required to secure the Federal permit to traverse the ROW and construction activities commenced on Reserve lands in late-fall 2020.
 - Tower erection was completed on Reserve lands in 1Q 2021 and initial clean-up activities are expected to begin in April 2021.
 - NextBridge has been engaging with Michipicoten First Nation, the MECP, and the MNRF on meeting the requirements of OBP caribou transfer strategy which is expected to balance the regulatory and biological requirements of the government with the biological and spiritual beliefs of Michipicoten First Nation.
- Capacity Funding Agreements (CFAs)
- CFAs had previously been offered to the 18 identified Indigenous communities to ensure adequate resources to continue with engagement on the Project during the construction phase.
 - Progress has been made on finalizing all agreements, where requested.

In some cases, communities were not interested in additional capacity funding.
 - NextBridge continues to provide Project information to communities whether a CFA is in place or not.
- Impacts of COVID-19 Global Pandemic on Indigenous Communities
- NextBridge continues to engage regularly with Indigenous communities on the impacts of COVID-19.
 - Generally, feedback from Indigenous communities continues to be positive related to the protocols NextBridge has implemented to ensure the safety of communities.

Community/Municipal Engagement

- Continued Engagement Activities
- The Project's Facebook Group continues to grow steadily with approximately 163 members as of the end of Reporting Period.

- The Project's email address and hotline is monitored for inquiries, and all inquiries have been answered.
- Complaint Resolution Process
 - No formal complaints were submitted during this Reporting Period.

Engineering and Construction

- Materials
 - All conductor has now been delivered.
 - Deliveries of Optical Ground Wire, Overhead Ground Wire, and transmission towers are ongoing.
 - The White Lake Narrows crossing tower design has been completed and the towers have been delivered to the Project.
 - NextBridge decided to exercise the option of purchasing spare structures from SARA in Turkey
 - In May 2020 NextBridge determined that at least 7 Guyed Y structures, 2 self-supporting dead-end structures and one of each remaining structure types, for a total of 17 structures, would be needed as spare equipment for operations.
 - The towers are comprised of multiple components and NextBridge is still working with its general contractor to determine the remaining leg and body extensions required based on ground truthing.
 - The early ordering and delivery of spares material assists construction activities by providing additional parts for tower installations in areas which have not been ground-truthed and allows for the same price per kg as the rest of the structures which was procured under a competitive bid and takes advantage of economies of scale.
- Construction
 - Construction activities are continuing in every WF across the Project.
 - Most crews will demobilize from site during the start of 2Q 2021 during the spring breakup period and are expected to return to site in mid-April, or sooner if conditions allow.
 - All Project clearing work was completed as planned during 1Q 2021.
 - Four access roads remain to be completed in 2Q 2021.
 - All activities for WF 1 have been completed with the exceptions of works on structures A001-A002 and reclamation works.
 - All activities in WF 2 are now complete with the exception of reclamation works.
 - During 1Q 2021, construction crews were primarily focused on activities in both the Michipicoten First Nation and the caribou nursery habitat area.

- All foundations, assembly, and erection activities were completed in the Michipicoten First Nation as planned.
- The majority of foundations and assembly were completed in the caribou nursery habitat with approximately 50% of towers being erected.
- All stringing activities in the caribou nursery habitat will be completed next winter along with the other half of erection activities.
- Stringing activities have been completed in WF 1 with the exception of the two-structure span into the Lakehead TS which is scheduled for completion with the assistance of HONI in February 2022.
 - Stringing crews are now working in WF 9 after completing stringing activities in WF 2 and 55% of WF 3.
- Crews have completed approximately 130 km of conductor installation on over 339 structures.
- The Project reclamation plan is currently being reviewed by NextBridge and activities are expected to begin in WF 1 in 2Q 2021.
- Detailed Engineering
 - Transmission line design Issued for Construction Review packages for all WFs have been issued.
 - Issued for Construction packages are being issued as ROW is cleared and ground-truthing is being performed.
 - Approximately 98% of towers have been ground-truthed and Issued for Construction.
 - All towers are expected to be Issued for Construction in 2Q 2021
 - NextBridge is developing a plan to measure the high frequency tower resistance on a sample size of towers in order to validate grounding assumptions.
 - The initial campaign is expected to take place in 2Q 2021.
 - Installation of tower lighting started at the end of 1Q 2021.
 - NextBridge requested and has received rationale from Transport Canada confirming its newly proposed requirements.
 - Transport Canada's newly proposed requirements are related to the installation of lights and application of safety paint on a selection of towers.
 - Through a competitive bidding process Drake Lighting has been selected to supply and install the tower lights prescribed by Transport Canada.
 - The majority of these lights fall under the Canadian Aviation Regulations SOR/96-433 Part VI General Operating and Flight Rules-601.25 and are required at the discretion of the Minister who has determined these towers to be hazardous to air navigation.
 - Most work will be completed early 2Q 2021, however crews will need to remobilize later in the season as all towers were not able to be erected before spring breakup.

- Conducting a feasibility study of a potential bypass of a HONI transmission line (The W2C Line) outside of the Wawa TS to mitigate the need for an extended outage period.
 - Due to HONI operating constraints, back to back outages are not allowed.

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.
 - Met with HONI and IESO regarding overhead transmission line crossing designs and outages.
 - The land agreement associated with the Project's connecting to the Wawa TS is outstanding. NextBridge expects to finalize items related to the Grant of Easement for the Wawa TS lands with HONI by the end of 2Q 2021.
 - NextBridge revised design drawings to incorporate HONI feedback for connecting to the Wawa TS, which has delayed the approval of this land agreement.
 - HONI feedback was incorporated into the registration plan and submitted to the Land Registry Office (LRO).
 - Once approval from the LRO is received, the land agreement will be finalized shortly thereafter.
 - This issue has delayed the finalization of land rights for the EWT Project on the Wawa TS lands, but is not expected to impact Project schedule at this time.
 - Work sequence has been adjusted to address timing of land agreements 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 HONI's Staging Plan, which includes the coordination of facility upgrades and commissioning scheduling with transmission line termination construction.
 - Discussions with HONI regarding the negotiation of the Construction Cost Recovery Agreement (CCRA).
 - NextBridge and HONI continued reviewing feedback and comments on the preliminary draft of the CCRA.
 - The CCRA and associated Terms and Conditions are under internal review and will undergo additional reviews by both parties in 1Q 2021.
 - Continued discussions on Connection Facilities Agreement (CFA).
 - NextBridge expects to provide an updated draft CFA to HONI in 2Q 2021.
 - September 2021 is the current completion target date for the Connection Facilities Agreement, as discussed with HONI.

- Discussions continued relating to the HONI/Supercom SLA.
 - HONI/Supercom partnership is expected to become official following approval from their respective Boards of Directors.
 - Execution of SLA expected to be completed following approvals.
- Other Material Developments, Issues, or Risks Related to the Coordination Between NextBridge and HONI

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

Registration Process with IESO

- NextBridge started the entity registration process with IESO as required by the IESO membership rules.
 - Revised target date for completion of registration process is now 2Q 2021.
 - Operating Agreement discussions are expected to commence in 2Q 2021.

COVID-19 Global Pandemic

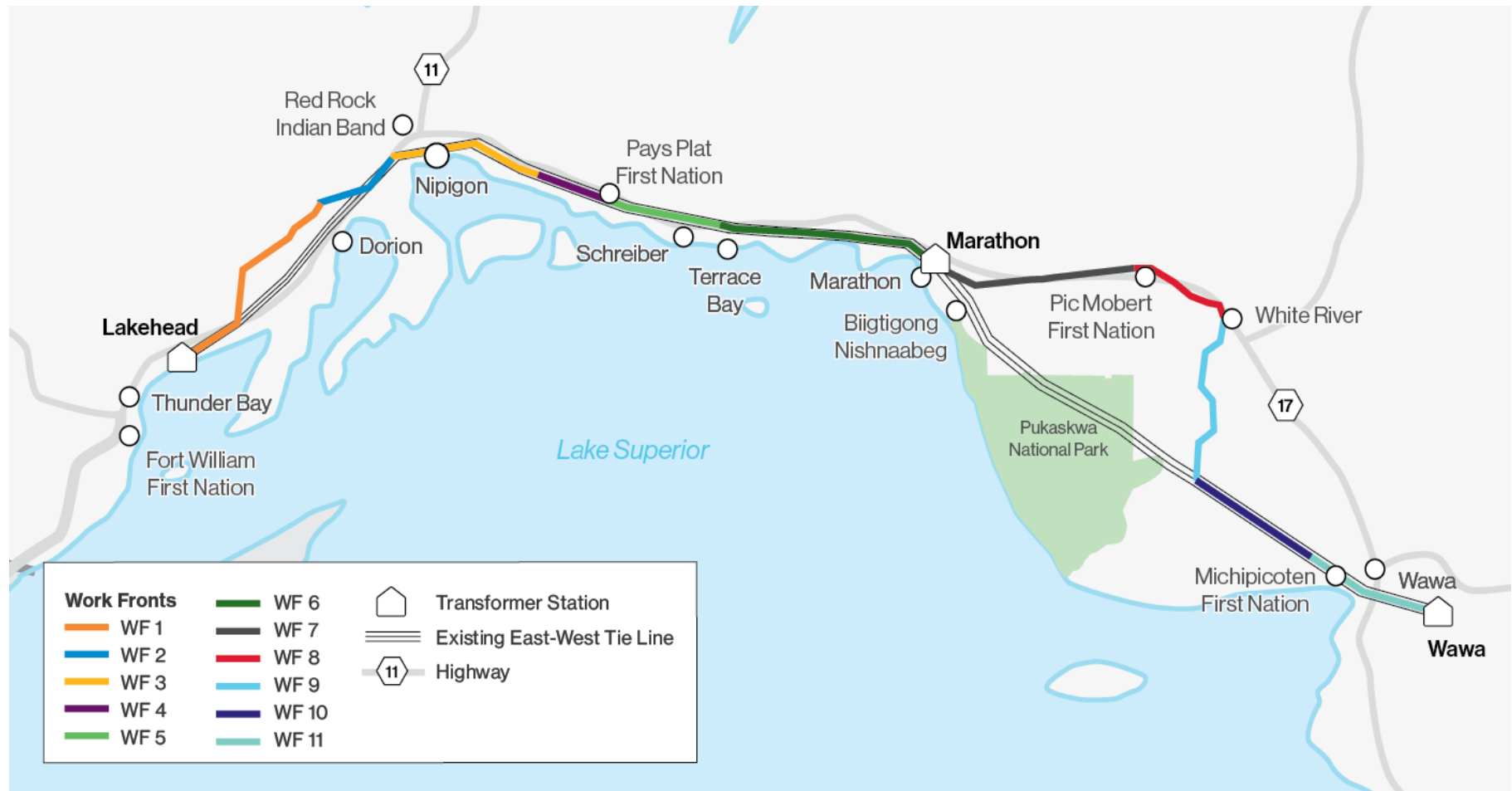
- On March 23, 2020, NextBridge provided an Intermediate Notice to the Board that, in order to help contain the spread of COVID-19, NextBridge was temporarily closing the work camps associated with the construction of the Project for the safety and health of the workers.
- After additional discussions with the local municipalities and Indigenous communities in Northwestern Ontario regarding the possible spread of COVID-19 and its potential impact on the safety and health of its workers and communities, NextBridge decided to temporarily suspend all construction activities as of April 3, 2020.
- NextBridge, in consultation with local municipalities and Indigenous communities and under the advisement of local health authorities, resumed limited construction activities on May 19, 2020.
- NextBridge has since resumed all construction activities on the Project, and, subsequently, in accordance with Conditions 2 and 3 of the Leave to Construct Order, NextBridge filed a Notice of In-Service Date Change advising the OEB of a change in construction schedule to reflect a change to the in-service date from Q4 2021 to March 31, 2022, based on an updated construction schedule resulting from COVID-19 related project delays in 2020.
- A COVID-19 Outbreak was declared at the Marathon work camp by the TBDHU on January 16, 2021.
 - A health inspector from the TBDHU was dispatched to inspect all work camps and review current policies and procedures in place to prevent further spread.

- During this review, the Marathon and Nipigon work camps were temporarily closed and entry/exit from the camps during this time was prohibited.
- Following the inspection, a list of orders was provided to Valard which required full compliance for construction to continue.
 - Examples of orders included a thorough cleaning of all equipment and vehicles on site, additional PPE and cleaning supplies for workers, less workers travelling together in vehicles and further adoption of social distancing guidelines.
- All workers in the Marathon work camp were re-tested and contact tracing was completed to identify any additional workers who may have come into contact with infected individuals.
- This camp shutdown hindered production in the caribou nursery habitat area as the Marathon work camp location is central to this area.
- In total, 23 positive COVID-19 cases were confirmed during this outbreak.
- The Marathon work camp reopened on February 3, 2021 after cleaning and sanitizing.
- Two additional COVID-19 cases were confirmed at the White River work camp on February 8, 2021.
 - The workers who tested positive were isolated and the work camp temporarily closed while isolation and contact tracing took place.
 - The White River work camp reopened after cleaning and sanitizing.
- As the COVID-19 Global Pandemic is continually evolving, including the mitigation measures required to continue construction activities, NextBridge is unable to estimate the associated costs in their entirety and the total costs will not be known until well after construction is completed and the COVID-19 Global Pandemic is resolved
- NextBridge is tracking incremental construction costs related to the COVID-19 Global Pandemic and requested the Board to approve the creation of a subaccount of Account 2055 to do so in its April 22, 2020 letter to the Board.

Risks related to the COVID-19 Global Pandemic can be found below in Section 4. A.

2. Construction Schedule Update

A. Project Map



B. Milestone Updates Table

NextBridge undertook an internal scheduling exercise to reflect a new construction schedule based on the new proposed in-service date (ISD).

The following updated construction schedule resulted from this internal scheduling exercise, and was subsequently shared with HONI on October 5, 2020, to support alignment of Project schedules. NextBridge and HONI have continued regular update meetings to ensure that their respective schedules will be aligned to meet a March 31, 2022 ISD.

Activity	Post-LTC Decision Baseline Target Date	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
Regulatory			
Oral Hearing Start	Completed		
OEB LTC Decision and Order	Completed		
OEB approval of authority to expropriate	September 2019		- Completed in 3Q 2019
Register approved Plan of Expropriation and issue relevant Expropriation Act Notices/Offer	December 2019		- Completed in 1Q 2020
Obtain possession of expropriated lands for construction purposes	March 2020		- Completed in 1Q 2020
Environmental⁵			
Approval of the Amended EA	Completed		
Approval by MECP of ECA - Camp Wastewater	2Q 2020		- ECA – Camp Wastewater is no longer required.
Approval by MNRF of Water Crossing Permits	3Q 2019 to Q1 2020		- Completed in 4Q 2020

⁵ 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	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
			-
Approval by MECP of Species at Risk Permits (Bat maternity roosts, Eastern whip-poor-will)	3Q 2019		- Completed in 3Q 2019
Approval by MECP of Species at Risk Permits (Caribou, Bat hibernacula)	4Q 2019		- Completed in 4Q 2019
Approval of ECCC SARA Bat hibernacula and caribou permit	4Q 2019		- Completed in 3Q 2020
Approval of MECP Provincial Park & Conservation Reserve Management Plan Amendments	4Q 2019		- Completed in 4Q 2019
Lakehead Region Conservation Authority Permit	3Q 2019		- Completed in 3Q 2019
Transport Canada Section 67 for Transport Canada Lands	3Q-4Q 2019		- Completed in 4Q 2020
Transport Canada Navigation Protection Act Canada permit	3Q-4Q 2019		- Completed in 3Q 2020.
Fisheries and Oceans Canada Letters of Advice	3Q 2019 to 1Q 2020		- Completed in 3Q 2020.
Indigenous Service Canada Section 67 for Reserve Lands	3Q-4Q 2019		- Completed in 3Q 2020.
Infrastructure Ontario Class Environmental Assessment	4Q 2019		- Completed in 1Q 2020.
MHSTCI– Heritage, Sport, Tourism and Cultural Industries acceptance	4Q 2019	2Q 2021	<ul style="list-style-type: none"> - Archeological monitoring is required in the White Lake Narrows area during construction activities in 2021 has been completed. Reporting will be complete in 2Q 2021. - Revised milestone date not anticipated to impact construction schedule.
Land Acquisition			

Activity	Post-LTC Decision Baseline Target Date	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
Substantial completion of signing of option agreements	Completed		
Crown Land Disposition Application filed	3Q-4Q 2019		- Completed in 4Q 2019
Third party Crossing agreements complete	3Q-4Q 2019		- Completed in 3Q 2020.
MNRF approval of Crown Lease/Land Use Permits	3Q 2019 to 1Q 2020		- Completed in 2Q 2020.
MNRF approval of Crown Land Work Permits	3Q 2019 to 1Q 2020		- Completed in 3Q 2020.
MTO approval of Land Use and Building Permits	3Q-4Q 2019		- Completed in 1Q 2020.
MTO approval of Entrance Permits	3Q-4Q 2019		- Completed in 1Q 2020.
MTO approval of Encroachment Permits	3Q-4Q 2019		- Completed in 1Q 2020.
Indigenous Relations			
Indigenous Service Canada (ISC) approval of Land Related Permits	4Q 2019		- Approval received in 4Q 2020.
HONI - Related			
HONI approves Longitudinal Access	3Q 2019		- Completed in 3Q 2019.
HONI Approves Transmission Crossing Application	3Q 2019		- Completed in 4Q 2020.
NextBridge files Sec 101 Application (If not approved by HONI)	4Q 2019		- Section 101 application will likely no longer be required.
HONI Substations commissioned ⁶	4Q 2021	TBD	<ul style="list-style-type: none"> - The coordination of schedules with HONI is underway. - The revised date will be populated once it has been confirmed by HONI.

⁶ Per Exhibit B, Tab 11, Schedule 1 of Hydro One Station work LTC application.

Activity	Post-LTC Decision Baseline Target Date	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
Engineering and Construction			
Commence Clearing & Access	3Q 2019		- Commenced in 3Q 2019.
Commence Geotech and Foundations	4Q 2019		- Commenced in 4Q 2019.
Commence Towers Assembly	4Q 2019		- Commenced in 4Q 2019.
Commence Towers Erection	1Q 2020		- Commenced in 1Q 2020.
Commence Conductor Stringing	2Q 2020		- Commenced in 3Q 2020.
Work Front 1 - Commence Clearing & Access	3Q 2019		- Activity completed in 1Q 2021.
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		- Commenced in 1Q 2020.
Work Front 1 - Commence Conductor Stringing	1Q 2020		- Commenced in 3Q 2020.
Work Front 2 - Commence Clearing & Access	1Q 2020		- Activity completed in 1Q 2021.
Work Front 2 - Commence Geotech and Foundations	1Q 2020		- Activity completed in 1Q 2021.
Work Front 2 - Commence Towers Assembly	1Q 2020		- Activity completed in 1Q 2021.
Work Front 2 - Commence Towers Erection	1Q 2020		- Activity completed in 1Q 2021.
Work Front 2 - Commence Conductor Stringing	2Q 2020		- Activity completed in 1Q 2021.
Work Front 3 - Commence Clearing & Access	1Q 2020		- Activity completed in 1Q 2021.
Work Front 3 - Commence Geotech and Foundations	1Q 2020		- Commenced in 2Q 2020.
Work Front 3 - Commence Towers Assembly	2Q 2020		- Commenced in 2Q 2020.
Work Front 3 - Commence Towers Erection	2Q 2020		- Commenced in 3Q 2020.
Work Front 3 - Commence Conductor Stringing	3Q 2020		- Commenced in 4Q 2020.
Work Front 4 - Commence Clearing & Access	2Q 2020		- Activity completed in 1Q 2021.
Work Front 4 - Commence Geotech and Foundations	2Q 2020		- Commenced in 4Q 2020.
Work Front 4 - Commence Towers Assembly	3Q 2020		- Commenced in 4Q 2020.
Work Front 4 - Commence Towers Erection	3Q 2020	3Q 2021	-
Work Front 4 - Commence Conductor Stringing	3Q 2020	4Q 2021	-

Activity	Post-LTC Decision Baseline Target Date	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
Work Front 5 - Commence Clearing & Access	1Q 2020		- Activity completed in 1Q 2021.
Work Front 5 - Commence Geotech and Foundations	1Q 2020		- Commenced in 2Q 2020.
Work Front 5 - Commence Towers Assembly	4Q 2020	1Q 2021	- Commenced in 1Q 2021.
Work Front 5 - Commence Towers Erection	1Q 2021	2Q 2021	- Work in this area was re-sequenced to focus efforts on areas with more difficult terrain during winter conditions. - No schedule impacts are expected due to this re-sequencing.
Work Front 5 - Commence Conductor Stringing	1Q 2021	4Q 2021	-
Work Front 6 - Commence Clearing & Access	1Q 2020		- Activity completed in 1Q 2021.
Work Front 6 - Commence Geotech and Foundations	1Q 2020		- Activity completed in 1Q 2021.
Work Front 6 - Commence Towers Assembly	1Q 2020		- Commenced in 1Q 2020.
Work Front 6 - Commence Towers Erection	1Q 2020	1Q 2021	- Commenced in 1Q 2021.
Work Front 6 - Commence Conductor Stringing	3Q 2020	1Q 2022	-
Work Front 7 - Commence Clearing & Access	1Q 2020		- Activity completed in 1Q 2021.
Work Front 7 - Commence Geotech and Foundations	2Q 2020		- Commenced in 1Q 2020.
Work Front 7 - Commence Towers Assembly	3Q 2020		- Commenced in 1Q 2020.
Work Front 7 - Commence Towers Erection	3Q 2020		- Commenced in 3Q 2020.
Work Front 7 - Commence Conductor Stringing	4Q 2020	2Q 2021	-
Work Front 8 - Commence Clearing & Access	1Q 2020		- Activity completed in 1Q 2021.
Work Front 8 - Commence Geotech and Foundations	3Q 2020		- Commenced in 3Q 2020.
Work Front 8 - Commence Towers Assembly	4Q 2020		- Commenced in 3Q 2020.
Work Front 8 - Commence Towers Erection	4Q 2020		- Commenced in 4Q 2020.
Work Front 8 - Commence Conductor Stringing	1Q 2021	3Q 2021	- Commenced in 1Q 2021.
Work Front 9 - Commence Clearing & Access	1Q 2020		- Activity completed in 1Q 2021.
Work Front 9 - Commence Geotech and Foundations	3Q 2020		- Commenced in 3Q 2020.

Activity	Post-LTC Decision Baseline Target Date	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
Work Front 9 - Commence Towers Assembly	4Q 2020		- Commenced in 3Q 2020.
Work Front 9 - Commence Towers Erection	4Q 2020		- Commenced in 4Q 2020.
Work Front 9 - Commence Conductor Stringing	2Q 2021	3Q 2021	- Commenced in 1Q 2021.
Work Front 10 - Commence Clearing & Access	3Q 2020		- Activity completed in 1Q 2021.
Work Front 10 - Commence Geotech and Foundations	3Q 2020		- Commenced in 4Q 2020.
Work Front 10 - Commence Towers Assembly	4Q 2020	3Q 2021	-
Work Front 10 - Commence Towers Erection	1Q 2021	4Q 2021	-
Work Front 10 - Commence Conductor Stringing	3Q 2021	4Q 2021	-
Work Front 11 - Commence Clearing & Access	3Q 2020		- Commenced in 3Q 2020
Work Front 11 - Commence Geotech and Foundations	3Q 2020	1Q 2021	- Commenced in 1Q 2021.
Work Front 11 - Commence Towers Assembly	1Q 2021	1Q 2021	- Commenced in 1Q 2021.
Work Front 11 - Commence Towers Erection	2Q 2021	4Q 2021	- Commenced in 1Q 2021.
Work Front 11 - Commence Conductor Stringing	3Q 2021	1Q 2022	-
Project Construction Substantially Complete	4Q 2021	1Q 2022	-
Project Commissioning Commences	4Q 2021	1Q 2022	-
Project Commissioning Complete - In Service	4Q 2021	1Q 2022	-
Final acceptance and release of General Contractor	4Q 2021	1Q 2022	-

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

All major permits and approvals/authorizations needed to construct the Project have been received. During construction, the Project is continually improving construction access in an effort to address Indigenous community requests, efficiencies and to reduce costs and environmental impacts. As a result, the number of permits and approvals/authorizations and target dates are subject to change as access plans evolve, but these changes are not expected to impact the Project schedule.

Work Front	Remaining Major Permits and Approvals/Authorizations ⁷	Original Target Date Reported in 1 st OEB Quarterly Report	Revised Target Date	Variance Reason/Potential Impact
1	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 0 Work Permit and Land Use Permit 0 Access	September 2019		- No major permits or approvals/authorizations outstanding in this WF at this time.
7	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 0 Work Permit and Land Use Permit 0 Access	September 2019		- No major permits or approvals/authorizations outstanding in this WF at this time. - Known schedule impacts have been assessed and incorporated into the updated construction schedule.

⁷ The number of Major Permits and Approvals/Authorizations are subject to change as access plans evolve.

Work Front	Remaining Major Permits and Approvals/Authorizations ⁷	Original Target Date Reported in 1 st OEB Quarterly Report	Revised Target Date	Variance Reason/Potential Impact
2	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 0 Work Permit and Land Use Permit 0 Access	September 2019		<ul style="list-style-type: none"> - No major permits or approvals/authorizations outstanding in this WF at this time. - Known schedule impacts have been assessed and incorporated into the updated construction schedule.
6	0 Species at Risk Amendment (including Caribou) 0 Water Body Crossings 0 Overhead Crossings 2 Work Permit and Land Use Permit 0 Phase I ESA 0 Access	December 2019	May 2020 → 2Q 2021	<ul style="list-style-type: none"> - Any newly identified permits and approvals/authorizations outstanding in this WF at this time are not expected to impact the updated construction schedule. Received agency approval of amended Overall Benefit Permit to allow construction of all-season access roads if needed. - NextBridge does not intend to use all season access this winter. - The amendment was obtained to mitigate against other force majeure events occurring which could jeopardize the Project schedule. - Known schedule impacts have been assessed and incorporated into the updated construction schedule.

Work Front	Remaining Major Permits and Approvals/Authorizations ⁷	Original Target Date Reported in 1 st OEB Quarterly Report	Revised Target Date	Variance Reason/Potential Impact
8	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 3 Work Permit and Land Use Permit 0 Access	September 2019	January 2021 → 2Q 2021	<ul style="list-style-type: none"> - Awaiting revised consent to Disposition of Surface Rights with new Mining Leaseholder. - Construction activities were permitted to proceed while awaiting revised consent. - Known schedule impacts have been assessed and incorporated into the updated construction schedule.
3	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 0 Work Permit and Land Use Permit 0 Phase I ESA 0 Access	September 2019		<ul style="list-style-type: none"> - No major permits or approvals/authorizations outstanding in this WF at this time. - Known schedule impacts have been assessed and incorporated into the updated construction schedule.
9	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 7 Work Permit and Land Use Permit 0 Access	September 2019	2Q 2021	<ul style="list-style-type: none"> - Any newly identified permits and approvals/authorizations outstanding in this WF at this time are not expected to impact the updated construction schedule. - Known schedule impacts have been assessed and incorporated into the updated construction schedule.
5	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 2 Work Permit and Land Use Permit	December 2019	October 2020→ 2Q 2021	<ul style="list-style-type: none"> - Awaiting necessary provincial permits and approvals.

Work Front	Remaining Major Permits and Approvals/Authorizations ⁷	Original Target Date Reported in 1 st OEB Quarterly Report	Revised Target Date	Variance Reason/Potential Impact
	0 Access			- Known schedule impacts have been assessed and incorporated into the updated construction schedule.
4	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 2 Work Permit and Land Use Permit 0 Access	November 2019	October 2020→ 2Q 2021	- Any newly identified permits and approvals/authorizations outstanding in this WF at this time are not expected to impact the updated construction schedule Known schedule impacts have been assessed and incorporated into the updated construction schedule.
11	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 0 Work Permit and Land Use Permit 0 Access	December 2019		- No major permits or approvals/authorizations outstanding in this WF at this time. - Known schedule impacts have been assessed and incorporated into the updated construction schedule.
10	0 Species at Risk 0 Water Body Crossings 0 Overhead Crossings 0 Work Permit and Land Use Permit 0 Access	November 2019		- No major permits or approvals/authorizations outstanding in this WF at this time. - Known schedule impacts have been assessed and incorporated into the updated construction schedule.

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. However, at this point in time the total costs related to the COVID-19 Global Pandemic are unknown.

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 %	H Revised Total Budget
Engineering & Construction		75,684,682	471,078,095	572,761,388	101,683,293	18%	41,505,901	7%	614,267,289
1	Engineering, Design and Procurement	404,236	7,688,991	19,342,245	11,653,254	60%	(10,808,892)	-56%	8,533,353
2	Materials and Equipment	11,041,248	69,014,047	89,408,231	20,394,184	23%	(22,538,717)	-25%	66,869,514
8	Site Clearing, Access	19,383,090	135,590,494	107,463,339	(28,127,155)	-26%	33,169,524	31%	140,632,863
9	Construction	44,856,109	258,784,563	356,547,573	97,763,010	27%	41,683,986	12%	308,231,559
Environmental & Remediation Activities		871,452	17,728,714	26,929,260	9,200,546	34%	4,620,902	17%	31,550,162
3	Environmental and Regulatory Approvals	726,071	16,928,682	13,030,561	(3,898,121)	-30%	6,066,463	47%	19,097,024
10	Site Remediation	145,381	800,033	13,898,699	13,098,668	94%	(1,445,561)	-10%	12,453,138
Indigenous Activities		851,455	18,400,776	20,211,000	1,810,224	9%	3,442,555	17%	23,653,555
5	Indigenous Economic Participation	282,679	7,911,782	7,000,000	(911,782)	-13%	2,730,452	39%	9,730,452
6	Indigenous Consultation	568,776	10,488,995	13,211,000	2,722,005	21%	712,103	5%	13,923,103
4	Land Rights (excludes Aboriginal)	250,662	18,531,526	23,830,512	5,298,986	22%	0	0%	23,830,512
7	Other Consultation	70,469	1,282,549	2,530,194	1,247,645	49%	0	0%	2,530,194
11	Contingency	-	-	49,399,445	49,399,445	100%	(49,399,445)	-100%	-
12	Regulatory	437,374	4,542,860	5,405,078	862,218	16%	(0)	0%	5,405,078
13	EWT Management	143,141	4,381,529	4,900,644	519,115	11%	(0)	0%	4,900,644
Total Project Spend		78,309,236	535,946,050	705,967,521	170,021,471	24%	169,913	0%	706,137,434
14	Interest During Construction (IDC) ¹	2,637,542	15,687,984	31,003,000	15,315,016	49%	-	0%	31,003,000
Total Construction Costs^{2,3,4}		80,946,778	551,634,034	736,970,521	185,336,487	25%	169,913	0%	737,140,434

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

2 On the record (EB-2020-0150)

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

4 Construction related costs due to COVID-19 are not included in the table above; as of Q1 2021, \$0.9M has been incurred

C. Project Cost Update Summary by Department

Engineering and Construction (E and C)

- The Project cost forecast for this department has not changed since the last Reporting Period.

Environment and Remediation Activities

- The Project cost forecast for this department has not changed since the last Reporting Period

Indigenous Activities

- The Project cost forecast for this department has not changed since the last Reporting Period.

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 has not changed since the last Reporting Period.

D. OEB Consultation on the Deferral Account – Impacts Arising from the COVID-19 Emergency

- On April 22, 2020, NextBridge requested that the OEB issue an order approving a subaccount to Construction Work in Progress – Electric (CWIP) account 2055 to track COVID-19 costs.
- NextBridge has requested that the subaccount be made effective March 23, 2020 when NextBridge first notified the Board of the impact of COVID-19 on construction.
- On May 28, 2020, NextBridge participated in the preliminary stakeholder meeting hosted by the OEB.
- On June 11, 2020, NextBridge submitted written comments on the draft issues list requesting that the OEB add an issue regarding what account should be used for distributors and transmitters currently constructing capital projects.
- On August 14, 2020, the OEB issued an Issues List in letter sent to all registered stakeholders concerning the Consultation of the Deferral Account – Impacts Arising from the COVID-19 Emergency.
- On September 24, 2020, the OEB issued a letter to all Licensed Electricity Distributors and Transmitters and all Rate-Regulated Natural Gas Distributors which notified recipients of the commissioning of two expert studies, one of which is applicable to the Project;
 - London Economics International (LEI) will be undertaking a *COVID-19 Impact Study* to assess the near- and long-term impacts of the COVID-19 pandemic on Ontario's energy sector and identify implications for the OEB's regulatory policy response to energy sector evolution.
- On December 16, 2020, the OEB issued a letter to all Registered Stakeholders and all Other Interested Parties which notified recipients of an OEB Staff proposal
 - Stakeholders were invited to provide comments on the OEB Staff proposal and provided with next steps in the integrated consultations process.
- On April 13, 2021, NextBridge received a letter from the OEB regarding the applicability of the COVID-19 deferral account guidelines to certain utilities.
 - In the letter the OEB clarified that the OEB panel from NextBridge's ongoing application for 2022-2031 transmission revenue requirements will determine whether and how to address any pandemic-related issues.
- The April 13, 2021 letter from the OEB can be found in Section 5, Appendix A.

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	Agency delay in issuance of other environmental permit(s)		<ul style="list-style-type: none"> Recent office closures and remote work environments due to the COVID-19 global pandemic has slowed permit issuance. 		<ul style="list-style-type: none"> WF approach is designed to allow staggered issuance of permit approvals to facilitate staging of the start of construction in multiple segments simultaneously. Modified work sequence to maintain clearing activities, foundation installation, and tower assembly progress. Delays experienced to date were analyzed as part of the scheduling exercise to determine if there were any schedule impacts to the updated construction schedule. The updated construction schedule can be found in Section 2.B.

*Change in colour level from previous Report is denoted with arrows where "↑" indicates an increase in risk and "↓" indicates a decrease in risk.

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
2	Delay in access to private, provincial, and federal lands		<ul style="list-style-type: none"> If lands not accessible in time for construction commencement date, it will affect Project schedule. <ul style="list-style-type: none"> Private lands not accessible through expropriation. Public lands not accessible through MNRF process. Federal lands not accessible through Reserve crossing permits. 		<ul style="list-style-type: none"> 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. Work with government on public and federal land access.
3	Delay in HONI station work		<ul style="list-style-type: none"> If stations are not ready for energization, it will delay Project in-service date. 		<ul style="list-style-type: none"> Communication and coordination with HONI during construction. Updated construction schedule and shared with HONI in 4Q 2020. Schedule coordination with HONI continues. HONI will report to the OEB on any updates to its station work schedule.

*Change in colour level from previous Report is denoted with arrows where “↑” indicates an increase in risk and “↓” indicates a decrease in risk.

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
4	Delay in accessing HONI's crossings of access roads and transmission lines		<ul style="list-style-type: none"> If significant portions of lands not accessible in time for access road construction and stringing across HONI ROW lands, it will affect Project schedule. 		<ul style="list-style-type: none"> Continue to work with HONI and IESO to resolve crossing and access issues. 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.

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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
5	Legal challenges	High	<ul style="list-style-type: none"> Parties may file applications for judicial review or appeal of OEB decisions or other permit approvals and seek to stay construction. Risk has materialized, as BZA First Nation has filed both a judicial review of the Jan 30, 2019 Order in Council and an appeal of the Dec 20, 2018 and Feb 11, 2019 OEB decisions. There may be some cost risk involved with defending these legal challenges. 	High	<ul style="list-style-type: none"> Continue to proactively engage with First Nation and Métis communities, landowners and all other stakeholders in order to identify and address concerns. Actively engaged in continued negotiations with BZA related to the judicial review and appeal. Commit to addressing concerns at any point, even post issuance of permits and engage communities on an issue by issue basis.
6	Public protests and/or displays of Project opposition	Medium	<ul style="list-style-type: none"> Potential for reputational impacts but is unlikely to prevent Project schedule given provincial approvals have been obtained. Potential for reputation impact of continuing construction activities during COVID-19 	Medium	<ul style="list-style-type: none"> Additional discussion and attempts to satisfy concerns. Attentive and responsive to local needs related to COVID-19, so there is not a premature closure of work camps and temporary suspension of construction and continue to have NextBridge viewed favourably by local communities.

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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
					<ul style="list-style-type: none"> Detailed Management Plan developed by Valard coupled with consultation with the Thunder Bay Public Health Unit and Algoma Public Health and local Indigenous and non-Indigenous communities along the Project route which provided confidence that appropriate measures being taken to protect communities and workers. Timely and effective response to concerns regarding wood burning activities on the ROW through media statements and direct communication with communities.
7	Labour strikes		<ul style="list-style-type: none"> Potential for labour actions and disruption/shutdown of construction activities, which could lead to cost and schedule impacts. Potential for media coverage and undesirable project optics. 		<ul style="list-style-type: none"> Follow Project labour protocols as per master agreement with Canadian Union of Skilled Workers (CUSW). 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. Media response would be developed

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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
					to provide public response as appropriate.
8	COVID-19 Global Pandemic		<ul style="list-style-type: none"> Global Pandemic caused the shutdown of work camps and temporary suspension of construction activities which are expected to lead to cost and schedule impacts. The Global Pandemic is ongoing, and duration is unknown. Potential for workers testing positive for COVID-19, while working in communities where health facilities are limited. Communities make decisions specific to their conditions which could impact the workers available for Project construction and also impact Project schedule. 		<ul style="list-style-type: none"> Developed COVID-19 Task Force to ensure the safety of staff, contractors, subcontractors, partners, and the general public, and mitigate the impacts of the pandemic on the Project. All construction activities continued through 1Q 2021. Working with tower vendor to mitigate potential delivery delay impacts. Indigenous and stakeholder engagement continues in order to address concerns as they arise. The risk to the construction schedule is expected to be mitigated through the updated ISD date; however, the duration and total associated impacts of the COVID-19 Global Pandemic, including costs, are unknown at this time.

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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	Difficulty to obtain timely outages to cross existing transmission lines	↑	<ul style="list-style-type: none"> The Project crosses several existing transmission lines, some of which require outages in order to perform construction works. The remaining outages include the A21L/A22L, T1M and W2C lines. IESO may not be able to provide scheduled outages due to system requirements. New IESO outage constraints, paired with low water levels in the region contribute to this risk. 	↑	<ul style="list-style-type: none"> Working closely with HONI to obtain outage coordination information and schedules. Conducting a feasibility study of a potential bypass of an existing HONI line which may mitigate this risk. NextBridge is working with the IESO through HONI to coordinate these critical outages. Not obtaining scheduled outages could jeopardize Project schedule and costs.

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Low

Medium /
Moderate

High

Unknown

5. Reference Materials

APPENDIX A – OEB COVID-19 DEFERRAL ACCOUNT UPDATE LETTER



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

BY EMAIL AND WEB POSTING

April 13, 2021

**To: All Registered Stakeholders
All Other Interested Parties**

**Re: Consultation on the Deferral Account – Impacts Arising from the COVID-19
Emergency (EB-2020-0133)**

The OEB has determined the applicability of the COVID-19 deferral account guidelines to certain utilities. This letter is to advise all participants in the consultation of the determination, with a brief rationale.

Shortly after the Ontario Government declared a state of emergency in response to the COVID-19 pandemic, the Ontario Energy Board (OEB) established a deferral account for all rate-regulated electricity and natural gas utilities, to record incremental costs associated with the pandemic.

The OEB has been consulting with utilities and other stakeholders on establishing guidelines for the account and expects to issue guidelines later this spring.

After considering [stakeholder comments](#), the OEB has determined that the guidelines will not apply to Ontario Power Generation Inc. (OPG) or to "greenfield utilities", namely, Wataynikanepap Power LP (Wataynikanepap), NextBridge Infrastructure LP (NextBridge), and EPCOR Natural Gas LP (EPCOR) in respect of its Southern Bruce operations.¹

OPG

In their comments on the [OEB staff proposal](#) for the rules and principles to govern the operation of the account, some ratepayer groups suggested that the OEB's account guidance should not apply in full to OPG, and that instead, any pandemic-related impacts on OPG should be addressed in an OPG payment amounts application. The School Energy Coalition (SEC) argued that OPG should be required to record all

¹ Upper Canada Transmission, Inc. is operating as NextBridge Infrastructure LP

pandemic-related costs and savings in the account, but that the rules regarding recovery (including potentially net credits) should be addressed in the 2022-2026 payment amounts proceeding currently before the OEB.²

OPG disagreed, and urged the OEB to adopt an industry-wide approach: “the consultation should focus on the appropriate common principles and criteria that can be used by the industry to assess the net cost impacts, and the circumstances surrounding them, that are eligible for inclusion and recovery through the account.”³ OPG submitted that SEC’s proposed approach would run counter to the intended purpose of the account, which was never to “serve as a true up for any and all pandemic-related impacts”, and that SEC’s proposed approach could turn the account into a mechanism for retroactive adjustments to the approved 2020 and 2021 payment amounts.⁴

The OEB is of the view that there are sufficient differences between OPG and other utilities to warrant an OPG-specific approach to the treatment of any pandemic-related issues. OPG is the only rate-regulated generator; it is not affected in the same way as electricity and natural gas distributors and transmitters by, for instance, decreases in demand or increases in bad debt. While the regulatory principles underlying the account guidelines may be informative, the OEB considers that the appropriate ratemaking treatment of any pandemic-related impacts on OPG should be determined in a payment amounts proceeding – if not the current proceeding for 2022-2026 payment amounts, then another one.

Greenfield Utilities

In their comments on the OEB staff proposal, and in earlier comments on the issues list for the COVID-19 deferral account consultation, some utilities argued that utility systems that are new or under construction raise unique issues in terms of the pandemic impacts and that a generic industry-wide approach to recovery may not be appropriate.

In particular, Wataynikaneyap and NextBridge, which are each developing electricity transmission systems that are not yet in service and for which rates have not yet been approved, proposed to track any pandemic impacts in their approved construction work in progress (CWIP) accounts.⁵ Wataynikaneyap explained that some aspects of the OEB staff proposal, such as the “means test” tied to a utility’s achieved return on equity, would only work for utilities with approved rates.⁶

EPCOR argued that its Southern Bruce natural gas system is unlike other utilities because (a) most, if not all, of the incremental pandemic-related costs are capital costs associated with constructing the pipeline and connecting new customers, and (b) it is

² SEC, Comments on Staff Proposal, January 25, 2021, Page 11

³ OPG, Reply Comments on Staff Proposal, February 11, 2021, Pages 3-4

⁴ *Ibid.*

⁵ Wataynikaneyap, Comments on Staff Proposal, January 25, 2021, pages 1-2; NextBridge, Comments on Draft Issues List, June 11, 2020, page 1

⁶ Wataynikaneyap, Comments on Staff Proposal, January 25, 2021, page 2

operating in a “unique regulatory context” including a 10-year “rate stability period” from January 1, 2019 to December 31, 2028.⁷ EPCOR said it was “seeking guidance for its specific circumstances as part of [the consultation on the COVID-19 deferral account] or through a separate proceeding if that is the OEB’s desire.”

The OEB agrees that the circumstances for these greenfield utilities, and the impacts of the pandemic on them, substantially differ from other electricity and natural gas utilities, and a generic application of the guidelines to these entities would likely be impractical. Therefore, any ratemaking implications of the COVID-19 pandemic for these utilities should be determined in these utilities’ respective rate proceedings.

NextBridge’s application for 2022-2031 transmission revenue requirements is currently before the OEB – it will be up to the panel hearing that application to determine whether and how to address any pandemic related issues in that proceeding, including whether to defer any such issues to another proceeding. Wataynikaneyap is expected to file its first application for transmission rates shortly. Wataynikaneyap may opt to provide a proposal for the treatment of pandemic-related issues, including the best timing to review such issues. EPCOR may likewise provide a proposal in a future annual incentive rate-setting mechanism application, or if necessary, in a standalone application.

Closing

The OEB acknowledges the helpful input provided by stakeholders in this consultation to date, in particular the thorough and thoughtful comments on the OEB staff proposal.

Any questions related to the COVID-19 deferral account consultation may be sent to Fiona O’Connell at fiona.oconnell@oeb.ca.

Yours truly,

Original Signed By

Christine E. Long
Registrar

⁷ EPCOR, Comments on Staff Proposal, January 25, 2021, pages 2-4