

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

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

**Reporting Period: October 1, 2021 to December 31, 2021**

**Date Submitted: January 24, 2022**

- 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 authorizing NextBridge to proceed to the construction, expansion, or reinforcement of the transmission system for the EWT Project, pursuant to a directive from 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 also 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.

This report is organized as follows:

1	<b>Summary of the EWT Project Progress to September 30, 2021</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 Status;</li> <li>• Table of Activities in the Work Fronts (WFs) for the Reporting Period; and</li> <li>• Summary of Activities within the Reporting Period.</li> </ul>
2	<b>Construction Schedule Update</b>	<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 LTC 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"> <li>• Project Map; and</li> <li>• Updated Table of Milestone Updates.</li> </ul> <p>Where applicable, impacts from changes to HONI's station work will be noted.</p>
3	<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>
4	<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>
5	<b>Reference Materials</b>	<p>This report includes correspondence from the Ontario Ministry of Natural Resources and Forestry (MNRF) related to an Emergency Area Order (EAO) and related Implementation Orders (IOs) due to forest fires which impacted construction activities of the Project during the Reporting Period. Copies of the relevant correspondence to these Orders 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><b>Construction activities continued in all WFs.</b></p> <ul style="list-style-type: none"> <li>- Clearing, access, foundations, and anchor activities across the project are complete.</li> <li>- Access work in the caribou nursery habitat area is approximately 95% complete and will be complete early January following the installation of a snow-fill type bridge.</li> <li>- Both the Nipigon and White River camps were closed.</li> <li>- Staffing during 3Q 2021 has involved approximately 350-450 workers.</li> <li>- Stringing activities were completed in WFs 1, 2, and 9.</li> <li>- Reclamation crews have completed 370 structures during 2021 between WFs 1, 2, 3, 8, and 9. <ul style="list-style-type: none"> <li>• Reclamation work is now on hold until Q2 2022.</li> </ul> </li> <li>- All project structures have now been delivered from the manufacturer with 1 assembly remaining for Q1 2022. <ul style="list-style-type: none"> <li>• Delivery of spare materials is ongoing.</li> </ul> </li> <li>- Construction of towers E001 and E003 spanning White Lake Narrows have been assembled and erected. The towers will be strung in February 2022.</li> <li>- Helicopter-erection activities for the 10 structures in Kama Cliffs Conservation Reserve (KCCR) are now complete. <ul style="list-style-type: none"> <li>• Work commenced on September 5, 2021 with the last structure being completed on December 5, 2021.</li> </ul> </li> </ul> <p>Additional information on construction activities can be found in Section 1. B., below.</p>

Key Status	Summary
<b>Costs</b>	<p><b>NextBridge continues to maintain focus on the budget.</b></p> <ul style="list-style-type: none"> <li>- Known construction costs for the Project are forecasted to be on budget as compared to the LTC application and approved for recovery in the OEB's June 17, 2021 Decision and Order at 27-28.</li> <li>- NextBridge has incurred costs that were not anticipated in its budget or forecast related to: (1) wildfires and (2) the helicoptering of towers in KCCR. The impact of wildfires and helicoptering towers in KCCR are being tracked in the Construction Cost Variance Account (CCVA) approved by the OEB in its June 17, 2021 Decision and Order at 41-42.</li> <li>- 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.</li> <li>- Further to the requests made by the OEB in letters dated August 4, 2021, and August 27, 2021, respectively, impacts associated with the suspension of construction activities related to the EAO and subsequent IOs are being tracked in a CCVA.</li> <li>- Additional information on NextBridge's budget can be found in Section 3., below.</li> </ul>
<b>Schedule</b>	<p><b>Construction activities continued in all work fronts during the quarter.</b></p> <ul style="list-style-type: none"> <li>- To address the OEB's request for information in its letters dated August 4, 2021, and August 27, 2021, respectively, there have been no schedule impacts to the Project related to the suspension of construction activities resulting from compliance with the EAO and subsequent IOs, as all impacts have been mitigated. The Project is still on schedule to be placed in-service on March 31, 2022.</li> <li>- Attended meetings with HONI to coordinate schedule and conductor/optical ground wire tie-ins to the Lakehead, Marathon, and Wawa TSs.</li> <li>- All foundation and anchor activities were completed during Q4 2021, with only one tower assembly remaining in the Caribou Zone.</li> <li>- During 3Q 2021, tower assembly and erection activities were completed in WFs 1, 3, 4, 5, 8, 9, 10, and 11.</li> </ul>

Key Status	Summary
	<ul style="list-style-type: none"> <li>• 99 towers were fully assembled and 307 erected during the Reporting Period.</li> </ul> <p>- Stringing crews completed approximately 297 structures throughout WFs 1, 3, 4, 5, 8, 9, 10, and 11 in 3Q 2021.</p> <ul style="list-style-type: none"> <li>• Second stringing crew added in November and third stringing crew added in December.</li> <li>• A001-A003 outage work completed November 1, 2021.</li> <li>• 1 major outage remains for NextBridge to cross HONI's T1M line in the Caribou Zone. This is currently scheduled for January 14, 2021.</li> </ul> <p>- NextBridge is making continuous efforts with the applicable parties, Indigenous communities, and governmental agencies, including Ministry of the Environment, Conservation, and Parks (MECP), MNRF, Ministry of Energy, Northern Development and Mines, Ministry of Transportation (MTO), Infrastructure Ontario, NAV Canada, Indigenous Services Canada (ISC), Transport Canada, and others, to maintain the current March 31, 2022 in-service date.</p> <p>- Additional information on Project schedule can be found throughout this Report.</p>
<p><b>Emerging Risks</b></p>	<p><b>Impacts of COVID-19 Global Pandemic on the Project.</b></p> <p>Construction Impacts</p> <p>- 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.</p> <p>- The Province of Ontario declared a provincewide shutdown to commence on December 26, 2020.</p> <ul style="list-style-type: none"> <li>• Following the identification of COVID-19 cases on the Project in early 1Q 2021, an investigation by the Thunder Bay District Health Unit (TBDHU) was completed to review COVID-19 policies and the related safety measures that were implemented for the EWT Project.</li> <li>• The Project is in compliance with the resulting orders issued by the TBDHU for construction to continue.</li> <li>• These orders included:</li> </ul>

Key Status	Summary
	<ul style="list-style-type: none"> <li>○ Additional security and screening at work camps;</li> <li>○ Prescribing a maximum number of workers that could travel together in a work vehicle;</li> <li>○ Requiring additional personal protective equipment (PPE) use for workers and implementing further social distancing policies while working; and,</li> <li>○ Additional cleaning and sanitizing of all work equipment and work camps.</li> </ul> <p>- 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 PPE resources, and daily temperature checks of everyone on site.</p> <p>- There are ongoing communications with the construction team to review COVID-19 impacts and discuss the need for potential additional mitigation measures on site.</p> <p>- The Project did not record any positive COVID-19 cases during 4Q 2021.</p> <p>- Vaccination clinics are available in communities across the Project area and the amount of fully vaccinated individuals on the Project continues to increase each month.</p> <p>- Although provincial restrictions are starting to be removed, the Project continues to remain under strict testing and access guidelines to ensure the safety of all workers and the public.</p> <p>- 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 related to the Pandemic 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> <p><b>Permitting and Authorization Impacts</b></p> <p>- At this time, many ministries, agencies, and Indigenous communities are also impacted by the COVID-19 Global Pandemic, including office closures, and, therefore, they may not be able to process NextBridge's requests for permits and authorizations in a timely manner.</p>

Key Status	Summary
	<ul style="list-style-type: none"> <li>Impacts due to a delay in permits and authorizations have been considered in the updated construction schedule.</li> </ul>
Indigenous Activities	<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 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 Species at Risk (SAR) permits, and Section 28.2 Permits.</li> <li>Related to the Caribou SAR Permit, the MECP re-engaged with communities on a proposed amendment to the permit.</li> <li>NextBridge and Pic Mobert First Nation have completed a formal mitigation agreement regarding the cultural and historic issues raised by the community related to the White Lake and Nursery Lake areas.</li> <li>The Indigenous Facilitator Program ran at full capacity during the majority of 4Q 2021, with the exception of the periods impacted by the MNRF IOs.             <ul style="list-style-type: none"> <li>One facilitator was absent from the field due to health issues, so alternative options were approved by the community to have other facilitators perform monitoring in the traditional territory.</li> </ul> </li> <li>NextBridge continued to work with Supercom Industries Inc. (Supercom) and community partners to ensure ongoing compliance with COVID-19 safety protocols, and to discharge the Indigenous Facilitator Program:             <ul style="list-style-type: none"> <li>NextBridge continued discussions with the communities surrounding the flow of construction activities and impending decreased workload for some Indigenous Facilitators as reclamation begins on the west side of the Project.</li> </ul> </li> <li>NextBridge continues to be engaged with the six proximate Bamkushwada Limited Partnership communities in many aspects of the Project, including the COVID-19 decision making process, and the construction and reclamation schedule.</li> <li>Additional information on engagement can be found in Section 1. C. below.</li> </ul>



Key Status	Summary
<b>HONI Coordination</b>	<ul style="list-style-type: none"> <li>- NextBridge continued engagement and coordination activities with HONI on multiple fronts, including: <ul style="list-style-type: none"> <li>• Outage scheduling and crossings;</li> <li>• Overall Project schedule;</li> <li>• Construction and commissioning coordination;</li> <li>• The latest draft of the Construction Cost Recovery Agreement (CCRA);</li> <li>• The latest draft of the Connection Facilities Agreement (CFA); and,</li> <li>• The expected timing of the execution of the HONI/Supercom Operations and Maintenance Service Level Agreement (SLA).</li> </ul> </li> <li>- NextBridge continues to coordinate activities with HONI around the updated construction schedule. <ul style="list-style-type: none"> <li>• Monthly coordination meetings continue, and standalone meetings are being held, as needed.</li> <li>• HONI has proposed the use of a different type of shield wire than HONI had originally planned to use to connect the substations. The shield wire proposed by HONI is being evaluated by NextBridge's engineering group to ensure it aligns with current hardware.</li> </ul> </li> <li>- Additional information on coordination with HONI can be found in Section 1. C. below.</li> </ul>



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

<b>Work Front</b>	<b>Environmental Permit Submissions</b>	<b>Construction</b>
<b>1</b>	<ul style="list-style-type: none"> <li>Detailed Project Plan (DPP) package submitted, and 30-day review period has concluded.</li> </ul>	<ul style="list-style-type: none"> <li>100% access completed.</li> <li>100% tower assembly completed.</li> <li>100% tower foundations completed.</li> <li>100% towers erected.</li> <li>100% conductor strung.</li> <li>84% reclamation completed.</li> </ul>
<b>7</b>	<ul style="list-style-type: none"> <li>DPP package re-submitted and 30-day review period has concluded.</li> <li>Related permit applications submitted and received.</li> </ul>	<ul style="list-style-type: none"> <li>100% access completed.</li> <li>100% tower assembly completed.</li> <li>100% foundations completed.</li> <li>99% of towers erected.</li> <li>75% of conductor strung.</li> </ul>
<b>2</b>	<ul style="list-style-type: none"> <li>DPP Package submitted and 30-day review period has concluded.</li> <li>Related permit applications submitted and received.</li> </ul>	<ul style="list-style-type: none"> <li>100% access completed.</li> <li>100% tower assembly completed.</li> <li>100% foundations completed.</li> <li>100% towers erected.</li> <li>100% conductor strung.</li> <li>84% reclamation completed.</li> </ul>
<b>6</b>	<ul style="list-style-type: none"> <li>DPP Package submitted and 30-day review period has concluded.</li> <li>Related permit applications. submitted and received.</li> <li>Received MECP approval for amended OBP to support all season access road construction.</li> </ul>	<ul style="list-style-type: none"> <li>100% access completed.</li> <li>99% tower assembly completed.</li> <li>100% foundations completed.</li> <li>96% towers erected.</li> <li>0% conductor strung.</li> </ul>
<b>8</b>	<ul style="list-style-type: none"> <li>DPP Package submitted and 30-day review period has concluded.</li> <li>Related permit applications submitted and received.</li> <li>Fly yard applications to support stringing</li> </ul>	<ul style="list-style-type: none"> <li>100% access completed.</li> <li>100% tower assembly completed.</li> <li>100% foundations completed.</li> <li>100% towers erected.</li> <li>98% conductor strung.</li> </ul>

Work Front	Environmental Permit Submissions	Construction
	operations submitted and received.	<ul style="list-style-type: none"> <li>• 64% reclamation completed.</li> </ul>
3	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> <li>• KCCR DPP has been approved.</li> <li>• Related permit applications submitted and received.</li> <li>• Fly yard application to support stringing operations submitted and received.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% access completed.</li> <li>• 100% tower assembly completed.</li> <li>• 100% foundations completed.</li> <li>• 100% towers erected.</li> <li>• 91% conductor strung.</li> </ul>
9	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> <li>• Related permit applications submitted and received.</li> <li>• Fly yard applications to support stringing operations submitted and received.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% access completed.</li> <li>• 100% towers assembly completed.</li> <li>• 100% foundations completed.</li> <li>• 100% of towers erected.</li> <li>• 100% of conductor strung.</li> <li>• 62% reclamation completed.</li> </ul>
5	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> <li>• Related permit applications submitted and received.</li> <li>• Fly yard applications to support stringing operations submitted and received.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% access completed.</li> <li>• 100% foundations completed.</li> <li>• 100% assembly completed.</li> <li>• 100% of towers erected.</li> <li>• 36% of conductor strung.</li> </ul>
4	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> <li>• Related permit applications submitted and received.</li> <li>• Fly yard applications to support stringing operations submitted and received.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% access completed.</li> <li>• 100% foundations completed.</li> <li>• 100% assembly completed.</li> <li>• 100% erection completed.</li> <li>• 100% conductor strung.</li> </ul>
11	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> </ul> <p>Related permit applications submitted and received.</p>	<ul style="list-style-type: none"> <li>• 100% access completed.</li> <li>• 100% foundations completed.</li> <li>• 100% assembly completed.</li> <li>• 100% erection completed.</li> </ul>

Work Front	Environmental Permit Submissions	Construction
		<ul style="list-style-type: none"> <li>• 51% conductor strung.</li> </ul>
10	<ul style="list-style-type: none"> <li>• DPP Package submitted and 30-day review period has concluded.</li> <li>• Related permit applications submitted and received.</li> </ul>	<ul style="list-style-type: none"> <li>• 100% access completed.</li> <li>• 100% foundations completed.</li> <li>• 100% assembly completed.</li> <li>• 85% erection completed.</li> <li>• 37% conductor strung</li> </ul>

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

### **Environment**

#### **- SAR**

- Received Overall Benefits Permit (OBP) for SAR from the MECP.
- Bat Gate Installation Plan has been approved by MECP.
- Installation of bat rock piles for habitat mitigation has been completed.
- Coordinating with Nature Conservancy of Canada on bat habitat restoration.
- The OBP included multiple conditions requiring actions to avoid impact to SAR and mitigate for impacts to habitat.
- On December 3, 2020, NextBridge received an amendment to allow all season access to be constructed in caribou nursery habitat.
  - Although NextBridge does not intend to use all season access in the winter of 2021/2022, 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 this strategy in consultation with the MECP, MNRF, and Indigenous communities (including Michipicoten First Nation).
- While the CTS 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 the OBP condition requirements are satisfied.
- The federal Species at Risk Act (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.
  - 13 Fly yard permit applications to support stringing operations have been submitted and approved by MNRF for WFs 3 to 11.
- Reclamation Work Permits for WFs 1, 2, 3, 6, 7, 8, 9, and 10 have been received.
- 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, Fisheries and Oceans Canada, Canadian Wildlife Service, and other agencies regarding the Environmental Assessment (EA) requirements and conditions.
- 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.
  - Re-engagement related to the Caribou SAR Permit: the MECP re-engaged with communities on a proposed amendment to the permit needed in order to clarify certain requirements in the development and implementation of a caribou transfer strategy. The MECP's notification letter sought feedback from the communities on three proposed amendments to the permit.
- Indigenous Facilitator Program
  - Indigenous Facilitators have been present along the right-of-way (ROW) from the commencement of construction until the temporary suspension of the Indigenous Facilitator Program on March 24, 2020.
    - The Facilitator Program was suspended by NextBridge with the support of local Indigenous communities in response to 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 is working with Project partners and Indigenous communities on reclamation activities, upcoming decreased workloads, and the natural evolution of the Indigenous Facilitator Program.

## Land

### - Privately Held Land

- All outstanding land agreements are now complete/acquired.
- Merchantable timber and damage settlements are ongoing as construction activities and reclamation activities continue.

### - Government Land and Permits

- NextBridge continues to follow up with the MNRF to support the use 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 MNRF has advised the above-mentioned land has been added to the multi-site Land Use Permit and that registration of the land transfer could take up to one year.
- NextBridge continues to follow up on the progress of the land transfer.
- This land transfer development is not expected to impact the Project schedule, because this land is not needed for construction of the Project, but rather is needed for long term use.
- 100% of required third-party crossings have been secured.

### - To address comments from Pic Mobert First Nation in the White Lake Narrows area, NextBridge obtained the required consent from Mining Leaseholder for revised Consent to Disposition of Surface Rights to support the revisions required.

### - 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 comments regarding construction and reclamation activities.
- Obtained settlements with property owners and Crown interest holders pertaining to damage and disturbance claims as a result of construction activities.

## Regulatory

- No updates to report.

## 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.
- NextBridge is consistently facilitating opportunities for community representatives and Indigenous Facilitators to observe construction and reclamation activities via helicopter in inaccessible areas, as requested.

- Pic Mobert First Nation Engagement

- NextBridge and Pic Mobert First Nation have completed a formal mitigation agreement related to the cultural and historic comments that 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 would adhere to a list of mitigation measures.
- A notification letter was sent to the MECP on December 3, 2020, which summarizes the activities leading to the removal of the Stop Work Order, as well as the agreed mitigation measures.
- Civil construction was completed in 4Q 2021.

- Michipicoten First Nation Engagement

- 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

- Capacity Funding Agreements 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 Capacity Funding Agreement 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.
- Ongoing sensitivity surrounding in-person engagement and protection of vulnerable community members is present across the Project.
- 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 membership remained at approximately 180 members as of the end of Reporting Period.
- Received positive feedback through project email about a friendly exchange between Project workers and a family travelling through the Project area.
- 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, optical ground wire, and overhead shield wire have been delivered.
- All structures have been delivered to site.
- Deliveries of operational spare towers and materials are ongoing.

#### **- Construction**

- Construction activities are ongoing in the majority of WFs across the Project.
- On July 19, 2021, due to ongoing wildfires in the region, the MNRF issued an IO which resulted in the stoppage of work for all construction activities within WFs 1-6.
  - This shutdown impacted all work sites from the Lakehead TS to Marathon or WFs 1-6.
  - As numerous construction crews were operating in this area at the time of the work stoppage, these crews were forced to stop all activities and relocate to new sites in WFs 7-11.
  - On August 11, 2021, restrictions were lifted in the areas from Nipigon to Marathon, reopening WFs 3-6 for construction activities.
  - On August 17, 2021, the final restrictions were lifted in WFs 1 and 2.

- On August 17, 2021, there was a non-Project related aircraft accident at the Thunder Bay airport resulting in a shutdown of the airport while an investigation occurred.
  - The airport shutdown resulted in numerous flight cancellations and delays for workers travelling to and from the Project and impacted the production of all construction activities.
- Helicopter construction in KCCR commenced in 3Q 2021 and was completed in 4Q 2021.
- All foundation and anchor activities were completed in 4Q 2021.
- Reclamation activities progressed in WFs 1, 2, 8, and 9 during 4Q 2021.
- All activities in WFs 1, 2, and 9 are complete with the exception of reclamation.
- Only 1 tower structure remains to be assembled on the Project and will be completed in January.
- 24 towers remaining to be erected and will be completed in January.
- Crews have completed approximately 320 km of conductor installation on over 860 structures.
- 3 stringing crews in operation at the end of the quarter.

- Detailed Engineering

- Transmission line design for construction review has been issued for all WFs.
  - Construction packages are being issued as ROW is cleared and ground-truthing is being performed.
  - 100% of towers have been ground-truthed for construction.
  - As of 2Q 2021, all towers have been issued for construction.
- 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 testing took place in 2Q 2021 and an additional testing completed in early 3Q 2021.
- Installation of tower lighting started at the end of 1Q 2021 and will continue through 1Q 2022.
  - NextBridge requested and has received a response from Transport Canada confirming its newly proposed requirements for lighting and painting of select towers.
  - 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, NextBridge selected Drake Lighting 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 Federal Minister of Transport, who has determined warning lights are needed on certain towers to alert air navigation.

- With the exception of transmission tower number D001, tower light installations in WF 6 and 7 were completed in early 2Q 2021.
- Crews will mobilize to WF11 along with D001 in 1Q 2022 to complete the remainder of the tower lights.
- A reroute to bypass a HONI transmission line (the W2C Line) outside of the Wawa TS was approved.
  - The bypass mitigated the need for an outage of the W2C line.
  - Due to HONI operating constraints, back-to-back outages are not allowed.
  - An additional transmission structure was required to complete the bypass.

### **Coordination Efforts with HONI**

- Status and Changes to Access Road and Transmission Line Crossings
  - Met with HONI regarding overhead transmission line crossing designs and outages.
  - 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.
    - HONI has asked NextBridge to have its facilities complete and ready for commissioning by February 25, 2022.
    - This date is 5 weeks prior to the anticipated in-service date.
    - NextBridge continues to seek efficiencies with HONI to shorten this time period, if possible.
  - NextBridge and HONI have executed the CCRA in December 2021.
    - NextBridge and HONI will file the CCRA with the OEB, as required by the June 17, 2021 Decision and Order, after there is a determination on what portions of the CCRA need to be subject to confidentiality protection and submitted in accordance with the Board's Practice Direction on Confidential Filings.
  - Continued discussions on CFA.
    - 1Q 2022 is the current completion target date for the CFA, as discussed with HONI.
  - Discussions continued relating to the HONI/Supercom SLA.
    - HONI/Supercom informed NextBridge that the formalization of their partnership has taken longer than anticipated and was expected to be completed at the end of November 2021, however, to date the status of formalization of the partnership with HONI/Supercom is still unknown.

- NextBridge will need to have this agreement executed prior to in service date to allow for a smooth transition to the operations phase of the project.
  - Once the agreement is complete it will be filed with the OEB after there is a determination on what portions of the agreement need to be subject to confidentiality protection and submitted in accordance with the Board's Practice Direction on Confidential Filings.
- Other Material Developments, Issues, or Risks Related to the Coordination Between NextBridge and HONI

Risks related to the coordination efforts between NextBridge and HONI are discussed below in Section 4. A.

### **Registration Process with IESO**

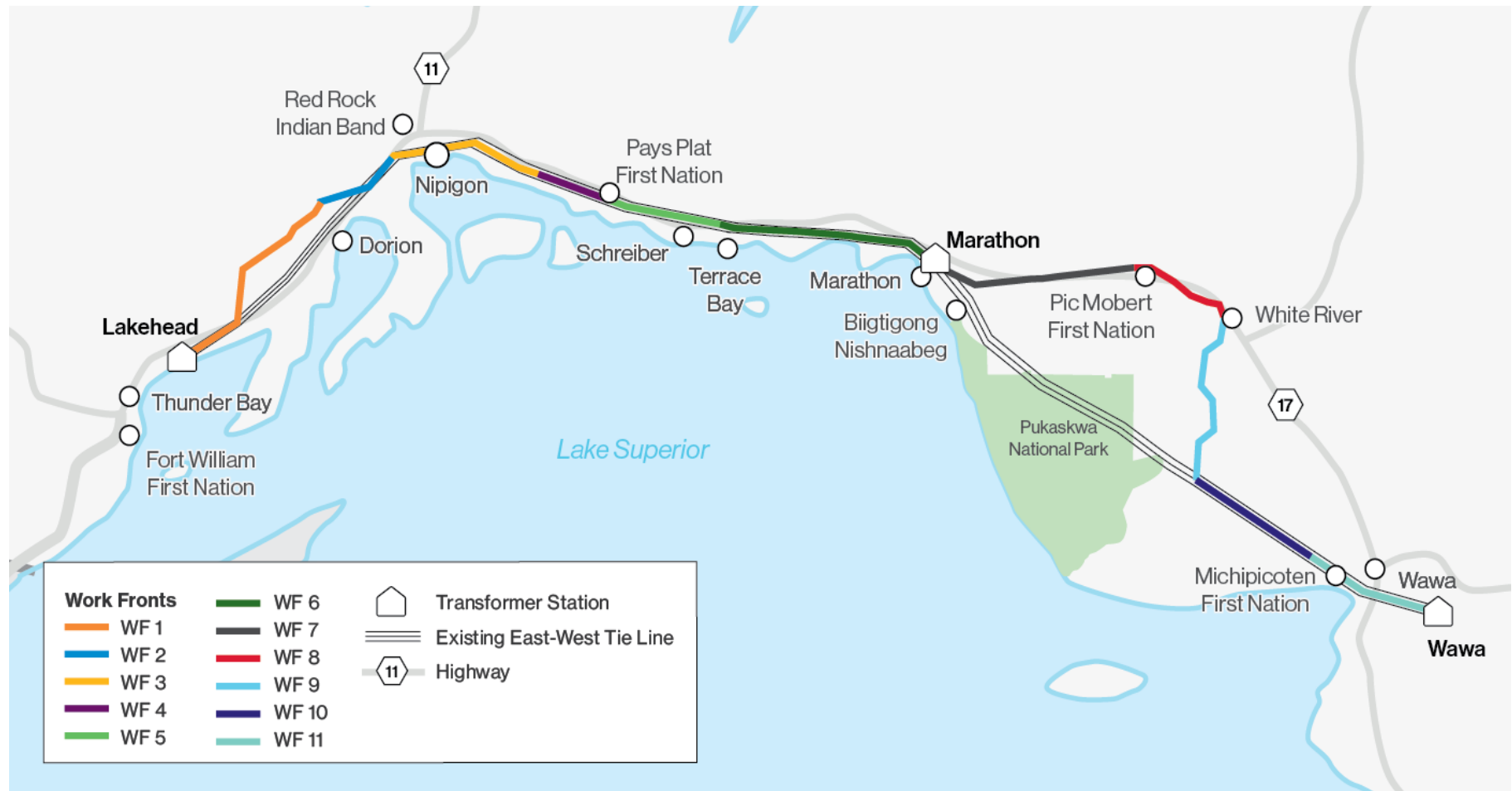
- NextBridge started the entity registration process with IESO as required by the IESO membership rules.
  - Revised target date for completion of registration process is now 1Q 2022.
  - Operating Agreement discussions commenced in 2Q 2021 and are ongoing.
  - Weekly discussions ongoing with IESO operations advisor to ensure proper submission of all deliverables.

### **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.
- 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.
- 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. Further information on treatment of COVID-19 costs can be found in Section D.
- 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 March 31, 2022 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 the ISD.

Activity	Post-LTC Decision Baseline Target Date	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
<b>Regulatory</b>			
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.
<b>Environmental</b>			
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 1Q 2020		- Completed in 4Q 2020. -
Approval by MECP of Species at Risk Permits (Bat maternity roosts, Eastern whip-poor-will)	3Q 2019		- Completed in 3Q 2019.

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 (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	1Q 2022	<ul style="list-style-type: none"> <li>- Archeological monitoring is required in the White Lake Narrows area during construction activities.</li> <li>- All stage 3 archaeological fieldwork at White Lake Narrows is complete</li> <li>- Awaiting MHSTCI review of stage 2 White Lake Narrows Report</li> <li>- Stage 3 archaeological assessment report of Location 1 (Delj-10), is currently under review with Netmizaaggamig Nishnaabeg</li> </ul>



Activity	Post-LTC Decision Baseline Target Date	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
			<ul style="list-style-type: none"> <li>- Stage 3 archaeological assessment of Location 14 (Delj-17) in progress</li> <li>- Stage 4 White Lake Narrows archaeological monitoring report in progress</li> <li>- No further field work required</li> </ul>
<b>Land Acquisition</b>			
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.
<b>Indigenous Relations</b>			
Indigenous Service Canada (ISC approval of Land Related Permits	4Q 2019		- Approval received in 4Q 2020.
<b>HONI - Related</b>			
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.

Activity	Post-LTC Decision Baseline Target Date	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
HONI Substations commissioned <sup>1</sup>	4Q 2021	TBD	<ul style="list-style-type: none"> <li>- The coordination of schedules with HONI is underway.</li> <li>- The revised date will be populated once it has been confirmed by HONI.</li> </ul>
<b>Engineering and Construction</b>			
Commence Clearing & Access	3Q 2019		- Activity completed in 2Q 2021.
Commence Geotech and Foundations	4Q 2019		- Activity completed in 4Q 2021.
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		- Activity completed in 3Q 2021.
Work Front 1 - Commence Towers Assembly	4Q 2019		- Activity completed in 3Q 2021.
Work Front 1 - Commence Towers Erection	1Q 2020		- Activity completed in 3Q 2021.
Work Front 1 - Commence Conductor Stringing	1Q 2020		- Activity completed in 4Q 2021.
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		- Activity completed in 3Q 2021.

<sup>1</sup> 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
Work Front 3 - Commence Towers Assembly	2Q 2020		- Activity completed in 4Q 2021.
Work Front 3 - Commence Towers Erection	2Q 2020		- Activity completed in 4Q 2021.
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		- Activity completed in 3Q 2021.
Work Front 4 - Commence Towers Assembly	3Q 2020		- Activity completed in 3Q 2021.
Work Front 4 - Commence Towers Erection	3Q 2020	3Q 2021	- Activity completed in 3Q 2021.
Work Front 4 - Commence Conductor Stringing	3Q 2020	4Q 2021	- Commenced in 4Q 2021.
Work Front 5 - Commence Clearing & Access	1Q 2020		- Activity completed in 1Q 2021.
Work Front 5 - Commence Geotech and Foundations	1Q 2020		- Activity completed in 4Q 2021.
Work Front 5 - Commence Towers Assembly	4Q 2020		- Activity completed in 4Q 2021.
Work Front 5 - Commence Towers Erection	1Q 2021	3Q 2021	- Activity completed in 4Q 2021.
Work Front 5 - Commence Conductor Stringing	1Q 2021	4Q 2021	- Commenced in 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		- 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		- Activity completed in 4Q 2021.
Work Front 7 - Commence Towers Assembly	3Q 2020		- Activity completed in 4Q 2021.
Work Front 7 - Commence Towers Erection	3Q 2020		- Commenced in 3Q 2020.
Work Front 7 - Commence Conductor Stringing	4Q 2020	3Q 2021	- Commenced in 3Q 2021.
Work Front 8 - Commence Clearing & Access	1Q 2020		- Activity completed in 1Q 2021.
Work Front 8 - Commence Geotech and Foundations	3Q 2020		- Activity completed in 3Q 2021.
Work Front 8 - Commence Towers Assembly	4Q 2020		- Activity completed in 4Q 2021.

Activity	Post-LTC Decision Baseline Target Date	Proposed Revised Dates Based on New ISD	Variance Reason/Potential Impact
Work Front 8 - Commence Towers Erection	4Q 2020		- Activity completed in 4Q 2021.
Work Front 8 - Commence Conductor Stringing	1Q 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		- Activity completed in 3Q 2021.
Work Front 9 - Commence Towers Assembly	4Q 2020		- Activity completed in 3Q 2021.
Work Front 9 - Commence Towers Erection	4Q 2020		- Activity completed in 4Q 2021.
Work Front 9 - Commence Conductor Stringing	2Q 2021		- Activity completed in 4Q 2021.
Work Front 10 - Commence Clearing & Access	3Q 2020		- Activity completed in 1Q 2021.
Work Front 10 - Commence Geotech and Foundations	3Q 2020		- Activity completed in 3Q 2021.
Work Front 10 - Commence Towers Assembly	4Q 2020	3Q 2021	- Activity completed in 4Q 2021.
Work Front 10 - Commence Towers Erection	1Q 2021	4Q 2021	- Commenced in 3Q 2021.
Work Front 10 - Commence Conductor Stringing	3Q 2021	4Q 2021	- Commenced in 4Q 2021.
Work Front 11 - Commence Clearing & Access	3Q 2020		- Activity completed in 3Q 2021.
Work Front 11 - Commence Geotech and Foundations	3Q 2020		- Activity completed in 4Q 2021.
Work Front 11 - Commence Towers Assembly	1Q 2021		- Activity completed in 4Q 2021.
Work Front 11 - Commence Towers Erection	2Q 2021		- Activity completed in 4Q 2021.
Work Front 11 - Commence Conductor Stringing	3Q 2021	1Q 2022	- Commenced in 4Q 2021.
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	-

### 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, excluding costs for wildfire and helicoptering of towers in KCCR. 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
<b>Engineering &amp; Construction</b>		<b>36,551,989</b>	<b>592,101,690</b>	<b>572,761,388</b>	<b>(19,340,302)</b>	<b>-3%</b>	<b>41,505,901</b>	<b>7%</b>	<b>614,267,289</b>
1	Engineering, Design and Procurement	154,721	8,878,876	19,342,245	10,663,369	55%	(9,679,559)	-50%	9,662,686
2	Materials and Equipment	2,307,094	68,300,513	89,408,231	21,107,718	24%	(19,772,923)	-22%	69,635,308
8	Site Clearing, Access	828,323	138,858,926	107,463,339	(31,195,587)	-29%	27,445,184	26%	134,908,523
9	Construction	33,261,851	376,463,373	356,547,573	(19,915,800)	-6%	43,513,199	12%	400,060,772
<b>Environmental &amp; Remediation Activities</b>		<b>586,127</b>	<b>19,769,787</b>	<b>26,929,260</b>	<b>7,159,473</b>	<b>27%</b>	<b>4,620,902</b>	<b>17%</b>	<b>31,550,162</b>
3	Environmental and Regulatory Approvals	466,779	18,830,436	13,030,561	(5,799,875)	-45%	6,066,463	47%	19,097,024
10	Site Remediation	119,348	939,351	13,898,699	12,959,348	93%	(1,445,561)	-10%	12,453,138
<b>Indigenous Activities</b>		<b>129,060</b>	<b>21,911,031</b>	<b>20,211,000</b>	<b>(1,700,031)</b>	<b>-8%</b>	<b>3,442,555</b>	<b>17%</b>	<b>23,653,555</b>
5	Indigenous Economic Participation	(306,044)	8,781,793	7,000,000	(1,781,793)	-25%	2,730,452	39%	9,730,452
6	Indigenous Consultation	435,104	13,129,238	13,211,000	81,762	1%	712,103	5%	13,923,103
4	Land Rights (excludes Aboriginal)	819,482	19,850,099	23,830,512	3,980,413	17%	0	0%	23,830,512
7	Other Consultation	36,482	1,476,022	2,530,194	1,054,172	42%	(500,000)	-20%	2,030,194
11	Contingency	-	-	49,399,445	49,399,445	100%	(49,399,445)	-100%	-
12	Regulatory	139,349	5,372,380	5,405,078	32,698	1%	(0)	0%	5,405,078
13	EWT Management	293,872	4,999,458	4,900,644	(98,814)	-2%	500,000	10%	5,400,644
<b>Total Project Spend</b>		<b>38,556,361</b>	<b>665,480,465</b>	<b>705,967,521</b>	<b>40,487,056</b>	<b>6%</b>	<b>169,913</b>	<b>0%</b>	<b>706,137,434</b>
14	Interest During Construction (IDC) <sup>1</sup>	4,038,655	26,575,863	31,003,000	4,427,137	14%	-	0%	31,003,000
<b>Total Construction Costs<sup>2,3,4,5</sup></b>		<b>42,595,016</b>	<b>692,056,328</b>	<b>736,970,521</b>	<b>44,914,193</b>	<b>6%</b>	<b>169,913</b>	<b>0%</b>	<b>737,140,434</b>

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 Q4 2021, \$1.0M has been incurred and is recorded in Account 1509

5 Construction costs expected to be recovered through CCVA not included in the table above (EB-2020-0150)

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

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

- The Project cost forecast for this department has changed within individual categories since last Reporting Period, but has remained the same in total, due to the following activities:
  - \$1.1MM Cost Category 1, Engineering, Design and Procurement – There was additional engineering work needed to optimize tower design and placement to actual terrain conditions once clearing was complete.
  - \$2.8MM Cost Category 2, Materials and Equipment – Similar to the engineering increase, due to terrain conditions evident after clearing, specific tower components needed to be adjusted.
  - (\$5.7MM) Cost Category 8, Site Clearing, Access – The clearing and access program is complete
  - \$1.8MM Cost Category 9, Construction – Additional supervision of General Contractor activities was needed in the field to ensure that construction schedule was being met.

### **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 changed due to the following activities:
  - (\$0.5MM) decrease due to reduced internal and external stakeholder costs such as events and outreach, primarily due to pandemic restrictions

### **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 changed due to the following activities:
  - \$0.5MM increase due to increased project management support to ensure project schedule was being met and supported

#### **D. COVID-19 and Incremental Construction Costs Account Treatment**

- On March 25, 2020, the OEB issued an accounting order establishing a generic COVID Account 1509 with three sub-accounts to record impacts arising from COVID-19. One of the three sub-accounts established in the letter is sub-account “Other Costs” to record the other incremental identifiable costs beyond the costs recorded in the billing and system changes sub-account and lost revenue sub-account.
- 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.
- On June 17, 2021, the OEB issued a Decision and Order in NextBridge’s revenue requirement proceeding. In accordance with this decision, NextBridge is tracking incremental construction costs related to the COVID-19 Global Pandemic in Account 1509. COVID-19 cost prudence and regulatory treatment was deferred by the OEB and will be determined in a separate application to dispose of these costs after ISD.
- Also, in accordance with this decision, NextBridge is tracking construction cost differences between forecasted construction costs in its revenue requirement application and the actual final project construction costs in the CCVA. NextBridge will bring forward the balance of costs for prudence and recovery as part of NextBridge’s 2023 update application when total, actual in-service construction costs are known.
  - To date, NextBridge is tracking construction costs related to the wildfires in the summer months of 2021 in northwestern Ontario (as detailed in the October 22, 2021 Quarterly EWT Project Progress Report) and Kama Cliffs Conservation Reserve (as detailed in Section E).

#### **E. Kama Cliffs Conservation Reserve**

- By design, the Project has avoided Provincial Parks and Conservation Reserves wherever possible. When avoidance was not possible, the Project focused on minimizing the amount of temporary and permanent disturbance necessary for the construction of access roads. As available, existing roads were used, followed by the development of new temporary access, which reduced as much as practicable additional impacts. After all Project routing and engineering refinements, there remained eleven structures to be installed within the KCCR. Originally, there were two new, temporary access roads proposed in the KCCR. NextBridge was also able to facilitate access to the ten structures following the existing EWT ROW.
- Under NextBridge’s agreement with the General Contractor, the General Contractor was to have road access to the tower sites located in KCCR. NextBridge and the General Contractor jointly sought



permission from the Ministry of the Environment, Conservation and Parks to allow conventional road and ROW access in accordance with the initial Project design documents and the EA. After repeated consultation with MECP it was clear that MECP preferred aerial construction. While aerial construction reduces the temporary impacts associated with road construction, it increases construction costs for the affected transmission towers.

- NextBridge and the General Contractor continued to pursue using road access in their Detailed Project Plans submitted to the MECP on March 18, 2020 (cover letter attached in Appendix A). The MECP issued a letter dated July 27, 2020 (attached in Appendix B) approving aerial construction rather than road and ROW access construction for tower erection in KCCR. This necessitated unforeseeable changes to procurement and construction work scope between NextBridge and the General Contractor to include the required aerial construction program.
- NextBridge and the General Contractor have completed the work in KCCR and have estimated that the increase in costs due to the required aerial construction to be approximately \$9 MM.

## 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"> <li>Recent office closures and remote work environments due to the COVID-19 global pandemic has slowed permit issuance.</li> </ul>		<ul style="list-style-type: none"> <li>WF approach is designed to allow staggered issuance of permit approvals to facilitate staging of the start of construction in multiple segments simultaneously.</li> <li>Modified work sequence to maintain clearing activities, foundation installation, tower assembly, and reclamation progress.</li> <li>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.</li> <li>The updated construction schedule can be found in Section 2.B.</li> </ul>

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

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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
2	Delay in access to private, provincial, and federal lands		<ul style="list-style-type: none"> <li>If lands not accessible in time for construction commencement date, it 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>		<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>Established work around/ accommodation plans for “no access” parcels in construction planning.</li> <li>Work with government on public and federal land access.</li> </ul>
3	Delay in HONI station work		<ul style="list-style-type: none"> <li>If stations are not ready for energization, it will delay Project in-service date.</li> </ul>		<ul style="list-style-type: none"> <li>Communication and coordination with HONI during construction.</li> <li>Updated construction schedule and shared with HONI in 4Q 2020.</li> <li>Schedule coordination with HONI continues.</li> <li>HONI will report to the OEB on any updates to its station work schedule.</li> </ul>

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

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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
4	Delay in accessing HONI's crossings of access roads and transmission lines		<ul style="list-style-type: none"> <li>If significant portions of lands not accessible in time for remaining Project activities, it will affect Project schedule.</li> </ul>		<ul style="list-style-type: none"> <li>Resolved crossing and access issues with HONI.</li> <li>A Section 101 application will not be required.</li> <li>This risk item will be removed in the next Reporting Period.</li> </ul>

\*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
5	Legal challenges		<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 and been mitigated by the dismissal of BZA First Nation's judicial review of the Jan 30, 2019 Order in Council and an appeal of the Dec 20, 2018 and Feb 11, 2019 OEB decisions.</li> <li>There may be some cost risk involved with defending these legal challenges.</li> </ul>		<ul style="list-style-type: none"> <li>Continue to proactively engage with First Nation and Métis communities, landowners and all other stakeholders in order to identify and address concerns.</li> <li>Commit to addressing concerns at any point, even post issuance of permits and engage communities on an issue by issue basis.</li> </ul>
6	Public protests and/or displays of Project opposition		<ul style="list-style-type: none"> <li>Potential for reputational impacts but is unlikely to prevent Project schedule given provincial approvals have been obtained.</li> <li>Potential for reputation impact of continuing construction</li> </ul>		<ul style="list-style-type: none"> <li>Additional discussion and attempts to satisfy concerns.</li> <li>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</li> </ul>

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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
			activities during COVID-19.		<p>NextBridge viewed favourably by local communities.</p> <ul style="list-style-type: none"> <li>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.</li> <li>Effective communication with local municipal departments and elected officials in proximate communities.</li> </ul>
7	Labour strikes		<ul style="list-style-type: none"> <li>Potential for labour actions and disruption/shutdown of construction activities, which could lead to cost and schedule impacts.</li> <li>Potential for media coverage and undesirable project optics.</li> </ul>		<ul style="list-style-type: none"> <li>Follow Project labour protocols as per master agreement with Canadian Union of Skilled Workers (CUSW).</li> <li>Foster and maintain good relations and communication with CUSW and its members.</li> <li>Be cognizant of and manage potential for other unions to approach and recruit any non-CUSW members.</li> </ul>

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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"> <li>Media response would be developed to provide public response as appropriate.</li> </ul>
8	COVID-19 Global Pandemic		<ul style="list-style-type: none"> <li>Global Pandemic caused the shutdown of work camps and temporary suspension of construction activities which are expected to lead to cost and schedule impacts.</li> <li>The Global Pandemic is ongoing, and duration is unknown.</li> <li>Potential for workers testing positive for COVID-19, while working in communities where health facilities are limited.</li> <li>Communities make decisions specific to their conditions which could impact the workers available for Project construction, and, also, could impact Project schedule.</li> </ul>		<ul style="list-style-type: none"> <li>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.</li> <li>Construction activities continued through 3Q 2021.</li> <li>Working with tower vendor to mitigate potential delivery delay impacts.</li> <li>Indigenous and stakeholder engagement continues in order to address concerns as they arise.</li> <li>The risk to the construction schedule is expected to be mitigated through the updated ISD; however, the duration and total associated impacts of the COVID-19 Global Pandemic, including costs, are unknown at this time.</li> </ul>

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

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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
10	Extreme Weather Events		<ul style="list-style-type: none"> <li>Extreme weather events such as drought (fires), excessive rain events, and ice storms can prevent construction activities from taking place, potentially impacting cost and schedule.</li> </ul>		<ul style="list-style-type: none"> <li>Weather days have been built into the updated construction schedule.</li> <li>These weather days are expected to address limited duration events but can be exhausted if the events are prolonged.</li> <li>When possible, workers from impacted areas will be moved to areas where construction works are permitted.</li> </ul>

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Low

Medium /  
Moderate

High

Unknown

## 5. Reference Materials

### APPENDIX A – REF # 13136 KAMA CLIFFS DPP SUBMISSION



Ms. Heather Malcolmson  
Director, Environmental Assessment and Permissions Branch  
Ontario Ministry of the Environment, Conservation and Parks  
1st Floor, 135 St Clair Ave W  
Toronto, ON  
M4V 1P5

March 18, 2020

**Re: Detail Project Plan for Kama Cliffs Conservation Reserve, NextBridge EWT Project, Reference Number 13136 | File Number 03-03-03**

Dear Ms. Malcolmson,

Pursuant to conditions 8.3 and 8.4 of the Notice of Approval for the East-West Tie Transmission Line Project (EWT), NextBridge is pleased to submit for your review, the Detailed Project Plan for the Kama Cliffs Conservation Reserve for the EWT Project (in Workfronts 3). Per the requests of the Ministry of the Environment, Conservation and Parks, Ontario Parks Branch, the DPP presents two distinct construction methods; the conventional road method and helicopter method. Digital copies can be accessed via the links provided in the email. Should you have any issues accessing the file please do not hesitate to contact me directly via email ([amacleod@valard.com](mailto:amacleod@valard.com)) or telephone (604-789-4058).

We look forward to receiving your feedback and will work with reviewers from the Ministry of Environment, Conservation and Parks to facilitate their review. Additionally, NextBridge is requesting clear and final written direction from the Ministry of the Environment, Conservation and Parks Ontario Parks Branch, on the requirements and/or restrictions on access development within the Kama Cliffs Conservation Reserve.

Sincerely,

A handwritten signature in black ink that reads "MacLeod".

Adriana MacLeod

Cc:

Antonia Testa, Andrew Evers, Katherine Onyshkewych, Steve Kingston, Fergus Beattie, Kevin Leveque, Todd Copeland, Paul Heeney

## APPENDIX B – REF # 13136 KAMA CLIFFS DPP SUBMISSION ONTARIO PARKS RESPONSE



Northwest Zone  
435 James Street South, Suite 221d  
Thunder Bay, ON  
P7E 6S7

July 27, 2020

Adriana MacLeod

**Re: Detailed Project Plan for Kama Cliffs Conservation Reserve, NextBridge EWT Project, Reference Number 13136 | File Number 03-03-03**

Ms. MacLeod,

Ontario Parks has received the submission of the Detailed Project Plan (DPP) for Kama Cliffs Conservation Reserve, as well as the request in the covering letter for clear and final direction from Ontario Parks with respect to the requirements and/or restrictions on developments within the protected area.

We have articulated the need for the proponent, NextBridge Infrastructure, to provide project details that would assist in the consideration of requirements under Section 20 and 21 of the *Provincial Parks and Conservation Reserves Act, 2006* (PPCRA), which I have appended to this letter. These requests have been for all project developments planned within each protected area and have been requested since the draft environmental assessment stage of planning in 2014. For the purpose of these requirements, many details are required to assess whether adequate consideration has been given to the value of protected areas, and not just construction ease. While certain developments in protected areas cannot be considered, Section 20 (PPCRA) allows the consideration of utility corridor development in recognition of the greater societal benefits associated with those uses.

Because you have provided information in the DPP submission for two construction methods, we have reviewed both proposals, and assessed both in relation to the requirements of Section 20 and 21; this assessment has now concluded and Ontario Parks can provide you with the final direction that has been requested.

### Corridor alignment

Ontario Parks is satisfied that NextBridge Infrastructure has provided suitable information and consideration of the utility corridor alignment, and satisfactory fulfillment of conditions in Section 20 and 21 of the PPCRA have been achieved with respect to corridor alignment.

### Construction Method: Aerial Installation

Aerial construction would largely be concentrated within the right-of-way (ROW) of the utility corridor. The conditions in S.21 have been considered through the ROW alignment, including the consideration of environmental impacts and all reasonable measures taken to minimize harmful environmental impacts and to protect ecological integrity. This includes having a limited presence and as little disruption to the conservation reserve (CR) as possible; for example reducing the amount of vegetation

clearing needed as the ROW will mostly be cleared of non-compatible vegetation regardless for the transmission infrastructure, and keeping the number of waterbodies requiring crossing and blasting activities to the minimum needed for construction due to the permanence of the activity, and consolidating in an area along the ROW which will be disturbed by infrastructure development. The permanent impacts to CR features are minimised and mitigated as best possible for the development of infrastructure needs using this method.

#### Construction Method: Traditional Road Construction

The terrain, as acknowledged in the DPP, is rugged. Traditional road development is not suited to the terrain of the CR, nor does it align with Ontario Parks protection mandate, especially at this magnitude. The assessment of PPCRA conditions has resulted in the rejection of the proposal to use traditional road construction to access the ROW based on the non-fulfillment of the conditions set out in paragraphs 1, 2 and 3 of Section 21.

There is a reasonable alternative that requires a smaller footprint and significantly less impact to CR values. The traditional road construction method includes 10.5 ha of additional development which would require significantly more blasting activity and four additional water crossings. The lower cost of traditional road construction has been identified as the reason for consideration of this method. Finally, the use of traditional road construction would require the disturbance of a much greater area of protected area lands, including the permanent alteration of earth science feature for which the CR was established. Therefore, this proposed construction method does not demonstrate that environmental impacts have been considered and all reasonable measures would be undertaken to minimize harmful environmental impact and to protect ecological integrity.

#### Summary and Next Steps

Ontario Parks accepts the proponent's preferred construction method, being exclusive aerial access, for the East-West Tie Transmission developments within Kama Cliffs Conservation Reserve. However, because the current DPP submission includes both proposed construction methods, Ontario Parks is requesting that the DPP be amended to include the details for only the installation methods which have been approved and that the proponent intends to apply, as this document will be referenced in and support permits that Ontario Parks will issue for work within the regulated CR boundaries.

Ontario Parks remains committed to working with NextBridge Infrastructure to ensure advancement of the East-West Tie Transmission corridor. Should you require additional information or have permitting requests, I encourage you to please continue to work with Fergus Beattie, Protected Areas Lands Specialist at [Fergus.Beattie@ontario.ca](mailto:Fergus.Beattie@ontario.ca).

Regards,



Kevin Leveque  
Zone Manager  
807-475-1497  
Encl.



***Provincial Parks and Conservation Reserves Act, 2006 Requirements for Resource Access Roads and Utility Corridors***

**Utility corridors**

20 (2) Subject to the policies of the Ministry and the approval of the Minister, with or without conditions, utility corridors, including but not limited to utility corridors for electrical transmission lines, are permitted in provincial parks and conservation reserves. 2006, c. 12, s. 20 (2).

**Conditions for approval, resource access road, etc.**

(3) In addition to the conditions in section 21, in approving a resource access road or trail or a utility corridor, the Minister must be satisfied that when the road, trail or utility corridor is no longer required for the purpose for which it was approved or will not be used for a period of five years or more,

(a) the road, trail or utility corridor will be closed and effective measures will be taken to prevent its use; and

(b) rehabilitation and removal of infrastructure will be undertaken at the direction of the Minister. 2006, c. 12, s. 20 (3).

**Conditions for approval**

21 In approving the development of a facility for the generation of electricity under subsection 19 (2), (3) or (4) or approving a resource access road or trail or a utility corridor under section 20, the Minister must be satisfied that the following conditions are met:

1. There are no reasonable alternatives.
2. Lowest cost is not the sole or overriding justification.
3. Environmental impacts have been considered and all reasonable measures will be undertaken to minimize harmful environmental impact and to protect ecological integrity. 2009, c. 12, Sched. L, s. 21.

## APPENDIX C – PICTURE OF FINAL KAMA CLIFFS STRUCTURE





## APPENDIX C - ADDITIONAL KAMA CLIFFS PICTURES

