

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

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

Reporting Period: April 1, 2022 to June 30, 2022

Date Submitted: July 22, 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 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.
- On June 6, 2022, the OEB issued a letter confirming that NextBridge will continue to file quarterly reports until all land restoration activities are complete. The OEB also directed NextBridge to include in its last quarterly report projected to be in October to "include a table using the same cost categories as all other quarterly reports, that sets out the final construction costs of the East-West Tie Project."

- Since the EWT Project is in service, this report contains the following sections:

1	Summary of the EWT Project Progress	<p>A detailed summary of the status of the EWT Project, including work completed during the Reporting Period, overall progress, and cost updates. This section includes:</p> <ul style="list-style-type: none"> • Table of Key Project Status; and • Summary of Activities within the Reporting Period.
2	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>

1. Summary of the EWT Project Progress During Reporting Period

A. Table of Key Project Statuses

Key Status	Summary
Reclamation Activities	<p>Reclamation activities continued in all work fronts (WFs).</p> <ul style="list-style-type: none"> - All construction activities on the project are now complete with the exception of reclamation. - All project work camps are now closed and decommissioning of these camps is underway.
Costs	<p>NextBridge continues to maintain focus on the budget.</p> <ul style="list-style-type: none"> - NextBridge anticipates being able to quantify any previously unknown costs, such as COVID-19 costs, and the final construction costs in its October 2022 quarterly report. - Additional information on NextBridge’s budget and costs can be found in Section 3., below.
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. - The Indigenous Facilitator Program continued during 2Q 2022. - 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 reclamation schedule. - Additional information on engagement can be found in Section 1. C. below.
HONI Coordination	<ul style="list-style-type: none"> - NextBridge continued engagement and coordination activities with Hydro One Networks, Inc. (“HONI”) on the expected timing of the execution of the HONI/Supercom Operations and Maintenance Service Level Agreement (SLA).

Key Status	Summary
	- Additional information on coordination with HONI can be found in Section 1. C. below.

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

Work Front	Reclamation Work
1	100% reclamation completed.
7	60% reclamation completed.
2	97% reclamation completed.
6	15% reclamation completed.
8	90% reclamation completed.
3	90% reclamation completed.
9	95% reclamation completed.
5	2% reclamation completed.
4	2% reclamation completed.
11	4% reclamation completed.
10	55% reclamation completed.

C. Summary of Activities Within Reporting Period

Environment

- Species at Risk (SAR)
 - Received Overall Benefits Permit (OBP) for SAR from the Ministry of the Environment, Conservation, and Parks (MECP). The OBP included multiple conditions requiring actions to avoid impact to SAR and mitigate for impacts to habitat.
 - Bat Gate Installation Plan has been approved by MECP.
 - Installation of bat rock piles for habitat mitigation has been completed.
 - Implementation of bat habitat restoration effort with Nature Conservancy of Canada began in April and is ongoing.
 - Bat gate installation at two adit locations is underway.
 - On June 23, 2022, NextBridge received an amendment to the OBP, adding Biigtigong Nishnaabeg First Nation as a required community for consultation for the development and implementation of the Caribou Transfer Strategy (CTS). The amendment also provided further clarity regarding the Caribou Capture Area.
 - As a condition of the OBP, NextBridge filed a CTS on March 31, 2021 and will continue to develop this strategy in consultation with the MECP, Ministry of Natural Resources and Forestry (MNRF), and Indigenous communities (including Michipicoten First Nation and Biigtigong Nishnaabeg First Nation). NextBridge is still awaiting approval of the CTS by the MECP in order to transfer caribou.
 - 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 and Biigtigong Nishnaabeg First Nation).
- WF Packages
 - Reclamation Work Permits for all WFs 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.
- 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, including during the reclamation process.
 - 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 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.
 - NextBridge received confirmation of sites that have officially been added to the multi-site Land Use Permit.
- General Updates
 - Continued legal surveys to support the land acquisition and permitting programs.

- Coordinated meetings between property owners and NextBridge land and construction representatives to discuss upcoming reclamation activities. Completion of notification to land stakeholders of upcoming reclamation activities.
- Responded to and tracked directly affected property owner and Crown interest holder inquiries and comments regarding reclamation activities.
- Obtained settlements with property owners and Crown interest holders pertaining to damage and disturbance claims related to construction and reclamation 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 engaged with interested communities consulting on Project permitting, construction progress, and other topics that arise during this phase of the Project.
 - NextBridge is facilitating opportunities for community representatives and Indigenous Facilitators to observe construction and reclamation activities via helicopter in inaccessible areas, as requested.
- Michipicoten First Nation Engagement
 - NextBridge has been engaging with Michipicoten First Nation, the MECP, and the MNRF on the requirements associated with the OBP CTS, 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 with Indigenous communities on the impacts of COVID-19.
- Ongoing sensitivity surrounding in-person engagement and protection of vulnerable community members remains present across the Project.
- Generally, feedback from Indigenous communities continues to be positive related to the COVID-19 protocols NextBridge has implemented to ensure the safety of communities.

Community/Municipal Engagement

- Continued Engagement Activities
 - The Project's Facebook Group membership declined from a high of 185 to 179 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

- Reclamation activities progressed in all WFs during 2Q 2022.
- Water course crossings and temporary access roads were removed. ROW areas, including the temporary access roads, were de compacted to allow natural vegetation to regrow.
- Detailed Engineering
 - Final data is being incorporated into models and as-built drawings are being generated by engineering.

Coordination Efforts with HONI

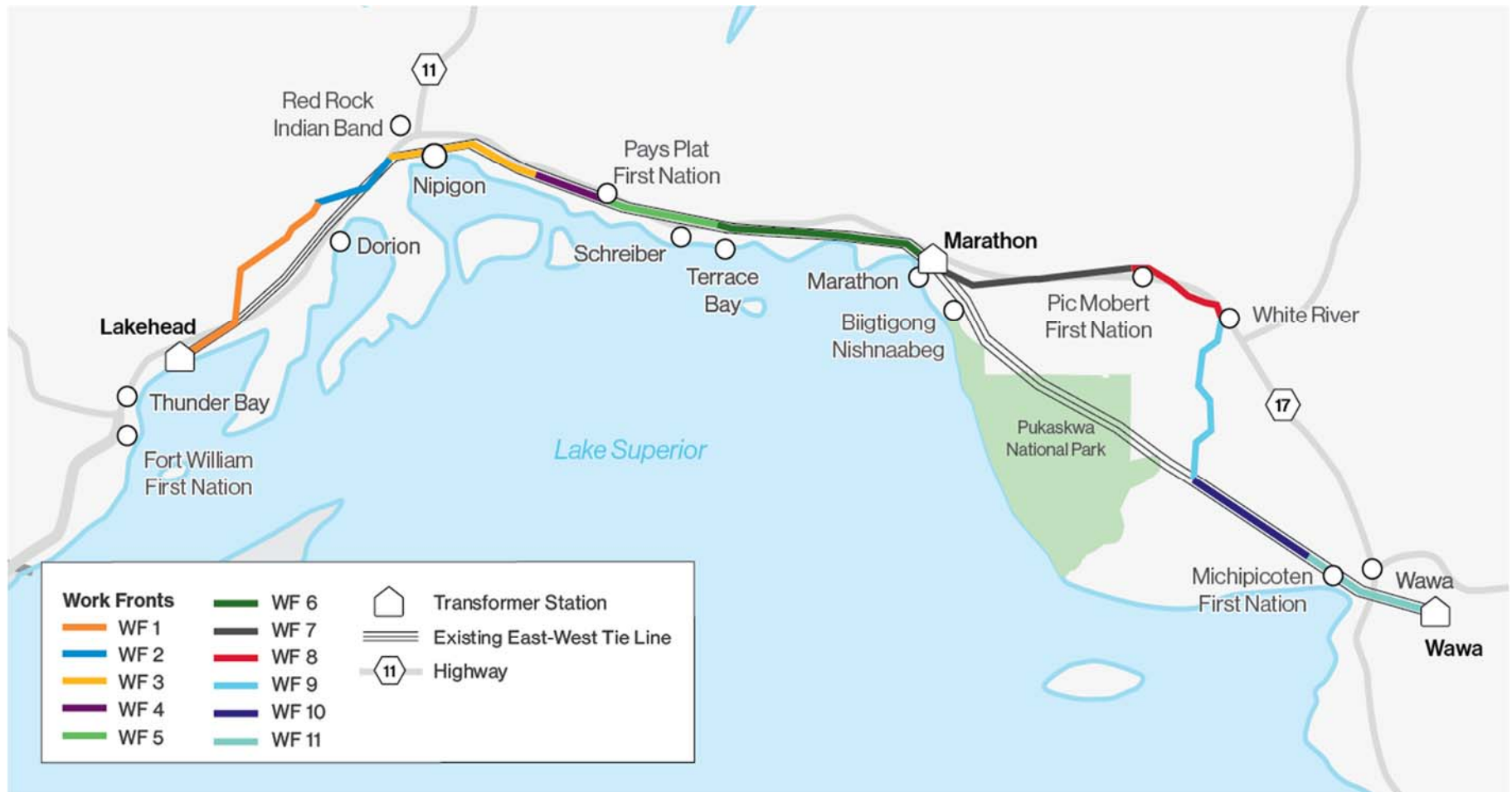
- Overview of Key Negotiations, Agreements, and Coordination Efforts Between NextBridge and HONI.
 - Discussions continued relating to the HONI/Supercom SLA.
 - HONI/Supercom informed NextBridge that the formalization of their partnership has taken longer than anticipated and was expected to be completed at the end of November 2021. NextBridge, however, understands that the partnership has been finalized.
 - Once the SLA is complete it will be filed with the OEB, subject to a determination on what portions of the SLA need to be protected as confidential and submitted in accordance with the Board's Practice Direction on Confidential Filings.

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 are not currently known.

2. Construction Schedule Update

A. Project Map



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. As per the June 6, 2022 letter from the OEB, in the next quarterly report NextBridge will include a table that sets out the final construction costs of the Project.

B. Project Cost Update Table

Cost Categories for NextBridge's Construction Costs Reporting	Actuals Spent		Budget			Forecast Budget Variance			Reasons For Change
	A Spent This Reporting Period \$	B Total Spent To Date \$	C Budget Per LTC Application \$	D=C-B Budget Remaining	E=D/C*100 Budget Remaining %	F Forecast Budget Change \$	G Forecast Budget Change %	H Revised Total Budget	
Engineering & Construction	1,885,718	605,239,518	572,761,388	(32,478,130)	-6%	41,505,901	7%	614,267,289	Revised based on in-service date
1 Engineering, Design and Procurement	163,422	8,996,433	19,342,245	10,345,812	53%	(9,679,559)	-50%	9,662,686	
2 Materials and Equipment	(32,026)	68,268,497	89,408,231	21,139,734	24%	(19,772,923)	-22%	69,635,308	
8 Site Clearing, Access	1,023,192	130,619,556	107,463,339	(23,156,217)	-22%	27,445,184	26%	134,908,523	
9 Construction	731,130	397,355,032	356,547,573	(40,807,459)	-11%	43,513,199	12%	400,060,772	
Environmental & Remediation Activities	7,386	29,709,803	26,929,260	(2,780,543)	-10%	4,642,005	17%	31,571,265	Revised based on in-service date
3 Environmental and Regulatory Approvals	0	19,118,127	13,030,561	(6,087,566)	-47%	6,087,566	47%	19,118,127	
10 Site Remediation	7,385	10,591,676	13,898,699	3,307,023	24%	(1,445,561)	-10%	12,453,138	
Indigenous Activities	530,014	23,389,353	20,211,000	(3,178,353)	-16%	3,442,555	17%	23,653,555	Revised based on in-service date
5 Indigenous Economic Participation	306,383	9,730,452	7,000,000	(2,730,452)	-39%	2,730,452	39%	9,730,452	
6 Indigenous Consultation	223,631	13,658,901	13,211,000	(447,901)	-3%	712,103	5%	13,923,103	
4 Land Rights (excludes Aboriginal)	645,984	21,253,471	23,830,512	2,577,041	11%	(500,000)	-2%	23,330,512	
7 Other Consultation	43,286	1,558,089	2,530,194	972,105	38%	(800,000)	-32%	1,730,194	
11 Contingency	-	-	49,399,445	49,399,445	100%	(49,399,445)	-100%	-	Allocation of Contingency
12 Regulatory	98,163	5,551,320	5,405,078	(146,242)	-3%	150,000	3%	5,555,078	
13 EWT Management	182,979	5,444,738	4,900,644	(544,094)	-11%	900,000	18%	5,800,644	
Total Project Spend	3,393,528	692,146,291	705,967,521	13,821,230	2%	(58,984)	0%	705,908,537	
14 Interest During Construction (IDC)	-	31,289,208	31,003,000	(286,208)	-1%	286,208	1%	31,289,208	
Total Construction Costs^{1,2,3,4}	3,393,528	723,435,499	736,970,521	13,535,022	2%	227,224	0%	737,197,745	

1 On the record (EB-2020-0150)

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

3 Construction related costs due to COVID-19 are not included in the table above; as of Q2 2022, \$111M is estimated to have been incurred and will be recorded in Account 1509

4 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**

- 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 changed due to the following activities:
 - <\$0.1MM increase due to true-up for actual final regulatory costs related to NextBridge's rate case hearing.

EWT Management

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

D. COVID-19 and Incremental Construction Costs Account Treatment

- 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 the in-service date.
 - 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 Construction Cost Variance Account. NextBridge will bring forward the balance of costs for prudence and recovery as part of NextBridge's 2023 update application.
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