

1 Q. **Reference: Schedule 1 – Upgrade Report – Penstock 1 Life Extension – Bay d'Espoir.**  
2 Appendix K, page 78 of 187, notes that Kleinschmidt reviewed and considered NL Hydro's  
3 Enterprise Risk Management Framework and Procedures for use but determined it to be less  
4 appropriate for comparing risk profiles for the four options. What within Hydro's Enterprise Risk  
5 Management Framework and Procedures did Kleinschmidt find 'less appropriate' than the  
6 framework that Kleinschmidt ultimately employed?

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9 A. Kleinschmidt implemented a project-specific framework that was more appropriate for  
10 customizing the cost and schedule ranges to enable a semi-quantitative project risk analysis.  
11 Newfoundland and Labrador Hydro's Enterprise Risk Management Framework and procedures  
12 are intended for evaluating enterprise risk based on safety, environment, financial, operational,  
13 compliance, people, and community; it is not considered suitable for the evaluation of project  
14 risks. For the evaluation of project risks such as risks to project cost and schedule, a project-  
15 specific risk evaluation framework was required. The use of a project-specific framework  
16 allowed Kleinschmidt to define custom ranges and impacts specific to the project, enabling a  
17 more fulsome evaluation of the potential risks.