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DEPOSITION OF ALLYN POWELL

October 26, 2018

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| <p>STATE OF SOUTH CAROLINA) COURT OF COMMON PLEAS)) COUNTY OF HAMPTON) CASE NO. 2017-CP-25-00335</p> <p>RICHARD LIGHTSEY, LeBRIAN) CLECKLEY, PHILLIP COOPER,) et al., on behalf of) themselves and all others) situated,))) Plaintiffs,))) v.))) SOUTH CAROLINA ELECTRIC) & GAS COMPANY, a Wholly) Owned Subsidiary of SCANA,) SCANA Corporation, and the) State of South Carolina,))) Defendants.))) SOUTH CAROLINA OFFICE OF) REGULATORY STAFF,))) Intervenor.)</p> <p style="text-align: center;">VIDEOTAPED DEPOSITION OF ALLYN POWELL (Taken by Defendants South Carolina Electric & Gas Company and SCANA Corporation) October 26, 2018</p> <p>Reported by: Rebecca L. Arrison Court Reporter Notary Public</p> | <p>1 BY: LEAH B. MOODY LAW OFFICE OF LEA B. MOODY, LLC 2 235 East Main Street, Suite 115 Rock Hill, SC 29730 3 (803) 327-4192 4 FOR DEFENDANT DOMINION ENERGY, INC.: 5 BY: TIMOTHY D. PATTERSON MCGUIRE WOODS LLP 6 800 East Canal Street Richmond, VA 23219 7 (804) 775-1000 8 FOR DEFENDANT SANTEE COOPER: 9 BY: BLAKE WILLIAMS NELSON MULLINS RILEY & SCARBOROUGH LLP 10 1320 Main Street, 17th Floor Columbia, SC 29201 11 (803) 799-2000 12 FOR DEFENDANTS CENTRAL ELECTRIC COOPERATIVE; ELECTRIC COOPERATIVES OF SOUTH CAROLINA: 13 14 BY: KEVIN BELL ROBINSON GRAY STEPP & LAFFITTE, LLC 15 1310 Gadsden Street Columbia, SC 29211 (803) 929-1400 16 17 FOR THE STATE IN THE LIGHTSEY CASE AND THE STATE EX REL WILSON IN PSC PROCEEDINGS: (Via Teleconference) 18 BY: J. EMORY SMITH, JR. Deputy Solicitor General Office of the Attorney General 19 P.O. Box 11549 Columbia, SC 29211 20 (803) 734-3642 21 22 Also Present: 23 Michael M. Arrison, Videographer 24 25</p> |
| 2 | 4 |
| <p>1 APPEARANCE OF COUNSEL: 2 FOR THE PLAINTIFFS: 3 BY: JESSICA PICKLING STROM LAW FIRM 4 2110 North Beltline Boulevard Columbia, SC 29205 5 (803) 252-4800 6 BY: A. GIBSON SOLOMONS (Via Teleconference) SPEIGHTS & SOLOMONS 7 100 Oak Street, East Hampton, SC 29934 8 (803) 943-4444. 9 BY: GREGORY MICHAEL GALVIN (Via teleconference) GALVIN LAW GROUP 10 P.O. Box 887 Bluffton, SC 29910 11 (843) 227-2231 12 FOR THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF: 13 BY: STEVE HAMM OFFICE OF REGULATORY STAFF 14 1401 Main Street Columbia, SC 20201 15 16 BY: WADE S. KOLB, III WYCHE LAW FIRM 44 East Camperdown Way 17 Greenville, SC 29601 (864) 242-8200 18 19 FOR DEFENDANTS SOUTH CAROLINA ELECTRIC & GAS; SCANA CORPORATION: 20 BY: BRANDON KEEL JOHN R. CHALLY 21 KING & SPALDING LLP 1180 Peachtree Street, N.E. 22 Atlanta, GA 30309-3521 23 (404) 572-2780 24 25</p> | <p>1 Videotaped deposition of ALLYN POWELL, taken by 2 the Defendants, at Haynsworth Sinkler Boyd, P.A., 3 1201 North Main Street, 22nd Floor, Columbia, South 4 Carolina, on the 26th day of October, 2018, at 5 9:00 a.m., before Rebecca L. Arrison, Notary Public 6 and Court Reporter. 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> |

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| <p>1</p> <p>2</p> <p style="text-align: center;">3 CONTENTS</p> <p>4 THE WITNESS: ALLYN POWELL EXAMINATION</p> <p>5 BY MR. KEEL 9</p> <p style="text-align: center;">6 INDEX OF EXHIBITS</p> <p>7 Exhibit No. 1 ORS's Answers to First Set of 30</p> <p>8 Requests for Admission, Second Set of</p> <p>9 Interrogatories, and Second Set of</p> <p>10 Requests for Production of Documents</p> <p>11 (Amended)</p> <p>12 Exhibit No. 2 Email from Margaret Shirk Felkel 36</p> <p>13 Dated October 22, 2015 Re: Final</p> <p>14 October ORS Agenda</p> <p>15 Exhibit No. 3 The Office of Regulatory Staff 90</p> <p>16 Direct Testimony & Exhibit of Allyn H.</p> <p>17 Powell, August 9, 2012</p> <p>18 Exhibit No. 4 Settlement Agreement 118</p> <p>19 Exhibit No. 5 The Office of Regulatory Staff 121</p> <p>20 Settlement and Direct Testimony &</p> <p>21 Exhibits of Allyn H. Powell</p> <p>22 September 1, 2016</p> <p>23</p> <p>24 Exhibit No. 6 Questions for Westinghouse 124</p> <p>25 8/5/2016</p> <p>Exhibit No. 7 Questions for Fluor 8/5/2016 131</p> <p>Exhibit No. 8 Transcript of Testimony and 138</p> <p>Proceedings Volume 3 of 4 Dated</p> <p>October 12, 2016</p> <p>Exhibit No. 9 Ms. Powell's Handwritten Notes 142</p> <p>Exhibit No. 10 SCE&G ORS First Audit 144</p> <p>Information Request October 15</p> <p>Amendments to the</p> <p>Engineering, Procurement, and</p> <p>Construction Contract Related to the</p> <p>Construction of a Nuclear Baseload</p> <p>Generation Facility at Jenkinsville,</p> | <p>1</p> <p style="text-align: center;">2 THE VIDEOGRAPHER: This is the</p> <p>3 videotaped deposition of Allyn Powell, taken by</p> <p>4 the defendant, in the matter of Richard Lightsey,</p> <p>5 et al., versus South Carolina Electric & Gas</p> <p>6 Company, et al., filed in the Court of Common</p> <p>7 Pleas, State of South Carolina, Hampton County.</p> <p>8 Case Number is 2017-cp-25-00335.</p> <p>9</p> <p style="text-align: center;">10 This deposition is being held at</p> <p>11 the law firm of Haynsworth Sinkler Boyd,</p> <p>12 1201 Main Street, the 24th Floor, in Columbia,</p> <p>13 South Carolina, on Friday, October 26, 2018.</p> <p>14</p> <p style="text-align: center;">15 My name is Michael Arrison, your</p> <p>16 videographer; the court reporter is Rebecca</p> <p>17 Arrison; and we are here with CSI Global</p> <p>18 Deposition Services.</p> <p>19</p> <p style="text-align: center;">20 Going on the record at 9:15 a.m.</p> <p>21 Counsel will now state their appearances for the</p> <p>22 record.</p> <p>23</p> <p style="text-align: center;">24 MR. KEEL: Brandon Keel of King &</p> <p>25 Spalding, on behalf of SCE&G and SCANA.</p> <p>MR. CHALLY: Jon Chally, also of</p> <p>King & Spalding, on behalf of SCANA and SCE&G.</p> <p>MS. MOODY: Leah Moody, on behalf</p> <p>of SCANA and SCE&G.</p> <p>MR. WILLIAMS: Blake Williams of</p> |
| 6 | 8 |
| <p>1</p> <p style="text-align: center;">2 South Carolina</p> <p>3</p> <p>4 Certificate of Reporter 147</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> | <p>1</p> <p style="text-align: center;">2 Nelson Mullins for South Carolina Public Service</p> <p>3 Authority.</p> <p>4</p> <p style="text-align: center;">5 MR. BELL: Kevin Bell on behalf of</p> <p>6 Central Electric Power Cooperative.</p> <p>7</p> <p style="text-align: center;">8 MR. PATTERSON: Tim Patterson with</p> <p>9 Mcguire Woods on behalf of Dominion Energy.</p> <p>10</p> <p style="text-align: center;">11 MS. FICKLING: Jessica Fickling</p> <p>12 with the Strom Law Firm on behalf of the customer</p> <p>13 plaintiffs.</p> <p>14</p> <p style="text-align: center;">15 MR. KOLB: Wade Kolb from the</p> <p>16 Wyche Law Firm on behalf of the Office of</p> <p>17 Regulatory Staff.</p> <p>18</p> <p style="text-align: center;">19 MR. HAMM: Steve Hamm with the</p> <p>20 Office of Regulatory Staff.</p> <p>21</p> <p style="text-align: center;">22 THE VIDEOGRAPHER: Counsel on the</p> <p>23 phone?</p> <p>24</p> <p style="text-align: center;">25 MR. SOLOMONS: Gibson Solomons,</p> <p>Customer Class.</p> <p style="text-align: center;">THE VIDEOGRAPHER: The court</p> <p>reporter will now swear in the witness.</p> <p style="text-align: center;">- - -</p> <p style="text-align: center;">ALLYN POWELL,</p> <p>being first duly sworn, testified as follows:</p> <p style="text-align: center;">- - -</p> |

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1 EXAMINATION

2 BY MR. KEEL:

3 Q. Please state your name for the record.

4 A. My name is Allyn Powell.

5 Q. And, Ms. Powell, my name is Brandon Keel.

6 We met just prior to your deposition, but I represent

7 SCE&G and SCANA in connection with these proceedings.

8 Have you ever given a deposition before?

9 A. No.

10 Q. So let's go over a few ground rules. I will

11 be asking you a series of questions today about your

12 background, about the circumstances giving rise to

13 these proceedings.

14 We have a court reporter here today. She's

15 going to take down all of my questions and all of

16 your responses. Okay?

17 A. (Witness nodded head.)

18 Q. Yes?

19 A. Yes.

20 Q. And because she's taking down everything,

21 all of your answers have to be oral, so you can't --

22 no nods of the head or uh-huh or huh-uh, things of

23 that nature.

24 A. I understand.

25 Q. Also, she can only take down one of us at a

10

1 time. Even though you may know where I'm going with

2 some of my questions, if you could please just wait

3 until I've finished completely before you give your

4 answer, and I will try to wait until you finish your

5 answer before I ask another question. Okay?

6 A. Okay.

7 Q. And if you need to take a break at any

8 moment, just let us know, we're happy to do that.

9 A. Thank you.

10 Q. Are you currently taking any medications

11 that impact your memory?

12 A. No.

13 Q. Is there anything you're aware of that would

14 prevent you from giving true and complete testimony

15 here today?

16 A. No.

17 Q. What did you do to prepare for your

18 deposition?

19 A. I briefly looked over my testimony from

20 2016-223-E, and I met with my attorneys.

21 Q. How many times did you meet with your

22 counsel?

23 A. Once.

24 Q. And for how long did you meet?

25 A. Hour and a half, two hours.

11

1 Q. When did you meet?

2 A. Yesterday.

3 Q. Did you review any other documents aside

4 from your testimony in the 2016 proceeding?

5 A. No.

6 Q. Throughout your testimony here today, I am

7 going to be using the term "project" to refer to the

8 effort to build Units 2 and 3. V.C. Summer Nuclear

9 Station. Okay?

10 A. Okay.

11 Q. When I use that term, you will understand

12 that's what I'm referring to?

13 A. Yes.

14 Q. Where are you currently employed?

15 A. I work for the Office of Revenue and Fiscal

16 Affairs for the state.

17 Q. What is your position?

18 A. I'm the director of budget development.

19 Q. What are your responsibilities in that role?

20 A. I coordinate the budget process, so when the

21 legislature decides what they want to do with the

22 budget and what they want to fund, our office takes

23 that and turns it into a document you can run the

24 state off of. We also do fiscal impact statements.

25 Q. For how long have you been in that position?

12

1 A. Almost a year.

2 Q. Have you had the same responsibilities over

3 that time period?

4 A. When I started, I was primarily doing fiscal

5 impact statements and working with K through 12

6 education budget.

7 Q. And where were you prior to accepting your

8 current position?

9 A. I was at ORS.

10 Q. When did you first join ORS?

11 A. I was with ORS from 2011 to 2013, and then

12 late October of 2015 through October of 2017.

13 Q. Okay. So let's start when you first joined

14 ORS in 2011.

15 A. Yes.

16 Q. What was your position at that time?

17 A. I was an associate program manager.

18 Q. And what were your responsibilities as an

19 associate program manager at ORS in 2011?

20 A. I worked with the nuclear case, I assisted

21 Anthony with document review and with pulling

22 together quarterly reports. I also worked on demand

23 side management energy efficiency, I was responsible

24 for the review of all cases related to demand side

25 management energy efficiency programs. I also helped

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1 with general rate cases for all utilities. The big
2 rate case at that time we had going on was Duke.

3 Q. And for how long were you the associate
4 program manager at the ORS?

5 A. About two years.

6 Q. Were your responsibilities roughly the same
7 during that two-year period?

8 A. Yes, yes.

9 Q. And you said that you worked with the
10 nuclear case; is that referred to as the V.C. Summer
11 project?

12 A. Yes.

13 Q. And when you say you worked with Anthony on
14 the nuclear project, are you referring to Anthony
15 James?

16 A. Yes.

17 Q. And what was Anthony James' role when you
18 joined ORS in 2011?

19 A. I can't remember if he was the manager or if
20 he was already the deputy director of the division at
21 that time. He might have -- I think he was program
22 manager when I started and then he was promoted to
23 deputy director at some point during that two years,
24 I don't exactly remember.

25 Q. And what was Mr. James' responsibilities

14

1 with respect to the nuclear project at that time when
2 you joined ORS?

3 A. Before I had joined or after I joined?

4 Q. When you joined.

5 A. So Anthony, when I joined, Anthony was in
6 charge of coordinating the monthly reviews for V.C.
7 Summer. I started out helping him and going to the
8 site doing site visits. Anthony, at times, visited
9 the site less, since I was in charge of coordinating
10 the quarterly reports.

11 Q. Now, did you report to Mr. James?

12 A. Yes.

13 Q. And you also mentioned that when you were
14 associate program manager for ORS, you were involved
15 with reviewing documents in connection with the
16 nuclear project.

17 A. Yes.

18 Q. What documents would you be reviewing in
19 that initial time period when you joined ORS in 2011?

20 A. We had documents available out at the site.
21 There were all sorts of documents; we had binders, A
22 through O. There were -- there would be monthly
23 project meeting notes, there would be documentation
24 related to the BLRA milestone schedule compliance,
25 all sorts of documents.

15

1 Q. At that time, were the documents that you
2 were reviewing in connection with the project limited
3 to those materials that were made available at the
4 site?

5 A. Yes, primarily. Occasionally -- we had a
6 case during that time, and I think there was some
7 Interrogatories, and I would review those as well.

8 Q. And so the documents made available at the
9 site, were they always in hard copy binders?

10 A. There was also an electronic document room.

11 Q. Okay.

12 A. I can't remember when exactly that started.
13 I think that started right around the time I started.
14 We didn't regularly review electronic documents
15 off-site.

16 Q. Was it your understanding that the same
17 materials that you had in hard copy were made
18 available in the E-room?

19 A. Yes.

20 Q. And was there -- were there additional
21 materials made available in the E-room that you did
22 not have in hard copy?

23 A. I don't -- I feel like they all would have
24 had a hard copy somewhere. I do remember one or two
25 occasions someone saying they would put that in the

16

1 E-room for Gary to look at.

2 Q. Spreadsheets, there is things of that nature
3 that maybe wouldn't print out that would be available
4 in the E-room?

5 A. It would have been unusual.

6 Q. And when you first joined ORS in that period
7 2011 to 2013, associate program manager, was the
8 primary purpose of you reviewing of these materials
9 to help prepare the ORS's quarterly reports?

10 A. Yes.

11 Q. Were you reviewing these materials for any
12 other purpose during that 2011, 2013 time period?

13 A. For the quarterly reports and when we had a
14 case in 2012.

15 Q. So during the course of the project, SCE&G,
16 at times, would file petitions with the PSC for
17 updated rates or schedules or costs, right?

18 A. Uh-huh, yes.

19 Q. And part of your responsibilities at the ORS
20 would include helping to evaluate those petitions and
21 determine whether the ORS would support them?

22 A. Yes.

23 Q. And so when SCE&G would file a petition
24 during the project, would you typically review the
25 petition itself, and testimony, things of that nature

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1 that the company would file in support of its
2 petition?
3 A. Yes.
4 Q. Were you involved in actually drafting the
5 ORS's quarterly reports in that 2011, 2013 time
6 period?
7 A. Yes.
8 Q. Was anybody involved in drafting those
9 materials with you?
10 A. Anthony would assist me by reviewing them.
11 Gene occasionally helped. It just -- it depended on
12 the workload. I think that Michael may have helped
13 once or twice. And I don't recall anybody else. I
14 don't recall anybody else.
15 Q. Who is Michael?
16 A. Seaman-Huyn, Michael S-E-A-M-A-N dash
17 H-U-Y-N.
18 Q. So focusing first on this time period when
19 you were associate program manager in 2011 to 2013,
20 could you describe for me what the structure of the
21 ORS team was that was involved in the project?
22 A. Yeah, sure. So we worked in the electric
23 department. Anthony was over -- Anthony was -- well,
24 at the end, Anthony was the deputy director. Anthony
25 was my direct supervisor, so he oversaw NND

18

1 activities.
2 We had several other employees in the
3 department. Gene Soult was working on the energy
4 assurance plan. He, at some point during that time
5 frame, shifted over to working with nuclear and
6 assisted us with document reviews. And Gary Jones
7 was our consultant. I think Gary started on the
8 project about the same time that I did.
9 Q. So we have got Anthony James, I understand
10 was the supervisor of the ORS team monitoring the
11 project?
12 A. Uh-huh.
13 Q. Yes?
14 A. Yes.
15 Q. And then assisting or reporting to Anthony
16 was Gene Soult, yourself, and Gary Jones acting as a
17 consultant for the ORS?
18 A. Yes.
19 Q. Was anybody else from the ORS involved in
20 the activities to monitor the project during that
21 2011 to 2013 time period?
22 A. Michael Seaman-Huyn assisted us with the
23 transmission items primarily. I can't say for sure
24 he never did anything else, but I know he primarily
25 did transmission.

19

1 Q. At that time, that 2011 to '13 time period,
2 were there also auditing personnel from the ORS staff
3 involved?
4 A. Yes.
5 Q. Who was involved from the auditing
6 personnel?
7 A. Jay was the director of the audit
8 department, and then Henry was the primary auditor.
9 I apologize, I can't remember Henry's last name at
10 the moment. It will come to me.
11 Q. What about Jay's last name?
12 A. Jashinsky.
13 Q. Could you spell that?
14 A. J-A-S-H-I-N-S-K-Y.
15 Q. Thank you.
16 Anybody else from the auditing personnel
17 involved in the project other than Jay and Henry that
18 you recall?
19 A. Audits, like electric people would get
20 pulled in occasionally, but I don't recall anybody
21 else regularly working with Henry. No, that was
22 later, so --
23 Q. Okay. So let's move on then.
24 What was your next position with the ORS --
25 or actually, excuse me. You mentioned that you left

20

1 the ORS in 2013.
2 A. I did.
3 Q. And why did you leave the ORS at that time?
4 A. I had an opportunity to become the director
5 of capital budgeting for the state, and it was a good
6 career move.
7 Q. And you did that for approximately two
8 years?
9 A. I did.
10 Q. And then you decided to return to the ORS in
11 what month of 2015?
12 A. October, the end of October.
13 Q. And why did you decide to go back to the ORS
14 at that point?
15 A. Nanette and I had kept in touch. She
16 mentioned that there was a vacancy, and we talked
17 about it, and she wanted me back on her team
18 specifically to help with the energy office.
19 In 2015, there was a bill that restructured
20 state government. I had previously worked at the
21 energy office before I came to ORS the first time;
22 that's how I met Dukes and Nanette. I had worked
23 there on energy assurance, and also with the Eastern
24 Interconnection States' Planning Council.
25 So in 2015, the energy office was

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1 restructured into ORS by the legislature. And
2 Nanette was looking for the -- the person in charge
3 of it was planning to retire in a few years and
4 Nanette was looking for someone to help with that.
5 **Q. So when you rejoined the ORS in October of**
6 **2015, what was your title?**
7 A. Manager of nuclear programs.
8 **Q. And did that remain your title until you**
9 **left the ORS in 2017?**
10 A. Yes, it did.
11 **Q. And what were your responsibilities as the**
12 **manager of nuclear program?**
13 A. I coordinated Gene and Gary's activities. I
14 coordinated Interrogatories in cases. I attended
15 monthly meetings. I did some document review. I
16 would say, at that point, that was primarily Gene and
17 Gary, but I did some.
18 I was also responsible for the radioactive
19 waste disposal program for the state. That was
20 another, like, separate job duty that's unrelated to
21 V.C. Summer. I also assisted with a number of energy
22 office projects. I worked on the state energy plan
23 and, at one point, we were without a finance
24 director, and a team of us kind of helped out at the
25 agency until we found a new one.

22

1 **Q. From October of 2015 through the time that**
2 **you left the ORS, what percentage of your time would**
3 **you say was dedicated to the V.C. Summer project?**
4 A. It depended on the -- it depended on the
5 point in time. There were times when it was more,
6 and there were times when it was less. Maybe an
7 average would be around 50 percent, maybe a little
8 less.
9 **Q. And when you say that you coordinated Gene**
10 **and Gary's activities with respect to the V.C. Summer**
11 **project, what do you mean by that?**
12 A. Well, Gene and I was responsible for -- the
13 best way to explain this. So a lot of our activities
14 had to take place on-site because we weren't allowed
15 to have confidential information back at our office.
16 And so I kind of served often as a liaison between
17 the site and the office. I also -- you know, Gene
18 would ask me, should I go attend this lift, and I
19 would figure out whether we needed to do that
20 activity or not.
21 When we were -- when we had cases, I would
22 assist with coming up with the questions for
23 discovery and reviewing documents and, you know,
24 figuring out, like, whose assignments were what in
25 the case, like, you know, I'm -- you know, I'm on

23

1 transmission in this case and, you know, Gene's on
2 this site and then Gary's on that item.
3 **Q. Would Gary and Gene provide regular reports**
4 **to you on their activities with respect to the V.C.**
5 **Summer project?**
6 A. Gene and I talked regularly. Gary and I
7 talked a few times a month.
8 **Q. Were there any sort of written summaries or**
9 **work products that they put together for you to show**
10 **you what they were doing with respect to the project?**
11 A. Not regularly.
12 **Q. On occasion, they would be?**
13 A. They would usually -- no -- well, I'm trying
14 to think. I can't say that there was never anything.
15 Nothing sticks out in my mind.
16 **Q. What about -- did you have --**
17 A. When we were -- when we were reviewing --
18 let me think. Gene would often call and point things
19 out. During, during a case -- during a proceeding,
20 I'm sure there would have been some written
21 documents, but that would have been in the context of
22 reviewing a proceeding. I don't think it would have
23 been like our regular reviews.
24 Gene's regular work product was the agenda
25 for the monthly meeting. His process of putting

24

1 together that agenda and Gary's process of putting
2 together that agenda was typically when they talked
3 to me about what they were doing with their reviews.
4 **Q. And that's referring to a monthly meeting**
5 **that ORS staff had with SCE&G personnel about the**
6 **project; is that right?**
7 A. Uh-huh, yes.
8 **Q. And so part of Gene's responsibilities was**
9 **to put that agenda together on a regular basis?**
10 A. Yes.
11 **Q. So if there were edits made to the agenda,**
12 **he would be making them?**
13 A. Yes.
14 **Q. If things were removed from the agenda, Gene**
15 **would be removing them?**
16 A. Maybe. So the process -- and again, it was
17 a complicated process because the agenda had
18 confidential information on it that we were not
19 allowed to retain. When I was at ORS the first time,
20 the agendas were non-confidential, and those agendas
21 we would have worked on at the office.
22 But my understanding is that SCE&G requested
23 agendas that were more comprehensive. It got to a
24 point where they wanted to know what specific page
25 and line number are you asking your question about.

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1 And so the only way to create that kind of agenda was
2 to have confidential information embedded in the
3 agenda. And so those agendas were produced on-site
4 on SCE&G's media. The process was that Gene would
5 produce the agenda on SCE&G's media, he would give it
6 to an SCE&G employee, and then that agenda would be
7 reviewed by Gene, Gary, and that employee, and they
8 would print them out.

9 **Q. And did you understand the confidentiality**
10 **obligations related to materials on the agenda was**
11 **derived from the EPC agreement that the owners had**
12 **with the consortium?**

13 A. We had a confidentiality agreement with
14 SCE&G and with Westinghouse, Toshiba, I can't
15 remember. There were lots of different names for
16 them, but we had an agreement with the consortium and
17 we had an agreement with SCE&G. And my understanding
18 is it did derive from the confidentiality required by
19 the EPC contract.

20 **Q. So throughout your time from October 2017**
21 **through the end of the project, were you typically**
22 **working out of the ORS's offices here as opposed to**
23 **on-site?**

24 A. I was primarily here. I was on-site some,
25 but I was here much more than I was on-site.

26

1 **Q. How often were you on-site?**

2 A. I was on-site -- it just depended on the --
3 what was going on with the project and the level of
4 information we had to review. Sometimes it would be
5 two or three days a month, sometimes it would be much
6 more than that.

7 **Q. And Gene would be on-site on a weekly basis?**

8 A. Yes.

9 **Q. How often, how many days a week would he**
10 **regularly be on-site?**

11 A. Two, two to three. Three, when we were in a
12 time period where we had more data to review,
13 sometimes four. He worked part-time.

14 **Q. And what about Gary Jones when he would make**
15 **his regular visits, would he work from the site?**

16 A. Yes.

17 **Q. And that was on a monthly basis; is that**
18 **right?**

19 A. Yes.

20 **Q. Getting back to that agenda for the regular**
21 **monthly meetings with SCE&G and the ORS.**

22 **So as a typical practice, that agenda was**
23 **created by Gene from the site; is that right?**

24 A. Yes. I think that -- I don't know, I think
25 that -- I shouldn't say. You would have to ask Gene

27

1 that question.

2 **Q. Were you involved in editing the agenda?**

3 A. Gene would ask my opinion about things
4 sometimes, but I didn't typically physical edit the
5 agenda myself.

6 **Q. As a typical process, were you seeking to**
7 **put items on the agenda that ORS wanted to address**
8 **with SCE&G on a monthly basis?**

9 A. Yes.

10 **Q. If you had open questions that you wanted**
11 **answered, those were the type things you would put on**
12 **the agenda for the next meeting?**

13 A. Yes. The agendas were primarily driven by
14 document review, so we would leave things on the
15 agenda. I know that, at points, SCE&G would ask for
16 things to be removed from the agenda because they
17 thought that that question was old or outdated or
18 didn't matter or wasn't relevant anymore.

19 **Q. Do you recall any specific instances where**
20 **SCE&G asked for an item to be removed from the**
21 **agenda?**

22 A. I can't tell you a specific one.

23 **Q. And why did you leave the ORS in 2017?**

24 A. Well, I didn't think that I could regulate
25 effectively anymore. I didn't trust anything that --

28

1 I didn't trust anything that SCE&G was saying, and as
2 a regulator, you need to have a certain amount of
3 objectivity, and I didn't have that anymore.

4 **Q. And why do you say that you felt that you**
5 **could not trust SCE&G anymore?**

6 A. The revelations that happened regarding --
7 in August and September of 2017.

8 **Q. And what revelations are you referring to?**

9 A. The Bechtel report.

10 **Q. Is there anything else other than the**
11 **Bechtel report that led you to believe that you could**
12 **no longer trust SCE&G?**

13 A. I think that I will say that was the primary
14 item. It just -- that was the primary item.

15 **Q. Sitting here today, is there anything else**
16 **that you can identify that caused you to believe that**
17 **you could no longer trust SCE&G?**

18 A. I can't give you a specific item right now.
19 I felt like -- I'm going to add to that.

20 So our review process depended on a certain
21 amount of goodwill. If I don't know to ask for
22 something, then I can't ask for it. And in the
23 context of what happened with Bechtel and remembering
24 how SCE&G had gotten about, well, what page and line
25 number were you referring to for that question, we'll

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1 we need a page and line number and the agenda in
2 order to be able to answer your question, I started
3 to feel like I didn't know what else I was missing.

4 Q. But you were, at least by October of 2015,
5 you were aware from conversation with Gene Soult that
6 Bechtel had conducted some work on the project,
7 right?

8 A. Bechtel has been on the project since 2009
9 doing various things.

10 Q. On October of 2015, Gene Soult came to you
11 and he told you that during a plan-of-the-day
12 meeting, someone from -- wearing a Bechtel hat
13 stepped up or stood up and thanked people for their
14 help on the assessment, made some comments about
15 productivity and design, and he relayed that
16 conversation to you in October of 2015, right?

17 A. I recall Gene mentioning that he had seen
18 Bechtel people on-site doing some work. I do not
19 recall any statement about an assessment
20 specifically.

21 (Exhibit No. 1 was marked for
22 identification.)

23 Q. Ms. Powell, I have just handed you what's
24 been marked as Exhibit Number 1 to your deposition.
25 Do you recognize this document?

30

1 A. No.

2 Q. So this is the ORS's Answers to the First
3 Set of Request For Admission, Second Set of
4 Interrogatories and Second Set of Request for
5 Production of Documents, Amended, in connection with
6 the PSC proceeding referenced at the top.

7 Do you see that?

8 A. Yes.

9 Q. And if you could turn to page nine --

10 A. Okay.

11 Q. -- of that document, please. And you'll see
12 in Interrogatory Number 1-1, page nine, the Request
13 states, says, "State with specificity the date on
14 which you first learned that Bechtel was conducting a
15 review of the NND project."

16 Do you see that?

17 A. Yes.

18 Q. And then after some objections, in the
19 middle of the page, two sentences, the first one
20 starts at, "At the NND," and it says, "At the NND/ORS
21 monthly meeting on August 25th, 2015, Gene Soult was
22 only informed that SCE&G's legal office was handling
23 an external review, and at that time he did not know
24 the identity of the external reviewer or any
25 information about the scope of the review. On

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1 October 15th, 2015, Mr. Soult attended a
2 plan-of-the-day meeting session in which an unknown
3 individual made comments that indicated he had
4 participated in an assessment of the project."

5 Do you see that?

6 A. Yes.

7 Q. And the next sentence says, "As the
8 individual finished his statement, he and another
9 unknown individual picked up hats which were labeled
10 with Bechtel. This event made Mr. Soult think that
11 Bechtel may have conducted some type of review of the
12 project."

13 Do you see that?

14 A. Yes.

15 Q. And Mr. Soult relayed that his observations
16 from that October 15, 2015 meeting to you in
17 October 2015; did he not?

18 A. I think that -- well, Gene definitely talked
19 to me about seeing Bechtel on-site. It was probably
20 the first week that I came back. I know he talked to
21 me about seeing Bechtel on-site. My recollection is
22 that we weren't really sure what Bechtel was doing or
23 who Bechtel was working for. So Gary made up a
24 question to try to draw out what Bechtel was doing.

25 Q. But as of October 2015, you have no reason

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1 to dispute that, as it's reflected here, Gene Soult
2 had an indication that Bechtel had conducted a review
3 of the project, correct?

4 A. I don't remember the word "assessment," and
5 I don't specifically remember "review." I remember
6 Gene said that there were Bechtel people on-site. I
7 do remember Gene saying that one of them had spoken
8 up in a plan-of-the-day meeting. I don't deny that
9 Gene might have said it, but that's just not what I
10 remember. I don't remember that.

11 Q. Sitting here today, you don't have any
12 reason to doubt that these statements that we have
13 just read from the ORS's sworn Interrogatory
14 responses are accurate; is that fair?

15 MR. KOLB: Object to the form.
16 THE WITNESS: Can you re-ask the
17 question?
18 BY MR. KEEL:

19 Q. Sure. Sitting here today, do you have any
20 reason to believe that these sentences that we just
21 read from ORS's sworn Interrogatory Responses are
22 inaccurate?

23 A. No.

24 Q. And so you referenced --

25 A. The only reason I have to believe that it is

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1 inaccurate is that -- is the way you characterized
2 it.

3 Q. Well, you don't need to worry about my
4 characterization. I'm asking you: The words, as
5 they're written on this page, the three sentence that
6 I just read to you, do you have any reason to
7 believe, sitting here, that those statements are
8 inaccurate?

9 A. Let me read them again, let me make sure.
10 I don't remember Gene using the word
11 specifically "assessment" of the project, but I don't
12 think that Gene would not -- I mean, Gene would tell
13 the truth, so I --

14 Q. You don't recall one way or the other?

15 A. Right.

16 Q. So as you mentioned just a minute ago, you
17 had some communication following this plan-of-the-day
18 meeting involving Gene Soult and Gary Jones about
19 Bechtel; is that right?

20 A. What I remember is Gary and Gene talking to
21 each other, and they said that we'll just put
22 something on the agenda and try to see what's going
23 on.

24 Q. But you were present for that communication,
25 right?

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1 A. I don't know if I was present when they were
2 making the plan to do it or if I was present at
3 the -- or if that conversation happened at the
4 monthly review meeting the day we were going over it.

5 This would have been the very first monthly
6 meeting where I was back --

7 Q. Okay.

8 A. -- on the project. I wasn't -- I
9 wasn't heavily -- I don't even -- I don't think I was
10 involved in the creation of that agenda. I wouldn't
11 have reviewed any documents. I wouldn't have known
12 anything to put on an agenda.

13 Q. Fair enough. Do you recall what day in
14 October 2015 you came back to the ORS?

15 A. October, it was late October. It was
16 before -- I know it was before the CB&I announcement
17 and before the October monthly meeting. I'm sorry, I
18 don't remember the specific day right now.

19 Q. Before the announcement of the EPC
20 amendment?

21 A. Correct. But it was not long. I think I
22 had been back a week at that point.

23 Q. Do you recall how much earlier you had come
24 back to the ORS prior to that monthly meeting in
25 October 2015?

35

1 A. I said I think it was -- it was around a
2 week, it might have been slightly more.

3 Q. And so the conversation about -- do you
4 recall being present for a conversation with Gene
5 Soult or Gary Jones about adding an item to the
6 agenda for this October 2015 monthly meeting about
7 Bechtel?

8 A. I think that I remember before the monthly
9 meeting started them mentioning they were putting
10 something -- they had put something about Bechtel on
11 the agenda. I'm trying to remember a conversation
12 from two years ago. I don't -- I think I just don't
13 remember it well enough to -- I know there was a
14 conversation about, well, we'll stick something on
15 the agenda and we'll see what we find out, but I
16 don't remember what it -- I don't -- I probably
17 don't -- I think my answer probably is I don't know.

18 Q. The reason for putting that item on the
19 agenda was because there was some indication that
20 Bechtel was involved in something on the project and
21 you wanted to find out what it was?

22 A. There were Bechtel people on-site talking in
23 a -- well, as Gene just said here, talking and
24 meeting. I should be careful because I don't want to
25 mix my memory up with Gene's, based on what you just

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1 showed me. Would you repeat the question?

2 MR. KEEL: Could you read that
3 back, please.

4 (The record was read as requested.)

5 THE WITNESS: We were interested
6 in what Bechtel was doing. I think -- I don't
7 recall that conversation specifically. I do
8 recall Gene mentioning to me the Bechtel people
9 were there. I think I recall something, and me
10 asking about it at the monthly meeting and -- but
11 I don't recall specifically.

12 (Exhibit No. 2 was marked for
13 identification.)

14 BY MR. KEEL:

15 Q. Ms. Powell, I'm handing you what's been
16 marked as Exhibit 2 for your deposition, which I will
17 represent to you is an e-mail from October 22nd,
18 2015, attaching the final October ORS agenda.

19 Do you see that?

20 A. Yes.

21 Q. And if you flip to the agenda that's
22 attached to this e-mail, this looks like the agenda
23 that would have been prepared by ORS for that
24 October 2015 meeting, right?

25 A. Yes, that's typical.

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1 Q. And if you turn to page five of the agenda.
2 A. Yep.
3 Q. Are you with me?
4 A. Uh-huh.
5 Q. Under item IV, d, it states, "Discuss the
6 status of the Bechtel assessment and the top ten
7 issues noted thus far."
8 Do you see this?
9 A. Yes.
10 Q. Does that refresh your recollection that
11 there was some indication at that time to ORS that
12 Bechtel had conducted an assessment of the project?
13 A. That's what's on the agenda.
14 Q. But sitting here today, you don't have a
15 recollection one way or the other whether there was a
16 discussion amongst Gene or Gary about adding --
17 A. I remember -- I remember a mention of
18 Bechtel. I wasn't -- I don't -- my recollection is I
19 wasn't involved in the creation of this agenda.
20 Q. But your recollection is that this item
21 discusses the status of the Bechtel assessment and
22 the top ten issues noted thus far was added to the
23 agenda by the ORS staff, correct?
24 A. Yes.
25 Q. Just as a reminder, we're starting to talk

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1 over each other a little bit.
2 A. All right.
3 MR. KOLB: Just wait to let him
4 finish.
5 THE WITNESS: I'm sorry.
6 BY MR. KEEL:
7 Q. And you were present for this October 2015
8 monthly meeting, correct?
9 A. Yes.
10 Q. What do you recall being discussed about
11 this item on the agenda, status of the Bechtel
12 assessment, top ten issues noted thus far?
13 A. I can't remember exact wording from three
14 years ago. What I remember is, and I can't remember
15 if this was October or if it was November or if it
16 was December. I remember at some point somebody
17 saying they didn't have information on that, or there
18 wasn't any information available on that or something
19 to that effect.
20 Q. Did somebody ask a question during the
21 October 2015 meeting about Bechtel?
22 A. I couldn't tell you.
23 Q. And you don't recall, sitting here today,
24 what anybody said during this October 2015 meeting
25 about Bechtel?

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1 A. No. I know that at --
2 Q. Go ahead.
3 A. At one point I had reviewed -- this was --
4 at one point I had reviewed some of Gene's notes. I
5 remember there was some things that had three or four
6 words in it, but I don't remember what it was,
7 because I was trying to figure out a timetable of
8 what we knew about Bechtel or what was going on with
9 Bechtel.
10 Q. Okay.
11 A. But I can't -- I can't specifically say that
12 I remember any conversation or result or any question
13 that anybody asked at that meeting.
14 Q. Since you had just gotten back a week before
15 this meeting, is it fair to say that if somebody from
16 the ORS staff was raising an issue about Bechtel
17 during this meeting, it would have been Gene or Gary?
18 A. Yes.
19 Q. You wouldn't have been asking the questions
20 about Bechtel?
21 A. No.
22 Q. It wouldn't have been your responsibility?
23 Yes?
24 A. Yes.
25 Q. All right. And sitting here today, do you

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1 understand that the ORS removed this item agenda from
2 the next monthly meeting for November of 2015?
3 A. It's not on the -- I don't -- I don't recall
4 from my review of the documents previously, and this
5 happened over a year -- well, a year ago. I don't
6 recall it being on the November agenda. I think I
7 recall seeing something in October and December.
8 Q. Okay.
9 A. Who removed it or why they removed it, I
10 couldn't tell you.
11 Q. One other thing, as we're sitting here
12 looking at this agenda, if you turn back to page two
13 of the agenda.
14 A. Uh-huh. Okay.
15 Q. And I want to point out two items to you on
16 page two and I have a question about them.
17 A. Sure.
18 Q. First, under b, i, there's an item that
19 says, "Discuss the schedule and status of completion
20 welding CA01 to the embedment plates. (Repeat from
21 the September meeting)."
22 Do you see that?
23 A. Yes.
24 Q. And then similarly, down at the bottom under
25 j, i, "Shield Building, Discuss the status and

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1 schedule of the NNI mitigation plan for accelerated
2 delivery of the SP panels. (Repeat from previous
3 meeting)."

4 Do you see that?

5 A. Yes.

6 Q. And it was typical for the ORS to include
7 this sort of language when it had an open item --

8 MR. HAMM: Object to the form.

9 MR. KEEL: Hold on, let me finish
10 my question.

11 BY MR. KEEL:

12 Q. It was typical for the ORS to use language
13 like this for the agenda when it had an open item
14 that it wanted to discuss again at the subsequent
15 meeting, correct?

16 MR. HAMM: Object to the form.

17 THE WITNESS: I can't say that
18 that was always our practice. I know that
19 sometimes SCE&G, after they got the agenda back,
20 would add those notations so that their people
21 knew which items were repeated and which items
22 were not.

23 BY MR. KEEL:

24 Q. Was it -- it is fair to say that, as a
25 matter of practice, if the ORS had an open item they

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1 wanted to discuss at the subsequent meeting, they
2 would leave it on the agenda; is that fair?

3 A. If we thought that there would be some
4 information at the next meeting, it would be on the
5 agenda.

6 Q. If you wanted to discuss an item?

7 A. If we thought there would be some
8 information in three months or six months or some
9 other time period, it wouldn't just live on an agenda
10 forever.

11 Q. But at some point, if you had an open item
12 you wanted to discuss with SCE&G that had not been
13 addressed, you would put it on the agenda?

14 A. Yes. We would put it on the agenda or we
15 might ask them about it in a meeting.

16 Q. Sitting here today, do you have any
17 recollection of any discussion about Bechtel from
18 October 2015 through abandonment of the project?

19 A. That's a long period of time. I'm thinking.
20 Can you clarify the question? Are you asking about
21 discussions with Gary and Gene or --

22 Q. I'm asking about any discussions with
23 anybody, from October 2015 through abandonment of the
24 project, do you have any recollection of being
25 present for any discussions, communications, where

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1 the word Bechtel was mentioned?

2 MR. KOLB: Object to the form.

3 THE WITNESS: Yes.

4 BY MR. KEEL:

5 Q. And when did those communications occur?

6 A. So a number of things I can't put a date on.
7 I can -- I can remember a conversation or an item,
8 but I can't remember where it lives in time.

9 Q. Okay.

10 A. So I remember that -- I remember Gene
11 discussing Bechtel, or that the Bechtel people were
12 doing something, we weren't sure what they were
13 doing. I remember -- I think I remember Gary and
14 Gene following up on this item in December. And I
15 think that I remember it was the same sort of, like,
16 you know, hey, did anything ever happen with Bechtel
17 or with, you know, that thing that we were talking
18 about or -- I don't remember the form of the
19 question. I remember that there was no, no result
20 from that.

21 I remember that, as we were creating
22 Interrogatories for next year in the case, we didn't
23 really know -- I remember that we asked for
24 engineering reports and assessments and things like
25 that. I think that -- at least I didn't know exactly

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1 what -- I had a limited understanding -- well, based
2 on what I know now, I had very limited understanding
3 of what Bechtel might be doing.

4 I know that -- I remember any discussions
5 about Bechtel with anybody? I remember telling
6 someone that I thought that Bechtel must have been
7 doing some, some kind of work related to, you know,
8 their -- I know they've had engineers for years.
9 After it came out that the project was -- CB&I was
10 being released, I was wondering if Bechtel was being
11 auditioned to see if they would take over the
12 project. I remember I speculated that. I
13 remember -- I don't remember who that conversation
14 was with. I remember -- but it could also have been
15 any other kind of engineering work they were doing.

16 Bechtel, honestly, was just not that
17 important to me. Like, I did not, like, in the level
18 of problems associated with the project, anything
19 related to Bechtel was of very low significance to me
20 at that time. I remember thinking that, well, all of
21 these reports that we have been asking for, we put
22 out a set of Interrogatories, and it should have
23 covered anything that we knew about or anything that
24 we didn't know about.

25 I was very -- I mean, I remember -- I

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1 remember there was a later point where Dukes asked me
2 about, do you know anything about Bechtel or what's
3 going on or have you heard anything about Bechtel. I
4 can't remember the exact wording of the question, but
5 Dukes definitely asked me something related to
6 Bechtel and what Bechtel was. And I think my
7 response to Dukes was, Bechtel's doing lots of things
8 in the project, I'm not quite sure what you -- what
9 you're asking about but we'll ask the question.
10 And I remember mentioning that to Gary. I
11 remember Gary asking a question at a meeting,
12 whatever happened with Bechtel. And I remember at
13 some point, Alan Torres saying that Bechtel told him
14 he should talk more in meetings.
15 I believe there was a response to Gary's
16 question, and I believe the response was in the
17 negative. I think -- I wish I could remember
18 exactly, I wish I could remember the exact words.
19 Q. So, now, is that everything that you recall,
20 sitting here today, every communication you may have
21 been present for related to Bechtel from October 2015
22 through abandonment?
23 A. I think that at one point, I think that at
24 one point -- you said being present for?
25 Q. Any communication you are aware of.

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1 A. I think that at one point we discussed
2 something related to Bechtel with Mike Couick.
3 Q. Anything else that you recall?
4 A. October, November, some other point in time,
5 that Alan -- I think that that's all I recall.
6 Q. So let's walk through those a little bit,
7 just make sure I understand it.
8 A. Okay.
9 Q. The first thing you mentioned was a
10 conversation with Gene where he relayed what he
11 observed at that plan-of-the-day meeting, right?
12 A. Uh-huh.
13 Q. Yes?
14 A. Yes.
15 Q. And we have already discussed what you
16 recall about that conversation, correct?
17 A. Yes.
18 Q. And then we have this October agenda for the
19 meeting between ORS and SCE&G, right?
20 A. Yes.
21 Q. And as reflected in that agenda, at least
22 somebody within the ORS staff, as of October 2015,
23 had an indication that Bechtel had conducted an
24 assessment on the project, as it states on the
25 agenda.

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1 A. I can't tell you why the question was worded
2 the way it was.
3 Q. And then you mentioned you recall a
4 follow-up conversation that Gary or Gene, that you
5 believe was in December of 2015; is that right?
6 A. Uh-huh.
7 Q. Yes?
8 A. Yes.
9 Q. And what do you recall about that
10 conversation; what was asked, what was the response?
11 A. All, all I remember, and this is partly
12 prompted by -- I just -- all I remember is that
13 someone, I can't remember if it was Gene or if it was
14 Gary, basically said, is there, you know, is there --
15 did anything ever, like, come out of that or
16 something to that effect. Did anything ever come out
17 of what Bechtel was -- what Bechtel, or something to
18 that effect.
19 Q. And who do you recall Gary posing that
20 question to?
21 A. Skip.
22 Q. And was this during a monthly meeting?
23 A. Yes.
24 Q. Who else was present during that meeting,
25 that you recall?

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1 A. It would have been Gary and Gene and --
2 which of the NND folks present is -- Shirley was
3 probably there. I can't -- I can't tell you
4 specifically who else was in the room.
5 Q. And what did Skip say in response to Gary's
6 question?
7 A. I don't remember exactly. I remember it was
8 a negative response. It wasn't an, oh, there is
9 information response.
10 Q. Do you remember any specific words that he
11 said, that Skip said in response to Gary's question?
12 A. I don't recall that.
13 Q. And then you mentioned --
14 A. That memory is mostly prompted by an entry
15 from Gene's notes from December of 2015 that I
16 reviewed in late 2017. There was a notation, I do
17 remember there was a mention of Bechtel; I can't
18 remember what the exact conversation was.
19 Q. And you're referring to review you conducted
20 in connection with preparing to provide testimony for
21 South Carolina Senate or House?
22 A. I can't remember if it was before or after
23 that.
24 Q. So is that communication from December of
25 2015, was that something that you actually were

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1 present for and have personal knowledge of, or is it
2 something that you're just getting from Gary's notes?
3 A. It was Gene's notes, not Gary's notes.
4 Q. I'm sorry, Gene's notes.
5 A. I'm not 100 percent sure. As I mentioned,
6 I -- I'm not 100 percent sure. I think that -- I
7 don't have a personal memory of that. I think that
8 my memory is from the notes. I would not have
9 remembered it had I not gone back and looked at
10 Gene's notes.
11 Q. Do you know where those notes are, by
12 chance?
13 A. Last time I saw them, they were out at the
14 site.
15 Q. Did he have a notebook that maintained all
16 of his notes about the project?
17 A. These were on a little flippy pad, a steno
18 book.
19 Q. And what did you do with those notes after
20 you reviewed them?
21 A. I left them where they were. We were not
22 allowed to take confidential information back to the
23 office. I took a specific trip out on to the site to
24 look at them.
25 Q. And what prompted you to think that you

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1 should go look at Gene's notes in 2017?
2 A. It was after, it was after the Bechtel
3 report was posted in the Post & Courier, and we
4 remembered that -- I remembered that Gene had said
5 something about Bechtel the first week I was back,
6 and I wanted to go try to see what, what was going on
7 because it just seemed unreal.
8 Q. Okay.
9 A. I think that at some point later, our legal
10 staff asked me to --
11 Q. Hold on.
12 A. Okay.
13 Q. I don't want to know what your lawyers asked
14 you to do.
15 A. Okay.
16 Q. So when I ask you about communications that
17 you have had about Bechtel, only tell me
18 communications you have had with people other than
19 just your lawyers.
20 A. Okay.
21 Q. Okay.
22 MR. KOLB: Thanks for that
23 clarification. I was getting ready to make it
24 myself.
25

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1 BY MR. KEEL:
2 Q. So set aside the lawyer conversation.
3 The third thing you mentioned was, in the
4 process of preparing Interrogatories for the next
5 petition, which I assume you're referring to the 2016
6 petition; is that right?
7 A. Uh-huh.
8 Q. Yes?
9 A. Yes. Well, no, this was a different set of
10 Interrogatories. We had issued a set of
11 Interrogatories -- well, this was in 2015, or 2016,
12 in the beginning, we had issued a set of
13 Interrogatories that were specific to this whole,
14 like, CB&I leaving issue that were separate from the
15 case.
16 Q. And you mentioned, I believe, that in those
17 Interrogatories you asked for engineering reports and
18 assessments and things of that nature; is that right?
19 A. Uh-huh, yeah.
20 Q. And you never issued an Interrogatory or a
21 Request for Information, written Request for
22 Information, to SCE&G specifically asking for
23 anything about Bechtel, correct?
24 A. Correct.
25 Q. So this conversation, these communications

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1 you're talking about with respect to these
2 Interrogatories in 2015 or 2016, were those
3 communications specifically about Bechtel, or
4 engineering assessments broadly?
5 A. Well, engineering assessments broadly. But
6 you told me now not to -- I mean, some of those
7 questions were -- involved our legal staff, so now I
8 don't know about how I should answer your question.
9 Q. Fair enough.
10 My initial question was to relay any
11 communication you recall or you're aware of that
12 mentioned Bechtel from October 2015 through the
13 assessment, right?
14 A. Uh-huh, yes.
15 Q. And then we walked -- you walked through a
16 number of things. And the third thing you mentioned
17 was this Interrogatory process in 2015, 2016, where
18 you recall asking for engineering reports and
19 assessments, but none of those requests specifically
20 asked or used the term Bechtel, right?
21 A. No, I don't believe so.
22 Q. So the answer is yes, that's correct?
23 A. Yes.
24 Q. So what is it about the communications with
25 respect to those Interrogatories -- or strike that.

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1 Were there any communications with respect
2 to those Interrogatories in which the word Bechtel
3 was used?
4 A. I think that there were a lot of outstanding
5 items, and we figured that was a blanket question
6 that should cover anything that was going on.
7 Q. Okay.
8 A. I -- yeah.
9 Q. Sitting here today, do you have any specific
10 recollection of any communication in connection with
11 those Interrogatories where the word Bechtel was
12 used?
13 A. I remember talking about outstanding items
14 and that the request should cover any outstanding
15 items. I can't remember if I specifically used the
16 word Bechtel or not.
17 Q. The fourth thing that you mentioned, I
18 believe, was you recall telling someone that you
19 thought Bechtel must have been auditioning to replace
20 CB&I, something to that effect; is that right?
21 A. Uh-huh. Or do work for CB&I or something
22 like that.
23 Q. When do you recall that communication
24 occurring, roughly?
25 A. That was probably right after the -- right

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1 after the news came out about CB&I, I mean the CB&I
2 exiting the partnership, the consortium.
3 Q. Okay.
4 A. Because Gene had mentioned that those
5 Bechtel people were -- there were some Bechtel people
6 on-site, and then I think that my impression, based
7 on what I had heard from Gene, is that there were
8 some sort of -- they were part of some sort of -- I
9 thought that it was somehow related to somebody
10 wanted them to do work on the site, like, somebody
11 wanted them to be their engineer or to do more
12 engineering work for them or to step in as a builder
13 or something like that, or that they were yet another
14 one of the project's constant efforts to improve
15 themselves.
16 Q. Do you recall who this communication was
17 with?
18 A. I don't remember.
19 Q. Would it have been with somebody from ORS?
20 A. Sure.
21 Q. Now, do you recall that the announcement
22 about CB&I leaving the project also indicated that
23 Fluor was going to come in as the new project
24 contractor?
25 A. Yes.

55

1 Q. So were you speculating that Bechtel must
2 have been auditioning but not -- didn't get the job?
3 A. Yes.
4 Q. The fifth thing you mentioned, was it your
5 understanding that Santee wanted Bechtel to come in
6 to the project?
7 A. No.
8 Q. Did you have any -- scratch that. Go ahead.
9 A. No.
10 Q. The fifth item you mentioned was that you
11 said you had a conversation with Dukes Scott where he
12 had asked you about Bechtel, right?
13 A. Uh-huh.
14 Q. Yes?
15 A. Yes. Sorry.
16 Q. When did that conversation occur?
17 A. It was not in 2015, and I don't -- I don't
18 remember the date.
19 Q. But it was sometime prior to the abandonment
20 of the project?
21 A. Yes.
22 Q. And what was the context of that
23 conversation you had with Dukes Scott?
24 A. He asked me if I knew, you know, what -- or
25 something to the lines of what, you know, do you know

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1 about any work Bechtel is doing on the site, do you
2 know about any, you know, what Bechtel is -- he asked
3 me about Bechtel. That's the most, that's the most
4 specific I can get.
5 Q. Was it -- was that the only thing he asked
6 you about or was there communication with a broader
7 meaning?
8 A. I think that it was prompted by a question
9 that Dukes got from Mike Couick.
10 Q. Do you know what question Dukes received
11 from Mike Couick?
12 A. I don't.
13 Q. So did Dukes call you and ask you
14 specifically the one item, you know, what do you know
15 about Bechtel?
16 A. Yes.
17 Q. And what did you say to Dukes in response?
18 A. What my understanding was.
19 Q. And what was your understanding as of that
20 time?
21 A. That I knew that Bechtel was on-site doing
22 engineering work, had periodically been doing lots of
23 different kinds of work throughout the project. I
24 mentioned that we would ask a question to SCE&G.
25 Q. Did you tell Dukes that Gene Soult had an

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1 indication as of October 2015 that Bechtel had
2 conducted some sort of assessment of the project?
3 A. I think that I told Dukes that Gene had
4 mentioned seeing some Bechtel people on-site. But
5 that's my recollection and my conversation with Gene.
6 Q. Did you tell Dukes that the ORS had added an
7 item to the October 2015 --
8 A. No, I didn't remember that at that time.
9 Q. What was Dukes' response after you relayed
10 this information about Bechtel to him?
11 A. Something along the lines of, okay, thank
12 you.
13 Q. And then you said you would ask a question
14 of SCE&G. Did you ask a question of SCE&G about
15 Bechtel after that conversation with Dukes?
16 A. I relayed -- I relayed it to Gary. I think
17 Gary is the one that asked the follow-up question.
18 Q. And were you present for any follow-up
19 question that Gary had with Bechtel -- or with SCE&G
20 about Bechtel after that conversation with Dukes?
21 A. Yes.
22 Q. Okay.
23 A. I remember Gary asked a question.
24 Q. And when did that communication occur?
25 A. I wish I could tell you.

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1 Q. Sometime prior to abandonment of the
2 project?
3 A. Yes.
4 Q. Sometime in 2016?
5 A. I can't tell you if it was '16 or '17. I
6 think it was '16, but I'm not sure.
7 Q. And where did that communication occur?
8 A. I think that actually might have been later.
9 That might have been in '17. I don't know. I can't
10 place it in time.
11 Q. Where did this communication occur?
12 A. At a monthly meeting.
13 Q. And what did Gary ask in that monthly
14 meeting?
15 A. I remember the very specific words, whatever
16 happened with Bechtel.
17 Q. And whom did he ask that question to?
18 A. It was a general question at the meeting.
19 Q. And who was at the meeting?
20 A. Skip and Shirley, and I can't even -- I
21 don't -- I don't remember who -- people would rotate
22 in and out of the room throughout our monthly
23 meetings, so I can't tell you exactly who was where.
24 Q. Was there any response to Gary's question?
25 A. The response was a negative response; that

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1 they didn't have anything; that I -- well, let me
2 think about this. I think somebody said that they
3 might have seen a slide that mentioned Bechtel. But
4 I don't remember -- you have to remember, Bechtel was
5 doing lots of things at the project at that time, so
6 that would not have sounded unusual to me. It didn't
7 sound like -- a slide doesn't sound like a -- a slide
8 doesn't sound like anything. I mean, a slide that
9 mentioned Bechtel engineering stuff wouldn't have
10 been unusual.
11 Q. But Gary was asking something specific,
12 right? If Bechtel was doing a lot of things on the
13 project, he wouldn't just ask a question, whatever
14 happened with Bechtel.
15 MR. KOLB: Object to the form.
16 BY MR. KEEL:
17 Q. Right? I mean, he was asking for something
18 specific, whatever happened to the Bechtel
19 assessment, right?
20 MR. KOLB: Object to the form.
21 THE WITNESS: I'm telling you the
22 wording that I remember.
23 BY MR. KEEL:
24 Q. So did anybody say, what are you talking
25 about, Bechtel's all over the project doing a lot of

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1 things?
2 A. No.
3 Q. Okay.
4 A. I don't remember that. That's not -- that's
5 not -- I don't think so.
6 Q. But you said you had a very specific
7 recollection about what Gary asked.
8 A. Yes.
9 Q. And what exactly did Gary ask?
10 A. I remember -- the words I specifically
11 remember are, whatever happened with Bechtel. I'm
12 sure there was some other communication aside from
13 that. I remember those words very specifically. I
14 remember -- I remember that.
15 Q. And your understanding was that he was
16 referring to something specific, some sort of review
17 or assessment, some work that Bechtel had done that
18 was first raised in that October 2015 meeting; is
19 that right?
20 MR. KOLB: Object to the form.
21 THE WITNESS: Would you repeat the
22 question? He was asking about what --
23 BY MR. KEEL:
24 Q. When he said the words, whatever happened
25 with Bechtel --

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1 A. Uh-huh.

2 Q. -- he was referring to something specific he
3 wanted asked about work that Bechtel had conducted on
4 the project, right?

5 A. Right.

6 Q. And it wasn't miscellaneous work that
7 Bechtel had been doing on the project here and there,
8 right? He was asking about something specific?

9 A. Yes.

10 Q. And what he was asking about is, whatever
11 happened with the Bechtel review or assessment that
12 would be told --

13 A. I'm sure there --

14 Q. Hold on, let me finish.

15 -- was the item that was added to that
16 October 2015 agenda, right? That's what he was
17 asking about?

18 MR. KOLB: Object to the form.

19 THE WITNESS: I don't know how to
20 answer your question because I'm -- I guess my
21 understanding of the item from the agenda and
22 yours is different.

23 BY MR. KEEL:

24 Q. Well, the agenda says, "Discuss the status
25 of the Bechtel assessment and the top ten issues

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1 noted thus far," right?

2 A. Right.

3 Q. And then you're saying you recall a
4 subsequent monthly meeting --

5 A. Yep.

6 Q. -- where Gary Jones asked the question,
7 whatever happened with Bechtel --

8 A. Or about Bechtel or something -- it was,
9 whatever happened with Bechtel, those were the words.
10 I don't remember the rest of the conversation. I
11 just -- that sentence sticks out in my mind.

12 Q. But it was your understanding at the time
13 that he was asking about this same issue that was
14 noted in the October 2015 monthly agenda, right?

15 MR. KOLB: Object to the form.

16 THE WITNESS: Honestly, I had
17 forgotten the item in that agenda for -- until I
18 started going back and reviewing data in 2017.
19 So I don't -- there could -- it's likely there is
20 more to Gary's question. I'm just trying to --

21 BY MR. KEEL:

22 Q. At the time, did you have an understanding
23 of what Gary was asking?

24 A. I understood that Dukes wanted us to ask
25 them about what Bechtel was doing on the site, and my

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1 understanding is that Gary was doing that.

2 Q. But your understanding was that Bechtel had
3 done a lot of different things on the project.

4 A. Yes.

5 Q. But Gary's question was for something
6 specific that Bechtel had done.

7 A. Yeah, and I think there was more than that
8 but I just -- like, that's just what sticks out in
9 my, my mind.

10 Q. And you said that all that you recall from
11 the response was that it was a negative response; is
12 that right?

13 A. Yes.

14 Q. Do you recall any specific words that anyone
15 said in response to Gary's question?

16 A. I think, as I previously -- I think -- I
17 think somebody said something to the effect of, I
18 might have seen a slide that mentioned Bechtel, or
19 something like that. But I'm not -- that's all I
20 know.

21 Q. Was there any other discussion during that
22 meeting about that issue?

23 A. No.

24 Q. So you say that it was a negative response.
25 Can you -- what do you mean by that? I mean, you

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1 don't mean that somebody specifically said the words
2 "negative," right?

3 A. No.

4 Q. What do you mean by "negative response"?

5 A. What I mean is that the response was to the
6 effect -- I don't remember anything coming out of,
7 like, I don't remember that there was a -- I have
8 told you what you remember.

9 Q. If you don't -- if you don't recall any
10 words that anybody said other than, I think I saw
11 Bechtel on a slide, how do you recall that the
12 response was negative, is kind of what I'm asking?

13 A. Well, I think -- I mean the -- my
14 recollection is that -- well, Dukes seemed to be
15 asking about something that was not just a slide, and
16 it didn't sound like anything that they might be
17 talking about was anything we were looking for or
18 that Dukes was asking about.

19 Q. You had -- your impression from the call
20 that Dukes had with you was that he was looking for
21 something more than a slide, right?

22 A. Right.

23 Q. He was asking for something specific that
24 Bechtel had done on the project, right?

25 A. Uh-huh.

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1 Q. Yes?

2 A. Yes.

3 Q. And what was your understanding as to why

4 Dukes called you and asked for you -- asked what you

5 knew about something specific Bechtel had done on the

6 project?

7 A. I don't know.

8 Q. How did you gain the understanding that you

9 think it was prompted by a conversation he had with

10 Mike Couick?

11 A. Because Mike Couick asked about it later.

12 Q. We'll get to that.

13 Did you have any other understanding as to

14 why Dukes was calling you and asking you about

15 something specific Bechtel had done on the project?

16 A. No.

17 Q. Did anybody ever tell you to refer to the

18 response from that meeting as a negative response?

19 A. No.

20 Q. So the sixth thing you mentioned --

21 A. Okay.

22 Q. -- was something that Alan Torres said,

23 Bechtel had recommended that he talk more during

24 meetings.

25 A. Yep.

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1 Q. When did that conversation occur?

2 A. I remember the statement, I don't remember

3 the context.

4 Q. Was it during another monthly meeting?

5 A. Yes. I don't remember when, I just remember

6 that statement.

7 Q. Did anybody have any response to Alan's

8 statement?

9 A. I think that -- I remember snip-its of

10 conversations. I'm sorry, I don't have a more

11 specific memory.

12 Q. I am only asking what you recall.

13 A. Okay.

14 Q. Did you have any reaction to Torres' comment

15 that Bechtel recommended he talk more during

16 meetings?

17 A. I'm trying to replay the conversation in my

18 head but I'm coming up blank.

19 Q. Were you ever present in any meetings in

20 which both someone from Bechtel and Alan Torres was

21 present?

22 A. Not to my knowledge.

23 Q. Do you recall wondering why Bechtel was

24 telling Alan Torres he should talk more in meetings?

25 A. No. Well, a number -- I know that a number

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1 of entities -- I know that a number of entities that

2 worked at the site were very frustrated with the

3 project for various reasons, in particular with CB&I.

4 I wouldn't have been -- I wouldn't have been

5 surprised if somebody said, hey, you need to, you

6 know, you need to speak up more, you need to do more.

7 That would not have been a surprising -- that would

8 not have been a surprising thing.

9 I think Gary and Gene had even been -- I

10 know that was a point of observation for us that

11 SCE&G attempted to limit risk by absenting themselves

12 at times from the decision-making process. Towards

13 the end of the project, they started to become a lot

14 more involved.

15 Q. We'll talk about that later. I'm talking

16 about this communication here.

17 Alan Torres is in a monthly meeting and says

18 to you, or says to the meeting, Bechtel recommended

19 that he talk more during meetings. You had never

20 been in any meeting in which Bechtel was present and

21 Alan Torres was, too. Do you recall wondering, I

22 wonder why Bechtel was giving recommendations to Alan

23 Torres?

24 A. Part of nuclear safety culture is, like, is,

25 like, catching other, like, is helping each other

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1 and, like, being, like, good neighbors to each other.

2 Like, one of the things that, like, Gary always told

3 us is that if you are being a good, like, nuclear,

4 like, if you have good nuclear safety culture,

5 everybody is happy to raise thoughts or objections or

6 things like that at any time. But that's part of

7 good nuclear safety culture.

8 Q. Were you aware of any meeting that Alan

9 Torres ever had in which Bechtel was present?

10 A. I recall him saying that -- I recall him

11 saying he talked to Bechtel on several occasions. I

12 don't --

13 Q. And when do you recall Alan Torres saying

14 that he talked to Bechtel on several occasions?

15 A. Bechtel was all over the project. They were

16 doing lots of engineering work, they were doing lots

17 of things. We talked to Alan about his conversations

18 with Bechtel, and I'm sure there's probably at least

19 several mentions in agendas of what Bechtel was

20 doing.

21 Q. Now, this is something different from all

22 the conversations you recalled about Bechtel that he

23 went through earlier; are you recalling something new

24 now?

25 A. Well, Bechtel, like I said, Bechtel was a

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1 contractor on the project. I know that -- I know
2 that they were mentioned at various points. I
3 don't -- I don't know.

4 **Q. The final thing -- we'll move on from that.**
5 **The final thing you mentioned was a conversation, a**
6 **communication you're aware of with Mike Couick about**
7 **Bechtel.**

8 A. Yes.

9 **Q. Do you recall roughly when that**
10 **communication occurred?**

11 A. I don't remember the date.

12 **Q. Do you recall what year it occurred?**

13 A. It was 2016 or 2017.

14 **Q. Was it an in-person communication?**

15 A. Yes.

16 **Q. Where did it occur?**

17 A. At Mike's office.

18 **Q. And why were you at Mike's office?**

19 A. We talked to Mike regularly, especially
20 after the settlement agreement.

21 **Q. Was this part of the monthly meetings that**
22 **ORS began having with ECSC?**

23 A. I think -- I think this was -- sorry.

24 **Q. Was this part -- as of December of 2015, my**
25 **understanding is that ORS had regular meetings with**

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1 ECSC and Mike Couick; is that right?

2 A. Uh-huh.

3 **Q. Yes?**

4 A. I wouldn't say that they were every, every
5 month, at least not at first.

6 **Q. But they were regularly-occurring meetings**
7 **from December 2015 through abandonment?**

8 A. Yes.

9 **Q. Yes?**

10 A. Yes.

11 **Q. And did this conversation that you mentioned**
12 **about Bechtel at Mike's office occur in one of those**
13 **regular meetings?**

14 A. Yes.

15 **Q. And what do you recall being discussed about**
16 **Bechtel in that communication?**

17 A. I remember -- I remember him asking if, you
18 know, if Bechtel had done any kind of big -- I don't
19 remember the exact words, but I think that Mike was
20 asking, has Bechtel done any sort of, you know, what
21 kind of work has Bechtel done for the project, has
22 Bechtel done any sort of, like, big, you know, any
23 sort of large-scale project.

24 **Q. Was he asking if Bechtel had done any sort**
25 **of review of the project?**

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1 A. Well, I don't remember if the word "review"
2 was specifically used.

3 **Q. Did he ask if Bechtel had done any sort of**
4 **assessment of the project?**

5 A. I don't remember if the word was
6 specifically used.

7 **Q. Did he ask if Bechtel had done any sort of**
8 **evaluation of the project?**

9 A. I don't remember that word was specifically
10 used.

11 **Q. Do you recall him specifically using the**
12 **words -- any particular words?**

13 A. What I remember is that, what it sounded
14 like he was looking for was a large scale -- was
15 asking us if they had done any sort of a large-scale
16 look at the project. I don't know -- and that's
17 what -- I mean, I don't remember any specific words.

18 **Q. Now, by the term "look" there, you're**
19 **thinking some sort of independent review of the**
20 **project, right?**

21 A. I don't -- I wish I could remember the
22 specific words.

23 **Q. I mean, he wasn't asking if they were**
24 **building the units, right?**

25 A. No.

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1 **Q. He knew they were not building the units,**
2 **right?**

3 A. Right.

4 **Q. He was asking, did they do some sort of big**
5 **evaluation of this project?**

6 MR. KOLB: Object to the form.

7 BY MR. KEEL:

8 **Q. Is that fair?**

9 A. I'm trying to remember that conversation. I
10 don't remember the details of that conversation. I'm
11 trying to remember. If I remember anything, I will
12 come back to it.

13 **Q. Okay. Please do.**
14 **Was there any response to Mr. Couick's**
15 **question?**

16 A. Yes.

17 **Q. And who responded?**

18 A. I don't remember if it was Gary or I.

19 **Q. And what was the response?**

20 A. I think it was Gary, but I'm not 100 percent
21 certain. Our response was that it didn't, like,
22 the -- we hadn't seen anything that sounded like what
23 he was talking about.

24 **Q. Okay. Did --**

25 A. Or that we hadn't seen anything that

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1 sounded -- that -- that we didn't -- I wish I could
2 remember exactly.

3 **Q. Do you recall any specific words that were**
4 **used in the response?**

5 A. I remember that the response was -- I
6 remember the response was that there was -- that -- I
7 think that I mentioned that. I can't remember.

8 **Q. Did Gary or you tell Mike Couick during this**
9 **conversation that ORS had an indication as of**
10 **October 2015 that Bechtel had conducted an assessment**
11 **of the project?**

12 A. I would disagree with the characterization
13 of at least what I knew in October of 2017.

14 **Q. I'm simply asking: Did Gary or you tell**
15 **Mike Couick that ORS had an indication that Bechtel**
16 **had conducted an assessment as of October 2015?**

17 A. I don't -- I don't recall saying that. I
18 can't recall, I don't recall.

19 **Q. Did you relay what Gene Soult had told you**
20 **from that plan-of-the-day meeting to Mr. Couick in**
21 **this meeting?**

22 A. I told Dukes, but I can't remember what I
23 told Mike.

24 **Q. Do you remember anything else about the**
25 **communication with Mike Couick about Bechtel?**

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1 A. No.

2 MR. KEEL: Okay. All right.

3 Let's take a break.

4 THE VIDEOGRAPHER: This marks the
5 end of video number one in the deposition of
6 Allyn Powell. Off the record at 11:08 a.m.
7 (A recess was taken.)

8 THE VIDEOGRAPHER: This is the
9 continuation of the deposition of Ms. Allyn
10 Powell. This is video number two. We're on the
11 record at 11:24 a.m.

12 BY MR. KEEL:

13 **Q. Ms. Powell, are you ready to proceed?**

14 A. Yes.

15 **Q. At the time that you had this communication**
16 **with Mike Couick about Bechtel, you knew who Mike**
17 **Couick was, correct?**

18 A. Yes.

19 **Q. You knew that Mike Couick was a**
20 **politically-connected guy in South Carolina, right?**

21 A. I knew he was the director of the Electric
22 Cooperatives.

23 **Q. And you knew that he had previously served**
24 **South Carolina, within the South Carolina Senate; is**
25 **that right?**

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1 A. Yes.

2 **Q. You knew that Mike Couick was close to your**
3 **boss, Dukes Scott, right?**

4 A. I knew that they had worked together for a
5 long time.

6 **Q. Do you know that they were friends?**

7 A. I would not say that I knew they were
8 personal friends.

9 **Q. And Mike Couick, during this meeting, was**
10 **asking you and Gary Jones what you knew about**
11 **Bechtel?**

12 A. Uh-huh.

13 **Q. Right?**

14 A. Well, he was -- yes.

15 **Q. And you didn't tell Mike Couick that Gene**
16 **Soult was aware, as of October 2015, that Bechtel had**
17 **conducted an assessment on the project; is that**
18 **right?**

19 A. I can't remember exactly what we told Mike
20 at that meeting.

21 **Q. And you can't recall one way or the other**
22 **whether you told Mike Couick that ORS had put on an**
23 **agenda for a monthly meeting with SCE&G to discuss**
24 **the status of the Bechtel assessment and the top ten**
25 **findings from that assessment, correct?**

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1 A. I don't recall that. I don't -- I certainly
2 don't recall that because I didn't -- I don't recall
3 that. And number one, I don't think anything that we
4 had said to him would have been that specific.

5 Number two, I -- my understanding of what Gene had
6 seen was not -- I think my understanding of what
7 Bechtel was doing is very different than what it was,
8 so I would not have made that statement, no.

9 **Q. You didn't tell Mike Couick that Gary had**
10 **followed up with requests of SCE&G about the status**
11 **of the Bechtel assessment, right?**

12 A. Oh, I think we did tell him that.

13 **Q. You did tell him that?**

14 A. (Witness nodded head.)

15 **Q. And did you tell him that you had not**
16 **received information about the Bechtel assessment?**

17 A. I think we did tell him that.

18 **Q. And what was Mike Couick's response?**

19 A. I think he -- I don't recall that there was
20 a verbal response.

21 **Q. Do you recall a non-verbal response?**

22 A. I remember him pushing back his chair from
23 the table and I think he said, okay, but I can't
24 remember that for sure.

25 **Q. So you told Mike Couick that Gary Jones had**

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1 asked for information about the Bechtel assessment
2 from SCE&G; is that what you're saying?
3 A. I believe we did. I believe that we did.
4 Q. And you told Mike Couick that you had not
5 received information from SCE&G about the Bechtel
6 assessment; is that right?
7 A. Yes.
8 Q. And was there any further discussion about
9 Bechtel in that communication with Mike Couick?
10 A. Not that I recall.
11 Q. I just want to wrap up this Bechtel issue.
12 From what you have testified today, you
13 would agree that from the time period of 2015 to
14 2016, you knew that Bechtel had conducted some sort
15 of work on the project, correct?
16 A. I knew that Bechtel employees were working
17 on the project.
18 Q. And Gary Jones knew that Bechtel had done
19 work on the project, correct?
20 A. We knew that Bechtel employees were working
21 on the project.
22 Q. And Gene Soult knew that Bechtel had done
23 work on the project, correct?
24 A. Yes, we knew that Bechtel employees were
25 doing work on the project.

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1 Q. And Dukes Scott knew that Bechtel had done
2 work on the project, correct?
3 A. Yes.
4 Q. And Mike Couick knew that Bechtel had done
5 work on the project, right?
6 A. Yes.
7 Q. And the ORS lawyers knew that Bechtel had
8 done work on the project?
9 A. I can't recall a specific conversation. I
10 think I have made myself clear that my understanding
11 of what Bechtel was doing was drastically different
12 from what was actually going on.
13 Q. And Anthony James knew that Bechtel had done
14 work on the project, right?
15 A. I think that Gene -- I can't say what
16 Anthony knew.
17 MR. HAMM: Are you asking if they
18 knew about it at the site? That's what it sounds
19 like you're asking.
20 MR. KEEL: What?
21 MR. HAMM: Your question is very
22 open-ended. I'm just asking: Are you talking
23 about they knew they were working at the site,
24 Bechtel.
25 MR. KEEL: The question was what

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1 it said.
2 MR. CHALLY: She answered that
3 question.
4 MR. KEEL: She's answered the
5 question. If you have an objection, you can
6 state it.
7 BY MR. KEEL:
8 Q. All right. So we started this inquiry --
9 A. Well, let me add to that. Like, as I
10 previously mentioned, I was aware that Gene had
11 mentioned he had seen Bechtel people on-site. My
12 understanding of what was going on was drastically
13 different from what was actually happening.
14 Q. And you have mentioned that?
15 MR. KEEL: And, Counsel, there is
16 no need for you to try to prompt your client --
17 MR. HAMM: I wasn't trying to, and
18 I apologize.
19 BY MR. KEEL:
20 Q. So we started this discussion with your
21 departure from ORS, right?
22 A. Yes.
23 Q. And you testified that you left ORS because
24 you didn't think you could trust SCE&G anymore; is
25 that correct?

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1 A. I didn't think I could objectively regulate
2 anymore.
3 Q. And the only reason you have identified as
4 to why you couldn't do that was because of the
5 Bechtel assessment; is that right?
6 A. The Bechtel assessment and the questions in
7 my mind that it raised.
8 Q. So what is it that you came to learn about
9 the Bechtel assessment that you believe you didn't
10 know during the project?
11 A. So are you asking me about the report that
12 was in the Post -- that we downloaded from the Post &
13 Courier website?
14 Q. I'm asking you what it is that you learned
15 subsequently after abandonment that Bechtel had done
16 for the project that you claim you didn't know during
17 the project.
18 A. Well, there was that whole report that we
19 downloaded from the Post & Courier website that had
20 extensive reviews by Bechtel. I would say that many
21 of the items in there were items that -- many of the
22 items in there were items that we had previously
23 raised. I would say that Bechtel's assessment of
24 those items was of a much higher magnitude.
25 I think that if I had had the Bechtel

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1 report, I would have made some very different
2 decisions. And then I started wondering about what
3 other reports and information I didn't have. And I
4 started remembering how they got so specific about,
5 well, if you want to know about this, you have to
6 give me the page and line number of that request or
7 that question or the page and line number you're
8 referring to when you ask that question. And I
9 started to think that I just -- I just didn't trust
10 anything else that they had said.

11 **Q. Okay. Ms. Powell, is there anything, other**
12 **than the Bechtel assessment, that you can stand here**
13 **today and identify as a reason for why you couldn't**
14 **trust SCE&G?**

15 A. I have given you my reasons.

16 **Q. Nothing other than what you have identified**
17 **today, right?**

18 A. (Witness nodded head.)

19 **Q. And the only thing you have identified that**
20 **you believe should have been provided to you and**
21 **wasn't provided to you was the Bechtel report, right?**

22 A. Yes.

23 **Q. Okay.**

24 A. I think that --

25 **Q. That's the answer to the question.**

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1 A. Well, hold on. I'm thinking. Around the
2 time I was leaving, there was a lot of other data
3 that was starting to come out. I'm sitting back and
4 I'm thinking, I can recall at least one other item
5 but I don't remember exactly what it was. I can
6 recall at least one other item that was brought to my
7 attention that SCE&G had not provided.

8 **Q. And what is that item?**

9 A. I wish I could -- I can't remember the name
10 of it right now. It was -- it was another assessment
11 of some kind, not like a Bechtel assessment but it
12 was -- it was something to do with the schedule.

13 **Q. Was it a document?**

14 A. It was -- yes.

15 **Q. And who was it a document from?**

16 A. I don't remember. It was brought to my
17 attention by the FBI.

18 **Q. What did the document say?**

19 A. I don't remember. I'm not -- the FBI told
20 me not to talk about it.

21 **Q. Why do you believe that document was not**
22 **made available to ORS during the course of the**
23 **project?**

24 A. Because SCE&G was not being truthful.

25 **Q. No. Do you know that the document was not**

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1 **made available to anybody from ORS during the course**
2 **of the project, this document that you don't recall**
3 **what it said or who it was from?**

4 A. I don't know. I remember that I hadn't been
5 aware of it.

6 **Q. Is there any issue, standing here today,**
7 **that you can tell me was identified in the Bechtel**
8 **report that you were not aware of during the course**
9 **of construction of the project?**

10 A. I haven't reviewed the Bechtel report
11 lately.

12 **Q. Well, you're testifying here today that**
13 **SCE&G withheld something that you believe you should**
14 **have known. What is it that was in that document**
15 **that you believe ORS did not know?**

16 A. If I had had that document, that independent
17 assessment of how the project was being managed, with
18 that list of things with the order of that magnitude,
19 with the record of magnitude of all of those things
20 in there, with the -- I know -- I remember there were
21 some things in there that we didn't know, I just -- I
22 don't remember. It's been a year. It was a really
23 stressful month.

24 **Q. Is there anything --**

25 A. I don't remember. But I remember thinking

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1 that -- I'm sorry, but you need to let me finish.

2 **Q. Go ahead.**

3 A. I remember thinking that -- I'm trying to
4 remember, because I had specific examples of last
5 year. I haven't looked at in a year. I don't
6 remember what they are.

7 **Q. Sitting here today, there is no specific**
8 **issue that was identified in the Bechtel report that**
9 **you can say the ORS was not aware of during the**
10 **course of construction of the project, correct?**

11 A. I didn't do an extensive review of Bechtel.
12 I mean, I -- the fact that it was -- that it existed,
13 the fact that it identified all those problems, the
14 fact that SCE&G wasn't forthcoming about its
15 existence. You can't -- you can't regulate somebody
16 that's going to make you go and search out all of
17 the -- you can't regulate somebody that's not just
18 going to be forthcoming. Like, how -- I mean, how --
19 how -- I mean, what do I know -- I don't -- how do
20 you know things -- how do you know that there aren't
21 things that you don't know that exist that you should
22 be asking about. It's a huge project. How do you
23 regulate somebody like that? I don't know the answer
24 to that question. I don't know the answer to that
25 question.

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1 Q. Ms. Powell, each year that SCE&G filed a
2 petition for the Public Service Commission asking for
3 updated approval of revised rates or schedules or
4 costs, ORS requested information from SCE&G to
5 evaluate those petitions, correct?
6 A. We did.
7 Q. You submitted written requests --
8 A. We did.
9 Q. -- for information to SCE&G, correct?
10 A. We did.
11 Q. And you never submitted a written request to
12 SCE&G asking for the Bechtel report or the Bechtel
13 assessment, correct?
14 A. There seems to be a pretty specific request
15 on this piece of paper.
16 Q. You mean the agenda that says discuss the
17 status of the Bechtel assessment?
18 A. Yes. And if there had been a report, if
19 there had been a thing, if there had been a something
20 that we should be asking about, we should have been
21 our response here or to one of our Interrogatories
22 asking for engineering reports and assessments and
23 all of the things.
24 Q. But you knew that Bechtel had done some sort
25 of assessment on the project as of October 2015; you

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1 had an indication that that had occurred, right?
2 A. My -- I think we have already gone over my
3 understanding of October 2015.
4 Q. Yes. And it was right there in ORS's
5 Interrogatories, Gene Soult had an indication as of
6 October 2015 that Bechtel had done an assessment on
7 the project, right? We read that earlier.
8 A. Uh-huh.
9 Q. Yes?
10 A. Yes.
11 Q. Okay.
12 A. Well, that's what's on the paper, yes.
13 Q. Correct.
14 A. I don't know that -- I don't know that --
15 the way that you're characterizing it doesn't really
16 seem to be to my actual memory, but I agree that's
17 what's on the paper.
18 Q. And then you have testified that there were
19 follow-up discussions in which Gary asked, what's the
20 status of the Bechtel report or assessment, right?
21 A. Right.
22 Q. You never received that assessment or report
23 during the course of the project; is that what you're
24 saying?
25 A. Yes.

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1 Q. And you never submitted a written request to
2 SCE&G saying, provide us the Bechtel assessment?
3 MR. KOLB: Object to the form.
4 THE WITNESS: And/or should have
5 produced any such report that we could get to.
6 BY MR. KEEL:
7 Q. You never submitted a request --
8 A. If Bechtel had been doing work for CB&I or
9 someone else, it would have been difficult for us to
10 get to it.
11 Q. Just answer my question. You never
12 submitted a request, a written request, to SCE&G
13 asking for them to provide you the Bechtel
14 assessment?
15 MR. KOLB: Object to the form.
16 THE WITNESS: I think we submitted
17 several written requests that should have
18 included the Bechtel assessment.
19 BY MR. KEEL:
20 Q. You never submitted a single written request
21 to SCE&G that used the word Bechtel?
22 A. I don't recall one.
23 Q. You never went to --
24 A. Other than what's in the two meeting
25 agendas.

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1 Q. And you never went to the PSC and said,
2 don't approve SCE&G's next petition because we
3 believe Bechtel had conducted an assessment on the
4 project and we haven't received that assessment?
5 A. No.
6 Q. You never went to your boss at ORS and said,
7 we cannot support the next petition for approved
8 rates or costs or schedule updates because we believe
9 Bechtel conducted an assessment on the project and we
10 haven't received that assessment, right?
11 A. No.
12 Q. Instead, in 2016, ORS agreed to a settlement
13 supporting approval of the request for updated
14 schedule and costs for SCE&G for the project, right?
15 A. Yes, uh-huh. Yes.
16 Q. And you supported that decision to enter
17 into that settlement, right?
18 A. I did.
19 Q. And you believed at the time that you had
20 sufficient information for you to make a
21 determination that ORS should agree to that
22 settlement, right?
23 A. I believed at the time that the settlement
24 was reasonable.
25 Q. And my question is: You believed you had

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1 sufficient information to make a determination that
2 ORS should enter into that settlement, right?
3 A. In the context of the fixed price, both the
4 fixed price that was guaranteed by Westinghouse and
5 the fixed price agreement with SCE&G.
6 Q. You believed you had sufficient information
7 to make a determination that ORS should enter into
8 the settlement agreement that it did for the 2016
9 petition, correct?
10 A. Correct.
11 Q. Ms. Powell, did you actually resign from the
12 ORS?
13 A. I did.
14 Q. I want to switch gears for a little bit. I
15 don't think I asked you earlier, but could you
16 describe for us a little bit about your educational
17 background, starting with where you went to college.
18 A. Sure. No problem. I have a degree in -- a
19 bachelor's degree, a bachelor of science in physics
20 from the University of South Carolina Honors College
21 with a minor in math. I have a master's degree in
22 physics with a specialization in nuclear and particle
23 physics from the College of William and Mary.
24 Q. And could you generally describe for me your
25 employment history prior to joining ORS in 2011?

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1 A. Sure. I worked for the House Ways and Means
2 Committee of the General Assembly for a number of
3 years, from 2002 to I think it was 2009. I left Ways
4 and Means to go to work for the Energy Office when
5 Bill Newberry retired. He ran the Rad Waste Disposal
6 Program at the Energy Office. I worked at the Energy
7 Office from 2009 to 2011. I worked on energy
8 assurance issues, a little bit of Demand Side
9 Management Energy Efficiency, and I worked with the
10 Eastern Interconnections States' Planning Council,
11 and that's how I met Duker; our two agencies worked
12 together on that issue.
13 Q. And is that the last employment you had
14 prior to joining ORS?
15 A. Yes.
16 Q. And we talked about earlier one of the
17 things that you had done in your role at ORS in
18 monitoring the V.C. Summer project was providing
19 testimony during some of the petitions.
20 A. Yes.
21 Q. Mark this as 3, I believe.
22 (Exhibit No. 3 was marked for
23 identification.)
24 Q. All right. Ms. Powell, I have just handed
25 you what's been marked as Exhibit 3 to your

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1 deposition.
2 A. Sure.
3 Q. Do you recognize this?
4 A. Yes.
5 Q. What do you recognize this to be?
6 A. This is my testimony in 2012-203-E.
7 Q. And this was the first time you submitted
8 testimony to the South Carolina Public Service
9 Commission?
10 A. Yes, it was.
11 Q. If you turn to page three of the testimony
12 for me, please.
13 A. Sure.
14 Q. You will see towards the bottom of the page
15 there is a question that reads, "What are the primary
16 focus areas of ORS's oversight activities?"
17 Do you see that?
18 A. Yes, I do.
19 Q. And then there is a paragraph and the answer
20 there, and the last sentence of the paragraph that's
21 over on page four, states that, "ORS's oversight
22 activities primarily focus on the company's ability
23 to adhere to the approved construction schedule and
24 the improved capital cost estimates."
25 Do you see that?

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1 A. Yes.
2 Q. And that was your understanding of the focus
3 of ORS's oversight activities throughout the time of
4 the project, right?
5 A. Yes.
6 Q. It was focused on evaluating the ability to
7 adhere to the schedule and approved cost, right?
8 A. Yes.
9 Q. And you understand that the approved
10 schedule for the project was the BLRA milestone
11 schedule, right?
12 A. That's correct.
13 Q. And turning back to page four of your
14 testimony, you can see during the next Q&A, the
15 second sentence in the answer reads, "The BLRA
16 milestone schedule consists of 146 milestone
17 activities."
18 A. Yes.
19 Q. "ORS verifies the status of each milestone
20 activity to ensure the activity is in accordance with
21 the previous commission's orders related to this
22 matter."
23 Do you see that?
24 A. Yes.
25 Q. And what did ORS in an effort to verify the

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1 status of each milestone activity on the approved
2 schedule?

3 A. We reviewed documents on-site. There was a
4 monthly report that was produced by -- well, at
5 various points, Shaw, CB&I and Westinghouse, that
6 tracked their compliance with the BLRA milestones.
7 There were other schedules; there were lookahead
8 schedules. We also looked at the payment of invoices
9 for milestone activities. Occasionally we went to
10 observe key activities. And we had Gary -- we had
11 Gary helping us with our review.

12 Q. Is it fair to say that, throughout the time
13 that you were working with ORS in monitoring this
14 project, you attempted to collect whatever
15 information you could to evaluate the ability of the
16 company to adhere to the approved BLRA milestone
17 schedule?

18 A. Yes.

19 Q. And ORS, throughout that time, had access to
20 information about the project through the different
21 sources, right?

22 A. Yes.

23 Q. And one of the ways that the ORS collected
24 information about the project was through regular
25 site visits to the project, right?

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1 A. Yes.

2 Q. And during the site visits, the ORS would
3 review various documents about the status of the
4 project, right?

5 A. Yes.

6 Q. And if you look at the bottom of page four
7 there, there is a Q&A that discusses this issue.

8 A. Yes.

9 Q. And second sentence from the bottom of the
10 page four, says, "During these visits, ORS meets with
11 SCE&G's New Nuclear Deployment personnel and reviews
12 numerous documents that relate to the approved
13 construction schedule. These documents include, but
14 are not limited to, the weekly construction
15 activities report, detailed construction schedules,
16 milestone comparison activities reports, milestone
17 schedule recovery plans, major component fabrication
18 status log, and meeting minutes."

19 Do you see that?

20 A. Yep.

21 Q. And the meeting that's referred to at the
22 end of that, that's referring to the monthly project
23 review meeting minutes?

24 A. Uh-huh, PRM, yes.

25 Q. Now, this statement -- so this is an

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1 accurate reflection of documents that the ORS
2 reviewed in an effort to perform its activities or
3 its responsibilities of evaluating the schedule?

4 A. Yes.

5 Q. The testimony, your testimony here says,
6 "The documents the ORS would review would include,
7 but are not limited to, this list."
8 What other documents would the ORS review in
9 the site visits?

10 A. It just depended on what SCE&G would provide
11 to us. Sometimes they would have an additional
12 handout about a specific issue. One that comes to
13 mind from this case specifically had to do with the
14 wells and whether they were double fillet wells or
15 full thickness wells. Occasionally, we would ask a
16 question and there would be some additional document
17 that would support the question.

18 Q. And the ORS would also physically observe
19 the status of the site during its visits?

20 A. Yes.

21 Q. In addition to the regular site visits and
22 the review of the documents we just went through, ORS
23 staff would attend plan-of-the-day meetings on a
24 regular basis, correct?

25 A. Yes.

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1 Q. And we have already talked about ORS had
2 monthly meetings with SCE&G personnel; is that right?

3 A. Plan-of-the-day meetings, can you go back to
4 that one?

5 Q. Sure. ORS staff, particularly Gene Sault,
6 would attend plan-of-the-day meetings on a weekly
7 basis?

8 A. That was not true in 2012. That was true
9 later in the project.

10 Q. And ORS had the monthly meetings that we
11 have been talking about where ORS prepared the agenda
12 in advance, right?

13 A. Yes.

14 Q. And you recall that at some of those monthly
15 meetings, members of the consortium would also
16 attend?

17 A. Yes.

18 Q. And you recall there were times in which ORS
19 would go make visits to Westinghouse at their
20 location and would provide, get information about the
21 status of the project?

22 A. By their location, do you mean their
23 location on the construction are site or their
24 location --

25 Q. On the site, I believe.

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1 A. Yes.

2 Q. And that would include information about the

3 status of the schedule for the project, right?

4 A. Yes. We also conducted site visits to

5 vendors at various points during the project.

6 Q. Okay. And which vendors did ORS visit

7 during the course of the project?

8 A. I'm trying to remember, because most of them

9 was while I was not with the project; it was in the

10 two years that I was gone.

11 Q. NNI?

12 A. NNI, yes. And CB&I, Lake Charles, or

13 whatever it was called before that.

14 Q. Do you recall any others?

15 A. I know that Gary went to one up near where

16 he lives in 2015. I can't remember the name of it

17 though.

18 Q. Any others from those three?

19 A. Those are the ones I recall.

20 Q. The ORS also had quarterly meetings with the

21 consortium. Do you recall that?

22 A. Yes.

23 Q. Where would those quarterly meetings be

24 held?

25 A. So at different points in the project it was

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1 different. Are you interested in like 2011 -- like

2 2011 through 2013 or 2015 through 2017?

3 Q. Let's start first with the 2011 through 2013

4 time period.

5 A. Sure.

6 Q. If you had quarterly meetings with the

7 consortium during that time period, what did they

8 consist of?

9 A. They came to ORS offices.

10 Q. Okay. And --

11 A. So during that time period, SCE&G personnel

12 regularly came down to the ORS offices for our

13 monthly meetings. We would have meetings on-site,

14 and then we would have meetings at the office. And

15 the Westinghouse personnel would usually come to the

16 portion of the meeting that was at the office. Later

17 in the project, we visited them at their trailer on

18 the construction site.

19 Q. And that would be the 2015 to 2017 time

20 period?

21 A. Yes.

22 Q. And the personnel --

23 A. I don't know how they did meetings in

24 between when I was there.

25 Q. Fair enough.

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1 The personnel from the consortium that would

2 attend these quarterly meetings, did it include Terry

3 Elam from Westinghouse?

4 A. Sometimes.

5 Q. He was the lead scheduler on the project,

6 right?

7 A. Yes.

8 Q. What about Dan Magnarelli from Westinghouse,

9 did he attend these meetings?

10 A. Sometimes.

11 Q. What about personnel from CB&I?

12 A. Sometimes. We sort of had a rotating -- it

13 wasn't the same people every single time.

14 Q. Was there an agenda prepared for the

15 quarterly meetings with the consortium?

16 A. We usually provided SCE&G with the a list of

17 questions. It was -- anything we had for the

18 consortium was typically on our agenda, our site

19 visit agenda.

20 Q. And would you ask SCE&G to provide that list

21 of questions to the consortium or would ORS provide

22 it directly?

23 A. We would ask SCE&G to provide it. We didn't

24 have any regulatory authority over the consortium.

25 Q. But you did have access to the consortium?

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1 A. To the extent that they allowed us to, yes.

2 Q. I mean, they met with you on a quarterly

3 basis?

4 A. Yes.

5 Q. You would go to these meetings. ORS staff,

6 I assume, would ask questions of the consortium?

7 A. Yes.

8 Q. And I assume the consortium would provide

9 responses to those questions?

10 A. Yes.

11 Q. And ORS was free to ask whatever questions

12 they wanted of the consortium during these meetings?

13 A. Yes.

14 Q. In addition to the meetings we have already

15 gone through and the documents that you discussed

16 would be reviewed during the site visits, the ORS had

17 access to various other reports about the project?

18 A. Yes.

19 Q. And those would be the reports made

20 available in the hard copy binders you discussed

21 earlier as well as in the E-room, correct?

22 A. Yes.

23 Q. And those reports would include a BLRA

24 milestone tracking report?

25 A. Yes.

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1 Q. And that would show how the status of the
2 project compared to the BLRA milestones, right?
3 A. That's correct.
4 Q. Would it include a commercial issues log?
5 A. Yep.
6 Q. It would include weekly status reports on
7 the project?
8 A. That's correct.
9 Q. Would it include status reports from the
10 consortium about the project?
11 A. The ones they provided, yes.
12 Q. Those are the ones you were talking about
13 earlier that would come from CB&I or Westinghouse?
14 A. Correct.
15 Q. Okay.
16 A. They were very cautious about information
17 that they released to us when -- they tended to not
18 give us anything that -- well, shouldn't say it that
19 way. They were very cautious about giving us
20 anything that was not final, final, final. So if it
21 was something that they were still working on, we
22 wouldn't have access to it.
23 Q. So if they were working on an updated
24 schedule, they wouldn't give it to you if it wasn't
25 complete, something like that? Yes?

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1 A. Yes.
2 Q. Scheduling reports were also made available
3 to the ORS that were produced from the consortium's
4 software system, the Primavera?
5 A. Yes.
6 Q. The ORS has also -- risk mitigation reports
7 were made available to the ORS?
8 A. Yes.
9 Q. The information that was made available to
10 the ORS overall would reflect how the status of the
11 project compared to the approved schedule, correct?
12 A. Yes.
13 Q. The information made available to the ORS
14 would also reflect, among other things, the
15 performance factor for construction on the project?
16 A. You're talking about productivity and
17 production?
18 Q. Yes. There is a -- you're familiar with the
19 term the performance factor?
20 A. Yes.
21 Q. And --
22 A. Sort of. It's productivity, production, are
23 the ones that I typically would talk about.
24 Q. And you understand that those performance
25 and productivity factors were part of the information

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1 made available to the ORS, correct?
2 A. Yes.
3 Q. And the information --
4 A. I do know that at several points there
5 were -- they re-baselined the project several times
6 and there were several points where they were working
7 on those factors, and they were in -- they were
8 revising their methodologies.
9 Q. But as a general matter, when those metrics
10 were complete, they were provided to the ORS as part
11 of this regular information?
12 A. Typically, yes.
13 Q. The information made available to the ORS
14 during the project also reflected the indirect,
15 direct craft ratio?
16 A. Yes.
17 Q. The information made available to the ORS
18 also reflected the non-field manual direct craft
19 ratio, correct?
20 A. I don't specifically recall that, but I
21 don't doubt that it probably was there.
22 Q. In addition to the site visits,
23 plan-of-the-day meetings, quarterly meetings with the
24 consortium, monthly meetings with SCE&G, and the
25 various reports made available in the E-room and in

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1 hard copy to the ORS, were there any other sources
2 through which ORS received information about the
3 status of the project?
4 A. You listed audit information requests and
5 NND requests?
6 Q. I did not.
7 A. Okay.
8 Q. So through audit information requests and
9 NND requests?
10 A. Uh-huh.
11 Q. Are there any other sources through which
12 the ORS would obtain information about the project,
13 other than the ones we have already discussed?
14 A. I think those are the main ones.
15 Q. Now --
16 A. I can't promise I didn't occasionally Google
17 something.
18 Q. Fair enough. And could you describe for
19 me how -- well, for a period of time of the project,
20 you were involved in document review to assess sort
21 of the status of the project, right?
22 A. Yes.
23 Q. How would you report that information within
24 ORS?
25 A. We were -- so we would go -- how would I

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1 report that information within ORS? Well, it was
2 difficult because of the confidentiality restrictions
3 with where we could keep information. So we would
4 typically review information at the construction
5 site. If you look -- I'm sure that if you look in
6 the binder with the invoices, you'll see a number of
7 my highlights and notes and things like that. That's
8 just the specific place I remember that I would have
9 written on SCE&G's documents. I'm sure there's
10 probably other ones. And then we would have to
11 verbally relay that information back to the office.

12 **Q. Okay.**

13 **A. Because we couldn't take it away from the**
14 **site.**

15 **Q. So the primary way in which you would**
16 **communicate your analysis of documents you reviewed**
17 **to other people in the ORS would be through meetings?**

18 **A. Yes.**

19 **Q. What about, is the same true for Gene and**
20 **Gary, when they would review documents, how would**
21 **they report their analysis to you or others?**

22 **A. It would typically be through meetings.**
23 **Gene and Gary would occasionally -- well, with the**
24 **monthly, monthly agendas, if that was part of their**
25 **document review -- I know Gene and Gary had a process**

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1 where they would often have phone calls to
2 communicate about things that they had found or where
3 they were or things like that.

4 **Q. What about work product, materials that are**
5 **created by ORS in connection with the V.C. Summer**
6 **project, can you describe for me where those**
7 **materials would be stored within ORS?**

8 **A. At the construction site.**

9 **Q. So if you created notes on a Word document**
10 **from your computer at the office, how would you store**
11 **it?**

12 **A. I would do it.**

13 **Q. Okay.**

14 **A. If it had anything confidential in it, I**
15 **wouldn't do it.**

16 **Q. What if it didn't have anything confidential**
17 **in it?**

18 **A. If it didn't have anything confidential in**
19 **it, it would have been in our -- in our files. But**
20 **the vast majority of anything that was relevant to**
21 **anything had confidential information in it.**

22 **Q. So the ORS produced a quarterly report that**
23 **was made publicly available?**

24 **A. Oh, that's true, that's right, yes, yes.**
25 **But that's not me communicating it back to the office**

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1 though.

2 **Q. Right.**

3 **A. That was what you asked about.**

4 **Q. I'm asking about work product that ORS**
5 **creates from its monitoring of the project.**

6 **A. Oh, okay, yes.**

7 **Q. Where would those materials be stored within**
8 **ORS?**

9 **A. So, like, our quarterly reports or --**

10 **Q. Anything. Anything that ORS personnel**
11 **created, work product they created about the project,**
12 **how would it be stored; what was your system?**

13 **A. We had an electronic -- we had a drive that**
14 **had data on it.**

15 **Q. What was the drive called?**

16 **A. This was from '11 through '13. It was NND.**
17 **I think was the name of the drive, NND. It was in**
18 **our file sharing site.**

19 **Q. Okay.**

20 **A. Not our sharing site but it was in our inner**
21 **office file site, the NND drive.**

22 **Q. And was everything on the NND drive related**
23 **to the V.C. Summer project?**

24 **A. It had two folders; it had one for V.C.**
25 **Summer, it had one for Duke.**

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1 **Q. Are there any other places where work**
2 **product created by ORS personnel would be stored in**
3 **ORS's systems in that '11 to '13 time frame?**

4 **A. Well, this was even later, too. It's just**
5 **that in '11 and '13, the activities were in the**
6 **electric department, and then we got moved to energy**
7 **policy, so it would have been in a different location**
8 **in the file structure.**

9 **Q. It was the same system of anything related**
10 **to the project would be stored in a particular folder**
11 **on the sharing site?**

12 **A. Right.**

13 **Q. And during '15 to '17, what was that folder**
14 **called?**

15 **A. It was NND.**

16 **Q. Was it on a different drive?**

17 **A. I think that we had one -- I think there was**
18 **one that was still in the electric drive, and I think**
19 **I recall at one point it was split out. I can't**
20 **remember.**

21 **Q. Did you have a laptop that you used?**

22 **A. I did have a laptop.**

23 **Q. Did you store anything on your laptop**
24 **related to V.C. Summer?**

25 **A. Occasionally.**

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1 **Q.** And where would you store the documents
2 related to V.C. Summer on your laptop?
3 A. Usually on the desktop.
4 **Q.** Did you have a folder for V.C. Summer on
5 your desktop?
6 A. Yes. I think so, yeah. I had a folder for
7 NND. I don't remember if it was called V.C. Summer
8 or not.
9 **Q.** Are you aware of whether Gary Jones or Gene
10 Soult also had laptops that they used?
11 A. Gene had a laptop.
12 **Q.** Do you know if Gene stored documents related
13 to V.C. Summer on his laptop?
14 A. Probably.
15 **Q.** Do you have any personal knowledge about how
16 he stored documents related to V.C. Summer?
17 A. No.
18 **Q.** Same question for Gary Jones: Do you know
19 how or where Gary Jones stored information related to
20 V.C. Summer?
21 A. I don't have any personal knowledge of that.
22 **Q.** I want to shift to another topic.
23 A. Sure.
24 **Q.** Another part of the ORS's responsibilities
25 was to evaluate how costs being incurred for the

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1 project compared to the approved budget; is that
2 right?
3 A. Yes.
4 **Q.** And could you walk me through that process?
5 What did the ORS do to evaluate whether the project
6 was proceeding on budget?
7 A. We would look at the budget consumption
8 versus where the project was with respect to its
9 payment milestones. And I would say that's the
10 primary. With respect to where it was with respect
11 to its payment milestones, and also, like, in a case,
12 we would do a deep, extensive dive. There were,
13 like, 20 or 30 Excel spreadsheets that we would go
14 through, we would look at staffing, we would look at
15 all of the different factors to figure out, you know,
16 if those factors were reasonable. And then we would
17 figure out, you know -- and then, you know, shortly
18 after a case, you have done the monetary evaluation
19 based on all those staffing plans, so then you can
20 evaluate, you know, what they have paid out versus
21 the contract and look at where you are in the
22 schedule to sort of get an idea of where you are.
23 **Q.** You referenced the term budget consumption.
24 What do you mean by analyzing the project's budget
25 consumption? Would you be reviewing invoices and

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1 payment records?
2 A. Uh-huh. Remember that notebook that I
3 mentioned that was out at the site, it had a listing
4 of, like, all of the invoices per the EPC contract,
5 and we would look at what items had been completed.
6 We would look, like, on the -- because there is a,
7 like a milestone payment schedule in the EPC
8 contract, we would look at milestones that had been
9 completed and then compare those invoices to it.
10 The audit department also would, like, would
11 have -- would sort of regularly look at what the
12 spend-to-date was. They would do that
13 approximately -- approximately monthly. It lagged a
14 little bit, and there were times when they were
15 working on other cases.
16 **Q.** And you also mentioned, I think, 20 to 30
17 spreadsheets of different information, cost-related
18 information that you would evaluate as part of
19 monitoring the budget for project, right?
20 A. Well, that was part of -- we would use the
21 information from the most recent rate case or rate --
22 or not rate case because, I'm sorry, my terminology
23 is wrong -- from the most recent BLRA update docket,
24 because we got all that specific information.
25 **Q.** So those for those 20, 30 spreadsheets, were

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1 those spreadsheets that were provided to ORS from the
2 company?
3 A. Uh-huh.
4 **Q.** Did ORS have any model or spreadsheet that
5 it created to analyze how the project was proceeding
6 in comparison to the budget?
7 A. I didn't have a specific spreadsheet.
8 **Q.** Did anybody within the ORS, to your
9 knowledge, have a model that was used to evaluate how
10 the company was proceeding in comparison to the
11 budget?
12 A. I mentioned all the items that we evaluated
13 together. We would also look at SCE&G's quarterly
14 reports. SCE&G's quarterly reports would show where
15 the project was with the budget and completion
16 percentages and all of that.
17 **Q.** Okay.
18 A. And that was a primary way that we evaluated
19 the project budget, I would say, would be the
20 quarterly reports provided by SCE&G.
21 **Q.** My question is just a little different: Are
22 you aware of anybody within ORS who had a model that
23 was used to evaluate how the project was proceeding
24 with respect to cost?
25 A. We didn't have any sort of, like, computer

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1 model.

2 Q. Did you -- did anybody within ORS have its

3 own sort of spreadsheet set up where it would plug in

4 information provided by the company to do an analysis

5 on how the project was proceeding in comparison to

6 the budget?

7 A. Why would you do that? Because it's in the

8 quarterly report.

9 Q. So I'm asking you: Did anybody do that that

10 you're aware of? Anybody create their own documents,

11 their own spreadsheets, that they used to analyze

12 whether the company was proceeding on budget?

13 A. I'm sure that there were various things we

14 created at different points to look at the budget and

15 schedule. But there was not a master document like

16 you're referring to.

17 Q. There may have been times where people

18 within the auditing department or elsewhere within

19 ORS created their own documents to help analyze

20 whether the project was proceeding on budget, right?

21 A. Right.

22 Q. If those documents, or when those documents

23 were created, would they be stored in that same NND

24 share drive folder?

25 A. Or in the audit folder.

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1 Q. There was a separate drive for the auditing

2 information?

3 A. Uh-huh.

4 Q. What was that drive called?

5 A. I'm not familiar with audit's drive.

6 Q. Would that be a question for Jay? Who would

7 we ask that?

8 A. I guess Jay would be the person to ask.

9 MR. KEEL: Let's go off the record

10 for a minute.

11 THE VIDEOGRAPHER: Off the record

12 at 12:19 p.m.

13 (A recess was taken.)

14 MR. KEEL: On the record at

15 1:12 p.m.

16 BY MR. KEEL:

17 Q. Ms. Powell, are you ready to continue?

18 A. Sure.

19 Q. We talked about earlier one of the things

20 the ORS did with respect to the project was produce

21 for a time period its own quarterly reports

22 evaluating the status of the project.

23 A. Yes.

24 Q. Do you recall that at some point you changed

25 that -- at some point in time, that process changed

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1 and the ORS no longer produced quarterly reports?

2 A. We weren't producing them when I came back.

3 Q. Sometime between 2013 and October 2015 that

4 process stopped?

5 A. Yes.

6 Q. And instead of producing quarterly reports,

7 do you understand that the ORS began sending letters

8 to SCE&G from Dukes Scott with its concerns about the

9 project?

10 A. We did begin sending letters.

11 Q. And were you involved in that process?

12 A. Yes.

13 Q. Do you know why the decision was made to

14 stop producing quarterly reports?

15 A. They had stopped before I came back.

16 Q. So you don't know why that decision was

17 made?

18 A. No.

19 Q. And what was your involvement in preparing

20 the letters that would be sent from Dukes Scott to

21 SCE&G after the time you came in 2015?

22 A. So Gary would typically do a first, a first

23 draft, and then I would look at a paper copy of it

24 and make any edits I had or any additional comments I

25 had.

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1 Q. And then where would the letter go after you

2 provided your comments?

3 A. It would go to -- well, it would go to

4 Dukes, ultimately.

5 Q. And then Dukes, I presume, would review and

6 sign it? Yes?

7 A. Yes.

8 Q. And to whom would the ORS distribute those

9 letters other than to SCE&G?

10 A. I'm not aware of Dukes' distribution list.

11 Q. Would Dukes himself send those letters out?

12 A. It wasn't me.

13 Q. Do you have any understanding as to whether

14 those letters were sent to the governor of South

15 Carolina?

16 A. I know that Dukes sent periodic

17 communications to the governor. I'm not sure if it

18 was exactly the same thing.

19 Q. You're aware that Dukes Scott sent periodic

20 communications to the governor about the V.C. Summer

21 project?

22 A. I don't know that it was -- I know he

23 communicated with the governor about the project.

24 I'm not aware of distribution lists for the letters.

25 Q. Do you have any understanding as to whether

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1 the letters were sent to people other than SCE&G?
2 A. I know that Dukes sent -- Dukes sent some
3 updates to the PERK. I don't believe he sent -- the
4 letters he sent to SCE&G to the PERK.
5 Q. But you don't know what he did with his
6 distribution, right? Yes?
7 A. Yes.
8 Q. I want to talk a little bit about the 2015
9 PSC petition.
10 Do you recall that in March of 2015, SCE&G
11 filed a petition speaking approval by the Public
12 Service Commission of an updated schedule and cost
13 for the project?
14 A. Yes.
15 Q. And after SCE&G submitted that petition, the
16 ORS requested information from SCE&G for the purpose
17 of evaluating the petition, right?
18 A. Yes.
19 Q. And the ORS received information from SCE&G
20 in response to those requests?
21 A. Yes.
22 Q. And then you were involved, I assume, in
23 evaluating that information to determine whether or
24 not ORS would support the petition?
25 A. Yes.

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1 Q. And ultimately, ORS came to the conclusion
2 that it would enter into a settlement agreement with
3 SCE&G seeking for the PSC to approve the requested
4 update?
5 A. Yes, and the settlement agreement.
6 Q. And you supported that decision entering the
7 settlement agreement, correct?
8 A. Yes.
9 Q. And you believed that the terms of that
10 settlement agreement and approval of the petition was
11 in the best interest of the ratepayers at that time,
12 correct?
13 A. I thought the settlement agreement was
14 reasonable.
15 Q. You wouldn't have supported it if you didn't
16 think it was in the best interest of the ratepayers,
17 correct?
18 A. Yes.
19 (Exhibit No. 4 was marked for
20 identification.)
21 Q. Ms. Powell, you have just been handed what
22 is marked as Exhibit Number 4 to your deposition. Do
23 you recognize this document?
24 A. Yes, the Settlement Agreement.
25 Q. This is the Settlement Agreement that ORS

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1 entered into with SCE&G, and the South Carolina
2 Energy Users Committee for that 2015 petition,
3 correct?
4 A. Yeah. I wasn't part of that Settlement
5 Agreement.
6 Q. Okay. But that's what the document says on
7 this paper?
8 A. Yes.
9 Q. Have you ever seen this document before?
10 A. I don't specifically remember it but I am
11 sure I have.
12 Q. Would you typically be involved in the
13 process of reviewing filings for the petition during
14 the time you were working with ORS?
15 A. Yes, but this wasn't during that time
16 period.
17 Q. This was entered into before you came back;
18 is that right?
19 A. Yes.
20 I'm sorry, were your previous questions
21 about 2015 or 2016?
22 Q. They were about the 2015 petition.
23 A. I need to revise my answers then. I
24 misheard. I thought you were talking about 2016.
25 Q. Okay. So all the comments you made

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1 previously about supporting the settlement, you were
2 referring to the 2016 petition?
3 A. The one in which I testified, yes.
4 Q. And didn't have any involvement in
5 evaluating the 2015 petition for ORS?
6 A. No, none.
7 Q. Okay. Well, let's turn the 2016 petition.
8 Now, you understand that after SCE&G entered into the
9 EPC amendment with Westinghouse, it filed another
10 petition with the PSC seeking approval of updated
11 costs and schedule for the project, right?
12 A. Yes.
13 Q. And that's the proceeding that you were
14 involved with?
15 A. Yes.
16 Q. And that was the proceeding in which SCE&G
17 sought approval of the updated cost and schedule --
18 A. Yes.
19 Q. -- per the terms of the EPC amendment,
20 right?
21 A. Yes.
22 Q. Which included SCE&G's election of a fixed
23 price option for the remaining costs of the project?
24 A. Yes.
25 Q. After SCE&G submitted that petition, you

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1 were involved in the process of evaluating it to
2 determine whether the ORS would support it, correct?
3 A. Yes.
4 Q. And the ORS submitted requests for
5 information to SCE&G in connection with that
6 petition?
7 A. Yes.
8 Q. And the ORS received information from SCE&G
9 in response to this request?
10 A. Yes.
11 Q. And then after evaluating the information
12 provided, ORS ultimately decided to enter into a
13 settlement agreement seeking for the PSC to approve
14 the petition per the terms of that agreement?
15 A. Yes.
16 Q. And you supported the decision to enter into
17 that settlement agreement?
18 A. Yes.
19 Q. And then you submitted testimony in support
20 of the PSC approving the petition per the terms of
21 the settlement agreement, right?
22 A. Yes.
23 (Exhibit No. 5 was marked for
24 identification.)
25 Q. Ms. Powell, you have just been handed what

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1 is marked Exhibit Number 5 to your deposition. Do
2 you recognize this document?
3 A. Yes.
4 Q. And what do you recognize this to be?
5 A. This was my testimony in the -- in 2016
6 223E, the baseload review case in 2016.
7 Q. And if you turn to page four of your
8 testimony.
9 A. Uh-huh.
10 Q. You see in the middle of the page there is a
11 question that reads, "Please describe ORS's
12 activities in response to SCE&G's petition."
13 Do you see that?
14 A. Yes.
15 Q. And then your answer states that, "ORS has
16 been actively reviewing documentation related to the
17 amendment since October 2015, and much of the
18 information in the petition was covered by several
19 rounds of continuing information requests related to
20 that review. ORS asked the company to update its
21 responses to these requests in light of the petition.
22 In addition, ORS met frequently with representatives
23 from SCE&G's construction, business and finance
24 department to discuss the details of the petition and
25 supporting documentation."

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1 Do you see that?
2 A. Yes.
3 Q. Okay. And that's consistent with what you
4 recall the ORS did in connection with evaluating the
5 2016 petition?
6 A. Yes.
7 Q. And the reference to amendments in the first
8 sentence there is to the EPC amendment; is that
9 right?
10 A. Yes, that's the finding at the top of the
11 page.
12 Q. The last sentence says -- of that same
13 answer, "ORS also interviewed several SCE&G,
14 Westinghouse Electric Company technical experts and
15 Fluor Corporation technical experts to fully
16 understand the various components of the petition."
17 Do you see that?
18 A. Yes.
19 Q. Do you recall meeting with Westinghouse and
20 Fluor representatives in connection with --
21 A. Yes.
22 Q. -- evaluating whether or not ORS would
23 support the 2016 petition?
24 A. Yes.
25 Q. And specifically, do you recall a meeting

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1 occurring in August of 2016 in which the ORS met with
2 representatives of Westinghouse and Fluor?
3 A. Yes.
4 (Exhibit No. 6 was marked for
5 identification.)
6 Q. I'm handing you what's been marked Exhibit 6
7 to your deposition, Ms. Powell. Do you recognize
8 this document?
9 A. Yes.
10 Q. And what do you recognize this document to
11 be?
12 A. This is a list of questions that were
13 provided for Westinghouse at that meeting.
14 Q. Provided by the ORS?
15 A. Yes.
16 Q. And were you involved in putting together
17 this list of questions to discuss with Westinghouse
18 for that meeting?
19 A. Yes.
20 Q. I want to turn to a few of the -- well,
21 actually, if you look on the first page here after
22 the Introduction there is a statement, says, "Please
23 give me your full name and identity of your position
24 with Westinghouse." And then in handwriting, it
25 says, "Jeff Benjamin."

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1 Do you see that?

2 A. Yes.

3 Q. Do you remember Jeff Benjamin was present at

4 this meeting on August 5th, 2016?

5 A. Yes.

6 Q. And he provided responses to the questions

7 that ORS had relating to the 2016 petition; is that

8 fair?

9 A. Yes.

10 Q. If you turn to page three of Exhibit 6.

11 A. Yes.

12 Q. If you look down about three-quarters down

13 the page there is a bullet point that reads, "What

14 does Westinghouse believe their additional and final

15 costs would be to complete the project?"

16 Do you see that?

17 A. Yes.

18 Q. And do you recall Westinghouse providing

19 information about what it believed the final cost for

20 the project would be during this August 2016 meeting?

21 A. I don't remember exactly what they were but

22 I remember them answering questions.

23 Q. And what do you remember them saying in

24 response to the issue of what the final cost for the

25 project would be?

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1 A. I don't recall specifically.

2 Q. Do you recall Westinghouse stating that it

3 believed it could complete the project for the fixed

4 price amount?

5 A. I don't recall. I recall something else but

6 not related to Westinghouse's statement.

7 Q. What is that you recall?

8 A. I remember Gary Jones asking them if they

9 were willing to lose money to complete the project

10 and demonstrate that the AP 1,000 was viable, and

11 they said yes.

12 Q. And that relates to the bullet point below

13 that as a question in this list, you know, "Is

14 Westinghouse prepared to accept these losses in order

15 to complete the project with the fixed price option

16 value?"

17 A. Uh-huh.

18 Q. And you're saying you recall Westinghouse

19 saying, yes, it was committed to completing this

20 project even if it lost money on it?

21 A. Yes.

22 Q. And Jeff Benjamin made that representation

23 from Westinghouse?

24 A. I don't know if it was Jeff or Jeff's

25 boss -- Dave?

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1 Q. Danny Roderick?

2 A. It was one of the two.

3 Q. And you turn to the next page of Exhibit 6.

4 And the very first bullet point at the top of page

5 four of six here states, "Has Westinghouse ever

6 abandoned or failed to complete a project? If so,

7 please describe the circumstances surrounding this

8 project."

9 Do you see that?

10 A. Yes.

11 Q. Do you recall ORS having concerns at this

12 time in August of 2016 about whether Westinghouse

13 might abandon the project if the fixed price option

14 were approved?

15 A. No.

16 Q. Do you recall any discussion during the

17 August 5th, 2016 meeting about whether Westinghouse

18 had ever previously abandoned a project?

19 A. It's on the -- it's on the agenda, so I'm

20 sure we talked about it.

21 Q. And do you recall Westinghouse providing any

22 representation to ORS about its commitment to finish

23 and not abandon this project?

24 A. Westinghouse repeatedly stated that they

25 were committed to the project, that they were

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1 committed to finishing the project, and that it was a

2 key part of -- the AP 1,000 was a key part of their

3 business model and that they were committed to having

4 the AP 1,000 project be successful and completed so

5 that they could sell more AP 1,000s going forward.

6 Q. And at the time of August 2016, that was an

7 important representation for the purpose of ORS

8 evaluating whether it would support the 2016

9 petition, right?

10 A. Yes.

11 Q. You wanted to make sure that Westinghouse

12 was committed to finishing this project, correct?

13 A. Yes.

14 Q. And they, in no uncertain terms, committed

15 to ORS that they intended to do so?

16 A. Yes.

17 Q. Even if it resulted in losing money?

18 A. Yes.

19 Q. In the middle of this page four of six,

20 there is a question, "Do you believe that the

21 schedule is achievable?"

22 Do you recall any discussion during this

23 meeting in August of 2016 whether Westinghouse

24 believed the schedule that would be approved in the

25 2016 petition was achievable?

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1 A. I recall a statement but I don't recall who
2 made it or whether Westinghouse made it.
3 Q. What is the statement that you recall?
4 A. What I recall is a statement that the
5 schedule was aggressive but achievable.
6 Q. And is it -- do you believe that that
7 statement was made either by Westinghouse or Fluor
8 representatives who were at the meeting?
9 A. I don't remember. I'm sorry.
10 Q. Okay.
11 A. If you -- can I add to my response?
12 Q. Go for it.
13 A. If you keep reading down, is the schedule
14 achievable with current productivity and staffing
15 trends. The answer to that, I'm sure was -- I
16 remember the answer to that was, no, and they talked
17 about things that they would need to do to improve
18 their productivity and efforts they had in place to
19 improve staffing to meet those goals in order to
20 achieve their schedule.
21 Q. As of this time in August 2016, ORS
22 understood that the schedule could only be achieved
23 if productivity on the project was improved from
24 where it had been historically, right?
25 A. If they -- if -- yes.

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1 Q. And if you turn to the last page of this
2 exhibit, I think there is one more, page six of six.
3 A. Uh-huh.
4 Q. You will see in the middle of the page
5 there, there is a question, "Describe your
6 productivity metrics and historic productivity
7 levels." And then three questions below there.
8 Do you recall a discussion during this
9 August 5th, 2016 meeting about the historical
10 productivity metrics for the project in comparison to
11 what was necessary to meet the projected schedule?
12 A. I remember discussions about productivity.
13 I can't place it to the specific meeting, other than
14 I -- we were constantly -- we were constantly raising
15 concerns about their productivity.
16 Q. And it was understood the productivity had
17 to improve to meet the schedule?
18 A. And they had concrete plans in place to do
19 that.
20 Q. And you believed those plans, those plans to
21 improve productivity, were reasonable as of
22 August 2016?
23 A. Yes.
24 Q. You can set that aside.
25 (Exhibit No. 7 was marked for

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1 identification.)
2 Q. Ms. Powell, you have just been handed what
3 is marked Exhibit 7 to your deposition. Do you
4 recognize this document?
5 A. These are questions from Fluor from the same
6 meeting.
7 Q. And do you recall who from Fluor attended
8 the meeting in August 2016?
9 A. I am sorry, I don't recall. Flowers?
10 Q. Would jeff Hawkins sound familiar?
11 A. That is someone with Fluor that sounds
12 familiar.
13 Q. Do you recall whether he was in attendance
14 at this August 2016 meeting?
15 A. I can't say with certainty.
16 Q. And if you turn to the very last page of
17 Exhibit 7.
18 A. Okay.
19 Q. The final question on the list of questions
20 to discuss with Fluor on August 5th, 2016 was, "Does
21 Fluor expect to complete construction of both units."
22 Do you see that?
23 A. Yes.
24 Q. And do you recall a discussion about whether
25 Fluor expected to complete the units during that

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1 meeting in August 2016?
2 A. Yes.
3 Q. And what did Fluor say about whether it was
4 expected to complete construction of both units?
5 A. I recall Fluor saying that they could --
6 expected to complete both units.
7 Q. And did you believe that was another
8 important representation for purposes of ORS's
9 evaluation of the 2016 petition?
10 A. Absolutely.
11 Q. And the ORS viewed the addition of Fluor to
12 the project as a positive change, correct?
13 A. Yes.
14 Q. And if you could turn back to your
15 September 2016 testimony, please.
16 A. All right.
17 Q. And if you could turn to page nine of that
18 testimony.
19 A. Sure.
20 Q. And the question in the middle of the page
21 here asks you to, "Please summarize ORS's analysis of
22 the petition."
23 Do you see that?
24 A. Yes.
25 Q. And there is a subheading there with respect

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1 to schedule.

2 A. Yes.

3 Q. And the second sentence underneath the

4 subheading for the schedule states, "Westinghouse has

5 further indicated that the current construction

6 schedule cannot be met without substantial

7 improvement in current production and productivity

8 rates."

9 Do you see that?

10 A. Yes.

11 Q. And that's consistent with what you recall

12 from your discussions with Westinghouse?

13 A. Yes.

14 Q. And then you skip the following sentence,

15 the next one down says, "Meeting the current

16 construction schedule will require substantial

17 improvement to both productivity and production."

18 A. Yes.

19 Q. So ORS also understood, separate from

20 Westinghouse's representation, that there would have

21 to be substantial improvements in order to meet the

22 projected schedule, right?

23 A. I would say that that statement is based on

24 Westinghouse's representation and historical data.

25 Q. It was based on everything you knew about

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1 the project at that point in time, right?

2 A. Yes.

3 Q. And in the middle of page ten there --

4 A. Yes.

5 Q. -- about halfway down on the right-hand side

6 there is a sentence that starts with, "The."

7 Do you see that?

8 A. On the right-hand side with the --

9 Q. It's nine lines down.

10 A. Yes, I see it.

11 Q. Okay. That sentence reads, "The GSCDs in

12 the petition accurately reflect the GSCCs in the

13 amendment; that is GSCDs of August 31st, 2019 for

14 Unit 2 and August 31st, 2020 for Unit 3. ORS

15 believes that it will take at least this long to

16 complete the units, and in fact it is likely to take

17 longer."

18 Do you see that?

19 A. Yes.

20 Q. So as of the time of this settlement in

21 September of 2016, ORS believed that it was likely

22 that the plants would not be completed by the

23 projected completion dates in the EPC amendment,

24 correct?

25 A. Yes. At least Unit 3. It doesn't

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1 specifically say that.

2 Q. That's your recollection, at least concerned

3 about Unit 3 making it, and this document indicates

4 maybe both Units 2 and 3?

5 A. Yes.

6 Q. And despite knowing that the current

7 schedule couldn't be met without substantial

8 improvements and believing that the units would not

9 be completed per the guaranteed substantial

10 completion dates, you supported ORS entering into

11 this settlement requesting the PSC to approve the

12 petition with the updated schedule and cost, right?

13 DEFENSE ATTORNEY: Object to the

14 form.

15 THE WITNESS: I would like to read

16 the next sentence from my testimony.

17 BY MR. KEEL:

18 Q. Well, first answer my question.

19 A. I think it will answer your question.

20 Q. Well, let's answer my question then you can

21 read your testimony.

22 A. Repeat your question.

23 MR. KEEL: Read that back, please.

24 (The record was read as requested.)

25 THE WITNESS: We believe that the

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1 settlement agreement was reasonable. And then I

2 want to read my next sentence.

3 BY MR. KEEL:

4 Q. Hold on a second. I don't think that

5 answers my question. Let me restate the question.

6 A. Okay.

7 Q. So at the time of entering into this

8 settlement in September of 2016, ORS was aware that

9 the projected substantial completion dates could not

10 be met without substantial improvement on the

11 project, correct?

12 A. Substantial productivity improvement, yes.

13 Q. And as of September 1st, 2016, ORS was of

14 the opinion that the plants were not likely to be

15 completed by the guaranteed substantial completion

16 dates, correct?

17 A. Yes.

18 Q. Despite that knowledge and belief, the ORS

19 entered into this settlement agreement which you

20 supported?

21 A. Yes.

22 Q. And the ORS was recommending that the

23 petition be approved, correct?

24 A. Yes.

25 Q. Now go ahead and read your statement.

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1 V.C. Summer project?
2 A. The FBI.
3 Q. Anybody other than the FBI?
4 A. No.
5 Q. Did you reach out to the FBI or did they
6 reach out to you?
7 A. They reached out to me.
8 Q. When did that occur?
9 A. September of 2017.
10 Q. Did you meet with them in person?
11 A. Yes.
12 Q. What month did you meet with them?
13 A. I think it was -- it was either September or
14 October, I can't remember. It was the end of
15 September or beginning of October.
16 Q. This yellow sheet that you have had in front
17 of you here today, you have been jotting down notes
18 to yourself?
19 A. You're welcome to keep it.
20 Q. Let's go ahead mark that as Exhibit 9 to her
21 deposition.
22 MR. HAMM: Will you hand it to me
23 first, please?
24 THE WITNESS: Sure.
25 (Exhibit No. 9 was marked for

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1 identification.)
2 BY MR. KEEL:
3 Q. Ms. Powell, earlier today you had made a
4 reference to Interrogatories that you served on SCE&G
5 that you believed would have required production of
6 Bechtel report; is that right?
7 A. Yes.
8 Q. Can you identify any specific Interrogatory,
9 sitting here today, you believe required production
10 of the Bechtel report?
11 A. I haven't looked at those in a long time. I
12 do recall there was one specific Interrogatory from
13 our 2016 questions. I think that there are things
14 looking -- I wasn't involved in the 2016 case, but I
15 think that there are some Interrogatories in that
16 case that would have required it as well.
17 We asked for -- it was engineering reports
18 and assessments, I think it was, or -- I don't
19 remember the specific Interrogatory number or the
20 wording.
21 Q. What's the specific one that comes to mind
22 that you said you do recall?
23 A. It's the 2015 case, and I think it was one
24 dash -- I can't remember. It was something like 1-6
25 to 1-16. It was one of the early ones, and the

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1 question asked specifically for assessments and
2 engineering or engineering reports.
3 Q. You believe that was one of the early
4 Interrogatories served in the 2015 petition?
5 A. I think this was 2016. We asked for any
6 outside -- I don't have it with me. I'm sorry.
7 Q. This Interrogatory that you're referring to,
8 is it from a petition that you were part of the
9 review for?
10 A. This was from a petition that I was part of
11 the review for. It was the 2016 -- it was not the
12 petition. This the AIR that we served in March of
13 2016 when we were reviewing the EPC contract.
14 Q. And this is an AIR that you recall requested
15 production of engineering reports?
16 A. I think that was the terminology.
17 Q. Is there any other Interrogatory that you
18 can recall, sitting here today, that you believe
19 required production of the Bechtel report?
20 A. I haven't looked at those Interrogatories in
21 several years specifically.
22 Q. So the answer is no?
23 A. No.
24 Q. Is AIR-132 from the 2016 petition the one
25 that you're referring to?

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1 A. It could be. If you let me read it, I
2 will --
3 Q. Bear with me here for a second.
4 A. Sure, no problem.
5 (Exhibit No. 10 was marked for
6 identification.)
7 Q. Ms. Powell, you have just been handed what
8 has been marked Exhibit 10 to your deposition. Do
9 you recognize this document?
10 A. Yes.
11 Q. And is this the Interrogatory you referred
12 to earlier today?
13 A. I believe so, yes.
14 Q. So if you read the title of this document,
15 it states that it is "South Carolina Electric & Gas
16 Company, Office of Regulatory Staff's First Audit
17 Information Request, October 15 Amendments to the
18 Engineering Procurement and Construction Contract
19 Related to the Construction of a Nuclear Baseload
20 Generation Facility at Jenkinsville, South Carolina."
21 Do you see that.
22 A. Yes.
23 Q. So these are requests that were submitted
24 about the October 15 EPC amendments, right?
25 A. Yes.

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1 Q. And the Request 1-32, the first sentence
2 states, "Has SCE&G decided to retain the services of
3 a project consultant as allowed in the agreement?"
4 Do you see that?
5 A. Yes.
6 Q. And you understand that to be a reference to
7 the EPC amendment agreement as reflected in the
8 overall purpose of the request?
9 A. Yes.
10 MR. KEEL: I have no further
11 questions, Ms. Powell. Thank you very much for
12 your time.
13 THE WITNESS: Okay.
14 MR. KEEL: These gentlemen may ask
15 you some question, and lady.
16 MR. KOLB: Can we take a
17 five-minute break?
18 MR. KEEL: Sure.
19 THE VIDEOGRAPHER: Off the record
20 at 2:00 p.m.
21 (A recess was taken.)
22 THE VIDEOGRAPHER: On the record
23 at 2:02 p.m.
24 MR. KOLB: Wade Kolb on behalf of
25 the ORS. No questions from us.

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1 MS. FICKLING: Jessica Fickling on
2 behalf of the Plaintiff Class. No questions from
3 us.
4 MR. KEEL: And then I think we're
5 done here. Ms. Powell, thank you very much for
6 your time.
7 THE WITNESS: All right. Thank
8 you.
9 THE VIDEOGRAPHER: This concludes
10 today's deposition of Allyn Powell. We're off
11 the record at 2:02 p.m.
12 (The deposition concluded at 2:02 p.m.)
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1 STATE OF SOUTH CAROLINA
2 COUNTY OF GREENVILLE
3 REPORTER'S CERTIFICATE
4 I, Rebecca L. Arrison, a Notary Public in and for
5 the State of South Carolina, do hereby certify that
6 there came before me on the 26th day of October, 2018,
7 the person hereinbefore named, who was by me duly
8 sworn to testify to the truth and nothing but the
9 truth of his knowledge concerning the matters in
10 controversy in this cause; that the witness was there
11 upon examined under oath, the examination reduced to
12 typewriting under my direction, and the deposition is
13 a true record of the testimony given by the witness.
14 I further certify that I am neither attorney or
15 counsel for, nor related to or employed by, any
16 attorney or counsel employed by the parties hereto or
17 financially interested in the action.
18 IN WITNESS WHEREOF, I have hereto set my hand,
19 this 5th day of November, 2018.
20
21 
22 _____
23 Rebecca L. Arrison, Notary Public
24 My Commission Expires: 3/28/2027
25

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1 A-T-T-E-S-T-A-T-I-O-N
2 In Re: Lightsey, et al. v. SCE&G, et al.
3 Deposition of: Allyn Powell
4 Date Taken: October 26, 2018
5 Taken Before: Rebecca Arrison
6
7 Having read my statement, no changes are necessary.
8 Signed: _____
9 Having read my statement, I make these corrections.
10 Page ___ Line ___ Correction _____
11 Page ___ Line ___ Correction _____
12 Page ___ Line ___ Correction _____
13 Page ___ Line ___ Correction _____
14 Page ___ Line ___ Correction _____
15 Page ___ Line ___ Correction _____
16 Page ___ Line ___ Correction _____
17 Page ___ Line ___ Correction _____
18 Page ___ Line ___ Correction _____
19 Page ___ Line ___ Correction _____
20 Page ___ Line ___ Correction _____
21 Page ___ Line ___ Correction _____
22 Sworn to and subscribed before me this ___ day of
23 _____, _____ County, South
24 Carolina. My commission expires _____.
25

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**BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E**

In Re: Friends of the Earth and Sierra Club,
Complainants/Petitioners v. South Carolina
Electric & Gas Company,
Defendant/Respondent

In Re: Request of the Office of Regulatory
Staff for Rate Relief to South Carolina
Electric & Gas Company's Rates Pursuant to
S.C. Code Ann. § 58-27-920

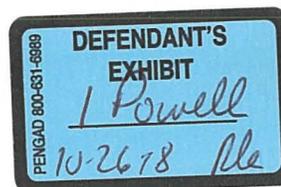
In Re: Joint Application and Petition of South
Carolina Electric & Gas Company and
Dominion Energy, Inc., for review and
approval of a proposed business combination
between SCANA Corporation and Dominion
Energy, Inc., as may be required, and for a
prudency determination regarding the
abandonment of the V.C. Summer Units 2 &
3 Project and associated customer benefits
and cost recovery plan.

**ORS'S ANSWERS TO FIRST SET OF
REQUESTS FOR ADMISSION, SECOND
SET OF INTEROGATORIES, AND
SECOND SET OF REQUESTS FOR
PRODUCTION OF DOCUMENTS
(AMENDED)**

TO: ATTORNEYS FOR SOUTH CAROLINA ELECTRIC & GAS COMPANY:

GENERAL OBJECTIONS TO THE REQUESTS FOR ADMISSIONS BELOW

1. The South Carolina Office of Regulatory Staff ("ORS") objects to the requests for admission because they purport to require the identification of a "responsible person" in response to each request for admission. Rule 36 of the SCRCP does not require a party to identify a "responsible person" in response to each request for admission.
2. The ORS objects to the definition of the ORS as including its "predecessors, subsidiaries, related entities" and former directors and former employees as unwarranted and beyond the discovery obligations of the SCRCP.



3. The ORS objects to the requests for admission because they demand a response within 20 days of service. Commission regulations do not reference requests for admission, thus, requests for admission are governed by SCRCF 36, which permit 30 days to respond.

RESPONSES TO REQUESTS FOR ADMISSION

Request for Admission 1-1: Admit that during August 2015, you were aware that Bechtel was assessing the NND Project.

Response to Request for Admission 1-1: Denied.

Request for Admission 1-2: Admit that during September 2015, you were aware that Bechtel was conducting an assessment of the NND Project.

Response to Request for Admission 1-2: Denied.

Request for Admission 1-3: Admit that you knew about the existence of the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-3: Denied.

Request for Admission 1-4: Admit that you had been informed of some or all of the findings set forth in the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-4: ORS objects to this Request for Admission because the phrase “some or all of the findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for knowledge of some or all of such findings. Denied as to the 2015 Bechtel Report.

Request for Admission 1-5: Admit that you knew about the existence of the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-5: Denied.

Request for Admission 1-6: Admit that you knew about some or all of the findings set forth in 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-6: ORS objects to this Request for Admission because the phrase “some or all of the findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for knowledge of some or all of such findings. Denied as to the 2016 Bechtel Report.

Request for Admission 1-7: Admit that you were aware of each of the challenges to the NND Project that are set forth in the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-7: ORS objects to this Request for Admission because the phrase “each of the challenges” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “challenges” the request refers to and whether the admission is for awareness of some or all of such “challenges.” Denied as to the 2016 Bechtel Report.

Request for Admission 1-8: Admit that Santee Cooper informed you about the existence of the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-8: Denied.

Request for Admission 1-9: Admit that Santee Cooper informed you of the findings set forth in the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-9: Denied.

Request for Admission 1-10: Admit that Santee Cooper informed you about the existence of the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-10: Denied.

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Request for Admission 1-11: Admit that Santee Cooper informed you of the findings set forth in the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-11: ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2016 Bechtel Report.

Request for Admission 1-12: Admit that ECSC informed you about the existence of the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-12: Denied.

Request for Admission 1-13: Admit that ECSC informed you of the findings set forth in the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-13: ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2015 Bechtel Report.

Request for Admission 1-14: Admit that ECSC informed you about the existence of the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-14: Denied.

Request for Admission 1-15: Admit that ECSC informed you of the findings set forth in the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-15: ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because

it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2016 Bechtel Report.

Request for Admission 1-16: Admit that Central Electric informed you about the existence of the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-16: Denied.

Request for Admission 1-17: Admit that Central Electric informed you of the findings set forth in the 2015 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-17: ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2015 Bechtel Report.

Request for Admission 1-18: Admit that Central Electric informed you about the existence of the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-18: Denied.

Request for Admission 1-19: Admit that Central Electric informed you of the findings set forth in the 2016 Bechtel Report prior to the hearing held in the 2016 NND Update Docket.

Response to Request for Admission 1-19: ORS objects to this Request for Admission because the term “findings” is vague, ambiguous, and imprecise. ORS cannot answer the request because it is not clear what “findings” the request refers to and whether the admission is for information of some or all of such findings. Denied as to the 2016 Bechtel Report.

Request for Admission 1-20: Admit that that at SCE&G's request, you were reviewed and proposed changes to a draft of the BLRA before it was introduced before the General Assembly of the State of South Carolina.

Response to Request for Admission 1-20: ORS objects to this Request for Admission because the phrase “you were reviewed” is vague, ambiguous, unclear and imprecise. ORS assumes the request means “you reviewed” rather than “you were reviewed.” Subject to this clarification, admitted.

Request for Admission 1-21: Admit that that you were actively involved in the drafting and review of the BLRA while it was being proposed and considered by the General Assembly of the State of South Carolina.

Response to Request for Admission 1-21: ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the phrase “actively involved” is vague, ambiguous, unclear and imprecise, and open to multiple subjective interpretations.

Request for Admission 1-22: Admit that that you proposed a number of provision and amendments to the draft of the BLRA which were incorporated into the final draft of the BLRA.

Response to Request for Admission 1-22: ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the request regarding “a number of provision and amendments” is vague, ambiguous, unclear, imprecise, and open to multiple subjective interpretations.

Request for Admission 1-23: Admit that that key leaders of the General Assembly indicated that the BLRA would not advance through committee and subcommittee without your approval as to its terms.

Response to Request for Admission 1-23: ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the phrase “key leaders of the General Assembly” is vague, ambiguous, unclear and imprecise.

Request for Admission 1-24: Admit that that the changes you proposed to the draft of the BLRA which were incorporated into the final draft of the BLRA included additional protections for customers, additional resources for your oversight of projects, and provisions imposing clear burdens of proof on the utility.

Response to Request for Admission 1-24: ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.”

Request for Admission 1-25: Admit that that you publicly spoke in favor of the adoption of the BLRA before committees and subcommittees of the General Assembly of the State of South Carolina.

Response to Request for Admission 1-25: ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts,

except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the phrase “you publicly spoke” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations.

Request for Admission 1-26: Admit that that you never raised any concerns about the constitutionality of the BLRA while it was being considered by the General Assembly of the State of South Carolina.

Response to Request for Admission 1-26: ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the phrase “raised any concerns” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations.

Request for Admission 1-27: Admit that that you never raised any concerns about the constitutionality of the BLRA prior to March 28, 2017.

Response to Request for Admission 1-27: ORS objects and will not respond to this request on the ground that South Carolina Rule of Civil Procedure 36(c) provides that, “the total number of all requests [for admission] to one party shall not exceed twenty requests, including subparts, except by leave of court upon good cause shown.” ORS also objects to this Request for Admission because the phrase “key leaders of the General Assembly” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS also objects to this Request for Admission because the phrase “raised any concerns” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations.

GENERAL OBJECTIONS TO THE INTERROGATORIES BELOW

1. The South Carolina Office of Regulatory Staff (“ORS”) interprets the request for identification of a “responsible person” as a request that the responses be “subscribed by an appropriate verification.” *See* 10 S.C. Ann. Regs. 103-833(C). Thus, the ORS has provided appropriate verification at the end of these responses.
2. The ORS objects to the definition of the ORS as including its “predecessors, subsidiaries, related entities” and former directors and former employees as unwarranted and beyond discovery obligations.

INTERROGATORY RESPONSES

Interrogatory 1-1: State with specificity the date on which you first learned that Bechtel was conducting a review of the NND Project.

Response to Interrogatory 1-1: ORS objects to this interrogatory because the term “you first learned” is ambiguous and open to multiple interpretations in this context. Subject to and without waiver of the foregoing objections, ORS states that in early 2015 Gary Jones learned from Skip Smith that SCE&G was considering candidates to perform an independent overall assessment. However, Mr. Jones was never informed that SCE&G had decided to go forward with the assessment. At the NND/ORS monthly meeting on August 26, 2015, Gene Soult was only informed that SCE&G’s legal office was handling an external review; and at that time, he did not know the identity of the external reviewer or any information about the scope of the review. On October 15, 2015, Mr. Soult attended a plan of the day (“POD”) session in which an unknown individual made comments that indicated he had participated in an assessment of the project. As the individual finished his statement, he and another unknown

individual picked up hats which were labeled with "Bechtel." This event made Mr. Soult think that Bechtel may have conducted some type of review of the project.

Mr. Soult mentioned the statement at the POD session to ORS staff, which led Mr. Jones to make the following entry on the agenda for the October 27, 2015 ORS/NND meeting: "Discuss the Status of the Bechtel Assessment and the top ten issues noted thus far" and to request a copy of the written report from the assessment. In response, some SCE&G representatives stated that they "don't know anything" and were "not briefed by Management." Mr. Smith advised Mr. Jones that Bechtel had performed a high-level overview, had only discussed the review with senior executives, and that he was not aware of the scope or results of Bechtel's assessment and would probably not become privy to that information. Mr. Smith also stated that there were no written reports and that none were planned.

The topic was again brought up at the November 17, 2015 Commercial Review Session, and SCE&G representatives again stated they were not involved and had no news regarding any such assessment. ORS again asked about a report or assessment at a later ORS/NND meeting, and the NND-GM stated "it was not SCE&G's report, it belonged to Santee Cooper."

On March 4, 2016, ORS sent the following Audit Information Request pursuant to S.C. Code Ann. § 58-4-55, 58-27-160, 58-27-1570, 58-33-230, and 58-33-277 to SCE&G that should have caused Bechtel's work and reports to be identified, but it was not:

Request 1-32: Has SCE&G decided to retain the services of a Project Consultant as allowed in the Agreement? What are the costs associated with these services? Are these costs included in the current estimate of the Owner's Cost? Has a contract been awarded? If so, to whom? If this decision has not yet been made, please advise the target schedule for making a decision or implementing this service.

On March 24, 2016, SCE&G responded to Request 1-32:

Yes. SCE&G has decided to retain the services of at least two project consultants for consultation as to the process for the selection of construction payment milestones. One of the consultants, Work Management, Inc., has already performed its services, and SCE&G expects that the cost of those services will be less than \$ 5,000. The second company has not yet signed a contract or provided any services, but the costs should not exceed \$25,000. There are sufficient funds in the Owner's Cost category to cover these amounts.

On June 24, 2016, SCE&G provided a supplemental response to Request 1-32:

SCE&G retained the consulting services of Work Management, Inc., concerning the selection of construction payment milestones. These consulting services were provided at no cost to SCE&G. With regard to the second consultant company referenced in Response 1-32, SCE&G has elected not to pursue the hiring of this company.

Although the objectives stated in all known versions of the Bechtel Report show that Bechtel was operating as a project consultant, Bechtel was not included in the answer to these requests. On or about August 22, 2017, SCANA and Santee Cooper officials admitted publicly for the first time that Bechtel performed an assessment and a report was prepared. A SCANA representative then stated that the Bechtel report was confidential and privileged.

Interrogatory 1-2: Identify the person(s) from whom you first learned about the existence of Bechtel's review of the NND Project.

Response to Interrogatory 1-2: See Response to Interrogatory 1-1.

Interrogatory 1-3: State with specificity the date on which you first learned about the existence of the 2015 Bechtel Report. For purposes of this Interrogatory and the interrogatories that follow it, the 2015 Bechtel Report refers specifically to "Project Assessment Report" written by Bechtel and dated November 9, 2015, not the fact that Bechtel was conducting a review of the NND Project.

Response to Interrogatory 1-3: See Response to Interrogatory 1-1. ORS first learned of the existence of the 2015 Bechtel Report during interviews with the Federal Bureau of Investigation, which occurred after September 2017.

Interrogatory 1-4: Identify the person(s) from whom you first learned about the existence of the 2015 Bechtel Report.

Response to Interrogatory 1-4: See Response to Interrogatory 1-1 and 1-3.

Interrogatory 1-5: Identify the manner in which you learned about the existence of the 2015 Bechtel Report (*e.g.*, phone call, e-mail, in-person meeting).

Response to Interrogatory 1-5: See Response to Interrogatory 1-1 and 1-3.

Interrogatory 1-6: State with specificity the date on which you first learned about the existence of the 2016 Bechtel Report. For purposes of this Interrogatory and the interrogatories that follow it, the 2016 Bechtel Report refers specifically to "Project Assessment Report" written by Bechtel and dated February 5, 2016, not the fact that Bechtel was conducting a review of the NND Project.

Response to Interrogatory 1-6: See Response to Interrogatory 1-1. Upon information and belief, ORS first learned of the existence of the 2016 Bechtel Report, and ultimately obtained the 2016 Bechtel Report, after the Senate hearing in which SCE&G was first asked about the report. ORS asked SCE&G counsel for the report but was told it was privileged and would not be provided. ORS obtained the 2016 Bechtel report by downloading it from the Post and Courier newspaper website on or about September 4, 2017.

Interrogatory 1-7: Identify the person(s) from whom you first learned about the existence of the 2016 Bechtel Report.

Response to Interrogatory 1-7: See Response to Interrogatory 1-1 and 1-6.

Interrogatory 1-8: Identify the manner in which you learned about the existence of the 2016 Bechtel Report (*e.g.*, phone call, e-mail, in-person meeting).

Response to Interrogatory 1-8: See Response to Interrogatory 1-1 and 1-6.

Interrogatory 1-9: State with specificity the date on which you were first informed of any of the findings set forth in the 2015 Bechtel Report.

Response to Interrogatory 1-9: ORS objects to this Interrogatory because the phrase “any of the findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS cannot answer the Interrogatory without specification of what “findings” SCE&G is referring to.

Interrogatory 1-10: Identify the person(s) from whom you first learned about any of the findings set forth in the 2015 Bechtel Report.

Response to Interrogatory 1-10: See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

Interrogatory 1-11: Identify the manner in which you learned about any of the findings set forth in the 2015 Bechtel Report (*e.g.*, phone call, e-mail, in-person meeting).

Response to Interrogatory 1-11: See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

Interrogatory 1-12: State with specificity the date on which you were first informed of any of the findings set forth in 2016 Bechtel Report.

Response to Interrogatory 1-12: See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

Interrogatory 1-13: Identify the person(s) from whom you first learned about any of the findings set forth in the 2016 Bechtel Report.

Response to Interrogatory 1-13: See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

Interrogatory 1-14: Identify the manner in which you learned about any of the findings set forth in the 2016 Bechtel Report (*e.g.*, phone call, e-mail, in-person meeting).

Response to Interrogatory 1-14: See objections to Interrogatory 1-9. As to the Report, see Response to Interrogatory 1-1, 1-3 and 1-6.

Interrogatory 1-15: State with specificity the date on which you first reviewed any portion of the 2015 Bechtel Report.

Response to Interrogatory 1-15: See Response to Interrogatory 1-1 and 1-3.

Interrogatory 1-16: State with specificity the date on which you first reviewed any portion of the 2016 Bechtel Report.

Response to Interrogatory 1-16: See Response to Interrogatory 1-1 and 1-6. On May 16, 2018, ORS requested the standalone Bechtel Schedule Report and was told it was privileged. (See NND Request; RCT-06).

Interrogatory 1-17: Describe with particularity the source of information and the manner in which you obtained the information which lead you to include as part of your "SCE&G VC Summer Units 2 & 3 October 27 & 28, 2015 Site Visit" the following: "Discuss the Status of the Bechtel Assessment and the top ten issues noted thus far."

Response to Interrogatory 1-17: See Response to Interrogatory 1-1.

Interrogatory 1-18: Describe with particularity why the following entry, "Discuss the Status of the Bechtel Assessment and the top ten issues noted thus far" was removed from the ORS/SCE&G monthly agenda for the monthly oversight meeting between SCE&G and ORS that followed the October 27 & 28, 2015 Site Visit monthly meeting.

Response to Interrogatory 1-18: See Response to Interrogatory 1-1.

Interrogatory 1-19: Describe with particularity why you did not pursue the further inquiry concerning "the Status of the Bechtel Assessment" after it was removed from the ORS/SCE&G monthly agenda.

Response to Interrogatory 1-19: See Response to Interrogatory 1-1.

Interrogatory 1-20: Did anyone who was present in the October 27 & 28, 2015 Site Visit monthly oversight meeting between ORS and SCE&G ever raise the issue of the Bechtel Assessment with C. Dukes Scott? If so, when? Describe with particularity his response.

Response to Interrogatory 1-20: ORS does not know.

Interrogatory 1-21: Did anyone who was present in the October 27 & 28, 2015 Site Visit monthly oversight meeting between ORS and SCE&G ever raise the issue of the Bechtel Assessment with Nanette S. Edwards? If so, when? Describe with particularity his response.

Response to Interrogatory 1-21: Not prior to preparation in this litigation, subject to attorney-client privilege and work product protection.

Interrogatory 1-22: To the extent that you deny Request for Admission 1-5, please set forth with particularity each and every challenge faced by the NND Project, as set forth in the 2016 Bechtel Report, that was not known to you prior to the hearing held in the 2016 NND Update Docket.

Response to Interrogatory 1-22: ORS objects to this Interrogatory because the phrase “each and every challenge” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS cannot answer the Interrogatory without specification of what “challenges” SCE&G is referring to.

Interrogatory 1-23: State with specificity the dates on which you met with Santee Cooper between January 1, 2015, and December 31, 2016.

Response to Interrogatory 1-23: ORS objects to this Interrogatory because the phrase “met with” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, ORS states that ORS records show that officials

from ORS did not have any in-person meetings with Santee Cooper between January 1, 2015, and December 31, 2016, regarding the BLRA or the NND Project.

Interrogatory 1-24: Please identify the persons who attended each of your meetings with Santee Cooper between January 1, 2015, and December 31, 2016.

Response to Interrogatory 1-24: ORS objects to this Interrogatory because the phrase “meetings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, ORS states that ORS records show that ORS did not have any in-person meetings with Santee Cooper between January 1, 2015, and December 31, 2016, regarding the BLRA or the NND Project.

Interrogatory 1-25: State with specificity the dates on which you met with ECSC between January 1, 2015, and December 31, 2016.

Response to Interrogatory 1-25: ORS objects to this Interrogatory because the phrase “met with” is vague, ambiguous, unclear, imprecise, and open to multiple subject interpretations. Subject to and without waiver of the foregoing objections, ORS states that ORS records show that officials from ORS had in-person meetings with officials from ECSC regarding the NND Project generally every month.

Interrogatory 1-26: Please identify the persons who attended each of your meetings with ECSC in 2015 between January 1, 2015, and December 31, 2016.

Response to Interrogatory 1-26: ORS objects to this Interrogatory because the phrase “meetings” is vague, ambiguous, unclear, imprecise, and open to multiple subjective interpretations. Subject to and without waiver of the foregoing objections, ORS states generally the following ORS officials were present at in-person meetings regarding the NND Project with

officials from ECSC: Dukes Scott, Gary Jones, and Allyn Powell. On an irregular basis, Nanette Edwards, Anthony James, and Shannon Hudson also attended for ORS.

Interrogatory 1-27: State with specificity the date on which you met with Central Electric between January 1, 2015, and December 31, 2016.

Response to Interrogatory 1-27: ORS objects to this Interrogatory because the phrase “met with” is vague, ambiguous, unclear, imprecise, and open to multiple subjective interpretations. Subject to and without waiver of the foregoing objections, ORS states that ORS records show that officials from ORS had in-person meetings with officials from Central Electric regarding the NND Project generally every month.

Interrogatory 1-28: Please identify the persons who attended each of your meetings with Central Electric between January 1, 2015, and December 31, 2016.

Response to Interrogatory 1-28: ORS objects to this Interrogatory because the phrase “meetings” is vague, ambiguous, unclear, imprecise, and open to multiple subjective interpretations. Subject to and without waiver of the foregoing objections, ORS states generally the following ORS officials were present at in-person meetings regarding the NND Project with officials from Central Electric: Dukes Scott, Gary Jones, and Allyn Powell. On an irregular basis, Nanette Edwards, Anthony James, and Shannon Hudson also attended for ORS.

Interrogatory 1-29: State with specificity the date on which Santee Cooper first informed you of the findings set forth in the 2015 Bechtel Report.

Response to Interrogatory 1-29: ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, see Response to Interrogatory 1-1 and 1-3.

Interrogatory 1-30: State with specificity the date on which Santee Cooper first informed you of the findings set forth in the 2016 Bechtel Report.

Response to Interrogatory 1-30: ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, see Response to Interrogatory 1-1 and 1-6.

Interrogatory 1-31: State with specificity the date on which ECSC first informed you of the findings set forth in the 2015 Bechtel Report.

Response to Interrogatory 1-31: ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, ECSC did not inform ORS of any information in the 2015 Bechtel Report. See Response to Interrogatory 1-1 and 1-3.

Interrogatory 1-32: State with specificity the date on which ECSC first informed you of the findings set forth in the 2016 Bechtel Report.

Response to Interrogatory 1-32: ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, ECSC did not inform ORS of any information in the 2016 Bechtel Report. See Response to Interrogatory 1-1 and 1-6.

Interrogatory 1-33: State with specificity the date on which Central Electric first informed you of the findings set forth in the 2015 Bechtel Report.

Response to Interrogatory 1-33: ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, Central Electric did not inform ORS of any information in the 2015 Bechtel Report. See Response to Interrogatory 1-1 and 1-3.

Interrogatory 1-34: State with specificity the date on which Central Electric first informed you of the findings set forth in the 2016 Bechtel Report.

Response to Interrogatory 1-34: ORS objects to this Interrogatory because the term “findings” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. Subject to and without waiver of the foregoing objections, Central Electric did not inform ORS of any information in the 2016 Bechtel Report. See Response to Interrogatory 1-1 and 1-6.

Interrogatory 1-35: Identify every party with whom you contend you have, or have had, a joint defense agreement or a common interest agreement with respect to any of the following actions:

1. The Prudency of Abandonment Case
2. The Prudency Determination Case
3. The Rate Relief Case
4. The Merger Approval Case

Response to Interrogatory 1-35: ORS objects because the interrogatory seeks information not relevant to the issues in these proceedings. Subject to and without waiver of the foregoing objections, ORS states that it believes it has a common interest with every party in the identified proceedings except for SCE&G, Dominion Energy, and Santee Cooper.

Interrogatory 1-36: State with specificity the date on which you contend each joint defense agreement or common interest agreement identified in response to Interrogatory 1-29 was entered into.

Response to Interrogatory 1-36: ORS objects because the interrogatory seeks information not relevant to the issues in these proceedings. ORS objects because Interrogatory 1-29 does not reference any joint defense agreement or common interest agreement. Subject to and without waiver of the foregoing objections and assuming the Interrogatory intends to reference

Interrogatory 1-35, ORS states that it believes the common interest has existed since abandonment and the outset of the litigation.

Interrogatory 1-37: Identify and describe every presentation that you made to the SCEUC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Interrogatory 1-37: ORS objects to this Interrogatory because the phrase “presentation” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS also objects because the interrogatory is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections and pursuant to SCRCP 33(c), see PowerPoint presentations enclosed.

Interrogatory 1-38: Identify and describe every presentation that you made to the PURC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Interrogatory 1-38: ORS objects to this Interrogatory because the phrase “presentation” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS also objects because the interrogatory is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections and pursuant to SCRCP 33(c), ORS is searching its records for any presentations made to PURC.

Interrogatory 1-39: Identify and describe every presentation that you made to the Energy Advisory Council at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Interrogatory 1-39: ORS objects to this Interrogatory because the phrase “presentation” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS

also objects because the interrogatory is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections, ORS is not currently aware of any such presentations but will supplement this response if it becomes aware of any such presentations.

Interrogatory 1-40: Identify and describe every presentation that you made to the LCI Committee or any of its subcommittees at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Interrogatory 1-40: ORS objects to this Interrogatory because the phrase “presentation” is vague, ambiguous, unclear, imprecise, and open to multiple interpretations. ORS also objects because the interrogatory is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections, ORS is not currently aware of any such presentations but will supplement this response if it becomes aware of any such presentations.

Interrogatory 1-41: Identify and describe every report, letter, briefing paper, or other communication that you made or sent to the PURC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Interrogatory 1-41: ORS objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections and pursuant to SCRCF 33(c), ORS will produce non-privileged and public accountability reports, PURC reports and Review letters that reference the NND Project.

Interrogatory 1-42: Identify and describe every report, letter, briefing paper, or other communication that you made or sent to the Energy Advisory Council at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Interrogatory 1-42: ORS objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections,

ORS is not currently aware of any such reports but will supplement this response if it becomes aware of any such reports.

Interrogatory 1-43: Identify and describe every report, letter, briefing paper, or other communication that you made or sent to the LCI Committee or any of its subcommittees at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Interrogatory 1-43: ORS objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. Subject to and without waiver of the foregoing objections, ORS is not currently aware of any such reports but will supplement this response if it becomes aware of any such reports.

Interrogatory 1-44: Identify and describe every report, letter, briefing paper, or other communication that you made or sent to the Governor's Office or the Governor of the State of South Carolina at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Interrogatory 1-44: ORS objects to this Interrogatory on the ground that it is overbroad and unduly burdensome. ORS further objects on the ground of the common interest extension of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that "the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown." SCE&G's prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

Interrogatory 1-45: Identify and describe every communication that you have had with any of the following regarding the Prudency of Abandonment Case:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Interrogatory 1-45: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

Interrogatory 1-46: Identify and describe every communication that you have had with any of the following regarding the Prudency Determination Case:

1. The Governor of South Carolina

2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Interrogatory 1-46: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

Interrogatory 1-47: Identify and describe every communication that you have had with any of the following regarding the Rate Relief Case:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC

6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Interrogatory 1-47: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

Interrogatory 1-48: Identify and describe every communication that you have had with any of the following regarding the Merger Approval Case:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA

7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Interrogatory 1-48: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request. .

Interrogatory 1-49: Identify and describe every communication that you have had with any of the following regarding the NND Project:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Interrogatory 1-49: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

Interrogatory 1-50: Identify and describe every communication that you have had with any of the following regarding the Act No. 285 and the bills:

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Interrogatory 1-50: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

Interrogatory 1-51: Identify and describe each and every presentation that you made to each of the following between March 30, 2009, and the present, in which the NND Project was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly

Response to Interrogatory 1-51: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories

(including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

Interrogatory 1-52: Identify and describe each and every presentation that you made to each of the following between January 1, 2008, and the present, in which the BLRA was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly

Response to Interrogatory 1-52: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

Interrogatory 1-53: Identify and describe each and every presentation that you made to each of the following between January 1, 2015, and the present, in which the Clean Power Plan was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina

3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Interrogatory 1-53: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Based on these objections, ORS will not respond to the request.

Interrogatory 1-54: Identify and describe every communication in which you raised any concerns about the constitutionality of the BLRA prior to March 28, 2017.

Response to Interrogatory 1-54: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work

product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

Interrogatory 1-55: Identify and describe every communication in which you stated that completion of the Project would not be in customers' best interest prior to March 28, 2017.

Response to Interrogatory 1-55: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

Interrogatory 1-56: Identify and describe every communication in which you stated that completion of the Project would be in customers' best interest before or after March 28, 2017.

Response to Interrogatory 1-56: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories

(including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

Interrogatory 1-57: Identify and describe every communication in which you identify or describe the benefits of the Project for SCE&G's customers or the State of South Carolina.

Response to Interrogatory 1-57: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

Interrogatory 1-58: Identify and describe every communication in which you identify or describe the benefits of the BLRA for electric customers or the State of South Carolina.

Response to Interrogatory 1-58: ORS objects to this Interrogatory on the ground that it is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS further objects on the ground of the attorney-client privilege and the work product doctrine. ORS further objects that on the ground that SCRCP 33(b)(9) provides that “the total number of general interrogatories to any one party shall not exceed fifty questions including subparts, except by leave of court upon good cause shown.” SCE&G’s prior interrogatories (including the eight interrogatories in its first set) exceeds this limit. Based on these objections, ORS will not respond to the request.

GENERAL OBJECTIONS TO THE REQUESTS FOR PRODUCTION BELOW

1. The South Carolina Office of Regulatory Staff (“ORS”) interprets the request for identification of a “responsible person” as a request that the responses be “subscribed by an appropriate verification.” *See* 10 S.C. Ann. Regs. 103-833(C). Thus, the ORS has provided appropriate verification at the end of these responses.
2. The ORS objects to the definition of the ORS as including its “predecessors, subsidiaries, related entities” and former directors and former employees. The rules provide that a party is only required to produce documents “which are in the possession, custody or control of the party upon whom the request is served.” SCRCP 34(a).

In addition to these general objections, ORS does not intend by producing any documents or information to waive by production any privilege or protection associated with documents that are otherwise privileged or protected. In the event that documents ORS deems privileged or otherwise protected are produced, the production, unless otherwise expressly stated to the contrary in writing at the time of production, is inadvertent and shall be deemed to be null, void, and of no legal consequence. In addition, SCE&G’s and Dominion’s attorneys are directed to refrain from reading or copying any such document if they have been advised of the nature of the document by ORS, or, if they have not been so advised, are directed to refrain from reading or copying any such document beyond the point of discovery or reasonably should know of the privileged or protected nature of such document. SCE&G’s and Dominion’s attorneys are further directed to return each such document without making copies or divulging the contents to any person, including but not limited to SCE&G and Dominion.

No disclosure of documents or information protected by the attorney-client privilege, the work product doctrine, or any other privilege or protection from disclosure is intended to or shall

result in a waiver of the privilege or protection except under the circumstances provided in SCRCP 26(b)(5)(B) and Federal Rule of Evidence 502. In the event of any unintentional or inadvertent disclosure of material subject to a claim of privilege or protection from disclosure, the parties agree that all paper and electronic copies of such material (including paper or electronic copies of such material provided to the receiving party's counsel, experts, consultants, or vendors) shall be destroyed or returned to the party who produced it within ten (10) business days after receiving written notice from the producing party of the unintentional or inadvertent disclosure.

RESPONSES TO REQUESTS FOR PRODUCTION

Subject to these objections and preservation of inadvertent disclosure of protected and privileged documents, ORS responds to SCE&G's Request for Productions as follows:

Request for Production 1-1: Produce copies of every joint defense agreement or common interest agreement that you entered into with at least one of the following:

1. Friends of the Earth
2. Sierra Club
3. Central Electric
4. ECSC

for the period between January 1, 2015, and the present, related to the Prudency of Abandonment Case, the Prudency Determination Case, the Rate Relief Case, or the Merger Approval Case.

Response to Request for Production 1-1: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the basis of the common interest doctrine extension of the

attorney-client privilege. ORS objects on the ground that a common interest agreement does not need to be reduced to writing. Based on these objections, ORS will not produce documents in response to the request.

Request for Production 1-2: Produce all documents and communications, including e-mails, that you contend evidence the existence of a joint defense agreement or a common interest agreement between you and at least one of the following:

1. Friends of the Earth
2. Sierra Club
3. Central Electric
4. ECSC

for the period between January 1, 2015, and the present, related to the Prudency of Abandonment Case, the Prudency Determination Case, the Rate Relief Case, or the Merger Approval Case.

Response to Request for Production 1-2: See Response to Request 1-1.

Request for Production 1-3: Produce copies of every joint defense agreement or common interest agreement that you entered into with any party related to at least one of the following:

1. The Prudency of Abandonment Case
2. The Prudency Determination Case
3. The Rate Relief Case
4. The Merger Approval Case

for the period between January 1, 2015, and the present.

Response to Request for Production 1-3: See Response to Request 1-1.

Request for Production 1-4: Produce all documents and communications, including e-mails, that you contend evidence the existence of a joint defense agreement or a common interest agreement between you and any other party related to at least one of the following:

1. The Prudency of Abandonment Case
2. The Prudency Determination Case
3. The Rate Relief Case
4. The Merger Approval Case

for the period between January 1, 2015, and the present.

Response to Request for Production 1-4: See Response to Request 1-1.

Request for Production 1-5: Produce copies of all documents related to any communications between you and Friends of the Earth that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

Response to Request for Production 1-5: See Response to Request 1-1. ORS also objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and any member of the Friends of the Earth that relate to” any of 11 different issues. Based on the foregoing objections, ORS will not respond to this request.

Request for Production 1-6: Produce copies of all documents related to any communications between you and Sierra Club that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

Response to Request for Production 1-6: See Response to Request 1-5.

Request for Production 1-7: Produce copies of all documents related to any communications between you and ECSC that relate to any of the following issues:

1. SCE&G
2. The NND Project

3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

Response to Request for Production 1-7; See Response to Request 1-5.

Request for Production 1-8: Produce copies of all documents related to any communications between you and Central Electric that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case

11. Act No. 285

for the period between January 1, 2015, and the present.

Response to Request for Production 1-8: See Response to Request 1-5.

Request for Production 1-9: Produce copies of all documents related to any communications between you and PURC or any of its members that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

Response to Request for Production 1-9: See Response to Request 1-5. Subject to the objections, ORS is producing non-privileged documents.

Request for Production 1-10: Produce copies of all documents related to any communications between you and Santee Cooper that relate to any of the following issues:

1. SCE&G
2. The NND Project

3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

Response to Request for Production 1-10: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. Based on the foregoing objections, ORS will not respond to this request.

Request for Production 1-11: Produce copies of all documents related to any communications between you and any member of the South Carolina General Assembly that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report

6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between August 1, 2017, and the present.

Response to Request for Production 1-11: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and any member of the South Carolina General Assembly that relate to” any of 11 different issues. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Subject to and without waiver of the foregoing objections see PowerPoint presentation enclosed.

Request for Production 1-12: Produce copies of all documents related to any communications between you and anyone employed by the South Carolina General Assembly that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA

4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between August 1, 2017, and the present.

Response to Request for Production 1-12: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and any member of the South Carolina General Assembly that relate to” any of 11 different issues. ORS objects on the ground that when a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced. Subject to and without waiver of the foregoing objections see PowerPoint presentation enclosed.

Request for Production 1-13: Produce copies of all documents related to any communications between you and the South Carolina Governor that relate to any of the following issues:

1. SCE&G
2. The NND Project

3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between August 1, 2017, and the present.

Response to Request for Production 1-13: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and the South Carolina Governor that relate to” any of 11 different issues. Based on the foregoing objections, ORS will not respond to this request.

Request for Production 1-14: Produce copies of all documents related to any communications between you and Scott Elliott that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision

5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

Response to Request for Production 1-14: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the basis of the common interest doctrine extension of the attorney-client privilege. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and Scott Elliott that relate to” any of 11 different issues. Subject to and without waiver of the foregoing objections see PowerPoint presentation enclosed.

Request for Production 1-15: Produce copies of all documents related to any communications between you and Gary Jones that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report

6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case
8. The Prudency Determination Case
9. The Rate Relief Case
10. The Merger Approval Case
11. Act No. 285

for the period between January 1, 2015, and the present.

Response to Request for Production 1-15: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground of SCRCP 26(b)(4). ORS objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and Gary Jones that relate to” any of 11 different issues. Based on the foregoing objections, ORS will not respond to this request.

Request for Production 1-16: Produce copies of all documents related to any communications between you and Bechtel that relate to any of the following issues:

1. SCE&G
2. The NND Project
3. The BLRA
4. The Abandonment Decision
5. The 2015 Bechtel Report
6. The 2016 Bechtel Report
7. The Prudency of Abandonment Case

8. The Prudency Determination Case

9. The Rate Relief Case

10. The Merger Approval Case

11. Act No. 285

for the period between January 1, 2015, and the present.

Response to Request for Production 1-16: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking “documents related to any communications between you and Bechtel that relate to” any of 11 different issues. Based on the foregoing objections, ORS will not respond to this request.

Request for Production 1-17: Produce copies of all documents and communications related to Bechtel's involvement with, and analysis of, issues regarding the NND Project.

Response to Request for Production 1-17: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request has no temporal limits. ORS objects on the basis of the common interest doctrine extension of the attorney-client privilege. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS has identified a written statement by Gene Sault and a written statement by Gary Jones that are responsive to this request, but are protected under the work product doctrine because they were written at the direction of counsel. Subject to the above objection, ORS has identified certain non-privileged documents that are enclosed. Additionally, ORS received documents from Santee Cooper that Santee Cooper considers confidential, and ORS has already offered SCE&G

approximately 400,000 pages ORS received from Santee Cooper, which are not considered by Santee Cooper to be confidential. ORS is currently searching for responsive documents and will supplement its production if it discovers any non-privileged documents responsive to the request.

Request for Production 1-18: Produce all documents and communications related to any draft versions of the 2015 Bechtel Report that were created before November 9, 2015.

Response to Request for Production 1-18: See Response to Request 1-5. ORS received documents from Santee Cooper that Santee Cooper considers confidential, and ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper, which are not considered by Santee Cooper to be confidential.

Request for Production 1-19: Produce all documents and communications related to any draft versions of the 2016 Bechtel Report that were created before February 5, 2016.

Response to Request for Production 1-19: See Response to Request 1-5. ORS received documents from Santee Cooper that Santee Cooper considers confidential, and ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper, which are not considered by Santee Cooper to be confidential.

Request for Production 1-20: Produce all documents and communications concerning the Consortium's management, or purported mismanagement, of the NND Project.

Response to Request for Production 1-20: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground

that the request is vague and ambiguous in seeking documents “concerning the Consortium’s management . . . of the NND Project.” Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

Request for Production 1-21: Produce all documents and communications concerning disputes in and among the members of the Consortium regarding issues related to the NND Project.

Response to Request for Production 1-21: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents concerning “issues related to the NND Project.” Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

Request for Production 1-22: Produce all documents and communications concerning disputes about the NND Project by and between any of the following parties:

1. The Consortium
2. Westinghouse
3. CB&I
4. SCE&G
5. Santee Cooper

for the period between January 1, 2015, and the present.

Response to Request for Production 1-22: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS

notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents “concerning disputes about the NND Project.” Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

Request for Production 1-23: Produce all documents and communications concerning any of the following issues at the NND Project site:

1. Productivity
2. Construction productivity
3. Designs
4. Constructability of designs
5. Finalizing engineering designs
6. Work packages
7. SCE&G's oversight
8. Santee Cooper's oversight
9. Westinghouse's oversight
10. CB&I's oversight
11. The Consortium's oversight

for the period between January 1, 2015, and the present.

Response to Request for Production 1-23: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an

incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents "concerning" almost all facets of the NND Project. Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

Request for Production 1-24: Produce all documents and communications concerning any of the following issues with respect to the NND Project:

1. Pricing
2. Engineering plans
3. Procurement
4. Construction plans
5. Construction schedules
6. Modular fabrication
7. Forecasts for schedule durations
8. Forecasts for productivity
9. Forecasted manpower peaks
10. Percent completed
11. Delays in schedules
12. Discrepancies between construction need dates and procurement delivery dates
13. Disconnects between construction need dates and procurement delivery dates
14. Testing
15. Start-up
16. Inspections, Tests, Analyses, and Acceptance Criteria ("ITAAC")

for the period between January 1, 2015, and the present.

Response to Request for Production 1-24: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents “concerning” almost all facets of the NND Project. Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

Request for Production 1-25: Produce all documents and communications related to issues concerning the fixed price option for the NND Project.

Response to Request for Production 1-25: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad because it does not have any temporal limit and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the ground that the request is vague and ambiguous in seeking documents “related to issues concerning” a certain topic. Notwithstanding the above objection, ORS has already offered SCE&G approximately 400,000 pages ORS received from Santee Cooper.

Request for Production 1-26: Produce all documents and communications concerning ORS's review of SCE&G's attorneys' billing records from between January 1, 2015, and the present.

Response to Request for Production 1-26: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine.

Request for Production 1-27: Produce all documents and communications related to each and every presentation that you made to each of the following between March 30, 2009, and the present, in which the NND Project was discussed.

4. The Governor of South Carolina
5. The Office of the Attorney General of South Carolina
6. Any member or staff member of the South Carolina General Assembly
7. The SCEUC
8. DHEC
9. EPA
10. PURC
11. The Energy Advisory Council
12. The LCI Committee

Response to Request for Production 1-27: ORS objects because the request is overbroad, unduly burdensome, and seeks information not relevant to the issues in these proceedings. ORS notes that the request is overbroad based on time and is based on an incredibly broad and general topic. ORS objects on the ground that the request seeks information protected by attorney-client privilege and the work product doctrine. ORS objects on the basis of the common interest doctrine extension of the attorney-client privilege. ORS objects on the ground that the request is vague and ambiguous in seeking documents “related to” a broad topic. ORS objects on the ground that when

a member of the GA or staff member of the GA contacts an executive agency there is an expectation of privacy on their part and that would be violated by the commission if those communication were to be produced.

Request for Production 1-28: Produce all documents and communications related to each and every presentation that you made to each of the following between January 1, 2008, and the present, in which the BLRA was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Request for Production 1-28: See Response to Request 1-27.

Request for Production 1-29: Produce all documents and communications related to each and every presentation that you made to each of the following between January 1, 2015, and the present, in which the Clean Power Plan was discussed.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC

5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Request for Production 1-29: See Response to Request 1-27.

Request for Production 1-30: Produce all reports, memoranda, and correspondence provided to each of the following regarding the NND Project.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Request for Production 1-30: See Response to Request 1-27.

Request for Production 1-31: Produce all reports, memoranda, and correspondence provided to each of the following regarding the Clean Power Plan.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly

4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Request for Production 1-31: See Response to Request 1-27.

Request for Production 1-32: Produce all reports, memoranda, and correspondence provided to each of the following regarding the Abandonment Decision.

1. The Governor of South Carolina
2. The Office of the Attorney General of South Carolina
3. Any member or staff member of the South Carolina General Assembly
4. The SCEUC
5. DHEC
6. EPA
7. PURC
8. The Energy Advisory Council
9. The LCI Committee

Response to Request for Production 1-32: See Response to Request 1-27.

Request for Production 1-33: Produce copies of every presentation that you made to the SCEUC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Request for Production 1-33: See Response to Request 1-27.

Request for Production 1-34: Produce copies of every presentation that you made to the PURC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Request for Production 1-34: See Response to Request 1-27.

Request for Production 1-35: Produce copies of every presentation that you made to the Energy Advisory Council at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Request for Production 1-35: See Response to Request 1-27.

Request for Production 1-36: Produce copies of every presentation that you made to the LCI Committee or any of its subcommittees at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Request for Production 1-36: See Response to Request 1-27.

Request for Production 1-37: Produce copies of every report, letter, briefing paper, or other communication that you made or sent to the PURC at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Request for Production 1-37: See Response to Request 1-27. Subject to and without waiver of the foregoing objections, ORS will produce non-privileged and public accountability reports, PURC reports and Review letters that reference the NND Project.

Request for Production 1-38: Produce copies of every report, letter, briefing paper, or other communication that you made or sent to the Energy Advisory Council at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Request for Production 1-38: See Response to Request 1-27.

Request for Production 1-39: Produce copies of every report, letter, briefing paper, or other communication that you made or sent to the LCI Committee or any of its subcommittees at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Request for Production 1-39: See Response to Request 1-27.

Request for Production 1-40: Produce copies of every report, letter, briefing paper, or other communication that you made or sent to the Governor's Office or the Governor of the State of South Carolina at any time between January 1, 2005, and the present that in any way concerned the BLRA or the NND Project.

Response to Request for Production 1-40: See Response to Request 1-27.

Request for Production 1-41: Produce copies of every document indicating that you raised concerns about the constitutionality of the BLRA while it was being considered by the General Assembly or thereafter.

Response to Request for Production 1-41: See Response to Request 1-27.

Request for Production 1-42: Produce copies of every document in which you stated that completion of the Project would not be in customers' best interest.

Response to Request for Production 1-42: See Response to Request 1-27.

Request for Production 1-43: Produce copies of every document in which you stated that completion of the Project would be in customers' best interest.

Response to Request for Production 1-43: See Response to Request 1-27.

Request for Production 1-44: Produce copies of every document in which you identify or describe the benefits of the Project for SCE&G's customers or the State of South Carolina.

Response to Request for Production 1-44: See Response to Request 1-27.

Request for Production 1-45: Produce copies of every document every communication in which you identify or describe the benefits of the BLRA for electric customers or the State of South Carolina.

Response to Request for Production 1-45: See Response to Request 1-27.

Respectfully submitted,

s/Matthew Richardson

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**Attorneys for the South Carolina Office of
Regulatory Staff**

August 24, 2018

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2017-370-E**

In Re: Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Inc., for review and approval of a proposed business combination between SCANA Corporation and Dominion Energy, Inc., as may be required, and for a prudency determination regarding the abandonment of the V.C. Summer Units 2 & 3 Project and associated customer benefits and cost recovery plan.

CERTIFICATE OF SERVICE

This is to certify that I caused to be served on August 24, 2018 a copy of **ORS's Answers to First set of Requests for Admission, Second Set of Interrogatories, and Second set of Requests for Production of Documents (Amended)** to the persons named below at the addresses via electronic mail only:

K. Chad Burgess
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Attorneys for South Carolina Electric & Gas Company

s/Matthew Richardson

**THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E**

IN RE: Friends of the Earth and Sierra Club,)
Complainant/Petitioner v. South Carolina)
Electric & Gas Company,)
Defendant/Respondent)

IN RE: Request of the South Carolina Office of)
Regulatory Staff for Rate Relief to SCE&G)
Rates Pursuant to S.C. Code Ann. § 58-27-920)

IN RE: Joint Application and Petition of South)
Carolina Electric & Gas Company and)
Dominion Energy, Incorporated for Review)
and Approval of a Proposed Business)
Combination between SCANA Corporation)
and Dominion Energy, Incorporated, as May)
Be Required, and for a Prudency)
Determination Regarding the Abandonment)
of the V.C. Summer Units 2 & 3 Project)
and Associated Customer Benefits and Cost)
Recovery Plans.)

VERIFICATION

I, Andrew Bateman, being duly sworn and upon my oath, depose and say that I have reviewed the foregoing "ORS'S ANSWERS TO SOUTH CAROLINA ELECTRIC & GAS COMPANY'S FIRST SET OF REQUESTS FOR ADMISSION, SECOND SET OF INTEROGATORIES, AND SECOND SET OF REQUESTS FOR PRODUCTION OF DOCUMENTS (AMENDED)" dated August 24, 2018, and that the information and materials stated or provided in the foregoing documents is true as to my information and belief.



SWORN to and subscribed before me this 24th
Day of August, 2018.

Panelle F Spius (L.S.)
Notary Public

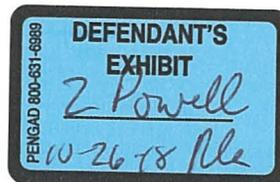
My Commission Expires: 9/25/2023

To: SMITH, ABNEY A JR[SASMITH@scana.com]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]; HUTSON, WILLIAM V[WHUTSON@scana.com]; STEPHENS, MICHELE L[MICHELE.STEPHENS@scana.com]; LANIER, CYNTHIA B[CLANIER@scana.com]; WHATLEY, CAROLINE[CAROLINE.WHATLEY@scana.com]
From: FELKEL, MARGARET SHIRK
Sent: Thur 10/22/2015 10:35:55 AM
Importance: Normal
Subject: Final October ORS Agenda
Received: Thur 10/22/2015 10:35:57 AM
ORS Agenda_October 2015.pdf

Please see attached the final ORS Agenda for next week's site visit.

Margaret Felkel

Senior Accountant, Contract Compliance & Controls
SCANA Services - New Nuclear Deployment
direct line: 803-941-9821
margaret.felkel@scana.com



SCE&G VC Summer Units 2 & 3
October 27 & 28, 2015 ORS Site Visit Agenda
(Tuesday & Wednesday)

Cindy's fax (803) 933-7761

Shirley's fax (803) 933-7774

I. Tuesday October 27, 2015 Tour Comments - Main Feed Pump Alignments are in progress, a walk by would be helpful.

| | |
|---------------------|---|
| 8:00 am - 9:00 am | Construction (Alan Torres) |
| 9:00 am - 10:30 am | Tour (Kyle Young/Myra Roseborough) |
| 10:30 am - 11:00 am | Commercial (Skip, Michele, Margaret, Cindy) |
| 11:00 am - 11:30 am | Licensing (April Rice) |
| 11:30 am - 12:00 pm | Training (Andy Barbee-Paul Mothena) |

Wednesday October 28, 2015

| | |
|---------------------|--|
| 9:30 am - 10:00 am | Quality Assurance (Larry Cunningham) |
| 10:00 am - 11:00 am | Engineering (Brad Stokes/Sheila Jean-Cyber Security) |

SCANA

William Hutson, Cindy Lanier, Michele Stephens, Skip Smith, Caroline Whatley, Margaret Felkel

ORS

Allyn Powell, Gene Soutl, Gaby Smith and Gary Jones

II. Construction Progress

- a) Weekly Construction Metrics (*to include discussion of critical work fronts & status of project relative to the revised integrated schedule*)
 - i. *Discuss the apparent inconsistencies in the Unit 2 schedule in which the hydrotest and hot functional are delayed 5 months and the fuel load is delayed 6 months, but the substantial completion is only delayed 3 months. (BLRA Milestone Tracking for September 2015).*
 - ii. *Discuss the apparent inconsistency in the Unit 3 schedule in which near term dates have slipped consistently for the past few months, but the substantial completion date has not changed. Note that the summary schedules indicate that Unit 3 AB/Containment activities are up to 6 months late. (WS of 2015-10-12, Summary Schedule)*
 - iii. *Discuss additional plans to improve the productivity of on-site construction labor. All areas continue to show productivity factors well above the stated goal of 1.15.*

Mitigation and improvement plans over the previous 6 months do not appear to have resulted in any significant improvement. (Commercial Review Meeting slides of 2015-09-17, Slides 9 – 15 and summary of the Construction Effectiveness and Efficiency program).

iv. Discuss the decline in the overall construction staffing from 3278 in June to 2485 in August and the impact on the schedule. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 79, Slide 134).

b) Unit 2 Nuclear Island

i. Discuss the schedule and status of completion of welding CA01 to the embedment plates. (Repeat from the September meeting).

ii. Provide the schedules for completing the remaining in-situ work on CA20, CA04 and CA05. (No specific reference).

iii. Section III piping spools continue to be delivered late. At what point does this adversely impact the overall schedule and what mitigation measures are being pursued. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 85, Slide 153).

c) Unit 2 Turbine Building

i. Discuss the schedule slippage in the TG concrete placement from 2015-11-18 to 2015-12-11 and potential mitigation measures or additional controls put in place. (WCM of 2015-10-12, p.22)

ii. Discuss the summary schedule that indicates that Condenser B is greater than 6 months behind schedule. (WS of 2015-10-12, Summary Schedule)

d) Unit 3 Nuclear Island, including the significant schedule slippages, especially of Line 1 from 2015-09-24 to 2015-12-30 and any mitigation and/or recovery activities. (WCM of 2015-10-12, p. 20).

e) Unit 3 Turbine Building

i. Discuss the extent and duration of the work suspension due to lack of labor forces. (WCM of 2015-10-12, p. 35).

ii. Discuss the overall plan to maintain sufficient resources to complete Unit TB. (No specific reference).

iii. 10/15/15-POD- Pg. 20- CA04 out of tolerance issues appear to be similar to U2-CA04, were "lessons learned" from U2 incorporated into U3, please explain.

f) Cooling Towers

g) Raw Water System

h) Offsite Water System

i) Containment Vessels, including the schedule for ring sets

j) Shield Buildings

i. Discuss the status and schedule of the NNI mitigation plan for accelerating delivery of the SB panels. (Repeat from previous meetings).

- ii. *Discuss the status and schedule for the SB roof fabrication. (Repeat from the September meeting).*
 - iii. *Clarify the status and schedule of the concrete placement in the first course of the SB panels (not clear from currently available information).*
 - iv. *Confirm that erection of course 2 of the SB panels has begun. (Consortium MSMM, p. 37, Slide 49 has it scheduled for 2015-10-10 and status on WCM is not clear).*
- k) Onsite and offsite storage
- i. *Discuss the status of storage at the airport storage facility and the availability for an ORS visit. (Repeat from previous meetings)*
 - ii. *WCM—10/19/15- Pg. 40/52- Please provide update of Storage and PM's on stored equipment (Report due in Oct)*
- l) Structural & mechanical modules fabrication and schedule (delivery schedules for all fabrication vendors; include a discussion of Unit 3)
- i. *Discuss the mitigation plans for the critical U2/U3 mechanical modules. Schedules continue to be delayed. (Repeat from September meeting).*
 - ii. *Discuss the mitigation plan for the critical Greenberry mechanical and floor modules. (Repeat from September meeting). Also include a discussion of the actions taken to resolve issues identified in the 2015-09-10 facilities visit.*
 - iii. *Discuss the mitigation plan for the critical Dubose stair modules. (Repeat from September meeting).*
 - iv. *Confirm that the final sub-module kit from SMCI is due on site 2015-10-21 (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 50, Slide 76)*
 - v. *Discuss the module scope of work being performed by TANE. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 34, Slide 44).*
 - vi. *Address the impact of and resolution schedule for the recently identified issue that piping weld locations did not account for pipe support locations. (WCM o 2015-10-12, p. 9).*
 - vii. *Discuss the Toshiba/IHI mitigation and schedule improvement plan on Unit 3 CA01 (Consortium 2015-09-17 MSMM, dated 2015-10-14, Item I.6, p. 1)*
 - viii. *Discuss possible dates for L. Charles visit*
- m) Annex Building
- i. *Discuss the schedule and constraints for the mudmat placement due 2015-11-18 and basement pour due 2016-01-21. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 52, Slide 80).*

III. Licensing and Permitting

- a) NRC visits/reviews
- b) License Amendment Requests (LARs) and Preliminary Amendment Requests (PARs)
 - i. *Discuss the content of the supplement to LAR 111 submitted 2015-09-23 and the NRC reaction thus far. (WS of 2015-10-12, p. 31).*
 - ii. *Discuss the status of LAR 30 and the results of the pre-submittal meeting held on 2015-10-22. (WS of 2015-10-12, p. 31).*
 - iii. *Discuss licensing status/schedule of CAS. (Follow up from previous meetings). What is meant by the redaction and affidavit? (MPSR for September, Item 10, p. 24).*
 - iv. *Discuss the changes resulting from the assessment plan update for regulatory compliance completed on 2015-07-31. (QESC of 2015-08-31, Slide 8).*

IV. Equipment

- a) Doosan
 - i) Unit 3 Steam Generators
 - ii) Unit 3 Reactor Vessel
- b) IBF/Tioga
 - i) Unit 3 Reactor Coolant Pump Loop Piping
- c) Mangiarotti
 - i) Unit 3 Pressurizer
 - ii) Passive Residual Heat Removal (PRHR) Heat Exchangers (discuss the status and schedule of repairs)
- d) Curtiss Wright/EMD - Reactor Coolant Pumps, *including the status of the root cause analysis on the pump impeller issue (repeat from July meeting). Is a new endurance test required?*
- e) SPX Copes Vulcan – Squib Valves (to include status of EQ test)
- f) Switchyard
 - i) *Discuss the testing program on the capacitors and the status of the on-going investigation and resolution*
 - ii) *Discuss the delivery schedule for the Unit 3 Tx and whether there is an adverse impact due to bridge damage from the recent flooding. (POD of 2015-10-15, p. 23)*

V. Engineering

- a) *Discuss the results of the WEC/CB&I Engineering interface workshop held in Charlotte on 09/15 and 09/16. (MPSR for September, Item 4, p. 12).*
- b) *Explain the role and composition of the Design Change Implementation Board (DCIB) and identify when meetings are held. (MPSR for September, Item 10, p. 23).*

- c) *Discuss the findings from the summary of design changes since April 30, 2015 which was requested by SCE&G that WEC compile. (Consortium 2015-09-17 MSMM, dated 2015-10-14, Item III, p. 3).*
- d) *Discuss the results from the Vendor Summit. (Consortium 2015-09-17 MSMM, dated 2015-10-14, tem IV, p. 4).*
- e) *POD-10/15- Pg 24- Emergent Issues list item 34- Tubesheet Thickness generic issue. Does this effect Safety relate Heat exchangers? If so, please identify affected equipment.*
- f) *10/13/15-WCM Pg. 50- Toshiba/IHI behind on shipment of 18-U 3 CA01 Sub modules. What impact is this having on U 3 schedule?*
- g) *K-7-Monthly Progress Report dated 9/30/15-Pg. 12/68-Meeting held to discuss Master Equipment List- Is SCE&G satisfied with the direction and timing. Is equipment Identification and Labeling incorporated into this work?*
- h) *Pg. 52/68- Action ID- NPA-VS-02574- Requires formalizing the efficiencies between the 2 units. Please provide a copy for ORS to review.*
- i) *S-4 Box-10/13/15-Pg.3- CIRT results of Roof Components*

VI. Financial/Commercial

- a) Overall Status of Budget
- b) Status of Change Orders
 - iii) Executed Change Orders
 - iv) Pending/Potential Change Order
 - (1) COL delay, design of shield buildings, design of structural modules, and Unit 2 rock condition (CO #16) (Schedule impact, changes to LT storage, any financial impacts?)
 - (2) Commercial Settlement – resolves multiple outstanding issues, no increase to EPC costs (CO #17)
 - (3) AP1000 Cyber Security remaining work scope
 - (4) Site Layout Changes
 - (5) Active Notices
- c) BLRA milestones
- d) *Discuss the Status of the Bechtel Assessment and the top ten issues noted thus far.*
- e) *K-7-10/15/15- Pg. 3/13-CRM- Discuss Company’s view of report. Discuss why current external cost forecast is the same as December 2014 forecast given the lack of productivity improvement. Please provide an update on Settlement discussions to resolve “deficient invoices”.*
- f) *Please identify the changes that will be made to the CRM as a result of the PSC approval of the Petition and when these changes will be complete.*

VII. Quality Assurance

- a) *Discuss significant results of the 10/12 – 10/15 CB&I surveillance of CB&I-LC (September Consortium MSR, Item 3, p. 5)*
- b) *Discuss significant results of the 10/05- 10/08 CB&I surveillance of Cives (September Consortium MSR, Item 3, p. 6)*
- c) *Discuss significant results of the 10/19 – 10/22 CB&I audit of AECON (September Consortium MSR, Item 3, p. 5)*
- d) *Discuss significant results of the 10/05 – 10/08 CB&I surveillance of Gerdau (September Consortium MSR, Item 3, p. 6)*
- e) *Discuss significant results of the 10/12 – 10/15 CB&I audit of Dubose. (September Consortium MSR, Item 3, p. 6).*
- f) *Discuss significant results of the 09/28 – 10/01 CB&I surveillance of SMCI (September Consortium MSR, Item 3, p. 7)*
- g) *POD- 10/08/15- Procurement discussed the need to seek alternative supplier for CBI-Laurens Piping- Please discuss the issues surrounding this change.*

VIII. Operational Readiness

- a) *Discuss the status of the following programs which were to be back on schedule by the date indicated (SCE&G June MSR, p. 32):*
 - i. *EMI/RFI by 8/6*
 - ii. *Pumps by 8/10*
 - iii. *Breakers by 7/31*
 - iv. *Motor Reliability by 8/10*
 - v. *Batteries, Chargers and Support Systems by 7/23*
- b) *Discuss the status of the following programs that were to start by the indicated date (SCE&G June MSR, p. 34)*
 - i. *ISI by 8/1*
 - ii. *Electrical Cable Aging Management by 5/1/2013*
 - iii. *Irradiated Fuel Inspection by 8/1*
- c) *Discuss the status of the labeling program (QESC of 2015-08-31, Slide 23).*
- d) *Discuss lessons learned from meeting with SNDPC and WANO on Haiyang startup test program.(QESC of 2015-08-31, Slide 22)*

IX. Training

- a) *Discuss impact and mitigation plans for the training staff attrition (QESC of 2015-08-31, Slides 25 and 28).*

**THE OFFICE OF REGULATORY STAFF
DIRECT TESTIMONY & EXHIBIT**

OF

ALLYN H. POWELL

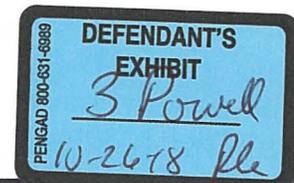
AUGUST 9, 2012



DOCKET NO. 2012-203-E

**Petition of South Carolina Electric & Gas Company
for Updates and Revisions to Schedules Related to
the Construction of a Nuclear Base Load
Generation Facility at Jenkinsville, South Carolina**

(Redacted)



1 Ways and Means Committee of the South Carolina House of Representatives (“WMC”).
2 I joined WMC in 2002 as a Research Analyst, focusing on sales tax, income tax, higher
3 education and cultural issues. I was responsible for providing background research,
4 summarizing legislation before WMC and drafting portions of the Appropriations Act.
5 Throughout my career at WMC I served as lead staff for a variety of issue areas,
6 including K-12 education, property tax, and budget policy. I was promoted to Director of
7 State Budgeting and Finance in 2007. As Director of State Budgeting and Finance, I was
8 responsible for overseeing the State budget process for WMC and the production of the
9 Appropriations Act. In 2009, I joined the South Carolina Energy Office at the South
10 Carolina Budget and Control Board as a Program Manager. There, I worked with issues
11 relating to radioactive waste disposal and energy assurance planning. I also served as
12 lead staff for the South Carolina Governor’s Nuclear Advisory Council. In 2011, I joined
13 ORS as an Associate Program Manager. As Associate Program Manager my
14 responsibilities include supporting senior management in reviewing Base Load Review
15 Act (“BLRA”) plant applications, managing efforts relating to energy assurance planning
16 and serving as ORS’s lead contact for demand side management and energy efficiency
17 programs.

18 **Q. HAVE YOU TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF**
19 **SOUTH CAROLINA (“COMMISSION”) ON BEHALF OF ORS?**

20 **A.** No. However, I did present a briefing to the Commission regarding energy
21 emergency planning in South Carolina while I was employed by the South Carolina
22 Energy Office.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 **A.** The purpose of my testimony is to summarize ORS's regulatory oversight
3 activities with regard to the construction of a nuclear base load facility at Jenkinsville, SC
4 (the "Project" or "Facility") by South Carolina Electric & Gas Company (the "Company"
5 or "SCE&G"). I will also provide a technical review of specific areas in SCE&G's
6 Petition ("Petition") for updates and revisions to its capital cost schedule and construction
7 schedule for V. C. Summer Units 2 & 3 ("Units") as delineated in Docket No. 2012-203-
8 E. I will address proposed changes to the Company's Engineering, Procurement and
9 Construction Contract ("EPC Contract") in the areas of health care costs and waste water
10 discharge piping, as well as updates to transmission costs. The other areas of change
11 included in this Petition will be addressed in the testimony of ORS witness Jones.

12 **Q. WHAT ESTABLISHES ORS'S OVERSIGHT RESPONSIBILITIES?**

13 **A.** Section 58-33-277(B) of the Base Load Review Act ("BLRA") states that "[t]he
14 Office of Regulatory Staff shall conduct on-going monitoring of the construction of the
15 plant and expenditure of capital through review and audit of the quarterly reports under
16 this article, and shall have the right to inspect the books and records regarding the plant
17 and the physical progress of construction upon reasonable notice to the utility."

18 **Q. WHAT ARE THE PRIMARY FOCUS AREAS OF ORS'S OVERSIGHT**
19 **ACTIVITIES?**

20 **A.** Section 58-33-275(A) of the BLRA states, "...capital costs are prudent utility
21 costs and expenses and are properly included in rates so long as the plant is constructed
22 or is being constructed within the parameters of: (1) the approved construction schedule

1 including contingencies; and (2) the approved capital costs estimates including specified
2 contingencies.” Accordingly, ORS’s oversight activities primarily focus on the
3 Company’s ability to adhere to the approved construction schedule and the approved
4 capital costs estimates.

5 **Q. PLEASE DESCRIBE ORS’S OVERSIGHT ACTIVITIES WITH REGARD TO**
6 **ITS ON-GOING MONITORING OF THE APPROVED MILESTONE**
7 **SCHEDULE.**

8 **A.** The Company’s required quarterly reports provide a status of the approved BLRA
9 milestone schedule. The BLRA milestone schedule consists of 146 milestone activities.
10 ORS verifies the status of each milestone activity to ensure the activity is in accordance
11 with previous Commission orders relating to this matter, Order Nos. 2009-104(A), 2010-
12 12, and 2011-345. It should be noted that milestone activities are allowed by
13 Commission order to be accelerated by up to 24 months or delayed by up to 18 months.
14 In addition, ORS identifies Caution Milestones as milestone activities that have been
15 delayed 10 months or greater. Caution Milestones are subject to additional ORS
16 examination.

17 **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**
18 **GOING CONSTRUCTION MONITORING?**

19 **A.** ORS makes regular visits to the construction site in Jenkinsville to perform on-
20 site document reviews and site evaluations. During these visits, ORS meets with
21 SCE&G’s New Nuclear Deployment (“NND”) personnel and reviews numerous
22 documents that relate to the approved construction schedule. These documents include,

1 but are not limited to: the weekly construction activities report, detailed construction
2 schedules, milestone comparison activity report, milestone schedule recovery plans,
3 major component fabrication status log and meeting minutes. Also, ORS performs on-
4 site evaluations to physically observe construction activities to ensure construction
5 progress is consistent with NND documentation.

6 **Q. PLEASE DESCRIBE ORS'S OVERSIGHT ACTIVITIES WITH REGARD TO**
7 **ITS ON-GOING MONITORING OF THE APPROVED CAPITAL COST**
8 **ESTIMATES.**

9 **A.** The Company's quarterly reports provide a status of the approved capital cost
10 estimates. ORS evaluates the Company's quarterly reports with a focus on the capital
11 cost estimates, project cash flow, allowance for funds used during construction
12 ("AFUDC") and escalation. Collectively, these focus areas determine the status of the
13 project budget.

14 ORS compares the capital cost estimates approved by the Commission to the
15 capital cost estimates in the Company's quarterly reports. This comparison focuses on
16 the major cost categories, which are:

- 17 • Fixed with No Adjustment
- 18 • Firm with Fixed Adjustment A
- 19 • Firm with Fixed Adjustment B
- 20 • Firm with Indexed Adjustment
- 21 • Actual Craft Wages
- 22 • Non-Labor Cost
- 23 • Time & Materials
- 24 • Owners Costs

- 1 • Transmission Projects

2 ORS evaluates cost variances which may be due to various project changes (e.g.,
3 shifts in work scopes, payment timetables, construction schedule adjustments, change
4 orders, etc.) to determine if the cumulative amount of these changes impact the total
5 approved capital cost of the project (in 2007 dollars).

6 In a similar fashion, ORS compares the approved project cash flow to the project
7 cash flow in the Company's quarterly reports. This comparison focuses on any variance
8 to annual cash flow requirements. Lastly, AFUDC and escalation rates are evaluated to
9 determine if appropriate rates have been applied.

10 Exhibit AHP-1 (Confidential) tracks the updates to the capital cost schedules from
11 Commission Order No. 2010-12 through the Company's request in the Petition.

12 **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**
13 **GOING MONITORING OF THE APPROVED CAPITAL COST ESTIMATES?**

14 **A.** During on-site visits, the ORS Electric Department staff reviews documents that
15 may impact the project budget. Examples of such documents are contract amendments
16 and change orders. The ORS Electric Department staff also reviews invoices associated
17 with completed milestone activities to ensure milestone payments are consistent with the
18 EPC milestone payment schedules. In addition, ORS's Audit Division further evaluates
19 the Company's actual project expenditures.

20 **Q. COULD YOU PLEASE ELABORATE ON ORS'S AUDIT DIVISION'S**
21 **EVALUATIONS?**

1 A. Yes. ORS Audit Division personnel conduct regulatory audit procedures on the
2 Company's recorded project expenditures. ORS evaluates the Company's accounting
3 controls over project expenditures and, based on this evaluation, ORS determines the
4 extent to which these controls prevent improper payments.

5 **Q. DOES ORS EXAMINE EACH DISBURSEMENT TO ENSURE THAT THE**
6 **CONTROLS OVER DISBURSEMENTS ARE BEING PROPERLY APPLIED?**

7 A. No. In accordance with standard audit procedures, ORS examines a sample of
8 expenditures to ensure that the controls are being applied. These samples are selected
9 from the entire population of charges to the construction project account.

10 **Q. COULD YOU PLEASE DESCRIBE THE PROCEDURES PERFORMED TO**
11 **ENSURE THAT DISBURSEMENTS COMPLY WITH THE INTERNAL**
12 **CONTROLS DESCRIBED PREVIOUSLY?**

13 A. For each disbursement selected, Audit staff examines vendor invoices to ensure:
14 invoices are from valid vendors; charges included are related to the project; the charges
15 are for the correct time period; invoices are mathematically correct; proper approval
16 signatures are evident on the invoice routing documents; accounts charged are consistent
17 with the nature of the disbursements; and items have been charged to the proper EPC
18 Contract cost category.

19 **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**
20 **GOING MONITORING OF THE PROJECT?**

21 A. ORS technical staff and executive management from various departments
22 participate in monthly meetings with NND personnel, attend quarterly meetings with

1 Westinghouse representatives, conduct periodic site tours and attend Nuclear Regulatory
2 Commission (“NRC”) public meetings held near the site. Additionally, to keep abreast of
3 the federal licensing process, ORS Electric Department staff have attended NRC hearings
4 relating to the Combined Operating License (“COL”) for the Units held in Rockville,
5 MD. Also, ORS routinely participates in NRC conference call meetings to monitor
6 activities related to the project.

7 **Q. ARE THE RESULTS OF ORS’S MONITORING AND OVERSIGHT**
8 **ACTIVITIES AVAILABLE TO THE PUBLIC?**

9 **A.** Yes. Subsequent to each quarterly report filed by SCE&G, ORS, as part of its
10 continuing review, elects to generate a report which details ORS’s ongoing monitoring
11 and review of the Company’s quarterly report as well as other notable activities related to
12 the construction of the Facility. ORS reviews are non-confidential reports and available
13 for public review at www.regulatorystaff.sc.gov.

14 In addition to ORS’s review of SCE&G’s quarterly reports, ORS responds to the
15 Company’s annual request for revised rates. ORS examines SCE&G’s annual revised
16 rates filing which seeks rate recovery for the financing of project expenditures. ORS
17 reviews the request and issues a report documenting its findings. This report incorporates
18 ORS’s oversight monitoring activities such as ORS’s quarterly reviews and its on-going
19 audit evaluations of Project expenditures. A copy of the report is filed annually with the
20 Commission and is also available for public review.

1 **Q. COULD YOU PLEASE ADDRESS THE EPC CONTRACT CHANGES**
2 **RELATED TO HEALTH CARE AND YOUR REVIEW OF THE CHANGES IN**
3 **MORE DETAIL?**

4 **A.** Yes. My review centered around two change orders that have been signed and
5 approved by the Company. Change Order No. 12 increases the cost of the Project by
6 \$135,573 and relates to the impact of federal health care legislation on costs for the
7 Project. Specifically, Change Order No. 12 represents only the impact from a portion of
8 the Health Care and Education Reconciliation Act of 2010 increasing the age for
9 dependants covered to 26 years. The Company stated that future change orders may be
10 necessary to address other portions of this legislation. In its review, the Company
11 considered data from an external consulting firm, as well as data provided by EPC
12 Contract holders Westinghouse Electric Co., LLC and Stone & Webster, Inc.
13 (“Consortium”). The Consortium claimed an entitlement to this change order as the
14 increased costs resulted from legislation passed after the enactment of the EPC Contract.
15 Based on ORS’s review of the data and analysis presented by the Company and ORS’s
16 review to confirm the age requirement, this request appears reasonable.

17 **Q. COULD YOU PLEASE ADDRESS THE EPC CONTRACT CHANGES**
18 **RELATED TO THE UPDATE FOR THE WASTE WATER DISCHARGE**
19 **SYSTEM AND YOUR REVIEW OF THE CHANGES IN MORE DETAIL?**

20 **A.** Yes. Change Order No. 15 relates to the redesign of 3,050 linear feet of piping
21 and associated structures within the Waste Water Discharge System to make it a gravity
22 drained system at an increased EPC Contract cost to the Company of \$8,250. The

1 original EPC Contract did not specify whether the system would be gravity drained, but
2 as a result of subsequent discussions with the NRC, a decision was made to specify a
3 gravity drained system in the revised COL application. The Company stated that it
4 prefers a gravity drained system as it involves fewer moving parts requiring maintenance.
5 This has the potential to both increase reliability and decrease maintenance costs. Based
6 upon ORS's review of the analysis provided by the Company, a review of the history of
7 changes in the Company's COL application, and a review of the NRC's Final Safety
8 Evaluation Report for the Units, this request appears to be reasonable.

9 **Q. COULD YOU PLEASE ADDRESS THE REVISED COSTS ASSOCIATED WITH**
10 **TRANSMISSION AND YOUR REVIEW OF THE CHANGES?**

11 **A.** Yes. There are four main components associated with the revised costs in the
12 Petition associated with transmission. The first of these is the revised costs associated
13 with the construction of the proposed Saluda River Substation. The second is the
14 undergrounding of a section of the existing Parr-VCSN Safeguard 115 kilovolt ("kV")
15 Line and the lowering of the Parr-Midway 115 kV Lines. The third relates to conductor,
16 terminal and bus upgrades. The fourth component is composed of changes resulting from
17 settlements and property acquisition. The total amount requested by the Company for
18 revised costs associated with transmission is approximately \$7.9 million.

19 **Q. COULD YOU PLEASE ADDRESS YOUR REVIEW OF THE REVISED**
20 **TRANSMISSION COSTS ASSOCIATED WITH THE SALUDA RIVER**
21 **SUBSTATION?**

1 A. Yes. In its initial budget, the Company proposed installing an additional
2 autotransformer at both the Lake Murray and Denny Terrace substations to accommodate
3 the power flow associated with the Units. This decision was made before final routes for
4 the transmission lines were determined, and was based on preliminary system studies.
5 During the environmental evaluation stage of the COL application review, the Company
6 made the decision to, where possible, site new transmission on existing rights-of-way.
7 Further, upon more detailed analysis, there was not adequate space within the existing
8 footprint of the Lake Murray and Denny Terrace substations to accommodate the
9 additional autotransformers without a significant increased cost. The Company
10 performed a study to determine whether a more cost effective option existed now that the
11 exact transmission corridors had been identified. They evaluated three options. The first
12 was similar to the original option, locating an additional autotransformer next to both the
13 Lake Murray and Denny Terrace substations. This option would have required the
14 construction of the equivalent of two entirely new substations adjacent to the existing
15 substations, as well as upgrades to the Lyles substation and several segments of existing
16 conductor. The projected cost of this option was \$29.5 million. The second option
17 would involve adding another autotransformer at the Lyles substation and rebuilding the
18 Edenwood-Lake Murray 230 kV line. The projected cost of this option was \$20.5
19 million. The third option was the construction of the proposed Saluda River Substation.
20 The projected cost of this option at the time of the study was \$12.2 million, which was
21 later further revised to \$15.5 million. From both an economic and a reliability
22 standpoint, the study concluded that the Saluda River Substation was the preferable

1 option. The incremental increased cost associated with the Saluda River Substation is
2 \$1,591,000 as compared to the amount previously budgeted for autotransformers. Based
3 on ORS's review, this request appears reasonable.

4 **Q. COULD YOU PLEASE ADDRESS YOUR REVIEW OF THE REVISED**
5 **TRANSMISSION COSTS ASSOCIATED WITH THE UNDERGROUNDING OF**
6 **A PORTION OF THE PARR-VCSN 115 KV SAFEGUARD LINE AND**
7 **LOWERING THE VCSN PARR-MIDWAY 115 KV LINES?**

8 **A.** Yes. The Parr-VCSN 115 kV Safeguard Line would have crossed five different
9 230 kV lines, and should a situation occur where the line came into contact with those
10 five lines, they would be unavailable to provide service. From a reliability standpoint,
11 this would likely result in a scenario where a large number of customers experienced a
12 loss of service. This line cannot run below the 230 kV lines as it is important for the safe
13 operation of V.C. Summer Unit 1, therefore the best remaining option is burial of a
14 portion of the line. The Company estimates that the cost to bury this portion of the line
15 would be approximately \$2.9 million.

16 With regards to the Parr-Midway 115 kV Lines, they cross six existing lines and
17 one planned 230 kV line. The Company is lowering these lines to meet National Electric
18 Safety Code crossing clearances for all of the lines at a cost of \$704,000. Based on
19 ORS's review, these requests appear reasonable.

20 **Q. COULD YOU PLEASE ADDRESS YOUR REVIEW OF THE REVISED**
21 **TRANSMISSION COSTS ASSOCIATED WITH THE REMAINING TERMINAL,**
22 **CONDUCTOR AND BUS UPGRADES?**

1 A. Yes. These items include a variety of system improvements to accommodate the
2 interconnection of the new transmission lines. The Company states that these costs were
3 not previously identified as the exact path of the transmission lines was not known during
4 the initial forecasting phase. These improvements include the replacement of a
5 disconnect switch in V.C. Summer Switchyard #1, as well as the existing lightning
6 arresters, to accommodate higher capacities. Improvements are also necessary at the
7 Canadys Substation, the Summerville Substation and the Saluda Hydro Substation to
8 accommodate the higher capacities. The Company estimates the increased cost for this
9 work at \$2,711,800. Based on ORS's review, this request appears reasonable.

10 **Q. COULD YOU PLEASE ADDRESS YOUR REVIEW OF THE REMAINDER OF**
11 **THE REVISED TRANSMISSION COSTS?**

12 A. Yes. The remainder of the costs relate to real property acquisitions and
13 settlements. While the majority of the transmission for this project is sited on existing
14 rights-of-way, additional rights-of-way had to be purchased along a segment of the
15 VCS1-Killian 230 kV Line between the town of Blythewood and the Killian Substation.
16 The Company updated the cost estimates for this segment as the exact route of this
17 segment was not known when initial transmission cost forecasts were being developed.
18 The additional cost anticipated for right-of-way acquisition for the Blythewood-Killian
19 line is \$369,000. Right-of-way acquisition in this area is still ongoing. While the
20 Company has secured access to all needed rights-of-way, the purchase price has not been
21 finalized where condemnation actions were initiated.

1 The Company has also incurred additional costs as a result of settlements paid to
2 Richland County and the Town of Blythewood in Docket No. 2011-325-E. These
3 settlements totaled \$1,450,000 and resolved all outstanding contentions by the Town of
4 Blythewood and Richland County. As a portion of these settlements are attributable to
5 system improvements, only \$1,014,000 is requested for these settlements in this filing.
6 Prior to settling the issues, the Company investigated alternate routes for the affected
7 lines, and determined that the cost for pursuing these alternate routes could have totaled
8 at least \$8,300,000. In light of these potential additional costs, the Company's decision
9 to settle the issues appears reasonable.

10 The Company has also identified a credit of \$1,388,300 resulting from a change
11 in the transmission allocation methodology with the South Carolina Public Service
12 Authority, which will partially offset these increased costs.

13 **Q. OUT OF THE COMPANY'S \$283.0 MILLION REVISED CAPITAL COST**
14 **REQUEST, WHAT AMOUNT IS REASONABLE FOR APPROVAL?**

15 **A.** The result of ORS's testimony is that \$278.05 million is reasonable. The \$4.95
16 million difference is discussed in the testimony of ORS witness Jones.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

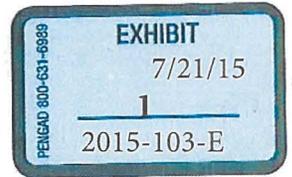
18 **A.** Yes, it does.

EXHIBIT AHP-1

Confidential

(Filed Under Seal)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA



DOCKET NO. 2015-103-E

June 29, 2015

IN RE:)
)
Petition of South Carolina Electric & Gas)
Company for Updates and Revisions to)
Schedules Related to the Construction of a)
Nuclear Base Load Generation Facility at)
Jenksville, South Carolina)

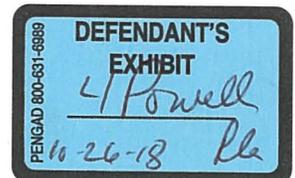
**SETTLEMENT
AGREEMENT**

This Settlement Agreement (“Settlement Agreement”) is made by and among the South Carolina Office of Regulatory Staff (“ORS”); South Carolina Energy Users Committee (“SCEUC”); and South Carolina Electric & Gas Company (“SCE&G” or the “Company”) (collectively referred to as the “Parties” or sometimes individually as a “Party”).

WHEREAS, on March 12, 2015, SCE&G filed a petition with the Public Service Commission of South Carolina (“Commission”) requesting an order from the Commission approving an updated capital cost schedule and updated construction schedule for the construction of two 1,117 net megawatt nuclear units (the “Units”) to be located at the V.C. Summer Nuclear Station near Jenksville, South Carolina (the “Petition”);

WHEREAS, SCE&G filed its Petition pursuant to S.C. Code Ann. § 58-33-270(E) (Supp. 2014) of the Base Load Review Act (“BLRA”), which states:

(E) As circumstances warrant, the utility may petition the commission, with notice to the Office of Regulatory Staff, for an order modifying any of the schedules, estimates, findings, class allocation factors, rate designs, or conditions that form part of any base load review order issued under this section. The commission



shall grant the relief requested if, after a hearing, the commission finds:

- (1) as to the changes in the schedules, estimates, findings, or conditions, that the evidence of record justifies a finding that the changes are not the result of imprudence on the part of the utility; and
- (2) as to the changes in the class allocation factors or rate designs, that the evidence of record indicates the proposed class allocation factors or rate designs are just and reasonable.

WHEREAS, the Commission established Docket No. 2015-103-E in which to hear the Company's request set forth in the Petition;

WHEREAS, among other statements, SCE&G states in its Petition that circumstances warrant modifying the schedules approved in the most recent Base Load Review order because in 2014 Westinghouse Electric Company ("WEC") and Chicago Bridge & Iron ("CB&I", and together with WEC, the "Consortium") reevaluated the engineering, procurement, and construction ("EPC") activities necessary to complete the Units and provided SCE&G a revised, fully-integrated construction schedule (the "Revised Fully-Integrated Construction Schedule") with an associated cash flow forecast for completion of the project (the "Revised Cash Flow Forecast");

WHEREAS, the Revised Fully-Integrated Construction Schedule reflects new substantial completion dates for Units 2 and 3 of June 19, 2019, and June 16, 2020, respectively ("Substantial Completion Dates");

WHEREAS, the updated capital cost schedule associated with the revised Substantial Completion Dates includes approximately \$698 million in additional capital costs of which \$245 million represents Owner's costs and \$453 million represents EPC Contract costs;

WHEREAS, SCE&G has asserted, among other things, that it is not responsible for costs related to the delay in the project and that the Consortium is liable for these costs as a result of its

failure to meet its responsibilities under the EPC Contract and otherwise. Nevertheless, it is clear that it will take the Consortium until June 19, 2019, and June 16, 2020, to complete Units 2 and 3, respectively, and that the additional costs reflected in the updated capital cost schedule will be incurred and are reasonable and necessary in completing the work on the Units;¹

WHEREAS, the Consortium has not accepted responsibility for SCE&G's assertions;

WHEREAS, as set forth in the prefiled direct testimony of Stephen A. Byrne, SCE&G and the Consortium currently are engaged in active negotiations concerning the responsibility for the increased cost resulting from the delay and other disputed issues;

WHEREAS, after careful review conducted over many weeks and the performance of careful analyses using teams of experts in accounting, finance, and construction, SCE&G determined that circumstances warranted petitioning the Commission, under the BLRA, to update the approved construction schedule and the approved capital cost schedule to reflect reasonable and prudent changes to these schedules based upon the information currently available to SCE&G;²

WHEREAS, based on its review and analyses and as stated in its Petition, SCE&G has modified, and submitted for consideration and approval of the Commission the BLRA Milestone Construction Schedule, as reflected in Settlement Exhibit 1 attached hereto and incorporated herein by this reference, to align remaining BLRA Milestones as approved in Order No. 2012-884 to the new Substantial Completion Dates and to the current construction and fabrication schedules;

¹ The Parties' agreement that these additional capital costs are "reasonable and necessary," in the context of the BLRA, is independent of the issue of whether SCE&G or the Consortium is ultimately responsible for the delay and associated costs, which is an issue that is governed by the EPC Agreement.

² In presenting the modified and updated construction and capital cost schedules as reasonable and prudent for approval under the BLRA, SCE&G does not waive, but specifically reserves, its rights against the Consortium under the EPC Contract and otherwise to dispute who is liable for the increased cost of the project, to recover damages for the delay in the Substantial Completion Dates of the Units, to continue to negotiate with the Consortium seeking to achieve fair resolutions of these disputes, and for other appropriate relief.

WHEREAS, based on its review and analyses and as stated in its Petition, SCE&G has also modified, and submitted for consideration and approval of the Commission, the capital cost schedule for completion of the Units, as reflected in Settlement Exhibit 2, attached hereto and incorporated herein by this reference, to reflect (a) the effect of the new Substantial Completion Dates on Owner's costs and EPC Contract costs, and (b) other changes in costs that have been identified since Order Exhibit No. 1 was approved by the Commission in Order No. 2012-884;

WHEREAS, S.C. Code Ann. § 58-33-277(B) (Supp. 2014) of the BLRA provides that
ORS:

shall conduct on-going monitoring of the construction of the plant and expenditure of capital through review and audit of the quarterly reports under this article, and shall have the right to inspect the books and records regarding the plant and the physical progress of construction upon reasonable notice to the utility.

WHEREAS, in connection with this case as well as since the inception of this project, ORS has exercised its rights and fulfilled its responsibilities under S.C. Code Ann. § 58-33-277 (Supp. 2014) to monitor the status of the project, by, among other things, routinely and regularly observing the progress of the plant construction and submodule production, requesting and reviewing substantial amounts of relevant financial data from the Company, auditing the quarterly reports submitted by the Company pursuant to the BLRA, inspecting the books and records of the Company regarding the plant and physical progress of construction, and reviewing in detail SCE&G's request to modify the Units' construction schedule and capital cost schedule in the above-captioned matter;

WHEREAS, SCE&G has provided information deemed satisfactory by ORS and SCEUC to support the relief requested in the Petition that the delay in the Substantial Completion Dates and other changes in construction, construction oversight, and operational readiness requirements result in necessary and reasonable modifications to the capital cost and BLRA Milestone

Construction schedule under the terms of the BLRA and are not the result of imprudence on the part of the Company;

WHEREAS, the Commission allowed for public comment and intervention in the above-captioned docket;

WHEREAS, ORS is automatically a party of record to proceeding pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2014);

WHEREAS, SCEUC made a timely request to intervene in this docket;

WHEREAS, the Parties have varying positions regarding the issues in this case;

WHEREAS, the Parties to this Settlement Agreement have engaged in discussions to determine if a Settlement Agreement would be in their best interest; and

WHEREAS, following these discussions the Parties have each determined that their interest and the public interest would be best served by agreeing to settle the issues in the above-captioned case under the terms and conditions set forth in this Settlement Agreement;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms:

A. STIPULATION OF SETTLEMENT AGREEMENT, TESTIMONY AND WAIVER OF CROSS-EXAMINATION

1. The Settling Parties agree to stipulate into the record before the Commission this Settlement Agreement.

2. The Settling Parties agree to stipulate into the record before the Commission the prefiled testimony and exhibits (collectively "Stipulated Testimony") of the following witnesses without objection, change, amendment, or cross-examination with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction consistent with this Settlement Agreement. The Settling Parties agree that no other evidence will be offered in the proceeding by them other than the Stipulated Testimony and exhibits and this Settlement Agreement unless additional evidence is necessary to support the

Settlement Agreement. The Settling Parties also reserve the right to engage in redirect examination of witnesses as necessary to respond to issues raised by the examination of their witnesses, if any, by non-Parties or by testimony filed by non-Parties.

SCE&G witnesses

1. Kevin B. Marsh
2. Stephen A. Byrne
3. Ronald A. Jones
4. Carlette L. Walker
5. Joseph M. Lynch

ORS witness:

1. M. Anthony James

If SCE&G determines that rebuttal testimony should be filed in response to any testimony filed by any Intervenor that is not a signatory to this Settlement Agreement, then the Parties hereto agree that any such testimony likewise would be stipulated into the record before the Commission under this Settlement Agreement without objection, change, amendment, or cross-examination with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction consistent with this Settlement Agreement.

B. SETTLEMENT TERMS

3. SCE&G has identified and itemized approximately \$698 million in additional capital costs that it deems as reasonable and necessary for completion of the construction of the Units through the delayed Substantial Completion Dates. These additional capital costs have been assigned to specific cost categories and are reflected and included in Settlement Exhibit 2.

4. These modifications increase the capital cost for the Units in 2007 dollars from the approximately \$4.5 billion, approved by the Commission in Order No. 2012-884, Order Exhibit No. 1 to approximately \$5.2 billion. Further, along with changes in escalation rates, these

modifications increase the gross construction cost of the Units in current dollars from the approximately \$5.7 billion approved by the Commission in Order No. 2012-884, Order Exhibit No. 1 to approximately \$6.8 billion as reflected in Settlement Exhibit 2.

5. The Parties agree that the modified construction schedule and capital cost schedule are not the result of imprudence by SCE&G and are fully consistent with the requirements of the BLRA.

6. The Parties agree that the updated construction schedule, as reflected in the updated BLRA Milestone Construction schedule attached hereto as Settlement Exhibit 1, should be approved by the Commission as the new construction schedule.

7. The Parties also agree that the restated and updated capital cost schedule, as reflected in Settlement Exhibit 2 attached hereto, should be approved by the Commission as the new construction expenditure schedule for completion of the Units. Specifically, Settlement Exhibit 2 should replace and supersede Order Exhibit No. 1 of Order No. 2012-884.

8. By Commission Order No. 2009-104(A), the Commission established a return on equity of eleven percent (11%), which is applicable for revised rates filings under the Base Load Review Act. This return on equity has been consistently and lawfully used for each revised rates filing advanced by the Company since issuance of the initial Base Load Review order in 2009. However, as an integral part of this Settlement Agreement and for Base Load Review Act purposes only, beginning with any revised rates filing made on or after January 1, 2016, and prospectively thereafter until such time as the Units are completed, SCE&G agrees to develop and calculate its revised rates filings using ten and one-half percent (10.5%) as the return on common equity rather than the approved return on common equity of eleven percent (11%) subject to Paragraph 14 hereof.³

³ Any revised rates placed into effect prior to January 1, 2016, shall not be affected by this Settlement Agreement, and the Parties specifically agree that Paragraph 8 of the Settlement Agreement is not intended to

9. As set forth in S.C. Code Ann. § 58-33-277 (Supp. 2014) of the BLRA, ORS will continue to monitor the progress of the Units' construction, including the ongoing status of negotiations between SCE&G and the Consortium of disputes related to the delayed Substantial Completion Dates and costs associated therewith.

10. The Parties agree that the terms of this Settlement Agreement are reasonable, in the public interest and in accordance with law and regulatory policy.

11. ORS is charged with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2014). S.C. Code Ann. § 58-4-10(B)(1) through (3) reads in part as follows:

“... ‘public interest’ means a balancing of the following:

- (1) Concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) Economic development and job attraction and retention in South Carolina; and
- (3) Preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.”

12. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of all issues in the above-captioned proceeding, and shall neither take any position contrary to the good faith duty agreed to herein nor encourage or aid any other Intervenors to take a position contrary to the terms of this Settlement Agreement. The Parties agree to use reasonable efforts to defend and support any Commission order with no

require SCE&G to provide any offset, credit, refund, reimbursement, or other compensation to customers for rates considered and approved by the Commission and placed into effect prior to January 1, 2016. The reduction in the Company's return on equity shall only be prospectively applied for the purpose of calculating revised rates sought by the Company on and after January 1, 2016, until such time as the Units are completed and for Base Load Review Act purposes only.

other provisions issued approving this Settlement Agreement and the terms and conditions contained herein.

13. The Parties request that the Commission hold a hearing on this Settlement Agreement, pursuant to S.C. Code Ann. § 58-33-270(G) (Supp. 2014), simultaneously with the hearing on the merits of the Petition, which is currently scheduled to begin on July 21, 2015, and request that the Commission adopt this Settlement Agreement as part of its order in this proceeding. In furtherance of this request, the Parties stipulate and agree that the terms of this Settlement Agreement comport with the terms of the BLRA.

14. This Settlement Agreement contains the complete agreement of the Parties. There are no other terms and conditions to which the Parties have agreed. The Parties agree that this Settlement Agreement will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will this Settlement Agreement, or any of the matters agreed to in it, be used as evidence or precedent in any future proceeding. Any Party may withdraw from the Settlement Agreement without penalty if (i) the Commission does not approve this Settlement Agreement in its entirety or (ii) an appellate court does not affirm in all respects the Commission's order approving this Settlement Agreement in its entirety. If a Party elects to withdraw from the Settlement Agreement pursuant to this paragraph, then the provisions of this Settlement Agreement will no longer be binding upon the Parties.

15. This Settlement Agreement shall be effective upon execution by the Parties and shall be interpreted according to South Carolina law. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to the terms and conditions of this Settlement Agreement by affixing his or her signature or authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the Settlement Agreement. Facsimile signatures and e-mail

signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

[Signatures on the following pages.]

WE AGREE:

Representing and binding the South Carolina Office of Regulatory Staff

Shannon B. Hudson

Shannon Bowyer Hudson, Esquire

Jeffrey M. Nelson, Esquire

South Carolina Office of Regulatory Staff

1401 Main Street, Suite 900

Columbia, SC 29201

Phone: (803) 737-0889

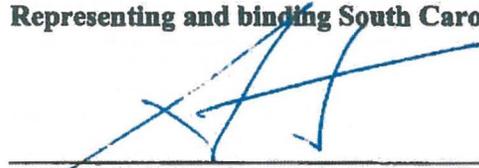
Fax: (803) 737-0895

Email: shudson@regstaff.sc.gov

jnelson@regstaff.sc.gov

WE AGREE:

Representing and binding South Carolina Energy Users Committee



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Elliott & Elliott, P.A.
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WE AGREE:

Representing and binding South Carolina Electric & Gas Company



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Matthew W. Gissendanner, Esquire
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**BLRA Milestones
VC Summer Units 2 and 3**

Settlement Exhibit 1
Exhibit No. __ (SAB-2)

| Tracking ID | Order No. 2012-884 Description | Order No. 2012-884 Date | Revised Completion Date | Unit |
|-------------|--|-------------------------|-------------------------|------|
| 1 | Approve Engineering Procurement and Construction Agreement | Complete | Complete | |
| 2 | Issue POs to nuclear component fabricators for Units 2 & 3 Containment Vessels | Complete | Complete | |
| 3 | Contractor Issue PO to Passive Residual Heat Removal Heat Exchanger Fabricator - First Payment - Unit 2 | Complete | Complete | |
| 4 | Contractor Issue PO to Accumulator Tank Fabricator - Unit 2 | Complete | Complete | |
| 5 | Contractor Issue PO to Core Makeup Tank Fabricator - Units 2 & 3 | Complete | Complete | |
| 6 | Contractor Issue PO to Squib Valve Fabricator - Units 2 & 3 | Complete | Complete | |
| 7 | Contractor Issue PO to Steam Generator Fabricator - Units 2 & 3 | Complete | Complete | |
| 8 | Contractor Issue Long Lead Material PO to Reactor Coolant Pump Fabricator - Units 2 & 3 | Complete | Complete | |
| 9 | Contractor Issue PO to Pressurizer Fabricator - Units 2 & 3 | Complete | Complete | |
| 10 | Contractor Issue PO to Reactor Coolant Loop Pipe Fabricator - First Payment - Units 2 & 3 | Complete | Complete | |
| 11 | Reactor Vessel Internals - Issue Long Lead Material PO to Fabricator - Units 2 & 3 | Complete | Complete | |
| 12 | Contractor Issue Long Lead Material PO to Reactor Vessel Fabricator - Units 2 & 3 | Complete | Complete | |
| 13 | Contractor Issue PO to Integrated Head Package Fabricator - Units 2 & 3 | Complete | Complete | |
| 14 | Control Rod Drive Mechanism Issue PO for Long Lead Material to Fabricator - Units 2 & 3 - first payment | Complete | Complete | |
| 15 | Issue POs to nuclear component fabricators for Nuclear Island structural CA20 Modules | Complete | Complete | |
| 16 | Start Site Specific and balance of plant detailed design | Complete | Complete | |
| 17 | Instrumentation & Control Simulator - Contractor Place Notice to Proceed - Units 2 & 3 | Complete | Complete | |
| 18 | Steam Generator - Issue Final PO to Fabricator for Units 2 & 3 | Complete | Complete | |
| 19 | Reactor Vessel Internals - Contractor Issue PO for Long Lead Material (Heavy Plate and Heavy Forgings) to Fabricator - Units 2 & 3 | Complete | Complete | |
| 20 | Contractor Issue Final PO to Reactor Vessel Fabricator - Units 2 & 3 | Complete | Complete | |
| 21 | Variable Frequency Drive Fabricator Issue Transformer PO - Units 2 & 3 | Complete | Complete | |
| 22 | Start clearing, grubbing and grading | Complete | Complete | |
| 23 | Core Makeup Tank Fabricator Issue Long Lead Material PO - Units 2 & 3 | Complete | Complete | |
| 24 | Accumulator Tank Fabricator Issue Long Lead Material PO - Units 2 & 3 | Complete | Complete | |
| 25 | Pressurizer Fabricator Issue Long Lead Material PO - Units 2 & 3 | Complete | Complete | |
| 26 | Reactor Coolant Loop Pipe - Contractor Issue PO to Fabricator - Second Payment - Units 2 & 3 | Complete | Complete | |
| 27 | Integrated Head Package - Issue PO to Fabricator - Units 2 and 3 - second payment | Complete | Complete | |
| 28 | Control Rod Drive Mechanisms - Contractor Issue PO for Long Lead Material to Fabricator - Units 2 & 3 | Complete | Complete | |
| 29 | Contractor Issue PO to Passive Residual Heat Removal Heat Exchanger Fabricator - Second Payment - Units 2 & 3 | Complete | Complete | |
| 30 | Start Parr Road intersection work | Complete | Complete | |
| 31 | Reactor Coolant Pump - Issue Final PO to Fabricator - Units 2 & 3 | Complete | Complete | |
| 32 | Integrated Heat Packages Fabricator Issue Long Lead Material PO - Units 2 & 3 | Complete | Complete | |
| 33 | Design Finalization Payment 3 | Complete | Complete | |
| 34 | Start site development | Complete | Complete | |
| 35 | Contractor Issue PO to Turbine Generator Fabricator - Units 2 & 3 | Complete | Complete | |
| 36 | Contractor Issue PO to Main Transformers Fabricator - Units 2 & 3 | Complete | Complete | |
| 37 | Core Makeup Tank Fabricator Notice to Contractor Receipt of Long Lead Material - Units 2 & 3 | Complete | Complete | |
| 38 | Design Finalization Payment 4 | Complete | Complete | |
| 39 | Turbine Generator Fabricator Issue PO for Condenser Material - Unit 2 | Complete | Complete | |
| 40 | Reactor Coolant Pump Fabricator Issue Long Lead Material Lot 2 - Units 2 & 3 | Complete | Complete | |
| 41 | Passive Residual Heat Removal Heat Exchanger Fabricator Receipt of Long Lead Material - Units 2 & 3 | Complete | Complete | |
| 42 | Design Finalization Payment 5 | Complete | Complete | |
| 43 | Start erection of construction buildings, to include craft facilities for personnel, tools, equipment; first aid facilities; field offices for site management and support personnel; temporary warehouses; and construction hiring office | Complete | Complete | |
| 44 | Reactor Vessel Fabricator Notice to Contractor of Receipt of Flange Nozzle Shell Forging - Unit 2 | Complete | Complete | |
| 45 | Design Finalization Payment 6 | Complete | Complete | |
| 46 | Instrumentation and Control Simulator - Contractor Issue PO to Subcontractor for Radiation Monitor System - Units 2 & 3 | Complete | Complete | |
| 47 | Reactor Vessel Internals - Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2 | Complete | Complete | |
| 48 | Turbine Generator Fabricator Issue PO for Moisture Separator Reheater/Feedwater Heater Material - Unit 2 | Complete | Complete | |
| 49 | Reactor Coolant Loop Pipe Fabricator Acceptance of Raw Material - Unit 2 | Complete | Complete | |

**BLRA Milestones
VC Summer Units 2 and 3**

Settlement Exhibit 1
Exhibit No. __ (SAB-2)

| Tracking ID | Order No. 2012-884 Description | Order No. 2012-884 Data | Revised Completion Date | Unit |
|-------------|---|-------------------------|-------------------------|--------|
| 50 | Reactor Vessel Internals - Fabricator Start Weld Neutron Shield Spacer Pads to Assembly - Unit 2 | Complete | Complete | |
| 51 | Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 2 | Complete | Complete | |
| 52 | Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 2 | Complete | Complete | |
| 53 | Start excavation and foundation work for the standard plant for Unit 2 | Complete | Complete | |
| 54 | Steam Generator Fabricator Notice to Contractor of Receipt of 2nd Steam Generator Tubesheet Forging - Unit 2 | Complete | Complete | |
| 55 | Reactor Vessel Fabricator Notice to Contractor of Outlet Nozzle Welding to Flange Nozzle Shell Completion - Unit 2 | Complete | Complete | |
| 56 | Turbine Generator Fabricator Notice to Contractor Condenser Fabrication Started - Unit 2 | Complete | Complete | |
| 57 | Complete preparations for receiving the first module on site for Unit 2 | Complete | Complete | |
| 58 | Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Transition Cone Forging - Unit 2 | Complete | Complete | |
| 59 | Reactor Coolant Pump Fabricator Notice to Contractor of Manufacturing of Casing Completion - Unit 2 | Complete | Complete | |
| 60 | Reactor Coolant Loop Pipe Fabricator Notice to Contractor of Machining, Heat Treating & Non-Destructive Testing Completion - Unit 2 | Complete | Complete | |
| 61 | Core Makeup Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 2 | Complete | Complete | |
| 62 | Polar Crane Fabricator Issue PO for Main Hoist Drum and Wire Rope - Units 2 & 3 | Complete | Complete | |
| 63 | Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 3 | Complete | Complete | |
| 64 | Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 2 | Complete | Complete | |
| 65 | Start placement of mud mat for Unit 2 | Complete | Complete | |
| 66 | Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Tubing - Unit 2 | Complete | Complete | |
| 67 | Pressurizer Fabricator Notice to Contractor of Welding of Upper and Intermediate Shells Completion - Unit 2 | Complete | Complete | |
| 68 | Reactor Vessel Fabricator Notice to Contractor of Closure Head Cladding Completion - Unit 3 | Complete | Complete | |
| 69 | Begin Unit 2 first nuclear concrete placement | Complete | Complete | |
| 70 | Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 2 | Complete | Complete | |
| 71 | Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2 | Complete | Complete | |
| 72 | Steam Generator Fabricator Notice to Contractor of Completion of 1st Steam Generator Tubing Installation - Unit 2 | Complete | Complete | |
| 73 | Reactor Coolant Loop Pipe - Shipment of Equipment to Site - Unit 2 | Complete | Complete | |
| 74 | Control Rod Drive Mechanism - Ship Remainder of Equipment (Latch Assembly & Rod Travel Housing) to Head Supplier - Unit 2 | Complete | Complete | |
| 75 | Pressurizer Fabricator Notice to Contractor of Welding of Lower Shell to Bottom Head Completion - Unit 2 | Complete | Complete | |
| 76 | Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 2 | Complete | Complete | |
| 77 | Design Finalization Payment 14 | Complete | Complete | |
| 78 | Set module CA04 for Unit 2 | Complete | Complete | |
| 79 | Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Final Post Weld Heat Treatment - Unit 2 | Complete | Complete | |
| 80 | Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Completion of Tubing - Unit 2 | Complete | Complete | |
| 81 | Polar Crane Fabricator Notice to Contractor of Girder Fabrication Completion - Unit 2 | Complete | Complete | |
| 82 | Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 3 | Complete | Complete | |
| 83 | Set Containment Vessel ring #1 for Unit 2 | Complete | Complete | |
| 84 | Reactor Coolant Pump Fabricator Delivery of Casings to Port of Export - Unit 2 | Complete | Complete | |
| 85 | Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 3 | Complete | Complete | |
| 86 | Reactor Vessel Fabricator Notice to Contractor of Receipt of Core Shell Forging - Unit 3 | Complete | Complete | |
| 87 | Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 3 | Complete | Complete | |
| 88 | Set Nuclear Island structural module CA03 for Unit 2 | 6/26/2013 | 12/28/2015 | Unit 2 |
| 89 | Squib Valve Fabricator Notice to Contractor of Completion of Assembly and Test for Squib Valve Hardware - Unit 2 | Complete | Complete | |
| 90 | Accumulator Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3 | Complete | Complete | |
| 91 | Polar Crane Fabricator Notice to Contractor of Electric Panel Assembly Completion - Unit 2 | Complete | Complete | |
| 92 | Start containment large bore pipe supports for Unit 2 | Complete | Complete | |
| 93 | Integrated Head Package - Shipment of Equipment to Site - Unit 2 | Complete | Complete | |
| 94 | Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 2 | Complete | Complete | |
| 95 | Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 3 | Complete | Complete | |
| 96 | Steam Generator Fabricator Notice to Contractor of Satisfactory Completion of 1st Steam Generator Hydrotest - Unit 2 | Complete | Complete | |
| 97 | Start concrete fill of Nuclear Island structural modules CA01 and CA02 for Unit 2 | 4/3/2014 | 7/18/2015 | Unit 2 |
| 98 | Passive Residual Heat Removal Heat Exchanger - Delivery of Equipment to Port of Entry - Unit 2 | Complete | Complete | |
| 99 | Refueling Machine Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 2 | Complete | Complete | |

**BLRA Milestones
VC Summer Units 2 and 3**

Settlement Exhibit 1
Exhibit No. __ (SAB-2)

| Tracking ID | Order No. 2012-884 Description | Order No. 2012-884 Date | Revised Completion Date | Unit |
|-------------|--|-------------------------|-------------------------|--------|
| 100 | Deliver Reactor Vessel Internals to Port of Export - Unit 2 | 1/31/2014 | 7/30/2015 | Unit 2 |
| 101 | Set Unit 2 Containment Vessel #3 | 4/24/2014 | 8/23/2016 | Unit 2 |
| 102 | Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 2 | Complete | Complete | |
| 103 | Turbine Generator Fabricator Notice to Contractor Turbine Generator Ready to Ship - Unit 2 | Complete | Complete | |
| 104 | Pressurizer Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3 | 3/31/2014 | 3/28/2015 | Unit 3 |
| 105 | Polar Crane - Shipment of Equipment to Site - Unit 2 | 1/31/2014 | 12/31/2015 | Unit 2 |
| 106 | Receive Unit 2 Reactor Vessel on site from fabricator | Complete | Complete | |
| 107 | Set Unit 2 Reactor Vessel | 6/23/2014 | 8/9/2016 | Unit 2 |
| 108 | Steam Generator Fabricator Notice to Contractor of Completion of 2nd Channel Head to Tubesheet Assembly Welding - Unit 3 | 12/31/2013 | 3/30/2015 | Unit 3 |
| 109 | Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 3 | 8/31/2014 | 10/30/2015 | Unit 3 |
| 110 | Reactor Coolant Pump - Shipment of Equipment to Site (2 Reactor Coolant Pumps) - Unit 2 | 10/31/2013 | 5/30/2016 | Unit 2 |
| 111 | Place first nuclear concrete for Unit 3 | Complete | Complete | |
| 112 | Set Unit 2 Steam Generator | 10/23/2014 | 10/10/2016 | Unit 2 |
| 113 | Main Transformers Ready to Ship - Unit 2 | Complete | Complete | |
| 114 | Complete Unit 3 Steam Generator Hydrotest at fabricator | 2/28/2014 | 7/30/2015 | Unit 3 |
| 115 | Set Unit 2 Containment Vessel Bottom Head on basemat legs | Complete | Complete | |
| 116 | Set Unit 2 Pressurizer Vessel | 5/16/2014 | 8/23/2016 | Unit 2 |
| 117 | Reactor Coolant Pump Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 3 | 2/28/2015 | 1/31/2017 | Unit 3 |
| 118 | Deliver Reactor Vessel Internals to Port of Export - Unit 3 | 6/30/2015 | 12/31/2016 | Unit 3 |
| 119 | Main Transformers Fabricator Issue PO for Material - Unit 3 | Complete | Complete | |
| 120 | Complete welding of Unit 2 Passive Residual Heat Removal System piping | 2/5/2015 | 1/16/2017 | Unit 2 |
| 121 | Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 3 | 4/30/2015 | 1/30/2016 | Unit 3 |
| 122 | Refueling Machine - Shipment of Equipment to Site - Unit 3 | 2/28/2015 | 3/27/2016 | Unit 3 |
| 123 | Set Unit 2 Polar Crane | 1/9/2015 | 12/19/2016 | Unit 2 |
| 124 | Reactor Coolant Pumps - Shipment of Equipment to Site - Unit 3 | 6/30/2015 | 4/30/2017 | Unit 3 |
| 125 | Main Transformers Ready to Ship - Unit 3 | 7/31/2015 | 12/30/2015 | Unit 3 |
| 126 | Spent Fuel Storage Rack - Shipment of Last Rack Module - Unit 3 | 7/31/2014 | 5/31/2015 | Unit 3 |
| 127 | Start electrical cable pulling in Unit 2 Auxiliary Building | 8/14/2013 | 11/29/2016 | Unit 2 |
| 128 | Complete Unit 2 Reactor Coolant System cold hydro | 1/22/2016 | 2/19/2018 | Unit 2 |
| 129 | Activate class 1E DC power in Unit 2 Auxiliary Building | 3/15/2015 | 6/22/2017 | Unit 2 |
| 130 | Complete Unit 2 hot functional test | 5/3/2016 | 5/23/2018 | Unit 2 |
| 131 | Install Unit 3 ring 3 for containment vessel | 8/25/2015 | 2/27/2017 | Unit 3 |
| 132 | Load Unit 2 nuclear fuel | 9/15/2016 | 12/21/2018 | Unit 2 |
| 133 | Unit 2 Substantial Completion | 3/15/2017 | 6/19/2019 | Unit 2 |
| 134 | Set Unit 3 Reactor Vessel | 10/22/2015 | 5/26/2017 | Unit 3 |
| 135 | Set Unit 3 Steam Generator #2 | 2/25/2016 | 9/22/2017 | Unit 3 |
| 136 | Set Unit 3 Pressurizer Vessel | 7/16/2015 | 11/27/2017 | Unit 3 |
| 137 | Complete welding of Unit 3 Passive Residual Heat Removal System piping | 6/16/2016 | 1/29/2018 | Unit 3 |
| 138 | Set Unit 3 polar crane | 5/9/2016 | 12/18/2017 | Unit 3 |
| 139 | Start Unit 3 Shield Building roof slab rebar placement | 5/26/2016 | 5/11/2018 | Unit 3 |
| 140 | Start Unit 3 Auxiliary Building electrical cable pulling | 11/7/2014 | 6/23/2017 | Unit 3 |
| 141 | Activate Unit 3 Auxiliary Building class 1E DC power | 5/15/2016 | 3/13/2018 | Unit 3 |
| 142 | Complete Unit 3 Reactor Coolant System cold hydro | 3/22/2017 | 2/26/2019 | Unit 3 |
| 143 | Complete Unit 3 hot functional test | 7/3/2017 | 5/26/2019 | Unit 3 |
| 144 | Complete Unit 3 nuclear fuel load | 11/15/2017 | 12/19/2019 | Unit 3 |
| 145 | Begin Unit 3 full power operation | 4/8/2018 | 5/20/2020 | Unit 3 |
| 146 | Unit 3 Substantial Completion | 5/15/2018 | 6/16/2020 | Unit 3 |

RESTATED and UPDATED CONSTRUCTION EXPENDITURES

(Thousands of \$)

V.C. Summer Units 2 and 3 - Summary of SCE&G Capital Cost ComponentsActual through December 2014* plus
Projected

| Plant Cost Categories | Total | Actual | | | | | | | | Projected | | | | | |
|--|------------------|---------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Fixed with No Adjustment | | | | | | | | | | | | | | | |
| Firm with Fixed Adjustment A | | | | | | | | | | | | | | | |
| Firm with Fixed Adjustment B | | | | | | | | | | | | | | | |
| Firm with Indexed Adjustment | | | | | | | | | | | | | | | |
| Actual Craft Wages | | | | | | | | | | | | | | | |
| Non-Labor Costs | | | | | | | | | | | | | | | |
| Time & Materials | | | | | | | | | | | | | | | |
| Owners Costs | | | | | | | | | | | | | | | |
| Transmission Costs | 329,512 | - | 26 | 724 | 927 | 11,984 | 51,877 | 58,593 | 47,207 | 64,578 | 64,794 | 30,314 | 710 | - | - |
| Total Base Project Costs(2007 \$) | 5,248,638 | 21,723 | 97,386 | 319,073 | 374,810 | 314,977 | 488,461 | 448,947 | 422,076 | 742,980 | 759,311 | 658,948 | 389,817 | 169,840 | 38,289 |
| Total Project Escalation | 1,300,488 | - | 3,519 | 20,930 | 23,741 | 34,084 | 74,485 | 88,822 | 89,890 | 196,694 | 247,926 | 240,312 | 151,548 | 92,670 | 36,065 |
| Total Revised Project Cash Flow | 6,547,124 | 21,723 | 100,905 | 340,003 | 398,551 | 349,061 | 562,946 | 537,569 | 511,966 | 939,674 | 1,007,237 | 899,260 | 541,365 | 262,510 | 74,354 |
| Cumulative Project Cash Flow(Revised) | | 21,723 | 122,629 | 462,632 | 861,183 | 1,210,244 | 1,773,190 | 2,310,759 | 2,822,725 | 3,762,398 | 4,769,635 | 5,668,895 | 6,210,260 | 6,472,770 | 6,547,124 |
| AFUDC(Capitalized Interest) | 279,790 | 845 | 3,497 | 10,564 | 17,150 | 14,218 | 18,941 | 27,722 | 26,131 | 30,502 | 44,426 | 39,884 | 30,984 | 11,529 | 3,599 |
| Gross Construction | 6,828,914 | 22,368 | 104,403 | 350,567 | 415,701 | 363,278 | 581,886 | 565,291 | 538,097 | 970,176 | 1,051,663 | 939,143 | 572,349 | 274,039 | 77,953 |
| Construction Work in Progress | | 22,368 | 126,771 | 477,338 | 893,039 | 1,256,317 | 1,838,203 | 2,403,495 | 2,941,591 | 3,911,767 | 4,963,430 | 5,902,573 | 6,474,923 | 6,748,962 | 6,826,914 |

*Applicable index escalation rates for 2014 are estimated. Escalation is subject to restatement when actual indices for 2014 are final.

Notes:Current Period AFUDC rate applied **5.68%**

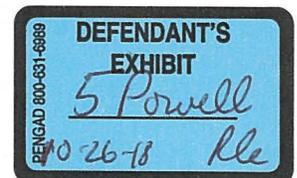
Escalation rates vary from reporting period to reporting period according to the terms of Commission Order 2009-104(A). These projections reflect current escalation rates. Future changes in escalation rates could substantially change these projections. The AFUDC rate applied is the current SCE&G rate. AFUDC rates can vary with changes in market interest rates, SCE&G's embedded cost of capital, capitalization ratios, construction work in process, and SCE&G's short-term debt outstanding.

**THE OFFICE OF REGULATORY STAFF
SETTLEMENT AND DIRECT TESTIMONY
& EXHIBITS**

OF

ALLYN H. POWELL

SEPTEMBER 1, 2016



DOCKET NO.2016-223-E

**Petition of South Carolina Electric & Gas Company for
Updates and Revisions to Schedules Related to the
Construction of a Nuclear Base Load Generation
Facility at Jenkinsville, South Carolina**

1 **SETTLEMENT AND DIRECT TESTIMONY OF**

2 **ALLYN H. POWELL**

3 **ON BEHALF OF**

4 **THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

5 **DOCKET NO. 2016-223-E**

6 **IN RE: PETITION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY**
7 **FOR UPDATES AND REVISIONS TO SCHEDULES RELATED TO THE**
8 **CONSTRUCTION OF A NUCLEAR BASE LOAD GENERATION FACILITY**
9 **AT JENKINSVILLE, SOUTH CAROLINA**
10

11 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

12 **A.** My name is Allyn Powell. My Business Address is 1401 Main Street, Suite 900,
13 Columbia, South Carolina 29201. I am employed by the State of South Carolina as the
14 Manager of Nuclear Programs in the Energy Policy Division of the South Carolina Office
15 of Regulatory Staff ("ORS").

16 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

17 **A.** I hold a Bachelor's Degree in Physics from the University of South Carolina and a
18 Master's Degree in Physics from the College of William and Mary. My research focus
19 while at the College of William and Mary was experimental nuclear and particle physics,
20 and I am credited as co-author on several professional publications resulting from my
21 research. I was previously employed as Director of State Budgeting and Finance with the
22 Ways and Means Committee of the South Carolina House of Representatives ("WMC"). I
23 joined WMC in 2002 as a Research Analyst, focusing on sales tax, income tax, higher
24 education and cultural issues. I was responsible for providing background research,
25 summarizing legislation before WMC and drafting portions of the Appropriations Act.

1 Throughout my career at WMC I served as lead staff for a variety of issue areas, including
2 K-12 education, property tax, and budget policy. I was promoted to Director of State
3 Budgeting and Finance in 2007. As Director of State Budgeting and Finance, I was
4 responsible for overseeing the State budget process for WMC and the production of the
5 Appropriations Act. In 2009, I joined the South Carolina Energy Office at the South
6 Carolina Budget and Control Board as a Program Manager. There, I worked with issues
7 relating to radioactive waste disposal and energy assurance planning. I also served as lead
8 staff for the South Carolina Governor's Nuclear Advisory Council. In 2011, I joined ORS
9 as an Associate Program Manager. As Associate Program Manager my responsibilities
10 included reviewing Base Load Review Act plant applications, managing efforts relating to
11 energy assurance planning and serving as ORS's lead contact for demand side management
12 and energy efficiency programs. In 2013, I left ORS to take a position as the Capital
13 Budgeting Manager for the State of South Carolina in the State Budget Office. In that role
14 I was responsible for reviewing applications by state agencies to establish and modify
15 construction projects, approving projects under a certain threshold and summarizing larger
16 projects for approval by members of the Joint Bond Review Committee and the Budget
17 and Control Board. I also testified as requested before both bodies and was responsible for
18 producing monthly reports regarding capital project budget and expenditures. In 2015, I
19 returned to ORS as the Manager of Nuclear Programs. My duties at ORS include managing
20 the review of Base Load Review Act applications as well as managing the Radioactive
21 Waste Disposal Program, which provides oversight for South Carolina's low level
22 radioactive waste disposal facility located in Barnwell, SC.

1 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE**
2 **COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?**

3 **A.** Yes. I have provided written and oral testimony with regard to the construction of
4 the nuclear base load facility at Jenkinsville, SC (the “Project” or “Units”) by South
5 Carolina Electric & Gas Company (the “Company” or “SCE&G”).

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

7 **A.** The purpose of my testimony is to provide an overview of ORS’s findings regarding
8 SCE&G’s Petition for Updates and Revisions to Schedules Related to the Construction of
9 a Nuclear Base Load Generation Facility at Jenkinsville, SC (“Petition”) and to discuss
10 the Settlement Agreement (the “Settlement” or “SA”) dated August __, 2016 that was
11 entered into between ORS, SCE&G, Frank Knapp, the South Carolina Energy Users
12 Committee, Central Electric Power Cooperative, Inc., and the Electric Cooperatives of
13 South Carolina, Inc. (the “Settling Parties”).

14 **Q. WHAT IS THE COMPANY REQUESTING IN THIS PROCEEDING?**

15 **A.** Under S.C. Code Ann. Section 58-33-270(E) (2015) of the Base Load Review Act
16 (“BLRA”), SCE&G is requesting the Commission to modify the construction schedules
17 and accompanying BLRA milestones to reflect new guaranteed substantial completion
18 dates (“GSCDs”) of August 31, 2019 and August 31, 2020 for Unit 2 and Unit 3,
19 respectively. SCE&G is also requesting an increase to the capital cost estimates of
20 approximately \$852 million. This was reduced to approximately \$846 million in SCE&G’s
21 testimony (Exhibit AHP-1). The largest portion of the increase is \$781.1 million in
22 Engineering, Procurement and Construction Contract (“EPC Contract”) cost increases,
23 comprised of \$137.5 million in costs resulting from an amendment to the EPC Contract

1 executed on October 27, 2015 (“Amendment” or “EPC Amendment”), \$505.5 million in
2 costs resulting from SCE&G’s decision to exercise an option in the EPC Amendment that
3 moves many of the EPC Contract costs to a fixed category (“Option”), \$85.5 million
4 resulting from a reversal of the credit for liquidated damages that SCE&G previously
5 credited to its customers via Order No. 2015-661, and \$52.5 million in increases due to
6 Change Orders. As part of this proceeding SCE&G is also asking for approval of its
7 decision to exercise the Option. The remaining cost increases are due to Owners Costs
8 (\$20.8 million), Escalation (\$2.3 million) and an allowance for funds used during construction
9 (“AFUDC”) (\$42.4 million).

10 **Q. PLEASE DESCRIBE ORS’S ACTIVITIES IN RESPONSE TO SCE&G’S**
11 **PETITION.**

12 **A.** ORS has been actively reviewing documentation related to the Amendment since
13 October 2015, and much of the information in the Petition was covered by several rounds
14 of continuing information requests related to that review. ORS asked the Company to
15 update its responses to these requests in light of the Petition. In addition, ORS met
16 frequently with representatives from SCE&G’s construction, business and finance
17 departments to discuss the details of the Petition and the supporting documentation. ORS
18 also interviewed several SCE&G, Westinghouse Electric Company (“Westinghouse”)
19 technical experts and Fluor Corporation (“Fluor”) technical experts to fully understand the
20 various components of the Petition.

21 **Q. PLEASE BRIEFLY DESCRIBE THE SETTLEMENT AGREEMENT.**

22 **A.** In the Settlement, the Settling Parties negotiated the following key benefits for
23 ratepayers:

- 1 1. An agreement by SCE&G to guarantee (the “Guarantee”) that the scopes of work
2 covered by the Option remain fixed (SA paragraph #12). As part of the Guarantee,
3 SCE&G agrees to fix costs to ratepayers for scopes of work covered by the Option
4 by not seeking any future increases for these scopes of work in the cost schedules
5 for the Units and by not seeking revised rates for such increases.
- 6 2. A moratorium (the “Moratorium”) on additional filings to increase cost schedules
7 prior to January 28, 2019 with this date being extended day-for-day with any delay
8 in the commercial operation date of Unit 2 (SA paragraph #13).
- 9 3. An agreement by SCE&G to reduce the return on equity (the “ROE Reduction”) rate used to compute revised rates filings after January 1, 2017 from 10.5% to
10 10.25% (SA paragraph #18).
- 11 4. A provision capping at \$20 million the amount SCE&G can recover for the items
12 listed in Schedule C of the Amendment (excluding Plant Layout Security, Phase 3
13 and Plant Security Systems Integration which are otherwise addressed in the
14 Settlement) that were in dispute with Westinghouse at the time of the Amendment
15 but were not resolved through the Amendment (*i.e.*, the “Schedule C” items) (SA
16 paragraph #12).
- 17 5. A requirement that all future requests to increase cost schedules due to Change
18 Orders shall require a signed Change Order to be presented at the time of the request
19 and disallowing future requests based on informal estimates of Change Order costs
20 (SA paragraph #12).
- 21 6. Enhanced mandatory public reporting of schedule information, productivity and
22 production metrics for construction, and issues related to the EPC Contract and the
23

1 Project going forward (SA paragraph #10).

2 In the context of these benefits, the Settling Parties agreed to the following:

3 7. An increase to the BLRA approved cost schedules to reflect the cost of the
4 Amendment (\$137.5 million) and the cost of the Option (\$505.54 million) and
5 approval of SCE&G's decision to exercise the Option (SA paragraph #5).

6 8. A finding that SCE&G had justified Change Orders totaling \$32.58 million (SA
7 paragraph #6).

8 9. An agreement to allow a transfer of scope for the Service Building from the EPC
9 Contract to Owner's Costs for completion of the building under a separate fixed
10 price contract with a commercial contractor other than Westinghouse, and a
11 reduction to the Fixed Price category of \$11.92 million, which includes the \$6.9
12 million requested in the Petition for the Service Building, 3rd Floor and the \$5.02
13 million already in the Fixed Price for the Service Building, 1st and 2nd Floors, and
14 a corresponding increase in the Owner's Cost for the Service Building of \$9.2
15 million plus \$1.3 million for escalation, in exchange for SCE&G's agreement to
16 cap the total cost of this building to ratepayers at the revised amount of \$10.48
17 million (which includes escalation) (SA paragraph #6).

18 10. Approval of the revised GSCDs for the Units of August 31, 2019 and August 31,
19 2020 and simplification of the milestone schedule in light of the Moratorium and
20 the fact that Fluor and Westinghouse are preparing a revised resource-loaded
21 integrated project schedule which may revise and re-sequence the construction
22 schedule (SA paragraph #10).

23 11. Enhanced mandatory public reporting of schedule information, productivity and

1 production metrics for construction, and issues related to the EPC Contract and the
2 Project going forward. (SA paragraph #10).

3 12. In addition to the Owner's Cost associated with the transfer of the Service Building,
4 approval of an increase in Owner's Cost of \$20.83 million largely associated with
5 the delay in the GSCDs and the restructuring of the EPC Contract under the
6 Amendment (SA paragraph #7).

7 ORS supports this Settlement as reasonable because it commits SCE&G to ensuring
8 that the terms of the Option are enforced, limits SCE&G's ability to seek costs outside of
9 the Option until Unit 2 is nearing completion and caps a number of important cost items.

10 **Q. WHAT COMPONENTS OF THE SETTLEMENT AGREEMENT ARE MOST**
11 **IMPORTANT TO ORS?**

12 **A.** The Guarantee, Moratorium and the ROE Reduction.

13 **Q. PLEASE BRIEFLY DESCRIBE THE AMENDMENT.**

14 **A.** On October 27, 2015, SCE&G signed the Amendment, which modified the EPC
15 Contract in several key ways. It released Chicago Bridge and Iron ("CB&I") from its
16 obligations as a member of the Consortium, leaving Westinghouse as the sole EPC
17 Contract holder via its purchase of the Stone and Webster subsidiary from CB&I.
18 Westinghouse later employed Fluor as a subcontracted construction manager to handle
19 craft labor and day to day activities. It also moved the GSCD of Unit 2 from June 19, 2019
20 to August 31, 2019 and the GSCD of Unit 3 from June 16, 2020 to August 31, 2020. It
21 resolved a number of outstanding disputes regarding whether some items were included in
22 the scope of the EPC Contract, resolved outstanding disputes regarding invoices, and
23 included more specific wording regarding the provision in the EPC Contract related to

1 changes in law. It also included an Option to move a large portion of the EPC Contract
2 costs to a fixed cost category. The ability to exercise this Option is contingent on approval
3 by the Commission and Santee Cooper.

4 **Q. DOES THE OPTION MAKE THE EPC CONTRACT AN ENTIRELY FIXED**
5 **PRICE CONTRACT?**

6 **A.** No. The Option specifically excludes some items such as sales tax and insurance,
7 as well as force majeure events. Exhibit C of the Amendment also includes a list of items
8 not fully resolved by the Amendment. Some of these items are included in this Petition as
9 Change Orders. While it does move many of the EPC Contract costs to a fixed price
10 category, this fixed price is still subject to change via further EPC Contract amendments
11 or Change Orders. It also does not prevent SCE&G from voluntarily removing items from
12 the fixed price scope to the Owners Cost scope via a Change Order. However, in the
13 Settlement, ORS insisted that such transfers not be recognized unless the work could be
14 done as an Owner-directed item for a price fixed by SCE&G at an amount that is less than
15 or equal to the amount that was formerly included in the fixed price scope. Therefore,
16 under the terms of the Settlement, transfers may not result in any increase in the ultimate
17 cost for SCE&G's ratepayers.

18 **Q. HOW IS THIS AMENDMENT DIFFERENT FROM PREVIOUS EPC CONTRACT**
19 **AMENDMENTS?**

20 **A.** Previous EPC Contract amendments were executed to incorporate Change Orders,
21 revise GSCDs or clarify wording in the EPC Contract on one or two issues. These
22 amendments had substantial calculations and backup documentation. The Amendment is
23 different in that it served as a comprehensive settlement that substantially changed the EPC

1 contract by removing a member of the Consortium, settling outstanding disputes,
2 substantially revising the bonus and liquidated damages provisions and modifying the
3 GSCDs. While SCE&G does have documentation behind the potential cost of some of the
4 items resolved in the dispute, in most cases these costs are not well supported and are not
5 auditable. The revised contract amounts to a renegotiation of the price of the Units. This
6 Amendment also included the Option, which changes the structure of much of the EPC
7 Contract going forward by moving many costs to a fixed category. This capped the amount
8 that Westinghouse can charge to complete the work within the scope of the Option at
9 \$3.345 billion. The Option includes within it a premium charged by Westinghouse for
10 fixing these costs. While it is possible to calculate this number using the price from the
11 Option for the remaining work, this remains a premium that is primarily associated with
12 risk and is not supported by specific construction estimates.

13 **Q. PLEASE SUMMARIZE ORS'S ANALYSIS OF THE PETITION?**

14 **A.** ORS has concerns regarding both costs and construction schedules outlined in the
15 Petition.

16 **Schedule**

17 While Westinghouse has indicated to ORS it has confidence in the logic behind the
18 activities within the schedule, it has also indicated that they do not have Fluor's full input
19 on the resources needed to complete these activities. Westinghouse has further indicated
20 that the current construction schedule cannot be met without substantial improvement in
21 current production and productivity rates. The current schedule requires the simultaneous
22 use of numerous mitigation strategies, which are worked outside of the main schedule and
23 increase ORS's concern regarding the uncertainty in the schedule. Meeting the current

1 construction schedule will require substantial improvements in both productivity and
2 production. Throughout the course of this project, Westinghouse and its Consortium
3 partner have presented aggressive schedules along with plans to make improvements to
4 meet those schedules. Thus far, they have not been successful. ORS has seen positive
5 changes recently, but with Fluor's fully resource-loaded construction schedule still
6 outstanding a great deal of uncertainty remains. While ORS believes the sequence of
7 construction activities to be valid, ORS has concerns these activities may take longer than
8 previously estimated. There is only so much time that can be made up by increased
9 staffing, especially due to the small spaces in which some of the work must take place. The
10 GSCDs in the Petition accurately reflect the GSCDs in the Amendment, that is GSCDs of
11 August 31 2019 for Unit 2 and August 31, 2020 for Unit 3. ORS believes that it will take
12 at least this long to complete the Units, and in fact it is likely to take longer. At this time,
13 ORS is still of the opinion that the Units can be completed within the 18 month window
14 from the GSCDs allowed under Order No. 2009-104(A). However, even a relatively small
15 delay in Unit 3 would jeopardize the ability of SCE&G to obtain the production tax credits
16 for that Unit. ORS does not object to the approval of revised BLRA milestone schedule
17 and GSCDs, as ORS believes it will take at least this long to complete the Units, but ORS
18 is concerned regarding the level of uncertainty in the schedule at this time. This uncertainty
19 regarding the schedule has also impacted other areas of ORS's analysis. It is difficult to
20 properly evaluate items such as Owner's Costs, Escalation and to a certain extent Change
21 Orders - some of whose costs are dependent on durations and need dates- without an
22 adequate understanding of the schedule to back these up.

23 **Amendment**

1 As to the \$137.5 million requested for the Amendment, ORS has only found
2 documentation to support approximately \$64.6 million of the \$224.4 million in value that
3 SCE&G assigned to the Amendment. While ORS recognizes that the Amendment resolved
4 a number of commercial disputes, both directly between SCE&G and the Consortium and
5 by releasing a Consortium partner and thus reducing disputes within the Consortium, it is
6 difficult to assign a valuation to this resolution. The Amendment also included changes to
7 both the bonus and liquidated damages provisions in the EPC Contract, with which ORS
8 has concerns. The Amendment served as a comprehensive settlement and ORS has not
9 found adequate documentation to support the value of this settlement.

10 **Option**

11 Closely related to this is the issue of the \$505.54 million cost for the Option. While
12 ORS believes, based on SCE&G's sensitivity study, that the Option on its surface
13 represents a good value given current production and productivity trends, the determination
14 of the Option's true value is based entirely on an analysis of Westinghouse's willingness
15 to abide by the terms of the contract and SCE&G's willingness to hold Westinghouse to
16 those terms. Moving many of the costs to a fixed price category does simplify many areas
17 where there were previously disputes. However, it also provides the opportunity for new
18 disputes. The new fixed price Change Orders requests being provided by Westinghouse
19 have been accompanied by a lower level of documentation, and changes to buildings or
20 other items within the scope of the fixed price have proved so problematic that SCE&G
21 has, in at least two cases, begun pulling these out of Westinghouse's scope and into the
22 Owner's Cost. Based on previous experience with this contract and SCE&G's sensitivity
23 study, which at current production and productivity trends shows substantial potential

1 losses to Westinghouse, ORS is concerned that the Option will not truly fix this portion of
2 the cost of the Units. For this reason, in the Settlement ORS insisted that SCE&G agree to
3 stand behind the “fixed price” and provide a guarantee that no additional ratepayer dollars
4 will be requested for items in the scope of the “fixed price” in the Option. The Settlement
5 further protects ratepayers by placing caps on other items of particular concern, such as
6 many items associated with Exhibit C which were not resolved as part of the Option.
7 Absent these additional guarantees, ORS would be concerned that the ratepayers were not
8 adequately protected by the Option.

9 **Liquidated Damages**

10 As to the \$85.53 million in liquidated damages that were previously credited to
11 ratepayers, ORS agrees that the Amendment does move the time frame for collecting these
12 damages out into the future and as such they are properly added back to the budget of the
13 Project.

14 **Owner’s Costs**

15 The \$20.83 million in Owner’s Costs are well documented and track appropriately
16 with the current schedule and budget. As with all areas related to the construction schedule,
17 ORS has concerns that the time frames underlying this estimate are not yet mature and have
18 a high degree of uncertainty. However, as ORS believes that these estimates are in fact
19 lower, ORS does not oppose the use of this estimate of Owner’s Costs, recognizing that
20 there is still uncertainty in these costs related to the schedule.

21 **Escalation and AFUDC**

22 Similarly, SCE&G’s request for \$2.3 million in Escalation and \$42.4 million in
23 AFUDC as outlined in Kevin Kochems testimony are well documented and track

1 appropriately with the current schedule and budget. ORS does not oppose the use of these
2 estimates, with the same caveats as applied to Owner's Costs. As is recognized in the
3 Settlement, escalation and AFUDC are not fixed, but vary according to the approved
4 escalation indices and AFUDC rate calculation as they change from time to time. When
5 the changes associated with the transfer of the Service Building from the Fixed Price to
6 Owners Costs are included, the total estimate supported by the Settlement for Escalation
7 and AFUDC is \$45.18 million.

8 **Transmission**

9 SCE&G removed its original request in the Petition for an additional \$4.3
10 Transmission dollars as the methodology for remedying those issues is still under review.
11 ORS agrees with SCE&G's assessment and does not recommend the inclusion of these
12 dollars.

13 **Change Orders**

14 SCE&G's Petition also included \$52.5 million in Change Orders. When evaluating
15 Change Orders, ORS expects that the documentation supporting them will include signed
16 Change Orders, signed agreements with detailed documentation that will form the basis for
17 future Change Orders, or at the very least a mature level of detailed documentation
18 supporting a Change Order that is nearly ready to be signed. When the Petition was filed,
19 such a level of documentation was only available for a few of the smaller Change Orders.
20 SCE&G has done additional research and in some cases has received additional proposals
21 from Westinghouse since that time. ORS's review of the associated documentation
22 supports the inclusion of \$32.58 million for Change Orders at this time. ORS has worked
23 with SCE&G to improve the level of documentation, and is now able to support at least a

1 portion of the costs associated with each of the Change Order requests included in the
2 Petition. In some cases, this is lower than the amount requested as the latest Westinghouse
3 estimates are below the amounts originally estimated by SCE&G in the Petition. It is the
4 position of ORS that until a Change Order has been agreed to by both parties, the costs
5 associated with it are not properly included in BLRA cost forecasts. Under the Settlement,
6 only signed Change Orders will be allowed going forward. SCE&G will be prevented from
7 presenting estimates of Change Order cost for inclusion in cost forecasts.

8 This Change Order total does not reflect increases related to the 3rd Floor of the
9 Service Building. Subsequent to filing Direct Testimony, SCE&G made a decision to
10 move the entire Service Building out of the scope of the EPC Contract and into Owner's
11 Costs. This decision was made to support the construction of the 3rd Floor, which was
12 needed to allow consolidation of certain support staff within the protected area of the site,
13 in a time frame which met SCE&G's need date for the building. ORS had concerns
14 regarding this decision, and the potential impact to ratepayers of moving this scope of work
15 out of the fixed price category. Outside of the scope of the Settlement, ORS was unable to
16 support this request. The Settlement reflects the fact that SCE&G has now decided to
17 construct the Service Building as an Owner's cost item and to do so under a fixed price
18 contract with a commercial contractor. SCE&G will transfer the associated amount from
19 the Fixed Price category to the Owner's Cost category and the amounts shall be included
20 in the BLRA-approved capital cost schedule along with any associated escalation and
21 AFUDC. Specifically for the Service Building, including the Third Floor, SCE&G agrees
22 to reduce the Fixed Price category in the amount of \$11.92 million, which includes the \$6.9
23 million requested in this Petition for the Service Building, 3rd Floor and the \$5.02 million

1 already in the Fixed Price for the Service Building, 1st and 2nd Floor, and increase the
2 Owners Cost category in the amount of \$10.48 million (which includes escalation), and to
3 not seek recovery from ratepayers in any future proceeding for any costs in excess of
4 \$10.48 million for the Service Building. After execution of the Change Order between
5 SCE&G and Westinghouse regarding the Service Building, SCE&G will provide a copy
6 of the Change Order to ORS and if necessary, SCE&G will adjust the Owners Cost
7 category consistent with the terms of the Settlement.

8 Overall, ORS found the level of documentation offered in this Petition to be lower
9 than that offered in previous petitions. ORS's review was also hampered by the lack of
10 availability of the fully resource-loaded integrated construction schedule. Time is money.
11 Schedule and budget go hand in hand, and ORS is concerned regarding the timing of this
12 Petition and its impact on the ability of ORS to properly evaluate budgets when the
13 schedule is undergoing a major adjustments.

14 **Summary of ORS Recommendations**

15 In summary, ORS's review supports the inclusion of \$85.53 million for the reversal
16 of the Liquidated Damages Credit, \$32.58 million in Change Orders, \$20.83 million in
17 Owner's Costs (in addition to the Owner's cost associated with the transfer of the Service
18 Building), \$2.3 million in Escalation, and \$42.4 million in AFUDC. These increases total
19 \$183.64 million of the \$852 million requested by SCE&G in the Petition. ORS recognizes
20 that the Escalation and AFUDC amounts in this review have been revised by the
21 Settlement, and in the context of the Settlement ORS supports those increased amounts.

22 ORS's review of the \$137.5 million for the Amendment is less conclusive. ORS
23 has been able to identify approximately \$64.6 million in value associated with the

1 Amendment. While many of the changes associated with the Amendment were needed and
2 represent a positive direction for the Project, ORS is not able to support this request using
3 our normal standards of review as the \$137.5 million increase was a settlement and cannot
4 be traced back to individual disputed cost items. However, the amount requested is
5 consistent with the Amendment, which has been executed. In the context of the Settlement,
6 ORS is supportive of this amount.

7 SCE&G is also requesting that the Commission approve its decision to exercise the
8 Option. Based on SCE&G's sensitivity study and ORS's concerns regarding the Project
9 Schedule, ORS agrees that the Option could represent a good value for SCE&G and for
10 ratepayers. With respect to the \$505.54 cost for the Option, ORS is only supportive of this
11 cost in the context of the Settlement and because SCE&G has guaranteed to its ratepayers
12 that it will stand behind the Option and will not request any additional ratepayer dollars for
13 items included in the scope of the "fixed price" in the Option as set forth in the Settlement.

14 In the context of the Settlement, ORS also supports the increases and transfers
15 outlined above related to the Service Building.

16 With respect to the schedule, ORS is concerned regarding the degree of uncertainty
17 remaining regarding the schedule. The GSCDs are consistent with the Amendment, and
18 the BLRA milestone schedule is consistent with the logic within the project schedule when
19 the Amendment was filed. ORS believes that these dates are optimistic, but that the Project
20 is likely to be completed within 18 months of these dates. For this reason, ORS does not
21 oppose the revised GSCDs and BLRA milestone schedule. However, the timing of the
22 issuance of the Commission's Order and the availability of the revised schedule present
23 some challenges. As agreed in the Settlement, the Moratorium will be in place when

1 Westinghouse issues the new resource-loaded integrated project schedule for the Project.
2 In recognition of that fact, the Settlement provides that the only Commission-approved
3 BLRA milestones going forward will be the GSCDs for the two Units. This does not reduce
4 SCE&G's reporting requirements regarding previous BLRA milestones and the Settlement
5 imposes additional reporting requirements. The Settlement requires that SCE&G commit
6 to immediately report the new fully resource-loaded integrated schedule when
7 Westinghouse makes it available and that SCE&G provide updates on all milestone dates
8 it contains in quarterly reports through the end of the Project. The Settlement also requires
9 that SCE&G continue to provide updates on the status of any of the prior BLRA milestones
10 and include updates on all of the construction milestones that are included in the milestone
11 payment schedule in its quarterly reports through the end of the Project. The milestone
12 payment schedule, when agreed to by SCE&G and Westinghouse, will represent what they
13 believe are the key Project milestones and, as such, may provide an additional useful
14 measure of progress for the Project. The milestone payment schedule is currently flowing
15 through the EPC Contract's dispute resolution process. The Settlement also requires
16 SCE&G to include data on construction and craft staffing, productivity and production in
17 its quarterly reports.

18 Exhibit AHP-1 summarizes the differences between the Petition, SCE&G's Direct
19 Testimony and the Settlement.

20 **Q. WHAT ACTIVITIES DOES ORS PERFORM WITH RESPECT TO ITS ON-**
21 **GOING MONITORING OF THE APPROVED MILESTONE CONSTRUCTION**
22 **SCHEDULE?**

1 **A.** The Company's required quarterly reports provide a status of the approved BLRA
2 milestone schedule. The BLRA milestone schedule consists of 146 milestone activities.
3 ORS verifies the status of each milestone activity to ensure the activity is in accordance
4 with previous Commission orders relating to this matter, Order Nos. 2009-104(A), 2010-
5 12, 2011-345, 2012-884, and 2015-661. It should be noted that milestone activities are
6 allowed by Commission order to be accelerated by up to 24 months or delayed by up to 18
7 months.

8 **Q. WHAT OVERSIGHT ACTIVITIES DOES ORS PERFORM WITH RESPECT TO**
9 **ITS ON-GOING MONITORING OF THE APPROVED CAPITAL COST**
10 **ESTIMATES?**

11 **A.** The Company's quarterly reports provide a status of the approved capital cost
12 estimates. ORS evaluates the Company's quarterly reports with a focus on the capital cost
13 estimates, project cash flow, AFUDC and escalation. Collectively, these focus areas
14 determine the status of the project budget.

15 ORS compares the capital cost estimates approved by the Commission to the capital
16 cost estimates in the Company's quarterly reports. This comparison focuses on the major
17 cost categories, which are:

- 18 • Fixed with No Adjustment
- 19 • Firm with Fixed Adjustment A
- 20 • Firm with Fixed Adjustment B
- 21 • Firm with Indexed Adjustment
- 22 • Actual Craft Wages
- 23 • Non-Labor Cost
- 24 • Time & Materials
- 25 • Owners Costs

1 • Transmission Projects

2 ORS evaluates cost variances which may be due to various project changes (e.g.,
3 shifts in work scopes, payment timetables, construction schedule adjustments, change
4 orders, etc.) to determine if the cumulative amount of these changes impact the total
5 approved capital cost of the project.

6 In a similar fashion, ORS compares the approved project cash flow to the project
7 cash flow in the Company's quarterly reports. This comparison focuses on any variance
8 to annual cash flow requirements. Lastly, AFUDC and escalation rates are evaluated to
9 determine if appropriate rates have been applied.

10 Exhibit AHP-2 tracks the updates to the capital cost schedules from Commission
11 Order No. 2009-104(A) through the Company's request in the Petition.

12 **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**
13 **GOING MONITORING OF THE APPROVED CAPITAL COST ESTIMATES?**

14 **A.** During on-site visits, the ORS staff reviews documents that may impact the project
15 budget. Examples of such documents are contract amendments, change orders and notices
16 from the holder of the EPC Contract, Westinghouse. The ORS staff also reviews invoices
17 associated with completed milestone activities to ensure milestone payments are consistent
18 with the EPC milestone payment schedules. In addition, ORS's Audit Division further
19 evaluates the Company's actual project expenditures.

20 **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**
21 **GOING MONITORING OF THE PROJECT?**

22 **A.** ORS technical staff participate in monthly meetings with NND personnel, attend
23 periodic meetings with Westinghouse and Fluor representatives, conduct periodic site tours

1 and attend Nuclear Regulatory Commission (“NRC”) public meetings held near the site.
2 ORS staff also review documents related to the construction on an ongoing basis. These
3 documents include, but are not limited to: daily construction activities plans, a weekly
4 construction activities report, detailed construction schedules, schedule mitigation plans,
5 milestone activity schedules, major component fabrication status log and meeting minutes.
6 Also, ORS performs on-site evaluations to physically observe construction activities to
7 ensure construction progress is consistent with NND documentation. ORS staff regularly
8 witness key project milestones, such as the setting of major structural modules, and perform
9 site visits to companies manufacturing major components. Additionally, to keep informed
10 of NRC’s most recent policies and interpretations, ORS staff have attended the NRC’s
11 annual Regulatory Information Conference in Rockville, MD. Also, ORS performs on-site
12 evaluations to physically observe construction activities to ensure construction progress is
13 consistent with NND documentation. ORS routinely participates in NRC conference call
14 meetings to monitor activities related to the project.

15 **Q. WHAT IS YOUR RECOMMENDATION?**

16 **A.** ORS recommends that the Commission approve the Settlement Agreement.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A.** Yes, it does.

SC Office of Regulatory Staff
SCE&G Petition to Modify the Approved Schedule and Budget
for VC Summer Units 2&3
Docket No. 2016-223-E

Revision to Capital Cost Estimates
(2007 Dollars)

| | <u>Petition</u> <u>(millions)</u> | <u>SCE&G Testimony</u> <u>(millions)</u> | <u>Settlement</u> <u>(millions)</u> |
|---|--------------------------------------|---|--|
| a. EPC Contract Cost Increase | | | |
| i. EPC Contract Amendment | | | |
| Amendment without Option | \$ 137.50 | \$ 137.50 | \$ 137.50 |
| Exercising Amendment Option to Fix Many EPC Costs | \$ 505.54 | \$ 505.54 | \$ 505.54 |
| Total EPC Contract Amendment Increase | \$ 643.04 | \$ 643.04 | \$ 643.04 |
| ii. Liquidated Damages ("LD's") | | | |
| Reverse LD's Previously Credited to Consumers | \$ 85.53 | \$ 85.53 | \$ 85.53 |
| Total Liquidated Damages Cost | \$ 85.5 | \$ 85.5 | \$ 85.5 |
| iii. Costs Due to Change Orders: | | | |
| 1 Plant Layout Security, Phase 3 | \$ 29.63 | \$ 29.63 | \$ 17.39 |
| 2 Plant Security Systems Integration | \$ 7.11 | \$ 7.11 | \$ 6.32 |
| 3 Service Building, Third Floor ¹ | \$ 6.93 | \$ 6.93 | \$ 0.03 |
| 4 Training Staff Augmentation | \$ 4.41 | \$ 4.41 | \$ 4.41 |
| 5 Escrow - Software and Documentation | \$ 2.96 | \$ 2.96 | \$ 2.96 |
| 6 Corrective Action Program Interface | \$ 0.679 | \$ 0.679 | \$ 0.679 |
| 7 Classroom Simulator | \$ 0.451 | \$ 0.451 | \$ 0.451 |
| 8 Potential Maximum Precipitation Analysis | \$ 0.182 | \$ 0.182 | \$ 0.182 |
| 9 Inspections, Tests, Analyses and Acceptance Criteria Maintenance | \$ 0.098 | \$ 0.098 | \$ 0.098 |
| 10 Primavera Access | \$ 0.045 | \$ 0.045 | \$ 0.045 |
| 11 Transmission Structure Redesign/Wetlands | \$ 0.005 | \$ 0.005 | \$ 0.005 |
| Total Increase Due to Change Orders | \$ 52.5 | \$ 52.5 | \$ 32.6 |
| iv. Credit Due to Service Building Transfer: | | | \$ (5.02) |
| Total EPC Contract Cost Increase | \$ 781.1 | \$ 781.1 | \$ 756.1 |
| b. Owners Cost Increase | | | |
| i. Owners Cost Associated with Amendment | | | |
| 1 Labor | \$ 11.0 | \$ 11.0 | \$ 11.00 |
| 2 Non-Labor | \$ 4.6 | \$ 4.6 | \$ 4.60 |
| 3 Service Building Transfer ² | | | \$ 9.17 |
| Total Owners Cost Revisions Due to Amendment | \$ 15.6 | \$ 15.6 | \$ 24.8 |
| ii. Owners Cost Associated with Schedule Improvement | \$ 8.0 | \$ 8.0 | \$ 8.0 |
| iii. Other Owner's Costs | \$ (2.8) | \$ (2.8) | \$ (2.8) |
| Total Owner's Cost Increase | \$ 20.8 | \$ 20.8 | \$ 30.0 |
| c. Transmission Increase - Removed per SCE&G's Testimony | | | |
| Switchyard Reconfiguration | \$ 4.3 | | |
| Escalation Associated with Switchyard Reconfiguration | \$ 0.7 | | |
| Total Transmission | \$ 5.0 | \$ - | \$ - |
| d. Escalation Increase | \$ 2.3 | \$ 2.3 | \$ 3.7 |
| e. AFUDC Increase | \$ 42.6 | \$ 42.4 | \$ 41.5 |
| Total Revision to Cost Forecast | \$ 851.8 | \$ 846.6 | \$ 831.3 |

Note: Totals may not add due to rounding

¹ Settlement amount reflects actual costs incurred prior to transfer to Owner's Costs.

² Transfer net \$1.3 million in Escalation. Associated escalation is included below in item (d).

Historical Cost Changes

Docket No. 2016-223-E

| | Budget as Modified by Supreme Court ¹ | Current Budget as Approved in Order No. 2015-661 ² | Budget as Requested in Docket No. 2016-223-E ³ |
|--|--|---|---|
| SCE&G's Share Total Base Project Cost (2007\$) | \$4.096 billion | \$5.247 billion | \$6.825 billion |
| SCE&G's Share Gross Cost (including Escalation and AFUDC) | \$6.188 billion | \$6.827 billion | \$7.679 billion |
| Estimated Total⁴ Santee Cooper & SCE&G Total Base Project Cost (2007\$) | \$7.448 billion | \$9.540 billion | \$12.409 billion |
| Estimated Total⁵ Santee Cooper & SCE&G Gross Cost (including Escalation and AFUDC) | \$11.251 billion | \$12.413 billion | \$13.962 billion |

| | Increase from Supreme Court ¹ to New Request | Increase from Current Budget to New Request |
|--|---|---|
| SCE&G's Share Total Base Project Cost (2007\$) | \$2.729 billion | \$1.578 billion |
| SCE&G's Share Gross Cost (including Escalation and AFUDC) | \$1.491 billion | \$852 million |
| Estimated Total⁴ Santee Cooper & SCE&G Total Base Project Cost (2007\$) | \$4.962 billion | \$2.869 billion |
| Estimated Total⁵ Santee Cooper & SCE&G Gross Cost (including Escalation and AFUDC) | \$2.711 billion | \$1.549 billion |

¹ Budget from Order No. 2010-12 as modified by the Supreme Court ruling in South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm'n, 388 S.C. 486, 697 S.E.2d 587 (2010), which removed contingency funds from the project budget. Numbers are derived from SCE&G's Report for the Quarter Ending September 30, 2010 as filed in Docket No. 2008-196-E

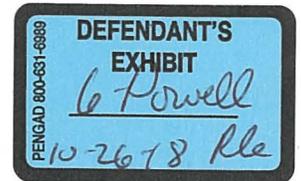
² Order No. 2015-661, Exhibit 3

³ Docket No. 2016-223-E, SCE&G's Petition, Exhibit 2

⁴ This estimate is calculated by dividing SCE&G's share of the base project cost by 55%. In general, SCE&G's share of costs is 55% and Santee Cooper's share of costs is 45%. ORS is not privy to details of Santee Cooper's Owner's Costs, so this is only an estimate.

⁵ This estimate is calculated by dividing SCE&G's share of the gross cost by 55%. In general, SCE&G's share of costs is 55% and Santee Cooper's share of costs is 45%. ORS is not privy to details of Santee Cooper's Owner's Costs, so this is only an estimate.

Questions for Westinghouse 8/5/2016



INTRODUCTION

✓ Please give me your full name and identify your position with Westinghouse? *Jeff Benjamin*

Have you reviewed the list of topics that we have provided to SCE&G (has SCE&G provided you with the list)? Are you in fact prepared to answer questions here today on those subjects and issues?

Do you have copies of the materials referenced in the list of questions? (Please provide them)

EMPLOYER AND PROJECT ORGANIZATION

Please provide an overview of Westinghouse's and WECTEC's organizational structure as it pertains to this project – divisions or departments and their responsibilities, including the names of Directors or Managers.

- Please describe your role in the organization?
- Please explain when you first became involved with the construction of V.C. Summer Units 2 & 3 ("the project" or "this project").
- Do you have an organizational chart for the project? (Provide a copy)
- Specifically separately identify the Westinghouse and WECTEC personnel?

Do you have an organizational chart for the construction of Vogtle Units 3&4? Are there any differences between the responsibilities and numbers of Westinghouse and WECTEC personnel working on Vogtle Units 3&4 compared to the VCS project? Please discuss these differences.

Do you work directly with any SCE&G Personnel? Who, and in what capacity?

Please describe specifically the roles of Westinghouse, WECTEC and Fluor in this project?

- Fluor is a subcontracted construction manager, what level of decision making authority does Fluor have?
- To what extent does Fluor have the ability to execute the work needed to complete the project without prior Westinghouse approval?
- To what extent does Fluor have the ability to purchase commodities necessary to conduct work on a daily basis without prior Westinghouse approval?
- Who has daily responsibility for the project schedule? Westinghouse? Fluor? Is this changing?
- Who is directly responsible for the quality of construction work on a daily basis?
- Who is directly responsible for meeting the nuclear safety requirements on a daily basis?

EPC CONTRACT AMENDMENT

Please briefly describe the systems, policies and procedures that Westinghouse uses to administer or perform the EPC Contract (Engineering, Procurement, and Construction) that it has with SCE&G.

- Along the same line, will you please briefly describe the system, policies and procedures that Westinghouse has in regards to Change Orders and Contract Amendments to the EPC Contract.

Questions for Westinghouse 8/5/2016

- Has Westinghouse changed or altered any of these practices or procedures as result of the transition from CB&I as a consortium partner to Fluor as the principle construction contractor (subcontracted construction manager) on this project? What is Fluor's role in the Change Order and EPC Contract Amendment Process?

Westinghouse entered into an agreement to amend the EPC Contract in October 2015 with SCE&G ("2015 EPC Amendment"):

- Describe the circumstances giving rise to the 2015 EPC Amendment.
 - What caused the need for it?
 - Did Westinghouse consider the 2015 EPC Amendment as necessary to continue work on the project?
 - If SCE&G had not entered into this Agreement/Amendment was Westinghouse prepared to break their then existing contract?
 - What penalties or costs would Westinghouse have owed to SCE&G if you had done so?
 - Can you describe how the 2015 EPC Amendment benefitted Westinghouse?
 - How did it benefit SCE&G?
 - Who requested it? In general, when and how was the 2015 EPC Amendment negotiated?
 - To your knowledge, does Westinghouse have any written correspondence or communications regarding these negotiations?
 - Briefly describe the two approaches available to SCE&G – the continued target price contract and the Amendment outlined in Exhibit D ("the Option") that would fix a portion of project costs.
 - Does Westinghouse agree that the Option, if elected by SCE&G, establishes an absolute FIXED or final cost that SCE&G will pay for the project, with the exception of items listed in Exhibit C?
 - Is there any possibility that this "fixed" cost would increase?
 - Please describe what circumstances would lead to an increase in the "fixed" cost?
 - Please describe the advantages to Westinghouse of accepting a "fixed price" contract. Does Westinghouse expect the relationship with SCE&G to improve as a result of proceeding with this contract structure? Does Westinghouse plan to alter their approach in dealing with SCE&G or the level of detail and support information provided to them in change orders?
- Describe the role of Fluor and how Fluor became involved in this process.
 - Who selected Fluor to become the principle construction contractor?
 - What process did Westinghouse use when selecting Fluor?
 - Has Westinghouse worked with Fluor in the past?
 - What type of projects? When and where?
 - What has Westinghouse's experience been with Fluor on these projects?
 - Was this decision made solely by Westinghouse? Did Westinghouse seek input from SCE&G during the selection process? Was SCE&G required to give their approval of the selection?

Questions for Westinghouse

8/5/2016

- What kind of contract does Westinghouse have in place with Fluor regarding Fluor's management of all or a portion of the project? Specifically, are there any incentives or penalties in the contract related to budget or schedule?
- Does Westinghouse have previous new nuclear power plant experience working with subcontracted construction managers, under a similar structure to Fluor's current arrangement?
 - If not new nuclear power plant experience, does Westinghouse have such experience working with subcontractor managers on operating nuclear power plants?
 - Other large industrial projects?
- Please describe the transition of construction management from CB&I to Fluor.
 - Did CB&I personnel work directly with Fluor or through Westinghouse or SCE&G?
 - Was there a stoppage in work on the site, or any other delays, as a result of the transition?
 - Had CB&I slowed or delayed its work on the project prior to the transition?
- Does Westinghouse have a similar "fixed price" contract with Southern Company for Vogtle Units 3&4?
 - What has Westinghouse's experience been with this contract?
 - Did it start out as a "fixed price" contract?
 - Has the fixed price increased?
 - What factors caused it to increase?
 - How could these same factors impact the VCS Project going forward? How has time mitigated or exacerbated these risks?
 - What is the current scheduled "substantial completion date" for Vogtle Units 3&4?
 - What is the current "fixed price" for Vogtle Units 3&4?
- What is Westinghouse's total cost incurred to date on the project?
 - Does this exceed Westinghouse's original estimated cost? By how much?
 - What does Westinghouse believe their additional (and final) cost will be to complete the project?
 - Are you familiar with the sensitivity studies performed by SCE&G and their results which indicate SCE&G expects Westinghouse to incur substantial cost overruns on the project, separate and apart from any performance penalties? Is Westinghouse prepared to accept these losses in order to complete the project with the "fixed cost" option values?
- Please describe how Westinghouse's obligations have changed as a result of the 2015 EPC Amendment?
 - What incentives are contained in the EPC Contract for Westinghouse to complete these Units by August 2019 and August 2020?
 - What are the penalties if Westinghouse fails to meet these dates?
 - Is there a scenario, in Westinghouse's opinion, in which these dates are NOT met but Westinghouse does NOT have to pay any penalties to SCE&G?
 - In addition to the penalties previously discussed, are there any other financial or business impacts to Westinghouse if you fail to complete the project by August of 2019 and 2020?

Questions for Westinghouse 8/5/2016

- Has Westinghouse ever abandoned or failed to complete a project? If so, please describe the circumstances surrounding this project(s).

PROJECT SCHEDULE AND BUDGET

Are you familiar with the revised BLRA milestone schedule contained in SCE&G's petition in Docket No. 2016-223-E?

- This schedule includes substantial completion dates of:
 - August 2019 for Unit 2
 - August 2020 for Unit 3
- Does Westinghouse agree with these substantial completion dates? (Based on the information currently available?)
 - Does Westinghouse have a current site specific construction schedule for the project? (Provide us with a copy of the "Key Milestone Schedule")
 - Does the current construction schedule support these substantial completion dates?
 - Does the current construction schedule reflect Fluor's full input?
 - Is it fully resource loaded by Fluor? Using CB&I's old metrics?
 - Describe the level of input Fluor has had in the current construction schedule?
 - When will a schedule incorporating Fluor's input be available?
 - Do you believe that this schedule is achievable?
 - Is this schedule achievable within the current budget? (within the "fixed price"?)
 - Is this schedule achievable with current productivity and staffing trends?
 - What areas need to change or improve in order for you to achieve this schedule?
 - What events might lead to additional delays in the completion of the project?
 - How does work being performed at Vogtle impact VCS?
 - Describe the scheduling methodology used by Westinghouse for the VCS and Vogtle Units:
 - What metrics were/are used to create the schedule and to revise it.
 - How are mitigation strategies employed in the scheduling methodology?
 - How successful has Westinghouse been at implementing previous mitigation strategies?
 - Please discuss the project performance on mitigation strategies implemented thus far, specifically how successful has Westinghouse been in estimating the impact of these mitigation strategies on the actual schedule?
 - Have the mitigation strategies had the planned effect?
 - Overall, have the mitigation strategies been successful?
 - What mitigation strategies are required to meet the substantial completion dates of August 2019 for Unit 2 and August 2020 for Unit 3?

Questions for Westinghouse 8/5/2016

- If Fluor's full input on the schedule is not yet available, what level of confidence does Westinghouse have in the current schedule? For Unit 2? For Unit 3?

Describe the methodology used by Westinghouse to develop the project budget for the Option ("Fixed Price")?

- What calculations or information did Westinghouse rely on when preparing this budget?
 - Was it based on a construction schedule that used CB&I's metrics?
 - Did Fluor have input into the budget for the Option?
 - Did Westinghouse perform any risk analyses regarding the Option as it relates to productivity, costs and/or construction schedules?
 - Was such a report prepared or reviewed by Westinghouse in preparation for negotiations with SCE&G on the EPC Amendment of October 2015?
 - (If Yes: Was a copy or the information contained in the report/study provided to SCE&G? If so, to who and when?)
 - Please provide copies of any such information that is available?
- Is Westinghouse currently engaged in any discussion or negotiations with SCE&G regarding any additional Amendments or changes to the EPC contract?
 - Does Westinghouse anticipate the need for any additional changes or amendments?

Identify which Westinghouse and SCE&G employees participated in negotiating and drafting the October 2015 Amendments to the EPC Contract? What were their roles?

Under what circumstances would, or will, Westinghouse deem Summer Units 2 and 3 fully constructed?

PROJECT IMPLEMENTATION

Has Westinghouse's approach to QA and QC changed as a result of the 2015 EPC Amendment?

Has Westinghouse's level of interaction or approach with the NRC changed as a result of the 2015 EPC Amendment?

- What is the role of Fluor in interactions with the NRC?

Describe Westinghouse's experience with and approach to design control issues.

- Specifically, discuss the status of design completion and why there continue to be a very high number of design changes issued by Westinghouse each month?
- What steps have you taken to ensure that subcontractors have the latest design information?
- Given CB&I's failure to supply this information in a timely manner, what steps have you taken to remediate this issue? How is Fluor ensuring that this information is communicated?
- Have these measures also ensured that design changes from Unit 2 are implemented on Unit 3 when necessary?

Questions for Westinghouse 8/5/2016

Please describe the staffing levels that are required, based on your most current knowledge, to complete the project.

- What portion of these are Westinghouse? WECTEC? Fluor?
- Are Westinghouse and WECTEC able to meet their staffing needs? What steps are you taking to ensure that these needs are met?
- Is there a critical shortage of a certain type of workers? If so, is there a plan to address such a shortage.
- How does your current staffing level impact the construction schedule?
 - When allocating staffing, how is the decision made to allocate between Units 2&3?

Describe your productivity metrics and historic productivity levels.

- Do you have specific productivity goals?
- Describe your historic and recent experience meeting these goals.
- What impact does productivity (meeting your metrics) have on the schedule for the project?

Discuss the current status of milestone payment schedule negotiations.

- Please address the major impediments Westinghouse has experienced in developing a mutually acceptable milestone payment schedule on VCS.
- Are these similar to issues being experienced at Vogtle?

What does Westinghouse believe are the greatest current challenges to completing the project on time?
On budget?

What does Westinghouse believe is the area which presents the largest risk to the project's completion?
Completion on time? Completion on budget?

According to Westinghouse's previous press release, the current litigation with CB&I is not anticipated to have an impact on this project.

- Does Westinghouse still support that statement?
- Has Westinghouse filed litigation against CB&I?

Questions for Fluor 8/5/2016

INTRODUCTION

Please give me your full name and identify your position with Fluor?

- Describe your level of involvement regarding day to day operations on the project? On the construction site?

Have you reviewed the list of topics that we have provided to SCE&G (has SCE&G provided you with the list)? Are you in fact prepared to answer questions here today on those subjects and issues?

Do you have copies of the materials referenced in the list of questions? (Please provide them)

EMPLOYER AND PROJECT ORGANIZATION

Please provide an overview of Fluor's organizational structure as it pertains to the construction of V.C. Summer Units 2 & 3 ("the project" or "this project") – divisions or departments and their responsibilities, including the names of Directors or Managers.

Describe the Fluor/WEC/WECTEC interface.

- Identify WEC, WECTEC or other subcontractors who work within the segment of the organizations supervised or managed by Fluor. *2800 craft; — full time Fluor*
- Please provide an organizational chart for Fluor's team working on the project.
- Provide the total number of full-time Fluor employees currently working on the project?
 - Do you believe this number is sufficient to adequately reflect Fluor's role in the project?
 - Are these resources correctly deployed within the organization?

Do you work directly with any SCE&G Personnel? Who and in what capacity?

- If not, does the most senior on-site Fluor employee (Jeff Hawkins) work directly with SCE&G Personnel? Who, and in what capacity?

Are you responsible for reporting to anyone at WEC or WECTEC? Who and what is their position?

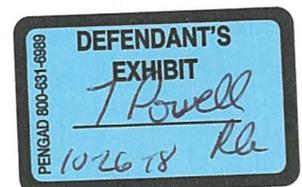
- If not, does the most senior on-site Fluor employee (Jeff Hawkins) report to anyone at Westinghouse or WECTEC? Who, and what is their position?

Please explain when Fluor first became involved with the project?

- When did you first become involved in the project?
- When did the most senior on-site Fluor employee become involved?

As you understand it, describe the role of Fluor in this project.

- What level of decision making authority does Fluor have?



Questions for Fluor 8/5/2016

- To what extent does Fluor have the ability to execute the work needed to complete the project without prior approval?
- To what extent does Fluor have the ability to purchase commodities necessary to conduct work on a daily basis without prior approval?
- Who has daily responsibility for the project schedule? Westinghouse? Fluor? Is this changing?
- Who is directly responsible for the quality of construction work on a daily basis?
- Who is directly responsible for meeting the nuclear safety requirements on a daily basis?

How is Fluor involved in the construction of Vogtle Units 3&4?

- Is Fluor employed in the same capacity and with the same level of responsibility?
- Are there any differences between the responsibilities and numbers of Fluor personnel working on Vogtle Units 3&4 compared to VCS? Please discuss these differences.

Describe the progress made by Fluor since assuming construction management of the project.

- How does actual progress compare to planned progress?
- Briefly describe the process and/or procedure improvement programs that have been implemented.

EPC CONTRACT AMENDMENT

Describe Fluor's role in developing the 2015 EPC Amendment.

- Was Fluor involved in negotiations?
- Please describe the extent and level of detail to which Fluor reviewed the project schedule and budget prior to their agreement to accept management of the project.

Describe the construction management transition between CB&I and Fluor.

- Did CB&I provide adequate documentation to Fluor for the transition?
- Were any delays experienced as a result of this transition?

Describe Fluor's decision to accept the role of subcontracted construction manager.

- What led to Fluor's decision to accept the contract from WEC?
- Does Fluor have any experience working with WEC on a project of this size?
- Does Fluor have previous experience working as a subcontracted construction manager on new nuclear projects? Operating nuclear projects? How recent is this experience?
- Does Fluor have more experience working as a consortium partner or as a subcontracted construction manager? What challenges does each present?

Questions for Fluor 8/5/2016

PROJECT SCHEDULE AND BUDGET

Are you familiar with the revised BLRA milestone schedule contained in SCE&G's petition in Docket No. 2016-223-E?

- This schedule includes substantial completion dates of:
 - August 2019 for Unit 2
 - August 2020 for Unit 3
- Does Fluor agree with these substantial completion dates? (Based on the information currently available?)
 - Does the current construction schedule support these substantial completion dates?
 - Does the current construction schedule reflect Fluor's full input?
 - Is it fully resource loaded by Fluor? Using CB&I's old metrics?
 - Describe the level of input Fluor has had in the current construction schedule?
 - When will a schedule incorporating Fluor's input be available?
 - Do you believe that this schedule is achievable?
 - Is this schedule achievable within the current budget? (within the "fixed price"?)
 - Is this schedule achievable with current productivity and staffing trends?
 - What areas need to change or improve in order for you to achieve this schedule?
 - What events might lead to additional delays in the completion of the project?
 - What does Fluor believe are the greatest risks to the current schedule?
 - How does work being performed at Vogtle impact VCS?
- Describe Fluor's understanding of the project schedule and the remaining work necessary to complete the project.
 - What did Fluor understand when Fluor agreed to become the subcontracted construction manager?
 - How has that understanding changed as Fluor assumed responsibility for the project?
 - Describe the scheduling methodology used by Fluor for the VCS and Vogtle Units:
 - Has Fluor developed a detailed fully resource-loaded site-specific integrated construction schedule for the Units?
 - [If NO, when do you expect to have one?]
 - If the schedule is not yet complete, what challenges have been identified so far that may jeopardize the current substantial completion dates?
 - What metrics were/are used to create the schedule and to revise it.

Questions for Fluor 8/5/2016

- How much of the schedule methodology is based on Fluor's own analysis? CB&I's former methodology? Westinghouse's methodology?
- How are mitigation strategies employed in the scheduling methodology?
- How successful has Fluor been at implementing previous mitigation strategies?
 - Please discuss the project performance on mitigation strategies implemented thus far, specifically how successful has Fluor been in estimating the impact of these mitigation strategies on the actual schedule?
 - Have the mitigation strategies had the planned effect?
 - Overall, have the mitigation strategies been successful?
- What mitigation strategies are required to meet the substantial completion dates of August 2019 for Unit 2 and August 2020 for Unit 3?
 - If Fluor's full input on the schedule is not yet available, what level of confidence does Fluor have in the current schedule? For Unit 2? For Unit 3?

Describe Fluor's role in the development of a construction budget for this project.

- Has Fluor developed a construction budget for the project?
 - Describe the process used by Fluor to develop the project budget?
- What is Fluor's current estimate for the final cost to complete the Units?
- Do you have an itemized list of the various costs/expenses which Fluor used in developing the budget?
- Did Fluor perform any risk analyses regarding the project as it relates to productivity, costs and/or construction schedules?

What are Fluor's obligations to Westinghouse under their construction management agreement?

- As it relates to the schedule?
- As it relates to the budget?
- What obligations and incentives has Westinghouse agreed to give or pay to Fluor to complete the project?
 - Are any of these incentives or payments tied to Fluor meeting specific target dates or milestones on the project?
 - Are their financial penalties that Fluor will have to pay to WEC if the Units are not completed in Aug. 2019 and Aug. 2020?

At what point or under what circumstances will Fluor deem SCE&G's Units fully constructed?

Questions for Fluor 8/5/2016

PROJECT IMPLEMENTATION

Describe the staffing levels that are required, based on your most current knowledge to complete the project.

- What is Fluor's current staffing level at the Site?
 - Please break the totals down into management, direct construction labor, field non-manual, indirect labor and any other designation utilized by Fluor in the preceding total.
- What are your planned future staffing level(s)?
 - What productivity assumption is used in determining this staffing level?
 - How does your current staffing level impact the construction schedule?
 - When allocating staffing, how is the decision made to allocate between Units 2&3?
- Is Fluor able to meet its staffing needs?
 - What steps are you taking to ensure that these needs are met?
 - Discuss Fluor's progress thus far meeting its hiring goals and any additional approaches currently planned.
 - Are you having a difficult time hiring qualified workers? Subcontractors?
 - Does Fluor plan to expand the use of subcontractors?
- Please explain how Fluor determines priorities for the use of its workforce and subcontractors between the Summer and Vogtle projects.
- Is Fluor able to meet its staffing needs? What steps are you taking to ensure that these needs are met?

Describe Fluor's method of communicating with SCE&G regarding the project.

- Is all communication with SCE&G via Westinghouse?
- If so, is this approach effective?

Describe Fluor's experience in dealing with the NRC and NRC requirements?

- Under Part 52?

Does Fluor have any design responsibility on this project or is that entirely within Westinghouse's scope?

What is Fluor's role in the design change process as it relates to constructability reviews?

What level of engineering support is Fluor providing for the project? How is this different from the support previously provided by CB&I?

Describe the overall construction performance factor for each of the Units as compared to the targeted values.

Questions for Fluor 8/5/2016

- What performance factor is incorporated in the schedule?
- What performance factor must be achieved to complete the units on schedule.
- Has Fluor compared the CB&I performance factor currently used to monitor the project in each of the construction work categories to those determined by their own experience? Discuss this comparison. (If not yet completed, when will this be done?)
- Has Fluor developed a transition plan for changing the performance factor that will enable the project to compare past performance with on-going performance once the new revised rates are implemented? Discuss this plan.

Briefly discuss the significant project process and procedure changes that Fluor has made or intends to make in order to improve the construction productivity and better ensure the completion schedule will be met. Are all of these improvements associated with actions identified through the Functional Area Assessments (FAAs) that Fluor recently performed?

- Have any recommended improvement actions been rejected by WEC? Why?
- Does Fluor agree that these rejected actions should not be implemented?

Please identify whether Fluor has discovered during their tenure on the project any instances where industry performance standards were not met? (imprudence, incompetence, impropriety, negligence or malfeasance)

What challenges is Fluor experiencing related to the simultaneous construction of Units 2 & 3?

- How is the construction of Unit 3 being impacted by the staffing needs of Unit 2?
- When challenged by competing resource needs between the Units, how do you manage the conflict?
- Have any assessments been done regarding the possibility of delaying Unit 3 in order to keep Unit 2 on schedule?
- If you are not able to meet your staffing goals, at what point would you consider this option?

What does Fluor believe are the greatest current challenges to completing the project on time? On budget?

What does Fluor believe is the area that presents the largest risk to the project's completion? Completion on time? Completion on budget?

Does Fluor expect to complete construction of both Units?

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

HEARING #16-11554 OCTOBER 12, 2016 10:30 A.M.

DOCKET NO. 2016-223-E:

SOUTH CAROLINA ELECTRIC & GAS COMPANY – *Petition of South Carolina Electric & Gas Company for Updates and Revisions to Schedules Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South Carolina*

**TRANSCRIPT OF TESTIMONY
AND PROCEEDINGS**

VOLUME 3 OF 4

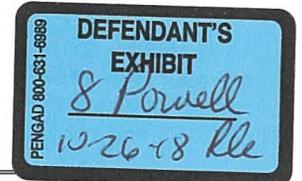
HEARING BEFORE: Swain E. WHITFIELD, CHAIRMAN; Comer H. ‘Randy’ RANDALL, VICE CHAIRMAN; and COMMISSIONERS John E. ‘Butch’ HOWARD, Elliott F. ELAM, Jr., Elizabeth B. ‘Lib’ FLEMING, Nikiya M. ‘Nikki’ HALL, and G. O’Neal HAMILTON

ADVISOR TO COMMISSION: F. David Butler, Esq.
Senior Counsel

STAFF: Joseph Melchers, General Counsel; James Spearman, Ph.D., Executive Assistant to Commissioners; Philip Riley, Doug Pratt, Lynn Ballentine, and Tom Ellison, Advisory Staff; Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court Reporter; and William O. Richardson, Deborah Easterling, and Calvin Woods, Hearing Room Assistants

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1 problem with it?

2 [No response]

3 Okay. Mr. Nelson, please bring Ms. Powell up
4 at this time.

5 **MR. NELSON:** Thank you, Mr. Chairman. ORS
6 would call Ms. Allyn Powell as its first witness.

7 **CHAIRMAN WHITFIELD:** Mr. Nelson, one second,
8 please.

9 [Brief pause]

10 Mr. Nelson, once she's sworn, we're going to
11 let her do her summary and probably take a break
12 maybe after that, depending on how we're going
13 here, okay?

14 **MR. NELSON:** Yes, sir.

15 [Witness affirmed]

16 THEREUPON came,

17 **A L L Y N H . P O W E L L ,**

18 called as a witness on behalf of the South Carolina Office of
19 Regulatory Staff, who, having been first duly affirmed, was
20 examined and testified as follows:

21 **DIRECT EXAMINATION**

22 **BY MR. NELSON:**

23 **Q** Ms. Powell, if you'd please state your full name and
24 occupation?

25 **A** My name is Allyn Hunter Powell. I'm a program manager

1 at the Office of Regulatory Staff.

2 **Q** And are you the same Allyn Powell who prefiled 20 pages
3 of settlement-and-direct testimony and two exhibits in
4 this docket on September 1, 2016?

5 **A** Yes, I am.

6 **Q** Do you have any edits or corrections to your prefiled
7 settlement-and-direct testimony?

8 **A** I do not.

9 **MR. NELSON:** Mr. Chairman, ORS would offer the
10 prefiled settlement-and-direct testimony of Allyn
11 Powell to be read into the record as if given
12 orally from the stand.

13 **CHAIRMAN WHITFIELD:** Ms. Powell's prefiled and
14 settlement testimony will be entered into the
15 record as if given orally from the stand.

16 [See pgs 716-736]

17 **MR. NELSON:** Thank you, Mr. Chairman.

18 **BY MR. NELSON:**

19 **Q** Ms. Powell, the two exhibits you prepared to your
20 settlement-and-direct testimony, they're labeled AHP-1
21 and AHP-2; is that correct?

22 **A** Yes, they are.

23 **Q** Do you have any changes or corrections to those
24 exhibits?

25 **A** I do not.

1 **MR. NELSON:** Mr. Chairman, ORS would offer the
2 Exhibits AHP-1 and AHP-2, which were attached to
3 Ms. Powell's direct-and-settlement testimony, as
4 the next composite hearing exhibit.

5 **CHAIRMAN WHITFIELD:** Ms. Powell's Exhibits
6 AHP-1 and -2 will be entered in as Hearing Exhibit
7 No. 11.

8 [WHEREUPON, Hearing Exhibit No. 11 was
9 marked and received in evidence.]

10 **MR. NELSON:** Thank you, Mr. Chairman.

11 **BY MR. NELSON:**

12 **Q** Ms. Powell, did you prepare a summary of your
13 settlement-and-direct testimony?

14 **A** Yes, I have.

15 **Q** Would you please present it.

16 **A** Sure.

17 Good evening, Commissioners. My combined direct-
18 and-settlement testimony provides an overview of ORS's
19 findings, the settlement agreement, and how the
20 settlement agreement addresses the issues raised by ORS
21 in our review of the Petition.

22 First, I provide an overview of the Petition where
23 SCE&G is requesting to modify the construction schedule
24 to reflect the new substantial completion dates of
25 August 31, 2019, and August 31, 2020, for Units 2 and 3,

1 respectively. SCE&G was also requesting an increase in
2 the capital-cost estimates of approximately \$852
3 million.

4 Second, I discuss the major portions of the
5 settlement agreement, which include three key benefits:
6 the guarantee, which is contained in paragraph 12 of the
7 settlement agreement – as part of the guarantee, SCE&G
8 agrees to fix the cost to ratepayers for scopes of work
9 covered by the option – the moratorium, which is covered
10 in paragraph 13 of the settlement agreement, and the ROE
11 reduction, which is covered in paragraph 18 of the
12 settlement agreement; the election of the option and
13 agreement regarding increases to the capital-cost
14 schedules totaling \$831.3 million, the construction
15 schedule, and several other provisions relating to
16 reporting and how transfers of scopes of work are
17 treated under the guarantee.

18 Third, I discuss the October 27, 2015, EPC
19 amendment and the option, and explain what costs are
20 moved to a fixed category by the option.

21 Fourth, I discuss ORS's analysis of the Petition
22 and how the settlement agreement addresses the issues
23 raised by ORS in our review of the Petition.

24 Last, I discuss ORS's ongoing monitoring of the
25 approved schedule and the approved budget.

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This concludes my summary.

MR. NELSON: Thank you, Ms. Powell.

[PURSUANT TO PREVIOUS INSTRUCTION, THE
PREFILED SETTLEMENT-AND-DIRECT TESTIMONY OF
ALLYN H. POWELL FOLLOWS AT PGS 716-736]

**THE OFFICE OF REGULATORY STAFF
SETTLEMENT AND DIRECT TESTIMONY
& EXHIBITS**

OF

ALLYN H. POWELL

SEPTEMBER 1, 2016



DOCKET NO.2016-223-E

**Petition of South Carolina Electric & Gas Company for
Updates and Revisions to Schedules Related to the
Construction of a Nuclear Base Load Generation
Facility at Jenkinsville, South Carolina**

SETTLEMENT AND DIRECT TESTIMONY OF**ALLYN H. POWELL****ON BEHALF OF****THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF****DOCKET NO. 2016-223-E****IN RE: PETITION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY
FOR UPDATES AND REVISIONS TO SCHEDULES RELATED TO THE
CONSTRUCTION OF A NUCLEAR BASE LOAD GENERATION FACILITY
AT JENKINSVILLE, SOUTH CAROLINA****Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

A. My name is Allyn Powell. My Business Address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as the Manager of Nuclear Programs in the Energy Policy Division of the South Carolina Office of Regulatory Staff ("ORS").

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I hold a Bachelor's Degree in Physics from the University of South Carolina and a Master's Degree in Physics from the College of William and Mary. My research focus while at the College of William and Mary was experimental nuclear and particle physics, and I am credited as co-author on several professional publications resulting from my research. I was previously employed as Director of State Budgeting and Finance with the Ways and Means Committee of the South Carolina House of Representatives ("WMC"). I joined WMC in 2002 as a Research Analyst, focusing on sales tax, income tax, higher education and cultural issues. I was responsible for providing background research, summarizing legislation before WMC and drafting portions of the Appropriations Act.

1 Throughout my career at WMC I served as lead staff for a variety of issue areas, including
2 K-12 education, property tax, and budget policy. I was promoted to Director of State
3 Budgeting and Finance in 2007. As Director of State Budgeting and Finance, I was
4 responsible for overseeing the State budget process for WMC and the production of the
5 Appropriations Act. In 2009, I joined the South Carolina Energy Office at the South
6 Carolina Budget and Control Board as a Program Manager. There, I worked with issues
7 relating to radioactive waste disposal and energy assurance planning. I also served as lead
8 staff for the South Carolina Governor's Nuclear Advisory Council. In 2011, I joined ORS
9 as an Associate Program Manager. As Associate Program Manager my responsibilities
10 included reviewing Base Load Review Act plant applications, managing efforts relating to
11 energy assurance planning and serving as ORS's lead contact for demand side management
12 and energy efficiency programs. In 2013, I left ORS to take a position as the Capital
13 Budgeting Manager for the State of South Carolina in the State Budget Office. In that role
14 I was responsible for reviewing applications by state agencies to establish and modify
15 construction projects, approving projects under a certain threshold and summarizing larger
16 projects for approval by members of the Joint Bond Review Committee and the Budget
17 and Control Board. I also testified as requested before both bodies and was responsible for
18 producing monthly reports regarding capital project budget and expenditures. In 2015, I
19 returned to ORS as the Manager of Nuclear Programs. My duties at ORS include managing
20 the review of Base Load Review Act applications as well as managing the Radioactive
21 Waste Disposal Program, which provides oversight for South Carolina's low level
22 radioactive waste disposal facility located in Barnwell, SC.

1 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE**
2 **COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?**

3 **A.** Yes. I have provided written and oral testimony with regard to the construction of
4 the nuclear base load facility at Jenkinsville, SC (the “Project” or “Units”) by South
5 Carolina Electric & Gas Company (the “Company” or “SCE&G”).

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

7 **A.** The purpose of my testimony is to provide an overview of ORS’s findings regarding
8 SCE&G’s Petition for Updates and Revisions to Schedules Related to the Construction of
9 a Nuclear Base Load Generation Facility at Jenkinsville, SC (“Petition”) and to discuss
10 the Settlement Agreement (the “Settlement” or “SA”) dated August __, 2016 that was
11 entered into between ORS, SCE&G, Frank Knapp, the South Carolina Energy Users
12 Committee, Central Electric Power Cooperative, Inc., and the Electric Cooperatives of
13 South Carolina, Inc. (the “Settling Parties”).

14 **Q. WHAT IS THE COMPANY REQUESTING IN THIS PROCEEDING?**

15 **A.** Under S.C. Code Ann. Section 58-33-270(E) (2015) of the Base Load Review Act
16 (“BLRA”), SCE&G is requesting the Commission to modify the construction schedules
17 and accompanying BLRA milestones to reflect new guaranteed substantial completion
18 dates (“GSCDs”) of August 31, 2019 and August 31, 2020 for Unit 2 and Unit 3,
19 respectively. SCE&G is also requesting an increase to the capital cost estimates of
20 approximately \$852 million. This was reduced to approximately \$846 million in SCE&G’s
21 testimony (Exhibit AHP-1). The largest portion of the increase is \$781.1 million in
22 Engineering, Procurement and Construction Contract (“EPC Contract”) cost increases,
23 comprised of \$137.5 million in costs resulting from an amendment to the EPC Contract

1 executed on October 27, 2015 (“Amendment” or “EPC Amendment”), \$505.5 million in
2 costs resulting from SCE&G’s decision to exercise an option in the EPC Amendment that
3 moves many of the EPC Contract costs to a fixed category (“Option”), \$85.5 million
4 resulting from a reversal of the credit for liquidated damages that SCE&G previously
5 credited to its customers via Order No. 2015-661, and \$52.5 million in increases due to
6 Change Orders. As part of this proceeding SCE&G is also asking for approval of its
7 decision to exercise the Option. The remaining cost increases are due to Owners Costs
8 (\$20.8 million), Escalation (\$2.3 million) and an allowance for funds used during construction
9 (“AFUDC”) (\$42.4 million).

10 **Q. PLEASE DESCRIBE ORS’S ACTIVITIES IN RESPONSE TO SCE&G’S**
11 **PETITION.**

12 **A.** ORS has been actively reviewing documentation related to the Amendment since
13 October 2015, and much of the information in the Petition was covered by several rounds
14 of continuing information requests related to that review. ORS asked the Company to
15 update its responses to these requests in light of the Petition. In addition, ORS met
16 frequently with representatives from SCE&G’s construction, business and finance
17 departments to discuss the details of the Petition and the supporting documentation. ORS
18 also interviewed several SCE&G, Westinghouse Electric Company (“Westinghouse”) technical
19 experts and Fluor Corporation (“Fluor”) technical experts to fully understand the
20 various components of the Petition.

21 **Q. PLEASE BRIEFLY DESCRIBE THE SETTLEMENT AGREEMENT.**

22 **A.** In the Settlement, the Settling Parties negotiated the following key benefits for
23 ratepayers:

- 1 1. An agreement by SCE&G to guarantee (the “Guarantee”) that the scopes of work
2 covered by the Option remain fixed (SA paragraph #12). As part of the Guarantee,
3 SCE&G agrees to fix costs to ratepayers for scopes of work covered by the Option
4 by not seeking any future increases for these scopes of work in the cost schedules
5 for the Units and by not seeking revised rates for such increases.
- 6 2. A moratorium (the “Moratorium”) on additional filings to increase cost schedules
7 prior to January 28, 2019 with this date being extended day-for-day with any delay
8 in the commercial operation date of Unit 2 (SA paragraph #13).
- 9 3. An agreement by SCE&G to reduce the return on equity (the “ROE Reduction”)
10 rate used to compute revised rates filings after January 1, 2017 from 10.5% to
11 10.25% (SA paragraph #18).
- 12 4. A provision capping at \$20 million the amount SCE&G can recover for the items
13 listed in Schedule C of the Amendment (excluding Plant Layout Security, Phase 3
14 and Plant Security Systems Integration which are otherwise addressed in the
15 Settlement) that were in dispute with Westinghouse at the time of the Amendment
16 but were not resolved through the Amendment (*i.e.*, the “Schedule C” items) (SA
17 paragraph #12).
- 18 5. A requirement that all future requests to increase cost schedules due to Change
19 Orders shall require a signed Change Order to be presented at the time of the request
20 and disallowing future requests based on informal estimates of Change Order costs
21 (SA paragraph #12).
- 22 6. Enhanced mandatory public reporting of schedule information, productivity and
23 production metrics for construction, and issues related to the EPC Contract and the

1 Project going forward (SA paragraph #10).

2 In the context of these benefits, the Settling Parties agreed to the following:

3 7. An increase to the BLRA approved cost schedules to reflect the cost of the
4 Amendment (\$137.5 million) and the cost of the Option (\$505.54 million) and
5 approval of SCE&G's decision to exercise the Option (SA paragraph #5).

6 8. A finding that SCE&G had justified Change Orders totaling \$32.58 million (SA
7 paragraph #6).

8 9. An agreement to allow a transfer of scope for the Service Building from the EPC
9 Contract to Owner's Costs for completion of the building under a separate fixed
10 price contract with a commercial contractor other than Westinghouse, and a
11 reduction to the Fixed Price category of \$11.92 million, which includes the \$6.9
12 million requested in the Petition for the Service Building, 3rd Floor and the \$5.02
13 million already in the Fixed Price for the Service Building, 1st and 2nd Floors, and
14 a corresponding increase in the Owner's Cost for the Service Building of \$9.2
15 million plus \$1.3 million for escalation, in exchange for SCE&G's agreement to
16 cap the total cost of this building to ratepayers at the revised amount of \$10.48
17 million (which includes escalation) (SA paragraph #6).

18 10. Approval of the revised GSCDs for the Units of August 31, 2019 and August 31,
19 2020 and simplification of the milestone schedule in light of the Moratorium and
20 the fact that Fluor and Westinghouse are preparing a revised resource-loaded
21 integrated project schedule which may revise and re-sequence the construction
22 schedule (SA paragraph #10).

23 11. Enhanced mandatory public reporting of schedule information, productivity and

1 production metrics for construction, and issues related to the EPC Contract and the
2 Project going forward. (SA paragraph #10).

3 12. In addition to the Owner's Cost associated with the transfer of the Service Building,
4 approval of an increase in Owner's Cost of \$20.83 million largely associated with
5 the delay in the GSCDs and the restructuring of the EPC Contract under the
6 Amendment (SA paragraph #7).

7 ORS supports this Settlement as reasonable because it commits SCE&G to ensuring
8 that the terms of the Option are enforced, limits SCE&G's ability to seek costs outside of
9 the Option until Unit 2 is nearing completion and caps a number of important cost items.

10 **Q. WHAT COMPONENTS OF THE SETTLEMENT AGREEMENT ARE MOST**
11 **IMPORTANT TO ORS?**

12 **A.** The Guarantee, Moratorium and the ROE Reduction.

13 **Q. PLEASE BRIEFLY DESCRIBE THE AMENDMENT.**

14 **A.** On October 27, 2015, SCE&G signed the Amendment, which modified the EPC
15 Contract in several key ways. It released Chicago Bridge and Iron ("CB&I") from its
16 obligations as a member of the Consortium, leaving Westinghouse as the sole EPC
17 Contract holder via its purchase of the Stone and Webster subsidiary from CB&I.
18 Westinghouse later employed Fluor as a subcontracted construction manager to handle
19 craft labor and day to day activities. It also moved the GSCD of Unit 2 from June 19, 2019
20 to August 31, 2019 and the GSCD of Unit 3 from June 16, 2020 to August 31, 2020. It
21 resolved a number of outstanding disputes regarding whether some items were included in
22 the scope of the EPC Contract, resolved outstanding disputes regarding invoices, and
23 included more specific wording regarding the provision in the EPC Contract related to

1 changes in law. It also included an Option to move a large portion of the EPC Contract
2 costs to a fixed cost category. The ability to exercise this Option is contingent on approval
3 by the Commission and Santee Cooper.

4 **Q. DOES THE OPTION MAKE THE EPC CONTRACT AN ENTIRELY FIXED**
5 **PRICE CONTRACT?**

6 **A.** No. The Option specifically excludes some items such as sales tax and insurance,
7 as well as force majeure events. Exhibit C of the Amendment also includes a list of items
8 not fully resolved by the Amendment. Some of these items are included in this Petition as
9 Change Orders. While it does move many of the EPC Contract costs to a fixed price
10 category, this fixed price is still subject to change via further EPC Contract amendments
11 or Change Orders. It also does not prevent SCE&G from voluntarily removing items from
12 the fixed price scope to the Owners Cost scope via a Change Order. However, in the
13 Settlement, ORS insisted that such transfers not be recognized unless the work could be
14 done as an Owner-directed item for a price fixed by SCE&G at an amount that is less than
15 or equal to the amount that was formerly included in the fixed price scope. Therefore,
16 under the terms of the Settlement, transfers may not result in any increase in the ultimate
17 cost for SCE&G's ratepayers.

18 **Q. HOW IS THIS AMENDMENT DIFFERENT FROM PREVIOUS EPC CONTRACT**
19 **AMENDMENTS?**

20 **A.** Previous EPC Contract amendments were executed to incorporate Change Orders,
21 revise GSCDs or clarify wording in the EPC Contract on one or two issues. These
22 amendments had substantial calculations and backup documentation. The Amendment is
23 different in that it served as a comprehensive settlement that substantially changed the EPC

1 contract by removing a member of the Consortium, settling outstanding disputes,
2 substantially revising the bonus and liquidated damages provisions and modifying the
3 GSCDs. While SCE&G does have documentation behind the potential cost of some of the
4 items resolved in the dispute, in most cases these costs are not well supported and are not
5 auditable. The revised contract amounts to a renegotiation of the price of the Units. This
6 Amendment also included the Option, which changes the structure of much of the EPC
7 Contract going forward by moving many costs to a fixed category. This capped the amount
8 that Westinghouse can charge to complete the work within the scope of the Option at
9 \$3.345 billion. The Option includes within it a premium charged by Westinghouse for
10 fixing these costs. While it is possible to calculate this number using the price from the
11 Option for the remaining work, this remains a premium that is primarily associated with
12 risk and is not supported by specific construction estimates.

13 **Q. PLEASE SUMMARIZE ORS'S ANALYSIS OF THE PETITION?**

14 **A.** ORS has concerns regarding both costs and construction schedules outlined in the
15 Petition.

16 **Schedule**

17 While Westinghouse has indicated to ORS it has confidence in the logic behind the
18 activities within the schedule, it has also indicated that they do not have Fluor's full input
19 on the resources needed to complete these activities. Westinghouse has further indicated
20 that the current construction schedule cannot be met without substantial improvement in
21 current production and productivity rates. The current schedule requires the simultaneous
22 use of numerous mitigation strategies, which are worked outside of the main schedule and
23 increase ORS's concern regarding the uncertainty in the schedule. Meeting the current

1 construction schedule will require substantial improvements in both productivity and
2 production. Throughout the course of this project, Westinghouse and its Consortium
3 partner have presented aggressive schedules along with plans to make improvements to
4 meet those schedules. Thus far, they have not been successful. ORS has seen positive
5 changes recently, but with Fluor's fully resource-loaded construction schedule still
6 outstanding a great deal of uncertainty remains. While ORS believes the sequence of
7 construction activities to be valid, ORS has concerns these activities may take longer than
8 previously estimated. There is only so much time that can be made up by increased
9 staffing, especially due to the small spaces in which some of the work must take place. The
10 GSCDs in the Petition accurately reflect the GSCDs in the Amendment, that is GSCDs of
11 August 31 2019 for Unit 2 and August 31, 2020 for Unit 3. ORS believes that it will take
12 at least this long to complete the Units, and in fact it is likely to take longer. At this time,
13 ORS is still of the opinion that the Units can be completed within the 18 month window
14 from the GSCDs allowed under Order No. 2009-104(A). However, even a relatively small
15 delay in Unit 3 would jeopardize the ability of SCE&G to obtain the production tax credits
16 for that Unit. ORS does not object to the approval of revised BLRA milestone schedule
17 and GSCDs, as ORS believes it will take at least this long to complete the Units, but ORS
18 is concerned regarding the level of uncertainty in the schedule at this time. This uncertainty
19 regarding the schedule has also impacted other areas of ORS's analysis. It is difficult to
20 properly evaluate items such as Owner's Costs, Escalation and to a certain extent Change
21 Orders - some of whose costs are dependent on durations and need dates- without an
22 adequate understanding of the schedule to back these up.

23 **Amendment**

1 As to the \$137.5 million requested for the Amendment, ORS has only found
2 documentation to support approximately \$64.6 million of the \$224.4 million in value that
3 SCE&G assigned to the Amendment. While ORS recognizes that the Amendment resolved
4 a number of commercial disputes, both directly between SCE&G and the Consortium and
5 by releasing a Consortium partner and thus reducing disputes within the Consortium, it is
6 difficult to assign a valuation to this resolution. The Amendment also included changes to
7 both the bonus and liquidated damages provisions in the EPC Contract, with which ORS
8 has concerns. The Amendment served as a comprehensive settlement and ORS has not
9 found adequate documentation to support the value of this settlement.

10 **Option**

11 Closely related to this is the issue of the \$505.54 million cost for the Option. While
12 ORS believes, based on SCE&G's sensitivity study, that the Option on its surface
13 represents a good value given current production and productivity trends, the determination
14 of the Option's true value is based entirely on an analysis of Westinghouse's willingness
15 to abide by the terms of the contract and SCE&G's willingness to hold Westinghouse to
16 those terms. Moving many of the costs to a fixed price category does simplify many areas
17 where there were previously disputes. However, it also provides the opportunity for new
18 disputes. The new fixed price Change Orders requests being provided by Westinghouse
19 have been accompanied by a lower level of documentation, and changes to buildings or
20 other items within the scope of the fixed price have proved so problematic that SCE&G
21 has, in at least two cases, begun pulling these out of Westinghouse's scope and into the
22 Owner's Cost. Based on previous experience with this contract and SCE&G's sensitivity
23 study, which at current production and productivity trends shows substantial potential

1 losses to Westinghouse, ORS is concerned that the Option will not truly fix this portion of
2 the cost of the Units. For this reason, in the Settlement ORS insisted that SCE&G agree to
3 stand behind the "fixed price" and provide a guarantee that no additional ratepayer dollars
4 will be requested for items in the scope of the "fixed price" in the Option. The Settlement
5 further protects ratepayers by placing caps on other items of particular concern, such as
6 many items associated with Exhibit C which were not resolved as part of the Option.
7 Absent these additional guarantees, ORS would be concerned that the ratepayers were not
8 adequately protected by the Option.

9 **Liquidated Damages**

10 As to the \$85.53 million in liquidated damages that were previously credited to
11 ratepayers, ORS agrees that the Amendment does move the time frame for collecting these
12 damages out into the future and as such they are properly added back to the budget of the
13 Project.

14 **Owner's Costs**

15 The \$20.83 million in Owner's Costs are well documented and track appropriately
16 with the current schedule and budget. As with all areas related to the construction schedule,
17 ORS has concerns that the time frames underlying this estimate are not yet mature and have
18 a high degree of uncertainty. However, as ORS believes that these estimates are in fact
19 lower, ORS does not oppose the use of this estimate of Owner's Costs, recognizing that
20 there is still uncertainty in these costs related to the schedule.

21 **Escalation and AFUDC**

22 Similarly, SCE&G's request for \$2.3 million in Escalation and \$42.4 million in
23 AFUDC as outlined in Kevin Kochems testimony are well documented and track

1 appropriately with the current schedule and budget. ORS does not oppose the use of these
2 estimates, with the same caveats as applied to Owner's Costs. As is recognized in the
3 Settlement, escalation and AFUDC are not fixed, but vary according to the approved
4 escalation indices and AFUDC rate calculation as they change from time to time. When
5 the changes associated with the transfer of the Service Building from the Fixed Price to
6 Owners Costs are included, the total estimate supported by the Settlement for Escalation
7 and AFUDC is \$45.18 million.

8 Transmission

9 SCE&G removed its original request in the Petition for an additional \$4.3
10 Transmission dollars as the methodology for remedying those issues is still under review.
11 ORS agrees with SCE&G's assessment and does not recommend the inclusion of these
12 dollars.

13 Change Orders

14 SCE&G's Petition also included \$52.5 million in Change Orders. When evaluating
15 Change Orders, ORS expects that the documentation supporting them will include signed
16 Change Orders, signed agreements with detailed documentation that will form the basis for
17 future Change Orders, or at the very least a mature level of detailed documentation
18 supporting a Change Order that is nearly ready to be signed. When the Petition was filed,
19 such a level of documentation was only available for a few of the smaller Change Orders.
20 SCE&G has done additional research and in some cases has received additional proposals
21 from Westinghouse since that time. ORS's review of the associated documentation
22 supports the inclusion of \$32.58 million for Change Orders at this time. ORS has worked
23 with SCE&G to improve the level of documentation, and is now able to support at least a

1 portion of the costs associated with each of the Change Order requests included in the
2 Petition. In some cases, this is lower than the amount requested as the latest Westinghouse
3 estimates are below the amounts originally estimated by SCE&G in the Petition. It is the
4 position of ORS that until a Change Order has been agreed to by both parties, the costs
5 associated with it are not properly included in BLRA cost forecasts. Under the Settlement,
6 only signed Change Orders will be allowed going forward. SCE&G will be prevented from
7 presenting estimates of Change Order cost for inclusion in cost forecasts.

8 This Change Order total does not reflect increases related to the 3rd Floor of the
9 Service Building. Subsequent to filing Direct Testimony, SCE&G made a decision to
10 move the entire Service Building out of the scope of the EPC Contract and into Owner's
11 Costs. This decision was made to support the construction of the 3rd Floor, which was
12 needed to allow consolidation of certain support staff within the protected area of the site,
13 in a time frame which met SCE&G's need date for the building. ORS had concerns
14 regarding this decision, and the potential impact to ratepayers of moving this scope of work
15 out of the fixed price category. Outside of the scope of the Settlement, ORS was unable to
16 support this request. The Settlement reflects the fact that SCE&G has now decided to
17 construct the Service Building as an Owner's cost item and to do so under a fixed price
18 contract with a commercial contractor. SCE&G will transfer the associated amount from
19 the Fixed Price category to the Owner's Cost category and the amounts shall be included
20 in the BLRA-approved capital cost schedule along with any associated escalation and
21 AFUDC. Specifically for the Service Building, including the Third Floor, SCE&G agrees
22 to reduce the Fixed Price category in the amount of \$11.92 million, which includes the \$6.9
23 million requested in this Petition for the Service Building, 3rd Floor and the \$5.02 million

1 already in the Fixed Price for the Service Building, 1st and 2nd Floor, and increase the
2 Owners Cost category in the amount of \$10.48 million (which includes escalation), and to
3 not seek recovery from ratepayers in any future proceeding for any costs in excess of
4 \$10.48 million for the Service Building. After execution of the Change Order between
5 SCE&G and Westinghouse regarding the Service Building, SCE&G will provide a copy
6 of the Change Order to ORS and if necessary, SCE&G will adjust the Owners Cost
7 category consistent with the terms of the Settlement.

8 Overall, ORS found the level of documentation offered in this Petition to be lower
9 than that offered in previous petitions. ORS's review was also hampered by the lack of
10 availability of the fully resource-loaded integrated construction schedule. Time is money.
11 Schedule and budget go hand in hand, and ORS is concerned regarding the timing of this
12 Petition and its impact on the ability of ORS to properly evaluate budgets when the
13 schedule is undergoing a major adjustments.

14 **Summary of ORS Recommendations**

15 In summary, ORS's review supports the inclusion of \$85.53 million for the reversal
16 of the Liquidated Damages Credit, \$32.58 million in Change Orders, \$20.83 million in
17 Owner's Costs (in addition to the Owner's cost associated with the transfer of the Service
18 Building), \$2.3 million in Escalation, and \$42.4 million in AFUDC. These increases total
19 \$183.64 million of the \$852 million requested by SCE&G in the Petition. ORS recognizes
20 that the Escalation and AFUDC amounts in this review have been revised by the
21 Settlement, and in the context of the Settlement ORS supports those increased amounts.

22 ORS's review of the \$137.5 million for the Amendment is less conclusive. ORS
23 has been able to identify approximately \$64.6 million in value associated with the

1 Amendment. While many of the changes associated with the Amendment were needed and
2 represent a positive direction for the Project, ORS is not able to support this request using
3 our normal standards of review as the \$137.5 million increase was a settlement and cannot
4 be traced back to individual disputed cost items. However, the amount requested is
5 consistent with the Amendment, which has been executed. In the context of the Settlement,
6 ORS is supportive of this amount.

7 SCE&G is also requesting that the Commission approve its decision to exercise the
8 Option. Based on SCE&G's sensitivity study and ORS's concerns regarding the Project
9 Schedule, ORS agrees that the Option could represent a good value for SCE&G and for
10 ratepayers. With respect to the \$505.54 cost for the Option, ORS is only supportive of this
11 cost in the context of the Settlement and because SCE&G has guaranteed to its ratepayers
12 that it will stand behind the Option and will not request any additional ratepayer dollars for
13 items included in the scope of the "fixed price" in the Option as set forth in the Settlement.

14 In the context of the Settlement, ORS also supports the increases and transfers
15 outlined above related to the Service Building.

16 With respect to the schedule, ORS is concerned regarding the degree of uncertainty
17 remaining regarding the schedule. The GSCDs are consistent with the Amendment, and
18 the BLRA milestone schedule is consistent with the logic within the project schedule when
19 the Amendment was filed. ORS believes that these dates are optimistic, but that the Project
20 is likely to be completed within 18 months of these dates. For this reason, ORS does not
21 oppose the revised GSCDs and BLRA milestone schedule. However, the timing of the
22 issuance of the Commission's Order and the availability of the revised schedule present
23 some challenges. As agreed in the Settlement, the Moratorium will be in place when

1 Westinghouse issues the new resource-loaded integrated project schedule for the Project.
2 In recognition of that fact, the Settlement provides that the only Commission-approved
3 BLRA milestones going forward will be the GSCDs for the two Units. This does not reduce
4 SCE&G's reporting requirements regarding previous BLRA milestones and the Settlement
5 imposes additional reporting requirements. The Settlement requires that SCE&G commit
6 to immediately report the new fully resource-loaded integrated schedule when
7 Westinghouse makes it available and that SCE&G provide updates on all milestone dates
8 it contains in quarterly reports through the end of the Project. The Settlement also requires
9 that SCE&G continue to provide updates on the status of any of the prior BLRA milestones
10 and include updates on all of the construction milestones that are included in the milestone
11 payment schedule in its quarterly reports through the end of the Project. The milestone
12 payment schedule, when agreed to by SCE&G and Westinghouse, will represent what they
13 believe are the key Project milestones and, as such, may provide an additional useful
14 measure of progress for the Project. The milestone payment schedule is currently flowing
15 through the EPC Contract's dispute resolution process. The Settlement also requires
16 SCE&G to include data on construction and craft staffing, productivity and production in
17 its quarterly reports.

18 Exhibit AHP-1 summarizes the differences between the Petition, SCE&G's Direct
19 Testimony and the Settlement.

20 **Q. WHAT ACTIVITIES DOES ORS PERFORM WITH RESPECT TO ITS ON-**
21 **GOING MONITORING OF THE APPROVED MILESTONE CONSTRUCTION**
22 **SCHEDULE?**

1 A. The Company's required quarterly reports provide a status of the approved BLRA
2 milestone schedule. The BLRA milestone schedule consists of 146 milestone activities.
3 ORS verifies the status of each milestone activity to ensure the activity is in accordance
4 with previous Commission orders relating to this matter, Order Nos. 2009-104(A), 2010-
5 12, 2011-345, 2012-884, and 2015-661. It should be noted that milestone activities are
6 allowed by Commission order to be accelerated by up to 24 months or delayed by up to 18
7 months.

8 **Q. WHAT OVERSIGHT ACTIVITIES DOES ORS PERFORM WITH RESPECT TO**
9 **ITS ON-GOING MONITORING OF THE APPROVED CAPITAL COST**
10 **ESTIMATES?**

11 A. The Company's quarterly reports provide a status of the approved capital cost
12 estimates. ORS evaluates the Company's quarterly reports with a focus on the capital cost
13 estimates, project cash flow, AFUDC and escalation. Collectively, these focus areas
14 determine the status of the project budget.

15 ORS compares the capital cost estimates approved by the Commission to the capital
16 cost estimates in the Company's quarterly reports. This comparison focuses on the major
17 cost categories, which are:

- 18 • Fixed with No Adjustment
- 19 • Firm with Fixed Adjustment A
- 20 • Firm with Fixed Adjustment B
- 21 • Firm with Indexed Adjustment
- 22 • Actual Craft Wages
- 23 • Non-Labor Cost
- 24 • Time & Materials
- 25 • Owners Costs

1 • Transmission Projects

2 ORS evaluates cost variances which may be due to various project changes (e.g.,
3 shifts in work scopes, payment timetables, construction schedule adjustments, change
4 orders, etc.) to determine if the cumulative amount of these changes impact the total
5 approved capital cost of the project.

6 In a similar fashion, ORS compares the approved project cash flow to the project
7 cash flow in the Company's quarterly reports. This comparison focuses on any variance
8 to annual cash flow requirements. Lastly, AFUDC and escalation rates are evaluated to
9 determine if appropriate rates have been applied.

10 Exhibit AHP-2 tracks the updates to the capital cost schedules from Commission
11 Order No. 2009-104(A) through the Company's request in the Petition.

12 **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**
13 **GOING MONITORING OF THE APPROVED CAPITAL COST ESTIMATES?**

14 **A.** During on-site visits, the ORS staff reviews documents that may impact the project
15 budget. Examples of such documents are contract amendments, change orders and notices
16 from the holder of the EPC Contract, Westinghouse. The ORS staff also reviews invoices
17 associated with completed milestone activities to ensure milestone payments are consistent
18 with the EPC milestone payment schedules. In addition, ORS's Audit Division further
19 evaluates the Company's actual project expenditures.

20 **Q. WHAT OTHER ACTIVITIES DOES ORS PERFORM AS PART OF ITS ON-**
21 **GOING MONITORING OF THE PROJECT?**

22 **A.** ORS technical staff participate in monthly meetings with NND personnel, attend
23 periodic meetings with Westinghouse and Fluor representatives, conduct periodic site tours

1 and attend Nuclear Regulatory Commission (“NRC”) public meetings held near the site.
2 ORS staff also review documents related to the construction on an ongoing basis. These
3 documents include, but are not limited to: daily construction activities plans, a weekly
4 construction activities report, detailed construction schedules, schedule mitigation plans,
5 milestone activity schedules, major component fabrication status log and meeting minutes.
6 Also, ORS performs on-site evaluations to physically observe construction activities to
7 ensure construction progress is consistent with NND documentation. ORS staff regularly
8 witness key project milestones, such as the setting of major structural modules, and perform
9 site visits to companies manufacturing major components. Additionally, to keep informed
10 of NRC’s most recent policies and interpretations, ORS staff have attended the NRC’s
11 annual Regulatory Information Conference in Rockville, MD. Also, ORS performs on-site
12 evaluations to physically observe construction activities to ensure construction progress is
13 consistent with NND documentation. ORS routinely participates in NRC conference call
14 meetings to monitor activities related to the project.

15 **Q. WHAT IS YOUR RECOMMENDATION?**

16 **A.** ORS recommends that the Commission approve the Settlement Agreement.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A.** Yes, it does.

1 **MR. NELSON:** Ms. Powell is available for
2 questions from the nonsettling parties or the
3 Commission.

4 **CHAIRMAN WHITFIELD:** Are there any questions
5 at this time, for the nonsettling parties'
6 attorneys? Mr. Holman and Ms. Thompson?

7 **MS. THOMPSON:** No, thank you, Mr. Chairman.

8 **CHAIRMAN WHITFIELD:** Mr. Guild, are you going
9 to have any questions for Ms. Powell?

10 **MR. GUILD:** Yes.

11 **CHAIRMAN WHITFIELD:** You do? How about you,
12 Ms. Wright, are you going to have any questions for
13 her?

14 **MS. WRIGHT:** I have a couple.

15 **CHAIRMAN WHITFIELD:** Okay. At this time,
16 we're going to take a brief break. We'll come back
17 with questions from the nonsettling parties for Ms.
18 Powell, and from the Commissioners. And we'll make
19 a decision after that as to how much later to go
20 tonight. So we'll take about 10 minutes right now.

21 [WHEREUPON, a recess was taken from 5:20
22 to 5:35 p.m.]

23 **CHAIRMAN WHITFIELD:** Please be seated. Okay.
24 Ms. Powell, we'll take questions from the
25 nonsettling parties.

1 Mr. Guild, I believe we're going to let you go
2 first.

3 **CROSS EXAMINATION**

4 **BY MR. GUILD:**

5 **Q** Good evening, Ms. Powell.

6 **A** Good evening.

7 **Q** Just a couple of questions for you.

8 **A** Sure.

9 **Q** So, in your settlement testimony, you identify as one of
10 the key attributes that attracted ORS to enter into this
11 agreement what you characterize as "the guarantee." And
12 I'm looking at page five, line two, of your settlement
13 testimony. And you not only call it a guarantee, it
14 capitalizes it: G-u-a-r-a-n-t-e-e. You see that
15 testimony?

16 **A** Yes, sir.

17 **Q** All right. And you say, "An agreement by SCE&G to
18 guarantee (the 'Guarantee') that the scopes of work
19 covered by the option remain fixed," and you cite
20 settlement agreement paragraph 12. And I have in front
21 of me settlement agreement paragraph 12. And would you
22 point to me where the word "guarantee" appears in
23 settlement agreement paragraph 12, please?

24 **A** The word "guarantee" does not appear in settlement
25 agreement paragraph 12.

1 Q Does it appear anywhere else in the settlement
2 agreement: "guarantee," with a big G, or a little G, or
3 any other spelling thereof?

4 A "Guarantee" does not appear in the settlement agreement.
5 However, this is how ORS has defined the effect of
6 settlement agreement paragraph 12.

7 Q Right. So "guarantee" is not a word of contract that
8 SCE&G/SCANA has entered into, nor is it a term of art
9 used at all in the settlement agreement; it's simply
10 ORS's characterization of cited paragraph 12 of the
11 proposed settlement, correct?

12 A It's how we have defined it.

13 Q It's how you've defined it, right. Did you hear
14 Chairman Marsh's testimony in this proceeding?

15 A I did.

16 Q And did you hear Chairman Marsh explain how he
17 characterized the agreement, and I think it's fair to
18 say he agreed that the word "guarantee" was not in the
19 settlement, and they weren't offering a guarantee, as he
20 saw it? You heard that?

21 A He did say that the word "guarantee" wasn't in the
22 settlement agreement. But a guarantee is basically an
23 assertion in writing that you will do certain things and
24 agree to certain conditions, and the settlement
25 agreement certainly does contain that. Why Mr. Marsh

1 won't use the word "guarantee," I don't know.

2 **Q** Well, I'm concerned about whether it is a guarantee, no
3 matter how you define it, aside from whether the term
4 "guarantee" is used. So, did you hear Chairman Marsh
5 say that SCE&G reserves the right to continue to accrue
6 AFUDC on costs that they did not submit to the PSC for
7 approval under the Base Load Review Act, and then to
8 include those costs in rate base at the point where the
9 Summer units actually came into service? Did you hear
10 him say that, or words to that effect?

11 **A** Yes.

12 **Q** So he's not guaranteeing not to charge ratepayers for
13 these extra costs; he's just agreeing to a moratorium on
14 when he actually tells ratepayers they're going to have
15 to pay for these costs and then submits them to the PSC
16 when the plants go in service, right?

17 **A** I would not agree with that characterization.

18 **Q** Okay. Well, he agrees not to ask for Base Load Review
19 Act approval for ratepayer financing of those costs, at
20 least through a period that he calls the moratorium, and
21 that's in there, right? There's a moratorium to –

22 **CHAIRMAN WHITFIELD:** Mr. Guild, I need you to
23 get mic'd up again.

24 **MR. GUILD:** Okay. Oh, sorry.

25 [Brief pause]

1 **BY MR. GUILD:**

2 **Q** Do I need to repeat that question?

3 **A** No, sir. I heard your question. The moratorium – there
4 is a component of the settlement agreement that is a
5 moratorium, and the guarantee covers fixing the costs
6 associated with the option. However, there are costs
7 that do fall outside of the guarantee. These are things
8 specifically related to sales tax, performance bonds,
9 insurance premiums, import duties, mandatory spare parts
10 and extended equipment warranties not otherwise agreed
11 to in the larger settlement, costs associated with the
12 decisions of the Dispute Resolution Board, and costs
13 associated with the issues listed in Exhibit C of the
14 amendment. Also, owner's costs are not included in the
15 guarantee.

16 The guarantee is only related to the costs that are
17 contained within the option, and if I can read the
18 language to you to maybe make this a little more clear –

19 **Q** If you choose, but I have the agreement in front of me,
20 so there's no need to, unless it helps you.

21 **A** I think it might help me with my response. “The
22 settling parties agree that the payment for the option
23 will not be contested, provided that SCE&G takes certain
24 steps to ensure that ratepayers retain the benefit of
25 the fixed-price. SCE&G, therefore, agrees to fix the

1 price to consumers for EPC contract costs according to
2 the terms of the settlement. To this effect, SCE&G
3 agrees that it will not file any future requests with
4 the Commission seeking additional or updated budget
5 increases related to the construction of Unit 2 and 3,
6 unless such requests are related to signed change
7 orders, transmission costs, time-and-materials costs
8 specifically outlined in paragraph two, page one, of the
9 option," relating to sales tax, performance bonds, and
10 those things that I listed earlier. "Owner's cost
11 increases will only be considered if they are related to
12 staffing costs due to delays or new costs not identified
13 at the time of this filing. Owner's cost increases
14 shall not be considered if they involve a transfer of
15 scopes of work from Westinghouse's fixed-price category,
16 unless SCE&G can complete the scope of work pursuant to
17 a contract that fixes the price in an amount equal to or
18 less than the amount of the credit provided by
19 Westinghouse and the credit change order that moves the
20 scope of work," and then it goes on to sort of deal with
21 a few other clarifications about scopes of work.

22 So there is a portion that is fixing the price for
23 the option, and there's another portion of the
24 settlement agreement that is the moratorium. These
25 things that aren't covered in the guarantee, certainly

1 SCE&G will be accruing AFUDC on those if they need to
2 come in before the moratorium would allow them to do so.

3 What ORS was very concerned about is that there's a
4 lot of uncertainty, in our minds, regarding the
5 construction schedule and how long it's going to take to
6 complete the project, how many man-hours it's going to
7 take to complete the project. We would be much more
8 comfortable if we had Fluor's input at this point, to
9 help us with that. Absent that, we wanted to do the
10 best that we could to protect ratepayers from another
11 wholesale renegotiation, just because it takes more
12 hours than Westinghouse expected, just because it takes
13 them, you know, more parts than they expected. We
14 didn't want the ratepayers to agree to the option and
15 then keep coming back. And so I think that the
16 guarantee, as outlined in paragraph 12 of the settlement
17 agreement, does represent the best job we could do, of
18 doing that, and what we could agree to.

19 **Q** Does that complete your answer?

20 **A** Yes, it does.

21 **Q** And that now clarifies what the guarantee is, as ORS
22 characterizes it.

23 **A** Yes, it does.

24 **Q** You did leave out one minor little detail, and that is
25 change of law. They reserve the right to seek

1 additional costs associated with what ultimately is
2 determined to be a change of law.

3 **A** That is correct. I think that language might be
4 somewhere else, but, yes, changes in law are not
5 included.

6 **Q** It's actually paragraph 12; you just stopped reading
7 before you got to that.

8 **A** I'm sorry.

9 **Q** All right. And change of law – you heard the testimony
10 of Mr. Byrne; that's been a subject of significant
11 contention between the contracting parties, Westinghouse
12 and the consortium, and the company, hasn't it?

13 **A** Yes, it has.

14 **Q** And they're still disputing, before the Dispute
15 Resolution Board, the issue of scheduled payments for
16 meeting certain milestones under the construction
17 schedule; that's a matter still pending, correct?

18 **A** That's not a change in law, but it is a matter that's
19 still pending.

20 **Q** Right, I mean, they're fighting already about something
21 that they didn't resolve in the contract amendment, and
22 I'm asking you whether or not you're confident that
23 there will be no further disputes about interpretation
24 of a change of law, as there have been in the past that
25 have led to significant additional costs.

1 **A** I think that the new language regarding change in law
2 does make such disputes less likely. It's never going
3 to completely eliminate disputes.

4 **Q** Okay. So what's ORS's position, Ms. Powell, if, as Dr.
5 Lynch supposes, the additional costs to complete the
6 project amount to \$800-\$900 million additional costs,
7 for which Westinghouse is committing itself to be
8 responsible, and Westinghouse/Toshiba facing financial
9 crises that extend back several years to the resignation
10 of their CEO and fines by the Japanese accounting
11 authorities, Westinghouse/Toshiba defaults and just
12 walks away from the project? What would happen to what
13 you characterize as the guarantees to protect ratepayers
14 in that event?

15 **A** If Toshiba were just to get up and walk out from the
16 project, then, I think there would be some serious
17 litigation regarding the EPC contract where SCE&G would
18 try to make some recoveries from Toshiba. I don't know
19 how much would be left of the project at that point; I
20 don't really have enough information to speculate. But
21 the guarantee fixes the price according to the option,
22 and if there is no option – we would all be in very
23 uncharted territory, and we would have to figure out
24 what we were going to do.

25 **Q** Well, you're ORS, and you're the ones looking out for

1 us. The question is what has ORS contemplated would
2 happen under those circumstances to protect ratepayers
3 who inherit an abandoned nuclear plant where the prime
4 contractor has walked away from the job? What would you
5 do then?

6 **A** I can't speculate, because there are too many different
7 variables, depending on how far along you are in
8 construction, how much you have left to spend. We'd
9 have to look at the situation when we got there and
10 figure out what we were going to do. The company has
11 taken steps to escrow the documentation so that they
12 would have documents that they needed to complete the
13 project. I couldn't speculate.

14 **Q** You heard Mr. Byrne's testimony on the subject?

15 **A** Yes, sir, I did.

16 **Q** And have you, with ORS, even discussed the matter with
17 the SCE&G management about how they would take
18 responsibility, should Toshiba/Westinghouse default?

19 **A** We have discussed options about escrowing and how they
20 would move forward after escrowing. I don't think that
21 they have a firm answer for that, either. It would
22 depend on where they were in the project, you know,
23 whether it was just Toshiba or what all the situations
24 were surrounding that situation.

25 **Q** So, aside from how SCE&G would respond – and all we know

1 is what Mr. Byrne shared with us, that they had at least
2 contemplated it – how would ORS see to it that
3 ratepayers were protected in the event that Westinghouse
4 defaulted or Toshiba defaulted, and somebody else had to
5 take responsibility for this plant?

6 **A** I think that escrowing the information is critical. I
7 also think that the work that SCE&G is doing right now
8 at the Dispute Resolution Board, in negotiating that
9 milestone payment schedule, is critical. We want to be
10 sure that Westinghouse has only been paid for work that
11 they've done; that we're not just making time-based
12 payments, that we're making work-based payments, so that
13 there will be budgeted money left at the end to help us
14 to finish the project.

15 **Q** All right, but – that's good, but my question really is
16 what happens or how would ORS protect ratepayers in the
17 event that SCE&G is left holding the bag?

18 **MR. NELSON:** Objection. That's asked and
19 answered. She just answered that question. I
20 think Mr. Guild has just asked the exact same
21 question once again. We've kind of been through a
22 couple of cycles of this. I think it's been
23 answered.

24 **MR. GUILD:** I beg your pardon. We can read
25 back the transcript, but she answered a different

1 question from what I asked. She talked about
2 resolving another dispute before the Dispute
3 Resolution Board. I want to know what ORS
4 contemplates doing to protect ratepayers in the
5 event that the fixed-price option is defaulted
6 upon, and SCE&G or someone else has to take
7 responsibility for the plant. What happens to
8 ratepayers? Has ORS even thought about that?

9 **CHAIRMAN WHITFIELD:** I think you've asked her
10 that question, Mr. Guild, and I think she's
11 answered it. Now, if you want to ask a different
12 question, or rephrase it maybe different, or ask it
13 a different –

14 **MR. GUILD:** I'll try, Mr. Chairman.

15 **CHAIRMAN WHITFIELD:** – ask a slightly
16 different question, but that question you've asked
17 and she has given an answer.

18 **MR. GUILD:** All right.

19 **BY MR. GUILD:**

20 **Q** I understand your testimony, Ms. Powell, that there is
21 something you interpret and characterize as a guarantee
22 in the settlement, and I would respectfully disagree.
23 But in the event that I have hypothesized – which,
24 frankly, does not seem far-fetched at all, given your
25 own witness's testimony – that Westinghouse/Toshiba

1 default, they cannot honor this contract, how much money
2 would South Carolina ratepayers of SCE&G, maybe even
3 co-op customers who buy their power from Santee Cooper,
4 how much financial impact would such an event have on
5 us, on my clients? What does ORS know of that, if
6 anything?

7 **A** It would just depend on where the project was, what
8 SCE&G had to do to fix the situation. It's difficult to
9 speculate on something when – is it Toshiba? Is it, you
10 know, other subcontractors? What's going on, without
11 any specific details, it's difficult to say that. I can
12 say that ORS is concerned, as always, with the public,
13 and we would do what we always do, which is evaluate the
14 options, evaluate the costs, and determine, you know,
15 what has been prudently incurred and what hasn't.

16 **Q** Have you made any estimate of what the financial impact
17 would be on ratepayers, in a hypothetical eventuality
18 that the contract is defaulted on?

19 **A** No, because there are too many variables to calculate
20 that?

21 **Q** Nonetheless, you treat this as a guarantee and entered
22 into the settlement, challenging not a dime of these
23 cost overruns. That's the ORS position, is that you –

24 **A** That the –

25 **Q** – entered a settlement – excuse me – you've entered a

1 settlement, you characterize it as good for ratepayers,
2 you've called it a guarantee, and you have no idea what
3 the financial impacts would be if there's a default on
4 this contract.

5 **A** The guarantee is under the terms of the EPC contract.
6 We've had meetings with Westinghouse where senior
7 Westinghouse management assured us that they were
8 committed to finishing this project. We've discussed
9 the issue with SCE&G; they have assured us that
10 Westinghouse has told them they're committed to
11 finishing the project, that it's very important to their
12 brand. I can't speculate on hypothetical situations
13 until we see what they are. And I think that Gary's
14 testimony talks about potential costs that Westinghouse
15 would have to bear – not necessarily that Westinghouse
16 would walk away; it's just that Westinghouse should have
17 to absorb those costs.

18 **Q** Has the ORS made an assessment of the financial health
19 of Toshiba/Westinghouse and their ability to absorb
20 \$800-\$900 million in excess costs for this project?

21 **A** We've followed what is in the news articles about the
22 health of Toshiba and Westinghouse. We're not privy to
23 their private balance sheets.

24 **Q** Have you asked them to provide you information about
25 their financial *bona fides*, their ability to absorb that

1 cost?

2 **A** As part of the EPC contract agreement, they do have a
3 guarantee that would be available, you know, during any
4 litigation.

5 **Q** That's not my question, though, Ms. Powell. My question
6 is, has ORS asked Toshiba/Westinghouse to provide any
7 verification of its financial capacity to absorb
8 \$800-\$900 million of losses – the very amount of losses
9 that your own witness says he's concerned about? Have
10 you evaluated their ability to bear those losses?

11 **A** As I mentioned before, we have looked at the publicly
12 available information. We haven't gone beyond the
13 publicly available information in that particular case.
14 We have had discussions with Westinghouse and with SCE&G
15 about their level of commitment to the project and
16 whether they think they can finish the project.

17 **Q** Did they tell you everything is great?

18 **A** They said that they are committed – Westinghouse said
19 they were committed to the project and they were
20 committed to finishing the project.

21 **Q** And did they say they were committed to the project
22 three years ago? Everything was great, back then?

23 **A** I – Westinghouse is still here, and CB&I isn't.

24 **MR. GUILD:** Well, that's all the questions I
25 have. Thank you.

1 We get invoices and our Audit Department reviews
2 those invoices. The invoices are, you know, associated
3 with – from Westinghouse, and we would look and see, you
4 know, is that invoice a milestone payment? Is that
5 invoice related to the sales tax, performance bond, and
6 insurance payments, something that's not inside of the
7 scope of work?

8 **Q** Are they coded some way, or do you just have to make a
9 judgment about whether something is in the scope or not?

10 **A** I'm not familiar with the details of the invoices,
11 because Audit really usually works with that. I do know
12 that there is coding on the invoices. And in the past,
13 we had asked SCE&G to help us to, you know, flag
14 invoices related to certain issues or certain items.
15 And when they get the new milestone payment schedule
16 negotiated, I feel like that's probably how we would
17 probably handle it, going forward, as well.

18 **Q** Is this monitoring any different than what you have done
19 in the past?

20 **A** No. There have always been scopes of work that were
21 fixed, scopes of work that were time-and-material,
22 scopes of work that were, you know, under other
23 different cost structures. It's actually much simpler
24 than past, because it's all fixed except for a very
25 small amount that's not fixed.

1 **Q** Okay, thank you.

2 **A** You're welcome.

3 **CHAIRMAN WHITFIELD:** Thank you, Commissioner
4 Elam.

5 Other Commissioners?

6 [No response]

7 Well, if no further Commissioner questions,
8 Mr. Nelson, any redirect?

9 **MR. NELSON:** No redirect, Mr. Chairman.

10 I'd ask that Ms. Powell please be excused from
11 the rest of the hearing, if everybody is done with
12 her. She has an appointment tomorrow she has to be at.

13 **CHAIRMAN WHITFIELD:** Yes, we realize she has a
14 schedule conflict tomorrow.

15 And if no one has any further questions, Ms.
16 Powell, you may step down and you are excused for
17 tomorrow.

18 And at this time, we're going to recess the
19 hearing until in the morning, and we will start
20 back at 10:30 in the morning.

21 [WHEREUPON, the witness was excused.]

22 [WHEREUPON, at 6:00 p.m., the hearing in the
23 above-entitled matter was adjourned, to
24 reconvene at 10:30 a.m. on October 13, 2016.]

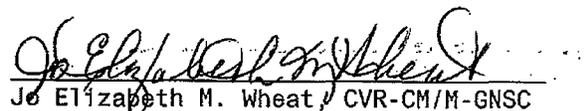
25

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, Notary Public in and for the State of South Carolina, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of proceedings had and testimony adduced in a hearing held in the above-captioned matter before the PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA;

That the witnesses appearing during said hearing were affirmed by me to state the truth, the whole truth, and nothing but the truth;

IN WITNESS WHEREOF, I have hereunto set my hand and seal, on this the 21st day of October, 2016.


Jo Elizabeth M. Wheat, CVR-CM/M-GNSC
Hearings Reporter, PSC/SC
My Commission Expires: January 27, 2021.

Depo:

10/26/2018

- ① Tell the truth
- ② Answer the Q asked
- ③ Stick to the Q

Brandon Keel SCEG
 Spink SCEG
 Moods SCEG
 Mullins CEPE
 Dennis JMW
 Kulp ORS
 Hamm ORS
 Gibson Class

Sent. in absentia

- ① Recall of my discussion e Bechtel through abandonment.

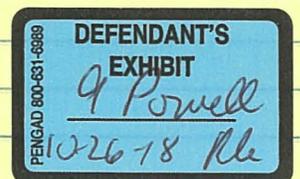
Oct 2015

- ② Onices

Q. - neg

Cost / budget

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**SOUTH CAROLINA ELECTRIC & GAS COMPANY
OFFICE OF REGULATORY STAFF'S FIRST AUDIT INFORMATION REQUEST
October 15 Amendments to the Engineering, Procurement, and
Construction Contract Related to the Construction of a Nuclear Baseload
Generation Facility at Jenkinsville, South Carolina**

REQUEST 1-32:

Has SCE&G decided to retain the services of a Project Consultant as allowed in the Agreement? What are the costs associated with these services? Are these costs included in the current estimate of the Owner's Cost? Has a contract been awarded? If so, to whom? If this decision has not yet been made, please advise the target schedule for making a decision or implementing this service.

RESPONSE 1-32:

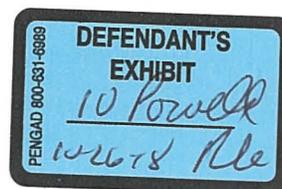
Yes. SCE&G has decided to retain the services of at least two project consultants for consultation as to the process for the selection of construction payment milestones. One of the consultants, Work Management, Inc., has already performed its services, and SCE&G expects that the cost of those services will be less than \$5,000. The second company has not yet signed a contract or provided any services, but the costs should not exceed \$25,000. There are sufficient funds in the Owner's Cost category to cover these amounts.

FIRST SUPPLEMENTAL RESPONSE 1-32:

SCE&G retained the consulting services of Work Management, Inc. concerning the selection of construction payment milestones. These consulting services were provided at no cost to SCE&G. With regard to the second consultant company referenced in Response 1-32, SCE&G has elected to not pursue the hiring of this company.

SECOND SUPPLEMENTAL RESPONSE 1-32:

After deciding not to pursue the hiring of the second consultant company referenced in SC&EG's First Supplement Response, 1-32 above, SCE&G has now decided to retain the services of another project consultant, Secretariat International, Inc., to assist the Company with the construction milestone payment schedule. As stated in Response 1-32 above, there are sufficient funds in the Owner's Cost category to cover this expense.



SCEG000341