

1 VIDEOGRAPHER: On the record at 1:35 p.m.

2 MR. COX: So we're back on the record after  
3 lunch. Counsel for the parties had a conversation  
4 during lunch about the sequencing of examination  
5 of the witness. Mr. Balser has requested or has  
6 indicated that he consents to the ORS attorney,  
7 myself, beginning an examination of Mr. Addison if  
8 we think that we can complete that examination  
9 today. And I feel that we likely can be able to  
10 do that. It might require staying some time  
11 period past 5 p.m. but not late into the evening.  
12 I'd say estimate maybe an hour or so tops after  
13 5 p.m. to try to get to the ORS piece of the  
14 testimony done. And with that understanding,  
15 Mr. Balser has said that I can begin the  
16 examination and the plaintiffs can resume the  
17 examination at a later date. Is that correct?

18 MR. BALSER: I think that fairly summarizes  
19 our discussions. And to be clear, my agreement to  
20 accommodate ORS's request that it take the witness  
21 out of sequence was conditioned upon a commitment  
22 that we do complete this today. And you did  
23 indicate that you'd hope to be finished by five,  
24 you may need more time, and that we discuss it at  
25 five o'clock or so where we stand.

1 - - - - -

2 EXAMINATION

3 BY MR. COX:

4 Q Good afternoon, Mr. Addison.

5 A Good afternoon.

6 Q Mr. Addison, we met before your deposition began.  
7 My name again is Jim Cox. I'm an attorney  
8 representing the South office of Regulatory Staff  
9 in a couple of different proceedings. I represent  
10 the ORS as an intervener in the customer  
11 class-action case in state court in which  
12 Mr. Solomons is also an attorney. And I also  
13 represent the ORS in the consolidated PSC  
14 proceedings that are set for a hearing beginning  
15 November 1st in which SCE&G has requested PSC  
16 consent to a merger and request -- requested  
17 recovery of abandonment costs. Are you familiar  
18 with that PSC proceedings, Mr. Addison?

19 A Yes.

20 Q And you provided direct testimony to the PSC in  
21 that preceding. Is that right?

22 A Correct.

23 Q So you've hear our agreement among the attorneys,  
24 Mr. Addison. I'm going to ask you some questions  
25 now that relate to the project. Before I began,

1           you understand that the oath you took this morning  
2           is still in effect?

3    A    I do.

4    Q    One understanding that I'd like to establish today  
5           is that if I ask a question that you don't  
6           understand that you feel is vague, whether due to  
7           time period or subject matter, for whatever  
8           reason, if you don't understand the question, if  
9           you let me know that, I will try to improve the  
10          question so that you can understand it. However,  
11          I will not be aware that you don't understand the  
12          question if you don't let me know. So will you  
13          let me know if you do not understand a question?

14   A    I will do my best.

15   Q    Mr. Addison, we were discussing compensation  
16          earlier today. It is correct, isn't it, that in  
17          the calendar years 2015, 2016, and 2017 your total  
18          compensation for each of those years was over  
19          \$2 million?

20   A    I don't remember specifically, but that sounds  
21          appropriate.

22   Q    Would it refresh your recollection to take a look  
23          at the S-4 filing that your -- or I'm sorry -- the  
24          10-K-A filing that your company filed to confirm  
25          what your compensation was?

1 A The problem with that is, maybe right out of the  
2 shoot, one of the misunderstandings or questions.  
3 The problem with that is what you file in the SEC  
4 documents is not necessarily the absolute  
5 compensation. There are very specific rules  
6 around the SEC documents, particularly these  
7 long-term plans. You have to file what was  
8 awarded in that year that may or may not be earned  
9 three years later. So for example, in 2017, that  
10 would've been paid out early 2018, it was a  
11 substantial reduction even though those plans  
12 originated three years earlier were disclosed in  
13 those documents as a much higher dollar, only a  
14 small percentage of it was earned.

15 Q Well, let's go ahead and go with the  
16 classification used by the SEC as far as total  
17 compensation earned during a year. You would  
18 agree, wouldn't you, that under the SEC  
19 classification of compensation, your total  
20 compensation for each of those three years was  
21 over \$2 million.

22 A Yes. But that's also not necessarily reflective  
23 of what I was paid.

24 Q And I think you testified earlier that you  
25 received every bonus that you were eligible to

1 receive in connection with the VC Summer project.

2 Is that correct?

3 A I think I testified that I believe that was the  
4 case but was not sure.

5 Q And it's correct that you were slated to receive  
6 approximately \$9.7 million compensation if the  
7 merger closes?

8 A That's not -- again, that's an SEC filing. That's  
9 not completely accurate. Some of that is  
10 compensation that I've earned in prior years and  
11 deferred under tax deferral plans and simply would  
12 be paid out. And the more significant trigger to  
13 that is that most of that is only applicable if I  
14 lose my job. So we have what's known as a  
15 two-step plan. The merge has to close and I have  
16 to lose my job in order for that to apply.

17 Q Do you know right now if the merger closes what  
18 the plan is as far as whether you will retain your  
19 job?

20 A I do not know.

21 Q So if the merger closes and if you lose your job,  
22 is it correct you are currently slated under the  
23 merger documents to receive approximately  
24 9.7 million in compensation?

25 A Again, with the clarification that some of that

1 was previously earned. Some of that previously  
2 awarded in previous years that would simply mature  
3 earlier like those three-year plans. And of  
4 course, that's the gross compensation.

5 Q So with that clarification --

6 A Post tax.

7 Q I'm sorry.

8 A Not post tax.

9 Q That's a pretax number?

10 A That is. And there's a significant additional  
11 excise tax on that type compensation at roughly  
12 20 percent.

13 Q So with that clarification, is your answer to the  
14 question yes?

15 A Yeah, I believe so. But frankly, I haven't  
16 studied it in detail because I don't even know if  
17 it will apply. I've been focused on the company.

18 Q You would agree that the S-4 is the document that  
19 reveals what the compensation you were scheduled  
20 to receive in the event the merger closes and you  
21 lose your position?

22 A Correct.

23 Q When you were CFO, who determined if you had met  
24 the goals required for you to receive your  
25 performance bonus?

1 A Ultimately, the Board of Directors.

2 Q And how were you notified whether you had met the  
3 goals to receive that bonus?

4 A By Mr. Marsh after the Board made their  
5 conclusions.

6 Q Was that an oral communication or did he give you  
7 something in writing?

8 A Both.

9 Q And how often did those written communications  
10 occur?

11 A Annually.

12 Q Do you know if Mr. Marsh received all of his  
13 performance bonuses that he was eligible to  
14 receive in connection with the project?

15 A I do not know.

16 Q And you don't even know that now in your current  
17 position as CEO as to whether he received all the  
18 performance bonuses for which he was eligible to  
19 receive?

20 A I do not know. I know specifically that in this  
21 most recent year the Board determined that even  
22 though certain amounts were earned by the  
23 executives, to not pay them. He used their  
24 override power not to do that. So I would say he  
25 did not get paid for all he earned because the

1 Board made that decision.

2 Q And that decision was made after abandonment. Is  
3 that correct?

4 A It was.

5 Q And just so the record is clear, is it correct  
6 that SCE&G formally decided to abandon the project  
7 on July 31, 2017?

8 A Yes.

9 Q And the bonus that you referring to there to which  
10 senior executives did not receive, what time  
11 period was that bonus for?

12 A For 2017.

13 Q Mr. Addison, you testified before the PSC in the  
14 project approval docket in 2008. Is that correct?

15 A Yes, I believe so.

16 Q And you testified before the PSC that the company  
17 would be transparent with the PSC and the ORS in  
18 managing the projects. Is that correct?

19 A I don't doubt that, but could you show me the  
20 testimony you're referring to.

21 Q I sure can.

22 A Okay.

23 Q Mr. Addison, Exhibit No. 5 is an excerpt of  
24 testimony from December 4, 2008, before the South  
25 Carolina PSC. And I'd like for you to turn to the

1 page that is marked at the top, page 1199.

2 A Okay.

3

4 (Whereupon, PSC Testimony was marked  
5 Exhibit No. 5 for identification.)

6

7 Q Does this accurately reflect what your testimony  
8 was before the PSC in December 2008?

9 A So how much of this are you referring to so I'll  
10 know how much to read?

11 Q Lines 1 through 12.

12 A (Witness reviews document.) Okay. Yes.

13 Q So you testified before the PSC that your company  
14 would be transparent with the ORS regarding the  
15 evidence whether your company is on schedule with  
16 the project. Is that correct?

17 A Correct.

18 Q And if you'll turn to page 1230. It's actually  
19 the next page of the excerpt. You can start  
20 reading on line 18 of that page through page --  
21 I'm sorry -- through line 7 of the next page.

22 A So is this still my testimony?

23 Q Yes, it is.

24 A Sorry. Line 18 through which line on the next  
25 page?

1 Q Seven.

2 A (Witness reviews document.) Can you tell whose  
3 asking this question? I can see from context it's  
4 a commissioner.

5 Q This is Ms. Greenlaw.

6 A So it's not a commissioner. Thank you. (Witness  
7 reviews document.) Okay.

8 Q You testified here that the company would be  
9 completely transparent. Is that correct?

10 A That's correct.

11 Q Mr. Addison, sitting here now today, was SCE&G  
12 completely transparent in the project before the  
13 PSC and ORS?

14 A I don't know of anything sitting here today where  
15 we were not transparent.

16 Q You're aware of the Bechtel report. Is that  
17 right, Mr. Addison?

18 A I am.

19 Q The schedule assessment that the Bechtel Company  
20 completed, the company never revealed that to the  
21 PSC or to the ORS, did they?

22 A Because of events subsequent to abandonment, I  
23 became aware that apparently the company did not.  
24 But I was not a part of the review of that report  
25 upfront or the final review of the report. In

1 fact, I haven't seen the report. I haven't read  
2 the report to date. So I'm left to conclude that  
3 -- I can't conclude that the company didn't  
4 disclose a material fact just because the report  
5 that was prepared under anticipation of litigation  
6 was not disclosed at the time. I don't know that.

7 Q So your testimony is that the company was  
8 transparent with respect to the Bechtel report  
9 because the report was prepared in anticipation of  
10 litigation?

11 A No. That's not my testimony. My testimony is I  
12 don't know what conclusions the report drew or how  
13 accurate those were or if conclusions that it drew  
14 had already been disclosed otherwise. And,  
15 therefore, would either be duplicate or were not  
16 reliable. I do not know that.

17 Q And I understand that you're now in a different  
18 position with the company than you were at the  
19 time the Bechtel assessment was performed. And  
20 there may be times during my questioning where it  
21 will be important for us to identify and whether  
22 I'm asking you a question about what you knew when  
23 you were the CFO versus what you know now sitting  
24 here as the CEO of your company. So that's a good  
25 point and I appreciate that and I will try to do

1 that.

2 This question now that I'm asking is not  
3 about what you knew about the Bechtel report in  
4 2015. The question is sitting here now -- and  
5 maybe we should establish some facts. Your  
6 company through an attorney commissioned an  
7 assessment of the project to be performed by the  
8 Bechtel Corporation in 2015, correct?

9  
Co: 16:31

10 MR. BALSER: Object to the question.  
11 Mischaracterizes George Winicks (ph) testimony of  
12 yesterday. Go ahead.

13

14 A So my understanding is the owners engaged Bechtel  
15 in 2015 jointly.

16 Q Okay. To do an assessment of the project. Is  
17 that correct?

18 A I'm not specifically sure of what the scope of the  
19 project was.

20 Q So sitting here now, you're still not specifically  
21 sure what the scope of the project was?

22 A That's correct.

23 Q Scope of the assessment was?

24 A That's correct.

25 Q And my question to you is sitting here now, isn't

1           it true that the company did not reveal to the  
2           Commission or to the ORS the results of the  
3           Bechtel assessment before SCE&G abandoned the  
4           project?

5    A       Based on what I've learned from legislative  
6           hearings, et cetera, publicly since then, I would  
7           agree with that.

8    Q       And is it your testimony that the company was  
9           transparent in that regard by not disclosing the  
10          results of that assessment at the time the company  
11          at or near the time the company received them from  
12          the Bechtel Corporation?

13   A       No. My testimony is the same as it was early  
14          which is I don't know. I don't know the content  
15          of the report. I don't know if what was in the  
16          report had already been disclosed otherwise and it  
17          would've been duplicative or if it were reliable  
18          or not. I just do not know that. I was not there  
19          in the context at the time.

20   Q       So you're saying that you don't know certain facts  
21          that would allow you to give a statement now as to  
22          whether the company's failure to disclose the  
23          Bechtel result and report to the PSC and the ORS  
24          was a failure to be transparent?

25   A       I do not know that because I do not know the

1 content and the context at the time.

2 Q What would be relevant for you to know whether the  
3 company was not transparent in failing to reveal  
4 the results of the Bechtel report to the PSC and  
5 the ORS?

6 A I don't know the answer to that either. As I  
7 understood it, it was a largely engineering  
8 related project. That's not my functional  
9 expertise. Excuse me. So I'm not sure I could've  
10 assessed whether or not the report was valuable  
11 and necessary to be disclosed.

12 Q I understand that. And I'm not asking you about  
13 in your role CFO what you are aware of or what  
14 your subject matter expertise would be based on  
15 your background with the report. What I'm asking  
16 you now is based on your position as the head of  
17 your company, as the CEO of your company, and  
18 whether your company's failure to disclose the  
19 results of that assessment to the ORS and the PSC  
20 that your representation to the Commission that  
21 your company would be completely transparent?

22 A And again, I don't know the answer to that.

23 Q You brought up a point about material  
24 representations earlier. And there's one thing I  
25 wanted to ask you about, Mr. Addison. In your

1 position as CEO, you certify your company's SEC  
2 filings. Is that correct?

3 A That's correct.

4 Q And you also certify where in the past when you  
5 were CFO you also certified your company's SEC  
6 filings in that position too, correct?

7 A Correct.

8 Q And the certification that you signed as CFO or  
9 CEO is that the filing does not include any untrue  
10 statements and material fact. Is that correct?

11 A Correct.

12 Q And you also certified that your company's SEC  
13 filings do not omit any material facts necessary  
14 to make the statements made not misleading. Is  
15 that correct?

16 A Correct.

17 Q And you've signed those certifications for 12  
18 years now. Is that right?

19 A Correct.

20 Q So an accountant and as a senior executive, you're  
21 familiar with the principal that omissions of  
22 material fact can result in a statement being  
23 misleading?

24 A Yes.

25 Q There were some discussion earlier, Mr. Addison,

1 about estimate at completion analysis that was  
2 performed by your company in 2014. Do you recall  
3 that?

4 A I do.

5 Q Do you know what the results of that assessment  
6 were?

7 A I do not.

8 Q Sitting here now, today, do you know the results  
9 of your company's assessment in 2014?

10 A I do not know the specific results. I know that  
11 in the 2015 filing the company witnesses,  
12 specifically Mr. Byrne as we've talked about this  
13 morning, specifically talked about the performance  
14 of the contractor as it relates to accomplishing  
15 the tasks and the improvements that were necessary  
16 to meet their goals. But I don't know specific  
17 details about that study. I was not a part of  
18 that study team.

19 Q Isn't correct, Mr. Addison, that the cost estimate  
20 that your company submitted in that March 2015  
21 filing was the cost estimate that was provided by  
22 the Consortium in 2014, not the numbers that were  
23 performed by the finance people in your own  
24 company?

25 A That's my understanding.

1 Q Do you have an understanding as to whether your  
2 company reached its own analysis that came up with  
3 different numbers on that estimate at completion  
4 cost?

5 A I understand that the team did come up with  
6 different numbers. I just can't tell you  
7 specifically what those are within the limitation  
8 of what they had access to.

9 Q So you don't know how big the delta, the  
10 difference was, between your company's numbers and  
11 the numbers that the Consortium provide, correct?

12 A I do not call specifically how large that  
13 difference was.

14 Q Could it have been 500 million?

15 A It could have been.

16 Q Your company did not reveal the results of your  
17 own company's estimate at completion analysis in  
18 that March 2015 filing to the PSC, did it?

19 A I don't believe so. I believe what the company  
20 revealed was that they're not hitting the marks  
21 that the contractors' estimates are based on  
22 projected at this point in time. And that it  
23 would be a significant challenge for the  
24 contractor to hit those goals and that scheduling  
25 and cost could change, but it was not in SCE&G

1 customers' or SCE&G's interest to submit a higher  
2 budget and take the pressure off the contractor to  
3 hit their own proposed budgets.

4 Q Did your company testify that it was not in  
5 SCE&G's interest to reveal its own numbers?

6 A No, I don't believe so.

7 Q So on your answer there, i wasn't sure when you  
8 stop saying what you told the Commission and what  
9 you were stating as to be an explanation as to  
10 what was not told to the Commission?

11 A So can you give me a question on that?

12 Q Yeah, let me go back. And I just want to  
13 establish certain facts here. It is true,  
14 Mr. Addison, that your company performed its own  
15 EAC analysis in 2014, came up with a different  
16 number as the most likely estimate at completion  
17 cost for the project. Is that correct?

18 A Correct.

19 Q And it is correct that your company did not reveal  
20 its internal estimate at completion cost in that  
21 March 2015 filing to the PSC?

22 A I believe that's also correct.

23 Q Now, can you tell me, Mr. Addison, sitting here  
24 now, today, knowing those facts, not in your role  
25 in 2015, but sitting here today did the company's

1 failure to disclose that it had a different  
2 estimate at completion cost than the Consortium  
3 had reached, its failure to reveal that in 2015 to  
4 the Commission, did that meet your representations  
5 to PSC of your company being completely  
6 transparent?

7 A I can't say whether it did or didn't. I don't  
8 know what else was in the context at that time. I  
9 don't know what the ORS did. My understanding of  
10 the EAC, it was largely an extrapolation of the  
11 current productivity factors. I would expect that  
12 same type of analysis was done by the regulatory  
13 staff themselves. I don't know that, but I would  
14 expect they would. So I don't -- I know that the  
15 company disclosed that it was not in the company  
16 or the customers' interest to accept a budget from  
17 the contractor that was higher and to take the  
18 incentive off the contractor to hit their own  
19 proposed budgets.

20 Q Isn't it true in that March 2015 filing that your  
21 company said, "We're not letting the Consortium  
22 off the hook on some of these costs. Some of  
23 these costs in the Consortium's estimate at  
24 completion, this \$698 million of increased cost,  
25 we don't think we're responsible for. So we're

1 providing this number of complete cost yet not  
2 claiming that the company will have to pay all  
3 these costs."

4 A Yeah. I don't believe I testified to that, but I  
5 think that some company witness did.

6 Q Okay. So, Mr. Addison, you don't of any  
7 prohibition that would've prevented the company  
8 from saying here's the 690 million that the  
9 company came up with -- or I'm sorry -- that the  
10 Consortium came up with as an estimate at  
11 completion cost. Our internal projections are  
12 different. You don't know of any reason that the  
13 company could not have informed the Commission of  
14 that, correct?

15 A Other than the one I stated earlier which was it  
16 possibly would relieve the pressure on the  
17 Consortium to hit their own targets.

18 Q How would it do that?

19 A Well, if the regulator approved a higher number  
20 then the Consortium would say we don't need to try  
21 as hard -- or could say we don't need to try as  
22 hard to hit our improved performance factors.

Co: 26:40

23 Q Is that something the company was worried about at  
24 the time?

25 A I believe that was a concern.

1 Q Could the company have informed the ORS of this  
2 discrepancy between the Consortium's estimate at  
3 completion cost and the company's?

4 A Could the company have done that? Sure.

5 Q And that would not have revealed that discrepancy  
6 to the Consortium, correct?

7 A Depends on whether it became part of the public  
8 record or not. And based upon my experience, it  
9 likely would have.

10 Q So is it your testimony that the reason the  
11 company did not reveal that it had a different  
12 estimate at completion cost in March 2015 is  
13 because it was worried that that number would  
14 reduce the incentive on the Consortium to meet its  
15 productivity goals?

16 A One of the factors. It wasn't my testimony in  
17 2015. I don't know all the context of what was  
18 considered then. I didn't even testify personally  
19 in that preceding. So I don't know all the  
20 factors that went into that. But I believe that  
21 was one of them.

22 Q Okay.

23 A There may have been other factors like how could  
24 we be confident of our own projections? How could  
25 we know the improvements that were happening at

1 other facilities where the like plants were being  
2 built in the US and internationally that the  
3 Consortium could base their improved performance  
4 on that we were only using historical information,  
5 how can we know that? So . . .

6 Q And I want to take this out of the speculation and  
7 move to the actual reasons that your company did  
8 what it did. And it may be that you don't have  
9 that knowledge sitting here today.

10 A It's likely the case.

11 Q And that's fine. But sitting here today, I  
12 understand that you've been designated as a  
13 witness to testify at the PSC hearing next month  
14 regarding the prudence of your company's actions  
15 in respect to the project. Is that correct?

16 A Prudence of the decision to abandon.

17 Q Okay. Will you be testifying regarding the  
18 prudence of your company's actions on the project  
19 prior to the decision to the abandon?

20 A No. I believe other witnesses will that had  
21 direct knowledge.

22 Q So you will not be testifying as to the reasons  
23 that the company did or did not include certain  
24 facts in the March 2015 PSC filing?

25 A No.

1 Q And would that be the same statement with respect  
2 to the 2016 PSC modification docket that you will  
3 not be testifying why your company presented the  
4 information that it presented to the Commission?

5 A That's not part of my direct testimony. Of  
6 course, I don't have any control over what else  
7 I'm asked in cross-examination. So I'm testifying  
8 related to the abandonment decision and the  
9 merger, principally.

10 Q So I'd like to go back to that March 2015 filing  
11 and establish what you know now and how you know  
12 it. Because one important thing here is if you  
13 know certain facts, what the basis of your  
14 knowledge is. I would like to discover that  
15 information. And if you don't know certain facts  
16 or you would be speculating, even sitting here now  
17 today as the CEO, it's fine for you to -- for that  
18 to be your answer. I just want to understand what  
19 the scope of your knowledge is.

20 So sitting here today as the CEO of the  
21 company, do you know what the reasons were that  
22 the company decided not to reveal to the PSC in  
23 March 2015 that it had a different estimate at  
24 completion cost than the Consortium?

25 A I only know what I told you earlier which was

1 based upon what I read and witness testimony.

2 Q What did you read that gave you that knowledge?

3 A That it's not -- this is a paraphrase. I don't  
4 have it in front of me. But from Mr. Byrne's  
5 testimony that it was a -- it was not an SCE&G or  
6 the customers' interest to accept lower  
7 performance factors than the Consortium was  
8 presenting, and therefore a higher budget.

9 Q And I understand your testimony about what is in  
10 his testimony. And I'm asking you a question  
11 about the reasons the company did not put certain  
12 information in the PSC filing. And the question  
13 is do you know sitting here now why the company  
14 did not reveal to the PSC that the estimate at  
15 completion cost it had calculated was higher than  
16 the one that the Consortium had calculated? You  
17 mentioned earlier that the issue of  
18 de incentivising the Consortium to be productive  
19 may have been a factor. And I -- my question to  
20 you is, is that something you know that was a  
21 reason that the company decided not to include its  
22 own internal cost estimate? Or are you just  
23 speculating or assessing that that may have been a  
24 reason?

25 A I basing it upon reading the testimony. I don't

1 know other than that.

2 Q And do you have any other reasons that the company  
3 did that include its internal cost estimate in the  
4 March 2015 filing?

5 A Not specifically.

6 Q In March 2015, Mr. Addison, did SCE&G believe that  
7 its internal estimate at cost completion was a  
8 more accurate estimate than the estimate that was  
9 provided by the Consortium?

10 A I do know.

11 Q And you don't know the answer to that sitting here  
12 today?

13 A No, I don't.

14 Q Now, it's true that Carlette Walker approached you  
15 about concerns that the Consortium's estimate at  
16 completion cost, EAC, was too low, correct?

17 A I don't remember the details of our discussion,  
18 but I know her concern was that they were  
19 projecting improvements in the performance that  
20 was not consistent with the historical  
21 performance.

22 Q Did she mention to you any other factors that  
23 caused her to doubt the accuracy of the  
24 Consortium's EAC numbers?

25 A I don't remember any.

1 Q Have you ever heard the term "Woodlands Cuts  
2 (ph)"?

3 A No. I don't recall that.

4 Q Did Ms. Walker provide you with any documents to  
5 support her concern that the Consortium's estimate  
6 was incorrect?

7 A Yeah. I don't remember specific documents. I  
8 clearly remember her concern. (Brief pause.) Are  
9 we finished with Exhibit No. 5?

10 Q We're finished for now, yeah. Mr. Addison, I've  
11 handed you a document that's been labeled Exhibit  
12 No. 6. These are a stack of documents that were  
13 produced in this action pursuant to a subpoena  
14 directed to Ms. Walker. The subpoena asked for  
15 her to produce a file of documents that she  
16 claimed that she provided to you. She referenced  
17 it as the "Jimmy File." I'd like for you to  
18 review Exhibit No. 6. The last three pages are  
19 legal size papers that fold out. If you could  
20 review this and let me know if in reviewing this  
21 document you can say that this is a set of  
22 documents that Ms. Walker gave you.

23

24 (Whereupon, E-mail Correspondence and  
25 Attachments was marked Exhibit No. 6 for

1 identification.)

2

3 A (Witness complies.) Okay. I have not reviewed  
4 them all in complete detail. But I have reviewed  
5 them in enough detail I think to answer your  
6 question. And I don't recall these documents  
7 specifically. I don't have a reason to doubt that  
8 she might not have provided some things like this.  
9 I do recall one issue that's identified in here  
10 that she did raise with me around a subcontractor,  
11 an affiliated subcontractor, doing some of the  
12 work for CB&I.

13 Q We'll turn to that in minute. So is it your  
14 testimony that you can't testify with any degree  
15 of certainty whether Ms. Walker provided these  
16 documents to you in 2015?

17 A I can't.

18 Q Okay. So what was the one issue you mentioned in  
19 the document you know she raised with you?

20 A The issue on -- it begins right at the bottom of  
21 the second page, "Shield Building Subcontract  
22 Performance." Specifically, that first bullet on  
23 the top of the next page about the Consortium  
24 awarded a subcontract to an affiliated party  
25 without substantial justification for the sole

1 source of award. I remember her coming to me and  
2 specifically talking about that. I don't remember  
3 that as a part of a package like this, but I  
4 remember her raising that issue.

5 Q When she came to you with her concerns, what did  
6 you tell her you what do?

7 A First of all, I don't remember who else was in the  
8 meeting, but I don't believe it was just the two  
9 of us. I believe there were others that were in  
10 the line organization that would've been  
11 responsible for the project on a day-to-day basis.  
12 And I think she was presenting to more than one of  
13 us. So I don't think it was just me. And I just  
14 don't remember exactly who that was. But they  
15 would've either taken responsibility for following  
16 up on it and dealing with the Consortium on the  
17 issue or I would've communicated to them and they  
18 then would have done that. But I just don't  
19 remember specifically who else was in there.

20 Q So you don't feel that she was directly raising  
21 concerns to you primarily in this meeting?

22 A I just don't remember.

23 Q Okay. But your best recollection is that other  
24 people were present at the meeting?

25 A I don't remember that either. I just said one way

1 or the other, you asked me what would I have  
2 done -- what did I do with it. I would have  
3 either handed it off to the person that was there  
4 that would've had the responsibility because I  
5 didn't interact with the Consortium, or I would've  
6 communicated with them outside of the meeting. I  
7 just don't remember.

8 Q And what I'm trying to understand is after this  
9 meeting, did you take any -- do you recall taking  
10 any actions in response to her raising her  
11 concerns? And I'm not talking about what you  
12 would've done like in a hypothetical type  
13 situation. But after she brought the concerns to  
14 you, whether you recall anything that you did in  
15 response to those concerns?

16 A I just can't recall specifically what occurred  
17 than.

18 Q Do you recall whether you ever went back to  
19 Ms. Walker to follow up with her about her  
20 concerns?

21 A Around that specific subcontract issue?

22 Q Correct.

23 A I don't recall.

24 Q Okay. Now, what about more broadly the issue of  
25 the discrepancy between the cost estimates, EAC

1 estimates by the company, and the Consortium?

2 A The follow up I remember with her on that topic  
3 was she continued to have frustration with the  
4 contractor, with the Consortium. And I remember  
5 one day in late '15 having a conversation with her  
6 around the -- around performance factors and  
7 asking her did she not think that that was a  
8 substantial reason to consider executing the  
9 fixed-price option. And after lengthy delay, she  
10 acknowledged that that would be a reason. So  
11 that's the only follow I remember.

12

13 (Brief disruption.)

14

15 Q So just to reference that conversation you had  
16 with her. Is it fair to summarize that you raised  
17 the issue with her that the fixed-price option  
18 would help address the issue of contractor  
19 overruns and target categories of cost?

20 A Yes. Let me clarify.

21 Q Sure.

22 A I think the beginning of your question was is it  
23 fair that I raised it. I think she raised the  
24 continuing issue, and I supplemented it with well,  
25 do you not think this is a reason that we should

1 consider the fixed-price option.

2 Q And how did she respond?

3 A After a lengthy delay -- I think it was  
4 telephonic -- and after a lengthy delay, as I  
5 recall, she said, well, yes.

6 Q And this was after the March 2015 PSC filing,  
7 correct?

8 A Yes. It would have to had been because the  
9 contract amendment discussions did not begin  
10 until September of '15.

11 Q Mr. Addison, in your role as CFO in 2014 and '15,  
12 what was your role in the company's effort to  
13 develop its own estimate at completion cost?

14 A I did not have a role in it.

15 Q Were you provide updates about the company's  
16 estimates?

17 A I don't recall any. And that wasn't unusual. I  
18 was not in a daily oversight role of the project.  
19 I was responsible for the CFO role of the company,  
20 raising the financing, communicating with the  
21 investment community.

22 Q Ms. Walker reported directly to you, correct?

23 A She did.

24 Q Why was that within her role, the EAC?

25 A I don't know that it was solely in her role. I

1 think she was part of the support staff that  
2 helped put it together because she had financial  
3 analysts on her other staff. And she matrixly  
4 reported to the nuclear operating team through  
5 Mr. Byrne.

6 Q How many other direct reports did you have a CFO  
7 besides Ms. Walker?

8 A I don't remember specifically at the point in  
9 time, but roughly a half-dozen.

10 Q In the 2014, '15 time frame?

11 A Yes. That has changed over time as I've had  
12 different duties.

13 Q Who else reported directly to you in that time  
14 frame, 2014 to '15?

15 A It's hard to be specific about the time frame.  
16 But the treasurer, the controller, head of  
17 information technology, chief information officer,  
18 those are some that I recall.

19 Q Were you briefed by Ms. Walker or anyone else in  
20 the company regarding the results of the company's  
21 EAC analysis prior to the March 2015 PSC filing?

22 A I don't believe so.

23 Q Mr. Addison, I handed you an e-mail that's been  
24 marked Exhibit No. 7. Is this an e-mail exchange  
25 between you and Ms. Walker?

1

2

(Whereupon, E-mail Correspondence was  
3 marked Exhibit No. 7 for  
4 identification.)

5

6 A Yes, it appears to be.

7 Q What are you asking her about?

8 A Well, it's titled Escalated EAC, "Did your team  
9 get the estimate complete on the assumptions we  
10 discussed." That doesn't refresh my memory any  
11 more. I'm sorry.

12 Q Sure. And EAC is referring to estimate at  
13 completion, correct?

14 A I would think so.

15 Q And based on the title of your e-mail and the  
16 content of it, is it your understanding that you  
17 were asking Ms. Walker for an update on the  
18 company's estimate at completion cost analysis?

19 A I just don't recall the exchange. And I don't  
20 dispute that based on what I read here.

21 Q And that's what I'm -- I understand. You send a  
22 lot of e-mails a day, I'm sure.

23 A Right.

24 Q And I'm asking you now whether this e-mail  
25 reflects that you were asking Ms. Walker for the

1 estimate at completion analysis?

2 A It appears that I was asking her -- and I'm having  
3 to speculate -- but it appears that I was asking  
4 her about some assumptions. And I don't know what  
5 that refers to. That appears to be a very  
6 specific subset. I don't recall what that means.

7 Q Do you recall what assumptions -- what possible  
8 assumptions you may have been asking about with  
9 respect to an estimate at completion cost?

10 A I do not.

11 Q Would schedule be one of them?

12 A I don't recall, so I don't know.

13 Q Mr. Addison, I've handed you an e-mail that's been  
14 marked Exhibit No. 8. If you could review that  
15 and then let me know when you're ready to discuss.

16 A (Witness complies.)

17

18 (Whereupon, E-mail Correspondence was  
19 marked Exhibit No. 8 for  
20 identification.)

21

22 A So I'm sort of -- to stop before I'm complete. Am  
23 I missing something? It doesn't appear that these  
24 are chronological.

25 Q The first two pages are an e-mail exchange between

1 Mr. Browne and Mr. Kochems. The last two pages  
2 just have an additional e-mail that was sent later  
3 by Abney Skip Smith.

4 A Oh, I thought this was one e-mail chain. I'm  
5 sorry. So let me have a moment.

6 Q Yeah. And if it helps I think you can just review  
7 the last two pages because it includes all of the  
8 e-mails.

9 A Okay. I've done that.

10 Q Including the e-mails on the first two pages.

11 A Okay. I've done that.

12 Q Okay. So I'd like to understand who some of the  
13 individuals were on this e-mail. Who is Kenneth  
14 Browne?

15 A Ken Browne is a senior engineer in the nuclear  
16 team.

17 Q And who did he work for, your recollection?

18 A I believe Carlette Walker, but there was a fairly  
19 matrixed organization, so I'm not positive. He  
20 may have actually reported to Abney Skip Smith.

21 Q And who was Skip Smith?

22 A Skip Smith was on the org chart was reporter to --  
23 was part of the same group as the finance team.  
24 But he reported to that new nuclear line  
25 organization as opposed to me.

1 Q And these individuals, Mr. Browne, Ms. Walker,  
2 Mr. Smith, they were the group that you would  
3 expect to come up with the company's estimate at  
4 completion cost. Is that correct?

5 A I didn't assemble the team, so I don't know who --  
6 I wouldn't have assigned the project because it  
7 wasn't a within my scope. So I don't know how to  
8 answer your question as to who should've been  
9 assigned to it.

10 Q Even sitting here now, you don't know who assigned  
11 the team?

12 A Right. I don't. I mean, I can read this e-mail  
13 and see who was on it. But I don't know who -- I  
14 think your question was who should've been putting  
15 the EAC together, and I don't know that.

16 Q You don't recall anyone coming to you and asking  
17 for permission to have Carlette Walker work on  
18 this team?

19 A Not at all. Maybe part of the misunderstandings  
20 is these staff are decentralized in new nuclear  
21 just like they are in each of our other  
22 businesses. While they report solid line on the  
23 financial side to me also on the IT side to me,  
24 they're decentralized and largely worked  
25 day-to-day with the line organization there just

1           like they do in North Carolina with the gas  
2           business, just like they do in Georgia with the  
3           gas business.

4    Q       So Ms. Walker worked day-to-day with very little  
5           supervision from you. Is that correct?

6    A       Yes, it is.

7    Q       I'd like for you to turn to the last page of this  
8           exhibit, specifically, point number five in  
9           Mr Browne's e-mail. It says, "What schedule do we  
10          want to base our EAC on?" And if you turn to the  
11          page before that, the response by Mr. Kochems, it  
12          says, under bullet five, "I think this needs to be  
13          the schedule. We plan to file with the PSC  
14          whether we think it is achievable or not." Does  
15          it disturb you sitting here now as the CEO that  
16          one of your company's employees was considering  
17          the possibility that a schedule would be filed  
18          with the PSC that the company did not believe was  
19          achievable?

20   A       Yeah. I can't say that sitting here today. To  
21          respond to your question, I was not there at the  
22          time and have the context of what else was going  
23          on, what else they were thinking, what other  
24          improvements might be able to be made by the  
25          Consortium. So I can't conclude that just from

1 reading this.

2 Q Does it give you any pause that it appears that  
3 Mr. Kochems was considering the possibility that  
4 the company would be filing a schedule that the  
5 company did not believe was achievable?

6 A I don't know that I can conclude that just from  
7 reading his e-mail.

8 Q Why not?

9 A I don't know what else he might've been thinking.  
10 I don't know what else the other list of  
11 individuals might have discussed with him once  
12 they were in their meeting and their discussion.  
13 I don't know what the line management organization  
14 and the Consortium could have made him aware of  
15 later that he was not familiar with at that point  
16 in time.

17 Q Let's take it away from this e-mail now and just  
18 ask a general question. With you sitting here as  
19 the head of your company requesting permission for  
20 recovery of approximately \$5 billion in  
21 construction costs, do you believe it is  
22 appropriate -- would it have been appropriate for  
23 your company to submit a schedule that the company  
24 did not believe was achievable?

25 A Again, I don't know the context of what the

1 various members of the company knew at that point  
2 in time. So I don't know how to respond to that.

3 Q And I probably shouldn't have set it up with this  
4 e-mail and we can take it away from the e-mail. I  
5 want to ask you now a general question about  
6 prudence and about your company's actions and what  
7 is prudent to file with the PSC and not. And my  
8 question to you is would it be prudent for the  
9 company to have filed estimated completion  
10 schedules or costs that the company did not  
11 believe were achievable?

12 A I believe the company should file what they  
13 believe is materially achievable. So I don't mean  
14 to quibble with you, but there may be less  
15 significant differences. But I believe if it's --  
16 if the company concluded it was known that it  
17 could not be achieved, then we should not file  
18 that. I have no basis to know whether that  
19 occurred or not because I don't know what else was  
20 know; I don't know what else the Consortium could  
21 do. I know that over a period of time they added  
22 thousands of additional employees. I believe at  
23 this period of time they were essentially working  
24 one shift. There were two other shifts available.  
25 And while you just can't triple the productivity,

1           you can do a lot with adding other shifts. So I  
2           don't know all of those factors that you're asking  
3           me to draw a crisp conclusion on.

4    Q       Let me approach it a different way. With respect  
5           to what is material, with respect to what the  
6           company tells the Commission in a modification  
7           docket, do you understand the difference between a  
8           revised rate docket and a modification docket?

9    A       I don't. That's a legal differentiation to me. I  
10          don't understand that.

11   Q       Do you understand the company's March 2015 filing  
12          with the PSC was not a filing to obtain revised  
13          rates?

14   A       Oh, yes. I understand that.

15   Q       Okay.

16   A       I'm sorry.

17   Q       And you understand the purpose of the March 2015  
18          was to have new cost and schedule parameters  
19          blessed off on by the PSC. Is that right?

20   A       That's right.

21   Q       And at I think you testified earlier that the  
22          company needed to stay within the contingency  
23          parameters with respect to schedule. Is that  
24          right?

25   A       Correct.

1 Q And so would you agree that in that filing, the  
2 March 2015 filing, where the company is presenting  
3 information to the PSC, there's two facts that are  
4 material in that filing, at least two facts, maybe  
5 more but at least two facts. One is the fact as  
6 to what the estimate to complete the project will  
7 be with respect to cost. And the second is the  
8 estimate as to when the project will be  
9 substantially completed.

10 A I believe those are reasonable. And as I said  
11 earlier, I believe Mr. Byrne testified to the risk  
12 associated with both of those.

13 Q And I'm not -- you've testified to that several  
14 times. And we're going to look at Mr. Byrne's  
15 testimony later on this afternoon. So you'll be  
16 free to refer to it again. I just want to  
17 establish from your point of view as the CEO of  
18 the company what is material in that filing where  
19 the company is requesting that the PSC approved a  
20 new cost and schedule. And it is your testimony  
21 that the estimated cost and the estimated  
22 substantial completion of the schedule are  
23 material facts that the company is providing to  
24 the Commission. Is that correct?

25 A My testimony is that a significant -- a material

1 variance in those would be material. So there was  
2 already an established cost and schedule before  
3 the revision docket, if that's the proper term.

4 Q Understood. And the company is asking that the  
5 Commission establish a new cost and a new schedule  
6 for the project. Is that right?

7 A That's correct.

8 Q And those two pieces of information, the estimated  
9 cost and the estimated schedule, are material  
10 pieces of information in that filing. Is that  
11 correct?

12 A Yeah. Yes, they are, if they're materially  
13 different than the one that's already approved by  
14 the Commission.

15 Q And in the 2015, March 2015 docket, the estimated  
16 cost and the estimated schedule that the company  
17 submitted were different from the previous ones  
18 the Commission approved. That was the reason for  
19 the filing, correct?

20 A Yes.

21 Q And wouldn't you agree that it would be imprudent  
22 for the company to submit an estimated cost or an  
23 estimated time schedule that it did not believe  
24 was achievable?

25 A I don't know if the company did believe it was

1           achievable. That's where we differ.

2       Q     And I think, Mr. Addison -- I think this can be  
3           hard sometimes for non-attorneys to realize I'm  
4           not asking you what the company did. I'm asking  
5           you now what, hypothetically, what is prudent?  
6           I'm not basing this on any set of information in  
7           any e-mail.

8       A     Right.

9       Q     What I'm asking you is a question. Would it be  
10          imprudent for the company to submit an estimated  
11          at completion cost or an one estimated to complete  
12          schedule that it did not believe was achievable?

13      A     Considering all of the factors and within the  
14          realm of materiality, in other words I'm not  
15          suggesting that cost can be off an insignificant  
16          amount or an immaterial amount to be more accurate  
17          and that not meet the criteria, but the company --  
18          I don't know of any situation where the company  
19          has not submitted what they believe is achievable.  
20          I don't know that today.

21      Q     Well, let's go ahead and move now to the  
22          March 2015 filing. And I'll provide you with some  
23          of the testimony that the company provided to PSC.

24      A     Okay.

25

1 MR. COX: Why don't we go ahead and go off  
2 the record and we'll switch tapes.

3 VIDEOGRAPHER: This marks the end of video  
4 number two in the deposition of Jimmy Addison.  
5 Off the record at 2:37 p.m.

6  
7 (Off the Record)

8  
9 VIDEOGRAPHER: This is the continuation of  
10 the deposition of Mr. Jimmy Addison. This is  
11 video number three. We're on the record at  
12 2:49 p.m.

13  
14 BY MR. COX (Continuing):

15 Q Mr. Addison, we're back on the record. Before the  
16 break, you had mentioned the term materially  
17 achievable with respect to the estimates that the  
18 company provides to the PSC regarding cost and  
19 time. And I wanted to ask you is the difference  
20 between approximately \$700 million and  
21 approximately \$1.2 billion, do you believe that's  
22 a material difference in a cost estimate?

23 A Yes.

24 Q And let's talk about estimate to complete a  
25 project. Do you agree that the difference between

1 five years and 26 years is a material difference  
2 in an estimate to complete a nuclear power  
3 project?

4 A Between five years and 26 years?

5 Q Correct.

6 A Yes.

7 Q Okay. I'm going to have you look at two documents  
8 that have been labeled Exhibit No. 9 and  
9 Exhibit No. 10. It's testimony that the company  
10 submitted to the PSC in March 2015. Exhibit No. 9  
11 is a declaration or a testimony submitted by  
12 Carlette Walker.

13

14 MS. JONES: Is that 8?

15 MR. COX: We're on 9.

16

17 Q And Exhibit No. 10 is the testimony that you  
18 referred to several times today, testimony by  
19 Stephen Byrne. You're free to take a look at  
20 these documents as you like. I would like to call  
21 your attention to a couple pieces information in  
22 the testimony. First, on Exhibit No. 9,  
23 Ms. Walker's testimony, if you could turn to page  
24 7 of that document.

25

1 (Whereupon, Testimony of Carlette Walker  
2 was marked Exhibit No. 9 for  
3 identification.)  
4

5 A (Witness complies.)

6 Q And there's a chart on page 7, Mr. Addison. Will  
7 you agree that that chart reflects the estimate at  
8 completion cost that your company submitted to the  
9 PSC in March 2015?

10 A So can you give me a minute to review the prior  
11 Q&A. It's not my testimony so -- and I didn't  
12 testify in that preceding.

13 Q Certainly.

14 A (Witness reviews document). So it appears that  
15 this is the incremental cost proposed in the case.

16 Q And you would agree that the incremental project  
17 costs submitted by the company with respect to the  
18 total base project cost including EPC costs and  
19 owners' cost was \$698,000,233?

20 A \$233,000, yes.

21 Q And it's correct that that number is the estimate  
22 that the Consortium provided to SCE&G in  
23 August 2014, correct?

24 A I believe so. But again, it's not my testimony.  
25 So I believe that would've been the basis of the

1 EPC portions of the cost. Of course, the owners'  
2 cost would not have been provided by the  
3 Consortium.

4 Q And you testified that you're not familiar with  
5 the exact number that the internal EAC team had  
6 come up with as its projected EAC to completion.  
7 Is that correct?

8 A Correct.

9 Q If you could turn back -- go ahead and keep  
10 Exhibit No. 9 here in front of you. If you could  
11 turn back to Exhibit No. 6. I'm going to have you  
12 look at a couple of documents in that exhibit.

13 A Okay.

14 Q So if you turn to the legal sized papers at the  
15 end of the exhibit. If you'll look at the first  
16 one, there's a spreadsheet there entitled  
17 "Potential Target Cost Remaining As Of  
18 February 2015." Do you see that?

19 A I do not. This page?

20 Q That is the right page, yes. And if you look at  
21 the bottom of this page, the bottom left corner,  
22 right above where it says, "Confidential  
23 Information."

24 A Okay.

25 Q There's a chart there that says, "February 2015,

1 PSC Update Filing, SCE&G Costs 07\$s."

2 A Thousands.

3 Q In thousands. And you understand what 07\$ means?

4 A Yes.

5 Q What does that mean?

6 A It means the contract was denoted in 2007 dollars  
7 when it was executed.

8 Q Okay.

9 A As we discussed this morning.

10 Q And would you agree with me that this chart shows  
11 a total EPC target and T&M increase request of  
12 \$952,372,000?

Co: 1:10:14

13 A That's what this chart says.

14 Q And would you agree with me that that number is  
15 approximately \$500 million more than the total EPC  
16 cost that the company submitted in Exhibit No. 9?  
17 If you look at --

18 A I agree with that.

19 Q Okay. So is it fair to say from these documents,  
20 looking at these documents, that the company had  
21 estimated that the incremental completion cost for  
22 the project would be \$500 million more than what  
23 the consortium had estimated?

24 A That's what appears on this spreadsheet. I don't  
25 know that I can conclude the company concluded

1 that. Because this is what's on this spreadsheet;  
2 I don't everyone that was involved in that, what  
3 other factors they weren't aware of when this was  
4 completed that might've needed to be considered.

5 Q In your position today, can you tell me whether  
6 the company will be providing any witnesses at the  
7 PSC hearing next month to testify about any  
8 internal EAC projections that it prepared in 2014  
9 and early 2015?

10 A I don't believe that's the intention of the  
11 prefiled testimony of any witnesses. But there  
12 are witnesses that can respond to questions about  
13 that.

14 Q Which witnesses?

15 A Mr. Kochems.

16 Q And what witnesses from SCE&G will be testifying  
17 at the hearing regarding the reasons that the  
18 company submitted the Consortium's estimate to  
19 completion cost rather than its internal numbers?

20 A I don't know the answer to that. I don't think  
21 that's part of the prefiled submissions. As you're  
22 aware, some of those that were responsible at that  
23 point in time have since retired. So you may need  
24 to pose that question to some others, Mr. Byrne  
25 for example.

1 Q Sure. And my question is directed at the  
2 company's submission of testimony. What the  
3 company will submit, if anything at all, regarding  
4 that issue?

5 A The company is seeking determination by the  
6 Commission that the decision to abandon was  
7 prudent. So this what our testimony will support.

8 Q Is the company submitting any evidence that it's  
9 actions prior to abandonment were prudent?

10 A I don't know the answer to that. There may be  
11 additional testimony submitted by company  
12 witnesses and rebuttal testimony to other  
13 intervenors testimony that may address that. But  
14 I do not know the answer to that.

15 Q If you can look at Exhibit No. 6 again, the file  
16 of documents produced by Ms. Walker. If you could  
17 turn to the second page of the document.

18 A Okay.

19 Q I'm going to read the fourth bullet point under  
20 background. And I'm going to ask you if you have  
21 any reason to doubt the truth of that statement.  
22 "At the time of the presentation, it was clear to  
23 the owner that the Consortium was making a  
24 commitment to these goals and the Consortium  
25 indicated that steps were taken with the

1 expectation of meeting goals within six months."

2 Do you have any reason to doubt the accuracy of  
3 that statement?

4 A I don't. But I don't even know what the statement  
5 is about just taking that piece out of context.

6 Q Okay.

7 A Again, I didn't hear the presentation, so I just  
8 don't recall this.

9 Q That presentation occurred in August 2014,  
10 correct?

11 A I don't know. I'm sorry. I think it's dated --  
12 the presentation I see attached says October of  
13 '14.

14 Q And my understanding is that's the internal SCE&G  
15 EAC analysis presentation. I was asking you if  
16 you recalled when the Consortium presented it's  
17 estimate to completion cost to SCE&G?

18 A No. I wouldn't -- I don't know that I can  
19 remember anyway. But I wasn't a part of it, so I  
20 don't know.

21 Q Right. And the third bullet point here references  
22 that date as August 2014. Then it sounds like you  
23 don't have any reason to doubt the accuracy of  
24 that statement?

25 A I don't.

1 Q Mr. Addison, is it correct to say that based on  
2 the finance teams' performance bonus objectives in  
3 2014 that the company intended to file a  
4 modification docket with the PSC to modify  
5 estimated costs in the calendar year 2014?

6 A Let me be clear. You're going back to the  
7 exchange we had earlier about the bonus goal?

8 Q It is. And we can look at Exhibit No. 4 if that  
9 will help you to and answer that question.

10 A I think so.

11 Q Let's go to Exhibit No. 4 and look.

12 A Okay. Based on from what I read here, I believe  
13 that appears to be the case.

14 Q And that didn't happen, did it?

15 A I don't believe so.

16 Q And even though that didn't happen, you arranged  
17 or reached an ability to pay the individuals  
18 within your finance team that had that objective  
19 as a bonus goal -- a bonus even though the  
20 objective had not been reached?

21 A Right. I'm having to presume that ultimately this  
22 was granted and moved through the HR organization,  
23 et cetera. But I believe what we established is  
24 that the goal was modified so that they had a,  
25 modified goal.

1 Q So the goal -- the original goal was not reached  
2 and you proposed a solution where the goal was  
3 modified so that the bonus could be paid. Is that  
4 correct?

5 A Yes. But not simply so the bonus could be paid.  
6 So that the people were motivated to continue to  
7 do their work within their control.

8 Q Isn't it true, though, that when that goal was  
9 set, it was understood that the company, SCE&G,  
10 did not have full control over whether the filing  
11 was made in 2014 or not?

12 A I think that's fair.

13 Q Is it fair to say that your company was not able  
14 to motivate the Consortium sufficiently to enable  
15 a filing to occur in 2014?

16 A Well, I think it's fair to say the company didn't  
17 get the information they needed from the  
18 Consortium. I don't know about the motivation or  
19 otherwise.

20 Q Why couldn't the company file a modification  
21 docket in 2014?

22 A Because I think they need -- the company needed  
23 information from the Consortium.

24 Q And is it your understanding the company got that  
25 information in August of 2014?

1 A No. I don't know. I was not part of the team  
2 that put that together and I did not testify in  
3 the preceding.

4 Q So can you explain to me how you've concluded that  
5 it was not achievable for the finance team to file  
6 a modified docket in the PSC in 2014?

7 A I was basing it upon what Ms. Walker told me.

8 Q And what did she tell you that made you realize  
9 that was not achievable?

10 A The Consortium's repeated delay in delivering the  
11 fully integrated schedule and the associated EAC  
12 from Q1 of '14 to Q3 of '14, coupled with the  
13 executive negotiation for the delay impact 0is  
14 going to force us to delay our filing until  
15 perhaps the end of Q1 '15.

16 Q Why did the company have to delay its filing for  
17 the executive negotiation for the delay impact?

18 A I don't know. I was not a part of that.

19 Q The company did wind up submitting the numbers,  
20 the very same numbers that it received from the  
21 Consortium in August 2014, correct?

22 A I don't know.

23 Q Assuming that they did then what would your  
24 explanation be for why the company delayed in  
25 filing a modification docket with the PSC until

1 March 2013?

2 A I don't have an explanation for you.

3 Q So I guess the question I'm asking, Mr. Addison,  
4 is if the company in March 2015 submitted the very  
5 same numbers that the Consortium gave it several  
6 months earlier then why did the company have to  
7 wait seven months to file that docket?

8 A And I just don't know the answer to your question.

9 Q Did the company have some sort of intent to reach  
10 an agreement with the Consortium that would enable  
11 different numbers to be filed than the numbers  
12 that the Consortium had provided in August 2014?

13 A Unfortunately, the same answer. I don't know. I  
14 was not a part of that negotiation.

15 Q If you could turn back to Exhibit No. 6,  
16 Mr. Addison, the file provided by Carlette Walker.

17 A Okay.

18 Q I'd like you to turn to the tenth page in the  
19 document. It's a chart that's labeled, "Owners  
20 Total Dollars Returned And Outstanding As Of  
21 December 31, 2014." And actually, I'd like you to  
22 turn actually to the next page after that. It's  
23 entitled, "2015 Proposed NND PSC Update Filing  
24 Owners Cost."

25 A Okay.

1 Q Do you see that page?

2 A I do.

3 Q Do you agree with me that this chart shows that  
4 the owners' cost or SCE&G 55 percent share of the  
5 owners' cost would increase by 245,000 -- I'm  
6 sorry -- \$245,096,000?

7 A Yes.

8 Q And if you look at Exhibit No. 9, the Carlette  
9 Walker deposition, that chart on page 7, would you  
10 agree with me that that estimate of owners' cost  
11 is the estimate that SCE&G filed with the  
12 Commission in March 2015?

13 A It appears to be. It appears to be broken into  
14 two subgroups on Chart A.

15 Q But total numbers is the same, correct?

16 A I believe so. I haven't done the math, but it  
17 appears so.

18 Q It if you could turn to the last page of  
19 Exhibit No. 6, prior to the legal sized pages.

20 A Okay.

21 Q What is your understanding of the numeric value of  
22 the productivity factor or PF?

23 A Not a detailed understanding, just a general  
24 understanding that a PF of one would mean that  
25 each actual hour of work accomplished equal the

1 budget for it. And if it were more than that, it  
2 took more time to complete the budget at task.

3 Q So a 1.0 PF would be a performance at the level  
4 that was contemplated under the EPC agreement?

5 A Or the most recent budget if you will.

6 Q Okay.

7 A That would be my understanding.

8 Q And the higher the PF number is the worst the  
9 productivity. Is that right?

10 A Yes.

11 Q So would you agree that this page of this document  
12 shows that the PF to date on the project has been  
13 1.55?

14 A That appears to be the case. I don't know if this  
15 is all labor or this is one category. I see at  
16 the top it parenthetically denoted direct hire  
17 labor. But I believe your number is correct for  
18 this category.

19 Q Do you understand the difference between direct  
20 and indirect hire?

21 A Just generally.

22 Q What is your understanding?

23 A Direct labor would be those that are directly  
24 working on the project. And indirect would be  
25 those are indirectly supporting those that are

1 working on the project.

2 Q What is your understanding of how that ratio  
3 affects productivity?

4 A Well, I don't have a detailed understanding of it.  
5 But my understanding would be that you can have  
6 efficiencies or inefficiencies in either category.  
7 Direct labor could be at a different performance  
8 factor than indirect labor.

9 Q What is your understanding of the ratio that is  
10 desired between direct and indirect?

11 A I don't have an appreciation or an understanding  
12 of that.

13 Q Okay.

14 A I don't have any expertise in that area.

15 Q You would agree with me that this chart on this  
16 page that we're looking at labeled "Target  
17 Construction Productivity Direct Hire Labor" shows  
18 a productivity factor for that period of  
19 January 2015 of 2.74. Is that right?

20 A That appears to be correct.

21 Q And that's a worse level of productivity than the  
22 to-date productivity on the project correct?

23 A Correct.

24 Q You would agree with me that at the bottom of this  
25 chart, the chart shows that if productivity

1 continues at the January rate, the project will  
2 not complete for -- be complete for 26.5 years.

3 A Yeah. I don't how to draw that conclusion.

4 Q So you're not sure what that means?

5 A I'm not.

6 Q Okay.

7 A I haven't seen this before. I'm not familiar with  
8 it.

9 Q Are you sure you've never seen it before?

10 A I don't recall it. Thank you.

11 Q And I'd like for you to look at Exhibit No. 10.  
12 This is the testimony of Stephen Byrne in the 2015  
13 PSC docket.

14

15 (Whereupon, Testimony of Stephen Byrne  
16 was marked Exhibit No. 10 for  
17 identification.)

18

19 A Okay.

20 Q This is the document that you've been referring to  
21 at several different points in your deposition.

22 Is that right?

23 A Yes.  
Co: 1:27:25

24 Q And I'd like for you to turn -- you can review  
25 this is as much as you like. I'd like for you to

1 turn to page 39 of the testimony. And in  
2 answering my questions, you can take the time you  
3 need to review that.

4 A Okay. All of 39 or . . .

5 Q I'm going to read to you two sentences and I'm  
6 going to ask you -- I'm going to ask you whether  
7 you find the statements that I read to be  
8 misleading based on what you know about the  
9 project.

10 A Today or then?

11 Q Today. So I'm starting at line 5 on page 39, "The  
12 schedules presented here are the schedules that  
13 WEC/CB&I has represented to SCE&G that it is  
14 prepared to meet and that SCE&G has carefully  
15 reviewed with WEC/CB&I. For those reasons, I can  
16 affirm that these schedules represent the best and  
17 most definitive forecast of the anticipated cost  
18 and construction schedule required to complete  
19 this project that is available as of the date of  
20 this filing of the testimony."

21 A I'm sorry. What's the question?

22 Q Do you find those statements to be misleading  
23 based on what you know now about the project?

24 A I don't know enough to know because to me the key  
25 in here is the best and most definitive. And I

1 don't know what is the best and most definitive.  
2 I know he also goes to say just above this that  
3 SCE&G does recognize that WEC/CB&I has set itself  
4 to significant challenge as to future  
5 productivity. And I know he says down on line 19  
6 these schedules can and almost certainly will  
7 change. So what I don't know is the bridge  
8 between what was in that set of documents you gave  
9 me and what other insight the management that  
10 reviewed that and maybe had other discussions, I  
11 don't have the benefit of any of that. So I don't  
12 know what knowledge they had to conclude this.

13 Q Let me ask you this question: Has any employee of  
14 SCE&G come to you or are you aware of any SCE&G  
15 employees stating that in March 2015 he or she  
16 believed that the Consortium's cost estimates were  
17 a better estimate than the internal estimates  
18 prepared by SCE&G?

19 A I don't know about the specific date of  
20 March 2015. Is that what you said, right?

21 Q Right?

22 A Yeah. I don't know about the specific date. But  
23 as I said earlier today, Ms. Walker expressed  
24 concern that the forecasted performance that the  
25 Consortium had in their budgets, she had concern

1 over that being achievable.

2 Q Okay. And that kind of answers the flipside of my  
3 question which is whether anyone expressed to you  
4 that they felt SCE&G's estimate, cost estimates,  
5 were more accurate than the consortium's. So I'm  
6 flipping this around. And the reason I'm doing  
7 that is because I believe Mr. Byrne is saying that  
8 the Consortium's cost estimates are the best and  
9 most definitive forecast of the anticipated cost  
10 and construction schedule required to complete  
11 this project that is available as of the date of  
12 this filing of the testimony. And I wanted to see  
13 if you're aware of any SCE&G employee who has said  
14 to you then or up to now in March 2015, I thought  
15 the Consortium had a better cost estimate than we  
16 did?

17 A I don't recall anyone telling me that.

18 Q Okay.

19 A Not to belabor it, but what I recall is that it  
20 wasn't in SCE&G's or the customers' interest for  
21 us to accept a higher cost forecast that the  
22 Consortium was putting forward and in  
23 disincentivize them to achieve their own forecast.

24 Q Do you believe that -- strike that. Is it your  
25 testimony that if the company had informed the

1 Commission that it had a higher cost estimate then  
2 that would've been a statement that it accepted  
3 that higher cost estimate as an obligation that  
4 SCE&G owed to the Consortium to complete the  
5 project?

6 A I don't know the answer to that.

7 Q Isn't it true that in that 2015 filing SCE&G told  
8 the Commission this is the cost estimate to  
9 complete the project, but we don't believe we're  
10 required to pay all the money that is due to the  
11 delay in completing this project. Some of that  
12 money will have to be on the Consortium for their  
13 delay?

14 A Yeah. I believe what the company witnesses' said  
15 is that there are still disputes over that. SCE&G  
16 has not accepted responsibility to pay all that.

17 Q So let's take my statement and assume it's true,  
18 but say the company had the ability to inform the  
19 Commission that it had a higher cost estimate to  
20 complete the project. And that by doing so, SCE&G  
21 would not be obligated to pay the consortium any  
22 additional funds. How would that had  
23 disincentivised the Consortium to be efficient?

24 A I don't know. I was repeating what was in  
25 Mr. Byrne's testimony. So I thin that is

1 something you really need to address to the one  
2 that was representing it. I believe if -- just  
3 take it a step further. If the Commission had  
4 approved that higher estimate, then I believe we  
5 would've had of responsibility or could have had a  
6 responsibility to at least engaged in more dispute  
7 with the Consortium. And understand there were a  
8 lot of disputes to this point already. A lot of  
9 disputes over costs at this point that were  
10 ultimately addressed in an amendment later that  
11 year. There were lawsuits already in the sister  
12 project in Georgia at that point in time between  
13 owners and contractors.

14 Q When you referenced what Mr. Byrne was saying,  
15 there's nowhere in Mr. Byrne's testimony that he  
16 explained that SCE&G had a different cost estimate  
17 that it was not going to reveal because of his  
18 reasons that could disincentivize the Consortium,  
19 correct?

20 A I believe he did address some of that. And I  
21 don't know exactly where it is in here. But I  
22 believe he said it's not in the company's or  
23 customers' interest to accept less efficient  
24 productivity.

25 Q Did you review Mr. Byrne's testimony in

1 preparation for your deposition?

2 A I read one of the legal briefings that was filed  
3 in one of the various proceedings that referred to  
4 his testimony. And I went back and read a few  
5 excerpts that the legal briefing was based upon.  
6 But I haven't reviewed, studied all of his  
7 testimony.

8 Q Is it your testimony that Mr. Byrne's statement  
9 that it's not in SCE&G's interest to provide a  
10 higher cost estimate revealed that SCE&G in fact  
11 did have a higher cost estimate than the  
12 Consortium?

13 A No, that's not my testimony. My testimony is that  
14 I believe he testified that they were going to  
15 have to improve efficiency to hit the forecast  
16 that were presented in this docket. And he was  
17 saying it's not in SCE&G's interest to accept less  
18 efficient forecast.

19 Q Sitting here today, are you aware that the  
20 Consortium told SCE&G that it would reach its  
21 expected productivity level within six months  
22 after August 2014?

23 A I don't know when they projected to hit that.

24 Q Would you agree with me that if they had made that  
25 statement in August 2014 and they had not hit that

1 level by February 2015, then that would be some  
2 evidence that the Consortium was unable to achieve  
3 the productivity level that it anticipated?

4 A I would agree that it had been unable to achieve  
5 it by that point in time. I don't know what else  
6 could be done in your situation and your  
7 description there to improve it further.

8 Q The company didn't reveal in its March 2015 filing  
9 that the Consortium had stated that it would  
10 achieve the expected productivity level within six  
11 months after August 2014, did it?

12 A I don't know.

13 Q You would agree with me that Mr. Byrne's testimony  
14 does not state that the company did not believe  
15 that the Consortium could meet its expected  
16 productivity level?

17 A As I said, I haven't reviewed all the testimony.  
18 I've only reviewed the excerpts that the legal  
19 briefing attracted my attention to. I believe he  
20 said in here, and quoted those earlier from his  
21 document, his prefiled, where he said there's  
22 going to be significant risks and the scheduling  
23 costs are likely to change.

24 Q Do you have any understanding sitting here today  
25 of any other reasons for the discrepancy between

1 the company's EAC estimate and the Consortium's  
2 EAC estimate other than productivity level?

3 A No. But again, I wasn't involved in it.

4 Q Okay. I'd like to go back in time now,  
5 Mr. Addison, to the EPC negotiations in 2008.  
6 What was your role in those negotiations?

7 A I did not have a role.

8 Q At all?

9 A No.

10 Q You had no input in any of the terms?

11 A No.

12 Q You had no input on the protection that the  
13 company sought in the case that the Consortium did  
14 not perform as expected under the contract?

15 A I did not.

16 Q Sitting here today, do you believe that the  
17 original EPC contract did not provide SCE&G with  
18 enough protection from cost overruns?

19 A See, I don't know how to answer that today because  
20 I don't what -- I wasn't involved in it at the  
21 time. I don't know what the -- any time a  
22 negotiation like this takes place, it's a  
23 comprehensive negotiation that involves all the  
24 variables. I have to speculate, but I speculate  
25 you can get all the protection you wanted for a

1 different price. That's been my experience in  
2 negotiations in general. And if you wanted a  
3 complete protection on the price, you could get  
4 it, but you might not like the price.

5 Q Let's go to 2015. In 2015, your company  
6 renegotiated the EPC, correct?

7 A Right. Amended it.

8 Q Amended it.

9 A Both owners did.

10 Q Is it fair to say that the owners were frustrated  
11 with the cost overruns on the project?

12 A I think that's fair.

13 Q And isn't it fair to say that fixed-price  
14 amendment, one part of the goal was to increase  
15 the level of fixed cost over the level that was  
16 present in the original EPC?

17 A I agree.

18 Q We looked earlier today at the statements made in  
19 2008 about the percentage of the cost of the  
20 project that would be fixed or firm. It was  
21 approximately 54 percent was the representation.  
22 Do you recall that?

23 A I do.

24 Q You would agree that that number is based on an  
25 assumption that the non-fixed or firm cost do not

1 exceed what their expected -- their expected  
2 amount?

3 A I'd agree.

4 Q And you would agree that by 2015, the non-fixed,  
5 non-firm portion of the cost of the project was  
6 greater than the fixed and firm portion?

7 A I don't believe that's correct. I don't have the  
8 math in front of me. But by that point it had  
9 increased to roughly two-thirds of the contract  
10 was fixed. So I don't believe your statement  
11 would be true, if I understand your question.

12 Q So what portion of the contract do you believe was  
13 two-thirds in 2015?

14 A The total contract. The total projected cost of  
15 the contract.

16 Q So at that point in time, at the time of the  
17 amendment in 2015, is it correct to say that the  
18 non-fixed, non-firm portion of the cost was  
19 greater than what had been anticipated in 2008?

20 A Yes. Because it was specifically changed between  
21 2008 and 2013.

22 Q When was that?

23 A I don't recall specifically.

24 Q And how was it changed?

25 A Again, I was not involved in it, but it was

1 changed roughly from 54 percent to two-thirds.

2 Q And was the actual cost by 2015, was the  
3 non-fixed, non-firm portion of the cost only  
4 one-third of the contract?

5 A Of the projected cost, yes.

6 Q Mr. Addison, you testified at the PSC hearing in  
7 2008 that every dollar of the construction of  
8 these plants will be born by investors, not  
9 customers, correct?

10 A Yeah. The original funding. So the investors  
11 provide the funding initially. The BLRA revised  
12 rates only provide the return on that funding  
13 until the plants go online and the depreciation  
14 begins and the customers start getting the use of  
15 the plans.

16 Q So your projection that every dollar of the  
17 construction of the plants will be born by  
18 investors not customers, that turned out to be  
19 correct, right?

20 A That was presumed the plants go online.

21 Q Okay.

22 A None of those costs have been born by customers  
23 yet.

24 Q That's the purpose of this proceeding?

25 A Correct. Exactly.

1 Q Mr. Addison, I've handed you, or the court  
2 reporter has handed you an exhibit labeled Exhibit  
3 No. 11 to your deposition. This is a copy of the  
4 testimony that you provided to the Commission in  
5 2008. You can take as much time as you need to  
6 review that. I'd like to ask you questions about  
7 a few portions of your testimony.

8 A Okay.

9  
10 (Whereupon, Testimony of Jimmy Addison  
11 was marked Exhibit No. 11 for  
12 identification.)

13  
14 Q Did you review this document in preparation for  
15 your deposition?

16 A I read the document, or I would say scanned the  
17 document, a few days ago.

18 Q Did you try to read all of your prior testimony to  
19 the PSC?

20 A I attempted to scan it. It was very difficult to  
21 read it all.

22 Q Sure.

23 A It's a busy time even outside of this deposition.

24 Q You and me both.

25 A I understand. I'm sure.

1 Q I'd like for you to turn to the bottom of page 4.  
2 I'm going to read the sentence that runs from page  
3 4 to page 5. You said, "As my testimony will  
4 show, the investment community sees the company as  
5 a well-managed and financially sound utility with  
6 all the tools necessary to complete the  
7 construction and financing of VCSNS Units 2 and 3  
8 successfully." The investment community turned  
9 out it be wrong about this estimate, correct?

10 A So far. Because you said it's not complete. We  
11 still ave this proceeding pending.

12 Q You might have misunderstood --

13 A Oh, the completion of the construction?

14 Q Right.

15 A I'm sorry. Yes, I would agree with that.

16 Q Okay. I like for you to turn to page 10 of your  
17 testimony. You're answering the question  
18 regarding the likelihood of a significant decline  
19 in ratings as a result of nuclear construction.  
20 The second sentence I'm going to quote, "As  
21 Mr. Marsh and Mr. Byrne will testify, the company  
22 has greatly reduced the cost-related risks through  
23 the firm-fixed price elements of the EPC contract  
24 and other measures." This turned out to not be  
25 true, correct?

1 A No. I think it is true. I think the company had  
2 greatly reduced the cost-related risks or it  
3 wouldn't have started. They weren't eliminated if  
4 that's your question.

5 Q Wouldn't it be fair to say now that the  
6 cost-related risk under the initial EPC turned out  
7 to be greater than the company anticipated in  
8 2008?

9 A There were greater certainly than the company  
10 proposed in 2008. Remember, the company also  
11 proposed a contingency mechanism that was  
12 originally over \$400 billion and proposed to  
13 adjust that dynamically as we removed through the  
14 project based on what's learned over time. But  
15 that was stricken based upon a ruling of by the  
16 South Carolina Supreme Court. So that tool was  
17 removed. I'm sorry. Go ahead.

18 Q But the company still had the tool to go back to  
19 the PSC and request an increase in budget,  
20 correct?

21 A Once you could specifically delineate the specific  
22 items it as associated with. No contingencies as  
23 we've discussed this morning.

24 Q And that's what the company did in 2015, correct?

25 A Correct.

1 Q The project cost more than that company  
2 anticipated, correct?

3 A More than the original forecast, yes, I agree with  
4 that.

5 Q And it's not complete, correct?

6 A That's correct. Well, let me clarify. The  
7 incomplete project did not cost as much as the  
8 original completed project was forecast to be. It  
9 was just never completed.

10 Q Okay.

11 A So the total cost invested to date is less than  
12 the total projected cost when we began.

13 Q Okay.

14 A Just to be clear.

15 Q And let's go to the bottom of page 12. You said,  
16 "If the equity and investment community believed  
17 that SCE&G's plan for constructing and financing  
18 VCSNC Units 2 and 3 was fundamentally flawed or  
19 unworkable, then SCANA stock would be trading at a  
20 significant discount, which it is not." This  
21 statement turned out to be incorrect as well,  
22 right?

23 A It was accurate at the time. That's when I made  
24 this, in '08.

25 Q It turned out that SCE&G's plan for constructing

1 the plant did not work, correct?

2 A Correct.

3 Q Okay.

4 A I'm sorry. I thought you were referring to the  
5 latter part of the sentence about the stock value.

6 Q Well, let's talk about that. I mean, isn't it  
7 fair to say that the reason the investment  
8 community was not trading SCANA stock at a  
9 discount was because of the BLRA?

10 A In 2008?

11 Q Right.

12 A I think it was a combination of the BLRA and the  
13 relative small size of the investment in the  
14 nuclear asset at that point in time.

15 Q Can you explain how those factors related to that  
16 conclusion?

17 A I think we saw this morning, and at that point it  
18 was about \$65 million invested. The overall SCANA  
19 enterprise at the time was in excess of a  
20 10 billion-dollar balance sheet I would expect.  
21 So it was not a significant risk at that point in  
22 time with or without a BLRA. Certainly, the BLRA  
23 was critical as the construction continued through  
24 the years.

25 Q You can turn to page 15 of your testimony.

1           There's a question starting at line 8, "What is  
2           SCE&G's plan concerning annual revised rate  
3           adjustments?" Answer: "The estimated revised  
4           rate adjustments necessary to support the  
5           financing plan for VCSNS Units 2 and 3 are found  
6           in exhibit M to the combined application which is  
7           attached to my testimony as exhibit M, exhibit  
8           JEA-1. As set forth in exhibit M, Chart B, the  
9           average annual rate increase necessary to support  
10          investment in the units is estimated to be 2.49  
11          percent." The actual revised rates adjustments  
12          that were entered over the life of the project  
13          turned out to be greater than the estimate that  
14          you provided the Commission in 2008, correct?

15    A       I don't think so if I understand your question  
16          correctly. I think they were less than  
17          2.49 percent because of one matter we discussed  
18          this morning, the delay of the construction. It  
19          didn't happen as quickly as planned. And  
20          secondly, inflation was less than expected. And  
21          so the financing costs were lower. We were able  
22          to issue bonds at a lower cost that we originally  
23          projected.

24    Q       So you believe the revised-rate adjustments turned  
25          out to be lower than what you projected in this

1 exhibit?

2 A I do based upon the years in the exhibit. Now, in  
3 fairness, the plant was not completed on the  
4 original schedule.

5 Q Okay. And let's turn to the page 17 of your  
6 testimony. There's a question starting at line 5  
7 of whether customers benefit from the insurances  
8 the Base Load Review Act gives to investors.  
9 Would you agree, Mr. Addison, that SCE&G's  
10 customers would be better off financially if the  
11 project had never been approved?

12 A I don't know the answer to that.

13 Q Why not?

14 A I don't know the outcome of this proceeding. I  
15 know we've proposed providing a power  
16 plant purchase that will provide 45 percent of the  
17 power that these two units our portion would've  
18 provided. And I believe with the merger proposal,  
19 the customers are going to end up paying less than  
20 45 percent of the original proposed costs. So  
21 they're going to get dollar for dollar the  
22 megawatts at a lower cost than they would have  
23 when we started off in 2008 if it's approved.

24 Q But the project would still have been some  
25 financial cost to SCE&G customers, correct?

1 A Right. And they would get -- as we talked --  
2 electricity is fungible too. And they're going to  
3 get 45 percent of the megawatts at less than  
4 45 percent of the original cost despite all the  
5 problems we've had, it approved.

6 Q And how would that occur?

7 A Because we bought a power plant we're proposing to  
8 give to the customers that we announced almost a  
9 year ago in November of '17.

10 Q I have no more questions on that document,  
11 Mr. Addison. I'd like to talk about Carlette  
12 Walker again. Did she ever tell you that she was  
13 not going to lie for the company?

14 A I don't remember her saying that.

15 Q Is that something you think you'd remember?

16 A I do.

17 Q Has any employee -- during the life of the  
18 project, did any employee come to you, other than  
19 Ms. Walker, and express concern about the  
20 representations that the company was making  
21 regarding the cost and schedule of the project?

22 A No.

23 Q Did Kenneth Browne -- who is Kenneth Browne?

24 A As we discussed earlier, he worked in the business  
25 and finance team, was a senior engineer.

1 Previously worked for Santee, retired, and came  
2 back to work at SCE&G.

3 Q How often did you interact with him?

4 A Very infrequently.

5 Q Did he ever express any concerns to you about the  
6 project?

7 A I believe the earlier exchange we had about the  
8 subcontractor to CB&I building the shield  
9 building, I believe he was involved in that  
10 discussion, but I can't be positive.

11 Q Did you ever have any interactions with Skip  
12 Smith?

13 A Very infrequently.

14 Q And why was that?

15 A Because he was part of the new nuclear team. He  
16 was on-site, worked on the new nuclear project.  
17 And the oversight of the project wasn't my  
18 responsibility.

19 Q Who did Skip Smith report to to your  
20 understanding?

21 A I believe it was to Ron Jones. I'm not positive  
22 about that.

23 Q And who is Ron Jones?

24 A Ron Jones was the Vice President of the new  
25 nuclear construction.

1 Q What was his role in the construction?

2 A The first level officer over the construction,  
3 day-to-day, for SCE&G.

4 Q How did his role differ from Jeff Archie's role?

5 A He reported to Jeff. So Jeff had the  
6 responsibility for the operating unit at Unit 1  
7 and as well as the new nuclear. So he had a VP  
8 running Unit 1 and a VP over the new nuclear. And  
9 Ron Jones was over new nuclear.

10 Q When you were CFO, how often did you meet with  
11 Mr. Archie?

12 A Typically, about an hour Monday morning meeting as  
13 part of the senior management team. Part of the  
14 CEO staff. Not every Monday, but it was a typical  
15 Monday meeting.

16 Q And what type of information would he provide at  
17 that meeting?

18 A Well, it wasn't his meeting. So, generally, it  
19 was any update the CEO had anything he had going  
20 on or questions he had about various matters and  
21 then a roundtable of a room like this of roughly  
22 ten of us that would highlight any matter that we  
23 wanted to bring up at that point in time.

24 Q What type of information would Mr. Archie give  
25 regarding the project?

1 A I don't remember a lot coming from Mr. Archie.  
2 Most of his was related to Unit 1.

3 Q Was there any information shared at those meetings  
4 about the project?

5 A Yes, there was.

6 Q And who shared that information?

7 A I would say largely Mr. Byrne and occasionally  
8 Mr. Archie.

9 Q How Mr. Byrne and Mr. Archie's role differ with  
10 respect to the construction of the project?

11 A So if I can just carry the organizational  
12 discussion a little further that we had a moment  
13 ago. Mr. Jones reported to Mr. Archie, Mr. Archie  
14 to Mr. Byrne. So in addition to all of nuclear  
15 operating unit and new units that Mr. Archie had  
16 responsibility for, Mr. Byrne also had  
17 responsibility for the nonnuclear generating  
18 plants and transmission.

19 Q So was Mr. Byrne more involved in project  
20 construction than Mr. Archie?

21 A Yeah. I don't know that to be the case.

22 Q Neither one of them was so solely focused on Unit  
23 2 and Unit 3, correct?

24 A That's correct.

25 Q The highest-ranking employee who was solely had

1 Unit 2 and Unit 3 under his or her control would  
2 be Ron Jones. Is that right?

3 A Correct.

4 Q From the finance perspective, is there an  
5 individual that you would say was the most senior  
6 person in charge of finance issues for Unit 2 and  
7 Unit 3?

8 A Yeah. I want to be sure that I understand what  
9 you mean about finance issues. So if it related  
10 to financing the project, raising the debt and  
11 equity, that would be myself. If it were related  
12 to ongoing daily project issues and invoice  
13 approvals and things of that nature, it would be  
14 the vice president of finance at new nuclear.  
15 Much of that period of time it was Ms. Walker.  
16 And there were two other persons that filled that  
17 role subsequent to her departure.

18 Q So is it fair to say that the estimated completion  
19 cost projections were important to the company for  
20 several different reasons: To obtain financing  
21 for the project, to notify the Commission about  
22 what the anticipated costs are, as well as to  
23 resolve disputes with the Consortium?

24 A I think they were principally important for  
25 resolving issues with the Consortium and

1 presenting any conclusions to the regulators  
2 around cost and schedule. I don't know that they  
3 were a direct relationship to the financing of the  
4 project. That was more of an end product of the  
5 regulator process and the construction forecast as  
6 to what cost are going to be incurred in which  
7 quarter which year.

8 Q Assuming that the company and the Consortium had  
9 reached very different estimates as far as the  
10 completion cost in late 2014 on the order of  
11 700 million versus 1.2 billion, how would that  
12 make a difference to you in your role in financing  
13 the project?

14 A Well, it would depend upon when it was going to  
15 occur. So in obtaining financing, what was most  
16 critical was forecasting the near-term. And to  
17 use your assumption scenario that if the  
18 incremental cost were all at the end because the  
19 schedule was extended, and it were three or four  
20 years out, then it's not an immediate financing  
21 concern unless there was, of course, a  
22 disallowance by the regulator which would create a  
23 concern in the financial markets.

24 Q At some point in time did you become aware of  
25 conflict between SCE&G and the Consortium versus

1 -- I'm sorry -- between SCE&G and the Consortium  
2 regarding the cost overruns of the project?

3 A Yes.

4 Q When did you become aware of those concerns?

5 A I don't know specifically. I mean, I knew there  
6 were outstanding disputes along the way. I just  
7 can't put a date or time line to it.

8 Q Okay. How did you hear about those disputes?

9 A I believe some of them were, maybe all of them,  
10 were delineated in the BLRA quarterly reports.  
11 There could've been some of it that I learned  
12 about from the Monday morning meetings we  
13 discussed earlier or some discussions quarterly  
14 with the Board where there was an update. The  
15 Board of Directors. Sorry.

16 Q Did you have any interaction with Santee Cooper in  
17 your role as CFO of the company?

18 A Yes.

19 Q Can you describe that interaction?

20 A Yea. Predominantly, that interaction was later in  
21 the project a significant amount of it in a very  
22 condensed period of time in October of '15 around  
23 that amendment negotiations, so I was part of this  
24 SCANA team as we discussed this morning that  
25 worked on that amendment. And there was a

1 corollary team from Santee Cooper. And sometimes  
2 we were physically together. Frequently we were  
3 on telephone calls together, and then sometimes we  
4 were on telephone calls together with  
5 Westinghouse.

6 Q And explain what the owners' position was in these  
7 negotiations?

8 A Well, the Consortium approach us as I understand  
9 it. Not me, be approached the owners and said  
10 Anderson said we would like for CB&I to exit the  
11 project, and we have to have your permission to  
12 do that. We also have to have the Vogtle owners'  
13 permission to do that. And we want them at the  
14 same time or we're not going to either one. So  
15 the owners, at least in our case, I can't speak  
16 for Vogtle owners, the owners said this is  
17 something they want and what can we accomplish as  
18 part of this.

19 Q Did the owners also want CB&I off the project?

20 A Well, I can't speak for Santee. I believe I can  
21 tell you that on the SCE&G side we felt that would  
22 be productive because we knew a great deal of the  
23 disputes to date had do with finger-pointing  
24 between the consortium partners. And that's not  
25 what I witnessed personally. It's me hearing it

1 from Mr. Byrne, Mr. Marsh.

2 Q So it's fair to say that Mr. Byrne and Mr. Marsh  
3 also viewed eliminating CB&I from the Consortium  
4 would be a positive thing?

5 A It depended upon -- it depended upon the  
6 comprehensive negotiation.

7 Q And what were the owners or SCE&G's other  
8 interests in these negotiations?

9 A Significantly increasing the penalties associated  
10 with not meeting guaranteed substantial completion  
11 dates including adding incentives on the positive  
12 side for hitting dates. Roughly, for both owners  
13 together, about a billion dollars of risk on the  
14 table for Westinghouse. Including a fixed-price  
15 option; there was a one-way option that the owners  
16 could evaluate for several months and elect  
17 whether or not to implement it. A specific new  
18 definition of what change in law was because there  
19 was a believe that a lot of the disputes to date  
20 had been over disputes over what was a NRC change  
21 in the law and what was not. The owners felt like  
22 the Consortium was using that a great deal as a  
23 reason for additional billings and felt that was a  
24 great deal of the issue. Resolving all  
25 outstanding disputes was critical so we could

1 clear the slate and move forward with a clean  
2 slate. And finally, the last significant one I  
3 remember here today is just establishing a  
4 milestone payment schedule so the Consortium was  
5 paid for, clearly and only paid for,  
6 accomplishments prospectively after that milestone  
7 payment schedule was established.

8 Q How would the milestone payment schedule interact  
9 with the fixed-price option from the company's  
10 view?

11 A Simplistically, it would take the remaining cost  
12 to be earned over the project and you tie it back  
13 to specific milestones over the remaining  
14 construction schedule of the project. And then  
15 you pay when those milestones were accomplished.

16 Q Why did SCE&G want to increase the penalties for  
17 nonperformance?

18 A Just simply have more skin in the game over  
19 Westinghouse.

20 Q Did the company -- SCE&G felt there were  
21 insufficient penalties under the existing  
22 agreement, correct?

23 A Well, from my perspective, the company felt like  
24 we had some leverage because CB&I clearly wanted  
25 out and we wanted to use that to the best extent

1 possible to protect the owners and the owners'  
2 customers.

3 Q Who was part of the negotiation team from SCE&G?

4 A Mr. Marsh, Mr. Byrne, Mr. Archie, myself, general  
5 counsel, Ron Lindsay, and then other support staff  
6 as needed depended upon the issue.

7 Q And who was the team from Santee, the negotiating  
8 team?

9 A Generally, the peers to the SCANA team, the CEO,  
10 Mike Crosby who I characterize as Mr. Byrne's peer  
11 at Santee. Those were the -- general counsel.  
12 And I don't know other -- they had other staff  
13 involved too as they needed.

14 Q Was Lonnie Carter involved?

15 A Well, he's the CEO. Yeah, I'm sorry. I just  
16 referenced by title. But, yes, the CEO, actively.

17 Q And who was involved from the Consortium?

18 A I was not a participant in all that, so I can't  
19 answer that exhaustively. But on the occasion  
20 when I was on a call, it was the president of  
21 Westinghouse.

22 Q And who was that?

23 A I can't recall his name at this point.

24 Q Was it Danny Roderick?

25 A Yes. Thank you.

1 Q How about Carl Churchman, was he involved?

2 A Not in what I was involved in. I suspect he had  
3 to be involved in some of the daily discussions  
4 among staff or either providing information to his  
5 management. But I was not involved in meetings  
6 with Mr. Churchman.

7 Q How often did your teams meet to negotiate this  
8 agreement?

9 A It was over a condensed period of time. It was in  
10 October of '15. And typically, multiple times a  
11 day either in person or telephonically. Sometimes  
12 a few days might pass, there was not a need for  
13 that. But it was a very, very intense period of  
14 time.

15 Q Are were you aware at the time of these  
16 negotiations that the owners had commissioned an  
17 assessment of the project by the Bechtel  
18 Corporation?

19 A Yes. I believe I was aware.  
Co: 2:11:21

20 Q How did you become aware of that?

21 A I believe I first learned about of that when it  
22 was discussed with the SCANA board near the time  
23 of the engagement.

24 Q And who mentioned it to the SCANA board?

25 A I can't be sure of that. Either Mr. Byrne or

1 Mr. Marsh, I don't remember.

2 Q And what do you recall being said about that  
3 Bechtel engagement to the board?

4 A I don't recall anything specifically.

5 Q Do you recall any information about the reasons  
6 Bechtel was being retained to assess the project?

7 A I don't.

8 Q Sitting here today, can you tell me why SCE&G  
9 retained Bechtel to assist in the project?

10 A I don't know. I don't know that. I believe that  
11 they were retained in order to assess the  
12 situation around these disagreements that existed,  
13 these disputes that were ultimately resolved by  
14 this amendment. But I did not engage in them so I  
15 can't -- you know, I'm having to speculate some of  
16 that. I can't completely respond to your question  
17 there.

18 Q What disputes were resolved by the amendment?

19 A All of them that I'm aware of. All of the  
20 outstanding disputes between the owners and the  
21 Consortium.

22 Q Those are disputes about who's going to pay for  
23 work on the project, right?

24 A Correct. And that was my understanding of largely  
25 what they were there for was to provide an

1 assessment for either offensive or defensive  
2 litigation if it matured to that, like it already  
3 had at Vogtle.

4 Q Do you recall anyone from Santee Cooper being  
5 concerned with the progress in completing the  
6 project at the time Bechtel was retained?

7 A So I don't know that I had any interaction with  
8 Santee around the time that they were retained.  
9 But there was -- you know, we were in front of the  
10 Public Service Commission around that time. We  
11 scheduled ourselves. So I would expect they had  
12 concerns too. But my interaction with Santee  
13 really wrapped up in October.

14 Q Is it correct to say that SCE&G and Santee  
15 retained Bechtel to get an understanding of the  
16 status of construction of the project?

17 A Yeah. That's what I was alluding to earlier. I  
18 don't know the specific answer to that. My  
19 understanding was they were retained by the  
20 owners' counsel in anticipation of having  
21 litigation either against us or us against the  
22 Consortium, cost of these disputes.

23 Q And how would they help in that goal?

24 A Assess the disputes I presume. But I don't know.  
25 I didn't engage them. I was not involved in the

1 presentations nor the discussions with counsel, so  
2 I don't know.

3 Q That understanding that you have about why they  
4 were retained, how did you get that understanding?

5 A I believe most of that understanding came from me  
6 hearing it at the legislative briefings,  
7 legislative investigative hearings, where both  
8 SCANA and Santee management, and in Santee's case  
9 board chair, testified.

10 Q So you don't have any firsthand knowledge of the  
11 reasons that Bechtel was retained?

12 A I do not.

13 Q Did you have any interaction with Bechtel when  
14 they were on the project?

15 A Did not.

16 Q When did you become aware of the results of  
17 Bechtel's assessment of the project?

18 A I don't know specifically the date around that. I  
19 only recall the summary by Mr. Byrne either in one  
20 of our Monday management meetings or possibly and  
21 in a board briefing that a majority of the Bechtel  
22 findings were pointing to disagreements between  
23 the Consortium partners which by that point in  
24 time had largely been -- be addressed by the  
25 exiting of CB&I, and further stated that he felt

1           like Bechtel was looking for a project engagement.

2       Q     Had your company opened the possibility with  
3           Bechtel of Bechtel being involved on the project  
4           after the assessment?

5       A     I don't know the answer to that.  Again, I just  
6           didn't have firsthand knowledge as you've asked me  
7           a couple of questions ago.

8       Q     Did you become aware at any point in time that  
9           Bechtel had assessed the likely substantial  
10          completion date -- dates of the units of the  
11          project?

12      A     Could you ask me that again?

13      Q     Sure.  Did you become aware at some point in time  
14          that Bechtel had assessed the likely substantial  
15          completion dates of the units on the project?

16      A     Post abandonment, I did.

17      Q     How did you become aware of that?

18      A     Legislative hearings.

19      Q     So you weren't present in any briefings by Bechtel  
20          to management?

21      A     I've never met anyone from Bechtel to my  
22          knowledge.

23      Q     Do you need a break, Mr. Addison?

24      A     I'm fine.

25      Q     Are you aware now, Mr. Addison, that Bechtel

1 projected that the Unit 2 would not be  
2 commercially operational until December 2020 until  
3 August 2021 and Unit 3 until June 2022 to  
4 June 2023?

5 A I know -- as I've said earlier this morning, I  
6 haven't reviewed their information. I am familiar  
7 that based upon all the other proceedings since  
8 abandonment that they obviously suggested dates  
9 different than Westinghouse had at the time.

10 Q In 2015 and 2016, were you involved in any  
11 discussions by the company to decide whether to  
12 disclose the results of the Bechtel assessment to  
13 ORS or the PSC?

14 A No.

15 Q Did any such discussions occur to your knowledge?

16 A I'm not aware of any.

17 Q Have you asked anyone to see if they occurred?

18 A Have I asked anyone to see -- take be back through  
19 the question again. I'm sorry.

20 Q Yeah. I'll even tell you where I'm going. I'm  
21 trying to see if you're not aware of any -- if you  
22 feel that that would be natural to your position  
23 or if you've done some sort of research even  
24 outside of your previous position as CFO and still  
25 can't find any evidence of discussions about

1           whether to disclose the results?

2    A       I haven't done any research around that.

3    Q       What is your understanding of the Bechtel  
4           Corporation?

5    A       The only understanding I have understanding is the  
6           understanding I've gained in these legislative  
7           hearings or in other discussions around that  
8           they're disciplined in the nuclear industry.

9    Q       Did you gain any understanding of their reputation  
10           in the industry?

11   A       No.

12   Q       It's correct that the owners spent a million  
13           dollars on the Bechtel assessment, correct?

14   A       Correct.

15   Q       How did you become aware of that?

16   A       It was actually -- I believe it came up in the  
17           senate hearing.

18   Q       Sitting here now, are you upset that you were not  
19           informed about the results of the Bechtel  
20           assessment in 2015 and '16?

21   A       No.

22   Q       Why not?

23   A       Well, for one, I don't know all what's in it. I  
24           didn't have the context at the time. And I was --  
25           I was not involved in other project-oriented

1 discussions around the nuclear project or around  
2 pipelines in North Carolina, et cetera, to that  
3 level of detail. I'm not an engineer. I don't  
4 know what value I would've added to that  
5 discussion. And I believe if there was something  
6 material, important that I should've known, I  
7 would've been made aware of it by my peers.

8 Q You were signing your company's or certifying your  
9 company's SEC filings during the time of the  
10 Bechtel assessment, correct?

11 A Correct.

12 Q It doesn't disturb you at all that the company  
13 spent seven figures on an assessment in 2015  
14 regarding the status -- regarding the project and  
15 you weren't made aware of the results of that  
16 assessment while you were certifying these SEC  
17 filings?

18 A It does not. And part of that conclusion is we've  
19 got an international accounting firm that's  
20 auditing our records, that's gone back and looked  
21 at it completely and said the did not see any gaps  
22 in our disclosures.

23 Q Is that Deloitte?

24 A Yes.

25 Q You used to work there, right?

1 A I did about three decades ago.

2 Q So you trusted your accountant on that issue?

3 A I have a great deal of confidence that they  
4 thoroughly vetted that issue especially with the  
5 political and regulatory ramifications of it.

6 Q Sitting here now, do know that they did vet that  
7 issue?

8 A Yes.

9 Q How do you know that?

10 A They told me that.

11 Q When?

12 A I don't know specifically when. Sometime  
13 obviously post abandonment.

14 Q Did you have a conversation with them specifically  
15 about that issue?

16 A The conversation wasn't specific about that. It  
17 was conversation that -- a topic that they offered  
18 in the middle of another -- in the middle of  
19 another meeting.

20 Q What was the meeting about?

21 A A routine quarterly meeting where they meet with  
22 me before the financials are published.

23 Q And how do they bring up the Bechtel report?

24 A I don't remember the details of it.

25 Q What did they tell you about it?

1 A That they had gone back with their local team and  
2 their national team and reviewed all the  
3 disclosures at the point in time they were made,  
4 and read this document. They did not see any gaps  
5 in the disclosure at the time they were made.

6 Q And who from Deloitte told you that?

7 A The partner at Deloitte now, Sean Bird.

8 Q How do you spell that?

9 A S-E-A-N, B-I-R-D.

10 Q Where's he located?

11 A Well, he works in our county. He's in our  
12 headquarters. I believe he's based in Charlotte.

13 Q Do you know if any of the accounts at your company  
14 were aware of the results of the Bechtel  
15 assessment at the time that it occurred?

16 A I do not know that.

17 Q Was specifically did Mr. Bird tell you about why  
18 he was comfortable with the company's disclosures  
19 during that time period?

20 A He didn't get any more specific than that. It was  
21 important -- the context of it was it was  
22 important because the auditor has to rely on  
23 management's representations. And it's important  
24 that they review that and ensure that can on an  
25 ongoing basis rely on management's representations

1 to them each quarter.

2 Q From talking to Mr. Bird, did Deloitte sign off on  
3 the nondisclosure of the Bechtel report in the SEC  
4 filings at the time the report was issued or only  
5 later after abandonment?

6 A We did not talk that specifically.

7 Q So you don't know the answer to that?

8 A No. I do know the answer to it. You asked me what  
9 did he say about it and we didn't talk about it.

10 Q Okay. So do you know now whether Deloitte -- when  
11 Deloitte became aware of the results of the  
12 Bechtel assessment?

13 A I do not know the answer to that.

14 Q Have you ever talked to Mr. Marsh about why you  
15 were not told about the Bechtel assessment?

16 A I have not.

17 Q How about Mr. Byrne?

18 A I have not.

19 Q When's the last time you spoke with Mr. Byrne?

20 A Before he retired.

21 Q When was that?

22 A He retired December 31st of '17.

23 Q Why did he retire?

24 A Only he could answer that.

25 Q He didn't tell you?

1 A He didn't.

2 Q Mr. Marsh retired at the same time?

3 A He did.

4 Q Did he tell you why he retired?

5 A No.

6 Q Did you ever talk to the board about why Mr. Marsh  
7 and Mr. Byrne retired?

8 A No. I mean, I'm not trying to evade your  
9 question. I'm obviously aware of the general  
10 politically charged environment and the push for  
11 change of leadership. So I'm certainly aware of  
12 that. But I didn't specifically ask them why are  
13 you choosing to retire now.

14 Q Did any members of the board tell you why you were  
15 chosen to be CEO?

16 A No.

17 Q Have you ever been told that part of the reason  
18 for you being selected as CEO is that you were not  
19 aware of the results of the Bechtel assessment at  
20 the time that it occurred?

21 A No.

22 Q Has anyone ever suggested to you that your  
23 appointment to CEO was encouraged by the fact that  
24 you weren't connected to the Bechtel assessment?

25 A No.

1 Q Did you ever speak with Mr. Marsh about why he did  
2 not inform you of the results of the Bechtel  
3 assessment?

4 A I think that's the same question we had earlier.  
5 No.

6 Q When is the last time you spoke with Mr. Marsh?

7 A It's been months. Probably -- I think it was  
8 February or March.

9 Q What did you talk about?

10 A He called me to tell me that his daughter that was  
11 finishing her PhD had gotten a job.

12 Q Did you talk about litigation?

13 A No.

14 Q Did you talk about the company?

15 A No.

16 Q How was your relationship with Mr. Marsh when you  
17 two worked together?

18 A Good, healthy relationship.

19 Q Did you feel like he involved you in management  
20 decisions sufficiently?

21 A Yes.

22 Q How was your relationship with Mr. Byrne at the  
23 time that you two worked together?

24 A It was also good.

25 Q Sitting here today, would you agree with me that

1 the substantial completion dates that are  
2 contained in the Bechtel report are outside the  
3 scheduled contingencies that the Commission had  
4 approved in 2015?

5 A Can you give me those again, then I can answer.

6 Q Sure. December 2020 for Unit 2, June 2022 for  
7 Unit 3.

8 A All right. So December of '20 for Unit 2?

9 Q Correct.

10 A And I believe the most recent approved was June of  
11 '19?

12 Q We can go back and look.

13 A So I don't believe that one is outside the 18  
14 months. It looks like it's right on 18 months.  
15 And Unit 3 was?

16 Q June 2022.

17 A That one appears to be 24 months. It would be  
18 outside.

19 Q It's correct to say that the company had an  
20 obligation at that time to inform the PSC that if  
21 it believed that the project schedule was outside  
22 the 18-month contingency, correct?

23 A If it believed the project schedule?

24 Q Yes.

25 A Yes. If the company believed that project

1 schedule was outside of the 18 months. What I  
2 don't know -- I can't make the bridge that the  
3 company believed that this was reliable  
4 information. I don't know that.

5 Q I understand.

6 A Okay.

7 Q And that applies to if either unit is outside that  
8 18-month period, correct?

9 A Yes. And not only either unit, but the interim  
10 milestones related to the units.

11 Q How many milestones have to be outside the  
12 contingency period for the need to receive  
13 Commission approval to apply?

14 A I believe, technically, one is my recollection.

15

16 MR. COX: Why don't we take a break now,  
17 Mr. Addison. I'm going to review my notes and try  
18 to consolidate to try to get us concluded in the  
19 next hour and a half.

20 THE WITNESS: Very good.

21 VIDEOGRAPHER: Off the record at 4:15 p.m.

22

23 (Off the Record)

24

25 VIDEOGRAPHER: This is the continuation of

1 the deposition of Mr. Jimmy Addison, video number  
2 4. We're on the record at 4:30 p.m.

3

4 BY MR. COX (Continuing):

5 Q Mr. Addison, I've handed you a document that has  
6 been labeled Exhibit No. 13?

7 A Twelve.

8 Q I'm sorry, Exhibit No. 12. This is your 2016  
9 testimony, written testimony, before the PSC. Did  
10 you review this in preparation for your  
11 deposition?

12 A Yes.

13

14 (Whereupon, Testimony of Mr. Addison was  
15 marked Exhibit No. 12 for  
16 identification.)

17

18 Q So I just want to call your attention to a few  
19 statements in here. If you can turn to page 13 of  
20 your testimony.

21 A Okay.

22 Q On page 12 and 13 you describe the BLRA. And  
23 you're not an attorney. Is that right?

24 A That's correct.

25 Q The first full sentence on the top of page 13

1 reads, "The initial plans and forecast can then be  
2 updated so long as the updates are not the result  
3 of imprudence by the utility." Is that a correct  
4 statement?

5 A I believe it to be.

6 Q Lower on that page, line 13, there is a sentence  
7 that starts, "More specifically in this project,  
8 the Commission properly looks to SCE&G as owner  
9 for prudence, first bullet, in construction  
10 oversight." Is that a true statement that you  
11 made there?

12 A Yes.

13 Q On page 21 of your testimony, lines 13 to 16, you  
14 have a sentence that reads, "In each update case  
15 since 2009, the company has come before the  
16 Commission with the best information available  
17 concerning the anticipated construction schedule  
18 for completing the units and the anticipated cost  
19 associated with that schedule." Did I read that  
20 correctly?

21 A Yes.

22 Q Is that a true statement?

23 A I don't know of any reason that it's not.

24 Q Your aware that the company in 2014 to '15  
25 developed a cost estimate to complete the project

1 that was different than the number that was  
2 provided to the PSC in March 2015, correct?

3 A Yes. But as we had a lot of dialogue about  
4 earlier, I don't know all the potential  
5 mitigation, et cetera, that could have occurred to  
6 ensure that the contractor schedule was hit.

7 Q And I just want to know on what basis do you  
8 conclude that the cost information that your  
9 company submitted to the PSC in 2015 was the best  
10 information available concerning the anticipated  
11 construction schedule for completing the units and  
12 the anticipated cost associated with that  
13 schedule?

14 A It's the -- basically that the contractor should  
15 know more about the project than the utility  
16 they're building it for. It was under an EPC  
17 contract. We hired them for that expertise, and  
18 they should have the best information available.

19 Q And that's the only basis in which you made that  
20 statement?

21 A That's my basis.

22 Q At the time you made this statement in 2016, you  
23 were aware that the company did have a different  
24 cost estimate in late 2014 than the Consortium's  
25 estimate, correct?

1 A I don't know if I was aware of a different  
2 estimate. As I said earlier this morning or early  
3 this afternoon, I was aware that some had concern  
4 around the -- could be the Consortium improve  
5 those performance factors. But I don't  
6 specifically remember a different cost and  
7 schedule. Again, I wasn't part of the team that  
8 received that presentation of that information.

9 Q When you prepared this testimony in 2016, did you  
10 make any inquires to give yourself reassurance  
11 that the information that the company had  
12 submitted in March 2015 was the best information  
13 available?

14 A General knowledge of the updates of the project  
15 that were given to the senior management team or  
16 to the Board of Directors as we discussed earlier.

17 Q Is it fair to say that Carlette Walker had  
18 informed you in 2015 that she did not feel that  
19 the information the company submitted inn the 2015  
20 docket was the best information available?

21 A Again, she informed me that she had concerns over  
22 whether or not the Consortium could make those  
23 improvements that were required.

24 Q To make that information correct?

25 A Yeah. And I don't recall her telling me that she

1 did not think that was not the best information  
2 available at the time. And part of that's -- I  
3 mean, she submitted testimony in the preceding as  
4 well. We looked at that earlier. And I believe  
5 her testimony supported the cost.

6 Q Is it correct to say, Mr. Addison, that the  
7 company informed the Commission that it had  
8 reviewed the Consortium's cost data and then  
9 didn't state that it had come up with a different  
10 number for anticipated cost in the Consortium in  
11 that review?

12 A I believe that's accurate.

13 Q Do you think that's a misleading statement?

14 A Again, we're right back to the same spot. I don't  
15 know because I don't know because I don't know how  
16 reliable the company's estimates were. I don't  
17 know what other considerations that were at the  
18 time. And I can't become an expert in that all of  
19 a sudden after-the-fact and not having been there.

20 Q Don't you think that telling the Commission that  
21 you've reviewed some numbers and then not  
22 revealing that that assessment resulted in a  
23 different conclusion creates the misleading  
24 impression that the review confirmed the numbers  
25 that were presented?

1 A I don't know that.

2 Q Is it a possibility?

3 A I don't know if it's a possibility or not. I know  
4 Mr. Byrne in that testimony we looked at said the  
5 Consortium has a significant challenge in meeting  
6 this proposed schedule. To me that applies that,  
7 you know, they've got to improve a great deal.  
8 And he said -- I think he said these costs and  
9 schedules could and likely will change. If I  
10 understand your question, did we not go far enough  
11 by being explicit about the exact amount of the --  
12 using the historical factors would've yielded.

13 Q My question now relates to that accounting type of  
14 issue that we discussed earlier. The omission of  
15 facts that make a fact that's mentioned  
16 misleading. And my question, which I think you've  
17 answered, is whether the company's failure to  
18 explain -- let me back up. The company's  
19 statement that it had performed a review of the  
20 Consortium's numbers and not revealing that its  
21 conclusion from that review is that the numbers  
22 are not likely to be met, were not the best  
23 estimate, is misleading?

Co: 2:39:40

24 A And I think it would depend upon the degree that  
25 the company expert felt like they could rely on

1 the company estimate compared to the Consortium's  
2 estimate and -- because we're talking about  
3 projected cost over a multiyear period is my  
4 understanding.

5 Q Sitting here now as the company CEO, who would you  
6 point to as the person who the company would say  
7 is the person that can support not providing the  
8 company's internal cost estimate in 2015?

9 A In this upcoming preceding?

10 Q Sure.

11 A I don't know the answer to that. That may be very  
12 difficult given that some of those with the most  
13 expertise are no longer with the company.

14 Q Well, let's take it broader. Including anyone,  
15 even individuals who aren't designated yet to  
16 testify, who would be the individual that you  
17 would point to as the person who can state that it  
18 was not misleading for the company to not reveal  
19 the conclusion of its own internal estimate and  
20 cost?

21 A Again, I don't know they still exist at the  
22 company. It may be Mr. Byrne or Mr. Jones or  
23 Mr. Torres. I don't know someone if someone still  
24 at the company had that breadth of knowledge at  
25 that point in time to respond to it today.

1 Q Back then, who would be the person?

2 A One of the three I just named. I don't know  
3 specifically who would be the best.

4 Q Can you turn to page 22 of your testimony,  
5 Exhibit No. 12. You know I've been making an  
6 attorney mistake. I've been reading your  
7 testimony. Can you read the first sentence of  
8 page 22.

9 A The question or the very first line?

10 Q The very first line.

11 A "Current schedules -- the current schedules  
12 reflect the best information available about the  
13 anticipated cost and construction timetables for  
14 completing the project."

15 Q Was that a true statement, Mr. Addison?

16 A It was as far as I understood it at the time.

17 Q And do you still feel it was true?

18 A As I said earlier, I don't know enough to know if  
19 it was not at that point in time because I don't  
20 know all the context of what else could be  
21 considered. I said a few minutes ago when we  
22 started back after the break, I can't conclude  
23 here today not being a construction expert that  
24 the owners had better information than did the  
25 contractor about a mega construction project.

1 Q What did you do, if anything, to reassure yourself  
2 that the statement you were making to the  
3 Commission that you just read was correct?

4 A Same thing I said a few minutes ago. Nothing  
5 other than being aware of the general updates that  
6 were made around the construction to the  
7 management team or to the board.

8 Q And you weren't aware of the results of the  
9 Bechtel assessment at this point in time, right?

10 A I was not.

11 Q And at this point in time, the company was aware  
12 of the results of Bechtel assessment, correct?

13 A What was the date of this?

14 Q Sometime in 2016.

15 A My recollection from the legislative hearings is  
16 that Bechtel report was, I believe, February or  
17 March of '16. So if this was after that, yes. I  
18 don't know specifically when the Bechtel report  
19 was or when this was published.

20 Q Now that you know the results of the Bechtel  
21 assessment, do you still feel that your statement  
22 that you made to the Commission in 2016 was  
23 correct?

24

25 MR. BALSER: Object to the form. He's

1 testified he doesn't know the results of the  
2 Bechtel assessment.

3

4 Q Let me rephrase the question. I read to you  
5 earlier the estimated substantial completion dates  
6 on the units assessed by Bechtel. Do you recall  
7 that?

8 A I do.

9 Q Knowing that information, do you still believe  
10 that the sentence that you read at the top of page  
11 22 of your 2006 testimony is correct?

12 A I don't know because I don't know -- I don't know  
13 that it's not correct because I don't know the  
14 accuracy or reliability of that information from  
15 Bechtel.

16 Q If you had known about the results of Bechtel  
17 assessment prior to submitting this testimony,  
18 what would you have done differently than what you  
19 did?

20 A I don't know. It would have -- it would have had to  
21 have encompassed the opinions of various other  
22 experts on which I'm not one.

23 Q So let's say you had received a copy of the Bechtel  
24 report. Saw the substantial construction dates  
25 which as we talked about were different than the

1 ones that were on file with the Commission. What  
2 would you have done just to reassure yourself that  
3 this statement was correct? Who would you have  
4 talked to?

5 A Speculation, but I likely would've talked to  
6 Mr. Byrne. I would have wanted to hear what he  
7 thought about the reliability of it. Would want  
8 to know what our partner thought about the  
9 reliability of it. I don't recall that  
10 information be disclosed in their documents  
11 either, in their public financing documents. So  
12 I'm left to assume that they drew the same  
13 conclusion. I don't know what the reasons were  
14 because I was not involved.

15 Q And you didn't take any of those actions because  
16 you didn't know that there was a report by  
17 Bechtel, did you?

18 A I did know there was a report by Bechtel. Had I  
19 been involved in the briefing, I may have known  
20 enough on my own to draw conclusions as to why it  
21 was not reliable or why it was. I just don't  
22 know.

23 Q And you lost the opportunity to make that  
24 assessment regarding this statement because you  
25 didn't know about that, correct?

1 A Yeah. I can't -- I can't go back and say I knew  
2 about it because I didn't. But I have no reason  
3 to doubt the integrity the others that were  
4 involved in that process. Through the remainder  
5 of my career, I've never had a reason to do that.  
6 We built multiple power plants, pipelines,  
7 acquisitions, disposals of assets, entities. I've  
8 never had a reason to not -- to have doubt that I  
9 would've been informed about something that was  
10 reliable material information.

11 Q And that's the basis on which you are not upset  
12 about not being aware of the Bechtel assessment at  
13 the time you submitted that testimony?

14 A That's part of my basis, yes.

15 Q Is there any other basis?

16 A Just what we've been talking about here for a few  
17 minutes, which is I don't know what was in it and  
18 how reliable it was.

19 Q Did you consider not making a statement about the  
20 best information regarding substantial  
21 construction dates because it's outside your  
22 field?

23 A No. That's a fair question, and I don't recall  
24 thinking that at the time.

25 Q Mr. Addison, we've labeled an e-mail Exhibit

1 No. 13. If you take a moment to read it from the  
2 bottom up then we'll discuss it.

3

4 (Whereupon, E-mail Correspondence was  
5 marked Exhibit No. 13 for  
6 identification.)

7

8 A (Witness complies.) Okay.

9 Q So Mr. Addison, this is an e-mail exchange  
10 involving you, Carlette Walker and Kevin marsh,  
11 correct?

12 A Yes.

13 Q And Ms. Walker is asking you for some help in  
14 preparing information to provide to ORS at a  
15 quarterly meeting. Is that right?

16 A I believe that's accurate.

17 Q Who is Duke Scott?

18 A He was the Executive Director of ORS.

19 Q And how often did you meet with him?

20 A Typically, quarterly.

21 Q Did you attend the quarterly briefings that the  
22 company gave to ORS?

23 A Regarding this project?

24 Q Yes.

25 A No.

1 Q Okay.

2 A I'm sorry, to clarify. I would meet with him  
3 quarterly typically around our quarterly financial  
4 release. As CFO, I would be with him and some of  
5 his staff the evening before typically after  
6 market closed just so he was aware of what's in  
7 the press release before it goes out the next  
8 morning.

9 Q And that's a meeting regarding the company's  
10 financials, correct?

11 A That's correct.

12 Q So you did not regularly attend the meetings, the  
13 progress meetings, that your company had with ORS  
14 regarding progress under the project?

15 A No.

16 Q Did you attend any of those?

17 A I don't recall attending any of those.

18 Q Okay.

19 A The only one i recall attending was not a project  
20 meeting at all. It's the one delineated in my  
21 current testimony in August of '16.

22 Q And we'll get to that in a bit. Ms. Walker's  
23 e-mail references Ron, Alan, Carlette. Do you  
24 know who Ron and Alan are?

25 A I presume she is referring to Ron Jones and Alan

1 Torres.

2 Q Her e-mail, she references seeking confirmation  
3 that the total projected cost slide could be  
4 shared after we file the BLRA report tomorrow. Do  
5 you know what slide she's referring to?

6 A I believe she must be talking about the total  
7 projected cost in the appendix of the BLRA report.

8 Q And is that a regular part of the report?

9 A Yes.

10 Q Do you know if the slide she's referring to showed  
11 the Consortium's projected cost or the company's  
12 projected cost?

13 A I don't know.

14 Q Ms. Walker says that Duke Scott has specifically  
15 indicated that he wanted her to provide him with  
16 updates on the EAC and delay negotiations. Is  
17 that correct?

18 A Yes.

19 Q And isn't correct to say that Kevin Marsh responds  
20 to her the next day and says, "We believe the  
21 message to ORS should be that we have had one  
22 initial meeting with the Consortium and are still  
23 having discussions. We should not get into the  
24 details of the discussions to date." Did I read  
25 that correctly?

1

2

MR. BALSER: Objection. You left out half  
the e-mail. It's an inaccurate and incorrect  
recitation of what the e-mail says.

5

6 Q Go ahead, Mr. Addison.

7

A Well, I can read the body of all of it if you'd  
like.

8

9

Q Okay. Fair enough. It's correct to say that  
Mr. Marsh was informing Ms. Walker that she should  
not share information about the progress of  
discussions with the Consortium regarding  
estimated costs, correct?

10

11

12

13

14

A The way I take this is that she should not get  
into the details of the discussions to date.

15

16

Q You would also -- isn't it fair to also say that  
he's also saying that you should -- the message  
should be that you had a meeting and are still  
having discussions, right?

17

18

19

20

A Yes.

21

22

Q He tells her not to get into the details of the  
discussions, correct?

23

A He does.

24

25

Q Why did you send the follow-up e-mail to Mr. Marsh  
when you say, "Carlette, does this give you what

1           you need?"

2       A       Because I said thanks Kevin for providing the  
3           previous one. That's why he was on it.

4       Q       And they why do you ask that of Ms. Walker?

5       A       Because she initially asked me -- in the bottom  
6           part of the e-mail, she asked me for some  
7           assistance and I wanted to make sure that it was  
8           provided. Because I couldn't provide it,  
9           obviously. I just bridged the communication  
10          between the two of them.

11      Q       Is it fair to say that Mr. Marsh was discouraging  
12          Ms. Walker from providing a response to  
13          Mr. Scott's request for information?

14      A       At this point in time, I think he was discouraging  
15          it because it wasn't complete. He didn't have all  
16          she needed to be able be responsive is my reading  
17          of this.

18      Q       Okay. Do you know if a more full response was  
19          ever provided by the company to Mr. Scott?

20      A       I don't know.

21      Q       You referenced a quarterly report that's being  
22          filed around this time too, correct?

23      A       Correct.

24      Q       Would that be the 10-Q?

25      A       Well, no. I think this is the BLRA quarterly

1 report unless I'm missing your reference.

2 Q Could be correct. Is it correct to say,  
3 Mr. Addison, that the company's 10-Q in  
4 November 2014 referred to the Consortium's EAC  
5 estimate that it had been provided in August as a  
6 "preliminary cost estimates"?

7 A Can you direct me to that reference?

8 Q Sure.

9 A Because I don't remember those.

10 Q This is a copy of the 10-Q you can take a look at.

11 A And where is it?

12 Q The page that's flagged, marked.

13 A (Witness reviews document.) Okay. Give me your  
14 question again.

15 Q Sure. It's correct that in the 10-Q filed in  
16 November 2014 the company referred to the  
17 Consortium's cost estimate that was provided in  
18 August, this is a quote, "preliminary cost  
19 estimates"?

20 A I may be missing your point. Are you talking  
21 about the top of this page?

22 Q No, the page before. I'm sorry.

23 A Sorry. I was looking on the one that was tabbed.  
24 (Witness reviews document.) I believe that's  
25 accurate.

1 Q Thank you. Page 56.

2 A That's in SCE&G's, not SCANA's. And I apologize.  
3 This is what I was thinking about earlier when I  
4 asked about the table contents. It was on this  
5 current testimony.

6 Q I understand.

7 A I apologize.

8 Q We've got your table there. This is a long enough  
9 testimony --

10 A Yeah.

11 Q So, Mr. Addison, I've provided you with  
12 Exhibit No. 14 which is your prefiled testimony in  
13 the abandonment proceedings. Did you review this  
14 document in preparation for your deposition.

15

16 (Whereupon, Testimony of Mr. Addison was  
17 marked Exhibit No. 14 for  
18 identification.)

19

20 A Yes.

21 Q I like to call your attention to several  
22 statements in there. I'd like for you to turn to  
23 page 15.

24 A Okay.

25 Q On this page, you discuss the filing that the

1 company made in 2015, correct?

2 A Correct.

3 Q You weren't involved in that filing, you  
4 testified. Is that right?

5 A I did not testify.

6 Q Where did you get this information from?

7 A From the regulatory attorneys that drafted this  
8 provided it.

9 Q So you don't have firsthand knowledge of the work  
10 that the company did to ascertain the accuracy of  
11 the information in the 2015 filing, correct?

12 A Could direct me to something specifically in here.  
13 Excuse me.

14 Q Sure. On line 11.

15

16 MR. BALSER: What page are you on? I'm  
17 sorry, Jim.

18 MR. COX: Page 15, line 11.

19

20 Q There's a sentence that starts at line 11 and ends  
21 at line 18. And so I'd like to know where and  
22 what your knowledge of this information is based?

23 A (Witness reviews document.) Yeah, I didn't  
24 personally observe it.

25 Q That detailed review that you're referring to in

1 that sentence, how do you know that that occurred?

2 A Well, I didn't personally observe it is all I can  
3 tell you about that. You know, again, part of the  
4 challenge in this is that several of the people as  
5 we discussed earlier that would normally testify  
6 to this are not with the company anymore. Someone  
7 has to take on this historical recount of what's  
8 occurred in the case. And we concluded it was  
9 best to fit in my testimony. I think this is  
10 largely recited from prior testimony of other  
11 individuals.

12 Q And I appreciate that. I'll tell you in general  
13 in going through your testimony here near the end  
14 of your deposition, my goal or an objective here  
15 is for me to identify where your knowledge of  
16 certain things that are stated is occurring. Like  
17 we're going to talk about a meeting that I think  
18 you stated you were present at. So from what you  
19 probably have firsthand knowledge. And I'd like  
20 to find where other things where you're just  
21 laying the background or introducing other  
22 witnesses who may be talking about these things  
23 just so that I understand at the hearing what the  
24 basis for your testimony is.

25 A Sure.

1 Q And that can relate to different factors as far as  
2 the strength and admissibility of the evidence.

3 A And I think on this specific case, Mr. Young would  
4 be able to respond to how detailed those reviews  
5 were.

6 Q What about Mr. Kochems?

7 A Probably.

8 Q Either one would be more involved or a better  
9 source than you for that information?

10 A Yes. And I don't know either one. I think they  
11 would complementary -- be helpful depending upon  
12 the nature of the question.

13 Q And in this paragraph, you do not tell the  
14 Commission that detailed review by your company  
15 had resulted in an estimate of cost that was  
16 different than the Consortium's cost, correct?

17 A I did not.

18 Q Okay. I'd like for you to turn to page 21.

19 A Okay.

20 Q On line 13, you referenced Westinghouse's  
21 bankruptcy. At the time that your company was  
22 negotiating the fixed-price amendment to the EPC,  
23 your company was aware of the possibility that  
24 Westinghouse could declare bankruptcy, correct?

25 A At the time we were negotiating the EPC amendment?

1 Q Correct.

2 A No.

3 Q Why not?  
Co: 3:03:43

4 A The parent of Westinghouse was an investment grade  
5 rated company as I say somewhere later in this  
6 testimony. A 12 billion-dollar market cap.

7 Q So you're saying based on that it would be highly  
8 unlikely that Westinghouse would declare  
9 bankruptcy?

10 A Westinghouse was not a public company. So we  
11 didn't have access into Westinghouse financials.  
12 So we had to -- and the parental guarantee was  
13 with the parent, Toshiba. So we had to rely on  
14 the public information available about the parent  
15 where the backstop was. You know, it was an  
16 investment grade rated company.

17 Q So you're saying you couldn't have -- you didn't  
18 have information to assess the financial health of  
19 Westinghouse itself?

20 A That's correct.

21 Q And that's a risk in itself, right?

22 A I suppose to some degree which is why we did not  
23 have the guarantee at Westinghouse's level. We  
24 had it at the parent.

25 Q The company could have asked for financial

1 information about Westinghouse's health as part of  
2 the negotiation over the fixed-price amendment,  
3 correct?

4 A Could have and maybe did. I don't recall. I know  
5 historically we ask for information before that  
6 time about Westinghouse's financial information  
7 and did not get any substantive information.

8 Q Well, a minute ago you said that company didn't  
9 have access to it. And now you're suggesting that  
10 they may have. So I'm not sure --

11 A No. I'm suggesting we asked. I'm not suggesting  
12 we ever had access. We asked and did not get  
13 access surpassed, our credit department.

14 Q So now in 2015 you and Westinghouse are  
15 negotiating an amendment to the EPC, correct?

16 A Correct.

17 Q And as part of that negotiation, your company had  
18 the option to say, "We're not going to let you get  
19 rid of CB&I and change the terms of this agreement  
20 unless we get a better feel for the financial  
21 health of your company," correct?

22 A I suppose there's endless list of things we could  
23 have done. What we chose to do as owners,  
24 jointly, was to get the parental guarantee from  
25 the parent.

1 Q And that was a step that your company took to  
2 address bankruptcy risk by Westinghouse's parent,  
3 correct?

4 A No. I wouldn't say it was to address bankruptcy  
5 risk. It was investment rated grade company. We  
6 did not -- I did not feel that there was  
7 bankruptcy risk at the time. And Toshiba has not  
8 gone bankrupt.

9 Q Well, you didn't feel at the time that there was a  
10 risk that Westinghouse would declare bankruptcy,  
11 correct?

12 A I do not -- I'm sorry? No, I did not feel that.  
13 I had no reason to believe that.

14 Q And turned out to be a real risk, right?

15 A It did.

16 Q So in asking about what happened in 2015, I'll ask  
17 you questions about what you could have done and  
18 whether those actions were taken or not. And so  
19 the question I asked you was the fact that  
20 Westinghouse could declare bankruptcy and reject  
21 the EPC and its amendments was a fact that was  
22 known to SCE&G at the time it was negotiating the  
23 amendment in 2015, correct?

24 A Sure. The laws of the land would apply to  
25 everyone that operates here. Anyone can declare

1 bankruptcy.

2 Q Okay.

3 A I suppose this firm could tomorrow. I don't know.  
4 It was not a publically traded company. The  
5 parent was much larger. A 12 billion-dollar  
6 market cap, we felt like the credit assurance was  
7 better placed at the parent. And I think even  
8 with the benefit of hindsight, that was a smart  
9 move or else the owners would not have received  
10 \$2.2 billion in parental guarantee.

11 Q What would happen if there had been no amendment?

12 A I don't know.

13 Q Because didn't your company provide additional  
14 money to Westinghouse in 2016 over and beyond it  
15 would've done under the original EPC?

16 A I don't know the answer to that.

17 Q You're not aware of the fixed-price amendment  
18 resulting in your company almost doubling the  
19 amount of monthly payments it was making to  
20 Westinghouse?

21 A Yes. But the presumes that if the amendment had  
22 not taken place that the cost under the existing  
23 agreement would not have increased with another  
24 contractor coming in, Fluor, et cetera, and  
25 wrapping up resources. I don't know how you

1 compare something that didn't happen. It doesn't  
2 make sense.

3 Q So isn't it true, though, at the time of the 2015  
4 amendments, SCE&G had the option to decide or to  
5 negotiate for how much protection it wanted to get  
6 to prevent against a bankruptcy by Toshiba or  
7 Westinghouse?

8 A As part of the comprehensive list of factors that  
9 were negotiated, yes. And they were in excess of  
10 20 of those is my recollection in that amendment.

11 Q Twenty or so what?

12 A Different factors that were agreed to in the  
13 amendment, different components of the amendment.

14 Q For example, what?

15 A Credit being one. Resolution of disputes being  
16 another. Liquidated damages, those type matters.

17 Q Was there any discussion at the time of the 2015  
18 negotiations that the amendment did not provide  
19 the owners with enough protection in the event  
20 that Westinghouse decided to reject the EPC  
21 contract?

22 A I don't remember any discussion at the time around  
23 Westinghouse's bankruptcy.

24 Q The fixed-price option that the owners exercised  
25 in 2016, that resulted in an increase in the AFUDC

1           that was being paid in the calendar year 2016,  
2           correct?

3    A     Is your assumption because the amount of the  
4           payments to the contractor increased?

5    Q     Right. Because those payments increased, did the  
6           financing cost increase as well?

7    A     Yes. But we're back to our earlier exchange that  
8           that presumes that nothing would've changed under  
9           the previous agreement had the amendment not taken  
10          place. And again, we don't know what didn't  
11          happen.

12   Q     Do you know what the highest monthly payment the  
13          others made to Westinghouse was prior to the  
14          exercise of the fixed-price amendment?

15   A     I don't.

16   Q     And increase in AFUDC -- and can you define what  
17          AFUDC is?

18   A     Allowance for Funds Used During Construction.

19   Q     So that's the financing cost that -- to obtain the  
20          debt to build the project. Is that right?

21   A     I think you may be commingling two terms. So  
22          AFUDC is the cost that the utility adds for the  
23          carrying cost on top of the bricks and mortar  
24          until the carrying cost begin to be covered by the  
25          customers. At the point that it begins to be

1 covered by the customers, in this case through the  
2 revised rates, then the AFUDC stops because that  
3 carrying cost is then being paid in real time in  
4 cash by the customers' money.

5 Q Would you agree that the exercise of the  
6 fixed-price amendment resulted in an increase in  
7 the revised rates paid by the customers?

8 A Again -- if you presume in your question that  
9 nothing would've changed otherwise, then yes, it  
10 increased. And the goal was for it to increase as  
11 I recall the discussions. The goal was for the  
12 activity on the project to increase so that there  
13 was more progress being made on a monthly basis.  
14 So more resources had to be added to the project  
15 for that happen. The cost didn't go up simply  
16 because it was converted to fixed price. It was  
17 also because additional resources were being added  
18 to the project before the fixed-price option was  
19 ever elected. I believe in excess of a thousand.

20 Q During the discussions to amend the EPC in 2015,  
21 were there any discussions that it would be a good  
22 idea to do so because it would allow the company  
23 do not have to reveal the true estimate cost of  
24 completion to the Commission?

25 A No. I've never heard that.

1 Q When did you become aware that Westinghouse was  
2 having financial difficulties?

3 A When Toshiba announced late December of '16 that  
4 they were going to have -- I got a call late one  
5 evening that Toshiba was going to have a press  
6 release, press conference, the next morning about  
7 difficulties associated with Westinghouse.

8 Q Who called you?

9 A Mr. Byrne.

10 Q And that was after you had entered into the  
11 fixed-price agreement?

12 A Yes.

13 Q Did that give you concern as to whether the  
14 company had obtained enough protection in case of  
15 a rejection of the contract by Westinghouse?

16 A I didn't get that far in my concern in that first  
17 24 hours.

18 Q Why not?

19 A Because I didn't know what they were going to say  
20 the next morning, which was 12 hours time  
21 difference, et cetera. I didn't get to hear it  
22 live.

23 Q Once that information came out, at that point, did  
24 you have concern about a potential rejection of  
25 the contract?

1 A It wasn't given to me directly. But I understand  
2 that Westinghouse reassured the owners, the CEOs,  
3 that they were committed to going forward with  
4 these projects. And I believe that reassurance  
5 happened on into February, possibly March.

6 Q Right up to the date of bankruptcy?

7 A I don't know about the date of. But, yes, within  
8 a few weeks.

9 Q To your understanding, who from your company was  
10 in touch with Westinghouse about those issues?

11 A The heads of the two company's, Mr. Marsh and  
12 Mr. Carter.

13 Q Do you know who they were talking to at  
14 Westinghouse about that?

15 A I don't. And I believe -- it's been a while, but  
16 I believe that it was not just Westinghouse but it  
17 was also Toshiba, to the parent.

18 Q As part of your negotiations of the fixed-price  
19 agreement in 2015, did your company take any  
20 effort to determine what the cost would be, the  
21 true cost, to complete the project?

22 A Can you give me that question again?

23 Q Sure. At the time of your negotiations in the  
24 fall of 2015 over the fixed-price amendment, did  
25 your company make any efforts to get another

1 estimate at completion cost for the project?

2 A Yeah. The company made internal estimates of  
3 ranges around the fixed-price option. But I don't  
4 know that those were at the time of the  
5 negotiation to be responsive to your question. I  
6 believe those were in the 2016 time frame before  
7 the decision was made to elect the option and  
8 present that to the Public Service Commission.

9 Q Isn't it fair to say that the company felt that  
10 the fixed-price amendment was a good deal because  
11 the true cost to complete the project would likely  
12 be greater than what the owners would pay to  
13 Westinghouse under the fixed-price amendment?

14 A Yeah. I don't think you can say that the company  
15 or the owners, both of us, concluded that at the  
16 time the negotiation was happening. That's why we  
17 wanted a one-way option that we could evaluate and  
18 make a decision later. I think we had up to a  
19 year to make that decision and I think we made it  
20 inside of that time frame. But the company  
21 prepared various analyses and witnesses testified,  
22 specifically Mr. Lynch, about projected potential  
23 scenarios and the basis for electing the  
24 fixed-price option.

25 Q And what did those scenarios show?

1 A That the fixed-price option could be valuable by  
2 several hundred million dollars.

3 Q Versus the actual cost to complete the project?

4 A Yes.

5 Q When did you obtain that information?

6 A It was submitted as part of the testimony for the  
7 end of 2016 proceeding.

8 Q Was that after the fixed-price amendment was  
9 executed?

10 A I believe it was before, but I'm not positive  
11 about that.

12 Q Did that information that you received from  
13 Dr. Lynch, did that add to your concern as to hey,  
14 this is a good deal and do we have some concern  
15 that it's such a good deal that our counter-party  
16 may not perform under the agreement?

17

18 MR. BALSER: Object to the form of the  
19 question with respect add to the concern.

20

21 Q Go ahead.

22 A It did not concern me significantly at the time  
23 because these were the first new units being built  
24 and Westinghouse was expecting to build many of  
25 these units around the world. And they told us --

1 well, as we'll probably get to later -- in a  
2 meeting in August, they told us face-to-face that  
3 they expected, if they incurred losses on these,  
4 that was part of the deal. They had to get these  
5 done in order to sell multiples of these around  
6 the world.

7 Q Let's go ahead and go to that meeting. Did they  
8 tell you that verbally or in writing?

9 A Verbally.

10 Q Did they ever give you an assurance in writing to  
11 that effect?

12 A I'm not aware of one.

13 Q Did you ever ask for one?

14 A I did not.

15 Q Do you know if your company ever asked for one?

16 A I don't know.

17 Q You used the word significantly to describe, I  
18 think, your concern about the value of the deal to  
19 your company. Is that fair to say that you viewed  
20 it as you were not concerned significantly about  
21 Westinghouse backing out of its commitment on the  
22 basis that the contract was a bad deal for them?

23 A At what point in time?

24 Q At the point in time that you had Dr. Lynch's  
25 analysis.

1 A Yeah. I don't recall that I had significant  
2 concern then that Westinghouse might not execute.

3 Q What about later?

4 A Well, in the spring of '17, I became concerned.

5 Q What about any time before then?

6 A I don't recall a heightened level of concern in  
7 between. But there's a chart in this testimony  
8 that shows the parent company stock performance.  
9 And it shows the market, the broad market's  
10 interpretation of the stability of that company.  
11 And it had risen to a fairly significant  
12 historical level immediately prior to that  
13 disclosure and then there was a precipitous drop.  
14 So I think we had the same information that the  
15 broad market did about the parent.

16 Q And there you're talking about the financial  
17 health of Westinghouse or the parent of  
18 Westinghouse.

19 A The parent, yes.

20 Q And I'm asking you about a different factor as far  
21 as concern about performance under the contract.  
22 And that is whether at any point in time you or  
23 any other senior, member of senior management  
24 expressed a concern that the deal was so tilted in  
25 favor of the owners that the Consortium or

1 Westinghouse may not perform under it?

2 A I don't recall that being a specific concern. I  
3 know during this time period, Westinghouse is  
4 ramping up through Fluor a significant number of  
5 resources that would seem to be inconsistent with  
6 their -- if they were planning on some financial  
7 strategy of bankruptcy if I understood your  
8 question.

9 Q Did you -- strike that. To your knowledge, did  
10 the senior management of your company ever talk to  
11 Santee Cooper about a contingency plan in case  
12 Westinghouse rejected the contract and you  
13 received the parental guarantee but no longer had  
14 a contractor to build the units?

Co: 3:22:18

15 A I believe there were some discussions around that,  
16 specifically around ensuring that we had rights to  
17 the intellectual property that would be necessary,  
18 which was a provision in our original contract  
19 back in 2008.

20 Q Did you talk about any other backup options for a  
21 contractor to build the units if Westinghouse were  
22 to reject the contract?

23 A I didn't. I recall some discussions around if,  
24 you know, if who is there to build it. And I  
25 believe this discussion is even on analyst calls

1 and the public environment when investors are  
2 asking the questions. And I believe Mr. Byrne  
3 responded who could likely build it and said Fluor  
4 would likely be the one -- that we would consider  
5 to build the project.

6 Q Your company never got any commitment from Santee  
7 Cooper to continue to partner in building the  
8 project if Westinghouse rejected the contract,  
9 correct?

10 A That's correct.

11 Q If Santee Cooper had not announce that it was no  
12 longer going to continue as a partner in building  
13 the project in the wake of Westinghouse's  
14 bankruptcy, do you know whether your company would  
15 still be building the project?

16 A I don't know the answer to that because that  
17 analysis was never completed.

18 Q That was the analysis that you were working on,  
19 your company was working on at the time that  
20 Santee announced that it was no longer going to  
21 participate?

22 A That's correct.

23 Q That analysis wasn't completed?

24 A That's correct.

25 Q How did you know that you couldn't go afford

1 without Santee?

2 A Because if you think about two units at a  
3 55 percent ownership, that's essentially one unit;  
4 55 percent of two units is 1.1 units. And that's  
5 1.1 units at the cost averaged over two-unit  
6 price. And if you only build one there's a  
7 substantial amount of fixed cost that the same  
8 cost has to be there for one that it does for two.  
9 And so the cost of that one unit is going to be  
10 higher. And so that's what made it very, very  
11 difficult to go forward if we did not have a  
12 partner.

13 Q Did the company actually perform any analysis in  
14 the wake of Santee's announcement that it was  
15 abandoning before the company announced it was  
16 abandoning?

17 A We announced the same day.

18 Q Right. And it seems to me just like, just to get  
19 the -- to get down to it. It seems like your  
20 company at that point decided that it was just too  
21 obvious. That there was no possible way to go  
22 forward with Santee. And I'm wondering had your  
23 already done analysis to look at the options prior  
24 to Santee's announcement or did you just conclude  
25 that it was just too obvious you couldn't do it on

1 your own?

2 A The company was doing analysis around completing  
3 one unit with Santee as a partner. And I'm not  
4 aware of any analysis was done of going forward  
5 without Santee as a partner in completing just one  
6 unit.

7 Q So how did the company conclude that it wouldn't  
8 be prudent to go forward on its own with one?

9 A Just what just answered a couple of questions ago.  
10 Around the heightened cost per megawatt of only  
11 completing one plant and not having a partner to  
12 share that in. We felt the cost burden would  
13 be -- just too obvious that the cost would be too  
14 high.

15 Q But someone did that analysis?

16 A It was being done for a two-partner go forward  
17 entity and then that stopped when Santee's  
18 suggested to us they're likely to recommend to  
19 their board to stop.

20 Q Right. I think we're disconnecting.

21 A Okay. I'm sorry.

22 Q Because now I'm wondering okay now you have this  
23 new information. Your partner is not going to be  
24 a part of it. Did you then to the numbers  
25 cruncher and say, hey, now let's do that analysis

1 assuming Santee's not there?

2 A I don't recall that analysis being done.

3 Q Okay. Sitting here now, are you aware of any time  
4 where Westinghouse -- strike that. Sitting here  
5 now, are you aware of any time when your company  
6 requested information from Westinghouse about the  
7 project with respect to the costs to complete the  
8 project in the time to compete it, and  
9 Westinghouse refused to provide information that  
10 your company had requested?

11 A Not specifically, but certainly generally we  
12 talked about this 2014 project -- integrated  
13 project schedule, things of that nature. And that  
14 seems to be responsive to your question.

15 Q So Westinghouse provided that integrated project  
16 schedule to your company, correct?

17 A Eventually. The delay is what I am replying to.

18 Q And you're not aware of any time where your  
19 company asked for data to conduct its own  
20 analysis on cost or time to completion and  
21 Westinghouse said no, you can't have that?

22 A I don't know the answer to that.

23 Q Okay.

24 A I do know that post bankruptcy, the company was  
25 afforded much deeper access to information from

1 Westinghouse to do our own analysis.

2 Q Well, and your company asked for it, right?

3 A We did.

4 Q Yeah.

5 A As part of the interim assessment agreement.

6 Q So my understanding is your company saying hey, we  
7 had all this information now in 2017 that shows us  
8 this project is going to cost of a lot more than  
9 we thought it would and take a lot more time than  
10 we thought it would, and we didn't have this  
11 information before. And so my question to you is  
12 directed at finding out, okay, what efforts did  
13 your company make to get that information earlier?

14 A And I just don't know.

15 Q Got it. If turn to the bottom of page 23 of your  
16 testimony.

17 A Okay.

18 Q You state that the amendment increased liquidated  
19 damages four-fold and put Westinghouse at risk for  
20 a total of approximately 1 billion in liquidated  
21 damages and loss performance incentives because it  
22 failed to complete the project in a timely manner.  
23 Is that a true statement?

24 A Yes.

25 Q And did your company receive those liquidated

1 damages after the bankruptcy?

2 A No. They received the parental guarantee.

3 Q And is that -- was that amount greater or less  
4 than the amount that you're referring to here as  
5 the protection provided by the amendment?

6 A Over twice this amount.

7 Q And that amount that your company received was  
8 still not enough to make it prudent to complete  
9 construction of the project after the bankruptcy,  
10 correct?

11 A That's correct.

12 Q So I'm on page 25. And you mention a meeting in  
13 August 2016. Can you describe what happened in  
14 that meeting.

15 A Generally, there was attendance by several of the  
16 intervenors in that 2016 case. The ORS, the  
17 industrial customers known as the South Carolina  
18 Energy Users, the electric co-ops, as well as  
19 senior management from Westinghouse and Fluor.  
20 And Westinghouse made a presentation around the  
21 project as I recall and fielded questions during  
22 and after the presentation.

23 Q And you mentioned direct assurance. Can you tell  
24 me what kind of assurances Westinghouse provided  
25 there?

1 A Well, I think that's probably best addressed in  
2 the subsequent pages. On page 26, the Q&A  
3 starting on line 6, Mr. Scott questioning them  
4 around their commitment to complete project and to  
5 improve productivity factors and schedule  
6 compliance of were of great concern to ORS and  
7 SCE&G. Mr. Benjamin reaffirmed the commitment to  
8 successfully completing the project.

9 Q Those productivity factors that you referenced,  
10 those are the same factors that were a concern to  
11 Ms. Walker in late 2014, correct?

12 A Correct.

13 Q And they hadn't improved, correct?

14 A I don't know if that's the case or not. I know  
15 they were still a concern. That's fair, though.  
16 He goes on to say later, Mr. Benjamin, the senior  
17 person from Westinghouse one lines 15 forward that  
18 the company was actually marking the AP1000  
19 reactor technology globally. Mr. Benjamin  
20 reiterated Westinghouse's strategy.

21 Q Did SCE&G ask for any written assurance of  
22 Westinghouse's commitment at this time?

23 A We already had the contract. I'm not aware if we  
24 requested anything in addition -- nor am I aware  
25 that anyone else that was a party to this

1 requested anything.

2 Q So let's turn to page 35 of your testimony.

3 A Okay.

4 Q Lines 15 to 17, you state that Westinghouse had  
5 kept certain information confidential previously.  
6 And what's the basis for that statement given your  
7 previous statement that you don't know of any  
8 requests by SCE&G for information from  
9 Westinghouse?

10 A I think what I said earlier is I don't know if we  
11 asked or not. That's what I intended to say if I  
12 didn't. I'm sorry.

13 Q I think that's what you said. And this sentence  
14 here indicates to me that, or at least I get the  
15 inference from this statement, that your company  
16 had made some requests for this information and  
17 had been rejected?

18 A I think that's fair. The sentence before it seems  
19 important too. It says they made available  
20 detailed costs and schedule data as well as term  
21 of its commercial agreements with vendors and  
22 subcontractors. I don't know that we asked for  
23 that; that the owners had asked for that in the  
24 past or not.

25 Q Right.

1 A I suspect that was critical, though, as  
2 Westinghouse was not a contractor themselves.  
3 They couldn't execute on this. They're a new  
4 technology company.

5 Q I understand that you received the information in  
6 2017. My interest is in the basis for your  
7 statement that Westinghouse had previously kept  
8 this information confidential. And my question to  
9 you is on what basis do you make the statement  
10 that the information was confidential?

11 A This is what employees of the company represented  
12 to me.

13 Q Which employee?

14 A Mr. Young.

15 Q So Mr. Young would be the person I should talk to  
16 you about that issue?

17 A And Mr. Kochems.

18 Q And Mr. Kochems. And you don't have first-hand  
19 information about any requests made by your  
20 company for information from Westinghouse prior to  
21 2017?

22 A I do not. In fact, I think I lead into that as  
23 Mr. Young will testify.

24 Q Understood. That can also be a reference to say  
25 we both know this, and so --

1 A Fair enough. Fair enough.

2 Q What efforts was your company making after the  
3 fixed-price amendment was entered into to stay  
4 abreast of what the actual cost would be to  
5 complete the project?

6 A I don't know the answer to that.

7 Q Who would know the answer?

8 A Again, I think those same two individuals as far  
9 as folks that are still at the company would be  
10 the two best to answer that.

11 Q Mr. Addison, you've requested permission of the  
12 Commission to improve a merger with Dominion. Is  
13 that correct?

14 A That's correct.

15 Q Why do you believe it would be in the best  
16 interest of your company's customers for that  
17 merger to be completed?

18 A Because I believe that Dominion can provide a  
19 solution to this situation that has lingered over  
20 the state now for a year and a half. And have a  
21 utility that's operating in the state after that  
22 that's beyond what SCE&G can offer on its without  
23 undue financial risk.

24 Q Your company has proposed three different options  
25 to the Commission. Is that correct?

1 A That's correct.

2 Q And customer benefits merger, the customer  
3 benefits plan is the preferred option. Is that  
4 right?

5 A Correct.

6 Q Can you explain to me why the company is offering  
7 greater benefits to its customers with the merger  
8 than in a plan where there is no merger?

9 A Because of the financial stress that would put on  
10 the company standalone if it were not part of a  
11 much larger entity.

12 Q So the company is more able to offer financial  
13 benefits to the customers if the merger is  
14 completed?

15 A Yes.

16 Q And by stress, do you mean cost of capital?

17 A Yes, ultimately. In the short run, liquidity,  
18 making payroll, those kind of things can be  
19 concerns. In the long run, cost of capital would  
20 be much higher if the company survived  
21 independently.

22 Q Have you reviewed ORS's response filing in your  
23 merger document?

24 A No. All of the intervenors filed that I believe  
25 just last week. And I believe there were

1 thousands of pages. I did attempt to read the,  
2 kind of the executive summary purpose of testimony  
3 section in each of the ORS witnesses' testimony,  
4 but I'm not sure I even accomplished all of that.

5 It's voluminous.

Co: 3:38:41

6 Q And one of the ORS witnesses Lane Collen (ph)  
7 talks about the merger. And I'm not going to have  
8 time now to get into all the details. But he  
9 addresses several different points or issues that  
10 ORS would like to see addressed as part of a  
11 merger. Basically, conditions that it's unclear  
12 what the company's position is on some of these  
13 conditions on a merger. We're not going to have  
14 time to get into them all today. But it's a  
15 filing that I would refer you to that might be a  
16 benefit of moving forward in this proceeding.

17 A When I say I haven't reviewed it, I'm sure the  
18 company has. I'm sure Dominion has. And it  
19 sounds like the nature of your suggestion, many of  
20 those are going to issues that Dominion is going  
21 to have to evaluate.

22 Q Okay.

23 A I can't make commitments for them.

24 Q I understand. I'm gonna clean up with a few that  
25 might bounce around to different things. The risk

1 in that is you might not understand exactly what  
2 time frame I'm in or what I'm referring to.

3 A Okay.

4 Q So let me know if you don't understand a question.  
5 Do you ever recall meeting with Carlette Walker in  
6 which -- and it would be a phone call -- where she  
7 shared with you her concern about the testimony  
8 that was provided at a public hearing in 2015?

9 A What was the time frame? No, I don't, but what is  
10 the time frame?

11 Q July 2015?

12 A That she was concerned about testimony provided  
13 when?

14 Q At a public hearing in July 2015. Do you recall  
15 her ever telling you that she was concerned that  
16 the company had not revealed at a hearing that the  
17 company witnesses had not revealed that there was  
18 going to be a new schedule delay?

19 A No. Again, I'm very familiar with her concern  
20 around the performance factors that we talked  
21 about a great deal. But I don't remember her  
22 expressing specific concern about testimony that  
23 had, past tense, been given. No, I don't remember  
24 that.

25 Q And do you recall -- I assume the answer to this

1 is no. But I want to ask you, do you ever recall  
2 ever talking to Steve Byrne regarding a concern  
3 expressed by Ms. Walker and what else about the  
4 scheduled completion and the representations the  
5 company has made about scheduled completion and  
6 getting assurances from Steve Byrne that the  
7 company was going to be able to mitigate the  
8 schedule issues that were the basis for the  
9 concern?

10 A No, I don't remember a discussion specifically  
11 about that. I remember, you know, the whole  
12 discussion around the end of 2015 time frame  
13 around the historical performance factors. We  
14 talked about that exhaustively today already. But  
15 that's all I recall.

16 Q And you don't recall any discussion about the  
17 fabrication of shield building panels?

18 A I recall a lot of discussion shield building  
19 panels. That was on about every investor call for  
20 several quarters. I wasn't responding to it,  
21 obviously, Mr. Byrne was. But it was --

22 Q The issue was delays in fabrication?

23 A Yes. And I believe that was the same issue Ms.  
24 Walker raised concern to me about around an  
25 affiliate of CB&I completing the work in one of

1 the sets of documents you presented earlier today.

2 Q And that concern that she raised with you about an  
3 affiliate of CB&I, sitting here today, you don't  
4 recall whether you talked to Steve Byrne about  
5 what the information was regarding the concern?

6 A No. That's the discussion we had earlier today  
7 where I believe there was somebody, Steve or  
8 someone from his organization, in the meeting when  
9 it was presented. And I believe Ms. Walker and  
10 Mr. Browne were in there as well. That's the same  
11 discussion I was referring to.

12 Q Do you know who Carl Churchman is?

13 A Yes. He was the project manager for Westinghouse  
14 on-site. He was in that August 16 meeting that we  
15 were discussing in my testimony a few minutes ago.

16 Q Did you ever have any discussions with him about  
17 schedule delays?

18 A The one that's delineated in that meeting, in that  
19 testimony. That's the only one I recall.

20 Q So, Mr. Addison, this exhibit 16 -- Exhibit No.  
21 15, it's an e-mail with Carlette Walker and Evelyn  
22 Varn if you'll go ahead and read that.

23

24 (Whereupon, E-mail Correspondence was  
25 marked Exhibit No. 15 for

1 identification.)

2

3 A (Witness complies.) Okay.

4 Q Who he was Evelyn Varn?

5 A She's an analyst in the telecom section of the  
6 company.

7 Q Does it disturb you that one of your direct  
8 reports was worried about going to prison over her  
9 job in February 2015?

10 A I don't know if she was worried about that or not.  
11 I know that's what she says here. But I don't  
12 know that that was a valid concern. Ms. Walker  
13 could be at times very volatile and use  
14 exaggerations particularly late in her career.

15 Q How she has an employee?

16 A Smart. Hard-working. Very loyal to her direct  
17 team. Could be abrasive, volatile. Could over  
18 personalize business issues and attack individuals  
19 in front of them or behind their back just  
20 unnecessarily. And she and I discussed that.

21 Q How many discussions did you have about that?

22 A I don't recall how many.

23 Q Was there an incident where you become aware that  
24 she had an interaction with another employee that  
25 you had to step in and address with her?

1 A Several.

2 Q What do you recall about those?

3 A So, I mean, I don't know that it's productive to  
4 go through them case-by-case. But one  
5 specifically I remember was she was apparently  
6 particularly abusive to an CB&I employee and it  
7 become an issue in their employee concerns  
8 program. And so Mr. Archie alerted me to it and  
9 it had to be responded to based upon the  
10 procedures because it had been entered into their  
11 employees concerns program. So I spoke to the  
12 then head of CB&I and got his opinions of the  
13 situation, discussed it with Mr. Archie Mr. Byrne,  
14 Mr. Jones and then make recommendations to her  
15 that she simply address the business issue and  
16 park the personal attacks. If it was something  
17 that she couldn't resolve, raise it to another  
18 level of management and not continue to let it  
19 frustrate her. I expressed to her I was very  
20 concerned about her health and stress it was  
21 placing upon her and very concerned about its  
22 impact on others.

23 Q What was the allegation as far as her  
24 unprofessional conduct in that situation?

25 A That she was abusive to the employee, name

1 calling, just overly abusive.

2 Q Did she hit him?

3 A Actually, I think it was a she. And I don't think  
4 there was any physical altercation.

5 Q Okay.

6 A I think the other part of the allegation is  
7 suggesting to the vendor they could not -- they  
8 could not send us -- don't send us an invoice for  
9 something. I don't remember the details of it  
10 now. That was, I believe, back in late 2014.

11 Q What did you tell her in your counseling of her?

12 A Just what I said. That I said don't personalize  
13 these things. Address the business issue, protect  
14 the owners' interest. But when you get to  
15 something that you can't resolve, raise the issue  
16 to Ron Jones. Let him address the commercial  
17 issue if it's not something you can resolve and  
18 don't resort to these personal attacks. All it  
19 does is further divide the vendor from us and  
20 frankly causes hurt --

21 Q What was -- I'm sorry. What was the nature of the  
22 personal attack?

23 A Yeah, I don't recall the details of it. It was  
24 four years ago.

25 Q Did you tell her that she was too emotional?

1 A I don't recall telling her she was too emotional.  
2 I do recall telling her that she had excellent  
3 judgment, and 90 percent of the time she was  
4 exactly right. But a hundred percent of the time  
5 she was stuck on her position and wouldn't listen  
6 to others input. And that created a lot of stress  
7 in her life and a lot of problems. She later came  
8 back to me and said she would like to thank me for  
9 that input and it had been accurate both in her  
10 business and personal life.

11 Q Did you get the impression she cared too much  
12 about -- was putting too much into these issues?

13 A I wouldn't say cared too much. Expressed it  
14 improperly. I don't think she cared any more than  
15 I cared.

16 Q She cared about her job, though?

17 A I'm sure she did. She worked very hard.

18 Q Her work product was good?

19 A Her work product was good with the exception that  
20 once she staked out a position, she was very  
21 hesitant to listen to anybody else's input on it.

22 Q Did anyone listen to her?

23 A I did. Others did. She was respected but she  
24 could be abrasive. I still respect her.

25 Q Did you see any decrease in the quality of the

1 her performance near the end of her time at SCE&G?

2 A I saw an increase in her emotionality and her  
3 stress. I was concerned about her health. She  
4 expressed to me that she was having health  
5 concerns and had stresses outside the office.

6 Q I know Mr. Solomon's asked you some about the  
7 terms of her separation. I want to go into just a  
8 little more detail about that. Are you aware of  
9 the terms of her separation agreement with the  
10 company?

11 A No.

12 Q Do you know how much money the company gave her?

13 A I do not. All I know is that somewhere along the  
14 way she was concerned about reaching this general  
15 time period of three and a half years that she  
16 refers to in this Exhibit No. 15. And I learned  
17 that that was because she had elected a option  
18 several years ago in our pension plan that  
19 required her to stay a certain number of years and  
20 very few employees elected that option, but she  
21 did and that's what was motivating her for that  
22 time period.

23 Q Is it kind of surprising that as her direct  
24 supervisor you weren't involved in her separation  
25 agreement?

1 A No. That was frankly negotiated by the employment  
2 internal counsel I believe.

3 Q What were you told about her?

4 A Nothing other than general status of they were --  
5 I believe it was arbitrated. There were going to  
6 be arbitration discussions and they would let me  
7 know along the way. I don't remember more details  
8 than that.

9 Q Anyone ever tell you that the company needed to be  
10 sure that she kept quiet?

11 A No.

12 Q Regarding Ms. Walker, Mr. Addison, are you aware  
13 of any instances in which you believe she was  
14 dishonest?

15 A I don't know any instances about dishonest. I  
16 think she was just, as I said earlier, would not  
17 listen to others information and facts that were  
18 contrary to her position and would not move off of  
19 her position. I'll give you an example.

20 Q Okay.

21 A If you'd like.

22 Q Sure.  
Co: 3:53:37

23 A In an HR issue, she appealed -- she learned on an  
24 employees job that was on her team her job valued.  
25 The job was valued by human resources. She didn't

1 agree with it and asked for that to be appealed  
2 and reviewed again. And after that review was  
3 completed, she didn't agree with that and was  
4 appalled that her opinion did not override the  
5 research conducted by human resources in the job  
6 market.

7 Q And I appreciate that. I was kind of going to a  
8 separate issue and I'm not sure you answered my  
9 question because you said I don't know. And I  
10 think fairly this question you probably can answer  
11 yes or no. But are you personally aware of any  
12 incidences in which you believe she was dishonest?

13 A Not unless she filed that testimony with the PSC  
14 and didn't believe in 2015.

15 Q Do you believe her testimony was dishonest?

16 A I don't know that it was, no. And she had -- each  
17 of us when we go before that commission that's  
18 presubmitted, we have the opportunity to update  
19 that testimony and are asked by the attorneys if I  
20 ask you these questions again today, would your  
21 answers be the same? Do you have any corrections?  
22 So there were two shots at that, when it was  
23 initially filed and when she was on the witness  
24 stand live.

25 Q Are you aware of any employees being pressured to

1 not change their testimony?

2 A No.

3 Q Have you ever sat in with any other employees  
4 whose testimony was being prepared other than your  
5 own?

6 A Yes.

7 Q Who?

8 A Virtually all that presented in the hearings.

9 Q Do you have an opinion Ms. Walker's truthfulness?

10 A I just told you, I don't know anywhere where she  
11 was dishonest unless it was that case. That's her  
12 suggestion, not mine.

13 Q How do you know that?

14 A Because I think you suggested that earlier today  
15 that she didn't believe her own testimony.

16 Q I may have. Mr. Browne, Kenneth Browne, you  
17 didn't see him as much as Ms. Walker, correct?

18 A I did not.

19 Q Do you know him well enough to have an opinion of  
20 his performance?

21 A I was only in meetings with Mr. Browne  
22 infrequently but I had a lot of respect for him.

23 Q Are you aware of any member of senior management  
24 not obtaining a performance related bonus based on  
25 the project?

1 A I can really only speak to mine. I'm not aware of  
2 other members of senior management, the results.  
3 I should add that we had an exchange earlier today  
4 that despite earning some incentives in 2017, the  
5 board overrode that and elected not to pay  
6 those -- incentives to -- do I just want to make  
7 sure I'm comprehensive in that answer.

Co: 3:57:29

8 Q I understand. The December 2017?

9 A That's correct. Post abandonment.

10 Q You mentioned the least cost alternative earlier,  
11 Mr. Addison. Was the company required to perform  
12 a least cost alternative in the modification  
13 dockets before the PSC?

14 A I don't know if it was a requirement but it was  
15 done.

16 Q Was it done in 2015?

17 A I believe so.

18 Q And was Dr. Lynch the individual who performed  
19 that?

20 A Yes.

21 Q Do you know if he used the Consortium's cost  
22 numbers or the company's cost numbers or both?

23 A Excuse me. I do not know.

24 Q Do you know what information Dr. Lynch had to  
25 perform his LCA analysis?

1 A No. You would have to address that to Dr. Lynch.  
2 That's a complicated comprehensive analysis over  
3 the life of the asset not just a construction  
4 cost. So it's meant to be over the total useful  
5 life of the asset.

6 Q Mr. Addison, in your testimony in these dockets,  
7 you've stressed to the Commission that not  
8 recovering the cost here could jeopardize the  
9 company's credit rating. Is that correct?

10 A Already has.

11 Q Well, you referring there to the General  
12 Assembly's law, correct?

13 A And even before that, just the threat of it.

14 Q Isn't it true that the information about the  
15 company's actions during the course of the past  
16 year has also contributed to a decrease in the  
17 company's credit worthiness?

18 A I don't know that. I don't know how to discern  
19 what's -- and what's the different factors.

Co: 3:59:59

20 Q Let's talk about what the market reacts to. You  
21 would agree that the market knows about the BLRA,  
22 correct?

23 A Yes.

24 Q You would agree that the company needs to show  
25 that it was prudent in its decisions with respect

1 to the project and abandonment, correct.

2 A Correct. And my understanding and the markets  
3 understanding is that had been accomplished each  
4 year, step along the way until this last period  
5 since August of '17 when that began to  
6 deteriorate.

7 Q And do you have an understanding as to whether the  
8 company's prudence can be assessed now post  
9 abandonment its decisions prior to abandonment?

10 A I believe that's a legal issue. Based upon my lay  
11 interpretation of it, I did not believe that to be  
12 the case. I don't believe the market thought that  
13 to be the case. But it's subject to a lot of  
14 discussion now.

15 Q And, Mr. Addison, any facts that reduces the  
16 chance that the company can recover its costs,  
17 construction costs on the project, is something  
18 that the markets could reasonably allow to use to  
19 assess the company's credit worthiness, correct?

20 A Correct.

21 Q Your company filed a lawsuit in federal court over  
22 amendments to the BLRA made earlier this year,  
23 correct?

24 A Correct.

25 Q You authorized that lawsuit?

1 A Our board did.

2 Q And in that case, your company indicated that the  
3 new law could jeopardize your company's credit  
4 worthiness, correct?

5 A Correct.

6 Q And your company, has it issue any debt since  
7 June?

8 A Yes.

9 Q What has it issued?

10 A Issued debt recently, I don't remember the  
11 specific amount, I believe it was 500 or \$550  
12 million or something of that nature.

13 Q And was the whole offering subscribed to?

14 A It was. Out bankers estimated an additional 50  
15 basis points of cost because of this risk that's  
16 pending now that will be born for 30 years the  
17 life of the debt -- or excuse me. There two  
18 different tranches of the debt; some is shorter,  
19 some is longer. I don't remember the exact tenors  
20 on the debt, but it will be born over the life of  
21 the debt.

22 Q Sitting here today, Mr. Addison, looking at the  
23 documents you've seen and the testimony you've  
24 seen, do you have any regret about actions that  
25 your company took during the course of the

1 project?

2 A I sincerely regret that all of us are sitting  
3 around this table today. I regret that we're in  
4 this situation where the plants weren't completed  
5 because we signed up to complete the plants. But  
6 I think at each step along the way we did, based  
7 on what I know today, we did what we could do,  
8 should do, prudently at that point in time. And I  
9 don't think any of us would be in here had  
10 Westinghouse not declared bankruptcy.

11 Q I'm going to go back to your testimony in 2008 to  
12 the PSC where you attested under oath that your  
13 company would be completely transparent on this  
14 project. After reviewing the information that  
15 you've seen today and in your role as CEO, do you  
16 still believe that your company was completely  
17 transparent?

18 A I think that comes down to was the information  
19 that you've discussed, was it reliable, more  
20 reliable, than the contractor data. And I don't  
21 know the answer to that. We've been through that  
22 several times.

23

24 MR. COX: No further questions. Thank you  
25 for your time, Mr. Addison.

1 MR. BALSER: I have two quick things I want  
2 to clean up.

3 - - - - -

4 EXAMINATION

5 BY MR. BALSER:

6 Q Mr. Addison, can we get Exhibit No. 2 placed  
7 before you. You may be recall, and it was a long  
8 time ago Mr. Solomons was asking you questions  
9 about whether the company informed the Public  
10 Service Commission whether Westinghouse's design  
11 was complete. Do you recall those questions?

12 A I do.

13 Q I'd like you to turn to page 90 of Exhibit No. 2.  
14 This is the order that the Public Service  
15 Commission entered on March 2, 2009. And I want  
16 to direct your attention to the second full  
17 paragraph on page 90, specifically the second  
18 sentence which reads, "Risks of the project also  
19 include the risks related to the design and  
20 engineering that remains to be done on the units."  
21 Do you see that?

22 A I do.

23 Q Does that language indicate to you that the Public  
24 Service Commission was aware that the design and  
25 engineering of the units was not yet completed?

1 A It does.

2 Q Turn with me, if you will, to Exhibit No. 10,  
3 which is the -- not in this document -- back to  
4 Mr. Byrne's testimony you referenced before. And  
5 you were looking for the language you had  
6 testified several times that Mr. Byrne had made  
7 reference to --

8  
9 COURT REPORTER: Hold on for one second while  
10 I find this.

11 THE WITNESS: It got mixed up. Thank you.

12  
13 Q -- challenges that Westinghouse would face in  
14 meeting the productivity factors but you couldn't  
15 place your finger on the testimony. I want to  
16 direct your attention to page 38 of Exhibit No. 10  
17 starting at line number 19. And if you can start  
18 reading there though line 4 of the next page, you  
19 just read that into the record.

20 A "As to both timing and cost the schedule are  
21 based -- the schedules are based on productivity  
22 factors that WEC/CB&I represents can be met given  
23 the current status of the project. Meeting these  
24 productivity factors will pose a challenge to  
25 WEC/CB&I. But doing so will benefit the project

1 both in terms of cost and schedule. For that  
2 reason, as owner, of SCE&G has no basis or  
3 interest in insisting that WEC/CB&I shall use less  
4 challenging assumptions. However, SCE&G does  
5 recognize that WEC/CB&I has set itself a  
6 significant challenge as to feature productivity."

7 Q Was that the language that you were looking for in  
8 Mr. Byrne's testimony but couldn't put your hand  
9 on?

10 A It is.

11 MR. BALSER: That's all I have.

12 MR. SOLOMONS: We're done subject to the  
13 agreement we've already struck.

14 BY VIDEOGRAPHER: This marks the end of media  
15 number four in the deposition of Mr. Jimmy  
16 Addison. We're off the record at 6:07 p.m.

17

18 (Off the Record)

19

20

21 MR. BALSER: Going back on the record. For  
22 purposes of the record, we have designated this  
23 testimony as confidential pursuant to the  
24 protective order until such time as we can review  
25 the transcript and make a determination as to what

