

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E**

**IN RE:** Friends of the Earth and Sierra Club, ) **SOUTH CAROLINA OFFICE**  
Complainant/Petitioner v. South Carolina ) **OF REGULATORY STAFF'S**  
Electric & Gas Company, ) **THIRD AND CONTINUING**  
Defendant/Respondent ) **AUDIT INFORMATION**  
 ) **REQUEST FOR RECORDS**  
 ) **AND INFORMATION**

**IN RE:** Request of the South Carolina Office of ) **SOUTH CAROLINA OFFICE**  
Regulatory Staff for Rate Relief to SCE&G ) **OF REGULATORY STAFF'S**  
Rates Pursuant to S.C. Code Ann. § 58-27- ) **SECOND AND CONTINUING**  
920 ) **AUDIT INFORMATION**  
 ) **REQUEST FOR RECORDS**  
 ) **AND INFORMATION**

**IN RE:** Joint Application and Petition of South ) **SOUTH CAROLINA OFFICE**  
Carolina Electric & Gas Company and ) **OF REGULATORY STAFF'S**  
Dominion Energy, Incorporated for Review ) **SECOND AND CONTINUING**  
and Approval of a Proposed Business ) **AUDIT INFORMATION**  
Combination between SCANA Corporation ) **REQUEST FOR RECORDS**  
and Dominion Energy, Incorporated, as May ) **AND INFORMATION**  
Be Required, and for a Prudency )  
Determination Regarding the Abandonment )  
of the V.C. Summer Units 2 & 3 Project )  
and Associated Customer Benefits and Cost )  
Recovery Plans )  
 )

**TO: K. CHAD BURGESS, ESQ., MATTHEW W. GISSENDANNER, ESQ., MITCHELL**  
**WILLOUGHBY, ESQ., AND BELTON T. ZEIGLER, ESQ., REPRESENTATIVES**  
**FOR SOUTH CAROLINA ELECTRIC & GAS COMPANY AND ROBERT A.**  
**MUCKENFUSS, ESQ., LISA S. BOOTH, ESQ., JOSEPH K. REID, III, ESQ., AND**  
**ELAINE S. RYAN, ESQ., REPRESENTATIVES FOR DOMINION ENERGY,**  
**INC.:**

## **I. INSTRUCTIONS**

The South Carolina Office of Regulatory Staff ("ORS") hereby requests, pursuant to S.C. Code Ann. §§ 58-4-50(A)(2), 58-4-55(A), 58-27-160, 58-27-1570, 58-27-1580, and 58-33-277 that South Carolina Electric & Gas Company ("SCE&G" or "Company") and Dominion Energy, Inc. ("Dominion") (collectively the "Parties") provide responses in writing and under oath and serve the undersigned on or before March 1, 2018 to ORS at 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. If you are unable to respond to any of the requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these audit requests, "identify" means, when asked to identify a person, to provide the full name, business title, address and telephone number. As used in these audit requests, "address" means mailing address and business address. When asked to identify or provide a document, "identify" and "provide" mean to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, a copy of the document may be attached with the identity of the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

**IT IS THEREFORE REQUESTED:**

- Pursuant to S.C. Code Ann. § 58-4-55(A) that responses be submitted under oath.
- That SCANA/SCE&G respond only unless Dominion is included in the request.
- All information shall be provided to ORS in the format requested.
- All responses to the requests below must be labeled using the same numbers as the requests.
- Unless otherwise agreed, the requested information shall be bound in 3-ring binders with numbered tabs between each question. The question should be reproduced at the beginning of each tab for the responses included. All exhibits shall be reduced or expanded to 8 ½" x 11" formats, where practical.
- If information requested is found in other places or other exhibits, reference shall not be made to those; instead, reproduce and place a copy of the requested information in the appropriate numerical sequence.
- Any inquiries or communications requesting clarification of the information requested should be directed to Dawn Hipp [803.737.0814], Anthony James [803.737.2090], Jay Jashinsky [803.737.1984], Jeffrey M. Nelson, Esquire [803.737.0823], or Shannon Bowyer Hudson, Esquire [803.737.0889] of ORS.
- This entire list of questions shall be reproduced and included in front of each set of responses.
- Unless otherwise set forth below, the Parties shall provide four (4) flash drives with each containing a set of the responses, and seven (7) paper copies/binders of responses to ORS. In addition it is requested that the Parties provide working copies of all spreadsheets (not in Adobe) with all formulas and calculations intact to ORS.
- If the response to any request is that the information requested is not currently available, please state when the information requested will be provided to ORS. This statement is not a waiver of the deadline for all other responses.
- In addition to the signature and verification at the close of the Parties' responses, the Parties' witness(es), employee(s), contractor(s) or agent(s) responsible for the information contained in each response shall be indicated at the bottom of each response.
- This request shall be deemed to be continuing so as to require SCE&G to supplement or amend its responses as any additional information becomes available.

- Each answer shall incorporate the requested information for South Carolina Generating Company, Inc. (“GENCO”), where applicable.
- For responses regarding the V.C. Summer Units 2 & 3 Project (the “NND Project”), please provide all responses to reflect SCE&G’s 55% participation where possible. Where this request is not possible, please clearly identify whether the responses reflect 100% or 55% dollars.
- The following Attachments are to be completed as requested below:
  - None

## **II. REQUESTS**

- 2-1 Please answer the following regarding the interest rates under which SCE&G would have issued debt, had it done so at the times specified. For each rate cited in the response, provide supporting documentation from financial entities, with specific support for each figure in the response. In answering this request, please exclude the effects of the general trend toward increases in interest rates. Additionally, please answer without reference to trading of already issued bonds and of other forms of debt securities.
- a. What would have been the coupon and effective interest rates for SCE&G’s issuing Long-Term Debt securities, junior and senior, if these rates had been set the week before the downgrades by Moody’s in its rating action of February 5, 2018? Is it reasonable to assume these rates would have been available to SCE&G?
  - b. What would the coupon and effective interest rates have been if the rates had been set a week after the action by Moody’s? Please provide separately the discount on each (senior, junior) possible issuance, expressed as an interest increment, that would have been associated with such issuances. Also indicate further likely requirements by the financing entities, such as a requirement for interest-rate swaps.
  - c. Provide equivalent information for Short-Term Debt.
  - d. Has SCANA or SCE&G explored or solicited buyers for a debt security issuance within the past three months? If so, what were the coupon and effective interest rates SCANA or SCE&G expected with the issuance?
- 2-2 Has a SCANA, SCE&G, or Dominion Energy, Inc. employee, subsidiary employee, agent, affiliate or hired entity encouraged, asked, or otherwise caused financial analysts, banks or other lending financial institutions to refrain from issuing any statements or reports regarding: 1) risk or return related to the abandonment or merger, or 2) any actions of the South Carolina Legislature, the Public Service Commission of South Carolina, or the Office of Regulatory Staff?
- 2-3 Provide draft and final documents created between September 2015 to March 31, 2016 that reference Flour’s 2016 Estimated-to-Complete Assessment.
- 2-4 Provide a copy of the Flour ETC 7-6-2017.doc.rtf with markups from Mr. Jeff Archie.

- 2-5 Provide meeting notes from the October 22, 2015 briefing by Bechtel to the leadership of Santee Cooper and SCANA.
- 2-6 Provide all non-privileged documents and correspondence from or to Mr. George Wenick.
- 2-7 Describe the work done by AECOM, provide written work product produced or caused to be produced by AECOM, and list by date the amount paid to AECOM or the entity that charged for AECOM's work.
- 2-8 Provide the total dollars spent for off-campus warehouses for material intended for use at the V.C. Summer nuclear construction project. Please itemize by cost categories per warehouse. Ex. rent/lease/loan payments, security, utilities, maintenance, etc.
- 2-9 Provide a list of offers of gifts made to SCANA and SCE&G executives by any V.C. Summer nuclear construction project contractors or vendors from 2008.
- 2-10 Using a 10.25% Return on Equity, list the Company's annual BLRA billed revenue by year for fifty (50) years calculated under the Base Request. Please also provide the sum for the fifty (50) years. Specify all relevant assumptions used in the calculation, such as the depreciation method and if taxes are included or excluded in the calculation. Provide the calculation in Excel spreadsheet format with live formulas.

Shannon B. Hudson  
Jeffrey M. Nelson, Esquire  
Shannon B. Hudson, Esquire  
Jenny R. Pittman, Esquire  
South Carolina Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, South Carolina 29201  
Telephone: (803) 737-0823  
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[jpittman@regstaff.sc.gov](mailto:jpittman@regstaff.sc.gov)

February 13, 2018



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (3rd Continuing AIR)  
DOCKET NO. 2017-305-E (2nd Continuing AIR)  
DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-1:**

Please answer the following regarding the interest rates under which SCE&G would have issued debt, had it done so at the times specified. For each rate cited in the response, provide supporting documentation from financial entities, with specific support for each figure in the response. In answering this request, please exclude the effects of the general trend toward increases in interest rates. Additionally, please answer without reference to trading of already issued bonds and of other forms of debt securities.

- a. What would have been the coupon and effective interest rates for SCE&G's issuing Long-Term Debt securities, junior and senior, if these rates had been set the week before the downgrades by Moody's in its rating action of February 5, 2018? Is it reasonable to assume these rates would have been available to SCE&G?
- b. What would the coupon and effective interest rates have been if the rates had been set a week after the action by Moody's? Please provide separately the discount on each (senior, junior) possible issuance, expressed as an interest increment, that would have been associated with such issuances. Also indicate further likely requirements by the financing entities, such as a requirement for interest-rate swaps.
- c. Provide equivalent information for Short-Term Debt.
- d. Has SCANA or SCE&G explored or solicited buyers for a debt security issuance within the past three months? If so, what were the coupon and effective interest rates SCANA or SCE&G expected with the issuance?

**RESPONSE 2-1:**

- a. The First Mortgage Bond market in which SCE&G issues long-term debt prices bonds is based on current market conditions including the existing supply and demand of utility bonds available, underlying Treasury rates, the amount of bonds to be issued and the tenor of the offering among many other factors. SCE&G was not in the market to issue long term debt in January 2018 or February 2018, and therefore, cannot provide coupon or effective interest rates for that time period.
  
- b. Similar to the above, based on previous market conditions, it is not possible to accurately estimate where specific SCE&G bonds would have

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
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priced at the beginning of February 2018. SCE&G does not currently anticipate entering in to any interest-rate swaps for 2018 issuances.

c. On January 31, 2018, SCE&G issued \$10,000,000 in the commercial paper market at a 1.95% for 12 days. Recent borrowings on February 15, 23 and 26, 2018 have been 2.40% for two weeks and shorter.

d. No.



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING AUDIT INFORMATION  
REQUEST**

**DOCKET NO. 2017-207-E (3rd Continuing AIR)**

**DOCKET NO. 2017-305-E (2nd Continuing AIR)**

**DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-2:**

Has a SCANA, SCE&G, or Dominion Energy, Inc. employee, subsidiary employee, agent, affiliate or hired entity encouraged, asked, or otherwise caused financial analysts, banks or other lending financial institutions to refrain from issuing any statements or reports regarding: 1) risk or return related to the abandonment or merger, or 2) any actions of the South Carolina Legislature, the Public Service Commission of South Carolina, or the Office of Regulatory Staff?

**RESPONSE 2-2:**

No.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (3rd Continuing AIR)  
DOCKET NO. 2017-305-E (2nd Continuing AIR)  
DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-3:**

Provide draft and final documents created between September 2015 to March 31, 2016 that reference Flour's 2016 Estimated-to-Complete Assessment.

**RESPONSE 2-3:**

The documents responsive to this request contain highly confidential and sensitive information. Due to the highly confidential and sensitive nature of the information contained within these documents, the Company will make this information available for review and inspection at SCE&G's headquarters. You may contact SCE&G's counsel, Chad Burgess, at 217-8141 to schedule a time to view this document.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (3rd Continuing AIR)  
DOCKET NO. 2017-305-E (2nd Continuing AIR)  
DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-4:**

Provide a copy of the Flour ETC 7-6-2017.doc.rtf with markups from Mr. Jeff Archie.

**RESPONSE 2-4:**

Please see Attachment 2-4.

Over the past several weeks, Fluor has had the opportunity to review the information and materials provided by SCANA in an effort to review and analyze the integrity of the project schedule and the Commercial Operation Date (COD) that was prepared and proposed by SCANA for VC Summer Unit 2. Fluor's recommendations with respect to SCANA's proposed project schedule and COD is based on several assumptions set forth below.

The use of average monthly commodity installation rates based upon historical nuclear project data, (modified for a 7 day per week work calendar) and conservative testing windows is a good initial approach, based on the information available, for determining the project's duration.

Achievement of this schedule would require:

- full implementation of the progress improvement plan, including significant streamlining of procedures, and simplification of work packages;
- improvement in engineering deliverables ~~(e.g., clean drawings, prompt resolution of design-related issues);~~
- 
- significant improvement in the procurement process and material management system to ensure 'yet to buy' materials and consumables are available to support construction;
- incorporation of the recommended improvement in the craft compensation package to attract and retain a more highly skilled work force; and
- a properly resourced construction team with the ability to develop all required work packages and to perform detailed planning and control of the work at a detailed level (Level 3 & 4).

All of the above assumptions have been reviewed and discussed with the SCANA team and our conclusions from those are that there appear to be reasonable strategies in place to remedy the conditions above. The Fluor team is committed to work with jointly with SCANA on any improvement initiatives that will enhance the opportunity for the success of the project.

Based on the review of the information provided by SCANA, ~~and assuming that the key assumptions laid out above are implemented in full,~~ a December 2022 Commercial Operation Date (COD) is achievable.

This statement by Fluor should not be relied upon as a guarantee or validation from Fluor of the proposed project schedule or COD.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
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DOCKET NO. 2017-207-E (3rd Continuing AIR)  
DOCKET NO. 2017-305-E (2nd Continuing AIR)  
DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-5:**

Provide meeting notes from the October 22, 2015 briefing by Bechtel to the leadership of Santee Cooper and SCANA.

**RESPONSE 2-5:**

SCE&G objects to Request 2-5 on the basis that the documents responsive to this request are protected by the attorney-client privilege.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (3rd Continuing AIR)  
DOCKET NO. 2017-305-E (2nd Continuing AIR)  
DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-6:**

Provide all non-privileged documents and correspondence from or to Mr. George Wenick.

**RESPONSE 2-6:**

Please see Attachment 2-6.

**To:** BYNUM, ALVIS J JR[ABYNUM@scana.com]  
**Cc:** Wenick, George[gdwenick@smithcurrie.com];  
'bcorgan@kilpatricktownsend.com'[bcorgan@kilpatricktownsend.com]  
**From:** Swanson, Richard A  
**Sent:** Wed 6/29/2016 3:42:48 PM  
**Subject:** Executed Agreements  
Amended and Restated DRB Agt (WEC executed).pdf  
DRB Member Agreement (WEC executed).pdf

....\*\*\*This is an EXTERNAL email. Please do not click on a link or open any  
attachments unless you are confident it is from a trusted source.

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Al,

Here are the Amended and Restated DRB Agreement and the DRB Member Agreement executed on behalf of Westinghouse and Stone & Webster.

Please note that I added a parenthetical to the signature block in both agreements for Stone & Webster (n/k/a WECTEC Global Project Services Inc.). Also, I dated the Amended and Restated DRB Agreement for June 24, 2016 (same as the DRB Member Agreement).

Let me know if you have any questions or concerns. Otherwise, please send me executed copies on behalf of Owners. Thanks.

Regards,

--Rick

Richard A. Swanson

Assistant General Counsel

Westinghouse Electric Company

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**Amended and Restated Dispute Review Board Agreement**

THIS AMENDED AND RESTATED DISPUTE REVIEW BOARD AGREEMENT (“DRB Agreement”) concerning the Engineering, Procurement and Construction Agreement dated May 23, 2008 (“EPC Agreement”) for the API000 Power Plants at the Virgil C Summer Nuclear Generating Station (“Project”) is effective the 24th day of June 2016, by and between South Carolina Electric & Gas Company, for itself and as agent for the South Carolina Public Service Authority (“Owner”), and a consortium consisting of Westinghouse Electric Company LLC and Stone & Webster, Inc. (collectively “Contractor”). Owner and Contractor may be referred to individually as a “Party” and collectively as the “Parties.”

WHEREAS, the Parties agreed in the October 2015 Amendment to establish a Dispute Resolution Board (“DRB”), in accordance with paragraph 16 of and Exhibit E to that amendment, for addressing all Claims, as defined in the EPC Agreement, and other disputes that may arise out of or relate to the Project and provisionally resolving such claims; and

WHEREAS, the Parties now agree to this DRB Agreement to amend and restate Exhibit E to the October 2015 Amendment

NOW, THEREFORE, in consideration of the recital, the mutual promises herein and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties, intending to be legally bound, stipulate and agree as follows:

1. Owner and Contractor agree to the establishment of a DRB in accordance with this DRB Agreement to assist in timely, impartial resolution of Claims and other disputes. All Claims and other disputes arising out of or relating to the EPC Agreement shall be governed by this DRB Agreement, until Substantial Completion of both Units. The Parties shall diligently cooperate with each other and with the DRB and shall perform such acts as may be necessary to obtain prompt, informed, cost-effective and expeditious resolution of any Claim based on the relevant facts, the EPC Agreement and applicable Law, bearing in mind that a DRB Proceeding is intended to be an expedited process designed to achieve binding or interim disposition of Claims within six (6) months of instituting the DRB Proceeding.

2. For Claims and other disputes under \$5 million, determinations of the DRB shall be binding on the Parties.

3. For Claims and other disputes of \$5 million or higher, determinations of the DRB shall be treated as binding on the Parties on an interim basis until Substantial Completion of both Units. Upon Substantial Completion of both Units, either Party may proceed de novo with dispute resolution in accordance with Article 27 of the EPC Agreement. Determinations of the DRB will not be admissible in any de novo proceedings pursuant to Article 27 of the EPC Agreement.

4. For Claims and other disputes of \$5 million or higher, Owner and Contractor shall submit their written acceptance or rejection of the DRB’s report concurrently to the other Party and to the DRB within fourteen (14) days of receipt of the report. Failure by either Party to accept or reject within the specified period shall be deemed acceptance of the report by that



Party. If both Parties accept the report, then it shall be final, without qualification. If one or both Parties reject the report, they shall nonetheless treat the report as binding until thirty (30) days after Substantial Completion of both Units, at which point the report will have no force or effect.

5. The process outlined in this DRB Agreement shall be the exclusive dispute resolution process for all Claims and other disputes under the EPC Agreement and shall be in lieu of the process set forth in Articles 27.3 and 27.4 of the EPC Agreement, until Substantial Completion of both Units. Thereafter, for Claims or other disputes covered by Paragraph 3 of this DRB Agreement, the Parties may proceed as stated in Paragraph 3.

6. Within thirty (30) days of the execution of the November 2015 Amendment, each Party shall submit to the other Party for approval the names of its nominees for membership on the DRB. The Parties shall mutually agree on the three members of the DRB. Once constituted, the DRB members shall designate one of them as Chair of the DRB. The DRB shall serve until Substantial Completion of both Units.

7. Members of the DRB shall be experienced in the interpretation of contract documents, the resolution of construction disputes, and with complex power plant projects. At least one of the DRB members must be a licensed attorney. To assist the Parties in the review and approval process, nominated members shall provide the following, in addition to the nominee's full name and contact information, to both Parties:

- A. Resume showing construction experience qualifying the person as a DRB member.
- B. Resume showing past DRB participation, if any. This resume will each DRB assignment separately, and state the name and location of the project, dates of DRB service, name of owner, name of contractor, contract value, nominating party if applicable, names of the other DRB members, and the number of disputes heard.
- C. All three members of the DRB are to be neutral and must affirm their neutrality, under oath, once the DRB is fully constituted and before the DRB takes any action.
- D. Disclosure statement describing past, present, and anticipated relationships or financial ties, including indirect relationships through the nominee's full-time employer, if any, to the Project, and with the Parties and with all other entities directly and indirectly involved in the EPC Contract. Entities indirectly involved include Fluor, designers, architects, engineers, or other professional service firms or consultants, joint-venture partners, subcontractors of any tier, and suppliers on the Project. The disclosure statement will also disclose close professional or personal relationships with key members of the Parties and these entities.
- E. Neutrality and disclosure is a continuing obligation of all DRB members throughout the life of the EPC Contract.

- F. Each member of the DRB shall execute non-disclosure agreements as required by the Parties.
- G. No DRB member shall be allowed to act as an arbitrator or appear as a witness in any subsequent arbitration or litigation related to or arising out of the EPC Agreement.
- H. Individuals who are current or former employees of any of the Parties may not serve as DRB Members. Prospective DRB Members who are current or former employees of any of the Parties must disclose that employment information in writing at the time of submission of the information described in this Paragraph 7.
- I. Attorneys who have been involved in the representation of any of the Parties may not serve as DRB Members. Any past or present involvement in the representation of any of the Parties must be disclosed in writing at the time of submission of the information described in this Paragraph 7.
- J. No DRB Member shall have had substantial prior involvement in the Project, as determined by the Owner and the Contractor.
- K. No DRB Member shall have any financial interest in any Party or the EPC Agreement, except for payment of the DRB Member's fees and expenses.
- L. No DRB Member shall have been, nor for the duration of the DRB be, employed as a consultant or otherwise by any Party, including as a representative for purposes of negotiations, unless any such relationship has been disclosed in writing to and approved by the Parties.
- M. No DRB Member shall give advice to any Party or their counsel, on an *ex-parte* basis, concerning the conduct of the EPC Agreement, other than in accordance with the EPC Agreement and this DRB Agreement.
- N. No DRB Member shall have any *ex-parte* communications with any Party at any time after their becoming a DRB Member, except as otherwise permitted by this DRB Agreement.
- O. Each DRB Member shall treat the details of the EPC Agreement, all matters discussed with the DRB, all documents and information provided to the DRB, and all the DRB's activities and DRB Hearings as private and confidential, and shall not publish, comment on or disclose them without the prior written consent of the Parties.

8. Once fully constituted, the DRB will visit the project site and meet with representatives of the Parties at periodic intervals and as requested by the Parties. The DRB Members are strongly encouraged to hold regular DRB meetings a minimum of two times each calendar year. Each regular DRB meeting shall consist of an informal discussion and field observation of the work in progress. The DRB Members shall not visit the Project except under arrangements made jointly by the Parties. Any discussion and field observation shall be attended

by personnel of the Owner and Contractor. Any individual discussion or consultation without all Parties present is prohibited.

9. Except for their respective participation in any DRB Proceeding, none of the Parties shall solicit advice or consultation from the DRB Members, on an *ex parte* basis, and the DRB Members shall refrain from offering or providing such advice or consultation.

10. In the event any DRB Member resigns, becomes incapacitated, dies or is otherwise incapable of serving as a member of the DRB, then a replacement member shall be selected in accordance with this Paragraph 10. In the event of a vacancy on the DRB, the Parties shall engage in good faith discussions to agree on a replacement DRB Member and fill the vacancy as quickly as practicable. If the vacancy has existed for thirty (30) Days and the Parties have not agreed on a replacement, the Contractor shall offer the names of two prospective replacement DRB Members and the Owner shall collectively offer two names. The information described in Paragraph 7 shall be assembled for the four candidates. The four names, along with the assembled information, shall be provided to the remaining members of the DRB in alphabetical order, without any information identifying which candidates were suggested by each Party. The remaining DRB Members shall select a replacement DRB Member from the four names on the list. If two vacancies exist at the same time, the same process shall be used except the one remaining DRB Member shall select two replacement DRB Members from the four names on the list in the event the Parties are unable to fill the vacancy(ies).

11. The DRB may, in its discretion, retain and compensate any administrative staff and subject-matter experts the DRB considers appropriate to assist it in conducting DRB Proceedings and making DRB Determinations. Within fifteen (15) Days of request by the DRB, the Owners shall reimburse the DRB for fifty percent (50%), and the Contractor shall reimburse the DRB for fifty percent (50%), of all costs incurred or committed by the DRB for such purposes.

12. If requested by the DRB, the Contractor will provide the DRB and the Owners with a current list of pending and rejected Change Orders and notices of Change, as well as any other information, schedule, or status reports in advance of each DRB meeting.

13. Owner and Contractor shall enter into good-faith negotiations to settle a dispute before referring such dispute to the DRB. These good-faith negotiations shall involve full and timely disclosure of each Party's position to the other Party, including the exchange, where applicable, of pertinent supporting records, analyses, expert reports, and similar documentation, and shall proceed without delay following the inception of the dispute. Such good-faith negotiations may involve the solicitation and rendering of a DRB advisory opinion as described herein.

14. Either Owner or Contractor may refer a dispute to the DRB. The dispute referral shall be made in writing to the DRB Chair with a copy concurrently provided to the other DRB members and the other Party.

15. The dispute referral shall concisely define the nature and specifics of the dispute that are to be considered by the DRB and the scope of the determination requested. The DRB

Chair shall confer with the Parties to establish a due date for delivering pre-hearing submittals, and a date, time, and location for convening the DRB hearing. Hearings shall be convened, at a location mutually agreed by the Parties. Absent such agreement by the Parties, the DRB shall determine the location of the hearings.

16. The procedures governing the hearings shall be established by agreement of the Parties. Absent such agreement, the DRB shall establish such hearing procedures.

17. The DRB's determination of a dispute will be formalized in a written report with format as determined by the DRB and signed by all DRB members ("DRB Determinations"). The report of the DRB Determinations shall consist of a concise description of the dispute, short statements of each Party's position, findings as to the facts of the dispute, discussion and rationale for the determination, and the determination. The report shall be submitted concurrently to the Parties, no later than thirty (30) days after completion of the hearing as agreed by all Parties.

18. Owner and Contractor shall each bear their respective costs and attorney's fees. Owner and Contractor shall equally bear the cost of the DRB's services.

IN WITNESS WHEREOF, the Parties have duly executed this DRB Agreement as of the date first above written.

SOUTH CAROLINA ELECTRIC & GAS  
COMPANY, for itself and as agent for South  
Carolina Public Service Authority

By:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

WESTINGHOUSE ELECTRIC COMPANY LLC

By:

Name: Madul Fawceny

Title: SENIOR VICE PRESIDENT AND GENERAL COUNSEL

STONE & WEBSTER, INC.

(n/k/a WECTEC Global Project Services Inc.)

By:

Name: Madul Fawceny

Title: VICE PRESIDENT

## **DRB MEMBER AGREEMENT**

This DRB Member Agreement (this "Agreement") by and between **SOUTH CAROLINA ELECTRIC & GAS COMPANY**, for itself and as agent for the South Carolina Public Service Authority ("Owner"); **WESTINGHOUSE ELECTRIC COMPANY LLC**, a Delaware limited liability company having a place of business in Monroeville, Pennsylvania, and **CB&I STONE & WEBSTER, INC.** ("CB&I/S&W", hereinafter referred to collectively with Westinghouse as "Contractor"); and John E. Bulman, John W. Hinchey, and A.H. "Nick" Gaede, Jr. (hereinafter referred to collectively as the "DRB Members") is entered into as of the 24th day of June, 2016. Owner and Contractor are collectively referred to herein as the "Parties."

### **I DRB DOCUMENTS**

- A. Owner and Contractor entered into an Engineering, Procurement and Construction Agreement, dated as of May 23, 2008 (the "EPC Agreement") to provide for, among other things, the design, engineering, procurement, installation, construction and technical support of start-up and testing of equipment, materials and structures comprising Units 2 and 3 of the nuclear-fueled electricity generation facility to be located at the existing site of the Virgil C. Summer Nuclear Generating Station ("Project").
- B. In their Amended and Restated Dispute Review Board Agreement ("DRB Agreement"), the Parties agreed to the establishment of a Dispute Resolution Board ("DRB") to assist in resolving disputes.
- C. This Agreement and the EPC Agreement, including all amendments thereto and the DRB Agreement are referred to herein as the "DRB Documents".

### **II PURPOSES OF DRB**

To assist in and facilitate the avoidance of Claims between the Parties and to effect the prompt, informed, cost-effective, expeditious and impartial resolution of Claims that are submitted to it.

### **III DRB SCOPE OF WORK**

- A. General.
  1. The DRB shall perform services and assume responsibilities consistent with the DRB Documents, including those necessary and reasonably inferable but not listed therein, to achieve the purpose of the DRB Documents.
  2. The DRB Documents are to be construed consistently and harmoniously, provided this Agreement shall not limit any of the DRB's or the DRB Members' obligations under the other DRB Documents. In the event of any conflict between or among any of the DRB Documents, the order of precedence to resolve any such conflicts is:

- a. EPC Agreement, as amended;
  - b. The DRB Operating Procedures; and
  - c. This Agreement.
- B. Operating Procedures. The DRB shall establish internal DRB operating procedures ("DRB Operating Procedures"), consistent with and subject to the requirements and guidelines set forth in the DRB Documents, establishing (i) the mailing address(es) and email address(es) for communications with the DRB; (ii) responsibility for preparing minutes of meetings between the DRB and the Parties; (iii) a list of monthly or other periodic project reports to be provided to the DRB; and (iv) a preliminary schedule for DRB site visits and inspections to occur within the first year of the establishment of the DRB. A draft of the DRB Operating Procedures shall be submitted to the Parties for their review and comment. Within ten (10) Days of receipt, the Parties shall confer and propose edits, revisions, additions, deletions or other modifications and shall deliver such comments to the DRB for their consideration for incorporation into the final DRB Operating Procedures. The DRB shall act reasonably in rejecting or accepting any such comments and incorporating them into the final DRB Operating Procedures. The DRB shall publish and transmit to the Parties the final DRB Operating Procedures upon consideration of the Parties' comments.
- C. Resolution of Disputes.
1. The DRB is required to follow and comply with all procedures and requirements expressly set forth in the DRB Documents, and any deviation therefrom must be mutually agreed upon in writing by the Parties.
  2. When the DRB determines that the services of one or more outside consultants is needed to advise the DRB, the DRB may engage such consultants at its discretion.
  3. The DRB may convene internal meetings as needed to review and discuss all matters pending before it, and to formulate the responses, determinations, orders, opinions and DRB Determinations expressly required under the DRB Documents.
  4. All DRB Determinations, orders and responses to requests for clarification or reconsideration shall be signed by at least a majority of the DRB Members.

#### **IV RESPONSIBILITIES OF THE DRB MEMBERS**

The DRB Members shall:

- A. comply with all requirements for DRB membership set forth in the DRB Documents;
- B. not discuss, individually or collectively, issues with the Owner or the Contractor that could possibly be construed as compromising the DRB's ability to impartially resolve any Claims;
- C. not express an individual or collective opinion of merit, in whole or in part, for any potential or other Claim other than through the issuance of a DRB Determination,

except in the case of an advisory opinion or a finding or order on a dispositive motion;

- D. in accordance with the DRB Documents, consider the facts and conditions forming the basis for a submitted Claim impartially and evaluate the merits based on careful consideration of the EPC Agreement, applicable law and regulations, and the facts and circumstances of the Claim.
- E. cause the DRB to comply with its duties and obligations under the DRB Documents; and
- F. comply with the duties and obligations of the DRB Members under the DRB Documents.

## V PAYMENT

- A. Invoicing details shall be established at the first meeting with representatives of Owner and Contractor.
- B. Payments made to the DRB Members shall constitute full compensation for work performed, travel time and services rendered, and for all materials, supplies and incidentals necessary to serve on the DRB.
- C. Payment for services rendered by DRB Members shall be at the rate and conditions agreed to between the Owner and the Contractor and each DRB Member.
- D. DRB Members shall be reimbursed for actual direct, non-salary expenses for serving on the DRB including automobile mileage, parking, travel expenses from the point of departure to the initial point of arrival, automobile rental, taxi fares, food and lodging, printing, long distance telephone, postage and courier delivery, subject to the terms and conditions of the DRB Documents.
- E. Payment made to DRB Members in the form of bonus, commission, or consideration of any nature other than that specified hereinabove for performance and service provided under this Agreement, before, during or after the period this Agreement is in effect, is prohibited.
- F. DRB Members shall individually submit invoices for work completed and reimbursable expenses to the Owner and Contractor:
  - 1. Not more often than once per month.
  - 2. Based on the agreed billing rate and conditions and on the number of hours expended, together with direct, non-salary reimbursable expenses for serving on the DRB including an itemized listing supported by copies of original bills, invoices, and expense accounts.
  - 3. Accompanied by a description of DRB activities performed and time spent daily during that period.
- G. The Owner and Contractor shall each pay fifty percent (50%) of the acceptable invoices, within thirty (30) Days of their receipt.

## **VI CONFIDENTIALITY AND RECORDKEEPING**

- A. No DRB Member shall divulge information identified as confidential that has been acquired during DRB activities without obtaining prior written approval from the Owner and the Contractor.
- B. DRB Members shall maintain cost records pertaining to this Agreement for inspection by the Owner or the Contractor for a period of three (3) years following the end or termination of this Agreement.

## **VII ASSIGNMENT**

No party to this Agreement shall assign or delegate any duty established under this Agreement.

## **VIII TERMINATION AND DISSOLUTION**

- A. This Agreement may be terminated by mutual written agreement of the Owner and Contractor at any time and the termination will be effective upon the date the notice of termination is signed by the Owner and Contractor.
- B. Unless terminated by mutual written agreement of the Owner and Contractor, the DRB shall be dissolved only in accordance with the DRB Documents.
- C. Individual DRB Members may only be terminated or replaced in accordance with the DRB Documents.
- D. If a DRB Member resigns, is unable to serve, or is terminated, he or she shall be replaced in accordance with the DRB Documents and, subject to Section VIII.E. below, be deemed to no longer be a party to this Agreement. This Agreement shall be amended to identify the replacement member and to obtain his or her signature to this Agreement.
- E. Confidentiality and recordkeeping obligations shall survive the termination, resignation or death of any DRB Member.

## **IX LEGAL RELATIONS**

The Parties and each DRB Member expressly otherwise acknowledge that each DRB Member, in the performance of his or her duties on or in connection with the DRB, is acting in the capacity of an independent contractor and not as an employee of Owner or the Contractor.

## **X DISPUTES REGARDING THIS AGREEMENT**

- A. Disputes among the parties arising out of this Agreement that cannot be resolved by negotiation and mutual concurrence and actions to enforce any right or obligation under this Agreement shall be initiated in the United States District Court for the District of South Carolina, Columbia Division, or such other court of competent jurisdiction.
- B. All questions shall be resolved by application of South Carolina law.



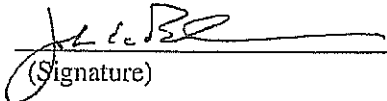
- C. The DRB Members hereby consent to the personal jurisdiction of the United States District Court for the District of South Carolina, Columbia Division, or such other court of competent jurisdiction.
- D. The provisions of this Section X apply only to disputes arising out of the terms of this Agreement or concerning rights or obligations created by this Agreement. These provisions do not apply to disputes arising out of the terms of or concerning rights or obligations created by the other DRB Documents.

**XI COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

Effective June 24, 2016 between:

**DRB MEMBERS:**

By:   
(Signature)

John E. Bulman  
(Name)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name)

- C. The DRB Members hereby consent to the personal jurisdiction of the United States District Court for the District of South Carolina, Columbia Division, or such other court of competent jurisdiction.
- D. The provisions of this Section X apply only to disputes arising out of the terms of this Agreement or concerning rights or obligations created by this Agreement. These provisions do not apply to disputes arising out of the terms of or concerning rights or obligations created by the other DRB Documents.

**XI COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

Effective June 24, 2016 between:

**DRB MEMBERS:**

By: _____ (Signature)	_____	_____
By: <u><i>[Signature]</i></u> 6/27/16 (Signature)	A. H. GAEDE, JR.	(Name)
By: _____ (Signature)	_____	_____
	(Name)	

- C. The DRB Members hereby consent to the personal jurisdiction of the United States District Court for the District of South Carolina, Columbia Division, or such other court of competent jurisdiction.
- D. The provisions of this Section X apply only to disputes arising out of the terms of this Agreement or concerning rights or obligations created by this Agreement. These provisions do not apply to disputes arising out of the terms of or concerning rights or obligations created by the other DRB Documents.

**XI COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

Effective June 24, 2016 between:

**DRB MEMBERS:**

By: \_\_\_\_\_  
(Signature) (Name)

By: \_\_\_\_\_  
(Signature) (Name)

By:  \_\_\_\_\_  
(Signature) (Name) John W. Hinchey

**OWNER:**

**South Carolina Electric & Gas Company, for  
itself and as agent for South Carolina Public  
Service Authority**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CONTRACTOR:**

**Westinghouse Electric Company LLC**

By: Michael T. Sweeney  
Name: MICHAEL T. SWEENEY  
Title: SENIOR VICE PRESIDENT AND GENERAL COUNSEL

**CB&I Stone & Webster, Inc.**

(n/k/a WECTEC Global Project Services Inc.)

By: Michael T. Sweeney  
Name: MICHAEL T. SWEENEY  
Title: VICE PRESIDENT

To: Vasbinder, Lucinda[lucinda.vasbinder@cbi.com]  
Cc: JONES, RONALD A[RONALD.JONES@scana.com]; WALKER, CARLETTE L[CWALKER@scana.com]; BROWNE, KENNETH JEROME[KENNETH.BROWNE@scana.com]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]; STEPHENS, MICHELE L[MICHELE.STEPHENS@scana.com]; WICKER, SHERI L[SWICKER@SCANA.COM]; KOCHEMS, KEVIN R[KKOCHEMS@scana.com]; BYNUM, ALVIS J JR[ABYNUM@scana.com]; gdwenick@smithcurrie.com[gdwenick@smithcurrie.com]; Kenneth W. Hollenbach[ken.hollenbach@cbi.com]; White, Charles G[charles.g.white@cbi.com]; sean.burk@cbi.com[sean.burk@cbi.com]; TORRES, ALAN D[ATORRES@scana.com]  
From: SMITH, ABNEY A JR  
Sent: Thur 7/30/2015 9:13:45 AM  
Subject: FW: Site Layout Changes CO Draft  
Site Layout Changes CO Draft (SAS Redline 07.29.15).docx

.....  
>>>>

Cindy,

We cannot accept your proposed language in section (3) dealing with invoicing and do not understand your issue with our proposed language. As we discussed with your commercial team, we are agreeable to deviating from the EPC contract for this particular CO. We proposed language which we believe to be reasonable and based on invoice guidelines being developed by our respective teams. As a matter of record, the guidelines referenced in our proposed language are in fact CBI guidelines submitted to us. I recognize that these guidelines are still in draft form but are close to being finalized with no major issues as I understand it. I suggest that you reconsider our proposal which includes invoicing criteria that we must have if we deviate from the EPC contract and a reasonable approach to disputes that hopefully will not arise if the invoicing criteria are met. Please advise. Thanks.

Abney A. (Skip) Smith

Manager, Business & Finance

New Nuclear Deployment

VC Summer Nuclear Station

SCE&G

803-941-9816 (O)

803-530-5532 (C)

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**From:** Vasbinder, Lucinda [mailto:lucinda.vasbinder@cbi.com]  
**Sent:** Wednesday, July 29, 2015 2:28 PM  
**To:** SMITH, ABNEY A JR  
**Cc:** BROWNE, KENNETH JEROME; Kenneth W. Hollenbach; White, Charles G; Burk, Sean M; Stallings, Stephen A. (SStallings@pecklaw.com)  
**Subject:** Site Layout Changes CO Draft

\*\*\*This is an EXTERNAL email. Please do not click on a link or open any attachments unless you are confident it is from a trusted source.

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Skip:

In response to Owner draft version of July 23rd, the draft Site Layout Changes C.O. is attached. Owner comments with concurrence have been accepted and our changes have been redlined.

Cindy

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*This e-mail and any attached files may contain CB&I (or its affiliates) confidential and privileged information. This information is protected by law and/or agreements between CB&I (or its affiliates) and either you, your employer or any contract provider with which you or your employer are associated. If you are not an intended recipient, please contact the sender*

*by reply e-mail and delete all copies of this e-mail; further, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.*

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CHANGE ORDER # 22

Dated: XX, 2015

**VIRGIL C. SUMMER AP1000 NUCLEAR UNIT(S)**

**CONTRACT:** Engineering, Procurement and Construction Agreement between South Carolina Electric & Gas Company, for itself and as Agent for the South Carolina Public Service Authority, as Owner and a Consortium consisting of Westinghouse Electric Company LLC and CB&I Stone & Webster, Inc., as Contractor for AP1000 Nuclear Power Plants Dated as of May 23, 2008

**CONTRACTOR:** Westinghouse Electric Company LLC and CB&I Stone & Webster, Inc. (Stone & Webster)

**(1) DESCRIPTION OF CHANGE AND EFFECT ON PROVISIONS OF EPC AGREEMENT**

Pursuant to the EPC Agreement Section 9.2 Owner-Directed Changes, the Owner requested changes related to the layout of V.C. Summer Units 2 & 3. These site specific changes are applicable to Contractor's Scope of Work. The Site Layout Changes are segregated into 3 phases to allow the project to move forward without delay. This Change Order covers Phase 1 and Phase 2 of the Site Layout Changes.

In Phase 1 of the Site Layout Changes, the engineering, construction planning and development of estimates for Phase 2 and Phase 3 was initiated via task authorizations.

Contractor's Phase 2 Scope of Work includes but is not limited to the following:

1. Increase size of plant protected area/move out the plant protected area perimeter on all four (4) sides: approximately 115' (plant north), 180' (plant east), 95' (plant south) and 20' (plant west).
2. Relocate permanent plant buildings: the Service Building (SB), Plant Entry Building (PEB), and Permanent Warehouse (PW) in the newly created area.
3. Redesign, relocate, demolish, and install underground and above ground civil, mechanical/piping and electrical site specific systems.
4. Relocate existing temporary construction facilities. The removal/relocation/reuse of temporary construction facilities 1, 1A, 3A, 3B, 3C, 3D, 13A and 120. Exhibit #2 (attached) details the names and current configuration of the construction facilities.
5. Install an approximately 850' long and 30' high retaining wall in order to provide an acceptable grade from the current final grading plans for the plant area.
6. Relocate permanent plant parking to the plant east of the relocated SB and PEB. Five hundred (500) paved spaces in the new area are added, as well as 500 unpaved spaces for outage/overflow parking. At the end of the Project, provide 75 permanent paved parking spaces for the construction shops which will be left for Owner.
7. Relocate the plant gas system storage and supply area to the space to the plant north of the former location of the PEB.
8. The work scope for items 5, 6 & 7 above are covered by Exhibit #1.
9. Phase 2 engineering work includes design scope for the Phase 3 security changes. The Phase 3 security scope is in the process of being defined by Owner. Engineering hours are included in the Phase 2 estimate in preparation for Phase 3.

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(2) REASON FOR CHANGE

This change is based on Owner's decision to expand the V.C. Summer Units 2 & 3 Protected Area and relocate specific permanent buildings to improve the physical security of the site. The planning, engineering and construction activities are divided into three phases. This Change Order covers Phases 1 and 2. Phase 3 is excluded from this Change Order, and will be covered in a subsequent Change Order.

Phase 1 – Initiate engineering, construction planning and development of estimates for Phase 2 and Phase 3 via task authorizations.

Phase 2 – Complete all Change Order related engineering (including for Phase 3 work) and perform the procurement and construction work related to the infrastructure changes included in the work scope, such as the site work, retaining wall, temporary construction facilities and underground utilities.

Phase 3 - Owner will issue a separate Change Order for the remaining security scope. This scope will include, but is not limited to, security modifications such as fencing, Ballistic, Bullet, Resistant Enclosures (BBREs), specialized security equipment and infrared cameras.

(3) DETAILED COST BREAKDOWN AND PAYMENT SCHEDULE FOR CHANGE

The estimated cost for this Change Order is \$36,974,000 in Base Date dollars. This is a Time & Materials (T&M) Change Order. The amount set forth above is a good-faith estimate, based on the current scope of work described herein and the conditions known to exist in the areas where the work is to be performed. This estimated amount is a limit on the amount payable to Contractor for the performance of this work, unless Contractor's billings exceed this estimate and this Change Order is amended or a subsequent Change Order is issued. Contractor shall notify Owner when the combination of incurred and committed costs reach 80% of the estimated cost of this Change Order and shall provide to Owner an estimated value for the remaining work scope. If the Owner then elects to authorize Contractor to exceed the price limit of this Change Order to complete the work, the parties will negotiate an amendment to this Change Order or an additional Change Order for that purpose. Contractor shall not be obligated to continue performance of the work, after incurred and committed costs reach the ~~net-to-exceed amount~~ set forth above, without such Owner authorization and mutually agreed to amendment or additional Change Order.

Contractor shall submit to Owner an invoice for the work performed based on costs invoiced to Contractor or incurred by Contractor. Invoicing for craft labor and per diem only shall be submitted monthly using an interim estimated weekly billing process, whereby estimated craft labor and per diem costs will be billed in equal weekly installments. Weekly estimates shall include all craft labor cost and craft labor per-diem which is reasonably projected to be incurred on the included Scope of Work. Actual craft labor and per diem costs incurred will be billed on the following month's invoice, with a true-up for previously submitted interim estimated weekly billings for craft labor and craft per diem.

Invoices shall also be submitted monthly for all professional labor and living allowances, including home office engineering, project management, site design engineering, and all other field non-manual labor using



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CHANGE ORDER # 22

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an interim estimated bi-weekly billing process, whereby estimated costs will be billed in equal bi-weekly installments, corresponding with the Stone & Webster professional labor pay periods. The interim bi-weekly estimates shall include all costs that are reasonably projected to be incurred by the Contractor for the included Scope of Work. Actual costs incurred by Contractor will be billed on the following month's invoice, with a true-up for previously submitted interim estimated bi-weekly billings.

Invoices for all other cost categories, including but not limited to subcontracts, expenses, materials and construction equipment, notwithstanding anything contained in Change Order #8 to the contrary, shall be billed to the Owner based on costs invoiced to, or incurred by Contractor. Contractor will provide the Owner documentation detailing the expenditures.

The interim estimated weekly craft labor and per diem billings and bi-weekly professional labor billings, including living allowances, will be based on estimated cash flow set forth in Item #8 of this Change Order. The cash flow estimate included in Item #8 shall be reviewed with the Owner on a periodic basis as requested by either party to determine if modifications are required to more closely match actual expenditures.

Invoicing for work under this Change Order shall be submitted separately from the base Agreement billings and as a separate T&M invoice. Payment from Owner for work under this Change Order shall be due and payable within three (3) days of the invoice dates for the respective interim estimated weekly craft labor and per diem billings and the bi-weekly billings for professional labor and living allowance billings. For all other cost categories and any additional charges or credits applicable to the true-up for estimated billings, payment from Owner shall be due and payable within twenty (20) days of the date of the invoice.

~~Should Owner fail to pay any invoice or billing for work under this Change Order, for any reason, which has been billed in accordance with the "Owner Interface Guidelines for Approval of Site Layout Changes Time & Material (T&M) Charges" and "Site Layout Changes Time & Materials (T&M) Cost Capture and Billing Guidelines," by the time set forth herein, Contractor shall have the right to stop work on any or all activities covered by this Change Order. If Owner finds that any invoice or billing for work under this Change Order has not been billed in accordance with these two documents, then it must promptly notify Contractor of such finding and explain the basis for it. In the absence of such Owner notification, Contractor shall have the right to stop work on any or all activities covered by this Change Order, if payment is not made by the time set forth herein. If the Owner provides the notification in question, and Contractor disagrees in good faith with the Owner's finding, then Contractor shall notify Owner of Contractor's disagreement. If the parties are then unable to resolve the disagreement within twenty days of Contractor's notice of disagreement with Owner's finding, then Owner shall pay all undisputed amounts and 90% of the disputed amount. If the Owner fails to make such payment, then Contractor shall have the right to stop work on any or all activities covered by this Change Order. Any such payment shall not constitute a waiver or otherwise prevent the Owner to dispute or otherwise object to the amount paid to the Contractor. The Owner's sole and exclusive remedy to dispute or otherwise object to the amount of any such payment shall be through the dispute resolution process set forth in Article 27 of the EPC Agreement. The pendency of the dispute resolution process shall not entitle the Owner to withhold or otherwise fail to pay any other~~

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amount invoiced or billed for work performed under this Change Order. In the event it is finally determined through the dispute resolution process that the Contractor is required to return any or part of any payment made by the Owner, such amount shall be paid in accordance with Section 8.4(b)(ii) of the EPC Agreement.

Work associated with this Change Order shall be compensated and invoiced as defined in Table G-3 and as set forth in Owner letter NND-13-0190 dated March 20, 2013, "Approval of Small Tools, Consumables and PPE Recovery Factors used by Stone & Webster (S&W) in Time and Materials (T&M) Invoicing".

Phase 1 Work was performed under task authorizations totaling \$2,071,304.42 as of July 12, 2015, in current day dollars. These Phase 1 costs have been incorporated into this Change Order estimate. The engineering costs for the Phase 3 changes are also included in this Change Order estimate.

**(4) APPLICABLE CONTRACT PRICE CATEGORY (FIXED, FIRM, TARGET, T&M)**

This Change Order will require changes to Exhibit H, Table 1.e, Estimated Time and Materials Charges and Allowances component of the EPC Agreement.

	Unit 2	Unit 3	Total
Westinghouse Portion	\$0	\$0	\$0
Stone & Webster Portion	\$18,487,000	\$18,487,000	\$36,974,000
<b>Total</b>	<b>\$ 18,487,000</b>	<b>\$18,487,000</b>	<b>\$36,974,000</b>

Note: Exhibit H- Table 1.e will be updated in a subsequent Amendment to incorporate the changes associated with this Change Order 22.

**Time and Materials Work Allowances (Attachment 2 to Exhibit H)**

Scope of Work	Westinghouse Scope Estimate	Stone & Webster Scope Estimate
Licensing and other T&M Support	\$2,242,000	\$10,583,911
Import Duties*	\$45,000,000	\$0
Startup Support***	\$61,046,975	\$101,736,263
Scaffolding	\$0	\$35,692,000
Performance Bonds and Insurances	\$0	\$20,000,000
CO #1 & CO #5 Simulator Instructor Training	\$3,123,600	\$0
CO #3 Parr Road Rehabilitation		\$779,731
CO #11 Delayed COL Study**	\$50,000	\$700,000
CO #21 ITAAC Maintenance	\$51,000	\$57,000
CO #22 Site Layout Changes	\$0	\$36,974,000

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Scope of Work	Westinghouse Scope Estimate	Stone & Webster Scope Estimate
Sales Tax	\$0	\$24,792,764

\*This item does not include Westinghouse SGA or Profit and is billed at cost.

\*\*This item does not include Westinghouse SGA or Profit or S&W G&A or Profit and is billed at cost.

\*\*\*Stone & Webster's Startup Support scope will be transferring from T&M to Target and Firm Price with the execution of Change Orders #16 & 17.

**Owner Allowances**

Description	Westinghouse Amount	Stone & Webster Amount
Extended Equipment Warranty	\$10,000,000	\$0
Mandatory Spare Parts	\$10,000,000	\$5,000,000*
Performance Bonds and Insurances	\$0	\$20,000,000**
Scaffolding	\$0	\$35,692,000*
Craft Training Funded by State	\$0	(\$8,000,000)

\* Profit and G&A to be applied in accordance with Exhibit G.2

\*\* No Profit or G&A to be applied to Performance Bond and insurances other than CCIP insurances

-Owner's construction representatives will be invited to attend all scheduled meetings where proposed scopes of work to be subcontracted and the commercial arrangement of the proposed subcontracts will be reviewed. Contractor will notify Owner of potential subcontractors in accordance with Section 3.7(a), Selection of Subcontractors.

**(5) OPTIONS TO MITIGATE COSTS OR DELAYS OR ENHANCE SAVINGS ASSOCIATED WITH CHANGE**

Contractor will monitor and manage work execution, performance and costs in accordance with Section 7 of this Change Order and the applicable provisions of the EPC Agreement as mutually agreed between the parties.

**(6) EVALUATION OF THE IMPACT ON THE LICENSING BASIS AS OF THE DATE OF CHANGE**

Impacts to the Licensing Basis will be determined as part of the work under this Change Order. Processing of any licensing basis changes, if required, is excluded from the work under this Change Order.

**(7) WRITTEN PROPOSAL FOR EXECUTING THE WORK INSOFAR AS IT HAS CHANGED**

**Phase 1**

Owner issued T&M task authorizations to Contractor to allow for engineering, planning and cost estimating proceeding as necessary to support developing this Change Order. The T&M task authorization process ends with execution of this Change Order. The values of the Phase 1 task authorizations are included in this Change Order amount.

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CHANGE ORDER # 22

Dated: XX, 2015

**Phase 2**

Phase 2 is a T&M Change Order to Contractor for the combined Phase 1 and Phase 2 Scope of Work.

Management of the T&M process will utilize an Owner interface protocol desktop guideline, and a cost capture and invoicing desktop guideline that will include the following:

1. Guidelines for proper cost coding and accounting for the use of labor, Construction Equipment and materials. Quantities variances shall be calculated based on the as-sold site layout as compared to the current site layout changes.
2. Implementation of a process for review and co-signing by Owner of the Contractor's Daily Reports for the included work scope in order to provide accurate cost coding, accounting and invoicing (materials, craft labor, Construction Equipment, FNM labor).
3. Issue bi-weekly reports to Owner which will include progress reports, and a summary of all costs incurred.
4. Conduct periodic schedule update meetings as directed by the Owner and at least once per month with Owner for the purpose of reviewing schedule updates to include engineering deliverables, detailed construction activities, and procurement activities.

**Phase 3**

Owner will issue a separate Change Order for the remaining physical security scope as defined above upon completion of the Phase 2 design effort and acceptance of the Phase 3 cost estimate and Terms and Conditions.

**(8) CHANGES NEEDED TO MILESTONE PAYMENT AND CASH FLOW**

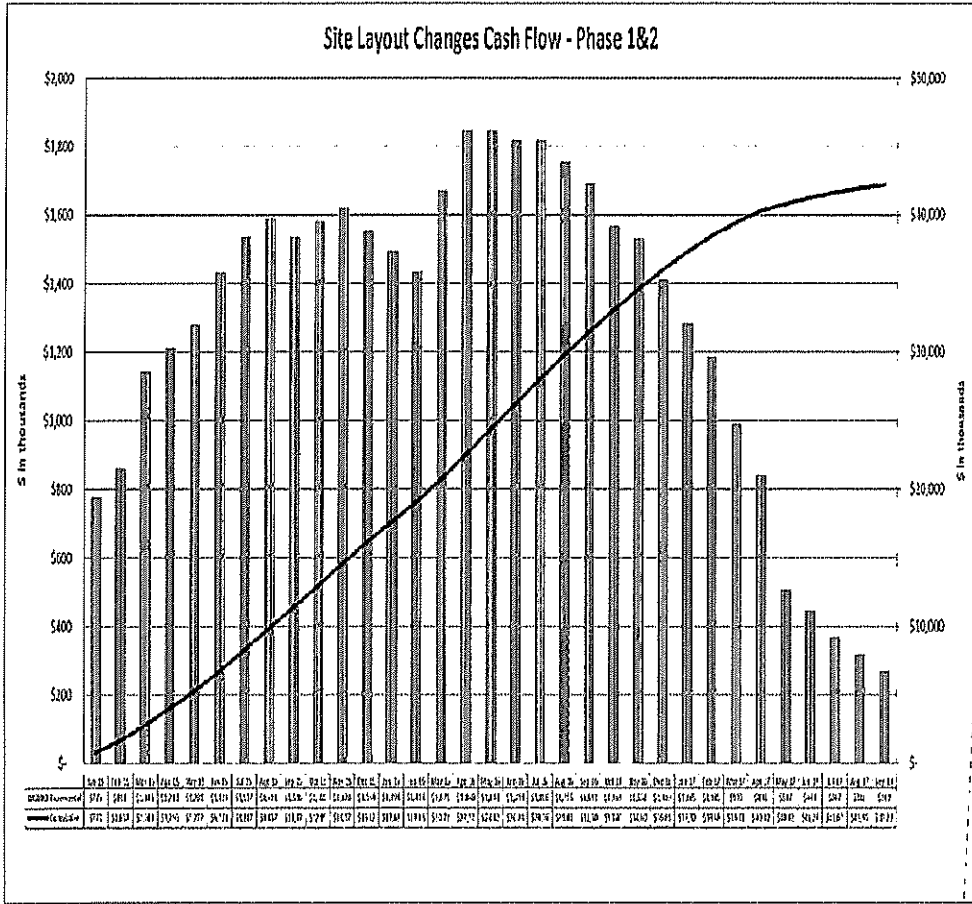
As previously stated in Section 3 the cash flow estimate shall be reviewed with the Owner on a periodic basis to determine if modifications are required to more closely match actual expenditures.

**AP1000®**

CHANGE ORDER # 22

Dated: XX, 2015

Commented [GDW1]: This chart will be updated in accordance with previous comments ACH3 and TH 4.



<b>AP1000<sup>®</sup></b>	CHANGE ORDER # 22  Dated: XX, 2015
---------------------------	--

(9) CHANGES NEEDED TO PROJECT SCHEDULE


Contractor has analyzed the Project's Integrated Project Schedule (Data Date June 15, 2015) in effort to determine whether the work to be performed under this Change Order is likely to affect progress. Contractor's conclusion is that such work poses the risk of delay to the Initial Energization of Unit 2, because the work could delay installation of the underground pipe near the transformers. Based on Contractor's current preliminary evaluation, this risk can be mitigated, in whole or in part. Contractor will make reasonable efforts to mitigate this risk and will keep the Owner informed of its progress and schedule projections. Contractor will notify the Owner of any additional cost and schedule impacts beyond those already addressed by this Change Order, if any, when it determines that they will occur, in case such mitigation steps are not wholly successful. In addition, Contractor expressly reserves its right to request an extension of time to the Project Schedule and/or additional compensation for any impacts to other Work at the Project as a result of the work described above.

CONTRACT PRICE SUMMARY:

ORIGINAL CONTRACT PRICE	\$6,366,900,000
ADJUSTMENTS THROUGH AMENDMENT TWO	\$20,666,452
CHANGE ORDER #12	\$246,496
CHANGE ORDER #13	\$0
CHANGE ORDER #14	\$1,662,585
CHANGE ORDER #15	\$15,000
CHANGE ORDER #16*	\$250,000,000
CHANGE ORDER #17*	\$0
CHANGE ORDER #18	\$25,556
CHANGE ORDER #19	\$2,000,000
CHANGE ORDER #20	\$375,617
CHANGE ORDER #21	\$108,000
CHANGE ORDER #22	\$36,974,000
ADJUSTED TOTAL CONTRACT PRICE THROUGH CHANGE ORDER #22	\$6,678,973,706
*Change Orders #16 and #17 have not been executed as of the date of this Change Order #22.	

Field Code Changed

	<p>CHANGE ORDER # 22</p> <p>Dated: XX, 2015</p>
---	---

	<p>CHANGE ORDER # 22</p> <p>Dated: XX, 2015</p>
---	---

(10) Attachments

- Attachment 1 - Exhibit 1 – Conceptual Changes for Change Order #22
- Attachment 2 - Exhibit 2 – Current Configuration of Construction Facilities
- Attachment 3 - Owner Letter NND-13-0190 – Approval of Small Tools, Consumables and PPE Recovery Factors used by S&W in T&M Invoicing



<b>AP1000®</b>	CHANGE ORDER # 22 Dated: XX, 2015
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**PREPARED BY (CONTRACTOR):**

By \_\_\_\_\_ (S&W)  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

By \_\_\_\_\_ (WEC)  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

**REPRESENTATIVE OF THE AUTHORITY REVIEW:**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

**APPROVED (SCE&G):**

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

**To:** Wenick, George[gdwenick@smithcurrie.com]  
**Cc:** BYNUM, ALVIS J JR[ABYNUM@scana.com]; Steve Pelcher[srpelche@santecooper.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]  
**From:** Swanson, Richard A  
**Sent:** Fri 6/17/2016 9:47:58 AM  
**Subject:** Re: V.C. Summer

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---

George,

I don't expect any changes. I just need final sign off from our general counsel. I understand the urgency. Thanks.

Rick

Sent from my iPhone

On Jun 17, 2016, at 9:02 AM, Wenick, George <[gdwenick@smithcurrie.com](mailto:gdwenick@smithcurrie.com)> wrote:

Rick,

I am under some pressure concerning the Amended Dispute Review Board Agreement and DRB Member Agreement. Brian initially prepared these and we requested a very few, non-substantive changes last Friday. Any help you can provide in getting these approved by WEC would be greatly appreciated.

George

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**From:** BYNUM, ALVIS J JR [<mailto:ABYNUM@scana.com>]  
**Sent:** Thursday, June 16, 2016 2:46 PM  
**To:** Swanson, Richard A  
**Cc:** Wenick, George; Steve Pelcher; LINDSAY, RONALD  
**Subject:** Re: V.C. Summer

I turned the money loose but it probably won't hit your account until tomorrow

Sent from my iPhone

On Jun 16, 2016, at 1:52 PM, Swanson, Richard A <[swansora@westinghouse.com](mailto:swansora@westinghouse.com)> wrote:

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George,

Thank you for clarifying my e-mail. Yes, I meant \$100M per month for the 60 day period during which the DRB is reviewing the Construction Milestone Payment Schedule.

Accordingly, based upon our exchange of e-mails, we consider the parties to be in agreement on this matter. If you feel further documentation is needed, please let me know. Thank you.

Regards,

--Rick

---

**From:** Wenick, George [<mailto:gdwenick@smithcurrie.com>]

**Sent:** Thursday, June 16, 2016 9:03 AM

**To:** Swanson, Richard A

**Cc:** AL BYNUM

**Subject:** RE: V.C. Summer

Rick,

Thank you for getting back to me. I do want to be clear that the terms concerning the offered \$100 million payment would not alter the terms in the October 2015 Amendment concerning the 60-day DRB period, the payments to be made during that period, or the deposit of \$75 million.

Your email has an ambiguity, however, concerning the payments during the 60-day DRB period. Your email mentions payments of "100M per month" during the 60-day period. But it then seeks confirmation that the "Owner will pay \$100M for the 60 day period during which the DRB is reviewing the matter," which suggests a single payment of \$100 million, although I do not believe that this was your intent. To clear this up, please understand that, for the 60-day period during which the DRB is reviewing the Construction Milestone Payment Schedule, Owner will pay the sum of \$100 million per month in lieu of all other payments.

Please tell me if this is satisfactory and whether you have any other questions.

George

---

**From:** Swanson, Richard A [<mailto:swansora@westinghouse.com>]

**Sent:** Thursday, June 16, 2016 8:43 AM

**To:** Wenick, George

**Cc:** AL BYNUM

**Subject:** RE: V.C. Summer

**Importance:** High

George,

Thanks for your e-mail. I thought this was an issue Al and I had discussed before his trip but I may be mistaken.

Before we are able to accept this offer, we need to clarify one point. The October 2015 Amendment provides a 60 day period during which the DRB reviews the Construction Milestone Payment Schedule. During that 60 day period, Owner is required to pay the sum of \$100M per month and such payments are treated in the same manner as the payments referenced in Paragraph 3 of the October 2015 Amendment. In the event the Construction Milestone Payment Schedule is submitted to the DRB, please confirm that Owner will pay \$100M for the 60 day period during which the DRB is reviewing the matter. In addition, after the Construction Milestone Payment Schedule is established, Owner is obligated to advance a deposit of \$75M with the Contractor.

Also, please know that I am working to get the Amended Dispute Review Board Agreement and DRB Member Agreement approved as soon as possible.

Regards,

--Rick

Richard A. Swanson  
Assistant General Counsel  
Westinghouse Electric Company  
1000 Westinghouse Drive  
Cranberry Township, PA 16066 USA  
Phone: +1 (412) 374-6304  
Fax: +1 (724) 940-8508  
Mobile: +1 (724) 841-8435  
E-mail: [swansora@westinghouse.com](mailto:swansora@westinghouse.com)  
<http://www.westinghousenuclear.com>

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**From:** Wenick, George [<mailto:gdwenick@smithcurrie.com>]

**Sent:** Wednesday, June 15, 2016 2:35 PM

**To:** Swanson, Richard A

**Cc:** Corgan, Brian; AL BYNUM

**Subject:** FW: V.C. Summer

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If you have any questions or wish to discuss this please call me.

George

Reply to:


George D. Wenick  
[gdwenick@smithcurrie.com](mailto:gdwenick@smithcurrie.com)  
Smith, Currie & Hancock, LLP  
2700 Marquis One Tower  
245 Peachtree Center Avenue  
Atlanta, GA 30303-1227  
Direct Dial 404/582-8037  
Fax. 404/688-0671

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Cc: Steve Pelcher[srpelche@santeecooper.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]  
From: Wenick, George  
Sent: Fri 6/17/2016 9:01:45 AM  
Subject: RE: V.C. Summer

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--Rick

Richard A. Swanson  
Assistant General Counsel  
Westinghouse Electric Company  
1000 Westinghouse Drive  
Cranberry Township, PA 16066 USA  
Phone: +1 (412) 374-6304  
Fax: +1 (724) 940-8508  
Mobile: +1 (724) 841-8435  
E-mail: [swansora@westinghouse.com](mailto:swansora@westinghouse.com)  
<http://www.westinghousenuclear.com>

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Reply to:

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[gdwenick@smithcurrie.com](mailto:gdwenick@smithcurrie.com)  
Smith, Currie & Hancock, LLP  
2700 Marquis One Tower  
245 Peachtree Center Avenue  
Atlanta, GA 30303-1227  
Direct Dial 404/582-8037  
Fax. 404/688-0671

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**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (3rd Continuing AIR)**

**DOCKET NO. 2017-305-E (2nd Continuing AIR)**

**DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-7:**

Describe the work done by AECOM, provide written work product produced or caused to be produced by AECOM, and list by date the amount paid to AECOM or the entity that charged for AECOM's work.

**RESPONSE 2-7:**

SCE&G issued a purchase order dated May 18, 2017, to URS Nuclear, LLC ("URS"), a wholly-owned subsidiary of AECOM, to evaluate four scenarios concerning the V.C. Summer nuclear construction project. Those scenarios consisted of (i) defer plant completion; (ii) salvage equipment; (iii) abandon site after salvage; and (iv) brownfield site after salvage.

AECOM's written work product contains highly confidential and sensitive information. Due to the highly confidential and sensitive nature of the information contained within AECOM's work product, the Company will make AECOM's work product available for review and inspection at SCE&G's headquarters. You may contact SCE&G's counsel, Chad Burgess, at 217-8141 to schedule a time to view this document.

The entity that charged SCE&G was URS. SCE&G made payment to URS on August 23, 2017, in the amount of \$238,772.62 and on September 22, 2017, in the amount of \$5,828.25.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (3rd Continuing AIR)  
DOCKET NO. 2017-305-E (2nd Continuing AIR)  
DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-8:**

Provide the total dollars spent for off-campus warehouses for material intended for use at the V.C. Summer nuclear construction project. Please itemize by cost categories per warehouse. Ex. rent/lease/loan payments, security, utilities, maintenance, etc.

**RESPONSE 2-8:**

Prior to December 2017, Westinghouse was responsible for the total cost incurred for off-campus warehouses for material intended for use at the V.C. Summer nuclear construction project. By entering into a fixed-price contract with Westinghouse, SCE&G is unable to ascertain the total dollars spent for off-campus warehouses prior to December 2017. In December 2017, the lease agreements for the off-campus warehouses were assigned to SCE&G. Since that time, SCE&G has paid the following amounts.

Carolina Pines II, LLC—110 Belk Ct, Blythewood, SC  
Costs paid directly by Owners (100% numbers)

"Cure Amount" paid to landlord for rent, utilities and legal fees after Interim Assessment Agreement	\$379,115.71
December 2017 Rent	\$69,032.00
January 2018 Rent	\$73,315.00
February 2018 Rent	\$73,315.00
March 2018 Rent	\$73,315.00

375 Metropolitan, LLC—375 Metropolitan Drive, West Columbia, SC  
Costs paid directly by Owners (100% numbers)

December 2017 Rent	\$131,070.84
January 2018 Rent	\$131,070.84
February 2018 Rent	\$131,070.84
March 2018 Rent	\$131,070.84
Maintenance since December 2017	\$7,535.00

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (3rd Continuing AIR)  
DOCKET NO. 2017-305-E (2nd Continuing AIR)  
DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-9:**

Provide a list of offers of gifts made to SCANA and SCE&G executives by any V.C. Summer nuclear construction project contractors or vendors from 2008.

**RESPONSE 2-9:**

SCANA recognizes that gifts of nominal value may be given or received as a result of business relationships with outside parties and does not prohibit such activities. Below is a list of items provided to current SCANA and SCE&G executives by V.C. Summer nuclear construction project contractors and vendors from 2008. With the exception of item number seven, SCE&G does not consider the items below as gifts, but instead classifies them as entertainment. Notwithstanding SCE&G's classification of these items, the Company is providing the information below. Please be advised that the list below does not include offers of gifts that were not accepted.

1. Two rounds of golf at Kiawah Island, South Carolina in 2011.
2. Two tickets to the Clemson-Carolina football game in 2016.
3. Tickets to a Carolina Panthers football game.
4. Tickets to Charlotte Hornets basketball games.
5. Tickets to the Masters Golf Tournament in Augusta, Georgia; tickets were offered annually and accepted during various years.
6. While visiting Japan and China, customary cultural gifts were exchanged.
7. From time-to-time business meals were provided.

With regard to past SCANA and SCE&G executives, SCE&G is not in possession of information responsive to this request.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (3rd Continuing AIR)  
DOCKET NO. 2017-305-E (2nd Continuing AIR)  
DOCKET NO. 2017-370-E (2nd Continuing AIR)**

**REQUEST 2-10:**

Using a 10.25% Return on Equity, list the Company's annual BLRA billed revenue by year for fifty (50) years calculated under the Base Request. Please also provide the sum for the fifty (50) years. Specify all relevant assumptions used in the calculation, such as the depreciation method and if taxes are included or excluded in the calculation. Provide the calculation in Excel spreadsheet format with live formulas.

**RESPONSE 2-10:**

The requested calculation, with a statement of the applicable assumptions, is attached.