



K. Chad Burgess
Director & Deputy General Counsel

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June 24, 2016

ER

VIA HAND DELIVERY

Shannon Bowyer Hudson, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, South Carolina 29201

RE: October 2015 Amendments to the Engineering, Procurement, and Construction Contract Related to the Construction of a Nuclear Base Load Generation Facility at Jenkinsville, South Carolina

Dear Shannon:

Enclosed please find found (4) copies of South Carolina Electric & Gas Company's ("SCE&G" or "Company") supplemental responses to the South Carolina Office of Regulatory Staff's First Continuing Request for Records and Information Nos. 1-1, 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-15, 1-16, 1-22, 1-25, 1-28, 1-29, 1-31, 1-32, 1-33, 1-34, 1-35, 1-37, 1-40, 1-45, and 1-46. SCE&G's responses are three-hole punched for insertion into the previously provided three-ringed binders. Also enclosed as requested is one (1) compact disc which contains electronic copies of the Company's supplemental responses.

By copy of this letter and in accordance with your instructions, we are also providing one (1) electronic copy of SCE&G's supplemental responses via compact disc to Gary Jones.

If you have any questions, please advise.

Very truly yours,

K. Chad Burgess

KCB/kms
Enclosures

cc: Gary Jones
(via U.S. First Class Mail w/enclosures)

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
OFFICE OF REGULATORY STAFF'S FIRST AUDIT INFORMATION REQUEST
October 15 Amendments to the Engineering, Procurement, and
Construction Contract Related to the Construction of a Nuclear Baseload
Generation Facility at Jenkinsville, South Carolina**

REQUEST 1-1:

Please provide:

- a) An itemized list of all increased costs including a description of the item, description of why and what precipitated the increase, the dollar amount increased and which cost categories are affected by the cost changes associated with the October 2015 Amendment ("Amendment") to the May 23, 2008 Engineering, Procurement and Construction ("EPC") Agreement ("EPC Contract") for nuclear power plant Units 2 and 3 ("Units") at the Virgil C. Summer Nuclear Generation Station ("Project") above and beyond those associated with Order No. 2015-661.
- b) A spreadsheet with a detailed breakdown of all increased costs associated with the Amendment for Owners Costs, each EPC Contract Cost Category and the Transmission Cost Category. (See Attachments 1 & 2)
- c) A spreadsheet with a detailed breakdown of the history of itemized capital costs that have been incurred and the capital costs that SCE&G anticipates incurring throughout the life of the project as a result of the Amendment. (See Attachment 3)

RESPONSE 1-1:

- (a)-(c) SCE&G is in the process of completing its evaluation of the Fixed Price Option under the Amendment and expects to have reached a decision concerning that option before filing a 2016 BLRA update docket. Information concerning increased EPC Contract costs that would be responsive to this RIA will depend on this evaluation and decision and will be provided as soon as reasonably possible after the decision on the Fixed Price Option has been announced.

SUPPLEMENTAL RESPONSE 1-1:

The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which Westinghouse requires SCE&G to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment. Please also note that AIR 1-1 Attachments 1, 2, and 3 made available for review

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and inspection are in draft form and are based on the latest forecast of the Fixed Price Option including adjustments to Owners Costs and Transmission and incremental change orders.

Additionally, SCE&G will arrange an onsite meeting with ORS to further discuss its evaluation of the Fixed Price Option.

SECOND SUPPLEMENTAL RESPONSE 1-1:

Please see attached.

SCE&G Petition for Updates and Revisions to the Capital Cost Schedule and the Construction Schedule

ORS 1st Information Request October 2015 Amendment

V.C. Summer Units 2 and 3 - Summary of SCE&G Revisions to Capital Costs Schedules

Dollars Reflect SCE&G 55% share (\$000)

Plant Cost Categories	Order No. 2010-12	Change	Order No. 2011-345	Change	Order No. 2012-884	Change	Order 2015-661	Change	Amendment
	Total	Total	Total	Total	Total	Total	Total	Total	Total
Fixed with No Adjustment	\$279,299	\$61,578	\$340,877	\$0	\$340,877	(\$85,360)	\$255,517	\$3,427,613	\$3,683,130
Firm with Fixed Adjustment A	\$266,750	\$0	\$266,750	\$0	\$266,750	\$0	\$266,750	\$0	\$266,750
Firm with Fixed Adjustment B	\$330,920	\$541	\$331,461	\$19,504	\$350,965	\$52,971	\$403,936	(\$165,068)	\$238,868
Firm with Indexed Adjustment	\$1,187,690	\$268,753	\$1,456,443	\$71,557	\$1,528,000	\$17,998	\$1,545,998	(\$672,257)	\$873,741
Actual Craft Wages	\$378,143	(\$37,350)	\$340,793	\$59,794	\$400,587	\$198,626	\$599,213	(\$465,907)	\$133,306
Non-Labor Costs	\$954,216	(\$277,582)	\$676,634	(\$12,399)	\$664,235	\$288,327	\$952,562	(\$545,626)	\$406,936
Time & Materials	\$104,779	\$427	\$105,206	\$0	\$105,206	(\$19,425)	\$85,781	(\$24,964)	\$60,817
Owners Costs	\$286,067	\$144,582	\$430,649	\$131,624	\$562,273	\$245,096	\$807,369	\$20,827	\$828,196
Transmission Costs	\$308,591	\$13,000	\$321,591	\$7,921	\$329,512	\$0	\$329,512	\$4,300	\$333,812
Total Base Project Costs (2007 \$)	\$4,096,455	\$173,949	\$4,270,404	\$278,001	\$4,548,405	\$698,233	\$5,246,638	\$1,578,918	\$6,825,556
Total Project Escalation	\$1,807,948	(\$547,093)	\$1,260,855	(\$292,411)	\$968,444	\$332,042	\$1,300,486	(\$765,597)	\$534,889
Total Revised Project Cash Flow	\$5,904,403	(\$373,144)	\$5,531,259	(\$14,410)	\$5,516,849	\$1,030,275	\$6,547,124	\$813,321	\$7,360,445
AFUDC (Capitalized Interest)	\$283,721	(\$28,037)	\$255,684	(\$17,969)	\$237,715	\$42,075	\$279,790	\$51,451	\$331,241
Gross Construction	\$6,188,124	(\$401,181)	\$5,786,943	(\$32,379)	\$5,754,564	\$1,072,350	\$6,826,914	\$864,772	\$7,691,686

**SCE&G Petition for Updates and Rev
ORS 1st Inform
V.C. Summer Units 2 a
Dollars**

A	B	C	D	E	F
Description of Item	Actual Costs Incurred as of 12/31/15	Projected Costs	Total (Actual + Projection)	Fixed with No Adjustment	Firm with Fixed Adjustment A 5.20%
Order 2015-661			5,246,638	255,516,965	266,750,000
Forgive LD's		85,525	85,525	85,525	
Settlement Agreement	137,500	-	137,500	137,500	
Fixed Price Option		3,207,600	3,207,600	3,207,600	
Removed Unspent moved to Fixed		(1,930,063)	(1,930,063)	(49,091)	
CO ITAAC		62	62	62	
CO CAP-I		679	679	679	
CO Site Layout Phase 3		29,631	29,631	29,631	
CO#24 Wetlands	5		5		
CO PMP	6	161	161	161	
CO Training Staff Augmentation	101	4,307	4,408		
CO Service Building 3rd Fl	34	7,670	7,704	7,670	
CO Primavera Access		45	45		
CO Escrow Account		2,963	2,963		
CO Classroom Simulator		451	451	451	
CO SES		7,112	7,112	7,112	
Move Remaining WEC T&M Allowances to T&M Category					
Move Remaining HealthCare CO from 6.5% Firm to T&M Category					
Move Remaining ITAAC CO From 6.5% and T&M to Fixed Category					
EPC Adjustment	137,646	1,416,143	1,553,789	313	
Owner's Cost Variance - Labor		(8,387)	(8,387)		
Owner's Cost Variance - Non Labor		25,639	25,639		
Costs not Split 65/45		3,575	3,575		
Owners' Adjustment		20,827	20,827		
Transmission Costs		4,300	4,300		
Transmission Adjustment		4,300	4,300		
Project Adjustment	137,646	1,441,270	1,578,916	3,427,613	
	137,646	1,441,270	6,825,554	3,683,130	266,750

SCE&G Petition for Updates and Revisions to the Capital Cost Schedule and the Construction Schedule

ORS 1st Information Request October 2015 Amendment

V.C. Summer Units 2 and 3 - Summary of Projected SCE&G Capital Cost Components

Dollars Reflect SCE&G 55% share (\$000)

Plant Cost Categories	Actual							Projected						
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fiked with no Adjustment														
Order 2015-661	4,628	35,199	22,066	67,394	50,551	66,057	22,960	11,634	29,965	20,934	9,600	56	(42,763)	(42,763)
Amendment	4,628	35,199	22,066	67,394	50,551	66,057	22,960	11,634	366,348	890,035	823,446	725,862	501,820	95,131
Change	-	-	-	-	-	-	-	-	336,383	869,101	813,846	725,806	544,583	137,894
Firm with Fiked Adjustment A														
Order 2015-661	-	-	63,250	27,500	24,200	75,075	42,900	7,700	26,125	-	-	-	-	-
Amendment	-	-	63,250	27,500	24,200	75,075	42,900	7,700	26,125	-	-	-	-	-
Change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Firm with Fiked Adjustment B														
Order 2015-661	403,935	5,499	35,768	49,513	39,371	45,043	31,048	22,834	50,203	45,095	26,827	27,858	19,537	5,339
Amendment	238,867	5,499	35,768	49,513	39,371	45,043	31,048	22,834	9,791	-	-	-	-	-
Change	(165,068)	-	-	-	-	-	-	-	(40,412)	(45,095)	(26,827)	(27,858)	(19,537)	(5,339)
Firm with Indexed Adjustment														
Order 2015-661	1,545,997	45,869	148,713	115,172	137,871	118,769	150,530	129,994	240,391	197,013	138,958	44,043	51,832	26,842
Amendment	873,740	45,869	148,713	115,172	137,871	118,769	150,530	129,994	26,822	-	-	-	-	-
Change	(672,257)	-	-	-	-	-	-	-	(213,569)	(197,013)	(138,958)	(44,043)	(51,832)	(26,842)
Actual Craft Wages														
Order 2015-661	599,213	312	1,937	9,779	11,682	21,091	25,217	39,418	83,130	127,343	161,221	95,431	22,652	-
Amendment	133,306	312	1,937	9,779	11,682	21,091	25,217	38,785	24,503	-	-	-	-	-
Change	(465,907)	-	-	-	-	-	-	(633)	(58,627)	(127,343)	(161,221)	(95,431)	(22,652)	-
Non-Labor Costs														
Order 2015-661	952,563	1,271	31,255	79,778	9,298	65,227	70,154	107,188	132,987	171,543	165,087	95,771	22,781	223
Amendment	406,937	1,271	31,255	79,778	9,298	65,227	70,154	105,390	44,564	-	-	-	-	-
Change	(545,626)	-	-	-	-	-	-	(1,798)	(88,423)	(171,543)	(165,087)	(95,771)	(22,781)	(223)
Time & Materials														
Order 2015-661	85,782	1,013	155	1,004	764	1,878	2,300	4,131	19,466	26,292	17,574	8,685	2,384	136
Amendment	60,817	1,013	155	1,004	764	1,878	2,300	4,055	2,047	7,450	9,332	23,723	6,686	410
Change	(24,965)	-	-	-	-	-	-	(76)	(17,419)	(18,842)	(8,242)	15,038	4,302	274
Owners Costs														
Order 2015-661	807,369	8,198	15,206	23,743	29,276	43,643	47,245	51,970	96,136	106,297	109,367	117,263	93,417	48,512
Amendment	828,196	8,198	15,206	23,743	29,276	43,643	47,245	51,807	58,346	111,084	126,257	127,821	106,102	62,372
Change	20,827	-	-	-	-	-	-	(163)	(37,790)	4,787	16,890	10,558	12,685	13,860
Transmission Costs														
Order 2015-661	329,512	26	724	927	11,964	51,677	56,593	47,207	64,576	64,794	30,314	710	-	-
Amendment	333,812	26	724	927	11,964	51,677	56,593	46,439	45,046	57,326	49,160	13,930	-	-
Change	4,300	-	-	-	-	-	-	(768)	(19,530)	(7,468)	18,846	13,220	-	-
Total Base Project Costs (2007 \$)														
Order 2015-661	5,246,639	21,724	319,074	374,810	314,977	488,460	448,947	422,076	742,979	759,311	658,948	389,817	169,840	38,289
Amendment	6,825,556	21,724	319,074	374,810	314,977	488,460	448,947	418,638	603,592	1,065,895	1,008,195	891,336	614,608	157,913
Change	1,578,917	-	-	-	-	-	-	(3,438)	(139,387)	306,584	349,247	501,519	444,768	119,624

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V.C. Summer Units 2 and 3 - Summary of Projected SCE&G Capital Cost Components
Dollars Reflect SCE&G 55% share (\$'000)

Plant Cost Categories	Actual										Projected				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Total	1,300,486	534,888	(765,598)	23,741	34,084	74,485	88,622	89,890	196,694	247,926	240,312	151,548	92,670	36,065	
Total Project Escalation	-	3,519	20,930	23,741	34,084	74,485	88,622	89,890	196,694	247,926	240,312	151,548	92,670	36,065	
Order 2015-661	-	3,519	20,930	23,741	34,084	74,485	88,622	89,890	196,694	247,926	240,312	151,548	92,670	36,065	
Amendment	-	-	-	-	-	-	-	-	52,786	22,586	36,724	43,735	25,544	14,806	
Change	-	-	-	-	-	-	-	3,436	(143,908)	(225,340)	(203,588)	(107,813)	(67,126)	(21,259)	
Total Revised Project Cash Flow	21,724	100,906	340,004	398,551	349,061	562,945	537,569	511,966	939,673	1,007,237	899,260	541,365	262,510	74,354	
Order 2015-661	21,724	100,906	340,004	398,551	349,061	562,945	537,569	511,966	939,673	1,007,237	899,260	541,365	262,510	74,354	
Amendment	-	-	-	-	-	-	-	(2)	(283,295)	81,244	145,659	393,706	377,642	98,365	
Change	-	-	-	-	-	-	-	(2)	(283,297)	(202,053)	(56,394)	337,312	714,954	813,319	
Cumulative Project Cash Flow Revised	21,724	122,630	462,634	861,185	1,210,246	1,773,191	2,310,760	2,822,726	3,762,399	4,769,636	5,668,896	6,210,261	6,210,261	6,210,261	
Order 2015-661	21,724	122,630	462,634	861,185	1,210,246	1,773,191	2,310,760	2,822,726	3,762,399	4,769,636	5,668,896	6,210,261	6,210,261	6,210,261	
Amendment	-	-	-	-	-	-	-	-	3,479,102	4,567,583	5,612,502	6,547,573	7,187,725	7,360,444	
Change	-	-	-	-	-	-	-	(2)	(283,297)	(202,053)	(56,394)	337,312	714,954	813,319	
AFUDC (Capitalized Interest)	279,792	331,241	51,449	17,150	14,218	18,941	27,722	26,131	30,502	44,426	39,884	30,984	11,529	3,599	
Order 2015-661	279,792	331,241	51,449	17,150	14,218	18,941	27,722	26,131	30,502	44,426	39,884	30,984	11,529	3,599	
Amendment	-	-	-	-	-	-	-	-	22,202	40,718	60,548	45,635	28,722	14,548	
Change	-	-	-	-	-	-	-	-	(8,300)	(3,708)	20,664	14,651	17,193	10,949	
Gross Construction	6,826,917	7,691,685	864,768	22,369	104,403	350,568	415,701	363,279	363,279	581,886	565,291	1,051,663	939,144	274,039	
Order 2015-661	6,826,917	7,691,685	864,768	22,369	104,403	350,568	415,701	363,279	363,279	581,886	565,291	1,051,663	939,144	274,039	
Amendment	-	-	-	-	-	-	-	-	678,580	1,129,199	1,105,467	980,706	668,874	187,267	
Change	-	-	-	-	-	-	-	(2)	(291,595)	77,536	166,323	408,357	394,835	109,314	
Construction Work In Progress	22,369	126,772	477,340	893,041	1,256,320	1,838,206	2,403,497	2,941,594	3,911,769	4,963,432	5,902,576	6,474,925	6,748,964	6,826,917	
Order 2015-661	22,369	126,772	477,340	893,041	1,256,320	1,838,206	2,403,497	2,941,592	3,620,172	4,749,371	5,854,838	6,835,544	7,504,418	7,691,685	
Amendment	-	-	-	-	-	-	-	(2)	(291,597)	(214,061)	(47,738)	360,619	755,454	864,768	
Change	-	-	-	-	-	-	-	(2)	(291,597)	(214,061)	(47,738)	360,619	755,454	864,768	

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October 15 Amendments to the Engineering, Procurement, and
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Generation Facility at Jenkinsville, South Carolina**

REQUEST 1-2:

For Owners Costs, please provide an itemized list of all increased costs associated with the Amendment for labor, non-labor, and non-split portions, including a description of the item, description of why and what precipitated the increase, the dollar amount increased and which EPC Contract Cost Categories are affected.

RESPONSE 1-2:

SCE&G is preparing the responsive information and will provide when available.

SUPPLEMENTAL RESPONSE 1-2:

The chart attached as AIR 1-2 Attachment 1 provides an itemized list of the changes in labor and non-labor components of Owners Costs. Please also note that AIR 1-2 Attachment 1 is in draft form and is based on the latest forecast of the Fixed Price Option including adjustments to Owners Costs and Transmission and incremental change orders.

The principal drivers for the increase in Owners Costs fall into six key areas and a description of why and what precipitated the increase is as follows:

1. **Impact of October 2015 Amendment** – In response to the October 2015 Amendment, SCE&G identified several areas of Owners Costs that will be impacted:
 - a. **Labor** – SCE&G has taken reasonable steps to delay NND hiring and to revise work assignments. However, SCE&G forecasts that the extension of the project will increase Owner's labor costs by approximately \$11 million to allow SCE&G to support the NND team's role on the project for a longer period.
 - b. **Non-Labor** – This category includes Non-Labor costs associated with NND cost centers that are impacted by the Settlement and the extension of the project. Costing approximately \$5 million, these items are spread across all NND cost centers. The significant drivers include items such as IST, Facilities, NRC Resident Inspectors, and the establishment of a Dispute Resolution Board.
2. **Schedule Oversight** – SCE&G has identified additional costs of approximately \$8 million necessary to improve our oversight of the schedule, including costs associated with the addition of a full night shift, a Project Management Organization, and additional overtime costs.
3. **Regulatory** – The change in regulatory guidance and SCE&G's interpretation of it has resulted in several cost increases associated with the Central and

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Eastern United States seismic evaluation within the Probabilistic Risk Assessment, the upgrade to two waste water treatment facilities on site, and the National Fire Protection Association's requirements (standard 804). These costs total approximately \$2 million.

4. **Contractors** – SCE&G has taken reasonable steps to evaluate the project oversight function and recognize the transition of employees from their oversight to operational roles. To minimize excess labor at the end of the project, and take advantage of specialized skills only needed during construction, SCE&G has identified several opportunities that are best satisfied by temporary contractors. These areas include Construction Oversight, Quality Services, Training, and Engineering. The cost of these additional contractors is approximately \$6 million.
5. **2015 Staffing Analysis** – AIR 1-15 Attachment 1 contains a description of the 2015 Staffing Analysis covering both the Operational Readiness and the Nuclear Construction Oversight portions of the project. The analysis documents a net decrease of ten (10) Full Time Equivalents. This decrease, along with other staffing shifts and delays results in a labor savings of approximately \$18 million.
6. **Other** – SCE&G forecasts the remaining areas of Owner Costs to increase approximately \$8 million. These costs are spread over 75 cost centers. Some significant drivers include IST Document Turnover, IST Electronic Work Package development, APOG, and Security Contractors.

SECOND SUPPLEMENTAL RESPONSE 1-2:

The chart attached as AIR 1-2 Attachment 1 provides an itemized list of the changes in labor and non-labor components of Owners Costs. Please also note that AIR 1-2 Attachment 1 is in draft form and is based on the latest forecast of the Fixed Price Option including adjustments to Owners Costs and Transmission and incremental change orders.

The principal drivers for the increase in Owners Costs fall into six key areas and a description of why and what precipitated the increase is as follows:

7. **Impact of October 2015 Amendment** – In response to the October 2015 Amendment, SCE&G identified several areas of Owners Costs that will be impacted:
 - a. **Labor** – SCE&G has taken reasonable steps to delay NND hiring and to revise work assignments. However, SCE&G forecasts that the extension of the project will increase Owner's labor costs by approximately \$11 million to allow SCE&G to support the NND team's role on the project for a longer period.

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- b. **Non-Labor** – This category includes Non-Labor costs associated with NND cost centers that are impacted by the Settlement and the extension of the project. Costing approximately \$5 million, these items are spread across all NND cost centers. The significant drivers include items such as IST, Facilities, NRC Resident Inspectors, and the establishment of a Dispute Resolution Board.
8. **Schedule Oversight** – SCE&G has identified additional costs of approximately \$8 million necessary to improve our oversight of the schedule, including costs associated with the addition of a full night shift, a Project Management Organization, and additional overtime costs.
9. **Regulatory** – The change in regulatory guidance and SCE&G's interpretation of it has resulted in several cost increases associated with the Central and Eastern United States seismic evaluation within the Probabilistic Risk Assessment, regulatory proceedings, the upgrade to two waste water treatment facilities on site, and the National Fire Protection Association's requirements (standard 804). These costs total approximately \$3 million.
10. **Contractors** – SCE&G has taken reasonable steps to evaluate the project oversight function and recognize the transition of employees from their oversight to operational roles. To minimize excess labor at the end of the project, and take advantage of specialized skills only needed during construction, SCE&G has identified several opportunities that are best satisfied by temporary contractors. These areas include Construction Oversight, Quality Services, Training, and Engineering. The cost of these additional contractors is approximately \$6 million.
11. **2015 Staffing Analysis** – AIR 1-15 Attachment 1 contains a description of the 2015 Staffing Analysis covering both the Operational Readiness and the Nuclear Construction Oversight portions of the project. The analysis documents a net decrease of twelve (12) Full Time Equivalents. This decrease, along with other staffing shifts and delays results in a labor savings of approximately \$18 million.
12. **Other** – SCE&G forecasts the remaining areas of Owner Costs to increase approximately \$6 million. These costs are spread over approximately 110 cost centers. Some significant drivers include IST Document Turnover, IST Electronic Work Package development, APOG, and Security Contractors.

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Generation Facility at Jenkinsville, South Carolina**

REQUEST 1-3:

Provide a detailed explanation, breakdown of costs, background data, and associated documents regarding all costs that SCE&G has incurred and are anticipated to incur to fulfill their obligations related to the Amendment.

RESPONSE 1-3:

Reference 1-3 Attachment 1 for a list of invoices representing all costs that SCE&G has incurred, as of March 18, 2016, and are anticipated to incur to fulfill their obligations related to the Amendment.

FIRST SUPPLEMENTAL RESPONSE 1-3:

Please see attached.

ORS Request - October 2015 Amendment 1-3 Attachment 1

Costs Incurred by SCE&G and anticipated to be incurred to fulfill the obligations related to the October 2015 Amendment

Costs incurred by SCE&G as of June 17, 2016, to fulfill the obligations of the October 2015 Amendment	Vendor	Invoice #	Payment Date	Invoice Type	SCE&G Costs
Paragraph 3 Settlement Payment #1	Westinghouse	90313232	01/05/16	Fixed Price	\$11,458,333.33
Paragraph 3 Settlement Payment #2	Westinghouse	90315023	02/05/16	Fixed Price	\$11,458,333.33
Paragraph 3 Settlement Payment #3	Westinghouse	90316577	03/07/16	Fixed Price	\$11,458,333.34
Paragraph 3 Settlement Payment #4	Westinghouse	90318450	04/05/16	Fixed Price	\$11,458,333.34
Paragraph 3 Settlement Payment #5	Westinghouse	90321070	05/05/16	Fixed Price	\$11,458,333.33
Paragraph 3 Settlement Payment #6	Westinghouse	90323156	06/06/16	Fixed Price	\$11,458,333.33
Total					\$68,750,000.00

Costs anticipated to be incurred by SCE&G to fulfill the obligations of the October 2015 Amendment	Vendor	Invoice #	Payment Date	Invoice Type	SCE&G Costs

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REQUEST 1-4:

Provide a detailed explanation, breakdown of costs, background data, associated documents and the methodology used for reaching the dollar amounts in the Owners Cost category.

- a) As approved in Order No. 2010-12
- b) As modified in Order No. 2011-345
- c) As modified in Order No. 2012-884
- d) As modified in Order No. 2015-661
- e) As associated with the Amendment

RESPONSE 1-4:

(a)-(e): The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which SCE&G is required to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment.

With respect to (e), SCE&G is preparing the responsive information and will provide, pursuant to the terms of the confidentiality agreement, when available.

SUPPLEMENTAL RESPONSE 1-4:

The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which Westinghouse requires SCE&G to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment. Please also note that AIR 1-4 Attachment 1 will be made available for review and inspection in draft form and is based on the latest forecast of the Fixed Price Option including adjustments to Owners Costs and Transmission and incremental change orders.

Additionally, SCE&G will arrange an onsite meeting with ORS to further discuss its evaluation of the Fixed Price Option.

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SECOND SUPPLEMENTAL RESPONSE 1-4:

Please see attached.

AIR 1-4 Attachment 1

Order 2010 - 12

Labor	146,088
Non Labor	139,979
Non Split	
Total	<u>286,067</u>

Order 2011-345

Labor	189,321
Non Labor	237,149
Non Split	4,179
Total	<u>430,649</u>

Order 2012-884

Labor	256,647
Non Labor	295,512
Non Split	10,114
Total	<u>562,273</u>

Order 2015-661

Labor	396,330
Non Labor	411,981
Non Split	(943)
Total	<u>807,369</u>

2016 Amendment

Labor	390,767
Non Labor	440,414
Non Split	(2,984)
Total	<u>828,196</u>

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REQUEST 1-5:

Provide a detailed explanation, breakdown of costs, background data, and associated documents regarding the costs for each item that is in the non-split portion of Owners Cost.

- a) As approved in Order No. 2010-12
- b) As modified in Order No. 2011-345
- c) As modified in Order No. 2012-884
- d) As modified in Order No. 2015-661
- e) As associated with the Amendment

RESPONSE 1-5:

(a)-(e): The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which SCE&G is required to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment.

With respect to (e), SCE&G is preparing the responsive information and will provide, pursuant to the terms of the confidentiality agreement, when available.

SUPPLEMENTAL RESPONSE 1-5:

The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which Westinghouse requires SCE&G to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment. Please also note that AIR 1-5 Attachment 1 will be made available for review and inspection in draft form and is based on the latest forecast of the Fixed Price Option including adjustments to Owners Costs and Transmission and incremental change orders.

Additionally, SCE&G will arrange an onsite meeting with ORS to further discuss its evaluation of the Fixed Price Option.

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SECOND SUPPLEMENTAL RESPONSE 1-5:

Please see attached.

AIR 1-4 Attachment 1

Order 2010 - 12

Labor	146,088
Non Labor	139,979
Non Split	
Total	<u>286,067</u>

Order 2011-345

Labor	189,321
Non Labor	237,149
Non Split	4,179
Total	<u>430,649</u>

Order 2012-884

Labor	256,647
Non Labor	295,512
Non Split	10,114
Total	<u>562,273</u>

Order 2015-661

Labor	396,330
Non Labor	411,981
Non Split	(943)
Total	<u>807,369</u>

2016 Amendment

Labor	390,767
Non Labor	440,414
Non Split	(2,984)
Total	<u>828,196</u>

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REQUEST 1-6:

Provide a detailed explanation, breakdown of costs, background data, and associated documents regarding the costs for each item that is in the labor portion of Owners Cost.

- a) As approved in Order No. 2010-12
- b) As modified in Order No. 2011-345
- c) As modified in Order No. 2012-884
- d) As modified in Order No. 2015-661
- e) As associated with the Amendment

RESPONSE 1-6:

(a)-(e): The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which SCE&G is required to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment.

With respect to (e), SCE&G is preparing the responsive information and will provide, pursuant to the terms of the confidentiality agreement, when available.

SUPPLEMENTAL RESPONSE 1-6:

The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which Westinghouse requires SCE&G to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment. Please also note that AIR 1-6 Attachment 1 will be made available for review and inspection in draft form and is based on the latest forecast of the Fixed Price Option including adjustments to Owners Costs and Transmission and incremental change orders.

Additionally, SCE&G will arrange an onsite meeting with ORS to further discuss its evaluation of the Fixed Price Option.

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SECOND SUPPLEMENTAL RESPONSE 1-6:

Please see attached.

AIR 1-4 Attachment 1

Order 2010 - 12

Labor	146,088
Non Labor	139,979
Non Split	
Total	<u>286,067</u>

Order 2011-345

Labor	189,321
Non Labor	237,149
Non Split	4,179
Total	<u>430,649</u>

Order 2012-884

Labor	256,647
Non Labor	295,512
Non Split	10,114
Total	<u>562,273</u>

Order 2015-661

Labor	396,330
Non Labor	411,981
Non Split	(943)
Total	<u>807,369</u>

2016 Amendment

Labor	390,767
Non Labor	440,414
Non Split	(2,984)
Total	<u>828,196</u>

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REQUEST 1-7:

Provide a detailed explanation, breakdown of costs, background data, and associated documents regarding the costs for each item that is in the non-labor portion of Owners Cost.

- a) As approved in Order No. 2010-12
- b) As modified in Order No. 2011-345
- c) As modified in Order No. 2012-884
- d) As modified in Order No. 2015-661
- e) As associated with the Amendment

RESPONSE 1-7:

(a)-(e): The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which SCE&G is required to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment.

With respect to (e), SCE&G is preparing the responsive information and will provide, pursuant to the terms of the confidentiality agreement, when available.

SUPPLEMENTAL RESPONSE 1-7:

The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which Westinghouse requires SCE&G to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment. Please also note that AIR 1-7 Attachment 1 will be made available for review and inspection in draft form and is based on the latest forecast of the Fixed Price Option including adjustments to Owners Costs and Transmission and incremental change orders.

Additionally, SCE&G will arrange an onsite meeting with ORS to further discuss its evaluation of the Fixed Price Option.

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SECOND SUPPLEMENTAL RESPONSE 1-7:

Please see attached.

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REQUEST 1-15:

Provide a comparison of the projected staffing levels under the Amendment to those previously projected under Order No. 2015-661. How does the current staffing level compare to the staffing level projected under Order No. 2015-661? What are the reasons for the changes?

RESPONSE 1-15:

SCE&G is preparing the responsive information and will provide when available.

SUPPLEMENTAL RESPONSE 1-15:

The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the disclosure of EPC Contract information which Westinghouse requires SCE&G to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment. Please also note that AIR 1-15 Attachment 1 made available for review and inspection is in draft form.

SECOND SUPPLEMENTAL RESPONSE 1-15:

Please see attached.

2016 Staffing Analysis

Full Time Equivalents (FTE)						
New Nuclear & Operational Readiness Labor Variance						
Department	2015 PSC Approved Budget	2016 Proposed Budget	Delta	FTE Increase by Category		
	Full Time Equivalents Units 2 & 3	Full Time Equivalents Units 2 & 3	Increase to Owner's Plan	Organizational Changes/Transfers	Permanent Vacancy	Increase to Owner's Plan
Department 727: Management Admin	4	4	0			0
Department 699: Operations	167	167	0			0
Department 657, 1071, 1072, 1073, 1074: Maintenance	128	126	-2	-2		-2
Department 1028: Planning & Scheduling	41	41	0			0
Department 636: Outage	11	11	0			0
Department 232, 540, 1021: Business & Financial	22	21	-1		-1	-1
Department 197, 548, 545, 635, 636, 1033: Engineering	136	133	-3		-3	-3
Department 1068: NND Organizational Effectiveness Admin	15	11	-4	-4		-4
Department 209, 684: Licensing	15	15	0			0
Department 825, 1099: Emergency Services	27	27	0			0
Department 896: Health Physics	61	61	0			0
Department 826: Chemistry	31	31	0			0
Department 285: Training	64	64	0			0
Department 827: Security (SCE&G only)	25	25	0			0
Department 238, 688: Quality Systems	27	23	-4	-2	-2	-4
Department 682, 889: Organizational, Development & Performance	13	15	2	3	-1	2
Department 544: Recs, Docs, & Repro	11	11	0			0
Department 687: Construction	26	26	0			0
Total Full Time Equivalent	824	812	-12	-5	-7	-12

The staff changes identified in the filing is made up of the following key areas:

Organizational Changes (Total FTE decrease of 5):

NND Maintenance Services (FTE decrease of 2): The NND Metrology department, a functional area within NND Maintenance Services that calibrates the instrumentation and controls of the plant, discovered it was more cost effective to partially outsource the NND Metrology department. By outsourcing certain calibrations, SCE&G will reduce their Metrology staff by two Metrology technicians.

NND Organizational Effectiveness Admin (FTE decrease of 4): Review of the staffing plan revealed that the Administrative Assistant to support the General Manager of Nuclear Operations is not required. Instead, the current Administrative Assistant that supports the General Manager of Organizational Effectiveness can support both functional areas.

Three coordinator positions were transferred from our NND Organizational Effectiveness Admin department to the Organizational, Development, & Performance (OD&P) group.

NND Quality Services (FTE decrease of 2): In the effort to reduce the amount of personnel who are Construction Staff only (and do not have a position after the construction project) SCE&G identified two vacant engineer positions within our NND Materials and Procurement department that some of our Quality Services personnel (whom specialized in Supplier Oversight) were qualified for. By not hiring new employees to fill the two engineer slots in Materials and Procurement, and transferring internal personnel from Construction Oversight roles to Operational Readiness jobs, the number of personnel was reduced.

Organizational, Development and Performance (OD&P) (Total FTE increase of 3): Three coordinator positions were transferred from our NND Organizational Effectiveness Admin department to support the OD&P department.

Permanent Vacancy (Total FTE decrease of 7):

Business & Financial (FTE decrease of 1): As the project has come closer to completion, vacancies due to attrition within our New Nuclear Oversight Team have been scrutinized very closely. The Business & Financial department will not backfill the vacancy of an Analyst.

Engineering (FTE decrease of 3): As the project has come closer to completion, vacancies due to attrition within our New Nuclear Oversight Team have been scrutinized very closely. The Engineering Oversight department will not backfill the vacancies of three Engineers.

Quality Services (FTE decrease of 2): As the project has come closer to completion, vacancies due to attrition within our New Nuclear Oversight Team have been scrutinized very closely. The Quality Services department will not backfill the vacancies of an Engineer and Surveillance Specialist.

Organizational, Development, and Performance (OD&P) (Total FTE Decrease of 1): As the project has come closer to completion, vacancies due to attrition within our New Nuclear Oversight Team have been scrutinized very closely. The OD&P department will not backfill the vacancy of a Specialist.

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REQUEST 1-16:

Provide details to substantiate that the interval between the Unit 2 and Unit 3 Substantial Completion Dates ("SCDs") included in the Amendment is credible.

RESPONSE 1-16:

Confidential overview schedules for Units 2 and 3 showing a 12 month interval between substantial completion dates for the two units are available for review and inspection at the offices of New Nuclear Deployment, pursuant to the terms of the confidentiality agreement. This interval is achievable depending on the availability of resources, material procurement and the construction work efficiencies. Plans are being worked to achieve success in each of these areas as well as other work streams.

SUPPLEMENTAL RESPONSE 1-16:

SCE&G has arranged an onsite meeting with ORS for Tuesday, April 26, to further discuss this question.

SECOND SUPPLEMENTAL RESPONSE 1-16:

This information has been provided to ORS at the offices of New Nuclear Deployment.

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REQUEST 1-22:

Provide the Revised, Fully-Integrated Construction (Level 1) Schedule with the calculated float for each milestone for the new SCDs for Unit 2 & 3 in the Amendment.

RESPONSE 1-22:

The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the production of information which SCE&G is required to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment.

SUPPLEMENTAL RESPONSE 1-22:

Level 1 and Level 2 Schedule information has been provided as discussed with ORS. SCE&G has plans to meet with ORS onsite on Tuesday, April 26, to further discuss the schedule information.

SECOND SUPPLEMENTAL RESPONSE 1-22:

This information has been provided to ORS at the offices of New Nuclear Deployment.

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REQUEST 1-25:

Provide the details and computations associated with the revised and delay-related liquidated damages limits specified in the Amendment, including the rationale to limit the maximum damages to \$463 million per unit without the Fixed Price Option or \$338 million per unit with the Fixed Price Option.

RESPONSE 1-25:

The maximum liquidated damages are negotiated amounts and represent factors of 2 to 3 times greater than the LD's initially negotiated in the EPC Agreement. SCE&G believes that these penalties will motivate WEC to meet the Guaranteed Substantial Completion dates in the October 2015 Agreement.

SCE&G is in the process of completing its evaluation of the Fixed Price Option under the Amendment and expects to have reached a decision concerning that option before filing a 2016 BLRA update docket. The relevant liquidated damages amounts will be determined by that decision. In the interest of clarity and efficiency, SCE&G will provide additional information responsive to this RIA as soon as reasonably possible after the decision on the Fixed Price Option has been announced.

SUPPLEMENTAL RESPONSE 1-25:

SCE&G anticipates providing the additional information to ORS no later than the date that SCE&G files its petition to update its construction and capital cost schedules.

SECOND SUPPLEMENTAL RESPONSE 1-25:

By way of its Petition filed in Docket No. 2016-223-E, SCE&G has informed the South Carolina Office of Regulatory Staff and the Public Service Commission of South Carolina ("Commission") that it has given notice to Westinghouse that SCE&G will exercise the fixed price option subject to formal concurrence by Santee Cooper and approval of the Commission. With the selection of the fixed price option, and if approved by the Commission, SCE&G's 55% share of the maximum amount of liquidated damages could be as much as \$185.9 million per Unit (or \$371.8 million for both Units). Of the \$371.8 million figure, \$137.5 million for each Unit is directly tied to that Unit meeting the deadline for receiving federal production tax credits.

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REQUEST 1-28:

Provide the criteria the Owner will use to determine whether to execute the irrevocable fixed priced option, the anticipated date when this decision will be made, and the cost justification that this is in the best interest of the Owner.

RESPONSE 1-28:

SCE&G is in the process of completing its evaluation of the Fixed Price Option and expects to have reached a decision concerning that option before filing a 2016 BLRA update docket. SCE&G will provide information responsive to this RIA as soon as reasonably possible after the decision on the Fixed Price Option has been announced.

SUPPLEMENTAL RESPONSE 1-28:

SCE&G is preparing a cost to complete sensitivity analysis using varying labor hour quantities and labor pay rates to determine whether to execute the irrevocable fixed priced option.

SECOND SUPPLEMENTAL RESPONSE 1-28:

SCE&G will provide this information to ORS on July 1, 2016.

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REQUEST 1-29:

SCE&G has stated that Westinghouse intends to engage Fluor Corporation as subcontracted construction manager. Please provide a narrative description and an organization chart that illustrate what this will look like in terms of the management structure of the project. Please identify any other new nuclear power plant project that has successfully employed the approach of using a subcontracted construction manager. Also, please provide any experience that Fluor has in this approach, and, if none in nuclear power, please identify similar experience in other projects of comparable size and scope.

RESPONSE 1-29:

The organizational chart responsive to this request contains highly confidential and sensitive information which if disclosed would result in the production of information which SCE&G is required to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment.

The only new nuclear projects currently under construction in the United States are at V.C. Summer Station and Plant Vogtle. Both projects are currently using the subcontracted construction manager approach.

SCE&G understands that Fluor has experience in this approach on the following projects: Fernald Nuclear Weapons Site Environmental Remediation and the DOE - Savannah River Site Management Project. Please see the attached presentation, which Fluor made to SCE&G and Santee Cooper on October 23, 2015, for more information about Fluor and its project experience.

FIRST SUPPLEMENTAL RESPONSE 1-29:

This information has been provided to ORS on June 23, 2016.

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REQUEST 1-31:

Provide the target date for issuing the revised Milestone Payment Schedule and a copy when available.

RESPONSE 1-31:

The revised Milestone Payment Schedule completion target date is May 31, 2016. A copy will be provided when available.

FIRST SUPPLMENTAL RESPONSE 1-31:

SCE&G and Westinghouse are continuing with their negotiations concerning the revised Milestone Payment Schedule. A new completion target date has not yet been established.

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REQUEST 1-32:

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

RESPONSE 1-32:

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

FIRST SUPPLEMENTAL RESPONSE 1-32:

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

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REQUEST 1-33:

Identify the target schedule for the completion of:

- a) Fluor's assessment of and recommendations for changes to the Revised Integrated Project Schedule,
- b) Fluor's assessment of productivity and recommendations for improvement,
- c) The integration of Fluor's QA/QC Program into the project program and a description of how this will be accomplished,
- d) A description of how Fluor will be integrated into the plant Corrective Action Program and the target date for achieving this integration, and,
- e) A description of how Fluor will manage the construction labor force, subcontractors and procurement.

RESPONSE 1-33:

- a) Third Quarter 2016
- b) Second and Third Quarter 2016
- c) Fluor is currently working on site under the WECTEC Quality Assurance Program.
- d) Fluor is scheduled to begin using the WEC CAPAL (Corrective Action, Prevention and Learning) electronic tool for processing corrective action documents during the Second Quarter of 2016.
- e) Fluor is managing the site construction and procurement of commodities for permanent plant as a subcontractor to WEC. The details of the Fluor management plan will be shared with ORS as they become available.

SUPPLEMENTAL RESPONSE 1-33:

Fluor's division of responsibility (DOR) plan should be finalized by the end of May 2016. This information will be provided to ORS upon receipt.

SECOND SUPPLEMENTAL RESPONSE 1-33:

The DOR has been provided to ORS.

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REQUEST 1-34:

Provide an updated Base Load Review Act milestone schedule.

RESPONSE 1-34:

The information responsive to this request contains highly confidential and sensitive information which if disclosed would result in the production of information which SCE&G is required to maintain in confidence. Due to the highly confidential and sensitive nature of the information requested, the Company will make the information responsive to this request available for review and inspection at the offices of New Nuclear Deployment.

SUPPLEMENTAL RESPONSE 1-34:

The Fluor evaluation and resource loading of the project schedule is anticipated to be completed in the fourth quarter of 2016. Monthly Base Load Review Act milestone schedule updates are provided to ORS on a monthly basis. The milestone schedule may or may not be impacted by the Fluor evaluation.

SECOND SUPPLEMENTAL RESPONSE 1-34:

This information has been provided to ORS.

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Generation Facility at Jenkinsville, South Carolina**

REQUEST 1-35:

Provide the target date for the full implementation of the Dispute Resolution Board, identify its members, and provide copies of its procedures once they are developed.

RESPONSE 1-35:

The target date for the full implementation of the Dispute Resolution Board is June 1, 2016. The identity of the Dispute Resolution Board members will be provided to the ORS when they are confirmed. Copies of the Dispute Resolution Board procedures will be provide to the ORS when the procedures have been finalized.

FIRST SUPPLEMENTAL RESPONSE 1-35:

SCE&G and Westinghouse have agreed upon the members who will comprise the Dispute Resolution Board ("DRB"). These individuals have been contacted and have informed SCE&G and Westinghouse that they are willing and able to serve as members of the DRB. They are: John E. Bulman; John W. Hinchey; and A.H. "Nick" Gaede, Jr.

In furtherance of the DRB, SCE&G and Westinghouse have approved the execution of an Amended and Restated Dispute Review Board Agreement. After the agreement has been executed by the parties, SCE&G will provide ORS with a copy of the agreement.

Additionally, SCE&G and Westinghouse have approved the form of the DRB Member Agreement ("Member Agreement"). After the members have executed the Member Agreement, SCE&G will provide ORS with a copy of it. Under the Member Agreement, the DRB is responsible for establishing internal operating procedures. After those operating procedures are developed by the DRB, SCE&G will provide ORS with a copy of the procedures.

The current target date for full implementation of the DRB is July 1, 2016.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
OFFICE OF REGULATORY STAFF'S FIRST AUDIT INFORMATION REQUEST
October 15 Amendments to the Engineering, Procurement, and
Construction Contract Related to the Construction of a Nuclear Baseload
Generation Facility at Jenkinsville, South Carolina**

REQUEST 1-37:

Provide the names and contact information for all senior Westinghouse and Fluor management staff added to the site as a result of the Consortium changes.

RESPONSE 1-37:

A project organization chart to include the key Fluor personnel is being developed and will be provided to ORS upon completion.

SUPPLEMENTAL RESPONSE 1-37:

SCE&G has already provided ORS with the key Fluor personnel and contact information. SCE&G anticipates that a Fluor organizational chart with assigned personnel noted will be available by the end of May 2016.

SECOND SUPPLEMENTAL RESPONSE 1-37:

This information has been provided to ORS.

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October 15 Amendments to the Engineering, Procurement, and
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REQUEST 1-40:

Provide a levelized cost per kW for each unit under both the Fixed Price Option and the Non Fixed Price Option.

RESPONSE 1-40:

SCE&G is in the process of completing its evaluation of the Fixed Price Option under the Amendment and expects to have reached a decision concerning that option before filing a 2016 BLRA update docket. In the interest of clarity and efficiency, SCE&G will provide information responsive to this RAI as soon as reasonably possible after the decision on the Fixed Price Option has been announced.

FIRST SUPPLEMENTAL RESPONSE 1-40:

Please see AIR 1-40 Attachment 1. The Non Fixed Price Option is based on the Q4 BLRA Report and the Fixed Price Option is based on the latest forecast of the Fixed Price Option including adjustments to Owners Costs and Transmission and incremental change orders.

ORS Supplemental Questions Dated April 12, 2016

AIR 1-40 Attachment 1

1.) Updated Cost per Kw for Units 2 and 3(\$000):

(per 2015 Q4 BLRA Filing-includes impact of Amendment)

	<u>2007 \$</u>	<u>\$/kw</u>	<u>Future \$</u>	<u>\$/kw</u>
EPC and Owners Cost Total	\$ 5,140,151	\$ 4,183	\$ 6,427,898	\$ 5,231
Transmission Cost Total	<u>\$ 329,512</u>	<u>\$ 268</u>	<u>\$ 377,125</u>	<u>\$ 307</u>
Total Cash Flow	\$ 5,469,663	\$ 4,452	\$ 6,805,023	\$ 5,538
AFUDC			<u>\$ 291,755</u>	<u>\$ 237</u>
Gross Construction			\$ 7,096,778	\$ 5,776

2.) Updated Cost per Kw for Units 2 and 3(\$000):

(per updated Fixed Price Docket # 2016-223-E)

	<u>2007 \$</u>	<u>\$/kw</u>	<u>Future \$</u>	<u>\$/kw</u>
EPC and Owners Cost Total	\$ 6,491,020	\$ 5,283	\$ 6,974,913	\$ 5,677
Transmission Cost Total	<u>\$ 333,781</u>	<u>\$ 272</u>	<u>\$ 381,383</u>	<u>\$ 310</u>
Total Cash Flow	\$ 6,824,801	\$ 5,554	\$ 7,356,296	\$ 5,987
AFUDC			<u>\$ 322,365</u>	<u>\$ 262</u>
Gross Construction			\$ 7,678,661	\$ 6,249

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
OFFICE OF REGULATORY STAFF'S FIRST AUDIT INFORMATION REQUEST
October 15 Amendments to the Engineering, Procurement, and
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Generation Facility at Jenkinsville, South Carolina**

REQUEST 1-45:

How much greater is the Amendment cost (using both non-fixed and fixed priced options) of the plants than the amount approved in Base Load Review Order No. 2009-104(A) for the Units?

RESPONSE 1-45:

SCE&G is in the process of completing its evaluation of the Fixed Price Option under the Amendment and expects to have reached a decision concerning that option before filing a 2016 BLRA update docket. In the interest of clarity and efficiency, SCE&G will provide information responsive to this RIA as soon as reasonably possible after the decision on the Fixed Price Option has been announced.

FIRST SUPPLEMENTAL RESPONSE 1-45:

As for the Amendment using the non-fixed price option, the estimated capital cost for the new nuclear units is approximately \$7.1 billion in future dollars. Therefore, the non-fixed price option is approximately \$783 million in future dollars more than the amount approved in Base Load Review Order No. 2009-104(A).

As for the Amendment using the fixed price option, the estimated capital cost for the new nuclear units is \$7.7 billion in future dollars. Therefore, the fixed price option is approximately \$1.4 billion in future dollars more than the amount approved in Base Load Review Order No. 2009-104(A).

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REQUEST 1-46:

How do the increased costs affect the cost of the 5% Santee Cooper portion that SCE&G intends to buy? Presuming the Commission approves the increases associated with the Amendment and the purchase, if SCE&G purchased the Santee Cooper 5% stake, what would the purchase price be?

RESPONSE 1-46:

On February 26, 2016, SCE&G filed its Form 10-K for the year ended December 31, 2015, with the United States Securities and Exchange Commission. In that filing, SCE&G stated as follows: "Based on the October 2015 Amendment, which has not been approved by the SCPSC, SCE&G's currently projected cost would be approximately \$750 million to \$850 million for the additional 5% interest being acquired from Santee Cooper."

SCE&G is in the process of completing its evaluation of the Fixed Price Option under the Amendment and expects to have reached a decision concerning that option before filing a 2016 BLRA update docket. The costs of the Santee Cooper 5% portion will be affected by that decision. In the interest of clarity and efficiency, SCE&G will provide information responsive to this RIA as soon as reasonably possible after the decision on the Fixed Price Option has been announced.

FIRST SUPPLEMENT RESPONSE 1-46:

On February 26, 2016, SCE&G filed its Form 10-K for the year ended December 31, 2015, with the United States Securities and Exchange Commission. In that filing, SCE&G stated as follows: "Based on the October 2015 Amendment, which has not been approved by the SCPSC, SCE&G's currently projected cost would be approximately \$750 million to \$850 million for the additional 5% interest being acquired from Santee Cooper."

SCE&G has completed its evaluation of the Fixed Price Option and currently projects that the cost of the 5% Santee Cooper Portion will not deviate from the previously disclosed range of \$750 to \$850 million.