

ORS FOCUSES ON SCE&G NUCLEAR CONSTRUCTION CONTRACT AMENDMENT

The South Carolina Office of Regulatory Staff (ORS) has begun its inquiry and examination of changes to SCE&G's Engineering, Procurement and Construction Contract (EPC Contract) for the construction of V.C. Summer Nuclear Station AP1000 Units 2 & 3 (Project) and matters that relate to it following SCE&G's announcement that it had agreed to an amendment to the EPC Contract that:

- Increases total Project costs for SCE&G by approximately \$286 million over the \$6.827 billion approved by the Commission in Order No. 2015-661. This will bring the total gross construction cost of the Project to approximately \$7.113 billion.
- Provides SCE&G, for itself and as agent for Santee Cooper, an option to, at any time prior to November 1, 2016, further amend the EPC Contract to fix as of June 30, 2015 the total amount remaining to be paid for the work on the Project at approximately \$3.345 billion (SCE&G's 55% portion of \$6.082 billion). This exercisable fixed price option would bring the total gross construction cost of the Project to approximately \$7.601 billion.
- Revises the Guaranteed Substantial Completion Dates for Units 2 and 3 to August 31, 2019 and 2020, respectively.
- Allows Chicago Bridge & Iron Company N.V. to exit its guaranty obligation related to the Project.
- Provides for higher liquidated damages that are linked to timely completion of the nuclear plants and qualification for federal production tax credits.
- Strengthens language in the EPC contract defining regulatory changes.
- Adds completion bonuses.

SCE&G also announced that Westinghouse Electric Company, LLC intends to engage Fluor Corporation or its affiliates as a subcontracted construction manager on the Project.

The ORS action represents an increase in ORS's ongoing monitoring activities in anticipation of and in preparation for an expected filing by SCE&G with the South Carolina Public Service Commission for changes to the Project budget and/or schedule as a result of the amendment.