

To: Pelcher, Steve[stephen.pelcher@santeecooper.com]
From: BYNUM, ALVIS J JR
Sent: Tue 4/28/2015 3:46:05 PM
Subject: RE: CEO Talking Points Document

Thanks – that helps

From: Pelcher, Steve [<mailto:stephen.pelcher@santeecooper.com>]
Sent: Tuesday, April 28, 2015 3:39 PM
To: BYNUM, ALVIS J JR
Subject: RE: CEO Talking Points Document

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The talking points would be used to help Kevin and Lonnie in a meeting with their counterparts at Westinghouse and CB&I, which will take place at a yet-to-be-scheduled time/location sometime over the next couple weeks.

Although we did not talk about the content of the talking points last Tuesday, from my notes the overall purpose of the meeting is to convey to the Consortium our sense that the project is in jeopardy and we have no confidence in the schedules they are providing to us. We would want to leave them with the sense that 'all options on the table' including shutting down the project, while at the same conveying a willingness to try to get the project back on track. but.

An immediate goal of the meeting would be to get the Consortium to agree to bring a third party to do an evaluation of the project (Bechtel Engineering was mentioned) to see what would be required to get things back on track, including a lack of design maturity.

From: BYNUM, ALVIS J JR [<mailto:ABYNUM@scana.com>]
Sent: Tuesday, April 28, 2015 3:28 PM
To: Pelcher, Steve
Subject: RE: CEO Talking Points Document

What is this being used for?

From: Pelcher, Steve [<mailto:stephen.pelcher@santeecooper.com>]
Sent: Tuesday, April 28, 2015 3:27 PM
To: BYNUM, ALVIS J JR
Subject: FW: CEO Talking Points Document

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AI: General observation: This strikes me as extremely detailed, and long for 'talking points.' (Although I can see the detail being extracted and put into a separate briefing document.) Thanks. Steve

From: CHERRY, WILLIAM [<mailto:WILLIAM.CHERRY@scana.com>]

Sent: Tuesday, April 28, 2015 2:00 PM
To: Pelcher, Steve; Crosby, Michael; Baxley, Mike
Subject: CEO Talking Points Document

Skip just sent the attached document to Steve Byrne. Al Bynum was copied.

Marion Cherry
Santee Cooper Representative
New Nuclear Deployment - VCSNS
(803) 941-9818 (NND Office)
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inappropriate charges submitted to Owner arising out of human, process or clerical errors on the part of Contractor. In such cases, credits have been and will be provided back to Owner.

Stop Work Orders to SMS

Shaw Nuclear Services issued a stop work order to SMS on June ____, 2010. That order was lifted on June 21, 2010. On July 23, 2010, a new stop work order was issued which stated:

Contrary to the stated requirements, the corrective action package process associated with SMS stop work order SMS-SW-01-10 was deficient in that the stop work order was lifted without an adequate cause analysis, resulting in inadequate corrective actions.

The basis of the SMS SWO are NCR 10-045, NCR 10-046, CAR 10-045, and CAR 10-046 all of which remain open as of July 21, 2010 despite the fact that the SWO was lifted in writing on 06-21-10 – a clear violation of corrective action program.

That order was lifted on August 13, 2010 (VSP VSG 000766).¹³

WEC Discussions with the Consortium

Sandy Rupprecht sent this email to Steve Byrne and others on June 7:

Below you will find the notes captured by Charlie Brinkman of our meeting with the Commissioners and the NRC EDO on Friday June 4, 2010.

In summary it was a very good set of meetings and we accomplished our objectives of :

- Updating the new commissioners on the AP1000 licensing history and schedule
- Reinforcing the progress that has been made to date
- Soliciting Commission and EDO support for the September 2011 DCD/COL schedule

Steve -- Please don't hesitate to add anything or to share any perspectives you feel we may have not captured in our notes.

Please note that relative to Chairman's Jaczko's comment on the ACRS's concern relative to its involvement in DAC I&C process, that Westinghouse is taking action to either attend, or tie in by phone, to the Commission/ACRS meeting that is taking place later this week. Following that meeting we will assess the situation and develop an action plan in conjunction with the DCWG as appropriate.

¹³ The letter stated, "SMS subsequently provided to the Contractor an action plan dated August 1, 2010, to address resolution of Stop Work Order issues. The Contractor has accepted the action plan and performed an on-site surveillance at SMS to verify the status of the specified actions. The Contractor has also verified completion of the August 1, 2010,"

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Not sure on the first 3 bullets, but bullet # 4 could be a major design change / impact to construction of the shield wall above 100' and to all the large structural modules.

Mackey also sent an internal email on September 16:

Keyes, I had conversation with WEC this week in regards to the anchorage of the large structural modules. They stated that they will be "refining" the anchorage of the large structural module designs as a result of a commitment to the NRC. These refined designs will incorporate a mechanical anchorage connection between the module and concrete that the modules interface with, which will be similar to the connections for the enhanced shield building. This could impact module fabrication drawings and or impact the work scope during assembly on site. I do not believe that they have made much progress since the commitment but they intend on establishing a team to develop concepts and then involve Shaw for constructability.

Bill Caffee, I recommend that we do not move forward with the VC Summer SCC trough mock-up at this time.

Ron, This will have an impact on the basemat dowels for CA20 that you are currently having detailed.

The email to Ryder Thompson of November 3 came from Bill Caffee:

Sorry for the delay in sending this but I was caught up in a meeting and asked Carl to call you with information. I will send this email from Mike Mackey and another one from David Zito following this email. Both indicate that there may be issues with the design mixes, and safety related "concrete holds" from Westinghouse which lead in well with the existing configuration of the new mechanical connection at the Module base mat that I referenced earlier. I tried to call but keep getting a busy signal. I will keep trying. **[have not found the Zito memo]**

Monthly Progress Status Report

The monthly progress status report was provided to us via a cover letter dated July 12, 2010 (VSP_VSG_000723):

Module fabrication at Shaw Modular Solutions (SMS) continues to be impacted by technical issues. The schedule for providing design drawings to SMS to support fabrication continues to be reviewed to determine impact on the "ready for hook" date in the integrated project schedule (IPS). Westinghouse and Shaw Nuclear representatives have been assigned on site at SMS to support timelier resolution of design questions and manufacturing issues.

Design finalization and completion of the design documents Certified for Construction (CFC) to support site construction is an increasing concern. Gaps currently exist between the construction Need Date and receipt of the applicable design package. This issue is being worked

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on at the highest levels of the Consortium. Construction and Engineering are working closely to develop a resource-loaded schedule that resolves the gaps and meets construction site Need Dates, which are defined as 12 months before construction begins for that particular activity. A meeting with Consortium executives is planned for July 9, 2010, to review progress and schedule details.

Westinghouse issued a Stop Work Order on Mangiarotti for the production of V.C. Summer Passive Regenerative Heat Removal (PRHR) tubing at Valinox. Internal and Supplier Corrective Action documents have been generated with causal analysis to follow. V.C. Summer tubing was processed without the expected amount of oversight by Mangiarotti at Valinox.

The Stop Work Order on Mangiarotti for manufacturing of the PRHR tube sheet has been lifted. Questions were raised during the final design review concerning the operational loads on the tube sheet and the tube to tube sheet joint required analysis and mockup testing to be performed. Leak tests were performed on tube to tube sheet mockups that indicated the mechanical rolling process effectively provided a leak-tight seal for the PRHR HX. All analyses and testing were completed and all restart criteria imposed by the Stop Work Order were satisfied.

Shaw Nuclear vendor, SMS in Lake Charles, LA, internally issued a Stop Work Order on June 15, 2010, for welding procedural issues. The Stop Work was internally lifted on June 21, 2010. The V. C. Summer Project Quality Team, in conjunction with SCE&G, will be participating in a Shaw Nuclear corporate follow-up surveillance on the associated SMS actions in July.

The lead Reactor Coolant Pump (RCP) root cause and recovery effort is proceeding. Disassembly of the RCP after completion of Diagnostic Test 2 was completed: Preliminary assessment of thrust bearing was positive. Motor Winding Surface Temperature was higher than expected. Detailed dimensional inspection on minor wear locations is to be completed by July 9, 2010. Periodic status reports have been provided separately.

The full-scale prototype testing has been completed for the eight-inch high and low pressure and 14-inch ADS-4 squib valves. The final design review will be held on July 14, 2010.

Critical meetings were held with the Nuclear Regulatory Commission (NRC) on June 9 through 11, 2010, to review the staff comments on the Westinghouse Shield Building Design Report. The NRC identified eight areas of concern for further review, and a resolution path was identified for all eight issues.

Overall initial design completion earned value status for mechanical modules is 94 percent, while the earned value for structural modules remains at 98 percent.

The effort to update the CA20 design package either through Engineering and Design

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Coordination Reports (E&DCRs) or revised drawings continues, ensuring that the module will be fabricated using the best available information including China lessons learned. In June 2010, five CA20 updated wall submodules were issued. This brings the total released updated submodule packages to 62 out of 72. Westinghouse continues to strive to improve committed submittal dates identified in the plan to allow more time for SMS to complete their fabrication drawings and traveler packages.

Westinghouse has issued the updated main engineering drawings for all 47 CA01 submodules. This update incorporates previously issued E&DCRs. CA01 detailed drawings will be updated by mid July 2010.

Westinghouse reissued the CA04 main design package on June 29, 2010. This package incorporates the design changes that impact the upper flange. Supporting detailed drawings will be issued in July 2010.

A joint meeting of Westinghouse, SMS, and Shaw Nuclear was held in Lake Charles on June 3, 2010, to discuss module design and fabrication issues, shortening Westinghouse/Shaw/SMS response time (which was averaging 3 weeks), installing resident engineering support at SMS, and addressing the inaccessibility of the current design for installing leak chase. Actions were identified and are being worked to closure.

o Westinghouse and Shaw Nuclear both initiated and assigned a Resident on June 14, 2010, at SMS to facilitate the responses to design requests for information (RFIs) and E&DCRs and support fabrication in Lake Charles, LA.

Module Assembly – The CA20 Platen design was Issued for Construction (IFC). Shop drawings have been reviewed by Shaw Nuclear and returned to the fabricator. Review of fit up and weld durations for wall sections, floors, and leak chase for fabrication and load testing requirements as well as lifting rig and lug design lifting apparatus for CA20 assembly continues. Development of the CA20 assembly work package is underway.

The Shield Building design remains the driving issue for the DCD, Revision 18. A Shield Building Report review was conducted with the NRC which resulted in a clear pathway for July safety evaluation report (SER) preparation. The Shield Building Supplemental Test Report and Final Purdue Test Report were submitted on June 24, 2010.

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- o The NRC issued a revised schedule on June 21, 2010, for the AP1000 Design Certification Amendment (DCA) Review. The revised schedule is as follows and supports a V.C. Summer combined operating license (COL) issuance by October 2011:

Action	Completion Date
NRC finalizes AP1000 DCA review scope and closure strategy for remaining issues	June 30, 2010 (NRC Acknowledged Completion July 1, 2010)
NRC receives final Westinghouse DCA submittal	July 30, 2010
NRC technical staff completes Final Safety Evaluation Report (FSER) inputs	August 30, 2010
NRC issues final advanced FSER information issued to the ACRS	October 18, 2010
ACRS holds final subcommittee meeting on AP1000 DCA	November 18, 2010
ACRS holds final full committee meeting on AP1000 DCA	December 2, 2010
NRC receives Westinghouse DCA Revision 18 submittal	Early-December 2010
NRC publishes Federal Register Notice for Proposed Rule	February 2011
Public comment period ends	April 2011
Final Rule	September 2011

The NRC believes that completion of the AP1000 DCA safety evaluation by the end of calendar year 2010 is aggressive yet achievable with substantial management oversight and commitment from Westinghouse to meet the established milestones with quality submittals that resolve identified technical issues. The staff's review will require Westinghouse management to maintain frequent interactions as recently established. The NRC also expects Westinghouse to maintain a high level of commitment to provide the necessary information to the NRC in accordance with the revised schedule.

- o Westinghouse submitted a letter to the NRC on June 30, 2010, that summarized the last known necessary changes to be incorporated into the DCD, Revision 18.

The Consortium and SCE&G executed a memorandum of understanding (MOU) that will now enable the evaluation of alternative schedule acceleration scenarios that could potentially maintain the current Guaranteed Substantial Completion Dates for V.C. Summer Units 2 and 3 plants in the event that the NRC delays the issuance of SCE&G's Combined Operating License by several months.

Final comments on Revision 1 of the Contract Management Plan were incorporated and sent to the Owner in June. The Owner approved the Plan on June 29, 2010.

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The issuance of timely resolutions for the remaining DCPs, China lessons learned associated with pending design packages, and E&DCRs is not meeting the SMS fabrication schedule. The Westinghouse schedule for design commitments to SMS continues to be reviewed to determine impact on the "ready for hook" date.

No design finalization slides

NND Monthly Report:

The Combined Operating License Application (COLA) Issuance of a COL continues to be challenged by the NRC review and approval schedule for the Westinghouse (WEC) Design Control Document however significant strides to resolve open issues have been made and both the DCD and the COLA schedules are on a path to support an October 2011 COL approval.

- a. WEC interface with the NRC on DCD Revision 17 issues continues to be both a technical and schedule challenge with the Reactor Shield Building being the primary issue. Its resolution is the key driver to the COL issue date. Significant progress has been made on the resolution of technical issues, including the Shield Building and WEC is on track to respond to open items by the end of July. However, this continues to be a Focus Area.

Shaw Module Services (SMS) – Production for the CA20 submodules has progressed intermittently due to problems in the design package and fabrication procedures. Corrective action includes addition of resident technical support personnel from both Westinghouse and Shaw Nuclear at SMS. A Stop Work Order (SWO) due to welding procedural issues was issued and lifted during the month. This is a Focus Area. Redesign of CA20 corner sections internal stiffener is delaying mock-up testing at Vogtle.

Our second BLRA report was filed on August 17, 2010:

On August 9, 2010, the South Carolina Supreme Court issued its opinion in South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm'n , Op. No. 26856 (S.C. Sup. Ct. filed August 9, 2010) (Shearouse Adv. Sh. No. 31 at 117) (the "Opinion"). In the Opinion, the Court ruled that capital cost contingencies were not permitted as a part of approved capital cost forecasts under the Base Load Review Act. The effect of this decision is to remove \$438,291,000 in contingency funds from the capital cost estimates approved in Orders No. 2009-104A and 2010-12. The court's decision left open to SCE&G the option to petition the Commission to update the approved cash flow projections for the project to include additional costs. The Base Load Review Act requires such updates to be allowed unless the additional costs are proven to be the result of imprudence by the utility. In addition, the Supreme Court rules allow petitions for reconsideration of its opinions to be filed within fifteen (15) days of an opinion being issued.

As Chart E below indicates, \$2.3 million of the project contingency originally approved in Order No. 2009-104A was spent through the close of the current period. Based on the Opinion of the

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Production of the CA20 structural sub-modules at the Shaw Module Solutions (SMS) facility has progressed intermittently due to problems in the design package and fabrication procedures. Resident technical support personnel from WEC and Shaw Nuclear have been assigned to the SMS facility to expedite the incorporation of design documents into the fabrication work packages. Subsequent to this reporting period, NND Engineering and QA personnel participated in a review of the SMS fabrication process the during week of July 19, 2010 along with Shaw Nuclear QA personnel who led a QA audit of the SMS fabrication process. As a result of the QA audit, Shaw Nuclear issued a Stop Work Order to SMS on July 23, 2010 for all safety related assembly and welding activities related to welding procedures and production travelers. Cause and corrective actions are being assessed, as well as the production schedule impact. The NRC is aware of these SMS issues and plan to visit the SMS facility the week of August 9, 2010. It is noted that the subject Stop Work Order was lifted on August 6, 2010. However this will remain a focus area.

As a result of a QA audit by WEC of Mangiarotti, WEC has invoked a manufacturing hold on Mangiarotti's production and fabrication of AP1000 components being manufactured for the US domestic market. The WEC audit resulted in significant deficiencies being identified in the Mangiarotti QA program. Cause and corrective action is being assessed as well as project schedule impact. The BLRA milestones potentially impacted are 09-2Q-3 "Core Makeup Tank, Fabricator Notice to Contractor Receipt of Long Lead Material — Units 2 & 3," 10-2Q-3 "Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head — Unit 2," 11-3Q-3 "Pressurizer Fabricator Notice to Contractor of Welding of Upper and Intermediate Shells Completion — Unit 2," 12-1Q-2 "Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Final Post Weld Heat Treatment — Unit 2."

5. A Stop Work Order was issued by WEC on June 15, 2010 for the lack of documentation certifying the Passive Regenerative Heat Removal (PRHR) Heat Exchanger Tubing supplied by Valinox, a sub-supplier for Mangiarotti. Subsequent to this reporting period, this Stop Work Order was partially lifted, allowing Valinox, to proceed with manufacturing activities for the tubing. However, the tubing may not be released to Mangiarotti until the items listed in the revised restart criteria are completed.

6. A Stop Work Order was issued by WEC because of an issue with the PRHR tube to tube sheet connection in order to ensure proper protection against the ingress of borated water in a crevice that may exist in the connection. The engineering evaluation was completed that resulted in a decision to use the mechanical rolling process to establish the connection. The Stop Work Order was lifted on July 1, 2010 subsequent to this reporting period although the general manufacturing hold referenced in item 4 remains in place.

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Shaw 10Q

Shaw filed its 10Q on July 12:¹⁴

We have completed the construction of our new state-of-the-art modular facility in Lake Charles, Louisiana and began fabrication of modules for the domestic AP1000 nuclear power projects in May 2010.

Shaw Third Quarter Earnings Report

Shaw conducted its third quarter earnings call on July 12:¹⁵

(Bernhard) Looking toward the nuclear part of our business, let's go into some detail here today. You can see SCANA on the left, which we are currently working – over 700 people in the project and Southern Vogtle, we have over 1,100 working there. They are both doing site preparation. At peak construction, we will have over 3,000 people. These projects remain on time and on schedule and running on budget and very major projects going forward in our nuclear part of the business.

Andrew Kaplowitz - Barclays Capital

... And then if you look at your fab and manufacturing new awards in the quarter, you just back into them, they look strangely low and I'm just wondering if there was a scope change in that segment, cancellation, we moved something. Just any information you could give us on fab and manufacturing in the quarter?

Brian Ferraioli - EVP and CFO

That's good. You are pretty sharp there, Andy. There was a transfer of some of the scope work back into the nuclear segment relating to the modular facility. As the design and drawings get finalized and the estimates get updated, some activity moved back and forth. I'm just looking quickly to see if I can find the transfer. Yes, it's in excess of \$150 million got transferred back.

I also would like to point out though, you contrast that with the V.C. Summer project for SCANA, only a limited amount of that project is in backlog because of the way that contract is structured. However, that contract is going full speed ahead and we are – remain very optimistic that both V.C. Summer and Vogtle are going to continue to proceed in parallel and will be coming online in 2016. So V.C. Summer, very little in backlog where Progress is in backlog.

Commercial Meeting

There was no July commercial meeting, per the notes of the June meeting

¹⁴ <http://www.sec.gov/Archives/edgar/data/914024/000095012310064754/c03319e10vq.htm>.

¹⁵ <http://seekingalpha.com/article/214113-the-shaw-group-inc-f3q10-qtr-end-05-31-10-earnings-call-transcript?part=single>

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Project Review Meeting

The project review meeting was held on July 14 and we received the Consortium's version of the minutes via cover letter dated August 17, 2010 (VSP_VSG_000770):

At the time of contract signing, it was assumed \$8M would be provided by the state for training and the Contract Price was reduced as a negative T&M cost by \$8M accordingly. However, due to recent economic conditions, the availability of funds has become more limited. There was a disagreement over the source of the funds as stated in the contract. Commercial confirmed that the contract language specifically states "craft labor training funds from state" in Exhibit H.

Mangiarotti has not encountered any problems due to strikes at their new facility.

A stop work order was issued to Mangiarotti on the PRHR as a result of issues with how the tube sheets fit together. A potential for leaking boric acid to ruin the expose carbon steel was identified, and Westinghouse has since re-designed the tube sheets. This SWO has been lifted.

A stop work order was also issued to Mangiarotti on the PRHR when Valinox began bending tubes without notifications required under the quality plan. As part of the review for the SWO, Westinghouse will determine if all the things that they would have witnessed and released were actually completed. A joint Westinghouse-Mangiarotti apparent cause analysis has been conducted and a report is currently being drafted.

Fred Hughes reported that Westinghouse has been auditing Mangiarotti over the past few weeks and has identified several other issues related to NDE and required paper work on the factory floor. As a result, Mangiarotti voluntarily suspended work on components for US projects, and Westinghouse is investigating action from a manufacturing hold to a stop work. The project is determining if this will lead to delays impacting BLRA milestones.

The shield building is included under "Structures" for metrics reporting purposes, and is currently driving the negative trend in that area (though trend remains at 92-95%). However, there may be impacts to the CA structural modules as the NRC has now requested mechanical joints. Westinghouse is currently assessing that information to identify any potential impacts.

A question was raised on the link between the SPI numbers in the metrics presented and the certified for construction package dates. John explained that while the SPIs that are presented here could be used as an indicator of progress, they are directly related to progress in design finalization only. Therefore, the graphs presented showing the links between engineering design package finalization, certified for construction package completion, and construction site need dates are a better indicator for the state of the project.

There was a discussion on the schedule described in the presentation. SCE&G found the

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schedule to be overly optimistic. Westinghouse understands that meeting commitments is paramount to success in the licensing process.

On the question of managing outlying design change proposals, closure plans have been put in place to complete all remaining DCPs by July-August 2010. Al Paglia inquired about the potential for impacts to the project if new DCPs are identified as falling under ISG-11. The NRC is supportive of working with Westinghouse to minimize impacts of this nature to rulemaking.

Work related to the limited scope simulator (LSS) is on track for the January 2012 ship date and March 2012 ready for training date. Progress has slowed down recently due to difficulties in getting critical design inputs for the ZAS and ZBS systems. The AP1000 Owners Group (APOG) sub-committee determined that Vogtle inputs would be used, but SCE&G stated at this meeting that they do not want to use Vogtle inputs and would rather use VC Summer specific information. Brad Stokes took the action to work with Al Koon and John Iacovino to gain a better understanding of this issue.

Chris Hartz reported on the stop work order that was issued by Shaw Modular Solutions (SMS) after a weld was done in violation of Westinghouse design requirements, and was not properly tagged. Two (2) corrective action reports and 2 non-conformances were written by SMS. A cause analysis was conducted at the time, but there have been questions raised about the thoroughness of that analysis. An entire root cause analysis will be performed by SMS beginning the week of July 19th. Shaw has scheduled a surveillance of the analysis and representatives from Shaw, SCE&G, and Southern Nuclear will be present. In response to the on-going issues at SMS, Shaw has placed a full time oversight inspector and hired an additional quality inspector. Additionally, Shaw has written a CAR and the Consortium will be exploring actions that should be taken when a vendor issues their own SWO.

SMS issued a SWO on their sub-supplier for Consolidated Power Supply. The SWO order has since been lifted and open items are being closed as part of the corrective action process. Shaw has not yet finished its evaluation of the SWO.

There was a general discussion of concerns with SMS. Questions were raised as to the root cause of all the issues including those discussed above (new organization, insufficient oversight, etc.). The project will be focusing on SMS and working more closely with Shaw QA/QC over the next few months to resolve these concerns.

Under slide entitled "Shield Building Evolution":

The AP1000 initial shield building consisted of a reinforced concrete design, which was certified in December 2005

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**DCD Rev 18 Submittal Schedule
(continued)**

- Critical Milestones to Meet Objectives
 - Westinghouse must establish the complete scope of the Rev 18 Design Certification with defined closure plans for all known issues by the end of June 2010
 - NRC acknowledged achievement on July 1, 2010
 - Westinghouse must provide all necessary licensing documentation to support resolution of known technical issues by the end of July, 2010.
 - On track with known closure path for all issues
 - Westinghouse to submit DCD Rev 18 early December, 2010

Confidential & Proprietary

Our version of the minutes states:

Ron asked if there are State, local and federal grant funds available. Cindy Vasbinder agreed to look into this. There was a request for discussing where we currently are based on initial contract negotiations regarding the craft training issue. Ron asked to map out a plan with the original people involved in this decision-making 2 years ago to discuss what is needed to achieve the \$8 million goal. Alan Torres will organize a meeting with SCE&G Governmental Affairs and Consortium to explore obtaining additional funding for craft training. There was discussion about what the EPC Contract in Exhibit H states regarding "State" funding.

Shaw pays for all training hours for laborers except from 3:00 – 5:00 p.m., whereby every participant will invest these 2 hours per day of their own time, which will save \$8 million in Target for training over the course of the program. A review of the wording in the EPC Contract is necessary for clarification as to how to measure savings, progress, etc. Shaw has internal rough budget based on projected spending. ACTION ITEM: Metric to track Craft Labor Training costs – Ralph Heath/Dale Garrison. See Workforce Development Initiative slides (attached). Shaw asked for support from SCANA/SCE&G to accomplish these goals, and Ron offered help from the Owner to facilitate this endeavor.

Mangiarotti Manufacturing Update

There is concern about delays regarding the on-going worker strike, but to date this has not caused any delays. A Stop Work Order (SWO) was issued regarding potential leakage on PRHRX, but this issue has been resolved.

The additional SWO regarding tubing is expected to be lifted by end of the month. It was discussed that a "Manufacturing Hold" is different than a "Stop Work Order, which warrants the

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need to be cautious on wording used. However, Fred Hughes did confirm that the SWO was warranted, and wanted to alert SCE&G to this issue. Talking points are being drafted for presentation to the media if necessary.

Standard Plant Design Update including Turbine Bldg

If schedule slips and COLA isn't met, the schedule will proceed with adequate float.

Simulator/LSS is on track, due to ship by 1/2012.

Shaw Modular Solutions (SMS) – There are QA and welding issues involved with SMS. A SWO was issued on June 15. A QA inspector noticed a weld that was performed with incorrect material. The welder was qualified and the piece was taken aside. Southern inspector and source inspector noticed material and questioned as to why there was no tag, etc. CARs and non-conformance were issued by SMS, and resulted in a complete stoppage of the facility. A cause analysis had to be done prior to work starting again. SMS eventually resumed work. During the time the SWO was issued, surveillance had begun on the CA and will be published tomorrow (715). This issue will go through the process of incorrect activity and corrective measures. There is a combined team going to SMS to observe. Shaw has positioned a full time resident inspector on site at SMS since February, and an additional inspector will be there soon. There is concern that overreacting would be penalizing the vendor, and we don't want to create a chill factor. A way of tracking SWO's needs to be developed by Shaw nuclear. Ongoing discussions currently are taking place to determine the cause of action.

Southern Second Quarter Earnings Call

Southern conducted their second quarter earnings call on July 28:¹⁶

My second update concerns are Vogtle nuclear project. Last month, we announced that Southern Company and the Department of Energy agreed to conditional terms on a nuclear loan guarantees for Unit 3 and 4 at Plant Vogtle. Under the conditional agreement, the loan would not exceed 70% of the Company's eligible projected cost or approximately \$3.4 billion, and is expected to be funded by the Federal Financing Bank. The loan would be full recourse to Georgia Power and secured by lien on the Company's 45.7% interest in the two new units.

The loan is expected to save Georgia Power's customers between \$15 million and \$20 million annually in interest cost. The actual amount of the interest savings would depend upon the final terms and the timing of the specific borrowings. Final approval on issuance of the loan is subject to the receipt of the combined construction and operating license from the Nuclear Regulatory Commission and satisfaction of other conditions.

¹⁶ <http://www.morningstar.com/earnings/16096169-southern-company-so-q2-2010.aspx>

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NRC's current schedule calls for finalization of its Design and Control Document read by October 2011, and we would expect to receive the COL by the end of 2011. As you know, the Company received an Early Site Permit and Limited Work Authorization from the NRC in 2009 and site work has been underway since that time.

Vedula Murti - CDP U.S.: You alluded to the interest savings associated with the nuclear loan guarantee. Can you tell us what's that \$15 million to \$20 million annually is in relationship to what the alternative is that you're using as the benchmark for the calculation?

David M. Ratcliffe - Chairman, President, and CEO: We are looking at a spread and made some assessments of around 50 basis points, between what we could borrow from the Federal Financing Bank versus what we (indiscernible).

Second Quarter Earnings Call

The second quarter earnings call was held on July 29. Kevin stated:

Also related to the new nuclear project, on June 21, 2010, the NRC issued a schedule letter to the listing house indicating that the design certification documentation review would conclude at the end of fiscal year 2011, which is September 2011. Based on this NRC commitment, we see no change to what we have previously communicated relative to obtaining our COL at the end of 2011 or early 2012.

Also this exchange:

Ashar Khan - Visium

Could you just mention to us where do you see the loan guarantee stuff, I guess Constellation came out yesterday, and they said theirs was the only file being approved by the credit review and they were the furthest ahead. Could you just talk about where you stand, and any chances you see that amount is going to be increased and whether SCANA is going to be able to dip into the full?

Kevin Marsh - President and COO of SCE&G

Yes, this is Kevin. We continue to watch and see what happens with the loan guarantees. We have been through part of the due diligence process with DOE and that will be scheduled to pick up again later this year. The amount of the loan guarantees, as you know, there was an initial \$18.5 billion of it was out there, and the DOE has been trying to side hat, wants to advocate that, Southern has gotten the first approval and we are anxious to see the terms and conditions that they have, because I think the overall terms and conditions, you know, would impact our interest in the loans. We have said from day one that it wasn't something that we had to have, but if we felt like it was advantageous for our customers and for the project, we would certainly want to understand more about those before we committed ourselves for the 30-year term of those loans, if they are available. So we will continue evaluating that process, we look forward

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to hearing more from the DOE and the federal government about what those terms and conditions will look like, if we try to conclude that evaluation, and make that just as soon as we can, which I would certainly expect we would do that before the end of the year, based on what we know today.

Again, I would reiterate, as we have said from day one, it has not been necessary, in our opinion, to have the loan guarantees, while they would allow you to finance, in my understanding, up to 80% of your project with the federal loans, we have always said we would do our project 50/50 debt and equity, and that is what we have been doing based on the financing schedule that Jimmy has discussed with you. So we will wait to learn as much as we can before we make the final commitment.

Ashar Khan - Visium

But Kevin, aren't the terms, I guess Southern has already completed its negotiation, right, a month ago? Aren't the terms known to you guys as to whether you want to avail them or not? I mean, Southern completed their negotiations, if I am right, five weeks back or something like that?

Kevin Marsh - President and COO of SCE&G

They have indicated that they have negotiated an agreement with DOE, but nobody has been forthcoming with the complete listing of terms and conditions. So, no, unfortunately, we have not seen that.

Monthly Progress Status Report

The monthly progress status report was provided to us via a cover letter dated August 10, 2010 (VSP_VSG_000763):

A Stop Work Order (SWO) was issued to Shaw Modular Solutions (SMS) on July 23, 2010, due to programmatic concerns, causing fabrication operations to cease until the Order is lifted.

Module fabrication continues to be impacted by technical issues. The schedule for providing design drawings to SMS to support fabrication as well as the manufacturing schedule continue to be reviewed to determine impact on the "ready for hook" date in the integrated project schedule (IPS). Westinghouse and Shaw Nuclear representatives have been assigned on site at SMS to support more timely answers to design questions and resolution of requests for information (RFIs), Engineering and Design Coordination Reports (E&DCRs), and manufacturing issues.

Design finalization and completion of the design documents Certified for Construction (CFC) to support site construction is an increasing concern. Gaps have been identified between the construction Need Date and receipt of the applicable design package. This issue is being worked on at the highest levels of the Consortium

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and progress is being tracked weekly. Construction and Engineering are working closely to develop a resource-loaded schedule that resolves the gaps and meets construction site Need Dates, which are defined as 12 months before construction begins for that particular activity.

Shaw Nuclear issued a SWO on SMS for all safety-related assembly and welding activities associated with the modules program following a special Quality Assurance Surveillance of SMS in Lake Charles, LA, from July 19, 2010, through July 21, 2010. This surveillance was led by Shaw Nuclear Procurement Quality with project quality support by Shaw and South Carolina Electric & Gas (SCE&G). The surveillance focused on independently verifying the corrective action taken by SMS as a result of their self-imposed QA SWO and verifying open audit observations. Shaw Nuclear concluded that the SMS self-imposed SWO was lifted without an adequate cause analysis, resulting in inadequate corrective action. Consequently, Shaw Nuclear issued this SWO. The surveillance team concluded that the previous audit observations can be closed, but additional surveillance findings were identified related to work process controls, inadequate procedures, and work instructions.

Westinghouse determined that the implementation of the Mangiarotti Nucleare S.p.A and Mangiarotti S.p.A Quality Assurance programs did not fully comply with nuclear industry standards and U.S. Regulatory requirements after reviewing the on-site observations of the audit team. Therefore, as of July 16, 2010, Westinghouse imposed a temporary hold on all manufacturing activities related to Westinghouse AP1000 Purchase Orders (POs) performed at both facilities. Mangiarotti is implementing corrective actions and Westinghouse is assessing Mangiarotti's programmatic controls prior to releasing the Manufacturing Hold. Progress has been made on the evaluation and the hold is expected to be lifted by August 15, 2010.

The Mangiarotti Stop Work Order for passive regenerative heat removal (PRHR) tubesheet production was lifted on July 2, 2010, following the documented and reviewed completion of the necessary restart criteria. Detailed information was transmitted to SCE&G via project letter VSP_VSG_000712 dated July 13, 2010. The Stop Work Order issued in June for the PRHR tubing remains in effect.

The final design review (FDR) for squib valves was held on July 14, 2010. In order to consider the design to be finalized, the 12 chits generated at the FDR will need to be addressed. Three of these chits have already been addressed. Westinghouse is actively working to address the other action items, and the estimated completion date is October 1, 2010.

Under the heading "Modules and Design Fabrication":

Westinghouse issued CA05 Book 1 (Fabrication), 2 (Assembly/Outfitting), and 3

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1. We have been concentrating on fit-up, in order to open up as many weld joints as possible..
2. We have added 6 additional CBI services fitters which will improve the scheduled fit up end dates, and accelerate the completion of the fit-up.
3. As a reference point, Vogtle was able to achieve 58 days from last module stand up to hook and they welded at 700 linear feet per day at peak. VCS forecast is 54 days from last module standing to Hook. We will increase the sustained rate on welding once the fit ups are concluded. Each joint consists of 670 LF of weld pass. The plan curve is based on 370 LF a day so at peak we should achieve close to double the plan sustained rate which should close the variance.
4. We have added an additional 26 welders, and they will be all available by 4/9/14<x-apple-data-detectors://0> also added eight RMTS sub contractor welders to ensure we saturate the work fronts and achieve a welding completion date of 4/26/14<x-apple-data-detectors://1>, or earlier.
5. Increased FNM supervision, for both fit-up, and welding . Rotating CBI, FNM ,in order to support 7/24<x-apple-data-detectors://2> seam welding schedule.
6. We have increased to (22) Field Engineers to support fit-up, welding, and package closure.
7. There are (4) WE (5) sub-contractor, NDE support people, (3) CBI, QC, per shift, which have VT,MT,PT,UT certifications. There has been sufficient WE, QC, and NDE coverage.

President's Meeting on April 4

Levesque email to Hollenbach

Chris Levesque sent this email to Ken Hollenbach, copying Jeff Benjamin and Don Depierro, on April 6:

Our meeting with the CEOs last Friday reinforced the severity of our situation and the need for our close management follow-up and control on CA20. As such I was disappointed that you abruptly ended our phone call yesterday afternoon before I could completely discuss my concerns and agree with you on an acceptable management plan. We've learned from recent experience that our monitoring and control of CA20 was not rigorous enough to detect deviations and implement mitigations on a real time basis. It is my judgment that we are still not at the appropriate level of management monitoring and control given the importance of this work. We also know from recent experience that the MAB has not been transparent enough, and has a history of announcing large schedule changes rather than providing a rigorous daily analysis of the overall schedule.

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I have copied Don DePierro and Jeff Benjamin as I believe this warrants the attention of both CBI and WEC higher management.

After making an MAB tour yesterday, speaking with several of our managers yesterday and today, and making checks on the P6 schedule that you and I approved on 28 March, I am concerned that we are not making sufficient progress nor managing CA20 with the oversight, questioning attitude and intensity it warrants.

Here are my observations:

- 1) Last Monday I visited Jim McAnally in the MAB. He told me that by Wednesday there would be more than 4 automatic machines running. During my tour yesterday afternoon, and my understanding again this morning, zero automatic welding machines have been running. Kenny Middleton reported that we have chosen to do manual welding on several joints due to the difficulty of moving scaffolding to support automated welding. As I told Kenny, this is a deviation from our plan, and this deviation has not been rigorously worked back into our schedule (for example to understand downstream process impacts).
- 2) The weld progress report shows that linear feet has dropped instead of increased each day over the last three days.
- 3) The fit-up curve has flattened, and multiple key joints have flattened in the 50 to 60% range over the last 4 days.
- 4) I also checked progress to the P6 schedule that you and I approved last week. I had difficulty reconciling the MAB's current schedule to the one you and I approved, so I'll refer only to the MAB's current schedule which shows 3 days negative float on two different joints
- 5) Lisa Cazalet (at direction of Magnarelli) attended the 0900 MAB status meeting yesterday. The meeting was disorganized and not at the level of formality that we have achieved in the OCC (I remain disappointed with the resistance to move MAB follow-up to the OCC). Bill Macecivic and Dan Magnarelli participated in this morning's MAB meeting, and concluded that it was an "optimistic view" that relies heavily on the additional fitters and welders which will be added in the coming week.
- 6) On site today, none of the top 3 layers of CBI management are present on the weekend (you, Bill Wood or JJ Hughes). Also, Dan Aquilino, our CA20 milestone manager was not present nor did he participate even by phone in the daily status meetings yesterday or today. JJ's deputy Mike Anderson was on site. To his credit Mike has been very responsive to my questions but it was clear he was not purposefully stationed here yesterday to provide detailed management oversight of CA20 progress to the plan that you and I approved. I had an extended discussion with Mike where I explained that the criticality of CA20 warrants much closer construction

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management follow-up. He is here again today and has increased his level of engagement which I appreciate.

7) Our daily report is neither detailed enough nor being issued on a sufficient frequency. Yesterday we heard the SCANA CEO insist that he needed a clear status to the plan at his Monday morning staff meeting. Our weekend management routine and reporting regimen does not support this. It does not specifically identify deviations to the plan and potential impacts and mitigations to the 10 May schedule.

In order to achieve the sufficient level of confidence in our 10 May ready for hook date we need to take action to deal with the following issues.

Issue

Action Plan

Management meetings and reporting is insufficient in formality, detail and frequency

- Increase meetings to 2 per day and issue reports twice per day (CBI)
- Milestone manager or his formal designee leads the meetings (not MAB management) (CBI)
- Improve detail of reporting to include (CBI):

- o specific forecasts and follow-up on a shift by basis

- o A P6 report which is updated daily

- o Regular reporting of resource issues including subcontractor mobilization and absenteeism

Need to challenge accuracy of reports and burn-down curves, and validity of underlying assumptions

- Dan Magnarelli has launched and will maintain an ongoing audit of the progress indicators (WEC)
- Position an experienced MAB manager from the Vogtle CA20 effort at VCS to ensure all lessons learned applied, and to reinforce VCS MAB management (CBI)

Insufficient management attention given the criticality of CA20

April 2014

- Initiate 24/7 coverage by WEC Directors and key managers to monitor progress and provide oversight – lead Magnarelli (WEC)
- Similar management presence to be scheduled and communicated by CBI (CBI)

Levesque forwarded the email to Ron Jones on April 6 with this message:

As we discussed last night, I believe we need to step up our management controls. I am attempting to work this at consortium level right now. Will let you know if I need your support.

Potential Change due to ISG-019

The Consortium sent us a letter dated April 7, 2014 (VSP_VSG_002713) which claimed that there has been change due to the NRC issuing ISG-019, "Review of Evaluation to Address Gas Accumulation Issues in Safety Related Systems and systems important to safety."

Cherry Assessment of CA20 Update

Mike Crosby sent an email to Marion Cherry on April 11:

Just read Ron J's module update email ... sounds like the Consortium plans to throw more welders at (I assume) the manual welds.

Marion replied that same date:

Yes, more manual welding, but they also stated that they expect to have 4 to 5 machines welding also (we'll see). Their target is 470 linear feet/day (maybe it's possible with additional welders). If they can meet that, which they've averaged about 450 since 4/1, then they expect to achieve the planned burndown curve. The wall joint welding completion is projected for 4/26. In addition to that, there is approx. 3 days of welding on floors ... projected completion for welding for min. config. items is 4/29. Per McAnally, based on the critical path schedule, the 5/10 hook date is still achievable. But once again, it appears that everything has to go exactly as planned for the date to be achievable. As Ron stated in his email, they expect all fit-up work to be completed by Sunday morning. I plan to go in the MAB Monday to see.

CA20 Status Reports

The CA20 - status report of 04/16/14 lists "target date to hook" of May 10

Project Review Meeting

April 2014

Jason said the submergence test on the 8" Squib Valves will be the week of May 12th. Final submergence testing is scheduled for August 2014.

Brian M. said WEC is working on a schedule of work to be performed on CA20 after it is set in place. The CA20 will not be ready for concrete on May 29th.

Archie Gains Confidence

Jeff Archie sent an email to Steve Byrne and Mike Crosby on April 18:

Subcontract letter

April 22 VSP_VSG_002734

We responded by letter dated April 29 (NND-14-0244) stating:

In [apparently the April 22 letter, although the reference is wrong], the Consortium has requested the Owner provide its concurrence for the Subcontract to CB&I Services, an Affiliate of a Consortium member, for the Shield Building Work. Article 3.7(b) of the Agreement does not require that the Owner provide its concurrence for Subcontracts with Consortium member Affiliates, and as noted in reference #4, the Owner is not precluding the Consortium from executing this Subcontract. Based on the information provided to date by the Consortium concerning the Subcontract with CB&I Services, however, the Owner would be unable to provide its concurrence if required by the Agreement to do so. The Owner has been unable to obtain reasonable assurance that the proposed Subcontract is no less favorable than would be available from a Person who is not an Affiliate.

As the Consortium is aware, for Affiliated Subcontractors, Article 3.7(b) of the Agreement (reference 1) provides the Owner with additional rights. Over the course of the last several months during multiple meetings (references 3, 5, and 6), the Owner has communicated its concerns related to proposed Subcontract. To date, the Consortium has not effectively addressed these concerns, and the additional measures the Consortium described in reference 7 lack meaningful substance. To reiterate, the Owner's concerns include, but are not limited to:

- The lack of a competitive bidding process in the selection of the Subcontractor. The Owner agrees that CB&I Services may be qualified to perform the Work and there may be advantages to CB&I Services performing the Work. However, the lack of a competitive bidding process serves to heighten the Owner's concern about the Consortium's subcontracting process in general and that the overall Subcontract is not in the best interest of the Owner and was pursued mostly as a commercial advantage to the Consortium.
- Terms in the proposed Subcontract that do not comply with the terms previously negotiated in the Letter Agreement that is the basis of Change Order #16 (reference

April 2014

8).

- The risk profile for the proposed Subcontract does not match its commercial terms. Specifically, terms in the proposed Subcontract effectively ensures the risks for cost overruns and schedule delays are the Owner's; however, the various markups and collective profit percentages for the Consortium appear to the Owner to be structured as if the Consortium bears these risks for this Work.
- Terms in the proposed Subcontract which are more favorable to the Subcontractor than the Owner would expect if this had been a Subcontract with a non-Affiliate and also more favorable than the terms the Consortium negotiated with CB&I Services when CB&I Services was not an Affiliate, for the Containment Vessel Work.

Submodule Spreadsheet

Danny Quattlebaum prepared a spreadsheet for internal use dated April 22 that shows for each submodule, who is manufacturing it, the status, the forecast date, the need date, and other information.

CB&I First quarter earnings call

CB&I conducted its first quarter earnings call on April 23:¹

(Asherman) The modules coming out of Lake Charles are picking up a lot of pace.

Will Gabrielski – Stephens

And then just your general thoughts on execution on both, and scheduling, and how everything has progressed over the last few months? Because that didn't get a lot of attention yet today.

Philip Asherman - President and Chief Executive Officer

On the nuclear jobs?

Will Gabrielski - Stephens

Yes.

Philip Asherman - President and Chief Executive Officer

Well, I think we made some good progress. I'm very pleased with the milestone, as I mentioned, on the main module. I guess this is unlike an oil and gas job, where you have a lot of flexibility in the sequencing work when you use modules. You have to start with the nuclear island and work around that vertically.

¹ <http://seekingalpha.com/article/2159343-chicago-bridge-and-irons-ceo-discusses-q1-2014-results-earnings-call-transcript?part=single>

April 2014

June

Placement of First Containment Vessel Ring

We placed the first containment vessel ring for unit 2 on June 2 and issued a press release on June 3.

Analyst Day on June 4

Nothing in the slides of note

Potential Change due to Mangiarotti Solidarity Contract

The Consortium sent us a letter dated June 5, 2014 (VSP_VSG_002789) which claimed that Mangiarotti's signing of a solidarity contract with Trade Unions and the Italian Industry General Confederation is an Uncontrollable Circumstance per the EPC. The solidarity contract will serve to reduce the working hours but maintain Mangiarotti employment levels. WEC has indicated it is monitoring the situation and trying to determine what impacts, if any, this solidarity contract will have on the VCS Project.

The Consortium has been sending weekly updates since July, 2014 which typically state that there has been no change in the situation

Potential Change due to work stoppage at CB&I Metamoros Fabrication Shop

The Consortium sent as a letter dated June 11, 2014 (VSP_VSG_002795) claiming an Uncontrollable Circumstance due to a work stoppage at the CB&I Metamoros Fabrication Shop in Mexico.

The Consortium sent a letter dated June 26, 2014 (VSP_VSG_2823) which stated that the matter had been resolved and that there would be no impact to the project.

June 16, 2014 – NRC letter in

Another Affiliate Issue

We sent a letter dated June 17 (NND-14-0348) dealing with the use of another Consortium affiliate:

Owner has reviewed the information presented in reference #2. For Affiliated Subcontractors, Article 3.7(b) of the Agreement (reference 1) provides the Owner with additional rights, including the right to review such information as is reasonably necessary to assure Owner that the Subcontract reflects terms no less favorable than would be available from a Person who is not an Affiliate. If any such Affiliate has been selected on a sole source basis, Contractor shall provide a justification for such selection.

June 2014

The Owner remains concerned about the Consortium's use of Affiliates without providing to Owner appropriate and timely justification. The Owner will continue to monitor the execution of this agreement with Equipment Services Group and will take actions as appropriate and as permitted by the Agreement and applicable law to protect its interests.

The Consortium responded with a letter dated July 11 (VSP_VSG_002843) that sought to justify the selection of this subcontractor, without addressing the affiliate issue.

CB&I Receives Negative Press from Short Seller

A short seller published a report on CB&I dated June 17:⁶

Shares of Chicago Bridge and Iron Co N.V. (NYSE:CBI) are grossly overvalued. The company has used creative acquisition accounting to conceal losses, resulting in GAAP financial statements divorced from economic realities. Management has misled shareholders and analysts into believing that nothing is wrong with its Shaw Group acquisition or business. After acquiring Shaw Group in 2013, CBI made unusual and repeated retroactive adjustments to its purchase price allocation. Doing so enabled CBI to amass a ~\$1.56B reserve that can be converted directly into gross profit to offset future costs, thereby inflating profitability, but also resulting in dramatic deterioration of CBI's earnings quality. In 2013, CBI reported Adj Net Income of \$454m, the highest in its history, and CFFO of -113m, the lowest in its history. CBI is struggling with certain Shaw contracts that may prove to be severely loss making, and the reserve is being used to mask their financial impacts and CBI's increasingly fragile financial condition.

CBI made incessant pre-acquisition assurances of having thoroughly vetted the Shaw nuclear projects and reiterated its confidence post-acquisition, which is why the pattern of CBI's PPA adjustments is bizarre: \$1.2B of the total ~\$1.56B reserve was created in Q3 and Q4, 8 to 11 months after the acquisition & ~18 months after CBI and Shaw entered a definitive agreement in July, 2012.

⁶ <http://seekingalpha.com/article/2272133-chicago-bridge-and-iron-acquisition-accounting-shenanigans-dramatically-inflate-profitability-prescience-point-initiates-at-strong-sell>

June 2014

February

As of February 2014, none of the 47 CA-01 submodules had been delivered, although 20 of them were past due under the October 2 schedule.

Letter Regarding Audit Limitations

We sent a letter dated February 4 (NND-14-0060) regarding extending the three year audit period for payments:

While the Owner and Consortium continue to monitor this issue, and the Consortium implements mitigation activities as it considers appropriate, the total impacts may not be known until the end of the Project. Meanwhile, the Owner continues to make payments to the Consortium. However, Project costs billed to Owner by the Consortium that are related to or are impacted by the Structural Modules delay cannot be subject to the three (3) year audit limitation as set forth in Article 25.4 of the Agreement. The Owner reserves the right to review any such costs to determine that the costs were appropriately billed to the Owner; If the Consortium is not agreeable to this position, please respond in writing immediately. Please note that the Owner will be unable to make payments that are not subject to eventual audit.

CA01 Percent Complete

Zach Ashcraft sent an email to Alan Torres on February 4:

Letter Regarding Shield Building Subcontract

We sent a letter dated February 5 (NND-14-0069) regarding the shield building subcontract:

In [letter of March 4, 2013], the Consortium notified Owner that Stone & Webster was considering pursuing a Subcontract for Shield Building Work with its Affiliate, CB&I Services. The Owner sent an email to the Consortium, on January 9, 2014, stating that the Owner needed to understand the commercial aspects of the subcontract prior to the award. Consortium agreed to meet with the Owner, and this meeting was held on February 4, 2014.

For Affiliated Subcontractors, Article 3.7(b) of the Agreement (reference 1) provides the Owner with additional rights, including the right to review such information as is reasonably necessary to assure Owner that the Subcontract reflects terms no less favorable than would be available from a Person who is not an Affiliate. If any such Affiliate has been selected on a sole source basis, Contractor shall provide a justification for such selection.

February 2014

During the meeting on February 4, 2014, the Owner expected to be provided with information and to be able to review documentation with Consortium personnel so that Owner could be reasonably assured that the Consortium is in compliance with the requirements as stated in Article 3.7(b). As a result of the meeting with Consortium personnel, the Owner has been unable to obtain that assurance. Further, the Owner is concerned with the Consortium's actions to date related to the coordination with the Owner on this Subcontract and the selection, documentation, and pending execution of a Subcontract with CB&I Services for the Shield Building Work. Specifically,

- Instead of providing information/documentation for Owner's review during the meeting, only verbal information was provided, which did not meet the Owner's expectation that the Consortium would be transparent when dealing with information/documentation for Work to be performed under Target Price. The Owner was instructed that any further information would need to be specifically requested in writing and that the release of such information would have to be approved by additional layers of management. The Owner has provided this request to the Consortium point of contact via email, in an attempt to meet the Owner's original objective of getting assurance of the Consortium's compliance with Article 3.7(b).
- Immediately after the meeting was held, Consortium personnel sent an email in effect indicating that the Owner was holding up the execution of the Subcontract. Just so we are clear on this point. The Consortium has been working with CB&I Services since March 2013 to negotiate and execute this Subcontract. Further, it was also made clear to the Consortium personnel present at the February 4, 2014 meeting that meaningful and verifiable information has yet to be provided by the Consortium. In addition, the Owner was prepared to meet with the Consortium at an earlier date, but the Consortium indicated that it was not ready for the meeting. Therefore, the Owner's actions are not the cause of the Subcontract not being executed to date.
- At the meeting, Consortium personnel indicated that this was not a sole source procurement, but rather it was a "single source" procurement. The Consortium did not actively pursue other Subcontractors and did not receive any other bids, despite acknowledgement during the meeting that other entities are capable of performing the Work. In effect, the Consortium's actions resulted in this arrangement being a sole source arrangement. As a result, the Owner expects the Consortium to provide justification for such selection and has included this in the information request.
- From the verbal information provided at the meeting, it appears very likely that the Consortium has structured the pending Subcontract with terms that are not (1) in the Owner's best interests, (2) commercially reasonable, and/or (3) in accordance with good industry practices. In addition, the Owner believes the Consortium has structured the pending Subcontract so that there may be a lack of sufficient detail in the information provided by CB&I

February 2014

Services for the Owner to be able to assure itself that the Subcontract reflects terms no less favorable than would have been available from a non-Affiliated entity.

Until the Owner has the opportunity to review the additional information requested related to this Subcontract, the Owner is unable to conclude that the Consortium is in compliance with the intent and content of Article 3.7(b) and/or that the Subcontract will not be detrimental to the Owner. The Owner is not precluding the Consortium from executing the Subcontract. However, the Owner remains concerned and will continue to monitor the execution of this Subcontract and will take actions as appropriate and as permitted by the Agreement and applicable law to protect its interests.

Lake Charles Status

Alan Torres sent an email to several people on February 5:

This is the latest from lake charles as of Friday. Note that as you look the late dates you will see that there is a strong push beyond our schedule dates. Dale Garrison is working to pull them back ,but as we have seen in the past the dates Lake charles list as late usually are late. This places a great strain on our ability to meet the blra date for CA-03 placement.

The chart:

February 2014

V C Summer Unit 2
CA01 Sub-module Status Report

Remaining CA01 Sub-Modules	Late Date	% Complete	CV Complete	QCA Complete	FIR Team RW Complete	Dedicated In Process Book Review	Legacy	Work in Field?
LC Finish Book Review and Ship for VCS to complete O58 assessment and rework								
CA01-06 Wall Sub-Module - Summer 2	13-Mar-14	90%	1,2	1				X
CA01-09 Wall Sub-Module - Summer 2	12-Mar-14	100%	1,2	1				X
CA01-11 Wall Sub-Module - Summer 2	16-Feb-14	96%	1,2	1				X
CA01-12 Wall Sub-Module - Summer 2	20-Feb-14	99%	1,2	1				X
CA01-14 Wall Sub-Module - Summer 2	11-May-14	98%	1,2	1				X
CA01-15 Wall Sub-Module - Summer 2	15-May-14	100%	1,2	1				X
CA01-17 Wall Sub-Module - Summer 2	9-May-14	92%	1,2	1				X
CA01-18 Wall Sub-Module - Summer 2	13-Apr-14	86%	1,2	1				X
CA01-20 Wall Sub-Module - Summer 2	4-Mar-14	100%	1,2	1				X
CA01-39 Wall Sub-Module - Summer 2	5-Jun-14	97%	1,2	1				X
CA01-46 Wall Sub-Module - Summer 2	4-May-14	85%	1,2	1				X
LC to complete CV, QCA, and Books - VCS to complete Rework								
CA01-01 Wall Sub-Module - Summer 2	26-Feb-14	94%	X				X	X
CA01-02 Wall Sub-Module - Summer 2	6-Feb-14	100%	X	X	X		X	X
CA01-03 Wall Sub-Module - Summer 2	9-Feb-14	100%	X	X			X	X
CA01-21 Wall Sub-Module - Summer 2	28-Feb-14	100%					X	X
CA01-23 Wall Sub-Module - Summer 2	19-Jan-14	100%	X				X	X
CA01-24 Wall Sub-Module - Summer 2	23-Jan-14	100%					X	X
CA01-25 Wall Sub-Module - Summer 2	2-Apr-14	95%					X	X
CA01-35 Wall Sub-Module - Summer 2	30-Jan-14	95%					X	X
CA01-37 Wall Sub-Module - Summer 2	7-Feb-14	95%					X	X
CA01-40 Wall Sub-Module - Summer 2	22-Jan-14	99%					X	X
CA01-41 Wall Sub-Module - Summer 2	1-Jun-14	97%					X	X
CA01-42 Wall Sub-Module - Summer 2	23-May-14	99%					X	X
CA01-43 Wall Sub-Module - Summer 2	26-May-14	99%					X	X
CA01-44 Wall Sub-Module - Summer 2	30-Jun-14	99%					X	X
CA01-45 Wall Sub-Module - Summer 2	26-Jun-14	90%					X	X
LC to complete CV and QCA - LC Complete Rework in Level D								
Determination will be made to move sub-modules from Site Rework to Level D Rework at a later time								
No Post Fab Work								
CA01-04 Wall Sub-Module - Summer 2	13-Feb-14	32%	1	1		X		
CA01-05 Wall Sub-Module - Summer 2	15-Mar-14	34%	1	1		X		
CA01-07 Wall Sub-Module - Summer 2	22-Mar-14	67%	1	1				
CA01-08 Wall Sub-Module - Summer 2	26-Mar-14	53%	1	1				
CA01-10 Wall Sub-Module - Summer 2	8-Mar-14	85%	1	1				
CA01-13 Wall Sub-Module - Summer 2	6-Mar-14	24%	1	1		X		
CA01-16 Wall Sub-Module - Summer 2	18-May-14	17%	1	1		X		
CA01-19 Wall Sub-Module - Summer 2	9-Apr-14	57%	1	1		X		
CA01-22 Wall Sub-Module - Summer 2	25-Feb-14	66%	1	1				
CA01-27 Wall Sub-Module - Summer 2	17-Apr-14	59%	1	1				
CA01-28 Wall Sub-Module - Summer 2	20-Apr-14	58%	1	1				
CA01-29 Wall Sub-Module - Summer 2	24-Apr-14	46%	1	1				
CA01-30 Wall Sub-Module - Summer 2	27-Apr-14	39%	1	1				
CA01-32 Wall Sub-Module - Summer 2	1-May-14	6%	1	1		X		
CA01-33 Wall Sub-Module - Summer 2	8-Jun-14	0%	1	1		X		
CA01-33 Wall Sub-Module - Summer 2	12-Jun-14	0%	1	1		X		
CA01-34 Wall Sub-Module - Summer 2	7-May-14	7%	1	1		X		
CA01-36 Wall Sub-Module - Summer 2	15-Jun-14	23%	1	1				
CA01-38 Wall Sub-Module - Summer 2	19-Jun-14	68%	1	1				
CA01-47 Wall Sub-Module - Summer 2	29-Mar-14	41%	1	1				
CA01-48 Wall Sub-Module - Summer 2	5-Apr-14	98%	1	1				

Note 1 - CV & QCA completed during fabrication
Note 2 - Post Fab O58 Reassessment Needed

It appears that Alan got the chart from Zach Ashcraft, but it isn't clear where Zach got it

Steve Byrne responded that same date:

This looks to be info that is 2 months old, 12/3/13. What does "late date" mean? Is that when they ship or it arrives on site?

February 2014

Alan responded that same date:

It means ship to site. This was their evaluation of status and just presented to us wed last week at lake charles

Concerns for Depierro

Carlette Walker sent a message to Jeff Archie on February 5:

Hey Jeff – two concerns I believe warrant elevation to Don as it relates to site personnel and their support for owner requested information:

1. Contingency Audit – in a meeting this morning with CB&I Project Controls our Owner team was told they were denied any details to support the contingency transaction titled: Escalation (\$19M). According to the confirmation we received on 12/31/2013, CB&I's executive made the decision to support our review of the detailed supporting documentation for historical transactions that have been reported to us.

2. As of 4:30 this afternoon, Ken has not received any information requested for the Owner's review for the pending shield building erection contract award to their affiliate CB&I Services. In a meeting scheduled yesterday morning for reviewing the contract and other documentation for compliance with the specific terms of our EPC contract about work awarded to an affiliated company, no information was provided for review. The meeting consisted of Brad Burton discussing and sometimes reading parts of the contract. During the meeting our team was told that the release of any information for our review would require Mehdi Maibodi's approval. Skip sent an email to Mehdi yesterday afternoon requesting his help in providing specific information needed for Owner's team review. CB&I has indicated that executing this contract is time sensitive and our review could have an impact on the schedule.

Potential Change due to Technical Specification Upgrade

The Consortium sent a letter dated February 18, 2014 (VSP_VSG_002636) contending that we requested modifications – via LAR 13-037 – to the Standard Plant and therefore, they are entitled to a change order for the cost impacts.

We responded with a letter dated August 14, 2014 (NND-14-0479) in which we contended that the original specifications written by the Consortium "were not usable and would not allow the Owner to successfully operate the plants."

The Consortium sent a letter dated October 3, 2014 (VSP_VSG_002989) which identified certain tasks that it claimed we need to authorize them to do. We responded by letter dated October 23, 2014 (NND-14-0678) in which we offered to split the cost.

February 2014

Consortium Invoice Returns and Dollars Withheld for Performance Inefficiencies and Delay
As of July 31, 2015

Westinghouse*

CB&I Stone & Webster

	<u>\$49,377,442</u>	<u>\$91,578,386</u>
Progress Payments	\$42,642,036	\$50,250,983
Capped Escalation due to Structural Module Delay	\$1,375,311	\$4,683,332
HW Escalation Calculation	\$3,073,391	\$2,317,148
Startup (Pending CO 17)	\$0	\$2,571,921
Cyber Security	\$116,481	\$3,100
Milestones Not Complete	\$0	\$11,124,299
Interest Expense on Returned Invoices	\$651,778	\$1,481,419
Target Invoice Returns (Storage, Tents, Firm Price)	\$1,518,445	\$13,350,208
Target Invoice Withholding (10%) Due to Delay and Performance Inefficiencies	\$0	\$5,795,975

***Excludes:**

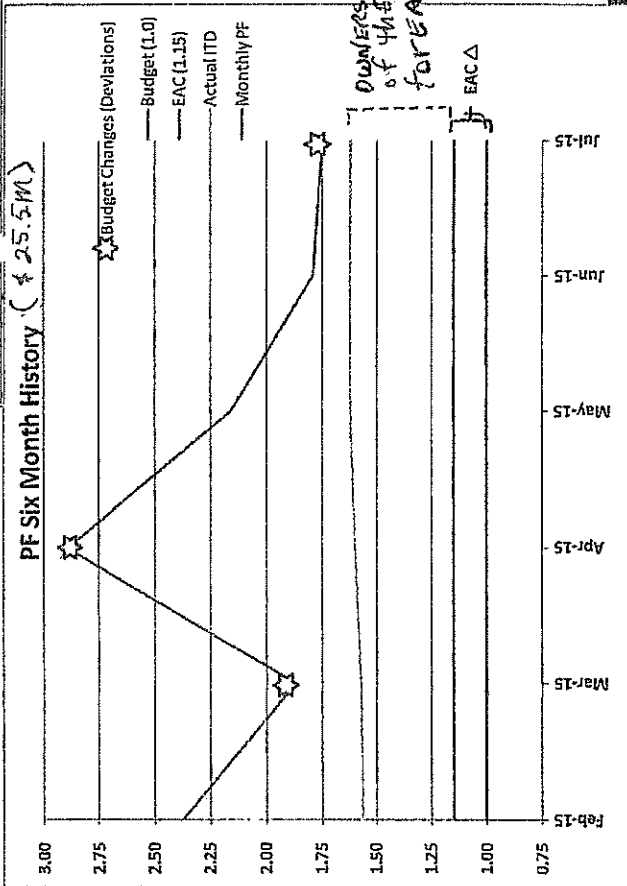
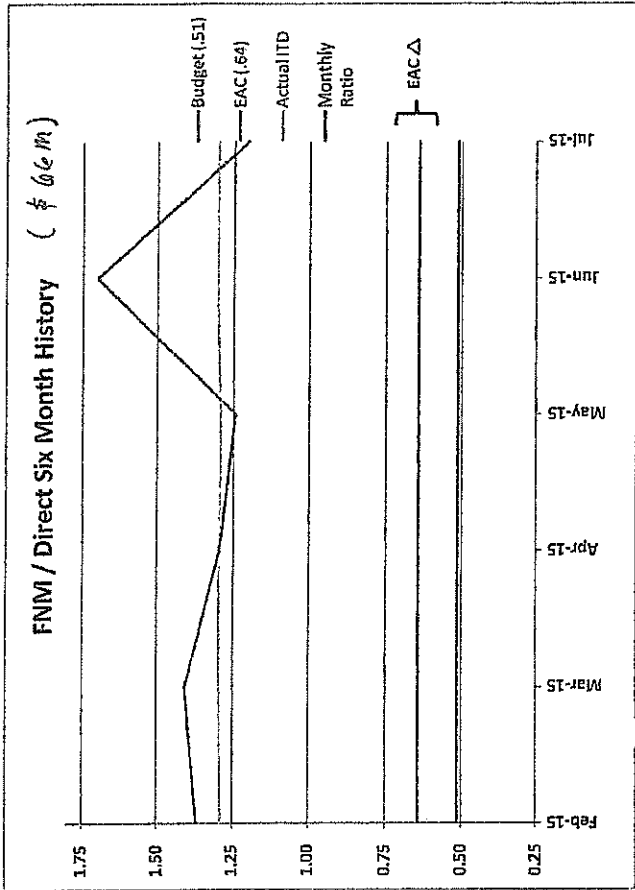
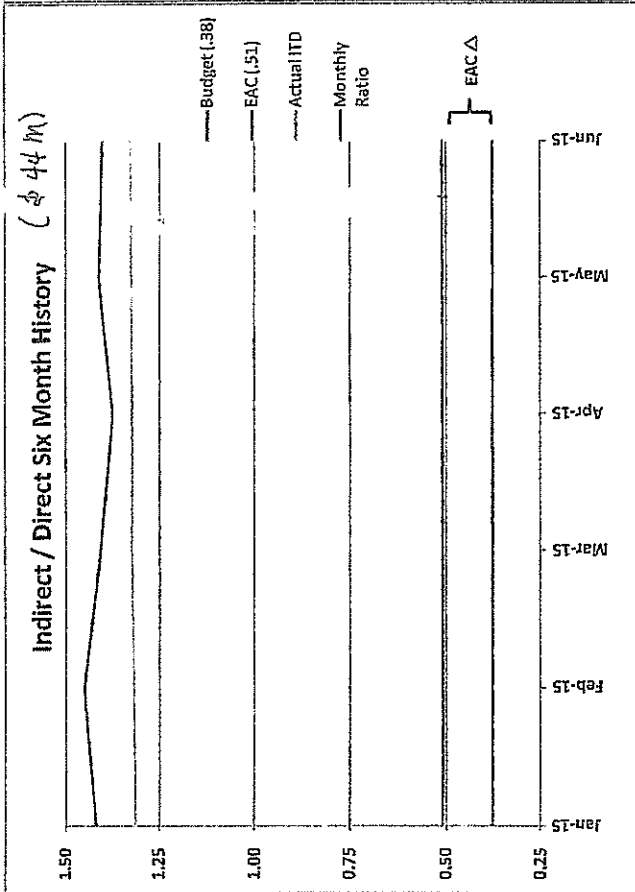
- (1) WEC Claim/Invoice 90287976 dated December 16, 2014 sent to Owner with no contractual basis \$70,506,964
- Interest Expense charged for WEC Claim/Invoice 90287976 \$862,020
- (2) WEC Claim/Invoice 90299904 dated June 12, 2015 sent to Owner with no contractual basis \$12,149,062

Total \$83,518,046



*

*



DUMMIES ARE PAYING 90% OF THESE INCREMENTAL COSTS FOR EACH MONTH



To: BYNUM, ALVIS J JR[ABYNUM@scana.com]
From: Pelcher, Steve
Sent: Mon 8/26/2013 1:09:26 PM
Subject: FW: Confidential Contract Negotiations
Kevin Marsh, SCE&G Nuclear Project Letter 08 23 13.pdf

From: Hartley, Amy
Sent: Monday, August 26, 2013 10:14 AM
To: Kevin Marsh (kmarsh@scana.com)
Cc: Carter, Lonnie; Singletary, R.M.; Crosby, Michael; Brogdon, James; Pelcher, Steve
Subject: Confidential Contract Negotiations

Mr. Marsh,

Please see the attached letter from Lonnie Carter. The original letter has been mailed to your attention. If you have any questions or problems opening the document, please let me know.

Thank you,

Amy

Amy L. Hartley
Executive Associate
Santee Cooper
(843) 761-7024
alhartle@santeecooper.com

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Lonnie N. Carter
President and
Chief Executive Officer
(843) 761-4192

fax: (843) 761-7037
lncarter@santeecooper.com

Confidential Contract Negotiations

August 23, 2013

Kevin B. Marsh
Chairman & CEO
SCE&G
220 Operation Way D302
Cayce, South Carolina 29033

Dear Kevin:

For almost two years, SCE&G and Santee Cooper have been working with the Consortium (Westinghouse and CB&I) to correct submodule delivery issues from the Lake Charles fabrication facility. When we discussed these problems earlier this year, we were hopeful that the Chicago Bridge & Iron (CB&I) acquisition of The Shaw Group (February 2013) would have an overall positive impact on the project, and particularly, a positive impact on the Consortium's ability to fabricate and deliver submodules.

On April 9, 2013, we met in Columbia with CB&I executive leadership to review its module fabrication status, to include its plan to correct Lake Charles performance issues. CB&I committed to deliver 83 submodules by the end of 2013. Several days after the meeting, CB&I provided its submodule delivery schedule, also dated April 9, 2013, which committed CB&I to only 69 submodules for the remainder of 2013.

As anticipated, the CB&I submodule delivery schedule was integrated into the overall project schedule and resulted in a delay to substantial completion of V.C. Summer Unit 2. This delay was quantified as nine to twelve months and publicly announced to the financial community by SCE&G at an Analyst Day presentation June 5, 2013.

As I am sure you are aware, based on the CB&I schedule, only five of thirteen scheduled submodules have been delivered as of this writing. Although early indications seemed positive that CB&I executive management were engaged in improving the performance at Lake Charles, the delivery record unfortunately demonstrates otherwise, placing the project schedule in jeopardy once again. I know you agree that this is unacceptable.

The Consortium's inability to deliver submodules has been a major source of concern and risk for this project for a long time. At the last president's meeting on June 21, 2013, the Westinghouse and CB&I discussion demonstrated that they do not function well as a team to resolve critical project issues. The Consortium's schedule performance, including any associated module delay costs currently embedded in project costs or future claims against the

Kevin B. Marsh
August 23, 2013
Page 2

project, are simply unacceptable to Santee Cooper. Our view is that the Consortium's inability to fulfill their contractual commitments in a timely matter places the project's future in danger. SCE&G and Santee Cooper need to examine together the remedies provided for under the EPC for the Consortium's failure to perform and exercise the fullest extent those remedies to protect our interests.

Kevin, based on our discussion, I know that you share my concern for the fabrication of the submodules in a timely manner. This has become a critical issue for the project and our companies. I recommend that we meet with our senior team members involved in the project and develop a plan forward. The plan should make clear that we hold the Consortium accountable for the costs to our companies and should insist on the Consortium providing a realistic plan that can be executed by the Consortium to fabricate and deliver the submodules in a timely manner to complete the project on schedule.

Please call me soon to further discuss this matter.

Sincerely,


Lonnie N. Carter

LNC:alh

To: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Thur 9/5/2013 7:54:33 PM
Subject: Fw: Fwd: Meeting with SCANA and Santee Cooper

Al Bynum

From: Pelcher, Steve [mailto:stephen.pelcher@santeecooper.com]
Sent: Thursday, September 05, 2013 07:20 PM
To: BYNUM, ALVIS J JR
Subject: Fwd: Meeting with SCANA and Santee Cooper

Stephen Pelcher

Begin forwarded message:

From: "Carter, Lonnie" <lonnie.carter@santeecooper.com>
Date: September 5, 2013, 6:23:27 PM EDT
To: "MARSH, KEVIN B" <KMARSH@scana.com>
Cc: "Brogdon, James" <jim.brogdon@santeecooper.com>
Subject: RE: Meeting with SCANA and Santee Cooper

Kevin,

Thanks. I believe your letter is clear and expresses the urgency well. I can make all of the dates you have given them work.

Let me know when we can get together with our teams to consider our options and chart a course to get them back on schedule. My folks have been meeting and considering various options that we would like to discuss with you and your team. One thing they brought to my attention today is that SCANA has outside counsel with construction litigation experience (Smith Currie and Hancock?). I assume they would likely represent SCANA and Santee Cooper in any litigation. If that is the case, I recommend we get them involved. We need their advice before we meet with Roderick and Asherman.

I hope you hear from these guys before close of business tomorrow. If you don't, that will be a really bad sign.

Please call me when you hear something or have a suggested time for us to meet.

Thanks,
Lonnie

From: MARSH, KEVIN B [<mailto:KMARSH@scana.com>]
Sent: Thursday, September 05, 2013 5:29 PM
To: roderidl@westinghouse.com; pasherman@cbi.com
Cc: Carter, Lonnie; BYRNE, STEPHEN A; ARCHIE, JEFFREY B; BYNUM, ALVIS J JR; LINDSAY, RONALD; ADDISON, JIMMY E
Subject: Meeting with SCANA and Santee Cooper

Dear Danny and Phil,

I requested a meeting with both of you two weeks ago to discuss the status of our nuclear project. We and our partner Santee Cooper continue to have serious concerns about the consortium's ability to deliver modules from the Lake Charles facility. The consortium is now in its third year of unsuccessful attempts to resolve its manufacturing problems at the facility which continue to impact our project negatively. Your missed deadlines put potentially unrecoverable stress on the milestone schedule approved by the SC Public Service Commission. I don't have to remind you that continuing delays and cost overruns are unacceptable from a public perspective and could have serious effects. We need to meet.

Please consider 9/13 at 10am or after, 9/16 at 3pm, 9/18, or 9/20 as potential dates for a meeting. You can fly to our hanger at the Columbia Airport and we will meet in the conference room.

Thank You.

Kevin Marsh
SCANA Corporation
803-217-8097

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This message is intended exclusively for the individual or entity to which it is addressed. This communication may contain information that is proprietary, privileged, confidential or otherwise legally exempt from disclosure. If you are not the named addressee, you are not authorized to read, print, retain, copy or disseminate this message or any part of it. If you have received this message in error, please notify the sender immediately either by phone or reply to this e-mail, and delete all copies of this message.

To: BYNUM, ALVIS J JR[ABYNUM@scana.com]
From: WALKER, CARLETTE L
Sent: Thur 4/2/2015 9:00:19 AM
Subject: FW:
[20150402085731.pdf](#)

Carlette Walker
NND Finance
(803) 217 -6323

cwalker@scana.com

From: WALKER, CARLETTE L
Sent: Thursday, April 02, 2015 8:59 AM
To: WALKER, CARLETTE L
Subject:

Schedule Risk Register
Revision Date: 03/07/2015
Attorney Client Privilege / Attorney Directed Work Product

ALL OPEN RISKS
MHA: 3/10/2015
Wkong

Ranking	Timeframe of Occurrence	Category	Risk	Sub Risk	Risk Title	Risk Description	Risk Lead	Date Initiated	Status	Date Mitigation Plan Submitted or Reviewed	Risk Level (Low, Medium, High)	Probability of Occurrence	Impact (in Days)	Exposure (Days)	Notes	Activity ID	
1	Continuous	Project	1		Manpower Resources	Need adequate resources available to support many simultaneous work fronts and additional shifts as needed for all phases of work	Rick Eschenfeldt / Ken Holmbeck / Aaron Brown & Bill Wozniak	8/25/2014	Open	10/6/2014	HIGH	100%	270	270	PER MEETING 10/7/14, Manpower Resources. SCE&G stated that CBI should have a Craft Resource Plan and metrics to determine if they are meeting plan. INCLUDES PREVIOUS RISK #8. CBI is currently tracking. Inquiries Open and Filled against the plan but needs to report out progress against the plan on a regular basis and address any deficiencies.		
2	Near-term	Project	30		Module ROS dates	Modules (excluding shield building) will meet ROS dates	Joak Skudlerick / Joel Hjorth	8/25/2014	Open	9/17/2014	HIGH	70%	270	189	Changed from 25 to 70% Unit 3 CMO; SA 1 and SA 2 are awarded to Oregon Ion Works with the exception of sub-modules CMO-01, CMO-02 and CMO-03 which are awarded to CB&I Lake Charles SA 3 and SA 4 are awarded to CB&I Lake Charles. Sub-modules CMO-05 and CMO-06 are the last deliveries, and respective to improve their delivery dates. CMO floor sub-modules are awarded to SCE&G. SCE&G will support the current delivery dates (including those for CMO-05 and CMO-06) to support the Unit 3 FPS. Unit 3 CMO1. Currently, all of CMO 1 is awarded to SCE&G and CBI is continuing to explore delivery dates to improve the overall schedule and is looking at options to place some scope with another vendor to achieve schedule improvement. Current delivery dates are reflected in the Unit 3 FPS. Unit 3 CMO2. Majority of modules are awarded to CB&I Lake Charles/Union Park. Progress and delivery dates will be monitored closely to determine if alternate vendors or fit fabrication should be pursued.		
3	Mid-term	Project	62		Shield Building Panel Fit-up Challenges	Fit-up of the panels may be very difficult due to the geometry of the panel, location of & quantity of tie bars, and concrete interface. Tie bar deformation is likely to occur due to the panel design configuration, if bending of tie-bars is not allowed yet it is unavoidable as currently designed. This may alter fabrication and erection plans - ultimately causing more work in the field and added schedule duration.	Tim Lorenz / Mike Mulready	8/27/2014	Open	2/2/2015	HIGH	100.00%	180	180	PHC, 2/6/2015. Remain open and monitor alternate weld N and adjust schedule as needed. PER MEETING 10/7/14. Shield Building Panel fit Up Challenges. Comment was made that tolerance allowed for fabrication at NHF needs to be better understood by the Consortium and managed such that installation tolerance can be kept to a maximum.		
4	Mid-term	Project	77		Cyber Security Vendor Upgrades	Equipment identified as Critical Digital Assets (CDAs) may require upgrades to meet certain Cyber Security standards. These vendor upgrades are underway at this time. Vendor upgrades may have already been delivered to site. The vendor proposed to have a longer lead time, then the schedule could be negatively impacted. This risk will vary based upon each component being considered for a Cyber upgrade.	Steve Radomski / Ben Clever	10/7/2014	Open	2/3/2015	HIGH	90%	180	162	The probabilities and impact to schedule values were assumed to be the values prior to implementation of mitigation activities (worst case, assumed no mitigation).	Owner dialogues with the Analyst	
5	Mid-term	Schedule	97		ICC Sensor Availability vs. Need Dates	RKN, 3/31/2015, ordered (the risk is that CBE&I will not have the ventilation system designs completed in time to support the sensor procurements in time for construction/installation need dates). There is a risk to some delicate instrumentation to have it installed while construction is going on around it so changes are being made to the schedule to reduce that risk. b. System design and corresponding data sheets and reports (DPS and DRS) must be complete before instrumentation is ordered.	Robin Nydes	11/12/2014	Open	3/12/2015	HIGH	50%	316	158	2/2/2015. requires review of new CMO - IAZ, 1/31/2015; CBE&I holds on FEED, JEH, 1/27 remain a threat. RU, 1/31/2015; 1/20/15: impact/exposure based on current schedule is 9-238 days delay; schedule changes have been made and calculations will be completed Tuesday to quantify remaining impact. PHC, 12/15/2014. 16 of the 25 constraints removed.	multiple	
6	Late-term	Schedule	28		Shield Building Panel Fabrication	Shield Building Panels must be improved to support CMO for both Unit 1 & 3	Tim Lorenz / Mike Mulready	8/25/2014	Open	2/2/2015	HIGH	100%	150	150		3PW58113X0097, 3PW5813X0097, 3PW5813X0097, 3PW5813X0097, 3PW5815000107, 3PW5815000107, 3PW5815000117, 3PW5816000127, 3PW5817000126, 3PW5818000137, 3PW5819000137, 3PW5820000137, 3PW5821000147, 3PW5822000157, 3PW5823000157, 3PW5824000157, 3PW5825000157, 3PW5826000157, 3PW5827000157, 3PW5828000157, 3PW5829000157, 3PW5830000157, 3PW5831000157, 3PW5832000157, 3PW5833000157, 3PW5834000157, 3PW5835000157, 3PW5836000157, 3PW5837000157, 3PW5838000157, 3PW5839000157, 3PW5840000157, 3PW5841000157, 3PW5842000157, 3PW5843000157, 3PW5844000157, 3PW5845000157, 3PW5846000157, 3PW5847000157, 3PW5848000157, 3PW5849000157, 3PW5850000157, 3PW5851000157, 3PW5852000157, 3PW5853000157, 3PW5854000157, 3PW5855000157, 3PW5856000157, 3PW5857000157, 3PW5858000157, 3PW5859000157, 3PW5860000157, 3PW5861000157, 3PW5862000157, 3PW5863000157, 3PW5864000157, 3PW5865000157, 3PW5866000157, 3PW5867000157, 3PW5868000157, 3PW5869000157, 3PW5870000157, 3PW5871000157, 3PW5872000157, 3PW5873000157, 3PW5874000157, 3PW5875000157, 3PW5876000157, 3PW5877000157, 3PW5878000157, 3PW5879000157, 3PW5880000157, 3PW5881000157, 3PW5882000157, 3PW5883000157, 3PW5884000157, 3PW5885000157, 3PW5886000157, 3PW5887000157, 3PW5888000157, 3PW5889000157, 3PW5890000157, 3PW5891000157, 3PW5892000157, 3PW5893000157, 3PW5894000157, 3PW5895000157, 3PW5896000157, 3PW5897000157, 3PW5898000157, 3PW5899000157, 3PW5900000157, 3PW5901000157, 3PW5902000157, 3PW5903000157, 3PW5904000157, 3PW5905000157, 3PW5906000157, 3PW5907000157, 3PW5908000157, 3PW5909000157, 3PW5910000157, 3PW5911000157, 3PW5912000157, 3PW5913000157, 3PW5914000157, 3PW5915000157, 3PW5916000157, 3PW5917000157, 3PW5918000157, 3PW5919000157, 3PW5920000157, 3PW5921000157, 3PW5922000157, 3PW5923000157, 3PW5924000157, 3PW5925000157, 3PW5926000157, 3PW5927000157, 3PW5928000157, 3PW5929000157, 3PW5930000157, 3PW5931000157, 3PW5932000157, 3PW5933000157, 3PW5934000157, 3PW5935000157, 3PW5936000157, 3PW5937000157, 3PW5938000157, 3PW5939000157, 3PW5940000157, 3PW5941000157, 3PW5942000157, 3PW5943000157, 3PW5944000157, 3PW5945000157, 3PW5946000157, 3PW5947000157, 3PW5948000157, 3PW5949000157, 3PW5950000157, 3PW5951000157, 3PW5952000157, 3PW5953000157, 3PW5954000157, 3PW5955000157, 3PW5956000157, 3PW5957000157, 3PW5958000157, 3PW5959000157, 3PW5960000157, 3PW5961000157, 3PW5962000157, 3PW5963000157, 3PW5964000157, 3PW5965000157, 3PW5966000157, 3PW5967000157, 3PW5968000157, 3PW5969000157, 3PW5970000157, 3PW5971000157, 3PW5972000157, 3PW5973000157, 3PW5974000157, 3PW5975000157, 3PW5976000157, 3PW5977000157, 3PW5978000157, 3PW5979000157, 3PW5980000157, 3PW5981000157, 3PW5982000157, 3PW5983000157, 3PW5984000157, 3PW5985000157, 3PW5986000157, 3PW5987000157, 3PW5988000157, 3PW5989000157, 3PW5990000157, 3PW5991000157, 3PW5992000157, 3PW5993000157, 3PW5994000157, 3PW5995000157, 3PW5996000157, 3PW5997000157, 3PW5998000157, 3PW5999000157, 3PW6000000157	
7	Mid-term	Schedule	30	C	Module Set dates	Module CMO will meet Set date Unit 3	Chris Dahlberg	8/25/2014	Open	12/11/2014	HIGH	75%	135	101			
8	Late-term	Project	35		Digital Test Strategy	Digital test strategy and associated implementation plan accepted by NHC	Tim McCreath	8/25/2014	Open	1/15/2015	MEDIUM	20%	240	48			

Attendees of Owner: Alex; Rob Stone; Andy Underwood; Dave Lange

Source: Consortium; Risk Mgt M19 3/23/2015

Ranking	Timeframe of Occurrence	Category	Risk#	Sch Risk	Risk Title	Risk Description	Risk Lead	Date Initiated	Status	Drift Mitigation Plan Submitted or Revised	Risk Level (Low, Medium, High)	Probability of Occurrence	Impact (in days)	Exposure (in days)	Notes	Activity ID
24	Mid-term	Project	80		Cyber Security Driven Scheduling Changes	If implementation of Cyber Security enhancements require licensing changes (i.e. USB), then the schedule could be negatively impacted.	Steve Radomski / Ben Clever	10/7/2014	Open	2/3/2015	LOW	15%	180	27	The probabilities and impact to schedule values were assumed to be the values prior to implementation of mitigation activities (worst case, assumed no mitigation)	
25	Late-term	Schedule	105		Baseline B Completion Impact on Plant Cabling	Baseline B will support the necessary completion date needed in IPS for I&C cabling.	Steve Radomski	12/10/2014	Open	3/11/2015	LOW	60%	30	18	S. Radomski, 3/11/2015. The detailed analysis, provided by Eric Paschke, for the 5% of the total DCIS terminations that are impacted by I&C being updated as part of the risk mitigation plan for 4105. WEC has offered to provide revised termination data for selected systems on an expedited basis if it is needed. Not sure at this time, if it would be able to recover the push in all cases. A. Peet, 3/10/2015. For the conference call on Wednesday 3/4/15, it was determined that this schedule lies between the CB DOK/DF and WEC RIB can be removed for the routing activities. It was agreed that CB electrical can proceed with routing design based on B17 information. Bill Rietz and Eric Paschke agree to proceed in this manner. WEC, CUI scheduling, would like to remove the lies on Wednesday 3/10/15 to reflect this change.	VC2-65585; VC2-65566; VC2-65561; VC2-65569; VC2-235; VC2-65567
26	Continuous	Project	25		Timely IAR Closing	IARs will be closed in 3-10 days 11 day for WEC transmittal of change packages to SCE&S, 9 days for SCE&G review and transmittal to NRC, 365 days for NRC review and approval, 30 days for SCE&G incorporation of change to licensing basis, and 5 days for WEC removal of associated loads.	Brian McIntyre	8/25/2014	Open	1/21/2015	LOW	20%	90	18	9/17/2014. Difficult to quantify. Depends on several factors. In the issue emergent, are there impacted CAIs that are needed for I&C, submitted?	
27	Continuous	Emergent	18		Additional scope due to engineering installation	The additional scope of field work resulting from continued engineering installation and E&S walk-off planned.	John Iacovino	8/25/2014	Open	12/4/2014	LOW	21%	62	17		
28	Continuous	Emergent	20		E&DCRs and ND	There isn't any contingency for additional scope due to E&DCRs or NSD resolutions, Reactive Design Changes (RDC) and Proactive Design Changes (Cranberry)	John Iacovino	8/25/2014	Open	1/21/2015	LOW	50%	30	15	CB engineering status no Impact; Construction Impaired E&DCR requests and/or NSD substitution requests received by design engineering within 0-72 hrs. of a significant activity (i.e. concrete pour, module lifting etc.) present a high risk to the schedule. There are 1-3 days per major field activity for which the high risk NSD's and/or E&DCR's are required.	
29	Late-term	Project	36		Concurrent Testing	Construction turnovers on time, in the correct sequence, how we could cause issue with physical space constraints.	Tom Brown	8/25/2014	Open	9/30/2014	LOW	50%	30	15	PMC, 9/30/2014. Action item #85 is closed, should the mitigation plan be considered complete? In general, late construction turnovers can be mitigated in component testing with additional staff since most component test activities can be performed in parallel.	VC2-146 (Actualized 2/10/15), 2PWAU100041327, VC2-180 (planned finish 4/1/2015, CND=4/7/15, TF=6), VC2-211 (early finish 4/6/15, CND=3/25/15, TF=4), VC2-6014 (mandatory constraint on 4/10/15, TF=0, CND=4/20/15, predecessor TF=9, VC2-6004, mandatory constraint=4/9/15, CND=4/9/15, TF=0, predecessor TF=17, VC2-64104, mandatory constraint 3/6/15, CND=4/9/15, predecessor TF=6 VC2-66842
30	Near-term	Schedule	107		At Engineering	Risk for 21M engineering constraints	John Iacovino	1/22/2015	Open	7/29/2015	LOW	50%	30	15		
31	Near-term	Schedule	108		AS Engineering, Sub Values	Risk for all AS engineering constraints Critical Equipment - Sub Values	John Iacovino	1/22/2015	Open	2/24/2015	LOW	50%	30	15		
32	Late-term	Project	86		Emergent	"Fab Follow" engineering is assumed to generate no additional emergent design that will impact schedule	Jason Brehm	10/8/2014	Open	2/5/2015	LOW	5%	270	14		
33	Continuous	Emergent	21		Emergent Design	Additional emergent design that will impact schedule	Jason Brehm	8/25/2014	Open	1/21/2015	LOW	40%	30	12	PMC, 10/24. Owner changed to J. Brehm from D. Churchman	
34	Mid-term	Schedule	27	A	Main Steam Feed Water Penetration Fabrication (Wall 11)	Fabrication needs to support construction schedule (Wall 11)	Joe Bianco	8/25/2014	Open	1/5/2015	LOW	40%	40	12		
35	Mid-term	Schedule	27	B	MS/PSW Panel for Shield Building	Need MS/PSW panel delivered by 4/15/2015 to avoid impacts to project schedule.	Peter Thomopoulos	9/8/2014	Open	2/5/2015	LOW	40%	30	12	2/5/2015. Reopened. Pre-Inspection Meeting (PIM) held on 11/18/2014. All work on schedule to achieve accelerated date.	
35	Late-term	Schedule	50		CB 20 Tank (PCCS Tank)	System Tank must support construction schedule	Tim Lorenz / Mike Mulcahy	8/25/2014	Open	2/2/2015	LOW	40%	30	12	percent change recalculated the level of risk was 470%	
37	Mid-term	Schedule	30	J	V52 CD Modules Delivery and Installation Date	Based on their current forecast delivery dates, modules CB11, CB12, CB22, CB23, CB54, CB55 and CB56 have less than 30 days left in the IPS (but target only 2 CDP in September 2015).	Chris Dahlberg	9/11/2014	Open	1/7/2015	LOW	50%	20	10	Activities should be coded, CB has activity IDs	
38	Mid-term	Project	113		RCP Cart	New risk for RCP maintenance cart and the associated installation of the pumps.	Peter Gould	7/9/2015	Open	1/15/2015	LOW	50%	20	10		
39	Late-term	Project	37		Engineering Test Specifications are completed timely	Engineering delivered on time. Test specification reviews for RCP WEC & CB Systems & Startup	Tim Messersmith	8/25/2014	Open	1/15/2015	LOW	30%	30	9		

Ranking	Timeframe of Occurrence	Category	Sub Risk	Risk Title	Risk Description	Risk Lead	Date Initiated	Status	Drat Mitigation Plan submitted or needed	Risk Level (Low, Medium, High)	Probability of Occurrence	Impact (in Days)	Exposure (days)	Notes	Activity ID
59	Late-term	Project	46	SCGE doesn't have jurisdictional control over systems required for fuel accept	Could impact Fuel Receipts	Rud Steffy	8/25/2014	Open	9/11/2014	LOW	10%	7	1		
60	Near-term	Project	19	Shield Building Design Completed to support Fabrication Schedule	Assumes shield building design is finalized and all fabrication holds are released in time to support Shield Panel delivery from RWI	Tim Lorentz / Mike Madresady	8/25/2014	Open	2/2/2015	LOW	10%	5	1		
61	Mid-term	Project	29	Bulk Commodity Material Delivery	Non-engineered bulk materials will be on-site and readily available to support construction plan	Dan Williams	8/25/2014	Open	9/9/2014	LOW	5%	10	1		
62	Continuous	Project	24	Timely Departure Closing	Departures will be closed in 40 days (1 day for WEC Transmittal of change package to SCERG, 34 days for SCERG incorporation of change to licensing basis, 5 days for WEC removal of associated hold), and	Brian McIntyre	8/25/2014	Open	1/21/2015	LOW	5%	5	0	9/17/14: Difficult to quantify, this assumes the following an emergent issue requiring a departure is identified just prior to a construction activity. Using past examples, departures have been processed with in 1 week (avg 1) involving delays.	
63	Mid-term	Schedule	60	Opportunity - Shield Building Concrete Placement	Expedited concrete placements to begin after 1/2 two phases are completed at the same time we could gain time on the closing.	Tim Lorentz / Mike Madresady	8/25/2014	Open	2/2/2015	LOW	50%	0	0	Analysis will be done ASAP, pending available scheduler	
64	Near-term	Project	59	Structural Module Design Completion	Fabrication of modules and hook-up dates for the Domestic Sites will drive completion of module recommendations. LAR-70 is "Containment Internal Structural Module Design Details.	Joel Hjelseth	8/25/2014	Hold Open till all major letters issued	1/21/2015	MEDIUM	30%	0	0	1/22/15: K. Young denies closing and will contact J. Hjelseth to discuss. The key internal milestone towards getting the LAR approved is the completion of the CS web internal calculation and making it available for NRC Review. The calculation completed, has been reviewed and accepted by VC Summer and will be reviewed by NRC. The key to approval of LAR is the review of the CS web internal calculation. The LAR has been reviewed by both customers and PABs have been trained for both projects. Following PCT of CSAs; CSAs is set at 10/1/15.	
65	Continuous	Project	88	P&R Execution	Improvements needed in P&R resolution	Harley Thomas	10/9/2014	Open	Update requested 2/12/2015	LOW	100%	0	0	2/2/2015: PMC, H. Thomas reported no days of impact. Notes - The mitigation plan addresses how potential impacts will be reviewed, prioritized and resolved in a timely manner commensurate with the level of significance. They are addressed as established by construction need dates identified in the schedule....PREVIOUS PROJECT RISK #10A	
66	Mid-term	Project	114	Engineering Risk based on 750 Replanning	As a result of the issuance of design with preliminary for assumed impact, there is a risk of post-internal estimates, penetrations, environmental (tree), remedial, and permit to calculate and drawings throughout the permit.	John Iacovino	2/5/2015	Open		LOW	100%	0	0		
67	Near-term	Schedule	110	Feb 8 Deliver Unit 2 CS SPLs	U2 SS01 - Fabricate & deliver to site for CS-CS-X-SP124, CS-CS-X-SP125, CS-CS-X-SP126, CS-CS-X-SP128	Chris Dahlberg	1/22/2015	Open		LOW	90%	0	0		2PCBC162501345, 2PCBC162501346, 2PCBC162501347, 2PCBC162501348, 2PCBC162501349
68	Continuous	Project	90	SCWE Issue brought into question approach to Nuclear Safety Culture	CS Programs are in place to address SCWE however issues continue to exist	Harley Thomas	10/9/2014	Open	1/7/2015	LOW	80%	0	0	H. Thomas, 11/25: the probability is high only because we encourage open communication on SCWE issues amongst our employees. There is never a "perfect" solution. However, we are continuously reviewing SCWE through the NSC Monthly Review in order to make as good as possible the work-up and we are educating our employees on how to mitigate the impact which is why the risk level remains LOW and the schedule impact is 0 days. PREVIOUS PROJECT RISK #11	
69	Mid-term	Schedule	15	Containment Steel CH Modules work to be delivered on time for Ring 2 Dress out	Design reconciliation for Containment Steel SPL 18 & CH Modules associated with ring 2 construction need date. Tim has verified with support construction need date. Tim has verified with Ring 2 Dress out	Dan Williams	8/25/2014	Open	10/23/2014	MEDIUM	20%	0	0	10/23/2014: plan owner changed from Garrison to Marciano, PMC, Licensing, Green on RDVG; 9/9/14 - From Risk Review Kickoff meeting, was a Design/Construct issue to be mitigated; this may leave a procurement issue to have steel here available to start ring 2 before hit and set (SPL 22 to SPL 33)	2PWC108000019
70	Mid-term	Schedule	17	Design Reconciliation SPL 18 & 31	Design reconciliation for Containment Steel SPL 18 & 31 may not support construction need date. Tim has verified with Licensing.	John Iacovino	8/26/2014	Open	1/21/2015	LOW	20%	0	0	1/22/2015: Add engineering and procurement dates into the plan. Verified through Licensing, Green on RDVG	
71	Late-term	Project	41	Remove FOAK tests from 13 license Prior to Reactor Performance	Licensing/Owner/NRC has enough time for removing FOAK tests out of Unit 3 License prior to required performance	April Rice	8/25/2014	Open	12/31/2014	LOW	0%	0	0	NEI to come in and provide a template/plan	

To: BYNUM, ALVIS J JR[ABYNUM@scana.com]
From: ricohdevice@scana.com
Sent: Tue 5/19/2015 2:10:54 PM
Subject: Message from "RNP0026738D1D5A"
201505191410.pdf

This E-mail was sent from "RNP0026738D1D5A" (Aficio MP 7502).

Scan Date: 05.19.2015 14:10:54 (-0400)
Queries to: ricohdevice@scana.com

CEO Talking Points – April 28, 2015

□ **Schedule Concerns**

- Consortium has no credibility for developing a realistic schedule
 - In the Aug 2014 Rebaselined Schedule, the consortium stated that Substantial Completion Dates (SCDs) of Dec 2018 and Dec 2019 were achievable for Units 2 and 3, respectively.
 - In Jan 2015, the consortium acknowledged that the Dec 2018/Dec 2019 SCDs were not achievable, but that Jun 2019 and Jun 2020 SCDs for Units 2 and 3 were achievable. However, even meeting the Jun 2019/Jun 2020 dates would require expediting a number of shield building wall panels from NNI three months for Unit 2 and five months for Unit 3.
 - In Mar 2015, the consortium communicated that the Unit 2 SCD had slipped 52 days to Aug 10, 2019.
 - As of Apr 20, 2015 Unit 2 substantial completion had slipped 70 days past the Jun 2019 commitment.
 - The consortium continues to fail on executing critical path work.
 - Two self-imposed stop work actions were required because of lack of work control in the containment vessel.
 - Currently 17 concrete placements are late – not all due to design changes.
 - Layer 3 concrete (baseline date Mar 18) is currently 5/5
 - Incomplete design and late design changes continue to significantly impact construction execution and schedule.
 - A change to rebar configuration for the CA-01 to CA-05 interface has impacted layers 3/4/5 concrete placement in containment.
 - A late change communicated to site Mar 25 has impacted layer 5 rebar and embedments – a potential 12-week delay.
 - Late identification of the use of the incorrect code year for welded rebar couplers resulted in a purposed violation at plant Vogtle and stopped all current concrete pours at VCS. The code year used to

- Target Cost (Since receipt of EAC Aug 29, 2014)
 - Direct Craft Productivity Factor has averaged 2.23 vs. the EAC basis of 1.15 resulting in **\$16.6 million** in additional costs to the Owner.
 - The consortium has indicated and it is apparent that unit rates affecting earned work were bad estimates; therefore, we believe the EAC is significantly understated.
 - Indirect to Direct Craft Labor Ratio has averaged 1.34 vs. the EAC basis of 0.39 resulting in **\$31.4 million** in additional costs to the Owner.
 - Field Non-manual to Direct Craft Labor Ratio has averaged 1.29 vs. the EAC basis of 0.53 resulting in **\$48.1 million** in additional costs to the Owner.
 - The total additional costs over the EAC are **\$96.1 million** in the seven months since we received the EAC.
 - Not only are PF, IC/DC Ratio, and FNM/DC Ratio significantly above the EAC basis, all three are trending higher since receipt of the EAC.

- Production Tax Credits are at risk.
- Financing Costs are at risk for increasing.
- BLRA rate recovery is at risk.
- The Consortium's inability to negotiate reasonable terms with Southern Company for a cost sharing change order for Cyber Security potentially adds a significant cost increase to the proposed change order for SCANA and presents a potential schedule risk for the project.

To: BYNUM, ALVIS J JR[ABYNUM@scana.com]
From: ROWLAND, PAULA
Sent: Mon 9/14/2015 4:00:53 PM
Subject: FW: Discussions
201509141602.pdf

For your file. Letter was just emailed to Danny and cc'd to Lonnie.

Thanks,

Paula Rowland
Senior Executive Assistant
Office of Chairman & CEO
SCANA Corporation
100 SCANA Parkway
Cayce, SC 29033
803/217-8296



September 14, 2015

Mr. Danny Roderick
President & CEO
1000 Westinghouse Electric Drive
Cranberry Township, PA 16066

Dear Danny:

We received the draft dated September 12, 2015. Yesterday afternoon, our team and I hosted the Santee Cooper team in Columbia, including CEO Lonnie Carter and General Counsel Mike Baxley. While we do not believe that your objective of having a binding agreement in place this week is achievable, we do pledge to work with you in good faith, and the fact that our teams met in person over the weekend should demonstrate that commitment.

We appreciate the fact that you have presented three financial options for our consideration. Unfortunately, we have many questions about the proposals that need to be addressed before we will be able to complete our evaluation. Consistent with your stated intent to "clear the decks," we also would require satisfactory resolution of all other existing commercial issues. I know that members of your team met with our commercial group this morning. If we are to reach an agreement, it is imperative that your team be candid and open in these discussions. The meetings held last week were not productive as your team was not prepared to share detailed information regarding WEC's proposal. We would specifically request detailed information about how the numbers were calculated and what scopes of work are included in each. If we cannot reconcile the information to our current agreement and related filings, we simply cannot proceed.

Let me also provide some preliminary feedback on the other terms that you have proposed. First, the Owners do not intend to pay Westinghouse 100% of all amounts that you claim are currently due. In fact, we are not clear exactly what amounts Westinghouse claims are due. However, we are open to your suggestion of a dispute resolution board, and we would consider allowing that board to resolve all of our current disputes, including the issues that we have identified to you.

As far as your suggested liquidated damages, we will insist that if a unit is not "placed in service" before January 1, 2021, Westinghouse will share equally in the projected lost economic value of the Production Tax Credits described in Section 45J of the Internal Revenue Code associated with that unit, expressed as a one-time lump sum payment. In addition, any agreement on future delays will have to include a revision to and narrowing of the definition of "uncontrollable circumstances."

Your request that we release the CB&I guaranty is a major issue. As we explained on Friday, even if Westinghouse accepts the obligations of CB&I, we would be left with only one parent company guaranty rather than two, which necessarily increase the financial exposure of the Owners. In addition, the value

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of the Toshiba guaranty is less than it was when we signed the EPC Agreement back in 2008. Releasing the CB&I guaranty would represent a substantial financial concession on the Owners' part, and we will not agree to it absent commercial terms that are significantly more favorable than what you have proposed. Unless you are prepared to offer such terms, we would suggest taking this issue off of the table.

In addition, it is imperative that any agreement between the Owners and Westinghouse eliminate going forward the concept of "progress payments" in favor of payments associated with Westinghouse achieving defined project milestones. In order to increase transparency and to assist Westinghouse in getting the project back on track, integrating an owner's engineer into the project is also critical.

We are open to awarding you the cyber security work, but only under the terms that were informally agreed to in February. We will not allow a delay in your cyber work to be used to justify a delay in the substantial completion dates of the project, except under very unusual and defined circumstances.

We are willing to work with you in good faith, but the request for a binding commitment later this week is not reasonably attainable. We are looking for a long-term commitment to improved performance, and your oral assurances, while helpful, are simply not adequate, without more.

As a final note, before we would sign a binding commitment, we will insist upon a formal meeting with Mr. Shigenori Shiga, in order to assure ourselves of Toshiba's commitment to the success of project and any agreement we may reach with Westinghouse. In the meantime, if we are to pursue any sort of agreement at this time, we will need your team to provide timely and complete responses to all of our requests. If you will do that, we will do our best to accommodate your reasonable requests for a timely conclusion. Of course, any binding agreement would have to be subject to the approval of the boards of both SCE&G and Santee Cooper, as well as by applicable regulatory bodies.

We certainly would like to see our issues resolved and the project move towards success, and we look forward to working with you towards that goal.

Sincerely,



Kevin B. Marsh

C: Lonnie Carter



July 22, 2014
NND-14-0431

Abney A. (Skip) Smith
Manager
Business & Financial Services
New Nuclear Deployment

Ms. JoAnne W. Hyde
Consortium Commercial Director
Westinghouse Electric Company
Nuclear Power Plants
1000 Westinghouse Drive, Suite 112
Cranberry Township, PA 16066

Subject: V.C. Summer Units 2 and 3 Guaranteed Substantial Completion Dates

Reference: (1) VSP_VSG_002819, dated July 16, 2014
(2) NND-14-0354, "V.C. Summer Units 2 and 3 Guaranteed Substantial Completion Dates," dated June 19, 2014
(3) Engineering, Procurement, and Construction Agreement for AP1000 Nuclear Power Plants, Dated May 23, 2008 – V.C. Summer Units 2 and 3 ("Agreement")

Dear Ms. Hyde:

We are in your receipt of the Consortium's letter in reference (1) in response to our letter in reference (2) and disagree with the Consortium's positions therein. Furthermore, we want to set the record straight on the issue dealing with schedule.

The Consortium's letter in reference (1) can be read to imply that we encouraged the Consortium not to provide a schedule. That statement is inaccurate. We have been pressing for a schedule for months, and it is our position that the Consortium's failure to provide one is a direct breach of the EPC Agreement [reference (3)]. What the Consortium offered, and we declined, was a schedule that both sides knew was incomplete and inaccurate. What we want, and have requested, is a schedule that takes into account all factors and provides realistic and achievable dates which both we and third parties can rely on. Such a schedule was not available to us on the dates referenced in the Consortium's letter [reference (1)]. That schedule is still not available to us as of the date of this letter.

In summary, the only schedules that we have declined to accept are ones that are clearly inaccurate. Please let me know if you have any questions or comments.

Sincerely,

Abney A. (Skip) Smith
Manager
Business & Financial Services

AAS/mf/cvt

c: Ronald Jones – SCE&G
Carlette Walker – SCE&G
Alan Torres – SCE&G
Brad Stokes – SCE&G
April Rice – SCE&G
Roosevelt Word – SCE&G
Larry Cunningham – SCE&G
Dave Lavigne – SCE&G
Ken Browne – SCE&G
Al Bynum – SCE&G
Marion Cherry – Santee Cooper
Christopher Levesque - Westinghouse
Joel Hjelseth – Westinghouse
Daniel Churchman – Westinghouse
Daniel Magnarelli – Westinghouse
Jeff Coward – Westinghouse
Travis Tomb – Westinghouse
Michael Frankle – Westinghouse
Luke Miller - Westinghouse
Brian McIntyre – Westinghouse
Brian Bedford - Westinghouse
Susan May – Westinghouse
Denise Cervenyak – Westinghouse
Linda Ackerman – Westinghouse
William Macecevic - Westinghouse
Kenneth Hollenbach – CB&I Stone & Webster
William O. Wood – CB&I Stone & Webster
Mehdi Maibodi – CB&I Stone & Webster
Sean Burk – CB&I Stone & Webster
Randy Harrison – CB&I Stone & Webster
Lucinda Vasbinder – CB&I Stone & Webster
Dave Marcelli – CB&I Stone & Webster
Dale Garrison – CB&I Stone & Webster
Thomas Moran – CB&I Stone & Webster
Ian Hunt – CB&I Stone & Webster
Jessica Dills – CB&I Stone & Webster
A.J. Marciano – CB&I Stone & Webster
Joseph Arostegui – CB&I Stone & Webster
Rebecca Russell – CB&I Stone & Webster
Mike Marconi – CB&I Stone & Webster
Kenneth Jenkins – CB&I Stone & Webster
VCSNNDcorrespondence@scana.com
VCSummer2&3ProjectMail@cbi.com
VCSummer2&3Project@westinghouse.com
DCRM-EDMS@scana.com

To: SMITH, ABNEY A JR[SASMITH@scana.com]
Cc: JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]
From: YOUNG, KYLE MATTHEW
Sent: Thur 7/31/2014 12:08:12 PM
Subject: RE: IPS Schedule review

Just be mindful that if you use the Article 3.3 stance that they have not given us access to a schedule since February, this may contradict what Alan told the ORS (Dukes) in response to their question whether the Consortium is out of compliance. From my understanding Alan cited the 3-week look-ahead and the 18-month look-ahead schedules as compliance with delivering a schedule.

Separately, I think the C.O. 10 argument would be cleaner. It will also hurt our Operational Readiness efforts, because we need an electronic IPS to help tie the SCE&G OR schedule to Consortium end dates for testing and system turnover to our Pre-Op and Maintenance dates, as well as procurement dates for SCE&G supplied-equipment.

From: SMITH, ABNEY A JR
Sent: Thursday, July 31, 2014 11:55 AM
To: YOUNG, KYLE MATTHEW
Cc: JOHNSON, SHIRLEY S
Subject: Fw: IPS Schedule review

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: JOHNSON, SHIRLEY S <SWJOHNSON@scana.com>
Sent: Thursday, July 31, 2014 11:47 AM
To: SMITH, ABNEY A JR
Subject: RE: IPS Schedule review

The EPC Agreement does not mention anything about the schedule having to be in electronic format, which was part of the reason Alan felt it was reasonable and appropriate oversight tool for us to have electronic access to the IPS in Primavera. So we did execute Change Order #10 in the latter part of 2010. In my mind, since they have not given us access to a schedule since February 2014, the Consortium has not been complying with Article 3.3 and now that there is a schedule, but they are not giving us access to an electronic version, they will not be in compliance with Change Order #10.

From: SMITH, ABNEY A JR
Sent: Thursday, July 31, 2014 11:27 AM
To: JOHNSON, SHIRLEY S
Subject: FW: IPS Schedule review

Shirley, do we have contract leverage in getting electronic schedule? I believe we have change order paying additional dollars for Primavera schedule access? Thanks

Abney A. (Skip) Smith
Manager, Business & Financial Services
New Nuclear Deployment

South Carolina Electric & Gas Co.
803-941-9816 (Office)
803-530-5532 (Cell)
sasmith@scana.com

From: HYDRICK, BERNARD JR
Sent: Thursday, July 31, 2014 10:24 AM
To: YOUNG, KYLE MATTHEW
Cc: SMITH, ABNEY A JR
Subject: RE: IPS Schedule review

I would very much like to know **why** we are not getting the schedule in a Primavera format(.xer) that we can download to our server or why it cannot be copied and posted to the WEC server for us to access. We are paying EXTRA money for seats on a server, to access a schedule that that has been of no use for the last 6 months. At the very least..this money should be refunded to us.
Bernie

Bernard Hydrick Jr
Schedule Coordinator - New Nuclear Deployment
SCE&G | V.C. Summer Nuclear Station
P.O. Box 88 | MC P-40
Jenkinsville, SC 29065-0088
803-941-9988 Office
803-391-9359 Cell
bhydrick@SCANA.com

From: YOUNG, KYLE MATTHEW
Sent: Wednesday, July 30, 2014 3:27 PM
To: Elam, Terry
Cc: Tibbetts, Aaron; HYDRICK, BERNARD JR; COLEMAN, JONATHAN M
Subject: IPS Schedule review

Terry,

Here is what we have been told we will receive Friday:

- IPS
 - Level 1 Schedule
 - Critical Path (mitigated and unmitigated)
 - An update to the overall project milestone sheet (the one with 40-50 activities on it)
 - No electronic file of IPS
- EAC
 - A range

Based on this, I need to understand your team's availability to meet with us on the schedule during the month of August. If we do not receive the IPS electronically, then our plan would be to meet with the Consortium project controls team at least 3 days a week to look over your shoulder at particular portions of the new IPS, review assumptions, and run comparisons vs. past baseline schedules, review

resource loading, etc. I would expect that we would leave your folks with tasks in between these meetings to run down.

I just wanted to make sure you were prepared to devote some folks to us in the near term. We want to hit the ground running next week, so please you or Aaron let me know when you want to discuss logistics.

Thanks, Kyle

Kyle Young
NND Construction
803.941.9811 Office
803.543.9582 Mobile

To: WALKER, CARLETTE L[CWALKER@scana.com]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]
From: SMITH, ABNEY A JR
Sent: Fri 8/1/2014 4:39:15 PM

Just talked to Kenny. He talked to Steve and then Dukes. Kenny told Dukes that we were not happy with what we got during the meeting today and were frustrated with lack of detail and and the questionable assumptions being used by the Consortium for the IRS. Kenny told Dukes that Steve will get with Dukes after our team has had a chance to dig into the details and get more information. No commitment date for this to happen was given to Dukes. No specifics discussed. When Anthony calls, we'll communicate the conversation between Kenny and Dukes and the same message emphasizing our frustration with the Consortium in what we received today. I copied Kenny for his confirmation.

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

To: WALKER, CARLETTE L[CWALKER@scana.com]
From: SMITH, ABNEY A JR
Sent: Sun 8/3/2014 2:11:16 PM
Subject: Fw: Characterization of Commercial Problems Internal Agenda

It would good to have examples of invoices that we have paid 90 percent only to be strung along for extended period. The electrical cable for instance which dragged on over a year. Sorry I haven't had chance to look at this until today. Maybe we can discuss tomorrow.

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: SMITH, ABNEY A JR <SASMITH@scana.com>
Sent: Sunday, August 3, 2014 1:31 PM
To: WALKER, CARLETTE L
Subject: Re: Characterization of Commercial Problems Internal Agenda

Carlette. A major item of difference is the Consortium position that delays not structural module driven but regulatory driven. Also, need to make sure the DCP impacts are covered which we consider broke fix. Hope your weekend going well.

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: WALKER, CARLETTE L
Sent: Thursday, July 31, 2014 8:28 PM
To: ARCHIE, JEFFREY B; ADDISON, JIMMY E; BYRNE, STEPHEN A
Cc: CHERRY, WILLIAM; JOHNSON, SHIRLEY S; BROWNE, KENNETH JEROME; WICKER, SHERI L; KOCHEMS, KEVIN R; WALKER, CARLETTE L; SMITH, ABNEY A JR; JONES, RONALD A
Subject: Characterization of Commercial Problems Internal Agenda

Attached is what I hope is a final draft agenda for the meeting next week. Once we all agree to the topics and the problem statements (added in gray italics), I will eliminate the comments added for our internal discussions that are in red and forward to all parties planned for the meeting.

Thanks,
Carlette

To: KOCHEMS, KEVIN R[KKOCHEMS@scana.com]; BROWNE, KENNETH JEROME[KENNETH.BROWNE@scana.com]; WALKER, CARLETTE L[CWALKER@scana.com]; WICKER, SHERI L[SWICKER@SCANA.COM]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]; CHERRY, WILLIAM[WILLIAM.CHERRY@scana.com]
From: SMITH, ABNEY A JR
Sent: Mon 8/25/2014 9:41:09 AM
Subject: RE: Preparation for Getting and Reviewing the EAC

Good ideas. Let's try to get together today, if possible to discuss. We'll be tied up the next couple of days with ORS. It would be good to have a plan in place by Friday. Thanks for your suggestions and help.

Abney A. (Skip) Smith
Manager, Business & Financial Services
New Nuclear Deployment
South Carolina Electric & Gas Co.
803-941-9216 (Office)
803-530-5532 (Cell)
tasmith@scana.com

From: KOCHEMS, KEVIN R
Sent: Monday, August 25, 2014 9:37 AM
To: BROWNE, KENNETH JEROME; SMITH, ABNEY A JR; WALKER, CARLETTE L; WICKER, SHERI L; JOHNSON, SHIRLEY S; CHERRY, WILLIAM
Cc: YOUNG, KYLE MATTHEW
Subject: RE: Preparation for Getting and Reviewing the EAC

Ken,

Glad you brought this up. With a complex task of this magnitude and with such a large team, I think it is imperative that we have clear focus on achieving our objectives. With Skip and Carlette setting the overall goals and then you focusing the team on achieving them, I am very optimistic.

To your suggestions:

- 1) Using the ERB is a great idea. This will allow us to stay focused on our task. I would suggest we begin 7:00, which will allow us to go until a natural stopping point.
- 2) I plan on being part of the team and will bring in Meagen if you think we need her.
- 3)
- 4) While this is a Carlette/Skip call, I would think our goal should be to put a price on the schedule we plan to accept. This maybe higher or lower than the EAC delivered.
- 5) I think this needs to be the schedule we plan to file with the PSC (whether we think it is achievable or not).
- 6) Not sure if a presentation or report is better, but we should keep the end product of a PSC filing and Testimony in mind so that we aren't redoing work in a month.
- 7) I think we should get through this as quickly as possible. We are already behind schedule to support a November filing date.
- 8)

I also think spending some time together before Friday is a good idea (I can do this for you if you'd like).

Kevin

From: BROWNE, KENNETH JEROME
Sent: Monday, August 25, 2014 8:24 AM
To: SMITH, ABNEY A JR; WALKER, CARLETTE L; KOCHEMS, KEVIN R; WICKER, SHERI L; JOHNSON, SHIRLEY S; CHERRY, WILLIAM
Cc: YOUNG, KYLE MATTHEW
Subject: Preparation for Getting and Reviewing the EAC

I did some thinking over the weekend about a plan for review of the EAC when we get it. As you all know, we are supposed to get it this on Friday morning. Our review will be much more effective and efficient if we have a plan prior to getting it.

- 1) Being separated from everything for the last 2 weeks for work on the schedule has been good and I think a similar approach for the EAC may be beneficial if we need a quick review. Probably not for a whole day, but maybe ½ days (7:00 – 11:30 or 12:30 – 5:00) . There is a conference room here in the ERB that would work well. I don't think it would work as well to attempt the same thing in our conference room in the office, but I guess it is an option. The schedule team review may continue through next week to prepare a presentation but space should be available here. The room has a conference table, 8 chairs (room for a couple more), a white board, and a large TV/ monitor on the wall. There is also a larger classroom with 30 chairs where we have been doing the schedule review. Kyle says we will finished here by this Friday.
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Possibly Ken, Kevin (and/or somebody from his team), Sheri (and/or somebody from her team), Shirley (and/or somebody from her team), Marion (or somebody else from Santee Cooper, Fritz Hood?) Christina (to extract Shawtrac data as needed for comparison, full time/part time?), somebody from Construction (full time/part time?)
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Maybe other things I have not thought of...

I have attached the EAC Review summary that we worked on a couple of weeks ago and it probably needs a few tweaks, but it is a good start. I suggest that we get together sometime this week before we get the EAC to discuss, and then sometime on Friday after the delivery.

Please let me know your thoughts on this.

Thanks, Ken

Ken Browne, P.E.
Senior Engineer
Business and Financial Services
New Nuclear Deployment, SCE&G
(803)941-9817

To: KOCHEMS, KEVIN R[KKOCHEMS@scana.com]; SMITH, ABNEY A JR[SASMITH@scana.com]; WALKER, CARLETTE L[CWALKER@scana.com]; WICKER, SHERI L[SWICKER@SCANA.COM]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]; CHERRY, WILLIAM[WILLIAM.CHERRY@scana.com]
Cc: YOUNG, KYLE MATTHEW[KYLE.YOUNG@scana.com]
From: BROWNE, KENNETH JEROME
Sent: Mon 8/25/2014 9:43:56 AM
Subject: RE: Preparation for Getting and Reviewing the EAC

Kevin, If you could set up something for this week, that would be good. I will try to break away from the IPS to join in. Thursday afternoon would not be good for me, because Chris Lavesque is going to be joining the IPS team for an outbrief then and I would like to be here for that.

Just include me in your meeting invite...

Thanks, Ken

From: KOCHEMS, KEVIN R
Sent: Monday, August 25, 2014 9:37 AM
To: BROWNE, KENNETH JEROME; SMITH, ABNEY A JR; WALKER, CARLETTE L; WICKER, SHERI L; JOHNSON, SHIRLEY S; CHERRY, WILLIAM
Cc: YOUNG, KYLE MATTHEW
Subject: RE: Preparation for Getting and Reviewing the EAC

Ken,

Glad you brought this up. With a complex task of this magnitude and with such a large team, I think it is imperative that we have clear focus on achieving our objectives. With Skip and Carlette setting the overall goals and then you focusing the team on achieving them, I am very optimistic.

To your suggestions:

- 1) Using the ERB is a great idea. This will allow us to stay focused on our task. I would suggest we begin 7:00, which will allow us to go until a natural stopping point.
- 2) I plan on being part of the team and will bring in Meagen if you think we need her.
- 3)
- 4) While this is a Carlette/Skip call, I would think our goal should be to put a price on the schedule we plan to accept. This maybe higher or lower than the EAC delivered.
- 5) I think this needs to be the schedule we plan to file with the PSC (whether we think it is achievable or not).
- 6) Not sure if a presentation or report is better, but we should keep the end product of a PSC filing and Testimony in mind so that we aren't redoing work in a month.
- 7) I think we should get through this as quickly as possible. We are already behind schedule to support a November filing date.
- 8)

I also think spending some time together before Friday is a good idea (I can do this for you if you'd like).

Kevin

From: BROWNE, KENNETH JEROME
Sent: Monday, August 25, 2014 8:24 AM
To: SMITH, ABNEY A JR; WALKER, CARLETTE L; KOCHEMS, KEVIN R; WICKER, SHERI L; JOHNSON, SHIRLEY S; CHERRY, WILLIAM
Cc: YOUNG, KYLE MATTHEW
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To: KOCHEMS, KEVIN R[KKOCHEMS@scana.com]
From: SMITH, ABNEY A JR
Sent: Thur 10/2/2014 8:42:38 AM
Subject: Re: Estimated Escalation for EAC

Got it. Thanks

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: KOCHEMS, KEVIN R
Sent: Thursday, October 2, 2014 8:41 AM
To: SMITH, ABNEY A JR
Subject: RE: Estimated Escalation for EAC

Skip,

No. The 1.2 we were talking about yesterday was 100% EPC. This 1.18 is 55% EPC, Owners, and Escalation.

Stop by if you get a second and I can walk you through this sheet.

Kevin

From: SMITH, ABNEY A JR
Sent: Thursday, October 02, 2014 8:24 AM
To: KOCHEMS, KEVIN R
Subject: Re: Estimated Escalation for EAC

Kevin, is 1.18b at 55 percent the same 1.2 we were talking about yesterday which was 100 percent

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: KOCHEMS, KEVIN R
Sent: Thursday, October 2, 2014 8:19 AM
To: WALKER, CARLETTE L; BROWNE, KENNETH JEROME; WICKER, SHERI L
Cc: SMITH, ABNEY A JR; WRIGHT, SUSAN CAROLE; BOOMHOWER, ERIC J
Subject: RE: Estimated Escalation for EAC

Attached is a spreadsheet that summarizes the exercise Carlette discussed with you. We tried to put the numbers in context as best we could with the notes at the bottom of the sheet, but I can't emphasize enough how rough these numbers are. We still have a lot of work to do to produce a number we can defend.

Let me know and I'd be happy to walk you through what we did.

Kevin
89826

From: WALKER, CARLETTE L

Sent: Wednesday, October 01, 2014 8:08 PM

To: KOCHEMS, KEVIN R; BROWNE, KENNETH JEROME; WICKER, SHERI L

Cc: SMITH, ABNEY A JR; WRIGHT, SUSAN CAROLE; BOOMHOWER, ERIC J

Subject: Estimated Escalation for EAC

Hey Kevin, Susan and Eric called me late this afternoon with a question about the estimated escalation on the EPC increased cost as rept'd to us. I shared that this was a request we made of the Consortium but that it was refused do far. I told them that you had made this calc but that it is a really rpoough cut based on a rough cut cash flow for that increase. I explained we had added a small increase by eliminating the use of the current 1 year HW and using the current 5 year HW. They are not planning to disclose this tomorrow (thursday) but wanted to begin collecting data for anticipated questions. Can you share this amount for SCEG (55%) after you get in? I have already explained that all of our disclosures to-date have been based on the 55% ownership. Please Cc myself and Skip on the email. We can talk further about this between meetings in the morning or on Friday. In my absence or presence, I told them you were the brain trust behind these numbers and told them to feel comfortable calling you directly if they have questions about the info you share.

Thanks so much, again!

Carlette

To: SMITH, ABNEY A JR[ASAMITH@scana.com]; KOCHEMS, KEVIN R[KKOCHEMS@scana.com]; WICKER, SHERI L[SWICKER@SCANA.COM]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]; BROWNE, KENNETH JEROME[KENNETH.BROWNE@scana.com]
Cc: CHERRY, WILLIAM[WILLIAM.CHERRY@scana.com]
From: WALKER, CARLETTE L
Sent: Thur 10/2/2014 8:12:01 PM
Subject: Fw: Phone call with Jeff Archie - Oct 1, 2014

For your review and insight into what Jeff and Don are thinking/planning.

From: ARCHIE, JEFFREY B <JARCHIE@scana.com>
Sent: Thursday, October 2, 2014 4:48 PM
To: 'DePierro, Don'
Cc: 'Benjamin, Jeffrey A'; Christopher R. Levesque; JONES, RONALD A; BYRNE, STEPHEN A; 'Crosby, Michael'; Lyash, Jeff; WALKER, CARLETTE L
Subject: FW: Phone call with Jeff Archie - Oct 1, 2014

My comments are in Red below.

Jeff A

From: DePierro, Don [mailto:don.depierro@cbl.com]
Sent: Wednesday, October 01, 2014 3:43 PM
To: ARCHIE, JEFFREY B
Cc: Lyash, Jeff; Benjamin, Jeffrey A; Christopher R. Levesque; Kenneth W. Hollenbach; JONES, RONALD A; Skudlarick, Josh
Subject: Phone call with Jeff Archie - Oct 1, 2014

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Jeff

The following is a summary of today's call. Please edit or add if necessary:

1. Planning process implementation is underway for short term, intermediate range and long range. Short Term POD is established and occurs each day to address the immediate, daily and short term needs. Intermediate Range Planning is up and running. Each week the team meets focusing on the 3 week look ahead, restraints, work package planning and material needs, work progress –v- plan and performance. The Long range Planning team is mobilized to address all the necessary activities and actions to assure successful execution at the work front. This team focuses on the EPC work streams and deliverables, including constructability problems to assure successful execution and no emergent, un-planned items interrupt or restrain work. Note these planning processes are being executed for the most part but are not in some cases very mature (wet paint).
2. The team will pursue Benchmarking of TVA Watts Barr's Long Range and Short Term Work Planning process if not done already.
3. Suggested an extended series workshops with SCANA Sr. Mgt. and Senior Consortium

Management to better align the SCANA and the Consortium Senior Management on the EPC execution challenges, focusing on the Gaps, Challenges, Risk impacting Engineering, Procurement and Construction delivery process. Specific area we discussed Don was the shield building execution plan.

4. Craft Resources Discussion:
 - a. The following strategies and actions can be employed to draw and retain labor, presuming the work conditions and safety are good.
 - i. Wage Rate
 - ii. Per Diems
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 - iv. Work Hours
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 - c. Ken Hollenbach is the VC summer point person responsible for managing labor at the Project with assistance from and coordination with CBI Functional and Corporate Construction Management.
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10. Understand Kevin Marsh, Danny Roderick and Phil Asherman are meeting on 10/13 where they may reach an understanding on a path forward for alignment on:
 - a. Cost
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Regards.....Don



Donald DePierro
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To: WALKER, CARLETTE L[CWALKER@scana.com]; KOCHEMS, KEVIN R[KKOCHEMS@scana.com]; WICKER, SHERI L[SWICKER@SCANA.COM]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]; BROWNE, KENNETH JEROME[KENNETH.BROWNE@scana.com]
Cc: CHERRY, WILLIAM[WILLIAM.CHERRY@scana.com]
From: SMITH, ABNEY A JR
Sent: Thur 10/2/2014 9:15:39 PM
Subject: Re: Phone call with Jeff Archie - Oct 1, 2014

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Sent: Thursday, October 2, 2014 8:12 PM
To: SMITH, ABNEY A JR; KOCHEMS, KEVIN R; WICKER, SHERI L; JOHNSON, SHIRLEY S; BROWNE, KENNETH JEROME
Cc: CHERRY, WILLIAM
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To: BROWNE, KENNETH JEROME[KENNETH.BROWNE@scana.com]; SMITH, ABNEY A JR[SASMITH@scana.com]; WALKER, CARLETTE L[CWALKER@scana.com]; KOCHEMS, KEVIN R[KKOCHEMS@scana.com]; WICKER, SHERI L[SWICKER@SCANA.COM]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]
From: CHERRY, WILLIAM
Sent: Fri 10/3/2014 9:20:39 AM
Subject: RE: Phone call with Jeff Archie - Oct 1, 2014

Amen, brothers!

Marion Cherry
Santee Cooper Representative
New Nuclear Deployment-VCSNS
803-941-9818 (NND Office)
803-837-0147 (Cell)
843-761-8000 ext. 5175 (Moncks Corner Office)

From: BROWNE, KENNETH JEROME
Sent: Friday, October 03, 2014 8:06 AM
To: SMITH, ABNEY A JR; WALKER, CARLETTE L; KOCHEMS, KEVIN R; WICKER, SHERI L; JOHNSON, SHIRLEY S
Cc: CHERRY, WILLIAM
Subject: Re: Phone call with Jeff Archie - Oct 1, 2014

Skip, Preach on Rev....You hit the nail on the head! The Consortium response to every issue is another program, more people, more money. The new OSS group is a perfect example. In response to the failure of Project Controls doing their job, we got OSS. Included in the EAC is a deviation for \$1.5 M (I think, maybe more) for OSS. The reason given is excess Owner audits and billing questions. They never gave a thought to shifting positions, or dollars from Project Controls budget. And now we have more cost but the problems are not fixed. At least one half of their effort is hiding cost, not fixing problems. This month we got the bill for "impact resistant" work gloves (\$12,500). It should not be billed to us because we pay for PPE with labor markups. It sticks out like a sore thumb (sorry, but I had to say that) in the invoice detail, but our overpaid OSS did not catch it. Bring this up and we will be challenged as petty because it's only \$12,500.

Until we demand performance, and penalize for failure, nothing will change.

Hope y'all have a good day, and weekend. Ken

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: SMITH, ABNEY A JR
Sent: Friday, October 3, 2014 6:04 AM
To: WALKER, CARLETTE L; KOCHEMS, KEVIN R; WICKER, SHERI L; JOHNSON, SHIRLEY S; BROWNE, KENNETH JEROME
Cc: CHERRY, WILLIAM
Subject: Re: Phone call with Jeff Archie - Oct 1, 2014

It's a good thing you've lost part of your voice. You'd be blasting out of my BlackBerry screen.

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: WALKER, CARLETTE L
Sent: Thursday, October 2, 2014 9:44 PM
To: SMITH, ABNEY A JR; KOCHEMS, KEVIN R; WICKER, SHERI L; JOHNSON, SHIRLEY S; BROWNE, KENNETH JEROME
Cc: CHERRY, WILLIAM
Subject: Re: Phone call with Jeff Archie - Oct 1, 2014

I agree 100%. We need actionable items on their (WEC and cbi) parts to drive change and let's quit talking about and around the problems. Just for the record, I don't have any emotion in my voice:)

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Sent: Thursday, October 2, 2014 9:15 PM
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Cc: Lyash, Jeff; Benjamin, Jeffrey A; Christopher R. Levesque; Kenneth W. Hollenbach; JONES, RONALD A; Skudlarick, Josh
Subject: Phone call with Jeff Archie - Oct 1, 2014

***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.

Jeff

The following is a summary of today's call. Please edit or add if necessary:

1. Planning process implementation is underway for short term, intermediate range and long range. Short Term POD is established and occurs each day to address the immediate, daily and short term needs. Intermediate Range Planning is up and running. Each week the team meets focusing on the 3 week look ahead, restraints, work package planning and material needs, work progress –v- plan and performance. The Long range Planning team is mobilized to address all the necessary activities and actions to assure successful execution at the work front. This team focuses on the EPC work streams and deliverables, including constructability problems to assure successful execution and no emergent, un-planned items interrupt or restrain work. Note these planning processes are being executed for the most part but are not in some cases very mature (wet paint).
2. The team will pursue Benchmarking of TVA Watts Barr's Long Range and Short Term Work Planning process if not done already.
3. Suggested an extended series workshops with SCANA Sr. Mgt. and Senior Consortium Management to better align the SCANA and the Consortium Senior Management on the EPC execution challenges, focusing on the Gaps, Challenges, Risk impacting Engineering, Procurement and Construction delivery process. Specific area we discussed Don was the shield building execution plan.
4. Craft Resources Discussion:

- a. The following strategies and actions can be employed to draw and retain labor, presuming the work conditions and safety are good.
 - i. Wage Rate
 - ii. Per Diems
 - iii. Bonuses
 - iv. Work Hours
 - b. The Project coordinates with CBI Labor Relations and manages the above items on an enterprise or portfolio basis considering the immediate and wider geographical region.
 - c. Ken Hollenbach is the VC summer point person responsible for managing labor at the Project with assistance from and coordination with CBI Functional and Corporate Construction Management.
5. Ken / Chris and Ron will coordinate on conducting a labor management briefing for SCANA Management describing how the Project and CBI manages the above items (suggest it be included in an upcoming PRM) My comment was that we have this discussion first with Carlette's commercial team. The initial discussion needs to be outside of the PRM.
 6. A protocol or process should be established for SCANA Management to participate and align with the Consortium on Cost -v- Schedule decisions related to craft wages, per diems and other cost drivers that will flow to the Target
 7. CBI Module Management Team will provide a briefing on the Status of SMCI and CA03 (suggest it be included in an upcoming PRM). We expect this discussion to take place after the assessment is complete and it does not need to wait on a scheduled PRM.
 8. The Shield Building Execution Plan will be presented (suggest an upcoming PRM). Focus will be on erection by CBIS, ground fab plan, unit rates, sustained weld rates.
 9. Schedule and Cost alignment
 - a. Need to decide on the "operational" Target Schedule – Consortium is currently working to the Sept 2018 IPS. Operational decisions are be made to support this schedule.
 - b. Ultimately need decide on the schedule for external communication purposes, ORS, etc.....
 - c. SCANA and Consortium need to align on overall EAC and in addition, the acceleration cost
 - d. Consortium is preparing acceleration cost and will provide forecast for completion
 10. Understand Kevin Marsh, Danny Roderick and Phil Asherman are meeting on 10/13 where they may reach an understanding on a path forward for alignment on:
 - a. Cost
 - b. Schedule
 - c. Contract

Regards.....Don



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 Sr. Vice President
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 +1 704--576-8428 Cell

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Charlotte, NC 28202
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www.CBI.com

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To: Bill Timmerman[wbtimmermanjr@gmail.com]
From: MARSH, KEVIN B
Sent: Thur 2/21/2013 2:05:14 PM
Subject: RE: Bonus

Finished the year strong. We moved from 22nd percentile for TSR last year to 66th in 2013. Long-term payout will be \$1,049,938. You can now buy a first class bass boat unless Debi finds out! Do you want us to direct deposit the payment? Kevin

-----Original Message-----

From: Bill Timmerman [mailto:wbtimmermanjr@gmail.com]
Sent: Thursday, February 21, 2013 9:53 AM
To: MARSH, KEVIN B
Subject: Re: Bonus

Email will be great. Looks like all is well. Jimmy told me Bill Amick is really sick. Genuinely sorry to hear he is ailing but glad Tuesday was his last official board meeting. Hope you get good news from the NRC on concrete anchors. Time for a pour! Bill

Bill Timmerman
912-580-8336
504 Forest Rd
Sea Island, GA 31561

On Feb 21, 2013, at 9:09 AM, "MARSH, KEVIN B" <KMARSH@scana.com> wrote:

> Bill,
> I have LTEP results. Do you want me to give it to you through email or call you?

To: MARSH, KEVIN B[KMARSH@scana.com]
From: Bill Timmerman
Sent: Thur 2/21/2013 3:52:38 PM
Subject: Re: Bonus

That would be great. It can go into the same account as my consulting fee. You and the team have much to celebrate. Great TSR, nuclear project going well, nice dividend bump. Life is good. Have been scoping out some bass boats, but what I really need is a place to hide one. Enjoy the weekend and thanks. Bill

Sent from my iPad

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To: STANTON, MATTHEW[MSTANTON@scana.com]
From: MARSH, KEVIN B
Sent: Mon 2/25/2013 5:00:58 PM
Subject: FW: Bonus

-----Original Message-----

From: Bill Timmerman [mailto:wbtimmermanjr@gmail.com]
Sent: Thursday, February 21, 2013 3:53 PM
To: MARSH, KEVIN B
Subject: Re: Bonus

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To: MARSH, KEVIN B[KMARSH@scana.com]
From: STANTON, MATTHEW
Sent: Tue 2/26/2013 8:19:45 AM
Subject: RE: Bonus

Kevin - Bill's direct deposit of his long-term bonus has been established for March 1.

Thanks,

Matt

-----Original Message-----

From: MARSH, KEVIN B
Sent: Monday, February 25, 2013 5:01 PM
To: STANTON, MATTHEW
Subject: FW: Bonus

-----Original Message-----

From: Bill Timmerman [mailto:wbtimmermanjr@gmail.com]
Sent: Thursday, February 21, 2013 3:53 PM
To: MARSH, KEVIN B
Subject: Re: Bonus

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To: BYRNE, STEPHEN A[SBYRNE@scana.com]
From: MARSH, KEVIN B
Sent: Mon 11/28/2016 5:25:00 PM
Subject: RE: Wednesday's SCE&G/Santee Cooper meeting

I believe the most likely source of the report was from Dukes to Mike Couick and then to Central.

From: BYRNE, STEPHEN A
Sent: Monday, November 28, 2016 4:25 PM
To: MARSH, KEVIN B <KMARSH@scana.com>
Subject: Re: Wednesday's SCE&G/Santee Cooper meeting

Interesting. I don't recall the Bechtel report ever coming up during the intervenor meetings we had or at the hearing, but I could be wrong. I also don't recall us committing to bringing more project management expertise, our compromise was to establish the CORB.

Sent from my iPhone

On Nov 28, 2016, at 3:20 PM, MARSH, KEVIN B <KMARSH@scana.com> wrote:

fyi

From: Carter, Lonnie [mailto:lonnie.carter@santeecooper.com]
Sent: Monday, November 28, 2016 1:08 PM
To: MARSH, KEVIN B <KMARSH@scana.com>
Subject: Wednesday's SCE&G/Santee Cooper meeting

***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.

Kevin,

This letter is sent to assist you in preparation for our meeting on Wednesday (11/30), as both our teams prepare for the joint Board meeting scheduled on December 5. We both share the strong desire to work as a team to see the Summer 2&3 Project successfully completed. This letter is offered in that spirit.

From Santee Cooper's perspective, there are 3 primary items we need to discuss on Wednesday. Candidly, the first two have become items of frustration for Santee Cooper, and have put me in an awkward position with my Board, who are insisting to know why no action has been taken. I asked Santee Cooper's team to prepare timelines which show when the items were raised and discussed. These timelines are written from Santee Cooper's perspective, and perhaps will provide insight to your team.

1. Increased project management expertise in large scale EPC construction.
2. Bankruptcy counsel.
3. Release of the Bechtel Report to the Cooperatives.

Increased project management expertise in large scale EPC construction-- We need to be prepared to discuss with our Board, after two years of requests and an affirmative commitment from you on more than one occasion, why this has not yet been done. The attached timeline is illustrative.

The formation of the CORB was SCANA's response to the Bechtel Report and Santee Cooper's request for better Project oversight with large EPC experience. Based on the recommendations we heard at both CORB briefings, I am concerned that we learn critical information too late from an outside team that comes in quarterly for a few days, which should have been brought to our attention by our teams. The information we learned last week was very important and key to the effectiveness of our President's Meetings with WEC and Fluor.

As we discussed following the call, we must determine if our teams have the knowledge and expertise to glean this key information. If they do have the knowledge and expertise, then what are the reasons the information does not reach us? If they do not have the knowledge and expertise, what can be done to staff in such a manner to have this information available in a timely manner?

I recommend that we move quickly to act on the CORB's recommendations and set specific timeframes for our team to implement.

Bankruptcy counsel—Bankruptcy expertise would significantly inform our team as we negotiate with WEC going forward. Our separate, collective and independent analysis suggests that the fixed price option offered by WEC is likely significantly less than the cost WEC will incur to complete the Project.

This is the very reason that we selected the fixed price. Regrettably, we must anticipate WEC having financial difficulty completing the Project, particularly in a timely manner. We should consider all options available to us that will insure WEC lives up to our Agreement. Our strategies should contemplate potential bankruptcies for both WEC and Toshiba. Toshiba's weakened financial condition is an unfortunate development as WEC's guarantor that we must also consider.

After no action on our repeated requests on this topic, as indicated in the attached timeline, I asked our legal team to find bankruptcy counsel. When we advised the SCANA team of this and our recommendation, no response has been received. This issue is of such concern to the Santee Cooper Board (as the timeline shows this was brought up at our first joint Board meeting) that I further asked our legal team to conduct an assessment of the securitization of the Project in the event WEC is unable to finish. This is something that would typically be undertaken by counsel with bankruptcy expertise. The securitization assessment is attached for your benefit. We will be prepared to discuss it further on Wednesday.

Release of the Bechtel Report to the Cooperatives—We are backed into a corner on this. Our largest customer, having learned of it through intervention in SCE&G's fixed price petition, demands a copy of the report. Our requests to your legal team to put some parameters around the disclosure has been met with the response that we should not release it. Not releasing this information will likely bring formal requests that will be an untenable position for both our companies.

We look forward to our discussion on Wednesday.

Thanks,
Lonnie

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<Nuclear Timelines--Project Management.docx.awsec>

<Nuclear Timeline-Bankruptcy.docx.awsec>

<Securitization Assessment Nov 28 2016.doc.docx.awsec>

BROWNE, KENNETH JEROME

Sent: Tuesday, August 25, 2015 4:41 PM
To: Burk, Sean M
Cc: SMITH, ABNEY A JR; JONES, RONALD A; Kenneth W. Hollenbach; White, Charles G; WALKER, CARLETTE L
Subject: Good Business Practice in Procurement
Attachments: StaplesChair.pdf; amazonchair.pdf; Compuworld'8492.pdf; Compuworld Inc Project to Date Amount.xlsx

Sean, Attached are three pdf files showing the commercial information for identical office chairs. The first one I would like to call to your attention is the file named Compuworld 8492.pdf. This is the backup information, approved by you and provided to SCE&G by CB&I for the purchase of 100 replacement office chairs for the VCS Units 2 & 3 project. The chairs were sourced from a company named Compuworld Inc. located in Columbia, SC. The backup includes a commercial analysis indicating that pricing was requested from JBE Media, Graybar, and Regional Material Handling for competitive analysis. None of these would be the obvious source of an office chair. As indicated in the backup information, and included in the July 2015 Target Price (Expense) billing to SCE&G, CB&I purchased 100 chairs at a cost of \$289.00 each (\$28,900.00 total cost). This same supplier, Compuworld, has been pointed out in numerous Target Log issues by SCE&G due to the lack of competitive pricing in prior purchases of office furnishings by CB&I. To date, CB&I has purchased over \$941,000.00 from this vendor as shown in the attached Excel file. A quick review of this information brings many questions to mind, including justification for the wide range in pricing for apparently identical items. For example, 2 Hour Fire Rated, 4 Drawer, File Cabinets have been purchased for prices ranging from \$2,128 to \$3,379. Also, a 2 Hour Fire Rated, 2 Drawer, File Cabinet was just purchased for \$3,499 and included in the July Target Price billing. This very same cabinet (FireKing Model 2-1929-2) is available from numerous sources for \$1,600 - \$1,700!

The additional pdf files provide a true competitive analysis for the chairs purchased. The identical chairs are available from Staples Office Supply at a cost of \$184.99 each, and if you wanted to get really resourceful, you could get them from Amazon for \$145.03 each. This pricing is for one chair, and it is possible that an even better price could be negotiated for 100 chairs purchased. The information was readily available and took only a minute or two to gain access. Both of these vendors also have local presence and one could even be the source for Compuworld to get their supply. At the price available from Amazon, CB&I could have saved almost 50% of the cost (\$14,397) on the very same chairs. Instead, through the purchase from Compuworld, CB&I has spent this amount unnecessarily, and thus increased the cost to SCE&G by this amount + 3.09% G&A (\$444.86) AND 4.562% PROFIT (\$677.09) to CB&I. A total of \$15,518.95 of unnecessary cost.

Some would argue that this is just a drop in the bucket in the construction of a \$10 Billion nuclear project and not worth our discussion. I can't reconcile this argument with the CB&I responsibility to SCE&G in the performance of a cost plus EPC Contract, nor can I reconcile this with the responsibility of SCE&G to our customers. This \$15,519 represents to me an indicator of the attitude that I see every month as I review the CB&I invoices. This is not an isolated case, it is only a good and easily understandable example. I prefer to see this as a mere drop in the bucket of cost reductions that are capable through the practice of making good business decisions as we move forward with this project. Again, CB&I has this responsibility to SCE&G and SCE&G has this responsibility to our customers.

I am sure that CB&I can, and will, provide some justification for making the purchase from Compuworld, in addition to replying that you checked with three other sources as you have in the past when questioned. Rather than make the same arguments as you have in the past to justify the expense, please provide an explanation of how this practice will be stopped. It is past the time for good business practice to be followed in the purchase of supplies and materials for this project.

Ken Browne, P.E.
Senior Engineer

CompuWorld, Inc.
PO Box 8771
Columbia, SC 29202-8771

Invoice

Invoice #:	8492
Date:	06/17/2015
Due Date:	06/17/2015

240 Winterberry Loop
Lexington, SC
(803) 732-4757

Alan Saleeby
Owner/ President

Bill To:
CEI
Stone & Webster Inc
14368 State Hwy 213
Jenkinsville, SC 29065

289.00 → 28,900.00

P.O.Number: 132177F008
492

Quantity	Description	Unit Price	Amount
100.00	N_CHTMBMST Chair - Task - Mid-Back (Mesh, Swivel/Tilt)	289.00	\$28,900.00
Sub Total:			\$28,900.00
Total:			\$28,900.00

SEAN.BURK 1341156 July 08, 2015 6:01:20 AM

NCSP 3-4 Form 8.1 CB&I® Requisition for Purchase				Project Number: J132177	
				Client: SCE&G	
Project Requisition Title: Replacement of Broken Chairs in Offices, Cubicles, and Conference Rooms				Project: VC Summer EPC Unit 2	
				Req Orig: Cassandra Reeves	
				Req No: 132177F008492, Rev. 0	
				Creation Date: 05-JUN-2015	
				Released Date:	
				Page 2 of 2	
Item No	Qty	UOM	Cost Account	Item Code	Description
1	100	EA		N_CHTMBMST	Chair - Task - Mid-Back - Mesh, Swivel/Tilt, Safety Class N/A, Storage Level C
Comment: <u>Alera Part# ALEEL42MBE10B</u> or equivalent					

AUTHORIZED SIGNERS	
Approved By: _____	Originator: <u>Cassandra Reeves</u>

NCSP 3-4 Form 8.1 CB&I® Requisition for Purchase	Project Number: J132177
	Client: SCE&G
	Project: VC Summer EPC Unit 2
	Req Orig: Cassandra Reeves
	Req No: 132177F008492, Rev. 0
Project Requisition Title: Replacement of Broken Chairs in Offices, Cubicles, and Conference Rooms	Creation Date: 05-JUN-2015
	Released Date:
	Page 1 of 2

BUDGET INFORMATION

Original Total Budget: USD 0.00

REQUIREMENTS

Required On Site Date: 15-JUN-15	Inquiry Complete: N
Req Tech Eval Required: N	Purchase Order Complete: N

TAX INFORMATION

Taxable:	Tax Explanation Code:
	Tax Rate:


REQUISITION ATTRIBUTES

FPR Type: Consumable	QA Approval Required: N
Cert of Compliance: N	Engineering Review Required: N
Sole Source: N	10CFR21 Apply: N
MTR's Required: N	10CFR50 Apply: N
SDS Required: N	10CFR50.55e Apply: N

ELECTRONIC APPROVAL SIGNATURES.

Inventory Reduction Review	William Johnson Date: Comment:
Construction Manager (CM)	James X. Jarrett Date: Comment:
Procurement Manager (PM)	Kimberly Bentz Date: Comment:
Buyer	Kimberly Bentz Date: Comment:
Field Cost Engineer (FCE)	Donald Martin Date: Comment:
Accounting Management (AM)	Sparkle Glover Date: Comment:
Site Management (SM)	Kenneth J Kelley Date: Comment:

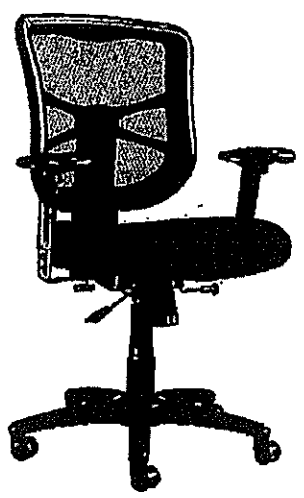
05-JUN-15 09:19:53

Deals, tips and more at our Back to School Center 



WELCOME, PLEASE SIGN IN
YOUR ACCOUNT 0

Furniture Chairs & Seating Office Chairs



Alera EL42BME10B Elusion Fabric Mid-Back Executive Chair with Adjustable Arms, Black

Item: ALEEL42BME10B Model: EL42BME10B
(0) | Write a Review

Save an extra 7% on this product!
\$172.04 in cart. Offer valid for 20 minutes. [See details](#)

SHARE:

- Managers/Executive chair offers ergonomic seating standards
 - Mid-back design for enhanced support to mid-to-upper back region
 - Overall Dimensions: 36.63" - 42.88"H x 26"W x 25.63"D
- [See more details](#)

- ✓ **FREE SHIPPING, Plus Up To 5% Back For Rewards Members**
- ✓ Special Financing Available [Learn More](#)
- ✓ In Stock Online
- ✓ Expected Delivery: 1 Business Day

\$184.99
Each

SquareTrade Protection Plan

- 3-Yr Furniture Protection (\$100-499.99) **\$29.99**
- Staples Furniture Assembly (1 Chair) **\$30.00**

QTY. **ADD TO CART**
[Add to Favorites](#)

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PRODUCT DETAILS

The Alera Elusion EL42BME10B Black Fabric Mid-back Managers/Executive Chair has adjustable arms that can be set at different height levels for a comfortable position.

Increase productivity at your workplace with the black Alera Managers/Executive Chair that is ergonomically designed to provide comfort while working. Furnished with high-quality fabric upholstery, this mid-back Managers/executive chair adds a fresh look to your workspace. It lets you fix the lumbar support at a required height with its adjustable back height feature. Its pneumatic seat height adjustment mechanism feature lets you regulate the seat height to achieve a good sitting position. This chair has tilt control function that allows you to rest your feet on the floor in an upright or a reclined position.

- Managers/Executive chair offers ergonomic seating standards
 - Mid-back design for enhanced support to mid-to-upper back region
 - Overall Dimensions: 36.63" - 42.88"H x 26"W x 25.63"D
 - Seat Dimensions: 18.75" - 21.75"H x 20.5"W x 21"D; Back Dimensions: 20.13" - 22.88"H x 20.13"W
 - Tilt lock and tilt tension control for a comfortable seating experience
 - Black fabric-upholstered seat and mesh back for comfort and durability
- 2 EXCLUSIONS: T-Bar arms with polyurethane padding for comfort

- Nylon base with casters for easy movement on hard floors
- Height-adjustable backrest for customized comfort
- Weight Capacity: Supports up to 250 lbs. for 8 working hours
- GREENGUARD Indoor Air Quality Certified and ANSI/BIFMA compliant
- 5-year limited mfr. warranty

Compare with similar items

Would you like to give feedback on product content, images, or tell us about a lower price?

SPECIFICATIONS

Chair Type	Computer and Desk
Chair Material	Mesh
Arm Type	Adjustable
Color Family	Black
Adjustable Back Height	Yes
Seat Glide	No
Warranty	5-year
Rated level of use	No
Lumbar Support	No
Requires Assembly	Yes
Meets ANSI/BIFMA standards	Yes
Minimum Back Height (in.)	20.13
Maximum Back Height (in.)	22.88
Minimum Seat Height (in.)	18.75
Maximum Seat Height (in.)	21.75
Height (in.)	42.88
Width (in.)	26
Depth (in.)	25.63
Maximum Weight Capacity (lbs.)	250
Office Chair Base Material	Nylon
Office Chair Back Material	Mesh
Office Chair Caster Usage	Hard Floor
Office Chair Center Tilt	No
Office Chair Synchro Tilt	No

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2 EXCLUSIVE OFFERS

<http://www.staples.com/Alera-EL42BME10B-Elusion-Fabric-Mid-Back-Executive-Chair-...> 8/25/2015

2 EXCLUSIVE OFFERS

<http://www.staples.com/Alera-EL42BME10B-Elusion-Fabric-Mid-Back-Executive-Chair-...> 8/25/2015

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Customers who viewed Alera Elusion Series Mesh Mid-... also viewed:



Flash Furniture BL-X-5M-BK-GG Mid-Back Mesh Chair with Nylon Base, BL... Buy new: \$99.43 19 Used & new from \$92.00 (184)



SPACE Seating Professional AirGrid Dark Back and Padded Black Eco Lea... Buy new: \$157.44 19 Used & new from \$149.59 (854)



Alera Elusion Series Mesh Mid-Back Multifunction Chair, Black Buy new: \$154.59 42 Used & new from \$152.60 (278)

Office Products > Office Furniture & Lighting > Chairs & Sofas > Desk Chairs



Roll over image to zoom in

Elusion Series Mesh Mid-Back /Tilt Chair, Black

257 customer reviews answered questions

Price history: \$349.00, \$145.03 & FREE Shipping, Details, \$203.97 (58%)

Product description and availability: Sold by Amazon.com. Tomorrow, Aug. 28? Order within 1 hr 37 mins and next-day shipping at checkout.

Include assembly service | Estimated Price \$30.00 | ZIP Code Learn more

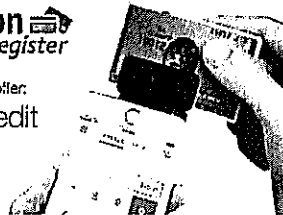
- Ergonomic design adjusts to fit multiple users
Cool, breathable mesh back
Contoured seat cushion with premium fabric upholstery and waterfall edge to help relieve pressure on legs

67 new from \$124.00 2 used from \$267.20

This item's packaging will be visible when delivered and cannot be gift-wrapped.



Limited time offer: \$25 Credit Learn more



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Other Sellers on Amazon

\$139.34 + Free Shipping Sold by: Shoplet Add to Cart

\$139.54 + Free Shipping Sold by: stores123 Add to Cart

\$125.02 + \$20.00 shipping Sold by: opnw Add to Cart

69 used & new from \$124.00

Have one to sell? Sell on Amazon

\$145.03

Customers Who Bought This Item Also Bought

Page 1 of 17



Flash Furniture MAT-CM11113FD-GG 36-Inch by 48-Inch Carpet Chairmat with Lip, Clear 544

#1 Best Seller in Hand Floor Chair Mats
\$36.03

Rolodex Mesh Round Wastebasket, 11-1/2 Diameter x 14-1/4 H, Black (22351) 584

#1 Best Seller in Office Waste Bins
\$11.18

Alera Elusion Series Mesh Mid-Back Multifunction Chair, Black 278

\$154.59

Walker Edison Soreno 3-Piece Corner Desk, Black with Black Glass 2,313

#1 Best Seller in AV Carts & AV Stands
\$102.99

Sponsored Products Related To This Item (What's this?)

Page 1 of 2

			
Aeron Chair By Herman Miller - Highly Adjustable Graphite Frame - With P... (1) \$649.99	GM Seating Leader Executive Ergonomic Mesh Chair, Lumbar Support and Ses... (3) \$419.00	Steelcase Leap Fabric Chair, Black (72) \$919.00	Office Master QM5 Black Frame Ergonomic Modern Stylish Office Chair with... (1) \$549.00

Ad feedback

Customers Viewing This Page May Be Interested In These Sponsored Links (What's this?)

- Discount Alera Chairs** - Up to 40% Off & Free Shipping. Huge Selection. Buy Online & Save! www.officechairsoutlet.com/
- Alera Elusion Series Mesh** - Free Shipping On All Alera Elusion Series Mesh Chairs. Save Up to 58% www.ibuyofficesupply.com/Alera-Elusion

Ad feedback

Special Offers and Product Promotions

Color: Black

- Your cost could be \$115.03 instead of \$145.03! Get a \$30.00 gift card instantly upon approval for the Amazon.com Rewards Visa Card. Apply now.

Product Description

Color: Black

Ergonomic design adjusts to fit multiple users. cool, breathable mesh back. contoured seat cushion with premium fabric upholstery and waterfall edge to help relieve pressure on legs. height-and width-adjustable arms with soft polyurethane pads. five-star base with casters for easy mobility.

Product Information

Color: Black

Technical Details

Brand Name	Alera
Item Weight	46.7 pounds
Product Dimensions	28.2 x 24.4 x 14.8 inches
Item model number	ALEEL42BME10B
Color	Black
Material Type	Plastic/Mesh
Number of Items	1
Size	Mid-Back
Manufacturer Part Number	EL42BME10B

Additional Information

ASIN	B0046H56JS
Customer Reviews	257 reviews 4.3 out of 5 stars
Best Sellers Rank	#3,805 in Home & Kitchen (See top 100) #4 in Office Products > Office Furniture & Accessories > Chairs & Sofas > Desk Chairs
Shipping Weight	46.5 pounds (View shipping rates and policies)
Domestic Shipping	Item can be shipped within U.S.
International Shipping	This item is not eligible for international shipping. Learn More
Date First Available	October 8, 2010

Technical Specification

Product Warranty: For warranty information about this product, please click here [PDF]

Warranty & Support

Contract					Revision			Question 1					
Contract	Number	Invoice Date	Invoice Number	Invoice Type	Resolved	Resolution Notes	Question Type	Owner	Question	Question Letter	Response	Date	Response Letter
2883	S&W	1/9/2015	1977639	Target	Yes	07/28/15 - KJB - OK to close log item. Please consider Staples as a comparison for pricing in the future. Emailed Kena response to CBAI 07/28/15. MW	Expenses	KB - 1328312/Compuworld Inc. Cabinet - File - 4-Drawer. See Vendor Invoice #4932. This material not competitively sourced. Several Suppliers with identical furnishings for lower prices. Provide evidence of competitive sourcing, or Return 20% of cost.			Per S&W Procurement Procedure PROC-P-014-05, "Competitive bidding between three (3) or more bidders is required when the budget Value on the Requisition for Purchase is \$25,000 and greater". The backup supporting the invoices were still competitively bid. See backup documentation binder for reference. No credit due for this log item.		
2884	S&W	1/9/2015	1977639	Target	Yes	07/28/15 - KB - OK to close log item. Please consider Staples as a comparison for pricing in the future. Emailed Kena response to CBAI 07/28/15. MW	Expenses	KB - 1328312/Compuworld Inc. Desk - Classic 30" X 60". See Vendor Invoice #5098. This material not competitively sourced. Several Suppliers with identical furnishings for lower prices. Provide evidence of competitive sourcing, or Return 20% of cost.			Per S&W Procurement Procedure PROC-P-014-05, "Competitive bidding between three (3) or more bidders is required when the budget Value on the Requisition for Purchase is \$25,000 and greater". The backup supporting the invoices were still competitively bid. See backup documentation binder for reference. No credit due for this log item.		
2887	S&W	1/9/2015	1977639	Target	Yes	07/28/15 - KJB - OK to close log item. Please consider Staples as a comparison for pricing in the future. Emailed Kena response to CBAI 07/28/15. MW	Expenses	KB - 1328312/Compuworld Inc. Cabinet - 2-Hour Fire Rated. Vendor Invoice # 4597. This material not competitively sourced. Several Suppliers with identical furnishings for lower prices. Provide evidence of competitive sourcing, or Return 20% of cost.			Per S&W Procurement Procedure PROC-P-014-05, "Competitive bidding between three (3) or more bidders is required when the budget Value on the Requisition for Purchase is \$25,000 and greater". No credit due for this log item.		
2892	S&W	1/9/2015	1977639	Target	Yes	07/28/15 - KJB - OK to close log item. Please consider Staples as a comparison for pricing in the future. Emailed Kena response to CBAI 07/28/15. MW	Expenses	KR - 1328312/Compuworld Inc. Cabinet - 2-Hour Fire Rated. Vendor Invoice # 45540. This material not competitively sourced. Several Suppliers with identical furnishings for lower prices. Provide evidence of competitive sourcing, or Return 20% of cost.			Per S&W Procurement Procedure PROC-P-014-05, "Competitive bidding between three (3) or more bidders is required when the budget Value on the Requisition for Purchase is \$25,000 and greater". The backup supporting the invoices were still competitively bid. See backup documentation binder for reference. No credit due for this log item.		

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This business has CLOSED

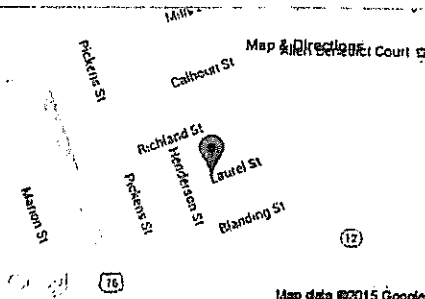
Report as open? >

Compuworld Inc

This is a doctor's office!

1750 Laurel St, Columbia, SC 29201
(803) 251-3338

Add a Photo



Personalize this business!

Add a personal note here, and keep this business handy in mybook!

mybook It

BUSINESS DETAILS | REVIEWS

Hours: Do you know the hours for this business?

Neighborhoods: Robert Mills Historic, Downtown Columbia

Categories: Computer & Equipment Dealers, Consumer Electronics

4 YEARS in Business

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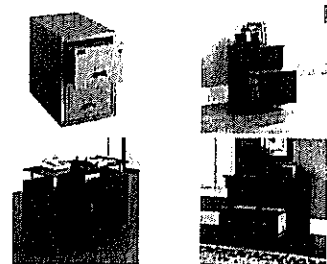


2015 Magnolia Run For Epilepsy
7 businesses in this collection

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2005 Hampton St, Columbia, SC
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2005 Hampton St, Columbia, SC



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Compuworld Inc

This is a residence!



Contact Information
Compuworld Inc
 240 Winterberry Loop
 Lexington, SC 29072

Contact: Alan Saleeby
Title: President
Phone: 803-269-9790
Website: www.cwisupply.com

Not Active!

Business Description

Compuworld is located in Lexington, South Carolina. This organization primarily operates in the Computer Peripheral Equipment business / industry within the Home Furniture, Furnishings and Equipment Stores sector. This organization has been operating for approximately 23 years. Compuworld is estimated to generate \$250,000 in annual revenues, and employs approximately 4 people at this single location.

Compuworld Inc is the only company located at 240 Winterberry Loop, Lexington, SC 29072

Sector: Home Furniture, Furnishings and Equipment Stores
Category: Computer and Software Stores
Industry: Computer Peripheral Equipment Computer Maintenance and Repair
SIC Code: 5734, 7378

Map

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Female	Male	Female	Male
51.1%	48.9%	38.3	36.4
25,331	24,235		

Questions & Answers

Q How many people work at Compuworld?
A Compuworld has approximately **4 employees** at this location.

Q Is there a key contact at Compuworld?
A **Alan Saleeby** is the **President** at Compuworld. You can contact Alan at **(803) 269-9790**.

Q How long has Compuworld been in business?
A Compuworld has been in business for approximately **23 years**.

More ▾

Similar Companies Nearby

Name	Employees	Distance (mil)
Compuworld Inc	4	0.0
T C G Inc	2	13.6
Orangeburg Business Machines	8	39.7

Statistics for Zipcode 29072

Average House Value	\$ 207,600
Average Household Income	\$ 74,301
Number of Households	18,760
Persons per Household	2.57

Number of Businesses	3,042
Number of Employees	18,552
Land Area (square miles)	68.469
Water Area (square miles)	18.902

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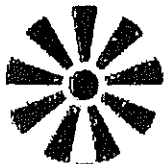
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Joe Saleeby

Wrong Joe Saleeby?

Vice President Sales

6 Total References

Web References

Melwood Capital

www.melwoodcapital.com, 5 Nov 2014 [cached]

Joseph Saleeby Vice President, Business Development Stone & Webster, The Shaw Group

Joe Saleeby, Senior Vice ...

us-saudiforum.com, 9 Jan 2014 [cached]

Joe Saleeby, Senior Vice President & Managing Director, Europe, Middle East & Asia, CB&I

...

Joseph Saleeby Joe Saleeby is the Senior Vice President for the Chicago Bridge & Iron Companyâ€™s (CB&I) Power Group. At the company, Mr. Saleeby provides engineering, procurement and construction services to the power industry. He is also responsible for the groupâ€™s international business.

Prior to his current role, Mr. Saleeby was the Vice President in charge of the Power Groupâ€™s environmental business line, which completed 15 projects under his tenure with a value of several billion dollars. Mr. Saleebyâ€™s career at CB&I spans over 20 years where he served in various positions covering both project execution and business development. His assignments ranged from project director on large power projects, to director of the Power Groupâ€™s proposals and estimating teams, to field assignments on various power projects, including hydro, fossil and nuclear. Mr. Saleeby started his career with a heavy civil contractor in Saudi Arabia where he worked on power and industrial construction projects.

Mr. Saleeby earned a B.S. in Civil Engineering from the American University of Beirut and a M.S. in Civil Engineering and Construction Management from the Massachusetts Institute of Technology.

Speakers | U.S.-Saudi Business Opportunities Forum 2013

us-saudiforum.com, 1 Aug 2013 [cached]

Joseph Saleeby

...

Joe Saleeby Senior Vice President & Managing Director, Europe, Middle East & Asia, CB&I

SPEAKER BIO

Experts | SUSRIS

susris.com, 1 Jan 2012 [cached]

Joe Saleeby

...

Joe Saleeby

...

Joe Saleeby Senior Vice President & Managing Director, Europe, Middle East & Asia, CB&I

Joe ...

www.ceraweek.com, 6 May 2012 [cached]

Joe Saleeby

Senior Vice President, Managing Director, Europe, Middle East and Asia Shaw Power Group

Other People with this Name (304)

Other People with the name "Saleeby":

Raymond Saleeby

Vistage International Inc

William Saleeby

New Hanover County Schools

Tim Saleeby

Triangle X-Ray Company

Raymond Saleeby

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Pro2015_Iteration7.72[01] SEIDXWK-35

zirhbt201304

BROWNE, KENNETH JEROME

From: Martin, Sherry G. [sherry.martin@cbi.com]
Sent: Wednesday, August 26, 2015 2:21 PM
To: BROWNE, KENNETH JEROME
Cc: Kenneth W. Hollenbach; Williams, Danny
Subject: Good Business Practice in CB&I Procurement
Attachments: StaplesChair.pdf; amazonchair.pdf; Compuworld Inc Project to Date Amount.xlsx; CompuworldLogExamples.xlsx; Compuworld 8492.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.

Ken:

Thank you for bringing this issue to our attention. I have already pulled the string from beginning to end including the requisition, bids, commercial bid evaluation, etc. to gain clarity into this issue as I do not believe 'good business practice' was employed.

I will reach back out once the analysis is complete.

Sherry G. Martin
Director Nuclear Procurement
Power
Tel: 980-321-8583
Cell: 832-980-3273
Email: sherry.martin@cbi.com

CB&I
128 South Tryon
Suite 1000
Charlotte, NC 28202
USA

-----Original Message-----

From: BROWNE, KENNETH JEROME [mailto:KENNETH.BROWNE@scana.com]
Sent: Wednesday, August 26, 2015 10:19 AM
To: Burk, Sean M
Cc: SMITH, ABNEY A JR; JONES, RONALD A; Hollenbach, Kenneth W; White, Charles G; WALKER, CARLETTE L
Subject: Good Business Practice in CB&I Procurement

Sean,

Attached are three pdf files showing the commercial information for identical office chairs and Excel file with additional Compuworld information. The first one I would like to call to your attention is the file named Compuworld 8492.pdf. This is the backup information, approved by you and provided to SCE&G by CB&I for the purchase of 100 replacement office chairs for the VCS Units 2 & 3 project. The chairs were sourced from a company named

Revision	4
Effective Date	8/1/2005
Policy Owner	J
Last Reviewed	1

1.0 PURPOSE

This policy sets forth company credit card

2.0 SCOPE

This policy applies to

3.0 POLICY

The Company will provide reimbursement for expenses incurred by employees in the normal operation of company business producing income or some other benefit. Allowable expenses are not limited to those outlined above but are limited to those obtainable for any non-ordinary unit or supervisor.

Expenses may not be lavish, excessive, or to perceptions and reputational damage. Entertainment expenses, excessive travel expenses, and inappropriate expenses, and/or to the employee themselves.

Misuse of a company credit card may result in disciplinary action up to and including termination.

It is the responsibility of each employee to:

- understand and comply with this policy
- manage and control business expenses
- exercise good judgment in a prudent manner, and
- accurately and timely document the submission of required receipts for reimbursement purposes.

Follow-up w/ Jeff about his position about ALL the ALCOHOL being charged bTL. Rem a buying ALCOHOL as well during FLOWERS being sent to spouse of someone INTERVIEWING for training

- KBM announced a directive in AN OFFICERS Mtg that there would be

No Alcohol purchases made and charged to SCANA unless he had pre-approved it.

- El knew Nuclear was buying alcohol and accounting was reclassifying it to charge to stockholders.

- El talked w/ Jeff about practices else where trying to influence culture change at project & even gave him Jimmy's direct feedback of when he is traveling. Jeff was to talk to Jimmy this happened twice.

- El spoke w/ Jimmy about my concern. His only comment was, try to work with Jeff on this.

THIS POLICY IS NOT A CONTRACT. IT DOES NOT CHANGE EMPLOYMENT AT ANY TIME, FOR ANY REASON, WITH OR WITHOUT NOTICE. THE POLICY DESCRIBED HEREIN IS THE COMPANY'S SOLE POLICY AND MAY BE REVISED OR AMENDED AT ANY TIME. THIS POLICY MAY HAVE OCCURRED AFTER IT WAS PRINTED. FOR

8/19/15

VCS AP1000 - Percent Complete
data as of July 2015

	CBI		WEC		Consortium	
	Weight	% Complete	Weight	% Complete	Weight	% Complete
Engineering - Total	7.2%	80.4%	13.0%	85.1%	9.6%	83.0%
Procurement	20.6%	40.6%	80.6%	84.7%	45.6%	73.1%
Construction - Total	69.9%	20.7%	4.0%	51.8%	42.5%	21.9%
Start-up	2.2%	2.3%	2.4%	3.5%	2.3%	2.8%
Totals	100.0%	28.7%	100.0%	81.5%	100.0%	50.7%

Direct Work incl sub contracts (63.5% in I&C)

*Difference b/w WEC & CBI
Westinghouse considers 100% complete once materials are rec'd on-site. CBI & I only about 80% complete at rec'd on-site due to Rules of Credit. * This includes I & C*

- The following % complete is base on Earned Value
 - Construction
 - Engineering
 - Start-up
- The following % complete is based on utilization of Milestones / Rules of Credit.
 - Procurement

Commercial Mtg

Westinghouse / CBI Stone and Webster Proprietary and Confidential

IMMEDIATE RELEASE - I go straight to SEC

to give them till 9/30/ and come outside
clean with Q2 Report

Retrospective pay for Rightful pay
of the CEO I should have been
named so I would have faced
to right the wrongs. Demoted JA
FIRED JEFF ARCHIE & KICKED
Steve out of the Co. for Lyng
to BStimmerman w/ Ron Clary
Dead Minutes these; 2 beach
house with full inventory by 9/30
pay check to begin immediately to
to speak to KBM & processed up for
ALL FINES UP TO 100M CHECKS

Message
KBM
for those you
want be made
be would like
you work same
him. CEO Little
best part. how
every for make
know you do
we have your
to speak to KBM & processed up for
ALL FINES UP TO 100M CHECKS

TOPIC: ~~06/20/2015~~

DATE: 10/20/2015

FILE UNDER:

PAGE:

New Labor Structure - Pay Grades

30 pay grades
pay ranges
no more midpoint - instead we have ranges

Dec 3-14 Merit entry

Dec 15: Review Due

Jan 30 Merits effective

Nov 30 Letters to Employees on what
paygrade they are slated to

2/26 Incentive payout

2/19 ✓ Letters sent out

1/30 Merit adj. effective

Date

DOJ

Decommissioning for VCS Unit 1

Collected through rider in electric rates

- Funding for the decommissioning of the plant after it is retired and no longer used and useful.
- Insurance program used unlike most utilities
- *Individuals' lives are insured. In return, surviving spouse would receive the deceased's salary continued for some specific period of time after the death.*
- *No one has ever been able to explain who or how employees were selected to be in this program. Most employees would view this to be a benefit but yet it was not made available to all employees nor did those that were included in the program pay to participate in it.*

Incentive Bonus Program

Barbara Reiling

Rae Davis

Kevin Kochems % vs Shirley Johnson's %, my % participation

Timesheets - variable time reporting slopping/stupidity

Order by commission

Paid by Santee

Site operational goal chging for nuclear in 2015

What goes to capital, what goes to O&M and what goes to stockholders.

Meeting with Audit Committee - CLW asked to speak to Audit Committee at the Fall 2015 meeting about controls over project invoices. Addison too lazy to script what I could say left it up to Iris (Direct of Auit) so I was brutally honest. Jimmy was pissed. Head of Audit Committee never followed up with any questions and sure should have! Total negligence given this is the single largest risk the Company has had in 30 years and I sited issue after issue that we were catching. No follow up from anyone above me since that

meeting. Other my year end eval that said I met expectations and then the comments included references to “my personal issues”

Promotions into higher levels – make sure they are incompetent and can’t figure anything out. Can’t connect any dots

- **Iris**
- **Byron**
- **Susan Wright**
- ❖ **Excluded from Meetings**
- ❖ **Constant in certain mtgs regardless of subjects**
- ❖ **Participants in brutalizing Carlette Walker**
- ❖ **First time Carlette was reprimanded**
- ❖ **First time Carlette went outside chain of command**
- ❖ **Employee’s pay cut**
- ❖ **Carlette’s request of KBM – email sent to CLW from KBM remanding the appeal back to the Sr exec’s that previously approved the pay cut (Jimmy Addison and Marty Phalen) Salary has been cut every January since by 1/3 of the approx. 30%. Has stopped because Leigh Anne Conrad is now on STD because Marty Phalen is attacking her for asking questions that he didn’t like. She was questioning hiring practices, etc When she went to Corporate Compliance (officer is Iris Griffin), AnneMarie confronts Leigh Anne immediately for going to Compliance (retaliation) Absolutely forbidden by the SCANA Code of Conduct. Leigh Anne had been reclassified from a professional Generalist II to the worst job in HR on an interview only team. Her stress levels rise to the point she begins having high blood pressure and angina symptoms.**
- ❖ **Next time Carlette was reprimanded**
- ❖

Date	Milestone	Action	Responsible Party	Add'l Comments	Sanjeev Cooper (PSA) To Own 45% of Plant	Reference To Chalkers' Worksheets	Document Request
Discussion	Recommend AP1000	Team Recommended AP1000 as the preferred technology given the smaller footprint, safety features, and the modular construction concepts as the best choice.	Bill Timmerman (CEO) and Lonna Carter PSA (CEO). Kevin Marsh and Bill McCall began negotiating with the Consortium to get a contract with the most reasonable terms with a sharing of risks to avoid paying for the entire premium required to have a fixed price contract from the beginning. After months of negotiating, Bill put a per KWH price on the table and said that if they could meet that price, the Owners would sign a contract.	Consortium met the price by making high level cuts that were not documented in the budget build up details and seemed to create a tremendous amount of debate for years to follow. These were often referred to as the "thunder cuts"	Ken Browne knew that the Owner's cost budget cut was unrealistic and did not believe the nuclear plant was the most cost effective choice for Sanjeev's next base gas generation. He argued with Bill McCall about this matter. Bill McCall directed Ken Browne to write up a paper justifying why nuclear was the best choice for Sanjeev's needed load in 2016 so McCall could discuss this with the Board. Sanjeev's Owner's cost budget for their capital work order (to own 45% of the plant and its output) was not reduced to the level of SCE&G but was kept at the higher and more realistic amount when it was approved originally by its Board of Directors.		Sanjeev is a state agency and as such you should be able to make a "foyer" request and get a non-redacted copy of the contracts, all correspondence, and their project budgets, separated out between EPC agreement, change orders, amendments, formal correspondence, and Owner's cost budget and any updates they have had to make to it. You should also be able to get copies of all of the monthly project review meetings' slides.
Discussion	Total Project Cost	I believe Ron Clay worked with Corinthe Planning personnel enough to learn how sensitive the model was to determine how much the nuclear plant would have to cost, assuming it could earn the production tax credits	Ron Clay directed Kevin Koehms (in analysis) to cut the Owner's cost budget for SCE&G in half and to ensure that the Corporate planning model would continue to show nuclear was clearly the right choice for both environmental and cost reasons. Kevin is a good guy and one of the hardest working analysts SCE&G has and he is very dedicated to his work to make sure it's right.	The process was somewhat formal but was not a part of any permanent record of the project nor a part of the filing so the records are sketchy and hard to come by. It was an iterative process and conducted in a "trash and burn" mode as Bill Timmerman wanted to get the contract signed to make sure he could fit the license requirement deadline for qualifying for the federal production tax credits for his customers	Sanjeev was hoping to come from figures out how to become qualified to get the federal production tax credits. But as of the time of the signing of the contract, they were not qualified to get them because they were not a taxed entity		The quickest and best way to get access to all documents and not have to deal with redacted information is to get access to the Office of Regulatory Staff's "E Room" that has been established by SCE&G to electronically file all documents each month for their review and to request physical copies of the notebooks and the non-redacted EPC Agreement as updated with all amendments, all change orders and plan documents as required by the EPC Agreement. You should also request a copy of the statement agreement and all of the worksheets and analysis prepared and scenarios used in analyzing the various options and commercial issues that were outstanding, schedule issued, change orders, known and documented, their ratings both before negotiations, during negotiations and then after.
Discussion	Solid contract terms	I think Ron Clay and team ask the Consortium to present a contract bid for the Owners executives to review and consider	There were specific personnel identified within the Consortium as points of contact for asking questions for schedule, cost build ups and resources for both Westinghouse and Stone and Webster, Inc	By looking in the project correspondence you will see the single largest delay for both projects was caused by Bernhard's company that he developed anticipating the nuclear construction for the 4 AP1000 nuclear units. He didn't know anything about nuclear standards. WEC had not completed the design. Bernhard's SMS Lake Charles, Inc' QA program was grossly inadequate and to this date is still struggling, and yet even today, WEC is trying to move components to other fabricators and yet SCE&G is saying it can achieve June 2019 COD date, late 2020 date for Units 2 and 3 with an 18 month schedule compress.			
Discussion	Contract Due Diligence	The Owners' team was given a short period of time to review the bid for prudence for both resources included costs used and schedule.	After many negotiation trips, one last trip was held at SCANA airport hangar in Columbia. Bill Timmerman, Kevin Marsh and Steve Byrne attended on behalf of SCE&G and Lonna Carter on behalf of Sanjeev Cooper. The CEOs of Westinghouse and Stone & Webster, Inc attended I believe. I know Ans Candice (SP1) for Westinghouse (WEC) and Bernhard from Louisiana that started Stone & Webster Inc. and many other smaller entities (some of which got subcontractors for all 4 AP1000 projects and others that were created to support the forthcoming projects like SMS Lake Charles) were included. Timmerman owned 80% of WEC and Bernhard owned a full option for 20% ownership in WEC. He used his WEC ownership as leverage to drive his company as being the sole construction company for any domestic AP 1000 built in the US. Hence the Consortium contracts for the two existing projects at Southern Co and SCANA.				
New 2008	Execute EPC Agreement	First Hearing to get approval before construction is to begin	Previously working as the Corporate Compliance Officer and I direct report to Bill Timmerman (CEO)			See CLW EPC Exhibit Spiral Notebook	
2009	Contractor Walker Assessed to Project						

TASK OR TITLE
MAKE A LIST

Task	Milestones	Action	Responsible Party	ADFL Comments	Plant	Reference To Cwalter's Worksheets	Document Request
47201	Baseford Review Act Passed by both Senate and House of SC	I believe that SCANA executives had the foresight to know that a small utility like SCE&S would struggle to provide financing at reasonable rates and maintain its stock values if traditional regulatory treatment was provided for this huge cash investment. To be successful, they sought to put the rate payers to begin paying for the allowed rate return (11%) on the utilities investment as the money was spent throughout the construction of the project rather than the utility having to wait until the project was complete and then seeking to increase the rates for the entire cost of the project and then collecting its return on its investment in its rates. This newly proposed mechanism would also have benefited the customer by removing the amount of money that would be accumulating in the account for construction costs not yet in rates that would be subject to interest capitalization. This preliminary savings from not having these interest costs embedded in the final total cost of the units were indeed savings to our customer and would have probably been pretty significant.	Bill Tannenman (CEO) and Lonnie Carter PSA (CEO) determine that nuclear should be the choice to diversify and also because they think this is the only clean way to create electricity	Bill wants to be able to take advantage of the federal tax credits for his customers and have his plants brought in within the deadlines to qualify for the Production Tax Credits to make the Nuclear Units one affordable for his	Sanlan Cooper (PSA) To Own 45% of Plant	Reference To Cwalter's Worksheets	Document Request
Deposition	Responsibility categorized from CEO's to Generation Experts for SCEG and Sanlan Cooper	SCANA Corporate Department and Sanlan Cooper both determine more baseford needed by 2015	Bill Tannenman (CEO) and Lonnie Carter PSA (CEO) determine that nuclear should be the choice to diversify and also because they think this is the only clean way to create electricity	Lonnie Carter PSA CEO delegates responsibility to Bill McCall	Ken Biowine was a direct report to Bill McCall. Bill McCall was very political and operated unethically as I learned by watching him once I joined the team in 2009. Very smooth character and loved to poor on the southern charm. In his later part of his career by the time the AP 1000 is being considered.		
Deposition	Commission a team	A collaborative team is established with reps from SCE&S and one from Sanlan Cooper	Ron Clary (Leader), Alan Torres, Skip Smith, Kevin Koehnke, Brad Stokes, Ken Biowine (Rep from Sanlan Cooper) know that additional land purchases would not be required on either Commodore plant.	Ron Clary's reputation is one of an absolute asshole. He is arrogant, has an engineering degree and came out of the nuclear navy. He doesn't have a burble bone in his body. He is quick to recount how he led the project for the steam generator replacement for VCS unit 1 when they failed after that plant went operational. Ron fosters the mentality that the Nuclear organization is the dog and SCANA is the "tail". Has no appreciation for the Corporate goals to meet EPS for rates when the customers pay in rates its all about "nuclear" and how smart he is.			
Deposition	Research available technology	AP1000 Inland technology is small enough that four units could be placed on the existing site licensed for 2 nuclear units back in the 70's.	Ron Clary (Leader), Alan Torres, Skip Smith, Kevin Koehnke, Brad Stokes, Ken Biowine (Rep from Sanlan Cooper) know that additional land purchases would not be required on either Commodore plant.	Team has limited amount of time to do due diligence and prove the cost build up by the Consortium (Washington and Stone & Webster Inc.) is reasonable from a resource needed and pricing. In addition, the team solicits input from various sources to estimate what the Owners' cost budget amount should be to build the two sets of AP1000 units should be.			

WALKER, CARLETTE L

From: ADDISON, JIMMY E
Sent: Monday, July 27, 2015 4:09 PM
To: WALKER, CARLETTE L
Subject: RE: You and I need to talk by phone today if possible for a project brief

Will definitely call. Just got a lot of folks waiting on me to turn docs that have to go on board website asap.

From: WALKER, CARLETTE L
Sent: Monday, July 27, 2015 1:27 PM
To: ADDISON, JIMMY E
Subject: RE: You and I need to talk by phone today if possible for a project brief

Understand, this is about your earnings call

Carlette Walker
NND Finance
(803) 217 -6323

cwalker@scana.com

From: ADDISON, JIMMY E
Sent: Monday, July 27, 2015 1:06 PM
To: WALKER, CARLETTE L
Subject: Re: You and I need to talk by phone today if possible for a project brief

Will call you later today. Swamped prepping for board and earnings call

Jimmy E Addison

On Jul 27, 2015, at 11:41 AM, WALKER, CARLETTE L <CWALKER@scana.com> wrote:

Feel free to call my cell any time if I am out of my office. My cell is 206-1961

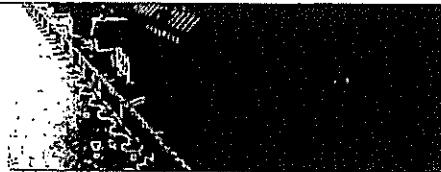
Carlette Walker
NND Finance
(803) 217 -6323

cwalker@scana.com

TIME LINE

- 2015
 July 16 - PRM (Attendees: S. Johnson, Ken Browne, Marlon Cherry, Adam Hoey, Jeff Archie, Alan Torres, Mark Cannon)
- 16 - Witness Prep (Attendees: C Walker, S Byrne, KBH, Skip Smith, Ron Jones, Kevin Kocherns, Chad Burgess, Byron Hinson, Kenny Jackson, Belton Ziegler)
- July 21 - Hearing 10:30 AM - start time
 6:00 pm evening public hearing. all witnesses attended plus Jeff Archie, Marty Phalen
- July 22 ✓ 10:30 hearing - Steve on stand. Jeff Archie attends as does Marty Phalen. Both of these officers also convene with all of the other witnesses + attorneys at the Sheraton @ 9:00 earlier that same morning for resolution of any last minute issues that may have been identified. No mention is made that I am aware of about the NMI schedule impact rpt'd in PRM during previous week.
- July 23 CW Return to Jenksville - Touches base w/ Shirley + Ken Browne to inquire about the Commercial Mtg + PRM held on 7/16/15. They share the details of the "special topic" delay impact of at least 6 months b/c of NMI inability to fabricate SB panels for U2 and even a worse impact for Unit 3 unless significant \$'s are invested. Consortium rpt'd that there was no opportunity to mitigate the delivery of the SB panels for U2. Shirley got Adams Notes (attached) to show me that he had documentation that proved Jeff Archie was in the Conf. Room when this schedule delay was announced. I spoke to Skip about the facts and he too had concerns about what was testified to, of Jeff being in the hearing and knew of the delay
- July 24 CW Jenksville

- CA03 - Unit # 2, Fabricate at Site
 - Module kits forecast complete in October 2015
- Shield Building - Newport News Industrial
 - Jefferson facility fabricating fixtures



CA20-26 at Lake Charles

Source: Adam Hoey of NND BF

2015
July 27

CW sent email to Jimmy Addison (CFD) that I needed to talk to him that day. Jimmy responded he was busy preparing for that week's Board mtg and the Friday morning earnings release. I emailed back that what I needed to talk to him about dealt with the earnings release. Response: I'll call you this afternoon.

When Jimmy called me back I shared the sequence of events, who attended the PRM, who was at the witness prep mtg, and who went to the hearing by session, specifically when Geoff. I shared my concern about having a SR. Exec + CNO know of a significant schedule delay for 5 days prior to the hearing and not communicating w/ anyone this news and then being in the audience while the SCEG President testifies to the COD's as the achievable/deliverable dates for both units. Jimmy was unusually quiet on the phone. I apologized for having to share this kind of info in the "15th" hour and he blew that off by insisting that I was doing my job. He said it looked like he had some work to do.

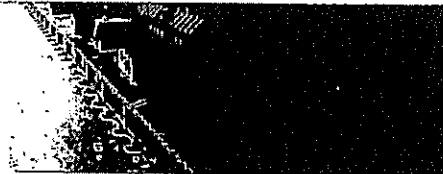
July 31 2015

Earnings Release Q2 2015 - No mention made of a potential increase of risk to delay due to fabrication of U2's SB wall panels (NNE subcontract to CB+I). COD's confirmed June 2019 + June 2020.

8/3/2015

Addison Staff mtg - directly following Jimmy's staff mtg, I lingered behind to ask Jimmy a follow-up on if he was able to identify a different fact that supported him not having to disclose a potential delay impact to U2 COD b/c of SB panel fab. Jimmy said he called Steve after he + I had talked on the 27th and Steve called Carl Churchman (the Consortium Director) and directly asked ~~if there was an~~ about the claim that there was no opportunity to mitigate the schedule impact to U2's two later in the fabrication sch. Carl supposedly told Steve there were still opportunities to mitigate the fab. of the panels for our SB panels.

- CA03 - Unit # 2, Fabricate at Site
 - Module kits forecast complete in October 2015
- Shield Building - Newport News Industrial
 - Jefferson facility fabricating fixtures



CA20-26 at Lake Charles

Month End June 2015 Proprietary and Confidential 42

Source: Adam Hoey of NND BF

PER Adam Hoey + Ken Browne on 7/23 this was a hand out at the PRM



The hand written notes on this are Adam Hoey's notes taken during Josh's presentation to the audience of the PRM. PER Adam + Ken Browne, Alan Torrey took Rex Jones' place as the owner

Special Topic: Module Fabrication Status

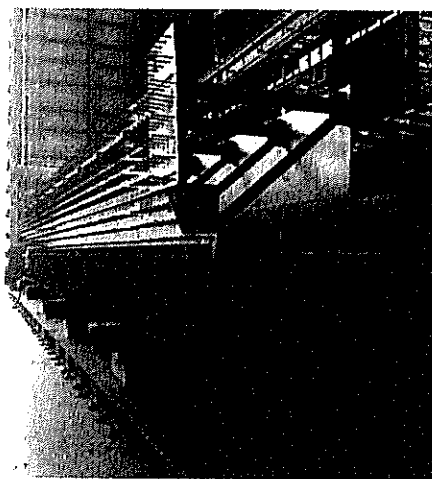
Josh Skudlarick

Alay - it is not for mitigation we wanted drop dead dates and now we hear the dates have already passed.
Doc we'll have an office meeting.
Jeff - it's disappointing we are hearing about this in a PRM

Alay I have a level of frustration to I keep hearing we can't sit ~~at~~ ~~the~~ ~~table~~ documented complete at LC. OIW has been at subcontractor months. Continue to reinvent the wheel for 6 months. It isn't quality, it's an administrative thing.
Carl - we'll come back with a plan.

Module Fabrication Status Josh Skudlarick

- Overview
 - Shipping Status
 - Hardware Quality Improvements
 - Doc Packages
- CA01 - Unit # 3, Toshiba & IHI
 - Delivery forecast complete in June 2016
- CA20 - Unit # 3, OIW & Lake Charles
 - Lake Charles forecast to complete in August 2015
 - OIW forecast to complete in October 2015
- CA03 - Unit # 2, Fabricate at Site
 - Module kits forecast complete in October 2015
- Shield Building - Newport News Industrial
 - Jefferson facility fabricating fixtures



CA20-26 at Lake Charles

Jeff - Module issues will prevent you from making plant completion dates.



Source: Adam Hoey of NND BF

Monthly Project Status Review Meeting Agenda
July 16, 2015

Location: V.C. Summer New Nuclear Office Building (NNOB), Conference Room 201

I. General Session / Special Topics

- | | | |
|---------------------|----------|--|
| 07:30 AM – 08:00 AM | (30 min) | Introductory Comments/Topics <ul style="list-style-type: none">- Introduction of New Team Members/Guests – Project Directors- Nuclear Safety Topic – Jason Brown- Review/Update of Overdue Action Items – Jason Brown- Introduction of High Level Focus Areas – Project Directors |
| 08:00 AM – 08:15 AM | (15 min) | Industrial Safety Performance – Bill Wood |
| 08:15 AM – 08:30 AM | (15 min) | Quality Assurance Program Brief – David Jantosik / David Hunt |
| 08:30 AM – 09:00 AM | (30 min) | Special Topic: CB&I Laurens Stop Work Order Status |
| 09:00 AM – 09:10 AM | (10 min) | BREAK |
| 09:10 AM – 09:15 AM | (15 min) | Problem & Identification Resolution Program Brief – Jim Comer |
| 09:15 AM – 09:25 AM | (10 min) | Special Topic: Module Fabrication Status – Josh Skudlarick |

PER ADAM HOEY
OF NND THIS IS
WHEN THE OWNER
WAS INFORMED OF
THE DP PANEL
FAB DELAY
← THAT COULD
NOT BE
MITIGATED
FOR UNIT 2

II. Schedule Critical Paths Review

- | | | |
|---------------------|----------|---|
| 09:25 AM – 09:35 AM | (10 min) | Review of Unit 2 Project Milestone Schedule – Terry Elam / Lisa Cazalet |
| 09:35 AM – 09:55 AM | (20 min) | Construction Inside Containment: Lift/Set Structural Module CA01 |
| 09:55 AM – 10:15 AM | (20 min) | Shield Building Construction: Placement of First Shield Building Panel |
| 10:05 AM – 10:35 AM | (20 min) | Aux/Annex Building Construction: Annex Building Basemat |
| 10:35 AM – 10:45 AM | (10 min) | BREAK |
| 10:45 AM – 11:05 AM | (20 min) | Turbine Building Construction: First Bay Basemat |
| 11:05 AM – 11:25 AM | (20 min) | Licensed Operators for Unit 2 Fuel Load |
| 11:25 AM – 11:35 AM | (10 min) | Review of Unit 3 Project Milestone Schedule – Terry Elam / Lisa Cazalet |
| 11:35 AM – 11:50 AM | (15 min) | Unit 3 Highlights / Look Ahead |

III. Metrics Review

- | | | |
|---------------------|---------|---|
| 11:50 AM – 11:55 AM | (5 min) | Engineering Metrics – John Robinson / Adam Scheider |
| 11:55 AM – 12:00 PM | (5 min) | Licensing Metrics – Brian McIntyre |
| 12:00 PM – 12:05 PM | (5 min) | Procurement Metrics – Danny Williams |
| 12:05 PM – 12:10 PM | (5 min) | Construction Metrics – Bill Wood |

V. Conclusion

- | | | |
|---------------------|----------|--|
| 12:10 PM – 12:20 PM | (10 min) | Wrap-up – Project Directors <ul style="list-style-type: none">- Includes second review of High Level Focus Areas |
|---------------------|----------|--|

Next Project Review: August 20, 2015
V.C. Summer New Nuclear Office Building (NNOB), Conference Room 201

Minutes of the Executive Session of the Board of Directors of SCANA Corporation and Subsidiaries held at the SCANA Corporate Campus, Building D, 3rd Floor, Board Room, Cayce, South Carolina on Thursday, February 16, 2017

DIRECTORS PRESENT:

Mr. Gregory E. Aliff
Mr. James A. Bennett
Mr. John F.A.V. Cecil
Mrs. Sharon A. Decker
Mr. D. Maybank Hagood
Mr. Kevin B. Marsh
Mr. James M. Micali
Ms. Lynne M. Miller
Mr. James W. Roquemore
Mr. Maceo K. Sloan
Mr. Alfredo Trujillo

MEMBERS ABSENT:

None

Mr. Marsh declared a quorum present and called the executive session of the Board of Directors to order.

APPROVE OFFICER APPOINTMENT

Mr. Marsh stated that it was necessary to plan for the appointment of a Treasurer in anticipation of the retirement of the Company's current Treasurer on February 28, 2017. After thorough discussion, upon motion made, seconded and carried, the following resolution was adopted:

RESOLVED, that effective March 1, 2017, Iris Griffin, while continuing to maintain her prior officer appointments, is also hereby elected Treasurer of SCANA Corporation and all wholly-owned subsidiaries to serve until the next annual election of officers or until the election and qualification of her successor.

Mr. Marsh stated that the full Board needed to consider annual compensation matters which were approved the prior day by the Compensation Committee, and that he was present to respond to any questions regarding the results of the 2016 Short-Term Annual Incentive Compensation Plan and the 2014-2016 Long-Term Equity Compensation Plan before the Board took up the Compensation Committee resolutions as Mr. Bennett had indicated in the earlier Board Meeting. After discussion regarding Company and individual results, Mr. Bennett reported that the Compensation Committee discussed and approved the following resolutions during its meeting:

RESULTS OF 2016 SHORT-TERM ANNUAL INCENTIVE PLAN

The Compensation Committee received a report on the results of the 2016 Short-Term Annual Incentive Plan which reflected earnings per share of \$4.16 compared to a target goal of \$4.00. The earnings per share of \$4.16 exceeds the maximum earnings per share target of \$4.10 for participants to earn up to 130% of target awards. The Committee discussed that the Company's earnings per share performance supported the payout of 130% of target awards to entitled participants for a total proposed payout of approximately \$14.4 million. The Committee was referred to a schedule of participants, which was provided in the pre-meeting and meeting materials, and it was noted that certain individuals did not earn full payouts due to individual or business unit performance. Following a thorough discussion, upon motion duly made, seconded and unanimously carried, the following resolutions were adopted by the Board:

RESOLVED, that participants in the 2016 Short-Term Annual Incentive Plan be awarded the payouts recommended by management as set forth on the schedule distributed to and discussed by the Committee; and it is further

RESOLVED, that management is hereby directed to distribute the approved payouts in accordance with the provisions of the Short-Term Annual Incentive Plan.

RESULTS OF 2014-2016 LONG-TERM EQUITY COMPENSATION PLAN AWARDS

The Committee also reviewed the proposed payouts from the 2014-2016 Long-Term Equity Compensation Plan. SCANA's total shareholder return ranking versus its peer group for each year within the three-year period was the 61st percentile for 2014, the 82nd percentile for 2015, and the 75th percentile for 2016 which resulted in amounts being earned at 121%, 160% and 147% respectively. The growth in GAAP-adjusted earnings per share for each year within the three-year period was 5.3% for 2014, 4.2% for 2015 and 6.4% for 2016 which resulted in amounts being earned at 117.1%, 93.6% and 140.7% respectively, for a total percentage payout for performance shares of 129.9%. The Committee was also directed to the pre-meeting materials which contained a schedule reflecting the vesting of the restricted stock units and dividend equivalent portion of the 2014-2016 Long-Term Equity Compensation Plan. It was discussed that the restricted stock units are time-based and vested on January 1, 2017, and will be paid to participants at the same time as the performance share payout. The total payout under the 2014-2016 Long-Term Equity Compensation Plan as shown on the schedule provided to the Compensation Committee is approximately \$28 million. Following a thorough discussion, upon motion duly made, seconded and unanimously carried, the following resolutions were adopted by the Board:

RESOLVED, that the participants in the 2014-2016 Long-Term Equity Compensation Plan be awarded the payouts as earned and as set forth on the schedule distributed to and discussed by the Compensation Committee; and it is further

RESOLVED, that management is hereby directed to distribute the awarded payouts in accordance with the provisions of the Long-Term Equity Compensation Plan.

APPROVAL OF 2017 OFFICER SALARY INCLUDING TOTAL TARGET AND
POTENTIAL MAXIMUM COMPENSATION AWARDS

The Compensation Committee reported to the Board that they reviewed the pre-meeting materials regarding 2017 Officer salary structure including spreadsheets reflecting 2017 Officer total target and potential maximum compensation awards under the incentive bonus plans. Following a thorough discussion, upon motion duly made, seconded and unanimously carried, the following resolution is hereby recommended to the Board:

RESOLVED, that the 2017 Officer compensation awards, including target and potential maximum compensation under the incentive bonus plans, as set forth on the schedules distributed to and discussed by the Committee, are hereby approved.

The Board then held an executive session with no members of management in attendance in order to discuss the Chief Executive Officer's annual performance and compensation. After discussion, the Board determined that Mr. Marsh's performance supported a base salary increase of 4%.

Following completion of the Board's executive session without members of management present the Board adjourned.

As reported to:

Gina Champion
Corporate Secretary

SMITH, CURRIE & HANCOCK LLP
ATTORNEYS AT LAW

A LIMITED LIABILITY PARTNERSHIP THAT INCLUDES PROFESSIONAL CORPORATIONS

Telephone: (404) 521-3800
Facsimile: (404) 688-0671

Reply To:
GEORGE D. WENICK
245 Peachtree Center Avenue, N.E.
Suite 2700, Marquis One Tower
Atlanta, Georgia 30303-1227

Direct Dial: (404) 582-8037
gdwenick@smithcurrie.com

May 15, 2015

VIA FACSIMILE
AND US MAIL

Deloitte & Touche LLP
Attn: Tarah Schulz
550 S. Tyron Street
Suite 2500
Charlotte, NC 28202-4200

Re: SCANA Corporation

Dear Ms. Schulz:

SCANA Corporation (the "Company") has requested that we update our previous letter to you, dated February 17, 2015, which addressed matters we are handling for the Company and subsidiaries for your audit of the Company's financial statements for the year ended December 31, 2014.

I. PENDING OR THREATENED LITIGATION

As noted in our previous letter, we are currently engaged to address ongoing issues related to the design and construction of Units 2 and 3 at the V.C. Summer Nuclear Station. As also noted in that letter, the parties to the EPC Contract for that project are currently engaged in detailed technical discussions addressing the cause of and responsibility for the anticipated late completion of the project and the extent to which various payment provisions should be modified. Nothing has occurred since our previous letter that we recognize as being material or as otherwise requiring disclosure.

II. UNASSERTED CLAIMS AND ASSESSMENTS

We remain unaware of any unasserted possible claims that we consider to be probable of assertion and which should be considered for disclosure in the

ATLANTA ♦ CHARLOTTE ♦ FT. LAUDERDALE ♦ LOS ANGELES ♦ RALEIGH ♦ SAN FRANCISCO ♦ WASHINGTON, DC

SMITH
CURRIE
& HANCOCK LLP

Deloitte & Touche LLP
Attn: Tarah Schulz
May 15, 2015
Page 2

Company's financial statements in accordance with Statement of Financial Accounting Standards No. 5.

III. OTHER MATTERS

We confirm that whenever in the course of performing legal services for the Company we form the professional conclusion that the Company should disclose or consider disclosing a claim or assessment in its financial statements, as a matter of professional responsibility we will so advise the Company and consult with them concerning the question of such disclosure and the applicable requirements of Statement of Financial Standards No. 5.

The information herein is current through the date of this letter. Absent specific requests, we do not undertake to provide updates.

Sincerely yours,

SMITH, CURRIE & HANCOCK LLP



George D. Wenick

GDW/pps

cc: Ronald T. Lindsay, Esq.

To: STUCKEY, JIM (JIM.STUCKEY@scana.com)[JIM.STUCKEY@scana.com]; MARSH, KEVIN B (KMARSH@scana.com)[KMARSH@scana.com]
From: BYNUM, ALVIS J JR
Sent: Fri 8/18/2017 2:31:02 PM
Subject: FW: Nuclear report

This is how Rankin found out about it
I believe that Ron got Couick to sign an NDA. I wasn't involved

-----Original Message-----

From: Baxley, Mike [mailto:mike.baxley@santeecooper.com]
Sent: Friday, October 28, 2016 4:35 PM
To: BYNUM, ALVIS J JR <ABYNUM@scana.com>
Subject: RE: Nuclear report

***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.

Al, we agreed that we would attempt to avoid disclosure and successfully did so. That was before Central learned of the report through the PSC intervention process. I cannot tell our largest customer, who is well familiar with its rights under FOIA, and who is paying a large portion of our costs on the project and pushing back hard on cost overruns, and who is aware of the report's existence, that we decline to disclose an assessment of the project.

Mike

-----Original Message-----

From: BYNUM, ALVIS J JR [mailto:ABYNUM@scana.com]
Sent: Friday, October 28, 2016 3:15 PM
To: Baxley, Mike
Subject: [EXTERNAL SENDER] Re: Nuclear report

Kevin is under the impression that you agreed not to disclose

The report is still a draft

Sent from my iPhone

> On Oct 28, 2016, at 2:53 PM, Baxley, Mike <mike.baxley@santeecooper.com> wrote:

>

> ***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.

>

>

>

> Al, thanks for this information. I checked with Lonnie, he comments that he informed Kevin of the request, but Kevin gave him no specifics, and they are leaving the details of disclosure to us. Please let me know if that is not Kevin's understanding. Hope you have a great weekend.

>

> Mike

>

> -----Original Message-----

> From: BYNUM, ALVIS J JR [mailto:ABYNUM@scana.com]
> Sent: Friday, October 28, 2016 1:12 PM

To: BYNUM, ALVIS J JR[ABYNUM@scana.com]
Cc: SMITH, ABNEY A JR[SASMITH@scana.com]
From: JOHNSON, SHIRLEY S
Sent: Tue 8/25/2015 1:51:21 PM
Subject: Bechtel review

Hey, Al. The topic of the Bechtel review came up during our briefings with the ORS this morning during their usual monthly site visit/manager briefing schedule. They wanted to know what is the date of the Bechtel review 'kickoff'? I told them I would ask you and then relay your response to them. Also, I anticipate a follow up question will be, how long to we expect the review to take? Do we have an idea of when the Bechtel review is schedule to wrap up?

Thanks! sj

To: STEPHENS, MICHELE L[MICHELE.STEPHENS@scana.com]
Cc: JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]
From: LANIER, CYNTHIA B
Sent: Mon 10/26/2015 9:27:49 AM
Subject: RE: Bechtel Question for ORS

Thank you.

From: STEPHENS, MICHELE L
Sent: Monday, October 26, 2015 9:27 AM
To: LANIER, CYNTHIA B
Cc: JOHNSON, SHIRLEY S
Subject: Bechtel Question for ORS

Cindy,

I discussed the Bechtel question with Skip for the ORS meetings, and he said the evaluation and results are all at the senior executive level.

Thanks,

Michele Stephens

Mechanical Engineer | Business Finance Group
V.C. Summer New Nuclear Deployment
M: 803.360.0757 | O: 803.941.9810
Michele.Stephens@scana.com



To: JONES, RONALD A[RONALD.JONES@scana.com]
From: SASMITH@scana.com
Sent: Sun 7/26/2015 8:12:03 PM
Subject: Re: Tuesday, July 28 Meeting at Cayce Office

Ron, thanks for sending me the information on the 3rd party review. I have been out of the loop on this since Carlette was invited to the previous meetings and maybe to the Tuesday meeting. It's obvious to me that there is reluctance on behalf of Consortium for Bechtel to not dig too deep into their past which is nothing to brag about and to protect themselves against litigation. Quite frankly I'm not sure what all of this will accomplish. But I hope it will be good for the project. Let me know how I can help.

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: JONES, RONALD A
Sent: Sunday, July 26, 2015 6:44 PM
To: TORRES, ALAN D; SMITH, ABNEY A JR
Subject: FW: Tuesday, July 28 Meeting at Cayce Office

To: Gray, Scott W[graysw@westinghouse.com]
Cc: Gray, Scott W[graysw@westinghouse.com]; Hyde, JoAnne[hydej@westinghouse.com]; Baird, Timothy J[bairdtj@westinghouse.com]; Olcsvary, Duane C[olcsvadcc@westinghouse.com]; Tomb, Travis B[tombtb@westinghouse.com]; SMITH, ABNEY A JR[SASMITH@scana.com]; BROWNE, KENNETH JEROME[KENNETH.BROWNE@scana.com]; CHERRY, WILLIAM[WILLIAM.CHERRY@scana.com]; KOCHEMS, KEVIN R[KKOCHEMS@scana.com]; BYNUM, ALVIS J JR[ABYNUM@scana.com]
From: WALKER, CARLETTE L
Sent: Fri 9/25/2015 7:17:14 PM
Subject: Re: T&M items

Hey Scott, thank you for the feedback on the t&m allowances that we wanted left out of the settlement. As of the close of business, I had not gotten any updates from our executives about conversations but that doesn't mean there weren't some going on today. We are continuing to work with our senior executives and Bechtel consultants on assessing the status of the project and terms of the contract for the most likely success path to achieving the GSCD's, earning the PTC's and with the least possible cost overruns possible. Hopefully, our work over the weekend and Monday will support this goal. I hope you and your team can enjoy a relaxing fall weekend.

Thanks again,
Carlette

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: Gray, Scott W
Sent: Friday, September 25, 2015 6:24 PM
To: WALKER, CARLETTE L
Cc: Gray, Scott W; Hyde, JoAnne; Baird, Timothy J; Olcsvary, Duane C; Tomb, Travis B
Subject: T&M items

***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.

Carlette

One of the open items from our call yesterday was regarding some T&M allowances that I believe Ken mentioned he wanted to see carved out of the Fixed Price. Just to confirm we are willing to restore the to-go values for the few items in the contract table, such as the import duties, etc and continue to work those on a T&M basis.

We can discuss details whenever you like to ensure we are aligned. These are very small in consideration of the overall project price and I'm confident we can work through it. I trust progress was made today towards an overall agreement, but I have not heard any feedback from the calls yet.

If I don't speak to you before Monday, have a good weekend.

Scott

Scott Gray
Vice President
AP1000 New Build Projects
Westinghouse Electric Co.
Sent from my iPhone

This e-mail may contain proprietary information of the sending organization. Any unauthorized or improper disclosure, copying, distribution, or use of the contents of this e-mail and attached document(s) is prohibited. The information contained in this e-mail and attached document(s) is intended only for the personal and private use of the recipient(s) named above. If you have received this communication in error, please notify the sender immediately by email and delete the original e-mail and attached document(s).

Strategic Initiatives for the VC Summer Project

June 10, 2015

In a recent meeting between the consortium members (WEC and CB&I) and the owner (SCANA and Santee Cooper) several initiatives were discussed. These initiatives are intended to improve the project delivery and efforts associated with the engineering, procurement, and construction (EPC) and final startup of the VC Summer units 2 and 3. The initiatives are intended to foster better alignment between the owner and the consortium members and enhance the work effort. These initiatives are intended to achieve more schedule and cost certainty and ultimately regulator confidence in the project. The initiatives are listed below along with a brief description. As the project advances, this list may be expanded at the discretion of the consortium's project directors, jointly with the owner's senior representatives.

Joint - Owner and Consortium Assessment of the Project- The owner and the consortium will assign an independent project team composed of industry experts to assess the overall project. Ideal team members should have EPC experience on a large scale (preferably projects greater than \$2B in size and scope). The team will create a report that will be used for further lessons learned and project enhancement.

Strengthen/Creation of a Project Management Office- The consortium members have established a strong project management office at the other nuclear site under construction in Georgia. The entire scope of the EPC effort has been divided into geographic pieces and the functional areas of the project are divided between teams where appropriate. Each PM has been assigned his/her own team, manages cost and schedule for his/her piece of the project, and addresses any restraints that impede his/her specific scope. A typical team consists of a project manager, a construction area manager, an engineering lead, a field engineering lead, a project controls representative, and a QC team as well as procurement and subcontracts representatives and any assigned craft workers. As example, the PMs' areas of responsibility include turbine buildings, nuclear islands for each unit, balance of plant, annex building, shield building, strategic planning effort, etc.

Each PM reports his/her progress and issues at every monthly meeting. The PMs hold daily restraint meetings, attend the POD/OCC meetings for their teams, and are also responsible for the safety performance of their teams as well as nuclear safety and SCWE. The owner has also divided its team into project manager groups and embedded them with the consortium. The owner PM also reports at the same monthly meeting and the PMs have on occasion substituted for each other when one is absent (owner PM and consortium PM). This has been very beneficial to the teamwork and morale for the project. The result has been dramatic improvement in performance statistics as well as safety and SCWE statistics even with many complex challenges generally without a "gotcha" behavior. Additionally, when these challenges arise, the final solution is typically a joint solution that minimizes any impacts and is

cooperative and collegial. Any contractual disputes are elevated above this group. The PMs' focus is purely EPC of the units.

The consortium is in the process of establishing these teams at the V.C. Summer project and has hired the lead PM who starts in early July. Additional PMs are being hired or assigned as well.

License Change Simplification to Minimize Disruption to Field Efforts- The owner and consortium have had encountered numerous licensing issues that have disrupted construction and resulted in delays. Many of these licensing changes yield minimal or no safety improvements. The most recent example dealt with an engineering analysis of a specific welded coupler that is technically adequate but deviated from the method described in the license basis. While substantial efforts have been undertaken to minimize this impact, the discussion between the owner, NRC, and consortium members has resulted in several weeks of unnecessary delay for an issue that would not have resulted in an unresolved safety question. This is an unforeseen consequence of using the 10 CFR part 52 process as compared to the two part license process and needs to be addressed with the NRC. The owner and consortium have agreed to take this up with the NRC to change its process to minimize this economic disruption when no safety advantage or deficiency is realized.

Use of Performance Factors and Non-Manual to Craft Ratios- The use of metrics such as performance factors and ratios of non-manual personnel to craft are useful in many applications. However, the nuclear plants being constructed at VC Summer are the first to be built in the US in approximately 20 to 30 years and are the first to use the new NRC one step licensing process combining construction and the operating license. Secondary effects of employing the new combined operating license include the considerable design evolutions originating in a regulatory interpretation, debate, and/or dispute concerning the use of the applicable codes and standards. This became apparent during the NI base mat evolution and continues to ripple through the design of the structure. The result is substantial change in the design output documentation during the construction effort resulting in larger amounts of non-manual personnel than originally assumed. This includes engineers, field engineers, work planners, QC inspectors, etc. This challenge is seen in both the supplier fabrication shops as well as the construction efforts onsite. Simply put, the plant being constructed is much different than what was assumed in the project plan and estimate basis and is also much more complex. This complexity and change are being reflected in the performance metrics without acknowledgement of the change to plan. Further complicating this is the use of aggregate metrics, which are not necessarily useful, and analyzing the performance of the project. Parsing the metrics into certain categories (e.g. turbine buildings, balance of plant, nuclear island 2 and 3, annex buildings, and additionally by discipline such as mechanical piping, conduit, cable tray, etc.) will yield a more refined and focused analysis and the ability to target specific actions and mitigations to address adverse performance trends.

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Under the project management office, each PM and project team will develop a set of metrics to track cost and schedule as well as specific milestones that focus on getting the respective scope done efficiently. Variances or deviations will be reported at each monthly meeting by the PMs (owner and consortium) along with mitigations and actions to resolve. This will be a much more meaningful measurement of schedule certainty and cost certainty.

Project Re-Baseline / Contract Re-Structure

The project, scope, schedule, budget, execution approach, and contract structure will be re-baselined in cooperation with owner and other participants as directed.

The project re-baseline effort will consist of the following:

1. Scope Definition
 - a. To go engineering
 - i. Itemized schedule of deliverables
 - ii. Reconciliation of IFC design (constructability and DCD/licensing basis)
 - b. Quantification basis:
 - i. Engineered quantities
 - ii. Direct material
 - iii. Indirect material
2. Schedule
 - a. Contract milestone schedule
 - b. Level III schedule
3. Budget (Target)
 - a. Direct craft labor (productivity)
 - b. Indirect material and labor (ratios)
 - c. Field non-manual job hours
4. Execution Approach
 - a. Construction work sequence
 - b. On site material control and logistics
 - c. Management organization
 - i. Site management
 - ii. PMO
 - iii. Field supervision
 - iv. Field engineering
 - d. Site resident engineering
 - e. Construction work process control (work package)
5. Contract Structure
 - a. Target budget
 - b. Schedule / LD's / incentives
 - c. Payment

Project Improvements / Optimizations

For the purposes of concluding the re-baseline effort, it is essential that a number of project challenges, including indeterminate scope or duration items, be addressed for the purposes of scoping, scheduling, and budgeting of the project such that there is reasonable assurance of achieving the cost and schedule targets.

The following represent some of the more evident challenges the consortium team has identified through various efforts. These and others mutually agreed upon will be addressed / resolved in joint participation with consortium, owner, and other participants as agreed.

Civil/Structural (including Structural Modules) - The consortium will resolve the following:

1. Assign dedicated team that can respond to emergent and/or repeat design issues in order to:
 - a. Ensure work stoppage in the field or supplier shops is minimized; and
 - b. Prevent future work stops and starts by providing blanket solutions to repeat or generic problems
2. Reconcile suspended system attachment designs to the structure and structural module design per a mutually agreeable schedule (as soon as reasonably achievable) to minimize future ongoing changes to structural modules, overlay plates, structural steel and concrete embedments.
3. Evaluate scope of structural modifications that will result from final suspended system designs that are not yet complete (i.e. conduit and raceway) to ensure they are eliminated, mitigated, or included in the quantification of scope.

Response Time for Disposition of E&DCR's and N&D's

The consortium will establish and staff the appropriate site engineering organization to support the ongoing work in the field. The consortium also will establish goals for response time to emergent issues and will take appropriate action to meet these goals.

Incorporate Change Paper - The consortium will commit to production of clean documents (i.e. incorporate the change paper) to the maximum extent practical for all documents used for construction or fabrication purposes. The desired output is cleaner prints for the craft and fabricators to follow and the inspector to check. However, this effort is significant and work is ongoing. The consortium team, in cooperation with the owner, will need to decide on the specific scope and process rules given the schedule constraints.

Nuclear Island Structural Steel - The consortium will commit to a design overhaul of the NI structural steel to address design deficiencies and major constructability concerns. The desired output is a constructible design with simpler and cleaner prints for the craft and fabricators to follow and the inspector to check. However, this effort is very complex and work is beginning. The consortium team, in cooperation with the owners, will need to decide on the specific scope given the schedule constraints.

Nuclear Island Raceway - The consortium will commit to a design overhaul of the NI raceway design that will address design deficiencies, omissions, and major constructability concerns. The desired output is a constructible design with simpler and cleaner prints for the craft and fabricators to follow and the inspector to check. However, this effort is very complex and work is beginning. The consortium team, in cooperation with the owners, will need to decide on the specific scope given the schedule constraints.

Cross-Referencing Drawings – The current engineering drawing structure requires extensive cross-referencing of documents, inference of dimensions by trigonometry, performance of math problems, and knowledge-based inferences in order for one to interpret and construct the design. This results in incredibly labor intensive processes and error-likely situations. The consortium will commit to a revision of various document types to simplify the readability of the design, along with minimizing the change paper associated with it. The desired output is simpler design documents for the craft and fabricators to follow and the inspector to check. However, this effort is significant and work is beginning. The consortium team, in cooperation with the owners, will need to decide on the specific scope given the schedule constraints.

Piping – The consortium will commit to comprehensive resolution of any design deficiencies and certain significant constructability concerns, including commitment to provide blanket solutions to repeat or generic problems, in order to avoid chronic work stops and starts later. The consortium team, in cooperation with the owners, will determine which constructability concerns rise to the significance level to be addressed on a global basis.

Standardized Work Packaging – The consortium will commit to streamlining work package production methodology including standard work packages for all 4 units (cost and resource sharing with Vogtle) whenever possible. In addition, dedicated WP development group will be established that will operate an assembly-line production model and will capitalize on software automation techniques wherever practical.

Construction Productivity Analysis & Improvement – An analysis of construction site execution and productivity will be performed, including review of logistics, work sampling, material handling, and laydown. An optimization strategy will be developed by the consortium, in cooperation with the owners, and implemented on site. This effort will also include any improvements needed in planning, measuring, and reporting tools employed by construction (i.e. earned value & quantity reporting).

Construction Planning – Various construction planning efforts and engineering/licensing readiness reviews are underway between the site and the home offices. The consortium, in cooperation with the owner, will evaluate the effectiveness of these various processes and make the necessary changes to improve both the quality and the integration of these processes to ensure that comprehensive construction planning will ensure successful execution. Processes implicated in this effort include strategic planning, work package planning, scheduling

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& schedule updates, engineering and licensing readiness & open item reviews, routine schedule look-aheads, and plan of the day meetings.

Model Clash Checks – The consortium will commit to modeling all structures, equipment and suspended systems and any changes to them with accuracy and with sufficient level of detail to foresee and prevent physical interferences at the point of installation to the maximum extent possible. This includes the ongoing effort to ‘Tekla’ model embedded items to prevent physical clashes internal to the structure. This will be enforced by procedural requirement to clash check designs and design changes before they are issued.

Data Integration – The consortium will pursue improvements in data integration and automation of that data where these improvements would result in field-non manual labor savings. Examples of these opportunities include: (1) electronic work package signoffs (including weld data records); and (2) material traceability and management using bar-code readers. The specific data integration efforts to be pursued will be driven by cost/benefit analysis of field non-manual labor savings associated with improvement in automated processes.

To: BYNUM, ALVIS J JR[ABYNUM@scana.com]
Cc: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: Wenick, George
Sent: Wed 7/8/2015 9:56:33 AM
Subject: RE: Message from "RNP0026738D1D5A"

***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.

AI,

My practice is to engage experts directly in situations like through a written agreement. In this case, that agreement should be clear in stating that Bechtel is being engaged as an expert in anticipation of litigation, which is necessary to make its reports privileged, as we have previously discussed. That would be in tension with the following statement on page 1 of its Assessment Proposal:

"For clarity this team will not evaluate the ownership of past impacts or validity of pending or future claims."

If you wish, I will draft a personal service agreement, using a form that we have used in the past, combined with Bechtel's Assessment Proposal.

George

-----Original Message-----

From: BYNUM, ALVIS J JR [mailto:ABYNUM@scana.com]
Sent: Wednesday, May 20, 2015 8:54 AM
To: Wenick, George
Cc: LINDSAY, RONALD
Subject: FW: Message from "RNP0026738D1D5A"

George - Santee Cooper wants to hire Bechtel pursuant to the attached proposal (I didn't see the pages that aren't specific to the engagement). I'm curious if you see any problems from this - are we just creating discoverable material?

Thanks - AI

-----Original Message-----

From: ricohdevice@scana.com [mailto:ricohdevice@scana.com]
Sent: Wednesday, May 20, 2015 8:45 AM
To: BYNUM, ALVIS J JR
Subject: Message from "RNP0026738D1D5A"

This E-mail was sent from "RNP0026738D1D5A" (Aficio MP 7502).

Scan Date: 05.20.2015 08:44:47 (-0400)
Queries to: ricohdevice@scana.com

To: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Mon 7/13/2015 3:55:28 PM
Subject: FW: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

From: MARSH, KEVIN B
Sent: Monday, July 13, 2015 3:45 PM
To: BYNUM, ALVIS J JR
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

I talked to Ron and Steve this afternoon. I understand where we (SCANA) are. Kevin

From: BYNUM, ALVIS J JR
Sent: Monday, July 13, 2015 1:07 PM
To: BYRNE, STEPHEN A; MARSH, KEVIN B
Cc: LINDSAY, RONALD
Subject: FW: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

We probably need to talk about this. It came up Friday on a call with Pelcher, George Wenick and I on Friday. Wenick really blistered Pelcher on the phone, but apparently that didn't register

From: BYNUM, ALVIS J JR
Sent: Monday, July 13, 2015 1:05 PM
To: 'Baxley, Mike'; BYRNE, STEPHEN A; Wenick, George; LINDSAY, RONALD
Cc: Crosby, Michael; Pelcher, Steve
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Mike

I don't get to make that call. But do you think that including them is going to solve our problem? The materials that they provided to us are such that we could never sign them – they have us basically waiving claims based on whatever results we uncover. In other words, from a legal standpoint, we would be in a worse position from pursuing this engagement. We would learn that they were negligent, but we would waive any claim to do anything about it

We need their cooperation, but I don't think that we are going to waive any claims to get it. If they are willing to cooperate in return for a copy of the report – whatever it might say – that might be ok. But if the report says that they are screwing up, I want to be able to pursue them

From: Baxley, Mike [<mailto:mike.baxley@santeecooper.com>]
Sent: Monday, July 13, 2015 11:20 AM
To: BYRNE, STEPHEN A; BYNUM, ALVIS J JR; Wenick, George; LINDSAY, RONALD
Cc: Crosby, Michael; Pelcher, Steve
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

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Gentlemen—

Michael Crosby has shared this internal email with me. I am concerned that hiring Bechtel through legal counsel, and certain phrases in the proposed agreement that Bechtel is hired "for the purpose of assisting counsel in giving legal advice to the owner" will result in failure of this initiative. Westinghouse and CBI will not cooperate if they see this as an effort to cultivate an expert witness, and this is not consistent with our initial discussions with the Consortium on this. We are sensitive to your concerns about disclosure, but definitely feel that the Owners need to be the hiring agency, and the report from Bechtel must be available to Westinghouse and CBI.

Can we delete that language?

Mike Baxley

Begin forwarded message:

From: "BYRNE, STEPHEN A" <SBYRNE@scana.com>
Date: July 8, 2015 at 9:33:02 AM EDT
To: "BYNUM, ALVIS J JR" <ABYNUM@scana.com>
Cc: "Crosby, Michael" <michael.crosby@santeecooper.com>, "ARCHIE, JEFFREY B" <JARCHIE@scana.com>
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Al,

We held a kickoff meeting last week with SCE&G, Santee and Bechtel. We are set to go on their third party assessment pending the agreement being in place. We did agree that this was between the owners and Bechtel, not to include the consortium. We will need to look at price and deliverables. The original premise was for it to cost about \$1M, it to take about 2-3 months and for Bechtel to have about 10 people. We obviously want flexibility in the reporting out of results. At this time let's agree to do an assessment and not retain them as owners Engineer, it may evolve to that, but not at this time. We yet need to work out where the team will be housed and if their members will be badged for the construction site. Jeff is facilitating from our end. The consortium will likely require separate NDAs, which Bechtel has no problem with. Please contact Martyn Daw and get started.

Steve

From: BYNUM, ALVIS J JR
Sent: Wednesday, July 08, 2015 9:09 AM

To: BYRNE, STEPHEN A
Subject: FW: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Steve – are you ok for me to talk to them? I don't know what went on in your meeting last week

From: Pelcher, Steve [<mailto:stephen.pelcher@santeecooper.com>]
Sent: Wednesday, July 08, 2015 9:03 AM
To: BYNUM, ALVIS J JR
Subject: FW: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

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Al: I will defer to you on this. My calendar is presently open. Thanks. Steve

From: Daw, Martyn [<mailto:mndaw@bechtel.com>]
Sent: Wednesday, July 08, 2015 9:01 AM
To: Pelcher, Steve; Bynum, Alvis
Subject: Re: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Al - Good day to you

Please are you available later today for a call to discuss where we are?

Thanks
Martyn

On Jun 29, 2015, at 6:22 PM, Daw, Martyn <mndaw@bechtel.com> wrote:

Thanks Steve

Al – I look forward to hearing from you

Cheers
Martyn

From: Pelcher, Steve [<mailto:stephen.pelcher@santeecooper.com>]
Sent: Monday, June 29, 2015 1:09 PM
To: Daw, Martyn
Cc: Bynum, Alvis
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3
[*EXTERNAL*]

Martyn: I will defer to Al Bynum on suggesting a time for such a conversation.

Thanks.

Steve

From: Daw, Martyn [<mailto:mndaw@bechtel.com>]
Sent: Monday, June 29, 2015 12:13 PM
To: BYNUM, ALVIS J JR; Pelcher, Steve
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Al/Steve – please can you let me know a good time for us to speak

Thanks
Martyn

From: Daw, Martyn
Sent: Wednesday, June 24, 2015 7:32 AM
To: 'BYNUM, ALVIS J JR'; 'Pelcher, Steve'
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3
[*EXTERNAL*]

Al/Steve – my business folk have requested an update as to the plan for getting the Purchase Order/contract in place.

I'm currently in the UK on business but can be available for a call at your convenience.

Please let me know

Thanks
Martyn

From: Daw, Martyn
Sent: Saturday, June 20, 2015 10:02 AM
To: 'BYNUM, ALVIS J JR'; 'Pelcher, Steve'
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3
[*EXTERNAL*]

Hi Al and Steve (and welcome back to Al from his trip to Asia)

I understand the green light has been given for the assessment. Shall we have a chat early next week about getting the Purchase Order/contract in place? We discussed previously that it would make sense just to use the terms of one of the existing contracts between SCE&G and Bechtel. We can be flexible on this.

It would be good to get the PO/contract in place before the kick-off meeting which I think is planned for July 1.

Thanks and look forward to hearing from you

Martyn

From: Daw, Martyn
Sent: Monday, June 01, 2015 6:42 PM
To: 'BYNUM, ALVIS J JR'; Pelcher, Steve
Cc: Cherry, Marion; Crosby, Michael; LINDSAY, RONALD; BYRNE, STEPHEN A; Albert, Craig
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3
[*EXTERNAL*]

Thanks very much, Al

Martyn

From: BYNUM, ALVIS J JR [<mailto:ABYNUM@scana.com>]
Sent: Monday, June 01, 2015 1:28 PM
To: Daw, Martyn; Pelcher, Steve
Cc: Cherry, Marion; Crosby, Michael; LINDSAY, RONALD; BYRNE, STEPHEN A; Albert, Craig
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3
[*EXTERNAL*]

Here is the signed O-1

From: Daw, Martyn [<mailto:mndaw@bechtel.com>]
Sent: Monday, June 01, 2015 1:10 PM
To: Pelcher, Steve; BYNUM, ALVIS J JR
Cc: Cherry, Marion; Crosby, Michael; LINDSAY, RONALD; BYRNE, STEPHEN A; Albert, Craig
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

***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.

Steve – thanks again to you and Al for the call this morning.

Attached is a pdf of the Proprietary Data Agreement signed by Bechtel Power Corporation. Please can Al or you let me know if you'd like me to send along the original with the wet signature.

I look forward to hearing from you/Al as to the path forward with respect to getting a PO in place. As I indicated on the phone, we are flexible on this and we are willing to be retained by your outside counsel if you believe that would be preferable.

On the documents side, I believe that Dick Miller will be point of contact for Bechtel but I am confirming this as I write.

Thanks again for the discussion this morning

Martyn

From: Pelcher, Steve [<mailto:stephen.pelcher@santeecooper.com>]
Sent: Monday, June 01, 2015 12:04 PM
To: Daw, Martyn; Bynum, Alvis
Cc: Cherry, Marion; Crosby, Michael; Lindsay, Ronald ; Byrne, Stephen A.; Albert, Craig
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3
[*EXTERNAL*]

Martyn/Al: It was great speaking with you this morning.

As a follow up to our conversation, I believe that the very first action item will be for Bechtel to send a partially executed copy of the Proprietary Data Agreement to Al Bynum for the Owner's countersignature. Please keep Santee Cooper in the loop so that Santee Cooper might have a fully executed copy of that agreement for our records.

Next up, regarding the documents that Bechtel will review as part of its assessment, Marion Cherry of Santee Cooper has been working with somebody at SCE&G in assembling the documents that will be reviewed. I have copied Marion on this Email. (Marion: Who have you been working with at SCE&G on assembling these documents?) My notes indicate that the Bechtel guy who will likely be the logistical link in receiving these documents is 'Dick Miller' but I may be mistaken about this. Note to Al: As a process point, we need to make sure anything that we share with Bechtel fits within the definition of "Contractor Discloseable Information" as that is defined in Section 19.3(b) of the EPC.

During the call, we discussed the possibility that Bechtel might be retained by George Wenick (Smith, Currie & Hancock LLC), if there is an advantage in doing so. Al Bynum will have a conversation with George about that later today, so that we might close that loop on that possibility.

Al mentioned that he will begin his annual vacation this Thursday, although that we should contact his boss, Ron Lindsay, should something come up while he is away.

Finally, we concluded our conversation with a discussion of the form of the Purchase Order the Owners would use to retain Bechtel (assuming Bechtel isn't retain by Smith Currie.) A suggestion was made that we might "re-purpose" an existing PO the Owners have Bechtel to provide licensing and engineering support. Al identified Kyle Nash as the guy at SCE&G would likely process this paperwork.

Thanks again for the good conversation.

Let's stay in touch.

Steve

-----Original Appointment-----

From: Pelcher, Steve
Sent: Monday, June 01, 2015 9:28 AM
To: Pelcher, Steve; Daw, Martyn ; Bynum, Alvis
Subject: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3
When: Monday, June 01, 2015 11:00 AM-11:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Dial-in Number: (877)635-0568; Participant Code: 8437614016

Date of Call: June 1, 2015
Time of Call: 11:00AM

Duration of Call: 30 Minutes

Dial-in Number: (877)635-0568
Participant Code: 8437614016

Discuss:

1. Process for execution of "Proprietary Data Agreement."
2. Process of jump starting Bechtel's review of documents consistent with Proprietary Data Agreement and Section 19.3 of the EPC.
3. Process of Owners executing a PO with Bechtel.

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To: Baxley, Mike[mike.baxley@santeecooper.com]; BYRNE, STEPHEN A[SBYRNE@scana.com]; BYNUM, ALVIS J JR[ABYNUM@scana.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
Cc: Crosby, Michael[michael.crosby@santeecooper.com]; Pelcher, Steve[stephen.pelcher@santeecooper.com]
From: Wenick, George
Sent: Tue 7/14/2015 9:14:15 AM
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

***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.

Mike,

Your email raises the question of whether (1) we should obtain the Consortium's cooperation with Bechtel's assessment effort, or (2) we should protect Bechtel's work from forced disclosure in case of litigation. But I do not believe that is the dichotomy that we face.

My understanding is that the Consortium has not said that it would cooperate with the Bechtel assessment, if we would agree to provide it with a copy of the eventual report. And the Consortium is unaware of the current draft of the Bechtel services agreement, so it could not have said that it would cooperate if we removed the reference to anticipated litigation in that agreement. Instead, the Consortium has provided us with an extremely restrictive non-disclosure agreement and stated that its cooperation was conditioned on our execution of the NDA. We cannot sign that NDA.

The Consortium's proposed NDA would restrict the uses to which we could eventually put the Bechtel report. For example, we would be prohibited from using Bechtel's conclusions in subsequent litigation. Thus, if Bechtel concluded that the Consortium grossly mismanaged a specific aspect of its work or schedule, we could not cite Bechtel for this conclusion. Moreover, the Consortium would be expected to argue that we could not even raise the issue, even if we do not cite Bechtel, on the grounds that we learned of the issue solely because of Bechtel's involvement and the Consortium's involvement. Unless the Consortium drops the demand that we executed the proposed NDA, we have no reason to modify the current draft of the Bechtel services agreement. If it eventually drops that demand, then the Owner can revisit the question of whether it will share the report with the Consortium.

I would like to add a word or two about the importance of protecting Bechtel's eventual report from disclosure, based on my experience in a similar matter. I was involved in litigation in the USDC for the Western District of Pennsylvania concerning a coal-fired power plant. During the course of construction but before litigation had begun, the opposing party hired an expert to evaluate my client's claims. We learned of the existence of the report and requested production, but the other party refused, contending that the report was privileged. We then successfully moved to compel production. The report in that case was highly favorable to my client, and its production quickly led to a settlement on highly favorable terms. The other side settled because it recognized that it would have a nearly impossible task if it attempted to persuade the fact finder to ignore the report. In short, the consultants hired by the other side effectively "decided" the dispute when it wrote its report, although the report was preliminary and prepared without the aid of discovery. The same could happen here, with the Bechtel report. We should give careful thought to whether we want to put

Bechtel in the position of possibly deciding any eventual dispute, based on a seven week review.

George

From: Baxley, Mike [mailto:mike.baxley@santeecooper.com]
Sent: Monday, July 13, 2015 11:20 AM
To: BYRNE, STEPHEN A; BYNUM, ALVIS J JR; Wenick, George; LINDSAY, RONALD
Cc: Crosby, Michael; Pelcher, Steve
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Gentlemen—

Michael Crosby has shared this internal email with me. I am concerned that hiring Bechtel through legal counsel, and certain phrases in the proposed agreement that Bechtel is hired "for the purpose of assisting counsel in giving legal advice to the owner" will result in failure of this initiative. Westinghouse and CBI will not cooperate if they see this as an effort to cultivate an expert witness, and this is not consistent with our initial discussions with the Consortium on this. We are sensitive to your concerns about disclosure, but definitely feel that the Owners need to be the hiring agency, and the report from Bechtel must be available to Westinghouse and CBI.

Can we delete that language?

Mike Baxley

Begin forwarded message:

From: "BYRNE, STEPHEN A" <SBYRNE@scana.com>
Date: July 8, 2015 at 9:33:02 AM EDT
To: "BYNUM, ALVIS J JR" <ABYNUM@scana.com>
Cc: "Crosby, Michael" <michael.crosby@santeecooper.com>, "ARCHIE, JEFFREY B" <JARCHIE@scana.com>
Subject: **RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3**

Al,

We held a kickoff meeting last week with SCE&G, Santee and Bechtel. We are set to go on their third party assessment pending the agreement being in place. We did agree that this was between the owners and Bechtel, not to include the consortium. We will need to look at price and deliverables. The original premise was for it to cost about \$1M, it to take about 2-3 months and for Bechtel to have about 10 people. We obviously want flexibility in the reporting out of results. At this time let's agree to do an assessment and not retain them as owners Engineer, it may evolve to that, but not at this time. We yet need to work out where the team will be housed and if their members will be badged

for the construction site. Jeff is facilitating from our end. The consortium will likely require separate NDAs, which Bechtel has no problem with. Please contact Martyn Daw and get started.

Steve

From: BYNUM, ALVIS J JR
Sent: Wednesday, July 08, 2015 9:09 AM
To: BYRNE, STEPHEN A
Subject: FW: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Steve – are you ok for me to talk to them? I don't know what went on in your meeting last week

From: Pelcher, Steve [<mailto:stephen.pelcher@santeecooper.com>]
Sent: Wednesday, July 08, 2015 9:03 AM
To: BYNUM, ALVIS J JR
Subject: FW: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

***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.

Al: I will defer to you on this. My calendar is presently open. Thanks. Steve

From: Daw, Martyn [<mailto:mndaw@bechtel.com>]
Sent: Wednesday, July 08, 2015 9:01 AM
To: Pelcher, Steve; Bynum, Alvis
Subject: Re: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Al - Good day to you

Please are you available later today for a call to discuss where we are?

Thanks
Martyn

On Jun 29, 2015, at 6:22 PM, Daw, Martyn <mndaw@bechtel.com> wrote:

Thanks Steve

Al – I look forward to hearing from you

Cheers
Martyn

From: Pelcher, Steve [<mailto:stephen.pelcher@santeecooper.com>]

To: Wenick, George[gdwenick@smithcurrie.com]
Cc: Baxley, Mike[mike.baxley@santeecooper.com]; BYRNE, STEPHEN A[SBYRNE@scana.com]; BYNUM, ALVIS J JR[ABYNUM@scana.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]; Crosby, Michael[michael.crosby@santeecooper.com]; Pelcher, Steve[stephen.pelcher@santeecooper.com]
From: Baxley, Mike
Sent: Wed 7/15/2015 2:36:03 PM
Subject: Re: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

***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.

George, thank you for your email on how we structure Bechtel's engagement. You raise some very good points. It is my understanding the Owner CEO's met with Bechtel earlier this week and there is some change in previous thinking on this, away from the litigation potential towards open disclosure of findings among the parties. My suggestion at this point is two fold. First, we schedule an internal phone call among the Owners' lawyers to finalize details. Then, we arrange a meeting between all lawyers, including Bechtel, to get this straight among the entire group. Otherwise, I suspect there will be inordinate delay in getting the contract completed. Would you be agreeable to this?

Mike Baxley

Begin forwarded message:

From: "Wenick, George" <gdwenick@smithcurrie.com>
Date: July 14, 2015 at 9:14:15 AM EDT
To: "Baxley, Mike" <mike.baxley@santeecooper.com>, "BYRNE, STEPHEN A" <SBYRNE@scana.com>, "BYNUM, ALVIS J JR" <ABYNUM@scana.com>, "LINDSAY, RONALD" <RONALD.LINDSAY@scana.com>
Cc: "Crosby, Michael" <michael.crosby@santeecooper.com>, "Pelcher, Steve" <stephen.pelcher@santeecooper.com>
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Mike,

Your email raises the question of whether (1) we should obtain the Consortium's cooperation with Bechtel's assessment effort, or (2) we should protect Bechtel's work from forced disclosure in case of litigation. But I do not believe that is the dichotomy that we face.

To: Pelcher, Steve[stephen.pelcher@santecooper.com]; BYNUM, ALVIS J JR[ABYNUM@scana.com]
Cc: Baxley, Mike[mike.baxley@santecooper.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: Daw, Martyn
Sent: Mon 7/27/2015 8:57:47 AM
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

***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.

Steve – just to be clear, in my emails requesting an update on the “contract”, I am simply referring to the agreement to be put in place between the owners (or Smith Currie on their behalf) and Bechtel which will lay out the terms (including payment terms) under which Bechtel will do the assessment.

Based on our last discussion and the emails below, you wanted this “contract” to be structured as an engagement letter signed between Bechtel and Smith Currie (rather than a purchase order under an existing agreement between SCE&G and Bechtel). That said, I remain flexible in terms of the structure of this “contract”.

Please can you and Al let me know

Thanks
Martyn

From: Pelcher, Steve [mailto:stephen.pelcher@santecooper.com]
Sent: Monday, July 27, 2015 8:48 AM
To: BYNUM, ALVIS J JR; Daw, Martyn
Cc: Baxley, Mike; LINDSAY, RONALD
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3 [*EXTERNAL*]

Al: Thank you for this update. I was away on vacation and am catching up.

Additional Question: What is the status of the Purchase Order which is the contractual vehicle through which Bechtel would be paid?

Thanks.

Steve

From: BYNUM, ALVIS J JR [mailto:ABYNUM@scana.com]
Sent: Monday, July 27, 2015 8:38 AM
To: Daw, Martyn; Pelcher, Steve
Cc: Baxley, Mike; LINDSAY, RONALD
Subject: RE: Implementing Bechtel's Assessment of V.C. Summer Units 2 and 3

Here is the status – the consortium sent us a contract late Friday that contained some terms that we can't agree to. However, they had previously agreed to remove them, so I am hoping that getting this

To: Wenick, George[gdwenick@smithcurrie.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Mon 11/16/2015 4:29:38 PM
Subject: RE: Bechtel

what is you availability wed morn?

From: Wenick, George <gdwenick@smithcurrie.com>
Sent: Monday, November 16, 2015 3:42 PM
To: LINDSAY, RONALD; BYNUM, ALVIS J JR
Subject: Bechtel

***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.

Gentlemen,

I received the draft report from Bechtel on Thursday. In the covering email, Martyn Daw stated that Bechtel intended to send the final report to Kevin and Lonnie by close of business on Friday. I was able to reach Martyn and prevent that from happening. I also advised him that we may not want a final report but, if one were issued, we would likely want significant changes.

We should schedule some time this week to discuss this. Thursday and Friday are bad for me, but I could be available virtually any other time.

George

Reply to:
George D. Wenick
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

To: BYNUM, ALVIS J JR[ABYNUM@scana.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: Wenick, George
Sent: Mon 11/16/2015 4:46:20 PM
Subject: RE: Bechtel

***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.

Al,

More or less anytime would work for me. How about 10:00?

George

From: BYNUM, ALVIS J JR [mailto:ABYNUM@scana.com]
Sent: Monday, November 16, 2015 4:30 PM
To: Wenick, George; LINDSAY, RONALD
Subject: RE: Bechtel

what is your availability wed morn?

From: Wenick, George <gdwenick@smithcurrie.com>
Sent: Monday, November 16, 2015 3:42 PM
To: LINDSAY, RONALD; BYNUM, ALVIS J JR
Subject: Bechtel

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Gentlemen,

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We should schedule some time this week to discuss this. Thursday and Friday are bad for me, but I could be available virtually any other time.

George

Reply to:
George D. Wenick
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

To: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: MARSH, KEVIN B
Sent: Wed 11/18/2015 8:01:55 AM
Subject: FW: Bechtel Report

Has George received the Bechtel report? I need to get a draft to Lonnie. I would like one too. Kevin

-----Original Message-----

From: Carter, Lonnie [mailto:lonnie.carter@santeecooper.com]
Sent: Tuesday, November 17, 2015 7:17 PM
To: MARSH, KEVIN B
Subject: Bechtel Report

***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.

Kevin,

Have you received a draft of the Bechtel report? I would like to be able to tell my Board that we have it and are reviewing next steps before our next meeting on December 7th. Thanks,

Lonnie

Sent from my iPad

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To: gdwenick@smithcurrie.com[gdwenick@smithcurrie.com]
Cc: Carter, Lonnie[lonnie.carter@santeecooper.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: Baxley, Mike
Sent: Thur 11/19/2015 9:51:12 AM
Subject: Discussion

***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.

George,

I have had time to further reflect after our phone discussion. My fidelity and primary responsibility is owed to my Board. They have been deeply engaged in our process. To appropriately fulfill that duty, it is incumbent upon me to fully investigate, analyze, and consider any issue tasked to me. My concern is that this cannot be done through group review. My personal process on a project of this nature is reflection and extended study over time. This often involves reviewing, then taking a break to do other things while pondering, and returning—the same process you have had the ability to engage over the last few days. This is needed to prepare for a group meeting and avoid unnecessarily consuming my CEO's time in a task better suited to counsel. I am unfamiliar in a partnership with one party having possession of a document and the other party (who initially proposed the process that created it) not having it. We talked about protecting dissemination of the document, but never from one another.

If it is your preference not to commit a writing to digital format, I am comfortable with a hard copy forwarded by overnight mail under an attorney's privilege, marked "DO NOT DUPLICATE" if you wish. I request the provision of a copy seven days in advance of our meeting for purposes of study. I will not distribute that copy beyond our immediate negotiation team, and will return that copy unduplicated to our meeting, and at that time we can discuss its permanent repository.

Thank you.

Mike Baxley

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To: George Wenick[gdwenick@smithcurrie.com]
From: RONALD.LINDSAY@scana.com
Sent: Mon 11/30/2015 7:09:04 PM
Subject: Fwd: Santee

Let's talk tomorrow- Ron

Begin forwarded message:

From: "MARSH, KEVIN B" <KMARSH@scana.com>
Date: November 30, 2015 at 4:49:31 PM EST
To: "LINDSAY, RONALD" <RONALD.LINDSAY@scana.com>
Cc: "BYRNE, STEPHEN A" <SBYRNE@scana.com>
Subject: Santee

Ron,

Please send Santee copies of the "confidential draft, not to be reproduced" Bechtel report. We need to confirm how many copies to send so they don't need to reproduce them. I would send them hard copies in lieu of an electronic version. Thanks, Kevin

To: MARSH, KEVIN B[KMARSH@scana.com]; BYRNE, STEPHEN A[SBYRNE@scana.com]
From: LINDSAY, RONALD
Sent: Tue 12/1/2015 2:23:53 PM
Subject: FW: Call with Mike Baxley

As expected. Kevin you may wish to get to Lonnie before Baxley does. - Ron

From: Wenick, George [mailto:gdwenick@smithcurrie.com]
Sent: Tuesday, December 01, 2015 1:55 PM
To: LINDSAY, RONALD
Subject: Call with Mike Baxley

***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.

Ron,

I just got off the phone with Mike. It was a polite call, but Mike is firm in wanting the draft report.

Mike said that he felt as though he was caught in the middle because he is being directed to obtain the draft report, not a modified report. I responded that I felt that I was caught in the middle, because Kevin and Lonnie agreed on a procedure for reviewing the report, but then I received Mike's request to follow a different procedure.

At the end of the call, he said that he would talk to Lonnie and attempt to get clear direction from Lonnie and Kevin for me to get him the draft report.

George

Reply to:

George D. Wenick
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

To: Wenick, George[gdwenick@smithcurrie.com]
Cc: MARSH, KEVIN B[KMARSH@scana.com]; BYRNE, STEPHEN A[SBYRNE@scana.com]
From: RONALD.LINDSAY@scana.com
Sent: Wed 12/2/2015 11:06:18 AM
Subject: Re: Call with Mike Baxley

Another approach to Santee, if they continue to disagree with your advice, would be to have you lead the discussion with the Santee board. The day long review session for us and Santee with you in Columbia then would be the only exposure to the draft report for anyone with either owner. No one with either owner would need to study the draft at length since you would provided the knowledge as needed in the board and any management discussions of the draft. - Ron

On Dec 1, 2015, at 1:55 PM, Wenick, George <gdwenick@smithcurrie.com> wrote:

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Ron,

I just got off the phone with Mike. It was a polite call, but Mike is firm in wanting the draft report.

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At the end of the call, he said that he would talk to Lonnie and attempt to get clear direction from Lonnie and Kevin for me to get him the draft report.

George

Reply to:
George D. Wenick
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

To: Wenick, George (gdwenick@smithcurrie.com)[gdwenick@smithcurrie.com]
From: LINDSAY, RONALD
Sent: Thur 12/3/2015 1:34:08 PM
Subject: FW: Docuement

FYI - Ron

-----Original Message-----

From: MARSH, KEVIN B
Sent: Thursday, December 03, 2015 10:29 AM
To: LINDSAY, RONALD
Subject: Fw: Docuement

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

Original Message

From: MARSH, KEVIN B <KMARSH@scana.com>
Sent: Thursday, December 3, 2015 10:27 AM
To: Carter, Lonnie
Subject: Re: Docuement

I would like for George to provide us with a draft of credible comments and conclusions from his review of the document. If your team is not comfortable with that approach, I would suggest that you and I talk to George. Did Mike Baxley have a follow up call with George as we discussed yesterday?

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

Original Message

From: Carter, Lonnie
Sent: Wednesday, December 2, 2015 6:16 PM
To: MARSH, KEVIN B
Subject: Docuement

***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.

Kevin,

Our team has reached an internal compromise on document review. I would like to send Mike Baxley and Steve Pelcher to George's office one day in the near future to spend the day reviewing the unredacted draft by themselves with George's presence in the building if needed, neither make nor depart with a copy, and return to Moncks Corner that same day. Do you have objection? If not, please advise George and copy me so that I will be aware. We will still plan to meet in Columbia if necessary to conduct a further review of a later draft.

Thanks,

Lonnie

Confidentiality Notice:

To: Lonnie Carter (lonnie.carter@santecooper.com)[lonnie.carter@santecooper.com]
Cc: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: MARSH, KEVIN B
Sent: Mon 1/4/2016 1:46:04 PM
Subject: Bechtel

Happy New Year! I have asked Ron Lindsay to have George Wineck get a copy of the Bechtel presentation they made to us after their review of the nuclear project. As we discussed, we will review this document in preparation for the completion of the final report. I am holding January 14th as a day we could have George meet with us for the review. Are you or your team available on that day?

Kevin

To: MARSH, KEVIN B[KMARSH@scana.com]
Cc: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Mon 2/8/2016 1:09:02 PM
Subject: FW: Bechtel
Final 2-5-16 VC Summer Units 2 & 3 - Project Assessment Report.pdf

Kevin – we are still arguing that this is attorney-client privileged. That means that you shouldn't forward it. If someone else needs to see it, let Ron or I send it to them. Al

From: Wenick, George [mailto:gdwenick@smithcurrie.com]
Sent: Friday, February 05, 2016 4:33 PM
To: LINDSAY, RONALD <RONALD.LINDSAY@scana.com>; Baxley, Mike (mike.baxley@santeecooper.com) <mike.baxley@santeecooper.com>; Pelcher, Steve (stephen.pelcher@santeecooper.com) <stephen.pelcher@santeecooper.com>; BYNUM, ALVIS J JR <ABYNUM@scana.com>
Subject: Bechtel

***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.

Gentlemen,

Attached is Bechtel's final "Summer Units 2 & 3 – Project Assessment Report." Please distribute as you see fit.

George

To: BYNUM, ALVIS J JR[ABYNUM@scana.com]
From: RONALD.LINDSAY@scana.com
Sent: Fri 10/28/2016 8:54:35 AM
Subject: Re: Nuclear report

Give me a call when you can. - Ron

On Oct 28, 2016, at 8:42 AM, BYNUM, ALVIS J JR <ABYNUM@scana.com> wrote:

You expressed an opinion on this – we should discuss internally

These guys are wearing us out

From: Baxley, Mike [<mailto:mike.baxley@santeecooper.com>]
Sent: Thursday, October 27, 2016 10:12 PM
To: BYNUM, ALVIS J JR <ABYNUM@scana.com>
Subject: Nuclear report

***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.

Al,

You may recall our discussion after our meeting last Friday concerning the fact that the Central Electric Cooperative has asked us for a copy of the Bechtel Report, which they learned of during the intervention process. Our initial answer has been that we are not in a position to respond until after the PSC decision on the fixed price petition is issued; additionally, Central has agreed not to file a FOIA while we await the PSC. In my opinion, our best option at this point is to impose NDA restrictions to prevent dissemination of the document if that is the preference of SCE&G. Do you have some specific limitations you would suggest?

Mike

Mike Baxley | Senior VP & General Counsel
Santee Cooper | jmbaxley@santeecooper.com
Physical: One Riverwood Drive, Moncks Corner, SC 29461
Mailing: PO Box 2946101, Moncks Corner, SC 29461-6101
☎p: (843) 761-7007 | ☎f: (843) 761-7037

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To: BYNUM, ALVIS J JR[ABYNUM@scana.com]
From: LINDSAY, RONALD
Sent: Fri 10/28/2016 8:54:36 AM
Subject: Re: Nuclear report

Give me a call when you can. - Ron

On Oct 28, 2016, at 8:42 AM, BYNUM, ALVIS J JR <ABYNUM@scana.com> wrote:

You expressed an opinion on this – we should discuss internally

These guys are wearing us out

From: Baxley, Mike [<mailto:mike.baxley@santeecooper.com>]
Sent: Thursday, October 27, 2016 10:12 PM
To: BYNUM, ALVIS J JR <ABYNUM@scana.com>
Subject: Nuclear report

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Al,

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Mike

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To: MARSH, KEVIN B[KMARSH@scana.com]
Cc: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Fri 10/28/2016 2:54:29 PM
Subject: Fwd: Nuclear report

Sent from my iPhone

Begin forwarded message:

From: "Baxley, Mike" <mike.baxley@santeecooper.com>
Date: October 28, 2016 at 2:53:14 PM EDT
To: "BYNUM, ALVIS J JR" <ABYNUM@scana.com>
Subject: RE: Nuclear report

***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.

Al, thanks for this information. I checked with Lonnie, he comments that he informed Kevin of the request, but Kevin gave him no specifics, and they are leaving the details of disclosure to us. Please let me know if that is not Kevin's understanding. Hope you have a great weekend.

Mike

-----Original Message-----

From: BYNUM, ALVIS J JR [mailto:ABYNUM@scana.com]
Sent: Friday, October 28, 2016 1:12 PM
To: Baxley, Mike
Subject: [EXTERNAL SENDER] Re: Nuclear report

Have you talked to Lonnie? I think that he and Kevin spoke about this

Sent from my iPhone

On Oct 27, 2016, at 10:11 PM, Baxley, Mike
<mike.baxley@santeecooper.com<mailto:mike.baxley@santeecooper.com>>
wrote:

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Mike

Mike Baxley | Senior VP & General Counsel Santee Cooper | *
jmbaxley@santeecooper.com<<mailto:jmbaxley@santeecooper.com>>
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received this message in error, please notify the sender immediately either by phone or reply to this e-mail, and delete all copies of this message.

To: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Mon 11/28/2016 1:52:26 PM
Subject: FW: Bechtel's Preliminary Analysis

From: Wenick, George [mailto:gdwenick@smithcurrie.com]
Sent: Thursday, November 12, 2015 11:02 AM
To: LINDSAY, RONALD <RONALD.LINDSAY@scana.com>
Cc: BYNUM, ALVIS J JR <ABYNUM@scana.com>
Subject: Bechtel's Preliminary Analysis

***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.

Ron,

My firm retained Bechtel Power Corporation ("Bechtel") to provide certain services under a Professional Services Agreement ("PSA") dated August 6, 2015 concerning the V.C. Summer project ("Project"). The purpose of Bechtel's work was to "assist SCH and Owners in better understanding the current status and potential challenges of the Project in anticipate of litigation and also to help ensure the Project is on the most cost efficient trajectory to completion." PSA Attachment A at 1. Bechtel agreed that all communications from Bechtel would be regarded as "confidential and made solely for the purpose of assisting SCH in giving legal advice to Owner." PSA at ¶ 3.

Bechtel recently advised that it was in the process of drafting a preliminary report of its findings and provided an oral preview of such findings. The primary focus of the oral preview was schedule and completion. As part of the preview, Bechtel explained its methodology for analyzing the Project schedule.

Bechtel admitted during the preview that did not base its analysis on the current project schedule being used by the Consortium. It explained that the Consortium's schedule was too large and complex for Bechtel to understand in the limited time that Bechtel had to perform its analysis. Emphasizing that point, Bechtel stated that it was unable even to download an electronic version of the Consortium's schedule, because of the time it would take to download a schedule of that size.

Instead of relying on the Consortium's schedule, Bechtel prepared a simplified, high-level schedule. That simplified schedule was based on Bechtel's prior experience with projects of similar size and complexity, and adapted to the Project. This fact alone means that Bechtel's preliminary analysis is of limited use. We have no reason to believe that Bechtel's conclusions have equal or superior merit, when compared with the Consortium's conclusions, which reflect the Consortium's years of experience at the Project.

More important, Bechtel described its schedule as a "Level 2" schedule. That is a reference to a commonly used system for classifying project schedules, based on the amount of detail

involved, with Level 0 being the least detailed and Level 4 being the most detailed. The American Association of Cost Engineering, known as AACE International, defines these levels, as follows:

Level 0: This is the total project and in effect is a single bar spanning the project time from start to finish. Functionally there is very little practical application for a schedule that is only a single bar other than to represent an element of a project or program time line. Level zero schedules normally will include the project or program major milestones and bars indicating key scope.

Level 1: This represents the schedule for the project by its major components. For example, a schedule for a process plant may be divided into process area, storage and handling area, services, site areas, and utilities. A Level 1 schedule is normally displayed as a Gantt or bar chart and may include key milestones. To differentiate between program and project schedules: a Level 1 of a program schedule, for example, would be a combination of Level 0 schedules for each component project. This would give program schedules at least one more level than the most detailed project schedule that constitutes the overall program.

Level 2: Each schedule component is further subdivided for Level 2. For example, utility systems are further subdivided into water, electrical, gas, storm drainage and sanitary systems, etc. In most cases Level 2 schedules can only be shown as a bar chart although key constraints may also be displayed. Milestones are normally included.

Level 3: The first level that a meaningful critical path network can be displayed and the CPM schedule can be used to monitor and manage (control) the overall project work. Level 3 is a good level for the overall project control schedule since it is neither too summarized nor too detailed.

Levels 4-X: The level of schedule subdivision continues to whatever is

appropriate detail for the user. When operating at more detailed levels, the planners generally work with segments of the total schedule. Often the project

“rolling schedule” includes a “look-ahead” period of time (30–180 days) and a

“look-back” at recent completed work periods.

The most important point to understand about the above classification is that Level 3 is the

“first level that a meaningful critical path network can be displayed and the CPM schedule can be used to monitor and manage (control) the overall project work.” Based on Bechtel’s statement that its schedule is Level 2, its schedule is insufficiently detailed to enable Bechtel to provide a meaningful critical path analysis for making projections about Project completion.

Having retained Bechtel to aid in preparation for anticipated litigation, I find Bechtel’s current, preliminary analysis to be unusable for that purpose. This does not mean that Bechtel’s personnel do not have the qualifications necessary to provide meaningful information. It simply means that the analysis is not sufficiently mature to provide meaningful insights into the schedule or the anticipated completion date. Preliminary conclusions often have this shortcoming.

Please tell me if you would like this information in a more formal letter or memo.

George

Reply to:
George D. Wenick
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

WEC: RODRICK/^{PAIGE}SWEENEY/TIM BARD/^{RICK}SWANSON
SCANA: KEM/SAB/JBA/JOE/LINDSAY/BYNUM

WEC/SCANA CONF CALL 10/15/15

COULD BE
PAIGE
SWEENEY
OR
TIM BARD
SWANSON

SWEENEY BINDING TERM SHEETS - RELEASE DELIVERED TO CBI - WEC/CBI
SIGN SPA.

AB CAN'T SIGN #6

DR SINCE SEPT SAID NEED PERMISE TO SIGN SPA

YOU SENT US AGREEMENT THAT DIDN'T INCLUDE BOARD APPROVAL

DO YOU SEE US SIGNING AGREEMENT THEN GO TO BOARD OR VICE VERSA

WOULD GO TO BOARD ¹ GET AGREEMENT OR PERMISSION TO ENTER INTO AGREEMENT

AB TELL US ABOUT WINDOW

DR ONCE BOARD APPROVES ² GO THRU EARNINGS CYCLE EITHER DISCLOSE OR CANCEL

SWEENEY CBI HAS EARNINGS RELEASE COMING UP ³ I HAVE BOARD APPROVAL MUST EITHER
DISCLOSE OR CANCEL

DR IN 5 DAY WINDOW MUST HAVE BINDING AGREEMENT W/IE ABOUT 48 HOURS

SWEENEY WEC HAS 2 AGREEMENTS REQUIRED REGULARLY APPROVES EST W/IE 30-45 DAYS

RL SCANA IEP CALL OCT 29

KEM #3 \$500M PAID OVER 5 MONTHS, GET CREDIT ONCE WE EXERCISE - AGREEMENT

#4 THIS \$500M IS ALL THE PAYMENTS, WEC AGREED

#5 NEED TO AGREE ON WHAT EXHIBIT C - WEC TO SENT TO US

AB #9 OUR CONCERN (i) WEC OK (iv) WEC THINKS UNDERSTAND

KEM #11 CHANGE PAYMENT TO \$KEM/UNIT IF MAKE PTC DATE, CLIFF.

DR CONCERN W/ HURRICANE COSTS US 3 MO, SPEND \$ TO RECOVER WE'LL COME BACK TO THAT ONE

KEM/AB #13 IF PF DOESN'T IMPROVE, WE PAY FOR WORK NOT DONE!

CAN WE LET DRB SETTLE

DR CONCERN W/ DRB OPTION AND TIMING.

KEM COULD CONTINUE PAYMENTS FOR 3 MO BASED ON FIXED SKED WHILE DRB CONSIDERS

#14 KEM EXPLAINED CONCEPT OF \$75M WORKING CAPITAL - DR OK

IF LINKED TO MILESTONE SKED.

2924

WEC/SCANA CONF CALL 10/15/15 (cont)

KBM WANT Δ IN LAW LANGUAGE SAME AS SOUTHERN.

AB BIG CONCERN THAT THIS IS DIFF

DR MORE THAN THIS LANGUAGE DIFFERENT IN SNG CONTRACT

UNCONTROLLABLE CIRCUMSTANCES ARE SAME, WE HAD 13 DAYS DISCUSSION ON THIS SUBJECT, MULTIPLE PAGES OF WRITING.

AB WOULD SUBSTANTIALLY SIMILAR

DR YES

SAB WANT TO SEE IT

DR SEND IT AS SIDEBAR

AB #16 AL EXPLAINED OUR CONCERN W/ EPC PROVISION RE CHARGING US FOR REGULATORY SUPPORT.

HOW WOULD WE DETERMINE IF SOMETHING SHOULD OR SHOULD NOT HAVE BEEN THERE

KBM STRICKEN #19 - COULD WE RESET POINT IN BOND RATING SO 2 NOTCH DOWNGRADE TO ACTIVATE - ...

DR COULD Δ TO "AS LONG AS AT INVESTMENT GRADE"

KBM AT YOUR OPTION.

DR OR SCANA TO WRITE HOW WORDS.

SAB #21 RAW BONUS - WANT TO START FROM 11/7/14

DR WANT TO STRIKE ~~#~~ 21 FOR NOW

KBM WE NEED TO SEE DOCUMENTS RE RELATIONSHIP W/ FLUOR

DR WEC STEPPING UP TO PLATE, RELATIONSHIP

90+% DESIGN DONE, SANNEN ON LINE W/ I 12 MO, FOAK ISSUES BEING OVERCOME

WEC PUTTING \$ WHERE MOUTH IS, WEC ALL IN. WEC/FLUOR RELATIONSHIP

AVOIDS CLAIMS

T F M CONTRACT W/ CAP - FLUOR NOT DOING ANY ENGINEERING

GIVE US SOMETHING TO DESCRIBE RELATIONSHIP

DR WHITE PAPER & MTG W/ SEATON

30/24

WEL/SCANA CONF CALL 10/15/15 (cont)

KBM #22 IMPORTANT Re BECHTEL AS OWNERS ENGINEER

DR CONCERN IS LITIGATION ¹/₂ BECHTEL HAVING UNFETTERED ACCESS

AB IF BECHTEL DISCOVERS SOMETHING THAT WE WOULD'VE FOUND ANYWAY!

DR CONCERN - BECHTEL DOING PRODUCTIVITY REVIEWS - THEN USE DATA AND TESTIFY AS EXPERT WITNESS

WE CAN LIVE W/ d IN 22 IF YOU CAN LIVE WITH a, b & c

AB WE AGREE WOULD TRY TO SEAL SANTEE

CAN WE PUT BACK IN THE FIRST SENTENCE OF #23

DR WERE OK WITH IT

~~AB~~ NEED SOME ACKNOWLEDGEMENT THAT TOSHIBA AGREES W/ GUARANTY LANGUAGE BUT OK TO STRIKE THEIR SIGNATURE FROM THIS AGREEMENT

AB ON OPTION AGREEMENT WANT TO STRIKE #5

SWEENEY OK

AB WHAT DOES PAYMENT LANGUAGE IN #1 MEAN

SWEENEY LEFT OVER PROVISION - TRUE UP MECHANISM, LIKELY DON'T NEED ANY LONGER

KBM WANT TO IDENTIFY COST NOW

TRYING TO FIGURE OUT HOW TO MAKE IT HAPPEN - DON'T KNOW CBE #'S

DEA HOW ABOUT IF WE GIVE YOU OUR LIST

KBM WE GIVE ACCOUNTING OF WHAT WE THINK WE'VE PAID THRU 6/30 ADD \$60824 TO THAT FIGURE

DR CAN YOU SEND US THE #'S THRU 6/30 - CONCEPTUALLY OK ⁰ WHAT PAID TO 6/30 SENT TO " " SINCE

KBM OUR TERMS HAVE BEEN RECONCILING.

KBM #2 ESCALATION ALREADY IN THE FIX PRICE #.

DR DIFF CONSEQUENCE IF YOU DON'T EXERCISE FOR 18 MO. RISK ISSUE

KBM DON'T SEE IT THAT WAY - WHAT IF WE EXERCISE W/ 12 MO SHOULD BE EXERCISE NOT EXERCISE

DR ACCT RULES GIVES 12 MO SO OK

WEC/SCANA CONF 10/15/15 (cont)

SWERN #9 UNDERSTAND YOUR POINT, BUT DON'T AGREE

PROPOSE DELETE #21, AGREE TO #9, BUT POTENTIAL FEE OF \$1 TO \$150M/UNIT

KBM STRIKE #9 i & iv IN #11 & 9150M

TAKE OUT 13.3 ^{etc} & STRIKE #21 - WEC AGREED THATS WHAT THEY MEANT

AB WILL RECOMMEND TO PARTNER.

SWERN TIMING OF SCANA TO SKN

AB SANTEE BOARD TOMORROW / LONNIE OUT OF TOWN SAT - MON.

DR WE HAVE RELEASES FROM SNC

JEA THEIR EPS CALL ON 10/28 @ 1300

DR ANNOUNCEMENTS ON 28TH WOULD THAT WORK

RL DISCUSSED LOGISTICS OF SANTEE BOARD [&] PUBLIC MEETINGS/NOTES

JEA DON'T YOU HAVE SAME ISSUE W/ SOUTHERN RELATIVE TO THEIR CO-OWNERS

DR NO - DEAL DONE W/ SOUTHERN - THEY GOT CO-OWNERS ON BOARD

KBM LETS CLEAN UP DOCUMENT AND WORK ON SANTEE LOGISTICS.

To: ADDISON, JIMMY E[JADDISON@scana.com]
From: SWAN, JAMES E IV
Sent: Tue 6/2/2015 6:58:38 PM
Subject: FW: SEC Comment Letter: SCANA Corp SCE&G 10-K 2015-06-02 Letter
SCANA Corp SCE&G 10-K 2015-06-02 Letter[CLEAN].pdf

Jimmy –

FYI - Here is our SEC comment letter received today. The MD&A comments about making the discussion focus more on the operating income of each of the two segments, rather than on margins followed by “aggregated” expenses, will take some work, but we are on it. The other comments about affiliated transactions will boil down to our having determined (rightfully) that the things they are looking for are not material and do not meet the tests.

I have shared this with Deloitte. I will keep you updated as the response develops.

Jim

From: Thompson, Jennifer [mailto:ThompsonJe@SEC.GOV]
Sent: Tuesday, June 02, 2015 12:38 PM
To: ADDY, TAMMY S; SWAN, JAMES E IV
Subject: SEC Comment Letter: SCANA Corp SCE&G 10-K 2015-06-02 Letter

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Please find attached a letter relating to the filing referenced therein. Do not respond to this electronic communication unless you have received it incorrectly. If you have any questions, please contact the person(s) identified at the end of the attached letter.

Division of Corporation Finance
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, D.C. 20549
www.sec.gov

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DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

June 2, 2015

Kevin B. Marsh
Chairman of the Board, President, Chief Executive Officer and Chief Operating Officer
SCANA Corporation
100 SCANA Parkway
Cayce, South Carolina 29033

Re: SCANA Corporation
South Carolina Electric & Gas Company
Form 10-K for the Fiscal Year Ended December 31, 2014
Filed February 27, 2015
File No. 001-08809 & 001-03375

Dear Mr. Marsh:

We have limited our review of your filing to the financial statements and related disclosures and have the following comments. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure.

Please respond to these comments within ten business days by providing the requested information or advise us as soon as possible when you will respond. If you do not believe our comments apply to your facts and circumstances, please tell us why in your response.

After reviewing your response to these comments, we may have additional comments.

General

1. Please note that the following comments address accounting practices, presentation and disclosure matters of SCANA Corporation on a consolidated basis. In our interest to reduce the volume of comments, we have not addressed South Carolina Electric & Gas Company with a separate comment, if applicable to the facts and circumstances. Please note that if you agree to a revision, we would also expect a concurrent change be made in the subsidiary level financial statements to the extent material. Please confirm to us your agreement with this objective.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations, page 27

2. In your segment disclosure on page 85, you state that you use operating income to measure segment profitability for SCE&G and other regulated operations; however, the analysis of your results of operations for the electric operations and gas distribution segments solely addresses the profitability measure called margin, which excludes other operations and maintenance expense, depreciation and amortization expense and other taxes expense. We have the following comments:
 - Please explain to us in reasonable detail how you have provided investors with a view of the company's results through the eyes of management without discussing the segmental measure of profit or loss used by management to evaluate performance.
 - To assist us in understanding your response, please tell us the amount of other operations and maintenance expense, depreciation and amortization expense and other taxes expense allocated to each of the electric operations and gas distribution segments for 2012, 2013 and 2014 so that we can see the change in each of these expenses from year to year.
 - If these expenses have not fluctuated significantly over time, explain to us in reasonable detail why the amounts of these expenses have been relatively flat despite your increasing sales volumes and segment assets. Also tell us how you considered explaining this to your investors in order to achieve the objective of providing information about the quality of, and potential variability of, your earnings and cash flow so that investors can ascertain the likelihood that past performance is indicative of future performance.

Financial Statements for the Year Ended December 31, 2014

Notes to Consolidated Financial Statements, page 51

11. Affiliated Transaction, page 84

3. We read on page 19 that PSNC Energy owns a 33.21% interest in Cardinal Pipeline Company, LLC and 17% of Pine Needle LNG Company, LLC; however, these investments are not discussed in the notes to the financial statements. Please explain to us where you have provided the disclosures required by ASC 323-10-50 and ASC 325-20-50.
4. We note that SCE&G owns 40% of Canadys Refined Coal, LLC, which is involved in the manufacturing and selling of refined coal to reduce emissions. Please discuss this

Kevin B. Marsh
SCANA Corporation
South Carolina Electric & Gas Company
June 2, 2015
Page 3

investment in your properties discussion on page 19 or tell us where it is discussed. Refer to Item 102 of Regulation S-K. Additionally, please tell us how you considered the applicability of Rule 4-08(g) of Regulation S-X for all of your investments in the aggregate that are accounted for on the equity method basis.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes the information the Securities Exchange Act of 1934 and all applicable Exchange Act rules require. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In responding to our comments, please provide a written statement from the company acknowledging that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

You may contact me at (202) 551-3737 with any questions.

Sincerely,

/s/ Jennifer Thompson

Jennifer Thompson
Accounting Branch Chief

To: Baxley, Mike[mike.baxley@santeecooper.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Wed 11/23/2016 9:33:42 AM
Subject: RE: Cooperatives' request for nuclear project analysis report

Mike

I met with Kevin, Steve and Ron late yesterday, and this is one of the topics that we discussed. They are adamantly opposed to this release. They suggest that we discuss this at our face-to-face meeting on the 30th

Al

From: Baxley, Mike [mailto:mike.baxley@santeecooper.com]
Sent: Monday, November 21, 2016 9:33 PM
To: BYNUM, ALVIS J JR <ABYNUM@scana.com>; LINDSAY, RONALD <RONALD.LINDSAY@scana.com>
Subject: Cooperatives' request for nuclear project analysis report

***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.

Al,

We are moving forward with plans to release the report to the Cooperatives. I had asked whether there were any dissemination restrictions that SCE&G wanted to place on the document, but have not yet received a response. You mentioned that Kevin would be calling Lonnie on this, but to my knowledge we have not had any contact.

Assuming you still desire some limitations, I propose the following:

1. The document will be given to counsel for Central Electric Cooperative under attorney/client protection.
2. The document will be classified as "Highly Sensitive Material" under the Coordination Agreement between Central and Santee Cooper, generally limiting disclosure and dissemination.
3. Only one copy will be provided, and no manual or electronic copying of that document will be permitted. The document is #2 from the Santee Cooper report log, the same copy previously assigned to me, to avoid another copy being made.
4. Viewing/possession of the document may not go beyond Central's CEO, executive management, and internal legal counsel.
5. Any discussion of the document with the Central Board of Directors must be done in executive session, Board members will be specifically instructed by counsel in that session there can be no outside further discussion of the document.

Please let me know if these restrictions satisfy your concerns. If you wish us to discuss this further, as a courtesy to SCE&G we will hold release until after the November 30 SCE&G/Santee Cooper joint executive meeting, although we are beyond the requested release date.

To: Zeigler, Belton[Belton.Zeigler@wcsr.com]
Cc: BURGESS, KENNETH CHAD[chad.burgess@scana.com]; HINSON, BYRON W[BHINSON@scana.com]
From: SMITH, ABNEY A JR
Sent: Wed 10/28/2015 2:30:21 PM
Subject: RE: Settlement with WEC

This applies to Bechtel who has just completed an analysis of our project and will likely stay involved. Santee has been pushing this. We'll probably never see a written report of the Bechtel study and have not been briefed by senior management on their findings. We are paying a 100% price tag of 1M for this study. Not sure how to address in BLRA. ORS is aware. You may want to check with Chad and Byron whom I copied.

Abney A. (Skip) Smith
Manager, Business & Finance
New Nuclear Deployment
VC Supplier Nuclear Station
SCE&G
803-911-9816 (O)
803-530-5531 (F)

From: Zeigler, Belton [mailto:Belton.Zeigler@wcsr.com]
Sent: Wednesday, October 28, 2015 2:18 PM
To: SMITH, ABNEY A JR
Subject: Settlement with WEC

***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.

I noticed discussion of Owner's Consultant. Has a consultant been hired? Is this something we need to disclose now, or should we wait? (I think it is a positive and sounds best as part of a general restructuring of relationships, not a follow on later.)

Belton

BELTON T. ZEIGLER
PARTNER

WOMBLE CARLYLE SANDRIDGE & RICE, LLP
1727 Hampton Street | Columbia, SC 29201
T 803 454 7720 | belton.zeigler@wcsr.com
[Firm Website | www.wcsr.com](http://www.wcsr.com)

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To: SMITH, ABNEY A JR[SASMITH@scana.com]
Cc: BURGESS, KENNETH CHAD[chad.burgess@scana.com]; HINSON, BYRON W[BHINSON@scana.com]
From: Zeigler, Belton
Sent: Wed 10/28/2015 2:31:24 PM
Subject: RE: Settlement with WEC

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If it is not our study, then I say we don't mention it.

BELTON T. ZEIGLER
PARTNER

WOMBLE CARLYLE SANDRIDGE & RICE, LLP
1727 Hampton Street | Columbia, SC 29201
T 803 454 7720 | belton.zeigler@wcsr.com
Firm Website | www.wcsr.com

From: SMITH, ABNEY A JR [mailto:SASMITH@scana.com]
Sent: Wednesday, October 28, 2015 2:30 PM
To: Zeigler, Belton
Cc: BURGESS, KENNETH CHAD; HINSON, BYRON W
Subject: RE: Settlement with WEC

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Abney A. (Skip) Smith
Manager, Business & Finance
New Nuclear Deployment
VC Summer Nuclear Station
SCE&G
803-941-9816 (O)
803-530-5532 (C)

From: Zeigler, Belton [mailto:Belton.Zeigler@wcsr.com]
Sent: Wednesday, October 28, 2015 2:18 PM
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Belton

BELTON T. ZEIGLER

PARTNER

WOMBLE CARLYLE SANDRIDGE & RICE, LLP

1727 Hampton Street | Columbia, SC 29201

T 803 454 7720 | belton.zeigler@wcsr.com

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To: Zeigler, Belton[Belton.Zeigler@wcsr.com]
Cc: BURGESS, KENNETH CHAD[chad.burgess@scana.com]; HINSON, BYRON W[BHINSON@scana.com]
From: SMITH, ABNEY A JR
Sent: Wed 10/28/2015 2:34:52 PM
Subject: RE: Settlement with WEC

We and Santee contracted the study but through our outside counsel, George Wenick. Al Bynum can give you insight. I would prefer not to mention it

Abney A. (Skip) Smith
Manager, Business & Finance
New Nuclear Deployment
VC Summer Nuclear Station
SCE&G
803 911 9816 (O)
303 530 4532 (F)

From: Zeigler, Belton [mailto:Belton.Zeigler@wcsr.com]
Sent: Wednesday, October 28, 2015 2:31 PM
To: SMITH, ABNEY A JR
Cc: BURGESS, KENNETH CHAD; HINSON, BYRON W
Subject: RE: Settlement with WEC

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BELTON T. ZEIGLER
PARTNER

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1727 Hampton Street | Columbia, SC 29201
T 803 454 7720 | belton.zeigler@wcsr.com
[Firm Website | www.wcsr.com](http://www.wcsr.com)

From: SMITH, ABNEY A JR [mailto:SASMITH@scana.com]
Sent: Wednesday, October 28, 2015 2:30 PM
To: Zeigler, Belton
Cc: BURGESS, KENNETH CHAD; HINSON, BYRON W
Subject: RE: Settlement with WEC

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Manager, Business & Finance
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803-941-9815 (C)
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From: Zeigler, Belton [<mailto:Belton.Zeigler@wcsr.com>]
Sent: Wednesday, October 28, 2015 2:18 PM
To: SMITH, ABNEY A JR
Subject: Settlement with WEC

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I noticed discussion of Owner's Consultant. Has a consultant been hired? Is this something we need to disclose now, or should we wait? (I think it is a positive and sounds best as part of a general restructuring of relationships, not a follow on later.)
Belton

BELTON T. ZEIGLER
PARTNER

WOMBLE CARLYLE SANDRIDGE & RICE, LLP
1727 Hampton Street | Columbia, SC 29201
T 803 454 7720 | belton.zeigler@wcsr.com
Firm Website | www.wcsr.com

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To: SMITH, ABNEY A JR[SASMITH@scana.com]
From: Zeigler, Belton
Sent: Wed 10/28/2015 2:43:26 PM
Subject: RE: Settlement with WEC

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From: SMITH, ABNEY A JR [mailto:SASMITH@scana.com]
Sent: Wednesday, October 28, 2015 2:35 PM
To: Zeigler, Belton
Cc: BURGESS, KENNETH CHAD; HINSON, BYRON W
Subject: RE: Settlement with WEC

We and Santee contracted the study but through our outside counsel, George Wenick. Al Bynum can give you insight. I would prefer not to mention it

Abney A. (Skip) Smith
Manager, Business & Finance
New Nuclear Deployment
VC Summer Nuclear Station
SCE&C
803-911-9816 (O)
803-540-5532 (C)

From: Zeigler, Belton [mailto:Belton.Zeigler@wcsr.com]
Sent: Wednesday, October 28, 2015 2:31 PM
To: SMITH, ABNEY A JR
Cc: BURGESS, KENNETH CHAD; HINSON, BYRON W
Subject: RE: Settlement with WEC

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To: Zeigler, Belton[Belton.Zeigler@wcsr.com]
Cc: BYNUM, ALVIS J JR[ABYNUM@scana.com]
From: SMITH, ABNEY A JR
Sent: Wed 10/28/2015 4:46:26 PM
Subject: RE: Settlement with WEC

I believe that's the case. I copied Al for his confirmation

Abney A. (Skip) Smith
Manager, Business & Finance
New Nuclear Deployment
VC Summer Nuclear Station
SCE&G
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Manager, Business & Finance
New Nuclear Deployment
VC Summer Nuclear Station

To: John Currie[jcurrie@mcnair.net]
From: RONALD.LINDSAY@scana.com
Sent: Sun 8/9/2015 6:16:32 PM
Subject: Re:

Carts can't go into deep rough, woods, creeks and rocks to which my ball is attracted on many occasions

> On Aug 8, 2015, at 11:54 PM, John Currie <jcurrie@mcnair.net> wrote:

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> Last I saw there wasn't. Jim Swan brought up the Bechtel agreement when he and I spoke on Thursday and he said he didn't think disclosure was required. I agreed and I assume that there was no disclosure but I haven't reviewed what was filed. I'd be really surprised if something was added about it without Jim calling me.

>

> Good dogs don't get tired from riding in a cart.

>

> Sent from my iPhone

>

>> On Aug 8, 2015, at 10:45 PM, LINDSAY, RONALD <RONALD.LINDSAY@scana.com> wrote:

>>

>> I played 27 today and my dogs are tired.

>>

>> I have heard that Jimmy was asking Steve about a Bectel disclosure. It is my understanding that there is complete agreement that no disclosure should be made in the Q. Am I correct that there is no Bectel reference in the Q? Was it filed on Friday? - Ron

>

>

>

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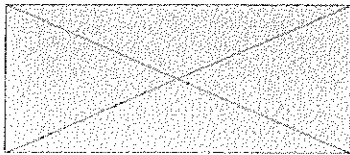
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>

To: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: John Currie
Sent: Wed 8/12/2015 11:24:06 AM
Subject: Bechtel/10-Q

***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.

Jim Swan confirms that there isn't anything in the Q about retaining Bechtel. He agrees that it isn't material at this point and he said that Jimmy had concluded that he didn't want to volunteer anything about it in the Q.



John W. Currie

Shareholder

jcurrie@mcnair.net | 803 753 3272 Direct

McNair Law Firm, P.A.

Columbia Office 1221 Main Street | Suite 1800 | Columbia, SC 29201

803 799 9800 Main | 803 933 1443 Fax

Mailing Post Office Box 11390 | Columbia, SC 29211

[VCard](#) | [Bio URL](#) | [Web site](#)

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To: John Currie[jcurrie@mcnair.net]
From: LINDSAY, RONALD
Sent: Mon 11/2/2015 12:47:20 PM
Subject: RE: NND Section of Q3 10Q Draft

I'll do the conference call at 2 - Ron

-----Original Message-----

From: John Currie
Sent: Monday, November 02, 2015 12:42 PM
To: LINDSAY, RONALD
Subject: RE: NND Section of Q3 10Q 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.

yes.

John W. Currie-
Shareholder-
jcurrie@mcnair.net | 803 753 3272 Direct - - McNair Law Firm, P.A.- Columbia Office | 1221 Main Street
| Suite 1800 | Columbia, SC 29201-
803 799 9800 Main | 803 933 1443 Fax -
Mailing Post Office Box 11390 | Columbia, SC 29211- -
Bio: <http://www.mcnair.net/Professionals/jcurrie>
-Website: <http://www.mcnair.net>

-
-
-
-

-----Original Message-----

From: LINDSAY, RONALD [mailto:RONALD.LINDSAY@scana.com]
Sent: Monday, November 02, 2015 12:33 PM
To: Currie, John <JCurrie@MCNAIR.NET>
Subject: FW: NND Section of Q3 10Q Draft

OK with you? - Ron

-----Original Message-----

From: Wenick, George [mailto:gdwenick@smithcurrie.com]
Sent: Monday, November 02, 2015 11:50 AM
To: LINDSAY, RONALD
Subject: Re: NND Section of Q3 10Q 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.

Ron,

I could be on a call between 2:00 and 3:00. Please tell me if that would work.

George

> On Nov 2, 2015, at 11:25 AM, LINDSAY, RONALD <RONALD.LINDSAY@scana.com> wrote:

>

> George - I have attached the NND section of the 10 Q draft for Q3. We

> are trying to get comments back by the end of the day. I think it

> would be worthwhile to have a discussion among John Currie, you and

> me. Do you have availability for a call today? - Ron

> <20151102101810795.pdf>

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From: LINDSAY, RONALD(/O=SCANA/OU=COLUMBIA/CN=RECIPIENTS/CN=RONALD.LINDSAY)
To: jcurrie@mcnair.net
CC:
BCC:
Subject: FW: BLRA Quarterly Report
Sent: 11/6/2015 07:56:04 AM -0500 (EST)
Attachments:

fyi

From: Wenick, George [mailto:gdwenick@smithcurrie.com]
Sent: Thursday, November 05, 2015 8:30 PM
To: LINDSAY, RONALD
Subject: RE: BLRA Quarterly Report

***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.

Ron,

I received your voicemail. I will write up my comments on the Bechtel presentation and send them to you. You will get them on Tuesday, at the earliest. I was in a deposition out of town yesterday and will be again tomorrow. I will return to Atlanta Friday night, but be out of town again on business all day Monday.

With respect to the BLRA filing

Redacted for Privilege

Redacted for Privilege

George

From: LINDSAY, RONALD [mailto:RONALD.LINDSAY@scana.com]
Sent: Wednesday, November 04, 2015 3:40 PM
To: Wenick, George
Subject: FW: BLRA Quarterly Report

George - Here is the second revision of the quarterly BLRA report, which we plan to file on Friday. Please let me know if you have any comments. - Ron

From: BURGESS, KENNETH CHAD

Sent: Wednesday, November 04, 2015 3:30 PM

To: BYRNE, STEPHEN A; LINDSAY, RONALD; HUTSON, WILLIAM V; HINSON, BYRON W; BYNUM, ALVIS J JR; SMITH, ABNEY A JR; SEXTON, KENNETH S; ROBINSON, RACHEL M; John Currie

Cc: GISSENDANNER, MATTHEW W; Belton.Zeigler@wcsr.com; WRIGHT, SUSAN CAROLE; SWAN, JAMES E IV

Subject: BLRA Quarterly Report

All -

Attached to this email is the latest draft of the BLRA Quarterly Report. I am attaching a redline version as well as a clean version. Please review the report and if you wish to make further edits, please make your edits in the clean version. Also, our filing deadline is Friday, Nov. 6. Therefore, please provide your comments, if any, as quickly as possible and when doing so please include William Hutson in any reply message to this email.

Chad

To: BYNUM, ALVIS J JR[ABYNUM@scana.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]; BYRNE, STEPHEN A[SBYRNE@scana.com]; ADDISON, JIMMY E[JADDISON@scana.com]
Sent: Tue 9/8/2015 6:43:00 PM
Subject: RE: becthel study and Santee

I have a conference call set up in the morning with Bechtel, Santee and WEC (Benjamin) at 0730 to discuss documents still pending for Bechtel review, challenges in reviewing change orders related to the EPC Agreement and other topics related to path forward. Bechtel will be on site for an all day meeting tomorrow with the consortium that had been previously planned. Crosby will be in attendance.

Al, I will discuss your concern with Mike Crosby and the problem that creates for us. I will speak to him at the conclusion of our conference call.
Jeff

From: BYNUM, ALVIS J JR
Sent: Tuesday, September 08, 2015 4:42 PM
To: LINDSAY, RONALD; BYRNE, STEPHEN A; ARCHIE, JEFFREY B; ADDISON, JIMMY E
Subject: becthel study and Santee

Steve Pelcher told me today that Santee Cooper has a bond prospectus coming out on September 30 and they are debating whether to mention the Bechtel study. I think that the Consortium would object because they don't want Southern knowing about it and sending a subpoena. I'm not clear how you would feel or if Santee Cooper is even asking for our opinion

To: Zeigler, Belton[Belton.Zeigler@wcsr.com]
Cc: BURGESS, KENNETH CHAD[chad.burgess@scana.com]; HINSON, BYRON W[BHINSON@scana.com]
From: SMITH, ABNEY A JR
Sent: Wed 10/28/2015 2:30:20 PM
Subject: RE: Settlement with WEC

.....

This applies to Bechtel who has just completed an analysis of our project and will likely stay involved. Santee has been pushing this. We'll probably never see a written report of the Bechtel study and have not been briefed by senior management on their findings. We are paying a 100% price tag of 1M for this study. Not sure how to address in BLRA. ORS is aware. You may want to check with Chad and Byron whom I copied.

Abney A. (Skip) Smith
Manager Business & Finance
New Nuclear Deployment
VC Summer Nuclear Station
SCL&G
803 911 9516 (O)
803-530-5532 (C)

From: Zeigler, Belton [mailto:Belton.Zeigler@wcsr.com]
Sent: Wednesday, October 28, 2015 2:18 PM
To: SMITH, ABNEY A JR
Subject: Settlement with WEC

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I noticed discussion of Owner's Consultant. Has a consultant been hired? Is this something we need to disclose now, or should we wait? (I think it is a positive and sounds best as part of a general restructuring of relationships, not a follow on later.)

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V.C. Summer – Units 2& 3

SCE&G Observations to Santee Cooper

Recommendations

We agree that the Owners should always be looking for opportunities to make improvements to the course of the Project. We recognize that the Project has experienced unacceptable delays and poor performance due to numerous factors, including inadequate project integration and management, incomplete engineering, and rework associated with ongoing design alteration. We believe that the recent settlement with Westinghouse will address many of these issues, but we are always open to consider suggestions for improvement.

We have reviewed the recommendations that you presented to us on March 3, 2016. We understand that, given the Consortium's track record, there is naturally a desire for increased oversight. However, we would caution that your reference to "intrusive verification" might not be advisable given the nature of the EPC Agreement. Having said that, we are agreeable to suggestions that would help to move the Project towards completion at the lowest possible cost and in the shortest possible time. As we have said before, we are not opposed to making changes with the manner in which the Owners manage the Project. With respect to your specific suggestions, we offer the following:

1. Construction Milestone Payment Schedule

We agree with your statement that the "development of the construction milestone payment schedule is vitally important to the Owners to drive schedule adherence and Consortium accountability." To that end, our team, with your participation, has had numerous meetings to develop such a schedule. We also agree with your statement that we should "advise all parties that future payments for work will be made according to the milestone payment schedule without exception." We further agree with your statement that "for avoidance of confusion, payment for construction work will not occur until satisfactory completion of each milestone."

We are in general agreement with your final bullet point, that we retain a qualified third party to review the schedule. To date, we have not been made aware of an acceptable third party that we believe is qualified to perform this task. However, we are willing to begin a search for an acceptable candidate, although we do not believe that it is realistic to have a selection in place by March 31.

2. Project Evaluation and Assessment by Owners

We agree with your suggestion that "the Owners will take steps to obtain stakeholder and interested party assessments with observations and recommendations on issues impacting all Project functional areas." We believe that our Operating Agreement provides for this, and we believe that we have complied with this requirement throughout the life of the Project.

We understand that you are looking to form a team to review specific issues and recommendations that have arisen and continue to arise. As we have said, we are agreeable to that approach. We are available to immediately assemble a team consisting of representatives from both of our companies to begin the process. In fact, after consultation with our business and finance group and our project management group, we have already

assembled a list of proposed topics for the team to review. We believe that an initial review, including a preliminary action plan, could be in place by the date that you suggest, April 30, 2016.

3. Quarterly Meetings with Toshiba / WEC / Fluor

We agree with the suggestion that we “schedule and hold quarterly meetings with Toshiba, WEC, and Fluor management to gauge executive commitment to Project and to discuss progress and issues.” In fact, our settlement agreement specifically provides for such meetings. While we agree with your desire that the meetings commence as soon as possible, we would note that every date that we have provided to the Consortium has thus far been rejected.

4. Evaluation of Fixed Price Option

We agree that the parties should “evaluate Fixed Price Option on a schedule that will support a Public Service Commission (PSC) ruling by October 1, 2016.” We are not clear as to why the Santee Cooper Board cannot make a determination until after the PSC ruling.

5. Professional Oversight of EPC Agreement

We generally agree with the suggestion that we “retain EPC managerial and project controls expertise responsible for independently measuring and analyzing contract performance and for making recommendations to best influence Consortium behavior, accountability and the successful outcome of the Project.” However, we may not agree as to the best method to accomplish this objective.

One of your suggestions is that “SCE&G hire an executive EPC professional, reporting directly to the SCE&G CEO but also answering to the Santee Cooper CEO, responsible for this work.” You describe this person as “a career professional with extensive experience in complex, new-build generation projects.” Alternatively, you suggest that we “retain a qualified EPC firm, including executive leadership and support personnel, to provide the needed services.”

While we appreciate both suggestions, we do not agree that either will necessarily provide a better level of oversight. This project is not a typical EPC construction project. It is a first-of-a-kind construction using a new set of stringent regulations, Part 52. In addition, it requires a wide-ranging skill set that may be available from a single person or group. While we believe that our current staff has extensive experience in most of the relevant disciplines, we acknowledge that there are areas of expertise that they lack. We are not opposed to the idea of adding additional resources to fill those gaps, but we want to be strategic in how we accomplish that mission.

To that end, we have spoken extensively with the owners of the Vogtle site to understand the oversight that they have in place and to hear their assessment of how successful that mechanism has worked. Southern and their co-owners utilize a “Construction Review Board” that meets several times each year. It includes company and co-owner representatives, as well as external members. The external membership changes, depending on the expertise needed at a particular time

Likewise, we are aware that the owners of the Watts Bar plant have implemented a similar board.

We are open to the idea of establishing a similar board for our project, and we would obviously expect and welcome your participation on such a board

Meeting with Kevin Marsh
June 16, 2016

1. June 20 agenda
 - a. Crosby sent an agenda on June 7 that goes beyond our scope
Crosby sent email on June 14 saying that they assumed that we were in agreement
 - b. Kevin requested a list of documents needed so we could ascertain the issues
Pelcher responded on June 14 with email stating that there would be no list
We have not responded to that email
2. Still not clear when they vote
 - a. Pelcher told me on Monday that it would be in July
 - b. Crosby email of the 14th says that he is "not sure"
3. Specific documents that they have requested
 - a. "recommendation letter"
 - b. "SCANA evaluation"
 - c. Information on Vogtle milestones
4. Bankruptcy discussion (arguably unrelated to FPO)
 - a. Steve indicated in June 14 email that we would be "prepared to answer bankruptcy questions"
 - b. Santee has advised us that they have hired their own bankruptcy attorney
5. Milestone/DRB issues (arguably unrelated to FPO)
 - a. We have not made the June 100 million dollar payment, with support from Santee
 - b. Santee seems to think that this is in lieu of second DRB payment
 - c. There is debate over the approach recommended by George
6. Bechtel issues (clearly not related to FPO)
 - a. Included on both the June 7 proposed agenda and Crosby June 14 email
 - b. Not clear that our proposed oversight board will satisfy them

Summary Observations to Address:

Observations:

The design change process also needs further management review and control. Changes should be assessed as to absolute need and impact on construction, and changes not meeting these requirements should not be implemented. SCE&G should be a part of this assessment process.

SCE&G Response:

We have been frustrated with this process as well and have expressed our concerns to the Consortium on a regular basis. However, we are also mindful that our contractual relationship was intentionally set up as an “EPC” arrangement, so that when problems do arise, there is no dispute as to culpability - the Consortium is responsible. If we insist on “control” over the process, we lose that negotiated benefit. Therefore, we must balance our desire for oversight against the legal risk that results from excess participation in the process

We believe that the best way to resolve this issue is to better align the Consortium’s economic interests with ours. We have done that through our October 2015 Amendment by substantially increasing the liquidated damages and other financial risks for which the Consortium is responsible in the event of a delay. As a result, we believe that the Consortium is now incited to carefully assess the need for any proposed changes

SCE&G and Westinghouse also need to come to an agreement on the milestone payment schedule soon. All necessary management and focus required to accomplish this goal must be utilized.

SCE&G Response:

We have had teams working on this project since early this year. The fundamental problem is that the Consortium is insisting on a payment schedule that leaves them “cash neutral.” We cannot agree to that concept.

It now appears that this issue will have to be resolved by the Dispute Resolution Board. When it became apparent to us that we had reached an impasse in negotiations, we engaged a third party to assist us with developing a schedule that we believe will be understandable and acceptable to the Board. We hope to have that schedule in hand by the end of the month. We intend to present the schedule to the Consortium and if an agreement is not reached quickly, filing a claim with the Board.

While we are disappointed with the pace of the negotiations, it is important to remember that we provided for this possibility in our October 2015 Amendment (We have extended some of the dates in that Agreement so as to allow continuing negotiations). We established a mechanism for resolving the matter without affecting the progress of the project.

Any approach to this project that totally excludes Westinghouse is unlikely to be successful for the project. Westinghouse has key design responsibilities for all safety-related and almost all other key systems and components. In addition, they are the primary designers for the physical plant itself, including the structural and mechanical modules. Westinghouse must be a part of the project if there is to be any hope of successfully completing it. In some areas, a more experienced architect/engineer might provide needed assistance which could be pursued in conjunction with Westinghouse. However, no successful scenario exists that totally excludes Westinghouse's participation.

SCE&G Response:

We recognize the need to keep Westinghouse fully engaged in the project and have never considered a scenario in which they would be excluded. In fact, prior to the October 2015 Amendment, we recognized that Westinghouse might not be as incented as we would like because the cap on liquidated damages had already been reached. For that reason, in the October 2015 Amendment, we negotiated new terms that will ensure the active involvement and attention of Westinghouse throughout the project

Substantial Completion Dates

In the case of Unit 2, the August 31, 2019 GSCD is unlikely to be met. Completing Unit 2 in time to receive the Federal Production Tax Credits will require improvements to the current construction methodology.

For Unit 3, there is much lower confidence level that this Unit can be completed by the GSCD or within the 18 month window. This is based on the lack of performance in multiple areas cited in the preceding section of this letter. In addition, Fluor has not completed their schedule assessment and has not prepared a resource loaded integrated project schedule. This makes the validity of the current schedule highly suspect.

SCE&G Response:

We acknowledge that meeting the GSCD of Unit 2 will be a challenge, although at this time, we do not expect that the delay will affect our eligibility to receive Federal Production Tax Credits. Our October 2015 Amendment provides recourse to us if the August 31 date is not met, although we not content to simply rely on our contractual remedies. We are taking very active steps to expedite the process

We are also concerned about the Unit 3 schedule. Again, there are contractual remedies for missed dates, but we are not content to simply rely on those. We are also actively awaiting the Fluor assessment, as

well as their recommendations as to any steps that can be taken to expedite the progress.

Sent: Tue 3/15/2016 9:11:23 AM
Subject: attorney-client privileged

This is a long email, so I apologize in advance. You may not can read it on blackberry

Attachments

You will find three attachments. The first is a proposed response to the five-page recommendations letter. I realize that we may choose not to respond in writing; but even then, the contents of this letter may help you in responding verbally. If we send the letter – and they may insist on a written response – I don't think that this version would bother us even if disclosed. The bottom line is that we generally accept their ideas, except for the last one – and we offer an alternative to that one. The alternative is based on what Southern is apparently doing, which is discussed below

The second attachment is a cumulative list of recommendations (including Bechtel's and ours), along with the comments that we got back from our review team. The next step presumably is to convene the whole team, including the Santee Cooper members, and go through the comments. Santee has not seen this document. Hopefully, the document will demonstrate that we aren't just ignoring the report

I will talk about the third attachment in the next section

Southern structure

On the Southern project management structure - There are actually three boards at Southern. The first is the "Vogtle Project Management Board" (VPMB). This sounds like our Executive Steering Committee. They meet once a month and the co-owners are present, but the Consortium is not. In addition, they have a lawyer's meeting prior to that meeting

The second board is the "Vogtle Expansion Oversight Committee" (VEOC). They also meet monthly, but the co-owners are not invited. This involves higher level Southern executives like Fanning

The third board (and the one most relevant to our discussion) is the "Vogtle Construction Review Board" (VCRB). This is the one that I think that we want to focus on.

Vogtle Construction Review Board

According to its charter:

The purpose of the VCRB is to strategically advise the PND [President Nuclear Development] in matters related to nuclear construction activities and provide an ongoing perspective of construction and operational readiness with a principal focus on quality and safety. Additionally, the VCRB should also critically evaluate (with an overarching, strategic focus) SNC's oversight and quality assurance role as it relates to engineering, procurement, construction, operational readiness, start-up and commissioning of Vogtle 3&4.

Note: The VCRB differs from the Independent Advisor in that the focus of the Independent Advisor is to provide advice to the PND generally on the day-to-day activities of the project.

The charter provides the board is to consist of a minimum of four (normally six) regular members. A minimum of two (normally three) of these members will be external members. All external members

should be appointed to serve for a minimum of two years with their expiration dates being staggered.

“It is desirable” that one external member be a person with recognized previous construction experience but who has not been out of an active industry position for more than five years. This person will preferably have experience in mega-construction or evaluation activities (i.e., INPO). All members must:

- a. Hold bachelors or advanced degrees in an engineering or physical science field;
- b. Be familiar with mega-construction projects, nuclear safety, environmental, and/or regulatory requirements;
- c. Have a minimum of five years technical experience and competence of which a minimum of three years shall be in one or more of the areas listed below:

- | | |
|---|---------------------------|
| • Nuclear Power Plant Construction | • Licensing |
| • Fossil/Hydro Power Plant Construction | • Mega-Commercial |
| Construction Activities | |
| • Governance | • Civil Engineering |
| • Heavy Industrial Construction | • Mechanical Engineering |
| • Metallurgy | • Electrical Engineering |
| • Nondestructive Testing | • Procurement |
| • Instrumentation and Control | • Startup |
| • Radiological Safety | • Commissioning |
| • Operational Readiness | • Occupational Safety |
| • INPO Construction Expectations | • Administrative Controls |
| | • Quality Assurance |

The board meets three times a year, from Tuesday through Thursday. According to information given to Ron Jones by Southern, prior to the meeting, the Board determines its activities for the upcoming meeting and requests other pre-meeting information that they deem necessary. When they meet, the first two days are used for evaluating the Project’s safety, quality and progress through:

- o SNC Management Presentations
- o Performing personnel interviews
- o Observing regularly scheduled site meetings
- o Interviewing Contractor Leadership

Day 3 is used to draft a letter that documents the Board’s impressions about the site’s safety, quality and progress, and also documents observations about areas for project improvements. At the end of Day 3, the Board holds a meeting with Project Leadership to discuss impressions and observations, as well as areas that need management attention. Attendees at the exit meeting include SNC and Contractor Senior Management and co-owner executives. The Board then finalizes and sends the letter to SNC Executive Management. Prior to the next Board meeting, SNC sends a letter back to the Board documenting Project improvements based on the Boards observations

The board was supposedly created by Buzz Miller to be like a Nuclear Safety Review Board. They first met in February Of 2011. <http://pegasus-global.com/assets/newsletters/2011/Pegasus-Global-Newsletter-2011-04.pdf>. I was told that one external member is Luis Reyes, former Executive Director for Operations for the NRC. From a Google search, it looks like some other members are (or have been) Loren Plisco, principal at Plisco Consulting LLC in Atlanta; Phil McCullough, owner at McCullough Consulting, LLC in Atlanta; and Dr. Kris Nielsen, Chairman and President of Pegasus Global Holdings (who has apparently since died).

In looking through Georgia PSC materials, it appears that the Commission routinely asks for the letters of this Board. It appears that the company complies, but provides them under seal.

It is worth noting that TVA formed a similar group at Watts Bar, apparently in response to contractor problems. That board, called the "Nuclear Construction Review Board" (NCRB), was organized in April 2012. <http://pbadupws.nrc.gov/docs/ML1520/ML15208A078.pdf>. According to a document that is available on the Internet:

The Nuclear Construction Review Board (NCRB) is a group of industry experts that routinely reviews project performance and provides their insight to the Senior Vice President of Nuclear Construction. The NCRB is independent of WBN2 management to ensure that reviews are not biased and that project performance is on track. The latest NCRB provided a number of insights, among those are:

- Cost and schedule deviations must be monitored and evaluated. Scope changes and contingency funding must be authorized. This action is complete.
- WBN2 should benchmark other organizations that have addressed performance problems on mega-construction projects to compare performance metrics. This action is planned for completion in September.
- Evaluate the project risks identified by the NCRB using the project risk process to evaluate and rank risks for inclusion in the project scope. Provide for contingency as appropriate. This action is complete.

http://152.87.4.98/power/nuclear/pdf/wb2_qtrly_update_may-july-2012.pdf

The only member that I could find on the Internet was Rick Purcell, principal of R T Purcell LLC

To: BYRNE, STEPHEN A[SBYRNE@scana.com]
Cc: Crosby, Michael[michael.crosby@santecooper.com]; JONES, RONALD A[RONALD.JONES@scana.com]; SMITH, ABNEY A JR[SASMITH@scana.com]; Marion Cherry (william.cherry@scana.com)[wiliam.cherry@scana.com]; WALKER, CARLETTE L[CWALKER@scana.com]; KOCHEMS, KEVIN R[KKOCHEMS@scana.com]; BROWNE, KENNETH JEROME[KENNETH.BROWNE@scana.com]; MARSH, KEVIN B[KMARSH@scana.com]; ARCHIE, JEFFREY B[JARCHIE@scana.com]; BYNUM, ALVIS J JR[ABYNUM@scana.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]; Baxley, Mike[mike.baxley@santecooper.com]
From: Carter, Lonnie
Sent: Sun 9/20/2015 12:41:47 PM
Subject: Re: term sheet issues

***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.

Steve,

Thanks for pulling this together. There is no mention he of liquidated damages or requiring owners engineer. The latter is in the current EPC but may want to strengthen.

If Danny wants to get this to closure, he better get these items moving especially the Bechtel work. Frankly, it would be more productive to get the Bechtel Team involved on this deal. It would inform their work and give us good advice about the do ability of WEC's proposal. A little tension with WEC is not bad.

Thanks,
Lonnie

Sent from my iPad

> On Sep 20, 2015, at 11:52 AM, BYRNE, STEPHEN A <SBYRNE@scana.com> wrote:
>
> Thank you for the feedback, I have incorporated much of it into the attached word document. I view this as a negotiation and do want to hold some things to the next round. Many of you commented about the definition of regulatory changes, but I think that is contained in the 2012 agreement language, AI can correct me if that is not accurate. I will send to Danny Roderick this afternoon.
>
>
>
> Steve
>
>
> _____
> From: BYRNE, STEPHEN A
> Sent: Saturday, September 19, 2015 2:50 PM
> To: 'Crosby, Michael'; Carter, Lonnie; JONES, RONALD A; SMITH, ABNEY A JR; Marion Cherry (william.cherry@scana.com); WALKER, CARLETTE L; KOCHEMS, KEVIN R; BROWNE, KENNETH JEROME; MARSH, KEVIN B
> Cc: BYNUM, ALVIS J JR; LINDSAY, RONALD; Baxley, Mike
> Subject: term sheet issues
>
>

> Help me with anything I forgot. I would like to send the list to Danny Roderick this weekend.

>

>

>

> Steve

>

>

>

>

>

> _____
> From: BYNUM, ALVIS J JR
> Sent: Friday, September 18, 2015 8:07 PM
> To: BYRNE, STEPHEN A
> Subject:

>

>

> non-economic issues (although you could argue that they are economic)

>

>

>

> 1. Releasing the CB&I guaranty, how will Toshiba assume this & how do we sell it to in-state stakeholders

>

> 2. Extension of warranties if we extend guaranteed substantial completion dates

>

> 3. Dispute resolution board - SCANA legal doesn't like it, important that composition, authority and timing are addressed.

>

> 4. Need a better definition of uncontrollable circumstances going forward, suggest same as July 2012 agreement language

>

> 5. What does WEC want us to do at the NRC

>

> 6. Bechtel assessment must be supported to completion

>

> 7. Signing anything binding would drive an 8K filing

>

> 8. Want to see change order markup at the lower profit number going forward

>

> 9. Eliminate progress payments in favor of rebaselined milestone payments

>

> 10. Make payment of disputed invoices consistent with Southern's language

>

>

> *****

> WARNING

To: BYRNE, STEPHEN A[SBYRNE@scana.com]; ARCHIE, JEFFREY B[JARCHIE@scana.com]; ADDISON, JIMMY E[JADDISON@scana.com]
Cc: SMITH, ABNEY A JR[SASMITH@scana.com]; BROWNE, KENNETH JEROME[KENNETH.BROWNE@scana.com]; BYNUM, ALVIS J JR[ABYNUM@scana.com]; JONES, RONALD A[RONALD.JONES@scana.com]; CHERRY, WILLIAM[WILLIAM.CHERRY@scana.com]
From: WALKER, CARLETTE L
Sent: Sat 9/26/2015 11:59:02 AM
Subject: Fw: T&M items

Just wanted to share the email I rec'd last evening from Wec's, Scott Gray, and my vague response to confirm that we are still interested in finding a solution to our current challenges to schedule and cost challenges. I hope my response meets with your approval.
Carlette

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: WALKER, CARLETTE L <CWALKER@scana.com>
Sent: Friday, September 25, 2015 7:17 PM
To: Gray, Scott W
Cc: Gray, Scott W; Hyde, JoAnne; Baird, Timothy J; Olcsvary, Duane C; Tomb, Travis B; SMITH, ABNEY A JR; BROWNE, KENNETH JEROME; CHERRY, WILLIAM; KOCHEMS, KEVIN R; BYNUM, ALVIS J JR
Subject: Re: T&M items

Hey Scott, thank you for the feedback on the t&m allowances that we wanted left out of the settlement. As of the close of business, I had not gotten any updates from our executives about conversations but that doesn't mean there weren't some going on today. We are continuing to work with our senior executives and Bechtel consultants on assessing the status of the project and terms of the contract for the most likely success path to achieving the GSCD's, earning the PTC's and with the least possible cost overruns possible. Hopefully, our work over the weekend and Monday will support this goal. I hope you and your team can enjoy a relaxing fall weekend.

Thanks again,
Carlette

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: Gray, Scott W
Sent: Friday, September 25, 2015 6:24 PM
To: WALKER, CARLETTE L
Cc: Gray, Scott W; Hyde, JoAnne; Baird, Timothy J; Olcsvary, Duane C; Tomb, Travis B
Subject: T&M items

***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.

Carlette

One of the open items from our call yesterday was regarding some T&M allowances that I believe Ken mentioned he wanted to see carved out of the Fixed Price. Just to confirm we are willing to restore the to-go values for the few items in the contract table, such as the import duties, etc and continue to work those on a T&M basis.

We can discuss details whenever you like to ensure we are aligned. These are very small in consideration of the overall project price and I'm confident we can work through it. I trust progress was made today towards an overall agreement, but I have not heard any feedback from the calls yet.

If I don't speak to you before Monday, have a good weekend.

Scott

Scott Gray
Vice President
AP1000 New Build Projects
Westinghouse Electric Co.
Sent from my iPhone

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To: WALKER, CARLETTE L[CWALKER@scana.com]
Cc: SMITH, ABNEY A JR[SASMITH@scana.com]
From: ARCHIE, JEFFREY B
Sent: Sat 9/26/2015 1:08:12 PM
Subject: Re: T&M items

Yes Carlette , but I would like to get feedback from Skip on potential items for negotiations going forward. He mentioned in an email yesterday that he was reviewing that with you and the team prior to sending to Steve and I.

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: WALKER, CARLETTE L
Sent: Saturday, September 26, 2015 11:59 AM
To: BYRNE, STEPHEN A; ARCHIE, JEFFREY B; ADDISON, JIMMY E
Cc: SMITH, ABNEY A JR; BROWNE, KENNETH JEROME; BYNUM, ALVIS J JR; JONES, RONALD A; CHERRY, WILLIAM
Subject: Fw: T&M items

Just wanted to share the email I rec'd last evening from Wec's, Scott Gray, and my vague response to confirm that we are still interested in finding a solution to our current challenges to schedule and cost challenges. I hope my response meets with your approval.

Carlette

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: WALKER, CARLETTE L <CWALKER@scana.com>
Sent: Friday, September 25, 2015 7:17 PM
To: Gray, Scott W
Cc: Gray, Scott W; Hyde, JoAnne; Baird, Timothy J; Olcsvary, Duane C; Tomb, Travis B; SMITH, ABNEY A JR; BROWNE, KENNETH JEROME; CHERRY, WILLIAM; KOCHEMS, KEVIN R; BYNUM, ALVIS J JR
Subject: Re: T&M items

Hey Scott, thank you for the feedback on the t&m allowances that we wanted left out of the settlement. As of the close of business, I had not gotten any updates from our executives about conversations but that doesn't mean there weren't some going on today. We are continuing to work with our senior executives and Bechtel consultants on assessing the status of the project and terms of the contract for the most likely success path to achieving the GSCD's, earning the PTC's and with the least possible cost overruns possible. Hopefully, our work over the weekend and Monday will support this goal. I hope you and your team can enjoy a relaxing fall weekend.

Thanks again,
Carlette

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

To: HINSON, BYRON W[BHINSON@scana.com]
Cc: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Fri 8/28/2015 10:51:00 AM
Subject: Bechtel report

Byron

With respect to Bechtel, there are really two agreements. There is an August 6 "Professional Services Agreement" between George Wenick's law firm and Bechtel. That agreement does set out the scope – while I can give you a copy, you cannot share that copy with anyone outside of the company because it is an attorney-client privileged document

There is also an agreement between us and the consortium members that basically says that they will cooperate with the study. I'm not as worried about that document

In general terms, Bechtel is getting paid a million dollars for about six weeks of week. They may or may not produce a report. But whatever they produce is going to be attorney-client privileged and we will almost certainly not share it with anyone outside of the company. The problem is that if we give it to ORS, we may lose the privilege defense, and the consortium could then demand a copy. If the report is critical to us, we obviously don't want the consortium using it against us in litigation

Al

Dear Danny,

On behalf of ourselves and the South Carolina Public Service Authority ("Santee Cooper"), we are pleased to present this non-binding working term sheet in response to your term sheet of October 1, 2015. Like your term sheet, this non-binding term sheet is submitted for purposes of working toward settlement but is preliminary in nature and still being reviewed by our staff. Please also understand that, while we will work in good faith to advocate an agreeable proposal, any eventual agreement must be approved both by our board and the Santee Cooper board, as well as by applicable regulatory authorities, including but not limited to the Public Service Commission of South Carolina. The "Effective Date" of any eventual agreement would be 48 hours after the later of when (a) the last of these approvals occurs; and (b) Bechtel completes its engagement. Except where specifically stated otherwise, the obligations imposed by any eventual agreement would be contingent on achieving the Effective Date.

Terms

1. Owner would pay a total sum of \$6,000,000,000 for completion of the Project on a fixed-priced basis (not subject to escalation) and in full resolution of any and all outstanding issues, as more fully set forth below:
 - a. All remaining work (all Target, all Firm, and all T&M not excluded by this sub-paragraph) under the EPC Agreement would convert to Fixed. The excluded T&M work and dollars consist of sales tax, performance bond and insurance premiums, import duties, mandatory spare parts and extended warranty costs (beyond the extensions provided for in paragraph 5, below, which would be at no cost to Owner). Note that Owner is not claiming credit for any remaining T&M allowances.
 - b. This payment would be in lieu of any additional payments for any of the items that would be stated on Exhibit A, as well as in lieu of any additional payment for the cyber security phase II Change Order and the site layout phase II Change Order (Change Order 26).
 - c. This payment would satisfy the amounts referenced in letters no. VSP_VSG_003111, VSP_VSG_003115, VSP_VSG_3145, VSP_VSG_3502 and VSP_VSG_3522 (approximately \$83,518,046 as of August 21, 2015).
 - d. This payment would satisfy all amounts in other cases in which the entitlement is in dispute (approximately \$29,729,785 as of August 31, 2015, as would be set forth on Exhibit B).
 - e. This payment would satisfy the amounts in dispute cases in which there is no dispute but billings have continued because a Change Order has not been executed (approximately \$5,565,845 as of August 31, 2015, as set forth on Exhibit B).
 - f. This payment would satisfy the amounts in dispute in cases in which only the timing is disputed (approximately \$110,190,504 as of August 31, 2015, as set forth on Exhibit B).
 - g. Subparagraphs a through f do not provide an exhaustive list of all items that would be covered by this payment, it being the intent of the parties that this payment would resolve all outstanding issues and invoices.

- h. Note also that the Owner has paid 90% of the invoiced amount on numerous invoices that they intend to challenge and seek a refund. Under the arrangement contemplated herein, the Owner would waive such challenges.
- i. Note also that Owner would waive pending claims arising out of the employee fuel expense audit and procurement irregularities.
- j. The \$6,000,000,000 represents the cost in Fixed Priced dollars to complete the Project beyond what has already been expended through June 30, 2015. Payments of any kind made after June 30, 2015 would be subtracted from this sum before the milestone payments referenced in paragraph 2 below would be established.

The foregoing payment would be in full and complete settlement and satisfaction of any and all claims currently pending or threatened by either party against the other party and of any and all claims currently known or reasonably foreseeable by either party against the other party. All Change Orders, pending Change Orders, and formal and information notices of potential Change Orders, including those arising from Uncontrollable Circumstances and Changes in Law, would be settled and resolved. Each party would represent and warrant that it is not aware of the basis for any other claim against the other and that it is not aware of any facts or circumstances that could be expected to give rise to a claim.

- 2. The \$6,000,000,000 set forth above (including those portions that would be made in settlement of pending issues, such as sub-paragraphs c, d, e, and f of paragraph 1) would be paid according to a construction milestone payment schedule to be agreed upon by the parties prior to the Effective Date, except for the advances described in paragraph 13, below. Owner's Engineer, if one is designated, would be permitted to participate in these discussions. If the Parties fail to agree to a construction milestone payment schedule before the Effective Date, then the Owner may establish a milestone payment schedule on its own and make payments under it until the Parties can agree to one.
- 3. The foregoing payment would entitle the Owner to a Facility that meets the standards of DCD Rev. 19.
- 4. WEC would identify on Exhibit C to the agreement all work items that it believes are required or contemplated for the Project but that are not covered by the payment set forth above.
- 5. The Project Schedule stated in the EPC Agreement would be adjusted so that the Guaranteed Substantial Completion Dates ("GSCDs") are as follows: August 31, 2019 for Unit 2 and August 31, 2020 for Unit 3. All warranties would be extended to two years after the actual Substantial Completion Dates for each unit at no additional cost to Owner.
- 6. Delay Liquidated Damages in accordance with Section 13.1 of the EPC Agreement would commence for each Unit on the applicable GSCDs, and would be computed as follows:
 - a. For the first thirty (30) days following the GSCD: \$200,000/day; and

- b. For the next thirty-one (31) to ninety (90) days: \$300,000/day; and
 - c. For the next ninety-one (91) to one hundred fifty (150) days: \$ 400,000/day; and
 - d. For the next one hundred fifty-one (151) to seven hundred thirty (730) days: \$500,000/day; and
 - e. Seven hundred thirty-one (731) days or beyond: \$0/day.
7. If a Unit is not “placed in service,” as that term is used in Section 45J of the Internal Revenue Code, before January 1, 2021, WEC would pay by February 1, 2021 the sum of two hundred fifty million dollars per Unit, expressed as a one-time lump sum payment. For purposes of this paragraph, the January 1, 2021 date cannot be extended for any reason, including, but not limited to, Changes in Law and Uncontrollable Circumstances, with one exception. That sole exception is that, should Congress extend the date by which a unit must be placed in service to qualify for tax credits under Section 45J of the Internal Revenue Code, the date would be extended accordingly.
8. With respect to paragraphs 6 and 7, above, the maximum amount paid to Owner by WEC would not exceed \$338,000,000.00 per unit.
9. The Owner would agree to pay WEC a bonus of five hundred thousand dollars per day for each day, up to a total of twenty million dollars, that each unit is placed in service in advance of the GSCDs set forth in paragraph 5. However, for purposes of determining the bonus, the GSCDs could not be extended for any reason, including, but not limited to, Changes in Law and Uncontrollable Circumstances.
10. The definition of “Change in Law” with respect to the entire Project would be changed the definition of that term used in the July 11, 2012 Agreement with respect to the Structural Modules. The definition of “Uncontrollable Circumstances” would be changed in a similar manner to clarify the types of actions by a Government Authority that would meet that definition. WEC would warrant that it is not currently aware of any existing facts or conditions that might constitute a Change in Law or an Uncontrollable Circumstance, except for those that are settled by the agreement.
11. The Parties would agree that no new ITAACs have been issued or proposed that would affect the GSCDs or entitle the Consortium to a Change Order.
12. The Parties would participate in meetings with the Nuclear Regulatory Commission (“NRC”) and develop strategies in an effort to alleviate issues that have arisen due to the NRC’s inspections at the Project, while still facilitating the NRC’s ability to conduct appropriate inspections. The Owner cannot agree in advance to adopt the WEC position on every issue, but the Owner would work with WEC in good faith. Furthermore, WEC would agree that the Owner would not be responsible for future regulatory support, including obtaining of Government Approvals, under Section 4.1 of the EPC Agreement.

13. Portions of Settlement Amount Paid Before Construction Milestone Payment Schedule is Complete
 - a. At the Effective Date, Owner would advance a deposit of seventy-five million dollars (\$75,000,000) with the Contractor. Beginning with payments made after the deposit is made, and in consideration of the deposit, Owner would not be obligated to pay to Contractor the disputed portion of any invoiced amounts submitted by Contractor to Owner. However, in part to ensure timely resolution of disputed invoices, the Parties would revise the dispute resolution procedures in Article 27 of the EPC Agreement to eliminate the requirement to institute litigation during the course of the Project. The Parties would also establish a Dispute Resolution Board for the interim, non-final resolution of disputes. The costs of the Board would be borne equally by the Parties, and any proceedings would take place at the site.
 - b. In addition, for a period of up to six months following execution of the agreement, the Owner would continue making advance payments to Contractor at a monthly operating cash flow amount of \$100 million, provided that the Contractor demonstrates that it is spending the amount of such payments on a monthly basis. These payments would be in lieu of all other payments which Owner would otherwise be required to make under the existing EPC Agreement. The parties agree that once the milestone payment schedule referenced in paragraph 2 is completed, the payments referenced in this sub-paragraph 13b would cease and future payments would be made according to the construction milestone payment schedule.
 - c. The payments referenced in this paragraph would be part of the total payment of \$6,000,000,000 referenced in paragraph 1, and not in addition to that payment.
14. Owner would negotiate the cancellation of the Chicago Bridge & Iron Parent Company Guaranty, which would take effect on the Effective Date. Owner and S&W would grant to each other a full and final release of all obligations and liabilities under the EPC Agreement or otherwise concerning the Project. WEC would assume all such obligations and liabilities of Stone & Webster. Owner would require a face-to-face meeting among the Owner, WEC, and President and CEO of Toshiba Corporation and the President and CEO of Power Systems Company (to include Mr. Shiga Shigenori) to allow the Owner to describe their concerns with the Project to date, and to gauge Toshiba's commitment to completing the Project and the terms of this Agreement. Toshiba would also agree to have regular, formal quarterly meetings with the Owner and WEC to discuss Project progress. Owner would also demand very specific commitments on the Project Schedule.
15. The parties would eliminate the concept of "progress payments," including all existing progress payments (e.g., F.1.2, F.1.6.a, F.1.6.b, F.1.6.c) in favor of payments associated with the achievement of a defined Construction Milestone Payment Schedule, as described in paragraph 2.
16. WEC's profit on any future Change Orders shall be capped at 7 ¾%.

17. Section 13.3 of the EPC Agreement would be revised to lower the amount of the per Unit Performance Bonus from five million dollars for each whole MWe to two million dollars for each whole MWe and cap the total Performance Bonus for both Units at twenty million dollars.
18. The provisions of Section 8.6(d) of the EPC Agreement would be revised to provide that if WEC desires the security referenced in that section, WEC must pay any associated fees and costs.
19. The Parties would agree to fully cooperate with respect to the involvement of Bechtel as a consultant to the Owner and with the work currently being done and scheduled to be done by Bechtel. Bechtel would be permitted to review all un-redacted Consortium documents that Bechtel shall reasonably request; however, a request made within the scope of Bechtel's engagement shall be deemed reasonable. As noted above, completion of the Bechtel study is a condition to the Effective Date of a final agreement.
20. WEC would provide the Owner, as well as Bechtel, complete access to its facilities and those of its subcontractors and suppliers, for the purpose of completing the assessment and monitoring the project schedule
21. If Owner should seek to designate Bechtel as its "Owner's Engineer," WEC would agree that it would consent to such designation. WEC would further agree that it would fully integrate Owner's Engineer into the Project going forward until completion of the Units and their successful startup.
22. Owner would be entitled to discuss any and all commercial issues with the owners of the Vogtle facility, including the terms of this agreement.
23. The Parties would negotiate a separate agreement to address the contingency that an executed agreement in conformance with paragraph 1-22 is executed but the Effective Date of that agreement does not occur because an applicable regulatory authority denies approval. Such agreement would have to be executed at the same time as the main agreement. The separate agreement would provide for the cancellation of the Chicago Bridge & Iron Parent Company Guaranty and the releases described in paragraph 14, above. It would also implement the provisions of paragraphs 6-10, 12, and 15-22. In addition, the separate agreement would require the Parties to develop the Construction Milestone Payment Schedule, referenced in paragraph 15, within 30 days of learning of the denial of approval. If the Parties fail to reach agreement within that time, then the Owner may establish a milestone payment schedule on its own and make payments under it until the Parties can agree to one.

The Owner believes that an agreement in conformance with this term sheet would equitably resolve our disputes and enable us to move forward with the Project on sound footing. Assuming that WEC agrees with these terms, the Owner is prepared to work as diligently as possible to draft and execute an agreement.

To: MARSH, KEVIN B[KMARSH@scana.com]; LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Mon 2/8/2016 2:36:51 PM
Subject: attorney-client privileged - do not forward

Here are the highlights of the Bechtel report:

1. The primary recommendation aimed at us is that we need to add some resources
These are the most significant of those comments:

“Owners – Develop an Owners’ Project Management Organization (PMO) and supplement current Owner staff with additional EPC-experienced personnel.” (from the Executive Summary)

“Based on our understanding of the project, we recommend that the Owners establish a stronger EPC capable oversight function to ensure optimal EPC and cost-effective decision-making, and to ensure the best outcome for the project. Further, we believe it is in the best interest of the Owners for the oversight function to have the perspective of both owner and practitioner, and for it to be demonstrably robust. This will surface issues more quickly, facilitate optimal resolutions, and ensure success moving forward. It will also put the Owners in the best position for all potential project outcomes.” (also from the Executive Summary)

“A successful project controls platform requires competent team members, a project controls plan, and strong EPC integrated project management tools to track project progress and performance. It was identified over the course of the assessment that the Consortium’s project controls team is competent and does have the appropriate level of experience required to manage the project. Inversely, the Owner’s organization lacks the appropriate personnel to provide the proper level of review and oversight required to drive the project to successful completion.” (Section 5.1.6)

“The Owners’ oversight organization does not have a proper Project Controls staff.” (Observation in section 5.2)

“Hire an experienced project controls manager, lead planner, and lead cost engineer to perform analysis of the Consortium schedule and cost forecasts.” (Recommendation in Section 5.2)

“The Owners do not have an appropriate project controls team to assess/validate Consortium reported progress and performance.” (Conclusions)

“Owners – Develop an Owners’ Project Management Organization (PMO) and supplement current Owner staff with additional EPC-experienced personnel” (Conclusions)

It is clear as to what they see as a solution:

Says that their team has “over 300 years of EPC nuclear experience” (Section 1.3)

However, they speak highly of our licensing group:

“The V.C. Summer licensing effort appears to be well organized and staffed by personnel with

extensive experience with the AP1000 Design Control Document (DCD), the V.C. Summer (and Vogtle) Combined License Applications (COLAs), and interactions with the NRC.” (Section 3.2)

“Known LARs appear to be well in hand with detailed schedules developed for each LAR. There are active and continuous interactions with the NRC on each LAR and the NRC is working to meet construction need dates. The schedules for LAR 30 and 111 were reviewed and they include a good breakdown of schedule activities and durations for these LARs.” (Section 3.2.2)

2. There is a single reference to our “lack of accountability”

The specific sentence is “There is a lack of accountability in various Owner and Consortium departments.” (this is an “Observation in Section 2.2)

3. They apparently don’t like our contract

The significant comments are:

“There is a lack of a shared vision, goals, and accountability between the Owners and the Consortium.” (Executive Summary)

“The Contract does not appear to be serving the Owners or the Consortium particularly well.” (Executive Summary)

“Owners and Consortium – Align Contract commercial conditions with the project goals and determine the realistic to-go forecast costs for project completion.” (Executive Summary)

“It appears that the Contract has created an imbalance between the Owners and the Consortium. The Consortium does not appear to be commercially motivated to meet Owner goals.” (Section 2.2)

“It was apparent that contractual issues between the parties are impacting the work. Timely resolution of problems does not seem to have the quick response needed by the project to achieve the schedule.” (Section 5.1.1)

Our response should be that the recent settlement and resulting contract amendment addressed most of these issues

4. They question our oversight

Again there is only a single reference to this:

“The oversight approach taken by the Owners does not allow for real-time, appropriate cost and schedule mitigation.” (Executive Summary; section 2.2)

5. They are critical of the Consortium, but their information is not new

Here are some of their comments:

“There are approximately 15 to 18 months of sustained detailed design engineering to be completed by the Consortium for the AP1000 standard plant and the V.C. Summer site specific design. The majority of this engineering is scheduled to be completed by December 2016 based on the information contained in the WEC and CB&I to-go engineering completion schedules. Some of this design work is near term critical path to support procurement and construction (primarily civil and module work), while the balance is design work which must be completed to support fuel load.” (Section 3.1)

“WEC states that they completed their detailed design engineering for the U.S. AP1000 standard plant (V.C. Summer and Vogtle) in April 2015. Engineering complete is defined as Certified for Procurement and Construction (CFPC) or Issued for Construction (IFC). WEC has identified that approximately 4% of the design engineering has not yet been completed. This remaining engineering is referred to as “Engineering Debt” and it includes both the engineering that must be completed to support procurement and plant construction as well as the substantial other engineering activities needed for fuel load and startup. I&C design is also not completed and is not included in the to-go “debt” work scope. Design Deliverables (DDs) consist of construction and procurement drawings, documentation, and other “debt” reconciliation. Approximately 1,400 DDs remain to be completed. During the September 9, 2015 Consortium presentation, WEC stated that they were 94.3% design complete.” (Section 3.1.1)

“CB&I has not yet declared “Engineering Complete.” The integrated project schedules showed August 31, 2015 as the “Engineering Complete” date. During the September 9, 2015 Consortium presentation, CB&I stated that they were 82.5% design complete.” (Section 3.1.2)

“The number of issues identified during the current civil phase of the construction effort is significant ... Current data shows that from May to September 2015 there is a trend of more E&DCRs being initiated (requests made) than are being closed (approved/dispositioned). This data shows that current E&DCR backlog work is not being worked off and indicates that a continued focus and possible increase in staffing is required” (Section 3.1.6)

“With only 800 direct craft, the supervision and field engineering ratio to craft is at present quite high. However, it is expected that when the craft staffing level peaks at approximately 4,000 (i.e., a Bechtel estimate), the ratio will be at the appropriate level if the number of non-manuals increases marginally.” (Section 5.1.2)

“In May 2014, a management decision was made to set the CA20 module in the auxiliary building even though the module fabrication was not complete. Completion of the module is not expected until the end of this year, and doing this work in the building has had a significant impact on the cost and the schedule to the project. The module should have been left in the MAB where there is a controlled environment and access to the module is much easier using man lifts and scaffold. Had it been left in the MAB until assembly was complete, one would expect that some of the schedule slips this year would have been mitigated.” (Section 5.1.4(e))

"The monthly progress report shows construction progress advancing approximately 0.5% per month with a total to date (August 2015) of 21% complete. In order for the plant to complete on schedule, monthly construction progress must increase to close to 3%. There are several work faces without craftsmen, (examples: Unit 2 turbine building elevated slabs; the Unit 3 containment only had 100 men working, and no work in the Unit 3 turbine building.)" (Section 5.2)

"The baseline forecast was developed based on a performance factor of 1.15. Recent (last 6 months) performance has been greater than 2.0 on Unit 2, and greater than 1.5 on Unit 3, primarily driven by civil building construction impacts." (Section 5.2)

"Schedule contingency has not been included within the integrated schedule." (Section 5.2)

"While the Consortium's engineering, procurement, and construction plans and schedules are integrated, the plans and schedules are not reflective of actual project circumstances." (Conclusions)

"The Consortium's forecasts for schedule durations, productivity, forecasted manpower peaks, and percent complete do not have a firm basis." (Conclusions)

The obvious question is this – even if we agree, what can we do with this information? We have known about this – it isn't new. How do they propose that we fix it?

6. The scope of their review obviously wasn't very expansive

They state that "Bechtel was not provided any commercial terms associated with the prime contract agreement between the Owners and the Consortium. As a consequence and as regards any commercial terms between the Owner and the Consortium or between the Consortium partners, Bechtel was left to rely on information provided during management interviews, presentations, and attendance at daily, weekly, and monthly meetings." (section 2.1).

They also noted that "A specific assessment of the project schedule is not included in this report." (Section 1.1)

To: LINDSAY, RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Sat 6/18/2016 6:53:37 PM
Subject: Fwd: VCS: Privileged and Confidential
2016 06 16 - PAR - SCANA executive summary.pdf

Don't believe that Bechtel is a dead issue

Sent from my iPhone

Begin forwarded message:

From: "Pelcher, Steve" <stephen.pelcher@santeecooper.com>
To: "BYNUM, ALVIS J JR" <ABYNUM@scana.com>
Subject: Fwd: VCS: Privileged and Confidential

***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.

Stephen Pelcher

Begin forwarded message:

From: "Crosby, Michael"
<michael.crosby@santeecooper.com<<mailto:michael.crosby@santeecooper.com>>>
>
To: "ARCHIE, JEFFREY B" <JARCHIE@scana.com<<mailto:JARCHIE@scana.com>>>
Cc: "Carter, Lonnie"
<lonnie.carter@santeecooper.com<<mailto:lonnie.carter@santeecooper.com>>>, "MARSH, KEVIN B" <KMARSH@scana.com<<mailto:KMARSH@scana.com>>>, "sbyrne@scana.com<<mailto:sbyrne@scana.com>>" <sbyrne@scana.com<<mailto:sbyrne@scana.com>>>, "Baxley, Mike" <mike.baxley@santeecooper.com<<mailto:mike.baxley@santeecooper.com>>>, "Pelcher, Steve" <stephen.pelcher@santeecooper.com<<mailto:stephen.pelcher@santeecooper.com>>>, "Cherry, Marion" <marion.cherry@santeecooper.com<<mailto:marion.cherry@santeecooper.com>>>, "Williams, Jason" <jason.williams@santeecooper.com<<mailto:jason.williams@santeecooper.com>>>
Subject: VCS: Privileged and Confidential

Jeff,

I apologize for the delay in getting back with you ... it's been a very busy – bond offering work and board meetings.

However, I did receive your Thursday text below ...

“Mike, I suspect you are busy with your Board Meeting today but if you could reach out to me to discuss a few items prior to our Monday meeting it would be appreciated. I have finalized the CORB Charter incorporating your comments and others. I have Board member names ready to interview and am ready to move forward understanding your team will have a candidate as well. I am also prepared to discuss the PAR and the going forward recommendation to fix Engineering. Call me when you can. Jeff Michael R. Crosby iPhone”

On the CORB ... as per Santee Cooper's June 2nd transmittal, we would like to see another draft of the Charter document with our comments incorporated. Two themes from our comments were 1) the CORB must operate independently and report out (unedited) directly to Owners' senior management and 2) decisions on populating the Board should be joint between the Owners – not that Santee Cooper gets influence on a single seat. So again, I think another review of the draft Charter would be helpful and an appropriate next step.

Yesterday, Marion brought me the attached document that you gave him Thursday on the Project Assessment Report. The document appears to be an executive summary rewrite of information that we have kicked back and forth for months. My take-away from the document was SCANA agrees with Santee Cooper on the engineering issues that continue to put pressure on the contract delivery dates. However (and this is where it gets fuzzy) SCANA's recommendation, and apparent next step, is to perform a 3rd party assessment on how to make things better.

Santee Cooper's Mar 3 recommendations (#2 and #5), and subsequent agreement we had from our executive meetings on Mar 7, 21 and May 19, was to identify (from the existing assessment) the primary issues impeding the Project, and then on-board outside EPC experts that would surgically work on these issues, offer solutions, and develop tracking metrics to help hold Westinghouse accountable. If SCANA's recommendation in the attached document is consistent with this, I will support it. Otherwise, I am not supportive of just another 3rd party assessment. The assessment completed Q3 2015, at a cost of \$1M, was sufficient for Santee Cooper to recognize the need to on-board expert help to work on key issues and improve the management of the Project.

Jeff, I'm around this weekend if you would like to talk.

Thanks,
Michael

[cid:7%253a1357%253a0]

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Executive Summary:

SCE&G and Santee Cooper leadership have over the past months reviewed and evaluated the Project Assessment Report (PAR). Through numerous discussions and meetings there is general agreement that the major remaining concern to be addressed for the project is in the engineering area. Many of the observations and recommendations from the PAR in areas other than engineering have been resolved by the change in EPC constructor, additional oversight put in place by SCE&G (Project Management Group for example), actual improvement efforts in certain areas that have yielded results and/or increased focus by Westinghouse and Fluor leadership, etc. These areas will be monitored and tracked over the coming months to ensure that improvement in all areas continues and is sustainable.

Engineering Concerns Overview:

In the Engineering area there are two key areas of concern: design finalization and emergent issue management.

Design Finalization – Design finalization consists of design completion necessary to construct the plant plus post design completion activities.

Issue: Completion of the design must be aggressively managed to preclude impact to schedule.

- Design necessary to support construction consist of four areas, Nuclear Island (NI), Balance of Plant (BOP), Site Specific, and Instrument and Controls (I&C). In each of these areas, items remaining to be closed out include design open items, design reconciliations, finish calculations, and close out of Corrective Action Program documents. The current method to address the challenge of known design work or “debt” is to ensure all design debt is entered into the detailed engineering work schedule and ties are made to the V.C. Summer Integrated Project Schedule (IPS). A database is maintained to track all items against its construction need date. Reports are generated and reviewed by multiple groups weekly to eliminate or minimize impact to construction schedule. **The owners still however have a concern that this method of design debt management will not preclude critical path schedule impacts, impacts to procurement efforts and late identification of future design challenges. An independent assessment of the WEC design debt management process may be helpful in evaluating the certainty of design debt mitigation/resolution.**
- *Post design completion activities includes ITAAC completion, ASME as built report generation, Pre Service Inspection (PSI), Pre Service Test (PST), and drawing updates to reflect changes during start-up and testing. These items are part of the design debt that is routinely reported and reviewed.*

Emergent Issue Management – Emergent issue management consist of responding to field requests for engineering to resolve issues uncovered during construction. This is accomplished by issuing Engineering Design and Coordination Reports (E&DCR), Nonconformance (N&D), and Requests for Additional Information (RAI).

Issue: Engineering response to emergent requests from the field has been inadequate.

Efforts to address this issue consist of increasing resources and improving processes.

- Resources: WEC recently increased civil engineering staff on site. While this has had favorable impact on turnaround of emergent requests, it was not done in an aggressive manner to prevent increasing backlog over several months. Additional efforts are ongoing to identify Design Engineering resources needed to support the next phases of construction (piping installation, HVAC installation, Electrical cable tray and conduit, I&C systems as well as increasing Construction staff and increasing Construction work hours).
- Process Improvements:
 - The project has employed an Integrated Construction Planning Team to systematically review the design as part of the work planning process. This effort, started for construction elevations greater than 100 ft., identifies and resolves potential engineering issues before construction begins. Initial reports indicate positive results but monitoring of effectiveness is in its early stages.
 - A streamlined E&DCR process, Advanced Authorization E&DCR, has been developed in an effort to reduce engineering process times. The 10CFR Part 52 requirement to perform a License review prior to construction has limited the time savings of the streamlined process and its effectiveness. Additional work to prescreen License impacts for specific issues may allow additional savings and is being explored.
 - Place Design Engineers in the field to work directly with Field Engineering to reduce the number of issues requiring paper to resolve or to ensure the issue is understood and the necessary information collected to address the issue.
- Engineering Support for Modules and Commodity Vendors: At the end of the Transition process in 2015, WEC committed to placing engineering support at each key vendor. SCE&G has not seen full support provided to all the module vendors and the key commodity vendors at their shops as indicated. Turn-around times for vendor RFIs and change requests do not appear to be improving. Enough support is needed at each of these key fabricators and suppliers such that non-conformances and design changes can be initiated, verified, and issued at the shop without routing through off-site support. This would also allow WEC and these vendors more opportunity to partner in finding constructible solutions and share risks (such as early material procurement for design changes) if there is confidence that engineering solutions are being handled by a dedicated team.

The owners concur that some efforts to assign additional engineering resources in the field has helped, but the aggressiveness in pursuing these efforts has not met owner expectations. Process improvements and metrics to assess effectiveness are still being developed. The owners do not believe that WEC views the issues related to Engineering as a “burning platform” and believes that validation of the current strategy to resolve engineering concerns as well as recommendations on new more aggressive strategies could be best informed by a third party assessment.

To: MARSH, KEVIN B[KMARSH@scana.com]; LINDSAY,
RONALD[RONALD.LINDSAY@scana.com]
From: BYNUM, ALVIS J JR
Sent: Tue 11/29/2016 11:36:16 AM
Talking Points lonnie Nov 28.docx

See if this helps us

Talking Points

Lonnie's email of November 28 essentially makes three complaints.

Bechtel Report

several points to make

1. We agreed to the CORB in return for flushing the Bechtel report. In fact, Lonnie's email of November 28 arguably acknowledges that:

The formation of the CORB was SCANA's response to the Bechtel Report and Santee Cooper's request for better Project oversight with large EPC experience.

2. The report is of little value. George's email of November 12, 2016:

Having retained Bechtel to aid in preparation for anticipated litigation, I find Bechtel's current, preliminary analysis to be unusable for that purpose. This does not mean that Bechtel's personnel do not have the qualifications necessary to provide meaningful information. It simply means that the analysis is not sufficiently mature to provide meaningful insights into the schedule or the anticipated completion date. Preliminary conclusions often have this shortcoming.

3. George recommended that we not disclose it. His email of July 14, 2015 to Mike Baxley stated:

I would like to add a word or two about the importance of protecting Bechtel's eventual report from disclosure, based on my experience in a similar matter. I was involved in litigation in the USDC for the Western District of Pennsylvania concerning a coal-fired power plant. During the course of construction but before litigation had begun, the opposing party hired an expert to evaluate my client's claims. We learned of the existence of the report and requested production, but the other party refused, contending that the report was privileged. We then successfully moved to compel production. The report in that case was highly favorable to my client, and its production quickly led to a settlement on highly favorable terms. The other side settled because it recognized that it would have a nearly impossible task if it attempted to persuade the fact finder to ignore the report. In short, the consultants hired by the other side effectively "decided" the dispute when it wrote its report, although the report was preliminary and prepared without the aid of discovery. The same could happen here, with the Bechtel report. We should give careful thought to whether we want to put Bechtel in the position of possibly deciding any eventual dispute, based on a seven week review.

4. We have always been reasonable about accommodating legitimate requests

June 23 email from Pelcher to Ron:

I wonder if you have completed vetting the request I made to you late yesterday afternoon to allow John Tiencken, General Counsel of Central, to provide Mike Couick, CEO of the Electric Cooperatives of South Carolina with an un-redacted copy of the Amended and Restated Design and Construction Agreement of October 20, 2011? (Tiencken was provided with a copy of the document several years ago, with SCE&G's knowledge and permission.)

We consented to this. Also allowed them to share with Duke and Century Aluminum

5. Not sure that it is subject to FOIA in any event
George retained them. The engagement letter (of which we were not a party) dated August 6, 2015 states:
Bechtel agrees to provide professional consulting services to SCH in connection with SCH's representation of Owner concerning the Project.

That was the whole purpose of George retaining them

Project Management

Lonnie's November 28 email stated:

We need to be prepared to discuss with our Board, after two years of requests and an affirmative commitment from you on more than one occasion, why this has not yet been done ... I recommend that we move quickly to act on the CORB's recommendations and set specific timeframes for our team to implement.

The attached report includes quotes from several emails in which we agreed to add "resources"

Creation of the CORB arguably satisfied those statements

The only reference in the CORB report:

While there has been progress, Project Engineering needs to ensure adequate resources are available to support Construction needs and complete remaining work on a schedule that supports the substantially complete milestones.

1. Not sure what they say is missing
Lonnie's letter to Kevin dated October 25, 2016:

PROJECT MANAGEMENT: Santee Cooper would like a detailed status report on implementing the specific set of prioritized recommendations our management teams had assembled, which was discussed the first time our joint Boards met on March 21, 2016, and reviewed again on June 20, 2016. As part of this discussion, the Santee Cooper Board would like to get a report on the activities of the Construction Oversight

Review Board (CORB), including the principal recommendations the CORB has made to improve project management and the status of implementing those recommendations.

But the attached memo states:

Williams requests an update from Archie on Oct 5. Jones forwards a report on Oct 13. The information received was primarily a report on what WEC & Fluor are doing to address CORB recommendations on schedule, engineering, project metrics, etc.

As far as the board meetings, this is all that they say we said:

(March 21) Marsh committed that SCANA and Santee Cooper would work to identify actionable Bechtel recommendations, SCANA would add EPC experts to its team, and that SCANA would charter a V.C. Summer Construction Oversight Review Board to help SCANA with project execution.

(June 20) Peggy Pinnell (Santee Cooper Director) reminds Archie of his commitment in the Mar 21 joint meeting to get the CORB established as soon as possible. Archie recommits to getting the CORB established by Jul 20.

Bankruptcy Counsel

Lonnie's November 28 email stated:

After no action on our repeated requests on this topic, as indicated in the attached timeline, I asked our legal team to find bankruptcy counsel. When we advised the SCANA team of this and our recommendation, no response has been received. This issue is of such concern to the Santee Cooper Board (as the timeline shows this was brought up at our first joint Board meeting) that I further asked our legal team to conduct an assessment of the securitization of the Project in the event WEC is unable to finish. This is something that would typically be undertaken by counsel with bankruptcy expertise. The securitization assessment is attached for your benefit. We will be prepared to discuss it further on Wednesday.

1. We originally raised the liquidity concerns – so can't say that we ignored it
2. We don't necessarily agree that counsel is necessary

June 23 email from Pelcher to Bynum

" ... Al, one of my notes from Monday's Joint SCANA/Santee Cooper Board Meeting in Columbia was an interest by members of the respective boards in retaining project bankruptcy counsel to provide strategic advice on the challenges associated with Toshiba's financial difficulties arising out of last year's accounting scandal and the risk that posed to the Owners and the project.

Their board requested it – ours did not endorse it. The statement is not true

George does not think that it is necessary

The securitization memo basically concludes that no immediate action is needed:

The Owners have taken already significant steps to securitize the construction of units 2 and 3 at the Virgil C. Summer Nuclear Generating Station. These steps, outlined in Section One, have thus far withstood a global economic downturn, significant decline in Toshiba's creditworthiness, and poor project performance by WEC and its former consortium partners. In current market conditions, there are no reasonably available or appropriately targeted securitization instruments recommended for purchase at this time for reasons outlined in Sections Two and Three of this document.

3. Denton's has an obvious conflict of interest
4. Santee hired their own bankruptcy counsel

DRAFT
June 2, 2015

1. Open the meeting with a frank discussion about project status – modules, productivity, milestones, etc.
2. Review the 90% letter and define how it works
3. We will be engaging Bechtel to perform a 3rd party review - ask them to participate – goal of understanding what is causing delays and lack of productivity. Could designate Bechtel as our Owners' Engineer, if necessary.
4. Note we may be willing to pay more, if we understand problems and what is being done to address them.
5. Offer the following proposal *subject to evaluating* the final report from Bechtel:

In return for accepting/participating in the 3rd party review we will move the guaranteed completion dates for Units 2 & 3 to June, 2019 and June, 2020, respectively. This will release the Consortium from the current liquidated damages payment penalty. (LD value is \$155 million)

We will pay the progress payments currently being withheld (\$90 million)

SCE&G, Santee, and the Consortium (the Parties) will agree on progress/milestones between now and December 1, 2020 as the basis for all future payments.

The Parties will agree to levelized monthly payments between now and the end of the project based on the current cost estimate AND assuming the new milestones are being met.

The Consortium will agree to new liquidated damages limits of \$250 million

SCE&G and Santee will agree to an incentive payment of \$500 million if both new units are online by December 1, 2020 and the project costs is equal to or less than the current cost projection of \$xxx, xxx.