

1 STATE OF SOUTH CAROLINA IN THE COURT OF  
COUNTY OF HAMPTON COMMON PLEAS

2 - - -

3 RICHARD LIGHTSEY, LEBRIAN :  
CLECKLEY, PHILLIP COOPER, :  
ET AL., ON BEHALF OF THEMSELVES : CASE NO.  
4 AND ALL OTHERS SIMILARLY : 2017-CP-25-335  
SITUATED, :

5 :  
6 Plaintiffs, : CONFIDENTIAL  
vs. : TRANSCRIPT

7 :  
8 SOUTH CAROLINA ELECTRIC & GAS :  
COMPANY, A WHOLLY OWNED :  
9 SUBSIDIARY OF SCANA, SCANA :  
CORPORATION, AND THE STATE OF :  
10 SOUTH CAROLINA, :

11 Defendants, :

12 SOUTH CAROLINA OFFICE OF :  
REGULATORY STAFF, :

13 Intervenor. :

14 (Case Caption Continues on Page 2)

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15 VIDEOTAPED 30(b)(6) DEPOSITION OF  
16 WESTINGHOUSE ELECTRIC COMPANY, LLC  
17 GIVEN BY: JONI FALASCINO

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18 DATE TAKEN: Friday, October 12, 2018  
19 TIME BEGAN: 1:03 p.m.  
20 TIME ENDED: 5:03 p.m.  
21 LOCATION: Pietragallo, Gordon, Alfano,  
22 Bosick & Raspanti, LLP  
One Oxford Centre, 37th Floor  
23 Pittsburgh, Pennsylvania  
24 REPORTED BY: Cynthia First, RPR, CRR, CCP  
EveryWord, Inc.  
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803-212-0012

1 (Case Caption Continued)

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THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E

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IN RE: Friends of the Earth and Sierra Club,  
Complainant/Petitioner vs. South Carolina  
Electric & Gas Company,  
Defendant/Respondent

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IN RE: Request of the South Carolina Office of  
Regulatory Staff for Rate Relief to SCE&G  
Rates Pursuant to S.C. Code Ann. § 58-27-920

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IN RE: Joint Application and Petition of South  
Carolina Electric & Gas Company and  
Dominion Energy, Incorporated for Review  
and Approval of a Proposed Business  
Combination between SCANA Corporation and  
Dominion Energy, Incorporated, as May Be  
Required, and for a Prudency Determination  
Regarding the Abandonment of the V.C. Summer  
Units 2 & 3 Project and Associated Customer  
Benefits and Cost Recovery Plans

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23 ALSO PRESENT:

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25

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1 THE VIDEOGRAPHER: My name is Elizabeth  
2 Green, representing EveryWord, Inc. The date  
3 today is October 12th, 2018, and the time is  
4 approximately 1:03 p.m.

5 This deposition is being held in the  
6 office of Pietragallo, Gordon, Alfano, Bosick  
7 and Raspanti, LLP, located at One Oxford  
8 Centre, 37th Floor, Pittsburgh, Pennsylvania,  
9 15219.

10 The case caption is as follows: In the  
11 Court of Common Pleas for the State of South  
12 Carolina, County of Hampton, Case Number  
13 2017-CP-25-335, Richard Lightsey, LeBrian  
14 Cleckley, Phillip Cooper, et al., on behalf of  
15 themselves and all others similarly situated,  
16 Plaintiffs, versus South Carolina  
17 Electric & Gas Company, a wholly owned  
18 subsidiary of SCANA, SCANA Corporation, and the  
19 State of South Carolina, Defendants.

20 The name of the witness is Joni Falascino,  
21 representative of Westinghouse Electric  
22 Corporation, LLC.

23 The court reporter today is Cynthia First  
24 of EveryWord, Inc. At this time will the  
25 attorneys please identify yourselves and the



1 parties you represent, after which the witness  
2 will be sworn in and we can proceed.

3 MR. COX: Jim Cox from the Wyche Law Firm,  
4 appearing on behalf of the South Carolina  
5 Office of Regulatory Staff.

6 MR. EVANS: Jerry Evans on behalf of the  
7 Plaintiff ratepayers.

8 MR. PUMPHREY: Brian Pumphrey from McGuire  
9 Woods on behalf of Dominion Energy.

10 MR. BELL: Kevin Bell on behalf of Central  
11 Electric Power Cooperative.

12 MR. KEEL: Brandon Keel, King & Spalding,  
13 on behalf of SCE&G and SCANA.

14 MS. NEWTON: Emily Newton, King &  
15 Spalding, on behalf of SCANA and SCE&G.

16 MR. MURA: Dave Mura with Westinghouse.

17 MR. RYAN: Thomas Ryan from the Law Firm  
18 of K&L Gates on behalf of Westinghouse Electric  
19 Company, LLC.

20 Just note for the record, when you  
21 described the party, it is Westinghouse  
22 Electric Company, LLC. Westinghouse Electric  
23 Corporation is a different entity.

24 MR. MARTINEZ: Vince Martinez, also of K&L  
25 Gates, also for Westinghouse.

1 MR. COX: Telephone?

2 MS. KING: Ariail King, Lewis Babcock, for  
3 the Plaintiffs.

4 MR. NELSON: Jeff Nelson for Office of  
5 Regulatory Staff.

6 MR. VORBERGER: Wes Vorberger, South  
7 Carolina Attorney General's Office, on behalf  
8 of the State of South Carolina.

9 MS. THOMAS: This is Carmen Thomas from  
10 Nelson Mullins in South Carolina on behalf of  
11 South Carolina Public Service Authority.

12 MR. COX: We're ready to swear in the  
13 witness.

14 THE NOTARY PUBLIC: Please raise your  
15 right hand. Do you solemnly swear the  
16 testimony you are about to give shall be the  
17 truth, the whole truth, and nothing but the  
18 truth, so help you God?

19 MS. FALASCINO: I do.

20 - - -

21 JONI FALASCINO, being first duly  
22 sworn, testified as follows:

23 - - -

24 EXAMINATION

25 - - -

1 BY MR. COX:

2 Q Good afternoon, Ms. Falascino. My name is  
3 Jim Cox. We met just before your deposition began.  
4 I'm an attorney representing the South Carolina  
5 Office of Regulatory Staff, which is commonly called  
6 the ORS, in a couple different proceedings.

7 One is a litigation in state court in  
8 South Carolina brought by customers of SCE&G against  
9 SCE&G. Another proceeding in which I represent the  
10 ORS is a proceeding before the South Carolina Public  
11 Service Commission in which SCE&G is requesting  
12 recovery of costs through rates, costs incurred on  
13 the V.C. Summer Unit 2 and Unit 3 project.

14 And now is the time that we've set for a  
15 deposition of Westinghouse Electric Company, LLC.  
16 The ORS has requested a deposition of Westinghouse  
17 Electric Company through a procedure called South  
18 Carolina Rule of Civil Procedure 30(b)(6), in which  
19 a party can present certain topics to an  
20 organization and ask that the organization provide a  
21 witness who is knowledgeable to answer on behalf of  
22 that organization regarding those topics.

23 And my understanding is that you have been  
24 designated by Westinghouse Electric Company, LLC, to  
25 be the witness on certain topics for your

1 deposition. Is that your understanding, as well?

2 A Yes, it's my understanding.

3 Q Have you ever had your deposition taken  
4 before?

5 A No.

6 Q I'll go over a little bit of the procedure  
7 of a deposition for you before we turn to the actual  
8 topics that are occurring in this deposition.

9 The first point is you just took an oath.  
10 And even though we're not in a courtroom, that oath  
11 that you took carries the same weight and penalty of  
12 perjury as if we were in a courtroom.

13 Do you understand that?

14 A Yes.

15 Q I'll be asking you questions today, as  
16 will other attorneys for parties in the litigation.  
17 And if at any point in time, you don't understand a  
18 question, if it's too vague or if it didn't make  
19 sense, or whatever reason, if you could let me know,  
20 I will try to improve the question to make it  
21 understandable for you to answer. However, I won't  
22 know to do that unless you let me know that you  
23 don't understand a question.

24 Will you let me know if you do not  
25 understand a question?

1           A     Yes.

2           Q     We can take breaks when you need them.  
3     You just have to let me know.  If there's some  
4     reason you need a break and it will help aid your  
5     testimony, then it's good that we take that break.

6                     So will you let us know if you need a  
7     break?

8           A     Yes.

9           Q     Is there any reason why today is not a  
10    good day for you to provide testing -- testimony on  
11    behalf of Westinghouse?

12          A     No.

13          Q     We'll be using certain terms today.  And I  
14    think I'd like to just get an understanding about  
15    certain terms or shorthand that we might use during  
16    the deposition.

17                    At times, we're going to be talking about  
18    the project, the V.C. Summer Unit 2 and Unit 3  
19    construction project in South Carolina.  And at  
20    times, for shorthand, I'll probably just be  
21    referring to it as "the project."  If I use that  
22    term, will you understand that that's what I'm  
23    referring to?

24          A     Yes.

25          Q     And as one of your attorneys pointed out,

1 Westinghouse Electric Company, LLC, there's --  
2 there's different subsidiaries and organizations.  
3 And you're being designated, as I understand today,  
4 on behalf of Westinghouse Electric Company, LLC. If  
5 I use the term "Westinghouse," will you understand  
6 that that's the organization I'm referring to?

7 A Yes.

8 Q And that company, Westinghouse Electric  
9 Company, LLC, is it correct to say that that is the  
10 company that contracted with SCE&G to build the  
11 project?

12 A Yes.

13 - - -

14 (Notice of Taking 30(b)(6)  
15 Deposition marked Falascino Number 1 for  
16 identification.)

17 - - -

18 BY MR. COX:

19 Q I'm going to provide you with a document  
20 that's been marked as Exhibit 1. It's the notice of  
21 the 30(b)(6) deposition that is occurring right now  
22 (handing).

23 If you could take a moment to review this  
24 document, Ms. Falascino, and let me know if you've  
25 seen this document before.

1           A       (Witness complies with request.) Yes,  
2 I've seen this document.

3           Q       There's an unnumbered page. It's right  
4 after page 6 of 6. It's actually about a page and a  
5 half. It's labeled Exhibit A, and it includes nine  
6 topics for this deposition.

7                    Have you reviewed these topics before?

8           A       Yes.

9           Q       Do you feel, sitting here today, that you  
10 have gathered enough information to be able to  
11 testify on behalf of Westinghouse regarding these  
12 topics?

13          A       Yes.

14          Q       What steps did you take to assist you in  
15 providing testimony on these topics today?

16          A       I reviewed relevant documents on the  
17 topic, participated in interviews with some selected  
18 employees, legal counsel, and some of my own  
19 personal knowledge of the project.

20          Q       You made one point about speaking with  
21 your attorneys, yours and your company's attorneys.

22                    And one thing I should point is I don't  
23 care to know about the substance of conversations  
24 you had with your company's attorneys. If, for some  
25 reason, I inadvertently ask a question that might

1 cause that kind of information to be revealed, let  
2 me know and I can -- I can move on.

3 I do want to follow up on the other items  
4 that you mentioned. You mentioned your own personal  
5 experience on the project. Can you explain what  
6 your role was on the project?

7 A For a period of time, I had a very  
8 specific role in the new plant project's business  
9 organization. And I was specifically responsible  
10 for an organization that was responsible for  
11 Westinghouse engineered equipment delivery and  
12 design.

13 And then subsequent to the acquisition of  
14 Stone & Webster, my organization absorbed the CB&I  
15 procurement scope under that organization. So that  
16 was my role in the new plant's project business for  
17 approximately four years.

18 Q Was there a name to that CB&I section that  
19 moved into your Westinghouse section after the  
20 acquisition?

21 A Generally, it was the procurement  
22 activities for non-engineered equipment, because the  
23 Westinghouse scope under the contract was always for  
24 Westinghouse designed engineered equipment, and the  
25 CB&I scope, prior to the acquisition, was what they



1 called non-engineered procurement. So typical  
2 procurements that were necessary for construction.

3 Q So after the acquisition --

4 A Modules.

5 Q Modules?

6 A Yeah. That was the biggest scope.

7 Q And that acquisition occurred in late  
8 2015?

9 A It was -- I assumed the module procurement  
10 scope, it was around March of '16, my organization  
11 under the project.

12 Q So after that acquisition, did your  
13 organization then have responsibility over  
14 procurement of all the equipment in the project?

15 A After the acquisition, Westinghouse had  
16 responsibility for the procurement.

17 Now, Fluor had responsibility for  
18 procurement after the acquisition. So if it was  
19 construction-related, those were procured through  
20 the Fluor organization.

21 Q And what's the name -- or what was the  
22 name of the organization that you were in charge of  
23 at that time?

24 MR. MARTINEZ: At which time?

25 BY MR. COX:

1 Q At the time of the acquisition.

2 A It was called Project Delivery.

3 Q And when did you take charge of that  
4 section?

5 A Prior to the acquisition, I believe it was  
6 around -- I may have this date wrong, but around  
7 somewhere in 2013. And I had that responsibility  
8 under the project in various different roles where  
9 different scopes were brought in unrelated. I had  
10 other responsibilities unrelated to the project in  
11 Westinghouse, in that organization, probably until  
12 2017 time frame.

13 Q Did you have responsibility for delivery  
14 on any other construction projects, other than the  
15 V.C. Summer project?

16 A We also had Vogtle, and we also had China.  
17 Sanmen and Haiyang projects were in my organization.

18 Q And were all those AP1000 reactors?

19 A Correct.

20 Q Were the two Chinese sites, were both of  
21 those scheduled to receive two units?

22 A Yes.

23 Q What's the status on those two projects  
24 currently?

25 A Well, I'm happy to report that Sanmen 1

1 just went into commercial operation over the last  
2 couple days.

3 Q Congratulations.

4 A Yeah. It's a very exciting time for  
5 Westinghouse.

6 And based on the progress, the other unit  
7 will shortly follow, and then Haiyang shortly  
8 follows. So we fully anticipate the other China  
9 units will come on line as predicted in succession.

10 Q So that's three more units that are  
11 scheduled to come on line in China?

12 A Yes; two at Sanmen, and two in Haiyang  
13 sites.

14 Q And what's the current status of the  
15 Vogtle project?

16 A I'm not involved in the Vogtle project  
17 today, but the current status is it's progressing  
18 under the new services agreement with Westinghouse,  
19 and -- I'm sorry. I will correct myself.

20 For the procurement scope under Vogtle, we  
21 are working on a T&M basis, my organization today,  
22 which is a supply chain organization, for Vogtle.

23 Q During the time that the project -- and  
24 here again, I'm referring to the V.C. Summer  
25 project. During the time that construction was

1 occurring, how often were you at the project?

2 A Can you clarify what you mean, "at the  
3 project"?

4 Q How often did you physically -- how often  
5 were you physically present at the project?

6 A At the site? I'm just trying --

7 Q At the site, yeah.

8 A Oh, at the site?

9 It depended. There was a monthly project  
10 review meeting that occurred per the agreements, per  
11 the contract, and I was invited to all those  
12 meetings just because of my role, my specific role.  
13 And also I attended a good number of them.

14 And what I would typically do -- there was  
15 also a similar meeting held at the Vogtle site  
16 within a day of the meeting held at the V.C. Summer  
17 site. I would go to the one site, travel to the  
18 next site in the meeting. And I had individuals  
19 that reported directly under me that actually would  
20 participate in presenting at the monthly project  
21 review meetings for, again, the specific role  
22 that -- accountability I had on the project.

23 Q What time period did you attend those  
24 meetings at the V.C. Summer plant?

25 A Oh, gosh. I want to say over a two-year

1 period, perhaps, maybe even longer.

2 Q What were those -- what were the  
3 boundaries of that time period?

4 A I would say it was definitely within  
5 2015-2017, probably in that time period.

6 Q And I just want to get an idea of when was  
7 the first time that you began attending those  
8 meetings? If you had an estimate, would 2015 be  
9 your best estimate on that?

10 A I don't remember exactly, but that sounds  
11 about right to me.

12 Q Is there a reason that you started  
13 attending those meetings?

14 A I was asked by the project director that  
15 had come onboard if I was available to attend; and  
16 if there were questions about, again, specific area  
17 that I was responsible for, there might be specific  
18 topics at those meetings where I would be told, "You  
19 know what, I think they want -- the owners really  
20 want to talk about modules in a little more depth.  
21 Can you, please, you know, make sure you have the  
22 right people at the meeting, these areas are  
23 covered."

24 And I would often go, even though I was  
25 not required to go, obviously because I had a vested

1 interest in the accountability for that scope, that  
2 we delivered what we said we were going to deliver.  
3 And my organization was responsible for that.

4 Q When you say "the owners," are you  
5 referring to SCE&G and Santee Cooper?

6 A Yes.

7 Q You mentioned a project director that  
8 asked you to do that. Was that Carl Churchman?

9 A Yes, it was.

10 Q Did he state whether there was any concern  
11 by the owners that was causing him to ask you to be  
12 there?

13 A No. And I don't -- I mean, I can tell you  
14 I was not the only one asked to attend. Those  
15 meetings were attended by a large group from all  
16 areas of the project, whether it was engineering,  
17 procurement, or construction. So I know Carl had  
18 asked other areas that had scope, whether it was  
19 engineering, you know, procurement, to attend those  
20 meetings if we were available to attend.

21 Q But he never informed you that there was a  
22 concern that the quality of the information provided  
23 at those meetings wasn't sufficient?

24 A Never.

25 Q And just to be clear, can you state your

1 current position with Westinghouse?

2 A Sure. So as of -- let me think. We're in  
3 '18 -- June of 2017, I took a position on the CEO  
4 staff for an organization called Global Enterprise  
5 Services. And what that organization is, it mainly  
6 is corporate functions that Westinghouse supports  
7 globally that were put under my organization.

8 Q What position did you hold before that?

9 A The project delivery position in the new  
10 projects business organization.

11 Q And I'd like to walk back in your career  
12 briefly before that. What position did you have  
13 before the project delivery position?

14 A I was in the -- wow, you're really  
15 challenging me. I was in the instrumentation and  
16 control system business of Westinghouse prior to  
17 that.

18 Q During what time period?

19 A I want to say two thousand -- it was  
20 either late 2010 or early 2011, up until the time I  
21 went to the new projects business.

22 Q Did you have any role, with respect to the  
23 project, in the instrumentation and control position  
24 that you held?

25 A Yes.

1           Q     What was your role in connection with the  
2 project there?

3           A     It was called project delivery, and it  
4 mainly had to do with delivering, you know, the I&C  
5 equipment from a project standpoint. So I didn't  
6 have the engineering organization, but from a  
7 project standpoint, interfacing with the product  
8 line to design and build the equipment and get it  
9 delivered to the site.

10                     And, again, that was for all AP1000  
11 projects. And there was also another project. It  
12 was -- we were subcontracted on. It was an  
13 APR-1400. That's a Korean, not a Westinghouse,  
14 designed reactor, based on Westinghouse technology,  
15 though.

16           Q     And what position did you hold before the  
17 instrumentation and control position?

18           A     Okay. I was in the engineering  
19 organization, and I was responsible for the design  
20 of all the major equipment. So that would be steam  
21 generators, reactor vessel heads, major equipment  
22 and components from Westinghouse, whether it was  
23 operating plant. And when we took on the new  
24 plants, that is also in that organization.

25           Q     And did you have any role in the South



1 Carolina project at that -- in that position?

2 A No, I don't believe I did. I believe all  
3 the work that I was working on were for operating  
4 plant replacement components.

5 Q So your first direct personal involvement  
6 with the project was when you moved in 2010 to the  
7 instrumentation and control position?

8 MR. MARTINEZ: Object to form.

9 THE WITNESS: Right.

10 BY MR. COX:

11 Q And are you an engineer by training?

12 A My degree is in computer science, and I  
13 have a master's in telecommunications.

14 Q When did you first begin working for  
15 Westinghouse?

16 A 1987, September 21st.

17 Q You mentioned also some interviews that  
18 you conducted to become more knowledgeable about the  
19 topics in this notice. Can you state whom you had  
20 interviews with?

21 A Sure. So project director, Carl  
22 Churchman; the senior vice president of the new  
23 projects business, David Durham; Terry Elam, who was  
24 the lead scheduler for the project; and Tim Baird,  
25 who was involved in the 2015 amendment from a

1 financial perspective -- from the financial  
2 organization, I should say.

3 Q Anyone besides those four that you  
4 interviewed?

5 A No.

6 Q Are all four of those individuals still  
7 employed by Westinghouse?

8 A I believe Terry Elam is not. David  
9 Durham, yes; Carl, yes; Tim, yes.

10 Q What is Carl Churchman's current position?

11 A Carl Churchman left the company after the  
12 abandonment of the project, sometime after the  
13 abandonment. He came back, I want to say, less than  
14 a year ago, working for David Durham. [REDACTED]

[REDACTED]

[REDACTED]

17 Q And for Mr. Churchman, what was the  
18 purpose of your conversations with him, as far as  
19 becoming more knowledgeable about the topics?

20 A Just to understand types of information  
21 that was shared, meetings that were conducted,  
22 standard protocols on the project.

23 Q And the same question for Mr. Durham.  
24 What was the purpose for your conversation with him  
25 with respect to the topics?

1           A     Mainly the same topics.

2           Q     And how about with Mr. Elam?

3           A     His were much more focused on schedule,  
4 what was provided related to schedule, what types of  
5 meetings reports were generated.

6           Q     Would you consider Mr. Elam to be the most  
7 knowledgeable person from Westinghouse regarding the  
8 schedules that Westinghouse compiled during the  
9 construction of the project?

10                   MR. MARTINEZ: Object to form.

11                   THE WITNESS: (Nods head.)

12 BY MR. COX:

13           Q     Was that a yes?

14                   MR. MARTINEZ: You can answer.

15                   THE WITNESS: Terry Elam's role was the  
16 lead scheduler. I don't know what his official  
17 title was. Whether he was the most  
18 knowledgeable person or not, I don't think I  
19 can respond to that.

20                   What I can tell you, his role on the  
21 project was the lead scheduler. So he  
22 obviously was handling those schedules on a  
23 regular basis, daily basis.

24 BY MR. COX:

25           Q     And Tim Baird, same question with respect

1 to him as to why you decided to or thought he would  
2 be a good person to interview for the topics?

3 A Mainly because he was involved at some  
4 level around the 2015 amendment and the acquisition  
5 of Stone & Webster.

6 MR. MARTINEZ: Jim, may I interject for  
7 just one second to say, so Joni, when I object  
8 to form, I'm just doing that for the purposes  
9 of the record, but you're free to answer --

10 THE WITNESS: Thank you.

11 MR. MARTINEZ: -- Jim's questions.

12 If there's something that I think is out  
13 of whack enough that we need to specify how it  
14 needs to clear up, well, then I'll say a little  
15 bit more.

16 THE WITNESS: I appreciate the  
17 clarification.

18 BY MR. COX:

19 Q And certainly if at any point you find a  
20 question unintelligible or needing some improvement,  
21 or for whatever reason, let me know.

22 A I appreciate that. Thank you.

23 Q Oh, you mentioned documents that you  
24 reviewed. Do you recall what documents you reviewed  
25 to prepare for the deposition?

1           A     I reviewed samples of monthly project  
2 meetings, monthly progress status reports that were  
3 generated, plan of the day meeting materials, the  
4 2015 amendment, and then just documents related to  
5 what to expect in this deposition.

6           Q     Can you be a little bit more specific  
7 about that last category?

8           A     Yeah. So for example, the exhibit you  
9 showed me, I reviewed this. I was also just given,  
10 you know, a general guideline of what to expect in a  
11 deposition and, you know...

12          Q     And I don't need to know what you talked  
13 about.

14          A     Yeah.

15          Q     I'm thinking more about documents that you  
16 reviewed.

17          A     Yeah. So documents related to the project  
18 were the ones that I just went over, you know,  
19 information -- information that was supplied per the  
20 contract to the owners, which included the monthly  
21 project review. Then there were meeting minutes for  
22 those, monthly progress reports, schedule  
23 submissions. So I reviewed the letter that  
24 submitted the schedules. I didn't actually review  
25 the schedules.

1 Q Well, without further ado, let's go ahead  
2 and jump into these topics. I think we'll look at  
3 some of the documents you referred to as we move  
4 forward in your deposition. But my plan is very  
5 simple. I'd like to just walk through each of the  
6 topics and ask you questions about each one.

7 So we'll start with topic 1, which is the  
8 AP1000 reactor concept, design, regulatory approval,  
9 and design changes imposed by the Nuclear Regulatory  
10 Commission, NRC.

11 What was the status of the design of the  
12 AP1000 at the time that the 2008 EPC contract was  
13 entered into?

14 A Okay. All right. So I'll give you a  
15 little history leading up to that, which I think  
16 will answer the question.

17 So it was in 2002 that Westinghouse  
18 initially submitted the design approval request to  
19 the NRC. It was around 2006, related to that  
20 design, which was referred to as design control --  
21 DCD 15, design control document 15, that the NRC  
22 approved that revision of the design.

23 [REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

So in 2008, Westinghouse resubmitted design approval for those changes to the NRC in Rev. 19 of the DCD. So we went from DCD 15 that was approved around 2006. Now we were submitting updated DCD document Rev. 19 to the NRC around 2008. That was approved by the NRC in the 2011 time frame, which then led up to the COL being issued to SCE&G.

So if you're -- back to your question, if you're saying 2008, right, so that was in between, right, the updates being made to the DCD document. The NRC was doing the reviews and approvals, and the approval came subsequent to 2008, obviously.

Q So Rev. 19 was the last revision to the DCD?

A Correct.

Q And was Rev. 19 submitted to the NRC before the May 2008 agreement?

A I do not know that answer. I can find that answer, but I do not know that answer right now.

Q Let me ask you --

A The exact date.

Q Let me ask you this. And you may not know





1           A     I do not know that answer.

2           Q     Do you know what the schedule and cost  
3 impact of Rev. 19 was to the project?

4           A     No, I do not.

5           Q     Were there any changes to the design after  
6 Rev. 19?

7           A     The only changes I'm aware of, right, were  
8 changes that wouldn't have impacted DCD Rev. 19 from  
9 a requirement standpoint, because if they would  
10 have, we would have had to go back to the NRC  
11 updating the design control document.

12                    So changes that occurred -- of course  
13 there were changes, I'd say, through normal design  
14 and construction. So if there were nonconformances  
15 or deviations, sometime there were changes due to  
16 constructibility; sometime there were changes due  
17 to -- not that the design wouldn't work, but maybe  
18 there was a more efficient way to help with  
19 constructibility of the plant if the design changed.

20                    So there was a regular tracking process  
21 within Westinghouse for any design changes. There  
22 was a very formal process, the way those design  
23 changes were tracked, how they were approved,  
24 et cetera.

25           Q     From Westinghouse's perspective, were

1 there significant design changes to the design of  
2 the South Carolina project after the changes in  
3 Rev. 19?

4 A No.

5 MR. MARTINEZ: Object to form.

6 MS. NEWTON: Object to the form.

7 BY MR. COX:

8 Q Did changes in design of the project, from  
9 Westinghouse's perspective, impact the schedule?

10 A I'd say that depended, right, on what the  
11 change was. So for me to answer that, I think  
12 that's too broad of a question.

13 As I said, through normal course of any  
14 project, there's changes. Some of those changes  
15 will impact schedule; some won't. Depending on the  
16 magnitude or the type of change and how it impacted  
17 a key milestone on the project, that would dictate  
18 if mitigation plans were put in place to, you know,  
19 bring that schedule back into line. So I'm only  
20 reacting. I think that question is way too broad  
21 for a complex project of that nature.

22 What I can tell you, though, is in status  
23 reports, monthly reports, communications with the  
24 owners, there was very engineering-intensive reviews  
25 and dialogue that occurred between owner personnel

1 and key Westinghouse personnel who were responsible  
2 for that scope of work.

3 Q I think you did answer my question. And I  
4 think it was just more of a general statement, which  
5 is: Were there changes to the design after Rev. 19  
6 that impacted the schedule?

7 MR. MARTINEZ: Asked and answered.

8 MS. NEWTON: Objection to form.

9 BY MR. COX:

10 Q And the way I understand your answer is  
11 that you can't talk specifics about that, but is it  
12 fair to say that there were design changes after  
13 Rev. 19 that affected the schedule, the estimated  
14 schedule for the project?

15 MR. MARTINEZ: Object to form.

16 MS. NEWTON: Objection.

17 THE WITNESS: I would say that, yes, there  
18 were changes that were well-documented and  
19 communicated. I would say that those changes  
20 were definitely evaluated for impact, if there  
21 was an impact to the schedule. And depending  
22 if that item impacted a critical path activity  
23 on the schedule, then there would have been  
24 mitigation plans put in place.

25 BY MR. COX:

1 Q Did Westinghouse make SCE&G aware, in  
2 2008, that there could be changes in the design that  
3 could impact the schedule?

4 A I believe broader than engineering design  
5 changes, there was enough dialogue going on between  
6 all the people that had a vested interest in the  
7 success of this project with any type of change,  
8 whether it was by any party, that, you know -- and  
9 if there was an impact to the schedule, it was  
10 talked about.

11 Q So your position or Westinghouse's  
12 position is that it kept SCE&G informed of changes  
13 to design that could impact the schedule?

14 MR. MARTINEZ: Object to form.

15 THE WITNESS: Yes.

16 MS. NEWTON: Objection.

17 BY MR. COX:

18 Q I'm sorry. Go ahead.

19 A Yes. They were getting the schedule. So  
20 I would say the monthly schedule that came out, if  
21 there was an activity in that schedule that was  
22 impacted in any way, in the monthly schedule report,  
23 the owners were getting that schedule and they could  
24 run variance reports on that schedule to say  
25 activity A, for whatever reason, was forecasted to

1 be done here. It's new forecast is here. It has --  
2 I'm making it up -- positive or negative float.

3 So through those monthly schedule  
4 submittals, you know, any activity would have been  
5 able -- you would have been able to run a variance  
6 report to understand that it was impacted in the  
7 schedule for whatever reason.

8 Q What regulatory approvals occurred after  
9 the 2008 EPC contract?

10 MR. MARTINEZ: Object to form.

11 THE WITNESS: So as I said, after 2008,  
12 the NRC design approval for DCD Rev. 19 was  
13 approved in 2011. And subsequent to that, the  
14 COL was issued.

15 BY MR. COX:

16 Q What is the COL?

17 A The combined operation and construction  
18 license.

19 Q And what is the significance of that?

20 A From a new plant perspective, it was the  
21 first time, under 10 CFR 52, that if you're  
22 constructing a plant, that you would get a combined  
23 license for the operation and the construction of  
24 that plant. So it was a new way, right, for -- to  
25 deal with new plant construction.

1 Q Could you start construction before you  
2 had a COL?

3 A I don't know that answer.

4 Q From the record, it appears that the COL  
5 for the project was issued approximately nine months  
6 after it was anticipated.

7 Do you know if that's correct?

8 MR. MARTINEZ: Object to form.

9 MS. NEWTON: Objection to form.

10 THE WITNESS: I don't know.

11 BY MR. COX:

12 Q Do you know of any reasons that the COL  
13 was not issued at the time that it was anticipated  
14 under the EPC contract?

15 MR. MARTINEZ: Object to form.

16 MS. NEWTON: Objection to form.

17 THE WITNESS: No. But back to your  
18 previous question on can you start construction  
19 without the COL. To the best of my knowledge,  
20 I believe you can't pour the first concrete.  
21 You can do design activities, you can do other  
22 activities, but you're not permitted to do the  
23 first concrete pour, which really is a key  
24 starting point for construction.

25 BY MR. COX:

1 Q Is that the nuclear concrete pour?

2 A Yes.

3 Q And you're not -- sitting here today,  
4 you're not aware of any reasons that the COL was not  
5 issued during the time frame that was anticipated in  
6 2008?

7 MR. MARTINEZ: Object to form.

8 MS. NEWTON: Objection to form.

9 THE WITNESS: I wouldn't know.

10 BY MR. COX:

11 Q It was the owner's responsibility to  
12 obtain the COL under the 2008 agreement; is that  
13 correct?

14 A Correct.

15 Q So I'd like to turn now to topic number 2,  
16 which is the 2008 engineering, procurement, and  
17 construction agreement, EPC agreement, with a focus  
18 on its payment and information-sharing provisions.

19 The 2008 EPC agreement permitted the  
20 owners to use an owners' engineer, didn't it?

21 A I don't know that answer.

22 Q Do you know if an owners' engineer was  
23 ever used under the project?

24 A I don't believe there was an owners'  
25 engineer, but I'm not sure.

1 Q And what's an owners' engineer, if you  
2 could define it?

3 A That would just be someone who would  
4 represent a party, whether -- you know, from an  
5 engineering standpoint throughout the course of the  
6 project and activities, from an expertise basis,  
7 that was knowledgeable in certain areas.

8 Q Was an owners' engineer used on any of the  
9 other projects which you had some role in reviewing?

10 A Again, I'm not sure, but I believe on the  
11 other U.S. project, there was an owners' engineer.

12 Q And you're referring to the Vogtle  
13 project?

14 A Yes. I'm not sure, but I believe there  
15 was.

16 Q Do you know who that owners' engineer  
17 might have been?

18 A No.

19 Q I'd like to talk about the payment  
20 provisions of the EPC. Could you briefly summarize  
21 what the payment provisions were in the EPC  
22 agreement?

23 A 2008?

24 Q Correct.

25 A Okay.



1           So there were different components of  
2 payment. There was a fixed firm component; there  
3 was a T&M, time and materials, component; and there  
4 was target pricing, a target pricing component.

5           Q     And how did the firm and fixed differ from  
6 the target, T&M?

7           A     As the word implies, "fixed" meant, you  
8 know, here's the -- here's the price. It's fixed.

9                 Whereas a T&M would be you get paid. You  
10 have to submit -- you get paid for the work  
11 completed as you're completing it. Typically, you  
12 would have to submit cost reports to the -- to the  
13 customer who's paying it that could be audited.

14                 And then target pricing typically would be  
15 for things that weren't really firmed up enough at  
16 the signing of the contract, where estimates would  
17 be given.

18                 And then, you know, as the activity or the  
19 project progressed, that target pricing, you know,  
20 may be changed. It could be converted to fixed, or  
21 it could stay target, or it could turn to T&M. It  
22 was up to whatever decision was made by the parties.

23           Q     And just to clarify the parties to the  
24 2008 agreement, who were the parties to that  
25 agreement?

1           A       So the Westinghouse consortium, which  
2 consisted of Westinghouse and CB&I, and then SCE&G.

3           Q       Was Santee Cooper a party?

4           A       Yes, I believe so.

5           Q       What were the information-sharing  
6 provisions in the 2008 agreement?

7           A       So per that agreement -- I mentioned a  
8 couple of them previously -- there were requirements  
9 that there would be a monthly status report that  
10 would be issued. And the content of that would be  
11 agreed upon between Westinghouse and the owners.  
12 There would be monthly meeting minutes issued.  
13 There would be a project review meeting that would  
14 be held on a monthly basis, where we were required  
15 to have attendance and participation. There was a  
16 requirement to submit schedule information.

17                   I believe there was a provision in there  
18 that the owners had the right to audit the T&M and  
19 the target pricing to validate the costs that were  
20 being submitted and the tasks that were being  
21 performed. And I believe the last provision in  
22 there was related to Westinghouse for their  
23 deliverables, having to maintain the information and  
24 control of that information.

25           Q       Did the 2008 agreement restrict SCE&G's

1 right to information about the project?

2 MR. MARTINEZ: Object to form.

3 MS. NEWTON: Objection to form.

4 THE WITNESS: Not that I'm aware.

5 BY MR. COX:

6 Q So let's move on to topic number 3, which  
7 is the October 2015 amendment to the EPC agreement  
8 with a focus on changes to payment terms, liquidated  
9 damage provisions, the provisions of interim  
10 payments, revised payment schedule milestones, and  
11 the fixed price option, and information shared by  
12 Westinghouse with South Carolina Electric & Gas,  
13 SCE&G, concerning Westinghouse's financial condition  
14 at that time and at the time of the 2016 fixed price  
15 agreement.

16 How did the payment terms change under the  
17 October 2015 amendment?

18 A So there was a \$300 million increase to  
19 the contract price; there was an option to convert  
20 the target pricing to fixed price; and then there  
21 was an agreement on for five months there would be  
22 \$100 million payments made over a five-month period  
23 till the revised schedule construction payment  
24 milestone schedule was developed over the next six  
25 months.

1 Q And how did the liquidated damages  
2 provisions change?

3 A So they changed -- they increased  
4 substantially, based on also in sync with moving out  
5 the revised substantial completion dates. So the  
6 LDs increased in value.

7 Q Do you recall what the new provision's  
8 value had been?

9 A What I recall, I believe, from one of the  
10 documents that I reviewed, was they went somewhere  
11 from approximately 80 million to 345 million per  
12 unit. And of course there was a progression of, you  
13 know, zero to 30 days, 30 to 60 days, where --

14 THE VIDEOGRAPHER: Wait. I'm sorry. Your  
15 microphone fell off.

16 THE WITNESS: Oh, sorry. I'm getting  
17 too -- am I okay?

18 THE VIDEOGRAPHER: Yes.

19 THE WITNESS: Thank you.

20 And then, of course, depending on that  
21 progression, the LDs went up. But I think the  
22 big picture was, you know, from approximately  
23 80 million to 345 million per unit.

24 BY MR. COX:

25 Q And is that something that the owners

1 requested in the negotiations?

2 A I don't know.

3 Q Okay. The provision of interim payments,  
4 can you describe that under the amendment?

5 A Yeah. So, again, you know, all parties  
6 had a vested interest in the success of the project,  
7 and they wanted the project to stay progressing. So  
8 the motivation behind that was let's all keep the  
9 project moving until we come out with this revised  
10 milestone payment schedule.

11 So the 100 million was basically put in  
12 place to keep the craft going, to keep the labor  
13 going, to keep the suppliers going, and the  
14 100 million number was picked mainly to keep  
15 Westinghouse, let's say, cash -- cost-neutral.

16 Q Was there a sense that if that amendment  
17 was not provided, then Westinghouse would not be  
18 able to be cash-neutral?

19 MR. MARTINEZ: Object to form.

20 MS. NEWTON: Objection to form.

21 THE WITNESS: I wouldn't know that answer.

22 BY MR. COX:

23 Q Was Westinghouse's position that the  
24 project needed a cash infusion to make it  
25 successful?

1           A     You're talking --

2                   MR. MARTINEZ: Object to form.

3                   THE WITNESS: -- in 2015?

4 BY MR. COX:

5           Q     Correct.

6           A     Not that I'm aware of in 2015.

7           Q     From Westinghouse's perspective, what was  
8 the benefit of the 2015 amendment?

9           A     I believe it all went back to what I  
10 originally stated, that there was a vested interest  
11 by all parties on the success of the project.

12                   The project was in a state where there  
13 were many disputes, there were many claims, so a lot  
14 of time, effort, and money by all parties was being  
15 vested in trying to resolve these disputes. So this  
16 allowed everyone to start out on a rebaseline, a  
17 clean slate, put all the disputes, all the claims  
18 behind them, and focus on getting the job completed.

19           Q     Did Westinghouse believe that this was  
20 needed to make the project successful, this  
21 amendment?

22           A     I don't know that specific answer, but as  
23 I said, I believe it was felt that getting the  
24 claims and the disputes out of the way allowed all  
25 parties to focus on getting work done to get these

1 plants constructed and on-line.

2 Q Was there a sense, from Westinghouse's  
3 perspective, that change needed to happen, as far as  
4 the contract; that the project couldn't keep going  
5 under the current contract to be successful?

6 MR. MARTINEZ: Object to form.

7 MS. NEWTON: Objection to form.

8 THE WITNESS: Again, to get, I'll say, the  
9 noise of the distractions of claims, disputes  
10 out of the way to focus on completing the  
11 project, that was the main driver.

12 BY MR. COX:

13 Q So it's safe to say that Westinghouse  
14 viewed the amendment as being beneficial?

15 MR. MARTINEZ: Object to form.

16 THE WITNESS: How do you define  
17 "beneficial"?

18 BY MR. COX:

19 Q Was it good for the project that the  
20 amendment was entered into, from Westinghouse's  
21 perspective?

22 MR. MARTINEZ: Object to form.

23 THE WITNESS: I believe at that time, for  
24 the reasons I just said, about getting the  
25 non-project-related activities out of the way

1 to allow construction of that plant, yes. It  
2 was beneficial not just to Westinghouse, to all  
3 parties.

4 BY MR. COX:

5 Q What about removing CB&I from the  
6 consortium, was that viewed as a benefit by  
7 Westinghouse?

8 A Back to the same reason I stated, you  
9 know, in order to take control -- for Westinghouse  
10 to take control, the design and construction under  
11 one umbrella, that was the business reason; that  
12 there would be better control if it was not part of  
13 a consortium; and that we would bring on a  
14 subcontractor, that that would also benefit, you  
15 know, in a way, the entire project and all the  
16 parties.

17 Q Did Westinghouse have concern about the  
18 level of performance that CB&I had provided up to  
19 that time?

20 MR. MARTINEZ: Object to form.

21 THE WITNESS: I believe all parties were  
22 looking for a way to improve the performance of  
23 the project. And the belief was bringing Fluor  
24 onboard would improve the performance of the  
25 project.



1 BY MR. COX:

2 Q Was there any reason for the provision of  
3 interim payments under the amendment, other than  
4 ensuring that Westinghouse remained cash-neutral  
5 during that time?

6 MS. NEWTON: Objection to form.

7 THE WITNESS: Can you repeat the question?

8 BY MR. COX:

9 Q Sure.

10 Was there any reason for setting up the  
11 interim payment provision, under the 2015 amendment,  
12 other than ensuring that Westinghouse remained  
13 cash-neutral?

14 MS. NEWTON: Same objection.

15 MR. MARTINEZ: Object to the form.

16 THE WITNESS: As I stated previously, one  
17 of the main drivers was to keep the project  
18 going until the revised -- so there wouldn't be  
19 a break in the work on the project until the  
20 revised construction milestone schedule was  
21 published, which was what -- agreed within a  
22 six-month -- it would be published around a  
23 six-month period, to work on that.

24 And Westinghouse didn't -- was not going  
25 to finance the project. We weren't going to

1 profit, but we weren't going to finance.

2 BY MR. COX:

3 Q Did SCE&G request any information  
4 regarding Westinghouse's financial health during the  
5 negotiations over the 2015 amendment?

6 MR. MARTINEZ: Object to form.

7 MS. NEWTON: Objection to form.

8 MR. COX: What's the nature of that  
9 objection?

10 MR. MARTINEZ: "Financial health" is  
11 ambiguous.

12 BY MR. COX:

13 Q Is that vague to you?

14 A Just -- I'm just trying to get the dates.

15 So you're saying, in the 2015 amendment,  
16 when we were negotiating that with SCE&G, your  
17 question is: Did Westinghouse provide any financial  
18 information or --

19 Q No, a little different.

20 The question is: Did SCE&G request any  
21 information from Westinghouse about Westinghouse's  
22 financial health during the course of those  
23 negotiations?

24 MR. MARTINEZ: Same objection.

25 MS. NEWTON: Same objection.

1 THE WITNESS: Can you define what you mean  
2 by "financial health"?

3 BY MR. COX:

4 Q Liquidity.

5 A There were no questions that I'm aware of  
6 at that time, in 2015.

7 Q At the time that Westinghouse entered the  
8 October 2015 amendment, did it feel that it could  
9 complete the project for less than the fixed price  
10 option of the amendment?

11 MR. MARTINEZ: Object to form.

12 THE WITNESS: So the word that's thrown me  
13 there is "for less," to be -- so did  
14 Westinghouse -- I would answer the question and  
15 say we felt we had enough information at that  
16 time, from Stone & Webster about the estimate  
17 to complete, bringing Fluor onboard, that the  
18 fixed price option amount that was negotiated  
19 with SCE&G, that could be delivered within that  
20 range with manageable risk.

21 BY MR. COX:

22 Q When you say "manageable risk," do you  
23 have a definition for that?

24 A I would just say all projects, no matter  
25 how big or small. You know, my experience has been

1 they all have some level of risk.

2 So when I say "manageable risk," I don't  
3 believe there were any risks identified at that  
4 time, based on the information we had at that time,  
5 that the risks couldn't be managed appropriately.

6 Q Who were the individuals from Westinghouse  
7 who were taking the lead in negotiating the 2015  
8 amendment?

9 A I don't know that answer. That was a  
10 read-in group of individuals that I was not  
11 privileged to who was on that team, who was doing  
12 all the negotiation, et cetera. So you had to be  
13 read into that and need-to-know basis. And I was  
14 not part of that, so I do not know who the lead  
15 negotiators were or how that -- or how it was  
16 actually negotiated.

17 Q Do you know whether Danny Roderick was  
18 part of the negotiation -- negotiations?

19 A Do I have factual information that he was  
20 involved? No.

21 Do I believe he was involved? Yes, mainly  
22 because of his role. He was the CEO of the company.

23 Q Right. He signed the amendment, right?

24 A He signed the amendment.

25 Q Do you know if Mr. Churchman was involved?

1           A       I do not believe Mr. Churchman was  
2 involved.

3           Q       Was Mr. Durham involved?

4           A       I know that Mr. Durham was brought in by  
5 Mr. Roderick. I know he signed the amendment.

6                    The main role that Mr. Durham played was  
7 to negotiate the Fluor contract, because he had  
8 worked for Fluor in a previous role. So I believe  
9 his main role in that was to understand the Fluor  
10 scope and negotiate with Fluor.

11           Q       Did Westinghouse, at the time of the  
12 October 2015 amendment, make any commitments to  
13 SCE&G that it would complete the project no matter  
14 what, even if it took a loss?

15                    MS. NEWTON: Object to form.

16                    MR. MARTINEZ: Object to form.

17                    THE WITNESS: So I would stop your  
18 sentence on the commitment to complete the  
19 project. Everything you said beyond that  
20 about -- I believe you said taking on a loss,  
21 or something like that. I'm not aware of any  
22 conversations of that nature.

23                    I do know that Westinghouse was committed,  
24 as were all the parties, to finish the project  
25 and get those plants on-line.

1 BY MR. COX:

2 Q Westinghouse never made a promise that it  
3 would not declare bankruptcy and reject the EPC  
4 contract, correct?

5 MR. MARTINEZ: Object to form.

6 MR. COX: What's the objection to that?

7 MR. MARTINEZ: It wasn't even a question.

8 MR. COX: It's outside the scope of the  
9 notice?

10 MR. MARTINEZ: No. My objection was that  
11 it wasn't a question. It was a statement.

12 If you'd like to ask her what the  
13 understanding was or whether -- what sort of  
14 representation was made about bankruptcy, then  
15 perhaps that would be a better place to start.

16 MR. COX: Let me rephrase the question.

17 BY MR. COX:

18 Q Did Westinghouse ever promise SCE&G that  
19 it would not declare bankruptcy?

20 A Not that I'm aware.

21 Q Did -- did Westinghouse ever promise SCE&G  
22 that it would not reject the EPC contract?

23 A And, again, just to get your reference,  
24 you're talking about the time of the 2015  
25 negotiations?

1 Q I'm talking about any time.

2 A Yeah. Not that I'm aware.

3 Q Are you aware of a meeting that occurred  
4 in 2016 that involved the owners, Westinghouse, and  
5 representatives of the ORS?

6 A You'd have to be more specific.

7 Q A meeting in August 2016 regarding  
8 Westinghouse's commitment to complete the project?

9 A The only thing I'm aware of is through one  
10 of the interviews with Mr. Churchman. I don't know  
11 if this is the specific meeting that he's referring  
12 to, but he did refer to a meeting where they were  
13 asked to attend with the ORS, and that Mr. Benjamin  
14 also attended that meeting and voiced a commitment  
15 from Westinghouse, you know, to finish the project.

16 Q What else did Mr. Churchman tell you about  
17 that meeting?

18 A That was about it. That was --

19 Q We'll go to topic number 4 now on the  
20 notice.

21 MR. MARTINEZ: Jim, we've been going for  
22 about an hour. Can we have a short break?

23 MR. COX: Absolutely.

24 MR. MARTINEZ: Thank you very much. It's  
25 a good place to break.

1 MR. COX: Yes.

2 THE VIDEOGRAPHER: The time is 2:05. We  
3 are off the record.

4 (Recess in the proceedings from 2:05  
5 to 2:15.)

6 THE VIDEOGRAPHER: The time is 2:15 p.m.  
7 We are back on the record. Please proceed.

8 - - -

9 (Letter dated 8/7/15, to Ronald A.  
10 Jones, from Carl Churchman,  
11 WEC\_SCORS\_000001-4, marked Falascino  
12 Exhibit Number 2 for identification.)

13 - - -

14 BY MR. COX:

15 Q Ms. Falascino, we've moved on to topic  
16 number 4 of the notice, which is a description of  
17 the periodic and occasional reports and meetings  
18 through which Westinghouse shared information with  
19 SCE&G and Santee Cooper with a focus on those  
20 reports and meetings that discuss cost increases,  
21 schedule delays, performance factor metrics, and  
22 mitigation plans.

23 I think you've already described these  
24 briefly earlier. Your attorneys have produced  
25 several documents regarding these reports. And I



1 wanted to go through each of those with you briefly.

2 There's been a document labeled Exhibit 2  
3 in front of you. If you could look at that  
4 document, it's Bates numbered WEC\_SCORS\_1 through 4.  
5 There's a copy there (indicating).

6 Can you describe what this document is?

7 A So this is the official transmittal letter  
8 of the monthly schedule data to SCE&G, so --

9 Q I'm sorry. Go ahead.

10 A No. I'm done.

11 Q What format was the schedule provided to  
12 SCE&G?

13 A There were several CDs that were provided  
14 that had the schedule. SCE&G also had, through a  
15 license that WEC had into the Primavera software  
16 application, could go in to see monthly a static  
17 schedule and run variance reports on that schedule.

18 Q What do you mean by a "variance report"?

19 A A variance report would show you that this  
20 activity was supposed to begin on this date and end  
21 on this date; it actually began on this date and  
22 actually ended on this date. So if there was a  
23 variance in those dates, it would show up as  
24 positive or negative float to the activity. You're  
25 either ahead of schedule -- zero would mean you were

1 on schedule. Minus would mean -- float would mean  
2 you were behind schedule.

3 Q And so is it correct to say that SCE&G  
4 had -- or was provided by Westinghouse an electronic  
5 version of the native format of the schedule that  
6 Westinghouse had?

7 A Yes.

8 Q And was that true throughout the time  
9 period of the project?

10 A I believe so. It dated back, you know, to  
11 the beginning of the project.

12 Q And this refers to an integrated project  
13 schedule. Did Westinghouse have a fully integrated  
14 project schedule for the project?

15 A How do you define a "fully integrated  
16 project schedule"?

17 Q It incorporates all of the different areas  
18 within the project --

19 A Yeah.

20 Q -- and combines them into one?

21 A So the area -- the key areas would be  
22 engineering, procurement, construction activities.  
23 We're in an integrated project schedule, yes.

24 Q Is there a certain point in time where  
25 Westinghouse developed a fully integrated schedule

1 or did it occur sometime during the life of the  
2 project?

3 A I believe, from the beginning there was an  
4 integrated project schedule, but there were periodic  
5 resets of that schedule since the beginning of the  
6 project all the way through 2016.

7 Q Do you know if there were any improvements  
8 made to make the schedule more sophisticated over  
9 the course of the project?

10 A I'm sorry, but can you define -- when you  
11 say "sophisticated," I'm not sure what you're  
12 referring to.

13 Q Well, when you say "refinements," are you  
14 referring to changes to the events on the schedule,  
15 the milestones?

16 A Yeah. So, for example, the substantial  
17 completion dates were revised through the course of  
18 the project. So then the schedule, the activities  
19 would be reset, relooked at, integration of  
20 activities.

21 If there were changes that were advised  
22 maybe because an activity was going to impact a  
23 critical milestone, the schedule would have been  
24 changed to maybe work on a different work front. So  
25 it was to do the work efficiently in order to meet

1 the substantial completion dates.

2 So if that's what you're referring to as  
3 sophisticated or -- but I would say the nature of  
4 the schedule itself through the life of the project  
5 did not change significantly.

6 Q Well, by "sophisticated," I mean really  
7 increasing the depth of the schedule or the  
8 descriptiveness of it.

9 Are you familiar with the different levels  
10 of a construction schedule?

11 A Yes.

12 Q So what level was Westinghouse's schedule?

13 A I believe throughout different parts of  
14 the project life cycle, you know, there was  
15 typically a level 3. However, when we went into the  
16 2016 time frame, where a new schedule was being set  
17 up, that we were working off a level 1 at that time  
18 in 2016 to the new substantial completion dates  
19 while the level 2 and 3 was being developed against  
20 the new dates. And Fluor was onboard.

21 Q So is it fair to say that in 2016, the  
22 schedule was really rebooted and started at a  
23 level 1 instead of just a revision of the existing  
24 level 3?

25 A Yes.

1 Q But Westinghouse had a level 3 schedule  
2 prior to then; is that correct?

3 A To my knowledge, we did. To the best of  
4 my knowledge.

5 Q Did SCE&G ever complain to Westinghouse  
6 that the schedule was not sufficient?

7 MR. MARTINEZ: Object to form.

8 MS. NEWTON: Same objection.

9 THE WITNESS: I'm not aware of that.

10 BY MR. COX:

11 Q Would Mr. Elam be someone who you feel  
12 might be in a role who would know about those types  
13 of conversations?

14 A I don't really know at his level that he  
15 would have or would have not. I do know that there  
16 were requests made to Mr. Elam to run variance  
17 reports, and he would run those variance reports.

18 Q Are you aware of any request by SCE&G for  
19 schedule-related information that Westinghouse  
20 denied the request?

21 A I'm not aware of any requests that we  
22 denied.

23 Q The same question for cost information.  
24 Are you aware of any requests by SCE&G for  
25 information about cost estimates that Westinghouse

1 said -- denied the request and would not provide the  
2 information?

3 A I'm not aware of any requests made, but in  
4 a fixed price contract, we wouldn't provide cost  
5 information because Westinghouse would be liable.

6 As I said previously, under the contract,  
7 SCE&G had the right to audit the T&M and the target  
8 pricing. So they could bring in a third-party  
9 auditor to audit those costs and activities for the  
10 T&M and target priced portions.

11 Q Did Westinghouse comply with SCE&G's audit  
12 requests?

13 A I'm not aware that SCE&G performed an  
14 audit.

15 Q You mentioned under, I think you said, a  
16 fixed price contract, that -- I think you said SCE&G  
17 wouldn't -- wouldn't ask for the information?

18 MS. NEWTON: Objection.

19 THE WITNESS: We wouldn't be required  
20 under a fixed price contract to supply cost  
21 information, because Westinghouse would be  
22 liable for that price. So -- I'm sorry.

23 BY MR. COX:

24 Q And I understand your point there with  
25 respect to the status after the 2015 amendment.

1 I guess my question would be: Did  
2 Westinghouse consider itself to be under a fixed  
3 price contract before the 2015 amendment?

4 A Before the 2015 amendment, per the 2008  
5 contract, there was a fixed firm price part of our  
6 contract. So we were -- as I said, there was a firm  
7 fixed price, target and T&M under that original  
8 contract.

9 Q But is it correct that the owners would be  
10 paying cost plus under the target and T&M portions  
11 of the contract?

12 A I don't know the specific payment terms  
13 under the target pricing.

14 Q This document, Exhibit 2, was this  
15 transmitted to SCE&G during the entire course of the  
16 project?

17 MS. NEWTON: Objection to form.

18 THE WITNESS: I don't know the exact date  
19 it started, but I believe it was being  
20 submitted, you know, very early on in the  
21 project.

22 - - -

23 (Monthly Project Review Meeting,  
24 9/17/15, WEC\_SCORS\_000005-160, marked  
25 Falascino Exhibit Number 3 for

1 identification.)

2 - - -

3 BY MR. COX:

4 Q So let's go ahead and turn to Exhibit 3.  
5 Is Exhibit 3 the slides from the monthly project  
6 review meeting that Westinghouse provided to the  
7 owners at the project?

8 A Yes.

9 Q And this is the meeting that you  
10 occasionally attended beginning at some point in  
11 time; is that right?

12 A Correct.

13 Q I'd like for you to turn to page 127.

14 A (Witness complies with request.)

15 MR. MARTINEZ: By Bates pagination or by  
16 slide pagination?

17 MR. COX: Slide pagination. Good  
18 question.

19 THE WITNESS: Is it this one?

20 MR. COX: Correct.

21 MR. MARTINEZ: So Bates 131?

22 MR. COX: Correct.

23 BY MR. COX:

24 Q This is a section of the presentation  
25 called Metric Summary. Are you able to describe



1 what the -- what the yellow, red, and green arrow  
2 indicators on the left-hand side of the slide, what  
3 those indicate?

4 A Just to be clear I understand your  
5 question, you're referring to these (indicating)?

6 Q That's correct. There's --

7 A Where the arrows go up, down, or sideways?

8 Q Yes.

9 A Thank you.

10 A down arrow would mean it's trending down  
11 from the previous report. An up arrow would mean  
12 it's trending more positive performance from a  
13 previous report. And a side would mean neutral,  
14 pretty much stayed the same from the previous  
15 report.

16 So if your performance is improving, trend  
17 up; performance is not improving, going down, arrow  
18 down; staying the same, across.

19 Q And how does the color -- what does that  
20 represent?

21 A So the color, depending on, you know, the  
22 area, would be defined what a green means, a yellow  
23 means, with the thresholds to set something, green,  
24 yellow, or red. But typically, if something you see  
25 on a schedule is green, it means it's in good shape,

1 it's progressing. If something's yellow, typically  
2 means it's within a threshold where you need to  
3 start looking at it to try to prevent it from going  
4 red and try to bring it back into green. And if  
5 something's red, you've crossed a threshold that  
6 says there really should be, you know, probably a  
7 mitigation plan in place, and we should be talking  
8 more about this area to see how we can get it to  
9 yellow, to green.

10 Q And this chart has the thresholds for each  
11 of the statuses or categories on the left; is that  
12 correct?

13 A Correct.

14 MR. MARTINEZ: I'm sorry, Jim. Do you  
15 mean to say the right? It's on the right side  
16 of the page, the threshold columns?

17 THE WITNESS: Under the colors.

18 MR. MARTINEZ: Oh, I'm sorry. My mistake.

19 BY MR. COX:

20 Q The next page, Ms. Falascino, does this  
21 slide show the construction productivity at the --  
22 at the project?

23 A Yes.

24 Q And does the red arrow pointing down, on  
25 the top left corner, indicate that the productivity

1 is decreasing?

2 A Trending down --

3 MR. MARTINEZ: Object to form.

4 THE WITNESS: -- from previous reporting.

5 BY MR. COX:

6 Q And the red would be an indicator of where  
7 it fits within the threshold; is that correct?

8 A Correct.

9 Q And in the bottom right, or in the far  
10 right of the slide, there's a category called  
11 Period PF. Do you understand that to be a period  
12 performance factor?

13 A Yes.

14 Q And for the -- this period, the total  
15 performance factor was 2.10; is that correct?

16 A Correct.

17 Q And is it correct to say that for the PF  
18 number, the lower the number, the better the  
19 performance?

20 A Correct.

21 Q And is it true that the productivity or --  
22 I'm sorry -- performance factor of 1.0 would  
23 indicate that the performance to accomplish a task  
24 is occurring within the parameters expected under  
25 the contract?

1           A     Correct.

2           Q     So a 2.10 period PF here, is it fair to  
3 say that it's -- the performance is less than half  
4 of what was expected under the contract?

5                   MR. MARTINEZ: Object to form.

6                   THE WITNESS: I don't know that I'd define  
7 it as less than half. I would say the  
8 performance needs to be improved.

9 BY MR. COX:

10          Q     Okay. And under this chart, red for  
11 performance is when the PF is greater than 1.20; is  
12 that correct? I'm looking at the bottom of that  
13 slide.

14          A     Of the goal?

15          Q     Correct.

16          A     Correct.

17          Q     The next page is a chart entitled,  
18 V.C. Summer Site Target Percent Complete, WE  
19 8/23/15.

20                   Can you describe what this chart shows, if  
21 you know?

22          A     So the green line would be the actual  
23 earned work that was completed. And the line above  
24 it would be the target that it was set that it  
25 should be performing at.

1           So the ideal situation would be the lines  
2 would overlap.

3           Q     And at the bottom, under Goal, it says,  
4 "Yellow: Below target but above late curve."

5           Do you know what the late curve is?

6           A     No, I do not.

7           Q     Right below the graph, there's a column  
8 for target total and a column for earned total.

9           Would you agree with me that the -- in  
10 June 2015, this chart shows that the percent  
11 complete was -- that was earned was 0.5 percent less  
12 than the target?

13           MR. MARTINEZ: Object to form.

14           THE WITNESS: Yes, it shows the earned is  
15 less than the target --

16 BY MR. COX:

17           Q     And --

18           A     -- by the math amount you just calculated.

19           Q     Okay. And the reason I brought up the  
20 math amount is I want to go forward and look at the  
21 difference in the next two columns.

22           Is it correct that the -- in July 2015,  
23 the earned total for percent complete was .9 percent  
24 less than the target?

25           MR. MARTINEZ: Object to form.

1           THE WITNESS: According to the numbers on  
2           this chart, if you do the math you just did,  
3           yes.

4 BY MR. COX:

5           Q     And for August, that difference would be  
6           1.4 percent; is that correct?

7           MR. MARTINEZ: Object to form.

8           THE WITNESS: Correct.

9 BY MR. COX:

10          Q     So is it fair to say that the difference  
11          between the earned total and the target total  
12          percent complete during this two-month period was  
13          expanding?

14          MR. MARTINEZ: Object to form.

15          THE WITNESS: I don't know that that time  
16          period would really give you enough of a trend  
17          to make that statement.

18                 If you're saying could you extrapolate  
19                 that it was going to continue in that  
20                 direction, I don't think you could determine.  
21                 This would be no indicator of that.

22 BY MR. COX:

23          Q     No. And I was asking more of a  
24          mathematical question, which is the difference  
25          between the two numbers increased over those three

1 data points.

2 A Yeah. What the chart shows is there is a  
3 gap between the earned and the target total.

4 Q Is it correct to say that Westinghouse was  
5 presenting this information to SCE&G monthly?

6 A Yes, I believe they were.

7 - - -

8 (Letter dated 10/9/15, to Ronald A.  
9 Jones, from Carl D. Churchman, with  
10 attached Monthly Project Status Report,  
11 WEC\_SCORS\_000161-230, marked Falascino  
12 Exhibit Number 4 for identification.)

13 - - -

14 BY MR. COX:

15 Q So I'd like for you to turn now to  
16 Exhibit 4 in front of you.

17 A (Witness complies with request.)

18 Q This is a document that's Bates numbered  
19 beginning page 161 of the Westinghouse production,  
20 ending 230.

21 Can you describe what this document is?

22 A Per the contract, we were required to  
23 produce a monthly status or progress report on the  
24 engineering, procurement, and construction  
25 activities. And the content was mutually agreed to

1 by Westinghouse and the owners of what would be  
2 contained in the monthly report. So this was the  
3 monthly report issued per the contract.

4 Q And this occurred every month over the  
5 life of the project?

6 A Correct.

7 - - -

8 (Letter dated 10/14/15, to Ronald A.  
9 Jones, from Carl D. Churchman, with  
10 attached monthly meeting minutes,  
11 WEC\_SCORS\_000231-324, marked Falascino  
12 Exhibit Number 5 for identification.)

13 - - -

14 BY MR. COX:

15 Q Go ahead and, if you can, turn to the next  
16 exhibit, 5, which is Bates number 231 through 324.

17 A (Witness complies with request.)

18 Q Can you describe what this document is?

19 A So this would be meeting minutes from the  
20 month prior to when it was issued that would  
21 describe -- the monthly review meeting slides are  
22 contained in this. And I would say that's the main  
23 content of it.

24 Q Who from Westinghouse prepared the  
25 minutes?



1           A     I don't know the specific individual, but  
2 there was an individual on the project whose  
3 responsibility that was that reported under the  
4 project.

5           Q     And the minutes were then provided back to  
6 the owners; is that right?

7           A     Correct.

8           Q     On page 239, Bates number 239 through 244,  
9 can you describe what those pages are?

10          A     I'm sorry. Where are you? Oh, these?  
11 Thank you. You said 249?

12                   MR. MARTINEZ: 239.

13 BY MR. COX:

14          Q     239 through 244.

15          A     Yes. So this was just the roll call of  
16 everyone that was invited to the meeting. And if  
17 you attended, you had to initial and check the box.

18          Q     Okay. So, for instance, on this meeting,  
19 we could turn to your name and it would indicate  
20 this is one of the meetings you were present at,  
21 correct?

22          A     Correct.

23          Q     Would the attendee, him or herself, check  
24 off the block or would someone do it for them?

25          A     No. They would pass around and we would

1 have to X it.

2 Q And there's some names that are written in  
3 on page 244. Are those names of people who aren't  
4 on the list who would just write out their name  
5 because -- to show that they attended, as well?

6 A Correct.

7 Q Do you know if any members of the Office  
8 of Regulatory Staff were invited to this meeting?

9 A I believe they were.

10 Q Why do you believe that?

11 A I believe in one of the interviews that --  
12 I think it was with Mr. Churchman -- asked him about  
13 attendance at several of the meetings. I believe he  
14 said that the ORS was invited to these meetings.

15 - - -

16 (V.C. Summer 2 & 3 Plan of the Day,  
17 August 09, 2016, WEC\_SCORS\_000325-393,  
18 marked Falascino Exhibit Number 6 for  
19 identification.)

20 - - -

21 BY MR. COX:

22 Q Okay. Turn now to the next exhibit.  
23 We're done with that document.

24 A (Witness complies with request.)

25 Q Exhibit 6 is pages 325 through 393 of the

1 Westinghouse production.

2 Can you describe what this document is?

3 A This was the plan of the day deck that was  
4 reviewed daily, mainly focused on  
5 construction-related activities. And there would be  
6 several participants from the owners, Westinghouse,  
7 sometimes the NRC. I believe it could have been the  
8 ORS. But it was held daily, mainly focused on  
9 progress of the construction at the site or any key  
10 activities that would impact critical milestones for  
11 the project.

12 Q Was the meeting run by Westinghouse?

13 A Yes, I believe it was run by a gentleman  
14 who reported to Carl Churchman.

15 Q Do you know who that gentleman was?

16 A I think it was Rod Cavalieri.

17 Q Did you ever --

18 A Actually, his name is at the top.

19 Q Rod Cavalieri, on the top left corner of  
20 the first page?

21 A Yes.

22 Q Did you ever attend these meetings?

23 A No, I never attended this meeting.

24 Q And, to your knowledge, were these  
25 meetings held throughout the life of the project?

1           A       To the best of my knowledge, I think they  
2 were held for a substantial amount of time during  
3 the duration of the project.

4           Q       Okay. And I don't have any questions  
5 now -- more questions on that document.

6                   I'll go ahead and turn to the next topic,  
7 number 5, which is information shared with SCE&G  
8 through such reports and meetings concerning the  
9 construction schedule and estimated completion  
10 dates, A, before the filing of Westinghouse's  
11 petition for bankruptcy and, B, after the filing of  
12 Westinghouse's petition for bankruptcy, including  
13 but not limited to any such information of which  
14 Westinghouse is aware was used in SCE&G's internal  
15 analysis of extended completion dates performed  
16 after Westinghouse's petition for bankruptcy.

17                   You already described the monthly  
18 schedules that Westinghouse provided to SCE&G. Are  
19 you familiar with a schedule analysis or workshop  
20 that was performed in August 2014 by Westinghouse?

21           A       No, I'm not.

22           Q       Are you aware of any negotiations by  
23 Westinghouse and SCE&G over the schedule and cost to  
24 complete the project during the second half of 2014?

25           A       The only thing I'm aware of, when I talked

1 with Terry Elam, the scheduler, he referenced that  
2 there had been three resets of the completion dates.  
3 And I believe he mentioned something around 2014,  
4 something in 2015, and then 2016, that there were  
5 three key kind of schedule resets that he  
6 participated in.

7 Q Is he the only one who provided you with  
8 any information regarding those resets?

9 A Yes.

10 Q Was there any -- did you have any  
11 discussion with him about whether there was any  
12 disagreement between SCE&G and Westinghouse over the  
13 attainability of the schedules that were developed  
14 during those resets?

15 A No. He didn't share any of that with me.

16 Q You didn't ask him about that?

17 A And I did not ask him.

18 Q Did he share with you whether he felt any  
19 pressure to produce a schedule that he did not think  
20 was attainable?

21 A No, he did not say anything about that.

22 Q Other than the information you've shared  
23 so far in your deposition, are you aware of any  
24 other information that Westinghouse shared with  
25 SCE&G regarding the construction schedule?

1           A     Other than the reports that we just talked  
2 about that were contract requirements, I know there  
3 were several meetings at all different levels  
4 through the organization, talking about schedule,  
5 engineering, procurement activities, informal  
6 meetings. Example: If there was a question on the  
7 schedule, there might be a meeting called either by  
8 the owners or by Westinghouse.

9                     So the only point I'm trying to make is  
10 there were official reporting, and then there were  
11 many other meetings and reports being generated  
12 based on need or asks, informal.

13           Q     Right.

14                     After Westinghouse filed the petition for  
15 bankruptcy, did SCE&G and Westinghouse enter into a  
16 process where SCE&G developed its own estimate to  
17 complete the project?

18           A     I am not aware of SCE&G's activities to do  
19 their own estimate to complete.

20           Q     Are you aware of any interactions between  
21 Westinghouse and SCE&G in which Westinghouse was  
22 asked to facilitate SCE&G's effort to perform a  
23 schedule analysis in 2017?

24           A     Can you repeat that?

25           Q     Sure.

1           Are you aware of any interactions between  
2 Westinghouse and SCE&G in which Westinghouse was  
3 asked by SCE&G to facilitate SCE&G's effort to  
4 perform a schedule analysis in 2017?

5           A     I'm not aware of that.

6           MR. MARTINEZ: Object to form.

7 BY MR. COX:

8           Q     Did Westinghouse, to your knowledge,  
9 prohibit SCE&G, at any time before Westinghouse's  
10 bankruptcy, from receiving information to enable  
11 SCE&G to perform a schedule analysis?

12           MR. MARTINEZ: Object to form.

13           THE WITNESS: No.

14           MS. NEWTON: Object to the form.

15 BY MR. COX:

16           Q     So the second half of topic number 5, it  
17 refers specifically to one category of information.  
18 And it's about information of which Westinghouse is  
19 aware was used in SCE&G's internal analysis of  
20 extended completion dates performed after  
21 Westinghouse's petition for bankruptcy.

22                   Do you have any knowledge of this  
23 information?

24           A     No.

25           Q     Did you ask anyone about this issue?

1           A     No.  What I did ask was:  Were we still  
2 providing information consistent -- pre and post  
3 bankruptcy, that was consistent.  And the answer was  
4 yes.

5                         So whether that was schedule, project  
6 status, the level and amount of reporting didn't  
7 substantially change pre/post bankruptcy.  There  
8 were more questions post bankruptcy by SCE&G, I  
9 believe, when we were working on the interim  
10 assessment agreement, but other than that, I believe  
11 the levels of information that was passed was fairly  
12 consistent.

13           Q     Let's go ahead and turn to topic number 6.  
14 That topic is Westinghouse's knowledge of the  
15 Bechtel report, including its understanding of the  
16 purpose and scope of the assessment, and its efforts  
17 to supply information to Bechtel.

18                         When did Westinghouse become aware that  
19 SCE&G was retaining Bechtel to perform an assessment  
20 of the project in 2015?

21           A     I don't know the exact date in 2015, but  
22 we were informed that they were going to bring on  
23 Bechtel to do an assessment; and that if we were  
24 requested to provide information, there would be a  
25 reading room; and if Bechtel requested that



1 Westinghouse employees be interviewed, that we  
2 needed to make them accessible. And that was the  
3 extent of the communication.

4 Q And did Westinghouse agree to those --

5 A Yes.

6 Q -- conditions?

7 A Yes. To the data room and interviews,  
8 yes.

9 Q How was Westinghouse conveyed this  
10 information about the assessment? Do you know?

11 A I believe it was verbal.

12 Q What was Westinghouse's understanding of  
13 the purpose of Bechtel's assessment of the project?

14 A We were not given an understanding of it,  
15 and we didn't ask.

16 Q So Westinghouse was never informed that  
17 the purpose of the assessment was to prepare for  
18 litigation against Westinghouse?

19 A No.

20 MR. MARTINEZ: Object to form.

21 BY MR. COX:

22 Q Did Westinghouse not feel that it needed  
23 to know the reason for the assessment?

24 MR. MARTINEZ: Object to form.

25 THE WITNESS: Westinghouse was not

1 contractually obligated in any way. And that  
2 was SCE&G's decision, and we weren't involved.

3 BY MR. COX:

4 Q Did Westinghouse have any understanding of  
5 the scope of the Bechtel assessment?

6 A No, we were never told the scope.

7 Q Who did you talk to to obtain information  
8 on this topic?

9 A David Durham and Carl Churchman.

10 Q Was Westinghouse told whether Bechtel  
11 would be assessing the schedule for the project?

12 A No. We were not given any details of the  
13 purpose of the assessment or what would be looked  
14 at.

15 Q What types of information did Bechtel ask  
16 of Westinghouse during Bechtel's assessment of the  
17 project?

18 A I don't know that answer, but it would  
19 have -- we never gave any information directly to  
20 Bechtel. We would be requested. I know we would  
21 put it in the reading room. And that interface  
22 would go through SCE&G and Bechtel, as far as  
23 getting that information from the reading room.

24 Q As far as interviews, did that occur  
25 directly with Bechtel?

1           A     I believe it did, but I don't know who was  
2 interviewed and what the scope of those interviews  
3 was.

4           Q     Did Westinghouse cooperate with the  
5 Bechtel assessment?

6           A     Yes, to the extent I just described.

7           Q     Are you aware of any requests for  
8 information by Bechtel that Westinghouse refused to  
9 provide?

10          A     I'm not aware of any.

11          Q     When did Westinghouse first see a copy of  
12 the Bechtel report?

13               MR. MARTINEZ:  Objection to form; assumes  
14 facts not in evidence.

15               THE WITNESS:  The only time I'm aware  
16 anyone from Westinghouse ever saw the report  
17 was when it was made public in 2017.

18 BY MR. COX:

19          Q     Where did you get that information?

20          A     Carl Churchman and David Durham.

21          Q     Was Westinghouse ever told by SCE&G what  
22 the results of the Bechtel assessment were?

23          A     No.

24          Q     Was Westinghouse ever told what Bechtel's  
25 conclusions were regarding the schedule of the

1 project?

2 A No.

3 Q Was Westinghouse ever asked to participate  
4 in any efforts to implement any recommendations that  
5 were made by Bechtel?

6 A Not that I'm aware of.

7 Q So let's go to topic number 7, which is  
8 Westinghouse's receipt of directives, suggestions,  
9 or requests from SCE&G or Santee Cooper, if any, not  
10 to provide them with information on cost overruns or  
11 schedule delays that would need to be shared with  
12 the Office of Regulatory Staff, ORS, or the South  
13 Carolina Public Service Commission, PSC, not to  
14 disclose any such information to ORS representatives  
15 or to delete e-mails or other documents or  
16 information.

17 So let's start with the first part of this  
18 topic. Did Westinghouse receive any directives,  
19 suggestions, or requests from SCE&G or Santee Cooper  
20 not to provide -- not to provide the owners with  
21 information on cost overruns or schedule delays that  
22 would need to be shared with the ORS or the PSC?

23 A No. We are not aware of any instances.

24 Q And how did you investigate this topic?

25 A Through interviews.

1 Q Mr. Churchman?

2 A And the other individuals that were  
3 interviewed.

4 Q Okay. This is a question you asked of all  
5 four of them?

6 A Yes.

7 Q And moving under the second part of the  
8 topic, did Westinghouse receive any requests from  
9 SCE&G or Santee Cooper not to disclose information  
10 about cost overruns or schedule delays to ORS  
11 representatives?

12 A No, I'm not aware of any instances.

13 Q And the last part: Did Westinghouse  
14 receive any requests from the owners to delete  
15 e-mails or other documents or information?

16 A Same answer. No, I'm not aware of any  
17 instances.

18 Q How would you describe Westinghouse's  
19 involvement with the ORS over the course of the  
20 project?

21 A We were aware that there were monthly  
22 meetings with the owners with the ORS. There were  
23 times we were asked to participate, specific  
24 individuals were asked to participate in those  
25 meetings. So we would either come directly and

1 answer ORS questions at the meeting, or SCE&G would  
2 ask us a question and we'd give them an answer. And  
3 they would say, you know, the question came from the  
4 ORS.

5 Q What was the nature of any direct  
6 interactions, if any?

7 A It was only in, that I'm aware of, in  
8 these meetings if we were requested by the owners to  
9 attend.

10 Q To your knowledge, was Westinghouse ever  
11 asked to provide information to the Public Service  
12 Commission of South Carolina?

13 A I don't believe we would have ever  
14 provided information directly to the PSC. It would  
15 have always gone through the owners.

16 Q Let's move on to topic number 8,  
17 Westinghouse's estimates to complete how escalating  
18 costs contributed to its decision to file for  
19 bankruptcy, and when and how such information was  
20 shared with SCE&G.

21 Let's start first with the decision to  
22 file for bankruptcy. Was the estimated cost to  
23 complete the project a factor in Westinghouse's  
24 decision to file for bankruptcy?

25 A The immediate cause of Westinghouse's

1 decision to file for bankruptcy was that we were no  
2 longer getting cash infusion from Toshiba, and that  
3 we could not fund our operations.

4 Q At that time, did you feel that -- did  
5 Westinghouse feel that an infusion from Toshiba was  
6 necessary to complete the V.C. Summer project?

7 MR. MARTINEZ: Object to form.

8 THE WITNESS: What I know is that we  
9 believed the cash infusion was necessary to  
10 fund Westinghouse operations.

11 BY MR. COX:

12 Q You described earlier how, when  
13 Westinghouse entered into the 2015 amendment, that  
14 Westinghouse felt the risk on that amendment was  
15 manageable, I think was the term that you used.

16 By the time Westinghouse filed for  
17 bankruptcy, was there a determination that that  
18 assessment was no longer valid, that the risk level  
19 was no longer manageable for the project?

20 MR. MARTINEZ: Object to form.

21 THE WITNESS: Okay. So at the time of the  
22 2015 amendment, our information, the  
23 information we had at the time to determine  
24 manageable risk and to proceed was based on  
25 information received from Stone & Webster and

1 progress to date on the project.

2 What happened subsequent, starting in '16,  
3 was that, per cost accounting rules after the  
4 acquisition, the actual acquisition of S&W, we  
5 had a year in order to evaluate the price of  
6 the deal, the estimate to complete, et cetera.

7 So what happened in that year is we  
8 started getting more and more information; we  
9 started working on the construction payment  
10 milestone schedule. Then in fall, Fluor  
11 brought their preliminary estimates. I'll say  
12 at that point, that's when it became apparent  
13 to Westinghouse between that, I'll say, October  
14 and December time frame that the losses were  
15 much higher than we had anticipated from the  
16 previous information that we were given.

17 And we were working at that time into mid  
18 January with Fluor to really try to understand  
19 what the true ETC was. And then shortly  
20 thereafter, the decision was made to file for  
21 bankruptcy. And it was in February we reached  
22 out to SCE&G about the -- started discussions  
23 on the bankruptcy.

24 BY MR. COX:

25 Q So is it correct to say that Fluor's



1 estimates of cost to complete the project were  
2 greater than the estimates that had previously been  
3 provided by Stone & Webster?

4 A Correct.

5 Q And that delta or difference between those  
6 two numbers caused Westinghouse to realize that the  
7 actual cost to complete the project would be greater  
8 than it had previously believed?

9 A At the time we declared bankruptcy, or had  
10 intent to declare bankruptcy, there was still  
11 evaluations going on with Fluor what the true number  
12 was, what the true number wasn't.

13 So I -- I -- I think the decision to  
14 declare bankruptcy just kind of intersected there,  
15 and Westinghouse went forward with the bankruptcy as  
16 opposed to trying to continue to work on the ETC.

17 Q Is it correct to say that at the time of  
18 the bankruptcy, based on these new estimates from  
19 Fluor, Westinghouse realized that its earlier  
20 estimates of the cost to complete the project were  
21 too optimistic, too low?

22 MR. MARTINEZ: Object to form.

23 MS. NEWTON: Objection to form.

24 THE WITNESS: I would not use the word  
25 "they were too optimistic."

1           At the time of the Stone & Webster  
2           acquisition, Westinghouse acted on the  
3           information that was made available to us from  
4           S&W. That information was limited. I think  
5           CB&I was worried about litigation and other  
6           factors.

7           So it wasn't until after some point of the  
8           acquisition, when we were in this exercise of  
9           completing the ETC, that we were able to, you  
10          know, make some further detailed assessments  
11          and get some additional information.

12       BY MR. COX:

13          Q     Do you know the difference in the estimate  
14          provided by Fluor versus the estimate that had  
15          previously been provided by Stone & Webster?

16          A     You know, I was told informally some  
17          numbers that were thrown out. But, again, there was  
18          still work to be done with Fluor to say, "Was that  
19          number the right number? The wrong number?"  
20          Meaning that it could have been higher; it could  
21          have been lower, you know.

22                 So there was just some informal  
23          conversations that I'm aware of around preliminary  
24          numbers.

25          Q     Is it fair to say that at the time of

1 Westinghouse's bankruptcy, Westinghouse then  
2 realized in retrospect that the estimates that it  
3 had been given by Stone & Webster were -- were too  
4 low or were not accurate?

5 MR. MARTINEZ: Object to form.

6 THE WITNESS: You know, I would say yes,  
7 that there was signs that the estimates they  
8 had given us from actual progression of work on  
9 the project were -- were lower than what it  
10 took to actually perform the work.

11 BY MR. COX:

12 Q Are you aware of whether SCE&G ever  
13 internally reached an assessment that the cost to  
14 complete was different from what Westinghouse's  
15 estimate was?

16 A I'm not aware of any SCE&G estimate to  
17 complete the job.

18 Q So the last topic, topic number 9, is any  
19 information provided to Westinghouse by SCE&G and  
20 Santee Cooper regarding their decision to abandon  
21 the V.C. Summer project.

22 So for that topic, is there any  
23 information that falls under this topic?

24 A So through the interview with Carl  
25 Churchman, he said he received a call from SCE&G on

1 Saturday, July 29th, a brief call, but basically  
2 stating that there was going to be a board of  
3 directors meeting with Santee Cooper, and they were  
4 looking at three options. One was to complete both  
5 units on the project. The second option was to  
6 complete only one unit on the project. And the  
7 third option was to abandon the project.

8 There was no indication given to Carl in  
9 that phone call of what that individual felt was  
10 going to be the outcome. On July 31, that following  
11 Monday, he received a call saying the decision was  
12 made to abandon the project.

13 Q Prior to that call on the 29th, was  
14 Mr. Churchman aware of any analysis being done by  
15 the owners on that issue?

16 MR. MARTINEZ: Jim, may I please  
17 interject?

18 Do you mean to say that the call was to  
19 Carl or was it to Dave?

20 THE WITNESS: Thank you. Thanks, Vince.

21 The call -- he's correct. Vince is  
22 correct. The call that I just referred to was  
23 to David Durham, who then called Carl  
24 Churchman.

25 Thank you.

1 BY MR. COX:

2 Q And who called David Durham?

3 A Steve Byrne.

4 Q And you're talking there about the  
5 July 29th call, correct?

6 A Correct. And the one on the 31st.

7 Q That call went from Mr. Byrne?

8 A From Steve to David Durham.

9 Q And did Mr. Byrne explain why he was  
10 calling Mr. Durham to provide this information?

11 A Not that I'm aware. He just wanted to  
12 inform him that there was going to be a board of  
13 directors meeting with three options being reviewed.

14 Q Other than that, are you aware of any  
15 information provided to Westinghouse regarding their  
16 decision, the owners' decision to abandon?

17 A No. As a matter of fact, up until very  
18 close to that July 29 call, David Durham and others  
19 were actively working with SCE&G on the services  
20 agreement terms and conditions.

21 Q And what did that agreement set forth, as  
22 far as the conditions?

23 A So it would have ended the interim  
24 assessment agreement with a contractual services  
25 agreement similar to what was already signed with

1 the Vogtle project.

2 So there were still working meetings going  
3 on with SCE&G to get that services agreement in  
4 place.

5 Q So was Westinghouse disappointed at  
6 SCE&G's decision to abandon?

7 A I think it's fair to say --

8 MR. MARTINEZ: Object to form.

9 THE WITNESS: -- yes, we were.

10 MR. COX: If we take a short break, I  
11 think I'm almost finished.

12 THE VIDEOGRAPHER: The time is 3:06 p.m.  
13 We are off the record.

14 (Recess in the proceedings from 3:06  
15 to 3:22.)

16 THE VIDEOGRAPHER: Here begins disk 2 of  
17 today's testimony of Joni Falascino. The time  
18 is 3:22 p.m. We are back on the record.  
19 Please proceed.

20 BY MR. COX:

21 Q Ms. Falascino, I just wanted to follow up  
22 on a couple issues from the topics. One is  
23 regarding Westinghouse's cooperation or role in the  
24 Bechtel assessment. Did Westinghouse receive  
25 specific instructions on what type of information to

1 provide in the reading room for Bechtel to review?

2 A My knowledge is there was -- yes, there  
3 was specific information that was requested to be  
4 put in the reading room.

5 Q Do you know if any of that information was  
6 schedule-related information?

7 A I do not know that.

8 Q Do you know of any types of information  
9 that were -- Westinghouse was requested to put into  
10 the reading room?

11 A I -- I don't have knowledge of exactly  
12 what was put in the reading room.

13 Q The estimate to complete that Westinghouse  
14 received from Fluor, do you recall about when  
15 Westinghouse received that estimate?

16 A I believe the preliminary estimate was  
17 around October of '16.

18 Q And did --

19 A End of October '16, around that time  
20 frame, I think.

21 Q Did Westinghouse share that information  
22 with SCE&G?

23 A I don't believe so, because it was  
24 preliminary information and there was still work to  
25 be done to determine what the ETC was.

1 Q Did that preliminary information ever  
2 become final?

3 A I know in January -- it had been worked  
4 through since that October through January, and it  
5 was getting close. I don't know that there was ever  
6 a final ETC published. As I said, it kind of went  
7 right into understanding the situation and making  
8 the decision to file for bankruptcy.

9 Q Do you know when Westinghouse shared the  
10 information regarding the estimate to complete from  
11 Fluor with SCE&G?

12 A I don't know that we ever did for the  
13 reasons I just said. I mean, Westinghouse's issue  
14 was we needed cash infusion from Toshiba in order to  
15 continue to fund the operations; we weren't going to  
16 finance the project, you know; and that the decision  
17 was made to file for bankruptcy.

18 So the discussions with SCE&G in February  
19 of '17 were already into discussions on the  
20 bankruptcy and what do we do.

21 Q Do you know whether Fluor provided the  
22 information regarding its estimate to complete  
23 directly to SCE&G?

24 A I don't know that, but I would see no  
25 reason why they would do that. But I don't know



1 that they ever did or didn't.

2 MR. COX: Thank you, Ms. Falascino. I  
3 have no further questions.

4 - - -

5 EXAMINATION

6 - - -

7 BY MR. EVANS:

8 Q Good afternoon, Ms. Falascino. My name is  
9 Jerry Evans, and I represent the class of ratepayers  
10 in South Carolina.

11 I want to refer you to a couple of  
12 exhibits that you've looked at earlier.

13 A Sure.

14 Q Exhibit Number 2 is the transmittal  
15 letter.

16 I believe you testified earlier that --  
17 that information on the schedule was regularly  
18 provided to SCE&G.

19 A Correct.

20 Q I just wanted to clarify. Was it  
21 regularly the case that SCE&G was given access to  
22 the Primavera database?

23 MS. NEWTON: Objection to form.

24 THE WITNESS: My understanding, from the  
25 interview with Mr. Elam, is that SCE&G had a

1 license through Westinghouse to go in to  
2 Primavera directly and see a read-only static  
3 file monthly.

4 BY MR. EVANS:

5 Q From the read-only file, would they --  
6 would SCE&G have been able to do their own variance  
7 reports?

8 A My understanding is yes.

9 Q Okay. Do you have any knowledge about how  
10 often SCE&G did that for their own benefit?

11 A No.

12 Q Was there ever a time that Westinghouse  
13 withheld from SCE&G information on the schedule  
14 because it was incomplete or they wanted some more  
15 time or anything like that?

16 A Not that I'm aware of.

17 MR. MARTINEZ: Object to form.

18 THE WITNESS: I do know under the  
19 contract, we were required to provide monthly  
20 schedule information.

21 BY MR. EVANS:

22 Q And then I also wanted to follow up on  
23 Exhibit 3, the monthly project review meeting. And  
24 I'm going to direct you to the same page that you  
25 were looking at earlier. It is Bates page 131.

1           A       (Witness complies with request.) Okay.

2           Q       And thank you for your explanation of what  
3 the colors mean and the arrows. That's very  
4 helpful.

5                    I want to direct your attention to, under  
6 the licensing category, which is labeled Red. And  
7 do I understand correctly it's labeled -- the  
8 heading is Red because one of the items underneath  
9 is designated red?

10          A       I do not know how the overall header  
11 determination was made in those categories, so I  
12 don't --

13          Q       Okay. Well, let's look at the specific  
14 arrow that's marked in red. LCP, is that the  
15 licensing change package?

16          A       Correct.

17          Q       On-time delivery. Just tell me what  
18 that -- that category is talking about.

19          A       Okay. So there were certain licensing  
20 change packages that were due and -- in the schedule  
21 per certain dates. And all that's depicting that if  
22 it's red, less than 85 percent, right, were  
23 delivered per the commitments.

24          Q       Okay. And whose responsibility would it  
25 have been to deliver the licensing change packages?

1           A     I believe, under Westinghouse, it would  
2 have been Brian McIntyre, who was the licensing lead  
3 for the project.

4                     But let me clarify my answer. So from a  
5 Westinghouse perspective, who was responsible to  
6 work with SCE&G on the licensing change packages, it  
7 would have been Brian. SCE&G had the responsibility  
8 to -- and the accountability to submit the licensing  
9 change packages, and they have the direct interface  
10 to the NRC.

11           Q     Right. And they were the licensee,  
12 correct?

13           A     Correct.

14           Q     Okay.

15           A     We just supported those packages.

16           Q     And if I understood you correctly, this  
17 red arrow is going sideways, not up or down. So  
18 would that tell me that this was also a red category  
19 in the prior report?

20           A     Correct, trending the same.

21           Q     Trending the same. Thank you.

22                     Were there -- were there licensing delays  
23 that were a continuing problem on the project from  
24 Westinghouse's point of view?

25                     MR. MARTINEZ: Object to form.

1 THE WITNESS: I don't feel -- you know, to  
2 answer -- it's too broad of a question to  
3 answer.

4 What I can tell you is we worked closely  
5 with, you know, SCE&G in order to provide those  
6 packages and assist in any information  
7 necessary.

8 BY MR. EVANS:

9 Q Are you aware of any licensing delays that  
10 delayed work in the field?

11 A I'm not aware of any.

12 Q At what point was the AP1000 design  
13 complete, in your view?

14 MR. MARTINEZ: Object to form.

15 THE WITNESS: How would you define  
16 "complete"?

17 BY MR. EVANS:

18 Q Well, I was hoping you would give me a  
19 definition.

20 A What I can tell you, right, is --

21 Q Thank you.

22 A You know, approval by the NRC related to  
23 the design control document is a significant  
24 milestone because that's regulatory approval.  
25 Rev. 19, as I said before, was approved in 2011.

1 Rev. 15 was approved around 2006.

2 Design changes after that would have been  
3 for the reasons I stated earlier, but they weren't  
4 outside of DCD 19.

5 Q All right. I think I understand that.  
6 But is there a point at which the AP1000 design for  
7 the V.C. Summer project was deemed complete?

8 MR. MARTINEZ: Object to form.

9 THE WITNESS: There were meetings where  
10 the engineering status was reviewed per what  
11 items in the schedule were done or not  
12 complete.

13 So depending on how you define engineering  
14 design complete, you know, I mean, there were  
15 various phases throughout the project where we  
16 would say, this group of activities -- standard  
17 plant key activities are complete.  
18 Site-specific, you know, design, things of that  
19 nature.

20 And we would use that term, but I think we  
21 need to be careful, you know, of -- different  
22 people, I think, asked what that meant, would  
23 give you a totally different answer.

24 BY MR. EVANS:

25 Q We made reference earlier today that one

1 of the China AP1000 units is up and running.

2 Congratulations on that.

3 A Thank you.

4 Q How far back was the last design change  
5 for that plant that's operational today?

6 MR. MARTINEZ: Object to form.

7 THE WITNESS: I can't really answer that  
8 question. What I can tell you is there's  
9 changes that will occur throughout the life of  
10 the operation of the plant. So the design --  
11 you know, as I said, it's very difficult to  
12 define that, because an operating plant makes  
13 changes.

14 BY MR. EVANS:

15 Q Did SCE&G ever express to Westinghouse  
16 their own concerns about design completion?

17 MS. NEWTON: Objection to form.

18 THE WITNESS: All areas of the project,  
19 there were several meetings where SCE&G would  
20 challenge and question, not just engineering,  
21 but any activity on the project related to  
22 engineering, procurement, or construction.

23 BY MR. EVANS:

24 Q Was there shared information between the  
25 China plants and the project regarding the AP1000

1 design?

2 A Yes.

3 Q Are you familiar with BLRA milestones?

4 A At a high level, yes.

5 Q Was SCE&G consistent in communicating BLRA  
6 milestones to Westinghouse?

7 A Yes, and we were consistent in making sure  
8 they were flowed down to the people in Westinghouse  
9 who were responsible, had a role in completing  
10 support of those milestones. We understood the  
11 significance of them.

12 Q Did Westinghouse always provide SCE&G with  
13 all the information that -- that SCE&G would need  
14 for appropriate oversight of the project?

15 MR. MARTINEZ: Object to form.

16 MS. NEWTON: Object to the form.

17 THE WITNESS: Again, that's a broad  
18 question, but yes, we provided numerous levels,  
19 up, down, across the organization, formal and  
20 informal reports, and questions answered when  
21 asked, information on all areas of the project  
22 as required under the contract and in excess of  
23 what was required under the contract.

24 BY MR. EVANS:

25 Q What would be an example of doing



1 something in excess of what was required under the  
2 contract?

3 A I can give you an example in the module  
4 area, right? So there were status reports, because  
5 some of the big six modules were obviously  
6 considered important for construction. So there  
7 were other reports generated by layers down in the  
8 organization who had that responsibility. We would  
9 work with SCE&G and say, you know, "What's the best  
10 way that we're all onboard with the status? We both  
11 have a vested interest."

12 So there would be calls, meetings, reports  
13 on all the module fabricators. There would be red,  
14 green, and yellow statuses on delivery dates for  
15 those modules. That was not a requirement under the  
16 contract, but together, the owners and Westinghouse  
17 agreed it was a good enhancement to be made because  
18 it was an important area.

19 Q You mentioned the time period in 2015 when  
20 Westinghouse took over, absorbed some of the  
21 responsibilities that had been carried out by Shaw,  
22 then CB&I, correct?

23 A Correct.

24 Q Was there ever a proposal at the  
25 beginning, at the time frame of the 2008 EPC

1 contract, that Westinghouse would handle all those  
2 duties from the beginning?

3 MR. MARTINEZ: Object to form.

4 THE WITNESS: I'm not aware of any. That  
5 was the basis of the construction piece, giving  
6 it to CB&I, is the same model.

7 BY MR. EVANS:

8 Q I'm sorry. Would Westinghouse have  
9 preferred to have that whole sphere of  
10 responsibility from the beginning?

11 MR. MARTINEZ: Object to the form.

12 THE WITNESS: I can't answer that.

13 BY MR. EVANS:

14 Q Did Westinghouse -- in that 2008 time  
15 frame, did Westinghouse have experience in the  
16 construction management area?

17 MR. MARTINEZ: Object to form.

18 THE WITNESS: I'm sorry. You said in the  
19 2008 --

20 BY MR. EVANS:

21 Q Yes.

22 A -- time frame?

23 We had some level of knowledge across the  
24 company. We're a big company that has many  
25 different skills. There's some expertise in the

1 construction area.

2 Was it a scope of work that Westinghouse,  
3 you know, wanted to take on in their business as  
4 a -- and expand it and do something with it? No.  
5 That's the reason we brought in CB&I.

6 And just to be clear, we're not  
7 constructors.

8 Q In the discussion of the bankruptcy, you  
9 said that there came a time when Westinghouse was no  
10 longer getting a cash infusion from Toshiba. Why?

11 A I don't know why.

12 Q Did --

13 A It just stopped. They were providing cash  
14 for, I know, a few months. And I don't know what  
15 drove Toshiba's decision to stop providing cash to  
16 Westinghouse.

17 Q I'm presuming somebody asked.

18 MR. MARTINEZ: Objection.

19 THE WITNESS: I'm sorry. Somebody asked?

20 BY MR. EVANS:

21 Q Asked Toshiba, "Why have you stopped?"

22 No one from Westinghouse asked why?

23 MR. MARTINEZ: Same objection.

24 THE WITNESS: I'm not aware of that  
25 knowledge. I mean, I'm sure there were

1           conversations between Toshiba and Westinghouse.  
2           What the extent and dialogue was and who it was  
3           with, I have no knowledge of that.

4 BY MR. EVANS:

5           Q     Did Toshiba express concerns about the  
6           progress of the V.C. Summer project?

7           A     Toshiba participated in regular meetings  
8           when they were the owner of Westinghouse. They had  
9           people at our facilities, senior people at our  
10          facilities, who were getting status information. I  
11          would say they asked typical questions that I'm  
12          aware of, similar to what the owners would have  
13          asked.

14          Q     But you don't know if any concerns about  
15          the progress of the project was the basis for the  
16          stopping of the cash flow?

17                   MR. MARTINEZ: Object to form.

18                   THE WITNESS: No, I do not.

19 BY MR. EVANS:

20          Q     Do you know if anybody at Toshiba did any  
21          sort of assessment of the project on its own?

22          A     I'm not aware that they did their own  
23          assessment. As I said, they participated in  
24          meetings with Westinghouse where we were discussing  
25          the progress on the project and the status.

1 Q Are you aware of anyone at Toshiba  
2 expressing concerns about the viability of the  
3 AP1000 design?

4 A No, I'm not aware.

5 Q Did Westinghouse at any time make any  
6 assurances to SCE&G that it would not abandon the  
7 project?

8 MR. MARTINEZ: Object to form.

9 THE WITNESS: No, I'm not aware of any  
10 discussions of that nature.

11 BY MR. EVANS:

12 Q As you're looking back on the progress --  
13 project, are there things that SCE&G, in  
14 Westinghouse's view, should have done differently in  
15 managing the project?

16 MR. MARTINEZ: Object; calls for an  
17 opinion.

18 THE WITNESS: What I will say is I think  
19 there was a vested interest by the owners and  
20 Westinghouse with what was good for the  
21 project. And I believe that always took  
22 precedent in any discussions. What was the  
23 most realistic and best way to get that plant  
24 running, those were, I think, the majority of  
25 the discussions.

1 I don't think either of us were there to  
2 criticize or try to judge one another.

3 MR. EVANS: Thank you. That's all the  
4 questions I have.

5 THE WITNESS: Thanks.

6 MR. MARTINEZ: Jerry, I'd like to also,  
7 just retroactively, object to all of the  
8 questions about Toshiba as being outside the  
9 scope of notice. Thank you.

10 THE VIDEOGRAPHER: Are there any further  
11 questions?

12 MS. NEWTON: Yes.

13 - - -

14 EXAMINATION

15 - - -

16 BY MS. NEWTON:

17 Q Good afternoon, Ms. Falascino. My name is  
18 Emily Newton. We met earlier. I represent SCANA  
19 and SCE&G in this matter.

20 Earlier Mr. Cox asked you some questions  
21 about the EPC agreement that was entered into on  
22 May 23rd, 2008. Do you recall that?

23 A Yes.

24 Q And at the time of entering into this EPC  
25 agreement, Westinghouse intended to meet the terms

1 of the agreement; is that correct?

2 A Correct.

3 Q And he also asked you some questions about  
4 the EPC amendment. Do you remember that?

5 A You're referring to the 2015 amendment?

6 Q Correct.

7 A Yes.

8 Q And at the time of entering into the 2015  
9 EPC amendment, Westinghouse intended to meet the  
10 terms of the agreement; is that right?

11 MR. MARTINEZ: Object to form.

12 THE WITNESS: Correct.

13 BY MS. NEWTON:

14 Q And do you understand that under the terms  
15 of the EPC agreement, the consortium, consisting of  
16 Westinghouse and CB&I, was responsible for all means  
17 of construction for the new AP1000 units?

18 MR. MARTINEZ: Object to form.

19 THE WITNESS: Yes.

20 BY MS. NEWTON:

21 Q And was the consortium responsible for the  
22 overall control and implementation of all aspects of  
23 the work under the EPC agreement?

24 MR. MARTINEZ: Object to form.

25 THE WITNESS: Are you talking about the

1 amendment?

2 BY MS. NEWTON:

3 Q I'm talking about the original EPC  
4 agreement.

5 A Again, that's kind of a broad area. I'd  
6 have to refer to the specifics of what's in the  
7 contract. It's a pretty big contract.

8 MR. KEEL: It is indeed.

9 - - -

10 (Engineering, Procurement and  
11 Construction Agreement, dated 5/23/08,  
12 ORS\_SCEG\_00653659-654093, marked Falascino  
13 Exhibit Number 7 for identification.)

14 - - -

15 THE COURT REPORTER: (Handing.)

16 THE WITNESS: Thank you.

17 BY MS. NEWTON:

18 Q Ms. Falascino, the court reporter has just  
19 handed you what's been marked as Exhibit 7.

20 Do you recognize this agreement?

21 A Yes.

22 Q And what is this agreement?

23 A This is the agreement signed in 2008 for  
24 the EPC contract with SCE&G and Westinghouse.

25 MR. MARTINEZ: Ms. Newton, I'm sorry.



1           Because this hasn't been introduced before up  
2           until this moment, I just want to proactively  
3           reserve the opportunity to walk out and review  
4           it if we need to. It just sort of depends on  
5           whether the scope is within the original scope  
6           of notice and it just emanates from this  
7           document.

8                       MS. NEWTON: Of course.

9 BY MS. NEWTON:

10           Q       And this is the agreement that governed  
11           the relationship between the consortium and the  
12           SCE&G; is that correct?

13           A       Yes.

14           Q       And at the time of entering into this  
15           agreement, the consortium consisted of Westinghouse  
16           and Stone & Webster; is that right?

17           A       Correct.

18           Q       All right. And if you could flip to  
19           provision 3.5D.

20           A       (Witness complies with request.)

21                       MR. MARTINEZ: Can you give the Bates  
22           page?

23                       THE WITNESS: Yeah, that would be easier.

24           Thank you.

25 BY MS. NEWTON:

1 Q So the Bates page is ORS\_SCEG\_653686. I'm  
2 looking at 3.5(d), where it says Control of Work.  
3 Do you see that?

4 A Uh-huh.

5 Q And I'm looking at this first sentence.  
6 It says: "Contractor shall be solely responsible  
7 for all construction means, methods, techniques,  
8 sequences, procedures, safety and quality assurance,  
9 and quality control programs in connection with the  
10 performance of Contractor's Work."

11 Did I read that correctly?

12 A Yes.

13 Q Is that consistent with your understanding  
14 of Westinghouse's responsibilities under the EPC  
15 agreement?

16 MR. MARTINEZ: Object to form.

17 THE WITNESS: Yes.

18 BY MS. NEWTON:

19 Q And then I'm looking down a little bit  
20 further here. It starts, "As such and under this  
21 Agreement."

22 Do you see that sentence? It's five lines  
23 up from the bottom of provision (d).

24 A Uh-huh. Thank you.

25 Q So it says: "As such and under this

1 Agreement, Owner has delegated to Contractor the  
2 overall control and implementation of all aspects of  
3 Work. Accordingly, Contractor will develop a  
4 Project Execution Plan as provided in Section  
5 3.5(h), which will identify all necessary interfaces  
6 between Contractor and Owner to assure that each  
7 Party can adequately fulfill its respective  
8 responsibilities under this Agreement and the  
9 applicable regulatory requirements."

10 Did I read that correctly?

11 A Yes.

12 Q And is that consistent with Westinghouse's  
13 understanding of its responsibilities under this  
14 agreement?

15 A Yes.

16 MR. MARTINEZ: Object to the form. But  
17 also just a question as to whether contractor  
18 is a reference to Westinghouse solely or both  
19 parties of the consortium.

20 MS. NEWTON: It's on the front.

21 THE WITNESS: I think it's both.

22 MR. MARTINEZ: It's both. Okay.

23 So is the question whether Westinghouse  
24 understands that to be the contractor's  
25 responsibility or Westinghouse's sole

1 responsibility?

2 BY MS. NEWTON:

3 Q Is that your -- is that Westinghouse's  
4 understanding of what Westinghouse's role is in  
5 combination with CB&I or, at the time,  
6 Stone & Webster?

7 A No. So a clarification: Contractor  
8 refers to both Westinghouse and CB&I in a consortium  
9 agreement. So CB&I was the constructor.  
10 Westinghouse was mainly responsible for the  
11 engineering and procurement. So the consortium  
12 together, as contractor, is responsible. It does  
13 not specify Westinghouse or CB&I in that statement.

14 Q If you could flip to 5.1, which is Bates  
15 range ORS\_SCEG\_653695. Do you see that?

16 A Sorry.

17 Q It's page 28 of the agreement, if that's  
18 easier to find.

19 A Yes. Thank you.

20 Q And I'm looking at 5.1(a). Do you see  
21 that?

22 A Am I on the right page? You said 653693?

23 MR. MARTINEZ: No, 95.

24 BY MS. NEWTON:

25 Q 95.

1           A     I'm sorry.  Okay.  I'm sorry.

2           Q     All right.  And I'm looking at 5.1(a)  
3 under Quality Assurance.  It says:  "Contractor has  
4 sole responsibility for the quality assurance and  
5 quality control of the Work."

6                     Did I read that correctly?

7           A     Yes.

8           Q     And is that consistent with your  
9 understanding of the consortium's responsibility?

10          A     Yes.

11          Q     If you can please turn to 3.3(a) of this  
12 contract.

13          A     Can you give me the page number?

14          Q     Yes.  It is Bates 653685, or page 18 of  
15 the agreement.

16          A     Okay.

17          Q     All right.  And I'm looking at Section  
18 3.3, where it says "Project Schedule."  Do you see  
19 that?

20          A     Uh-huh.

21          Q     And then I'm -- three lines down here it  
22 starts with "Contractor shall."  Do you see that?

23          A     Uh-huh.

24          Q     It says:  "Contractor shall update the  
25 Project Schedule quarterly prior to the commencement

1 of on-Site construction work and monthly thereafter  
2 to reflect the most current information concerning  
3 the scheduled Milestones and provided the updated --  
4 excuse me -- and provide the updated Project  
5 Schedule to Owner for its review and comment."

6 Did I read that correctly?

7 A Yes.

8 Q Is that consistent with your understanding  
9 of the consortium's responsibilities?

10 A Yes.

11 Q So each time that Westinghouse provided  
12 the owners an updated schedule, it did so in good  
13 faith, correct?

14 MR. MARTINEZ: Object to form.

15 THE WITNESS: Define what you mean by  
16 "good faith."

17 BY MS. NEWTON:

18 Q Well, let me clarify it.

19 So Westinghouse did everything it could to  
20 ensure that the schedule information it provided to  
21 the owners was accurate, right?

22 A Yes.

23 Q And each time Westinghouse provided an  
24 updated schedule to the owners, Westinghouse  
25 believed that the projected completion dates in the

1 schedule were feasible, correct?

2 MR. MARTINEZ: Object to form.

3 THE WITNESS: The schedule is an objective  
4 document. So when the schedule is provided,  
5 it's a tool, right. It provides positive and  
6 negative float if you run variance reports to  
7 key dates.

8 So the goal, the plan always was, right,  
9 to hit the substantial completion dates and  
10 manage the project through its duration to  
11 mitigate any negative float that would occur on  
12 critical path activities.

13 BY MS. NEWTON:

14 Q Each time that Westinghouse provided a  
15 schedule to the owners, it believed that it was  
16 providing the best information available, correct?

17 MR. MARTINEZ: Object to form.

18 THE WITNESS: Correct.

19 BY MS. NEWTON:

20 Q Do you understand that Westinghouse  
21 provided an ETC to the owners in August of 2014?

22 MR. MARTINEZ: Object to form. I'm sorry.  
23 Object as outside of the scope of the notice.

24 THE WITNESS: I'm not aware of that  
25 information. I've not seen it.

1 BY MS. NEWTON:

2 Q Are you aware that in around 2014, Toshiba  
3 delayed -- or excuse me -- in 2015, Toshiba delayed  
4 the release of its fiscal 2014 earnings after  
5 discovering additional accounting issues?

6 MR. MARTINEZ: Object; outside the scope.

7 THE WITNESS: The only thing I'm aware of  
8 that is what was published in the media.

9 BY MS. NEWTON:

10 Q And do you know whether Danny Roderick,  
11 who is the CEO of Westinghouse, whether he made  
12 representations to SCE&G that this was not a  
13 Westinghouse or AP1000 issue?

14 MR. MARTINEZ: Object; outside the scope.

15 THE WITNESS: I'm not aware of that  
16 conversation.

17 - - -

18 (E-mail correspondence dated 8/29/14,  
19 with attached V.C. Summer Target and T&M  
20 Estimate Update, ORS\_SCEG\_00796338, marked  
21 Falascino Exhibit Number 8 for  
22 identification.)

23 - - -

24 THE WITNESS: I might need a couple  
25 minutes to look at it.



1 MR. MARTINEZ: Yeah. Emily, can we take a  
2 couple of minutes to read this with the witness  
3 together?

4 MS. NEWTON: Of course. Of course.

5 MR. MARTINEZ: So let's take a break.

6 THE VIDEOGRAPHER: The time is 3:58 p.m.  
7 We are off the record.

8 (Recess in the proceedings from 3:58  
9 to 4:05.)

10 THE VIDEOGRAPHER: The time is 4:05 p.m.  
11 We are back on the record. Please proceed.

12 BY MS. NEWTON:

13 Q Ms. Falascino, before we went off the  
14 record, I handed you an exhibit marked Exhibit 8.  
15 Do you have that exhibit before you?

16 A Yes, I do.

17 MR. MARTINEZ: So let me take this  
18 opportunity -- sorry -- to object to this on  
19 scope. This was provided to us only moments  
20 ago, and we think it's outside the scope of the  
21 notice.

22 BY MS. NEWTON:

23 Q Okay. And, actually, if we could just  
24 flip -- I believe Mr. Cox showed you a copy of  
25 Exhibit 1. It's the deposition notice. Do you have

1 that in front of you?

2 A Yes.

3 Q And if you could turn to Exhibit A.

4 A I'm sorry. You said 8?

5 Q Exhibit A.

6 A Oh, Exhibit A. Yes.

7 Q And then if you look at topic 8.

8 A Okay.

9 Q Do you see where it says -- it says one of  
10 the topics is Westinghouse's estimates to complete.  
11 Do you see that?

12 A Uh-huh.

13 Q Now let's go back to Exhibit 8, please.  
14 Do you recognize this document?

15 A No, I do not.

16 Q Okay.

17 A I'm sorry. You're referring to Exhibit 8?

18 Q That's right.

19 A It stands. No, I do not.

20 Q You don't recognize this document?

21 Do you see that this is -- if you go  
22 beyond the cover page and look at this document, do  
23 you see that it says, "V.C. Summer Target and T&M  
24 Estimate Update"?

25 A Yes. Which, for clarification, is not

1 ETC, right? There were specific terms and  
2 conditions around target and T&M of how those costs  
3 would be -- estimates would be calculated, and at  
4 what point they might turn to firm fixed or not.

5 So I just wanted to call that out, that  
6 this is specifically target and T&M.

7 MR. MARTINEZ: So I renew my objection as  
8 this document being outside the scope.

9 BY MS. NEWTON:

10 Q The other pricing category was a fixed  
11 pricing category, correct?

12 A Correct.

13 Q And have you had an opportunity to review  
14 this document?

15 A Not in any detail, just in the few minutes  
16 prior to coming back into the room.

17 Q At the time that Westinghouse provided  
18 this document to -- well, let's go back.

19 Can you look at the front page here? It's  
20 the e-mail.

21 A E-mail, yes.

22 Q Do you see that this is an e-mail from  
23 JoAnne Hyde to Carlette Walker?

24 A Yes.

25 Q And JoAnne Hyde is an employee of

1 Westinghouse; is that correct?

2 A Uh-huh.

3 Q And Carlette Walker -- do you know who  
4 Carlette Walker is?

5 A No, I do not.

6 Q Okay. Do you know whether she is -- was  
7 at SCE&G?

8 A I think she was from SCE&G. I'm not sure.

9 Q When Westinghouse provided this document,  
10 did Westinghouse believe the information in this  
11 document was accurate?

12 A So --

13 MR. MARTINEZ: Object to form.

14 THE WITNESS: -- as stated on page 1 of  
15 the document, it says: "The information  
16 contained herein is an estimate based on  
17 assumptions and facts known to the Contractor  
18 at this point in time. Contractor expressly  
19 reserves the right to modify any information or  
20 estimates as may be necessary from time to  
21 time."

22 I believe that accurately captures what  
23 this document was and wasn't or intended to be  
24 on the cover, on page 1.

25 MR. MARTINEZ: And is that based on your

1           understanding or simply your reading of this  
2           paragraph?

3                   THE WITNESS:   Simply my reading this  
4           paragraph.

5   BY MS. NEWTON:

6           Q     And do you have any understanding of  
7           whether this document contained the most up-to-date  
8           information related to the schedule?

9           A     I don't know that, but I have no reason to  
10          believe it didn't.

11                   I think what's important to note here is  
12          this -- again, because it's target and T&M, if you  
13          look at the original contract, I believe it says  
14          that for target and T&M, there will be ongoing  
15          discussions on those two parts of the contract  
16          throughout the execution of the work to try to get a  
17          better understanding and what the estimates would be  
18          as that specific target and T&M work progressed.

19                   So I'm trying to point out is I believe  
20          information like this would have been part of those  
21          meetings in trying to get to what, you know, we  
22          believed eventually the target or the T&M prices,  
23          the cost would be.

24           Q     If you could please flip to page 30 of  
25          this document.

1 A (Witness complies with request.)

2 Q Do you see -- I'm looking at the third  
3 little line here. It starts with "The Consortium."  
4 Do you see that?

5 A Yes.

6 Q Okay. It says: "The Consortium EAC team  
7 will be available to provide additional supporting  
8 information and answer questions as needed."

9 Did I read that correctly?

10 A Yes.

11 Q And do you know what that consortium EAC  
12 team was?

13 A I do not know who was on the consortium  
14 EAC team as stated in this document.

15 Q Do you know anything about the purpose of  
16 the consortium EAC team?

17 A No, I do not.

18 Q If you could flip back to Exhibit 1. It's  
19 the Exhibit A, the deposition notice and subpoena.

20 A Uh-huh.

21 Q And I'm looking at topic 3. If you could  
22 turn to topic 3.

23 A (Witness complies with request.)

24 Q And then I'm looking at the third to last  
25 line of topic 3.

1           Do you see where it says: "This topic  
2 covers information shared by Westinghouse with South  
3 Carolina Electric & Gas -- that's SCE&G --  
4 concerning Westinghouse's financial condition at  
5 that time and at the time of the 2016 fixed price  
6 agreement"?

7           A     Yes.

8                           - - -

9                           (E-mail correspondence dated 8/31/15,  
10 with attached Toshiba Delays Earnings  
11 Report on Further Accounting Probe,  
12 ORS8\_SCEG00212248-212254, marked Falascino  
13 Exhibit Number 9 for identification.)

14                           - - -

15           MR. MARTINEZ: So, Emily, to obviate the  
16 need for another break, could you maybe preview  
17 what we'll talk about in this document, and  
18 then we can decide if that's necessary?

19           MS. NEWTON: Yes. I'd just like to ask  
20 if she recognizes this document.

21           MR. MARTINEZ: Okay.

22           MS. NEWTON: And then also discuss a few  
23 of the statements that Mr. Roderick made in  
24 this e-mail at the top.

25           MR. MARTINEZ: Okay.

1 THE WITNESS: So I'm not familiar with  
2 this document.

3 BY MS. NEWTON:

4 Q All right. Do you see this is an e-mail?  
5 It's dated August 31st of 2015; is that correct?

6 A Yes.

7 Q And is that date -- that's before the EPC  
8 amendment was entered; is that right?

9 A Correct.

10 Q And do you see that it's from Danny  
11 Roderick?

12 A Yes.

13 Q And we've established that Danny Roderick  
14 is the chief executive officer of Westinghouse  
15 Electric Company; is that right?

16 A Yes.

17 Q And then this is sent to a number of  
18 people. If you look at the "to" line, it's sent to  
19 Tom Fanning of Southern Company.

20 Do you see that?

21 A Yes.

22 Q And Stephen Byrne of SCANA, and Paul  
23 Bowers of Southern Company, Lonnie Carter of Santee  
24 Cooper, and Kevin Marsh of SCANA.

25 And if you look kind of at the bottom of



1 this page, do you see where it says, "Toshiba Corp.  
2 delayed release of its fiscal 2014 earnings after  
3 discovering additional accounting issues that  
4 required further investigation"?

5 Do you see that?

6 A Uh-huh.

7 MR. MARTINEZ: I object that this is  
8 outside the scope.

9 BY MS. NEWTON:

10 Q And do you understand that at that time,  
11 Toshiba had delayed release of its fiscal 2014  
12 earnings?

13 A Again, this is public information.

14 Q All right. If you look at the top, do you  
15 see where Mr. Roderick states: "Gentlemen, this is  
16 not any issue with Westinghouse"?

17 And I'll skip over this paragraph. I'm  
18 looking at the final sentence. And then he says:  
19 "Again, not a Westinghouse or AP1000 issue. This is  
20 related to the non-nuclear side of the Toshiba  
21 business."

22 MR. MARTINEZ: Same objection, re: scope.

23 BY MS. NEWTON:

24 Q Did I read that correctly?

25 A Yes, you read it correctly.

1 Q And is that consistent with Westinghouse's  
2 view at this time?

3 MR. MARTINEZ: Same objection.

4 THE WITNESS: So I have no knowledge of  
5 this e-mail that our CEO had sent, and I do not  
6 know what Danny Roderick's intent was in the  
7 words that are provided in this e-mail.

8 BY MS. NEWTON:

9 Q But Mr. Roderick is -- was the CEO of the  
10 company at that time, right?

11 A Correct.

12 Q And he's making a -- or sending an e-mail  
13 with these statements in it, correct?

14 A Yes. But he makes a broad statement,  
15 "This is not an issue with Westinghouse."

16 So he doesn't clarify what issue we're  
17 talking about. He doesn't frame it. He just -- you  
18 know, there's a public -- some public knowledge  
19 information.

20 So, again, I don't know what  
21 Mr. Roderick's real intent was in this mail.

22 Q But Mr. Roderick did make this statement  
23 in this e-mail, correct?

24 A Based on what I can see here, yes.

25 I also believe that there is a lot of

1 public information out there about Toshiba's  
2 situation and many aspects of their business.

3 Q Would you say that this statement here,  
4 this reflects information that was shared by  
5 Westinghouse with SCE&G concerning Westinghouse's  
6 financial condition before entering into the EPC  
7 amendment?

8 MR. MARTINEZ: Objection to scope and  
9 form.

10 THE WITNESS: What I will say is, reading  
11 this as you presented it to me, you know, over  
12 the -- I don't see Mr. Roderick make any  
13 statement about Westinghouse's financial  
14 condition in that mail.

15 MR. MARTINEZ: And that's just because  
16 you're reading it at this moment?

17 THE WITNESS: Yes.

18 MR. MARTINEZ: Okay.

19 - - -

20 (E-mail correspondence dated  
21 11/25/15, ORS8\_SCEG00210016-210018, marked  
22 Falascino Exhibit Number 10 for  
23 identification.)

24 - - -

25 BY MS. NEWTON:

1 Q You've been handed what has been marked as  
2 Exhibit 10.

3 A Uh-huh.

4 Q Do you recognize this document?

5 A No, I do not.

6 Q Do you see at the top here -- and I'm  
7 looking at -- not the very top of this e-mail, but  
8 the second e-mail string. It's from Danny Roderick,  
9 right?

10 A Yes.

11 Q To Jeffrey Benjamin. Do you see that?

12 A Yes, I do.

13 Q And it's dated November 25th, 2015; is  
14 that right?

15 A Correct.

16 Q And this e-mail would have been after  
17 entering into the EPC agreement; is that right?

18 A Correct.

19 Q And the subject line is "Forward: Toshiba  
20 to brief on Westinghouse Impairment charges on  
21 Friday."

22 Do you see that subject line?

23 A Yes.

24 MR. MARTINEZ: I object because this is  
25 outside the scope of notice.

1 BY MS. NEWTON:

2 Q And if you could look at the last page of  
3 this e-mail, do you see here that Steve Byrne, on  
4 November 26, 2015, writes to Danny Roderick? Do you  
5 see that?

6 He says: "Danny, our investor relations  
7 folks are likely to get calls on this since Toshiba  
8 provides the guarantee on the project. What should  
9 we say to calm fears of analysts?"

10 Do you see that?

11 A Yes, I do.

12 Q And then I'm looking at the page before  
13 that. There's an e-mail from Danny Roderick to  
14 Stephen Byrne.

15 Do you see that?

16 A Yes, I do.

17 Q And Danny Roderick states -- I'm looking  
18 at the second to last paragraph. He states: "The  
19 media event is to clarify that the financial outlook  
20 of Westinghouse is strong and growing and has had  
21 significant risk reductions with the acquisition of  
22 S&W and resolution of customer issues. And that no  
23 other Westinghouse impairments are expected at the  
24 product line level."

25 Do you see that?

1           A     Yes, I do.

2                   MR. MARTINEZ:   So I object on this being  
3           outside the scope.

4                   But also -- I'm sorry, Emily -- if you  
5           want to talk about a bunch of questions about  
6           knowledge at this time, can we then take  
7           another break and just go over this with the  
8           witness?

9                   MS. NEWTON:   Sure.

10                  MR. MARTINEZ:   Okay.

11                  THE VIDEOGRAPHER:   The time is 4:20 p.m.  
12           We are off the record.

13                               (Recess in the proceedings from 4:21  
14           to 4:24.)

15                  THE VIDEOGRAPHER:   The time is 4:24 p.m.  
16           We are back on the record.   Please proceed.

17                  MR. MARTINEZ:   And so, Emily, I'll just  
18           begin.   I'm sorry.   Just to say we object to  
19           any questions about this e-mail because it's  
20           outside the scope.   The witness has had no  
21           knowledge of it, no chance to prepare about it.

22                   Just go ahead.

23   BY MS. NEWTON:

24                  Q     Before we went off the record, I had read  
25           a statement made in an e-mail, dated November 25th,

1 2015, by Danny Roderick.

2 Do you recall that?

3 A Yes.

4 Q And I had referenced it was the second to  
5 last paragraph.

6 Do you recall that?

7 A Yes.

8 Q All right. Is this statement made by  
9 Danny Roderick consistent with Westinghouse's view  
10 at this time?

11 A I have no information about this mail. As  
12 I said before, I don't know what Danny Roderick's  
13 intent was in this mail. I don't know the context  
14 or details around this e-mail.

15 So all I can say is you can read the  
16 e-mail and draw whatever information you want from  
17 it, but I don't have any additional information,  
18 other than what is written in the e-mail --

19 Q Okay.

20 A -- and that it came from Danny Roderick.

21 Q And if you could look back at Exhibit A --  
22 excuse me -- Exhibit 1, Exhibit A. I'm looking at  
23 the third topic again and the reference this last  
24 category of topic 3, which was information shared by  
25 Westinghouse.

1 Do you see that?

2 A Yes.

3 Q Okay. Did you inquire about what  
4 representations were made by Westinghouse to South  
5 Carolina Electric & Gas Company concerning  
6 Westinghouse's financial condition at the time and  
7 at the time of the 2016 fixed price agreement as you  
8 were preparing for this deposition?

9 A Through interviews and other pieces of  
10 information, trying to define what exactly  
11 "financial condition" is defined as by you or  
12 others, the information that I was able to obtain  
13 around what financial condition, the main  
14 conversations that I am aware of all revolved around  
15 the Toshiba parent guarantee. And they're not  
16 anything specific on Westinghouse's financial  
17 condition.

18 There was information shared before the  
19 signing of the amendment in 2015 on the ETC estimate  
20 from S&W, and that was given to SCE&G before the  
21 signing of the amendment.

22 I can also say, if you read this mail,  
23 right, and I just take the words for what's written,  
24 it appears what's being questioned is Toshiba, not  
25 Westinghouse. And, again, I know there were several



1 questions around the parent guarantee from Toshiba  
2 from SCE&G.

3 Q Excuse me.

4 Do you recall earlier that Mr. Cox asked  
5 you a series of questions related to the Bechtel  
6 report?

7 A Yes.

8 Q And are you aware that SCE&G and Santee  
9 Cooper and Westinghouse and CB&I entered into an  
10 agreement concerning the Bechtel agreement or --  
11 excuse me -- the Bechtel assessment?

12 A I am not aware of any written agreement on  
13 the Bechtel assessment between those parties. I am  
14 aware that Westinghouse was informed that the  
15 assessment was going to take place, and that Bechtel  
16 may request some information from Westinghouse; and  
17 they asked Westinghouse to -- SCE&G asked  
18 Westinghouse to cooperate, if asked, for any  
19 information or interviews to occur. And  
20 Westinghouse agreed to that, and there was a data  
21 room set up.

22 - - -

23 (Agreement Regarding Owner's Project  
24 Assessment, ORS\_SCEG\_01419075-1419078,  
25 marked Falascino Exhibit Number 11 for

1 identification.)

2 - - -

3 THE COURT REPORTER: (Handing.)

4 THE WITNESS: Thank you.

5 MR. KEEL: We pulled the wrong version of  
6 this (handing). This has one signature on it.  
7 We have the fully executed one, which I can  
8 e-mail to you, Thomas, if you want to have  
9 somebody print it.

10 MR. RYAN: This isn't my law firm. I  
11 can't print.

12 MR. KEEL: Fair enough. I can e-mail it  
13 to you so you have a copy. Apologies.

14 MR. MARTINEZ: All right. And, Emily,  
15 would you be willing to preview what the  
16 questions are, and then we can decide whether  
17 we need to huddle about it?

18 MS. NEWTON: Sure. I'd just like to go  
19 over a few of the provisions in this agreement,  
20 specifically in the second "whereas" clause,  
21 and then also in paragraph 2 of this agreement.

22 MR. MARTINEZ: All right. Let's break,  
23 please.

24 THE VIDEOGRAPHER: The time is 4:31 p.m.  
25 We are off the record.

1                   (Recess in the proceedings from 4:31  
2                   to 4:34.)

3                   THE VIDEOGRAPHER: The time is 4:34 p.m.  
4                   We are back on the record. Please proceed.

5                   MR. MARTINEZ: If I may, Emily. I'm  
6                   sorry.

7                   So what I wanted to say is that this is  
8                   the third document that's been provided for  
9                   which we've been given no previous notice that  
10                  we would receive it. The witness has not seen  
11                  it. You can ask her the question to confirm  
12                  that.

13                  But I'm just also concerned about  
14                  questions being outside the scope. Testimony  
15                  has already been that we've provided  
16                  information as requested. We didn't receive a  
17                  copy of the report. That's what's within the  
18                  scope. Anything beyond that we would see as  
19                  outside.

20 BY MS. NEWTON:

21                  Q All right. Ms. Falascino, I had handed  
22                  you an exhibit that's been marked Exhibit 11. Do  
23                  you see that?

24                  A Yes.

25                  Q And do you see -- do you recognize this

1 document?

2 A No, I do not.

3 Q Do you see that at the top of the page of  
4 the first page, it says, "Agreement Regarding  
5 Owners' Project Assessment"?

6 Do you see that?

7 A Yes.

8 Q And then you've got a number of parties  
9 listed here. You've got South Carolina  
10 Electric & Gas Company, right?

11 A Correct.

12 Q And the South Carolina Public Authority,  
13 correct?

14 A Correct.

15 Q And Westinghouse Electric Company, LLC,  
16 right?

17 A Correct.

18 Q CB&I Stone & Webster, Inc., right?

19 A Correct.

20 Q And I'm now looking at the second -- or  
21 excuse me -- the first "whereas" clause.

22 And do you see where it says: "Whereas,  
23 the Parties entered into an Engineering, Procurement  
24 and Construction Agreement dated as of May 23, 2008,  
25 for the supply of Units 2 and 3 at the V.C. Summer

1 Nuclear Generating Station (Project)"?

2 Do you see that?

3 A Yes.

4 Q And then it goes on to say: "Whereas,  
5 Owner wishes to engage Bechtel Corporation to  
6 perform a legally-privileged assessment of the  
7 Project as set forth in this Agreement."

8 Did I read that correctly?

9 A Yes.

10 Q Is this statement consisting -- consistent  
11 with Westinghouse's --

12 MR. MARTINEZ: Object to scope.

13 BY MS. NEWTON:

14 Q -- understanding of this agreement?

15 A As I said previously, Westinghouse was  
16 informed that an assessment would be conducted. We  
17 were asked to cooperate to supply information to a  
18 data room, if requested. And we were never provided  
19 the results of the report.

20 Q But I'm asking you about this language  
21 here, which states that "Owner wishes to engage  
22 Bechtel Power Corporation to perform a  
23 legally-privileged assessment."

24 Do you see where it says it's a  
25 legally-privileged assessment?

1           A     Yes.

2           Q     And is it Westinghouse's understanding  
3 that this was a legally-privileged assessment?

4           MR. MARTINEZ:   Object to scope.

5           THE WITNESS:   I don't understand the  
6 question.

7 BY MS. NEWTON:

8           Q     Well, I'm asking you, as a corporate  
9 representative of Bechtel, if this statement --

10          MR. MARTINEZ:   Of Westinghouse.

11 BY MS. NEWTON:

12          Q     Excuse me.  Rephrase.  Strike that.

13                 As a corporate representative of  
14 Westinghouse, if this is consistent with your  
15 understanding of this provision in the agreement.

16          A     As I read --

17          MR. COX:   Object to the form.

18          THE WITNESS:  As I read the words here, it  
19 says "legally-privileged assessment."  Again,  
20 it's informing Westinghouse there will be an  
21 assessment.

22          MR. MARTINEZ:  You agree with the words as  
23 written?

24          THE WITNESS:  Yes.

25          MR. MARTINEZ:  In other words, you agree

1 with the words that are written and nothing  
2 more?

3 THE WITNESS: Agreed.

4 BY MS. NEWTON:

5 Q I'm looking at paragraph 2 here of the  
6 agreement, and I'm looking at -- it's the fourth  
7 line from the bottom of paragraph 2. You see that  
8 starts, "The purpose of the assessment"?

9 A Yes.

10 Q And it says: "The purpose of the  
11 Assessment is to assist in Owner's counsel's  
12 provision of legal advice to Owner relating to the  
13 Project. Owner and Contractor agree that the  
14 Assessment and all papers, documents and  
15 communications generated by Owner, Owner's attorneys  
16 and Bechtel as a result of, in connection with,  
17 arising out of or relating to Owner's Assessment,  
18 (collectively, the Assessment Work Product),  
19 including the Assessment report itself, are intended  
20 to be and shall be legally privileged as  
21 attorney-directed work product and attorney-client  
22 privileged communications."

23 Did I read that correctly?

24 A Yes.

25 Q And as a corporate representative of

1 Westinghouse, is it Westinghouse's -- is this  
2 statement consistent with Westinghouse's view of the  
3 agreement?

4 MR. MARTINEZ: Objection to scope.

5 MR. COX: Object to the form.

6 THE WITNESS: As I said, I've never seen  
7 this document. And, again, I believe it's just  
8 informing Westinghouse there will be an  
9 assessment; and any, you know, information we  
10 provide is, you know...

11 MR. MARTINEZ: And that's based on your  
12 reading right now?

13 THE WITNESS: Based on my reading the  
14 words in here.

15 BY MS. NEWTON:

16 Q And it says the purpose of the assessment  
17 is to assist in owner's counsel's provision of legal  
18 advice to owner, right?

19 A Yes.

20 MS. NEWTON: I think I just need a few  
21 minutes. Is that okay?

22 THE WITNESS: Sure.

23 THE VIDEOGRAPHER: The time is 4:39 p.m.  
24 We are off the record.

25 (Recess in the proceedings from 4:39



1 to 4:51.)

2 THE VIDEOGRAPHER: The time is 4:51 p.m.

3 We are back on the record. Please proceed.

4 BY MS. NEWTON:

5 Q Ms. Falascino, Mr. Cox asked you a series  
6 of questions about providing information to ORS.

7 Do you recall that?

8 A Yes.

9 Q And I believe you testified that  
10 Westinghouse had attended certain meetings where  
11 individuals from ORS were present; is that right?

12 A Correct.

13 Q And at those meetings, Westinghouse  
14 answered ORS's questions if they had any; is that  
15 right?

16 A Yes.

17 Q And if ORS needed access to certain  
18 information, would Westinghouse provide it?

19 MR. MARTINEZ: Object to form.

20 THE WITNESS: To my knowledge,  
21 Westinghouse always went through the owners to  
22 provide any information to -- we don't know  
23 what information was provided to ORS, to my  
24 understanding. We provided information to the  
25 owners.

1 BY MS. NEWTON:

2 Q So if the owners asked Westinghouse to  
3 provide information in order to provide that to ORS,  
4 Westinghouse would have done that?

5 MR. MARTINEZ: Object to form.

6 THE WITNESS: But we were not aware of  
7 what the owners did with the information we  
8 provided them or what they gave to ORS.

9 To clarify, we provided information to the  
10 owners. If they took pieces of that  
11 information, gave it to ORS in totality, did  
12 anything with it, we're not -- we don't know  
13 what specific information they gave to ORS.

14 BY MS. NEWTON:

15 Q And I asked whether if ORS -- if ORS had  
16 questions at the meetings, Westinghouse would  
17 respond to them, correct?

18 A Correct.

19 Q And --

20 MR. MARTINEZ: Object to form.

21 BY MS. NEWTON:

22 Q -- they would provide truthful  
23 information; is that right?

24 A Correct.

25 MR. MARTINEZ: Object to form.

1 BY MS. NEWTON:

2 Q And they would provide complete  
3 information, is that right, if ORS had questions?

4 MR. MARTINEZ: Object to form.

5 THE WITNESS: I don't know how you define  
6 "complete." They would answer the questions to  
7 the best of their knowledge with the  
8 information they had.

9 BY MS. NEWTON:

10 Q I believe you testified earlier that the  
11 \$100 million payments were meant to make  
12 Westinghouse cash-neutral; is that right?

13 A Correct.

14 Q And was the idea that Westinghouse was  
15 going to spend the money on the project to keep it  
16 moving along; is that right?

17 A Westinghouse was going to spend the money  
18 to progress the project work with the intent to meet  
19 the agreed-upon schedule.

20 Q And if Westinghouse didn't spend that  
21 money, the difference would have been trued up  
22 later; is that right?

23 A That was what was in the agreement,  
24 correct.

25 Q I believe you testified, in response to

1 Mr. Cox's questioning, that after the acquisition of  
2 Stone & Webster, or CB&I, that Westinghouse had  
3 access to information that it did not previously  
4 have; is that right?

5 A So through their own efforts and the  
6 information that was provided to them, they  
7 extracted additional information.

8 Q And I believe you testified that there was  
9 an analysis that was being prepared by Fluor, which  
10 was looking at certain information made available to  
11 Westinghouse after the acquisition; is that correct?

12 A Correct.

13 MR. MARTINEZ: Objection to form.

14 BY MS. NEWTON:

15 Q And that was information that Westinghouse  
16 didn't previously have; is that right?

17 A I don't know that exactly. I just know  
18 that Fluor was the construction partner, and  
19 information Westinghouse had from Stone & Webster,  
20 from CB&I related to the construction would have  
21 been provided to Fluor.

22 But they were the experts in construction,  
23 so they basically were the experts who were coming  
24 up with what they thought it would actually take to  
25 complete the work.

1 MS. NEWTON: I don't believe I have any  
2 further questions. Thank you for your time,  
3 Ms. Falascino.

4 THE WITNESS: Thanks.

5 MR. COX: I have just a couple follow-up  
6 questions.

7 THE VIDEOGRAPHER: If you could just grab  
8 the mic in the center.

9 - - -

10 EXAMINATION

11 - - -

12 BY MR. COX:

13 Q Ms. Falascino, if you could turn to  
14 Exhibit 7, the EPC agreement.

15 A Yes. (Witness complies with request.)

16 Q If you could turn to page 74 of that  
17 agreement.

18 A Okay.

19 Q I had asked you earlier whether, under the  
20 terms of the EPC agreement, SCE&G was authorized to  
21 utilize an owners' engineer. And I think you  
22 testified you weren't sure.

23 A Uh-huh.

24 Q If you look at subparagraph 4 on page 74,  
25 does that refresh your recollection as to whether

1 SCE&G was authorized to use an owners' engineer on  
2 the project?

3 A As it's stated here in Exhibit 7, it does  
4 say that they may designate an owners' engineer.

5 Q And if you could turn to page 17 of the  
6 EPC agreement.

7 A (Witness complies with request.) I'm  
8 there.

9 Q If you could look at paragraph 3.1. And  
10 I'm referring specifically to the third sentence of  
11 that paragraph, where it says: "Owner, as licensee  
12 under the COL, shall be ultimately responsible for  
13 the execution of all obligations and  
14 responsibilities under such COL."

15 Would you agree that the owners were  
16 ultimately responsible for the execution of all  
17 obligations and responsibilities under the project  
18 COL?

19 MR. MARTINEZ: Object to form.

20 THE WITNESS: I would say yes because they  
21 held the combined construction and operating  
22 license.

23 BY MR. COX:

24 Q Okay. And if you could turn to Exhibit 8.  
25 Those are all the questions I have on Exhibit 7.

1           A       (Witness complies with request.) Okay.

2           Q       When you were asked about Exhibit 8, you  
3 referenced that some of the information in this  
4 exhibit was target and T&M estimates. Is that  
5 correct?

6           A       Per the title on the document, the  
7 document specifies that this is a target and T&M  
8 estimate update.

9           Q       And during this time period, when this  
10 document is dated, did Westinghouse receive --  
11 strike that.

12                   Were the target and T&M estimates that  
13 were provided to the owners during this time period,  
14 in 2014, were those estimates provided by  
15 Stone & Webster and not Westinghouse?

16                   MR. MARTINEZ: Objection to scope.

17                   THE WITNESS: I do not know that answer.

18 BY MR. COX:

19           Q       Are you aware of what information  
20 Stone & Webster provided in support of this  
21 document?

22                   MR. MARTINEZ: Objection to scope.

23                   THE WITNESS: No, I'm not. The only thing  
24 I can say from a quick scan through the  
25 document, that there are scopes of work in here

1           that would have been under CB&I. There were  
2           also scopes of work in here that would have  
3           been under Westinghouse scope.

4 BY MR. COX:

5           Q       Turning to page 28 of that PowerPoint, it  
6           refers to craft productivity. Whose scope of work  
7           was that?

8           A       That would have been CB&I.

9           Q       Do you know who at Westinghouse has  
10          information about how this presentation was put  
11          together, Exhibit A?

12          A       I can only imply by the name on the front  
13          that JoAnne Hyde, who is the Westinghouse -- was the  
14          Westinghouse commercial director for the project.

15          Q       Is she still employed by Westinghouse?

16          A       I believe she is.

17          Q       Do you know where she works?

18          A       I do not know exactly. I think she may  
19          still be in the new projects business area, but what  
20          her specific role is, I do not know.

21          Q       Looking at the first page of Exhibit 8,  
22          Ms. Hyde's e-mail to Carlette Walker, if you look at  
23          the individuals listed in the CC of that e-mail, are  
24          any of those individuals, other than Ms. Hyde who  
25          copied herself on the message, are any of those



1 other individuals current Westinghouse employees?

2 A Yes. Duane Olcsvary, who is listed right  
3 before, on the cc line, right before JoAnne Hyde,  
4 the last -- the one before -- the first name is  
5 Duane, last name is Olcsvary.

6 I believe Joe Arostegui, who worked in the  
7 project controls department, is no longer with the  
8 company. And I know for sure that Chris Levesque,  
9 who was the previous project director, is no longer  
10 with the company.

11 I do not know Don DePierro and the other  
12 individual.

13 Q Do you know where Mr. Olcsvary works  
14 within Westinghouse?

15 A Yes. He works under the legal and claims  
16 division of our company.

17 MR. COX: No further questions. Thank you  
18 for your time.

19 MR. KEEL: We can go off.

20 THE VIDEOGRAPHER: If there are no further  
21 questions --

22 MR. MARTINEZ: Just a couple things to get  
23 on the record.

24 So Ms. Falascino marked up her copy of  
25 Exhibit 1.

1 THE WITNESS: Sorry.

2 MR. MARTINEZ: So I'd like to retag a  
3 clean copy. Is that acceptable to everyone?

4 MS. NEWTON: I mean, that's fine, yeah.

5 MR. MARTINEZ: Just throw an exhibit  
6 sticker on it and put a 1 on it.

7 THE WITNESS: Thank you. And I apologize  
8 for doing that.

9 MS. NEWTON: That's fine.

10 Then I'd also like to verify for the  
11 record -- can you remind me which exhibit has  
12 the agreement between the Westinghouse and  
13 SCE&G about Bechtel? I think it was --

14 THE WITNESS: I believe that was your  
15 Exhibit 11.

16 MS. NEWTON: 11. So the signed agreement,  
17 the fully signed agreement, the reference to  
18 that agreement is SCANA\_RP0799 -- I can't read  
19 your writing.

20 MR. KEEL: No. 0791975.

21 MR. MARTINEZ: Okay. And you said you're  
22 going to e-mail that to us?

23 MR. KEEL: I e-mailed it to Tom.

24 MR. MARTINEZ: Okay. Awesome.

25 The very last thing is we want to reserve

1 the right to designate the testimony today  
2 confidential.

3 THE VIDEOGRAPHER: Is there anything  
4 further?

5 MR. COX: Just to clarify, you're not  
6 changing that exhibit to a different document?  
7 You're just listing what the -- where the  
8 signed documents are?

9 MS. NEWTON: That's right.

10 MR. COX: That's it.

11 THE VIDEOGRAPHER: Then this concludes the  
12 deposition. The time is 5:03 p.m. We are off  
13 the record.

14 - - -

15 (Witness excused.)

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17 (Deposition was concluded at 5:03 p.m.)

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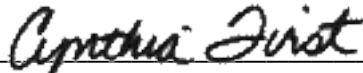
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CERTIFICATE OF REPORTER

I, Cynthia First, Registered Professional Reporter, do hereby certify:

That the foregoing deposition was taken before me on the date and at the time and location stated on page 1 of this transcript; that the deponent was duly sworn to testify to the truth, the whole truth and nothing but the truth; that the testimony of the deponent and all objections made at the time of the examination were recorded stenographically by me and were thereafter transcribed; that the foregoing deposition as typed is a true, accurate and complete record of the testimony of the deponent and of all objections made at the time of the examination to the best of my ability.

I further certify that I am neither related to nor counsel for any party to the cause pending or interested in the events thereof.



\_\_\_\_\_  
CYNTHIA FIRST  
Registered Professional Reporter  
Certified Realtime Reporter

**Certificate of Notary Public**

I Anthony Blanchflower, Notary Public for the state of Pennsylvania, do hereby certify that the deponent, Joni Annette Falascino, was duly sworn to testify to the truth, the whole truth, and nothing but the truth.

Witness my hand this 12<sup>th</sup> (day) day of October (month), 2018 (year) at Pietragallo 38<sup>th</sup> Floor One Oxford (location). Center Pittsburg

Signature: Anthony Blanchflower

Print Name: Anthony Blanchflower

State: Pennsylvania

County of: Allegheny

My Commission expires: May 17<sup>th</sup> 2019