

Table of Contents

Deposition Transcript	2
Exhibit 1- Organizational Chart	167
Exhibit 2- Email 7/3/2012	168
Exhibit 3- Email 8/1/12	169
Exhibit 4- Email 9/27/12	171
Exhibit 5- Email 12/15/15	173
Exhibit 6- Email 5/20/15	175
Exhibit 7- Email 9/18/14	176
Exhibit 8- EAC Review Team Preliminary Update	188
Exhibit 9- Email with attachment of EAC Review Team Action Items	200
Exhibit 10- Email with attachment of Final October ORS Agenda	208

State of South Carolina) In the Court of Common Pleas
) County of Hampton) Case No: 2017-CP-25-335

Richard Lightsey, LeBrian)
Cleckley, Phillip Cooper, et)
al., on behalf of themselves)
and all others similarly)
situated)

Plaintiff(s),) Videotaped Deposition

vs.)

) of

) MARGARET FELKEL

South Carolina Electric & Gas)
Company, a Wholly Owned)
Subsidiary of SCANA, SCANA)
Corporation, and the State of)
South Carolina)

Defendant(s).)

Videotaped Deposition of MARGARET FELKEL,
taken before Jennifer L. Thompson, CVR-M, Nationally
Certified Verbatim Court Reporter and Notary Public in
and for the State of South Carolina, scheduled for 1:00
p.m. and commencing at the hour of 1:07 p.m., Monday,
August 6, 2018, at the office of Strom Law Firm, LLC,
Columbia, South Carolina.

Reported by:

Jennifer L. Thompson, CVR-M

1 Any court, party, or person who has purchased a
2 transcript may, without paying a further fee to the
3 reporter, reproduce a Copy or portion thereof as an
4 exhibit pursuant to court order or Rule or for internal
5 use, but shall NOT otherwise provide or sell a copy or
6 copies to any other party or person without the express
7 consent of the reporter and/or reporting agency.

8 APPEARANCES

9 For the Plaintiff(s):

10 Daniel S. Haltiwanger, Esquire
11 Richardson, Patrick, Westbrook & Brickman, LLC
12 623 Richland Avenue West
13 Aiken, SC 29801

14 John R. Alphin, Esquire
15 Strom Law Firm, LLC
16 2110 N. Beltline Blvd.
17 Columbia, SC 29204

18 For the Defendant SCE&G/SCANA:

19 Jonathan R. Chally, Esquire
20 Paige Nobles, Attorney at Law
21 King & Spalding, LLP
22 1180 Peachtree Street, NE
23 Atlanta, GA 30309-3521

24 Leah B. Moody, Attorney at Law
25 Law Office of Leah B. Moody, LLC
26 235 East Main Street, Suite 115
27 Rock Hill, SC 29730

28 For the Defendant State of South Carolina:

29 J. Emory Smith, Esquire
30 Ian P. Weschler, Esquire
31 SC Attorney General's Office
32 PO Box 11549
33 Columbia, SC 29201

34 For Santee Cooper:

35 Nicholas A. Charles, Esquire
36 Nelson, Mullins, Riley & Scarborough, LLP
37 Meridian/17th Floor
38 1320 Main Street
39 Columbia, SC 29201

1 For the Witness, Margaret Felkel:
Kenneth D. Crowder, Esquire
2 David M. Stewart, Esquire
Crowder Stewart LLP
3 540 9th Street (James Brown Blvd)
PO Box 160
4 Augusta, GA 30903

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INDEX OF EXAMINATION

Stipulations5
Examination By Mr. Haltiwanger7
Examination By Mr. Chally138
Re-Examination By Mr. Haltiwanger156
Certificate162
Signature & Errata Pages163

INDEX OF EXHIBITS

[Exhibit No. 1](#) Organizational Chart28
[Exhibit No. 2](#) Email 7/3/201273
[Exhibit No. 3](#) Email 8/1/1277
[Exhibit No. 4](#) Email 9/27/1282
[Exhibit No. 5](#) Email 12/15/1585
[Exhibit No. 6](#) Email 5/20/1589
[Exhibit No. 7](#) Email 9/18/1494
[Exhibit No. 8](#) EAC Review Team Preliminary98
Update
[Exhibit No. 9](#) Email with attachment of EAC132
Review Team Action Items
[Exhibit No. 10](#) Email with attachment of Final142
October ORS Agenda
EXHIBITS 1-10 (To view as single PDF document, click
box to left)

REPORTER'S LEGEND:

- [denotes interruption/change in thought]
- ... [denotes trailing off/incomplete
thought or statement]
- [sic] [denotes word/phrase that may seem strange or
incorrect; written verbatim]
- (ph) [denotes phonetic spelling]
- (unintelligible) [denotes not capable of being
understood]
- (indiscernible crosstalk) [denotes multiple speakers
at the same time, not capable of
being understood]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STIPULATIONS

This deposition is being taken pursuant to
the South Carolina Rules of Civil Procedure.

- - - - -

The reading and signing of this deposition is
reserved by the deponent and counsel for the
respective parties.

- - - - -

MR. SMITH: I'm Emory Smith. I represent the
State of South Carolina in this proceeding. I
have conferred prior to the beginning of this
deposition with counsel for SCE&G and the parties
that are present at the deposition, and our
understanding is that we will operate under the
proposed Order submitted to Judge Hayes by the
Office of Regulatory Staff, although that Order
has not yet been signed. If there's a change in
the Order, then that would, of course, control.
But for purposes of this deposition, we're
operating as though that Order had been signed and
in place, understanding, of course, that we don't
have an order of the judge yet. Is there anything
else that is to be added to that?

MR. CHALLY: The only clarification I make is
that SCE&G and SCANA Corporation have reached a

1 separate agreement with plaintiff's counsel to
2 abide by the terms of the confidentiality
3 agreement slightly different than the one the ORS
4 proposed, and until such time as the court enters
5 a different order in the case, we would expect
6 plaintiffs to abide by our agreement. I also add
7 that counsel for Santee Cooper is here. Counsel
8 for Santee Cooper has also agreed to abide by the
9 terms of the confidentially agreement that I've
10 exchanged with Rush Smith and Carmen Thomas with
11 those additional qualifications.

12 MR. SMITH: And I would just note, in
13 response, that those agreements that Mr. Chally
14 just referenced would not be binding on the State
15 of South Carolina. And I would just state, too,
16 that for the record, as we have said in court,
17 that we don't believe that any confidentiality
18 order is necessary, but given that Judge Hayes has
19 indicated that he will sign an order and most
20 probably the one submitted by ORS, that we will
21 agree that this deposition is subject to that.

22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

- - - - -

(Begin 1:07 p.m.)

Whereupon, the case caption was published by
the videographer and counsel noted their appearances
for the record.

- - - - -

Whereupon,

MARGARET FELKEL, being administered an oath
of affirmation or duly sworn and cautioned to
speak the truth, the whole truth, and nothing but
the truth, testified as follows:

Court Reporter: State your full name for the
record, please.

Witness: Margaret Shirk Felkel.

- - - - -

EXAMINATION

BY MR. HALTIWANGER:

Q Ms. Felkel, my name is Dan Haltiwanger and I'm
going to be the one asking most of the questions
today. Before we began, I'm sure you've talked
with your lawyers, but there are a couple of rules
that I need to explain to you as required by our
court rules. First of all, and this is not
necessarily a rule, but even though we are having
the deposition today videotaped, it's important to

1 answer my questions verbally and say "yes" or "no"
2 instead of "uh-huh" or "huh-uh" because she's
3 going to be trying to write everything down and
4 it's important for her to be able have a word to
5 work with instead of a head nod or a noise. Also,
6 I'm not an accountant; I don't have an accounting
7 background. We're going to be talking a lot of, I
8 think, accounting related stuff today. If at any
9 point I ask you a question that is either unclear
10 or you don't understand, I use a word you think I
11 may be using incorrectly, let me know. I'll
12 either reask the question or rephrase it or see if
13 we can't reach some understanding of what we're
14 talking about, because I don't want you to feel
15 you have to answer a question that you're not
16 clear on, okay?

17 A Yes.

18 Q And if that does come up and you do have a
19 question, I'm supposed to instruct you to ask me
20 instead of your own attorney. But also during the
21 deposition today, your attorney may object to some
22 of the questions I ask. Unless your attorney
23 instructs you not to answer the question, I'm
24 going to ask you to go ahead and answer the
25 question as best as you can or ask me to repeat or

1 rephrase it and I'll see if we can't get it
2 straight, okay?

3 A Yes.

4 Q Also today we're probably going to be here for a
5 little while, but it's not an endurance contest.
6 So if at any point you need to take a break -- I
7 see you've got a water, if you need another water,
8 anything like that, let us know and we'll take a
9 break, okay?

10 A Okay.

11 Q Can you state your full name again.

12 A Margaret Shirk Felkel.

13 Q Are you any relation to Brittany Felkel that works
14 at Santee Cooper?

15 A No, not that I know of.

16 Q What is your current occupation?

17 A I'm a certified public accountant.

18 Q Who is your employer?

19 A I am not currently employed.

20 Q Who was your employer the last time you were
21 employed?

22 A SCANA.

23 Q When did you leave employment with SCANA?

24 A June of 2018.

25 Q What did you do to prepare for today? I don't

1 want any discussions you may have had with your
2 attorneys, but I'm just curious if you looked
3 through any material or talked with anybody.

4 A I reviewed some documents and I met with my
5 attorneys a few times and I met with the King &
6 Spalding attorneys a few times.

7 Q Were these documents you had in your possession?

8 A No.

9 Q What was it you reviewed?

10 A The newspaper article regarding one of my audits.
11 Some information related to the EAC exercise that
12 was performed. There were a few more. I don't
13 remember all of them.

14 Q What does the EAC stand for?

15 A Estimate at completion.

16 Q Can you explain -- I'm going to use this phrase a
17 lot today probably. Can you explain in layman's
18 terms what that would be?

19 A What the estimated cost to finish the plants would
20 have been from that date forward after the
21 exercise.

22 Q Was that a one-time exercise or was that something
23 y'all had done a number of times?

24 A I sat on the team at one time.

25 Q Did you have any discussions with any SCE&G or

1 SCANA employees?

2 A Regarding?

3 Q The deposition today.

4 A Yes.

5 Q Who would that have been?

6 A People from the business and finance team
7 currently employed. They were aware of the
8 deposition, but I didn't discuss any specifics or
9 any information I had reviewed with attorneys or
10 anything of that nature. Just that they were
11 aware that it was taking place.

12 Q Who would that have been?

13 A Joey Gillespie, Caroline Whatley. That's all I
14 can recall. Ken Browne.

15 Q Again, today something that may come up, I may say
16 SCANA or SCE&G. In general, I'll be using that to
17 refer to the same entity, even though it's my
18 understanding that -- well, let me ask you, did
19 you work for SCANA Services, SCANA or SCE&G or
20 another entity?

21 A SCANA Services.

22 Q Were the people you spoke with also SCANA Services
23 employees or do you know?

24 A Some of them were. Some of them were technically
25 SCE&G, but we were all business and finance team.

1 Q Was this like a conference call or did you speak
2 with each of them individually?

3 A No, just very casually via, like, text message.

4 Q I guess, what were the topics you were talking to
5 those employees about?

6 A I didn't discuss any topics related to the
7 deposition, just that it was occurring.

8 Q Prior to today, have you had the opportunity to
9 read Carlette Walker's deposition?

10 A I have not.

11 Q Have you spoken with Ms. Walker?

12 A Not since I received my Notice for Deposition, no.

13 Q Let me get an idea. Since Ms. Walker left
14 employment at SCANA Services, have you had the
15 occasion to talk with Ms. Walker?

16 A Yes.

17 Q Approximately how many times, would you say?

18 A Five or six.

19 Q And in general, how did those conversations come
20 about? Did you call her? Did she call you?

21 A Probably a mix of both. There were no phone
22 calls, just to clarify.

23 Q What type of communication was it?

24 A We would meet for lunch to talk about personal
25 matters, just to catch up and that type of thing.

1 A few, you know, written hellos and that kind of
2 thing, text or that kind of thing, but no -- there
3 were no phone calls.

4 Q Have you had one of those meetings since her
5 deposition was taken?

6 A No -- well, I guess I don't know exactly the
7 last -- I don't know exactly when her deposition
8 was taken. I last saw her, I went to lunch with
9 her in May.

10 Q Do you know if that was before or after the
11 transcript of her voice mail that she left for
12 Santee Cooper's Marion Cherry was published in the
13 paper?

14 A I have no idea.

15 Q Have you ever discussed that voice mail with her?

16 A No.

17 Q Have you yourself read the newspaper stories about
18 that voice mail?

19 A Yes.

20 Q How did you become aware of it?

21 A Become aware of what?

22 Q The voice mail itself. Was it through the paper?

23 A Through the paper.

24 Q What was your reaction, if anything, to reading
25 that voice mail?

1 A I was not surprised.

2 Q What were you not surprised about?

3 A Her general feelings towards senior management. I
4 was surprised by the content. I had -- there
5 were -- and I don't recall everything in it.
6 There was lots in the voice mail I had never heard
7 before, but the tone and her general displeasure
8 with senior management was not surprising. The
9 content, I can't speak to.

10 Q What about the content that you didn't know before
11 that you learned from the voice mail?

12 A I haven't listened to the voice mail since it
13 first came out in the newspaper, so I don't even
14 recall specifics from it.

15 Q Let me ask you, was there anything in the voice
16 mail or the transcript you read of it that you saw
17 and disagreed with or thought was incorrect?

18

19 MR. CHALLY: Object to form.

20

21 Q That's one of the objections for the record.

22 A Okay. Okay.

23 Q Unless they instruct you not to answer --

24 A Sorry.

25 Q -- do the best you can.

1 A Can you ask the question again, then?

2 Q Yeah. Was there anything in the voice mail upon
3 reading the transcript that you saw that you felt
4 that you disagreed with?

5

6 MR. CHALLY: Same objection.

7

8 A I wouldn't feel comfortable answering that unless
9 I had heard it more recent. I mean, I haven't
10 listened to it until it first came -- or since it
11 first came out, and I think that was last fall.
12 So it's been quite some time.

13 Q And I'm going to ask a question now shifting to
14 your employment history. I don't know if it will
15 be easier for you to, I guess, start when you
16 finish school and go forward --

17 A Sure.

18 Q -- or start with today and go backwards. Is there
19 one you would prefer?

20 A I'll start with my education.

21 Q Okay. Go and do that for us, then.

22 A I graduated from Converse College in 2008 with a
23 BS in accounting and a minor in religion. Then I
24 graduated from the University of South Carolina in
25 2009 with a Master's of Accountancy with a

1 concentration in business measurement insurance.
2 And then in February of 2010, I was licensed as a
3 certified public accountant with the state of
4 South Carolina. I joined Burkett, Burkett &
5 Burkett CPAs in West Columbia. I did several
6 summer internships through undergrad with them and
7 joined full time following my undergraduate
8 degree. Worked part time during graduate school
9 and then started in summer of 2009 full time.
10 Worked there until I joined the NND project in
11 September 2010 as a junior accountant, and stayed
12 on the project through September of 2016. And
13 then I joined the audit services department of
14 SCANA in September of 2016 and finished my time
15 there in June of 2018.

16 Q What brought about the change from the NND to the
17 audit services?

18 A The majority of my job on the project was audit
19 based. And when the contract was going fixed, I
20 anticipated there to be a reduction in audits
21 performed, given the contract changed. We did not
22 have rights to audit fixed-price, and that was my
23 area of expertise and my favorite part of the job,
24 so I transitioned to our audit services
25 department.

1 Q How did you come to leave audit services in June
2 of 2018?

3 A My husband also worked for SCANA and accepted a
4 position in another town and we moved from
5 Columbia.

6 Q I believe we covered this. When you were at
7 SCANA, what entity was signing your paycheck?

8 A SCANA Services.

9 Q Did that ever change while you worked there?

10 A No.

11 Q If we don't need to, I'm not going to ask you for
12 a specific number, but I'm just wondering how your
13 personal compensation was captured at SCANA.

14 A It was salary based.

15 Q During your employment, were you entitled to
16 receive any bonuses?

17 A Yes. I was part of the standard bonus program
18 that non-managers were eligible for. It was the
19 standard one.

20 Q And just in general, how did that work?

21 A You were either in three, five, seven -- three,
22 five or seven percent of your compensation. If
23 you met your goals that were personally assigned
24 and then part of it was tied to EPS.

25 Q When you say EPS, for the record, what does that

1 mean?

2 A Earnings-per-share.

3 Q And that would be the earnings-per-share of the
4 SCANA stock?

5 A The overall -- yes.

6 Q Who would be responsible for reviewing whether you
7 would be entitled to a bonus or the amount of it?

8

9 MR. CHALLY: Object to form.

10

11 A I mean, I know for certain my direct boss would
12 have. I'm not sure if it extended beyond that.

13 Q Who was your direct boss at the time?

14 A Shirley Johnson, while I was on the project. Of
15 course, I had someone different when I was in
16 audit services.

17 Q For the nonmanagement employees bonus pool or
18 bonus structure that you were a part of, was there
19 any time that the nuclear project -- the progress
20 of the nuclear project was tied to your bonus?

21 A My goals were always project-based, given that was
22 the scope of work I performed. But in terms of --
23 you asked progress of the nuclear -- like --

24 Q The project itself. I'll make it a little
25 broader.

1 A Yes, my goals were project related, tied to the
2 project.

3 Q And if you were to bury down on that a little bit,
4 how would they be tied to the project?

5 A I guess I don't understand. I mean we had
6 specific goals set at the beginning of a calendar
7 year that related to the specific work that was
8 performed by each employee. So if someone did one
9 function, they might have a bonus goal tied to
10 that. Somebody else did a different function,
11 they would have a bonus goal tied to that. It was
12 all based on what you - I can't remember the
13 buzzword - but, you know, had the ability to
14 influence. I mean, it was based on my work
15 performed, for the most part, or our teams'.

16 Q And so I want to focus on your time at NND. What
17 was your official job title on that -- while you
18 were on that project?

19 A I started as a junior accountant; was promoted to
20 an accountant. And then when I left the project,
21 my title was senior accountant.

22 Q Throughout those changes, did your actual job
23 responsibilities change?

24 A I worked with similar items as I progressed up. I
25 had maybe more leadership roles, in terms of

1 review of other people's work papers and things
2 like that. Increasing ownership of processes and
3 so forth, but my similar -- my actual duties
4 remained pretty consistent throughout the project.

5 Q Can you give us a good explanation of what your
6 duties would have been?

7 A Sure. There were three main types of work I
8 performed. One of them being I performed audits
9 of the contractors of CB&I/Shaw and Westinghouse.
10 The contract gave us specific rights to invoice
11 various types of charges from the contractor and
12 we would perform audits out in the field. And the
13 second one would be I worked with the Office of
14 Regulatory Staff. They had -- the process changed
15 over the years I was there, but in general, by the
16 end, they would come in once a month and had a
17 site tour and had about two days worth of
18 meetings, and I helped facilitate those, helped
19 set agendas for those meetings, provide
20 documentation that was from a set standard list of
21 documentation that was provided electronically and
22 paper format to the ORS, just kind of handled a
23 lot of the interactions that followed up after
24 those meetings. And then a third kind of category
25 was like commercial disputes or negotiations with

1 the contractor, like anything contract related
2 like change orders or amendments. If we were
3 arguing over something, it would maybe involve
4 writing a white paper or helping develop our
5 position from a contractual standpoint, working
6 with the correct subject. You know, if it was a
7 construction issue, talking with construction to
8 understand the issue and working from that
9 perspective on contract related issues. So that
10 was more like ad hoc assignments.

11 Q The first part about audits in the field, explain
12 for us what that would mean you would do.

13 A We had an audit plan that we set at the beginning
14 of the year where we determined what topics we
15 were planning to audit based -- we generally
16 structured it by quarters and we said this quarter
17 we were going to do these, second quarter do this,
18 so forth, subject to change, obviously, given if
19 something came up that we noticed in the field.
20 But we had an audit process that we followed that
21 started off with sending a project letter so --
22 the term project letter is, for clarification,
23 it's a standard anytime information was
24 communicated between the Consortium and SCE&G, no
25 matter what the topic was. If it was, you know,

1 licensing, anything, if it was formally
2 communicated, it would be through a project
3 letter. So it was a sample -- a standard
4 template, but we would use that standard template
5 to send a letter notifying the contractor that we
6 were going to be starting an audit, requested
7 points of contact, you know, based on the subject
8 that we had chosen to start. We would have a
9 kickoff meeting with the relevant parties who were
10 going to be participating in the audit, and that
11 would include either us and Santee Cooper or
12 sometimes just us; audit services sometimes
13 participated. And then we met with the correct
14 points of contact from the Westinghouse or Shaw or
15 CB&I. And in that kickoff meeting, we notified
16 them of what our scope, timeline, general schedule
17 would be; discussed the process, high-level from
18 their perspective, and then we performed fieldwork
19 subsequent to that meeting. And then we created
20 an internal document called an Audit Report and
21 that was for our audit files which just summarized
22 everything, put our findings and recommendations
23 into one document. And then prior to sending a
24 project letter notifying the Consortium of those
25 findings and recommendations, we would have an

1 exit meeting - I guess would be the best word to
2 call it - closure meeting; notify them of the
3 findings; make sure we understood everything
4 correctly and had reported stuff accurately; gave
5 them an opportunity to maybe explain something
6 further if we had misclassified something or, you
7 know, misunderstood something would be a better
8 word. And then following that, we would send a
9 project letter which included recommendations and
10 findings to the relevant audit results to the
11 Consortium, and that would include the standard
12 distribution for those letters. So if it was a
13 construction-based audit or an engineering-based
14 audit or a licensing, you know, we would -- there
15 was a standard distribution list of this is who
16 you sent the letter to kind of thing. And we
17 would send the project letter notifying the
18 Consortium of the results of our audit.

19 Q And then after the audit report had been
20 concluded, would there then be -- what would it be
21 used for? What would happen next?

22 A The audit report was for our internal files. The
23 communication of that audit report was sent via
24 project letter to the Consortium notifying them of
25 what we found and what we were requesting to be

1 changed and improved upon or fixed.

2 Q And in your time on the nuclear project, about how
3 many of those would you say you participated in?

4 A A lot. That was the majority of what I did. I
5 mean, I always had several audits going on at the
6 same time. And I was there for six years, so I
7 can't really put a number to that.

8 Q It was more than a handful?

9 A Yes, yes.

10 Q What about with ORS, can you expand a little bit
11 more about what you would be doing on your action
12 with them?

13 A So prior to their arriving on site for the monthly
14 meetings, we would have a telephone conference
15 call where we would discuss the agenda for that
16 month's meetings and the ORS had the opportunity
17 on that phone call to add anything to the agenda
18 that they requested. And following that
19 conference call, I was responsible for typing up
20 the agreed-upon agenda, which was then
21 disseminated to the SCE&G managers. So in those
22 meetings when the ORS came, there were probably
23 two days worth of meetings. But they met
24 individually with the general manager of
25 construction, licensing, engineering, the

1 different functional groups within the project.
2 And so I would send, for example, the general
3 manager of construction his section of the agenda
4 that related to him so that he had several
5 business days to compile the correct information.
6 You know, sometimes it would be getting reports
7 from out in the field or talking to the subject
8 matter expert of whatever the issue was, but he
9 had several days to compile the documentation to
10 fully answer the ORS' questions the following week
11 at the meeting. And then I sat in on those
12 meetings the following week when they arrived on
13 site. Went on the site tour with them, that was
14 the beginning of their visit. Participated in
15 that where the ORS had full opportunity to see
16 whatever part of the site they could safely see,
17 given what construction activities were being
18 performed. And then we would have the functional
19 meetings throughout the next two days where they
20 had a chance to get the questions on the agenda
21 answered and just have back-and-forth dialogue,
22 maybe things popped up on the site tour that they
23 wanted to discuss or so forth, but that was the
24 forum for those questions to get answered as well.
25 And I took notes. Minutes might be too strong,

1 because they didn't get -- they weren't sent to
2 anybody or formally reviewed, but I recorded notes
3 from all of those meetings. And then following
4 the meetings, I was responsible for making sure
5 that the ORS had requested additional
6 documentation or if a question hadn't been
7 answered that I followed up with the correct SCE&G
8 person to make sure that that outstanding action
9 item was completed and sent to the ORS.

10 Q And the third thing you had mentioned was -- it
11 involved commercial disputes.

12 A Uh-huh.

13 Q Elaborate for us what that involved.

14 A Really, probably a better classification for that
15 topic would be anything kind of contract related.
16 Our team was the contract, controls and compliance
17 team. So if there was a change order or an
18 amendment, somebody from our team would be the
19 lead for that, and that would be facilitating in
20 negotiations with Westinghouse back-and-forth on
21 coming to an agreed price that was approved by
22 senior management. We had a process of approval
23 once a change order was informally agreed to
24 between the two parties, but we would be the lead
25 for those efforts. There were ad hoc assignments

1 like the EAC team or various contract issues that
2 came up. Or it may be -- and I can't even think
3 of any off the top of my head, but something that
4 Westinghouse or the contractor was challenging us
5 on, going back to the contract and reviewing,
6 maybe discussing with our in-house counsel what we
7 believed the correct interpretation based on the
8 contract was for the issue at hand and, you know,
9 typing up the white papers. Just helping develop
10 what SCE&G believed to be the best interpretation
11 and the correct interpretation of the contract
12 issue.

13 Q You mentioned that you would take notes at the ORS
14 meetings.

15 A Yes.

16 Q What would happen to those notes?

17 A The process changed so many times throughout the
18 course of the six years I was there. I don't
19 believe they were ever formally -- I mean, we as a
20 team maintained them and kept them and had our own
21 records, but they were never, that I recall,
22 reviewed by anyone or signed off on. There was
23 never a formal process for what those notes
24 were -- what was done with those notes.

25 Q If I wanted to try to search for them, would they

1 be titled something that I would be able to do a
2 word search for?

3 A Most of them were handwritten, but some of them,
4 towards the end, may have been on SharePoint. I'm
5 not sure.

6 Q If I wanted to go to SCANA's attorneys and say I
7 want to find Ms. Felkel's notes, what guidance
8 would you give in order to try to locate those?

9 A I'm really not sure. I mean, I always titled mine
10 "ORS Notes," but I don't -- I have no idea how
11 other people titled theirs or how or where stuff
12 is stored currently.

13

14 (Whereupon, Organizational Chart was
15 marked Exhibit No. 1 for
16 identification.)

17

18 Q Ms. Felkel, I've handed you what has been marked
19 as Exhibit No. 1. And I'm using this because this
20 is the only chart I found that kind of laid out
21 the structure, I believe, of the department you
22 were in. And I give it to you with the
23 introduction I'm trying to get an idea of the
24 supervisory hierarchy and who worked for what and
25 reported to whom, and I thought this might help

1 you. Let me ask first of all, do you see where
2 yourself -- where you are listed on that
3 hierarchy?

4 A Yes.

5 Q As I see it, you would be reporting to a Shirley
6 Johnson?

7 A That's correct.

8 Q And then Shirley Johnson would report to Carlette
9 Walker?

10 A That's correct.

11 Q How did that structure change while you were
12 there, if at all?

13 A It didn't.

14 Q Kullen Boling, he's listed as a senior accountant.
15 Did you report to him or was he sort of a coequal
16 of yours?

17 A I did not report to him.

18 Q Were there any other persons that would fall --
19 and I asked because of that "future position"
20 there listed. Was there another person listed in
21 that group?

22 A Yes.

23 Q Who would that have been?

24 A This is a very old org chart. So I guess I'm not
25 sure if you want me to give the org chart as I

1 left the project or --

2 Q That would be great.

3 A Kullen left in 2013 and was replaced by Adam Hoey.

4 Q Can you spell that last name for the court
5 reporter?

6 A H-o-e-y. He started January 2014.

7 Q Okay. What else would be different?

8 A Obviously, my -- we already talked about it. My
9 title would have gone from the junior accountant
10 to senior, based on when the work chart was. The
11 "future position" Caroline Whatley was hired. I
12 don't recall the date. She would have started
13 sometime in 2015. And Cindy Lanier was hired. I
14 don't recall the dates. I don't want to misspeak,
15 but . . .

16 Q Would Ms. Whatley and Ms. Lanier also fall under
17 Shirley Johnson?

18 A Yes.

19 Q Did Shirley Johnson remain in that position the
20 entire time you were there?

21 A Yes.

22 Q And Carlette Walker, was she -- or let me ask you
23 a better question. Was she in that position the
24 entire time you were on the project?

25 A No.

1 Q How is it different or who else had that position?

2 A Betty Best was named the interim. I think her
3 title was -- I don't want to misspeak. I don't
4 remember what her actual title was. It was - I
5 don't believe was the vice president level - but
6 she was brought in sometime in 2016 as the interim
7 for that role.

8 Q Did she remain in that role while you remained
9 employed at SCANA?

10 A She remained in that role until I left NND.

11 Q Okay, that's correct. When you left SCANA
12 Services, you stated it was because you were
13 relocating?

14 A Yes.

15 Q So did you resign from SCANA? Is that the right
16 way to put it?

17 A Yes.

18 Q Did you receive any sort of severance package when
19 you left?

20 A No.

21 Q Did you sign any nondisclosure agreements when you
22 left?

23 A I did not.

24 Q Do you know if you had signed any during your
25 employment at SCANA Services?

1 A I don't recall what it was called, but there was a
2 standard form that anyone on the project was
3 required to sign in order to get a copy of the
4 contract. But I'm not sure if that's even what
5 you're referring to.

6 Q Was that specifically in order to get a copy of
7 the contract or did you have to --

8 A Yes, and to be an employee on the project. There
9 was a standard form that I believe everyone on the
10 project had to sign.

11 Q In your lunches with Ms. Walker, did you ever
12 discuss her Nondisclosure Agreement?

13 A No.

14 Q Did you ever discuss her severance package?

15 A No.

16 Q Have you heard from anyone else details of either
17 her Nondisclosure Agreement or severance package?

18 A Yes.

19 Q What have you heard?

20

21 MR. CHALLY: Object to form. And I'm going
22 to instruct the witness not to answer that
23 question to the extent it would require you to
24 divulge information that you learned from counsel
25 for SCANA or SCE&G.

1

2 Q I don't want any information any of the lawyers
3 here may have told you about it. I'm just curious
4 if you had discussions with other SCANA people
5 about what that severance package would entail.

6

7 MR. CHALLY: And to be clear, Ms. Felkel, my
8 objection applies beyond just the lawyers on this
9 side of the table and would include lawyers who
10 are in-house at SCANA or SCE&G. Maybe you should
11 ask where she learned that information from.

12

13 Q I'm trying to get that without getting it from the
14 lawyers, so that might be a better way to do it.

15 How did you get that or who gave you that
16 information?

17 A Al Bynum.

18 Q Al Bynum. What is your understanding of
19 Mr. Bynum's role at SCANA?

20 A He's in-house counsel for the nuclear project.

21 Q When would you have had that conversation with
22 Mr. Bynum?

23 A Shortly after Carlette left the project.

24 Q What were the circumstances under which that would
25 have come up?

1

2

MR. CHALLY: I want to object just to make
this clear. Ms. Felkel, I'm going to instruct you
not to answer the question to the extent that it's
requiring you to divulge the information -- excuse
me, to the extent that answering that question
would require you to divulge the substance of your
communication with Mr. Bynum. If there's a way
you can answer that question without revealing
substance, feel free.

3

4

5

6

7

8

9

10

11

A It was in casual conversation and of no -- at no
time did I formally review any HR records or
anything in writing from a company perspective.

12

13

14

Q When you left SCANA's employment, did you take
copies of any work documents or materials with
you?

15

16

17

A Not that I remember, no.

18

19

20

21

Q Since you left employment with SCANA, besides the
lunch meetings we've covered with Ms. Walker, have
you had any other discussions or contact with
current or former SCANA employees?

22

A Since I left SCANA?

23

Q Yes.

24

25

A I mean, I've had lots. Are you asking about a
specific?

1 Q I just wondered if you stayed in touch or if there
2 was --

3 A Yes, I've stayed in touch with several coworkers.

4 Q Have you exchanged any materials related to the
5 project during those contacts?

6 A No.

7 Q Were any of those former employees attorneys like
8 Mr. Bynum?

9 A No, I have not stayed in touch with any attorneys.

10 Q In those conversations, has the topic of any of
11 the lawsuits against SCANA come up.

12 A High level and generally, yeah.

13 Q Explain what you mean by that.

14 A I mean just typical office conversation about, you
15 know, "I can't believe we're here. This is what
16 it came to." You know, that kind of stuff, that
17 kind of talk, but nothing specific or detailed of
18 any nature.

19 Q Well, explain what you meant by it "coming up."
20 If you would, just elaborate a little bit on that.

21

22 MR. CHALLY: Objection to form.

23

24 A I mean, I think everybody on the project who
25 worked hard over all those years is disappointed

1 that this is where the project ended up, so just
2 of that nature.

3 Q In any of those discussions with SCANA employees,
4 has the topic of criminal prosecution come up?

5 A Yes.

6 Q What was said?

7 A Just discussion of what we've read in the
8 newspapers and -- I mean, I personally know no
9 facts or anything related to that, but just -- I
10 hate to keep saying it, but high-level like, you
11 know, wonder how this is going to turn out kind of
12 conversation, I guess.

13 Q Did any specific members of SCANA's managements'
14 names come up in that conversation?

15 A Yes.

16 Q Who would that have been?

17 A It would be Jimmy, Steve, and Kevin.

18 Q For the record, can you tell us who those
19 individuals are.

20 A Jimmy Addison, Kevin Marsh and Steve Byrne. Kevin
21 Marsh, obviously, the former CEO. Jimmy Addison
22 the current CEO, former CFO during the project.
23 And Steve Byrne, I believe his title was COO and
24 President of SCE&G. And to be clear, those names,
25 just given what all has been in the newspaper, not

1 from any inside knowledge or beliefs or opinions.

2 Q At your time on the NND project, did you have any
3 interaction with Santee Cooper employees?

4 A Yes.

5 Q Who would have been -- who would you have been
6 interacting with at Santee Cooper?

7 A Marion Cherry and various members of the audit
8 staff.

9 Q Besides Marion Cherry, who would have been some of
10 those other audit staff?

11 A Oh, and Marion Cherry's boss, Mike -- Michael
12 Crosby. I'm sorry, what was the question you
13 asked before that? The audit staff?

14 Q Yeah. Who else would you have interacted with?

15 A Primarily Michelle Leonard, and I don't know her
16 title.

17 Q What would be the substance of y'all's
18 interaction? What would it be about?

19 A Every year during the audit plan, the development
20 of it and then the execution of, Santee Cooper
21 participated and was -- or was aware that they
22 didn't attend the kickoff meeting of the different
23 audits we were performing on-site. And we, the
24 business and finance team, extended them the offer
25 to participate from start to finish, and whatever

1 audits they so choose. And typically, they chose
2 a few a year to participate in. So when that was
3 the case, Michelle would come and go to all the
4 meetings, participate in the fieldwork, review
5 work papers, that sort of thing. And it was
6 generally Michelle.

7 Q Since you left employment with SCANA, have you had
8 any discussions with any of those Santee Cooper
9 employees?

10 A Regarding?

11 Q Just in general, have you had contact with them?

12 A Marion Cherry.

13 Q And would these be phone calls, lunches, text?

14 A Group lunch of a personal nature. We didn't
15 discuss anything detailed about the project at
16 all.

17 Q Have you ever had any discussions with any persons
18 that are related to South Carolina Law Enforcement
19 Division or SLED regarding your time at employment
20 at SCANA?

21 A No.

22 Q The same question with relation to the FBI?

23 A No.

24 Q Securities and Exchange Commission?

25 A No.

1 Q Any members of the state legislature?

2 A No.

3

4 MR. HALTIWANGER: We've been going for just
5 about an hour. I try to every hour check to see
6 if the witness wants a break. If you're fine
7 continuing, we can continue. Or if you'd like to
8 take a break, we can take a break.

9 THE WITNESS: I'm fine to continue.

10 MR. HALTIWANGER: Okay.

11

12 BY MR. HALTIWANGER:

13 Q As part of your employment at SCANA, did you ever
14 have any role with the presentations being made to
15 the Public Service Commission?

16 A Can you clarify which presentations?

17 Q Well, let me just start with any presentation.
18 I'm just trying to figure out if you had any role
19 in preparation of materials related to the Public
20 Service Commission?

21 A I mean, materials, yes. I don't know what's
22 defined as a presentation. I mean, on a monthly
23 basis there was a standard set of documents that
24 we provided, electronic copies and paper copies,
25 and I was responsible for compiling and

1 transmitting that information to the ORS. Or if
2 they had ad hoc request throughout the months in
3 between their visits of something they were
4 wanting to get a copy of, either me or someone
5 from our team -- Shirley's team would be
6 responsible for obtaining that documentation and
7 providing it to them, generally. We were who they
8 came to. And then I had some review - And
9 compilation might be too strong of a word - but
10 some review and involvement in the BLRA reports
11 that were provided to the PSC.

12 Q For somebody not familiar with the project, can
13 you explain what a BLRA report would be?

14 A That's Base Load Review Act report that -- I don't
15 know contractually what the document was that
16 required we file, but we filed quarterly reports
17 providing an overview of where the project was and
18 it had various sections for each of the functional
19 areas like construction, engineering, commercial,
20 so forth.

21 Q With the documents sent to ORS, the standard
22 documents, what would they be titled if I wanted
23 to search for this?

24 A There was a pretty big list and I don't -- they
25 all had standard names, but, I mean, it was a

1 pretty exhaustive list, so I don't remember
2 exactly. There's no way I could list them all, so
3 I'm not sure.

4 Q Well, what were some of the most common titles?
5 I'm just looking to see, if I wanted to track them
6 down, how would I find them?

7 A Titles were so -- monthly meeting minutes from
8 project review meetings. There were a lot of,
9 like, metric type reports provided by
10 construction; corrective action reports provided
11 by that group, CRs; a lot of very technical-heavy
12 documents that I knew enough to provide them
13 because they were on the list, but that I had no
14 interaction in compiling or reviewing. I was just
15 the transmitter.

16 Q What about with preparation for testimony before
17 the Public Service Commission related to rate
18 increases, were you involved with those?

19 A No, very, very minimally. I mean, if ever, it was
20 to provide a status on where change orders were.
21 Because depending on were they approved or not
22 approved, those would have obviously have been
23 included. So other than just miscellaneous
24 questions on where change orders were and
25 estimates of those related to those, I would have

1 had zero involvement in individual prep or any of
2 that.

3 Q So you would not have had any participation in
4 preparing Carlette Walker's testimony before the
5 PSC?

6 A No.

7 Q Have you ever spoken with Ms. Walker about her
8 testimony in front of the PSC?

9 A Yes, I mean, she testified many times over the
10 years. I mean yes.

11 Q Well, let me ask you about her testimony in 2015.
12 Has she ever talked to you about that specific
13 testimony in front of the PSC?

14 A No.

15 Q In the lunch meetings you've had with Ms. Walker
16 since she had left SCANA, has the topic of her PSC
17 testimony ever come up?

18 A No.

19 Q Jumping around a little bit. I've heard the term
20 PF with respect to some of the construction work
21 and the auditing involved on the construction
22 project. What is your understanding of what PF
23 would be?

24 A Productivity factor. It would be an indication of
25 how productive the labor was out in the field. So

1 for every hour of work they -- and I never
2 calculated PF, to be clear, but, you know, the
3 theory is a one productivity factor is most
4 efficient or is, you know, the center point. If
5 you are above a one, you were not as -- it took
6 you longer than that hour to complete that hour of
7 work. Or if you were below a one, you were more
8 efficient and you maybe did an hour of work in 40
9 minutes. So below one PF meant you were operating
10 above efficiency and above a one was you were
11 operating below efficiency or poor efficiency.

12 Q In your job as an auditor in this project, was PF
13 something that you ever would be auditing or
14 looking at?

15 A No, I never --the PF was looked at in the EAC team
16 in that exercise, but at no time did my job duties
17 ever require me to review, calculate, analyze or
18 anything with the PF factor or the PF.

19 Q Who on the team would have been looking at that?

20 A I don't -- there were five of us on the team. We
21 all kind of divvied up different pieces of that
22 exercise. It was done in 2014, so we all
23 discussed, we all came to group conclusions and a
24 group -- you know, that kind of thing, but I
25 don't -- I have no recollection of who

1 specifically was assigned that specific piece or
2 if that was even a piece that was divvied out or,
3 you know, I don't have any recollection of which
4 person would have been assigned the task.

5 Q When you say "five people on that team," would
6 that have been the EAC team?

7 A Yes.

8 Q Who would have been on the EAC team?

9 A Ken Browne, Sheri Wicker, me, Kevin Kochems and
10 Kyle Young.

11 Q How did the EAC team come about? What was the
12 background on that?

13

14 MR. CHALLY: Object to form.

15

16 A That would have been above my authority, so to
17 speak. But the -- I just know what assignment we
18 were given as a team. I don't know what the
19 purpose or reasoning for why it was done, when it
20 was done or anything like that. I just know that
21 the team was put together and we were told to
22 perform the exercise.

23 Q What was the exercise?

24 A To review documents provided by Westinghouse.
25 The, I guess, high-level intent was to "open up

1 their books," let us have a deep dive at reviewing
2 all of the documentation and their assumptions and
3 calculations with the end goal being to calculate
4 the total cost for what the plants were going to
5 take to be complete going forward from that
6 exercise. So there was a kickoff meeting from
7 Westinghouse and then our team was -- worked for a
8 couple months exclusively on that endeavor.

9 Q Who would you say would be the person at SCANA
10 most knowledgeable about that work?

11

12 MR. CHALLY: Object to the form.

13

14 A We were all participants. I mean, I don't -- I
15 don't want to classify who's qualified to do what.
16 That's, I mean --

17 Q But you --

18 A -- I don't understand what you're asking.

19 Q Yeah, yeah. I'm just trying to see -- for
20 instance, you said you didn't have information
21 about the background on how it came to be, and
22 that's what I'm looking. Who would be the person
23 most knowledgeable about that?

24

25 MR. CHALLY: Object to form.

1

2 A I don't know, so I can't. I just know I don't
3 know what -- what the reason for the start of that
4 exercise was, so.

5 Q Well, who would you go to if you wanted to find
6 that information out?

7 A I would assume Carlette would know that answer.

8 Q What was the start date for the EAC team?

9 A Summer of 2014, either late July or early --
10 sometime midsummer of 2014.

11 Q Did I understand that for the time you were on the
12 project, that was pretty much your full-time work
13 at the site?

14 MR. CHALLY: Object to form.

15

16 A The EAC team?

17 Q Yeah.

18 A No. That was one assignment that lasted maybe two
19 or three months. And during the time that
20 exercise was being performed, we were segregated
21 and, you know, that was our sole responsibility
22 and sole focus during that time period. To be
23 clear, there were two EAC reviews that were
24 performed over the course, and I only was involved
25 in the 2014 one.

1 Q When did the other one occur?

2 A Later after I left the project -- or I don't
3 recall the start of when it was, but it was
4 subsequent to this, later.

5 Q Do you know who was on that team?

6 A The only person I know for a fact would have been
7 Joey Gillespie.

8 Q Is it your understanding that it was a similar
9 purpose as the EAC review that you undertook?

10 A I don't want to speak to the purpose of it since I
11 wasn't given the task formally myself.

12 Q How did you come to learn about that review, if
13 you weren't a part of it?

14 A I mean, these reviews required extensive review
15 and pulling of documents. So, I mean, a lot of
16 people would have just naturally been aware of,
17 you know, those requests.

18 Q Do you remember when your EAC review was
19 completed?

20 A I believe it was October of 2014.

21 Q And upon completion, what would occur?

22 A There was a presentation made to executive
23 management that I was not a part of, but some of
24 the members of the EAC team were. And our
25 conclusions and final thoughts were communicated

1 to senior management.

2 Q Who would have made that presentation?

3 A The only person I know of for a fact was Ken
4 Browne. I remember there were two people and I
5 don't -- I don't remember who the other person
6 was.

7 Q Who would have been in management that received
8 the presentation?

9 A I don't remember.

10

11 MR. CHALLY: Object to form.

12

13 Q Does Ken Browne spell Browne with an E?

14 A Yes.

15 Q After the EAC review that you worked on was
16 completed, did you receive any other further
17 contact related to it?

18 A I don't believe so, not that I remember.

19 Q Did the EAC review result in anything that would
20 be generally described as action items or, you
21 know, things to be done?

22

23 MR. CHALLY: Object to form.

24

25 A I wouldn't have been in the meetings with the

1 senior executives to know what they did or didn't
2 put action items on.

3 Q As part of the EAC review, was there an actual
4 date of completion that was determined or
5 estimated?

6 A The way the documents were provided to us by
7 Westinghouse, it was under the assumption of two
8 different guarantees of substantial completion
9 dates. So there were two different scenarios we
10 were evaluating and the cost for each one and what
11 it would be based on those dates.

12 Q Okay. What was the first area? Or one of the two
13 -- I don't know if there . . .

14 A I don't remember the dates of either of them.

15 Q What about -- as part of the EAC review, was also
16 cost looked at as well?

17 A Yes.

18 Q And in what respect? If you could elaborate.

19 A I mean, that was the whole goal of what we were
20 looking at was to get a final cost of these
21 plants, given the set of guaranteed substantial
22 completion dates or this set of guaranteed
23 substantial completion dates for the two
24 scenarios. And so what we were tasked with was
25 looking at information provided by Westinghouse

1 and their assumptions and how they calculated
2 their numbers and whether we were in agreement or
3 disagreement on their either assumptions or
4 calculations and numbers. So we were looking at
5 information provided to us and whether we were --
6 we believed they were entitled or not entitled and
7 whether they were calculated properly.

8 Q And you're the first person I've talked to about
9 the EAC, so a lot of these questions may be
10 ignorant, but so Westinghouse was supplying you
11 information about when they believed the project
12 would be completed or the cost that it would take
13 to complete it or both?

14 A Both. In their -- it was, I guess the best way to
15 describe it would be have them prove to us what
16 their most reasonable and accurate estimate or
17 cost and schedule for those two scenarios would
18 have been and walk us through, help us understand
19 start to finish how they got to that number. And
20 then our job was to assess whether we were in
21 agreement with how they calculated that
22 information.

23 Q At the time the EAC team review was completed,
24 were you in agreement or was there a discrepancy?

25 A I mean, the way it was set up is there were

1 different buckets of dollars and there were
2 definitely dollars in various buckets that we did
3 not think they were entitled to that they had
4 included in their estimate or there were buckets
5 of dollars that we thought should have been in the
6 estimate that they didn't include. So it was an
7 exercise in -- you know, materiality played a role
8 trying to determine whether -- with the
9 information we were given, but, yes, there were
10 different buckets of dollars that we were in
11 disagreement with some of their assumptions or
12 calculations or . . .

13 Q And can you give me an example of what a
14 disagreement was?

15 A One example would be their assumption based on
16 availability of craft labor, you know. And this
17 is -- I don't want to say fictional, that makes
18 it -- I'm talking high-level as an example to
19 provide an illustration. You know, they would
20 have had an assumption in some of their
21 calculations for how many extra craft workers they
22 needed if they were going to add a night shift,
23 for example, to increase productivity. They may
24 have assumed they could get -- And this is the
25 fiction I'm just using for illustrative purposes.

1 They may have assumed they could get 500 welders
2 in the next six months to come go through the
3 on-boarding process, get on site and start
4 creating productive work past the safety, you know
5 all the on-boarding stuff, and start being
6 productive. And assumptions like that, for
7 instance, we were in disagreement that they
8 could -- you know, we had had a difficulty in
9 getting craft productivity to site that was
10 qualified and knowledgeable, all that kind of
11 thing, just from a numbers perspective. So that
12 may have been an assumption that we thought was
13 too ambitious or, you know, so forth. And so what
14 we would attempt to do is counter with them a more
15 reasonable example or calculation or whatever the
16 assumption was that we disagreed with. We would
17 try to put a number to what we felt was the more
18 accurate example or estimate.

19 Q And so from sort of a high-level analysis, was it
20 part of the EAC team's job is, in effect, was
21 Westinghouse is giving us these numbers about
22 completion date and cost and the EAC team was
23 going to go look at historically what had occurred
24 at the site and make a determination about whether
25 those future projections were consistent with

1 historical performance?

2 A Yes, and reasonable going forward or sometimes
3 even just the mere calculation of how something
4 was, whether we agreed with how it was, you know,
5 actually calculated. There were a bunch of -- it
6 was a very extensive exercise, so, I mean, that
7 was the case in some of it and some of it, it was,
8 you know, more ticking and tying numbers, that
9 kind of thing.

10 Q Was PF part of that analysis?

11 A Yes.

12 Q What do you recall about the proposed numbers
13 involving PF from Westinghouse compared to what
14 y'all looked at as historical numbers?

15 A In their presentation to us, they promised to
16 lower PF to a certain number and to do it over a
17 six-month period. And our team did not agree that
18 they could do that over the six-month period. And
19 we calculated what we -- I say we. I don't recall
20 specifically making that calculation, but our team
21 determined a more accurate -- what we thought to
22 be a more accurate PF factor and then tied the
23 numbers, you know. I remember there was a bucket
24 of dollars associated with the extra cost
25 associated with what we thought was the more

1 reasonable PF factor, given their past
2 performance, Westinghouse's. We didn't think they
3 can attain the PF factor that they promised in the
4 presentation, and they didn't. So they promised
5 it within the first six months after that
6 presentation and six months came and went and the
7 PF factor did not get to that point that they had
8 promised.

9 Q So as a member of the EAC team, do you think y'all
10 were right, based on the subsequent performance by
11 Westinghouse?

12 A We were right that they didn't attain what they
13 promised PF-wise in that presentation, yes. I
14 don't recall what the PF factor actually was at
15 the end of that six-month, if we were right on
16 what our estimated PF was, but we were right that
17 they didn't attain their number, their estimate.

18 Q Any other examples besides PF that you recall?

19 A Examples of what, exactly?

20 Q Elements of the review and Westinghouse proposal
21 that where the review said we don't agree with the
22 proposal; we think it's going to be something
23 different.

24 A I recall there was a slide in their presentation
25 that were high-level cuts. They called them the

1 Woodland cuts which was the headquarters for, I
2 believe -- it was Woodlands, Texas was one of the
3 headquarters of, I believe CB&I, but there were
4 cuts made from the cost estimate that we didn't --
5 we tried to find out what the basis for them were
6 or the assumptions or the reasoning, and we
7 weren't able to determine that.

8 Q I'm not sure I follow you. Does that mean when
9 Westinghouse was making its presentation, there
10 was like a cost item for Woodlands?

11 A Uh-huh.

12 Q And they said it's currently X and we're going to
13 lower it to Y, the same way with PF factor?

14 A Uh-huh.

15

16 MR. CHALLY: You need to verbalize "Yes" or
17 "No".

18

19 A Yes.

20 Q Okay.

21 A In the initial kickoff meeting for this exercise,
22 there was a presentation made to SCE&G of what
23 Westinghouse is promising and how they were going
24 to get there. And then that was the basis of the
25 information, you know. We would take that

1 high-level information and work with the -- our
2 expert from Westinghouse who compiled that
3 information and digged deeper in how did they kind
4 of build up the calculation of how that number got
5 to the slide. And so in probably every bucket
6 there were things we agreed and disagreed with. I
7 mean, it was a -- it wasn't really a precise
8 science from either side, but there was still we
9 had to make a judgment on entitlement versus not
10 entitled to various buckets of dollars. I
11 remember a lot of discussion was based on module
12 delays and that's, you know, the buzzword of the
13 project, but we held the position that we were not
14 responsible for delays -- SCE&G was not
15 responsible for delays related to structural
16 modules. They put dollars in there that assigned
17 us that responsibility of costs and so forth. And
18 that was something that came up pretty
19 consistently in that review.

20 Q When you say "that was something that came up
21 consistently," can you elaborate on what that was?

22 A Dollars associated with structural module delays.

23 Q For somebody not familiar with the project, how
24 would you describe what the structural module
25 delays were? What did they involve?

1 A Well, the plant was being built. Easiest way to
2 explain it is like a modular house where modules
3 were being created and put together on off-site
4 facilities and then were to be shipped to site for
5 installation into the plants. And many of those
6 modules ended up not being delivered or delivered
7 late, and so it's a chain -- chain of -- a chain
8 reaction to create a bunch of other delays that
9 created an increase in dollars. So there's the
10 fundamental legal argument of who's responsible
11 for those structural module delays. And there
12 would be dollars attached to that -- there were
13 dollars attached to those delays in the EAC. And
14 SCE&G held the position that we were not
15 responsible for those module delays.

16 Q Do you know what the ultimate outcome was about
17 who was determined to be responsible?

18 A No.

19 Q You had mentioned a slide that included the
20 Woodland cuts. Was this a PowerPoint slide?

21 A Uh-huh.

22 Q If I wanted to find that PowerPoint, how would you
23 describe it for me?

24 A It was a PowerPoint made to SCE&G's EAC team and
25 executives to kickoff the EAC exercise and served

1 as the beginning point of our analysis.

2 Q Was that prepared by Westinghouse?

3 A Yes.

4 Q Besides the issues of PF and the Woodland cuts we
5 talked about, any other areas of disagreement you
6 recall as a result of the EAC?

7 A I don't recall any more, specifically.

8 Q During your time at SCANA, would you have the
9 occasion to interact with senior management?

10 A Very limitedly, no.

11 Q Under what circumstances would you be interacting
12 with them?

13 A I don't recall ever having personal interaction.
14 Occasionally, they would be in meetings I would be
15 in, but I don't recall ever speaking to them
16 directly about an issue.

17 Q Would you have ever had any direct interaction
18 with Marty Phalen?

19 A No.

20 Q At the time you left SCANA, was Marty Phalen still
21 employed there?

22 A I wouldn't know him if he walked past me, so I
23 never had any interaction with him of any kind, so
24 I don't . . .

25 Q Have you heard whether or not he had left the

1 company?

2 A No, I had not heard one way or the other.

3 Q What about Mark Cannon, did you ever have any
4 interaction with him?

5 A I did not.

6 Q Do you know if he is still employed by SCANA?

7 A He is not.

8 Q What do you know about his departure?

9 A I don't know anything.

10 Q Do you know if he left or if he was terminated?

11 A I don't know.

12

13 MR. HALTIWANGER: Again, I'll offer you a
14 break.

15 THE WITNESS: I'll take it this time.

16 VIDEOGRAPHER: We will now go off the record.
17 The time is approximately 2:28 p.m.

18

19 (Off the Record)

20

21 MR. SMITH: I'd just like to note that I've
22 got to leave the deposition by around 4:15 and Ian
23 Weschler, that's W-e-s-c-h-l-e-r, assistant
24 attorney general in our office will be
25 substituting for me. And I don't want to

1 interrupt the deposition when he comes in and I go
2 out. I just wanted to note that.

3 VIDEOGRAPHER: We are now back on the record.
4 The time is approximately 2:41 p.m.

5

6 BY MR. HALTIWANGER:

7 Q Before we took the break, we were talking about
8 the EAC review and team and report. Let me ask,
9 were there any attorneys on the EAC team?

10 A No.

11 Q Did the EAC team report to any in-house counsel?

12

13 MR. CHALLY: Object to form.

14

15 A I don't remember if we consulted with them or not.

16 Q Did you personally ever have any interaction with
17 SCANA counsel involving the EAC report?

18 A I don't remember if I did or not.

19 Q Were there any lawyers on the team?

20 A No.

21 Q Did you ever make any presentation to anybody
22 involved with SCANA legal -- or, excuse me, any
23 lawyers involved with SCANA?

24

25 MR. CHALLY: Object to form.

1

2 A I don't remember.

3 Q You don't recall having ever done that?

4 A About the EAC or --

5 Q Yeah, about the EAC work.

6 A I don't remember if we ran anything by in-house
7 counsel.

8 Q So you don't have any specific memories about
9 making any presentation --

10 A No.

11 Q -- or supplying materials to any SCANA in-house
12 lawyers?

13 A No.

14 Q There's been a lot of press coverage of the
15 nuclear project. I think you referenced you
16 followed some of it.

17 A Yes.

18 Q One of the things that's been in the press is a
19 discussion about a report from a company called
20 Bechtel. Well let me ask, did you have any role
21 with Bechtel's review at SCANA?

22

23 MR. CHALLY: Object to form.

24

25 A No.

1 Q Were you aware of Bechtel doing any work for SCANA
2 prior to seeing that information in the press?

3 A Yes.

4 Q What were you aware of?

5 A That they were on site to perform a review of the
6 projects' current status.

7 Q Would the EAC team or project have had any
8 relation to Bechtel?

9 A No, those were not tied.

10 Q Do you know when Bechtel first became involved?

11 A I don't remember the date.

12 Q Do you recall if it was before or after you did
13 the EAC work?

14 A I don't remember.

15 Q Jumping back to the EAC. Were there any Santee
16 Cooper employees involved on the team?

17 A There were no formal members on the team that were
18 Santee Cooper, that I recall.

19 Q As part of your work, did you interact with Santee
20 Cooper employees in order to get information or to
21 review conclusions?

22 A I don't remember what Santee Cooper would or would
23 not have reviewed in relation to the EAC team.

24 Q When you made -- or whenever the EAC team
25 presented its final findings or conclusions was

1 that presentation made to Santee Cooper?

2 A I wasn't in that presentation, so I couldn't
3 answer that.

4 Q Do you know who would be able to answer that for
5 me, if I wanted to find out?

6 A The only person I know who was in that
7 presentation with certainty was Ken Browne.

8 Q Jumping back to Bechtel. Can you give me your
9 understanding of what Bechtel's role was out at
10 the project?

11

12 MR. CHALLY: Object to form. And I'll
13 object. I've allowed counsel to ask a series of
14 questions related to Bechtel to establish what's
15 been acknowledged or lack thereof related to it.
16 I'm happy to allow you to ask additional questions
17 and not instruct the witness not to answer, to the
18 extent you're trying to establish certain
19 foundational facts. But to the extent you're
20 investigating into the substance of Bechtel's
21 analysis or any of its conclusions, as you well
22 know, we believe that material to be privileged
23 and work product.

24 MR. HALTIWANGER: Well, let me ask, are you
25 aware of any of the -- your objection is for me to

1 try to get into the conclusions and
2 recommendations of Bechtel?

3 MR. CHALLY: Yeah, the substance of the
4 review and specifically the conclusions and
5 recommendations.

6

7 BY MR. HALTIWANGER:

8 Q Let me ask, Ms. Felkel, do you have any knowledge
9 about the substance of the conclusions of the
10 review of Bechtel?

11 A I did not read the Bechtel report until it was
12 published in the newspaper.

13 Q After it was published in the newspaper, have you
14 had any discussions with anybody at SCANA about
15 it?

16 A That was a hot topic when it came out, but, I
17 mean, I don't -- it's more of the same. I know
18 y'all are probably tired of hearing me say that,
19 but I mean high level, you know, talking about
20 what was in the paper.

21 Q Based on what you read in the paper, were the
22 conclusions of the Bechtel report that you read in
23 the paper consistent with what you found with your
24 work on the EAC team?

25

1 MR. CHALLY: Object to form. Can you read
2 the question back.

3 COURT REPORTER: (As read) Based on what you
4 read in the paper, were the conclusions of the
5 Bechtel report that you read in the paper
6 consistent with what you found with your work on
7 the EAC team?

8 MR. CHALLY: I'm going instruct the witness
9 not to answer. There's no way she can answer that
10 question without talking about the substance of
11 the Bechtel report, a document that we didn't
12 disclose; we believe shouldn't have been disclosed
13 and is privileged and work product. If you want
14 to ask questions about what her job was, what she
15 did, feel free.

16 MR. HALTIWANGER: Well, I want to ask her
17 about what she read in the paper, so I don't know
18 how that is going to be attorney work product or
19 privileged. It's in the paper.

20 MR. CHALLY: But that's not the question.
21 She answered whether she read it from the paper.

22 MR. HALTIWANGER: Yes.

23 MR. CHALLY: If you want her to tell you what
24 she read from the paper, that's fine. Not a
25 particularly productive use of time, but fine.

1 You've asked her, instead, to testify to whether
2 it was consistent with her work, which then
3 requires her to divulge the substance of that
4 report in a way that we believe is inappropriate.

5 MR. HALTIWANGER: So asking her -- I mean,
6 we've covered the EAC report to some degree. And
7 you would agree that that's not privileged
8 material.

9 MR. CHALLY: We hadn't asserted privilege to
10 those questions.

11 MR. HALTIWANGER: So asking was what she read
12 in the paper and the Bechtel report is consistent
13 with what we have covered with the EAC. I'm a
14 little tripped up on trying to see how that would
15 touch upon work product or any other privilege.

16 MR. CHALLY: Because we didn't disclose the
17 Bechtel report to the paper. We believe it
18 shouldn't have been disclosed to the paper. We
19 believe it's a privileged and work product
20 document. So testimony regarding the substance of
21 it and comparing that to something else reveals
22 information that we believe to be privileged and
23 work product. We've had extensive discussions on
24 this topic, and everyone on your side knows what
25 our position is and that we continue to evaluate

1 the extent to which Bechtel can be a subject in
2 this or other proceedings, but we're not going to
3 have a witness who never saw the thing before she
4 left SCANA talk about the substance of the report
5 in the context of this deposition.

6 MR. HALTIWANGER: So your instruction is not
7 to answer the questions about the Bechtel report,
8 which she admits she's read in the paper, and
9 compare that with the work that she did at SCANA,
10 which you, I mean, based on the lack of
11 objections, would now claim to be privileged?

12 MR. CHALLY: My objection is to you asking
13 the witness to divulge the substance of what she
14 learned from a report and to compare that to what
15 she has other non-privilege material that she is
16 otherwise familiar with. If you want to make that
17 comparison, you're more than welcome to. But
18 you're asking the witness to do it in a way that I
19 believe would require the disclosure of
20 confidential and privileged information.

21 MR. HALTIWANGER: Do you guys have any input
22 on this?

23 MR. CROWDER: That's really between y'all.

24 MR. STEWART: I haven't read the Bechtel
25 report. I don't --

1 MR. CROWDER: I didn't even read the article,
2 but that's really between y'all.

3 MR. HALTIWANGER: Okay. I'm going to
4 continue.

5

6 BY MR. HALTIWANGER:

7 Q You've heard the discussion we've had with the
8 attorney for SCANA. I'm going to ask you once
9 again to make a analysis of what you read in the
10 Bechtel report in the paper and whether that was
11 consistent with the conclusions and investigation
12 you made as part of the EAC team.

13

14 MR. CHALLY: I'm going to object to the
15 question and instruct you not to answer on the
16 basis of attorney-client privilege and work
17 product.

18

19 Q And are you going to follow that instruction?

20

21 MR. CROWDER: Why don't we take a break and
22 she and I can step outside.

23 MR. HALTIWANGER: Okay.

24 VIDEOGRAPHER: This concludes video number
25 one of the video deposition of Margaret Felkel.

1 The time is approximately 2:51 p.m.

2

3 (Off the Record)

4

5 VIDEOGRAPHER: We are now back on the record.
6 Today's date is August 6, 2018. The time is
7 approximately 2:54 p.m. This is video number two
8 in the video deposition of Margaret Felkel.

9 MR. CROWDER: Regarding the objection by
10 SCANA's attorney and your request for our client
11 Ms. Felkel to discuss. First of all, she only saw
12 it in the paper and doesn't really think it would
13 be terribly insightful in any discussion into that
14 matter, but also she recognizes this is a dispute
15 between SCANA and the plaintiffs and doesn't wish
16 to get involved in that dispute. And so, I mean,
17 if there's further issues about this, you know,
18 that y'all take up with the judge, but we're going
19 to respect the request of her former employer not
20 to get into that. Although, frankly, we just
21 don't really see, based on her reading the
22 newspaper, how productive the line of questioning
23 would be anyway.

24 MR. HALTIWANGER: Okay.

25

1 BY MR. HALTIWANGER:

2 Q Well, let me switch gears a little bit then. You
3 said earlier you were aware that Bechtel was on
4 the site doing work. Is that correct?

5 A Yes.

6 Q And that you were not personally interviewed --

7 A No.

8 Q -- as part of that process? Were you aware of
9 Bechtel completing its work out on the project?

10 A Yes.

11 Q Do you recall if any changes were made at the
12 project following the conclusion of the Bechtel
13 report related to it?

14

15 MR. CHALLY: Object to form.

16

17 A I wasn't given a copy of the Bechtel report to
18 read, so I wouldn't know what changes would or
19 would not have been made.

20 Q And just to flush out a little bit of the dispute
21 we've been having on our end over here, again,
22 your testimony is you did not read the Bechtel
23 report until it was in the press?

24 A That's correct.

25 Q But you did read -- did you read the entire report

1 once it was in the press?

2 A I believe so.

3 Q Based on your work at SCANA, was there anything in
4 the report when you read it in the press that you
5 looked at and said that's incorrect?

6

7 MR. CHALLY: Same objection. Same
8 instruction.

9 MR. CROWDER: The same. We're going to
10 respect the prior counsel -- I mean prior
11 employer's objection.

12

13 Q Ms. Felkel, SCANA eventually decided to abandon
14 the construction of the VC Summer nuclear project,
15 correct?

16 A Yes.

17 Q Did you have any role in the decision to terminate
18 the project?

19 A No.

20 Q Were you aware the project was going to be
21 abandoned before public announcement?

22 A No.

23 Q So when would have been the first time you learned
24 about the project being abandoned?

25 A The day that it was announced. The day that it

1 was announced.

2 Q Did you learn that from the press coverage or was
3 there a meeting where it was announced at SCANA?

4 A SCANA sent a mass email following the proper
5 protocols for disclosure. I don't know the order
6 of who was disclosed first, but they would have
7 sent that as soon as they were legally able to.

8 Q Were you ever involved in discussions at SCANA
9 about whether the project should or should not be
10 abandoned?

11 A No.

12 Q Sort of like the EAC team, are you aware of any,
13 like I guess, special project to determine cost or
14 completion related to the project that was
15 utilized in looking at whether to continue or
16 abandon the project?

17 A I know there was a team assembled that were
18 looking at the three options of abandon, move
19 forward with two, or move forward with one. And
20 all of that was publicly stated by Kevin Marsh,
21 but there was -- you know, people from different
22 areas within the company related to their subject
23 matter that they were experts in that were running
24 analysis and performing those analyses.

25 Q Was that somebody in compliance and controls or

1 was this a bigger project?

2 A It was a very broad team. People from areas out
3 at nuclear all the way to tax department, I mean
4 any impact. It was a broad team.

5

6 (Whereupon, Email 7/3/2012 was marked
7 Exhibit No. 2 for identification.)

8

9 BY MR. HALTIWANGER:

10 Q Ms. Felkel, the court reporter has handed you
11 Exhibit No. 2. I'm going to give you a second to
12 look at it and let me know when you've had a
13 chance to review it.

14 A (Witness reviewing document). Okay.

15 Q Can you tell us what Exhibit No. 2 is?

16 A It's an email from me to various functional
17 managers and various people on the project
18 regarding communication on a milestone payment.

19 Q And you were the author of the second email on
20 that email chain? The first one time-wise, but
21 going from top to bottom the second email?

22 A That's correct.

23 Q What would have brought about you sending this
24 email?

25 A Someone in Westinghouse would have notified

1 somebody at SCE&G of this request for payment.

2 Q And your job would have been to pass on that
3 request to the appropriate people at SCANA?

4 A Well, the F11 -- yes.

5 Q You just were beginning to talk about the F11, and
6 I was going to ask you if you can explain for
7 those of us not familiar with it. What was the
8 F11?

9 A There was -- and I don't want to speak
10 specifically to F11 because I don't remember
11 different sections by title, but there was a
12 milestone payment schedule that was contractual,
13 which is why it fell to our department to
14 distribute this information because it tied back
15 to the contract. But Westinghouse had contracted
16 dates to make these milestones. And if there was
17 a change of backwards or forwards, whatever the
18 request was from Westinghouse, it had to be
19 approved by various individuals.

20 Q How would you -- or explain for us what the EPC
21 milestone payment schedule was. For example, what
22 does EPC stand for?

23 A Engineering procurement and construction.

24 Q And at this time, can you tell us who is the
25 Consortium referenced in the email?

1 A In the email and contractually, the Consortium
2 means Westinghouse and CB&I/Shaw depending on the
3 time period of when the buyout was.

4 Q Do you recall or would you know who would have
5 brought this request to you from Westinghouse?
6 Was it a particular employee?

7 A It could be any number of people. There wasn't
8 one person in particular.

9 Q Who is Sheri Wicker?

10 A She is the manager. She's a manager who reported
11 to Carlette.

12 Q Do you know why she would be the one responding to
13 you in this email?

14 A Her team and she was responsible for invoicing
15 related matters.

16 Q Would you read for us the body of her email in
17 response to yours?

18 A "Margaret, I can confirm the milestone
19 description, amount, and zero percent escalation,
20 thus no savings to paying it early are all
21 accurate. Thanks, Sheri."

22 Q What does "zero percent escalation" mean?

23 A High-level escalation was the factor used
24 contractually to account for time value of money,
25 in terms of -- you know, it's a ten-year project,

1 so that was the, I guess, tool used to account for
2 time value of money when you're comparing dollars
3 from different time periods. And when she --
4 yes -- sorry, what was the original question?

5 Q I think it was can you explain what zero percent
6 escalation means.

7 A So there were certain milestones that had
8 escalation factors attached to it and certain ones
9 that did not. And so zero percent means there was
10 no escalation attached to this milestone. So
11 there would be no benefit or disadvantage to
12 paying it early or late.

13 Q So it --

14 A In other words, contractually we were comfortable
15 with Westinghouse requesting payment early. Or
16 that's what Sheri was comfortable with,
17 correction. That would be more to her to speak
18 to.

19 Q Well, would there be circumstances where paying it
20 early would result in savings for SCANA?

21

22 MR. CHALLY: Object to form.

23

24 A There was a lot of theory based on escalation and
25 timing, and that would be -- that was not

1 generally my area of dealings.

2 Q Would there be any cost to SCANA for paying
3 amounts early if there was zero percentage
4 escalation?

5

6 MR. CHALLY: Object to form.

7

8 A I don't know that I -- I'm not comfortable
9 answering that just based on my job duties. That
10 wasn't my responsibility to determine.

11

12 (Whereupon, Email 8/1/12 was marked
13 Exhibit No. 3 for identification.)

14

15 BY MR. HALTIWANGER:

16 Q Ms. Felkel, let us know when you've had an
17 opportunity to look through Exhibit No. 3.

18 A (Witness reviewing document).

19 Q Just let us know when you've had a chance to --

20 A Okay, I've read it.

21 Q Again, starting sort of with the last email on the
22 email chain, the one on page 2, can you tell us
23 what that email is?

24 A It's similar to the last one because it's
25 technically a contractual change or request. Our

1 team was responsible for sending out the request
2 from Westinghouse and getting feedback from
3 various parties as to what our answer to
4 Westinghouse should be on the request.

5 Q And this particular request is, again, a request
6 from Westinghouse to pay a milestone early?

7 A Correct.

8 Q And appears to be almost a full year early. Is
9 that correct?

10 A That appears correct.

11 Q And the second email, the bottom of page 1,
12 appears to be the email from Kevin Kochems.

13 A Yes.

14 Q Who is Kevin Kochems?

15 A He is the third manager that reported to Carlette
16 Walker.

17 Q And, again, if you would, would you read his
18 reply, the body of the email?

19 A "Margaret, I hate that we have to pay milestones
20 like this early, given that we don't see any
21 escalation savings. We now have to incur nine
22 months extra of AFUDC. I understand that we want
23 to keep WEC cash neutral, but I don't think this
24 should result in it costing us more. It seems
25 like we should be able to see some benefit from

1 doing this. Can we ask why WEC let NCM finish
2 early? Their comment of 'NCM was able to
3 accomplish the milestone ahead of schedule' seems
4 to imply that this is a good thing, Kevin."

5 Q What is your understanding of why he would hate to
6 pay these milestones early?

7

8 MR. CHALLY: Object to form.

9

10 A I don't want to speak for Kevin as to what his
11 concern for this milestone was.

12 Q What would be your concern with paying milestones
13 early?

14

15 MR. CHALLY: Object to form.

16

17 A In circumstances like this, our team, a/k/a
18 Shirley Johnson's team, was more administrative in
19 nature compiling responses in whatever the agreed
20 upon SCE&G determination was communicating that in
21 a project letter back to Westinghouse.

22 Q I guess, do you have any understanding as to why
23 Kevin would be hating to pay a milestone early?

24

25 MR. CHALLY: Object to form.

1

2 A I'll go back to the earlier answer of those
3 questions are better suited for the teams that
4 that was their primary responsibilities.

5 Q If you would, for those of us who are not
6 accountants, can you explain to us what AFUDC is?

7 A I don't remember what that acronym stands for. I
8 don't remember exactly what that acronym stands
9 for.

10 Q Continuing in the email chain, there is a email
11 following the one from Kevin Kochems from Abney
12 Smith.

13 A Uh-huh.

14 Q It's my understanding he also went by the name
15 Skip.

16 A Yes.

17 Q And he sent an email asking "What is income
18 impact?"

19 A Yes.

20 Q And that is responded to by Mr. Kochems, again?

21 A Yes.

22 Q And you were copied on that email, correct?

23 A Correct.

24 Q Let me just ask in general, sitting here today, do
25 you recall this email exchange?

1 A No.

2 Q Let me ask, as a recipient of the email, what is
3 your understanding of the statement that Kevin
4 makes, "Since the more we spend, the more our
5 income goes up"?

6

7 MR. CHALLY: Object to form.

8

9 A I wouldn't be comfortable answering that given
10 that that wasn't one of my -- me or my team's
11 primary responsibilities is to determine this.

12 Q In his email, he uses the acronym PZR. Do you
13 know what that stands for?

14 A Pressurizer. It's a component of the plant.

15 Q And the acronym WO?

16 A Work order.

17 Q And as we sit here today, is it your testimony you
18 don't recall what AFUDC stands for?

19 A That's correct.

20 Q What is your understanding of the acronym ROI?

21 A Return on income.

22 Q The last line of that email Kevin says that, "Not
23 sure if I confused the issue or helped, but the
24 bottom line is that WEC doing this is actually
25 costing us money."

1 Based on your work at SCANA, do you have an
2 explanation on how WEC doing this would have cost
3 them money?

4

5 MR. CHALLY: Object to form.

6

7 A I'm going to go back to that wasn't contract,
8 controls and compliance's responsibilities for
9 determining that.

10

11 (Whereupon, Email 9/27/12 was marked
12 Exhibit No. 4 for identification.)

13

14 BY MR. HALTIWANGER:

15 Q And again, I want to give you the opportunity to
16 review the document, and just let us know once
17 you've had a chance to do that review and we will
18 continue.

19 A (Witness reviewing document). Okay, I've read it.

20 Q Starting as we have with the bottom of the exhibit
21 or the last email first. This is an email that
22 you sent September 27, 2012. Is that correct?

23 A That appears correct.

24 Q Is this again Westinghouse has made a request for
25 an early EPC milestone payment?

1 A Yes.

2 Q And as part of your job, you receive these
3 requests and pass them on to the appropriate
4 people at SCANA?

5 A Yes.

6 Q And in this instance, you received another reply
7 from Kevin Kochems?

8 A Yes.

9 Q His first statement he says, "Margaret, hate to
10 sound like a broken record, but since we don't see
11 any escalation savings and we now have to incur
12 six months extra of AFUDC, I don't see how this is
13 keeping everyone cash neutral." Do you see where
14 I just read?

15 A Yes.

16 Q He says he "hates to sound like a broken record"
17 and he addressed this email to you. What was your
18 understanding of why he would have said that?

19 A I mean, as you can see, I sent these emails a lot,
20 I mean, in terms of just request from Westinghouse
21 to receive payment for milestone, so it was -- I
22 mean, I think he just has the same statements for
23 similar emails, different milestones.

24 Q And I guess I'm trying to get your understanding
25 of why he would be objecting to paying these

1 early?

2

3 MR. CHALLY: Object to the form.

4

5 A And I'll go back to that wasn't my responsibility
6 to determine the accuracy or inaccuracy of his
7 analysis.

8 Q Do you recall any discussions amongst your group
9 about paying these milestones early that isn't
10 contained in these emails?

11 A Not -- I don't remember specifically anything
12 about these various emails.

13 Q Well, do you remember if y'all had discussions
14 about Westinghouse requesting early payments for
15 milestones and whether it was something that
16 needed to be addressed?

17 A There were a lot of discussions about invoices and
18 milestone payments and all of that, but that
19 wouldn't have been anything that I would have been
20 personally attaining or attesting to from a
21 contract, controls and compliance standpoint.

22 Q He asks a question about whether how do we know
23 they aren't getting some discount for paying
24 early. During your time at SCANA related to this
25 project, do you know if it was ever determined

1 whether Westinghouse was getting any discount?

2 A Not that I'm aware of.

3 Q He also suggested splitting the difference and
4 letting them bill half early. Do you know if that
5 was ever undertaken as a procedure?

6 A Again, that wouldn't be a question -- I wouldn't
7 be able to answer that from my responsibilities.
8 I wouldn't have done that or had any involvement
9 in making that decision or discussing that
10 decision.

11 Q In the email to you, he references a COL delay in
12 the last paragraph there. I'm trying to figure
13 out, do you know what the COL was?

14 A The COL was the license to begin safety related
15 construction of the plants. And there was a delay
16 in getting that license. Originally, early on in
17 the project there was a projected date and
18 there -- we didn't receive the license until a
19 later date. COL is combined operating license.

20 Q Okay.

21

22 (Whereupon, Email 12/15/15 was marked
23 Exhibit No. 5 for identification.)

24

25

1 BY MR. HALTIWANGER:

2 Q And again, just let us know -- I'm not going to be
3 asking a lot of detailed questions about this. So
4 I guess what I'm saying is you don't need to read
5 it to review all the specific numbers; I'm just
6 going to have a general question about it. So
7 just let us know when you've had a chance to scan
8 it.

9 A (Witness reviewing document). Okay.

10 Q Can you tell us what Exhibit No. 5 is?

11 A It is an email I sent to various CB&I Westinghouse
12 individuals.

13 Q What was the topic of your email?

14 A Owner assets.

15 Q What was the purpose in sending it?

16 A We were trying to determine if there was a
17 complete and accurate list of all assets purchased
18 by the owner that were still currently out on
19 site.

20 Q Was this something that would occur in normal
21 operating procedures out on the project?

22 A Yes.

23 Q How often would this occur?

24 A How often would what occur?

25 Q These reviews.

1 A We performed owner asset audits at a minimum once
2 a year, but sometimes more, depending on our
3 findings.

4 Q Was this something that was always part of the
5 program or did something happen that caused these
6 audits to be undertaken?

7 A We felt it was important to have an accurate
8 inventory of assets that were owned by SCE&G. But
9 yes, audits were often a result of things we saw
10 in the field that we were not pleased with.

11 Q What would be examples of that?

12 A I believe this audit first got put on the audit
13 list because we noticed a high number of cameras
14 being purchased for the site or a high number of
15 turnover of different items being repeatedly
16 purchased or items that we knew had been purchased
17 out on site that were not able to be located or
18 things would come up in day-to-day that gave us
19 concern that the Consortium was not appropriately
20 tracking our assets.

21 Q Can you tell us in general, what was the
22 conclusions of this particular audit about the
23 assets?

24 A We did not believe that there was a reliable
25 inventory of the assets out on site that belonged

1 to us and we felt it was important as the contract
2 was nearing being fixed because further assets
3 purchased would be purchased by Westinghouse, and
4 the risk essentially would fall to Westinghouse.
5 So we wanted to know there was a complete line in
6 the sand of when we would have purchased these
7 assets and we wanted to be able to identify what
8 belonged to us.

9 Q Do you remember any actions being undertaken after
10 this audit was completed and this email sent?

11 A Not specifically, but it was a big struggle with
12 Westinghouse to get a complete list.

13 Q Can you explain what you mean by a "big struggle"?

14 A I don't recall specifically, but just in general
15 they weren't timely in responding to our requests.
16 They -- this, in particular, was something we had
17 just in general run into challenges on getting - I
18 don't want to say accurate information - but I
19 don't recall ever -- this being completely
20 resolved before I left the project. It was still
21 an issue when I left in September of 2016.

22 Q In September of 2016?

23 A Correct.

24 Q And as a reference point, do you know whenever it
25 switched over to a fixed-price contract?

1 A I don't recall the specific date, no.

2 Q What about approximately?

3 A We would have filed the Notice of Intent before
4 the ORS in the fall of '15 that we intended to go
5 fixed-price. And then the actual date would have
6 been early 2016, first quarter, maybe. I'm not
7 positive.

8

9 (Whereupon, Email 5/20/15 was marked
10 Exhibit No. 6 for identification.)

11

12 BY MR. HALTIWANGER:

13 Q Just let us know when you've had a chance to read
14 it.

15 A (Witness reviewing document) Okay.

16 Q Can you tell us what this exhibit is?

17 A It was a standard email that I sent out on a
18 monthly basis related to the contract compliance
19 matrix.

20 Q Explain for somebody not familiar with the project
21 what this would be.

22 A What this email or what?

23 Q What it is you are addressing in the email. The
24 EPC compliance matrix 6 Month Look Ahead, what
25 would that have been?

1 A That Contract Compliance Matrix was a document
2 that essentially extrapolated deadlines,
3 responsibilities of either party from the contract
4 into one Excel document. And the purpose of this
5 was -- so this month looks like it was from
6 May 2015 to October 2015. It would have provided
7 all of the things that were "due" for the upcoming
8 six months, and it essentially served as a tool to
9 make sure that various contract responsibilities,
10 the balls didn't get dropped and that, you know,
11 both sides, the Consortium and the owner, had
12 action items that we were well aware of them in
13 advance and that, you know, there was time to
14 basically put people on notice to make sure that
15 they got accomplished.

16 Q Did you say this came out monthly?

17 A Yes.

18 Q So I'm just trying to understand. So every month
19 you would send out a 6 Month Look Ahead about this
20 is what deadlines are coming six months from now?

21 A These are the deadlines that are due in the next
22 six month period. So every month would shift the
23 six-month period. So the next month I would have
24 sent would have been for June until November 2015,
25 so it's a six-month rolling period, but it was

1 this is what everyone needs to be responsible for
2 in the next six months.

3 Q And were those items tracked to see if they were
4 accomplished in that six-month period?

5 A Yes.

6 Q How would that have been done or what document
7 would I look at to find that?

8 A The matrix.

9 Q The compliance matrix?

10 A Yes.

11 Q And the compliance matrix would change every month
12 as you got information about ones that were
13 completed and coming now -- rolling onto the
14 six-month roll ahead?

15 A Yes.

16 Q If a deadline wasn't completed on time, would it
17 remain on the matrix going forward?

18 A Yes, and it would be noted that it wasn't
19 completed on time.

20 Q This matrix, how would you access it? Or who
21 would access it to update it with information
22 about whether milestones were completed or not?

23 A There was one person from SCE&G, one person from
24 Westinghouse, and one person from CB&I who had the
25 responsibility for modifying the matrix. And

1 every change had to be agreed upon by all three
2 parties and . . .

3 Q For your time on the project, who would that
4 person have been for SCE&G?

5 A Me, during the parts of my -- I can't tell you
6 when I rolled on or off, but the majority of it
7 was probably me.

8 Q Who would you have been interacting with at
9 Westinghouse and CB&I?

10 A I don't remember. It changed depending on who was
11 -- it changed many times over the course of my
12 employment.

13 Q The last sentence there, I believe you wrote "As
14 usual, please be careful when distributing this
15 email."

16 A Yes.

17 Q What was your concern about that?

18 A Everyone on the project was not - I don't want to
19 say entitled to - but only certain people on the
20 project had copies of the contract, and this was
21 obviously copy/paste of the contract, so
22 distribution was -- distribution -- all I was
23 wanting was to not just forward to everyone
24 because not everyone had a copy of the contract
25 and that was a standard practice for anything

1 contract related.

2 Q Was the compliance matrix ever used for any other
3 purposes while you were there besides just
4 tracking and updating deadlines? Was it ever
5 incorporated?

6 A No, and it held -- it was really just a tracking
7 tool and wasn't always - I don't want to say taken
8 seriously - but I think at some point we ceased
9 doing it because updates were just repetitive and,
10 you know, tracking tools is one of those things
11 that's only as good as its -- as all the parties
12 who are using it, so . . .

13 Q Sort of garbage in, garbage out?

14 A Well, it didn't -- if a true contract due date was
15 not met, there would be many other more formal
16 ways to "catch" that or -- I mean, this was
17 just -- and I'm trying to think of a good example.
18 You know, if we were owed a list of spare parts or
19 something by Westinghouse, you know, the contract
20 wouldn't say -- that wouldn't be like a BLRA
21 milestone or anything of that nature, but it was
22 something we were still owed per the contract, so
23 we wanted to make sure that they provided to us.
24 So it was -- and that's what I get at when I say
25 keep in mind these deadlines are generally not

1 contract mandated. There wasn't a date that said
2 by April 1st you have to provide this to us.

3 It's something that we knew we were owed, we had
4 paid for, you know, and had a receipt for and
5 wanted to make sure we -- some of the things
6 didn't get missed in a contract that big. So it
7 wasn't the final tool for anything official in
8 terms of major milestones that would not been met
9 project-wise or anything like that. That would
10 have been a different process.

11 Q What would that process have been? What would
12 have been the more formal process?

13 A I mean the BLRA -- and this is not in the
14 contract, controls and compliance department
15 either, but, I mean, we had milestones that had to
16 be met, you know, within the 18-month window. And
17 that was definitely we reported on that quarterly
18 and a very different process that was . . .

19 Q Those reports would have been called what?

20 A Those were the quarterly BLRA reports.

21

22 (Whereupon, Email 9/18/14 was marked
23 Exhibit No. 7 for identification.)

24

25

1 BY MR. HALTIWANGER:

2 Q This is a bit lengthier, but I don't have -- I'll
3 go ahead and give you sort of my questions
4 beforehand. I'm really just trying to find out
5 the process that was going on with this inventory
6 audit report. So I'm not going to be asking you
7 about numbers in the audit report. I really am
8 more interested in the process, but I wanted to
9 include everything that seemed to be related to it
10 in order to get you help explain to me what was
11 going on. So sort of with that introduction in
12 mind, go ahead and look through Exhibit No. 7 and
13 then I'll ask you some questions, but I don't
14 think it will be necessary to go through any of
15 the specific letter or language that's beyond just
16 the first page-and-a-quarter of an email?

17 A (Witness reviewing document) Okay.

18 Q Just in general, can you describe for us what
19 Exhibit No. 7 contains.

20 A Various documents related to the warehouse audit
21 that was performed.

22 Q Who would have performed the warehouse audit?

23 A I was the lead and there were several other
24 individuals who assisted.

25 Q And was this something that was done regularly or

1 was there -- was this a special audit for --

2 A This was an audit on my audit plan that was
3 performed and then follow-up audit was later
4 performed.

5 Q In your time there, was there more than one
6 occasion where there would be warehouse inventory
7 audit report?

8 A This was the first warehouse inventory audit that
9 was performed.

10 Q Can you describe for us what the conclusions of
11 your audit report were.

12 A We were not satisfied with the process and
13 controls in place for receiving and storing
14 equipment on site. We were not satisfied that
15 they were sufficient. I'm just going to read
16 straight from the conclusion, if that's okay.

17 Q That's absolutely fine. Just let us know where
18 you're looking at.

19 A Page six of the NND contract, compliance and
20 controls' audit report, starting at the conclusion
21 section, "An audit exit meeting occurred on
22 July 16, 2014. During this meeting, findings,
23 recommendations, and items for discussion were
24 communicated to the Consortium. The owner is not
25 satisfied that the process and controls in place

1 for receiving and storing equipment on site are
2 sufficient. The owner was able to verify the
3 existence of almost all of the sampled equipment
4 that was previously counted and input into Jovix
5 by CB&I. However, the owner finds it unacceptable
6 that Westinghouse does not consistently provide
7 CB&I with complete and sufficient documentation on
8 arriving shipments. In addition, the owner is not
9 satisfied with the CB&I signatures on the Gap-113
10 forms when the paperwork does not tie to the
11 shipments. The owner recommends that the
12 Consortium immediately implement the above stated
13 recommendations at a minimum and consider revising
14 the process to include for proper documentation of
15 equipment being stored on site. The owner would
16 like to emphasize that these recommendations are
17 not to be considered all-inclusive, nor is the
18 owner directing the Consortium to implement the
19 above recommendations as specifically stated.
20 However, the owner does expect the Consortium to
21 address these issues."

22 Q And do you recall whether these issues were
23 addressed by the Consortium?

24 A Not while I was on the project. They were not
25 resolved when I left the project.

1 Q What was your understanding of the status of that
2 at the time you left the project?

3 A Westinghouse stated that they were ongoing and
4 working on it. And I don't recall exactly where
5 it was when I left, but I just know that it was
6 not resolved. Can I go back and clarify on my
7 last answer on that one?

8 Q Absolutely, yeah.

9 A Bits and pieces of these recommendations would
10 have been resolved, but a hundred percent of our
11 recommendations were not resolved. I should
12 clarify there were several recommendations and
13 some of them were addressed to our satisfaction.

14 Q Okay.

15

16 (Whereupon, EAC Review Team Preliminary
17 Update was marked Exhibit No. 8 for
18 identification.)

19

20 BY MR. HALTIWANGER:

21 Q Let me know when you've had a chance to look
22 through Exhibit No. 8.

23 A (Witness reviewing document). Okay.

24 Q Can you tell us what Exhibit No. 8 is?

25

1 MR. CHALLY: Object to form.

2

3 A It is a PowerPoint compiled by the EAC review
4 team.

5 Q And on the first page of Exhibit No. 8 there, are
6 those the members of the EAC team?

7 A Yes.

8 Q Were they all SCANA employees?

9 A Yes.

10 Q And you were listed as one of those members,
11 correct?

12 A Correct.

13 Q Did you participate in preparing this PowerPoint?

14 A Yes.

15 Q Who else on the team would have participated?

16 A All five of us.

17 Q Is this something that -- and I'm just trying to
18 get an idea. Was there somebody who sort of had
19 the lead and then would send it to other team
20 members to work on, or did y'all get in a room and
21 do it at one time? How did it come about?

22 A I physically typed it, but it was all a joint
23 effort in one room together.

24 Q And on the first page there, it says it's a -- in
25 preparation for a 10/13/14 executive meeting. Was

1 this PowerPoint eventually shown to an executive
2 meeting?

3

4 MR. CHALLY: Object to form.

5

6 A I can't -- I wasn't in that meeting, so I can't
7 confirm what presentation was actually presented.
8 That was the intent of compiling this
9 presentation, but I'm not sure which presentation
10 was actually presented.

11 Q Who from the EAC review team would have made that
12 presentation?

13

14 MR. CHALLY: Object to form.

15

16 A There were two people, and the only one I remember
17 was Ken. I don't recall the other person.

18 Q That would have been Ken Browne?

19 A Yes.

20 Q Did you have any discussions with Ken Browne after
21 the executive meeting?

22 A I did.

23 Q What did he tell you?

24 A He was not satisfied with executive management's
25 response.

1 Q Explain what your understanding was.

2 A He said that he gave the presentation and they
3 basically said "Thank you very much, you can go
4 back to your desk."

5 Q What is your understanding of why he would not
6 have been satisfied with that?

7

8 MR. CHALLY: Object to the form.

9

10 A I mean, I can't speak for Ken, but, I mean, he
11 told me he felt that way about "going back to your
12 desk" and that was kind of that. It wasn't -- I
13 don't remember exactly the terminology he used,
14 but the tone was that he wasn't satisfied with
15 their level of seriousness that was taken -- that
16 was taken by them.

17 Q Were you a member of this EAC review team from the
18 beginning?

19 A Yes.

20 Q And we may have touched on this earlier, but how
21 long did you say this team had worked on this, you
22 know, presentation or what would eventually be
23 this presentation?

24 A The kickoff meeting from Westinghouse was either
25 late July or early August, and you can see the

1 presentation was done in October. The time period
2 in which we worked on it, that was exclusively our
3 time period -- our sole responsibility. And I'm
4 not sure when exactly the last date that it was.
5 We worked on the presentation, obviously, up until
6 10 -- at least I can see, obviously until
7 10/13, but I'm not sure what date we, you know,
8 wrapped everything up, so to speak, in the joint
9 conference room format.

10 Q Was there any formal or informal meeting amongst
11 the EAC team after the presentation was given?

12 A Not that I remember.

13 Q Was the EAC review team disbanded after this
14 presentation or was there any job responsibility
15 continuing?

16 A I don't remember having any follow-up
17 responsibilities.

18 Q And I believe you testified earlier, it's your
19 understanding there was a subsequent EAC review
20 done as well?

21 A Yes. Or something similar in nature that was done
22 later on in the project. And I don't want to
23 testify to the exact mission of whatever the
24 exercise was, but there was something similar in
25 nature of reviewing documents and assumptions and

1 numbers by Westinghouse, yes.

2 Q Who do you recall that was involved in that
3 particular project?

4 A Joey Gillespie from business and finance.

5 Q I'm just going to walk a little bit through the
6 presentation. And, again, I just want to say were
7 you -- you were the one that did the actual
8 PowerPoint?

9 A I physically typed everything, yes.

10 Q On page 2 of Exhibit No. 8, the very first thing
11 in the introduction is the acknowledgment that the
12 EAC review team has not completed its review. I
13 guess that's part of why I was asking what was
14 done after this or was it -- it sounds to me like
15 there is no more -- no further work?

16

17 MR. CHALLY: Object to form.

18

19 A There were some action items that were still
20 outstanding at the time this presentation was
21 made, in terms of Westinghouse had not provided
22 all of the documentation we needed to make
23 final -- to make a hundred percent of the
24 assumptions for conclusions. There were -- we
25 didn't have all of the information. And this

1 exercise was not -- it was -- I mean, it was all
2 based on estimates and all that, so materiality,
3 of course, comes into play. So we felt like we
4 had material enough answers to move forward with
5 the presentation, acknowledging that there were
6 still things that were outstanding. You know, you
7 don't -- so . . .

8 Q Were those outstanding things ever completed?

9 A I don't remember.

10 Q Turning to the next page titled CB&I Direct Craft
11 Productivity. This is the -- I believe this is
12 the PF we've been talking about a little bit
13 today.

14 A Uh-huh.

15 Q And I just want to ask some of the -- just so I'm
16 clear on the terminology used here. What is PF
17 shorthand for?

18 A Productivity factor.

19 Q And what is ITDPF?

20 A Interim-to-date productivity factor.

21 Q And so the first line there, as part of your
22 team's review, CB&I had told you or projected for
23 you that the To-Go PF, I assume that's from this
24 day forward or to-go --

25 A Going, yes.

1 Q -- is going to be 1.15?

2 A That's correct.

3 Q And to that date for the date of presentation,
4 they had actually been operating at a 1.46 PF?

5 A Yes, interim-to-date PF was 1.46 was -- I guess a
6 slang way to say that would be current PF was
7 1.46.

8 Q And on the third bullet point, it says the EAC
9 team anticipates a To-Go PF closer to 1.40. Why
10 would -- why did the EAC team anticipate that PF?

11 A That would have been following review of the
12 assumptions and the way that they calculated that
13 PF we would have reviewed. Westinghouse would
14 have provided documentation to back up the 1.15 in
15 following our team's - And I don't have specific
16 memory of doing this exercise - but following our
17 team's review, we believed it to be more
18 accurately 1.40.

19 Q And then the next bullet point there, is that a
20 comparison of what the EAC teams anticipated PF
21 would be compared to the CB&I projected PF?

22 A The third bullet point?

23 Q Yes.

24 A Yes. So we were able to estimate that 1.1 -- or
25 the 101 million is what we estimated the dollars

1 associated with the difference between 1.40 PF and
2 a 1.15 PF. So then \$101 million, to be clear, was
3 not in Westinghouse's estimate, and our team
4 believed that it should have been.

5 Q In other words, for this specific item, you
6 believed the CB&I projection was \$101 million
7 short?

8 A Correct.

9 Q The next slide there, CB&I Schedule Impact. The
10 first bullet point CB&I estimates the Structural
11 Module Delay and the schedule cost \$221 million.
12 The next bullet point that you reference that the
13 EAC team believes this to be an inflated cost?

14 A Yes.

15 Q Explain what that means.

16 A We believe that 221 million should have actually
17 been lower, a lower figure. But that third bullet
18 point, to be clear, is we didn't feel it mattered
19 what the 221 million was because we didn't feel
20 like they had entitlement to any of it regardless
21 of what the number was.

22 Q I'm just going to try to put it a little more in
23 layman's terms. As part of CB&I's projections,
24 they said we had the Structural Module Delay, it's
25 going to increase the cost by \$221 million, and

1 the EAC team's analysis of that is --

2 A That was too high.

3 Q -- well, they're not entitled to anything under
4 the delay, so that should be a zero number?

5 A Yes.

6 Q And that would have been a cost born by CB&I?

7 A Correct, or the Consortium.

8 Q The Consortium.

9 A Yeah.

10 Q And the last bullet point there about the Basemat
11 Rebar WEC Design Issue, I'm just wondering if you
12 have any independent recollection about what that
13 issue was?

14 A I mean, I remember the issue taking place. That
15 was a very technical engineering issue, so I
16 wouldn't be qualified to talk about the issue
17 itself, and this bullet point is not ringing a
18 bell in terms of this analysis.

19 Q The next page, CB&I Contingency. What was the
20 CB&I contingency? Can you explain what that issue
21 is?

22 A There was a bucket of contingency dollars in the
23 contract, and I don't remember a lot of specifics
24 about regulatory. I'm trying to remember. There
25 was a -- there was contingency in the contract,

1 but I don't recall many more specifics outside of
2 that or where in the contract or anything like
3 that.

4 Q The next page, CB&I Field Non-manual. What does
5 the term "field non-manual" mean?

6 A Those were people that were out in the field and
7 were Consortium employees, but they were of a
8 office nature like accountants or some of the --
9 it was non craft workers, so more professional in
10 nature type fields. Procurement is another
11 example.

12 Q Okay.

13 A It was people who were out in the field, but they
14 were not the ones physically constructing.

15 Q The first bullet point, CB&I projects an increase
16 in field non-manual cost of 170 million.

17 A Uh-huh.

18 Q That's an increase over what? What had been the
19 baseline?

20 A I'm not sure what the baseline for that analysis
21 would have been.

22 Q Again, I'm just trying to put it in context of
23 when I read that, it's CB&I projects it's going to
24 be 170 million more than something. And I'm
25 trying to figure out what that something, where

1 that number would have come from. Was it the
2 original contract?

3 A Yeah. And I don't recall enough about the
4 contract to remember what line item specifically
5 called out field non-manual and how it was -- the
6 different buckets of that could have fallen
7 under -- I mean, it's more than what was
8 originally projected, but I don't know if that was
9 a -- I don't recall the contract's specific number
10 if -- how that was delineated in the contract.

11 Q The next bullet point there, the second sentence
12 says, "The EAC team does not anticipate that CB&I
13 will be able to comply with this plan." Why did
14 the team anticipate they would not be able to
15 comply with that plan?

16 A I don't remember exactly why we made that
17 statement.

18 Q Okay. The next bullet point, I'll give you a
19 chance to read it, but I need -- or I'd be
20 interested in you explaining to me the -- what is
21 a -- the markup of 1.7 for all FNM labor costs.
22 What does that mean?

23 A So when it's -- when field non-manual labor costs
24 are billed to the owner they received a markup of
25 1.7 for that labor.

1 Q So if the labor cost CB&I -- if the field
2 non-manual labor cost CB&I \$100 it would then
3 charge SCANA \$170?

4 A Yes, they would mark up the labor cost by 1.7,
5 correct.

6 Q And then the second sentence there, "The owner has
7 verified on numerous occasions that the markup
8 CB&I actually incurs on FNM labor cost is
9 approximately 1.3." So what -- what's going on
10 there? What's --

11 A The 1.3 is what it actually costs them, so the
12 field non-manual people have health insurance,
13 salaries, all the extra stuff associated with
14 that. So it's actually costing them 1.3, but
15 they're receiving from us, invoice-wise, 1.7.
16 They're receiving a greater markup than what it is
17 costing them.

18 Q I mean, my understanding was this -- it was a
19 cost-plus contract, so why would that be -- why
20 would it not be okay for CB&I to charge it out at
21 a markup greater than what it was paying?

22 A That would definitely fall outside of contract,
23 controls and compliance. We weren't invoice
24 experts with regard to the contract. There was a
25 team that did that, and it was not contract,

1 control and compliance, so I wouldn't be
2 comfortable attesting to the specifics of
3 invoicing.

4 Q And under the last bullet point there, the team's
5 recommendation was to use a 1.4 markup. Is that
6 correct?

7 A Yes.

8 Q And using the 1.4 instead of 1.7 would result in a
9 \$48 million reduction?

10 A Yes.

11 Q And that would be a reduction that SCANA would be
12 paying to the Consortium?

13 A Correct. We would pay 48 million less than what
14 Westinghouse put in these numbers.

15 Q On the next page, CB&I Acceleration. CB&I
16 anticipates an increase of approximately 168
17 million for acceleration to meet the December
18 2018/2019 SCDs. Can you tell us what SCD was
19 short for?

20 A Substantial completion dates.

21 Q And at the time that this was -- the EAC review
22 was done in 2014, was December 2018/2019
23 substantial completion dates?

24 A I don't remember.

25 Q I guess one of the things that's kind of confused

1 me about this particular issue was if that was the
2 substantial completion date, why would it take an
3 acceleration to get it?

4

5 MR. CHALLY: Object to form.

6

7 A I mean -- I guess I don't understand what you're
8 asking.

9 Q Okay. If the date was to get -- I mean, if the
10 substantial completion date, as I understand it,
11 you know, was December of 2018/2019 and the
12 project was designed to get to that date, why
13 would it then need to, on top of that, be
14 accelerated?

15

16 MR. CHALLY: Same objection.

17

18 A Well, the point of this exercise was for
19 Westinghouse to provide their most realistic
20 estimate for what it was going to cost to complete
21 the plants within the specified time period,
22 because I think as everybody knows, we weren't --
23 things weren't going according to -- there were
24 delays and there were concerns about meeting the
25 schedules. So this exercise was to figure out

1 exactly that, how much is it going to cost just in
2 total for these plants to get built by these
3 substantial completion dates and for them to be --
4 for Westinghouse to be fully transparent and give
5 us what they think their best estimate is. So, I
6 mean, that was the point of this exercise.

7 Q The next slide, the CB&I Woodland Cuts.

8 A Uh-huh.

9 Q We had brought up -- is this the slide that you
10 talked about earlier?

11 A Yes.

12 Q And again, Woodland is -- what was your
13 understanding of what the Woodlands was?

14 A I think that's the headquarters for CB&I,
15 Woodlands, Texas.

16 Q And what -- I guess just walk me through your
17 understanding of this \$296 million cut to
18 Woodlands. How would that have been brought
19 about, based on what you see in the slide there?

20 A We didn't have any information on how. You can
21 see where we said CB&I made these cuts to the AC,
22 so they said, Hey, we can come down on the cost of
23 these plants by 296 million and here's how and
24 gave this slide, but there was no further
25 information given. So we didn't feel like we

1 could rely on that. I mean, that's not -- we
2 didn't -- to my recollection, we didn't get any
3 further information other than people at Woodlands
4 made these cuts. And we had nothing to go off of
5 whether they were reasonable or possible or --
6 maybe they were correct; we didn't know. We
7 didn't have any -- any way to analyze that.

8 Q In your work at SCANA after this review was done,
9 do you know if those cuts ever took place?

10 A I don't know.

11 Q Do you know if there were any other supplemental
12 materials provided to SCANA to explain those
13 projected cuts?

14 A I don't know that answer.

15 Q On the next slide, the WEC Schedule Impact.

16 A Uh-huh.

17 Q The second bullet point there, "64 million of the
18 76 million is due to increases in the CV
19 subcontract costs." What is the CV subcontract?

20 A Containment vessel.

21 Q Then it says "EAC team found several errors in
22 this estimate reducing the EAC impact of 35
23 million" and so, in general, WEC was saying
24 76 million and the EAC found errors and thought it
25 was more 35 million?

1 A Say that one more time, please.

2 Q Well, I can tell you even better, why don't you
3 tell me what it means instead of me reading it to
4 you and asking you if I'm correct.

5 A Yeah. We recalculated that and found errors and
6 believed the number of the impact to actually be
7 35 million. And the placeholder WEC revised in
8 the EAC there were many times in this exercise
9 where there was a miscalculation of a number or
10 something and they would go back and make the
11 change. So it's possible that got changed after
12 we brought that to their attention, but I don't
13 recall.

14 Q The WEC revising the EAC is three question marks.
15 The three question marks kind of jumped out of me.
16 I was wondering what is -- what was that comment
17 about?

18 A That was just a placeholder for -- to the best of
19 my memory, that was just a placeholder for "are
20 they going to make that change now?" You know,
21 any time we found a calculation error like that
22 during our exercise, we brought it to their
23 attention at the moment and sometimes they went in
24 and changed it. And I would guess -- well, I
25 don't want to speculate, but we did put

1 placeholders in this presentation for things that
2 were still outstanding. So my memory is that we
3 left that as a placeholder for Westinghouse to
4 correct and put 35 as the number, 35 million.

5 Q So do you know whether this PowerPoint is the
6 final PowerPoint the team prepared or is this a
7 draft that may have been revised later?

8 A I did not prepare anything further, but that's all
9 I can attest to.

10 Q Who would you have -- would you have handed it off
11 to Ken Browne?

12 A He would have -- he would have been able -- he
13 would be able to answer which presentation was
14 made to the executives on 10/13/14, correct.

15 Q The next page, Base Scope Refinement. And I just
16 have a question about WEC has indicated that their
17 "best talent" approach, in addition to CB&I
18 on-site management, will add WEC staff cost of --
19 totaling approximately \$22 million. I just wanted
20 to know if you had an understanding of what they
21 mean by "best talent approach."

22 A To the best of my memory, they stated that in
23 order to -- and I don't know that they used these
24 words, but to right the ship to get things being
25 approved that they wanted to bring the absolute

1 best talent to the site to really fix the issues
2 at hand and that that would cost 22 million to get
3 those high-level people on board and working
4 exclusively for the -- or, you know, charging time
5 to the project. And they -- I recall they were
6 talking about very high level people coming to
7 work on the project from their organizations. And
8 you can see in the third bullet down we thought
9 that they were not entitled to any of that
10 because, I mean, it was their -- their management
11 on-site was currently being inefficient. We
12 shouldn't have to pay extra money for them to
13 bring better people and do the job they were hired
14 to do to begin with, so . . .

15 Q Kind of indicates they didn't have their best
16 talent on the site at the time?

17

18 MR. CHALLY: Object to form.

19

20 A (No response.)

21 Q You can answer.

22

23 MR. CHALLY: Same objection.

24

25 A That's the impression I got. I can't speak for

1 anybody else.

2 Q The next page, Regulatory Driven. The first
3 bullet point, again that seems to be a
4 placeholder. Would that be correct?

5 A Yes.

6 Q And the last slide, Owner Challenges. I don't
7 actually have any questions about that page.
8 Again, just as we're done with that, I'll offer
9 you an opportunity for a break or would you rather
10 continue?

11 A I'm fine continuing.

12 Q I believe I may have asked you earlier. Did you
13 have the opportunity to read Carlette Walker's
14 deposition before today --

15 A I didn't -- Sorry. I did not.

16 Q I believe, based on the timeline you gave us, you
17 have not met with Carlette after her deposition
18 has been given?

19 A I don't know when she gave her deposition. The
20 last time I saw her I had lunch with her in May.

21 Q Was that a topic that came up at all?

22 A No.

23 Q The initial contract with the Consortium for
24 SCANA, was it a cost-plus contract?

25

1 MR. CHALLY: Object to form.

2

3 A I'm not comfortable answering that just because I
4 wasn't on the invoicing team and it was a very
5 complicated contract, from an invoicing
6 perspective. So there were different buckets of
7 dollars that would bill different ways, and that
8 was not contract, controls and compliance
9 responsibility.

10 Q Earlier you testified that one of the reasons you
11 changed positions was -- at SCANA, was they
12 switched from a cost-plus to a fixed-price. Is
13 that accurate?

14

15 MR. CHALLY: Object to form.

16

17 Q Or is it better to say that going to a fixed-price
18 --

19 A Fixed-price.

20 Q -- certainly would --

21 A It changed our audit rights contractually and,
22 therefore, I would have very few audits to
23 perform. And that was my area of expertise and my
24 favorite part of the job, so I anticipated my
25 actual responsibilities changing.

1 Q What did you find so enjoyable about it, I guess?

2 A That's what my master's -- I mean that's just
3 always -- I don't know.

4

5 MR. CROWDER: That's more of a philosophical
6 question.

7 MR. HALTIWANGER: I know. And that's --

8

9 A Someone's got to like it, right, so.

10

11 MR. CROWDER: Yeah. She could ask that about
12 why you want to be a lawyer.

13

14 A Yeah.

15 Q Are you familiar with an item called the Disputed
16 Invoice Log?

17 A I'm familiar with it, yes.

18 Q Did you have any interaction with that log while
19 you were there?

20 A I had some interaction with it, but I was never
21 responsible for maintaining it or providing it to
22 anybody.

23 Q What would have been your interaction?

24 A Sometimes audit findings that we were able to
25 quantify, you know, some audits were process

1 based, but some audits you could quantify numbers.
2 Some of those findings may end up in the log as
3 outstanding and to be resolved. That was mainly
4 my interaction with it.

5 Q Do you know how the disputed invoice log would get
6 resolved with the Consortium?

7 A I don't know that. That was not part of contract,
8 control and compliance.

9 Q Then I just want to see if I understand. If you
10 did an audit of something on the project, could
11 that audit result in an invoice being put onto the
12 disputed invoice log?

13 A Yes.

14 Q Then would you then later have to come in and as
15 part of the reconciliation and explain your
16 reasoning behind putting it on the log or did
17 you -- was it the process you put it on the log
18 and it got resolved down the road by other people?

19 A By the time I would have put it on the log, we --
20 business and finance had an agreement to what we
21 believed our position to be. And enough wording
22 would have been added to the log that I -- I
23 wouldn't have been part of the process for
24 resolution. Of course, I wanted to know and
25 would, you know -- but I had no formal role in --

1 Q How would you follow-up and find out the outcome
2 of an item that was placed on the disputed invoice
3 log?

4 A There was no formal way to communicate to me that
5 an audit I had touched had been resolved, but if I
6 was -- if I had a question, Sheri Wicker is who I
7 would ask, the manager for the team responsible
8 for that.

9 Q Do you know what happened to the disputed invoice
10 log when the contract switched to a fixed-price
11 contract?

12 A I do not.

13 Q Jumping around a little bit. Were you aware that
14 Westinghouse has declared bankruptcy?

15 A Yes.

16 Q Did you hear about that -- or let me -- when did
17 you first hear about Westinghouse declaring
18 bankruptcy?

19 A I don't recall specifically when the first time I
20 heard that.

21 Q Do you know if you learned about it through work
22 or through the paper or any --

23 A I know that SCANA sent out, you know, one of their
24 mass blast emails to all the employees of major
25 changes, but it would have just been factual

1 reporting similar to a newspaper article.

2 Q Had you ever -- had you, as a member of the
3 auditing team, ever had any discussions about the
4 potential of Westinghouse bankruptcy before you
5 learned of it?

6 A Yes.

7 Q And elaborate, if you can, on what the discussions
8 would have been.

9
10 MR. CHALLY: I just want to instruct you, Ms.
11 Felkel, to the extent that you are required to
12 divulge information that you may have learned from
13 an attorney regarding the bankruptcy to -- I'll
14 instruct you not to answer that question. So if
15 these are discussions that you might have had with
16 others on the team who are not lawyers or not --
17 those discussions not formed by what lawyers told
18 the team, feel free to answer the question.

19

20 Q Would you like for her to repeat it?

21 A Yes, that would be helpful.

22

23

24 COURT REPORTER: Question: Had you, as a
25 member of the auditing team, ever had any

1 discussions about the potential of Westinghouse
2 bankruptcy before you learned of it? Answer: Yes.
3 Question: Elaborate, if you can, on what the
4 discussions would have been.

5
6 A I mean, from a high-level, that's a risk for any
7 project and any company, in theory, can go
8 bankrupt. That's not outside of any realm of
9 possibility, but that was a risk that we
10 consistently, you know, were working to make sure
11 had crossed Ts, dotted Is just from a strategy
12 perspective. There was a change order towards the
13 end that I would say probably had those
14 discussions leading up to it where we were getting
15 Westinghouse to put documentation into escrow
16 should the event of a bankruptcy occur, and that
17 was the stated purpose of the change order. But I
18 never had any inside knowledge that that was
19 coming ahead of time or anything to that effect.

20 Q This would have been a change order --

21 A To the contract.

22 Q -- to the contract and the change order required
23 Westinghouse to put documents into an escrow?

24 A Yes, documentation into an escrow, like
25 intellectual property.

1 Q Do you recall the date of that change order?

2 A I don't believe it had been executed when I left
3 the project in September 2016. I was the lead up
4 until I left the project. To the best of my
5 knowledge, it was not resolved when I left or it
6 had not been executed, not that there was . . .

7 Q And for somebody who -- for a layperson's
8 understanding, what would it mean to put these
9 documents into escrow regarding intellectual
10 property?

11 A The theory being all of the documentation,
12 intellectual property, software, coding, things
13 like that would be put with a third party, locked.
14 And should Westinghouse disappear overnight we, in
15 theory, should have been able to pick up the
16 documentation and continue building -- we would
17 have the information we needed to continue
18 building the plants.

19 Q Do you remember the change order number for that
20 particular order?

21 A I don't.

22 Q If I wanted to do a word search on documents to
23 find that change order, besides using the phrase
24 "change order," what other phrases would you
25 believe would trip that document?

1 A Escrow.

2 Q And I don't want any discussions you may have had
3 with any attorneys, but other than that, were
4 there any discussions about potentially the switch
5 from the contract to a fixed-price contract could
6 potentially bankrupt Westinghouse?

7 A Yes, but we -- we discussed all different types of
8 possibilities. And hindsight is 20/20. We would
9 have had no way to have known which or any of this
10 would or should or -- I mean, it was all very
11 high-level from discussing risk and -- what
12 possibly could go wrong, you know.

13 Q And that was one of the possible things that could
14 go wrong, Westinghouse going bankrupt as a result
15 of the fixed-price contract?

16

17 MR. CHALLY: Object to form.

18

19 A Sure, that would have been possible for -- yeah.
20 But to clarify, I had no concrete knowledge or any
21 reason to believe that that was anymore a
22 possibility than anything -- any of the other
23 possibilities we discussed. It was one of many
24 outcomes that could have taken place.

25 Q Let me ask you, especially after your work on the

1 EAC review team, part of that work was to come up
2 with a estimated cost to complete the project. Is
3 that fair to say?

4 A That's correct.

5 Q Do you recall what that figure approximately was?

6 A I do not.

7 Q Do you know if anybody took that information and
8 compared it to the fixed-price contract?

9 A I don't know the answer to that.

10 Q Who in SCANA management would have worked most
11 closely with the EAC review team?

12

13 MR. CHALLY: Object to form.

14

15 A I don't know how to define "work closely with." I
16 mean, can you clarify what you mean by that?

17 Q Who in senior management, if anybody, would the
18 team have interacted with?

19 A I personally didn't interact with any senior
20 management in the course of the evaluation.

21 Q What about other members of the team?

22 A I can't speak for them. I guess I'm still kind
23 of -- I mean, we performed an analysis and then
24 presented our findings, so -- I guess I'm not
25 sure.

1 Q Okay.

2 A Yeah.

3 Q I mean, I -- is it fair to say that there was no
4 members of senior management on the EAC review
5 team?

6 A Yes.

7

8 MR. CHALLY: Object to form.

9

10 Q Who would have been the highest level employee of
11 the five members?

12 A There were three managers of the five.

13 Q Who were the three managers?

14 A Kevin Kochems, Sheri Wicker and Kyle Young. I
15 should clarify, I don't know that Kyle was a
16 manager at the time of this executive meeting. He
17 did -- he was promoted to manager while I was on
18 the project, so I shouldn't concretely say that in
19 2014 he was a manager.

20 Q You know, one of the first things we talked about
21 was the -- sort of the hierarchy of your
22 department. And this is a much more broad
23 question, but besides your department, what other
24 departments would have a oversight role on the
25 project?

1

2

MR. CHALLY: Object to form.

3

4

A Everyone was there in an oversight. The contractor was responsible for engineering procurement and construction, so anyone not an employee of the contractor was an oversight employee.

5

6

7

8

9

Q Do you have an idea, based on auditing work, how many employees for SCANA that would have been?

10

11

12

MR. CHALLY: Same objection.

13

14

A That wouldn't have come up in my auditing, I didn't audit SCE&G.

15

16

17

VIDEOGRAPHER: Fifteen minutes remaining on tape two, counselor.

18

19

MR. HALTIWANGER: I'll try to beat it.

20

21

BY MR. HALTIWANGER:

22

Q Did anyone on the audit team ever discuss with you the progress of Plant Vogtle in Georgia?

23

24

A Not specific -- no.

25

Q Did anybody on the auditing team ever interact

1 with the construction project on Plant Vogtle?

2 A No.

3 Q In your work auditing out there, did you ever see
4 what you considered to be fraudulent activity by a
5 contractor?

6

7 MR. CHALLY: Object to form. Are you asking
8 her to form a legal conclusion?

9 MR. HALTIWANGER: As an auditor, I believe
10 part of your job is to determine if something is
11 fraudulent, so I would ask her as an auditor.

12 MR. CROWDER: Do you need to talk to us?

13 THE WITNESS: Yes.

14 MR. CROWDER: Why don't we just take a three
15 minute break.

16 MR. HALTIWANGER: Okay.

17 VIDEOGRAPHER: This concludes video number
18 two of the video deposition of Margaret Felkel.
19 The time is approximately 4:39 p.m.

20

21 (Off the Record)

22

23 VIDEOGRAPHER: We are now back on the record.
24 Today's date is August 6, 2018. The time is
25 approximately 4:49 p.m. This is the video number

1 three of the video deposition of Margaret Felkel.

2 MR. HALTIWANGER: Can you go ahead and read
3 it so we can start from there.

4 COURT REPORTER: In your work auditing out
5 there, did you ever see what you considered to be
6 fraudulent activity by a contractor?

7

8 A I did not identify it. There was one circumstance
9 where somebody in the business and finance
10 department noticed a contractor to the contractor,
11 so a contractor to Westinghouse, was submitting
12 bids using his own company, basically bidding
13 against himself. And obviously, he won the bid
14 every time when he would bid against himself;
15 created different companies. And that I know our
16 corporate security got involved. And I played a
17 very, very small role in just going out on site
18 flipping through invoices or papers for a day or
19 so. So I was aware of it, but I had no
20 involvement in how that was resolved or who was
21 notified or anything like that, but --

22 Q Can you give us an approximate range of what
23 dollars were impacted by that?

24 A I wouldn't even have known.

25

1 (Whereupon, Email with attachment of EAC
2 Review Team Action Items was marked
3 Exhibit No. 9 for identification.)
4

5 BY MR. HALTIWANGER:

6 Q Just let me know when you've had a chance to look
7 at Exhibit No. 9.

8 A Okay, I'm ready.

9 Q Can you tell us what Exhibit No. 9 is?

10 A Yes. This was, essentially, the Word document
11 that accompanied the PowerPoint presentation that
12 was Exhibit No. 8. So there's a section for the
13 different buckets. And it's a lot of the same
14 information just in Word format.

15 Q The date on the first email there from Sheri
16 Wicker appears to be May 5, 2015. Do you see
17 that?

18 A Yes, I do see that.

19 Q Was the EAC team still, I guess, operating in May
20 of 2015?
21

22 MR. CHALLY: Object to form.
23

24 A We did not have regular responsibilities after the
25 presentation to executive management. Now, I

1 don't have any specific knowledge of action items
2 being followed up on, but it's possible. I don't
3 recall any specific things that we did after that
4 final presentation.

5 Q Who is Kenneth Jerome?

6 A That's Ken Browne.

7 Q So was this report -- Let me ask, when was this
8 report finalized?

9

10 MR. CHALLY: Object to form.

11

12 A I can't say that for -- I cannot definitively say.
13 I know that there was a version of this document
14 that accompanied our presentation, you know, back
15 in October, and it was a living document that
16 everyone on the team had access to. So I have
17 basically no idea when the final report was made.

18 Q Turning to the last page, the final paragraph
19 there -- well, actually the last sentence. "There
20 were several action items that the owner did not
21 receive complete answers for, but deferred further
22 discussion due to materiality." Do you recall
23 what those action items were?

24

25 MR. CHALLY: Object to form.

1

2 A I do not.

3 Q Would you participate in meetings between the
4 vendors and SCANA when it came to your audits?

5 A I don't understand the question.

6 Q If you performed an audit -- let me back up even
7 further. As part of your job we discussed here
8 today, was performing audits on the work out at
9 the nuclear project, correct?

10 A Uh-huh.

11 Q After your audits were completed, was there ever a
12 time when you would have a meeting with the entity
13 you had audited and SCANA to discuss resolution of
14 the audit?

15 A The entity being the Consortium?

16 Q The Consortium or subcontractor of the Consortium
17 or -- I guess -- if your audits came up with a
18 situation where you had a challenge payment or
19 invoice, how would that -- would that end up
20 getting resolved in a meeting?

21

22 MR. CHALLY: Object to form.

23

24 A Can you say that again, I'm sorry.

25 Q If somebody on the auditing team performed an

1 audit --

2 A Uh-huh.

3 Q -- challenged a charge found by the Consortium, I
4 think it went on that disputed invoice log?

5 A Sometimes.

6 Q Okay. Those items, did they get resolved as a
7 result of a meeting of some kind between SCANA and
8 the vendor?

9 A Most of the findings and recommendations were
10 resolved via -- or the communication of the
11 resolution was provided via project letter. So we
12 would send a project letter saying here are our
13 recommendations and findings. And in theory, they
14 would send one back saying we have done X, Y, Z
15 and here, you know -- and sometimes it would be
16 back and forth kind of discussion and project
17 letters. But there was no one consistent way that
18 things were resolved. It just depended on the
19 audit and the topic and so forth.

20 Q Before she left SCANA, did you ever have any
21 conversations with Carlette Walker about any
22 frustration she had had with her job?

23 A Yes.

24 Q Elaborate, if you would.

25 A She communicated to me that she was frustrated

1 with senior management's lack of support for her
2 escalation of issues.

3 Q What issues would those have been?

4 A Just different things her team would identify.

5 Q Can you give me some examples?

6 A Audits, invoice issues. I mean, there was a
7 variety -- I mean, a variety of things that her
8 team had responsibilities for.

9 Q And what do you recall her telling you about her
10 frustrations with that?

11 A That she felt like senior management didn't
12 support her or take her complaints and resolve
13 them to her satisfaction.

14 Q I believe at a time before she left employment,
15 Carlette Walker was on medical leave. Are you
16 aware of that?

17 A Yes, I was.

18 Q Were you aware of that at the time?

19 A Yes, I was.

20 Q Did you receive that information from her or from
21 somebody else at SCANA?

22 A Somebody else at SCANA.

23 Q Who told you that Carlette had been on medical
24 leave?

25 A Our in-house counsel.

1 Q Have you ever had any discussions with Carlette
2 Walker herself about her medical leave?

3 A Yes.

4 Q What did she tell you about it?

5 A Very just high-level -- Well, I should clarify,
6 medical leave, no. No, she never specifically
7 mentioned medical issues or medical leave to me.

8 Q Never mentioned medical issues or medical leave or
9 just medical leave?

10 A Both.

11 Q I don't want any substance of any conversations
12 you may have had with in-house counsel. I'm just
13 curious of the approximate date of when that would
14 have occurred.

15 A Probably January 2016.

16 Q Does the term "Lake Charles" in reference to
17 Westinghouse have any meaning to you?

18 A Yes.

19 Q What does that mean to you?

20 A That was the facility where a lot of the sub
21 modules were being fabricated.

22 Q And were those the same modules we discussed
23 earlier that had a delay?

24 A Yes, many of them coming out of Lake Charles. I
25 don't want to state every module coming out of

1 Lake Charles or that there weren't modules
2 elsewhere that weren't delayed, but that's where
3 the bulk of the problems seemed to be.

4

5 MR. HALTIWANGER: That's all the questions I
6 have. Please answer if there is anybody else.

7 MR. CHALLY: Yeah, I have some questions.

8

- - - - -

9

EXAMINATION

10 BY MR. CHALLY:

11 Q Do you want to take a break or --

12 A I'm good.

13 Q Ms. Felkel, my name's Jon Chally. I represent
14 SCANA and SCE&G in this case. I just have a few
15 follow-up questions for you.

16 A Okay.

17 Q First, you testified earlier that one of your
18 responsibilities while you were employed with the
19 project was coordinating with the Office of
20 Regulatory Staff, the ORS. Do you recall that?

21 A Yes.

22 Q And that included, correct me if I'm wrong,
23 working with the ORS to prepare agendas for ORS
24 site visits?

25 A Yes.

1 Q Tell us about the process for preparing those
2 agendas.

3 A We would have a telephone conference the week
4 before their site visit. And in that phone call
5 conversation they, being the ORS, communicated --
6 we used the prior month as the shell for the next
7 month's agenda. They would communicate either
8 items we could drop off the agenda or items that
9 they wanted to add to the agenda, questions they
10 had. We worked with them to get as specific as
11 possible to make sure that our answers could be
12 properly answered when they arrived on site. They
13 had freedom to add anything to the agenda. And
14 subsequent to that phone call, I would physically
15 type up the agenda, distribute it to the
16 functional managers responsible for briefing the
17 ORS in the upcoming week, and that was to give
18 them several business days to make sure they had
19 the proper information and answers. You know,
20 sometimes they need to go to the person in the
21 field who knew all the ins and outs and everything
22 in their organization or would be printing a copy
23 of a report, but they were responsible for being
24 able to completely and fully answer the question
25 for the ORS the next week in the briefings.

1 That's the process. They would come on site, do
2 their tour and we would -- the briefings would
3 follow the outline of the agendas. And then I was
4 responsible for follow-up for questions that may
5 not have been answered for whatever reason, like
6 maybe an audit hadn't been closed or a CR hadn't
7 been resolved, you know, there wasn't an answer at
8 the time yet to give to the ORS. We would
9 obviously leave it on the agenda until there was a
10 final resolution to provide to them and so forth.

11 Q So the ORS was able to determine what topics to be
12 included on the agendas. Is that correct?

13 A Yes.

14 Q And then it was the company's responsibility to
15 provide information in response of what the ORS
16 had requested. Is that right?

17 A Yes.

18 Q And to your knowledge, the company did just that,
19 the company provided the information that the ORS
20 requested. Is that right?

21 A Yes.

22 Q And then the agendas would constitute some sort of
23 a memorializing of the substance of the
24 communications that the company may have had with
25 the ORS. Is that fair?

1 A Yes.

2 Q And so, if an item appeared on the agenda for a
3 period of time, that would suggest to you that
4 that item was specifically called for by the ORS.
5 Is that right?

6 A SCE&G put things on the agenda themselves too, so
7 there's no way to delineate based on the agenda
8 who put it -- who first put it on the agenda, but
9 if it was on the agenda, it was discussed.

10 Q Fair enough. So if it was on the agenda,
11 regardless of who put it there, it would have been
12 something discussed between the company and the
13 ORS?

14 A Correct.

15 Q And then that item would remain on the agenda
16 until the ORS had concluded that it was
17 sufficiently addressed. Is that correct?

18 A Yes, they were -- yes. And to clarify, there were
19 a few times items - I wouldn't say were
20 sufficiently addressed - but had been elevated to
21 above the level of everyone in those meetings. In
22 other words, our answer, you know, maybe for
23 months would be our bosses are talking about it
24 and there's no sense in continuing to put it -- to
25 say that month after month that it's -- it has

1 risen above everyone's title in this room.

2 Q So in those instances, it just means that the
3 discussions on that topic had elevated to a
4 different level of both organizations?

5 A Yes, and that may have been why something dropped
6 off the agenda. Those were few and far between.

7

8 (Whereupon, Email with attachment of
9 Final October ORS Agenda was marked
10 Exhibit No. 10 for identification.)

11

12 BY MR. CHALLY:

13 Q I'm handing you what I've marked as Exhibit
14 No. 10. I want to give you a chance to look at
15 that. My first question for you is going to be
16 are you familiar with the document?

17 A Yes.

18 Q What is it?

19 A This is the agenda for -- this is the agenda for
20 the October 2015 site visit.

21 Q Was this agenda prepared for the process that you
22 just described a minute ago?

23 A Yes.

24 Q So items identified on the agenda were those that
25 SCE&G or the ORS had decided needed some

1 discussion between the two entities. Is that
2 fair?

3 A Correct.

4 Q And that if it appeared on the agenda, then it, in
5 fact, means that SCE&G and the ORS had some
6 discussion regarding the topics. Is that correct?

7 A That's correct.

8 Q I want to refer you to page 5 of the attachment,
9 specifically heading six and subheading D. Can
10 you read that into the record, please?

11 A "Discussed the status of the Bechtel assessment
12 and the top ten issues noted thus far."

13 Q So is that the Bechtel assessment that you were
14 previously discussing with Mr. Haltiwanger?

15 A Yes.

16 Q So it was your understanding then because this
17 item appeared on the agenda, that SCE&G and the
18 ORS had specific discussions related to the
19 Bechtel assessment?

20 A Yes.

21 Q And if this agenda item ever came off the agenda,
22 it would be because the ORS was -- believed it
23 didn't need to be included in this agenda any
24 further. Is that right?

25 A Not necessarily. This -- I don't recall what

1 month it got dropped off the agenda, but this was
2 one of those examples where our answer was "It's
3 been elevated to our bosses."

4 Q Okay. So this is one of those instances where the
5 collective response of SCE&G and the ORS was "This
6 discussion is ongoing among people higher in the
7 organization that are involved in the site visit."
8 Is that fair?

9 A I wouldn't necessarily say that. I mean, the ORS
10 kept trying to get SCE&G to answer questions and
11 address where the status was, and our answer
12 consistently was, you know, "it's above our --
13 "our bosses are discussing it."

14 Q So, clearly, the ORS knew the Bechtel assessment
15 that was identified on the agenda? Isn't that
16 right?

17 A Can you say that one more time?

18 Q The ORS knew of the assessment that was identified
19 on the agenda.

20 A Yes.

21 Q Do you recall having specific discussions with the
22 ORS about the assessment, just its existence?

23 A Yes. I mean, I didn't believe it was a secret to
24 anybody that Bechtel was out there.

25 Q So ORS knew about it, knew that they were involved

1 and on site. Is that correct?

2 A That's fair, yes.

3 Q Now, I guess it's also true that, putting aside
4 the assessment, ORS was regularly involved in
5 issues related to the project, right?

6 A I don't really know how to answer that. They came
7 on site, did the tour, and we had these briefings.
8 Yes, I can attest to that, but I don't know what
9 level of -- I know we provided documents, but I
10 can't testify they read all the documents or any,
11 you know.

12 Q Sure, fair enough, so -- but to your knowledge,
13 they had staff on site on a number of occasions.
14 Isn't that right?

15 A That's correct.

16 Q And they requested documents on a number of
17 occasions?

18 A That's correct.

19 Q And they sought other information that might not
20 have not been revealed in documents? Isn't that
21 true?

22 A That's correct.

23 Q Did you personally ever withhold any information
24 that the ORS requested?

25 A No.

1 Q So you tried to get them the most complete
2 information that you could? Isn't that right?

3 A Yes.

4 Q Okay. Ms. Felkel, you testified that one of your
5 responsibilities was for auditing, performing
6 audits of the Consortium. Isn't that right?

7 A That's correct.

8 Q And then, just to make sure I understood
9 correctly, so you prepared audits initially.
10 Isn't that right? And then is it right to say
11 that the first step you took after the audit was
12 prepared and finalized by the company was to
13 provide the results of that audit to the
14 contractor of the Consortium?

15 A Yes. Prior to that, we had a meeting with the
16 contractor, so the letters were never surprises;
17 they were aware of what was going to be put in
18 writing. So we had a meeting prior to the project
19 letter being issued with the Consortium.

20 Q Okay. And so the purpose -- what was the purpose
21 of the meeting prior to the letter being
22 finalized?

23 A To make sure that our findings and conclusions --
24 that we hadn't misinterpreted something or
25 misunderstood something, to give them an

1 opportunity if there was something we had not --
2 something we had missed, just to make sure. I
3 mean, not from a "they disagreed and so we
4 listened to them" perspective, but just from a
5 strictly factual if we said, you know, this
6 document doesn't exist and they had it right there
7 and we just, you know. So there would be no
8 surprises and we had fleshed out everything and
9 given them a fair opportunity to respond before it
10 was put in project letter.

11 Q So before the project letter gets finalized, you
12 would be with Westinghouse and raise the substance
13 of what would be in this letter?

14 A Correct.

15 Q And then in some of those instances, they would --
16 would it be true to say that, on the spot, they
17 would address whatever topic or a topic that you
18 had intended to include in the final letter?

19 A Yes, but we still -- I mean, if they resolved
20 something in between that time period, we still
21 noted it because we had found the issue. So, I
22 mean, we would have appreciated that timely
23 response, but the meeting was more for strictly
24 like we just point blank missed something and were
25 reporting something that wasn't factual, you know.

1 Q So then the meeting would follow -- or excuse me,
2 would precede a formal letter, right --

3 A Uh-huh. Correct.

4 Q -- that documented your findings. Isn't that
5 right?

6 A Yes.

7 Q And then that letter would be provided to
8 Westinghouse and the Consortium, right?

9 A Yes. That letter was sent to standard
10 distribution for project letters based on the
11 subject matter of the audit.

12 Q And the purpose of the letter was to try to get
13 Westinghouse to actually address the items that
14 you had identified, right?

15 A Correct.

16 Q At least for some of those items, Westinghouse did
17 address the items you had identified. Isn't that
18 correct?

19 A Some of them.

20 Q During your time, there were some items that
21 Westinghouse was able to address?

22 A Some.

23 Q And -- okay. And then if they -- wasn't there a
24 process that followed if there were items that
25 Westinghouse didn't address? So wasn't there an

1 escalation process?

2 A The first thing that would happen is Westinghouse
3 would send project letters back in response, and
4 it generally ended up becoming a - I shouldn't say
5 generally - sometimes became a volleying back of
6 letters back and forth. And there was no magic
7 button for when we put a stop to that and raised
8 it further, but at some point, you know, if we
9 were not satisfied with their answers, either when
10 they said they would resolve it and we knew they
11 hadn't or they disagreed and said they weren't,
12 you know, or whatever when we were not in
13 agreement at some point issues got escalated
14 outside of project letter space and tried to find
15 resolution elsewhere because it was a challenge to
16 find resolution.

17 Q And it was important to you as an auditor for the
18 project to try to find those resolutions, right?

19 A Yes.

20 Q And -- okay. And then, so following your
21 discussions and once it was escalated, did you
22 have direct involvement in resolving issues with
23 Westinghouse that you had previously identified in
24 an audit?

25 A I don't know how you define "direct involvement."

1 Q Did it get escalated to senior management. Is
2 that correct?

3 A SCANA's?

4 Q Yeah, I'm sorry. Let me try to ask a better
5 question. You talked about a process where some
6 issues were resolved following the findings
7 letter --

8 A Uh-huh. Yes.

9 Q -- and then for those issues that could not or
10 were not resolved, there was a process to escalate
11 the issues further up, correct?

12 A There wasn't a formal process, but Carlette would
13 attempt to escalate the issue and find resolution
14 elsewhere.

15 Q I guess my question to you is, were you involved
16 in that escalation? So once it rose above your
17 letter, were you involved in the process by which
18 these issues were resolved between the company and
19 Westinghouse?

20 A Resolved or attempted to resolve, no.

21 Q So you don't know whether they were, in fact,
22 resolved in some way or not. Isn't that right?

23 A Sometimes we could tell they weren't resolved
24 because we would do follow-up audits and things
25 hadn't improved. Sometimes there'd be no way to

1 tell without doing another audit and we -- no, it
2 would -- I could not have consistently been able
3 to tell.

4 Q Okay. I want to make sure I understand the issue
5 that you mentioned about that contractor bidding
6 against himself.

7 A Yes.

8 Q So this was an individual contractor that was
9 involved that -- on the project that you believe
10 -- that --

11 A I was told.

12 Q -- that you were told had bid against himself. Is
13 that right?

14 A Had created additional fictional companies and he
15 was, in essence, bidding against himself.

16 Q And this is an issue -- who identified this issue?
17 Was it someone employed by SCANA?

18 A I don't know for sure, so . . .

19 Q But it was identified by someone?

20 A Correct.

21 Q And then it was raised with that contractor in an
22 effort to address the issue. Is that right?

23 A I can't speak to -- I know our corporate security
24 was involved, but outside of that, I don't have
25 any -- I don't remember -- I was not at all -- I

1 was just out on field digging through paper for a
2 day or so. That was the limit -- very limited
3 involvement I had in that case, but I was aware of
4 it, so I did share.

5 Q You said that corporate security was involved. So
6 what do you mean by that?

7 A I know they were involved in the investigation.

8 Q What does that entail? So what does corporate
9 security do in those circumstances?

10 A Oh, I have no idea what they did. I mean, I know
11 they were aware of it and they were -- came to
12 meetings where we -- came to the meeting I was in
13 where they said we want you to go out and look
14 through invoices and stuff. So, obviously, they
15 have been made aware of it, but I don't know
16 anything about the processes for SCANA's corporate
17 security and how they investigate.

18 Q Fair enough. So then you were delegated the
19 responsibility to look through invoices in
20 connection with that?

21 A Yes, very, very tiny piece.

22 Q And then you -- and you reported that information
23 on to --

24 A Yes.

25 Q And then, as far as you know, that information was

1 used for whatever purposes that they deemed
2 appropriate?

3 A Yes.

4 Q All right. I want to make sure I have this
5 correct. You answered some questions of
6 Mr. Haltiwanger about the EAC presentation, I
7 believe, I think it's Exhibit No. 8. My first
8 question is, I believe you testified that you were
9 not involved in the meeting with management where
10 these conclusions -- where the conclusions of the
11 EAC were presented. Is that right?

12 A I was not involved in the 10/13/14 executive
13 meeting, correct.

14 Q Yeah, I'm sorry, that's what I meant.

15 A Yes.

16 Q So you were not involved in the executive meeting
17 that reported on these findings?

18 A Correct.

19 Q So other than the conversation that you said you
20 had with Mr. Browne, are you aware of what senior
21 management at the company did with the information
22 the EAC provided?

23 A I'm not aware of that.

24 Q So you don't know, then, how management used the
25 information to negotiate with the Consortium? Is

1 that right?

2 A That's correct.

3 Q Beyond those discussions with senior management
4 that you may not have been directly involved with,
5 weren't there other departments of the company
6 responsible for interacting with the Consortium
7 departments other than yours?

8 A Yes. Every department would have interacted.

9 Q And so at least for some of those departments,
10 they were also trying to identify and resolve
11 issues that they discovered related to the
12 Consortium's work. Is that fair?

13 A Very high level, but I would obviously have no
14 knowledge of what they did and didn't do.

15 Q Sure.

16 A But yes, that was everyone's goal, was oversight
17 and resolution of problems.

18 Q All right. But then as you said, you don't -- you
19 wouldn't know the substance of the discussions
20 that those groups may have had with Consortium or
21 others in an effort to resolve those issues?

22 A Not unless I was in those meetings.

23 Q Okay.

24

25 MR. CHALLY: If you can give me two minutes,

1 I think I might be done.

2 VIDEOGRAPHER: We will now go off the record.

3 The time is approximately 5:22 p.m.

4

5 (Off the Record)

6

7 VIDEOGRAPHER: We are now back on the record.

8 The time is approximately 5:28 p.m.

9

10 BY MR. CHALLY:

11 Q Ms. Felkel, just a couple of final questions for
12 you. So from the time of 2014 until 2016, were
13 you continuously employed at SCANA?

14 A Yes.

15 Q Were you on leave for any periods of time during
16 those windows -- during that window?

17 A Yes.

18 Q What periods of time?

19 A I was on maternity leave from June 2015 to -- came
20 back Labor Day 2015, ten, 11 weeks, yeah.

21 Q That's the leave that you took during --

22 A Yes.

23 Q -- that window 2014/2016.

24 A Uh-huh.

25 Q Okay.

1

2

MR. CHALLY: That's all I've got.

3

4

MR. STEWART: I secured commitments from
everybody except for you they weren't going to ask
questions.

5

6

MR. HALTIWANGER: Okay.

7

- - - - -

8

RE-EXAMINATION

9

BY MR. HALTIWANGER:

10

Q I just have a very short follow-up to some of the
questions Mr. Chally asked you. If you could find
Exhibit No. 10 again.

11

12

13

A Yes.

14

Q And page five.

15

A Yes.

16

Q Item 6D, "Discuss the status of the Bechtel
assessment and the top ten issues noted thus far."

17

18

A Yes.

19

Q And it was my understanding this is going to be a
discussion between SCANA and ORS?

20

21

A Correct.

22

Q Do you have any knowledge about what the "top ten
issues noted thus far" would have been?

23

24

A My notes did not address any top ten issues.

25

Q Had you heard any discussions about what those

1 could have been?

2 A No.

3 Q Do you know who from SCANA would have been
4 involved in that discussion, who the actual
5 individual would have been?

6 A My notes from that meeting, I did not specify who,
7 and I can't say with certainty because it was a
8 very fluid conversation-type meeting. There
9 would, of course, naturally be overlap between
10 topics, so I cannot say for certain. What I wrote
11 in my minutes I do not assign to a specific
12 person, so I have no recollection of who said.

13 Q But you -- it sounds like you have reviewed actual
14 written notes from this meeting?

15 A Yes.

16 Q When did you review those notes?

17 A Fall of 2017.

18 Q What brought about the occasion for you to review
19 those notes?

20 A A request from King & Spalding to provide
21 documentation.

22 Q Where was that documentation located when you went
23 to find it?

24 A In my office at Cayce. I had started with audit
25 services. I was with audit services at that

1 point.

2 Q Were these handwritten notes?

3 A Yes.

4 Q Have you provided anybody copies of these
5 handwritten notes?

6 A Yes.

7 Q And who did you provide copies to?

8 A King & Spalding.

9 Q Have you provided those -- when those notes were
10 originally created, did you provide them to anyone
11 at that time?

12 A Not that I recall. We just maintained them in our
13 own offices.

14 Q If I was to send you a request for copies of those
15 notes, how would I describe it so that you would
16 know exactly what I was talking about?

17 A A request to me?

18 Q Yeah. It would go through the attorneys, but I
19 want to make sure that when that request gets to
20 you, you would know exactly what I was talking
21 about. What would be the title I would use?

22 A But for me to provide?

23 Q Yeah.

24

25 MR. CHALLY: Just to be clear, she's no

1 longer employed by SCANA so the request wouldn't
2 go to her.

3

4 A Yeah. I don't have access to any of my
5 documentation from SCANA.

6 Q I guess I was looking for the best thing to call
7 them so that there's no confusion between me and
8 Mr. Chally about what I'm asking for.

9 A October 2015 ORS notes, monthly meeting or meeting
10 minutes. They're just handwritten.

11 Q Who else would have been sitting in on that
12 meeting, individuals?

13 A I can't say for certain. People stepped in and
14 out and I don't have any recollection of that
15 actual meeting who was present.

16 Q Do your notes not reflect who was in the meeting?

17 A They would. They would have it, yeah, but I don't
18 recall specifically noticing or me paying
19 attention when I reviewed those notes who was in
20 there or wasn't in there.

21 Q Can you recall if any SCANA lawyers were involved
22 in there?

23 A No. SCANA lawyers wouldn't be in those meetings.
24 I don't recall counsel -- in-house counsel ever
25 being in those meetings. Now, I wasn't in every

1 meeting, but I personally, the ones I attended, do
2 not recall in-house counsel being in them.

3 Q At the time, do you recall anybody instructing you
4 that Bechtel was being hired for purposes of
5 litigation?

6

7 MR. CHALLY: Object to form.

8

9 A I never heard that, no.

10

11 MR. HALTIWANGER: I think that's all I've
12 got.

13 VIDEOGRAPHER: This concludes the video
14 deposition of Margaret --

15 MR. CHALLY: Just to make clear for the
16 record, we're going to designate this deposition
17 transcript as confidential, pursuant to our
18 agreement. I think that's it.

19 MR. HALTIWANGER: And while we're on that.
20 Obviously, there was a moment in the deposition
21 where the deponent was instructed not to answer
22 questions. We're going to meet with our team and
23 decide what, if anything, we're going to do about
24 pursuing that, but we would hold off on
25 considering the deposition final -- closed for

1 final until we get a determination about that.
2 But that's the only thing we would leave it open
3 for.

4 MR. ALPHIN: Resolution of that one issue.

5 MR. HALTIWANGER: Yes.

6 MR. CHALLY: Just to make sure I understand,
7 the one issue is whether or not she -- her review
8 of the Bechtel report, once publicly disclosed
9 after she left the company's employ, is consistent
10 with her memory. That's the issue that you're
11 leaving the deposition open to discuss?

12 MR. HALTIWANGER: Consistent with the
13 information she learned in the EAC review process.

14 MR. CHALLY: Got it.

15 - - - - -

16 (There being no further questions, the
17 deposition adjourned at 5:38 p.m.)

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE

Be it known that the foregoing
Deposition of MARGARET FELKEL was taken by Jennifer L.
Thompson, CVR-M;

That I was then and there a notary
public in and for the State of South Carolina-at-Large;

That the witness was sworn by me or
administered an oath of affirmation to testify the
truth, the whole truth, and nothing but the truth,
concerning the matter in controversy aforesaid;

The foregoing transcript represents
a true, accurate and complete transcription of the
testimony so given at the time and place aforesaid to
the best of my skill and ability;

That I am not related to nor an
employee of any of the parties hereto, nor a relative
or employee of any attorney or counsel employed by the
parties hereto, nor interested in the outcome of this
action.

Witness my hand and seal this 15th day of
August 2018.



Jennifer L. Thompson, CVR-M

Notary Public for South Carolina
My Commission Expires: August 14, 2019

**This transcript may contain quoted material. Such
material is reproduced as read or quoted by the
speaker.**

1 DEPOSITION ERRATA SHEET

2 In the matter of: Richard Lightsey, et al. vs. South
3 Carolina Electric & Gas Company, et al.

4 Deponent: Margaret Felkel

5 Date of Deposition: August 6, 2018

6 DECLARATION UNDER PENALTY OF PERJURY

7 I declare under penalty of perjury
8 that I have read the entire transcript of
9 my Deposition taken in the captioned matter
10 or the same has been read to me, and
11 the same is true and accurate, save and
12 except for changes and/or corrections, if
13 any, as indicated by me on the DEPOSITION
14 ERRATA SHEET hereof, with the understanding
15 that I offer these changes as if still under
16 oath.

17 Signed on the _____ day of
18 _____, 20__.

19

20

21 MARGARET FELKEL

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DEPOSITION ERRATA SHEET

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

SIGNATURE: _____ DATE: _____

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DEPOSITION ERRATA SHEET

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

Page No. _____ Line No. _____ Change to: _____

Reason for change: _____

SIGNATURE: _____ DATE: _____

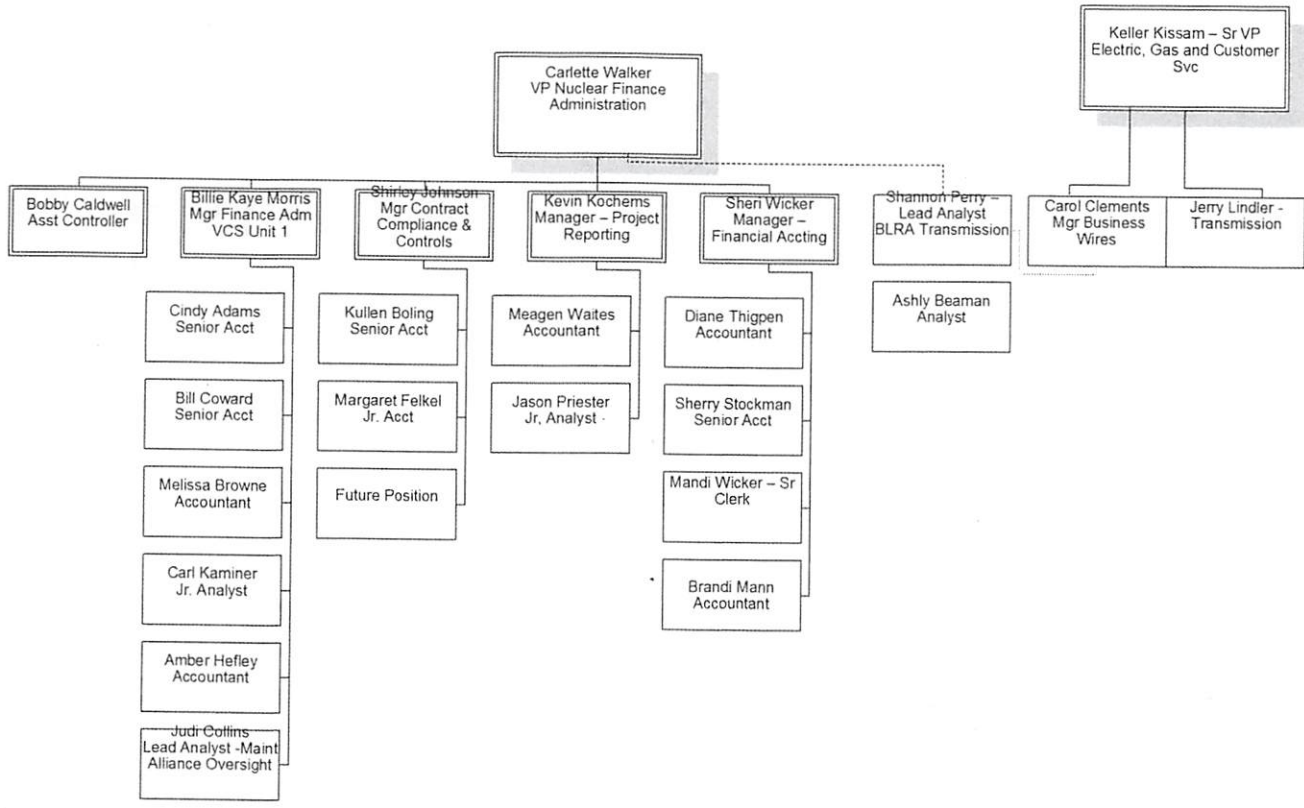


Exhibit No. #1
 WITNESS Felkel
 Date 8-6-13
 Thompson Court Reporting, Inc.

From: WICKER, SHERI L <SWICKER@SCANA.COM>
Sent: Tuesday, July 3, 2012 4:50 PM
To: FELKEL, MARGARET SHIRK <MARGARET.FELKEL@scana.com>
Subject: RE: Request for Proposed Changes to F.1.1 Milestone - U3 Control Rod Drive Mechanisms

Margaret,

I can confirm the milestone description, amount and 0% escalation (thus, no savings to pay it early) are all accurate.

Thanks,
Sheri

From: FELKEL, MARGARET SHIRK
Sent: Tuesday, July 03, 2012 2:02 PM
To: STOKES, ROBERT B; TORRES, ALAN D; SMITH, ABNEY A JR; WALKER, CARLETTE L; JOHNSON, SHIRLEY S; CHERRY, WILLIAM; BROWNE, KENNETH JEROME; KOCHEMS, KEVIN R; WICKER, SHERI L
Subject: Request for Proposed Changes to F.1.1 Milestone - U3 Control Rod Drive Mechanisms

The Consortium has recently requested to change the EPC milestone payment schedule for the following F.1.1 milestone:

- Fabricator to Start Manufacturing of Latch Housing – Unit 3 \$1,378,792

Westinghouse is requesting the change because the milestone was completed ahead of schedule in June 2012 (rather than January 31, 2013 as planned).

Please review the attached PDF for additional information. Please provide your feedback/questions etc. to me **no later than Monday, July 9th** so that we can respond to the Consortium in time.

Thanks in advance.

Margaret S. Felkel
SCANA Services - Contract Compliance & Controls
direct line: 803-941-9821
margaret.felkel@scana.com

Exhibit No. #7
WITNESS Felkel
Date 8-6-18
Thompson Court Reporting, Inc.

From: KOCHEMS, KEVIN R <KKOCHEMS@scana.com>
Sent: Wednesday, August 1, 2012 1:54 PM
To: SMITH, ABNEY A JR <SASMITH@scana.com>; FELKEL, MARGARET SHIRK <MARGARET.FELKEL@scana.com>
Cc: WICKER, SHERI L <SWICKER@SCANA.COM>; WALKER, CARLETTE L <CWALKER@scana.com>; BROWNE, KENNETH JEROME <KENNETH.BROWNE@scana.com>; CHERRY, WILLIAM <WILLIAM.CHERRY@scana.com>; JOHNSON, SHIRLEY S <SWJOHNSON@scana.com>
Subject: RE: Request for Proposed Changes to F.1.1 Milestone - CRDM

Skip,

Calculating the impact on income would be complicated and maybe misleading since the more we spend the more our income goes up. However, here is a simple answer:

We will be incurring additional AFUDC on these payments that we otherwise would not have. So without a decreased escalation to offset the increased AFUDC, it is in fact costing our ratepayers more. The current AFUDC rate is about 5.28%, so the simple calculation of carrying this and the new one (PZR) will cost our WO about \$140,000 more. Now with our ROI, it will actually cost our ratepayers even more than this over the life of the plants. (Note this does not include potential additional storage, maintenance, etc. costs)

Not sure if I confused the issue or helped, but the bottom line is that WEC doing this is actually costing us money.

Kevin

From: SMITH, ABNEY A JR
Sent: Tuesday, July 31, 2012 4:56 PM
To: KOCHEMS, KEVIN R; FELKEL, MARGARET SHIRK
Cc: WICKER, SHERI L; WALKER, CARLETTE L; BROWNE, KENNETH JEROME; CHERRY, WILLIAM; JOHNSON, SHIRLEY S
Subject: Re: Request for Proposed Changes to F.1.1 Milestone - CRDM

What is income impact

From: KOCHEMS, KEVIN R
Sent: Tuesday, July 31, 2012 04:51 PM
To: FELKEL, MARGARET SHIRK
Cc: WICKER, SHERI L; WALKER, CARLETTE L; SMITH, ABNEY A JR; BROWNE, KENNETH JEROME; CHERRY, WILLIAM; JOHNSON, SHIRLEY S
Subject: RE: Request for Proposed Changes to F.1.1 Milestone - CRDM

Margaret,

I hate that we have to pay milestones like this early, given that we don't see any escalation savings, and we now have to incur 9 months extra of AFUDC. I understand that we want to keep WEC cash neutral, but I don't think this should result in it costing us more. It seems like we should be able to see some benefit from doing this. Can we ask why WEC let NCM finish early? Their comment of "NCM was able to accomplish the milestone ahead of schedule" seems to imply that this is a good thing.

Kevin

Exhibit No. #3
WITNESS Felkel
Date 8-16-12
Thompson Court Reporting, Inc.

From: FELKEL, MARGARET SHIRK

Sent: Tuesday, July 31, 2012 4:06 PM

To: STOKES, ROBERT B; TORRES, ALAN D; SMITH, ABNEY A JR; WALKER, CARLETTE L; JOHNSON, SHIRLEY S; CHERRY, WILLIAM; BROWNE, KENNETH JEROME; KOCHEMS, KEVIN R; WICKER, SHERI L

Subject: Request for Proposed Changes to F.1.1 Milestone - CRDM

All –

The Consortium has recently requested to change the EPC milestone payment schedule for the milestone "Fabricator to Start Manufacturing of Latch Assemblies – Unit 3." Westinghouse is requesting the change because the Control Rod Drive Mechanisms supplier, NCM, is currently ahead of schedule and will complete the milestone in July 2012 (rather than April 30, 2013, the current F.1.1 Completion Date).

Please review the attached PDF for additional information. Please provide your comments to me **no later than Monday, August 6th** so that we can respond to the Consortium in a timely manner. Thanks in advance.

Margaret S. Felkel

SCANA Services - Contract Compliance & Controls

direct line: 803-941-9821

margaret.felkel@scana.com

From: KOCHEMS, KEVIN R <KKOCHEMS@scana.com>
Sent: Thursday, September 27, 2012 4:33 PM
To: FELKEL, MARGARET SHIRK <MARGARET.FELKEL@scana.com>; SMITH, ABNEY A JR <SASMITH@scana.com>; WALKER, CARLETTE L <CWALKER@scana.com>; JOHNSON, SHIRLEY S <SWJOHNSON@scana.com>; CHERRY, WILLIAM <WILLIAM.CHERRY@scana.com>; BROWNE, KENNETH JEROME <KENNETH.BROWNE@scana.com>; WICKER, SHERI L <SWICKER@SCANA.COM>
Subject: RE: Request for Proposed Changes to U3 Integrated Head Package

Margaret,

Hate to sound like a broken record, but since we don't see any escalation savings, and we now have to incur 6 months extra of AFUDC I don't see how this is keeping everyone cash neutral. I see how it is helping WEC but at our cost. I don't see it being unreasonable to deny this if it is costing us more money.

How do we know they aren't getting some discount for paying early?

Can we split the difference and only let them bill us ½ early (not sure how to really phrase that but you know what I mean)?

Just because the work was done early, does that mean it is a good thing (not sure if this equipment schedule was pushed with the COL delay). Maybe they should be getting our permission before they get ahead of schedule so our refusal would not burden them.

Kevin

Exhibit No. #4
WITNESS Felkel
Date 8-6-12
Thompson Court Reporting, Inc.

From: FELKEL, MARGARET SHIRK
Sent: Thursday, September 27, 2012 8:30 AM
To: STOKES, ROBERT B; TORRES, ALAN D; SMITH, ABNEY A JR; WALKER, CARLETTE L; JOHNSON, SHIRLEY S; CHERRY, WILLIAM; BROWNE, KENNETH JEROME; KOCHEMS, KEVIN R; WICKER, SHERI L
Subject: Request for Proposed Changes to U3 Integrated Head Package

The Consortium has recently requested to change the EPC milestone payment schedule for the following F.1.1 milestones:

- IHP Fabricator Notice to Contractor Completion of Manufacturing of Lower Lift Rig Assembly – Unit 3 \$1,100,004
- IHP Fabricator Notice to Contractor Completion of Duct Assemblies – Unit 3 \$916,670

Westinghouse is requesting the change because the U3 Integrated Head Package supplier, Premier Technology, is currently ahead of schedule and will complete the milestones in September 2012

(rather than October 31, 2012 and January 31, 2013, the current F.1.1 Completion Date).

Please review the attached PDF for additional information. Please provide your comments to me **no later than Friday, October 5th** so that we can respond to the Consortium in a timely manner. Thanks in advance.

Margaret S. Felkel
SCANA Services - Contract Compliance & Controls
direct line: 803-941-9821
margaret.felkel@scana.com

From: FELKEL, MARGARET SHIRK <MARGARET.FELKEL@scana.com>
Sent: Tuesday, December 15, 2015 8:26 AM
To: Jeffery Manning <jeffery.manning@cbi.com>; 'Lisa F Key' <lisa.key@cbi.com>; 'Jessica Dills' <jessica.dills@cbi.com>; 'Veit, Jacqueline M' <jacqueline.veit@cbi.com>; 'Hyde, JoAnne' <hydej@westinghouse.com>; 'Frankle, Michael E.' <franklme@westinghouse.com>
Cc: SMITH, ABNEY A JR <SASMITH@scana.com>; WALKER, CARLETTE L <CWALKER@scana.com>; JOHNSON, SHIRLEY S <SWJOHNSON@scana.com>; OWEN, COURTENAY B <COURTENAY.OWEN@scana.com>; GILLESPIE, DEWITT J (JOEY) <DGILLESPIE@scana.com>
Subject: Owner Assets Potential Findings/Owner Concerns
Attach: OA Not Identifiable or Missing on Log.xlsx; Untraceable OA by PO.xlsx

Jeff/Lisa,

Per our conversation last week, see below for a list of preliminary findings and/or Owner concerns. Please note that the Owner picked a relatively small sample size for field verification and focused more on the administrative functions of the process to ensure adequate controls.

- 1) Fieldwork Sample (Owner sampled 40 assets from the Quarterly log to verify existence in the field):
 - CB&I could not locate in the field 3 of the 40 assets (7.5%).
 - C01225 Drill, Hammer – 2" (The paper work provided by CB&I did not match the sampled asset. Please provide correct documentation.)
 - C00513 Connex 8x40 (The paper work provided by CB&I did not match the sampled asset. Please provide correct documentation.)
 - C01613 Heater 480v
 - 1 of the 40 assets (2.5%) was left out in the rain and damaged. CB&I has written a CAR on this issue and will dispose of the asset.
 - C01568 Heater, Radiant (Owner has requested a copy of the CAR and disposition form.)
 - 5 of the 37 assets located in the field (13.5%) were not properly tagged:
 - C00029 Water Purification System (Owner is not satisfied with asset being removed from its original structure and permanently attached to a CB&I owned and tagged trailer. Further discussion is needed.)
 - C00225 Steel Training Structure
 - C00359 Transformer
 - C01800 Supervisor Engine
 - C00513 Connex
 - 1 of the 37 assets located in the field (2.7%) had a serial number on the asset that did not match the serial number listed on the OA Log:
 - C000935 Stretcher
 - 11 of the 40 assets (27.5%) did not have a serial number listed on the OA Log.
 - C00029 Water Purification System
 - C00225 Steel Training Structure
 - C00359 Transformer
 - C00781 OES Calibration Set
 - C01242 Roof

Exhibit No. #5
WITNESS Felkel
Date 8-6-18
Thompson Court Reporting, Inc.

- C01327 8' Vertical Fan
- C01800 Supervisor Engine
- C01937 Cabinet
- C01985 Tent
- C00513 Connex
- C01772 Heater

2) Owner Asset Log Review

There were 63 assets that were listed on the 2nd Quarterly Owner Asset Report (issued on 7/7/15) that were no longer included on the 3rd Quarterly Owner Asset Report (issued on 10/12/15). The Owner had reviewed and approved disposal of 6 of the 63 assets. Therefore, 57 (or 90.4%) of the assets are unaccounted for as of October 2015. The Owner requested the disposition forms for these 57 assets on 11/9/15. (CB&I provided this documentation on 12/7/15. Owner has reviewed and will follow up with the Consortium on any outstanding questions.) Preliminary review indicates that CB&I failed to follow the established procedure of notifying and receiving the Owner's approval prior to asset disposition for many of these.

3) Subcontractor Invoice Review

It appears (and CB&I confirmed via phone conference on 12/8/15) that CB&I's process for identifying Owner Assets does not include reviewing subcontractor invoices for any assets purchased by the Owner. The total amount of Owner assets purchased through subcontracts is unknown, but may be material/substantial.

4) Monthly Target Invoice Review

The Owner reviewed all monthly Target invoices to date on the Project and identified approximately \$4.7m of potential Owner Assets. Please see attached spreadsheet for details on these line items. Owner and Consortium need to discuss further to agree upon a path forward.

5) Also, in addition to the items discussed during last week's teleconference, we have compiled a list of Owner Assets from the Quarterly OA log that are untraceable to our records. The attached spreadsheet shows all of the line items that either a) do not have a PO number listed, or b) have a PO number but we have no record of that PO number in our database (which is compiled of data directly from the monthly Target invoices). Without a valid PO number, we cannot trace the assets back to an invoice or identify where/if the Owner has paid for the asset. Please review this list and provide the Owner with Consortium comments.

As we discussed in our meeting, the Owner's ultimate goal is to ensure that the Owner Asset Log is accurate and complete. This audit comes at a good time with the changes that are going to happen on site in the near future. We hope to work together with the Consortium to ensure that this process is improved and that the final product is a valuable tool. Thanks in advance for your help and please let me know if you have any questions.

Margaret Felkel, CPA
Senior Accountant, Contract Compliance & Controls
SCANA Services - New Nuclear Deployment
direct line: 803-941-9821
margaret.felkel@scana.com

To: JONES, RONALD A[RONALD.JONES@scana.com]; WALKER, CARLETTE L[CWALKER@scana.com]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]; SMITH, ABNEY A JR[SASMITH@scana.com]; TORRES, ALAN D[ATORRES@scana.com]; STOKES, ROBERT B[RSTOKES@scana.com]; RICE, APRIL R[ARICE@scana.com]; LAVIGNE, DAVID A[DLAVIGNE@scana.com]; BARBEE, ANDY[ANDY.BARBEE@scana.com]; CUNNINGHAM, LARRY P[LCUNNINGHAM@scana.com]; KOCHEMS, KEVIN R[KKOCHEMS@scana.com]; WICKER, SHERI L[SWICKER@SCANA.COM]; LAMONICA, RYAN M[RYAN.LAMONICA@scana.com]; WORD, ROOSEVELT JR[RWORD@scana.com]
Cc: LANIER, CYNTHIA B[CLANIER@scana.com]; LANEY, CLAUDE F.[CLAUDE.LANEY@scana.com]
From: FELKEL, MARGARET SHIRK
Sent: Wed 5/20/2015 3:05:34 PM
Subject: EPC Compliance Matrix 6-Mo Lookahead May-Oct 2015
SecureZIP Attachments.zip

All,

Please find attached the 6 Month Look Ahead for the Contract Compliance Matrix for May 2015 – October 2015. **Please review and ensure that all action items for which you are responsible are on track for the completion due date.** Also, you will note that we have adjusted the Matrix to accommodate for the schedule delay (as best as possible).

Keep in mind that the deadlines listed are generally not Contract mandated (there are some actions, however, that are specifically stated in the EPC). There is a process by which Westinghouse, CB&I, and the Owner must agree to change the dates in the Matrix. If your deadline is no longer applicable/reasonable as listed or the shift for the schedule delay is not accurately forecasted, please send me an e-mail with an explanation for the newly proposed date and I will request the change.

Let me know if you have any questions. As usual, please be careful when distributing this e-mail.

Margaret Felkel

Senior Accountant, Contract Compliance & Controls
SCANA Services - New Nuclear Deployment
direct line: 803-941-9821
margaret.felkel@scana.com

Exhibit No. #6
WITNESS Felkel
Date 8-10-18
Thompson Court Reporting, Inc.

To: CUNNINGHAM, LARRY P[LCUNNINGHAM@scana.com]
From: JOHNSON, SHIRLEY S
Sent: Thur 9/18/2014 3:42:46 PM
Subject: FW: Warehouse Inventory Audit Report
Warehouse Inventory April 2014.docx
NND-14-0441.pdf
VSP VSG 002917.pdf

Exhibit No. #7
WITNESS Felkel
Date 8-10-18
Thompson Court Reporting, Inc.

Larry, I'm forwarding to you the email that Skip sent back in July on the results of the commercial warehouse audit. It was my understanding that after this was sent to Alan, it was then forwarded to Consortium management to include Chris Levesque and Ken Hollenbach and Dan Churchman. In the July 2014 project review meeting they indicated they had seen the information and were working to address the topics at that time. I've also attached the project letter that we ended up sending to the Consortium on this topic and the response that the Consortium recently sent to Skip. Hope this helps. If you would forward this information as you see appropriate (I think it was Joe Petagno who requested it), I would appreciate it. Thanks. sj

From: SMITH, ABNEY A JR
Sent: Thursday, July 10, 2014 11:23 AM
To: TORRES, ALAN D
Cc: JONES, RONALD A; CUNNINGHAM, LARRY P; FELKEL, MARGARET SHIRK; JOHNSON, SHIRLEY S
Subject: FW: Warehouse Inventory Audit Report

Per your request as a follow-up to our discussions yesterday, attached is the B/F draft warehouse inventory audit report from Margaret which identifies significant issues dealing with the accountability of major WEC equipment received on site. Please note that the results of this audit have NOT been shared with the CB&I and WEC personnel on site. An audit exit meeting is scheduled for July 16. I gave Chris and Ken a heads up on the equipment accountability concern identified during this audit at the recent VCS items meeting. Please advise if questions.

Abney A. (Skip) Smith
Manager, Business & Financial Services
New Nuclear Deployment
South Carolina Electric & Gas Co.
803-941-9816 (Office)
803-530-5532 (Cell)
sasmith@scana.com

From: FELKEL, MARGARET SHIRK
Sent: Thursday, July 10, 2014 11:13 AM
To: SMITH, ABNEY A JR
Cc: JOHNSON, SHIRLEY S
Subject: Warehouse Inventory Audit Report

Skip,

Please see attached the draft Warehouse Inventory Audit Report. To Alan's request for distribution to Chris Levesque, please note that this is an internal document that is not typically shared with the Consortium. I am okay with it being sent to Chris, however, I would probably make sure he knows that the warehouse personnel we dealt with in this audit have not reviewed or seen the document.

We have scheduled the audit exit meeting with CB&I and Westinghouse for this Wednesday, July 16th.
Let me know if you have any additional questions. Thanks.

Margaret S. Felkel
Accountant, Contract Compliance & Controls
SCANA Services - New Nuclear Deployment
direct line: 803-941-9821
margaret.felkel@scana.com

NND Contract Compliance & Controls Audit Report

Audit Topic: Warehouse Inventory Audit

Audit Period: April 1, 2011 – March 31, 2014

Audit Lead(s): Margaret Felkel (NND Business & Finance, "B&F")

Audit Participants: Adam Hoey (B&F), Jason Priester (B&F), Michelle Leonard (Santee Cooper), William Ballam (Santee Cooper), David Parler (NND Construction), and Chris Ward (NND QC)

Begin Date: April 1, 2014

End Date: TBD

Purpose:

The purpose of this audit was to ensure that the Consortium Equipment storage process and controls that are in place are sufficient. In addition, the audit procedures were designed to determine if Equipment paid for by the Owner under the Agreement's Firm price milestones is on-site and adequately accounted for and stored by the Consortium.

Scope:

The scope of this audit was to review a sample of paid Firm price milestones (from Tables F.1.1, F.1.3, and F.1.5 of the Agreement) that relate to Equipment arriving on-site. For each selected milestone, the intent was to verify the following:

- The physical existence and location of the Equipment
- Whether the Packing List provided by Westinghouse ties to CB&I's SmartPlant Bill of Material ("S-BOM")
- Whether the Equipment has been turned over to CB&I from Westinghouse via the GAP-113 process
- Any general storage red flags *(Note: This was not a technical QA/QC audit, and thus B&F did not verify that the Equipment is being stored properly in accordance with specified requirements. However, Chris Ward-NND QC attended the physical verification portion of the audit fieldwork and he noted no significant issues.)*

In addition, B&F sought to gain a thorough understanding of the process for receiving and storing Equipment on-site in the warehouses and laydown yards. We also were seeking to understand the process of turning over the Equipment to CB&I's care, custody and control (via the GAP-113 process) as well as the process for inputting the information into CB&I's tracking system (Jovix).

Sample:

B&F manually compiled a complete list of all paid Firm price milestones from Tables F.1.1, F.1.3, and F.1.5 of the Agreement that related specifically to Equipment arriving on-site. From that list of 57 milestones, the following 5 milestones were selected as the sample:

- November 2012 P2WX031PMTM602 T/G Fabricator Notice to Contractor FWH No. 3, 4, & 6 Ready to Ship – Unit 2 \$5,000,000

NND Contract Compliance & Controls Audit Report

- April 2013 P2WX031PMTM293 T/G Fabricator Notice to Contractor T/G Ready to Ship – Unit 2 \$26,000,000
- January 2014 P2WXXXXPMTM332 Ship Incore Instrumentation System (IIS) Cabinets Equipment to Site – Unit 2 \$748,982
- November 2012 P3WX069XF130107 MT02 Accumulator Tanks – Delivered to Site – Unit 2 \$7,341,861
- May 2015 P4WX082XF130141 MV11 Control Rod Drive Mechanism – Delivered to Site – Unit 3 \$2,354,126

For each of the above selected milestones, B&F requested a copy of the (a) Packing List that is supplied by Westinghouse to CB&I upon arrival of Equipment and (b) CB&I's S-BOM. The Owner then selected a sample of line items from the individual S-BOM's to physically verify the existence on-site. The details of the individual line item samples are as follows:

- Milestones P2WX031PMTM602 & P2WX031PMTM293 (Turbine Generator Equipment, combined on one S-BOM and one Westinghouse PO) - There were 2,725 line items on the S-BOM. David Parler (NND Construction) assisted in selecting 287 line items from the 2,725 that would be of particular interest for a variety of reasons (e.g. critical component, description unclear). From the 287, B&F randomly selected 75 line items to verify. However, of the 2,725 line items, 1,527 line items (or 56%) did not have a location noted on the S-BOM. The Owner selected 38 of the 75 line items from the blank location group and 37 line items from the group that had locations provided on the S-BOM. In total, the Owner selected 75 line items out of the total 2,725 population, which represents approximately 3% of the total population.
- Milestone P2WXXXXPMTM332 (IIS Cabinets) – Note that CB&I was unable to provide an S-BOM to the Owner for this milestone. Per Israel Watkins (CB&I Field Material Manager), Westinghouse does not send Purchase Orders to CB&I for Equipment manufactured in-house by Westinghouse. Please see the "Audit Results and Findings" section for additional information. Note that there are no line items on the combined sample list associated with this milestone (XXX.pdf).
- Milestone P3WX069XF130107 (Accumulator Tanks) – There were 21 line items on this S-BOM. The Owner selected 18 of the 21 line items (every line item except for the actual accumulator tanks and the quality data package), or approximately 86% of the total population.
- Milestone P4WX082XF130141 (CRDMs) – There were 221 line items on this S-BOM and the Owner chose to perform a 100% review of this milestone.

In summary, the Owner's sample is comprised of the following items:

NND Contract Compliance & Controls Audit Report

Milestone ID #	# of Line Items on S-BOM	# of Line Items Selected for Sample	% of Line Items Selected for Sample
P2WX031PMTM602 & P2WX031PMTM293 (Turbine Generator – combined on one S-BOM)	2,725	75	3%
P2WXXXXPMTM332 (IIS Cabinets)	N/A	N/A	N/A
P3WX069XF130107 (Accumulator Tanks)	21	18	86%
P4WX082XF130141 (CRDMs)	221	221	100%
Total	2,967	314	11%

Audit Results and Findings:

The Owner performed the fieldwork portion of the audit (verifying location of Equipment on-site) during three separate meetings on 6/10/14, 6/16/14, and 6/18/14. We were able to verify the physical location of almost all of the sampled Bill of Materials line items. Please see the spreadsheet located in the audit file for additional information on specific line items (ref. "Sample – Bill of Materials.pdf"). Any exceptions are noted below in the "Items for Discussion" or "Audit Findings" section.

Items for Discussion:

- 52 of the 314 sampled line items (approximately 17%) and 1,541 of the 2,967 population line items (approximately 52%) did not have a location identified on the S-BOM. Per CB&I, this is most likely because Equipment is preemptively added to the S-BOM prior to turnover from WEC. These items do have Material Receipt Report ("MRR") labels. There is a risk that this Equipment cannot easily be located and that the Equipment would not be included on inventory lists created by location (e.g. List of all Equipment stored in Warehouse 1, Building 20A). In addition, the Owner was unable to determine what of the sampled Equipment had been turned over to CB&I via the GAP-113 process.
- The line items listed below had an incorrect spelling on the MRR label.
 - VS2-MG00-TKG-008-MG00116009 Lagging Base E2Z9279 read "Lugging Base" rather than the correct "Lagging Base."
 - VS2-MG01-TKT-099-MG002C071478 Soul Plate L327947 read "Soul Plate" rather than the correct "Sole Plate."
- The line items listed below had supplier labels with identification numbers that did not match the MRR labels. However, upon visual inspection, it appears to be the correct Equipment.
 - VS2-MTS-MG-02B-TIP-138-2917 Hex Bolt (#6 BEG Cap) L2Z2236 (Qty 30)
 - VS2-MTS-MG-02B-TIP-138-2918 Dowel Pin w/Nut (#6 BEG Cap) L2Z2237 (Qty 2)
 - VS2-MTS-MG-02B-TIP-138-3138 SP Washer(M16)(#6 BRG Cap) L2Z2240 (Qty 8)

NND Contract Compliance & Controls Audit Report

Audit Findings:

- The Owner was unable to verify the physical existence of the following 12 sample line items (3.8% of total sample):
 - VS2-MT02-12-03-2-2 STUD ELONGATION ROD ASTM (Qty 1)
 - VS2-MT02-12-03-2-3 ROD CENTERING COLLAR ASTM (Qty 1)
 - VS2-MT02-15-03-1 GASKET SPIRAL WOUND (Qty 15)
 - VS2-MT02-15-03-1-2 GASKET SPIRAL WOUND (Qty 15)
 - VS2-MT02-15-03-2 GASKET SPIRAL WOUND (Qty 15)
 - VS2-MT02-15-03-2-2 GASKET SPIRAL WOUND (Qty 15)
 - VS2-MT02-30-03-1 MANWAY NUT (Qty 30)
 - VS2-MT02-30-03-2 MANWAY NUT (Qty 30)
 - VS2-MT02-31-03-1 SPECIAL WASHER FEMALE (Qty 31)
 - VS2-MT02-31-03-2 SPECIAL WASHER FEMALE (Qty 31)
 - VS2-MT02-32-03-1 SPECIAL WASHER MALE (Qty 32)
 - VS2-MT02-32-03-2 SPECIAL WASHER MALE (Qty 32)

During the fieldwork, the Owner was unable to match the MRR labels to the S-BOM and subsequently to the supplier tags located on the boxes. As such, we cannot confirm whether all of the Equipment is properly on-site. In October 2013, CB&I discovered discrepancies between the material received and the associated shipping documentation. WEC issued a Supplier CAR (ID 100002595), in which it states that the WEC Packing List does not match what was received on-site and that the parts are not properly labeled to determine what is missing. According to the Supplier CAR, this issue occurred in October 2013 and is currently still "in process." The Owner performed its fieldwork on 6/10/14 and this issue had not been resolved as of that date.

- The Owner identified 69 line items that were mislabeled by CB&I Field Material Management. During the fieldwork portion of the audit, the Owner was seeking to identify the sampled line item: CRDM DRIVE ROD ASSY APPMV11V2010 (Qty 69). The Owner was able to properly identify the location of these items. However, the Owner also noted that several other boxes (not part of the sample items) were improperly identified as CRDM DRIVE ROD ASSY APPMV11V2010 (via the CB&I MRR labels). These boxes also had WEC paper labels, along with the stenciling directly on each box, which properly identified the Equipment as COIL STACK ASSEMBLY APPMV11V2020. CB&I acknowledged the MRR labels were in error and agreed to fix the issue. David Parler (NND Construction) opened a CR on the situation (CR-NND-14-00715), and resolution of the issue will be tracked in the CR process.
- As noted above in the "Sample" section, Westinghouse does not provide CB&I with an associated PO for any Equipment that is manufactured in house at Westinghouse as opposed to a third party supplier. As such, when the Owner submitted the "Ship IIS Cabinets Equipment to Site (U2)" milestone as a sample item, CB&I was unable to provide documentation that definitively tied any physical Equipment in the warehouse to this payment milestone. CB&I researched what I&C/Simulator Equipment was currently in the warehouse and provided the Owner with a Packing List. The Owner observed 10 crates on-site in Warehouse 1, Building 20A storage (labeled ZAS-201, ZAS – 202, ZAS – 203, ZAS – 204, ZAS – 205, ZAS – 206, ZAS – 207, ZAS – 208, ZAS – 209, and ZVS – 201). The Owner was unable to reconcile the 10 observed crates to the Packing List provided by CB&I. Roger Young, WEC Principal Quality Engineer, stated via e-

NND Contract Compliance & Controls Audit Report

mail to the Owner that 2 cabinets were delivered to the site on 12/20/13 and turned over to CB&I on 2/16/14 that correlated to our sampled milestone. The Packing List provided by CB&I does include two cabinets for the Incore Instrumentation System, but the Owner could not confirm whether the 10 crates observed on-site physically included the 2 cabinets that Westinghouse stated had been delivered.

- During the entrance meeting on 4/23/14, the Owner requested a copy of any applicable procedures, to include the site-specific procedure that the Consortium works to during the receiving and storage process. The Owner was provided a copy of APP-GW-GAP-108 (Westinghouse Receiving Activities for U.S. AP1000 Projects) and APP-GW-GAP-113 (Consortium AP1000 Receiving Interface). The Owner was told during the entrance meeting that the Consortium is working on a site-specific procedure with the goal of execution by the end of April 2014. As of 7/1/14, no site-specific procedure has been executed. Following a review of the GAP-108 and GAP-113 procedures, it appears that there are several areas for improvement where responsibilities are vaguely stated, and as such, issues may arise (one such example of an issue discussed below in the next finding).
- The Owner was unable to reconcile the Packing Lists to CB&I's S-BOMs for any of the sampled milestones. After extensive discussions with both CB&I and Westinghouse personnel, it appears that the Packing Lists provided by Westinghouse's suppliers are often not complete and accurate. CB&I stated to the Owner that Westinghouse often does not provide CB&I with complete and accurate documentation of the Equipment that arrives on-site and thus CB&I performs an independent count verification and generates the S-BOMs from these counts. The Owner was able to confirm that the counts performed by CB&I are not inclusive of all of the Equipment on-site and in the warehouse. Any Equipment that cannot be opened per technical requirements (e.g. sealed boxes) and any Equipment that has not been turned over by Westinghouse would either not be included in CB&I's warehouse inventory system or would be included on a "high level" as in the case of unopened Equipment. Westinghouse confirmed to the Owner in a meeting on 7/1/14 that the suppliers are often unwilling to provide complete Packing Lists because they are not considered technical documents. Westinghouse has acknowledged this is a challenge and stated that they often try to work with the suppliers to correct the Packing Lists. However, it should be noted that Westinghouse told the Owner that CB&I rarely informs Westinghouse when the Packing Lists do not match the actual Equipment delivered to site. Westinghouse states that it cannot fix an issue of which they are unaware. There are several significant risks resulting from this finding. It is the Owner's opinion that neither Westinghouse Site Personnel nor CB&I could produce an accurate and complete listing of what Equipment is in the warehouse and lay down yards. This carries several risks for the Owner, to include insurance implications (e.g. coverage based on an inaccurate valuation) and potential schedule delays should critical Equipment not be on-site when needed for installation.
- The GAP-113 turnover form is being utilized improperly per the procedure. After detailed discussions with both CB&I and Westinghouse, it appears that the form is being signed regardless of whether Westinghouse has provided CB&I with sufficient documentation that matches the Equipment delivered to site. CB&I will report back to Westinghouse (Roger Young) that there is either an overage or shortage, but still signs the form. Per APP-GW-GAP-113, section 5.4.7, CB&I-Nuclear Field Materials Management is responsible for "Completing the F-APP-GW-GAP-113-1 form for WEC supplied items that are determined to be acceptable by CB&I-

NND Contract Compliance & Controls Audit Report

Nuclear FMM or CB&I-Nuclear subcontractors.” It is the Owner’s opinion that “acceptable” should be defined by, at a minimum, that the proper quantity is on-site.

Recommendations:

- Implement a site-specific procedure for receiving and storage of Equipment as soon as possible.
- Ensure all line items listed on CB&I’s S-BOMs include a location of the Equipment.
- Develop and implement a consistent method by which to determine what Equipment has been turned over to CB&I via the GAP-113 process (rather than preemptively putting into Jovix prior to turnover).
- Ensure all tags and labels are spelled correctly and consistently for both traceability and QA purposes.
- Resolve Supplier CAR (ID 100002595) and determine what process steps can be implemented to ensure similar issues do not occur.
- Ensure all MRR labels correctly identify the Equipment.
- (Westinghouse) Ensure that CB&I Field Material Management is provided with accurate and complete shipping documentation upon arrival of Equipment to site. This includes Equipment manufactured in-house at Westinghouse and by third party suppliers.
- (CB&I) Notify Westinghouse, per GAP-113 procedure, when the Packing List and/or supporting documentation for shipments does not reconcile with actual Equipment delivered prior to signing GAP-113.

Conclusion:

An audit exit meeting occurred on July 16, 2014. During this meeting, findings, recommendations, and items for discussion were communicated to the Consortium.

The Owner is not satisfied that the process and controls in place for receiving and storing Equipment on-site are sufficient. The Owner was able to verify the existence of almost all of the sampled Equipment that was previously counted and input into Jovix by CB&I. However, the Owner finds it unacceptable that Westinghouse does not consistently provide CB&I with complete and sufficient documentation on arriving shipments. In addition, the Owner is not satisfied with CB&I’s signatures on the GAP-113 forms when the paperwork does not tie to the shipments. The Owner recommends that the Consortium immediately implement the above stated recommendations, at a minimum, and consider revising the process to include for proper documentation of Equipment being stored on site. The Owner would like to emphasize that these recommendations are not to be considered all-inclusive nor is the Owner directing the Consortium to implement the above recommendations as specifically stated. However, the Owner does expect the Consortium to address these issues.



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

July 29, 2014

NND-14-0441

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

Subject: Warehouse Inventory Audit Closure

Reference: (1) Engineering, Procurement, and Construction Agreement for AP1000 Nuclear Power Plants, Dated May 23, 2008 – V.C. Summer Units 2 and 3 ("Agreement")
(2) NND-14-0184, dated April 1, 2014
(3) VSP_VSG_002703, dated April 3, 2014

Action: Provide the Owner via Project letter with a status update no later than August 31, 2014 of how the recommendations stated below are being implemented.

Dear Ms. Hyde:

This letter has been generated to notify the Consortium that the Owner's audit of Warehouse Inventory has been closed and to communicate the results of the Owner's review. Please note that the Owner's Business & Finance team led this audit and that the focus was commercial in nature and not technical in any aspect.

The purpose of the audit was to ensure that the process and controls in place are sufficient and that Equipment paid for by the Owner under the Agreement's Firm price milestones is on-site and adequately accounted for and stored by the Consortium. The scope of the audit was to (1) review a sample of paid Firm price milestones that relate to Equipment arriving on-site and (2) gain a thorough understanding of the process for receiving and storing Equipment on-site in the warehouses and lay down yards. During an exit meeting held on July 16, 2014, the Owner presented the following findings and recommendations to the Consortium:

Findings

- Could not verify approximately 3.8% of sample. Supplier CAR was written. Material and parts were not properly labeled to determine what is missing. Supplier CAR opened in October 2013 and still not resolved.
- Mislabeled equipment. Several boxes of Coil Stack Assemblies were incorrectly labeled by CB&I as CRDM Drive Rod Assemblies.
- Westinghouse does not consistently provide CB&I with complete and accurate shipping documentation (there are times when the documentation is complete,

New Nuclear Deployment • P.O. Box 88 • MC 844 • Jenkinsville, SC • 29065

however for all of our sampled items this was not the case). CB&I manually counts inventory and manually inputs into SmartPlant. CB&I's inventory list does not include inventory not yet turned over from Westinghouse and sometimes does not include inventory that is sealed for quality purposes. Westinghouse states that suppliers do not always provide accurate Packing Lists.

- CB&I signs GAP-113 forms even when Equipment does not match Packing Lists and/or shipping documentation provided by Westinghouse.
- No site-specific procedure for this process exists and Corporate procedures leave many responsibilities as vague and not mandatory (i.e. Westinghouse ensure correct quantity of Equipment has shipped.)
- For all 5 sampled milestones, the Owner could not reconcile the Packing Lists to CB&I's SmartPlant Bill of Materials ("S-BOM").

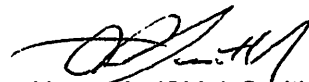
Recommendations

- Implement a site-specific procedure for receiving and storage of Equipment as soon as possible.
- Ensure all line items listed on CB&I's S-BOMs include a location of the Equipment.
- Develop and implement a consistent method by which to determine what Equipment has been turned over to CB&I via the GAP-113 process (rather than preemptively putting into system prior to turnover).
- Ensure all tags and labels are spelled correctly and consistently for both traceability and QA purposes.
- Resolve Supplier CAR (ID 100002595) and determine what process steps can be implemented to ensure similar issues do not occur.
- Ensure all MRR labels correctly identify the Equipment.
- (Westinghouse) Ensure that CB&I Field Material Management is provided with accurate and complete shipping documentation upon arrival of Equipment to site. This includes Equipment manufactured in-house at Westinghouse and by third party suppliers.
- (CB&I) Notify Westinghouse, per GAP-113 procedure, when the Packing List and/or supporting documentation for shipments does not reconcile with actual Equipment delivered prior to signing GAP-113 (e.g. do not sign until resolution has been achieved).

The Owner is not satisfied that the process and controls in place for receiving and storing Equipment on-site are sufficient. The Owner was able to verify the existence of almost all of the sampled Equipment that was previously counted and input into the inventory system by CB&I. However, the Owner finds it unacceptable that Westinghouse does not consistently provide CB&I with complete and sufficient documentation on arriving shipments. In addition, the Owner is not satisfied with CB&I's signatures on the GAP-113 forms when the paperwork does not tie to the shipments. The Owner recommends that the Consortium immediately implement the above stated recommendations, at a minimum, and consider revising the process to include for proper documentation of Equipment being stored on site. The Owner would like to emphasize that these recommendations are not to be considered all-inclusive nor is the Owner directing the Consortium to implement the above recommendations as specifically stated. However, the Owner does expect the Consortium to address these issues. The information provided in this letter (detailed findings and recommendations) has been informally transmitted to the Consortium, and they have agreed to review and improve this process.

The Owner appreciates the Consortium's cooperation during this audit. Please let me if you have any questions or comments.

Sincerely,



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

AAS/mf/cvt

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

EAC Review Team
Preliminary Update
Preparation for 10/13/14 Executive Meeting



**KEN BROWNE, MARGARET FELKEL,
KEVIN KOCHEMS, SHERI WICKER, AND
KYLE YOUNG**

Exhibit No. #8
WITNESS Felkel
Date 8-10-18
Thompson Court Reporting, Inc.

Introduction



- Acknowledging that the EAC Review Team (EAC Team) has not completed its review, this presentation is a summary of costs we believe the Consortium is not entitled to.
- Note that all dollar amounts are 100%, in 2007 dollars, and based on CODs of 12/18 and 12/19.

CB&I Direct Craft Productivity



- CB&I projects the To-Go PF will be 1.15. (ITD PF as of 8/14 is 1.46.)
- EAC Team recommends holding CB&I accountable to this PF, only paying up to this level.
- EAC Team anticipates a To-Go PF closer to 1.40 and recalculated the cost, resulting in an additional increase of approximately \$101M. (This is the cost impact of the To-Go PF of 1.40 vs. 1.15 and is not included in the Consortium EAC.)
- This does not address excessive Indirect Craft present on site and an additional opportunity exists to challenge costs above established Direct/Indirect ratios.

CB&I Schedule Impact



- CB&I estimates the Structural Module Delay in the schedule costs **\$221M**.
- Based on CB&I's estimating methodology, the EAC Team believes this to be an inflated cost.
- EAC Team recommends \$0 entitlement as the delay is due to Structural Module Delays.
- In addition, CB&I has included a cost impact of **\$114M** from 2013 Basemat Rebar "WEC Design Issue" in the "Other Misc. Adjustments" column of the EAC. (It is assumed that this cost has already been incurred by the Owner.)

CB&I Contingency



- CB&I projects an additional \$77M of contingency for a total contingency of \$200M.
- EAC Team recommends removal of the \$77M from EAC, leaving \$123M remaining in contingency.
- Note: The Consortium Contingency account of \$123M has been restored due to inclusion of previous usage of contingency in the “Quantity Changes” and “Other Misc. Adjustments” categories of the EAC.

CB&I Field Non-Manual



- CB&I projects an increase in FNM costs of \$170M.
- EAC Team verified the EAC using the current CB&I FNM plan, which is lean. The EAC Team does not anticipate that CB&I will be able to comply with this plan.
- CB&I currently receives a contract based mark-up of 1.70 for all FNM labor costs. The Owner has verified on numerous occasions that the mark-up CB&I actually incurs on FNM labor costs is approximately 1.30.
- EAC Team recommends a reduction in FNM mark-up for all additional FNM costs above the original estimate using a 1.40 mark-up. This will result in an EAC reduction of approximately **\$48M.**

CB&I Acceleration



- CB&I projects an increase of approximately **\$168M** for acceleration to meet the December 2018/2019 SCDs.
- This cost is based on a limited night shift of 340 Direct Craft, 100 Indirect Craft, and 60 FNM. There is also an additional 100 FNM on day shift to support the night shift.
- The proposed September 2018/November 2019 schedule will result in additional acceleration impacts, not yet quantified by the Consortium.
- EAC Team recommends \$0 entitlement because the acceleration is necessary due to Structural Module Delays.

CB&I Woodlands Cuts

- CB&I cut the EAC by \$296M at a very high-level. How these cuts will be realized has yet to be determined.
- Under Target Price scheme, all actual costs are reimbursed.....

	Woodlands Adjustmant	Project Adjustment	Total Adjustment
Indirect	(30,000)	-	(30,000)
FE Increase	(163,500)	-	(163,500)
FNM Reduction	(49,000)	-	(49,000)
↓ Project Adjustment	-	25,000	25,000
FNM	(212,500)	25,000	(187,500)
Direct Subcontracts	(19,300)	-	(19,300)
Distribs	(37,000)	-	(37,000)
Escalation	(23,400)	-	(23,400)
OOMs	(532)	-	(532)
↓ Project ICA	1,629	-	1,629
Other Costs	(22,303)	-	(22,303)
Total	(321,103)	25,000	(296,103)

WEC Schedule Impact



- WEC projects a delay in the schedule will cost **\$76M**.
- \$64M of the \$76M is due to increases in the CV subcontract cost. EAC Team found several errors in this estimate reducing the EAC impact to \$35M. (WEC revising the EAC???)
- \$12M of the \$76M is due to hotel load increases for Plant Start-up and Licensing.
- EAC Team recommends \$0 entitlement because the delay is due to Structural Module Delays.

Base Scope Refinement



- **EPC Management** -WEC has indicated that their 'best talent' approach, in addition to CB&I on-site management, will add WEC staff costs totaling approximately **\$22M**.
- WEC EPC Target work scope does not currently include this function or cost.
- EAC Team recommends \$0 entitlement as this cost is due to Consortium (CB&I) inefficiencies.
- **Licensing**-WEC projects an increase in the Licensing T&M costs totaling **\$28M**.
- EAC Team recommends \$0 entitlement as this is Firm Price work.

Regulatory Driven



- **Start-up and Testing** -WEC projects an increase in CVAP and FOAK testing of \$xxM. (Waiting on WEC Cost...)
- EAC Team recommends all home office planning and procedure development be removed from the EAC and considered Firm price \$xxM.

Owner Challenges



- The cost of unrealized savings projections that have been included in the EAC by the Consortium will be reimbursed under Target Price and T&M payment processes.
- Much of the costs for Structural Module Delays and PF Impacts have already been paid through Target Price payments.
- When it is determined these or similar costs will not be paid by the Owner, the process to ensure they are withheld from an invoice will be a significant challenge. (Consortium may not agree with the reductions).

From: WICKER, SHERI L
Sent: Tuesday, May 5, 2015 5:09 PM
To: WALKER, CARLETTE L
CC: KOCHEMS, KEVIN R; BROWNE, KENNETH JEROME
Subject: EAC Docs
Attachments: EAC Review Team Action Items Final 11-11-14.xlsx; Copy of EAC Validation Report - May 2015.docx

Sheri L. Wicker
SCE&G New Nuclear Project
NND Finance
Tel 803-941-9825 (x89825)

Exhibit No. #9
WITNESS Felker
Date 8-6-18
Thompson Court Reporting, Inc.

VC Summer Units 2 & 3, 2014 EAC Analysis and Discussion of Cost Changes

Report prepared by Owner's EAC Review and Validation Team

Ken Browne – NND B&F
Margaret Felkel – NND B&F
Kevin Kochems – NND B&F
Sheri Wicker – NND B&F
Kyle Young – NND Construction

This report was prepared based upon an analysis of the revised EPC Project Estimate at Completion (EAC) for Target and T&M cost categories as prepared by the EPC Consortium and presented to the Owner on August 29, 2014. Subsequent to the Consortium presentation the Owner's EAC Review Team convened and conducted a detailed review of the data as presented and as provided at later dates as requested to support the original presentation. Several subsequent meetings were conducted with various members of the Consortium team to review the additional data and discuss the estimate. This report was prepared based on use of the December 2018/December 2019 Substantial Completion Dates for Units 2 & 3 respectively.

Discussion of the EAC Details:

(In the order presented on the Client Summary Sheet)

1.0 2007 \$'s Sch @ CO-16 PSC Approved

This column provides the cost basis for Target and T&M costs for both CB&I and WEC as it existed in the Consortium budget at the execution of the CO-16 "Settlement Agreement" (July 2012), with the exception of "Deviations" for identified Consortium Contingency usage prior to that time. This budget included an EPC Target Price Consortium Contingency of approximately \$130 Million. The total EPC Consortium budget for Target Price was \$1,935,976,000 and for T&M Price was \$302,748,000.

2.0 Site Layout C.O.

This column provides the cost estimate for site layout modifications requested by the Owner related to re-defined security requirements. This is an "Owner –Directed" Change and the Consortium is entitled to 100% of the actual cost. It should be noted that in addition to the Target and T&M costs indicated in the EAC, there are additional Firm Price cost impacts which are not included in the EAC. At the time of EAC submittal, this Change Order had not been submitted and the estimated Target Price cost is \$20,465,000 and the estimated T&M cost is \$36,000 (Excluding CB&I G&A and Profit to be added later in the EAC template). Subsequent to submittal of the EAC, revised prices for the Change Order were submitted and the total Target Price impact of the Site Layout Changes has increased to \$36,000,000 with \$43,000 T&M and an additional Firm Price impact of \$21,000,000. All costs presented are in 2007 \$'s. The EAC analysis spreadsheet has been updated to reflect this additional cost.

There is no WEC cost impact from this Change.

3.0 Cyber Security C.O.

This column provides the cost estimate for additional Cyber Security provisions required for VCS Units 2 & 3 due to Regulatory Changes by the US NRC. Due to the uncertainty surrounding the Cyber Security Change Order, all costs are included in the T&M Price category by the Consortium. The Owner continues to negotiate the work scope included in this Change and monitor the costs of this work evolution. Subsequent to the EAC submittal, the projected T&M cost impact to CB&I is \$10,030,582 and \$24,180,500 to WEC (including G&A and Profit to each Consortium party). Both parties are entitled to full compensation for the performance of the negotiated scope at EPC controlled T&M rates, as this Change is related to a "Change in Law." In addition to the amounts listed above, there will be further costs associated with Vendor Change Order T&M work. These costs are not included in the current T&M proposal as the work is dependent on a number of estimates and assumptions that are unknown at this time. The Consortium will invoice these costs to the Owner via separate change orders as they are identified and incurred. For the purposes of this EAC review, the Owner has estimated \$7,500,000 for the total sum of the Vendor Change Orders. However, it should be noted that this is a broad estimate and that the total cost could be much higher or lower. Although these costs were not included in the EAC by the Consortium, the Owner believes that the Consortium is entitled to the total amount.

4.0 Quantity Changes

This column addresses the additional CB&I craft labor costs associated with commodity quantity changes that have been identified since the original estimate was developed and incorporated in approved "Deviations". These quantity changes are the result of design change/refinement and site specific issues. The costs of all commodities are included in the Firm Price and are not included here. In addition, CB&I has used this column to shift categories for two specific work scopes (Shield Building Erection and HVAC) from self performed to sub-contract. This is represented by the \$57,575,000 included in the Direct Subcontracts line. Corresponding reductions are included in the Unit 2 and Unit 3 Direct Labor costs, but they can't be identified in the summary sheet. The Owner agrees that the Consortium is entitled to 100% of this cost through the normal Target Price billing. The EAC total is unchanged at \$87,346,000 + G&A and Profit and Entitlement is the same amount.

5.0 Craft Productivity

This column accounts for the lack of productivity and additional labor costs within the Direct Craft category. The original budget assumed a PF of 1.00. This column takes the PF to an overall 1.19, using a 1.15 To-Go PF. As of 12/2/14 (for reporting period through October 2014), the Productivity Factor (PF) for the project to date was 1.49. In the four subsequent months since receipt of the EAC, the ITD PF has increased steadily from 1.45 to the current value, due to monthly values of 1.97 for August, 1.95 for September, 1.91 for October and 2.48 for November.

In its EAC, the Consortium assumed that the project would reach a goal PF of 1.15 within 6 months. This does not appear to be achievable. The Owner does not believe the assumed To-Go PF of 1.15 is achievable with the current CB&I organization, so the EACH Review Team recalculated the cost with a PF factor of 1.40 To-Go. This resulted in the Owner's EAC estimate increasing \$167,461,000 for Direct Craft labor. However, the Owner believes that CB&I should only be entitled to recovery of a reasonable PF, like the one assumed in the EAC (1.19). The Owner therefore does not think CB&I is entitled to any additional costs beyond their estimate of \$81,763,000.

6.0 Schedule Impact

This EAC category is comprised of Target and Time & Materials increases for both CB&I and Westinghouse due to delays associated with Structural Modules and Westinghouse Design Engineering issues that result in new Commercial Operation Dates (COD's). The EAC Review Team recommends \$0 of increased entitlement for these Target and Time & Materials costs. The Owner has already agreed to increased costs for Structural Module Delays in proposed Change Order 16 and the associated interim Letter Agreement. Delays due to design engineering issues are the responsibility of Westinghouse.

CB&I Target

CB&I includes increased costs for Indirect Construction Labor, FNM Labor and associated FNM expenses for hotel load, Distributables and Fuel associated with Construction Equipment. All increased costs are due to the schedule delays associated with Structural Modules and Westinghouse Design Engineering issues. Based on CB&I's estimating methodology, the EAC Review Team believes these costs are inflated. An example of these inflated costs was the methodology used for distributables whereby CB&I did not look at what was previously spent on distributables but used a "forward looking" estimate of distributable expenses and may include some Firm Price distributables (Change Order #8) such as construction equipment and office supplies and equipment.

CB&I Time & Materials

CB&I includes increased costs for scaffolding craft and FNM labor and used a factor applied to Target scope indirect labor to determine the estimate for craft labor. CB&I also increased its estimate for one Field Non Manual Supervision Employee for hotel load associated with the Schedule Impact. CB&I increased its estimate for distributables for additional scaffolding materials. The EAC Review Team questioned CB&I as to why Scaffolding costs would increase due to the Schedule Impact of Structural Module Delays. The explanation given was not sufficient to support an increase in scaffolding costs related to a Schedule Delay.

Westinghouse Target

Westinghouse includes increased costs associated with its subcontract with CB&I Services for the Containment Vessel Fabrication and Assembly. The EAC Review Team evaluated the estimate documentation provided by CB&I Services to Westinghouse and found erroneous assumptions and mathematical errors. Westinghouse stated that CB&I Services has retracted

this estimate pending additional information and that a new estimate will not be given to the Owner for review with the EAC. Based on a review of the documents provided by CB&I Services to Westinghouse, CB&I Services' updated estimate includes charges for professional/supervision hotel load for 16 months for what CB&I Services considers a delay related to the Containment Vessel Fabrication and Assembly Schedule (mostly due to Westinghouse design issues/changes) plus the COD Schedule Impact Delay.

Westinghouse Time & Materials

Westinghouse includes increased costs for hotel load for professionals working on Licensing and Startup related to the Schedule Impact and new COD's.

7.0 Base Scope Refinement

This EAC category is comprised of Target and Time & Materials increases for Westinghouse due to refinement in Base Scope tasks. The increase in Target costs are associated with Westinghouse EPC Management for CB&I Construction Support and an increase in base scope associated with changes in the estimate from CB&I Services for Containment Vessel Fabrication and Assembly. The increase in Time & Materials costs are associated with additional base scope changes for Plant Startup and Testing netted against an estimated decrease for Import Duties associated with equipment.

Westinghouse Target

Increased cost estimates associated with EPC Management for CB&I Construction Support are due to Consortium's decision to apply a best talent/best athlete approach of using Westinghouse Management Personnel (an approximate staff of twelve managers) to supplement CB&I Construction Management. This base scope of work was never previously included in Westinghouse's Target work scope. The EAC Review Team recommends \$0 entitlement, since these costs are directly related to the incompetency of CB&I's construction management staff.

Increased cost estimates due to changes in the CB&I Services Subcontract for the Fabrication and Assembly of the Containment Vessel have been reviewed by the Owner and increased costs are entitled due to change orders between Westinghouse and CB&I Services for this Target Price Work Scope.

Westinghouse Time & Materials

Increased cost estimates associated with Plant Startup and Testing are due to Westinghouse's completion of a resource loaded Plant Startup and Test Schedule. The Owner's Operational Readiness Staff reviewed this schedule with Westinghouse and agrees that increased costs may be entitled. The EAC Review Team recommends that any additional costs in this base scope refinement be paid at Westinghouse Base Scope Labor Rates per EPC Table G-1 because this is not new work scope.

Increased cost estimates due to changes in licensing base scope is the result of an increased workload for Westinghouse to support its licensing efforts. Upon review of this estimate, the

EAC Review Team discovered that Westinghouse is attempting to recover Firm Price Licensing Work Scope through T&M Work pricing. The EPC Contract specifically states that the Consortium must provide the Owner with a "Licensed Plant" and much of this estimated additional work is included in Westinghouse's Firm Price Work Scope. Comments from the Owner's Licensing Manager include statements that there has only been one Owner directed LAR (Licensing Amendment Request) and all other E&DCR's and LAR's are due to Westinghouse changes/issues. The Owner has experienced increased costs due to additional licensing support staff and NRC fees to review Westinghouse's licensing changes. The EAC Review Team recommends \$0 entitlement for the increased costs above the original T&M Licensing Allowance and suggests seeking recovery from Westinghouse for the increase in Owner's costs associated with these changes.

Decreased cost estimates due to changes in Import Duties are directly associated with the decrease in duties associated with the Federal Government's Korean Free Trade Agreement. The EAC Review Team agrees that the Owner has already seen a decrease in import duties associated with equipment from South Korea. Although the Owner cannot verify Firm Price costs used to compute Import Duties it is assumed that this \$15 million decrease is a reasonable estimate and agrees to deduct from the EAC.

8.0 Regulatory Driven

This column addresses Westinghouse costs associated with changes that are regulatory in nature as identified by the Consortium. The three scopes included are: Plant Startup & Testing, ITAAC Maintenance, and the Affordable Care Act. Both of the estimates for ITAAC Maintenance (\$2,623,837) and the Affordable Care Act (\$4,502,868) appear reasonable and the Owner believes the Consortium is entitled to these costs per regulatory changes enacted since the EPC Agreement was signed in 2008. For Plant Startup & Testing, the Consortium has identified \$30,000,000 in regulatory driven changes, which includes costs for CVAP, FPOT, F3POT and hotel load costs. The Owner does not believe that all of the costs included in this estimate are appropriately identified by the Consortium as new scope per regulatory changes. Costs that should not be contained in this estimate include any and all costs identified as Firm Price by the Owner such as Home Office Program Managers.

9.0 Contingency/Risk Evaluation

CB&I Target

This EAC category is comprised of increased CB&I Target costs for Contingency based on 11% of the ETC (Estimate-To-Completion). The EAC Review Team recommends \$0 entitlement since CB&I's Contingency account has been restored for the inclusion of previous contingency usage in the "Quantity Changes" and "Other Miscellaneous Adjustments" categories of the EAC and this restores the Consortium to a Target Price Contingency of \$123M, which is approximately 6% of the remaining ETC.

10.0 Other Misc. Adjustments

This column provides the projected cost impacts of identified changes that have not been incorporated into deviations by CB&I. In addition to cost changes due to design completion and refinement, included in this category are cost impacts due to other issues such as the delayed completion of the NI base mat due to design changes in the reinforcing bars. Cost Impacts such as this which are the responsibility of the Consortium are recognized, but are not included in the "entitlement" for CB&I. Some of the supporting information for these costs included interviews with CB&I personnel. CB&I was unable to substantiate the total costs for this EAC category.

11.0 Field Non Manual (FNM)

This column provides the cost estimate for additional FNM employees required to complete the project. CB&I provided details to support the cost included in the EAC. The Owner was able to verify the EAC amount, and determined it is reasonable only if CB&I conforms to the staffing plan as provided to the EAC Review Team. In addition to the staffing plan provided to the EAC Team, CB&I has provided a curve with limited data to indicate FNM staffing plan for site facilities and resource planning purposes. The FTE quantities reflected in the curve appear to be substantially higher than the detailed plan provided (20% +). Following the curve vs. the plan will result in a significant impact to the FNM cost.

Using the detail provided by CB&I, the Owner made additional adjustments to the estimated costs to complete the project by 1) applying actual pay rates and 2) extended the time employees were on-site to a more reasonable date (ex. Project Accounting). This analysis resulted in the base scope FNM estimate of \$179M (Excluding G&A and Profit to each Consortium party to be added later in the EAC template). CB&I would only be entitled to \$146M of these costs due to the fact that FNM costs have a factor of 1.70 added to them to cover administrative expenses. The Owner has been told that the actual factor experience by CB&I is approximately 1.3-1.4. Therefore, the Owner should only pay a 1.4 markup on any FNM expense incurred in excess of the amount originally budgeted.

12.0 Acceleration

This column contains an estimate for the increase in project cost due to acceleration to meet the December 2018/2019 SCDs. The Consortium has identified approximately \$171M for both Target and T&M costs. Of this \$171M, \$7.5M was incorrectly included as Target Price for FNM Living Allowances and/or Relocation expenses. These costs should be Firm Price. The majority of the acceleration costs are due to the introduction of a limited night shift of 340 Direct Craft, 100 Indirect Craft, and 60 FNM employees. There are also an additional 100 FNM added to the day shift to support the new night shift. The Owner does not believe the Consortium is entitled to any of the \$171M of acceleration costs as the acceleration is necessary due to Structural Module Delays.

13.0 Total EAC

Through various discussions with the Consortium the Owner understands the methodology used by the Consortium to estimate these costs. For the majority of these costs, a fairly

judgmental/subjective approach was used rather than a formulaic methodology. As such, the EAC Review Team would be challenged to reproduce these costs if requested. When viewed as a rough order of magnitude this estimate appears to be a reasonable attempt at establishing the minimum Target Price and T&M Price to be expected for completion of the project.

The EAC Review Team believes it has a reasonable understanding of the majority of the costs presented by the Consortium. However, understanding does not equate to agreement of the costs. There were several action items that the Owner did not receive complete answers for but deferred further discussion due to materiality.

To: SMITH, ABNEY A JR[SASMITH@scana.com]; JOHNSON, SHIRLEY S[SWJOHNSON@scana.com]; HUTSON, WILLIAM V[WHUTSON@scana.com]; STEPHENS, MICHELE L[MICHELE.STEPHENS@scana.com]; LANIER, CYNTHIA B[CLANIER@scana.com]; WHATLEY, CAROLINE[CAROLINE.WHATLEY@scana.com]
From: FELKEL, MARGARET SHIRK
Sent: Thur 10/22/2015 2:35:55 PM
Subject: Final October ORS Agenda
[ORS Agenda October 2015.pdf](#)

Please see attached the final ORS Agenda for next week's site visit.

Margaret Felkel
Senior Accountant, Contract Compliance & Controls
SCANA Services - New Nuclear Deployment
direct line: 803-941-9821
margaret.felkel@scana.com

Exhibit No. #10
WITNESS Felkel
Date 8-6-15
Thompson Court Reporting, Inc.

SCE&G VC Summer Units 2 & 3
October 27 & 28, 2015 ORS Site Visit Agenda
(Tuesday & Wednesday)

Cindy's fax (803) 933-7761

Shirley's fax (803) 933-7774

I. Tuesday October 27, 2015 Tour Comments - Main Feed Pump Alignments are in progress, a walk by would be helpful.

8:00 am - 9:00 am	Construction (Alan Torres)
9:00 am - 10:30 am	Tour (Kyle Young/Myra Roseborough)
10:30 am - 11:00 am	Commercial (Skip, Michele, Margaret, Cindy)
11:00 am - 11:30 am	Licensing (April Rice)
11:30 am - 12:00 pm	Training (Andy Barbee-Paul Mothena)

Wednesday October 28, 2015

9:30 am - 10:00 am	Quality Assurance (Larry Cunningham)
10:00 am - 11:00 am	Engineering (Brad Stokes/Sheila Jean-Cyber Security)

SCANA

William Hutson, Cindy Lanier, Michele Stephens, Skip Smith, Caroline Whatley, Margaret Felkel

ORS

Allyn Powell, Gene Soult, Gaby Smith and Gary Jones

II. Construction Progress

- a) Weekly Construction Metrics (*to include discussion of critical work fronts & status of project relative to the revised integrated schedule*)
 - i. *Discuss the apparent inconsistencies in the Unit 2 schedule in which the hydrotest and hot functional are delayed 5 months and the fuel load is delayed 6 months, but the substantial completion is only delayed 3 months. (BLRA Milestone Tracking for September 2015).*
 - ii. *Discuss the apparent inconsistency in the Unit 3 schedule in which near term dates have slipped consistently for the past few months, but the substantial completion date has not changed. Note that the summary schedules indicate that Unit 3 AB/Containment activities are up to 6 months late. (WS of 2015-10-12, Summary Schedule)*
 - iii. *Discuss additional plans to improve the productivity of on-site construction labor. All areas continue to show productivity factors well above the stated goal of 1.15.*

Mitigation and improvement plans over the previous 6 months do not appear to have resulted in any significant improvement. (Commercial Review Meeting slides of 2015-09-17, Slides 9 – 15 and summary of the Construction Effectiveness and Efficiency program).

- iv. *Discuss the decline in the overall construction staffing from 3278 in June to 2485 in August and the impact on the schedule. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 79, Slide 134).*
- b) Unit 2 Nuclear Island
 - i. *Discuss the schedule and status of completion of welding CA01 to the embedment plates. (Repeat from the September meeting).*
 - ii. *Provide the schedules for completing the remaining in-situ work on CA20, CA04 and CA05. (No specific reference).*
 - iii. *Section III piping spools continue to be delivered late. At what point does this adversely impact the overall schedule and what mitigation measures are being pursued. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 85, Slide 153).*
- c) Unit 2 Turbine Building
 - i. *Discuss the schedule slippage in the TG concrete placement from 2015-11-18 to 2015-12-11 and potential mitigation measures or additional controls put in place. (WCM of 2015-10-12, p.22)*
 - ii. *Discuss the summary schedule that indicates that Condenser B is greater than 6 months behind schedule. (WS of 2015-10-12, Summary Schedule)*
- d) Unit 3 Nuclear Island, *including the significant schedule slippages, especially of Line 1 from 2015-09-24 to 2015-12-30 and any mitigation and/or recovery activities. (WCM of 2015-10-12, p. 20).*
- e) Unit 3 Turbine Building
 - i. *Discuss the extent and duration of the work suspension due to lack of labor forces. (WCM of 2015-10-12, p. 35).*
 - ii. *Discuss the overall plan to maintain sufficient resources to complete Unit TB. (No specific reference).*
 - iii. *10/15/15-POD- Pg. 20- CA04 out of tolerance issues appear to be similar to U2-CA04, were "lessons learned" from U2 incorporated into U3, please explain.*
- f) Cooling Towers
- g) Raw Water System
- h) Offsite Water System
- i) Containment Vessels, *including the schedule for ring sets*
- j) Shield Buildings
 - i. *Discuss the status and schedule of the NNI mitigation plan for accelerating delivery of the SB panels. (Repeat from previous meetings).*

- ii. *Discuss the status and schedule for the SB roof fabrication. (Repeat from the September meeting).*
 - iii. *Clarify the status and schedule of the concrete placement in the first course of the SB panels (not clear from currently available information).*
 - iv. *Confirm that erection of course 2 of the SB panels has begun. (Consortium MSMM, p. 37, Slide 49 has it scheduled for 2015-10-10 and status on WCM is not clear).*
- k) Onsite and offsite storage
- i. *Discuss the status of storage at the airport storage facility and the availability for an ORS visit. (Repeat from previous meetings)*
 - ii. *WCM—10/19/15- Pg. 40/52- Please provide update of Storage and PM's on stored equipment (Report due in Oct)*
- l) Structural & mechanical modules fabrication and schedule (delivery schedules for all fabrication vendors; include a discussion of Unit 3)
- i. *Discuss the mitigation plans for the critical U2/U3 mechanical modules. Schedules continue to be delayed. (Repeat from September meeting).*
 - ii. *Discuss the mitigation plan for the critical Greenberry mechanical and floor modules. (Repeat from September meeting). Also include a discussion of the actions taken to resolve issues identified in the 2015-09-10 facilities visit.*
 - iii. *Discuss the mitigation plan for the critical Dubose stair modules. (Repeat from September meeting).*
 - iv. *Confirm that the final sub-module kit from SMCI is due on site 2015-10-21 (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 50, Slide 76)*
 - v. *Discuss the module scope of work being performed by TANE. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 34, Slide 44).*
 - vi. *Address the impact of and resolution schedule for the recently identified issue that piping weld locations did not account for pipe support locations. (WCM o 2015-10-12, p. 9).*
 - vii. *Discuss the Toshiba/IHI mitigation and schedule improvement plan on Unit 3 CA01 (Consortium 2015-09-17 MSMM, dated 2015-10-14, Item I.6, p. 1)*
 - viii. *Discuss possible dates for L. Charles visit*
- m) Annex Building
- i. *Discuss the schedule and constraints for the mudmat placement due 2015-11-18 and basement pour due 2016-01-21. (Consortium 2015-09-17 MSMM, dated 2015-10-14, p. 52, Slide 80).*

III. Licensing and Permitting

- a) NRC visits/reviews
- b) License Amendment Requests (LARs) and Preliminary Amendment Requests (PARs)
 - i. *Discuss the content of the supplement to LAR 111 submitted 2015-09-23 and the NRC reaction thus far. (WS of 2015-10-12, p. 31).*
 - ii. *Discuss the status of LAR 30 and the results of the pre-submittal meeting held on 2015-10-22. (WS of 2015-10-12, p. 31).*
 - iii. *Discuss licensing status/schedule of CAS. (Follow up from previous meetings). What is meant by the redaction and affidavit? (MPSR for September, Item 10, p. 24).*
 - iv. *Discuss the changes resulting from the assessment plan update for regulatory compliance completed on 2015-07-31. (QESC of 2015-08-31, Slide 8).*

IV. Equipment

- a) Doosan
 - i) Unit 3 Steam Generators
 - ii) Unit 3 Reactor Vessel
- b) IBF/Tioga
 - i) Unit 3 Reactor Coolant Pump Loop Piping
- c) Mangiarotti
 - i) Unit 3 Pressurizer
 - ii) Passive Residual Heat Removal (PRHR) Heat Exchangers (discuss the status and schedule of repairs)
- d) Curtiss Wright/EMD - Reactor Coolant Pumps, *including the status of the root cause analysis on the pump impeller issue (repeat from July meeting). Is a new endurance test required?*
- e) SPX Copes Vulcan – Squib Valves (to include status of EQ test)
- f) Switchyard
 - i) *Discuss the testing program on the capacitors and the status of the on-going investigation and resolution*
 - ii) *Discuss the delivery schedule for the Unit 3 Tx and whether there is an adverse impact due to bridge damage from the recent flooding. (POD of 2015-10-15, p. 23)*

V. Engineering

- a) *Discuss the results of the WEC/CB&I Engineering interface workshop held in Charlotte on 09/15 and 09/16. (MPSR for September, Item 4, p. 12).*
- b) *Explain the role and composition of the Design Change Implementation Board (DCIB) and identify when meetings are held. (MPSR for September, Item 10, p. 23).*

- c) *Discuss the findings from the summary of design changes since April 30, 2015 which was requested by SCE&G that WEC compile. (Consortium 2015-09-17 MSMM, dated 2015-10-14, Item III, p. 3).*
- d) *Discuss the results from the Vendor Summit. (Consortium 2015-09-17 MSMM, dated 2015-10-14, tem IV, p. 4).*
- e) *POD-10/15- Pg 24- Emergent Issues list item 34- Tubesheet Thickness generic issue. Does this effect Safety relate Heat exchangers? If so, please identify affected equipment.*
- f) *10/13/15-WCM Pg. 50- Toshiba/IHI behind on shipment of 18-U 3 CA01 Sub modules. What impact is this having on U 3 schedule?*
- g) *K-7-Monthly Progress Report dated 9/30/15-Pg. 12/68-Meeting held to discuss Master Equipment List- Is SCE&G satisfied with the direction and timing. Is equipment Identification and Labeling incorporated into this work?*
- h) *Pg. 52/68- Action ID- NPA-VS-02574- Requires formalizing the efficiencies between the 2 units. Please provide a copy for ORS to review.*
- i) *S-4 Box-10/13/15-Pg.3- CIRT results of Roof Components*

VI. Financial/Commercial

- a) Overall Status of Budget
- b) Status of Change Orders
 - iii) Executed Change Orders
 - iv) Pending/Potential Change Order
 - (1) COL delay, design of shield buildings, design of structural modules, and Unit 2 rock condition (CO #16) (Schedule impact, changes to LT storage, any financial impacts?)
 - (2) Commercial Settlement – resolves multiple outstanding issues, no increase to EPC costs (CO #17)
 - (3) AP1000 Cyber Security remaining work scope
 - (4) Site Layout Changes
 - (5) Active Notices
- c) BLRA milestones
- d) *Discuss the Status of the Bechtel Assessment and the top ten issues noted thus far.*
- e) *K-7-10/15/15- Pg. 3/13-CRM- Discuss Company's view of report. Discuss why current external cost forecast is the same as December 2014 forecast given the lack of productivity improvement. Please provide an update on Settlement discussions to resolve "deficient invoices".*
- f) *Please identify the changes that will be made to the CRM as a result of the PSC approval of the Petition and when these changes will be complete.*

VII. Quality Assurance

- a) *Discuss significant results of the 10/12 – 10/15 CB&I surveillance of CB&I-LC (September Consortium MSR, Item 3, p. 5)*
- b) *Discuss significant results of the 10/05- 10/08 CB&I surveillance of Cives (September Consortium MSR, Item 3, p. 6)*
- c) *Discuss significant results of the 10/19 – 10/22 CB&I audit of AECON (September Consortium MSR, Item 3, p. 5)*
- d) *Discuss significant results of the 10/05 – 10/08 CB&I surveillance of Gerdau (September Consortium MSR, Item 3, p. 6)*
- e) *Discuss significant results of the 10/12 – 10/15 CB&I audit of Dubose. (September Consortium MSR, Item 3, p. 6).*
- f) *Discuss significant results of the 09/28 – 10/01 CB&I surveillance of SMC I (September Consortium MSR, Item 3, p. 7)*
- g) *POD- 10/08/15- Procurement discussed the need to seek alternative supplier for CBI-Laurens Piping- Please discuss the issues surrounding this change.*

VIII. Operational Readiness

- a) *Discuss the status of the following programs which were to be back on schedule by the date indicated (SCE&G June MSR, p. 32):*
 - i. *EMI/RFI by 8/6*
 - ii. *Pumps by 8/10*
 - iii. *Breakers by 7/31*
 - iv. *Motor Reliability by 8/10*
 - v. *Batteries, Chargers and Support Systems by 7/23*
- b) *Discuss the status of the following programs that were to start by the indicated date (SCE&G June MSR, p. 34)*
 - i. *ISI by 8/1*
 - ii. *Electrical Cable Aging Management by 5/1/2013*
 - iii. *Irradiated Fuel Inspection by 8/1*
- c) *Discuss the status of the labeling program (QESC of 2015-08-31, Slide 23).*
- d) *Discuss lessons learned from meeting with SNDPC and WANO on Haiyang startup test program.(QESC of 2015-08-31, Slide 22)*

IX. Training

- a) *Discuss impact and mitigation plans for the training staff attrition (QESC of 2015-08-31, Slides 25 and 28).*