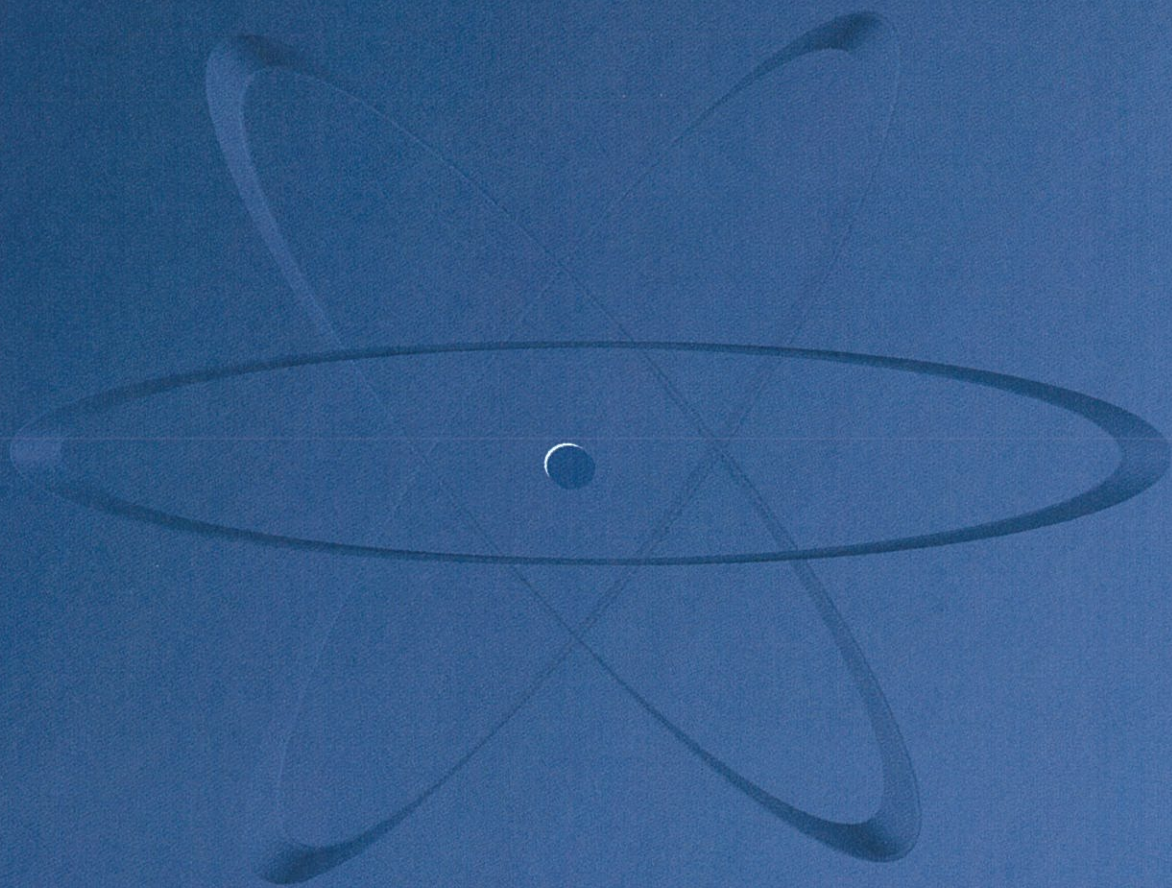


South Carolina Office of Regulatory Staff
Review of South Carolina Electric & Gas Company's
2018 1st Quarter Report on
V. C. Summer Units 2 & 3
Status of Construction



July 5, 2018



Introduction

On May 14, 2018, South Carolina Electric & Gas (“SCE&G” or the “Company”) submitted its 2018 1st Quarter Report (“Quarterly Report”) related to construction of the V.C. Summer Nuclear Station AP1000 Units 2 & 3 (the “Units”). The Quarterly Report is filed in the Public Service Commission of South Carolina (“Commission”) Docket No. 2008-196-E and covers the quarter ending March 31, 2018 (“Review Period”). The Company’s Quarterly Report was submitted pursuant to S.C. Code Ann. § 58-33-277 of the Base Load Review Act (“BLRA”).

See Appendix A for background information regarding the Units.

With reference to Section 58-33-275(A) of the BLRA, the review by the South Carolina Office of Regulatory Staff (“ORS”) in the past focused on SCE&G’s ability to adhere to the approved construction schedule and the approved capital cost schedule. However, given SCE&G’s decision to abandon the Units, ORS’s report now provides a general status of the Units regarding the approved schedule and the approved budget with reference to the Company’s Quarterly Report and with respect to July 31, 2017 (“Abandonment Date”).

Schedule Review and Site Activities

Milestone Schedule

Commission Order No. 2016-794 established new substantial completion dates of August 31, 2019 and August 31, 2020 for Units 2 & 3, respectively. Given SCE&G’s decision to abandon the Units, its Quarterly Report did not provide an update to the BLRA milestones. According to SCE&G’s 2017 3rd Quarter Report, as of the Abandonment Date, 119 of the 146 (or 82%) BLRA milestones were completed while 27 are shown as incomplete. SCE&G has provided a response to ORS Audit Information Request (AIR) RCT-07 which identifies that physical construction of Unit 2 as 35% complete and Unit 3 as 19.8% complete with all remaining areas identified as Balance of Plant to be 60% complete (See Appendix C).

Site Activities

Due to SCE&G’s decision to abandon the Units, site activities focus on safely demobilizing the site, removal of rental equipment and contractor temporary equipment, close out of environmental and other permits, stabilizing the site (i.e. placing all structures, systems and components in a safe condition), and restoring the site vegetation.

Ownership of Abandoned Assets

The Quarterly Report states that the Company has relinquished to South Carolina Public Service Authority (“Santee Cooper”) all rights to the project material, equipment and other assets that SCE&G has abandoned. During the Reporting Period, the Company and Santee Cooper continued to resolve issues associated with the “Right of Entry” Contract that would allow Santee Cooper access to the site to perform maintenance on the specific abandoned equipment.

Equipment

On March 26, 2018 SCE&G, Santee Cooper and Southern Nuclear Operating Company entered into an agreement to sell civil commodities (rebar, etc.) to Southern Nuclear Operating Company for \$1,875,510 which equates to approximately 90% of the original purchase price. SCE&G would receive approximately \$1 million from the sale. SCE&G states that proceeds from the sale will be applied against unrecovered costs of the abandoned Units. After the review period, the Commission approved the sale in Order No. 2018-321.

Transmission

In 2011, SCE&G entered into a contract with Pike Electric, LLC for the permitting, engineering and design, procurement of material, and construction of multiple transmission lines and associated facilities related to the Units.

For the Review Period, SCE&G reports that transmission structures and miles of wire were approximately 92% and 87% complete, respectively. The transmission infrastructure constructed to support Unit 2 is substantially complete.

The Company does not intend to abandon the transmission system constructed for the Units but proposes the system be completed and operated to enhance the capacity and reliability of SCE&G’s transmission network. In its Quarterly Report, the Company states that its total investment in transmission assets related to the Units is approximately \$399 million. As of the end of the Review Period, \$328 million of the \$399 million has been incurred and \$241 million of transmission asset have been completed and closed to plant in service. SCE&G removed these costs from the capital budget associated with the Units. SCE&G intends to seek regulatory approval to recover these costs.

Map 1 shows the new transmission lines and facilities supporting the Units. The transmission lines are represented by the corresponding line color indicated below:

Green Line:

VCS1-Killian Line is complete and energized.

Red Line:

VCS2- Lake Murray Line No. 2 is complete and energized.

VCS2-St George Line No. 1 will be energized when the remaining St. George segment (Purple Line) is complete.

Purple Line:

VCS2-St. George Lines Nos. 1 and 2 Construction activities continued on the VCS2-ST. George 230 kV Lines No. 1 and No. 2 segment between the Saluda rapids and Dunbar Road and between Gaston and Orangeburg.

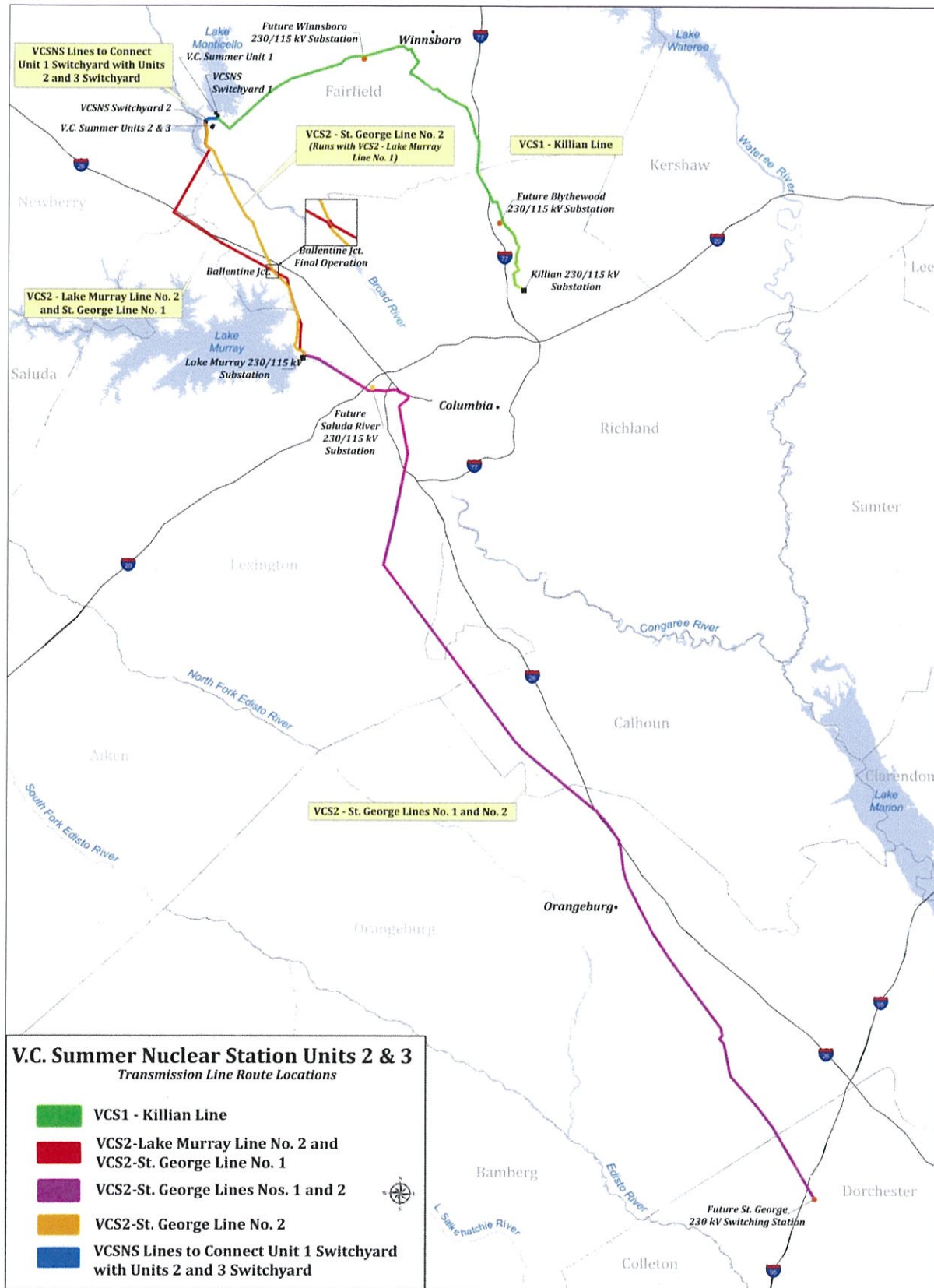
Yellow Line:

The portion of the VCS2-St. George Line No. 2 segment between VCS2 and the Lake Murray substation is complete and energized.

Blue Line:

VCNS Lines to connect Unit 1 Switchyard with Units 2 and 3 Switchyard are complete and energized.

Map 1: New SCE&G Transmission Lines and Facilities Supporting V.C. Summer Units 2 & 3



Licensing and Inspection Activities

Federal Activities

On December 27, 2017, the Company submitted letter NND-17-0503 to the Nuclear Regulatory Commission (“NRC”) to request withdrawal of the Combined Construction and Operating License (“COL”) for both Units. On January 8, 2018, Santee Cooper submitted a letter to the NRC requesting the NRC refrain from taking any actions on SCE&G’s request for 180 days to allow time for Santee Cooper to determine whether a transfer to itself of SCE&G’s interest in the Units 2 & 3 are in the best interest of Santee Cooper customers.¹

After the Review Period, the NRC provided a letter dated April 19, 2018 acknowledging SCE&G’s and Santee Cooper’s requests. The NRC expects to complete its review by August 31, 2018.

After the Review Period, on June 4, 2018, Santee Cooper provided a letter to the NRC stating that Santee Cooper intends to implement immediately a maintenance, preservation and documentation program to preserve the value of certain high value components associated with the Units (e.g., reactor coolant pumps, steam generator, etc.). See Appendix B for this correspondence.

State Activities

Given SCE&G’s decision to abandon the Units, activities are primarily associated with closing 15 S.C. Department of Health and Environmental Control permits. During the Review period, FERC informed SCE&G it would need to remove Unit 2 and Unit 3 related equipment and material that had been temporarily stored at the Parr Hydro Project Boundary at the Fairfield Pump Storage Facility. Relocation of the material is in progress at the site.

Commission Activity

- On June 22, 2017, in Docket 2017-207-E, Friends of the Earth and Sierra Club filed a complaint against SCE&G.
- On August 1, 2017, in Docket 2017-244-E, SCE&G filed a Petition for Prudency Determination Regarding Abandonment. On August 15, 2017, SCE&G withdrew its Petition.
- On August 1, 2017, in Docket 2017-246-E, the Company filed a Notice of Intent stating that SCE&G will file an application seeking its Annual Request for Revised Rates with the Commission. On August 15, 2017, the Company withdrew its Notice of Intent.

¹ SCE&G is authorized by Santee Cooper to exercise responsibility and control over the physical construction, and maintenance of the facility.

- On September 26, 2017, in Docket 2017-305-E, ORS filed a Request for Rate Relief. Subsequently, on October 17, 2017 and in the same Docket, ORS filed a Motion to Amend its Request asking the Commission to consider the appropriate application of the revenue received relating to the Toshiba Guarantee Payment to benefit SCE&G customers.
- On November 9, 2017, SCE&G provided the status of activities at the V.C. Summer nuclear Construction Site to the Commission during an Allowable Ex Parte Communication Briefing.
- After the Review Period, on January 12, 2018 and in Docket 2017-370-E, SCE&G filed a Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Inc. for review and approval of a proposed business combination between SCANA Corporation and Dominion Energy, Inc., as may be required, and for a prudency determination regarding the abandonment of the V.C. Summer Units 2 & 3 Project and associated merger benefits and cost recovery plans.

Budget Review

The ORS budget review includes an analysis of the 1st Quarter 2018 capital costs, project cash flow, escalation and Allowance for Funds Used during Construction (“AFUDC”). The AFUDC for the total project as of March 31, 2018 is approximately \$173.271 million.

SCE&G’s Quarterly Report (Appendix 2) shows actual Gross Construction cost of the Units (which includes escalation cost and AFUDC), through March 31, 2018 plus adjustments to be \$4.636 billion. This amount reflects the removal of transmission assets and other assets to support Unit 1 from the approved capital budget.

For reference purposes, the Company’s 2017 3rd Quarter Report (Appendix 3), the Gross Construction cost of the Units approved by the Commission in Order No. 2016-794 is \$7.658 billion, forecasted through the year of 2020.

Transfer of Assets to Support Unit 1

Work continued on the Offsite Water System to finalize permitting and start-up of the system which will provide water for the Nuclear Operations Building and other Unit 1 facilities. The switchyard, wastewater treatment facility, Nuclear Operations Building, Nuclear Learning Center Annex, the railroad spur serving the site, certain emergency services facilities, security training facilities, CHAMPS and other software and IT infrastructure are also included as assets to be transferred in support of Unit 1. The Quarterly Report states that the capital costs associated with these items have been removed from the BLRA capital cost schedules are scheduled to be (or have been) placed in service.

Table 1 provides a list of buildings/equipment that will not be abandoned and transferred to support Unit 1. Table 1 also shows associated cost estimates.

Table 1:

Category	Amount (\$ Millions)
Switchyard	\$31
Off-Site Water System	\$23
Nuclear Operations Building	\$11
CHAMPS work management system	\$7
Nuclear Learning Center Annex	\$5
Miscellaneous *	\$9
Total	\$86

*Miscellaneous (e.g. emergency services facility, security training facility, software licenses, wastewater treatment, facility, railroad spur, and IT infrastructure.)

Annual Request for Revised Rates

Table 2 shows a summary of SCE&G's Revised Rate Filings with the Commission.

Table 2:

SCE&G Revised Rates History					
Docket No.	Order No.	Requested Increase	ORS Examination	Approved Increase	Retail Increase
2008-196-E	2009-104(A)	\$8,986,000	(\$1,183,509)	\$7,802,491	0.43%
2009-211-E	2009-696	\$22,533,000	\$0	\$22,533,000	1.10%
2010-157-E	2010-625	\$54,561,000	(\$7,260,000)	\$47,301,000	2.31%
2011-207-E	2011-738	\$58,537,000	(\$5,753,658)	\$52,783,342	2.43%
2012-186-E	2012-761	\$56,747,000	(\$4,598,087)	\$52,148,913	2.33%
2013-150-E	2013-680(A)	\$69,671,000	(\$2,430,768)	\$67,240,232	2.87%
2014-187-E	2014-785	\$70,038,000	(\$3,800,000)	\$66,238,000	2.82%
2015-160-E	2015-712	\$69,648,000	(5,122,000)	\$64,526,000	2.57%
2016-224-E	2016-758	\$74,161,000	(9,733,000)	\$64,428,000	2.66%

ORS Monitoring Activities

Since the abandonment, ORS continues to perform monitoring activities. General activities are listed below:

- Reviews SCE&G's Quarterly Reports
- Issues Audit Information Requests (See Appendix C)
- Audits capital cost expenditures and resulting AFUDC in Construction Work in Progress
- Reviews invoices associated with the Westinghouse Electric Company ("WEC") Bankruptcy
- Attends on-site Plan of the Day meetings with on-site abandonment construction managers.
- Performs periodic site assessments

Conclusion

Commission Order No. 2016-794 established new substantial completion dates of August 31, 2019 and August 31, 2020 for Units 2 & 3, respectively. Given SCE&G's decision to abandon the Units, its Quarterly Report did not provide additional updates to the BLRA milestones. Therefore, SCE&G's 2017 3rd Quarter Report, as of the Abandonment Date, 119 of the 146 (or 82%) BLRA milestones were completed while 27 are shown as incomplete.

SCE&G's Quarterly Report (Appendix 2) has been updated to show actual Gross Construction cost of the Units through March 2018 plus adjustments to be \$4.636 billion. This amount reflects the removal of transmission assets and other assets to support Unit 1 from the approved capital budget.

Appendix A

Background

Background

On March 2, 2009, the Public Service Commission of South Carolina (“Commission”) approved South Carolina Electric & Gas Company’s (“SCE&G” or the “Company”) request for the construction of V.C. Summer Nuclear Station AP1000 Units 2 & 3 (the “Units”) in Jenkinsville, SC and the Engineering, Procurement and Construction (“EPC”) Contract with Westinghouse Electric Company (“WEC”) and Stone & Webster, Inc. In 2013, Chicago Bridge and Iron purchased Stone & Webster, Inc. to become CB&I Stone and Webster, Inc. (CB&I) and subsequently took over Stone & Webster’s EPC responsibilities. In 2015, the EPC Contract was amended releasing CB&I, thereby leaving WEC as the primary member of the Consortium (CB&I was acquired by WEC and continues to be a member of the Consortium as a subsidiary of WEC). WEC subsequently subcontracted Fluor as the construction manager of the Units. The Commission’s approval of the Units can be found in Base Load Review Order No. 2009-104(A) filed in Docket No. 2008-196-E.

The anticipated dependable capacity from the Units was approximately 2,234 megawatts (“MW”), of which 55% (1,228 MW) would have been available to serve SCE&G customers. South Carolina Public Service Authority (“Santee Cooper”) was contracted to receive the remaining 45% (1,006 MW) of the electric output and is responsible for 45% of the costs of the construction of the Units.

In October 2011, SCE&G and Santee Cooper executed the permanent construction and operating agreements for the project. The agreements granted SCE&G primary responsibility for oversight of the construction process and operation of the Units as they come online.

On March 30, 2012, the Nuclear Regulatory Commission (“NRC”) voted to issue SCE&G a Combined Construction and Operating License (“COL”) for the construction and operation of the Units.

On March 29, 2017, WEC filed Chapter 11 bankruptcy. Subsequently, SCE&G, Santee Cooper and WEC entered into an Interim Assessment Agreement to allow the project to continue pending SCE&G and Santee Cooper’s evaluation to either continue or abandon the Units.

On July 31, 2017, SCE&G announced that it will cease construction of the units and file a petition with the Commission seeking approval of an abandonment plan [From 7-31-17 Press Release]. The Company instructed Fluor Corporation and WEC to cease all work activities other than efforts to safely abandon the Units. Also, on July 31, 2017, SCE&G gave WEC a five (5) day notice to terminate the Interim Assessment Agreement.

On August 1, 2017, SCE&G filed a Petition with the Commission for a prudency determination regarding abandonment of the Units. On August 15, 2017, the Company withdrew its Petition.

On January 12, 2018 a Joint Application and Petition of SCE&G and Dominion Energy, Inc. for merger and an abandonment plan was filed in Docket No. 2017-370-E.

Subsequent to the Base Load Review Order, the Commission held five (5) hearings regarding the Units and issued the following Orders:

- **Order No. 2010-12**: Issued on January 21, 2010 and filed in Docket No. 2009-293-E. The Commission approved SCE&G's request to update milestones and capital cost schedules.
- **Order No. 2011-345**: Issued on May 16, 2011 and filed in Docket No. 2010-376-E. The Commission approved SCE&G's petition for updates and revisions to schedules which included the removal of \$438 million in contingency costs netted against an increase of approximately \$174 million to the base project cost.
- **Order No. 2012-884**: Issued on November 15, 2012 and filed in Docket No. 2012-203-E. The Commission approved SCE&G's petition for updates and revisions to schedules which included an increase to the base project cost of approximately \$278 million.
- **Order No. 2015-661**: Issued on September 10, 2015 and filed in Docket No. 2015-103-E. The Commission approved SCE&G's petition for updates and revisions to schedules which included an increase to the base project cost of approximately \$698 million.
- **Order No. 2016-794**: Issued on November 28, 2016 and filed in Docket No. 2016-223-E. The Commission approved SCE&G's petition for updates and revisions to schedules which included an increase to the base project cost of approximately \$831 million.

Appendix B

Santee Cooper Correspondence to the NRC

Michael R. Crosby
Senior Vice President
Nuclear Energy
(843) 761-4126
fax: (843) 761-7037
mrcrosby@santeecooper.com

June 4, 2018

Mr. Frederick D. Brown
Director Office of New Reactors
ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Document Control Desk
Washington, D.C. 20555

Dear Mr. Brown,

Virgil C. Summer Nuclear Station (VCSNS) Units 2 & 3
Combined License (COL) Nos. NPF-93 and NPF-94
Docket Nos. 52-027 & 52-028

Subject: South Carolina Public Service Authority's Maintenance, Preservation & Documentation Program for VCSNS Units 2 & 3

- References:**
1. Letter from Jeffrey B. Archie to NRC, V.C. Summer, Units 2 and 3 – Notification of Termination of Project Construction, dated August 17, 2017 (ML17229B487)
 2. Letter from Jeffrey B. Archie to NRC, V.C. Summer Units 2 and 3 – SCE&G Request for Withdrawal of VCSNS Unit 2 & 3 COLs, dated December 27, 2017 (ML17361A088)
 3. Letter from Michael R. Crosby to NRC, Response to South Carolina Electric & Gas Company (SCE&G) Request for Withdrawal of VCSNS Unit 2 & 3 COLs, dated January 8, 2018 (ML 18010A068)
 4. Letter to Michael R. Crosby, Santee Cooper, from Frederick D. Brown, NRO, re: SCE&G and Santee Cooper Acknowledgement of V.C. Summer Termination Letter, dated April 18, 2018 (ML 18108A265)
 5. Letter to Jeffrey B. Archie, SCE&G, from Frederick D. Brown, NRO, re: SCE&G and Santee Cooper Acknowledgement of V.C. Summer Termination Letter, dated April 18, 2018 (ML18107A081)

Frederick D. Brown
Director Office of New Reactors
U.S. Nuclear Regulatory Commission
June 4, 2018
Page 2 of 3

The purpose of this letter is to notify the NRC that the South Carolina Public Service Authority (the Authority), as the co-owner and co-licensee of VCSNS Units 2 & 3 with SCE&G, intends to implement immediately a maintenance, preservation & documentation (MPD) program to preserve the value of certain high value components of the Units (*e.g.*, reactor coolant pumps, steam generators, pressurizers, reactor vessels and integrated head packages) for potential future re-sale.

On July 31, 2017, the Authority's Board and the SCE&G Board resolved to cease construction of the in-progress VCSNS Units 2 & 3. As of that date, SCE&G stopped construction and related activities on the VCSNS Units 2 & 3, including all quality assurance (QA) activities as well as maintenance and environmental controls of installed and warehoused equipment.

On August 17, 2017, SCE&G formally notified the NRC that it had stopped construction activities on the VCSNS Units 2 & 3 site and placed the two units in a terminated status. On December 27, 2017, SCE&G requested NRC approval to withdraw the COLs for VCSNS Units 2 & 3. This request included a redress plan that called for equipment on the site to be abandoned in place, with periodic site inspections to ensure that none of the equipment or materials caused environmental, health, or safety problems.

On January 8, 2018, the Authority wrote in response to SCE&G's Request for Withdrawal of VCSNS Unit 2 & 3 COLs, objecting to the request on the grounds that, pursuant to the NRC's regulations, all reactor licensees must submit an application for termination of the license, and further, that the Authority did not consent to the termination of the Unit 2 & 3 COLs at that time. The Authority requested that the NRC hold SCE&G's request in abeyance while the Authority determined whether the transfer of SCE&G's interest in the Unit 2 & 3 COLs to itself was in the best interest of its customers.

On April 18, 2018, Frederick Brown, Acting Director of the Office of New Reactors at the NRC wrote to both SCE&G and the Authority acknowledging SCE&G's request for NRC's approval for withdrawal of the COLs for VCSNS Units 2 & 3, as well as the Authority's request that NRC delay action on the withdrawal request. He expressed the intent to complete review of SCE&G's withdrawal request in a timely manner, with an estimated completion date of August 31, 2018. He further noted that QA activities on the site would be "unnecessary" for a terminated plant where the licensee does not ever intend to restart construction or sell the plant or its parts, but that if a licensee were to consider either reactivation or transfer of the plant or its parts, it should consider actions such as a QA program associated with maintaining documentation attesting to the quality of the plant's structures, systems or components (SSCs) important to safety, and developing and implementing a program to preserve and maintain those SSCs.

Frederick D. Brown
Director Office of New Reactors
U.S. Nuclear Regulatory Commission
June 4, 2018
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The Authority's opinion is that its customers will benefit from cost recovery through the resale of certain VCSNS Units 2 & 3 high valued components. Without an MPD program to maintain and preserve these components, however, they will lose value to the detriment of the Authority's customers. Therefore, the Authority intends to implement an on-site MPD program in order to preserve the value of such components by maintaining and preserving them as well as any associated QA records for potential future sale. This program is intended to preserve and maintain the selected components and associated QA records in a manner consistent with a supplier 10 C.F.R. 50 Appendix B QA program. The MPD program, however, will neither implement NRC-regulated construction or other activities on the VCSNS Unit 2 & 3 site, nor will it affect any NRC-licensed activity at another site.

With this letter, the Authority notifies the Commission that it intends to implement immediately an MPD program for the purpose of maintaining high-value equipment on the VCSNS Unit 2 & 3 site for future re-sale. The Authority recognizes that before any such equipment can be used in an NRC licensed utilization facility, such components must be recertified under an NRC approved 10 C.F.R. 50 Appendix B QA program.

We would welcome guidance from the Commission Staff regarding the Authority's MPD program. If you have any questions regarding this notice, please contact me at (843) 761-7081 or via e-mail at michael.crosby@santecooper.com

Sincerely,



Michael R. Crosby
Senior Vice President, Nuclear Energy

CC: James E. Brogdon
J. Michael Baxley
Stephen R. Pelcher
Elizabeth H. Warner
Wm. Marion Cherry
Jason W. Williams
Richard M. Lorenzo
Jimmy E. Addison, President & CEO SCANA
Jim O. Stuckey, Esquire, General Counsel SCANA
Jeffrey B. Archie, SVP & CNO SCE&G

Appendix C

New Nuclear Audit Information Requests

Office of Regulatory Staff
Audit Information Requests

Below is a Summary of New Nuclear Development (NND) Audit Information Requests (AIRs) sent to South Carolina Electric and Gas (SCE&G) from January 2018 until July 2, 2018.

NND Audit Information Request RCT-01:

1. Please provide actual cost paid by SCE&G for each Reactor Coolant Pump associated with Units 2 & 3. Please provide all supporting invoice(s) for each Reactor Coolant Pump.

SCE&G RESPONSE: Note all costs specified below are 100% project costs.

There are four (4) Reactor Coolant Pumps (RCPs) for Units 2 ("U2 RCPs") and four (4) Reactor Coolant Pumps for Units 3 ("U3 RCPs"). The payment for the U2 RCPs and the U3 RCPs is based upon the Milestone Payment Schedule set forth in Exhibit F-1 of the Engineering, Procurement and Construction Agreement between South Carolina Electric & Gas Company ("SCE&G") and Westinghouse Electric Company, LLC ("Westinghouse") which was superseded by the Interim Assessment Agreement entered into between SCE&G and Westinghouse after Westinghouse filed bankruptcy on March 31, 2017. For the U2 RCPs and casings, SCE&G's actual cost paid totaled \$76,208,847; this amount includes escalation. SCE&G's actual cost paid totaling \$76,208,847 represented 97.3% of the original contracted price of the U2 RCPs and casings. The casings for the U2 RCPs, which were not transferred to Westinghouse, totaled \$18,102,711; this is SCE&G's proportional cost. Accordingly, the actual cost paid for each U2 RCP totaled \$14,526,534. The amount for each U2 RCP is calculated as follows: $(\$76,208,847 \text{ minus } \$18,102,711)/4 = \$14,526,534$. For the U3 RCPs and casings, SCE&G's actual cost paid totaled \$71,517,141; this amount includes escalation. SCE&G's actual cost paid totaling \$71,517,141 represented 88.4% of the original contracted price for the U3 RCPs and casings. SCE&G's proportional cost for the U3 casings totaled \$17,159,061. Accordingly, the actual cost paid for each U3 RCP totaled \$13,589,520. This amount of each U3 RCP is calculated as follows: $(\$71,517,141 \text{ minus } \$17,159,061)/4 = \$13,589,520$. Attached to this response is Attachment No. 1 entitled "Reactor Coolant Pump Cost Summary" which sets forth additional detail concerning the cost of the U2 RCPs and U3 RCPs. As for the supporting invoices for each Reactor Coolant Pump, please see Attachment No.2.

2. Please specifically address the Reactor Coolant Pump SN508 originally planned for use at the V.C. Summer site, which was transferred by Westinghouse to State Nuclear Power Technology Corporation Haiyang Unit 2 project in late 2017. The Reactor Coolant Pump SN508 was referenced in SCE&G's letter to the Public Service Commission of South Carolina, under Docket 2017-305-E, dated 12/27/17. Please provide all supporting documentation for the reimbursement amount of \$14,526,534.

Office of Regulatory Staff
Audit Information Requests

SCE&G RESPONSE:

To determine the amount of reimbursement owed by Westinghouse to SCE&G, the parties determined that the total cost of the U2 RCPs to be paid under the Milestone Payment Schedule totaled \$78,290,623; however, SCE&G had only paid 97.3% of the total amount owed, or \$76,208,847. State Nuclear Power Technology Corporation did not have a need for the RCP casings and as a result, SCE&G and Westinghouse agreed to remove the proportional cost of the RCP casings from its reimbursement calculations; this amount is \$18,102,711. After removing the cost of the casings totaling \$18,102,711, the actual cost paid by SCE&G for the U2 RCPs totaled \$58,106,136. Accordingly, the actual cost paid by SCE&G for a single RCP without its casing cost is \$14,526,534.

NND Audit Information Request RCT-02:

1. Please provide the square footage for the following warehouses:
 - a. On-site warehouse 20A
 - b. On-site warehouse 20B
 - c. On-site warehouse Building 57
 - d. Blythewood off-site warehouse
 - e. Metro (W. Columbia) off-site warehouse

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

2. Please provide exterior and interior multiple angle photographs for the following warehouses:
 - a. On-site warehouse 20A
 - b. On-site warehouse 20B
 - c. On-site warehouse Building 57
 - d. Blythewood off-site warehouse
 - e. Metro (W. Columbia) off-site warehouse

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

3. Please provide exterior and interior multiple angle photographs of the Service Building.

Office of Regulatory Staff
Audit Information Requests

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

4. Please discuss the type(s) of protection (e.g., fire, security) maintained for the following warehouses:
 - a. On-site warehouse 20A
 - b. On-site warehouse 20B
 - c. On-site warehouse Building 57
 - d. Blythewood off-site warehouse
 - e. Metro (W. Columbia) off-site warehouse

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

5. For the on-site warehouse 20A, please identify (by system and component) and list each equipment item that has a purchase price of greater than \$100,000. Also, provide the corresponding actual purchase price for each of these equipment items.

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

6. For the on-site warehouse 20B, please identify (by system and component) and list each equipment item that has a purchase price of greater than \$100,000. Also, provide the corresponding actual purchase price for each of these equipment items.

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

7. For the on-site warehouse Building 57, please identify (by system and component) and list each equipment item that has a purchase price of greater than \$100,000. Also, provide the corresponding actual purchase price for each of these equipment items.

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

8. For the Blythewood off-site warehouse, please identify (by system and component) and list each equipment item that has a purchase price of greater than \$100,000.

Office of Regulatory Staff
Audit Information Requests

Also, provide the corresponding actual purchase price for each of these equipment items.

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

9. For the Metro (W. Columbia) off-site warehouse, please identify (by system and component) and list each equipment item that has a purchase price of greater than \$100,000. Also, provide the corresponding actual purchase price for each of these equipment items.

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

10. For each on-site storage tent, which contains equipment items that have a purchase price of greater than \$100,000, please provide:
 - a. Exterior and interior multiple angle photographs.
 - b. The type(s) of protection (e.g., fire, security) being maintained.
 - c. A list and identify (by system and component) each equipment item that has a purchase price of greater than \$100,000. Also, provide the corresponding actual purchase price for each of these equipment items.

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-02 on 2/21/18.

NND Audit Information Request RCT-03:

1. Please identify (by system and component) plant equipment (e.g., Steam Generators, Pressurizer, Accumulators, Core Make up Tanks, and Deaerator) that is currently stored outdoors, but not installed at the VC Summer Unit 2 and Unit 3 site that has a purchase price of greater than \$100,000. Also, provide the corresponding actual purchase price for each of these equipment items.

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-03 on 2/21/18.

2. Please provide a picture of each plant equipment component (e.g., Steam Generators, Pressurizer, Accumulators, Core Make up Tanks, and Deaerator) that is currently stored outdoors, but not installed at the VC Summer Unit 2 and Unit 3 site,

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which has a purchase price of greater than \$100,000. The pictures are requested from the current, as stored, location of the plant equipment.

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-03 on 2/21/18.

NND Audit Information Request RCT-04:

1. Please provide supporting back-up information for the total cost originally paid for each line item identified in Exhibit A of SCE&G letter to Public Service Commission of South Carolina (PSC) dated April 3, 2018. The letter requests PSC approval for the transfer of utility property in excess of one million dollars to Southern Nuclear Operating Company, acting for itself and other owners of the Vogtle Project.

SCE&G RESPONSE:

SCE&G provided a Confidential response to all questions below in regards to RCT-04 on 2/21/18.

NND Audit Information Request RCT-05:

1. Please provide a complete copy of Condition Report CR-NND-16-00525 including all attachments. ORS requests that this Condition Report and attachments be provided as non-confidential.

SCE&G RESPONSE: The requested information contains Westinghouse Proprietary Data, which SCE&G is contractually obligated to protect pursuant to the terms of Engineering, Procurement, and Construction Agreement, dated May 23, 2008 ("Agreement"). Pursuant to the terms of this Agreement, SCE&G has requested permission from Westinghouse to disclose this information. SCE&G has no other objection to the disclosure of this information and will make the information available upon receipt of consent from Westinghouse.

NND Audit Information Request RCT-06:

1. Please provide a copy of the stand-alone Bechtel Assessment report dated February 5, 2016. This stand-alone report was created to separate Bechtel's analysis of the project construction schedule (Reference Section 5.2 of Bechtel Report dated November 9, 2015) from the final Bechtel Assessment report, also dated February 5, 2016. The stand-alone Bechtel Assessment report was identified in Santee Cooper executive notes documenting the telephone call with Bechtel dated February 4th 2016 at 11:30AM. Both Bechtel Assessment reports were sent to the law firm Smith,

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Currie & Hancock, LLP. The stand-alone Bechtel Assessment report was also identified on page 46, paragraph 125 of Civil Action No. 3:17-CV-2616-MBS, In re SCANA Corporation Securities Litigation.

SCE&G RESPONSE: SCE&G objects to NND Request: RCT-06 on the basis that the document sought is protected by the attorney-client privilege and the attorney work product doctrine. We are working to create a privilege log that provides more information as to this privilege claim and will include such entry on the privilege log being prepared in connection with Docket Nos. 2017-305-E, 2017-207-E.

NND Audit Information Request RCT-07:

1. With reference to Page 3, Chart E of SCE&G's Quarterly Report for the period ending June 30, 2017, please provide a breakdown of the completion percentages for Units 2 and 3, independently, and by each functional area (i.e., Engineering, Procurement, Construction and Start-up).

SCE&G RESPONSE: Due to the manner in which Westinghouse maintained its project controls data, SCE&G is not in possession of information necessary to formulate a complete response to this request; however, SCE&G is able to respond to that portion of the request inquiring of the completion percentage pertaining to construction for Units 2 and 3. Please see the table below.

Construction Area	Percent Complete
Unit 2	35.0%
Unit 3	19.8%
Balance of Plant (BOP)	60.6%

2. With reference to Page 3, Chart E of SCE&G's Quarterly Report for the period ending June 30, 2017, please update Chart E to show the project's final completion percentages as of July 31, 2017. Please provide a breakdown of the completion percentages for Units 2 and 3, independently, and by each functional area (i.e., Engineering, Procurement, Construction and Start-up).

SCE&G RESPONSE: Due to the manner in which Westinghouse maintained its project controls data, SCE&G is not in possession of information necessary to formulate a response to this request.

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NND Audit Information Request RCT-08:

Expect SCE&G response for RCT-08 on July 5, 2018.

1. For each and every observation in the Draft Bechtel Report dated November 9, 2015, please discuss SCE&G's actions in response to each and every recommendation.
2. For each and every observation in the Final Bechtel Report dated February 5, 2016, please discuss SCE&G's actions in response to each and every recommendation.
3. Additionally, and more specifically, for each and every recommendation in the Final Bechtel Report dated February 5, 2016, please respond to the following:
 - a) For any recommendation in the Final Bechtel Report, was a specific action, a similar activity or program implemented on the Project?
 - b) If so, when was this action, activity or program implemented on the Project?
 - c) Was this action, activity or program implemented as a direct result of the Final Bechtel Report recommendation? If not, what specifically prompted the action, activity or program to be implemented? Please provide documentation that supports the independent Consortium or SCE&G evaluation of the associated issue that resulted in the implementation of the corrective or mitigating activity.
 - d) For those Final Bechtel Report recommendations which were not implemented, please provide the reason why the recommendation was not implemented. Please provide the documentation that supports SCE&G's decision not to implement the recommendation.