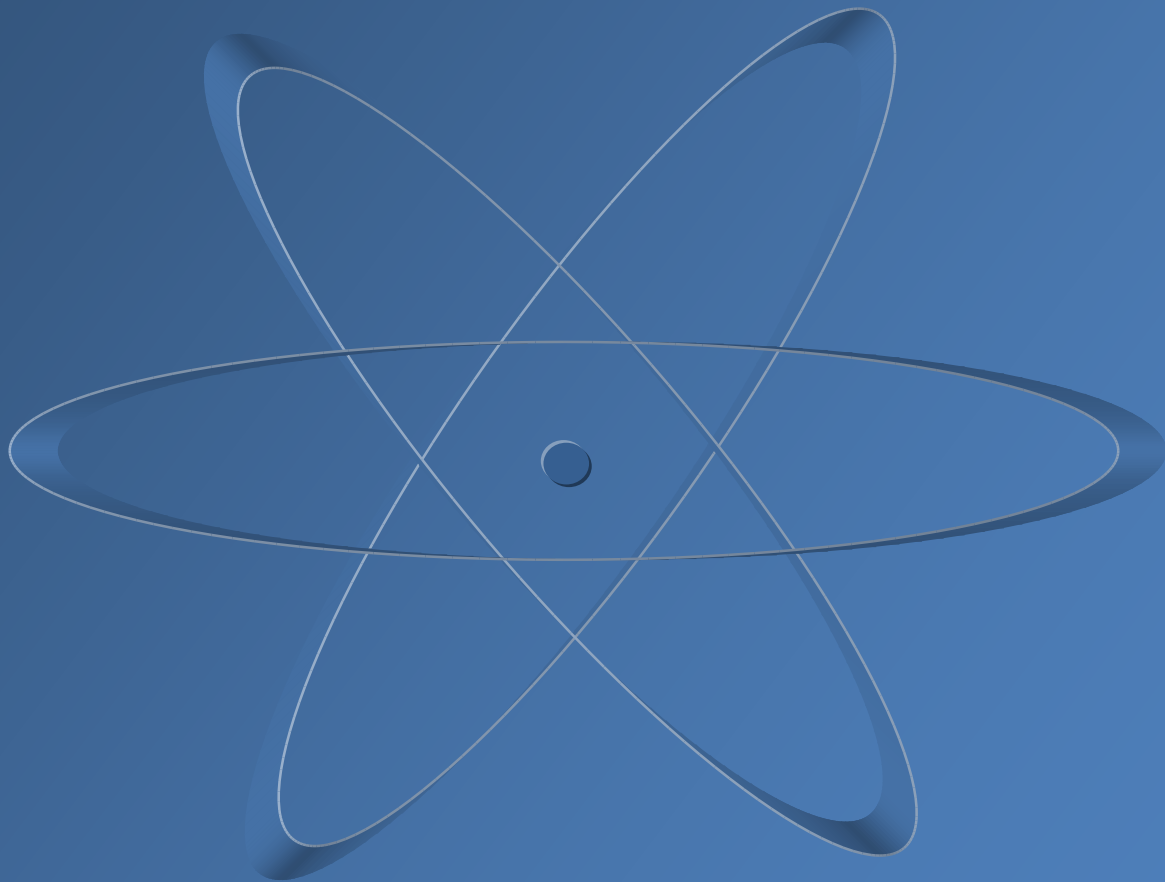


South Carolina Office of Regulatory Staff
Review of South Carolina Electric & Gas Company's
2011 4th Quarter Report on
V. C. Summer Units 2 and 3
Status of Construction



April 13, 2012



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Introduction

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 Units 2 and 3 (the “Units”) and the Engineering, Procurement and Construction (“EPC”) Contract. This approval can be found in the Base Load Review Order No. 2009-104(A) filed in Docket 2008-196-E. On January 21, 2010, the Commission approved the Company’s request to update milestones and capital cost schedules in Order No. 2010-12, which is filed in Docket No. 2009-293-E. On May 16, 2011, the Commission approved SCE&G’s petition for revisions and updates to capital cost schedules in Order No. 2011-345, which is filed in Docket No. 2010-376-E.

The anticipated dependable capacity from the Units is approximately 2,234 MW, of which 55% (1,228 MW) will be available to serve SCE&G customers. South Carolina Public Service Authority (“Santee Cooper”) is expected to receive the remaining 45% (1,006 MW) of the electric output when the Units are in operation, and is paying 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 grant SCE&G primary responsibility for oversight of the construction process and operation of the Units as they come online. These agreements replace the Bridge Agreement that the companies had been operating under since 2008.

SCE&G has disclosed that Santee Cooper is reviewing its level of ownership participation in the Units. During the 1st quarter of 2011, Santee Cooper issued a press release announcing it signed a Letter of Intent to negotiate a power purchase agreement with the Orlando Utilities Commission (“OUC”). This press release stated that Santee Cooper was negotiating the sale of 10 to 20 percent of the capacity and output from Santee Cooper’s ownership interest in the Units. According to this press release, the Letter of Intent also includes as part of the potential transaction an option for OUC’s future acquisition of a portion of Santee Cooper’s ownership interest. Additionally, on July 20, 2011, Duke Energy Carolinas, LLC issued a press release stating that it had signed a Letter of Intent with Santee Cooper for a potential minority interest (approximately 10 to 20 percent of Santee Cooper’s 45% ownership capacity of the Units). On July 22, 2011, Santee Cooper issued a press release stating that it had signed a Letter of Intent to negotiate a potential minority interest (roughly 5 to 20 percent of Santee Cooper’s 45% ownership of the capacity and output of the Units) with the Florida Municipal Power Agency (“FMPA”). On January 10, 2012 Fitch Ratings downgraded Santee Cooper’s \$5.02 billion of outstanding revenue obligation bonds from AA to AA-. In its press release, Fitch cited decisions by OUC and FMPA not to pursue the purchase a portion of Santee Cooper’s ownership share in the units as a contributing factor to the rating downgrade.

On February 14, 2012, SCE&G submitted its 2011 4th Quarter Report (“Report”) related to construction of the Units. The Report is filed in Commission Docket No. 2008-196-E and covers the quarter ending December 31, 2011.

The Company’s Report is submitted pursuant to S.C. Code Ann. § 58-33-277 (Supp. 2011) of the Base Load Review Act (“BLRA”), which requires the Report to include the following information:

1. Progress of construction of the plant;
2. Updated construction schedules;
3. Schedules of the capital costs incurred including updates to the information required in Section 58-33-270(B)(5);
4. Updated schedules of the anticipated capital costs; and
5. Other information as the Office of Regulatory Staff may require.

With reference to Section 58-33-275(A) of the BLRA, ORS’s review of the Company’s Report focuses on SCE&G’s ability to adhere to (1) the approved construction schedule and (2) the approved capital cost schedules.

Approved Schedule Review

Milestone Schedule

As of December 31, 2011, ORS verified that of the Milestone Schedule's 146 activities:

- 68 milestone activities have been completed (includes 67 historical milestones and 1 future milestone)
- 78 milestone activities are yet to be completed (includes 11 delayed historical and 67 future milestones)

ORS also verified that during the 4th Quarter of 2011:

- Six (6) milestone activities were scheduled to be completed
 - One (1) of these milestones has been completed
 - Five (5) of these milestones have not been completed

Per the Base Load Review Order, overall construction is considered to be on schedule if the substantial completion dates are not accelerated more than 24 months or delayed more than 18 months. As part of its review of the approved schedule, ORS identifies Caution Milestones. Caution Milestones are those that have been delayed ten (10) months or longer. If any Caution Milestone is delayed sixteen (16) months or greater, ORS may issue a formal notification to the Commission of the delay.

As of the end of the 4th Quarter of 2011, ORS identified twelve (12) Caution Milestones. Below is a status of these milestones:

- **Milestone Activity No. 60** – *Reactor Coolant Loop Pipe Fabricator Notice to Contractor of Machining, Heat Treating & Non-Destructive Testing Completion – Unit 2.*

Status: Delayed 13 months.

This activity was scheduled to be completed by December 31, 2010. Its revised target completion date is January 31, 2012. The reactor coolant loop piping being manufactured by IBF, a subcontractor of Tioga located in Milan, Italy, previously experienced delays due to grain size deviations resulting from bending and heat treating activities. A specific grain size is required so that ultrasonic testing can determine the integrity of the piping when it is in use. A root cause analysis was performed. Changes to the manufacturing process were

implemented, and the Unit 3 piping was treated using the revised process. Initial results indicate that the process revisions have resolved the issue. If final tests are successfully passed, this piping will be rededicated to Unit 2. A contingency plan has been implemented to determine if ultrasonic testing can still be performed with satisfactory results on piping segments with a grain size larger than currently specified. If ultrasonic testing cannot be satisfactorily performed, the piping segments will be remanufactured using new forgings. The Company is evaluating potential impacts to the site delivery date, but does not expect it to affect the substantial completion dates for the Units.

- **Milestone Activity No. 61** – *Core Makeup Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest – Unit 2.*

Status: Delayed 12 months.

This activity was scheduled to be completed by May 31, 2011. Its revised target completion date is May 31, 2012. Mangiarotti, located in Italy, is the manufacturer for several major components of the AP1000 reactor, including the core makeup tank. It was previously reported that Westinghouse Electric Company (“WEC”) had identified quality assurance deficiencies during an audit of Mangiarotti related to its sub-suppliers. Past Stop Work Orders and failed sub-supplier qualifications are the major reasons for the delay.

SCE&G is monitoring the fabrication status of multiple major components at Mangiarotti to ensure related milestones remain within the time frame allowed by the Base Load Review Order. SCE&G’s senior management travelled to the Mangiarotti facility in September 2011 to discuss the status of equipment for the project and the importance of meeting construction schedules. As a result, increased WEC oversight resources have been placed at the facility. SCE&G has identified a potential impact to component delivery dates, but does not expect these delays to affect the substantial completion dates for either of the Units. WEC is working with Mangiarotti to improve the schedule. Delays at Mangiarotti appear to no longer be increasing, and several other previously delayed milestones related to equipment being manufactured by Mangiarotti were completed.

- **Milestone Activity No. 80** – *Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Completion of Tubing – Unit 2.*

Status: Delayed 13 months.

This activity was scheduled to be completed by January 31, 2011. The revised target completion date is February 29, 2012. The delay in this milestone is also associated with Mangiarotti. See the above discussion related to Milestone Activity No. 61.

- **Milestone Activity No. 81** – *Polar Crane Fabricator Notice to Contractor of Girder Fabrication Completion – Unit 2.*

Status: Delayed 10 months.

This activity was scheduled to be completed by February 28, 2012. The revised target completion date is December 31, 2012. The girder fabrication for the Polar Crane has been delayed to align with the site delivery and installation date of the Polar Crane due to schedule refinements resulting from the delay in the issuance of the Combined Operating License (“COL”) by the Nuclear Regulatory Commission (“NRC”). The polar crane will be housed within the nuclear island, and will be installed after the modules and other major components.

- **Milestone Activity No. 83** – *Set Containment Vessel Ring #1 for Unit 2.*

Status: Delayed 11 months.

This activity was scheduled to be completed by April 3, 2012. The revised target completion date is March 19, 2013. The Containment Vessel Ring is being constructed on site by Chicago Bridge and Iron (“CB&I”). This is a construction milestone for placement of the Containment Vessel Ring in the nuclear island. This activity is impacted by the delay in the pouring of safety related nuclear concrete which is due to the delay in the issuance of the COL by the NRC, as well as the sequence of other construction activities.

- **Milestone Activity No. 88** – *Set Nuclear Island Structural Module CA03 for Unit 2.*

Status: Delayed 10 months.

This activity was scheduled to be completed by August 30, 2012. The revised target completion date is July 5, 2013. This milestone is a construction activity associated with the placement of the CA03 module in the nuclear island. This

activity is impacted by the delay in the pouring of safety related nuclear concrete which is due to the delay in the issuance of the COL by the NRC, as well as the sequence of other construction activities.

- **Milestone Activity No. 91** – *Polar Crane Fabricator Notice to Contractor of Electric Panel Assembly Completion – Unit 2.*

Status: Delayed 11 months.

This activity was scheduled to be completed by July 31, 2012. The revised target completion date is June 30, 2013. The electrical panel assembly for the Polar Crane has been delayed to align with the site delivery and installation date of the Polar Crane due to schedule refinements resulting from the delay in the issuance of the COL by the NRC.

- **Milestone Activity No. 92** – *Start Containment Large Bore Pipe Supports for Unit 2.*

Status: Delayed 10 months.

This activity was scheduled to be completed on April 9, 2012. The revised target completion date is March 1, 2013. This milestone is a construction activity relating to the placement of the pipe supports that will hold the Containment Vessel in place as concrete is poured for Unit 2. This activity is impacted by the delay in the pouring of safety related nuclear concrete which is due to the delay in the issuance of the COL by the NRC, as well as the sequence of other construction activities.

- **Milestone Activity No. 97** – *Start Concrete Fill of Nuclear Island Structural Modules CA01 and CA02 for Unit 2.*

Status: Delayed 10 months.

This activity was scheduled to be completed by February 26, 2013. The revised target completion date is January 9, 2014. This milestone is a construction activity associated with the pouring of concrete around and within the CA01 and CA02 modules within the nuclear island. This activity is impacted by the delay in the pouring of safety related nuclear concrete which is due to the delay in the issuance of the COL by the NRC, as well as the sequence of other construction activities.

- **Milestone Activity No. 101** – *Set Unit 2 Containment Vessel #3.*

Status: Delayed 10 months.

This activity was scheduled to be completed by April 17, 2013. The revised target completion date is February 25, 2014. This milestone is a construction activity associated with the placement of the Containment Vessel in the nuclear island. This activity is impacted by the delay in the pouring of safety related nuclear concrete which is due to the delay in the issuance of the COL by the NRC, as well as the sequence of other construction activities.

- **Milestone Activity No. 112** – *Set Unit 2 Steam Generator.*

Status: Delayed 10 months.

This activity was scheduled to be completed on September 9, 2013. The revised target completion date is July 21, 2014. This milestone is a construction activity associated with the placement of the Steam Generator in the nuclear island. This activity is impacted by the delay in the pouring of safety related nuclear concrete which is due to the delay in the issuance of the COL by the NRC, as well as the sequence of other construction activities.

- **Milestone Activity No. 120** – *Complete Welding of Unit 2 Passive Residual Heat Removal System Piping.*

Status: Delayed 10 months.

This activity was scheduled to be completed on March 19, 2014. The revised target completion date is January 13, 2015. This milestone is a construction activity associated with the welding of the Passive Residual Heat Removal System after it is installed in the nuclear island. This activity is impacted by the delay in the pouring of safety related nuclear concrete which is due to the delay in the issuance of the COL by the NRC, as well as the sequence of other construction activities.

SCE&G's Milestone Schedule attached to the Report indicates that overall construction is on schedule and does not identify any impact to Unit 2 and Unit 3's substantial completion dates of April 1, 2016 and January 1, 2019, respectively. However, the EPC Contract does not allow for any acceleration or delay in the substantial completion dates. The NRC's current schedule supports the issuance of the COL in early 2012. Notwithstanding the milestone schedule, the Company states in its Report that the issuance of the COL in this time frame would not allow Unit 2 to be completed by the EPC Contract substantial completion date of April 1, 2016 without changes to the current schedule.

ORS's review of the approved schedule and the EPC Contract confirms that the project remains on schedule given the schedule criteria established in the Base Load Review Order. ORS also confirms that a condition of the EPC Contract may not be met. That is, the substantial completion date of April 1, 2016 for Unit 2 – as set forth in the EPC Contract – will likely be delayed due to a delay in the issuance of the COL. Change Order No. 11, discussed in ORS's review of SCE&G's 2011 1st Quarter Report, called for a study consisting of three possible scenarios to assist in the Company's response to the COL delay. This study is under evaluation by SCE&G senior management, but the Company has indicated its preferred option is to delay the substantial completion date of Unit 2 and accelerate the substantial completion date of Unit 3 to take advantage of synergies in the construction process. Appendix A shows details of the Milestone Schedule as of December 31, 2011.

ORS reviews all invoices associated with the Milestone Schedule and during the 4th quarter of 2011, there were three (3) invoices paid. ORS reviews invoices to ensure that the invoice amounts are consistent with the EPC payment schedule and determines that, where applicable as outlined in the EPC Contract, the escalation applied is consistent with the updated Handy Whitman inflation indices.

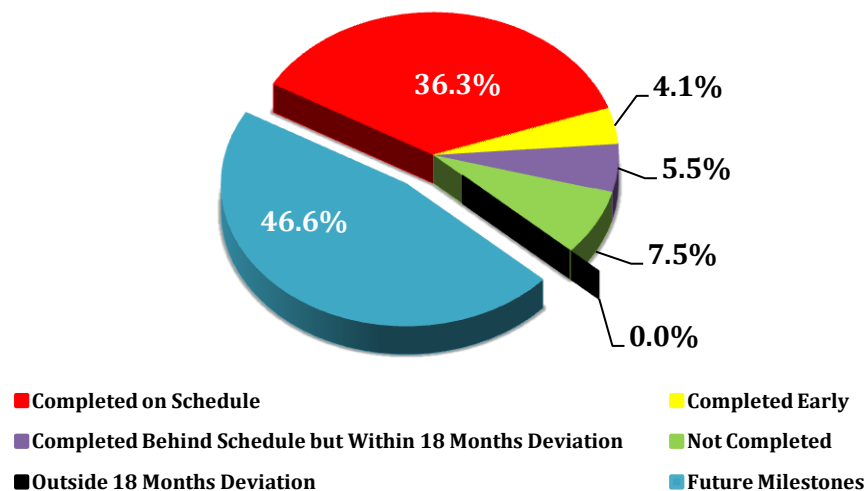
Table 1 shows the status of the 78 historical milestones and Chart 1 shows the status of all 146 milestones for the 4th quarter of 2011 and prior.¹

Table 1:

Historical Milestones		
<i>4th Quarter 2011 and Prior</i>		
78 of 146 Total Milestones		
	# of Milestones	% of All Milestones²
Completed on Schedule	53	36.3%
Completed Early	6	4.1%
Completed Behind Schedule but Within 18 Months Deviation	8	5.5%
Not Completed	11	7.5%
Outside 18 Months Deviation	0	0.0%
Total Historical Milestones	78	53.4%

Chart 1:

Milestone Status
4th Quarter 2011 and Prior



¹ The numbers reported by ORS and SCE&G may vary. For reporting purposes, ORS applies a 30 day threshold before a milestone is deemed accelerated or delayed. SCE&G uses a threshold less than 30 days. For instance, if a milestone is scheduled to be completed January 2, 2011 and the actual completion date is December 29, 2010, SCE&G deems the milestone as completed one month early since it is completed in a prior calendar month. ORS would report this milestone as being accomplished on schedule since it was completed within 30 days of the scheduled completion date.

² There may be a slight variance due to rounding.

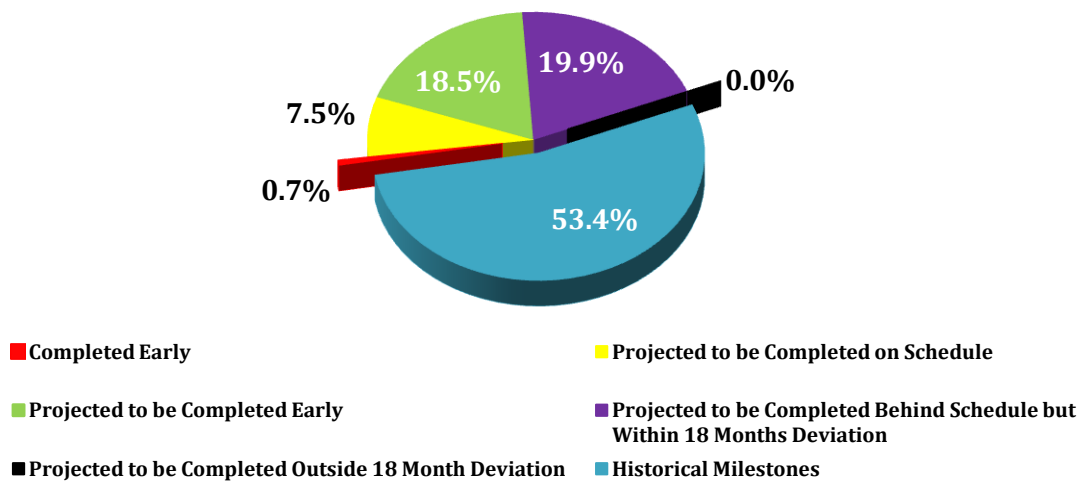
Table 2 shows the status of the 68 future milestones and Chart 2 shows the status of all 146 milestones for the 1st quarter 2012 and beyond.³

Table 2

Future Milestones <i>1st Quarter 2012 and Beyond</i> 68 of 146 Total Milestones		
	# of Milestones	% of All Milestones⁴
Completed Early	1	0.7%
Projected to be Completed on Schedule	11	7.5%
Projected to be Completed Early	27	18.5%
Projected to be Completed Behind Schedule but Within 18 Months Deviation	29	19.9%
Projected to be Outside 18 Months Deviation	0	0.0%
Total Future Milestones	68	46.6%

Chart 2:

Milestone Status
1st Quarter 2012 and Beyond



³ The numbers reported by ORS and SCE&G may vary. For reporting purposes, ORS applies a 30 day threshold before a milestone is deemed accelerated or delayed. SCE&G uses a threshold less than 30 days. For instance, if a milestone is scheduled to be completed January 2, 2011 and the actual completion date is December 29, 2010, SCE&G deems the milestone as completed one month early since it is completed in a prior calendar month. ORS would report this milestone as being accomplished on schedule since it was completed within 30 days of the scheduled completion date.

⁴ There may be a slight variance due to rounding.

Specific Construction Activities

Major construction activities during the 4th quarter of 2011 are listed below:

- On site assembly of the Heavy Lift Derrick (“HLD”) continues, with the boom and back mast being attached to the carriage before the end of the quarter. A cabling contract was awarded, with plans being made for reeving and load testing to be completed in the 1st quarter 2012.
- The pre-construction work on the switchyard was previously behind schedule due to issues associated with design compliance, but significant progress has been made and the switchyard was turned over to the switchyard subcontractor. The switchyard is now on schedule to be energized in March 2013. This date supports the project schedule.
- Unit 2 excavation was completed on schedule. As the bedrock in portions of the Unit 2 excavation was deeper than expected, additional fill concrete will be required to create a level surface prior to pouring the mud mat. The Unit 2 excavation is now being maintained pending issuance of the COL, with work ongoing on the forms needed to begin pouring concrete once the COL is issued. Unit 2 excavation is a critical path activity for Unit 2.
- Unit 3 excavation activities continue to make progress this quarter, with the excavation reaching bedrock at the beginning of the 4th quarter 2011. In October 2011, the geologic mapping program for the Unit 3 excavation was conducted and the NRC visited the site to conduct a geologic inspection of the rock surface. This is a critical path activity for Unit 3.
- Work on the design and testing of the safety-related concrete mix is ongoing. Testing of the first three safety-related concrete mixes occurred during the quarter, with all passing the initial 28-day compressive strength test. In November 2011, the on-site batch plants were purged of all non-safety related material in preparation for pouring safety-related concrete.
- CB&I’s construction activities continue, with final fit up and welding of the containment vessel bottom head plates occurring in the 4th quarter 2011. Radiographic testing of the welds, buffing and grinding activities also continued throughout the 4th quarter 2011.
- Construction of the CA20 Platen inside the Module Assembly Building (“MAB”) was completed in the previous quarter. An additional prototype CA20 sub-module was received on site, and welding of these prototypes continues as a training exercise. Assembly of the CA20 module is a critical path activity.

- Waterproof membrane testing continues, and the installation subcontract for the waterproof membrane has been awarded. Horizontal waterproof membrane materials arrived on site at the end of November, 2011. Installation of the waterproof membrane is a critical path activity.

Photographs of 4th quarter construction activities are shown in Appendix B.

Critical Path Activities

The following activities are identified on the construction schedule as critical path activities scheduled to begin before December 31, 2011. The status of these critical path activities is based on a July 1, 2011 COL issue date.

- **Unit 2 Base Mat**

The preparation for pouring of the mud mat, scheduled to begin in June 2011, has not yet begun. As such, this critical path activity is behind schedule. Activities surrounding the placement of the mud mat are dependent on the issuance of the COL.

- **Unit 2 CA01 Module**

Field assembly of the Unit 2 CA01 module was scheduled to begin in June 2011 but has not yet begun. The module segments required for the CA01 module are being fabricated by Shaw Modular Solutions (“SMS”), and the delivery of these segments is behind schedule.

In its review of SCE&G’s 4th Quarter Report of 2010, ORS discussed deficiencies related to SMS’s quality assurance programs which resulted in a manufacturing hold on all fabrication or rework activities. These issues were resolved and SMS received limited authorization to begin rework activities. Quality assurance program issues were again noted during a surveillance conducted on September 12-16, 2011 by contractor, The Shaw Group, Incorporated (“Shaw”). Upon learning the results of this visit, SMS instituted a self-imposed partial hold on module construction activities in mid-October. While the first segment of floor sub-module was received in June, the delivery of additional segments continues to be behind schedule. This impacts construction efforts on the CA01 and CA20 modules inside the MAB. Efforts continue to rebaseline the schedule. The NRC visited SMS November 14-18, 2011 and performed a vendor inspection audit. Results of the audit will be reported in the next quarter. ORS will continue to closely monitor and report on SMS. This critical path activity is behind schedule.

- **Unit 2 Containment Vessel and Shield Building**

The containment vessel bottom head segments were delivered early, and assembly is currently on schedule. However, the critical path activity specific to the delivery of the components for the first ring of the containment vessel was scheduled for August 2011 and was delayed. Delivery of the components for the first ring of the containment vessel is scheduled for the 1st quarter 2012. The critical path also indicated that the containment vessel bottom head for Unit 2 should be set in the nuclear island prior to the end of the quarter. This activity is dependent on the placement of the Unit 2 mud mat and base mat, which are in turn dependent on the issuance of the COL.

- **Unit 2 CA20 Module**

Site assembly of the CA20 module was scheduled to begin in November 2010 and the module was scheduled to be set prior to the end of the 4th quarter 2011, but as of the end of the 4th quarter 2011 a sufficient quantity of sub-modules had not been received to begin assembly of the module. These sub-module segments are being fabricated by SMS. ORS will continue to closely monitor and report on SMS. This critical path activity is behind schedule.

- **Unit 3 Base Mat**

Excavation of the Nuclear Island is ongoing. This critical path activity is on schedule.

Transmission

On February 28, 2011, SCE&G entered into a contract with Pike Electric for the permitting, engineering and design, procurement of material, and the construction of four (4) 230 kV transmission lines associated with the Units. This project will consist of two phases.

Phase 1 will consist of construction of two (2) new 230 kV transmission lines in support of Unit 2: the VCS1–Killian Line and the VCS2–Lake Murray Line. The VCS1–Killian Line will connect the existing V.C. Summer Switchyard 1 to the Company’s existing Killian Road 230 kV Substation. The VCS2–Lake Murray Line will connect the newly constructed Switchyard (“Switchyard 2”) to the Company’s existing Lake Murray 230 kV Substation. Switchyard 2 will allow the connection of both the Unit 2 and Unit 3 generators to the grid. Also, two new 230 kV interconnections between Switchyard 1 and Switchyard 2 will be constructed. Material procurement began in the 3rd quarter of 2011 for Phase 1, with initial deliveries expected in the 1st quarter of 2012.

Phase 2 will consist of construction of two (2) new 230 kV transmission lines in support of Unit 3: VCS2–St. George Line #1 and VCS2–St. George Line #2. Both of these lines will connect Switchyard 2 to the yet-to-be constructed St. George Substation. Also, a third 230 kV interconnection between Switchyard 1 and Switchyard 2 will be constructed. The Company anticipates filing an application under the Utility Siting and Environmental Protection Act for approval of the Unit 3 lines and the St. George Switching Station in 2012.

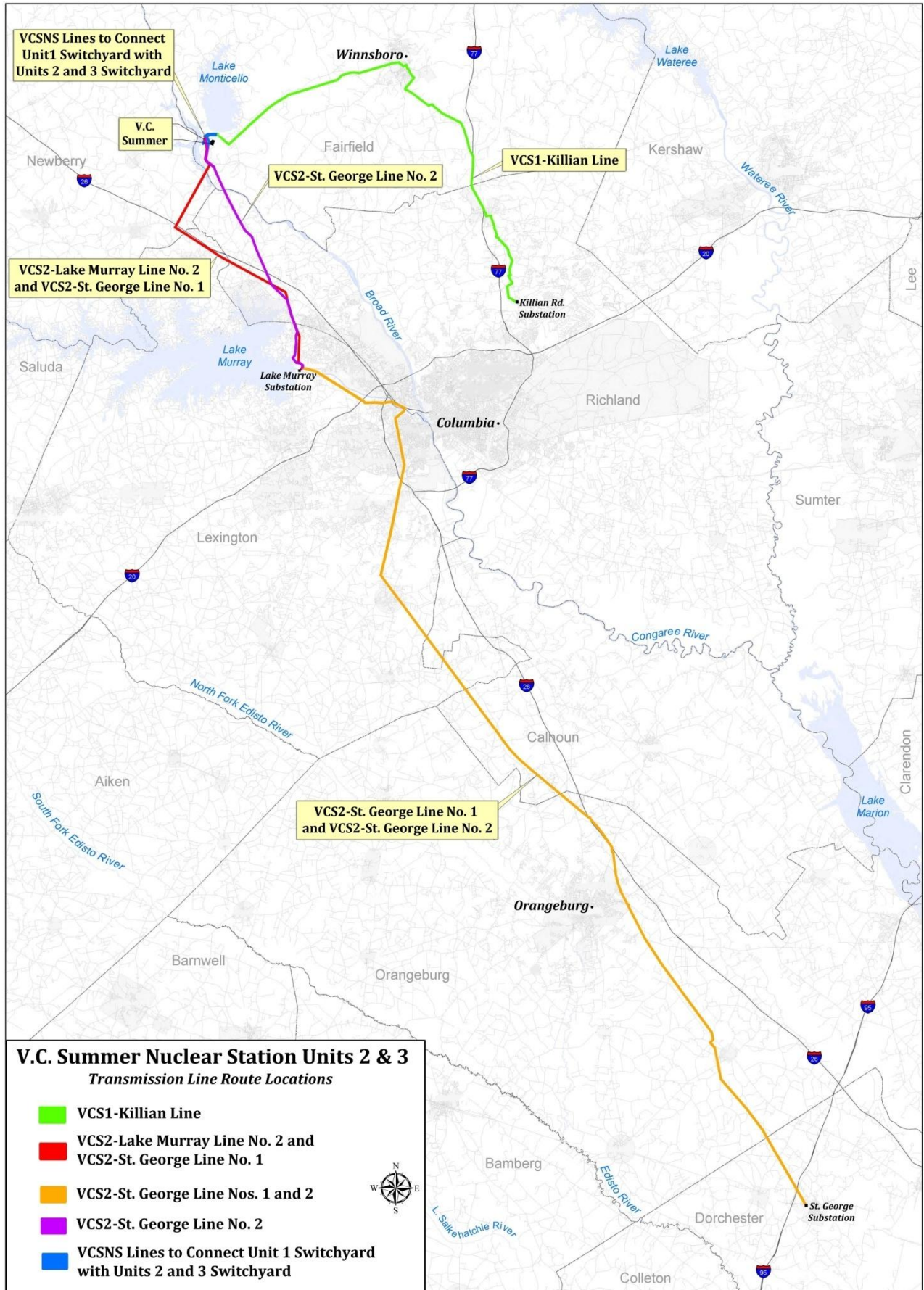
The four (4) new transmission lines will occupy existing transmission right-of-way corridors except for approximately six (6) miles of the VCS1–Killian Line corridor. SCE&G commenced right-of-way acquisition on the Blythewood–Killian segment of the VCS1–Killian Line on March 22, 2011. As of December 31, 2011, the Company has acquired 26 of the 51 required parcels.

SCE&G has completed the Siting and Environmental Reports for Unit 2 lines in support of its application for a Certificate of Environmental Compatibility, Public Convenience & Necessity. On August 9, 2011, an application was filed with the Commission in Docket No. 2011-325-E. The application was approved by the Commission on December 21, 2011 and Order No. 2011-978 was issued on January 12, 2012.

SCE&G has identified two substantial changes to the previously outlined transmission plan. Rather than installing additional autobanks at the Lake Murray 230 kV Substation and the Denny Terrace 230 kV substation, the Company, for reliability and operational considerations, prefers to construct a new substation. This change would require modifications to the 115 kV line between the Saluda River substation and the Lyles substation, and the 115 kV line between the Saluda Hydro Substation and the Williams Street Substation. SCE&G states that they are currently in the process of purchasing the site for the new substation. The second change involves undergrounding a portion of the Parr–VCSN 115 kV safeguard line that will provide backup power to Unit 1. Other transmission work necessary in the area would have resulted in multiple crossings of this line, which raised reliability and safety concerns. The cost of these changes was under evaluation by the Company at the end of the quarter.

Map 1 shows the geographical location of the four (4) transmission lines associated with the Units.

Map 1: New Transmission Lines Supporting V.C. Summer Units 2 & 3



Change Orders

During the 4th quarter of 2011, one amendment and one change order were executed. Amendment No. 2 to the EPC Contract was finalized during the 4th quarter 2011, which incorporated Change Orders 3 and 5-11 into the EPC Contract. Change Order No. 12 was approved by SCE&G on November 14, 2011. This change order incorporates Shaw's additional health insurance expenses arising from the Health Care and Education Reconciliation Act of 2010 ("HCERA") There may be additional change orders relating to HCERA in the future for both WEC and Shaw as implementation of this legislation is finalized. The estimated cost to the Company for this change order is \$135,573.

Three additional change orders were under negotiation at the end of the 4th quarter 2011. Change Order No. 13 will provide for three additional computer workstations for each unit. This change order is owner directed, and is expected to be a no cost change order.

Change Order No. 14 will provide for Phase 1 of the cyber security enhancements necessary to comply with 10 CFR 73.54, an NRC directive issued in March 2009 requiring licensees to provide high assurance that digital computer and communication systems and networks are adequately protected against cyber attacks. Subsequent NRC directives have further clarified the NRC's expectations regarding this issue. As this requirement was implemented by the NRC after the EPC contract was signed, this change order is classified as an Entitlement. The project is split into two phases as analysis from Phase 1 is necessary to provide more detailed cost information for Phase 2. The estimated cost to the Company for this change order for Phase 1 is \$914,422. The preliminary cost estimate for Phase 2 is \$4.95 million.

Change Order No. 15 will provide for gravity drainage of the liquid radioactive waste system discharge piping. This is an owner directed change order. The Company prefers gravity drainage rather than pumping for the system, and this is consistent with responses provided to the NRC during the Final Safety Evaluation Report ("FSER") process. The estimated cost to the Company for this change order is \$8,250.

Table 3 details all Change Orders and Amendments. A list of definitions for each type of change order is found below.

- **Contractor Convenience:** These changes are requested by the contractor. They are undertaken at the contractor's own expense, and are both generally consistent with the contract and reasonably necessary to meet the terms of the contract.
- **Entitlement:** The contractor is entitled to a change order in the event certain actions occur, including changes in law, uncontrollable circumstances, and other actions as defined in the contract.
- **Owner Directed:** These changes are requested by the Company.

Table 3:

Change Orders and Amendments					
No.	Summary	Cost Categories Involved	Type of Change	Date Approved	Status
1	Operator training for WEC Reactor Vessel Systems and Simulator training	Fixed Price with 0% escalation ⁵	Owner Directed	7/22/2009	Approved
2	Limited Scope Simulator	Firm Price	Owner Directed	9/11/2009	Approved
3	Repair of Parr Road	Time and Materials	Owner Directed	1/21/2010	Approved
4	Transfer of Erection of CA20 Module from WEC to Shaw	Target Price work shifting to Firm Price	Contractor Convenience	N/A	Superseded by #8
5	<i>*Supplements Change Order #1*</i> Increased training by two weeks	Fixed Price with 0% escalation ⁵	Owner Directed	5/4/2010	Approved
6	Hydraulic Nuts	Fixed Price	Owner Directed	7/13/2010	Approved
7	St. George Lines 1 & 2	Firm and Target Price Categories	Entitlement	7/13/2010	Approved
8	Target to Firm/Fixed Shift	Target, Firm and Fixed Price Categories	Owner Directed	4/29/2011	Approved
9	Switchyard Lines Reconfiguration	Firm and Target Price Categories	Owner Directed	11/30/2010	Approved
10	Primavera	Fixed Price with 0% escalation	Owner Directed	12/16/2010	Approved
11	COL Delay Study	Fixed Price, but would be applied to T&M Work Allowances	Owner Directed	2/28/2011	Approved
12	2010 Health Care Act Costs	Fixed Price	Entitlement	11/14/2011	Approved
13	Ovation Workstations	No Cost	Owner Directed	N/A	Pending
14	Cyber Security Phase 1	Firm Price and T&M Price	Entitlement	N/A	Pending
15	Liquid Radwaste System Discharge Piping	Firm Price	Owner Directed	N/A	Pending

Amendment #1	Includes Change Orders 1 and 2	Executed on 8/2/2010
Amendment #2	Incorporates Change Orders 3, 5-11	Executed on 11/15/2011

⁵ Fixed Price with 0% escalation, but would be applied to Time and Materials Work Allowances by adding a new category for Simulator Instructor training and reducing Startup Support by commensurate amount.

Federal Licensing Activities

The NRC issued a Revised Review Schedule to SCE&G on October 29, 2010. The revised NRC schedule targeted issuance of the FSER in June 2011.

On June 13, 2011, Design Control Document (“DCD”) Revision 19 incorporating AP1000 design changes was submitted to the NRC. DCD Revision 19 subsequently received concurrence from NRC staff in the FSER for the AP1000 Design Certification Amendment (“DCA”). On August 5, 2011, the NRC staff submitted its FSER for the AP1000 DCA. The cover letter to that document states, “the AP1000 FSER includes the staff’s evaluation and ultimate concurrence with all AP1000 design changes included in AP1000 DCD Revision 19.” The AP1000 FSER is available on the NRC’s website⁶. Subsequent to the issuance of the FSER for the AP1000 DCA, the FSER for the Units’ COL was issued on August 17, 2011. The FSER for the Units’ COL is available on the NRC’s website⁷.

The NRC issued the final rulemaking decision approving the amended AP1000 reactor design (DCD Revision 19) on December 22, 2011. The rule was published in the Federal Register on December 30, 2011. Generally there is a thirty day waiting period between the date a rule is published and the date it becomes effective, but the NRC voted to waive the waiting period and make the rule effective immediately upon publication. The press release regarding the AP1000 reactor design amendment approval is included as Appendix C. The NRC held the mandatory COL hearing for Southern Company’s Vogtle plant on September 27-28, 2011. This is the reference plant for the AP1000 design, and as such the hearing incorporated the NRC’s design specific construction questions.

SCE&G’s COL hearing before the NRC was held October 12-13, 2011. As the reference plant material was discussed at the September 27-28, 2011 hearing, the October hearing for the Company focused on site specific matters. With the issuance of the final rulemaking for DCD Revision 19 completed, the NRC is now in a position to vote on the issuance of the COL when it completes its review of the information presented at the mandatory hearing. This vote is expected to occur in early 2012. Developments regarding the COL are discussed further in the section entitled “Notable Activities Occurring After December 31, 2011.”

On October 12, 2011, the Federal Energy Regulatory Commission issued the Company a license amendment to the existing project license for Monticello and Parr Reservoirs that authorizes the withdrawal of water for cooling and other site purposes from the Monticello Reservoir. The permit also allows for other construction activities within the boundaries of the reservoir project.

⁶ <http://www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1793/>

⁷ <http://www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1939/>

Based on ORS’s monitoring of the federal licensing activities, Table 5 provides the most current dates for the review of SCE&G’s COL.

Table 5:

Review Schedule for SCE&G’s Combined License Application		
Key Milestones		Completion Date
Application		
Application Submitted		Completed – 03/27/2008
Safety Review		
Phase A	Requests for Additional Information (“RAIs”) and Supplemental RAIs	Completed – 09/10/2009
Phase B	Advanced Final Safety Evaluation Report (“SER”) without Open Items	Completed – 12/10/2010
Phase C	ACRS Review of Advanced Final SER	Completed – 03/26/2011
Phase D	Final SER Issued	Completed – 08/17/2011
Environmental Review		
Phase 1	Environmental Impact Statement scoping report issued	Completed – 07/15/2009
Phase 2	Draft Environmental Impact Statement (“DEIS”)	Completed – 04/16/2010
Phase 3	Response to Public Comments on DEIS	Completed – August 2010
Phase 4	Final Environmental Impact Statement	Completed – 04/15/2011
Hearing		
NRC holds Mandatory Hearing		Completed – 10/13/2011
License⁸		
NRC Rulemaking Decision		Target – January 2012
NRC Issuance of Combined License		Target – January 2012

⁸ On March 30, 2012 the NRC voted to issue SCE&G a COL, with directions given to the staff to complete the issuance of the license within ten (10) business days. The COL was given to the Company the same day. The NRC vote is discussed in further detail in the section entitled “Notable Activities Occurring After December 31, 2011.”

Approved Budget Review

ORS's budget review includes an analysis of the 4th quarter 2011 capital costs, project cash flow, escalation and Allowance for Funds Used During Construction ("AFUDC").

Capital Costs

To determine how consistently the Company adheres to the budget approved by the Commission in Order No. 2011-345, ORS evaluates nine (9) major cost categories for variances. These cost categories are:

- Fixed with No Adjustment
- Firm with Fixed Adjustment A
- Firm with Fixed Adjustment B
- Firm with Indexed Adjustment
- Actual Craft Wages
- Non-Labor Cost
- Time & Materials
- Owners Costs
- Transmission Projects

ORS monitors variances due to project changes (e.g., shifts in work scopes, payment timetables, construction schedule adjustments, change orders). At the end of the 4th quarter of 2011, the total base project cost (in 2007 dollars) is \$4.288 billion. The Report shows the total base project cost has increased by approximately \$18.234 million. This partly reflects a decision by the Company that it would not seek recovery for \$103,000 in Community/Support Outreach costs that WEC and Shaw have included in costs to be charged under the EPC Contract.

Project Cash Flow

As shown in Appendix 2 of the Company's Report, the cumulative amount spent on the project as of December 31, 2011 is \$1.210 billion. The cumulative forecasted amount to be spent on the project by December 31, 2012 is \$2.164 billion.

With reference to Appendix 2, ORS evaluated the total revised project cash flow (line 37) with respect to the annual project cash flow, adjusted for changes in escalation (line 16).

This evaluation provides a comparison of the Company's current project cash flow to the cash flow schedule approved by the Commission in Order No. 2011-345. To produce a common basis for the comparison, line 16 adjusts the approved cash flow schedule to reflect the current escalation rates. As of December 31, 2011, the comparison shows the yearly maximum annual variance above and below the approved cash flow schedule through the life of the project. The comparison also shows that the cumulative project cash flow is forecasted to be approximately \$26.107 million under budget at the end of 2012. At the completion of the project in 2018, the cumulative project cash flow is forecasted to be approximately \$16.037 million over budget.

Table 6 shows the annual and cumulative project cash flows as compared to those approved in Order No. 2011-345.

Table 6:

Project Cash Flow Comparison			
<i>\$'s in Thousands ⁹</i>			
		Annual Over/(Under)	Cumulative Over/(Under)
Actual ¹⁰	2007	-	-
	2008	\$0	\$0
	2009	\$0	\$0
	2010	\$0	\$0
Projected	2011	(\$141,263)	(\$141,263)
	2012	\$115,155	(\$26,107)
	2013	\$62,582	\$36,475
	2014	\$34,216	\$70,691
	2015	\$104,557	\$175,248
	2016	\$43,419	\$218,666
	2017	(\$48,258)	\$170,408
	2018	(\$154,371)	\$16,037

⁹ There may be slight variances in these numbers due to rounding.

¹⁰ The actual comparison amounts equate to zero in accordance with the updated capital cost schedules approved in Order No. 2011-345

In summary, the Report shows an increase in the total base project cost of approximately \$18.234 million (in 2007 dollars). Due to escalation, a project cash flow of approximately \$16.037 million more is necessary to complete the project in 2018. These forecasts reflect the updated capital cost schedules approved in Order No. 2011-345, the current construction schedule and the inflation indices in the Company's Appendix 4.

AFUDC and Escalation

The forecasted AFUDC for the total project as of the end of the 4th quarter of 2011 is \$212.314 million and is based on a forecasted 4.88% AFUDC rate. This is a decrease of approximately \$34.412 million from the Company's 2011 3rd Quarter Report.

As previously reported by ORS in its reviews of SCE&G's Quarterly Reports, the decline in the five-year average escalation rates reduces the projected project cash flow. Current worldwide economic conditions continue to reduce the projected escalation cost of the project. Primarily due to the decrease in escalation rates, the overall project is considered under budget. More specifically, as of December 31, 2011, the forecasted gross construction cost of the plant is \$5.606 billion as compared to the approved gross construction cost of \$5.787 billion, which reflects a decrease of approximately \$181 million.

Additional ORS Monitoring Activities

ORS continually performs the following activities as well as other monitoring activities as deemed necessary.

- Audits capital cost expenditures and resulting AFUDC in Construction Work in Progress ("CWIP")
- Physically observes construction activities
- Performs bi-monthly on-site review of construction documents
- Holds monthly update meetings with SCE&G
- Meets quarterly with representatives of WEC
- Participates in NRC Public Meetings regarding SCE&G Combined License Application and other construction activities

Notable Activities Occurring after December 31, 2011

The BLRA allows SCE&G 45 days from the end of the current quarter to file its Report. Items of importance that occurred subsequent to the closing of the 4th quarter 2011 are reported below.

Licensing

The NRC held an affirmation session for the Southern Company's Vogtle plant on February 9, 2012, and voted 4-1 to issue Southern Company a COL for the two AP1000 units being constructed there. The COL was issued the next day. This was an important federal licensing milestone as the Vogtle COL is the reference COL being used as the basis for future AP1000 reactors, with the analysis of subsequent AP1000 COL's focusing on site specific issues.

The affirmation session for SCE&G's COL was held by the NRC on March 30, 2012. The Commission voted 4-1 to issue SCE&G a COL for the construction of the Units. SCE&G received the final COL from the NRC the same day. The press release from the NRC regarding the issuance of the COL is included as Appendix D.

Following the issuance of the 401 Water Quality Certification by the South Carolina Department of Health and Environmental Control in December, the final review for the 404 Clean Water Act Permit for construction on site as well as along transmission rights-of-way was issued by the Army Corps of Engineers. The permit was issued on March 30, 2012.

BLRA Update Filing

On February 29, 2012, SCE&G filed an application with Commission in Docket No. 2012-90-E for updates and revisions to schedules related to the construction of the Units ("Update Filing"). The Update Filing indicated that SCE&G intended to delay the substantial completion date of Unit 2 from April 2016 until December 2016, while stating that the Company intended to advance the substantial completion date for Unit 3 without setting a specific date. The final disposition of the substantial completion date for Unit 3 is pending resolution of what the company calls "Challenged Costs". Challenged Costs are the costs for which WEC/Shaw has asserted a right to additional cost recovery under the EPC Contract. Included in the Challenged Costs are delays associated with NRC licensing, additional concrete and rock removal related to the depth of portions of the Unit 2 bedrock, and design changes for both the shield building and structural modules. The filing includes a request for an accounting order to defer recovery for these "Challenged Costs" until negotiations are finalized. Cost forecasts were also updated for a total additional cost to the project of approximately \$155 million in three (3) main categories: Change Orders, Owners Costs and Transmission Costs.

Change Orders 13, 14 and 15 were executed subsequent to the end of the quarter and are incorporated in the filing. The total additional cost to the Company as reflected in the filing from these change orders is approximately \$6 million. The Company also requested an increase of approximately \$137 million in Owners Costs to cover an updated hiring plan that includes increased construction staffing for additional shifts as well as increased operational staffing and accompanying infrastructure. The remaining portion of the request reflects an increase of approximately \$12.3 million in transmission costs. These transmission costs are associated with the construction of the new Saluda River Substation, undergrounding a portion of the Parr-VCSN line to address safety concerns at a point where the line would be crossed multiple times by other lines, and a redesign of the VCS-Killian line to take into account right-of-way constraints.

Challenged Costs

Subsequent to the filing, on March 29, 2012, SCE&G issued a press release stating that a preliminary agreement had been reached with WEC and Shaw regarding the Challenged Costs. The press release states that SCE&G's share of the Challenged Costs would be \$138 million, \$50 million less than the upper bound of \$188 million previously disclosed. The schedule for the Units would also be shifted again based on this preliminary agreement, with a revised substantial completion date of 2017 for Unit 2 and 2018 for Unit 3. The press release from SCE&G regarding the Challenged Costs is included as Appendix E.

SCE&G's 2012 1st Quarter Report is due 45 days after March 31, 2012. ORS expects to continue publishing a review evaluating SCE&G's quarterly reports.

Appendix A

Detailed Milestone Schedule as of December 31, 2011

Key:

Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
1	Approve Engineering, Procurement and Construction Agreement	5/23/2008		No	No	5/23/2008	
2	Issue Purchase Orders ("P.O.") to Nuclear Component Fabricators for Units 2 and 3 Containment Vessels	12/3/2008		No	No	12/3/2008	
3	Contractor Issue P.O. to Passive Residual Heat Removal Heat Exchanger Fabricator – First Payment - Unit 2	8/31/2008		No	No	8/18/2008	
4	Contractor Issue P.O. to Accumulator Tank Fabricator – Unit 2	7/31/2008		No	No	7/31/2008	
5	Contractor Issue P.O. to Core Makeup Tank Fabricator - Units 2 & 3	9/30/2008		No	No	9/30/2008	
6	Contractor Issue P.O. to Squib Valve Fabricator- Units 2 & 3	3/31/2009		No	No	3/31/2009	
7	Contractor Issue P.O. to Steam Generator Fabricator - Units 2 & 3	6/30/2008		No	No	5/29/2008	1 Month Early
8	Contractor Issue Long Lead Material P.O. to Reactor Coolant Pump Fabricator - Units 2 & 3	6/30/2008		No	No	6/30/2008	
9	Contractor Issue P.O. to Pressurizer Fabricator - Units 2 & 3	8/31/2008		No	No	8/18/2008	
10	Contractor Issue P.O. to Reactor Coolant Loop Pipe Fabricator - First Payment - Units 2 & 3	6/30/2008		No	No	6/20/2008	

Key:

Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
11	Reactor Vessel Internals – Issue Long Lead Material P.O. to Fabricator - Units 2 & 3	11/21/2008		No	No	11/21/2008	
12	Contractor Issue Long Lead Material - P.O. to Reactor Vessel Fabricator - Units 2 & 3	6/30/2008		No	No	5/29/2008	1 Month Early
13	Contractor Issue P.O. to Integrated Head Package Fabricator - Units 2 & 3	7/31/2009		No	No	7/31/2009	
14	Control Rod Drive Mechanism – Issue P.O. for Long Lead Material to Fabricator - Units 2 & 3 - First Payment	6/21/2008		No	No	6/21/2008	
15	Issue P.O.'s to Nuclear Component Fabricators for Nuclear Island Structural CA20 Modules	7/31/2009		No	No	8/28/2009	
16	Start Site Specific and Balance of Plant Detailed Design	9/11/2007		No	No	9/11/2007	
17	Instrumentation & Control Simulator - Contractor Place Notice to Proceed - Units 2 & 3	10/31/2008		No	No	10/31/2008	
18	Steam Generator - Issue Final P.O. to Fabricator for Units 2 & 3	6/30/2008		No	No	6/30/2008	
19	Reactor Vessel Internals - Contractor Issue P.O. for Long Lead Material (Heavy Plate and Heavy Forgings) to Fabricator - Units 2 & 3	1/31/2010		No	No	1/29/2010	
20	Contractor Issue Final P.O. to Reactor Vessel Fabricator - Units 2 & 3	9/30/2008		No	No	9/30/2008	

Key:

Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
21	Variable Frequency Drive Fabricator Issue Transformer P.O. - Units 2 & 3	4/30/2009		No	No	4/30/2009	
22	Start Clearing, Grubbing and Grading	1/26/2009		No	No	1/26/2009	
23	Core Makeup Tank Fabricator Issue Long Lead Material P.O. - Units 2 & 3	10/31/2008		No	No	10/31/2008	
24	Accumulator Tank Fabricator Issue Long Lead Material P.O. - Units 2 & 3	10/31/2008		No	No	10/31/2008	
25	Pressurizer Fabricator Issue Long Lead Material P.O. - Units 2 & 3	10/31/2008		No	No	10/31/2008	
26	Reactor Coolant Loop Pipe - Contractor Issue P.O. to Fabricator - Second Payment - Units 2 & 3	4/30/2009		No	No	4/30/2009	
27	Integrated Head Package - Issue P.O. to Fabricator - Units 2 & 3 - Second Payment	7/31/2009		No	No	7/31/2009	
28	Control Rod Drive Mechanism - Contractor Issue P.O. for Long Lead Material to Fabricator - Units 2 & 3	6/30/2008		No	No	6/30/2008	
29	Contractor Issue P.O. to Passive Residual Heat Removal Heat Exchanger Fabricator - Second Payment - Units 2 & 3	10/31/2008		No	No	10/31/2008	
30	Start Parr Road Intersection Work	2/13/2009		No	No	2/13/2009	

Key:	Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
31	Reactor Coolant Pump - Issue Final P.O. to Fabricator - Units 2 & 3	6/30/2008		No	No	6/30/2008	
32	Integrated Heat Packages Fabricator Issue Long Lead Material P.O. - Units 2 & 3	10/31/2009		No	No	10/1/2009	1 Month Early
33	Design Finalization Payment 3	1/31/2009		No	No	1/30/2009	
34	Start Site Development	6/23/2008		No	No	6/23/2008	
35	Contractor Issue P.O. to Turbine Generator Fabricator - Units 2 & 3	2/28/2009		No	No	2/19/2009	
36	Contractor Issue P.O. to Main Transformers Fabricator - Units 2 & 3	9/30/2009		No	No	9/25/2009	
37	Core Makeup Tank Fabricator Notice to Contractor Receipt of Long Lead Material - Units 2 & 3	11/30/2010		No	No	12/30/2010	Delayed 1 Month
38	Design Finalization Payment 4	4/30/2009		No	No	4/30/2009	
39	Turbine Generator Fabricator Issue P.O. for Condenser Material - Unit 2	8/31/2009		No	No	8/28/2009	
40	Reactor Coolant Pump Fabricator Issue Long Lead Material Lot 2 - Units 2 & 3	4/30/2009		No	No	4/30/2009	

Key:

Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
41	Passive Residual Heat Removal Heat Exchanger Fabricator Receipt of Long Lead Material - Units 2 & 3	5/31/2010		No	No	5/27/2010	
42	Design Finalization Payment 5	7/31/2009		No	No	7/31/2009	
43	Start Erection of Construction Buildings to include Craft Facilities for Personnel, Tools, Equipment; First Aid Facilities; Field Offices for Site Management and Support Personnel; Temporary Warehouses; and Construction Hiring Office	10/9/2009		No	No	12/18/2009	Delayed 2 Months
44	Reactor Vessel Fabricator Notice to Contractor of Receipt of Flange Nozzle Shell Forging - Unit 2	7/31/2009		No	No	8/28/2009	
45	Design Finalization Payment 6	10/31/2009		No	No	10/7/2009	
46	Instrumentation and Control Simulator - Contractor Issue P.O. to Subcontractor for Radiation Monitor System - Units 2 & 3	12/31/2009		No	No	12/17/2009	
47	Reactor Vessel Internals - Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	6/30/2011		No	No	7/29/2011	
48	Turbine Generator Fabricator Issue P.O. for Moisture Separator Reheater/Feedwater Heater Material - Unit 2	4/30/2010		No	No	4/30/2010	
49	Reactor Coolant Loop Pipe Fabricator Acceptance of Raw Material - Unit 2	4/30/2010		No	No	2/18/2010	2 Months Early

Key:	Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
50	Reactor Vessel Internals - Fabricator Start Weld Neutron Shield Spacer Pads to Assembly - Unit 2	10/31/2011	1/31/2012	No	No		Delayed 3 Months
51	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 2	6/30/2009		No	No	6/30/2009	
52	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 2	11/30/2010		No	No	12/23/2010	
53	Start Excavation and Foundation Work for the Standard Plant for Unit 2	3/15/2010		No	No	3/15/2010	
54	Steam Generator Fabricator Notice to Contractor of Receipt of 2nd Steam Generator Tubesheet Forging - Unit 2	2/28/2010		No	No	4/30/2010	Delayed 2 Months
55	Reactor Vessel Fabricator Notice to Contractor of Outlet Nozzle Welding to Flange Nozzle Shell Completion - Unit 2	2/28/2010		No	No	12/30/2010	Delayed 10 Months
56	Turbine Generator Fabricator Notice to Contractor Condenser Fabrication Started - Unit 2	5/31/2010		No	No	5/17/2010	
57	Complete Preparations for Receiving the First Module On Site for Unit 2	8/18/2010		No	No	1/22/2010	6 Months Early
58	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Transition Cone Forging - Unit 2	4/30/2010		No	No	4/21/2010	
59	Reactor Coolant Pump Fabricator Notice to Contractor of Manufacturing of Casing Completion - Unit 2	11/30/2010		No	No	11/16/2010	

Key:	Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
60	Reactor Coolant Loop Pipe Fabricator Notice to Contractor of Machining, Heat Treating & Non-Destructive Testing Completion - Unit 2	12/31/2010	1/31/2012	No	No		Delayed 13 Months
61	Core Makeup Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 2	5/31/2011	5/31/2012	No	No		Delayed 12 Months
62	Polar Crane Fabricator Issue P.O. for Main Hoist Drum and Wire Rope - Units 2 & 3	2/28/2011		No	No	2/1/2011	
63	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 3	6/30/2011		No	No	6/14/2011	
64	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 2	10/31/2011	2/29/2012	No	No		Delayed 4 Months
65	Start Placement of Mud Mat for Unit 2	7/14/2011	1/23/2012	No	No		Delayed 6 Months
66	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Tubing - Unit 2	1/31/2011		No	No	9/28/2010	4 Months Early
67	Pressurizer Fabricator Notice to Contractor of Welding of Upper and Intermediate Shells Completion - Unit 2	10/31/2010		No	No	10/28/2011	Delayed 12 Months
68	Reactor Vessel Fabricator Notice to Contractor of Closure Head Cladding Completion - Unit 3	2/28/2012	5/31/2012	No	No		Delayed 3 Months

Key:	Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
69	Begin Unit 2 First Nuclear Concrete Placement	10/3/2011	5/1/2012	No	No		Delayed 7 Months
70	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 2	9/30/2011		No	No	12/1/2011	Delayed 2 Months
71	Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	6/30/2011		No	No	7/29/2011	
72	Steam Generator Fabricator Notice to Contractor of Completion of 1st Steam Generator Tubing Installation - Unit 2	5/31/2011	2/29/2012	No	No		Delayed 9 Months
73	Reactor Coolant Loop Pipe - Shipment of Equipment to Site - Unit 2	12/31/2012	5/31/2012	No	No		7 Months Early
74	Control Rod Drive Mechanism - Ship Remainder of Equipment (Latch Assembly & Rod Travel Housing) to Head Supplier - Unit 2	12/31/2011	6/30/2012	No	No		Delayed 6 Months
75	Pressurizer Fabricator Notice to Contractor of Welding of Lower Shell to Bottom Head Completion - Unit 2	10/31/2010		No	No	12/22/2011	Delayed 13 Months
76	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 2	6/30/2011	2/29/2012	No	No		Delayed 8 Months
77	Design Finalization Payment 14	10/31/2011		No	No	10/31/2011	

Key:	Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
78	Set Module CA04 For Unit 2	1/27/2012	11/7/2012	No	No		Delayed 9 Months
79	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Final Post Weld Heat Treatment - Unit 2	6/30/2010		No	No	5/24/2011	Delayed 10 Months
80	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Completion of Tubing - Unit 2	1/31/2011	2/29/2012	No	No		Delayed 13 Months
81	Polar Crane Fabricator Notice to Contractor of Girder Fabrication Completion - Unit 2	2/28/2012	12/31/2012	No	No		Delayed 10 Months
82	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 3	8/31/2013	7/31/2013	No	No		1 Month Early
83	Set Containment Vessel Ring #1 for Unit 2	4/3/2012	3/19/2013	No	No		Delayed 11 Months
84	Reactor Coolant Pump Fabricator Delivery of Casings to Port of Export - Unit 2	3/31/2012	3/31/2012	No	No		
85	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 3	8/31/2013	1/31/2013	No	No		7 Months Early
86	Reactor Vessel Fabricator Notice to Contractor of Receipt of Core Shell Forging - Unit 3	9/30/2012	3/31/2012	No	No		6 Months Early

Key:	Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
87	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 3	1/31/2013		No	No	11/9/2011	14 Months Early
88	Set Nuclear Island Structural Module CA03 for Unit 2	8/30/2012	7/5/2013	No	No		Delayed 10 Months
89	Squib Valve Fabricator Notice to Contractor of Completion of Assembly and Test for Squib Valve Hardware - Unit 2	5/31/2012	5/31/2012	No	No		
90	Accumulator Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	12/31/2012	10/31/2012	No	No		2 Months Early
91	Polar Crane Fabricator Notice to Contractor of Electric Panel Assembly Completion - Unit 2	7/31/2012	6/30/2013	No	No		Delayed 11 Months
92	Start Containment Large Bore Pipe Supports for Unit 2	4/9/2012	3/1/2013	No	No		Delayed 10 Months
93	Integrated Head Package - Shipment of Equipment to Site - Unit 2	10/31/2012	2/28/2013	No	No		Delayed 4 Months
94	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 2	11/30/2012	5/31/2013	No	No		Delayed 6 Months
95	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 3	5/31/2013	4/30/2013	No	No		1 Month Early

Key:

Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
96	Steam Generator Fabricator Notice to Contractor of Satisfactory Completion of 1st Steam Generator Hydrotest - Unit 2	5/31/2012	10/31/2012	No	No		Delayed 5 Months
97	Start Concrete Fill of Nuclear Island Structural Modules CA01 and CA02 for Unit 2	2/26/2013	1/9/2014	No	No		Delayed 10 Months
98	Passive Residual Heat Removal Heat Exchanger - Delivery of Equipment to Port of Entry - Unit 2	4/30/2012	6/30/2012	No	No		Delayed 2 Months
99	Refueling Machine Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 2	2/28/2013	8/31/2013	No	No		Delayed 6 Months
100	Deliver Reactor Vessel Internals to Port of Export - Unit 2	7/31/2013	7/31/2013	No	No		
101	Set Unit 2 Containment Vessel #3	4/17/2013	2/25/2014	No	No		Delayed 10 Months
102	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 2	3/31/2013	2/28/2013	No	No		1 Month Early
103	Turbine Generator Fabricator Notice to Contractor Turbine Generator Ready to Ship - Unit 2	4/30/2013	3/31/2013	No	No		1 Month Early
104	Pressurizer Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	2/28/2014	12/31/2013	No	No		1 Month Early

Key:

Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
105	Polar Crane - Shipment of Equipment to Site - Unit 2	5/31/2013	1/31/2014	No	No		Delayed 8 Months
106	Receive Unit 2 Reactor Vessel On Site From Fabricator	5/20/2013	12/9/2013	No	No		Delayed 6 Months
107	Set Unit 2 Reactor Vessel	6/18/2013	3/18/2014	No	No		Delayed 9 Months
108	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Channel Head to Tubesheet Assembly Welding - Unit 3	12/31/2013	11/30/2013	No	No		1 Month Early
109	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 3	8/31/2014	2/28/2014	No	No		6 Months Early
110	Reactor Coolant Pump - Shipment of Equipment to Site (2 Reactor Coolant Pumps) - Unit 2	9/30/2013	8/31/2013	No	No		1 Month Early
111	Place First Nuclear Concrete for Unit 3	8/1/2013	8/1/2013	No	No		
112	Set Unit 2 Steam Generator	9/9/2013	7/21/2014	No	No		Delayed 10 Months
113	Main Transformers Ready to Ship - Unit 2	9/30/2013	6/30/2013	No	No		3 Months Early

Key:	Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
114	Complete Unit 3 Steam Generator Hydrotest at Fabricator	2/28/2014	4/30/2014	No	No		Delayed 2 Months
115	Set Unit 2 Containment Vessel Bottom Head on Basemat Legs	11/21/2011	7/23/2012	No	No		Delayed 8 Months
116	Set Unit 2 Pressurizer Vessel	1/24/2014	9/25/2014	No	No		Delayed 8 Months
117	Reactor Coolant Pump Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 3	2/28/2015	3/31/2015	No	No		Delayed 1 Month
118	Deliver Reactor Vessel Internals to Port of Export - Unit 3	6/30/2015	4/30/2015	No	No		2 Months Early
119	Main Transformers Fabricator Issue P.O. for Material - Unit 3	4/30/2014	7/31/2014	No	No		Delayed 3 Months
120	Complete Welding of Unit 2 Passive Residual Heat Removal System Piping	3/19/2014	1/13/2015	No	No		Delayed 10 Months
121	Steam Generator - Contractor Acceptance of Equipment At Port of Entry - Unit 3	4/30/2015	8/31/2014	No	No		8 Months Early
122	Refueling Machine - Shipment of Equipment to Site - Unit 3	5/31/2014	5/31/2014	No	No		
123	Set Unit 2 Polar Crane	4/3/2014	11/25/2014	No	No		Delayed 7 Months

Key:	Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
124	Reactor Coolant Pumps - Shipment of Equipment to Site - Unit 3	6/30/2015	8/31/2015	No	No		Delayed 2 Months
125	Main Transformers Ready to Ship - Unit 3	9/30/2014	6/30/2015	No	No		Delayed 9 Months
126	Spent Fuel Storage Rack - Shipment of Last Rack Module - Unit 3	12/31/2014	6/30/2014	No	No		6 Months Early
127	Start Electrical Cable Pulling in Unit 2 Auxiliary Building	12/26/2014	9/25/2015	No	No		Delayed 9 Months
128	Complete Unit 2 Reactor Coolant System Cold Hydro	8/3/2015	12/4/2015	No	No		Delayed 4 Months
129	Activate Class 1E DC Power in Unit 2 Auxiliary Building	3/5/2015	8/1/2014	No	No		7 Months Early
130	Complete Unit 2 Hot Functional Test	9/21/2015	3/1/2016	No	No		Delayed 5 Months
131	Install Unit 3 Ring 3 for Containment Vessel	7/30/2015	4/15/2015	No	No		3 Months Early
132	Load Unit 2 Nuclear Fuel	10/28/2015	10/28/2015	No	No		
133	Unit 2 Substantial Completion	4/1/2016	4/1/2016	No	No		

Key:	Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
134	Set Unit 3 Reactor Vessel	10/1/2015	4/21/2015	No	No		5 Months Early
135	Set Unit 3 Steam Generator #2	12/22/2015	10/16/2015	No	No		2 Months Early
136	Set Unit 3 Pressurizer Vessel	5/16/2016	3/9/2016	No	No		2 Months Early
137	Complete Welding of Unit 3 Passive Residual Heat Removal System Piping	6/20/2016	4/21/2016	No	No		2 Months Early
138	Set Unit 3 Polar Crane	7/18/2016	4/27/2016	No	No		2 Months Early
139	Start Unit 3 Shield Building Roof Slab Rebar Placement	1/16/2017	8/2/2016	No	No		5 Months Early
140	Start Unit 3 Auxiliary Building Electrical Cable Pulling	4/6/2017	10/10/2016	No	No		5 Months Early
141	Activate Unit 3 Auxiliary Building Class 1E DC Power	6/9/2017	7/1/2016	No	No		11 Months Early
142	Complete Unit 3 Reactor Coolant System Cold Hydro	1/1/2018	11/17/2017	No	No		1 Month Early
143	Complete Unit 3 Hot Functional Test	2/15/2018	3/8/2018	No	No		

Key:

Milestones Not Completed	Completed Prior to Q4-11	Current Quarter	Scheduled to Be Completed Q1-12	ORS Caution Milestone
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Activity Number	Milestone	Completion Date Approved in Order 2010-12	Scheduled Completion Date as of Q4-11	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date?	Actual Completion Date	Deviation from Order 2010-12
144	Complete Unit 3 Nuclear Fuel Load	7/31/2018	7/12/2018	No	No		
145	Begin Unit 3 Full Power Operation	10/31/2018	11/15/2018	No	No		
146	Unit 3 Substantial Completion	1/1/2019	1/1/2019	No	No		

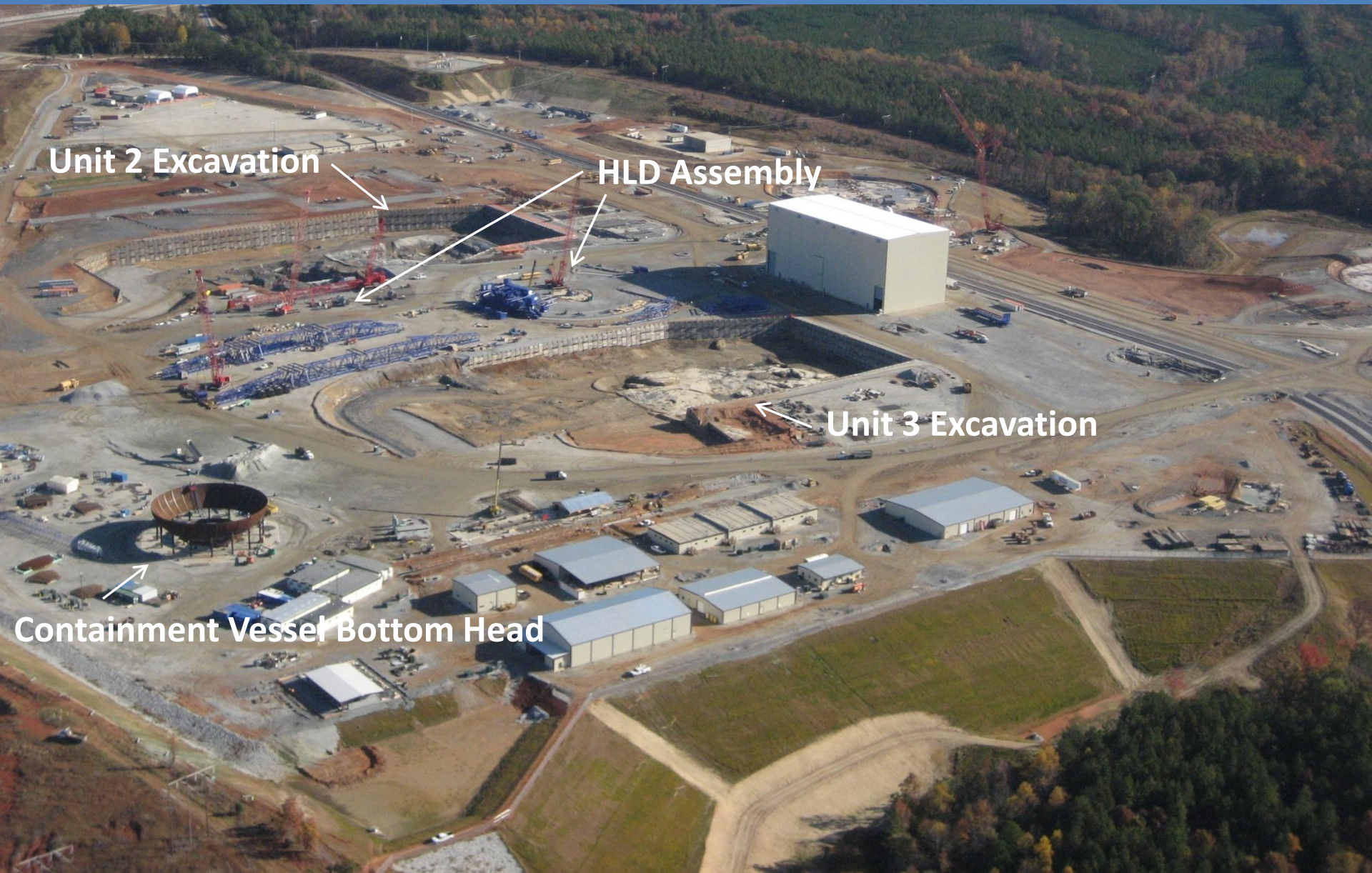
Notes:

White highlighting represents Future or Historical Milestones that have not been completed.
Grey highlighting represents Future or Historical Milestones that were completed prior to the 4th Quarter 2011.
Yellow highlighting represents those Milestones that are scheduled to be or have been completed during the 4th Quarter 2011. This is based on the schedule approved by the Commission in Order No. 2010-12
Green highlighting represents Future Milestones that are scheduled to be completed in the 1st Quarter of 2012. This is based on the schedule approved by the Commission in Order No. 2010-12
Red highlighting represents "Caution Milestones." Caution Milestones are those that are delayed by 10 months or greater.

Appendix B

Construction Site Pictures

Units 2 & 3 October 2011



Unit 2 Excavation

HLD Assembly

Unit 3 Excavation

Containment Vessel Bottom Head

Unit 2 Circulating Water System



Module Assembly Building



**CA20_01 & CA20_02 Full
Sized Mockup**

10/18/2011 03:58 PM

Appendix C

AP1000 Reactor Design Amendment Approval Press Release



NRC NEWS

U.S. NUCLEAR REGULATORY COMMISSION

Office of Public Affairs Telephone: 301/415-8200

Washington, D.C. 20555-0001

E-mail: opa_resource@nrc.gov Site: www.nrc.gov

Blog: <http://public-blog.nrc-gateway.gov>

No. 11-226

December 22, 2011

NRC APPROVES RULE TO CERTIFY AMENDED AP1000 REACTOR DESIGN

The Nuclear Regulatory Commission has voted to approve a rule certifying an amended version of Westinghouse's AP1000 reactor design for use in the United States. The amended certification, which will be incorporated into the NRC's regulations, will be valid for 15 years.

"The Commission is able to reach this final step in approving the amended AP1000 reactor design due to the staff's dedicated work ensuring the design meets NRC's safety requirements," said NRC Chairman Gregory B. Jaczko. "The design provides enhanced safety margins through use of simplified, inherent, passive, or other innovative safety and security functions, and also has been assessed to ensure it could withstand damage from an aircraft impact without significant release of radioactive materials."

The Commission has also found good cause to make the rule immediately effective once it is published in the *Federal Register*; the rule is expected to be published within seven business days. NRC rules normally become effective 30 days after publication. The *Federal Register* notice and the Commission's [directions to the staff](#) on publishing the approved rule will include a discussion on the good cause finding.

The design certification process provides for public participation and early resolution of safety issues for proposed reactor designs. NRC certification, in the form of a final rule, means the design meets the agency's applicable safety requirements. If an applicant for a nuclear power plant license references a certified design, the applicant need not submit safety information for the design. Instead, the license application and the NRC's safety review would address the remaining safety issues specific to the proposed nuclear power plant.

The AP1000 is a 1,100 megawatt electric pressurized-water reactor that includes passive safety features that would cool down the reactor after an accident without the need for human intervention. Westinghouse submitted an application for certification of the original AP1000 standard plant design on March 28, 2002; the NRC issued a rule certifying that design on Jan. 27, 2006.

Westinghouse submitted an application to amend the AP1000 on May 27, 2007. The NRC's extensive technical review of the amendment request focused on ensuring the agency's

safety requirements have been met. This transparent process, including input from the Advisory Committee on Reactor Safeguards, led to the NRC issuing a final safety evaluation report on the amended AP1000 in August. The NRC issued a proposed rule for the amended design in January. Stakeholders provided more than 12,000 comments on the proposed rule; the NRC staff considered these comments in developing the final rule.

The NRC is currently reviewing six Combined License applications that reference the amended AP1000 design. The NRC has certified three other standard reactor designs: the Advanced Boiling Water Reactor, System 80+, and AP600. The agency is currently reviewing applications to certify the Economic Simplified Boiling Water Reactor, the U.S. Advanced Pressurized Water Reactor and the EPR pressurized-water reactor.

More information about the amended AP1000 design review can be found on the NRC's website at: <http://www.nrc.gov/reactors/new-reactors/design-cert/amended-ap1000.html> .

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Appendix D

V.C Summer Units 2 & 3 Combined License Press Release



NRC NEWS

U.S. NUCLEAR REGULATORY COMMISSION

Office of Public Affairs Telephone: 301/415-8200

Washington, D.C. 20555-0001

E-mail: opa.resource@nrc.gov Site: www.nrc.gov

Blog: <http://public-blog.nrc-gateway.gov>

No. 12-034

March 30, 2012

NRC CONCLUDES HEARING ON SUMMER NEW REACTORS, COMBINED LICENSES TO BE ISSUED

The Nuclear Regulatory Commission has concluded its mandatory hearing on the South Carolina Electric & Gas (SCE&G) and Santee Cooper application for two Combined Licenses (COL) at the Summer site in South Carolina. In a 4-1 vote the Commission found the NRC staff's review adequate to make the necessary regulatory safety and environmental findings, clearing the way for the NRC's Office of New Reactors (NRO) to issue the COLs.

The Commission's findings impose two conditions on the COLs, with the first requiring inspection and testing of squib valves, important components of the new reactors' passive cooling system. The second requires the development of strategies to respond to extreme natural events resulting in the loss of power at the new reactors. The Commission also directed NRO to issue to SCE&G and Santee Cooper, simultaneously with the COLs, an Order requiring enhanced, reliable spent fuel pool instrumentation, as well as a request for information related to emergency plant staffing.

The NRC staff is expected to issue the COLs within 10 business days. The COLs will authorize SCE&G and Santee Cooper to build and operate two AP1000 reactors at the Summer site, adjacent to the company's existing reactor approximately 26 miles northwest of Columbia, S.C. An NRC construction inspector has been on-site since October 2011, examining SCE&G's activities to prepare the site.

SCE&G and Santee Cooper submitted the COL application on March 27, 2008. The NRC's Advisory Committee on Reactor Safeguards (ACRS) independently reviewed aspects of the application that concern safety, as well as a draft of the staff's Final Safety Evaluation Report (FSER). The ACRS provided the results of its review to the Commission in a report dated Feb. 17, 2011. The NRC completed its environmental review and issued a Final Environmental Impact Statement for the Summer COLs on April 15, 2011. The NRC completed and issued the FSER on Aug. 17, 2011.

The NRC certified Westinghouse's [amended AP1000](#) design on Dec. 30, 2011. The AP1000 is a 1,100 megawatt electric pressurized-water reactor that includes passive safety features that

would cool down the reactor after an accident without the need for electricity or human intervention.

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NOTE: Anyone wishing to take photos or use a camera to record any portion of a NRC meeting should contact the Office of Public Affairs beforehand.

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Appendix E

SCE&G Challenged Costs Press Release



For Immediate Release

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South Carolina Electric & Gas Company Reaches Preliminary Agreement on Negotiated Nuclear Costs

Cayce, S.C., March 29, 2012... SCANA subsidiary (NYSE:SCG) South Carolina Electric & Gas Company (SCE&G), Westinghouse Electric Company, and The Shaw Group Inc. have signed a preliminary agreement related to costs for construction of the company's new nuclear units. These challenged costs primarily relate to delays in receipt of the combined construction and operating license from the Nuclear Regulatory Commission, rock conditions at the site, design of structural modules and design of the shield building. SCE&G's portion of these costs will be \$138 million, \$50 million less than the upper bound of \$188 million originally disclosed.

After considering the impact of this preliminary agreement, along with current escalation rates, the projected cost of the project continues to be lower than the original cost projection approved by the Public Service Commission of South Carolina (SCPSC) in 2009. SCE&G will seek to update its capital cost schedule with the SCPSC to reflect the impact of this preliminary agreement at the appropriate time.

SCE&G and Santee Cooper are building two 1,117 megawatt nuclear units at the site of the V.C. Summer Nuclear Station near Jenkinsville, S.C. Under the provisions of the preliminary agreement, having taken into account the delay in receiving the COLs, the two new units are now expected to be completed in 2017 and 2018.

"We are pleased that we were able to resolve these issues through negotiations," said Kevin Marsh, CEO of SCANA. "We remain firmly committed to construction of these two units and can now focus on receipt of our license from the NRC and proceeding with full nuclear construction."

PROFILE

SCE&G is a regulated utility engaged in the generation, transmission, distribution and sale of electricity to approximately 664,000 customers in South Carolina. The company also provides natural gas service to approximately 317,000 customers throughout the state. More information about SCE&G is available at www.sceg.com.

SCANA Corporation, a Fortune 500 company headquartered in Cayce, SC, is an energy-based holding company principally engaged, through subsidiaries, in electric and natural gas utility operations and other energy-related businesses. Information about SCANA is available on the company's website at www.scana.com.

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