SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S
REVIEW OF THE
SOUTH CAROLINA ELECTRIC & GAS COMPANY
MARCH 31, 2009 QUARTERLY REPORT
ON THE
BUDGET AND SCHEDULE
OF
V.C. SUMMER UNITS 2 & 3 CONSTRUCTION

JULY 14, 2009

SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S REVIEW OF THE SOUTH CAROLINA ELECTRIC & GAS COMPANY MARCH 31, 2009 QUARTERLY REPORT

South Carolina Electric & Gas Company ("SCE&G" or "the Company") submitted its first Quarterly Report ("Quarterly Report") on construction activities at its V.C. Summer Nuclear Station Units 2 & 3 ("VCS 2&3" or "Units 2 & 3") on May 15, 2009. The report covers the quarter ending March 31, 2009 and is submitted pursuant to S.C. Code Ann. § 58-33-277 of the Base Load Review Act ("BLRA"). The BLRA requires SCE&G to document the VCS 2 & 3 construction schedule, budget expenditures, completed activities, forecasts of activities to be completed and any revisions to the original schedule and budget.

There are two distinct schedules, (1) the Milestone Schedule and (2) the engineering, procurement and construction schedule, also known as the Performance Measurement Baseline Schedule ("PMBS"). The milestone schedule provided by SCE&G and adopted in Public Service Commission of South Carolina ("Commission") Order Number 2009-104A is composed of significant activities that provide an overall assessment of the construction progress. The Commission's Order allows Milestone Schedule deviations of up to 18 months without violating the Order. The Milestone Schedule is not designed to provide a detailed view of the PMBS.

SCE&G's Quarterly Report shows the overall construction is progressing in accordance with the Commission Order and allowed 18-month milestone deviation. A number of activities are currently within the 18-month deviation period. SCE&G's Quarterly Report also shows modifications are being made, and at this time, the impact on the schedule appears to be minimal and will not impact the overall completion date. While there is some available flexibility in the schedule that will allow opportunities to catch up, these early revisions are also indicators of a schedule that will require careful monitoring going forward, particularly given the fact that several of the milestones are close to the limit of the 18-month contingency. SCE&G will need to be particularly vigilant for future indications that the current schedule is too aggressive. It is not unusual for a construction schedule to have a shaking out or correcting period during the early stages of construction planning. The modifications cover three (3) main areas: 1) preliminary site preparation; 2) issuance of Purchase Orders ("PO"), and 3) continuing engineering and permitting. Although these activities are in their early stages, these schedule adjustments are cause for concern because of the limited flexibility that remains under the regulatory approved schedule. The schedule will require close scrutiny in the next several quarters to make certain that these issues do not continue.

While some milestone dates have moved forward in the schedule - which benefit the project - over 30 milestones have been changed to reflect a later completion date than originally planned. The moving of a milestone into the future does not necessarily signal a delay in the project but should nonetheless be carefully monitored. Even though milestone dates have moved forward and backward, SCE&G is currently on schedule to

accomplish substantial completion by April 2016 for Unit 2. It should be noted that actual nuclear construction is not scheduled to begin until after the Combined Operating License ("COL") is awarded by the Nuclear Regulatory Commission ("NRC") expected in July, 2011. The Milestone Schedule, including modifications, is included as Attachment 1.

Table 1 below summarizes the status of the Milestone Schedule as of March 31, 2009. Table 1 lists milestones completed on-time, early, completed within the 18-month deviation and milestones that are not complete. ORS will closely monitor all aspects of the Milestone Schedule to determine the extent and long-term impact, if any, that the milestone revisions may have on the substantial completion date of the project. In addition, if any future milestones are missed in the 2nd Quarterly Report (due forty-five days after June 30, 2009) then this may be an indicator of an overall scheduling problem. ORS will continually monitor the Milestone Schedule for signs of a more systemic issue.

Table 1: Summary of the SCE&G Milestone Schedule

ACTUAL: Period of 2009-1Q and before (33 Milestones Total)

Milestones Completed on Schedule: 13 or 39.3%

Milestones Completed Early: 4 or 12.2%

Milestones Completed Within 18 Mos. Deviation: 9 or 27.3%

Milestones Projected to Be Completed Within 18-Mos. Deviation: 7 or 21.2%

Milestones Outside 18 Mos. Deviation: 0

PROJECTED: Period of 2009-2Q and after (113 Milestones Total)

Milestones Completed Early: 2 or 1.7%

Milestones Projected Completion on Schedule: 39 or 34.5%

Milestones Projected Completion Early: 45 or 39.9%

Milestones Projected Completed Within 18-Mos. Deviation: 27 or 23.9%

Note: Currently, SCE&G lists a total of 146 milestones.

Modifications in the current version of the Milestone Schedule do not, at this time, indicate the need to revise the Commercial Operation Date ("COD") of Unit 2 or Unit 3. However, there are a number of activities that will be occurring in the next 2 or 3 Quarters that could have long term schedule implications if not completed on schedule, such as the completion of the railroad reroute, award of the PO for the Unit 2 Assembly

Pad, and the continued support of the COL application process. While these activities are currently on schedule, future modification in the schedules for these activities may have an impact on the Unit 2 & 3 COD.

The PMBS once set for delivery in late 2008, was completed and delivered in Spring 2009. The PMBS establishes the detailed completion dates, compliance dates for payments and critical dates for completion of certain activities prior to the start of other activities. ORS's analysis of the critical path activities on this schedule does not indicate an issue with substantial completion. It is critical for overall performance review that the Milestone Schedule and PMBS be integrated from one Quarterly report to the next.

ORS's review of the current actual budget versus comparison with the approved budget shows a number of deviations in all categories. The deviations, however, are in compliance with the Commission Order. The budget for SCE&G's portion of Units 2 & 3 was forecasted at $6.3 Billion, including escalation and estimated contingencies. SCE&G's Quarterly Report shows a budget revision to $6.875 Billion as of March 31, 2009. The budget modification is mainly driven by an increase in estimated escalation. The total increase in the Gross Construction cost is $561,939,000. The largest share of this increase, $510 Million, is attributable to estimated escalation. This $510 Million escalation increase is comprised of two major factors, a shifting of some capital cost items into the future, $118 Million, and changes in the escalation rates, $392 Million. $51 million of the Gross Construction amount is related to AFUDC.

Pursuant to the BLRA, the Quarterly Report shows the Gross Construction costs based on a 5-year average of current inflation. SCE&G states and ORS agrees that the increase in Gross Construction costs is primarily due to construction escalation during the last 5 years which has been higher than average due to escalation in building materials costs. The 5-year rates for construction materials have been in the 7% - 8.6% range. In contrast, escalation in these materials during the prior year has been significantly less than the 5-year average at approximately 4.8%. If the Gross Construction costs were evaluated on an annual basis, the budgeted cost for Units 2 & 3 would decrease by $97 Million from the budget approved in Order No. 2009-104A. Also, using a ten-year average instead of a 5-year average, the Gross Construction cost would be reduced by $172 Million, both net of Allowance for Funds Used During Construction ("AFUDC").

As shown above, the Gross Construction cost is sensitive to escalation rates. It is reasonable and prudent to monitor the Gross Construction costs based on trends that are longer and shorter than the 5-year requirement of the BLRA. In addition, the construction period of this project is closer to a 10-year program which substantiates the need to look at not only the 5-year range but the 10-year range, as well.

If the current economic trends in the Southeast extend downward pressure on the costs of construction and construction related materials, the overall cost of SCE&G's portion of VCS Units 2 & 3 will remain at or below the $6.3 Billion approved in the Commission's Order. However, it is believed by most econometric forecasters that as the economy gains positive traction in late 2009 and 2010, so will inflation. It is very

important that SCE&G make appropriate purchasing decisions to avoid inflationary influences on the overall cost of VCS Units 2 & 3.

Basic budget and schedule tracking in the Quarterly Report is adequate for comparison to conditions approved in the Commission Order. However, there are significant inputs to the various sections that require substantiation rather than acceptance at face value. For example, SCE&G reports that the AFUDC rate has increased from 5.52% to 8.08% in the Quarterly Report. SCE&G further suggests that the AFUDC rate will decrease to 5.87% "as capital markets recover." AFUDC is a factor of market interest rates, embedded cost of capital, capitalization ratios, Construction Work in Process ("CWIP"), and outstanding short-term debt. This should be further detailed in subsequent Quarterly Reports to aid in making proper decisions about the current financial status of the project.

In addition to providing direct methodology for tracking the AFUDC rate, SCE&G should be prepared to provide specific details when the movement of a milestone negatively impacts the project. In a construction project of this magnitude, ORS expects forward and backward movement of milestones. SCE&G should provide specific details when the movement of a milestone negatively impacts the critical path for substantial completion. If such events occur, then SCE&G should explain the cause of the adjustment. SCE&G also should document the corrective action taken to mitigate the pricing effect and schedule impact. These details will provide a record of the modifications and support a better understanding of the near-term and long-term impacts to schedule and budget.

The Company's Quarterly Report identifies the PMBS and related "owners' costs and *other items*" as affecting the project's cash flow. As this project moves forward and expenditures begin to reach well into the billions of dollars, the Company should report every detail that impacts the cash flow and Gross Construction cost, whether it is an actual cost adjustment or a schedule adjustment that creates a cost modification. It is not sufficient to merely state that cost impacts are due to schedule modifications or changes in owner's costs.

The Quarterly Report budget indicates a change in the annual expenditures from the original budget. This revised budget illustrates a larger "backend" scheduling of construction expenditures relative to the initial schedule. The overall schedule modification is illustrated by payments being shifted further into the future for each cost category. While these payments and costs are shifting into later years of the construction schedule, the substantial completion dates remain the same, April 2016 and January 2019. However, this trend cannot continue without exposure to delays in the COD. SCE&G should prepare and submit along with its next Quarterly Report and all subsequent reports a detailed "Schedule and Cost Impact Analysis." This analysis should address all major construction components, modular construction activities and each schedule modification that creates a cost impact.

Activity schedule shifts are a critical monitoring point that must be an on-going activity, not a "snap shot" type of monitoring. Schedule shifts create not only issues with project coordination between various phases but also directly impacts the overall budget. A snapshot monitoring process may lead to sudden realizations of cost and schedule issues that require significant efforts to resolve.

In conclusion the Quarterly Report shows SCE&G complied with the requirements of the BLRA and the Commission's Order; however, additional and substantiating information should be included with future Quarterly Reports.

OVERVIEW

- SCE&G's Quarterly Report shows revisions are being made to the Milestone Schedule. While some Milestone dates have moved forward resulting in benefits to the project, some Milestone dates have been pushed into the future and delivery of some of the substantial forgings and other critical components are included in this modification. SCE&G indicates that this is a result of the creation of the first fully integrated project schedule by its contractors and is not a trend. If these changes do indicate a pattern, then a trend of this sort this early in the project is cause for concern. It is noted the Company affirmed that the current modifications are within the 18-month period allowed by the Commission Order. These changes have been characterized by SCE&G as not affecting the COD of either Unit 2 or 3.

- Activities associated with the Nuclear Regulatory Commission's issuance of the Combined Operating License appear to be continuing on schedule to meet the mid 2011 date.

- Permitting activities for external construction permits such as U.S. Army Corps of Engineers 404 Permit, State of South Carolina Wetlands, NPDES and Erosion Control continue on schedule for issuance as needed.

- The overall construction budget has increased from the original budget mainly due to the change in escalation and contingency escalation rates. This increase is allowed by the Commission's Order. However, as the capital markets rebound from the current economic conditions and old inflation factors are rolled out of the 5-year averaging picture, it is anticipated the construction budget will actually decrease in the near term. It is not expected that this will be the case for the entire construction period.

- While the budget itself is seeing an increase due to escalation, the annual expenditures are being shifted further out from the schedule presented in the BLRA hearing.

- SCE&G's next quarterly report is due 45 days after June 30, 2009 or no later than August 14, 2009.

Attachment 1 - ORS Review
MILESTONE SCHEDULE

	Milestone	2008 Year/ Quarter Expectation	2009 Year/Quarter Expectation		Outside 18 - 24 Month Contingency	Substantial Completion Date Impact	Completion Date	Status	Quarters Away from Expected Completion
			Original	Revised					
1	Approve Engineering, Procurement and Construction Agreement	8-2Q	8-2Q	N/A	No	No	5/23/2008	Comp on Schdl	-
2	Issue PO's to Nuclear Component Fabricators for Units 2 and 3 Containment Vessels	8-2Q	8-2Q	8-4Q	No	No	12/3/2008	Comp in 18 Mo Dev	2Q
3	Contractor Issue PO to Passive Residual Heat Removal Heat Exchanger Fabricator – First Payment - Unit 2	8-2Q	8-2Q	8-3Q	No	No	8/31/2008	Comp in 18 Mo Dev	1Q
4	Contractor Issue PO to Accumulator Tank Fabricator – Unit 2	8-2Q	8-2Q	8-3Q	No	No	7/31/2008	Comp in 18 Mo Dev	1Q
5	Contractor Issue PO to Core Makeup Tank Fabricator - Units 2 & 3	8-2Q	8-2Q	8-3Q	No	No	9/30/2008	Comp in 18 Mo Dev	1Q
6	Contractor Issue PO to Squib Valve Fabricator- Units 2 & 3	8-2Q	8-2Q	09-1Q	No	No	3/31/2009	Comp in 18 Mo Dev	3Q
7	Contractor Issue PO to Steam Generator Fabricator - Units 2 & 3	8-2Q	8-2Q	N/A	No	No	6/30/2008	Comp on Schdl	-
8	Contractor Issue Long Lead Material PO to Reactor Coolant Pump Fabricator - Units 2 & 3	8-2Q	8-2Q	N/A	No	No	6/30/2008	Comp on Schdl	-
9	Contractor Issue PO to Pressurizer Fabricator - Units 2 & 3	8-2Q	8-2Q	8-3Q	No	No	8/31/2008	Comp in 18 Mo Dev	1Q
10	Contractor Issue PO to Reactor Coolant Loop Pipe Fabricator - First Payment- Units 2 & 3	8-2Q	8-2Q	N/A	No	No	6/30/2008	Comp on Schdl	-
11	Reactor Vessel Internals – Issue Long Lead Material PO to Fabricator Units 2 and 3	8-2Q	8-2Q	8-4Q	No	No	11/21/2008	Comp in 18 Mo Dev	2Q
12	Contractor Issue Long Lead Material PO to Reactor Vessel Fabricator - Units 2 & 3	8-2Q	8-2Q	N/A	No	No	6/30/2008	Comp on Schdl	-
13	Contractor Issue PO to Integrated Head Package Fabricator - Units 2 & 3	8-2Q	8-2Q	9-3Q	No	No		Proj in 18 Mo Dev	5Q
14	Control Rod Drive Mechanism Issue PO for Long Lead Material to Fabricator - Units 2 and 3 – First Payment	8-2Q	8-2Q	N/A	No	No	6/21/2008	Comp on Schdl	-
15	Issue PO's to Nuclear Component Fabricators for Nuclear Island Structural CA20 Modules	8-2Q	8-2Q	9-3Q	No	No		Proj in 18 Mo Dev	5Q
16	Start Site Specific and Balance of Plant Detailed Design	8-3Q	8-3Q	8-2Q	No	No	6/23/2008	Comp Early	1Q
17	Instrumentation & Control Simulator - Contractor Place Notice to Proceed - Units 2 & 3	8-3Q	8-3Q	8-4Q	No	No	10/31/2008	Comp in 18 Mo Dev	1Q
18	Steam Generator - Issue Final PO to Fabricator for Units 2 & 3	8-3Q	8-3Q	8-2Q	No	No	6/30/2008	Comp Early	1Q

Attachment 1 - ORS Review
MILESTONE SCHEDULE

	Milestone	2008 Year/ Quarter Expectation	2009 Year/Quarter Expectation		Outside 18 - 24 Month Contingency	Substantial Completion Date Impact	Completion Date	Status	Quarters Away from Expected Completion
			Original	Revised					
19	RVI - Contractor Issue PO for Long Lead Material (Heavy Plate and Heavy Forgings) to Fabricator - Units 2 & 3	8-3Q	8-3Q	10-1Q	No	No		Proj in 18 Mo Dev	6Q
20	Contractor Issue Final PO to Reactor Vessel Fabricator - Units 2 & 3	8-3Q	8-3Q	N/A	No	No	9/30/2008	Comp on Schdl	-
21	Variable Frequency Drive Fabricator Issue Transformer PO - Units 2 & 3	8-3Q	8-3Q	9-2Q	No	No		Proj in 18 Mo Dev	3Q
22	Start Clearing, Grubbing and Grading	8-4Q	8-4Q	9-1Q	No	No	1/26/2009	Comp in 18 Mo Dev	1Q
23	Core Makeup Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	8-4Q	8-4Q	N/A	No	No	10/31/2008	Comp on Schdl	-
24	Acumulator Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	8-4Q	8-4Q	N/A	No	No	10/31/2008	Comp on Schdl	-
25	Pressurizer Fabricator Issue Long Lead Material PO - Units 2 & 3	8-4Q	8-4Q	N/A	No	No	10/31/2008	Comp on Schdl	-
26	Reactor Coolant Loop Pipe - Contractor Issue PO to Fabricator - Second Payment - Units 2 & 3	8-4Q	8-4Q	09-2Q	No	No		Proj in 18 Mo Dev	2Q
27	Integrated Head Package - Issue PO to Fabricator - Units 2 & 3 - Second payment	8-4Q	8-4Q	9-3Q	No	No		Proj in 18 Mo Dev	3Q
28	Control Rod Drive Mechanism - Contractor Issue PO for Long Lead Material to Fabricator - Units 2 & 3	8-4Q	8-4Q	08-2Q	No	No	6/30/2008	Comp Early	2Q
29	Contractor Issue PO to Passive Residual Heat Removal Exchanger Fabricator - Second Payment - Units 2 & 3	8-4Q	8-4Q	N/A	No	No	10/31/2008	Comp on Schdl	-
30	Start Parr Road Intersection Work	9-1Q	9-1Q	N/A	No	No	2/16/2009	Comp on Schdl	-
31	Reactor Coolant Pump - Issue Final PO to Fabricator - Units 2 & 3	9-1Q	9-1Q	8-2Q	No	No	6/30/2008	Comp Early	3Q
32	Integrated Heat Packages Fabricator Issue Long Lead Material PO - Units 2 & 3	9-1Q	9-1Q	9-4Q	No	No		Proj in 18 Mo Dev	3Q
33	Design Finalization Payment 3	9-1Q	9-1Q	N/A	No	No	1/31/2009	Comp on Schdl	
34	Start Site Development	9-2Q	9-2Q	8-2Q	No	No	6/23/2008	Comp Early	4Q
35	Contractor Issue PO to Turbine Generator Fabricator - Units 2 & 3	09-2Q	09-2Q	09-1Q	No	No	2/17/2009	Comp Early	1Q
36	Contractor Issue PO to Main Transformers Fabricator - Units 2 & 3	09-2Q	09-2Q	09-3Q	No	No		Proj in 18 Mo Dev	1Q

Attachment 1 - ORS Review
MILESTONE SCHEDULE

	Milestone	2008 Year/ Quarter Expectation	2009 Year/Quarter Expectation		Outside 18 - 24 Month Contingency	Substantial Completion Date Impact	Completion Date	Status	Quarters Away from Expected Completion
			Original	Revised					
37	Core Makeup Tank Fabricator Notice to Contractor Receipt of Long Lead Material - Units 2 & 3	09-2Q	09-2Q	10-4Q	No	No		Proj in 18 Mo Dev	6Q
38	Design Finalization Payment 4	09-2Q	09-2Q	N/A	No	No		Proj on Schdl	
39	Turbine Generator Fabricator Issue PO for Condenser Material - Unit 2	9-3Q	9-3Q	N/A	No	No		Proj on Schdl	
40	Reactor Coolant Pump Fabricator Issue Long Lead Material Lot 2 - Units 2 & 3	9-3Q	9-3Q	09-2Q	No	No		Proj Early	1Q
41	Passive Residual Heat Removal Heat Exchanger Fabricator Receipt of Long Lead Material - Units 2 & 3	9-3Q	9-3Q	10-2Q	No	No		Proj in 18 Mo Dev	3Q
42	Design Finalization Payment 5	9-3Q	9-3Q	N/A	No	No		Proj on Schdl	
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	9-4Q	9-4Q	09-3Q	No	No		Proj Early	1Q
44	Reactor Vessel Fabricator Notice to Contractor of Receipt of Flange Nozzle Shell Forging - Unit 2	9-4Q	9-4Q	09-3Q	No	No		Proj Early	1Q
45	Design Finalization Payment 6	9-4Q	9-4Q	N/A	No	No		Proj on Schdl	
46	Instrumentation and Control/Simulator - Contractor Issue PO to Subcontractor for Rad Monitor Sys - Units 2 & 3	9-4Q	9-4Q	N/A	No	No		Proj on Schdl	
47	Reactor Vessel Internals - Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	10-1Q	10-1Q	11-2Q	No	No		Proj in 18 Mo Dev	5Q
48	Turbine Generator Fabricator Issue PO for Moisture Separator Reheater/Feedwater Heater Material Unit 2	10-1Q	10-1Q	10-2Q	No	No		Proj in 18 Mo Dev	1Q
49	Reactor Coolant Loop Pipe Fabricator Acceptance of Raw Material - Unit 2	10-1Q	10-1Q	10-2Q	No	No		Proj in 18 Mo Dev	1Q
50	Reactor Vessel Internals - Fabricator Start Weld Neutron Shield Spacer Pads to Assembly - Unit 2	10-2Q	10-2Q	11-4Q	No	No		Proj in 18 Mo Dev	6Q
51	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 2	10-2Q	10-2Q	9-2Q	No	No		Proj Early	4Q
52	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 2	10-2Q	10-2Q	10-4Q	No	No		Proj in 18 Mo Dev	2Q

Attachment 1 - ORS Review
MILESTONE SCHEDULE

	Milestone	2008 Year/ Quarter Expectation	2009 Year/Quarter Expectation		Outside 18 - 24 Month Contingency	Substantial Completion Date Impact	Completion Date	Status	Quarters Away from Expected Completion
			Original	Revised					
53	Start Excavation and Foundation Work for the Standard Plant for Unit 2	10-3Q	10-3Q	10-1Q	No	No		Proj Early	2Q
54	Steam Generator Fabricator Notice to Contractor of Receipt of 2nd Steam Generator Tubesheet Forging - Unit 2	10-3Q	10-3Q	10-1Q	No	No		Proj Early	2Q
55	Reactor Vessel Fabricator Notice to Contractor of Outlet Nozzle Welding to Flange Nozzle Shell Completion – Unit 2	10-3Q	10-3Q	10-1Q	No	No		Proj Early	2Q
56	Turbine Generator Fabricator Notice to Contractor Condenser Fabrication Started - Unit 2	10-3Q	10-3Q	10-2Q	No	No		Proj Early	1Q
57	Complete Preparations for Receiving the First Module on Site for Unit 2	10-4Q	10-4Q	10-3Q	No	No		Proj Early	1Q
58	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Transition Cone Forging - Unit 2	10-4Q	10-4Q	10-2Q	No	No		Proj Early	2Q
59	Reactor Coolant Pump Fabricator Notice to Contractor of Manufacturing of Casing Completion of Unit 2	10-4Q	10-4Q	N/A	No	No		Proj on Schdl	
60	Reactor Coolant Loop Pipe Fabricator Notice to Contractor of Machining, Heat Treating & Non-Destructive Testing Completion - Unit 2	10-4Q	10-4Q	N/A	No	No		Proj on Schdl	
61	Core Makeup Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 2	11-1Q	11-1Q	11-2Q	No	No		Proj in 18 Mo Dev	1Q
62	Polar Crane Fabricator Issue PO for Main Hoist Drum and Wire Rope - Units 2 & 3	11-1Q	11-1Q	N/A	No	No		Proj on Schdl	
63	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 3	11-2Q	11-2Q	N/A	No	No		Proj on Schdl	-
64	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship – Unit 2	11-2Q	11-2Q	11-4Q	No	No		Proj in 18 Mo Dev	2Q
65	Start Placement of Mud Mat for Unit 2	11-3Q	11-3Q	N/A	No	No		Proj on Schdl	
66	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Tubing - Unit 2	11-3Q	11-3Q	11-1Q	No	No		Proj Early	2Q
67	Pressurizer Fabricator Notice to Contractor of Welding of Upper and Intermediate Shells Completion - Unit 2	11-3Q	11-3Q	10-4Q	No	No		Proj Early	3Q
68	Reactor Vessel Fabricator Notice to Contractor of Closure Head Cladding Completion - Unit 3	11-3Q	11-3Q	12-1Q	No	No		Proj in 18 Mo Dev	2Q

Attachment 1 - ORS Review
MILESTONE SCHEDULE

	Milestone	2008 Year/ Quarter Expectation	2009 Year/Quarter Expectation		Outside 18 - 24 Month Contingency	Substantial Completion Date Impact	Completion Date	Status	Quarters Away from Expected Completion
			Original	Revised					
69	Begin Unit 2 First Nuclear Concrete Placement	11-4Q	11-4Q	N/A	No	No		Proj on Schdl	
70	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 2	11-4Q	11-4Q	11-3Q	No	No		Proj Early	1Q
71	Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	11-4Q	11-4Q	11-2Q	No	No		Proj Early	2Q
72	Steam Generator Fabricator Notice to Contractor of Completion of 1st S/G Tubing Installation - Unit 2	11-4Q	11-4Q	11-2Q	No	No		Proj Early	2Q
73	Reactor Coolant Loop Pipe - Shipment of Equipment to Site - Unit 2	11-4Q	11-4Q	12-4Q	No	No		Proj in 18 Mo Dev	4Q
74	Control Rod Drive Mechanism - Ship Remainder of Equipment (Latch Assembly & Rod Trabel Housing) to Head Supplier - Unit 2	11-4Q	11-4Q	N/A	No	No		Proj on Schdl	-
75	Pressurizer Fabricator Notice to Contractor of Welding of Upper and Intermediate Shells Completion - Unit 2	11-4Q	11-4Q	10-4Q	No	No		Proj Early	4Q
76	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 2	11-4Q	11-4Q	11-2Q	No	No		Proj Early	2Q
77	Design Finalization Payment 14	11-4Q	11-4Q	N/A	No	No		Proj on Schdl	
78	Set Module CA04 for Unit 2	12-1Q	12-1Q	12-1Q	No	No		Proj on Schdl	-
79	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Final Post Weld Heat Treatment - Unit 2	12-1Q	12-1Q	10-2Q	No	No		Proj Early	7Q
80	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Completion of Tubing - Unit 2	12-1Q	12-1Q	11-1Q	No	No		Proj Early	4Q
81	Polar Crane Fabricator Notice to Contractor of Girder Fabrication Completion - Unit 2	12-1Q	12-1Q	N/A	No	No		Proj on Schdl	
82	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 3	12-1Q	12-1Q	13-3Q	No	No		Proj in 18 Mo Dev	6Q
83	Set Containment Vessel Ring #1 for Unit 2	12-2Q	12-2Q	N/A	No	No		Proj on Schdl	
84	Reactor Coolant Pump Fabricator Delivery of Casings to Port of Export - Unit 2	12-2Q	12-2Q	12-1Q	No	No		Proj Early	1Q
85	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 3	12-2Q	12-2Q	13-3Q	No	No		Proj in 18 Mo Dev	5Q

Attachment 1 - ORS Review
MILESTONE SCHEDULE

	Milestone	2008 Year/ Quarter Expectation	2009 Year/Quarter Expectation		Outside 18 - 24 Month Contingency	Substantial Completion Date Impact	Completion Date	Status	Quarters Away from Expected Completion
			Original	Revised					
86	Reactor Vessel Fabricator Notice to Contractor of Receipt of Core Shell Forging - Unit 3	12-2Q	12-2Q	12-3Q	No	No		Proj in 18 Mo Dev	1Q
87	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 3	12-2Q	12-2Q	13-1Q	No	No		Proj in 18 Mo Dev	3Q
88	Set Nuclear Island Structural Module CA03 for Unit 2	12-3Q	12-3Q	N/A	No	No		Proj on Schdl	
89	Squib Valve Fabricator Notice to Contractor of Completion of Assembly and Test for Squib Valve Hardware - Unit 2	12-3Q	12-3Q	12-2Q	No	No		Proj Early	1Q
90	Accumulator Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	12-3Q	12-3Q	12-4Q	No	No		Proj in 18 Mo Dev	1Q
91	Polar Crane Fabricator Notice to Contractor of Electric Panel Assembly Completion - Unit 2	12-3Q	12-3Q	N/A	No	No		Proj on Schdl	
92	Start Containment Large Bore Pipe Supports for Unit 2	12-4Q	12-4Q	12-2Q	No	No		Proj Early	2Q
93	Integrated Head Package - Shipment of Equipment to Site - Unit 2	12-4Q	12-4Q	N/A	No	No		Proj on Schdl	
94	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 2	12-4Q	12-4Q	N/A	No	No		Proj on Schdl	
95	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 3	12-4Q	12-4Q	13-2Q	No	No		Proj in 18 Mo Dev	2Q
96	Steam Generator Fabricator Notice to Contractor of Satsifactory Completion of 1st Steam Generator Hydrotest - Unit 2	12-4Q	12-4Q	12-2Q	No	No		Proj Early	2Q
97	Start Concrete Fill of Nuclear Island Structural Modules CA01 and CA02 for Unit 2	13-1Q	13-1Q	N/A	No	No		Proj on Schdl	
98	Passive Residual Heat Removal Heat Exchanger - Delivery of Equipment to Port of Entry - Unit 2	13-1Q	13-1Q	12-2Q	No	No		Proj Early	3Q
99	Refueling Machine Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 2	13-1Q	13-1Q	N/A	No	No		Proj on Schdl	
100	Deliver Reactor Vessel Internals to Port of Export - Unit 2	13-1Q	13-1Q	13-2Q	No	No		Proj in 18 Mo Dev	1Q
101	Set Unit 2 Containment Vessel Ring #3." Adding "Ring #3	13-2Q	13-2Q	N/A	No	No		Proj on Schdl	-

Attachment 1 - ORS Review
MILESTONE SCHEDULE

	Milestone	2008 Year/ Quarter Expectation	2009 Year/Quarter Expectation		Outside 18 - 24 Month Contingency	Substantial Completion Date Impact	Completion Date	Status	Quarters Away from Expected Completion
			Original	Revised					
102	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 2	13-2Q	13-2Q	13-1Q	No	No		Proj Early	1Q
103	Turbine Generator Fabricator Notice to Contractor Turbine Generator Ready to Ship - Unit 2	13-2Q	13-2Q	N/A	No	No		Proj on Schdl	
104	Pressurizer Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	13-2Q	13-2Q	14-1Q	No	No		Proj in 18 Mo Dev	3Q
105	Polar Crane - Shipment of Equipment to Site - Unit 2	13-2Q	13-2Q	N/A	No	No		Proj on Schdl	
106	Receive Unit 2 Reactor Vessel on Site from Fabricator	13-2Q	13-2Q	N/A	No	No		Proj on Schdl	
107	Set Unit 2 Reactor Vessel	13-3Q	13-3Q	13-2Q	No	No		Proj Early	1Q
108	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Channel Head to Tubesheet Assembly Welding - Unit 3	13-3Q	13-3Q	13-4Q	No	No		Proj in 18 Mo Dev	1Q
109	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 3	13-3Q	13-3Q	14-3Q	No	No		Proj in 18 Mo Dev	4Q
110	Reactor Coolant Pump - Shipment of Equipment to Site (2 Reactor Coolant Pumps) - Unit 2	13-3Q	13-3Q	N/A	No	No		Proj on Schdl	-
111	Place First Nuclear Concrete for Unit 3	13-3Q	13-3Q	N/A	No	No		Proj on Schdl	
112	Set Unit 2 Steam Generator	13-4Q	13-4Q	13-3Q	No	No		Proj Early	1Q
113	Main Transformers Ready to Ship - Unit 2	13-4Q	13-4Q	N/A	No	No		Proj on Schdl	
114	Complete Unit 3 Steam Generator Hydrotest at Fabricator	13-4Q	13-4Q	14-1Q	No	No		Proj in 18 Mo Dev	1Q
115	Set Unit 2 Containment Vessel Bottom Head on Basemat Legs	13-4Q	13-4Q	13-3Q	No	No		Proj Early	1Q
116	Set Unit 2 Pressurizer Vessel	14-1Q	14-1Q	N/A	No	No		Proj on Schdl	
117	Reactor Coolant Pump Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 3	14-1Q	14-1Q	15-1Q	No	No		Proj in 18 Mo Dev	4Q
118	Deliver Reactor Vessel Internals to Port of Export - Unit 3	14-1Q	14-1Q	15-2Q	No	No		Proj in 18 Mo Dev	5Q

Attachment 1 - ORS Review
MILESTONE SCHEDULE

	Milestone	2008 Year/ Quarter Expectation	2009 Year/Quarter Expectation		Outside 18 - 24 Month Contingency	Substantial Completion Date Impact	Completion Date	Status	Quarters Away from Expected Completion
			Original	Revised					
119	Main Transformers Fabricator Issue PO for Material - Unit 3	14-1Q	14-1Q	14-2Q	No	No		Proj in 18 Mo Dev	1Q
120	Complete Welding of Unit 2 Passive Residual Heat Removal System Piping	14-2Q	14-2Q	14-1Q	No	No		Proj Early	1Q
121	Steam Generator Contractor Acceptance of Equipment at Port of Entry - Unit 3	14-2Q	14-2Q	15-2Q	No	No		Proj in 18 Mo Dev	4Q
122	Refueling Mach - Shipment of Equipment to Site - Unit 3	14-2Q	14-2Q	N/A	No	No		Proj on Schdl	
123	Set Unit 2 Polar Crane	14-3Q	14-3Q	14-2Q	No	No		Proj Early	1Q
124	Reactor Coolant Pumps - Shipment of Equipment to Site - Unit 3	14-3Q	14-3Q	15-2Q	No	No		Proj in 18 Mo Dev	3Q
125	Main Transformers Ready to Ship - Unit 3	14-3Q	14-3Q	N/A	No	No		Proj on Schdl	
126	Spent Fuel Storage Rack - Shipment of Last Rack Module - Unit 3	14-4Q	14-4Q	N/A	No	No		Proj on Schdl	
127	Start Electrical Cable Pulling in Unit 2 Auxiliary Building	15-1Q	15-1Q	N/A	No	No		Proj on Schdl	
128	Complete Unit 2 Reactor Coolant System Cold Hydro	15-1Q	15-1Q	15-3Q	No	No		Proj in 18 Mo Dev	2Q
129	Activate Class IE DC Power in Unit 2 Auxiliary Building.	15-2Q	15-2Q	15-1Q	No	No		Proj Early	1Q
130	Complete Unit 2 Hot Functional Test	15-3Q	15-3Q	N/A	No	No		Proj on Schdl	
131	Install Unit 3 Ring 3 for Containment Vessel	15-3Q	15-3Q	N/A	No	No		Proj on Schdl	
132	Load Unit 2 Nuclear Fuel	15-4Q	15-4Q	N/A	No	No		Proj on Schdl	
133	Unit 2 Substantial Completion	16-1Q	16-1Q	16-2Q	No	No		Proj in 18 Mo Dev	1Q
134	Set Unit 3 Reactor Vessel	16-2Q	16-2Q	15-4Q	No	No		Proj Early	2Q
135	Set Unit 3 Steam Generator #2	16-3Q	16-3Q	16-1Q	No	No		Proj Early	2Q
136	Set Unit 3 Pressurizer Vessel	16-4Q	16-4Q	16-2Q	No	No		Proj Early	2Q

Attachment 1 - ORS Review
MILESTONE SCHEDULE

	Milestone	2008 Year/ Quarter Expectation	2009 Year/Quarter Expectation		Outside 18 - 24 Month Contingency	Substantial Completion Date Impact	Completion Date	Status	Quarters Away from Expected Completion
			Original	Revised					
137	Complete Welding of Unit 3 Passive Residual Heat Removal System Piping	17-1Q	17-1Q	16-2Q	No	No		Proj Early	3Q
138	Set Unit 3 Polar Crane	17-2Q	17-2Q	16-3Q	No	No		Proj Early	3Q
139	Start Unit 3 Shield Building Roof Slab Rebar Placement	17-3Q	17-3Q	17-1Q	No	No		Proj Early	2Q
140	Start Unit 3 Auxiliary Building Electrical Cable Pulling	17-4Q	17-4Q	17-2Q	No	No		Proj Early	2Q
141	Activate Unit 3 Auxiliary Building Class 1E DC Power	18-1Q	18-1Q	17-2Q	No	No		Proj Early	3Q
142	Complete Unit 3 Reactor Coolant System Cold Hydro	18-2Q	18-2Q	18-1Q	No	No		Proj Early	1Q
143	Complete Unit 3 Hot Functional Test	18-2Q	18-2Q	18-1Q	No	No		Proj Early	1Q
144	Complete Unit 3 nuclear fuel load	18-3Q	18-3Q	N/A	No	No		Proj on Schdl	
145	Begin Unit 3 Full Power Operation	18-4Q	18-4Q	19-1Q	No	No		Proj Early	1Q
146	Unit 3 Substantial Completion	19-1Q	19-1Q	N/A	No	No		Proj on Schdl	-