

**SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S
REVIEW OF THE
SOUTH CAROLINA ELECTRIC & GAS COMPANY
2010 1st QUARTER REPORT
FOR THE PERIOD ENDING MARCH 31, 2010
ON THE
BUDGET AND SCHEDULE
OF
V.C. SUMMER UNITS 2 & 3 CONSTRUCTION**



July 26, 2010

Introduction

South Carolina Electric & Gas Company (“SCE&G” or “the Company”) submitted its 2010 1st Quarter Report (“Quarterly Report”) on construction activities at its V.C. Summer Nuclear Station Units 2 & 3 (“Units 2 & 3”) on May 17, 2010. The Quarterly Report covers the first quarter ending March 31, 2010, and is submitted pursuant to S.C. Code Ann. § 58-33-277 (Supp. 2009) of the Base Load Review Act (“BLRA”). Following is the South Carolina Office of Regulatory Staff’s (“ORS’s”) review of the Quarterly Report as well as a report on its field inspections.¹

Milestone Schedule

SCE&G’s Milestone Schedule attached to the Quarterly Report shows that overall construction is on schedule. As of March 31, 2010 two of the four work activities scheduled during the 1st quarter are complete. The remaining two, delayed by suppliers, are now scheduled to be completed in the 2nd and 3rd quarters of 2010. In addition, two work activities were accelerated from future quarters. ORS’s review of the Milestone Schedule does not identify any issues that impact the substantial completion dates. Appendix A shows details of the Milestone Schedule of March 31, 2010.

Of the total 146 activities on the Milestone Schedule, the Quarterly Report indicates, and ORS has verified, that as of March 31, 2010, 48 activities have been completed and 98 activities remain to be completed. With respect to the timing of the 146 milestones, 35 activities have been accelerated, 14 activities have been rescheduled for the future, and 97 activities are unchanged. Table 1 below summarizes the completion status of the Milestone Schedule as of March 31, 2010.²

Table 1: Summary of the SCE&G Schedule of 146 Milestones

2010 1st Quarter and Prior - 48 Milestones

Milestones	No.	% of Total
Completed on Schedule:	42	87.6%
Completed Early:	3	6.3%
Completed Within 18 Mos. Deviation:	1	2%
Not Complete:	2	4.1%
Outside 18 Mos. Deviation:	0	0%
	<hr/> 48	<hr/> 100%

¹ Appendices D and E show commonly used acronyms, general information on technical items and other helpful information.

² The numbers reported by ORS and SCE&G will 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 July 2, 2010 and the actual completion date is June 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 done on schedule since it was completed within 30 days of the scheduled completion date.

2010 2nd Quarter and After - 98 Milestones

Milestones	No.	% of Total
Completed Early:	2	2%
Projected Completion on Schedule:	55	56.1%
Projected Completion Early:	30	30.6%
Projected Completed Within 18 Mos. Deviation:	11	11.3%
	98	100%

Specific Construction Activities

The overall site preconstruction schedule is progressing well and photographs of construction are shown in Appendix B. Previously reported earthwork delays caused by poor weather conditions have been resolved with more favorable weather conditions this quarter.

Large pieces of reinforced concrete recirculating water pipe that will connect the operating units with the cooling towers are being delivered to the site. As of March 31, 2010, at least 360 pieces have been installed. Unit 2 circulating water piping installation has flowable fill installed and is complete except for the connections to the main power block and the cooling towers. Unit 3 circulating water piping has the trench dug and piping laid. Flowable fill is being poured.

Excavation of the Unit 2 Table Top (the area where Unit 2 will be located) is complete. The Shaw Group, Inc. ("Shaw") and its subcontractor have completed installation of the soldier pile wall to protect the excavation to bedrock. The Power Block excavation for Unit 2 has begun with approximately 2.8 million cubic yards of earth being excavated.

Unit 3 Table Top is at grade. Driving of the soldier piles has been scheduled.

Warehousing, storage and office complex buildings are underway in "construction city." All structures have slabs completed. These buildings will support engineering, inspection, craft supervision, and indoor storage of delivered materials.

The Mayo Creek Bridge has been completed and is in full use. Grading to the creek is complete with grass planted.

The main access road is complete and providing access to the Units 2 and 3 sites.

Components for the first batch plant have been received and assembled. Testing on concrete designs is underway with plans for the batch plant to be operational during the 3rd quarter of 2010 to support the switchyard construction.

Installation of the site potable water and electrical systems for the warehousing and office complex is continuing on schedule.

The Module Assembly concrete pad has been poured and the vertical construction of the Assembly Building is underway. The components of the first Module, CA 20, are due on site September 1, 2010.

Budget

ORS's budget analysis includes a comparison of actual costs through the 1st Quarter of 2010, forecasted cashflow, escalation, and Allowance for Funds Used During Construction ("AFUDC").

The forecasted AFUDC for the project through the 1st quarter of 2010 was \$329.4 Million based on a forecasted 7.1% AFUDC rate. This is a decrease from the 4th Quarter SCE&G Report.

The BLRA requires that a five-year average of escalation rates be shown. Based on the five-year average, escalation rates continue to decline and reduce the projected project cashflow. Specifically, the 2010 1st quarter escalation using the five-year average shows a cash flow reduction of \$644,773,000 from the forecast in Order No. 2010-12. A 10-year average produces a reduction of \$835,127,000 from the forecast cashflow. Current world-wide economic conditions continue to reduce cost escalation of the project. Currently, the U.S. inflation rate forecast indicates a decrease in escalation for the remainder of 2010. In summary, the decrease in AFUDC and escalation rates results in the project being under budget when compared to the approved forecast cash flow in 2007 capital dollars. Notably, the forecast of gross construction costs as of March 31, 2010, reflects a \$631,155,000 reduction.

The contingency pool is \$438 Million (2007 dollars), including \$46.3 Million in transmission contingencies previously reported by the Company as a separate line item. The Company reports in its 2010 1st Quarter Report that \$1.2 Million (\$1.152 Million without rounding) or 1.5% of the \$78.6 Million 2010 forecasted contingency has been used. Upon review, ORS finds the \$1.2 Million consists of \$1.057 Million reported in the 2009 4th Quarter Report plus an additional \$100,000 of contingency funds used during the 2010 1st quarter. ORS further finds the \$1.057 Million from 2009 was an estimate for the 4th quarter, pending revised Gross Domestic Product ("GDP") price indices. The actual GDP price index for 2009, released by the Federal government during the 2010 1st quarter, reflects a reduction in GDP price indices for 2009 and subsequently revises downward the 2009 contingency dollars used from \$1.057 Million to \$1.052 Million. Therefore, with the addition of the \$100,000 contingency used during the 2010 1st quarter, the total contingency used as of March 31, 2010, is \$1.152 Million.

Currently, five Engineering, Procurement and Construction ("EPC") contract Change Orders exist. Change Order Nos. 1, 2, 3 and 5 are approved while Change Order No. 4 is being processed. See Appendix D for a description of each Change Order. Change Order Nos. 1 and 2 were completed in 2009. Change Order No. 3, approved during the 2010 1st Quarter, addressed rehabilitation of Parr Road and necessitated an increase in the Time and Materials cost category causing SCE&G to apply contingency dollars to cover future costs associated with pavement resurfacing. Change Order No. 4 will increase the amount included within the Firm with Fixed Adjustment category and decrease the amount included within the Actual Craft Wages category by an equal amount resulting in a zero net adjustment to EPC contract costs. Change Order No. 5 was agreed upon during the 2010 1st quarter and approved during the 2010 2nd quarter. Change Order No. 5 modifies Change Order No. 1 by allowing additional instructor training. This modification shifts dollars from the Fixed cost category with 0% escalation to the Time and Materials cost category which is subject to escalation.

For the Owner's Cost category, the Company revised the forecasted contingency dollars previously allocated to this category downward principally due to revisions related to personnel resources over the life of the project. The Company continually monitors its personnel needs and refines its forecasts as the project develops. Further forecast revisions are likely.

Movements of dollars and projected allocations between cost categories cause potential ramifications for the total cost of the project. As a result and at the request of ORS, SCE&G will be providing a breakdown to ORS of all transfers between cost categories, the reason for the transfers, and the impact to the construction in 2007 dollars.

SCE&G and the South Carolina Public Service Authority ("Santee Cooper") Partnership

SCE&G and Santee Cooper (co-owners of 55% and 45% of the project, respectively) continue to operate jointly to construct Units 2 & 3 under the terms established in their Bridge Agreement. Negotiations continue between the two to establish the terms of a final joint ownership contract. In SCE&G's latest Securities and Exchange Commission ("SEC") filing, SCE&G disclosed uncertainty as to Santee Cooper's joint ownership. Specifically, SCE&G stated that "SCE&G is unable to predict whether any change in Santee Cooper's ownership interest or the addition of new joint owners will increase project costs or delay the commercial operation dates of the new units. Any such project cost increase or delay could be material."

Notable Activities Occurring after March 31, 2010

The BLRA allows SCE&G 45 days from the end of the current Quarter to file the Quarterly Report. As a result there may be a 45 day delay between the end of the quarter and the filing. Items of importance that occurred subsequent to the closing of the 1st quarter are reported below.

During a site visit on July 12, 2010, ORS learned that SCE&G allowed foundation work to be performed at its nuclear construction site to accommodate a single large crane for the assembly of Units 2 and 3 as opposed to the two smaller cranes contemplated in the EPC Contract. SCE&G has since reported to ORS that it provided Shaw with a limited authorization to perform the foundation work for the single large crane to ensure that the construction remained on schedule, but informed Shaw that it (Shaw) was acting outside of the terms of the EPC contract at its own risk and that SCE&G was not waiving any of its rights under the EPC contract. SCE&G is in active negotiations with Shaw over the use of the single large crane. ORS will continue to monitor this matter and provide an update in its next quarterly report.

As noted earlier in the Report, Change Order No. 5 was approved during the 2nd quarter.

The Federal Draft Environmental Impact Statement ("DEIS") was issued by the Nuclear Regulatory Commission ("NRC") on April 26, 2010 with a public comment period until July 09, 2010. A public meeting on the DEIS was conducted by the NRC in Jenkinsville, SC on May 27, 2010 with ORS in attendance. The NRC staff's recommendation in the DEIS is that the NRC Combined License ("COL") be issued as requested pending satisfactory resolution of all remaining licensing criteria not covered by the DEIS. The United States Army Corps of Engineers will issue its recommendation for the Clean Water Act section 404 Wetlands Permit after the Final Environmental Impact Statement ("FEIS") is issued. The FEIS is scheduled to be issued February 2011.

The NRC continues to host industry meetings for addressing activities associated with the deployment of AP1000 technology as well as other nuclear technologies. NRC meetings were held

June 9-11, 2010 with Westinghouse Electric Company (“WEC”) on AP1000 Design Certification Amendment – Shield Building Design Methodology. During the public session of the June 9, 2010 meeting, the NRC addressed its October 15, 2009 letter to WEC wherein the NRC had indicated WEC was not promptly and fully providing information requested by the NRC. During the June 9th meeting, the NRC stated, “Westinghouse has addressed the NRC review comments from the October 15 [2009] letter about the Shield Building design in an integrated and complete fashion.” This is also confirmed in a NRC June 21, 2010 letter attached as Appendix C. Additional NRC public meetings were held June 24-25, 2010 by a subcommittee of the NRC Advisory Committee on Reactor Safeguards. ORS participates in NRC meetings open to the public; however, ORS continues to be denied participation in NRC meetings closed to the public.

ORS meets with WEC on a quarterly basis, with the latest meeting held on June 16, 2010 to discuss the status of Design Control Document (“DCD”) 17 and 18 and WEC’s recent meetings with the NRC. During the June 16th meeting with ORS, WEC reported that it submitted complete documentation for all DCD-17 design basis review with the exception of one submittal regarding final off-site testing. WEC reports that the NRC is satisfied with WEC’s submittal on the design basis and that approval of the DCD is forthcoming. DCD-18 is an administrative DCD that captures outstanding items from prior DCDs and provides a means for closure for the formal resolution of all DCD activities. During the June 16th meeting with WEC, ORS was also informed that the NRC established a September 2011 date for rule-making on the COL which is a predecessor event for the issuance of the COL. SCE&G stated in its 2010 1st Quarter Report that it does not expect the COL to be issued by the NRC prior to late 2011 or early 2012.

On June 21, 2010, the NRC issued a letter containing the “Schedule for Completion of the AP1000 Design Certification Amendment Review.” See Appendix C. This schedule confirms September 2011 as the rulemaking date which would lend support to the issuance of the COL shortly thereafter.

Upcoming notable NRC dates are listed below.

July 30, 2010	WEC Final Design Certification Amendment (“DCA”) submittal to NRC
October 2010	NRC Final Safety Evaluation Report (“SER”) information issued
December 2010	ACRS holds final subcommittee meeting on AP1000 DCA and NRC receives WEC DCA Revision 18 ³
February 2011	FEIS issued and Federal Register Notice for Proposed Rulemaking published by NRC
April 2011	Public comment period ends for NRC Proposed Rulemaking
September 2011	NRC Final Rulemaking

SCE&G’s 2010 2nd Quarterly Report is due 45 days after June 30, 2010. ORS expects to continue publishing a report evaluating SCE&G’s Quarterly Report.

³ This language is directly from the NRC June 21, 2010 letter. ORS expects the NRC will receive the DCA with DCDs through Revision 18 on this date.

Items are in order by Scheduled Completion Date in Order 2010-12

Key:	Previous Quarters	Current Quarter	Next Quarter
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Activity Number	Milestone	Order 2010-12	1Q-10	2009: Outside 18 - 24 Month Contingency	2009: Substantial Completion	Actual Completion Date	Deviation from Order 2010-12
16	Start Site Specific And Balance Of Plant Detailed Design	9/11/2007		No	No	9/11/2007	
1	Approve Engineering, Procurement And Construction Agreement	5/23/2008		No	No	5/23/2008	
14	Control Rod Drive Mechanism – Issue PO For Long Lead Material To Fabricator - Units 2 And 3 - First Payment	6/21/2008		No	No	6/21/2008	
34	Start Site Development	6/23/2008		No	No	6/23/2008	
7	Contractor Issue PO To Steam Generator Fabricator - Units 2 & 3	6/30/2008		No	No	5/29/2008	1 month early
8	Contractor Issue Long Lead Material PO To Reactor Coolant Pump. Fabricator - Units 2 & 3	6/30/2008		No	No	6/30/2008	
10	Contractor Issue PO To Reactor Coolant Loop Pipe Fabricator - First Payment- Units 2 & 3	6/30/2008		No	No	6/20/2008	
12	Contractor Issue Long Lead Material - PO To Reactor Vessel Fabricator - Units 2 & 3	6/30/2008		No	No	5/29/2008	1 month early
18	Stream Generator - Issue Final PO To Fabricator For Units 2 & 3	6/30/2008		No	No	6/30/2008	
28	Control Rod Drive Mechanism - Contractor Issue PO For Long Lead Material To Fabricator - Units 2 & 3	6/30/2008		No	No	6/30/2008	
31	Reactor Coolant Pump - Issue Final PO To Fabricator - Units 2 & 3	6/30/2008		No	No	6/30/2008	
4	Contractor Issue PO To Accumulator Tank Fabricator – Unit 2	7/31/2008		No	No	7/31/2008	
3	Contractor Issue PO To Passive Residual Heat Removal Heat Exchanger Fabricator – First Payment - Unit 2	8/31/2008		No	No	8/18/2008	
9	Contractor Issue PO To Pressurizer Fabricator - Units 2 & 3	8/31/2008		No	No	8/18/2008	
5	Contractor Issue PO To Core Makeup Tank Fabricator - Units 2 & 3	9/30/2008		No	No	9/30/2008	
20	Contractor Issue Final PO To Reactor Vessel Fabricator - Units 2 & 3	9/30/2008		No	No	9/30/2008	
17	Instrumentation & Control Simulator - Contractor Place Notice To Proceed - Units 2 & 3	10/31/2008		No	No	10/31/2008	
23	Core Makeup Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	10/31/2008		No	No	10/31/2008	
24	Accumulator Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	10/31/2008		No	No	10/31/2008	
25	Pressurizer Fabricator Issue Long Lead Material PO - Units 2 & 3	10/31/2008		No	No	10/31/2008	
29	Contractor Issue PO To Passive Residual Heat Removal Exchanger Fabricator - Second Payment - Units 2 & 3	10/31/2008		No	No	10/31/2008	
11	Reactor Vessel Internals – Issue Long Lead Material PO To Fabricator Units 2 And 3	11/21/2008		No	No	11/21/2008	
2	Issue POs To Nuclear Component Fabricators For Units 2 And 3 Containment Vessels	12/3/2008		No	No	12/3/2008	
22	Start Clearing, Grubbing And Grading	1/26/2009		No	No	1/26/2009	
33	Design Finalization Payment 3	1/31/2009		No	No	1/30/2009	
30	Start Parr Road Intersection Work	2/13/2009		No	No	2/13/2009	
35	Contractor Issue PO To Turbine Generator Fabricator - Units 2 & 3	2/28/2009		No	No	2/19/2009	
6	Contractor Issue PO To Squib Valve Fabricator- Units 2 & 3	3/31/2009		No	No	3/31/2009	
21	Variable Frequency Drive Fabricator Issue Transformer PO - Units 2 & 3	4/30/2009		No	No	4/30/2009	
26	Reactor Coolant Loop Pipe - Contractor Issue PO To Fabricator - Second Payment - Units 2 & 3	4/30/2009		No	No	4/30/2009	
38	Design Finalization Payment 4	4/30/2009		No	No	4/30/2009	
40	Reactor Coolant Pump Fabricator Issue Long Lead Material Lot 2 - Units 2 & 3	4/30/2009		No	No	4/30/2009	
51	Control Rod Drive Mechanisms - Fabricator To Start Procurement Of Long Lead Material - Unit 2	6/30/2009		No	No	6/30/2009	

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Key:	Previous Quarters	Current Quarter	Next Quarter
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Activity Number	Milestone	Order 2010-12	1Q-10	2009: Outside 18 - 24 Month Contingency	2009: Substantial Completion	Actual Completion Date	Deviation from Order 2010-12
13	Contractor Issue PO To Integrated Head Package Fabricator - Units 2 & 3	7/31/2009		No	No	7/31/2009	
15	Issue POs To Nuclear Component Fabricators For Nuclear Island Structural Ca20 Modules	7/31/2009		No	No	8/28/2009	
27	Integrated Head Package - Issue PO To Fabricator - Units 2 & 3 - Second Payment	7/31/2009		No	No	7/31/2009	
42	Design Finalization Payment 5	7/31/2009		No	No	7/31/2009	
44	Reactor Vessel Fabricator Notice To Contractor Of Receipt Of Flange Nozzle Shell Forging - Unit 2	7/31/2009		No	No	8/28/2009	
39	Turbine Generator Fabricator Issue PO For Condenser Material - Unit 2	8/31/2009		No	No	8/28/2009	
36	Contractor Issue PO To Main Transformers Fabricator - Units 2 & 3	9/30/2009		No	No	9/25/2009	
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
32	Integrated Heat Packages Fabricator Issue Long Lead Material PO - Units 2 & 3	10/31/2009		No	No	10/1/2009	1 month early
45	Design Finalization Payment 6	10/31/2009		No	No	10/7/2009	
46	Instrumentation And Control/Simulator - Contractor Issue PO To Subcontractor For Rad Monitor Sys - Units 2 & 3	12/31/2009		No	No	12/17/2009	
19	RV I - Contractor Issue PO For Long Lead Material (Heavy Plate And Heavy Forgings) To Fabricator - Units 2 & 3	1/31/2010		No	No	1/29/2010	
54	Steam Generator Fabricator Notice To Contractor Of Receipt Of 2nd Steam Generator Tubesheet Forging - Unit 2	2/28/2010	4/30/2010	No	No		Delayed 2 Months
55	Reactor Vessel Fabricator Notice To Contractor Of Outlet Nozzle Welding To Flange Nozzle Shell Completion - Unit 2	2/28/2010	8/31/2010	No	No		Delayed 6 months
53	Start Excavation And Foundation Work For The Standard Plant For Unit 2	3/15/2010		No	No	3/15/2010	
48	Turbine Generator Fabricator Issue PO For Moisture Separator Reheater/Feedwater Heater Material Unit 2	4/30/2010	4/30/2010	No	No		
49	Reactor Coolant Loop Pipe Fabricator Acceptance Of Raw Material - Unit 2	4/30/2010		No	No	2/18/2010	Completed - 2 months Early
58	Steam Generator Fabricator Notice To Contractor Of Receipt Of 1st Steam Generator Transition Cone Forging - Unit 2	4/30/2010	4/30/2010	No	No		
41	Passive Residual Heat Removal Heat Exchanger Fabricator Receipt Of Long Lead Material - Units 2 & 3	5/31/2010	5/31/2010	No	No		
56	Turbine Generator Fabricator Notice To Contractor Condenser Fabrication Started - Unit 2	5/31/2010	5/31/2010	No	No		
79	Passive Residual Heat Removal Heat Exchanger Fabricator Notice To Contractor Of Final Post Weld Heat Treatment - Unit 2	6/30/2010	6/30/2010	No	No		
57	Complete Preparations For Receiving The First Module On Site For Unit 2	8/18/2010		No	No	1/22/2010	Completed - 7 months early
67	Pressurizer Fabricator Notice To Contractor Of Welding Of Upper And Intermediate Shells Completion - Unit 2	10/31/2010	10/31/2010	No	No		
75	Pressurizer Fabricator Notice To Contractor Of Welding Of Upper And Intermediate Shells Completion - Unit 2	10/31/2010	10/31/2010	No	No		
37	Core Makeup Tank Fabricator Notice To Contractor Receipt Of Long Lead Material - Units 2 & 3	11/30/2010	7/31/2010	No	No		4 months early
52	Contractor Notified That Pressurizer Fabricator Performed Cladding On Bottom Head - Unit 2	11/30/2010	10/31/2010	No	No		1 month early

Items are in order by Scheduled Completion Date in Order 2010-12

Key:	Previous Quarters	Current Quarter	Next Quarter
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Activity Number	Milestone	Order 2010-12	1Q-10	2009: Outside 18 - 24 Month Contingency	2009: Substantial Completion	Actual Completion Date	Deviation from Order 2010-12
59	Reactor Coolant Pump Fabricator Notice To Contractor Of Manufacturing Of Casing Completion Of Unit	11/30/2010	11/30/2010	No	No		
60	Reactor Coolant Loop Pipe Fabricator Notice To Contractor Of Machining, Heat Treating & Non-Destructive Testing Completion - Unit 2	12/31/2010	2/28/2011	No	No		Delayed 2 months
66	Steam Generator Fabricator Notice To Contractor Of Receipt Of 1st Steam Generator Tubing - Unit 2	1/31/2011	2/28/2011	No	No		
80	Passive Residual Heat Removal Heat Exchanger Fabricator Notice To Completion Of Tubing - Unit 2	1/31/2011	3/31/2011	No	No		Delayed 2 months
62	Polar Crane Fabricator Issue PO For Main Hoist Drum And Wire Rope - Units 2 & 3	2/28/2011	2/28/2011	No	No		
61	Core Makeup Tank Fabricator Notice To Contractor Of Satisfactory Completion Of Hydrotest - Unit 2	5/31/2011	5/31/2011	No	No		
72	Steam Generator Fabricator Notice To Contractor Of Completion Of 1st S/G Tubing Installation - Unit 2	5/31/2011	7/31/2011	No	No		Delayed 2 months
47	Reactor Vessel Internals - Fabricator Start Fit And Welding Of Core Shroud Assembly - Unit 2	6/30/2011	2/28/2011	No	No		4 months early
63	Control Rod Drive Mechanisms - Fabricator To Start Procurement Of Long Lead Material - Unit 3	6/30/2011	6/30/2011	No	No		
71	Fabricator Start Fit And Welding Of Core Shroud Assembly - Unit 2	6/30/2011	2/28/2011	No	No		4 months early
76	Steam Generator Fabricator Notice To Contractor Of Completion Of 2nd Steam Generator Tubing Installation - Unit 2	6/30/2011	8/31/2011	No	No		Delayed 2 months
65	Start Placement Of Mud Mat For Unit 2	7/14/2011	7/21/2011	No	No		
70	Reactor Coolant Pump Fabricator Notice To Contractor Of Stator Core Completion - Unit 2	9/30/2011	9/30/2011	No	No		
69	Begin Unit 2 First Nuclear Concrete Placement	10/3/2011	10/3/2011	No	No		
50	Reactor Vessel Internals - Fabricator Start Weld Neutron Shield Spacer Pads To Assembly - Unit 2	10/31/2011	10/31/2011	No	No		
64	Turbine Generator Fabricator Notice To Contractor Of Receipt Of 1st Steam Generator Tubing - Unit 2	10/31/2011	10/31/2011	No	No		
77	Design Finalization Payment 14	10/31/2011	10/31/2011	No	No		
115	Set Unit 2 Containment Vessel Bottom Head On Basemat Legs	11/21/2011	11/21/2011	No	No		
74	Control Rod Drive Mechanism - Ship Remainder Of Equipment (Latch Assembly & Rod Travel Housing) To Head Supplier - Unit 2	12/31/2011	12/31/2011	No	No		
78	Set Module Ca04 For Unit 2	1/27/2012	1/27/2012	No	No		
68	Reactor Vessel Fabricator Notice To Contractor Of Closure Head Cladding Completion - Unit 3	2/28/2012	2/28/2012	No	No		
81	Polar Crane Fabricator Notice To Contractor Of Girder Fabrication Completion - Unit 2	2/28/2012	4/30/2012	No	No		Delayed 2 months
84	Reactor Coolant Pump Fabricator Delivery Of Casings To Port Of Export - Unit 2	3/31/2012	3/31/2012	No	No		
83	Set Containment Vessel Ring #1 For Unit 2	4/3/2012	4/5/2012	No	No		
92	Start Containment Large Bore Pipe Supports For Units 2	4/9/2012	6/22/2012	No	No		Delayed 2 months
98	Passive Residual Heat Removal Heat Exchanger - Delivery Of Equipment To Port Of Entry - Unit 2	4/30/2012	2/28/2012	No	No		2 months early
89	Squib Valve Fabricator Notice To Contractor Of Completion Of Assembly And Test For Squib Valve Hardware - Unit 2	5/31/2012	8/31/2012	No	No		Delayed 3 months
96	Steam Generator Fabricator Notice To Contractor Of Satisfactory Completion Of 1st Stream Generator Hydrotest - Unit 2	5/31/2012	5/31/2012	No	No		

Items are in order by Scheduled Completion Date in Order 2010-12

Key:	Previous Quarters	Current Quarter	Next Quarter
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Activity Number	Milestone	Order 2010-12	1Q-10	2009: Outside 18 - 24 Month Contingency	2009: Substantial Completion	Actual Completion Date	Deviation from Order 2010-12
91	Polar Crane Fabricator Notice To Contractor Of Electric Panel Assembly Completion - Unit 2	7/31/2012	1/31/2012	No	No		6 months early
88	Set Nuclear Island Structural Module Ca03 For Unit 2	8/30/2012	9/4/2012	No	No		
86	Reactor Vessel Fabricator Notice To Contractor Of Receipt Of Core Shell Forging - Unit 3	9/30/2012	9/30/2012	No	No		
93	Integrated Head Package - Shipment Of Equipment To Site - Unit 2	10/31/2012	1/31/2013	No	No		Delayed 3 months
94	Reactor Coolant Pump Fabricator Notice To Contractor Of Final Stator Assembly Completion - Unit 2	11/30/2012	11/30/2012	No	No		
73	Reactor Coolant Loop Pipe - Shipment Of Equipment To Site - Unit 2	12/31/2012	7/31/2011	No	No		17 months early
90	Accumulator Tank Fabricator Notice To Contractor Of Satisfactory Completion Of Hydrotest - Unit 3	12/31/2012	12/31/2012	No	No		
87	Contractor Notified That Pressurizer Fabricator Performed Cladding On Bottom Head - Unit 3	1/31/2013	12/31/2011	No	No		13 months early
97	Start Concrete Fill Of Nuclear Island Structural Modules Ca01 And Ca02 For Unit 2	2/26/2013	2/28/2013	No	No		
99	Refueling Machine Fabricator Notice To Contractor Of Satisfactory Completion Of Factory Acceptance Test - Unit 2	2/28/2013	8/31/2012	No	No		6 months early
102	Steam Generator - Contractor Acceptance Of Equipment At Port Of Entry - Unit 2	3/31/2013	1/31/2013	No	No		2 months early
101	Set Unit 2 Containment Vessel	4/17/2013	4/19/2013	No	No		
103	Turbine Generator Fabricator Notice To Contractor Turbine Generator Ready To Ship - Unit 2	4/30/2013	7/31/2013	No	No		Delayed 3 months
106	Receive Unit 2 Reactor Vessel On Site From Fabricator	5/20/2013	5/24/2013	No	No		
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
105	Polar Crane - Shipment Of Equipment To Site - Unit 2	5/31/2013	11/30/2012	No	No		6 months early
107	Set Unit 2 Reactor Vessel	6/18/2013	6/20/2013	No	No		
100	Deliver Reactor Vessel Internals To Port Of Export - Unit 2	7/31/2013	7/31/2013	No	No		
111	Place First Nuclear Concrete For Unit 3	8/1/2013	8/2/2013	No	No		
82	Turbine Generator Fabricator Notice To Contractor Condenser Ready To Ship - Unit 3	8/31/2013	8/31/2013	No	No		
85	Reactor Coolant Pump Fabricator Notice To Contractor Of Stator Core Completion - Unit 3	8/31/2013	8/31/2013	No	No		
112	Set Unit 2 Steam Generator	9/9/2013	9/11/2013	No	No		
110	Reactor Coolant Pump - Shipment Of Equipment To Site (2 Reactor Coolant Pumps) - Unit 2	9/30/2013	9/30/2013	No	No		
113	Main Transformers Ready To Ship - Unit 2	9/30/2013	2/28/2013	No	No		7 months early
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
116	Set Unit 2 Pressurizer Vessel	1/24/2014	1/28/2014	No	No		
104	Pressurizer Fabricator Notice To Contractor Of Satisfactory Completion Of Hydrotest - Unit 3	2/28/2014	3/31/2013	No	No		11 months early
114	Complete Unit 3 Steam Generator Hydrotest At Fabricator (9.1Q:Reactor Vessel Internals - Fabricator Start Perform Guide Tubes Free Path Test - Unit 3)	2/28/2014	3/31/2014	No	No		Delayed 1 month
120	Complete Welding Of Unit 2 Passive Residual Heat Removal System Piping	3/19/2014	3/21/2014	No	No		

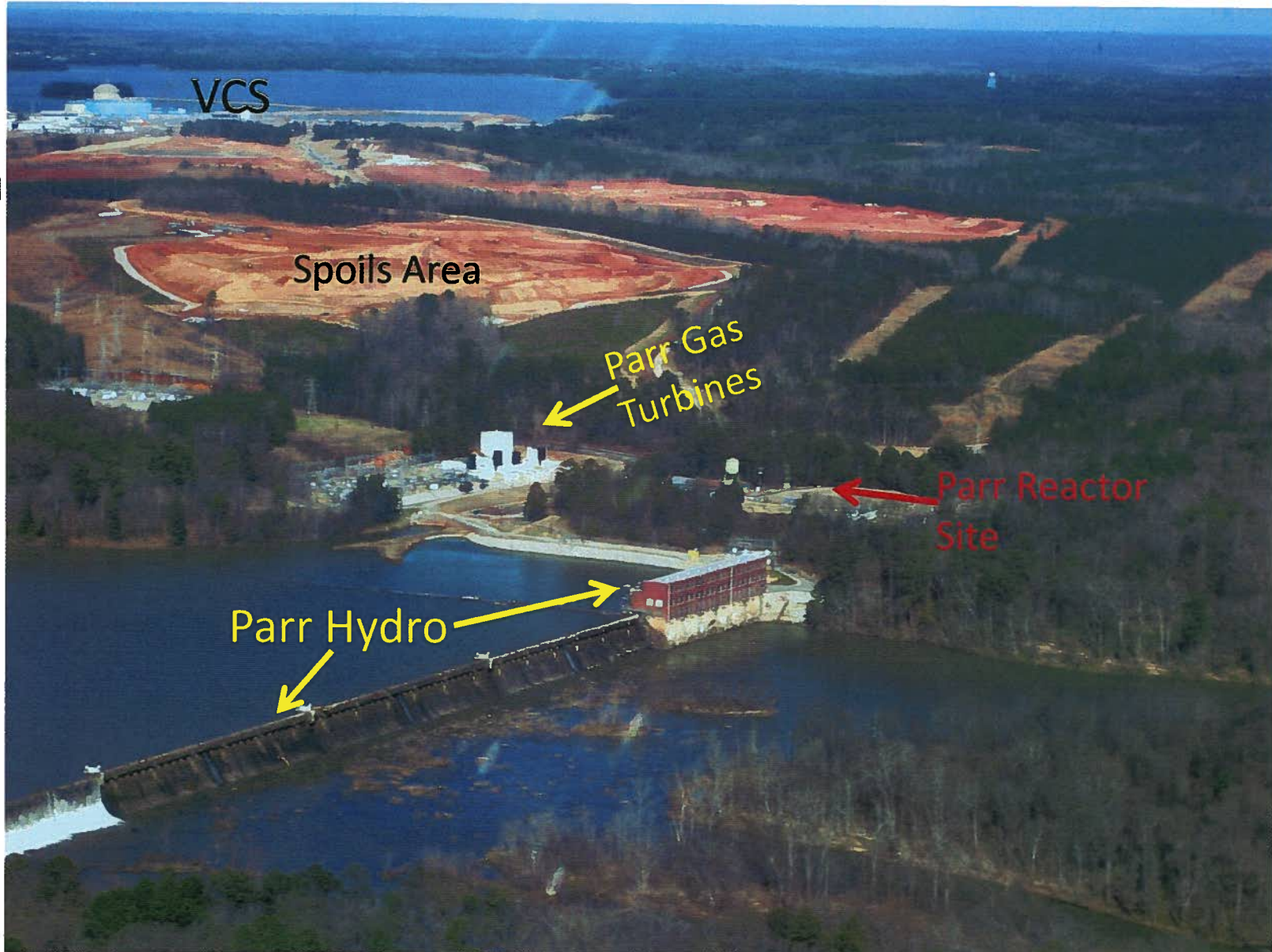
Items are in order by Scheduled Completion Date in Order 2010-12

Key:	Previous Quarters	Current Quarter	Next Quarter
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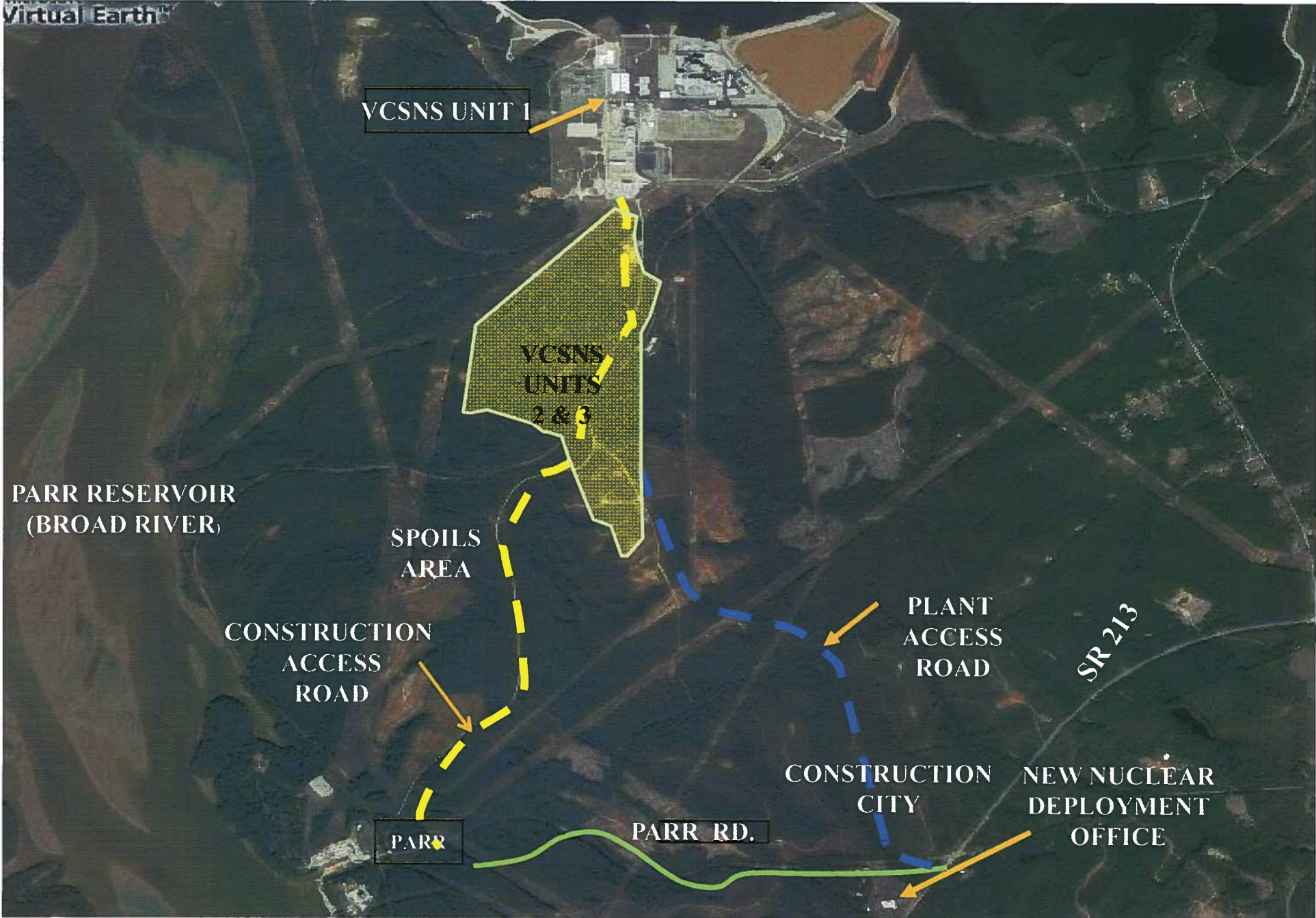
Activity Number	Milestone	Order 2010-12	1Q-10	2009: Outside 18 - 24 Month Contingency	2009: Substantial Completion	Actual Completion Date	Deviation from Order 2010-12
123	Set Unit 2 Polar Crane	4/3/2014	4/7/2014	No	No		
119	Main Transformers Fabricator Issue PO For Material - Unit 3	4/30/2014	8/31/2013	No	No		8 months early
122	Refueling Mach - Shipment Of Equipment To Site - Unit 3	5/31/2014	5/31/2014	No	No		
109	Reactor Coolant Pump Fabricator Notice To Contractor Of Final Stator Assembly Completion - Unit 3	8/31/2014	8/31/2014	No	No		
125	Main Transformers Ready To Ship - Unit 3	9/30/2014	9/30/2014	No	No		
127	Start Electrical Cable Pulling In Unit 2 Auxiliary Building	12/26/2014	12/18/2014	No	No		
126	Spent Fuel Storage Rack - Shipment Of Last Rack Module - Unit 3	12/31/2014	8/31/2014	No	No		4 months early
117	Reactor Coolant Pump Fabricator Notice To Contractor Of Satisfactory Completion Of Factory Acceptance Test - Unit 3	2/28/2015	12/31/2014	No	No		2 months early
129	Activate Class 1e Dc Power In Unit 2 Auxiliary Building	3/5/2015	2/27/2015	No	No		
121	Steam Generator Contractor Acceptance Of Equipment At Port Of Entry - Unit 3	4/30/2015	2/28/2015	No	No		2 months early
118	Deliver Reactor Vessel Internals To Port Of Export - Unit 3	6/30/2015	6/30/2015	No	No		
124	Reactor Coolant Pumps - Shipment Of Equipment To Site - Unit 3	6/30/2015	6/30/2015	No	No		
131	Install Unit 3 Ring 3 For Containment Vessel	7/30/2015	4/14/2015	No	No		3 months early
128	Complete Unit 2 Reactor Coolant System Cold Hydro	8/3/2015	7/7/2015	No	No		
130	Complete Unit 2 Hot Functional Test	9/21/2015	8/27/2015	No	No		
134	Set Unit 3 Reactor Vessel	10/1/2015	6/15/2015	No	No		4 months early
132	Load Unit 2 Nuclear Fuel	10/28/2015	10/26/2015	No	No		
135	Set Unit 3 Steam Generator #2	12/22/2015	9/2/2015	No	No		3 months early
133	Unit 2 Substantial Completion	4/1/2016	4/1/2016	No	No		
136	Set Unit 3 Pressurizer Vessel	5/16/2016	1/20/2016	No	No		4 months early
137	Complete Welding Of Unit 3 Passive Residual Heat Removal System Piping	6/20/2016	3/2/2016	No	No		3 months early
138	Set Unit 3 Polar Crane	7/18/2016	3/29/2016	No	No		4 months early
139	Start Unit 3 Shield Building Roof Slab Rebar Placement	1/16/2017	9/26/2016	No	No		4 months early
140	Start Unit 3 Auxiliary Building Electrical Cable Pulling	4/6/2017	12/13/2016	No	No		4 months early
141	Activate Unit 3 Auxiliary Building Class 1E Dc Power	6/9/2017	2/17/2017	No	No		4 months early
142	Complete Unit 3 Reactor Coolant System Cold Hydro	1/1/2018	6/20/2017	No	No		7 months early
143	Complete Unit 3 Hot Functional Test	2/15/2018	5/14/2018	No	No		Delayed 3 Months
144	Complete Unit 3 Nuclear Fuel Load	7/31/2018	6/26/2018	No	No		1 month early
145	Begin Unit 3 Full Power Operation	10/31/2018	10/23/2018	No	No		
146	Unit 3 Substantial Completion	1/1/2019	1/1/2019	No	No		

Site Orientation

✖
Fairfield
Pumped
Storage



SITE LAYOUT



VC Summer Site - Jan 2010

VCS Units
2&3



Equipment
Laydown
Area



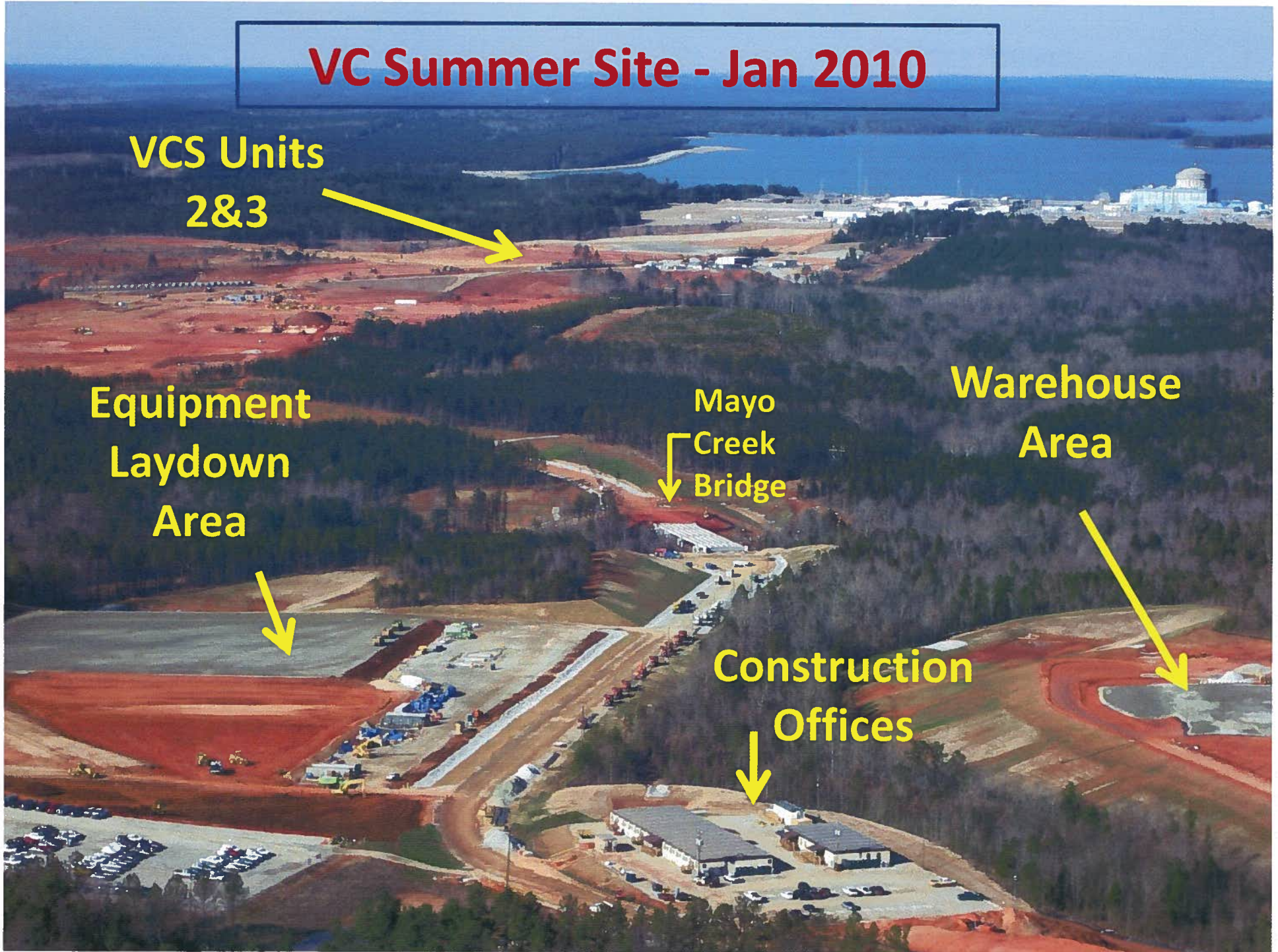
Mayo
Creek
Bridge



Warehouse
Area



Construction
Offices

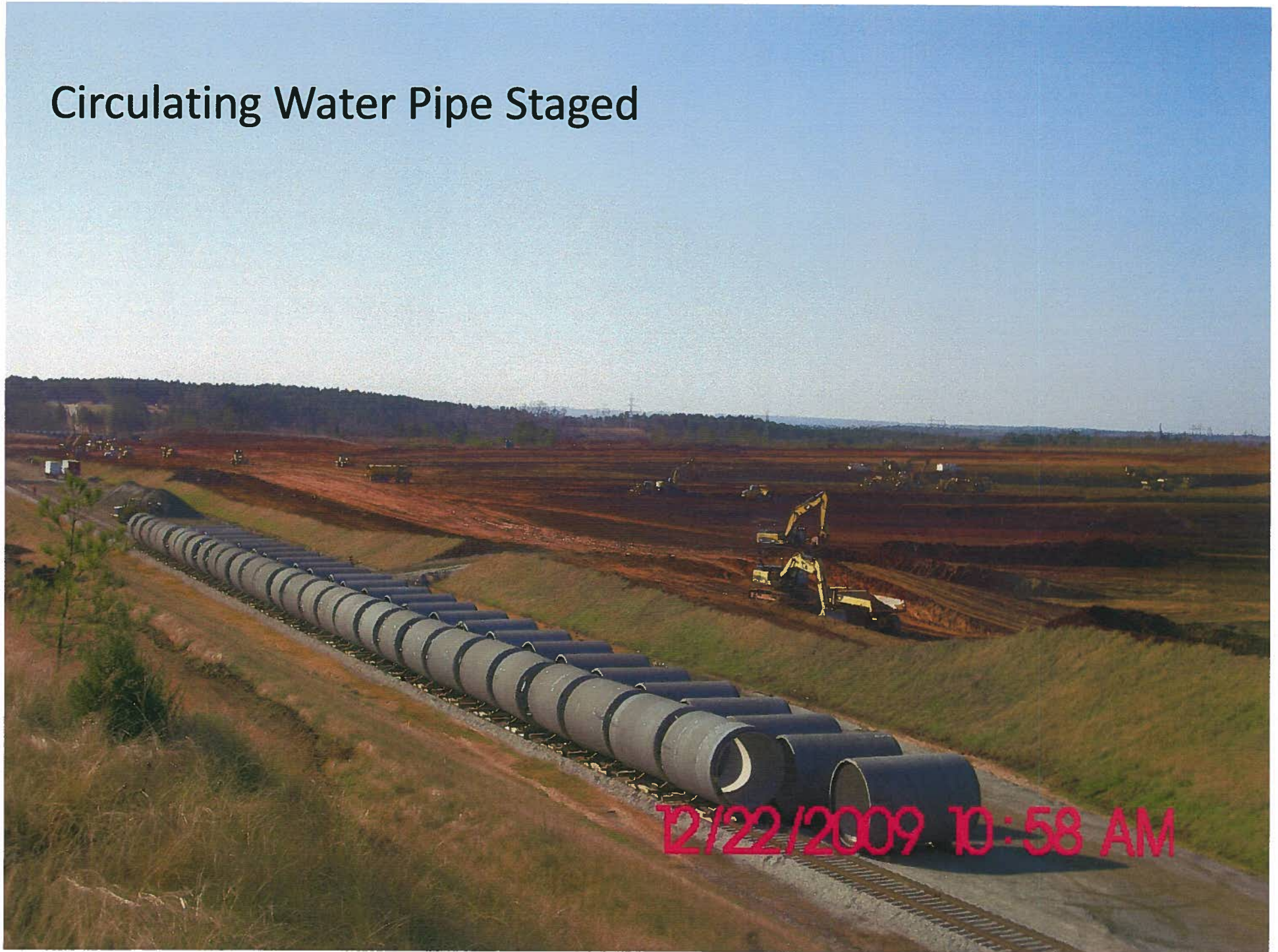


Circulating Water Pipe

16 ft - 64,000 lb sections ship to site Dec 09



Circulating Water Pipe Staged



12/22/2009 10:58 AM

APPENDIX C

June 21, 2010

Sadler D. "Sandy" Rupprecht
Vice President, Regulatory Affairs and Strategy
Westinghouse Electric Company
Nuclear Power Plants
273A Cranberry Woods Headquarters
1000 Westinghouse Drive
Cranberry Township, PA 16066

SUBJECT: SCHEDULE FOR THE AP1000 DESIGN CERTIFICATION AMENDMENT
REVIEW

Dear Mr. Rupprecht:

The purpose of this letter is to communicate the schedule for the AP1000 Design Certification Amendment (DCA) application review and the U.S. Nuclear Regulatory Commission's (NRC's) expectations.

On October 15, 2009, NRC sent a letter to Westinghouse Electric Company (Westinghouse) in response to the August 31, 2009, Westinghouse shield building design submittal. In its letter, NRC said that it had determined that the proposed design of the shield building would require modifications in some specific areas in order to ensure its ability to perform its safety function under design basis loading conditions and to support a finding that would meet applicable regulations. NRC also said that the impact on the review schedule for the DCA review would be established after discussion with Westinghouse about its plans to address NRC's determination.

In response to the NRC's October 15, 2009 letter, Westinghouse submitted a report titled, "Design Report for the AP1000 Enhanced Shield Building, Revision 2" on May 7, 2010. This report included detailed design analyses, the benchmarking analysis, and some test results. With the receipt and preliminary evaluation of Revision 2, and discussions with Westinghouse regarding schedule, the NRC has a better understanding of how Westinghouse plans to address NRC's concerns and is now able to establish the review schedule for the balance of the AP1000 design review.

The NRC has established an aggressive goal of completing the AP1000 design certification rulemaking by the end of fiscal year 2011 to support the needs of the Vogtle and Summer combined license (COL) applications and their associated construction plans. Completion of the rulemaking by the end of September 2011 will not be easy. A number of technical issues remain on the application and it will require substantial commitment of resources and the attention of senior management by both Westinghouse and the COL applicants to drive technical issues to closure in a time frame that would support the schedule below.

There are several critical milestones that Westinghouse must meet in order to achieve the schedule. First, Westinghouse must establish the complete scope of the DCA with defined closure plans for all known issues by the end of June 2010. Second, Westinghouse must

provide all necessary licensing documentation to support resolution of known technical issues by the end of July, 2010. If these milestones are met, the staff will work aggressively to complete the technical review by the end of August 2010 and will work with the Advisory Committee on Reactor Safeguards (ACRS) so that it will be able to complete its oversight reviews by December 2010. Further, the staff is implementing additional innovative ways to expedite the rulemaking process to achieve the listed milestones.

The following is the schedule that we have established:

Schedule for Completion of the AP1000 Design Certification Amendment Review

Action	Completion Date
NRC finalizes AP1000 DCA review scope and closure strategy for remaining issues	June 30, 2010
NRC receives final Westinghouse DCA submittal	July 30, 2010
NRC technical staff completes Final Safety Evaluation Report (FSER) inputs	August 30, 2010
NRC issues final advanced FSER information issued to the ACRS	October 18, 2010
ACRS holds final subcommittee meeting on AP1000 DCA	November 18, 2010
ACRS holds final full committee meeting on AP1000 DCA	December 2, 2010
NRC receives Westinghouse DCA Revision 18 submittal	Early-December 2010
NRC publishes Federal Register Notice for Proposed Rule	February 2011
Public comment period ends	April 2011
Final Rule	September 2011

There is no margin in this schedule that would permit movement of these critical milestones and still achieve the goal of completing the rulemaking by the end of September 2011. While the staff has increased its attention to meeting the schedule, we will assure that the design meets all applicable NRC regulatory requirements before we proceed to certification rulemaking.

In summary, NRC believes that completion of the AP1000 DCA safety evaluation by the end of calendar year 2010 is aggressive yet achievable with substantial management oversight and commitment from Westinghouse to meet the established milestones with quality submittals that resolve identified technical issues. The staff's review will require Westinghouse management to maintain frequent interactions as recently established. The NRC also expects Westinghouse to maintain a high level of commitment to provide the necessary information to the NRC in accordance with the above schedule. If you have questions regarding these matters, please contact Mr. Frank Akstulewicz at (301) 415-1199.

Sincerely,

/RA/

David B. Matthews, Director
Division of New Reactor Licensing
Office of New Reactors

Docket No. 52-0006
cc: See next page

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NRO-002

OFFICE	DNRL/TA	DNRL/NWE2: BC	NRO/DE:DD	NRO/DNRL: D	NRO/OD
NAME	ASnyder	E McKenna/JCruz for	LDudes	DMatthews	MJohnson
DATE	06/17/2010	06/ 17 /2010	06/ 17/2010	06/21/2010	06/ 17 /2010

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(Revised 05/04/2010)

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GLOSSARY

Quarterly Reports

Quarterly Reports are submitted pursuant to S.C. Code Ann. § 58-33-277 (Supp. 2009) of the Base Load Review Act (“BLRA”). The BLRA requires South Carolina Electric & Gas Company (“SCE&G”) to document the construction schedule, budget expenditures, completed activities, forecasts of activities to be completed, and any revisions to the original schedule and budget of Units 2 & 3. The South Carolina Office of Regulatory Staff (“ORS”) monitors the above items and although not required, ORS generally publishes a written report of its review of the Quarterly Reports.

Substantial Completion Dates for V.C. Summer Nuclear Station Units 2 & 3

Unit 2 – April 2016

Unit 3 – January 2019

Milestone Schedule

On March 2, 2009, a Milestone Schedule was approved by the Public Service Commission of South Carolina (“Commission”) in Order No. 2009-104(A) in Docket No. 2008-196-E. On July 21, 2009, SCE&G filed an “Update of Construction Progress and Request for Updates and Revisions to Schedules.” This filing was entered as Docket No. 2009-293-E by the Commission and contained a request by the Company to update its Milestone Schedule. This updated Milestone Schedule expanded the original 123 milestones to 146 milestones. The expansion to 146 milestones did not omit any original milestones but unbundled several of the 123 milestones into additional milestones to allow for closer tracking of specific activities. In addition, it aligned the Milestone Schedule more closely with the Performance Measurement Baseline Schedule (“PMBS”). On January 21, 2010 in Order Number 2010-12, the Commission approved the updated Milestone Schedule. In addition, SCE&G is permitted to accelerate or delay Milestone Schedule activity up to 24 or 18 months, respectively, without requiring further Commission approval. All ORS monitoring is based on the updated Milestone Schedule.

Performance Measurement Baseline Schedule (“PMBS”)

In addition to the Milestone Schedule, ORS also monitors the PMBS. While the Milestone Schedule provides an overall assessment of the construction progress, the PMBS allows specific day-to-day construction monitoring. The PMBS is the contractual schedule used by Westinghouse Electric Company (“WEC”) and Shaw (together as “the Consortium”) and SCE&G to establish the scheduling goals, forecast of cash flow and accountabilities required in the Engineering, Procurement and Construction (“EPC”) contract. The PMBS contains completion dates, payment dates, and critical dates for completion of certain activities prior to the start of other activities. The PMBS receives frequent revisions due to numerous internal and external influences such as weather, delivery schedules, progress of construction, and manufacturing.

Allowance for Funds Used During Construction (“AFUDC”)

The Federal Energy Regulatory Commission (“FERC”) sets and defines the AFUDC rate formula and the variables composing the formula. As such, the AFUDC rate changes based on various factors including the cost of long-term debt, short-term debt, and the latest Commission approved return on common equity. Construction Work in Progress (“CWIP”) is multiplied by the AFUDC rate to arrive at actual AFUDC. The BLRA allows any CWIP not included in revised rates to continue to earn AFUDC.

Change Orders

Change Order No.	Description
1	Reactor Operator Training
2	Limited Scope Simulator
3	Parr Road Rehabilitation
4	Transfer of module fabrication and site assembly scope of work from WEC to Shaw
5	Additional Reactor Operator Training

Commonly Used Acronyms and References

ACRS	NRC Advisory Committee on Reactor Safeguards
AFUDC	Allowance for Funds Used During Construction
AP1000	The name of the nuclear unit model
BLRA	Base Load Review Act
COL	NRC Combined License
Commission	Public Service Commission of South Carolina
Consortium	Westinghouse Electric Company and The Shaw Group, Inc.
CWIP	Construction Work in Progress
DCA	Design Certification Amendment
DCD	Design Control Document
DEIS	Draft Federal Environmental Impact Statement
FEIS	Federal Environmental Impact Statement
EPC	Engineering, Procurement and Construction contract
FERC	Federal Energy Regulatory Commission
NRC	Nuclear Regulatory Commission
ORS	South Carolina Office of Regulatory Staff
PMBS	Performance Measurement Baseline Schedule
PSC	Public Service Commission of South Carolina
Santee Cooper	South Carolina Public Service Authority
SCE&G	South Carolina Electric & Gas Company
SEC	Securities and Exchange Commission
SER	NRC Safety Evaluation Report
Shaw	The Shaw Group, Inc.
Units 2 & 3	SCE&G V.C. Summer Nuclear Station Units 2 & 3
WEC	Westinghouse Electric Company