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*Jenny R. Pittman*  
*Counsel for ORS*

January 12, 2018

**VIA ELECTRONIC FILING**

Jocelyn G. Boyd, Esquire  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

Re: Petition of South Carolina Electric & Gas Company for Prudency Determination Regarding Abandonment, Amendments to the Construction Schedule, Capital Cost Schedule and Other Terms of the BLRA Orders for the V.C. Summer Units 2 and 3 and Related Matters, along with a Motion for Expedited Hearing  
**Docket No. 2017-244-E**

Dear Ms. Boyd:

This letter is intended to provide the Public Service Commission of South Carolina ("Commission") with the Office of Regulatory Staff's ("ORS") New Nuclear Development ("NND") update regarding V.C. Summer Units 2 and 3.

During the week of January 1, 2018, ORS NND Personnel ("NND Personnel") worked at the South Carolina Electric & Gas Company (SCE&G) V.C. Summer new nuclear site on Tuesday (January 2, 2018) and Wednesday (January 3, 2018). The Plan of the Week meetings have been cancelled going forward. Plan of the Day (POD)/ Staff meetings will continue daily at 8:00 a.m.

On Tuesday January 2, 2018, the site was closed; however, NND Personnel were able to meet with the SCE&G Abandonment Manager. The SCE&G Abandonment Manager informed NND Personnel of a Letter of Intent (LOI) for Southern Nuclear to purchase a small quantity of V.C. Summer plant items. These items range from a variety of commodities (e.g., rebar) to large components such as two Reactor Coolant Pumps and Main Steam Isolation Valves. The LOI states that the purchase must be approved by SCE&G, Santee Cooper, Westinghouse Electric Company (WEC), Southern Nuclear as well as the Commission (for items greater than \$1 million in value).

On Wednesday January 3, 2018, NND Personnel attended the POD meeting which focused on safety, SCE&G security and demobilization/abandonment of the site. The following activities were discussed:

- SCANA merger with Dominion
- Crane demobilization
- Concrete Batch Plant constituent removal
- Rental equipment recovery
- Close out of permits

At the POD meeting, SCE&G stated it will only be supporting regulatory requirements for abandonment including safety, environmental, close-out of permits, and recovery of rental equipment. SCE&G will not recover assets such as tools or structures. SCE&G will divest itself from commercial issues and disengage from the dispute with WEC over ownership of tools and all equipment.

During the visit, NND Personnel noted that no preventative maintenance staff were on site and understands that SCE&G has stopped all preventative maintenance on plant equipment and facilities. Escorted by SCE&G procurement staff and a WEC subcontractor, NND Personnel performed a walk-down of the site buildings/trailers to ensure plant records were being retained at the site.

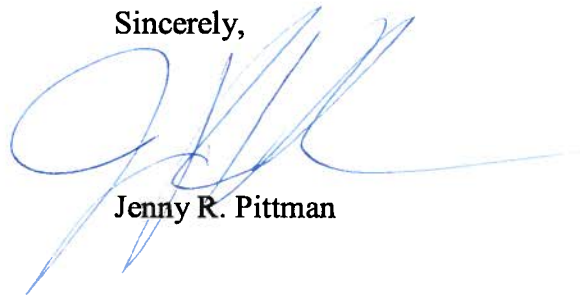
NND Personnel inspected fifteen site buildings/trailers to find approximately 1750 boxes, 75 fireproof filing cabinets and 3 large fireproof safes filled with documentation. The purpose of the file relocation was to support close-out of site buildings and the removal of temporary trailers from the site. The files were originally scheduled to be shipped to WEC in Cranberry, PA. However, to date, no files have been removed from the site. The current plan is to keep the files onsite in their existing locations. NND Personnel is concerned that many critical files are at risk of damage while in cardboard boxes and should be securely stored in fireproof cabinets to ensure their availability for potential future use.

Attached, for reference, is recent correspondence by SCE&G and responses from Santee Cooper regarding the status of the project. They are:

1. Letter dated December 22, 2017: SCANA to Santee Cooper; V.C. Summer Nuclear Project: Design and Construction Agreement & Project Abandonment;
2. Letter dated December 28, 2017: Santee Cooper's Reply to SCANA's December 22, 2017 letter;

3. Letter dated December 27, 2017: SCE&G Request for Withdrawal of VCSNS Unit 2&3 COLs; and
4. Letter dated January 8, 2018: Santee Cooper Response to SCE&G's Request for Withdrawal of VCSNS Unit 2&3 COLs.

Sincerely,



Jenny R. Pittman

Encl.

cc: Belton T. Zeigler, Esquire (via E-Mail)  
K. Chad Burgess, Esquire (via E-Mail)  
Matthew W. Gissendanner, Esquire (via E-Mail)  
Mitchell Willoughby, Esquire (via E-Mail)  
F. David Butler, Esquire (via E-Mail)



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December 22, 2017

***VIA CERTIFIED MAIL***

South Carolina Public Service Authority  
Attn: Chief Operating Officer (M602)  
One Riverwood Drive  
P.O. Box 2946101  
Moncks Corner, SC 29461-6101

**RE: V.C. Summer Nuclear Project: Design and Construction Agreement & Project Abandonment**

Dear Sir:

South Carolina Electric & Gas Company (SCE&G) is in receipt of the December 15, 2017 letter from the South Carolina Public Service Authority (Santee Cooper) in response to my letter of December 13, 2017. SCE&G agrees with and accepts Santee Cooper's proposal in the third sentence of the second paragraph of Santee Cooper's letter to mutually terminate the Design and Construction Agreement (DCA) dated October 20, 2011, and the DCA is hereby mutually terminated pursuant to Section 6.2.1 of the DCA. Because SCE&G and Santee Cooper have mutually terminated pursuant to Section 6.2.1 of the DCA, then pursuant to my letter of December 13, 2017, SCE&G's termination of the DCA on that date pursuant to Section 6.2.2.c(ii) is superseded by the mutual termination.

Notwithstanding SCE&G's acceptance of Santee Cooper's proposal to mutually terminate, we suggest that SCE&G and Santee Cooper also agree that the date of the mutual termination was August 6, 2017, which is five days after July 31, 2017, the date SCE&G and Santee Cooper gave notice of termination of the Interim Assessment Agreement (IAA) with Westinghouse. The IAA provides for five business days' notice of such termination in Paragraph 2 of the original IAA, as amended by Paragraph 1 of the Amendment No. 2 to the IAA (approved by Bankruptcy Court Order entered June 17, 2017). Please advise us if Santee Cooper does agree that the mutual termination should be effective August 6, 2017.

SCE&G will proceed with actions consistent with its decision to abandon the Virgil C. Summer Nuclear Station Units 2 and 3 Project ("VCS 2 and 3" or the "Project"). In continuing cooperation with Santee Cooper, it is SCE&G's intent and hope that we can resolve the following items expeditiously.

(1) Combined Operating Licenses (COLs) for VCS 2 and 3: SCE&G will request before the end of December 2017 approval from the Nuclear Regulatory Commission (NRC) to withdraw the COLs for VCS 2 and 3. Additionally, as part of that communication, SCE&G will notify the NRC

that if Santee Cooper chooses to seek to become sole licensee prior to NRC approval of the request to withdraw, SCE&G will support an application to the NRC to transfer the COLs to Santee Cooper.

(2) Ownership Rights: Effective immediately, SCE&G abandons and disclaims any right to use any structures (except for those otherwise described below), materials, tools, equipment and other like items used in the construction or potential future use of VCS 2 and 3. SCE&G also releases its rights to all intellectual property, including that which may be currently subject to the escrow agreement with Westinghouse and held by Iron Mountain.

(3) Facilities: Except for facilities that are being repurposed for V.C. Summer Unit 1, that are a part of SCE&G's transmission system, or that are part of SCANA's fiber communications infrastructure, SCE&G abandons and disclaims the facilities of VCS 2 and 3.

(4) Components: Except for certain components which may be purchased by Georgia Power which shall be clearly identified by December 31, 2017, SCE&G abandons and disclaims the components of VCS 2 and 3. A decision regarding the sale of certain components to Georgia Power will be made by December 31, 2017. To the extent that SCE&G agrees to sell certain components to Georgia Power with a fair market value in excess of \$1 million, SCE&G will be required to obtain approval of the sale by the Public Service Commission of South Carolina.

(5) Interim Assessment Agreement (IAA) Reconciliation (Payments to Supplier and Vendors): Under the terms of the IAA, Westinghouse is still holding approximately \$112 million to pay vendors. It is believed that the current invoices (approximately 660) from vendors total approximately \$96 million. SCE&G in cooperation with Santee Cooper will develop a plan to reconcile the outstanding invoices and payments relating to vendors, and to reconcile direct payments made to Westinghouse. Such plan will include utilizing contractors or consultants to review invoices and to assist with defense of the mechanics' liens.

(6) Outstanding Westinghouse Purchase Orders:

(a) It is believed that there are 29 open Westinghouse purchase orders ("WEC POs") remaining to be formally assumed or rejected. The total of these 29 WEC POs' value is approximately \$446,117,405; out of this total amount, approximately \$4,868,267 remain open. SCE&G will not be responsible for these 29 WEC POs and will direct bankruptcy counsel that SCE&G will reject them. SCE&G requests that Santee Cooper join in the rejection of these 29 WEC POs. Alternatively, Santee Cooper can request assumption and cure if desired for its ownership and potential future use of VCS 2 and 3.

(b) It is believed that there are another 79 WEC POs for which there is no open commitment. The total value of these 79 WEC POs is approximately \$63,386,661. SCE&G will notify bankruptcy counsel that it will not assume these 79 WEC POs. SCE&G requests that Santee Cooper join in the rejection of these WEC POs. Alternatively, Santee Cooper can request assumption and cure if desired for its ownership and potential future use of VCS 2 and 3.

(7) Warehouses and Rental Equipment: Unless or to the extent that Santee Cooper wishes to negotiate with Westinghouse on ownership and salvage opportunities, SCE&G will notify Westinghouse to have offsite warehouses empty by the end of their current lease terms. Equipment rented for preventative maintenance and storage to support potential salvage efforts can be transferred to Santee Cooper at its request, or such equipment will be returned to its lessors.

(8) Preventative Maintenance: SCE&G will stop all preventative maintenance on VCS 2 and 3 equipment and facilities by year-end except to the extent such preventative maintenance is mandated by the NRC during the pendency of its review of the application for withdrawal of the COLs.

(9) Construction Equipment and Tools: SCE&G will not make any claims against Westinghouse for the tools or construction equipment used for VCS 2 and 3. Santee Cooper can pursue resolutions of these claims with Westinghouse independently if it so chooses.

(10) Outstanding SCE&G Purchase Orders and Other Income:

(a) Parking Lot: SCE&G and Santee Cooper are discussing entering into a lease allowing Westinghouse to stage certain of its equipment at Parking Lot 3 for six months at \$5,000/month. Any rent will be pro-rated until December 31, 2017, after which SCE&G disclaims any interest in the lease allowing all future rent therefrom to go to Santee Cooper. We understand that WEC has scheduled an auction on February 19, 2018.

(b) Fly Ash and Cement: In order to return rental equipment and Westinghouse construction equipment storing fly ash and cement, SCE&G intends to continue to sell fly ash and cement from the batch plant area. SCE&G abandons and disclaims any interest in the batch plants or the fly ash sales from them following December 31, 2017, allowing any future income therefrom to go to Santee Cooper.

(c) Any other purchase orders currently supporting demobilization will be terminated on December 31, 2017 unless they support ongoing activities referenced in this letter including preventative maintenance called for by the NRC during the pendency of its review of the request for withdrawal of the COLs.

(11) Insurance: SCE&G intends to cancel all project related insurance programs including the Excess Builder's Risk policy and the Marine Cargo/Transit policy (which currently insures all materials in off-site warehouses) no later than January 31, 2018. The AIG Owner Controlled Insurance Program (OCIP) will continue as written under both SCE&G and Santee Cooper for the remainder of the policy period (April 17, 2018) to allow for completion of abandonment activities relating to safety, state and federal requirements and environmental requirements. After April 18, 2018, the OCIP will go into a run-off status until such time as all claims have been resolved. The NEIL Builders' Risk policy will be cancelled, per the policy terms and conditions, immediately upon SCE&G's NRC notification requesting the NRC approval to withdraw the COLs for VCS 2 and 3. NEIL has put forth a non-member property insurance proposal for Santee Cooper's review and evaluation. If requested, SCE&G will work with Santee Cooper to develop new coverage programs solely for Santee Cooper or, if an insurer agrees to a transfer, to transfer the policies to Santee Cooper. Any property loss proceeds received for claims arising after December 31, 2017 will inure to the benefit of Santee Cooper.

(12) Internal Revenue Service: SCE&G intends to notify the United States Internal Revenue Service by the end of 2017 of SCE&G's return of or relinquishment of the previously allocated production tax credits for VCS 2 and 3.

(13) Records: SCE&G will comply with any and all legal obligations surrounding the retention of VCS 2 and 3 Project related records, including but not limited to the requirements imposed upon SCE&G by Order No. 2017-771 issued by the Public Service Commission of South Carolina as well as subpoenas and discovery requests served upon SCE&G pursuant to applicable law.

The aforementioned activities are in the best interest of SCE&G's customers. If SCE&G has omitted discussion of any other agreements or arrangements related to the Project, SCE&G will terminate those agreements in accordance with their terms to the extent such agreements call for any action by SCE&G which is not consistent with abandonment of the Project. With respect to all of the items above that require action by Santee Cooper, SCE&G requests that Santee Cooper advise SCE&G if Santee Cooper will execute an agreement for the orderly transfer of any property or other rights from SCE&G to Santee Cooper to the extent permitted by law.

SCE&G will pay its proportional share of costs related to the orderly shutdown of the Project as provided in the DCA while these activities are ongoing, but only to the extent such costs are consistent with abandonment. SCE&G will not be responsible for any costs not consistent with abandonment. SCE&G will continue activities not affecting the abandonment but which relate to safety, state and federal requirements (such as the NRC mandated preventative maintenance), and environmental matters into 2018.

Sincerely,



Jim Odell Stuckey  
Senior Vice President and General Counsel

cc: South Carolina Public Service Authority  
Attn: General Counsel (M603)  
One Riverwood Drive  
P.O. Box 2946101  
Moncks Corner, SC 29461-6101

J. Michael Baxley, Sr.  
Senior Vice President and  
General Counsel  
(843) 761-3000  
fax: (843) 761-7037  
jmbaxley@santeecooper.com

December 28, 2017

Transmitted via Email and Certified Mail

SCANA Corporation  
Attention: President  
220 Operation Way  
Columbia, South Carolina 29033

Dear Sir,

Please accept this letter in response to Jim Stuckey's letter of December 22, 2017, which was SCE&G's response to Santee Cooper's December 15, 2017 letter. Your December 22 letter further sets forth SCE&G's position on immediate abandonment of the VC Summer Units 2 and 3 nuclear construction project, and lists thirteen significant items that SCE&G states must be resolved "expeditiously" for SCE&G to accomplish that abandonment. While we agree that many of the issues raised in your letter must be addressed by both SCE&G and Santee Cooper, these cannot be addressed under a December 31 deadline without Santee Cooper and its customers assuming significant risk. In the alternative, we suggest that our companies collectively address the factors you raise in a deliberative manner, after the first of the year, as suggested below.

At the outset, the initial paragraph of SCE&G's December 22 letter mischaracterizes Santee Cooper's position on the Design and Construction Agreement (DCA) by stating that Santee Cooper's December 15 letter agreed to the DCA's mutual termination. This is incorrect. Santee Cooper only offered to mutually terminate the Project, not the underlying DCA, which provides for a necessary and orderly shutdown process pursuant to Prudent Utility Practice. We stated then, and continue to believe now, that the DCA cannot be terminated "[u]ntil replaced by a more formal document" that will address the issues set forth in your letter, as well as others that have not yet been raised.

With respect to the list of items that SCE&G alleges must be resolved "expeditiously," Santee Cooper cannot immediately respond with prudent decisions as envisioned by the DCA. Many of the issues broadly discussed in the letter raise significant economic and policy choices that must be analyzed by Santee Cooper management, based on more detailed and current information upon which SCE&G has based its actions, to ensure that decisions made are in the best interests of our customers. In addition, some of these issues will require discussion and approval by Santee Cooper's Board of Directors. Santee Cooper realizes SCE&G wishes to abandon the Project by December 31, 2017 for federal tax purposes because, as your letter states, this "is in the best interest of SCE&G's customers." Santee Cooper, too, must act in the best interest of its customers and thus, at this time, is not in a position to assume the significant unknown risks and potential liabilities as proposed in your letter. Such a course of action is not the orderly shutdown process required by the DCA and would not amount to Prudent Utility Practice as it imperils Santee Cooper's customers.



President, SCANA Corporation  
December 28, 2017  
Page 2

Santee Cooper will be glad to expeditiously engage in discussions with SCE&G to develop a replacement agreement for the DCA, and we propose that our negotiating teams meet early in 2018 to develop such an agreement. In response to your inquiry whether Santee Cooper will execute an agreement for the orderly transfer of property or rights to the extent permitted by law, although your inquiry set forth no terms or conditions associated with a transfer, we are willing to discuss such a transfer. Any agreement to that effect would need to address the concerns outlined in my letter dated December 4, 2017.

In the interim, any actions taken by SCE&G to accomplish an abandonment should be considered unilateral and without the consent of Santee Cooper, and may result in economic loss for Santee Cooper customers and stakeholders.

Sincerely yours,



J. Michael Baxley

cc: Jim O. Stuckey, Esquire, General Counsel



December 27, 2017  
NND-17-0503

ATTN: Document Control Desk  
U.S. Nuclear Regulatory Commission  
Document Control Desk  
Washington, DC 20555

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

Subject: South Carolina Electric & Gas Company (SCE&G) Request for  
Withdrawal of VCSNS Unit 2&3 COLs

References: 1. Letter from Jeffrey B. Archie to NRC, V.C. Summer, Units 2 and 3 -  
Notification of Termination of Project Construction, dated  
August 17, 2017 (ML17229B487)

This letter requests NRC approval to withdraw the COLs for VCSNS Units 2 & 3 in accordance with the Commission's policy statement on deferred and terminated plants (52 Federal Register 38,077). In Reference 1, SCE&G notified the NRC that as of July 31, 2017, SCE&G stopped construction activities on the VCSNS Units 2 and 3 site. In its October 27 letter, SCE&G stated that it would notify the NRC of its plans for disposition of the COLs no later than December 15. Pursuant to further discussion with the NRC, SCE&G stated that it would notify the NRC by the end of December 2017.

The COLs were obtained from the NRC in March of 2012 and construction commenced shortly thereafter. On March 29, 2017, the Company's General Contractor, Westinghouse Electric Company, unexpectedly declared bankruptcy. Subsequently SCE&G and the project's co-owner (the South Carolina Public Service Authority-Santee Cooper) undertook an evaluation of the cost and schedule to complete the units. On July 31, 2017, Santee Cooper made the decision to suspend work on the project and later that day SCE&G made the decision to abandon the project effective immediately.

There is no nuclear fuel or special nuclear material on the site and all Safeguards Information has been removed from the site. Also, in their present state of construction (less than 40% complete), neither of the units can be considered a utilization facility as defined in 10CFR50.2. Neither unit has all the necessary structures, systems or components in place to sustain a controlled nuclear reaction. Currently there are no construction or quality-related activities ongoing at the site, but SCE&G will continue to comply with NRC requirements pending its authorization of withdrawal.

In addition to withdrawal of the COLs, SCE&G requests withdrawal of the License Amendment Requests and associated Exemptions under NRC review, Code Alternative requests under NRC review, and all ITAAC Closure Notifications.

SCE&G has irrevocably abandoned its interests in VCSNS Units 2 and 3 project. All of its project completion and preservation activities have ceased. Work is limited to only those actions required to place the site in a safe condition, terminate construction, and close active permits. No further NRC-regulated activities are being performed or planned at VCSNS 2 and 3.

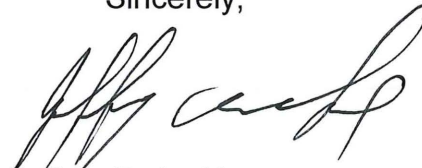
SCE&G has offered to cede its abandoned interest in the VCSNS Units 2 and 3 project to the South Carolina Public Service Authority (Santee Cooper), for no consideration. As of the time of this letter, Santee Cooper has not elected to accept full responsibility for the VCSNS Units 2 and 3 project. If prior to NRC approval of this request to withdraw the COLs Santee Cooper chooses to seek to become the sole licensee for the project, SCE&G will support an application to the NRC to transfer the licenses to Santee Cooper.

The enclosure provides SCE&G's plans for redress of the Unit 2 & 3 site and additional information on site activities. SCE&G is not requesting a specific approval date for withdrawal of the COLs, however, prompt approval will allow for resolution.

This letter contains no regulatory commitments.

Should you have any questions, please contact me at (803) 217-5080 or by email at [jarchie@scana.com](mailto:jarchie@scana.com).

Sincerely,



Jeffrey B. Archie  
Senior Vice President SCANA  
Senior Vice President & CNO SCE&G

JRB/JBA/

Enclosure

c: Billy Gleaves  
Jennifer Dixon-Herrity  
Shawn Williams  
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Document Control Desk  
NND-17-0503  
Enclosure

## **V.C. SUMMER UNITS 2 AND 3 REDRESS PLAN**

Jenkinsville, South Carolina

South Carolina Electric and Gas Company

December 2017

V.C. Summer Unit 2 and 3 Redress Plan  
Jenkinsville, South Carolina  
South Carolina Electric and Gas Company

**Site Description**

The Virgil C. Summer Nuclear Station (VCSNS), Units 2 and 3 site is located on approximately 1,988 acres adjacent to the Broad River near Jenkinsville, South Carolina. As of July 2017, when South Carolina Electric and Gas Company (SCE&G) terminated construction at the site, the Units were approximately 40 percent complete. Since the plant never became operational, no nuclear fuel or waste is on site. The only radioactive material to be disposed of would result from removal of smoke detectors and exit signs from various buildings to be demolished or abandoned in place. Safeguards Information has been removed. Fenced areas are currently under industrial-type security.

**The current environmental permit status of VCS is as follows:**

Air – General Minor Source Operating Permit status granted September 1, 2010, by the South Carolina Department of Health & Environmental Control (SCDHEC) for Concrete Batch Plant. Expiration date June 30, 2023.

Toxics – There are no polychlorinated biphenyl (PCB) transformers on site; however, there are other PCB-containing items/equipment/articles on site but not in service.

Wastes (Environmental Protection Agency Identification Number SCD069311579):

Hazardous – Large Quantity Generator

Solid – Presently disposed of offsite by contract at a SCDHEC-permitted facility.

Wastewater (National Pollutant Discharge Elimination System [NPDES] Permit Number SC0049131) – Construction and permanent sewage currently routed to the Town of Whitmire, SC. The current NPDES permit expires on January 31, 2018.

Water – Drinking water for the site is purchased from the city of Jenkinsville, a community public water system regulated by the state.

Army Corp of Engineer- SAC-2007-1852-SIR granted March 30, 2012 to impact 0.26 acres of wetlands, 1.34 acres of jurisdictional waters, and 774 linear-feet of stream. Expiration date March 31, 2022.

NPDES General Permit for Stormwater Discharges from Construction Activities- Approximately fifteen (15) phased construction permits encompassing approximately 900 acres of total disturbed area on-site.

### **Potential Impacts**

SCE&G would maintain the VCSNS 2 & 3 site in compliance with environmental requirements, including after NRC withdrawal of the COLs. Compliance activities would primarily consist of inspection and maintenance of the site in accordance with construction stormwater permits. These measures would continue as long as SCE&G has ownership of the VCS site or until the site is stabilized and stormwater permits are terminated. Maintaining and complying with these existing permits and regulations would ensure the stability of the site.

Most of the minor environmental impacts resulting from redress would be associated with removal of equipment or structures not identified as necessary for other site activities. Materials and structures removed would be above grade or in areas that have previously experienced substantial ground disturbance for the original construction of the plant. The Units 2 and 3 switchyard has previously been placed in-service and is operating on SCE&G's transmission system. SCE&G currently plans to maintain the Unit 2 and 3 transmission switchyard as-is. Under current plans, the existing containment, turbine, and associated support buildings would not be demolished but would remain in their currently constructed state. The other structures not identified as necessary would be removed from the site, abandoned in place, or demolished. These structures are mostly temporary office and storage buildings and warehouses. Any demolition wastes generated would be disposed of in appropriately-permitted waste disposal facilities.

Equipment identified as unnecessary would have the power disconnected and abandoned in place. Such items may include, but are not limited to: valves; battery boards and chargers; transfer switches; vent fans; motors; cabinet panels; breakers; power systems; shop equipment such as lathes, air compressors, and dryers; as well as other miscellaneous equipment. Additional materials on site include, but are not limited to items such as: piping, tubing, and conduit; cable; instrumentation; and general construction materials. SCE&G would continue to conduct periodic site inspections to ensure that none of the equipment or materials are causing environmental, health, or safety problems.

Redress would also involve the removal of approximately 250,000 gallons of oil and miscellaneous fuel and lubricants located in approximately fifty (50) areas site-wide. Equipment such as generators, above ground storage tanks, and transformers have a capacity range between 200-15,000 gallons per source. Fuel and lubricant would be removed and storage containers would be closed in accordance with all applicable federal, state, or local laws and regulations.

SCE&G has both Corporate and site processes and procedures in place to safely handle the demolition and removal of the identified equipment, structures, and fuels or lubricants in an environmentally sound manner.

### **Cumulative Impacts**

Because the redress activities at the VCS site would constitute minor, insignificant, routine activities, there would be no cumulative impacts associated with the redress activities.

### **Mitigation Measures**

There would be no additional mitigation measures other than the routine mitigation measures, i.e., best management practices.



January 8, 2018

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Document Control Desk  
Washington, D.C. 20555

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

Subject: Response to South Carolina Electric & Gas Company (SCE&G) Request for  
Withdrawal of VCSNS Unit 2&3 COLs

- References:
1. Letter from Jeffrey B. Archie to NRC, V.C. Summer, Units 2 and 3 – Notification of Termination of Project Construction, dated August 17, 2017 (ML17229B487)
  2. Letter from Jeffrey B. Archie to NRC, V.C. Summer Units 2 and 3 – SCE&G Request for Withdrawal of VCSNS Unit 2 & 3 COLs, dated December 27, 2017 (ML 17361A088)

This letter is written in response to SCE&G's Request for Withdrawal of VCSNS Unit 2&3 COLs, dated December 27, 2017. The South Carolina Public Service Authority (the Authority) is the co-owner and co-licensee of these VCSNS Units with SCE&G, and NRC regulations require the Authority's consent in order for the NRC to terminate (withdraw) the VCSNS Unit 2 & 3 COLs. The Authority requests that for the reasons stated below, the NRC hold SCE&G's request in abeyance pending the Authority's determination of whether to accept transfer of SCE&G's partial ownership of the COLs.

The Authority understands that SCE&G has terminated its further participation in the design and construction of the VCSNS Units 2 & 3. To this end, SCE&G's most recent letter requests the "withdrawal" of the COLs for Units 2 & 3. Withdrawal of a granted license, however, is not contemplated by the NRC's regulations.<sup>1</sup> Rather, the NRC's regulations allow only for termination of an active power reactor license pursuant to the provisions of 10 C.F.R. § 50.82. Thus, the Commission should interpret SCE&G's request as a unilateral request to terminate the VCSNS Units 2 & 3 COLs pursuant to these to 10 C.F.R. § 50.82.

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<sup>1</sup> The NRC's regulations do contemplate withdrawal of a license application under review before the Commission. See 10 C.F.R. § 2.107.

Unilateral termination of an active power reactor license where there is a co-licensee is not permitted by the NRC's regulations. To the contrary, 10 C.F.R. § 50.82(a)(9) requires that *all* power reactor licensees must submit an application for termination of a license. *See also In the Matter of Yankee Atomic Electric Company*, 60 N.R.C. 539; 2004 NRC LEXIS 246 (2004). As co-owner and co-licensee of the units, the Authority must consent to the termination of the Unit 2 & 3 COLs. By this letter, the Authority notifies the NRC that it does not consent to the termination of the Unit 2 & 3 COLs at this time.

The Authority is currently in the process of determining whether the transfer of SCE&G's interest in the Unit 2 & 3 COLs to itself is in the best interest of its customers. Unless and until that determination is made by the Authority's Board of Directors, the Authority cannot agree to the termination of the Unit 2 & 3 COLs.

For the foregoing reasons, the Authority respectfully requests that the NRC hold in abeyance any action on SCE&G's request to terminate the Unit 2 & 3 COLs for 180 days or until such time that the Authority can complete its evaluation.

If you have any questions regarding this request, please contact me at (843) 761-7081 or via e-mail at [michael.crosby@santeecooper.com](mailto:michael.crosby@santeecooper.com)

Sincerely,



Michael Crosby

cc: Jim E. Brogdon  
J. Michael Baxley  
Stephen Pelcher  
Elizabeth H. Warner  
Marion Cherry  
Jason Williams  
Jimmy E. Addison, President & CEO SCANA  
Jim O. Stuckey, Esquire, General Counsel SCANA  
Jeffery B. Archie, SVP & CNO SCE&G