

FREEMAN MATHIS & GARY
A LIMITED LIABILITY PARTNERSHIP

COPY

100 Galleria Parkway
Suite 1600
Atlanta, Ga. 30339-5948

Tel: 770.818.0000
Fax: 770.937.9960

www.fmglaw.com

Robert B. Baker
Partner

Writer's Direct Access
770.818.4240

bbaker@fmglaw.com

FILED
SEP 28 2015
EXECUTIVE SECRETARY
G.P.S.C.

September 28, 2015

Honorable Chuck Eaton
Chairman
Georgia Public Service Commission
244 Washington Street, S.W.
Atlanta, Georgia 30334

Re: Docket 29849 - Thirteenth Semi-annual Vogtle Construction Monitoring Report
Procedural and Scheduling Order

Dear Chairman Eaton and Commissioners:

Since the First Vogtle Construction Monitoring ("VCM") review in 2009 the scope of the review has been limited to only considering, "Whether the Commission should verify and approve or disapprove the expenditures as made pursuant to the certificate issued by the Commission." (Procedural and Scheduling Order for First VCM, p. 2) The Commission has approved all of Georgia Power Company's applications for expenditures, which has amounted to \$2.96 billion as of the recent approval of the 12th VCM request.

Prior to the Commission approving the Procedural and Scheduling Order for the Thirteenth Semi-annual VCM, the Southern Alliance for Clean Energy ("SACE") petitions the Commission to expand the scope of the review to also consider, whether the Commission should adjust or modify the return on equity level for capital expenditures based on the Company's performance and how the loss of federal Production Tax Credits ("PTC.") will impact Georgia Power customers (e.g. how the supposed benefits from the PTCs will be affected) and whether the loss will adversely impact the financial viability of Vogtle Unit 4.

Much has transpired since the First VCM in 2009. Georgia Power Company's portion of the Project budget has increased from \$6.113 billion to \$7.453 billion, the original commercial operation dates of April 1, 2016 for Unit 3 and April 1, 2017 for Unit 4 have been pushed back three times, now to June 1, 2019 for Unit 3 and June 1, 2020 for Unit 4, and ratepayers have paid over \$1.2 billion through the Nuclear Construction Cost Recovery tariff. No longer does the

Honorable Chuck Eaton
September 28, 2015
Page 2

Company “report the Project is on schedule and on budget.” (Direct Testimony of Jeffrey A. Burleson, p. 2, First Semi-Annual VCM Report, October 23, 2009)

Recently, in a docket related to the two AP1000 reactors under construction at the V.C. Summer nuclear plant, the South Carolina Public Service Commission unanimously approved a settlement agreement between the South Carolina Office of Regulatory Staff (“ORS”), South Carolina Energy Users Committee (“SCEUC”) and South Carolina Electric & Gas Company (“SCE&G”) in which SCE&G’s return on common equity was lowered from 11% to 10.5% “beginning with any revised rate filing made on or after January 1, 2016, and prospectively thereafter until such time as the [V.C. Summer] Units are completed, . . .” (Docket No. 2015-103-E, Settlement Agreement, p. 7) SACE referred to the proposed settlement that was under consideration at the time of the filing of final briefs in the Twelfth VCM.¹ A copy of the Settlement Agreement is attached for your review.

The dramatic change in circumstances regarding the Vogtle Project’s financial impact on ratepayers justifies and necessitates the Commission to expand its review in the Thirteenth VCM proceeding and all subsequent VCM reviews to consider not only the expenditures for the Project but also whether the Company’s return on equity level should be adjusted based on its performance.

The testimony from the Twelfth VCM clearly raised the issue whether Vogtle Unit 4 would be completed in time to qualify for the federal PTCs, and Mr. Hayet’s review assumed that Unit 4 would qualify for the PTCs of \$522 million. At this time, even a slight additional delay in construction, of which a possible additional 3-month delay to September 2020 for Unit 4 was already stated by Staff witnesses Jacobs and Roetger’s testimony in the Twelfth VCM², could push Unit 4’s commercial operation date beyond the January 1, 2021, deadline. The high probability that Unit 4 will not qualify for any PTCs makes it reasonable to evaluate the financial viability of Unit 4 without the PTCs and the impact that potential loss has on customers.

¹ Available at http://www.cleaneenergy.org/wp-content/uploads/F_SACE_12VCM_finalbrief_080715pdf, see p. 9.

² SACE Twelfth VCM Final Brief, p. 5.


FREEMAN MATHIS & GARY
A LIMITED LIABILITY PARTNERSHIP

Honorable Chuck Eaton
September 28, 2015
Page 3

The changing circumstances surrounding the construction of Vogtle Units 3 and 4 justify an expansion of the issues to be reviewed in the Thirteenth VCM beyond just the expenditures for the Project, and SACE respectfully requests that the scope of review in the Thirteenth VCM be expanded to consider whether the Company's return on equity level should be adjusted based on its performance, and whether Unit 4 is financially viable without the federal Production Tax Credits.

Very truly yours,

FREEMAN MATHIS & GARY, LLP



Robert B. Baker

RBB/

Attachment

cc: All Commissioners	(VIA hand delivery)
Jeffrey Stair, Esq.	jeffreys@psc.state.ga.us
Ms. Sheree Kernizan	shereek@psc.state.ga.us
Kevin Greene, Esq.	Kevin.greene@troutmansanders.com
Brandon F. Marzo, Esq.	Brandon.marzo@troutmansanders.com
Ms. Liz Coyle	lcoyle@georgiawatch.org
Randall D. Quintrell, Esq.	Randy.quintrell@sutherland.com
Charles B. Jones III, Esq.	cjones@gtma.org
Mr. Jim Clarkson	jclarkson@rsmenergy.com
Ms. Glenn Carroll	atom.girl@nonukesyall.org

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2015-103-E

June 29, 2015

IN RE:)	
)	
Petition of South Carolina Electric & Gas)	
Company for Updates and Revisions to)	
Schedules Related to the Construction of a)	SETTLEMENT
Nuclear Base Load Generation Facility at)	AGREEMENT
Jenkinsville, South Carolina)	
)	

This Settlement Agreement (“Settlement Agreement”) is made by and among the South Carolina Office of Regulatory Staff (“ORS”); South Carolina Energy Users Committee (“SCEUC”); and South Carolina Electric & Gas Company (“SCE&G” or the “Company”) (collectively referred to as the “Parties” or sometimes individually as a “Party”).

WHEREAS, on March 12, 2015, SCE&G filed a petition with the Public Service Commission of South Carolina (“Commission”) requesting an order from the Commission approving an updated capital cost schedule and updated construction schedule for the construction of two 1,117 net megawatt nuclear units (the “Units”) to be located at the V.C. Summer Nuclear Station near Jenkinsville, South Carolina (the “Petition”);

WHEREAS, SCE&G filed its Petition pursuant to S.C. Code Ann. § 58-33-270(E) (Supp. 2014) of the Base Load Review Act (“BLRA”), which states:

(E) As circumstances warrant, the utility may petition the commission, with notice to the Office of Regulatory Staff, for an order modifying any of the schedules, estimates, findings, class allocation factors, rate designs, or conditions that form part of any base load review order issued under this section. The commission

shall grant the relief requested if, after a hearing, the commission finds:

- (1) as to the changes in the schedules, estimates, findings, or conditions, that the evidence of record justifies a finding that the changes are not the result of imprudence on the part of the utility; and
- (2) as to the changes in the class allocation factors or rate designs, that the evidence of record indicates the proposed class allocation factors or rate designs are just and reasonable.

WHEREAS, the Commission established Docket No. 2015-103-E in which to hear the Company's request set forth in the Petition;

WHEREAS, among other statements, SCE&G states in its Petition that circumstances warrant modifying the schedules approved in the most recent Base Load Review order because in 2014 Westinghouse Electric Company ("WEC") and Chicago Bridge & Iron ("CB&I", and together with WEC, the "Consortium") reevaluated the engineering, procurement, and construction ("EPC") activities necessary to complete the Units and provided SCE&G a revised, fully-integrated construction schedule (the "Revised Fully-Integrated Construction Schedule") with an associated cash flow forecast for completion of the project (the "Revised Cash Flow Forecast");

WHEREAS, the Revised Fully-Integrated Construction Schedule reflects new substantial completion dates for Units 2 and 3 of June 19, 2019, and June 16, 2020, respectively ("Substantial Completion Dates");

WHEREAS, the updated capital cost schedule associated with the revised Substantial Completion Dates includes approximately \$698 million in additional capital costs of which \$245 million represents Owner's costs and \$453 million represents EPC Contract costs;

WHEREAS, SCE&G has asserted, among other things, that it is not responsible for costs related to the delay in the project and that the Consortium is liable for these costs as a result of its

failure to meet its responsibilities under the EPC Contract and otherwise. Nevertheless, it is clear that it will take the Consortium until June 19, 2019, and June 16, 2020, to complete Units 2 and 3, respectively, and that the additional costs reflected in the updated capital cost schedule will be incurred and are reasonable and necessary in completing the work on the Units;¹

WHEREAS, the Consortium has not accepted responsibility for SCE&G's assertions;

WHEREAS, as set forth in the prefiled direct testimony of Stephen A. Byrne, SCE&G and the Consortium currently are engaged in active negotiations concerning the responsibility for the increased cost resulting from the delay and other disputed issues;

WHEREAS, after careful review conducted over many weeks and the performance of careful analyses using teams of experts in accounting, finance, and construction, SCE&G determined that circumstances warranted petitioning the Commission, under the BLRA, to update the approved construction schedule and the approved capital cost schedule to reflect reasonable and prudent changes to these schedules based upon the information currently available to SCE&G;²

WHEREAS, based on its review and analyses and as stated in its Petition, SCE&G has modified, and submitted for consideration and approval of the Commission the BLRA Milestone Construction Schedule, as reflected in Settlement Exhibit 1 attached hereto and incorporated herein by this reference, to align remaining BLRA Milestones as approved in Order No. 2012-884 to the new Substantial Completion Dates and to the current construction and fabrication schedules;

¹ The Parties' agreement that these additional capital costs are "reasonable and necessary," in the context of the BLRA, is independent of the issue of whether SCE&G or the Consortium is ultimately responsible for the delay and associated costs, which is an issue that is governed by the EPC Agreement.

² In presenting the modified and updated construction and capital cost schedules as reasonable and prudent for approval under the BLRA, SCE&G does not waive, but specifically reserves, its rights against the Consortium under the EPC Contract and otherwise to dispute who is liable for the increased cost of the project, to recover damages for the delay in the Substantial Completion Dates of the Units, to continue to negotiate with the Consortium seeking to achieve fair resolutions of these disputes, and for other appropriate relief.

WHEREAS, based on its review and analyses and as stated in its Petition, SCE&G has also modified, and submitted for consideration and approval of the Commission, the capital cost schedule for completion of the Units, as reflected in Settlement Exhibit 2, attached hereto and incorporated herein by this reference, to reflect (a) the effect of the new Substantial Completion Dates on Owner's costs and EPC Contract costs, and (b) other changes in costs that have been identified since Order Exhibit No. 1 was approved by the Commission in Order No. 2012-884;

WHEREAS, S.C. Code Ann. § 58-33-277(B) (Supp. 2014) of the BLRA provides that
ORS:

shall conduct on-going monitoring of the construction of the plant and expenditure of capital through review and audit of the quarterly reports under this article, and shall have the right to inspect the books and records regarding the plant and the physical progress of construction upon reasonable notice to the utility.

WHEREAS, in connection with this case as well as since the inception of this project, ORS has exercised its rights and fulfilled its responsibilities under S.C. Code Ann. § 58-33-277 (Supp. 2014) to monitor the status of the project, by, among other things, routinely and regularly observing the progress of the plant construction and submodule production, requesting and reviewing substantial amounts of relevant financial data from the Company, auditing the quarterly reports submitted by the Company pursuant to the BLRA, inspecting the books and records of the Company regarding the plant and physical progress of construction, and reviewing in detail SCE&G's request to modify the Units' construction schedule and capital cost schedule in the above-captioned matter;

WHEREAS, SCE&G has provided information deemed satisfactory by ORS and SCEUC to support the relief requested in the Petition that the delay in the Substantial Completion Dates and other changes in construction, construction oversight, and operational readiness requirements result in necessary and reasonable modifications to the capital cost and BLRA Milestone

Construction schedule under the terms of the BLRA and are not the result of imprudence on the part of the Company;

WHEREAS, the Commission allowed for public comment and intervention in the above-captioned docket;

WHEREAS, ORS is automatically a party of record to proceeding pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2014);

WHEREAS, SCEUC made a timely request to intervene in this docket;

WHEREAS, the Parties have varying positions regarding the issues in this case;

WHEREAS, the Parties to this Settlement Agreement have engaged in discussions to determine if a Settlement Agreement would be in their best interest; and

WHEREAS, following these discussions the Parties have each determined that their interest and the public interest would be best served by agreeing to settle the issues in the above-captioned case under the terms and conditions set forth in this Settlement Agreement;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms:

A. STIPULATION OF SETTLEMENT AGREEMENT, TESTIMONY AND WAIVER OF CROSS-EXAMINATION

1. The Settling Parties agree to stipulate into the record before the Commission this Settlement Agreement.

2. The Settling Parties agree to stipulate into the record before the Commission the prefiled testimony and exhibits (collectively “Stipulated Testimony”) of the following witnesses without objection, change, amendment, or cross-examination with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction consistent with this Settlement Agreement. The Settling Parties agree that no other evidence will be offered in the proceeding by them other than the Stipulated Testimony and exhibits and this Settlement Agreement unless additional evidence is necessary to support the

Settlement Agreement. The Settling Parties also reserve the right to engage in redirect examination of witnesses as necessary to respond to issues raised by the examination of their witnesses, if any, by non-Parties or by testimony filed by non-Parties.

SCE&G witnesses

1. Kevin B. Marsh
2. Stephen A. Byrne
3. Ronald A. Jones
4. Carlette L. Walker
5. Joseph M. Lynch

ORS witness:

1. M. Anthony James

If SCE&G determines that rebuttal testimony should be filed in response to any testimony filed by any Intervenor that is not a signatory to this Settlement Agreement, then the Parties hereto agree that any such testimony likewise would be stipulated into the record before the Commission under this Settlement Agreement without objection, change, amendment, or cross-examination with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction consistent with this Settlement Agreement.

B. SETTLEMENT TERMS

3. SCE&G has identified and itemized approximately \$698 million in additional capital costs that it deems as reasonable and necessary for completion of the construction of the Units through the delayed Substantial Completion Dates. These additional capital costs have been assigned to specific cost categories and are reflected and included in Settlement Exhibit 2.

4. These modifications increase the capital cost for the Units in 2007 dollars from the approximately \$4.5 billion, approved by the Commission in Order No. 2012-884, Order Exhibit No. 1 to approximately \$5.2 billion. Further, along with changes in escalation rates, these

modifications increase the gross construction cost of the Units in current dollars from the approximately \$5.7 billion approved by the Commission in Order No. 2012-884, Order Exhibit No. 1 to approximately \$6.8 billion as reflected in Settlement Exhibit 2.

5. The Parties agree that the modified construction schedule and capital cost schedule are not the result of imprudence by SCE&G and are fully consistent with the requirements of the BLRA.

6. The Parties agree that the updated construction schedule, as reflected in the updated BLRA Milestone Construction schedule attached hereto as Settlement Exhibit 1, should be approved by the Commission as the new construction schedule.

7. The Parties also agree that the restated and updated capital cost schedule, as reflected in Settlement Exhibit 2 attached hereto, should be approved by the Commission as the new construction expenditure schedule for completion of the Units. Specifically, Settlement Exhibit 2 should replace and supersede Order Exhibit No. 1 of Order No. 2012-884.

8. By Commission Order No. 2009-104(A), the Commission established a return on equity of eleven percent (11%), which is applicable for revised rates filings under the Base Load Review Act. This return on equity has been consistently and lawfully used for each revised rates filing advanced by the Company since issuance of the initial Base Load Review order in 2009. However, as an integral part of this Settlement Agreement and for Base Load Review Act purposes only, beginning with any revised rates filing made on or after January 1, 2016, and prospectively thereafter until such time as the Units are completed, SCE&G agrees to develop and calculate its revised rates filings using ten and one-half percent (10.5%) as the return on common equity rather than the approved return on common equity of eleven percent (11%) subject to Paragraph 14 hereof.³

³ Any revised rates placed into effect prior to January 1, 2016, shall not be affected by this Settlement Agreement, and the Parties specifically agree that Paragraph 8 of the Settlement Agreement is not intended to

9. As set forth in S.C. Code Ann. § 58-33-277 (Supp. 2014) of the BLRA, ORS will continue to monitor the progress of the Units' construction, including the ongoing status of negotiations between SCE&G and the Consortium of disputes related to the delayed Substantial Completion Dates and costs associated therewith.

10. The Parties agree that the terms of this Settlement Agreement are reasonable, in the public interest and in accordance with law and regulatory policy.

11. ORS is charged with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2014). S.C. Code Ann. § 58-4-10(B)(1) through (3) reads in part as follows:

“...‘public interest’ means a balancing of the following:

- (1) Concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) Economic development and job attraction and retention in South Carolina; and
- (3) Preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.”

12. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of all issues in the above-captioned proceeding, and shall neither take any position contrary to the good faith duty agreed to herein nor encourage or aid any other Intervenors to take a position contrary to the terms of this Settlement Agreement. The Parties agree to use reasonable efforts to defend and support any Commission order with no

require SCE&G to provide any offset, credit, refund, reimbursement, or other compensation to customers for rates considered and approved by the Commission and placed into effect prior to January 1, 2016. The reduction in the Company's return on equity shall only be prospectively applied for the purpose of calculating revised rates sought by the Company on and after January 1, 2016, until such time as the Units are completed and for Base Load Review Act purposes only.

other provisions issued approving this Settlement Agreement and the terms and conditions contained herein.

13. The Parties request that the Commission hold a hearing on this Settlement Agreement, pursuant to S.C. Code Ann. § 58-33-270(G) (Supp. 2014), simultaneously with the hearing on the merits of the Petition, which is currently scheduled to begin on July 21, 2015, and request that the Commission adopt this Settlement Agreement as part of its order in this proceeding. In furtherance of this request, the Parties stipulate and agree that the terms of this Settlement Agreement comport with the terms of the BLRA.

14. This Settlement Agreement contains the complete agreement of the Parties. There are no other terms and conditions to which the Parties have agreed. The Parties agree that this Settlement Agreement will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will this Settlement Agreement, or any of the matters agreed to in it, be used as evidence or precedent in any future proceeding. Any Party may withdraw from the Settlement Agreement without penalty if (i) the Commission does not approve this Settlement Agreement in its entirety or (ii) an appellate court does not affirm in all respects the Commission's order approving this Settlement Agreement in its entirety. If a Party elects to withdraw from the Settlement Agreement pursuant to this paragraph, then the provisions of this Settlement Agreement will no longer be binding upon the Parties.

15. This Settlement Agreement shall be effective upon execution by the Parties and shall be interpreted according to South Carolina law. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to the terms and conditions of this Settlement Agreement by affixing his or her signature or authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the Settlement Agreement. Facsimile signatures and e-mail

signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

[Signatures on the following pages.]

WE AGREE:

Representing and binding the South Carolina Office of Regulatory Staff

Shannon B. Hudson

Shannon Bowyer Hudson, Esquire

Jeffrey M. Nelson, Esquire

South Carolina Office of Regulatory Staff

1401 Main Street, Suite 900

Columbia, SC 29201

Phone: (803) 737-0889

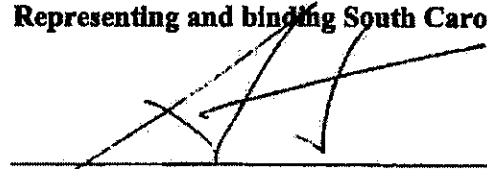
Fax: (803) 737-0895

Email: shudson@regstaff.sc.gov

jnelson@regstaff.sc.gov

WE AGREE:

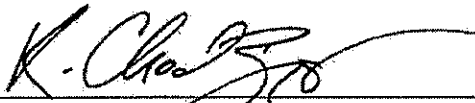
Representing and binding South Carolina Energy Users Committee



Scott Elliott, Esquire
Elliott & Elliott, P.A.
1508 Lady Street
Columbia, SC 29201
Phone: (803) 771-0555
Fax: (803) 771-8010
Email: selliott@elliottlaw.us

WE AGREE:

Representing and binding South Carolina Electric & Gas Company



K. Chad Burgess, Esquire
Matthew W. Gissendanner, Esquire
South Carolina Electric & Gas Company
Mail Code C222
220 Operation Way
Cayce, SC 29033
Phone: (803) 217-8141
Fax: (803) 217-7931
Email: chad.burgess@scana.com
matthew.gissendanner@scana.com

Belton T. Zeigler, Esquire
Womble Carlyle Sandridge & Rice, LLP
1727 Hampton Street
Columbia, SC 29201
Phone: (803) 454-6504
Fax: (803) 454-6509
Email: bzeigler@popezeigler.com

Mitchell Willoughby, Esquire
Willoughby & Hoefler, P.A.
Post Office Box 8416
930 Richland Street
Columbia, SC 29202-8416
Phone: (803) 252-3300
Fax: (803) 256-8062
Email: mwilloughby@willoughbyhoefler.com

BLRA Milestones
VC Summer Units 2 and 3

1	Approve Engineering Procurement and Construction Agreement	Complete	Complete
2	Issue POs to nuclear component fabricators for Units 2 & 3 Containment Vessels	Complete	Complete
3	Contractor Issue PO to Passive Residual Heat Removal Heat Exchanger Fabricator - First Payment - Unit 2	Complete	Complete
4	Contractor Issue PO to Accumulator Tank Fabricator - Unit 2	Complete	Complete
5	Contractor Issue PO to Core Makeup Tank Fabricator - Units 2 & 3	Complete	Complete
6	Contractor Issue PO to Squib Valve Fabricator - Units 2 & 3	Complete	Complete
7	Contractor Issue PO to Steam Generator Fabricator - Units 2 & 3	Complete	Complete
8	Contractor Issue PO to Squib Valve Fabricator - Units 2 & 3	Complete	Complete
9	Contractor Issue PO to Pressurizer Fabricator - Units 2 & 3	Complete	Complete
10	Contractor Issue PO to Reactor Coolant Loop Pipe Fabricator - First Payment - Units 2 & 3	Complete	Complete
11	Reactor Vessel Internals - Issue Long Lead Material PO to Fabricator - Units 2 & 3	Complete	Complete
12	Contractor Issue PO to Integrated Head Package Fabricator - Units 2 & 3	Complete	Complete
13	Contractor Issue PO to Reactor Vessel Fabricator - Units 2 & 3	Complete	Complete
14	Control Rod Drive Mechanism Issue PO for Long Lead Material to Fabricator - Units 2 & 3 - first payment	Complete	Complete
15	Issue POs to nuclear component fabricators for Nuclear Island structural CA20 Modules	Complete	Complete
16	Start Site Specific and balance of plant detailed design	Complete	Complete
17	Instrumentation & Control Simulator - Contractor Place Notice to Proceed - Units 2 & 3	Complete	Complete
18	Steam Generator - Issue Final PO to Fabricator for Units 2 & 3	Complete	Complete
19	Reactor Vessel Internals - Contractor Issue PO for Long Lead Material (Heavy Plate and Heavy Forgings) to Fabricator - Units 2 & 3	Complete	Complete
20	Contractor Issue Final PO to Reactor Vessel Fabricator - Units 2 & 3	Complete	Complete
21	Variable Frequency Drive Fabricator Issue Transformer PO - Units 2 & 3	Complete	Complete
22	Start clearing, grubbing and grading	Complete	Complete
23	Core Makeup Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete	Complete
24	Accumulator Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete	Complete
25	Pressurizer Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete	Complete
26	Reactor Coolant Loop Pipe - Contractor Issue PO to Fabricator - Second Payment - Units 2 & 3	Complete	Complete
27	Integrated Head Package - Issue PO to Fabricator - Units 2 and 3 - second payment	Complete	Complete
28	Control Rod Drive Mechanisms - Contractor Issue PO for Long Lead Material to Fabricator - Units 2 & 3	Complete	Complete
29	Contractor Issue PO to Passive Residual Heat Removal Heat Exchanger Fabricator - Second Payment - Units 2 & 3	Complete	Complete
30	Start Parr Road Intersection work	Complete	Complete
31	Reactor Coolant Pump - Issue Final PO to Fabricator - Units 2 & 3	Complete	Complete
32	Integrated Head Package Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete	Complete
33	Design Finalization Payment 3	Complete	Complete
34	Start site development	Complete	Complete
35	Contractor Issue PO to Turbine Generator Fabricator - Units 2 & 3	Complete	Complete
36	Contractor Issue PO to Main Transformers Fabricator - Units 2 & 3	Complete	Complete
37	Core Makeup Tank Fabricator Notice to Contractor Receipt of Long Lead Material - Units 2 & 3	Complete	Complete
38	Design Finalization Payment 4	Complete	Complete
39	Turbine Generator Fabricator Issue PO for Condenser Material - Unit 2	Complete	Complete
40	Reactor Coolant Pump Fabricator Issue Long Lead Material Lot 2 - Units 2 & 3	Complete	Complete
41	Passive Residual Heat Removal Heat Exchanger Fabricator Receipt of Long Lead Material - Units 2 & 3	Complete	Complete
42	Design Finalization Payment 5	Complete	Complete
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	Complete	Complete
44	Reactor Vessel Fabricator Notice to Contractor of Receipt of Flange Nozzle Shell Forging - Unit 2	Complete	Complete
45	Design Finalization Payment 6	Complete	Complete
46	Instrumentation and Control Simulator - Contractor Issue PO to Subcontractor for Radiation Monitor System - Units 2 & 3	Complete	Complete
47	Reactor Vessel Internals - Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	Complete	Complete
48	Turbine Generator Fabricator Issue PO for Moisture Separator Reheater/Feedwater Heater Material - Unit 2	Complete	Complete
49	Reactor Coolant Loop Pipe Fabricator Acceptance of new Material - Unit 2	Complete	Complete

BLRA Milestones
VC Summer Units 2 and 3

50	Reactor Vessel Internals - Fabricator Start Weld Neutron Shield Spacer Pads to Assembly - Unit 2	Complete	Complete
51	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 2	Complete	Complete
52	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 2	Complete	Complete
53	Start excavation and foundation work for the standard plant for Unit 2	Complete	Complete
54	Steam Generator Fabricator Notice to Contractor of Receipt of 2nd Steam Generator Tubesheet Forging - Unit 2	Complete	Complete
55	Reactor Vessel Fabricator Notice to Contractor of Outlet Nozzle Welding to Flange Nozzle Shell Completion - Unit 2	Complete	Complete
56	Turbine Generator Fabricator Notice to Contractor of Condenser Fabrication Started - Unit 2	Complete	Complete
57	Complete preparations for receiving the first module on site for Unit 2	Complete	Complete
58	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Transition Cone Forging - Unit 2	Complete	Complete
59	Reactor Coolant Pump Fabricator Notice to Contractor of Manufacturing of Casing Completion - Unit 2	Complete	Complete
60	Reactor Coolant Loop Pipe Fabricator Notice to Contractor of Machining, Heat Treating & Non-Destructive Testing Completion - Unit 2	Complete	Complete
61	Core Makeup Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 2	Complete	Complete
62	Polar Crane Fabricator Issue PO for Main Hoist Drum and Wire Rope - Units 2 & 3	Complete	Complete
63	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 3	Complete	Complete
64	Turbine Generator Fabricator Notice to Contractor of Condenser Ready to Ship - Unit 2	Complete	Complete
65	Start placement of mud mat for Unit 2	Complete	Complete
66	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Tubing - Unit 2	Complete	Complete
67	Pressurizer Fabricator Notice to Contractor of Welding of Upper and Intermediate Shells Completion - Unit 2	Complete	Complete
68	Reactor Vessel Fabricator Notice to Contractor of Closure Head Cladding Completion - Unit 3	Complete	Complete
69	Begin Unit 2 first nuclear concrete placement	Complete	Complete
70	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 2	Complete	Complete
71	Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	Complete	Complete
72	Steam Generator Fabricator Notice to Contractor of Completion of 1st Steam Generator Tubing Installation - Unit 2	Complete	Complete
73	Reactor Coolant Loop Pipe - Shipment of Equipment to Site - Unit 2	Complete	Complete
74	Control Rod Drive Mechanism - Ship Remainder of Equipment (Larch Assembly & Rod Travel Housing) to Head Supplier - Unit 2	Complete	Complete
75	Pressurizer Fabricator Notice to Contractor of Welding of Lower Shell to Bottom Head Completion - Unit 2	Complete	Complete
76	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 2	Complete	Complete
77	Design Finalization Payment 14	Complete	Complete
78	Set module CA04 for Unit 2	Complete	Complete
79	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Final Post Weld Heat Treatment - Unit 2	Complete	Complete
80	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Completion of Tubing - Unit 2	Complete	Complete
81	Polar Crane Fabricator Notice to Contractor of Gilder Fabrication Completion - Unit 2	Complete	Complete
82	Turbine Generator Fabricator Notice to Contractor of Condenser Ready to Ship - Unit 3	Complete	Complete
83	Set Containment Vessel ring #1 for Unit 2	Complete	Complete
84	Reactor Coolant Pump Fabricator Delivery of Casings to Port of Export - Unit 2	Complete	Complete
85	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 3	Complete	Complete
86	Reactor Vessel Fabricator Notice to Contractor of Receipt of Core Shell Forging - Unit 3	Complete	Complete
87	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 3	Complete	Complete
88	Set Nuclear Island structural module CA03 for Unit 2	6/26/2013	Unit 2
89	Squib Valve Fabricator Notice to Contractor of Completion of Assembly and Test for Squib Valve Hardware - Unit 2	Complete	Complete
90	Accumulator Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	Complete	Complete
91	Polar Crane Fabricator Notice to Contractor of Electric Panel Assembly Completion - Unit 2	Complete	Complete
92	Start containment large bore pipe supports for Unit 2	Complete	Complete
93	Integrated Head Package - Shipment of Equipment to Site - Unit 2	Complete	Complete
94	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 2	Complete	Complete
95	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 3	Complete	Complete
96	Steam Generator Fabricator Notice to Contractor of Satisfactory Completion of 1st Steam Generator Hydrotest - Unit 2	Complete	Complete
97	Start concrete fill of Nuclear Island structural modules CA01 and CA02 for Unit 2	4/9/2014	Unit 2
98	Passive Residual Heat Removal Heat Exchanger - Delivery of Equipment to Port of Entry - Unit 2	Complete	Complete
99	Refueling Machine Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 2	Complete	Complete

BLRA Milestones
VC Summer Units 2 and 3

Item #	Description	Start Date	End Date	Unit
100	Deliver Reactor Vessel Internals to Port of Export - Unit 2	1/31/2014	7/30/2015	Unit 2
101	Set Unit 2 Containment Vessel #3	4/24/2014	8/23/2016	Unit 2
102	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 2	Complete	Complete	
103	Turbine Generator Fabricator Notice to Contractor Turbine Generator Ready to Ship - Unit 2	Complete	Complete	
104	Pressurizer Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	3/31/2014	3/28/2015	Unit 3
105	Polar Crane - Shipment of Equipment to Site - Unit 2	1/31/2014	12/31/2015	Unit 2
106	Receive Unit 2 Reactor Vessel on site from fabricator	Complete	Complete	
107	Set Unit 2 Reactor Vessel	6/23/2014	8/9/2016	Unit 2
108	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Channel Head to Tubesheet Assembly Welding - Unit 3	12/31/2013	3/30/2015	Unit 3
109	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 3	8/31/2014	10/30/2015	Unit 3
110	Reactor Coolant Pump - Shipment of Equipment to Site (2 Reactor Coolant Pumps) - Unit 2	10/31/2013	5/30/2016	Unit 2
111	Place first nuclear concrete for Unit 3	Complete	Complete	
112	Set Unit 2 Steam Generator	10/23/2014	10/10/2016	Unit 2
113	Main Transformers Ready to Ship - Unit 2	Complete	Complete	
114	Complete Unit 3 Steam Generator Hydrotest at fabricator	2/28/2014	7/30/2015	Unit 3
115	Set Unit 2 Containment Vessel Bottom Head on basement legs	Complete	Complete	
116	Set Unit 2 Pressurizer Vessel	5/16/2014	8/23/2016	Unit 2
117	Reactor Coolant Pump Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 3	2/28/2015	1/31/2017	Unit 3
118	Deliver Reactor Vessel Internals to Port of Export - Unit 3	6/30/2015	11/31/2016	Unit 3
119	Main Transformers Fabricator Issue PO for Material - Unit 3	Complete	Complete	
120	Complete welding of Unit 2 Passive Residual Heat Removal System piping	2/5/2015	1/19/2017	Unit 2
121	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 3	4/30/2015	1/30/2016	Unit 3
122	Refueling Machine - Shipment of Equipment to Site - Unit 3	2/28/2015	3/27/2016	Unit 3
123	Set Unit 2 Polar Crane	1/9/2015	12/19/2016	Unit 2
124	Reactor Coolant Pumps - Shipment of Equipment to Site - Unit 3	6/30/2015	4/30/2017	Unit 3
125	Main Transformers Ready to Ship - Unit 3	7/31/2015	12/30/2015	Unit 3
126	Spent Fuel Storage Rack - Shipment of Last Rack Module - Unit 3	7/31/2014	5/31/2015	Unit 3
127	Start electrical cable pulling in Unit 2 Auxiliary Building	8/14/2013	11/29/2016	Unit 2
128	Complete Unit 2 Reactor Coolant System cold hydro	1/22/2016	2/19/2018	Unit 2
129	Activate class 1E DC power in Unit 2 Auxiliary Building	3/15/2015	6/22/2017	Unit 2
130	Complete Unit 2 hot functional test	8/25/2015	5/23/2018	Unit 2
131	Install Unit 3 ring 3 for containment vessel	9/15/2016	2/27/2017	Unit 3
132	Load Unit 2 nuclear fuel	3/15/2017	12/21/2018	Unit 2
133	Unit 2 Substantial Completion	10/22/2015	5/26/2017	Unit 2
134	Set Unit 3 Reactor Vessel	2/25/2016	9/22/2017	Unit 3
135	Set Unit 3 Steam Generator #2	7/16/2015	11/27/2017	Unit 3
136	Set Unit 3 Pressurizer Vessel	6/16/2016	1/29/2018	Unit 3
137	Complete welding of Unit 3 Passive Residual Heat Removal System piping	5/9/2016	1/19/2017	Unit 3
138	Set Unit 3 polar crane	5/26/2016	5/11/2018	Unit 3
139	Start Unit 3 Shield Building roof slab rebar placement	11/7/2014	6/23/2017	Unit 3
140	Start Unit 3 Auxiliary Building electrical cable pulling	5/15/2016	3/13/2018	Unit 3
141	Activate Unit 3 Auxiliary Building class 1E DC power	3/22/2017	2/26/2019	Unit 3
142	Complete Unit 3 Reactor Coolant System cold hydro	7/13/2017	5/26/2019	Unit 3
143	Complete Unit 3 hot functional test	11/15/2017	12/19/2019	Unit 3
144	Complete Unit 3 nuclear fuel load	4/8/2018	5/20/2020	Unit 3
145	Begin Unit 3 full power operation	5/15/2018	6/16/2020	Unit 3
146	Unit 3 Substantial Completion			

RESTATED and UPDATED CONSTRUCTION EXPENDITURES
(Thousands of \$)

V.C. Summer Units 2 and 3 - Summary of SCE&G Capital Cost Components

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actual through December 2014* plus Projected														
Plant Cost Categories														
Fixed with No Adjustment														
Firm with Fixed Adjustment A														
Firm with Fixed Adjustment B														
Firm with Indexed Adjustment														
Actual Craft Wages														
Non-Labor Costs														
Time & Materials														
Owners Costs														
Transmission Costs														
Total														
	21,723	97,386	319,073	374,810	314,077	488,481	448,947	422,078	742,860	759,311	653,948	389,817	169,940	38,289
Total Base Project Costs(2007 \$)														
	-	3,519	20,930	23,741	34,084	74,485	88,822	89,860	198,864	247,928	240,312	151,548	92,870	38,065
Total Project Escalation														
	21,723	100,905	340,003	398,551	349,061	562,946	537,599	511,966	939,874	1,007,237	899,260	541,365	282,510	74,354
Total Revised Project Cash Flow														
	21,723	122,829	462,832	891,183	1,210,244	1,773,190	2,310,759	2,822,725	3,782,398	4,789,535	5,889,995	6,210,280	6,472,770	6,547,124
Cumulative Project Cash Flow(Revised)														
	279,790	645	3,497	10,564	17,150	14,218	18,941	28,131	30,502	44,429	39,884	30,884	11,529	3,599
AFUDC(Capitalized Interest)														
	22,368	104,403	350,567	415,701	363,278	591,686	585,281	538,097	970,170	1,051,863	939,143	572,349	274,039	77,953
Gross Construction														
	22,368	126,771	477,338	893,039	1,256,317	1,638,203	2,403,485	2,941,581	3,811,767	4,963,430	5,902,573	6,474,923	6,748,962	6,826,814
Construction Work In Progress														

*Applicable index escalation rates for 2014 are estimated. Escalation is subject to restatement when actual indices for 2014 are final.

Notes:

Current Period AFUDC rate applied **5.68%**

Escalation rates vary from reporting period to reporting period according to the terms of Commission Order 2009-104(A). These projections reflect current escalation rates. Future changes in escalation rates could substantially change these projections. The AFUDC rate applied is the current SCE&G rate. AFUDC rates can vary with changes in market interest rates. SCE&G's embedded cost of capital, capitalization ratios, construction work in process, and SCE&G's short-term debt outstanding.