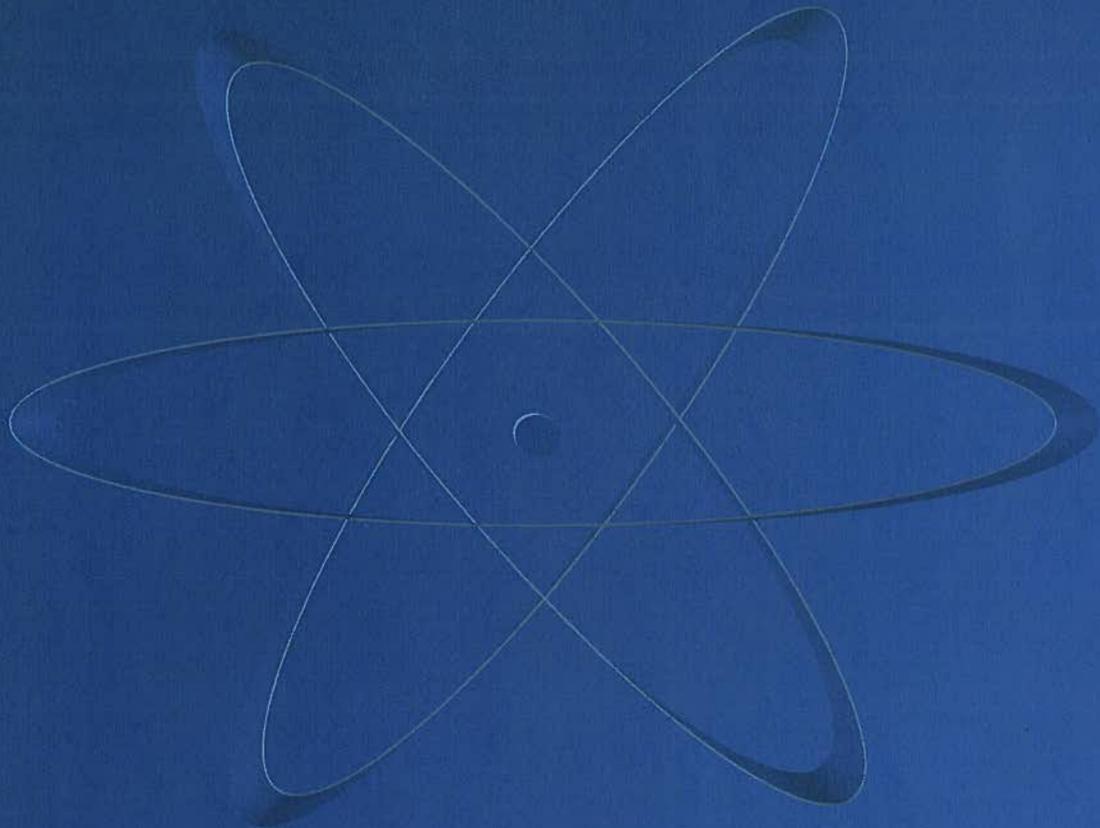


South Carolina Office of Regulatory Staff

Review of South Carolina Electric & Gas Company's 2013 4th Quarter Report on V. C. Summer Units 2 and 3 Status of Construction



April 1, 2014



Table of Contents

Executive Summary	(1)
Introduction and Background	(3)
Approved Schedule Review	(5)
<i>Milestone Schedule</i>	(5)
<i>Specific Construction Activities</i>	(7)
<i>Transmission</i>	(8)
Licensing and Inspection Activities	(9)
<i>Federal Activities</i>	(9)
<i>State Activities</i>	(9)
Approved Budget Review	(10)
<i>Capital Costs</i>	(10)
<i>Budget in 2007 Dollars</i>	(11)
<i>Budget in Future Dollars</i>	(11)
<i>Project Cash Flow</i>	(12)
<i>AFUDC and Escalation</i>	(13)
<i>Annual Request for Revised Rates</i>	(13)
Additional ORS Monitoring Activities	(14)
Construction Challenges	(14)
<i>Structural Modules</i>	(14)
<i>Shield Building Modules</i>	(15)
<i>Structural Design Compliance</i>	(15)
<i>Instrumentation and Control Design</i>	(15)
<i>Overlapping Unit 2 & Unit 3 Construction Schedules</i>	(15)
<i>Manufacturing of Major Equipment</i>	(15)
<i>License Amendment Reviews</i>	(15)
Notable Activities Occurring after December 31, 2013	(16)
<i>SCE&G Purchase of a 5% Ownership from Santee Cooper</i>	(16)
<i>Federal Loan Guarantees</i>	(16)
<i>NRC Licensing</i>	(16)
<i>ORS Allowable Ex Parte Communication Briefing</i>	(17)
<i>Equipment Delivery</i>	(17)
<i>ORS Letter to the Commission</i>	(17)

Appendices

Appendix A: *Detailed Milestone Schedule*

Appendix B: *Caution Milestones*

Appendix C: *Construction Site Photographs*

Appendix D: *SCE&G Transmission Line Map*

Appendix E: *License Amendment Requests*

Appendix F: *Change Orders and Amendments*

Appendix G: *SCE&G Purchase of an Additional 5% Ownership from Santee Cooper*

Appendix H: *ORS Letter to the Commission*

Executive Summary

On February 11, 2014, SCE&G submitted its 2013 4th Quarter Report related to construction of V.C. Summer Units 2 & 3. The Report is filed in Commission Docket No. 2008-196-E and covers the quarter ending December 31, 2013. With reference to the Base Load Review Act, ORS's review of the Company's Report focuses on SCE&G's ability to adhere to the approved schedule and approved budget.

Approved Schedule Review

As previously reported by ORS, SCE&G has announced that its Engineering, Procurement and Construction contract partners, Westinghouse Electric Company and Chicago Bridge and Iron, indicated to SCE&G that the substantial completion date of Unit 2 is expected to be delayed until the 4th quarter of 2017 or the 1st quarter of 2018, with the substantial completion date of Unit 3 expected to be delayed similarly¹. This potential delay is primarily due to challenges in the project schedule related to delays in sub-module fabrication and delivery. SCE&G's Milestone Schedule reflects a delay in the Unit 2 substantial completion date from March 15, 2017 to December 15, 2017, and a delay from May 15, 2018 to December 15, 2018 in the Unit 3 substantial completion date. Per the Base Load Review Order, overall construction is considered to be on schedule if the substantial completion dates are not accelerated more than 24 months or delayed more than 18 months. While delayed, the substantial completion dates fall within these parameters allowed by the Base Load Review Order. SCE&G is holding the current Unit 2 substantial completion date of December 15, 2017. ORS finds that meeting the current Unit 2 substantial completion date will continue to be a challenge. SCE&G reports to ORS that a revised integrated project schedule will be available in the 3rd quarter of 2014. At that time, any impact on the Units 2 and 3 substantial completion dates will be determined. SCE&G also reports to ORS that it does not expect the Units 2 and 3 substantial completion dates to fall outside the 18 month boundary. Should the integrated project schedule revise the Unit 2 substantial completion date, it may also revise the Unit 3 substantial completion date.

As of December 31, 2013, 95 (or 65%) of the 146 milestone activities have been completed. 45 (or 88%) of the remaining 51 milestones have been delayed. 17 milestones have been delayed by 10 months or more, to include 1 milestone indicating a delay of 16 months.

ORS has identified several ongoing construction challenges that create risk to the on-time completion of the Units. ORS continues to monitor these areas closely. The most significant issue is the continued delay in the delivery of the structural sub-modules. During the 3rd quarter of 2013, the Chicago Bridge and Iron facility in Lake Charles, LA transferred the remaining CA20 sub-modules to the construction site and supporting personnel arrived to complete inspections and repairs. This process was initiated to improve the overall schedule for completing module CA20.

¹ SCE&G has not agreed to any contractual change to the Guaranteed Substantial Completion Dates for Units 2 & 3.

Although some progress has been demonstrated, fabrication of modules CA20 and CA01 remains the most significant challenge to meeting the project construction schedule.

Approved Budget Review

The current approved base project cost in 2007 dollars is \$4.548 billion. There has been no increase in the total base project cost (in 2007 dollars). The approved gross construction cost of the project is \$5.754 billion. As of December 31, 2013, due to current escalation rates, the forecasted gross construction cost of the plant is \$5.680 billion, which represents a decrease of approximately \$74 million.

The cumulative amount spent on the project as of December 31, 2013 was \$2.311 billion. At the end of 2013, the cumulative project cash flow was approximately \$532 million below the capital cost schedule approved in Order No. 2012-884, updated for current escalation rates. Due to escalation, an increased project cash flow of approximately \$96.436 million is necessary to complete the project in 2018. SCE&G has estimated the costs associated with the delay in the substantial completion dates for Unit 2 and Unit 3 to be approximately \$200 million in future dollars (or \$115 million in 2007 dollars). Since SCE&G has not accepted responsibility for these costs, this report includes no increases to the cash flow attributable to the delay in the substantial completion dates.

On October 17, 2013, SCE&G conducted an allowable ex parte communication briefing before the Commission regarding traditional accounting tax practices as it relates to deferred income tax and the Base Load Review Act.

Introduction and Background

On March 2, 2009, the Public Service Commission of South Carolina (“Commission”) approved South Carolina Electric & Gas Company’s (“SCE&G” or the “Company”) request for the construction of V.C. Summer Nuclear Station Units 2 and 3 (the “Units”) and the Engineering, Procurement and Construction (“EPC”) Contract with Westinghouse Electric Company (“WEC”) and Chicago Bridge and Iron (“CB&I”) (collectively referred to as the “Consortium”). CB&I became a party to the EPC Contract via its acquisition of the Shaw Group, Inc. This approval can be found in the Base Load Review Order No. 2009-104(A) filed in Docket No. 2008-196-E.

In Order No. 2010-12 issued on January 21, 2010, which is filed in Docket No. 2009-293-E, the Commission approved the Company’s request to update milestones and capital cost schedules. In Order No. 2011-345 issued on May 16, 2011, which is filed in Docket No. 2010-376-E, the Commission approved SCE&G’s petition for revisions and updates to capital cost schedules totaling approximately \$174 million. In Order No. 2012-884 issued on November 15, 2012, the Commission approved SCE&G’s petition for updates and revisions to schedules related to the construction of the Units. Order 2012-884 approved changes to the Milestone Schedule along with an increase to the base project cost totaling approximately \$278 million.²

The anticipated dependable capacity from the Units is approximately 2,234 megawatts (“MW”), of which 55% (1,228 MW) will be available to serve SCE&G customers. South Carolina Public Service Authority (“Santee Cooper”) is currently contracted to receive the remaining 45% (1,006 MW) of the electric output when the Units are in operation and is paying 45% of the costs of the construction of the Units. As mentioned below, this 45% is under agreement to be reduced to 40%. In October 2011, SCE&G and Santee Cooper executed the permanent construction and operating agreements for the project. The agreements grant SCE&G primary responsibility for oversight of the construction process and operation of the Units as they come online. On March 30, 2012, the Nuclear Regulatory Commission (“NRC”) voted to issue SCE&G a Combined Construction and Operating License (“COL”) for the construction and operation of the Units.

In 2010, SCE&G reported that Santee Cooper began reviewing its level of ownership participation in the Units. Since then, Santee Cooper has sought partners in its 45% ownership. Santee Cooper signed a Letter of Intent with Duke Energy Carolinas, LLC in 2011. On January 27, 2014, subsequent to the end of the quarter, Santee Cooper and Duke Energy Carolinas, LLC concluded their negotiations which resulted in no change in ownership of the Units. Also, subsequent to the end of the quarter, on January 27, 2014, SCE&G issued a press release stating that it intends to purchase an additional 5% ownership in the Units from Santee Cooper. Additional information regarding this purchase can be found in “Notable Activities Occurring After December 31, 2013” later in this report.

² Petitions for Rehearing or Reconsideration were filed on behalf of the Sierra Club and the South Carolina Energy Users Committee. Both petitions were denied via Commission Order No. 2013-5 issued on February 14, 2013. The Sierra Club and the South Carolina Energy Users Committee subsequently filed appeals with the Supreme Court of South Carolina. Those appeals are scheduled to be heard on April 16, 2014.

On February 11, 2014, SCE&G submitted its 2013 4th Quarter Report ("Report") related to construction of the Units. The Report is filed in Commission Docket No. 2008-196-E and covers the quarter ending December 31, 2013 ("Review Period"). The Company's Report is submitted pursuant to S.C. Code Ann. § 58-33-277 (Supp. 2013) of the Base Load Review Act ("BLRA"), which requires the Report to include the following information:

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

With reference to Section 58-33-275(A) of the BLRA, the review by the Office of Regulatory Staff ("ORS") of the Company's Report focuses on SCE&G's ability to adhere to the approved construction schedule and the approved capital cost schedule.

Approved Schedule Review

Milestone Schedule

As of December 31, 2013, ORS verified that of the Milestone Schedule's 146 activities:

- 95 (or 65%) of the 146 milestones activities have been completed
- 51 milestones remaining to be completed
- 45 (or 88%) of the remaining 51 milestones have been delayed

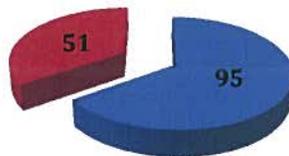
ORS also verified that during the Review Period:

- 3 milestones were completed
- 4 milestones were scheduled to be completed
 - 1 of these milestones has been completed
 - 3 of these milestones have not been completed

Charts 1 and 2 show the status of the 146 milestones activities during the Review Period.

Chart 1:

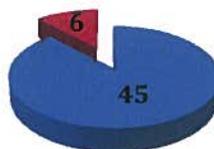
BLRA Milestone Status



- Completed Milestones
- Remaining Milestones

Chart 2:

BLRA Milestone Status



- Delayed Milestones
- Non-Delayed Milestones

SCE&G's Milestone Schedule, attached to its Report as Appendix 1, indicates that overall construction supports a substantial completion date of December 15, 2017 for Unit 2 and December 15, 2018 for Unit 3. The substantial completion dates for the Units reflect a delay from the substantial completion dates approved by the Commission in Order No. 2012-884 of March 15, 2017 and May 15, 2018, respectively.

**Unit 2
Substantial Completion Date**

Order No. 2012-884	Q4 2013	Change
3/15/2017	12/15/2017	+9 Months

**Unit 3
Substantial Completion Date**

Order No. 2012-884	Q4 2013	Change
5/15/2018	12/15/2018	+7 Months

Per the Base Load Review Order, construction is considered to be on schedule if the substantial completion dates and each milestone date are not accelerated more than 24 months or delayed more than 18 months. While delayed, the substantial completion dates fall within the boundary allowed by the Base Load Review Order. SCE&G is holding the current Unit 2 substantial completion date of December 15, 2017. ORS finds that meeting the current Unit 2 substantial completion date will continue to be a challenge. SCE&G reports to ORS that a revised integrated project schedule will be available in the 3rd quarter of 2014. At that time, any impact on the Units 2 and 3 substantial completion dates will be determined. SCE&G also reports to ORS that it does not expect the Units 2 and 3 substantial completion dates to fall outside the 18 month boundary. Should the integrated project schedule revise the Unit 2 substantial completion date, it may also revise the Unit 3 substantial completion date.

As part of its review of the approved schedule, ORS identifies Caution Milestones. Caution Milestones are those that have been delayed 10 months or longer. If any milestone is delayed 16 months or longer, ORS may issue a formal notification to the Commission of the delay. As of December 31, 2013, ORS identified 17 milestones being delayed 10 months or longer with 1 of these milestones being delayed 16 months. On February 26, 2014, ORS notified the Commission of the status of the delayed BLRA milestones during its allowable ex parte communication briefing. Information regarding this briefing can be found in "Notable Activities Occurring After December 31, 2013" later in this report.

Appendix A shows ORS's review of SCE&G's Milestone Schedule as of December 31, 2013. A complete list of Caution Milestones, along with details regarding the delays provided by SCE&G and the Consortium is attached as Appendix B. ORS continues to review and monitor these milestones closely.

ORS reviews all invoices associated with the Milestone Schedule and during the Review Period, there were three (3) invoices paid. ORS reviews invoices to ensure that the invoices are paid in accordance with Company policies and practices and in accordance with the terms of the EPC contract. ORS also reviews the escalation applied to these invoices for consistency with the appropriate Handy-Whitman inflation indices.

Specific Construction Activities

Site construction activities continue to progress. The critical path for Unit 2 is defined by the successful fabrication, assembly and setting of the structural modules in the Nuclear Island ("NI") and then continues through the completion of the Auxiliary Building walls and the Shield Building walls. The near term modules requiring completion are CA04, CA20, CA01 and CA03. Recent important developments on CA04 and CA20 are discussed below. As of December 31, 2013, CA01 and CA03 remain in fabrication with no sub-modules delivered to the site.

Approximately 2,000 WEC/CB&I (including subcontractors) and 430 SCE&G personnel are currently on site. Major construction activities during the Review Period are listed below:

- The Unit 2 CA04 module was set in place in the Containment Vessel Bottom Head ("CVBH") on September 27, 2013; however, work continued during the Review Period to properly align and adjust the module to meet design tolerances. The CA04 will house the lower portion of the Reactor Vessel.
- Installation of the plates that make up the Unit 2 Containment Vessel ("CV") Rings continued. The attachment plate welding and coating in preparation for the lifting and setting for the Unit 2 CV Ring 1 continued. Weld and radiographic testing of the welds for Unit 2 CV Ring 2 neared completion. Unit 3 CVBH work also continued through the quarter.
- Significant progress was made on the Unit 2 Turbine Building. All three of the lower and upper sections of the Unit 2 Main Condenser have now been installed. Work on the major structural modules for the turbine building continues.
- Structural work for Cooling Towers 2A and 3A were substantially completed at the end of 4th quarter of 2013. Work continues on Cooling Towers 2B and 3B and the basemat for the circulating water pump house.

- Progress continued on the Unit 2 CA20 sub-modules inside the Module Assembly Building. As of December 31, 2013, all of the 72 CA20 sub-modules had been delivered to the site from CB&I Lake Charles ("CB&I-LC") with an on-hook date for setting CA20 of late March 2014.
- The concrete placement of the Unit 3 NI basemat was successfully completed on November 4, 2013, and, after the requisite curing period, erection of the CR10 module which will support the Unit 3 CVBH was begun in place on the basemat.
- Several major components were delivered to the site during this quarter including:
 - Unit 2 Core Make-Up Tanks (2 of 2)
 - Unit 2 Accumulator Tanks (2 of 2)
 - Unit 2 Main Step Up Transformers (4 of 4)
 - Unit 2 Auxiliary Transformers (2 of 3)

Photographs of construction activities during the Review Period are shown in Appendix C.

Transmission

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

Phase 1 consists of construction of two new 230 kV transmission lines in support of Unit 2: the VCS1–Killian Line and the VCS2–Lake Murray Line #2. The VCS1–Killian Line will connect the existing V.C. Summer Switchyard ("Switchyard 1") to the Company's existing Killian Road 230 kV Substation. The VCS2–Lake Murray Line #2 will connect the newly-constructed Switchyard ("Switchyard 2") to the Company's existing Lake Murray 230 kV Substation. Switchyard 2 will allow the connection of both the Unit 2 and Unit 3 generators to the grid. Also, for Phase 1, two new 230 kV interconnections between Switchyard 1 and Switchyard 2 have been constructed. The VCS1–Killian Line is nearing completion, with a small scope of work to be completed during the Spring 2014 VCS-1 refueling outage.

Phase 2 consists of construction of two new 230 kV transmission lines and associated facilities in support of Unit 3. The construction of these lines and associated facilities was approved in Order No. 2012-730. Facilities in Phase 2 are the VCS2–St. George Line #1, VCS2–St. George Line #2, St. George 230 kV Switching Station, and Saluda River 230/115 kV Substation. SCE&G plans to energize the segment of the VCS2–St. George 230 kV Line #1 when the remaining segment of that line is complete.

Preliminary construction activities have begun on the remaining segment of the VCS2-St. George 230 kV line #1 and VCS2-St. George 230 kV line #2. Completion of the VCS2-Lake Murray 230 kV Line allowed for the dismantling of the old structure to occur during this Review Period. During the Review Period, installation began for the foundations for the Unit 2 transformers which are located adjacent to the Unit 2 Turbine Building.

A map which shows the geographical location of SCE&G's new transmission lines and other associated facilities to support the Units is available in Appendix D.

Licensing and Inspection Activities

Federal Activities

As of December 31, 2013, SCE&G has identified the need to submit numerous License Amendment Requests ("LAR") to the NRC. An LAR is the process by which a licensee requests changes to the COL issued by the NRC. The licensee may seek a Preliminary Amendment Request ("PAR") to accompany an LAR. PARs allow the licensee to continue with construction at its own risk while awaiting final dispensation of the LAR. As of December 31, 2013, 24 LARs have been submitted to the NRC with 6 of these submitted during the Review Period. Also, as of December 31, 2013, the NRC has approved 9 LARs and is reviewing the remaining 15 LARs. A table of LARs submitted to the NRC, and accompanying PARs, if requested, is attached as Appendix E. Issues surrounding the approval of LARs are discussed in more detail in the section entitled "Construction Challenges."

Status of LARs

Submitted	Approved	Under Review
24	9	15

The NRC conducts routine site inspections to monitor construction progress. On October 22, 2013, the NRC held an Inspection Exit Meeting covering the 3rd quarter of 2013 and identified no violations. The NRC completed an inspection of the Unit 3 first nuclear concrete placement during the Review Period with no findings or violations.

State Activities

As of December 31, 2013, there are currently no major state construction-related permits outstanding.

Approved Budget Review

ORS's budget review includes an analysis of the 4th quarter 2013 capital costs, project cash flow, escalation and Allowance for Funds Used During Construction ("AFUDC").

Capital Costs

To determine how consistently the Company adheres to the budget approved by the Commission in Order No. 2012-884, ORS evaluates 9 major cost categories for variances. These cost categories are:

1. Fixed with No Adjustment
2. Firm with Fixed Adjustment A
3. Firm with Fixed Adjustment B
4. Firm with Indexed Adjustment
5. Actual Craft Wages
6. Non-Labor Cost
7. Time & Materials
8. Owners Costs
9. Transmission Projects

ORS monitors variances due to project changes (e.g., shifts in work scopes, payment timetables, construction schedule adjustments, Change Orders). The current approved base project cost (in 2007 dollars) is \$4.548 billion. There has been no increase in the total base project cost (in 2007 dollars). The approved gross construction cost of the project is \$5.754 billion. As of December 31, 2013, due to current escalation rates, the forecasted gross construction cost of the plant is \$5.680 billion, which represents a decrease of approximately \$74 million.

Budget in 2007 Dollars ("000") {Base Project Cost}

Order No. 2012-884	Q4 2013	Change
\$4,548,405	\$4,548,405	\$0

Budget in Future Dollars ("000") {Gross Construction Cost}

Order No. 2012-884	Q4 2013	Change
\$5,754,565	\$5,680,188	(\$74,377)

Budget in 2007 Dollars

Change Orders may impact the base project base cost and may result in a filing before the Commission to increase the budget (in 2007 dollars). During the Review Period, no Change Orders or Amendments were executed (See Appendix F). However, the Company is currently negotiating several Change Orders:

Change Order #16: Execution of this Change Order has been delayed pending the resolution of a question regarding the application of the Handy-Whitman inflation indices; however, during the Review Period, SCE&G and the Consortium reached an agreement on this matter and expect to issue this Change Order soon. SCE&G reports to ORS that resolution of the Handy-Whitman issue will not increase the budget.

Commercial Issues: This Change Order incorporates design changes to the offsite water treatment system for the removal of bromide from the raw water intake source. It also addresses the transfer of certain scopes of work from the Time and Materials cost category to the Target Price and Firm Price cost categories. SCE&G reports to ORS that this Change Order will not increase the budget.

Cyber Security: This Change Order would incorporate Phase II of the cyber security changes previously catalogued in Change Order #14. During the reporting period, the Company received additional information concerning the Physical and Cyber Security work needed to address on-going regulatory issues. The impact to the budget has yet to be determined.

Health Care: This Change Order addresses WEC's costs associated with federal health care legislation. The Company is in the process of reviewing this information and expects to issue a Change Order. The impact to the budget has yet to be determined.

Fabrication Delays: The Company continues to discuss this matter with the Consortium. SCE&G has estimated the costs associated with the delay in the substantial completion dates for Unit 2 and Unit 3 to be approximately \$200 million in future dollars (or \$115 million in 2007 dollars)³.

Budget in Future Dollars

The Handy-Whitman escalator indices may increase or decrease the gross construction cost of the Units. As of December 31, 2013, due to current escalation rates, the forecasted gross construction cost of the Units is approximately \$74 million below the approved budget. Since the Base Load Review Order issued by the Commission allows for escalation, the impact of escalation cost on the project will not result in a filing to increase the budget.

³Since SCE&G has not accepted responsibility for these costs, this report includes no increases to the project cash flow attributable to the delay in the substantial completion dates.

Project Cash Flow

As shown in Appendix 2 of the Company's Report, the cumulative amount spent on the project as of December 31, 2013 was \$2.311 billion. With reference to Appendix 2, ORS evaluated the total revised project cash flow (Line 37) with respect to the annual project cash flow, adjusted for changes in escalation (Line 16). This evaluation provides a comparison of the Company's current project cash flow to the cash flow schedule approved by the Commission in Order No. 2012-884. To produce a common basis for the comparison, Line 16 adjusts the approved cash flow schedule to reflect the current escalation rates. Table 4 shows the cumulative variance from the approved cash flow schedule through the life of the project. As of December 31, 2013, the variance was approximately \$532 million below the capital cost schedule approved in Order No. 2012-884, updated for current escalation rates. Due to escalation, however, an increased project cash flow of approximately \$96.436 million is necessary to complete the project in 2018.

Table 4 shows the annual and cumulative project cash flows as compared to those approved in Order No. 2012-884.

Table 4:

Project Cash Flow Comparison			
<i>\$'s in Thousands ⁴</i>			
		Annual Over/(Under)	Cumulative Over/(Under)
Actual	2007	-	-
	2008	\$0	\$0
	2009	\$0	\$0
	2010	\$0	\$0
	2011	\$0	\$0
	2012	(\$142,003)	(\$142,003)
	2013	(\$389,906)	(\$531,909)
Projected	2014	(\$1,981)	(\$533,890)
	2015	\$130,871	(\$403,019)
	2016	\$188,631	(\$214,388)
	2017	\$210,291	(\$4,097)
	2018	\$100,533	\$96,436

⁴ Slight variances may occur due to rounding.

AFUDC and Escalation

The forecasted AFUDC for the total project as of December 31, 2013 is \$261 million and is currently based on a forecasted 7.27% AFUDC rate.

Changes in the AFUDC rate, timing changes in project spending due to construction schedule shifts, and five-year average escalation rates are all factors that impact the projected project cash flow. Due to changes in escalation rates, as well as changes to the timing of payments due to construction delays, the overall project cost has decreased.

Annual Request for Revised Rates

Pursuant to the BLRA, SCE&G may request revised rates no earlier than one year after the request of a Base Load Review Order or any prior revised rates request. SCE&G filed its Annual Request for Revised Rates with the Commission in Docket No. 2013-150-E on May 30, 2013, the anniversary date of SCE&G's previous request for revised rates. The Commission approved an increase of \$67,240,232 (2.87%) in Order No. 2013-680(A) on October 2, 2013.

Table 5 below shows the requested increases and approved increases from all prior Revised Rate Filings with the Commission.

Table 5:

Requested vs. Approved Increases <i>SCE&G Revised Rate Filings</i>					
Docket No.	Order No.	Requested Increase	ORS Examination	Approved Increase	Retail Increase
2008-196-E	2009-104(A)	\$8,986,000	(\$1,183,509)	\$7,802,491	0.43%
2009-211-E	2009-696	\$22,533,000	\$0	\$22,533,000	1.10%
2010-157-E	2010-625	\$54,561,000	(\$7,260,000)	\$47,301,000	2.31%
2011-207-E	2011-738	\$58,537,000	(\$5,753,658)	\$52,783,342	2.43%
2012-186-E	2012-761	\$56,747,000	(\$4,598,087)	\$52,148,913	2.33%
2013-150-E	2013-680(A)	\$69,671,000	(\$2,430,768)	\$67,240,232	2.87%

Additional ORS Monitoring Activities

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

- Audits capital cost expenditures and resulting AFUDC in Construction Work in Progress
- On-site observations of construction activities and progress
- Bi-monthly on-site review of construction documents
- Holds monthly update meetings with SCE&G
- Meets quarterly with representatives of the Consortium
- Participates in NRC Public Meetings regarding SCE&G COL and other construction activities
- Visits vendor fabrication facilities

Construction Challenges

Based upon the information provided by the Company in its Report, as well as information obtained via additional ORS monitoring activities, ORS identifies the following ongoing challenges in the construction of the Units.

Structural Modules

As identified in previous ORS quarterly reports, the most significant, current challenge to construction of the Units remains the continued inability of CB&I-LC to reliably and predictably meet the quality and schedule requirements. The critical path to completion of Unit 2 runs through the completion of modules CA20 then CA01, and is dependent upon the delivery of the sub-modules that comprise the components of these modules from CB&I-LC. Previous ORS reports identified SCE&G and Consortium efforts to improve the performance of CB&I-LC, and considerable progress has been made on CA20 with the projected on-hook date for setting CA20 remaining at the end of March 2014. However, improvement still must be demonstrated in the completion and delivery of the sub-modules for CA01. The on-hook date for CA01 is the 3rd quarter of 2014; however, as of December 31, 2013, no CA01 sub-modules have been delivered to the site. Therefore, ORS finds that meeting the scheduled on-hook date for CA01 will continue to be a challenge for the Company.

With regard to Unit 3 sub-modules, SCE&G advised ORS that the Consortium plans to transfer responsibilities from CB&I-LC to additional fabrication vendors and will finalize these plans soon. This is seen by ORS as positive step toward addressing the structural module issues.

Shield Building Modules

As previously reported, shield building module fabrication has been reassigned to Newport News Industrial ("NNI"). However, NNI's sustained, reliable performance has not yet been demonstrated, and a delivery schedule had not yet been provided as of December 31, 2013. ORS remains concerned about the significant fabrication and erection challenges that will be presented by the complex configurations of the shield building modules. A firm delivery schedule for all the shield building modules needs to be established in the near future, and NNI needs to begin the delivery of high quality modules to the site.

Structural Design Compliance

Design reviews and modifications will be captured as part of the revised integrated project schedule and their impact should be apparent once the revised schedule is provided in the 3rd quarter of 2014.

Instrumentation and Control Design

No further delays have been identified in this area with the design and procurement reported as on schedule, but the completion schedule is still tight and remains an area of focus.

Overlapping Unit 2 & Unit 3 Construction Schedules

This is an area that will be specifically addressed in the revised integrated project schedule to be provided in the 3rd quarter of 2014. ORS will revisit this matter at that time.

Manufacturing of Major Equipment

As previously reported, several major components were delivered during the Review Period. The progress in this area is encouraging; however, this will remain an area of continued focus for ORS.

License Amendment Reviews

As of December 31, 2013, the Company has identified multiple LARs for the Units, and this number continues to increase each month. This remains a challenge for the Units and an area of focus by ORS.

Notable Activities Occurring after December 31, 2013

The BLRA allows SCE&G 45 days from the end of the current quarter to file its Report. Items of importance that occurred subsequent to the closing of the 4th quarter of 2013 are reported below.

SCE&G Purchase of an Additional 5% Ownership from Santee Cooper

On January 27, 2014, SCE&G announced that it had reached an agreement to acquire from Santee Cooper an additional 5% (110 MWs) ownership in the Units (See Appendix G). The agreement is tied to the Commercial Operation Date (“COD”) of Unit 2, as shown below. Ultimately, under the new agreement, SCE&G will own 60% and Santee Cooper will own 40% of the Units. Under the current agreement, SCE&G owns 55% and Santee Cooper owns 45%. This purchase and the specific terms are subject to Commission approval.

Timing	Incremental Percentage	Current Cost Estimate	Unit 2 and 3 Ownership	MW
COD of Unit 2	+1%	\$100 million	56%	+22 MWs
1 st Anniversary of Unit 2 COD	+2%	\$200 million	58%	+44 MWs
2 nd Anniversary of Unit 2 COD	+2%	\$200 million	60%	+44 MWs
Total	+5%	\$500 million	60%	+110 MWs

Federal Loan Guarantees

On February 20, 2014, Southern Company announced that its subsidiary Georgia Power secured loan guarantees from the U.S. Department of Energy in support of the new nuclear construction of Plant Vogtle Units 3 and 4 in Georgia. ORS met with SCE&G and learned that SCE&G is maintaining its application for the loan guarantees but has not elected to secure the guarantees at the this time. SCE&G intends to continue to maintain its application in the event it elects to secure the federal loan guarantees in the future.

NRC Licensing

NRC LAR 13-07, dealing with changes to the Chemical and Volume Control System, was approved by the NRC and issued on February 24, 2014.

ORS Allowable Ex Parte Communication Briefing

On February 26, 2014, ORS conducted an allowable ex parte communication briefing before the Commission to provide an update on its monitoring activities regarding the construction of the Units. The presentation is posted on ORS's website at:

http://www.regulatorystaff.sc.gov/Documents/News%20Archives/ORS%20NND%20Update%20to%20PSC%20February%202014_Final.pdf

Equipment Delivery

Subsequent to the Review Period, the Unit 3 Accumulator Tanks, modules for CA01 and the Shield Building were delivered to the site.

ORS Letter to the Commission

In a letter dated March 20, 2014, ORS advised the Commission of a temporary change in the way milestone schedule information is provided to ORS. ORS's ability to monitor and provide updates to the Commission on the status of milestone activities during this interim period will be impacted, particularly as it relates to milestones equal to or greater than 16 months. ORS's letter is attached as Appendix H.

Appendix A

Detailed Milestone Schedule

Appendix A

Key:

Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
1	Approve Engineering, Procurement and Construction Agreement	5/23/2008		No	No	5/23/2008	
2	Issue Purchase Orders ("P.O.") to Nuclear Component Fabricators for Units 2 and 3 Containment Vessels	12/3/2008		No	No	12/3/2008	
3	Contractor Issue P.O. to Passive Residual Heat Removal Heat Exchanger Fabricator - First Payment - Unit 2	8/31/2008		No	No	8/18/2008	
4	Contractor Issue P.O. to Accumulator Tank Fabricator - Unit 2	7/31/2008		No	No	7/31/2008	
5	Contractor Issue P.O. to Core Makeup Tank Fabricator - Units 2 & 3	9/30/2008		No	No	9/30/2008	
6	Contractor Issue P.O. to Squib Valve Fabricator - Units 2 & 3	3/31/2009		No	No	3/31/2009	
7	Contractor Issue P.O. to Steam Generator Fabricator - Units 2 & 3	6/30/2008		No	No	5/29/2008	1 Month Early
8	Contractor Issue Long Lead Material P.O. to Reactor Coolant Pump Fabricator - Units 2 & 3	6/30/2008		No	No	6/30/2008	
9	Contractor Issue P.O. to Pressurizer Fabricator - Units 2 & 3	8/31/2008		No	No	8/18/2008	
10	Contractor Issue P.O. to Reactor Coolant Loop Pipe Fabricator - First Payment - Units 2 & 3	6/30/2008		No	No	6/20/2008	

Appendix A

Key:

Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
11	Reactor Vessel Internals - Issue Long Lead Material P.O. to Fabricator - Units 2 & 3	11/21/2008		No	No	11/21/2008	
12	Contractor Issue Long Lead Material - P.O. to Reactor Vessel Fabricator - Units 2 & 3	6/30/2008		No	No	5/29/2008	1 Month Early
13	Contractor Issue P.O. to Integrated Head Package Fabricator - Units 2 & 3	7/31/2009		No	No	7/31/2009	
14	Control Rod Drive Mechanism - Issue P.O. for Long Lead Material to Fabricator - Units 2 & 3 - First Payment	6/21/2008		No	No	6/21/2008	
15	Issue P.O.'s to Nuclear Component Fabricators for Nuclear Island Structural CA20 Modules	7/31/2009		No	No	8/28/2009	
16	Start Site Specific and Balance of Plant Detailed Design	9/11/2007		No	No	9/11/2007	
17	Instrumentation & Control Simulator - Contractor Place Notice to Proceed - Units 2 & 3	10/31/2008		No	No	10/31/2008	
18	Steam Generator - Issue Final P.O. to Fabricator for Units 2 & 3	6/30/2008		No	No	6/30/2008	
19	Reactor Vessel Internals - Contractor Issue P.O. for Long Lead Material (Heavy Plate and Heavy Forgings) to Fabricator - Units 2 & 3	1/31/2010		No	No	1/29/2010	
20	Contractor Issue Final P.O. to Reactor Vessel Fabricator - Units 2 & 3	9/30/2008		No	No	9/30/2008	

Appendix A

Key:	Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
------	--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
21	Variable Frequency Drive Fabricator Issue Transformer P.O. - Units 2 & 3	4/30/2009		No	No	4/30/2009	
22	Start Clearing, Grubbing and Grading	1/26/2009		No	No	1/26/2009	
23	Core Makeup Tank Fabricator Issue Long Lead Material P.O. - Units 2 & 3	10/31/2008		No	No	10/31/2008	
24	Accumulator Tank Fabricator Issue Long Lead Material P.O. - Units 2 & 3	10/31/2008		No	No	10/31/2008	
25	Pressurizer Fabricator Issue Long Lead Material P.O. - Units 2 & 3	10/31/2008		No	No	10/31/2008	
26	Reactor Coolant Loop Pipe - Contractor Issue P.O. to Fabricator - Second Payment - Units 2 & 3	4/30/2009		No	No	4/30/2009	
27	Integrated Head Package - Issue P.O. to Fabricator - Units 2 & 3 - Second Payment	7/31/2009		No	No	7/31/2009	
28	Control Rod Drive Mechanism - Contractor Issue P.O. for Long Lead Material to Fabricator - Units 2 & 3	6/30/2008		No	No	6/30/2008	
29	Contractor Issue P.O. to Passive Residual Heat Removal Heat Exchanger Fabricator - Second Payment - Units 2 & 3	10/31/2008		No	No	10/31/2008	
30	Start Parr Road Intersection Work	2/13/2009		No	No	2/13/2009	

Appendix A

Key:	Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
------	--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
31	Reactor Coolant Pump - Issue Final P.O. to Fabricator - Units 2 & 3	6/30/2008		No	No	6/30/2008	
32	Integrated Heat Packages Fabricator Issue Long Lead Material P.O. - Units 2 & 3	10/31/2009		No	No	10/1/2009	1 Month Early
33	Design Finalization Payment 3	1/31/2009		No	No	1/30/2009	
34	Start Site Development	6/23/2008		No	No	6/23/2008	
35	Contractor Issue P.O. to Turbine Generator Fabricator - Units 2 & 3	2/28/2009		No	No	2/19/2009	
36	Contractor Issue P.O. to Main Transformers Fabricator - Units 2 & 3	9/30/2009		No	No	9/25/2009	
37	Core Makeup Tank Fabricator Notice to Contractor Receipt of Long Lead Material - Units 2 & 3	11/30/2010		No	No	12/30/2010	Delayed 1 Month
38	Design Finalization Payment 4	4/30/2009		No	No	4/30/2009	
39	Turbine Generator Fabricator Issue P.O. for Condenser Material - Unit 2	8/31/2009		No	No	8/28/2009	
40	Reactor Coolant Pump Fabricator Issue Long Lead Material Lot 2 - Units 2 & 3	4/30/2009		No	No	4/30/2009	

Appendix A

Key:

Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
41	Passive Residual Heat Removal Heat Exchanger Fabricator Receipt of Long Lead Material - Units 2 & 3	5/31/2010		No	No	5/27/2010	
42	Design Finalization Payment 5	7/31/2009		No	No	7/31/2009	
43	Start Erection of Construction Buildings to include Craft Facilities for Personnel, Tools, Equipment; First Aid Facilities; Field Offices for Site Management and Support Personnel; Temporary Warehouses; and Construction Hiring Office	10/9/2009		No	No	12/18/2009	Delayed 2 Months
44	Reactor Vessel Fabricator Notice to Contractor of Receipt of Flange Nozzle Shell Forging - Unit 2	7/31/2009		No	No	8/28/2009	
45	Design Finalization Payment 6	10/31/2009		No	No	10/7/2009	
46	Instrumentation and Control Simulator - Contractor Issue P.O. to Subcontractor for Radiation Monitor System - Units 2 & 3	12/31/2009		No	No	12/17/2009	
47	Reactor Vessel Internals - Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	6/30/2011		No	No	7/29/2011	
48	Turbine Generator Fabricator Issue P.O. for Moisture Separator Reheater/Feedwater Heater Material - Unit 2	4/30/2010		No	No	4/30/2010	
49	Reactor Coolant Loop Pipe Fabricator Acceptance of Raw Material - Unit 2	4/30/2010		No	No	2/18/2010	2 Months Early

Appendix A

Key:

Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
50	Reactor Vessel Internals - Fabricator Start Weld Neutron Shield Spacer Pads to Assembly - Unit 2	7/31/2012		No	No	8/28/2012	
51	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 2	6/30/2009		No	No	6/30/2009	
52	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 2	11/30/2010		No	No	12/23/2010	
53	Start Excavation and Foundation Work for the Standard Plant for Unit 2	3/15/2010		No	No	3/15/2010	
54	Steam Generator Fabricator Notice to Contractor of Receipt of 2nd Steam Generator Tubesheet Forging - Unit 2	2/28/2010		No	No	4/30/2010	Delayed 2 Months
55	Reactor Vessel Fabricator Notice to Contractor of Outlet Nozzle Welding to Flange Nozzle Shell Completion - Unit 2	2/28/2010		No	No	12/30/2010	Delayed 10 Months
56	Turbine Generator Fabricator Notice to Contractor Condenser Fabrication Started - Unit 2	5/31/2010		No	No	5/17/2010	
57	Complete Preparations for Receiving the First Module On Site for Unit 2	8/18/2010		No	No	1/22/2010	6 Months Early
58	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Transition Cone Forging - Unit 2	4/30/2010		No	No	4/21/2010	
59	Reactor Coolant Pump Fabricator Notice to Contractor of Manufacturing of Casing Completion - Unit 2	11/30/2010		No	No	11/16/2010	

Appendix A

Key:	Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
------	--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
60	Reactor Coolant Loop Pipe Fabricator Notice to Contractor of Machining, Heat Treating & Non-Destructive Testing Completion - Unit 2	12/31/2010		No	No	3/20/2012	Delayed 14 Months
61	Core Makeup Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 2	9/30/2012		No	No	11/26/2012	Delayed 1 Month
62	Polar Crane Fabricator Issue P.O. for Main Hoist Drum and Wire Rope - Units 2 & 3	2/28/2011		No	No	2/1/2011	
63	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 3	6/30/2011		No	No	6/14/2011	
64	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 2	10/31/2011		No	No	3/26/2012	Delayed 4 Months
65	Start Placement of Mud Mat for Unit 2	6/29/2012		No	No	7/20/2012	
66	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Tubing - Unit 2	1/31/2011		No	No	9/28/2010	4 Months Early
67	Pressurizer Fabricator Notice to Contractor of Welding of Upper and Intermediate Shells Completion - Unit 2	10/31/2010		No	No	10/28/2011	Delayed 12 Months
68	Reactor Vessel Fabricator Notice to Contractor of Closure Head Cladding Completion - Unit 3	6/30/2012		No	No	6/28/2012	

Appendix A

Key:	Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
------	---------------------------------	---------------------------------	------------------------	--	------------------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
69	Begin Unit 2 First Nuclear Concrete Placement	8/24/2012		No	No	3/9/2013	Delayed 6 Months
70	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 2	9/30/2011		No	No	12/1/2011	Delayed 2 Months
71	Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	6/30/2011		No	No	7/29/2011	
72	Steam Generator Fabricator Notice to Contractor of Completion of 1st Steam Generator Tubing Installation - Unit 2	5/31/2011		No	No	1/27/2012	Delayed 8 Months
73	Reactor Coolant Loop Pipe - Shipment of Equipment to Site - Unit 2	12/31/2012		No	No	12/19/2013	Delayed 11 Months
74	Control Rod Drive Mechanism - Ship Remainder of Equipment (Latch Assembly & Rod Travel Housing) to Head Supplier - Unit 2	6/30/2012		No	No	7/16/2012	
75	Pressurizer Fabricator Notice to Contractor of Welding of Lower Shell to Bottom Head Completion - Unit 2	10/31/2010		No	No	12/22/2011	Delayed 13 Months
76	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 2	5/31/2012		No	No	5/4/2012	
77	Design Finalization Payment 14	10/31/2011		No	No	10/31/2011	

Appendix A

Key:	Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
------	--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
78	Set Module CA04 For Unit 2	11/6/2012	2/28/2014	No	No		Delayed 15 Months
79	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Final Post Weld Heat Treatment - Unit 2	6/30/2010		No	No	5/24/2011	Delayed 10 Months
80	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Completion of Tubing - Unit 2	5/31/2012		No	No	5/29/2012	
81	Polar Crane Fabricator Notice to Contractor of Girder Fabrication Completion - Unit 2	10/31/2012		No	No	10/23/2012	
82	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 3	8/31/2013		No	No	8/26/2013	
83	Set Containment Vessel Ring #1 for Unit 2	1/7/2013	3/7/2014	No	No		Delayed 14 Months
84	Reactor Coolant Pump Fabricator Delivery of Casings to Port of Export - Unit 2	7/31/2012		No	No	7/6/2013	Delayed 11 Months
85	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 3	8/31/2013		No	No	7/18/2013	1 Month Early
86	Reactor Vessel Fabricator Notice to Contractor of Receipt of Core Shell Forging - Unit 3	9/30/2012		No	No	3/29/2012	6 Months Early

Appendix A

Key:	Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
------	---------------------------------	---------------------------------	------------------------	--	------------------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
87	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 3	1/31/2013		No	No	11/9/2011	14 Months Early
88	Set Nuclear Island Structural Module CA03 for Unit 2	6/26/2013	10/31/2014	No	No		Delayed 16 Months
89	Squib Valve Fabricator Notice to Contractor of Completion of Assembly and Test for Squib Valve Hardware - Unit 2	5/31/2012		No	No	5/10/2012	
90	Accumulator Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	3/31/2013		No	No	9/16/2013	Delayed 5 Months
91	Polar Crane Fabricator Notice to Contractor of Electric Panel Assembly Completion - Unit 2	3/31/2013		No	No	3/6/2013	
92	Start Containment Large Bore Pipe Supports for Unit 2	6/28/2013	10/13/2014	No	No		Delayed 15 Months
93	Integrated Head Package - Shipment of Equipment to Site - Unit 2	3/31/2013	2/1/2014	No	No		Delayed 10 Months
94	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 2	5/31/2013		No	No	12/17/2013	Delayed 6 Months
95	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 3	6/30/2013	1/31/2014	No	No		Delayed 7 Months

Appendix A

Key:	Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
------	---------------------------------	---------------------------------	------------------------	--	------------------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
96	Steam Generator Fabricator Notice to Contractor of Satisfactory Completion of 1st Steam Generator Hydrotest - Unit 2	1/31/2013		No	No	1/14/2013	
97	Start Concrete Fill of Nuclear Island Structural Modules CA01 and CA02 for Unit 2	4/3/2014	4/18/2015	No	No		Delayed 12 Months
98	Passive Residual Heat Removal Heat Exchanger - Delivery of Equipment to Port of Entry - Unit 2	12/31/2012	3/30/2014	No	No		Delayed 15 Months
99	Refueling Machine Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 2	11/30/2013	3/19/2014	No	No		Delayed 3 Months
100	Deliver Reactor Vessel Internals to Port of Export - Unit 2	1/31/2014	11/14/2014	No	No		Delayed 9 Months
101	Set Unit 2 Containment Vessel #3	4/24/2014	6/18/2015	No	No		Delayed 14 Months
102	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 2	7/31/2013	7/25/2014	No	No		Delayed 11 Months
103	Turbine Generator Fabricator Notice to Contractor Turbine Generator Ready to Ship - Unit 2	4/30/2013		No	No	5/28/2013	
104	Pressurizer Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	3/31/2014	3/28/2014	No	No		

Appendix A

Key:

Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
---------------------------------	---------------------------------	------------------------	--	------------------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
105	Polar Crane - Shipment of Equipment to Site - Unit 2	1/31/2014	2/6/2015	No	No		Delayed 12 Months
106	Receive Unit 2 Reactor Vessel On Site From Fabricator	5/13/2014		No	No	7/31/2013	9 Months Early
107	Set Unit 2 Reactor Vessel	6/23/2014	4/28/2015	No	No		Delayed 10 Months
108	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Channel Head to Tubesheet Assembly Welding - Unit 3	12/31/2013	6/30/2014	No	No		Delayed 6 Months
109	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 3	8/31/2014	2/27/2015	No	No		Delayed 6 Months
110	Reactor Coolant Pump - Shipment of Equipment to Site (2 Reactor Coolant Pumps) - Unit 2	10/31/2013	6/13/2014	No	No		Delayed 7 Months
111	Place First Nuclear Concrete for Unit 3	10/9/2013		No	No	11/2/2013	
112	Set Unit 2 Steam Generator	10/23/2014	7/29/2015	No	No		Delayed 9 Months
113	Main Transformers Ready to Ship - Unit 2	9/30/2013		No	No	7/31/2013	2 Months Early

Appendix A

Key:	Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
------	---------------------------------	---------------------------------	------------------------	--	------------------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
114	Complete Unit 3 Steam Generator Hydrotest at Fabricator	2/28/2014	10/30/2014	No	No		Delayed 8 Months
115	Set Unit 2 Containment Vessel Bottom Head on Basemat Legs	10/11/2012		No	No	5/22/2013	Delayed 7 Months
116	Set Unit 2 Pressurizer Vessel	5/16/2014	5/8/2015	No	No		Delayed 11 Months
117	Reactor Coolant Pump Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 3	2/28/2015	4/30/2015	No	No		Delayed 2 Months
118	Deliver Reactor Vessel Internals to Port of Export - Unit 3	6/30/2015	10/30/2015	No	No		Delayed 4 Months
119	Main Transformers Fabricator Issue P.O. for Material - Unit 3	2/28/2015	2/2/2015	No	No		
120	Complete Welding of Unit 2 Passive Residual Heat Removal System Piping	2/5/2015	10/10/2015	No	No		Delayed 8 Months
121	Steam Generator - Contractor Acceptance of Equipment At Port of Entry - Unit 3	4/30/2015	1/1/2015	No	No		3 Months Early
122	Refueling Machine - Shipment of Equipment to Site - Unit 3	2/28/2015	4/3/2015	No	No		Delayed 1 Month
123	Set Unit 2 Polar Crane	1/9/2015	9/22/2015	No	No		Delayed 8 Months

Appendix A

Key:

Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
124	Reactor Coolant Pumps - Shipment of Equipment to Site - Unit 3	6/30/2015	6/5/2015	No	No		
125	Main Transformers Ready to Ship - Unit 3	7/31/2015	5/31/2015	No	No		2 Months Early
126	Spent Fuel Storage Rack - Shipment of Last Rack Module - Unit 3	7/31/2014	7/3/2014	No	No		
127	Start Electrical Cable Pulling in Unit 2 Auxiliary Building	8/14/2013	11/11/2014	No	No		Delayed 15 Months
128	Complete Unit 2 Reactor Coolant System Cold Hydro	1/22/2016	10/28/2016	No	No		Delayed 9 Months
129	Activate Class 1E DC Power in Unit 2 Auxiliary Building	3/15/2015	2/5/2016	No	No		Delayed 10 Months
130	Complete Unit 2 Hot Functional Test	5/3/2016	2/28/2017	No	No		Delayed 10 Months
131	Install Unit 3 Ring 3 for Containment Vessel	8/25/2015	1/20/2016	No	No		Delayed 4 Months
132	Load Unit 2 Nuclear Fuel	9/15/2016	7/25/2017	No	No		Delayed 10 Months
133	Unit 2 Substantial Completion	3/15/2017	12/15/2017	No	No		Delayed 9 Months

Appendix A

Key:

Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
134	Set Unit 3 Reactor Vessel	10/22/2015	2/20/2016	No	No		Delayed 4 Months
135	Set Unit 3 Steam Generator #2	2/25/2016	6/7/2016	No	No		Delayed 3 Months
136	Set Unit 3 Pressurizer Vessel	7/16/2015	2/22/2016	No	No		Delayed 7 Months
137	Complete Welding of Unit 3 Passive Residual Heat Removal System Piping	6/16/2016	8/12/2016	No	No		Delayed 1 Month
138	Set Unit 3 Polar Crane	5/9/2016	7/27/2016	No	No		Delayed 2 Months
139	Start Unit 3 Shield Building Roof Slab Rebar Placement	5/26/2016	10/10/2016	No	No		Delayed 4 Months
140	Start Unit 3 Auxiliary Building Electrical Cable Pulling	11/7/2014	9/4/2015	No	No		Delayed 10 Months
141	Activate Unit 3 Auxiliary Building Class 1E DC Power	5/15/2016	11/25/2016	No	No		Delayed 6 Months
142	Complete Unit 3 Reactor Coolant System Cold Hydro	3/22/2017	8/31/2017	No	No		Delayed 5 Months
143	Complete Unit 3 Hot Functional Test	7/3/2017	1/4/2018	No	No		Delayed 6 Months

Key:

Milestones Not Completed	Completed Prior to Q4-13	Current Quarter	Scheduled to Be Completed Q1-14	ORS Caution Milestone
--------------------------	--------------------------	-----------------	---------------------------------	-----------------------

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Outside 18 - 24 Month Contingency?	Impact to Substantial Completion Date? ¹	Actual Completion Date	Deviation from Order No. 2012-884
144	Complete Unit 3 Nuclear Fuel Load	11/15/2017	6/20/2018	No	No		Delayed 7 Months
145	Begin Unit 3 Full Power Operation	4/8/2018	11/25/2018	No	No		Delayed 7 Months
146	Unit 3 Substantial Completion	5/15/2018	12/15/2018	No	No		Delayed 7 Months

Notes:

White highlighting represents Future or Historical Milestones that have not been completed.
Grey highlighting represents Future or Historical Milestones that were completed prior to the 4th Quarter 2013.
Yellow highlighting represents those Milestones that are scheduled to be or have been completed during the 4th Quarter 2013. This is based on the schedule approved by the Commission in Order No. 2012-884.
Green highlighting represents Future Milestones that are scheduled to be completed in the 1st Quarter of 2014. This is based on the schedule approved by the Commission in Order No. 2012-884.
Red highlighting represents "Caution Milestones." Caution Milestones are those that are delayed by 10 months or greater.

Appendix B

Caution Milestones

Caution Milestones

Appendix B

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Deviation from Order No. 2012-884	Reason Given for Delay
78	Set Module CA04 For Unit 2	11/6/2012	2/28/2014	Delayed 15 Months	The delays are associated with First Nuclear Concrete (FNC) and fabrication delay for CA04, which sits in the reactor cavity and supports the reactor vessel.
83	Set Containment Vessel Ring #1 for Unit 2	1/7/2013	3/7/2014	Delayed 14 Months	The Containment Vessel Ring 1 sits atop the Containment Vessel Bottom Head, which sits atop the CR10 module. The delays here are due to engineering and design approvals, notably design approvals related to the basemat concrete. The setting of the Containment Vessel Ring #1 previously also depended on the setting of the CA20 module, but a work around for this has been established. A bulkhead is being installed to allow concrete to be poured around the CVBH prior to the setting of the CA20 module.
88	Set Nuclear Island Structural Module CA03 for Unit 2	6/26/2013	10/31/2014	Delayed 16 Months	Delays are due to delays associated with the fabrication and setting of the CA01 module, as well as schedule resequencing. Manufacturing of the sub-modules for the CA03 module was moved from CB&I-LC to Pegasus Steel, LLC earlier in the year to allow CB&I-LC to focus on the CA01 module. WEC also discovered a problem in the logic of the previous schedule, as the proper support for the CA03 module will not be available until both the placement of the CA01 module and the concrete pour associated with that activity have been completed.

Caution Milestones

Appendix B

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Deviation from Order No. 2012-884	Reason Given for Delay
92	Start Containment Large Bore Pipe Supports for Unit 2	6/28/2013	10/13/2014	Delayed 15 Months	Delays are due to delays associated with the fabrication and setting of the CA01 module, as well as schedule resequencing. WEC discovered a problem in the logic of the previous schedule, as the Containment Vessel Large Bore Pipe Supports cannot be installed until activities associated with the placement of the CA01 module have been completed. The revised date for the setting of the CA03 module still supports a target substantial completion date of December 14, 2017 for Unit 2.
93	Integrated Head Package - Shipment of Equipment to Site - Unit 2	3/31/2013	2/1/2014	Delayed 10 Months	The delay is due to design changes to the radial arm hoist to resolve issues with system integration.
97	Start Concrete Fill of Nuclear Island Structural Modules CA01 and CA02 for Unit 2	4/3/2014	4/18/2015	Delayed 12 Months	The delay is due to delays associated with the fabrication and setting of the CA01 module. This milestone is also impacted by a construction activity resequencing that calls for the welding of the Pressurizer and Steam Generator Supports to be welded to the CA01 wall prior to the placement of concrete after the setting of CA01.
98	Passive Residual Heat Removal Heat Exchanger - Delivery of Equipment to Port of Entry - Unit 2	12/31/2012	3/30/2014	Delayed 15 Months	The delay is due to schedule refinement and the need for engineering design approval prior to shipment.
101	Set Unit 2 Containment Vessel Ring #3	4/24/2014	6/18/2015	Delayed 14 Months	The delay is due to delays associated with the fabrication and setting of the CA01 module.

Caution Milestones

Appendix B

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Deviation from Order No. 2012-884	Reason Given for Delay
102	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 2	7/31/2013	7/25/2014	Delayed 11 Months	The delay is due to overall schedule resequencing.
105	Polar Crane - Shipment of Equipment to Site - Unit 2	1/31/2014	2/6/2015	Delayed 12 Months	The delay is due to overall schedule resequencing.
107	Set Unit 2 Reactor Vessel	6/23/2014	4/28/2015	Delayed 10 Months	The delay is primarily due to delays associated with the fabrication and setting of the CA01 module. A portion of the delay is also due to a schedule change related to the installment of overlay plates for the supports for major components.
116	Set Unit 2 Pressurizer Vessel	5/16/2014	5/8/2015	Delayed 11 Months	The delay is due to delays associated with the fabrication and setting of the CA01 module.
127	Start Electrical Cable Pulling in Unit 2 Auxiliary Building	8/14/2013	11/11/2014	Delayed 15 Months	The delay is associated with engineering and licensing approvals and delay of FNC
129	Activate Class 1E DC Power in Unit 2 Auxiliary Building	3/15/2015	2/5/2016	Delayed 10 Months	The delay is associated with engineering and licensing approvals and delay of FNC
130	Complete Unit 2 Hot Functional Test	5/3/2016	2/28/2017	Delayed 10 Months	The delay is associated with delivery, receipt and fabrication of module CA01.
132	Load Unit 2 Nuclear Fuel	9/15/2016	7/25/2017	Delayed 10 Months	The delay is associated with delivery, receipt and fabrication of module CA01.

Caution Milestones

Appendix B

Activity No.	Milestone	Completion Date Approved in Order No. 2012-884	Scheduled Completion Date as of Q4-13	Deviation from Order No. 2012-884	Reason Given for Delay
140	Start Unit 3 Auxiliary Building Electrical Cable Pulling	11/7/2014	9/4/2015	Delayed 10 Months	The delay is due to overall schedule resequencing.

Appendix C

Construction Site Photographs

Unit 2 Containment Vessel Bottom Head



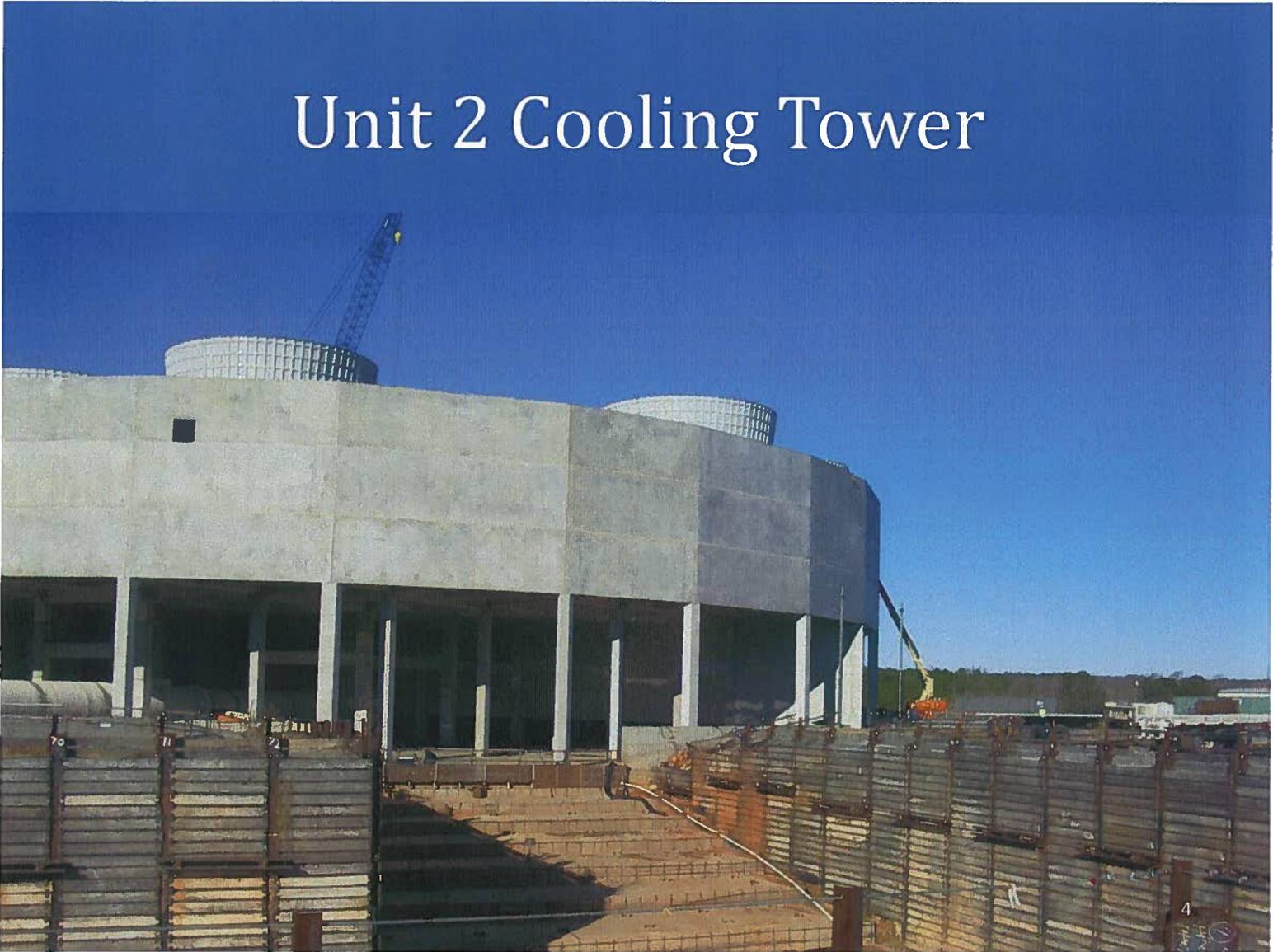
Unit 2 Turbine Building



Unit 2 CA20 in MAB



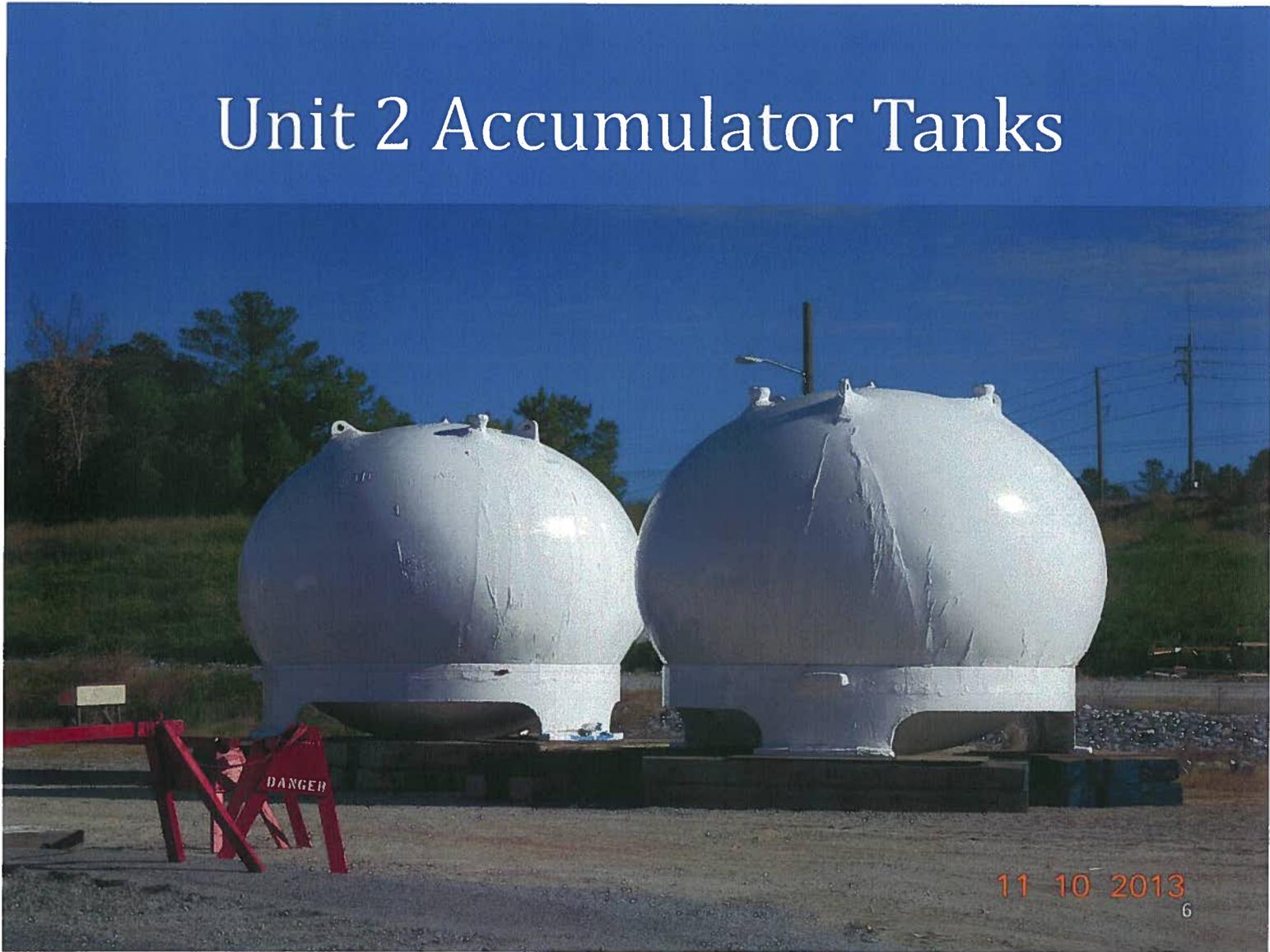
Unit 2 Cooling Tower



Unit 2 Circulating Water Excavation



Unit 2 Accumulator Tanks



11 10 2013

Unit 3 Basemat



Unit 3 Cooling Tower

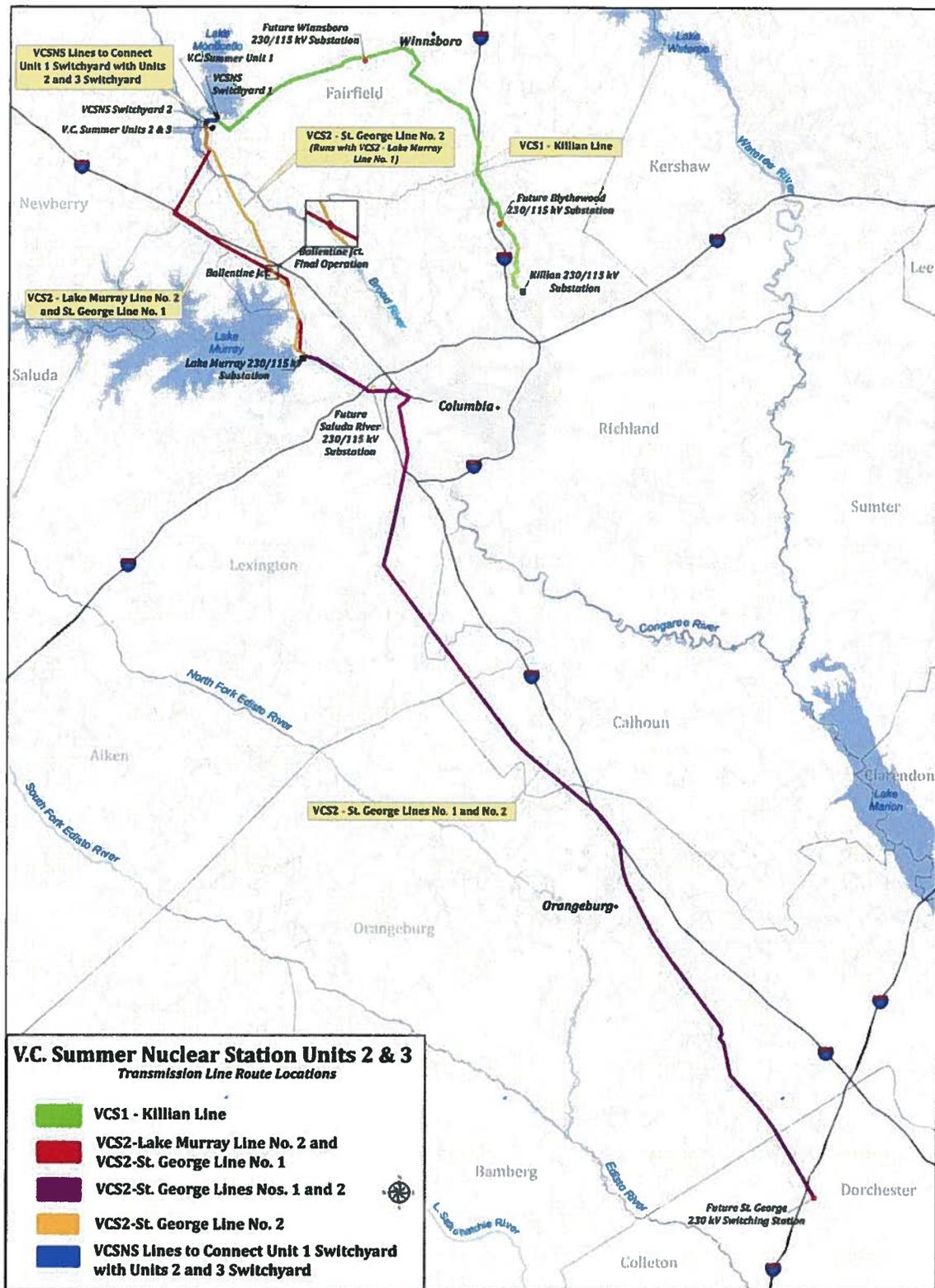


Appendix D

SCE&G Transmission Line Map

New SCE&G Transmission Lines and Facilities

Supporting V.C. Summer Units 2 & 3



Appendix E

License Amendment Requests

License Amendment Requests

Appendix E

NRC LAR No.	Summary	LAR Submittal Date	LAR Status	LAR Approval Date	PAR Status	PAR No Objection Letter Date
12-01	Stud Spacing around Electrical Penetrations	8/29/2012	Approved	7/1/2013		
12-02	Definition of Wall Thickness in Table 3.3.1	9/26/2012	Approved	5/30/2013	Approved	1/16/2013
13-01	Basemat Shear Reinforcement Design Spacing	1/15/2013	Approved	2/26/2013	Approved	1/29/2013
13-02	Basemat Shear Reinforcement Design Details	1/18/2013	Approved	3/1/2013	Approved	1/29/2013
13-03	Turbine Building Eccentric and Concentric Bracing	2/7/2013	Approved	7/1/2013		
13-04	Reconciliation of Tier 1 Value Differences	2/7/2013	Under Review			
13-05	Structural Module Shear Stud Size and Spacing	2/14/2013	Approved	5/23/2013		
13-06	Primary Sampling System Changes	2/7/2013	Approved	8/22/2013		
13-07	Changes to Chemical and Volume Control System	3/13/2013	Under Review			
13-08	Module Obstructions and Details. <i>Supceded by LAR 13-20.</i>	2/28/2013	Withdrawn			
13-10	Human Factors Engineering Integrated Plan	3/13/2013	Under Review			
13-11	Nuclear Island Walls Reinforcement Criteria	3/26/2013	Approved	6/6/2013	Approved	4/10/2013
13-12	Fire Area Boundary Changes	7/17/2013	Under Review			
13-13	Turbine Building Layout Changes	7/30/2013	Under Review			
13-14	Turbine Building Battery Room Electrical Changes	10/2/2013	Under Review			

License Amendment Requests

Appendix E

NRC LAR No.	Summary	LAR Submittal Date	LAR Status	LAR Approval Date	PAR Status	PAR No Objection Letter Date
13-16	Human Factors Engineering Verification Plan	9/25/2013	Under Review			
13-17	Human Factors Engineering Verification Plan	9/25/2013	Under Review			
13-18	Revision to Human Engineering Issue Resolution Plan	10/3/2013	Under Review			
13-19	Revise to Human Factors Engineering Plan	10/3/2013	Under Review			
13-20	Module/Stud Channel Obstructions Revisions	7/17/2013	Approved	11/19/2013		
13-25	Tier 1 Editorial and Consistency Changes	7/2/2013	Under Review			
13-26	EP Rule Changes	12/17/2013	Under Review			
13-32	Liquid Waste System Changes	8/30/2013	Under Review			
13-37	VCSNS Units 2&3 Tech Spec Upgrade	12/4/2013	Under Review			
13-38	ACI Code Compliance With Crical Higher Elevations	11/7/2013	Withdrawn			
13-41	Coating Thermal Conductivity- Revise DCD Tier 2 Document	11/26/2013	Under Review			

Appendix F

Change Orders and Amendments

Change Orders and Amendments

No.	Summary	Cost Categories Involved	Type of Change	Date Approved	Status
1	Operator training for WEC RV Systems and Simulator training	Fixed Price with 0% escalation ¹	Owner Directed	7/22/2009	Approved
2	Limited Scope Simulator	Firm Price	Owner Directed	9/11/2009	Approved
3	Repair of Parr Road	Time and Materials	Owner Directed	1/21/2010	Approved
4	Transfer of Erection of CA20 Module from WEC to Shaw	Target Price work shifting to Firm Price	Contractor Convenience	N/A	Superseded by Change Order No. 8
5	<i>*Supplements Change Order No. 1*</i> Increased training by two (2) weeks	Fixed Price with 0% escalation ⁶	Owner Directed	5/4/2010	Approved
6	Hydraulic Nuts	Fixed Price	Owner Directed	7/13/2010	Approved
7	St. George Lines #1 & 2	Firm and Target Price Categories	Entitlement	7/13/2010	Approved
8	Target to Firm/Fixed Shift	Target, Firm and Fixed Price Categories	Owner Directed	4/29/2011	Approved
9	Switchyard Lines Reconfiguration	Firm and Target Price Categories	Owner Directed	11/30/2010	Approved
10	Primavera	Fixed Price with 0% escalation	Owner Directed	12/16/2010	Approved
11	COL Delay Study	Fixed Price, but would be applied to T&M Work Allowances	Owner Directed	2/28/2011	Approved
12	2010 Health Care Act Costs (Shaw)	Firm	Entitlement	11/14/2011	Approved
13	Ovation Workstations	No Cost	Owner Directed	3/12/2012	Approved
14	Cyber Security Phase I	Firm Price and T&M Price	Entitlement	3/15/2012	Approved
15	Liquid Waste System Discharge Piping	Firm Price	Owner Directed	3/15/2012	Approved
16	Resolves WEC/CB&I claims related to COL Delay & other items	Target & Firm Price	Entitlement	N/A	Pending

Amendment #1	Includes Change Orders 1 and 2	Executed on 8/2/2010
Amendment #2	Incorporates Change Orders 3, 5-11	Executed on 11/15/2011
Amendment #3	Includes modified insurance wording	Executed on 4/30/12

¹ Fixed Price with 0% escalation, but would be applied to Time and Materials Work Allowances by adding a new category for Simulator Instructor training and reducing Startup Support by a commensurate amount.

Appendix F

The definition for each type of Change Order is found below:

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

Appendix G

SCE&G Purchase of an Additional 5% Ownership from Santee Cooper



Media Contact:
SCE&G
Eric Boomhower
(803) 217-7701
eboomhower@scana.com

Investor Contacts:
SCANA
Byron Hinson
(803) 217-5352
bhinson@scana.com

Santee Cooper
Mollie Gore
(843) 761-7093
mrgore@santeecooper.com

SCE&G TO ACQUIRE INCREASED SHARE OF NUCLEAR UNITS FROM SANTEE COOPER

MONCKS CORNER, S.C., January 27, 2014, South Carolina Electric & Gas Company (SCE&G), principal subsidiary of SCANA Corporation (NYSE: SCG), and Santee Cooper, South Carolina's state-owned electric and water utility, announced an agreement for SCE&G to acquire from Santee Cooper a 5 percent ownership interest in the two new nuclear units which are currently under construction at V.C. Summer Station in Jenkinsville, S.C.

The Santee Cooper Board of Directors approved today the sale of 5 percent of V.C. Summer units 2 and 3 to SCE&G. Under the terms of the transaction, SCE&G will own 60 percent of the new nuclear units and Santee Cooper, 40 percent. Under the current ownership agreement, SCE&G owns 55 percent and Santee Cooper owns 45 percent.

The 5 percent ownership interest would be acquired in three stages, with one percent to be acquired at the commercial operation date of the first new nuclear unit, which is anticipated to be in late 2017 or the first quarter of 2018, an additional two percent to be acquired no later than the first anniversary of such commercial operation date and the final two percent to be acquired no later than the second anniversary date of such commercial operation date. The purchase price would be equal to Santee Cooper's actual cost of the percentage conveyed as of the date of the conveyance. Such cost is anticipated to be approximately \$500 million for the entire 5 percent interest based on current project cost. The agreement also provides that Santee Cooper will not transfer any of its remaining ownership interest in the two new units until both units have been completed. The transaction is subject to customary closing conditions, including receipt of necessary regulatory approvals.

Santee Cooper has been exploring opportunities to reduce its ownership level since 2011, to better match the new units' capacity with business needs when the units come online and still provide generating diversity that takes into account regulatory and fuel cost considerations.

"The past few years have shown unprecedented volatility in base load fuel costs and increasing regulatory pressures on fossil-fueled generation. Today's action reduces our costs to customers somewhat, while still preserving an ownership level that will position us well for the flexibility we will need going forward," said Lonnie Carter, Santee Cooper president and CEO.

"SCE&G has done a stellar job as managing partner of V.C. Summer Unit 1, and they are supervising construction of our two new units in similar fashion," Carter continued. "Today's board decision lets us

strengthen that longstanding relationship with SCE&G. It also gives Santee Cooper a more precise future nuclear capacity that meets our generating targets and our customer needs.”

“We were pleased to work with our partner Santee Cooper to support the transfer of a portion of their ownership in the V.C. Summer new nuclear project to SCE&G,” said Kevin Marsh, chairman and CEO of SCANA. “The addition of approximately 110MW from this purchase will help us replace a portion of 345MW of older coal fired generation expected to be retired over the next five years. This increment of nuclear power fits nicely into our updated Integrated Resource Plan, which is scheduled to be filed with the SC Public Service Commission in February 2014.

“A 5 percent increase in our ownership of the new nuclear project will delay the need to build new gas fired capacity after 2020 with clean, non-emitting nuclear energy. Once the new nuclear units are completed and go into commercial operation, we would expect to pay for the additional 5 percent with internal funding without the need for long-term external financing.”

PROFILE

SCE&G is a regulated utility engaged in the generation, transmission, distribution and sale of electricity to approximately 675,000 customers in South Carolina. The company also provides natural gas service to approximately 325,000 customers throughout the state. More information about SCE&G is available at www.sceg.com.

SCANA Corporation, headquartered in Cayce, S.C., is an energy-based holding company principally engaged, through subsidiaries, in electric and natural gas utility operations and other energy-related businesses. The Company serves approximately 675,000 electric customers in South Carolina and more than 1.2 million natural gas customers in South Carolina, North Carolina and Georgia. Information about SCANA and its businesses is available on the Company’s website at www.scana.com.

Santee Cooper is South Carolina’s largest power producer, the largest Green Power generator and the ultimate source of electricity for 2 million people across the state. Through its low-cost, reliable and environmentally responsible electricity and water services, and through innovative partnerships and initiatives that attract and retain industry and jobs, Santee Cooper powers South Carolina. To learn more, visit www.santeecooper.com.

SAFE HARBOR STATEMENT

Statements included in this press release which are not statements of historical fact are intended to be, and are hereby identified as, "forward-looking statements" for purposes of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, statements concerning key earnings drivers, customer growth, environmental regulations and expenditures, leverage ratio, projections for pension fund contributions, financing activities, access to sources of capital, impacts of the adoption of new accounting rules and estimated construction and other expenditures. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "should," "expects," "forecasts," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential" or "continue" or the negative of these terms or other similar terminology. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: (1) the information is of a preliminary nature and may be subject to further and/or continuing review and adjustment; (2) regulatory actions, particularly changes in rate regulation, regulations governing electric grid reliability and pipeline integrity, environmental regulations, and actions affecting the construction of new nuclear units; (3) current and future litigation; (4) changes in the economy, especially in areas served by subsidiaries of SCANA; (5) the impact of competition from other energy suppliers, including competition from alternate fuels in industrial markets; (6) the impact of conservation and demand side management efforts and/or technological advances on customer usage; (7) growth opportunities for SCANA's regulated and diversified subsidiaries; (8) the results of short- and long-term financing efforts, including prospects for obtaining access to capital markets and other sources of liquidity; (9) changes in SCANA's or its subsidiaries' accounting rules and accounting policies; (10) the effects of weather, especially in areas where the generation and transmission facilities of SCANA and its subsidiaries (the Company) are located and in areas served by SCANA's subsidiaries; (11) payment and performance by counterparties and customers as contracted and when due; (12) the results of efforts to license, site, construct and finance facilities for electric generation and transmission; (13) maintaining creditworthy joint owners for SCE&G's new nuclear generation project; (14) the ability of suppliers, both domestic and international, to timely provide the labor, components, parts, tools, equipment and other supplies needed, at agreed upon prices, for our construction program, operations and maintenance; (15) the results of efforts to ensure the physical and cyber security of key assets and processes; (16) the availability of fuels such as coal, natural gas and enriched uranium used to produce electricity; the availability of purchased power and natural gas for distribution; the level and volatility of future market prices for such fuels and purchased power; and the ability to recover the costs for such fuels and purchased power; (17) the availability of skilled and experienced human resources to properly manage, operate, and grow the Company's businesses; (18) labor disputes; (19) performance of SCANA's pension plan assets; (20) changes in taxes; (21) inflation or deflation; (22) compliance with regulations; (23) natural disasters and man-made mishaps that directly affect our operations or the regulations governing them; and (24) the other risks and uncertainties described from time to time in the periodic reports filed by SCANA or SCE&G with the United States Securities and Exchange Commission. The Company disclaims any obligation to update any forward-looking statements.

Appendix H

ORS Letter to the Commission

G. DUKES SCOTT
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900
Columbia, SC 29201



Phone: (803) 737-0800
Fax: (803) 737-0801

DAN LARNETT
CHIEF OF STAFF

shudson@regstaff.sc.gov

Shannon Bowyer Hudson
Counsel for ORS

March 20, 2014

VIA U.S. MAIL

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

Re: V.C. Summer Nuclear Station Units 2 & 3

Dear Ms. Boyd:

During the Allowable Ex Parte Communication Briefing on February 26, 2014, the South Carolina Office of Regulatory Staff ("ORS") informed the Public Service Commission of South Carolina ("the Commission") that South Carolina Electric & Gas Company ("SCE&G") will be receiving from Westinghouse Electric Company, CB&I Stone & Webster, Inc. (collectively "the Consortium") a revised integrated project schedule in the 2014 third quarter. Generally, SCE&G and ORS have been receiving monthly updates from the Consortium on the Base Load Review Act ("BLRA") milestones to compare with the Commission's approved milestone schedule. The most recent update was provided during January 2014. At the time of the Allowable Ex Parte Communication Briefing, ORS and SCE&G had no reason to believe there would be any change to this past practice of monthly updates.

This week, SCE&G informed ORS that the Consortium will not be providing either SCE&G or ORS monthly updates to the BLRA milestone schedule until the revised integrated project schedule is complete. The revised integrated project schedule is still expected in the third quarter of this year. Pursuant to ORS's nuclear monitoring of V.C. Summer Units 2 & 3 according to S.C. Code § 58-33-277 of the BLRA, ORS is advising the Commission of this temporary change in practice as it will impact ORS's ability to monitor and provide updates to the Commission on the status of milestone activities during this interim period, particularly as it relates to milestones equal to or greater than sixteen months.

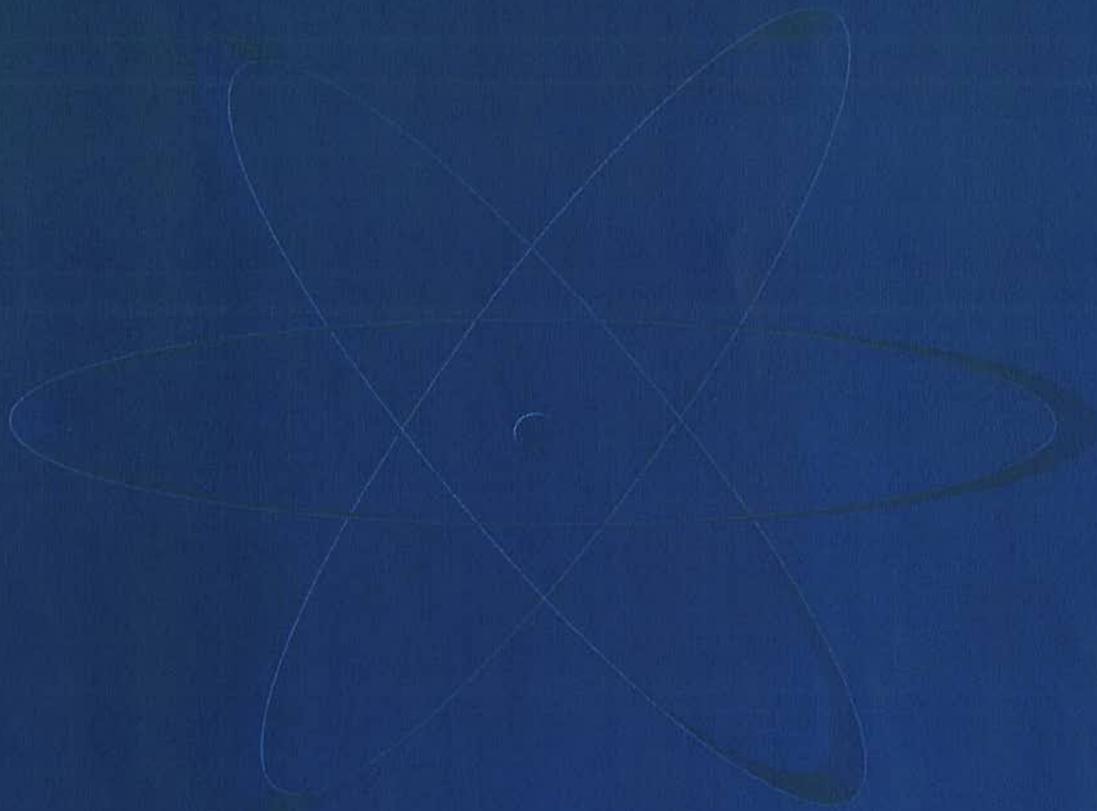
Sincerely,

Shannon Bowyer Hudson

cc: K. Chad Burgess, Esquire

South Carolina Office of Regulatory Staff

Review of South Carolina Electric & Gas Company's 2014 1st Quarter Report on V. C. Summer Units 2 and 3 Status of Construction



June 20, 2014



Table of Contents

Executive Summary	(1)
<i>Approved Schedule Review</i>	(1)
<i>Approved Budget Review</i>	(2)
Introduction and Background	(3)
Approved Schedule Review	(5)
<i>Milestone Schedule</i>	(5)
<i>Specific Construction Activities</i>	(6)
<i>Transmission</i>	(7)
Licensing and Inspection Activities	(8)
<i>Federal Activities</i>	(8)
<i>State Activities</i>	(8)
Approved Budget Review	(9)
<i>Capital Costs</i>	(9)
<i>Budget in 2007 Dollars</i>	(10)
<i>Budget in Future Dollars</i>	(10)
<i>Project Cash Flow</i>	(11)
<i>AFUDC and Escalation</i>	(12)
<i>Annual Request for Revised Rates</i>	(12)
Additional ORS Monitoring Activities	(13)
Construction Challenges	(14)
<i>Structural Modules</i>	(14)
<i>Shield Building Modules</i>	(14)
<i>Engineering Completion Status and Design Compliance</i>	(15)
<i>Instrumentation and Control Design</i>	(15)
<i>Overlapping Unit 2 and Unit 3 Construction Schedules</i>	(15)
<i>Manufacturing of Major Equipment</i>	(15)
<i>License Amendment Reviews</i>	(15)
Notable Activities Occurring after March 31, 2014	(16)
<i>NRC Acceptance of PAR Associated with LAR 14-01</i>	(16)
<i>Achievement of Multiple Major Construction Milestones</i>	(16)
<i>Stop Work Lifted on CB&I-LC</i>	(17)
<i>Stop Work Lifted on Cooling Tower Structural Welding</i>	(17)
<i>ORS Visit to Newport News Industrial Facility</i>	(17)
<i>Annual Request for Revised Rates</i>	(17)

Appendices

Appendix A: *ORS Letters to the Commission*

Appendix B: *Construction Site Photographs*

Appendix C: *SCE&G Transmission Line Map*

Appendix D: *License Amendment Requests*

Appendix E: *Change Orders and Amendments*

Executive Summary

On May 15, 2014, SCE&G submitted its 2014 1st Quarter Report related to construction of V.C. Summer Units 2 & 3. The Quarterly Report is filed in Commission Docket No. 2008-196-E and covers the quarter ending March 31, 2014. With reference to the Base Load Review Act, ORS's review of the SCE&G's Quarterly Report focuses on SCE&G's ability to adhere to the approved schedule and approved budget.

Approved Schedule Review

As previously reported by ORS, SCE&G has announced that its Engineering, Procurement and Construction contract partners, Westinghouse Electric Company and Chicago Bridge and Iron, indicated to SCE&G that the substantial completion date of Unit 2 is expected to be delayed until the 4th quarter of 2017 or the 1st quarter of 2018, with the substantial completion date of Unit 3 expected to be delayed similarly¹. This expected delay is primarily attributed to sub-module fabrication and delivery. SCE&G's Milestone Schedule reflects a delay in the Unit 2 substantial completion date from March 15, 2017 to December 15, 2017, and a delay in the Unit 3 substantial completion date from May 15, 2018 to December 15, 2018. Per the Base Load Review Order, overall construction is considered to be on schedule if the substantial completion dates are not accelerated more than 24 months or delayed more than 18 months. While delayed, the substantial completion dates fall within the parameters allowed by the Base Load Review Order. SCE&G is holding the current Unit 2 substantial completion date of December 15, 2017. ORS finds that meeting the current Unit 2 substantial completion date will continue to be a challenge.

SCE&G reports to ORS that a revised fully-integrated construction schedule will be available in the 3rd quarter of 2014. At that time, any impact on the Units 2 and 3 substantial completion dates will be determined. SCE&G also reports to ORS that it does not expect the Units 2 and 3 substantial completion dates to fall outside the 18 month boundary. Should the integrated construction schedule revise the Unit 2 substantial completion date, it may also revise the Unit 3 substantial completion date.

In ORS letters dated March 20, 2014 and May 19, 2014 (See Appendix A), ORS informed the Commission of the Consortium's decision to suspend providing either SCE&G or ORS monthly updates to the BLRA milestone schedule until the revised fully-integrated construction schedule has been issued. As stated above, SCE&G reports to ORS that a revised fully-integrated construction schedule will be available in the 3rd quarter of 2014. During the interim, ORS will not have the ability to monitor and provide updates on the status of milestone activities. Therefore, ORS's review of SCE&G's 2014 1st Quarter Report does not include a BLRA milestone status update. See Appendix 1 of SCE&G's Quarterly Report for its status of BLRA milestones.

¹ SCE&G has not agreed to any contractual change to the Guaranteed Substantial Completion Dates for Units 2 & 3.

Several ongoing construction concerns create risk to the on-time completion of the Units, particularly, the continued delay in the delivery of the structural sub-modules. ORS continues to monitor this closely.

Subsequent to the quarter, SCE&G completed four (4) major project milestones. Unit 2 CA04 (Reactor Vessel structural support module), CA20 (Auxiliary Building Module), Containment Vessel Ring 1, and Unit 3 Containment Vessel Bottom Head were formally set in place during the month of May. Additional information regarding these major milestones can be found in "Notable Activities Occurring after March 31, 2014" on page 16 of this report.

Approved Budget Review

The current approved base project cost in 2007 dollars is \$4.548 billion. There has been no increase in the total base project cost (in 2007 dollars). The approved gross construction cost of the project is \$5.755 billion. As of March 31, 2014, due to current escalation rates, the forecasted gross construction cost of the plant is \$5.626 billion, which represents a decrease of approximately \$129 million.

The cumulative amount projected to be spent on the project by December 31, 2014 is \$3.116 billion. At the end of 2014, the cumulative project cash flow is projected to be approximately \$605 million below the capital cost schedule approved in Order No. 2012-884, updated for current escalation rates. Due to escalation, an increased project cash flow of approximately \$146.331 million is necessary to complete the project in 2018. SCE&G has estimated the costs associated with the delay in the substantial completion dates for Unit 2 and Unit 3 to be approximately \$200 million in future dollars (or \$115 million in 2007 dollars). Since SCE&G has not accepted responsibility for these costs, this report includes no increases to the cash flow attributable to the delay in the substantial completion dates.

Introduction and Background

On March 2, 2009, the Public Service Commission of South Carolina ("Commission") approved South Carolina Electric & Gas Company's ("SCE&G" or the "Company") request for the construction of V.C. Summer Nuclear Station Units 2 & 3 (the "Units") and the Engineering, Procurement and Construction ("EPC") Contract with Westinghouse Electric Company ("WEC") and CB&I Stone & Webster, Inc. ("CB&I") (collectively "the Consortium"). The Commission's approval of the Units can be found in the Base Load Review Order No. 2009-104(A) filed in Docket No. 2008-196-E.

Subsequent to the Base Load Review Order, the Commission has held three (3) hearings regarding the Units and issued the following Orders:

- **Order No. 2010-12**: Issued on January 21, 2010 and filed in Docket No. 2009-293-E. The Commission approved the Company's request to update milestones and capital cost schedules.
- **Order No. 2011-345**: Issued on May 16, 2011 and filed in Docket No. 2010-376-E. The Commission approved SCE&G's petition for updates and revisions to schedules related to the construction of the Units which included an increase to the base project cost of approximately \$174 million.
- **Order No. 2012-884**: Issued on November 15, 2012 and filed in Docket No. 2012-203-E. The Commission approved SCE&G's petition for updates and revisions to schedules related to the construction of the Units which included an increase to the base project cost of approximately \$278 million.²

The anticipated dependable capacity from the Units is approximately 2,234 megawatts ("MW"), of which 55% (1,228 MW) will be available to serve SCE&G customers. South Carolina Public Service Authority ("Santee Cooper") is currently contracted to receive the remaining 45% (1,006 MW) of the electric output when the Units are in operation and is paying 45% of the costs of the construction of the Units. As discussed below, this 45% is under agreement to be reduced to 40%. In October 2011, SCE&G and Santee Cooper executed the permanent construction and operating agreements for the project. The agreements grant SCE&G primary responsibility for oversight of the construction process and operation of the Units as they come online. On March 30, 2012, the Nuclear Regulatory Commission ("NRC") voted to issue SCE&G a Combined Construction and Operating License ("COL") for the construction and operation of the Units.

²Petitions for Rehearing or Reconsideration were filed on behalf of the Sierra Club and the South Carolina Energy Users Committee. Both petitions were denied via Commission Order No. 2013-5 issued on February 14, 2013. The Sierra Club and the South Carolina Energy Users Committee subsequently filed appeals with the Supreme Court of South Carolina. Those appeals were heard on April 16, 2014. No opinion has been issued by the Supreme Court regarding this matter.

In 2010, SCE&G reported that Santee Cooper began reviewing its level of ownership participation in the Units. Since then, Santee Cooper has sought partners in its 45% ownership. Santee Cooper signed a Letter of Intent with Duke Energy Carolinas, LLC in 2011. On January 27, 2014, Santee Cooper and Duke Energy Carolinas, LLC concluded their negotiations which resulted in no change in ownership of the Units. On January 27, 2014, SCE&G announced that it had reached an agreement to acquire from Santee Cooper an additional 5% (110 MWs) ownership in the Units. The agreement is contingent upon the Commercial Operation Date of Unit 2. Ultimately, under the new agreement, SCE&G would own 60% and Santee Cooper would own 40% of the Units. The new agreement and the specific terms are subject to Commission approval. The project continues to be governed by the ownership responsibilities as established in the approved EPC Contract.

On May 15, 2014, SCE&G submitted its 2014 1st Quarter Report ("Quarterly Report") related to construction of the Units. The Quarterly Report is filed in Commission Docket No. 2008-196-E and covers the quarter ending March 31, 2014 ("Review Period"). The Company's Quarterly Report is submitted pursuant to S.C. Code Ann. § 58-33-277 (Supp. 2013) of the Base Load Review Act ("BLRA"), which requires the Quarterly Report to include the following information:

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

With reference to Section 58-33-275(A) of the BLRA, the review by the Office of Regulatory Staff ("ORS") of the Company's Quarterly Report focuses on SCE&G's ability to adhere to the approved construction schedule and the approved capital cost schedule.

Approved Schedule Review

Milestone Schedule

In ORS letters dated March 20, 2014 and May 19, 2014 (See Appendix A), ORS informed the Commission of the Consortium's decision to suspend providing either SCE&G or ORS monthly updates to the BLRA milestone schedule until the revised fully-integrated construction schedule ("Revised Schedule") is issued. SCE&G reports to ORS that the Revised Schedule will be available in the 3rd quarter of 2014. During the interim, ORS will not have the ability to monitor and provide updates on the status of milestone activities. Therefore, ORS's review of SCE&G's 2014 1st Quarter Report does not include a BLRA milestone status update. See Appendix 1 of the Company's Quarterly Report for its status of BLRA milestones.

SCE&G's Milestone Schedule, attached to its Quarterly Report as Appendix 1, indicates that overall construction supports a substantial completion date of December 15, 2017 for Unit 2 and December 15, 2018 for Unit 3. The substantial completion dates for the Units reflect a delay from the substantial completion dates approved by the Commission in Order No. 2012-884 of March 15, 2017 and May 15, 2018, respectively.

Unit 2 Substantial Completion Date

Order No. 2012-884	Q1 2014	Change
3/15/2017	12/15/2017	+9 Months

Unit 3 Substantial Completion Date

Order No. 2012-884	Q1 2014	Change
5/15/2018	12/15/2018	+7 Months

Per the Base Load Review Order, construction is considered to be on schedule if the substantial completion dates and each milestone date are not accelerated more than 24 months or delayed more than 18 months. While delayed, the substantial completion dates fall within the boundary allowed by the Base Load Review Order. SCE&G is holding the current Unit 2 substantial completion date of December 15, 2017. ORS finds that meeting the current Unit 2 substantial completion date will continue to be a challenge. As mentioned above, SCE&G reports to ORS that a Revised Schedule will be available in the 3rd quarter of 2014. At that time, any impact on the Units 2 and 3 substantial completion dates will be determined. SCE&G also reports to ORS that it does not expect the Units 2 and 3 substantial completion dates to fall outside the 18 month boundary. Should the Revised Schedule change the Unit 2 substantial completion date, it may also revise the Unit 3 substantial completion date.

ORS reviews all invoices associated with the Milestone Schedule and during the Review Period, one (1) invoice was paid. ORS reviews invoices to ensure the invoices are paid in accordance with Company policies and practices and in accordance with the terms of the EPC contract. ORS also reviews the escalation applied to these invoices for consistency with the appropriate EPC inflation indices.

Specific Construction Activities

Site construction activities continue to progress. The critical path for the Units runs through the successful completion of the CA20 and CA01 modules, and is dependent upon timely delivery of the sub-modules to the site.

During the Review Period, work was suspended on the interior and exterior concrete walls of the Auxiliary Building, while waiting for NRC approval of License Amendment Request ("LAR") 14-01, which provides additional guidance for floor and wall supports. Given the extended time necessary to complete the LAR approval process, the Company worked with the Consortium to develop a Preliminary Amendment Request ("PAR"). The PAR would allow SCE&G to continue to build out the Auxiliary Building pending the LAR approval. This PAR is unique in that the Company requested to pour concrete which is considered an irreversible construction practice. Subsequent to the Review Period, the PAR was approved by the NRC. Additional information regarding this matter can be found in "Notable Activities Occurring after March 31, 2014" on page 16 of this report.

Approximately 2,400 WEC/CB&I (including subcontractors) and 450 SCE&G personnel are currently on site. Major construction activities during the Review Period are listed below:

- Progress continued on the Unit 2 Turbine Building structural steel placement and the first section of the basemat at the finished floor elevation. Piping and pipe supports were being installed and welding continued on the Unit 2 Condensers.
- The Unit 3 CR10 module, on which the Containment Vessel Bottom Head will rest, was completed. Construction also began on all three condenser sections of Unit 3 Turbine Building, as well as continued progress on the installation of the Unit 3 Circulating Water Pipe.
- WEC/CB&I issued a Stop Work Order on the fabricator of the Cooling Towers. The Stop Work Order applied to the welding of the concrete structural panels that form the exterior of the Cooling Towers. Subsequent to the Review Period, the Stop Work Order was lifted.
- The Unit 3 Accumulator Tanks (2 of 2) were delivered to the site, as well as the final Unit 2 Auxiliary Transformer.

Subsequent to the Review Period, SCE&G completed four (4) major project milestones. Unit 2 CA04 (Reactor Vessel structural support module), CA20 (Auxiliary Building Module), Containment Vessel Ring 1 and Unit 3 Containment Vessel Bottom Head were formally set in place during the month of May. Additional information regarding these major milestones can be found in "Notable Activities Occurring after March 31, 2014" on page 16 of this report.

Photographs of construction activities during the Review Period are shown in Appendix B.

Transmission

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

Phase 1 consists of construction of two new 230 kV transmission lines in support of Unit 2: the VCS1-Killian Line and the VCS2-Lake Murray Line #2. The VCS1-Killian Line will connect the existing V.C. Summer Switchyard ("Switchyard 1") to the Company's existing Killian Road 230 kV Substation. The VCS1-Killian Line is near completion, with a minor scope of work remaining to be completed. The VCS2-Lake Murray Line #2 is energized. It connects the newly-constructed Switchyard ("Switchyard 2") to the Company's existing Lake Murray 230 kV Substation. Switchyard 2 will allow the connection of both Unit 2 and Unit 3 to the grid. Also, for Phase 1, two new 230 kV interconnections between Switchyard 1 and Switchyard 2 have been constructed.

Phase 2 consists of construction of two new 230 kV transmission lines and associated facilities in support of Unit 3. The construction of these lines and associated facilities was approved in Order No. 2012-730. Facilities in Phase 2 are the VCS2-St. George Line #1, VCS2-St. George Line #2, St. George 230 kV Switching Station, and Saluda River 230/115 kV Substation. Construction activities for these lines continued during the Review Period with work progressing on the VCS2-St. George 230 kV Line #2 segment between VCS2 and Lake Murray Substation.

The overall engineering layout of the St. George Switching Station is complete. The Company also performed Topographical surveys of the site in preparation of the site plan and the development of the storm water permit application.

A map showing the geographical location of SCE&G's new transmission lines and other associated facilities to support the Units is available in Appendix C.

Licensing and Inspection Activities

Federal Activities

As of March 31, 2014, SCE&G has identified the need to submit numerous LARs to the NRC. An LAR is the process by which a licensee requests changes to the COL issued by the NRC. The licensee may seek a PAR to accompany an LAR. PARs allow the licensee to continue with construction at its own risk while awaiting final dispensation of the LAR. As of March 31, 2014, 27 LARs have been approved/under review by the NRC including 3 LARs submitted during the Review Period. A table of LARs submitted to the NRC, and accompanying PARs, if also submitted, is attached as Appendix D.

Status of LARs

Total	Approved	Under Review
27	11	16

The NRC conducts routine site inspections to monitor construction progress. On January 17, 2014, the NRC held an Inspection Exit Meeting covering the 4th quarter of 2013 and identified no violations. On February 28, 2014, the NRC issued its annual assessment letter finding that the Units were being constructed in a manner that preserves public health and meets all cornerstone objectives.

State Activities

During the Review Period, the Company received the National Pollutant Discharge Elimination System Storm Water Permit issued by the SC Department of Health and Environmental Control, and the Lexington County Storm Water Permit for the Saluda River Substation.

Approved Budget Review

ORS's budget review includes an analysis of the 1st quarter 2014 capital costs, project cash flow, escalation and Allowance for Funds Used During Construction ("AFUDC").

Capital Costs

To determine how consistently the Company adheres to the budget approved by the Commission in Order No. 2012-884, ORS evaluates 9 major cost categories for variances. These cost categories are:

1. Fixed with No Adjustment
2. Firm with Fixed Adjustment A
3. Firm with Fixed Adjustment B
4. Firm with Indexed Adjustment
5. Actual Craft Wages
6. Non-Labor Cost
7. Time & Materials
8. Owners Costs
9. Transmission Projects

ORS monitors variances due to project changes (e.g., shifts in work scopes, payment timetables, construction schedule adjustments, Change Orders). The current approved base project cost (in 2007 dollars) is \$4.548 billion. There has been no increase in the total base project cost (in 2007 dollars). The approved gross construction cost of the project is \$5.755 billion. As of March 31, 2014, due to current escalation rates, the forecasted gross construction cost of the plant is \$5.626 billion, which represents a decrease of approximately \$129 million.

Budget in 2007 Dollars ("000") {Base Project Cost}

Order No. 2012-884	Q1 2014	Change
\$4,548,405	\$4,548,405	\$0

Budget in Future Dollars ("000") {Gross Construction Cost}

Order No. 2012-884	Q1 2014	Change
\$5,754,565	\$5,625,575	(\$128,990)

Budget in 2007 Dollars

Change Orders may impact the base project base cost and may result in a filing before the Commission to increase the budget (in 2007 dollars). During the Review Period, no Change Orders or Amendments were executed (See Appendix E for approved Change Orders and Amendments). However, the Company is currently negotiating several Change Orders:

Change Order #16: Execution of this Change Order has been delayed pending the resolution of a question regarding the application of the Handy-Whitman inflation indices. During the Review Period, SCE&G and the Consortium reached an agreement on this matter and expect to issue this Change Order soon. SCE&G reports to ORS that resolution of the Handy-Whitman issue will not increase the budget.

Commercial Issues: This Change Order incorporates design changes to offsite the water treatment system for the removal of bromide from the raw water intake source. It also addresses the transfer of certain scopes of work from the Time and Materials cost category to the Target Price and Firm Price cost categories. SCE&G reports to ORS that this Change Order will not increase the budget.

Cyber Security: This Change Order would incorporate Phase II of the cyber security changes previously catalogued in Change Order #14. During the Review Period, the Company continued to evaluate the technical scope of work and negotiate the terms of this Change Order. The impact to the budget has yet to be determined.

Health Care: This Change Order addresses WEC's costs associated with federal health care legislation. The Company is continuing its review of the information provided by WEC. SCE&G expects to issue a Change Order regarding this matter. The impact to the budget has yet to be determined.

Fabrication Delays: The Company continues to discuss this matter with the Consortium. SCE&G has estimated the costs associated with the delay in the substantial completion dates for Unit 2 and Unit 3 to be approximately \$200 million in future dollars (or \$115 million in 2007 dollars)³.

Budget in Future Dollars

The Handy-Whitman escalator indices may increase or decrease the gross construction cost of the Units. As of March 31, 2014, due to current escalation rates, the forecasted gross construction cost of the Units is approximately \$129 million below the approved budget. Since the Base Load Review Order issued by the Commission allows for escalation, the impact of escalation cost on the project will not result in a filing to increase the budget.

³Since SCE&G has not accepted responsibility for these costs, this report includes no increases to the project cash flow attributable to the delay in the substantial completion dates.

Project Cash Flow

As shown in Appendix 2 of the Company's Quarterly Report, the cumulative amount projected to be spent on the project by December 31, 2014 is \$3.116 billion. With reference to Appendix 2, ORS compared the total revised project cash flow (Line 37) with respect to the annual project cash flow, adjusted for changes in escalation (Line 16). This evaluation provides a comparison of the Company's current project cash flow to the cash flow schedule approved by the Commission in Order No. 2012-884. To produce a common basis for the comparison, Line 16 adjusts the approved cash flow schedule to reflect the current escalation rates.

Table 1 shows the cumulative variance from the approved cash flow schedule through the life of the project. The comparison shows that by the end of 2014, the cumulative project cash flow is forecasted to be approximately \$605 million below the capital cost schedule approved in Order No. 2012-884, updated for current escalation rates. Due to escalation, however, an increased project cash flow of approximately \$146.331 million is necessary to complete the project in 2018.

Table 1:

Project Cash Flow Comparison			
<i>\$'s in Thousands¹</i>			
		Annual Over/(Under)	Cumulative Over/(Under)
Actual	2007	-	-
	2008	\$0	\$0
	2009	\$0	\$0
	2010	\$0	\$0
	2011	\$0	\$0
	2012	(\$142,003)	(\$142,003)
	2013	(\$397,667)	(\$539,670)
Projected	2014	(\$65,079)	(\$604,749)
	2015	\$185,524	(\$419,225)
	2016	\$223,034	(\$196,191)
	2017	\$225,165	(\$28,974)
	2018	\$117,357	\$146,331

¹Slight variances may occur due to rounding.

AFUDC and Escalation

The forecasted AFUDC for the total project as of March 31, 2014 is approximately \$266 million and is currently based on a forecasted 7.27% AFUDC rate.

Changes in the AFUDC rate, timing changes in project spending due to construction schedule shifts, and five-year average escalation rates are all factors that impact the projected project cash flow. Due to changes in escalation rates, as well as changes to the timing of payments due to construction delays, the overall project cost has decreased.

Annual Request for Revised Rates

Pursuant to the BLRA, SCE&G may request revised rates no earlier than one year after the request of a Base Load Review Order or any prior revised rates request. Subsequent to the Review Period, SCE&G filed its Annual Request for Revised Rates with the Commission in Docket No. 2014-187-E on May 30, 2014, the anniversary date of SCE&G's previous request for revised rates. Additional information regarding this filing can be found in "Notable Activities Occurring after March 31, 2014" on page 16 of this report.

Table 2 below shows a summary of SCE&G's Revised Rate Filings with the Commission.

Table 2:

<i>SCE&G Revised Rate Filings</i>					
Docket No.	Order No.	Requested Increase	ORS Examination	Approved Increase	Retail Increase
2008-196-E	2009-104(A)	\$8,986,000	(\$1,183,509)	\$7,802,491	0.43%
2009-211-E	2009-696	\$22,533,000	\$0	\$22,533,000	1.10%
2010-157-E	2010-625	\$54,561,000	(\$7,260,000)	\$47,301,000	2.31%
2011-207-E	2011-738	\$58,537,000	(\$5,753,658)	\$52,783,342	2.43%
2012-186-E	2012-761	\$56,747,000	(\$4,598,087)	\$52,148,913	2.33%
2013-150-E	2013-680(A)	\$69,671,000	(\$2,430,768)	\$67,240,232	2.87%
2014-187-E	TBD	\$70,038,000	TBD	TBD	2.99%

Additional ORS Monitoring Activities

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

- Audits capital cost expenditures and resulting AFUDC in Construction Work in Progress
- On-site observations of construction activities and progress
- Bi-monthly on-site review of construction documents
- Holds monthly update meetings with SCE&G
- Meets quarterly with representatives of the Consortium
- Participates in NRC Public Meetings regarding SCE&G COL and other construction activities
- Visits vendor fabrication facilities

On February 26, 2014, ORS conducted an allowable ex parte communication briefing before the Commission to provide an update on its monitoring activities regarding the construction of the Units. The presentation is posted on ORS's website at:

http://www.regulatorystaff.sc.gov/Documents/News%20Archives/ORS%20NND%20Update%20to%20PSC%20February%202014_Final.pdf

Construction Challenges

Based upon the information provided by the Company in its Quarterly Report, as well as information obtained via additional monitoring activities, ORS identifies several ongoing construction concerns that create risk to the on-time completion of the Units. ORS continues to monitor these areas closely.

Structural Modules

As identified in previous ORS reviews, the most significant issue related to the construction of the Units remains the continued inability of Chicago Bridge & Iron – Lake Charles (“CB&I-LC”) to reliably and predictably meet the quality and schedule requirements. The critical path for the Units runs through the successful completion of the CA20 and CA01 modules, and is dependent upon timely delivery of the sub-modules from CB&I-LC. During the Review Period, several Unit 2 CA01 sub-modules were delivered to the site; however, SCE&G has not received the sub-modules necessary to start erecting the Unit 2 CA01 module.

Previous ORS reports identified SCE&G and Consortium efforts to improve the performance of CB&I-LC. Accordingly, SCE&G is pursuing an alternate approach of transferring the Unit 2 CA01 sub-modules to the site for rework/repairs. Fabrication responsibilities for the major Unit 3 sub-modules (CA01, CA03 and CA20) were being transferred from CB&I-LC to other fabrication vendors. In addition, the Georgia Power Vogtle Unit 4 CA03 module will be exchanged with SCE&G’s Unit 2 CA03 module. ORS considers these actions to be positive steps toward addressing the structural module issues.

Subsequent to the Review Period, the Unit 2 CA20 module was set in place. Its completion satisfies the Unit 2 CA20 module critical path and permits the construction to proceed toward other critical path activities. Additional information regarding the setting of the CA20 module can be found in “Notable Activities Occurring after March 31, 2014” on page 16 of this report.

Shield Building Modules

As previously reported, shield building module fabrication has been reassigned to Newport News Industrial (“NNI”). NNI’s sustained, reliable performance has not yet been demonstrated, and a delivery schedule has not been provided to ORS. Subsequent to the Review Period, ORS visited the NNI facility on May 5, 2014, to observe the Shield Building fabrication process. Additional information regarding ORS’s visit to NNI can be found in “Notable Activities Occurring after March 31, 2014” on page 16 of this report.

SCE&G has begun to receive Shield Building module panels (167 are needed per Unit) at the site. ORS remains concerned about the significant fabrication and erection challenges presented by the complex configurations of the Shield Building panels. A delivery schedule for all shield building modules should be established as part of the Revised Schedule, and NNI needs to demonstrate sustained delivery of high quality modules to the site.

Engineering Completion Status and Design Compliance

As of the end of the Review Period, the plant design packages issued for construction was updated from 99% complete downward to 88%. The reasons for this change appear to be associated with the comprehensive engineering review to support developing the Revised Schedule. This is an area of concern for ORS and will be further explored with ORS's review of the Revised Schedule.

Instrumentation and Control Design

No further delays have been identified regarding the design and procurement schedule, but the completion schedule is aggressive and remains an area of focus.

Overlapping Unit 2 and Unit 3 Construction Schedules

This will be addressed in the Revised Schedule to be provided in the 3rd quarter of 2014. ORS will revisit this matter at that time.

Manufacturing of Major Equipment

As previously reported, several major components were delivered during the Review Period. The overall progress in this area is encouraging. However, the thrust bearings anomalies and loss of cooling test results for the Reactor Coolant Pumps, as well as, the leakage identified during the squib valves qualification testing will be monitored by ORS.

License Amendment Reviews

As of the end of the Review Period, the Company has identified multiple LARs for the Units, and this number continues to increase each month. The identification and processing of these LARs remains an area of focus by ORS.

Notable Activities Occurring after March 31, 2014

The BLRA allows SCE&G 45 days from the end of the current quarter to file its Quarterly Report. Items of importance that occurred subsequent to the Review Period are reported below.

NRC Acceptance of PAR Associated with LAR 14-01

The PAR associated with LAR 14-01 dealing with changes to the interior walls and floors of the Auxiliary Building was accepted by the NRC in April 2014. This PAR is unique in that the Company requested to pour concrete which is considered an irreversible construction practice. The PAR approval allowed the work on the Auxiliary Building to continue at the Company's and the Consortium's risk.

Achievement of Multiple Major Construction Milestones

SCE&G has completed four (4) major project milestones. The Unit 2 CA04 module, CA20 module, Ring 1 and Unit 3 Bottom Bowl were formally set in place during the month of May 2014. These accomplishments represent significant advancements in the construction of the Units. Photographs of these construction milestones can be found at:
<https://www.flickr.com/photos/scegnews/sets/72157629244341909/>

The issues associated with the tolerances and alignment of the Unit 2 CA04 module which houses the Reactor Pressure Vessel inside the Containment Vessel were addressed and this module was set on May 3, 2014. This activity is associated with BLRA Milestone No. 78. SCE&G's Quarterly Report shows this activity as delayed by 18 months. However, it did not exceed 18 months, and therefore, was within the construction contingency allowance per the Commission Order.

Unit 2 CA20 module was set on May 9, 2014. It is one of the largest structural modules for the Units. Its completion satisfies the Unit 2 CA20 module critical path and permits the construction to proceed toward other critical path activities.

Unit 2 Containment Vessel Ring 1 was set in place on June 2, 2014 and will permit construction to proceed on the upper levels of the plant.

Lastly, the bottom head of the Unit 3 Containment Vessel was set on May 21, 2014 which represents the first major move for the Biggie Heavy Lift Derrick on Unit 3.

Stop Work Lifted on CB&I-LC

The CB&I stop work resulting from the improper review of welding procedures at CB&I-LC was lifted in April 2014 and work at the facility resumed. This action was critical to support the completion of the CA01 sub-modules.

Stop Work Lifted on Cooling Tower Structural Welding

The CB&I stop work issued against the cooling tower subcontractors, Envirotech and Tindell, due to deficiencies in the welding QA/QC documentation was lifted in May 2014. This action allowed work on the erection of Cooling Tower 3B to resume.

ORS Visit to Newport News Industrial Facility

On May 5, 2014, ORS visited the NNI facility in Newport News, Virginia. SCE&G representatives were also in attendance at the meeting. NNI is currently fabricating the Shield Building for the Units. The purpose of the NNI visit was to meet with senior staff to discuss the fabrication schedule and to tour the NNI facility.

The basic fabrication processes were discussed, including the cutting of the plates by high-pressure water jets, the boring and machining of the liner plates in preparation for welding the reinforcing steel, the bending and assembly of the parallel liner plates, the welding and assembly of the modules and the blasting and coating of the final modules. Each of these processes has its own quality assurance and quality control inspection and documentation requirements. NNI's documentation process requires completion of the proper documentation as part of the work flow, and does not wait until the end to assemble the document packages. Several of these processes were observed by ORS during the shop tour.

The activity level in the shop area was high and the shop floor was essentially full of Shield Building modules in various stages of production. The shop is currently working two ten-hour shifts on a six day work week basis. The shop appeared to be efficiently laid out with work progressing in a logical and effective manner.

Annual Request for Revised Rates

On May 30, 2014, the anniversary date of SCE&G's previous request for revised rates, SCE&G filed its Annual Request for Revised Rates with the Commission in Docket No. 2014-187-E. ORS is currently reviewing the Company's request. SCE&G is requesting approximately \$70 million (or 2.99%) in increased retail revenues to support the financing cost of the Units. The proposed average increase is 3.09% for residential customers, 3.08% for small general service customers, 3.07% for medium general service customers, and 2.70% for large general service customers. SCE&G's request would increase an average residential customer's monthly bill (using 1,000 kWhs) by approximately \$4.34.

Appendix A

ORS Letters to the Commission



1001 Market Street, Suite 900
Columbia, SC 29201

Phone: (803) 742-0800
Fax: (803) 742-0801

DON L. ARNETT
GOVERNOR

shudson@regstaff.sc.gov

*Shannon Bowyer Hudson
Counsel for ORS*

March 20, 2014

VIA U.S. MAIL

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

Re: V.C. Summer Nuclear Station Units 2 & 3

Dear Ms. Boyd:

During the Allowable Ex Parte Communication Briefing on February 26, 2014, the South Carolina Office of Regulatory Staff ("ORS") informed the Public Service Commission of South Carolina ("the Commission") that South Carolina Electric & Gas Company ("SCE&G") will be receiving from Westinghouse Electric Company, CB&I Stone & Webster, Inc. (collectively "the Consortium") a revised integrated project schedule in the 2014 third quarter. Generally, SCE&G and ORS have been receiving monthly updates from the Consortium on the Base Load Review Act ("BLRA") milestones to compare with the Commission's approved milestone schedule. The most recent update was provided during January 2014. At the time of the Allowable Ex Parte Communication Briefing, ORS and SCE&G had no reason to believe there would be any change to this past practice of monthly updates.

This week, SCE&G informed ORS that the Consortium will not be providing either SCE&G or ORS monthly updates to the BLRA milestone schedule until the revised integrated project schedule is complete. The revised integrated project schedule is still expected in the third quarter of this year. Pursuant to ORS's nuclear monitoring of V.C. Summer Units 2 & 3 according to S.C. Code § 58-33-277 of the BLRA, ORS is advising the Commission of this temporary change in practice as it will impact ORS's ability to monitor and provide updates to the Commission on the status of milestone activities during this interim period, particularly as it relates to milestones equal to or greater than sixteen months.

Sincerely,

Shannon B. Hudson

Shannon Bowyer Hudson

cc: K. Chad Burgess, Esquire

C. BUKES SCOTT
EXECUTIVE DIRECTOR

101 Main Street, Suite 900
Columbia, SC 29201



Phone: (803) 727-0500
Fax: (803) 727-0555

DAN F. MENNETT
CHIEF OF STAFF

May 19, 2014

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

Dear Ms. Boyd:

I am writing to provide the most recent information regarding the temporary suspension of monthly updates provided by the Consortium (consisting of Westinghouse Electric Co. and CB&I Stone & Webster, Inc.) to SCE&G and the ORS on the BLRA construction milestone schedule for V.C. Summer Units 2 and 3.

Via letter dated March 20, 2014, we informed the Commission of the Consortium's decision to suspend the monthly updates until the Consortium completed its work on a Revised Fully Integrated Construction Schedule. SCE&G anticipates this work to be complete in the third quarter of 2014, after which the Consortium's monthly updates are to resume. In our March 20th letter, we expressed concern regarding this arrangement, particularly in light of the fact that the Consortium is required to provide these monthly updates to SCE&G, as specified by the Engineering, Procurement, and Construction Agreement (EPC Agreement). Further, we expressed concern that the Consortium's change in practice regarding monthly updates would hinder the ORS' ability to monitor and provide updates to the Commission and the public on the status of pending construction activities.

SCE&G has been responsive in addressing our concerns. Specifically, SCE&G informed ORS that it objected to the temporary suspension of monthly project schedules, as noted on p.2, paragraph 3 of the enclosed letter from SCE&G detailing its response to the Consortium's actions. The Consortium's response was that its resources would be better applied to creating the Revised Fully Integrated Construction Schedule than on generating a monthly updated project schedule that was based on a soon-to-be-replaced construction schedule. In other words, the Consortium advised that "... the issuance of a monthly updated project schedule would not be meaningful and of no benefit to the project in the light of the upcoming Revised Fully Integrated Construction Schedule."

SCE&G provided assurances that it is closely monitoring the activities of the Consortium and is in continuous communication with the Consortium. SCE&G believes that by proceeding in this manner, it has not waived any of its rights under the EPC Agreement and is properly executing the EPC Agreement.

If you have any questions or concerns, please feel free to contact me.

Sincerely,

Shannon B. Hudson

**Shannon B. Hudson
Esquire**

Enclosure



Stephen A. Byrne
President Generation & Transmission & COO
sbyrne@scana.com

May 1, 2014

VIA HAND DELIVERY

The Honorable C. Dukes Scott
South Carolina Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, South Carolina 29201

RE: V.C. Summer Nuclear Station Units 2 & 3

Dear Mr. Scott:

By letter dated March 20, 2014, the South Carolina Office of Regulatory Staff ("ORS") advised the Public Service Commission of South Carolina ("Commission") that ORS had been informed that Westinghouse Electric Company and CB&I Stone & Webster (together, "the Consortium") had temporarily suspended providing South Carolina Electric & Gas Company ("SCE&G" or "Company") with a monthly update to the Base Load Review Order milestone schedule. ORS also informed the Commission that the issuance of a monthly update would resume after the Consortium completed its work on a revised integrated project schedule.¹ As ORS has noted, the Engineering, Procurement and Construction Agreement between SCE&G and the Consortium ("EPC Agreement") requires the Consortium to provide SCE&G with an updated project schedule monthly. The purpose of this letter is to provide you with information regarding the Company's response to the Consortium's actions.

By way of background, during the third quarter of 2013, the Consortium provided SCE&G with revised Unit 2 and Unit 3 construction schedules ("Revised Unit 2 and Unit 3 Schedules") which were based on a reevaluation of the submodule production schedule at the CB&I facility in Lake Charles, Louisiana. SCE&G did not agree to these schedules and advised the Consortium that it remained obligated to satisfy the dates previously agreed to in the EPC Agreement, as amended. Nevertheless, based on these schedules, SCE&G was forced to announce a delay in the expected completion dates of the projects. The projected dates, however, remain within the 18-month schedule contingency provided for in Commission Order No. 2009-104(A).

¹ Please know that the Consortium continues to provide SCE&G with a monthly update of the manufacture of equipment milestones which are part of the Base Load Review Order milestone schedule.

During the fourth quarter of 2013, the Consortium began a full re-baselining of the Unit 2 and Unit 3 construction schedules to incorporate into the schedule a more detailed evaluation of the engineering and procurement activities necessary to accomplish the schedule and to provide a detailed reassessment of the impact of the Revised Unit 2 and Unit 3 Schedules on engineering and design resource allocations, procurement schedules, construction work crew assignments, and other items. This result will be a revised fully integrated construction schedule ("Revised Fully Integrated Construction Schedule") that will provide detailed and itemized information on individual budget and cost categories, cost estimates at completion for all non-firm/fixed scopes of work, and the timing of specific construction activities and cash flow requirements. Based on representations from the Consortium, SCE&G anticipates that the Revised Fully Integrated Construction Schedule and the cost estimate at completion for all non-firm/fixed scopes of work will be finalized in the third quarter of 2014. SCE&G plans to reevaluate and reschedule its Owners Cost estimates and cash flow requirements in light of the new schedule.

By letter dated March 10, 2014, the Consortium informed SCE&G that it was temporarily discontinuing its practice of issuing a monthly updated project schedule until the Revised Fully Integrated Construction Schedule is complete.

SCE&G objected when informed by the Consortium of its decision to temporarily suspend the issuance of a monthly updated project schedule. In response to SCE&G's objection, the Consortium advised the Company that it would prefer to concentrate its efforts on drafting the Revised Fully Integrated Construction Schedule rather than devote resources and time to generate a monthly updated project schedule that would be based upon a construction schedule that would soon be superseded by the Revised Fully Integrated Construction Schedule. Accordingly, the Consortium advised SCE&G that the issuance of a monthly updated project schedule would not be meaningful and of no benefit to the project in the light of the upcoming Revised Fully Integrated Construction Schedule.

Please be assured that we are taking the issue very seriously and are closely monitoring the activities of the Consortium. A project of this magnitude requires constant communication between SCE&G and the Consortium. We continue to receive information daily from the Consortium concerning the progress of construction. Additionally, we continue to receive written "1 week look-ahead site specific schedule" reports for both construction and non-construction related activities from the Consortium updating us on the status of activities at the project site, and we also continue to receive a written monthly status report. Even though the monthly updated project schedule has been temporarily discontinued, there has been no lack of communication between SCE&G and the Consortium concerning the progress of construction.

By proceeding in this manner, SCE&G has not waived any of its rights under the EPC Agreement. Moreover, the Company's course of action in this matter is consistent with its responsibility for the proper execution of the EPC Agreement. We will continue to monitor this matter closely and if the circumstances change such that it becomes advisable to take a different approach, then the Company will do so.

If you have any questions, please do not hesitate to contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read "S.A. Byrne". The signature is written in a cursive, slightly slanted style.

Stephen A. Byrne

SAB/beb

Appendix B

Construction Site Photographs

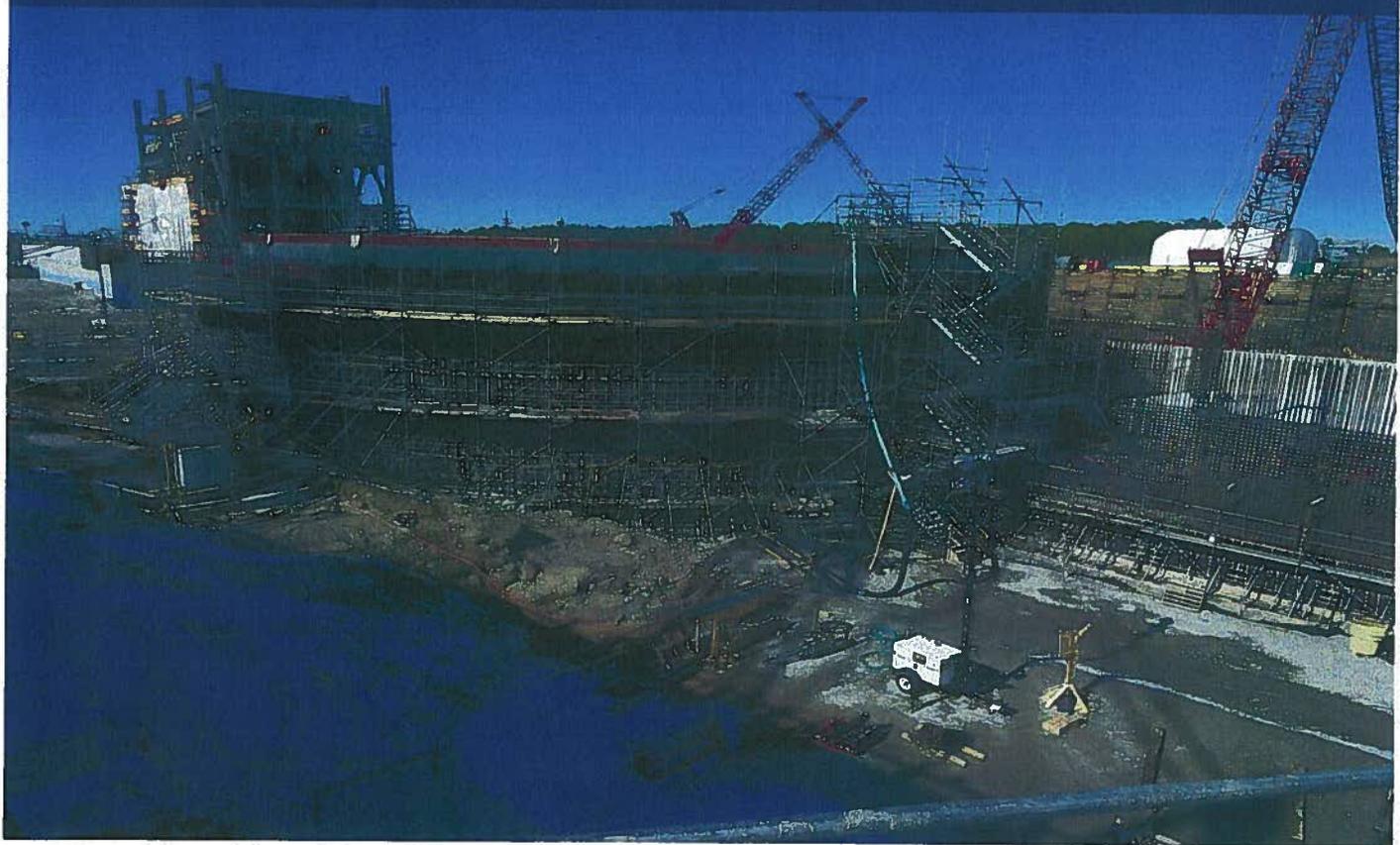
Unit 2 Low Pressure Turbine Rotor



Unit 2 Turbine Island



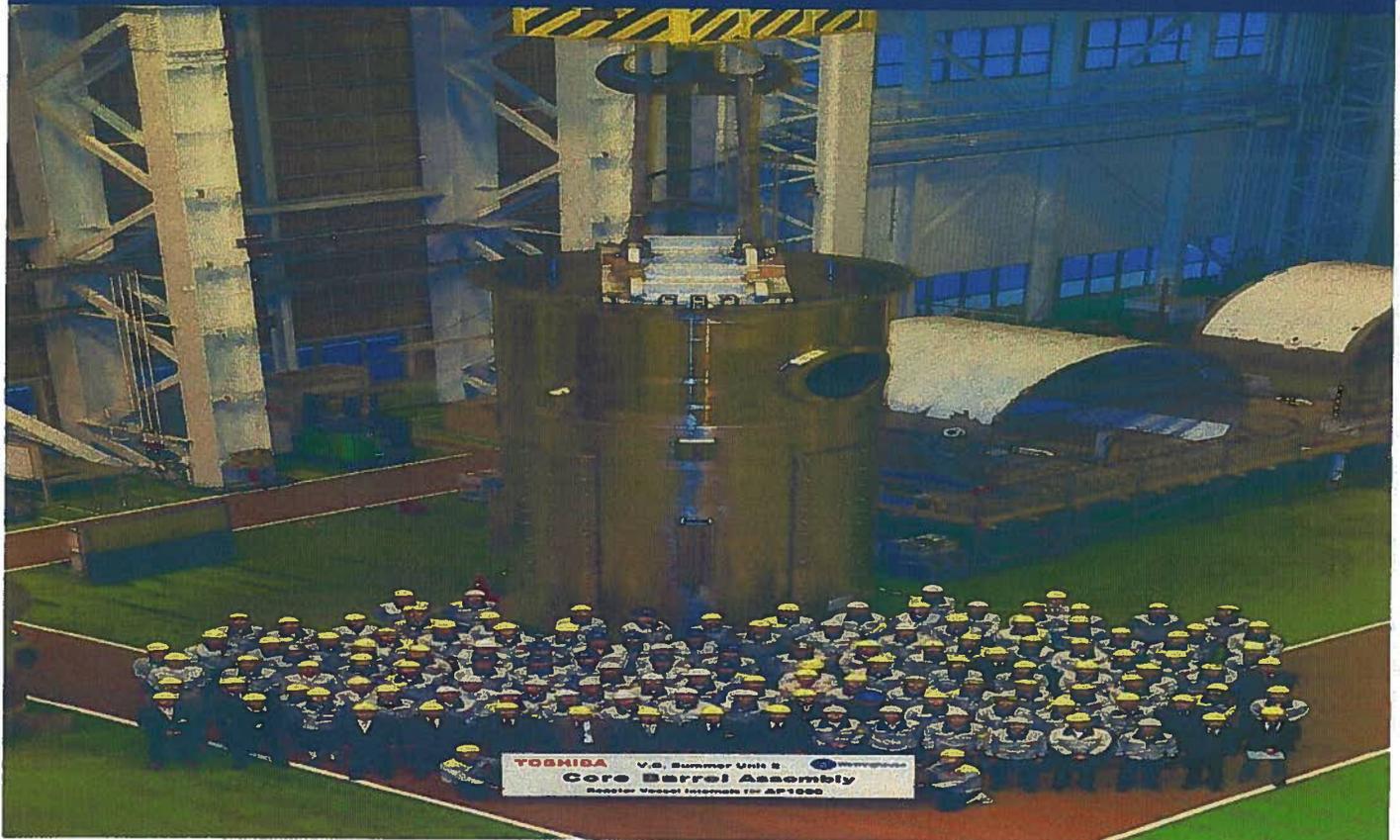
Unit 2 Containment Vessel



Unit 2 Main Transformers



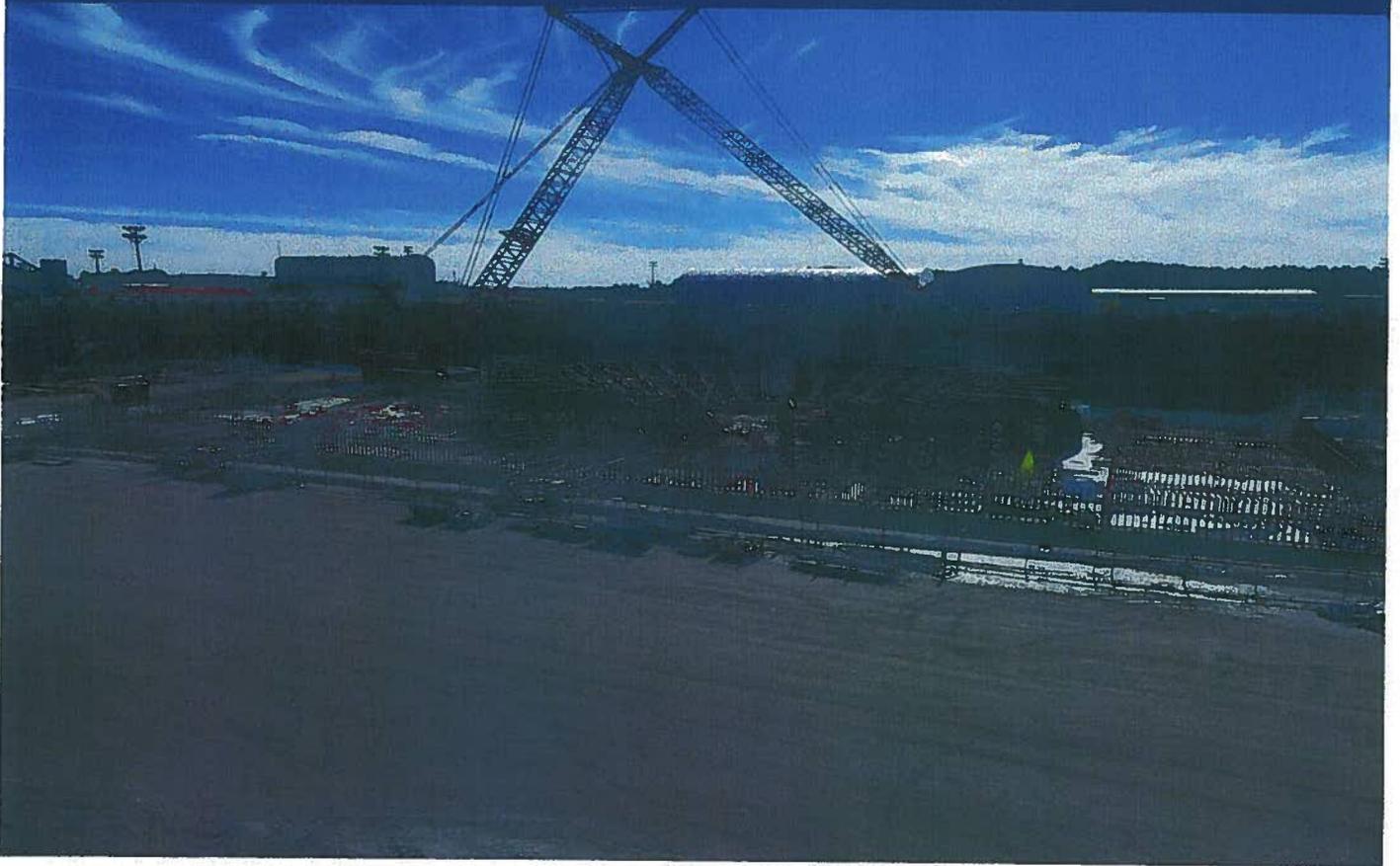
Unit 2 Core Barrel Assembly



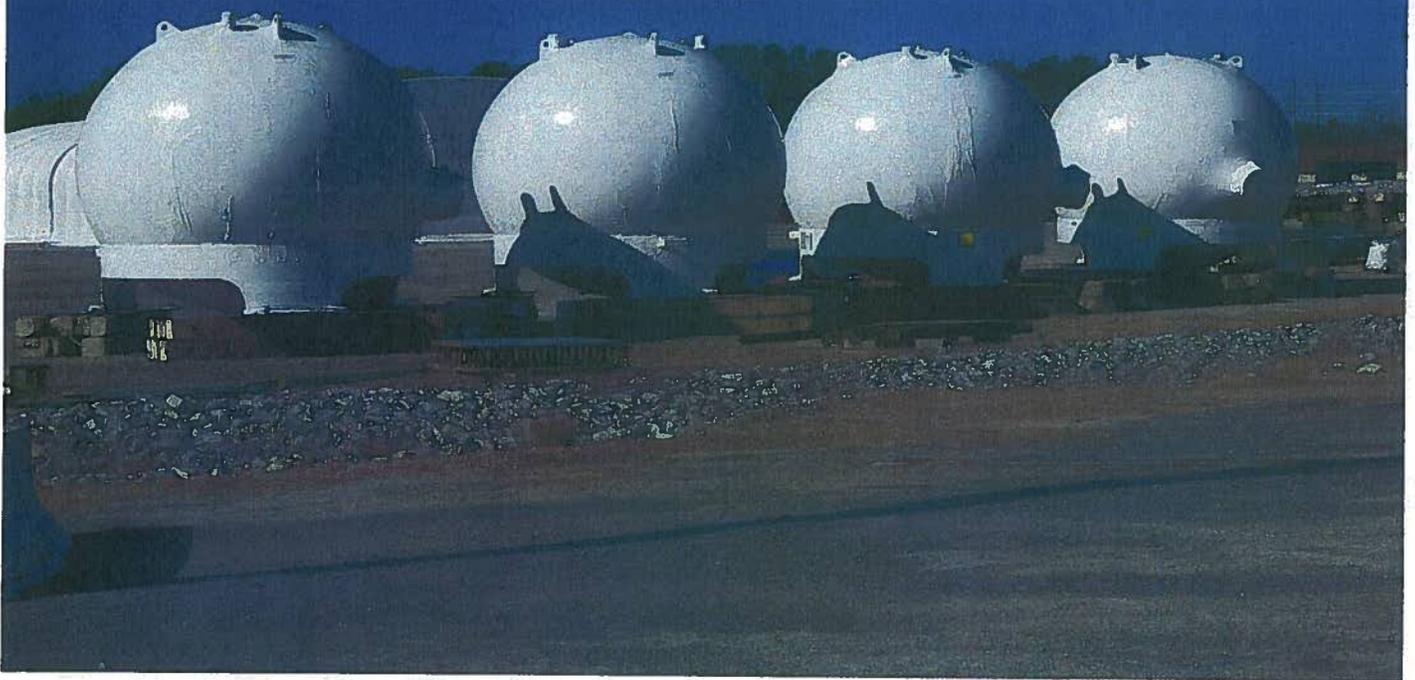
Unit 2 Core Makeup Tanks



Unit 3 CR10 Module



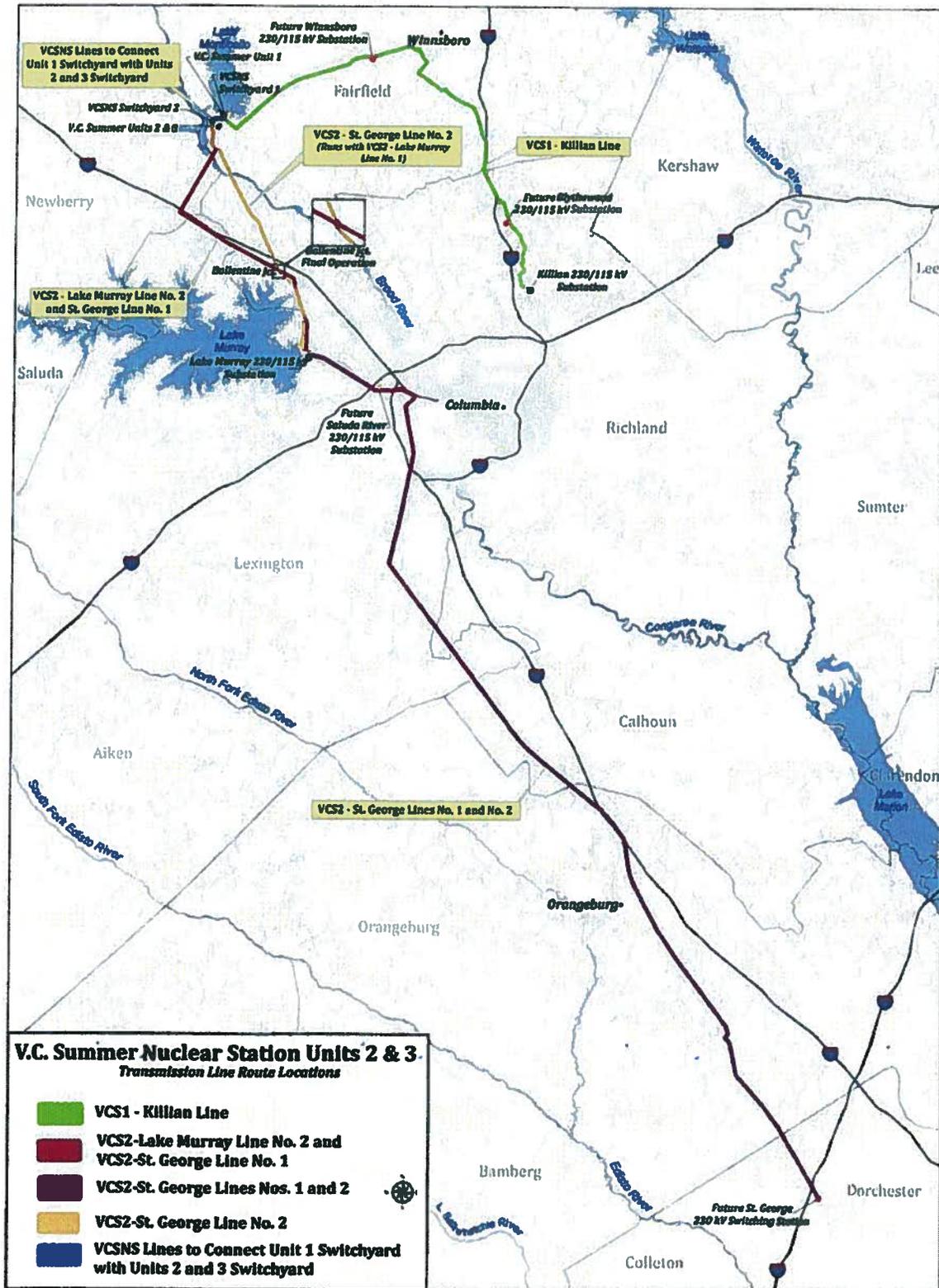
Units 2 and 3 Accumulators



Appendix C

SCE&G Transmission Line Map

New SCE&G Transmission Lines and Facilities Supporting V.C. Summer Units 2 & 3



Appendix D

License Amendment Requests

License Amendment Requests

Appendix D

¹ NRC LAR No.	Summary	LAR Submission Date	LAR Status	LAR Approval Date	PAR Submission Date	PAR Status	PAR Approval Date
12-01	Stud Spacing around Electrical Penetrations	8/29/2012	Approved	7/1/2013			
12-02	Definition of Wall Thickness in Table 3.3.1 (PAR Requested)	9/26/2012	Approved	5/30/2013	12/6/2012	Approved	1/16/2013
13-01	Basemat Shear Reinforcement Design Spacing (PAR Requested)	1/15/2013	Approved	2/26/2013	1/24/2013	Approved	1/29/2013
13-02	Basemat Shear Reinforcement Design Details (PAR Requested)	1/18/2013	Approved	3/1/2013	1/22/2013	Approved	1/29/2013
13-03	Turbine Building Eccentric and Concentric Bracing	2/7/2013	Approved	7/1/2013			
13-04	Reconciliation of Tier 1 Value Differences	2/7/2013	Under Review				
13-05	Structural Module Shear Stud Size and Spacing	2/14/2013	Approved	5/23/2013			
13-06	Primary Sampling System Changes	2/7/2013	Approved	8/22/2013			
13-07	Changes to Chemical and Volume Control System	3/13/2013	Approved	2/24/2014			
13-08	Module Obstructions and Details <i>Superseded by LAR 13-20</i>	2/28/2013	Withdrawn				
13-09	Annex/Radwaste Building Layout Changes	2/27/2014	Under Review				
13-10	Human Factors Engineering Integrated Plan	3/13/2013	Under Review				
13-11	Nuclear Island Walls Reinforcement Criteria (PAR Requested)	3/26/2013	Approved	6/6/2013	4/2/2013	Approved	4/10/2013
13-12	Fire Area Boundary Changes	7/17/2013	Under Review				
13-13	Turbine Building Layout Changes	7/30/2013	Under Review				
13-14	Turbine Building Battery Room Electrical Changes	10/2/2013	Under Review				

¹ Numbering may not be in sequence

License Amendment Requests

Appendix D

¹ NRC LAR No.	Summary	LAR Submittal Date	LAR Status	LAR Approval Date	PAR Submittal Date	PAR Status	PAR Approval Date
13-15	Operator Break Room Configuration <i>LAR not required</i>		Withdrawn				
13-16	Revision to Human Factors Engineering Design Verification Plan	9/25/2013	Under Review				
13-17	Revision to Human Factors Engineering Task Support Verification Plan	9/25/2013	Under Review				
13-18	Revision to Human Factors Engineering Issue Resolution Plan	10/3/2013	Under Review				
13-19	Revise to Human Factors Engineering Plan	10/3/2013	Under Review				
13-20	Module/Stud Channel Obstructions Revisions	7/17/2013	Approved	11/19/2013			
13-21	CA03 Module Design Differences	2/2/2014	Under Review				
13-25	Tier 1 Editorial and Consistency Changes	7/2/2013	Under Review				
13-26	Emergency Plan Rule Changes	12/17/2013	Under Review				
13-32	Liquid Waste System Changes	8/30/2013	Approved	1/8/2014			
13-34	Clarification of Tier 2* Material in Human Factors Engineering Documents	3/19/2014	Under Review				
13-37	VCSNS Units 2&3 Tech Spec Upgrade	12/4/2013	Under Review				
13-38	ACI Code Compliance With Crical Sections Higher Elevations - <i>LAR not required</i>	11/7/2013	Withdrawn				
13-41	Coating Thermal Conductivity- Revise DCD Tier 2 Document	11/26/2013	Under Review				

¹ Numbering may not be in sequence

Appendix E

Change Orders and Amendments

Change Orders and Amendments

No.	Summary	Cost Categories Involved	Type of Change	Date Approved	Status
1	Operator training for WEC Reactor Vessel Systems and Simulator training	Fixed Price with 0% escalation ¹	Owner Directed	7/22/2009	Approved
2	Limited Scope Simulator	Firm Price	Owner Directed	9/11/2009	Approved
3	Repair of Parr Road	Time and Materials	Owner Directed	1/21/2010	Approved
4	Transfer of Erection of CA20 Module from WEC to Shaw	Target Price work shifting to Firm Price	Contractor Convenience	N/A	Superseded by Change Order No. 8
5	<i>*Supplements Change Order No. 1*</i> Increased training by two (2) weeks	Fixed Price with 0% escalation	Owner Directed	5/4/2010	Approved
6	Hydraulic Nuts	Fixed Price	Owner Directed	7/13/2010	Approved
7	St. George Lines #1 & 2	Firm and Target Price Categories	Entitlement	7/13/2010	Approved
8	Target to Firm/Fixed Shift	Target, Firm and Fixed Price Categories	Owner Directed	4/29/2011	Approved
9	Switchyard Lines Reconfiguration	Firm and Target Price Categories	Owner Directed	11/30/2010	Approved
10	Primavera	Fixed Price with 0% escalation	Owner Directed	12/16/2010	Approved
11	COL Delay Study	Fixed Price, but would be applied to T&M Work Allowances	Owner Directed	2/28/2011	Approved
12	2010 Health Care Act Costs	Firm	Entitlement	11/14/2011	Approved
13	Ovation Workstations	No Cost	Owner Directed	3/12/2012	Approved
14	Cyber Security Phase 1	Firm Price and T&M Price	Entitlement	3/15/2012	Approved
15	Liquid Waste System Discharge Piping	Firm Price	Owner Directed	3/15/2012	Approved

Amendment #1	Includes Change Orders 1 and 2	Executed on 8/2/2010
Amendment #2	Incorporates Change Orders 3, 5-11	Executed on 11/15/2011
Amendment #3	Includes modified insurance wording	Executed on 4/30/12

¹Fixed Price with 0% escalation, but would be applied to Time and Materials Work Allowances by adding a new category for Simulator Instructor training and reducing Startup Support by a commensurate amount.

Appendix E

A list of definitions for each type of Change Order is found below:

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