

**SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S
REVIEW OF THE
SOUTH CAROLINA ELECTRIC & GAS COMPANY
3rd QUARTERLY REPORT
FOR THE PERIOD ENDING September 30, 2009
ON THE
BUDGET AND SCHEDULE
OF
V.C. SUMMER UNITS 2 & 3 CONSTRUCTION**



December 31, 2009

South Carolina Electric & Gas Company (“SCE&G” or “the Company”) submitted its 3rd Quarterly Report (“Quarterly Report”) on construction activities at its V.C. Summer Nuclear Station Units 2 & 3 (“Units 2 & 3”) on November 16, 2009. The Quarterly Report covers the quarter ending September 30, 2009, and is submitted pursuant to S.C. Code Ann. § 58-33-277 of the Base Load Review Act (“BLRA”). The BLRA requires SCE&G to document the construction schedule, budget expenditures, completed activities, forecasts of activities to be completed, and any revisions to the original schedule and budget of Units 2 & 3.

There are two distinct schedules: (1) the Milestone Schedule, and (2) the engineering, procurement and construction schedule, together known as the Performance Measurement Baseline Schedule (“PMBS”). The Milestone Schedule adopted in Public Service Commission of South Carolina (“Commission”) Order Number 2009-104A (“BLRA Order”) is composed of 123 significant activities that provide an overall assessment of the construction progress. The Commission’s Order allows any Milestone Schedule activity to be accelerated 24 months or delayed 18 months. While the Milestone Schedule is an “indicator” of construction progress and project health, it is not designed to provide a detailed view of the project. The PMBS is the tool that allows for significant and specific day-to-day construction monitoring.

On July 21, 2009, SCE&G filed with the Commission an “Update of Construction Progress and Request for Updates and Revisions to Schedules.” This filing was entered as Docket No. 2009-293-E by the Commission and contained a request by the Company to update its Milestone Schedule. The updated Milestone Schedule in Docket No. 2009-293-E revises the Commission-approved Milestone Schedule by expanding the original 123 milestones to 146 milestones. The expansion to 146 milestones does not omit any original milestones but simply unbundles several of the 123 milestones into additional milestones to allow for closer tracking of specific activities and aligns the Milestone Schedule more closely with the PMBS.

The Commission formally heard testimony and cross examination of the issues raised by SCE&G in its request for updates and revisions to the schedule on Wednesday, November 4, 2009. Prior to this hearing, SCE&G, the South Carolina Energy Users Committee (“SCEUC”) and the South Carolina Office of Regulatory Staff (“ORS”) formally entered into a settlement agreement supporting SCE&G’s request. Friends of the Earth (“FOE”) did not join this settlement agreement. There were no other parties to the proceeding. At this point in time, the Commission is continuing its review of the SCE&G request. By statute, an order is due in late January 2010.

The Consortium of Westinghouse Electric Company (“WEC”) and Shaw submitted to SCE&G the final PMBS during spring 2009.¹ The PMBS is the contractual schedule used by the Consortium and SCE&G to establish the scheduling goals, forecast of cash flow and accountabilities required in the Engineering, Procurement and Construction (“EPC”) contract. The PMBS contains the detailed completion dates, compliance dates for payments, and critical dates for completion of certain activities prior to the start of other activities. It is important to note that the PMBS will change over time due to numerous internal and external influences

¹ It should be noted that Stone & Webster, LLC is now fully integrated into Westinghouse.

including such issues as weather, delivery schedules, and manufacturing. These schedule changes are normal to any construction project of this magnitude and complexity.

The current status of construction activities based on the PMBS continues to be on schedule. The work activities at the site have been hampered by rainfall during the latter stages of the 3rd Quarter. However, these weather related impacts are anticipated and do not affect the substantial completion dates. ORS's analysis of the critical path activities in the PMBS does not identify any construction issue that will impact substantial completion as stipulated in the BLRA Order and contractually obligated in the EPC Contract.

The current NRC schedule for issuance of the rulemaking for Design Control Document Revision 17 ("DCD-17") is August 2011. This rulemaking is required prior to issuance of the Combined Operating License ("COL"). The current version of the PMBS shows an issuance date of July 2011. While this is a nominal difference in schedule dates, it is an important milestone and one that continues to be a focus of all parties. SCE&G is in the process of actively working to address this schedule difference and is following two tracks to address this:

- 1) SCE&G is working with the Consortium to formulate a strategy to accommodate the schedule difference by investigating changes to the schedule that will allow multiple activities to proceed simultaneously; and,
- 2) SCE&G is working closely with WEC and the NRC to address issues with DCD-17.

In addition, SCE&G has formed a Contingency Team which is tasked with reviewing all construction activities to explore the use of multiple work-shifts, weekend work schedules and other areas where the schedule can be shortened.

ORS continues to be extremely concerned with the NRC and WEC resolution of DCD-17 regarding the Shield Building reanalysis and other activities included in DCD-17. These issues as well as other less critical issues continue to be the center piece of discussions between SCE&G, WEC and the NRC. Their timely resolution is required to support the issuance of the COL and to support the current construction schedule. ORS will continue to express concerns to SCE&G, WEC and the NRC in a constructive manner to help resolve DCD-17 issues.

Lastly, with respect to DCD-17, it must be noted that DCD-17 is not limited to SCE&G's V.C. Summer Units 2 & 3. All purchasers of AP1000 units are working in concert to resolve issues with the NRC. Currently, WEC is preparing the final design summarization documentation for submittal to the NRC in early 2010 which is expected to close out DCD-17. Close-out of DCD-17 will prepare the licensing process to move forward with the final steps for Final Safety Evaluation Report ("FSER") submittal in late 2010 or early 2011. These submittals and the NRC formal Rulemaking in the late 3rd Quarter or early 4th Quarter of 2011 will support the issuance of the COL to maintain substantial completion in 2016 and 2019. ORS recognizes the aggressive nature of this schedule. However, as a result of ORS meeting with WEC on

December 17, 2009, ORS expects there will be a resolution to DCD-17 that does not affect the substantial completion dates required in the EPC contract and the BLRA Order.

Subsequent to the Consortium delivering the PMBS to SCE&G, the Consortium also provided SCE&G with the payment milestones associated with its PMBS. ORS thoroughly evaluated the revised milestone payments and found them to be consistent with construction activities. The construction budget continues to track the cash flow forecast and also continues to support the overall \$4.5 Billion (2007 Dollars) forecast, net of AFUDC.

SCE&G's 3rd Quarterly Report and Milestone Schedule activities show the overall construction is progressing in accordance with the BLRA Order and allowed 18-month milestone deviation. Schedule compliance is being compared to the Milestone Schedule in the approved BLRA Order as well as the request for an Update in the Construction Schedule.²

The 3rd Quarterly Report indicates, and ORS has verified, that as of September 30, 2009: 50 activities have been accelerated; 48 activities have been pushed out into the future; and 48 activities are unchanged; totaling 146 milestones. (It should be noted that these numbers are overall numbers and not individually reflected in the tables below.) Of the 146 milestones 40 activities have been completed and 106 activities still remain to be completed. The Milestone Schedule in the 3rd Quarterly Report, as issued, continues to meet the schedule, within the parameters of the 18-month window, approved in the BLRA Order. There are four (4) milestones that did not meet their original scheduled completion dates in the BLRA Order but fall within the allowed 18-month deviation. SCE&G and the Consortium determined that the completion dates for these four milestones could be delayed without impacting other elements of the construction schedule. As a result, SCE&G and the Consortium has rescheduled these completion dates to integrate more closely with their specific need date. Therefore, the Company's request to adjust the milestone schedule reflects the shifting of these activities to a later completion date. If the Commission approves the request of SCE&G, these activities will be on schedule based on their new need date.

If the Company's request to update the construction schedule is approved by the Commission in Docket 2009-293-E, the overall schedule will be adjusted. As a result, all milestones will match Table 2 below. Comparing the 3rd Quarterly report to the request to update the construction schedule shows that 18 activities have been accelerated; 4 activities have been pushed out into the future; and 124 activities are unchanged; totaling 146 milestones. (It should be noted that these numbers are overall numbers and not individually reflected in the tables below.)

² The Milestone Schedule is subject to modification with approval from the Commission of the Company's request in Docket 2009-293-E.

Table 1 below summarizes the status of the Milestone Schedule as of September 30, 2009, and as compared to the original BLRA Order. Table 1 lists milestones completed on-time, early, completed within the 18-month deviation and milestones that are not complete. Table 2 summarizes the status of the Milestone Schedule as of June 30, 2009, compared to the updated Milestone Schedule presented by the Company in Docket No. 2009-293-E. The modifications proposed by the Company in the updated Milestone Schedule do not impact the Commercial Operation Date (“COD”) of Units 2 & 3. ORS will continue to monitor the Milestone Schedule for compliance with construction activities.

Table 1: Summary of the SCE&G Milestone Schedule compared to the approved BLRA Order

<p>Period of 2009-3Q and prior (42 Milestones Total)</p> <p>Milestones <u>Completed on Schedule</u>: 16, 38%</p> <p>Milestones <u>Completed Early</u>: 7, 17%</p> <p>Milestones <u>Completed Within 18 Mos. Deviation</u>: 15, 36%</p> <p>Milestones <u>Not Complete</u>: 4, 9%</p> <p>Milestones <u>Outside 18 Mos. Deviation</u>: 0</p> <p>Period of 2009-4Q and after (104 Milestones Total)</p> <p>Milestones <u>Completed Early</u>: 2, 2%</p> <p>Milestones <u>Projected Completion on Schedule</u>: 32, 31%</p> <p>Milestones <u>Projected Completion Early</u>: 41, 40%</p> <p>Milestones <u>Projected Completed Within 18 Mos. Deviation</u>: 29, 27%</p> <p>Note: SCE&G lists a total of 146 milestones in its 3rd Quarterly Report.</p>
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Table 2: Summary of the SCE&G Milestone Schedule Compared to the Updated Milestone Schedule presented in Docket No. 2009-293-E

Period of 2009-3Q and prior (40 Milestones Total)

Milestones Completed on Schedule: 37, 93%

Milestones Completed Early: 2, 5%

Milestones Completed Within 18 Mos. Deviation: 1, 2%

Milestones Not Complete: 0

Milestones Outside 18 Mos. Deviation: 0

Period of 2009-4Q and after (106 Milestones Total)

Milestones Completed Early: 0

Milestones Projected Completion on Schedule: 87, 82%

Milestones Projected Completion Early: 16, 15%

Milestones Projected Completed Within 18 Mos. Deviation: 3, 3%

Note: SCE&G lists a total of 146 milestones in its 3rd Quarterly Report.

ORS's review of the budget confirms SCE&G's position that there is a decrease in the forecast total cost of the two units. This budget decrease is due primarily to the calculation of escalation as allowed by the BLRA Order. The budget for SCE&G's portion of Units 2 & 3 was established in 2007 dollars at \$6.3 Billion, including escalation and estimated contingencies. SCE&G's 3rd Quarterly Report shows a budget of \$6.26 Billion as of September 30, 2009. This compares favorably with the \$6.875 Billion as of the 1st Quarterly Report dated March 31, 2009, and \$6.5 Billion in the 2nd Quarterly Report dated June 30, 2009. The reduction of costs over the amount reported in the 1st, 2nd and 3rd Quarterly Reports is due to reductions in the approved indices used to calculate the escalations. As discussed in the previous Quarterly Reports, the BLRA requires the Company to show a 5-year average of index rates in calculating the escalation on capital cost items.

The escalation rates for the construction costs during the 1st and 2nd Quarterly Reports was attributed to higher than average escalation for building material costs during the 2004 to 2007 years. However, as predicted in ORS's review of the 1st and 2nd Quarterly Reports and continuing with this Report, the escalation indices continue to fall and as they fall the higher rates are rolling out of the 5-year average calculation. As each year passes, an older, higher rate

is dropped from the 5-year average and is replaced by the current rate. Currently, the cost effect taking place is advantageous as lower rates are being incorporated into the 5-year average. The overall change to Project Cash Flow as reported in the 1st Quarterly Report was an increase of \$562 Million which then dropped to \$542 Million in the 2nd Quarterly Report. At present, the Project Cash Flow was reduced \$592 million from the 2nd Quarterly Report resulting in an updated forecast cost for SCE&G's share of V. C. Summer Units 2 & 3 of \$6.26 Billion. This is \$50 Million less than the total project cost established in the BLRA Order 2009-104(A). A ten-year average shows the Gross Construction cost, net of AFUDC, would be reduced by \$265 Million. These two figures continue to move in a positive direction, as predicted by ORS (1st Quarterly Report: 1-Year = \$97 Million reduction, 10-Year = \$172 Million reduction vs. 2nd Quarterly Report: 1-Year = \$106 Million reduction and 10-Year = \$181 Million reduction vs. 3rd Quarterly Report: 1-Year = \$1.8 Billion reduction and 10-Year = \$265 Million reduction).

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

If the current economic trends in the Southeast continue to lower the costs of construction and construction-related materials, the overall cost of SCE&G's portion of Units 2 & 3 should remain at or below the \$6.3 Billion approved in the BLRA Order. However, most econometric forecasters believe inflation will turn around and begin to increase as the economy stabilizes and begins to gain positive traction. This is forecasted to occur in 2010. With this possibility, it is very important that SCE&G continue to make appropriate purchasing decisions and scheduling decisions to take advantage of market conditions. For example, SCE&G has taken steps to move certain purchases into the near term and delay some purchases, dependent on favorable procurement terms, to mitigate inflationary influences on the overall cost of Units 2 & 3. This is witnessed by the modifications to the Milestone Schedule.

Basic budget and schedule tracking in the Quarterly Report is adequate for comparison to conditions approved in the BLRA Order. However, there are significant inputs to the various sections that require substantiation. For example, SCE&G reports that AFUDC has increased from 5.52% to 8.08% in the 1st Quarterly Report. SCE&G further suggests that AFUDC rates will decrease to 5.87% "as capital markets recover." The actual AFUDC rate is calculated by a defined Federal Energy Regulatory Commission ("FERC") methodology. As of May 2008, the AFUDC rate was 5.52% as opposed to the rate of 8.08% reported in the 2nd and 3rd Quarterly Report, which is reflective of current economic conditions. Based on the FERC formula, the Company forecasts that AFUDC will be 5.87% at the end of 2009. As a result of recommendations in the 1st Quarterly Report, SCE&G is monitoring the financial conditions that impact AFUDC and will provide a descriptive analysis of AFUDC at the end of each quarter. ORS continues to monitor SCE&G's calculation of AFUDC. The 4th Quarterly Report scheduled for filing on or about February 15, 2010, will provide the latest AFUDC update.

SCE&G increased its efforts to provide details on construction progress relative to the Milestone Schedule. Each adjustment recommended in the updated Milestone Schedule has been reviewed by ORS. The modifications do not change the COD. The schedule updates are more in keeping with the overall goal of completing the project on time and more importantly, on budget. The Milestone Schedule has been increased from 123 milestones to 146 milestones to better track construction activities. Increasing the number of milestones has neither changed the dates in the Milestone Schedule nor the COD. The revisions have been made and suggested to the Commission in order to integrate the Milestone Schedule with the PMBS. The Company formally presented the request for modifications of the milestone schedule to the Commission on November 4, 2009.

The Company's 2nd Quarterly Report identifies the PMBS and related "owner's costs and other items" as affecting the project's cash flow. As this project moves forward, the Company should continue to make every effort to report any details that impact cash flow and gross construction cost, whether it is an actual cost adjustment or a schedule adjustment that results in a cost modification. It is not sufficient to merely state that cost impacts are due to schedule modifications or changes in owner's costs. ORS Audit Department continues to validate project expenditures through audits of the invoices submitted to SCE&G by the Consortium. Concurrently, ORS is verifying field construction, material purchasing and off-site modular construction to establish the link between invoices and actual progress of work activity completion.

In the 3rd Quarterly Report there has been a shift with the cost category, due to Change Order #2, for the SCE&G Reactor Operator Training Instructions, referenced in Section II.E. on page 16 of the Quarterly Report. As a result of the Change Order, relevant cost categories have changed in the cost forecast as well as a shifting from one category to another. In addition, SCE&G has revised its estimate of Owner's Costs to reflect increased staffing of its new nuclear oversight unit and inclusion of permitting and licensing costs not included in previous forecasts. The estimate for the work is higher than previously forecasted which has resulted in an increase in the forecast for Owners Cost by \$52 million in 2007 dollars.

During the current reporting period, there have been a number of significant activities completed or initiated. Instead of listing all of the activities, we will focus on the areas that present concern. For a complete discussion of the "*Progress of Construction of the Units*" see Section II.B. on page 9 of the Quarterly Report. WEC has reported to SCE&G that several "below-expectation" items or activities have been flagged in the design finalization schedule for major engineering work. It should be noted that "below-expectation" does not mean engineering design is substandard. Rather, "below expectation" is a measurement of engineering design completion against the engineering design schedule for the AP1000 China units. The items flagged in this instance are schedule-related. WEC has provided SCE&G with an explanation and recovery plan. At this time, ORS does not anticipate any impact to the substantial completion date. SCE&G and WEC have implemented several action items that has resulted in a reduction of "below-expectation" activities.

In conclusion, the 3rd Quarterly Report filed by SCE&G complies with the requirements of the BLRA and the BLRA Order. The 3rd Quarterly Report also contains responses to all recommendations provided by ORS following the review of the 2nd Quarterly Report and includes expanded discussions of the construction progress, equipment procurement, milestones, cash flow, problem areas and suggested resolutions, engineering design status, NRC status and COL status.

STATUS OF 2nd QUARTER SUGGESTIONS AND RECOMMENDATIONS:

- SCE&G is requested to provide to ORS a copy of the “tracking system” report, referred to in Section II. B. 2. F of its 2nd Quarterly Report, maintained by WEC to track major engineering categories and their schedule for completion
Status: SCE&G has made available the information requested.
- SCE&G activities associated with the NRC’s issuance of the COL appear to be continuing on schedule to meet the mid-2011 date. However, the DCD-17 activities of WEC continue to present concern.
Status: ORS will continue to monitor closely and take appropriate action until the COL is issued.
- Permitting activities for external construction permits such as U.S. Army Corps of Engineers 404 Permit, State of South Carolina Wetlands, NPDES and Erosion Control continue on schedule for issuance as needed.
Status: ORS continues to monitor schedule
- The NRC completed the Phase I Scoping for the Environmental Impact Statement (“EIS”). The NRC schedule to finalize the EIS is March 2010. It is imperative that the NRC keep this schedule in order to support the issuance of Corps 404 permits and the timely issuance of the COL.
Status: ORS is monitoring and will provide review of the EIS upon issuance for Public Comment.
- SCE&G has filed with the Commission an Update of Construction Progress and Request for Updates and Revisions to Schedules (Docket No. 2009-293-E). SCE&G pre-filed testimony with the Commission on September 8th, 2009. A hearing on this issue was held on November 4th, 2009. The Hearing in Docket 2009-293-E was held at the Public Service Commission on November 4, 2009. ORS sponsored expert testimony and was available for cross examination.
Status: ORS’s recommendation was to accept the modifications presented by SCE&G. Neither the substantial completion date nor the overall budget will be impacted by the request of SCE&G.

SUBSTANTIAL ACTIVITIES OCCURRING SUBSEQUENT TO THE ISSUANCE OF THE 3RD QUARTER REPORT

The BLRA allows SCE&G 45 days from the end of the current Quarter to file its Quarterly Report. As a result there is a delay between the end of the quarter and the filing. ORS has determined that there are items of importance that occur subsequent to the closing of the quarter that should be appended to this report. The following activities have occurred since the closing of the 3rd Quarter 2009.

There continues to be concern about the timely resolution of DCD-17 which affects all AP1000 owners in addition to SCE&G. However, while the concern will remain active until the issuance of the COL, WEC and the NRC are working jointly towards the successful conclusion. There is a schedule developed between WEC and the NRC that supports timely resolution. The issue with the shield building design is that the design philosophy is new and as a result, there are no design codes applicable to this type of composite structure. In normal design processes, the applicable calculations are supported by design codes such as the American Concrete Institute ("ACI"), the American Institute for Steel Construction ("AISC"), American Society of Mechanical Engineers ("ASME"), etc. In the instant case, the shield building design with concrete "sandwiched" between two sheets of steel requires the development of the acceptance criteria for this design. This is the process currently underway between WEC and the NRC. The design of the shield building is in no way inferior to previously approved designs.

The NRC continues to hold industry meetings to address all activities associated with the deployment of the AP1000 technology and other technologies such as the Economic Simplified Boiling-Water Reactor ("ESBWR") and the US Advanced Pressurized-Water Reactor ("US-APWR"). In most cases, the NRC has determined that certain aspects of its meetings should be non-public in order for the technical discussions to take place without interruptions and to maintain confidentiality of commercial terms associated with different technologies. ORS has twice requested that the NRC allow ORS representation in the closed meetings due to ORS's regulatory responsibilities. The most recent request was in the form of a letter from the ORS Executive Director to the Secretary of the Nuclear Regulatory Commission dated December 17, 2009 (Copy Attached). Regardless of the outcome of the various requests of the NRC, ORS will continue to maintain a specific focus on the licensing process until the COL is issued.

As reported above, ORS has and will continue to be directly engaged in all aspects of the licensing and construction of the V. C. Summer Units 2 & 3. The most recent of these activities include a meeting held between ORS, SCE&G and WEC at the WEC Corporate office in Charlotte, North Carolina. In furtherance of the ORS responsibilities, a meeting was held with the senior staff of WEC for two purposes: 1) to continue to emphasize to WEC the ORS role and responsibilities assigned it through state law; and 2) to receive regular updates on the status of the entire DCD, including revision 17 issues. It is clear to ORS that the NRC and WEC are working towards a successful conclusion of DCD-17 issues. Subsequent to the conclusion of DCD-17, the NRC will be prepared to rule on DCD-18 which will primarily be an administrative document that formally captures all of the activities leading up to this point in the licensing process.

Listed below are upcoming important dates that support the COL issuance:

January 2010	Tentative Meeting With NRC, WEC, and SCE&G
February 2010	Submittal of Final Design Documentation for DCD-17
June 2010	Revision 18 Submittal
Summer 2010	Advanced Safety Evaluation Report (“SER”)

SCE&G’s 4th Quarterly Report is due 45 days after December 31, 2009, or no later than February 16, 2010 when considering 45 days falls on a weekend and the subsequent President’s Day holiday.



C. Dukes Scott
Executive Director

STATE OF SOUTH CAROLINA
OFFICE OF REGULATORY STAFF

1401 Main Street
Suite 850
Columbia, SC 29201

December 17, 2009

VIA U.S. MAIL

Annette L. Vietti-Cook
Secretary of the Commission
United States Nuclear Regulatory Commission
Mail Stop O-16G4
Washington, DC 20555-0001

Re: South Carolina Electric and Gas Combined License Application

Dear Ms Vietti-Cook:

The South Carolina Office of Regulatory Staff ("ORS") has a statutory duty to represent the public interest in the State of South Carolina with respect to electric utility regulation. Specifically, ORS balances the concerns of the using and consuming public, the financial integrity of public utilities, and the economic development of South Carolina. In balancing these interests, ORS requests that it be allowed to attend meetings held by the Nuclear Regulatory Commission ("NRC") related to matters that could impact the issuance of the South Carolina Electric and Gas Company ("SCE&G") Combined License Application ("COLA") in Docket Nos. 52-027 and 52-028.¹ For instance, ORS understands that issues related to the AP1000 design are currently under review and it appears these matters must be resolved before any utilities', including SCE&G's, COLA is granted. ORS further understands that nuclear construction may not begin until SCE&G's COLA is issued by the NRC.

In Docket No. 2008-196-E, the Public Service Commission of South Carolina ("Commission") granted SCE&G permission to build two new nuclear units in South Carolina, V.C. Summer Nuclear Units 2 and 3, pursuant to the South Carolina Base Load Review Act ("the Act"). The Act authorizes SCE&G to collect financing costs on its capital costs during the construction. The construction is to follow a milestone construction schedule presented by SCE&G and approved by the Commission. Variations in

¹ORS, on behalf of the State of South Carolina, was granted permission by the NRC to participate as an interested state in Docket Nos. 52-027, 52-028, 52-022, and 52-023. These dockets respectively relate to COLAs for the following nuclear facilities: (1) South Carolina Electric & Gas Company's ("SCE&G's") V.C. Summer Nuclear Units 2 and 3 and (2) Progress Energy Carolinas, Inc.'s Shearon Harris Nuclear Power Plant Units 2 and 3.

the milestone construction schedule not approved by the Commission may impact the public interest ORS is charged to represent – the financial impact to South Carolina ratepayers, the financial integrity of SCE&G and economic development in South Carolina. For these reasons, ORS has a vested interest in ensuring the construction is in accordance with the approved milestone schedule and would greatly appreciate the NRC granting permission to ORS to attend meetings with the NRC.

ORS respects the NRC's values and principles of regulation and is sensitive to the public and licensee interests the NRC must appropriately balance. ORS, with its balancing interests, holds the comparable level of regulatory review on the state level, and a relationship with the NRC with regards to regulatory principals will ensure each agency's responsibilities are carried out thoroughly and appropriately.

If you would like to discuss these matters further, please contact ORS attorney Shannon Bowyer Hudson at 803.737.0889 or shudson@regstaff.sc.gov.

Thank you in advance for your time and attention to our request.

Sincerely,



C. Dukes Scott
Executive Director
South Carolina Office of Regulatory Staff