

V.C. Summer Nuclear Station Units 2 & 3

Quarterly Report to the South Carolina Office of Regulatory Staff Submitted by South Carolina Electric & Gas Company Pursuant to Public Service Commission Order No. 2009-104(A)

Quarter Ending June 30, 2013

I. Introduction and Summary

A. Introduction

This quarterly report is submitted by South Carolina Electric & Gas Company (SCE&G or the Company) to the Public Service Commission of South Carolina (the Commission) and the South Carolina Office of Regulatory Staff (ORS). It is submitted in satisfaction of the requirements of S.C. Code Ann. § 58-33-277 (Supp. 2012) and the terms of Commission Order No. 2009-104(A). This report provides updated information concerning the status of the construction of V.C. Summer Nuclear Station (VCSNS) Units 2 & 3 (the Units) and provides the current capital cost forecasts and construction schedules for the Units as of the close of the quarter. In Order No. 2012-884 dated November 15, 2012, the Commission approved updated construction schedules for the Units. This report provides a comparison of the current schedules and forecasts against those approved in Order No. 2012-884.

B. Structure of Report and Appendices

The current reporting period is the quarter ending June 30, 2013. The report is divided into the following sections:

- Section I: Introduction and Summary;
- Section II: Progress of Construction of the Units;
- Section III: Anticipated Construction Schedules;
- Section IV: Schedules of the Capital Costs Incurred Including Updates to the Information Required by S.C. Code Ann. § 58-33-270(B) (6) (the Inflation Indices);
- Section V: Updated Schedule of Anticipated Capital Costs; and
- Section VI: Conclusion.

Appendices 1, 2, and 4 to this report contain detailed financial, milestone and other information updating the schedules approved by the Commission in Order No. 2012-884. For reference purposes, **Appendix 3** provides a copy of the capital cost schedule for the project as approved in Order No. 2012-884. **Appendix 5** provides a list of the License Amendment Requests (LARs) filed by SCE&G with the Nuclear Regulatory Commission (NRC).

A confidential and a public version of this report and its attachments are being provided. Unless otherwise specified, all cost information reflects SCE&G's share of the project's cost in 2007 dollars. Attached to the end of the report is a glossary of acronyms and defined terms used.

C. Construction Schedule and Milestones

As the report indicates, the Company has met all current construction milestones approved by the Commission in Order No. 2012-884, taking into account the contingencies authorized in Order No. 2009-104(A). There are 146 specific milestones for reporting purposes. As of June 30, 2013, 86 have been completed. Comparing the scheduled milestone completion dates as of the date of this report to the milestone completion dates approved by the Commission in Order No. 2012-884, the completion dates of 46 milestones have changed. Of these, four have been accelerated and 42 have been delayed for between one and 17 months.

The Revised Unit 2 Construction Schedule. During the second quarter of 2013, WEC/CB&I provided SCE&G with a Unit 2 construction schedule that is based on a reevaluation of the sub-module production schedule at the former Shaw Module Solutions (SMS) facility in Lake Charles, LA, which CB&I acquired in the first quarter of 2013. This new schedule (the Revised Unit 2 Schedule) shows the substantial completion date of Unit 2 being extended from the current date of March 2017 to a date in the fourth quarter of 2017 or the first quarter of 2018, a delay of between six and twelve months. The schedule contingency provided for in Order No. 2009-104(A) was 18 months.

The Revised Unit 2 Schedule remains under review and analysis and additional refinements to it are expected. WEC/CB&I has not yet prepared a revised schedule for completion of Unit 3, but the anticipated sequencing of work between the two Units would indicate that a comparable delay would be likely in the completion date for Unit 3.

D. Construction Costs and Cost Forecasts

Spending through December 31, 2013, in current dollars is forecasted to be approximately \$361 million below the capital cost schedule approved in Order No. 2012-884. The present cash flow forecast indicates that the Company will be able to complete the Units for \$4.548 billion in 2007 dollars, which is the amount approved in Order No.

2012-884. The current cost estimates include changes in timing of costs and minor shifts in costs among cost categories that occur in the normal course of managing the project.

Cash Flow Forecasts and the Revised Unit 2 Schedule. The cash flow forecasts provided in this report reflect changes in the timing of certain payments to WEC/CB&I based on the Revised Unit 2 Schedule. In the June analysts' call for SCANA and its subsidiaries, the Company reported that a reasonable estimate of the cost impact of the recent schedule changes would be approximately \$200 million (reflecting SCE&G's 55% share of the project's cost) in current dollars, or approximately \$137 million in 2007 dollars. This estimate was prepared by the Company and not WEC/CB&I and is the Company's best current estimate of the total amount of the costs. A detailed and itemized analysis of the impact of these schedule changes on individual budget and cost categories for the project has not been prepared and will require additional information from WEC/CB&I which WEC/CB&I is preparing. Furthermore, the impact of the schedule revisions on SCE&G's cost forecasts depends on how the costs involved are allocated between SCE&G and WEC/CB&I under the Engineering, Procurement and Construction Agreement (EPC Contract). As of the end of the second quarter of 2013, SCE&G had not accepted responsibility for any of the estimated costs arising as a result of the schedule changes. Accordingly, although the timing of cash flows has been revised, no increases in costs in 2007 dollars resulting from the Revised Unit 2 Schedule are included in the cash flow estimates provided in this report.

In Order No. 2009-104(A), the Commission recognized that forecasts of Allowance for Funds Used During Construction (AFUDC) expense and escalation would vary over the course of the project and required those forecasts to be updated with each quarterly report. The current escalation indices were issued in May of 2013 for the period of July through December of 2012 and have been used in forecasting the construction costs for the project that are presented here.

Chart A below compares the current capital cost forecast to the forecast presented in the last quarterly report. This chart shows an increase in Gross Construction Costs of \$34.5 million over the life of the project. With each quarterly update, a quarter that had been subject to the five-year escalation rate becomes subject to the one-year rate. The figures reported on **Chart A** also include the effect of calculating escalation on an updated cash flow projection for the project.

Chart A: Reconciliation of Capital Cost (\$000)

<u>Forecast Item</u>	<u>Projected @ 6/30/13 (Five-Year Average Escalation Rates)</u>	<u>Projected @ 3/31/13 (Five-Year Average Escalation Rates)</u>	<u>Change</u>
Gross Construction	\$5,800,337	\$5,765,835	\$34,502
Less: AFUDC	\$237,706	\$243,198	(\$5,492)
Total Project Cash Flow	\$5,562,631	\$5,522,637	\$39,994
Less: Escalation	\$1,014,226	\$974,232	\$39,994
Capital Cost, 2007 Dollars	\$4,548,405	\$4,548,405	\$0

Chart B compares the current forecast of gross construction costs, including current escalation, to the forecast on which the Commission relied in adopting Order No. 2012-884. Chart B shows that the forecasted capital cost of the Units in 2007 dollars has not changed. Due to the changes in forecasted escalation and AFUDC, see Section I. F, below, the cost of the plant in future dollars has increased by approximately \$45.8 million since Order No. 2012-884 was issued.

Chart B: Reconciliation of Capital Cost (\$000)

<u>Forecast Item</u>	<u>Projected @ 6/30/13 (Five-Year Average Escalation Rates)</u>	<u>As Forecasted and Approved In Order 2012-884</u>	<u>Change</u>
Gross Construction	\$5,800,337	\$5,754,565	\$45,772
Less: AFUDC	\$237,706	\$237,715	\$(9)
Total Project Cash Flow	\$5,562,631	\$5,516,849	\$45,782
Less: Escalation	\$1,014,226	\$968,444	\$45,782
Capital Cost, 2007 Dollars	\$4,548,405	\$4,548,405	\$0

Chart C below shows the current forecasts of the cost of the Units compared to the cost forecasts underlying the initial Base Load Review Act (BLRA) order, which was issued by the Commission in 2009, and the update orders that the Commission issued subsequently. The decline in capital cost forecasts in 2007 dollars between Order No. 2010-12 and 2011-345 reflects the removal of Owner’s contingency amounts from the forecasts as required by the opinion of the Supreme Court of South Carolina in *South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm’n*, 388 S.C. 486, 697 S.E.2d 587 (2010). This chart shows that while the cost of the project in 2007 dollars has

increased by \$13 million since the initial forecasts, the cost of the project in future dollars is approximately \$513 million below the initial forecast.

Chart C: Summary of Nuclear Filings (billions of \$)

<u>Forecast Item</u>	<u>Order No. 2009-104(A)</u>	<u>Order No. 2010-12</u>	<u>Order No. 2011-345</u>	<u>Order No. 2012-884</u>	<u>Projected @ 06/30/2013</u>
Capital Cost, 2007 Dollars	\$4.535	\$4.535	\$4.270	\$4.548	\$4.548
Escalation	\$1.514	\$2.025	\$1.261	\$0.968	\$1.014
Total Project Cash Flow	\$6.049	\$6.560	\$5.531	\$5.517	\$5.563
AFUDC	\$0.264	\$0.316	\$0.256	\$0.238	\$0.238
Gross Construction	\$6.313	\$6.875	\$5.787	\$5.755	\$5.800

E. Escalation Rates

As provided in Order No. 2009-104(A), the most current one-year inflation indices are used to escalate costs occurring in the twelve-month period after the date of each quarterly report. The most current escalation indices are found in the Handy-Whitman January 2013 update which was issued in May 2013 and reports data for the period July through December of 2012. Those rates are reflected in this report. The approved capital cost targets have been adjusted to reflect the currently reported historical escalation rates. The forecasted costs provided here reflect SCE&G's calculations related to the WEC/CB&I Claims, which change the index applicable to Firm with Indexed Adjustment cost categories going forward from a floating Handy-Whitman adjustment to a fixed rate for the life of the project.

As shown on **Appendix 4**, utility construction cost escalation rates were at historically high levels during the period 2005-2008, and since then have dropped. Current escalation rates are shown below on **Chart D**. When compared to the previous Handy-Whitman release, the current update shows an upward trend in one-year average rates and a downward trend in five-year average rates.

Chart D: Handy-Whitman Escalation Rates

<u>Escalation Rate Comparison</u>		
	Jan-Jun 2012	Jul-Dec 2012
<u>HW All Steam Index:</u>		
One-Year Rate	1.92%	4.84%
Five-Year Average	3.60%	3.25%
Ten-Year Average	4.67%	4.95%
<u>HW All Steam/Nuclear Index:</u>		
One-Year Rate	2.10%	5.19%
Five-Year Average	3.64%	3.32%
Ten-Year Average	4.70%	4.99%
<u>HW All Transmission Plant Index:</u>		
One-Year Rate	(0.17)%	3.29%
Five-Year Average	2.56%	2.10%
Ten-Year Average	4.71%	4.90%

F. AFUDC

Consistent with Order No. 2009-104(A), SCE&G computes AFUDC based on the Federal Energy Regulatory Commission (FERC) approved methodology as applied to the balance of Construction Work in Progress (CWIP) that is outstanding between rate adjustments. SCE&G’s projected AFUDC rate is currently 6.09%, compared to the rate of 5.28% that applied when Order No. 2012-884 was issued.

G. Compliance with the Commission Approved Cumulative Project Cash Flow Target

The current Cumulative Project Cash Flow target for the project was adopted by the Commission in Order No. 2012-884. In Order No. 2009-104(A), the Commission provided that the applicable Cumulative Project Cash Flow target would be adjusted with each quarterly report to reflect updated escalation data.

Appendix 2 provides the Commission-approved Cumulative Project Cash Flow target updated for current escalation data. The cash flow targets through December of 2012 have been updated to reflect actual escalation rates. The cash flow targets for the

first quarter of 2013 and beyond have been updated based on the most recently available inflation indices, which for purposes of this report, are the indices provided in May of 2013 that report data for the period July through December of 2012. When final actual indices for 2013 become available, the cash flow data for 2013 will be revised to reflect the actual escalation rates.

Appendix 2 compares the approved Cumulative Project Cash Flow target to the current cumulative cash flow schedules for the project, which include actual costs where available and SCE&G's working forecasts of annual cash flows for future years. In addition, the project cash flow targets presented on **Appendix 2** for 2012 have been adjusted to reflect timing differences between the billing methodology under the EPC Contract and the calculation of the escalated cash flow targets under Order No. 2009-104(A). Under the EPC Contract, for periods where actual escalation rates are not available, WEC/CB&I bills SCE&G based on a rolling 2-year average of the applicable Handy-Whitman rate and provides adjustments to reflect the actual rate when it is known. An adjustment has been made to **Appendix 2** target calculations to offset the timing differences that arise as a result of WEC/CB&I's approach to estimated billings and credits. This adjustment applies to those EPC Contract cost categories that are subject to indexed escalation.

II. Progress of Construction of the Units

A. Construction

The project continues to maintain an excellent safety record that exceeds industry expectations for projects of comparable size.

1. Placement of the Unit 2 Containment Vessel Bottom Head

On May 22, 2013, the Unit 2 Containment Vessel Bottom Head (CVBH) was set in place on its foundation in the Nuclear Island (NI) using the Bigge Heavy Lift Derrick. The CVBH is the steel bowl that forms the base of the Containment Vessel (CV). With the rigging required for its lifting and placement, the CVBH weighed approximately 990 tons. The CVBH rests on the steel frame formed by module CR10 and concrete pedestals which had been placed on the Unit 2 NI basemat beginning in April of 2013.

2. Unit 2 Turbine Building Basement and Condenser B

During the reporting period, the project team completed the placement of the east, south and west walls for the Unit 2 Turbine Building Basement up to the height of 12 feet above the basemat. At the close of the period, backfilling around the Unit 2 Turbine building was underway. Work was also nearing completion on

the lower section of Condenser B which is the first of three Condensers that will be installed in the Unit 2 Turbine Building Basement. To control vibrations in the Turbine Building, the Condensers will be isolated from remaining structures in the building by a system of Gerb springs. The Gerb springs for Condenser B were installed during the period. Fabrication of the other elements of the Unit 2 Condensers is proceeding satisfactorily.

3. Preparation for Placement of the Unit 3 NI Basemat

The project team successfully completed the placement of the upper mudmat for the Unit 3 NI. Form work, rebar installation and the installation of drain piping and other fittings are underway to support the placement of the Unit 3 basemat later in 2013.

4. Unit 3 CV Bottom Head

CB&I Services has mounted the first course of steel plates for the Unit 3 CVBH on the erection stand previously used for fabricating the Unit 2 CVBH. Fitting and aligning of the plates has been completed. Welding of the Unit 3 CVBH has begun.

5. Unit 2 and 3 CV Rings

Fabrication of Unit 2 CV Ring 1 and installation of internal stiffeners is largely complete with limited welding related to the upper equipment hatch remaining. CB&I Services has welded the seams of the first three courses of plates that will form Unit 2 CV Ring 2

The individual welds on the Units 2 and 3 CVBH and CV Rings are subject to radiographic testing for quality. Overall acceptance rates remain above 99%.

The steel plates for fabricating Unit 3 CV rings have been fabricated and shipped. At the close of the period, they were in route to the site from Japan.

6. Fabrication of Sub-Modules

The schedule for fabrication and delivery of sub-modules from the CB&I Lake Charles facility (CB&I-LC) remains a focus area for the project. SCE&G continues to devote resources to monitor this area due to its potential to affect the construction schedule. Sub-module fabrication and schedule is discussed further in Section II.B.13. The scope of work for fabrication of Unit 2 structural module

CA04, the Reactor Vessel (RV) cavity, was relocated from CB&I-LC to the site. All pieces of Unit 2 CA04 were delivered to the site from CB&I-LC prior to the end of this reporting period.

7. Cooling Towers and Cooling Water Pump Stations

As of June 30, 2013, approximately 75% of the precast panels that make up Cooling Tower 2A and 25% of the precast panels that make up Cooling Tower 3A had been set in place. Fans, fan shrouds, electrical equipment and other equipment were being installed in both cooling towers at the close of the period.

During the period, the installation of foundation pilings for Cooling Tower 2B was completed and form work and rebar installation to support placing concrete for the foundation and basin of Cooling Tower 2B were underway. The foundations and basins for Cooling Tower 3B were completed during the period and the unit has been handed over to the cooling tower contractor for completion.

Mudmats for the Unit 2 and 3 Cooling Water System Pump Houses were placed. At the close of the period, form work and rebar installation were underway for the placement of the basemat for the Unit 2 Pump House.

8. Switchyard

During the period, SCE&G's transmission department continued testing relay logic in the switchyard. On site lines and structures that were replaced by new lines and structures associated with the Switchyard project and the Unit 2 transmission lines were being dismantled and removed.

9. Workforce

The project continues to recruit and utilize the majority of construction employees from a skilled craft workforce in the state of South Carolina. More than half of these local workers are from Fairfield, Lexington, Richland, and Newberry counties. CB&I plans to employ approximately 3,000 – 3,500 employees at points during the project, with these numbers fluctuating during the various phases of construction activity. Currently, approximately 1,600 WEC/CB&I personnel and contractor and subcontractor personnel are employed on site.

B. Equipment and Fabrication

1. The RV and Closure Head

The Unit 2 RV and Closure Head, which together weigh approximately 450 tons, passed through the Port of Charleston and were delivered to the site by train. The RV was delivered using a specially designed Schnabel car. Transfer of these components from Doosan's manufacturing facilities in South Korea to the site was accomplished without incident.

Machining, cladding and welding of components of the Unit 3 RV and Closure Head continued at Doosan's facility in South Korea with no significant issues.

2. Steam Generators

Unit 2 Steam Generators have completed hydrostatic testing and were being prepared for shipment during the second quarter when it was decided to send the Reactor Coolant Pump (RCP) casings to South Korea for installation on the steam generators at the factory prior to shipment. The project team confirmed that the Steam Generators could be successfully shipped with the casings installed. Welding the casings in the controlled environment of the Doosan facilities was determined to be preferable to performing the work on site. Doosan has proven capabilities to perform this work having completed similar operations for China's AP1000 project.

Machining, cladding and welding of components of the Unit 3 Steam Generators continued at Doosan's facility in South Korea with no significant issues.

3. RCP

The fabrication of the Unit 2 and 3 RCPs continues to proceed in a satisfactory manner at the Curtiss-Wright EMD facility in Pennsylvania.

4. Unit 2 and Unit 3 Core Make-Up Tanks

Finish fabrication and painting of Unit 2 Core Make-up Tanks is underway at Mangiarotti Nuclear, S.p.A. (“Mangiarotti”) in Italy. Final reviews of the Quality Assurance (QA) data packages for the tanks are underway in preparation for shipping them to the site in the third quarter of 2013. Shipping was previously planned for the second quarter and has been delayed to allow completion of inlet diffuser installation and completion of data package reviews. The Unit 3 Core Make-Up Tanks are also in fabrication at the Mangiarotti facilities.

5. Unit 2 and Unit 3 Accumulator Tanks

The Unit 2 Accumulator Tank has undergone successful hydrostatic testing at Mangiarotti’s facilities in Italy. Coating activities have been completed and shipping fixtures have been received at the Mangiarotti facilities. The final review of the QA data package for the Unit 2 Accumulator Tank is underway in preparation for shipment to the site in the third quarter of 2013. The Unit 3 Accumulator Tank is also in fabrication at those facilities.

6. Supplier Financial Issues

SCE&G has become aware of recent press reports concerning financial difficulties at Mangiarotti. SCE&G has asked WEC/CB&I to evaluate the potential for disruptions in equipment fabrication schedules and possible responses. This is a focus area for the project.

7. Unit 2 and Unit 3 Deaerators

During the second quarter of 2013, the Unit 2 Deaerator was successfully received on site, off loaded and placed in storage. The Deaerator is approximately 148 feet long and weighs in excess of 300 tons. It was shipped from the Sungjin Geotec Co., Ltd manufacturing facility in South Korea to the Port of Charleston, then barged to a facility on Lake Marion. There it was offloaded and brought by road using a special pusher-puller truck to the site. The length of the Deaerator prevented its shipment by rail. The Unit 3 Deaerator is in fabrication at the Sungjin Geotec Co. facility and is progressing as expected.

8. The Unit 2 and Unit 3 Moisture Separator Reheaters

The two Unit 2 Moisture Separator Reheaters have been received on site from the TEi manufacturing facilities in Oklahoma. The Unit 3 Moisture Separator Reheaters are in fabrication at those facilities.

9. Reactor Coolant Loop Piping (RCL)

The Unit 2 RCL surge lines are on site. The Unit 2 RCL cold and hot legs manufactured by Tioga are currently undergoing installation of fittings and instrumentation access points and other welding activities at the Carolina Energy Solutions (CES) facility in Rock Hill. Work is expected to be completed in the third quarter of 2013. These pipes will then be shipped to the site.

Final fabrication work on the Unit 3 RCL cold leg piping and surge lines is underway and is expected to be completed in the fourth quarter of 2013.

10. Turbine Generator

The main generator stator, high pressure turbine casings and rotors, and low pressure turbine casings and rotors for the Unit 2 Turbine Generator were delivered to the site during the second quarter of 2013. Only one major shipment of components for the Unit 2 Turbine Generator remains to be received and that shipment was en route at the close of the period. Fabrication of the Unit 3 Turbine Generator components is ongoing at Toshiba's manufacturing facilities in Japan.

11. Squib Valves

Shipment of the completed squib valves for the Units is on hold as SPX addresses anomalies uncovered during the qualification testing of the valves for use in AP1000 reactors. SCE&G continues to monitor WEC's and SPX's work to demonstrate that the valves will perform their design basis functions. In addition, during the reporting period deficiencies were identified in the document packages related to work performed by SPX sub-contractors. WEC and SPX are working to correct these deficiencies. Neither of these issues is expected to impact the site construction schedule.

12. Information Technology

Site Fiber Optic System. The installation of the new fiber optic cable system for the site was approximately 70% complete at the close of the period. The principal hub for fiber optic cable serving the Units will be Fiber Hut 5 which was approximately 80% complete at the close of the period. Work on both was progressing as expected.

Configuration Management Information System (CMIS). The CMIS is the system which will store documents and data related to the design and engineering of the Units, the Quality Assurance/Quality Control (QA/QC) records of equipment and construction, operating programs and protocols for the Units, and related documents and data. Phase 1 of the CMIS project is configuration of the

databases and functionality to store this information and make it available for operational purposes. As of the end of the period, Phase 1 of the implementation was on schedule to be completed by year end.

Work Management System. The CHAMPS work management system is being delivered and tested as individual modules are developed. The Corrective Action module is in use for Units 2 and 3. The Inventory Module has been delivered and is in preliminary testing. The current schedule calls for the full Work Order processing module to be available by mid-2014.

13. CB&I-LC Construction Module Fabrication

Challenges related to fabrication of sub-modules at the CB&I-LC facility continue to be a focus area of the project.

The Revised Module Production Schedule. The transition in leadership for the Lake Charles, LA, sub-module fabrication facility (CB&I-LC) from SMS to CB&I began in the first quarter of 2013. During that transition, SCE&G asked the CB&I leadership team to review the fabrication schedule and processes at CB&I-LC and to provide a sub-module delivery schedule which they were fully confident could be met. During the second quarter of 2013, WEC/CB&I provided the Revised Unit 2 Schedule which includes a new schedule for sub-module production and revises the Unit 2 construction schedule based on the revised delivery dates for the sub-modules. The Revised Unit 2 Schedule moves the substantial completion date of Unit 2 from the current date of March 2017 to a date in the fourth quarter of 2017 or the first quarter of 2018. As noted in Section I.C above, these dates are within the construction schedule contingency of 18 months approved in Order No. 2009-104(A). WEC/CB&I has indicated that a similar delay in the completion date of Unit 3 can be expected due to the anticipated sequencing of work between the two Units. WEC/CB&I is preparing a revised construction schedule for Unit 3 in light of the Revised Unit 2 Schedule and work continues to refine and provide additional detail for the Revised Unit 2 Schedule.

SCE&G maintains personnel on site to monitor activities at CB&I-LC and interact with CB&I-LC leadership on a regular basis. CB&I currently requires that CB&I-LC obtain specific review and concurrence from CB&I Vice President of Quality before it releases structural sub-modules for transportation to the site. This review process involves as-built verification of component installation in the sub-modules and final module walkdown by CB&I personnel. Restrictions on product testing at CB&I-LC remain in place. CB&I has put a new leadership team in place at CB&I-LC and SCE&G's initial impression of the effectiveness of the new management team has been favorable. Recent sub-module delivery commitments have been met.

WEC/CB&I along with SCE&G are continuing their review of the design interface between WEC and CB&I-LC to ensure that Westinghouse design and licensing requirements are properly incorporated in CB&I module fabrication processes. This review involves verification that CB&I-LC fabrication drawings and modules are in compliance with Westinghouse design requirements.

In an effort to relieve the burden on the CB&I-LC facility, some module fabrication activities have been moved to other locations. Fabrication of module CA04 at the site was addressed in section II.A.6. Fabrication of module CA03 has been moved to Pegasus Steel's facilities in North Charleston, SC. Fabrication of Shield Building structural modules has been assigned to Newport News Industries and initial fabrication work was begun during the period. Monitoring the start-up of these activities is a focus area for SCE&G oversight.

Shear Stud Spacing. As previously reported, during the third quarter of 2012, the NRC identified deviations from Design Control Documents (DCDs) in the fabrication of sub-modules where shear studs had to be relocated due to obstructions within the module walls. In response, WEC developed a revision to the Updated Final Safety Analysis Report (UFSAR) clarifying the licensing commitment concerning shear stud spacing where changes in spacing are indicated as a result of obstructions. A LAR package has been prepared to request NRC authorization to make this change. If the LAR is approved, the specific instances where shear stud spacing must be altered would be addressed on a case by case basis in accordance with the revised UFSAR.

Fillet Welds. During the second quarter of 2013, CB&I contractors on-site began rewelding with full penetration welds the fillet welds that had been used in certain locations in fabricating the sub-modules comprising CA20. The NRC had previously determined that the use of the fillet welds was inconsistent with certain drawings included in the licensing basis for the sub-modules. All sub-modules fabricated after the NRC's determination have been fabricated using full penetration welds only.

Conclusion. Senior management from both SCE&G and WEC/CB&I continue to monitor the fabrication and delivery process related to sub-modules. WEC personnel provide on-site engineering support for production at CB&I-LC. SCE&G continues to maintain a permanent resident inspector at the CB&I-LC facility who provides additional monitoring. SCE&G's initial assessment of the changes being made at CB&I-LC by the new CB&I management is favorable but a pattern of consistent success in meeting quality assurance standards and production goals has yet to be established. The fabrication of the sub-modules at CB&I-LC continues to be an important area of focus for the project.

C. Licensing and Permitting

As licensee for the Units, SCE&G is directly accountable to the NRC for its contractors meeting nuclear safety-related QA/QC requirements both at the project site and at the facilities of its component manufacturers and equipment suppliers worldwide. WEC/CB&I through the EPC Contract is responsible to SCE&G for making sure that these requirements are met.

1. NRC Inspections

a) On May 16, 2013, the NRC reported its conclusion that the safety significance of the issues previously identified concerning the shear reinforcement of portions of the NI basemat was Green and not White as initially determined. The NRC rates the safety significance of its findings as Green, White, Yellow, and Red in order of increasing severity. A White finding is considered to be of low to moderate safety significance. A Green finding qualitatively indicates licensee performance is acceptable and NRC Construction Reactor Oversight Process cornerstone objectives are fully met. The change in rating of the findings was based on information provided by SCE&G to the NRC at a regulatory conference held on April 30, 2013. The underlying issues related to the shear reinforcement of the NI basemat were fully corrected before the basemat was placed.

b) During the period, the NRC conducted an inspection of SCE&G's Quality Assurance program and reported no more than minor findings. The NRC also made routine quality assurance implementation inspections at the site. Certain matters were captured in the Corrective Action Program (CAP) for the site but no violations were required to be documented in any reports issued during the period.

2. LARs

The NRC approves changes from the approved licensing basis for nuclear units through the LAR request and review process. SCE&G envisions that filings for LARs will be a normal part of the construction program for the Units going forward under the Combined Operating License (COL). Additionally, if needed, a licensee can submit a Preliminary Amendment Request (PAR) associated with a LAR. Through the PAR process, the licensee can request a notification that the NRC does not object to the licensee installing and testing the proposed changed design feature, at the licensee's risk, pending NRC's review of the LAR.

During the second quarter of 2013, SCE&G did not file any new LARs with the NRC. Three LARs filed previously were granted (LARs 12-02, 13-05, 13-11).

Six LARs were pending on June 30, 2013. For ease of reference, a report that tabulates all the LARs submitted by SCE&G to the NRC as of June 30, 2013, is attached as **Appendix 5**.

3. Inspections, Tests, Analyses and Acceptance Criteria (ITAACS)

During the second quarter of 2013, WEC was nearing completion of initial ITAAC Completion Packages for review by SCE&G prior to submission of ITAAC Closure Notifications (ICNs) to the NRC. The initial ICNs are anticipated to be received in the third quarter of 2013.

4. Major Construction Permits

No other major construction-related permits are outstanding. Other construction-related permits are anticipated to be obtained in the ordinary course of administering the project.

5. BLRA Regulatory Proceedings

The briefing of the appeals of Commission Order No. 2012-884, which authorized updates to the cost and construction schedules for the Units under S.C. Code Ann. § 58-33-270(E), is ongoing and is expected to be concluded during the fall of 2013.

D. Engineering

1. Engineering Completion Status

As of June 30, 2013, the Units 2 & 3 plant design packages issued for construction (IFC) is 82.4% complete. IFC delivery from WEC/CB&I continues to be a focus area to ensure that design package delivery supports the construction schedule. Currently SCE&G is focusing on NI civil structural design packages, piping design packages, pipe support design packages and electrical cable routing and conduit design delivery. SCE&G is conducting monthly oversight meetings with WEC/CB&I concerning this issue and has noted improvement in the pace of production over the period.

2. Site Specific Design Activities

Site specific design work is ongoing in support of site specific systems, to include the Circulating Water System (CWS), Yard Fire System (YFS), Potable Water System (PWS), Construction and Offsite Power System (ZRS), Raw Water

System (RWS), Sanitary Drain System (SDS), Offsite Water System (OWS) and Waste Water System (WWS).

As discussed in previous reports, the presence of bromides in the Broad River system resulted in a redesign of the OWS using reverse osmosis to achieve South Carolina Department of Health and Environmental Control (SCDHEC) potable water requirements. At the end of the second quarter of 2013, design completion is substantially complete and the project is proceeding with construction of OWS facilities.

Preparation of nuclear security plans is ongoing with security challenges related to building placement and site topography being identified.

E. Training

1. Plant Reference Simulator. The implementation schedule for the Plant Reference Simulator (PRS) continues to support the schedule for training and licensing the AP1000 reactor operators that are required for the initial fuel load for Unit 2 to take place. However, there is little margin for error in the current schedule. The four teams created to oversee validation and testing of the PRS began their work during the second quarter of 2013. In June 2013, a combined WEC, SCE&G and Southern Nuclear Company (SNC) team conducted a readiness assessment to evaluate the performance of each team and to gauge success. The results of the assessment will be available in the third quarter of 2013. SCE&G continues to monitor progress in this area given the importance of the timely NRC certification of the PRS to the timetable for training and certifying AP1000 reactor operators. Given its importance to the project schedule, the validation and testing of the PRS will remain an area of focus.

2. Initial Licensed Operator Training. Twenty-four students continue in the Initial Licensed Operator (ILO) class that began in 2012. The duration of this class is approximately two years and will culminate with an NRC written exam in August 2014 and a simulator demonstrative exam in December 2014. During the review period, the NRC reported that all 24 students passed the Generic Fundamentals Examination which is the first step in NRC licensing. Those students are now preparing for site-specific systems exams. SCE&G is carefully monitoring their progress through practice exams. A second class of 24 students began the ILO training in June of 2013. A third class of 18 students is anticipated to begin in December of 2013.

3. Non-Licensed Operator Training. Eighteen students are enrolled in the Non-Licensed Operator (NLO) program and will complete the program in July 2013. A second NLO class will begin in August 2013.

F. Operational Readiness

1. Mission Critical Hiring. By the close of the period, SCE&G had completed hiring for slightly over one half of the operational staffing positions for the Units that have been identified as mission critical. The hiring goal for 2013 is to fill approximately 100 such positions and the Company is on target to do so.

2. Programs and Procedures. The preparation of operations, maintenance and technical training programs and procedures is proceeding as expected. As of the end of the period, the goals for production of these programs and procedures were being fully met. SCE&G is addressing with WEC issues that are emerging related to the timely turnover by WEC of documentation required to produce these training programs and maintenance and technical procedures. SCE&G is in negotiation with WEC/CB&I on a two-party agreement concerning the sharing of information necessary for the drafting of these training manuals, programs and procedures. This agreement will serve in place of the triparty agreement earlier envisioned among SCE&G, WEC/CB&I, and SNC.

G. Change Control/Owners Cost Forecast

1. Change Order 16. The language of Change Order No. 16 is still being negotiated. Change Order 16 incorporates the agreement entered into between SCE&G and WEC/CB&I resolving the WEC/CB&I claims related to the COL Delay, Shield Building Redesign, Module Redesign, and Unit 2 Rock Conditions.

2. Cyber Security. During the second quarter of 2013, WEC/CB&I submitted a proposal for the scope of work and cost for Phase II of the Cyber Security work. The proposal was unacceptable to SCE&G and was rejected. Negotiations on this issue were ongoing at the end of the period.

3. WEC Costs Related to the Implementation of the Health Care and Education Reconciliation Act of 2010 and prior health care acts (“Health Care Act”). SCE&G is currently reviewing information provided by WEC related to its increased costs of compliance with the Health Care Act. A change order to reflect these costs is anticipated.

H. Transmission

1. VCS1-Killian 230 kV Line. As of June 30, 2013, approximately ninety-five percent (95%) of the work on VCS1-Killian 230 kV Line is complete. The line is planned to be completed by May 2014 and will be energized during the spring VCS1 refueling outage.

2. VCS2-Lake Murray 230 kV Line No. 2 and Segment of the VCS2-St. George 230 kV Line No. 1. As of June 30, 2013, construction of these two lines is approximately eighty percent (80%) complete and is scheduled to be energized in the fourth quarter of 2013.

3. The Remaining Segment of VCS2-St. George 230 kV Line No. 1 and the VCS2-St. George 230 kV Line No. 2. Preliminary construction activities for these lines began in the second quarter 2013.

4. St. George Switching Station. In Order No. 2012-730, the Commission also issued a Certificate of Environmental Capability and Public Convenience and Necessity authorizing construction of this switching station. The site for it was purchased in 2009. Construction of the switching station has not begun.

5. Saluda River Substation. On December 20, 2012, SCE&G secured the rights to the site for the new Saluda River 230/115 kV Substation. The site is adjacent to the corridor for the St. George lines and one of the St. George 230 kV lines will fold into this new substation when it is built. In Order No. 2012-730, the Commission issued a Certificate of Environmental Capability and Public Convenience and Necessity authorizing construction of the new substation. Lay out of the substation is progressing.

III. Anticipated Construction Schedules

As of June 30, 2013, the Company and its contractors remain on schedule to complete all required milestones as adjusted pursuant to the milestone schedule contingencies approved by the Commission in Order No. 2009-104(A). Each of those adjustments is itemized in the BLRA Milestone section that follows. Accordingly, the project is in compliance with the updated construction schedules approved by the Commission in Order No. 2012-884 and with the provisions of S.C. Code Ann. § 58-33-275(A)(1).

A. Construction Schedule

The Project Licensing and Permitting, Engineering, Procurement and Construction work remains on schedule to meet the Units' Substantial Completion Dates taking into account the schedule contingencies approved in Order 2009-104(A).

B. BLRA Milestones

Appendix 1 to this quarterly report lists and updates each of the specific milestones constituting the anticipated construction schedule for the Units pursuant to S.C. Code Ann. § 58-33-270(B)(1) and Order No. 2012-884. Comparing the current milestone target completion dates to the dates in Order No. 2012-884, 4 milestones have been accelerated and 42 have been delayed.

IV. Schedules of the Capital Costs Incurred Including Updates to the Information Required by S.C. Code Ann. § 58-33-270(B) (6) (the Inflation Indices)

The Capital Costs section of this report (Section IV.A) provides an update of the cumulative capital costs incurred and forecasted to be incurred in completing the project. These costs are compared to the cumulative capital cost targets approved by the Commission in Order No. 2012-884. The approved capital cost targets have been adjusted to reflect the currently reported historical escalation rates. There has not been any use by the Company of the capital cost timing contingencies that were approved by the Commission in Order No. 2009-104(A). The Inflation Indices section (Section IV.B) of this report provides updated information on inflation indices and the changes in them.

A. Capital Costs

Appendix 2 shows the Cumulative Project Cash Flow target as approved in Order No. 2012-884 and as updated for escalation and other Commission approved adjustments under the heading "**Per Order 2012-884 Adjusted.**"

Appendix 2 also shows the cumulative cash flow for the project based on actual expenditures to date and the Company's current forecast of cost and construction schedule under the heading "**Actual through June 2013 plus Projected.**"

As shown on **Appendix 2**, the projected expenditure for the project for the 12 months ended December 31, 2013, is approximately \$740 million. As shown on **Appendix 2**, line 39, the cumulative amount projected to be spent on the project as of December 31, 2013, is approximately \$2.513 billion. As shown on **Appendix 2**, line 18, the Cumulative Project Cash Flow target approved by the Commission for year-end 2013 adjusted for current escalation and WEC/CB&I billing differences is approximately

\$2.878 billion. As a result, the cumulative cash flow at year-end 2013 is projected to be approximately \$364.7 million less than the target.

For comparison purposes, **Appendix 3** sets out the cash flow schedule for the project as it was approved in Order No. 2012-884. **Appendix 3** does not include any adjustments to the cash flow schedule for changes in inflation indices or adjustments in capital cost schedules made by the Company. The AFUDC forecast presented on **Appendix 3** is the AFUDC forecast that was current at the time of Order No. 2012-884.

B. Inflation Indices

Appendix 4 shows the updated inflation indices approved in Order No. 2009-104(A). Included is a history of the annual Handy-Whitman All Steam Index, South Atlantic Region; the Handy-Whitman All Steam and Nuclear Index, South Atlantic Region; the Handy-Whitman All Transmission Plant Index, South Atlantic Region; and the Chained GDP Index for the past 10 years. The changes in these indices and the escalation-related effects of cost rescheduling resulted in a decrease in the projected cost of the Units in future dollars from \$6.3 billion as forecast in Order No. 2009-104(A) to a forecast of \$5.8 billion using current inflation data.

V. Updated Schedule of Anticipated Capital Costs

The updated schedule of anticipated capital costs for Units 2 & 3 is reflected in **Appendix 2**.

VI. Conclusion

The Units are currently anticipated to be completed at a cost of approximately \$4.5 billion in 2007 dollars. The Company maintains a staff that monitors the work of its contractors and continues to monitor closely areas of concern related to either cost or schedule for the project. The Company will continue to update the Commission and the ORS of progress and concerns as the project proceeds.

ATTACHMENT 1

GLOSSARY OF ACRONYMS OR DEFINED TERMS

Acronym or Defined Term	Reference
7Q10	A standard low-water flow condition used for evaluating the environmental effects of discharges and withdrawals from rivers and streams. The conditions are calculated to reflect the lowest average 7-day flow expected to be encountered during any 10-year period.
ACI	American Concrete Institute.
AFUDC	Allowance for Funds Used During Construction.
AP1000	The WEC designed Advanced Pressurized water nuclear reactor of approximately 1000 megawatts generating capacity.
APOG	A group of utilities who have submitted applications for AP1000 COLs.
BLRA	The Base Load Review Act, S.C. Code Ann. § 58-33-210 et seq. (Supp. 2009).
CA	The designation for a specific pre-fabricated construction module that forms part of the reactor building, such as Module CA20.
CAP	Corrective Action Program.
CAR	A Corrective Action Report related to design, engineering or construction of the Units, or related processes, that must be corrected.
CB&I	Chicago Bridge & Iron, a sub-contractor on the project which upon acquisition of the Shaw Group became a member of the Consortium and a prime contractor on the project.
CB&I-LC	CB&I Lake Charles --the module fabrication unit formerly known as Shaw Modular Solutions or SMS and located in Lake Charles, Louisiana.
CES	Carolina Energy Solutions, a subcontractor located in Rock Hill, South Carolina.
CMIS	Configuration Management Information System
COLs	Combined Operating Licenses for construction and operation of a nuclear unit issued by the NRC.
COLA	A Combined Operating License Application.
Commission	The Public Service Commission of South Carolina.
Consortium	The joint venture between WEC Electric Company, LLC and CB&I to construct the Units under the terms of the EPC Contract.
CR	A Condition Report communicating and memorializing concerns with the design, engineering or construction of the Units, or related processes, which in some cases can become the basis for a Corrective Action Report.
CV	The Containment Vessel which provides containment for the reactor vessel and associated equipment.
CVBH	The Containment Vessel Bottom Head that forms the bottom of the Containment Vessel.
CWIP	Construction Work in Progress.
CWS	The Circulating Water System --the system that will transport waste heat from the turbines to the cooling towers.
Cyber Security	Technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorized access.
DCD	Design Control Document which is approved by the Nuclear Regulatory Commission and sets forth the approved design of a nuclear reactor.
Departures	Departures are minor deviations from the approved Design Control Document included in the licensing basis for the Units that do not rise to the level requiring a LAR.

ATTACHMENT 1

GLOSSARY OF ACRONYMS OR DEFINED TERMS

Acronym or Defined Term	Reference
EMD	Electro-Mechanical Division of Curtiss-Wright Corp., the sub-contractor for the Reactor Coolant Pumps.
EPA	The United States Environmental Protection Agency.
EPC Contract	The Engineering, Procurement and Construction Agreement for construction of the Units entered into by SCE&G and WEC/CB&I.
Exit Debriefing	A meeting held between the NRC and the licensee at the conclusion of an NRC inspection to discuss the results of the inspection.
FEIS	A Final Environmental Impact Statement as required by the National Environmental Policy Act of 1969.
FERC	The Federal Energy Regulatory Commission.
FFD	Fitness For Duty, a program that seeks to provide reasonable assurance that site personnel are trustworthy, will perform their tasks in a reliable manner, and are not under the influence of substances or otherwise impaired in a way that may adversely affect their ability to safely and competently perform their duties.
Fixed/Firm	Prices under the EPC Contract which are either fixed or are firm but subject to defined escalation rates.
FLEX	A diverse, flexible strategy led by NEI for adding more backup systems to cool nuclear reactors and used fuel storage pools and to maintain the integrity of reactor containment structures in response to lessons learned from Fukushima.
FNC	First Nuclear Concrete.
FNTP	Full Notice to Proceed authorizing all remaining safety-related work to commence.
FSAR	Final Safety Analysis Report – a report by the applicant providing support to the NRC’s approval and certification of the standard power plant design.
GDP	Gross Domestic Product.
HFE/ISV	Human Factors Engineering/Integrated Systems Validation –part of the development of a training simulator for the Units.
HL or Hot Leg	That part of the Reactor Cooling Loop that transports steam to the steam generators.
HLD	Heavy Lift Derrick - the derrick that was erected on site to move large modules and equipment.
IBF	Subcontractor of Tioga that manufactures the Reactor Coolant Loop piping.
ICN	ITAAC Closure Notification – the letter from the licensee to notify the NRC that an ITAAC is complete in accordance with 10 CFR 52.99(c)(1).
IFC	Issued for Construction – engineering drawings that include information necessary for construction of specific structures, systems and components.
ILO	Initial Licensed Operator.
INPO	Institute of Nuclear Power Operations.
IPS	Integrated Project Schedule for licensing and construction of the Units.
ITAAC	Inspections, Tests, Analyses, and Acceptance Criteria which are the inspections, tests, analyses and acceptance criteria that the NRC has determined to be necessary and sufficient to demonstrate that a nuclear unit has been constructed and will operate in conformity with the COLs, the Atomic Energy Act of 1954, as amended, and the NRC’s regulations.
LAR	License Amendment Request – A formal request made by VCSNS to amend the combined operating license, its appendices, or its associated bases.
LNTP	Limited Notice to Proceed authorizing a vendor to commence specific work.

ATTACHMENT 1

GLOSSARY OF ACRONYMS OR DEFINED TERMS

Acronym or Defined Term	Reference
LSS	Limited Scope Simulator –a training simulator with limited functionality that can be used for the initial stages of operator training.
MAB	Module Assembly Building - a building on site where large modules will be constructed and equipment will be prepared for installation in a space that is protected from the elements.
Mangiarotti	Mangiarotti Nuclear, S.p.A.
Near Term Task Force	A senior level task force created by the NRC to address lessons learned from the 2011 earthquake and tsunami in Fukushima, Japan with operating nuclear plants and new reactor applicants.
NEI	Nuclear Energy Institute.
Nelson Studs	Metal studs used in composite construction to secure concrete to steel components. The studs project out of the steel components and are surrounded by the concrete when it is poured.
NI	Nuclear Island, comprising the steel containment vessel, the reactor building, and the auxiliary building.
NLC	Nuclear Learning Center - a training facility operated by SCE&G at the Jenkinsville site.
NLO	Non-Licensed Operator.
NND	The New Nuclear Deployment Team within SCE&G.
NNI	Newport News Industries --a module fabrication subcontractor to WEC/CB&I.
NPDES	National Pollutant Discharge Elimination System.
NRC	The United States Nuclear Regulatory Commission.
ORS	South Carolina Office of Regulatory Staff.
OWS	Off Site Water System – the system that withdraws water from Monticello Reservoir and provides potable and filtered water for the Units.
PAR	Preliminary Amendment Request - A formal request made by VCSNS which allows VCSNS to proceed at its own risk with work consistent with an amendment request contained in an LAR prior to approval.
Pike	Pike Energy Solutions, a contractor for transmission and switchyard related work.
PRA	Probabilistic Risk Assessment.
PRHR	The Passive Residual Heat Removal Exchanger unit –a heat exchanger unit that is part of the passive safety system which provides cooling to the AP1000 reactor during emergency situations.
PRS	Plant Reference Simulator – a training simulator with full functionality that can be used in all stages of operator training.
PWS	The Potable Water System --which provides potable water to the site.
QA	Quality Assurance – The planned and systematic activities implemented in a quality system so that the quality requirements for a product or service will be fulfilled.
QA/QC	Quality Assurance/Quality Control.
QC	Quality Control – The observation techniques and activities used to fulfill requirements for quality.
RAI	Requests for Additional Information issued by the NRC staff to license applicants.
RCA	Root Cause Analysis – identification and evaluation of the reason for non-conformance, an undesirable condition, or a problem which (when solved) restores the status quo.

ATTACHMENT 1

GLOSSARY OF ACRONYMS OR DEFINED TERMS

Acronym or Defined Term	Reference
RCL	The Reactor Coolant Loop – the piping and related equipment that transports heat from the reactor to the steam generator.
RCP	The Reactor Cooling Pump which forms part of the Reactor Coolant System.
RCS	The Reactor Coolant System - the complete system for transferring and transporting heat from the reactor to the steam generator.
RFI	Requests for Information issued by the NRC staff to licensees.
ROW	Right-of-way.
RT	Radiographic Testing - a nondestructive testing method of inspecting materials for hidden flaws by using the ability of short wavelength electromagnetic radiation (high energy photons) to penetrate various materials.
RV	Reactor Vessel.
RWS	Raw Water System – the system for withdrawing and transporting raw water from the Monticello Reservoir.
SAT	Site Acceptance Testing.
SCDHEC	The South Carolina Department of Health and Environmental Control.
SCDNR	The South Carolina Department of Natural Resources.
SCE&G or The Company	South Carolina Electric & Gas Company.
SDS	Sanitary Drain System.
Shaw	The Shaw Group.
SMS	Shaw Module Solutions, LLC.
SNC	Southern Nuclear Company – a subsidiary of Southern Company and licensed operator of the Vogtle Nuclear Units and two other nuclear plants.
SRO	Senior Reactor Operator.
SROC	Senior Reactor Operator Certification.
Target	Costs under the EPC Contract where targets have been established but where SCE&G pays actual costs as incurred.
TEi	Thermal Engineering International – a subsidiary of Babcock Power which manufactures moisture separator reheaters and other power plant equipment.
UFSAR	Updated Final Safety Analysis Report.
Units	V. C. Summer Nuclear Station Units 2 & 3.
Update Docket	A proceeding under the BLRA seeking Commission approval of updated cost and construction schedules for the Units.
URI	Unresolved Items – A term used by the NRC during inspections for items that require further action.
USACOE	The United States Army Corps of Engineers.
VCSNS or VCSN	V. C. Summer Nuclear Station.
WEC	Westinghouse Electric Company, LLC.
WEC/CB&I	The consortium formed by Westinghouse Electric Company, LLC and CB&I.
WEC/CB&I Claims	WEC/CB&I's claims for additional charges associated with the COL delay, the Shield Building design changes, the structural modules design changes, and the lower than anticipated rock elevations encountered in certain areas within the Unit 2 Nuclear Island.

ATTACHMENT 1

GLOSSARY OF ACRONYMS OR DEFINED TERMS

Acronym or Defined Term	Reference
WTP	The Off-Site Water Treatment Plant which will take water from Lake Monticello and treat it to potable water standards.
WWS	The Waste Water System – the system for collection, treatment and disposal of domestic waste water generated on site.
YFS	The Yard Fire System – the system that provides fire detection and protection outside of the plant.
ZRS	The Construction and Offsite Power System –the system which provide electrical power to the site.

APPENDIX 1

V. C. Summer Nuclear Station Units 2 & 3

**Quarterly Report to the South Carolina Office of Regulatory Staff
Submitted by South Carolina Electric & Gas Company
Pursuant to Public Service Commission Order No. 2009-104(A)**

Quarter Ending June 30, 2013

Appendix 1 lists and updates each of the milestones which the Commission adopted as the Approved Construction Schedule for the Units, pursuant to S.C. Code Ann. § 58-33-270(B)(1) in Order No. 2012-884. **Appendix 1** provides columns with the following information:

1. Milestone tracking ID number.
2. The description of the milestone as updated in Order No. 2012-884.
3. The BLRA milestone date as approved by the Commission in Order No. 2012-884.
4. The current milestone date.
5. For each completed milestone, the date by which it was completed. For milestones completed prior to the current reporting quarter, the milestone entry is shaded in gray. For milestones completed during the current reporting quarter, the milestone entry is shaded in green.
6. Information showing the number of months, if any, by which a milestone has been shifted. For milestones with planned completion dates that vary in days instead of months, the milestone entry is shaded in yellow.
7. Information as to whether any milestone has been shifted outside of the +18/-24 Month Contingency approved by the Commission.
8. Notes.

On the final page of the document, there is a chart summarizing milestone completion and movement comparing the current milestone date to the milestone date approved in Order No. 2012-884. This movement is shown for only the milestones that have not been completed.




**Appendix 1
VC Summer Units 2 and 3**

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
1	Approve Engineering Procurement and Construction Agreement	Complete		5/23/2008		No	
2	Issue POs to nuclear component fabricators for Units 2 & 3 Containment Vessels	Complete		12/3/2008		No	
3	Contractor Issue PO to Passive Residual Heat Removal Heat Exchanger Fabricator - First Payment - Unit 2	Complete		8/18/2008		No	
4	Contractor Issue PO to Accumulator Tank Fabricator - Unit 2	Complete		7/31/2008		No	
5	Contractor Issue PO to Core Makeup Tank Fabricator - Units 2 & 3	Complete		9/30/2008		No	
6	Contractor Issue PO to Squib Valve Fabricator - Units 2 & 3	Complete		3/31/2009		No	
7	Contractor Issue PO to Steam Generator Fabricator - Units 2 & 3	Complete		5/29/2008		No	
8	Contractor Issue Long Lead Material PO to Reactor Coolant Pump Fabricator - Units 2 & 3	Complete		6/30/2008		No	
9	Contractor Issue PO to Pressurizer Fabricator - Units 2 & 3	Complete		8/18/2008		No	
10	Contractor Issue PO to Reactor Coolant Loop Pipe Fabricator - First Payment - Units 2 & 3	Complete		6/20/2008		No	
11	Reactor Vessel Internals - Issue Long Lead Material PO to Fabricator - Units 2 & 3	Complete		11/21/2008		No	
12	Contractor Issue Long Lead Material PO to Reactor Vessel Fabricator - Units 2 & 3	Complete		5/29/2008		No	
13	Contractor Issue PO to Integrated Head Package Fabricator - Units 2 & 3	Complete		7/31/2009		No	
14	Control Rod Drive Mechanism Issue PO for Long Lead Material to Fabricator - Units 2 & 3 - first payment	Complete		6/21/2008		No	
15	Issue POs to nuclear component fabricators for Nuclear Island structural CA20 Modules	Complete		8/28/2009		No	

Legend = Completed = Completed this Quarter = Movement in Days Only

**Appendix 1
VC Summer Units 2 and 3**

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
16	Start Site Specific and balance of plant detailed design	Complete		9/11/2007		No	
17	Instrumentation & Control Simulator - Contractor Place Notice to Proceed - Units 2 & 3	Complete		10/31/2008		No	
18	Steam Generator - Issue Final PO to Fabricator for Units 2 & 3	Complete		6/30/2008		No	
19	Reactor Vessel Internals - Contractor Issue PO for Long Lead Material (Heavy Plate and Heavy Forgings) to Fabricator - Units 2 & 3	Complete		1/29/2010		No	
20	Contractor Issue Final PO to Reactor Vessel Fabricator - Units 2 & 3	Complete		9/30/2008		No	
21	Variable Frequency Drive Fabricator Issue Transformer PO - Units 2 & 3	Complete		4/30/2009		No	
22	Start clearing, grubbing and grading	Complete		1/26/2009		No	
23	Core Makeup Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete		10/31/2008		No	
24	Accumulator Tank Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete		10/31/2008		No	
25	Pressurizer Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete		10/31/2008		No	
26	Reactor Coolant Loop Pipe - Contractor Issue PO to Fabricator - Second Payment - Units 2 & 3	Complete		4/30/2009		No	
27	Integrated Head Package - Issue PO to Fabricator - Units 2 and 3 - second payment	Complete		7/31/2009		No	
28	Control Rod Drive Mechanisms - Contractor Issue PO for Long Lead Material to Fabricator - Units 2 & 3	Complete		6/30/2008		No	
29	Contractor Issue PO to Passive Residual Heat Removal Heat Exchanger Fabricator - Second Payment - Units 2 & 3	Complete		10/31/2008		No	
30	Start Parr Road intersection work	Complete		2/13/2009		No	

Legend  = Completed  = Completed this Quarter  = Movement in Days Only




**Appendix 1
VC Summer Units 2 and 3**

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
31	Reactor Coolant Pump - Issue Final PO to Fabricator - Units 2 & 3	Complete		6/30/2008		No	
32	Integrated Heat Packages Fabricator Issue Long Lead Material PO - Units 2 & 3	Complete		10/1/2009		No	
33	Design Finalization Payment 3	Complete		1/30/2009		No	
34	Start site development	Complete		6/23/2008		No	
35	Contractor Issue PO to Turbine Generator Fabricator - Units 2 & 3	Complete		2/19/2009		No	
36	Contractor Issue PO to Main Transformers Fabricator - Units 2 & 3	Complete		9/25/2009		No	
37	Core Makeup Tank Fabricator Notice to Contractor Receipt of Long Lead Material - Units 2 & 3	Complete		12/30/2010		No	
38	Design Finalization Payment 4	Complete		4/30/2009		No	
39	Turbine Generator Fabricator Issue PO for Condenser Material - Unit 2	Complete		8/28/2009		No	
40	Reactor Coolant Pump Fabricator Issue Long Lead Material Lot 2 - Units 2 & 3	Complete		4/30/2009		No	
41	Passive Residual Heat Removal Heat Exchanger Fabricator Receipt of Long Lead Material - Units 2 & 3	Complete		5/27/2010		No	
42	Design Finalization Payment 5	Complete		7/31/2009		No	
43	Start erection of construction buildings, to include craft facilities for personnel, tools, equipment; first aid facilities; field offices for site management and support personnel; temporary warehouses; and construction hiring office	Complete		12/18/2009		No	
44	Reactor Vessel Fabricator Notice to Contractor of Receipt of Flange Nozzle Shell Forging - Unit 2	Complete		8/28/2009		No	
45	Design Finalization Payment 6	Complete		10/7/2009		No	

Legend = Completed = Completed this Quarter = Movement in Days Only




**Appendix 1
VC Summer Units 2 and 3**

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
46	Instrumentation and Control Simulator - Contractor Issue PO to Subcontractor for Radiation Monitor System - Units 2 & 3	Complete		12/17/2009		No	
47	Reactor Vessel Internals - Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	Complete		7/29/2011		No	
48	Turbine Generator Fabricator Issue PO for Moisture Separator Reheater/Feedwater Heater Material - Unit 2	Complete		4/30/2010		No	
49	Reactor Coolant Loop Pipe Fabricator Acceptance of Raw Material - Unit 2	Complete		2/18/2010		No	
50	Reactor Vessel Internals - Fabricator Start Weld Neutron Shield Spacer Pads to Assembly - Unit 2	Complete		8/28/2012		No	
51	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 2	Complete		6/30/2009		No	
52	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 2	Complete		12/23/2010		No	
53	Start excavation and foundation work for the standard plant for Unit 2	Complete		3/15/2010		No	
54	Steam Generator Fabricator Notice to Contractor of Receipt of 2nd Steam Generator Tubesheet Forging - Unit 2	Complete		4/30/2010		No	
55	Reactor Vessel Fabricator Notice to Contractor of Outlet Nozzle Welding to Flange Nozzle Shell Completion - Unit 2	Complete		12/30/2010		No	
56	Turbine Generator Fabricator Notice to Contractor Condenser Fabrication Started - Unit 2	Complete		5/17/2010		No	
57	Complete preparations for receiving the first module on site for Unit 2	Complete		1/22/2010		No	

Legend  = Completed  = Completed this Quarter  = Movement in Days Only




**Appendix 1
VC Summer Units 2 and 3**

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
58	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Transition Cone Forging - Unit 2	Complete		4/21/2010		No	
59	Reactor Coolant Pump Fabricator Notice to Contractor of Manufacturing of Casing Completion - Unit 2	Complete		11/16/2010		No	
60	Reactor Coolant Loop Pipe Fabricator Notice to Contractor of Machining, Heat Treating & Non-Destructive Testing Completion - Unit 2	Complete		3/20/2012		No	
61	Core Makeup Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 2	Complete		11/26/2012		No	
62	Polar Crane Fabricator Issue PO for Main Hoist Drum and Wire Rope - Units 2 & 3	Complete		2/1/2011		No	
63	Control Rod Drive Mechanisms - Fabricator to Start Procurement of Long Lead Material - Unit 3	Complete		6/14/2011		No	
64	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 2	Complete		3/26/2012		No	
65	Start placement of mud mat for Unit 2	Complete		7/20/2012		No	
66	Steam Generator Fabricator Notice to Contractor of Receipt of 1st Steam Generator Tubing - Unit 2	Complete		9/28/2010		No	
67	Pressurizer Fabricator Notice to Contractor of Welding of Upper and Intermediate Shells Completion - Unit 2	Complete		10/28/2011		No	
68	Reactor Vessel Fabricator Notice to Contractor of Closure Head Cladding Completion - Unit 3	Complete		6/28/2012		No	
69	Begin Unit 2 first nuclear concrete placement	Complete		3/9/2013		No	
70	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 2	Complete		12/1/2011		No	
71	Fabricator Start Fit and Welding of Core Shroud Assembly - Unit 2	Complete		7/29/2011		No	

Legend  = Completed  = Completed this Quarter  = Movement in Days Only




Appendix 1
VC Summer Units 2 and 3

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
72	Steam Generator Fabricator Notice to Contractor of Completion of 1st Steam Generator Tubing Installation - Unit 2	Complete		1/27/2012		No	
73	Reactor Coolant Loop Pipe - Shipment of Equipment to Site - Unit 2	12/31/2012	9/30/2013		+9 Month(s)	No	Due to deviation notices related to bend radius.
74	Control Rod Drive Mechanism - Ship Remainder of Equipment (Latch Assembly & Rod Travel Housing) to Head Supplier - Unit 2	Complete		7/16/2012		No	
75	Pressurizer Fabricator Notice to Contractor of Welding of Lower Shell to Bottom Head Completion - Unit 2	Complete		12/22/2011		No	
76	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 2	Complete		5/4/2012		No	
77	Design Finalization Payment 14	Complete		10/31/2011		No	
78	Set module CA04 for Unit 2	11/6/2012	8/29/2013		+9 Month(s)	No	Due to delays associated with delivery, receipt and fabrication of module CA04.
79	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Final Post Weld Heat Treatment - Unit 2	Complete		5/24/2011		No	
80	Passive Residual Heat Removal Heat Exchanger Fabricator Notice to Contractor of Completion of Tubing - Unit 2	Complete		5/29/2012		No	
81	Polar Crane Fabricator Notice to Contractor of Girder Fabrication Completion - Unit 2	Complete		10/23/2012		No	
82	Turbine Generator Fabricator Notice to Contractor Condenser Ready to Ship - Unit 3	8/31/2013	8/22/2013			No	Due to schedule refinement and review.
83	Set Containment Vessel ring #1 for Unit 2	1/7/2013	11/7/2013		+10 Month(s)	No	Due to engineering and licensing approvals.

Legend  = Completed  = Completed this Quarter  = Movement in Days Only




Appendix 1
VC Summer Units 2 and 3

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
84	Reactor Coolant Pump Fabricator Delivery of Casings to Port of Export - Unit 2	7/31/2012	7/31/2013		+12 Month(s)	No	Due to rework of casings, modifications of welding preparation and schedule resequencing.
85	Reactor Coolant Pump Fabricator Notice to Contractor of Stator Core Completion - Unit 3	8/31/2013	8/30/2013			No	Due to schedule refinement and review.
86	Reactor Vessel Fabricator Notice to Contractor of Receipt of Core Shell Forging - Unit 3	Complete		3/29/2012		No	
87	Contractor Notified that Pressurizer Fabricator Performed Cladding on Bottom Head - Unit 3	Complete		11/9/2011		No	
88	Set Nuclear Island structural module CA03 for Unit 2	6/26/2013	11/22/2014		+17 Month(s)	No	Due to delays associated with delivery, receipt and fabrication of the CA01 module.
89	Squib Valve Fabricator Notice to Contractor of Completion of Assembly and Test for Squib Valve Hardware - Unit 2	Complete		5/10/2012		No	
90	Accumulator Tank Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	3/31/2013	9/2/2013		+6 Month(s)	No	Due to schedule refinement and review.
91	Polar Crane Fabricator Notice to Contractor of Electric Panel Assembly Completion - Unit 2	Complete		3/6/2013		No	
92	Start containment large bore pipe supports for Unit 2	6/28/2013	10/22/2014		+16 Month(s)	No	Due to delays associated with engineering and licensing approvals and delay of FNC.
93	Integrated Head Package - Shipment of Equipment to Site - Unit 2	3/31/2013	2/6/2014		+11 Month(s)	No	Due to design changes and subsequent delays in predecessor schedule activities.
94	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 2	5/31/2013	9/4/2013		+4 Month(s)	No	Due to delay in predecessor schedule activities.

Legend  = Completed  = Completed this Quarter  = Movement in Days Only




Appendix 1
VC Summer Units 2 and 3

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
95	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Steam Generator Tubing Installation - Unit 3	6/30/2013	7/15/2013		+1 Month(s)	No	Due to schedule refinement and review.
96	Steam Generator Fabricator Notice to Contractor of Satisfactory Completion of 1st Steam Generator Hydrotest - Unit 2	Complete		1/14/2013		No	
97	Start concrete fill of Nuclear Island structural modules CA01 and CA02 for Unit 2	4/3/2014	5/23/2015		+13 Month(s)	No	Due to delays associated with fabrication and setting of the CA01 module.
98	Passive Residual Heat Removal Heat Exchanger - Delivery of Equipment to Port of Entry - Unit 2	12/31/2012	11/4/2013		+11 Month(s)	No	Due to schedule refinement and required engineering design approval prior to shipment.
99	Refueling Machine Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 2	11/30/2013	3/27/2014		+4 Month(s)	No	Due to schedule refinement and review.
100	Deliver Reactor Vessel Internals to Port of Export - Unit 2	1/31/2014	6/10/2014		+5 Month(s)	No	Due to schedule refinement and review.
101	Set Unit 2 Containment Vessel #3	4/24/2014	3/16/2015		+11 Month(s)	No	Due to delays associated with fabrication and setting of the CA01 module.
102	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 2	7/31/2013	12/30/2013		+5 Month(s)	No	Due to schedule refinement and review.
103	Turbine Generator Fabricator Notice to Contractor Turbine Generator Ready to Ship - Unit 2	4/30/2013		5/28/2013		No	
104	Pressurizer Fabricator Notice to Contractor of Satisfactory Completion of Hydrotest - Unit 3	3/31/2014	1/7/2014		-2 Month(s)	No	Schedule ahead of plan.
105	Polar Crane - Shipment of Equipment to Site - Unit 2	1/31/2014	9/17/2014		+8 Month(s)	No	Due to schedule refinement and resequencing.
106	Receive Unit 2 Reactor Vessel on site from fabricator	5/13/2014	7/11/2013		-10 Month(s)	No	Schedule ahead of plan.

Legend  = Completed  = Completed this Quarter  = Movement in Days Only




Appendix 1
VC Summer Units 2 and 3

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
107	Set Unit 2 Reactor Vessel	6/23/2014	6/3/2015		+12 Month(s)	No	Due to delays associated with delivery, receipt and fabrication of the CA01 module.
108	Steam Generator Fabricator Notice to Contractor of Completion of 2nd Channel Head to Tubesheet Assembly Welding - Unit 3	12/31/2013	2/28/2014		+2 Month(s)	No	Due to schedule refinement and review.
109	Reactor Coolant Pump Fabricator Notice to Contractor of Final Stator Assembly Completion - Unit 3	8/31/2014	12/1/2014		+4 Month(s)	No	Due to schedule refinement and review.
110	Reactor Coolant Pump - Shipment of Equipment to Site (2 Reactor Coolant Pumps) - Unit 2	10/31/2013	12/31/2013		+2 Month(s)	No	Due to schedule refinement and review.
111	Place first nuclear concrete for Unit 3	10/9/2013	10/1/2013			No	Due to schedule refinement and review.
112	Set Unit 2 Steam Generator	10/23/2014	9/6/2015		+11 Month(s)	No	Due to delays associated with fabrication and setting of the CA01 module.
113	Main Transformers Ready to Ship - Unit 2	9/30/2013	9/13/2013			No	Due to schedule refinement and review.
114	Complete Unit 3 Steam Generator Hydrotest at fabricator	2/28/2014	7/16/2014		+5 Month(s)	No	Due to schedule refinement and review.
115	Set Unit 2 Containment Vessel Bottom Head on basemat legs	10/11/2012		5/22/2013		No	
116	Set Unit 2 Pressurizer Vessel	5/16/2014	6/15/2015		+13 Month(s)	No	Due to delays associated with fabrication and setting of the CA01 module.
117	Reactor Coolant Pump Fabricator Notice to Contractor of Satisfactory Completion of Factory Acceptance Test - Unit 3	2/28/2015	1/16/2015		-1 Month(s)	No	Schedule ahead of plan.
118	Deliver Reactor Vessel Internals to Port of Export - Unit 3	6/30/2015	6/12/2015			No	Due to schedule refinement and review.

Legend  = Completed  = Completed this Quarter  = Movement in Days Only

Appendix 1
VC Summer Units 2 and 3

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
119	Main Transformers Fabricator Issue PO for Material - Unit 3	2/28/2015	2/2/2015			No	Due to schedule refinement and review.
120	Complete welding of Unit 2 Passive Residual Heat Removal System piping	2/5/2015	11/13/2015		+9 Month(s)	No	Due to delays associated with fabrication and setting of the CA01 module.
121	Steam Generator - Contractor Acceptance of Equipment at Port of Entry - Unit 3	4/30/2015	4/6/2015			No	Due to schedule refinement and review.
122	Refueling Machine - Shipment of Equipment to Site - Unit 3	2/28/2015	4/6/2015		+2 Month(s)	No	Due to schedule refinement and review.
123	Set Unit 2 Polar Crane	1/9/2015	10/12/2015		+9 Month(s)	No	Due to delays associated with fabrication and setting of the CA01 module.
124	Reactor Coolant Pumps - Shipment of Equipment to Site - Unit 3	6/30/2015	1/4/2016		+7 Month(s)	No	Due to schedule refinement and review.
125	Main Transformers Ready to Ship - Unit 3	7/31/2015	5/28/2015		-2 Month(s)	No	Schedule ahead of plan.
126	Spent Fuel Storage Rack - Shipment of Last Rack Module - Unit 3	7/31/2014	7/4/2014			No	Due to schedule refinement and review.
127	Start electrical cable pulling in Unit 2 Auxiliary Building	8/14/2013	7/9/2014		+11 Month(s)	No	Due to delays associated with engineering and licensing approvals and delay of FNC.
128	Complete Unit 2 Reactor Coolant System cold hydro	1/22/2016	10/15/2016		+9 Month(s)	No	Due to logic refinement and review of startup schedule.
129	Activate class 1E DC power in Unit 2 Auxiliary Building	3/15/2015	12/19/2015		+9 Month(s)	No	Due to schedule resequencing.
130	Complete Unit 2 hot functional test	5/3/2016	2/14/2017		+9 Month(s)	No	Due to schedule refinement and review.
131	Install Unit 3 ring 3 for containment vessel	8/25/2015	12/9/2015		+4 Month(s)	No	Due to schedule refinement and review.
132	Load Unit 2 nuclear fuel	9/15/2016	7/18/2017		+10 Month(s)	No	Due to schedule resequencing.

Legend  = Completed  = Completed this Quarter  = Movement in Days Only

**Appendix 1
VC Summer Units 2 and 3**

Tracking ID	Order No. 2012-884 Description	Order No. 2012-884 Date	13-2Q Targeted Milestone Completion Date	Actual Completion Date	Delta Months from Order No. 2012-884 Date	Outside +18/-24 Months Contingency?	Notes
133	Unit 2 Substantial Completion	3/15/2017	12/14/2017		+9 Month(s)	No	Delay associated with delivery, receipt and fabrication of module CA01.
134	Set Unit 3 Reactor Vessel	10/22/2015	6/7/2016		+8 Month(s)	No	Due to schedule refinement and review.
135	Set Unit 3 Steam Generator #2	2/25/2016	10/4/2016		+8 Month(s)	No	Due to schedule refinement and review.
136	Set Unit 3 Pressurizer Vessel	7/16/2015	3/7/2016		+8 Month(s)	No	Due to schedule refinement and review.
137	Complete welding of Unit 3 Passive Residual Heat Removal System piping	6/16/2016	1/20/2017		+7 Month(s)	No	Due to schedule refinement and review.
138	Set Unit 3 polar crane	5/9/2016	12/5/2016		+7 Month(s)	No	Due to logic refinement and review of startup schedule.
139	Start Unit 3 Shield Building roof slab rebar placement	5/26/2016	6/10/2016		+1 Month(s)	No	Due to schedule refinement and review.
140	Start Unit 3 Auxiliary Building electrical cable pulling	11/7/2014	6/9/2015		+7 Month(s)	No	Due to schedule refinement and review.
141	Activate Unit 3 Auxiliary Building class 1E DC power	5/15/2016	5/15/2016			No	
142	Complete Unit 3 Reactor Coolant System cold hydro	3/22/2017	3/22/2017			No	
143	Complete Unit 3 hot functional test	7/3/2017	7/3/2017			No	
144	Complete Unit 3 nuclear fuel load	11/15/2017	11/15/2017			No	
145	Begin Unit 3 full power operation	4/8/2018	4/8/2018			No	
146	Unit 3 Substantial Completion	5/15/2018	5/15/2018			No	

SUMMARY




Total Milestones Completed 86 out of 146 = 59%

Milestone Movement - Order No. 2012-884 vs. 13-2Q:

a) Forward Movement 42 out of 146 = 29%

b) Backward Movement 4 out of 146 = 3%

Milestones Within +12 to +17 Month range 6 out of 146 = 4%

Legend  = Completed  = Completed this Quarter  = Movement in Days Only

APPENDIX 2

V. C. Summer Nuclear Station Units 2 & 3

Quarterly Report to the South Carolina Office of Regulatory Staff Submitted by South Carolina Electric & Gas Company Pursuant to Public Service Commission Order No. 2009-104(A)

Quarter Ending June 30, 2013

Appendix 2 is an updated and expanded version of the information contained in the capital cost schedule approved by the Commission in Order No. 2012-884.

Appendix 2 shows:

1. The actual expenditures on the project by plant cost category through the current period.
2. The changes in capital costs reflecting the Company's current forecast of expenditures on the project for each future period by plant cost category. In updating its cost projections the Company has used the current construction schedule for the project and the Commission-approved inflation indices as set forth in **Appendix 4** to this report.
3. The cumulative CWIP for the project and the balance of CWIP that is not yet reflected in revised rates.
4. The current rate for calculating AFUDC computed as required under applicable FERC regulations.

The Cumulative Project Cash Flow target as approved in Order No. 2012-884 and as updated for escalation and other Commission-approved adjustments is found under the heading "**Per Order 2012-884 Adjusted.**" The adjustments reflect:

1. Changes in inflation indices.
2. Budget Carry-Forward Adjustments used, where appropriate to track the effect of lower-than-expected cumulative costs on the future cumulative cash flow of the project.

Appendix 2 also shows the cumulative cash flow for the project based on actual expenditures to date and the current construction schedule and forecast of year-by-year costs going forward. This information is found under the heading "**Actual through June 2013 plus Projected.**"

Appendix 2

RESTATED and UPDATED CONSTRUCTION EXPENDITURES

(Thousands of \$)

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

Per Order 2012-884 Adjusted	Total	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Annual Project Cash Flow(per order)	5,516,849	21,723	100,905	340,003	398,551	349,061	713,307	950,179	1,007,569	831,281	521,351	201,408	81,510	-
Capital Cost Rescheduling Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget Carry-Forward Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	5,516,849	21,723	100,905	340,003	398,551	349,061	713,307	950,179	1,007,569	831,281	521,351	201,408	81,510	-
Adjusted for Change in Escalation	5,482,244	21,723	100,905	340,003	398,551	349,061	704,909	962,459	1,010,498	809,680	504,346	199,304	80,804	-
Cumulative Project Cash Flow(Target)		21,723	122,629	462,632	861,183	1,210,244	1,915,153	2,877,612	3,888,109	4,697,790	5,202,136	5,401,440	5,482,244	5,482,244
Actual through June 2013* plus Projected														
Plant Cost Categories	Total	Actual						Projected						
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fixed with No Adjustment														
Firm with Fixed Adjustment A														
Firm with Fixed Adjustment B														
Firm with Indexed Adjustment														
Actual Craft Wages														
Non-Labor Costs														
Time & Materials														
Owners Costs														
Transmission Costs	329,512	-	26	724	927	11,964	51,641	82,392	61,525	51,395	63,075	5,843	-	-
Total Base Project Costs(2007 \$)	4,548,405	21,723	97,386	319,073	374,810	314,977	488,425	602,775	779,861	681,838	472,220	259,652	98,445	37,220
Total Project Escalation	1,014,226	-	3,519	20,930	23,741	34,084	74,481	136,998	199,150	199,213	157,177	105,382	39,935	19,615
Total Revised Project Cash Flow	5,562,631	21,723	100,905	340,003	398,551	349,061	562,906	739,773	979,011	881,051	629,397	365,035	138,380	56,835
Cumulative Project Cash Flow(Revised)		21,723	122,629	462,632	861,183	1,210,244	1,773,150	2,512,923	3,491,934	4,372,985	5,002,381	5,367,416	5,505,796	5,562,631
AFUDC(Capitalized Interest)	237,706	645	3,497	10,564	17,150	14,218	18,980	26,352	45,376	40,491	31,917	18,313	8,772	1,431
Gross Construction	5,800,337	22,368	104,403	350,567	415,701	363,278	581,886	766,125	1,024,387	921,542	661,314	383,348	147,152	58,266
Construction Work in Progress		22,368	126,771	477,338	893,039	1,256,317	1,838,203	2,604,328	3,628,716	4,550,258	5,211,572	5,594,919	5,742,071	5,800,337
CWIP Currently in Rates					1,536,466									
June 30, 2013 Actual Incremental CWIP Not Currently in Rates					577,215									

CONFIDENTIAL

*Applicable index escalation rates for 2013 are estimated. Escalation is subject to restatement when actual indices for 2013 are final.

Notes:
2013-2018 AFUDC rate applied

6.09%

The AFUDC rate applied is the current SCE&G rate. AFUDC rates can vary with changes in market interest rates, SCE&G's embedded cost of capital, capitalization ratios, construction work in process, and SCE&G's short-term debt outstanding.

APPENDIX 3

V. C. Summer Nuclear Station Units 2 & 3

**Quarterly Report to the South Carolina Office of Regulatory Staff
Submitted by South Carolina Electric & Gas Company
Pursuant to Public Service Commission Order No. 2009-104(A)**

Quarter Ending June 30, 2013

For comparison purposes, **Appendix 3** provides the schedule of capital costs for the project which was approved by the Commission in Order No. 2012-884 as the Approved Capital Cost of the Units, pursuant to S.C. Code Ann. § 58-33-270(B)(2). **Appendix 3** also reflects the forecast of AFUDC expense based on these adjusted schedules and the AFUDC rates that were current at the time of Order No. 2012-884. **Appendix 3** is intended to provide a fixed point of reference for future revisions and updating. While the schedule of costs contained on **Appendix 3** is subject to revision for escalation, changes in AFUDC rates and amounts, capital cost scheduling contingencies and other contingency adjustments as authorized in Order No. 2009-104(A), no such adjustments have been made to the schedules presented here.

Appendix 3

RESTATED and UPDATED CONSTRUCTION EXPENDITURES

(Thousands of \$)

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

Per Order 2012-884

Plant Cost Categories	<u>Total</u>	<u>Actual</u>					<u>Projected</u>						
		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Fixed with No Adjustment													
Firm with Fixed Adjustment A													
Firm with Fixed Adjustment B													
Firm with Indexed Adjustment													
Actual Craft Wages													
Non-Labor Costs													
Time & Materials													
Owners Costs													
Transmission Costs	329,512	-	26	724	927	11,964	57,206	56,903	57,508	77,990	64,727	1,537	-
Total Base Project Costs(2007 \$)	4,548,405	21,723	97,386	319,073	374,810	314,977	613,678	780,753	792,394	647,295	386,537	142,999	56,781
Total Project Escalation	968,444	-	3,519	20,930	23,741	34,084	99,630	169,425	215,175	183,987	134,815	58,409	24,729
Total Revised Project Cash Flow	5,516,849	21,723	100,905	340,003	398,551	349,061	713,307	950,179	1,007,569	831,281	521,351	201,408	81,510
Cumulative Project Cash Flow(Revised)		21,723	122,629	462,632	861,183	1,210,244	1,923,551	2,873,730	3,881,299	4,712,580	5,233,931	5,435,339	5,516,849
AFUDC(Capitalized Interest)	237,715	645	3,497	10,564	17,150	14,218	20,449	38,384	42,868	40,888	27,518	15,391	6,144
Construction Work in Progress		22,368	126,771	477,338	893,039	1,256,317	1,990,074	2,978,637	4,029,074	4,901,243	5,450,113	5,666,911	5,754,565

APPENDIX 4

V. C. Summer Nuclear Station Units 2 & 3

**Quarterly Report to the South Carolina Office of Regulatory Staff
Submitted by South Carolina Electric & Gas Company
Pursuant to Public Service Commission Order No. 2009-104(A)**

Quarter Ending June 30, 2013

Appendix 4 shows the changes in the inflation indices approved in Order No. 2009-104(A). Included is a ten year history of the Handy-Whitman All Steam Index, South Atlantic Region; the Handy-Whitman All Steam and Nuclear Index, South Atlantic Region; the Handy-Whitman All Transmission Plant Index, South Atlantic Region; and the Chained GDP Index. The change in the relevant indices from the Combined Application is also provided.

Appendix 4, Chart A

Inflation Indices, Chart A

HW All Steam Generation Plant Index, January 2013

<u>Year</u>	<u>Index</u>	<u>Yr/Yr change</u>	<u>Three Year Average</u>	<u>Five Year Average</u>	<u>Ten Year Average</u>
2013	607	4.84%	4.24%	3.25%	4.95%
2012	579	4.51%	2.19%	3.91%	4.71%
2011	554	3.36%	2.30%	4.73%	
2010	536	-1.29%	3.89%	5.21%	
2009	543	4.83%	7.19%	7.19%	
2008	518	8.14%	7.50%	6.65%	
2007	479	8.62%	7.66%	5.51%	
2006	441	5.76%	5.49%	4.17%	
2005	417	8.59%	4.39%		
2004	384	2.13%	2.17%		
2003	376	2.45%			
2002	367	1.94%			
2001	360				

	BLRA Filing <u>Jul-07</u>	Order 2010-12 <u>Jan-09</u>	Order 2011-345 <u>Jul-10</u>	Order 2012-884 <u>Jan-12</u>	Update <u>Jan-13</u>
<u>HW All Steam Index:</u>					
One year	7.68%	4.83%	4.79%	4.51%	4.84%
Five Year	5.74%	7.19%	5.31%	3.91%	3.25%

Appendix 4, Chart B

Inflation Indices, Chart B

HW All Steam and Nuclear Generation Plant Index, January 2013

<u>Year</u>	<u>Index</u>	<u>Yr/Yr change</u>	<u>Three Year Average</u>	<u>Five Year Average</u>	<u>Ten Year Average</u>
2013	608	5.19%	4.29%	3.32%	4.99%
2012	578	4.52%	2.20%	3.87%	4.72%
2011	553	3.17%	2.30%	4.74%	
2010	536	-1.11%	3.89%	5.26%	
2009	542	4.84%	7.21%	7.20%	
2008	517	7.93%	7.52%	6.66%	
2007	479	8.86%	7.75%	5.57%	
2006	440	5.77%	5.51%	4.19%	
2005	416	8.62%	4.40%		
2004	383	2.13%	2.18%		
2003	375	2.46%			
2002	366	1.95%			
2001	359				

<u>HW All Steam/Nuclear Index:</u>	BLRA Filing Jul-07	<u>Order 2010-12 Jan-09</u>	<u>Order 2011-345 Jul-10</u>	<u>Order 2012-884 Jan-12</u>	<u>Update Jan-13</u>
One year	7.69%	4.84%	4.60%	4.52%	5.19%
Five Year	5.75%	7.20%	5.32%	3.87%	3.32%

Appendix 4, Chart C

Inflation Indices, Chart C

HW All Transmission Plant Index, January 2013

<u>Year</u>	<u>Index</u>	<u>Yr/Yr change</u>	<u>Three Year Average</u>	<u>Five Year Average</u>	<u>Ten Year Average</u>
2013	597	3.29%	2.40%	2.10%	4.90%
2012	578	2.48%	-0.07%	3.00%	4.55%
2011	564	1.44%	1.57%	4.33%	
2010	556	-4.14%	3.68%	5.74%	
2009	580	7.41%	8.11%	8.60%	
2008	540	7.78%	8.48%	7.71%	
2007	501	9.15%	9.27%	6.10%	
2006	459	8.51%	7.21%	4.76%	
2005	423	10.16%	4.28%		
2004	384	2.95%	1.72%		
2003	373	-0.27%			
2002	374	2.47%			
2001	365				

<u>HW All Transmission Plant Index</u>	BLRA Filing Jul-07	<u>Order 2010-12 Jan-09</u>	<u>Order 2011-345 Jul-10</u>	<u>Order 2012-884 Jan-12</u>	<u>Update Jan-13</u>
One year	8.82%	7.41%	5.08%	2.48%	3.29%
Five Year	6.86%	8.60%	5.23%	3.00%	2.10%

Appendix 4
Inflation Indices, Chart D
GDP Chained Price Index, 2012

SERIESTYPE	UNIT	SHORT LABEL	ID	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Chained Price Index--Gross Domestic Product																		
U.S. Macro - 10 Year Baseline	(2005=100)	Chained price index-gross domestic product , Source: BEA , Units: index- 2005=100.0	45158933	86.77	88.65	90.65	92.11	94.10	96.77	100.00	104.21	106.23	108.57	109.53	111.00	113.37	115.39	
Annual Percent change					2.17%	2.26%	1.61%	2.16%	2.84%	3.34%	4.21%	1.94%	2.20%	0.88%	1.34%	2.14%	1.78%	
3-Year Annual Percent change							2.01%	2.01%	2.20%	2.78%	3.46%	3.16%	2.78%	1.67%	1.47%	1.45%	1.75%	
5-Year Annual Percent change									2.21%	2.44%	2.83%	2.89%	2.90%	2.51%	2.11%	1.70%	1.67%	
10-Year Annual Percent change																	2.28%	
Consumer Price Index, All-Urban																		
U.S. Macro - 10 Year Baseline	Index	Consumer price index, all-urban , Source: BLS , Units: - 1982-84=1.00	45158182	1.67	1.72	1.77	1.80	1.84	1.89	1.95	2.02	2.07	2.16	2.15	2.18	2.25	2.30	
Percent change					3.37%	2.82%	1.60%	2.30%	2.67%	3.37%	3.23%	2.86%	4.17%	-0.46%	1.40%	3.21%	2.22%	
3-Year Annual Percent change							2.59%	2.24%	2.19%	2.78%	3.09%	3.15%	3.42%	2.17%	1.68%	1.37%	2.27%	
5-Year Annual Percent change									2.55%	2.55%	2.63%	2.88%	3.26%	2.62%	2.23%	2.22%	2.10%	
10-Year Annual Percent change																	2.43%	2.49%
Producer Price Index--Finished Goods																		
U.S. Macro - 10 Year Baseline	(1982=1.0)	Producer price index-finished goods , Source: BLS , Units: index- 1982=1.0	45159751	1.33	1.38	1.41	1.39	1.43	1.49	1.56	1.60	1.67	1.78	1.73	1.80	1.91	1.94	
Percent change					3.76%	1.94%	-1.30%	3.18%	3.98%	4.70%	2.56%	4.38%	6.59%	-2.81%	4.05%	6.11%	1.57%	
3-Year Annual Percent change							1.44%	1.26%	1.93%	3.95%	3.74%	3.87%	4.50%	2.64%	2.53%	2.38%	3.89%	
5-Year Annual Percent change									2.29%	2.48%	2.60%	3.76%	4.43%	3.03%	2.90%	3.61%	3.04%	
10-Year Annual Percent change																3.10%	3.40%	

BLRA
Filing
Jul-07

	Order 2010-12 Jan-09	Order 2011-345 Jul-10	Order 2012-884 Jan-12	Update Jan-13
GDP Chained Price Index				
One year	2.66%	2.24%	0.43%	2.11%
Five Year	2.81%	2.86%	1.97%	1.69%

APPENDIX 5

V. C. Summer Nuclear Station Units 2 & 3

**Quarterly Report to the South Carolina Office of Regulatory Staff
Submitted by South Carolina Electric & Gas Company
Pursuant to Public Service Commission Order No. 2009-104(A)**

Quarter Ending June 30, 2013

Appendix 5 indicates those LARs that have been submitted by SCE&G to the NRC for review. Included is the title of each LAR, a brief description of the change(s) associated with the LAR, the date the LAR was submitted to the NRC, and the status of the requests.