[SCANA] - SCANA Corporation Second Quarter 2015 Earnings Conference Call/Webcast
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Officers
Susan Wright; Director Financial Planning & IR
Jimmy Addison; CFO
Steve Byrne; SCE&G; COO

Analysts
Travis Miller; Morningstar
Stephen Byrd; Morgan Stanley
Jim von Riesemann; Mizuho Securities
Michael Lapides; Goldman Sachs
Mike Weinstein; UBS
Dan Jenkins; State of Wisconsin Investment Board

Presentation

Operator: Good afternoon, ladies and gentlemen. Thank you for standing by. I will be your conference facilitator today. At this time, I would like to welcome everyone to the SCANA Corporation conference call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer period. (Operator Instructions)

As a reminder, this conference call is being recorded on Thursday, July 30th, 2015. Anyone who does not consent to the taping may drop off the line.

At this time, I would like to turn the call over to Susan Wright, Director of Financial Planning and Investor Relations.

Susan Wright: Thank you, and welcome to our analyst call.

As you know, earlier today we announced financial results for the second quarter of 2015. Joining us on the call today are Jimmy Addison, SCANA's Chief Financial Officer, and Steve Byrne, Chief Operating Officer of SCE&G. During the call, Jimmy will provide an overview of our financial results and related matters, and Steve will provide an update on our new nuclear project.

After our comments, we will respond to your questions.

The slides and the earnings release referenced to in this call are available at scana.com.

Additionally, we post information related to our new nuclear project and other investor information directly to our website at scana.com. On SCANA's homepage, there is a yellow box containing links to the nuclear development and other investor information sections of the website.

It is possible that some of the information that we will be posting from time to time may be deemed material information that has not otherwise become public.

You can sign up for e-mail alerts under the investor relations section of scana.com to notify you when there is a new posting in the nuclear development and/or other investor information sections of the website.

Finally, before I turn the call over to Jimmy, I would like to remind you that certain statements that may be made during today's call are considered forward-looking statements and are subject to a number of risks and uncertainties as shown on slide 2. The Company does not recognize an obligation to update any forward-looking statements. Additionally, we may disclose certain non-GAAP measures during this presentation. The required Reg G information can be found in the investor relations section of our website under webcasts and presentations.

I'll now turn the call over to Jimmy.

Jimmy Addison: Thanks, Susan, and thank you all for joining us today.

I'll begin our earnings discussion on slide 3. GAAP earnings in the second quarter of 2015 were $0.69 per share compared to $0.68 per share in the same quarter of 2014.

The improved results in the second quarter are mainly attributable to higher electric margins due primarily to a Base Load Review Act rate increase and customer growth. These were partially offset by lower gas margins primarily due to lost gas margins of $0.06 per share resulting from the sale of CGT, and expected increases in CapEx-related items including interest and share dilution.

Note that even though weather had no impact on earnings quarter over quarter, abnormal weather increased electric margins by $0.06 per share in the second quarter of both 2014 and 2015.

Please turn to slide 4. Earnings per share for the six months ended June 30, 2015 were $3.49 per share versus $2.05 in 2014. The improved results are mainly attributable to the net of tax gains from the sales of CGT and SCI and higher electric margins due primarily to a Base Load Review Act rate increase and customer growth.

Also, O&M presented a favorable variance which is primarily attributable to CGT only operating as part of the SCANA family for one month.

These were partially offset by lower electric margins due to weather in the first quarter, lower gas margins primarily attributable to $0.09 per share from the sale of CGT, and expected increases in CapEx-related items, including depreciation, interest, property taxes, and share dilution.

Although electric margins reflected a negative $0.05 per share due to weather year over year, abnormal weather increased electric margins by $0.11 per share year to date 2015, compared to $0.16 per share in 2014.

Slide 5 shows earnings on a GAAP-adjusted, weather-normalized basis. Earnings in the second quarter of 2015 were $0.63 per share, compared to $0.62 per share in the same quarter of 2014.

Year to date, June earnings were $1.97 per share in 2015, compared to $1.89 per share from the prior year.

As a reminder, GAAP-adjusted, weather-normalized EPS excludes the impact of abnormal weather on electric margins and the net of tax gains on the sales of CGT and SCI from the first quarter of 2015.

Now on slide 6, I'd like to briefly review results for our principal lines on business. On a GAAP basis, South Carolina Electric and Gas Company's second quarter 2015 earnings were up $0.07 compared to the same period of 2015.

Increases in earnings were due primarily to the continued recovery of financing costs through the BLRA and customer growth. These items were offset by increases in expenses related to our capital program, including interest expense, property taxes, depreciation, and share dilution. Year-to-date earnings were also higher by $0.07 due primarily to the same drivers.

PSNC Energy's earnings for the second quarter 2015 decreased $0.01 per share over the second quarter of 2014, primarily due to increased O&M and depreciation.

For the six-month period ended June 30, earnings were also down $0.01 per share.

SCANA Energy, our retail natural gas marketing business in Georgia showed a decrease in second-quarter earnings of $0.02 per share in 2015, over last year. This was primarily attributable to lower margins resulting from lower residential sales volumes during the month of April, which was warmer than in 2014.

Year-to-date earnings are $0.15 per share compared to $0.13 per share in the prior year.

Additionally, I am pleased to report that SCANA Energy has been approved to serve as the regulated provider for the state of Georgia through August 2017. SCANA Energy has served as a regulated provider since the program's inception in 2002.

On a GAAP basis, SCANA's corporate and other businesses reported a loss of $0.04 per share in the second quarter of 2015, compared to a loss of $0.01 per share in the prior year. This is mainly attributable to foregone earnings contributions from the subsidiaries that were sold during the first quarter of this year.

For the six-month period, these businesses reported earnings per share at $1.44 in 2015, compared to $0.08 in 2014.

Excluding the net-of-tax gains on the sales of CGT and SCI of $1.41 per share, GAAP-adjusted EPS was down $0.05 from the prior year.

I would now like to touch on economic trends in our service territory on slide 7.

So far in 2015, companies have announced plans to invest approximately $750 million with the expectation of creating over 1,800 jobs in our Carolinas territories. This growth reinforces that the Carolinas continue to be seen as a favorable business environment.

At the bottom of the slide, you can see the national unemployment rate along with the rates for the three states where SCANA has a presence and the SCE&G electric territory. South Carolina's unemployment rate is now at 6.6% and the rate in SCE&G's electric territory is estimated at 6.1%. Approximately 60,000 more South Carolinians are working today than a year ago.

Slide 8 presents customer growth and electric sales statistics. On the top half of the slide is the customer growth rates for each of our regulated businesses. We continue to see accelerating customer growth in our businesses and in the region.

SCE&G's electric business added customers at a year-over-year rate of 1.6%. Our regulated gas businesses in North and South Carolina added customers at 2.7% and 3%, respectively. This is the first time any of our businesses have hit 3% growth since 2008.

The bottom table outlines our actual and weather-normalized kilowatt hour sales for the 12 months ended June 30, 2015. Overall, weather-normalized total retail sales were up 1.1% on a 12-month-ended basis.

We continue to see slightly lower weather-normalized consumption at the residential level, reflecting anticipated energy efficiencies which is offset by increases in industrial demand.

The residential consumption decline has been slightly more moderate than we anticipated, but we expect the peak summer months to continue the trend.

Now please turn to slide 9, which recaps our regulatory rate base and returns. The pie chart on the left presents the components of our regulated rate base of approximately $9 billion. As denoted in the two shades of blue, approximately 85% of this rate base is related to the electric business.

In the block on the right, you will see that SCE&G's base electric business in which we're allowed a 10.25% return on equity. The earned return for the 12 months ended June 30 in the base electric business is approximately 9.5%, meeting our stated goal of earning a return of 9% or higher to prevent the need for non-BLRA-related base rate increases during the peak nuclear construction years.

We continue to be pleased with the execution of our strategy.

Continuing down the page, on our new nuclear business, we're allowed an 11% return on equity. I wanted to briefly mention that under the terms of our recently announced settlement agreement, if approved by the Public Service Commission of South Carolina, the allowed ROE for the new nuclear business will drop to 10.5% for all prospective requests for revised rates under the BLRA, beginning in 2016.

We have had net incremental CWIP over the last year of approximately $547 million. And as Steve will discuss shortly, we filed our 2015 request for revised rates back in May.

Our regulated gas businesses in the Carolinas continued to perform well, and we are allowed a return of equity of 10.6% and 10.25% in North and South Carolina, respectively. And we continue to operate these businesses within a reasonable range of those returns.

Slide 10 presents our CapEx forecast. This forecast reflects new nuclear spending as reflected in the recently filed annual request for revised rates with the Public Service Commission of South Carolina, in May.

At the bottom of the slide, we recap the estimated new nuclear CWIP from July 1 through June 30, to correspond to the periods on which the BLRA rate increases are historically calculated.

Now please turn to slide 11 to review our estimated financing plan through 2017. This plan is the same as was presented last quarter. On May 19th of this year, SCE&G issued $500 million at 50-year bonds at 5.1%.

Also, in January, we issued approximately $14 million in equity through our 401k and DRIP plans before turning [off] the plans to new shares. By acquiring shares on the open market to satisfy the need of these plans, we can further utilize the cash proceeds from the sales of CGT and SCI.

We do not anticipate the need for further equity issuances until 2017. While these are our best estimates of incremental debt and equity issuances, it is unlikely that these issuances will occur exactly as presented, as they are subject to changes in funding needs for planned project expenses and we continue to adjust the financing to match the related CapEx on a 50/50 debt and equity basis.

Finally, on slide 12, we are reaffirming our GAAP-adjusted, weather-normalized earnings guidance of $3.60 to $3.80 per share, along with our internal target of $3.70 per share. Long-term GAAP adjusted, whether-normalized average annual growth guidance remains unchanged as we plan to deliver 3% to 6% earnings growth over the next three to five years, using a base of 2014's GAAP-adjusted weather-normalized EPS of $3.58.

As a reminder, our projected effective tax rate for 2015, exclusive of the taxes on the gains on the sales of the subsidiaries, remains approximately 31%.

I'll now turn the call over to Steve to provide an update on our nuclear project.

Steve Byrne: Thanks, Jimmy. Please turn to slide 13. I would like to begin by again touching base on the petition that SCE&G filed with the Public Service Commission of South Carolina on March 12th of this year that is seeking approval to update the construction milestone schedule, as well as the capital cost schedule for the two new nuclear units.

The construction schedule, without consideration of all mitigating strategies, includes a [substantial] completion date of June 2019 for unit 2 and June of 2020 for unit 3.

The new capital cost schedule includes incremental capital costs that total $698 million, of which $539 million are associated with the delay and other contested costs.

Negotiations continue with the Consortium, and neither SCE&G nor Santee Cooper has accepted responsibility for any contested and/or delay-associated costs.

Further, we cannot predict when these negotiations will be resolved.

Our hearing with the Public Service Commission took place last week on July 21st and 22nd. The Sierra Club was the only active intervener in the hearing, and SCE&G and the Office of Regulatory Staff, or ORS, were the only parties that presented witness testimony.

The ORS, one of the parties who entered into a settlement agreement with SCE&G also presented the terms of the agreement at the hearing.

A decision by the PSC will come no later than September the 12th.

We are hopeful the PSC will approve the settlement agreement we entered into with ORS and the South Carolina Energy Users Committee related to the aforementioned petition. This settlement agreement signifies that no contested issues exist among the settling parties, and supports the approval of the revised construction and capital cost schedules.

As Jimmy's already mentioned, the settling parties also agreed to revise the allowed return on equity to 10.5% from 11% for calculating prospective revised rates sought under the BLRA on or after January 1 of 2016.

I'd now like to discuss some of the activities at the new nuclear construction site.

Slide 14 presents an aerial photo of the site from March. This photo gives you a view of the layout of the site [as well as] Units 2 and 3, as well as many other areas that make up the construction tabletop.

On slide 15, you can see an aerial photo from a different perspective. This angle shows a couple of the parking lots for the construction staff for the new units. And currently there are approximately 3,500 workers at the site.

I would like to mention also that we are having great success of hiring the permanent staff for the new units. We've already hired almost 600 of the anticipated 800 full-time positions that will be needed when the units are online.

On slide 16, you can see a picture of the unit 2 nuclear island. In this picture, you can see module CA20 along with containment vessel ring 1, which has been placed on the lower bowl.

We continue to make progress with the fabrication and placement of containment vessel structural modules.

Slide 17 presents a schematic view of the five large structural modules that are located inside of the containment vessel. This exploded view of CA01 through 05 gives you a better feel for how they fit spatially inside said containment vessel.

Slide 18 shows the lift and placement of the unit 2 module CA01, which took place on July 23rd. The 2.4 million pound CA01 houses the steam generators and the pressurizer and forms a refueling canal inside the containment vessel.

This module is the heaviest lift that will occur during the nuclear construction project.

On the top left, you can see where one of the module assembly building or MAB walls was removed in order to move the module outside for rigging to the heavy lift derrick. CA01 was then lifted and placed into the unit 2 containment vessel.

Slide 19 shows a picture of CA02, which will be the next structural module placed in the unit 2 containment vessel. All five sub modules have been assembled in the MAB, and CA02 is now structurally complete. Module CA02 is a wall section that forms part of the [in] containment refueling water storage tank.

Fabrication is nearing completion on the containment vessel rings for both units. On slide 20, you can see the fabrication of the unit 2 containment vessel top head.

Once all three containment vessel rings have been placed for unit 2, this closure head will be placed on top to seal the containment vessel.

Slide 21 shows a picture of the unit 3 nuclear island. The containment vessel lower bowl has been placed and the auxiliary building walls continue to take form.

Slide 22 shows the June 29th lift and placement of the unit 3 module CA04 into the containment vessel lower bowl. Module CA04 is a reactor vessel cavity that will house the reactor.

Please turn to slide 23. One day prior to the placement of CA04, the unit 3 reactor vessel was received on site. The unit 3 reactor vessel arrived in the Port of Charleston on June 26th, and was transported over the next two days via rail on a specially designed railcar due to the excessive weight of the component.

Once the unit 3 CA04 is fully encased in concrete, this reactor vessel, which houses the fuel assemblies, will be lowered into it and mounted on top.

Slide 24 shows the placement of the first unit 2 shield building panels. Six of the panels, each weighing approximately 30,000 pounds and expanding 40 feet, were lifted and placed outside of the containment vessel earlier this month.

As the shield building panels are placed and welded together, concrete will be poured inside of the panels to create the shield building.

On slide 25, you will see the new nuclear CapEx, actual and projected, over the life of construction. This chart reflects our Company's current and actual estimated new nuclear CapEx during the years 2008 to 2020. It's reflected in the annual request for revised rates with the Public Service Commission.

As you can see, this year and the next several years are the peak nuclear construction period. The green line represents the related actual and projected customer rate increases under the BLRA and is associated with the right-hand axis.

Please now turn to slide 26. As you can see, we filed our BLRA quarterly status update for the first quarter of 2015 in May, as well as our annual request for revised rates under the BLRA.

The Office of Regulatory Staff has completed their review of our request and is recommending to the Commission a $64.5 million revenue increase, or a rate increase of about 2.6%. We concur with their recommendation and anticipate the requested increase in rates effective for bills rendered on or after October 30th.

That concludes our prepared remarks. We'll now be glad to respond to any questions you might have.

Questions and Answers.

Operator: (Operator Instructions) Travis Miller at Morningstar.

Travis Miller: Was wondering if you could give a little more around your thinking on that settlement? Why come to a settlement? Why not go to the hearing? Some thoughts around the terms of the settlement. General thinking on that, if you would. Hello?

Operator: One moment. I'm sorry.

Steve Byrne: Can you hear me? Travis, can you hear me?

Travis Miller: Yes, I can. Thank you.

Steve Byrne: This is Steve, Travis. In the state, we are encouraged --

Travis Miller: You heard my question then?

Steve Byrne: I heard the question. I got the question. So we're encouraged to enter into settlement agreements. The Office of Regulatory Staff is also encouraged and likes to promote settlement agreements. And so we always try to present a settlement agreement to the Commission whenever we go in for any case.

Now, we're not always completely successful. And in this case, the Office of Regulatory Staff, ourselves, and one of the interveners, which is the Energy Users Committee, entered into that settlement agreement.

There were a couple of interveners who did not sign on to the settlement agreement. The Sierra Club, which actively participated, and then there was one other entity that did not actively participate in the hearing, which is not unusual. There are a lot of people that sign on as interveners just to get information and they don't really participate in the process.

So from our perspective it was very positive that we entered into the agreement, and we only had one intervener against us in the hearing process. I think what the interveners got out of it was that they are concerned with rates, and by lowering the ROE, they had a small reduction in rates over the term of the construction process. And it just made it a much more positive hearing process than we've had in the past.

Travis Miller: Okay. What do you estimate that rate impact or, for you guys, the earnings impact from that 50 basis points?

Steve Byrne: Yes. We're looking at about a $15 million reduction over about a five-year period. So that's cumulative about $15 million.

Travis Miller: Okay. And it'll apply only to the rate base effectively that starts from 2016 on?

Steve Byrne: Correct. Correct. It's prospective.

Travis Miller: Okay. And what if you were to get that money back, that contested money? Would you then get the 50 basis points back or would there be any kind of change there?

Steve Byrne: No. The agreement is the agreement. If we were to, I think what you're talking about is if any of the contested amounts, we would come to some kind of a settlement and/or a lawsuit and we were –

Travis Miller: Yes.

Steve Byrne: -- and we were to get a refund of some description on some of those costs, we would credit those costs back to customers, but it would not impact the settlement agreement.

Travis Miller: Got it. Okay. Thanks so much. Appreciate it.

Operator: Stephen Byrd at Morgan Stanley.

Stephen Byrd: I just had one question on new nuclear. And just curious your take on China and the Sanmen Project, how that project is going, lessons learned, sort of general time frame that you understand from that, and just trying to think about that in the context of sort of paving the way for the US.

Steve Byrne: Yes, Steve. We go to China relatively frequently. We've had folks there within the last two months. So we like to try to gauge what's going on on the China projects. They have been and continue to be about 2.5 years ahead of us. Now, some of their issues are different than our issues. They actually get some issues resolved for us.

I would say that my impression now is the critical path for them really is the reactor coolant pumps, getting those installed and getting to their primary side [hydros], hot functional testing. So their pushing on those reactor coolant pumps means that they will not be an issue for us. So they'll be off our critical path.

Our best estimate of when they will start up is probably sometime late 2016. So again, they continue to be about 2.5 years ahead of us.

Stephen Byrd: That's very helpful. And just broadly with Westinghouse and just watching what some of the issues of Mitsubishi internationally. Any further color you can provide in terms of, sounds like the issues that have occurred on cost accounting have been really more international, not really U.S.-based. But any additional color that you can add based on your conversations?

Steve Byrne: The only things that we could add - and I'm assuming you're talking about the Toshiba issues - are that we are not aware that our project is involved in any of the cost reporting improprieties.

I know that the report that was just recently translated from Japanese to English indicates that there was a project, I think they call it Project G, so they don't actually identify it, but it is a Westinghouse project. We don't believe that we are that Westinghouse project.

And I know that they had irregularities one quarter to the next. But it did point out that over the year things equaled out. So we don't anticipate any adverse actions to our project based on anything that's going on at Toshiba.

Stephen Byrd: That's helpful. Sorry. Toshiba not Mitsubishi. And Project G, was that indicated to be an American project or it was unclear in terms of how it was disclosed?

Steve Byrne: It did not indicate whether it was a U.S. project or where it was. It just said Project G.

Stephen Byrd: Understood. Okay. Great. But it sounds like, from your perspective no issues there. That's all I have. Thank you very much.

Operator: Jim von Riesemann at Mizuho Securities.

Jim von Riesemann: Question for you. If bonus depreciation goes through, what's the cash flow impact to you guys?

Jimmy Addison: It's ballpark $75 million a year.

Jim von Riesemann: Okay. Would that help obviate the need to have to do any equity in 2017 either under the old plan or the new special petition?

Jimmy Addison: Yes.

Jim von Riesemann: Thank you. That's all I had.

Operator: (Operator Instructions) Michael Lapides at Goldman Sachs.

Michael Lapides: Just wanted to check in. The BLRA rate increase for November of this year, about $64.5 million. I recall a higher number, the $69 million or so. Was the adjustment just due to the change in ROE or were there other changes as well?

Jimmy Addison: No, nothing to do with the ROE. So the ROE change only impacts revised rate filings in 2016 and forward, not the pending one.

The difference is that we make our filing in May, but it's as of the end of June. So we have to project the spending as of the end of June, and then the ORS, when they do their work, they true it up to the actual expenditures. So it's simply just a difference in what we projected versus the actual expenditures.

Michael Lapides: And did expenditures through the middle of the year come in lighter than what you would have forecast? And do you expect that to be made up in the second half of the year or does that get pushed out to some future year?

Jimmy Addison: Yes. The first part of your question, Michael, is slightly lighter than we had forecast. But it's really not possible to answer the second part of that. It's really out of our control. That's Consortium related. So I don't know if it will all be caught up in the second half of the year or trickle over.

Michael Lapides: Okay. So there's a shot, and you'll find out in the course in coming months or so that some of the 2015 CapEx may actually get moved out to later years?

Jimmy Addison: Well, yes, it could. And that's obviously what's happened in the past. But at some point the plants are going to be finished and it's got to all catch up, right. So I just can't tell you exactly what bucket that'll fall in.

Michael Lapides: Cool. Totally different. The corporate and other costs in the quarter, I think it was $0.04, is that kind of a good run rate to think about? And is that all just the holding company debt, the $800 million or so, kind of the after-tax interest on that or is there something else that's in that?

Jimmy Addison: No, it's mostly the Holdco debt. And I'm not sure if the classification you've got has the other subsidiaries broken out or not, the smaller ones. But if there are other -- let me see which ones are broken out there.

Yes. So we have like the SCANA Energy marketing business is grouped in that as well. So there is some volatility between -- some cyclical nature to that business too. So you can't really take one straight run rate. So just the debt would be, of the Holdco, would be probably in the ballpark of $0.08 or so, negative per year.

Michael Lapides: I'm just looking at slide 6. So you've got a separate line for corporate and other.

Jimmy Addison: Yes.

Michael Lapides: And so that was $0.04 on the quarter.

Jimmy Addison: Right. But what I'm saying is in that, the Georgia business is in the line above. But the SCANA Energy marketing to the industrial customers is grouped in that line with corporate and other. And there's some cyclical nature to that piece of the business. So it's not a flat $0.04 times four. The debt carry itself, it's probably more in the $0.08 range per year.

Michael Lapides: Got it. Okay. Thank you.

Operator: (Operator Instructions) Julien Dumoulin-Smith at UBS.

Mike Weinstein: It's Mike Weinstein, actually. Quick question on solar. I know you guys have a plan to build about 95 megawatts by 2020, under Act 236. I'm just wondering if you can give us an update on that and where you think solar in the state's going even beyond that act?

Jimmy Addison: Yes. We think that we're going to be on target for the build-out under that Act 236, which is going to call for roughly 45ish megawatts of utility scale solar and then another 45ish megawatts of non-utility scale solar. So that's really aimed at rooftop or community solar.

So the process is continuing. We've had a number of filings with our state public service commission relative to distributed energy resources and net metering.

We've gotten some orders out. We expect another one on [DIA] process. I think it's in -- we expect it in July or August. So it's moving.

We are continuing with our plans. We've got two solar utility scale solar that we intend to construct. Hopefully we'll make some good ground before the end of the year. One of them here at our corporate campus on the order of four megawatts, and then we've got about a 500 kilowatt system going to go in down near the Charleston area.

We do have a number of requests for interconnection to our system from solar generators. So I would imagine that we will far exceed the 90 megawatts by 2020, they just won't fall under that Act 236.

Mike Weinstein: Okay. Thank you very much.

Operator: Dan Jenkins, State of Wisconsin Investment Board.

Dan Jenkins: Had a question on page 8 where you talk about the sales and customer growth and, in particular, on the industrial sales. It looks still pretty good at 3.8, but I notice that's the 12-month number.

I was wondering if you've seen any change in the most recent quarter versus prior quarters. Is it any slower? Quicker? If you could give any color on particular industries as well.

Jimmy Addison: Yes. No, the industry distribution continues to be fairly spread out among chemicals, paper, metals. The most recent quarter is right up on top -- is right on top of the 12-month average, right at that same number, 3-3/4%.

Dan Jenkins: Okay. So you haven't seen any slowing? Because just some other utilities have said they've seen a little slowing in the industrial. But you haven't seen that in your territory?

Jimmy Addison: We haven't. We've had quite the history of industrial announcements here in the state. The governor has made it a platform of hers. And she has been very aggressive about it. And we've got several that have been announced that are yet to really put jobs on the ground.

Volvo being the most recent with expected 2,500 jobs in the next two to three years. So we've got several of those things that are still coming around from announcements one, two, three years ago.

Dan Jenkins: Okay. Then I had a couple questions just on the new nuclear build. I think I heard you say the next of the big modules to place is the CA02. Is that correct? And if so, when? Is --

Steve Byrne: Yes, Dan, that's right.

Dan Jenkins: Is that going to be a third-quarter event or later than that?

Steve Byrne: Yes, we would anticipate that'll be a third-quarter event.

Dan Jenkins: Okay. Are there any other key third-quarter items besides the CA02 in the critical path?

Steve Byrne: Well, we've placed the first of our shield building modules. And so we would hope to continue to place more shield building modules.

But really, once you get those -- the first course of the shield building has a relatively short course. And if you can see from the photographs, it's about a three-foot tall section. So we've placed a number of those sections. Now we're fitting them up and we're going to start welding on those probably within the week.

Once we get those welded, we'll be in a position to do our first concrete pour. So it'll be a short lift, because it has to be less than three feet.

And then we'll start with the taller panels. So the panels from here are going to be either eight-foot or ten-foot tall. So we've got different height panels.

But this first course was just a short course and then we'll go up vertically from there. So we'll make some progress on the shield building.

Dan Jenkins: Okay. How about for unit 3, what's kind of next in the queue for it?

Steve Byrne: Unit 3, we've got some concrete pours both outside and inside of the containment vessel. So you probably saw a release that we set the CA04 module on unit 3 earlier this year. That module is kind of a sleeve, if you will, for the reactor vessel. The concrete pours will go around that.

And you try to balance the inside containment with the outside containment concrete pours. And so we'll be coming up with those.

We continue to make progress on the walls. And we're going to be focusing some on the turbine building. We've completed the base mat pour for the turbine building. We've got some large structural steel modules that we've got assembled outside of the excavation that we'll be flying into the excavation and putting them on the concrete base mat.

So you'll see some turbine building as well as some nuclear island progress on unit 3.

We also should be finishing up on the cooling towers. Three of the four cooling towers are structurally complete, forth one's probably 25% along. So I would imagine we'll be making good headway on that last cooling tower.

Dan Jenkins: Okay. Thank you.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to Jimmy Addison for closing remarks.

Jimmy Addison: Well, thank you. In closing, we're very pleased with our midyear results as we continue to hit our plan. We continue to make large strides with our new nuclear construction and are diligently working with the regulators to obtain the approval of our new construction and cost schedules.

We thank you for joining us today and for your interest in SCANA.

Operator: The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.