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July 25, 2014

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Subject: V.C. Summer Units 2 and 3 Guaranteed Substantial Completion Dates

Gentlemen:

We are in receipt of your letter dated May 6, 2014. Westinghouse Electric Company LLC ("Westinghouse") agrees with SCANA and Santee Cooper ("Owners") that the V.C. Summer nuclear facility project (the "Project") is both significant and of the utmost priority for our respective companies. This Project is being constructed in a challenging, evolving regulatory environment which can result in regulatory changes that create schedule delays and cost. However, Westinghouse is making every effort to partner with Owners to address issues as they arise. We remain committed to continuing to work in a cooperative manner to achieve success for the Project.

To fully address in detail each issue raised in the Owners' letter would require a lengthy discussion of an enormous volume of relevant facts to fairly explain the circumstances surrounding the issues raised and to place all events in the proper context. In addition, those facts would need to be considered in conjunction with the history of the negotiation of our EPC Agreement and its terms. Rather than provide such a response, we will address the various themes raised by the Owners' letter. We are prepared to meet with the Owners to provide further details and address your concerns.

I. Consortium Management and Relationship

First, the Owners have commented on the Consortium's Project management. You cite instances of turnover of each Consortium member's personnel, the Owners' perception of the attitude of the current Project management and the relationship between Stone & Webster and Westinghouse. As everyone is aware, this is a multi-billion dollar, high profile Project that has been underway for approximately six years. On projects of this size, complexity and nature, it is expected that there will be a certain level of turnover in project management due to a myriad of factors. These factors include the rigors of such projects, their location, their significant duration, the nature of the industry, and other similar factors. In our experience, the turnover on the V.C. Summer Project is no greater than that of other similar projects. We continue to employ highly skilled professionals at all levels. We are confident that the changes in personnel have had no negative effect on the progress or cost of the Project.

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Your comment that our current management “seems intent on taking advantage of our cooperative nature” could not be further from the truth. Westinghouse is intent on continuing to provide the leadership necessary to deliver a Project that meets the Owners’ expectations while complying with the requirements of our EPC Agreement. Any perception that such efforts are an attempt to “take advantage” of the Owners is without basis. We expect that continued communication will be successful in altering that perception. We suspect that commercial challenges may be a root cause of this perception. If so, we need to address jointly how best to overcome these obstacles so that our mutual cooperation is assured. All parties are entitled to and expected to implement the terms of the EPC Agreement in accordance with its intent and in the best interest of the Project. We expect that the Owners appreciate the need to advance positions in accordance with the terms of the EPC Agreement in order to preserve the allocations of risk and responsibility reflected in that agreement. Furthermore, the Consortium and the Owners should continue to do so without taking exaggerated positions which can have a decidedly negative effect on everyone involved with the Project, as well as public and third party perception.

Your letter also comments on a perceived deterioration of the relationship between Westinghouse and Stone & Webster. Rest assured that the Consortium remains committed to the successful execution and completion of the Project. However, as with any project of this size and complexity, there will always be certain interface issues that will arise from time to time between consortium members and that will create challenges. There is no denying that some issues of this nature have occurred over the course of the Project. However, such issues have not, and will not affect the day-to-day operations on the Project and are being addressed by corporate management to ensure that the Project is insulated from any impacts.

II. Structural Modules

Second, a considerable portion of your letter addresses the fabrication and delivery of the structural modules. Initially, we must clarify that contrary to the assertion in your letter, Shaw Modular Solutions, LLC (“SMS”) is not an “affiliate of the Consortium”. SMS was not an affiliate of Stone & Webster or Westinghouse at the time of contracting. SMS has a relationship with Stone & Webster today only as a result of certain parent company acquisitions. Regardless, this has no bearing on the issues set forth in Owners’ letter.

It must be noted that the module fabrication work has been subjected to regulatory-driven changes and events which have impacted the ability to achieve a consistent and efficient level of production. The August 6, 2012 Settlement Agreement (the “Settlement Agreement”) recognizes certain, but not all of those impacts. As the Owners indicate, the terms of the Settlement Agreement place risks for certain schedule delays on the Consortium; however, it does not insulate the Owners from further changes that are compensable under the EPC Agreement which have impacted fabrication of the modules and have caused many of the delays in the delivery of the modules to the Project.

Further please note that the effect of the Settlement Agreement was not to place “sole responsibility” for any future impacts or delays related to the modules on the Consortium. For example, Section IV.D of the Settlement Agreement clearly preserves the Consortium’s ability to submit Changes for impacts to the Project Schedule or Contract Price associated with structural modules that meet the requirements of Article 9 of the EPC Agreement. Further, Section XII.D preserves the Consortium’s right to Change Orders for the structural modules arising out of Changes in Law that meet the specified criteria. Finally,

the Agreement very clearly states in Section XII.C that the Consortium expressly reserves any claims that are not within the precise definition of "Released Claims" in Section XII.A.

III. Engineering Issues

Third, the Owners' letter addresses Westinghouse's engineering efforts. We disagree with the assertions in the letter regarding failed expectations and misjudging of our own performance.

The Consortium delivered the major portion of the IFC drawings in the 2011 time frame, as acknowledged in your letter. The issuance of these drawings in the 2011 time frame has facilitated the efforts to procure equipment and construction commodities to support construction. The remaining revision 0 deliverables are primarily in three areas, (1) small bore piping of one inch and less, (2) architectural drawings, and (3) electrical/wiring/termination drawings; all of which are needed in the future to support construction. The Consortium's measure of design completion is based on initial drawing and document issuance. As the detailed design matures, especially in the three areas identified above, the need for additional drawings is identified, thus increasing the total number of deliverables and consequently changing the overall percentage of completion. Contrary to the implication in your letter, these percent-complete numbers are not indicative of any mis-reporting.

Further, as the detailed design matures and is completed, IFC drawings and associated engineering design/analysis evolves and they are revised to ensure that design and safety margins, along with regulatory commitments are satisfied in all functional disciplines, including civil-structural. The ongoing final design reconciliation activities have been impacted by the unexpected compliance interpretations and other regulatory challenges from the NRC.

The regulatory challenges have been magnified in the civil-structural area with the first application of ACI 349-01, where a number of elements of this code are open to interpretation by both the regulator and your structural team, particularly in regard to the information accepted by the NRC during the certification process for DCD Revision 18. To a large extent, ACI 349-01 compliance, as now interpreted by the NRC, has contributed significantly to the number and magnitude of design changes in the civil-structural area. As you are aware, this situation is further exacerbated by the NRC's insistence on including very detailed design information in the DCD certification process, the NRC's interpretation of Part 52, and the NRC's verbatim compliance interpretations of the COL. In spite of these increased regulatory requirements, which have gone above and beyond the requirements and interpretations contemplated in the EPC Agreement and the reasonable expectations of the Consortium, we have made an enormous effort to address and process changes, departures and amendments in a timely fashion to minimize impacts on the construction schedule.

With respect to the Owners' comment regarding the "lack of WEC design maturity" we note that all parties involved were aware that a ready-for-construction design was not yet complete at the time of EPC Agreement execution. All parties were aware that design activity was going to progress while construction was proceeding. In such a situation, particularly with a first-of-a-kind Project, all parties were aware of and should have expected that design development and license amendments would be a normal part of the construction process.

IV. Schedule

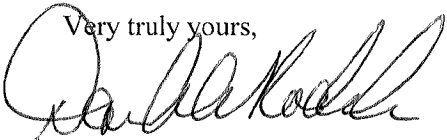
As you know, the Consortium is in the process of reviewing and updating the Project Schedule. The Consortium is committed to providing an accurate and complete schedule required for the construction of the Project and in compliance with the EPC Agreement. We disagree with Owners' general statement that all delays since the Settlement Agreement have "been solely the Consortium's fault." We reject the assertion that any and all delays require mitigation at the Consortium's sole expense. To the extent that the schedule reflects delays, any mitigation of such delays will be governed by and in accordance with the requirements of the EPC Agreement. We will address any such issues in detail and consistent with the EPC Agreement once the Project Schedule review is complete.

V. Denial of Owner's Claims

Finally, Westinghouse denies the Owner's assertion of entitlement to additional site costs and liquidated damages as set forth in your letter. Westinghouse is not shirking its responsibilities under the EPC Agreement and we fully expect all parties to abide by the EPC Agreement's provisions. In that regard, the EPC Agreement expressly provides the Owners with an exclusive remedy for any non-excusable delay in completion of a Unit by allowing for the assessment of delay liquidated damages. To the extent that a non-excusable critical path delay occurs, the Contractor will either mitigate or be liable for delay liquidated damages in accordance with the EPC Agreement's terms. Delay liquidated damages are the agreed, exclusive remedy available to the Owners in the event any such delay occurs. However, the applicable provisions do not permit any "adjustment to the payment schedules" as the Owners' letter claims, nor does the EPC Agreement allow for the recovery of any other additional costs. In response to such assertions, we must state that Westinghouse reserves all of its respective rights and remedies under the EPC Agreement, the Settlement Agreement and at law or in equity.

We remain at your disposal to further discuss the matters set forth in your letter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Daniel L. Roderick", written over a horizontal line.

Daniel L. Roderick
President and Chief Executive Officer