EXHIBIT C

INFORMATION CONCERNING THE ENGINEERING, PROCUREMENT AND CONSTRUCTION AGREEMENT (EPC CONTRACT)

Combined Application of South Carolina Electric & Gas Company for a Certificate of Environmental Compatibility and Public Convenience and Necessity and for a Base Load Review Order
Public Service Commission Docket No. 2008-196-E

1. INTRODUCTION

This Exhibit C provides an overview of the terms of the Engineering, Procurement and Construction Agreement (EPC Contract) related to two Westinghouse AP1000 Advanced Passive Safety Power Plants units to be constructed as the V. C. Summer Nuclear Station (VCSNS) Units 2 & 3 (the Units or the Facility). The costs and payments related to construction of the Units are set forth in Exhibit F to this Application.

2. TERMS OF THE EPC CONTRACT

Overview – South Carolina Electric & Gas Co., for itself, and as agent for the South Carolina Public Service Authority (Santee-Cooper), has finalized an EPC Contract with a consortium consisting of Westinghouse Electric Co., LLC (Westinghouse) and Stone & Webster, Inc., a subsidiary of the Shaw Group, Inc. (Shaw). Westinghouse is engaged in the business of designing, developing and supplying commercial nuclear facilities and has developed a pressurized water nuclear power plant known as the AP1000. Shaw is engaged in the business of designing and constructing industrial and power generation facilities. Under the EPC Contract, Westinghouse and Shaw will provide the design, engineering, procurement and installation of the equipment and materials, and construction and testing of two nuclear units based on the AP1000 design. (Except as otherwise indicated, capitalized items indicate defined terms in the EPC Contract.)

Schedule – The proposed Guaranteed Substantial Completion Dates for the two nuclear units are April 1, 2016 and January 1, 2019, respectively. On March 31, 2008, SCE&G issued a Limited Authorization to Proceed to Westinghouse/Stone & Webster for the procurement of major equipment in order to meet this schedule. SCE&G and Westinghouse/Stone & Webster signed the EPC Contract on May 23, 2008. The Combined Construction and Operating License Application (COLA) was submitted to the NRC on March 31, 2008 with an anticipated NRC review time of three and one half years. NRC approval of the COLA is required prior to the initiation of nuclear safety related construction. In the meantime, non-nuclear safety related construction will proceed upon the approval of the Public Service Commission and other permitting agencies.
Performance Standards – The EPC Contract requires Westinghouse/Stone & Webster to perform and complete its obligations under the EPC Contract in accordance with applicable laws, the terms of the EPC Contract, Industry Codes and Standards and Good Industry Practices, all of which are explicitly defined in the EPC Contract. Westinghouse/Stone & Webster is solely responsible for all construction means, methods, techniques, sequences, procedures, safety and quality assurance and quality control programs in connection with the performance of the Westinghouse/Stone & Webster work. Project Work and financial reporting are clearly defined in the EPC Contract in order to maintain an ongoing awareness of the project status and communicate accurate work schedules and financial projections. The EPC Contract provides a detailed Scope of Work/Supply and Division of Responsibilities for Westinghouse/Stone & Webster and SCE&G.

Subcontractors and Vendors – Westinghouse/Stone & Webster has the right to have portions of the work performed by subcontractors who are identified in the EPC Contract and subject to SCE&G’s review. Westinghouse/Stone & Webster is responsible for the actions and omissions of all subcontractors. Westinghouse/Stone & Webster is responsible for all equipment meeting the requirements of the EPC Contract. For Major Equipment, specifically identified in the EPC Contract, Westinghouse/Stone & Webster contractually commits that it shall in good faith fully and promptly perform and observe all of the agreements, terms, covenants and conditions required to be performed by Westinghouse/Stone & Webster under any material provision of a subcontract for Major Equipment (a “Major Equipment Purchase Order”). The EPC Contract includes specific controls for Major Equipment Vendors, to include shop schedule reservation, default notices and follow-action required and termination protection requirements for SCE&G.

Permits and Licenses – SCE&G is responsible for obtaining, maintaining and paying for SCE&G permits and licenses, to include the Combined Operating License (“COLA”) for the Units. Westinghouse/Stone & Webster is committed to providing support in this effort including support for Nuclear Regulatory Commission (“NRC”) inspections, tests and analysis in accordance with the NRC’s Integrated Tests, Acceptance and Approval Criteria (ITAAC).

Quality Assurance – Westinghouse and Stone & Webster has sole responsibility for the quality assurance and quality control of their work. Westinghouse/Stone & Webster will utilize a Project Quality Assurance Program (PQAP) that meets the Code of Federal Regulations and that is accepted by SCE&G. The PQAP and associated policies and procedures shall address Westinghouse/Stone & Webster’s Scope of Work, including, without limitation, systems, structures and components in a manner consistent with their classification with respect to their importance to nuclear safety or their importance to the capacity, operability and reliability of the Facility as classified in the AP1000 Nuclear Power Plant Design Control Document. The EPC Contract (Article 5) also includes requirements for subcontractor quality assurance, reporting of defects and noncompliance, quality control and inspection activities, access and auditing at Westinghouse/Stone & Webster and subcontractor facilities, witness and hold points for
manufacturing and fabrication of equipment and SCE&G’s right to inspect and stop work. SCE&G shall have reasonable access to the work at the Westinghouse and Stone & Webster’s facilities and their subcontractor’s facilities for observation and inspection, including auditing of activities for conformance with the requirements of the PQAP.

**Pricing** – The contract price and price adjustment provisions are detailed in the EPC Contract. The pricing model used to develop the definitive Contract Price is consistent with Westinghouse/Stone & Webster’s Scope of Work and project schedule referenced in the EPC Contract. The EPC Contract provides detail for each of the pricing categories, to include Equipment, Transportation, Home Office, Construction – Direct, Construction – Indirect, QA, Other and Cost Contingency. The pricing model also includes three categories of pricing elements, to includeFixed or Firm (Fixed/Firm) Price, Target Price and Time and Material (T/M) Price.

Under Fixed/Firm pricing, fixed elements have no associated escalation rates. Firm elements are subject to definitively established escalation percentages, such that final price depends only upon the timing of completion of the work, or are subject to reported inflation indices. See Exhibit I to this Application for more information concerning the indices and escalation factors that apply to each of the categories of work under the EPC Contract.

The Fixed or Firm Price applies to the portions of Westinghouse/Stone & Webster’s Scope of Work in a number of areas that are well defined, including Equipment, work with detailed scope descriptions and clear division of responsibilities, interfaces with other work, scheduling, manufacturing and procurement. Fixed/Firm price billing will be established with a series of progress and milestone payments based on project schedule milestones or equipment milestones.

Westinghouse/Stone & Webster and SCE&G’s goal in the negotiations has been to maximize the Firm/Fixed portion of the pricing. More than fifty percent (50%) of the total EPC Contract cost is subject to Fixed/Firm pricing. An additional percentage of the contract cost projection may be converted to Fixed/Firm in future months upon acceptance by SCE&G of Fixed/Firm quotes from Westinghouse/Stone & Webster which Westinghouse/Stone & Webster has agreed to provide for aspects of the work. The precise percentages in question are provided on the Confidential Version of Exhibit I.

The Target Price applies to the portions of Westinghouse/Stone & Webster’s Scope of Work that are not as well defined or would involve higher levels of price and schedule risk and contingency. As part of the Target Price approach, a payment structure is applied that provides incentive to complete the Target Price portion of work under the Established Target Price by having SCE&G and Westinghouse/Stone & Webster share proportionally the savings. Conversely, the Westinghouse/Stone & Webster profit is reduced in proportion to the degree to which the Target Price Work exceeds the Established Target Price with a profit minimum
established. A projected payment plan based on the work to be performed and with itemized projected costs will be provided to SCE&G prior to the commencement of Target Price Work.

The Time and Materials (T&M) portion of the Contract Price covers the portions of Westinghouse/Stone & Webster’s Scope of Work which cannot be fully defined at this time for any number of reasons. T/M rates agreed upon by SCE&G and Westinghouse/Stone & Webster are included in the EPC Contract. The Westinghouse/Stone & Webster Sales, General & Administrative Costs (SGA) are clearly shown in the Contract Pricing and open for SCE&G’s review. Estimated costs for these aspects of the work are included in the Contract price and is reflected on in the capital cost projections contained in Exhibit F.

Values for certain Westinghouse/Stone & Webster contingencies and risks have been negotiated and are set forth in Exhibit I to this Application. The price adjustment indices will include negotiated indices as well as industry and market based indices.

**Change Orders** – Article 9 of the EPC Contract specifies the criteria for authorized Changes in the work. Westinghouse/Stone & Webster is entitled to a Change Order under certain designated conditions, which specified conditions include, without limitation, such things as a Change in Law or an Uncontrollable Circumstance defined in Article 1 of the EPC Contract. The EPC Contract specifies those types of Changes that require SCE&G approval. Furthermore, SCE&G can request a Change if it does not adversely impact nuclear or industrial safety and if it results in a financial benefit to SCE&G. The Change Order process is outlined in Article 9, to include the information required with the Change Order submittal, review and agreement by Westinghouse/Stone & Webster and SCE&G, payment schedule and the handling of disputes.

**Testing and Acceptance** – Article 11 of the EPC Contract gives the scope of testing at the site, to include Construction and Installation Tests, Preoperational Tests, Startup Tests and the Performance Test. The adequacy of construction and installation of components and systems will be verified by construction inspection and installation tests. During the construction period, Westinghouse/Stone & Webster erects the structure, installs plant equipment and performs construction verification and inspection tests. All of these activities are executed, controlled and documented in accordance with Westinghouse/Stone & Webster approved procedures. On a system basis, completion of this phase of the test program demonstrates that the system is ready for Preoperational Testing.

The system will be turned over to the Joint Test Working Group consisting of Westinghouse/Stone & Webster and SCE&G personnel, under the direction of Westinghouse/Stone & Webster. Preoperational Tests will be performed to demonstrate that the components and systems perform in accordance with selected design requirements so that initial Nuclear Fuel loading, initial criticality and subsequent power operation can be safely undertaken in accordance with requirements of the Law and applicable Government Approvals.
Upon the successful completion of the Preoperational Test for a system or facility and provided that the other criteria specified in Article 12 of the EPC Contract are satisfied, Mechanical Completion for that system will be declared. At that point, Westinghouse/Stone & Webster will turn over care, custody and control of that system to SCE&G. Once all systems and facilities are turned over SCE&G, mechanical completion of the Plant is achieved.

The Startup Test program, which remains under the direction of the Joint Test Working Group, will begin with initial Nuclear Fuel loading and progresses through heat-up, criticality and power operations, completing the nuclear operating objectives and verifications specified in the EPC Contract. Upon successful completion of the Startup Tests, the Performance Test will be run to determine whether the Unit meets the Net Unit Electrical Output Guarantee. This test for the Unit will be conducted during a period of continuous operation of one hundred hours. Upon successful completion of the Performance Test, Substantial Completion will be declared.

Final Completion of a Unit shall be deemed to have occurred upon the completion of the Final Completion Punch List and other work required under the EPC Contract with the exception of obligations under the Warranties. Article 13 of the EPC Contract specifies the liquidated damages that Westinghouse/Stone & Webster will be responsible for due to Substantial Completion schedule delays and/or unsatisfactory Performance Test results.

**Warranties** – As required by Article 14 of the EPC Contract, Westinghouse/Stone & Webster warrants that the Equipment and each Unit shall be free from defects in design, workmanship and material and shall conform to the design specifications and drawings, and changes thereto, prepared by Westinghouse/Stone & Webster or its subcontractors for the design, engineering and construction of the Facility. This section of the EPC Contract covers other requirements, to include warranty periods, remedy, warranty work deferral, services warranty, warranty of title and limitations and disclaimers.

**Miscellaneous** – The remaining articles of the EPC Contract cover the following: Insurance; Limitation of Liability; Liens; Proprietary Data; Environmental - Hazardous Materials; Title - Risk of Loss; Suspension and Termination; Safety - Incident Reporting; Qualifications and Protection of Assigned Personnel (including provisions for fitness for duty and security screening; training to environmental, OSHA, NRC and other applicable Laws, NRC Whistleblower Provision and respirator protection); Records and Audits; Taxes; Dispute Resolution; Notices; Assignment; Waiver; Modification (pertains to EPC Contract provisions); Survival; Transfer; Governing Law - Waiver of Jury Trial - Certain Federal Laws; Relationship of Owner (SCE&G) and Contractor (Westinghouse/Stone & Webster); Third Party Beneficiaries; Representations and Warranties; and Miscellaneous Provisions.