

## **INTERNAL STAFF UPDATE\***

Wednesday, October 28, 2015

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### **Executive Budget:**

Josh and David held four budget hearings with the following agencies: DHEC, DSS, Tech Schools, and CHE. There are five more budget hearings scheduled for tomorrow.

### **Utilities – VC Summer Nuclear Plant:**

SCE&G announced an amendment to the Engineering, Procurement, and Construction Agreement (EPC Agreement) that allows Fluor Corporation to come in as a subcontracted construction manager for the construction of VC Summer Units 2 and 3. Fluor was involved on the construction of Unit 1, and SCANA views this new involvement of a prominent South Carolina company with prior experience at VC Summer as a positive change.

Additionally, the amendment extends completion of Units 2 and 3 to August 31, 2019 and 2020, respectively. The amendment also reflects an increase of over \$280 million to the \$6.827 billion cost recently approved by the Public Service Commission, for a new estimated total construction cost of \$7.113 billion, which could reach upwards of \$7.601 billion under a fixed cost option.

The filing for approval of the contract amendment and the increased construction costs will be made with the PSC sometime this Spring. The increased costs would result in increased rates for utility customers, which would be a factor for the PSC to consider in making their determination.

### **Legislative:**

**Special Senate Committee Regarding Flood Relief Efforts** – (Members: Leatherman, Peeler, Setzler, Jackson, Grooms, Cromer, McElveen, Sabb, and Shealy) – Today, this Committee convened for the first time to hear testimony from response agencies. Chairman Leatherman opened the meeting with his compliments and appreciation to the Governor, her team, and all first responders, which was seconded by Senators Peeler, Setzler, and others.

Testimony was given from the following agencies:

- (1) National Guard – Colonel Brad Owens;
- (2) EMD – Director Kim Stenson;
- (3) DOT – Secretary Christy Hall;
- (4) DHEC – Director Catherine Heigel;
- (5) ESF-13 (SLED, DPS, DNR, PPP, Corrections) – Chief Mark Keel; all other directors were present but did not speak.

Major areas of concern discussed by the Senators were as follows:

- Effects of the flooding on the road and bridge system;

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- Dam failures and repairs and funding for privately-owned dams – Note that Heigel is preparing a packet of information for members regarding regulations and legislation;
- Mosquito abatement and how it would be funded.

The next meeting will be to take additional agency testimony, and the final meeting will be to discuss a funding plan. Several times, Chairman Leatherman made the point that it was too early to discuss numbers and that he wanted agencies to be confident when they were ready to give numbers. Agency heads explained that all numbers (from local governments and state agencies) would be funneled through EMD to report to FEMA for reimbursement, except for DOT's FHWA funds. Chairman Leatherman said he expects they will look into tapping into the reserves in January, and also, Senator Peeler asked that the Special Flood Committee and the Bond Study Committee keep in close communication to assess rebuilding.

**Joint Capital Bond Study Committee** – This meeting has been confirmed for Monday, November 9, 2015 at 1:00 p.m. Members are Senators Peeler, Alexander, and Sheheen; Representatives Merrill, Rutherford, and Clary; and Messrs. Chad Waldorf, David Ellison, and Russ Sobel.

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