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January 29, 2019

Mr. Robert Taylor, Director of DLSE
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Via U.S. Mail and E-mail to:

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Virgil C. Summer Nuclear Station (VCSNS) Units 2 & 3
Combined License (COL) Nos. NPF-93 and NPF-94
Docket Nos. 52-027 & 52-028

Subject: Status Report on South Carolina Public Service Authority's Position on the Termination of the COL for VCSNS Units 2 & 3

- References:
1. Letter from Jeffrey B. Archie to NRC, V.C. Summer, Units 2 and 3 – Notification of Termination of Project Construction, dated August 17, 2017 (ML17229B487)
 2. Letter from Jeffrey B. Archie to NRC, V.C. Summer Units 2 and 3 – SCE&G Request for Withdrawal of VCSNS Unit 2 & 3 COLs, dated December 27, 2017 (ML17361A088)
 3. Letter from Michael R. Crosby to NRC, Response to South Carolina Electric & Gas Company (SCE&G) Request for Withdrawal of VCSNS Unit 2 & 3 COLs, dated January 8, 2018 (ML18010A068)
 4. Letter to Michael R. Crosby, Santee Cooper, from Frederick D. Brown, NRO, re: SCE&G and Santee Cooper Acknowledgement of VC Summer Termination Letter, dated April 18, 2018 (ML18108A265)
 5. Letter to Jeffrey B. Archie, SCE&G, from Frederick D. Brown, NRO, re: SCE&G and Santee Cooper Acknowledgement of VC Summer Termination Letter, dated April 18, 2018 (ML18107A081)
 6. Letter from Michael R. Crosby to NRC, South Carolina Public Service Authority's Maintenance, Preservation & Documentation Program for VCSNS Units 2 & 3, dated June 4, 2018 (ML18158A155)
 7. Letter to Michael R. Crosby from NRC, South Carolina Public Service Authority's Maintenance, Preservation & Documentation Program for VCSNS Units 2 & 3, dated June 6, 2018 (ML18156A316)
 8. Letter from Michael R. Crosby to Robert Taylor NRC dated July 23, 2018

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January 29, 2019

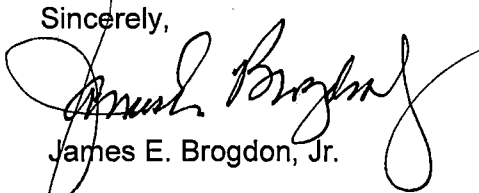
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The purpose of this letter is to provide the NRC with a status update on the South Carolina Public Service Authority's (Santee Cooper's) position with respect to SCE&G's December 27, 2017 request to terminate the VCSNS Unit 2 & 3 COLs.

Yesterday, the Santee Cooper Board of Directors authorized me in my capacity as Interim President and CEO of Santee Cooper to consent to SCE&G's request to terminate the Combined Operating Licenses for V.C. Units 2 and 3. A copy of that resolution is enclosed. Accordingly, please accept this letter as evidence of that consent.

If you have any questions regarding this matter, please contact Michael R. Crosby at (843) 761-7081 or via e-mail at michael.crosby@santeecooper.com.

Sincerely,



James E. Brogdon, Jr.

Enclosure

cc: Michael R. Crosby
J. Michael Baxley
Stephen R. Pelcher
Elizabeth H. Warner
Wm. Marion Cherry
Jason W. Williams
Richard M. Lorenzo
Jim O. Stuckey, Esquire, General Counsel SCANA
Alvis J. Bynum Jr.
Delores Greene, Division Administrative Assistant
Carlos M. Brown

January 28, 2019

V.C. SUMMER AUTHORIZATION
COMBINED OPERATING
LICENSES

Adopted ✓

Rejected

Postponed

R E S O L U T I O N

WHEREAS, On March 27, 2008 South Carolina Electric & Gas Company ("SCE&G") and the South Carolina Public Service Authority ("Authority") submitted to the Nuclear Regulatory Commission ("Commission") an application for combined operating licenses ("COLs") to allow SCE&G and the Authority to construct and operate two new AP1000 units at the V.C. Summer site; and

WHEREAS, The Commission issued the COLs on March 30, 2012; and

WHEREAS, The Board of Directors of the Authority, by Resolution dated July 31, 2017, and titled V.C. Summer Authorization Authority Action Regarding New Nuclear Project (the "July 31, 2017 Resolution"), directed the President and CEO of the Authority to immediately begin taking those actions necessary to wind-down and suspend construction of the V.C. Summer Project (the "Project") and protect and preserve both the site and related plant components and equipment; work with SCE&G to remove all non-essential personnel from the site at the earliest possible date; develop with SCE&G a construction cessation plan; identify third parties to purchase an undivided ownership interest in one or both of the units and/or the related plant components and equipment, among other matters; and

WHEREAS, On July 31, 2017, SCE&G announced that it would cease construction and file a plan of abandonment of the Project with the Public Service Commission of South Carolina. At that time, SCE&G immediately ceased undertaking any maintenance, preservation or documentation activity at the Project site, and no longer maintained a Quality Assurance Program; and

WHEREAS, By letter dated August 17, 2017, SCE&G notified the NRC that V.C. Summer Units 2 and 3 had been placed on terminated status; and

WHEREAS, By letter dated December 27, 2017, SCE&G requested of the NRC on its own behalf "withdrawal" of the COLs for V.C. Summer Units 2 and 3. In that letter, SCE&G noted that it would support a license transfer request to grant the Authority sole ownership of the COLs; and

WHEREAS, By letter dated January 8, 2018, the Authority responded to SCE&G's December 27, 2017 letter in which, among other things, the Authority reminded the NRC that the Authority was a co-licensee on the COLs and that unilateral termination of an active power reactor license by one co-licensee was not permitted by the NRC's regulations; that "withdrawal" of a granted COL was not contemplated by the NRC's regulations, but that the NRC's regulations allow only for the termination of an active power reactor license pursuant to the provisions of 10 C.F.R. § 50.82; and respectfully requested that the NRC hold in abeyance any action on SCE&G's request for 180 days or until such time that the Authority could complete its evaluation on whether to seek transfer of the COLs to itself; and

WHEREAS, On April 18, 2018, the NRC sent separate but virtually identical letters to SCE&G and the Authority acknowledging SCE&G's letter of December 27, 2017 and the Authority's letter of January 8, 2018. In that letter, the NRC noted that consistent with the NRC's Principles of Good Regulation that it intended to complete the NRC's review of SCE&G's request by August 31, 2018; and

WHEREAS, The Board of Directors of the Authority by Resolution dated July 23, 2018, among other things, directed the Interim President and CEO to continue the Project construction cessation plan that the Authority established in response to the July 31, 2017 Resolution of the Board, including site preservation until December 31, 2018; declared the components and equipment at the Project site to be surplus; directed the Interim President and CEO to identify secondary markets for the sale of such components and equipment; and authorized the Interim President and CEO to enter into such agreements he deems appropriate with SCE&G and other parties, or take such other actions as he deems necessary and appropriate to provide clear title to such components to potential buyers; and

WHEREAS, The transfer of the COLs to the Authority would require it to demonstrate to the Nuclear Regulatory Commission ("NRC") that it has the requisite technical and financial qualifications, including that: It possesses or has reasonable assurance of obtaining the funds necessary to cover estimated construction costs and related fuel cycle costs; it has in place a full 10 CFR 50 Appendix B QA program to be applied to the design, fabrication, construction, and testing of the structures, systems, and components of the facility; and it has the requisite technical qualifications to engage in the proposed activities (*i.e.* engineering, design, construction and operation) in accordance with the regulations; and

WHEREAS, It would be very difficult for the Authority to make such a demonstration to the NRC without the immediate expenditure of significant additional capital, including the retention of significant additional personnel with the requisite technical expertise in these areas; and

WHEREAS, Having received and given due consideration to the opinions and information presented to it as set forth herein, as well as the recommendation of Nuclear Executive Management, and the guidance of external legal counsel, among other things, the Board of Directors has determined that it is reasonable for the Authority to consent to the termination of the COLs; and

WHEREAS, The Board of Directors has considered and appropriately balanced the factors set forth in South Carolina Code Section 58-31-55(A)(3) and has determined that the actions authorized by this Resolution are in the best interests of the Authority; now, therefore, be it

RESOLVED, That the Interim President and CEO is authorized to consent to and cooperate with SCE&G in seeking the termination of the Combined Operating Licenses for V.C. Summer Units 2 and 3; and be it further

RESOLVED, That the Interim President and CEO is authorized to take such further actions and execute such further agreements or instruments as may be necessary to carry out the foregoing Resolution, with the exact terms and conditions to be determined by the Interim President and CEO.

**If approved by the Committee, this resolution will be referred to the full Board for approval.
This resolution was referred to and approved by the full Board.*