

MNES
SONGS Project Office
14300 Mesa Road (G55-SGR1)
San Clemente, CA 92672

December 21, 2012

MKT-NSL-120064

Mr. Edward Avella
Director – Steam Generator Repair Project
Southern California Edison
14300 Mesa Road (G55-SGR1)
San Clemente, CA 92672

Subject: "Long Term Repair and Replacement Final Option Selection"

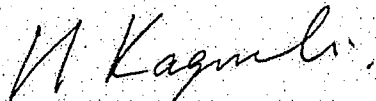
**Reference: SCE Letter SGR-L-M-MHI-121912084735 dated December 19,
Mitsubishi Letter MKT-NSL-120063 dated December 20**

Dear Mr. Avella,


Further to our December 20 letter, and subsequent to our discussions this same date, we take the position that the Purchase Order does not require a final single recommendation. Although we believe all proposed options and plans are technically viable, we acknowledge that SCE has requested a final single recommendation in your December 19 letter.

Based on the MHI technical assessment alone of the various proposed options, our understanding of SCE's evaluation criteria and considering the need for the parties to act expeditiously towards an acceptable remedy, MHI recommends Option #3 as the technical basis for a mutually agreeable remedy in accordance with the Purchase Order and subject to negotiation and agreement of acceptable terms and conditions.

Sincerely yours,



Hitoshi Kaguchi, Ph.D., P.E.
Project Director, SONGS Project
Mitsubishi Nuclear Energy Systems, Inc.

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