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January 10, 2013

Mr. Hiroshi Matsuda
Senior Vice President, Marketing & Business Operations
Mitsubishi Nuclear Energy Systems, Inc.
1001 19th Street North, Suite 2000
Arlington, Virginia 22209

Mr. Yoshinobu Shibata
Mitsubishi Heavy Industries, Ltd.
16-5, Konan 2-Chrome, Minato-Ku
Tokyo 108-8215 Japan

Re: Exercise of Section 1.9.6 of Purchase Order 4500024051
San Onofre Nuclear Generating Station, Units 2 and 3

Dear Matsuda-san and Shibata-san,

By this letter, we are notifying you that SCE is exercising its right to access and review documents and records under Section 1.9.6 of the Terms and Conditions in Purchase Order 4500024051, the Purchase Order that was issued by SCE to authorize MHI to fabricate Replacement Steam Generators ("RSGs") for the San Onofre Nuclear Generating Station ("SONGS"). Consistent with the language in Section 1.9.6, SCE wishes to schedule a mutually agreeable time as soon as practicable to "examine and copy" MHI's "books, accounts, relevant correspondence, specifications, time cards, drawings, designs, and other documentation, to the extent that these are related and relevant to the Work under the Purchase Order[.]" We expect that some of these relevant documents are located in MHI's facilities in Kobe, Japan and the Takasago Machinery Works/Research and Development Center in Takasago City, Japan, but we are requesting that all documents and records be made available for our review and copying, regardless of the location where such materials may be stored.

SCE is conducting a comprehensive review of the documents related to the RSGs. Consistent with the parties' contract, as described above, SCE is requesting access to records and documents that are in the possession of MHI and/or MHI's subcontractors or vendors, as further described below. SCE expects to make copies of documents that it determines are relevant, as provided for in Section 1.9.6. The materials being requested from MHI include summaries and analysis based on the discussions held with SCE during SCE's initial benchmarking activities and also as part of the RFP process, as well as documents and records related to the design, manufacture, delivery and installation, and operation of these RSGs.

In order to obtain these materials as efficiently as possible, we request that MHI provide us with an index of any documents related to the RSG project and tell us where the documents are located and in what form (*i.e.*, electronic databases, in the possession of subcontractors or vendors).

We have set out below an initial list of information that we consider relevant and the categories into which we have divided this information (for ease of reference):

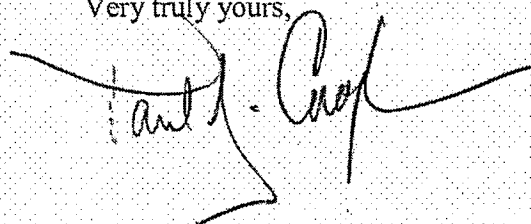
- All files and documents including notes, meeting minutes, telephone notes, personal logs, and studies resulting from or associated with SCE's initial benchmarking at MHI through initial interactions with or about the SCE RSG, ultimately leading to a Request For Quotation for Replacement Steam Generators (Category A);
- All files and documents, including studies, calculations and personal logs, regarding MHI's responses to SCE's request for proposal, including MHI's proposed changes to the initial specification, MHI's bids, and MHI's "best and final offer" (Category B);
- All documents reviewed or created as part of MHI's design of the RSGs, including test results, design procedures, analyses and calculations, reference material, studies and initial design concepts for the RSGs, regardless of source, and any designs that were not ultimately incorporated into the final RSG design including any communication by or with Westinghouse on the design of the RSG or design of larger steam generators (Category C);
- All internal communications and meeting notes related to the RSGs, including any internal communications related to FIT-III, the thermal-hydraulic analysis, fluid elastic instability or vibration, Anti-Vibration Bars, Tube Support Plates, Retainer Bars, U-Bend design/tube design including any communication by or with Westinghouse on the design of the RSG or the design of larger steam generators (Category D);
- All research and testing files as well as industry literature used by MHI or related to RSG design and fabrication whether or not it was actually used in SCE's RSG, including that associated with computer code development, implementation, and/or validation (Category E);
- Any risk analyses, risk assessments, and/or assessment of component vulnerabilities in design, manufacturing and transportation that relate to the RSGs or any component thereof (Category F);
- All documents, including drafts, that relate to nonconformances or conditions adverse to quality related to the design and manufacturing of the RSGs (Category G);
- All documents associated with the manufacturing of the Replacement Steam Generators including manufacturing procedures, fabrication drawings, equipment maintenance logs, meeting minutes, internal correspondence, external correspondence, personal logs, fabrication schedules, fabrication equipment schedules, and subcontractors manufacturing and design documents (Category H);
- Where rework was conducted on the RSG, all documentation associated with the rework (Category I);

- All documents that relate to audits, surveillances, self-evaluations, subcontractor reviews, or third-party reviews of the design or manufacturing of the RSGs (Category J);
- Any lists, evaluations, or reviews of differences between the RSGs and other steam generators, including the steam generators manufactured by MHI (Category K);
- All documents that relate to the modeling codes used or considered for use in connection with the RSG Project (including but not limited to FIT-III), including documentation regarding the modeling codes, verification and validation of the modeling codes, internal correspondence, progress and development reports, testing results, and comparison to other industry codes (Category L);
- All quality assurance manuals and quality plans that relate to the design and fabrication of the RSGs, including but not limited to any quality plans for Aubert & Ducal, Daido Steel, Takenaka Siesakusho Co., and Sumitomo Metal Ind. (Category M);
- All technical or maintenance manuals that relate to the RSGs (Category N);
- All documents regarding MHI's decision to transition from the Westinghouse model to the FIT-III model, including technical and economic studies, risk analysis, comparisons, and internal correspondence (Category O);
- All logs, notes and communications maintained by MHI engineers that performed work for the RSG Project, throughout the bidding, concept, design, manufacturing and testing phases of the RSGs (Category P);
- All documents regarding repair plans, regardless of whether such plans were presented to SCE, including engineering studies, cost projects and internal communications (Category Q); and
- All documents that comprise or relate to MHI's root cause analysis (Category R).

SCE proposes that its review of these materials begin on or before February 15, 2013. Please respond to this letter with dates in February that could be used to begin this review. Also, please identify the MHI person that is to be primarily responsible, on behalf of MHI, for assuring that the activities described herein are completed within a reasonable time after this review begins.

Thank you for your cooperation in this matter. We look forward to working with you to obtain the necessary documents and records in a way that minimizes any burden on you and your employees.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul J. Coughlin", with a long horizontal flourish extending to the right.

cc: Peter Dietrich
Doug Bauder
Tom Palmisano
Walter Rhodes
T. McCool
E. Avella
R. Brabec
M. Wharton
F. Pinigis
R. Park