

**From:** les starck/sce/eix;nsf;les.starck@sce.com;smtp  
**Sent:** Thu Feb 07 2013 15:56:26 PST  
**To:** charlotte.terkeurst@cpuc.ca.gov  
**CC:**  
**Subject:** Senator Boxer Letter to NRC re SONGS  
**Attachments:** Boxer Markey Letter Feb 6 2013.pdf;SONGS Boxer Markey Letter followup statement Final 2\_7\_13.doc

**Importance:** Low  
**Priority:** Normal  
**Sensitivity:** None

Charlotte, I tried calling you today to give you a heads up, but I understand you're out until Friday. Ron Litzinger will be calling Commissioner Ferron today to update him on SCE's response to a letter Senator Boxer sent yesterday to the NRC regarding SONGS. This letter and SCE's press release addressing it are attached. Please call if you have any questions! I hope all's well.

Les Starck  
Senior Vice President  
Regulatory Affairs  
Southern California Edison  
Office: 626-302-4883  
Cell: 202-256-7159

# Congress of the United States

Washington, DC 20515

February 6, 2013

The Honorable Allison M. Macfarlane  
Chairman  
Nuclear Regulatory Commission  
11555 Rockville Pike  
Rockville, MD 20852

Dear Chairman Macfarlane:

We have become aware of new information contained in a 2012 Mitsubishi Heavy Industries (MHI) document entitled "Root Cause Analysis Report for tube wear identified in the Unit 2 and Unit 3 Steam Generators of San Onofre Generating Station" (Report).

We strongly urge the Nuclear Regulatory Commission (NRC) to promptly initiate an investigation concerning the troubling information contained in this Report.

The Report indicates that Southern California Edison (SCE) and MHI were aware of serious problems with the design of San Onofre nuclear power plant's replacement steam generators before they were installed. Further, the Report asserts that SCE and MHI rejected enhanced safety modifications and avoided triggering a more rigorous license amendment and safety review process.

For example, the Report states that although SCE and MHI accepted some adjustments to the replacement steam generators, further safety modifications were found to have "unacceptable consequences" and were rejected: "Among the difficulties associated with the potential changes was the possibility that making them could impede the ability to justify the RSG [replacement steam generator] design" without the requirement for a license amendment. The Report also indicates that SCE's and MHI's decision to reject additional safety modifications contributed to the faulty steam generators and the shutdown of reactor Units 2 and 3.

This newly-obtained information concerns us greatly, and we urge the NRC to immediately conduct a thorough investigation into whether SCE and MHI did in fact fail to make needed safety enhancements to avoid the license amendment process.

All people in our nation, including the 8.7 million people who live within 50 miles of the San Onofre plant, must have confidence in the NRC's commitment to put safety before any other concern.

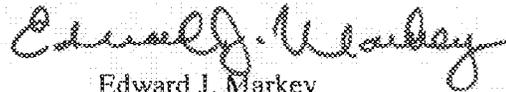
We believe this alarming Report raises serious concerns about SCE's and MHI's past actions. Safety, not regulatory short cuts, must be the driving factor in the design of nuclear facilities, as well as NRC's determination on whether Units 2 and 3 can be restarted.

We look forward to your prompt response detailing how public safety will be assured in light of this information. If you have any questions, please have your staff contact Dr. Michal Freedhoff of Rep. Markey's staff at 202-225-2836 or Grant Cope of Chairman Boxer's staff at 202-224-8832.

Sincerely,



Barbara Boxer  
Chairman  
Senate Committee on Environment and Public Works



Edward J. Markey  
Member of Congress

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Media Contact: (626) 302-2255

## **Southern California Edison Addresses Congressional Letter**

ROSEMEAD, Calif., Feb. 7, 2013 — The Feb. 6 letter to the Chairman of the Nuclear Regulatory Commission (NRC) from Sen. Barbara Boxer and Rep. Ed Markey quotes portions of two sentences from a lengthy technical report that was prepared by Mitsubishi Heavy Industries (MHI), not Southern California Edison (SCE). The report was submitted to the NRC by MHI months ago as part of the voluminous records, data, information and other materials the NRC has been thoroughly reviewing and inspecting as part of its consideration of SCE's request to restart Unit 2 safely.

It is simply not accurate to suggest, as the letter does, that when they were installed "SCE and MHI were aware of serious problems with the design of San Onofre nuclear plant's steam generators." Indeed, MHI, the manufacturer of the steam generators, warranted the steam generators to be free from defects for 20 years after installation.

SCE would never, and did not, install steam generators that it believed would not perform safely.

SCE, like other utilities seeking to replace its steam generators, sought to purchase replacement steam generators that would meet or improve upon the safety standards and performance of the original steam generators.

SCE's design specifications followed industry standards for compliance with NRC processes. In fact, SCE submitted two license amendments during the replacement steam generator review process, which the NRC approved.

The plant's unit 2 was taken out of service Jan. 9, 2012, for a planned outage. Unit 3 was safely taken off line Jan. 31, 2012, after station operators detected a small leak in a steam generator tube. Each unit will remain shut down until the NRC is satisfied that the unit is safe to operate.

For more on the plant, please visit [www.SONGScommunity.com](http://www.SONGScommunity.com), or follow us on Twitter at [www.twitter.com/SCE\\_SONGS](http://www.twitter.com/SCE_SONGS) and on [www.facebook.com/SCE](http://www.facebook.com/SCE).

### **About Southern California Edison**

An Edison International (NYSE:EIX) company, Southern California Edison is one of the nation's largest electric utilities, serving a population of nearly 14 million via 4.9 million customer accounts in a 50,000-square-mile service area within Central, Coastal and Southern California.

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2244 Walnut Grove Ave., Rosemead, CA 91770

**From:** "peevey, michael r." <michael.peevey@cpuc.ca.gov>  
**Sent:** Fri Apr 05 2013 17:10:45 PDT  
**To:** "'ted.craver@edisonintl.com'" <ted.craver@edisonintl.com>  
**CC:** "'ron.litzinger@sce.com'" <ron.litzinger@sce.com>; "'stephen.pickett@sce.com'" <stephen.pickett@sce.com>; "'les.starck@sce.com'" <les.starck@sce.com>  
**Subject:** Re: Letter to the editor from Edison International CEO  
**Attachments:**

**Importance:** Low  
**Priority:** Normal  
**Sensitivity:** None

Thanks. I also sent them a letter.

----- Original Message -----

From: ted.craver@edisonintl.com [mailto:ted.craver@edisonintl.com]  
Sent: Friday, April 05, 2013 12:52 PM Pacific Standard Time  
To: Peevey, Michael R.  
Cc: Ron.Litzinger@sce.com <Ron.Litzinger@sce.com>; Stephen.Pickett@sce.com <Stephen.Pickett@sce.com>; Les.Starck@sce.com <Les.Starck@sce.com>  
Subject: Fw: Letter to the editor from Edison International CEO

Mike,

We responded to the Wall Street Journal editorial on California energy policy carried in last Saturday's Weekend Journal Edition. My response tried to make clear that the editorial was unnecessarily critical and that Edison was striving for is a responsible way to meet Californian's environmental goals. I also mentioned our efforts to get SONGS back up in time for the summer. We just heard this morning that the WSJ intends to print a couple of paragraphs of my response. I don't know if the excerpts are going to capture the full flavor of my response or not. Below, is a copy of my full letter; we will see what portion they actually print!

Ted.

Attached is the full text of the letter submitted to the Wall Street Journal.

----- Original Message -----

From: William Loving  
Sent: 04/03/2013 10:07 AM PDT  
To: wsj.ltrs@wsj.com  
Subject: Letter to the editor from Edison International CEO

Please consider this letter for publication on the WSJ editorial page, in response to your editorial "California's Coming Greenouts," 3/30/13. If you have any questions, feel free to call me at the number below. Thank you for your consideration!

-----  
Bill Loving  
Corporate Communications  
Edison International  
Tel: 626-302-6231

(See attached file: EIX letter to WSJ.docx)

To the Editor:

Your editorial on “California's Coming Green-Outs” raises crucial points about the risks to California’s electricity grid from the unintended consequences of the state’s environmental policies. At Edison International, and our Southern California Edison electric utility, we have been living with these potential risks for more than a decade.

California lived through the disastrous era of rolling blackouts and skyrocketing prices in 2000-2002. Today, it is not de-regulation and market manipulation that are the main concerns. Now it is a host of separate environmental mandates in California, each passed with good intentions, which in combination may threaten both reliability and affordability.

As you noted, coastal water regulations may force the retirement of several power plants, while the renewable energy sources being added to the grid, such as wind and solar, cannot be counted on 24/7. At the same time, air emissions regulations make it extremely difficult to build new fossil-fuel plants to replace or supplement those other sources.

We also recognize, however, that protecting the environment is something Californians believe in strongly. Our customers want to keep the air breathable and protect the stunning natural beauty of our state. We are in the business of serving our customers, and if they are demanding cleaner, renewable power, then we must provide it. How we do that is where the hard work comes in of balancing environmental concerns with reliability and affordability.

We believe that the state’s broad goals of clean energy and environmental protection can be met, but only if done deliberately and sensibly. Specifically, we need balanced solutions that address renewables integration, greenhouse gas reduction, new generation and a rate design that minimizes unfair cross-subsidies between customer groups.

At the intersection of our state’s reliability needs and environmental goals stands our San Onofre nuclear plant, which provides around-the-clock, emission-free electric power. It is crucial that we bring this plant back online before the next summer heat waves if possible. We are working under the oversight of the Nuclear Regulatory Commission to make this happen as soon as it is safe to do so.

Your editorial suggests that widespread power outages are inevitable and that Californians will get what they deserve. We, however, cannot afford to sit back, wait for disaster and then say “we told you so.” It is our

goal to ensure that this does not happen, and that means engaging with policy makers to find a way to make it all work. Call it California optimism if you will, but we believe it can be done.

Theodore F. Craver, Jr.  
Chairman, President and Chief Executive Officer  
Edison International

**From:** les starck/sce/eix  
**Sent:** Fri Apr 05 2013 13:04:47 PDT  
**To:** "michael florio" <mike.florio@cpuc.ca.gov>; "mark ferron" <mark.ferron@cpuc.ca.gov>; "catherine j. k. sandoval" <catherine.sandoval@cpuc.ca.gov>; cap@cpuc.ca.gov  
**CC:** "frank lindh" <frank.lindh@cpuc.ca.gov>; "paul clanon" <pac@cpuc.ca.gov>; "ed randolph" <efr@cpuc.ca.gov>  
**BCC:** michael hoover/sce/eix; "steve pickett" <stephen.pickett@sce.com>; laura genao/sce/eix; thomas burhenn/sce/eix@sce; catherine hackney/sce/eix  
**Subject:** Fw: Letter to the editor from Edison International CEO  
**Attachments:** EIX letter to WSJ.docx

**Importance:** Low  
**Priority:** Normal  
**Sensitivity:** None

Commissioners, FYI, attached is a note that Ted Craver sent to President Peevey today regarding Ted's response to last weekend's Wall Street Journal editorial.

----- Original Message -----

From: Ted Craver  
Sent: 04/05/2013 12:52 PM PDT  
To: mp1@cpuc.ca.gov  
Cc: Ronald Litzinger; Stephen Pickett; Les Starck  
Subject: Fw: Letter to the editor from Edison International CEO  
Mike,

We responded to the Wall Street Journal editorial on California energy policy carried in last Saturday's Weekend Journal Edition. My response tried to make clear that the editorial was unnecessarily critical and that Edison was striving for is a responsible way to meet Californian's environmental goals. I also mentioned our efforts to get SONGS back up in time for the summer. We just heard this morning that the WSJ intends to print a couple of paragraphs of my response. I don't know if the excerpts are going to capture the full flavor of my response or not. Below, is a copy of my full letter; we will see what portion they actually print!

Ted.

Attached is the full text of the letter submitted to the Wall Street Journal.

----- Original Message -----

From: William Loving  
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To: wsj.ltrs@wsj.com  
Subject: Letter to the editor from Edison International CEO

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If you have any questions, feel free to call me at the number below.

Thank you for your consideration!

-----  
Bill Loving  
Corporate Communications

SCE-CPUC-01000009

Edison International  
Tel: 626-302-6231

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California lived through the disastrous era of rolling blackouts and skyrocketing prices in 2000-2002. Today, it is not de-regulation and market manipulation that are the main concerns. Now it is a host of separate environmental mandates in California, each passed with good intentions, which in combination may threaten both reliability and affordability.

As you noted, coastal water regulations may force the retirement of several power plants, while the renewable energy sources being added to the grid, such as wind and solar, cannot be counted on 24/7. At the same time, air emissions regulations make it extremely difficult to build new fossil-fuel plants to replace or supplement those other sources.

We also recognize, however, that protecting the environment is something Californians believe in strongly. Our customers want to keep the air breathable and protect the stunning natural beauty of our state. We are in the business of serving our customers, and if they are demanding cleaner, renewable power, then we must provide it. How we do that is where the hard work comes in of balancing environmental concerns with reliability and affordability.

We believe that the state’s broad goals of clean energy and environmental protection can be met, but only if done deliberately and sensibly. Specifically, we need balanced solutions that address renewables integration, greenhouse gas reduction, new generation and a rate design that minimizes unfair cross-subsidies between customer groups.

At the intersection of our state’s reliability needs and environmental goals stands our San Onofre nuclear plant, which provides around-the-clock, emission-free electric power. It is crucial that we bring this plant back online before the next summer heat waves if possible. We are working under the oversight of the Nuclear Regulatory Commission to make this happen as soon as it is safe to do so.

Your editorial suggests that widespread power outages are inevitable and that Californians will get what they deserve. We, however, cannot afford to sit back, wait for disaster and then say “we told you so.” It is our goal to ensure that this does not happen, and that means engaging with policy makers to find a way to make it all work. Call it California optimism if you will, but we believe it can be done.

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Chairman, President and Chief Executive Officer  
Edison International

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Theodore F. Craver, Jr.  
Chairman, President and Chief Executive Officer  
Edison International

**From:** les.starck@sce/eix;nsf;les.starck@sce.com;smtp  
**Sent:** Wed May 29 2013 07:34:32 PDT  
**To:** mp1@cpuc.ca.gov;catherine.sandoval@cpuc.ca.gov;mike.florio@cpuc.ca.gov;mark.ferron@cpuc.ca.gov;cap@cpuc.ca.gov  
**CC:** efr@cpuc.ca.gov;"lindh, frank" <frank.lindh@cpuc.ca.gov>;pac@cpuc.ca.gov  
**BCC:** michael.hoover@sce/eix;laura.genao@sce/eix;catherine.hackney@sce/eix  
**Subject:** SONGS Press Release: SCE Exercised Responsible Oversight for Replacement Steam Generators at the San Onofre Nuclear Plant  
**Attachments:** ATT08G19.pdf

**Importance:** Low  
**Priority:** Normal  
**Sensitivity:** None

Commissioners, FYI, attached is SCE's press release released yesterday regarding SONGS.

### SCE Exercised Responsible Oversight for Replacement Steam Generators at the San Onofre Nuclear Plant

ROSEMEAD, Calif., May 28, 2013 — Letters released today by Southern California Edison (SCE) demonstrate that it exercised responsible oversight of the vendor of the San Onofre nuclear plant replacement steam generators before any designs were completed or approved.

SCE is restating its position after allegations from U.S. Sen. Barbara Boxer at a press conference this afternoon regarding correspondence from SCE to Mitsubishi Heavy Industries (MHI), the manufacturer of the replacement steam generators. SCE provided the November 2004 correspondence referenced by Sen. Boxer and a June 2005 letter from SCE to MHI to the Nuclear Regulatory Commission (NRC) in April in connection with ongoing NRC proceedings.

“In response to Sen. Boxer’s statement, we believe that the determination for restart must be made based on technical merits, through the established nuclear regulatory process,” said Pete Dietrich, SCE senior vice president and chief nuclear officer.

“SCE’s own oversight of MHI’s design review complied with industry standards and best practices.” He added. “SCE would never, and did not, install steam generators that it believed would impact public safety or impair reliability.”

The November 2004 and June 2005 letters have also been provided to parties involved in a California Public Utilities Commission investigation and are now posted online.

These letters emphasize the importance of careful attention to the design of the steam generators. Recognizing that SCE was not the designer of the steam generators and that there were limitations on the assistance SCE could provide, the letters identify a number of design issues that SCE asked MHI to focus on to ensure that design flaws were not inadvertently introduced.

SCE took numerous steps to ensure that MHI appropriately addressed these concerns, including design review meetings, executive oversight meetings, and meetings of many other groups of SCE and MHI personnel.

“We take very seriously our responsibility to ensure we protect the public’s health and safety,” Dietrich said. “These documents demonstrate the type of careful oversight that SCE exercised during the replacement steam generator project and also served to establish our expectations of MHI.”

In the November 2004 letter, SCE emphasized the care that would be needed during the design phase because of the differences between the new and old units. These differences—which were intended to improve the overall performance of the new units—were permitted under the NRC’s 50.59 process, which allows changes to a nuclear facility if certain criteria are met. Contrary to Sen. Boxer’s suggestion, Section 50.59 does NOT require that replacement equipment be “like for like” or identical to the equipment being replaced.

Instead, the very purpose of the regulation is to permit certain types of design changes. In general, a licensee may

make a change to the design of a licensed facility without prior NRC approval if the change does not require a change to the plant's NRC-approved technical specifications or if the change would not change the facility "as described in the safety analysis report." This report is the official description of the nuclear plant that was approved by the NRC in the initial licensing, as updated throughout the life of the plant.

SCE advised the NRC that the San Onofre steam generators contained a number of different features from the previous design. In fact, safety evaluations prepared by the NRC in connection with amendments to the San Onofre license associated with the steam generator replacements described the most important of those changes in detail. At no time did SCE hide the differences from the NRC, nor did it seek to mislead the NRC concerning the applicability of Section 50.59 to the project. Any suggestion that seeks to draw from the November 2004 letter a contrary conclusion is simply incorrect and relies on the fundamental error of viewing Section 50.59 as applying to identical, or "like for like" replacements.

A leak occurred in one of the San Onofre steam generators in January 2012, and both units have remained shut down since then. The NRC has determined that the problems in the steam generators were associated with errors in MHI's computer modeling, which led to underestimation of thermal hydraulic conditions in the generators.

The San Onofre nuclear plant is the largest source of baseload generation and voltage support in the region and is a critical asset in meeting California's clean energy needs. Both units at the plant are currently safely shut down. Unit 2 was taken out of service Jan. 9, 2012, for a planned outage. Unit 3 was safely taken offline Jan. 31, 2012, after station operators detected a leak in a steam generator tube.

More information is available at [www.edison.com/SONGSupdate](http://www.edison.com/SONGSupdate) and at [www.SONGScommunity.com](http://www.SONGScommunity.com). San Onofre is jointly owned by SCE (78.21 percent), San Diego Gas & Electric (20 percent) and the city of Riverside (1.79 percent). Follow us on Twitter ([www.twitter.com/SCE](http://www.twitter.com/SCE)) and Facebook ([www.facebook.com/SCE](http://www.facebook.com/SCE)).

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Media Contact: Media Relations, (626) 302-2255  
Investor Relations Contact: Scott Cunningham, (626) 302-2540

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More information is available at [www.edison.com/SONGSupdate](http://www.edison.com/SONGSupdate) and at [www.SONGScommunity.com](http://www.SONGScommunity.com). San Onofre is jointly owned by SCE (78.21 percent), San Diego Gas & Electric (20 percent) and the city of Riverside (1.79 percent). Follow us on Twitter ([www.twitter.com/SCE](http://www.twitter.com/SCE)) and Facebook ([www.facebook.com/SCE](http://www.facebook.com/SCE)).

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**From:** ted craver/sce/eix;nsf;ted.craver@edisonintl.com;smt  
**Sent:** Tue Nov 19 2013 20:32:09 PST  
**To:** mp1@cpuc.ca.gov  
**CC:**  
**Subject:** Congressional and Senate letters regarding Mitsubishi Heavy Industries  
**Attachments:** 111913 SONGS CA Letter.pdf;DF to kennedy re songs 111813.pdf;Letter to USTR cc to DOE.pdf

**Importance:** Low  
**Priority:** Normal  
**Sensitivity:** None

Dear President Peevey,

Attached are the letters that I spoke of during our dinner Friday night. I personally asked each of these members of the California Delegation to support us with these letters. One is from Senator Feinstein to Ambassador Kennedy, with copies to Secretary Kerry, Secretary Moniz, and Ambassador Froman US Trade Representative. Another is from Congressman Waxman to Ambassador Froman US Trade Representative, with copy to Secretary Moniz. The third is from Chairman Royce, Chairman McKeon, Chairman Issa, Chairman Calvert, and House Majority Whip McCarthy to Ambassador Froman US Trade Representative, with copies to Secretary Kerry and Secretary Moniz.

We believe all of these letters help make the point clearly that this is much larger than a simple dispute between commercial parties and that it affects millions of California ratepayers. As I emphasized with you during our dinner, we are pulling out all the stops to bring MHI to the table and hold them accountable for their failed steam generator design.

Ted.

Congress of the United States  
Washington, DC 20515

November 19, 2013

The Honorable Michael Froman  
United States Trade Representative  
600 17<sup>th</sup> Street, NW  
Washington, D.C. 20508

Dear Ambassador Froman:

We are writing to request that your office engage with the Government of Japan to help resolve an issue of great importance to our constituents in southern California.

On September 23<sup>rd</sup>, the Nuclear Regulatory Commission issued a Notice of Nonconformance to Mitsubishi Heavy Industries (MHI) for a proprietary computer model it used to design and produce steam generators that caused a radioactive leak at the San Onofre Nuclear Generating Station (SONGS), located near San Clemente, California. Following the detection of the leak, the SONGS plant was permanently closed.

SONGS produced 2,200 megawatts of power serving nearly 16 million businesses and residential customers of Southern California Edison, San Diego Gas and Electric, and the City of Riverside in an area of over 50,000 square miles. This disruption has caused considerable economic damage.

Southern California Edison asserts that MHI has not taken responsibility for this failure and the resulting economic costs. This dispute is heading towards arbitration – a lengthy process. It is imperative that consequent the uncertainty for Californian residential and business customers, regulators, and utility owners and operators is ended as soon as possible.

We encourage you to raise this issue with the Japanese government and urge it to encourage MHI's prompt resolution of this issue in a transparent manner that would work for southern California.

Sincerely,



EDWARD R. ROYCE  
Chairman  
Committee on Foreign Affairs



KEVIN McCARTHY  
House Majority Whip



DARRELL E. ISSA  
Chairman  
Committee on Oversight &  
Government Reform



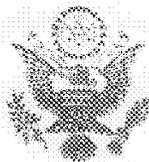
BUCK McKEON  
Chairman  
Committee on Armed Services



KEN CALVERT  
Chairman  
Committee on Appropriations  
Subcommittee on Interior, Environment,  
And Related Agencies

Cc: The Honorable John Kerry  
Secretary  
U.S. Department of State

The Honorable Ernest Moniz  
Secretary  
U.S. Department of Energy



## United States Senate

WASHINGTON, DC 20510-0504

<http://feinstein.senate.gov>

November 14, 2013

The Honorable Caroline Kennedy  
Ambassador to Japan  
Embassy of the United States  
1-10-5 Akasaka  
Minato-ku, Tokyo, Japan

Dear Madam Ambassador:

Congratulations on your appointment as Ambassador. I was very pleased to support your Senate confirmation, and I look forward to working with you on many important matters.

I am writing to bring one such matter to your attention. Specifically, I would appreciate it if you would engage with the Government of Japan to urge Mitsubishi Heavy Industries (MHI) to compensate California's electricity ratepayers for the costs associated with the premature shutdown of San Onofre Nuclear Generating Station (SONGS) in Southern California.

In January 2012, a radioactive leak at SONGS led to the discovery that newly installed steam generators, designed and built by MHI, were fundamentally flawed. Steam generators are used to convert water into steam using the heat generated by the nuclear reactor core. The design errors by MHI, which could not be repaired, lead directly to the permanent shutdown of SONGS.

California ratepayers and utilities are now bearing enormous additional costs – measured in the billions of dollars – associated with purchasing replacement electricity, adding additional transmission grid infrastructure, managing an idle nuclear power plant, and building new power generation facilities. MHI has not contributed financially to address these costs.

SONGS produced 2,200 megawatts of power serving customers of Southern California Edison, San Diego Gas and Electric, and the City of Riverside. The three utilities serve nearly 16 million businesses and residential customers over an area exceeding 50,000 square miles. Since the leak was discovered in 2012, California's transmission grid operators have had to take extraordinary measures to maintain the stability of the electric grid and prevent blackouts.

On September 23<sup>rd</sup>, the Nuclear Regulatory Commission (NRC) issued a Notice of Nonconformance to MHI for a faulty proprietary computer model that it utilized in its design and production of steam generators which caused a leak at SONGS. Despite this finding by NRC, Mitsubishi has not taken responsibility for the direct or indirect costs associated with its product's failure or its impact on California ratepayers. Initial arbitration proceedings between SONGS' owners and MHI have begun, but this process is unlikely to provide timely relief to California ratepayers.

I respectfully request that you convey these concerns to the Government of Japan and ask for its assistance in reaching a resolution that is fair to the residential customers and businesses of California. If you would be willing to raise this during substantive talks with the Japanese, including the Trans Pacific Partnership negotiations and other discussions regarding Japan's nuclear energy future, I would very much appreciate it.

If you have any questions or concerns regarding this matter, please do not hesitate to contact me.

Sincerely,



Dianne Feinstein  
United States Senator

Cc: Ambassador Michael Froman, United States Trade Representative  
The Honorable John F. Kerry, Secretary of State  
The Honorable Ernest Moniz, Secretary of Energy

DF/mbn

ONE HUNDRED THIRTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**

COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

Majority (302) 225-2927  
Minority (202) 225-3641

October 24, 2013

The Honorable Michael Froman  
United States Trade Representative  
600 17th Street, NW  
Washington, D.C. 20508

Dear Ambassador Froman:

In 2009 and 2010, Southern California Edison purchased four new steam generators from Mitsubishi for the San Onofre Nuclear Generating Station. The generators were defective, resulting in the release of radioactive steam and the permanent shut down of the San Onofre reactors. California ratepayers should not be stuck with the bill for this faulty equipment. I am writing to urge that in your conversations with the government of Japan, you communicate the importance of Mitsubishi being a constructive part of the solution.

The \$769-million steam generators were expected to operate for 40 years and had a 20-year warranty from Mitsubishi. However, after operating for just 11 months, the Unit 3 steam generators were removed from service after a radioactive coolant leak on January 31, 2012. The Unit 2 generators, which had been operating for just 22 months, also remained shut down after that date. Nuclear Regulatory Commission inspectors concluded that Mitsubishi's modeling errors and design defects led to the failure of the steam generators. On June 7, 2013, Southern California Edison announced that the San Onofre reactors would be permanently retired.

In July, Southern California Edison filed a notice of dispute pursuant to its contract with Mitsubishi, arguing that Mitsubishi breached the warranty and contract by providing defective equipment and failing to repair or replace the equipment in a timely manner. According to Southern California Edison, Mitsubishi's proposed repair did not address the root cause of the tube wear, "would expose repair personnel to high levels of radiation," and "required the invention of new technology to be implementable."<sup>1</sup> Southern California Edison also claims that Mitsubishi has refused its requests to provide information regarding the design, manufacture, and proposed repair of the steam generators, as required by the contract.

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<sup>1</sup> Letter from Latham & Watkins to Mitsubishi (Jul. 18, 2013).

The Honorable Michael Froman

October 24, 2013

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If the question of who should bear the substantial costs of the defective steam generators is not resolved, the two companies will enter binding arbitration later this month. The arbitration process could take years, resulting in prolonged uncertainty for California ratepayers, regulators, and utilities.

This matter is not simply a commercial dispute. It affects millions of California residents. My priority is protecting California ratepayers, who should not bear the cost of faulty steam generators that lasted only a year or two.

It is important for the Japanese government to understand that it is not in Mitsubishi's best interest to delay resolution of these matters or obscure information from the public. I therefore request that you raise this matter with your Japanese counterparts and urge them to work with Mitsubishi to resolve these issues in a timely and transparent fashion.

Thank you for your assistance. If you would like to discuss this request, please contact me or have your staff contact Jeff Baran with the Committee on Energy and Commerce staff at 202-225-4407.

Sincerely,



Henry A. Waxman  
Ranking Member

cc: The Honorable Ernest Moniz  
Secretary  
U.S. Department of Energy