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SCE White Paper Offers Additional Economic Analysis of Decision to Retire Nuclear Plant

Mitsubishi's Steam Generator Repair Options Were Risky, Untested, Costly

ROSEMEAD, Calif., Nov. 13, 2013 — Southern California Edison (SCE) today released a [white paper](#) demonstrating that its decision in June to permanently shut down the San Onofre Nuclear Generating Station (SONGS) in light of the failure of the replacement steam generators supplied by Mitsubishi Heavy Industries (Mitsubishi) was an appropriate cost-mitigation measure. The white paper is posted on www.SONGScommunity.com/library.

“Once we decided to shut down SONGS due to the circumstances created by the failed replacement steam generators, we were able to significantly reduce costs,” said SCE President Ron Litzinger. “This paper shows that these cost savings were greater than the benefits that could have been achieved by continuing to work toward returning SONGS to service, given the uncertainty about if and when SONGS would have been allowed to restart.”

SCE compares the additional costs it would have incurred to continue to pursue a restart of San Onofre to the costs that it expects to incur to purchase power from other sources in the market. SCE's white paper compares these costs through 2022, the year that the license to operate San Onofre was set to expire.

“We believe this white paper presents an opportunity to thoroughly answer any remaining questions about why we shut down the plant when we did and why it was the best option for customers,” Litzinger said.

While the cost of operating San Onofre was projected to be lower than the cost of buying power on the market, this benefit would decrease as restart was delayed. On the other hand, to continue to pursue restart, SCE would have been required to maintain personnel and systems in place. The longer that restart was delayed, the more the costs would have increased and the benefits decreased.

SCE's white paper shows that the costs outweigh the benefits if San Onofre had not restarted in the near future. A near-term restart was unlikely, however, given the process required to obtain approval from the [Nuclear Regulatory Commission](#) (NRC) before restarting even one of the San Onofre units.

SCE's white paper also demonstrates that it would not have been prudent to spend more money to pursue Mitsubishi's ideas to repair the steam generators that it had defectively designed. One of Mitsubishi's ideas was preliminary, and Mitsubishi failed to demonstrate that this approach was technically viable or would have been approved by the NRC. Mitsubishi's other idea was also preliminary, risky, costly and not economically viable unless the plant could have restarted promptly.

“SCE had hoped to restart SONGS,” said Litzinger. “But in light of the significant delays it encountered in obtaining approval for restart, and the likelihood of additional delays, it no longer made sense to continue spending money to keep that option open. The economic analysis in this paper shows that our decision to shut down SONGS was economically prudent.”

In October, SCE filed a [Request for Arbitration](#) of the utility's claims against Mitsubishi in an attempt to recover all damages caused by Mitsubishi's failed replacement steam generator design.

SCE has made public key documents regarding the failure of Mitsubishi's replacement steam generators in a Digital Document Library located at www.SONGScommunity.com/library, although the Digital Library remains incomplete because of Mitsubishi's continued refusal to permit other key documents to be made public.

SCE [announced June 7](#) that it would permanently shut down San Onofre Units 2 and 3, and begin the process to decommission the nuclear plant. For more information about SCE, follow us on [Twitter](#) and [Facebook](#).

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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