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Peter T. Dietrich
Senior Vice President & Chief Nuclear Officer

April 26, 2013

Mr. Kiyoshi Yamauchi
Mitsubishi Nuclear Energy Systems, Inc.
1001 19th Street North, Suite 2000
Arlington, Virginia 22209

Subject: Exercise of Section 1.9.6 of Purchase Order 4500024051 for San Onofre Nuclear Generating Station Units 2 and 3 (the "Contract")

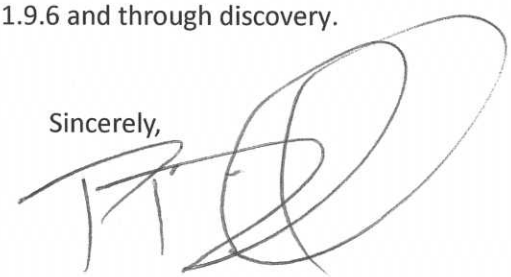
Dear Yamauchi-san:

As you know, on January 10, 2013, Southern California Edison ("SCE") notified Mitsubishi that, pursuant to Section 1.9.6 of the Contract, SCE was requesting a mutually agreeable time to examine and copy records related to the Replacement Steam Generators ("RSGs") for the San Onofre Nuclear Generating Station ("SONGS"). In response, your February 21, 2012 letter asserted that SCE's request was inappropriate.

SCE is disappointed in Mitsubishi's position, as the records identified in the list provided on January 10 unquestionably fall within SCE's right of access under Section 1.9.6, which applies broadly to "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[.]" The term "Work" under the Contract is broadly defined to mean all aspects of the Replacement Steam Generator ("RSG") Project. To the extent Mitsubishi continues to deny SCE its right to examine and copy these materials, Mitsubishi remains in breach of Section 1.9.6 of the Contract. However, in the spirit of cooperation, I have requested a further review of our original document list with directions to narrow the list where possible. The revised list is attached.

It is my hope that we can resolve all of the issues related to the Contract amicably, including the dispute over SCE's rights under Section 1.9.6. Should the parties find it necessary to resort to litigation, SCE must necessarily reserve its right to seek all of the documents identified in our January 10, 2013 letter, as well as additional, relevant materials under Section 1.9.6 and through discovery.

Sincerely,



Cc: Russell Swartz

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- The outputs from the computer modeling MHI did in order to perform the full scale mockup/modeling/test loop for the RSG design
- The assumptions/inputs used by MHI to run computer modeling in order to perform the full scale mockup/modeling/test loop for the RSG design
- The results of that full scale mockup/modeling/test loop
- The assumptions/inputs used by MHI to run computer modeling of the full scale RSGs
- The outputs from the computer modeling of the full scale RSGs
- The QA program (policies, procedures, codes, processes) for validating the models and the computer codes
- All benchmarking/validation of the computer models
- MHI's sensitivity analyses (*e.g.* for local velocities and void fractions)
- Documents about FIT-III, including related to calculations for other steam generators that MHI designed/ manufactured
- Circulation ratio calculations and qualification data for individual pressure drops
- Analysis of ATHOS results in 2012
- Comparisons of ATHOS and FIT-III results
- MHI's QA policies and procedures, including compliance with those policies
- MHI's vibration analyses and testing procedures and results, including of its full scale mockup of the RSGs
- MHI's ding analyses/testing
- MHI's guidelines for and analysis of support structures
- MHI's documents related to AVB design and "zero" gap, including inactive/active support calculations
- MHI's RSG design and design review procedures, including documents showing compliance or non-compliance with those procedures
- MHI's technical support/evaluations/analysis supporting upsizing its RSG design
- Documents related to the cumulative design changes to the RSGs from MHI's prior design(s), including MHI's technical support/evaluations supporting those changes

- MHI's design review process/procedures, including their application to the RSGs
- Documents related to the decision to change the manufacturing tolerances between Units 2 and 3 and the effect that change had on MHI's FIV analyses or on the effectiveness of MHI's AVBs
- Documents describing the technical expertise of MHI's employees and of the outside experts MHI hired for the RSGs, including related to the design of the AVBs
- MHI's bid documents and underlying materials, including documents establishing the bases for MHI's statements that FIV, random vibration and FEI would be controlled and that MHI had the analytical capabilities and testing abilities to control FIV, random vibration, and FEI
- Documents reflecting technical changes to the specifications during the negotiation process, including the source and reason for those changes
- MHI's internal policies and procedures for overseeing and reviewing its RSG design, including all internal assessments of its RSG design
- Documents reflecting the reasons for, the management of, the assessments of, and the results/conclusions of the AVB design committee
- MHI's risk assessments during the design phase related to its RSG design given the upsizing, changes in geometry and other design changes
- MHI's risk assessments during the recovery stage related to its RSG design given the upsizing, changes in geometry and other design changes
- MHI's documents showing how MHI evaluated the failures at the Mihama and Monju plants and how these failures affected or were incorporated into MHI's design procedures for the RSGs
- MHI's root cause evaluations, including internal testing results and analyses that informed the Mihama and Monju evaluations
- Documents regarding MHI's compliance with the ASME Boiler and Pressure Vessel Code, Section III
- Documents regarding MHI's compliance with 10 C.F.R. 50.59
- Documents regarding MHI's compliance with 10 C.F.R. Part 50 Appendix B
- MHI's documents on the decision to use Inconel 690 tubes in the RSGs
- MHI's evaluations of the wear rates between different materials used in the RSGs