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NEWS

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SCE Demands that Mitsubishi Submit to Contractually Mandated Audit

Mitsubishi Has Refused Repeated Requests to Allow the Audit in the Months Since Its Failed Replacement Steam Generators Resulted in the Permanent Closure of San Onofre

ROSEMEAD, Calif., Oct. 7, 2013 — Southern California Edison (SCE) today announced that it has formally demanded that Mitsubishi Heavy Industries agree to undergo a contractually mandated audit of Mitsubishi's design and manufacture of Replacement Steam Generators (RSGs) for the San Onofre nuclear plant. On Sept. 20, the Nuclear Regulatory Commission (NRC) concluded that a flaw in Mitsubishi's computer model led to the failure of the Replacement Steam Generators. The NRC's investigation also uncovered internal Mitsubishi consultant materials that expressed concerns about Mitsubishi's computer model.

Edison's latest formal audit demand, set forth in a letter from SCE president Ron Litzinger, can be found at http://www.songscommunity.com/docs/093013_letter.pdf. The letter notes that SCE "officials and lawyers have made this [audit] request on at least three prior occasions, but Mitsubishi has steadfastly refused to date to submit to this audit." Litzinger wrote that he was appealing once again "because Mitsubishi's repeated refusal to agree to such an audit is harmful to the public, regulators and our entire industry, as it hinders efforts to understand and learn from the RSGs' failures."

The SCE audit demand letter says that "[t]he contractual language requiring Mitsubishi to undergo this audit could not be clearer . . .: Section 1.9.6 of the contract gives [SCE] the right to 'examine and copy' Mitsubishi'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[.]'"

In repeatedly refusing to submit to the audit, Mitsubishi has argued that this contractual language applies only to financial information necessary to support invoices. SCE's demand letter characterizes Mitsubishi's excuse as "disappointing" and says that it "will only confirm the suspicion that Mitsubishi refuses to be transparent."

Litzinger's letter concludes by saying that SCE "stands ready to begin the audit as soon as Mitsubishi advises that it will abide by the straightforward terms of the contract."

In July, SCE filed a Notice of Dispute with Mitsubishi in an attempt to recover all damages caused by Mitsubishi's failed design and manufacture of the San Onofre Replacement Steam Generators that led to the shutdown of the nuclear plant. SCE has also announced that it continues to reserve all of its rights as to any and all legal remedies available against Mitsubishi. Finally, SCE has made public key documents regarding the failure of the San Onofre 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.

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