

Anatomy of A Criminal Scheme: Obstruction of Justice, False Billing, Conspiracy

Utility Customers Denied a Hearing Based on Evidence

1. 1 November 2012 CPUC Order of Investigation started investigation into cause of San Onofre outage
2. 5 December 2012 email from Russell Worden and CPUC ALJ Melanie Darling discuss ex parte the Mitsubishi Heavy Industries “root cause evaluation” and “timing of the OII phases.”
3. 10 December 2012 ALJ Darling issues Ruling “The Commission intends to approach this inquiry in stages.”
4. 24 April 2014 ALJ Darling stays investigation before it reaches Phase III.
5. 25 November 2014 CPUC terminates investigation.

Suppression of Evidence that Put Edison on Notice of flaws that caused steam generators to fail and San Onofre to close

6. Undated San Onofre Nuclear Generating Station, Unit 2 & 3” Root Cause Analysis Report on tube wear.” (design changes “could impede the ability to justify the RSG design under the provisions of 10 C.F.R. 50.59)
7. 6 February 2013 Senator Boxer, Representative Markey “We have become aware of new information contained in a 2012 Mitsubishi Heavy Industries (MHI) document entitled “Root Cause Analysis Report.”
8. 7 February 2013 email from Edison Senior Vice President of Regulatory Policy & Affairs Les Starack update Commissioner Ferron on Boxer letter.
9. 28 May 2013 Senator Boxer Seeks Criminal Probe of San Onofre Nuclear Plant, releases 30 November 2004 letter.
10. 28 May 2013 Edison releases two Nunn letters. (included)

11. 28 May 2013 Edison Senior Director, State Energy Regulation Michael Hoover email to Les Starck “I just got off the bus with Peevey. They have known about this. They have known about the letters.”
12. 28 May 2013 Edison VP Corporate Communications Megan Jordon to Edison senior vice president and general counsel Russell Swartz “the letters” were not provided the “parties participating in our investigation.”
13. 28 May 2013 Edison Senior Director, State Energy Regulation Michael Hoover email to Les Starck “They have known about the letters.” (letter “were not provided” to the OII parties).
14. 7 January 2014 after a 5 month delay ALJ Darling denies request for information about the root cause report and related evidence.

Warsaw, Poland Meeting Held to End Investigation and Its Implementation

15. 9 February 2013 email from CPUC Energy Division head Edward Randolph “Thank you for suggesting Pat Mason (President and CEO of the California Foundation on the Environment and the Economy) that he invite me on the Poland trip.”
16. 11 March 2013 Edison Ex VP Stephen Pickett “I going to ping Peevey on the trip (to Poland).
17. 27 March 2013 Edison VP Stephen Pickett to Polly Gault (Edison VP Public Affairs) “From Poland sitting next to Peevey.”
18. 27 March 2013 Edison VP Stephen Pickett to Polly Gault (Edison VP Public Affairs) “Greetings from Poland, where I just had dinner with Peevey.”
19. 27 March 2013 Edison VP Stephen Pickett to Edison Senior attorney Elizabeth Matthias “Sitting next to Peevey taking in the last formal evening of the trip.”

20. 27 March 2013 Edison VP Stephen Pickett to Polly Gault (Edison VP Public Affairs) “Now sitting next to Peevey at dinner in Warsaw working ** SONGS.”
21. Edison Executive Vice President Steven Pickett, CPUC Randolph and Peevey enter into hand written format for San Onofre OII.
22. 31 March 2013 CPUC Randolph to CPUC Commissioner Florio “Commissioner Peevey asked me to set up a meeting with him for you and me next Thursday after the Commission meeting.”
23. 1 April 2013 Stephen Pickett to Edison CEO Ted Craver “Here is a typed-up version of my notes from our conversation this morning.”
24. 4 April 2013 CPUC VP Russell Warden to Stephen Pickett “In addition to coming up with the financial analysis of the settlement framework we discussed yesterday, I think we need to develop two documents **.”
25. 29 May 2013 Edison Senior Director, State Energy Regulation Michael Hoover email to Edison Senior VP Regulatory Policy Les Starck “In talking with Carol (Brown, assistant to Peevey) Pickett was well prepared in Poland.” Also from Les Starck “We have a small window of opportunity to work with parties to implement a shutdown in exchange for getting our money back.”

Gov. Brown Administration Implemented Poland Deal, Imposing \$3.3 billion on utility customers

26. 6 June 2013 Edison CEO Craver email to Edison board of directors in which Governor Brown, Senator Feinstein agreed to tell the public Edison doing the right thing.
27. 7 June 2013 Senator Feinstein press release “I commend Southern California Edison for selecting the safest option.”
28. 6/7 June 2013 Governor Brown news release focusing on Edison message “reliability.”

29.7 June 2013 Peevey press release “We urge the various parties in the CPUC’s proceedings ** to meet and discuss a joint proposal for permanent shutdown.”

30.7 June 2013 Edison Senior VP Regulatory Policy Les Starck Executive Vice President Stephen Picket: CPUC encouraging us to get “out front” early on settling this with the parties.

**ORDER INSTITUTING INVESTIGATION REGARDING
SAN ONOFRE NUCLEAR GENERATING STATION
UNITS 2 AND 3**

1. Introduction

We open this investigation to consolidate and consider issues raised by the extended outages of Units 2 and 3 at the San Onofre Nuclear Generating Station (SONGS). This includes determining whether to order the immediate removal effective today of all costs related to SONGS from the rates of Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E), with placement of those costs in a deferred debit account pending the return of one or both facilities to useful service or other possible action. It also includes considering appropriate rate treatment for all SONGS-related costs in other proceedings.

This investigation will consider the causes of the outages, the utilities' responses, the future of the SONGS units, and the resulting effects on the provision of safe and reliable electric service at just and reasonable rates. Due to the size, location, ownership structure, and unique nuclear licensing requirements of SONGS, the unexpected outages raise particularly complex issues. These issues come before us in many proceedings. This investigation will consider these issues in a consolidated manner that is efficient for the utilities, parties and the Commission. To facilitate that objective, all costs incurred on and after January 1, 2012 that are associated with SONGS shall be tracked in a memorandum account. SCE and SDG&E shall each, within 30 days of today, file with the Energy Division Director and serve on the service list a Tier 1 advice letter to establish that account, including specified subaccounts.

Appeals to categorization shall be filed and served within 10 days.
Comments on this investigation shall be filed and served within 30 days. SCE

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the
Commission's Own Motion into the Rates,
Operations, Practices, Services and Facilities
of Southern California Edison Company
and San Diego Gas and Electric Company
Associated with the San Onofre Nuclear
Generating Station Units 2 and 3.

FILED
PUBLIC UTILITIES COMMISSION
OCTOBER 25, 2012
IRVINE, CA
INVESTIGATION 12-10-013

**ORDER INSTITUTING INVESTIGATION REGARDING
SAN ONOFRE NUCLEAR GENERATING STATION
UNITS 2 AND 3**

Message

From: Russell.Worden@sce.com [Russell.Worden@sce.com]
Sent: 12/5/2012 10:02:20 PM
To: Darling, Melanie [melanie.darling@cpuc.ca.gov]
Subject: RE: SONGS OII - Follow up questions

ALJ Darling:

My plan would then be to file the ex parte notice and limit it to my comments on these few issues.

When you get a moment, I'd be grateful if you could consider my other question -- whether you would like SCE to notice the public hearing to all customers throughout the service territory, or a regional notice to the customers in the southern end of the SCE service territory.

Thanks very much,

Russ

From: "Darling, Melanie" <melanie.darling@cpuc.ca.gov>
To: "Russell.Worden@sce.com" <Russell.Worden@sce.com>,
Date: 12/05/2012 01:55 PM
Subject: RE: SONGS OII - Follow up questions

Mr. Worden: I appreciate your scrupulous attention to the rules. To the extent your comments exceeded provision of the procedural status of any SGRP litigation (i.e., an arbitration could commence in CA in 2013) in relation to possible timing of the OII phases, and widely reported information (e.g., SCE & MHI are working together to discover what went wrong), I can see where you could find a comment or two reportable (e.g.,no internal root cause analysis has been completed, whether the MHI report provided to NRC was publicly available.)
ALJ Darling


From: Russell.Worden@sce.com [Russell.Worden@sce.com]
Sent: Wednesday, December 05, 2012 1:17 PM
To: Darling, Melanie
Subject: RE: SONGS OII - Follow up questions

Your Honor:

I agree that the bulk of discussion was on the procedural and logistical issues surrounding the public hearing and phasing of the OII.

My recollection is that I made some observations about SCE's interface with MHI, the terms of the arbitration under the contract and SCE's expectations about recovery of damages. And, that SCE had been working closely with MHI at the SONGS site to understand what had gone wrong with the replacement steam generators. I also volunteered my understanding of what root cause analyses had been performed to date, and whether or not MHI considers part of its root

PRA1365-00008



cause evaluation to be proprietary because of the FIT III software used to model the steam generator design.

I will follow your direction on this.

Russ

CONFIDENTIAL ATTORNEY-CLIENT PRIVILEGED AND/OR ATTORNEY WORK PRODUCT PROTECTED

From: "Darling, Melanie" <melanie.darling@cpuc.ca.gov>
To: "Russell.Worden@sce.com" <Russell.Worden@sce.com>,
Date: 12/05/2012 12:14 PM
Subject: RE: SONGS OII - Follow up questions

Mr. Worden: I don't recall going beyond procedural matters, including broad concept of phases of testimony. Do you refer to my query about the arbitration?
ALJ Darling

From: Russell.Worden@sce.com [Russell.Worden@sce.com]
Sent: Wednesday, December 05, 2012 10:38 AM
To: Darling, Melanie
Subject: SONGS OII - Follow up questions

ALJ Darling:

I have a couple of follow-up items in the wake of our discussion yesterday.

1. Do you want SCE to notify all customers about the upcoming Public Participation Hearing, or just customers in selected zip codes perhaps in the southern region of SCE's service territory? In the case of the windstorm hearing, we sent a postcard to customers across the region affected by the storm.
2. Upon reflection, I think I have an obligation to file an ex parte notice recounting my end of our conversation yesterday. If you feel differently, please let me know and I won't file.
3. Jim Walsh, counsel for SDG&E will call you today about his company's role in the hearing.
4. I have been working with Eric Greene about the status of the various root cause analyses, and Commission access to them. As soon as I get clarification internally, I'll forward copies to him. I hope today or before week's end.

Best,

Russ

626/ 302-4177



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12-10-12
01:41 PM

MD2/sbf 12/10/2012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Services and Facilities of Southern California Edison Company and San Diego Gas and Electric Company Associated with the San Onofre Nuclear Generating Station Units 2 and 3.

Investigation 12-10-013
(Filed October 25, 2012)

**ADMINISTRATIVE LAW JUDGE'S RULING
REQUESTING ADDITIONAL TESTIMONY**

On October 25, 2012, the Commission initiated this Order Instituting an Investigation (OII) to consolidate and consider issues raised by the extended outages of Units 2 and 3 at the San Onofre Nuclear Generating Station (SONGS). Pursuant to Pub. Utils. Code §455.5, the Commission will undertake to determine whether to reduce the rates of Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E).

The OII required that SCE and SDG&E provide initial testimony (1st Testimony), no later than December 16, 2012, on the question of whether the Commission should reduce each utility's rates and, if so, by how much.¹ The Commission intends to approach this inquiry in stages due to the potential wide

¹ The OII was issued on November 1, 2012, and the testimony is due 45 days thereafter.

**Location: Costa Mesa Neighborhood Community Center,
1845 Park Ave., Costa Mesa, CA 92627**

Settling Parties, in coordination with the Commission's Public Advisor's Office, should act to encourage broad participation from communities potentially impacted if the Agreement were to be adopted. In addition to other mechanisms agreed with the Public Advisor, Settling Parties shall coordinate notice of the meeting in at least the following ways: press releases, communications to members, contacts with local governments and community based organizations, and notices in local newspapers, on the websites of the utilities and on www.songscommunity.com, and by contact with local radio, television, and written media, including for low-income and minority communities. In addition, the Commission will notice the meeting on its Daily Calendar.

7. Request for Stay of Proceedings

In their Motion, Settling Parties asked the Commission to refrain from 1) scheduling a PHC or issuing a scoping memo regarding Phase 3; 2) voting on any proposed decision (PD) for any phase of the OII; and 3) issuing any further PDs regarding any phase of the OII. The request is largely unnecessary. Work on the Phase 2 PD is incomplete, the ALJs did not contemplate scheduling a pre-hearing conference regarding Phase 3 prior to issuance of the Phase 2 PD, and the Phase 1 PD is currently on hold.

Nonetheless, it is reasonable to refrain from continuing to work on aspects of the OII which may be resolved as a result of the pending Motion and Agreement. Because utility rates fund Commission, utility, and (in some cases) party activity in our proceedings, it is in the best interests of ratepayers to avoid

duplicative or unnecessary activity until the Commission has had an opportunity to consider the proposed settlement.

IT IS RULED that:

1. Settling Parties shall post documents, to the extent permitted by Rule 12.6, supporting or clarifying the Agreement on SCE's discovery website for this proceeding.

2. On or before May 1, 2014, Settling Parties shall prepare and serve one or more exhibit, and provide the information as requested in response to the questions set forth in Attachment A of this Ruling. The responses shall also be posted on SCE's discovery website for this proceeding

3. On May 14, 2014, the Commission will hold an evidentiary hearing on the Agreement and take evidence about material contested issues regarding facts asserted by the Settling Parties. The hearing will be held at the Commission Auditorium, 505 Van Ness Ave., San Francisco, CA 94102.

- a) Four business days prior to the hearing, the Settling Parties shall serve on the service list, via e-mail, the name of the witness from each party to the settlement who will appear at the hearing;
- b) Two business days prior to the hearing, non-settling parties shall serve on the service list, via e-mail, an approximate schedule of cross examination time; and
- c) A non-settling party which intends to present evidence or testimony on material contested issues of fact, must serve the proposed evidence or testimony five business days prior to the hearing.

4. The evidentiary hearing will be webcast by Commission staff. No other video or audio recordings will be permitted.

5. Opening Comments shall be filed and served on or before May 7, 2014 and Reply Comments shall be filed and served on or before May 22, 2014.



FILED
4-24-14
02:34 PM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the
Commission's Own Motion into the Rates,
Operations, Practices, Services and Facilities
of Southern California Edison Company
and San Diego Gas and Electric Company
Associated with the San Onofre Nuclear
Generating Station Units 2 and 3.

Investigation 12-10-013
(Filed October 25, 2012)

And Related Matters.

Application 13-01-016
Application 13-03-005
Application 13-03-013
Application 13-03-014

**ADMINISTRATIVE LAW JUDGES' RULING SETTING HEARING
AND REQUIRING SUPPLEMENTAL INFORMATION ON JOINT MOTION
FOR ADOPTION OF SETTLEMENT**

1. Background and Summary

On April 3, 2014 six parties (Southern California Edison Company (SCE), San Diego Gas and Electric Company, Office of Ratepayer Advocates [also known in this proceeding as Division of Ratepayer Advocates], The Utility Reform Network, Friends of the Earth, and Coalition of California Utility Employees, collectively "Settling Parties") filed and served a Joint Motion for Adoption of Settlement Agreement (Motion). The Motion suggests that the Settlement Agreement (Agreement) resolves all issues for proceedings consolidated within this Commission investigation regarding San Onofre

The contrary arguments by non-settling parties, WEM, A4NR, CDSO and Henricks, can be generally divided into three alleged public interest imperatives (1) the Commission should reject the proposed settlement and set hearings for Phase 3; (2) the allocation of costs to ratepayers is too high; and (3) the Commission should address other “external” impacts of the outages/shutdown, particularly increases of greenhouse gases and other emissions. Other public interest concerns expressed include the Commission deferring any decision until after the arbitration and NRC inquiries are completed, and strengthening the Agreement’s language related to Commission oversight and review of the rate adjustments. These issues are discussed below. Any arguments raised by parties but not addressed herein, are considered to be without merit.

7.3.1. Termination of Investigation

The history of the consolidated proceedings makes clear this has been a hard-fought set of proceedings to date, and resolving the issues raised through more litigation would require a great deal more time and effort. Nonetheless, four parties contend that the public’s interest in completing Phase 3 of this investigation outweighs the public’s interest in the public policy favoring qualified settlements which avoid the risks and costs of litigation, delayed refunds, and interim rate shock.²⁹⁴

A4NR, WEM, CDSO, and Henricks, urge the Commission to reject the proposed settlement and continue Phase 3 on the grounds it is vital to the public interest to perform a reasonableness review of SGRP expenses, including answering questions about SCE’s management of the SGRP.

²⁹⁴ See, e.g., CDSO OC at 24, CDSO RC at 5.

Opposing parties' expectations of a quick Phase 3 conclusion of imprudence based on violation(s) of NRC rules, are misplaced. SCE's compliance with NRC requirements related to the SGRP is determined by the NRC, not reports authored by Mitsubishi, parties' beliefs, or by this Commission. The NRC has not made any finding that SCE failed to obtain a required license amendment for the RSG design, even with many opportunities to do so as part of its on-going, and on-site, inspections and oversight of SONGS operations, and the SGRP specifically. Although we would certainly give the NOV weight, it remains to be seen how much.

In fact, we observe the NRC performs annual inspections of every nuclear facility, including overlap with the SGRP during 2005-2011.²⁹⁹ In 2009, the NRC reviewed and acted on SCE's request for a License Amendment to change certain Technical Specifications for the RSGs.³⁰⁰ The NRC also recently closed an investigation, after concluding it could not substantiate a charge that SCE did not cooperate with the NRC's inspections of the damaged RSGs.³⁰¹

In this decision, the Commission is not concluding that SCE is without fault, or that NRC has no further interest in these issues. Nonetheless, we consider these actions of the federal agency of primary and, (in most matters) exclusive jurisdiction for the safety of nuclear operations. Absent an NRC finding of seminal or pervasive unreasonable acts, it is highly speculative to assume SCE misconduct would be easily confirmed in Phase 3. Instead, the

²⁹⁹ See, <http://pbadupws.nrc.gov/docs/ML1126/ML112660460.pdf>. (including a 2011 inspection of the RSGs).

³⁰⁰ See, <http://pbadupws.nrc.gov/docs/ML0916/ML091670298.pdf>.

³⁰¹ See, <http://pbadupws.nrc.gov/docs/ML1423/ML14237A162.pdf>.

Decision 14-11-040 November 20, 2014

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the
Commission's Own Motion into the Rates,
Operations, Practices, Services and
Facilities of Southern California Edison
Company and San Diego Gas and Electric
Company Associated with the San Onofre
Nuclear Generating Station Units 2 and 3.

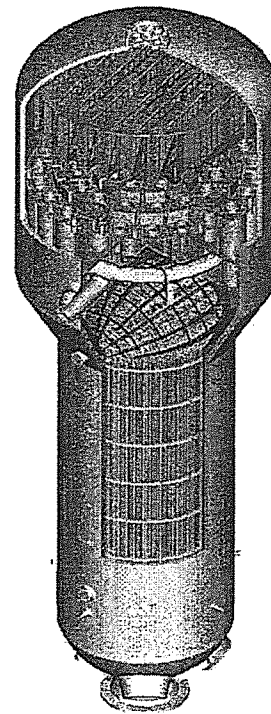
Investigation 12-10-013
(Filed October 25, 2012)

And Related Matters.

Application 13-01-016
Application 13-03-005
Application 13-03-013
Application 13-03-014

**DECISION APPROVING SETTLEMENT AGREEMENT
AS AMENDED AND RESTATED BY SETTLING PARTIES**

**Root Cause Analysis Report for tube wear
identified in the Unit 2 and Unit 3 Steam Generators of
San Onofre Nuclear Generating Station**



which is a function of the steam-to-water ratio, flow velocity, which is dependent of the tube spacing.

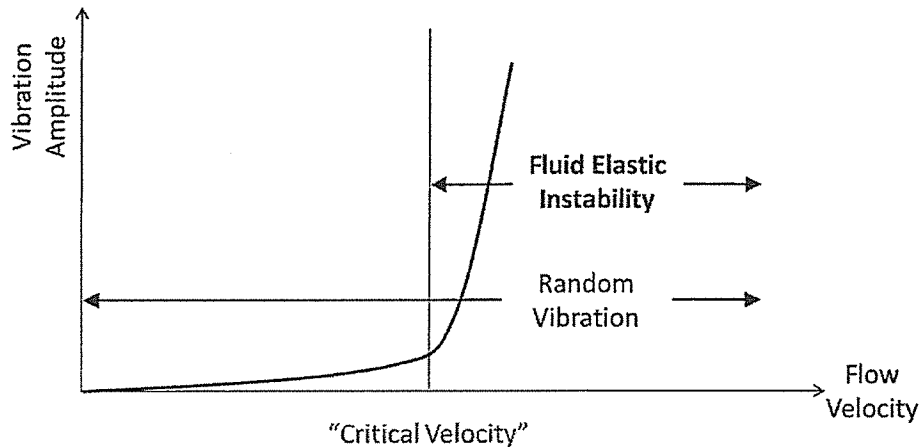


Figure 1

As discussed below and in the technical reports referenced above (See Supplemental Technical Evaluation Report), MHI has determined that, due to ineffective support for the tubes in the in-plane direction resulting from the very small and uniform tube-to-AVB gaps, some of the tubes exceeded the fluid elastic critical velocity resulting in in-plane FEI, which in turn produced the large amplitude tube-to-tube wear. This mechanism is influenced by the local thermal hydraulic conditions around the tube. Regions of high void fraction have lower tube damping, which reduces the fluid elastic critical velocity threshold. High void fraction regions also have higher cross flow velocities. Therefore, tubes with low or no contact force in the region of highest void fraction are most susceptible to this mechanism.

Random Vibration

Random vibration is the vibration mechanism caused by flow turbulence that changes proportionately to changes in the fluid flow forces(dynamic pressure) and is present at all flow velocities. Turbulent flow forces are random in nature, so this form of vibration is referred to as random vibration. As discussed below and in the technical reports referenced above, MHI has determined that the tube wear at the AVB intersections

and if the appropriate tube to tube gap value had been utilized to compute the flow velocity, MHI would have identified a decreased margin against out-of-plane FEI. In that case, MHI might have incorporated an additional AVB to increase the design margin against out-of-plane FEI, but would not have taken measures to protect against in-plane FEI, for it was assumed (as was the practice and guidance in the industry) that the controlling effect of a well-designed AVB system was adequate to preclude it.

Thus, not using ATHOS, which predicts higher void fractions than FIT-III at the time of design represented, at most, a missed opportunity to take further design steps, not directed at in-plane FEI, that might have resulted in a different design that might have avoided in-plane FEI. However, the AVB Design Team recognized that the design for the SONGS RSGs resulted in higher steam quality (void fraction) than previous designs and had considered making changes to the design to reduce the void fraction (e.g., using a larger downcomer, using larger flow slot design for the tube support plates, and even removing a TSP). But each of the considered changes had unacceptable consequences and the AVB Design Team agreed not to implement them. Among the difficulties associated with the potential changes was the possibility that making them could impede the ability to justify the RSG design under the provisions of 10 C.F.R. §50.59. Thus, one cannot say that use of a different code than FIT-III would have prevented the occurrence of the in-plane FEI observed in the SONGS RSGs or that any feasible design changes arising from the use of a different code would have reduced the void fraction sufficiently to avoid tube-to-tube wear.

For the same reason, an analysis of the cumulative effects of the design changes including the departures from the OSG's design and MHI's previously successful designs would not have resulted in a design change that directly addressed in-plane FEI.

Summary

Thus, the organizational and programmatic Root Cause for the in-plane FEI as set forth in this RCA is the insufficient programmatic requirement to assure effective AVB contact force to control in-plane FEI under high localized thermal-hydraulic conditions (steam quality (void fraction), flow velocity and hydrodynamic pressure). The underlying reason for this insufficiency is that the MHI SONGS RSG design did not consider the phenomenon of in-plane FEI because contemporary knowledge and industry U-tubeSG operation experience did not indicate a need to consider in-plane FEI.

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.

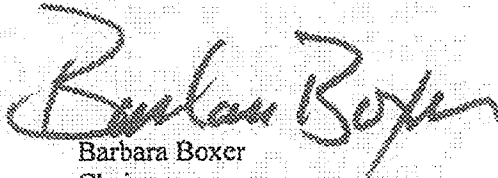
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SCE-CPUC-01000002

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

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.

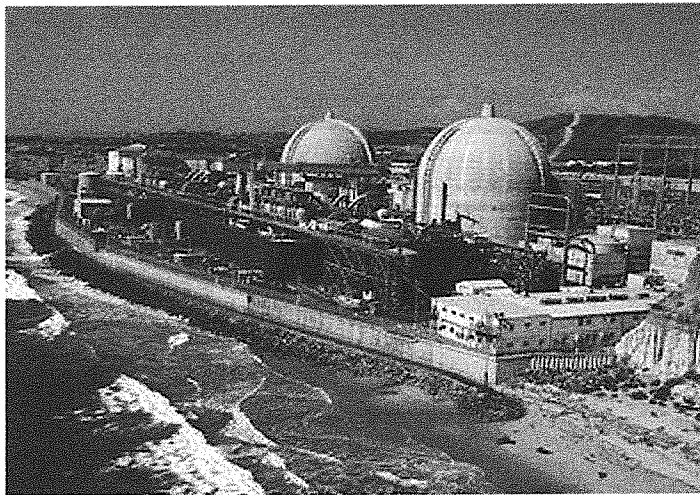
Les Starck
Senior Vice President
Regulatory Affairs
Southern California Edison
Office: 626-302-4883
Cell: 202-256-7159

Senator Boxer Seeks Criminal Probe of San Onofre Nuclear Plant

WASHINGTON, DC, May 29, 2013 (ENS) – U.S. Senator Barbara Boxer of California is asking the Justice Department to open a criminal investigation into Southern California Edison's statements to nuclear regulators about replacing steam generators at the shuttered San Onofre nuclear power plant.

Located on the California coast south of San Clemente, San Onofre has been shut down since January 2012 due to premature wear found on over 3,000 tubes in replacement steam generators and a leak of radioactive material.

Senator Boxer Tuesday released a 2004 letter by an Edison executive to steam generator manufacturer Mitsubishi Heavy Industries that she said presents "major new evidence of misrepresentation and safety lapses by Edison."



San Onofre nuclear power plant, San Clemente, California (Photo courtesy [NRC](#))

Edison replaced steam generators in 2009 and 2010 without review by the Nuclear Regulatory Commission because the company said the replacements met a federal test of being the same parts.

From: les.starck@sce/eix;nsf;les.starck@sce.com;smt
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 and at 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) and Facebook (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.



SOUTHERN CALIFORNIA
EDISON[®]

An EDISON INTERNATIONAL[®] Company

Dwight E. Nunn
Vice President

November 30, 2004

Mr. Akira Sawa
General Manager
Mitsubishi Heavy Industries, LTD
Kobe Shipyard & Machinery Works
1-1, Wadasaki-Cho 1-Chome
Hyogo-Ku
Kobe 652-8585
Japan

Dear Mr. Sawa:

Subject: Replacement Steam Generators
San Onofre Nuclear Generating Station, Units 2 & 3

Since I was unable to participate in the Replacement Steam Generator contract signing in September due to emergent problems at our facility, let me now express my appreciation for Mitsubishi Heavy Industries' willingness to partner with us on providing the replacement steam generators for San Onofre. This is an extremely important undertaking, not just for San Onofre, but for the entire Southern California Edison Company. Our detailed and exhaustive evaluation convinced us that Mitsubishi Heavy Industries was the best match for our needs.

This will be one of the largest steam generators ever built for the United States and represents a significant increase in size from those that Mitsubishi Heavy Industries has built in the past. It will require Mitsubishi Heavy Industries to evolve a new design beyond that which they currently have available. Such design evolutions require a careful, well thought approach that fully evaluates the risks inherent in creating a new and significantly larger steam generator. Such design evolutions tend to challenge the capability of existing models and engineering tools used for proven steam generator designs. Success in developing a new and larger steam generator design requires a full understanding of the risks inherent in this process and putting in place measures to manage these risks. Understanding the difficulty in transitioning from the standard Mitsubishi Heavy Industries steam generator design to a new and larger two-loop design, San Onofre has made it a goal to partner with Mitsubishi Heavy Industries and maintain a close relationship with your engineering and fabrication organization to assist them in this design evolution. To this end we are performing detailed, intrusive evaluations of your design documentation and your approach to design evolution on this job. A recent example of successful cooperation between our engineers is the design of the feedwater distribution system. San Onofre's concern with potential water hammer as a result of the design of the distribution ring has been address by Mitsubishi Heavy Industries by utilizing the J-tube design. Prudent questioning by San Onofre followed by an exhaustive evaluation by Mitsubishi Heavy Industries led to a design revision to address a potential risk to the success of the project. However, we recognize that we are not designers of steam generators and there are limitations to the assistance we can provide. Notwithstanding this fact and after working with your organization for almost two months, we have some observations that we'd like to share with you.

P.O. Box 128
San Clemente, CA 92674-0128
949-368-1480
Fax 949-368-1490

- A detailed and accurate calculation of Reactor Coolant System flow is critical to ensure the steam generators are designed to within limits required to satisfy our existing licensing basis of 106% of the original flow rate (as required by our Purchase Order). Failure to meet this requirement would have significant impact on the operation of San Onofre including a potential inability to operate the units. We understand that Mitsubishi Heavy Industries is currently in discussions with Westinghouse to develop a detailed loop model to perform this analysis. We support Mitsubishi Heavy Industries' sensitivity to the significance of this issue and the prudent course of action they are undertaking.
- Anti-Vibration Bar design (and installation) is by far one of the most challenging tasks that will face Mitsubishi Heavy Industries and San Onofre; in fact, it is in our opinion the single most significant task facing the industry for steam generators of our size today. Since the San Onofre steam generators are one of the largest steam generators ever built and large steam generators appear more susceptible to wear (in fact, our current steam generators have experienced a high percentage of plugged tubes due to wear), it is a paramount concern of ours that we ensure a reliable support design. We consider this engineering challenge perhaps the most critical issue at this time. Recent industry experience with Anti Vibration Bar supports has demonstrated the difficulty in developing a successful design (the recent experience at a United State's plant emphasized this point when more than 180 tubes were found to have wear indications after only one cycle of operations, some of these indications were up to 20% through wall). Our discussions with Mitsubishi Heavy Industries to date have not resulted in a plan that will successfully address this industry concern. Both San Onofre and Mitsubishi Heavy Industries are having difficulty in formulating such a plan.
- San Onofre is located in a high seismic zone. As Mitsubishi Heavy Industries is aware this creates significant design challenges, especially in light of the fact that the San Onofre steam generators are among the largest ever built in the United States and are the largest ever built by Mitsubishi Heavy Industries. We have been working very closely with your staff to assist them in any manner we can in this design effort. As part of this seismic design effort, Mitsubishi Heavy Industries developing a stick mass spring model for the new steam generators. In addition, Mitsubishi Heavy Industries is developing some localized three-dimensional models of the new steam generators to benchmark the stick model. However, these models aren't ready for use at this time and the design effort must proceed to meet the 2008 delivery date for the steam generators for Unit 2. Consequently, the design of the new steam generators is currently proceeding using the existing steam generator seismic response based on a like-for-like replacement concept (although the old and new steam generators will be similar in many respects they aren't like-for-like replacements). Should there be a significant difference in the seismic response of the old and new steam generators, changes in the steam generator design may be necessary. Therefore, it is imperative that adequate margin be provided in the replacement steam generator design to accommodate this possibility while simultaneously expediting the necessary new analysis (procurement of major components is currently in progress and purchase of new forging can't be accommodated in the schedule should it become necessary). The development of an accurate stick model, using conservative assumption and subsequent validation of this stick model

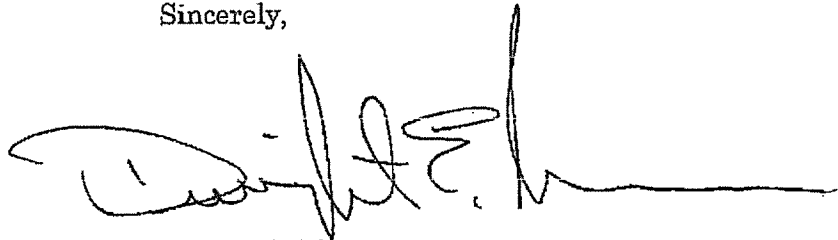
using results from the three dimensional models is essential to minimize the risk of any future design modification after the major forgings are procured and/or machined.

- The San Onofre steam generator moisture separator assembly will be the largest Mitsubishi Heavy Industries has ever designed. The configuration of the moisture separators and dryers and their ability to achieve the required performance remains a concern for San Onofre. Scaling up an existing design is not necessarily a linear task and if not performed correctly may result in unsatisfactory performance at San Onofre. Mitsubishi Heavy Industries is encouraged to consider using all available resources (such as being done with respect to the Reactor Coolant System flow analysis) in the design the steam generators to ensure acceptable performance.

Based upon these observations, I am concerned that there is the potential that design flaws could be inadvertently introduced into the steam generator design that will lead to unacceptable consequences (e.g., tube wear and eventually tube plugging). This would be a disastrous outcome for both of us and a result each of our companies desire to avoid. In evaluating this concern, it would appear that one way to avoid this outcome is to ensure that relevant experience in designing larger sized steam generators be utilized. It is my understanding the Mitsubishi Heavy Industries is considering the use of Westinghouse in several areas related to scaling up of your current steam generator design (as noted above). I applaud your effort in this regard and endorse your attempt to draw upon the expertise of other individuals and company's to improve the likelihood of a successful outcome for this project. I would encourage you to continue to draw upon those resources available to you to produce a design that will represent a Mitsubishi Heavy Industries steam generator capable of meeting not just San Onofre's, but the world's needs.

Should you have any questions or desire further discussion on this matter, I can be reached at (949) 368-1480. I look forward to visiting your facility again in the near future.

Sincerely,

A handwritten signature in black ink, appearing to read "Dwight E. Nunn", with a long horizontal flourish extending to the right.

Dwight E. Nunn
Vice President

cc: Y. Nishi
J. E. Hutter
H. Kaguchi
H. Hirano
M. Ida
M. A. Wharton
R. L. Park

June 16, 2005

Mr. Akira Sawa
General Manager
Mitsubishi Heavy Industries, Ltd.
1-1, Wadasaki-Cho 1-Chome, Hyogo-Ku
Kobe, Japan

Dear Mr. Sawa:

Thank you very much for your time and hospitality during my recent visit to Kobe. We had a successful Executive Meeting, which was followed by the design review/technical discussion meeting conducted by the MHI and Edison technical teams. I am pleased to apprise you that Edison recognizes and appreciates MHI's efforts to supply robust and reliable, state-of-the-art Replacement Steam Generators (RSGs) for our San Onofre Nuclear Generating Station (SONGS). At this stage of the RSG Project, Edison concludes that a satisfactory effort has been put into development of the Seismic Qualification Program, and is being put into addressing the Reactor Coolant System (RCS) flow rate issue. The latter includes scale model flow testing and development of a complete RCS loop hydraulic analytical model, and is viewed as MHI taking an extra step to satisfy Edison's expectations.

As we have discussed with your personnel, Industry's experience with tube wear in the U-bend region of the large steam generators is not encouraging, as evidenced by the recent tube inspections at the Calvert Cliffs and Palo Verde plants. In general, all plants with large steam generators (except for ANO-2, so far) report significant number of wear indications after as little as one cycle of operation. This is of a great concern to Edison, because our steam generators are one of the largest in the Industry. Therefore, I have asked for a special joint MHI/SCE team to be formed. The team's charter is to perform a systematic review of the industry experience related to tube wear, identify all factors that may cause such wear, and identify all design and fabrication parameters which can be controlled to prevent wear from occurring. Edison views this team's task as critical for the success of the Project.

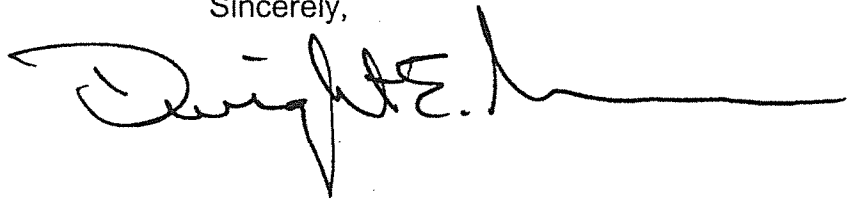
We are also concerned about post-weld heat treatment (PWHT) of the channel head-to-tubesheet weld. If not properly performed, this mandatory fabrication step has a potential to cause tube denting and tube-to-tubesheet joint relaxation. Concerning this matter, Edison requests that MHI launch a diligent effort to incorporate this fact in the RSG design and arrive at a PWHT implementation methodology, which will mitigate any negative consequences of this process.

Recently, we learned that MHI had problems with tubesheet drilling on another project utilizing tubes of the same diameter as those in the SONGS RSGs. As you know, the SONGS RSG tubesheet is the thickest tubesheet MHI has ever drilled. We are very concerned that no remedy for the problems with tubesheet drilling has been presented to Edison to date. We urge MHI to aggressively pursue a solution to these problems prior to commencing drilling the SONGS tubesheets.

In our joint technical meeting, we also learned more about certain thermal-hydraulic aspects (void fraction) of the RSG design. Void fraction is an important thermal-hydraulic parameter, related to the probability of tube dry out occurring during power operation (the higher the void fraction, the higher the probability of dry out). Tube dry out is an undesirable phenomenon as it may eventually result in tube cracking. The information presented to Edison in the most recent Technical Meeting, indicated that for the SONGS RSG the expected void fraction is very high. Consequently, Edison requests that MHI launch a consolidated effort aimed at addressing high void fraction in the RSG.

Please let me know if you have any comments or questions on the conclusions offered in this letter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dwight E. H.", followed by a long horizontal line extending to the right.

cc: M. Wharton
M. Mihalik
M. Hojati
C. Harberts
J. Hedrick
J. McGaw

From: michael hoover/sce/eix
Sent: Tue May 28 2013 23:20:28 PDT
To: les starck/sce/eix@sce
CC:
Subject: Re: URL, text for San Onofre story
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

I just got off the bus with Peevey. They have known about this. They have known about the letters and he said Frank has been talking to Adler since Friday. His biggest concern is our inability to deal with this in a complete, proactive manner. He is very frustrated, but not angry or anything like that. He just thinks we need to make a some critical decisions.....

From: Les Starck
Sent: 05/28/2013 09:26 PM PDT
To: Megan Jordan; Russell Swartz
Cc: Janet Clayton; Michael Hoover; Russell Worden; Laura Genao
Subject: Re: URL, text for San Onofre story

I just landed in DC. Did we just submit these letters to the CPUC today? How submitted?

From: Megan Jordan
Sent: 05/28/2013 06:33 PM PDT
To: Russell Swartz; Les Starck
Cc: Janet Clayton
Subject: Fw: URL, text for San Onofre story

See PUC comments at end of article and pasted below. My understanding is that we provided these letters today.

Redacted - AC

"A preliminary review of our records suggests the letters referenced by Senator Boxer were not provided by Edison either to the CPUC itself or to the parties participating in our investigation into the SONGS (San Onofre Nuclear Generating Station) outage," the statement continues.



FILED

1-07-14
04:14 PM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Services and Facilities of Southern California Edison Company and San Diego Gas & Electric Company Associated with the San Onofre Nuclear Generating Station Units 2 and 3.

Investigation 12-10-013
(Filed October 25, 2012)

And Related Matters.

Application 13-01-016
Application 13-03-005
Application 13-03-013
Application 13-03-014

ADMINISTRATIVE LAW JUDGE'S RULING ON MISCELLANEOUS MOTIONS

This ruling addresses two motions that have been filed in this proceeding:

1. Ruth Henricks's (Henricks) July 8, 2013, "Motion for an order for discovery relating to the San Onofre Steam generator Anti-Vibration Bar Design team" is denied without prejudice.
2. Southern California Edison Company's (SCE) November 20, 2013 motion, "to Correct Transcript Errors" is granted. An errata with the corrections will be included in the record by this ruling.

Henricks' Motion

On July 8, 2013 Henricks filed and served a motion seeking "discovery of the written record related to work performed by the Unit 2 Anti-Vibration Bar Design Team (AVB design team) on the Unit 2 steam generators" and "the names of the SCE (MHI) Anti-Vibration Bar (AVB) design team members and leave to

take key members of the team's deposition."¹ On July 18, 2013, SCE filed and served a timely response to this motion. On July 31, 2013, Henricks served a reply to SCE's response, however, Henricks reply was not authorized and was rejected according to Rule 11.1(f).

Henricks cites the Root Cause Analysis Report prepared by Mitsubishi Heavy Industries (MHI) to show that SCE and MHI established an AVB Design Team, and that this team recognized certain differences (steam quality, void fraction) between the replacement steam generator designs relative to the original steam generators and rejected making changes to reduce these differences.² Henricks seeks to identify and depose "key members" of this team about "information relevant to the question of whether SCE and SDG&E acted reasonably in designing, manufacturing and installing the Unit 2 replacement steam generators in early 2010."³

SCE's response states that Henricks served "on or about April 16, 2013" a data request seeking names of the members of the AVB design team.⁴ SCE further details some correspondence between counsel for Henricks and SCE. Some key points from this background are: 1) at the time of SCE's response, Henricks had not asked SCE for any information or documents from the AVB design team other than names of team members, 2) that SCE produced meeting minutes and other related documents from the AVB design team in response to a request from another party, and 3) that SCE advised Henricks's counsel

¹ Henricks Motion at 1.

² Henricks Motion at 2.

³ Henricks Motion at 1-2.

⁴ SCE Response at 2.

how to access these documents.⁵ SCE points out that this Commission has a preference for discovery through data requests rather than depositions⁶ and that an earlier ruling in this case has noted that the identity of specific personnel may be redacted.⁷

Henricks has not demonstrated that depositions are the best or the only way to obtain the substantive information that she apparently seeks. Henricks has not even specifically identified any substantive information that she seeks that is not included in the documents already produced by SCE. Therefore, Henricks' motion is denied without prejudice.

However, information about the AVB design team's findings and analysis may be relevant in Phase 3 of this proceeding. Therefore, we encourage Henricks and other parties to review the information SCE has produced, and to continue the discovery process as intended by Rule 10.1. To the extent there are further discovery disputes, Henricks and other parties may file and serve motions to compel discovery. Such motions should demonstrate that the moving party has served appropriate data requests and has taken reasonable steps to resolve any objections, including meeting and conferring with the objecting party.

⁵ SCE Response at 2-3. The documents are available on SCE's website: <http://www3.sce.com/sscc/law/dis/SongsOIIDocLibrary.nsf/formDocument.xsp?documentId=75462A36AF03312288257B6400002F6D&action=openDocument>.

⁶ *Ibid* at 3-4.

⁷ Ruling on Various Motions and Consolidating Proceedings (April 19, 2013) at 6.

Castro, Stacie M.

From: Peevey, Michael R. <michael.peevey@cpuc.ca.gov>
Sent: Saturday, February 09, 2013 1:22 PM
To: Randolph, Edward F.
Subject: Re: advice

Categories: Red Category

Poland only. Why? Same people to Australia as last year to China. Some new people to Poland, as well as legislators.
More long term benefit.

From: Randolph, Edward F.
Sent: Saturday, February 09, 2013 08:11 AM Pacific Standard Time
To: Peevey, Michael R.
Subject: advice

Thank you for suggesting to Pat Mason that he invite me on the Poland trip. I do want to go but it creates a dilemma in terms of the Aspen Accord Trip to Australia. I am not sure the optics work to well for me to go on both (let alone being out of the office that much once you add in a personal vacation this summer). I can see benefits from both trips. I think the Aspen Accord trip will be more directly related to some issues I am involved in right now, but I suspect the relationship benefits from CFEE may be a little higher.

Since you have done a number of trips with both groups, I am interested in your advice on which (or even both) trips I should do.

PAT MASON

From: stephen e pickett/sce/eix;nsf;stephen.pickett@sce.com;smtp
Sent: Mon Mar 11 2013 11:24:35 PDT
To: gary schoonyan/sce/eix@sce
CC: michael hertel/sce/eix@sce;"caroline choi" <caroline.choi@sce.com>;"stephen e pickett" <stephen.pickett@sce.com>
Subject: Re: Peevey Meeting Re LA Basin Reliability
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

I going to ping Peevey on the trip about how he would like to be briefed on this -- whether he wants his advisors and/or Clannon and Lindh to be there, LA vs. SF, etc.

From: Gary Schoonyan/SCE/EIX
To: Michael Hertel/SCE/EIX,
Cc: "Caroline Choi" <Caroline.Choi@sce.com>, "Stephen E Pickett" <Stephen.Pickett@sce.com>
Date: 03/11/2013 11:22 AM
Subject: Re: Peevey Meeting Re LA Basin Reliability

FOR INTERNAL USE ONLY

Mike,

To "somewhat" close the loop, it was determined at last Tuesday's Regulatory Policy meeting to wait until late March or early April to approach Peevey on this effort (Mike will be returning from a CFEE trip, that Pickett will also be attending)

Gary Schoonyan
Director, Strategic Policy Analysis
(626) 302-4661
Cell (916) 718-6526

From: Michael Hertel/SCE/EIX
To: Les Starck/SCE/EIX@SCE, Gary Schoonyan/SCE/EIX@SCE, "Stephen E Pickett" <Stephen.Pickett@sce.com>, "Caroline Choi" <Caroline.Choi@sce.com>
Cc: Michael Hoover/SCE/EIX@SCE, Laura Genao/SCE/EIX@SCE
Date: 02/25/2013 05:55 AM

SCE-CPUC-00000255

From: stephen e pickett/sce/eix
Sent: Wed Mar 27 2013 14:06:18 PDT
To: polly l gault/sce/eix@sce
CC:
Subject: Re: Sent the wrong attachment earlier. Here's the agenda. Sorry.
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

I agree. You should stop sending me annoying e mails. So there. I expect to never hear from you again. So there. From Poland sitting next to Peevey, God help me. So there. Yes, I am moderately intoxicated. Thank God!
Sent from my Blackberry

From: Polly L Gault
Sent: 03/27/2013 01:55 PM PDT
To: Jim Scilacci
Cc: Katherine Wong Exec Asst; Ann Davey; Bert Valdman; Dana Kracke; Dianne Odagawa; Donna R Smith; Gaddi Vasquez; Janet Clayton; Joy Ridenour; Karen Herr; Laura Livoy; Linda Pineda Exec Assistant; Lyneece James Johnson; Michael Backstrom; Robert Adler; Ronald Litzinger; Stephen Pickett; Ted Craver
Subject: Re: Sent the wrong attachment earlier. Here's the agenda. Sorry.

Redacted - NonResponsive

From: Jim Scilacci
Sent: 03/26/2013 03:06 PM PDT
To: Polly Gault
Cc: Katherine Wong Exec Asst; Ann Davey; Bert Valdman; Dana Kracke; Dianne Odagawa; Donna R Smith; Gaddi Vasquez; Janet Clayton; Joy Ridenour; Karen Herr; Laura Livoy; Linda Pineda Exec Assistant; Lyneece James Johnson; Michael Backstrom; Robert Adler; Ronald Litzinger; Stephen Pickett; Ted Craver
Subject: Re: Sent the wrong attachment earlier. Here's the agenda. Sorry.

Redacted - NonResponsive

From:
Polly L Gault
To:
Stephen Pickett
Date:
03/27/2013 02:05 PM PDT
Subject:
Re: Sent the wrong attachment earlier. Here's the agenda. Sorry.

Redacted - NonResponsive

From:
Stephen E Pickett
To:
Polly Gault
Cc:

Polly Gault

Date:
03/26/2013 03:13 PM PDT
Subject:
Re: Sent the wrong attachment earlier. Here's the agenda. Sorry.

Greetings from Poland, where I just had dinner with Peevey.

Redacted - NonResponsive

From: Polly L Gault/SCE/EIX
To: Jim Scilacci/SCE/EIX@SCE,
Cc: Katherine Wong Exec Asst/SCE/EIX@SCE, Ann Davey/SCE/EIX@SCE, Bert Valdman/SCE/EIX, Dana Kracke/SCE/EIX@SCE, Dianne Odagawa/SCE/EIX@SCE, Donna R Smith/SCE/EIX@SCE, Gaddi Vasquez/SCE/EIX@SCE, janet.clayton@edisonintl.com, Joy Ridenour/SCE/EIX@SCE, Karen Herr/SCE/EIX@SCE, Laura Livoy/SCE/EIX@SCE, Linda R Pineda Exec Assistant/SCE/EIX@SCE, Lyneece James Johnson/SCE/EIX@SCE, Michael Backstrom/SCE/EIX@SCE, Robert Adler/SCE/EIX@SCE, Ronald Litzinger/SCE/EIX@SCE, Stephen E Pickett/SCE/EIX@SCE, Ted Craver/SCE/EIX@SCE
Date: 03/26/2013 03:00 PM
Subject: Re: Sent the wrong attachment earlier. Here's the agenda. Sorry.

Redacted - AC

From: stephen e pickett/sce/eix
Sent: Wed Mar 27 2013 14:26:20 PDT
To: elizabeth matthias/sce/eix@sce
CC:
Subject: Re: Heaven Help Us!
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

Redacted - NonResponsive Sitting next to Peevey taking in the last formal evening of the trip **Redacted - NonResponsive**
Redacted - NonResponsive
Sent from my Blackberry

From:
Elizabeth Matthias
To:
Stephen Pickett
Cc:

Date:
03/27/2013 02:18 PM PDT
Subject:
Re: Heaven Help Us!

Redacted - NonResponsive

Liz Matthias
Senior Attorney
Southern California Edison
Telephone: (626) 302-1908
Fax: (626) 302-1904
elizabeth.matthias@sce.com

From: Stephen E Pickett/SCE/EIX
To: Elizabeth Matthias/SCE/EIX@SCE,
Date: 03/27/2013 02:16 PM
Subject: Re: Heaven Help Us!

From: stephen e pickett/sce/eix
Sent: Wed Mar 27 2013 14:28:25 PDT
To: polly l gault/sce/eix@sce
CC:
Subject: Re: Sent the wrong attachment earlier. Here's the agenda. Sorry.
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

Hung out, visited friends, went to Stonehenge. Now sitting next to Peevey at dinner in Warsaw working Chino Hills and SONGS. Deserve combat pay. Will get nothing. Moderately pissed off. And you?
Sent from my Blackberry

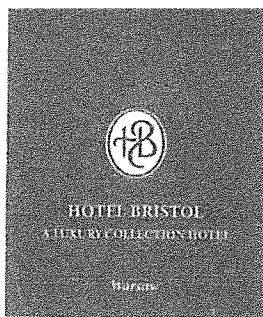
From:
Polly L Gault
To:
Stephen Pickett
Date:
03/27/2013 02:21 PM PDT
Subject:
Re: Sent the wrong attachment earlier. Here's the agenda. Sorry.

Redacted - NonResponsive

From:
Stephen E Pickett
To:
Polly Gault
Date:
03/27/2013 02:07 PM PDT
Subject:
Re: Sent the wrong attachment earlier. Here's the agenda. Sorry.

Redacted - NonResponsive

Sent from my Blackberry

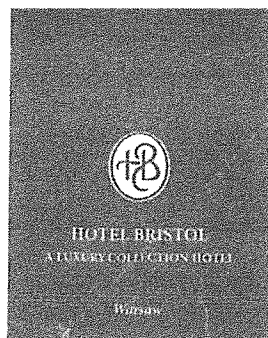


1. Pre-RSG investment: recover w/ debt-level return through 2022.
2. RSG and post-RSG investment: disallow "retroactively out of rate base" effective 2/1/2012 ~~1/1/2012~~
3. Replacement power responsibility: customer
4. NEIL/insurance recoveries: to customers
5. MHI recovery: 1st to SCE to the extent of the disallowance
2^d to customers
6. Decommissioning costs: remain in rates through time of decommissioning -- periodic redetermination in CPUC proceedings as before
7. O&M:
 - a) Already approved GRC amounts through shutdown + 6 months
 - b) OII to determine shutdown O&M through end of 2017 (i.e., not in GRC)
 - c) shutdown O&M 2018 and beyond determined in GRC's
 - d) Shutdown O&M to include reasonable severance for SONGS employees - A pool of \$50 million

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+48 22 625 25 77 facsimile / fax

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8. Environmental offset: SCE to donate ¹⁰ \$5.0 million per year 2014-2022 to _____ £ as agreed upon GHG, climate, or environmental academic research fund, institution, etc. }

9. Process
- a) settlement agreement approved in OII
 - b) balance of OII closed except for shutdown O&M phase
 - c) new OII phase for shutdown O&M per 7(b) and 7(d) above
 - d) 2018 GRC for shutdown O&M 2018 and beyond
 - e) Usual CPUC proceedings for review of decommissioning costs

MHI Reentry

- 1 - First \$200 million — 50% cost, 50% SCE
- 2 - Next \$200 million — 70% cost, 30% SCE
- 3 - Any above \$400 million up to disallowance — 80% to SCE, 20% to cost
- 4 - Above disallowance — 25% to SCE, 75% to cost

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Castro, Stacie M.

From: Florio, Michel Peter <MichelPeter.Florio@cpuc.ca.gov>
Sent: Sunday, March 31, 2013 9:50 PM
To: Randolph, Edward F.
Subject: RE: Meeting with Peevey Thursday

Categories: Red Category

Yes, I have only a 2:30 meeting that afternoon. Lunch would be fine. THANKS and welcome back! Mike

From: Randolph, Edward F.
Sent: Sunday, March 31, 2013 2:59 PM
To: Florio, Michel Peter
Cc: Gonzalez, Nuria
Subject: Meeting with Peevey Thursday

Commissioner Florio,

Commissioner Peevey asked me to set up a meeting with him for you and me next Thursday after the Commission meeting. (We were both having email problems in Poland so he asked me to set it up when I got back). He suggest lunch or dinner (but I need to be in Sacto late in the day). For now Commisssoner Peevey would like to keep this meeting to just the three of us. I am happy to come by and explain the topic in person (or on the phone).

Can we make something work for Thursday?

From: stephen e pickett/sce/eix;nsf;stephen.pickett@sce.com;smtp
Sent: Mon Apr 01 2013 11:32:28 PDT
To: ted craver/sce/eix@sce;robert adler/sce/eix@sce;jim.scilacci@edisonintl.com;ronald litzinger/sce/eix@sce
CC:
Subject: My notes
Attachments: SEP notes.docx

Importance: Low
Priority: Normal
Sensitivity: None

Here is a typed-up version of my notes from our conversation this morning.

Redacted - AC

Elements of a SONGS Deal

1. Recover pre-RSG investment on a “SONGS 1” basis through 2022 (i.e., with a debt level return).
2. Disallow RSG investment entirely (“out of rate base retroactively”).

Note: not clear whether the post-leak investment that is not directly related to the RSG’s is included (e.g., the new heads, HP turbine, etc.)

3. Customers responsible for all replacement power costs (no disallowance).
4. Any NEIL proceeds go to customers.
5. MHI recovery: to SCE to the extent of any disallowance, then to customers, with some as yet undefined incentive mechanism to encourage SCE to go after MHI to the maximum extent possible for as long as it takes (thinking about the energy crisis settlement as a model).
6. O&M:
 - a. Already approved GRC amounts to shutdown plus some reasonable period beyond (+/- 6 months)
 - b. Ramp down to shutdown level of O&M thereafter.
 - c. Use a subsequent phase of the OII or a separate proceeding to determine the level of ongoing shutdown O&M.
 - d. Shutdown O&M to include “reasonable but generous” severance for affected SONGS employees.
7. Environmental offset: SCE to pay \$5-10 million per year for the remaining life of SONGS (i.e. through 2022) to an agreed upon GHG, climate, or environmental research fund or academic institution. Structured as a charitable donation.
8. Decommissioning to continue to be collected in rates as before through 2022, with reviews as before in triennial CPUC proceedings.

9. Process:

- a. Settlement agreement approved in OII.
- b. Balance of OII closed (except possibly a subsequent phase to determine level of ongoing shutdown O&M).

10. Other notes:

- a. Players in deal: Geesman (A4NR), FOE, TURN.
- b. Protecting labor brings TURN along (Carl Wood chair of TURN board).
- c. Privately stated complaints of SDG&E.
- d. Ron Olson involvement per energy crisis.

From: russell worden/sce/eix;nsf;russell.worden@sce.com;smtp
Sent: Thu Apr 04 2013 12:26:17 PDT
To: stephen e pickett/sce/eix@sce
CC: megan scott-kakures/sce/eix@sce
Subject: Re: Next steps
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

I'm on it. I have the SONGS 1 Settlement and will get it to you.

CONFIDENTIAL ATTORNEY-CLIENT PRIVILEGED AND/OR ATTORNEY WORK PRODUCT
PROTECTED

From: Stephen E Pickett/SCE/EIX
To: Megan Scott-Kakures/SCE/EIX@SCE, Russell Worden/SCE/EIX@SCE,
Date: 04/04/2013 11:48 AM
Subject: Next steps

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In addition to coming up with the financial analysis of the settlement framework we discussed yesterday, I think we need to develop two documents that will help us guide the process along.

First, we should take my notes and turn it into a simple term sheet we could use to help guide the negotiations. Second, we should take the SONGS 1 settlement agreement and the energy crisis settlement agreement as models and produce the shell of a settlement agreement we can use for this purpose. The energy crisis settlement is attached below. Do either of you have a copy of the SONGS 1 settlement agreement? If so, would you please send me a copy.

After thinking about it overnight, it seems to me that the obvious place for us to start is to include the non-RSG CWIP in the "SONGS 1 treatment" portion of the investment (although our financial analysis should identify it separately so we can have an appreciation for the the risks around it. Similarly, we should include the fuel in the "SONGS 1" portion also, amortizing it in the same way we did for in the SONGS 1 agreement (but, again, separately identifying it in the financial analysis for risk assessment purposes). It seems to me that the fewer things we call out for separate treatment the better off we'll be. On the MHI recovery, let's start by using the energy crisis settlement model, and structure it so that we get 100% of the MHI recovery to the point that we have recovered the disallowance, and then split the remaining recovery 90% customer, 10% shareholder. I know that won't fly, but it seems like a reasonable place to start.

I haven't got my head completely around what we do if we get U2 restarted, but Russ' idea yesterday of doing it on some sort of incremental basis was intriguing. Can we somehow flesh that out and put some parameters around how we might deal with that?

On timing, I'm in San Francisco tomorrow for a meeting with Peevey on L.A. Basin reliability. Ron is going to want to pull a subset of the INMG together sometime next week to discuss this, so if we could have something on paper by Tuesday or so it would be great.

[attachment "SCE vs. Lynch Settlement Agmt.pdf" deleted by Russell Worden/SCE/EIX]

From: michael hoover/sce/eix
Sent: Wed May 29 2013 19:22:50 PDT
To: les starck/sce/eix@sce
CC:
Subject: Re: SONGS Press Release: SCE Exercised Responsible Oversight for Replacement Steam Generators at the San Onofre Nuclear Plant
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

In talking with Carol, she indicated that Pickett was well prepared in Poland with specifics, but then nothing has happened. Not making a decision is a decision not to move forward. Mike also told me that Pickett is very frustrated....

From: Les Starck
Sent: 05/29/2013 07:08 PM PDT
To: Michael Hoover
Subject: Re: SONGS Press Release: SCE Exercised Responsible Oversight for Replacement Steam Generators at the San Onofre Nuclear Plant

We need to talk with Pickett ASAP to let him know about your discussions with Peevey. Time is running out. I also have no idea if Ron and Ted are even thinking this way.

Sent from my iPhone

On May 29, 2013, at 6:43 PM, "Michael Hoover" <Michael.Hoover@sce.com> wrote:

We have a small window of opportunity to work with parties to implement a shutdown in exchange for getting our money back. That window will close soon and we will loose a very good opportunity.

From: Les Starck
Sent: 05/29/2013 03:03 PM PDT
To: Michael Hoover
Subject: Re: SONGS Press Release: SCE Exercised Responsible Oversight for Replacement Steam Generators at the San Onofre Nuclear Plant

Boxer has come unhinged...she's done this before to SCE back in the days of the energy crisis. I just heard that she said she would "disembowel" the NRC if they allow restart. What we need is someone with courage at the NRC to stand up to her and do the right thing. We'll see, but my hope is fading.

From: ted.craver/sce/cix;nsf:ted.craver@edisonintl.com;smtp
Sent: Thu Jun 06 2013 20:00:50 PDT
To: bf@[Redacted], brett.white@[Redacted], dickschlosberg@[Redacted], franc@@[Redacted], jeetsbindra@[Redacted], jnogales@[Redacted], peter.taylor@[Redacted], ron.olson@mto.com;tomsa
CC: robert.adler/sce/cix@sce
Subject: Brown-Feinstein-Peevey phone calls
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

Wanted to give you a quick report on my phone calls with Governor Brown, Senator Feinstein and Mike Peevey. They all were quite positive and constructive.

Governor Brown--about 10 minutes (was in Rancho Mirage with Pres. Obama, Chinese). Appreciated call. Asked some questions about decommissioning and number of employees. He said what we were doing seemed right under the circumstances, good to reduce uncertainty, and took a little swipe at NRC bungling the process which was going to cause harm to CA. Fished for whether we were going to blast NRC or Boxer; I said "no, I didn't see any mileage in that. We were taking the high road and focusing on the future and insuring system reliability for our customers." He said he agreed that was best approach. I indicated that I imagined his office would get media calls tomorrow about this and would be looking for his reaction; I indicated that if he was so moved, it would help if he could indicate we had talked and that he thought the company was acting responsibly and focused on the right things. He indicated a willingness to do that.

Senator Feinstein--about 15 minutes. She was incredibly warm, understanding and supportive. Asked several questions about employee impacts, decommissioning process, spent fuel storage. Never specifically mentioned Boxer, but recognized how "tough this must have been for us". Thanked me for all the briefings; said she knew we had worked this issue very hard, trying to do the right thing, been very deliberate, etc, etc. Told me she was going to issue a statement after our call tomorrow complimenting the company and me for doing the right thing for customers and CA, etc. I told her providing the press with positive comments about Edison would be greatly appreciated as a counter-balance to some of the recent jabs to our reputation, and that her offer meant a great deal to me.

President Peevey--actually two calls, as the first one was interrupted by the Governor's call. Constructive, positive. Glad to get this uncertainty over with and focused on their ratemaking OII. Said he was going out with a statement after our investor call; his statement will focus on "urging the parties to meet and see if they could come up with a settlement to submit to the CPUC" and that he was going to convene a task force of sorts including the two utilities and various state agencies to work on insuring reliability. We talked about my call with the Governor, and I asked him to see if he could get the Governor to say something supportive about our handling of the situation and looking forward.

If any of you are dying to get up early and listen to the investor call at 5:30 am Pacific, the details are 1-800-369-2198; passcode "Edison". You may have to give your name to the operator and your company (just say EIX director).

Thanks again for your time today.

From: ted craver (Edison Chairman, President, CEO)

Sent: Thu June 6, 2013 20:00 PDT

To: brett white; dick schlosberg; france cardova; jagjeet bindra; luis nogales; peter taylor; ron olson; thomas Sutton (Edison Board of Directors)

CC: Robert Adler

Subject Brown-Feinstein-Peevey phone calls

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Thanks again for your time today.



Office of Governor
Edmund G. Brown Jr.



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GOVERNOR BROWN ISSUES STATEMENT ON PERMANENT CLOSURE OF SAN ONOFRE NUCLEAR POWER PLANT

6-7-2013

SACRAMENTO – Governor Edmund G. Brown Jr. today issued the following statement regarding Southern California Edison's decision to permanently shut down the San Onofre Nuclear Generating Station.

"Since San Onofre nuclear power plant went offline last year, energy utilities and the state have worked to provide Southern California with reliable electric power year round. At my direction, California's top energy experts will continue developing a long-term plan that ensures there is reliability for decades to come. As we move into the hot summer months, we can all do our part by continuing to conserve."

###



California Public Utilities Commission

505 Van Ness Ave., San Francisco

FOR IMMEDIATE RELEASE

PRESS RELEASE

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

CPUC PRESIDENT COMMENTS ON CLOSURE OF SONGS

SAN FRANCISCO, June 7, 2013 - The California Public Utilities Commission's (CPUC) President, Michael R. Peevey, today issued the following statement regarding Southern California Edison's (SCE) announcement that it will close the San Onofre Nuclear Generating Station:

"SONGS has been a vital part of the Southern California electric supply system since 1968 when Unit 1 began operation, followed by Units 2 and 3 in 1983-1984. Unit 1 was retired in 1992 and now SCE has announced the retirement of Units 2 and 3. The company's decision, given the uncertainty it faces with the inaction of the Nuclear Regulatory Commission and the large economic impact of the non-operation of the two units, is understandable. The challenge now facing Southern California's electric system and economy is what comes next. As the economic regulator of the plant, the CPUC will:

1. Work with critical state and regional government entities, particularly the California Independent System Operator, to ensure Southern California has adequate supply of electricity this summer and into the future. This will require even greater emphasis on energy efficiency and demand response programs, as well as transmission upgrades and enhancements and some new generation resources.
2. Decide, as quickly as possible, who should bear the costs of the lengthy outage of Units 2 and 3.
3. The CPUC acted quickly last year to open an investigation into the outage, protecting ratepayers from unreasonable costs. We urge the various parties in the CPUC's proceeding – ratepayer representatives, environmental advocates, the utility itself, and others – to meet and discuss a joint proposal for permanent shutdown. Such a settlement would then be brought to the CPUC for ultimate disposition, and potentially avoid a protracted litigation that could



delay refunds to ratepayers and extend uncertainty for electric system planners.”

For more information on the CPUC, please visit www.cpuc.ca.gov.

###



United States Senator Dianne Feinstein

Jun 07 2013

Feinstein Statement on Closure of San Onofre Nuclear Generating Station

Washington—Senator Dianne Feinstein (D-Calif.) issued the following statement on the announcement that Southern California Edison would permanently close the San Onofre Nuclear Generating Station:

“From the day the leaks in the steam generators were first discovered, I have said that all decisions about the future of San Onofre should be guided by safety. After more than a year of investigation and analysis by both Edison and the Nuclear Regulatory Commission, the company determined that San Onofre should be permanently decommissioned.

“While this was a difficult decision—and substitute power may be more expensive for California ratepayers—I firmly believe this is the right thing to do for the more than 7 million Californians who live within 50 miles of San Onofre. There was too much uncertainty in restarting San Onofre at this time, and I commend Southern California Edison for selecting the safest option for Southern California.”

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Permalink: <http://www.feinstein.senate.gov/public/index.cfm/2013/6/feinstein-statement-on-closure-of-san-onofre-nuclear-generating-station>

•

From: les starck/sce/eix;nsf;les.starck@sce.com;smtp
Sent: Fri Jun 07 2013 11:58:13 PDT
To: stephen e pickett/sce/eix@sce
CC:
Subject: Fw: SONGS Conversations At the CPUC
Attachments:

Importance: Low
Priority: Normal
Sensitivity: None

The following message body may have embedded images.

See Mike's note below about his discussions with Florio's chief of staff. They're encouraging us to get "out front" early on settling this with the parties and to do everything we can to keep this out of the Commission's hands. They've learned much from the San Bruno effort (i.e. claims that the commission is in the "pockets" of the utilities) and want to avoid a repeat as much as they can.

Who will have the lead in formulating our strategy for settlement?

Les Starck
Senior Vice President
Regulatory Policy & Affairs
Southern California Edison
Office: 415-929-5512
Cell: Redacted--Privacy

----- Forwarded by Les Starck/SCE/EIX on 06/07/2013 11:55 AM -----

From: Michael Hoover/SCE/EIX
To: Catherine Hackney/SCE/EIX@SCE, Laura Genao/SCE/EIX@SCE, Connor J Flanigan/SCE/EIX@SCE, Les Starck/SCE/EIX@SCE, Gary Stern/SCE/EIX@SCE, Megan Scott-Kakures/SCE/EIX@SCE, Russell Worden/SCE/EIX@SCE, Caroline Choi/SCE/EIX@SCE, Gary Schoonyan/SCE/EIX@SCE,
Date: 06/07/2013 11:51 AM
Subject: SONGS Conversations At the CPUC

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I'm sure you-all are thinking along the same lines, but it is really important that we stay in touch on SONGS and what the various agencies are doing saying, etc.

I've touched base with all of the chiefs of staff at the CPUC - most of the Commissioners are out but have already talked to Ted - and they all ask the same question: Is the timing of the decision significant? I tell them that with no decision looming at the NRC, the economics of the plant just don't add up and its time to get on with life - delaying the inevitable hurts our customers, our investors, and our employees.

Sepideh of Florio's office was fairly forthright. She said we need to move quickly to address cost recovery and other shutdown issues going forward. We discussed how to do that in a manner that is inclusive of the parties

and avoids the type of animosity toward the CPUC that has plagued the PG&E San Bruno proceeding. Ideas to consider are filing a motion for Alternate Dispute Resolution at the CPUC, outreach to the leaders of the key stakeholder groups involved in the Songs proceeding to initiate discussions quickly. We agreed that it would be best if SCE got out in front in terms of trying to put a process in place that would result in resolution of the issues in a manner that does not rely on protracted hearings etc. Delay only hurts everyone.

We discussed some of the reliability issues as well. Sepideh has been approached by the water board and they have indicated a willingness to make available all of the pumping load for water projects as Demand Response whenever needed and to re-evaluate their OTC policy. We need to work cooperatively with all of these folks.

Thanks

Michael R. Hoover
Director, Regulatory Affairs
(415) 929 - 5541
San Francisco Office