

# South Texas Nuclear Project—the Record



*NRC Image of South Texas Project, Units 1 & 2.*

*The controversial nuclear power plant was delivered more than four and a half times over the construction budget and seven years behind schedule.*

STNP began construction in 1976, with a promised completion in 1981. Instead, Unit 1 construction was finished seven years late in 1988, and Unit 2 in 1989.

The initial cost estimate made in Dec. 1973 was \$964 million—but the initial definitive cost estimates (DCE) finally came in at \$1.238 billion with actual costs ballooning more than four and a half-fold to \$5.8 billion DCE. If you include capitalized finance charges, the actual real costs came in at \$8.25 billion, or more than six and a half times the initial DCE.

## History of a Troubled Project

- Dec. 6, 1971** Houston Lighting & Power Co. (HL&P), the City of Austin, the City of San Antonio, and the Central Power and Light Co. (CPL) initiate feasibility study of constructing a jointly-owned nuclear plant.
- 1972** A construction company, Brown and Root (Halliburton), lobbies HL&P to win the STNP contract. B&R states in a letter to the utility that the project can be completed for \$424 million and offers a \$1 million “inducement” check to HL&P.
- Sep. 9, 1972** Austin voters decline \$289 in bonds for STNP participation.
- May 15, 1973** Austin Mayor Pro-Tem Dan Love says the city’s failure to approve nuke bonds is “tragic.”
- Jun. 6, 1973** HL&P and CPL announce their plans to build the South Texas Project nuclear plant in Matagorda County on the Texas coast. The initial official cost estimate for the plant: \$964 million.
- Jun. 28, 1973** The San Antonio City Public Service (CPS) Board signs a participation agreement to become an owner of STP.
- Aug. 6, 1973** Brown & Root named project engineer and constructor.
- Sep. 5, 1973** Austin Chamber of Commerce urges STNP participation, saying this is the only way to meet projected demands for electricity in 1982.
- Nov. 18, 1973** Austin voters narrowly approve participation in STNP.
- Dec. 1, 1973** Austin signs nuke contract with HL&P.
- May 19, 1974** Application for plant construction permit submitted to the Atomic Energy Commission, predecessor agency to the Nuclear Regulatory Commission (NRC).
- Dec. 22, 1975** NRC issues construction permits for Unit 1 and 2. HL&P is to be managing utility partner for construction and operation.

- Sep. 24, 1981** Project completion is forecast for June 1989—four years behind schedule. More cost overruns are announced, with final costs estimated at \$4.4 to 4.8 billion, more than four times initial estimates.
- Brown and Root gets fired as architect. Bechtel Energy Corp. is hired as project's new architect/engineer. Brown & Root remains on as project builder.
- Dec. 26, 1981** Owners commence breach of contract lawsuit against Brown & Root, which then withdraws as the project's construction contractor.
- Nov. 3, 1981** Austin voters authorize sale of the city's 16 percent interest in the STP. No buyers are found.
- Feb. 15, 1982** Ebasco Constructors hired to replace B&R as construction contractor.
- Jan. 6, 1983** City of Austin sues HL&P for alleged mismanagement of construction.
- May 30, 1985** A settlement of the Brown & Root lawsuit with project partners is announced. B&R agrees to pay STNP's owners \$750 million.
- Jul. 2, 1986** Audit by Texas Public Utility Commission (PUC) finds that \$1.1 to \$1.3 billion of \$5.5 billion construction costs were due to "imprudent mismanagement." PUC says these figures are over and above the \$750 million provided by B&R in settlement.
- 1987** A Washington, DC watchdog group, the Government Accountability Project (GAP), receives complaints of safety related defects in construction and engineering from three dozen former and current project employees.
- Alleged crimes committed include: harassment and illegal firing of employees who lodged safety complaints; theft of materials; subcontractor price-fixing schemes; and falsification of quality assurance/quality control reports.
- Aug. 12, 1987** Additional overruns of \$100 million announced, bringing total project pricetag to \$5.5 billion. San Antonio Mayor Cisneros vows to sue HL&P if further overruns occur.
- Sep. 1987** Austin reaches tentative agreement to give HL&P its share of STNP in exchange for 400 megawatts of replacement power. Austin's City Council refuses to hold hearings on GAP allegations to keep the negotiations alive. The deal ultimately comes apart when other partners refuse to share any costs of settlement with HL&P.
- Oct. 16, 1987** PUC conducts hearings on STNP. The agency says a finding on whether or not it is economical to finish Unit 2 will be delivered in 1988—three years after PUC first ordered the study.
- Contrary to Mayor Cisneros' professed dissatisfaction, the *San Antonio Express News* reports that CPS told the PUC that it is "satisfied with STP progress."
- Nov. 8, 1987** *San Antonio Express News* says fifty-seven plant employees are alleging widespread and serious safety hazards in a 'whistleblower' complaint to the NRC. HL&P admits to the federal agency that two of their workers falsified inspection reports.
- Mar. 8, 1988** Unit 1 goes critical; enters commercial operation on Aug. 25.
- Mar. 18, 1988** NRC fines HL&P \$75,000 for safety violations.
- Feb. 17, 1988** The *Austin Light* newspaper reports, "There are currently more than 650 allegations concerning safety, costs and criminal activities brought by people who have worked on the project."
- NRC Region IV becomes a target for a US Senate committee investigation for

allegedly “corrupt” oversight of construction practices at STNP and Comanche Peak, another B&R project. Sen. John Glenn says the agency is “more lapdog than watchdog.”

- Jan. 1989** Fire causes a leak and loss of cooling, causing reactor scram.
- Mar. 12, 1989** Unit 2 reached initial criticality; goes into commercial operation Jun. 19.
- Jul. 15, 1989** State court in Dallas unanimously rules HL&P doesn’t owe Austin any damages for construction project mismanagement.
- Mar. 1991** Cracked fuel injector nozzles are found and have to be replaced.
- Dec. 1991** Valve fails to open, a causing rapid decrease in reactor pressure and forcing a scram.
- Dec. 1992** STNP management claims records for electric generation by a Westinghouse reactor in a single fuel cycle (Unit 1) and for a US reactor in a calendar year (Unit 2). However, in late December, a series of pump malfunctions begins in both units.
- Feb 1993** Both units are taken offline to resolve problems with steam-driven auxiliary feedwater pumps. They will not return to service until March (Unit 1) and May (Unit 2) of 1994. NRC fines HL&P \$500,000 for safety violation and places STNP on a “watch list” of facilities with serious safety-related issues.
- Feb. 16, 1994** NRC chair Ivan Selin tours STNP and declares plant “as well designed and as good a physical facility as there is in the United States.”
- Feb. 22, 1994** City of Austin sues HL&P for \$120 million in damages resulting from the shutdown, including \$51 million in higher electricity costs for utility customers.
- Dec. 31, 1995** STNP management claims national and global records for electric generation due to improving operations.
- May 1, 1996** HL&P and the City of Austin reach an out-of-court settlement. Austin agrees to drop all litigation against HL&P; both parties agree to form a separate operating company to run STP.
- Dec. 1996** Control rods for Unit 1 fail to insert properly into reactor core.
- Jul. 1999** Emergency diesel generator is inoperable for three days.
- Dec. 2002** Four massive steam generators are replaced in Unit 2.
- 2003** Unit 1 shut down after inspection during refueling reveals coolant leaks.
- Feb. 9, 2005** Unit 2 shut down due to cooling system leaks.
- Jun. 19, 2006** NRG Energy files a Letter Of Intent with the NRC to build two 1358-Mwe Advanced Boiling Water Reactors at the South Texas Project site.
- Sep. 24, 2007** NRG filed a full application with the NRC to build two GE ABWRs at the STNP site. This is the first full application for a new reactor to the NRC since 1979.  
The proposed expansion would generate an additional 2,700 MW of electrical generating capacity, doubling the size of the existing STNP complex.
- Dec. 11, 2007** *San Antonio Express News* says, “Planning for an addition to the South Texas Project nuclear plant is costing CPS Energy \$206 million.” The newspaper reports CPS contributed half of \$80 million for the NRC application.

## **CHRONICLES OF CONTROVERSY: SAN ANTONIO EXPRESS-NEWS - 'STNP' HEADLINES**

<b>STP facing \$75,000 fine</b>	July 30, 1991
<b>19 disciplined at STP plant</b>	December 20, 1991
<b>NRC accused of 'whitewashing' nuke plant charges</b>	May 24, 1993
<b>South Texas Project's management under fire again</b>	June 6, 1993
<b>Cost increase blamed on STP shutdown</b>	June 21, 1993
<b>N-plant worries mayor CPS briefs board on status of STP costing more</b>	June 24, 1993
<b>July bills 9.3%, CPS says</b>	June 29, 1993
<b>CPS rejects report on cost to fix South Texas N-plant</b>	July 27, 1993
<b>STP leak is termed no danger</b>	December 11, 1993
<b>EDITORIALS Why so little outrage over mess at STP?</b>	March 3, 1994
<b>Rick Casey Is it time to quit STP as \$3 billion+ mistake?</b>	March 7, 1994
<b>STP zaps electric bills 9%</b>	March 24, 1994
<b>STP costs of legal fight rise</b>	June 25, 1994
<b>Fight brewing over secret STP settlement</b>	June 29, 1995
<b>Utility wants users to foot plant costs</b>	December 9, 1995
<b>State considers above-ground storage of nuke waste</b>	April 1, 2000
<b>Nuke proposal meeting draws fans and foes</b>	September 1, 2000
<b>COMMENT: Nuclear fast track endangers citizens</b>	February 6, 2008
<b>Alarm bells should be ringing over nuke project</b>	February 7, 2008
<b>Nuke design may cost CPS \$206 million</b>	February 14, 2008
<b>Foes claim nuke plant cost estimate low-balled</b>	October 3, 2007
<b>CPS caught in bind of growth and costs</b>	March 25, 2008
<b>Solar might be better gamble than nuclear</b>	April 16, 2008
	May 21, 2008