

South Texas Nuclear Project—the Record



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

The controversial nuclear power plant was delivered more than five 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 actual costs ballooned more than five-fold to \$5.5 billion.

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, 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.