

Panel gives small victory to utilities in nuke plant lawsuit

March 14 2017, by Andrew Dalton

An arbitration panel on Monday awarded California utilities \$125 million in a lawsuit claiming that Mitsubishi Heavy Industries supplied faulty steam generators that helped lead to the closure of the San Onofre nuclear plant—a hollow victory that was a tiny fraction of the \$7.6 billion sought by Southern California Edison and its partners.

The contract had capped the Mitsubishi's liability at \$137 million, but Edison had sought more, saying that fraud and gross negligence on the part of the Tokyo-based contractor led to devastating effects on the plant.

"We had hoped the award would more accurately reflect the true magnitude of damage caused by Mitsubishi's defective steam generators," Edison President Ron Nichols said in a statement. "Unfortunately, the arbitration panel concluded that the contract's prescribed liability limit should be respected and no additional award can be granted despite the harm caused."

One panel member agreed with the utilities, saying in a dissent that Edison should have gotten over \$1 billion.

Mitsubishi didn't dispute that the steam generators it provided experienced unacceptable deterioration, but said it had upheld its warranty obligations and the award should be within the liability cap.

The contract also said that such disputes would be settled in arbitration.

Edison will split the money with plant co-owners San Diego Gas & Electric and the city of Riverside.

Under a settlement with state regulators, those co-owners will pay \$1.4 billion in shutdown costs for the plant, while their customers will be on the hook for the other \$3.3 billion, an amount Edison said it had hoped to reduce with a victory over Mitsubishi.

The twin-domed, seaside plant, located between Los Angeles and San Diego, was closed in 2012 after a small radiation leak led to the discovery of extensive damage to hundreds of tubes inside virtually new steam generators. That shutdown was supposed to be temporary, but San Onofre was shuttered for good in 2013 after a fight with environmentalists over whether it was safe to restart.

The Utility Reform Network, a consumer advocate commonly known as TURN, said in a statement that it was a shame that a bigger sum wasn't awarded, but that customers are being bilked either way.

"Just because Mitsubishi cannot be forced to pay doesn't mean that ratepayers should bear the brunt of the costs caused by Edison's mismanagement," the group's statement said.

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