

FILE:

FROM: Duke Power Company Charlotte, N. C. 28201 W. S. Lee			DATE OF DOC 4-10-74	DATE REC'D 4-12-74	LTR X	MEMO	RPT	OTHER
TO: Mr. Giambusso			ORIG 1 signed	CC	OTHER	SENT AEC PDR X SENT LOCAL PDR X		
CLASS	UNCLASS	PROP INFO	INPUT	NO CYS REC'D		DOCKET NO: 50-269/370/287 50-369/370 50-413/414 PROJECT # 496		
	XXXX			1				

DESCRIPTION: Ltr re their 4-2-74 ltr....furnishing info concerning Duke-Power Company's quality assurance organization planned for implementation next month.....

PLANT NAME: Oconee 1, 2 & 3  
McGuire 1 & 2  
Catawba 1 & 2  
Perkins/Cherokee 1, 2 & 3

ENCLOSURES:

**Do Not Remove**  
**ACKNOWLEDGED**

FOR ACTION/INFORMATION 4-17-74 AB

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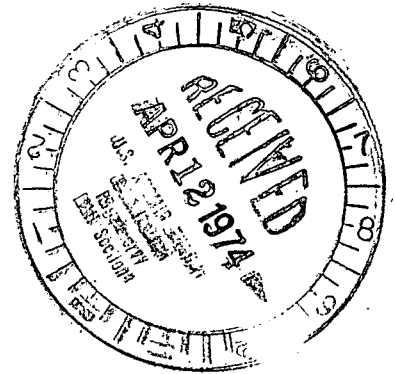
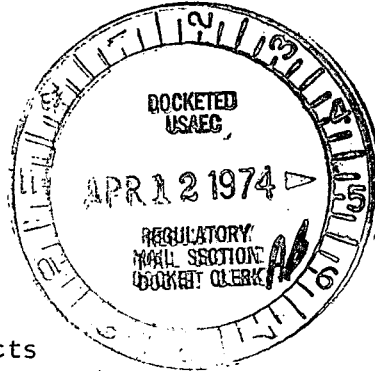
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## DUKE POWER COMPANY

POWER BUILDING, BOX 2178, CHARLOTTE, N. C. 28201

WILLIAM S. LEE  
SENIOR VICE PRESIDENT,  
ENGINEERING AND CONSTRUCTION

April 10, 1974



Mr Angelo Giambusso  
Deputy Director for Reactor Projects  
Directorate of Licensing  
Office of Regulation  
U S Atomic Energy Commission  
Washington, D C 20545

Re: Oconee 1, 2 & 3  
Docket Nos 50-269, 50-270, 50-287

McGuire 1 & 2  
Docket Nos 50-369, 50-370

Catawba 1 & 2  
Docket Nos 50-413, 50-414

Project 81

Perkins 1, 2 & 3 ) Application tendered for  
Cherokee 1, 2 & 3 ) completeness review 3-29-74. } PROJECT # 496

Dear Mr Giambusso:

My letter of April 2, 1974 advised of a change in Duke Power's quality assurance organization planned for implementation next month. As requested by the staff, this is to amplify Item 3 of that letter with respect to meeting provisions of the ASME Code. This amplifying information applies to the McGuire Station in connection with our pending applications to the ASME for an owner's certificate and code stamps. Whereas our quality assurance organization applies to all stations, the ASME review has no current relevancy to the Catawba, Perkins and Cherokee Stations inasmuch as we plan the timely filing of applications to the ASME for those plants in the future.

After our McGuire application for ASME owner's certificate and code stamps, we were visited by an ASME survey team in January 1973. That survey team reviewed our quality assurance program and organization and found them in conformance with the ASME code. As a result, the ASME issued us interim authorization letters, constituting the first step leading to code stamps. Another ASME survey team visited in December 1973, and determined that in their view, our organization did not fully meet the requirements of the ASME code. This finding was contrary to the earlier findings of the first ASME team. In a letter dated January 15, 1974, copy attached, the ASME advised us of the second team's findings consisting of

Mr Angelo Giambusso

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April 10, 1974

fourteen observations, results and conclusions. Each of these fourteen comments relates to matters of organizational structure such as who reports to whom and what types of duties are assigned to our professionals. We have met with the appropriate ASME representatives and advised them of our plans for the revised quality assurance organization, as we have advised you, and another team is scheduled to make a survey in May after implementation of these plans. We fully expect to receive our McGuire owner's certificate and ASME code stamps when needed.

As indicated in my letter to you of April 2, the AEC Regulatory Staff and the Appeal Board have approved our present QA organization and program with respect to 10CFR50, Appendix B. The proposed organization will be implemented with full confidence that it too will fully satisfy Appendix B, and it represents another step in the continuing advancement of Duke's quality assurance program for the several reasons given in my April 2 letter.

Yours very truly,



W S Lee

WSL/s

Atta

cc Mr Max D Paglin, Esq  
Mr Ralph S Decker  
Randolph R Mahan, Esq  
Bernard M Bordenick, Esq  
Alan S Rosenthal, Esq  
Mr Jesse L Riley  
Nathaniel H Goodrich, Esq  
Mr Frank W Karas  
Mr Norman C Moseley  
Dr Frederick P Cowan



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United Engineering Center / 345 E. 47th St., New York, N.Y. 10017 / 212 752-6800

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January 15, 1974

Duke Power Company  
General Offices  
422 South Church Street  
Charlotte, N.C. 28201

Att: R.L. Dick  
Vice President, Construction

Subject: ASME Nuclear Survey - McGuire Nuclear Station

Dear Sir:

The Subcommittee on Nuclear Certification (SCNC) met on January 8, 1974 and considered the Survey Team's Report of their visit of December 17, 18 and 19, 1973. The purpose of this letter is to advise you of the actions taken by the Subcommittee and the findings of the Survey Team.

The Subcommittee voted to withhold any action with respect to your applications for Owner's, "NA" and "NPT" Certificates, and with respect to your existing Interim Letters, until the next meeting of the Subcommittee to be held March 4, 1974. Prior to that meeting, you and your representatives are invited to meet with a Task Group of the Subcommittee, the Team Leader and ASME Staff representatives for the purpose of further discussion of your applications. If you desire such a meeting, please inform the writer in order that he may work with the Task Group Chairman in establishing a meeting date. Depending upon other commitments, other members of the Subcommittee may attend.

The Survey Team reported to you that they would recommend the issuance of an Owner's Certificate, but that a resurvey is necessary with respect to the "NA" and "NPT" Certificates. The resurvey would cover both revisions to the Quality Assurance Manual and implementation of the controlled manufacturing system. The Survey Team also stated an opinion that the Interim Letters may not be valid at this time, since the demonstration survey indicated that the program outlined in your Manual was not implemented in a manner meeting Section III requirements. The SCNC voted not to issue the Owner's Certificate at this time, because of the status of your other applications. At the November, 1973 meeting, the Main Committee established a policy that Interim Letters would not be

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issued to applicants who unsuccessfully attempted to demonstrate implementation of a Quality Assurance Program. Consistent application of this policy would require the cancellation of a previously granted Interim Letter upon failure to satisfactorily demonstrate implementation.

The previous paragraph indicates the probable action which SCNC will take in March if ASME and Duke Power are unable to develop alternatives. Because Duke Power may be somewhat unique with respect to present organization and breadth of participation, we have herein suggested that a meeting be held. Hopefully, the following contents of the Survey Team Report will assist Duke Power personnel to better understand our position and to develop an alternative approach.

A summation of the observations, results and conclusions of the Survey Team is as follows:

1. There is no evidence that any drawings, specifications, procedures, travellers, check lists, or any other documents used for manufacturing (all containing Quality Assurance and Quality Control requirements), are reviewed for Quality Assurance and Quality Control requirements by personnel responsible for Quality Assurance prior to use.
2. Because of the above there is no apparent Quality Assurance planning by Quality Assurance personnel on any part of the operations.
3. Duke considers each engineer and each manufacturing man to be Quality Assurance personnel. (Observation)
4. Quality Assurance personnel are scattered throughout the various departments, and evidently the original interim survey team were told that all of the Quality Assurance functions were performed in each department, taking their Quality Assurance functional direction from the central Quality Assurance Manager. In fact, the manual indicates this method of operation. However, the implementation survey indicates this is not true. The only Quality Assurance operation in all departments is the auditing for efficiency of operations and not against full compliance with the ASME Code Section III.
5. The Quality Assurance section in the Mechanical Engineering Dept. performs vendor audits for vendor qualification. Sometimes they make recommendations for approval of vendors and sometimes they only furnish data without a recommendation. The principle engineer in the Mechanical Engineering Department states that he has the

right to override the recommendation and opinions of Engineering Quality Assurance (and has done so in the past on the McGuire job). There is no Quality Assurance direction from the central Quality Assurance Manager here (as outlined in the manual).

6. The Senior Vice-President for Construction and Engineering has been designated the Corporate Quality Assurance Manager, and is the executive in charge of Quality Assurance. (Observation)
7. The Construction Quality Assurance Manager performs an audit function only. The organizational charts and the manual show that all of the Quality Assurance direction for all of the various departmental Quality Assurance groups comes from this Construction Quality Assurance Manager, but the implementation survey reveals that this is not so.
8. The Construction Quality Assurance Manager only works approximately 50% of his time on Quality Assurance. The other 50% of the time is spent as "Manager of Construction Services", reporting to the Manager of Construction, and handling construction problems. There is no organizational freedom possible and demonstrated under this type of operation.
9. There is no Quality Assurance group in the field site operations performing Quality Assurance functions and participating in the Quality Assurance planning operations, such as assisting in preparation of travellers and inspection check lists, inspection procedures, etc. These are all performed by the field site engineering department. The charts and the manual in this instance do not indicate any quality assurance direction or functional responsibility.
10. The field site Quality Assurance Engineer performs only an auditing function, auditing against the above provisions of the manual but not to complete code compliance.
11. Field Inspection is under the direction of the Field Engineer, without any Quality Assurance or Quality Control direction from the Quality Assurance Department.
12. The proper philosophy of ASME Section III quality assurance and quality control is outlined in Section C of the Duke Manual, but the method of operation outlined in the operational sections of the manual (and studied in the implementation survey) would not allow the fulfillment of that philosophy, and would not meet ASME Section III requirements.

January 15, 1974

13. Every Quality Assurance Supervisor (except the field site Quality Assurance Engineer) carried split responsibilities, part with Quality Assurance and part with other departments, not allowing organizational freedom as required by Section III.
14. Resolution of non-conformities is handled by Construction and Engineering groups without the participation of any Quality Assurance groups in the planning or corrective stages.

Yours truly,



Peder T. Martino  
Nuclear Engineering Administrator

PTM:sb

cc: J. Earthman, ASME Team Leader  
W.E. Cooper, Chairman, SCNC  
B. Whitley, Chief Inspector, State of North Carolina  
E.L. Kemmler, Hartford SBI&I  
S.F. Harrison, National Board of Boiler and Pressure Vessel Ins.