

cket Nos. 50-413/414

OCT 12 1983

MEMORANDUM FOR: Virgil L. Brownlee, Chief
Reactor Project Section 2B
Region II

FROM: Walter P. Haass, Deputy Chief
Quality Assurance Branch
Division of Quality Assurance,
Safeguards, and Inspection Programs, IE

SUBJECT: DUKE POWER COMPANY ORGANIZATION FOR QC

By phone call to J. Spraul on October 7, 1983, you requested that we address the Duke Power Company (DPC) QC organization for construction at Catawba. Our memo to you of October 6 addressed DPC's organization for QA per your earlier request, and this memo addresses DPC's organization for QC.

We have reviewed docketed information concerning DPC's organization as it relates to QC for Catawba and developed the enclosed chronology. The chronology shows that the NRC staff has also found the DPC organization for QC acceptable (i.e., meeting the requirements of Appendix B to 10 CFR 50) from about two years before the construction permit was issued for Catawba to the present.

We suggest that the above information be included in the response to the GAP letter to refute the allegation concerning the independence of DPC's organization for QC at Catawba. If you require additional assistance in this regard, continue to contact Jack Spraul on FTS 492-4530.

Walter P. Haass, Deputy Chief
Quality Assurance Branch
Division of Quality Assurance,
Safeguards, and Inspection Programs
Office of Inspection and Enforcement

Enclosure: Chronology of
Documented Events

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Catawba (Duke Power Company)
QC Organization Development

Chronology of Documented Events

- October 12, 1973 Safety Evaluation Report issued by NRC. Section 17 discusses DPC's QC organization and states: "In the area of construction, we have reviewed the independence, responsibilities, authorities, and specific duties of the QA inspectors in the electrical, mechanical, welding, and civil disciplines. Figure 17.6 shows a further breakdown of the Construction Department QA organization. DPC has stated that these inspectors perform objective acceptance inspections and are full time inspectors who are independent from the construction and production craftsmen and foremen. DPC states that these inspectors have clear stop-work authority and the responsibility to refer problems to their supervision."
- A copy of SER Figure 17.6 is enclosed as Enclosure 1. Pertinent conclusions of the staff, taken from the SER, were given in the October 6 chronology. Basically, the staff concluded that DPC's organizational structure was acceptable.
- October 1973 Draft Standard Review Plan issued.
- February 1974 Standard Review Plan Revision D issued.
- The pertinent acceptance requirements for QC in both these documents were:
1. "Verification of conformance to established quality requirements (i.e., inspections) for safety-related structures, systems, and components is accomplished by individuals or groups who do not have direct responsibility for performing the work being verified." (10 CFR 50 Appendix B Criterion I).
 2. "Inspection personnel are independent from the individual or group performing the activity being inspected." (10 CFR 50 Appendix B Criterion X)
- October 1, 1974 DCP topical report on QA indicates that the February 14, 1975 QA organization "has final review and approval of inspection procedures and reports and certification of inspectors." The pertinent organization chart shows the site QA staff reporting directly to a Senior QC Engineer who is shown with a "functional" reporting line to the Project Senior QA Engineer within the DPC QA organization. A copy of this chart (Figure 17.1-8, Amendment 1) is also enclosed.

April 17, 1975 NRC staff reports acceptability of DPC's February 14, 1975 submittal.

August 1975 Construction Permit issued for Catawba.

March 1979 Standard Review Plan Revision 1 issued.

Revision 1 included item 1 (above) of the draft SRP and SRP Revision 0, but it revised item 2 to read as follows:

2. "Organizational responsibilities are described. Individuals performing inspections are other than those who performed or directly supervised the activity being inspected and do not report directly to the immediate supervisors who are responsible for the activity being inspected. If the individuals performing inspections are not part of the QA organization, the inspection procedures, personnel qualification criteria, and independence from undue pressure such as cost and schedule should be reviewed and found acceptable by the QA organization prior to the initiation of the activity."

There was no requirement that utilities with Construction Permits change their QA program to meet this revised requirement. The DPC organization for QC at Catawba continued to be acceptable to the staff.

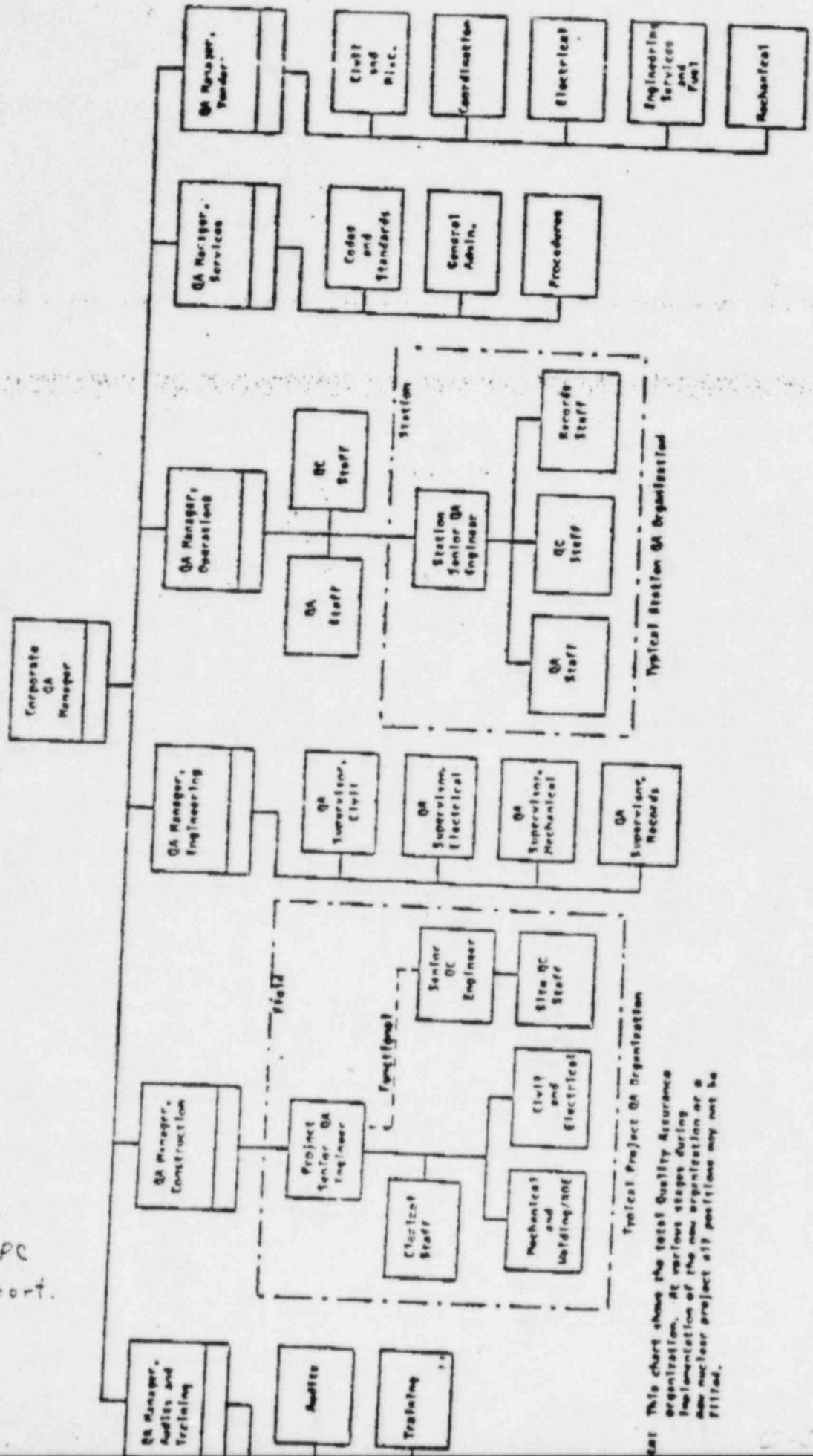
February 9, 1981 DPC informed the staff that the site QC staff was being brought into the QA organization for both functional and administrative controls.

July 14, 1981 NRC staff reports acceptability of having DPC construction QC included in the DPC QA organization.

TOPICAL REPORT
QUALITY ASSURANCE PROGRAM

FIGURE 17.1-8

QUALITY ASSURANCE DEPARTMENT - ORGANIZATION CHART



Amendment 1

ENCLOSURE 2.
Figure from DPC
Topical Report.

This chart shows the total Quality Assurance organization. At various stages during implementation of the new organization or a new nuclear project all positions may not be filled.

GOVERNMENT ACCOUNTABILITY PROJECT
Institute for Policy Studies
1901 Que Street, N.W., Washington, D.C. 20009

(202) 234-9382
(202) 667-5223

October 13, 1983

Dear Quality Control Inspector:

As you know, the issue of Quality Assurance and Quality Control implementation at the Catawba nuclear plant is the subject of much discussion right now among the Nuclear Regulatory Commission, concerned citizens and Duke Power.

Some months ago the Palmetto Alliance, a group opposed to nuclear power on environmental and safety grounds, asked the Government Accountability Project (GAP) to conduct an independent investigation of the Catawba plant. We reviewed almost all of the procedures used by the various crafts in QA/QC work on the site since the beginning of construction. We reviewed all of the information that the NRC staff has compiled about Catawba, and we have talked to numerous plant employees and former employees. Our investigation produced numerous concerns. These are summarized in a 46-page report to the NRC Commissioners submitted last month. If you would like a copy of the report we will be glad to provide it to you.

We also asked the Commissioners to require a "vertical slice" audit of all safety systems at the plant — that is, to hire an independent consultant to look at a cross section of each system and determine the "as-built" condition of that system, as well as whether or not it matches the design of the plant. Finally, we asked the Commissioners to request an investigation into improper activities by Duke Power Company management at Catawba, as well as an investigation into the "too close" relationship between the NRC and Duke.

The Atomic Safety and Licensing Board (ASLB) is now conducting hearings about Quality Assurance problems on the site. Because workers have told us that they fear reprisals, loss of their job, and various forms of harassment the Palmetto Alliance requested a "protective order" under which workers can offer information to the Board about the actual condition of the plant. I have included a copy of that order for you. As you can tell, the order asks any workers who have concerns to do so by supplying a brief statement with your name and a way to contact you, a short summary of your concerns, and also the reason that you wish to have your identity protected by October 21, 1983. You may deliver this yourself, or through an intermediary. GAP will be presenting some statements to the Board on October 21, 1983.

Any worker who wishes to use GAP as an intermediary is invited to do so. GAP has extensive experience with nuclear workers at plants across the country — workers who are concerned about the safety of the plants they are building, workers who have been harassed while attempting to be the "watchdog." Contact us at the above number or at 202-667-7904 / or Palmetto Alliance at 803-254-8132 collect if necessary.

Our understanding of the Catawba facility grows every day. Information, pieced together with documentary evidence is beginning to form a clear picture of a serious quality assurance breakdown at the site. Although the cause of such a breakdown is unclear, it appears that the lack of independence of QC/QA from construction and QC supervision has contributed heavily to error on the side of construction/cost pressures. We are particularly concerned about a number of practices, listed below,

and would hope that any information about the extent of these procedures would be communicated to the NRC, the ASLB, or to us:

-- The process of verbally voiding Nonconforming Items. We understand that for a great part of the construction at Catawba QC inspectors were frequently "overridden" by Construction personnel or QA tech supervisors when they identified NCI conditions. The process of not identifying these deficiencies in any way, of course, raises numerous questions about the problems which may have been incorrectly approved.

-- The process of making design changes to match construction deficiencies without the proper engineering review. The practice of field engineering changes to systems often defeats the purposes of stringent QA/QC requirements.

-- The problems of QA/QC inspectors with management personnel who tend to define arguments over hardware deficiencies as "communications problems" with their supervisors. Of particular concern to us is the Employee Relations Department's involvement in disputes between craft and QA/QC over work quality.

-- Finally, we are hearing about workers who either do not trust the NRC, or who believe access to the NRC is severely limited by Duke. Employees should know that they are protected by 42 U.S.C. §5851, which states,

No employer...may discharge any employee or otherwise discriminate against any employee with respect to his compensation, terms, conditions, or privileges of employment because the employee ... (1) commenced (or is about to commence)...(any inspection or enforcement action) under the Atomic Energy Act of 1954, (2) testified or is about to testify in any such proceeding, or (3) assisted or participated in any (inspection or proceeding).

Any employee who believes that he has been discharged or otherwise discriminated against by any person in violation of (this law) may within thirty days after such violation occurs file a complaint with the Secretary of Labor alleging such discharge or discrimination.

In other words, workers who have information which concern them can not only go to the Board, the NRC Staff, but also to GAP, the Palmetto Alliance, and/or to the newspapers and still be protected by law for exposing the uncorrected problems that are of concern to them. If any employee is fired, harassed or intimidated under these conditions, the Department of Labor provides for a hearing before an Administrative Law Judge for relief, reinstatement, back pay, or an order to the utility to stop the harassment.

We sincerely hope that the majority of the QA/QC inspectors on the site are not under any pressure to approve faulty work, or to look away from QA/QC violations. We have developed great respect for QA/QC inspectors at nuclear sites across the country and the Catawba welding inspectors in particular. As one NRC official recently said in a New York Times article, "QA/QC still depends on inspectors who are willing to risk their job to insure safety."

We wish you all the best of luck, and thank those who have had the conviction to insist that work be done "by the book."

Respectfully,

Billie Pirner Garde

Billie Pirner Garde

1 UNITED STATES
2 NUCLEAR REGULATORY COMMISSION

3
4 NOTICE

5 The Atomic Safety and Licensing Board is presently
6 holding a hearing concerning quality assurance procedures and
7 the quality of construction of the Catawba nuclear
8 facility, particularly in the area of welding inspection. The
9 parties in the case are Duke Power Company, the NRC Staff,
10 and Palmetto Alliance, an intervenor group. Any present
11 or former employee at Catawba who has personal knowledge about
12 significant defects in construction or in quality assurance
13 procedures at Catawba may submit on a confidential basis to
14 the Board alone a statement which provides the following
15 information:

- 16 1. The person's name and telephone number and/or
address.
- 17 2. A brief description of the concern.
- 18 3. A brief explanation of why the individual desires
19 his concern to be expressed in closed, rather
than public, hearings.

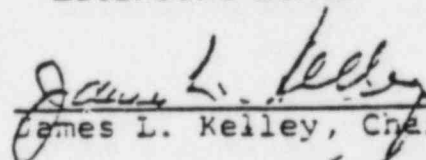
20 The Board will review any statements it receives and then
21 decide, in consultation with counsel for the parties to the
22 case, whether and how to conduct a closed hearing in which the
23 identities of the witnesses would be kept confidential. The
24 Duke Power Company's attorney and possibly another representative
25 of the company would attend the closed hearing, as well as

1 representatives of the NRC Staff and Palmetto Alliance.
2 However, they would be ordered not to disclose the identities
3 of the witnesses. The prospective witnesses should realize
4 that under this procedure, their identities would be
5 substantially protected from any further disclosure, but complete
6 protection from such disclosure would not be guaranteed.

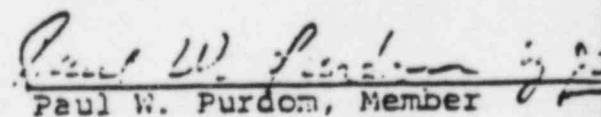
7 Confidential statements must be filed with the Board
8 by the deadline date of October 21, 1983. Statements may
9 be delivered to the Board in a sealed envelope at the Office
10 of the Clerk in the Federal Courtroom in Rock Hill at Old
11 Post Office Building, Second Floor, Caldwell and Main Streets,
12 Rock Hill, South Carolina, or to the Ramada Inn in Rock Hill
13 (at I-77 and 21 North) where the Board is staying. Statements
14 may be delivered personally or by an intermediary.

15
16 October 12, 1983
17 Rock Hill, S.C.

THE ATOMIC SAFETY AND
LICENSING BOARD

18
19 
James L. Kelley, Chairman

20 
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21
22 
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25



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

November 1, 1983

U.S. NRC

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OFFICE OF INVESTIGATIONS
HEADQUARTERS

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Docket Nos: 50-413
and 50-414

MEMORANDUM FOR: Atomic Safety and Licensing Board for
Catawba Nuclear Station, Units 1 and 2

FROM: Thomas M. Novak, Assistant Director
for Licensing
Division of Licensing
Office of Nuclear Reactor Regulation

SUBJECT: QA/QC INVESTIGATIONS AT CATAWBA
(BOARD NOTIFICATION NO. 83-175)

In accordance with the NRC procedures for Board Notifications, the following is provided for your information.

The NRC Office of Investigations (OI) has opened two investigations regarding the Duke Power Co.'s Catawba Nuclear Power Plant. The first investigation pertains to allegations regarding a possible lack of QA/QC independence and related issues. The second investigation pertains to allegations regarding welding QC inspectors. We will inform you of any significant findings regarding these matters as the investigations permit.

Thomas M. Novak, Assistant Director
for Licensing
Division of Licensing
Office of Nuclear Reactor Regulation

cc: See next page

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Catawba Unit 1
Docket No. 50-413/414

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Mr. David A. Ward

CATAWBA (For BNS)

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cc: North Carolina MPA-1
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Case File

100TH CONGRESS

CHARLES E. UDALL, ARIZ. CHAIRMAN

Fax to Joe Gilliland Region II

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COMMITTEE ON INTERIOR AND INSULAR AFFAIRS 37

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

November 1, 1983

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The Honorable Nunzio Palladino
Chairman
United States Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Chairman:

I am writing to express concern over the Commission's efforts to pursue allegations of safety-related deficiencies at nuclear construction sites. Events of recent weeks are evidence that the NRC has not yet learned to cope with the potential for actual existence of major flaws at nearly completed plants.

Recent allegations of a QA breakdown at the Catawba site have been one such instance. Testimony before the Atomic Safety and Licensing Board has revealed that safety problems were repeatedly brought to the attention of NRC staff who then proceeded to disclose the substance and the source of the information to the licensee.

I understand the board has now taken the unprecedented step of soliciting testimony from current employees under an express grant of confidentiality. Thus it appears that the licensing board, as well as the employees of the licensee, are unwilling to place confidence in the NRC staff.

This episode pinpoints the problem encountered by workers who report safety problems to the NRC and who, in doing so, may fear disclosure of their identities and subsequent retaliation. I am aware of the report issued in September by the "Advisory Committee for Review of Investigation Policy on Rights of Licensee Employees under Investigation." I understand this committee was formed, in part, to respond to the problems of "whistleblowers." The committee's report, however, fails to address the selective use of grants of confidentiality.

II 8401164L33 2pp

11/1...To EBO to Prepare Response for Signature of Chairman and Comm
Review..Date due Comm: Nov 14..Cpys to: RF, OCA to Ack...83-2459

F-51

SF-1

The Honorable Nunzio Palladino

November 1, 1983

The use of confidentiality in selected instances is a powerful tool in investigations. It is used effectively by any number of federal agencies and now is apparently being used by the Catawba licensing board. The history of NRC investigations demonstrates the need for procedures to allow use of this important tool in a manner providing protection to licensee employees and the public.

Accordingly, I believe the NRC should adopt procedures which assure that employees will receive confidential status when the information provided by such employees will aid NRC investigations.

Sincerely,

Morris K. Udall
MORRIS K. UDALL
Chairman

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

NOV 23 1983



Ms. Billie Pirner Garde
Director, Citizens Clinic
Government Accountability Project
Institute for Policy Studies
1901 Que Street, N. W.
Washington, D. C. 20009

Dear Ms. Garde:

I have read with interest your letter of October 28, 1983, responding to my letter of October 24, 1983. I was pleased to note that the Government Accountability Project (GAP) has urged workers having safety-related concerns to bring them to the NRC.

I would reiterate my confidence in the ability of Region II to conduct a thorough and objective evaluation of allegations they have received in the past or may receive in the future. I assure you, my expressed confidence in Region II and the NRC staff is not an expression of loyalty or personal obligations to any individual manager. This confidence has, instead, developed from close interactions over a long period of time.

The Office of Investigations has recently opened two investigations at Catawba dealing at least in part with information contained in your September 14, 1983 petition. The first investigation pertains to allegations regarding a possible lack of QA/QC independence and related issues. The second investigation pertains to allegations regarding welding QC inspectors. This represents one of the normal courses of action taken by the agency when allegations are received.

Please be assured that it is my intent to continue to pursue issues that have potential for impacting on the protection of the public health and safety.

Sincerely,

William J. Dircks
Executive Director for Operations

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