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10/17/83

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD



In the Matter of)
DUKE POWER COMPANY, et al.)
(Catawba Nuclear Station,)
Units 1 and 2))

Docket Nos. 50-413
50-414

TESTIMONY OF JAMES R. WELLS

- 1 Q. STATE YOUR NAME AND BUSINESS ADDRESS.
- 2 A. James R. Wells, Duke Power Company, 422 S. Church Street,
3 Charlotte, North Carolina 28242.
- 4 Q. STATE YOUR PRESENT POSITION WITH DUKE POWER COMPANY
5 AND DESCRIBE THE NATURE OF YOUR JOB.
- 6 A. My present position is assistant to the Executive Vice President for
7 Engineering and Construction, Mr. W. H. Owen. The duties
8 involve special assignments relating to the management of the
9 various departments reporting to Mr. Owen.
- 10 Q. DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND
11 QUALIFICATIONS, INCLUDING YOUR PRIOR POSITIONS HELD
12 WITH DUKE POWER COMPANY.
- 13 A. I have a Bachelors and Masters Degrees in Civil Engineering from
14 Georgia Institution of Technology. I am a registered Engineer in
15 North Carolina and South Carolina. I have been employed by Duke
16 Power for 26 years. I have held several positions within the
17 Construction Department and I was Corporate Quality Assurance
18 Manager for 8 years beginning in February 1974. For the past 1½
19 years I was an on-loan employee of Duke Power assigned to the
20 Institute of Nuclear Power Operations (INPO) to assist in developing
21 their Construction Project Evaluation Program. I

1 returned to Duke in my present job on August 1, 1983. I have
2 attached my Resume to my testimony as Attachment 1 which sets
3 forth my professional experience and qualifications in more detail.

4 Q. DESCRIBE YOUR INVOLVEMENT WITH WHAT WE NOW REFER TO AS
5 THE WELDING INSPECTOR CONCERNS AT CATAWBA.

6 A. The concerns first surfaced while I was Corporate QA Manager.
7 The pay classification of welding inspectors at each of Dukes
8 nuclear facilities was lowered as a result of a study made by the
9 Duke Personnel Department. This pay reclassification resulted in a
10 lower pay range for welding inspectors. The pay reclassification
11 was announced in July 1981. Inspectors at the various facilities
12 disagreed with the reclassification, and some inspectors pursued the
13 matter through the company Recourse procedure. During the
14 processing of these recourses, a number of inspectors at Catawba
15 expressed some concerns that went beyond the pay issue and
16 appeared to raise questions about the quality of construction and
17 the safety of the plant. These concerns were first expressed to me
18 and Gail Addis of the personnel department sometime shortly after
19 July 1981 while we were involved in processing the pay recourses.

20 Q. DID YOU PARTICIPATE IN ESTABLISHING THE POSITION OF
21 WELDING INSPECTOR AT DUKE POWER COMPANY?

22 A. Yes.

23 Q. DESCRIBE THE CIRCUMSTANCES SURROUNDING THE CREATION
24 OF THE WELDING INSPECTOR POSITION.

25 A. Prior to the start of construction of its first nuclear plant, the
26 Oconee Station, Duke Power did not have a welding inspection
27 program. The line supervision was responsible for ensuring that
28 welds were of satisfactory quality. During the construction of the

1 Oconee Station the NRC's predecessor, the AEC, required Duke to
2 develop an inspection program for safety related activities. In
3 response to the AEC, we established in 1967 an inspection program
4 at Oconee. This program called for inspectors to have either 2
5 years prior experience as an inspector or as a welder. The initial
6 welding inspectors were those with two years welding experience,
7 since Duke, given the fact that the inspector program was just
8 comencing, did not have any in house inspectors with two years
9 experience. These welders were placed in the quality control
10 organization, which at that time was part of the Construction
11 Department.

12 Q. HAVE THESE QUALIFICATIONS CHANGED?

13 A. Some changes have been made since we first began inspecting welds
14 at Oconee. In the early 1970's the American National Standards
15 Institute (ANSI) standard on qualification of inspectors was
16 published. This standard N45, 2-6 required a certain amount of
17 experience and training for inspectors. When this standard was
18 published, all of our inspectors met the experience requirements
19 because they had been doing inspections for some period of time.

20 The ANSI standard did not result in a change in the
21 qualifications for inspectors make the process of certification more
22 formal and they required additional documentation. Subsequently,
23 in April 1974 Duke formally committed to meet this ANSI standard.

24 Q. WAS PRIOR WELDING EXPERIENCE ALWAYS ONE OF THE
25 REQUIREMENTS FOR THE INSPECTOR JOB?

26 A. As noted above, prior welding experience was never an absolute
27 requirement for the job. It was one of the ways an individual
28 could meet experience requirements. The ANSI standard outlined

1 the qualifications necessary to be a welding inspector. One of
2 those qualifications was that an inspector have a certain amount of
3 experience, and that could be obtained in a number of ways. It
4 could be gained by being a welder, being an inspector, or working
5 under the direction of an inspector. After the standard was
6 published, in the mid-1970 timeframe we began establishing training
7 programs to qualify inspectors who did not have previous welding
8 experience.

9 Q. HOW DID DUKE ASSURE THAT ITS WELDING INSPECTORS HAD
10 THE PROPER QUALIFICATIONS AND CREDENTIALS AFTER THE
11 ANSI STANDARDS WERE ESTABLISHED?

12 A. From the very beginning of our inspection program, Duke had
13 inspectors who were qualified. It has been our practice in the Duke
14 QA program to review new standards and adopt them, if applicable,
15 as soon as practical. This is what we did with the standards for
16 welding inspectors. When this standard was adopted by Duke, all
17 of the inspectors qualifications were reviewed to be sure they met
18 the requirements of the standard. When new inspectors were
19 certified, their training program consisted of classroom instruction
20 and on-the-job training to be sure that they met the standard.

21 Q. DID THESE CHANGES IN THE QUALIFICATIONS FOR WELDING
22 INSPECTORS RESULT IN LESS QUALIFIED WELDING INSPECTORS?

23 A. No. In some ways it strengthened their qualifications. Aside from
24 teaching them to determine adequacy of the welds, the training
25 program gave the inspectors some insight into the reasons welds are
26 rejected and why it is necessary to observe certain characteristics
27 of the welding process. While we feel that the original inspector

1 qualifications were entirely adequate, the later training built on this
2 and made better inspectors.

3 Q. WHEN WERE YOU APPOINTED CORPORATE QUALITY ASSURANCE
4 MANAGER?

5 A. February 1, 1974.

6 Q. WAS THIS A NEW POSITION?

7 A. Yes.

8 Q. HOW WAS THE QUALITY ASSURANCE FUNCTION HANDLED AT
9 DUKE POWER PRIOR TO YOUR ASSUMING THE NEWLY CREATED
10 POSITION OF CORPORATE QUALITY ASSURANCE MANAGER IN
11 1974?

12 A. For many years it was handled exclusively within each department.
13 In 1973, Mr. W. S. Lee took on the additional duty as Corporate
14 QA Manager to coordinate the QA functions. At that time Mr. Lee's
15 position was Senior Vice President of Engineering - Construction.

16 Q. WERE YOU INVOLVED IN THE ORIGINAL ORGANIZATION AND
17 STAFFING OF THE QA DEPARTMENT?

18 A. Yes.

19 Q. PLEASE DESCRIBE THE INITIAL ORGANIZATION AND STAFFING.

20 A. Initially most of the people doing QA functions in the several
21 departments such as Design, Construction and Production were
22 transferred to the newly formed QA Department and continued to do
23 their same jobs. Some functions were combined for better

1 utilization of people. Essentially the same people performed the
2 same jobs they previously performed, but with the new
3 organization, they were all in the same department.

4 Q. DESCRIBE THE INITIAL QA ORGANIZATION AT THE CATAWBA
5 SITE.

6 A. There was a Senior QA Engineer at the site who was responsible for
7 the functional direction of the QA program i.e. assuring that the
8 plant was being built to meet established quality standards. This
9 included the QA direction of the inspectors, the review and
10 approval of procedures, the review of the paperwork and the
11 surveillance of work in progress. Administratively, the inspectors
12 were on the payroll of Construction and received their day to day
13 instructions from the supervision of that Department. We referred
14 to this as administrative direction. Simply put, QA was responsible
15 to see that the inspections were done in compliance with the
16 requirements; Construction was responsible to see that the
17 inspections were performed in a timely manner consistent with their
18 need to schedule work.

19 Q. DID THIS QA ORGANIZATION INCLUDE THE QUALITY CONTROL
20 INSPECTORS?

21 A. No, the QC inspectors were in the Construction Department.
22 However, they were subsequently transferred to the QA department
23 in January 1981.

24 Q. WERE YOU INVOLVED IN THE DECISION TO TRANSFER THE QC
25 INSPECTORS FROM THE CONSTRUCTION DEPARTMENT TO THE QA
26 DEPARTMENT?

1 A. I was involved in some discussions with Mr. Owen and the Vice
2 President for Construction, R. L. Dick, in late 1980 concerning the
3 transfer of QC inspectors to the QA Department.

4 Q. WHY WERE THE INSPECTORS MOVED TO THE QA DEPARTMENT?

5 A. In the original organization of the QA Department it was decided to
6 put the inspectors in the Construction Department for administrative
7 reasons. It was felt that their work could be better scheduled by
8 Construction and that the job would flow smoother. I am not
9 thoroughly familiar with the reasons for the transfer since it was
10 initiated by R. L. Dick, the Vice President for Construction. I
11 agreed to the transfer at the time. From the standpoint of a
12 satisfactory QA program, it did not matter whether the inspectors
13 were in the Construction Department or the QA Department. I
14 believe that a QA program can function either way. There are
15 certain advantages to assigning inspectors to either department. I
16 have seen the inspection program work either way very successfully
17 in other companies and I do not believe that this transfer had any
18 material affect on the QA Program.

19 Q. WERE YOU INVOLVED IN THE PROCESS WHICH SETS THE PAY
20 CLASSIFICATION FOR INSPECTORS?

21 A. Yes.

22 Q. DESCRIBE WHAT HAS OCCURRED WITH RESPECT TO THE PAY
23 CLASSIFICATION.

24 A. I do not know what happened prior to 1981 on the pay issue
25 because I did not have responsibility for pay administration of the
26 inspectors prior to that time. In early 1981 when the inspectors
27 were transferred to QA, their pay classification was reexamined.
28 The Personnel Department was asked to study the pay of the

1 welding inspectors at the construction sites as well as several
2 categories of inspectors at the operating plants. This study was
3 done in the first half of 1981.

4 Q. WHAT WAS THE RESULT OF THE 1981 STUDY OF THE WELDING
5 INSPECTOR PAY CLASSIFICATION BY THE CORPORATE
6 PERSONNEL DEPARTMENT?

7 A. This study resulted in a reclassification of the position and a
8 reduction in the pay grade of the inspectors.

9 Q. HOW DID YOU COMMUNICATE THE DECISION OF THE CORPORATE
10 PERSONNEL DEPARTMENT CONCERNING PAY RE CLASSIFICATION
11 TO THE WELDING INSPECTORS?

12 A. We held a series of meetings with the inspectors at each of Dukes
13 nuclear facilities. The meetings were not limited to Catawba
14 inspectors.

15 Q. WHAT WAS THE RESPONSE OF THE WELDING INSPECTORS TO
16 THIS PAY RECLASSIFICATION?

17 A. They disagreed with the reclassification, and were of course
18 disappointed and did not seem to understand the reasons for the
19 decision. They said that they did not believe the people making
20 this recommendation really understood the job of an inspector.
21 They believed there job required higher skills and knowledge than
22 the category they had been reclassified to, and therefore they
23 should have higher pay.

24 Q. WHAT DID THE INSPECTORS DO AFTER THE RECLASSIFICATION
25 WAS ANNOUNCED AND YOU HAD MEETINGS WITH THEM TO
26 DISCUSS THE DECISION?

27 A. They expressed their disagreement with the decision. They felt
28 that the reclassification was wrong. A number of inspectors

1 initiated a Recourse under the company procedure to seek review of
2 the decision to reclassify their job.

3 Q. WERE YOU INVOLVED AS CORPORATE QA MANAGER IN
4 RESOLUTION OF THESE RECOURSES?

5 A. Yes.

6 Q. DESCRIBE YOUR INVOLVEMENT AT EACH LEVEL OF THE WELDING
7 INSPECTOR PAY RECOURSE.

8 A. The Company recourse process has three levels of review. The
9 first level recourse involved a response by me. I told the
10 inspectors, who were from Dukes various nuclear facilities, that a
11 professional group had evaluated the positions and pay grades, and
12 that I had confidence in the work and conclusions of the group. I
13 expressed my confidence in the inspectors' work and asked their
14 understanding.

15 The second level of the recourse involved the Employee
16 Relation Department. Gail Addis, Director of Employee Relations,
17 was involved at this second level, or Step 2. The purpose at Step
18 2 is to reevaluate the decision with the assistance of the employee
19 relations staff. Ms. Addis and I interviewed the inspectors at each
20 of Duke's nuclear facilities, to be sure we understood their
21 recourses. The decision on the recourse was not changed at the
22 second level.

23 At the third level, my involvement was minimal. The decision
24 at this point was with the President of the company. I was kept
25 informed of what actions were being taken, but I had no role at
26 this stage.

27 Q. WHAT HAPPENED WITH THE PENDING RECOURSE?

1 A. It was decided by the Duke Power Company President. The
2 position reclassification was upheld.

3 Q. DURING THESE INTERVIEWS WITH WELDING INSPECTORS, DID
4 MATTERS OTHER THAN THEIR VIEWS ABOUT THE PAY
5 RECLASSIFICATION COME TO YOUR ATTENTION?

6 A. Yes, some concerns that appeared to affect the quality of
7 construction were brought out at the second level of the recourse.

8 Q. WHAT DID YOU DO AFTER THESE CONCERNS CAME TO YOUR
9 ATTENTION?

10 A. I asked the inspectors to let me have a list of their concerns and I
11 would investigate them. Thereafter, I reported the matter to W. H.
12 Owen. A task force was appointed by W. H. Owen to investigate
13 the concerns.

14 Q. DESCRIBE YOUR INVOLVEMENT WITH THE INITIAL TASK FORCE,
15 WHAT IS NOW REFERRED TO AS TASK FORCE I.

16 A. The task force interviewed me but I had no other involvement with
17 them.

18 Q. THE CONCERNS EXPRESSED BY THE WELDING INSPECTOR WERE
19 INITIALLY CHARACTERIZED AS CONCERNS AFFECTING THE
20 QUALITY OF WORK OR THE SAFETY OF THE CATAWBA PLANT.
21 IN YOUR VIEW, DID THE CONCERNS EXPRESSED BY THE WELDING
22 INSPECTORS AFFECT THE QUALITY OR THE SAFETY OF THE
23 CATAWBA PLANT?

24 A. Not in any way. I believe the primary concern was pay. Indeed,
25 the concerns that were raised to me were raised in the context of
26 justifying higher pay; they were not brought to me as safety
27 issues.

1 Q. IN YOUR VIEW, DID THIS EXPRESSION OF CONCERNS BY THE
2 WELDING INSPECTOR INDICATE THAT THERE WAS A BREAKDOWN
3 IN THE QA PROGRAM AT CATAWBA OR THAT THE QA PROGRAM
4 WAS NO LONGER WORKING AT CATAWBA?

5 A. No.

6 Q. HAVE YOU HAD ANY OTHER INVOLVEMENT WITH THE WELDING
7 INSPECTOR CONCERNS, THE TASK FORCE INVESTIGATIONS, OR
8 THE IMPLEMENTATION OF RECOMMENDATIONS FROM THE
9 VARIOUS TASK FORCES?

10 A. No.

11 Q. ARE YOU FAMILIAR WITH THE 1981 SALP REPORT?

12 A. Yes.

13 Q. THE SALP REPORT RATES THE CATAWBA PROJECT "BELOW
14 AVERAGE", BASED IN PART ON CRITICISM OF THE QA PROGRAM.
15 IN YOUR VIEW, DOES THIS SALP REPORT INDICATE THAT THERE
16 ARE SIGNIFICANT OR SYSTEMATIC DEFICIENCIES IN THE QA
17 PROGRAM AT CATAWBA?

18 A. No. In my view the SALP rating does not indicate that there were
19 systematic or significant deficiencies in the QA Program at Catawba.

20 Q. WHAT IS THE BASIS FOR YOUR VIEW THAT THE SALP REPORT
21 DOES NOT INDICATE THAT THERE ARE SYSTEMATIC
22 DEFICIENCIES IN THE QA PROGRAM AT CATAWBA?

23 A. The SALP rating did not take into account the level of activity at
24 the plant. Rather it was based on the raw number of violations
25 which were recorded during the timeframe utilized by the NRC (i.e.
26 6-18 months prior to the issuance of the 1981 SALP Report). The
27 more violations the lower the rating. However, the number of these
28 items is not indicative of an inadequate QA Program. A larger

1 number of violations is common and expected if construction is
2 proceeding at a substantial pace as was the case during the time
3 the NRC conducted its review. Also, the SALP Report does not
4 compare the status of construction at the various plants rated.

5 Q. ARE YOU FAMILIAR WITH THE ACTIONS TAKEN BY DUKE POWER
6 IN RESPONSE TO THE VIOLATIONS THAT WERE THE BASIS FOR
7 THE SALP EVALUATION?

8 A. Yes.

9 Q. DESCRIBE WHAT WAS DONE IN RESPONSE TO THESE VIOLATIONS.

10 A. Each violation was handled as it was identified. Some of these
11 items were resolved two years before the SALP report. There was
12 nothing specifically to be done as a result of the SALP report
13 because all items were corrected when they were detected. I might
14 note that a glaring deficiency of SALP was its failure to take
15 Duke's corrective action into consideration in arriving at its rating.

16 Q. DESCRIBE THE ROLE OF QC AND QA SUPERVISION AND THE
17 RESOLUTION OF NONCONFORMING ITEMS (NCI's) WHILE YOU
18 WERE CORPORATE QA MANAGER.

19 A. When quality control inspectors detected an item for which they felt
20 a nonconformance should be written, they completed an NCI form
21 and routed it to their supervision. After their supervision
22 approved it, the NCI was then routed to quality assurance. If QC
23 supervision felt that the problem could be corrected in another
24 manner, it was their responsibility to void this NCI and handle it in
25 another manner. This, in no way, meant that the problem was not
26 corrected, but just that it may have been done by another means.
27 All inspectors were instructed to pursue matters up through

1 management if they felt that matters were not being corrected, or
2 NCI's were improperly voided.

3 Q. IS THERE ANYTHING IMPROPER OR INCONSISTENT WITH A
4 SOUND QUALITY ASSURANCE PROGRAM FOR A SUPERVISOR TO
5 REVIEW A WRITTEN NCI BY AN INSPECTOR AND VOID THE NCI
6 BECAUSE IN THE SUPERVISOR'S JUDGMENT THE NCI SHOULD
7 NOT BE WRITTEN?

8 A. No. The supervisors are fully qualified to make decisions as to the
9 significance of any problem identified by the inspectors. The first
10 level supervisors had experience as inspectors. Other levels of
11 supervision above the first line were similarly well qualified to make
12 judgments about the significance of items identified by inspectors.
13 In many instances there is a range of acceptability in the inspection
14 where judgement should be exercised to determine if a specific item
15 should be nonconformed. Supervisors are required to make these
16 judgements based on their familiarity with QA procedures, and
17 applicable requirements.

18 I might note that the QA program includes random inspections
19 and audits to identify any construction deficiencies that might not
20 otherwise be identified. Such a process serves as a check on the
21 judgement of supervisors.

22 Q. HAS THE PRACTICE OF VERBALLY VOIDING NCI'S CONTINUED
23 AT CATAWBA?

24 A. No.

25 Q. WHAT PERCIPITATED THE CHANGE AND WHEN WAS THE CHANGE
26 MADE.

27 A. I recommended to W. H. Owen in January 1982, but the practice
28 stopped because it seemed to concern some inspectors.

1 Q. WAS RECOMMENDATION ACCEPTED?

2 A. Yes, and the practice was stopped in December 1981.

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7 I hereby certify that I have read and understand this document, and
8 believe it to be my true, accurate and complete testimony.

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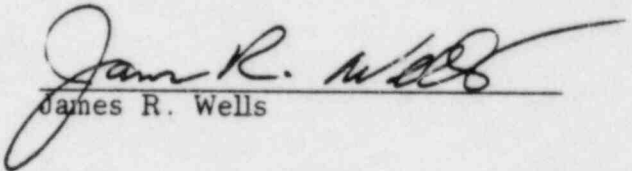
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James R. Wells

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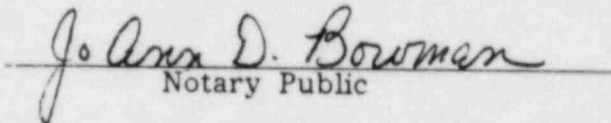
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Sworn to and subscribed before me
this 23 day of September, 1983.


Notary Public

22 Commission Expires 7-12-88