HAYWARD TYLER

29 May 2001

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555-0001

SUBJ: Reply to a Notice of Nonconformance

REF: NRC Inspection Report 99900345/00-201

Gentlemen:

In our 21 December 2000 response to the Nonconformances noted in the above referenced NRC Inspection Report we stated that we did not agree with Nonconformance #99900345/00-201-01. We explained why we did not agree with the Nonconformance and asked the NRC to reconsider this Nonconformance.

In the NRC letter of 17 May 2001 advising us that Bill Rogers would be visiting us again during the week of 21 May 2001 for further inspection activities, you advised us that you "do not agree with our basis for requesting the NRC to reconsider the Nonconformance and therefore the Nonconformance remains upheld." You further stated that we would have an opportunity during Bill's inspections visit to discuss our response.

After discussing this Nonconformance further with Bill Rogers and Richard McIntyre, I advised them that although we still feel that there is no conflict of interest in this particular case in our organization, that we will change our organizational structure/job responsibilities so that Doug Roszman, our Quality Assurance Manager, no longer has responsibility for contract administration of Nuclear and/or Safety Related new unit orders. As we had pointed out previously, the contract administrators for Nuclear and Safety Related spare parts orders, shop service orders, and field service orders never did report to Doug. The responsibility for contract administration of Nuclear and Safety Related new unit orders will be transferred to Bonnie Hale. Bonnie is our Corporate Controller and she previously worked in contract administration for approximately three (3) years. This change will be effective on Monday, 04 June 2001 and we will make the necessary changes to our Q.A. Manual this week and forward them to our Authorized Nuclear Inspection Agency for their review along with the revisions that they are currently reviewing. This should allow you to close out this Nonconformance along with Nonconformances 9900345/00-201-02, 03 and 04.

If you have any additional questions, please contact Doug Roszman or myself.

Very truly yours,

Dennis M. Smith
Vice President & General Manager

cc: Chief, IQMB, Division of Inspection Program Management
Office of Nuclear Regulation
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Doug Roszman, Hayward Tyler, Inc.
Bonnie Hale, Hayward Tyler, Inc.

Hayward Tyler Inc., P.O. Box 680, 480 Roosevelt Highway, Colchester, Vermont 05446
Tel # (802) 655-4444 Fax # (802) 655-4682 e-mail: htinc1@earthlink.net

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