



Caldon, Inc.

March 20, 2003

U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Attention: Document Control Desk

Subject: Reply to a Notice of Nonconformance (NRC Inspection Report 99901311/2002-201)

Dear Sir or Madam,

This letter provides Caldor's response to the Nuclear Regulatory Commission (NRC) Inspection Report and Notice of Nonconformance, dated February 20, 2003 (99901311/2002-201). That report was a result of inspection efforts at Caldor's Pittsburgh facility on November 4 through 6, 2002, and inspection activities at the Alden Research Laboratories of Holden, Massachusetts, from October 28 through 30, 2002:

The inspection enabled the NRC to verify information contained in Caldor's topical reports with respect to the accuracy of the Caldor flow measuring systems. During the course of the inspection two minor violations of 10 C.F.R. Part 21 were identified by the inspectors which did not warrant a notice of violation. No response to those matters was required. Nonetheless, Caldor notes that it has addressed those violations.

In addition, during that inspection the NRC Staff inspectors concluded that irrespective of actual safety classifications by Caldor customers, the Quality Assurance (QA) requirements of 10 C.F.R. Part 50, Appendix B, had been imposed, contractually, by certain NRC-licensee clients. Accordingly, the inspection included a review of the Caldor Appendix B program. Two deficiencies in that program were identified and described in the Notice of Nonconformance accompanying the inspection report. Specifically, the Notice of Nonconformance cites: (1) Caldor's inability to produce a QA audit report of its principal supplier of pipe stock; and (2) the technical and quality requirements set forth in the certificate of conformance (C of C) provided by that supplier were deficient in that they did not contain certain required information. These deficiencies do require a written response, which is provided, herein.

In response to those nonconformances, Caldor has undertaken the following corrective actions

Actions Taken to Correct the Findings and Dates of Completion:

1. Caldor conducted an audit of Wisconsin Centrifugal's Nuclear Quality Program on January 9, 2003, to assure that program meets the requirements of 10 C.F.R. Part 50, Appendix B, and 10 C.F.R. Part 21. The audit report is dated January 24, 2003. Wisconsin Centrifugal has responded to the audit findings by their letter dated March 19, 2003. Caldor is reviewing their response and will initiate any necessary follow up actions by April 21, 2003. Further, Caldor intends to perform an audit of this type at least once every three (3) years.

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2. Caldton has obtained a corrected C of C in the form of a certified material test report (CMTR) from Wisconsin Centrifugal Division of MetalTek International. That document reflects the applicability of 10 C.F.R. Part 50, Appendix B, and 10 C.F.R. Part 21 requirements. The revised C of C (CMTR) was obtained from Wisconsin Centrifugal on March 6, 2003.

Actions Taken to Prevent Recurrence and Dates of Completion

1. Caldton Quality Control personnel have received additional training with respect to completeness of audit review documentation to assure the completeness of required documentation, including descriptions related to the applicable codes and standards such as 10 C.F.R. Part 50, Appendix B, and 10 C.F.R. Part 21 and confirmation of the basis for test report conclusions and C of C's, as applicable. The re-training was completed on March 5, 2003.
2. Caldton will audit Wisconsin Centrifugal at least once every three (3) years. Accordingly, the next audit of this supplier will be accomplished by no later than December 2005.

Should you have any questions regarding this response, please do not hesitate to contact me. Caldton does not consider this letter to be confidential or to contain proprietary information requiring protection as specified in 10 C.F.R. § 2.790.

Regards,



Ernest Hauser
President, Caldton Nuclear Division

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