



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

April 5, 2007

Mr. Kirk Kelhofer, President
Crane Nuclear, Incorporated
2825 Cobb International Boulevard
Kennesaw, GA 30152-4352

SUBJECT: NRC RESPONSE TO THE CRANE NUCLEAR, INCORPORATED JUNE 21,
2006, LETTER REGARDING NRC INSPECTION REPORT 99901358/2006-201

Dear Mr. Kelhofer:

Thank you for your letter dated June 21, 2006, in response to the Notice of Violation (NOV), and Notice of Nonconformance (NON) that were discussed in the U.S. Nuclear Regulatory Commission (NRC) Inspection Report 99901358/2006-201 for the Crane Nuclear, Incorporated (CNI) facility in Kennesaw, Georgia. The NRC inspection was a limited scope inspection which focused on selected portions of CNI's Quality Assurance program and CNI's 10 CFR Part 21 program. NRC inspection reports are not intended to endorse or approve quality assurance or 10 CFR Part 21 programs.

We have reviewed your letter and find that your reply to the Notice of Violation and the Notice of Nonconformance was responsive to our concerns. We have no further questions regarding the notices. However, we determined that some of your statements in your response regarding the provisions and implementation of 10 CFR Part 21 are not completely correct. These issues are clarified in the enclosure to this letter. We may review the implementation of your corrective action during a future NRC inspection to determine that full compliance was achieved and maintained.

In accordance with 10 CFR Part 2.390, "Public inspections, exemptions, and requests for withholding," a copy of this letter and its enclosure will be placed in the NRC's Public Document Room. If you or your staff has any questions regarding this matter, we will be pleased to discuss them with you. Please contact Mr. Victor Hall at (301) 415-2915 if you have any questions or need assistance regarding this matter.

Sincerely,

(Original /s/ by K. G. O'Brien for P. Hiland)

Patrick L. Hiland, Director
Division of Engineering
Office of Nuclear Reactor Regulation

Docket No.: 99901358

Enclosure: As Stated

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. K. Kelhofer

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cc w/encl: Mr. Stephen H. Fowler, QA Manager
Crane Nuclear, Incorporated
2825 Cobb International Boulevard
Kennesaw, GA 30152-4352

Mr. K. Kelhofer

- 2 -

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**NRC COMMENTS REGARDING
THE CRANE NUCLEAR, INCORPORATED
JUNE 21, 2006, RESPONSE TO THE NOTICE OF VIOLATION**

In the Crane Nuclear, Incorporated (CNI) response to the Notice of Violation (NOV) cited in NRC Inspection Report 99901358/2006-201 for the CNI facility in Kennesaw, Georgia, CNI stated:

Based on the NRC's conclusion that the change in gage factor should have been classified as a deviation, CNI has performed a 10 CFR Part 21 evaluation and determined that since no test results would have been impacted by the change in gage factor, no substantial safety hazard or defect existed. Therefore, no customer notification of the "deviation" was required.

NRC Response:

Contrary to CNI's statement that a 10 CFR Part 21 evaluation was performed "based on the NRC's conclusion," the basis for the evaluation was the fact that the torque gage factors were outside of their original range. This anomaly in gage factor constituted a departure from the technical requirements stated in the procurement document for the gages. Therefore, the anomaly should have been recognized as a deviation, as defined in §21.3 of 10 CFR Part 21. CNI's responsibility to recognize and evaluate deviations is legally imposed by 10 CFR Part 21, and should not have been prompted by NRC conclusions from an inspection report.

In addition, CNI's determination that test results would not have been impacted by the change in gage factor does not address key points of a 10 CFR Part 21 evaluation. The technical evaluation performed as part of the resolution for CAR 157 provided valuable input into the nature of the potential deviation and its effects. However, it did not specifically address the potential to create a substantial safety hazard (i.e., a loss of safety function for any facility license by the NRC). The NRC staff would expect that information regarding these types of deviations would be provided to the facility licensees who are capable of evaluating deviations to determine whether a substantial safety hazard could exist.

The NRC inspectors find that most vendors are usually not aware of the specific application of their products or services at NRC licensed nuclear power facilities and, therefore, do not have the capability to evaluate deviations pursuant to Part 21. Although individual vendors are well aware of their product design, materials, and services, the NRC staff has found that most vendors do not appropriately evaluate identified deviations or failures to comply, as they could relate to a specific licensee application, system interaction, technical specification requirement, safety limit, or other NRC license requirements. NRC NUREG 0302, "Remarks Presented (Questions/Answers Discussed) at Public Regional Meetings to Discuss Regulations (10 CFR Part 21) for Reporting of Defects and Noncompliance," Revision 1, clarifies that "It is expected that in most instances the supplier's evaluation would require discussion with the purchaser."

ENCLOSURE