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February 20, 2008

U.S. Nuclear Regulatory Commission
Document Control Desk

Washington, D.C. 20555-0001

Attention: Document Control Desk
CC: Chief, Quality and Vendor Branch 1, Division of Construction Inspection and Operational Programs, Office of New Reactors

Subject: **REPLY TO A NOTICE OF NONCONFORMANCE**

Reference: Nonconformance 99900061/2007-201-03

1) Actions taken to correct nonconformance:

The audit reports presented during the audit were reviewed by the Quality Audit Manager who then interviewed the responsible Lead Auditors. In all instances it became clear that, despite the scarcity of information recorded in the report the information verified during the audit is suitable. For example, when references are made to CMTRs the following are verified: the CMTR, purchase orders for raw material, approved vendors, travelers, receiving inspection, gauges and equipment used, material identification and traceability, inspection and test reports. For data packages or certificates the following are verified: purchase orders; drawings, shop orders, approvals, test reports, personnel qualifications, procedures and instructions, etc. We concluded that the evidence reviewed during the audits was sufficient to justify the approval of our suppliers.
No corrective action is deemed necessary at this time.

2) Actions taken to prevent recurrence:

We recognize that our audits may appear thin on substance to someone unfamiliar with our practice. From this point on all auditors have been instructed via memo to either capture more of the information reviewed in the report or collect and attach sufficient evidence to support the approval decision.

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3) Corrective and preventive action completion dates:

Preventive actions were completed on February 18.

We trust this meets with your acceptance. Should additional information be required please feel free to contact the undersigned.

Sincerely yours,

Velan Inc.

A handwritten signature in black ink, appearing to read 'Victor Apostolescu', set against a light gray, textured background.

Victor Apostolescu, Eng.
Vice President Quality Assurance

cc: A.K. Velan, T.C. Velan, I.C. Velan, G. Perez, D. Bowers, B. Nilsson, Z. Palko, C. Correa

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