

September 13, 2010

U.S. Nuclear Regulatory Commission  
 Mr. David W. Pstrak, Chief  
 Rules, Inspections and Operations Branch  
 Licensing and Inspection Directorate  
 Division of Spent Fuel Storage and Transportation  
 Office of Nuclear Safety and Safeguards  
 Washington, D.C. 20555-0001

**RE: Quality Assurance Status Report – Meeting – Dated September 13, 2010****Century Industries Statement**

Dear Mr. Pstrak,

Century Industries would like to take a moment to review where our QA Program was, what we've learned and what's been accomplished. During the past three years we have been dedicated to the development of our new Versa-Pac Shipping Container, along with the quality requirements for design, testing and preparation of the SAR. However, in doing so with a limited staff, we had neglected the details in other aspects of the overall QA Program. We have learned, during the course of the last several months, that there was much work to be completed to bring our program back into full implementation and that additional personnel, planned as we grew, were needed to provide the separation of responsibilities between management, production and quality prior to moving forward. What's been accomplished is outlined in the table below for your review.

**REQUIRED ACTION STATUS TABLE**

| <b>Needed Action</b>  | <b>NR, CAR &amp; Update Reports</b> | <b>Required Action</b>  | <b>Status</b> |
|---|-------------------------------------|---|---------------|
|   |                                     | <b>CAL No. NMSS-2010-001</b>  |               |
| Review NRC Inspection Team Report and Initiate NR and CAR's | Non-Conformance Report # 1008       | Wrote Non-Conformance Report & Associated Corrective Action Reports   | Completed     |
| Independent Review of Report, QA Manual & SOP's             | N/A                                 | New Quality Assurance Manager conducted an independent review and assessment of QA Manual, & SOP's upon hiring. | Completed     |
| Management Controls   | CAR# 0001                           | Hired a QA Manager (Mr. Andy Ross) to re-establish and provide Independence & Separation                        | Completed     |

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| Non-Conforming Items & Corrective Action | CAR# 0002 | Revised SOP's to better establish the technical basis for the disposition non-conforming items. Investigated and review records to assure that NR's are properly entered into the NR Record Log and that Accountability Logs and reports are properly disseminated to the appropriate management.               | Completed |
| Documentation                            | CAR# 003  | Completed a full review & updated SOP's for missing and incomplete information. Reviewed all training records and logs for completeness and accuracy. Ensured that all controlled copies of the QA Manual had the appropriate revision. Established shop locations for SOP's for easy access by shop employees. | Completed |
| Audits                                   | CAR# 0004 | Conducted an internal audit of QA Program for implementation & Reviewed & Revised SOP's as required. Updated the AVL to include all safety related service contractors and services.  | Completed |
| Design Controls                          | CAR# 0005 | Amended MTES (Engineering Design Group) purchase order to more fully describe contract requirements and responsibilities associated with the design functions. Reviewed all design records and made necessary corrections to provide missing signatures on the design records.                                  | Completed |
| Fabrication Records                      | CAR# 0006 | Reviewed and updated all procedures and SOP's associated with fabrication to ensure that individuals are properly trained and records available, reviewed welding procedures and qualification records for completeness. Conducted a series of new qualification test.  | Completed |
|  |           | <b>Response Letter 07-17-10 – Items Not Addressed Above</b>   |           |
| Purchasing                               | N/A       | Hired Purchasing Agent, Ms. Heather Little to handle purchasing responsibilities for Safety related items   | Completed |
|  |           | <b>Re-Inspection July, 2010 Response Letter Dated 08-19-10</b>  |           |
| Use-As-Is Disposition                    | CAR 0010  | Revised SOP 9.9 to provide definitions to describe approved dispositions and the appropriate level of technical basis for approval.   | Completed |

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| 10CFR21  | CAR 0011 | Revised SOP 9.6 (10CFR21 Deviations) to provide clarity that customer has no direct reporting responsibility other than that required by their QA Program. Adjusted program to add provisions for reporting as applicable under 10CFR95. | Completed |
| Significant Conditions Adverse to Quality (SCAQ) | CAR 0012 | Revised applicable SOP to include basic guidelines for reporting SCAQ. Also, reviewed existing trending and tracking reports and logs within the SOP   | Completed |
| Lead Auditor Qualification Continuity            | CAR 0013 | A written examination was given to the lead auditor to complete the qualification process in accordance with the SOP.  | Completed |
| Missing Audit Sections                           | CAR 0013 | Re-opened the internal audit to incorporate missing items and to add additional backup documentation to full audit.  | Completed |
| Welder Qualification & Form                      | CAR 0014 | Conducted welding tests for all weld personnel in the 3G position, as needed. Competed Form D62 in compliance with the SOP.  | Completed |
| Purchasing                                       | CAR 0015 | Completely revised purchasing SOP's to meet current needs and staffing capabilities and provided additional training of those involved in the purchasing duties.   | Completed |
| Form Control                                     | CAR 0016 | Reviewed all associated SOP's to insure that form watermarks and any revisions are correct within the body of the procedure.   | Completed |
| Level III (Mr. McGee's) Qualification Continuity | CAR 0017 | Contacted ASNT to verify past ASNT Qualifications (Confirmed), Obtained continuity letter from Volunteer Testing of Level III qualifications and added to Mr. McGee's file.  | Completed |

### PRODUCTION SCHEDULE

| Customer                          | Anticipated Start Date   | Number of Packages | Anticipated Shipping |
|-----------------------------------|--|--------------------|----------------------|
| Babcock & Wilcox – Lynchburg, VA. | Week of September 18 <sup>th</sup> following update of B&W Specification | 30                 | 2-3 weeks Following  |
| B&W Y-12, LLC- Oak Ridge, TN.     | Week of September 13 <sup>th</sup> following meeting and visit           | 120                | 20-25 Units per week |

Century Industries will continue working daily to improve its Quality Assurance Program by any method that will provide a higher standard to our end product, customer and our regulatory responsibilities.

We appreciate the concentrated effort provided by the Inspection Team and the Staff at the NRC during the course of this inspection period, along with comments, suggestions, findings and constructive criticism that has made our program more effective and better ready to function as it was intended.

Century Industries and our personnel look forward to providing the industry with a safe, compliant quality product for years to come.

Respectfully submitted,

*William M. (Mike) Arnold*

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