MetalTek INTERNATIONAL
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February 9, 2015

United States Nuclear Regulatory Commission
Attn: Document Control Desk
Mechanical Vendor Inspection Branch
Division of Construction Inspection and Operational Programs
Office of New Reactors
Washington, DC 20555-0001

Subject: Reply to Notice of Nonconformance
NRC Inspection Report No. 99901439/2014-202

Reference: Letter from Edward Roach (NRC) to Russell Stone (SMCI), SPECIALTY MAINTENANCE AND CONSTRUCTION INC. RESPONSE TO THE U.S. NUCLEAR REGULATORY COMMISSION INSPECTION REPORT NO. 99901439/2014-202 AND NOTICE OF NONCONFORMANCE, dated January 22, 2015

Dear Mr. Roach,

In response to the referenced letter regarding NRC request for additional information and clarification MetalTek / SMCI Division offers the following:

1a. *Identify the group or groups that will be responsible for addressing the CAR backlog.*

- MetalTek / SMCI Division Corrective Action Program (CAP) Group, which reports to the Quality Director, is the group of individuals that performs the Analysis of CAR backlog and will develop Corrective Action Plans to be implemented by the entire MetalTek / SMCI Division organization, as appropriate. The CAP Group is comprised of a CAP Manager and two CAP

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NRO

Coordinators, both of whom have extensive industry experience in analyzing and planning corrective actions within the commercial nuclear industry.

- To facilitate the review, analysis, and corrective action planning of CARs in the backlog we have grouped the CARs based on commonalities. The "backlog" was considered to be any CAR that had an overdue Analysis and Corrective Action Plan as of the end of December 2014. This resulted in 30 CAR Groups (150 CARs). To date we have worked 7 CAR Groups (23 CARs), with Analysis and Corrective Actions planned and assigned, and in progress or completed. The remaining CAR Groups are being analyzed by the CAP Group.
- New CARs generated beginning in after January 1, 2015 are not being included as part of the backlog or groupings. CARs generated after January 1, 2015 are being analyzed and have corrective actions planned by the assigned organization.

1b. *How many CARs are still waiting to be worked on and what are the dates of these CARs?*

- The CAP group started the evaluation on January 5, 2015. As of February 5, 2015, Analysis evaluations for 7 CAR groups (23 CAR's) have been completed and approved by Corrective Action Review Board (CARB).
- As of January 31, 2015, 127 CARs were identified as still being in the overdue back log. These CARs were initiated between March 1, 2014 and December 31, 2014.
- We expect to have the remaining CARs / buckets analyzed and have corrective actions planned and assigned by March 27, 2015.
- The final expected close dates of the individual CARs will depend on the Significance Level (SL), complexity of corrective actions, and priority based on impact on the overall Quality Program.

1c. *Have any relevant items impacted by the backlogged CARs been shipped?*

MetalTek / SMCI has performed an analysis of the backlogged CARs and determined that any Programmatic Issue that might affect the hardware had been documented on NCRs. It is a requirement at MetalTek /SMCI that prior to any item being shipped that all NCRs are closed. It was determined that the

Programmatic Issues had not affected previously shipped items, or items waiting to be shipped. No items were shipped while the Analysis was ongoing.

An evaluation conducted at the end of December 2014 focused on all SL-1 and SL-2 CARs (closed or open) to determine if hardware was potentially impacted by open analysis or incomplete corrective actions. There were seventy-four (74) SL-1 or SL-2 CARs in that analysis. Evaluation results determined that no non-conforming items have been shipped to the sites, related to these CARs,

In January 2015, the hardware impact effort continued with SL-3 CARs. Of the two hundred thirty one (231) total open and closed, forty-nine (49) were analyzed that that relate to either NRC or CB&I-identified issues or NCR related issues. Evaluation results determined that no non-conforming items have been shipped to the sites, related to these CARs,

1d. *What is your timeline for dispositioning the backlogged CARs?*

- We expect to have the remaining backlogged CARs analyzed and have corrective actions planned and assigned by March 27, 2015.
- The final expected close out dates of the individual CARs will depend on the Significance Level (SL), complexity of corrective actions, and priority based on impact on the overall Quality Program.

2. *... Please provide a detailed description of your electronic system. Specifically, explain the capabilities, user interfaces, and the types of searches and reports that can be run.*

MetalTek / SMCI Division has procured and deployed an electronic system (uniPoint by uniPoint Software, Inc.) for initiating, processing, tracking, and closing Non Conformance Reports (NCRs). This electronic system was put in place on November 27, 2015 and is now being used for all new NCRs.

The Unipoint system provides for:

- User accounts and multiple user access simultaneously.
- Automatic assignment of NCR numbers when initiating NCRs.

- Creation of tasks/steps for processing NCRs in accordance with procedural requirements including additional review steps.
- Assignment of NCR process tasks to specific groups based on roles and responsibilities.
- Electronic storage of in-process NCRs. Closed NCRs are printed from uniPoint, reviewed and signed by a Quality Representative, and then processed as Quality Records.
- NCR reports for each NCR at any stages of the process.
- Searching of NCRs by NCR status, job number, and cause of the condition.

Some of the fields included in the uniPoint NCR platform are:

- Origination Tab: Requirement, Description of Nonconformance, Extent of Condition, Immediate Actions, Tag & Segregate Item(s), Project Quality Manager Review, NCR Review
- Investigation Tab: Reportability Evaluation, Cause and Disposition Corrective Actions
- Disposition Tab: Non-Technical Disposition, Technical Disposition, NCR Review, Quality Manager Approval, Design Authority Approval (If applicable), Customer Approval (If Applicable), ANI/AI Approval (If Applicable), NCR Review
- Verification Tab: Disposition Implementation Notification, Disposition Implementation Verification, Project Quality Manager Verification, Customer Verification (If Applicable), NCR Review, Closure

Hold Tags are placed on non-conforming Items, as appropriate, to prevent further processing. Quality Control personnel are responsible for placing the hold tags on the affected items. Hold tags are being removed by Quality Control personnel when disposition actions are verified complete and objective evidence is attached to the NCR. The attachment and removal of Hold Tags are documented in the uniPoint NCR.

In addition to the electronic NCR process put in place; MetalTek / SMCI Division has established a more robust Log / Tracking System for our Corrective Action Reports (CARs). This system, based on Microsoft® Excel, allows for tracking and

trending based on Significance Level, Date and Status, Individual Corrective Actions within a CAR, and Assigned Personnel / Departments.

3. *... Please describe any interim actions taken to address the unclear guidance concerning "in-process" work.*

Interim measures in place include:

- As of December 19, 2014, SMCI implemented a 3 stage inspection ticket system that requires the welder and lead / foreman to perform a visual inspection of the welds prior to turnover to QC
    - This is a documented process that captures the weld and welder identification.
    - SMCI has provided additional training on the acceptance criteria as well as provided a laminated inspection checklist with the criteria to each welder and lead
- SMCI QA Management instructed QC to not direct Production staff as to how to correct nonconformances.
- SMCI QA Management instructed QC to issue NCRs for any and all nonconformances identified during inspections on welds turned over for final inspection.

QP-5.3 "Manufacturing Travelers" is currently under revision and in the final review process. Once approved we will train appropriate personnel on the revision and then issue it for use.

Please contact us with any additional questions.

Sincerely,

John Mohr
Quality Director
MetalTek International, SMCI Division