



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

November 7, 2017

Mr. Victor Apostolescu
Vice President of Quality Assurance
Velan Inc.
550 McArthur St.
Montreal, QC H4T 1X8, Canada

SUBJECT: VELAN INC.'S RESPONSE TO THE U.S. NUCLEAR REGULATORY
COMMISSION INSPECTION REPORT NO. 99900061/2017-201, NOTICE OF
VIOLATION, AND NOTICE OF NONCONFORMANCE

Dear Mr. Apostolescu:

Thank you for your June 29, 2017, and October 16, 2017, letters in response to the Notice of Violation (NOV) and Notice of Nonconformance (NON) that were discussed in the subject U.S. Nuclear Regulatory Commission (NRC) inspection report (IR).

We have reviewed your letter and found it to be responsive to the NOV and NONs documented in IR 99900061/2017-201. With respect to your response to NON 99900061/2017-201-03, Subsection NCA-3842.2, "Evaluation of the Qualified Material Organization's Program by Certified Material Organizations of Certificate Holders," of Section III, "Rules for Construction of Nuclear Facility Components," of the American Society of Mechanical Engineers (ASME) Boiler & Pressure Vessel (B&PV) Code, does allow for the qualification of a supplier of services as a Material Organization. In addition, irrespective of how Velan intended to qualify its suppliers of calibration, heat treatment, testing, or non-destructive examination services, either under NCA-3842.2 or NCA-4255.3, "Approval and Control of Suppliers of Source Material and Services," of Section III of the ASME B&PV Code, the audit checklists used by the auditor did not provide sufficient objective evidence to support the conclusion that the suppliers had met the applicable technical and quality requirements.

We have no further questions or comments at this time and may review the implementation of your corrective actions during a future NRC staff inspection to determine whether full compliance has been achieved and maintained.

Please contact Mr. Yamir Diaz-Castillo at 301-415-2228 or via electronic mail at Yamir.Diaz-Castillo@nrc.gov, if you have any questions or need assistance regarding this matter.

Sincerely,

/RA/

John P. Burke, Chief
Quality Assurance Vendor Inspection Branch-2
Division of Construction Inspection
and Operational Programs
Office of New Reactors

Docket No.: 99900061

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Dated: November 7, 2017

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| DATE | 11/07/2017 | 11/07/2017 |

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