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November 23, 1999

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555-0001

Subject: Reply to a Notice of Violation
Violation 99901342/19999201-01

Reference: NRC INSPECTION REPORT 9990001342/1999201 (NOTICE OF
VIOLATION AND NOTICE OF NONCONFORMANCE)

Gentlemen:

Transmitted herewith is Anatec's subject Reply to a Notice of Violation including the attachments thereto. As stated in our Reply, certain corrective steps have already been taken while other steps are in the process of being taken. We are confident that these corrective steps will both remedy the cause of the violation and avoid further violations.

Forwarded under separate cover is Anatec's Reply to a Notice of Nonconformance, Nonconformance 9990001342/1999201-02.

Anatec views this entire matter with the utmost seriousness and is fully committed to the courses of action set forth in our Replies. If you have any questions or require additional information, please let us know.

Very truly yours,
ANATEC INTERNATIONAL, INC.

Blaine L. Curtis, President

Cc: Chief, IQMB
Division of Inspection Program Management
Office of Nuclear Reactor Regulation

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REPLY TO A NOTICE OF VIOLATION
DOCKET NO. 99901342/1999201-01
Anatec International, Incorporated
San Clemente, California 92673-3758

REFERENCES:
(Attached)

1. AJB Technologies 10 CFR PART 21 REPORT FORM dated April 29, 1999.
2. NRC Letter to Anatec dated October 28, 1999, subject: NRC Inspection Report 999001342/1999201 (Notice of Violation and Notice of Nonconformance).
3. Anatec Procedure No. ANATEC-G-06, Revision 2 dated September 26, 1994, 10 CFR 21 Reporting of Defects and Noncompliance

I. BACKGROUND

In May 1999, Anatec International, Inc. ("Anatec") received a copy of reference 1, a 10 CFR Part 21 Report Form (the "Report") prepared by AJB Technologies ("AJB"), an inspection services company. The Report had been forwarded by AJB to the NRC with copies to affected utilities and vendors, including Anatec. In the Report, AJB expressed its opinion that the certification records of certain of its former employees should be regarded as suspect if such records were not obtained through official channels (i.e., through AJB). The Report named seven former AJB employees whose records AJB considered to be potentially affected and named their putative then-current employers. Of the seven individuals, four were employed by Anatec at the time of the Report and continue to be so employed.

After receipt of the Report, Anatec management reviewed the Report and the certification records of the affected Anatec personnel. As a result, Anatec concluded that the certification records of its personnel in question were not suspect. Also, this conclusion, coupled with the fact that the NRC along with affected utilities and vendors had received the Report, led Anatec to further conclude that no additional action was required by Anatec at that time. However, Anatec did not document its review, the conclusions reached and the basis for these conclusions.

On August 31 and September 1, 1999, the NRC inspected Anatec's facilities in San Clemente, CA in response to AJB's Report. As a result of the inspection, the NRC determined that the May 1999 Report was not appropriately dispositioned by Anatec and issued a Notice of Violation to Anatec.

II. DESCRIPTION OF VIOLATION:

On November 3, 1999, Anatec received a Notice of Violation ("NOV"), Severity Level IV, forwarded in reference 2. The NOV as stated in reference 2 is as follows:

"Anatec failed to recognize that it was required to perform an evaluation of information contained in a letter received approximately May 17, 1999, indicating that the validity and accuracy of certain non-destructive examination qualified data analyst testing personnel records were suspect. Additionally, Anatec also failed to recognize that it was required to inform the applicable utility customers if it determined that it did not have the capability to evaluate the issues in accordance with Part 21. (Violation 99901324/1999201-01)"

III. REASON FOR VIOLATION

The primary reason for the Violation was that Anatec management was not sufficiently sensitive or attentive to the need to perform a formal, documented evaluation of the information contained in reference 1. As a result, the information in the Report was not appropriately dispositioned in accordance with 10 CFR Part 21.

Secondarily, the failure of Anatec to perform a formal, documented evaluation of the information is attributed to the inadequacy of Anatec's procedure for compliance with 10 CFR Part 21, Procedure No. ANATEC-G-06 entitled "10 CFR Part 21 Reporting of Defects and Noncompliance". Specifically, the procedure does not adequately address the identification, evaluation and reporting process within Anatec for the case herein in which an organization outside Anatec has prepared a 10 CFR Part 21 report and distributed it to the NRC and all affected parties. In fact for this case, a reading of the reportability determination portion of ANATEC-G-06 (Attachment 2, part II of ANATEC-G-06) can lead to a determination that evaluation by Anatec of the reportability of the information in the May 1999 Report is not required.

As a direct consequence of Anatec's failure to perform a formal, documented evaluation of the information in reference 1 for the reasons given above, Anatec failed to recognize the need to inform the applicable utility customers in the event Anatec determined that it did not have the capability to evaluate the issues in accordance with Part 21.

IV. CORRECTIVE STEPS TAKEN AND RESULTS ACHIEVED

First, Anatec has further reviewed the qualification and certification records for the qualified data analyst (QDA) personnel identified in reference 1. As a result of this

review, these QDA records were confirmed to be accurate and valid and were at no time suspect in the view of Anatec. In addition, Anatec has performed a 10 CFR 21 evaluation of these QDA records and concluded that there is no deviation that could create a substantial safety hazard nor is there a failure to comply that is associated with a substantial safety hazard. This review of certification records and evaluation of reportability have been documented in a corrective action request (CAR) which includes completed Attachment 2 to ANATEC-G-06.

Second, all Anatec management personnel in the San Clemente office have reviewed and been fully apprised of the NOV and this response to the NOV. Documentation of this management review is included with the above referenced CAR.

Third, a Procedure Change Order (PCO) has been issued to ANATEC-G-06 to ensure that all deviations, potential defects and potential noncompliances identified to Anatec be evaluated for 10 CFR Part 21 reportability and the evaluations be documented without regard to the source (Anatec employee or outside organization or individual) of identification. This PCO will remain in effect pending its incorporation into the revision of ANATEC-G-06 discussed in sections V and VI below.

Fourth, concurrent with this Response to a Notice of Violation, Anatec is notifying, as a minimum, utilities and clients who were potentially affected by virtue of the Anatec personnel named in reference 1.

V. CORRECTIVE STEPS TAKEN TO AVOID FURTHER VIOLATIONS

Anatec Procedure No. ANATEC-G-06 will be revised to ensure that deviations and failures to comply are appropriately identified, evaluated and dispositioned in accordance with 10 CFR Part 21. This revision will address (1) evaluation and disposition of all potential defects or failures to comply which are identified to Anatec by its employees or by outside organizations or individuals, (2) NRC concerns identified in NRC Inspection Report 999001342/1999201 and (3) such other matters which Anatec may determine as necessary to ensure full compliance with 10 CFR Part 21. Anatec management will be trained on the revised Procedure when issued and on an annual basis thereafter.

For any potential defect or failure to comply that is identified to Anatec in the future, Anatec management personnel will be required by procedure to review the evaluation and disposition of the potential defect or failure to comply.

VI. DATE FOR FULL COMPLIANCE

The revision of Anatec Procedure No. ANATEC-G-06 and associated initial training of Anatec management personnel shall be completed by December 30, 1999.