

**Custom Alloy Corporation** Route 513 Califon, N.J. 07830 • Telephone 201 - 832-7111 • TWX: 510 - 235-3362 • TELEX: 13-6456

June 10, 1985

United States Nuclear Regulatory Commission  
Division of Quality Assurance,  
Vendor and Technical Training Center Programs  
Office of Inspection and Enforcement  
Washington, D. C. 20555

Attention: Mr. Gary G. Zech, Chief Vendor Program Branch

Reference: Docket No. 99900796/85-01

Gentlemen:

The following is in response to the inspection conducted by Ms. N. J. Miegel of the United States Nuclear Regulatory Commission on January 22-25, 1985, of Custom Alloy Corporation located in Califon, New Jersey. The Notice of Violation (Appendix A) and the Notice of Nonconformances (Appendix B) of Docket No. 99900796/85-01 will be responded to in the following manner:

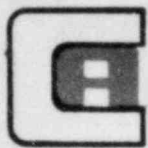
Notice of Violation (Appendix A)

- 1) The cause of not specifying 10 CFR 21 on Custom Alloy Purchase Orders & to City Testing and Research Laboratories, Inc. and Bridgeport Testing
- 3) Laboratory, Inc. was due to a lack of understanding of the requirements of 10 CFR 21. Custom Alloy did not know that this requirement had to be passed down to laboratory services. However, it should be noted that the requirements of 10 CFR 21 have been stated on purchase orders to vendors when procuring ASME Section III material and when utilizing other subcontracted services. Custom Alloy has since obtained written responses from City Testing and Bridgeport Testing that they have complied with the requirements of 10 CFR 21 on all past orders.

Custom Alloy Purchase Order Attachment Form QAP-1, Rev. 0 has been developed which specifically states the requirements of 10 CFR 21 apply to the purchase order, when checked off by a member of the Quality Assurance Department. All Quality Assurance personnel have been instructed as to the importance and applicability when to state the requirements of 10 CFR 21 on this form. This action taken shall preclude recurrence.

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- 2) On the purchase orders to Keystone Forging Company a reference was made that "NCA 3800 Applies"; however, the statement "See Attached" was inadvertently omitted from the purchase order. On all purchase orders to Keystone Forging for nuclear orders an attachemnt sheet accompanied the purchase order and stated the requirements of NCA 3800 and 10 CFR 21 apply. Consequently, the requirements of 10 CFR 21 were passed down, but not in the best possible manner.

To preclude recurrence Custom Alloy Attachment Form QAP-1, Rev. 0 has been developed and implemented by specifically stating the the requirements of 10 CFR 21 in Note 4. Effective immediately the purchase order shall state as an example "FORM QAP-1, Rev. 0 Notes: 3(b), 4 apply." This is a more effective and efficient method of stating in the purchase order the provisions of 10 CFR 21 apply.

#### Notice of Nonconformances (Appendix B)

- A. Bridgeport Testing Laboratory, Inc. was audited and approved for use to perform nondestructive testing services by A. Palumbo, Director of Quality, prior to use for a special research and development project for one of our customers. This was followed by several visits by Mr. Palumbo to verify status reports and test capabilities of this project. Mr. Palumbo gave verbal approval to Quality Assurance personnel stating that Bridgeport Testing was an approved testing laboratory and that a completed audit report was to follow; consequently, being added to the Custom Alloy Approved Vendors list. However, Mr. Palumbo never followed up with an audit report and has since left the company.

To preclude recurrence the Manager, Quality Assurance shall assume the responsibility that only vendors who either have an ASME Certificate or who have been physically audited with an approved audit report shall be considered an approved source and gain placement on the Approved Vendors List. Although this is an isolated case, verbal approvals will not be considered acceptable under any situation.

- B. 1) The cause of the discrepancy was a result of lack of assigning a specific individual the responsibility to review temperature uniformity survey records upon receipt.

To preclude recurrence the Manager, Quality Assurance has assumed the responsibility to review and approve all furnace survey and calibration records. This will be documented on the temperature uniformity survey report. Furnaces found out of calibration will be annotated as such with instructions issued to appropriate personnel for the furnace(s) not to be used for nuclear sales orders.



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- 2) Custom Alloy Procedure 78-HT-8, Rev. 0 was an out-of-date procedure which has since been superceded by Heat Treat Furnace Calibration Procedure 85-HT-0, Rev. 0, which specifies temperature measuring devices (controller and recorder) to be checked for accuracy quarterly rather than monthly as stated in the previous procedure.

The remainder of the Heat Treat Procedures have been reviewed for current compliance. In addition, to preclude recurrence, Heat Treat Calibration Procedure 85-HT-0, Rev. 0 will be in effect and verified for compliance by Quality Assurance personnel.

- C. This was as stated in the response to B(1) that there was a lack of control in assigning a specific individual the responsibility to review temperature uniformity survey records upon receipt.

To preclude recurrence the Manager, Quality Assurance has assumed the responsibility to review and approve all furnace survey and calibration records. This has been documented on the review of the 1984 temperature uniformity survey report and will continue to be followed on subsequent surveys.

- D. Since temperature uniformity surveys prior to 1982 and temperature control calibration for heat treating furnaces prior to December 1983 were handled by Custom Alloy personnel who are no longer associated with the company I cannot answer on their behalf as to why these records were not maintained.

Since December 1983 heat treat furnace records have been maintained and on file in the Quality Assurance Department. As stated earlier it will be the responsibility of the Manager, Quality Assurance to maintain these records.

I trust the responses contained herein will satisfy the violation and nonconformances specified in Docket No. 99900796/85-01. I will await your reply.

Very truly yours,  
CUSTOM ALLOY CORPORATION

Bud Baxter  
Manager, Quality Assurance