

January 24, 2011

Mr. Jack H. Martin
Senior Vice President, North American Operations
Shaw Fabrication & Manufacturing Group, Shaw Modular Solutions, LLC
3191 West Lincoln Road
Lake Charles, LA 70605

SUBJECT: NRC VENDOR INSPECTION OF SHAW MODULAR SOLUTIONS (SMS)
APPENDIX B TO 10 CFR PART 50 QUALITY ASSURANCE AND 10 CFR PART
21 PROGRAMS AT THE SMS LAKE CHARLES, LA, FACILITY

Dear Mr. Martin:

This letter documents the outcome of an NRC vendor inspection conducted on January 10 through January 12, 2011, at the Shaw Modular Solutions (SMS) facility in Lake Charles, LA. The NRC inspection was terminated early due to the current status of activities at SMS. Therefore, an inspection of the effective implementation of the Appendix B to 10 CFR Part 50 (Appendix B) and 10 CFR Part 21 programs was not feasible. An inspection report will not be issued.

Although the inspection ended prematurely, the NRC inspection team gained valuable insights regarding the technical and programmatic challenges that SMS is currently facing. Accordingly, we request that SMS respond to this letter addressing the following:

1. a description of the technical and programmatic challenges that SMS has identified during its self-assessment conducted in December 2010;
2. the proposed corrective actions that SMS plans on implementing to address the technical and programmatic challenges;
3. the date SMS expects to be in full production of structural and mechanical AP1000 sub-modules and;
4. the expectant date of the first shipment of AP1000 sub-module(s).

Based on your letter, the NRC will plan a future inspection at your facility to verify the implementation of the SMS Appendix B and 10 CFR Part 21 programs and to assess the effectiveness of your corrective actions.

Please provide a written response within 30 days from the date of this letter in accordance with the instructions specified below. We will consider extending the response time if you show good cause for us to do so.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response, (if applicable), should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request that such material is withheld from public disclosure, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

Sincerely,
/RA/

Juan D. Peralta, Chief
Quality and Vendor Branch 1
Division of Construction Inspection and
Operational Programs
Office of New Reactors

Docket No. 99901401

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response, (if applicable), should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request that such material is withheld from public disclosure, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

Sincerely,
/RA/

Juan D. Peralta, Chief
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Division of Construction Inspection and
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Docket No. 99901401

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