



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

February 7, 1990

Docket No. 99901139/89-01

Mr. H. F. Millet, Senior Vice President
GEMOCO, A Division of
Sequa Engineered Services
202 Industrial Boulevard
Houma, Louisiana 70361

Dear Mr. Millet:

This letter addresses the inspection of your facility at Houma, Louisiana, led by Mr. Joseph J. Petrosino of this office on June 6-9, 1989, and the discussions of his findings with Mr. Don Autin and other members of your staff at the conclusion of the inspection.

The inspection was conducted as a result of an October 21, 1988, 10 CFR Part 21 report filed by Consumers Power Company for its Palisades nuclear power plant regarding non-genuine Masoneilan-Dresser Industries (MD) valve parts that were received, even though it had ordered genuine MD valve trim parts. Areas examined during the NRC inspection and our findings are discussed in the enclosed report. This inspection consisted of an examination of procedures and representative records, interviews with personnel, and observations by the inspector. Release of this report was delayed during NRC's review of nonconforming and substandard vendor products.

During this inspection it was found that the implementation of your QA program failed to meet certain NRC requirements. The specific findings and references to the pertinent requirements are identified in the enclosures to this letter.

Please provide us within 30 days from the date of this letter a written statement containing: (1) a description of steps that have been or will be taken to correct these items; (2) a description of steps that have been or will be taken to prevent recurrence; and (3) the dates your corrective actions and preventive measures were or will be completed. We will consider extending the response time if you can show good cause for us to do so.

The response requested by the letter is not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

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In accordance with 10 CFR 2.790 of the Commission's regulation a copy of this letter and the enclosed inspection report will be placed in the NRC's Public Document Room.

Sincerely,

Original signed by:
Walter P. Haass for

E. William Brach, Chief
Vendor Inspection Branch
Division of Reactor Inspection and Safeguards
Office of Nuclear Reactor Regulation

Enclosures:

- 1. Appendix A - Notice of Nonconformance
- 2. Appendix B - Inspection Report 9991139/89-01

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