



Department of Energy

Washington, DC 20585

March 26, 2010

Mr. Karl Rickenbach
President
Intermech, Inc.
3901 West Point Boulevard
Winston-Salem, North Carolina 27103

Dear Mr. Rickenbach:

This letter refers to the Office of Health, Safety and Security's Office of Enforcement investigation into the facts and circumstances associated with deficiencies in the installation and inspection of anchor bolts and pipe supports at the DUF6 Conversion Buildings, located at the Portsmouth and Paducah Gaseous Diffusion Plants. The investigation report, dated April 23, 2009, was provided under separate cover.

Potential violations of 10 C.F.R. Part 830, *Nuclear Safety Management*, occurred in association with this event, involving the discovery of a significant number of deficient installed anchors or welds that had been previously inspected and accepted. These deficiencies were predominately confined to the activities of three Intermech inspectors. Potential violations reviewed included Intermech's failure to detect and correct quality problems with inspections, documentation, and nonconformances; the failure to comply with approved procedures; the use of inadequate procedures to effectively control the intended activity; and the failure to ensure that inspection and testing adhered to established requirements.

The Department of Energy (DOE) is concerned that Intermech's quality control practices failed to timely identify installation deficiencies for many of the anchor bolts and pipe supports. Section 234A of the Atomic Energy Act of 1954, as amended, 42 U.S.C. § 2282a, subjects most DOE contractors covered by the DOE Price-Anderson Amendments Act indemnification system, and their subcontractors and suppliers, to civil penalties for nuclear safety violations. Title 10 C.F.R. Part 820, *Procedural Rules for DOE Nuclear Activities*, appendix A, section X(a), states that "DOE's enforcement policy is also applicable to subcontractors and suppliers to DOE Price-Anderson indemnified contractors. Through procurement contracts with these DOE contractors, subcontractors and suppliers are generally required to have quality assurance programs that meet applicable DOE Nuclear Safety Requirements." Consistent with this policy, DOE holds Intermech, a Uranium Disposition Services, LLC (UDS) subcontractor, responsible for ensuring that construction activities associated with the installation of anchor bolts and pipe

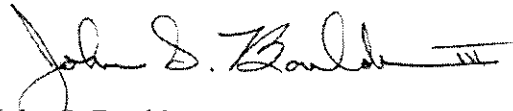


supports at the Portsmouth and Paducah DUF6 Conversion Buildings complied with applicable nuclear safety and quality assurance requirements.

Although Intermech's original performance was deficient, the Office of Enforcement has confirmed that Intermech improved management assessments and performed heightened surveillance of inspectors. In recognition of the comprehensive scope of these corrective actions and because the identified deficiencies in the installation of the pipe supports and anchor bolts were appropriately corrected prior to transition of the Portsmouth and Paducah DUF6 Conversion Buildings from construction to commissioning, the Office of Enforcement has determined that enforcement action is not warranted at this time. Should work deficiencies similar to those identified in our investigation report recur, or if the Office of Enforcement discovers that it relied upon materially inaccurate information in resolving its investigation, the Office of Enforcement reserves the right to pursue enforcement action at a later date.

No response to this letter is required. Should you have any questions, please contact me at (301) 903-2178 or have your staff contact Mr. Glenn Morris, Director, Office of Price-Anderson Enforcement, at (301) 903-7707.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Boulden III". The signature is fluid and cursive, with a horizontal line extending to the right.

John S. Boulden III
Acting Director
Office of Enforcement
Office of Health, Safety and Security

cc: Paul Kreitz, UDS
Robert Burgin, UDS
John Canup, Intermech
Richard Azzaro, DNFSB