Department of Energy
Washington, DC 20585

April 13, 2010

Mr. Ahmad Amer
President
Amer Industrial Technologies, Inc.
100 Amer Road, Building 200
Wilmington, Delaware 19809

Dear Mr. Amer:

This letter refers to the Office of Health, Safety and Security's Office of Enforcement's investigation into the facts and circumstances associated with quality assurance deficiencies in safety significant drain pipe fabricated by Amer Industrial Technologies, Inc. (AIT) as a supplier to Parsons Infrastructure & Technology Group, Inc. (Parsons) for the Salt Waste Processing Facility (SWPF) construction project at the Department of Energy (DOE) Savannah River Site. The contract between Parsons and AIT was entered into, in part, on AIT's standing as an NQA-1 supplier, in accordance with the American Society of Mechanical Engineers (ASME) national consensus standard ASME NQA-1-2000, *Quality Assurance Requirements for Nuclear Facility Applications*. Noncompliances identified in association with this issue were described in Noncompliance Tracking System report NTS-SRSO--PSC-SWPF-2009-0003.

Based on a review of the evidence associated with this event, DOE finds that potential violations of 10 C.F.R. Part 830, *Nuclear Safety Management*, occurred. Parsons identified weld deficiencies in approximately 30 percent of the drain pipe welds fabricated by AIT. Although AIT was required to perform radiographic examinations on 5 percent of completed welds, AIT failed to identify these welding deficiencies in part because the examinations were not properly conducted or documented.

The potential nuclear safety violations include: (1) the failure to identify and document welding nonconformances on several occasions; (2) the failure to effectively identify trends in quality performance; (3) the failure to properly and effectively document that welds for the SWPF project met specified quality requirements; (4) the failure to meet applicable requirements for welding and fabrication; (5) the failure to effectively perform the 5 percent random checks specified by ASME Code ASME B31.3-2002, *Process Piping*; and (6) the failure to ensure that personnel performing quality verification or assessment functions were independent from line management.

DOE is concerned that AIT's quality control practices failed to identify these welding deficiencies in a proactive and timely manner. 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 violations of DOE nuclear safety requirements. Title

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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 AIT, a Parsons supplier, responsible for ensuring that fabrication of drain pipe in support of the SWPF construction project is performed in accordance with applicable DOE nuclear safety requirements.

The Office of Enforcement also notes that Parsons implemented a number of corrective actions in response to these deficiencies, including a 100 percent volumetric examination of all welds. Although significant construction delays and associated costs have resulted from these problems, it appears that the deficiencies have been addressed without an adverse impact on workers, the public, or the environment. In recognition of the comprehensive and conservative approach taken by Parsons to address the deficiencies, AIT's implementation of the corrective actions as directed by Parsons, and the fact that the weld deficiencies were identified during the construction phase of the facility life cycle, the Office of Enforcement has elected to exercise its enforcement discretion and not pursue further enforcement action at this time.

If nuclear safety deficiencies similar to those identified above recur, the Office of Enforcement may decide to pursue further enforcement action. Both the Office of Enforcement and the Office of Environmental Management will continue to closely monitor quality assurance related performance for this project.

No response to this letter is required. Should you have any questions, please contact me or your staff may contact Mr. Steven Simonson, Acting Deputy Director, Office of Enforcement, at (301) 903-2178.

Sincerely,

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

cc: Mark Breor, Parsons
William Luce, Parsons
Richard Azzaro, DNFSB