

July 25, 2000

Ms. M. P. Delozier
[]
CH2M Hill Hanford Group, Inc.
MSIN: H6-08
2440 Stevens Center
Richland, WA 99352

EA-2000-09

Subject: Consent Order Incorporating Agreement between U.S. Department of Energy
and CH2M Hill Hanford Group, Inc.

Dear Ms. Delozier:

This letter refers to the Department of Energy's (DOE) evaluation of an internal investigation conducted by CH2M Hill Group, Inc. (CHG) in February 2000. The investigation examined the facts and circumstances surrounding quality problems with the procurement of safety class piping for the W-314 Project at the Tank Farm Waste Remediation System.

The piping had been procured and accepted for use by a subcontractor to CHG. Workers identified deficiencies with piping welds when they removed piping from a container. The deficiencies could have resulted in significant consequences to the public and the environment. On February 3, 2000, CHG filed a Noncompliance Tracking System report identifying this matter as representing significant programmatic and systematic deficiencies with 10 CFR 830.120 (Quality Assurance Rule). CHG also developed a comprehensive corrective action plan to correct the deficiencies and prevent recurrence.

DOE has evaluated the results of CHG's investigation and determined that the findings and conclusions with respect to this matter are comprehensive. DOE has concluded that CHG disclosed all relevant facts and objectively assessed the safety significance of the occurrence as being serious in nature. DOE's approval of the contractor's aggressive investigation of the occurrence leads DOE to conclude that further investigation into this matter by DOE is unnecessary and unwarranted. DOE has also evaluated and agrees with the adequacy of the corrective actions completed and scheduled for implementation to correct the deficiencies and prevent recurrence.

In order to encourage such full disclosure and responsiveness in the future, DOE has elected to issue the enclosed Consent Order in accordance with 10 CFR 820.23, in lieu

of enforcement proceedings, including a possible Notice of Violation and/or civil penalties. With this Consent Order, CHG has agreed to remit a \$50,000 monetary remedy. This monetary remedy will serve to reinforce CHG's responsibility to provide adequate oversight of its subcontractors. No written response to this letter is required. As provided in the enclosed Consent Order, CHG will remit the \$50,000 monetary remedy payable to the Treasurer of the United States.

In accordance with the terms and conditions of the enclosed Consent Order, any required changes to completion dates established or content of corrective actions shall receive prior approval by the Manager, DOE Office of River Protection. The original Consent Order signed by the parties has been filed with the Office of the Docket Clerk in the Office of Enforcement and Investigation.

Sincerely,



R. Keith Christopher
Director
Office of Enforcement and Investigation

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Enclosure: Consent Order

cc: B. Costner, S-1
D. Michaels, EH-1
S. Cary, EH-1
M. Zacchero, EH-1
S. Hurley, EH-10
D. Stadler, EH-2
F. Russo, EH-23
N. Goldenberg, EH-3
J. Fitzgerald, EH-5
C. Huntoon, EM-1
K. Morris, EM-5
J. Clark, Office of River Protection DOE PAAA Coordinator
S. Gilmore, CH2M Hill Contractor PAAA Coordinator
R. Azzaro, DNFSB
D. Thompson, DNFSB
Docket Clerk, EH-10



Department of Energy

Washington, DC 20585

In the matter of) Report No. NTS-RP--CHG-TANKFARM-2000-0001
)
CH2M Hill Hanford Goup, Inc.)
)
) Enforcement Action 2000-09

CONSENT ORDER INCORPORATING AGREEMENT BETWEEN U.S. DEPARTMENT OF ENERGY AND CH2M HILL HANFORD GROUP, INC.

I

CH2M Hill Hanford Group, Inc. (CHG) is the prime contractor for the Department of Energy (DOE), Office of River Protection, for the Tank Farm Waste Remediation System (TWRS), W-314 Project, at the DOE Hanford Site.

Fluor Federal Services (FFS), formerly known as Fluor Daniel Northwest, is a subcontractor to CHG for the W-314 Project. CHG, as prime contractor, is responsible for ensuring that FFS adheres to DOE's nuclear safety requirements for this project.

II

As part of the W-314 Project CHG directed FFS to procure and install 127 linear feet of Safety Class pipe at the Tank Farm Facility. On December 9, 1999, FFS issued a Purchase Order to procure the pipe from the Perma Pipe company.

FFS received the pipe fabricated by Perma Pipe and approved it for use. Subsequently, deficiencies were discovered in 9 out of 10 assemblies. These problems made the pipe unfit for use in the W-314 Project.

On January 24, 2000, FFS notified CHG of the deficiencies and nonconformances with the pipe supplied by Perma Pipe. CHG conducted an extensive investigation of the pipe procurement. The investigation identified multiple deficiencies associated with the FFS procurement of this piping, including (1) inadequate welds on the piping, (2) fabrication errors including incorrect piping alignments and missing pieces, (3) failure to comply with procurement procedures, and (4) inadequate and incomplete documentation associated with FFS receipt inspection and vendor qualification. FFS also investigated the occurrence.

CHG concluded that these deficiencies represented significant programmatic and systematic deficiencies with 10 CFR 830.120 in the areas of Management,

Performance, and Assessment specific to CHG's responsibility to ensure that its subcontractors perform work and services in accordance with established requirements. CHG and FFS identified actions to correct the deficiencies and prevent future recurrence. CHG, in correspondence titled, "Request for Extension for Submittal of CHG Revised Quality Assurance Plan as Required by Contract DE-AC06-99RL14047, paragraph H.29" (CHG-9957401 R2, dated March 29, 2000) made an explicit commitment to improve their quality assurance program to preclude recurrence.

III

CHG voluntarily reported this matter to DOE in the Noncompliance Tracking System (NTS-RP--CHG-TANKFARM-2000-0001) on February 3, 2000 and implemented immediate compensatory measures. DOE evaluated the investigations performed by CHG and FFS and conclude that the relevant facts have been fully and accurately disclosed, including the identification of potential violations of nuclear safety requirements in the area of quality assurance. Specifically, CHG identified potential violations with 10 CFR 830.120(c)(2)(iii), 10 CFR 830.120(c)(1)(iii), 10 CFR 830.120(c)(2)(i) and 10 CFR 830.120(c)(1)(ii). DOE's evaluation of CHG's aggressive investigation of this occurrence leads DOE to conclude that a full independent investigation by DOE into these matters is unnecessary and unwarranted.

IV

DOE has evaluated and agrees with the adequacy of the corrective actions completed and the schedule for implementation of those corrective actions that remain to be completed as described in NTS-RP--CHG-TANKFARM-2000-0001 and the Corrective Action Plans. DOE and CHG have reached agreement on this matter under which both have agreed to issuance of this Consent Order to avoid potentially protracted and otherwise unnecessary additional investigation by DOE and possible enforcement proceedings, including the issuance of Notices of Violation with the imposition of civil penalties. DOE and CHG agree that in recognition of the response by CHG in this matter, the payment included by CHG has been significantly reduced from what could have been proposed through the formal enforcement process.

V

DOE acknowledges that CHG's execution of, and payment in accordance with, this Consent Order does not constitute or imply admission by CHG of potential regulatory violations. DOE and CHG agree that the sum paid by CHG to resolve this matter shall not be considered a reimbursable cost.

VI

The Consent Order is issued under DOE's authority in Section 234A of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2282a), and 10 CFR Part 820.23. CHG agrees to pay to the Treasurer of the United States (Account Number 891099), mailed to the Director, Office of Enforcement and Investigation, U.S. Department of Energy, an

amount of \$50,000 reflecting an agreed amount in lieu of any subsequent investigation, Notice of Violation and Imposition of Civil Penalty. This amount reflects a \$25,000 assessment to CHG's failure to adequately oversee a subcontractor and \$25,000 assessment to CHG for its failure to keep an explicit commitment to improve the quality assurance program to preclude recurrence. This lower amount also reflects DOE's recognition of the transition during this period from the previous contractor, Lockheed Martin Hanford Inc., and CHG.

VII

This Consent Order does not preclude DOE from investigation or pursuing enforcement action against CHG for (1) cases other than described in the above referenced NTS report, or (2) a failure to proceed with the corrective actions as outlined in the above NTS reports and corresponding Corrective Action Plans.

DOE agrees that it will not pursue an enforcement action or civil penalty for any potential violations pertaining to the above referenced matters. DOE may subsequently consider enforcement action if it later becomes known that any of the facts or information provided regarding the described events were knowingly false or inaccurate in any material way.

VIII

ACCORDINGLY, it is hereby Ordered as follows:

1. CHG will proceed with the corrective actions detailed in NTS report NTS-RP--CHG-TANKFARM-2000-0001 and associated corrective action plans referenced above and approved by DOE. Any required changes to completion dates established or content of the corrective action shall receive prior approval by the Manager, DOE Office of River Protection. The subsequent failure to timely complete such corrective actions may, in the sole discretion of DOE, constitute a sufficient basis to reopen the investigation with respect to the subjective potential violations.
2. CHG agrees to pay \$50,000 to the Treasurer of the United States within 15 days of the issuance of this Order. It shall be mailed to the Director, Office of Enforcement and Investigation, Office of the Assistant Secretary for Environment, Safety and Health, P.O. Box 2225, Germantown, MD 20874-2225, Attention: Office of the Docketing Clerk.
3. Upon completion of all corrective actions to the satisfaction of DOE, the payment made to DOE under this Consent Order shall completely resolve and serve as a full and final settlement of any and all enforcement actions taken under 10 CFR 820 arising from the referenced NTS report.
4. This Consent Order shall become a Final Order upon receipt of said amount referenced in Item 2, above.

- 5. CHG waives any and all rights to appeal or otherwise seek judicial review of this Consent Order. However, DOE and CHG retain the right to judicially enforce the provisions hereof by all legal means.

On behalf of my respective organization, I hereby agree to and accept the terms of the foregoing Consent Order.

FOR U.S. Department of Energy

FOR CH2M Hill Hanford Group, Inc.

R. Keith Christopher 7/25/ 2000
R. Keith Christopher
Director
Office of Enforcement and
Investigation

_____/_____/2000
M. P. Delozier
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CH2M Hill Hanford Group, Inc.