

May 4, 2000

Mr. Peyton S. Baker
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Babcock & Wilcox of Ohio, Inc.
1 Mound Road
P.O. Box 3030
Miamisburg, Ohio 45343-3030

Subject: Enforcement Letter (NTS-OH-MB-BWO-BWO04-1998-0003,
NTS-OH-MB-BWO-BWO04-2000-0001)

Dear Mr. Baker:

This letter refers to the Department of Energy's (DOE) evaluation of Babcock & Wilcox of Ohio, Inc. (BWO) reports of a potential noncompliance with the requirements of 10 CFR 830.120 (Quality Assurance). This potential noncompliance involved deficiencies in the BWO unreviewed safety question (USQ) process as identified by a 1998 DOE-Miamisburg Environmental Management Project (MEMP) assessment. The DOE assessment identified ineffective criteria for the selection, training and qualification of Independent Reviewers and USQ Evaluators which resulted in inconsistent application of the USQ process including the failure to review a number of facility conditions for USQ's and some inaccurate determinations. On August 5, 1998, BWO reported this noncompliance into the Noncompliance Tracking System (NTS) (NTS-OH-MB-BWO-BWO04-1998-0003) and on May 27, 1999, BWO reported that the corrective actions for the noncompliance had been completed.

During January 2000, DOE-MEMP performed a follow-up assessment of BWO's USQ process and implementation of corrective actions in response to the 1998 MEMP USQ assessment and the related Price-Anderson NTS report. DOE's assessment report, issued in March 2000, indicated that "corrective actions for several problems noted in the 1998 MEMP USQ Assessment and identified in the Price-Anderson report had not been effectively implemented." Specifically, DOE reported that substantial contractor assessments of the project level USQ programs had not been performed subsequent to the 1998 MEMP USQ Assessment and that the site-wide USQ manual MD-10414 "Safety-Basis Methodology" had been changed in October 1999 to remove requirements for the Authorization Basis (AB) group to perform assessments of the USQ program. Further, DOE noted that USQ program roles and responsibilities had been removed from the manual and that training and qualification requirements had been deleted resulting in a deficiency to establish minimum requirements for the project level USQ program.

The Office of Enforcement and Investigation (EH-Enforcement) considers that incorrectly reporting corrective actions as completed to be a very serious matter since we rely extensively on the accuracy of contractor's statements regarding implementation of corrective actions. However, EH-Enforcement acknowledges that upon learning of these deficiencies, BWO took the initiative to report these problems separately into the NTS (NTS-OH-MB-BWO-BWO04-2000-0001). Further, the AB group had scheduled several USQ assessments of FY2000 and took immediate action to reinstate the assessment requirements in MD-10414.

EH-Enforcement is not planning to take enforcement action at this time. However, we will continue to follow implementation of the remaining corrective actions as identified in NTS-OH-MB-BWO-BWO04-2000-0001. If you have any questions, please contact Susan Adamovitz of my staff at 301-903-0125.

Sincerely,



R. Keith Christopher

Director

Office of Enforcement and Investigation

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