EnergySolutions, Inc.
Form 11-K
June 28, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One):

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

or

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-33830

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Energy*Solutions,* LLC 401(k) Profit Sharing Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Energy*Solutions*, Inc.

423 West 300 South, Suite 200

Salt Lake City, UT 84101

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Energy*Solutions*, LLC 401(k) Profit Sharing Plan

Financial Statements and Supplemental Schedule

December 31, 2011 and 2010

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* All other supplementary schedules required by Section 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended, have been omitted because they are not applicable to the Energy*Solutions,* LLC 401(k) Profit Sharing Plan.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Retirement Plan Committee

Energy*Solutions*, LLC 401(k) Profit Sharing Plan

We have audited the accompanying statements of assets available for benefits of the Energy*Solutions*, LLC 401(k) Profit Sharing Plan (the Plan) as of December 31, 2011 and 2010, and the related statement of changes in assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the EnergySolutions, LLC 401(k) Profit Sharing Plan as of December 31, 2011 and 2010, and the changes in assets available for benefits for the year ended December 31, 2011 in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2011 and the supplemental schedule of delinquent participant contributions for the year ended December 31, 2011 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Tanner LLC

Salt Lake City, Utah

June 28, 2012

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Energy*Solutions*, LLC 401(k) Profit Sharing Plan

Statements of Assets Available for Benefits

	As of December 31, 2011	As of December 31, 2010
ASSETS		
Participant-directed investments, at fair value	$ 118,367,699	$ 117,405,360
Receivables:		
Notes receivable from participants	2,878,085	2,579,187
Participant contributions receivable	305,253	290,398
Employer contributions receivable	113,535	540,423
Total receivables	3,296,873	3,410,008
Assets available for benefits, at fair value	121,664,572	120,815,368
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(399,313)	(313,251)
Assets available for benefits	**$ 121,265,259**	**$ 120,502,117**

See accompanying notes to financial statements.

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Energy*Solutions*, LLC 401(k) Profit Sharing Plan

Statement of Changes in Assets Available for Benefits

		For the Year Ended December 31, 2011
Additions to (deductions from) assets attributable to:		
Investment income (loss):		
Net depreciation in fair value of investments	$	(3,716,114)
Interest and dividend income		566,461
Net investment loss		(3,149,653)
Interest income on notes receivable from participants		118,866
Contributions:		
Participant		11,141,150
Employer		3,261,867
Rollovers		1,568,795
Total contributions		15,971,812
Deductions:		
Benefits paid to participants		(12,144,227)
Administrative expenses		(33,656)
Total deductions		(12,177,883)
Net increase in assets available for benefits		763,142
Assets available for benefits:		
Beginning of the year		120,502,117
End of the year	$	121,265,259

See accompanying notes to financial statements.

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Energy*Solutions*, LLC 401(k) Profit Sharing Plan

Notes to Financial Statements

1. Description of the Plan

The following description of the Energy*Solutions*, LLC 401(k) Profit Sharing Plan (the Plan) is provided for general information only. Plan participants should refer to the plan document, as amended, summary plan description and summaries of material modifications for more complete information.

(a) Overview

The Plan was created on July 1, 1990 by Envirocare of Utah, Inc., the predecessor to Energy*Solutions*, LLC (the Company or the Employer), as a defined contribution plan. The Plan was established to provide employees of the Company and certain of its subsidiaries with an opportunity to accumulate funds for retirement or disability and to provide death benefits for employees dependents and beneficiaries. The Plan is intended to be a qualified retirement plan under the Internal Revenue Code of 1986 (IRC), as amended, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan allows traditional 401(k) deferral (pre-tax) contributions and Roth 401(k) deferral (after-tax) contributions. Effective April 1, 2008, the Plan added shares of common stock of Energy*Solutions,* Inc. to the trust fund as an investment option for the Plan. Voting rights with respect to this investment option pass through to the participants. Effective July 30, 2010, the election to purchase Energy*Solutions*, Inc. stock was eliminated as an investment purchase option within the Plan. The elimination of this investment option only impacts the election to purchase new stock within the Plan, and does not prohibit the holding or sale of existing stock in the Plan by participants in accordance with existing laws and regulations. The Company expects to reinstate the investment option for participants to purchase Energy*Solutions*, Inc. stock.

The Plan is administered by the Company s 401(k) Retirement Plan Committee (the Retirement Plan Committee) which is a committee of not less than eight employees. The Retirement Plan Committee is responsible for interpreting the Plan document, establishing investment policies, approving the investment funds offered to employees for investment of contributions, monitoring investment fund activity, reviewing investment guidelines and appointing third-party agents to conduct activities related to the administration of the Plan. Principal Trust Company (Principal) is a trustee of the Plan.

(b) Participant Contributions

Eligible employees generally include all employees performing services for the Company other than non-resident aliens, unionized employees, leased employees, defined-term employees and temporary or part-time employees. The Plan provides for Automatic Enrollments whereby an eligible employee who completes an hour of service with the Company and who otherwise would have been eligible to make elective deferrals is enrolled in the Plan immediately following the date the employee satisfies the Plan s eligibility requirements. This feature automatically enrolls each eligible employee into the Plan at a default rate of three percent of the employee s compensation on a pre-tax basis for the Plan year unless

the employee affirmatively elects another rate of contribution or elects not to contribute. Contributions are allocated to the Qualified Default Investment Alternative (QDIA) unless the participant otherwise elects to self-direct the investments of the participant s account. The rate of contribution for a participant contributing less than six percent of the participant s compensation automatically increases each January 1 by one percent increments, up to a maximum of six percent, unless the participant affirmatively elects another rate of contribution. Participants receive advance notice of their right to elect out of both of these automatic Plan features, and are permitted to stop or change either feature any time at their discretion.

Subject to limitations issued by the Internal Revenue Service (IRS), participants may elect to contribute to the Plan from one percent to 75 percent of their annual wages. Participants may elect to make pre-tax elective deferral contributions and/or after-tax Roth elective deferral contributions into their accounts. Upon enrollment, a participant may elect to enter into a written salary deferral agreement with the Employer that will be applicable to all succeeding payroll periods occurring in each Plan year unless revoked by the participant. Participant pre-tax contributions and Employer contributions, as well as the earnings thereon, are taxed to the participant at the time of distribution. The Plan also allows the participant to contribute into the Plan balances from another qualified benefit plan (known as rollover contributions).

For the year ended December 31, 2011, participants were eligible to defer up to $16,500 in contributions to the Plan plus an additional $5,500 catch-up contribution allowance for any participant who was at least 50 years of age. In addition, the IRC limits contributions for highly compensated participants, defined by the IRC to be participants with annual compensation over $110,000 for 2011.

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Participants may change their contribution percentages at their discretion. These contribution percentage changes become effective as soon as administratively possible following receipt of the change request by the trustee.

During 2010, the Company determined that the automatic enrollment provision available to all newly hired eligible employees not expressly opting in or out of the Plan, was not applied uniformly and failed to make certain contributions on behalf of those participants. As a result, the Company reviewed all newly hired employees that could have been impacted and entered into a voluntary correction program with the IRS. In July 2011, the Company made an IRS approved voluntary corrective contribution of approximately $650,000 to the Plan.

The Plan has taken corrective actions to prevent reoccurrence of the findings associated with the administration of the Plan as identified above. Furthermore, the Retirement Plan Committee believes these actions are appropriate and sufficient and that the Plan is currently being operated in compliance with all of the applicable requirements of the IRC and the Department of Labor s Rules and Regulations.

(c) Employer Contributions

Participants who have completed at least one year of service with the Company may receive a discretionary matching contribution with respect to their elective deferral contributions. During 2011, the Company matched 50 percent of eligible participants contributions up to a maximum of six percent of eligible compensation for eligible participants at all compensation levels. For the year ended December 31, 2011, Employer matching contributions totaled $3,261,867.

Each participant s account is either credited or charged with the participant s elective deferral contributions, any participant rollover contributions, the Employer s contributions allocable to the participant and an allocation of the net investment gains or losses on the investments in the participant s account. Allocations of Plan earnings and losses are based upon the participant s invested balance as of the valuation dates.

(d) Investment Options

Plan assets are held in a trust fund and are invested in the Plan s investment options at the direction of the participants, in accordance with the Plan document. In general, participants may move their assets among the Plan s investment options through a fund transfer, reallocation, or rebalance on any business day on which the financial markets are open.

In general, no transaction costs are associated with the Plan, although certain investment funds have the right to impose redemption fees should they decide to do so.

(e) Vesting and Forfeitures

Participant elective deferral contributions and rollover contributions are fully vested when contributed. Employer contributions become immediately vested in the event the participant dies, becomes totally disabled or attains age 65 while still employed by the Company. Otherwise, Employer contributions vest at a rate of 25 percent per year and become fully vested after four years of qualified service, defined as a Plan year in which the participant has at least 1,000 hours of service. Termination of employment before the four-year requirement is met results in forfeiture of a prorated amount of allocated Employer contributions and earnings thereon. Forfeited amounts may be used to pay Plan expenses or to offset future Employer matching contributions. The balance of the forfeiture account was $36,334 and $7,792 as of December 31, 2011 and 2010, respectively. For the year ended December 31, 2011, forfeitures totaled $129,490. The Company s contributions were reduced by $91,268 from the application of forfeitures and $8,360 of the forfeitures were used to pay for administrative expenses. Losses on forfeited balances were $1,320 for 2011.

In the event of partial or total termination of the Plan, participants become fully vested in their accounts. The funds in the Plan shall be valued as of the date of termination and, after payment of necessary expenses, shall be distributed as though all participants directly affected by the partial or total termination had retired as of that date.

Once a participant is fully vested in the Employer contributions, those contributions as adjusted for investment earnings or losses thereon, are non-forfeitable and available for distribution when the participant leaves the Company or becomes entitled to an in-service distribution.

(f) Withdrawals

Prior to termination of employment, a participant who has attained the age 59 ½ or has become totally disabled may withdraw, subject to the Plan s notice requirements, all or a portion of the vested balance of the participant s account. Similarly, a participant who has

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not yet separated from service may receive a distribution of all or a portion of the vested value of the participant s account (except earnings on elective deferral contributions) in the event of demonstrated financial hardship, subject to the Plan s provisions.

Following termination of a participant s employment, if the participant s vested account balance is $1,000 or less, a distribution will be made of the vested account balance in a lump-sum unless the participant elects a direct rollover of such account balance. If the amount to be distributed exceeds $1,000, and the participant does not request a distribution, the participant s account shall remain in the Plan and may be withdrawn or distributed at the participant s request, or as minimum required distributions beginning when the participant attains age 70½. When a participant dies, the entire amount in the participant s account is allocated to the participant s beneficiary or beneficiaries, as described in the Plan document.

Withdrawals of common stock of Energy*Solutions,* Inc. are paid in cash.

(g) Notes Receivable from Participants

Participants may borrow up to the lesser of 50 percent of the vested portion of their account or $50,000, with a minimum loan requirement of $1,000. The period of repayment of the loan can vary but generally may not exceed five years except for loans used to purchase or construct the participant s primary residence. Such loans bear interest at the prime rate determined at the inception date of the loan and are payable through monthly installments for up to a 15-year period for a primary residence loan or a five-year period for all other loans. Participants are only allowed one outstanding loan. Principal and interest payments are collected through payroll deductions and are allocated to the investment funds elected for current contributions. A participant may continue to contribute to the Plan while he/she has an outstanding loan balance. Notes receivable from participants are valued at the unpaid principal balance plus accrued but unpaid interest. As of December 31, 2011, loan interest rates in effect ranged from 4.25% to 9.75% with maturities ranging from 2012 through 2025.

(h) Administrative Costs

For the year ended December 31, 2011, some Plan administrative costs were paid by the Company and some were paid by the Plan. External administrative costs, including participant communication expenses, trustee fees and investment management expenses are paid by the Plan and allocated based upon the participants invested balances. Other expenses such as legal and audit fees are paid by the Company.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Plan are prepared using the accrual method of accounting in accordance with U.S. generally accepted accounting principles (US GAAP).

(b) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires the Plan s management to make estimates and assumptions that affect the reported amounts of assets, additions to assets, deductions from assets, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Investment Valuation and Income Recognition

Investments are carried at fair value. Changes in fair value during the year are included in the statement of changes in assets available for benefits and recorded as investment income or loss. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Amounts invested may earn interest and dividends, which in turn are reinvested.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on sales, redemptions, or distributions of investments are based upon each investment s average historical cost. Unrealized appreciation or depreciation is determined based on the fair value of assets at the beginning of the Plan year.

Investment options available to participants include:

- A self-directed account comprised of participant-directed investments in mutual funds. Mutual funds are valued at fair value which represents the net asset value of the shares of each fund as of the close of business at the end of the period.

- Investments in government securities, bonds and corporate equity securities, including Energy*Solutions,* Inc. common stock, are valued at the last reported sale price on the last business day of the Plan year. Securities not traded on the last business day are valued at the last reported bid price.

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(d) Contributions

Participant contributions are recorded when the Company remits the contributions to Principal Trust Company. Employer matching contributions, if any, are recorded at the same time as the participant contributions being matched. Contributions are funded after the remittance has been recorded and following the payroll payment date.

(e) Payment of Benefits

Benefits are recorded when paid by the Plan.

(f) Recent Accounting Pronouncements Issued and Adopted

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards*. ASU 2011-04 provides a consistent definition of fair value and ensures that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 specifies that in the absence of a Level 1 input for a fair value measure, a reporting entity should apply premiums or discounts when market participants would take them into account when pricing the asset or liability. In addition, the guidance enhances the disclosure requirements that reporting entities must provide quantitative information about the inputs used in a fair value measurement, particularly information about unobservable inputs used within Level 3 of the fair value hierarchy. The amended guidance changes several aspects of the fair value measurement guidance (ASC 820), including information about valuation techniques and unobservable inputs used in Level 3 fair value measurements and a narrative description of the sensitivity of Level 3 measurements to changes in unobservable inputs. The amended guidance must be applied prospectively and is effective beginning after December 15, 2011. ASU 2011-04 had no impact on the Plans financial statements.

In January 2010, the FASB issued ASU 2010-06, improving disclosures about fair value measurements. ASU 2010-06 requires separate disclosure of significant transfers into and out of Level 1 and Level 2, along with reasons for such transfers; and presentation of fair value disclosures by nature and risk class for all fair value assets and liabilities effective for 2010 reporting; and separate presentation of gross purchases, sales, issuances, and settlements in the Level 3 reconciliation effective for 2011. The Plans financial statements are presented to conform to the applicable requirements of ASU 2010-06.

In September 2010, the FASB issued ASU 2010-25 related to accounting of defined contribution pension plans. ASU 2010-25 changes the classification of participant loans from investments to notes receivable from participants. ASU 2010-25 requires that participant loans be segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. This change in classification eliminates the need for plan sponsors to estimate the fair value of these loans. This guidance was effective for plan years ending after December 15, 2010 and required retroactive adoption of the presentation requirements for participant loans. The adoption of this guidance did not have a material effect on the Plan s financial statements.

(g) Risks and Uncertainties

The Plan provides for investments in a variety of investment funds. Investments, in general, are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the statements of assets available for benefits. The Plan s concentrations of credit risk are dictated by the Plan s provisions, as well as those of ERISA and participants investment preferences.

(h) Subsequent Events

The Plan has evaluated events occurring subsequent to December 31, 2011 through June 28, 2012 (the date the financial statements were available to be issued).

3. Investments

All investment options are participant directed. Participants accounts are held in investment funds managed by Principal Life Insurance Company and Principal Trust Company, the trustees of the Plan. These funds include equity and debt security mutual funds, a common/collective trust fund and pooled separate account funds. Interest and dividend income and changes in current values of the investment funds have been reflected in the accompanying statement of changes in assets available for benefits. Investments, at fair value, consist of the following: