



Department of Energy

Washington, DC 20585

April 6, 2015

Ms. Michelle M. Reichert
Vice President and Site Manager, Pantex
Consolidated Nuclear Security, LLC
P.O Box 30020
Amarillo, Texas 79120-0020

NEL-2015-01

Dear Ms. Reichert:

The U.S. Department of Energy (DOE) Office of Enterprise Assessments' Office of Enforcement evaluated the facts and circumstances surrounding the identification of suspect certification and closure instructions and the stack weight testing methodology associated with the procurement of containers from Packaging Specialties, Inc. (PSI) that the Pantex Plant uses to store and transport various materials and weapon components. Consolidated Nuclear Security, LLC (CNS) reported this issue into DOE's Noncompliance Tracking System (NTS) (NTS-NPO--CNS-Pantex-2014-0009), *Suspect Supplier Documentation* on October 2, 2014, after assuming the role of managing and operating (M&O) contractor of the Pantex Plant on July 1, 2014, from former M&O contractor B&W Pantex, LLC.

The Office of Nuclear Safety Enforcement conducted a fact finding visit on December 16, 2014, at the Pantex Plant to gain additional insight into the issues. Consistent with section VIII(b) of the 10 C.F.R. Part 820 Enforcement Policy Statement, the Office of Enforcement is issuing this enforcement letter to recognize the positive actions that CNS and B&W Pantex took to identify, investigate, communicate with other affected DOE contractors, and help resolve this issue involving supplier-provided containers.

On May 14, 2014, in support of an evaluation of a specific container for offsite shipment of components, a B&W Pantex packaging engineer reviewed the closure instructions and the certification testing reports for the container and found inconsistent requirements for torque of the container closure ring bolt. The packaging engineer, through his own initiative, made several inquiries to resolve what appeared to be a relatively minor discrepancy in the torque value for the Department of Transportation (DOT) 7A Type A nine-gallon container provided by PSI. After an unsatisfactory response by PSI, on May 15, 2014, B&W Pantex made the decision to informally suspend further shipments of containers from PSI pending further investigation.



On May 21, 2014, B&W Pantex personnel visited the PSI manufacturing facility, examined PSI's quality assurance documentation processes, and performed a cursory review of the actual manufacturing and testing processes. This review determined that: (1) DOT certification reports, reissued by PSI, contained quality technician signatures that had been duplicated by the quality assurance manager; (2) certification reports issued to Pantex were inconsistent with PSI's recorded United Nations (UN) test results; and (3) PSI's recorded UN test results for the container lot in question were dated approximately 2 weeks after the container lot was shipped to the Pantex Plant. B&W Pantex, recognizing the potential impact on other DOE contractors who rely on PSI-provided containers, promptly notified those contractors to alert them to the concerns regarding PSI's certification and closure instructions. On May 23, 2014, action was taken to remove PSI from the Pantex Plant Qualified Supplier List.

During the week of June 23, 2014, B&W Pantex formed an integrated team with representatives from Sandia National Laboratories and Los Alamos National Laboratory and again visited the PSI manufacturing facility to investigate the extent of the previously identified record deficiencies. During this visit, a team representative recalled a PSI vendor audit in which one container stack weight was not calculated in accordance with the UN standard. The reviewer, again through his own initiative, investigated the issue further through discussion with DOT and vendors who provided similar containers. These discussions identified that PSI had not been conducting container stack weight testing in accordance with UN testing requirements for several years, affecting many types of containers. CNS then promptly alerted other contractors who may have been impacted by this discrepancy in the PSI stack weight testing methodology.

The Office of Enforcement considers the supplier documentation that supports quality level procurements to be essential in ensuring that the products provided by DOE suppliers will function in the environment for which they were designed. While earlier identification of these procurement issues would have been desirable, PSI-fabricated containers have exhibited no significant documented nonconformances, and the commendable actions taken by CNS/B&W Pantex personnel greatly aided in identifying the issues. Personnel consistently demonstrated a questioning attitude and determination in identifying the source and extent of the problems. Once identified, CNS/B&W Pantex promptly alerted other affected contractors of their concerns about the PSI-fabricated containers and implemented effective compensatory actions to limit further use of the containers. Finally, upon identification of the issues, CNS effectively communicated with the Office of Enforcement as the issues were evolving.

No response to this letter is required. If you have any questions, please contact me at (301) 903-7707.

Sincerely,



Steven C. Simonson
Director
Office of Enforcement
Office of Enterprise Assessments

cc: Steve Erhart, NA-00-NPO
Rick Haynes, NA-00-NPO
William White, NA-3
Kathy Brack, CNS
Terry Chalker, B&W Pantex