



Department of Energy
Washington, DC 20585

April 6, 2015

Mr. Robert Syme
Chief Executive Officer
Packaging Specialties, Inc.
300 Lake Road
Medina, Ohio 44256-2459

NEL-2015-02

Dear Mr. Syme:

The U.S. Department of Energy (DOE) Office of Enterprise Assessments' Office of Enforcement evaluated the facts and circumstances surrounding suspect certification and closure instructions and the stack weight testing methodology associated with the containers, fabricated by Packaging Specialties, Inc. (PSI), that the Pantex Plant uses to store and transport various materials and weapon components. Consolidated Nuclear Security, LLC (CNS), the managing and operating contractor at the Pantex Plant, 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 the former M&O contractor B&W Pantex, LLC. The Office of Nuclear Safety Enforcement conducted a fact finding visit to the Pantex Plant on December 16, 2014, to gain additional insight into the issues.

In 2007, the Pantex Plant M&O contractor at that time purchased a lot of Department of Transportation (DOT) 7A Type A nine-gallon drums; PSI provided the container certification and closure instructions to the contractor in June 2007. No discrepancies were noted at that time, and the shipment of the containers to the Pantex Plant was suspended shortly thereafter due to a lack of need for the containers. In 2013, B&W Pantex reinitiated the procurement of the 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. After several B&W Pantex inquiries to PSI to resolve these inconsistencies, B&W Pantex determined that the testing reports were inconsistent and suspect. On May 15, 2014, a decision was made to informally suspend further shipments of the containers from PSI pending further investigation.



On May 21, 2014, B&W Pantex personnel visited the PSI manufacturing facility, examined the PSI quality assurance documentation processes, and performed a cursory review of the actual manufacturing and testing processes. As a result of this review it was 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. 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. They determined that PSI had not been conducting its container stack weight testing in accordance with UN testing requirements for several years, affecting many types of containers provided to DOE contractors.

PSI, in close coordination with CNS, has identified causal factors for the identified deficiencies and associated corrective actions. The identified corrective actions appear to address the more direct causes of the deficiencies in the PSI quality assurance process. To date, no significant quality concerns have been documented that question the integrity of the PSI fabricated containers. However, it was evident, through review of provided documentation and discussion during the fact finding visit that the PSI nuclear safety mindset, with regard to the need for quality in its documentation supporting the fabricated containers, was previously lacking. PSI, as exemplified and espoused by its management, must clearly and consistently communicate the importance of its container quality assurance documentation, especially for nuclear-related applications.

Based on a review of this issue, the Office of Enforcement identified potential noncompliances with 10 C.F.R. Part 830, *Nuclear Safety Management*, and 10 C.F.R. § 820.11, *Information Requirements*. These include: (1) failure to identify, control, and correct deficiencies in stack weight testing of fabricated containers; (2) failure to sufficiently prepare, review, and approve container certification and closure instructions; and (3) willful misrepresentation of container inspection records by the PSI quality assurance manager.

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. The misconduct of the PSI quality assurance manager undermined this fundamental tenant. Although no container defects have been identified to date, the testing of containers was not conducted in the prescribed manner to provide

assurance of container integrity. In consideration of the fact that no significant shortfalls in PSI container integrity have been documented, the time lapse between the initial procurement and the procurement restart, PSI's costs incurred to date in recovering from this issue, the small size of the company, and PSI management's commitment to improve the container documentation, the Office of Enforcement has elected to exercise its discretionary authority and not pursue further enforcement consideration of the issue at this time. The Office of Enforcement, in conjunction with the National Nuclear Security Administration, will continue to closely monitor PSI's actions to prevent recurrence.

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
Michelle Reichert, CNS