



The Secretary of Energy  
Washington, DC 20585

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DEF. SAFETY BOARD

The Honorable John T. Conway  
Chairman  
Defense Nuclear Facilities Safety Board  
625 Indiana Avenue, NW  
Washington, D.C. 20004-2901

Dear Mr. Chairman:

This letter is in response to your February 14, 2003, letter regarding the Department of Energy's programs related to suspect/counterfeit items (S/CI) in safety-related or mission-sensitive applications. I understand and agree with your concerns regarding this issue. We are taking the necessary actions to ensure that items and components installed in safety-related or mission-sensitive applications, affecting defense nuclear facilities, meet the intended function and operability requirements.

I have directed the Assistant Secretary for Environment, Safety and Health, Ms. Beverly Cook, to take the lead for the Department in this area. Ms. Cook is working closely with the Assistant Secretary for Environmental Management, the Deputy Administrator for Defense Programs, and the Offices of the General Counsel and Inspector General to complete the investigation of the use of improperly heat-treated aluminum parts and materials from Temperform USA. She will also ensure that the Department has an effective process in place to deal with these issues in the future.

Enclosures one and two discuss the current status of the investigation by Environmental Management and the National Nuclear Security Administration into parts and materials from Temperform USA. Attachment three describes the improvements to our S/CI process.

While our investigation to-date indicates that some of our sites did have procurements involving Temperform, we do not believe that potentially nonconforming aluminum parts heat-treated by that company were installed in safety-related or mission-critical applications affecting defense nuclear facilities, except possibly at Los Alamos National Laboratory (LANL). At LANL the suspect materials are being removed, as appropriate from service and an analysis of safety impact is currently underway. Ms. Cook will continue to update you on our progress until we have completed our planned actions.

Sincerely,

A handwritten signature in black ink that reads "Spencer Abraham".

Spencer Abraham

Enclosures



cc:

K. McSarrow, S-2

L. Brooks, NNSA

R. Card, S-3

B. Cook, EH-1

J. Roberson, EM-1

E. Beckner, NA-10

L. Otis, GC-1

G. Friedman, IG-1

J. Mangeno, NA-3.6

M. Whitaker, S-3.1

**ATTACHMENT ONE**  
**OFFICE OF ENVIRONMENTAL MANAGEMENT**  
**STATUS OF TEMPERFORM INVESTIGATION**

On February 11, 2003, the Assistant Secretary for Environmental Management sent a memo to the EM field office managers requesting that they investigate the use of improperly heat-treated aluminum parts/materials supplied by Temperform USA. That memo contained specific lines of inquiry that the field offices were to pursue in conducting their investigation. These lines of inquiry formed the basis for the memo sent out by the Assistant Secretary for Environment, Safety and Health.

As of March 30, 2003, EM has received formal responses from all the EM Field Offices and none of the responses identified the procurement or use of material/parts, components, or equipment that may have been heat-treated, supplied, or tested by Temperform or Temperform vendors. EM will complete its investigation by April 30, 2003, and will issue a final report.

**ATTACHMENT TWO  
NATIONAL NUCLEAR SECURITY ADMINISTRATION  
STATUS OF TEMPERFORM INVESTIGATION**

**Description of Actions Taken Previously:**

All National Nuclear Security Administration (NNSA) sites investigated the Temperform issue based on the information available in the Quality Assurance Working Group (QAWG) Emails of July 22, 2002, and December 19, 2002. The status of the investigations, based on the responses to QAWG, is summarized below.

<b>NNSA SITES</b>	<b>Temperform or Temperform Vendor</b>	<b>Safety</b>	<b>Disposition</b>
SNL/Non Weapons Program	Yes	No	Action Completed-all applicable purchase orders have been reviewed
SNL/Weapons Programs	No	Not Applicable	Not Applicable
Pantex	Yes	No	Action completed - Aluminum Bar Stock Removed or verified not in use in vital safety systems
Savannah River	No	Not Applicable	Not Applicable
Los Alamos National Lab	Yes	Potentially - Yes	Still investigating - Aluminum Are being removed as appropriate. Engineering Analysis in Progress, tooling affected. Awaiting Supplier responses
Y-12	No	Not Applicable	Not Applicable
Lawrence Livermore National Lab	Yes	No	Yes. Vendor visited - No Other Action Required
Kansas City	Yes	No	Yes. Verified no vital safety systems affected - No other Action Required
Nevada Test Site	Yes	No	Yes. No Other Action Required

**Description of Additional Actions Being Taken:**

In response to the concerns expressed by the Defense Nuclear Facilities Safety Board (DNFSB), NNSA has initiated a more formal and comprehensive investigation. On April 4, 2003, a memorandum from the Deputy Administrator for Defense Programs and the NA Chief Operating Officer directed the NNSA site managers to complete, or verify that the investigation has been completed based on the lines of inquiry provided in the March 18, 2003, memorandum from the Assistant Secretary for Environment, Safety and Health. The site managers have been directed to provide a report documenting their investigation within 30 days. If safety issues are discovered, NNSA will take further action if necessary to fully resolve them.

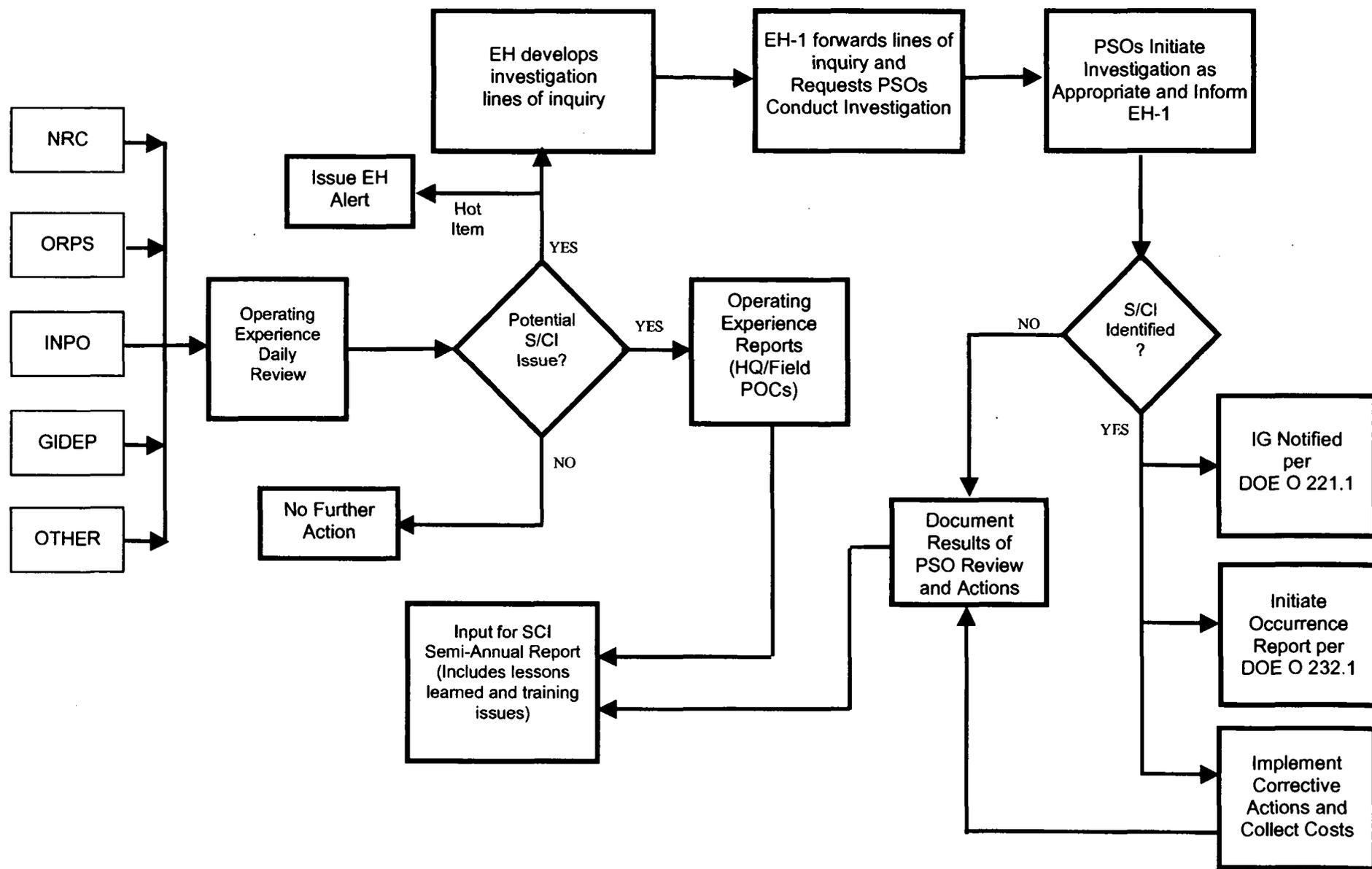
**ATTACHMENT THREE**  
**SUSPECT/COUNTERFEIT ITEMS (S/CI)**  
**PROCESS IMPROVEMENTS**

## SUSPECT/COUNTERFEIT ITEMS PROCESS IMPROVEMENTS

The Department of Energy is committed to implementing a process to ensure that suspect/counterfeit items (S/CI) are quickly identified, and that actions are taken to ensure that items and components installed in safety-related or mission-sensitive applications affecting defense nuclear facilities meet the intended function and operability requirements. To ensure that this occurs, the Office of Environment, Safety and Health (EH) is taking a corporate leadership role and is accountable for ensuring the effective implementation of this process. In addition, the process associated with the identification and elimination of suspect/counterfeit items will be institutionalized in the Department's directives system. The proposed S/CI process is depicted on the attached flow chart. The following actions/commitments will ensure that this process is effectively implemented:

1. EH will be responsible for collecting and screening sources of information to identify potential S/CI areas of concern. **This action has already been implemented.**
2. EH will ensure that prompt actions are taken for items of a high priority, such as the current issue associated with Temperform USA. The Assistant Secretary for Environment, Safety and Health (EH-1) will send a memorandum to the applicable Program Secretarial Office (PSO) seeking action in accordance with lines of inquiry. The PSOs will conduct the appropriate investigations, take appropriate actions if S/CI is identified and will document the results of their reviews. **This action has already been implemented.**
3. S/CI items that are not designated as a high priority but still may be of concern to individual organizations will be sent out for information using the Department's Operating Experience Program (OEP). **This process has already been implemented.**
4. EH will develop a Semi-Annual S/CI report that documents actions taken as a result of potential S/CI issues. This includes both high priority items and those items sent out for information by the OEP. The report will also include a "lessons learned" section and also identify potential S/CI training issues. **The first Semi-Annual S/CI Report developed by EH will cover the first half of calendar year 2003 and will be issued no later than August 2003.**
5. Directives will be revised/updated to reflect this process and the associated roles and responsibilities. We anticipate the DOE O 414.1 and DOE G 414.1 will be revised to consolidate the S/CI process and requirements. **The Directives will be revised by December 2003.**

# Suspect/Counterfeit Item Process Flow Chart



## **Suspect/Counterfeit Item Process Flow Chart Description**

**Operating Experience Daily Review** – On a daily basis, the Operating Experience Review Group in EH reviews and screens various sources of information for potential impact to the Department. This includes reviewing for potential S/CI.

**Potential S/CI Issue?** – There are two potential levels of S/CI issues that could be identified by the EH. Those items that are determined to be crosscutting and/or of significant concern will be formally transmitted by EH-1 to the affected PSOs. Other items of potential concern will be documented through the Operating Experience program for review by field and Headquarters (HQ) points of contact.

**Operating Experience Reports (HQ/Field POCs)** – EH will further analyze the potential S/CI issue and document their results using the Operating Experience Program. This information is transmitted to points of contact in HQ and the field. There is no follow-up required for these issues unless a field or HQ organization identifies an S/CI issue. In this case, an Occurrence Report will be initiated. If warranted, the S/CI issue may be elevated to EH/PSOs.

**EH to Develop Lines of Inquiry** – Those items that are determined to be crosscutting and/or of significant concern are elevated to EH-1. EH will utilize, as necessary, applicable representatives from the line and GC and IG to assist EH in developing lines of inquiry to investigate the S/CI issue. An EH Alert may also be issued as an interim measure.

**EH-1 Forwards Lines of Inquiry and Requests PSOs Conduct Investigation** – EH-1 will send a memorandum to the applicable PSOs requesting an investigation in accordance with the lines of inquiry.

**PSOs Conduct Investigation** – PSOs will direct their field organizations to conduct an investigation of the S/CI issue, as they deem necessary. They will inform EH-1 of their schedule and activities in this area.

**Document Results of PSO Investigation** – PSOs will document the results of their review whether an S/CI is identified or not. If S/CI is identified an Occurrence Report is initiated and the IG is notified per the Department's directives. The PSOs also initiate the appropriate corrective measures to remedy the S/CI issue and collect the cost associated with this effort. The documented results of the investigation, including any corrective action, are forwarded to EH-1 for information.

**S/CI Semi-Annual Report** – EH will develop a Semi-Annual S/CI report that documents potential S/CI identified and their disposition. It will also provide for lessons learned and indicate any potential training issues. The report will indicate the current status of the S/CI program and any recommendations for improvements and/or corrective actions taken.