

April 22, 2002

Mr. K. S. Canady  
Vice President - Nuclear Engineering Division  
Duke Energy Corporation  
Post Office Box 1006  
Charlotte, NC 28201-1006

SUBJECT: USE OF PROTECTED TELECOMMUNICATIONS FOR TRANSMISSION OF  
SAFEGUARDS INFORMATION RE: CATAWBA NUCLEAR STATION, UNITS 1  
AND 2; MCGUIRE NUCLEAR STATION, UNITS 1 AND 2; OCONEE NUCLEAR  
STATION, UNITS 1, 2, AND 3 (TAC NOS. MB4718, MB4719, MB4720, MB4721,  
MB4722, MB4723 AND MB4724)

Dear Mr. Canady:

By letter dated March 18, 2002, you requested approval in accordance with  
10 CFR 73.21(g)(3), for the use of protected telecommunications for the transmission of  
Safeguards Information among your three plants and your corporate offices in Charlotte, North  
Carolina. You requested approval for the use of Privatel Model 960v from L-3 Communications  
Systems.

On July 17, 1995, the National Institute of Standards and Technology (NIST) established the  
Cryptographic Module Validation Program (CMVP) that validates cryptographic modules to  
Federal Information Processing Standard (FIPS) 140-1 (Security Requirements for  
Cryptographic Modules), and other FIPS cryptography based standards. The CMVP is a joint  
effort between NIST and the Communications Security Establishment (CSE) of the Government  
of Canada. Products validated as conforming to FIPS 140-1 are accepted by the Federal  
agencies of both countries for the protection of sensitive information. Vendors of cryptographic  
modules use independent accredited testing laboratories to test their modules. NIST's  
Computer Security Division and CSE jointly serve as the validation authorities for the program  
validating the test results. Currently, there are four National Voluntary Laboratory Accreditation  
Program accredited laboratories that perform FIPS 140-1 compliance testing, three in the U.S.  
and one in Canada. The Secretary of Commerce has made FIPS 140-1 mandatory and binding  
for U.S. Federal agencies and organizations. The standard is specifically applicable when a  
Federal agency determines that cryptography is necessary for protecting sensitive information.  
This protection involves situations where products containing a cryptographic module are used  
when designing, acquiring, and implementing cryptographic-based security systems. FIPS 140-1  
is applicable if the module is incorporated in a product, application or functions as a standalone  
device.

The Privatel Model 960v is validated to FIPS 140-1 and is Number 108 on the Cryptographic  
Modules Validation List. Therefore, this use of this product would be an acceptable method for  
protecting the telecommunication of U.S. Government sensitive information such as  
unclassified Safeguards Information.

Approval of the Privatel Model 960v encryption system is contingent upon continued NIST  
approval.

NRC approval of your request applies only to “use” of the Privatel Model 960v to provide an encryption media for voice communications involving Safeguards Information and is contingent upon your continuous compliance with the provisions of 10 CFR 73.21, “Requirements for the protection of safeguards information.” In accordance with 10 CFR 73.21(a), you are required to establish and maintain an information protection system that satisfies 10 CFR 73.21(b) through (i). Compliance with the provisions of 10 CFR 73.21 is inspectable.

If you have any questions, please contact me at 301 415-1419.

Sincerely,

***/RA/***

Leonard N. Olshan, Senior Project Manager, Section 1  
Project Directorate II  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-413, 50-414, 50-369, 50-370, 50-269, 50-270, and 50-287

cc: See next page

NRC approval of your request applies only to “use” of the Privatel Model 960v to provide an encryption media for voice communications involving Safeguards Information and is contingent upon your continuous compliance with the provisions of 10 CFR 73.21, “Requirements for the protection of safeguards information.” In accordance with 10 CFR 73.21(a), you are required to establish and maintain an information protection system that satisfies 10 CFR 73.21(b) through (i). Compliance with the provisions of 10 CFR 73.21 is inspectable.

If you have any questions, please contact me at 301 415-1419.

Sincerely,

*/RA/*

Leonard N. Olshan, Senior Project Manager, Section 1  
Project Directorate II  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-413, 50-414, 50-369, 50-370, 50-269, 50-270, and 50-287

cc: See next page

DISTRIBUTION:

PUBLIC	LOlshan	AMadison	RHaag, RII
PDII-1 R/F	OGC	CPatel	RMartin
JNakoski	CHawes	ACRS	

Accession Number: ML020990117

OFFICE	PDII-1\PM	PDII-1\PM	PDII-1\PM	PDII-1\LA	NSIR	OCIOVADD	PDII-1\SC
NAME	LOlshan	CPatel	RMartin	CHawes	VOrdaz for LSilvious	ALevin	JNakoski
DATE	4/10/02	4/22/02	4/19/02	4/10/02	04/17/02	input dated 1/23/02	4/22/02

OFFICIAL RECORD COPY

Catawba Nuclear Station

cc:

Mr. Gary Gilbert  
Regulatory Compliance Manager  
Duke Energy Corporation  
4800 Concord Road  
York, South Carolina 29745

Ms. Lisa F. Vaughn  
Legal Department (PB05E)  
Duke Energy Corporation  
422 South Church Street  
Charlotte, North Carolina 28201-1006

Anne Cottingham, Esquire  
Winston and Strawn  
1400 L Street, NW  
Washington, DC 20005

North Carolina Municipal Power  
Agency Number 1  
1427 Meadowwood Boulevard  
P. O. Box 29513  
Raleigh, North Carolina 27626

County Manager of York County  
York County Courthouse  
York, South Carolina 29745

Piedmont Municipal Power Agency  
121 Village Drive  
Greer, South Carolina 29651

Ms. Karen E. Long  
Assistant Attorney General  
North Carolina Department of Justice  
P. O. Box 629  
Raleigh, North Carolina 27602

Elaine Wathen, Lead REP Planner  
Division of Emergency Management  
116 West Jones Street  
Raleigh, North Carolina 27603-1335

North Carolina Electric Membership  
Corporation  
P. O. Box 27306  
Raleigh, North Carolina 27611

Senior Resident Inspector  
U.S. Nuclear Regulatory Commission  
4830 Concord Road  
York, South Carolina 29745

Virgil R. Autry, Director  
Division of Radioactive Waste Management  
Bureau of Land and Waste Management  
Department of Health and Environmental  
Control  
2600 Bull Street  
Columbia, South Carolina 29201-1708

Mr. C. Jeffrey Thomas  
Manager - Nuclear Regulatory  
Licensing  
Duke Energy Corporation  
526 South Church Street  
Charlotte, North Carolina 28201-1006

Saluda River Electric  
P. O. Box 929  
Laurens, South Carolina 29360

Mr. Peter R. Harden, IV  
VP-Customer Relations and Sales  
Westinghouse Electric Company  
6000 Fairview Road  
12th Floor  
Charlotte, North Carolina 28210

Catawba Nuclear Station

cc:

Mr. T. Richard Puryear  
Owners Group (NCEMC)  
Duke Energy Corporation  
4800 Concord Road  
York, South Carolina 29745

Richard M. Fry, Director  
Division of Radiation Protection  
North Carolina Department of  
Environment, Health, and  
Natural Resources  
3825 Barrett Drive  
Raleigh, North Carolina 27609-7721

McGuire Nuclear Station

cc:

Ms. Lisa F. Vaughn  
Legal Department (PBO5E)  
Duke Energy Corporation  
422 South Church Street  
Charlotte, North Carolina 28201-1006

County Manager of  
Mecklenburg County  
720 East Fourth Street  
Charlotte, North Carolina 28202

Michael T. Cash  
Regulatory Compliance Manager  
Duke Energy Corporation  
McGuire Nuclear Site  
12700 Hagers Ferry Road  
Huntersville, North Carolina 28078

Anne Cottingham, Esquire  
Winston and Strawn  
1400 L Street, NW.  
Washington, DC 20005

Senior Resident Inspector  
c/o U.S. Nuclear Regulatory Commission  
12700 Hagers Ferry Road  
Huntersville, North Carolina 28078

Dr. John M. Barry  
Mecklenburg County  
Department of Environmental  
Protection  
700 N. Tryon Street  
Charlotte, North Carolina 28202

Mr. Peter R. Harden, IV  
VP-Customer Relations and Sales  
Westinghouse Electric Company  
6000 Fairview Road  
12th Floor  
Charlotte, North Carolina 28210

Ms. Karen E. Long  
Assistant Attorney General  
North Carolina Department of  
Justice  
P. O. Box 629  
Raleigh, North Carolina 27602

Mr. C. Jeffrey Thomas  
Manager - Nuclear Regulatory  
Licensing  
Duke Energy Corporation  
526 South Church Street  
Charlotte, North Carolina 28201-1006

Elaine Wathen, Lead REP Planner  
Division of Emergency Management  
116 West Jones Street  
Raleigh, North Carolina 27603-1335

Mr. Richard M. Fry, Director  
Division of Radiation Protection  
North Carolina Department of  
Environment, Health and Natural  
Resources  
3825 Barrett Drive  
Raleigh, North Carolina 27609-7721

Mr. T. Richard Puryear  
Owners Group (NCEMC)  
Duke Energy Corporation  
4800 Concord Road  
York, South Carolina 29745

Oconee Nuclear Station

cc:

Ms. Lisa F. Vaughn  
Legal Department (PBO5E)  
Duke Energy Corporation  
422 South Church Street  
Charlotte, North Carolina 28201-1006

Anne W. Cottingham, Esquire  
Winston and Strawn  
1400 L Street, NW  
Washington, DC 20005

Manager, LIS  
NUS Corporation  
2650 McCormick Drive, 3rd Floor  
Clearwater, Florida 34619-1035

Senior Resident Inspector  
U. S. Nuclear Regulatory  
Commission  
7812B Rochester Highway  
Seneca, South Carolina 29672

Mr. Henry Porter, Director  
Division of Radioactive Waste Management  
Bureau of Land and Waste Management  
Department of Health and Environmental  
Control  
2600 Bull Street  
Columbia, South Carolina 29201-1708

Mr. Michael A. Schoppman  
Framatome ANP  
1911 North Ft. Myer Drive  
Suite 705  
Rosslyn, VA 22209

Mr. L. E. Nicholson  
Compliance Manager  
Duke Energy Corporation  
Oconee Nuclear Site  
7800 Rochester Highway  
Seneca, South Carolina 29672

Ms. Karen E. Long  
Assistant Attorney General  
North Carolina Department of  
Justice  
P. O. Box 629  
Raleigh, North Carolina 27602

Mr. C. Jeffrey Thomas  
Manager - Nuclear Regulatory  
Licensing  
Duke Energy Corporation  
526 South Church Street  
Charlotte, North Carolina 28201-1006

Mr. Richard M. Fry, Director  
Division of Radiation Protection  
North Carolina Department of  
Environment, Health, and  
Natural Resources  
3825 Barrett Drive  
Raleigh, North Carolina 27609-7721

Mr. Peter R. Harden, IV  
VP-Customer Relations and Sales  
Westinghouse Electric Company  
6000 Fairview Road  
12th Floor  
Charlotte, North Carolina 28210