





UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

July 2, 2002

MEMORANDUM TO: Melvyn N. Leach, Chief
Special Projects and Inspection Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Joseph G. Glitter, Chief 
Special Projects Section
Special Projects and Inspection Branch, FCSS

FROM: Timothy C. Johnson 
Senior Mechanical Systems Engineer
Special Projects Section
Special Projects and Inspection Branch, FCSS

SUBJECT: JUNE 25, 2002, MEETING SUMMARY: LOUISIANA ENERGY
SERVICES PRE-APPLICATION MEETING ON INFORMATION
SECURITY

On June 25, 2002, U.S. Nuclear Regulatory Commission (NRC) staff met with staff from Louisiana Energy Services (LES) to discuss information security requirements. These were pre-application discussions related to LES's planned submittal of an application for a gas centrifuge enrichment plant in December 2002. I am attaching the meeting summary for your use. This summary contains no proprietary or classified information.

Docket: 70-3103

Attachment: Louisiana Energy Services
Meeting Summary

cc: William Szymanski/DOE
Rod Krich/Exelon
James Curtiss/W&S
Mario Robles/USEC

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NAME	TCJohnson:dw		DHoadley		LSilvius		JGiitter	
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Louisiana Energy Services Pre-Application Meeting Summary

Dates: June 25, 2002

Place: U.S. Nuclear Regulatory Commission (NRC) offices;
Rockville, MD

Attendees: See Attachment 1

Purpose:

The purpose of this meeting was to discuss with Louisiana Energy Services (LES) staff information security requirements applicable to a gas centrifuge license application. The meeting agenda is provided in Attachment 2. LES presentation handouts are provided in Attachment 3.

Discussion:

Following introductions, P. Upson provided a general update on the status of partnership negotiations and site selection. He indicated that LES staff is still negotiating with prospective partners but no commitments have been made. He also indicated that the site selection process is proceeding and LES expects to announce its short list of potential sites in mid-July with a final decision to be made within 6 weeks. LES is still planning on a license application submittal in December 2002. T. Harris indicated that to meet the environmental review schedule, NRC would need to have the site selection by September 2002.

LES staff discussed some of the technical and administrative issues related to information security. LES expects to use several protected information categories, including classified National Security Information (NSI) in its licensing submittals. Under the European Community requirements, Urenco enrichment technology must be protected under dual-use requirements. These requirements apply to technology, not just the hardware, that could potentially be used for production of nuclear weapons.

LES staff indicated that LES applied for, but has not yet received, an export license that would allow transfer of information on its gas centrifuge technology.

There is a 1992 Quadripartite Agreement between the United Kingdom, Germany, The Netherlands, and the United States addressing protection of information transferred to the United States for the use of Urenco gas centrifuge technology and this Agreement remains in effect. The implementing procedures, however, need to be updated to reflect changes in 10 CFR Part 95 and European Community requirements. Changes are needed in the Security and Classification Handbook and the Classification Guide, and a process is needed for handling dual-use information. A meeting of the Agreement's working group is scheduled in The Hague during the last week of July 2002 to address the needed changes.

LES staff indicated that it will submit to the NRC for approval a classified matter plan describing its procedures for protecting classified information. For preparing a classified matter plan, LES will use the "Standard Format and Content of the Protection of Classified Matter for the NRC Licensee, Certificate Holder, and Others Regulated by the Commission." LES asked if it would

be desirable to submit this document prior to the license application. NRC staff indicated that it would support an early review. LES will also propose for NRC approval a list of document classifiers and information on classified information storage. NRC staff indicated it will provide guidance on training document classifiers. LES proposed to use the "Quadripartite Security and Classification Handbook" for confirming personnel clearances. This is in accordance with the Quadripartite Agreement and is acceptable. For proprietary information, LES indicated it will use the process in 10 CFR 2.790(b) for requesting that this information be withheld from public disclosure.

LES staff identified the Physical Security Plan and the Material Control and Accountability Plan (MC&AP) as documents that could contain classified information. They indicated that they preferred to separate the classified information into a document separate from unclassified portion, and asked if NRC staff has a preference in how these documents should be submitted. NRC staff indicated they would ask the reviewers if they preferred separating the classified information. NRC staff also indicated it will determine if the Physical Security Plan would contain both "Safeguards" and "Classified" information.

LES staff indicated that a classified information storage facility would be located at its architect-engineer site and they are preparing an application for NRC approval. LES may establish a second facility at a later time. LES will also submit clearance approval applications to the NRC for both L and Q clearances. Most of the classified information is expected to require only L clearances, but some information will be Secret Restricted Data that requires a Q clearance.

Because LES wants to be cognizant of any changes in physical protection requirements, LES staff asked if it could get a copy of the recent physical protection order for gaseous diffusion plants. NRC staff agreed to evaluate the request.

Action Items:

1. Provide information on training document classifiers.
2. Determine physical security plan and MC&AP reviewer preference for separating classified from unclassified information in the plan submittals.
3. Determine if the Physical Security Plan will contain both "Safeguards" and "Classified" information.
4. Determine if LES can obtain a copy of the physical security order for gaseous diffusion plants.

Attachments: 1. Attendee List
 2. Meeting Notice and Agenda
 3. LES Presentation Handouts

Louisiana Energy Services Pre-Application Meeting on
Information Security
Date: June 25, 2002

NAME	AFFILIATION	PHONE	EMAIL ADDRESS
Tim JOHNSON	US NRC / FCSS	301-415-7244	TLJ@NRC.GOV
Jim Curtiss	Winston & Strawn	(202) 371-5751	JCURTISS@winston.com
Jim LIEBERMAN	NRC / OGC	301 415-2746	JXL@NRC.GOV
Erich Kraska	self	703 242 8067	ELKRASKA@AOL.COM
Jim Hammelman	SAIC	540 341-8002	james.e.hammelman@saic.com
Abe Zeitoun	ATL	301 515 6770	azeitoun@atlintl.com
J. Keith Every	NRC Security / NSIR	301-415-7048	JKE@NRC.GOV
Joe Holovich	NRC / NSIR	301 415-7482	jdhol1@nrc.gov
YAWAR FARAZ	NRC / FCSS	301 415-8113	YHF@NRC.GOV
Tim Haeuss	NRC / DWM	301 415-6613	TEH@NRC.GOV
Wayne Burrows	NRC / NSIR	301-415-2211	wgh@nrc.gov
Lynn Silviana	NRC / NSIR	301-415-2214	als@nrc.gov
Cheryl Stone	NRC / ADM	301-415-7404	cms2@nrc.gov
Mario Robles, Jr.	USEC	(301)-564-3408	roblesm@usec.com
TRENT WERTZ	USEC	301-564-3324	WERTZT@USEC.GOV
Cheryl Moss Herman	UxC Consulting	301-610-6635	mossherman@msn.com
Sara Zeigler	Gov Taft - Ohio	(202) 624-7859	SZEIGLER@SSO.ORG

Attachment 1

InformationSecurity

Date: June 25, 2002

[illegible]



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

June 10, 2002

MEETING NOTICE

Applicant: Louisiana Energy Services
Suite 610
2600 Virginia Avenue, NW
Washington, DC 20037

Docket: 70-3103

Date and Time: June 25, 2002, 1:00 p.m.

Location: U.S. Nuclear Regulatory Commission
Two White Flint North Building, Room T-8E8
11545 Rockville Pike
Rockville, Maryland

Purpose: To discuss information security requirements for a gas centrifuge license application.

NRC Attendees: M. Leach, J. Glitter, T.C. Johnson, L. Silvius, K. Everly, M. Peterson, C. Stone, J. Lieberman, G. Longo, technical staff

Other Attendees: P. Upson/LES; R. Krich/Exelon; C. Andrews/LES; JCurtis/Winston & Strawn; technical staff

Contact: T.C. Johnson, (301) 415-7299, tcj@nrc.gov

Attendance at this meeting by other than those listed above should be made known via phone or email to above contact.

Category: Category 1 meeting: The public is invited to observe this meeting and will have one or more opportunities to communicate with the NRC after the business portion, but before the meeting is adjourned.

NOTE: NRC meetings are open for interested members of the public to attend pursuant to the "Enhanced Public Participation in NRC Meetings; Policy Statement," 67 *Federal Register* 36920, May 28, 2002.

Portions of this meeting may be closed to members of the public if classified information is discussed.

Attachment: Meeting Agenda

Louisiana Energy Services Pre-Application Meeting Agenda
June 25, 2002

1:00 PM	Purpose/Introductions (TCJohnson)
1:15 PM	Information Security Issues
4:00 PM	Summary and Conclusions

Louisiana Energy Services - NRC Meeting Pre-Application Review

Information Security

**June 25, 2002
Rockville, MD**

LES

Attachment 3

Information Security

- **Purpose is to clarify the applicable requirements for the handling, storage and transmittal of the following classified and sensitive information associated with the license application**
 - **Technical**
 - **Administrative**

Information Security

- **Development and submittal of the application will comply with the Quadripartite Agreement and applicable guidance documents, as updated by the Quadripartite Working Group**
- **Issues not addressed in the Quadripartite Agreement or guidance documents will be treated in accordance with 10 CFR 95, “Facility Security Clearance and Safeguarding of National Security Information and Restricted Data”**

Information Security

Application Information Classification Process

- Document classifiers will be nominated by LES and submitted to NRC for approval
- Process for confirming reciprocity of foreign nationals' clearances in the US will follow the process in the "Quadripartite Security and Classification Handbook," as updated
- Procedures for handling 'Dual Use' information will be developed by the Quadripartite Working Group
- Urenco Proprietary information will be handled in accordance with 10 CFR 2.790 (b), "Public Inspections, Exemptions, Requests for Withholding"

Information Security

Submission of Documents Containing Potentially Classified Information

LES is exploring the advantages / disadvantages of incorporating classified information in the following documents or submitting separate classified documents

- **Material Accountability and Control Plan**
- **Physical Security Plan**

Information Security

Classified Matter Plan

- **Documents will be handled in accordance with the “Standard Format and Content for the Protection of Classified Matter for the NRC Licensee, Certificate Holder, and Others Regulated by the Commission”**
- **LES is evaluating the advantages / disadvantages of submitting this plan prior to the application**

Information Security

Classified Document Storage Facility

- **A classified document storage facility will be established at the premises of LES' Architect Engineer organization**
 - **An application for approval of this facility will be submitted to NRC shortly**
- **A second facility may be established at the future premises of LES**

Information Security

Personnel Clearances

- **'L' clearances will be required by LES personnel needing access to CONFIDENTIAL RESTRICTED DATA and / or CONFIDENTIAL or SECRET NATIONAL SECURITY INFORMATION**
- **'Q' clearances will be required by LES personnel requiring access to SECRET RESTRICTED DATA**

(Such data generally relates to centrifuge and cascade technology, and is essentially unchanged since the 1991 LES application)

- **The NRC will serve as the sponsoring agency for clearance applications**

Information Security

Actions

LES / NRC

- **Nominate document classifiers for approval**
- **Apply for security clearances for key personnel**
- **Submit application for classified document storage facility**
- **Submit certificates of foreign national clearances to NRC as per Annex C of Quadripartite Security and Classification Handbook**

Information Security

Actions

Quadripartite Working Group

- **Update Security and Classification Handbook**
- **Update Classification Guide**
- **Develop process for handling Dual Use information**