

July 27, 2006

MEMORANDUM TO: Chairman Klein  
Commissioner McGaffigan  
Commissioner Merrifield  
Commissioner Jaczko  
Commissioner Lyons

FROM: Luis A. Reyes **/RA/**  
Executive Director for Operations

SUBJECT: JULY 2006 UPDATE: INCREASED CONTROL OF SOURCES

On August 15, 2005, the Commission directed the staff in a Staff Requirements Memorandum (SRM) to implement the actions in COMSECY-05-0028, "Staff Response to SRM for COMSECY-05-0015: Initiatives for Increasing Agreement State Participation in the Control of Sources." In order to keep the Commission fully and currently informed during the initial implementation of the increased controls (IC), the staff has provided updates to the Commission through EDO Daily Notes, the Office of Nuclear Security and Incident Response Monthly Significant Security Activities Update, a Technical Assistants briefing, and Commission memoranda. The staff is also continuing to provide monthly and quarterly updates on the status of ongoing U.S. Nuclear Regulatory Commission (NRC) and Agreement State activities relative to the IC. The staff's last monthly update was dated on June 2, 2006; the staff's last quarterly update was dated on July 3, 2006.

The Agreement States and NRC staff issued IC requirements for 2,880 licensees that are authorized to possess greater than or equal to a Category 2 quantity. Approximately 1,680 of the NRC and Agreement State licensees issued the IC indicated that they possess greater than or equal to a Category 2 quantity, will implement the requirements, and thus need to be inspected within the three year time frame established by the Commission. All Agreement States and NRC Regions have confirmed the ability to inspect all licensees, identified as high-risk based on the prioritization methodology, within the first year; approximately 1,000 licensee inspections are planned. Agreement States and NRC staff expect inspection efforts to continue on schedule. Thus far, no significant non-compliance issues have been reported.

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As discussed in the July 3, 2006 quarterly update, the Office of State and Tribal Programs developed a secure web site called the "IC Toolbox" to promote communications among regulators regarding the IC. The web site became operational on June 20, 2006. To date, there are 338 authorized users of the IC Toolbox and the IC Talk discussion forum. This number is comprised of State, Regional, and NRC staff.

The volume of topics and issues submitted by State and Regional regulators for discussion during the Bi-Weekly IC Teleconference has steadily decreased. This appears to be due to a more developed understanding of the IC among those involved in their implementation. In light of this observation and with the additional mode of communication provided through the IC Toolbox, participants have elected to reduce the frequency of the teleconference to once a month. This monthly schedule will remain until circumstances indicate a different schedule is warranted.

cc:    SECY  
       OGC  
       OCA  
       OPA  
       CFO

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