

**Quarterly Letter Status Report for
Protection of Classified Information and Related Security Activities
4th Quarter of Fiscal Year 2013
July 1 through September 30, 2013**

I. Introduction

The U.S. Department of Energy (DOE) and the U.S. Nuclear Regulatory Commission (NRC) have entered into three (3) interagency agreements for DOE to perform certain security related activities for the NRC. These interagency agreements are:

- NRC-HQ-50-12-1-008 "Protection of Classified Information and Related Security Activities at the General Electric Laser Enrichment Facility – J5718"; and

These interagency agreements became effective October 1, 2012. Each of the interagency agreements contains terms that require DOE to provide quarterly letter status reports summarizing the status of all evaluation and inspection tasks relative to each of the agreements.

This is the third (4th) status report provided in accordance with the terms of the agreements.

II. Description of Activities during this Reporting Period

The DOE provided technical assistance by conducting inspections and assessments of Information Technology security activities. Each inspection activity was conducted in conjunction with appropriate NRC staff (as requested). Details of the inspection effort were provided either in person during the inspection or in subsequent electronic correspondence or telephone communication.

A summary discussion of the activities associated with each agreement follows.

B. General Electric Laser Enrichment Facility (J5718)

During this reporting period, DOE's evaluation and inspection efforts included the following:

- Continuation of the establishment of COMSEC account under the current Nuclear Energy – Oak Ridge Site Office (NE-ORSO) organization that was determined to be more cost effective and efficient than the previous account under Oak Ridge Office (ORO). COMSEC support under the new account is the same as provided under the old account and will include: issuance of NSA approved encrypting equipment, procurement of this equipment; insuring equipment is given proper physical security protection; operated in a manner that protects both the equipment and information being processed; inventorying equipment; and making necessary software/hardware upgrades. The steps accomplished this quarter are:

- Conducted further refinements for establishment account from the DOE Central Office of Records Manager (COR).
- Further clarification of the understanding of the responsibilities associated with having access to COMSEC material, and reestablishment of cost accounting based on the amount of COMSEC equipment held by individual licensees.

Other activities included the following:

- As the "Federal" Classification Officer for the General Electric Uranium Enrichment Program, performed classification officer duties as follows:
 - Performed one determination concerning when does a classified part become classified during the manufacturing process.
 - Performed classification consultations, classification interpretations, and reviewed several documents.
 - Activities included reviewing documents for classification, answering questions from GLE on classification interpretations, and assisting NRC consultant with classifying and marking a document.
- Participated in a joint NRC/DOE inspection of the classified cyber systems at the Manufacturing Support Facility (MSF).
- Reviewed and provided comments on the NRC/DOE guidance regarding the use of communication devices at GE-Hitachi facilities.
- Participated in meetings to discuss the GE-Hitachi submittal regarding Plan of Action Milestones for classified cyber networks at the Wilmington facility, and the MSF, and the GE-H interconnection of classified cyber networks between Wilmington and the MSF.
- Prepared and coordinated a letter to the NRC authorizing GE-H to operate a revised alarm system in a classified cyber network area in Wilmington, NC.
- Performed Project/Cost/Contract Management activities.

The cost accounting in support of this interagency agreement can be summarized as:

4th Quarter FY13	July	August	September
Federal Emp. Labor	\$3,536.74	\$3,462.62	\$5,362.46
Federal Emp. Travel	\$883.00	\$0.00	\$1,730.65
Contractor 1	\$5,893.36	\$5,415.52	\$11,176.95
Contractor 2	\$2,534.88	\$1,169.41	\$5,870.63
Contractor 3	\$210.00	\$268.00	\$451.00
Federal Admin. Charge (3%)	\$391.74	\$309.47	\$737.75
Quarterly Total			\$49,404.18

Based upon cumulative funding provided to date, past expenditures and projected future activities, we do foresee the need for additional funding during the first quarter of Fiscal Year 2014.