

March 22, 2002

Michael B. Sellman
President and CEO
Palisades Plant
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Dear Mr. Sellman:

As a result of the recent terrorist threats, the U.S. Nuclear Regulatory Commission (NRC) is taking steps to enhance its licensees' ability to respond to the continuing heightened security environment. Currently, the NRC is authorized to disseminate classified information to uncleared persons only under special circumstances when timeliness is critical to mitigating an emergency situation. However, the NRC has decided to process security clearances for licensees so that they may have access to classified information under more routine circumstances.

Under this program, those licensees who desire to participate may be granted up to five personnel security clearances for access to classified information to key licensee staff at each nuclear power reactor site. Two-unit and three-unit sites should be treated as one location for these purposes. The Facility Security Officer for each site must be included as one of the five persons cleared. Classified information will eventually be disseminated to these licensee contacts through the NRC resident inspector office, which will be provided the ability to receive and store classified national security information.

Each individual to be cleared will be required to complete Form SF 86, "Questionnaire for National Security Positions" (enclosed), as part of the clearance process. Individuals must agree to execute the SF-312, "Classified Information Nondisclosure Agreement" (enclosed), before the clearance is granted. Individual clearances must be updated every 10 years. Licensees will be expected to cover the initial and recurring costs of the individual clearances, which will be \$145.00 each. In order for the NRC to make a Facility Security Clearance determination, participating licensees will also be required to develop a security plan as a user of classified information (Standard Practice Procedures Plan enclosed) and be subject to Foreign Ownership Control or Influence (FOCI) determinations made by the NRC. An overview of these requirements can be found in Title 10, Code of Federal Regulations (10 CFR) Part 95. A sample FOCI package including Form SF 328, "Certificate Pertaining To Foreign Interests," is also enclosed. Please note that your organization will be asked to certify annually to the NRC whether significant changes have occurred in the extent and nature of FOCI that would affect your responses to the SF 328 form. You will also be required to submit a new SF 328 every 5 years as part of a FOCI redetermination. Lastly, the President, Chairman of the Board of Directors, or other key management officials for each licensee may also need to be cleared, which may or may not include the original five personnel you select to receive a clearance.

M. Sellman

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The NRC will identify these individuals as necessary. Licensees will not be required to pay for the NRC's costs related to the FOCl determinations conducted in FY 2002.

Please respond within 30 days of receiving this letter indicating whether you desire to participate in this effort and, if appropriate, naming a point of contact (name, title, telephone number, and e-mail address) for your site. Each person nominated for a security clearance should return the form SF-86 and entire security package when complete in the envelope provided along with a check made out to the U.S. Nuclear Regulatory Commission for \$145 for each clearance. One check can be provided for the total number of clearances requested.

Your response to this letter, the FOCl package along with the SF-328, and a Standard Practice Procedures Plan should be sent separately as they are completed to the following address:

ATTN: LICENSEE CLEARANCES, MAIL STOP O2-D15
DIVISION OF FACILITIES AND SECURITY
OFFICE OF ADMINISTRATION
U.S. NUCLEAR REGULATORY COMMISSION
11555 ROCKVILLE PIKE
ROCKVILLE, MARYLAND 20852

Questions regarding FOCl or the Standard Practice Procedures Plan should be referred to J. Keith Everly at 301-415-7048 or jke@nrc.gov. Questions regarding the SF-86 or the security clearances should be referred to Cheryl Stone at 301-415-7404 or cms2@nrc.gov.

Sincerely,
/RA/
Michael L. Springer, Director
Office of Administration

Docket No. 50-255

Enclosures: As stated

cc without enclosures (see next page):

**See previous concurrence

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J. K. Everly, INFOSEC

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INFOSEC R/F

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Sincerely,

/RA/

Michael L. Springer, Director
Office of Administration

Docket No. 50-255

Enclosures: As stated

cc without enclosures: See next page

Palisades Plant

cc:

Mr. Robert A. Fenech, Senior Vice President
Nuclear, Fossil, and Hydro Operations
Consumers Energy Company
212 West Michigan Avenue
Jackson, MI 49201

Arunas T. Udry, Esquire
Consumers Energy Company
212 West Michigan Avenue
Jackson, MI 49201

Regional Administrator, Region III
U.S. Nuclear Regulatory Commission
801 Warrenville Road
Lisle, IL 60532-4351

Supervisor
Covert Township
P. O. Box 35
Covert, MI 49043

Office of the Governor
P. O. Box 30013
Lansing, MI 48909

U.S. Nuclear Regulatory Commission
Resident Inspector's Office
Palisades Plant
27782 Blue Star Memorial Highway
Covert, MI 49043

Drinking Water and Radiological
Protection Division
Michigan Department of
Environmental Quality
3423 N. Martin Luther King Jr Blvd
P. O. Box 30630 CPH Mailroom
Lansing, MI 48909-8130

Michigan Department of Attorney General
Special Litigation Division
630 Law Building
P.O. Box 30212
Lansing, MI 48909

Mr. Roy A. Anderson
Executive Vice President and
Chief Nuclear Officer
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

Laurie A. Lahti
Manager - Licensing
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043

Steven T. Wawro
Nuclear Asset Director
Consumers Energy Company
Palisades Plant
27780 Blue Star Memorial Highway
Covert, MI 49043

Mr. John Paul Cowan
Senior Vice President
Palisades Plant
Nuclear Management Company, LLC
27780 Blue Star Memorial Highway
Covert, MI 49043

Mr. Douglas E. Cooper
Site Vice President
Palisades Plant
27780 Blue Star Memorial Highway
Covert, MI 49043

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