

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

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Office of Nuclear Reactor Regulation

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

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PDII-1 R/F	OGC	CPatel	RMartin
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DATE	4/10/02	4/22/02	4/19/02	4/10/02	04/17/02	input dated 1/23/02	4/22/02

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Catawba Nuclear Station

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