

May 23, 2002

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

SUBJECT: USE OF PROTECTED TELECOMMUNICATIONS FOR TRANSMISSION OF  
SAFEGUARDS INFORMATION - DUANE ARNOLD ENERGY CENTER,  
KEWAUNEE NUCLEAR POWER PLANT, MONTICELLO NUCLEAR  
GENERATING PLANT, PALISADES NUCLEAR PLANT, POINT BEACH  
NUCLEAR PLANT, UNITS 1 AND 2, PRAIRIE ISLAND NUCLEAR GENERATING  
PLANT, UNITS 1 AND 2 (TAC NOS. MB4790, MB4791 MB4792, MB4793,  
MB4794, MB4795, MB4776, AND MB4777)

Dear Mr. Anderson:

By letter dated April 4, 2002, in accordance with 10 CFR 73.21(g)(3), the Nuclear Management Company, LLC (NMC), requested the Nuclear Regulatory Commission's (NRC's) approval for the use of protected telecommunications for the transmission of safeguards information among its six plants and between the six plants and NMC's corporate office in Hudson, Wisconsin. NMC specifically requested approval for the use of the Privatel Model 960v from L-3 Communications.

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) 140-2 (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 140-2 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 140-2 compliance testing, three in the United States and one in Canada. The Secretary of Commerce has made FIPS 140-2 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 140-2 is applicable if the module is incorporated in a product or application, or functions as a stand-alone device.

The Privatel Model 960v is validated to FIPS 140-2 and is Number 108 on the Cryptographic Modules Validation List. Therefore, the use of this product would be an acceptable method for protecting the telecommunication of U.S. Government sensitive information, such as unclassified safeguards information.

NRC's approval of NMC's request for use of the Privatel Model 960v encryption system is contingent upon continued NIST approval.

The use of a validated cryptologic module in a computer or telecommunications system is not sufficient to ensure the security of the overall system. It is recommended that the responsible authority at each NMC site develop and implement written guidance and procedures, physical and environmental controls, and information and data controls for the system.

The NRC's approval of NMC's 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 NMC's 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), NMC is 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 301-415-2928.

Sincerely,

**/RA/**

Deirdre W. Spaulding, Project Manager, Section 1  
Project Directorate III  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-331, 50-305, 50-263, 50-255,  
50-266, 50-301, 50-282 and 50-306

cc: See next page

The Privatel Model 960v is validated to FIPS 140-2 and is Number 108 on the Cryptographic Modules Validation List. Therefore, the use of this product would be an acceptable method for protecting the telecommunication of U.S. Government sensitive information, such as unclassified safeguards information.

NRC's approval of NMC's request for use of the Privatel Model 960v encryption system is contingent upon continued NIST approval.

The use of a validated cryptologic module in a computer or telecommunications system is not sufficient to ensure the security of the overall system. It is recommended that the responsible authority at each NMC site develop and implement written guidance and procedures, physical and environmental controls, and information and data controls for the system.

The NRC's approval of NMC's 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 NMC's 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), NMC is 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 301-415-2928.

Sincerely,

/RA/

Deirdre W. Spaulding, Project Manager, Section 1  
Project Directorate III  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-331, 50-305, 50-263, 50-255,  
50-266, 50-301, 50-282 and 50-306

cc: See next page

DISTRIBUTION:

PUBLIC	OGC
PDIII-1 Reading	ACRS
LRaghavan	AMadison
DSpaulding	ALevin
JLamb	GGrant, RIII
DHood	MRing, RIII
TKim	AVegel, RIII
RBouling	JSchaeffer
OGC	LSilvious
ACRS	

ADAMS Accession No. ML021090138

\*Previously Concurred

OFFICE	PDIII-1/PM(A)	PDIII-1/LA	RSPS/DNS/NSIR*	OCIO/ADD*	OGC	PDIII-1/SC
NAME	DSpaulding	RBouling	LSilvious	JSchaeffer	RHoefling	LRaghavan
DATE	05/23/02	05/23/02	05/23/02	04/30/02	05/14/02	05/23/02

OFFICIAL RECORD COPY

Duane Arnold Energy Center

cc:

Mr. Al Gutterman  
Morgan, Lewis & Bockius LLP  
111 Pennsylvania Avenue NW  
Washington, DC 20004

Chairman, Linn County  
Board of Supervisors  
Cedar Rapids, IA 52406

Plant Manager, Nuclear  
Duane Arnold Energy Center  
Nuclear Management Company, LLC  
3277 DAEC Road  
Palo, IA 52324

U.S. Nuclear Regulatory Commission  
Resident Inspector's Office  
Rural Route #1  
Palo, IA 52324

Regional Administrator  
U.S. NRC, Region III  
801 Warrenville Road  
Lisle, IL 60532-4531

Daniel McGhee  
Utilities Division  
Iowa Department of Commerce  
Lucas Office Building, 5th floor  
Des Moines, IA 50319

Nuclear Asset Manager  
Alliant Energy/IES Utilities, Inc.  
3277 DAEC Road  
Palo, IA 52324

Mr. Gary Van Middlesworth  
Site Vice President  
Duane Arnold Energy Center  
Nuclear Management Company, LLC  
3277 DAEC Road  
Palo, IA 52324

Mr. Edward Weinkam  
Director, Regulatory Services  
Nuclear Management Company, LLC  
700 First Street  
Hudson, WI 54016

Kewaunee Nuclear Power Plant

cc:

Foley & Lardner  
ATTN: Bradley D. Jackson  
One South Pinckney Street  
P.O. Box 1497  
Madison, WI 53701-1497

Chairman  
Town of Carlton  
Route 1  
Kewaunee, WI 54216

Mr. Gerald Novickis, Chairman  
Kewaunee County Board  
Kewaunee County Courthouse  
613 Dodge Street  
Kewaunee, WI 54216

Attorney General  
114 East, State Capitol  
Madison, WI 53702

U.S. Nuclear Regulatory Commission  
Resident Inspectors Office  
Route #1, Box 999  
Kewaunee, WI 54216

Regional Administrator - Region III  
U.S. Nuclear Regulatory Commission  
801 Warrenville Road  
Lisle, IL 60532-4531

James D. Looock, Chief Engineer  
Public Service Commission  
of Wisconsin  
610 N. Whitney Way  
Madison, WI 53707-7854

Nuclear Asset Manager  
Wisconsin Public Service Corporation  
600 N. Adams Street  
Green Bay, WI 54307-9002

Plant Manager  
Kewaunee Nuclear Power Plant  
Nuclear Management Company, LLC  
North 490, Highway 42  
Kewaunee, WI 54216-9511

Mr. Mark Warner  
Site Vice President  
Kewaunee Nuclear Power Plant  
Nuclear Management Company, LLC  
6610 Nuclear Road  
Two Rivers, WI 54241

Monticello Nuclear Generating Plant

cc:

J. E. Silberg, Esquire  
Shaw, Pittman, Potts and Trowbridge  
2300 N Street, N. W.  
Washington, DC 20037

U.S. Nuclear Regulatory Commission  
Resident Inspector's Office  
2807 W. County Road 75  
Monticello, MN 55362

Site Licensing Manager  
Monticello Nuclear Generating Plant  
Nuclear Management Company, LLC  
2807 West County Road 75  
Monticello, MN 55362-9637

Robert Nelson, President  
Minnesota Environmental Control  
Citizens Association (MECCA)  
1051 South McKnight Road  
St. Paul, MN 55119

Commissioner  
Minnesota Pollution Control Agency  
520 Lafayette Road  
St. Paul, MN 55155-4194

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

Commissioner  
Minnesota Department of Health  
717 Delaware Street, S. E.  
Minneapolis, MN 55440

Douglas M. Gruber, Auditor/Treasurer  
Wright County Government Center  
10 NW Second Street  
Buffalo, MN 55313

Commissioner  
Minnesota Department of Commerce  
121 Seventh Place East  
Suite 200  
St. Paul, MN 55101-2145

Adonis A. Neblett  
Assistant Attorney General  
Office of the Attorney General  
445 Minnesota Street  
Suite 900  
St. Paul, MN 55101-2127

Nuclear Asset Manager  
Xcel Energy, Inc.  
414 Nicollet Mall  
Minneapolis, MN 55401

Mr. Jeffrey S. Forbes  
Site Vice President  
Monticello Nuclear Generating Plant  
Nuclear Management Company, LLC  
2807 West County Road 75  
Monticello, MN 55362-9637

March 2002

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

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

March 2002

Point Beach Nuclear Plant, Units 1 and 2

cc:

Mr. John H. O'Neill, Jr.  
Shaw, Pittman, Potts & Trowbridge  
2300 N Street, NW  
Washington, DC 20037-1128

Mr. Richard R. Grigg  
President and Chief Operating Officer  
Wisconsin Electric Power Company  
231 West Michigan Street  
Milwaukee, WI 53201

Site Licensing Manager  
Point Beach Nuclear Plant  
Nuclear Management Company, LLC  
6610 Nuclear Road  
Two Rivers, WI 54241

Mr. Ken Duveneck  
Town Chairman  
Town of Two Creeks  
13017 State Highway 42  
Mishicot, WI 54228

Chairman  
Public Service Commission  
of Wisconsin  
P.O. Box 7854  
Madison, WI 53707-7854

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

Resident Inspector's Office  
U.S. Nuclear Regulatory Commission  
6612 Nuclear Road  
Two Rivers, WI 54241

Ms. Sarah Jenkins  
Electric Division  
Public Service Commission of Wisconsin  
P.O. Box 7854  
Madison, WI 53707-7854

Nuclear Asset Manager  
Wisconsin Electric Power Company  
231 West Michigan Street  
Milwaukee, WI 53201

March 2002



Prairie Island Nuclear Generating Plant,  
Units 1 and 2

cc:

J. E. Silberg, Esquire  
Shaw, Pittman, Potts and Trowbridge  
2300 N Street, N. W.  
Washington, DC 20037

Site Licensing Manager  
Prairie Island Nuclear Generating Plant  
Nuclear Management Company, LLC  
1717 Wakonade Drive East  
Welch, MN 55089

Adonis A. Neblett  
Assistant Attorney General  
Office of the Attorney General  
455 Minnesota Street  
Suite 900  
St. Paul, MN 55101-2127

U.S. Nuclear Regulatory Commission  
Resident Inspector's Office  
1719 Wakonade Drive East  
Welch, MN 55089-9642

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

Administrator  
Goodhue County Courthouse  
Box 408  
Red Wing, MN 55066-0408

Commissioner  
Minnesota Department of Commerce  
121 Seventh Place East  
Suite 200  
St. Paul, MN 55101-2145

Tribal Council  
Prairie Island Indian Community  
ATTN: Environmental Department  
5636 Sturgeon Lake Road  
Welch, MN 55089

Nuclear Asset Manager  
Xcel Energy, Inc.  
414 Nicollet Mall  
Minneapolis, MN 55401

Mr. Mano Nazar  
Site Vice President  
Prairie Island Nuclear Generating Plant  
Nuclear Management Company, LLC  
1717 Wakonade Drive East  
Welch, MN 55089

March 2002