

March 4, 2004

J. William Leonard, Director
Information Security Oversight Office
National Archives and Records Administration
700 Pennsylvania Avenue, NW
Washington, DC 20408

Dear Mr. Leonard:

In response to your request of December 22, 2003, I am pleased to provide the enclosed U.S. Nuclear Regulatory Commission (NRC) plan to implement changes brought about by Executive Order (EO) 12958, as amended, and its Implementing Directive, Classified National Security Information Directive No.1.

In summary, NRC's plan reflects significant progress in implementing the EO requirements. It also reflects the additional actions NRC has taken to ensure a full understanding of the EO.

We appreciate the continued assistance of your office and the professionalism of your staff in implementing the provisions of the Order.

Sincerely,

/RA/

William F. Kane
Deputy Executive Director for
Homeland Protection and Preparedness

Enclosure:
As stated

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NRC Plan to Implement the Changes Resulting from Executive Order 12958, as amended, and its Implementing Directive, Classified National Security Directive No. 1

ISOO Requirements

1. Updating agency regulations implementing the Order and Directive (see section 5.4(d)(2) of EO 12958, as amended).

The appropriate NRC regulations and directives for classified National Security Information are NRC Management Directive (MD) 12.1, "NRC Facility Security Program," MD 12.2, "NRC Classified Information Security Program," applicable to NRC staff and contractors, and 10 CFR Part 95, "Facility Security Clearance and Safeguarding of National Security Information and Restricted Data," applicable to NRC licensees and certificate holders.

Concerning MD 12.1, NRC has nearly completed this revision. It addresses all the appropriate changes concerning the physical security for classified National Security Information that have resulted from EO 12958, as amended. NRC expects MD 12.1 to be published and distributed to NRC staff and contractors by the end of March.

Concerning MD 12.2, NRC is in the process of revising it to address all the changes (e.g., reasons for classification, duration of classification, classification and declassification instructions, classification markings, and exemption categories), that have resulted from EO 12958, as amended. We estimate that MD 12.2 will be published and distributed to NRC staff in April 2004.

With respect to NRC licensees and certificate holders under 10 CFR Part 95, we are advising licensees via separate correspondence of the changes that have resulted from EO 12958, as amended, with the expectation that they will incorporate the changes into the required security plans. NRC expects to complete this action by March 31, 2004.

2. Updating classification guides (see section 2001.15(d) of Directive No.1.)

Several NRC classification guides need to be updated to reflect the pertinent changes that have resulted from EO 12958, as amended. They are:

- CG-NMF-2, NRC Classification Guide for National Security Information Concerning Nuclear Materials and Facilities;
- CG-RDM-1, NRC Classification Guide for Information Dealing with the Release and Dispersion of Radioactive Material;
- CG-ATM-1, NRC Classification Guide for Assessing Nuclear Threat Messages.

NRC anticipates meeting ISOO's requirement to update the guides by issuing Change Notices that identify each specific change to all holders of the guides. We expect the Change Notices to be issued no later than the 3rd quarter of FY-04.

ENCLOSURE

In addition, several other classification guides were jointly produced by NRC and other agencies/countries (e.g., Department of Energy (DOE), Australia, UK, Germany, and the Netherlands). They are:

- CG-LCP-2, Joint NRC/DOE Classification Guide for Louisiana Energy Services Gas Centrifuge Plant;
- CG-SILEX-1, Joint Australian-United States Classification Guide for Enrichment of Uranium by the SILEX Process;
- CG-PGD-5, Joint NRC/DOE Classification Guide for Uranium Isotope Separation by the Gaseous Diffusion Process.

NRC is working with DOE and the other countries to ensure that these classification guides are updated to reflect the changes that have resulted from EO 12958, as amended. NRC expects to complete this action by December 31, 2004.

3. Ensuring that agency records systems are designed and maintained to safeguard classified information and facilitate its declassification (see section 5.4(c) of EO 12958, as amended).

For many years NRC has operated the "Record Classification Action" (RCA), an automated system to record NRC classification actions. It identifies the name of the Authorized Classifier, the reason for its classification, the classification level (e.g., CNSI), declassification instructions, date of the source documents, and the date or event for declassification. Moreover, RCA serves as a valuable tool to facilitate the EO requirement to identify and automatically declassify eligible NSI documents as they become 25 years old.

NRC has initiated action to update RCA to reflect the changes that have resulted from EO 12958, as amended. We expect to have our system updated by July 1, 2004.

In addition to RCA, NRC is developing another electronic document repository system for official agency records of a sensitive nature. It is similar to NRC's Agencywide Documents Access and Management System that has been in operation for several years. We plan for this system to be operating by December 2004. The potential to include classified documents in this system is currently under study.

4. Ensuring the notification of contractors, licensees, certificate holders or grantees of the changes in the Order and the Directive and their responsibilities to implement them.

As indicated in No. 1 above, NRC MD 12.1 and 12.2, to be completed no later than April 2004, are applicable to contractors. However, NRC's comprehensive security education program is our primary and most effective means for notifying NRC contractors of changes in the EO pertaining to the protection of classified and sensitive unclassified information. The briefing was updated in 2003 to account for the changes caused by the issuance of EO 12958, as amended, and presented to NRC employees and contractors in June-July 2003.

NRC has also developed a briefing specifically to educate newly appointed authorized original and derivative classifiers and declassifiers concerning the regulations for the classification of information. The briefing includes information concerning, for example, the highlights of EO 12958, as amended, the responsibilities of authorized classifiers, the use of classification guides, identifying and marking classified information, and automatic declassification of information that is 25 years old or older.

With respect to NRC licensees, certificate holders, or grantees under 10 CFR Part 95, we are providing notification of the changes that have resulted from EO 12958, as amended, via separate correspondence with the expectation that they will implement the changes by incorporating them into the required security plan. NRC expects to complete this action by March 31, 2004.

Also, NRC is currently engaged in an effort to develop training to be delivered in a web-based format. This training will include modules for general security education and training for classification authorities. NRC expects to implement this web-based training by August 1, 2004.

Additional NRC Actions

5. Submitted to ISOO the Agency Declassification Compliance Plan

On December 31, 2003, pursuant to the provisions of sections 5.2(b)(2) and (3) of EO 12958, as amended, NRC submitted to ISOO the Agency Declassification Compliance Plan that describes NRC's planned methodology to automatically declassify 25 year old NSI by December 31, 2006.

6. Provided specific guidance to all NRC Authorized Classifiers regarding EO 12958, as amended.

NRC provided written guidance to existing Authorized Classifiers apprising them of the specific changes that resulted from EO 12958, as amended. NRC Authorized Classifiers have also participated in the general security education training that NRC provided to all employees in June-July 2003. In addition, NRC has updated the Authorized Classifiers briefing to reflect the changes that have resulted from EO 12958, as amended, and has presented it to all newly appointed Authorized Classifiers.

7. Arranging for ISOO to observe NRC security education briefing.

Based on ISOO's expressed interest in observing agency security education required by EO 12958, as amended, NRC is receptive to the ISOO liaison representative personally observing an upcoming NRC security education briefing. NRC plans to conduct this briefing no later than June 30, 2004.

8. Arranged for ISOO inspection.

To assure NRC compliance with the requirements of EO 12958, as amended, ISOO has scheduled an inspection of NRC classification management practices in August 2004. ISOO plans to review, for example, NRC's automatic declassification procedures for 25 year old NSI, discuss classification management procedures with NRC Authorized Classifiers, and review NRC's RCA system.