

Ann Marshall Young, Chair  
Administrative Judge  
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U.S. Nuclear Regulatory Commission  
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Anthony J. Baratta  
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U. S. Nuclear Regulatory Commission  
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In the Matter of  
DUKE ENERGY CORPORATION  
(Catawba Nuclear Station, Units 1 and 2)  
Docket Nos. 50-413-OLA and 414-OLA

Dear Administrative Judges:

The NRC staff (Staff) herein responds to the Board's July 28 Scheduling Order, in which the Board directed the parties to file preliminary proposed courses of action in light of CLI-04-21, issued on July 29, 2004. The Staff proposes that the Board and the parties proceed with discovery on Security Contention I pursuant to whatever hearing schedule will be established by the Board as a result of the telephone conference scheduled for August 3, 2004. The Staff believes that this is the only issue that needs to be discussed during the telephone conference and that this discussion will not include any safeguards information.

The Staff would also like to take this opportunity to inform the Board and the parties that it will provide the pending need-to-know determinations by August 3, 2004.

Sincerely,

**/RA/**  
Margaret J. Bupp  
Counsel for NRC Staff

cc: Service list