



DAVID R. NEVIUS
Senior Vice President

NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

To: Dyer, NRR
Ref: WITS 200400079
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August 27, 2004

Mr. Luis A. Reyes
Executive Director for Operations
United States Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Dear Mr. Reyes:

Signed Copies of Memorandum of Agreement

I have signed both copies of the Memorandum of Agreement between the U.S. Nuclear Regulatory Commission and the North American Electric Reliability Council and enclosed one for your records.

We now look forward to initiating a discussion on the development of the associated appendices.

Sincerely,

MEMORANDUM OF AGREEMENT
between the
U.S. NUCLEAR REGULATORY COMMISSION
and the
NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

This memorandum of agreement (MOA) between the U.S. Nuclear Regulatory Commission (NRC) and the North American Electric Reliability Council (NERC) reflects the desire for a continuing and cooperative relationship in the exchange of experience, information, and data related to reliability of the U.S. electricity supply system.

The NRC has statutory responsibility for regulating U.S. commercial reactors that generate electric power, as described in Pub. L. 93-438, 88 Stat. 1233 (42 U.S.C. 5801 *et seq.*), which responsibility includes evaluating the design and operation of the electric power grid as it relates to the safe operation of nuclear power plants. NERC is an organization, sponsored by all sectors of the electric industry, whose mission is to ensure that the bulk electric system in North America is reliable, adequate and secure. As such, NRC and NERC undertake related activities, as defined in the appendices to this MOA. These appendices will help ensure that the goals of both organizations are achieved in the most efficient and effective manner without diminishing or interfering with the responsibilities and authorities of the NRC and the goals of NERC.

This MOA is not intended to be an enforceable agreement or contract on either party, notwithstanding the occasional use of the term "agree" or the use of mandatory language such as "shall" or "will" in either the MOA or its appendices. In particular, insofar as this MOA or its appendices indicate that the Commission will take or refrain from taking a particular action in discharge of its regulatory responsibilities, such an indication is intended only to reflect the Commission's current policy intentions in this regard. Since this MOA is not legally binding, the Commission may depart from its terms whenever it deems it necessary or appropriate to do so in the discharge of its regulatory responsibilities, except that in the interest of cooperation the Commission will, if appropriate and practical, advise NERC of any intention to depart from the terms of this MOA prior to doing so. This MOA does not serve to commit or obligate appropriated funds. NRC's activities, efforts and tasking are subject to availability of appropriated funds.

This MOA and its companion appendices complement one another. Appendices are used to delineate detailed and specific areas for coordination which exist between the parties of this MOA and which may be amended from time to time. The appendices are not interpreted as restrictive to only those areas specified in the document, but serve as keystones of the MOA for the exchange of information to support the common goals of both organizations.

NERC and NRC agree to consult with each other with regard to the availability of technical information that would be useful in the areas of mutual interest, and to promote and encourage a free flow of such information. Both parties recognize the need for excluding from this MOA information that has been received on a privileged basis. As information is verified and found

Enclosure

to be necessary or important to findings upon which significant reliability-related conclusions and recommendations are based, the party holding such information will take appropriate and timely steps to remove it from the privileged or otherwise restricted status.

However, the NRC cannot provide information to NERC that is required by law to be withheld. Each party recognizes the need, on some occasions, to be able to accept and protect privileged information where such information could not be made available otherwise. It is recognized that the parties to this MOA may not be fully aware of the extent of each other's knowledge and thus, this MOA requires only the parties' best efforts and a reasonable degree of care in assuring that significant reliability-related information is provided in a timely manner to the other party.

The parties to the MOA will meet periodically to exchange information and keep each other apprised of the major activities under way and planned in each area of MOA. The meetings are an effort to avoid unnecessary and unintentional duplication of activities, while providing a means to identify those areas where independent activities by another organization may be warranted.

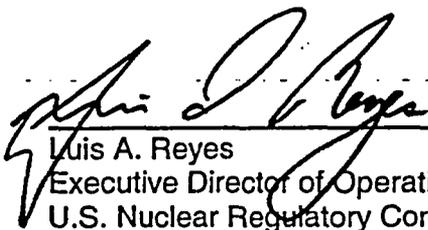
Coordination meetings are for information exchange only. Meetings are not to be construed as requests or opportunities for (or used by the NRC for) obtaining the advice or recommendations of NERC or its personnel on policy or regulatory issues within the scope of the NRC's responsibilities. NERC's advice or recommendations to the Commission on regulatory or policy matters, if any, are to be made through established procedures of the Commission and will be considered by the Commission in the same manner as other offers of advice or recommendations made through established Commission procedures.

Titles of Appendices:

- o Appendix I – Coordination plan for communications and information sharing during emergencies.
- o Appendix II – Coordination plan for event analysis and follow-up review activities.
- o Appendix III – Coordination plan for the exchange of operational experience data and information.
- o Appendix IV – Coordination plan for participation by NRC staff in NERC committee and subgroup activities.

The contents of these appendices will be provided when the details of the coordinated activities are mutually established.

AGREEMENT


 Luis A. Reyes
 Executive Director of Operations
 U.S. Nuclear Regulatory Commission

Date: 8/23/04


 David R. Nevius
 Senior Vice President
 North American Electric Reliability Council

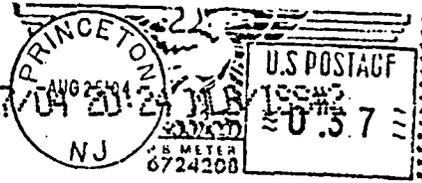
Date: 8/27/04



North American
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