



NUCLEAR ENERGY INSTITUTE

James W. Davis
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September 8, 2004

Scott A. Morris
Chief Reactor Security Section
Division of Nuclear Security
Office of Nuclear Security and Incident Response
Nuclear Regulatory Commission
Washington, DC 20555-0001

SUBJECT: Use of PGP Encryption Software version 8.1 for Safeguards Information

In a March 26, 2004 letter NEI requested authorization, on behalf of the industry, to use PGP 8.0 software for electronic transmission of Safeguards Information. A May 5, 2004 letter from NRC's Roy Zimmerman to NEI's Steve Floyd approved, with modifications, the NEI procedure for encryption of SGI material and asked NEI to coordinate collection and distribution of public keys.

In a June 23 letter NEI reported six individuals had been trained on the use of the PGP software and requested the NRC public key, which was subsequently provided. In this series of letters it was clear that NEI intended to use PGP version 8.0.

Pursuant to the requirements of 10 CFR 73.21(g)(3), NEI is requesting NRC approval, to process and transmit Safeguards Information (SGI) using PGP Software (Enterprise, Corporate, or Personal) Desktop Version 8.0 and 8.1 or the latest validated version, developed with PGP SDK 3.0.3. National Institute of Standards and Technology Certificate 394 validates compliance of this SDK with FIPS 140-2 requirements.

It is our understanding that upon NRC approval we can immediately commence using Version 8.1 and that the thirty day waiting period specified in the standard approval letter is not required.

NEI is also concerned that the NRC's standard response to licensees poses an unnecessary administrative burden and is counter to good cyber security practices.

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Specifically the requirement "You notify the NRC of your intention to update your encryption software 30 days prior to its first use." This notification should only be required when the software change would result in encrypted material that would not be compatible with the NRC software. Elsewhere in the letter it requires that the software be validated to FIPS 140-2 requirements. Cyber security practices issued by a number of credible sources recommend that software revisions be promptly reviewed and implemented. The current NRC restrictions are counter to this practice.

NEI requests the NRC provide a change to each licensee's authorization letter that modifies item 2 of the third paragraph to only require notification when a change is made that does not use PGP SDK 3.0.3, certificate number 394.

Should you have any questions or require additional information, please contact me at 202-739-8105.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Davis", with a long horizontal flourish extending to the left.

James W. Davis

cc: Bhalchandra Vaidya, NRC/NISR
Lynn Silvius, NRC/NSIR
Louis Grosman, NRC/OCIO