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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

CHAIRMAN

NOTE: SENSITIVE INFORMATION - LIMITED TO NRC UNLESS THE COMMISSION DETERMINES OTHERWISE

November 10, 2003

MEMORANDUM TO: William D. Travers
Executive Director for Operations

FROM: Nils J. Diaz

SUBJECT: POLICY ISSUE REGARDING TRANSPARENCY OF SECURITY AND PHYSICAL PROTECTION UNDER THE REACTOR OVERSIGHT PROCESS (ROP) AND THE NEED FOR REVISION OF THE PHYSICAL PROTECTION SIGNIFICANCE DETERMINATION PROCESS (PPSDP)

On behalf of the Commission, I am directing the staff to develop an options paper with a full discussion of pertinent issues associated with the treatment of security under the ROP. The staff should consider a wide range of options, including maintaining the status quo (as the staff described it on October 6), retaining security within the ROP but with less transparency on PIs and inspection findings, and excluding security from the ROP entirely and handling it as a separate but parallel oversight program. Under any option, priority needs to be given promptly to revising the PPSDP for routine security inspections. In this paper, the staff also needs to inform the Commission how it intends to use the PPSDP as it applies to routine security inspections.

The Commission needs to deliberate and resolve these issues early, in a manner consistent with the revised security inspection and oversight program, balancing the public's need to know with the need to protect sensitive information.

Until this paper is reviewed and guidance provided by the Commission, the staff should not implement the actions described in your September 11, 2003 memorandum to the Commission titled, "Disposition of Unresolved Items and Potential Findings Resulting From Inspections of Compensatory Measures." Furthermore, the memorandum should not be released in public ADAMS until the Commission determines otherwise.

Please provide the paper requested above by December 10, 2003.

cc: Commissioner McGaffigan
Commissioner Merrifield
SECY

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