

April 28, 2006

MEMORANDUM TO: Chairman Diaz
Commissioner McGaffigan
Commissioner Merrifield
Commissioner Jaczko
Commissioner Lyons

FROM: Luis A. Reyes /RA/
Executive Director for Operations

SUBJECT: APRIL 2006 UPDATE: INCREASED CONTROL OF SOURCES

On August 15, 2005, the Commission directed the staff in a Staff Requirements Memorandum (SRM) to implement the actions in COMSECY-05-0028, "Staff Response to SRM for COMSECY-05-0015: Initiatives for Increasing Agreement State Participation in the Control of Sources." In order to keep the Commission fully and currently informed during the initial implementation of the increased controls, the staff has provided updates to the Commission through EDO Daily Notes, the Office of Nuclear Security and Incident Response Monthly Significant Security Activities Update, a Technical Assistants briefing, and Commission memoranda. The staff is also continuing to provide monthly updates on the status of ongoing U.S. Nuclear Regulatory Commission (NRC) and Agreement State activities relative to the increased controls. The staff's last monthly update was dated March 1, 2006.

The staff notes that Minnesota became the 34th Agreement State on March 31, 2006. The staff has worked and continues to work closely with Minnesota staff to ensure a smooth transition of regulatory authority over all areas covered by the Section 274b Agreement. The staff has confirmed that Minnesota issued NRC-approved increased controls to affected licensees on March 31, 2006, and intends to relax the NRC issued Order EA-05-090, imposing increased controls on these licensees.

Starting in March 2006, and continuing through June 2006, the large majority of licensees issued the increased controls will be required to be in full compliance. Inspections can begin as soon as licensees report full compliance, but in any case will begin no later than six months after the date of issuance of the increased controls unless the licensee was granted relief from the timeliness requirement. Based upon the current information maintained by the staff regarding the implementation of the increased controls, the staff understands that as of April 20, 2006, inspections have commenced in five Agreement States.

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Information provided by the Agreement States, and NRC staff indicates that, as of April 20, 2006, approximately 99 percent of NRC and Agreement State licensees issued increased controls have responded to the requirements. The staff estimates that approximately 1,700 of the 2,900 NRC and Agreement State licensees issued the increased controls will be implementing the requirements, and thus need to be inspected. The Agreement States and NRC staff continue to follow up with licensees who have not yet responded, through e-mail and telephone contacts. In cases where licensees fail to provide a response to the increased control requirements following these additional contacts, the NRC and Agreement State staff are considering various actions to ensure affected licensees are aware of, and implement the increased controls. For example, licensees may be issued a notice of violation, and/or may be determined to present a "higher risk" and need to be inspected within the first year after implementation.

The staff conducted a NRC regional branch chief workshop at Headquarters the week of April 3, 2006, to address increased controls planning issues, including the scheduling of inspections.

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