July 22, 2008

Mr. Kent Cole, President
NAC International
Atlanta Corporate Headquarters
3930 East Jones Bridge Road
Norcross, Georgia 30092

SUBJECT: SPENT FUEL STORAGE CASK SECURITY ASSESSMENTS

Dear Mr. Cole

In accordance with the Atomic Energy Act of 1954 (AEA), as amended and 10 CFR Part 72, NAC International (NAC or the vendor) holds certificates of compliance for four spent fuel storage casks. You may recall that our staff contacted your office and the other Part 72 certificate holders to arrange closed meetings to discuss the U.S. Nuclear Regulatory Commission's (NRC's) engineering evaluation and security assessments of representative spent fuel storage cask designs. Although arrangements were being made to assure the proper control of information to be discussed, the meetings were canceled due to generic concerns regarding the proper handling of Safeguards Information (SGI). Since that time, the Energy Policy Act of 2005 has imposed new fingerprinting and FBI identification and criminal history records check requirements for access to SGI.

As discussed in Enclosure 1, "Spent Fuel Storage Security Assessment Findings," the NRC did not identify a need for any additional mitigative measures based on the results of the security assessments for an array of storage casks. However, the NRC staff would still like to provide NAC the opportunity to discuss the security assessments in a closed meeting.

The NRC staff is offering the following three options for your consideration:

1. No further interaction.
2. NRC holds a closed meeting with all four major cask vendors. NRC will not present SGI; the information presented will be Official Use Only—Security-Related Information (OUO-SRI).
3. NRC holds a closed meeting with all four major cask vendors. NRC will present SGI, subject to the conditions described below.

If a meeting with the four major cask vendors is held, the agenda would include the following:

1. The Security Assessment (SA) framework process
2. Discussion of threat scenarios evaluated
   a. For the OUO-SRI meeting option, this will be a general discussion
   b. For the SGI meeting option, this will be a more detailed discussion and this is the only portion of the meeting that will include SGI
3. Discussion of SA framework findings
4. Insights for future designs/modifications

If NAC is interested in meeting with the NRC to discuss SGI, personnel attending the meeting must be fingerprinted for an FBI identification and criminal history records checks, and also have a "need to know" to be authorized to receive the information. SGI is a special category of sensitive unclassified information that is protected similar to Government classified confidential information and significantly more than other sensitive unclassified information (e.g., privacy and proprietary information). Any person who produces, receives, or acquires SGI is subject to the requirements (and sanctions) of the AEA. Inadequate protection of SGI, including inadvertent release or unauthorized disclosure, may result in civil and/or criminal penalties. Therefore, if NAC chooses to meet with the NRC staff to discuss SGI, the NRC staff will issue an Immediately Effective Order to NAC imposing appropriate SGI protection requirements. As will be set forth in the Order, authorization to receive SGI in written or verbal form involves the following:

1. The NRC would have to determine if the individuals receiving SGI have a need to know.
2. Individuals receiving SGI must submit fingerprints to the NRC to initiate a criminal history records check, or demonstrate that they have been fingerprinted elsewhere for a government security clearance (or demonstrate that they are subject to any other exception in 10 CFR 73.59).
3. Individuals who receive SGI are prohibited from disclosing SGI to any unauthorized person.

We would appreciate a response within 30 days of the date of this letter. In your response, please indicate whether NAC has an interest in meeting with the NRC to discuss the results of the security assessments. If NAC is interested in meeting on this topic, please indicate whether NAC is interested in meeting to discuss the information at either an OUO-SRI level or SGI level.

If you have any questions, please contact Shana Helton at (301) 492-3284 or Elizabeth Thompson at (301) 492-3334 or by e-mail to shana.helton@nrc.gov or Elizabeth.thompson@nrc.gov.

Sincerely,
/RA/ N.Mamish for
E. William Brach, Director
Division of Spent Fuel Storage
and Transportation
Office of Nuclear Material Safety
and Safeguards

Docket Nos.: 72-1002, 72-1003, 72-1015 and 72-1025

Enclosure: Spent Fuel Storage Security Assessment Findings

If NAC is interested in meeting with the NRC to discuss SGI, personnel attending the meeting must be fingerprinted for an FBI identification and criminal history records checks, and also have a "need to know" to be authorized to receive the information. SGI is a special category of sensitive unclassified information that is protected similar to Government classified confidential information and significantly more than other sensitive unclassified information (e.g., privacy and proprietary information). Any person who produces, receives, or acquires SGI is subject to the requirements (and sanctions) of the AEA. Inadequate protection of SGI, including inadvertent release or unauthorized disclosure, may result in civil and/or criminal penalties. Therefore, if NAC chooses to meet with the NRC staff to discuss SGI, the NRC staff will issue an Immediately Effective Order to NAC imposing appropriate SGI protection requirements. As will be set forth in the Order, authorization to receive SGI in written or verbal form involves the following:

1. The NRC would have to determine if the individuals receiving SGI have a need to know
2. Individuals receiving SGI must submit fingerprints to the NRC to initiate a criminal history records check, or demonstrate that they have been fingerprinted elsewhere for a Federal government security clearance (or demonstrate that they are subject to any other exception in 10 CFR 73.59).
3. Individuals who receive SGI are prohibited from disclosing SGI to any unauthorized person.

We would appreciate a response within 30 days of the date of this letter. In your response, please indicate whether NAC has an interest in meeting with the NRC to discuss the results of the security assessments. If NAC is interested in meeting on this topic, please indicate whether NAC is interested in meeting to discuss the information at either an OUO-SRI level or SGI level.

If you have any questions, please contact Shana Helton at (301) 492-3284 or Elizabeth Thompson at (301) 492-3334 or by e-mail to shana.helton@nrc.gov or Elizabeth.thompson@nrc.gov.

Sincerely,
/RA/ N.Mamish for
E. William Brach, Director
Division of Spent Fuel Storage
and Transportation
Office of Nuclear Material Safety
and Safeguards

Docket Nos.: 72-1002, 72-1003, 72-1015 and 72-1025
Enclosure: Spent Fuel Storage Security Assessment Findings

cc w/o enclosures: DHase/NSIR SWastler/NSIR Shana Helton/NMSS
EThompson/NMSS DForsyth/NMSS MLombard/ADM

Accession No
G:\SFST\Helton\Security Assessments\Vendor Letters\current\NAC-Rev2.doc

OFC:	SFST		SFST		SFST		SFST		OGC		NSIR		SFST	
NAME:	SHelton		WWheatley		LLCampbell		(MBailey for) EMHackett		(Zorn for) JGoldberg		PHolahan		(NMamish for) EWBrach	
DATE:	5/ 19 /08		5/ 20 /08		5/ 25 /08		6 / 20 /08		5/ 23 /08		6/ 5 /08		7/22/08	

OFFICIAL RECORD COPY