

January 4, 2001

Commander
Code NAVSEA O8B
Naval Sea Systems Command
ATTN: Patrick Card
2531 Jefferson-Davis Highway
Arlington, VA 22242-5160

Dear Mr. Card:

On May 31, 2000, NRC requested that DOE accept security cognizance of BWXT Inc in Lynchburg, VA under the provisions of the National Industrial Security Program (NISP). On October 27, 2000, DOE agreed to accept security cognizance.

In this connection, Nuclear Fuel Services Inc. (NFS) in Erwin, TN is similar to BWXT in terms of NRC's and DOE's responsibilities for the protection of classified information. Therefore, under the provisions of the NISP, we believe DOE should also be delegated as the Cognizant Security Authority for NFS for the protection of classified information, based on DOE's preponderant responsibilities concerning the naval nuclear propulsion program. Under the NRC/DOE Memorandum of Understanding dated October 8, 1998, NRC would retain its regulatory authorities under Title 10, "Energy," of the Code of Federal Regulations, including enforcement authority for the protection of classified matter and its authority for control of nuclear materials. NRC would also retain authority for issuing certain access authorizations including those for access to special nuclear material under 10 CFR Part 11.

Please advise me if DOE agrees to accept security cognizance of NRC's interest at NFS. It would require that 1) DOE conduct inspections for NRC under the regulatory framework of 10 CFR Parts 25 and 95; 2) DOE inform NRC of the results of your inspections/surveys that pertain to NRC interest; 3) DOE inform NRC of any "enforceable" actions under NRC's regulatory regime; 4) DOE provide NRC with a copy of the most recent inspection/survey report or a letter confirming that the existing safeguards are adequate to protect classified information and material; 5) DOE assurance that only appropriately cleared individuals have access to classified material under NRC's interest; and 6) DOE advise NRC of any change in NFS' security status.

I will advise you if/when the NRC security interest is terminated. Should you have any questions, please contact Wayne G. Burnside of my staff on 301-415-2211.

Sincerely,

Original signed by
Timothy F. Hagan, Director
Division of Facilities and Security
Office of Administration

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