

February 8, 2013

Mr. Peter J. Miner, Director  
Regulatory Affairs  
USEC Inc.  
6903 Rockledge Drive  
Bethesda, MD 20817-1818

SUBJECT: REVISION TO SECURITY PROGRAM FOR AMERICAN CENTRIFUGE  
OPERATING, LLC AND CYBER SECURITY PLANS (TAC NO. L34141)

Dear Mr. Miner:

This is in response to your April 21, 2011(AET 11-0021), letter requesting the U.S. Nuclear Regulatory Commission's (NRC's) review and approval of proposed changes to the combined Security Program for the American Centrifuge Plant (ACP) (NR-3605-0004) and American Centrifuge Lead Cascade Facility (Lead Cascade). Your request was submitted following USEC Inc.'s (USEC's) decision, with NRC approval, to transfer its material licenses for the Lead Cascade (SNM-7003) and the ACP (SNM-2011) from USEC to the limited liability company American Centrifuge Operating, LLC (ACO). In your letter you also requested NRC review and approval of proposed changes to the following cyber security plans:

- SP-2605-0027, "Information System Security Plan (ISSP) for Interconnected Classified Networks Processing Classified Information at Protection Index=2"
- SP-2605-0028, "Master Classified Distributive Information Networks (CDIN) Plan for Classified Networks (S-RD and Below)"
- SP-3605-0001, "Stand Alone Information System Security Plan (ISSP) Processing Classified Information at Protection Index PI-2"
- SP-3605-0002, "Classified Data Processing Network Information System Security Plan (ISSP) Processing Classified Information at Protection Index PI-2"
- SP-3605-0003, "Lead Cascade Distributed Control System Information System Security Plan (ISSP) Processing Classified Information at Protection Index PI-2"

We have completed our review of your submittal. The information provided below summarizes USEC's and the NRC's actions associated with our review of your request.

On March 11, 2011, the NRC issued a revised guidance document, "Standard Practice Procedures Plan: Standard Format and Common Set of Requirements for the Protection of Classified Matter for USEC Inc. and Its Limited Liability Companies Regulated by the U.S. Nuclear Regulatory Commission" (Agencywide Document Access Management System [ADAMS], Accession Number ML110670580). This revised guidance document was developed to address requirements common to both the NRC and the U.S. Department of Energy (DOE). The document was provided to USEC to assist USEC in developing the Standard Practice Procedures Plans (SPPP) for the newly created LLCs. Enclosure 2 of AET 11-0021 provided the Security Program for ACO, which was developed following the guidance document provided

by the NRC on March 11, 2011. On January 11, 2011, the NRC provided guidance related to classified computer network plans. Likewise, on February 18, 2011, the NRC provided approval of proposed changes to the Security Program to implement the Nuclear Energy Institute (NEI) 08-11 guidance and re-emphasized the need for compliance with NEI 08-11 guidance in the area of information technology as discussed within NRC's letter dated January 11, 2011. Enclosure 2 of AET 11-0021 provided plan-specific definitions within Chapter 2.0 of the Security Program for ACO to address this NRC guidance.

By letter dated June 22, 2011, the NRC transmitted a Request for Additional Information (RAI) following the initial review of your request. The letter requested USEC's responses to the RAI within 30 days from the date of the letter. On July 18, 2011, via e-mail to Mr. Osiris Siurano, Project Manager, Mr. Terry Sensue, Regulatory Manager, USEC, requested a 30 day extension for providing USEC's responses. The extension was granted and, by letter dated August 16, 2011 (AET 11-0043), USEC provided its responses to the RAI. By letter dated October 21, 2011, the NRC provided its evaluation of USEC's responses to the June 22, 2011, RAI. In its letter, the NRC noted that its review of USEC's responses to the RAI identified additional information that was needed before final action could be taken and requested USEC's responses to the additional RAI within 30 days. By letter dated December 30, 2011 (AET 11-0059), USEC provided its responses to the October 21, 2011, RAI.

Following USEC's responses to the October 21, 2011, RAI, on January 17-20, 2012, the NRC staff, in coordination with staff from the DOE, Nuclear Energy Oak Ridge Site Office (DOE/NE-ORSO), conducted an operational readiness review (ORR) to determine whether programs, procedures, and controls were in place to support implementation of ACO's security program for the protection of classified matter. NRC Inspection Report number 07007004/2012201, documenting the results of the ORR, was issued on February 17, 2012. The report identified 8 items which required follow-up and USEC's action for the NRC to close them. By letter dated May 7, 2012 (AET 12-0029), USEC provided its responses to address the open items identified during the ORR. By letter dated July 18, 2012, the NRC provided its evaluation of USEC's responses to address the open items identified during the ORR, which concluded that 6 of the 8 open items were closed. The NRC also stated that, with respect to the two remaining open items (register contracts that will support ACO - Item No. 2; and identifying the individuals who will be working for ACO and extend their personnel security clearances - Item No. 3), the NRC staff will keep these open until USEC completed actions to address these and submit its responses for approval. For completeness, by letter dated September 28, 2012 (AET 12-0050), USEC provided a supplement to the proposed changes for the ACO Security Program. These supplemental changes addressed other minor administrative issues identified by the NRC and DOE/NE-ORSO staff during the January 2012 ORR.

By letter dated December 11, 2012 (AET 12-0060), USEC notified the NRC that it has completed the actions to close the two remaining open items and requested the NRC's review and approval of the resolution of these. Subsequently, the NRC staff conducted an on-site visit at the ACO in Piketon, OH, to review USEC's actions and documentation addressing the two remaining open items from the January 2012 ORR. The staff evaluated the information provided by USEC during this visit and determined that item No. 2 should be closed. However, regarding open Item No. 3, a potential legal issue with USEC's decision of ACO conducting operations having no employees, was identified. Based on their review, the staff determined that this was not consistent with Title 10 of the Code of Federal Regulations (10 CFR) 95.17(a)(4), which requires appointing a U.S. citizen employee as ACO's facility security officer (FSO).

During a follow-up call, USEC stated that, to address the issue, it will be appointing one ACO employee as the FSO and that it will submit a letter to the NRC confirming the appointment of a U.S. citizen as the facility's FSO. By letter dated January 22, 2013 (ACO 13-0004), USEC provided its plans, and commitment, for establishing the FSO as an employee of ACO. In addition, by letter dated January 23, 2013 (ACO 13-0009), USEC provided a copy of the approved Service Agreement between ACO and USEC to support closure of the open item. After reviewing USEC/ACO submittals, NRC staff proceeded to close the item and, by letter dated February 8, 2013, from Mr. Bernard Stapleton, NRC Office of Nuclear Security and Incident Response, notified USEC of the issuance of ACO's facility clearance to possess classified matter.

By letter dated August 16, 2011 (AET 11-0043), USEC committed to notify the NRC of the implementation of the Classified Item Control and Inventory (CICI) Program to allow practical review before final NRC approval for its use was granted. In addition, by letter dated December 30, 2011 (AET 11-0059), USEC committed to provide the CICI procedure to the NRC for review. This program was reviewed during the January 2012 ORR and found to be in compliance with the commitments contained in the ACO Security Program as documented with NRC's Inspection Report number 07007004/2012201, dated February 17, 2012.

By letter dated January 3, 2012 (AET 12-0006), USEC submitted ACO's Operations Security (OPSEC) Plan 331-06-161 for review and approval. During the January 2012 ORR, the NRC staff reviewed the OPSEC plan and noted that the plan was comprehensive. The NRC staff noted that the plan will need to be continued once the licenses are transferred to ACO. As such, by letter dated October 22, 2012 (AET 12-0055), USEC notified the NRC that Ms. Angela Wright will continue to be ACO's OPSEC Point of Contact to the NRC. The NRC staff had previously evaluated Ms. Wright's qualifications and concluded that she is qualified for the position. The NRC staff has no additional comments on this matter and, as a result, the plan is approved. By letter dated December 20, 2012 (AET 12-0067), USEC completed the annual evaluation and submitted a revision to the OPSEC Plan for review. By letter dated January 25, 2013, the NRC approved the revisions to the OPSEC Plan (TAC L34219).

With regard to the cyber security plans, by letter dated June 30, 2011, the DOE/NE-ORSO, as the Designated Approval Authority (DAA), transmitted its approval of the cyber security plans with one comment. The comment was that the DOE DAA should be identified as "DAA DOE ORO" instead of with an individual's name, as applicable<sup>1</sup>. In addition, in its letter DOE/NE-ORSO noted that the classified cyber security systems protected under these plans could not be accredited for operation until ACO is authorized to possess classified matter. By letter dated August 16, 2011 (AET 11-0043), USEC provided proposed changes to the appropriate classified cyber security plans to address the DOE's comment. The NRC staff reviewed the proposed changes and determined that the changes were appropriate. As such, the changes are approved.

The NRC staff also reviewed the information provided by USEC regarding the proposed changes to CDIN plan SP-2605-0028, Revision 1. Based on their review, the NRC staff determined that the proposed changes are acceptable and, therefore, are approved. It should be noted that further approval is not necessary unless there is a major revision to the plan.

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<sup>1</sup> As an update to this comment, it should be noted that, due to reorganization in 2012, the DOE DAA should now be identified as DAA DOE/NE-ORSO.

By letter dated March 22, 2012 (AET 12-0024), USEC requested cancellation of cyber security plan SP-3605-0001, effective March 23, 2012. In its letter, USEC stated that SP-3605-0001 was discussed during the January 17-20, 2012, onsite ORR and it was agreed to by NRC, DOE/NE-ORSO, and USEC staffs that this plan was no longer needed. The NRC staff reviewed the request for cancellation of SP-3605-0001 and, based on its review of the information provided, the NRC staff determined that this plan is no longer necessary and, as such, proceeded to cancel its accreditation. By letter dated April 5, 2012, the NRC transmitted its notice of cancellation.

With regard to SP-3605-0002 and SP-3605-0003, by letter dated May 15, 2012 (AET 12-0033), USEC submitted a request to the NRC for a one year extension of the accreditation for the classified cyber security systems protected under these plans. In its letter, USEC stated that these plans were also discussed during the January 17-20, 2012, ORR and that, based on discussions between NRC, DOE/NE-ORSO, and USEC, it was agreed that the accreditation of these plans would need to be extended to ensure enough time is available to complete the detailed implementation actions required for ACO to assume responsibility for licensed activities under the NRC materials licenses. The NRC staff evaluated the information provided by USEC, and determined that, as agreed upon during the January 17-20, 2012, ORR, the accreditation should be extended. By letter dated August 2, 2012, the NRC transmitted its approval of the extension of the accreditation of SP-3605-0002 and SP-3605-0003 until July 13, 2013.

It should be noted that, in order to complete the transition of systems currently accredited for USEC Inc. to systems defined in SP-2605-0027, SP-3605-0002, and SP-3605-0003 for ACO, ACO must submit a request to NRC for accreditation for these systems to be operated and managed under ACO. This submittal shall include an approved system ISSP and the Security Test and Evaluations (ST&E) for each system; and must be provided within 30 days of the date of this letter. Review and approval of this submittal will allow re-accreditation of these systems until January 1, 2015.

This action closes efforts under Technical Assignment Control number L34141.

In accordance with 10 CFR 2.390, "Public Inspections, Exemptions, Requests for Withholding," of NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records System component of NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

If you have any questions regarding this letter, please contact Mr. Osiris Siurano at (301) 492-3117, or via e-mail to [Osiris.Siurano@nrc.gov](mailto:Osiris.Siurano@nrc.gov).

Sincerely,

**/RA/**

Brian W. Smith, Chief  
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Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

Docket Nos. 70-7003, 70-7004  
License Nos. SNM-7003, SNM-2011

cc: Randall DeVault, DOE Oak Ridge Office  
Vernon Shanks, USEC Inc.

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If you have any questions regarding this letter, please contact Mr. Osiris Siurano at (301) 492-3117, or via e-mail to [Osiris.Siurano@nrc.gov](mailto:Osiris.Siurano@nrc.gov).

Sincerely,

Brian W. Smith, Chief  
Uranium Enrichment Branch  
Division of Fuel Cycle Safety  
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Office of Nuclear Material Safety  
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Docket Nos. 70-7003, 70-7004  
License Nos. SNM-7003, SNM-2011

cc: Randall DeVault, DOE Oak Ridge Office  
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