

**Quarterly Letter Status Report for  
Protection of Classified Information and Related Security Activities  
2nd Quarter of Fiscal Year 2013  
January 1 through March 31, 2013**

**I. Introduction**

The U.S. Department of Energy (DOE) and the U.S. Nuclear Regulatory Commission (NRC) have entered into three interagency agreements for DOE to perform certain security related activities for the NRC. These interagency agreements are:

- NRC-HQ-50-12-1-008 "Protection of Classified Information and Related Security Activities at the General Electric Laser Enrichment Facility - J5718"; and

These interagency agreements became effective October 1, 2012. Each of the interagency agreements contains terms that require DOE to provide quarterly letter status reports summarizing the status of all evaluation and inspection tasks relative to each of the agreements.

This is the second status report provided in accordance with the terms of the agreements.

**II. Description of Activities during this Reporting Period**

The DOE provided technical assistance by conducting inspections and assessments of Information Technology security activities. Each inspection activity was conducted in conjunction with appropriate NRC staff (as requested). Details of the inspection effort were provided either in person during the inspection or in subsequent electronic correspondence or telephone communication.

A summary discussion of the activities associated with each agreement follows.

## **B. General Electric Laser Enrichment Facility (J5718)**

During this reporting period, DOE's evaluation and inspection efforts included the following:

- Establishment of a new COMSEC account under the current NE-ORSO organization that was determined to be more cost effective and efficient than the current account under ORO. COMSEC support under the new account is the same as provided under the old account and will include: issuance of NSA approved encrypting equipment, procurement of this equipment; ensuring equipment is given proper physical security protection and operated in a manner that protects both the equipment and information being processed; inventorying equipment; and making necessary software/hardware upgrades. The steps accomplished so far are:
  - Requesting establishment of new account from the DOE COR Manager, providing justification for requirement of new account.
  - Identifying key personnel appointed to the new account and providing a document stating these individuals understand their responsibilities associated with having access to COMSEC material.
- As the "Federal" Classification Officer for the General Electric Uranium Enrichment Program, performed classification officer duties as follows:
  - Reviewed and provided comments on the independent, due diligence report commissioned by an investor of the Global Laser Enrichment (GLE) process. Since the investor is not a United States-owned company, a detailed classification and export control review was required before the group performing the review can submit the report to the investor.
  - Reviewed an independent report of proliferation risks on the GLE technology.
  - Reviewed a Classification Group study and a determination based upon that study. The specifics are classified, but a copy of the determination was sent to the NRC.
  - Reviewed miscellaneous documents for potential classification, as requested.
- Performed assist visits to a Tennessee facility on February 14, 2013, and March 6, 2013, to review physical security measures associated with a building expansion.
- Inspected the addition of the classified network at a Tennessee facility on February 21, 2013, and recommended approval to proceed.
- Reviewed and provided comments on General Electric-Hitachi documents which culminated in the issuance of "General Electric-Hitachi (GEH) – Global Laser Enrichment (GLE) Program Cyber Security Plan Security Test and Evaluation (ST&E)."

- Prepared program review presentation material for DOE Headquarters personnel.
- Performed Project/Cost/Contract Management activities.

The cost accounting in support of this interagency agreement can be summarized as:

| 2nd Quarter FY13           | January    | February   | March              |
|----------------------------|------------|------------|--------------------|
| Federal Emp. Labor         | \$2,919.66 | \$4,387.09 | \$4,950.28         |
| Federal Emp. Travel        | \$0.00     | \$523.86   | \$0.00             |
| Contractor 1               | \$8,031.17 | \$7,876.46 | \$3,299.50         |
| Contractor 2               | \$341.18   | \$0.00     | \$0.00             |
| Federal Admin. Charge (3%) | \$338.76   | \$383.62   | \$247.49           |
| <b>Quarterly Total</b>     |            |            | <b>\$33,299.07</b> |

Based upon cumulative funding provided to date, past expenditures and projected future activities, we do foresee the need for additional funding during the third quarter of Fiscal Year 2013. The specifics of this request have been shared with you via email messages on April 29, 2013.