Quarterly Letter Status Report for Protection of Classified Information and Related Security Activities
1st Quarter of Fiscal Year 2016
October1 through December30, 2015

I. Introduction

The U.S. Department of Energy (DOE) and the U.S. Nuclear Regulatory Commission (NRC) have entered into three (3) interagency agreements for DOE to perform certain security related activities for the NRC. These interagency agreements are:

- NRC-HQ-50-12-I-007 "Protection of Classified Information and Related Security Activities at the Louisiana Energy Services Uranium Enrichment Facility – J5717";

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.

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.

A. Louisiana Energy Services (LES) Uranium Enrichment Facility (J5717)

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

- Continued to provide support to the NRC regarding issues identified during the Special Inspection of classified cyber activities at LES in the Urenco USA (UUSA) and Centrifuge Assembly Building (CAB) facilities. Completed and submitted a white paper that provides information regarding this issue for review by NRC management.
- Participated in a joint DOE and NRC inspection of the LES facilities in Eunice, New Mexico on October 26-30.
- Completed input for the NRC inspection report of the LES facilities.
- Resolved questions and comments on input for the NRC inspection report for the LES facilities.
- Continued review of LES's response regarding completion of actions on the Plan of Actions and Milestones for UUSA classified cyber networks.
- Prepared and coordinated issuance of a letter regarding LES' response for the completion of the actions on the Plan of Action and Milestones for the UUSA classified cyber networks.
- Continued to participate in technical discussions regarding the addition of personnel entrance/exit monitoring for the UUSA facilities with classified cyber networks.
- Completed a letter of authorization, from DOE to the NRC, to operate the CAB classified network.
- Completed a letter of authorization, from DOE to the NRC, of approval for the UUSA Enhanced Training System classified network.
- Initiated review of the LES request to use wireless radios in the UUSA facilities.
- Initiated review of the Security Assessment Report for the CAB classified network.
- Participated in conferences and telecons with NRC and LES. Performed document reviews.
- Provided support to review System Security Plans
- Attended required Communications Security (COMSEC)/Tempest Training certification
- Performed COMSEC account updates for equipment and documentation; conducted inventory of Head Quarters (HQ) equipment, hand receipts, keys (physical and electronic), and Continuous Monitoring Report (CMR) database.
- Sent out quarterly rekey information to all users and collected feedback; updated CMR to reflect changes.

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

1st Quarter FY16	October	November	December
Federal Emp. Labor	$13,616.50	$839.53	$363.79
Federal Emp. Travel	$4,897.80	$0.00	$0.00
Contractor 1	$12,043.12	$7,412.65	$4,740.09
Contractor 2	$8,622.39	$1,800.00	$1,100.00
Contractor 3	$0.00	$0.00	$0.00
Federal Admin. Charge, 3%	$1,175.39	$301.57	$186.12
Quarterly Total			**$57,098.95**

Based upon cumulative funding provided to date, past expenditures and projected future activities, we do not foresee the need for additional funding during the second quarter of Fiscal Year 2016. The additional $50,000 received in March 8, 2016 will be sufficient to continue to support the program thru the end of the third quarter in June.