



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

November 19, 2004

Mr. Thomas A. Gradle, Director  
Safeguards and Security Services  
U.S. Department of Energy  
Chicago Operations Office  
9800 South Cass Avenue  
Argonne, IL 60439

Dear Mr. Gradle:

The U.S. Nuclear Regulatory Commission (NRC) plans to grant personnel security clearances to select nuclear reactor design personnel from Westinghouse Electric Company (Department of Energy (DOE) Facility Code 3624). These clearances will allow access to classified threat information at the SECRET-National Security Information level. This information will enable the Westinghouse reactor design personnel to consider potential mitigative measures for operating reactors and design features for the various advanced reactor systems. We have verified with Ms. Jolene Bissegger of your office that WesDyne International, LLC (a wholly-owned subsidiary of Westinghouse) currently maintains a DOE-cleared facility clearance (DOE Facility Code 8152) for Westinghouse in Madison, Pennsylvania. The NRC requests the use of DOE's facility clearance for WesDyne as a basis for granting personnel security clearances to select Westinghouse personnel.

The NRC proposes to enter into a security cognizance agreement with DOE whereby DOE will maintain security responsibility and oversight of NRC interests at the WesDyne facility. This proposal further satisfies reciprocity requirements endorsed in the National Industrial Security Program Operating Manual (NISPOM), paragraph 2-101.

This proposal is based upon a determination, following coordination between this office and the DOE lead responsible office (Chicago) for the WesDyne facility, that the preponderance of classified work is with DOE.

If this proposal is acceptable, please return one of the enclosed signed Security Cognizance Agreements between NRC and DOE to me within 30 days of the receipt of this letter. The additional copy should be retained for your files. If you have any questions, please contact J. Keith Everly of my staff at 301-415-7048.

Sincerely,

A handwritten signature in cursive script, appearing to read "Glenn M. Tracy", followed by a horizontal line.

Glenn M. Tracy, Director  
Division of Nuclear Security  
Office of Nuclear Security and Incident Response

Enclosures: As stated

Enclosure 1

**SECURITY COGNIZANCE AGREEMENT  
BETWEEN THE DEPARTMENT OF ENERGY AND THE NUCLEAR REGULATORY COMMISSION**

WesDyne International, LLC  
P. O. Box 409  
Madison, PA 15663

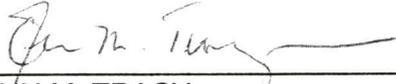
The purpose of this agreement between the Department of Energy (DOE) and the U.S. Nuclear Regulatory Commission (NRC) is to specify the security cognizance and related security inspection/assessments and compliance responsibilities in relation to NRC classified activities at WesDyne, LLC (DOE Facility Code 8152) and at any cleared subcontractors of WesDyne, LLC.

1. DOE assumes full security cognizance for all classified information/material pertaining to work performed under any contract, job order, or any other agreement between NRC and WesDyne, LLC.
2. WesDyne, LLC is a DOE facility cleared at the SECRET-National Security Information level. As such, there is no requirement that NRC maintain an NRC facility clearance for WesDyne, LLC. The responsibility for facility inspections/assessments, compliance, and other security matters are assigned to DOE. The NRC will refer all inquiries for facility clearance verifications of WesDyne, LLC from NRC Government customers or cleared contractors to DOE.
3. DOE will maintain the personnel clearances for the key management personnel. The NRC will be responsible for the personnel clearances of employees who are working on classified projects associated with the NRC.
4. In the event that a subcontract involving NRC classified material/information is awarded by WesDyne, LLC, the following procedures will be used:
  - a. Prior to the award of the contract, WesDyne, LLC, will inform the DOE of their intent. DOE will verify that the designated subcontractor has an existing valid DOE or DOD facility clearance at the appropriate level. Verification of DOD facility clearance may be accomplished by contacting the Defense Security Service (DSS) Central Verification Authority at 888-242-7682.
  - b. If the designated subcontractor is a cleared facility, DOE will so inform WesDyne, LLC and the NRC.
    1. If the subcontractor is a DOD-cleared facility, DOE will coordinate with DSS Operations Center - Columbus (OCC) to determine which agency has the preponderance of classified work. The agency (DOE or DOD) having the larger volume of classified work will assume security cognizance and execute a security cognizance agreement (similar to this agreement).
    2. If the facility is currently registered in accordance with DOE procedures, WesDyne, LLC, will be notified and advised of contract registration requirements.
  - c. If the designated subcontractor is not a DOD nor a DOE cleared facility, the NRC will process the request and establish an NRC facility clearance.

5. Security inspections/assessments and guidance for WesDyne, LLC will be conducted in accordance with DOE guidelines. DOE warrants that the DOE requirements will meet or exceed the National Industrial Security Program Operating Manual (NISPOM) standards.
6. DOE will notify the NRC of any loss or compromise of classified material/information transferred pursuant to this agreement, or any changed condition (Foreign Ownership, Control or Influence (FOCI), placement on the Debarred Bidders List, etc.) that would affect the Duke Project Services Group's ability to protect NRC classified information of which DOE becomes aware.
7. NRC will notify DOE and the appropriate Government customer of any loss or compromise of classified material/information transferred pursuant to this agreement of which NRC becomes aware.
8. DOE agrees that it will not cancel the facility clearance of WesDyne, LLC, without prior notification to the NRC.

Concur: \_\_\_\_\_  
THOMAS A. GRADLE  
Director  
Office of Safeguards and Security  
DOE Regional Office, Chicago

Date: \_\_\_\_\_

Concur:  \_\_\_\_\_  
GLENN M. TRACY  
Director  
Division of Nuclear Security  
Office of Nuclear Security and Incident Response  
U. S. Nuclear Regulatory Commission

Date: 11/19/04

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BETWEEN THE DEPARTMENT OF ENERGY AND THE NUCLEAR REGULATORY COMMISSION**

WesDyne International, LLC  
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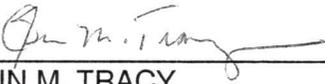
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THOMAS A. GRADLE  
Director  
Office of Safeguards and Security  
DOE Regional Office, Chicago

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GLENN M. TRACY  
Director  
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