



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

September 30, 2004

Danielle Brian, Executive Director
Project On Government Oversight
666 Eleventh Street, NW
Suite 500
Washington, D.C. 20001-4542

Dear Ms. Brian:

On behalf of the Nuclear Regulatory Commission (NRC), I am writing to respond to your letter to Chairman Nils J. Diaz, dated July 30, 2004, concerning the Nuclear Energy Institute's (NEI's) decision to hire Wackenhut Corporation to supply and manage the composite adversary force (CAF) teams used by the NRC in testing physical security at nuclear power plants.

You commented that employing Wackenhut to supply the CAF is a conflict of interest, due mainly to the fact that Wackenhut also supplies the guard forces deployed to protect nearly one-half of the nation's nuclear power plants. The Commission has directed the staff to ensure that there is a clear separation of functions, including appropriate management and administrative controls, in place within the Wackenhut organization. This separation of functions will provide independence between the composite adversary force and the nuclear reactor guard force, allowing the CAF to provide a reliable and credible mock adversary for use in NRC-evaluated force-on-force exercises.

Moreover, the industry has made a commitment to the NRC in a letter dated September 10, 2004, that: (a) the manager of the CAF will report directly to the Chief Executive Officer for Wackenhut, (b) CAF members will be selected from all sites, including those where security is provided by Wackenhut's competitors, and (c) a CAF member will not participate in exercises at his or her home site.

The NRC recognizes that some may perceive a conflict of interest regarding the industry's selection of a CAF management organization that provides protective services to a large portion of the operating power reactors. It is important to emphasize that the NRC, not the CAF, designs, runs, and evaluates the results of the force-on-force exercises. Because the CAF does not establish the exercise objectives, boundaries, or timelines, and because the CAF's performance is subject to continual observation by NRC's staff and contractors, the NRC can control the exercise. Any indication that the CAF members are not performing rigorously in their role will be promptly identified and addressed by the NRC.

After September 11, 2001, NRC decided to further enhance its force-on-force program. This was accomplished in part through evaluation of an expanded force-on-force exercise pilot program. Historically, and for most of the pilot program, the adversary teams were comprised of security officers from the facility being evaluated, other nuclear facilities, or security officers from local law enforcement agencies. In each of the force-on-force exercises evaluated, the

D. Brian

-2-

adversary forces appeared to perform to the best of their ability. However, the staff identified examples where individual adversaries or adversary teams did not adequately execute offensive tactics or mission elements that would have been expected of a credible, well trained adversary team.

To improve the program, the NRC developed, and is in the process of implementing, a program to ensure that a credible, well-trained, and consistent adversary is used in force-on-force exercises at NRC licensed facilities. Staff evaluated several options, including continuing under the established process or establishing a dedicated adversary force (the dedicated adversary force considered use of NRC staff, other federal personnel, or industry personnel). Staff evaluated the impacts and benefits of each, and provided a recommendation to the Commission. The staff recommended and the Commission approved the establishment of adversary force standards and guidelines for the industry as a group. The industry would select and train a pool of personnel for the adversary force cadre. Members of this pool would be assigned to specific CAF teams. In evaluating the recommendation for adversary force teams, staff considered several important factors including skills and training and their ability to carry out their duties with professionalism and without undue influence.

Regarding skills and training, NRC identified a need to improve the offensive abilities, consistency, and effectiveness of the exercise advisory force. To address that need the NRC has issued standards for physical fitness, training, and knowledge of attack strategies to ensure that the CAFs will be trained in offensive, rather than defensive, skills. The selection of a contractor with an extensive history of training and qualifying security officers for the nuclear industry should ensure that they will bring a high level of skill to bear on the exercises. One benefit of the CAF comprised of industry personnel is the feedback of CAF's perspective into enhancement of site protective strategies and security officer training at his or her normally assigned facility, and also improving the quality of force-on-force exercises conducted by the licensees annually for training.

As for the ability of the CAF to carry out their duties with professionalism and without undue influence, the Commission did consider the issue of perception before deciding that the industry could be permitted to use its own employees as team members in the CAF. As indicated above, the Commission put measures in place to address independence. The NRC is, was, and will continue to be the sole evaluator of licensees' performance during the exercises. The NRC expects the CAF to be a significant improvement in ability, consistency, and effectiveness over the previous adversary forces.

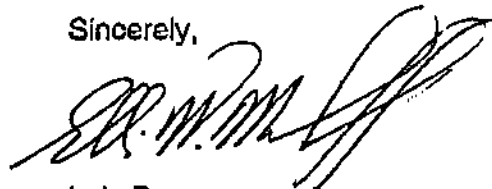
The NRC routinely reassesses the effectiveness and efficiency of its force-on-force evaluation program and has mechanisms in place to revise or improve its force-on-force processes and procedures as needed. Should industry be unable to maintain an adequate and objective CAF that meets the standards mandated by the NRC, the NRC will take the necessary actions to ensure the effectiveness of the force-on-force evaluation program.

D. Brian

-3-

I appreciate your raising these concerns. Please do not hesitate to contact me for additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Luis Reyes', written in a cursive style.

FR

Luis Reyes
Executive Director
for Operations