

June 28, 2007

The Honorable John Shadegg
United States House of Representatives
Washington, D.C. 20515

Dear Congressman Shadegg:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am responding to your letter dated May 7, 2007, regarding NRC actions related to the unauthorized access and use of computer software by a former employee at the Palo Verde Nuclear Generating Station. You specifically requested NRC's assessment of this incident, including the basis for the NRC's conclusion that this incident did not compromise plant security, and more broadly, whether any Congressional action is needed to ensure the security of U.S. nuclear power plants.

I would first like to mention that the Department of Justice is continuing its work relating to this case and that the NRC is coordinating with the Federal Bureau of Investigation with respect to these efforts. In October 2006, the NRC was notified of a cyber-intrusion at the Web site of a vendor performing work for the Palo Verde nuclear power plant. Upon notification, the NRC commenced a review of the alleged intrusion and coordinated with Federal law enforcement officials. The NRC verified that the software in question was limited to information relating to a simulator used to train control room operators. The software could not be used to operate the plant and did not contain sensitive security-related information, such as Safeguards or Classified Information. NRC's assessment concluded that the compromised software does not put the facility at risk for sabotage. The NRC does not have any specific concerns regarding security at the Palo Verde site. In addition, Palo Verde has taken corrective actions to enhance its protocols for terminating access to company and vendor software when an employee terminates employment. These actions were verified by the NRC. The Commission notes that in any event, there are multiple layers of defense required by NRC regulations to ensure that conditions adverse to public health or safety, the common defense or security, and the environment do not occur. Therefore, the current regulations are sufficient to ensure the security of U.S. nuclear power plants, and no Congressional action is needed.

I also note that members of the NRC staff met with your staff on June 7, 2007, to discuss NRC actions related to Palo Verde and NRC regulatory oversight activities. The NRC will inform you should any new information become available relating to regulatory oversight of Palo Verde and about any subsequent actions the NRC takes related to this issue.

Please contact me should you have any further questions.

Sincerely,

/RA/

Dale E. Klein