

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION IV  
611 RYAN PLAZA DRIVE, SUITE 400  
ARLINGTON, TEXAS 76011-4005

March 3, 2008

John T. Conway  
Site Vice President  
and Chief Nuclear Officer  
Pacific Gas and Electric Company  
P.O. Box 3  
Mail Code 104/6/601  
Avila Beach, CA 93424-0003

SUBJECT: ANNUAL ASSESSMENT LETTER – DIABLO CANYON POWER PLANT  
(NRC INSPECTION REPORTS 05000275/2008001 and 05000323/2008001)

Dear Mr. Conway:

On February 5, 2008, the NRC staff completed its performance review of Diablo Canyon Power Plant. Our technical staff reviewed performance indicators for the most recent quarter and inspection results for the period from January 1 through December 31, 2007. The purpose of this letter is to inform you of our assessment of your safety performance during this period and our plans for future inspections at your facility.

This performance review and enclosed inspection plan do not include security information. A separate letter designated and marked as "Official Use Only--Security Information" will include the security cornerstone review and resultant inspection plan.

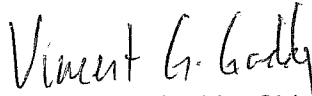
Overall, Diablo Canyon Power Plant Units 1 and 2 operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter, as well as for the first three quarters of the assessment cycle, was within the Licensee Response column of the NRC's Action Matrix, based on all inspection findings being classified as having very low safety significance (Green) and all performance indicators indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct reactor oversight process baseline inspections at your facility.

The enclosed inspection plan details the inspections, except those related to physical protection scheduled through June 30, 2009. In addition to baseline inspections, the NRC will also be implementing Inspection Procedure 50001, "Steam Generator Replacement," for Units 1 and 2, and Temporary Instruction 2515/166, "Pressurized Water Reactor Containment Sump Blockage," for Units 1 and 2. The inspection plan is provided to allow for the resolution of any scheduling conflicts and personnel availability issues well in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature. The inspections in the last nine months of the inspection plan are tentative and may be revised at the midcycle review.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

If circumstances arise which cause us to change this inspection plan, we will contact you to discuss the change as soon as possible. Please contact me at 817-860-8141 with any questions you may have regarding this letter or the inspection plan.

Sincerely,



Vincent G. Gaddy, Chief  
Reactor Projects Branch B  
Division of Reactor Projects

Dockets: 50-275  
50-323  
Licenses: DPR-80  
DPR-82

Enclosure:  
Diablo Canyon Inspection/ Activity Plan

cc w/enclosure:  
Sierra Club San Lucia Chapter  
ATTN: Andrew Christie  
P.O. Box 15755  
San Luis Obispo, CA 93406

Nancy Culver  
San Luis Obispo  
Mothers for Peace  
P.O. Box 164  
Pismo Beach, CA 93448

Chairman  
San Luis Obispo County Board of  
Supervisors  
County Government Building  
1055 Monterey Street, Suite D430  
San Luis Obispo, CA 93408

Truman Burns\Robert Kinoshian  
California Public Utilities Commission  
505 Van Ness Ave., Rm. 4102  
San Francisco, CA 94102-3298

Diablo Canyon Independent Safety  
Committee  
Robert R. Wellington, Esq.  
Legal Counsel  
857 Cass Street, Suite D  
Monterey, CA 93940

Director, Radiological Health Branch  
State Department of Health Services  
P.O. Box 997414 (MS 7610)  
Sacramento, CA 95899-7414

Jennifer Post, Esq.  
Pacific Gas and Electric Company  
P.O. Box 7442  
San Francisco, CA 94120

City Editor  
The Tribune  
3825 South Higuera Street  
P.O. Box 112  
San Luis Obispo, CA 93406-0112

James D. Boyd, Commissioner  
California Energy Commission  
1516 Ninth Street (MS 34)  
Sacramento, CA 95814

James R. Becker, Vice President  
Diablo Canyon Operations and  
Station Director, Pacific Gas and  
Electric Company  
Diablo Canyon Power Plant  
P.O. Box 56  
Avila Beach, CA 93424

Jennifer Tang  
Field Representative  
United States Senator Barbara Boxer  
1700 Montgomery Street, Suite 240  
San Francisco, CA 94111

John T. Conway  
Site Vice President  
Diablo Canyon Power Plant  
P.O. Box 56  
Avila Beach, CA 93424

Chief, Radiological Emergency  
Preparedness Section  
National Preparedness Directorate  
Technological Hazards Division  
Department of Homeland Security  
1111 Broadway, Suite 1200  
Oakland, CA 94607-4052

The Honorable Dave Romero  
Mayor, City of San Luis Obispo  
990 Palm Street  
San Luis Obispo, CA 93401

The Honorable Mary Ann Reiss  
Mayor, City of Pismo Beach  
760 Mattie Road  
Pismo Beach, CA 93449

David Edge, County Administrative Officer  
San Luis Obispo County Board of  
Supervisors  
1055 Monterey Street, Suite D430  
San Luis Obispo, CA 93408

Harry Ovitt, Supervisor District One  
San Luis Obispo County Board of  
Supervisors  
1055 Monterey Street, Suite D430  
San Luis Obispo, CA 93408

Bruce Gibson, Supervisor District Two  
San Luis Obispo County Board of  
Supervisors  
1055 Monterey Street, Suite D430  
San Luis Obispo, CA 93408

Jerry Lenthall, Supervisor District Three  
San Luis Obispo County Board of  
Supervisors  
1055 Monterey Street, Suite D430  
San Luis Obispo, CA 93408

Khatchik Achadjian, Supervisor District Four  
San Luis Obispo County Board of  
Supervisors  
1055 Monterey Street, Suite D430  
San Luis Obispo, CA 93408

James Patterson, Supervisor District Five  
San Luis Obispo County Board of  
Supervisors  
1055 Monterey Street, Suite D430  
San Luis Obispo, CA 93408

Institute of Nuclear Power (INPO)  
Records Center  
700 Galleria Parkway SE, Suite 100  
Atlanta, GA 30339

James R. Becker, Vice President  
Diablo Canyon Operations and Station  
Director  
Pacific Gas and Electric Company  
Diablo Canyon Power Plant  
P.O. Box 56  
Avila Beach, CA 93424

Chief, Radiological Emergency  
Preparedness Section  
Oakland Field Office  
Chemical and Nuclear Preparedness  
and Protection Division  
Department of Homeland Security  
1111 Broadway, Suite 1200  
Oakland, CA 94607-4052

Federal Emergency Management Agency  
Region IX  
Nancy Ward, Regional Director  
1111 Broadway, Suite 1200  
Oakland, CA 94607

The Honorable Tony Ferrara  
Mayor, City of Arroyo Grande  
P.O. Box 550  
Arroyo Grande, CA 93421

The Honorable John Shoals  
Mayor, City of Grover Beach  
154 S. 8<sup>th</sup> Street  
Grover Beach, CA 93433

The Honorable Janice Peters  
Mayor, City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442

Diablo Canyon

Inspection / Activity Plan

03/01/2008 - 06/30/2009

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
2	U2 SG - STEAM GENERATOR REPLACEMENT - UNIT 2		2	11/01/2007	12/31/2008	Other Routine
	IP 50001	Steam Generator Replacement Inspection				
2	EB1 08 - U2 ISI/ UNIT 1&2 PWR SUMP TI 166 CLOSEOUT		3	03/24/2008	03/28/2008	Baseline Inspections
	IP 7111108P	Inservice Inspection Activities - PWR				
1	EXAM - INITIAL EXAM		2	05/19/2008	05/23/2008	Not Applicable
	X02326	DIABLO CANYON UNIT 1 INITIAL EXAM (3/5/07)				
1	EXAM - INITIAL EXAMINATION		5	05/19/2008	05/23/2008	Not Applicable
	X02377	DIABLO CANYON UNIT1-INITIAL EXAM (08/2008)				
2	EXAM - INITIAL EXAMINATION		8	05/19/2008	05/23/2008	Not Applicable
	X02378	DIABLO CANYON UNIT 2 - INITIAL EXAM (11/2008)				
1	EXAM - INITIAL EXAMINATION		5	06/16/2008	06/27/2008	Not Applicable
	X02377	DIABLO CANYON UNIT1-INITIAL EXAM (08/2008)				
2	EXAM - INITIAL EXAMINATION		8	06/16/2008	06/27/2008	Not Applicable
	X02378	DIABLO CANYON UNIT 2 - INITIAL EXAM (11/2008)				
1,2	EB2-52B - BIENNIAL P&R INSPECTION		6	07/21/2008	07/25/2008	Baseline Inspections
	IP 71152B	Identification and Resolution of Problems				
1,2	IP 71152B	Identification and Resolution of Problems		08/04/2008	08/08/2008	Baseline Inspections
1,2	EB1-17T - 50.59 AND MODS		3	09/01/2008	09/12/2008	Baseline Inspections
	IP 7111102	Evaluation of Changes, Tests, or Experiments				
1,2	IP 711117B	Evaluations of Changes, Tests, or Experiments & Permanent Plant Modifications		09/01/2008	09/12/2008	Baseline Inspections
1,2	EP1 - EP EXERCISE		3	10/27/2008	10/31/2008	EP Baseline Inspection
	IP 7111401	Exercise Evaluation				
1,2	IP 7111404	Emergency Action Level and Emergency Plan Changes		10/27/2008	10/31/2008	EP Baseline Inspection
1,2	IP 71151-EP01	Drill/Exercise Performance		10/27/2008	10/31/2008	Baseline Inspections
1,2	IP 71151-EP02	ERO Drill Participation		10/27/2008	10/31/2008	Baseline Inspections
1,2	IP 71151-EP03	Alert & Notification System		10/27/2008	10/31/2008	Baseline Inspections
1,2	RP-ORS2 - OCCUPATIONAL RADIATION SAFETY-ACCESS		1	11/03/2008	11/07/2008	Baseline Inspections
	IP 7112101	Access Control to Radiologically Significant Areas				
1,2	IP 7112102	ALARA Planning and Controls		11/03/2008	11/07/2008	Baseline Inspections
1	IP 71151-OR01	Occupational Exposure Control Effectiveness		11/03/2008	11/07/2008	Baseline Inspections
2	IP 71151-PR01	RETS/ODCM Radiological Effluent		11/03/2008	11/07/2008	Baseline Inspections
1,2	RP TEAM - RADIATION SAFETY TEAM INSPECTION		5	12/08/2008	12/12/2008	Baseline Inspections
	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment				
1,2	IP 7112201	Radioactive Gaseous and Liquid Effluent Treatment and Monitoring Systems		12/08/2008	12/12/2008	Baseline Inspections

This report does not include INPO and OUTAGE activities.  
 This report shows only on-site and announced inspection procedures.

Diablo Canyon  
 Inspection / Activity Plan  
 03/01/2008 - 06/30/2009

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
1, 2	RP TEAM	- RADIATION SAFETY TEAM INSPECTION	5	12/08/2008	12/12/2008	Baseline Inspections
1, 2	IP 7112202	Radioactive Material Processing and Transportation		12/08/2008	12/12/2008	Baseline Inspections
1, 2	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control Program				
1	U1 SG	- STEAM GENERATOR REPLACEMENT - UNIT 1	1	01/01/2009	04/01/2009	Other Routine
	IP 50001	Steam Generator Replacement Inspection				
1	EB1-08	- U1 INSERVICE INSPECTION	2	01/05/2009	03/26/2009	Baseline Inspections
	IP 7111108P	Inservice Inspection Activities - PWR				
1, 2	REQUAL I	- OPERATOR BIENNIAL REQUAL INSPECTION	3	02/23/2009	02/27/2009	Baseline Inspections
	IP 7111111B	Licensed Operator Requalification Program				
1, 2	RP-ORS3	- OCCUPATIONAL RADIATION SAFETY - ALARA	1	04/06/2009	04/10/2009	Baseline Inspections
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		04/06/2009	04/10/2009	Baseline Inspections
1, 2	IP 7112102	ALARA Planning and Controls		04/06/2009	04/10/2009	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		04/06/2009	04/10/2009	Baseline Inspections
1, 2	EB2-05T	- TRIENNIAL FIRE PROTECTION	4	06/15/2009	06/19/2009	Baseline Inspections
	IP 7111105T	Fire Protection [Triennial]				

This report does not include INPO and OUTAGE activities.  
 This report shows only on-site and announced inspection procedures.

Electronic distribution by RIV:  
 Regional Administrator (**EEC**)  
 DRP Director (**DDC**)  
 DRS Director (**RJC1**)  
 DRS Deputy Director (**ACC**)  
 Senior Resident Inspector (**MSP**)  
 Branch Chief, DRP/B (**VGG**)  
 Senior Project Engineer, DRP/E (**RWD**)  
 Team Leader, DRP/TSS (**CJP**)  
 RITS Coordinator (**MSH3**)  
 V. Dricks, PAO (**VLD**)  
 W. Maier, RSLO (**WAM**)  
 L. Owen, RA Secretary (**LAO**)  
 DRS Branch Chiefs (**WBJ, REL, LJS, MPS1, RLB3**)  
 S. Campbell, TRPB OEDO (**SJC4.EXPO.Exchange**)  
 S. Richards, Deputy Director, DIRS, NRR (**SAR**)  
 J. Lubinski, Deputy Director, DORL, NRR (**JWL**)  
 C. Haney, Director, DORL, NRR (**CXH**)  
 T. Hiltz, Chief, PLB IV, DORL, NRR (**TGH**)  
 D. Pelton, RIV OEDO Coordinator (**DLP1**)  
 A. Wang, NRR Project Manager (**ABW**)  
 Institute of Nuclear Power Operations (**INPO**)  
[RidsNrrDirslpab@nrc.gov](mailto:RidsNrrDirslpab@nrc.gov)  
[ROPreports@nrc.gov](mailto:ROPreports@nrc.gov)  
[mortensengk@INPO.org](mailto:mortensengk@INPO.org)

SUNSI Review Completed: VGG ADAMS:  Yes  No Initials: VGG  
 Publicly Available  Non-Publicly Available  Sensitive  Non-Sensitive  
 R:\\_Reactors\EOC and Midcycle\EOC Assessment Letters\2006 – dated 3-2-08\DC.doc

RIV:C:DRP\B	D:DRS	D:DRP	C:DRP\B Signature
VGaddy	RCaniano	DChamberlain	VGaddy
/RA/	/RA/	/RA/	/RA/
02/19/2008	02/25/2008	02/25/2008	02/28/2008

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax