



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
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March 2, 2006

Jack Keenan, Chief Nuclear Officer
Pacific Gas and Electric Company
Mail Code B32
P.O. Box 770000
San Francisco, California 94177-0001

SUBJECT: ANNUAL ASSESSMENT LETTER - DIABLO CANYON POWER PLANT
(NRC INSPECTION REPORT 05000275/2006001 AND 05000323/2006001)

Dear Mr. Keenan:

On February 7, 2006, the NRC staff completed its performance review of Diablo Canyon Power Plant, Units 1 and 2. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from January 1 through December 31, 2005. 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 physical protection information. A separate letter designated and marked as "Official Use Only - Security-Related Information" will include the physical protection 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 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 PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct reactor oversight process baseline inspections at your facility.

While plant performance for the most recent quarter is within the Licensee Response column of the Action Matrix, there was a safety significant PI that affected the second and third quarters of the assessment cycle, which resulted in plant performance being in the Regulatory Response column for those two quarters. As discussed in our Assessment Followup Letter dated November 4, 2005, the second quarter 2005 Emergency Preparedness Drill/Exercise Performance PI documentation incorrectly included 3 of the 33 emergency drills as having been successfully completed. This PI assesses the percentage of all drill, exercise, and actual opportunities that were performed timely and accurately during the previous eight quarters. When the Emergency Preparedness Drill/Exercise Performance PI data for the second quarter of 2005 was re-evaluated, the PI crossed the Green-to-White threshold. This error also carried over into the third quarter and when the Emergency Preparedness Drill/Exercise Performance PI data was re-evaluated, the PI again crossed the Green-to-White threshold. Pacific Gas and Electric Company has submitted corrected second and third quarter Emergency Preparedness

Drill/Exercise Performance PIs. Both quarters subsequently indicated the Emergency Preparedness Drill/Exercise Performance PI was White. Pacific Gas and Electric Company provided additional training and conducted numerous drills which were evaluated as successful. The resulting data for the fourth quarter of 2005 indicated that the Emergency Preparedness Drill/Exercise Performance PI was Green. As noted in the following paragraph, a supplemental inspection of the root cause, extent of cause and condition, and corrective actions will be conducted.

The enclosed inspection plan details the inspection, except those related to physical protection, scheduled through September 30, 2007. Routine resident inspections are not listed due to their ongoing and continuous nature. In addition to the baseline inspections, the NRC will also be conducting inspections related to Temporary Instruction 2515/160, "Pressurizer Penetration Nozzles and Steam Space Piping Connections in U.S. Pressurized Water Reactors," for Unit 2; Inspection Procedure 60853, "On Site Fabrication of Components and Construction of an ISFSI [Independent Spent Fuel Storage Installation]"; and a supplemental inspection utilizing Inspection Procedure 95001, "Inspection for One or Two White inputs in a Strategic Performance Area," for the Emergency Preparedness Drill/Exercise Performance PI. 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 9 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 Mr. William B. Jones at 817-860-8141 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

Arthur T. Howell III, Director
Division of Reactor Projects

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

Enclosure:
Diablo Canyon Inspection/Activity Plan

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RidsNrrDirslpab

SUNSI Review Completed: _wbj__ ADAMS: Yes No Initials: _wbj__
 Publicly Available Non-Publicly Available Sensitive Non-Sensitive

S:\DRP\DRPDIR\EOC 05\Assessment Letters\DC.wpd

C:DRP/B	D:DRS	D:DRP		
WBJones;df	DDChamberlain	ATHowell III		
/RA/	RJCaniano for	/RA/		
2/22/06	2/23/06	2/27/06		

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Diablo Canyon
Inspection / Activity Plan

03/01/2006 - 09/30/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	95001 - OB SUPPLEMENTAL		1			
1,2	IP 95001	Supplemental Inspection For One Or Two White Inputs In A Strategic Performance Area		04/03/2006	04/07/2006	Supplemental Program
	EB1-08P - ISI U2		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		04/24/2006	05/05/2006	Baseline Inspections
	TI - 160 - PRESSURIZER PENETRATION AND STEAM SPACE		2			
2	IP 2515/160	Pzr Pene Nozzles & Stm Space Piping Connections in U.S. PWRs [NRC Bulletin 2004-01]		04/17/2006	05/23/2006	Safety Issues
	RP-ORS - OCCUPATIONAL RADIATION SAFETY		1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		04/24/2006	04/28/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		04/24/2006	04/28/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		04/24/2006	04/28/2006	Baseline Inspections
	EB2-52B - DC PIR INSPECTION		4			
1,2	IP 71152B	Identification and Resolution of Problems		06/05/2006	06/09/2006	Baseline Inspections
1,2	IP 71152B	Identification and Resolution of Problems		06/19/2006	06/23/2006	Baseline Inspections
	EB2-12B - MAINTENANCE RULE BIENNIAL		1			
1,2	IP 7111112B	Maintenance Effectiveness		07/10/2006	07/14/2006	Baseline Inspections
	RP-ORS - OCCUPATIONAL RADIATION SAFETY		1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		07/31/2006	08/04/2006	Baseline Inspections
1,2	IP 7112102	ALARA Planning and Controls		07/31/2006	08/04/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		07/31/2006	08/04/2006	Baseline Inspections
	EB1-21 - CDB		8			
1,2	IP 7111121	Component Design Bases Inspection		09/11/2006	09/15/2006	Baseline Inspections
1,2	IP 7111121	Component Design Bases Inspection		09/25/2006	10/06/2006	Baseline Inspections
	EP1 - EMERG PREPAREDNESS EXERCISE		3			
1,2	IP 7111401	Exercise Evaluation		10/23/2006	10/27/2006	Baseline Inspections
1,2	IP 7111404	Emergency Action Level and Emergency Plan Changes		10/23/2006	10/27/2006	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		10/23/2006	10/27/2006	Baseline Inspections
	EB2-07B - HX PERFORMANCE		1			
1,2	IP 7111107B	Heat Sink Performance		11/13/2006	11/17/2006	Baseline Inspections
	RP TEAM - RP SAFETY TEAM		5			
1,2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		12/04/2006	12/08/2006	Baseline Inspections
1,2	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control Pr		12/04/2006	12/08/2006	Baseline Inspections
	EXAM - INITIAL EXAM		5			
1	X02326	DIABLO CANYON UNIT 1 INITIAL EXAM (3/5/07)		02/12/2007	02/16/2007	Not Applicable
2	X02327	DIABLO CANYON UNIT 2 INITIAL EXAM (3/5/07)		02/12/2007	02/16/2007	Not Applicable
1	X02326	DIABLO CANYON UNIT 1 INITIAL EXAM (3/5/07)		03/05/2007	03/09/2007	Not Applicable

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

Diablo Canyon
Inspection / Activity Plan
03/01/2006 - 09/30/2007

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	EXAM - INITIAL EXAM		5			
2	X02327	DIABLO CANYON UNIT 2 INITIAL EXAM (3/5/07)		03/05/2007	03/09/2007	Not Applicable
	REQUAL - BIENNIAL REQUALIFICATION		2			
1,2	IP 7111111B	Licensed Operator Requalification Program		06/04/2007	06/08/2007	Baseline Inspections
	EP2 - EP PROGRAM		1			
1,2	IP 7111402	Alert and Notification System Testing		07/16/2007	07/20/2007	Baseline Inspections
1,2	IP 7111403	Emergency Response Organization Augmentation Testing		07/16/2007	07/20/2007	Baseline Inspections
1,2	IP 7111404	Emergency Action Level and Emergency Plan Changes		07/16/2007	07/20/2007	Baseline Inspections
1,2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		07/16/2007	07/20/2007	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		07/16/2007	07/20/2007	Baseline Inspections
	EB02/17 - 50.59 & PERMANENT PLANT MODS		3			
1,2	IP 7111102	Evaluation of Changes, Tests, or Experiments		09/10/2007	09/14/2007	Baseline Inspections
1,2	IP 7111117B	Permanent Plant Modifications		09/10/2007	09/14/2007	Baseline Inspections