



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
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ARLINGTON, TEXAS 76011-4125

March 4, 2009

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

SUBJECT: ANNUAL ASSESSMENT LETTER - DIABLO CANYON POWER PLANT
(NRC INSPECTION REPORTS 05000275/2009001 and 05000323/2009001)

Dear Mr. Conway:

On February 11, 2009, 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, 2008. 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-Related Information" will include the security cornerstone review and resultant inspection plan.

Overall, Diablo Canyon 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). In addition to baseline inspections, we also plan on implementing Inspection Procedure 71007, "Reactor Vessel Head Replacement Inspection" for Unit 2.

The staff also identified that there were more than four Green findings for the current 12-month assessment period with documented cross-cutting aspects in the problem identification and resolution area. There is a cross cutting theme associated with these findings that involves the thoroughness of problem evaluation [P.1(c)]. While there were more than four Green inspection findings with documented cross-cutting aspects in problem identification and resolution associated with this cross-cutting theme, we understand that this represents a recent performance trend. Once identified, you placed this issue into your corrective action program and are currently developing plans to address this issue. Because you have taken actions to address this recent performance trend, the staff did not identify a substantive cross-cutting issue in problem identification and resolution. We will monitor the effectiveness of your corrective actions during the next assessment period.

The enclosed inspection plan details the inspections, less those related to physical protection scheduled through June 30, 2010. 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 mid-cycle 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,

/RA/

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

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File R:_REACTORS\EOC and Midcycle\EOC Assessment Letters\2008-dated 3-4-09\DiabloCanyon.doc

SUNSI Rev Compl.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	ADAMS	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Reviewer Initials	VGG
Publicly Avail	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Sensitive	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Sens. Type Initials	VGG
RIV:C:DRP/B	D:DRS	D:DRP	C:DRP/B		
VGaddy	RJCaniano	DDChamberlain	VGaddy		
/RA/	/RA/	/RA/	/RA/		
2/23/09	2/23/09	2/24/09	3/2/09		

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Diablo Canyon
Inspection / Activity Plan
03/01/2009 - 06/30/2010

Unit Number	Planned Dates		Inspection Activity	Title	No. of Staff on Site
	Start	End			
			U1 SG - STEAM GENERATOR REPLACEMENT - UNIT 1		2
1	01/01/2009	06/01/2009	IP 50001	Steam Generator Replacement Inspection	
			EB1-08 - U1 INSERVICE INSPECTION		2
1	01/26/2009	03/26/2009	IP 2515/172	Reactor Coolant System Dissimilar Metal Butt Welds	
1	01/26/2009	03/26/2009	IP 7111108P	Inservice Inspection Activities - PWR	
			RP-ORS4 - OCCUPATIONAL RADIATION SAFETY		1
1,2	03/09/2009	03/13/2009	IP 7112101	Access Control to Radiologically Significant Areas	
1,2	03/09/2009	03/13/2009	IP 7112102	ALARA Planning and Controls	
1,2	03/09/2009	03/13/2009	IP 71151	Performance Indicator Verification	
			REQUAL I - OPERATOR BIENNIAL REQUAL INSPECTION		3
1,2	05/11/2009	05/15/2009	IP 7111111B	Licensed Operator Requalification Program	
			EB2-05T - TRIENNIAL FIRE PROTECTION		4
1,2	06/08/2009	06/12/2009	IP 7111105T	Fire Protection [Triennial]	
1,2	07/06/2009	07/10/2009	IP 7111105T	Fire Protection [Triennial]	
1,2	07/20/2009	07/24/2009	IP 7111105T	Fire Protection [Triennial]	
			EB1-08 - U2 INSERVICE INSPECTION		2
2	10/05/2009	10/23/2009	IP 2515/172	Reactor Coolant System Dissimilar Metal Butt Welds	
2	10/05/2009	10/23/2009	IP 7111108P	Inservice Inspection Activities - PWR	
			EXAM - INITIAL EXAM		9
1	11/30/2009	12/04/2009	X02435	INITIAL EXAM- DC (4/31/2010)	
2	11/30/2009	12/04/2009	X02436	INITIAL EXAM- DC 2 (3/31/2010)	
2	01/11/2010	01/22/2010	X02435	INITIAL EXAM- DC (4/31/2010)	
1	01/11/2010	01/22/2010	X02436	INITIAL EXAM- DC 2 (3/31/2010)	
			RP-ORS5 - OCCUPATIONAL RADIATION SAFETY - ALARA		1
1,2	12/14/2009	12/18/2009	IP 7112101	Access Control to Radiologically Significant Areas	
1,2	12/14/2009	12/18/2009	IP 7112102	ALARA Planning and Controls	
1,2	12/14/2009	12/18/2009	IP 71151	Performance Indicator Verification	
			PBB-1Q10 - DIABLO CANYON 1ST QTR RESIDENT REPORT		4
1,2	01/01/2010	03/27/2010	IP 7111101	Adverse Weather Protection	
1,2	01/01/2010	03/27/2010	IP 7111104	Equipment Alignment (Quarterly)	
1,2	01/01/2010	03/27/2010	IP 7111104S	Equipment Alignment	
1,2	01/01/2010	03/27/2010	IP 7111105Q	Fire Protection - Quarterly	
1,2	01/01/2010	03/27/2010	IP 7111106	Flood Protection Measures	
1,2	01/01/2010	03/27/2010	IP 7111107A	Heat Sink Performance	
1,2	01/01/2010	03/27/2010	IP 7111111Q	Licensed Operator Requalification Program	

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

Diablo Canyon
Inspection / Activity Plan
03/01/2009 - 06/30/2010

Unit Number	Planned Dates		Inspection Activity	Title	No. of Staff on Site
	Start	End			
PBB-1Q10 - DIABLO CANYON 1ST QTR RESIDENT REPORT					4
1,2	01/01/2010	03/27/2010	IP 711112Q	Maintenance Effectiveness	
1,2	01/01/2010	03/27/2010	IP 7111113	Maintenance Risk Assessments and Emergent Work Control	
1,2	01/01/2010	03/27/2010	IP 7111115	Operability Evaluations	
1,2	01/01/2010	03/27/2010	IP 7111118	Plant Modifications	
1,2	01/01/2010	03/27/2010	IP 7111119	Post Maintenance Testing	
1,2	01/01/2010	03/27/2010	IP 7111120	Refueling and Other Outage Activities	
1,2	01/01/2010	03/27/2010	IP 7111122	Surveillance Testing	
1,2	01/01/2010	03/27/2010	IP 7111406	Drill Evaluation	
1,2	01/01/2010	03/27/2010	IP 71151	Performance Indicator Verification	
1,2	01/01/2010	03/27/2010	IP 71152	Identification and Resolution of Problems	
1	01/01/2010	03/27/2010	IP 71153	Followup of Events and Notices of Enforcement Discretion	
EB1-21 - CDBI					6
1,2	02/08/2010	02/12/2010	IP 7111121	Component Design Bases Inspection	
1,2	02/22/2010	03/05/2010	IP 7111121	Component Design Bases Inspection	
PSB2-52B - BIENNIAL PI&R					4
1,2	03/22/2010	03/26/2010	IP 71152B	Identification and Resolution of Problems	
1,2	04/05/2010	04/09/2010	IP 71152B	Identification and Resolution of Problems	

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