



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064**

May 29, 2001

Gregory M. Rueger, Senior Vice President
and Generation and Chief Nuclear Officer
Pacific Gas and Electric Company
Diablo Canyon Power Plant
P.O. Box 3
Avila Beach, CA 93424

**SUBJECT: ANNUAL ASSESSMENT LETTER - DIABLO CANYON
(REPORT 50-275, 323/01-01)**

Dear Mr. Rueger:

On May 8, 2001, NRC staff completed its end-of-cycle plant performance assessment of Diablo Canyon. The end-of-cycle review for Diablo Canyon involved the participation of all technical divisions in evaluating performance indicators (PIs) for the most recent quarter and inspection results for the period April 2, 2000, to March 31, 2001. 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 so that you will have an opportunity to prepare for these inspections and to inform us of any planned inspections that may conflict with your plant activities.

Overall, Diablo Canyon 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).

While plant performance for the most recent quarter is within the licensee response column of the Action Matrix, there was a low to moderate safety significant performance indicator during the first three quarters of the assessment cycle. The Scram with Loss of Normal Heat Removal for Unit 2 was White at the initiation of the Revised Oversight Program (second quarter 2000). This performance indicator returned to the licensee response band (Green) by the third quarter 2000. Supplemental Inspection 50-323/00-13, performed in August 2000, found the corrective actions appropriate for this performance indicator. Therefore, we plan to conduct only baseline inspections at your facility through May 31, 2002. Because of the energy situation in California and your financial situation, the resident inspector inspection periods will continue to be 6 weeks in length through December 2001. The routine reviews by the resident inspectors, increased visits by Region IV managers, and biweekly calls with your staff will also continue. These actions will be documented in the inspection reports.

The enclosure details the scheduled inspections that will occur through May 31, 2002. The inspection plan is provided to minimize the resource impact on your staff and to allow for

scheduling conflicts and personnel availability to be resolved in advance of inspector arrival onsite. Routine resident inspections are not listed due to their ongoing and continuous nature.

For your information, the NRC is in the process of aligning the inspection and assessment cycle with the calendar year. In order to transition to a calendar year cycle (January 1 through December 31), the next inspection and assessment cycle will consist of only three quarters (i.e., the second, third, and fourth calendar quarters of CY 2001). As a result, a quarterly review will be conducted for the third calendar quarter (July 1 through September 30) in lieu of a midcycle review. The impact on the inspection plan, which is included as an enclosure, is minimal. Activities planned for the transition cycle represent only 60-80 percent of those activities that would be accomplished during a typical 12-month inspection and assessment cycle.

In accordance with 10 CFR 2.790 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/NRC/ADAMS/index.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 817 860-8147 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

/RA/

William B. Jones, Chief
Project Branch E
Division of Reactor Projects

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

Enclosure:
Diablo Canyon Inspection/Activity Plan

cc w/enclosure:

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RIV:SPR:DRP/E	C:DRP/E	OE:NRR/IIPB	D:DRS	D:DRP	C:DRP/E
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05/14/01	05/18/01	05/22/01	05/18/01	05/24/01	05/29/01

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Diablo Canyon
Inspection / Activity Plan
06/01/2001 - 05/31/2002

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates		Inspection Type
				Start	End	
	PSB-EP1 - EAL/EP & PIV		1			
1, 2	IP 7111404	Emergency Action Level and Emergency Plan Changes		08/06/2001	08/10/2001	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		08/06/2001	08/10/2001	Baseline Inspections
	EMB - PERM MODS		5			
1, 2	IP 7111117B	Permanent Plant Modifications		09/17/2001	09/21/2001	Baseline Inspections
	PSB-S1 - ACCESS AUTH/CONTROL, SEC PLAN & PIV		1			
1, 2	IP 7113001	Access Authorization Program (Behavior Observation Only)		09/17/2001	09/21/2001	Baseline Inspections
1, 2	IP 7113002	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorizator		09/17/2001	09/21/2001	Baseline Inspections
1, 2	IP 7113004	Security Plan Changes		09/17/2001	09/21/2001	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		09/17/2001	09/21/2001	Baseline Inspections
	EMB - 50.59		2			
1, 2	IP 7111102	Evaluation of Changes, Tests, or Experiments		10/22/2001	10/26/2001	Baseline Inspections
	PSB-RP3 - ALARA PLANNING AND CONTROLS (4)		1			
1, 2	IP 7112102	ALARA Planning and Controls		12/10/2001	12/14/2001	Baseline Inspections
	PSB-S2 - RESPONSE TO CONTINGENCY EVENTS		4			
1, 2	IP 7113003	Response to Contingency Events (Protective Strategy and Implementation of Protective Strategie		02/04/2002	02/08/2002	Baseline Inspections
	OB-PIR - PROBLEM ID INSP		3			
1, 2	IP 71152	Identification and Resolution of Problems		04/01/2002	04/12/2002	Baseline Inspections
	RP-2 - ALARA		1			
1, 2	IP 7112102	ALARA Planning and Controls		04/15/2002	04/19/2002	Baseline Inspections
	OB-EXAMS - RO/SRO EXAMS		5			
1	X02216	DIABLO CANYON-UNIT 1 - INITIAL EXAM (02/2002)		05/04/2002	05/10/2002	Not Applicable
1	X02216	DIABLO CANYON-UNIT 1 - INITIAL EXAM (02/2002)		05/13/2002	05/17/2002	Not Applicable
2	X02217	DIABLO CANYON-UNIT 2 - INITIAL EXAM (02/2002)		05/13/2002	05/17/2002	Not Applicable
	RP-1 - ACRSA		1			
1, 2	IP 7112101	Access Control to Radiologically Significant Areas		05/06/2002	05/10/2002	Baseline Inspections
1, 2	IP 71151	Performance Indicator Verification		05/06/2002	05/10/2002	Baseline Inspections
	EMB - INSERVICE INSPECTION		1			
1, 2	IP 7111108	Inservice Inspection Activities		05/13/2002	05/17/2002	Baseline Inspections