March 4, 2002

Gregory M. Rueger, Senior Vice President, 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 - DIABLO CANYON (REPORT 50-275; 50-323/02-01)

Dear Mr. Rueger:

On February 13, 2002, the 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 for the most recent quarter and inspection results for the period from April 1 through December 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. This will provide you an opportunity to prepare for these inspections and to inform us of any planned inspections which may conflict with your plant activities.

As discussed in our previous annual assessment letter, dated May 29, 2001, this inspection and assessment cycle consisted of three quarters (i.e., the second, third, and fourth quarters of Calendar Year 2001) instead of the usual four quarters. This change was implemented in order to align the inspection and assessment cycle with the calendar year beginning on January 1, 2002.

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, as well as the first two quarters of the assessment cycle, remained within the Licensee Response Column of the NRC’s Action Matrix. This is 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 only baseline inspections at your facility through December 28, 2002. In addition, the NRC staff will perform Temporary Instruction 2515/145, “Circumferential Cracking of Reactor Pressure Vessel Head Penetration Nozzles (NRC Bulletin 2001-01),” during the upcoming refueling outages.

Immediately following the terrorist attacks on the World Trade Center and the Pentagon, the NRC issued safeguards advisories recommending that nuclear power plant licensees go to the highest level of security, and all promptly did so. With continued uncertainty about the possibility of additional terrorist activities, the Nation’s nuclear power plants, including Diablo Canyon, remain at a high level of security. On February 25, 2002, the NRC issued an Order to
all nuclear power plant licensees, requiring them to take certain additional interim compensatory measures to address the generalized high-level threat environment. These additional compensatory requirements will provide the NRC with reasonable assurance that public health and safety and the common defense and security continue to be adequately protected in the current generalized high-level threat environment. These requirements will remain in effect pending notification from the Commission that a significant change in the threat environment occurs or until the Commission determines that other changes are needed following a more comprehensive re-evaluation of current safeguards and security programs. To date we have monitored Pacific Gas and Electric Company’s actions in response to the terrorist attacks through a series of audits. With the issuance of the Order, we will evaluate Pacific Gas and Electric Company’s compliance with these interim requirements.

The enclosed inspection plan details the inspections scheduled through March 31, 2003. 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. The last 6 months of the inspection plan are tentative and may be revised at the Midcycle Review meeting.

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/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 817/860-8147 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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DRP Director (KEB)
DRS Director (ATH)
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Branch Chief, DRP/E (WBJ)
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Staff Chief, DRP/TSS (PHH)
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S. Richards, NRR Project Director (SAR)
S. Dembek, Chief, Section 2, NRR/DLPM (SXD)
G. Shukla, NRR Project Manager (GSS)

Hard Copy:
Records Center, INPO
# Diablo Canyon Inspection / Activity Plan

**03/01/2002 - 03/30/2003**

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<th>Planned Dates</th>
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