August 31, 2007

John S. Keenan
Senior Vice President - Generation
and Chief Nuclear Officer
Pacific Gas and Electric Company
P.O. Box 770000
Mail Code B32
San Francisco, CA 94177-0001

SUBJECT: MID-CYCLE PERFORMANCE REVIEW AND INSPECTION PLAN - DIABLO CANYON POWER PLANT

Dear Mr. Keenan:

On August 7, 2007, the NRC staff completed its performance review of Diablo Canyon Power Plant, Units 1 and 2 for the first half of the calendar year 2007 assessment cycle. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results over the previous twelve months. 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.

Plant performance for the most recent quarter at Diablo Canyon Power Plant, Unit 1 and 2 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). In addition to baseline inspections, we also plan on implementing Inspection Procedure 50001, “Steam Generator Replacement Inspection,” for Unit 2 and Temporary Instruction 2515/166, “Pressurized Water Reactor Containment Sump Blockage,” for Unit 2.

The enclosed inspection plan details the inspections, except those related to security, scheduled through December 31, 2008. 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 end-of-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).
The NRC is currently evaluating the scope and frequency of all the baseline inspection procedures. If the results of the evaluation, or any other circumstances, cause us to change the 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 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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D. Pelton, OED O Riv Coordinator (DLP1)

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

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