John T. Conway  
Senior Vice President-Energy & Supply and Chief Nuclear Officer  
Pacific Gas and Electric Company  
Diablo Canyon Nuclear Plant  
77 Beale Street, Mail Code B32  
San Francisco, CA 94105  

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

Dear Mr. Conway:

On August 10, 2010, the NRC staff completed its performance review of Diablo Canyon Power Plant. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results for the period from July 1, 2009 through June 30, 2010. 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 Power Plant operated in a manner that preserved public health and safety and fully met all cornerstone objectives. Plant performance for the most recent quarter at the Diablo Canyon Power Plant, Units 1 and 2, was within the Licensee Response Column of the NRC’s Action Matrix based on all inspection findings classified as having very low safety significance (Green) and all performance indicators indicating performance was at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct reactor oversight process baseline inspections at your facility. In addition to baseline inspections, we also plan on implementing Inspection Procedure 71007, "Reactor Vessel Head Replacement Inspection," for Unit 1. The staff will also be conducting Inspection Procedure 92723, "Follow Up Inspection for Three or More Severity Level IV Traditional Enforcement Violations in the Same Area in a 12-Month Period," to follow up on multiple Severity Level IV violations in the traditional enforcement area of impeding the regulatory process.

In our annual assessment letter dated March 3, 2010, we advised you of a substantive crosscutting issue in the area of problem identification and resolution associated with the thoroughness of problem evaluation [P.1(c)] based on six findings with this aspect comprising a continuing crosscutting theme. During this assessment period, we identified fourteen findings related to the theme of inadequate problem evaluation. Recent examples include:

...
inadequate operability determination associated with the offsite power degraded voltage
protection scheme, the failure to properly report a safety system functional failure, and a failure
to adequately evaluate changes to emergency diesel generator testing.

In evaluating your progress in addressing the substantive crosscutting issue in problem
identification and resolution, we noted that you completed an additional root cause evaluation in
June 2010 to more fully evaluate the depth and breadth of the issue, and that you developed a
range of additional corrective actions and performance measures. We also understand that you
have initiated an extensive licensing basis verification project, which you intend to present to the
NRC at a public meeting in September 2010. We recognize that you have initiated actions,
which if implemented effectively, should result in improved performance in this area, but have
not yet proven effective in substantially mitigating the adverse trend in problem evaluation.
Therefore, this substantive crosscutting issue will remain open until we determine, through our
inspections, that actions implemented in accordance with your corrective action plan have
resulted in sustained improved performance in this area as demonstrated by no safety
significant findings and a reduction in the number of findings with the same causal factor,
specifically focusing on the most recent 6-month interval reviewed in the assessment period.

Additionally, the staff identified that there were more than three Green findings for the current
12-month assessment period with documented crosscutting aspects in the area of human
performance associated with the use of conservative assumptions in decision making [H.1(b)].
This theme was comprised of four findings and was not present in past assessments. This
crosscutting aspect has a strong correlation to the problem identification and resolution
crosscutting aspect of problem evaluation [P.1(c)] which is the subject of the substantive
crosscutting issue discussed above. Specifically, the use of conservative assumptions is an
important component to effective problem evaluation. In evaluating the scope of efforts and
progress in addressing the crosscutting theme in conservative decision making, we determined
that your staff appropriately recognized the declining trend, entered the trend into the corrective
action program, and developed corrective actions; however, a reasonable duration of time has
not passed to determine the effectiveness of your corrective actions. Therefore, we have
concluded that a substantive crosscutting issue in human performance does not exist at this
time. We will continue to closely monitor the effectiveness of your corrective actions for this
theme through baseline inspection activities over the remainder of the assessment period.

The enclosed inspection plan details the inspections, less those related to physical protection
scheduled through December 31, 2011. 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).
If circumstances arise which cause us to change the inspection plan, we will contact you to discuss the change as soon as possible. Please contact Geoffrey Miller at 817-860-8141 with any questions you may have regarding this letter or the inspection plan.

Sincerely,

Tony Vegel, Acting Director
Division of Reactor Projects

Docket Nos.  50-275; 50-323
License Nos. DPR-80; DPR-82

Enclosure: Diablo Canyon Power Plant Inspection / Activity Plan

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