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

September 12, 1997

EA No. 97-394

Gregory M. Rueger, Senior Vice President
and General Manager
Nuclear Power Generation Bus. Unit
Pacific Gas and Electric Company
Nuclear Power Generation, B14A
77 Beale Street, Room 1451
P.O. Box 770000
San Francisco, California 94177

SUBJECT: NRC INSPECTION REPORT 50-275/97-04; 50-323/97-04 AND NOTICE OF VIOLATION

Dear Mr. Rueger:

An NRC inspection was conducted July 7-11, 1997, at your Diablo Canyon Nuclear Power Plant, Units 1 and 2, reactor facilities. Following the inspection, an exit meeting was held to provide the inspection findings to your staff. Subsequently, in-office inspection and followup was conducted until August 26, 1997. Following the in-office inspection, a supplemental telephonic exit was held on August 26, 1997. The inspection evaluated your implementation of the requirements of 10 CFR 50.65, "Requirements for Monitoring the Effectiveness of Maintenance at Nuclear Power Plants [the Maintenance Rule]." The enclosed report presents the scope and results of that inspection.

The team concluded that you had developed and implemented a program that met the requirements of 10 CFR 50.65, with a few exceptions noted. Two violations of NRC requirements were identified. The first violation involved the exclusion of 20 structures, systems, and components (5 of which were safety-related) from the Maintenance Rule Program from July 10, 1996, to June 30, 1997. This licensee-identified violation was considered for the exercise of discretion under the provisions of VII.B.1 of the NRC Enforcement Policy. However, because of the number of safety-related structures, systems, and components omitted and the length of time it took to include them into your program after identification, this violation is being cited. This violation represented a program deficiency.

The second violation (two examples) involved the failure to have adequate monitoring requirements for risk-significant systems, structures, and components. This violation was also considered for enforcement discretion; however, enforcement discretion was not appropriate because the violation had not been corrected as of the time of the inspection.

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The team found that your quality assurance self assessments were comprehensive and thorough, identifying many of your program's deficiencies. However, these self-identified findings indicated numerous program deficiencies, not all of which had been corrected by the time of the inspection.

Additionally, the team identified that the system engineers lacked knowledge about their responsibilities under your program to comply with the Maintenance Rule. The fact that system engineers were not knowledgeable of program requirements could result in program implementation errors.

These violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding the violations are described in detail in the enclosed report. Please note that you are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be placed in the NRC Public Document Room (PDR). To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

Arthur T. Howell III, Director
Division of Reactor Safety

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

Enclosures:
1. Notice of Violation
2. NRC Inspection Report
   50-275/97-04; 50-323/97-04
3. Facsimile from Shawn LaForce (PG&E) to
   Claude Johnson (NRC) dated July 23, 1997
4. Facsimile from Shawn La Force (PG&E) to
   Claude Johnson (NRC) August 27, 1997

cc w/enclosures:
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E-Mail report to T. Freye (TJF)
E-Mail report to NRR Event Tracking System (IPAS)
E-Mail report to Document Control Desk (DOCDESK)
E-Mail report to Richard Correia (RPC)
E-Mail report to Frank Talbot (FXT)

bcc to DCD (IE01)

bcc distrib. by RIV:

Regional Administrator
DRP Director
Branch Chief (DRP/E, WCFO)
Senior Project Inspector (DRP/E, WCFO)
Branch Chief (DRP/TSS)
WCFO File

Resident Inspector
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