

July 5, 2005

Mr. 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: DIABLO CANYON POWER PLANT, UNIT NOS. 1 AND 2 - AUDIT OF
PACIFIC GAS AND ELECTRIC COMPANY'S MANAGEMENT OF
REGULATORY COMMITMENTS (TAC NOS. MC7239 AND MC7240)

Dear Mr. Rueger:

On September 7, 2004, the Office of Nuclear Reactor Regulation Office Instruction LIC-105, Revision 1, "Managing Regulatory Commitments Made by Licensees to the NRC [Nuclear Regulatory Commission]," was published. LIC-105 provides the NRC staff and its stakeholders with a common reference for handling regulatory commitments made to the NRC staff by licensees for commercial nuclear reactors. The guidance is consistent with the industry guidance prepared by the Nuclear Energy Institute (NEI), NEI 99-04, "Guidance for Managing NRC Commitment Changes." LIC-105 specifies that once every 3 years, the NRC staff will audit a licensee's regulatory commitment management program.

An audit of the Pacific Gas and Electric Company (PG&E) regulatory commitment management program was performed at the Diablo Canyon Power Plant site in Avila Beach, California on February 16-17, 2005. Details of the audit are provided in the enclosed audit report, including our observations and recommendations.

Sincerely,

/RA/

Girija S. Shukla, Project Manager, Section 2
Project Directorate IV
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-275 and 50-323

Enclosure: Audit Report

cc w/encl: See next page

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AUDIT REPORT BY THE OFFICE OF NUCLEAR REACTOR REGULATION

REGULATORY COMMITMENTS MADE BY THE LICENSEE TO

THE NUCLEAR REGULATORY COMMISSION

PACIFIC GAS AND ELECTRIC COMPANY

DIABLO CANYON POWER PLANT, UNITS 1 AND 2

DOCKET NOS. 50-275 AND 50-323

1.0 INTRODUCTION AND BACKGROUND

On September 7, 2004, the Nuclear Regulatory Commission (NRC), Office of Nuclear Reactor Regulation (NRR), published Office Instruction LIC-105, Revision 1, "Managing Regulatory Commitments Made by Licensees to the NRC." LIC-105, which is publicly available electronically from the Agencywide Documents Access and Management System under Accession Number ML042320463, provides the NRC staff and its stakeholders with a common reference for handling regulatory commitments made by commercial reactor licensees to the NRC staff. The Office Instruction is consistent with the industry guidance contained in Nuclear Energy Institute (NEI), NEI 99-04, "Guidance for Managing NRC Commitment Changes."

According to LIC-105, which cites the definition from NEI-99-04, a "regulatory commitment" is an explicit statement to take a specific action agreed to, or volunteered, by a licensee and submitted in writing on the docket to the NRC. LIC-105 further directs the NRR Project Manager to "audit a licensee's commitment management program by assessing the adequacy of the licensee's implementation of a sample of commitments made to the NRC in past licensing actions (amendments, relief requests, exemptions, etc.) and activities (bulletins, generic letters, etc.)." An audit is to be performed every 3 years.

2.0 AUDIT PROCEDURE AND RESULTS

An audit of the Pacific Gas and Electric Company (PG&E or licensee) program was performed at the DCCP site in Avila Beach, California on February 16-17, 2005. The NRC staff dealt mainly with the Regulatory Services Department, which has a key role in the administration of PG&E's Regulatory Commitment Program. Since no such audit was performed at the Diablo Canyon Power Plant, Units 1 and 2 (DCPP) before issuance of LIC-105, the NRC staff defined the period covered by this audit to go back approximately 3 years from the date of the 2005 audit.

2.1 Verification of Licensee's Implementation of NRC Commitments

The primary focus of this part of the audit is to confirm that PG&E has implemented those commitments made to the NRC as part of past licensing actions/activities. For commitments that had not yet been implemented, the NRC staff aimed to ascertain that they have been captured in an effective program for future implementation.

2.1.1 Audit Scope

Before the audit, the NRC staff searched PG&E's licensing action and licensing activity submittals dated in the last 3 years. The NRC staff found a number of commitments in those submittals that met the definition in LIC-105. The attached table lists the sample of PG&E's commitments that were selected for this audit. PG&E's commitments are implemented through Management Directive XI4, "Commitment Management," and its supporting Plant Administrative Procedures XI4.ID1, "Commitment Identification and Tracking Process," and XI4.ID2, "Commitment Change Process."

LIC-105 limits the audit of commitments to those made in writing to the NRC as a result of past licensing actions or licensing activities. Accordingly, the audit excluded the following types of commitments:

- (1) Commitments as a result of Licensee Event Reports (LER)s - These commitments are controlled by the licensee's LER process, which is imposed by Title 10 of the *Code of Federal Regulations*, Section 50.73.
- (2) Commitments made on the licensee's own initiative among internal organizational components.
- (3) Commitments that pertain to milestones of licensing actions/activities (e.g., respond to an NRC request for additional information by a certain date). Fulfillment of these commitments was indicated by the fact that the subject licensing action/activity was completed.
- (4) Commitments made as an internal reminder to take actions to comply with existing regulatory requirements such as regulations, Technical Specifications, and Updated Final Safety Analysis Reports. Fulfillment of these commitments was indicated by the licensee having taken timely action in accordance with the subject requirements.

2.1.2 Audit Results

The NRC staff reviewed reports generated by PG&E's tracking program for the commitments listed in the attached table to evaluate the status of completion. The NRC staff found that PG&E's commitment tracking program had incorporated all the regulatory commitments that were selected by the NRC staff for this audit.

The NRC staff also reviewed plant procedures that had been revised as a result of commitments made by PG&E to the NRC. The attached table summarizes what the NRC staff observed as the current status of licensee regulatory commitments for those selected.

2.2 Verification of PG&E's Program for Managing NRC Commitment Changes

At DCCP, Management Directive XI4, "Commitment Management," and its supporting procedures XI4.ID1, "Commitment Identification and Tracking Process," and XI4.ID2, "Commitment Change Process," are used for managing regulatory commitments. The NRC staff reviewed these procedures and concluded that, in general, these procedures follow the

guidance of NEI-99-04; set forth the need for identifying, tracking, and reporting commitments, and provide a mechanism for changing commitments.

Based on a review of the licensee's Commitment Change Summary Reports from 2002-2004 and various approved Commitment Change Requests from 2002-2004, as per procedure XI4.ID2, the NRC staff found that the commitment change process at DCPD conforms to the guidance of NEI-99-04.

The NRC staff found that PG&E had properly addressed each regulatory commitment selected for this audit. As a result of reviewing PG&E's information, as well as information from other sources, the NRC staff concludes that the procedure used by PG&E for managing NRC commitment changes is appropriate and effective.

2.3 PG&E's Self-Assessments of the Regulatory Commitment Management Program

The NRC staff requested information from PG&E regarding any self-assessments performed on the regulatory commitment management program. The NRC staff learned that two self-assessments have been performed at DCPD with assistance from separate independent outside groups. The first self-assessment was performed in 2003, by Advanced Concepts, Inc, which conducted a comprehensive review of the Procedure Commitment Database. The second self-assessment was performed in 2004, by the Strategic Teaming and Resource Sharing (STARS) Integrated Regulatory Assessment Group, which evaluated DCPD procedures and process for managing the NRC commitments in accordance with the guidance of NEI-99-04. Both self-assessments made several meaningful recommendations which still need to be implemented at DCPD.

2.4 Additional Observations and Recommendations

- (a) PG&E does not identify regulatory commitments in outgoing correspondence to the NRC, and has no such procedural requirement at DCPD. This may result in the staff not having the same understanding as PG&E, regarding what commitments are being made in the submittal, and whether the commitments made are appropriate regulatory commitments. Providing a list of regulatory commitments, either in the cover letter or an attachment, will assist both the NRC and PG&E in explicit recognition and better management of regulatory commitments. Likewise, if no regulatory commitments are being made in the submittal, a statement stating such should be made in the cover letter.
- (b) At DCPD, the Plant Information Management System is used to track regulatory commitments via its several subsystems, such as Action Request/Evaluation (AR/AE), Nonconformance Report Action (NCR ACT), and Procedure Commitment Database (PCD). DCPD Procedure XI4.ID1, "Commitment Identification and Tracking Process," requires that an AR/AE or NCR ACT be initiated to track one-time commitments and recurring commitments be tracked in the PCD. However, when the NRC staff requested from the licensee a complete listing and current status of all regulatory commitments being tracked by these subsystems, the licensee staff could not provide such a consolidated list. Rather, the licensee provided several printouts from these subsystems to demonstrate how regulatory commitments are managed at DCPD.

Therefore, it is recommended that rather than searching several subsystems to find status of commitments, PG&E establish and maintain a comprehensive listing of all regulatory commitments, in a spreadsheet, or a computer data base for easy tracking and resolution of these commitments.

3.0 CONCLUSION

The NRC staff concludes that, based on the above audit findings, (1) PG&E has an adequate program to implement and manage regulatory commitments, (2) PG&E has an adequate program to implement and manage changes to regulatory commitments, (3) PG&E does not have an adequate program for identifying regulatory commitments in outgoing correspondence to the NRC, and (4) PG&E does not have a consolidated mechanism to track implementation of regulatory commitments, such as identification of which commitment is being tracked by which tracking subsystem and how that commitment is being implemented.

4.0 PG&E PERSONNEL CONTACTED FOR THIS AUDIT

Stan Ketelsen, Manager, Regulatory Services Department
Tom Grozen, Supervisor, Regulatory Services Department
Larry Parker, Supervisor, Regulatory Services Department
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Date: July 5, 2005

TABLE -PG&E'S REGULATORY COMMITMENTS REVIEWED

Source Document	Licensee Tracking No.	Description	Implementation Status
LAR DCL-00-071	T36401	Admin Control during RWP [Radiation Work Permit] System Use	Completed
LER 2-2003-05-01	T36408	Backward Installation of Valve Internals	Completed
LA 177/179	T36434	POPCD-Determination of Growth Distribution	Completed
LA 161/162	T36440	Control of Elbow Tap Method Uncertainty Assumptions	Completed
LA 169/170	A0590923	TS Revision (TSTF) Mode Restriction	Completed
LA 170/171	A0562384	PTLR [Pressure Temperature Limits Report] LAR	Completed
LA 178/180	A0549901	SG [Steam Generator] NR [Nonconformance Report] Low-Low Setpoints	Completed
DCL-03-150 11/25/03	A0603055	Potential Boron Dilution Events with a Loaded MPC [Multi-Purpose Canister] in SFP [Spent Fuel Pool]	Completed
Bulletin 2005-01	A0632059	Material Control and Accounting	Completed
DCL-05-014	A0619650	90-Day Response to GL 2004-02	Due 9/1/05
DCL-05-067	A0637146	Relaxation Request from Order EA-03-009, Revision 1	Due 11/10/05
DCL-01-118	A0543936	LER 2-2001-001-01 Degraded Wires in 4.16-kV Vital Buses	Due 6/1/07
Order EA-03-086	A0582378	Design Basis Threat	Completed
NRC Letter dated 2/25/05	A0633773	"Considerations" regarding ICM B.5.b	Completed
ASME Code Case N-579	A0596944	ISI [Inservice Inspection] Relief Request for ASME Code Case N-579	Completed
DCL-04-095	A0611365	Bare Metal Visual (BMV) Inspection of Weld Locations	Completed
DCL-03-164	N0002172	LER 1-2003-001-00, 3.8.1, TS Action B.1, Not Met Due to Personnel Error	Completed

Source Document	Licensee Tracking No.	Description	Implementation Status
DCL-03-125	N0002168	TS 3.8.4 Violation Due To Common Mode Battery Charger Failures	Completed

Diablo Canyon Power Plant, Units 1 and 2

cc:

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March 2005