



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-4005

August 30, 2005

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: MIDCYCLE PERFORMANCE REVIEW AND INSPECTION PLAN -
DIABLO CANYON POWER PLANT**

Dear Mr. Rueger:

On August 2, 2005, the NRC staff completed its performance review of the Diablo Canyon Power Plant for the first half of the calendar year 2005 assessment cycle. Our technical staff reviewed performance indicators (PIs) for the most recent quarter and inspection results over the previous 12 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 in order for you to inform us of any planned inspections that may conflict with your plant activities.

This performance review and enclosed inspection plan do not include physical protection information. A separate letter designated and marked as "Exempt from Public Disclosure in Accordance with 10 CFR 2.390" will include the physical protection review and resultant inspection plan.

Plant performance for the most recent quarter at 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 being classified as having very low safety significance (Green) and all PIs indicating performance at a level requiring no additional NRC oversight (Green). Therefore, we plan to conduct reactor oversight process baseline inspections at your facility.

In our annual assessment letter dated March 3, 2004, and as updated in our midcycle and annual assessment letters dated August 30, 2004, and March 2, 2005, respectively, we advised you of a substantive crosscutting issue in the area of problem identification and resolution. This crosscutting issue was identified based on a number of corrective action findings described in the previous letters. The problem identification and resolution substantive crosscutting issue was of concern because inspection findings, particularly those involving long-standing degraded conditions and the adequacy of evaluations, continued to be identified subsequent to the implementation of corrective action program improvements. Based on our review of your recent performance in this area, we have noted improvements in your staffs implementation of the corrective action program. Specifically, we noted that the quality of evaluations and the

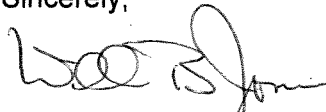
effectiveness of resulting corrective actions taken to address equipment reliability issues have improved. We also noted your continuing efforts to sustain improvement in the implementation of the site corrective action program.

The enclosed inspection plan details the inspections, except those related to physical protection, scheduled through March 31, 2007. In addition to baseline inspections, Temporary Instructions (TI) Reactor Vessel Head Penetration (TI-150) and Pressurizer Nozzle Weld Safety Issue inspections (TI-160), and Independent Spent Fuel Storage Installation (ISFSI) inspections will be conducted as necessary. The inspection plan is provided to minimize the resource impact on your staff and to allow for the early 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 9 months of the inspection plan are tentative and may be revised at the end-of-cycle review meeting.

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 me at (817) 860-8141 with any questions you may have regarding this letter or the inspection plan.

Sincerely,



William B. Jones, Chief
Project Branch B
Division of Reactor Projects

Dockets: 50-275
50-323
Licenses: DPR-80
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Enclosure:
Diablo Canyon Power Plant
Inspection/Activity Plan

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Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
1	TI 160 - TI 160- PZR PENE & STM SPACE PIPING CONN		1	10/02/2005	11/15/2005	Safety Issues
	IP 2515/160	Pzr Pene Nozzles & Stm Space Piping Connections in U.S. PWRs [NRC Bulletin 2004-01]				
	OB-EPI - EMER PREPAREDNESS PROGRAM INSPECTION		1			
1,2	IP 7111402	Alert and Notification System Testing		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 7111403	Emergency Response Organization Augmentation Testing		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 7111404	Emergency Action Level and Emergency Plan Changes		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 7111405	Correction of Emergency Preparedness Weaknesses and Deficiencies		10/17/2005	10/21/2005	Baseline Inspections
1,2	IP 71151	Performance Indicator Verification		10/17/2005	10/21/2005	Baseline Inspections
	EB08P - ISI U1 (TI 150/152 AS REQ)		2			
1	IP 7111108P	Inservice Inspection Activities - PWR		11/07/2005	11/11/2005	Baseline Inspections
1	IP 7111108P	Inservice Inspection Activities - PWR		11/14/2005	11/18/2005	Baseline Inspections
	ACRSA - ACCESS CONTROL TO RAD SIGNIFICANT AREAS		1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		11/14/2005	11/18/2005	Baseline Inspections
	PEB-05T - TRIENNIAL FIRE PROTECTION		4			
1,2	IP 7111105T	Fire Protection [Triennial]		01/23/2006	01/27/2006	Baseline Inspections
1,2	IP 7111105T	Fire Protection [Triennial]		02/06/2006	02/10/2006	Baseline Inspections
	ALARA1 - ALARA PLANNING AND CONTROLS		1			
1,2	IP 7112102	ALARA Planning and Controls		02/13/2006	02/17/2006	Baseline Inspections
	ISI-08 - ISI U2		1			
2	IP 7111108P	Inservice Inspection Activities - PWR		02/27/2006	04/07/2006	Baseline Inspections
	ACRSA - ACCESS CONTROL TO RAD SIGNIFICANT AREAS		1			
1,2	IP 7112101	Access Control to Radiologically Significant Areas		04/24/2006	04/28/2006	Baseline Inspections
	PEB - DC PIR INSPECTION		3			
1,2	IP 71152B	Identification and Resolution of Problems		06/05/2006	06/09/2006	Baseline Inspections
1,2	IP 71152B	Identification and Resolution of Problems		06/19/2006	06/23/2006	Baseline Inspections
	ALARA2 - ALARA PLANNING AND CONTROLS		1			
1,2	IP 7112102	ALARA Planning and Controls		07/31/2006	08/04/2006	Baseline Inspections
	PEB - MAINTENANCE RULE BIENNIAL		1			
1,2	IP 711112B	Maintenance Effectiveness		08/21/2006	08/25/2006	Baseline Inspections
	EB1-21 - SSD&PCI		5			
1,2	IP 7111121	Safety System Design and Performance Capability		09/11/2006	09/15/2006	Baseline Inspections
1,2	IP 7111121	Safety System Design and Performance Capability		09/25/2006	09/29/2006	Baseline Inspections
	EPI - EMERG PREPAREDNESS EXERCISE		3			
1,2	IP 7111401	Exercise Evaluation		10/23/2006	10/27/2006	Baseline Inspections
1,2	IP 7111404	Emergency Action Level and Emergency Plan Changes		10/23/2006	10/27/2006	Baseline Inspections

This report does not include INPO and OUTAGE activities.
This report shows only on-site and announced inspection procedures.

Unit Number	Inspection Activity	Title	No. of Staff on Site	Planned Dates Start	Planned Dates End	Inspection Type
1, 2	EP1 - EMERG PREPARDNESS EXERCISE		3			
	IP 71151	Performance Indicator Verification		10/23/2006	10/27/2006	Baseline Inspections
	PEB - HX PERFORMANCE		1			
1, 2	IP 7111107B	Heat Sink Performance		11/13/2006	11/17/2006	Baseline Inspections
	RP TEAM - RP SAFETY TEAM		5			
1, 2	IP 7112103	Radiation Monitoring Instrumentation and Protective Equipment		12/04/2006	12/08/2006	Baseline Inspections
1, 2	IP 7112203	Radiological Environmental Monitoring Program (REMP) And Radioactive Material Control F		12/04/2006	12/08/2006	Baseline Inspections
	EXAM - EXAM		1			
1	X02326	DIABLO CANYON UNIT 1 INITIAL EXAM (3/5/07)		03/05/2007	03/09/2007	Not Applicable
	EXAM - EXAM		1			
2	X02327	DIABLO CANYON UNIT 2 INITIAL EXAM (3/5/07)		03/05/2007	03/09/2007	Not Applicable

Electronic distribution by RIV:

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- DRS Director (**DDC**)
- DRS Deputy Director (**KMK**)
- Senior Resident Inspector (**TWJ**)
- Branch Chief, DRP/B (**WBJ**)
- Senior Project Engineer, DRP/E (**RAK1**)
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- D. Collins, Chief, PDIV-2, NRR/DLPM (**DXC1**)
- G. Shukla, NRR Project Manager (**GSS**)

SISP Review Completed: y ADAMS: Yes No Initials: y
 Publicly Available Non-Publicly Available Sensitive Non-Sensitive

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RIV: C.DRP/B	D: DRS	D: DRP	C.DRP/B signature
WBJones	DDChamberlain	ATHowell /ll	WBJones
/RA/	KMKennedy for	<i>[Signature]</i>	<i>[Signature]</i>
8/19/05	8/25/05	8/29/05	8/25/05

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