



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

December 11, 2006

Mr. John S. Keenan
Senior Vice President and Chief Nuclear Officer
Pacific Gas and Electric Company
Diablo Canyon Power Plant
P.O. Box 770000
San Francisco, CA 94177-0001

SUBJECT: DIABLO CANYON POWER PLANT, UNIT NOS. 1 AND 2 - ADMINISTRATIVE CHANGE TO FACILITY OPERATING LICENSE IN CONJUNCTION WITH THE COMMISSION ORDER EA-06-037 AND REVISIONS TO PHYSICAL SECURITY PLAN, TRAINING AND QUALIFICATION PLAN, AND SAFEGUARDS CONTINGENCY PLAN (TAC NOS. MD2219 AND MD2220)

Dear Mr. Keenan:

By letters to the Nuclear Regulatory Commission (NRC) dated May 16, 2006, Pacific Gas and Electric Company (PG&E, the licensee), submitted its revised security plans and confirmed the full implementation at Diablo Canyon Power Plant, Unit Nos. 1 and 2 (DCPP) of Order EA-06-037, regarding an update to an adversary characteristic in the design basis threat. In addition to the changes required under the Order, the licensee reported other security plan changes made in accordance with 10 CFR 50.54(p)(2) in its May 16, 2006, letter. The changes made to its security plans, as described in its letter dated May 16, 2006, will be addressed in a separate correspondence.

The NRC staff has completed its review of the changes related to implementation of Order EA-06-037. As discussed in the enclosed safeguards evaluation (Enclosure 2), the NRC staff has determined that the licensee's changes to the security plans meet the requirements of the NRC Order and 10 CFR Part 73 requirements and are, therefore, acceptable. The effectiveness of these security provisions will continue to be the subject of NRC review and inspection.

Consistent with the Order, a conforming administrative change to the Facility Operating Licenses is required to ensure implementation of the Updated DBT Order EA-06-037 requirements.

NOTICE: Enclosure 2 contains Security-Related Information. Upon separation from Enclosure 2, this letter and Enclosure 1 are DECONTROLLED.

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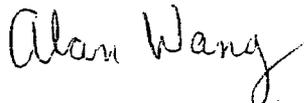
J. Keenan

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Therefore, an administrative license change to Facility Operating License Nos. DPR-80 and DPR-82 for Diablo Canyon Power Plant, Unit Nos. 1 and 2, respectively, is being made to incorporate the reference to the revised Physical Security Plan, Safeguards Contingency Plan, and Training and Qualification Plan. These changes comply with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I. Please replace Page 9 and Pages 6 and 7 of the Facility Operating Licenses for Unit Nos. 1 and 2, respectively, with the enclosed pages (Enclosure 1). Enclosure 2 to this letter is designated exempt from public disclosure under 10 CFR 2.390(d)(1).

If you have any questions, please contact me at (301) 415-1445.

Sincerely,



Alan Wang, Project Manager
Plant Licensing Branch IV
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-275 and 50-323

Enclosures:

1. Revised Page 9 of License for Unit 1 and Revised Page 6 and 7 for Unit 2
2. Safeguards Evaluation

cc w/encls 1 and 2: Director, Nuclear Security

cc w/encl 1 only: See next page

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Diablo Canyon Power Plant, Units 1 and 2

cc:

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Diablo Canyon Independent Safety
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Regional Administrator, Region IV
U.S. Nuclear Regulatory Commission
Harris Tower & Pavillion
611 Ryan Plaza Drive, Suite 400
Arlington, TX 76011-8064

March 2006

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E. Physical Protection

The licensee shall fully implement and maintain in effect all provisions of the Commission-approved physical security, training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The combined set of plans, which contains Safeguards Information protected under 10 CFR 73.21, is entitled: "Diablo Canyon Power Plant, Units 1 and 2 Physical Security Plan, by Training and Qualification Plan, and Safeguards Contingency Plan," submitted by letter dated May 16, 2006.

F. Deleted by Amendment No. 189

G. Reporting

PG&E shall report any violations of the requirements contained in Sections 2.C(3) and 2.C(4), 2.C(6) through 2.C(10), 2.E and 2.F, of this License within 24 hours. Initial notification shall be made in accordance with the provisions of 10 CFR 50.72, with written follow-up in accordance with the procedures described in 10 CFR 50.73(b), (c), (d) and (e).

H. Financial Protection

PG&E shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

I. Term of License

This License is effective as of the date of issuance and shall expire at midnight on November 2, 2024.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed by:
Edson G. Case for

Harold R. Denton, Director
Office of Nuclear Reactor Regulation

Attachments:

1. Appendix A - Technical Specifications
2. Appendix B - Environmental Protection Plan
3. Appendix C - Deleted
4. Appendix D - Additional Conditions

Date of Issuance: November 2, 1984

Amendment No. ~~82, 75, 97, 129, 188-189~~
~~Revised by letter dated October 28, 2004~~
Revised by letter dated December 11, 2006

(10) Pipeway Structure DE and DDE Analysis (SSER 32, Section 4)

Prior to start-up following the first refueling outage PG&E shall complete a confirmatory analysis for the pipeway structure to further demonstrate the adequacy of the pipeway structure for load combinations that include the design earthquake (DE) and double design earthquake (DDE).

(11) Spent Fuel Pool Modification

The licensee is authorized to modify the spent fuel pool as described in the application dated October 30, 1985 (LAR 85-13) as supplemented. Amendment No. 6 issued on May 30, 1986 and stayed by the U.S. Court of Appeals for the Ninth Circuit pending completion of NRC hearings is reinstated.

Prior to final conversion to the modified rack design, fuel may be stored, as needed, in either the modified storage racks described in Technical Specification 5.6.1.1 or in the unmodified storage racks (or both) which are designed and shall be maintained with a nominal 21-inch center-to-center distance between fuel assemblies placed in the storage racks.

(12) Additional Conditions

The Additional Conditions contained in Appendix D, as revised through Amendment No. 118, are hereby incorporated into this license. Pacific Gas and Electric Company shall operate the facility in accordance with the Additional Conditions.

D. Exemption (SSER 31, Section 6.2.6)

An exemption from certain requirements of Appendix J to 10 CFR Part 50 is described in the Office of Nuclear Reactor Regulation's Safety Evaluation Report, Supplement No. 9. This exemption is authorized by law and will not endanger life or property or the common defense and security and is otherwise in the public interest. Therefore, this exemption previously granted in Facility Operating License No. DPR-81 pursuant to 10 CFR 50.12 is hereby reaffirmed. The facility will operate, with the exemption authorized, in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission.

E. Physical Protection

The licensee shall fully implement and maintain in effect all provisions of the Commission-approved physical security, training and qualification, and safeguards contingency plans including amendments made pursuant to provision of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The combined set of plans, which contains Safeguards Information protected under 10 CFR 73.21, is entitled: "Diablo Canyon Power Plant, Units 1 and 2 Physical Security Plan, Training and Qualification Plan and Safeguards Contingency Plan," submitted by letter dated May 16, 2006.

F. Deleted by Amendment No. 191

G. Reporting

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, the licensee shall report any violations of the requirements contained in Sections 2.C(3), 2.C(5) through 2.C(10), 2.E and 2.F of this license in the following manner: initial notification shall be made within 24 hours to the NRC Operations Center via the Emergency Notification System with written followup within thirty days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

H. Financial Protection

PG&E shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.

I. Term of License

This License is effective as of the date of issuance and shall expire at midnight on August 26, 2025.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed by:
Harold R. Denton

Harold R. Denton, Director
Office of Nuclear Reactor Regulation

Attachments:

1. Appendix A Technical Specifications (NUREG-1151)
2. Appendix B - Environmental Protection Plan
3. Appendix C - Deleted
4. Appendix D - Additional Conditions

Date of Issuance: August 26, 1985

Amendment No. ~~96,118, 190~~
~~Correction letter of 12-3-2001~~
Revised by letter dated December 11, 2006