October 26, 2010

EA-2010-120

Mr. James Becker
Pacific Gas & Electric Company
P.O. Box 3, Mail Station 104/6/601
Avila Beach, CA 93424

SUBJECT: FINAL SIGNIFICANCE DETERMINATION AND NOTICE OF VIOLATION FOR SECURITY RELATED GREATER-THAN-GREEN FINDINGS FOR DIABLO CANYON POWER PLANT, U.S. NUCLEAR REGULATORY COMMISSION INSPECTION REPORTS 05000275/2010201 & 05000323/2010201)

Dear Mr. Becker:

This letter provides you the final results of our significance determination of the preliminary Greater-than-Green findings identified in U.S. Nuclear Regulatory Commission (NRC) Inspection Reports 05000275/2010201 and 05000323/2010201, dated July 23, 2010.

At your request, a Regulatory Conference was held on September 2, 2010, to further discuss your views on these issues. During the meeting, your staff described your assessment of the significance of the findings and the corrective actions taken to resolve them, including physical site improvements, equipment upgrades, and revised procedures.

After considering the information developed during the inspection and additional information provided including information you provided at the conference, the NRC has concluded that the inspection findings and associated violations are appropriately characterized as Greater-than-Green findings (i.e., a finding having more than very low security significance). Enclosure 1 to this letter provides the Notice of Violation (NOV), Enclosure 2 to this letter provides the determination of the finding, while Enclosure 3 provides our evaluation of the information you presented during the Regulatory Conference; and the final significance determination.

You have 30 calendar days from the date of this letter to appeal the staff's determination of significance for the identified Greater-than-Green Findings. Such appeals will be considered to have merit only if they meet the criteria given in NRC Inspection Manual Chapter 0609, Attachment 2.

The NRC has also determined that the conditions discussed are violations of Title 10 of the *Code of Federal Regulations* (10 CFR) Part 73, as cited in the enclosed NOV. In accordance with the NRC Enforcement Policy, the NOV is considered escalated enforcement action because it is associated with a Greater-than-Green finding.

Enclosures transmitted herewith contain Safeguards Information. When separated from the enclosures, this transmittal document is decontrolled.

You are required to respond to this letter and should follow the instructions specified in the enclosed NOV when preparing your response.

Because plant performance for this issue has been determined to be beyond the licensee response band, we will use the NRC's Security Action Matrix to determine the most appropriate NRC response for this event. We will notify you by separate correspondence of that determination.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS) accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html. However, the material enclosed herewith contains Safeguards Information as defined by 10 CFR Part 73.21 and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material in the enclosure will not be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system ADAMS. If Safeguards Information is necessary to provide an acceptable response, please provide level of protection described in 10 CFR 73.21.

In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response.

Sincerely,

/RA Art Howell for/

James T. Wiggins, Director
Office of Nuclear Security and Incident Response

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

Enclosures:
1. Inspection Finding and Notice of Violation (SGI)
2. Determination of Findings (SGI)
3. Evaluation of Regulatory Conference Information (SGI)

cc w/encl: J. Conway, Pacific Gas and Electric Company
D. Brady, NSIR
M. Shannon, RIV
M. Peck, RIV
J. Curry, NSIR

cc w/o encl: J. Post, Pacific Gas and Electric Company

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DATE	10/8/10	10/19/10	10/19/10	10/26/10