



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
1600 EAST LAMAR BLVD
ARLINGTON, TEXAS 76011-4511

March 5, 2012

John T. Conway
Senior Vice President – Energy & Supply
and Chief Nuclear Officer
Pacific Gas & Electric Company
Diablo Canyon Nuclear Plant
77 Beale Street, Mail Code B32
San Francisco, CA 94105

**SUBJECT: ANNUAL ASSESSMENT LETTER FOR DIABLO CANYON POWER PLANT –
UNITS 1 AND 2 (REPORT 05000275/2012001 AND 05000323/2012001)**

Dear Mr. Conway:

On February 14, 2012, the NRC completed its end-of-cycle performance review of Diablo Canyon Power Plant Units 1 and 2. The NRC reviewed the most recent quarterly performance indicators (PIs) in addition to inspection results and enforcement actions from January 1, 2011, through December 31, 2011. This letter informs you of the NRC's assessment of your facility during this period and its plans for future inspections at your facility. This performance review and enclosed inspection plan do not include security information. A separate letter will include the NRC's assessment of your performance in the Security Cornerstone and its security-related inspection plan.

The NRC determined that overall, Diablo Canyon Power Plant Units 1 and 2 operated in a manner that preserved public health and safety and met all cornerstone objectives. The NRC determined the performance at Diablo Canyon Power Plant Units 1 and 2 during the most recent quarter was within the Licensee Response Column of the NRC's Reactor Oversight Process (ROP) Action Matrix because all inspection findings had very low (i.e., green) safety significance, and all PIs indicated that your performance was within the nominal, expected range (i.e., green). Therefore, the NRC plans to conduct ROP baseline inspections at your facility.

In its assessment letter dated March 3, 2010, (ML 100620897), the NRC opened a substantive cross-cutting issue (SCCI) in the problem identification and resolution area associated with the aspect of thoroughness of problem evaluation (P.1.c). In July and December 2011, the NRC performed inspections of your root cause analysis and corrective actions for this SCCI. The inspectors determined that you had made significant changes to programs, processes, and procedures which, if continued, will likely result in improvement in the quality of evaluation products. The inspectors noted an overall positive performance trend in your implementation of the revised processes such that evaluations were more complete, thorough, and accurate. Inspections indicated that your staff had identified appropriate root causes and took appropriate corrective action. Since the performance has shown sustained improvement over the last year

and only two findings with P.1.c cross-cutting aspects were identified in the last half of 2011, and you have demonstrated appropriate corrective actions, the NRC will close this SCCI.

The enclosed inspection plan lists the inspections scheduled through June 30, 2013. Routine inspections performed by resident inspectors are not included in the inspection plan. The inspections listed during the last nine months of the inspection plan are tentative and may be revised at the mid-cycle performance review. The NRC provides the inspection plan to allow for the resolution of any scheduling conflicts and personnel availability issues. The NRC will contact you as soon as possible to discuss changes to the inspection plan should circumstances warrant any changes.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be 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).

Please contact me at 817-200-1141 with any questions you have regarding this letter.

Sincerely,

/RA/

Neil F. O'Keefe
Chief, Reactor Projects Branch B
Division of Reactor Projects

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

Enclosure: Diablo Canyon Nuclear Plant Inspection/Activity Plan

cc: w/enclosure via Electronic Distribution

Electronic distribution by RIV:

- Regional Administrator (Elmo.Collins@nrc.gov)
- Deputy Regional Administrator (Arthur.Howell@nrc.gov)
- DRP Director (Kriss.Kennedy@nrc.gov)
- DRP Deputy Director (Troy.Pruett@nrc.gov)
- DRS Director (Anton.Vegel@nrc.gov)
- DRS Deputy Director (Tom.Blount@nrc.gov)
- Branch Chief, TSB (Ryan.Alexander@nrc.gov)
- Branch Chief, DRP/B (Neil.Okeefe@nrc.gov)
- Senior Project Engineer, DRP/ B (Michael.Peck@nrc.gov)
- Senior Resident Inspector (Laura.Micewski@nrc.gov)
- RITS Coordinator (Marisa.Herrera@nrc.gov)
- Public Affairs Officer (Victor.Dricks@nrc.gov)
- Public Affairs Officer (Lara.Uselding@nrc.gov)
- Regional State Liaison Officer (Bill.Maier@nrc.gov)
- RA Administrative Assistant (Lisa.Qualye@nrc.gov)
- DRA Administrative Assistant (Anita.Tannenbaum@nrc.gov)
- Branch Chief, DRS/EB1 (Thomas.Farnholtz@nrc.gov)
- Branch Chief, DRS/EB2 (Geoff.Miller@nrc.gov)
- Branch Chief, DRS/PSB1 (Michael.Hay@nrc.gov)
- Branch Chief, DRS/PSB2 (Greg.Werner@nrc.gov)
- Branch Chief, DRS/OB (Mark.Haire@nrc.gov)
- OEDO RIV Coordinator (Lydia.Chang@nrc.gov)
- Director, DIRS, NRR (Frederick.Brown@nrc.gov)
- Director, DORL, NRR (Michele.Evans@nrc.gov)
- Deputy Director, DORL, NRR (Louise.Lund@nrc.gov)
- Chief, PLB IV, DORL, NRR (Michael.Markley@nrc.gov)
- NRR Project Manager (Joseph.Sebroski@nrc.gov)
- RidsNrrDirslpab Resource@nrc.gov
- ROPassessment.Resource@nrc.gov
- Congressional Affairs Officer (Jenny.Weil@nrc.gov)

R:_Reactors\EOC 2011\DC EOC Letter 2011.docx

ADAMS		<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> SUNSI Review Complete	Reviewer Initials: NFO	
Category B.1		<input checked="" type="checkbox"/> Publicly Available		<input checked="" type="checkbox"/> Non-sensitive		
Category A		<input type="checkbox"/> Non-publicly Available		<input type="checkbox"/> Sensitive		
C:DRP	D:DRS	D:DRP	C:DRP/PBB			
NOkeefe	AVegel	KMKennedy	NOkeefe			
<i>/RA/</i>	<i>/TBlount for/</i>	<i>/RA/</i>	<i>/RA/</i>			
2/27/12	2/27/12	2/28/12	2/25/12			

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax

Diablo Canyon

Inspection / Activity Plan

04/01/2012 - 06/30/2013

Unit Number	Planned Dates Start	Planned Dates End	Inspection Activity	Title	No. of Staff on Site
1, 2	03/01/2012	12/31/2012	2515/182 IP 2515/182	- UNDERGROUND PIPING PHASE 1 Review of the Implementation of the Industry Initiative to Control Degradation of Underground Piping	2
1	11/05/2012	11/09/2012	EXAM X02490	- INITIAL OPERATOR EXAM INITIAL EXAM - UNIT 1 - DC (09/2012)	5
2	11/05/2012	11/09/2012	X02491	INITIAL EXAM - UNIT 2 - DC (09/2012)	
1	11/26/2012	12/07/2012	X02490	INITIAL EXAM - UNIT 1 - DC (09/2012)	
2	11/26/2012	12/07/2012	X02491	INITIAL EXAM - UNIT 2 - DC (09/2012)	
1, 2	05/07/2012	05/11/2012	RS12 IP 71124.01	- RADIATION SAFETY Radiological Hazard Assessment and Exposure Controls	2
1, 2	05/07/2012	05/11/2012	IP 71124.02	Occupational ALARA Planning and Controls	
1	05/07/2012	05/11/2012	IP 71151-OR01	Occupational Exposure Control Effectiveness	
1	05/07/2012	05/11/2012	IP 71151-PR01	RETS/ODCM Radiological Effluent	
2	05/08/2012	05/19/2012	PSB2-08P IP 7111108P	- INSERVICE INSPECTION - U1 Inservice Inspection Activities - PWR	2
1, 2	07/09/2012	07/13/2012	RS5678 IP 2515/185	- RADIATION SAFETY TEAM Follow-up on the Industry's Ground Water Protection Initiative	4
1, 2	07/09/2012	07/13/2012	IP 71124.05	Radiation Monitoring Instrumentation	
1, 2	07/09/2012	07/13/2012	IP 71124.06	Radioactive Gaseous and Liquid Effluent Treatment	
1, 2	07/09/2012	07/13/2012	IP 71124.07	Radiological Environmental Monitoring Program	
1, 2	07/09/2012	07/13/2012	IP 71124.08	Radioactive Solid Waste Processing and Radioactive Material Handling, Storage, and Transportation	
1, 2	10/22/2012	10/26/2012	EB2-05T IP 7111105P	- TRIENNIAL FIRE PROTECTION INSPECTION Fire Protection-NFPA 805 Transition Period [Triennial]	4
1, 2	11/05/2012	11/09/2012	IP 7111105P	Fire Protection-NFPA 805 Transition Period [Triennial]	
1, 2	11/05/2012	11/09/2012	EP-1 IP 7111401	- BIENNIAL EP EXERCISE Exercise Evaluation	3
1, 2	11/05/2012	11/09/2012	IP 7111404	Emergency Action Level and Emergency Plan Changes	
1, 2	11/05/2012	11/09/2012	IP 71151-EP01	Drill/Exercise Performance	
1, 2	11/05/2012	11/09/2012	IP 71151-EP02	ERO Drill Participation	
1, 2	11/05/2012	11/09/2012	IP 71151-EP03	Alert & Notification System	
1, 2	01/01/2013	06/30/2013	2515/182 IP 2515/182	- UNDERGROUND PIPING PHASE 1 Review of the Implementation of the Industry Initiative to Control Degradation of Underground Piping	2
1, 2	01/14/2013	01/18/2013	EB1-07T IP 7111107T	- TRIENNIAL HEAT SINK INSPECTION Heat Sink Performance	1

Diablo Canyon

Inspection / Activity Plan

04/01/2012 - 06/30/2013

Unit Number	Planned Dates Start End	Inspection Activity	Title	No. of Staff on Site
1, 2	06/10/2013 07/12/2013	EB1-21 - COMPONENT DESIGN BASIS INSPECTION IP 7111121	Component Design Bases Inspection	6

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