



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,

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

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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
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2/27/12	2/27/12	2/28/12	

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