



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

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February 6, 2003

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, California 93424

SUBJECT: NRC SAFEGUARDS INSPECTION OF COMPLIANCE WITH ORDER
INSPECTION REPORTS 50-275/03-003; 50-323/03-003

Dear Mr. Rueger:

On January 10, 2003, the NRC completed an inspection at your Diablo Canyon Power Plant facility. The enclosed report documents the inspection findings which were discussed on January 10, 2003, with Mr. Oatley and other members of your staff. In addition, on January 29, and February 4, 2003, two additional potential findings were discussed telephonically with Mr. Todaro and other members of your staff.

This inspection examined activities conducted under your license as they relate to safety and compliance with an Order issued on February 25, 2002, which required your site to implement specific measures related to security of your facility. The inspection utilized Temporary Instruction 2515/148, "Inspection of Nuclear Reactor Safeguards Interim Compensatory Measures," to verify implementation of the Order as clarified in your responses dated March 18, May 1, May 31, and August 30, 2002. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

The material enclosed herewith contains Safeguards Information as defined by 10 CFR 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 will not be placed in the Public Document Room.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of

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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). Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

//RA//

Troy W. Pruett, Chief
Plant Support Branch
Division of Reactor Safety

Dockets: 50-275
50-323

Licenses: DPR-80
DPR-82

Enclosure:
NRC Inspection Report
50-275/03-003; 50-323/03-003

cc With safeguards enclosures:

James D. Boyd, Commissioner
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cc Without safeguards enclosures:

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cc with safeguards enclosure:

Vonna Ordaz (NSIR/DNS/RSS) (MS T4D8)
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 RIV Docket File - File Room Custodian
 Security Inspector (Pick)
 Senior Resident Inspector (Proulx)

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ENCLOSURE

U.S. NUCLEAR REGULATORY COMMISSION
REGION IV

Dockets: 50-275
50-323

Licenses: DPR-80
DPR-82

Report Nos.: 50-275/03-003
50-323/03-003

Licensee: Pacific Gas and Electric Company

Facility: Diablo Canyon Nuclear Power Plant, Units 1 and 2

Location: 7 ½ miles NW of Avila Beach
Avila Beach, California

Dates: January 6 - 10, 2003

Inspectors: Gregory A. Pick, Senior Physical Security Inspector
Frank L. Brush, Senior Resident Inspector
Gilbert L. Guerra, Resident Inspector

Approved By: Troy W. Pruett, Chief, Plant Support Branch

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SUMMARY OF FINDINGS

IR 05000275/323-03-003, on 01/06-10/2003, Pacific Gas and Electric Company; TI 2515/148, Verification of Compliance With Interim Compensatory Measures Order

The inspection was conducted by a regional physical security inspector and by resident inspectors.

Cornerstone: Physical Security

- On February 25, 2002, the NRC imposed by Order, Interim Compensatory Measures to enhance physical security. The inspectors determined that, overall, the licensee appropriately incorporated the Interim Compensatory Measures into the site protective strategy and access authorization program; developed and implemented relevant procedures; ensured that the emergency plan could be implemented; and established and effectively coordinated interface agreements with offsite organizations.
- The inspectors identified an unresolved item regarding loss of microwave intrusion detection system zones as required by Item B.2.(a).1 of the Order. This item remains open pending review by the Office of Nuclear Security and Incident Response (Section III.A.2).
- The inspectors identified an unresolved item associated with vehicle searches required by Item B.2.b of the Order. This item remains open pending review by the Office of Nuclear Security and Incident Response (Section III.C.2).
- The inspectors identified an unresolved item regarding the duties of the vehicle checkpoint officer required by Item B.2.b of the Order. This item remains open pending review by the Office of Nuclear Security and Incident Response (Section III.C.2).
- The inspectors identified an unresolved item regarding availability of supplementary equipment as required by Item B.4.f of the Order. This item remains open pending review by the Office of Nuclear Security and Incident Response (Section V.F.2).

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