



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
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November 4, 2005

David H. Oatley, Acting Chief Nuclear Officer
Pacific Gas and Electric Company
Diablo Canyon Power Plant
P.O. Box 56
Avila Beach, California 93424

SUBJECT: ASSESSMENT FOLLOWUP LETTER - DIABLO CANYON POWER PLANT

Dear Mr. Oatley:

On October 27, 2005, the NRC staff completed, as part of our quarterly review, an update of our assessment of the Diablo Canyon Power Plant. The assessment evaluated performance indicators (PIs) and inspection results. The purpose of this letter is to inform you of your safety performance during this period and our plans for a future inspection at your facility. This letter supplements, but does not supercede, our mid-cycle assessment letter issued on August 30, 2005.

Our review of the Diablo Canyon Power Plant identified that the Emergency Preparedness Drill/Exercise Performance PI threshold has transitioned from Green to White. This PI assesses the percentage of all drill, exercise, and actual opportunities that were performed timely and accurately during the previous eight quarters. As a result of an NRC inspection and subsequent review of the second quarter 2005 Drill/Exercise Performance PI data, three of the 33 opportunities were found to have been incorrectly counted as successful. These three opportunities should have been considered as failures because the "emergency" box was checked instead of the "drill" box on the event notification sheet that is sent to the offsite agencies. These failures, in addition to other drill/exercise performance failures, many of which involved administrative errors, resulted in the PI crossing the Green/White threshold. Subsequently, the third quarter 2005 Drill/Exercise Performance PI did not improve and the indicator remains White. The NRC assessed both PIs and inspector findings using the Action Matrix described in NRC Manual Chapter 0305, Operating Reactor Assessment Programs, to establish the level of safety performance and the additional NRC engagement beyond the baseline inspection program.

As a result, we have assessed Diablo Canyon Power Plant performance to be in the Regulatory Response column of the NRC's Action Matrix which is reflective of the emergency preparedness objectives being fully met but there is indication of declining performance with a minimal reduction in safety margins. Therefore, we plan to conduct Supplemental Inspection 95001, "Inspection for One or Two White Inputs in a Strategic Performance Area," following completion of your root cause analysis and implementation of corrective actions. This inspection procedure is conducted to provide assurance that the root causes and contributing causes of risk significant performance issues are understood, the extent of cause and condition are identified, and the corrective actions are sufficient to prevent recurrence.

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 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 William B. Jones at (817) 860-8141 with any questions you may have regarding this letter.

Sincerely,

/RA/

Arthur T. Howell III, Director
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SISP Review Completed: ____WBJ____ ADAMS: / Yes ☐ No Initials: _WBJ
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