

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 5, 2013

Mr. Jesus Soto
Pacific Gas and Electric
P.O. Box 770000, Mail code N15F
San Francisco, CA 94117

Dear Mr. Soto:

Safety and Enforcement Division (SED) is performing an investigation of Pacific Gas and Electric's (PG&E) nondestructive testing program.

The following relevant facts have been established by SED so far. On March 26, 2013, a PG&E employee with an internal PG&E inspection team discovered that PG&E contractors were performing nondestructive radiographic tests of pipeline girth welds incorrectly and in violation of federal code. Subsequently PG&E terminated all further inspection activities by this contractor and began a process of re-testing all welds on the affected project. This re-testing, analysis, and repair work was completed in October of this year and at this point SED has no outstanding concerns related to that project.

At the same time, PG&E began a process of analyzing whether and to what extent noncompliant radiographic tests may have occurred elsewhere. This analysis is ongoing.

Code of Federal Regulation (CFR) 49 Part 192 specifies requirements for performance of a nondestructive test. SED is deeply concerned with the quality of nondestructive testing performed by PG&E contractors. SED is further concerned that PG&E's Quality Assurance/Quality Control program did not discover these noncompliant tests earlier. While SED does not have evidence at this point that would indicate immediate safety threats associated with the noncompliance, it is imperative that the past noncompliance issue is corrected by PG&E and all future work performed is fully compliant with all applicable codes and standards.

SED will continue the investigation of PG&E's nondestructive testing practices and will continue to evaluate corrective actions taken by PG&E. As part of this process, SED directs PG&E to immediately take the following actions:

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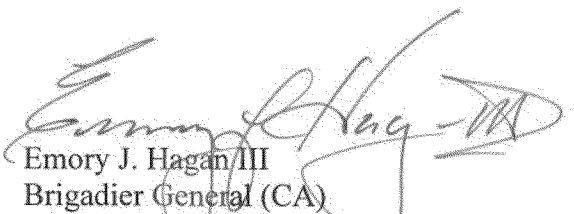
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1. Expand the transmission leak survey program and perform additional surveying of affected transmission lines to provide additional assurance that there are no safety threats associated with this noncompliance.
2. Develop a plan for a comprehensive review of the extent of noncompliance of nondestructive testing with 49 CFR Part 192.
3. Expand the existing corrective action plan to systematically address the full extent of noncompliance of nondestructive testing. The corrective action plan must be based on risk management principles, addressing the highest safety risk areas first.
4. Engage with communities that are impacted by this issue, as required under ALJ-274, within 10 days of this letter and explain the safety implications of noncompliant nondestructive testing.
5. Present a plan to ensure that future nondestructive testing work is performed in accordance with industry standards and in a manner compliant with applicable codes and regulations.

SED will remain focused on the nondestructive testing noncompliance issue to ensure that any safety risks are properly mitigated and the root cause is identified and fully corrected.

Sincerely,



Emory J. Hagan III
Brigadier General (CA)
Director, Safety and Enforcement Division
California Public Utilities Commission