From: Doll, Laura
Sent: 11/1/2013 12:57:00 PM
To: Malashenko, Elizaveta I. (elizaveta.malashenko@cpuc.ca.gov); Soto, Jesus (SVP) (/O=PG&E/OU=Corporate/cn=Recipients/cn=J81K)
Cc: Yura, Jane (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=JKY1)
Bcc:
Subject: RE: Follow Up: PG&E Quality Assurance Program for Radiographic Inspections

Liza
Jesus' last message said the 6 welds were removed and replaced. Further clarifying information we received this morning indicates that 4 welds were removed and replaced, and additional work was able to be done in place on 2 welds.

All the details about the 6 welds will be provided in the final ATS report.

Thanks
Laura

-----Original Message-----
From: Malashenko, Elizaveta I. [mailto:elizaveta.malashenko@cpuc.ca.gov]
Sent: Thursday, October 31, 2013 10:46 PM
To: Soto, Jesus (SVP)
Cc: Turner, Brian; Doll, Laura; Yura, Jane
Subject: RE: Follow Up: PG&E Quality Assurance Program for Radiographic Inspections

Mr. Jesus Soto,

Thank you for your prompt reply. The additional information below helps add clarity to the statement. I have no follow-up questions at this moment.

Kind Regards,

Elizaveta

From: Soto, Jesus (SVP) [J81K@pge.com]
Sent: Thursday, October 31, 2013 10:31 PM
To: Malashenko, Elizaveta I.
Cc: Turner, Brian; Doll, Laura; Yura, Jane
Subject: Re: Follow Up: PG&E Quality Assurance Program for Radiographic Inspections

Liza,
Thank you for your email. Let me attempt to clarify based on my understanding.

You are correct that 6 of the welds inspected by TCI on L114 were removed and replaced, which PG&E did out of abundance of caution and to further analyze perceived potential anomalies in those welds. PG&E's further laboratory inspection on 3 of those welds did not find any quality issues, and the remaining 3 welds were initially deemed adequate based on RT inspection but were removed based on UT re-inspection. I believe our ATS group is finalizing a report on these 6 welds that we will transmit to you immediately upon completion, which is expected in the next few days.

I also want to emphasize that our risk-based integrity management approach is designed to assess defects that may exist in girth welds across our system. And, as we included in our proposed plan, we are taking proactive measures to enhance our integrity management practices (like doing additional leak surveys and targeted ILI assessments) to ensure that we address any increased risks associated with TCI's non-compliant inspections.

As you may also know, in 2012 the CPUC conducted an extensive investigation into the quality of PG&E's welding program in response to allegations of substandard welding on PSEP-related projects. The investigation included field excavations, document review and witness interviews. The CPUC issued a report on 9/25/12, which found no evidence of substandard welding work or testing. It also concluded that "PG&E has processes in place to determine the extent of remaining defects that may pass hydrotesting, and can use this information in planning for future assessments of the tested sections."

In the event that I learn additional information which differs, I will contact you immediately.

Thanks
JSoto

Sent from my iPad

On Oct 31, 2013, at 6:31 PM, "Malashenko, Elizaveta I." <elizaveta.malashenko@cpuc.ca.gov<mailto:elizaveta.malashenko@cpuc.ca.gov>> wrote:

Mr. Jesus Soto,

Thank you for sending the follow-up note. I will discuss with my team and reach out regarding next steps as appropriate. In the meantime, please clarify the following statement:

"All our information regarding our welding program and all analyses of Line 114 conducted to date indicate that the quality of the underlying girth welds is not in question."

Specifically, it is my understanding that on Line 114 PG&E re-inspected 142 welds that were originally radiographed by TCI. Out of those 142 welds, 6 were found to have defects and were cut-out by PG&E. Please help me understand how this information fits in with the quoted statement above.

Respectfully,

Elizaveta

From: Soto, Jesus (SVP) [J81K@pge.com<mailto:J81K@pge.com>]
Sent: Thursday, October 31, 2013 5:15 PM
To: Malashenko, Elizaveta I.
Cc: Turner, Brian; Doll, Laura; Yura, Jane

Subject: Follow Up: PG&E Quality Assurance Program for Radiographic Inspections

Liza:
Thanks for meeting yesterday to discuss the issues related to the non-compliant radiographic weld inspections conducted by one of PG&E's former Non-Destructive Examination (NDE) third-party contractors, TC Inspections (TCI). First, let me re-emphasize that this issue relates to the secondary inspection of girth welds and, at this point based on the information that has been reviewed, this does not involve the quality of the underlying girth welds. All our information regarding our welding program and all analyses of Line 114 conducted to date indicate that the quality of the underlying girth welds is not in question.

As you know, this issue was first revealed by PG&E's own enhanced NDE quality control program, which discovered TCI performing non-compliant radiographic testing on a weld inspection on transmission line 114 near Brentwood. We acted swiftly to remove TCI from our projects, immediately communicated the issue to the CPUC's third party auditor, Bureau Veritas, terminated TCI as an approved vendor, initiated immediate analysis and remediation efforts, and engaged an ongoing dialogue with SED.

PG&E is committed to continued cooperation with SED, and we share your focus on ensuring that this issue is fully understood, properly reviewed, analyzed and addressed. In that regard, PG&E proposes in the attached document several specific commitments for inclusion in the contemplated quality assurance program plan.

We look forward to our continued coordination with SED on this issue.
Please do not hesitate to call me if you have any questions or concerns.
Jesus Soto Jr

PG&E is committed to protecting our customers' privacy.
To learn more, please visit http://www.pge.com/about/company/privacy/customer/