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Dear Brigadier General Hagan:

As part of PG&E's Non Destructive Examination (NDE) Process Improvement Initiative, PG&E identified that contract personnel were performing noncompliant girth weld inspections on PG&E's gas facilities. On October 31, 2013, PG&E proposed specific commitments to the Safety and Enforcement Division (SED) for addressing the noncompliant weld inspections. Since November 8, 2013, PG&E has been meeting weekly with the SED to communicate any new findings, and provide updates regarding our corrective efforts to address this finding. The status of PG&E's remedial actions is noted below:

1. Final Report for Noncompliant Weld Inspection Techniques on Line 114

PG&E completed the re-examination of 142 welds on L-114 on August 14, 2013, and following a comprehensive review of this data by the SED, PG&E was permitted to pressurize the pipeline for operation. PG&E provided the SED with a final report, *Noncompliant Weld Inspection Techniques, Line 114 Non Destructive Examination Final Report*, on December 6, 2013. This report summarizes the findings and actions taken. PG&E has addressed all girth weld integrity concerns on L-114, and both the SED and PG&E consider this issue resolved.

2. Analysis of Statistical Sampling Methodology

PG&E is in the process of contracting with Lawrence Livermore National Laboratories, Inc. (LLNL) to validate the statistical sampling methodology PG&E used for its inspection test plan for conducting field validations and re-inspections of 43 girth welds. LLNL will review this methodology and provide a summary of their findings to PG&E by February 1, 2014. PG&E will update the dig plan accordingly if an enhanced statistical sampling method is recommended through this review.

3. Development of Comprehensive Extent of Condition

In addition to validating the statistical sampling methodology, on November 20, 2013, PG&E requested LLNL to provide a proposal for developing a plan to complete a comprehensive review of PG&E's transmission system to validate the integrity of existing girth welds. PG&E has asked Kiefner and Associates to work with LLNL as a technical expert, to help develop of a risk based approach to validate the integrity of existing girth welds.

PG&E has been gathering all available records associated with radiographic inspection, and working with its sourcing group to identify the scope of the records retrieval. In the interim, LLNL and Kiefner and Associates will begin developing a comprehensive Extent of Condition on January 2, 2014.

PG&E is continuing to move forward with its preliminary dig plan, and to date has re-inspected 19 of the 43 girth welds. PG&E has asked David Culbertson, an outside expert on NDE to review the results of the re-inspections. David Culbertson and PG&E have found no integrity issues with the 19 welds re-inspected.

4. NDE Program Enhancements

In the last six months, PG&E has made significant progress in further developing its NDE Program. In the second quarter of 2013, PG&E issued an update for its Gas Welding Control Manual, TD-4160M. This document establishes minimum requirements for NDE qualifications, procedures, and materials. In addition, it establishes clear guidelines for personnel performing NDE, allowing their skillsets to be tracked in a consistent manner. PG&E also started developing a new Gas NDE Control Manual, TD-4190M, which is anticipated to be issued in Q1 2014. TD-4190M will provide guidance and procedures for all NDE inspections. These procedures will be supplemented by the new Operator Qualification (OQ) training modules PG&E developed for Contract NDE personnel.

In the third quarter of 2013, PG&E completed Facility audits of all NDE service providers verifying their Quality Assurance/Quality Control program, OQ procedures, and instrument maintenance and calibration. In addition, all NDE procedures and personnel qualifications were reviewed and approved. PG&E is performing weekly field observations of NDE vendors performing work in Gas Operations.

PG&E has started administering specific and practical examinations to all technicians who perform NDE evaluations on its gas assets. A PG&E NDE endorsement card will be issued upon successful completion.

5. Additional Activities

PG&E's has completed a review of its transmission pipelines to identify all pipelines that were installed on or after July 1, 1961 in all Class 3 and 4 locations, and Class 1 and 2 HCAs with susceptibility to land movement. PG&E identified 600 miles to be leak surveyed. The leak surveys commenced on December 2, 2013. PG&E plans to conduct monthly leak surveys until the segments are determined to be safe through statistical analysis, or through physical examination and remediation.

PG&E is always committed to ensuring public safety, and will address any findings promptly. PG&E continues to implement measures to strengthen existing programs, and develop new programs to further improve safety and reliability within our system. We look forward to our continued weekly coordination with SED on this issue. Please do not hesitate to call me if you have any questions or concerns.

Sincerely,

/S/

Brian Daubin

cc:

Liza Malashenko, CPUC

Jane Yura, PG&E
Jesus Soto, PG&E
Kirk Johnson, PG&E