

EXHIBIT 3

United States Department of Transportation - Office of Inspector General

Memorandum of Activity

Case Number: 110Z0000450900	Reporting Office: JRI-9 San Francisco	Type of Activity: Interview
Date of Activity: 07/10/2014	Date Report Drafted: 07/14/2014	Location of Activity:
Subject of Activity: CHHATRE, RAVI .	Activity Conducted By (Name(s)): Lisa Glazzy	Signature: L G

On July 10, 2014, Special Agent Lisa Glazzy, U.S. Department of Transportation, Office of Inspector General, San Francisco, CA interviewed Ravi Chhatre, Investigator-in-Charge, National Transportation Safety Board (NTSB), regarding the NTSB's investigation of the September 9, 2010 PG&E pipeline rupture in San Bruno, CA. Assistant United States Attorney Kim Berger, Special Assistant United States Attorney Brett Morris, and Inspector Richard Maher, San Mateo County District Attorney's Office, also participated in the interview. Present during the interview was NTSB Deputy General Counsel Ann Gawalt. The interview occurred at Chhatre's office in Washington DC. After being advised as to the identity of the interviewers and the nature of the interview, Chhatre voluntarily provided the following information:

The NTSB does not get involved in every incident. There is certain NTSB criteria that needs to be met. One of those is fatalities. After an incident occurs, the NTSB on-duty investigator will gather the details, prepare a summary report, and notify the appropriate personnel, including supervision. A recommendation is made to "launch" or not. If it is a major incident, a team is launched, and the on-call NTSB member joins the team. The team usually includes a public affairs person. Various state agencies are notified.

Regarding the San Bruno explosion, Chhatre was the NTSB Investigator-in-Charge (IIC). The team consisted of approximately 16 people that spent about 2 weeks on scene. The IIC usually reports the facts without any analysis, secures the scene of the accident, decides who is responsible for what, conducts interviews of those involved, and collects evidence such as the pipe. The NTSB Chief Counsel's office prepares the protocol for those few to receive what is called "party status." Typically party status is given to someone from PHMSA, the local police department, the local fire department, experts, and the operator, such as PG&E. Those members given party status must adhere to the protocol which includes not talking to the media, being completely forthcoming, and not interfering or impeding the NTSB's investigation.

Bob Fassett was PG&E's party status representative, but it then switched to William Hayes. The party status representative had to "have enough clout." Typically, a company will designate its own party representative. The NTSB did not choose this person. Hayes replaced Fassett, because the NTSB team learned that Fassett and a PG&E attorney conducted an interview (without the NTSB's knowledge) and talked with an older gentleman that had worked on the ruptured pipe. Chhatre confirmed that Frank Maffei was the older gentleman that Fassett and the attorney talked to unbeknownst to the NTSB. At Chhatre's request, Fassett was removed as the party representative and replaced with Hayes.

It was the second or third time PG&E was not forthcoming with information. One of the requirements to receive party status was to be up-front with information. PG&E really stood out as a company that was not forthcoming and lacked cooperation. They would dump a whole crate of documents and stamp everything confidential.

The NTSB requested all types of documents when it came to writing their report. All of their reports use supporting information. The reports are uploaded to the NTSB website.

(Agent's Note: AUSA Berger asked Chhatre to review a September 30, 2010 data request.)

The NTSB asked for the information, because the rupture happened below MAOP. It was important to know what

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happened to the pipe before the rupture. PG&E played games with the MOP/MAOP terminology. The NTSB was confused with PG&E's use of MOP vs MAOP.

(Agent's Note: AUSA Berger asked Chhatre to review a February 2011 supplemental to the data request.)

PG&E tried to extrapolate the 10% policy. They were using the 10% from another regulation which did not apply in this case.

(Agent's Note: AUSA Berger asked Chhatre to review an exhibit.)

"PG&E played a game" by exceeding the pressure to maintain capacity of their pipes without doing the more rigorous test. The NTSB learned about the pressure increases through interviews and reviewing documents. Chhatre recalled receiving the RMI-06 and his first reaction was that "they are not allowed to do that," referring to 10% policy. The original RMI-06 contained the 10% policy statement. Later, Chhatre received the April 6th letter from Hayes saying "Oops, that was a mistake in sending" that version of the RMI-06. "It was never approved." Chhatre never followed up with PG&E on the April 6th letter. There was no discussion of it with the rest of the party. The NTSB held the information in the letter close. They may have discussed it with PHMSA. PG&E was being "shady." The NTSB did not pursue whether PG&E was actually using the 10% policy. Chhatre didn't have the evidence, but he believed PG&E was using the 10% policy. With time restraints placed on the NTSB to finish their investigation, Chhatre could not do a lot of things he wanted to do. He had to stay focused.

Chhatre would have liked to have known about the 10% policy, and if PG&E were using the policy. If they were using it, it should have been disclosed to the NTSB, but he also believed that the regulators should have discovered it. Chhatre recalled talking with Hayes about the April 6th letter. Chhatre confirmed with Hayes that the version without the 10% policy was the version that should have been sent to the NTSB. Chhatre advised he "took them at face value" on the April 6th letter when PG&E said the earlier version was an unapproved draft. Chhatre did not know if PG&E was using the practice, but if PG&E were, Chhatre would have wanted to know on what pipe lines and would have wanted a conversation with PHMSA about why they did not catch it. If PG&E had told someone that they were using the 10% policy, the NTSB and the regulators would have all known about it. Chhatre could not recall if he asked Hayes if the 10% policy was in effect or not. Chhatre's theory at that time was that PG&E's record keeping was shabby, and it was one more thing that PG&E was not telling him. PG&E should have told the NTSB if they were using the 10% policy, and Chhatre would have liked to have known.

Chhatre wrote a memorandum to file explaining that PG&E had an earlier version of the RMI-06 containing the 10% policy because Chhatre wanted the record to be clear that PG&E later claimed that version with the 10% policy was an unapproved draft.

Chhatre may have spoken to Sunil Shori about the April 6th letter and the 10% policy. He spoke frequently with Shori, but nothing stands out in his mind.

Chhatre recalled talking with Peter Katchmar about the 10% policy, and Katchmar advised that it was not an acceptable practice.

Chhatre recalled that Hayes was reluctant to provide Bill Manegold for an interview, claiming Manegold may have been

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mentally unstable.

Only the NTSB can file a docket. No other party members are allowed to do it.

(Agent's Note: AUSA Berger asked Chhatre about PG&E submitting a 1988 leak report late in their investigation.)

The leak was on the same line as the San Bruno line. The leak was reported upstream of San Bruno, and it may have been a seam weld issue. If there is a seam weld issue on a line, you should be using a tool to assess for that. Any prudent operator would assess like that. PG&E explained to the NTSB that each segment is separate. PG&E said the leak report was submitted late because it was lost in the tons of information. Chhatre advised that the PG&E attorney was having a "temper tantrum" asking Chhatre why he kept asking repeated questions. Chhatre felt they were not being forthcoming about providing the leak report. It should have been provided in the first few months.

Chhatre disclosed that he worked at PG&E in their lab for approximately 18 or 19 years, around 1972 to 1988.

Chhatre was critical of PG&E recordkeeping. When Fassett met the NTSB team when they first landed, Fassett explained that the pipe was 30-inch seamless pipe. We "knew right away that something was fishy." No one used that type of pipe. It really bothered Chhatre when Fassett told the team that. "A blind man could see it had a seam." We continued to notice more and more issues and discrepancies dealing with PG&E. Chhatre recalled asking Fassett, "Are you sure that it's seamless?" Fassett replied, "That's what the records show."

Since the inception of the NTSB, it's rare to have "urgent recommendations" issued. In the pipeline field there have been nine urgent recommendations issued. Six have been issued to PG&E. It was a concern to the NTSB. All operators have record keeping issues, but PG&E was exceptionally bad. It was a huge concern to Chhatre. "You have to know what's in the ground."

Chhatre recalled PG&E employees were giggling, laughing and were sarcastic in interviews conducted by the NTSB in January 2011. Chhatre felt as if they were mocking him. Maybe it was because the NTSB was not asking their questions in the appropriate context. PG&E's demeanor was shocking and offensive to Chhatre and it really stood out to him.

During one of many meetings between the NTSB and Brian Daubin, Fassett, Shori, and possibly Katchmar, Shori requested to travel to PG&E in Walnut Creek to immediately pick up some pertinent documents. Daubin dismissed Shori saying something like, "Nope, you cannot have them today. You'll have to come tomorrow to get them." The NTSB was shocked in the manner in which PG&E dismissed Shori's request. Chhatre later said to Shori, "How can you take that from them?" Shori acted a little embarrassed. Shori had no authority or power over PG&E. Shori was afraid he would not get the support from his own managers.

All information was shared between NTSB, the CPUC, and PHMSA.

Chhatre felt that Chi Hung Lee "cherry picked evidence."

Reviewed By (Initials): M M

Date: 11/06/2014

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