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Supplier Quality

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Quality Mission Statement

Ensure that PG&E has a robust and mature supplier quality system that quantitatively measures supplier output and when necessary highlights the need for actions with suppliers to ensure that only quality suppliers are employed and that their products meet drawing requirements, are repeatable, safe and meet or exceed the needs of our customers (field personnel).





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What We Do

Supplier Quality Functions:

- ✓ Quality New Suppliers
- ✓ Qualify New Parts
- ✓ Inspect/Sample Parts
- ✓ Metrics
- ✓ Supplier Corrective Actions
- ✓ Safety
- ✓ Purge Suspect Material



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Building Relationships

Supplier Quality Provides Our Suppliers With:

- ✓ Honesty and Integrity
- ✓ Clear Product Requirements
- ✓ Advocacy
- ✓ Metrics (accurate and timely)
- ✓ Material Problem Reports (MPRs)
- ✓ Supplier Corrective Action Request (SCAR)
- ✓ Help





Building Customer/Supplier Relationships

What Suppliers Owe PG&E:

Changes to Your Products

- ✓ Change to any major sub-tier supplier
- ✓ Change of manufacturing location
- ✓ Break in production of that product for more than 2 years
- ✓ Change of key manufacturing equipment

Escapes from the Factory

- ✓ Warning and “containment” if there is a material problem
- ✓ Corrective action (SCAR) that identifies and corrects discrete and systemic problems
- ✓ Timely Return Material Authorization (RMA) number when PG&E needs to return discrepant material

Qualified Products

- ✓ Products are safe to use (over the long term)
- ✓ Products have been rigorously accelerated age tested
- ✓ Products will not negatively affect the environment



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Supplier Ratings

How We Rate You Against Your Peers:

Defective Parts Per Million (DPPM):

We will calculate your Quality performance on a monthly / yearly basis based on the following formula:

$$DPPM = (Parts\ rejected \div Parts\ inspected) \times 1\ million^*$$

Supplier ratings will be supplied to Sourcing on monthly basis or prior to supplier meetings as required. Supplier selections will be partially based on DPPM (formula to be defined).



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Engaging With Suppliers

Current Path

- ✓ Face-to-Face
- ✓ Audits
- ✓ Phone calls
- ✓ Supplier Corrective Action Request (SCAR)
- ✓ Survey questionnaire

Future Path

- ✓ Supplier Score Card
- ✓ Supplier Improvement Initiatives





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SCAR Process

What is it?

Supplier Corrective Action Request (**SCAR**) resolves supplier quality issues by asking supplier to address the problem internally in a systematic thorough fashion.

How does it work?

1. Material Defect Identified
2. Quality Engineer Requests SCAR from Supplier
3. Supplier Submits SCAR response to Supplier Quality Engineer
4. Quality Engineer Approves or Rejects SCAR
5. If rejected, Quality Engineer Determines Next Steps

How this impacts me?

- ✓ Must prepare a Containment Response within 3 Business Days
- ✓ Conduct a logical Root Cause evaluation and prepare an explanation
- ✓ Fix process problems and prepare Corrective Resolution indicating why Problem Will Not Repeat





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First Article Process (FAI)

What is it?

A process to identify and test materials from suppliers that may be different than the already approved materials being received by PG&E before these changed materials are considered "standard buy" items.

How does it work?

1. Supplier notes at order point a possible major product change (slide #)
2. Supplier notifies Supplier Quality on contact line (see contact sheet)
3. Supplier Quality Engineering (SQE) reviews possible need for FAI
4. Supplier notified of testing requirements (internal or at PG&E).
5. Supplier holds back shipment of order or holds in build of order until FAI complete and approved by PG&E.

How this impacts me?

- ✓ Less chance of field recalls or rejected lots at Receiving
- ✓ Coordination with procurement / Possible extra testing
- ✓ Awareness / training of the staff to ID when an FAI may be required

