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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the
Commission's Own Motion to
Determine Whether Southern
California Gas Company's and Sempra
Energy's Organizational Culture and
Governance Prioritize Safety (U904G).

Investigation 19-06-014

**JOINT ASSIGNED COMMISSIONER'S AND ADMINISTRATIVE LAW
JUDGE'S RULING ON PROCESS AND SCHEDULE FOR PROCEEDING**

The Order Instituting Investigation (OII) initiating this proceeding and the party comments filed in response to the OII identified and discussed a number of issues that are to be addressed in this proceeding, and some of the party comments raised questions or made recommendations about how certain issues would be addressed in the proceeding. The issues addressed by this ruling are 1) the scope and nature of this OII's examination of Sempra Energy (Sempra), the parent company of Southern California Gas Company (SoCalGas); 2) this proceeding's use of the root cause analysis report on the Aliso Canyon gas leak prepared by Blade Energy Partners ("Blade Report"); and 3) scheduling of a prehearing conference to address next steps in the proceeding. A separate ruling will be issued setting forth procedures for the handling of confidential information.

1. Sempra

The OII generally describes its scope as examining the safety culture of SoCalGas and its parent company Sempra. (OII at 1, 8, 9 and 14.) The OII states

that the consultant's report to be prepared as part of the OII will also evaluate Sempra's culture: "[I]n relation to ensuring that its California-regulated subsidiaries operate their systems in a safe manner." (OII at 1.) In addition to SoCalGas, San Diego Gas & Electric Company (SDG&E) is a California-regulated subsidiary of Sempra. The OII names SoCalGas and Sempra, not SDG&E, as respondents. (OII at 15.) The comments on the OII from the Commission's Public Advocates Office (Cal Advocates) focus in part on the gas pipeline safety record of SDG&E, as well as that of SoCalGas. (Cal Advocates Comments at 3-4.)

Sempra's Comments devote a significant amount of time to describing and explaining Sempra's structure and role in relation to its various subsidiaries, including SoCalGas and SDG&E. (Sempra Comments at 2-7.) In particular, Sempra emphasizes that its role in relation to its subsidiaries (including SoCalGas) is one of oversight, and that it does not supervise the day-to-day affairs of any of its subsidiaries. (*Id.* at 7.)

The primary focus of the initial stage of this OII is on SoCalGas' organizational culture, governance, policies, practices, and accountability metrics in relation to its record of operations, including its record of safety incidents. In addition, the initial stage of this OII will examine and evaluate Sempra's organizational culture, governance, policies, practices, and accountability metrics in the context of its relationship to SoCalGas. SDG&E is not a respondent to this proceeding, and the initial stage of this OII will not be examining the safety culture of SDG&E. If the examination and evaluation of Sempra's safety culture provides a reason for the Commission to look more closely at SDG&E, the Commission may consider expanding the scope of this proceeding to encompass SDG&E, particularly its gas operations.

2. Blade Report

SoCalGas argues that the root cause analysis report from Blade Energy Partners prepared in response to the Aliso Canyon gas leak (“Blade Report”) should only be considered in the Commission’s investigation into the Aliso Canyon leak (I.19-06-016), and should not be considered, evaluated, or relied upon in this proceeding. SoCalGas claims that considering the Blade Report in this proceeding would be duplicative and prejudicial, and the OII’s references to the Blade Report are “irrelevant,” “inappropriate” and “potentially tainted.” (SoCalGas Comments at 10-12.) SoCalGas’ argument is based upon the fact that it is disputing the accuracy of the Blade Report in the Aliso Canyon investigation, and that issue should not be relitigated here. (*Id.*)

While we acknowledge that SoCalGas disputes aspects of the Blade Report, and does not want to litigate the credibility of the Blade Report in more than one forum, SoCalGas’ argument goes too far, particularly when it demands that the Commission’s consultant not even consider the Blade Report. The Aliso Canyon gas leak (and SoCalGas’ responsibility for and response to that leak) is certainly relevant in any consideration of SoCalGas’ safety culture, and barring the Commission’s consultant from even considering a report on that leak only serves the interest of SoCalGas, not the public or the record of this proceeding.

During the initial phase of this proceeding, the consultant may consider the Blade Report and other information relating to the Aliso Canyon gas leak, with the understanding that SoCalGas disputes aspects of the Blade Report. To the extent it is relevant to this proceeding, SoCalGas will be given the opportunity to argue what weight and credibility should be given to the Blade Report.

3. Prehearing Conference and Next Steps

The OII states: “The Assigned Commissioner and ALJ shall set a prehearing conference to determine the next steps in this proceeding, including the scope and categorization of the next phase of this proceeding and if hearings are necessary.” (OII at 12.) The consultant’s report will be helpful in determining the next steps to be taken in this proceeding, such as the scope and categorization of the next phase of this proceeding, and if hearings are necessary. Accordingly, the assigned Commissioner and Administrative Law Judge (ALJ) will set a prehearing conference or equivalent procedure to determine the next steps in this proceeding after the Commission receives the consultant’s report.

In addition, the OII stated that: “The expert consultant(s) shall maintain the confidentiality of data gathered in this investigation, its work product, and the consultant’s report.” (OII at 10.) Later, the OII similarly stated that: “The consultant(s) shall maintain the confidentiality of its assessment and report unless otherwise directed by SED, the assigned Commissioner, or the Commission.” (OII at 15.) A separate ruling will be issued setting forth the process to implement and facilitate these directions in this proceeding.

IT IS RULED that:

1. The initial stage of this proceeding will examine and evaluate Sempra Energy’s organizational culture, governance, policies, practices, and accountability metrics in the context of its relationship to Southern California Gas Company.
2. During the initial phase of this proceeding, the Commission’s consultant may consider the Blade Report and other information relating to the Aliso Canyon gas leak.

3. The assigned Commissioner and Administrative Law Judge will set a prehearing conference or equivalent procedure to determine the next steps in this proceeding after the Commission receives the consultant's report.

Dated July 27, 2020, at San Francisco, California.

/s/ LIANE M RANDOLPH

Liane M. Randolph
Assigned Commissioner

/s/ PETER V ALLEN

Peter V. Allen
Administrative Law Judge