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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to  
Develop Safety Culture Assessments  
for Electric and Natural Gas Utilities.

Rulemaking 21-10-001

**ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

**1. Procedural Background**

On October 13, 2021, the California Public Utilities Commission (Commission) opened this Order Instituting Rulemaking (OIR)<sup>1</sup> to develop and adopt a safety culture assessment framework for the regulated investor-owned electric and natural gas corporations as well as for the gas storage operators serving California. Additionally, this OIR was instituted to identify the structure, elements, and process necessary to drive each regulated investor-owned electric and natural gas utility and gas storage operator to establish and continuously improve their organization-wide safety culture. Accordingly, this OIR provides guidance on the form and content of the safety culture assessments for regulated electric and natural gas investor-owned utilities (IOU) and gas storage operators, provides a venue for a review of their safety culture as an

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<sup>1</sup> OIR to Develop Safety Culture Assessments for Electric and Natural Gas Utilities.

organization, and will determine a process for ongoing review and refinement of their safety culture assessments in future years.

A prehearing conference (PHC) was held on March 30, 2022 to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the opening and reply comments to the Rulemaking, and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

## **2. Proceeding Structure**

In this scoping memo and ruling, the following proceeding structure is adopted: (1) an outline of the proceeding's Phase 1 scope and schedule; (2) notice of forthcoming staff-led technical working group meetings; (3) a staff proposal; (4) solicitation of party comment on the staff proposal; and (5) the potential for public workshops.

## **3. Scope**

This proceeding will be divided into more than one phase. Based on the Rulemaking and statements at the PHC, the scope for Phase 1 of this proceeding is set forth below.

### **3.1. Phase 1 Issues**

The issues to be determined, or otherwise considered, for Phase 1 are:

#### **Definitions**

1. Should the Commission adopt the "definition of safety culture" from Investigation (I.) 15-08-019?<sup>2</sup> Alternatively,

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<sup>2</sup> I.15-08-019 defined safety culture as follows:

An organization's culture is the collective set of that organization's values, principles, beliefs, and norms, which are manifested in the planning, behaviors, and actions of all individuals leading and associated with the organization, and where the effectiveness of the culture is judged and measured by the organization's performance and results in the

*Footnote continued on next page.*

should the Commission consider other possible definitions of “safety culture”?

### **Framework**

2. What should the Commission include within the framework of conducting safety culture assessments?
3. Should a framework be adopted for the large electric and natural gas corporations; and another framework be adopted for the small and multi-jurisdictional electric utilities and gas storage operators?
4. How can the Commission develop a framework for conducting safety culture assessments that provide greater opportunity for collaboration among regulators and regulated industry representatives?
5. What framework mechanisms could be implemented to ensure safety culture assessments are focused on actual safety improvement (on the ground results) within the industry? What mechanisms could be used in such implementation that ensure accountability through coordination and collaboration as opposed to a framework based primarily on a defensive model?<sup>3</sup>

### **Schedule and Process**

6. What should be the proposed timeframe, schedule, and frequency for conducting safety culture assessments? For example, for the large electrical and natural gas corporations, should the safety culture assessments be scheduled such that they are considered in utilities’ Risk Assessment and Mitigation Phase Applications and General Rate Cases?
7. How and when should the utilities that completed a safety culture assessment in recent years be required to comply with the process developed within this proceeding?

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world (reality). Various governmental studies and federal agencies rely on this definition of organizational culture to define “safety culture.”

<sup>3</sup> See Safety Culture OIR Workshop March 11, 2022 PowerPoint slides 42, 43, 87.

8. How should the Commission ensure that the safety culture assessment process developed through this proceeding is complementary to, and not duplicative of, the annual safety culture assessments conducted by the Office of Energy Infrastructure Safety pursuant to Assembly Bill 1054?
9. Should the Commission designate one specific entity with expertise in safety culture to conduct the independent safety culture assessments required by law? If so, should this entity be a public entity that is independent of the Commission?

#### **Measuring Change**

10. What safety outcomes or metrics should be used to evaluate the efficacy of the safety culture assessment process developed within this proceeding?
11. What methodologies should be employed in the safety culture assessments to ensure results are comparable across our regulated entities and can measure changes in our regulated entities' safety culture over time?
12. Should the Commission formally adopt a maturity model to use in safety culture assessments for all electric and gas utilities, and gas storage operators?

#### **4. Need for Evidentiary Hearing**

In the OIR, the Commission preliminary determined that hearings are not required. This Scoping Memo and Ruling confirms that determination.

#### **5. Schedule**

Phase 1 of this proceeding will focus on developing safety culture assessments for the large investor-owned electric and natural gas corporations. Phase 2 of this proceeding will focus on developing safety culture assessments for the small multi-jurisdiction utilities and the gas storage operators. The following schedule is adopted here, and may be modified by the assigned

Commissioner or Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the rulemaking:

<b>Event: Phase 1 for Large Electric and Natural Gas Investor-Owned Utilities</b>	<b>Date</b>
Safety Policy Division Technical Working Group Meeting #1	June 2022
Safety Policy Division Technical Working Group Meeting #2	June 2022
Safety Policy Division Technical Working Group Meeting #3	July 2022
Safety Policy Division Technical Working Group Meeting #4	July 2022
Tentative Hold: All Party Consensus Workshop on Technical Working Group Topics	TBD
ALJ Ruling issuing Safety Policy Division Staff Proposal for Conducting Safety Culture Assessments and the Maturity Model for the Large Investor-Owned Electric and Natural Gas Corporations	August 2022
Safety Policy Division Workshop on Staff Proposal	September 2022
Opening Comments on Staff Proposal	October 2022
Reply Comments on Staff Proposal	November 2022
Proposed Decision	Released in accordance with the Commission's Rules of Practice and Procedure

This proceeding will conform to the statutory case management deadline for quasi-legislative matters set forth in Section 1701.5. In particular, it is the Commission's intention to resolve all relevant issues in each track within

36 months of the date this Rulemaking is adopted. In using the authority granted in Section 1701.5(b) to set a time longer than 18 months, consideration is given to the number and complexity of the tasks and the need to coordinate with multiple other proceedings. However, this does not mean that the proceeding must take 36 months. The Commission will make every effort to expedite the schedule for addressing all items within the scope of this proceeding. The assigned Commissioner or Administrative Law Judge will revise the schedule, if necessary, when more information is available.

In addition, there will be workshops in this proceeding. Notice of such workshops will be posted on the Commission's Daily Calendar to inform the public that a decisionmaker or an advisor may be present at those meetings or workshops. Parties should check the Daily Calendar regularly for such notices.

## **6. Category of Proceeding and Ex Parte Restrictions**

The Commission preliminary determined that this is a quasi-legislative proceeding.<sup>4</sup> Accordingly, ex parte communications are permitted without restriction or reporting requirement pursuant to Article 8 of the Rules.

## **7. Public Outreach**

Pursuant to Public Utilities Code Section 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission's website.

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<sup>4</sup> OIR at 19.

## **8. Intervenor Compensation**

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by Friday, April 29, 2022, 30 days after the PHC.

## **9. Response to Public Comments**

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

## **10. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

## **11. Filing, Service, and Service List**

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission’s Process office, the service list, and the Administrative Law Judge. Persons may become a party pursuant to Rule 1.4.<sup>5</sup>

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

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<sup>5</sup> The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur.

When serving documents on Commissioners or their personal advisors, and the assigned Administrative Law Judge, whether they are on the official service list, parties must *only provide electronic service*.

Parties *must not send hard copies* of documents to Commissioners or their personal advisors or the assigned Administrative Law Judge unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at [process\\_office@cpuc.ca.gov](mailto:process_office@cpuc.ca.gov) to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

## **12. Receiving Electronic Service From the Commission**

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission.



Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

**13. Assignment of Proceeding**

Darcie L. Houck is the assigned commissioner and Colin Rizzo is the assigned Administrative Law Judge.

**IT IS RULED** that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is not needed.
4. The category of the proceeding is quasi-legislative.

This order is effective today.

Dated April 28, 2022, at Sacramento, California.

/s/ DARCIE L. HOUCK

Darcie L. Houck  
Assigned Commissioner