

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



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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).

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**COMMENTS OF THE UTILITY REFORM NETWORK
ON SOUTHERN CALIFORNIA GAS COMPANY AND SEMPRA ENERGY'S
SAFETY CULTURE IMPROVEMENT PLAN**



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ON SOUTHERN CALIFORNIA GAS COMPANY AND SEMPRA ENERGY’S
SAFETY CULTURE IMPROVEMENT PLAN**

I. Introduction

Pursuant to the Administrative Law Judge’s Ruling Admitting August 18, 2022, Workshop Materials Into the Record, Requesting Additional Information and Updating Procedural Schedule (“ALJ Ruling”), issued on September 8, 2022, The Utility Reform Network (“TURN”) provides these comments on Southern California Gas Company (“SoCalGas”) and Sempra Energy’s Safety Culture Improvement Plan.

II. SoCalGas’ Safety Culture Improvement Plan Should Be Rejected Because It Is Woefully Inadequate and Incomplete, Despite Repeated Urgings by the Parties and the Commission

At multiple workshops prior to the filing of SoCalGas’ Safety Culture Improvement Plan, numerous parties and stakeholders, including TURN, Cal Advocates, and the Safety Policy Division (“SPD”), repeatedly emphasized that it would be critical for SoCalGas to address the Areas in Need of Attention identified by the 2EC Safety Culture Assessment. Yet, when SoCalGas submitted its Safety Culture Improvement Plan, it completely ignored and disregarded the feedback by other parties and stakeholders, and chose to simply copy and paste a summary of its overall plan and workstreams as a response to every single areas in need of attention.¹ SoCalGas’ clear disregard for feedback from TURN, Cal Advocates, and SPD is troubling and telling of SoCalGas’ earnestness to improve its safety culture.

¹ SoCalGas Safety Culture Improvement Plan, Attachment B.

On September 8, 2022, Administrative Law Judge Zita Kline issued the ALJ Ruling and once again directed SoCalGas to explain how and why each of its proposals comprehensively and effectiveness address the weaknesses identified by each of the overarching themes.² Yet, instead of providing a responsive pleading to the ALJ Ruling, SoCalGas argues that “Areas in Need of Attention” are not “weaknesses,”³ and it once again provided general and high level language that is devoid of any meaningful real action and simply pays lip service to safety.⁴ For example, in response to the item in need of attention that “SoCalGas interviews indicated that SoCalGas Management is all about budget and that each year the instructions are given to do more with less, 3% less each year to meet the Incentive Compensation Plan (ICP) budget,” SoCalGas wrote:⁵

Initiative 3A involves evaluating resource allocation to validate technology, staffing, and equipment are aligned with safety and risk management goals. This initiative will involve assessing resource allocation and processes across business segments with respect to safety and risk management goals and assessing workforce planning and hiring processes to understand workforce capacity. Additionally, SoCalGas intends to engage in communications and training around resource allocation and related processes to provide further transparency and clarity.

Initiative 3B involves evaluating and enhancing safety capabilities and organizational structure to promote safety management objectivity and controls. This will involve an evaluation of existing safety capabilities and organizational structure, including safety management roles, responsibilities, and decision rights to assess whether the more comprehensive concept of safety leads to changes to organizational structure and processes.

What SoCalGas included is completely unresponsive to the item in need of attention -- it does not address the fundamental misaligned incentive mechanism that encourages

² ALJ Ruling, p. 5.

³ SoCalGas Response to ALJ Ruling, p. 2.

⁴ SoCalGas Response to ALJ Ruling, Attachment B.

⁵ SoCalGas Response to ALJ Ruling, Attachment B-13.

employees to sacrifice safety for profits. Instead, it talks about “resource allocation,” “processes,” “safety capabilities,” and “organizational structure.”

Furthermore, in the process of responding to the ALJ Ruling, SoCalGas also chose to ignore the sub-areas of each Areas in Need of Attention identified by the 2EC Safety Culture Assessment. For example, TURN identified the following critical areas in its comments on the 2EC Safety Culture Assessment,⁶ which are not even included in SoCalGas’ Attachment B in response to the ALJ Ruling:

- Many interviewees expressed the opinion that money goes to capital expenditures more than to O & M costs, like safety.⁷
- Interviewees indicated that the more management saves on budget, the better their bonus.⁸
- Interviewees indicated the belief that everything that can be, is initially capitalized in order to get a return on investment. This does not put more money into O&M budgets that are directly related to safety.⁹

At this point, if after repeated urgings by TURN, Cal Advocates, and SPD, plus an additional ALJ Ruling, SoCalGas still refuses to address the Areas in **Need** of Attention, it appears that the only path forward is for the Commission to reject SoCalGas’ Safety Culture Improvement Plan and order SoCalGas to resubmit a complete plan that addresses all of the Areas in Need of Attention identified by 2EC. TURN therefore respectfully urges the Commission to reject SoCalGas’ Safety Culture Improvement Plan and order

⁶ TURN Comments on 2EC Safety Culture Assessment, p. 3.

⁷ 2EC Safety Culture Assessment, p. 35.

⁸ 2EC Safety Culture Assessment, p. 35.

⁹ 2EC Safety Culture Assessment, p. 35.

SoCalGas to resubmit a plan that address *all of the Areas in Need of Attention* identified by 2EC.

III. The Accountability Model Proposed by SoCalGas Is Ineffective and Incomplete

In its Safety Culture Improvement Plan, SoCalGas states that it proposed an accountability model to “enable SoCalGas to measure progress, identify opportunities to refine and improve the Plan, sustain and continue to improve the changes that are implemented, provide visibility to stakeholders, and facilitate California Public Utilities Commission (CPUC) collaboration and oversight.”¹⁰ However, the model that SoCalGas proposes is not only incomplete, it is also ineffective to ensure accountability of improvements in safety performance by SoCalGas.

First, SoCalGas asserts that it “plans to develop and track several indicators to measure trends and understand if we are realizing the benefits of the Plan.”¹¹ Yet, SoCalGas does not present a complete list of indicators, nor does it provide baseline measurements for these indicators. It appears that SoCalGas wants the Commission to approve its Safety Culture Improvement Plan *first*, and then propose these indicators. That is nonsensical and backwards. The appropriate indicators should be part of the evaluation process by the Commission, not at SoCalGas’ discretion after its Safety Culture Improvement Plan has been approved.

Second and more importantly, the indicators that SoCalGas plans to develop and track do not include safety performance, and it only includes indicators relating to its

¹⁰ SoCalGas Safety Culture Improvement Plan, p. 32.

¹¹ SoCalGas Safety Culture Improvement Plan, p. 34.

personnel, which was the #1 problematic overarching theme identified by 2EC, that safety at SoCalGas is most often perceived as personnel safety!¹² SoCalGas only included Close Call, Near Miss, Stop the Job, Communication Effectiveness, and Incident Evaluations. None of these indicators measure safety performance, especially public safety performance. Yet, the purpose of this proceeding is to improve SoCalGas' safety culture *in order to improve safety performance*. Using indicators that do not include safety performance does not result in an effective accountability framework.

Thus, SoCalGas' proposed accountability model should be rejected, and SoCalGas should be ordered to present an accountability model that measures safety performance, including public safety performance.

IV. Conclusion

TURN appreciates the opportunity to provide these comments and respectfully urges the Commission to order SoCalGas to resubmit a more complete Safety Culture Improvement Plan.

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Respectfully submitted,

By: _____ /s/ _____
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¹² 2EC Safety Culture Assessment, p. 25.