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SoCalGas' and Sempra's Revised Safety Culture Improvement Plan

SAFETY POLICY DIVISION EVALUATION REPORT
FOR INVESTIGATION (I).19-06-014

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**California Public
Utilities Commission**

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Thanks to:

Dr. Mark Fleming, St Mary's University

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Executive Summary

The California Public Utilities Commission (Commission) opened Investigation (I.) 19-06-014 to determine whether the organizational culture and governance of Southern California Gas Company (SoCalGas) and its parent company Sempra Energy (Sempra) prioritizes safety. Pursuant to the Scoping Ruling issued in this proceeding, SoCalGas submitted an initial Safety Culture Improvement Plan (Initial Plan) and Sempra a Safety Culture Oversight Initiatives (Sempra Plan) on July 29, 2022, with actions to address the findings of an earlier Independent Safety Culture Assessment (Assessment) of SoCalGas and Sempra conducted by Evolving Energy Consortium (2EC). In Decision (D.) 23-12-034, the Commission directed SoCalGas to revise the Initial Plan by implementing and incorporating the outcomes of identified organizational dialogues as pre-requisites for plan development. SoCalGas submitted its Revised Safety Culture Improvement Plan (Revised Plan) on September 20, 2024.

To support the Commission in this investigation, the Commission's Safety Policy Division (SPD) was tasked with evaluating SoCalGas' Revised Plan. This report summarizes the results of this evaluation.

Since the issuance of D.23-12-034, SPD, supported by an external safety culture expert advisor, Dr. Mark Fleming, engaged in oversight activities of the organizational dialogues adopted by the decision and implemented by SoCalGas.

SPD, with continued support from the expert advisor, evaluated the Revised Plan based on: 1) the criteria and guidance provided in the Scoping Memo, 2) the expectations set forth in D.23-12-034, and 3) consideration of a continuous improvement process that supports the directives provided within the proceeding.

SPD's evaluation finds that SoCalGas' Revised Plan shows considerable improvement over the Initial Plan. With some exceptions, the Revised Plan generally meets the intent and spirit of the direction provided in this proceeding to date. Some key observations for consideration are identified to improve the Revised Plan's effectiveness and ensure proper monitoring of its implementation. These observations relate to:

- actions that create a gap in the “speak-up” culture improvement efforts for public and infrastructure safety (element 2, Action 1 of Revised Plan);
- need for a data set that is sufficiently robust to support identifying resource allocation issues (element 3 of Revised Plan);
- improvements to baseline and other metrics to measure improvement progress during implementation;
- enhancements to the monitoring and adjustment components of the systematic plan approach;
- need for flexibility to iterate and expectation to evolve Revised Plan through to the next comprehensive safety culture assessment, including detailing of initiatives that have yet to be specified;
- extending reporting requirements through to the next comprehensive safety culture assessment;
- cost estimate information, now absent from the Revised Plan, should be provided; and

- Sempra's contribution.

In closing, SPD notes that the Commission and SoCalGas are applying a novel approach within this proceeding. Safety culture assessments like the one performed on SoCalGas are intended to expose the deeper underlying drivers of cultural challenges and require honest self-reflection for effective improvement. This presents challenges when performed in a public and transparent forum such as this proceeding. It also partially explains why no other similar assessments or improvement plans are available in the public domain for benchmarking or referencing.¹ That said, the progress SoCalGas has made since the Initial Plan indicates SoCalGas is better prepared to guide the improvement phase.

¹ The Assessments SPD has found available in the public domain have focused on employee perceptions which remain at the “surface” of culture which tend to result in superficial improvement efforts. As a result, those efforts might address cultural *symptoms* rather than the drivers or root causes of the issues, thereby thwarting long-term sustainable change.

1 Background and Introduction

Pursuant to Decision (D.) 23-12-034, Southern California Gas Company (SoCalGas) and Sempra Energy (Sempra) filed a revised safety culture improvement plan (Revised Plan) on September 20, 2024.

As directed by ruling setting the procedural schedule for Investigation (I).19-06-014, issued on December 3, 2024, the Safety Policy Division (SPD) was tasked with evaluating SoCalGas' Revised Plan. This report summarizes the results of SPD's evaluation.

1.1 Background

The Commission opened Investigation (I.) 19-06-014 to determine whether the organizational culture and governance of Southern California Gas (SoCalGas) and its parent company Sempra Energy (Sempra) prioritizes safety. Pursuant to the Scoping Ruling issued in this proceeding, SoCalGas submitted an initial Safety Culture Improvement Plan (Initial Plan) and Sempra a Safety Culture Oversight Initiatives (Sempra Plan) on July 29, 2022, with actions to address the findings of an earlier Independent Safety Culture Assessment (Assessment) of SoCalGas and Sempra prepared by Evolving Energy Consortium (2EC). The Assessment's results are contained in an Assessment report (Assessment Report) dated December 10, 2021, and placed into the record of this proceeding on January 13, 2022.

D.23-12-034 adopted with modifications SoCalGas' proposed Initial Plan initiatives 1A and 1B while rejecting the remainder of the Initial Plan and requiring its wholesale revision and resubmittal within nine months of the decision. D.23-12-034 recognized initiatives 1A and 1B, which consist of organizational dialogues, as foundational and precursors to development of the improvement plan. The decision required their modification for explicit adherence to the Assessment Report's recommendation #3.² Through these dialogues, SoCalGas was expected to meaningfully explore broadening the conception of safety and deepening self-reflection to understand the underlying cultural factors driving the Assessment's results. The cultural drivers identified would then inform development of the revised improvement plan (Revised Plan).

In addition, D.23-12-034 set expectations related to the implementation of organizational dialogues, development of the revised improvement plan, and supporting measures of progress and effectiveness, amongst other requirements.

² Recommendation #3 states that SoCalGas should "Conduct dialogue sessions with all levels in the organization to create a shared understanding of the assessment results and what comprehensive safety means for each business and organizational unit. The objective of these sessions would be two-fold; 1) self-reflection of the culture based on the [Assessment] results, 2) capture the organizations intelligence and creativity on how to recover the areas in need of attention. Action items should result from the dialogue sessions that will meet the objectives of the session.", D.23-12-034 at 41-42.

1.2 SPD Oversight Activities since D.23-12-034

Since issuance of D.23-12-034, SPD, with the support of its safety culture expert advisor, Dr. Mark Fleming³, has performed oversight of SoCalGas' implementation of modified initiatives 1A and 1B, including:

- review of modifications to initiatives 1A and 1B⁴;
- engaging in bi-weekly check-ins with SoCalGas;
- observing several initiative 1A and 1B implementation activities;
- providing subject matter reference material and resources;
- offering safety culture expertise and feedback, as needed;
- attending sessions held by SoCalGas for intervenors.

³ Dr. Mark Fleming is a professor in the Department of Psychology at St Mary's University and is an internationally recognized expert in safety culture, with over 30 years of experience working to enhance safety culture in a range of safety critical industries. He has published widely on the topic and has contributed to a range of guidance documents on safety culture. He advises regulators (e.g., Canadian Energy Regulator, U.S. Department of Transport, UK nuclear regulator) and large organizations on safety culture assessment and improvement. Much of his work focuses on translating research into practical and valid tools to assist organizations to prevent harm.

⁴ Advice Letter 6267-G-A, approved on July 12, 2024.

2 Evaluation Approach

SPD evaluated the Revised Plan based on the criteria and guidance provided in the Scoping Memo of the proceeding and the expectations set out in D.23-12-034. SPD also considered a continuous improvement process aligned with the direction provided in the proceeding. Below is a description of these review elements.

2.1 Scoping Memo and D.23-12-034

The Scoping Memo adopts the following elements and principles that the Safety Culture Improvement Plan should address⁵:

1. Identifies improvement actions that directly respond to each of the “Overarching Themes” identified in the Safety Culture Report (as informed by the report’s findings, conclusions, and recommendations) and its associated goals.
2. Directly responds to all Safety Culture Report findings, including those related to corporate governance.
3. Incorporates the following principles:
 - a. Continually promotes and reinforces a commitment to safety that is responsive to the risk and complexity of the utility’s activities.
 - b. Adopts a systemic approach to safety. A systemic approach to safety considers the complex interactions of the (utility) system, from a micro through to a macro level, including the human, technical, and organizational factors at play.
 - c. Reflects a robust shared understanding of the report’s findings.
 - d. Is goal-oriented and employs a methodical approach for continual improvement of safety culture, providing for both short- and long-term change and sustainability (e.g., utilizes management system principles).
 - e. Is based on a demonstrated and thoughtful strategy informed by the learnings and recommendations set out in the Safety Culture Report and by an inclusive process throughout the organizations, including contractors, the surrounding community, and external stakeholders. The strategy should aim to create a shared vision of and set of goals for safety culture, including, but not limited to, roles and responsibilities to support on-going improvement.

⁵ Scoping Memo at 8-9

- f. Explains how the proposals are effectively integrated into relevant governance and management systems, policies, processes, and plans.
 - g. Demonstrates genuine leadership engagement, commitment, and accountability at the highest levels of the organization throughout the continuous improvement cycle (e.g., the Plan Do Check Act Cycle as incorporated in the American Petroleum Institute Recommended Practice 1173).
 - h. Is widely communicated and understood throughout the organization.
4. Describes the key steps for the development of a systemic approach to safety.
 5. Explains how the Safety Culture Improvement Plan is effectively integrated into relevant governance and management systems, policy, processes, and plans.
 6. Shows how the Safety Culture Improvement Plan is developed with the support and guidance of qualified external expertise with demonstrated experience in safety culture improvement for high-hazard industries.
 7. Provides for ongoing review and monitoring of implementation progress and effectiveness supported by quantitative and qualitative leading and lagging indicators and metrics.
 8. Includes implementation timelines for each Safety Culture Improvement Plan element, as applicable.
 9. Identifies mechanisms and processes that incorporate and respond to feedback from activities that monitor, review, and verify progress and effectiveness of its implementation, to refine the Safety Culture Improvement Plan.
 10. Includes a cost estimate of the actions associated with implementing the plan's elements, broken down by activity or action.
 11. Includes reporting requirements.

Additionally, D.23-12-034 provided additional direction on modifying and implementing initiatives 1A and 1B, developing a revised plan, metrics and indicators, as follows:

- Modify initiatives 1A and 1B to include Recommendation #3 of Assessment Report by incorporating a positive two-way dialogue model to understand the underlying cultural factors based on the assessment results; actively solicit the participation of Sempra and the Commission; expansive documentation demonstrating nature of examination, whether the dialogues achieved their intended purpose, and how they inform the revised Improvement Plan.⁶

⁶ D.23-12-034 at 42, and 39, and Ordering Paragraph 1,6, 7.a) and c).

- Objectives of plan interventions must be clear, explicit, and directly tied to the results in the Assessment Report; a descriptive narrative is necessary to demonstrate how this is achieved for each initiative.⁷
- Metrics and indicators that provide meaningful information about the effectiveness of the initiatives at achieving their objectives; baseline metrics and indicators that show the starting point from which progress will be measured over time.⁸
- A more granular level of detail than the current Improvement Plan.⁹

2.2 Approach to Safety Culture Improvement

A comprehensive safety culture assessment, like the one performed on SoCalGas, provides rich insights for improvement.¹⁰ While there is no universally accepted way to improve safety culture, Figure 1 below illustrates an approach based on a continuous improvement cycle developed by Dr. Mark Fleming. This cycle aligns with the direction provided by the Scoping Memo and D.23-12-034, and helped inform the review of SoCalGas' Revised Plan.

⁷ Ibid at 40 and Ordering Paragraph 7f).

⁸ Ibid at 37-38, and Ordering Paragraph 7e).

⁹ Ibid Ordering Paragraph 7b).

¹⁰ SoCalGas and Sempra's Assessment methodology was based on the International Atomic Energy Agency's (IAEA) approach to assess leadership and a culture for safety. The methodology is internationally recognized and considered scientifically sound and comprehensive. Unlike simpler methods that might just measure stated safety behaviors, the IAEA approach aims to uncover the deeper cultural values and assumptions that influence safety decisions and actions. The multi-method approach applied provides for increased validity by triangulating across several data sources and qualitative insights from interviews and focus groups can be supplemented with quantitative data from surveys, providing a richer understanding of the culture.

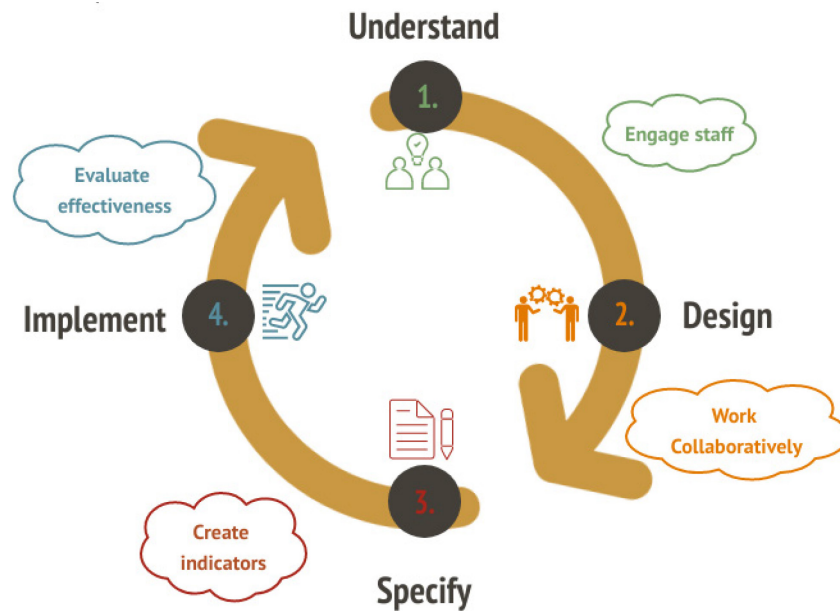


Figure 1: Continuous Safety Culture Improvement; Source: Dr. Mark Fleming, St. Mary's University.

The first step in Figure 1 involves understanding the existing culture. In the case of SoCalGas, this involves engaging the organization in reviewing and understanding the results of the Assessment to create a shared understanding. Once understanding is gained, interventions can be designed (step 2 in Figure 1) to improve on the challenges identified in the assessment. The design process is based on the organization working collaboratively to identify the actions for improvement, rather than a process of leadership delegation and approval. The next step is to specify what changes are sought by the organization from a cultural perspective. Doing so involves answering questions related to what the intended cultural impact is and how the organization will know whether the intended impact is achieved. As part of this process, the organization should create metrics and indicators to determine the effectiveness of the change. The measures should include a baseline against which to measure improvement through an outcome metric(s). The outcome metric measures how effective the intervention is at achieving its objective. In the case of SoCalGas, the outcome metrics must be directly tied to the objective of the intervention being measured, and the objective of the intervention must be clearly and directly tied to the Assessment results.

Finally, the improvement initiatives should be implemented in a systematic manner. This means that their implementation is closely monitored for effectiveness at achieving their intended impact. Monitoring should result in additional actions to revise or change interventions, as may be necessary, to ensure effective improvement is achieved.

For success to be viable, this process should be supported by:

- internal expertise that can help guide the improvement;
- capacity to develop strategies, indicators, and monitor change;

- management and employees understanding of culture;
- senior leadership support and understanding; and
- time for managers and employees to engage in process.

3 Evaluation

This section provides a high-level description of the primary changes presented in the Revised Plan and some key observations and recommendations. SPD's evaluation focused on SoCalGas.

3.1 Revised Safety Culture Improvement Plan

SoCalGas' Revised Plan consists of three main components: 1) the organizational dialogues and self-reflection process employed to identify the underlying cultural drivers (modified initiatives 1A and 1B), 2) the proposed actions and initiatives to address the cultural drivers and Assessment findings, and 3) measures of progress.

For the first component, SoCalGas conducted dialogues at different levels of the organization, including contractor representatives. SoCalGas worked to build internal capacity for dialogue facilitation and assessment methods for dialogue data. Qualitative assessment of the dialogue data via "co-creation" sessions led to identifying the following four basic assumptions (also referred to as cultural drivers in this report) that SoCalGas believes underpin the Assessment's findings:

- 1- **"Safety is the absence of injuries"** represents the prevailing assumption that safety is the absence of something bad happening (especially to people), with consensus that lagging personnel safety metrics were the measure of safety success. This basic assumption is considered to explain why the Assessment found that "safety is most often perceived as personnel safety".
- 2- **"It's not worth it to do to more"** reflects that (1) organizational systems and practices do not reward questioning, and (2) employees feel it is not expected or appropriate to challenge the status quo. This basic assumption explains why the Assessment found that, at SoCalGas, "safety and risk are perceived as achieved by compliance."
- 3- **"Never enough"** describes an organizational mismatch of expectations and resources. This basic assumption explains why the Assessment found that at SoCalGas, "Resources are needed to shape a healthy safety culture."
- 4- **"Us vs. them"** represents the focus of "staying in one's lane", limited understanding of other's roles, perceptions of competition, scarcity, lack of alignment across stakeholder groups, and limited formal organizational mechanisms to promote transparency, partnership, and goal alignment. All creating a feeling of "us vs them" amongst employees. SoCalGas describes these limitations as explaining the Assessment's finding that at SoCalGas "learning and safety improvement requires an integrated management system."

SoCalGas' Revised Plan is structured around the four overarching themes identified in the Assessment Report and the cultural driver for each theme identified through the dialogue and co-creation process described above. Each cultural driver is partnered with an Element, which itself is supported by two Actions, each achieved by one or several initiatives, as illustrated in **Error! Reference source not found.**

below. The elements are supported by a set of measures of progress listed in Appendix I of the Revised Plan.

Table 1: SoCalGas' Revised Plan Structure

	Assessment Overarching Themes	Cultural Drivers	Element	Action	Activities/Interventions
1	Safety is most often perceived as personnel safety	"Safety is the absence of injuries"	Element 1: Communicate and implement a comprehensive approach to safety.	Action 1: Transform leadership goals by incorporating new safety and safety culture principles into development activities.	<ul style="list-style-type: none"> executive coaching and education sessions on safety and culture change; change executive engagement to model listening and learning. through: WeLead Tours, formalize leadership learning and engagement, short training to promote meaningful engagement; revise training and development for other leadership (embed ten traits and other concepts): Leadership Catalyst Course; Will change onboarding materials for contractors.
				Action 2: Change how safety is communicated by updating Reporting, Recognition, and Performance management tools.	<ul style="list-style-type: none"> update safety metrics (and reports and communications); update recognition policies; change performance management processes; update discipline and related practices.
2	Safety and risk are most often perceived as compliance	"It's not worth it to do more"	Element 2: Foster and celebrate curiosity and empower employees and contractors to speak up, question and share their ideas.	Action 1: Enhance practices to empower employees to question, challenge, and identify potential improvements.	<ul style="list-style-type: none"> improve tailgates for "what if" scenarios, energy wheel for high consequence events. Job Hazard analysis (JHA) library; dynamic risk assessment; hazard focused Job Safety Observations and trainings; employee safety manual inclusion of office staff. update contractor safety manual, to align with employee safety manual.
				Action 2: Create improved processes for receiving, tracking, and responding to employee challenges, suggestions, and ideas.	Safety corrective action resolution program.
3	Resources are needed to shape a healthy safety culture	"Never enough"	Element 3: Commitment to engage in collective efforts to understand organizational challenges and better prioritize resources.	Action 1: Leverage Learning Teams to collaboratively explore resource issues identified in dialogues.	Create reports on Learning Teams.
				Action 2: Implement improvements to resource allocation and goal-setting processes.	Cross-functional team to address issues identified by the Learning Team.
4	Learning and safety improvement requires an integrated management system	"Us vs Them"	Element 4: Advance collaboration and an integrated management system through enhancements to our safety management system	Action 1: Engage leaders to establish organizational alignment on safety management roles, responsibilities, shared goals, and governance.	New governance structure for SMS.
				Action 2: Develop new SMS policies to provide a clearer safety management framework.	Policies to support SMS framework (each of the tenets).

3.2 Evolution from SoCalGas' Initial Plan

Informed by the criteria detailed in Section 2, SPD systematically evaluated the Revised Plan's components and their links using the sequential process illustrated in Figure 2 below:

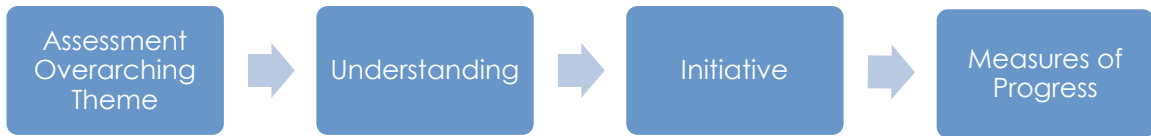


Figure 2: Systematic Review Process of Revised Plan Components.

At a high-level, the Revised Plan presents changes in three main areas, in alignment with the Commission's direction:

- understanding of the Assessment results, forming the basis for the plan;
- initiatives' connection to the Assessment findings; and
- proposed measures of progress.

These are further detailed below.

3.2.1 Understanding

The evaluation criteria detailed in Section 2 emphasize the need for SoCalGas to build a shared understanding of the assessment results.¹¹ The Revised Plan provides evidence of a deeper level of self-reflection on the cultural challenges facing SoCalGas. The organizational dialogues and qualitative tools used to assess the dialogue data led SoCalGas to identify four cultural drivers underpinning the Assessment Report findings. Through dialogue documentation,¹² SoCalGas was able to describe how a shared understanding of the Assessment Report was developed,¹³ providing increased transparency to the dialogue output and employee input.

¹¹ Assessment Report Recommendation # 3, Scoping Memo Principle 3.c), D.23-13-034 Ordering Paragraph 1, and Continued Safety Culture Improvement Model, Step 1.

¹² D.23-12-034 at 39-40, set expectation for expansive documentation of dialogues.

¹³ Revised Plan, Appendices D-G.

The cultural drivers are expected to help SoCalGas understand the deeper layers of its culture. While self-reflection alone will not guarantee change, it is recognized as the first step towards effective improvement; without this step, the Assessment Report highlights that interventions are likely to fail or to produce changes that are superficial and unsustainable in the long-term.¹⁴

3.2.2 Initiatives' link to Assessment Findings¹⁵

The evaluation criteria in Section 2 establish that initiatives demonstrate clear and direct connections to the Assessment findings.¹⁶ Figures 3 and 4 below provide an example of the plan approaches presented in the Revised Plan (Figure 3) and the Initial Plan (Figure 4). These figures show how the order of reasoning to create interventions for the Revised Plan provide a clearer and more direct connection to the Assessment finding on SoCalGas' narrow view of safety (overarching theme 1 of Assessment Report), thereby improving on linking the components of the plan to the Assessment's findings.

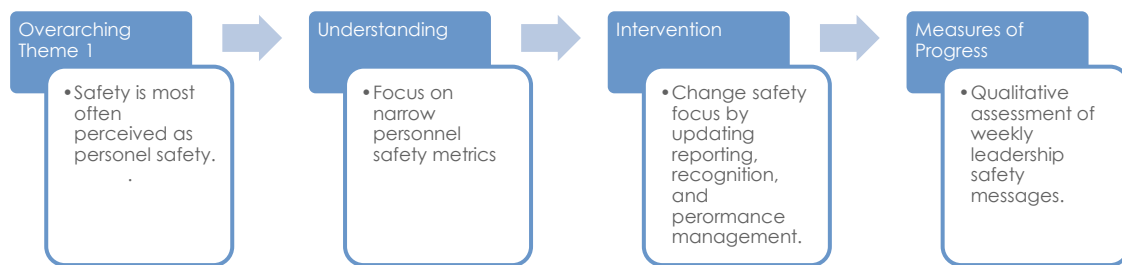


Figure 3: Revised Plan approach to plan development, example for overarching theme 1.

¹⁴ The Assessment Report recommendations reinforce the notion that “sustainable change addresses the underlying assumptions and perceptions that drive the organizational behaviors. Often organizations tend to create corrective actions addressing the visible manifestations of the culture such as behaviors, policies, metrics, and instructions without understanding why these may be important. These types of corrective actions will not be effective as the change will not last for a longer term.” (Assessment Report at 47). The Assessment Report is consistent with Schein’s model for organizational culture which asserts that basic assumptions are culture's fundamental essence and deepest level, are less tangible yet most influential. Schein’s model also explains the visible representations as artifacts and behaviors, which although visible, lack clarity without understanding the underlying values and beliefs stemming from the group's basic underlying assumptions.

¹⁵ Based on the IAEA assessment approach and the safety culture improvement model described in Section 2.2.

¹⁶ Element 1 of Scoping Memo and D.23-12-034 Ordering Paragraph 3f).

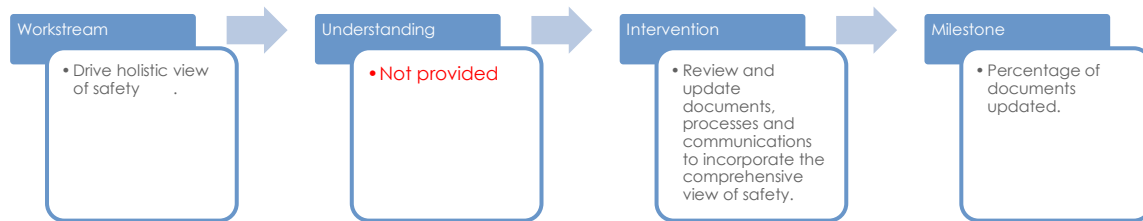


Figure 4: Initial Plan approach to plan development, example for overarching theme 1.

As advised in the Assessment Report, the Revised Plan is not a checklist of corrective actions to address each finding in the Assessment Report.¹⁷ Instead, it shows a more thoughtful and holistic attempt at understanding the “why” behind the Assessment findings and to develop informed interventions.

While changes to the proposed interventions are, at a surface level less apparent, these now have a different focus and intended impact. D.23-12-034 also expects a plan with more detail than the Initial Plan. The interventions are now more concrete and better grounded than those elements previously criticized for vagueness and unnecessarily high-level content. For example, SoCalGas now describes the tools it will use and for what purpose, such as Learning Teams to explore the resource allocation issues (Element 3 Action 1),¹⁸ rather than relying on intentional statements about evaluating the issue. Though additional details do remain to be specified (e.g., interventions to address resource allocation issues or implementation details generally),¹⁹ the experience gained with plan development so far indicates it will be more useful to iterate the plan with additional details when the right level of insights have been gathered.

3.2.3 Measures of Progress

The evaluation criteria in Section 2 include specific expectations on metrics and indicators to measure effectiveness of the interventions at achieving intended objectives.²⁰ The Revised Plan rethinks metrics by including baseline, outcome metrics to measure effectiveness of initiatives, and increases use of qualitative indicators of change, which can provide more meaningful and nuanced insight into the interventions' impact.²¹ Figure 3 shows this improvement by proposing a measure of effectiveness rather than just a measure for implementation progress as shown in Figure 4 . This approach increases transparency for

¹⁷ The Assessment Report explains that “attempts to address individual items needing attention by incremental improvement is unlikely to result in substantive or lasting change” and warns against a checklist approach to acting on the recommendations.

¹⁸ Revised Plan, Attachment 1 at 27-28.

¹⁹ *Id.*, Element 3 Action 2 at 28.

²⁰ D.23-12-034 Ordering Paragraph 7(e).

²¹ Qualitative metrics are valuable for understanding the deeper, contextual aspects of safety culture, and with supportive quantitative data, can ensure reliability, consistency, and effective organizational change.

stakeholders and provides SoCalGas with the means to monitor implementation, correct course when necessary, and continuously improve on the Revised Plan.

3.2.4 Other Changes

While both plans make statements about welcoming the opportunity for change, only the Revised Plan increases confidence in SoCalGas' willingness to strive for meaningful change and own the cultural challenges. For example, to develop the Revised Plan, SoCalGas describes developing its internal capacity for dialogue facilitation and qualitative assessment. Building internal capacity will better position SoCalGas to guide improvement during the implementation phase.

SPD notes that the Commission and SoCalGas are applying a novel approach within this proceeding. Safety culture assessments like the one performed on SoCalGas are intended to expose the deeper underlying drivers of cultural challenges and require honest self-reflection for effective improvement. This presents challenges when performed in a public and transparent forum such as this proceeding. It also partially explains why no other similar assessments or improvement plans are available in the public domain for benchmarking or referencing.²² That said, the progress SoCalGas has made since the Initial Plan indicates that SoCalGas is better prepared to guide the improvement phase.

3.3 Key Observations and Recommendations

As discussed in the previous section, the Revised Plan considerably improves SoCalGas' approach over the Initial Plan. While the Revised Plan generally meets the intent and spirit of the direction provided in this proceeding to date, some exceptions are noted below. These observations and recommendations do not represent wholesale changes or revisions but warrant consideration to improve the Revised Plan's potential for success and ensure proper monitoring of its implementation.

3.3.1 Element 2

Element 2, illustrated in the table below, seeks to address overarching theme 2 of the Assessment Report. Theme 2 finds that, at SoCalGas (and Sempra), safety and risk are most often perceived as compliance, warning that compliance is insufficient to recognize the complexity of field conditions or to develop proactive measures.²³

In relation to this theme, SoCalGas identified a cultural driver represented by "it's not worth it to do more." SoCalGas explains this driver reflects that the organizational systems and practices at SoCalGas do not

²² The Assessments SPD has found available in the public domain have focused on employee perceptions which remain at the "surface" of culture which tend to result in superficial improvement efforts. As a result, those efforts might address cultural *symptoms* rather than the drivers or roots of the issues, thereby thwarting long-term sustainable change.

²³ Assessment Report at 30.

reward questioning and employees feel it is not expected or appropriate to challenge the status quo.²⁴ SoCalGas intends to promote a questioning attitude and set up a system to follow through with employee suggestions to address this driver.

Table 2: Revised Plan Proposed Element 2

	Assessment Overarching Themes	Cultural Drivers	Element	Action	Activities/Interventions
2	Safety and risk are most often perceived as compliance	"It's not worth it to do more"	Element 2: Foster and celebrate curiosity and empower employees and contractors to speak up, question and share their ideas.	Action 1: Enhance practices to empower employees to question, challenge, and identify potential improvements.	<ul style="list-style-type: none"> ■ improve tailgates for "what if" scenarios, energy wheel for high consequence events. ■ Job Hazard analysis (JHA) library; ■ dynamic risk assessment; ■ hazard focused Job Safety Observations and trainings; ■ employee safety manual inclusion of office staff. ■ update contractor safety manual, to align with employee safety manual.
				Action 2: Create improved processes for receiving, tracking, and responding to employee challenges, suggestions, and ideas.	Safety corrective action resolution program.

3.3.1.1 ACTION 1:

The interventions proposed under Action 1, noted in Table 2 above, are traditionally associated with occupational/employee safety. For example, SoCalGas’ intent to improve the Employee Safety Manual by consolidating aspects of the Injury and Illness Prevention Program.²⁵ As described by the title, this type of program is intended to prevent workers from getting injured. The remaining activities deal with identifying workplace hazards, most often in the context of the workers’ personal safety. While the Action 1 objective is reasonable, the overriding connection to occupational safety in the supporting interventions creates a gap for other safety aspects (i.e., public and infrastructure). This is especially noteworthy considering the Assessment Report’s finding that SoCalGas’ narrow focus on personal safety is a major cultural challenge (overarching theme 1).

While SoCalGas may intend to incorporate a more comprehensive view of safety into some Action 1 interventions,²⁶ these generally provide limited opportunities to foster a questioning attitude for public and

²⁴ Revised Plan, Attachment 1 at 12.

²⁵ *Id.* at 24

²⁶ For example, with respect to tailgate practices, SoCalGas states it intends to reinforce the importance of considering impacts to public, infrastructure, contractors, and employees.

infrastructure safety and to do so for all levels of the organization. The risk also exists that the Element 2 Action 1 interventions may undermine its efforts to promote a more comprehensive view of safety under Element 1 of the Revised Plan.

Element 2 also lacks clarity on how the proposed Action 1 interventions will achieve the Element's objective to foster and celebrate curiosity.

Recommendation: SoCalGas should demonstrate how it will mitigate the risk of undermining efforts to emphasize public and infrastructure safety, and how it will build in efforts to effectively promote a speak up culture for non-occupational safety aspects. SoCalGas should also clarify how precisely the interventions will achieve the stated objectives for Action 1.

ACTION 2:

SoCalGas proposes to implement a version of a corrective action program to improve receiving, tracking, and responding to employee concerns and suggestions. The nuclear industry views the corrective action program as “the system by which a utility finds and fixes problems at the nuclear plant, including a process for evaluating the safety significance of the problems, setting priorities in correcting the problems, and tracking them until they have been corrected.”²⁷ When properly designed, managed, and implemented, corrective action programs can be an effective tool to systematically increase visibility to the challenges facing an organization while providing accountability and transparency for follow up and resolution.

Contrary to SoCalGas' description of the proposed program as “comprehensive,” its scope is limited to capturing issues from just seven sources/activities.²⁸ The limited scope will, in turn, limit SoCalGas' visibility to the breadth of issues that do exist.

Recommendation: SoCalGas should consider expanding the scope of its proposed corrective action program, whether as part of a phased approach or as part of the immediate effort, to build a system that truly captures a comprehensive breadth of issues from across its organization, including those raised by contractors.

3.3.2 Element 3

Element 3, illustrated in Table 3 below, seeks to address overarching theme 3 of the Assessment Report. Theme 3 finds that resources are needed to shape a healthy safety culture at SoCalGas, explaining that concerns exist about whether safety is prioritized through the allocation of resources. SoCalGas identified

²⁷ [Corrective Action Program | NRC.gov](https://www.nrc.gov/reading-rm/basic-ref/glossary/corrective-action-program.html). See: <https://www.nrc.gov/reading-rm/basic-ref/glossary/corrective-action-program.html>.

²⁸ Activities/Sources include: Event Learning Process, Learning Teams, Executive Safety Council Follow Ups, Emergency Management After Action Reports, Safety Enforcement Division Audits, Quality Management Corrective Actions, WE Lead Tour follow-ups. Revised Plan, Attachment 1 at 26.

that “never enough” is a driver of the theme, describing it as an organizational mismatch of expectations and resources.

Table 3: Revised Plan Proposed Element 3

	Assessment Overarching Themes	Cultural Drivers	Element	Action	Activities/Interventions
3	Resources are needed to shape a healthy safety culture	"Never enough"	Element 3: Commitment to engage in collective efforts to understand organizational challenges and better prioritize resources.	Action 1: Leverage Learning Teams to collaboratively explore resource issues identified in dialogues.	Create reports on Learning Teams.
				Action 2: Implement improvements to resource allocation and goal-setting processes.	Cross-functional team to address issues identified by the Learning Team.

To address the cultural driver, SoCalGas plans to hold five to six Learning Team²⁹ events, explore four pre-identified topics³⁰ (Action 1), and implement recommendations to address what is learned from those events (Action 2). As proposed, the use of Learning Teams will be a data gathering exercise to increase the organization’s understanding of the resource allocation issue, not an actual intervention.³¹

While the use of Learning Teams might provide some insights, SoCalGas was unable to justify whether the number of sessions proposed would be sufficient to identify systemic cultural challenges on resource allocation, as SoCalGas intended. One way SoCalGas may determine sufficiency is by examining the extent to which additional Learning Teams produce new information or insights. For example, if five Learning Teams are planned and completed, determining whether the amount of data gathered was sufficient is based on conducting additional Learning Teams beyond those planned and completed, and assessing whether the additional activities provided new information. If the additional Learning Teams produce new information, then more events need to be conducted. If no additional insights are produced, without further evidence this may indicate that sufficient data was gathered.³²

²⁹ SoCalGas Response to SPD Data Request # 1, dated October 30, 2024.

³⁰ Topics include: constraints and challenges related to safety; change management / change overload; opportunities to optimize and declutter; opportunities to improve and expand expertise, training, and knowledge transfer. (Revised Plan, Attachment 1 at 28)

³¹ An intervention is an action or activity intended to change an aspect of safety culture.

³² This process is an example of assessing “saturation”. The concept of saturation is used in qualitative data assessment and refers to the point at which additional data collection no longer yields new insights or themes, meaning no significant new information emerges from further analysis.

Recommendation: Using the concept of saturation, SoCalGas must continue to perform Learning Team events beyond those currently planned until no new insights, themes, or information is gained relevant to the resource allocation issues that are to be explored. Alternatively, SoCalGas must demonstrate using a data collection effort that is sufficient to yield a thorough and comprehensive data set based on other accepted and valid qualitative assessment method/s.

3.3.3 Metrics and Indicators

The Revised Plan's Elements are supported by a total of nine progress and nine outcome metrics, in addition to baselines against which to track improvement over time. A separate set of progress (one) and outcome metrics (two) are proposed to measure general (i.e., not tied to a particular element) improvement progress and iterate on improvement efforts (i.e., make changes) based on continuing stakeholder dialogues through the implementation of the proposed activities. The portfolio of proposed metrics is detailed under Appendix I of the Revised Plan.

3.3.3.1 BASELINES

D.23-12-034 requires SoCalGas to establish baselines against which changes can be observed prior to implementing an initiative.³³ Five of the nine baseline metrics proposed use the Assessment Report as the baseline, often referencing the overarching themes as the benchmark. Several issues arise from this approach: the Assessment did not necessarily collect nor use the specific data/activities being measured in the Revised Plan which may not result in a one-for-one comparison; the Assessment finding's overarching themes are also too high-level and generic to assume as a benchmark for the proposed measures that are related to specific and concrete activities.

The Assessment Report may be suitable as a baseline for instances where it includes specific results linked to the proposed change (e.g., the survey) or when the same methodology is being used.³⁴

Recommendation: SoCalGas should only use the Assessment findings as a baseline for instances where findings, beyond the overarching themes, contain specific data points or observations that are directly related to the benchmark sought. Otherwise, alternate data sources must be used for the baseline metrics.

3.3.3.2 ELEMENT 3

³³ D.23-12-034 at 38.

³⁴ Alternatively, SoCalGas may request the assessor to evaluate the assessment's raw data for observations directly related and applicable to the item being measured; however, this may be a resource intensive effort.

Element 3 metric “Report on the results of the learning teams”³⁵ is not an outcome metric aligned with the Assessment Report, as it measures the implementation quality of Learning Teams rather than its effectiveness at achieving an objective directly tied to the report findings. The Learning Teams effort under Action 1 is about increasing the organizational understanding of the resource allocation issues but does not itself address the issues of resource allocation and should not be considered an intervention. While this type of exploratory activity does warrant a quality metric, such as the one proposed, it is not a replacement for an outcome measure with objectives directly tied to the Assessment’s findings.

Action 2 proposes a team to address issues identified in the Learning Teams. This effort might result in actual interventions, but these have not yet been identified. Additional metrics are necessary and should be expected to monitor the impact of those interventions at achieving the objectives. These could be part of a second phase or iteration of the plan as discussed in section 3.3.5 below.

3.3.3.3 COMPREHENSIVE SAFETY

Element 1 seeks to “communicate and implement a comprehensive approach to safety” in response to the finding that SoCalGas most often perceives safety as occupational/personal safety. By comprehensive safety, SoCalGas means “understanding how we [SoCalGas] advance employee, public, infrastructure, and contractor safety.”³⁶ While one might infer that SoCalGas intends to promote public and infrastructure safety through this element, the degree to which those aspects will be the focus of activities is unclear. It is also unclear what it will look like for SoCalGas to achieve a “*more* comprehensive view of safety” through the proposed interventions, nor how it will be achieved.

Consequently, measuring success of the initiatives at achieving “a *more* comprehensive view of safety”³⁷ is vague. Is it just increasing evidence of public and infrastructure safety content in the data to be assessed, or is it whether its occurrence within the data is equal to or exceeds that of the evidence for occupational/personal safety? For example, refer to the “qualitative assessment of weekly leadership safety messages” intended to assess communications of comprehensive safety topics, or the “percent of SoCalGas locations with visible measures of leading indicators and comprehensive safety” intended to measure change in how safety success is communicated; neither measure is clear on whether it considers the extent to which non-occupational safety is represented in communication or the visible measures at locations. Importantly, the Assessment implies that SoCalGas’ over-reliance on occupational safety negatively impacts the other aspects of safety.

Similar challenges exist with the remaining Element 1 metrics which rely on assessing, in some form or another, the presence of what SoCalGas terms comprehensive safety.

³⁵ Revised Plan, Appendix I at I-6.

³⁶ Revised Plan, Attachment 1, at 35.

³⁷ Ibid, at 19.

Recommendation: additional clarity is necessary on what a *more* comprehensive view of safety means to SoCalGas with respect to Element 1, how it will be achieved, and how it will be measured. In doing so, the focus should be on the non-occupational aspects of safety for success at broadening the concept of safety.

3.3.3.4 OTHER CONSIDERATIONS

Below are additional considerations for the metrics proposed in the Revised Plan:

- Assessment survey questions should be used with caution because of the potential risk for a “ceiling effect,” reducing opportunity for improvement as survey responses were already very positive.
- Clear processes for collecting data and parameters for assessing need to be further detailed in the quarterly reports prior to implementation. For example, leaders “engaged” in safety culture under “Qualitative assessment of weekly leadership safety messages” requires explanation of coding parameters for assessment to determine engagement.
- Measures should consider contractors, where applicable. For example, updating of the Contractor Safety Manual, under Element 2, has no supporting metrics.

3.3.4 Continued Improvement

SoCalGas proposes to apply a Plan-Do-Check-Act (PDCA) approach to implementing the Revised Plan.³⁸ This is a commonly used approach in management systems and is consistent with Principle d) of the Scoping Memo for continued improvement of safety culture³⁹. The “Check” component can be explained as the performance monitoring piece of the cycle, while the “Act” component, can be explained as the portion that adjusts the Revised Plan to improve based on the outcomes of reviewing and monitoring implementation (“Check”). To support these components, the Revised Plan relies on collecting the proposed metrics and indicators to measure change and on submittal of quarterly reports to the Commission.⁴⁰

Collecting and reporting on metrics is insufficient to support methodical implementation of the “Check” and “Act” components, as required by Principle d) of the Scoping Memo. The Revised Plan fails to demonstrate how SoCalGas intends to methodically monitor and review implementation performance and translate the monitoring outcomes into improvement actions by adjusting the Revised Plan. For example, the Revised Plan does not specify who will monitor and perform reviews, how those activities will be conducted, nor at what frequency. While SoCalGas may intend to develop more robust support for the

³⁸ Revised Plan, Attachment 1, at 33.

³⁹ Principle d): “Is goal-oriented and employs a methodical approach for continual improvement of safety culture, providing for both short- and long-term change and sustainability (e.g., utilizes management system principles).”

⁴⁰ Revised Plan, Attachment 1, at 18.

components in questions,⁴¹ it is unclear how this will be done. By developing a formalized framework of processes outlining how it plans to monitor and adjust the Revised Plan, SoCalGas can support systematic improvement aligned with Principle d) of the Scoping Memo, while increasing transparency and stakeholder confidence in SoCalGas' ability to transform intentions into actions based on the proposed PDCA approach. This framework of practices should also be developed at an individual Element level, and at the level of the Revised Plan, as a whole.

Recommendation: To support continued improvement, as expected by Principle d) of Scoping Memo, SoCalGas should develop and use a formalized framework of practices and processes that outline how monitoring of implementation and adjustment of the Revised Plan will be performed to support the PDCA approach proposed in the Revised Plan.

3.3.5 Revised Plan Iteration and Ongoing Plan Evolution

SPD identified two main considerations with respect to SoCalGas' flexibility in changing the Revised Plan.

The first relates to the principle of continuous improvement. To fulfill a continuous improvement approach the Revised Plan cannot be static. SoCalGas should be expected to take appropriate action to improve on the Revised Plan, as necessary, in response to monitoring and reviewing the results of implementation, as the plan is being implemented. To the extent the changes are targeted at improvement of culture, providing SoCalGas flexibility to make updates to the Revised Plan is necessary. For example, should an element or initiative struggle at delivering the intended impact, or should the continued stakeholder dialogues⁴² provide new insights that support refining or redefining the Revised Plan, SoCalGas should perform the relevant adjustments to the Revised Plan. These adjustments should be responsive to the significance of the insights gained. The systematic continued improvement approach should be foundational to SoCalGas' ongoing evolution of the Revised Plan. These plan iterations should continue until a new comprehensive safety culture assessment is performed, such as the one contemplated by Rulemaking (R.) 21-10-001, which would provide the basis for a new plan.

The second consideration relates to interventions that are not yet specific in the Revised Plan, and those that may require additional detailing, continuation beyond the two-year implementation timeframe, or that are part of a phased effort. For example, Element three has not yet identified interventions to address resource allocation challenges and their implementation may extend beyond the two-year timeframe. While this is reasonable - because SoCalGas has not yet implemented the data gathering efforts to identify the interventions - once identified, those interventions should be subject to the same expectations that are set for the rest of the Revised Plan. More specifically, the initiatives must be identified, detailed, monitored, and

⁴¹ In SoCalGas' Response to SPD Data Request # 1, dated October 30, 2024, at 14, SoCalGas expresses intent to implement continuous improvement opportunities with "intentional program and project management rigor", "centralized programmatic oversight and support", and "ongoing leadership oversight".

⁴² Revised Plan at 33 proposes to continue stakeholder dialogues to "to measure progress and iterate on adjustments to our safety culture improvement efforts".

reported on as part of a future iteration of the Revised Plan and follow the same approach discussed in section 3.2. Section 3.3.6 below discusses reporting considerations.

Recommendation: the Revised Plan should evolve via plan iterations that continue through to the next safety culture assessment (i.e., assessment required by R 21-10-001). At that time, the Revised Plan may be replaced with a new plan based on the results of the future assessment. Interventions that are not yet specific or implementation that extends beyond the proposed two-year timeframe should also be detailed as part of future iterations of the Revised Plan and subject to the same approach and expectations set for the Revised Plan.

3.3.6 Other Observations

REPORTING

SoCalGas proposes to continue with the quarterly status updates required by D.23-12-034 through the next two years.⁴³ However, the timeframe for reporting should be consistent with the continued evolution of the Revised Plan (i.e., through the next safety culture assessment).

While reporting on the proposed changes, iterations, and additional Revised Plan details through the quarterly status updates is efficient and transparent, some aspects may require additional discussion and scrutiny. However, requiring regulatory approval for every single change or additional detail added to the Revised Plan would be counterproductive and resource intensive. Rather than using a broad brush mechanism, the tool for enhanced review should strive for a reasonable balance between oversight and nimbleness to effectuate timely changes and prevent the regulatory process from becoming a barrier to evolving and iterating on the Revised Plan. One alternative mechanism to consider is requiring SPD approval of quarterly reports every second quarter for adjustments contemplated in the previous 6 months.

In addition, the report format and content should accommodate reporting on proposed changes, upcoming activities, and implementation details.

COST

Contrary to the direction under Element 3 of the Scoping Memo, the Revised Plan does not provide cost estimates. Although D.23-12-034 directed shareholders to bear the costs of implementation, cost information is still relevant to inform future GRC accounting and as a reference to the cost levels associated with these types of activities. SPD recommends that the absence of cost data be corrected as a supplement to the Revised Plan and updated through the quarterly reports.

SEMPRA

D.23-12-034 described Sempra's role in this investigation as: 1) influencer on SoCalGas through its own safety culture; and 2) provider of corporate governance ensuring and supporting progress and improvement

⁴³ Revised Plan, Attachment 1, at 33.

of SoCalGas. It also expected Sempra to demonstrate full commitment and support for its own and SoCalGas' culture change effort.

Sempra's plan consists of describing five activities it has performed to date. Objectives are not explicitly linked to the Assessment Report nor are measures of how those objectives are furthering Sempra's efforts provided in the plan. Sempra's plan also lacks information on how it will precisely support SoCalGas' improvement journey. While SPD focused on reviewing SoCalGas' Revised Plan, Sempra's somewhat limited contribution remains noteworthy and a more detailed update should be provided in the quarterly reports to supplement the initiatives and activities that includes the following information:

- a clear and explicit showing of how the plan supports Sempra's role in this investigation as 1) influencer on SoCalGas through its own safety culture, and 2) provider of corporate governance ensuring and supporting progress and improvement of SoCalGas;
- demonstration of an explicit link between each initiatives' objective to the Assessment results; and
- detailed explanation for how monitoring the impact of each initiative's objective has been and will be performed, including any metrics and measures used to track improvement.

(END ATTACHMENT A)