

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

FILED
PUBLIC UTILITIES COMMISSION
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**ORDER INSTITUTING RULEMAKING TO DEVELOP SAFETY CULTURE
ASSESSMENTS FOR ELECTRIC AND NATURAL GAS UTILITIES**

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ORDER INSTITUTING RULEMAKING TO DEVELOP SAFETY CULTURE ASSESSMENTS FOR ELECTRIC AND NATURAL GAS UTILITIES

Summary

The purpose of this Order Instituting Rulemaking (OIR) is to develop and adopt a safety culture assessment framework and 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 organization, and will determine a process for ongoing review and refinement of their safety culture assessments in future years.

All large electrical corporations, small and multi-jurisdictional electrical corporations, large natural gas corporations, and gas storage operators subject to the jurisdiction of the California Public Utilities Commission (Commission) are respondents to this proceeding. Parties are invited to comment on this OIR and its initial proposed scope within 45 days of its issuance. Reply comments may be filed within 30 days after filing and service of comments. This OIR will be served on the service lists of many proceedings that contain, or may contain, issues related to safety and safety culture.

1. Background

California has experienced several utility-related catastrophic events during the last 10-plus years. These include the fatal explosion of a Pacific Gas and Electric Company (PG&E) pipeline in San Bruno in 2010, a large-scale natural gas leak at Southern California Gas Company's (SoCalGas) Aliso Canyon storage facility in Los Angeles County in 2015, and recent catastrophic wildfires

caused by utility infrastructure. The Commission has opened an array of proceedings to drive utilities to improve their safety practices and policies to avoid the occurrence of these disasters and the related potential costs to ratepayers. Most recently, these proceedings include, but are not limited to, the following:

- Order Instituting Rulemaking to Implement Electric Utility Wildfire Mitigation Plans Pursuant to SB 901¹ (Rulemaking (R.) 18-10-007);
- Order Instituting Investigation on the Commission's Own Motion to Consider the Ratemaking and Other Implications of a Proposed Plan for Resolution of Voluntary Case filed by Pacific Gas and Electric Company, pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Corporation and Pacific Gas and Electric Company, Case No.19-30088 (Investigation (I.) 19-09-016);
- Order Instituting Investigation on the Commission's Own Motion to Determine Whether Pacific Gas and Electric Company and PG&E Corporation's Organizational Culture and Governance Prioritize Safety (I.15-08-019);
- 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 (I.19-06-014);
- Order Instituting Rulemaking to Set Wildfire Fund Non-Bypassable Charge in 2022 and 2023 (R.21-03-001); and

¹ Stats. 2018, Ch.626.

- Order Instituting Rulemaking to Develop a Risk-Based Decision-Making Framework to Evaluate Safety and Reliability Improvements and Revise the General Rate Case Plan for Energy Utilities (R.13-11-006).

These proceedings are predicated on events that require the Commission to evaluate how utilities prioritize safety and mitigate the safety risks of catastrophic events. Specifically, the Commission opened two formal investigations related to safety culture: I.15-08-019 and I.19-06-014.

The first, I.15-08-019, prompted by the 2010 pipeline explosion in San Bruno, examines whether PG&E's organizational culture and governance prioritize safety and adequately direct resources to promote accountability and achieve safety goals and standards. In Decision (D.) 18-11-050, the Commission ordered PG&E to implement recommendations resulting from the safety culture assessment and submit quarterly reports on their implementation progress.

Following the 2015 Aliso Canyon gas leak in Los Angeles County and 2017 rupture of Line 235-2 in San Bernardino County, the Commission launched I.19-06-014 to determine whether the organizational culture and governance of SoCalGas and its parent company, Sempra Energy, prioritize safety and adequately direct resources to promote accountability and achieve safety performance goals, standards, and improvements.

D.18-10-029, addressing a joint request by Wild Goose LLC and Lodi Gas Storage LLC, further developed Commission safety efforts by ordering applicants to prepare and implement a safety culture plan focused on exceeding regulatory requirements and promoting continuous safety improvements. D.18-10-029 stated that the Commission may consider a rulemaking to require

natural gas utilities, including independent storage providers, to implement safety management procedures and a safety culture plan.²

The Commission also requires energy utilities to incorporate a risk-based decision framework to evaluate the safety and reliability improvements in their General Rate Case (GRC) applications in D.14-12-025. Through the Commission's Risk Assessment Mitigation Phase (RAMP) process, utilities describe their plans to identify, assess and mitigate risks. As part of RAMP, each utility must describe the company's safety culture and executive engagement and compensation policies related to safety.³ Each utility should also "analyze its successes and failures at improving its safety culture and describe its path forward toward a deep and pervasive safety culture."⁴

Additionally, the Governor's Office prepared a report in 2017 and 2018, in response to devastating wildfires, titled *Wildfires and Climate Change: California's Energy Future*. This report directs the Commission to hold the utilities accountable for safety prioritization. This report requires the Commission to expand its safety expertise and to consider models from agencies that regulate high-risk industries to assess best practices that could be adopted by the Commission.⁵

² D.18-10-029 at 13.

³ D.16-08-018 at 152.

⁴ D.16-08-018 at 141.

⁵ Governor Newsom's Strike Force, "Wildfires and Climate Change: California's Energy Future" (2019), available as of September 13, 2021 at <https://www.gov.ca.gov/wp-content/uploads/2019/04/Wildfires-and-Climate-Change-California%E2%80%99s-Energy-Future.pdf>.

Safety culture assessments of electrical corporations are required as part of Assembly Bill (AB) 1054⁶ and Senate Bill (SB) 901.⁷ AB 1054 directs the Commission's Wildfire Safety Division, now the Office of Energy Infrastructure Safety (OEIS),⁸ to conduct annual safety culture assessments of each electrical corporation, the first of which will be published in fall 2021. The AB 1054 assessments are specific to wildfire safety efforts and include a workforce survey, organizational self-assessment, supporting documentation, and interviews.^{9,10}

SB 901 directs the Commission to establish a safety culture assessment for each electrical corporation, conducted by an independent third-party evaluator. SB 901 requires that the Commission set a schedule for each assessment, including updates to the assessment, at least every five years, and prohibit the electrical corporations from seeking reimbursement for the costs of the safety culture assessments from ratepayers.¹¹ The Commission will utilize this proceeding to effectively implement SB 901 and the findings in the Governor's Office 2019 report.

Commission oversight of the SB 901 utility safety culture assessments shall include review of the AB 1054 wildfire-related assessments conducted by OEIS and expand into broader utility organizational structure, processes, and

⁶ Stats. 2019, Ch.79, codified in Public Utilities Code Section 8489 (d)(4).

⁷ Stats. 2018, Ch. 626, codified in Public Utilities Code Section 8386.2.

⁸ The Commission's Wildfire Safety Division transitioned to the California Natural Resources Agency on July 1, 2021, and became the Office of Energy Infrastructure Safety.

⁹ Wildfire Safety Division, "Safety Culture Assessments: Requirements of Electrical Corporations," (2021) , <https://energysafety.ca.gov/wp-content/uploads/docs/safety-culture-assessments/wsd-safety-culture-assessment-requirements-final-20210122.pdf>.

¹⁰ Commission Resolution WSD-011 Attachment at 196.

¹¹ SB 901, codified in Public Utilities Code Section 8386.2

infrastructure. OEIS' annual AB 1054 safety culture assessments are intended to be complementary, and not a replacement for, broader ongoing Commission efforts to improve safety culture within utilities¹² such as the efforts in this proceeding.

In March 2021, the Commission's Safety Policy Division contracted with a consultant to assist in developing safety culture assessment guidance for energy utilities pursuant to SB 901. Within the Safety Culture Rulemaking we open today, the consultant will also develop a technical maturity model and standardized metrics for party comment and for the Commission to consider for adoption to allow the Commission to objectively assess utility safety culture and maturity over time.

1.1. Applicable Law

Investor-owned electric and natural gas utilities (IOUs) and some gas storage operators are subject to the safety and rate jurisdiction of this Commission, to the Commission's general orders, rules, and decisions, and to California law.

The Commission enforces a variety of federal and State laws that impose utility safety requirements and exercises broad oversight of utility infrastructure and operations. Pursuant to Article XII, Sections one through six of the California Constitution, the Commission "has broad authority to regulate utilities."¹³

¹² Wildfire Safety Division, "Safety Culture Assessments: Requirements of Electrical Corporations," (2021).

¹³ *Ford v. Pacific Gas & Electric Company* (1997) 60 Cal. App.4th 696, 700, citing to *San Diego Gas & Electric Company v. Superior Court*, (1996) 13 Cal. 4th 893, 914-915.

Specifically, Article XII, Section 3 of the California Constitution provides that “the production, generation, transmission, or furnishing of heat, light, water, power” fall under the jurisdiction of the California Legislature. California Public Utilities statutes are enforced by the Commission.¹⁴ Public Utilities Code Section 451 requires rates, terms and conditions of utility service must be just and reasonable.¹⁵

Furthermore, the California Legislature enacted the Public Utilities Act¹⁶ which authorized the Commission to supervise and regulate every public utility in California and to do all things which are “necessary and convenient in the exercise of such power and jurisdiction.”¹⁷

Also, the California Constitution and California statute designate the Commission as the principal body through which the State exercises its police power in the case of essential utility services. Section 451 also gives the Commission broad authority to regulate public utility services and infrastructure as necessary to ensure they are operated in a way that provides for the health and safety of Californians.

Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

Moreover, the California Constitution and the Public Utilities Code also provide the Commission with broad jurisdiction on matters regarding the safety

¹⁴ Article XII, Section 5.

¹⁵ Sections 451, 454 and 728.

¹⁶ Unless otherwise specified, all subsequent section references are to the Public Utilities Code.

¹⁷ Section 701.

of electric utility facilities and operations. Specifically, Section 8386.2 requires the Commission to assess the safety culture of each electrical corporation.¹⁸ The statute prescribes that this assessment shall be conducted by an independent third-party evaluator¹⁹ and be operationalized through scheduled and updated assessments at least every five years.²⁰ Section 8386.2 prohibits the electrical corporations from seeking reimbursement for the costs of the assessment from ratepayers.

Section 963(b)(3) directs the Commission and each natural gas corporation to make safety of the public and gas corporation employees the top priority, and that the Commission take all reasonable and appropriate actions necessary to carry out a safety priority policy consistent with the principle of just and reasonable cost-based rates. Section 961(b)(1) requires gas corporations to develop plans for the safe and reliable operation of facilities that implement Section 963(b)(3) requirements.

Section 750 requires the Commission to develop formal procedures to consider safety in a rate case application by an electrical corporation or gas corporation. These procedures must include a means by which safety information acquired by the Commission through monitoring, data tracking and analysis, accident investigations, and audits of an applicant's safety programs may inform consideration of the application. Section 321.1(a) requires the Commission to assess and mitigate the impacts of its decisions on customer, public, and employee safety.

¹⁸ Section 8386.2

¹⁹ *Id.*

²⁰ *Id.*

In addition to SB 901's directives codified in Section 8386.2 relating to electrical corporations, the Order Instituting Rulemaking (OIR) we open today strengthens implementation of key directives from the Legislature related to Commission oversight of natural gas utility safety management. That key legislation includes the following:

- AB 56: Requires a gas corporation to file gas transmission and storage safety reports with the Commission.²¹
- SB 44: Designates the Commission as the state authority responsible for regulating and enforcing intrastate gas pipeline transportation and pipeline facilities pursuant to federal law, including the development, submission, and administration of a state pipeline safety program certification for natural gas pipelines.²²
- SB 705: Requires each gas corporation to develop a plan, as specified, for the safe and reliable operation of its Commission-regulated gas pipeline facility.²³

Collectively, these laws direct the Commission to take steps to implement changes to the electric and natural gas IOUs' behavior toward safety. These laws direct us to re-imagine what safety culture means for each IOU to better serve the public. Thus, this Order will develop standards, rules, and assessments governing IOU safety culture.

2. Safety Culture

As described by the Commission in the Order Instituting Investigation into PG&E's Safety Culture (I.15-08-019), an organization's culture is the set of values, principles, beliefs, and norms shared by individuals within the organization,

²¹ Stats. 2011, Ch. 519, codified in Public Utilities Code Section 958.5 (a).

²² Stats. 2011, Ch. 520, codified in Public Utilities Code Section 955 (b).

²³ Stats. 2011, Ch. 522, codified in Public Utilities Code Section 961.

manifested through their planning, behaviors, and actions.²⁴ A public utility with a mature safety culture has an organizational culture and governance that prioritizes safety and achieves a positive record of safe operation.²⁵ I.15-08-019 further defines a public utility with a mature safety culture as having an organizational culture and governance that includes:

- A clearly articulated set of principles and values with a clear expectation of full compliance.
- Effective communication and continuous education and testing.
 - Uniform compliance by every individual in the organization, with effective safety metrics, recognition, and compensation, and consequences or accountability for deviating or performing at, above, or below the standard of compliance.
- Continuous reassessment of hazards and reevaluation of norms and practices.²⁶

While there are many other definitions of safety culture across industries and academic literature, a common theme is that in organizations with an effective safety culture, safety is a predominant objective that permeates the entire organization and is continuously reinforced. One definition describes how management practices that encourage trust, a non-punitive policy toward error, a commitment to reducing high-risk conditions, the use of data to understand the highest operational risks, and training on threat recognition and error avoidance are all critical to enabling a positive safety culture.

An organization with a mature safety culture is informed: it continually collects, analyzes, and disseminates information from incidents, near misses, and

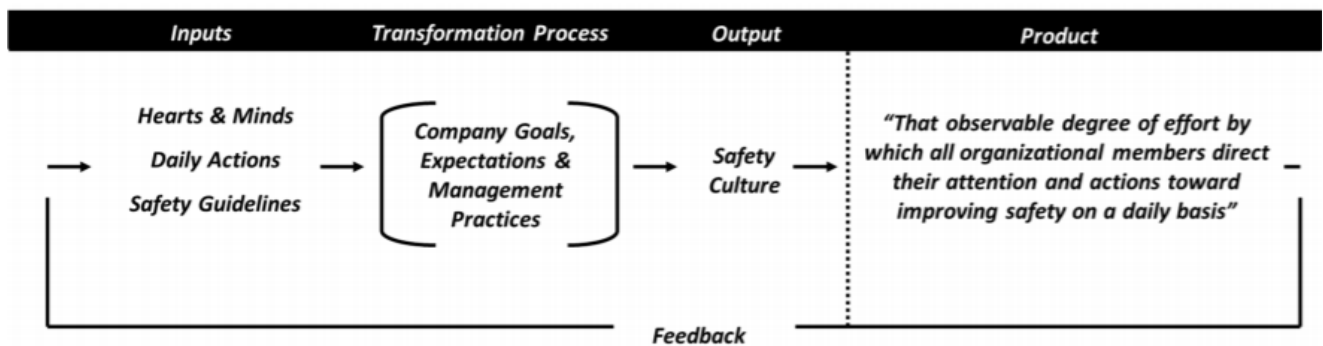
²⁴ I.15-08-019 at 4.

²⁵ I.15-08-019 at 3.

²⁶ I.15-08-019 at 5.

proactive checks on the system. Members at all levels of the organization understand and respect the risks to their operations and are encouraged to report safety concerns with non-punitive outcomes.²⁷ Figure 1 depicts how one author summarizes safety culture as the product of intentional management practices an organization puts in place to transform their safety outcomes.

Figure 1. Cooper (2002), Business Process Model of Safety Culture.²⁸



Some organizations may assume that a mature safety culture can be swiftly implemented and maintained by strong leadership through safety promotion efforts including communication campaigns and safety-designated expenditures. While emphasis on safety from senior leadership is a critical component, cultivating a safety culture is a gradual process that must involve all levels of an organization and be constantly reinforced. If an organization is convinced it has achieved a positive safety culture, it almost always has not, as safety culture is a product of continual striving. Organizations can conduct safety culture assessments to evaluate how effectively their organization embraces and practices safety, and how safety culture relates to safety outcomes.

²⁷ I.15-08-019.

²⁸ Dominic Cooper, "Navigating the Safety Culture Construct: A Review of the Evidence" (2016), available as of September 13, 2021 at http://bsms-inc.com/articles/safety_culture_review.pdf.

2.1. Interdependence of Safety Culture and Safety Management Systems

Investigations into catastrophic safety failures in the energy sector and other high-hazard industries (*e.g.*, rail, aerospace, maritime, and chemical processing) demonstrate that system failure is usually highly complex. In many cases, these failures result from a collection of events and actions or inactions throughout an organization, known as organizational accidents, and not necessarily the action or inaction of one individual.

A Safety Management System (SMS) is a systems approach implemented by organizations to mitigate the risk of organizational accidents and better achieve safety by identifying hazards and ensuring adequate controls. To build effective SMS, organizations identify requirements for managing core risks and precursor conditions; develop metrics, tests, and indicators to measure effectiveness and improvement; and establish an organizational structure where employees and contractors are accountable for safety. Organizations implement organizational safety management practices through a SMS to build and maintain a strong safety culture. In turn, a sound organizational safety culture reinforces and supports an effective SMS and ensures that it works in practice



Figure 2. Relationship between an organizations safety culture and Safety Management System. Adapted from EuroControl/ Federal Aviation Administration (FAA).²⁹

Typically, evaluation of a company's SMS yields important insights regarding its safety culture. While a positive safety culture takes time to grow and change, a well-developed SMS can enable or accelerate safety culture because the two are interdependent: safety culture represents the commitment to achieving safety, while SMS embodies the competence to do so. Linking a SMS to improving safety culture should encourage utilities to go beyond compliance and to shift from enforcement to a proactive approach that makes safety a core value in everyday operations. Thus, a SMS provides an organizational framework for building a positive safety culture. Further, evidence suggests that to be most effective, companies should focus most of their cultural change efforts on situational (*e.g.*, safety management systems) and behavioral factors to prevent safety disasters, injuries, and fatalities.

SMS requirements in several industries draw attention to safety culture by requiring, among other things, comprehensive safety culture assessments, executive accountability for safety management, and non-punitive reporting policies. To strengthen safety culture, the National Academies of Sciences (NAS) recommends that organizations regularly evaluate safety culture as part of a SMS using multiple assessment methods and indicators. Natural gas utilities follow the guidance of the American Petroleum Institute Recommended Practice 1173, which provides a framework for implementing Pipeline Safety Management Systems.

²⁹ EuroControl/ FAA, "Safety Culture in Air Traffic Management: A White Paper," Action Plan 15 Safety (2008), 15, available as of September 13, 2021 at <https://www.skybrary.aero/bookshelf/books/564.pdf>.

2.2. Safety Culture Maturity Model – Measuring Utility Progress Towards Improved Safety Culture

Maturity models are a popular means of assessing safety culture in organizations, including construction, oil, and gas. They can provide a benchmark for how organizations can advance to various levels of safety culture and towards an ideal safety state. A maturity model could be used for our regulated natural gas and electric utilities to guide the safety culture assessments. This model could be used as a foundation to conduct periodic safety culture assessments of our utilities.

Additionally, this maturity model would help envision the ideal stage for utility safety culture, where utilities are in relation to that ideal stage, and what they need to do to advance their safety culture to the next progressive safety level. This maturity model would incorporate data, to the extent feasible, from other Commission proceedings, and would draw from the findings and scope of I.15-08-019 and I.19-06-014.

As noted above in Section 1. Background, the Commission’s Safety Policy Division contracted with a consultant in March 2021 to assist in developing a technical maturity model, safety culture assessment guidance, and standardized metrics to objectively assess utility safety culture and maturity over time pursuant to SB 901. The maturity model, guidance, and metrics will be considered for party comment and Commission adoption within this rulemaking.

3. Preliminary Scoping Memo

This rulemaking will be conducted in accordance with Article 6 of the Commission’s Rules of Practice and Procedure, “Rulemaking.” As required by

Rule 7.1(d)³⁰ of the Commission's Rules of Practice and Procedure (Rules), this OIR includes a preliminary scoping memo as set forth below, and preliminarily determines the category of this proceeding and the need for hearings.

In this Preliminary Scoping Memo, we describe the issues to be considered in this proceeding and the timetable for resolving the proceeding. In response to this rulemaking order, parties will have the opportunity to provide preliminary comments on the issues raised. After a prehearing conference, an Assigned Commissioner's Scoping Ruling will issue, laying out the issues and procedural path in greater detail.

This proceeding will implement the statutory requirements of SB 901 relating to the Commission's assessment of safety culture for our regulated utilities. This proceeding will ensure that the implementation of the safety culture assessments contemplated by statute is consistent with the Commission's core responsibilities and broader State of California policy goals.

Section 8386.2 mandates that the Commission require a safety culture assessment of each electrical corporation to be conducted by an independent third-party evaluator. Consistent with Section 8386.2, as well as our broader responsibilities and policy goals, we will apply similar safety culture assessments to our regulated natural gas corporations and gas storage operators.

The issues that will be considered in this proceeding include:

1. Should the Commission adopt the definition of safety culture from I.15-08-019 as listed in Section 2 for this proceeding? If not, discuss why and provide an alternative definition.

³⁰ An order instituting rulemaking shall preliminarily determine the category and shall attach a preliminary scoping memo. The preliminary determination is not appealable but shall be confirmed or changed by assigned Commissioner's ruling pursuant to Rule 7.3, and such ruling as to the category is subject to appeal under Rule 7.6.

2. What should be included within the framework of conducting safety culture assessments of electric and gas utilities and gas storage operators? For example, should the scope of safety culture assessments include a review of: organizational management behaviors, governance rules related to organizational safety prioritization, and safety reporting and compliance? Please address the scope of the utility safety culture assessments; the process, frequency, and schedule for conducting these assessments; and what other elements should be considered within the framework.
3. Should the safety culture assessments be scheduled such that implementation of Safety Culture Assessment recommendations are considered in utilities' Risk Assessment and Mitigation Phase Applications and General Rate Cases? What safety outcomes or metrics should be used to evaluate the efficacy of the safety culture assessment process developed within this proceeding? Are there existing Commission processes that can be leveraged for this purpose?
4. What methodologies should be employed in the safety culture assessments to ensure results are comparable across IOUs and can measure changes in IOU safety culture over time? Are there common features of a mature safety culture that could be standardized and measured across utilities?
5. Should the Commission adopt the process and framework developed through this Order to oversee safety culture assessments of gas utilities and gas storage operators, in addition to electrical corporations as required by SB 901?
6. Should the Commission adopt the same or different safety culture assessment process, requirements, and timeline for large electric and gas investor-owned utilities, small and multi-jurisdictional electric and gas utilities, and gas storage operators, or should these vary? How should the Commission ensure that the safety culture assessment

- process provides adequate, consistent, and persistent guidance without being overly prescriptive or too broad?
7. As part of ensuring a strong safety culture that results in measurable safety improvements, should the Commission require that IOUs implement specific safety management practices to improve safety culture through adoption of a Safety Management System standard?
 8. Should the Commission formally adopt a maturity model to use in safety culture assessments for all electric and gas utilities, and gas storage operators? How should the Commission validate, calibrate, and assure the veracity of this model? How should the Commission define levels of maturity for safety culture, the key attributes of each level, and objective metrics for assessing safety culture?
 9. What accountability metrics and measures should be considered to ensure the IOUs develop high-functioning safety cultures? Should such factors include: how utility leadership and management developed and implemented policies and procedures to reduce risk to the organization; how safety values are communicated and carried out across each company; and/or how has the utility defined, prioritized, and promoted organizational and worker safety?
 10. How and when should utilities that completed a safety culture assessment in recent years be required to comply with the process developed within this proceeding?
 11. 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 OEIS pursuant to AB 1054?
 12. Are the issues included in the preliminary scoping memo of this proceeding appropriate?
 13. Are there additional issues that should be included within the scope of this proceeding?

14. Is the prioritization or sequencing of topics and activities that should be handled in this proceeding leading to Commission decision(s) appropriate?
15. Are there any specific issues previously addressed or underway in other Commission proceedings that require coordination with this rulemaking?

Initial comments shall be filed and served no later than 45 days after issuance of this rulemaking, with reply comments 30 days later. The Commission will use parties' comments and a prehearing conference, to be scheduled, as a basis to identify areas that need clarification, and may consider the addition of specific issues or questions related to the items described in Section 2 and Section 3 on the scope of this proceeding, pursuant to the guidance set forth herein. We direct parties to limit their comments to the specific issues set forth in this OIR, as well as to objections to the preliminary determinations made here.

4. Categorization; *Ex Parte* Communications; Need for Hearing

Rule 7.1(d) provides that an OIR shall preliminarily determine the category and need for hearing. This rulemaking is preliminarily determined to be quasi-legislative as defined in Rule 1.3(e). Accordingly, *ex parte* communications are permitted without restriction or reporting requirement pursuant to Article 8 of the Rules.

It appears that the issues may be resolved through comments and workshops without the need for evidentiary hearings. Any person who objects to the preliminary hearing determination shall state the objections in their comments on this OIR. The assigned Commissioner will make a final determination on the need for hearing in the Scoping Memo and Ruling issued following a prehearing conference.

5. Preliminary Schedule

The preliminary schedule for this proceeding is set forth below and includes the provisions for the filing of comments on the OIR. The assigned Commissioner or ALJ may change the schedule and scope as necessary to provide full and fair development of the record. This proceeding will likely have multiple phases but at this time, this OIR sets the preliminary schedule for Phase 1. Potential workshops, working groups, consultant reports, staff proposals, and decisions are identified in the table below.

| Item | Date |
|--|---|
| Comments on the OIR filed and served | 45 days after OIR adoption |
| Reply comments on the OIR filed and served | 30 days after Comments are filed and served |
| Phase 1: Safety Culture Assessments Pursuant to SB 901 | |
| Prehearing Conference | 2021 (Quarter 4) |
| Scoping Memo and Ruling | 2021 (Quarter 4) |
| Safety Policy Division Workshop | 2022 (Quarter 1) |
| Issuance of Safety Policy Division Staff Proposal | 2022 (Quarter 2) |
| Safety Policy Division Workshop | 2022 (Quarter 2) |
| Issuance of Revised Safety Policy Division Staff Proposal | 2022 (Quarter 2) |
| Opening Comments | 2022 (Quarter 3) |
| Reply Comments | 2022 (Quarter 3) |
| Proposed Decision | 2022 (Quarter 3) |

The schedule lists expected technical reports and staff proposals. Most of the technical reports and staff proposals are anticipated to include a workshop. The workshop purpose may be to receive input on report/proposal scope or to

present findings. Party comments are expected to be solicited on all reports and staff proposals.

This proceeding will conform to the statutory case management deadline for quasi-legislative matters set forth in Section 1701.5. It is our intention to resolve all relevant issues within 24 months from the date that the scoping memo for this proceeding circulates. In using the authority granted in Section 1701.5(b) to set a time longer than 18 months, we consider the number and complexity of the tasks, including sufficient time to develop white papers and staff proposals on technically complex matters, and the need to coordinate with multiple other proceedings and working groups.

This schedule will be set forth in the scoping memo and may be revised by the assigned Commissioner or the assigned ALJ to promote efficient and fair administration of this proceeding.

6. Respondents

The following parties shall be respondents in this proceeding:

- Investor-Owned Utilities
 - Pacific Gas and Electric Company
 - Southern California Edison Company
 - Southern California Gas Company
 - San Diego Gas & Electric Company
- Small and Multi-Jurisdictional Utilities
 - Liberty Utilities CalPeco Electric LLC on behalf of Bear Valley Electric Service
 - PacifiCorp
 - Southwest Gas Corporation
 - Alpine Natural Gas Operating Company No. 1
 - West Coast Gas

- PacifiCorp
- Gas Storage Operators
 - Wild Goose Storage
 - Lodi Gas Storage
 - Gill Ranch Storage
 - Central Valley Storage

Within 15 days of service of this rulemaking, each respondent shall inform the Commission's Process Office of the contact information for a single representative, although other representatives and persons affiliated with the respondents may be placed on the Information Only service list.

7. Coordination with Office of Energy Infrastructure Safety, Related Proceedings, and Service of OIR

We intend to coordinate this rulemaking with other related proceedings including, but not limited to, those identified in Table 1. We also intend to coordinate with the Office of Energy Infrastructure Safety as necessary.

This OIR shall be served on all respondents. In addition, in the interest of broad notice, this OIR will be served on the official service lists for the following proceedings:

Table 1. Related Proceedings and Service of OIR

| | Docket | Proceeding Number |
|---|--|--------------------------|
| 1 | Order Instituting Investigation on the Commission's Own Motion to Determine Whether Pacific Gas and Electric Company and Pacific Gas and Electric Corporation's Organizational Culture and Governance Prioritize Safety. | Investigation 15-08-019 |
| 2 | Order Instituting Investigation on the Commission's Own Motion to Determine Whether Southern California Gas Company's and | Investigation 19-06-014 |

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| | Sempra Energy's Organizational Culture and Governance Prioritize Safety. | |
| 3 | Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region. | Investigation 17-02-002 |
| 4 | Order Instituting Rulemaking to Further Develop a Risk-Based Decision-Making Framework for Electric and Gas Utilities. | Rulemaking 20-07-013 |
| 5 | Order Instituting Rulemaking to Implement Electric Utility Wildfire Mitigation Plans Pursuant to Senate Bill 901. | Rulemaking 18-10-007 |
| 6 | Order Instituting Rulemaking to Examine Electric Utility De-Energization of Power Lines in Dangerous Conditions. | Rulemaking 18-12-005 |
| 7 | Order Instituting Rulemaking Regarding Emergency Disaster Relief Program. | Rulemaking 18-03-011 |
| 8 | Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Regulation of Physical Security for the Electric Supply Facilities of Electrical Corporations Consistent with Public Utilities Code Section 364 and to Establish Standards for Disaster and Emergency Preparedness Plans for Electrical Corporations and Regulated Water Companies Pursuant to Public Utilities Code Section 768.6. | Rulemaking 15-06-009 |
| 9 | Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021. | Rulemaking 20-11-003 |
| 10 | Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1399 and Resiliency Strategies. | Rulemaking 19-09-009 |

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| 11 | Order Instituting Rulemaking to Consider Strategies and Guidance for Climate Change Adaptation | Rulemaking 18-04-019 |
| 12 | Order Instituting Rulemaking to Consider Revisions to Electric Rule 20 and Related Matters. | Rulemaking 17-05-10 |
| 13 | Order Instituting Rulemaking to Consider Streamlining Interconnection of Distributed Energy Resources and Improvements to Rule 21. | Rulemaking 17-07-007 |
| 14 | Order Instituting Rulemaking to Modernize the Electric Grid for High Distributed Energy Resources Future. | Rulemaking 21-06-017 |
| 15 | Application of Pacific Gas and Electric Company for Approval of Regionalization Proposal. | Application 20-06-011 |
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| 18 | Application of Southern California Gas Company to Submit its 2021 Risk Assessment and Mitigation Phase Report. | Application 21-05-014 |
| 19 | Application of Pacific Gas and Electric Company to Recover Costs Recorded in the Catastrophic Event Memorandum Account Pursuant to Public Utilities Code Section 454.9 and Forecasted Pursuant to Resolution ESRB-4 | Application 18-03-015 |

In the interest of providing broad notice about this OIR, it will also be served on the following entities:

- California Air Resources Board
- California Office of Energy Infrastructure Safety
- California Energy Commission
- California Independent System Operator

- California Department of Forestry and Fire Protection (CAL FIRE)
- California Office of Emergency Services
- California Office of Planning and Research
- California Native American Heritage Commission and the tribal contacts list maintained by the Native American Heritage Commission
- California Natural Resources Agency (CNRA), Office of the Secretary
- California Municipal Utilities Association
- Disadvantaged Communities Advisory Group³¹
- Rural County Representatives of California

Service of the OIR does not confer party status or place any person who has received such service on the Official Service List for this proceeding.

8. Filing and Service of Comments and Other Documents

Filing and service of comments and other documents in the proceeding are governed by the Commission's Rules of Practice and Procedure. 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, or the assigned ALJ, whether or not they are on the official service list, parties must

³¹ Formation of the Disadvantaged Communities Advisory Group was called for in Senate Bill 350, the Clean Energy and Pollution Reduction Act of 2015. The 11-member group meets several times a year to review Commission and CEC clean energy programs and policies to ensure that disadvantaged communities, including tribal and rural communities, benefit from proposed clean energy and pollution reduction programs.

only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors, or the assigned ALJ, unless specifically instructed to do so.

In addition, pursuant to the COVID-19 Temporary Filing and Service Protocol for Formal Proceedings, the Rule 1.10(e) *requirement to serve paper copies of all e-filed documents to the ALJ is suspended until further notice.*

9. Addition to Official Service List

Addition to the official service list is governed by Rule 1.9(f) of the Commission's Rules of Practice and Procedure.

Respondents are parties to the proceeding (*see* Rule 1.4(d)) and will be immediately placed on the official service list.

We encourage all non-parties interested in following this proceeding to subscribe to this proceeding as described in Section 10 of this OIR rather than join the service list. Any person will be added to the "Information Only" category of the official service list upon request, for electronic service of all documents in the proceeding, and should do so promptly to ensure timely service of comments and other documents and correspondence in the proceeding. (*See* Rule 1.9(f).) The request must be sent to the Process Office by e-mail (process_office@cpuc.ca.gov) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94102). Please include the Docket Number of this rulemaking in the request.

Persons who file comments in response to this OIR thereby become parties to the proceeding (*see* Rule 1.4(a)(2)) and will be added to the "Parties" category of the official service list upon such filing. Additionally, persons who appear at the PHC may request party status to become parties to the proceeding and be added to the "Parties" category of the official service list. *To assure service of*

comments and other documents and correspondence in advance of obtaining party status, persons should promptly request addition to the "Information Only" category as described above; they will be removed from that category upon obtaining party status.

10. Subscription Service

Persons may monitor the proceeding by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission's website. There is no need to be on the official service list to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission's website at <http://subscribecpuc.cpuc.ca.gov>

11. Intervenor Compensation

Intervenor Compensation is permitted in this proceeding. Any party that expects to claim intervenor compensation for its participation in this Rulemaking must file a timely notice of intent to claim intervenor compensation.

(See Rule 17.1(a)(2).) Intervenor compensation rules are governed by Section 1801 *et seq.* Parties new to participating in Commission proceedings may contact the Commission's Public Advisor.

12. 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 consumers.cpuc.ca.gov/pao or contact the Commission's Public Advisor at 1-866-849-8390 or 866-836-7825 (TYT), or send an e-mail to public.advisor@cpuc.ca.gov

O R D E R

IT IS ORDERED that:

1. This Order Instituting Rulemaking is adopted pursuant to Rule 6.1 of the Commission's Rules of Practice and Procedure.
2. The preliminary categorization is quasi-legislative.
3. The preliminary determination is that a hearing is not needed.
4. The preliminary scope for the proceeding is as stated above.
5. The preliminary schedule for the proceeding is as set forth above.
6. The following entities are named as respondents and are parties to this proceeding pursuant to Rule 1.4(d) of the Commission's Rules of Practice and Procedure:

- Investor-Owned Utilities
 - Pacific Gas and Electric Company
 - Southern California Edison Company
 - Southern California Gas Company
 - San Diego Gas & Electric Company
- Small and Multi-Jurisdictional Utilities
 - Liberty Utilities CalPeco Electric LLC
 - Behalf of Bear Valley Electric Service
 - PacifiCorp
 - Southwest Gas Corporation
 - Alpine Natural Gas Operating Company No. 1
 - West Coast Gas
 - PacifiCorp
- Gas Storage Operators
 - Wild Goose Storage
 - Lodi Gas Storage

- Gill Ranch Storage
- Central Valley Storage

7. The respondent parties named in Ordering Paragraph 6 shall, and any other person may, file comments on the preliminary scope and schedule for this Order Instituting Rulemaking (OIR) no later than 45 days following the issuance of this OIR. Reply comments are due 30 days after the filing of the Opening Comments.

8. Interested persons must follow the directions of this Order Instituting Rulemaking to become a party or to be placed on the official service list as information-only.

9. Any party that expects to claim intervenor compensation for its participation in this Rulemaking must timely file its notice of intent to claim intervenor compensation pursuant to Rule 17.1(a)(2).

10. The assigned Commissioner or the assigned Administrative Law Judge(s) will have on-going oversight of the service list and may institute changes to the list or the rules governing it, as needed.

11. The assigned Commissioner and the assigned Administrative Law Judge(s) may modify the activities and schedule established in this Order Instituting Rulemaking as necessary for the fair and efficient conduct of this proceeding.

12. Parties serving documents in this proceeding must comply with Rule 1.10 of the Commission's Rules of Practice and Procedure regarding electronic mail (e-mail) service.

13. The Executive Director will cause this Order Instituting Rulemaking to be served on all respondents and on the service lists for the following Commission proceedings:

| | Docket | Proceeding Number |
|---|---|--------------------------|
| 1 | Order Instituting Investigation on the Commission's Own Motion to Determine Whether Pacific Gas and Electric Company and Pacific Gas and Electric Corporation's Organizational Culture and Governance Prioritize Safety. | Investigation 15-08-019 |
| 2 | 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. | Investigation 19-06-014 |
| 3 | Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region. | Investigation 17-02-002 |
| 4 | Order Instituting Rulemaking to Further Develop a Risk-Based Decision-Making Framework for Electric and Gas Utilities. | Rulemaking 20-07-013 |
| 5 | Order Instituting Rulemaking to Implement Electric Utility Wildfire Mitigation Plans Pursuant to Senate Bill 901. | Rulemaking 18-10-007 |
| 6 | Order Instituting Rulemaking to Examine Electric Utility De-Energization of Power Lines in Dangerous Conditions. | Rulemaking 18-12-005 |
| 7 | Order Instituting Rulemaking Regarding Emergency Disaster Relief Program. | Rulemaking 18-03-011 |
| 8 | Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Regulation of Physical Security for the Electric Supply Facilities of Electrical Corporations Consistent with Public Utilities Code Section 364 and to Establish Standards for Disaster and Emergency | Rulemaking 15-06-009 |

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|----|--|-----------------------|
| | Preparedness Plans for Electrical Corporations and Regulated Water Companies Pursuant to Public Utilities Code Section 768.6. | |
| 9 | Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021. | Rulemaking 20-11-003 |
| 10 | Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1399 and Resiliency Strategies. | Rulemaking 19-09-009 |
| 11 | Order Instituting Rulemaking to Consider Strategies and Guidance for Climate Change Adaptation | Rulemaking 18-04-019 |
| 12 | Order Instituting Rulemaking to Consider Revisions to Electric Rule 20 and Related Matters. | Rulemaking 17-05-010 |
| 13 | Order Instituting Rulemaking to Consider Streamlining Interconnection of Distributed Energy Resources and Improvements to Rule 21. | Rulemaking 17-07-007 |
| 14 | Order Instituting Rulemaking to Modernize the Electric Grid for High Distributed Energy Resources Future. | Rulemaking 21-06-017 |
| 15 | Application of Pacific Gas and Electric Company for Approval of Regionalization Proposal. | Application 20-06-011 |
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| | Event Memorandum Account Pursuant to Public Utilities Code Section 454.9 and Forecasted Pursuant to Resolution ESRB-4 | |
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This order is effective today.

Dated October 7, 2021, at San Francisco, California.

MARYBEL BATJER

President

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

DARCIE HOUCK

Commissioners