

Decision 25-01-031 January 16, 2025

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

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

Rulemaking 21-10-001

**DECISION ADOPTING A SAFETY CULTURE ASSESSMENT FRAMEWORK  
FOR THE LARGE INVESTOR-OWNED UTILITIES**

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## **DECISION ADOPTING SAFETY CULTURE ASSESSMENT FRAMEWORK FOR THE LARGE INVESTOR-OWNED UTILITIES**

### **Summary**

This decision adopts a Safety Culture Assessment Framework for Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company. This framework includes two components: (1) a Comprehensive Assessment of each investor-owned utility's safety culture, conducted once every four years; and (2) an annual Self-Evaluation in the three intervening years to monitor improvement. The Comprehensive Assessments will be conducted by a third-party independent evaluator. The Self-Evaluations will be conducted by the individual utility. This decision also adopts a Utility Safety Culture Working Group to foster collaboration and enhance safety culture improvement efforts.

Rulemaking 21-10-001 remains open to address Phase 2 issues, which focuses on developing Safety Culture Assessments for the small multi-jurisdictional utilities and gas storage operators.

### **1. Background**

#### **1.1. General Background**

California experienced several utility-related catastrophic events in the last two decades caused by electric and natural gas utility infrastructure. These events have led to increased public scrutiny and regulatory focus on the safety culture of electric and natural gas utilities, as well as gas storage operators. These events include Pacific Gas and Electric Company (PG&E) pipeline rupture in San Bruno in 2010, a large-scale natural gas leak at Southern California Gas Company (SoCalGas) Aliso Canyon storage facility in Los Angeles County in

2015, in addition to multiple recent wildfires caused by electric utility infrastructure.

As a result, an array of legislative and Commission-led efforts intended to drive improvement of utility safety practices were put in motion. Some of these efforts explicitly targeted electric and gas utility safety culture, including, but not limited to, two formal Commission investigations into the safety cultures of two large natural gas utilities, passage of Assembly Bill (AB) 1054 and Senate Bill (SB) 901, and adoption of the Commission's own Safety Policy, among others, discussed below.

Investigation (I.) 15-08-019, prompted by the 2010 pipeline rupture in San Bruno, examined whether PG&E's organizational culture and governance prioritize safety and adequately direct resources to promote accountability and achieve safety goals and standards. In Decisions (D.) 18-11-050 and D.23-05-009, the Commission ordered PG&E to implement recommendations resulting from the safety culture assessment and submit 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.<sup>1</sup>

The Commission also requires the electrical corporations 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.<sup>2</sup> 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."<sup>3</sup>

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

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<sup>1</sup> D.18-10-029 at 13.

<sup>2</sup> D.16-08-018 at 152.

<sup>3</sup> *Id.* at 141.

that regulate high-risk industries to assess best practices that could be adopted by the Commission.<sup>4</sup>

## **1.2. AB 1054 and SB 901**

Safety Culture Assessments of electrical corporations are required as part of AB 1054<sup>5</sup> and SB 901.<sup>6</sup>

AB 1054 directs the Office of Energy Infrastructure and Safety (Energy Safety),<sup>7</sup> to conduct annual Safety Culture Assessments of each electrical corporation, the first of which was 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.<sup>8,9</sup>

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

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<sup>4</sup> 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>.

<sup>5</sup> Stats. 2019, Ch.79, codified in Public Utilities Code Section 8489 (d)(4).

<sup>6</sup> Stats. 2018, Ch. 626, codified in Public Utilities Code Section 8386.2.

<sup>7</sup> 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.

<sup>8</sup> 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>.

<sup>9</sup> Commission Resolution SPD-014 Attachment at 196.

electrical corporations from seeking reimbursement for the costs of the Safety Culture Assessments from ratepayers.<sup>10</sup>

### **1.3. Procedural Background**

On October 13, 2021, the Commission initiated Rulemaking (R.) 21-10-001 to implement SB 901 by developing and adopting a safety culture assessment framework and related processes to continuously examine and improve organization-wide safety culture for each regulated investor-owned electric utility, as well as natural gas and gas storage operators, consistent with those established for electric utilities through SB 901.

On April 28, 2022, Phase 1 of this proceeding was initiated through the assigned Commissioner's scoping memo and ruling. The Commission undertook the following efforts during Phase 1: (1) held four Safety Policy Division technical working group sessions; (2) issued several safety culture concept papers for public comment, via the assigned Administrative Law Judge's ruling; (3) held an all-party workshop; and (4) released a Safety Policy Division Staff Proposal.

On May 8, 2023, the assigned Administrative Law Judge (ALJ) issued a ruling<sup>11</sup> with a proposal prepared by the Commission's Safety Policy Division, titled, *Staff Proposal for Implementing Safety Culture Assessments for California's Large Investor-Owned Electric and Gas Utilities* (Staff Proposal). The Staff Proposal made an array of recommendations to implement SB 901 and build a framework

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<sup>10</sup> SB 901, codified in Public Utilities Code Section 8386.2

<sup>11</sup> Administrative Law Judge's Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023.



for the Commission, the IOUs, and interested entities, to engage and support safety culture improvement of the large IOUs.

Parties filed comments on June 16, 2023. Parties that filed comments were: (1) Public Advocates Office (Cal Advocates); (2) Small Business Utility Advocates (SBUA); and (3) Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (Joint IOUs). Reply comments were filed on July 14, 2023. Parties that filed reply comments were: (1) Cal Advocates; (2) SBUA; and (3) Joint IOUs.

#### **1.4. Submission Date**

This matter was submitted on July 25, 2024, upon submission of reply comments in response to the final ruling issued in Phase 1 of this proceeding.

## **2. Jurisdiction and Governing Authorities**

The investor-owned utilities (IOUs) and independent gas storage operators are subject to the jurisdiction of this Commission and must comply with the Commission's general orders, rules, and decisions, as well as applicable California and federal laws, regulations and policies.

The Commission ensures compliance with applicable laws, regulations and policies 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."<sup>12</sup>

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<sup>12</sup> *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.

The California Constitution and the Public Utilities Code<sup>13</sup> provide the Commission with broad jurisdiction on matters regarding the safety of electric utility facilities and operations.

Specifically, SB 901 is codified in Code Section 8386.2 and directs the Commission to require safety culture assessments for each electrical corporation.<sup>14</sup> It mandates that this assessment be conducted by an independent third-party evaluator<sup>15</sup> and scheduled every five years.<sup>16</sup> Section 8386.2 prohibits the electrical corporations from seeking reimbursement for the costs of the assessment from ratepayers.

Section 963(b)(3) further 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.

### **3. Issues Before the Commission**

This decision addresses the below Phase 1 issues:

1. Should the Commission adopt the “definition of safety culture” from Investigation (I.) 15-08-019? Alternatively, should the

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<sup>13</sup> All subsequent references are to the Public Utilities Code unless otherwise specified.

<sup>14</sup> Section 8386.2.

<sup>15</sup> *Ibid.*

<sup>16</sup> *Ibid.*

- Commission consider other possible definitions of “safety culture”?
2. What should the Commission include within the framework of conducting safety culture assessments?
  3. Should a framework be adopted for the IOUs?
  4. How can the Commission develop a framework for conducting safety culture assessments that provide greater opportunity for collaboration among regulators and regulated industry representatives?
  5. What framework mechanisms could be implemented to ensure safety culture assessments are focused on actual safety improvement (on the ground results) within the industry? What mechanisms could be used in such implementation that ensures accountability through coordination and collaboration as opposed to a framework based primarily on a defensive model?
  6. What should be the proposed timeframe, schedule, and frequency for conducting safety culture assessments? For example, for the large electrical and natural gas corporations, should the safety culture assessments be scheduled such that they are considered in utilities’ Risk Assessment and Mitigation Phase Applications and General Rate Cases?
  7. How and when should the utilities that completed a safety culture assessment in recent years be required to comply with the process developed within this proceeding?
  8. How should the Commission ensure that the safety culture assessment process developed through this proceeding is complementary to, and not duplicative of, the annual safety culture assessments conducted by the Office of Energy Infrastructure Safety pursuant to Assembly Bill (AB) 1054?
  9. Should the Commission designate one specific entity with expertise in safety culture to conduct the independent safety culture assessments required by law? If so, should this entity be a public entity that is independent of the Commission?

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

#### **4. Discussion**

The SB 901 utility safety culture assessments shall integrate review of the cultural insights gained from the AB 1054 wildfire-related assessments conducted by Energy Safety and expand into broader organization-wide safety culture concerns. Energy Safety's annual AB 1054 safety culture assessments are intended to be complementary, and not a replacement for, broader ongoing Commission efforts to promote safety culture improvement within regulated utilities.

With the SB 901 mandates and context, noted above, in mind, this decision adopts a Safety Culture Assessment framework and monitoring methods. This framework sets forth parameters that the Commission, the Joint IOUs, Commission staff, and interested entities will use to enhance safety culture.

We examine below the Staff Proposals to each of the topical areas and related party comments. We weigh the proposals and comments and adopt our framework, as discussed below.

## **4.1. Goals and Guiding Principles**

### **4.1.1. Staff Proposal**

The Staff Proposal recommended goals and guiding principles as parameters for the Safety Culture Assessments: Specifically, the Staff proposes the following goals:

- Improve safety outcomes by developing and maintaining healthy safety cultures through non-punitive engagement and collaboration.
- Institutionalize safety as an intrinsic priority beyond regulatory compliance.
- Develop means for information-sharing and coordination among all interested entities to recognize risk.
- Integrate process and operational safety to help prevent catastrophic events.
- Promote and adopt a systemic approach to safety culture improvement that encompasses each organization's interactions between human, technical, and organizational factors.
- Develop methods and tools to measure and monitor IOU safety culture to facilitate early observation, detection, and mitigation.

The guiding principles Staff proposes are flexible and may evolve based on the lessons learned from the Safety Culture Assessments. Specifically, Staff proposes the following guiding principles:

- All interested entities should use a shared understanding of safety culture.
- All processes should prioritize engagement and collaboration from IOU workers including contractors; local, Tribal, State, and Federal government entities; environmental and social justice

and access and functional needs communities; public interest groups; industry associations; and other key interested entities.

- Safety culture assessment methods should protect privacy, data confidentiality, and anonymity of individual workers.
- Open communication, questioning, and reporting should be encouraged for all workers, including contractors.
- All interested entities should integrate learning and continuous improvement, including evaluation of past safety incidents.
- The Commission should recognize that it can impact, influence, and support the culture of the entities it regulates.
- The Commission should recognize and mitigate the potential unintended consequences and limitations of the program.

#### **4.1.2. Parties Positions**

Cal Advocates supports the Staff proposed goals and guiding principles.<sup>17</sup>

Cal Advocates states that the goals and guiding principles should evolve based on learning and analysis after implementation of the initial cycle of Safety Culture Assessments.<sup>18</sup>

SBUA recommended adding additional goals to (1) increase trust and partnership between IOUs and the Commission, and (2) develop non-punitive means of information-sharing and risk recognition.<sup>19</sup> SDG&E, SoCalGas, and PG&E recommended including explicit emphasis on non-punitive learning.<sup>20</sup>

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<sup>17</sup> Cal Advocates Comments to ALJ Ruling at 1-2.

<sup>18</sup> *Ibid.*

<sup>19</sup> SBUA Comments to ALJ Ruling at 2.

<sup>20</sup> SDG&E Comments to ALJ Ruling at 8; PG&E Comments to ALJ Ruling at 7-8; and SoCalGas Comments to ALJ Ruling at 7.

SoCalGas argued that the assessments should be “structured and designed to promote collaboration, engagement, learning, and forward-looking improvement, not punishment or enforcement actions.”<sup>21</sup> SCE and SDG&E argued that contractors and key interested entities outside of utility employees should not be implicated within the principles.<sup>22</sup>

SoCalGas and PG&E also argued that the Commission should recognize the role of the Commission’s own safety culture in influencing the safety culture of the utilities it regulates.<sup>23</sup> SoCalGas also recommended expanding upon the guiding principles to reflect the Commission’s commitment to “mutual improvement,” and recognition that “the CPUC and its staff are key partners and influencers of IOU culture.”<sup>24</sup>

#### **4.1.3. Discussion**

The safety culture guiding principles and goals will guide and support the collaborative safety culture efforts between the IOUs, the Commission, and interested entities, as well as encourage continuous improvement of IOU safety culture. These goals and guiding principles shall be re-visited following the initial cycle of assessments to ensure they deliver results.

The goals we adopt are:

- Institutionalize safety as an intrinsic core value beyond regulatory compliance.

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<sup>21</sup> SoCalGas Comments to ALJ Ruling at 7.

<sup>22</sup> SCE Comments to ALJ Ruling at 12; SDG&E Comments to ALJ Ruling at 9.

<sup>23</sup> PG&E Comments to ALJ Ruling at 7-8; SoCalGas Comments to ALJ Ruling at 8.

<sup>24</sup> SoCalGas Comments to ALJ Ruling at 7.

- Develop means for collaborative information-sharing and coordination among all interested entities to recognize risk.
- Integrate operational safety into safety culture to help prevent catastrophic events.
- Promote and adopt a systemic approach to safety culture improvement that encompasses each organization's workplace system (i.e. unique interactions between human, technical, and organizational factors).
- Develop methods and tools to monitor and assess IOU safety culture to facilitate early observation, detection, and mitigation.

Next, we adopt the following guiding principles to support the safety culture assessment process:

- All interested entities should have a shared understanding of safety culture.
- All processes should prioritize engagement and collaboration from the IOU's workforce including contractors; local, Tribal, State, and Federal government entities; environmental and social justice and access and functional needs communities; public interest groups; industry associations; and other key interested entities, as appropriate.
- Safety culture assessment methods should protect privacy, data confidentiality, and anonymity of individual workers.
- Open communication, questioning, and reporting should be encouraged for all workers, including contractors.
- All interested entities should integrate learning and continuous improvement, including learning from and trending of past safety incidents, near-misses, and reported hazard.
- The Commission recognizes that it can impact, influence, and support the culture of the entities it regulates.



- Non-punitive engagement and collaboration supports developing and maintaining healthy safety cultures that improve outcomes.
- The IOUs are owners of, and have full responsibility for, the safety culture of their organizations.

These safety culture goals and guiding principles will promote and advance safety culture in concert with the effective implementation of the safety culture assessment framework, which we discuss further below.

## **4.2. Defining Safety Culture**

We first turn to defining safety culture.

### **4.2.1. Staff Proposal Summary**

The Staff Proposal recommends defining and adopting the following proposed definitions for “safety” and “safety culture”:<sup>25</sup>

- **Safety culture:** a subset of organizational culture. Safety culture is the collective set of values, principles, beliefs, norms, attitudes, behaviors, and practices that an organization’s managers, employees, and contractor personnel (collectively, “workers”) share *with respect to risk and safety*.
- **Safety:** is synonymous with the prevention of harm to people, the environment, and assets. Safety encompasses safety of workers, and members of the public; operational/process safety; facility or asset integrity; security; and environmental protection.

The following proposed contextual terms and definitions were also set out in the Staff Proposal:

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<sup>25</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 10-11.

- **Organizational culture:** the set of values, principles, beliefs, and norms shared by individuals within the organization, manifested through their planning, behaviors, and actions.
- **Operational safety:** relates to mitigating risks that arise from delivery of service or conduct of an activity (e.g., production/generation, transmission, storage, and delivery/ non-delivery of energy).
- **Process safety:** refers to the prevention of major incidents, such as unintentional release/discharge of hazardous materials and energies (*i.e.*, electric power and gas) from containment (*i.e.*, pipelines and conductors), by reducing the risks associated with the processes and activities associated with the hazardous materials and energies.
- **Facility or asset integrity:** is the ability of the facility or asset to perform its required function effectively and efficiently whilst safeguarding life and the environment.
- **Utility safety:** is protection of the public, workers, and utility assets against the consequences of physical failure, human error, organizational failure,<sup>34</sup> damage, or other undesirable events. Utility safety encompasses protection from accidents that impact individuals (*i.e.*, personal safety) as well as from accidents that have organization-wide impact.
- **Organizational accidents:** while rare, the outcomes can be widespread and catastrophic to workers, the public, and the environment.

#### **4.2.2. Parties Position**

Cal Advocates states that the list of terms in the Staff Proposal are complete.<sup>26</sup> Cal Advocates offers revisions to the following definitions in the Staff

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<sup>26</sup> Cal Advocates Opening Comments at 2.

Proposal: (1) safety;<sup>27</sup> (2) utility safety;<sup>28</sup> and (3) organizational accident.<sup>29</sup> SBUA supports the definitions, as proposed by the Staff Proposal.<sup>30</sup>

The Joint IOUs argue that the definitions should be developed as part of the Safety Culture Assessments learning and improvement process, not determined and issued by the Commission before the process begins.<sup>31</sup> The Joint IOUs recommend that for purposes of safety and safety culture for Safety Culture Assessments, the emphasis should be on assessing the different facets of safety culture.<sup>32</sup>

#### **4.2.3. Discussion**

In the Scoping Memo and Ruling for this proceeding, parties were asked whether the Commission should adopt the definition of safety culture from

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<sup>27</sup> Cal Advocates recommends defining safety as: in the context of this proposal, is synonymous with the prevention of harm to people, the environment, and *property*. Safety encompasses safety of workers, and members of the public; operational/ process safety; facility or asset integrity; security; and environmental protection.

<sup>28</sup> Cal Advocates recommends defining utility safety: protection of the public, workers, and property against the consequences of physical failure, human error, organizational failure, damage, or other undesirable events. Utility safety encompasses protection from accidents that impact individuals (*i.e.*, personal safety) as well as from accidents that have organization-wide impact.

<sup>29</sup> Cal Advocates recommends defining organizational accident as: are events that cause harm to people, property, or the environment and can be attributed to a failure in operational, process, or utility safety. Historic examples include San Bruno, Aliso Canyon, and Paradise.

<sup>30</sup> SBUA Opening Comments at 2.

<sup>31</sup> Joint IOUs Opening Comments at 5.

<sup>32</sup> *Ibid.*

I.15-08-019 or whether it should consider other possible definitions of safety culture, such as those presented in the Staff Proposal.<sup>33</sup> In I.15-08-019, organizational culture is defined as a set of values, principles, beliefs, and norms shared by individuals within the organization, manifested through their planning, behaviors, and actions.<sup>34</sup>

We adopt the Staff proposed definition of “safety culture,” discussed below. We also adopt the Staff proposed definition of “safety.” This will inform the Safety Culture Assessment framework. We adopt the definitions set out in the Staff Proposal. These definitions are adopted for purposes of initial compliance but may be further considered and adjusted as part of the Safety Culture Assessment learning and improvement process. The Commission’s Safety Policy Division will use these concepts in the Utility Safety Culture Working Group, discussed later in this decision.

As detailed in Sections 1.1 and 1.2 of this decision, past safety incidents caused by utility infrastructure have resulted in increased public scrutiny and regulatory focus on the safety culture of California’s IOUs. Consequently, the California Legislature enacted statutes to address safety culture. For example, Section 961(e) requires the Commission and California’s gas corporations to:

... provide opportunities for meaningful, substantial, and ongoing participation by the gas corporation workforce in the development and implementation of the plan, with the objective of developing an industrywide culture of safety that will minimize accidents, explosions, fires, and dangerous

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<sup>33</sup> Assigned Commissioner’s Scoping Memo and Ruling, April 28, 2022.

<sup>34</sup> Order Instituting Rulemaking 15-08-019 at 4.

conditions for the protection of the public and the gas corporation workforce.<sup>35</sup>

Section 8386.2 directs the Commission to:

... require a safety culture assessment of each electrical corporation to be conducted by an independent third-party evaluator. The commission shall set the schedule for each assessment, including updates to the assessment at least every five years.

And, in D.12-04-019, we held that:

No rules can take place of corporate leaders who are committed to safety as their first priority and who wish to establish the priorities and values of a corporation, translate those priorities into a safety management system in its daily operations, and, in a routine and habitual basis, instill in the corporation's workers a commitment to safety through personal example and reward systems.<sup>36</sup>

In furtherance of these statutory mandates and Commission regulatory policy, and to support the Safety Culture Assessment framework, we adopt the following definition of "safety culture:"

- Safety Culture is the collective set of values, principles, beliefs, norms, attitudes, behaviors, and practices that an organization's leadership, employees, and contractor personnel (collectively, "workforce") share with respect to risk and safety.

Next, we adopt the following definition for "safety":

- Safety, in the context of this proposal, is synonymous with the prevention of harm to people, the environment, and assets. Safety encompasses safety of workers, and members

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<sup>35</sup> Section 961(e).

<sup>36</sup> D.12-04-010 at 20.

of the public; operational/ process safety; facility or asset integrity; security; and environmental protection.<sup>37</sup>

The Joint Utilities object to the inclusion of the word “contractors” into the definition of safety culture.<sup>38</sup> The Joint IOUs assert that “while the Joint [IOUs] maintain and enforce, as needed, rigorous safety-related requirements for their contractors’ safety performance, contractor organizations themselves are ultimately responsible for their own respective safety cultures.”<sup>39</sup> The Joint IOUs also state that they cannot be reasonably held responsible for developing, implementing, or controlling the safety culture for third-party contractors that are not regulated by the Commission.<sup>40</sup>

Cal Advocates, on the other hand, supports the inclusion of the word “contractors” in the safety culture definition. Cal Advocates states that the inclusion of the word “contractors” in the definition of safety culture is critical because the lack of appropriate utility oversight of contractor training and qualifications has been a “contributing factor in prior safety failures.”<sup>41</sup> For example, Cal Advocates points to the root cause analysis of the 2017 Northern California Wildfires that found many of PG&E’s contract foresters “lacked the education, training, skill, and experience” to perform their inspections and that

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<sup>37</sup> The terms process and system safety are often used interchangeably depending on industry, and that operational safety will be taken to mean as inclusive of process and system safety, as a term more commonly used in the utility industry.

<sup>38</sup> Joint IOU Opening Comments to Staff Proposal at 6.

<sup>39</sup> Joint IOU Opening Comments to Staff Proposal at 7-8.

<sup>40</sup> *Ibid.*

<sup>41</sup> Cal Advocates Reply Comments to Staff Proposal at 1.

PG&E “didn’t verify that the [foresters] met the minimum qualifications.”<sup>42</sup> We agree with the inclusion of contractors in the definition, we can learn about the utility’s safety culture through studying their contractors without conflating the utility personnel and contractor populations. Thus, our definition of safety culture will support the effective implementation of the Safety Culture Assessments and support IOU leadership in establishing, fostering, and maintaining a healthy safety culture for all work of the IOU regardless of whether performed by personnel or contractor.

#### **4.3. Safety Culture Assessment Framework**

We turn next to our discussion of the Safety Culture Assessment Framework.

##### **4.3.1. Staff Proposal Summary**

The Staff recommends adoption of a safety culture normative framework based on the framework developed by the United States Nuclear Regulatory Commission’s (USNRC) *Safety Culture Common Language* and Institute for Nuclear Power Operation’s (INPO) *Traits of a Healthy Nuclear Safety Culture* (Normative Framework) adapted for the Joint IOUs.<sup>43</sup> The Normative Framework consists of 10 traits, each with a set of attributes, and explanation of terms used.<sup>44</sup> The Normative Framework would serve as a basis against which to assess an IOU’s safety culture.

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<sup>42</sup> *Id.* at 2.

<sup>43</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 14.

<sup>44</sup> *Ibid.*

The Staff Proposal states that the Normative Framework is not a behavioral checklist but represents overarching principles that provide traits and attributes that are present in organizations with a healthy safety culture.<sup>45</sup> The traits within the proposed Normative Framework are:<sup>46</sup>

- **Leadership Safety Values and Actions:** leaders demonstrate a commitment to safety in their decisions and behaviors.
- **Problem Identification and Resolution:** issues potentially impacting safety are systematically identified, fully evaluated, and promptly addressed and corrected commensurate with their significance.
- **Personal Accountability:** all individuals take personal responsibility for safety.
- **Work Processes:** the process of planning and controlling work activities is implemented so that safety is maintained.
- **Continuous Learning:** opportunities to learn about ways to ensure safety are sought out and implemented.
- **Environment for Raising Concerns:** a safety-conscious work environment (SCWE) is maintained where personnel feel free to raise safety concerns without fear of retaliation, intimidation, harassment, or discrimination.
- **Effective Safety Communication:** communications maintain a focus on safety.
- **Respectful Work Environment:** trust and respect permeate the organization.
- **Questioning Attitude:** individuals avoid complacency and continuously challenge existing conditions and activities to identify discrepancies that might result in error or

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<sup>45</sup> *Ibid.*

<sup>46</sup> *Ibid.*



inappropriate action.

- **Decision Making:** decisions that support or affect utility safety are systematic, rigorous, and thorough.

The Staff Proposals offer the following terms that help illustrate how the traits could be applied to an organization's unique structure:<sup>47</sup>

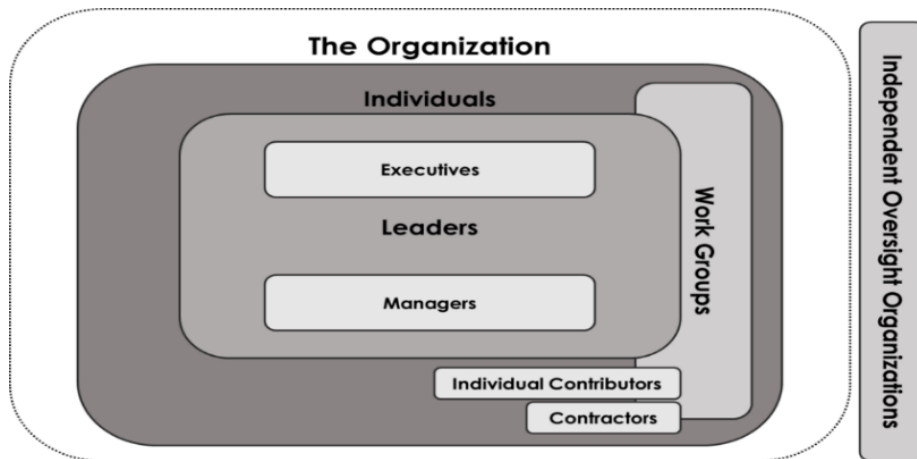
- **Organization:** The collective group of all individuals, the reporting structure, and the procedures, policies, and practices that individuals use to set goals and make decisions, to accomplish tasks, and to implement and maintain a healthy utility safety culture.
- **Individuals:** All people at all levels of the organization; individuals include all leaders, individual contributors, and contractors.
- **Leaders:** Individuals who influence, coach, or lead others within the organization and determine the vision, goals, or objectives of their teams; leaders include executives, managers, supervisors, and others who influence individuals in the organization.
- **Executives:** Corporate decision makers who are responsible for setting the long-term strategic goals for the organization; executives develop and implement corporate policies.
- **Managers:** Individuals assigned to managerial positions who control, direct, guide, advise, set priorities, and monitor the performance of the organization; includes senior managers and supervisors.
- **Work Groups:** Groups of individuals who work collaboratively to accomplish tasks; work groups may exist at any level of the organization.

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<sup>47</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023, Attachment A, at 33-34.

- **Individual Contributors:** Individuals who operate individually or as members of work groups to accomplish tasks; individual contributors may include leaders when leaders are acting in a nonsupervisory capacity or are accomplishing tasks as members of a work group.
- **Contractors:** Individuals who accomplish work for but are not employees of the organization; including short- and long-term contractors and individuals who are not employed by the organization but occasionally perform work related to utility safety.
- **Independent Oversight Organizations:** Groups that independently review the performance and direction of the organization.

The figure below illustrates the interrelationships among the above terms:<sup>48</sup>



The Staff Proposal uses a systematic approach for continued safety culture improvement. It consists of a four-step process: (1) assessment; (2) development of plans and actions in response to the assessment; (3) monitoring and tracking implementation of improvement plans; and (4) reviewing and revising improvement plans and actions in response to monitoring and tracking. This process is repeated on an ongoing basis.<sup>49</sup>

The Staff Proposal also recommends applying two tools to support the continued safety culture improvement process: (1) a Comprehensive Assessment conducted every four years; and (2) an annual, improvement Self-Evaluation to monitor and track progress in-between the Comprehensive Assessments.<sup>50</sup> The Self-Evaluation is discussed further in Sections 4.3, 4.4, and 4.6

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<sup>48</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023, Attachment A, at 33-34.

<sup>49</sup> Staff Proposal at 19.

<sup>50</sup> *Id.* at 18-19.

#### **4.3.2. Parties Position**

Cal Advocates proposes several modifications to the Staff recommendations. Cal Advocates argues that the safety culture assessment framework should incorporate elements from the Canadian Energy Regulator's (CER) cultural threats and defenses and the Public Utility Risk Evaluation (PURE) model.<sup>51</sup>

The Joint IOUs support using the NRC and INPO for the Safety Culture Assessments.<sup>52</sup> The Joint IOUs oppose Cal Advocates' recommendation to the use the PURE model. They argue the NRC and INPO traits provide a sufficient foundation on which to base the Safety Culture Assessments.<sup>53</sup> SBUA supports adapting the NRC and INPO's framework.<sup>54</sup>

#### **4.3.3. Discussion**

As a threshold matter, we distinguish between our Safety Culture Assessment framework and the Office of Energy Infrastructure Safety's (Energy Safety) statutory obligation to annually assess the safety culture of each electrical corporation.<sup>55</sup> The framework we adopt here is not intended to duplicate, or otherwise interfere with, the annual Safety Culture Assessments conducted by Energy Safety pursuant to AB 1054. Rather, the framework we adopt today strives to achieve regulatory alignment and continuity with Energy Safety while

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<sup>51</sup> Cal Advocates Opening Comments at 5.

<sup>52</sup> Joint IOU Opening Comments at 10.

<sup>53</sup> Joint IOU Reply Comments at 3.

<sup>54</sup> SBUA Opening Comments at 3.

<sup>55</sup> AB 1054.

also setting expectations for the natural gas IOUs not under the statutory purview of AB 1054.

However, we find value in ensuring consistency between the Commission's Safety Culture Assessments and Energy Safety's Safety Culture Assessments. Thus, the Joint IOUs shall work with Safety Policy Division and Energy Safety to ensure efficiencies are met and duplication of efforts are minimized or eliminated where possible. Further, we direct the Joint IOUs to hold at least one workshop that brings the Commission and Energy Safety together to develop an enhanced coordination plan. The coordination plan shall be included as an informational item in the Self-Improvement filings, which are discussed further below.

With this understanding, we adopt the Normative Framework, as detailed in this Decision's Appendix, adapted from the USNRC's Safety Culture Common Language and INPO's Traits of a Healthy Nuclear Safety Culture. This shall serve as the basis of our Safety Culture Assessment framework for the Joint IOUs. The Joint IOUs recommend that the Commission adopt other elements of the INPO framework, namely, the confidentiality and non-punitive information sharing.<sup>56</sup> We decline to adopt these specific elements.

However, Safety Policy Division, in collaboration with the Utility Safety Culture Working Group, should consider whether and which elements of the PURE model could be utilized to enhance the Safety Culture Assessments as lessons are learned over time. Furthermore, Safety Policy Division, in

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<sup>56</sup> Joint IOU Opening Comments to Staff Proposal at 10.

collaboration with the Utility Safety Culture Working Group, discussed later in this decision, should explore mechanisms supportive of open-information flow within the IOUs, across the industry, and between the IOUs and the Commission, including, but not limited to, those applied by INPO for confidentiality and non-punitive information sharing, which the Commission may consider at a future time.

We adopt the Staff Proposal's Comprehensive Assessment as part of the Safety Culture Assessment framework. Functionally, the Comprehensive Assessment shall provide the IOUs and their leadership with insights on the potential safety culture strengths and weaknesses and form the basis for improvement actions. The IOUs should translate the cultural insights gained from the assessment into actionable improvements. The Comprehensive Assessment shall be conducted by an independent third-party evaluator.

The Comprehensive Assessment shall provide a robust understanding of the safety culture strengths and weaknesses of the IOU with respect to the Normative Framework. The insights gained from this assessment should result in IOUs implementing effective improvement efforts, strengthen their safety culture, and ultimately minimize potential negative safety outcomes.

Safety culture improvement is gradual, and it takes time to see results. Thus, the Comprehensive Assessment shall occur on a cycle of every four years, for each IOU. This four-year cycle allows for change to take place while spacing out the resource demands on the IOUs over longer periods. The Comprehensive

Assessment shall include the following components: (1) multi-method Comprehensive Assessment;<sup>57</sup> (2) progress evaluation;<sup>58</sup> and (3) validation of annual improvement Self-Evaluations.<sup>59</sup>

If any modifications or enhancements are needed, we direct the Joint IOUs to submit an Advice Letter<sup>60</sup> to the Safety Policy Division that includes a

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<sup>57</sup> A Comprehensive Assessment should employ a systematic multi-method approach to collecting cultural data, including questionnaires/surveys, interviews, focus groups, site observations, and document reviews. This approach is recognized for combining the strengths and mitigating the weaknesses of individual assessment methods to achieve a practical mix of benefits without the resource-intensity of some approaches. The approach would employ both qualitative and quantitative techniques. The data gathered should be triangulated across the different methods to extract commonalities, identify differences and inconsistencies, and help validate the findings while providing a richer picture of the safety culture. Interpreting the data should result in findings about the strengths and weaknesses relative to the normative framework, conclusions, and actionable recommendations to allow the IOUs to effectively identify suitable interventions. In application, the assessment methodology shall strive to reduce and mitigate potential biases that may influence results.

<sup>58</sup> In addition to providing a comprehensive view of the safety culture based on the framework, the assessment should also evaluate progress made by the IOU since its last assessment, considering specific weaknesses identified in previous comprehensive assessments and the efficacy of the IOUs post-assessment follow-up.

<sup>59</sup> The annual self-evaluations would also provide a record of data and information to review within the Comprehensive Assessment. To understand the accuracy of the annual improvement self-evaluation results and effectiveness of the annual requirements, the review should validate the results of the self-evaluations against the Comprehensive Assessment to identify and interpret gaps, differences, inconsistencies, and similarities. Additionally, the review should inform process improvements in the Commission's requirements for the self-evaluations. The intent is to iteratively improve on the focus areas to be monitored in between assessments and respond to the specific needs of each IOU. The review should recommend improvements to the self-evaluation requirements so that aspects can be tailored to the specific needs of the IOU, based on the Comprehensive Assessment results.

<sup>60</sup> General Order 96-B Advice Letter Tier definitions do not apply to Safety Policy Division. Thus, Advice Letters submitted to Safety Policy Division in accordance with this Decision shall be subject to disposition by Safety Policy Division Staff Resolution and presented to the Commission for a vote.

discussion on how any modifications or improvements should be made to the Safety Culture Assessments. This Advice Letter shall discuss the reasoning for the modifications or enhancements, and report on how the recommendations contained within it were developed in partnership with the Utility Safety Culture Working Group. This does not preclude the Safety Policy Division from proposing changes and modifications of its own for consideration by the Commission, or to issue additional guidance that builds upon this decision.

Finally, we agree with SBUA that there are merits to allow nonpunitive reporting. Therefore, Safety Policy Division, in collaboration with the Utility Safety Culture Working Group and other interested entities, should evaluate different models of nonpunitive reporting for the Commission to consider in furtherance of the goals and principles adopted in this decision.

In conclusion, we adopt the Normative Framework and the comprehensive safety culture assessment, as detailed in this Decision's Appendix, to serve as the basis of our Safety Culture Assessment framework for the Joint IOUs.

#### **4.4. Monitoring and Tracking Progress Over Time**

Below, we address the implementation issues surrounding the Safety Culture Assessments.

##### **4.4.1. Staff Proposal Summary**

The Staff recommends that the Commission work with the utilities and other interested entities to develop focus areas for the annual improvement



Self-Evaluations and develop leading indicators to monitor progress within each focus area.<sup>61</sup> The Staff recommends that developing the leading indicators should be cooperative and collaborative, instead of being a retrospective exercise focused on single incident or compliance and punishment.<sup>62</sup>

#### **4.4.2. Parties Position**

Cal Advocates supports the Staff recommendation for a partnership between the Commission, the utilities, and other interested entities to develop focus areas for the annual self-improvement evaluations.<sup>63</sup>

The Joint Utilities support a collaborative approach between the Commission and IOUs to share and discuss best practices to collect, analyze, and interpret safety culture.<sup>64</sup> The Joint IOUs contend that there is value in the focus areas for the annual Self-Evaluations being controlled by other IOUs or the Commission.<sup>65</sup> The Joint IOUs contend that these focus areas should be identified by the utility's safety culture assessment, since that is the purpose of an assessment that is based on an empirical evidence-based foundation (INPO Traits).<sup>66</sup> The Joint IOUs also recommend providing the IOUs with flexibility to develop and implement a core set of leading and lagging metrics that are

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<sup>61</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 26.

<sup>62</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 26.

<sup>63</sup> Cal Advocates Opening Comments at 11.

<sup>64</sup> Joint IOU Opening Comments at 14.

<sup>65</sup> *Ibid.*

<sup>66</sup> *Ibid.*

empirically linked to safety culture and safety outcomes that are tailored to the IOU's safety culture maturity and organizational context/readiness.<sup>67</sup>

#### **4.4.3. Discussion**

Bringing awareness to safety culture weaknesses through Comprehensive Assessments every four years is not sufficient to embed continued improvement. Leaders must act on the insights gained and continually manage the improvement process. To manage the process, it is critical to know if key practices are having the intended impact, course correct as necessary, and gain awareness of possible cultural decline in real-time. Therefore, as part of the Safety Culture Assessment Framework, we direct the IOUs to individually conduct Self-Evaluations on an annual basis beginning in August 2026, and according to the schedule stated in Section 4.6, below.

These annual Self-Evaluations shall serve as a roadmap for the IOUs' continuous improvement and to allow effective tracking of safety culture improvement actions in between the Comprehensive Assessments. The Self-Evaluation shall use indicators to monitor the effectiveness of improvement efforts and implementation of best practices that support safety culture advancement prior to the next Comprehensive Assessment.

The Self-Evaluation shall consist of the IOU's senior management self-evaluating its organization on a series of focus areas and indicators that monitor: (1) each IOU's improvement actions in between Comprehensive Assessments; and (2) each IOU's implementation of best practices that support safety culture

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<sup>67</sup> *Ibid.*

advancement relative to the Normative Framework. The self-assessments should help advance strategic planning for implementing best practices, identify areas of intervention specific to each IOU's culture, and support IOUs moving closer to the desired characteristics in the Normative Framework.

Safety Policy Division, in collaboration with the Utility Safety Culture Working Group, should develop a common set of focus areas for use by all IOUs in Self-Evaluations and a set of indicators related to those focus areas that support advancement of the traits in the Normative Framework. Indicators shall include a mix of both qualitative and quantitative measures.

We direct each IOU to develop and implement a custom set of focus areas and indicators that are directly linked to safety culture assessment results and tailored to that IOU's improvement efforts. The mechanism to establish the IOU tailored focus areas and indicators is discussed later in this decision. Safety Policy Division may perform checks on the results of Self-Evaluations, as necessary, to increase confidence in the results.

#### **4.5. Collaboration and the Role of Third-Party Entities**

Below, we address the role of third-party entities in the Safety Culture Assessments.

##### **4.5.1. Staff Proposal Summary**

The Staff offered two recommendations on the role of third-party entities in the Safety Culture Assessments as well as how to facilitate greater collaboration among regulators, the regulated industry, and interested entities to achieve on the ground results. First, the Staff recommends developing standard selection and qualification criteria for the independent third-party evaluator(s) to

perform the Comprehensive Assessments, who would be selected on a utility-by-utility basis.<sup>68</sup> The Staff reasons that having a larger pool of contractors conducting the assessments during the initial cycle will allow the Commission to better understand what a reasonable assessment should include and who could potentially serve as the preferred contractor(s) for assessments.<sup>69</sup>

Next, the Staff recommends establishing a Utility Safety Culture Working Group (Working Group) to foster collaboration, serve as a catalyst for improvement, build trust, and vet best practices for safety culture improvement.<sup>70</sup> The Staff recommends that the Commission authorize an independent third-party facilitator to convene the Working Group.<sup>71</sup> The Staff recommends that this third-party facilitator would organize the Working Group meetings with Staff, the Joint Utilities, Energy Safety, and other interested entities to continue to refine the safety culture framework.<sup>72</sup> As mandated by SB 901, the Joint IOUs shall fund the third party contractor, not ratepayers.

The Staff recommends that the initial work for the Working Group could include: (1) developing industry-specific examples of the Normative Framework Traits; (2) developing focus areas for the annual improvement Self-Evaluations; and (3) developing leading indicators for the annual improvement Self-

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<sup>68</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 31.

<sup>69</sup> *Ibid.*

<sup>70</sup> *Ibid.*

<sup>71</sup> *Ibid.*

<sup>72</sup> *Ibid.*

Evaluations.<sup>73</sup> The Staff Proposal also contemplates that the evolving priorities for the Working Group.<sup>74</sup>

#### **4.5.2. Parties Position**

The Joint IOUs agree with the Staff that the same third-party evaluator need not be used to conduct all the Large IOUs' Comprehensive Assessments.<sup>75</sup> The Joint IOUs also support the proposal for the Commission to authorize an independent third-party facilitator to convene a Working Group that includes relevant interested entities.<sup>76</sup> Similarly, Cal Advocates supports the Staff's recommendation that more than one third-party evaluator could be used to conduct the Comprehensive Assessments.<sup>77</sup> SBUA supports the establishment of a Working Group.<sup>78</sup>

#### **4.5.3. Discussion**

**Utility Safety Culture Working Group.** To promote collaboration, Safety Policy Division should form a Working Group to support implementation of the

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<sup>73</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 31-32.

<sup>74</sup> The Staff Proposal states that evolving priorities may include: (a) reviewing and auditing the results of Comprehensive Assessments and verifying the accuracy of annual improvement self-evaluations; (b) assisting utilities in planning to address issues identified in the Comprehensive Assessments; (c) periodically reviewing and updating focus areas and indicators for the annual improvement self-evaluations based on ongoing research and development; (d) periodically reviewing and updating the safety culture framework based on interested entity feedback; and (e) facilitating the sharing of best practices and collaboration between utilities and lessons learned from other industries.

<sup>75</sup> Joint IOU Opening Comments at 15.

<sup>76</sup> *Ibid.*

<sup>77</sup> Joint IOU Opening Comments at 15.

<sup>78</sup> SBUA Opening Comments at 4.

Safety Culture Assessment Framework. We agree with Cal Advocates that the Working Group may initially be led by the Safety Policy Division. To encourage candid discussion, openness, and free flow of information, the Working Group shall consist, at least initially, of the Safety Policy Division, Energy Safety,<sup>79</sup> the Joint IOUs, and other interested entities including Cal Advocates.<sup>80</sup> The Working Group may also include guest participants, when appropriate, in furtherance of specific goals and objectives.

Additionally, the Working Group shall hold at least one annual workshop to inform the public and non-IOU interested entities of the Working Group efforts and gather their input. Safety Policy Division should collaborate and solicit informal feedback from interested entities on any additional guidance that may be developed to implement the Safety Culture Assessment framework and monitoring requirements.

Safety Policy Division is authorized to contract and retain a subject matter expert facilitator (expert facilitator) for the Working Group. This expert facilitator will help the Safety Policy Division facilitate the Working Group by grounding the efforts with deep technical subject matter expertise. The Joint IOUs shall also reimburse the Commission for the expert facilitator.

The Safety Policy Division, in partnership with the expert facilitator, is authorized to direct the Working Group. Safety Policy Division will also consult with Energy Safety regarding direction provided to the Working Group. This

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<sup>79</sup> Energy Safety is to be included as part of the working group, however, is not required to participate in the Working Group, but may do so at its discretion.

<sup>80</sup> Cal Advocates Opening Comments to Staff Proposal at 12-13.

direction will help participants build a common understanding of safety culture, applying best practices, developing practical tools in support of assessment and monitoring, fostering collaboration, increasing transparency, and guide the conversation toward consensus solutions.<sup>81</sup> The Safety Policy Division, in collaboration with the Joint IOUs and Energy Safety, is authorized to develop a governance structure for the Working Group to help determine the initial work, address evolving priorities, and help drive a resolution in the event there is a lack of consensus.<sup>82</sup> We agree with the Joint IOUs that the Working Group shall be supported by an objective third-party expert, and that the focus shall be on learning and collaboration – not advocacy or punitive remedies.<sup>83</sup>

Next, we place the following guardrails around the Working Group's engagement. The Working Group is not an opportunity for participants to relitigate issues or disrupt this decision's framework. The objective of this engagement is to assess if any modifications or improvements can enhance our framework given the lessons learned over time. Modifications or changes to the Safety Culture Assessment framework must relate to, and advance, Safety Culture Assessment framework.

Now, we discuss the initial parameters for the Working Group. At a high level, the Working Group shall initially prioritize implementation of the

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<sup>81</sup> Cal Advocates Opening Comments to Staff Proposal at 12-13. *See also*, Joint IOU Opening Comments to Staff Proposal at 15.

<sup>82</sup> Joint IOU Opening Comments on Staff Proposal at 15-16 and Cal Advocates Opening Comments on Staff Proposal at 13.

<sup>83</sup> *Ibid.*

comprehensive Safety Culture Assessments, followed by implementation of the improvement Self-Evaluations, including, but not limited to developing: (1) a standard set of qualification and selection criteria for the evaluator(s) who will perform the comprehensive safety culture assessment of each Joint IOU; (2) industry specific examples of the safety culture framework traits; and (3) focus areas and indicators for the annual improvement Self-Evaluation.

Next, we set forth long-term parameters for the Working Group. The long-term parameters include, but are not limited to: (a) reviewing the results of the comprehensive Safety Culture Assessments and verifying the accuracy of annual improvement Self-Evaluations; (b) assisting the utilities in planning to address issues identified in the Comprehensive Assessments; (c) periodically reviewing and updating focus areas and indicators for the annual improvement Self-Evaluations based on ongoing research and development; (d) periodically reviewing and updating the safety culture framework based on interested entity feedback and lessons learned; and (e) facilitating the sharing of best practices and collaboration between the utilities and lessons learned from utilities and other industries, as applicable.

**Retaining Independent, Neutral Evaluators and Facilitators.** SB 901 directs the Commission to conduct Safety Culture Assessments for each electrical corporation by an independent third-party evaluator. Further, SB 901 prohibits the electrical corporations from seeking reimbursement for the costs of the Safety Culture Assessments from ratepayers.<sup>84</sup>

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<sup>84</sup> Section 8386.2.



The Commission's Safety Policy Division should contract and retain the services of independent third-party evaluator(s) to conduct a comprehensive safety culture assessment of each of the Joint IOUs. The Commission's Safety Policy Division will contract and retain the evaluator(s). The evaluator(s) shall use this decision's framework for implementation purposes. The Joint IOUs shall reimburse the Commission for these contractor services.

Once the Working Group has developed criteria for independent third-party evaluators, the Safety Policy Division will then select evaluator(s) to conduct the comprehensive Safety Culture Assessments. We agree with the Staff Proposal and interested entities that a single evaluator should not be required to conduct all comprehensive Safety Culture Assessments.

The Commission's Safety Policy Division is authorized to contract and retain the services of an expert facilitator to support the Working Group's efforts through the State's procurement and contracting process. The Commission's Safety Policy Division is likewise authorized to contract and retain the independent evaluator(s) through the State's procurement and contracting process.

**Funding Allocation.** Independent third-party consulting services are anticipated for, but not limited to, the following types of services and tasks: (1) quadrennial comprehensive Safety Culture Assessments of each Joint IOU, and (2) technical subject matter expertise and facilitation support for the Working Group efforts described in this decision.

For these purposes, beginning with the 2025-2026 fiscal year, we authorize the expenditures of no more than \$3.5 million annually to be reimbursed by the IOUs, until directed otherwise by the Commission.

The IOUs may not seek reimbursement from ratepayers for any safety culture assessment or working group, including expert facilitator, costs. Reimbursement for the expert facilitator will be sought from the four Joint IOUs on a proportional basis in relationship to their most recently available gas and electric annual retail sales reported at the time of the start of the contract.

#### **4.6. Schedule, Frequency, and Compliance Requirements**

Below, we address the proposed schedule of the Safety Culture Assessments as well as compliance and reporting.

##### **4.6.1. Staff Proposal Summary**

The Staff recommends two types of assessments: (1) a Comprehensive Assessment to assess safety culture; and (2) an improvement Self-Evaluation, to monitor and track improvement efforts in between assessments.<sup>85</sup> The Comprehensive Assessment would occur every four years, spanning a view into all aspects of safety culture based on the Normative Framework adopted by this decision.<sup>86</sup> The Comprehensive Assessment would be conducted by the independent third party evaluator.<sup>87</sup> The Comprehensive Assessment includes

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<sup>85</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 20.

<sup>86</sup> *Ibid.*

<sup>87</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 21-22.

an array of components, including a multi-method Comprehensive Assessment, a progress evaluation, and a validation of annual improvement Self-Evaluations.<sup>88</sup>

The improvement Self-Evaluation is intended to monitor effectiveness of continued improvement efforts and best practices that support safety culture advancement, on an annual basis, relative to the Normative Framework.<sup>89</sup> Unlike the Comprehensive Assessment, which provides a deep picture of the safety culture – including the underlying values, beliefs, and norms – the Self-Evaluation is a more limited pulse check of the “visible” actions through safety culture outcomes and indicators.<sup>90</sup> With respect to frequency, the Self-Evaluation should be conducted annually between Comprehensive Assessments.<sup>91</sup>

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<sup>88</sup> A Comprehensive Assessment includes employing a systematic multi- method approach to collecting cultural data, including questionnaires/surveys, interviews, focus groups, site observations, and document reviews. The approach would employ both qualitative and quantitative techniques. The data gathered should be triangulated across the different methods to extract commonalities, identify differences and inconsistencies, and help validate the findings while providing a richer picture of the safety culture. The progress evaluation would also evaluate progress made by the IOU since its last assessment, considering specific weaknesses identified in previous Comprehensive Assessments and the efficacy of the IOUs post-assessment follow-up. To understand the accuracy of the annual improvement self-evaluation results and effectiveness of the annual requirements, the review should validate the results of the self-evaluations against the Comprehensive Assessment to identify and interpret gaps, differences, inconsistencies, and similarities.

<sup>89</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 21-22.

<sup>90</sup> Administrative Law Judges Ruling *Seeking Comment on Policy Questions on the Safety Policy Division Staff Proposal*, May 8, 2023 at Attachment 2, at 21-22.

<sup>91</sup> *Ibid.*

#### **4.6.2. Parties Position**

Cal Advocates supports the Staff's recommendation for conducting comprehensive Safety Culture Assessments for the IOUs every four years, along with annual improvement self- evaluations between assessments.<sup>92</sup> The Joint IOUs state that a cadence of a Comprehensive Assessment conducted every four years is both reasonable and well suited to the purpose of advancing the safety culture of the utilities.<sup>93</sup> SBUA supports the Staff's schedule and process for the Safety Culture Assessments.<sup>94</sup>

With respect to the compliance and reporting of the Safety Culture Assessments, the Joint IOUs support the use of the Commission's Advice Letter process as the mechanism for submission of completion of the comprehensive safety culture assessment and improvement Self-Evaluation.<sup>95</sup> The Joint IOUs do not support submission of their comprehensive safety culture assessment and improvement Self-Evaluations through the Quarterly Safety Culture Reports.<sup>96</sup>

SBUA supports the use of formal filings of the first Comprehensive Assessment and the initial two years or full cycle of the improvement Self-

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<sup>92</sup> Cal Advocates Opening Comments at 7.

<sup>93</sup> Joint IOU Opening Comments at 10; *see also* Joint IOU Reply Comments at 10.

<sup>94</sup> SBUA Opening Comments at 3.

<sup>95</sup> Joint IOU Opening Comments to ALJ Ruling on Compliance and Reporting at 1.

<sup>96</sup> *Id.* at 5.

Evaluations.<sup>97</sup> Cal Advocates does not support the use of the Advice Letter process.<sup>98</sup>

#### **4.6.3. Discussion**

**Schedule and Frequency.** We adopt a staggered schedule, below, for conducting the comprehensive Safety Culture Assessments and in intervening years. The utilities shall conduct Self-Evaluations and report on their results to the Commission's Safety Policy Division. Both the Comprehensive Assessment and the Self-Evaluation are based upon the Normative Framework adopted in this decision. This schedule supports the timely and orderly processing of the RAMP and GRC applications of the utilities. Likewise, the GRC applications and the RAMP schedules shall not delay taking prompt and reasonable follow-up steps in response to the information that is obtained from the Safety Culture Assessments. The assessment schedule shall be as follows:

<b>Year</b>	<b>Utility</b>
August 1, 2026	San Diego Gas & Electric Company
August 1, 2027	Southern California Edison Company
August 1, 2028	Pacific Gas and Electric Company
August 1, 2029	Southern California Gas Company
August 1, 2030	San Diego Gas & Electric Company
August 1, 2031	Southern California Edison Company
August 1, 2032	Pacific Gas and Electric Company

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<sup>97</sup> SBUA Opening Comments to ALJ Ruling on Compliance and Reporting at 1-2.

<sup>98</sup> Cal Advocates Opening Comments to ALJ Ruling on Compliance and Reporting at 2-5.

August 1, 2033	Southern California Gas Company
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Quadrennial assessments shall continue every four years for each IOU. The improvement Self-Evaluations shall occur in the years between the comprehensive Safety Culture Assessments.

**Compliance Requirements.** Once the comprehensive safety culture assessment is completed for each IOU, the IOU shall submit an Advice Letter to Safety Policy Division. The Advice Letter shall include a summary developed by the evaluator of the findings and recommendations of the comprehensive safety culture assessment. Through the Advice Letter process, Safety Policy Division will solicit comment from interested entities on the summarized findings and recommendations of the safety culture assessment, prepared by the evaluator responsible for the Comprehensive Assessment, to inform the ongoing implementation of Safety Culture Assessments. Comments from interested parties shall be considered in the ongoing implementation of future Safety Culture Assessments. This filing should also include an IOUs analysis of the assessment's outcomes, and an improvement plan responsive to the assessment's results.

Each year, beginning on August 1, 2027, on the first business day of July, PG&E, SDG&E, SCE, and SoCalGas shall submit their annual Self Evaluations to the Commission's Safety Policy Division that discuss: (a) the organization's efforts and results from their continuous safety culture improvement efforts relative to the Normative Framework; and (b) the results from their senior management self-evaluating its organization on a series of focus areas and indicators that include the following: (1) best practices that were implemented to

support safety culture advancement relative to the Normative Framework; (2) advancement of any strategic planning for implementing safety culture relative to the Normative Framework; and (3) efforts of the organization that are moving it toward the desired characteristics of the Normative Framework.

Annually, via compliance filing, on August 1 of each year, PG&E, SDG&E and SCE shall each supplement the safety culture reporting filed, pursuant to Code Section 8389(e)(7), with the results of each IOU's Self-Evaluation to the Safety Policy Division. SoCalGas shall submit safety culture reports mirroring, to the extent practicable, those filed by PG&E, SDG&E, and SCE<sup>99</sup> pursuant to Code Section 8389(e)(7), and supplement annually with the results of its improvement Self-Evaluation to the Safety Policy Division. For SoCalGas, this shall occur either annually, beginning the later end of its reporting obligations pursuant to Investigation 19-06-014 or on August 1, 2027, according to the rules set forth by Code Section 8389(e)(7).

Additionally in this compliance filing, the Joint IOUs shall submit a coordination plan that summarizes the efforts made to ensure consistency between the Commission's Safety Culture Assessment and Energy Safety's Safety Culture Assessments.

## **5. Procedural Matters**

This decision affirms all rulings made by the Administrative Law Judge (ALJ) and assigned Commissioner in this proceeding. All motions not ruled on are denied.

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<sup>99</sup> Any such report submitted by SoCalGas does not alleviate SoCalGas from complying with any and all requirements ordered by the Commission in I.19-06-014.

## **6. Summary of Public Comment**

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. No one from the public has commented on the parameters of the Safety Culture Assessments.

## **7. Comments on Proposed Decision**

The proposed decision of Commissioner Darcie L. Houck in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission’s Rules of Practice and Procedure. Comments were filed on December 30, 2024 by: (1) Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company (Joint IOUs); (2) The Public Advocates Office (Cal Advocates); and (3) The Small Business Utility Advocates (SBUA). Reply Comments were filed on January 6, 2025 by: (1) Cal Advocates; (2) Joint IOUs; and (3) SBUA.

We have carefully considered the suggested changes proposed by parties in their comments and their reply comments to this Decision. The suggested changes that we accepted are reflected in the revised version of this Decision. However, we also directly address some of the arguments presented in party comments below.

The Joint IOUs offer an array of recommendations to the Decision. First, the Joint IOUs recommend that the Commission and Energy Safety should



coordinate and administer the Safety Culture Assessments under AB 1054 and SB 901 in one package. We agree and have provided direction to the Joint IOUs to work with Safety Policy Division and Energy Safety to conduct a workshop to address how this work may be better coordinated, reduce or eliminate duplication of efforts, and maximize efficiencies between the processes, while recognizing that Energy Safety's Safety Culture Assessments and the Commission's Safety Culture Assessments have distinct needs and objectives pursuant to statute. The Decision directs the Commission's Safety Culture Assessments' processes to consult and coordinate with Energy Safety to ensure continuity in oversight. This direction should further coordination that will lead to administrative efficiencies and continuity in regulation.

We find value in ensuring symmetry and consistency between the Commission's Safety Culture Assessments and Energy Safety's Safety Culture Assessments. Thus, the Joint IOUs shall work with Safety Policy Division and Energy Safety to ensure efficiencies are met and duplication of efforts are minimized or eliminated. Further, we direct the Joint IOUs to hold at least one workshop that brings the Commission and Energy Safety together to develop an enhanced, inter-agency coordination plan. The coordination plan shall be included as an informational item in the annual filings. These requirements are adopted throughout the body of this Decision.

Second, the Joint IOUs recommend that the Decision's collaborative process should extend to the contracting of the independent third-party evaluators. The Decision's Utility Safety Culture Working Group already lends itself to a collaborative process that may inform Safety Policy Division's

contracting of the independent third-party evaluators. Safety Policy Division's contracting of the independent third-party evaluators will adhere to the State of California's Department of General Services contracting requirements. Thus, we decline to adopt this recommendation proffered by the Joint IOUs.

Third, the Joint IOUs recommend that the Staff Proposal's Goal 1 and Principle 7 be adopted rather than some of the proposed Goals and Principles in the Decision. For the reasons discussed throughout this decision, we decline to adopt this recommendation.

Fourth, the Joint IOUs recommend that the Decision be revised to acknowledge the complexity of the relationship between a utility contractor and the cultures of the respective utilities. We decline to adopt this recommendation for the reasons discussed throughout the Decision. The Decision includes contractors in the definition of safety culture to emphasize the Commission's commitment to linking safety and culture throughout all utility work, regardless of whether the work is performed by employees or contractors.

Fifth, the Joint IOUs seek clarification of the Advice Letter Tier by which the Safety Culture Assessments shall be submitted. We clarify that the Decision states that General Order 96-B Advice Letter Tier Definitions do not apply to Safety Policy Division. Thus, Advice Letters submitted to Safety Policy Division in accordance with this Decision shall be treated as Tier 3 Advice Letters, subject to disposition by Safety Policy Division Staff Resolution presented to the Commission for a vote.

Seventh, the Joint IOUs assert that the Decision misapplies SB 901 and Section 8368.2. We disagree. First, when the California Legislature passed SB 901,

the Legislature prohibited the electrical corporations from seeking reimbursement for the costs of the Safety Culture Assessments from ratepayers. Specifically, Section 8368.2 states: The electrical corporation shall not seek reimbursement for the costs of the assessment from ratepayers. Second, The Commission retains authority under Section 451 to determine cost recovery for the Safety Culture Assessments and the Utility Safety Culture Working Group facilitation.

Finally, Southern California Gas Company seeks clarification that the Commission does not intend to create duplicate reporting requirements of its quarterly reports submitted as part of Investigation 19-06-014; and that the quarterly reports submitted as part of Investigation 19-06-014 satisfy the requirements of this proceeding until the Investigation 19-06-014 reporting requirements ends. Southern California Gas Company then recommends that after the Investigation 19-06-014 reporting requirement ends, Southern California Gas Company fully transition to the reporting framework of this Decision. We agree. However, to the extent this proceeding requires information that is not included in Investigation 19-06-014, or is in addition to such information, any such additional requirements should be included with the quarterly reports submitted in compliance with Investigation 19-06-014. We therefore adopt Southern California Gas Company's recommendation with this additional understanding.

Next, Cal Advocates offers an array of recommendations to the Decision. First, Cal Advocates asserts that the Decision errs in excluding all relevant stakeholders from the Utility Safety Culture Working Group. We agree. We have

revised the Decision to include all interested entities in the Utility Safety Culture Working Group to ensure transparency.

Second, Cal Advocates asserts that the Decision's Advice Letter process does not lend itself toward the development of safety culture and compromises transparency. We decline to adopt this recommendation and believe the Decision allows for sufficient flexibility to require additional process if deemed necessary. The Decision's Safety Culture Assessments' Comprehensive Assessments and Self-Improvement processes, coupled with the Utility Safety Culture Working Group, reflect a transparent and holistic process between the Commission, the utilities, and interested entities to influence change that impact actions and performance. Finally, the Commission retains the authority to direct the utility to file an application if the Safety Culture Assessment process demonstrates a need for additional procedural oversight and review.

Finally, SBUA also makes an array of recommendations to this Decision. First, SBUA also recommends that the Safety Culture Assessments and the Self-Assessments be formally filed rather than submitted through the Advice Letter process. For the reasons discussed above, we decline to adopt this recommendation.

Second, SBUA states that the Decision is silent on the role of Safety Policy Division in evaluating Advice Letters and the Tier of the Advice Letter. As we stated above, we clarify that the General Order 96-B Advice Letter Tier Definitions do not apply to Safety Policy Division. Thus, Advice Letters submitted to Safety Policy Division in accordance with this Decision shall be subject to disposition by Safety Policy Division Staff Resolution presented to the

Commission for a vote. Finally, SBUA states that the Decision should require the utilities to implement an action plan to respond to lessons learned and issues identified in the Comprehensive Assessments and Self-Assessments. The Decision already contemplates a multi-year assessment and review process to measure performance against lessons learned. Thus, we find the Decision includes sufficient process to address implementation and review of both process and performance of the safety culture plan.

## **8. Assignment of Proceeding**

Darcie L. Houck is the assigned Commissioner and Colin Rizzo is the assigned ALJ in this proceeding.

## **Findings of Fact**

1. Past safety incidents caused by utility infrastructure have resulted in increased public scrutiny and regulatory focus on the safety culture of California's IOUs. Consequently, the California Legislature enacted statutes to address safety culture.

2. Section 961(e) requires the Commission and California's gas corporations to:

... provide opportunities for meaningful, substantial, and ongoing participation by the gas corporation workforce in the development and implementation of the plan, with the objective of developing an industrywide culture of safety that will minimize accidents, explosions, fires, and dangerous conditions for the protection of the public and the gas corporation workforce.<sup>100</sup>

Section 8386.2 directs the Commission to:

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<sup>100</sup> Section 961(e).

... require a safety culture assessment of each electrical corporation to be conducted by an independent third-party evaluator. The commission shall set the schedule for each assessment, including updates to the assessment at least every five years.

3. D.12-04-019 holds that:

No rules can take place of corporate leaders who are committed to safety as their first priority and who wish to establish the priorities and values of a corporation, translate those priorities into a safety management system in its daily operations, and, in a routine and habitual basis, instill in the corporation's workers a commitment to safety through personal example and reward systems.<sup>101</sup>

4. AB 1054 directs the Office of Energy Infrastructure and Safety (Energy Safety), to conduct annual Safety Culture Assessments of each electrical corporation, the first of which was published in fall 2021; and these AB 1054 assessments are specific to wildfire safety efforts and include a workforce survey, organizational self-assessment, supporting documentation, and interviews.

5. SB 901 directs the Commission to establish a safety culture assessment for each electrical corporation, conducted by an independent third-party evaluator and 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.

6. October 13, 2021, the Commission initiated this instant rulemaking proceeding to implement SB 901 by developing and adopting a safety culture

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<sup>101</sup> D.12-04-010 at 20.

assessment framework and related processes to continuously examine and improve organization-wide safety culture for each regulated investor-owned electric utility, as well as natural gas and gas storage operators, consistent with those established for electric utilities through SB 901.

7. The SB 901 utility safety culture assessments must integrate review of the cultural insights gained from the AB 1054 wildfire-related assessments conducted by Energy Safety and expand into broader organization-wide safety culture concerns.

8. Energy Safety's annual AB 1054 safety culture assessments are intended to be complementary, and not a replacement for, broader ongoing Commission efforts to promote safety culture improvement within regulated utilities.

9. To ensure consistency between the Commission's Safety Culture Assessments and Energy Safety's Safety Culture Assessments, it would be prudent for the IOUs to hold a workshop that brings the Commission and Energy Safety together to develop an inter-agency coordination plan to ensure efficiencies are met and duplication of efforts are mitigated.

10. Safety Culture is defined as the collective set of values, principles, beliefs, norms, attitudes, behaviors, and practices that an organization's leadership, employees, and contractor personnel share with respect to risk and safety.

11. The definition of Safety, in the context of the safety culture assessment, is defined as the prevention of harm to people, the environment, and assets that also encompasses safety of workers, members of the public, and operational safety.

12. To serve as a basis against which to assess an IOU's safety culture, the Staff recommends goals and guiding principles as parameters for the Safety Culture Assessments and adoption of a safety culture normative framework based on the framework, consisting of 10 traits, each with a set of attributes, and explanation of terms used.

13. The Staff Proposal uses a systematic approach for continued safety culture improvement. It consists of a four-step process: (1) assessment; (2) development of plans and actions in response to the assessment; (3) monitoring and tracking implementation of improvement plans; and (4) reviewing and revising improvement plans and actions in response to monitoring and tracking. This process is repeated on an ongoing basis.

14. The Staff Proposal recommends applying two tools to support the continued safety culture improvement process: (1) a Comprehensive Assessment conducted every four years; and (2) an annual, improvement Self-Evaluation to monitor and track progress in-between the Comprehensive Assessments.

15. Safety culture improvement is gradual, and it takes time to see results.

16. It is reasonable to direct the IOUs to comply with and follow the Safety Culture Assessment Guiding Principles and Goals this decision adopts in their respective efforts to enhance their safety cultures and build partnerships with the Commission and interested entities.

17. The Comprehensive Assessment that occurs on a cycle of every four years, for each IOU allows for change to take place while spacing out the resource demands on the IOUs over longer periods.



18. It would be prudent for the Safety Policy Division, in collaboration with the Utility Safety Culture Working Group and other interested entities, to evaluate different models of nonpunitive reporting for the Commission to consider in furtherance of the goals and principles adopted in this decision.

19. Bringing awareness to safety culture weaknesses through Comprehensive Assessments every four years is not sufficient to embed continued improvement. Leaders must act on the insights gained and continually manage the improvement process.

20. To manage the implementation process, it is critical to know if key practices are having the intended impact, course correct as necessary, and gain awareness of possible cultural decline in real-time.

21. Annual Self-Evaluations would serve as a roadmap for the IOUs' continuous improvement and to allow effective tracking of safety culture improvement actions in between the Comprehensive Assessments.

22. It would be prudent for the Safety Policy Division, in collaboration with the Utility Safety Culture Working Group, to develop a common set of focus areas for use by all IOUs in Self-Evaluations and a set of indicators related to those focus areas that support advancement of the traits in the Normative Framework. It would be prudent for each IOU to develop and implement a custom set of focus areas and indicators that are directly linked to safety culture assessment results and tailored to that IOU's improvement efforts.

23. To support implementation of the Safety Culture Assessment Framework, to promote collaboration, and to help participants build a common understanding of safety culture, applying best practices, developing practical

tools in support of assessment and monitoring, fostering collaboration, increasing transparency, and guide the conversation toward consensus solutions, it would be prudent for the Safety Policy Division to form and direct the Utility Safety Culture Working Group, as discussed in this decision.

24. It is necessary for the Safety Policy Division to contract and retain a subject matter expert facilitator for the Utility Safety Culture Working Group to help the Safety Policy Division facilitate the Working Group by grounding the efforts with deep technical subject matter expertise.

25. It is appropriate for the Joint IOUs to reimburse the Commission for the expert facilitator.

26. The Working Group is not an opportunity for participants to relitigate issues or disrupt this decision's framework; instead, the objective of this Working Group engagement is to assess if any modifications or improvements can enhance and advance our Safety Culture Assessment framework given the lessons learned over time.

27. It is necessary for the Commission's Safety Policy Division to contract and retain the services of independent third-party evaluator(s) to conduct a comprehensive safety culture assessment of each of the Joint IOUs; and it is appropriate for the Joint IOUs to reimburse the Commission for these contractor services.

28. A single evaluator is not required to conduct all comprehensive Safety Culture Assessments.

29. Beginning with the 2025-2026 fiscal year, authorization of expenditures of no more than \$3.5 million annually for Independent third-party consulting

services are appropriate and anticipated for, but not limited to, the following types of services and tasks: (1) quadrennial comprehensive Safety Culture Assessments of each Joint IOU, and (2) technical subject matter expertise and facilitation support for the Working Group efforts described in this decision.

30. To meet our expectations, IOUs' annual Self Evaluations to the Commission's Safety Policy Division need to address: (a) the organization's efforts and results from their continuous safety culture improvement efforts relative to the Normative Framework; and (b) the results from their senior management self-evaluating its organization on a series of focus areas and indicators that include the following: (1) best practices that were implemented to support safety culture advancement relative to the Normative Framework; (2) advancement of any strategic planning for implementing safety culture relative to the Normative Framework; and (3) efforts of the organization that are moving it toward the desired characteristics of in the Normative Framework.

31. Phase 2 issues, which focus on developing Safety Culture Assessments for the small multi-jurisdictional utilities and gas storage operators are not yet resolved.

### **Conclusions of Law**

1. The Safety Culture Assessment Framework, based upon the Normative Framework, as reflected in this attached Appendix A, should be adopted.

2. The Commission should adopt the following Safety Culture Assessment Goals:

- (a) Institutionalize safety as an intrinsic core value beyond regulatory compliance;

- (b) Develop means for collaborative information-sharing and coordination among all interested entities to recognize risk;
- (c) Integrate operational safety into safety culture to help prevent catastrophic events;
- (d) Promote and adopt a systemic approach to safety culture improvement that encompasses each organization's workplace system (*i.e.* unique interactions between human, technical, and organizational factors); and
- (e) Develop methods and tools to monitor and assess IOU safety culture to facilitate early observation, detection, and mitigation.

3. The Commission should adopt the following Safety Culture Assessments'

Guiding Principles:

- (a) All interested entities should use a shared understanding of safety culture;
- (b) All processes should prioritize engagement and collaboration from IOU workers including contractors; local, Tribal, State, and Federal government entities; environmental and social justice and access and functional needs communities; public interest groups; industry associations; and other key interested entities;
- (c) Safety culture assessment methods should protect privacy, data confidentiality, and anonymity of individual workers;
- (d) Open communication, questioning, and reporting should be encouraged for all workers, including contractors;
- (e) All interested entities should integrate learning and continuous improvement, including evaluation of past safety incidents;

- (f) The Commission recognizes that it can impact, influence, and support the culture of the entities it regulates; and
- (g) The IOUs are owners of, and have full responsibility for, the safety culture of their organizations.

4. The adopted definition of Safety Culture is: the collective set of values, principles, beliefs, norms, attitudes, behaviors, and practices that an organization's leadership, employees, and contractor personnel share with respect to risk and safety.

5. The adopted definition of Safety, in the context of the safety culture assessment, is: the prevention of harm to people, the environment, and assets that also encompasses safety of workers, members of the public, and operational process safety.

6. It is reasonable to direct PG&E, SDG&E, SCE, and SoCalGas to comply with and follow the Safety Culture Assessment Guiding Principles and Goals this decision adopts in their respective efforts to enhance their safety cultures and build partnerships with the Commission and interested entities.

7. It is reasonable to direct that the Safety Culture Assessment's Comprehensive Assessment be conducted by an independent third-party every four years to evaluate the safety culture of each investor-owned utility.

8. It is reasonable to direct each IOU to conduct the Safety Culture Assessment's Self-Evaluation annually to monitor the effectiveness of their respective continued efforts to improve safety culture.

9. It is reasonable to authorize the Safety Policy Division to form and lead a Utility Safety Culture Working Group, as discussed in this decision, to support implementation of the Safety Culture Assessment Framework.

10. Beginning with the 2025-2026 fiscal year, the Commission should authorize expenditures for conducting the individual Safety Culture Assessments of PG&E, SDG&E, SCE, and SoCalGas, and for retaining a facilitator to support the Utility Safety Culture Working Group of up to, but no more than \$3.5 million annually.

11. The Commission's Safety Policy Division should be authorized to contract and retain the services of an independent third-party evaluator to conduct the Safety Culture Assessments.

12. The Commission's Safety Policy Division should be authorized to contract and retain the services of a third-party facilitator to facilitate a Utility Safety Culture Working Group.

13. The Commission's Safety Policy Division and the Utility Safety Culture Working Group should be authorized to develop standard selection and qualification criteria for the third-party independent evaluator(s) that shall conduct the Safety Culture Assessments.

14. The Commission's Administrative Services Division's Accounting Office is authorized and should seek reimbursement from PG&E, SDG&E, SCE, and SoCalGas, as follows: (1) individually for costs incurred and corresponding to each individual investor-owned utility's safety culture assessment; and (2) on a proportional basis in relation to their most recently available gas and electric annual retail sales reported at the time of the start of the contract for costs incurred and corresponding to the expert facilitator.

15. PG&E, SDG&E, SCE, and SoCalGas should each submit an Advice Letter to Safety Policy Division, subject to disposition by resolution, that includes a

summary and the recommendations from the third-party independent evaluator's Safety Culture Comprehensive Assessment.

16. Via compliance filing, beginning August 1, 2027, and going forward on an annual basis, PG&E, SCE, SDG&E, should each supplement its safety culture reporting filed pursuant to Public Utilities Code Section 8389(e)(7), with the results of its annual Safety Culture Assessment Self-Evaluation to the Commission's Safety Policy Division as well as the results of the interagency coordination efforts between the Commission, Energy Safety, PG&E, SCE, and SDG&E.

17. Via compliance filing, beginning the later end of SoCalGas's reporting obligations pursuant to Investigation 19-06-014 or August 1, 2027, SoCalGas should submit safety culture reports mirroring, to the extent practicable, those of PG&E, SDG&E, and SCE filed pursuant to Public Utilities Code Section 8389(e)(7), and supplement annually with the results of its improvement Self-Evaluation. And to the extent this proceeding requires information that is not included in Investigation 19-06-014, or is in addition to such information, any such additional requirements should be included with the quarterly reports submitted in compliance with Investigation 19-06-014.

18. Safety Policy Division should be authorized to implement the compliance mechanisms adopted in this decision and to provide additional instruction and filing procedures, as necessary to ensure consistency with the Commission's direction and proper implementation of the Safety Culture Assessment Framework and monitoring processes.

19. All rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding should be affirmed.

20. All motions not ruled on to date should be denied.

21. This proceeding should remain open to address Phase 2 issues, which focuses on developing Safety Culture Assessments for the small multi-jurisdictional utilities and gas storage operators.

### **O R D E R**

1. The Safety Culture Assessment Framework is attached as Appendix A to this decision and is adopted.

2. The following Safety Culture Assessment Goals are adopted:

- (a) Institutionalize safety as an intrinsic core value beyond regulatory compliance;
- (b) Develop means for collaborative information-sharing and coordination among all interested entities to recognize risk;
- (c) Integrate operational safety into safety culture to help prevent catastrophic events;
- (d) Promote and adopt a systemic approach to safety culture improvement that encompasses each's organization's workplace system (*i.e.* unique interactions between human, technical, and organizational factors); and
- (e) Develop methods and tools to monitor and assess investor-owned utility safety culture to facilitate early observation, detection, and mitigation.

3. The following Safety Culture Assessments' Guiding Principles are adopted:

- (a) All interested entities should use a shared understanding of safety culture;



- (b) All processes should prioritize engagement and collaboration from investor-owned utility workers including contractors; local, Tribal, State, and Federal government entities; environmental and social justice and access and functional needs communities; public interest groups; industry associations; and other key interested entities;
- (c) Safety culture assessment methods should protect privacy, data confidentiality, and anonymity of individual workers;
- (d) Open communication, questioning, and reporting should be encouraged for all workers, including contractors;
- (e) All interested entities should integrate learning and continuous improvement, including evaluation of past safety incidents;
- (f) The Commission recognizes that it can impact, influence, and support the culture of the entities it regulates; and
- (g) The investor-owned utilities are owners of, and have full responsibility for, the safety culture of their organizations.

4. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall comply with and follow the Safety Culture Assessment Guiding Principles and Goals this decision adopts in their respective efforts to enhance their safety cultures and build partnerships with the Commission and interested entities.

5. Within 90 days of issuance of this decision, the Commission's Safety Policy Division will and is authorized to initiate the State of California's Department of General Services procurement and contracting process to hire independent, third-party evaluators, as ordered in this decision, to conduct Safety Culture Assessments, as described in Senate Bill 901, for Pacific Gas and Electric

Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company.

6. Within 30 days of issuance of this decision, the Commission's Safety Policy Division will and is authorized to initiate the State of California's Department of General Services procurement and contracting process to hire independent facilitator to assist in managing the Utility Safety Culture Working Group.

7. Within 180 days of issuance of this decision, Safety Policy Division will and is authorized to form a Utility Safety Culture Working Group, as discussed in this decision, including developing a standard set of qualifications and selection criteria for the third-party independent evaluator(s) that will conduct the Safety Culture Comprehensive Assessments.

8. Pursuant to Senate Bill 901, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall reimburse the Commission for the costs associated with the procurement and contracting process to hire independent, third-party evaluator(s) to conduct Safety Culture Assessments.

9. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall reimburse the Commission for the costs associated with the procurement and contracting process to hire the Utility Safety Culture Working Group facilitator.

10. Beginning with the 2025-2026 fiscal year, the Commission authorizes expenditures for conducting individual Safety Culture Assessments of Pacific Gas and Electric Company, San Diego Gas and Electric, Southern California

Edison, and Southern California Gas, and for retaining a facilitator to support the Utility Safety Culture Working Group of no more than \$3.5 million annually.

11. The Commission's Administrative Services Division Accounting Office is authorized to secure reimbursement from Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison, and Southern California Gas Company, as follows: (1) individually for costs incurred and corresponding to each individual investor-owned utility's safety culture assessment; and (2) on a proportional basis in relation to their most recently available gas and electric annual retail sales reported at the time of the start of the contract for costs incurred and corresponding to the expert facilitator. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison, and Southern California Gas Company shall not seek reimbursement from ratepayers for these costs.

12. The independent, third-party evaluators shall use the Safety Culture Assessment Framework and apply the Normative Framework, attached as Appendix A, as the basis for the Commission's Safety Culture Assessment.

13. The Safety Culture Assessments for Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall consist of a Comprehensive Assessment and an annual Self-Evaluation.

14. The Safety Culture Assessments' Comprehensive Assessments shall begin no later than August 1, 2026 and upon successful procurement of independent, third-party evaluators, according to this schedule:

Year	Utility
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August 1, 2026	San Diego Gas & Electric Company
August 1, 2027	Southern California Edison Company
August 1, 2028	Pacific Gas and Electric Company
August 1, 2029	Southern California Gas Company
August 1, 2030	San Diego Gas & Electric Company
August 1, 2031	Southern California Edison Company
August 1, 2032	Pacific Gas and Electric Company
August 1, 2033	Southern California Gas Company

15. Upon the independent third-party evaluator’s completion of the Safety Culture Assessments, Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall submit an Advice Letter to Safety Policy Division that will be resolved through a Resolution presented the Commission for vote that includes the following:

- (a) A summary from the third-party evaluator of the findings and recommendations of the Comprehensive Safety Culture Assessment.
- (b) The investor-owned utility’s response and analysis of the Comprehensive Assessment’s outcomes; and
- (c) An outline and plan for how to implement and/or address the results of the Comprehensive Assessments.

16. Annually, via compliance filing, beginning August 1, 2027, according to the rules set forth by Public Utilities Code Section 8389(e)(7) and by compliance filing, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall each supplement the safety

culture reporting filed pursuant to Public Utilities Code Section 8389(e)(7) with the results of its Self-Evaluation to the Safety Policy Division that discuss:

- (a) The organization's efforts and results from their continuous safety culture improvement efforts relative to the Normative Framework; and
- (b) The results from their senior management self-evaluating its organization on a series of focus areas and indicators that include the following: (1) best practices that were implemented to support safety culture advancement relative to the Normative Framework; (2) advancement of any strategic planning for implementing safety culture relative to the Normative Framework; and (3) efforts of the organization that are moving it toward the desired characteristics of in the Normative Framework; and
- (c) The ongoing results to ensure symmetry between the Commission's Safety Culture Assessments and the Office of Energy Infrastructure and Safety.

17. Annually, beginning the later end of Southern California Gas Company's reporting obligations pursuant to Investigation 19-06-014 or on August 1, 2027, according to the rules set forth by Public Utilities Code Section 8389(e)(7), Southern California Gas Company shall submit safety culture reports via compliance filing that mirrors, to the extent practicable, those of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company filed pursuant to Public Utilities Code Section 8389(e)(7), and supplement annually with the results of its improvement Self-Evaluation that discuss:

- (a) The organization's efforts and results from their continuous safety culture improvement efforts relative to the Normative Framework; and

(b) The results from their senior management self-evaluating its organization on a series of focus areas and indicators that include the following: (1) best practices that were implemented to support safety culture advancement relative to the Normative Framework; (2) advancement of any strategic planning for implementing safety culture relative to the Normative Framework; and (3) efforts of the organization that are moving it toward the desired characteristics of in the Normative Framework.

18. All rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding are affirmed.

19. All motions not ruled on to date are denied.

20. Rulemaking 21-10-001 remains open.

This order is effective today.

Dated January 16, 2025, at San Francisco, California.

ALICE REYNOLDS

President

DARCIE L. HOUCK

JOHN REYNOLDS

KAREN DOUGLAS

Commissioners

Commissioner Matthew Baker recused himself from this agenda item and was not part of the quorum in its consideration.