

Decision **PROPOSED DECISION OF COMMISSIONER HOUCK**

(Mailed 5/8/2026)

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

Order Instituting Investigation on the Commission's Own Motion to Determine Whether Southern California Gas Company's and Sempra Energy's Organizational Culture and Governance Prioritize Safety (U904G).

Investigation 19-06-014

**DECISION ADDRESSING SOUTHERN CALIFORNIA  
GAS COMPANY'S REVISED SAFETY CULTURE IMPROVEMENT PLAN**

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**DECISION ADDRESSING SOUTHERN CALIFORNIA GAS COMPANY'S  
REVISED SAFETY CULTURE IMPROVEMENT PLAN****Summary**

This decision resolves Phase 2 of Investigation 19-06-014. This decision finds that Southern California Gas Company's (SoCalGas) overall approach and process described in SoCalGas's Revised Safety Culture Improvement Plan is consistent with the expectations set forth in this proceeding as to development of an initial plan to address the safety culture deficiencies identified in the safety culture assessment, subject to requirements in this decision to further refine the plan. However, the Commission does not make a determination at this time regarding the adequacy or effectiveness of the specific interventions proposed in the Revised SCIP. Instead, the effectiveness of those interventions must be demonstrated over time through implementation, monitoring, and continuous refinement based on observed outcomes. Acceptance of the SCIP's approach does not relieve the utility of its obligation to demonstrate that its interventions are effective. The utility is expected to modify, replace, or enhance interventions that do not achieve their intended objectives

This decision also directs the utility to maintain a consolidated SCIP with its parent company, denies cost recovery for the utility's Revised SCIP, and directs the utility to continue making quarterly reports, submitted to SPD and simultaneously served on the service list for this proceeding and the service list of Rulemaking 21-10-001 as quarterly compliance reports subject to approval or rejection by Commission staff within a specific period of time, to refine and update its Revised SCIP until its next its next required safety culture assessment

is filed with the Commission's Safety Policy Division, in accordance with Decision (D.) 25-01-031.

Phase 1 of the proceeding examined whether persistent safety incidents at SoCalGas stem from deficiencies in organizational culture and governance, including the role of Sempra Energy (Sempra) as the parent company, and ordered an independent safety culture assessment. Phase 1 of this proceeding ended with the completion of the safety culture assessment. A Phase 2 Scoping Memo and Ruling required SoCalGas and Sempra to develop and implement SCIPs that respond to the Phase 1 independent safety culture assessment. In December 2023, the Commission issued Decision (D.) 23-12-034, which ordered SoCalGas and Sempra to file a Revised SCIP for the Commission's review.

SoCalGas filed a Revised SCIP in September 2024. The Commission's Safety Policy Division (SPD) evaluated the Revised SCIP and parties submitted comments on the plan and supplemental quarterly reporting information. Based on the record, the Commission finds the Revised SCIP represents a substantial improvement over the earlier submission and provides a reasonable foundation for moving into implementation, provided that specific gaps are closed and implementation-level detail is provided through disciplined reporting.

This decision directs SoCalGas to supplement and refine the Revised SCIP in several areas. These requirements include explicitly integrating security into the utility's comprehensive approach to safety, strengthening the integration of contractors and applying comparable rigor to contractor-related interventions, and improving the resource-allocation workstream through Learning Teams using adequate qualitative methods and translating insights into concrete actions

and measurable indicators. This decision also requires additional measures to support an effective “speak-up” culture, including expanding the corrective action program and ensuring interventions address non-occupational safety concerns.

To balance flexibility for continuous improvement with accountability and transparency, this decision requires ongoing quarterly compliance reporting through the next comprehensive safety culture assessment and establishes a process for review of quarterly compliance reports, including opportunities for party comment and SPD oversight. The decision also directs SoCalGas to develop and report more granular metrics tied to specific interventions and to improve baseline measures consistent with staff recommendations. To provide flexibility for continuous improvement, this decision also authorizes SoCalGas to propose changes to the SCIP via Advice Letter equivalent to Tier 2 on the same quarterly calendar basis as quarterly compliance reports are submitted. SoCalGas should propose any such changes by demonstrating the outcome metrics for specific interventions have not achieved the intended objectives and how the proposed change would better address the overarching themes of the Assessment.

This decision reaffirms the Commission’s expectation that Sempra provide meaningful oversight and support for SoCalGas’s safety culture improvement efforts. This decision directs SoCalGas to maintain a consolidated plan that incorporates and tracks Sempra’s contributions and to report on progress in a manner that enables the Commission and stakeholders to evaluate Sempra’s role in supporting cultural change.

Finally, consistent with D.23-12-034, this decision denies cost recovery for implementation of the Revised SCIP and continues to require that related costs be borne by shareholders.

Investigation 19-06-014 is closed.

## **1. Background**

This investigation is one of a few proceedings initiated in response to safety incidents at Southern California Gas Company (SoCalGas). On June 27, 2019, the Commission opened the instant Order Instituting Investigation (I.) 19-06-014 (OII) to determine whether persistent safety incidents—including the 2015 Aliso Canyon gas-storage leak and multiple other pipeline safety-related incidents—stem from SoCalGas’s organizational culture and governance. On the same day, the Commission opened I.19-06-016 to examine whether SoCalGas violated laws or regulations in its operation and maintenance of the Aliso Canyon gas-storage facility. On October 7, 2021, the Commission initiated Rulemaking (R.) 21-10-001, the Safety-Culture Assessment Rulemaking, to develop a framework for safety-culture assessments for investor-owned electric and natural-gas utilities.

### **1.1. Safety Culture Assessment Framework**

In Decision (D.) 25-01-031 in the Safety-Culture Assessment Rulemaking proceeding, R.21-10-001, the Commission adopted a Safety Culture Assessment Framework for large investor-owned utilities (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and SoCalGas). This framework requires each utility to undergo a comprehensive assessment by an independent third-party evaluator once every four years and to

conduct a self-evaluation in each of the three intervening years. The Commission established a Utility Safety-Culture Working Group and will monitor progress through quarterly reports. D.25-01-031 requires the next assessment of SoCalGas to commence by August 1, 2029.

D.25-01-031 also adopted a normative safety-culture framework based on United States Nuclear Regulatory Commission and Institute of Nuclear Power Operations guidance. The framework defines ten traits of a healthy safety culture—leadership safety values and actions; problem identification and resolution; personal accountability; work processes; continuous learning; an environment for raising concerns; effective safety communication; a respectful work environment; a questioning attitude; and decision-making. Each trait includes detailed attributes (e.g., leaders must ensure adequate resources and field presence, align incentives with safety, and systematically manage change).

D.25-01-031 stated safety culture is a subset of organizational culture and defines safety culture as “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.*”

While D.25-01-031 was issued by the Commission in a different proceeding, the framework adopted therein informs this instant decision.

## **1.2. Procedural Background**

Phase 1 of this proceeding completed an independent safety culture assessment (Assessment) of SoCalGas and Sempra Energy (Sempra), performed by Evolving Energy Consortium or 2EC, which identified areas requiring

improvement. Phase 2 directed SoCalGas and Sempra to develop Safety Culture Improvement Plans (SCIP). This decision considers whether those plans, revised in response to D.23-12-034 in this proceeding, adequately address the Assessment's findings and align with the expectations laid out in this proceeding.

Phase 2 of this investigation was initiated by the Assigned Commissioner's Ruling issued on January 13, 2022. The ruling shifted the focus of the proceeding from prescriptive compliance mandates to a more collaborative approach aimed at facilitating cultural change within SoCalGas and Sempra. The Assigned Commissioner emphasized that safety culture cannot be imposed solely through orders or rules, and instead requires internal ownership, organizational reflection, and ongoing dialogue.

In line with this approach, the April 27, 2022, Phase 2 Scoping Memo and Ruling (Scoping Memo) directed SoCalGas to file an SCIP addressing 11 required elements and principles, including clear responses to the four overarching themes identified in the Assessment. Sempra was required to participate to the extent applicable, especially with respect to its governance role.<sup>1</sup> The Scoping Memo also authorized SoCalGas to continue tracking consultant costs related to this phase of the proceeding.<sup>2</sup>

Three public workshops—held in January, June, and August 2022—provided opportunities for discussion, clarification, and feedback on the

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<sup>1</sup> Scoping Memo at 7.

<sup>2</sup> *Id.* at 11-12.

Assessment and draft SCIP. SoCalGas filed its formal SCIP on July 29, 2022, proposing five workstreams and fifteen initiatives intended to span 18 to 24 months. Sempra filed separate safety culture oversight and initiatives and participated in joint filings and workshops.

Following a September 8, 2022, Administrative Law Judge (ALJ) ruling seeking more detailed explanations of how the SCIP met the Phase 2 requirements, SoCalGas and Sempra filed a Supplemental Plan and indexing tables. However, in their opening and reply comments, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) and The Utility Reform Network made arguments that the submitted plans were vague, nonresponsive, and failed to meaningfully engage with the findings and recommendations of the Assessment. They criticized SoCalGas' tendency to recast critical findings as misperceptions and pointed out the lack of clear metrics, specific actions, or evidence of internal reflection.

On December 14, 2023, the Commission issued D.23-12-034, which adopted only two of the fifteen proposed initiatives—Initiatives 1A and 1B, focused on leadership dialogues and enterprise-wide communications—and directed that the remaining components of the SCIP be revised. The Commission found that SoCalGas and Sempra exhibited discomfort with the Assessment's findings, responded defensively, and failed to demonstrate a shared understanding of the cultural challenges identified. The decision stressed that superficial engagement and high-level generalities were insufficient to drive meaningful safety culture reform.

The decision required SoCalGas to implement Initiatives 1A and 1B, with modifications, to ensure that its SCIP is grounded in a credible, organization-wide understanding of the cultural drivers underlying the identified deficiencies, rather than relying on top-down assumptions. By requiring structured, two-way engagement with the workforce, the Commission sought to ensure that the utility develops improvement actions informed by real operational experience, thereby increasing the likelihood that the plan will meaningfully and effectively address the root causes of its safety culture challenges. The Commission ordered detailed documentation of internal dialogues, meaningful exploration of how organizational behaviors shaped perceptions, and development of clear, measurable metrics tied to each initiative's objective. Sempra was expected to take a more active and transparent role in supporting SoCalGas' cultural transformation, rather than deferring responsibility.

D.23-12-034 also reaffirmed that SoCalGas shareholders—not ratepayers—must bear the full costs of the Assessment, development, and implementation of the SCIP. The Commission determined that these expenses were extraordinary and arose due to the utility's own cultural deficiencies, as documented in the Assessment. As such, they should not be shifted to ratepayers. The Commission deferred consideration of metrics, enforcement measures, and implementation flexibility until the revised SCIP is submitted and further progress is demonstrated.

On September 20, 2024, SoCalGas filed its Revised SCIP.

On January 15, 2025, the assigned ALJ issued a ruling that admitted the Commission's Safety Policy Division (SPD) Evaluation Report, dated December

6, 2024, into the proceeding record and set a workshop to discuss the Revised SCIP and SPD Evaluation Report for February 3, 2025.

On February 3, 2025, the Commission hosted the workshop.

On February 19, 2025, SoCalGas, the Center for Accessible Technology (CforAT), and Cal Advocates filed and served opening comments on the Revised SCIP. On February 28, 2025, Cal Advocates filed and served revised opening comments. On March 5, 2025, Cal Advocates, CforAT, and SoCalGas filed and served reply comments.

On April 1, 2025, SoCalGas filed and served its SCIP Quarterly Report 2025 Q1 (2025 Q1 Report).

On May 9, 2025, SoCalGas filed and served a motion requesting that the Commission consider the information presented in the motion, including the Q4 2024 and Q1 2025 SCIP Plan Quarterly Reports, workshop information, and comments previously filed in the proceeding docket.

On June 6, 2025, the assigned ALJ granted SoCalGas's motion and invited comments and reply comments from the parties on SoCalGas's supplemental information. On June 30, 2025, SoCalGas, Cal Advocates, and the Utility Workers Union of America, AFL-CIO, Local Union 132 (UWUA) filed opening comments on the supplemental information. On July 7, 2025, SoCalGas and Cal Advocates filed reply comments on the supplemental information.

### **1.3. Submission Date**

This matter was submitted on July 7, 2025, upon the filing of SoCalGas and Cal Advocates' reply comments to the ALJ's June 6, 2025 ruling granting the motion of SoCalGas to admit supplemental information into the record.

## 2. Issues Before the Commission

The Scoping Memo dated April 27, 2022, identified six Phase 2 issues to be resolved in this proceeding. All six issues are addressed in this decision. The issues addressed are as follows:

1. Whether SoCalGas and Sempra's proposed SCIP adequately addresses safety culture deficiencies identified in the Safety Culture Report (otherwise known as the Assessment).
2. Whether SoCalGas and Sempra's proposed SCIP meets the Commission's required elements for those plans, as outlined in the Scoping Memo of this proceeding.
3. What metrics should be adopted to evaluate SoCalGas and Sempra's progress in implementing their SCIP.
4. What is the appropriate Commission response for SoCalGas or Sempra's failure to meet proposed improvements in their SCIP within the proposed timeframe.
5. Whether the Commission should allow cost recovery for activities related to the safety culture assessment, developing an SCIP, and for SoCalGas' implementation of an SCIP; and whether the Commission should condition cost recovery for the SCIP on SoCalGas or Sempra's good-faith efforts to develop and implement those plans, based on a performance metric, or some other indicators.
6. What expectations should the Commission adopt in relation to SoCalGas and Sempra's flexibility to revise SCIP and their implementation so that continual improvement can be met without compromising accountability and transparency.

The Scoping Memo also adopted the following elements and principles that the SCIP should address:

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

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<sup>3</sup> Also referred to as “Assessment” in this decision.

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

10. Includes a cost estimate of the actions associated with implementing the plan's elements, broken down by activity or action.

11. Includes reporting requirements.

### **3. Summary of the Revised SCIP and SPD Evaluation Report**

The Revised SCIP consists of three main parts: (1) an internal dialogue and self-reflection process used to surface the underlying cultural drivers, (2) a set of actions and initiatives intended to address those drivers and the Assessment findings, and (3) measures to track progress over time.<sup>4</sup>

As described in the Revised SCIP, SoCalGas conducted organizational dialogues across different levels of the company, including contractor representatives, and developed internal capability to facilitate the dialogues and assess the resulting information. Through qualitative assessment of the dialogue data, including “co-creation” sessions, SoCalGas identifies four underlying cultural drivers it believes help explain the Assessment’s findings:

1. “Safety is the absence of injuries,” reflecting an emphasis on lagging personnel safety metrics as the primary measure of safety success;
2. “It’s not worth it to do more,” reflecting that employees do not experience organizational systems and practices as rewarding questioning, or challenging the status quo;
3. “Never enough,” reflecting a perceived mismatch between expectations and resources; and

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<sup>4</sup> SoCalGas Revised SCIP at 1-11.

4. “Us vs. Them,” reflecting siloing, limited cross-understanding of roles, perceived competition and scarcity, misalignment across stakeholder groups, and limited mechanisms to promote transparency, partnership, and shared goals.<sup>5</sup>

To address these issues, the Revised SCIP is organized into four elements, each supported by two actions and related interventions. In broad terms: the first element focuses on communicating and implementing a more comprehensive approach to safety—primarily through leadership development and executive engagement aimed at modeling listening and learning, along with changes to how safety is communicated and reinforced across the organization. This includes updates to reporting and metrics, recognition practices, performance management processes, and discipline-related practices, as well as updates to contractor onboarding materials.

The second element focuses on fostering curiosity and empowering employees and contractors to speak up, question, and share ideas—through changes to field and operational practices, alignment and expansion of safety manual coverage, and implementation of a corrective action resolution process to receive, track, and respond to employee challenges, suggestions, and ideas. Examples of changes to field and operational practices include “what if” tailgates, tools aimed at high-consequence risk awareness, job hazard analysis resources, dynamic risk assessment, and hazard-focused observations and training.

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<sup>5</sup> *Id.* at 12-13.

The third element focuses on improving how the organization understands and prioritizes resource needs—using Learning Teams to explore resource issues raised in the dialogues and then using a cross-functional effort to implement improvements to resource allocation and goal-setting.

The fourth element focuses on advancing collaboration and strengthening the safety management system—through changes to leadership alignment on roles, responsibilities, shared goals, and governance (including a governance structure for the safety management system), and development of safety management system policies intended to provide a clearer, more integrated management framework. Measures of progress are described in Appendix I of the Revised SCIP.<sup>6</sup>

The SPD Evaluation Report notes that the Revised SCIP reflects changes in three main areas (as mentioned earlier in this Section), consistent with the Commission's direction.<sup>7</sup>

The SPD Evaluation Report also notes the steps SoCalGas took to build a shared understanding of the Assessment results, including the use of organizational dialogues and qualitative tools to assess dialogue data. The Report also states how SoCalGas developed a shared understanding of the Assessment and presenting information intended to provide transparency regarding dialogue output and employee input. SPD comments that the Revised SCIP further recognizes that self-reflection alone does not guarantee change, but

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<sup>6</sup> *Id.* at 17-32.

<sup>7</sup> SPD Evaluation Report at 12.

treats it as a necessary first step to effective improvement. Without that step, interventions are described as more likely to fail or to result in changes that are superficial and not sustained over the long term.<sup>8</sup>

The SPD Evaluation Report finds that the Revised SCIP improves upon the Initial Plan because its approach to developing interventions provides a clearer, more direct linkage from Assessment findings to interventions (including, for example, the Assessment's concern that SoCalGas maintains a narrow view of safety). Consistent with the Assessment Report's guidance, the SPD Evaluation Report emphasizes that the Revised SCIP is not structured as a checklist of corrective actions for each Assessment finding. Instead, it reflects a more thoughtful and holistic effort to understand the "why" behind the findings and develop interventions informed by that understanding. The SPD Evaluation Report also emphasizes that D.23-12-034 expects greater detail than the Initial Plan and concludes the Revised SCIP's interventions are now more concrete and better grounded (e.g., SoCalGas identifies specific tools it will use and for what purpose, rather than relying on high-level statements). At the same time, the SPD Evaluation Report acknowledges some details remain to be specified and indicates that, based on SoCalGas' plan-development experience to date, it may be more useful to iterate and add further detail once the necessary implementation insights have been gathered.<sup>9</sup>

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<sup>8</sup> SPD Evaluation Report at 12-13.

<sup>9</sup> SPD Evaluation Report at 13-14.

The Scoping Memo and D.23-12-034 included specific expectations regarding the metrics and indicators used to assess whether interventions are achieving their intended objectives. The SPD Evaluation Report states that the Revised SCIP improves upon the Initial Plan's approach by incorporating baseline outcome metrics to measure initiative effectiveness and by expanding the use of qualitative indicators, which can yield more meaningful and nuanced insight into the interventions' impacts.<sup>10</sup>

The SPD Evaluation Report notes that, while both the Initial Plan and Revised SCIP include general statements about welcoming change, the Revised SCIP better supports confidence in SoCalGas' willingness to pursue meaningful change and to own its cultural challenges. The SPD Evaluation Report points to SoCalGas' work in developing internal capacity for dialogue facilitation and qualitative assessment as an example of this shift and explains that building this internal capacity should better position SoCalGas to guide improvement during implementation. The SPD Evaluation Report further observes that the Commission and SoCalGas are applying a novel approach in this proceeding: safety culture assessments are intended to surface deeper drivers of cultural challenges and require honest self-reflection, which is more difficult in a public, transparent forum and contributes to the lack of comparable public-domain assessments or improvement plans for benchmarking. The SPD Evaluation Report concludes that, notwithstanding these challenges, SoCalGas' progress

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<sup>10</sup> SPD Evaluation Report at 14-15.

since the Initial Plan suggests it is better prepared to guide the improvement phase.<sup>11</sup>

**4. Scoping Issue 1: Whether SoCalGas and Sempra's Proposed SCIP Adequately Addresses Safety Culture Deficiencies Identified in the Safety Culture Report.**

**4.1. Summary of Relevant Filings and Party Comments**

The SPD Evaluation Report found that the Revised SCIP represents a substantial improvement over SoCalGas's original submission and, with certain modifications, has the potential to address the deficiencies identified in the Assessment.<sup>12</sup> Cal Advocates<sup>13</sup> and CforAT<sup>14</sup> acknowledge improvements in the Revised SCIP and concur that modifications are necessary—aligning with and/or expanding upon those in the SPD Evaluation Report—while also urging Commission approval to prevent delays in implementation. SoCalGas has agreed to address the gaps identified in the SPD Evaluation Report, which are also

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<sup>11</sup> SPD Evaluation Report at 15.

<sup>12</sup> SPD Evaluation Report at 15.

<sup>13</sup> Cal Advocates Amended Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 2-15; Opening Comments of Cal Advocates on SoCalGas's 2024 Q4 and 2025 Q1 Quarterly Reports at 3-5; Reply Comments of Cal Advocates on SoCalGas's 2024 Q4 and 2025 Q1 Quarterly Reports at 1-2.

<sup>14</sup> CforAT Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 3-5.

discussed in greater detail below.<sup>15</sup> UWUA raises concerns that some deficiencies from the Assessment persist.<sup>16</sup>

#### **4.2. Discussion and Determination**

We note the Revised SCIP has not yet been implemented, making it premature to expect some of the cultural challenges parties have raised to be resolved. UWUA's concerns, addressed under Scoping Question 2, include items that warrant further modifications to the plan.

The Commission issued the Assessment over four years ago—well beyond the plan development, implementation, and reassessment timelines envisioned in the Safety Culture Order Instituting Rulemaking (OIR).<sup>17</sup> Under that framework, SoCalGas would already be due for reassessment; yet full-scale implementation of corrective actions has not occurred. Given the substantial improvements in SoCalGas's plan, advancing timely and tangible progress offers greater value than delaying for the sake of achieving a theoretically ideal plan - especially recognizing that safety culture improvement is an iterative and ongoing process.<sup>18</sup>

The Commission finds the overall approach and process described in SoCalGas's Revised SCIP addresses the safety culture deficiencies identified in

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<sup>15</sup> SoCalGas Opening Comments on SPD's Evaluation Report at 2-6; Motion to Consider Supplemental Information to SoCalGas's Revised SCIP at Attachment C, page 3 of the Quarterly Report 2025 Q1.

<sup>16</sup> UWUA, AFL-CIO, Local 132's Comment on SoCalGas's Supplemental Information at 1-6.

<sup>17</sup> D.25-01-031 at 26-27.

<sup>18</sup> *Id.* at 60.

the Assessment and generally consistent with the expectations set forth in this proceeding, as laid out in the Scoping Memo and D.23-12-034, subject to supplementation and closing gaps identified in this decision.

Safety culture improvement is a dynamic and complex process with uncertain outcomes—particularly compared to other areas the Commission typically oversees. While success should be the goal, achieving it requires learning from setbacks. Even with a well-designed plan, some level of failure is likely. A static plan that does not adapt when actions prove ineffective will not lead to meaningful improvement. Therefore, the Revised SCIP should be treated as a living document, capable of evolving based on learning from results. This process of “iteration” relies on making gradual improvements through cycles of implementation, feedback, and adjustment of the Revised SCIP, rather than trying to achieve a perfect solution in one step.

The Commission with this decision prioritizes outcomes—measured through the metrics and indicators linked to the Revised SCIP interventions—rather than focusing strictly on predefined actions. Emphasizing a continuous improvement process ensures that ineffective actions are revised or replaced based on implementation insights, supporting genuine progress rather than simple compliance with a fixed plan.

The Revised SCIP describes SoCalGas’ approach—how it was developed and how the company intends to address identified cultural deficiencies—but lacks implementation-level details. While the improvements in SoCalGas’ approach—such as targeting root causes and aligning metrics with cultural

objectives—increase the potential for success, the ultimate effectiveness of the Plan will depend on:

- a. The overall soundness of the implementation plan details and the quality of execution for each proposed action.
- b. The extent to which SoCalGas uses outcome metrics to evaluate whether specific interventions are achieving their goals—and modifies the Revised SCIP accordingly and pursuant to Commission authorization and oversight.

Therefore, the Commission does not make a determination at this time regarding the adequacy or effectiveness of the specific interventions proposed in the Revised SCIP. Instead, the effectiveness of those interventions must be demonstrated over time through implementation, monitoring, and continuous refinement based on observed outcomes. Acceptance of the SCIP's approach does not relieve the utility of its obligation to demonstrate that its interventions are effective. The utility is expected to modify, replace, or enhance interventions that do not achieve their intended objectives. Therefore, it is also reasonable and appropriate for the Commission to delegate a degree of authority to Commission staff to approve revisions to the SCIP proposed by SoCalGas. This delegation would occur through an Advice Letter equivalent to Tier 2. This delegation would allow staff a degree of authority to approve such revisions when SoCalGas's reporting shows, subject to oversight and authorization by the Commission and its staff, that its outcome metrics for specific interventions have not achieved the intended objectives. This will be part of the iterative process.

**5. Scoping Issue 2: Whether SoCalGas and Sempra's Proposed SCIP Meets the Commission's Required Elements for Those Plans, As Outlined in the Scoping Memo.**

The SPD Evaluation Report examined the Revised SCIP against the elements and principles previously mentioned in Section 2 of this decision. While the Revised SCIP generally reflects the intent of those requirements and meets the required elements in the Scoping Memo, further refinement is necessary to close identified gaps and improve its potential to address the deficiencies outlined in the Assessment. SPD and other parties have identified shortcomings in the Revised SCIP summarized in Section 5 below, that warrant consideration.

We require SoCalGas to address the requirements discussed below in an Advice Letter equivalent to Tier 2 to be filed no later than its next SCIP quarterly compliance report to the Commission, which also shall be submitted to SPD and served on the service list of this proceeding and R.21-10-001 no later than 90 days after issuance of a final decision, unless otherwise recommended under each heading item in Section 5 below. The subsections below address subtopics within Scoping Issue 2.

**5.1. Safety, Security, and Clarifying the "Checklist" Approach**

**5.1.1. Summary of Relevant Filings and Party Comments**

Cal Advocates requests the Commission require SoCalGas to provide a more granular mapping that links proposed elements, actions, and initiatives to the Assessment's identified areas in need of attention, and to make that level of

detail part of the formal record rather than relying on informal discussions. Cal Advocates also recommends to update the Revised SCIP to address security as an integral component of safety culture through specific actions responsive to the Assessment's security-related findings.<sup>19</sup>

CforAT asks the Commission to require SoCalGas and Sempra to provide additional, record-based detail at the operational level. CforAT further requests that this information be included in future quarterly reports so the Commission and intervenors can evaluate progress toward a comprehensive approach to safety that accounts for public safety impacts and the distinct needs of vulnerable populations.<sup>20</sup>

SoCalGas supports approval of its Revised SCIP and emphasizes that safety culture improvement is complex and does not lend itself to a universal checklist. SoCalGas states the Revised SCIP reflects a broad learning process and is intended to address underlying cultural drivers identified in the Assessment and related dialogues, rather than matching a discrete corrective action to each specific Assessment "area in need of attention."<sup>21</sup>

SoCalGas responds that several of Cal Advocates' proposals would push the effort toward a "find and fix" model that is inconsistent with the holistic approach SPD recognized in its evaluation and that 2EC cautioned against. SoCalGas contends the SCIP already addresses security concerns by advancing a

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<sup>19</sup> Cal Advocates Amended Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 8-10.

<sup>20</sup> CforAT Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 1-7.

<sup>21</sup> SoCalGas Opening Comments on SPD's Evaluation Report at 4-6.

broader, comprehensive approach to safety, reinforcing a speak-up and questioning culture, and improving alignment and information sharing through the safety management system (SMS).<sup>22</sup>

### **5.1.2. Discussion and Determination**

Cal Advocates' recommendation that SoCalGas "link areas in need of attention with proposed actions" in effect suggests a checklist-style remediation approach. While on its face this may appear to promote accountability, the Assessment explicitly cautions against treating the Areas in Need of Improvement as a linear "checklist" for corrective actions.<sup>23</sup>

The Assessment explains that meaningful cultural improvement requires changing basic organizational assumptions through integrated strategies grounded in self-reflection and an understanding of underlying drivers—rather than applying discrete, transactional fixes to individual Areas in Need of Attention. The Assessment recommends that Areas in Need of Attention be addressed in relation to the major cultural forces (i.e. overarching themes), rather than matched to singular corrective actions.<sup>24</sup>

The approach suggested by Cal Advocates—linking each Area in Need of Attention to a specific action<sup>25</sup>—risks addressing only symptoms (e.g., a training gap or procedural deficiency) without examining deeper cultural drivers such as

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<sup>22</sup> SoCalGas Reply Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 5-6.

<sup>23</sup> Assessment at 48.

<sup>24</sup> Assessment at 47.

<sup>25</sup> Cal Advocates Amended Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 12-13.

leadership beliefs, decision-making norms, and organizational communication patterns. This method fragments the improvement process by limiting opportunities to explore the interrelationships among major cultural forces and fosters compliance-driven behavior by reinforcing a “fix what’s on the list” mindset intended to satisfy oversight rather than cultivate a self-sustaining safety culture. Although Cal Advocates acknowledges the importance of avoiding a checklist mentality, it provides no rationale for its request beyond the feasibility of such linkages.<sup>26</sup>

While the Commission disagrees with SoCalGas’s claim that addressing security would reduce the plan to a checklist, the way Cal Advocates suggests security be addressed does imply taking a checklist approach which is contrary to the Assessment’s guidance. To ensure that systemic cultural issues are addressed and improvements are sustainable, we expressly reaffirm the need to avoid a checklist approach.

The Assessment identified SoCalGas’ narrow view of safety—excluding both security and public safety—as a core issue, and central to Overarching Theme 1.<sup>27</sup> Although SoCalGas’s plan aims to promote a “comprehensive” view of safety, neither the Revised SCIP nor its definition of “comprehensive safety” references security.<sup>28</sup> Because security risks can directly affect employees, contractors, and the public, a “comprehensive” safety framework that omits

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<sup>26</sup> Cal Advocates Amended Opening Comments on SoCalGas’s Revised SCIP and SPD’s Evaluation Report at 12.

<sup>27</sup> Assessment at 25.

<sup>28</sup> Revised SCIP, Attachment 1.

security is, by definition, incomplete and does not fully address the Assessment's concern that SoCalGas views safety too narrowly. The Commission agrees with Cal Advocates that the Revised SCIP, as submitted, appears to overlook security as a key aspect of safety.

We require SoCalGas to address the role of security in an Advice Letter equivalent to Tier 2 to be filed no later than its next SCIP quarterly compliance report.<sup>29</sup> by:

- a. Revising or expanding the set of interventions to explicitly integrate security considerations into its comprehensive approach to safety;
- b. Explaining how the intervention's scope and rationale achieves the stated plan's objectives for security; and
- c. Including respective metrics/indicators to monitor effectiveness that will demonstrate progress in the stated objectives related to security.

## **5.2. Contractors**

### **5.2.1. Summary of Relevant Filings and Party Comments**

The SPD Evaluation Report identified specific areas—such as the expansion of the corrective action program and use of metrics—where contractor inclusion should be strengthened,<sup>30</sup> a concern also raised by Cal Advocates. Cal Advocates states the Revised SCIP insufficiently addresses contractors, provides additional examples of how contractors should be more fully integrated into

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<sup>29</sup> SoCalGas may, however, defer submission of the Advice Letter until no later than the due date for the following quarterly compliance report if this decision is issued fewer than 30 days prior to the due date of the next quarterly compliance report.

<sup>30</sup> SPD Evaluation Report at 17 and 21.

safety-related efforts, and recommends that contractors be included in all safety processes and improvement initiatives. Cal Advocates rationale is that contractors perform safety-critical functions with direct implications for public safety.<sup>31</sup>

SoCalGas states contractors are already integrated into the Revised SCIP through onboarding and manual updates, Job Hazard Analysis collaboration, and contractor-focused SMS improvements.<sup>32</sup>

### **5.2.2. Discussion and Determination**

Cal Advocates' rationale that contractors perform safety-critical functions with direct implications for public safety is a point the Commission continues to acknowledge as integral to a utility's overall safety culture in the Safety Culture OIR.<sup>33</sup>

SoCalGas asserts its plan integrates contractors, and reminds the Commission that culture is complex, and different cultures require different focus, changes, and improvement.<sup>34</sup> While the Revised SCIP contains some contractor-related actions, they are relatively limited in scope and depth compared to those focused on employees. This raises questions about whether the proposed contractor-specific efforts are sufficient to achieve the Plan's stated

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<sup>31</sup> Cal Advocates Amended Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 4-7.

<sup>32</sup> Motion to Consider Supplemental Information to SoCalGas's Revised SCIP at Attachment C, page 3 of the Quarterly Report 2025 Q1.

<sup>33</sup> D.25-01-031 at 44-45.

<sup>34</sup> SoCalGas Reply Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 7-8.

objectives. Overall, the treatment of contractors in the Revised SCIP appears secondary and underdeveloped when considering that contractors perform high-risk activities and their attitudes and behaviors contribute to the SoCalGas' risk profile.

The Commission agrees with Cal Advocates' underlying reasoning and notes that the Assessment also included contractors in its evaluation and findings. The Commission requires the recommendations from the Assessment to apply equally to contractors. SoCalGas does make a valid point in that culture is complex and different cultures require different focus, changes, and improvement. Mandating blanket inclusion of contractors in all processes, as suggested by Cal Advocates, without considering context may be ineffective because SoCalGas does not exercise the same degree of control over contractors as it does over its direct employees. That said, a more deliberate and integrated approach to contractor involvement from a cultural perspective should be expected from SoCalGas—one that acknowledges the unique relationship between the utility and its contractors while still ensuring increased alignment with its overarching safety objectives. Ultimately, the behaviors and attitudes of contractors contribute to the risk profile of the organization and SoCalGas is ultimately responsible for the actions of its contractors as they relate to SoCalGas's operations.

To ensure that the Revised SCIP adequately addresses the role of contractors in achieving its safety culture objectives, we require SoCalGas to strengthen its integration of contractors in its next SCIP quarterly report by:

- a. Developing and/or expanding interventions to more fully integrate contractors into relevant initiatives, as appropriate to their roles and functions;<sup>35</sup>
- b. Explaining how the intervention's scope and rationale achieves the stated intervention's objectives and approximates a level of rigor to that applied for employee-focused actions;<sup>36</sup> and
- c. Developing supporting metrics to monitor effectiveness.

### **5.3. Resource Allocation**

#### **5.3.1. Summary of Relevant Filings and Party Comments**

UWUA asserts that staffing shortages and budget constraints at SoCalGas continue to drive unsafe conditions and delayed hazard response. UWUA cites methane leak detection data showing prolonged response times, including significant delays in repairing Code 1 leaks, which it attributes to inadequate staffing and limits on overtime. UWUA argues that SoCalGas's failure to fill frontline vacancies reflects a continued prioritization of cost control over safety, despite commitments in its Revised SCIP.<sup>37</sup>

Cal Advocates agrees with UWUA that chronic understaffing and delayed methane leak responses reflect persistent safety culture deficiencies and recommends that the Commission require SoCalGas to implement a staffing plan

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<sup>35</sup> SPD recommended that the proposed corrective action program be expanded to include contractors.

<sup>36</sup> The same rigor does not mean identical methods. Rigor refers to expectations, oversight, and cultural depth — not necessarily the *same tools*. How that rigor is applied may differ in form and implementation because contractors operate under different organizational structures and accountabilities.

<sup>37</sup> UWUA, AFL-CIO, Local 132's Comment on SoCalGas's Supplemental Information at 2-4.

with clear timelines, measurable vacancy-fill targets, and quarterly reporting on staffing levels and response times tied to safety outcomes.<sup>38</sup>

SoCalGas rejects UWUA's claim that it lacks sufficient resources or commitment to safety, explaining that consistent with Commission direction and findings from the Assessment, SoCalGas identified perceptions of resource scarcity as a cultural issue and addressed it through Element 3 of the Revised SCIP (as one example). SoCalGas notes Element 3 emphasizes employee engagement to collaboratively align expectations, practices, and resource allocation.<sup>39</sup>

### **5.3.2. Discussion and Determination**

We do not have sufficient evidence of UWUA's allegations to address their merits in this decision. However, the allegations are directionally consistent with the Assessment's themes, which identify resource allocation as a critical cultural barrier at SoCalGas.<sup>40</sup> Importantly, however, the Assessment did not conclude that SoCalGas lacks resources overall. Instead, it found that employee perceptions center on how resource allocation practices—particularly related to staffing—are carried out and the extent to which financial considerations are prioritized.<sup>41</sup> UWUA's examples may be connected to the ways in which resource

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<sup>38</sup> Reply Comments of Cal Advocates on SoCalGas's 2024 Q4 and 2025 Q1 Quarterly Reports at 3.

<sup>39</sup> Reply Comments of SoCalGas on ALJ's Ruling Granting Motion of SoCalGas to Admit Supplement Information into the Record and Inviting Comments at 3-4.

<sup>40</sup> Assessment at 34-38.

<sup>41</sup> Assessment at 44.

allocation decisions are made, prioritized, communicated, and implemented, and how these practices may or may not align with day-to-day operations and expectations.

As directed by the Commission and recommended by the Assessment, SoCalGas focused on investigating the cultural dynamics that shape its employee's perceptions and identified that, in terms of resource allocation, the underlying factors are driven by the sentiment that "it is never enough," creating an internal mismatch between expectations and resources.<sup>42</sup> The Revised SCIP was developed to address the underlying drivers of the Assessment's findings.<sup>43</sup> Until the Revised SCIP is fully implemented and demonstrates effective improvements, however, the challenges identified in the Assessment, including perceptions around resource allocation, are likely to persist in the near-term and continue shaping employee views. This supports Cal Advocates' request for expedient approval of the Revised SCIP, citing the potential delay of actions like Learning Teams which is intended to gain more insight into the resource allocation issues.<sup>44</sup>

SoCalGas proposes to address the challenges related to resource allocation through Element 3 of the Revised SCIP. Element 3 consists of Learning Teams – described as a collaborative employee centered process to learn from everyday

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<sup>42</sup> Based on the initial organizational dialogues required by D.23-12-034.

<sup>43</sup> SoCalGas identified the resource allocation issue is driven by the sentiment that "it is never enough" based on the initial organizational dialogues required by D.23-12-034.

<sup>44</sup> Opening Comments of Cal Advocates on SoCalGas's 2024 Q4 and 2025 Q1 Quarterly Reports at 3.

work - to explore constraints and challenges related to safety, including Staffing Levels,<sup>45</sup> amongst other challenges related to resources. Alongside Learning Teams, SoCalGas will create a cross-functional team to address issues and recommendations identified in the Learning Teams to implement systemic changes. SoCalGas should learn more from the specific concerns raised by UWUA, and explore the topics contained in its comments including:

- Practices around unfilled vacancies of safety-critical functions,
- Timeliness of safety-critical investigations and repairs, and
- Informal or inappropriate leak downgrades.

The topics could be considered in developing the Learning Teams' focus areas or even by integrating them into the Learning Teams session. Cal Advocates' proposal for SoCalGas to submit a plan to fill all safety-sensitive positions is well-intentioned but unlikely to address the root causes of the underlying resource challenges. Simply adding staff – or resources - does not resolve the broader concern that resources are perceived as "never enough" with a mismatch between expectations and resources,<sup>46</sup> and may, in fact, limit SoCalGas' ability to holistically assess its staffing practices to achieve sustainable efficiencies and improved safety outcomes in the long-term.

The SPD Evaluation Report notes that Learning Teams are a tool for gathering insights – not a direct intervention – and therefore do not, on their own, drive change (i.e. change the perspective of the workforce with respect to

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<sup>45</sup> SoCalGas's Revised SCIP at 27-29.

<sup>46</sup> Revised SCIP, Attachment 1.

resource allocation). Action 2 of Element 3 proposes forming a cross-functional team to act on Learning Team findings. While SoCalGas is setting the expectation that it will take action from the Learning Team insights, it is unclear whether SoCalGas expects to incorporate them into the Revised SCIP.

To ensure sufficient data is gathered to identify systemic cultural challenges related to resource allocation, the SPD Evaluation Report recommended SoCalGas either use the concept of saturation to continue performing Learning Team events beyond those currently planned until no new insights, themes, or information is gained relevant to the topics explored, or demonstrate using a data collection effort that is sufficient to yield a thorough and comprehensive data set based on other accepted and valid qualitative assessment methods.<sup>47</sup>

We require SoCalGas to address concerns of resource allocation in its next SCIP quarterly compliance report,<sup>48</sup> by:

- a. Demonstrating how it will continue Learning Team events until no new insights emerge by applying the concept of saturation, or another similarly valid method to collect qualitative data for a full and reliable understanding of cultural challenges related to resource allocation;
- b. Demonstrating how it will actively consider the UWUA identified concerns in shaping the design and focus of Learning Team sessions, covering topics of unfilled vacancies, informal leak downgrades, timeliness of critical-

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<sup>47</sup> SPD Evaluation Report at 18-19.

<sup>48</sup> SoCalGas may, however, defer submission until no later than the due date for the following quarterly compliance report if this decision is issued fewer than 30 days prior to the due date of the next quarterly compliance report.

repairs, and explicitly document these efforts in the quarterly compliance reports;

Within 60 days after a Learning Team topic reaches sufficient data collection, based on the concept of saturation or other accepted and valid qualitative assessment methods, we require SoCalGas to define and document the resulting actions and associated metrics to track progress and effectiveness and include them in its subsequent quarterly compliance report. SoCalGas shall document Element 3 with the same rigor applied to the modified Dialogues 1A and 1B and incorporate documentation into the quarterly compliance report submittals.

SoCalGas shall ensure that insights derived from Learning Teams are translated into actionable outcomes, incorporated into the SCIP, fully implemented, and tracked using the same continuous improvement framework applied to the SCIP. SoCalGas shall report these outcomes in its quarterly compliance reports.

#### **5.4. “Speak-Up” Culture**

##### **5.4.1. Summary of Relevant Filings and Party Comments**

The SPD Evaluation Report questioned the likely effectiveness of SoCalGas’ proposed activities to promote a speak-up culture and address the compliance mindset identified under Overarching Theme Two of the Assessment.<sup>49</sup> The Assessment recommends that SoCalGas demonstrate how it

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<sup>49</sup> SPD Evaluation Report at 17.

will foster a speak-up culture beyond occupational safety and to expand the scope of the corrective action program under Action 2 of Element 2.

CforAT generally supports SPD's observations related to incorporating all aspects of safety, particularly public safety, in addition to CforAT's own emphasis on vulnerable populations.<sup>50</sup>

Cal Advocates concurs with the SPD Evaluation Report's Recommendation to expand the corrective action program. Cal Advocates recommends requiring SoCalGas and Sempra to include the Commission's whistleblower link in safety manuals and training.<sup>51</sup>

UWUA contends that SoCalGas has not meaningfully improved its safety culture and continues to rely on top-down communications that discourage employee feedback. UWUA argues that quarterly safety meetings with union leadership function primarily as management briefings, with limited opportunity for dialogue, undermining efforts to promote a genuine "speak-up" culture. UWUA maintains that consolidating safety practices into a manual does not address this structural problem and that the SCIP should be revised to incorporate regular, substantive employee input.<sup>52</sup>

SoCalGas acknowledged the value of expand the corrective action program as part of future improvement and sustainment efforts.<sup>53</sup> SoCalGas

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<sup>50</sup> CforAT Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 5.

<sup>51</sup> Cal Advocates Amended Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 6-8.

<sup>52</sup> UWUA, AFL-CIO, Local 132's Comment on SoCalGas's Supplemental Information at 1-2.

<sup>53</sup> SoCalGas Opening Comments on SPD's Evaluation Report at 2.

agrees to provide Commission whistleblower protection information to its upcoming safety manuals.<sup>54</sup> SoCalGas disputes UWUA’s criticisms, noting UWUA’s acknowledgment that it did not fully review the record, and asserts that the Revised SCIP and supporting record demonstrate extensive efforts to drive safety culture change, promote open communication, and foster a “speak-up” culture through collaboration with employees and union representatives. SoCalGas contends that its leadership engages in continuous two-way dialogue with frontline employees through multiple formal and informal safety forums, which it asserts have revealed strong employee commitment to safety improvement, learning, and proactive hazard identification in a psychologically safe environment.<sup>55</sup>

#### **5.4.2. Discussion and Determination**

While it is premature to expect broad cultural change before full implementation of the Revised SCIP—and despite UWUA overlooking the required two-way dialogues under D.23-12-034—the Commission remains concerned that the proposed Action 1 items under Element 2 may not be effective, particularly regarding non-occupational safety.

Consistent with SPD’s evaluation that Element 2, Action 1 may create a gap in advancing a speak-up culture for public and infrastructure safety and may undermine SoCalGas’s efforts to broaden safety beyond occupational matters, we adopt SPD’s recommendations below to strengthen these interventions and

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<sup>54</sup> SoCalGas Reply Comments on SoCalGas’s Revised SCIP and SPD’s Evaluation Report at 2-9.

<sup>55</sup> Reply Comments of SoCalGas on ALJ’s Ruling Granting Motion of SoCalGas to Admit Supplement Information into the Record and Inviting Comments at 1-2.

expand the corrective action program to better capture and address safety concerns across the organization. We also agree with SoCalGas that constructive collaboration with the union is essential, given the union's significant influence over the success of its change.

We require SoCalGas to address "speak-up" culture by supplementing interventions under Element 2 Action 1 to demonstrate meaningful support for the objective of fostering a "speak-up" culture at SoCalGas, particularly for non-occupational safety matters. We also note that SoCalGas has agreed to provide Commission whistleblower protection information to its upcoming safety manuals.<sup>56</sup>

SoCalGas shall implement SPD's Evaluation Report's recommendation regarding expansion of its proposed corrective action program<sup>57</sup> by evaluating opportunities to enhance the proposed system to better support organizational learning and capture a comprehensive set of safety-related issues from across SoCalGas, including those raised by contractors, as part of its ongoing improvements to SCIP. In doing so, SoCalGas shall leverage insights and experience gained from implementation of its proposed program to inform how such expansion could be meaningfully developed and implemented prior to the next safety culture assessment. SoCalGas shall demonstrate in its quarterly compliance reports the analysis performed, alternatives considered, and the basis

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<sup>56</sup> SoCalGas Reply Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 2-9.

<sup>57</sup> SoCalGas Revised SCIP, Attachment 1, at 25-26.

for its conclusions, including justification for any expansions not pursued, and an explanation of how its approach supports the objectives of the Revised SCIP.

## **5.5. Reporting**

### **5.5.1. Summary of Relevant Filings and Party Comments**

Cal Advocates contends that SoCalGas has not provided sufficient detail regarding the development and completion of updated employee and contractor safety manuals and urges the Commission to require more detailed reporting on progress and timelines. Cal Advocates asserts that these manuals are foundational to embedding safety culture improvements across the organization and should incorporate lessons learned from this instant proceeding.<sup>58</sup>

CforAT agrees with Cal Advocates and supports the general need for greater specificity.<sup>59</sup>

UWUA contends that SoCalGas continues to treat safety as a compliance obligation rather than a core operational value. UWUA reports practices in which management allegedly pressures employees to downgrade leak severity classifications and treats safety training and personal protective equipment as voluntary. UWUA maintains that these practices mirror deficiencies identified in Phase 1 of this proceeding and urges the Commission to require clearer accountability of how and when SCIP objectives will be achieved.<sup>60</sup>

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<sup>58</sup> Opening Comments of Cal Advocates on SoCalGas's 2024 Q4 and 2025 Q1 Quarterly Reports at 5-7.

<sup>59</sup> CforAT Reply Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 2-5.

<sup>60</sup> UWUA Opening Comments on SoCalGas's Supplemental Information at 4-6.

SoCalGas says SPD's evaluation expects a more formalized framework for how SoCalGas will monitor implementation and adjust the Revised SCIP in a way that actually operationalizes the Plan Do Check Act approach. SoCalGas represents that it has already started translating SPD's recommendations into concrete implementation refinements—first by presenting initial ideas at the February 3, 2025, workshop, and then by providing additional detail in its comments on the SPD Report and through continued dialogue with SPD, its Safety Culture Advisor, and parties. SoCalGas characterizes the quarterly report as the vehicle for documenting those improvements and agrees to provide more detailed updates on Sempra's safety culture activities in future reports.<sup>61</sup>

#### **5.5.2. Discussion and Determination**

Parties raised concerns that some safety related practices may not yet be operationalized in a consistent and mandatory way, including the development and implementation of employee and contractor safety manuals and, as an example, whether training and the use of personal protective equipment are treated as voluntary in practice. The Commission addresses these concerns by not prescribing a one-size-fits-all operational solution in this decision, but by requiring SoCalGas to provide implementation-level detail—timelines, milestones, and measurable indicators—sufficient to demonstrate that these foundational elements are being embedded across the organization.

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<sup>61</sup> Motion to Consider Supplemental Information to SoCalGas's Revised SCIP at Attachment C, page 3 of the Quarterly Report 2025 Q1; SoCalGas Reply Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 2-9.

While SoCalGas' approach reflects a reasonable and notable improvement to its Revised SCIP, we concur with Cal Advocates, CforAT, and UWUA — and as noted in the SPD Evaluation Report and discussed earlier under Scoping Question 1 — that implementation-level details will be essential to assess effectiveness and track progress as SoCalGas advances into implementation. Without detailed reporting, it is difficult for the Commission or stakeholders to assess whether SoCalGas is meaningfully improving its safety culture or simply describing intentions.

SoCalGas proposes to continue with the quarterly status updates required by D.23-12-034 through the next two years. However, the SPD Evaluation Report recommends the timeframe for reporting be consistent with the continued evolution of the Revised SCIP (*i.e.*, through the next safety culture assessment). The plan's expected evolution will exceed the timeline provided by SoCalGas. For example, the interventions stemming from the Learning Teams' efforts to address resource allocation issues have not yet been identified. In addition, effectiveness of the interventions is unknown at this point, as is their need for modification based on the expectation that SoCalGas continue iterating on the Revised SCIP until it can demonstrate meeting its objectives, or until a new improvement plan is approved based on a reassessment of its culture.

We require SoCalGas to provide SPD the opportunity to verify those details are consistent with and support the intent and objectives outlined in the Revised SCIP and the Commission's expectations. SoCalGas shall continue quarterly compliance reporting until the next safety culture assessment required by D.25-01-031 is filed with SPD. SoCalGas shall report on the planning and

execution of each proposed intervention, including, but not limited to: clearly defined goals linked to the Assessment's findings, start and end dates, key milestones, indicators for tracking progress and success, regular updates aligned with these metrics, and allocated budgets including estimated cost and cost incurred to date.

To avoid a checklist approach while still ensuring accountability, SoCalGas's quarterly compliance reports should clearly explain—in plain terms—how each major intervention responds to the Assessment's overarching themes and identify the specific metrics and indicators that will be used to evaluate effectiveness.

Building on the current reporting format, SPD should solicit input from parties and develop the reporting format and content necessary to meet the transparency and accountability requirements set forth in this decision.

## **5.6. Sempra**

### **5.6.1. Summary of Relevant Filings and Party Comments**

Cal Advocates asks the Commission to require further information and more active participation from Sempra, including meaningful oversight and a revised plan that demonstrates how Sempra's initiatives directly support SoCalGas' safety culture improvement journey.<sup>62</sup>

CforAT asks the Commission to require SoCalGas and Sempra to provide additional, record-based detail at the operational level. CforAT further requests

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<sup>62</sup> Cal Advocates Amended Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 12-15.

that this information be included in future quarterly reports so the Commission and intervenors can evaluate progress toward a comprehensive approach to safety that accounts for public safety impacts and the distinct needs of vulnerable populations. CforAT urges the Commission to ensure Sempra's plan reflects meaningful oversight and active support of SoCalGas's safety culture improvement efforts.<sup>63</sup>

SoCalGas notes that based on requests for additional information from Sempra and to promote transparency, SoCalGas and Sempra will work together to provide additional updates on Sempra's safety-culture activities in future quarterly reports, with a more detailed Sempra update included as an attachment to the 2025 Q1 quarterly report.<sup>64</sup>

### **5.6.2. Discussion and Determination**

Since the issuance of D.23-12-034, stakeholder comments have primarily focused on SoCalGas. Sempra submitted a short plan alongside SoCalGas' Revised SCIP, and—following the SPD Evaluation Report and intervenors' criticism—provided some additional details in the 2025 Q1 report, committing to collaborate with SoCalGas and include more information on Sempra's safety culture activities in future quarterly reports. D.23-12-034 affirmed Sempra's role and influence over SoCalGas' safety culture and noted that the emphasis for Sempra's participation is a role of collaboration, not compliance.

D.23-12-034 explains the significance of Sempra's role as follows:

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<sup>63</sup> CforAT Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 5-7; CforAT Reply Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 2-5.

<sup>64</sup> Motion to Consider Supplemental Information to SoCalGas's Revised SCIP at 16.

The Assessment's recommendations highlight SoCalGas' dependence on Sempra for its own improvement efforts, as policies and views on safety need to align between the two organizations, beginning with Sempra setting the tone and lending the necessary support for SoCalGas' transition.<sup>65</sup> Sempra's role in this investigation is therefore twofold: 1) as influencer on SoCalGas through its own safety culture; and 2) as provider of corporate governance ensuring and supporting progress and improvement of SoCalGas. In the interest of improving safety outcomes for SoCalGas — whose safety record drove opening this investigation — we expect Sempra to demonstrate full commitment and support for its own and SoCalGas' culture change effort.

Consistent with this direction, we reaffirm the expectation that Sempra demonstrate full commitment and support for its own and SoCalGas' safety culture change effort in this proceeding. We agree with intervenors that Sempra's plan and level of engagement are minimal and do not meet the expectations outlined in the Scoping Memo and D.23-12-034.

To ensure transparency and accountability regarding Sempra's influence on SoCalGas's safety culture, we require SoCalGas to maintain a separate consolidated (Sempra and SoCalGas) SCIP that incorporates and tracks progress on all recommendations, including those originally directed to Sempra to the extent they implicate SoCalGas' governance, oversight of SoCalGas' operations, and support of SoCalGas' safety culture improvement process. We also require SoCalGas to demonstrate in its quarterly compliance reports changes over time that are responsive to the Assessment findings and recommendations, including findings and recommendations originally concerning the role of Sempra in

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<sup>65</sup> Assessment at 47-48.

SoCalGas' governance, oversight of SoCalGas' operations, and support of SoCalGas' safety culture improvement process.

The Commission's staff will engage the SoCalGas board of directors, as necessary, to assess reported progress and promote transparency.

We further recommend that future independent assessments required by D.25-01-031 explicitly evaluate the nature and effects of Sempra on SoCalGas, as warranted by performance and reporting.

**6. Scoping Issue 3: What Metrics Should Be Adopted to Evaluate SoCalGas and Sempra's Progress in Implementing Their SCIP.**

**6.1. Summary of Relevant Filings and Party Comments**

Cal Advocates urges the Commission to require SoCalGas to propose and report specific, activity-level metrics for each safety culture improvement initiative in its quarterly updates to ensure progress is measurable and transparent. Cal Advocates argues that SoCalGas's current use of broad, plan-level metrics does not adequately track implementation or effectiveness for individual initiatives, including leadership development and micro-learning programs. Cal Advocates further recommends that SoCalGas be required to report progress against each metric in every quarterly filing to promote accountability and timely corrective action.<sup>66</sup>

CforAT supports the Revised SCIP's expanded definition of "public safety," especially its explicit inclusion of accessibility and the safety needs of

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<sup>66</sup> *Id.* at 7-9.

vulnerable populations and urges SoCalGas to make that broader concept real in implementation and metrics (not just occupational safety).<sup>67</sup>

SoCalGas agrees with Cal Advocates that the use of metrics can enhance accountability and transparency and help safeguard employees, contractors, and the public, and explains that its Safety and Organizational Effectiveness teams will monitor such metrics through quarterly reporting and comparisons to appropriate baselines over time.<sup>68</sup>

## **6.2. Discussion and Determination**

D.23-12-034 requires metrics and indicators to provide meaningful information about the effectiveness of the initiatives in achieving their objectives, including baseline metrics and indicators that show the starting point from which progress will be assessed. The SPD Evaluation Report recommended improvements to the proposed baseline metrics.

To manage implementation and the continued improvement process, SoCalGas will need to understand precisely which specific interventions are or are not having the intended impact. Thus, the Revised SCIP's outcome metrics must be more closely coupled to the specific interventions rather than just the broader elements and actions. This means that, for the metric to measure the intervention's objective, as expected by D.23-12-034, the objective of each intervention must be clear, concrete, and directly linked to the specific intervention's intent.

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<sup>67</sup> CforAT Opening Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 1-7.

<sup>68</sup> Reply Comments of SoCalGas on ALJ's Ruling Granting Motion of SoCalGas to Admit Supplement Information into the Record and Inviting Comments at 1-2.

We concur with Cal Advocates and direct SoCalGas to propose a granular set of metrics that directly measures the impact of each specific initiative (e.g. training programs, learning teams, manual development, etc.) it plans to conduct, rather than just relying on metrics for broader elements and actions. We require SoCalGas to report progress and outcomes against each metric in quarterly compliance reports. We also require SoCalGas to improve baseline metrics in accordance with the SPD Evaluation Report's recommendations to ensure meaningful assessment of progress.

**7. Scoping Issue 4: What is the Appropriate Commission Response for SoCalGas or Sempra's Failure to Meet Proposed Improvements in their SCIP within the Proposed Timeframe.**

**7.1. Summary of Relevant Filings and Party Comments**

The SPD Evaluation Report suggests that the Revised SCIP should evolve through plan iterations until the next safety culture assessment. The Report notes that reporting on proposed SCIP changes, iterations, and details in each quarterly report is efficient but requiring approval for every single change or detail would be counterproductive and resource intensive. The Report says review should balance between oversight and nimbleness to effectuate timely changes and prevent regulatory processes from becoming a barrier to SCIP evolution. The Report notes one alternative for consideration requiring SPD approval of quarterly compliance reports every second quarter for adjustments contemplated in the previous six months.<sup>69</sup> SoCalGas notes that the Revised SCIP includes

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<sup>69</sup> SPD Evaluation Report at 23.

timelines for each proposed Element but acknowledges that the plan is expected to evolve, which may affect those timelines.<sup>70</sup>

Cal Advocates contends that SoCalGas has failed to demonstrate sufficient progress for updating the employee safety manual – an initiative that falls under Action 1 of Element 2 of the Revised SCIP - and has not provided a clear timeline with defined objectives and milestones for that task. Cal Advocates recommends that the Commission require implementation of the manual by the third quarter and enhanced reporting to include start and end dates for interim steps.<sup>71</sup>

## **7.2. Discussion and Determination**

D.23-12-034 concluded that the Commission should not consider financial penalties or rewards to incentivize improvements in SoCalGas' safety culture at that time. Extending this approach into the implementation phase remains reasonable, with additional recourse available should SoCalGas fail to demonstrate meaningful progress, particularly adherence to the continued improvement through iterations. We define "meaningful progress" as SoCalGas's adherence to the continuous improvement process outlined in the Revised SCIP and SPD Evaluation Report<sup>72</sup>—including outcome monitoring and responsiveness to ineffective interventions—alongside measurable advancement toward intervention objectives and timely execution of the SCIP. This does not

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<sup>70</sup> Opening Comments of SoCalGas on ALJ's Ruling Granting Motion of SoCalGas to Admit Supplemental Information into the Record and Inviting Comments at 9.

<sup>71</sup> Cal Advocates Opening Comments on SoCalGas' Supplemental Information at 7.

<sup>72</sup> In D.25-01-031 in the Safety-Culture Assessment Rulemaking proceeding, R.21-10-001, the Commission adopted a similar continuous improvement cycle for utility safety culture.

mean there is no recourse if implementation falters; the Commission may require additional oversight, increase the specificity and frequency of reporting and monitoring, and revisit appropriate accountability tools if progress is not demonstrated.

The SPD Evaluation Report supports the Revised SCIP evolving based on the principle of continued improvement, which, as acknowledged by SoCalGas, may impact timelines.<sup>73</sup> While the reasoning driving delays of implementing interventions should be factored into evaluating whether SoCalGas is making progress, focusing on this variable would not support the continued improvement approach envisioned for the Revised SCIP. Increased focus on outcomes of concrete interventions at meeting objectives linked to Assessment findings, and SoCalGas' ability to demonstrate ascribing to the continued improvement expectations to meet stated objectives, can provide the Commission with a more comprehensive view of meaningful progress.

We also note that the Commission may open a new investigation if SoCalGas fails to comply with this decision. Rather than setting an arbitrary deadline for completion of the employee safety manual, we require SoCalGas to submit start and end dates and implementation details for all the concrete interventions proposed, including intervention milestones, specified in the Advice Letter equivalent to Tier 2 to be filed by their subsequent quarterly

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<sup>73</sup> Opening Comments of SoCalGas on ALJ's Ruling Granting Motion of SoCalGas to Admit Supplemental Information into the Record and Inviting Comments at 9.

compliance report.<sup>74</sup> Explicit reporting and identification of delays and the relevant justifications would support transparency and accountability of implementation.

**8. Scoping Issue 5: Whether the Commission Should Allow Cost Recovery for Activities Related to the Safety Culture Assessment, Developing an SCIP, and for SoCalGas' Implementation of an SCIP; and Whether the Commission Should Condition Cost Recovery for the SCIP on SoCalGas or Sempra's Good-Faith Efforts to Develop and Implement Those Plans, Based on a Performance Metric, or Some Other Indicators.**

**8.1. Summary of Relevant Filings and Party Comments**

SoCalGas asks the Commission to revisit the improvement cost recovery framework adopted in D.23-12-034, stating that, as of January 2025, it has identified more than \$5 million it will not seek to recover. Going forward, SoCalGas requests that ongoing Revised SCIP implementation costs be treated as ordinary general rate case (GRC) costs (not tracked for removal), and it forecasts roughly \$2.5–\$3 million in incremental implementation costs over the next two to two-and-a-half years.<sup>75</sup>

Cal Advocates urges the Commission to reject SoCalGas's attempt to revisit cost recovery, emphasizing that D.23-12-034 already denied recovery of all safety culture assessment, plan development, and implementation costs, and that

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<sup>74</sup> SoCalGas may, however, defer submission until no later than the due date for the following quarterly compliance report if this decision is issued fewer than 30 days prior to the due date of the next quarterly compliance report.

<sup>75</sup> SoCalGas Opening Comments on SPD's Evaluation Report at 6-8.

SoCalGas failed to meet the procedural requirements for rehearing or modification.<sup>76</sup> Cal Advocates also recommends the Commission deny SoCalGas's request to treat SCIP costs as ordinary, recoverable GRC expenses, and instead continue to disallow ratepayer recovery of the one-time remediation costs because they stem from SoCalGas's deficient safety culture and should remain a shareholder responsibility until a comprehensive safety culture assessment verifies the company has returned to an acceptable baseline.<sup>77</sup>

CforAT recommends the Commission reaffirm D.23-12-034's directive that SoCalGas shareholders—not ratepayers—fund all implementation costs for the Revised SCIP, because it is premature to characterize those expenses as “ordinary” before the Plan is approved and SoCalGas can demonstrate its improved safety culture is integrated into its normal course of business.<sup>78</sup>

## **8.2. Discussion and Determination**

D.23-12-034 denied cost recovery for SoCalGas's safety culture assessment, plan development, and implementation activities. The decision noted that if implementation of the SCIP ultimately results in the incorporation of the desired safety culture into SoCalGas's normal operations, there may be a distinction between implementation and business-as-usual costs. However, it stated that

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<sup>76</sup> Reply Comments of Cal Advocates on SoCalGas's 2024 Q4 and 2025 Q1 Quarterly Reports at 1-2.

<sup>77</sup> Cal Advocates Reply Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 1-6.

<sup>78</sup> CforAT Reply Comments on SoCalGas's Revised SCIP and SPD's Evaluation Report at 2-3.

such a determination should be deferred until the SCIP is approved, fully implemented, and further evaluated in this proceeding.

The parties present valid arguments. In assessing whether and to what extent the SCIP is ultimately incorporated into SoCalGas' normal operations, two issues require closer policy consideration: (1) consistency with D.23-12-034, and (2) the feasibility of determining whether the improved safety culture has become embedded in normal operations. Granting SoCalGas' request for cost recovery in a future GRC, such as its next test year in 2028, could effectively reverse D.23-12-034 and prematurely shift implementation costs to ratepayers. This is problematic, particularly given that implementation of the Revised SCIP is expected to continue beyond 2028, with future iterations and adjustments anticipated.

Although SoCalGas proposed a two-year implementation period, SPD's review indicates that, based on the scope and design of the Revised SCIP, implementation is likely to exceed this timeframe. The SPD Evaluation Report also recommends ongoing improvement cycles and iterative adjustments to the plan until the next safety culture assessment—scheduled to commence by August 1, 2029—can inform the development of a new plan, as required by D.25-01-031.

We agree with Cal Advocates and CforAT and do not find SoCalGas' arguments convincing on this matter. Consistent with Commission policy and the determination set out in D.23-12-034, we deny cost recovery for the development of the Revised SCIP. We also continue to deny recovery of

implementation costs associated with the Revised SCIP, including any future improvements or iterations of the current Revised SCIP.

**9. Scoping Issue 6: What Expectations Should the Commission Adopt in Relation to SoCalGas and Sempra’s Flexibility to Revise the SCIP and Their Implementation so that Continual Improvement Can Be Met Without Compromising Accountability and Transparency.**

**9.1. Summary of Relevant Filings and Party Comments**

The SPD Evaluation Report found the Revised SCIP did not demonstrate having a robust feedback loop for improvement, recommending SoCalGas develop and use a formalized framework of practices and processes that outline how monitoring of implementation (“Check” component) and adjustment (“Act” component) of the Revised SCIP will be performed. The SPD Evaluation Report additionally recommends SoCalGas should demonstrate it is well-prepared to institute an effective feedback loop for improvement.

While the SPD Evaluation Report also supports using quarterly reports to document updates, it emphasizes the need for appropriate oversight to balance flexibility with accountability. One option proposed is for SPD to approve quarterly reports semiannually, covering changes made over the prior six months.

SoCalGas favors incorporating changes into quarterly reports as information-only filings or, alternatively, using Tier 1 filings for “major changes” if a separate process is preferred by the Commission.<sup>79</sup> Cal Advocates opposes

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<sup>79</sup> SoCalGas Opening Comments on SPD’s Evaluation Report at 4-6.

this approach, citing reduced accountability and diminished oversight, and instead supports a broader definition of “significant” changes that require approval along with Commission guidance for SPD to vet changes. Specifically, Cal Advocates argues that “significant” would encompass “changes to definitions, metrics, or other core terms that drive the [SCIP]’s accountability structure” and suggests that this would, at minimum, implicate proposed changes to “SoCalGas’ actions, elements, safety culture improvement progress reporting, resource allocation, and communications.” In contrast, Cal Advocates describes “non-major changes” as “addition of actions or clarifying details that provide readers with a better understanding of what is in the plan.”<sup>80</sup>

## **9.2. Discussion and Determination**

D.23-12-034 emphasized that safety culture improvement is not achieved through a static checklist or purely external motivators, but through sustained leadership ownership, quality dialogue, and iterative improvement supported by transparent monitoring. Consistent with that approach, we focus here on requiring concrete implementation detail and regular reporting so that the Commission, staff, and stakeholders can evaluate progress in a disciplined, evidence-based way as the Revised SCIP evolves through iterations.

Consistent with the Commission’s expectations for continuous improvement, SoCalGas has indicated its intent to evolve the Revised SCIP through successive iterations. The accountability model proposed in SoCalGas’

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<sup>80</sup> Cal Advocates Reply Comments on SoCalGas’s Revised SCIP and SPD’s Evaluation Report at 3-6.

original improvement plan specified performing a comprehensive re-assessment of its culture three to five years after approval of the improvement plan either consistent with or as part of the R.21-10-001 framework.

Consistent with Cal Advocates' position, it would be appropriate for the Commission to retain transparent oversight of substantive modifications to the Revised SCIP, including a broader definition of significant changes over the more limited "major changes" proposed by SoCalGas. Providing guidance on what constitutes a reasonable change would also help clarify expectations for all stakeholders and support consistent oversight.

Given that the Revised SCIP already proposes four compliance filings per year, utilizing this cadence for all compliance-related submissions to the Commission, including any proposed changes to the SCIP would reduce the administrative burden of additional regulatory filings on SoCalGas, the Commission, stakeholders, and the public. The quarterly compliance reports will be submitted to SPD and served on the service list of this proceeding and R.21-10-001 to avoid siloing of related proceedings. The quarterly compliance reports are subject to approval by letter from the SPD Director within 30 days of submission. If a quarterly compliance report is not approved or affirmatively rejected by letter from the SPD Director, SoCalGas must notify the service list of this proceeding of the rejection or lack of affirmative approval as soon as possible and no later than the next business day following receipt of the rejection letter or passage of the 30 days without an approval letter. SPD may extend the deadline for issuing an approval letter by providing notice of the extension to SoCalGas, and SoCalGas shall notify this service list when such an extension is received.

As recommended in the SPD Evaluation Report, we direct SoCalGas to continue evolving the Revised SCIP via plan iterations for improvement that continue through to the next safety culture assessment required by D.25-01-031. D.25-01-031 requires the next safety culture assessment for SoCalGas to commence by August 1, 2029. At that time, SoCalGas should replace the most recent iteration of the Revised SCIP with a new plan based on the most recent assessment's results following the expectations laid out in D.25-01-031.

We require SoCalGas to demonstrate having a plan for robust "Check" and "Act" components of its continued improvement approach as noted in the SPD Evaluation Report and demonstrated through its quarterly compliance reports. Changes or modifications to the SCIP must be explicitly and solely justified by their potential to positively enhance cultural impact and reflect continued improvement.

We require SoCalGas to submit quarterly compliance reports to SPD for approval. We also require the filing to be served on this service list in this instant proceeding and of R.21-10-001. SPD will provide a 20-day comment period from the date of filing with SPD. Quarterly compliance reports are subject to approval within 30 -days of submission via letter from the SPD Director, and SoCalGas must notify the service list of this proceeding no later than the following business day of having received a letter indicating rejection or if 30 days have elapsed without an approval letter being issued. Proposal of changes/modifications to the SCIP via Advice Letter equivalent to Tier 2 is permitted, reflecting Cal Advocates' expanded view of "significant" changes. Significant changes include, but are not necessarily limited to, changes to definitions, metrics, or other core

terms, including SoCalGas's actions, elements, safety culture improvement progress reporting, resource allocation, and communications. Non-major changes would include changes that add or clarify details to better describe the contents of the plan as it currently exists. The SPD Director shall retain discretion to direct SoCalGas to retract a quarterly compliance report purportedly proposing a non-major change and instead file an Advice Letter requesting authority to implement the proposal if SPD finds the proposal in fact raises substantive issues of policy, requires further evaluation, or where a more transparent review process is warranted. In this circumstance, the SPD Director may allow SoCalGas to retract only the element of the quarterly compliance report that raises substantive issues of policy, requires further evaluation, or where a more transparent review process is warranted, in which case the rest of the quarterly compliance report would remain submitted. Rejection of or failure to approve the quarterly compliance report or reclassification to an Advice Letter shall not occur until after the 20-day comment period.

This structure preserves SPD's authority to reject quarterly compliance reports that do not meet the Commission's expectations or directives in a timely manner, while maintaining transparency and providing stakeholders with meaningful opportunities to participate.

Each quarterly compliance report must clearly and explicitly identify changes and modifications, describe the rationale supported by evidence including metrics or qualitative insights, showing how the changes incorporate lessons learned, address cultural barriers, and advance the desired culture. Reports should also outline mechanisms for monitoring and evaluating the

impact of these culture-focused adjustments over time, consistent with the framework and approach adopted for the Revised SCIP. The accompanying Advice Letter equivalent to Tier 2 should also include these items to enable the Commission to appropriately determine whether the change is consistent with the direction of this decision and can be approved based on the limited delegation of authority to staff authorized in this decision.

To reinforce sustained leadership ownership and ensure Commission visibility into progress, we also require SoCalGas's top leadership to continue providing an annual briefing to the Commission's staff on safety culture assessment results and improvement efforts.

#### **10. 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.

One public comment was received. The commenter states they support safety and wildfire-risk investments but note that already-high San Diego electric rates make strong governance, cost discipline, and accountability essential. The commenter urges the Commission to examine how Sempra and its California utilities balance safety with affordability, benchmark major mitigation projects against lower-cost options, align management incentives with efficient risk reduction, and provide transparent bill-impact information.

## 11. Conclusion

This decision completes Phase 2 of I.19-06-014 by finding that SoCalGas's Revised SCIP is a reasonable foundation for implementation, while requiring targeted refinements to address gaps identified by SPD and raised by parties. The Revised SCIP substantially improves upon SoCalGas's earlier submission and responds to the independent assessment's concerns regarding SoCalGas's prior narrow conception of safety and the need for stronger governance, accountability, and learning systems. However, cultural change depends on execution, and additional direction is necessary to ensure the plan produces measurable and sustained improvements.

Accordingly, SoCalGas must refine its "comprehensive safety" framework to explicitly include security; strengthen contractor integration with comparable expectations and metrics; improve its resource-allocation work using adequately supported Learning Teams linked to concrete actions and measurable indicators; and strengthen speak-up culture interventions, including expansion of the corrective action program, with attention to non-occupational and infrastructure/public safety. This decision establishes an ongoing quarterly compliance reporting framework through the next comprehensive safety culture assessment, with SPD oversight and opportunities for party input as appropriate, and reaffirms expectations for Sempra's oversight and support. Consistent with D.23-12-034, the decision denies rate recovery for Revised SCIP implementation and requires SoCalGas shareholders to fund those costs.

**12. Procedural Matters**

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

**13. 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 May 28, 2026 by SoCalGas, UWUA, Cal Advocates, and CforAT, and reply comments were filed on June 2, 2026, by SoCalGas.

CforAT maintains the proposed decision errs saying stakeholders will have "meaningful opportunities to participate" because the proposed decision closes the proceeding and the quarterly compliance reporting process as described in the proposed decision does not allow for intervenor participation as there is no mechanism for intervenor compensation.

CforAT requests the proposed decision be amended to either keep the proceeding open and have SoCalGas file reports into the proceeding record, or to explicitly authorize intervenors to seek compensation for implementation-related work following the Resolution that disposes the Advice Letter concerning SoCalGas's next required safety culture assessment, scheduled to begin in 2029. SoCalGas opposes keeping the proceeding open.

We acknowledge the important role of intervenor contributions throughout this proceeding. However, we decline to adopt CforAT's

recommendations. Any intervenor compensation related to SCIP reporting and revisions must follow applicable statute and Commission guidance.

CforAT also notes a typographical error on page 36. This error has been corrected.

Cal Advocates states that the proposed decision makes a technical error in the lack of metrics that can be measured and assessed via the proposed quarterly compliance report process. Cal Advocates requests that SoCalGas's continued reporting demonstrates learning, progress, and course correction of the SCIP. Cal Advocates notes that the quarterly compliance reports should describe how each intervention responds to the Assessment's overarching themes and specify the metrics and indicators used to measure effectiveness. SoCalGas believes the proposed decision sufficiently addresses Cal Advocates' concerns.

We disagree with Cal Advocates and find that this proposed decision adequately addresses its concerns. We find that this proposed decision correctly strikes a delicate balance between having SCIP implementation become a checklist approach versus too loose of structure to encourage real cultural shift.

Cal Advocates also maintains that due to overlapping subject matter of this proceeding with R.21-10-001, the quarterly compliance reports should be served on the service list of R.21-10-001 so that intervenors can make contributions and avoid siloing the instant proceeding. SoCalGas does not oppose this approach, but does oppose having to file the quarterly compliance reports in R.21-10-001.

We concur with Cal Advocates, and this proposed decision has been revised to reflect that quarterly compliance reports shall also be served on the

service list of R.21-10-001. We concur with SoCalGas that these reports only be served on the service list in R.21-10-001 and not filed.

UWUA notes that it has witnessed improvements in SoCalGas's safety culture, and SoCalGas responds that it appreciates this recognition.

UWUA states that SoCalGas employees are held to higher safety standards and undergo more training than contractors. UWUA claims that SoCalGas overuses contractors and that safety culture can be improved by reducing reliance on contractors, including rehiring recently laid off staff, and requiring that contractors follow the same safety practices, participate in safety culture activities, and undergo the same rigor of training that SoCalGas employees do. SoCalGas supports the directives of the proposed decision related to contractor safety.

We do find that the record in this proceeding supports underscoring the careful balance adopted in the proposed decision that is appropriate given the unique, but critical, role of contractors in SoCalGas's safety culture. The proposed decision highlights the role of contractors in safety-critical functions with direct implications for public safety, a finding that is reflected in the Assessment's inclusion of contractors in its evaluation and findings, and accordingly orders SoCalGas to strengthen its integration of contractors in its next SCIP quarterly compliance report. The proposed decision also affirms that the recommendations from the Assessment apply equally to contractors. We do not provide a determinative position here as to whether safety culture is directly improved with less reliance on contractors. However, we do find that any contractors utilized by SoCalGas are expected to meet the same quality and

standard of safety culture as regular employees. Therefore, we find the proposed decision adequately addressed UWUA's concerns about the role of contractors in SoCalGas's safety culture. .

SoCalGas requests that the proposed decision be revised to state that quarterly compliance reports be deemed approved upon submission pending further SPD disposition. SoCalGas claims that this adjustment will allow for timely execution of the Revised SCIP, accumulation of new data, and conduction of analyses for evaluation of safety culture improvements.

We decline to incorporate this distinction into the SCIP reporting and modification process. We have incorporated edits to clarify SCIP modification and Advice Letter procedure.

#### **14. Assignment of Proceeding**

Darcie L. Houck is the assigned Commissioner and Eric Fredericks is the assigned Administrative Law Judge in this proceeding.

#### **Findings of Fact**

1. SoCalGas filed its initial SCIP on July 29, 2022, and Sempra submitted safety culture oversight and initiatives and participated in joint filings and workshops.
2. In D.23-12-034, the Commission adopted only two proposed initiatives (Initiatives 1A and 1B) with modifications and directed SoCalGas and Sempra to revise remaining SCIP components.
3. D.23-12-034 denied ratepayer cost recovery for SCIP implementation costs, or otherwise required shareholder funding pending further Commission review.

4. On September 20, 2024, SoCalGas filed a Revised SCIP along with Sempra's plan.
5. The Revised SCIP describes a three-part approach consisting of organizational dialogues and qualitative self-reflection, proposed actions and initiatives intended to address underlying cultural drivers and assessment findings, and measures to track progress over time.
6. Based on the dialogues and qualitative assessment of dialogue data, SoCalGas identifies four underlying cultural drivers in the Revised SCIP: "Safety is the absence of injuries," "It's not worth it to do more," "Never enough," and "Us vs. Them."
7. The Revised SCIP is organized into four elements addressing (among other topics) a comprehensive approach to safety, speak-up and questioning behaviors, resource allocation through Learning Teams and follow-on action, and collaboration and safety management system governance.
8. SPD issued an Evaluation Report regarding the Revised SCIP and was admitted into the record by ALJ ruling on January 15, 2025.
9. The SPD Evaluation Report found the Revised SCIP represents a substantial improvement over the initial plan, including clearer linkage between assessment findings and proposed interventions and more concrete description of tools and measures, while noting that additional implementation-level detail remains to be specified.
10. The Revised SCIP's overall approach and process addresses some of the safety culture deficiencies identified in the Assessment.

11. Additional requirements in the Conclusions of Law of this decision are required to further refine the plan to address the safety culture deficiencies identified in the Assessment.

12. The Revised SCIP's overall approach and process addresses some of the Commission's required elements for the SCIP in the Scoping Memo.

13. The requirements in the Conclusions of Law of this decision are necessary to further refine the plan to address required elements for the SCIP in the Scoping Memo.

14. The SPD Evaluation Report recommends that SoCalGas provide additional implementation-level detail for the Revised SCIP, including clear milestones and timeframes, measurable indicators with baseline information, and transparent reporting of delays and adjustments, and further recommends strengthening integration of security, contractor safety culture, and Learning Team implementation.

### **Conclusions of Law**

1. It is reasonable and appropriate to treat the Revised SCIP as a living document, capable of evolving based on learning from results.

2. It is reasonable and appropriate for the Commission with this decision to prioritize SCIP outcomes—measured through the metrics and indicators linked to the Revised SCIP interventions—rather than focusing strictly on predefined actions.

3. It is reasonable and appropriate for the Commission's staff to require SoCalGas to revise the SCIP via Advice Letter equivalent to Tier 2 when

SoCalGas's reporting shows that its outcome metrics for specific interventions do not meet its intended objectives.

4. It is reasonable and appropriate to require SoCalGas to avoid a checklist approach for SCIP implementation to ensure that systemic cultural issues are addressed and improvements are sustainable.

5. It is reasonable and appropriate to require SoCalGas to address the role of security in its next SCIP quarterly compliance report, provided that, if the report is due less than 30 days after issuance of this decision, SoCalGas may defer submission to the subsequent quarterly compliance report, by 1) revising or expanding the set of interventions to explicitly integrate security considerations into its comprehensive approach to safety; 2) demonstrating how the intervention's scope and rationale achieves the stated plan's objectives for security; and 3) including respective metrics/indicators to monitor effectiveness that will demonstrate progress in the stated objectives related to security.

6. It is reasonable and appropriate to require SoCalGas to strengthen its integration of contractors in the next quarterly compliance report for the Revised SCIP by 1) developing and/or expanding interventions to more fully integrate contractors into relevant initiatives, as appropriate to their roles and functions; 2) demonstrating how the intervention's scope and rationale achieves the stated intervention's objectives and approximates a level of rigor to that applied for employee-focused actions; and 3) developing supporting metrics to monitor effectiveness.

7. It is reasonable and appropriate to require SoCalGas to address concerns of resource allocation in the next quarterly compliance report for the Revised SCIP,

provided that, if the report is due less than 30 days after issuance, SoCalGas may defer submission to the subsequent quarterly compliance report, by 1) demonstrating how it will continue Learning Team events until no new insights emerge by applying the concept of saturation, or another similarly valid method to collect qualitative data for a full and reliable understanding of cultural challenges related to resource allocation; 2) demonstrating how it will actively consider the UWUA identified concerns in shaping the design and focus of Learning Team sessions, covering topics of unfilled vacancies, informal leak downgrades, timeliness of critical-repairs, and explicitly document these efforts in the quarterly compliance reports;

8. It is reasonable and appropriate to require SoCalGas to document Element 3 with the same rigor applied to the modified Dialogues 1A and 1B and to incorporate documentation into the quarterly report submittals.

9. It is reasonable and appropriate to reaffirm and emphasize the expectation that SoCalGas translate Learning Team's insights into actionable outcomes, incorporated into the SCIP, fully implemented, and tracked using the same continuous improvement framework applied to the SCIP, and report these outcomes in its quarterly compliance reports.

10. It is reasonable and appropriate to require SoCalGas, within 60 days after a Learning Team topic reaches sufficient data collection, based on the concept of saturation or other accepted and valid qualitative assessment methods, to define and document the resulting actions and associated metrics to track progress and effectiveness and include them in subsequent quarterly report.

11. It is reasonable and appropriate to require SoCalGas to address “speak-up” culture in the next quarterly compliance report for the Revised SCIP, provided that, if the report is due less than 30 days after issuance, SoCalGas may defer submission to the subsequent quarterly compliance report, by supplementing interventions under Element 2 Action 1 to demonstrate meaningful support for the objective of fostering a “speak-up” culture at SoCalGas, particularly for non-occupational safety matters.

12. It is reasonable to require SoCalGas to evaluate opportunities to enhance its proposed corrective action program, consistent with the SPD Evaluation Report’s recommendation, to better support organizational learning and capture a more comprehensive set of safety-related issues across the organization, including those raised by contractors, as part of its ongoing improvements to the SCIP.

13. It is reasonable to require SoCalGas to leverage insights and experience gained from implementation of its proposed corrective action program to inform how enhancements to the proposed corrective action program could be meaningfully developed and implemented prior to the next safety culture assessment.

14. It is reasonable to require SoCalGas to use insights and experience gained from implementation of its proposed corrective action program to inform the evaluation and development of potential enhancements, and to document in its quarterly compliance reports the analysis performed, alternatives considered, and the basis for its conclusions, including justification for any enhancements not

pursued and an explanation of how its approach supports the objectives of the SCIP.

15. It is reasonable for SoCalGas to defer submission of items required by this decision to the subsequent quarterly compliance report if the next quarterly compliance report is due less than 30 days after issuance of this decision.

16. It is reasonable and appropriate to require SoCalGas to submit quarterly compliance reports on SCIP implementation until its next required safety culture assessment is filed with the SPD, in accordance with D.25-01-031.

17. It is reasonable and appropriate to require SoCalGas to report on the planning and execution of each proposed intervention, including, but not limited to: clearly defined goals linked to the Assessment's findings, start and end dates, key milestones, indicators for tracking progress and success, regular updates aligned with these metrics, and allocated budgets including estimated cost and cost incurred to date.

18. It is reasonable and appropriate to require consolidated planning and reporting regarding Sempra's role consistent with the Scoping Memo and D.23-12-034.

19. It is reasonable and appropriate to require SoCalGas to maintain a consolidated (Sempra and SoCalGas) SCIP that incorporates and tracks progress on all recommendations, including those originally directed to Sempra as they relate to SoCalGas' governance, oversight, and support of safety culture improvement.

20. It is reasonable and appropriate to require SoCalGas to demonstrate in its quarterly compliance reports what has changed over time relative to the

assessment findings and recommendations, including those originally directed at Sempra.

21. It is reasonable and appropriate to recommend that future independent assessments required of SoCalGas by D.25-01-031 explicitly evaluate the nature and effects of Sempra on SoCalGas, as warranted by performance and reporting.

22. It is reasonable and appropriate to require SoCalGas to propose a granular set of metrics that directly measure the impact of each specific SCIP initiative as it plans for and provides implementation details, report progress and outcomes against each metric in quarterly compliance reports, and improve baseline metrics in accordance with the SPD Evaluation Report's recommendations to ensure meaningful assessment of progress.

23. It is reasonable and appropriate to adopt SPD's recommendations that SoCalGas submit start and end dates and implementation details for all the concrete interventions proposed in the subsequent quarterly compliance report.

24. It is reasonable to not impose financial penalties or establish rewards to incentivize improvements of SoCalGas's safety culture at this time.

25. It is reasonable and appropriate to deny ratepayer recovery of costs associated with development and implementation of the Revised SCIP, including any future improvements or iterations of the current Revised SCIP.

26. It is reasonable and appropriate to require SoCalGas to demonstrate in its quarterly compliance reports a plan for robust "Check" and "Act" components of its continued improvement approach.

27. It is reasonable and appropriate to require a review process for quarterly compliance reports that includes submission to SPD and service on the service

list for this proceeding and of R.21-10-001, an opportunity for comment, and staff oversight to ensure transparency and accountability as the Revised SCIP evolves.

28. It is reasonable and appropriate to require SoCalGas' top leadership annually brief the Commission's staff, including reporting results of safety culture assessments and improvement efforts.

29. It is reasonable to close this Investigation because this decision addresses all scoped issues.

30. It is reasonable to affirm all rulings made by the assigned Administrative Law Judge and assigned Commissioner in this proceeding.

31. It is reasonable to deem denied all motions not ruled on in this proceeding.

## **O R D E R**

### **IT IS ORDERED** that:

1. No later than 90 days after issuance of a final decision, Southern California Gas Company (SoCalGas) shall file an Advice Letter equivalent to Tier 2 for approval of a quarterly compliance report to address the requirements to modify the Revised Safety Culture Improvement Plan (SCIP) as required in the Conclusions of Law of this decision. No later than 30 days after the end of each calendar quarter thereafter, SoCalGas shall submit a quarterly compliance report to maintain and update a consolidated SCIP that incorporates and tracks Sempra Energy (Sempra) safety culture activities, including those recommendations originally directed to Sempra as they relate to SoCalGas governance, oversight, and support of safety culture improvement.

(a) Southern California Gas Company shall report progress and outcomes against each metric in the quarterly compliance reports.

- (b) Southern California Gas Company shall also improve baseline metrics in accordance with the Safety Policy Division Evaluation Report recommendations to ensure meaningful assessment of progress.
- (c) Southern California Gas Company (SoCalGas) shall submit each quarterly compliance report with the California Public Utilities Commission's Safety Policy Division (SPD) and serve it on the service list for this proceeding and for Rulemaking 21-10-001. Each quarterly compliance report will have a 20-day period from the date submitted for interested parties or persons to submit comments to SPD. Quarterly compliance reports are subject to approval or rejection within 30 days of submission via letter from the SPD Director, and SoCalGas must notify the service list of this proceeding as an informational item no later than the next business day following receipt of a failure to approve or a specific rejection letter.
- (d) Southern California Gas Company may request changes or modifications to the Safety Culture Improvement Plan by filing an Advice Letter equivalent to Tier 2 identifying any proposed changes and accompanying rationale demonstrating the outcome metrics for specific interventions have not achieved the intended objectives no later than 30 days after the end of a calendar quarter.
- (e) Southern California Gas Company shall continue quarterly compliance reporting until its next required safety culture assessment is filed with the California Public Utilities Commission's Safety Policy Division, in accordance with Decision 25-01-031.

2. Ratepayer recovery of costs associated with development and implementation of the Revised SCIP, including any future improvements or iterations of the current Revised SCIP, are not authorized and should be deemed denied.

3. No later than December 15 of each calendar year, Southern California Gas Company's top leadership shall annually brief the California Public Utilities Commission's staff, including reporting on results of safety culture assessments and improvement efforts.

4. Investigation 19-06-014 is closed.

This order is effective today.

Dated \_\_\_\_\_, at Sacramento, California