Decision 26-10-010 October 8, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop Safety Culture Assessments for Electric and Natural Gas Utilities.	Rulemaking 21-10-001

DECISION ADOPTING A SAFETY CULTURE ASSESSMENT FRAMEWORK FOR SMALL AND MULTI-JURISDICTIONAL UTILITIES AND GAS STORAGE OPERATORS

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DECISION ADOPTING A SAFETY CULTURE ASSESSMENT FRAMEWORK FOR SMALL AND MULTI-JURISDICTIONAL UTILITIES AND GAS STORAGE OPERATORS

Summary

This decision adopts a Safety Culture Assessment Framework for small and multi-jurisdictional utilities (SMJUs) and independent gas storage operators (IGSOs). This framework includes three levels of assessment: a simplified self-assessment for gas SMJUs and IGSOs with fewer than 50 employees and safety-critical contract workers, a self-assessment including a survey for gas SMJUs and IGSOs with 50 to approximately 100 employees and safety-critical contract workers, and a peer review for electric and gas SMJUs and IGSOs with more than approximately 100 employees and safety-critical contract workers.

This decision authorizes the SMJUs and IGSOs to file the equivalent of a Tier 3 advice letter[1] proposing changes to the Safety Culture Assessment Framework.

This decision closes the proceeding.

1. Background

1.1. General Background

California experienced several utility-related catastrophic events in the last two decades caused by electric and natural gas utility infrastructure. These events have led to increased public scrutiny and regulatory focus on the safety culture of electric and natural gas utilities, as well as independent gas storage operators (IGSOs). These events include Pacific Gas and Electric Company's

[1] In the context of this decision, this refers to advice letters subject to disposition by Safety Policy Division Staff Resolution and presented to the Commission for a vote pursuant to General Order 96-B Rule 7.6.2.

(PG&E) pipeline rupture in San Bruno in 2010 and a large-scale natural gas leak at Southern California Gas Company's (SoCalGas) Aliso Canyon storage facility in Los Angeles County in 2015, in addition to multiple recent wildfires caused by electric utility infrastructure.

As a result, an array of legislative and Commission-led efforts intended to drive improvement of utility safety practices were put in motion. Some of these efforts explicitly targeted electric and gas utility safety culture, including, but not limited to, two formal Commission investigations into the safety cultures of two large natural gas utilities, passage of Assembly Bill (AB) 1054 (Holden) Stats. 2019, ch. 79 and Senate Bill (SB) 901 (Dodd) Stats. 2018, ch. 626, and adoption of the Commission's own Safety Policy, among others, discussed below.

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

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

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

D.18-10-029 stated that the Commission may consider a rulemaking to require natural gas utilities, including IGSOs, to implement safety management procedures and a safety culture plan.[2]

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

Additionally, the Governor's Office prepared a report issued in 2019 in response to devastating wildfires, titled Wildfires and Climate Change: California's Energy Future. This report directs the Commission to hold the utilities accountable for safety prioritization. The report requires the Commission to expand its safety expertise and to consider models from agencies that regulate

[2] D.18-10-029 at 13.

[3] D.16-08-018 at 152.

[4] D.16-08-018 at 141.

high-risk industries to assess best practices that could be adopted by the Commission.[5]

1.2. AB 1054 and SB 901

Safety culture assessments of electrical corporations are required as part of AB 1054[6] and SB 901.[7]

AB 1054 directs the Office of Energy Infrastructure and Safety (Energy Safety),[8] to conduct annual Safety Culture Assessments of each electrical corporation, the first of which was published in fall 2021. The AB 1054 assessments are specific to wildfire safety efforts and include a workforce survey, organizational self-assessment, supporting documentation, and interviews.[9] [10]

SB 901 directs the Commission to establish a safety culture assessment for each electrical corporation, conducted by an independent third-party evaluator. SB 901 requires that the Commission set a schedule for each assessment, including updates to the assessment, at least every five years, and prohibits the

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[5] Governor Newsom's Strike Force, "Wildfires and Climate Change: California's Energy Future" (2019), at https://www.gov.ca.gov/wp-content/uploads/2019/04/Wildfires-and-Climate-Change-California%E2%80%99s-Energy-Future.pdf.

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

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

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

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

[10] Commission Resolution SPD-014 Attachment 2 at 3.

electrical corporations from seeking reimbursement for the costs of the safety culture assessments from ratepayers.[11]

1.3. Procedural Background

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

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

The Commission approved D.25-01-031 on January 16, 2025 adopting a safety culture assessment framework for the large investor-owned utilities (IOUs) that included a Comprehensive Assessment of each IOU's safety culture, conducted once every four years, and an annual Self-Evaluation in the three intervening years to monitor improvement.[12] That decision also adopted a Utility Safety Culture Working Group to foster collaboration and enhance safety culture

[11] Public Utilities Code Section 8386.2(a).

[12] D.25-01-031 at 2.

improvement efforts.[13] Finally, that decision left R.21-10-001 open to address Phase 2 issues focusing on developing safety culture assessments for the small and multi-jurisdictional utilities (SMJUs) and IGSOs.[14] D.25-01-031 established a consistent, forward-looking framework for assessing safety culture across large IOUs and created a structured mechanism for ongoing assessment and continuous improvement.[15]

An April 23, 2025 ALJ ruling was issued seeking additional information from SMJUs and IGSOs about their size and composition and their current safety culture assessment practices. Wild Goose Storage (Wild Goose) and Lodi Gas Storage (Lodi) filing jointly, Gill Ranch Storage (Gill Ranch), and Central Valley Gas Storage (CVGS) responded to the ruling on May 5, 2025. Alpine Natural Gas Operating Company No. 1 (Alpine), Liberty Utilities (Liberty), Bear Valley Electric Service (BVES), West Coast Gas Company (West Coast), PacifiCorp, and Southwest Gas Corporation (Southwest Gas) filing jointly, filed a motion on May 6, 2025 seeking permission to late file their response to the ALJ ruling and then filed their comments on May 6, 2025. An email ruling was issued on May 8, 2025 granting the motion to late file the response to the ALJ ruling.

A second prehearing conference was held on May 27, 2025 to discuss Phase 2 schedule and issues. A second scoping ruling was issued on August 26, 2025 that set the issues and schedule for the second phase of R.21-10-001. On

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[13] D.25-01-031 at 2.

[14] D.25-01-031 at 2.

[15] Safety Policy Division Phase 2 Staff Proposal (Staff Proposal) at 5.

August 28, 2025, D.25-08-043 extended the statutory deadline of R.21-10-001 to October 31, 2026.

The Commission held a workshop on November 18, 2025 on safety culture assessments for SMJUs and IGSOs compared to large IOUs. A November 24, 2025 ALJ ruling set the schedule for comments on the November 18, 2025 workshop and Phase 2 party proposals. Small Business Utility Advocates (SBUA) and CVGS filed comments on the November 18, 2025 workshop on December 22, 2025. CVGS and SBUA filed reply comments on the November 18, 2025 workshop on January 9, 2026. On January 30, 2026, Wild Goose and Lodi filing jointly, BVES, Liberty, and PacifiCorp filing jointly, CVGS, and Alpine filed proposals for conducting safety culture assessments for SMJUs and IGSOs. SBUA filed comments on January 30, 2026 about conducting safety culture assessments for SMJUs and IGSOs.

On February 12, 2026, an ALJ ruling was issued seeking comments on four questions regarding Phase 2 party proposals. On March 11, 2026, Wild Goose and Lodi filing jointly, BVES, Liberty, and PacifiCorp filing jointly, Gill Ranch, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and CVGS filed opening comments on Phase 2 party proposals. On March 11, 2026, Southwest Gas filed a response to the ALJ ruling seeking comments on Phase 2 party proposals. On March 12, 2026, SBUA filed opening comments on the Phase 2 party proposals. On March 18, 2026, SBUA and CVGS filed reply comments on Phase 2 party proposals.

On March 12, 2026, the Commission hosted a joint workshop with the Office of Energy Infrastructure Safety (Energy Safety) and the large IOUs

discussing improvements to the utility safety culture assessment processes established in D.25-01-031. The large IOUs presented recommendations on opportunities for improved alignment between the Commission and Energy Safety on each respective agency's safety culture assessment processes to improve efficiencies and to reduce ratepayer costs without compromising safety, given their experience implementing the directives of D.25-01-031. Staff from Energy Safety and the Commission's Safety Policy Division provided updates on efforts to enhance interagency coordination and improve efficiency. Participants included parties to R.21-10-001, state agencies, IOUs, ratepayer advocates, and other representatives. The workshop highlighted the Commission's commitment to coordinating with Energy Safety on the consistency and efficiency of information collected for safety culture assessments as well as the continued coordination with the IOUs on these issues. The constructive nature of the conversation at the workshop demonstrated the need for ongoing dialogue and collaboration between the large IOUs, Energy Safety, and the Commission, and staff from the Commission and the large IOUs should continue to meet at least quarterly to facilitate improved coordination between the distinct safety culture assessment processes required by the Commission and Energy Safety. Additionally, Safety Policy Division and Energy Safety staff should continue coordinating on the utility safety culture assessment processes established in D.25-01-031 and mandated by AB 1054.

On April 27, 2026, an ALJ ruling issued Safety Policy Division's Phase 2 Staff Proposal (Staff Proposal) and sought comment on three sets of policy questions about the Staff Proposal. On May 26, 2026, Cal Advocates, Alpine,

CVGS, Southwest Gas, and SBUA filed opening comments on the Staff Proposal, while Wild Goose and Lodi offered a joint response on the Staff Proposal. On June 15, 2026, Wild Goose and Lodi filing jointly, Liberty and BVES filing jointly, CVGS, Gill Ranch, Cal Advocates, West Coast, SBUA, and Southwest Gas filed reply comments on the Staff Proposal.

1.4. Submission Date

This matter was submitted on June 15, 2026 upon submission of reply comments to the April 27, 2026 Administrative Law Judge's Ruling Seeking Comments on Policy Questions on the Safety Policy Division Phase 2 Staff Proposal.

2. Jurisdiction and Governing Authorities

The IOUs and IGSOs are subject to the jurisdiction of this Commission and must comply with the Commission's general orders, rules, and decisions, as well as applicable California and federal laws, regulations and policies.

The Commission ensures compliance with applicable laws, regulations and policies that impose utility safety requirements and exercises broad oversight of utility infrastructure and operations. Pursuant to Article XII, Sections one through six of the California Constitution, the Commission "has broad authority to regulate utilities.[16]

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

The California Constitution and the Public Utilities Code[17] provide the Commission with broad jurisdiction on matters regarding the safety of electric utility facilities and operations.

More specifically, Section 8386.2 directs the Commission to require safety culture assessments for each electrical corporation.[18] It mandates that this assessment be conducted by an independent third-party evaluator[19] and scheduled at least every five years.[20]

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

3. Issues Before the Commission

This decision addresses the below Phase 2 issues:

1. Should the Commission adopt the definition of safety and safety culture from D.25-01-031 to apply to SMJUs and IGSOs?
2. Should the Commission adopt a framework for SMJUs and IGSOs that includes the 10-trait normative framework and the same comprehensive assessment and self-evaluation as

[17] All subsequent references are to the Public Utilities Code unless otherwise specified.

[18] Section 8386.2.

[19] Section 8386.2.

[20] Section 8386.2.

adopted in the assessment framework for the large investor-owned utilities in D.25-01-031? If not, how should the assessment frameworks differ for larger IOUs and SMJUs and IGSOs?

3. If the existing framework should not be adopted for SMJUs and IGSOs, should a new assessment framework be developed from scratch for SMJUs and IGSOs; and if so, which key components, such as simplified reporting and tailored safety standards, should it include to ensure effective oversight while accounting for their limited scale?
4. Should the Commission adopt the same safety culture assessment goals and guiding principles for the SMJUs and IGSOs as were adopted in D.25-01-031 for the IOUs? If not, how should the safety culture assessment goals and guiding principles differ for SMJUs and IGSOs?
5. Is there a reasonable size threshold, e.g., number of customers, annual revenue, infrastructure scale or employee count, below which certain regulatory requirements, such as a safety culture survey, should not apply; and how should this threshold be determined?
6. Should the Commission adopt a similarly staggered timeframe, schedule, and frequency for conducting safety culture assessments for SMJUs and IGSOs as the Commission adopted for IOUs in D.25-01-031?
7. Should the Safety Culture Working Group created for large IOUs also encompass SMJUs and IGSOs? Or should the Commission create a separate Safety Culture Working Group for SMJUs and IGSOs?
8. Should the SMJUs and IGSOs pay into a fund to hire one Commission-designated entity with expertise in safety culture to conduct the independent safety culture assessments of SMJUs and IGSOs required by law?

9. How should the Commission ensure that the safety culture assessment process developed through this proceeding for SMJUs is complementary to, and not duplicative of, the annual safety culture assessments conducted by the Office of Energy Infrastructure Safety (Energy Safety) pursuant to Assembly Bill (AB) 1054 (Holden), Stats. 2019, ch. 79?
10. Should the framework and/or reporting requirements consider the role and responsibilities of parent companies for SMJUs and IGSOs? Is so, how?
11. Should safety culture assessment cost recovery requirements for small gas utilities differ from those for a larger gas utility given their limited financial resources compared to larger utilities?
12. Should contractors performing work for small utilities and IGSOs be subject to the same safety, training and oversight as utility employees; and if so, how should these requirements be reflected in the required safety culture assessment?
13. Should the safety culture metrics and methodologies established in D.25-01-031 for monitoring improvement between assessments be adopted for SMJUs and IGSOs? If not, how would the Commission assess improvement between assessments?
14. How will the safety culture assessment and self-evaluation process adopted in Phase 2 impact environmental and social justice communities, including the extent to which safety culture assessments for SMJUs and IGSOs impact the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan?

This decision addresses all of the scoped issues described above and determines that it is reasonable to close this proceeding.

4. Staff Proposal

The Staff Proposal recognizes that SMJUs and IGSOs differ in fundamental ways from the large IOUs that were the subject of Phase 1 in terms of workforce size, organizational structure, operational scope, capacity, and available resources.[21] As revealed by company responses to the April 23, 2025 ALJ ruling seeking additional information, those size and organizational differences are significant even among SMJUs and IGSOs, with some organizations employing fewer than a dozen staff members and contract workers and others employing more than 100 personnel. The Staff Proposal states that these differences in size can imply differences in organizational complexity and states that the effect of safety culture on safety outcomes increases with organizational complexity. The Staff Proposal concludes that while safety culture remains important across organizations of all sizes, the value and appropriate design of safety culture assessments vary with organizational complexity.[22]

The Staff Proposal also states that differences in size and complexity mean applying the Phase 1 framework to SMJUs and IGSOs could impose costs and administrative burdens that may outweigh the value gained from conducting those assessments on SMJUs and IGSOs.[23] Those same differences among SMJUs and IGSOs also mean that applying the same assessment framework on all SMJUs and IGSOs could impose similar burdens on organizations that may outweigh the value gained from conducting a single assessment approach on

[21] Staff Proposal at 2.

[22] Staff Proposal at 11

[23] Staff Proposal at 2.

different types of companies. As a result, the Staff Proposal recommends a scaled safety culture assessment framework that maintains the core principles and objectives established in Phase 1 while aligning assessment expectations with the unique characteristics of smaller organizations that are the subject of Phase 2.[24]

Across SMJUs and IGSOs, current safety culture assessment practices range from structured, survey-based assessment instruments to more informal, operations-focused review processes, audits, and behavior observations in the smallest organizations.[25] The Staff Proposal states that the importance of safety culture increases with organizational and operational/technical complexity due to the nature of risk management in larger organizations and the greater distance between people who make risk-related decisions and those who implement them in frontline operations.[26] The Staff Proposal highlights that overall organizational complexity may be lower in smaller organizations, which means that the utility derived from formal safety culture assessments may vary since technical constraints, limited capacity, and resource availability may influence safety outcomes more than cultural factors.[27] Smaller companies enjoy advantages such as more direct and faster communication channels, higher visibility and accessibility of leadership, and the ability to adapt and implement changes more quickly. [28] Smaller companies can have disadvantages such as over-reliance on

[24] Staff Proposal at 2.

[25] Staff Proposal at 10.

[26] Staff Proposal at 11.

[27] Staff Proposal at 11-12.

[28] Staff Proposal at 13-14.

key individuals who may not be easily replaced, limited redundancy in staffing, systems, and expertise, and closer personal relationships that can complicate accountability.[29]

Taking into account those traits of SMJUs and IGSOs, the Staff Proposal follows the principles of:

- Avoiding a one size-fits-all approach;
- Requiring SMJUs and IGSOs to still meaningfully consider how their organizational cultures influence risk management;
- Recognizing the importance of a scalable safety culture assessment framework;
- Tailoring assessments to organizational context and available resources and risk exposure; and
- Emphasizing influence, organizational learning, and accountability for continuous improvement.[30]

The Staff Proposal also adopts the definitions and normative safety culture framework, such as the 10 traits of a healthy safety culture used in the Phase 1 decision, while adapting assessment processes, tools, and implementation mechanisms for smaller utilities.[31]

The 10 Normative Framework traits adopted in the Phase 1 decision are:

- Leadership safety values and actions;
- Problem identification and resolution;
- Personal accountability;

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[29] Staff Proposal at 13-14.

[30] Staff Proposal at 14-15.

[31] Staff Proposal at 2.

- Work processes;
- Continuous learning;
- Environment for raising concerns;
- Effective safety communication;
- Respectful work environment;
- Questioning attitude; and
- Decision making.

The Phase 2 Staff Proposal is built around the following additional key principles appropriate to smaller organizations:

- Scalability and proportionality;
- Learning-focused oversight;
- Practical and cost-conscious implementation;
- Coverage of organizational risk factors; and
- Consistency with Phase 1 objectives.[32]

4.1. Scaled Framework

The Phase 2 Staff Proposal operationalizes those principles by suggesting a scaled framework with two main categories of safety culture assessments based on the size of the organization's workforce as a proxy for organizational complexity, including safety-critical contract workers: a self-assessment for SMJUs and IGSOs with fewer than approximately 100 employees and safety-critical contract workers, and a peer review for SMJUs and IGSOs with more than approximately 100 employees and safety-critical contract workers.

The Staff Proposal states that the objective of assessments for SMJUs and IGSOs should be to enable each organization to understand why certain patterns

[32] Staff Proposal at 2-3.

exist and how its organizational culture influences risk management and to use that information as part of a continued improvement process.[33] As described in the Staff Proposal, that process starts with planning and conducting safety culture assessments, then planning, developing and implementing interventions based on assessment results, monitoring and tracking the effectiveness of interventions, and finally reviewing and refining plans and actions.[34] The Staff Proposal offers SMJUs and IGSOs the same data collection structure used for the Phase 1 IOUs which consists of five safety culture assessment data collection methods organized into three categories: interviews, focus groups, and surveys in the perceptual methods category; worksite and meeting observations in the observation method category; and review of documentation, policies, procedures, processes, and system outputs in the docu mentation analysis category.[35] Similarly to the Phase 1 IOUs, the Staff Proposal highlights that assessments should not rely primarily on perception-based or survey-led methods, regardless of workforce size.[36]

Table 1: Summary of Safety Culture Assessment Scaling for SMJUs and Storage Operators

Effective Workforce Size	**Very Small**		**Small**	**Small-Medium**
	< 10	**Approx. 10 - 50**	**Approx. 50 - 100**	**Approx. 100 +**
Assessment Objective	The objective of the assessment is to evaluate how safety culture influences safety risk management, using structured leadership reflection to examine underlying assumptions.			

[33] Staff Proposal at 16.

[34] Staff Proposal at 17.

[35] Staff Proposal at 24.

[36] Staff Proposal at 24.

Observations on Cultural Relevance	Culture still has impact on risk, but risk is likely largely driven by capacity, technology, and resources.			Culture begins to influence risk management more clearly.	
Relevant Characteristics	Decision-makers are likely familiar with most individuals in the workforce.		Decision - makers may increase reliance on "filtered" views as supervisory roles increase.	• Distance between decision-makers and frontline workers increases with heavier reliance on middle management, yet informal norms potentially still compensate for lack of resources and capacity. • Large enough for culture to materially impact risk, but possibly too resource-constrained to effectively implement a full-scale external assessment, particularly at the lower end category.	
Data Collection	Ideally one method from each of the three categories (**Error! Reference source not found.**), but of minimum two methods total (Categories 2 and 3 in Table 3). No surveys recommended.		At least one method from each of the three categories (**Error! Reference source not found.**). Surveys viable.	Ideally all five methods, but at least one from each of the three categories (**Error! Reference source not found.**).	
Assessment Tools	Simplified self-assessment.	Simplified self-assessment. Surveys not recommended or strictly limited to gathering qualitative insights.	Self-assessment + confidentiality-capable feedback collection (survey).	Peer-Based Reviews	
Frequency	Annually; assess all 10 cultural traits within a five-year period (i.e. 2 per year).			Every 3-4 yrs.	Every 3-4 yrs
Reporting	Annual information-only filing				

Under the Staff Proposal, SMJUs and IGSOs with a workforce size of fewer than 100 would conduct self-assessments, with increasingly simplified self-

assessment approach as workforce size decreases.[37] Self-assessments would be conducted annually, with a reduced scope focusing on a limited subset of traits that evolve every year, with all ten cultural traits assessed within a five-year period, for example, such as by assessing two cultural traits per year.[38]

The Staff Proposal recommends self-assessments employ at least one method from each of the three data-collection categories, with additional flexibility for the smaller entities with a workforce of 50 and under.[39] Those smaller organizations would perform simplified self-assessments by employing at least two data-collection methods - one each from the observation and documentation analysis categories - although all three data-collection methods are encouraged.

The Staff Proposal suggests simplified self-assessments for organizations with a workforce size of 50 or fewer that primarily rely on targeted interviews or conversations, observation of work practices, and review of indicators such as incidents, near-misses, and corrective actions, amongst others. The Staff Proposal specifies that surveys should be strictly avoided for organizations with a workforce size of 50 or fewer, due to their decreased reliability at this scale; however, organizations with a workforce size between 10 to 50 may incorporate existing surveys conducted for other purposes using only their qualitative components.[40] The Staff Proposal describes that, for the smallest organizations –

[37] Staff Proposal at 25.

[38] Staff Proposal at 28.

[39] Staff Proposal at 28.

[40] Staff Proposal at 28.

specifically those with a workforce size of 10 or fewer – self-assessments would rely on an even more limited set of qualitative data, further explaining that, in practice, those simplified assessments may resemble a structured self-reflection conducted by the most senior leader, informed by discussions with employees, direct observation of work activities, and review of events and near-misses.[41]

The Staff Proposal strongly encourages organizations with a workforce size of between 50 to 100 to use external support for self-assessment, such as for dialogue facilitation.

Finally, SMJUs and IGSOs with workforces of more than 100 people would be expected to employ all five assessment methods as part of a peer review process. The Staff Proposal states that such peer reviews would include at minimum the following characteristics: 1) meaningful participation by the organization's workforce, 2) coordination between the Commission and the organizations conducting the peer review, 3) duration of the peer review consisting of a few days to a week, 4) engagement of a multidisciplinary team of peer reviewers, 5) completion of an assessment report with full findings and recommendations made available to the Commission including a summary of the report and findings, 6) training in peer review best practices supported by the Commission, and 7) the functional independence of peer reviewers.[42]

The Staff Proposal states each SMJU and IGSO with a workforce of more than 100 people would undergo a peer review every three to four years, with the

[41] Staff Proposal at 27.

[42] Staff Proposal at 25 and 31-32.

Commission providing support to develop basic assessment guidance, training, and guided practice. The exact cadence of peer reviews would be determined based on the number of organizations required to conduct peer reviews with the goal of having one organization undergoing a peer review per year.[43] SMJUs and IGSOs required to undergo peer reviews would also be required to monitor their progress in between peer reviews and possibly file self-evaluations similar to those required for large IOUs in Phase 1 of this proceeding.[44]

Cal Advocates states that the Commission should monitor self-assessments and peer reviews and provide guidance on how to conduct them, or else the Commission should carry out the assessments for all SMJUs and IGSOs through a centralized third-party independent assessor funded collectively by SMJUs and IGSOs with a workforce of over 100 people.[45] Gill Ranch, Wild Goose, and CVGS oppose the Commission overseeing, guiding, or monitoring self-assessments or peer reviews.[46] Cal Advocates also states that more detail is needed about the type of external resources the SMJUs or IGSOs would use, expectations about requirements, training, or qualifications for Phase 2 self-assessments, how the Commission would determine that an SMJU or IGSO is capable of performing a self-assessment without external support, the type of resources the Commission would provide to them for their self-assessments, and how a gas utility would

[43] Staff Proposal at 32-33.

[44] Staff Proposal at 32.

[45] Cal Advocates Opening Comments at 1 and 4-5.

[46] Gill Ranch Reply Comments at 6, CVGS Reply Comments at 5-6.

peer review electric utilities and vice versa.[47] Finally, Cal Advocates suggests that the Commission offer the peer review model as a voluntary practice with no direct bearing on other assessments.[48] Gill Ranch agrees that more detail is needed about how Phase 2 assessments will be carried out and suggests those guidelines be developed in a dedicated sub-group of the Utility Safety Culture Working Group.[49]

Alpine supports the self-assessment model for organizations with workforces smaller than 10 employees conducted over a five-year cycle.[50] CVGS supports the Staff Proposal's scaling based on the effective workforce size of the SMJU or IGSO.[51] CVGS requests clarification about how the Commission would develop appropriate assessment guidelines, along with training and educational support, to enable SMJUs and IGSOs to proceed with their assessments.[52] CVGS supports developing such guidelines and training and educational support in a dedicated track or sub-group of the Utility Safety Culture Working Group.[53] SBUA generally supports the Phase 2 framework and recommends that the Commission develop a non-punitive reporting mechanism.[54] SBUA also suggests that the Commission hold a joint workshop with OEIS and the SMJUs and IGSOs

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[47] Cal Advocates Opening Comments at 2.

[48] Cal Advocates Opening Comments at 9.

[49] Gill Ranch Reply Comments at 5.

[50] Alpine Opening Comments at 1-2.

[51] CVGS Opening Comments at 1.

[52] CVGS Opening Comments at 3.

[53] CVGS Opening Comments at 3.

[54] SBUA Opening Comments at 1.

to understand how the OEIS wildfire safety assessment process functions and how the Commission can appropriately streamline the Commission's and Energy Safety's safety reporting approaches.[55]

Southwest Gas suggests using only workforce surveys that include contractors and submission of organizational safety-related materials as requirements for organization safety culture assessments.[56] Southwest Gas states that the surveys should evaluate whether safety is prioritized over production across contractor organizations, measure worker empowerment, and assess the effectiveness of hazard identification and near-miss reporting.[57] Southwest Gas also states that its current participation in the American Gas Association peer review program should meet any mandatory participation requirements issued by the Commission.[58] BVES and Liberty state that, "…[P]eer reviews present numerous challenges for the Small IOUs, including, but not limited to, the significant amount of time and resources and corresponding burdens for staff to complete peer reviews."[59]

The Commission finds that the scaled framework described in the Staff Proposal offers a reasonable and practical approach to conducting safety culture assessments for organizations of different sizes. The scaled framework also minimizes the cost of conducting safety culture assessments for smaller

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[55] SBUA Opening Comments at 2.

[56] Southwest Gas Opening Comments Attachment A at 1.

[57] Southwest Gas Opening Comments Attachment A at 2.

[58] Southwest Gas Opening Comments Attachment A at 3-4.

[59] BVES and Liberty Reply Comments at 5.

organizations operating on more modest budgets than the large IOUs. As the Staff Proposal states, the peer review model is already used effectively in the nuclear, rail, gas, and other industries[60] while self-assessments can produce meaningful results for smaller organizations. Additionally, the peer review model requires less time and fewer resources to complete than the independent third-party assessments instituted for Phase 1 organizations while providing enough rigor and thoroughness to produce meaningful results. Accordingly, this decision adopts the scaled safety culture assessment framework proposed in the Staff Proposal, with self-assessments required for gas SMJUs and IGSOs with workforce numbers below 100 and peer assessments required for organizations with workforce numbers of 100 or more. This decision agrees with the Staff Proposal about adopting the definitions and safety culture assessment guiding principles and goals adopted in D.25-01-031. As explained in the Staff Proposal, maintaining the same goals and guiding principles in Phase 2 will ensure consistency in expectations across all jurisdictions, promote alignment among large IOUs, SMJUs, and IGSOs in their understanding of what constitutes effective engagement in implementing the Safety Culture Assessment Framework, and facilitate building shared understanding and purpose across entities.[61] No party objected to adopting the Phase 1 definitions and Safety Culture Assessment Guiding Principles and Goals

[60] Staff Proposal at 29.

[61] Staff Proposal at 18.

By April 1, 2028, the SMJUs and IGSOs must file the equivalent of a Tier 2 advice letter with the Safety Policy Division identifying their schedule and plan for conducting its initial safety culture assessment pursuant to this decision.

Pursuant to Public Utilities Code Section 8386.2, electrical corporations may not conduct self-evaluations. Peer review selection will follow safeguarding criteria that shall include, but not be limited, to the following guidelines: no common ownership or corporate affiliation, no material financial or business relationship, no reciprocal review arrangements, independent approval of reviewers by Safety Policy Division, reviewer control over the assessment/report, and disclosure of potential conflicts of interest. Peer reviewer selection, qualifications, and other relevant criteria should be part of the additional guidance Safety Policy Division develops to support training and implementation of the assessments. The peer review model permits and contemplates cross-industry peer review.

Additionally, SMJUs and IGSOs can seek modification to this framework by filing the equivalent of a Tier 3 advice letter requesting authorization to conduct independent third-party assessments with a single assessor retained through the state contracting system, as proposed by the Safety Policy Division in the Staff Proposal as an alternative to the peer-review model. SMJUs and/or IGSOs seeking such a modification must confer with other parties in the proceeding and the Safety Policy Division through the Phase 2 working group described below. While reviewing an advice letter requesting the replacement of a peer review with an independent third-party assessment using an assessor retained through the state contracting system, Safety Policy Division will

consider the extent that the organization or organizations filing the equivalent of a Tier 3 advice letter coordinated with other working group members on the proposal. Another primary consideration will be whether a viable peer review process will still be in place if any gas SMJUs or IGSOs continue to opt for a peer review.

SMJUs and IGSOs shall deliver in writing the results of their assessment, by sending the reviews to the service list of R.21-10-001 and filing it as a compliance filing in this proceeding by December 15 of each review year. The written reports must demonstrate that the organization has conducted a quality assessment, documenting how the assessment was planned, conducted, and analyzed and including how the assessment approach was designed to align with generally accepted practices for the collection, evaluation, and interpretation of cultural data. Responding to the concerns raised by Cal Advocates about possible bias, lack of transparency, and other risks in safety culture self-assessments,[62] the Commission requires the reports also show that the SMJUs and IGSOs considered other context-specific factors including, but not limited to, leadership distance, organizational stability, changes in ownership, parental structure, and reliance on contractors to determine if some level of external support might be necessary to perform quality self-assessments.

Additional guidance provided by Safety Policy Division as needed may further describe considerations relevant to assessment planning, data collection,

[62] Cal Advocates Opening Comments on Party Proposals at 5.

participant selection, and analysis, among other aspects relevant to conducting assessments.

We also agree with CVGS and Gill Ranch about opening a subgroup of the Utility Safety Culture Working Group for SMJUs and IGSOs and authorize the Safety Policy Division to establish a dedicated subgroup or track of the Utility Safety Culture Working Group to address topics that are exclusive to the SMJUs and IGSOs, as may be necessary. While participation by all applicable SMJUs and IGSOs would best support collaboration and implementation of the assessments, we recognize that resource limitations may affect the ability of some entities to participate consistently. Accordingly, participation in the Phase 2 subgroup shall remain voluntary. However, participating entities are encouraged to engage to the greatest extent practicable, as the subgroup's discussions and output may inform future implementation guidance and assessment expectations.

To promote collaboration, consistency, and efficient implementation of the Phase 2 Safety Culture Assessment Framework, the Commission's Safety Policy Division should leverage the independent expert facilitator retained for the Utility Safety Culture Working Group established pursuant to D.25-01-031 to facilitate the Phase 2 subgroup or distinct track. Utilizing the same facilitator will promote continuity between the Phase 1 and Phase 2 frameworks, maintain consistency in approaches, and allow the Phase 2 subgroup to benefit from the facilitator's accumulated technical expertise and familiarity with the Commission's safety culture framework, to the extent necessary. The expert facilitator may support and help facilitate Phase 2 implementation for at least the first cycle.

The Commission should continue to contract and retain the services of the expert facilitator through the State's procurement and contracting process. The SMJUs and IGSOs shall reimburse the Commission for the facilitator costs associated with the Phase 2 subgroup. Reimbursement shall be allocated on a proportional basis according to each entity's workforce size, as determined under this decision. For the purpose of determining cost allocation, the workforce size period shall be the direct employee headcount measured as of December 31 of the most recently completed calendar year. The contractor workforce component shall equal the average of the annual safety-critical contractor counts for each of the three most recently completed calendar years, determined in accordance with the methodology adopted by this decision. The workforce counts for cost allocation purposes should be updated at least at the beginning of each assessment cycle.

An assessment cycle is five years for self-assessments and three years for peer reviews.

4.2. Workforce Numbers and Contract Workers

The Staff Proposal states that most SMJUs and IGSOs rely heavily on contractors to perform work, especially among IGSOs where contractor personnel often outnumber internal staff while performing safety-critical activities (e.g., well interventions).[63] The larger of the SMJUs and IGSOs manage hundreds to thousands of contractors.[64] As a result, the Staff Proposal counts the core headcount made up of direct employee numbers plus the average number

[63] Staff Proposal at 10.

[64] Staff Proposal at 10.

of contractor personnel engaged over a year (or peak season average, which is greater) performing work with potential to impact safety, over a three-year period.[65] This method for counting workforce numbers aims to capture an organization's complexity as well as its potential processes for determining safety culture.

Cal Advocates states that safety culture assessments of SMJUs and IGSOs should include contractors that "perform any function that materially affects public or operational safety, including engineering, construction, operations, maintenance, and inspection of facilities subject to Commission jurisdiction."[66]

Wild Goose and Lodi recommend that the definition of contractors be refined to focus on contractors performing safety-critical work, which Wild Goose and Lodi described as operations and maintenance, new construction, or other activities carried out in the field, compared to work "performed behind a desk."[67] Wild Goose and Lodi also recommend that the assessments involve contractor vendors - not the individual contract workers themselves - pointing to the possibility that a vendor may send different crews each time to perform a similar safety-critical function.[68] CVGS, Wild Goose, and Lodi state that safety culture assessments should not be conducted for the contractor organizations themselves even if individual contractors are included in the assessments.[69] Wild

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[65] Staff Proposal at 23-24.

[66] Cal Advocates Opening Comments at 5.

[67] Wild Goose and Lodi Opening Comments at 3-4.

[68] Wild Goose and Lodi Opening Comments at 5.

[69] CVGS Reply Comments at 6-7, Wild Goose and Lodi Reply Comments at 3.

Goose and Lodi suggest increasing the workforce threshold for peer reviews to 250 people particularly if the Commission plans to retain the individual worker headcount methodology.[70] Liberty and BVES support the suggestion to count contractor vendors rather than contractor employees to determine workforce size and also support increasing the workforce threshold for small- to medium-sized companies to 250 people.[71] CVGS and Gill Ranch support Wild Goose and Lodi's proposal that safety-critical workers be defined as people working in the field.[72] CVGS and Gill Ranch also support Wild Goose and Lodi's proposal to increase the workforce threshold for small- to medium-sized companies to 250 people.[73]

Cal Advocates opposes counting contractor vendors rather than contractor employees to determine workforce size.[74] Cal Advocates states:

> "A utility that deals with five contractor vendors supplying 200 contractor personnel differs significantly in complexity and potential safety impact than a utility that manages five contractor vendors with 20 contractor personnel. And yet, under the measure (Wild Goose and Lodi) propose, both of these examples would appear the same."[75]

Alternatively, Cal Advocates proposes counting "the maximum number of contractors simultaneously involved in a project" to determine the contractor

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[70] Wild Goose and Lodi Opening Comments at 6.

[71] Liberty and BVES Reply Comments at 3-6.

[72] CVGS Reply Comments at 2-3, Gill Ranch Reply Comments at 3.

[73] CVGS Reply Comments at 4, Gill Ranch Reply Comments at 3.

[74] Cal Advocates Reply Comments at 2-3.

[75] Cal Advocates Reply Comments at 2.

personnel count.[76] Southwest Gas and CVGS both suggest adopting a company's Operator Qualification program to identify people with safety critical functions.[77]

CVGS suggests that the Commission count contractor roles as opposed to individual workers when determining the workforce sizes of SMJUs and IGSOs, pointing to cases where multiple contracted individuals may fill a single role depending on scheduling availability.[78] CVGS also suggests that safety-critical functions include on-site work related to operations and maintenance of facility equipment, including wellheads, downhole cavern or well work, and new construction of pipelines or drilling activities.[79] Gill Ranch supports the proposal that workforce size be determined by counting contractor roles or personnel playing safety-critical work rather than the total number of individual contractor workers.[80]

SBUA states that the Commission should require SMJUs and IGSOs to explain the role that contractors play in the organization so that safety culture assessments effectively cover and include them.[81]

The Commission adopts a revised version of the Staff Proposal's methodology for counting an organization's workforce: direct employee numbers over a year plus the three-year average number of contractor personnel

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[76] Cal Advocates Reply Comments at 3.

[77] CVGS Reply Comments at 3, Southwest Gas Opening Comments Attachment A at 2-3.

[78] CVGS Opening Comments at 2.

[79] CVGS Opening Comments at 3.

[80] Gill Ranch Reply Comments at 2.

[81] SBUA Opening Comments at 2.

engaged in safety-critical functions during a peak period, meaning the highest cumulative number of contractor personnel performing safety-critical functions during the utility's peak contracting period within the calendar year. The Staff Proposal's use of an average number of contractor personnel engaged over a peak period is designed to avoid overcounting contractor personnel rotated in over a short period to fulfill specific roles. The peak period should be a distinct contractor-intensive period or season. Where no identifiable contractor-intensive period or season exists, the utility shall use the consecutive three-month period with the highest cumulative number of contractor personnel performing safety-critical functions. The three annual peak period contractor counts shall be averaged to determine the contractor workforce component.

The appropriate boundary for the workforce size calculation is the organizational population relevant to the California-regulated utility operation, regardless of physical location. This includes personnel at all organizational levels and functions who directly or indirectly comprise or materially influence, manage, or support the California-regulated utility's operations. The functional distinction on safety-critical roles applies to contractors only.

The Staff Proposal states that the thresholds should serve as guidance rather than bright lines. [82] The Commission establishes a "transitional" mechanism to provide some flexibility for organizations with workforce numbers that hover around the 100-count threshold. Such organizations can reasonably continue using a self-assessment method unless there is a sustained or significant change in organizational complexity.

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[82] Staff Report at 21.

As such, the Commission approves the following transitional mechanism to allow gas SMJUs and IGSOs with workforce numbers exceeding 100 to use the self-assessment method:

a. Gas SMJUs and IGSOs with workforce numbers that exceed 100 may file the equivalent of a Tier 2 advice letter to request approval for using the self-assessment method for a given assessment.
b. Safety Policy Division may approve the request if the entity has not (a) exceeded the 100-count threshold by 20% or more for more than one consecutive assessment cycle, (b) undergone a change in ownership since the previous assessment cycle, (c) substantially increased the distance of decision-makers from front lines, or(d) otherwise reduced its capacity to maintain the quality of the assessment.

The Commission also clarifies that an entity's assessment category will remain fixed for the duration of each assessment cycle. For example, an entity assigned to the self-assessment category would remain in that category for the applicable five-year assessment cycle, with any change in classification generally taking effect in the next cycle.

Finally, the Commission agrees with Cal Advocates' opening comments defining contractors that perform functions that materially affect public or operational safety and thus establishes the definition for contractors performing safety-critical functions as any contractor engaged in a function or role that can create, control, or influence risk—whether directly or through latent conditions. This definition excludes functions with negligible influence on operational risk, such as janitorial services, catering, and administrative support, with the burden placed on the organizations to justify exclusions.

4.3. Confidentiality

The Staff Proposal states that it may be necessary for the SMJUs and IGSOs to adopt measures that ensure confidential information arising during the peer review process is appropriately protected from unauthorized disclosure.[83] The Staff Proposal states that such measures may take the form of Non-Disclosure Agreements (NDAs) between the participating organizations.

Cal Advocates argues that the Commission should not apply confidentiality protections to new categories of information that may be involved in the self-assessments and peer reviews.[84] Cal Advocates states that Commission rules already allow parties to share information while protecting confidential information.[85] Wild Goose and Lodi state that the peer review process should allow organizations to claim confidentiality for any covered information or documents and either not produce the information or require the peer reviewer to sign an NDA.[86] CVGS states that if it was required to use a peer review model, that any information normally withheld as confidential in regulatory filings would retain its confidential treatment.[87] Gill Ranch states that SMJUs and IGSOs should be allowed to evoke existing Commission confidential protections in peer

[83] Staff Proposal at 32

[84] Cal Advocates Opening Comments at 8.

[85] Cal Advocates Opening Comments at 9.

[86] Wild Goose and Lodi Opening Comments at 10.

[87] CVGS Opening Comments at 6.

reviews.[88] Liberty and BVES support using NDAs to guard against the disclosure of confidential information in peer reviews.[89]

The Commission agrees with Cal Advocates that current protections, including the use of NDAs and the process set forth in General Order 66-D, are sufficient for organizations required to participate in safety culture assessment peer reviews. Accordingly, this decision does not create new mechanisms for confidentiality protections for organizations participating in safety culture assessments.

5. Modifications to Assessment Framework

The April 27, 2026 ALJ ruling asked whether an advice letter process such as that adopted in Phase 1 be incorporated for SMJUs and IGSOs to allow for modifications and enhancements to the Safety Culture Assessment Framework.

Wild Goose, Lodi, CVGS, Gill Ranch, and Southwest Gas support an advice letter process disposed of by Commission Resolution allowing SMJUs and IGSOs to propose modifications and enhancements to their safety culture assessment frameworks.[90] CVGS, Wild Goose, Liberty, and BVES state that participation in the Utility Safety Culture Working Group should not be required as part of the advice letter process for SMJUs and IGSOs.[91] Wild Goose, CVGS, and Gill Ranch suggest that SMJUs and IGSOs be allowed to comment first on

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[88] Gill Ranch Reply Comments at 8.

[89] Liberty and BVES Reply Comments at 7-8.

[90] Wild Goose and Lodi Opening Comments at 9, CVGS Opening Comments at 6-7, Gill Ranch Reply Comments at 6-7, Southwest Opening Comments Attachment A at 2-3.

[91] CVGS Opening Comments at 5, Wild Goose Opening Comments at 2-3, Liberty and BVES Reply Comments at 6-7.

any proposed changes to the Phase 2 safety culture assessment frameworks suggested by Safety Policy Division.[92]

The Commission agrees with Wild Goose, Lodi, CVGS, Gill Ranch, and Southwest Gas that organizations should be authorized to file an advice letter to propose modifications and enhancements to their safety culture assessment frameworks in response to changes within the industry and other developments. Accordingly, this decision authorizes SMJUs and IGSOs required to perform self-assessments or peer reviews to file the equivalent of a Tier 3 advice letter with the Safety Policy Division clearly stating how any modifications or improvements should be made to the Safety Culture Assessment Framework. This advice letter shall discuss the reasoning for the modifications or enhancements, and report on how the recommendations contained within it were developed in partnership with the parties to this proceeding and the Safety Policy Division, or a relevant track of the Utility Safety Culture Working Group applicable to Phase 2 issues. This does not preclude the Safety Policy Division from proposing changes and modifications of its own for consideration by the Commission, or to issue additional guidance that builds upon this decision.

6. Parent Companies

The Staff Proposal states that IGSOs are generally owned by private infrastructure investment or energy asset management firms and are often integrated into a broader infrastructure portfolio, with some degree of structural integration that may leverage some centralized functions such as health, safety

[92] Wild Goose Opening Comments at 3, CVGS Opening Comments at 5, Gill Ranch Reply Comments at 7.

and environmental frameworks.[93] By contrast, certain small electric and gas organizations have reported limited or no direct involvement of their holding companies in safety culture development and assessment efforts.[94] The role of parent companies is even more prominent for SMJUs and IGSOs in shaping subsidiaries' safety culture, including reliance on parent-level functions, parent control over capital and staffing, corporate level incentives, and holding company level safety governance oversight.[95] In addition, SMJUs and IGSOs may not have the capacity to use internal safety departments, independent audit functions, and dedicated capital planning teams to buffer the influence of parent companies.[96]

The Staff Proposal recommends that the influence of parent companies should be explicitly examined when the parent company materially shapes leadership messaging, resource allocation, governance, oversight, or shared services impacting safety at the SMJU or IGSO.[97] The Staff Proposal states that assessments of SMJUs and IGSOs should aim to understand how safety-related meanings, priorities, and assumptions are formed across organizational interfaces.[98]

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[93] Staff Proposal at 9.

[94] Staff Proposal at 9.

[95] Staff Proposal at 38.

[96] Staff Proposal at 38.

[97] Staff Proposal at 39.

[98] Staff Proposal at 39.

SBUA states that parent companies have the potential to play a much more significant role in small utilities and must be involved in and subject to the safety culture assessment process.[99] Wild Goose and Lodi state that they and their vendors already participate in an annual safety culture assessment process administered by their parent company.[100]

The Commission agrees with the Staff Proposal that safety culture assessments of SMJUs and IGSOs must include examining how the parent company materially shapes elements such as leadership messaging, resource allocation, governance, oversight, or shared services impacting safety. Accordingly, this decision directs safety culture assessments of SMJUs and IGSOs to examine the impact of parent companies on SMJU and IGSO safety culture.

7. Cost Recovery

The Assigned Commissioner's Scoping Memo and Ruling issued on August 26, 2025 scoped in the issue of cost recovery for safety culture assessments by asking the question: Should safety culture assessment cost recovery requirements for small gas utilities differ from those for a larger gas utility given their limited financial resources compared to larger utilities?

The Staff Proposal states that SMJUs and IGSOs may incur initial implementation costs for self-assessments and peer reviews such as targeted engagement of external expertise to develop tailored assessment guidance,

[99] SBUA Opening Comments at 1.

[100] Wild Goose and Lodi Opening Comments at 8.

training materials, and onboarding support.[101] The Staff Proposal states that those costs are expected to be "transitional, limited, upfront investments to establish the practices – rather than an ongoing reliance on external consultants."[102]

Wild Goose and Lodi state that they expect to be responsible for the costs to perform their own safety culture assessments as "(independent storage providers) bear the costs of their regulatory obligations, and shareholders are at risk for any compliance costs that cannot be recovered through storage contract revenues."[103] CVGS suggests that the cost of hiring a working group facilitator be shared among the organizations within the working group, based on the number of employees at each organization or the number of employee-hours worked at each organization.[104] Liberty and Bear Valley state that a self-assessment model would "reduce costs for a third-party, and the remaining cost could then be allocated between the electric and gas utilities that utilize the third-party assessor."[105]

The Commission agrees with Wild Goose and Lodi that IGSOs bear the costs of their regulatory obligations and shareholders bear the risk of any compliance costs that cannot be recovered through storage contract revenues. Public Utilities Code section 8386.2 also states that "[t]he electrical corporation

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[101] Staff Proposal at 35.

[102] Staff Proposal at 35.

[103] Wild Goose and Lodi Opening Comments on Party Proposals at 5.

[104] CVGS Opening Comments on Party Proposals at 7.

[105] Bear Valley, Liberty, and PacifiCorp Opening Comments on Party Proposals at 17.

shall not seek reimbursement for the costs of the assessment from ratepayers."[106] Consistent with this statutory direction that ratepayers should not bear the costs of safety culture assessments, electric SMJUs may not recover from ratepayers safety culture assessment costs that they incur.[107]

8. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

No relevant public comments were received in the docket of this proceeding as of the date of submission of the record for this decision.

9. 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.

10. 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

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[106] Code Section 8386.2(a).

[107] Consistent with D. 25-12-016, the SMJUs may file a Tier 1 Advice Letter requesting authority to establish memorandum accounts to track and record costs associated with complying with this decision. Consistent with Public Utilities Code Section 8386.2, electric SMJUs shall not seek reimbursement for costs of safety culture assessments from ratepayers. Requests for recovery of specific costs from ratepayers will be formally considered as part of the process for setting rates for each utility based on the Commission's deliberative process and statutory and constitutional obligations.

Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on September 24, 2026 by Wild Goose and Lodi jointly, BVES, Liberty, and PacifiCorp jointly, CVGS, Alpine, SBUA, Southwest Gas, and Cal Advocates, and reply comments were filed on September 29, 2026 by BVES, Liberty and PacifiCorp jointly and SBUA.

Cal Advocates stated that Public Utilities Code Section 8386.2(a) required the Commission to have an independent third-party evaluator assess the safety culture of each electrical corporation.[108] Cal Advocates stated that the peer review process adopted by the decision for SMJUs and IGSOs with a workforce of 100 or more people is not an independent third-party evaluator as intended by Public Utilities Code Section 8368.2(a).[109] Cal Advocates also stated that for the electric SMJUs, the Commission should require an assessment by an independent third-party evaluator or evaluators retained by Safety Policy Division through the state's procurement and contracting process.[110] SBUA supported Cal Advocates' statement that an independent consultant should be hired for electric corporation safety assessments.[111] BVES, Liberty, and PacifiCorp agreed with Cal Advocates' interpretation but cautioned that alternatives must minimize SMJU costs.[112] The Commission has revised this decision in response to the party comments on independent third-party evaluators.

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[108] Cal Advocates Opening Comments on Proposed Decision at 1.

[109] Cal Advocates Opening Comments on Proposed Decision at 1-4.

[110] Cal Advocates Opening Comments on Proposed Decision at 6.

[111] SBUA Reply Comments on Proposed Decision at 2.

[112] BVES, Liberty, and PacifiCorp Reply Comments on Proposed Decision at 2-3.

Cal Advocates argued that the prohibition on recovery of costs for safety culture assessments from ratepayers in Public Utilities Code Section 8386.2(a) means that the decision should be revised to state that Liberty, BVES, and PacifiCorp may not record safety culture assessment costs in a memorandum account for potential recovery from ratepayers. Cal Advocates further notes that Ordering Paragraph 16 requires all SMJUs to reimburse the Commission for the Phase 2 working group facilitator, and Cal Advocates argues the statutory prohibition on electric SMJUs seeking recovery of safety culture assessment costs from ratepayers should extend to barring recovery of costs for the working group facilitator, as the facilitator costs are part of the assessment process the decision requires. The Commission agrees that electric SMJUs are statutorily prohibited from seeking reimbursement for the costs of safety culture assessment from ratepayers and no revision to the decision is needed to address this concern. For any costs recorded in memorandum accounts pursuant to this decision and for which any SMJU requests recovery from ratepayers, the Commission will review the reasonableness of those costs including whether they are permissible for recovery from ratepayers according to statute.Cal Advocates suggested several wording corrections and clarifications, which this decision has adopted.

CVGS stated that the number of contractors counted for the purpose of the safety culture assessments should be based on the maximum number of contractor personnel simultaneously onsite per project.[113] CVGS also suggested removing references to a peak season average in the decision's methodology for

[113] CVGS Opening Comments on Proposed Decision at 2-5.

calculating an organization's workforce size.[114] SBUA suggested the Commission count contractor workforce numbers by using the number of contractor positions engaged in safety-critical functions over one year.[115] The Commission has revised this decision in response to the party comments on the methodology for counting contractors.

BVES, Liberty, and PacifiCorp sought clarification about whether the results of safety culture assessments should be filed with the Commission.[116] This decision has been revised accordingly to clarify that the assessments should be filed as compliance filings to this proceeding as well as served to the service list of this proceeding.

BVES, Liberty, and PacifiCorp suggested the decision clarify that only safety-critical personnel in California be included in the workforce size calculation and clarify whether workforce count is based on work location, employee residence, contractor status, or assignment to California-jurisdictional operations.[117] BVES, Liberty, and PacifiCorp also sought clarification about how peer reviewers should be identified as well as information about how advice letters should be filed.[118] This decision has been revised to address these issues raised by BVES, Liberty, and PacifiCorp.

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[114] CVGS Opening Comments on Proposed Decision at 5-6.

[115] SBUA Reply Comments on Proposed Decision at 5-6.

[116] BVES, Liberty, and PacifiCorp Opening Comments on Proposed Decision at 1-2.

[117] BVES, Liberty, and PacifiCorp Opening Comments on Proposed Decision at 3.

[118] BVES, Liberty, and PacifiCorp Opening Comments on Proposed Decision at 3-4.

SBUA stated that participation in the Phase 2 working group should be mandatory for all SMJUs or for all entities with a headcount greater than 100 people, or alternatively ensuring the working group's expert facilitator can provide feedback to all SMJUs on their assessment implementation beyond those voluntarily participating in the Phase 2 working group.[119] SBUA also requested the Commission require the SMJU assessments explain the role contractors play in their organizations and evaluate and include contractors in safety culture development based on their functional roles to the extent that the utility exercises authority to direct their inclusion in the process.[120] SBUA suggested that SMJUs and IGSOs only be allowed to file a Tier 2 advice letter seeking exemption from the 100-person workforce threshold during the first two assessment cycles.[121] SBUA suggested that SMJUs and IGSOs with parent companies must disclose and describe in detail the parent company structure and how the parent company is involved in the entity.[122] Finally, SBUA suggested the Commission and Energy Safety hold joint workshops with the SMJUs to identify areas of overlap and best practices for added efficiency.[123]

Alpine suggested the annual safety culture self-assessment submission deadline be moved to April 1 of each year.[124] Alpine also requested that legal,

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[119] SBUA Opening Comments on Proposed Decision at 1-2.

[120] SBUA Opening Comments on Proposed Decision at 2-3.

[121] SBUA Opening Comments on Proposed Decision at 3-4.

[122] SBUA Opening Comments on Proposed Decision at 4-5

[123] SBUA Opening Comments on Proposed Decision at 5-6.

[124] Alpine Opening Comments on Proposed Decision at 2.

tax, accounting, and ratemaking consultant functions not be defined as safety critical.[125] BVES, Liberty, and PacifiCorp opposed Alpine's suggestion to move the self-assessment submission deadline to April 1 of each year but suggested a possible early-to-mid-June filing date.[126]

Wild Goose and Lodi suggested increasing the peer review workforce count threshold to 250 and also sought clarification on the process by which the electric SMJUs will reimburse the Commission for Phase 2 working group costs.[127] Wild Goose and Lodi expressed concern that they would shift back and forth between qualifying for the self-assessment and the peer-review process in successive assessment cycles under the proposed workforce threshold categories.[128] In relation to these concerns, the Commission highlights that the three-year averaging of contractor workforce levels already mitigates temporary workforce fluctuations that do not persist over time. In addition, this decision has been revised to modify the contractor workforce count methodology to "peak period" and to fix an entity's assessment category for the duration of each assessment cycle. Southwest Gas suggested substituting its existing safety culture assessment and peer review process for the peer review process ordered in this decision. SBUA opposed Southwest Gas' suggestion.[129]

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[125] Alpine Opening Comments on Proposed Decision at 2-3.

[126] BVES, Liberty, and PacifiCorp Reply Comments on Proposed Decision at 3.

[127] Wild Goose and Lodi Opening Comments on Proposed Decision at 2-4.

[128] Wild Goose and Lodi Opening Comments on Proposed Decision at 2-3

[129] SBUA Reply Comments on Proposed Decision at 2-3.

We have carefully reviewed and considered the parties' comments and made appropriate changes to the proposed decision where warranted. We find that all further comments not specifically addressed by revisions to the proposed decision do not raise any factual, legal, or technical errors that would warrant modifications to the proposed decision.

11. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner, and Jack Chang is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The definitions and Safety Culture Assessment Guiding Principles and Goals adopted in D.25-01-031 are applicable to safety culture assessments for SMJUs and IGSOs.

2. The SMJUs and IGSOs have a wide variety of organizational sizes and complexities that warrant corresponding safety culture assessment approaches that scale with the size and complexity of each organization.

3. Self-assessments involving direct observations of work, documentation analysis, and/or surveys can produce meaningful results for smaller organizations without incurring inordinate costs.

4. Peer safety culture reviews are already used effectively in the nuclear, rail, gas, and other industries and can protect confidentiality while providing useful assessments for larger organizations.

5. Public Utilities Code Section 8386.2 does not allow SMJUs to conduct safety culture self-evaluations.

6. Developing minimum thresholds for the written reports that SMJUs and IGSOs must submit to the Commission after conducting safety culture assessments can help ensure those assessments provide thorough, meaningful results.

7. Safety Policy Division may need to provide guidance to SMJUs and IGSOs for their initial safety culture assessments as a transitional, foundational step.

8. A separate track or subgroup of the Utility Safety Culture Working Group to address topics specific to the Phase 2 SMJUs and IGSOs provides a collaborative forum to support implementation of the expectations contained in this decision.

9. Most SMJUs and IGSOs rely heavily on contractors to perform work, especially among IGSOs where contractor personnel often outnumber internal staff while performing safety-critical activities.

10. Adding total organization employees and using a three-year average number of contractor personnel engaged in safety-critical functions for over a peak period to count total workforce numbers can help avoid overcounting contractor personnel rotated in over a short period to fulfill specific roles at an organization.

11. Flexibility in determining thresholds is warranted for organizations with headcounts around the 100-count threshold differentiating self-assessments and peer reviews.

12. Existing Commission confidentiality protections such as NDAs are sufficient to ensure safety culture assessment do not compromise participating organizations' confidentiality needs.

13. SMJUs and IGSOs may need the flexibility to propose modifications to their safety culture frameworks in response to new information learned during implementation.

14. Parent companies can play a significant role in the safety culture of SMJUs and IGSOs.

15. Section 8386.2 requires that a safety culture assessment be conducted by an independent third-party evaluator for each electrical corporation at least every five years, and prohibits the electrical corporation from seeking reimbursement for these costs from its ratepayers.

16. IGSOs bear the costs of their regulatory obligations and shareholders bear the risk of any compliance costs that cannot be recovered through storage contract revenues.

17. Energy Safety and the Commission are each responsible for distinct, complementary safety culture assessment processes that benefit from interagency coordination to improve consistency and efficiency while mitigating unnecessary duplication of work and costs.

Conclusions of Law

1. The Commission should adopt the definitions and Safety Culture Assessment Guiding Principles and Goals adopted in D.25-01-031.

2. Gas SMJUs and IGSOs with a workforce of fewer than 100 people should conduct a self-assessment, as described in this decision, that is performed annually, with a reduced scope focusing on a limited subset of traits that evolve every year, to the extent all ten cultural traits are assessed within a five-year period.

3. Pursuant to Public Utilities Code Section 8386.2, SMJUs should not conduct safety culture self-evaluations.

4. SMJUs and IGSOs with a workforce of 100 or more people should implement all five assessment methods described in the Staff Proposal as part of a peer review process conducted every three years.

5. SMJUs and IGSOs should deliver in writing the results of their self-assessment or peer reviews, whichever is applicable, demonstrating that the organization has conducted a quality assessment, documenting how the assessment was planned, conducted, and analyzed, and including how the assessment approach was designed to align with generally accepted practices for the collection, evaluation, and interpretation of cultural data. The reports should also show that the gas SMJUs and IGSOs considered other context-specific factors including, but not be limited to, leadership distance, organizational stability, changes in ownership, parental structure, and reliance on contractors to determine if some level of external support might be necessary to perform quality self-assessments.

6. SMJUs and IGSOs should estimate their workforce size by calculating direct employee numbers over a year plus the three-year average of the number of contractor personnel engaged in safety-critical functions for over a peak period, as defined in this decision.

7. SMJUs and IGSOs with workforce numbers of 100 or more people should be allowed to file the equivalent of a Tier 2 advice letter to request approval for using the self-assessment method for a given assessment. Safety Policy Division may approve the request if the entity has not (a) exceeded the 100-count

threshold by 20% or more for more than one consecutive assessment cycle, (b) undergone a change in ownership since the previous assessment cycle, (c) substantially increased the distance of decision-makers from front lines, or (d) otherwise reduced its capacity to maintain the quality of the assessment.

8. SMJUs and IGSOs should define contractors performing safety-critical functions as any contractor engaged in a function or role that can create, control, or influence risk—whether directly or through latent conditions. This definition should exclude functions with negligible influence on operational risk, such as janitorial services, catering, and administrative support, with the burden placed on the organizations to justify exclusions.

9. The Safety Policy Division should be authorized to establish a separate track or subgroup of the Utility Safety Culture Working Group to support implementation of the Phase 2 safety culture assessments.

10. SMJUs and IGSOs should be authorized to file the equivalent of a Tier 3 advice letter with the Safety Policy Division to propose any modifications or improvements that should be made to the Safety Culture Assessment Framework. This advice letter should discuss the reasoning for the modifications or enhancements, and report on how the recommendations contained within it were developed in partnership with the parties to this proceeding and the Safety Policy Division, or the relevant track or subgroup of the Utility Safety Culture Working Group, as may be applicable.

11. SMJUs should be allowed to file the equivalent of a Tier 3 advice letter requesting authorization to conduct independent third-party safety culture

assessments with an assessor retained through the state contracting system, as proposed by the Safety Policy Division.

12. A SMJU or IGSO or SMJUs or IGSOs seeking authorization to conduct independent third-party safety culture assessments with an assessor retained through the state contracting system should confer with other parties in the proceeding and the Safety Policy Division through the Phase 2 working group established in this decision. All third party-assessments conducted as an alternative to a peer-review model should be conducted by the same assessor retained through the state contracting system.

13. Safety culture assessments of SMJUs and IGSOs should examine the impact of their parent companies on safety culture.

14. SMJUs and IGSOs should be responsible for reimbursing the Commission for the costs of hiring a facilitator for a working group organized specifically for SMJUs and IGSOs based on their proportion of total workforce numbers among SMJUs and IGSOs.

15. Electric SMJUs should not be allowed to recover from ratepayers the safety culture assessment costs incurred.

16. It is reasonable to require the large IOUs to meet with staff from the Safety Policy Division on a quarterly basis to discuss opportunities to improve coordination between the distinct safety culture assessment processes overseen by Energy Safety and the Commission.

17. All rulings made by the ALJ and assigned Commissioner in this proceeding should be affirmed.

18. All motions not ruled on by the ALJ are deemed denied.

19. It is reasonable to close this proceeding.

O R D E R

IT IS ORDERED that:

1. The following Safety Culture Assessment Goals for Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation are adopted:

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

   (b) Develop means for collaborative information-sharing and coordination among all interested entities to recognize risk;

   (c) Integrate operational safety into safety culture to help prevent catastrophic events;

   (d) Promote and adopt a systemic approach to safety culture improvement that encompasses each organization's workplace system (i.e. unique interactions between human, technical, and organization factors); and

   (e) Develop methods and tools to monitor and assess Investor-Owned Utility and Independent Gas Storage Operator safety culture to facilitate early observation, detection, and mitigation.

2. The following Safety Culture Assessment Guiding Principles for Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company,

Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation are adopted:

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

(b) All processes should prioritize engagement and collaboration from Investor-Owned Utility or Independent Gas Storage Operator workers including contractors; local, Tribal, State, and Federal government entities; environmental and social justice and access and functional needs communities; public interest groups; industry associations; and other key interested entities;

(c) Safety culture assessment methods should protect privacy, data confidentiality, and anonymity of individual workers;

(d) Open communication, questioning, and reporting should be encouraged for all workers, including contractors;

(e) All interested entities should integrate learning and continuous improvement, including evaluation of past safety incidents;

(f) The Commission recognizes that it can impact, influence, and support the culture of the entities it regulates; and

(g) The Investor-Owned Utilities and Independent Gas Storage Operators are owners of, and have full responsibility for, the safety culture of their organizations.

3. Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric

Service, PacifiCorp, and Southwest Gas Corporation shall comply with and follow the Safety Culture Assessment Goals and Guiding Principles this decision adopts in their respective efforts to enhance their safety cultures and build partnerships with the Commission and interested entities.

4. Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation shall conduct safety culture assessments based on the following five safety culture assessment data collection methods: interviews, focus groups, surveys, worksite or meeting observations, and review of documentation, policies, procedures, processes, and system outputs.

5. Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation shall conduct safety culture assessments based on the following ten Normative Framework traits: leadership safety values and actions, problem identification and resolution, personal accountability, work processes, continuous learning, environment for raising concerns, effective safety communication, respectful work environment, questioning attitude, and decision making.

6. Small and Multi-Jurisdictional Gas Utilities and Independent Gas Storage Operators with a workforce of fewer than 100 people shall conduct an annual safety culture self-assessment with scope focusing on a limited subset of the ten

Normative Framework traits that evolve every year, to the extent that all ten traits are assessed within a five-year period.

7. Small and Multi-Jurisdictional Utilities and Independent Gas Storage Operators with a workforce of 100 or more people shall conduct a peer review safety culture assessment at least every three years utilizing all five assessment methods described in Ordering Paragraph 4 of this decision to assess all ten Normative Framework traits described in Ordering Paragraph 5 of this decision through a peer review process.

8. Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation must each send the written results of their safety culture assessments to the service list of Rulemaking 21-10-001 and file their assessment results as a compliance filing to this proceeding by December 15 of each assessment year. The assessment reports must demonstrate the organization has conducted a quality assessment, documenting the process of planning, conducting, and analyzing the assessment, and explaining how the assessment approach was designed to align with generally accepted practices for collection, evaluation, and interpretation of cultural data.

9. The assessment reports required of Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation in Ordering Paragraph 8 of this decision must demonstrate that the

organization considered context-specific factors including, but not limited to, leadership distance, organizational stability, changes in ownership, parental structure, and reliance on contractors to determine if some level of external support might be necessary to perform quality assessments.

10. Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation shall estimate their workforce size by calculating direct employee numbers plus the three-year average of the number of contractor personnel engaged in safety-critical functions during the organization's peak period, as defined in this decision.

11. Small and Multi-Jurisdictional Utilities and Independent Gas Storage Operators with a workforce of 100 or more people may, but is not required to, file the equivalent of a Tier 2 advice letter with Safety Policy Division to request authorization to use the self-assessment method pursuant to Ordering Paragraph 6 for a given assessment. Safety Policy Division shall approve the request unless one or more of the following conditions is met:

(a) The organization's workforce has exceeded 100 people by 20% or more for more than one assessment cycle;

(b) The organization has undergone a change in ownership since the previous assessment cycle;

(c) The organization has substantially increased the distance of decision-makers from front lines; or

(d) The organization has otherwise reduced its capacity to maintain the quality of the assessment.

12. When Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation calculate their respective workforce sizes, the calculation shall include individuals employed as contractors performing safety-critical functions, defined as any contractor engaged in a function or role that can create, control, or influence risk whether directly or through latent conditions. Individuals employed as contractors in functions with negligible influence on operational risk, such as janitorial services, catering, and administrative support, may be excluded from the calculation of workforce size, but each Small and Multi-Jurisdictional Utility and Independent Gas Storage Operator bears the burden of proof to justify such exclusions.

13. Safety Policy Division is authorized to establish a separate track or subgroup of the Utility Safety Culture Working Group to support implementation of the Phase 2 safety culture assessments.

14. Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation are authorized to file the equivalent of a Tier 3 advice letter with the Safety Policy Division to propose modifications or improvements to the Safety Culture Assessment Framework described in this decision.

15. Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation are allowed to file the equivalent of a Tier 3 advice letter requesting authorization to conduct independent third-party assessments with an assessor retained through the state contracting system, as proposed by the Safety Policy Division. An organization or organizations requesting such a modification must confer with other parties in the proceeding and the Safety Policy Division through the Phase 2 working group established in this decision. If approved, the single independent third-party assessment model using an assessor retained through the state contracting system would replace the peer-review model for the organization or organizations seeking authorization to conduct independent third-party assessments with an assessor retained through the state contracting system. All third party-assessments conducted as an alternative to a peer-review model shall be conducted by the same assessor retained through the state contracting system.

16. Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation shall address the impact of their parent companies on safety culture when conducting safety culture assessments.

17. Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas

Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation are responsible for reimbursing the Commission for the costs of the facilitator retained for a working group organized pursuant to Ordering Paragraph 13 with costs distributed to each entity based on their proportional share of total workforce numbers among all Small and Multi-Jurisdictional Utilities and Independent Gas Storage Operators calculated pursuant to Ordering Paragraphs 10 and 12 of this decision.

18. By April 1, 2028, Wild Goose Storage, Lodi Gas Storage, Gill Ranch Storage, Central Valley Gas Storage, Alpine Natural Gas Operating Company No. 1, West Coast Gas Company, Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, PacifiCorp, and Southwest Gas Corporation shall each file the equivalent of a Tier 2 advice letter with the Safety Policy Division identifying the schedule and plan for conducting its initial safety culture assessment pursuant to this decision.

19. Liberty Utilities d/b/a CalPeco Electric LLC, Bear Valley Electric Service, and PacifiCorp shall not request recovery from ratepayers of costs incurred for safety culture assessments required by this decision.

20. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall meet with staff from the Commission's Safety Policy Division on a quarterly basis to discuss progress toward improving coordination between the distinct safety culture assessment processes overseen by the Office of Energy Infrastructure Safety and the Commission to enhance efficiencies and mitigate unnecessary duplication of efforts and costs.

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

22. All motions not ruled on by the Administrative Law Judge are deemed denied.

23. Rulemaking 21-10-001 is closed.

This order is effective today.

Dated October 8, 2026, at Sacramento, California.

JOHN REYNOLDS
President
DARCIE L. HOUCK
KAREN DOUGLAS
CHRISTINE HARADA
Commissioners

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