



Risk Assessment and Mitigation Phase Cross-Functional Factor

(SCG-CFF-7)

**Workforce Planning/
Qualified Workforce**

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CROSS-FUNCTIONAL FACTOR: WORKFORCE PLANNING/ QUALIFIED WORKFORCE

I. INTRODUCTION

This Workforce Planning/Qualified Workforce Cross-Functional Factor (CFF) Chapter describes how workforce planning/qualified workforce activities impact the risks described in SoCalGas's Risk Assessment Mitigation Phase (RAMP) risk chapters.

SoCalGas presents CFF information in this RAMP Report to provide the Commission and parties additional information regarding the risks and mitigations described in its RAMP risk chapters. CFFs are not in and of themselves RAMP risks. Rather, CFFs are drivers, triggers, activities, or programs that may impact multiple RAMP risks. CFFs are also generally foundational in nature. Therefore, SoCalGas's CFF presentation differs from that of its RAMP risk chapters (*e.g.*, no risk spend efficiency calculations or alternatives are provided). SoCalGas's CFF chapters provide narrative descriptions of the CFF projects and programs that impact multiple SoCalGas RAMP risk chapters through the 2022-2024 time frame. Related cost forecasts are provided as available, consistent with an expected test year (TY) 2024 general rate case (GRC) request.

As described below, workforce planning/qualified workforce is an enterprise-wide framework that provides a standardized approach for managing risk and safety across assets and activities. The workforce planning/qualified workforce CFF therefore spans all lines of business and helps to mitigate all the RAMP risks presented in this Report.

II. OVERVIEW

The Workforce Planning/Qualified Workforce CFF addresses the objective to have an appropriate number of employees with the right skills to meet business needs. Many factors impact the Company's ability to recruit, retain, and train qualified employees. While the lack of a qualified workforce could have several impacts to operations, the discussion below focuses solely on safety-related programs. This is a cross-functional factor that affects all business units and other risks identified by the Company.

Safety is foundational at SoCalGas, and it begins with the tone at the top. The successful integration of the Workforce Planning/Qualified Workforce cross-functional factor depends on leadership demonstrating its commitment to safety and leading by example. SoCalGas strives for an incident-free workplace and acknowledges that success depends on the Company's ability

to minimize mistakes that are inherent with human behavior. Therefore, the programs outlined within this Chapter focus on what can realistically be achieved.

III. ASSOCIATED RISK EVENTS

Potential drivers of a safety incident pursuant to the Workforce Planning CFF can be caused by human factors such as a gap in experience or knowledge, lack of adequate workforce to respond to an emergency incident, and a lack of leadership skills potentially impacting employee engagement and adherence to safety protocols. All risks in the 2021 RAMP are impacted by Workforce Planning related activities. Some examples of potential risk events due to the risk drivers are detailed below:

- **Insufficient staffing level leads to delay in compliance or customer-generated work:** Lack of a properly trained workforce can lead to delays in completing compliance or customer-initiated work. Work plans and schedules are developed based on the availability of employees at each operating base, and an insufficient number of available employees with the required skills can impart delays in work schedules. Continued and/or significant understaffing can result in work schedule delays causing compliance windows to be missed and/or customer projects to experience lengthy delays.
- **Increased competition for qualified employees:** As the economy trends towards more high-tech jobs, the number of qualified candidates could drop. The Company may face higher competition for the smaller number of candidates with the right skills. This can increase time and costs associated with the hiring of new employees, which could result in more vacancies going unfilled for a longer period. This risk is greater in highly-specialized or technical positions that require more training.
- **Aging workforce leads to higher attrition:** SoCalGas has a large number of retirement-eligible employees. The number of employees retiring increased in 2020 compared to 2019. This can lead to higher attrition within the Company and other potential impacts. Many of the employees retiring have served with the Company for multiple decades. During their careers, they have built valuable stores of institutional knowledge that is hard to replicate or replace. This has the

potential to have a negative impact on the Company's operation in terms of efficiency and safety.

- **Changing demographic of workforce will change how the Company works:**
As more of the Company's workforce is replaced with younger employees, the internal dynamic of career progression can be affected. Millennials are forecasted to become the majority of the country's workforce in the coming years. Millennials, on average, are more mobile and tend to move between departments, or even companies, more often. This can be disruptive to operations as it increases the need for training, transitions, and leaves more vacancies.

IV. 2020 PROJECTS AND PROGRAMS

A. Workforce Planning

Workforce Planning provides SoCalGas with the ability to identify, focus on, and overcome workforce gaps in critical roles within the organization. Critical roles are roles that have significant safety and operational consequences (*e.g.*, roles in departments such as System Protection, Gas Operations, Customer Services, etc.). Workforce Planning also helps with employee development so that employees have the right skills for current and future jobs within SoCalGas. Workforce Planning aligns business units with the Company's strategic goals by ensuring that Human Resources (HR), Training, Fleet, and Facilities, and Business Planning can support and better anticipate current and future workforce needs. The lack of comprehensive Workforce Planning capabilities, including critical role identification and operational headcount planning, can result in a shortage of employees with the right skills, in the right place at the right time to prevent safety-related incidents.

B. Succession Planning/Knowledge Transfer

In the next five years, over 50% of managers at SoCalGas will be retirement eligible. In addition, many employees will transition or advance to other roles. These two factors combined may lead to loss of critical knowledge within the Company. Currently, SoCalGas conducts a formal annual succession planning and talent review process to identify a pipeline of talent for all director and officer level positions and has efforts in place to support accelerated development for high potential employees. These efforts help to proactively identify and develop employees and mitigate knowledge gaps that could lead to safety incidents. These efforts will continue and be expanded to a broader audience.

C. Training

Leadership training, such as the New Supervisor Onboarding Program, Leadership Training Camp, Leadership Challenge, and the Director Development Program are necessary vehicles to communicate the Company's safety culture and to communicate the importance of the Company's safety values. Due to increased retirements and movement throughout the Company, equipping management with the necessary leadership skills, such as communicating SoCalGas's vision, engaging employees in the work that they perform, and instilling the Company's safety culture, are essential to the successful implementation of safety-related practices and risk management. These training activities will help SoCalGas appropriately address skills gaps in leadership and technical skills to promote the safe execution of work. Training for frontline supervisors is continually updated in conjunction with the Safety group and expanded based on Company safety data to help reduce employee safety incidents. Training at the manager level and above focuses on how to engage with employees about safety and how to instill the Company's safety culture in employees. Enhancing and expanding leadership development training at all leadership levels is also in line with SoCalGas's Safety Management System, which lists Leadership Commitment as Safety Value #1. SoCalGas leaders are responsible for overseeing safety concerns and promoting a strong, positive safety culture and environment of trust that includes empowering employees to identify risks and "Stop the Job."

D. Non-HR Technical Training

Since Workforce Planning is a cross-functional factor that impacts safety across the entire Company, it is important to focus attention on technical training conducted by various business units, in addition to the available training sponsored by HR and the centralized Learning and Development team. Activities within the scope of technical training include revamping and redesigning current technical training on an enterprise-wide basis. The importance of skills training for employees to perform their jobs safely are discussed in more detail in the following RAMP Risk Chapters: Incident Involving an Employee, Incident Involving a Contractor, Incident Related to the High Pressure System (Excluding Dig-In), Incident Related to the Medium Pressure (Excluding Dig-In), Excavation Damage (Dig-In) on the Gas System, and Incident Related to the Storage System (Excluding Dig-In). These activities are included here to address the cross-functional nature of this Chapter and illustrate the impact Workforce Planning has on safety across the entire organization. The centralized Learning and Development team

provides training support for some non-HR technical training on various projects related to safety and risk mitigation. For example, instructional designers work to develop and improve existing training for employees related to COVID-19 safety measures, new hire training programs to ensure the safety of the operators, customers, and community, and new training for inventory material traceability procedures.

V. 2022-2024 PROJECTS AND PROGRAMS

A. Workforce Planning

SoCalGas plans to expand workforce planning programs in 2021 to meet the increasing demands from business units, with a focus on integrating workforce planning into operations. This expansion, which will in part be accomplished by increasing the labor resources of the dedicated workforce planning team, is designed to: (1) support development and implementation of workforce planning models in additional business units, (2) provide analytics support to optimize the workforce level over time, and (3) support the integration of workforce planning into HR, Business Planning, and Fleet and Facility, supporting departments for employee onboarding, financial accountability, vehicle and workplace assignment.

Planned future activities include: (1) the development and maintenance of workforce planning models, (2) integration of workforce planning into the HR job requisition process, Business Planning, and capital planning for Facilities and Fleet, and (3) identification of workforce gaps, including development of staffing/hiring plans across additional operating areas throughout the Company. This program includes labor and non-labor resources as well as costs associated with time for participating in the planned activities (employee participation time in trainings, planners' time conducting workforce planning, etc.). These workforce planning activities will help SoCalGas appropriately plan to staff critical, safety-related roles. Critical role identification will be an integral part of this program, which will also facilitate knowledge management and succession planning activities.

Due to the complexity and unique challenges of each business unit's operational requirements, a single comprehensive workforce model for all of SoCalGas is not feasible. SoCalGas has chosen instead to deploy workforce models that are tailored to accommodate the needs of each business unit. The results from every business unit can then be aggregated to produce an enterprise-wide workforce plan for the Company. Implementing the workforce models will require identifying all work streams, forecasting future workloads, and forecasting

the required workforce to complete the forecasted workload. Successfully deployed workforce models will be used to optimize the workforce level by simulating impacts of changes in work order volumes, which will help business units more efficiently and effectively develop staffing plans, control overtime expenses, and allocate resources across SoCalGas's 52 field operations districts. The resulting staffing plan will inform operational support departments such as HR, Business Planning, and Fleet and Facilities of enterprise wide needs. HR will utilize aggregated staffing plans to anticipate and identify targeted pools of candidates to meet staffing needs. Business Planning uses staffing plans to inform forecasts of employee-related expenses and Fleet and Facilities each use the plans to guide vehicle and facility investments. Fleet will review the current inventory and location of vehicles to determine if additional Company vehicles are needed. Facilities will use the workforce information to proactively review workplace needs such as workstations, parking spaces, and other job enablers for the employee to perform their job. The expanded workforce planning provides an enterprise view of the business needs and the opportunity for the supporting departments to proactively plan and optimize existing resources.

In addition to the dedicated workforce planning team mentioned above to assist the supporting departments and various business units, the business units themselves will also require additional resources to maintain and utilize the newly deployed workforce planning models. SoCalGas plans to add labor resources amongst the business units that will have a deployed workforce planning model. The responsibilities of these additional resources are to update the model as assumptions and conditions changes, lead monthly planning meetings using the model, and provide data and analyses to support decision-making. These resources will be embedded within the business unit and are expected to have in depth operational knowledge as they will be responsible for the practical application of the workforce planning model.

B. Knowledge Transfer

SoCalGas intends to increase efforts to implement, refresh, and expand specific knowledge management strategies and programs to a broader audience. Additional efforts will be focused on employees in, and with potential to occupy, critical positions. It is essential that SoCalGas not only focus on accelerating advancement and development for high potential employees, but also for a broader range of mid-level technical employees and managers as they will likely take over key roles for retiring and rotating employees. For example, a mid-level manager or technical expert who possesses critical knowledge would not currently participate in

the succession planning process, which creates a risk of knowledge loss if the employee vacates the role. Thus, planning for and proactively developing a broader pool of successors for critical roles will help to mitigate knowledge gaps that could lead to safety incidents.

This program will aim to provide employees with the structure, support, and resources necessary to transfer unique knowledge related to critical jobs. Activities included as part of the knowledge transfer program may include knowledge workshops and the formation of specialized groups within certain technical areas who have a common goal and engage on an ongoing basis (*i.e.*, Communities of Practice), technology development and implementation, and knowledge transfer plans. Because of the high number of retirement-eligible employees, the need to accelerate skill-building through knowledge transfer and employee development is key to the success of SoCalGas's focus on safety, especially in specialized/critical roles, such as safety-related roles like cathodic protection or gas compression maintenance roles. These knowledge transfer activities (*e.g.*, workshops, Communities of Practice, technology development, etc.) will help SoCalGas create knowledge transfer plans for critical, safety-related roles. The expansion of these activities will focus on safety-related roles that will be identified through the planned expanded workforce planning activities.

C. Training

As addressed above, SoCalGas currently offers several trainings as part of its Leadership Training Program, including Leadership Training Camp, the New Supervisor Onboarding Program, the Leadership Challenge, and the Director Development Program. SoCalGas's Leadership Training Program is being modified starting in 2021 to reflect the following expansions, enhancements, and replacements:

- **Expanding:** Expanding the use of technology to support the need for virtual training. In part highlighted by the impact COVID-19 has had on both trainers and trainees, SoCalGas is revamping/redesigning current training practices to more effectively utilize new and emerging technologies as a greater percentage of the workforce continues to work remotely, either partially or fully. Costs for this effort include incremental labor resources and software to create technology-based training solutions.

- Expanding: Developing additional training opportunities designed for SoCalGas's represented workforce. Training will include both leadership and soft-skills training, to supplement existing technical training.
- Enhancing: Revamping and modernizing *Leadership Training Camp*. This redesigned program will help grow leaders' effectiveness in addressing complex challenges, engaging employees, and creating a culture of safety on their teams.
- Replacing: *Essentials of Supervision Training* has been replaced with a completely redesigned *New Supervisor Onboarding Program*. This onboarding program provides a more robust process for equipping new supervisors with the tools and support needed to be successful. Front line supervisors oversee processes that may be hazardous to employees and/or the public, therefore, the expanded supervisor training program will help minimize potential safety incidents.
- Revamping/Replacing: *The Leadership Challenge* will be reevaluated to ensure it is effective in equipping mid-level managers and leaders to meet the complex challenges facing SoCalGas in executing on the Company's mission.
- Enhancing: The *Director Development Program* will be expanded to address the needs of emerging executive leaders, specifically to include senior managers, as they shape culture and engagement within their groups.

These training activities will help SoCalGas appropriately address skills gaps in all levels of leadership and technical skills to promote the safe execution of work.

D. Non-HR Technical Training

SoCalGas's centralized Learning and Development team will continue supporting non-HR led technical training by addressing various safety-related training needs across the Company. Instructional designers will partner with business groups to assess skill gaps and associated risks with outdated training in order to design and develop new (and revise where applicable) virtual and instructor led training. These training activities increase awareness and utilization of safety innovations for employees and supervisors, thereby decreasing the rate of safety-related incidents.

VI. COSTS

The table below contains the 2020 recorded and forecast dollars for the programs and projects discussed in this CFF.

Costs (Direct After Allocations, in 2020 \$000)¹

Line No.	Description	Recorded		Forecast			
		2020 Capital	2020 O&M	2022-2024 Capital (Low)	2022-2024 Capital (High)	TY 2024 O&M (Low)	TY 2024 O&M (High)
1	Workforce Planning	0	585	0	0	940	1,105
2	Knowledge Transfer	0	35	0	0	140	195
3	Training	0	1,115	0	0	620	750
4	Training – Technical non-HR	0	295	0	0	280	340
5	Workforce Planning – Enhance		Included in Line 1			Included in Line 1	Included in Line 1
6	Knowledge Transfer – Enhance		Included in Line 2			Included in Line 2	Included in Line 2
7	Training – Enhance		Included in Line 3			Included in Line 1	Included in Line 3
8	Training – Technical non-RH - Enhance		Included in Line 4			Included in Line 4	Included in Line 4

¹ Costs presented in the workpapers may differ from this table due to rounding. The figures provided are direct charges and do not include company loaders, with the exception of vacation and sick. The costs are in 2020 dollars and have not been escalated in forecasts beyond 2020.