

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

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

**I.19-06-014
(Filed June 27, 2019)**

**COMMENTS OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) ON
INDEPENDENT SAFETY CULTURE ASSESSMENT OF SOCALGAS AND SEMPRA
ENERGY A REPORT BY 2EC**

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I. INTRODUCTION

Pursuant to the Assigned Commissioner’s January 13, 2022, Ruling Launching Phase Two Activities (“Ruling”) in the above-captioned proceeding, Southern California Gas Company (“SoCalGas”) submits these comments on the Independent Safety Culture Assessment of SoCalGas and Sempra Energy, A Report by Evolving Energy Consortium (“2EC Report”). These comments follow presentation of the 2EC Report at a public workshop held on January 26, 2021 (“Public Workshop”) led by Safety Policy Division (“SPD”) and attended by four sitting Commissioners. These comments are focused on addressing aspects of the 2EC Report as they relate to SoCalGas and not Sempra.

II. SOCALGAS’S APPROACH TO SAFETY CULTURE

Safety is foundational at SoCalGas. Our approach to safety is built on our tradition of continuous improvement, and it is consistent with that tradition that we welcome and appreciate

the opportunities to learn and improve presented in the 2EC Report. We look forward to engaging with stakeholders, including at the California Public Utilities Commission (“Commission”), to discuss 2EC’s observations and further strengthen our safety culture.

At the outset, SoCalGas thanks the Commission and 2EC for introducing this novel assessment process to SoCalGas. While SoCalGas typically engages third parties who utilize a maturity assessment or benchmarking approach to evaluating safety culture, the 2EC Report provides a unique opportunity for SoCalGas to learn and improve by focusing on perceptions and cultural themes rather than on quantifiable metrics or benchmarks. As discussed below, this approach leverages more qualitative information, highlights perceptions and beliefs expressed or discussed in smaller conversations, and creates an opportunity to delve into specific perceptions and beliefs to pursue improvement.

As the 2EC Report notes, SoCalGas’ efforts to “learn and continuously improve from external stakeholders are noteworthy.”¹ SoCalGas has a rich database of information about how our safety culture compares to industry benchmarks or standard practices. For example, SoCalGas has engaged the National Safety Council since 2013 to perform periodic Safety Barometer Surveys, which measure culture using six performance categories and compare a company’s performance against a large index of companies. The most recent survey occurred in 2021, and SoCalGas was assessed by the National Safety Council as falling within the top quartile among 1,495 companies, scoring above 80 out of 100 in every performance category, and showed increased positive perceptions across all six performance categories over surveys from prior years. SoCalGas also periodically deploys Engagement Surveys to assess employee behavior, perceptions, and engagement. SoCalGas’s most recent engagement survey also

¹ 2EC Report at 9.

occurred in 2021 and showed that overall employee engagement was at a 10-year high of 87%, with 92% of employees responding that the company is committed to safety. These separate survey results are consistent with the results of 2EC's Safety Culture Perception Survey,² provided as an appendix to 2EC's more qualitative report, which shows extremely positive overall quantitative metrics, with participants reporting high levels of safety behavior, low levels of at-risk behavior, and very positive perceptions of SoCalGas's safety culture, with the average of all ten safety culture dimensions above four on a five-point scale.

When quantified assessments of employee engagement and safety culture consistently reflect high ratings and favorable upwards trends across the board, it can be difficult for a company to identify the most impactful areas to focus on for continuous improvement. 2EC's qualitative and thematic approach to encouraging long-term cultural shifts complements these other sources of information by providing potential areas of focus. The added layer from 2EC helps to identify cultural beliefs and perceptions that may not come across in more quantitative data or may represent a minority belief, but still warrant additional learning, improvement, and growth. This additional information and context are invaluable in making sure that we continue to improve and evolve our approach to safety culture.

III. THE 2EC ASSESSMENT

A. The Order Instituting Investigation

Increasingly, the Commission has been focused on and involved in monitoring utility safety cultures. As the Commission has recognized, there is value in promoting and facilitating healthy safety culture to prevent incidents. Statewide Commission safety culture efforts have

² The Safety Culture Perception Survey issued at SoCalGas received an "excellent" response rate of 85%, which represents the largest sample of all 2EC's various data collection methods. 2EC Report at 26, 54-55.

included adding safety culture discussion and considerations to the risk-based General Rate Case (“GRC”) frameworks, opening an investigation to examine PG&E’s safety culture and governance, directing the independent gas storage providers to implement safety culture plans, and most recently opening a rulemaking to develop and adopt a safety culture assessment framework for all regulated, investor-owned electric and natural gas utilities and gas storage operators. In the future, based on the work done in the new rulemaking, the Commission plans to regularly assess the safety culture of all investor-owned energy utility and gas storage operators. As we note in that proceeding, SoCalGas appreciates the Commission’s intent and goal in opening the rulemaking and we look forward to engaging in these important safety efforts in that forum, including sharing learnings from the 2EC assessment.

The Commission issued the Order Instituting Investigation on the Commission’s Own Motion to Determine Whether Southern California Gas Company’s and Sempra Energy’s Organizational Culture and Governance Prioritize Safety (“OII”) commencing this proceeding in 2019 and directed the Safety and Enforcement Division³ “to investigate Southern California Gas Company’s and Sempra Energy’s organizational culture, governance, policies, practices, and accountability metrics and answer the questions raised in” the OII, and to include those results in the consultant’s report.⁴ The 2EC Report was commissioned by the SPD in accordance with the OII.⁵

³ The Safety and Enforcement Division delegated this duty to SPD.

⁴ OII at OP 4.

⁵ It is SoCalGas’ understanding that Evolving Energy Consortium (“2EC”) was selected following issuance of a Request for Proposal by SPD.

B. 2EC's Assessment Framework and Methodology

As 2EC stated in its report, the assessment framework and methodology used by them is unique in its application to a gas utility⁶ To SoCalGas' knowledge, similar assessments have not been conducted of any utility under the Commission's jurisdiction.⁷

The 2EC assessment was of safety *culture*. As defined by 2EC, this is “the shared values, attitudes, beliefs, perceptions, and behavioral norms related to risk and safety.”⁸ 2EC noted at the Public Workshop that culture is not black and white, but rather multi-faceted,⁹ and that it looks at culture in two ways: as a pattern of behavior or interactions, or “the way you do things” somewhere; and also as systems of thoughts, how we believe, how we value, and how we perceive.¹⁰ In order to assess culture, 2EC collects “cultural facts” that “consist of perceptions, beliefs, and values.”¹¹ As explained by 2EC, perceptions are treated as facts because perceptions (ones that people exhibit or express) often drive their behavior.¹² 2EC is clear that their approach is not a technical audit – while “audits” of safety capture the “how of safety,” safety culture assessments describe the “why.”¹³ An audit would assess compliance with a predefined

⁶ 2EC Report at 6.

⁷ SoCalGas notes the Commission issued an Order Instituting Rulemaking to Develop Safety Culture Assessments for Electric and Natural Gas Utilities, R.21-10-001, which aims, among other things, to develop a framework for periodic assessment by the Commission of the safety culture of electric and gas utilities subject to its jurisdiction. To that degree, 2EC's methodology and framework should be examined in that proceeding for its suitability for all electric and gas utilities. Commissioner Houck also noted in her opening remarks at the Public Workshop that it was her hope “that the lessons learned in this proceeding can inform our other safety culture assessments that we're engaging in, including the safety culture rulemaking.”

⁸ 2EC Report at 4.

⁹ Public Workshop (“PW”) (available at <https://www.youtube.com/watch?v=OQenG1zPD6g>) at 45:17

¹⁰ PW at 30:05.

¹¹ 2EC Report at 4, 25.

¹² PW at 50:35.

¹³ 2EC Report at 5.

standard; but a safety culture assessment collects data that describe the shared values, beliefs, perceptions, norms, and assumptions about safety.¹⁴

The cultural facts collected by 2EC are mostly qualitative in nature.¹⁵ Cultural facts were collected by 2EC using five different methods: interviews; focus groups; document collection and review; job observations; and a safety culture perception survey.¹⁶ These cultural facts were analyzed for “cultural themes,” which 2EC defines as “a concept or principle that integrates a significant portion of individual perceptions and behaviors and notes an underlying set of values and norms which impact safety.”¹⁷

2EC notes that there is more than one framework for safety culture, but the normative model through which 2EC conducted its analysis is that of the U.S. Nuclear Regulatory Commission/Institute of Nuclear Power Operations (“USNRC/INPO”).¹⁸ The traits USNRC/INPO identify as those reflective of a positive safety culture are: personal accountability; questioning attitude; effective safety communication; leadership safety values and actions; respectful work environment; continuous learning; problem identification and resolution; environment for raising concerns; work processes; and decision making.¹⁹ 2EC notes in its report:

While the USNRC/INPO normative framework has rarely been used in the gas transmission and distribution business, it has been highly successful in the nuclear industry and has provided guidance for some parts of the American Petroleum Institute (API), particularly the Center for Offshore Safety, as it continues to

¹⁴ 2EC Report at 5, 17-18.

¹⁵ 2EC Report at 5, 17.

¹⁶ 2EC Report at 5.

¹⁷ 2EC Report at 6.

¹⁸ 2EC Report at 6, 18.

¹⁹ 2EC Report at 6.

develop standards on safety culture. Bringing insights from other industries can help the validity of assessments.²⁰

Since this is a novel approach to a safety culture assessment for a utility within the Commission's jurisdiction, it is worth acknowledging certain traits of this approach that may impact or guide the interpretation of and response to the observations in the 2EC Report.

The first is that 2EC relies on cultural facts as conveyed and does not attempt to contextualize the raw data collected.²¹ This is intended to limit subjective interpretations of cultural facts. This approach triggers two considerations. First, when a perception or belief is viewed as a fact, regardless of its accuracy, the approach to the response may not be immediately apparent. For example, 2EC observed that "[i]nterviewees described little to no contractor oversight and perceive this is because it is less of a direct liability for the company."²² The first part of the perception is clear, but the basis stated for the perception is a misperception: under applicable law, SoCalGas can be held liable for the actions of its contractors when the contractors are executing SoCalGas tasks. The approach for responding to this misperception is therefore less apparent.

Another attribute to consider with this approach is that it may exclude valuable context that may explain the prevalence of certain kinds of statements. For example, with respect to 2EC's observation that employees spoke about safety primarily in terms of personnel safety, it could be possible that many employees spoke about safety this way because the assessment was conducted during a once-in-a-century pandemic that necessitated heightened focus on personal safety. The theme still has value and can be explored for improvement opportunities; but considering the context might allow for the response to be more effective and targeted. This

²⁰ 2EC Report at 6.

²¹ PW at 35:20.

²² 2EC Report at 29.

approach also lends itself to additional complexity when the perceptions concern the perceptions of other stakeholders. For example, 2EC identifies that “[i]nterviewees also described a lack of trust of SoCalGas on the part of the public and a poor understanding of the importance of gas in the energy mix.”²³ This is a complex employee perception that is tied to public perception and likely requires broader collaboration and partnership with stakeholders, including the Commission, to the extent it influences safety culture.

Second, because interviews and focus groups overlapped in time (including with the other data collection modes),²⁴ repetition bias or confirmation bias may occur with respect to the cultural facts collected from interviews and focus groups.²⁵ These phenomena may necessitate additional engagement and analysis to best inform learning and improvement efforts.

Third, similarly, because the results of 2EC’s assessment in the report are primarily qualitative, there is also significant subjectivity as to how often something is heard in order to deem it prevalent or heard “repeatedly”²⁶ or “multiple times.”²⁷ Many of the observations are very specific and unique statements. These observations provide valuable information for SoCalGas to learn and improve, but the above considerations should be accounted for when considering the response. SoCalGas notes these attributes of the assessment to promote a common understanding as we work on how to respond to the observations. Understanding the

²³ 2EC Report at 33.

²⁴ Original work plan for data gathering activities were sequential in 2020. First, document review. Second, perception survey. Third, focus groups, interviews, and observations during onsite. Due to covid impacts, the three phases of data gathering activities overlapped in succeeding work plans and actual execution activities

²⁵ Focus groups are also susceptible to the group polarization effect.

²⁶ 2EC Report at 22.

²⁷ 2EC Report at 24. 2EC conveyed at the Public Workshop that the traits identified for each theme were not things that had been mentioned just once, but rather they had appeared multiple times. PW at 52:04. But there is still an inherent vagueness in the phrase “multiple times.”

nature of the assessment is important as we consider constructive and forward-looking enhancement opportunities that lead to meaningful change.

As such, as we consider and pursue opportunities to learn and improve based on the qualitative portion of 2EC's assessment, it is important to keep in mind the more quantitative results presented in 2EC's Safety Culture Perception Survey. The results of the survey show overall high levels of safe behavior, low levels of at-risk behavior, that SoCalGas frequently communicates and reinforces that safety is the organization's priority, and that employees understand the importance of personal accountability and our commitment to safety.²⁸ The survey encompasses the largest sample of the assessed population –85% of SoCalGas personnel—and to that extent measures consistently prevailing attitudes and beliefs. While those are strong, the cultural facts and themes identified by 2EC in its qualitative assessment provide valuable guidance for where SoCalGas may pursue opportunities to improve.

C. Execution of 2EC's Assessment

2EC was retained in mid-2020, after the start of the Covid-19 pandemic,²⁹ and thus its assessment began initially with document collection. Weekly meetings were instituted with SPD, 2EC, and SoCalGas to address how activities could safely be conducted in light of the pandemic and SoCalGas' concomitant safety protocols and restrictions. When uncertainty lingered as to when 2EC could conduct its assessment in person, it was determined that virtual interviews and focus groups should be pursued.³⁰ SoCalGas facilitated identification of

²⁸ 2EC Report at 70-85 (Appendix B).

²⁹ Commissioner Rechtschaffen recognized in his opening remarks at the Public Workshop how "challenging" it was to onboard 2EC and have the entirety of the assessment conducted during the Covid-19 pandemic. PW at 8:01.

³⁰ 2EC notes in its report that "some" interviews and focus groups were conducted virtually, but in fact the vast majority of interviews and focus groups occurred virtually, except for those conducted during 2EC's on-site visit. 2EC Report at 19.

requested interviewees, including by random selection, and arranged the virtual interviews and focus groups. The Safety Culture Perception Survey was coordinated and issued to all SoCalGas personnel as well as certain contractors who met the criteria requested by 2EC.³¹ From July 10, 2019, through August 6, 2021, 2EC conducted about 75 observations (31 on site and 44 virtual), 64 interviews (9 on site and 55 virtual), and 84 focus groups (41 on site and 43 virtual), including visiting 21 locations throughout SoCalGas' service territory, ultimately accounting for almost 10% of the assessed population.³² From these activities over the course of over a year, 2EC gleaned the cultural facts that formed the basis for its cultural themes.

For our role in the assessment, 2EC noted: "The participation level in both SoCalGas and Sempra was very high, and an open dialogue was fostered."³³ 2EC further remarked that in most cases the SoCalGas and Sempra personnel they interacted with were engaged and openly shared their views.³⁴

D. 2EC Inspirations and Next Steps

For each of the four cultural themes identified in the 2EC Report, 2EC identifies "inspirations." Many of these are helpful starting points as we contemplate how best to approach a response to the contents of the report. While we agree with 2EC that next steps and enhancements should be personalized to SoCalGas, as there is no one size that fits all, the concepts and goals included in 2EC's recommendations and inspirations are helpful guidance in reinforcing a shared understanding of a robust concept of safety and risk, and continuing to learn and improve.

³¹ 2EC Report at 20.

³² 2EC Report at 5.

³³ 2EC Report at 19.

³⁴ 2EC Report at 20.

In both the 2EC Report and at the Public Workshop, 2EC helped to give context to its report by clarifying what it is and what it is not, and this helps to guide interpretation of the report and next steps. 2EC’s assessment was not a technical audit—2EC did not determine whether there are any safety culture standards and did not assess SoCalGas’ compliance or non-compliance with such standards. The 2EC Report does not identify immediate safety concerns or provide for remedial or corrective actions; rather, the report looks to enhance our safety culture by understanding cultural forces that have driven success and can be expounded upon or may need more attention. The Assigned Commissioner’s Ruling Launching Phase 2 Activities explains, “The Report provides analysis and forward-looking recommendations for supporting and maintaining a robust safety culture at SoCalGas and Sempra with a long-term focus on and commitment to safety.” Consistent with SoCalGas’ identified desire to learn and continuously improve, we recognize that the 2EC Report and this proceeding are an opportunity to learn about our culture and further its enhancement.

Cultural change is challenging and complicated. It requires thoughtful consideration and action to implement meaningful and long-lasting improvement without negatively impacting existing strengths and successes. As President Reynolds recognized in her opening remarks at the Public Workshop, safety culture is one of the most difficult things to evaluate.³⁵ The 2EC Report, too, notes, “Safety culture improvement requires deep reflection and understanding of the underlying factors that drive actions as understood from the cultural facts.”³⁶ 2EC also notes, “Sustainable change addresses the underlying assumptions and perceptions that drive the organizational behaviors,” and that a mere checklist of corrective actions is unlikely to result in

³⁵ PW at 13:42.

³⁶ 2EC Report at 4-5.

lasting change.³⁷ 2EC reiterated these ideas and concepts at the Public Workshop in response to Commissioner questioning, noting that 2EC had posed difficult questions, intending to commence a dialogue.

Commissioner Rechtschaffen noted at the Public Workshop that “implementing organizational changes to implement the safety culture takes a lot of time, they take attention, they take humility, they take curiosity.”³⁸ Commissioner Shiroma noted that it is “essential and important that we collectively focus on continuous improvement and safety together and keep in mind that safety needs to be a perpetual value, a core part of a company culture both internally and externally for management and staff and a keen awareness of this impact on customers and neighbors.”³⁹ SoCalGas wholeheartedly agrees with these sentiments. SoCalGas began its safety culture journey in 2013 and has been conducting routine assessments of its safety culture since that time. SoCalGas appreciates the valuable insights provided by the unique framework and methodology used to prepare the 2EC Report and considers it a continuous improvement resource.

SoCalGas looks forward to continued engagement with the Commission on this topic, including in the separate safety culture assessment framework rulemaking. Indeed, many of the issues raised in the 2EC Report and discussed the Public Workshop may benefit from a broader context, discussion, and consideration as part of the safety culture assessment framework rulemaking.

³⁷ 2EC Report at 10.

³⁸ PW at 10:59.

³⁹ PW at 15:04.

IV. CONCLUSION

SoCalGas appreciates the opportunity to provide these Comments and looks forward to addressing the insights presented in the 2EC Report to promote continuous improvement of SoCalGas' safety culture.

Dated: February 14, 2022

Respectfully submitted,

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