



Risk Assessment Mitigation Phase (RAMP- D)

Safety Culture, Organizational Structure, Executive and Utility Board Engagement, and Compensation Policies Related to Safety

May 17, 2021

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**RAMP – D: SAFETY CULTURE, ORGANIZATIONAL STRUCTURE,
EXECUTIVE AND UTILITY BOARD ENGAGEMENT, AND
COMPENSATION POLICIES RELATED TO SAFETY**

I. INTRODUCTION

This Chapter provides supplemental information regarding SoCalGas’s organizational structure, programs, culture, and compensation as they relate to safety, as required by Decision (D.)16-08-018,¹ and to areas identified in D.19-09-051.² The Commission has stated that “[a]n effective safety culture is a prerequisite to a utility’s positive safety performance record,”³ and defines “safety culture” as follows:

An organization’s culture is the collective set of that organization’s values, principles, beliefs, and norms, which are manifested in the planning, behaviors, and actions of all individuals leading and associated with the organization, and where the effectiveness of the culture is judged and measured by the organization’s performance and results in the world (reality). Various governmental studies and federal agencies rely on this definition of organizational culture to define “safety culture.”⁴

The Commission has further stated that, under the above definition, a positive safety culture includes “a clearly articulated set of principles and values with a clear expectation of full compliance,” and “effective communication and continuous education and testing.”⁵ SoCalGas agrees and has developed values, goals, and practices for a safety culture throughout its history, advancing its programs, policies, procedures, guidelines, and best practices to continuously improve upon the safety of its operations.

¹ D.16-08-018 at 140-42 (Inclusion of Safety Culture and Organizational Structure in RAMP Filings). Additionally, the Commission stated, “[t]he company’s compensation policies related to safety also should be included in the RAMP filing.” *Id.* at 141. *See, also*, I.19-06-014 at 3.

² D.19-09-051 at 763 (19. OSA’s recommendations concerning safety culture enhancements are better addressed in SoCalGas’s next RAMP filing.)

³ I.15-08-019 (Order Instituting Investigation of Pacific Gas and Electric Company’s Safety Culture, August 27, 2015) at 4.

⁴ I.19-06-014 at 3.

⁵ *Id.*

As described in SoCalGas’s opening comments to the safety culture order instituting investigation (OII)⁶, SoCalGas has a robust safety culture which emphasizes safety as a core value. SoCalGas’s approach to safety is built on the tradition of providing safe and reliable service for 150 years and is summarized in a Commitment to Safety statement, which is embraced and endorsed by every member of the senior management team:

SoCalGas’s longstanding commitment to safety focuses on three primary areas – employee/contractor safety, customer/public safety and the safety of gas delivery system. This safety focus is embedded in what we do and is the foundation for who we are – from initial employee training, to the installation, operation and maintenance of our utility infrastructure, and to our commitment to provide safe and reliable service to our customers.⁷

To promote these principles throughout, and to foster a culture of continuous safety improvement, “[t]he company continuously strives for a work environment where employees at all levels can raise pipeline infrastructure, customer safety, and employee safety concerns and offer suggestions for improvement.”⁸ SoCalGas encourages two-way formal and informal communication between the Company and the public, employees and management, and contractors and the Company, in order to identify and manage safety risks before incidents occur. These missions coupled with SoCalGas’s safety practices, some of which are set forth briefly herein, result in a robust and positive safety culture at the utility.

In addition to addressing safety as an integral component of all the risk assessments and mitigation activities outlined in each of the individual risk Chapters of this RAMP Report, the Commission has instructed the utilities to include specific discussion in this filing regarding the following:⁹

- Safety organizational structure;
- Safety culture;
- Compensation policies related to safety;

⁶ SoCalGas Response to Order Instituting Investigation I.19-06-014 (July 29, 2019).

⁷ SoCalGas’s Natural Gas System Operator Safety Plan (2019), at 6, *available at* [2019_SoCalGas_Gas_Safety_Plan-FINAL.pdf](#)

⁸ SoCalGas Response to Order Instituting Investigation I.19-06-014, at 2 (citing and quoting SoCalGas’s Natural Gas System Operator Safety Plan (2019)).

⁹ *See* D.16-08-018 at 140-42.

- Executive and senior management engagement in the risk assessment, prioritization, mitigation, and budgeting process; and
- Utility board engagement and oversight over safety performance and expenditures.

This Chapter addresses each of these topics in the following sections below.

II. BACKGROUND

SoCalGas has described the elements of its safety culture in various proceedings. For example, numerous SoCalGas witnesses in the test year (TY) 2019 general rate case (GRC) testified regarding safety culture, as it related to the witness' subject matter area.¹⁰ Testimony that was sponsored by approximately fifty witnesses, including by SoCalGas's then President and Chief Operating Officer J. Bret Lane, demonstrated SoCalGas's safety culture and safety management practices and SoCalGas based its GRC funding request on key safety and risk-informed RAMP risks and mitigations.¹¹ SoCalGas also provided TY 2019 GRC testimony and information regarding its governance, safety record, and safety culture,¹² pursuant to Commission direction in D.16-06-054.¹³

SoCalGas's testimony chapters in the TY 2019 GRC proceeding outlines various safety programs, as well as new and evolving initiatives to develop safety management systems. Furthermore, as described in SoCalGas's response to the safety culture order instituting investigation (OII),¹⁴ following the formal release in July 2015 of American National Standards Institute/American Petroleum Institute Recommended Practice 1173 (API 1173), SoCalGas voluntarily adopted and has since been implementing the foundational principles of safety management systems therein and working with its pipeline construction contractors to do the same.¹⁵ An important advancement at SoCalGas in 2019 was the formal documentation of seven

¹⁰ See generally A.17-10-008 (witness direct testimony submitted and entered into the proceeding record) and Exh. SCG-250 Safety Policy Testimony of David Buczkowski and David Geier.

¹¹ See A.17-10-008, Exhs. SCG-01-2R.

¹² A.17-10-008, Exhs. SCG-02-R, SCG-30.

¹³ D.16-06-054 at 154.

¹⁴ Southern California Gas Company's Response to Order Instituting Investigation I.19-06-014 (July 29, 2019).

¹⁵ SoCalGas Response to I.19-06-014 at 3.

Safety Values and the commitment of all SoCalGas officers to those values as the foundation of SoCalGas's Safety Management System (SMS). The seven values are Leadership Commitment; Risk Management; Employee and Stakeholder Engagement; Competence, Awareness, and Training; Emergency Preparedness and Response; Safety and Compliance Assurance; and Continuous Improvement. These values are outlined in detail further within this Chapter.

SoCalGas's SMS is the framework that ties together each of the Company's existing and future safety initiatives, aligns the core operating units, integrates risk and safety, and allows for risk to be assessed across the entire organization for continued improvement and enhanced safety performance. The SMS leverages SoCalGas's already strong safety culture and establishes a systematic enterprise-wide framework and cohesive system to collectively manage and reduce risk and to promote continuous improvement in safety performance through deliberate, routine, and intentional processes. As further outlined below and separately in the SMS Cross-Functional Factor (CFF) Chapter of this RAMP Report (SoCalGas CFF-6), the SMS encompasses all of SoCalGas's safety initiatives, programs, processes, and committees and, in doing so, enhances them by providing additional oversight, awareness, and collaboration, and by connecting them at the enterprise level.

III. SAFETY ORGANIZATIONAL STRUCTURE AND CULTURE

This section provides an overview of how safety is incorporated into SoCalGas's organizational structure and is an integral part of its culture. Detailed descriptions of SoCalGas's safety organization can be found within SoCalGas's SMS CFF Chapter as well as the Employee, Contractor, and Customer and Public Safety Chapters included in this RAMP Report.

In SoCalGas's TY 2019 GRC proceeding, several executive witnesses testified to SoCalGas's longstanding commitment to operating a safe utility and enhancing the focus placed on the implementation of effective safety risk mitigations, including asset health and safety. For example, SoCalGas's then-Chief Operating Officer J. Bret Lane testified regarding "SoCalGas' deep-seated culture of employee/contractor, customer/public, and system safety," and how SoCalGas's TY 2019 GRC proposals would allow the Company "to continue to invest to enhance safety and thereby mitigate risks that could impact our employees, customers, and/or

system.”¹⁶ The following subsections further describe SoCalGas’s safety organizational structure and culture.

A. Organizational Structure

SoCalGas’s Chief Operating Officer also serves as the Company’s Chief Safety Officer (CSO), with direct oversight of the operations of the Company. The CSO is supported by dedicated teams embedded within the organization whose primary roles are the management of safety and risks. These include SoCalGas’s SMS organization, Enterprise Risk Management organization, and Integrity Management organization. Each of these organizations is further described below.

In addition to these centralized functions that promote safety and risk management across the Company, SoCalGas embeds safety practices into all of its operating groups. This is done in the form of safety processes and procedures, initiatives, and policies that are driven by various employees across the Company. SoCalGas utilizes a variety of engagement initiatives to bring employees and contractors together in forums to discuss safety concerns from the perspective of those closest to the risks. These include the Executive Safety Council engagement, Employee Safety & Health Congresses, Safety Standdowns, local safety committees, safety culture surveys, the Safety (Management/Union) Leadership Team, the Contractor Safety Congress, and Stop the Job/Near Miss reporting tools.

1. Safety Management System Organization

SoCalGas’s SMS Framework aligns and integrates risk and safety across the entire organization. SoCalGas has a comprehensive set of safety plans, programs, and procedures in place that address specific infrastructure or activity areas.

In 2019, SoCalGas created a dedicated SMS organization, reporting directly to the CSO. The SMS organization was established to more clearly and transparently align employee safety, contractor safety, pipeline safety and compliance, quality management, and emergency management. The purpose is to develop and implement a comprehensive set of safety management systems, incorporating the principles of API 1173, but also expanding the scope of the system to address all aspects of safety relevant to SoCalGas’s business. For example, this includes not only pipeline safety risks, but also occupational safety and health risks of

¹⁶ A.17-10-008, Exh. SCG-01-2R (Lane) at JBL-1.

SoCalGas's employees and contractors, customer safety risks, infrastructure safety risks, and public safety risks.

The SMS organization at SoCalGas is comprised of a team of directors, managers, supervisors, and subject matter experts who have the centralized authority, accountability, and responsibility for the full execution of the Company's SMS, including designing, developing, implementing, and continuously improving the Company's SMS. The responsibilities include:

- Providing strategic guidance and establishing appropriate policies, standards, procedures, and key performance indicators, as well as technology and data analytics tools and platforms and reporting capabilities, for various elements of the Company's SMS to promote its consistent implementation and effectiveness across organizations;
- Leading incident investigations and sharing lessons learned with stakeholders to demonstrate risk reduction and improvement;
- Leading the annual management review and safety assurance functions; and
- Collaborating with employees to provide safety and compliance support, emergency preparedness and response support, capabilities to benchmark against best practices, and to conduct periodic SMS conformance reviews to measure progress.

The SMS organization includes dedicated teams for strategy, technology and analytics, and continuous improvement. More particularly, the organization includes SoCalGas's Safety department, which holds managers and subject matter expert positions. Safety Department manages both employee safety and contractor safety programs. The individuals in this department oversee the implementation of SoCalGas's various safety policies, trainings, and programs, including: the Environmental & Safety Compliance Management Program (ESCMP), the Behavior-Based Safety programs, Industrial Hygiene programs, Incident Investigations, Expanded Safety Culture Assessments, Contractor Safety programs, as well as Near Miss, "Stop the Job," and Jobsite Safety programs. These programs are described within the Incident Involving an Employee and Incident Involving a Contractor Chapters of this RAMP Report (Chapters SCG-Risk-5 and SCG-Risk-7). The SMS organization also oversees the Emergency Management team who coordinates safe, effective and risk-based emergency preparedness and response to safely and efficiently prepare for, respond to, and recover from an emergency or

disaster. The Emergency Management team sustains quality assurance and improvement processes through strategic planning, training, simulation exercises, and a comprehensive After-Action Review and Improvement program. The Emergency Management team includes: 1) business resumption, 2) emergency preparedness and response operations, 3) information and technical services, and 4) operational field emergency readiness.

The SMS organization is structured around the “PLAN-DO-CHECK-ACT” model and a robust Management of Change component and is expected to integrate over time the various existing safety management systems at the Company under one umbrella system called the Company’s Safety Management System.

Figure 1: The “Plan-Do-Check-Act” Cycle



2. Enterprise Risk Management Organization

The Enterprise Risk Management organization is composed of a Chief Risk Officer/vice president, director, and risk managers, whose roles are dedicated to implementing the risk management process and the integration of risk-informed decision-making across the Company. This includes the development of transparent, repeatable, and consistent processes that are quantitative and data-driven, facilitating an annual identification and evaluation of risk, as well as supporting operational areas across the Company in the assessment of risks and development

of associated risk mitigations. SoCalGas's Enterprise Risk Management organization oversees the development and refinement of the annual Enterprise Risk Registry process, as described in RAMP A – Overview and Approach. This organization also supports functional areas across the Company in the assessment of risks and development of risk mitigations, including, for example, by creating risk registers for operating units.

3. Integrity Management Organization

SoCalGas's Integrity Management organization is comprised of dedicated directors, managers, and staff whose roles focus on the development and implementation of processes and procedures to manage transmission, distribution, and storage well integrity in compliance with regulatory requirements. SoCalGas's Transmission Integrity Management Program (TIMP) and Distribution Integrity Management Program (DIMP) are founded upon a commitment to provide safe, clean, and reliable service at reasonable rates through a process of continual safety enhancement by proactively identifying, evaluating, and reducing pipeline integrity risks for transmission and distribution pipelines. Through the TIMP, per 49 Code of Federal Regulations (C.F.R.) § 192.1 Subpart O, SoCalGas is federally mandated to identify threats to transmission pipelines in High Consequence Areas (HCAs), determine the risk posed by these threats, schedule prescribed assessments to evaluate these threats, collect information about the condition of the pipelines, take actions to minimize applicable threat and integrity concerns to reduce the risk of a pipeline failure, and report findings to regulators. Through the DIMP, under 49 C.F.R. § 192, Subpart P, SoCalGas is federally mandated to: collect information about its distribution pipelines; identify additional information needed and provide a plan for gaining that information over time; identify and assess applicable threats to its distribution system; evaluate and rank risks to the distribution system; determine and implement measures designed to reduce the risks from failure of its gas distribution pipeline and evaluate the effectiveness of those measures; develop and implement a process for periodic review and refinement of the program; and report findings to regulators.¹⁷ SoCalGas modelled its Storage Integrity Management Program (SIMP) after elements of the federally mandated transmission integrity management program. In that regard, SoCalGas intended and designed SIMP to provide a proactive, methodical, and structured approach, using state-of-the-art inspection technologies and risk management disciplines to

¹⁷ A.17-10-008, Exh. SCG-14.

address storage field and well integrity issues.¹⁸ In addition, a new Enterprise Asset Management program will build off these foundational elements and continue to leverage integrity management initiatives. The EAM improves safety, integrity, transparency, and availability of pipeline asset records by integrating asset data with equipment safety and handling information, as well as validation. The implementation of the project consists of analyzing, defining, reconciling, and removing the inconsistencies of the pipeline-related data in various systems, consolidating redundant systems, redefining and updating business processes, and installing new hardware and software infrastructure.¹⁹ Additional information is included in the Asset and Records Management CFF Chapter (SoCalGas CFF-1) which outlines how advanced analytics and a more robust operating model will expand the lens by which SoCalGas measures asset health and criticality. In turn, this enables a proactive approach on targeted investments to mitigating risks, reducing asset failure, and increasing safety.

B. Safety Management System Implementation

The Company's journey of formalizing its SMS began more than a decade ago, when it first implemented its Environmental & Safety Compliance Management Program (ESCMP) to enhance the management of its environmental and occupational health and safety risks. ESCMP is conceptually based on the International Standards Organization (ISO) 14001 Environmental Management Systems standard and includes safety components that are unique to SoCalGas. ESCMP addresses compliance requirements, awareness, and goals, as well as monitoring and verification related to all applicable environmental, health, and safety laws, rules and regulations, and Company standards. ESCMP has been refined and improved, and has matured over the years, and is still in place across the enterprise.

Similarly, SoCalGas's pipeline integrity management programs, also in place for more than a decade, are another form of safety management system that were designed to oversee and continually enhance the integrity of SoCalGas's pipeline system. Over the years, these Companywide programs have been assessed, improved, and matured to drive continuous improvement. SoCalGas has taken this knowledge and experience to establish an SMS to further enhance the safety of operations, strengthen the safety culture, and improve overall safety

¹⁸ A.17-10-008, Exh. SCG-10.

¹⁹ *Id.* at Exh. SCG-05.

performance. In the future, an Asset Management Program will build off of the integrity management programs to look across all asset types, asset criticality, asset health, and lifecycle inputs.

In 2015, when API 1173 was published, SoCalGas began to review the potential benefits of this new system. SoCalGas engaged with its peers, the American Gas Association (AGA) member companies, to better understand how API 1173 could benefit SoCalGas with respect to the management of its pipeline safety risks. Subsequently, SoCalGas took a more expansive view to include other industries and how the principles of API 1173 could be applied beyond pipelines and into multiple assets and functions. From 2015 through 2018, SoCalGas took several key steps towards formally adopting the principles of API 1173, harmonizing them with the structures already in place, and enhancing and expanding the same. In 2019, SoCalGas formally created its SMS based on seven Safety Values: Leadership Commitment, Risk Management, Employee and Stakeholder Engagement, Competence Awareness and Training, Emergency Preparedness and Response, Safety and Compliance Assurance, and Continuous Improvement.

These Safety Values, as further defined and described in the next sections below, are embedded in SoCalGas's culture. SoCalGas's safety-focused culture and structure allow the Company to be proactive and accountable in the safe delivery of gas and associated business operations. SoCalGas embraces a work environment where employees and contractors are encouraged to raise concerns regarding gas system safety, customer safety, personal safety, and/or offer suggestions for improvement. To appropriately embed these safety values within the entire organization, SoCalGas formalized an SMS Responsibilities Policy, which establishes responsibilities at various levels of the Company to promote, support, develop, implement, and continuously improve SMS in an effective and efficient manner. These safety values are the foundation of SoCalGas's SMS. Each SoCalGas officer embraces and endorses the Company's commitment to safety and supports the SMS Plan.

The Company's goal is to continually strengthen its safety culture by following the values of the SMS. To that end, SoCalGas has also formalized its inaugural annual 2020 SMS Plan that assesses how SoCalGas is adhering to safety values, policies, and standards, and how it plans to continue to implement SMS going forward. Additional information is included in the SMS Cross Functional Factor Chapter (SCG-CFF-6).

SoCalGas takes a broad, holistic view of safety management and plans to continue to benchmark its practices against those of its peer companies (such as the American Gas Association, American Petroleum Institute, and Western Energy Institute member companies). As its SMS matures, SoCalGas expects to learn more from benchmarking efforts and aspires to adopt and apply other industry frameworks, as applicable, to continually enhance its SMS into the future. As discussed, SoCalGas's SMS is anchored by its' seven Safety Values, which are described in more detail in the following sections.

1. Leadership Commitment

SoCalGas leadership is fully committed to safety as a core value. SoCalGas's Executive Leadership is responsible for overseeing reported safety concerns and promoting a strong, positive safety culture and an environment of trust that includes empowering employees to identify risks and to "Stop the Job."

SoCalGas is committed to having a culture where leadership sets the example and demonstrates safe behaviors expected of employees. SoCalGas's leadership team is committed to championing people, doing the right thing, shaping the future, and executing on operational excellence. For example, all executives are required to be Occupational Safety and Health Administration (OSHA) -10 Hour certified and receive National Incident Management System (NIMS) Incident Command System (ICS) 100 and 200 certifications.

In SoCalGas's TY 2019 GRC proceeding, several executive witnesses testified to the Company's longstanding commitment to operating a safe utility and enhancing the focus placed on the implementation of effective safety risk mitigations, including asset health and safety.²⁰ As noted above, then-Chief Operating Officer J. Bret Lane testified in the last GRC about "SoCalGas' deep-seated culture" of safety. SoCalGas's leadership's commitment to safety is evidenced in a number of ways, including the commitment expressed in SoCalGas's Gas Safety Plan filed annually with the CPUC and more recently demonstrated in the 2020 SMS Plan.

SoCalGas has established an Executive Safety Council chaired by the Chief Safety Officer. The Company also has safety advisors, supervision, and various local safety committees to help inform, educate, and engage employees about safety values, policies, programs, and initiatives throughout the Company. In addition, the Pipeline Safety Oversight Committee has

²⁰ A.17-10-008, Exh. SCG-02-R, Chapter 1 (Day) at DD-26.

involvement from several executives to oversee and guide the implementation of SMS with an explicit focus on infrastructure safety.

The leadership commitment is also advanced through the support of forums to raise concerns to leadership. SoCalGas has processes, programs, and committees in place that welcome feedback on safety from employees on the management of risks and unsafe practices or incidents. To promote these principles and foster a culture of continuous safety improvement, SoCalGas continuously strives for a work environment where employees at all levels can raise pipeline infrastructure, customer safety, and employee safety concerns and offer suggestions for improvement. SoCalGas leadership has an open-door policy that promotes open communication between employees and their direct supervisors. In addition to these culture-based items, there are formal programs designed to encourage employees to speak up if they see unsafe behaviors, such as “Stop the Job.” SoCalGas also holds Safety Congresses for contractors and employees, as well as safety meetings for field employees that provide safety training, share best practices, and promote leadership and employee engagement.

2. Risk Management

SoCalGas manages risk through a structured, data-driven approach that identifies threats and hazards, assesses and prioritizes risks, implements mitigation efforts, and engages in assessments and reviews to understand risk mitigation effectiveness.

Effective risk management practices help to reinforce a strong and positive safety culture. SoCalGas has undertaken a thoughtful and measured approach to the adoption of risk management structures and processes at all levels, to further the development of a risk-aware culture. As described in (then-Vice President, Enterprise Risk Management for SoCalGas) Diana Day’s testimony in the TY 2019 GRC, SoCalGas’s Enterprise Risk Management organization facilitates the identification, analysis, evaluation, and prioritization of risks, with an emphasis on safety, to ultimately inform the investment decision-making process, and works to integrate risk management with asset and investment management through the creation of governance structures, competencies, and tools.²¹ The Enterprise Risk Management practices and processes are continuing to be used by SoCalGas’s different operational and functional departments to identify safety risks, thus providing a critical element of SoCalGas’s SMS.

²¹ *Id.* at DD-2.

SoCalGas's risk management framework is consistent with the Cycla Corporation 10-step Evaluation Method adopted in D.16-08-018. Risk identification, as defined by ISO 31000, is the process of finding, recognizing, and describing risks. It includes the identification of risk sources, events, their causes, and potential consequences. On an annual basis, SoCalGas's Enterprise Risk Management organization facilitates the enterprise risk identification process through interviews and meetings with risk owners and managers to review and discuss potential changes to the SoCalGas's Enterprise Risk Registry. SoCalGas's risk management framework is further discussed in Chapter RAMP-B.

3. Employee and Stakeholder Engagement

Employees are encouraged and expected to take ownership, to actively engage in safety practices, and to openly share and receive information with one another, our contractors, and our external stakeholders, to continuously enhance our safety practices.

SoCalGas encourages two-way formal and informal communication between the Company and the public, employees and management, and contractors and the Company. Safety is communicated daily by supervisors in the morning before the field crews leave for work. In addition, the Company's Safety department regularly issues employee safety communications to provide supervisors with safety-related information in a timely manner regarding standards and safe work practices to be communicated and shared with their employees. These safety communications are a tool used to inform employees about safety hazards and exposures, hazard mitigation, rules, regulations, warnings, goals, and progress reports through an array of media. Safety is also communicated on a weekly basis among operations directors at the beginning of each week during a Monday morning safety call. During that call, the participants also review all incidents from the previous week and share best practices. In addition, SoCalGas communicates information through safety bulletins, emails, newsletters, electronic bulletin boards (e.g., digiboards), posted signage throughout the workplace, tailgate meetings, and reports.

Further, SoCalGas conducts public awareness efforts through education and outreach to enhance the safety of its customers and the general public. These efforts are designed to engage with customers and the public to inform them about shared safety responsibilities. Of equal importance are outreach activities with local first responder agencies, county coordinators (emergency management), and other public officials which occur on a yearly basis, focusing on

how SoCalGas can partner with first responders and other agencies during an emergency incident response, including a review of infrastructure location information, hazard awareness and prevention, leak recognition and response, emergency preparedness and communications, damage prevention, and integrity/asset management. In addition, the Company also partners with these stakeholders throughout the year on joint drills, exercises, tabletops, and preparedness fairs in order to enhance coordination and response during emergencies. SoCalGas also attends California Independently Owned Utility (IOU) and Municipality annual meetings to discuss employee and contractor safety. This dedicated forum is a utility benchmarking initiative addressing new regulations, legislation, best management practices, and other safety topics of interest.

To regularly engage more broadly with employees, the Company assesses itself through the Employee Engagement Survey and is also benchmarked by the National Safety Council (NSC) Safety Barometer Survey. As described by TY 2019 GRC witnesses Diana Day and Mary Gevorkian, the Safety Barometer Survey assesses overall safety climate health and identifies areas of opportunity to eliminate injuries and improve focus and commitment to safety.²² David Buczkowski provided the following reasons for SoCalGas's belief that the NSC Safety Barometer Survey is a leading practice approach to evaluating safety culture:

1. NSC's mission is safety – eliminating preventable deaths, through leadership, education and advocacy;
2. The NSC Safety Barometer Survey is led by third-party experts;
3. The practices included in the survey are the leading practices drawn from survey participants, allowing SoCalGas to compare itself to almost 1,000 other Companies; and
4. The survey goes well beyond the utility industry and includes other industries.²³

Through regular participation in the surveys, the Company shares results, develops targets, implements plans, and measures progress, with the goal of increasing employee participation in, and contribution to, improvements in safety performance.

²² A.17-07-008, Exhs. SCG-02, SCG-32.

²³ A.17-10-008, Exh. SCG-250 at DLB-12.

The Company began conducting safety culture assessments in 2013, using NSC's Safety Barometer Survey. The NSC Safety Barometer survey is an employee perception survey that engages employees and asks for their anonymous feedback on safety by measuring elements of safety excellence in the following areas:

- Organizational Climate – Probes general conditions that interact with the safety program to affect its ultimate success, such as teamwork, morale, and employee turnover;
- Management Commitment – Describes ways in which top and middle management demonstrates their leadership and commitment to safety in the form of words, actions, organizational strategy, and personal engagement with safety;
- Supervisor Engagement – Considers six primary roles through which supervisors communicate their personal support for safety: leader, manager, controller, trainer, organizational representative, and advocate for workers;
- Safety Support Climate – Asks employees across an organization for general beliefs, impressions, and observations about management's commitment and underlying values about safety;
- Employee Involvement – Specifies selected actions and reactions that are critical to making a safety program work. Emphasis is given on personal engagement, responsibility, and compliance; and
- Safety Support Activities – Probes the presence or quality of various safety program practices. This focuses on communications, training, inspection, maintenance, and emergency response.

The NSC Barometer Survey provides information and insight in the six critical areas of safety culture described immediately above. Furthermore, NSC's rich database provides SoCalGas with the ability to benchmark the results with hundreds of other companies who have conducted similar surveys with NSC and gives a comparative analysis of relative strengths and potential opportunities for organizational improvements as well as for individual work locations and departments.

SoCalGas has now completed three cycles of the NSC Safety Barometer Survey (in 2013, 2016, and 2018) and, when compared to 580 other companies who have gone through similar surveys, SoCalGas has consistently ranked high. In all three cycles, SoCalGas ranked above the 90th percentile. More important than the ranking, the NSC survey tool has helped identify safety areas of strength and alignment with other high performers, as well as opportunities for potential improvement.

As a result of NSC survey feedback from employees, both positive and constructive, the Company has made many improvements in recent years. For example, as a result of the 2013 NSC survey results, the Company worked with its union leadership to enhance its communications on its already in place “Stop the Job” policy.” The Company raised awareness about this policy to emphasize that if an employee does not feel safe or if an employee sees another employee or contractor being unsafe, all employees, regardless of rank or title, are empowered to stop the work being performed to address the safety concern without fear of retribution. SoCalGas also enhanced its communication to employees about the value and importance of learning from close calls. Subsequent NSC survey results demonstrate that employees now have more confidence to “Stop the Job” and report close calls, near misses, and unsafe conditions.

Stakeholder engagement is an essential element of an effective SMS. Employees and contractors, especially operational, field, and front-line workers, are well-positioned to identify safety concerns and/or risks and raise such concerns to be addressed before a safety incident occurs. When stakeholders see that the information they provide is being utilized and appropriate feedback is provided, the Company’s safety culture further improves.

4. Competence, Awareness and Training

SoCalGas is committed to providing employees the proper tools, resources, training, and oversight to promote safe operations. This includes training tailored to specific roles and educating employees on why our training, policies, and procedures are important to safety.

SoCalGas’s employees and contractors receive extensive training because safety starts with proactive upstream measures to prevent a safety incident from occurring. Front-line employees are trained on behavior-based safety programs, such as “Stop the Job.” A strong safety culture requires the right people at the right job with the right skills. The Human Resources function, with support from various operating organizations and the SMS organization

at SoCalGas, supports the safety culture by attracting, developing, training, and retaining employees who have the skills and abilities to perform their jobs safely. To achieve the accountability of enhancing the safety culture, the SMS organization, various operating organizations, and the Human Resources function are responsible for performance management, organizational effectiveness, and safety. SoCalGas develops training plans by job classification that include courses required to perform certain work, meet Company objectives, and satisfy required compliance training. Training plans are maintained in SoCalGas's Learning Management System (cornerstone) and accessed by supervisors and employees through the MyInfo application. Each department is responsible for maintaining training plans and confirming that employees complete initial and periodic refresher training requirements. Further details about SoCalGas's extensive training programs and competence assessment can be found in the Incident Involving an Employee Chapter of this RAMP Report (SCG-Risk-5).

5. Emergency Preparedness and Response

SoCalGas maintains readiness to promptly respond to emergency incidents and events through an Incident Command System that incorporates response planning, training, and equipping of personnel and coordination with first responders and external stakeholders.

SoCalGas has robust emergency response plans, policies, and procedures to quickly activate, respond, and recover from crisis situations. The emergency response plans outline internal roles and responsibilities, and align with FEMA's Incident Command System (ICS) response structures to enable rapid alignment with public-sector (state and local) emergency management agencies and first responders.

As discussed above, SoCalGas conducts public awareness efforts through education and outreach to enhance the safety of its customers and the general public. These efforts are designed to engage with customers and the public to inform them about shared safety responsibilities. For example, SoCalGas's Public Safety campaigns focus on informing and educating the public about the danger of digging, planting or doing demolition work that could impact underground pipelines. The outreach campaign encourages anyone planning such work to call 811 before digging so that SoCalGas can identify pipelines and pipe material before work occurs. Of equal importance are outreach activities with local first responder agencies, county coordinators (emergency management), and other public officials which occur on a yearly basis, focusing on how SoCalGas can partner with first responders and other agencies during an

emergency incident response, including a review of infrastructure location information, hazard awareness and prevention, leak recognition and response, emergency preparedness and communications, damage prevention, and integrity management. In addition, SoCalGas also partners with these stakeholders throughout the year on joint drills, exercises, tabletops, and preparedness fairs to enhance coordination and response during emergencies. SoCalGas has also established liaisons with appropriate fire, police, and other public officials across its service territory, which includes over 100 fire agencies. Recently, SoCalGas deployed emergency response services to northern and southern California following weather-related events, and also sent assistance to the Boston area following a pipeline overpressure occurrence.

SoCalGas developed and maintains an Emergency Operations Center (EOC) for use during significant emergencies to allow Company employees to efficiently collaborate and take appropriate action for the response and mitigation of a given emergency. During an EOC activation, over 50 subject matter experts may be brought into the EOC, from across the Company, to provide strategic direction, coordination, and to facilitate all aspects of the emergency response through event duration. When activated, some basic responsibilities of the EOC include:

- Acquire and allocate critical resources;
- Consistent and aligned internal and external communications;
- Manage crisis information;
- Strategic and policy-level decision-making; and
- Provide centralized coordination of all aspects of the emergency.

The EOC is the hub from which all incident management, response, and communication is coordinated and/or directed. As such, the EOC serves a critical support function to allow SoCalGas to respond effectively and efficiently to any hazard it may encounter, thereby protecting the safety of its employees, stakeholders, customers, the public, contractors, and any other resources or individuals in its service territory. After Action Reviews (AAR) are core to our Continuous Quality Assurance and Improvement process in Emergency Management. Following an incident or an emergency, AARs are developed and facilitated to identify the following:

- What went well;
- What needs improvement; and

- Specific Action Items toward improvement (these are entered into a data base and tracked to completion).

6. Safety and Compliance Assurance

SoCalGas maintains operational policies and procedures that document safety practices and standards and compliance with applicable regulations and follows a “management of change” process to structure change when new policies and procedures are implemented.

a. Operational Controls

Operational controls lead to greater certainty that SoCalGas’s systems will perform as expected. SoCalGas has a comprehensive set of operational controls executed through a framework of policies, training, documentation, and recordkeeping. This includes operational activities to maintain compliance with applicable local, state, and federal laws and regulations, and is accomplished through dedicating resources and subject matter expertise in various disciplines with the intent to track, understand, and implement regulatory requirements through developing formalized Company standards.

The policies dictate the standards, training, resources, and programs on how employees are to conduct their day-to-day tasks in a compliant and safe way. Compliance requirements that SoCalGas employees must follow are prescribed in written Company standards to facilitate compliance with regulatory requirements, bring about more efficient operations, and promote both employee and public safety. All standards are housed in a centralized SoCalGas Document Library for easy access by employees and are reviewed at a designated frequency to stay current with pertinent regulations and laws, and with changing business needs.

To further assist with effective implementation, the Company standards are consolidated into Manuals or Plans or Programs for distinct compliance disciplines. For example, the three principal categories of operational regulatory requirements that SoCalGas has to comply with are the CPUC/DOT/PHMSA²⁴ pipeline safety regulations, the federal and California OSHA²⁵ for employee safety, and CalGEM²⁶ for underground natural gas storage safety.

²⁴ California Public Utilities Commission, Department of Transportation, Pipeline and Hazardous Materials Safety Administration.

²⁵ Occupational Safety and Health Administration.

²⁶ California Geologic Energy Management.

Specifically, the pipeline safety standards for operations and maintenance activities are consolidated into SoCalGas's Operations & Maintenance Plan, the employee safety standards are consolidated into SoCalGas's Injury & Illness Prevention Program, contractor safety requirements are consolidated into SoCalGas's Contractor Safety Manual, and underground storage safety standards are grouped into SoCalGas's SIMP Plan. These are in addition to related compliance programs, such as the TIMP, DIMP, and SIMP, as well as procedures for material specifications and traceability, design and purchase specifications, and construction, inspection and testing procedures, as needed. Operational controls also include a Management of Change (MOC) process, which is established locally within various programs. An effort is underway by the SMS organization to consolidate the various MOC processes into one electronic platform that is currently in the developmental stage.

b. Records Management

For safety and compliance purposes, SoCalGas has implemented various recordkeeping controls for its system in accordance with applicable rules and regulations. SoCalGas's records management policies include, but are not limited to, processes and systems containing records, definition and identification of records, organizational records (both paper and electronic) and document retention and disposal policy. The goal of records management policies and practices is to provide consistent responsibilities for records management, and to require the assignment of specific accountability for oversight and administration of records management. SoCalGas also has record coordinators across the Company. These record coordinators manage records and related issues and are based within each of their respective business areas. The purpose is to give each operational area day-to-day control over records for which it has responsibility and knowledge. While not their primary job function, the record coordinators work closely with Financial Systems to promote and support the Company's records policies and procedures. In effect, this means that the management of operational asset records is decentralized. Sempra Energy's Audit Services group performs periodic audits to verify compliance with policies related to records management and retention. SoCalGas management will address any identified deficiencies by Audit Services and develop management corrective actions to resolve the findings. Historically, these audits have occurred approximately every three years. Lastly, SoCalGas uses physical storage space, both on-site and off-site, for records. SoCalGas manages the records storage so that it complies with SoCalGas's policies related to retention and disposal.

Refer to the Asset and Records Management CFF Chapter (SoCalGas CFF-1) for further detail on SoCalGas's Asset Integrity Management Programs.

7. Continuous Improvement

SoCalGas strives to continuously improve and strengthen its safety performance and culture by setting clear and measurable goals, assessing safety performance through audits and self-assessments, inviting employee feedback, and applying lessons learned from incidents and near miss events. SoCalGas also shares safety best practices with peer gas utilities and best-in-class companies in other industries.

SoCalGas's continuous improvement efforts begin with the continuous assessment of risks identified through the Enterprise Risk Registry. The observations and information captured through the ERR are used to develop strategic risk mitigations. The mitigations are implemented through operating and functional units. The implementation status, results, and lessons learned are captured through on-going managerial oversight throughout all layers of management. The results of these oversight efforts are reviewed with SoCalGas's leadership on a regular basis.

The continuous improvement cycle for SoCalGas comes from three primary areas: (1) Incidents, (2), Feedback, and (3) Performance Measurement.

a. Continuous Improvement From Incidents

While SoCalGas strives for zero incidents, information from incidents is a vital source for learning and improvement. Investigations into incidents lead to improvements in policies, programs, procedures, and human behavior and prevent similar incidents from recurring. SoCalGas has formal processes in place to learn from a variety of incidents, including employee injuries and motor vehicle accidents, contractor and subcontractor injuries, and pipeline safety, environmental, and third-party claim-related incidents. These are investigated to determine underlying causes and appropriate corrective actions to prevent recurrences. Lessons learned are shared internally with employees on a regular basis and externally with contractors as appropriate.

b. Continuous Improvement From Feedback

As further described below, feedback from employees, contractors, customers, regulatory agencies, and the public provides a leading source for continuous improvement opportunities. SoCalGas provides a variety of tools and avenues for internal and external stakeholders to

provide feedback and ideas for improving safety and operational performance. Valuable feedback is also received from audits and assessments conducted periodically to assess the effectiveness of our SMS and its associated components.

Executive Safety Council Team Meeting Dialogues – The Executive Safety Council is the governing body for all safety committees. Led by SoCalGas’s Chief Safety Officer and the directors of SMS and Safety and Wellness, this is a roundtable with Company officers to advance the Company safety culture, address enterprise-wide safety strategy, and give employees an opportunity to share their safety experiences with Company leadership. The Executive Safety Council represents SoCalGas’s labor and represented workforce.

Gas Safety Subcommittee – This committee brings represented employee representatives from each district and management together monthly to discuss concerns and address potential gas operations safety hazards. The objective is to reduce unnecessary risk, resolve gas safety issues/concerns, and communicate information back to frontline employees.

Pipeline Safety Oversight Committee – This high-level internal committee comprises executives and directors that oversee pipeline safety programs and activities, including oversight over compliance activities and contractors. This committee meets periodically and reviews the progress made in the pipeline compliance activities and in the contractor safety area and provides direction on steps needed to continue to reduce the identified safety risks. This program serves as a proactive approach to have a senior level committee overseeing the development, implementation, and growth of the contractor safety program to address the overall safety risk associated with hiring contractors, as well as strengthening public trust.

Field and Office Safety Committees (site-specific) – These committees (approximately 50) are actively engaged in safety awareness through education, promoting a healthy lifestyle, encouraging work-life balance, and maintaining a safe work environment. To keep the committees connected, quarterly meetings are held with committee chairpersons and co-chairpersons. During these meetings safety updates are shared, training is provided, and action planning steps are identified. Like SoCalGas’s other safety committees, site committees roll up to the Executive Safety Council as the governing body.

Behavior Based Safety Program – SoCalGas’s Behavior Based Safety Program is a leading proactive approach to safety and health management, focusing on principles that recognize at-risk behaviors as a frequent cause of both minor and serious injuries. Behavior

Based Safety is the “application of science of behavior change to real world safety problems.” This process is a safety partnership between management and employees that continually focuses attention and actions on daily safety behavior, to identify safe and at-risk behaviors. Through a job observation program, supervisors observe employees working using a critical behavior inventory checklist to track safety behaviors and have a dialog on safe and at-risk behaviors, then recommended behavioral safety changes. Field supervisors conduct documented observations with their employees to address at-risk behaviors and to attempt to modify an individual’s actions and/or behaviors through these interactions. Supervisors provide quality feedback during these positive interventions aimed at developing safe work habits and improving safety culture. The purpose is to reduce recurrences of at-risk behaviors by modifying an individual's actions and/or behaviors through observation, feedback, and positive interventions aimed at developing safe work habits.

Safety Congress and Leadership Awards – Held annually, the Safety Congress provides a forum for safety committee members, safety leaders, and others to share and exchange information and ideas through networking and workshops. At this event, safety leaders are recognized for living by the Company’s safety vision, turning that vision into action, embracing the SoCalGas safety culture, and demonstrating safety leadership.

The National Safety Council (NSC) Barometer Survey – As noted above, the NSC Barometer Survey is used to assess the overall health of the safety climate and helps to identify areas of opportunity to eliminate injuries and improve focus and commitment to safety. All organizations interpret their results using a three-step process to investigate, discuss, and understand where the improvement opportunities are. Organizational leaders work with their employees and decide where the attention is needed. After analysis, they identify and implement specific action-oriented strategies within their organization and carry out action plans to completion.

Environmental & Safety Compliance Management Program (ESCMP) – SoCalGas’s comprehensive health and safety risk management organization and framework establishes and carries out SoCalGas’s health and safety risk management policies, including SoCalGas’s ESCMP. ESCMP is an environmental, health, and safety management system to plan, set priorities, inspect, educate, train, and monitor the effectiveness of environmental, health, and safety activities conceptually based on the internationally accepted standard, ISO 14001.

ESCMP addresses compliance requirements, awareness, goals, monitoring and verification related to all applicable environmental, health and safety laws, rules and regulations, and Company standards. SoCalGas also has an annual ESCMP Certification process, which involves submittal of information into the database used to collect and record employee and facility compliance. In January of each year, ESCMP information is submitted into an online system for year-end approval and certification for the prior calendar year. ESCMP has been refined, improved and matured over the years and is still in place at SoCalGas.

Audits, Assessments & Evaluations – Regularly scheduled internal audits are performed by Sempra Energy Audit Services which works directly with SoCalGas management to assist in assessing risks and evaluating business controls needed to enable SoCalGas to achieve its objectives. Audit Services has full access to all levels of management, and to all organizational activities, records, property, and personnel relevant to activities under review. The scope of work conducted by Audit Services is to ascertain (1) that processes and business controls, as designed and maintained by management, are adequate and functioning in compliance with policies, plans, procedures, laws, regulations and contracts; (2) the safeguarding of assets; (3) the effectiveness and efficiency of operations; and (4) the reliability and integrity of operating and financial information. SoCalGas’s management is responsible for taking ownership of, and being accountable for, understanding, establishing, and maintaining effective business controls, which are actions that increase the likelihood of achieving the above objectives. Through this effort, Audit Services can effectively work with management to determine whether business controls are designed and functioning properly. These collective efforts provide a basis for Audit Services to provide an independent evaluation to management and the Board of Directors as to the adequacy of the Company’s overall system of business control. Management addresses any identified deficiencies by Audit Services and develops management corrective actions to resolve the findings. Corrective actions are assigned a completion date and Audit Services conducts reviews to determine if identified findings are resolved prior to closing out the audit.

As demonstrated above, SoCalGas uses various methods to evaluate the growth and development, i.e., maturity of our SMS. The evaluation of the SMS on an ongoing basis is important in providing assurance that the SMS is achieving its desired goals and objectives and making progress towards enhanced safety performance and more effective risk management. SoCalGas plans to conduct SMS assessments at a frequency of once every three years beginning

2020. Based on the experience gained from the first assessment, SoCalGas may adjust the approach including to split the assessment in smaller pieces to tackle targeted elements of its SMS in a given year. SoCalGas is in the process of conducting its first comprehensive assessment, evaluating alignment with the seven core safety values, utilizing external third-party industry experts (from the American Petroleum Institute) to maintain independence and objectivity. Due to COVID-19 protective measures, the assessment is being conducted in a phased manner using a hybrid approach. The document review and virtual interviews were completed in 2020 and an on-site physical review is planned for Q3 2021. The results will be shared with the impacted stakeholders for follow-up and completion of improvement opportunities identified by the assessment.

SoCalGas's SMS also plans to use the following tools to assess the effectiveness of the SMS program on an ongoing basis:

- Reviews and assessments that are an integral part of various safety programs, such as the integrity management programs, and self-assessments and inspections performed pursuant to SoCalGas's Environmental & Safety Compliance Management Program;
- Reviews and assessments that are an integral part of various safety programs, such as the integrity management programs, and self-assessments and inspections performed pursuant to SoCalGas's Environmental & Safety Compliance Management Program;
- Annual management reviews of the SMS performed by various SoCalGas organizations led by the SMS organization under the direction of SoCalGas's Senior Management Team;
- Periodic reviews and/or audits;
- Peer reviews performed by industry associations (such as the American Gas Association); and
- External third-party audits and assessments of the SMS

c. Continuous Improvement From Performance Measurement

Continuous improvement occurs when performance is measured and quantified. This is accomplished using (a) Key Performance Indicators (KPIs), including analysis of data and trends generated from SoCalGas operations activities, and (b) benchmarking with best-in-class

companies or standards. There are numerous lagging, leading, and process KPIs that are vital to measuring the effectiveness of operations, risk management, and the SMS. Lagging KPIs include incidents involving injuries, and property damage; leading KPIs include measures demonstrating risk reduction, such as corrective actions implemented based on audits, inspections, and incident investigations; and process KPIs demonstrate completion or improvement of activities and their supporting processes and procedures. SoCalGas has worked closely with the CPUC, within the Safety Mitigation Assessment Phase (S-MAP) framework, to identify metrics that would enable us to monitor our safety performance and enable the CPUC to compare metrics areas across utilities and over time. SoCalGas maintains a process for the identification, collection, and analysis of data generated from operations and maintenance, integrity management, audits and evaluations, management reviews, and other relevant sources related to the suitability and effectiveness of our SMS. SoCalGas developed a dashboard to provide a consistent platform to visualize KPIs, which also include elements of employee safety, pipeline safety, compliance, and damage prevention, all of which are part of the S-MAP 15 metrics. Also included are other operational dashboards and reports designed to deliver and view KPI and other business reporting metrics for SoCalGas's operations. SoCalGas will continually identify leading and lagging indicators to enhance the safety of its operations. Further, SoCalGas intends to continue evaluating leading safety management system practices in the aviation, chemical manufacturing, and nuclear power generation to further enhance its SMS. SoCalGas will take a deliberate and methodical approach to benchmarking with other industry standards and gradually integrate relevant improvements to further strengthen the SMS and safety culture.

d. Annual Management Review

SoCalGas's Senior Management Team (SMT), comprising all officers, will conduct documented annual review of the SMS to incorporate results from all efforts conducted throughout the year, and to determine which conformance and implementation goals have been met and to foster continuous improvement. The Management Review Plan will document how SoCalGas will review the SMS and safety performance to determine whether performance goals and objectives are being met. SoCalGas's SMT will utilize its regularly scheduled meetings to focus on key issues impacting safety. At these regular meetings, the SMS organization, in collaboration with the operating units, will provide updates/summaries on progress, challenges,

and/or issues. SoCalGas will also periodically evaluate new technology that may enhance safety. The CSO is responsible for confirming that follow-up actions, as identified in the management review, are completed in a timely manner and are reported at the next management review cycle.

IV. COMPENSATION POLICIES RELATED TO SAFETY

SoCalGas's strong safety culture is demonstrated through use of compensation metrics and key performance indicators to drive improved safety performance. As the Commission stated in D.16-06-054:

One of the leading indicators of a safety culture is whether the governance of a company utilizes any compensation, benefits or incentive to promote safety and hold employees accountable for the company's safety record.²⁷

Benefit programs that promote employee health and welfare also contribute to SoCalGas's safety performance and culture. SoCalGas has taken a number of actions to support employee safety during the pandemic, including providing COVID-19 related leaves, engaging specialists to advise on workplace safety issues, and providing a technology reimbursement that employees working remotely can use to purchase ergonomic equipment.

In her TY 2019 GRC testimony, Compensation and Benefits witness Debbie Robinson explained how SoCalGas's compensation and benefits programs are designed to focus employees on safety, and how SoCalGas's increased emphasis on employee and operational safety measures in their variable pay plans, commonly referred to as the Incentive Compensation Plans (ICP), bolster the already strong safety culture and safety performance at SoCalGas.²⁸ Ms. Robinson testified that SoCalGas has increased the weighting of the employee and operational safety measures in their variable pay plans since the TY 2016 GRC.²⁹ These safety-related performance measures comprise a mixture of leading and lagging measures and span all lines of business – employee, customer, public, and system safety –to prevent bias. Providing even stronger alignment between SoCalGas's safety programs and the ICP helps to strengthen the Company's safety culture and signals to employees that safety is the number-one priority.

²⁷ Exh. SCG-30 at DSR-10.

²⁸ *Id.*

²⁹ *Id.* at DSR-11.

V. EXECUTIVE AND SENIOR MANAGEMENT ENGAGEMENT IN THE RISK ASSESSMENT, PRIORITIZATION, MITIGATION, AND BUDGETING PROCESS

In the Company's TY 2019 GRC testimony, witness Diana Day testified that SoCalGas's executive management, and specifically the Company's Executive Safety Council, is committed to and accountable for the development and maintenance of safety culture, and that SoCalGas's leadership holds regular safety meetings at many levels, including Executive Safety Council meetings, which have been in place for over a decade, and annual Contractor Safety Congresses, which have included hundreds of participants, representatives from other California utilities, and the Safety and Enforcement Division of the CPUC.³⁰ SoCalGas's Executive Safety Council, comprised of top Company leadership, meets quarterly to engage directly with front-line employees and supervisors, including SoCalGas's labor and represented workforce, to listen and reinforce key safety tenets and have an open dialogue on safety issues, performance and culture. To further enhance executive engagement, in 2020, SoCalGas established a Safety Advisory Council comprising of experienced advisors from outside the Company to assist with governance over safety.

Senior management at SoCalGas is engaged in the risk assessment and mitigation process for the Company. Appendix E to Diana Day's direct TY 2019 GRC testimony describes how SoCalGas's risk management framework and the annual development and updating of the enterprise risk registry provides a structured way for the organization to reflect on different types of risk and the strategies to control or mitigate those risks, as both a "bottom up" and a "top down" process. Subject matter experts and risk managers from throughout the organization provide insight on risk drivers, impacts, and mitigants for risks that are being assessed. Risk owners and the senior management team at each utility discuss enterprise level risks and mitigants for those risks. Risk owners and risk managers then have the opportunity to confirm that mitigations for top risks are transparent in the business process and are prioritized in decision making.

The Enterprise Risk Registry (ERR) is a communication tool that is shared amongst the management team and with employees. Periodically, the Vice President of Enterprise Risk Management provides the SoCalGas Board with a risk update of its operating risks and also an

³⁰ A.17-10-008, Exh. SCG-02-R, Chapter 1 (Day) at DD-28.

updated focus on key enterprise-level risks and associated mitigants. The Sempra Energy Board of Directors also receives periodic risk updates based on the written reports and management presentations from its operating subsidiaries, including SoCalGas. Training and education regarding management of risks is an ongoing endeavor. Risk topics are discussed at the monthly Senior Management Team meeting and Senior executives participate in executive risk sessions each year to review top risks identified for the utilities, ranking and prioritization of the risks, and funding for the mitigations.

Senior management at SoCalGas is engaged in the financial planning process at the Company. For capital expenditures, the Executive Finance Committee (EFC) establishes a total annual capital expenditure target consistent with our authorized GRC funding for that period. From this total allocation, funding is prioritized based on risk-informed priorities and continuous input from operations.

- Step 1 – Financial Planning requests detailed lists of projects for the upcoming budgeting cycle. Each organization with a capital budget receives the request mid-way through the year for the following year’s budget. Within each organization, teams of managers and subject matter experts perform assessments of capital projects and develop a list for their areas that are in line with the GRC request and that serve customers by providing safe, reliable service with effective risk mitigation at a reasonable cost. The capital projects are scored and ranked within each organization using key priority metrics. The key priority metrics include: safety, reliability, maintenance, compliance, customer experience, and productivity. Each organization reviews their projects’ rankings and scorings with their Senior Management. Once approved at the Senior Management level, the projects are submitted to Financial Planning.
- Step 2 – Once Financial Planning receives the scored and ranked project lists from each organization, they consolidate and review requests against the total capital budget established by the EFC for the year. Financial Planning then brings all of the requests to the Senior Management Team-Finance (SMT-F) to discuss the requests in total as well as cross-organizationally. The key priority metrics and project rankings become a

basis for discussion and review of projects on a cross-organizational basis. The SMT-F reviews, challenges, cross-prioritizes and establishes a final ranking for proposed capital work for the next budget cycle. Projects determined to have the highest ratings on the key priority metrics will receive the highest priority for funding.

Once the capital allocations are approved, the individual operating organization is chartered to manage its respective capital needs within the allotted capital. The real-time prioritization of work within the context of the budget allocations is completed by the front-line and project managers on an ongoing and continuous basis. Regulatory compliance deadlines, customer scheduling requirements, and overall infrastructure condition are all factors taken into consideration as work elements are prioritized. Progress on existing capital projects is monitored and reviewed on a monthly basis by the EFC, and any new projects stemming from incremental Commission directives or changing business needs are evaluated and assessed throughout the year to determine whether current capital allocation should be reprioritized. Before starting a project or making any commitments, the project manager must secure specific project approval signatures in accordance with the Companies' Internal Order process and approval and commitment policies.

VI. SOCALGAS BOARD ENGAGEMENT AND OVERSIGHT OVER SAFETY PERFORMANCE

SoCalGas's Board of Directors (Board) determines safety performance measures and targets to be included in each year's ICP and reviews and approves the results. The Board meets on at least a quarterly basis where meetings begin with a safety briefing and include a regular review of year-to-date safety performance as well as current safety and risk-related topics. The members of the Board have extensive safety and employee safety processes experience. As a part of its oversight role, the Board may exercise discretion to reduce or eliminate any payout for employee and/or contractor safety measures in the event safety performance targets are not met.

SoCalGas established a Safety Committee of the Board in November 2020. SoCalGas's Safety Committee advises and assists SoCalGas's Board of Directors in the oversight of safely providing natural gas services to SoCalGas's customers.³¹ The Safety Committee meets on a

³¹ See SoCalGas Safety Committee Charter, adopted on December 18, 2020, included as Attachment B.

quarterly basis. These meetings begin with a report by the Chief Safety Officer, include a review of current safety and risk-related topics, and conclude with the Safety Committee's recommendations to SoCalGas. Per the Safety Committee Charter, the duties and responsibilities of the Safety Committee include, but are not limited to:

Review and monitor (i) SoCalGas's safety culture, goals, and risks; (ii) significant safety-related incidents involving employees, contractors, or members of the public; (iii) the measures to prevent, mitigate or respond to safety-related incidents; (iv) periodic reports on safety audits; and (v) safety performance metrics.³²

In addition, prior to establishing its Safety Committee in 2020, SoCalGas established a Safety Advisory Council in November 2019, comprising independent community members with deep experience and proven leadership in the areas of safety management systems, public safety, community relations, regulatory oversight, and industry safety. The Safety Advisory Council provides candid, independent perspectives on SoCalGas's SMS, as well as critical review and assessment of policies, practices, and procedures. The Safety Advisory Council meets periodically and provides recommendations and feedback to the SoCalGas Chief Safety Officer, which are in turn provided to the SoCalGas Board as part of the regular Board safety agenda item. The Safety Committee and the Safety Advisory Council are intended to provide additional safety oversight for SoCalGas with respect to safely providing natural gas services.

VII. CONCLUSION

Safety is a core value at SoCalGas. We have a strong safety culture imbedded in the organization that fosters transparency, engagement, and commitment. SoCalGas strives to continually improve processes and procedures that further enhance employee, contractor, customer, and public safety. Nothing is more important than keeping our employees, contractors, and the public safe. As demonstrated throughout the chapters of this RAMP Report, SoCalGas is making strategic investments in culture, technology, system upgrades, and community partnerships to enhance the safety of our employees, contractors, customers, and the communities we serve.

³² *Id.* at Attachment B at 3.