



2025 Risk Assessment Mitigation Phase

(Chapter RAMP-4)

Safety Culture

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CHAPTER IV: SAFETY CULTURE

I. INTRODUCTION

This Chapter provides information regarding Southern California Gas Company's (SoCalGas) and San Diego Gas & Electric Company's (SDG&E) (collectively, the Companies) organizational structures, programs, cultures, and compensation as they relate to safety, as required by Decision (D.) 18-12-014.

Safety is foundational to both SoCalGas's and SDG&E's operations, requiring commitment from each Company's respective leaders, employees, and contractors to deliver safe and reliable energy to customers. SoCalGas and SDG&E define safety as the presence of controls for known hazards, actions to anticipate and guard against unknown hazards, and the commitment to continuously improve SoCalGas's and SDG&E's ability to recognize and mitigate hazards. Safety requires strong ongoing leadership commitment and active engagement and ownership from all employees. SoCalGas and SDG&E focus on safety through the lenses of employee safety,¹ public safety,² infrastructure safety,³ and contractor safety.⁴ Safety is a fundamental core value at the Companies and underpins all their actions. This commitment to safety is ingrained in the culture and exemplified by a dedicated workforce – from senior leadership to the front-line workers who safely manage and operate the systems and serve customers each day.

The Companies each describe the elements of their safety organizations, cultures, and practices in various proceedings and regulatory submissions, including the California Public Utility Commission's (Commission or CPUC) Order Instituting Investigation into SoCalGas's

¹ Safety systems and processes focused on the health and safety of employees. This includes safety policies, programs, and training.

² Safety systems and processes focused on protection of customers and the public (*i.e.*, emergency management, environmental safety, customer data privacy, accessibility, protection of the public from harm caused by operations or assets, and the safety of vulnerable populations).

³ Safety systems and processes associated with the design, construction, operation, inspection, and maintenance of SoCalGas's and SDG&E's infrastructure.

⁴ Safety systems and processes focused on the safety and protection of contractors and subcontractors who provide services to support SoCalGas's and SDG&E's assets and operations.

Organizational Culture (I.19-06-014) (Safety Culture OII),⁵ the Safety Culture Assessment Rulemaking proceeding (R.21-10-001),⁶ SDG&E’s annual Wildfire Safety Culture Assessments pursuant to Assembly Bill (AB) 1054, and annual Safety Performance Metrics Report (SPMR) submissions as required by the Commission’s Safety Model Assessment Proceeding (S-MAP) Phase Two Decision, D.19-04-020. Additionally, SoCalGas and SDG&E participated in the joint Commission and Office of Energy Infrastructure Safety (OEIS) annual Public Safety Briefing in August 2024, outlining their respective safety organizations, cultures, and practices.⁷ This chapter is intended to provide an overview and references the above-mentioned proceedings and regulatory submissions for additional information.

A. Safety Culture Goals & Objectives

SoCalGas and SDG&E recognize the importance of fostering and sustaining a strong culture of safety and share common objectives. Their commitment to a “safety first” mindset is demonstrated through the actions, allocation of resources, and organizational governance of the Companies. SoCalGas’s and SDG&E’s leadership teams actively build trust through non-punitive measures, a commitment to reducing high-risk conditions, leveraging data to identify risks, and continuously advancing as learning organizations. SoCalGas and SDG&E employees and contractors – at all levels, across all work locations and departments – are empowered and encouraged to offer safety suggestions, report near misses, identify hazards, raise safety concerns, and “stop the job” if they ever perceive unsafe actions or situations. The Companies work continuously to advance their respective safety cultures and measure the effectiveness of these initiatives.

SoCalGas and SDG&E have previously engaged in assessments to learn about and improve upon their company cultures and are collaboratively engaged in R.21-10-001 to help the Commission develop a Normative Safety Culture Framework for California’s Investor-Owned Utilities. This recently adopted framework defines safety culture as “the collective set of values,

⁵ I.19-06-014, 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 (issued December 24, 2024).

⁶ R.21-10-001, Order Instituting Rulemaking to Develop Safety Culture Assessments for Electric and Natural Gas Utilities (issued October 13, 2021).

⁷ SoCalGas and SDG&E presentations can be accessed at: <https://www.cpuc.ca.gov/about-cpuc/divisions/safety-policy-division/safety-culture-and-governance>.

principles, beliefs, norms, attitudes, behaviors, and practices that an organization's leadership, employees, and contractor personnel share with respect to risk and safety.”⁸

The Normative Safety Culture Framework for California's Investor-Owned Utilities, as adopted by the Commission in D.25-01-031, includes the following traits:

- Leadership Safety Values and Actions: Leaders demonstrate a commitment to safety in their decisions and behaviors.
- Problem Identification and Resolution: Issues potentially impacting safety are systematically identified, fully evaluated, and promptly addressed and corrected commensurate with their significance.
- Personal Accountability: All individuals take personal responsibility for safety.
- Work Processes: The process of planning and controlling work activities is implemented so that safety is maintained.
- Continuous Learning: Opportunities to learn about ways to ensure safety are sought out and implemented.
- Environment for Raising Concerns: A safety-conscious work environment is maintained where personnel feel free to raise safety concerns without fear of retaliation, intimidation, harassment, or discrimination.
- Effective Safety Communication: Communications maintain a focus on safety.
- Respectful Work Environment: Trust and respect permeate the organization.
- Questioning Attitude: Individuals avoid complacency and continuously challenge existing conditions and activities to identify discrepancies that might result in error or inappropriate action.
- Decision making: Decisions that support or affect utility safety are systematic, rigorous, and thorough.

SoCalGas and SDG&E are dedicated to delivering safe, reliable, and affordable energy; and committed to continuously improving upon and enhancing the maturity of their respective cultures and approaches to safety, including maturing and evolving as learning organizations. As part of this commitment and as further described in Sections II and III, below, SoCalGas and SDG&E are continuously reviewing, measuring and improving their respective Safety

⁸ D.25-01-031 at 53 (Finding of Fact (FOF) 10).

Management Systems (SMS), consistent with American Petroleum Institute Recommended Practice 1173 (API RP 1173), and are engaged in continuous learning and improvement to enhance their organizational safety cultures.

B. Current Safety Culture Improvement Efforts

1. SoCalGas Safety Culture Improvement Plan

As part of the CPUC's Safety Culture OII, SoCalGas underwent a safety culture assessment based on the International Atomic Energy Agency's (IAEA) approach to assess leadership and culture for safety.⁹ As described by Safety Policy Division, this new assessment approach for California is based upon the following methodology:¹⁰

- Focus on understanding the invisible aspects of culture or what's "below the surface" (Schein's Iceberg Model).
- Data by itself says little about culture (tip of iceberg).
- Based on an exploratory approach.
- Captures information to foster dialogue, reflection, and insight within the organization regarding its behavior, rather than data for a corrective action process.

This approach to safety culture learning and improvement has fostered significant reflection and growth at SoCalGas. To improve SoCalGas's understanding of the assessment results, the Company's understanding of the existing safety culture and its drivers, and of the need and opportunity to improve, SoCalGas enlisted the support of renowned external experts to engage in over 90 employee and contractor dialogue and facilitated co-creation sessions. This work resulted in a deeper and richer understanding of SoCalGas's culture, enabled the identification of the basic assumptions influencing culture, and informed how to effect positive change.

As part of this change and improvement effort, SoCalGas engaged in efforts to align its safety culture through "**Safer Together**. Advancing a culture that empowers communication, curiosity, commitment, and collaboration." Safer Together is SoCalGas's "North Star"—the

⁹ This assessment methodology and framework aligns with the framework developed by the Commission in R.21-10-001.

¹⁰ See California Public Utilities Commission (CPUC), *Workshop: Evaluation of SoCalGas revised Safety Culture Improvement Plan* (February 3, 2025), available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/safety-policy-division/meeting-documents/i1906014-workshop-slides-for-spd020325.pdf>.

fixed point on the horizon that will keep the Company reliably oriented and on course to navigate to its safety culture aspirations. The words Safer Together express the concepts of shared interests, broad and inclusive perspectives, stakeholder collaboration, and continuous improvement.

With Safer Together representing SoCalGas's safety culture goals and objectives, on September 20, 2024, SoCalGas filed its Revised Safety Culture Improvement Plan as a portfolio of actions to move toward the goals. Figure 1 below illustrates actions SoCalGas proposed to influence positive culture change. Following the submission of the Revised Plan, SoCalGas began implementing the change and improvement efforts and has been communicating progress, challenges, and learnings through ongoing quarterly reports to the Commission.

Figure 1



2. SDG&E Safety Culture Improvement Efforts

SDG&E recognizes the importance of fostering and sustaining a strong culture of safety. The Company's commitment to a "safety first" mindset is demonstrated through its actions, allocation of resources, and organizational governance. SDG&E leadership actively builds trust through non-punitive measures, a commitment to reducing high-risk conditions, leveraging data to identify risks, and advancing as a learning organization. The Company continuously works to advance the safety culture and measure the effectiveness of initiatives. SDG&E's efforts to assess, understand, sustain, and continuously improve the culture of safety include monthly Electric and Gas Safety Subcommittee meetings to solicit safety input directly from employees closest to the risks with identified action items tracked through completion, quarterly Contractor Safety Summits to advance the safety partnership with SDG&E's contracted workforce, an annual Start Strong Safety Event, and an annual Safety Congress and award ceremony to recognize and reinforce the importance of safe behavior and a safety-first mindset. SDG&E promotes two-way communication and conducts regular surveys of the workforce to identify strengths and opportunities for improvement.

Since January 2023, SDG&E hosts an annual "Start Strong" safety event for its operational (field) employees. This event, which is a partnership between SDG&E leadership and IBEW Local 465, emphasizes the joint commitment to safety and sets clear expectations for the year. It allows the majority of SDG&E's represented workforce to hear directly from leaders on key safety messaging and resources. The event aims to foster psychological safety where all employees are empowered and feel comfortable speaking up, raising safety concerns, submitting near misses, and stopping the job whenever they are unsure how to safely perform a task. Another key objective of the event is for all attendees to understand their role with respect to safety and how their actions and decisions contribute to the safety of their colleagues, contractors and communities served by SDG&E.

SDG&E also hosts an annual Safety Congress and Safety Leadership Award Ceremony to promote a culture of safety engagement and recognition. SDG&E currently has approximately 60 Safety Committees (34 office-based, 27 field-based committees) that represent their respective work location or department. Safety Committees meet regularly to discuss safety topics and identify actionable items to promote safety across their teams. Since 2002, SDG&E has held an annual Safety Congress, which provides a platform for the Safety Committee

members and other safety leaders to collaborate and share insights through networking and workshops. Each year at the Safety Congress, SDG&E recognizes outstanding safety leaders, honoring individuals and teams who exemplify the Company's safety vision. Such employee recognition helps SDG&E employees feel valued and appreciated for their contributions to safety, builds trust, and boosts morale.

SDG&E has processes, programs, and committees in place that encourage two-way communication with internal stakeholders. To foster a culture of continuous safety improvement, SDG&E promotes a psychologically safe work environment where employees at all levels can raise safety concerns and offer suggestions for improvement. SDG&E has a formalized Stop Work Authority Process outlining that all employees – regardless of title or tenure - are empowered to stop work whenever unsafe conditions are perceived. All employees are encouraged to report near misses for follow-up, assessment and hazard awareness.

Communication with external stakeholders (*e.g.*, the public, first responders, public officials) is coordinated through SDG&E's Public Awareness Plan¹¹ and public liaison program.¹² For significant projects and programs, a dedicated outreach and communication plan is established to gather input, including safety-related feedback, from the community and other stakeholders.

SDG&E's Contractor Safety Management program incorporates feedback from contractors on safety risks at SDG&E. Contractors receive training on the reporting policy and procedures. Contractor feedback is highly valued and essential for continuous improvement. SDG&E promotes two-way communication with its contractors to exchange safety information such as near misses, incident reporting, incident debriefs, safety best practices, and monthly newsletters. Moreover, SDG&E leadership conducts safety connection touchpoints with contractor leadership to identify proactive and preventive solutions, lessons learned, and opportunities for safety enhancement.

¹¹ SDG&E's Public Awareness Plan includes SDG&E's natural gas safety marketing campaign that provides outreach to various stakeholders regarding general safety and specific infrastructure projects that impact a particular area or group.

¹² Additional detail on SDG&E's public liaison program is available at: www.sdge.com/safety/sdge-first-responder-liaison-activities.

C. Future Safety Culture Learning and Improvement Efforts

1. Office of Energy Infrastructure Safety AB 1504 Assessment

Since 2021, SDG&E has undergone an annual safety culture assessment, as directed by the OEIS. The OEIS assesses electrical corporations' Wildfire Mitigation Plans, safety culture, safety certifications, and executive compensation structures. Pursuant to Public Utilities (Pub. Util.) Code Section 8389(d)(4), OEIS issued its 2023 Safety Culture Assessment Report for SDG&E on March 22, 2024. The 2023 report details the assessment carried out by the National Safety Council (NSC), which assessed the safety culture of SDG&E through management self-assessment as well as workplace surveys and interviews. In both the 2022 and 2023 reports, the NSC generally concludes that SDG&E "has exhibited continued commitment to advancing its safety culture maturity."¹³ SDG&E uses its annual OEIS assessment to gain cultural insights and identify opportunities for continuous improvement. Issuance of SDG&E's 2024 Safety Culture Assessment Report is currently pending.

2. Safety Culture Assessment Framework Rulemaking

In October 2021, the CPUC issued Order Instituting Rulemaking (OIR) R.21-10-001 to develop and adopt a safety culture assessment framework and identify the structure, elements, and process necessary to drive regulated investor-owned electric and natural gas utilities and gas storage operators to establish and continuously improve their organization-wide safety culture. In January 2025, the CPUC approved the *Decision Adopting a Safety Culture Framework for the Large Investor-Owned Utilities*.¹⁴ This Decision adopts a normative framework adapted from the United States Nuclear Regulatory Commission's Safety Culture Common Language and the Institute of Nuclear Power Operations' Ten Traits of a Healthy Nuclear Safety Culture to serve as the basis of the CPUC's Safety Culture Assessment framework.¹⁵ Per the schedule adopted in the Decision, SDG&E will undergo a comprehensive safety culture assessment in 2026 and SoCalGas will undergo a comprehensive safety culture assessment in 2029. These assessments will be used to drive deeper cultural understanding and identify opportunities for continuous improvement.

¹³ See, OEIS, *2023 Safety Culture Assessment San Diego Gas & Electric Company Prepared by the National Safety Council Published March 2024* (March 22, 2024), Executive Summary at 3, available at: <https://efiling.energysafety.ca.gov/eFiling/Getfile.aspx?fileid=56373&shareable=true>.

¹⁴ D.25-01-031.

¹⁵ *Id.* at 22-23, and Findings of Fact 12 at 54.

II. SAFETY ORGANIZATION STRUCTURE

A. SoCalGas

SoCalGas is committed to safety as foundational to every aspect of its enterprise and central to its vision, mission, and values. Safety is a shared responsibility across the company, with several notable systems in place to align safety strategy, objectives, and goals.

First, to align actions, SoCalGas is advancing a comprehensive SMS framework that integrates safety systems and processes. This system supports continuous learning and improvement, enhancing the safe and reliable delivery of service to customers. A core part of SoCalGas's SMS and safety culture improvement efforts includes a governance structure for managing key components of SMS, with cross-functional teams for each functional area of SoCalGas's SMS. These teams will consist of leaders from departments leading and supporting the SMS. In this way, safety efforts will have cross-functional and company-wide alignment, governance, and accountability.

Second, SoCalGas embeds safety practices into 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. The reporting and sharing of questions, events, suggestions, and observations provides learning opportunities that help prevent incidents and foster organizational awareness and learning. SoCalGas recognizes that learning is key to improvement and incident prevention, and endeavors to identify systemic improvements with attention to culture, management systems, process conditions, and human factors. Feedback, suggestions, and recommendations with respect to safety are sought through multiple platforms and processes to gather and analyze employee safety feedback. These include:

- The Injury & Illness Prevention Program (IIPP) encourages employees to identify risks and elevate them to management.

- Employees are encouraged to report near misses,¹⁶ stop the jobs,¹⁷ and good catches.¹⁸ These employee reports, as well as safety incidents incurred during the week, are posted on SoCalGas's intranet site and distributed by e-mail to be shared with employees at regularly scheduled meetings.
- Employee dialogues and executive base visits offer opportunities for in-person dialogue between frontline employees and SoCalGas executives.
- Engagement surveys and other localized and company-wide survey efforts to gather employee feedback and perceptions.
- Town Halls to share and engage on safety topics and seek input, feedback, and suggestions from employees.
- Meetings and dialogue sessions where employees and local safety committees meet with Executive Safety Council (ESC)¹⁹ members provide important opportunities for senior leadership to hear directly from frontline employees on safety issues.
- Meeting and dialogue sessions where employees meet directly with Advisory Safety Council (ASC)²⁰ to ask questions and raise concerns in a confidential manner.
- Learning Teams as well as Event Learnings include frontline employees to foster broader understanding, improve work processes, and gain insights directly from those performing work to enhance safety and continuously improve.
- Annual Employee and Contractor Safety Congresses and District Safety Standdowns across the service territory.
- Meetings between the Chief Safety Officer (CSO), Union Leadership, and other safety leaders.
- SoCalGas engages with contractor stakeholders to identify continuous improvement opportunities through safety-related engagements and dialogues.

¹⁶ A Near Miss report is when an individual identifies an incident(s) where no injury, illness or damage occurred but there was the potential for injury, illness, or damage.

¹⁷ A Stop the Job report is when someone encounters an unsafe condition or action or is uncertain on how to perform a job and stops work before endangering themselves or others.

¹⁸ A Good Catch is the report of an observation, event, or situation that has the potential to cause injury, illness, or damage, but did not occur thanks to timely intervention by an engaged employee or the presence of an effective control.

¹⁹ SoCalGas's ESC provides safety oversight and executive interactions with employees over safety matters. The ESC meets at various operating locations to engage with represented employees, supervisors, and managers associated with an operating district or a region. Employee dialogue sessions are held to provide a forum for employees to share feedback and executives to listen and learn. Issues brought up are discussed and resolved during the dialogue session or carried forward as action items for later resolution, with follow up to the employees who made the suggestion.

²⁰ In 2020, SoCalGas established an independent Advisory Safety Council to engage the perspectives of external experts as part of SoCalGas's safety journey.

In addition to this cross-functional approach to advancing safety across the organization in an integrated and aligned way, several SoCalGas departments also advance foundational safety efforts in a more centralized fashion, including the Safety Organization, Asset Management Team, and Enterprise Risk Management Team.

1. Safety Organization

SoCalGas's safety organization is led by a dedicated Chief Safety Officer who, along with a team of directors, managers, supervisors, and subject matter experts, with centralized accountability and responsibility to advance and influence the following:

- Providing strategic guidance and establishing appropriate policies, standards, procedures, and key performance indicators, as well as technology and data analytics tools, platforms, and reporting capabilities;
- Leading incident investigations and sharing lessons learned with stakeholders to demonstrate risk reduction and improvement; and
- Collaborating with employees to provide safety and compliance support, emergency preparedness, and response support capabilities.

The Safety Organization advances safety programs (including implementation of SoCalGas's various safety policies, trainings, and programs, including: the Environmental & Safety Compliance Management Program, Industrial Hygiene programs, Incident Investigations, Contractor Safety programs, as well as Near Miss, "Stop the Job," and Jobsite Safety programs).

2. Emergency Management

Emergency Management at SoCalGas is integrated into the broader SoCalGas safety organization. The Emergency Management function 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. As part of the Emergency Management department, personnel focus on the following activities: 1) business resumption, 2) emergency preparedness and response operations, 3) information and technical services, and 4) operational field emergency readiness. Emergency Management also sustains quality assurance and improvement processes through strategic planning, training, simulation exercises, and a comprehensive After-Action Review and Improvement program.

3. Enterprise Risk Management

The Enterprise Risk Management department works in close collaboration with senior leadership, management, and employees to proactively identify potential threats and opportunities, assess and prioritize risks, document mitigation efforts, and monitor risk mitigation effectiveness. This collaborative approach enables the results of the risk management process to inform decision-making and resource planning across the organization.

SoCalGas's Enterprise Risk Management (ERM) Framework, modeled after the International Organization for Standardization (ISO) Standard 31000, is designed to create and protect long-term value for customers, employees, shareholders, and the communities served. The ERM Framework incorporates a formalized governance structure to integrate and align risk management practices across the enterprise and foster appropriate communication and collaboration throughout the Company. Both leadership and subject matter expert input is incorporated into the ERM Framework to drive risk-informed business decisions and resource allocations, and monitor identified and emerging risks and mitigation plans to foster continuous improvement and achieve Company objectives.

Effective risk management practices reinforce a strong and positive safety culture and are integral to SoCalGas's approach to adopting risk management structures and processes at all levels. This commitment continually advances the development of a risk-aware culture, as the ERM practices and processes are actively utilized by various operational and functional departments to identify safety risks, thereby serving as a critical component of SoCalGas's SMS. Further details regarding the Enterprise Risk Management process are provided in Volume 1, Chapter 2, Enterprise Risk Management Framework (Joint SoCalGas/SDG&E).

4. Enterprise Asset Management

SoCalGas has implemented an Enterprise Asset Management (EAM) program that consolidates, cleanses, and geospatially aligns asset data to build capabilities around asset analytics and decision making through advanced technologies, business process changes, and improved definition around roles and responsibilities. This program increases the knowledge and accountability of asset owners through a more robust and comprehensive operating model that aligns with SoCalGas's strategic objectives. EAM is intended to improve safety, integrity, transparency, and availability of asset records by integrating asset data for advanced analytics and leveraging reliable asset data for data-driven asset investment management.

B. SDG&E

Safety is a shared responsibility for everyone at SDG&E, however, SDG&E's Chief Safety Officer bears ultimate accountability for the safety of the workforce and communities it serves. SDG&E conveys a comprehensive, proactive and preventative approach to safety where all employees have a role to play and are empowered and encouraged to speak up and stop work whenever unsafe conditions are perceived. SDG&E has dedicated teams embedded in the organization whose roles revolve around management of safety and other risks. Such centralized organizational structures include:

- Safety;
- Asset Management;
- Enterprise Risk Management; and
- Emergency Management.

Dedicated safety roles also exist at the operational level, partnering with the above-listed teams to advance safety within their respective organization. Such decentralized safety roles include SDG&E's:

- Gas Safety Center;
- Electric Safety Center;
- Kearny Maintenance and Operations;
- Customer Field Operations; and
- Behavior Based Safety Observers.

1. Safety Department

SDG&E's safety department is organized under SDG&E's Chief Safety Officer.²¹ SDG&E has a centralized, dedicated safety department comprising a director and managers who oversee the implementation of the Company's various safety policies, trainings, and programs, including the Environmental & Safety Compliance Management Program (ESCMP), the Behavior Based Safety Programs, Stop the Job, Close Call/Near-Miss program, Incident Investigations, Safety Culture Assessments, and Contractor Safety Programs. These programs are described within the Employee Safety Risk Chapter (SDG&E-Risk-06) and Contractor Safety Risk Chapter (SDG&E-Risk-04) of this RAMP Report.

²¹ Kevin Geraghty, Chief Operating Officer and Chief Safety Officer.

SDG&E's Executive Safety Council, led by SDG&E's Chief Safety Officer and the Director of Safety and comprising cross-functional Company officers, advances the Company's safety culture, addresses enterprise-wide safety strategy, and is the centralized governing body for all safety committees. Executive Safety Council meetings integrate employee and supervisor dialogue sessions so that employees have an opportunity to share safety experiences directly with Company leadership. Resulting follow-up action items are documented and tracked through resolution. Quarterly Executive Safety Council meetings are held at various Company locations (e.g., district Construction and Operation facilities) to allow top Company leadership to engage directly with a cross-functional representation of SDG&E's frontline workers and operational support staff.

Additionally, SDG&E has numerous field and office site safety committees. These site-specific committees actively engage in safety awareness by educating, promoting a healthy lifestyle, encouraging work-life balance, and always maintaining a safe work environment. Quarterly meetings are held with committee chairpersons and co-chairpersons, where safety updates are shared, training is provided, and action planning steps are identified.

The Director of Safety also serves as the Chairperson for SDG&E's SMS governance team. The SMS governance team represents centralized authority, accountability, and responsibility to support the execution of an SMS throughout the organization, including designing, developing, implementing, and continuously improving the SMS. The SMS governance team is a cross-functional team composed of business leaders representing SDG&E's employee and contractor safety, customer and public safety, risk management, gas operations, electric operations, emergency management, and asset management organizations. The primary role of the SMS governance team is to represent their respective organizations and work together to create and maintain a comprehensive SMS that informs consistent, effective, and appropriately adapted practices across the enterprise.

2. Asset Management

In 2017, SDG&E began asset management initiatives focused on developing a strategic asset management capability for the Company that aligns with the international standard of ISO 55000. The initiatives focus on implementing the tenets of ISO 55000 across the organization to more optimally balance asset cost, asset risk (including safety), and asset performance. In collaboration with SDG&E's operating units, the teams develop, implement, and enable

strategies and solutions in the areas of regulatory compliance, business technology, data management, and integrated asset management in support of the safe, clean, and reliable delivery of energy to customers.

3. Enterprise Risk Management

SDG&E's Enterprise Risk Management organization comprises a Vice President and Chief Risk Officer, Director of Risk and Compliance, two managers, and support staff. Their collective roles are dedicated to implementing the risk management process and the integration of risk-based 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, and supporting operational areas across the Company in the assessment of their risks and development of associated risk controls and mitigations. SDG&E's Enterprise Risk Management organization oversees the development of the annual Enterprise Risk Registry process. Further details regarding the ERM process are provided in Volume 1, Chapter RAMP-2, Enterprise Risk Management Framework.

4. Emergency Management

SDG&E's Emergency Management department coordinates safe, effective, and risk-based emergency preparedness to safely and efficiently prepare for, respond to, and recover from all threats and hazards. The Emergency Management Department sustains quality assurance and improvement processes through strategic planning, training, simulation exercises, and a comprehensive After-Action Review and Improvement program. SDG&E's Emergency Management department is comprised of: (1) aviation services, (2) business resumption, (3) emergency preparedness, training and response operations, (4) information and technical services, and (5) operational field emergency readiness.

SDG&E responds to gas and electric emergencies and/or short-term crises as an important part of its normal business practices and has implemented and adapted a Utility Incident Command System (UICS) into those practices based on the National Incident Management System.

Each of the above-described departments are aligned and integrated within SDG&E's Safety Management System, as further detailed below.

III. SAFETY MANAGEMENT SYSTEM

A Safety Management System (SMS) and organizational safety culture are interconnected, and their integration is key to fostering a safe and effective work environment, as depicted in the graphic below.



SoCalGas's and SDG&E's respective safety management systems connect and consolidate each Company's respective processes, to provide a risk-based approach to operations through established accountabilities, responsibilities, and continuous improvement. The intent of an SMS is to comprehensively define elements that identify and add rigor, accountabilities, and assurance to the ways risks are managed and to help prevent or mitigate the likelihood and consequences of an incident or injury. SoCalGas's and SDG&E's respective safety management systems provide the structure, processes, and tools, while their safety cultures provide the values, attitudes, and behaviors that breathe life into those tools. When integrated well, they form a synergistic relationship that drives safety excellence across the organization, providing formality and structure for integrating safety culture and management into organizational activity in a sustainable way. For example:

1. **Leadership Commitment:** SoCalGas's and SDG&E's respective safety management systems promote a structured approach to safety, and success relies on leadership commitment to safety and culture. Leaders should embody safety values and prioritize safety over competing goals, such as productivity or costs.
2. **Policies and Procedures:** SoCalGas's and SDG&E's respective safety management systems establish well-defined policies and procedures, which are designed to align with each organization's safety culture and approach to safety. These guidelines help formalize and demonstrate commitment to safety.

3. **Training and Awareness:** SoCalGas's and SDG&E's respective safety management systems include ongoing safety training programs that instill safety awareness and reinforce the values of their safety cultures among employees. This helps create shared attitudes and practices around risk reduction.
4. **Employee Participation:** Safety culture thrives when employees are engaged. SoCalGas's and SDG&E's respective safety management systems integrate tools for reporting incidents and hazards, encouraging open communication without fear of blame. This mutual trust strengthens safety culture.
5. **Continuous Improvement:** SoCalGas and SDG&E's respective safety management systems emphasize evaluations, audits, and feedback loops to refine safety practices. This aligns with their mutual commitment to always strive for improvement in safety outcomes.
6. **Shared Responsibility:** Through the SMS framework, safety is framed as a shared responsibility across all levels of the organization. This shared accountability reinforces a culture where everyone feels invested in and accountable for maintaining a safe environment.

SoCalGas and SDG&E have each established comprehensive safety management systems, consistent with American Petroleum Institute (API) Recommended Practice 1173.²² Their common objective is to enhance the safety and integrity of operations, establish compliance with regulatory requirements, and promote a culture of continuous improvement and safety excellence. A successfully implemented SMS will highlight safety risks and provide a framework for addressing them, with the goal of improving safety performance. An SMS comprehensively defines elements that identify and add rigor, establish accountability, and provide assurance to the ways risks are managed, thereby helping to prevent or mitigate the likelihood and consequences of an unintended incident or event. Measuring and reporting safety performance and demonstrating continuous improvement, increases employee and stakeholder confidence in safe operations. This policy and centralized SMS standard with subsequent element standards sets the framework for the way the Companies manage safety.

²² SoCalGas' and SDG&E's respective Safety Management Systems each apply the ten elements and principles of API 1173. Absent an electric-industry equivalent, SDG&E adapted the ten elements of API 1173 to apply to both its electric and gas operations.

IV. COMPENSATION POLICIES RELATED TO SAFETY

Safety culture at SoCalGas and SDG&E is supported and demonstrated by using compensation metrics and key performance indicators to drive improved safety performance. As the Commission stated in D.16-06-054, “[o]ne 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.”²³ Benefits programs that promote employee health and welfare also contribute to SoCalGas’s and SDG&E’s safety performance and cultures.

The compensation and benefits programs at SoCalGas and SDG&E are designed to focus employees on safety and continue to emphasize employee and operational safety measures in their variable pay plans, commonly referred to as the Incentive Compensation Plans (ICP).²⁴ ICP is a longstanding component of SoCalGas and SDG&E’s total compensation strategies for their entire non-represented workforce. The ICP targets for goals within the Employee & Public Safety Operations category are the same for every non-represented employee, regardless of their role in the company. ICPs place a portion of employee compensation at risk, subject to achievement of identified performance measures, motivating employees to meet or exceed important company goals, including those related to safety.

Safety is a core value for SoCalGas and SDG&E, and this is reflected in the weighting of the safety measures in the Companies’ ICP metrics. Safety measures represent the largest category of performance measures in the Companies’ ICPs. The Companies have a longstanding practice of prioritizing safety measures in the design of their ICPs to drive improved safety performance, with safety measure weightings making up 80% of the non-executive ICP’s company performance component for SoCalGas and 68% for SDG&E since 2020.²⁵ These safety-related measures broadly include factors related to contractor, public, employee, as well as

²³ D.16-06-054 at 153.

²⁴ 2024 GRC, Revised Direct Testimony of SoCalGas/SDG&E witness Deborah Robinson, (Ex. SCG-25-R/SDG&E-29-R) at 11. SoCalGas’s and SDG&E’s compensation packages include base pay, short-term incentive compensation (ICP), long-term incentive compensation (for key management employees only), and special recognition awards. *Id.* at 8. Executive officer compensation is excluded from rates under Public Utilities (Pub. Util.) Code 706. *See, e.g., id.* at 1, n.3.

²⁵ 2024 GRC, Ex. SCG-25-R/SDG&E-29-R (Robinson) at 5, 11-12, reflecting safety measure weightings in 2022. In 2019, the weighting was 68% at SDG&E and 70% at SoCalGas; and in 2018, it was 68% at SDG&E and 60% at SoCalGas.

electric and gas system safety, as applicable. Safety-related measures comprise a majority of their respective 2024 Executive ICPs.²⁶

This strong emphasis on employee and operational safety measures in SoCalGas's and SDG&E's ICPs, in turn, bolsters their safety culture and safety performance. Providing continued alignment between the Companies' safety programs and their ICPs helps to strengthen the Companies' safety cultures and signal to employees that safety is a core value.

V. BOARD ENGAGEMENT AND OVERSIGHT OVER SAFETY PERFORMANCE

A. SoCalGas

1. Board Safety Committee

SoCalGas's Board Safety Committee advises and assists the Company's Board of Directors in the oversight of employee, contractor, public, and infrastructure safety matters. These quarterly meetings include the following oversight functions:

- Review and monitor safety culture, goals, and risks;
- Monitor safety performance metrics;
- Monitor and review significant utility safety incidents;
- Provide strategic guidance and recommendations to management on safety issues; and
- Continuous review of governance practices.

The Board Safety Committee has evolved its oversight, and promotes greater discipline, structure, and a broader view of safety. This includes an enhanced governance structure and enhanced engagement with stakeholders and experts. These continuous improvements include:

- Improve the Committee's charter and oversight function;
- Focus on leading safety indicators;

²⁶ As noted in Section I.C, *supra*, OEIS assesses and approves SDG&E's executive compensation structures annually, pursuant to Pub. Util. Code Section 8389(e)(4) and (e)(6), and OEIS guidelines. Submissions and approvals are available at: <https://energysafety.ca.gov/what-we-do/electrical-infrastructure-safety/wildfire-mitigation-and-safety/executive-compensation/>. SoCalGas and SDG&E each also submit to the CPUC an annual Safety Performance Metrics Report (SPMR), which "[i]dentif[ies] all metrics linked to or used in any way to determine executive compensation levels and/or incentives" and "[d]escribe[s] the bias controls that the utility has in place to ensure that reporting of the metric(s) has not been gamed or skewed to support a financial incentive goal." D.19-04-020 at 63, Ordering Paragraph 6A and 6C. SPMR reports are available at: <https://www.cpuc.ca.gov/about-cpuc/divisions/safety-policy-division/wildfire-and-safety-performance/safety-performance-metrics-reports>.

- Review and align safety-related goals for incentive compensation; and
- Expand opportunities to allow committee members to interact directly with non-executive employees and outside experts.

2. Advisory Safety Committee

SoCalGas established an independent Advisory Safety Council in 2020 to engage external experts and improve safety culture, complementing the SoCalGas Board Safety Committee which advises the Company's Board. SoCalGas created the Advisory Safety Council to invite new ideas and perspectives and has intentionally engaged individuals with varied experience and expertise, with a focus on public safety, potential significant events, and safety culture. SoCalGas leverages the Advisory Safety Council to learn from other industries, companies, and academia, and to create new tools and processes to engage employees in learning and improvement. Advisors engage directly with SoCalGas employees to listen, learn, and provide SoCalGas leadership insights and input.

B. SDG&E

1. Board of Directors Safety Committee

SDG&E's Board of Directors Safety Committee (Board Safety Committee) performs the following governance and oversight with respect to safety culture.

- Reviews safety culture, goals, and risks;
- Reviews incidents, measures and management strategies to prevent, mitigate or respond to safety-related incidents involving employees, contractors, customers or community members;
- Monitors current and emerging safety matters and issues raised by safety audits;
- Provides strategic guidance and recommendations to management on safety issues; and
- Continuous review of governance practices through annual review of Committee Charter.

The Board Safety Committee meets quarterly with SDG&E management and operational leaders on various safety topics. 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 Board Safety Committee monitors safety performance using a robust set of metrics across key

safety areas. The Board Safety Committee also advises and reviews Company Incentive Compensation metrics related to safety.

The Board Safety Committee chairperson engages with external partners through the SDG&E Wildfire Safety Community Advisory Council, described below. The Board Safety Committee Chair reports to the full Board of Directors on safety matters addressed by the Committee and presents to the Commission and Office of Energy Infrastructure Safety as part of SDG&E's annual public safety briefing.²⁷

2. Community Wildfire Safety Advisory Council

In 2019, SDG&E established a Community Wildfire Safety Advisory Council (CWSAC) comprised of independent community members who possess extensive public safety and wildfire experience. The CWSAC meets on a quarterly basis and provides input and guidance to the SDG&E Board Safety Committee and the Company on safety matters. The CWSAC's primary function is to provide SDG&E with recommendations and insights on wildfire safety strategies, including vegetation management, infrastructure hardening, and public outreach. The CWSAC plays a crucial role in ensuring that SDG&E's wildfire safety measures are effective and aligned with the needs and concerns of the communities they serve.

VI. CONCLUSION

SoCalGas and SDG&E are committed to fostering, continuously improving upon, and maintaining robust cultures of safety. SoCalGas's and SDG&E's respective SMS programs provide the framework, processes, and tools necessary to support a safety culture that embodies the values, attitudes, and behaviors essential for these tools' effectiveness. SoCalGas and SDG&E will continue to mature as learning organizations, strive to consistently evaluate, review, and enhance their respective organizational cultures to safeguard employees, contractors, and the communities the Companies are privileged to serve.

²⁷ On August 29, 2024, the Commission hosted a Public Meeting on Utility Safety Practices, during which representatives from SDG&E, SoCalGas, and Southern California Edison presented on safety matters and answered questions from Commissioners and the Director of Energy Safety.