Workshop: Evaluation of SoCalGas revised Safety Culture Improvement Plan

Monday, February 3, 2:00pm-5:00pm

I.19-06-014: ORDER INSTITUTING INVESTIGATION TO DETERMINE WHETHER SOUTHERN CALIFORNIA GAS COMPANY'S AND SEMPRA ENERGY'S ORGANIZATIONAL CULTURE AND GOVERNANCE PRIORITIZE SAFETY

California Public Utilities Commission

Welcome and Introduction

2:00pm-2:05pm

Workshop Objective

- Present on SPD's evaluation of the revised Safety Culture Improvement Plan, and answer stakeholder questions about the evaluation.

- Provide a forum for parties to present on and discuss issues relevant to the revised Improvement Plan.

Meeting Agenda

Time	Topic
2:00pm-2:05 pm	Welcome and overview (5min)
2:05pm-2:10pm	Commissioner Houck Opening Remarks (5 min)
2:10pm-3:00pm	Presentation by Safety Policy Division (50 min)
3:00pm-3:30pm	Q&A (30 min)
3:30pm-3:40pm	Break (10 min)
3:40pm-4:00pm	Presentation by SoCalGas (20 min)
4:00pm-4:55pm	Questions and Discussion
4:55-5:00pm	Closing

Virtual Housekeeping

- **Recording; Slides**
  - Please note that this meeting is being recorded
  - Workshop recording and slides will be sent to the service list and posted on the CPUC website after the meeting

- **Questions**
  - Please type questions into chat, use Q&A feature, or raise hand
  - Q&A sessions after each presentations + longer discussion at the end of workshop
  - Staff will follow to respond to any unanswered (or additional) questions after the workshop

- **IT Support**
  - Francisco Hernandez is IT support.

Proceeding Background and Schedule

End of Phase 1 – 2EC Assessment Report (Jan, 2022)

- Based on IAEA methodology and USNRC normative framework

- 4 major themes supported by 150 areas in need of attention.

- Recommendations SoCalGas/SEMPRA/CPUC

Phase 2 – D.12-23-034

- *April 27, 2022 Scoping Memo Issued*

- *July 29, 2022 SoCalGas Plan filed*

- Aug 18, 2022 SPD Workshop

- Sep/Oct, 2022 comments/reply comments

- Dec. 2023, D.12-23-034.

- Sep 20, 2024 Revised Plan filed

- **Jan 14, 2025 SPD Staff Report**

- **Feb 4, 2025 SPD Workshop.**

- Feb 19, 2025 - Party Comments

- March 5, 2025 – Reply Comments

- PD (no later than 90 days after submission)

D.23-12-034:

- ➢ Modifies and adopts two Initiatives of Plan (1A and 1B (dialogues).

- ➢ Requires revision and resubmittal of remainder of Plan for alignment with Assessment findings.

- ➢ Orders shareholders to bear cost of proceeding, including plan implementation.

- ➢ Others:
  - ➢ Sets expectations around implementation of 1A and 1B, Plan revision, and metrics.
  - ➢ Requires annual briefing to CPUC and quarterly reporting.

Opening Remarks

# Presentation: Revised Safety Culture Improvement Plan Evaluation

Safety Policy Division and Dr. Mark Fleming, Expert Advisor

2:10pm-3:00pm

Overview of SoCalGas'/SEMPRA's Safety Culture Assessment

Interpreting Results Requires Understanding the Assessment Framework

Assessment framework: IAEA methodology

- 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.
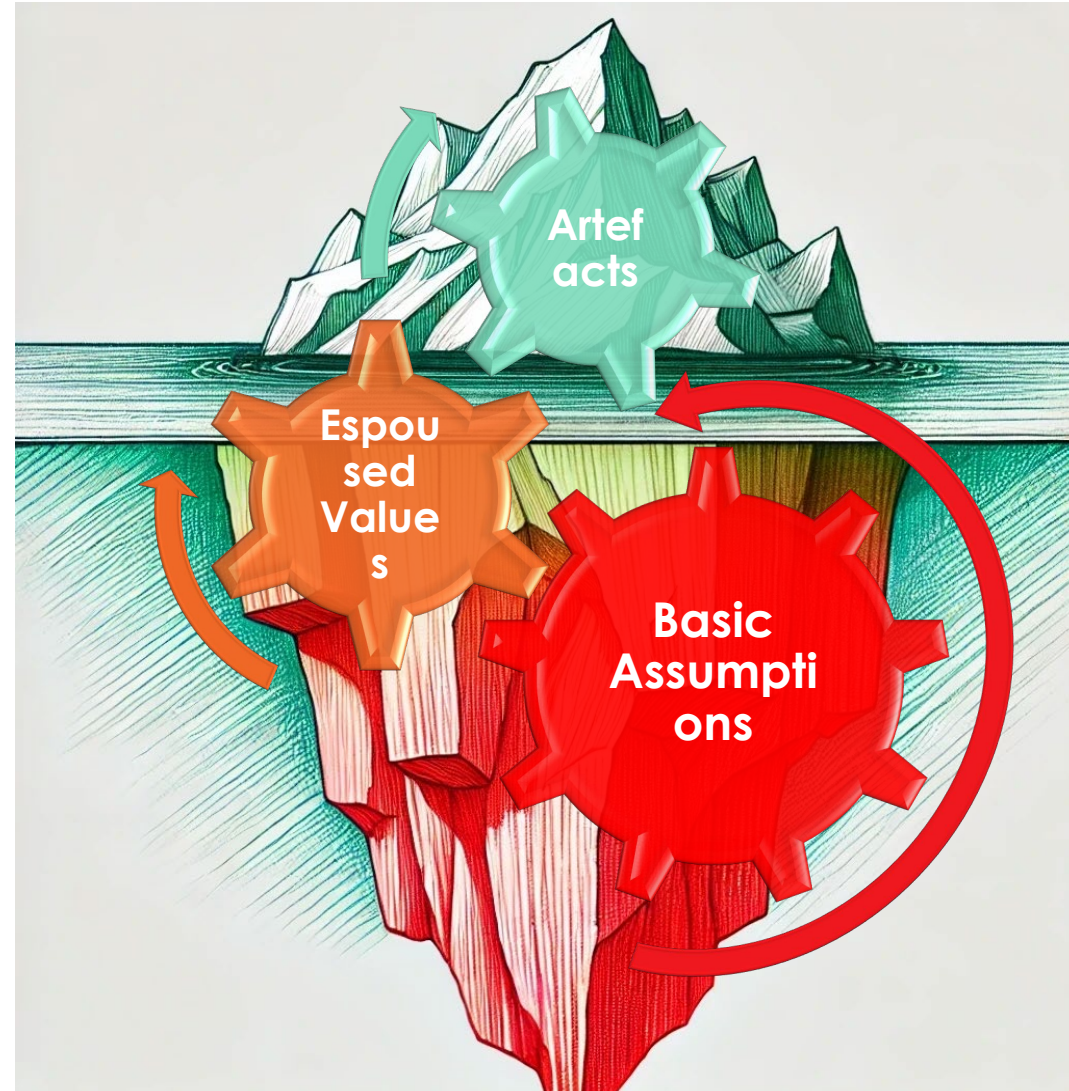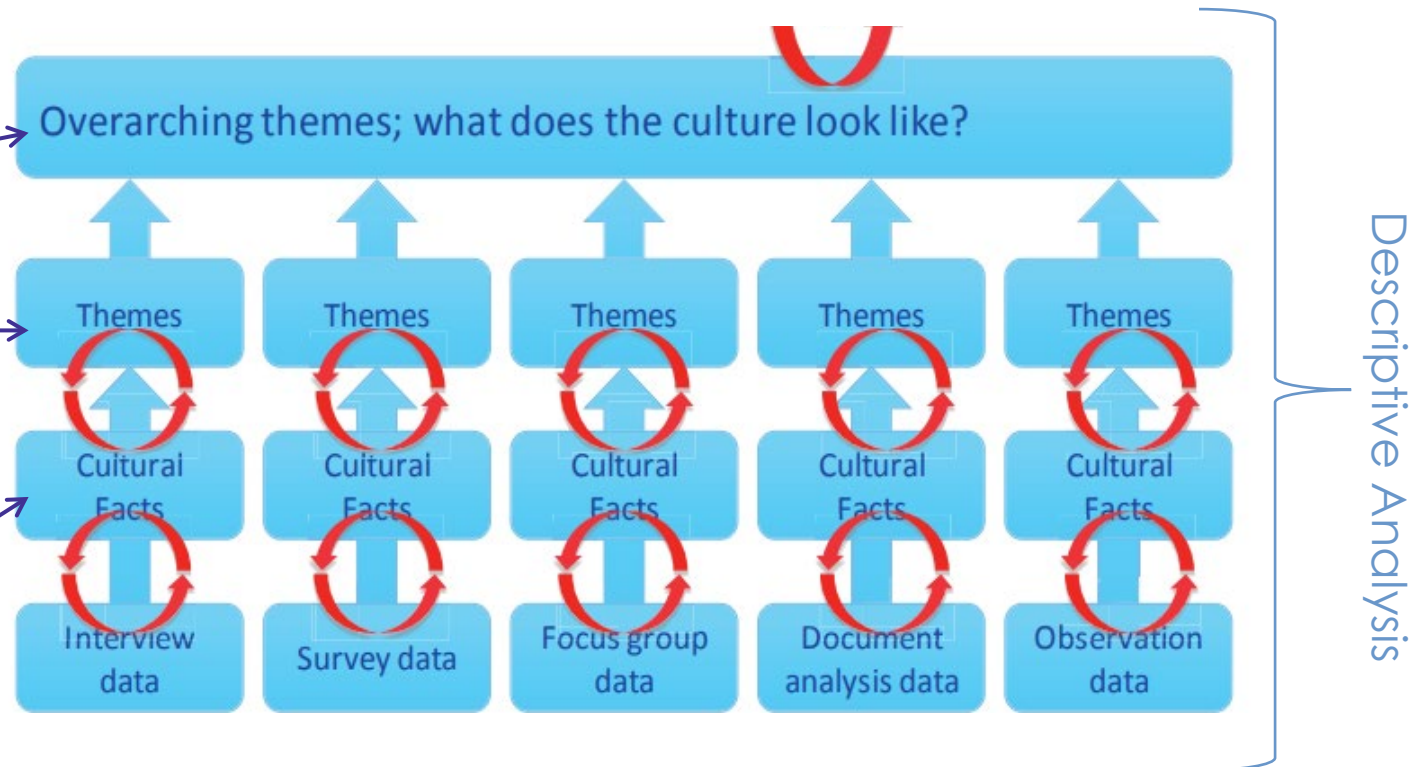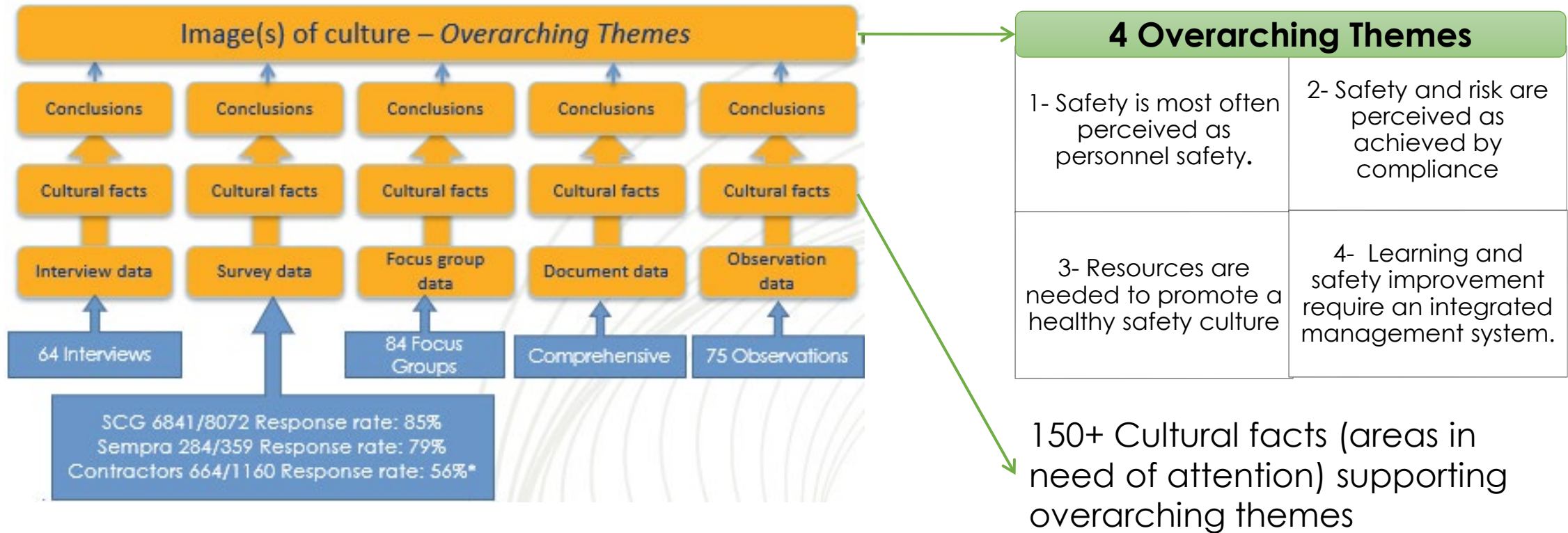
Assessment Methodology and Structure

Overarching Themes: Broad, high-level areas of focus that highlight key factors influencing the organization's overall safety culture. These themes identify the main areas of focus that impact the overall safety culture

Conclusions/data themes: Analytical insights drawn from cultural facts, offering a more synthesized understanding.

Cultural Facts: Concrete, observable data (e.g., specific actions, behaviors, or practices). Specific *observations or evidence* that reflect the behavior, attitudes, practices, and values within an organization regarding safety. *These are the tangible or visible data points that can be directly assessed and measured.*

Overarching themes; what does the culture look like?

Themes	Themes	Themes	Themes	Themes
Cultural Facts	Cultural Facts	Cultural Facts	Cultural Facts	Cultural Facts
Interview data	Survey data	Focus group data	Document analysis data	Observation data

Descriptive Analysis

Picture of SoCalGas and SEMPRA Safety Culture

4 Overarching Themes	
1- Safety is most often perceived as personnel safety.	2- Safety and risk are perceived as achieved by compliance
3- Resources are needed to promote a healthy safety culture	4- Learning and safety improvement require an integrated management system.

150+ Cultural facts (areas in need of attention) supporting overarching themes

Example from Assessment Report

Overarching Theme

4- Learning and safety improvement require an integrated management system.

USNRC Cultural Trait

conclusions

➕

➖

Organizational Learning

SoCalGas provides training to maintain a knowledgeable, competent workforce and instill safety values.

Many interviewees when asked what lessons were learned from the Aliso Canyon event express the opinion that the most important learning was the importance of better communication with the public to avoid poor public relations.

Many interviewees expressed the opinion that SoCalGas is a reactive organization.

Problem Identification and Resolution.

Documentation indicates that Sempra conducts audits across the SoCalGas organization

SoCalGas has not implemented a program with a low threshold for identifying issues from within its own organization.

SoCalGas Interviewees indicated that suggestions for improvements take too long to get a response, or they do not receive a clear response.

Key Take aways from Assessment Report for Improvement Phase

- Normative traits supporting themes are not mutually exclusive; some could be used in several themes. (p.48)

- **Attempts to address individual items needing attention by incremental improvement is unlikely to result in substantive or lasting change. <u>Thus, individual items are best addressed in relation to larger cultural forces</u> (p.45).**

  - Recognized by Scoping Memo Issue 2, Element 1: "Identifies improvement actions which directly respond to each of the "Overarching Themes" identified in the Safety Culture Report (as informed by the report's findings, conclusions, and recommendations) and its associated goals."

- Integration of the four overarching themes identified in this assessment is the final step necessary to understand what the facts mean (p. 24)

  "At a high level, these difficulties build on each other. Without a clear and robust concept of safety, safety communication suffers; when communication suffers decision making and work processes cannot be directed toward safe choices; without an environment for raising concerns the problems in choices cannot become visible and discussed; hence problems are not proactively identified and the organization does not learn; and finally personal accountability becomes weak."

- Recommendations not to be used as a checklist for corrective actions (p.48)

Why?

Address Root Causes → Systemic Change → Sustainable Improvement
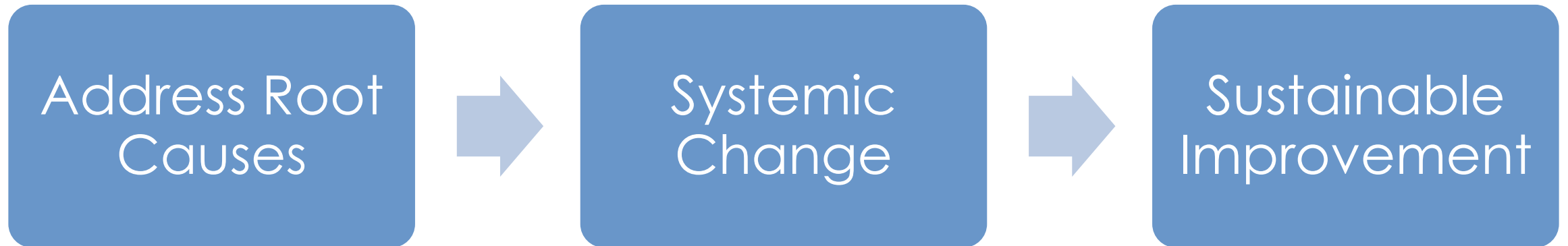
Translating Assessment into Improvement

Safety Culture Model
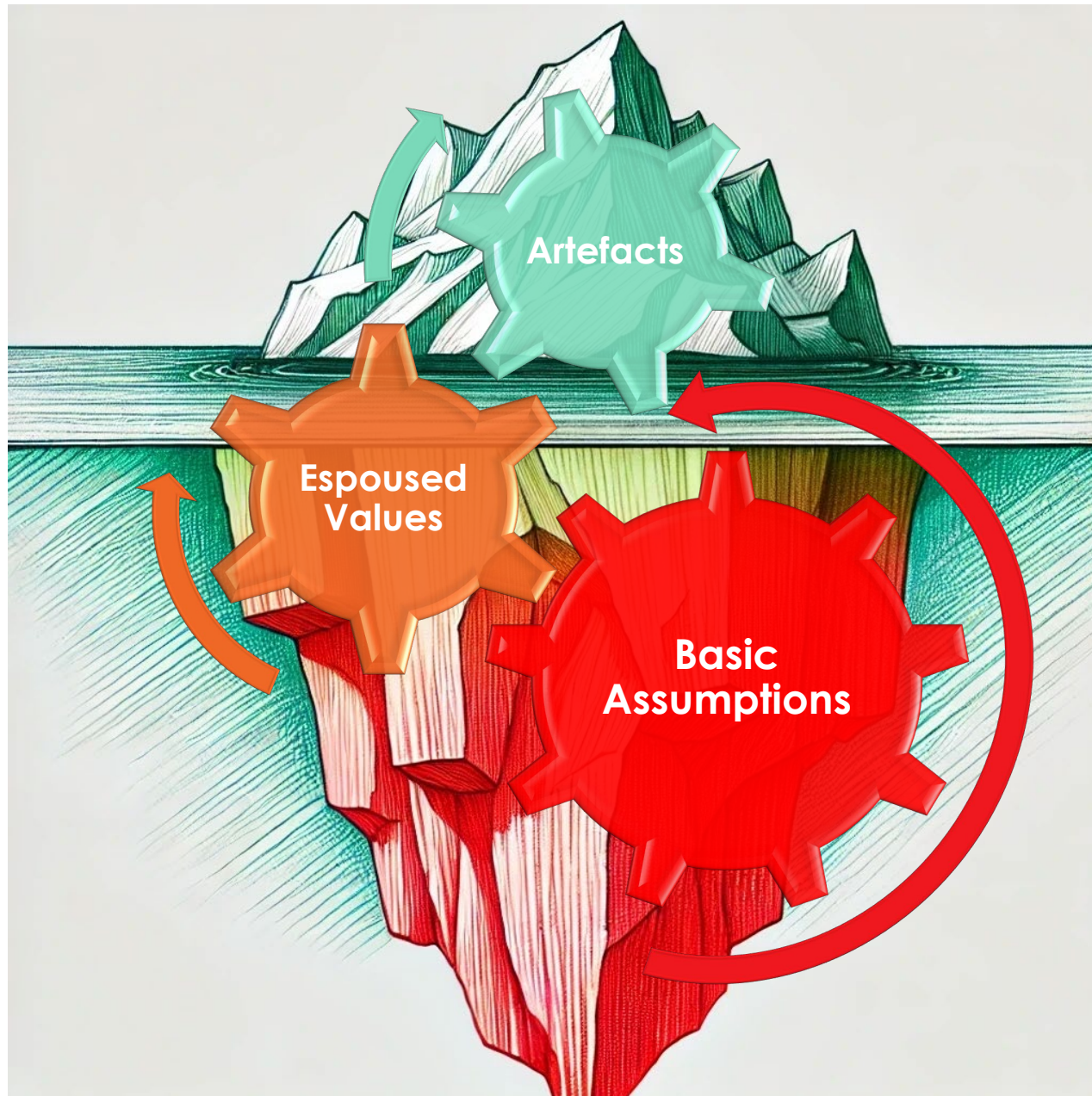
**Artefacts:** Visible manifestations of safety culture such as behavior, documents, signs.

Espoused values: Stated values, attitudes, perceptions, and beliefs about safety. What people say is important.

Basic Assumptions: Taken for granted beliefs about safety and the understanding of reality. These assumptions are the drivers of safety culture.

Safety Culture Model
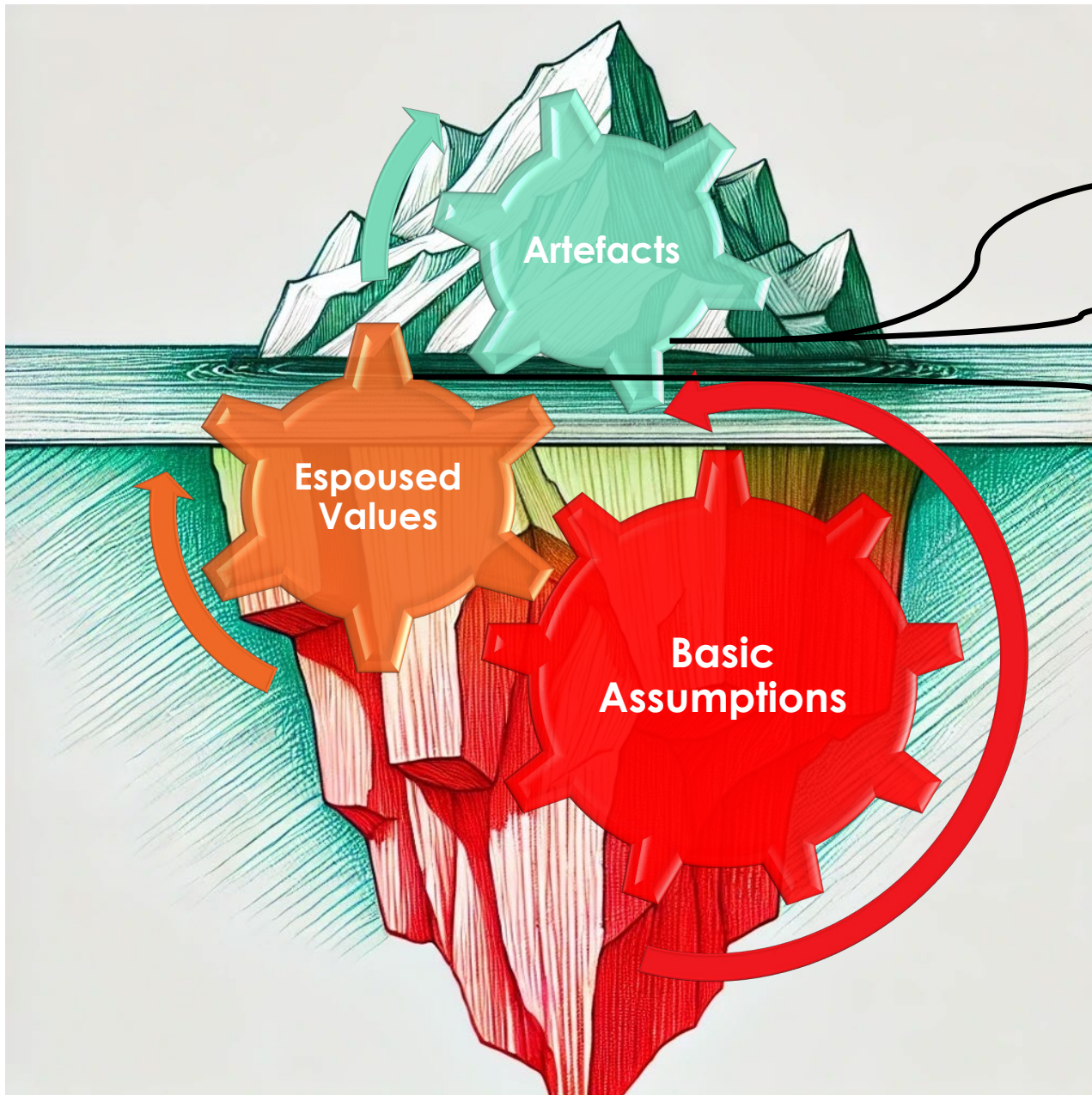
Artefacts

Espoused Values

Basic Assumptions

Observations

Document Analysis

Focus groups, Interviews, Surveys

Observations

Document Analysis

Focus groups, Interviews, Surveys

Observations

Document Analysis

Focus groups, Interviews, Surveys

Areas in need of attention

Positive observations
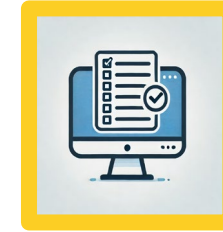
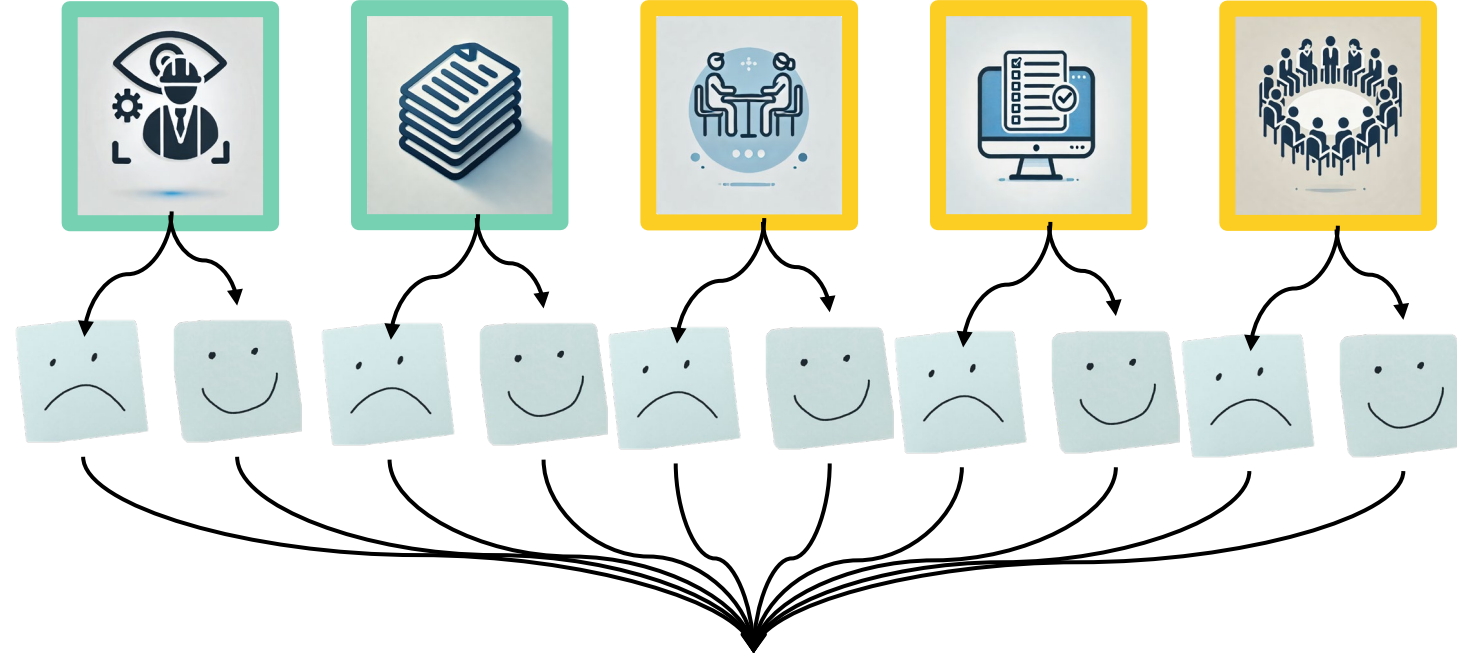California Public Utilities Commission

Observations

Document Analysis

Focus groups, Interviews, Surveys

Artefacts

Espoused Values

Basic Assumptions

Overarching themes
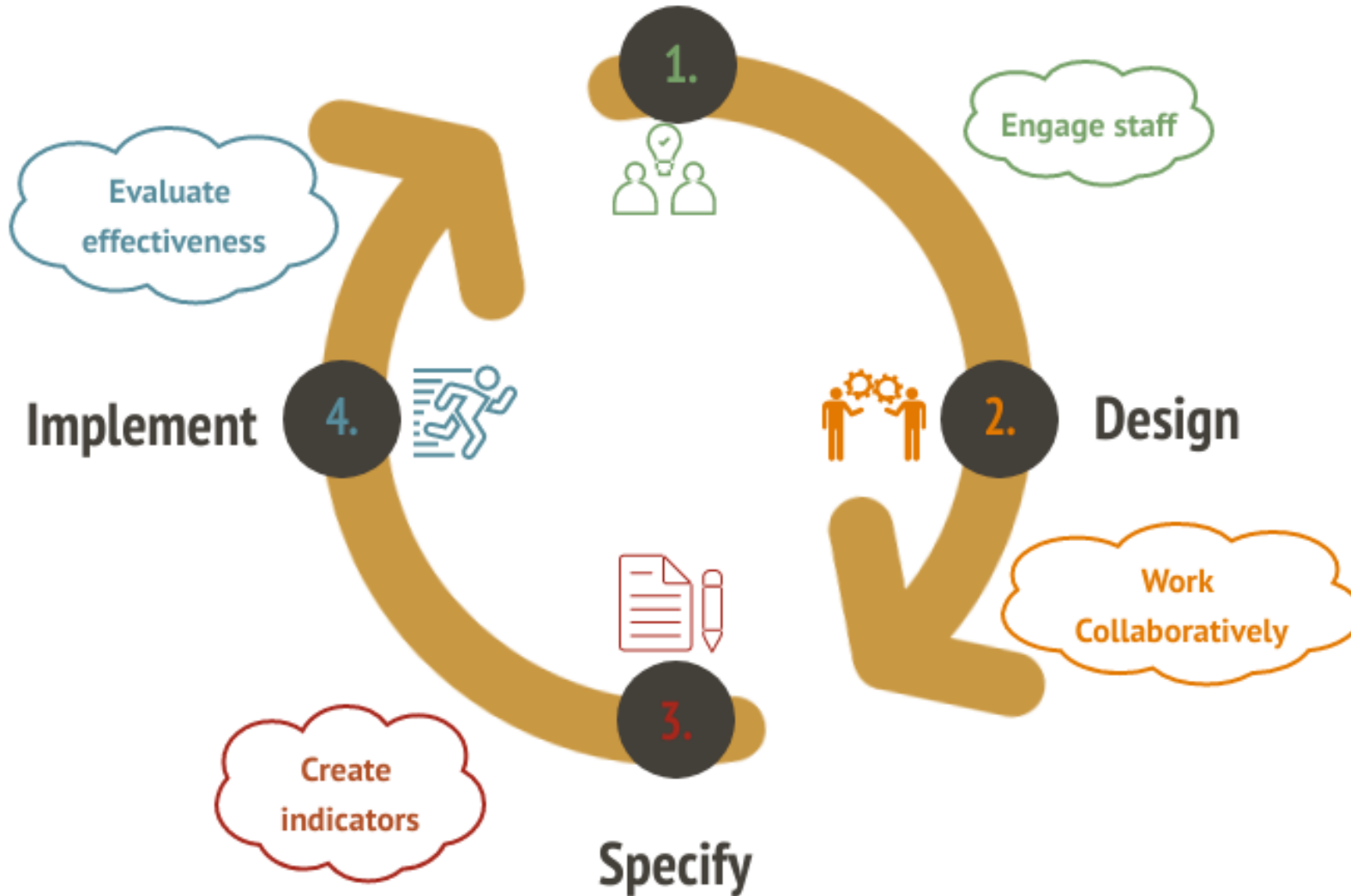
Continuous Safety Culture Improvement

Understand

1.

Engage staff

Evaluate effectiveness

Implement **4.** **2.** Design

Work Collaboratively

Create indicators

3.

Specify

Safety Culture Improvement

Implement:
Systematically implement the improvement activities. Monitor the extent to which the activities are having the intended impact.

Understand:
Engage organization in reviewing safety culture information, (e.g., comprehensive assessment results) to create a shared understanding.

Specify:
For each proposed change, specify how it will improve safety culture and create indicators to determine effectiveness of the change.

Design:
Collaboratively identify improvement opportunities. Design new ways of working or new activities to improve.

Evaluate effectiveness

Engage staff

Work Collaboratively

Create indicators

1.

2.

3.

4.

Internal expertise to guide improvement

Manager and employee understanding of culture

Leader commitment to improvement

Capacity to develop indicators to monitor cultural change

Time for managers and employees to engage in process

SPD's Observations of Revised Improvement Plan

D.23-12-034 Requires dialogues to inform revised plan.

Adopts 2EC Recommendation #3:

"Conduct dialogue sessions with all levels in the organization to create a shared understanding of the assessment results and what comprehensive safety means for each business and organizational unit. The objective of these sessions would be two-fold; 1) self-reflection of the culture based on the [Assessment] results, 2) capture the organizations intelligence and creativity on how to recover the areas in need of attention. Action items should result from the dialogue sessions that will meet the objectives of the session."

Requirements include (but not limited to):

- Advice Letter with indicators and metrics for dialogues

- Expansive documentation of dialogues

- Description of the cultural insights, and description of process used to reach the conclusions, illustrated by examples.

- Summary of dialogues filed with revised plan, describing how and why the improvement plan was revised based on the outcomes of the dialogues.

SPD Oversight of Modified Initiatives 1A and 1B

- Reviewed modifications to initiatives and supporting metrics (AL 6267-G-A,, approved).

- Engaged in biweekly check-ins with SoCalGas and SPD's advisor consultant (Dr. Fleming).

- Observed Initiative 1A and 1B implementation activities.

- Provided reference material and resources.

- Offered safety Culture expertise, and feedback, as necessary, through SPD's expert advisor,

- Attended sessions by SCG for intervenors.

- Worked with Dr. Fleming, in preparation for and review of the Revised Plan, including his participation in all of the above listed activities.

Staff Review of Revised Improvement Plan

Determine whether the Revised Plan:

1. Meets the required **principles and elements set out in Scoping Memo** (issued April, 27, 2022, see Appendix here);

2. Satisfies parameters and expectations contained in D.23-12-034;

3. Aligns with Safety Culture Improvement Plan development model that supports the Scoping memo and D.23-12-034 requirements.

Phase 2 Scoping Memo:

- **Adopts 8 Principles and 11 Elements to guide Improvement Plan development.**
  - Requires Safety Culture Improvement Plan to address 4 major themes identified in 2EC Report.
  - Focus on taking a systemic approach to safety and continued improvement.

Phase 2 Scoping Memo Issues # 2

1. Whether SoCalGas and Sempra's proposed Safety Culture Improvement Plan **adequately addrsses safety culture deficiencies** identified in the Safety Culture Report? **e**

2. Whether SoCalGas and Sempra's proposed Safety Culture Improvement Plan **meets the Commission's required elements** for those plans, as outlined in this proceeding.

3. What **metrics should be adopted** to evaluate SoCalGas and Sempra's progress in implementing their Safety Culture Improvement Plan?

4. What is the appropriate Commission **response** for SoCalGas or Sempra's **failure to meet proposed improvements** in their Safety Culture Improvement Plan within the proposed timeframe?

5. Whether the Commission should allow **cost recovery** for activities related to the safety culture **assessment, developing** a Safety Culture Improvement Plan, and for SoCalGas**' implementation** of a Safety Culture Improvement Plan; and whether the Commission should **condition cost recovery** for the Safety Culture Improvement Plan on SoCalGas or Sempra's good-faith efforts to develop and implement those plans, based on a performance metric, or some other indicators.

6. What expectations should the Commission adopt in relation to SoCalGas and Sempra's **flexibility** to revise their Safety Culture Improvement Plan and their implementation so that continual improvement can be met without compromising accountability and transparency?

Elements *(incorporated in Scoping Item 2)* :

1. Identifies improvement actions which directly respond to each of the "Overarching Themes" identified in the Safety Culture Report (as informed by the report's findings, conclusions, and recommendations) and its associated goals.

2. Directly responds to all of the Safety Culture Report findings, including those related to corporate governance.

3. Incorporates the following **principles:** *(see next slide for details)*.

4. Describes the key steps for the development of a **systemic approach to safety**.

5. Explains how the Safety Culture Improvement Plan is **effectively integrated** into relevant governance and management systems, policy, processes, and plans.

6. Shows how the Safety Culture Improvement Plan is developed with the support and guidance of **qualified external expertise** with demonstrated experience in safety culture improvement for high hazard industries.

7. Provides for ongoing review and monitoring of implementation **progress and effectiveness** supported by **quantitative and qualitative leading and lagging indicators and metrics**.

8. Includes **implementation timelines** for each element of the Safety Culture Improvement Plan, as applicable.

9. Identifies **mechanisms and processes** that incorporate and respond to **feedback** from activities that monitor, review, and verify progress and effectiveness of its implementation, to refine the Safety Culture Improvement Plan.

10. Includes a **cost estimate** of the actions associated with implementing the elements of the plan, broken down by activity or action.

11. Includes **reporting requirements**.
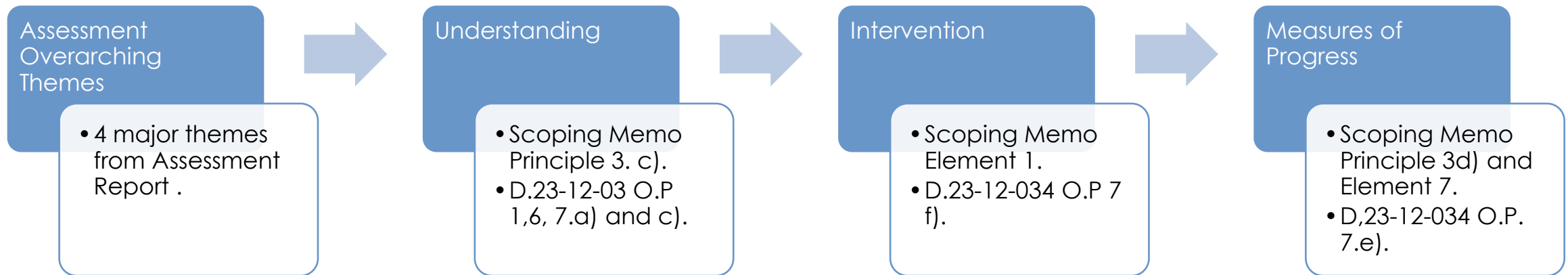
Phase 2 Scoping Memo Issues cont.

Principles (referred to in Element 3):

a. Continually promotes and reinforces a **commitment to safety** that is responsive to the risk and complexity of the utility's activities.

b. Adopts **a systemic approach** to safety. A systemic approach to safety considers the complex interactions of the (utility) system, from a micro through to a macro level, including the human, technical, and organizational factors at play.

c. Reflects a robust **shared understanding of the report's findings**.

d. Is **goal-oriented** and employs a **methodical** approach for continual improvement of safety culture, providing for **both short- and long-term change and sustainability** (e.g., utilizes management system principles).

e. Is based on a demonstrated and thoughtful **strategy that is informed by the learnings and recommendations** imparted by the Safety Culture Report and by an **inclusive process** throughout the organizations, including contractors, surrounding community and external stakeholders. The strategy should aim to create a **shared vision of and set of goals for safety culture**, including, but not limited to, roles and responsibilities to support on-going improvement.

f. ~~Explains how the proposals are effectively integrated into relevant governance and management systems, policy, processes, and plans.~~

g. Demonstrates **genuine leadership engagement, commitment, and accountability** at the highest levels of the organization throughout the continuous improvement cycle (e.g., the Plan Do Check Act Cycle as incorporated in the American Petroleum Institute Recommended Practice 1173).

h. Is widely **communicated and understood** throughout the organization.

D.23-12-034 general expectations for revised Improvement Plan include:

- First, execute and evaluate organizational dialogues that implement recommendation #3 of the Assessment Report (modified Workstream 1A and 1B).

  - Expansive documentation.

- Clearly demonstrate a shared understanding of the Assessment's findings (aligned with Scoping Memo Principle 3.c)

- Move beyond general statements and high-level commitments; Provide more specific, actionable steps.

- Objectives of plan interventions must be clear, explicit, and directly tied to the results of the assessment.

- Metrics and indicators of *effectiveness ;* measure the initiative's effectiveness at achieving desired objective; include baseline measures

- Addresses Sempra's Role in supporting change

Systematic Review of Improvement Plan

Assessment Overarching Themes
- 4 major themes from Assessment Report .

Understanding
- Scoping Memo Principle 3. c).
- D.23-12-03 O.P 1,6, 7.a) and c).

Intervention
- Scoping Memo Element 1.
- D.23-12-034 O.P 7 f).

Measures of Progress
- Scoping Memo Principle 3d) and Element 7.
- D,23-12-034 O.P. 7.e).

Scoping memo principle 1. Identifies improvement actions which directly respond to each of the "Overarching Themes" identified in the Safety Culture Report (as informed by the report's findings, conclusions, and recommendations) and its associated goals.

High-Level Takeaway on Revised Plan

- Demonstrates meaningful reflection on the cultural drivers of the Assessment's findings, incorporating evaluation of dialogue output to develop Revised Plan.

- Greater connection to the Assessment's findings.

- Improved metrics and indicators.

- Change in tone from avoidant to more self-critical.

> Considerable improvement in approach over the Initial Plan. Revised Plan generally meets the intent and spirit of the direction provided in this proceeding. Some exceptions are noted that warrant consideration, but do not represent wholesale changes or revisions.

Key Staff Observations: Element 2

Element 2- Address compliance mentality of "not worth it to do more" by promoting a speak-up/questioning attitude.

Action 1 observation: creates a gap in the "speak-up" culture improvement efforts for public and infrastructure safety

Recommendation: SoCalGas should demonstrate how it will mitigate the risk of undermining efforts to emphasize public and infrastructure safety, and how it will build in efforts to effectively promote a speak up culture for non-occupational safety aspects. SoCalGas should also clarify how precisely the interventions will achieve the stated objectives for Action 1.

Action 2 Observation: Corrective action program not truly comprehensive (limited to 7 activities).

Recommendation: Consider expanding the scope of its proposed corrective action program, whether as part of a phased approach or as part of the immediate effort, to build a system that captures a comprehensive breadth of issues from across its organization, including those raised by contractors.

Key Staff Observations: Element 3

Element 3: Address prioritization of safety in resource allocation due to disconnects between expectations and resources by exploring and increasing understanding on the disconnects and implementing related improvements.

Action 1 observation: Data collection approach lacks application of valid qualitative assessment methods to gathering sufficient insights on resource allocation issues.

Recommendation: Using the concept of saturation, SoCalGas must continue to perform Learning Team events beyond those currently planned until no new insights, themes, or information is gained relevant to the resource allocation issues that are to be explored. Alternatively, SoCalGas must demonstrate using a data collection effort that is sufficient to yield a thorough and comprehensive data set based on other accepted and valid qualitative assessment method/s.

Other Observations:

Metrics: Improvements to some baseline metrics are warranted. Correction to Element 3 metrics, and clarification on measurement of "comprehensive safety".

Systematic Continued Improvement: "Check, Act" components of PDCA cycle should be enhanced, formalized, and documented.

SEMPRA: Contribution remains minimal. Set expectation on their role for implementation of Revised Plan.

Costs: Not provided in Revised Plan.

Other recommendations:

Ongoing Plan Evolution:
- Set expectations that plan iteration must occur in response to monitoring of plan implementation to achieve premise of continued improvement.
- To the extent revisions are intended at improving culture, flexibility will be necessary to iterate on the Revised Plan;
- Iterations should continue through to the next assessment required by R.21-10-001.
- Iterations should include detailing of interventions that are not yet specific.

Quarterly Reporting:
- Additional scrutiny of iterations/revisions may be warranted, while minimizing, to the extent possible, the regulatory burden to achieving improvements; consider SPD approval of quarterly reports every second quarter for proposed revisions in previous two quarters .

Questions?

Please raise hand, use chat, or use Q&A feature

BREAK

3:30pm-3:40pm

SoCalGas Presentation

3:40pm-4:00pm

Questions?

Please raise hand, use chat, or use Q&A feature

Closing

4:55pm-5:00pm