



Risk Assessment Mitigation Phase

(SDG&E RAMP-D)

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

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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 San Diego Gas & Electric Company's (SDG&E or Company) organizational structure, programs, culture, and compensation as they relate to safety, as required by Decision (D.) 16-08-018.¹ The California Public Utilities Commission (Commission or CPUC) has stated that “[a]n effective safety culture is a prerequisite to a utility’s positive safety performance record,”² 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.’³

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.”⁴ SDG&E 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 improve the safety of its operations.⁵

¹ Inclusion of Safety Culture and Organizational Structure in RAMP Filings, D.16-08-018 at 140-142. Additionally, the Commission stated “[t]he company’s compensation policies related to safety also should be included in the RAMP filing.” *Id.* at 141 (citation omitted). *See also*, Investigation (I.)19-06-014, Order Instituting Investigation of Southern California Gas Company’s Safety Culture (June 27, 2019) at 3-4.

² I.15-08-019, Order Instituting Investigation of Pacific Gas and Electric Company’s Safety Culture, August 27, 2015) at 4.

³ I.19-06-014, Order Instituting Investigation of Southern California Gas Company’s Safety Culture (June 27, 2019) (citation omitted) at 3.

⁴ *Id.*

⁵ *See, e.g.*, Application (A.)17-10-007, Direct Testimony of Diana Day (Exh. SDG&E-02-R) at DD-28.

In addition to addressing safety as an integral component of each risk assessment and mitigation activity 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 on the following:⁶

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

Following issuance of D.16-08-018, SDG&E has described the elements of its safety culture in various proceedings. For example, various SDG&E witnesses in the test year (TY) 2019 general rate case (GRC) testified regarding safety culture as it related to their respective subject matter areas.⁷ Testimony that was sponsored by approximately 50 witnesses, including SDG&E's then President and Chief Operating Officer, Caroline Winn, demonstrated SDG&E's safety culture and safety management practices and based its GRC funding request on key safety and risk-informed RAMP risks and mitigations. SDG&E also provided TY 2019 GRC testimony and information regarding its governance, safety record, and safety culture,⁸ pursuant to Commission direction in D.16-06-054.⁹

SDG&E's testimony chapters in the TY 2019 GRC proceeding outlined various safety programs and new and evolving initiatives to develop a safety management system. For example, following the formal release in July 2015 of American National Standards Institute (ANSI)/American Petroleum Institute Recommended Practice 1173 (API 1173), SDG&E

⁶ See D.16-08-018 at 140-142.

⁷ A.17-10-007; witness direct testimony submitted and entered into the proceeding record.

⁸ A.17-10-007, Exh. SDG&E-02-R, and Direct Testimony of Debbie S. Robinson (Exh. SDG&E-28).

⁹ D.16-06-054 at 154.

voluntarily adopted and began to implement its foundational principles of safety management systems for its gas operations and encourages its pipeline construction contractors to do the same.¹⁰ To further demonstrate our unwavering commitment to safety, in the fall of 2019, SDG&E began applying API 1173 principles to its electric operations by developing a single, enterprise-wide Safety Management System (SMS).

The SMS is not a new safety initiative; SDG&E's SMS is the framework that ties together each of our existing and future safety programs and initiatives, aligns our 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 SDG&E's already strong safety culture and establishes an enterprise-wide framework and cohesive system to collectively manage and reduce risk and promote continuous improvement in safety performance through systematic, routine, and intentional processes. As further outlined below and separately in the SMS Cross-Functional Factor (CFF) Chapter of this RAMP Report (SDG&E-CFF-7), the SMS encompasses all of SDG&E's safety initiatives, programs, processes, and committees and, in doing so, enhances them by providing additional structure, oversight, awareness, and collaboration by connecting them at the enterprise level.

Additionally, in 2017, SDG&E began implementing asset management developed by the internationally recognized standard ISO 55000, of which safety is a core element of decision-making. SDG&E's SMS Framework integrates ISO standards, including ISO 55000, as illustrated in Figure 1, below.

¹⁰ Southern California Gas Company (SoCalGas) and SDG&E (collectively, the Utilities) own and operate an integrated natural gas system. The Utilities collaborate to develop policies and procedures that pertain to the engineering and operations management of the gas system operated in both the SoCalGas and SDG&E territory to maintain consistency.

Figure 1: Integrated Standards Framework



Using API 1173 as a general standard for operational safety for electric operations requires alignment of risk management (based on ISO 31000), asset management (based on ISO 55000), and emergency management (based on ISO 22320 and the Federal Emergency Management Agency’s Incident Command System) with traditional views of safety management (based on OSHA standards) to support development of a comprehensive and proactive safety program that produces ever-improving levels of work forces and public safety.

III. SAFETY ORGANIZATIONAL STRUCTURE

This section provides an overview of how safety is incorporated into SDG&E’s organizational structure.¹¹ Detailed descriptions of SDG&E’s safety organization can be found within SDG&E’s Incident Involving an Employee and Contractor chapters included in this RAMP Report (SDG&E-Risk-8 and SDG&E-Risk-4).

SDG&E has dedicated teams embedded in the organization whose roles revolve around management of safety and other risks. Such organizational structures include SDG&E’s:

- Safety Department,

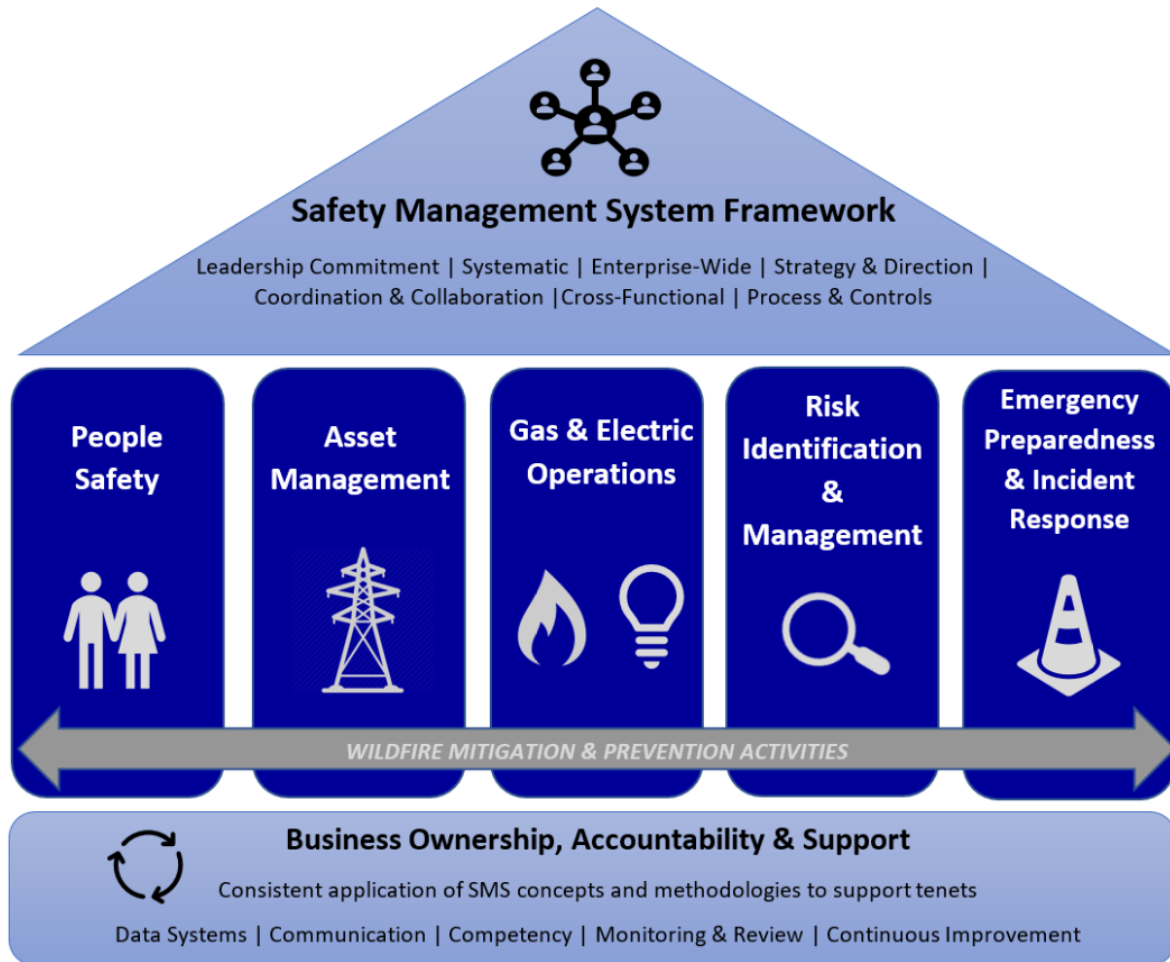
¹¹ See D.16-08-018 at 141, “RAMP filings should also cover the company’s organizational structure as it relates to safety.”

- Asset Management Organization,
- Enterprise Risk Management Organization, and
- Emergency Management Department.

In addition to these centralized functions that promote safety across the Company, SDG&E embeds safety practices into its operating groups. This is done in the form of safety procedures and policies that are driven across the Company.

SDG&E developed an SMS Framework that aligns and integrates risk and safety across the entire organization. SDG&E established the SMS Framework to focus on both individual safety behaviors and process safety management. The Framework's Five Pillars of Safety (1. People Safety, 2. Asset Management, 3. Gas & Electric Operations, 4. Risk Identification & Management, and 5. Emergency Preparedness & Incident Response) are the core of an integrated, comprehensive, and risk-informed approach to managing safety. An effective SMS requires that all Five Pillars of Safety have a strong interdependence and are supported by business operations enterprise-wide across SDG&E. Business leaders from each of these organizations are members of SDG&E's SMS governance team. Additionally, SDG&E's wildfire mitigation and prevention activities are integrated and highlighted across the SMS framework since such elements are not addressed within API 1173 as a pipeline safety standard. SDG&E's SMS governance structure is based on the SMS Framework in the Figure below.

Figure 2: SDG&E's SMS Framework



A. Safety Department

SDG&E's safety department is organized under SDG&E's Chief Safety Officer.¹² 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 Incident Involving an Employee Chapter (SDG&E-Risk-8) and Incident Involving a Contractor Chapter (SDG&E-Risk-4) of this RAMP Report.

¹² Kevin Geraghty, Senior VP – Electric Operations, currently serves as the Company's Chief Safety Officer.

SDG&E's Executive Safety Council is the governing body for all safety committees. Led by SDG&E's Chief Safety Officer and the Director of Safety and comprising various Company officers, the Executive Safety Council advances the Company's safety culture and addresses enterprise-wide safety strategy. Monthly meetings are held at various Company locations to allow top Company leadership to engage directly with SDG&E's frontline employees. Executive Safety Council meetings integrate employee and supervisor dialogue sessions so that employees have an opportunity to share safety experiences with Company leadership. 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 Executive Safety Council is the governing body for all of SDG&E's safety committees.

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 role of the SMS Governance Team is to communicate with and represent their respective organizations, working together to create and maintain a comprehensive SMS that informs consistent, effective, and appropriately adapted practices across the enterprise.

B. Asset Management Organization

SDG&E's Asset Management organization was created in 2017 to develop a strategic asset management capability for the company that aligns with the international standard of ISO 55000. The group comprises a dedicated team of a director, managers, and staff, who 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 Asset Management organization develops, implements, and enables 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 our customers. This program and others are further described in the Asset Management CFF Chapter of this RAMP Report (SDG&E CFF-1).

C. Enterprise Risk Management Organization

The Enterprise Risk Management Organization comprises a Chief Risk Officer, vice presidents, a 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 their risks and development of associated risk mitigations. SDG&E's Enterprise Risk Management Organization oversees the development of the annual risk registry process, as described in the Asset Management CFF Chapter (SDG&E CFF-1). Additionally, other efforts include the responsiveness to regulatory requirements such as risk spend accountability and safety performance metric reporting.

D. Emergency Management Department

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. The Emergency Management Department includes: (1) aviation services, (2) business resumption, (3) emergency preparedness and response operations, (4) information and technical services, and (5) operational field emergency readiness.

SDG&E responds to gas and electric emergencies 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. Elements of SDG&E's UICS program include:

- Certification of 460 Emergency Operations Center (EOC) responders in Standardized Emergency Management System (SEMS),¹³ ICS 100 and 200;
- Certification of position-specific EOC responders following California Office of Emergency Services (Cal OES) emergency action planning standards (G626E, G611, ICS 300, Basic PIO, L-954 Safety, G197 AFN Awareness, I-230d Emergency Management, G-191 and G-775);
- Training Operational Leadership in Unified Incident Command System (UICS) roles and responsibilities;
- Annual Unified Command, gas and electric safety and response training with all First Responders in the SDG&E service territory;
- Development and deployment of Tactical Command Vehicles and Communications Trailers to support the UICS and Unified Command System on incidents and emergencies;
- Providing UICS liaisons to Fire and Law Enforcement Unified Command Posts; and
- Measuring the effectiveness of all programs listed through SDG&E's After Action Reviews (AAR) program (Quality Assurance and Improvement).

Each SDG&E operational area has emergency procedures that are specifically written for these types of incidents. These emergency response procedures are thoroughly practiced, and the personnel is well-trained to respond to and resolve routine gas and electric emergencies. When an emergency escalates, there is a need for an organized response with specific procedures and designated personnel. This organized response, through the UICS, provides the required specialized decision-making, the communication capabilities, and the additional resources needed to respond to and recover from an event efficiently.

IV. SAFETY CULTURE

Safety culture requires action and organizational focus by all employees. SDG&E's safety efforts start at the top with appropriate safety governance. Governed by the Executive Safety Counsel and led by SDG&E's Chief Safety Officer, SDG&E has various safety

¹³ SEMS is the cornerstone of California's emergency response system and the fundamental structure for the response phase of emergency management. The system unifies all elements of California's emergency management community into a single integrated system and standardizes key elements.

committees to help inform and educate employees about safety issues throughout all levels of the Company and set meaningful and attainable safety goals throughout the organization. The safety committees also provide an opportunity to receive employee feedback on key safety issues. Company employees attend safety meetings, tailgates, and safety congresses, and are surveyed every two years to solicit their candid feedback. The SMS governance structure serves as a conduit to link SDG&E's numerous safety-related committees.

The SMS governance structure's overall objective is to provide cross-functional leadership and the support necessary to build a cohesive system that promotes improved communication, better documentation, and enhanced coordination, to build upon SDG&E's strong safety culture and commitment to safety.

SDG&E's SMS provides a comprehensive framework for its safety culture, to identify and address risk and safety throughout the design, construction, operation, and maintenance of SDG&E's electric and natural gas systems. The SMS builds on SDG&E's well-established and successful safety programs and processes by setting leading standards through the application of ten tenets for safe operation. As stated above, SDG&E's Gas Operations' SMS is guided by the API 1173 guidelines. While there is not currently an electric operations SMS similar to API 1173, SDG&E Electric Operations' culture largely aligns with the expectations of API 1173. Therefore, SDG&E has established an enterprise-wide SMS that aligns with the ten essential elements of API 1173. These include:

1. Leadership and Management Commitment;
2. Stakeholder Engagement;
3. Risk Management;
4. Operational Controls;
5. Incident Investigation, Evaluation, and Lessons Learned;
6. Safety Assurance;
7. Management Review and Continuous Improvement;
8. Emergency Preparedness and Response;
9. Competence, Awareness, and Training; and
10. Documentation and Record Keeping.

SDG&E's efforts as they relate to each of the above ten elements are discussed below.

A. Leadership and Management Commitment

SDG&E is committed to a culture where leadership sets the example and demonstrates safe behaviors expected of employees. SDG&E'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 Occupational Safety and Health Administration (OSHA) 10-Hour certified and are certified (as necessary) in Incident Command Structure (ICS) 100, 200, and 775 certifications to manage and oversee incidents, if they are assigned as a Utility Commander in the Emergency Operations Center (EOC). Supervisors also engage in four-hour safety leadership training of all new Supervisors as part of Essentials of Supervision.

SDG&E's safety-focused culture and supporting organizational structure enables the Company to be proactive and accountable in the safe delivery of natural gas and electricity, as well as the associated business operations. The Company continuously fosters a work environment where employees and contractors are encouraged to raise gas and electric infrastructure, customer safety, and personal safety concerns and offer suggestions for improvement. SDG&E's leadership and management commitment can best be described by the following Commitment to Safety statement that every member of our Senior Management Team wholeheartedly endorses:

SDG&E's longstanding commitment to safety focuses on three primary areas – employee/contractor safety, customer/public safety and the safety of our gas and electric delivery systems. 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.¹⁴

In SDG&E's TY 2019 GRC proceeding, several executive witnesses testified to SDG&E's longstanding commitments to operating a safe utility and to aggressively enhancing the implementation of effective safety risk mitigations, including asset health and safety.¹⁵ For example, SDG&E's then Chief Safety Officer, Caroline Winn, testified: "At SDG&E, safety isn't a goal – it is part of the Company's DNA. Nothing is more important than keeping our employees, contractors, and the public safe. We are making strategic investments in culture,

¹⁴ SDG&E's Commitment to Safety, 2021 Gas Safety Plan.

¹⁵ A.17-10-007, Exh. SDG&E-02-R at DD-26.

technology, system upgrades, and community partnerships to enhance the safety of our customers and the communities we serve.”¹⁶

SDG&E has processes, programs, and committees that welcome feedback on safety from employees on the management of risks and unsafe practices or incidents. To promote these principles throughout, and to foster a culture of continuous safety improvement, SDG&E continuously strives for a work environment where employees at all levels can raise pipeline and electric infrastructure, customer safety, and employee safety concerns and offer suggestions for improvement. SDG&E 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. The vision and emphasis on risk management begin at the top, with strong support for the risk management process. SDG&E 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.” SDG&E also has a Safety Congress as well as safety meetings for field employees that provide safety training, share best practices and promote leadership and employee engagement. If an employee does not feel comfortable reporting unsafe behaviors and incidents through the above-mentioned avenues, there are anonymous means to do so, including the Ethics & Compliance Hotline, employee engagement surveys, and National Safety Council Culture Survey.

SDG&E’s SMS furthers the Company’s leadership and management commitment. For example, SDG&E’s Chief Safety Officer issues company-wide communications each week, providing an overview of any safety incidents that took place and offering suggestions of lessons learned or corrective action. Another example is SDG&E’s Employee Safety Incident Notification Process, developed within the SMS framework, which outlines the steps to communicate safety incidents to a broad e-mail distribution list, spanning all lines of business. Essential elements of an effective SMS include transparency, openness, communication, and broad sharing of lessons learned. Each of these elements is attributable to SDG&E’s strong safety culture.

¹⁶ A.17-10-007, Direct Testimony of Caroline A. Winn (Exh. SDG&E-01-R) at CAW-1.

B. Stakeholder Engagement¹⁷

SDG&E encourages two-way formal and informal communication between the company and the public, employees and management, and contractors and the company. In addition to the Chief Safety Officer communications and Safety Incident Notifications described above in section III.A. and the various safety-related committees described below in section III.F., SDG&E's safety department regularly issues employee safety communications to provide employees with safety-related information in a timely manner regarding standards and safe work practices. These safety communications inform employees about safety hazards and exposures, hazard mitigation, rules, regulations, warnings, goals, and progress reports through an array of media, including safety bulletins, e-mails, electronic bulletin boards (*e.g.*, digiboards), posted signage throughout the workplace, tailgate meetings and reports.

To continuously monitor, measure, and improve the Company's workplace safety culture, SDG&E regularly assesses itself through the National Safety Council's (NSC) Safety Barometer Culture Survey. As described by TY 2019 GRC witnesses Diana Day and Tashonda Taylor, the Safety Barometer Survey assesses overall safety culture and identifies areas of strength and areas of opportunity to eliminate injuries and improve focus and commitment to safety.¹⁸ SDG&E TY 2019 GRC witnesses David Buczkowski and David Geier sponsored joint safety policy testimony that provided the following reasons supporting SDG&E's position that the NSC Safety Barometer Survey is a leading practice 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 SDG&E to compare itself and benchmark against 580 other companies; and
4. The survey goes well beyond the utility industry and includes other industries.¹⁹

¹⁷ See Section H, below, for SDG&E's emergency preparedness and response efforts with external stakeholders.

¹⁸ A.17-07-007, Exh. SDG&E-02, and Direct Testimony of Tashonda Taylor (Exh. SDG&E-30).

¹⁹ A.17-10-007, Rebuttal Testimony of David L. Buczkowski and David L. Geier (Exh. SDG&E-252) at DLB/DLG-12.

Through regular participation in the survey, SDG&E shares results, develops targets, implements plans, and measures progress, to increase employee participation in, and contribution to improvements in safety performance.

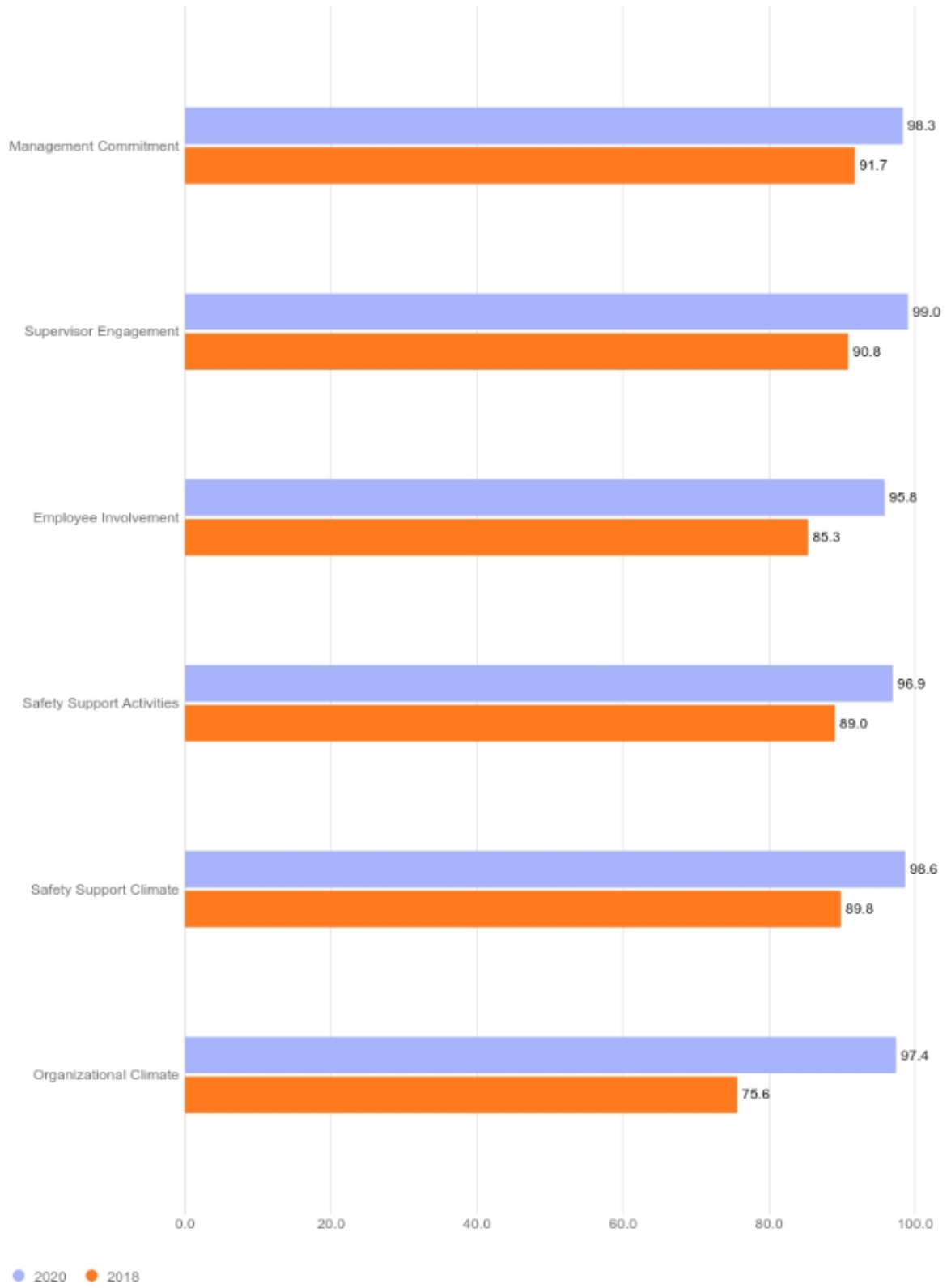
SDG&E began conducting safety culture assessments in 2013, using NSC's Safety Barometer Survey. The NSC Safety Barometer survey is an employee perception survey that engages employees and asks for their anonymous feedback on safety by measuring elements of safety excellence in the following areas:

- Organizational Climate – Items probe general conditions that interact with the safety program to affect its ultimate success, such as teamwork, morale, and employee turnover;
- Management Commitment – Items describe ways in which top and middle management demonstrate their leadership and commitment to safety in the form of words, actions, organizational strategy, and personal engagement with safety;
- Supervisor Engagement – Items consider 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 – Items ask employees across an organization for general beliefs, impressions, and observations about management's commitment and underlying values about safety;
- Employee Involvement – Items specify selected actions and reactions that are critical to making a safety program work. Emphasis is given on personal engagement, responsibility, and compliance;
- Safety Support Activities – Items probe the presence or quality of various safety program practices. This focuses on communications, training, inspection, maintenance, and emergency response; and
- Wildfire-specific Safety Culture – For the 2020 survey, SDG&E added four new questions to measure employee's beliefs, impressions, and observations about management's commitment, underlying values, and risk mitigation activities specific to wildfire safety.

NSC Barometer Survey gives the information and insight into the six critical areas of safety culture described above. Furthermore, NSC's rich database provides 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 and for individual work locations and departments.

SDG&E has now completed four cycles of the NSC Safety Barometer Survey (in 2013, 2016, 2018, and 2020), when compared to 580 other companies who have gone through similar surveys, the Company has ranked consistently high. In 2013 and 2018, SDG&E ranked above the 90th percentile. In addition to ranking, the NSC survey tool has helped to identify safety areas of alignment and strength as well as opportunities for potential improvement. The response rate in 2020 was 95.7%, representing 4,293 SDG&E employees completing the NSC survey. Below is an overview of SDG&E's 2020 survey results as compared to 2018.

Figure 3: SDG&E Percentile Scores of NSC Survey Performance Categories



The percentile scores by performance area highlight broad strengths and opportunities. If a specific performance category is underperforming compared with other performance categories, specific components from the lowest-performing category should be considered for action planning.

As shown above in Figure 3, in 2020, all six performance category percentile scores were well above the NSC Database average of 50. Since 2018, all six performance categories show increases in percentile scores. The largest increase in percentile score from 2018 to 2020 is found in the Organizational Climate category, with a considerable increase of +21.8 points.

Figure 4: SDG&E Percentile Score Increases Across Performance Categories

Performance Category	Change
Management Commitment	6.6
Supervisor Engagement	8.2
Employee Involvement	10.5
Safety Support Activities	7.9
Safety Support Climate	8.8
Organizational Climate	21.8

SDG&E has found the NSC survey tool to be very valuable in identifying improvement opportunities in its safety programs and system of safety controls. SDG&E’s Safety Department takes the lead in identifying and implementing improvement opportunities with company-wide relevance and benefit. Management at each work location and business function use the survey results to identify potential improvement opportunities and work with their local management, safety committees, and employee base to create action plans and make needed improvements.

Stakeholder engagement is an essential element of an effective SMS. Employees and Contractors, especially operational, field, and frontline workers, are well-positioned to identify safety concerns and/or risks and raise such concerns to be addressed before a safety incident occurs. As part of its SMS, SDG&E developed a process for employees and contractors to proactively raise risk and safety concerns. This process leverages and incorporates existing methods and processes to submit safety or risk concerns and includes additional steps to provide a standardized, consistent means for follow-up and communication when such concerns are reported. When stakeholders see that the information they provide is being utilized and appropriate feedback is provided, the Company’s safety culture further improves.

C. Risk Management

Effective risk management practices help to reinforce a strong and positive safety culture. SDG&E 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 SDG&E) Diana Day's testimony in the TY 2019 GRC, SDG&E'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.²⁰ The Enterprise Risk Management practices and processes are used by SDG&E Electric and Gas Operations to identify safety risks, thus providing a critical element of SDG&E's SMS implementation efforts.

SDG&E's risk management framework is consistent with the Cyclo Corporation 10-step Evaluation Method adopted in D.16-08-018, as discussed in detail in Chapter RAMP-B. 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, SDG&E's Enterprise Risk Management organization facilitates the enterprise risk identification process leveraging interviews and meetings with risk owners and managers to review and discuss potential changes to the Enterprise Risk Registry. SDG&E's risk management framework is discussed in detail in Chapter RAMP-B.

As part of its SMS, SDG&E has further integrated risk management practices into its operational processes and developed safety-centric operating unit risk registries (OURRs). Through the development of the OURRs, SDG&E's Enterprise Risk Management engages and solicits input and feedback from the operating business employees who manage risks on a daily basis. SDG&E's positive safety culture encourages and empowers employees to identify risks and to raise safety or risk-related concerns. The OURR development process serves as an additional means for employees to provide input and feedback, helps educate employees on hazard recognition and risk identification, and serves as a clearinghouse for risk mitigation activities identified by operational employees. Identified risk mitigation activities are assessed

²⁰ A.17-07-007, Exh. SDG&E-02-R at DD-2.

using consistent risk scoring and evaluation methodologies. SDG&E is leveraging the operating unit risk registries to inform the Enterprise Risk Registry and internal asset management strategies to continue integrating risk and asset management.

D. Operational Controls

Operational controls lead to greater certainty that SDG&E's gas, electric, and human systems will perform as expected. SDG&E describes its operational controls for human safety, pipeline infrastructure, and electric infrastructure below. SDG&E's wildfire management efforts are an example of robust operational controls. SDG&E's implementation of Public Safety Power Shutoff (PSPS) events and resiliency efforts are critical operational controls with strong ties to both asset and risk management.

1. Employee and Contractor Safety – OSHA Standards Implementation

Employee safety is a core value at SDG&E. SDG&E's safety-first culture focuses on its employees, customers, and the public, and is embedded in every aspect of the Company's work. SDG&E's Employee Safety risk mitigation programs are founded on proven employee-based programs, safety training, workforce education, and SDG&E's Illness & Injury Prevention Program (IIPP).

SDG&E relies heavily on the use of contractors. As further detailed in the Incident Involving a Contractor Chapter of this RAMP Report (SDG&E-Risk-4), SDG&E standardizes its approach to contractor safety through its contractor oversight program. SDG&E uses both the Contractor Safety Program Standard G8308 for SDG&E and the Class 1 Contractor Safety Manual for contractors to hold all business operations and Class 1 Contractors to the same requirements and/or standards.²¹ Business units that use contractors also have field safety oversight of Class 1 construction work performed. This oversight includes instituting safeguards to perform all contracted work in accordance with SDG&E standards, OSHA regulations, applicable laws, and Commission Orders such as G.O. 95 (Rules for Overhead Electric Line Construction), and G.O. 128 (Rules for Construction of Underground Electric Supply and

²¹ A Class 1 Contractor, as defined within SDG&E's Contractor Safety Manual at 5, is a contractor engaged to perform work that can reasonably be anticipated to expose the Contractor's employees, Subcontractors, SDG&E employees, or the general public to one or more hazards that have the potential to result in Serious Safety Incident. Examples of a Class 1 Contractor include contractors performing work involving energized equipment or hazardous chemicals. *Available at* <https://www.sdge.com/sites/default/files/SDGE%20-%20Contractor%20Safety%20Manual%20-%20Class%201%20Contractors%2012-21-2020.pdf>.

Communications Systems). Further, SDG&E currently utilizes third-party administration tools to ensure contractors comply with SDG&E's established safety and contractual requirements (*see* SDG&E-Risk-4).

2. Gas Operations – API RP 1173 Implementation

In 2017, SDG&E began its Pipeline Safety Management (PSMS) initiative to align the Company's practices with API 1173 and reinforce the Company's safety culture through the alignment of business needs and gas operational risks in a systematic manner. SDG&E's 2020 Gas Safety Plan satisfies Commission directives as outlined in D.12-04-010 and implements "the policy of the state that the commission and each gas corporation place safety of the public and gas corporation employees as the top priority."²² SDG&E's 2020 Gas Safety Plan also addresses the implementation of an enterprise-wide SMS by conveying the safety performance expectations of SDG&E's Senior Management Team and describing the SMS and all of the gas safety plans, programs, policies, standards, and procedures that are designed to accomplish those expectations.

Safety Policy witnesses David Buczkowski and David Geier testified in SDG&E's TY 2019 GRC proceeding regarding the elements and varying maturity levels of the Safety Management System that has been implemented.²³ More specifically, SDG&E, in its implementation of API 1173 for its gas pipeline operations, has adopted a three-pronged approach based on the following:

- a. Employee and Contractor Safety;
- b. Customer and Public Safety; and
- c. Safety of SDG&E's gas delivery systems.

Each of these categories is addressed in SDG&E's risk management policies, processes, and practices, as well as through day-to-day operations. Moreover, these areas are all reflected in the various risk chapters of this RAMP Report.

As discussed in Omar Rivera's testimony in SDG&E's TY 2019 GRC, API 1173 is a structured way to identify hazards and control risks while validating that the risk controls are

²² Public Utilities Code § 963(b)(3).

²³ A.17-10-007, Exh. SDG&E-252.

effective.²⁴ This includes increased interdepartmental integration of all pipeline safety-related programs and risk management, development and monitoring of leading and lagging indicators, implementation of reporting and oversight processes, continuous program monitoring and improvement, enhanced incident investigation and lessons learned, safety culture evaluation, improved management of change and recordkeeping, enhanced emergency preparedness, and application of competence training.

3. Electric Operations - API RP 1173 Implementation

SDG&E's Electric Operations has procedures to ensure safe work practices when operating, maintaining, constructing, and responding to the system. While there is not an electric equivalent to the well-vetted API 1173, SDG&E set forth a strategic initiative to align its electric operations to the ten tenets outlined above in the fall of 2019. The SMS provides a comprehensive framework to identify and address safety for the design, construction, operation, and maintenance of SDG&E's electric system.

The safe and effective operation of SDG&E's electric system requires awareness and management of many linked activities within complex processes. While safety efforts may be applied individually to each activity, more effective safety performance is achieved when viewing linked activities as processes that are better managed holistically. The SMS provides a framework to provide for the continual, safe operation of SDG&E's electric system and its improved safety performance.

4. Asset Integrity Management (AIM) – ISO 55000 Implementation

In 2017, SDG&E began the implementation of its Asset Integrity Management (AIM) program, aligning asset management functions and strategies across SDG&E's electric system operations and implementing an integrated and comprehensive (across entire life cycles) asset management program in accordance with ISO 55000. As discussed in Will Speer's testimony in SDG&E's TY 2019 GRC, the benefits of applying ISO 55000 are three-fold:

1. Establishing an internal structure supports SDG&E's optimal balancing of asset cost, asset risk, and asset performance, by making safe and effective management of its physical assets a core business function;

²⁴ A.17-10-007, Rebuttal Testimony of Omar Rivera (Exh. SDG&E-205).

2. Following ISO 55000 (a proven benchmark) will lead to greater internal consistency across asset groups and repeatable and transparent business and asset management processes; and
3. Implementing the ISO 55000 framework will promote significant alignment across the organization and build “line of sight” to ensure employees at all levels fully understand their role in supporting the goals of the organization, at the top of which is safety.²⁵

This asset management initiative is directly aligned with and is a critical extension of SDG&E’s enterprise risk management program and is a key component of managing asset safety across the company. In fact, the ISO 55000 standard is structured in a very similar manner to API 1173, regarding the required tenets to achieve conformance, with both standards anchored on the “Plan-Do-Check-Act” process cycle. Since 2017, the Asset Management organization has developed the Asset Integrity Management (AIM) Program to implement an asset management system, with systematic and coordinated activities and practices for electric assets that include an *integrative approach* for governance, strategy, analytics and, continuous improvement. Utilizing the ISO 55000 asset management framework and requirements, the AIM Program has developed a policy, an integrated electric strategy, and individual asset management plans, which serve as key foundational documents for reinforcing asset safety practices and implementing reliable management and operations of electric system assets.

Because safety is the company’s highest priority, the organization is incorporating a multi-attribute value framework for evaluating investments through a data-driven, quantitative risk- and safety-based lens. This value framework utilizes the Company’s strategic values and determines standardized value-based metrics to quantitatively compare projects, thereby enhancing the Company’s ability to cross-prioritize across portfolio and optimize investment decisions. Initial implantation of this value framework will occur with electric transmission and substation assets, and a phased approach will be employed to implement to other assets supporting the electric system infrastructure. SDG&E is also developing an information system platform to enable data integration and perform asset risk analytics to manage risk-informed asset life-cycle planning, strategy development, and prioritization. This system platform

²⁵ A.17-10-007, Direct Testimony of William H. Speer (Exh. SDG&E-15-2R) at WHS-63.

includes three components – an asset data integration platform, an asset performance management analytics tool, and an asset investment prioritization tool, including the value framework. Consistent with the value framework, the initial implementation of this platform will occur with electric distribution assets and then phased to other electric system assets. Additional information on SDG&E’s Asset Integrity Management Programs is contained in the Asset Management CFF Chapter (SDG&E CFF-1).

E. Incident Investigation, Evaluation, and Lessons Learned

The SDG&E Injury and Illness Prevention Programs (IIPP) describe procedures and responsibilities for incident and injury reporting and the steps involved to conduct an incident evaluation. Employees are required to report all work-related incidents and injuries promptly to their supervisor. The incident evaluation process includes proper notification, visiting the incident scene, interviewing employee(s) and witnesses involved, examining the factors associated with the incident, determining the contributing factors of the incident, developing and implementing corrective actions to prevent reoccurrence and documenting findings and corrective actions using the incident evaluation form (or safety information management system). Through the incident evaluation process, SDG&E develops and communicates lessons learned from both internal and external incidents and investigations and makes recommendations for safety performance improvement, including changes to training, processes and procedures.

Every employee at SDG&E has the authority to “Stop the Job” or stop a task that they believe is unsafe or requires a pause for clarification regardless of level. This action is supported by management, the union, and employees throughout the Company. SDG&E’s “Near Miss” reporting program is a means to help raise awareness and provides the opportunity to help prevent future incidents by communicating the facts around events that had the potential to result in injury, illness or damage, but did not. This program allows potential hazards to be investigated, mitigated, and communicated. Reporting near misses also reduces risk by promoting a safety culture that establishes opportunities to review safety systems and hazard control and to share lessons learned. SDG&E has a Near Miss Reporting portal where employees can report an incident online or via a mobile application. Additionally, this portal allows employees to print the form and anonymously submit it to their supervisor or the Safety Department. Further discussion on these programs can be found in the Incident Involving an Employee Chapter of this RAMP Report (SDG&E-Risk-8).

SDG&E established a team to create a more comprehensive and robust investigation standard and reporting process.²⁶ Further, as part of the SMS framework, SDG&E has developed processes for the broader sharing and use of lessons learned. Applying this process uniformly across the Company will result in more consistent investigations and will allow lessons learned to be shared broadly. In addition, regular training is available for those conducting incident investigations to confirm consistency and thorough investigations.

F. Safety Assurance

SDG&E has numerous programs and committees in place to provide safety assurance, which, as described above, are collectively managed within the SMS framework. Additionally, the SMS includes Quality Control and Quality Assurance to validate adherence to the system, reasonable progress toward full compliance with all expected standards of performance, and the resulting safe operation of the electric and gas systems. Quality Assurance provides confidence that the SMS and its processes are measured, analyzed, and used to identify continuous safety improvements.

1. Audits & Evaluations – Regularly scheduled internal audits are performed by Sempra Energy Audit Services. These audits assist management in assessing risks and evaluating whether business controls are in place and effective. Management is responsible for taking ownership of, and being accountable for, understanding, establishing, and maintaining effective business controls. Audit Services has full access to all levels of management, and to all organizational activities, records, property, and personnel relevant to the matters under review. Audit Services is authorized to select activities for audit, allocate resources, determine audit scope, and apply techniques required to accomplish audit objectives.
2. Executive Safety Council Team Meeting Dialogs – The Executive Safety Council is the governing body for all safety committees. Led by SDG&E's Chief Safety Officer and Director - Safety, this is a roundtable with company officers to advance the Company's safety culture, address enterprise-wide safety strategy, and give employees an opportunity to share their safety experiences with

²⁶ See SDG&E's Serious Injury and Fatality (SIF) initiative described in SDG&E's Incident Involving an Employee Chapter, SDG&E-Risk-8, Control 14.

company leadership. SDG&E's labor and represented workforce participate in the Executive Safety Council.

3. Electric Safety Subcommittee – This committee brings management and frontline electric system personnel together as a forum to discuss safety concerns from the perspective of those closest to the risks. The objectives are to make a lasting difference in reducing unnecessary risk, resolve division-wide safety issues/concerns and have front-line employees bring information back to their respective workgroups.
4. 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 front-line employees.
5. Field and Office Safety Committees (site-specific) – These committees (approx. 40) 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 SDG&E's other safety committees, site committees roll up to the Executive Safety Council as the governing body.
6. Field and Office Behavioral Accident Prevention Process – SDG&E's Behavioral Accident Prevention Process (BAPP®), formerly referred to as the Behavior Based Safety (BBS) Program, is a proactive approach to safety and health management, which recognizes at-risk behaviors as a frequent cause of both minor and serious injuries. BAPP 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 people's attentions and actions on their, and others, daily safety behavior to identify safe and at-risk behaviors. Through a peer observation program, employees observe employees working using a behavior inventory checklist to track safety behaviors and have a

dialog on safe and at-risk behaviors, with recommended behavioral safety changes.

7. Management Field Observations – 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.
8. Grassroots Safety Culture Change Teams – SDG&E’s grassroots safety culture change initiative involves a safety culture journey that goes beyond the “3 E’s” of engineering, enforcement, and education. The emphasis is on building relationships, partnerships and trusts, which impact strategic focus areas of the Company, including safety. This approach uses an “iceberg analysis” to identify cultural norms and assumptions that cannot be seen (below the waterline) that may undermine established policies and procedures, uses Behavior Based Safety observations, and develops a culture action team to address at-risk behaviors.
9. 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 SDG&E safety culture, and demonstrating safety leadership.
10. The National Safety Council (NSC) Barometer Survey – As noted above, the NSC Barometer Survey is used to assess the overall health of the Company’s safety climate and helps to identify areas of opportunity to eliminate injuries and improve focus and commitment to safety. The survey is administered to employees every other year. 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 to identify and implement specific action-oriented strategies within their organization and carry out action plans to completion.

11. Environmental & Safety Compliance Management Program (ESCMP) – SDG&E’s comprehensive health and safety risk management organization and framework establishes and implements SDG&E’s health and safety risk management policies, including SDG&E’s ESCMP. ESCMP is an environmental, health and safety management program to plan, set priorities, inspect, educate, train, and monitor the effectiveness of environmental, health and safety activities in accordance with 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. SDG&E also has an annual ESCMP Certification process to collect and record employee and facility compliance.

As demonstrated above, SDG&E has numerous longstanding initiatives, programs, and committees with a common objective of reducing safety risk and improving safety performance. SDG&E’s SMS integrates and aligns each of these efforts into a systematic framework for continuous review and improvement.

G. Management Review and Continuous Improvement

SDG&E’s SMS is based upon a continuous improvement framework. SDG&E’s management review and continuous improvement efforts begin with the continuous assessment of risks identified through the ERM and Asset Management processes. The observations and information captured through those processes are used to develop strategic risk mitigations. Implementation of mitigation by business operations, results, and any lessons learned are reviewed by management, the Executive Safety Council and SDG&E’s leadership on a regular basis.

Management Review of Performance – Safety metrics provide a baseline for how well SDG&E’s organization is performing. Tracking both leading and lagging indicators and comparing historical results provides a baseline for continuous improvement and offers the ability to identify improvement opportunities. Common metrics (*e.g.*, OSHA reportable and Near Miss incidents) are tracked and analyzed, and recommendations for safety performance improvement are made, including training, tools, equipment, processes, and procedures.

Continuous Improvement – Results from a variety of safety metrics, including injuries, motor vehicle accidents, near-miss incidents, safety observations, are carefully reviewed by management, with a view toward evaluating risk and developing any necessary mitigation plans. Management sets safety goals with continuous improvement in mind, focusing on increasing current goals and developing new leading indicators.²⁷

H. Emergency Preparedness and Response

SDG&E 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 our customers and the public to inform them about our shared safety responsibilities. For example, SDG&E’s Public Safety campaigns focus on informing and educating the public about the danger of downed power lines, pole contact from vehicles and the hazards associated with digging near gas lines. These campaigns include videos, TV and radio spots, newspaper ads, billboards and collateral geared toward a variety of scenarios used for different audiences. Of equal importance are outreach activities with local first responder agencies, county coordinators (emergency management), and other public officials that occur on a yearly basis, focusing on how SDG&E partners through planning, training, and exercises prior to emergency incident response. This includes alignment of Utility ICS and Unified Command goals and objectives, understanding protocols and procedures, establishing effective Liaisons and Gas and Electric Safety Zones and processes, and reviewing infrastructure location information, hazard awareness and prevention, leak recognition and response, emergency preparedness and communications, damage prevention and integrity management. In addition, SDG&E also partners with these stakeholders throughout the year on joint drills, exercises, tabletops, and preparedness fairs in order to enhance our coordination and response during emergencies. Target audiences include but are not limited to:

- The County Office of Emergency Services;
- All Fire Departments and personnel (firefighters to Chief Officers);
- All Local Agency Emergency Dispatch Centers/personnel; and
- All Law Enforcement Agencies.

²⁷ Refer to SDG&E’s SIF initiative described in SDG&E’s Incident Involving an Employee Chapter, SDG&E-Risk-8, Control 14.

Emergency Preparedness – SDG&E’s PSPS program is an element of utility wildfire mitigation plans authorized by the CPUC to address the threat of wildfire and customer/public safety, as discussed in the Wildfires Involving SDG&E Equipment (Including Third-Party Pole Attachments) Chapter (SDG&E-Risk-1). SDG&E’s PSPS Communication plan consists of a public outreach and education campaign, implemented June through November. Communications will also include notifications for Public Safety Power Shutoff events. These communications target customers, first responders, public officials and government, public safety partners, as well as the Access and Functional Needs community.

The SDG&E First Responder Outreach Program is beginning its 8th year of service to all First Responder agencies in San Diego County. This Outreach Program has expanded significantly since its inception, as described above, by increasing target audiences, establishing an Operational Field & Emergency Readiness (OFER) program, and strengthening relationships with key stakeholders internally and externally. The OFER program objective is to provide targeted training and contingency planning activities for the local first responder agencies, as well as improved scene management and the use of the UICS for SDG&E responders. Strategic partnerships with agency leadership allow for increased communication, awareness of gas and electric safety protocols, and collaboration on mutual emergency preparedness to ensure employee and public safety. These objectives are accomplished through annual First Responder training and exercise programs, including the following meetings and collaborative outreach programs:

- Monthly briefings and input meetings with the San Diego County Fire Chief’s Association on SDG&E response, planning, training, and exercise programs;
- Quarterly briefings with the County Fire Training Officers’ committee;
- Annual briefings with the San Diego Police and Sheriff’s Association; and
- Regular meetings and collaborative efforts with the County Office of Emergency Services.

Response Plans – SDG&E developed and continues to maintain an Emergency Operations Center (EOC) for use during significant emergencies to allow Company employees to efficiently collaborate and take appropriate action to respond to and mitigate that 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 emergency

response aspects 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 are coordinated and/or directed. As such, the EOC serves a critical support function to ensure that SDG&E can 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, AAR's 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).

I. Competence, Awareness, and Training

SDG&E's employees and contractors receive extensive training because we believe safety starts with proactive upstream measures to prevent a safety incident from occurring. Front-line employees are trained in behavior-based safety programs, such as Stop the Job, which empowers anyone to stop the job at any time, without fear of retaliation, if they identify a safety hazard. Further details about SDG&E's extensive training programs can be found in the Incident Involving an Employee Chapter (SDG&E-Risk-8).

J. Documentation and Record-Keeping

For safety and compliance purposes, SDG&E has implemented various recordkeeping controls for its system in accordance with, for example, the following CPUC regulations:

- G.O. 95 – Rules For Overhead Electric Line Construction

- Rule 80.1 defines the record-keeping requirement for the required inspection of joint-use poles.
- G.O. 128 – Rules For Construction of Underground Electric Supply and Communication Systems
 - Rule 17.7 provides requirements and responsibility for records pertaining to the location of underground facilities.
- G.O. 165 – Inspection Requirements For Electric Distribution and Transmission Facilities
 - Section III and Section IV provide the records management requirements for the inspection and maintenance of electrical assets for distribution and transmission facilities, respectively. Additionally, Section III.D requires submittal of an annual report identifying the asset inspection work completed.
- G.O. 166 – Standards for Operation, Reliability, and Safety During Emergencies and Disasters
 - Standard 11 requires annual reporting reflecting compliance with the G.O. and any modifications to the emergency plan.
- G.O. 174 – Rules for Electric Utility Substations
 - Section III provides requirements for substation inspection program records and reporting requirements.

There are also many CPUC decisions (*e.g.*, D.16-01-008) and additional requirements for data and records management resulting from various CPUC directives and laws (*e.g.*, AB 1650). In addition to existing rules, SDG&E must also comply with new or developing records management rules.

SDG&E's records management policies provide guidelines for defining records and non-records, applying legal holds, and utilizing the company-approved retention and disposition schedules. The goal of records management policies and practices is to provide consistent responsibility and accountability for records management as well as oversight and administration of records management.

SDG&E also has assigned records 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. Sempra Energy's Audit Services group performs periodic audits to verify compliance with policies related to records management and retention.

Further details about SDG&E's documentation and record-keeping can be found in the Records Management CFF Chapter (SDG&E-CFF-6).

V. SAFETY CULTURE ASSESSMENTS

As described above, in Section IV.B., SDG&E continually seeks to assess, measure, and enhance its safety culture by soliciting feedback in the form of biannual safety culture surveys. SDG&E's internal and external assessments of its safety culture both contribute to continuous improvement. For example, in its most recent employee survey (2020), SDG&E included questions specifically targeted to wildfire safety culture (*See* SDG&E-Risk-1). In addition to internal assessments, the Commission provides oversight and assessment of SDG&E's safety culture. Public Utilities Code Section 8389(d)(4) requires the Commission to adopt and approve a process for the Wildfire Safety Division (WSD) to conduct annual safety culture assessments for each electrical corporation. The CPUC approved the WSD's annual safety culture assessment process in Resolution WSD-011 on November 19, 2020.

On January 22, 2021, the WSD issued its requirements and guidelines for the utilities' first annual safety culture assessments. Through the assessments, the WSD seeks to develop a broad view of safety culture across the utilities to identify best practices and relative gaps, along with an understanding of each utility's strengths, weaknesses, and approaches. The WSD's annual safety culture assessment is specific to wildfire safety and is distinct from the CPUC's broader safety culture investigations, which are performed every five years. The WSD will evaluate the utilities primarily through a workforce survey and a utility self-assessment. The workforce survey will solicit feedback from relevant utility employees engaged in wildfire mitigation activities on their assessment of the utility's safety culture. Regarding the utility self-assessment, the WSD intends to track each utilities' organizational culture over time and will assess the current and future state of various safety culture elements. Specifically, the utilities must respond to questions that assess the organization's sustaining systems, structure and governance, and safety enabling systems. After reviewing the utility's submissions, WSD may require the utilities to provide supporting documentation to further justify and validate their self-assessments or submit to interviews. The WSD also has the discretion to conduct observational visits.

VI. COMPENSATION POLICIES RELATED TO SAFETY

SDG&E'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.²⁸

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

In her TY 2019 GRC testimony, Compensation and Benefits witness Debbie Robinson explained how SDG&E's compensation and benefits programs are designed to focus employees on safety, and that SDG&E has increased emphasis on employee and operational safety measures in their variable pay plans, commonly referred to as the Incentive Compensation Plans (ICP), thus bolstering their already strong safety culture and safety performance.²⁹ Ms. Robinson testified that SDG&E has increased the weighting of the employee and operational safety measures in their variable pay plans since the TY 2016 GRC.³⁰ These safety-related performance measures comprise a mixture of leading and lagging measures and span all lines of business – fire and public safety, gas safety, and electric safety – in order to prevent bias. Providing even stronger alignment between SDG&E's safety programs and the ICP helps to strengthen the Company's safety culture and signal to employees that safety is the number one priority.

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

SDG&E Executive and senior management are engaged and play a direct role in managing risk at the Company. They are involved at many levels to review and understand the

²⁸ D.16-06-054 at 153.

²⁹ A.17-10-007, Exh. SDG&E-28 at DSR-10.

³⁰ A.17-10-007, Exh. SDG&E-28 at DSR-11.

risks of the business, prioritization of those risks, mitigation strategies and determining appropriate funding for the management and mitigation of risk. In her TY 2019 GRC testimony, SDG&E's risk management policy witness Diana Day testified that SDG&E's executive management, and specifically the Company's Executive Safety Council, are committed to and accountable for the development and maintenance of safety culture.³¹ Ms. Day further testified that SDG&E's leadership holds regular safety meetings at many levels, including Executive Safety Council meetings, which have been in place for over a decade, annual Safety Summits, and annual Contractor Safety Summits, which have included hundreds of participants, representatives from other California utilities and the Safety Policy Division of the CPUC.³² As detailed above and in the Incident Involving an Employee Chapter (SDG&E-Risk-8), SDG&E's Executive Safety Council, comprised of top company leadership, meets monthly to engage directly with front-line employees and supervisors, including especially SDG&E's labor and represented workforce, to listen and reinforce key safety tenets and have an open dialogue on safety issues, performance and culture.

Appendix E to Diana Day's direct TY 2019 GRC testimony describes how SDG&E'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.³³ 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 then discuss enterprise level risks and mitigants for those risks. Risk owners and risk managers then have the opportunity to ensure 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. On an annual basis, the Vice President of Enterprise Risk Management & Compliance provides the SDG&E Board with a risk update that focuses on key enterprise-level risks and associated mitigants. The Sempra Energy Board of Directors also

³¹ A.17-10-007, SDG&E-02-R at DD-28.

³² *Id.*

³³ *Id.* at DD-E-5.

receives periodic risk updates based on the written reports and management presentations from its operating subsidiaries, including SDG&E. Training and education regarding the management of risks is an ongoing endeavor. SDG&E senior executives continue to be involved in at least three executive risk sessions each year to review top risks identified for the utilities, ranking and prioritization of the risks, and funding for the mitigations.

With respect to assuring that risk mitigation is prioritized and appropriately funded, senior management also takes an active role. The involvement of SDG&E's leadership in the financial planning, budgeting, and investment prioritization process was described in the TY 2019 GRC testimony of SDG&E's rate base witness Craig Gentes, as follows:

For non-balanced base capital, the SDG&E 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 – Initial capital allocations begin with input from Functional Capital Committees (FCCs), which are organized by the nature and type of capital investment or function. These teams of managers and subject matter experts perform a high-level assessment of the capital requirements for serving customers to ensure that infrastructure is maintained and developed to provide safe, reliable service with the highest risk mitigation at the lowest attainable cost. Each FCC elicits broad input for developing each function's capital plan and formulates a prioritized grouping of annual spending requirements.
- Step 2 – The capital requirements identified by the FCCs are provided to the Capital Planning Committee (CPC), a cross-functional team of directors representing each operational area with capital requests. The CPC reviews the FCC submissions, cross-prioritizes projects among the FCCs, and establishes a final ranking for proposed capital work. Projects determined to have the highest ratings on key priority metrics will receive the highest priority for funding. These key priority metrics include safety, cost-effectiveness, reliability, security, environmental, and customer experience.
- Step 3 – The CPC presents its recommendations for capital spending consistent within each functional area and consistent with the overall funding target to the EFC, which reviews the recommendations and either approves the proposed capital funding allocations or requests changes.

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 CPC and 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 Company's Internal Order process and approval and commitment policies.³⁴

VIII. UTILITY BOARD ENGAGEMENT AND OVERSIGHT OVER SAFETY PERFORMANCE EXPENDITURES

SDG&E's Board of Directors 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; 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. As a part of its oversight roles, 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.

A. SDG&E's Board of Directors Safety Committee and the Community Wildfire Safety Advisory Council

Governor Newsom signed Assembly Bill (AB) 1054 into law on July 12, 2019. AB 1054 contains numerous statutory provisions and amendments designed to enhance the mitigation and prevention of catastrophic wildfires – including wildfires linked to utility equipment – in California. AB 1054 added Section 8389 to the Public Utilities Code. Section 8389(e) establishes the requirements for annual safety certifications and, *inter alia*, requires electrical corporations to establish a safety committee of their board of directors. SDG&E established its Safety Committee in July 2019 and received its initial safety certification from the Commission via a letter from the Executive Director dated July 26, 2019.

SDG&E's Safety Committee advises and assists SDG&E's Board of Directors in the oversight of safely providing electric and natural gas services to SDG&E's customers.³⁵ The Safety Committee meets on a quarterly basis; meetings begin with a report by the Chief Safety

³⁴ A.17-10-007, Exh. SDG&E-33-2R at RCG-3 – RCG-4.

³⁵ See, SDG&E Safety Committee Charter, adopted on July 17, 2019, as revised and adopted on November 4, 2019, included as Attachment B to Advice Letter 3461-E, approved January 6, 2020 and effective November 5, 2019.

Officer, including a review of current safety and risk-related topics and conclude with the Safety Committee's recommendations to SDG&E. Per the Safety Committee Charter, the duties and responsibilities of the Safety Committee include, but are not limited to:

- (a) review and monitor (i) the Company's [SDG&E] 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;
- (b) ... safety performance metrics.³⁶

In addition, shortly after establishing its Safety Committee in 2019, SDG&E established a Wildfire Safety Community Advisory Council (WSCAC), comprising independent community members who possess extensive public safety, community and emergency services, and wildfire prevention and mitigation experience, to advise the Safety Committee. The WSCAC, which meets on a quarterly basis, held its first meeting on September 10, 2019. SDG&E convened on February 26, 2021, which took place virtually in light of the COVID-19 pandemic, and the next meeting of the Council is scheduled for March 25, 2021. The Safety Committee and the Community Wildfire Safety Advisory Council are intended to provide additional safety oversight for SDG&E with respect to safely providing electric and natural gas services. Further details about SDG&E's wildfire programs can be found in the Wildfires Involving SDG&E Equipment (Including Third-Party Pole Attachments) Chapter (SDG&E-Risk-1).

IX. CONCLUSION

SDG&E's safety-focused culture and supporting organizational structure allow the company to be proactive and accountable in the safe delivery of natural gas, electricity, and supporting services. The company continuously strives for a work environment where employees of all levels and its contractors can raise pipeline and electric infrastructure, customer safety, and employee safety concerns and offer suggestions for improvement through multiple platforms such as "Stop the Job," local Safety Committees, the Executive Safety Committee and the implementation of a reporting app for near misses and close calls. SDG&E's safety performance is regularly monitored and evaluated not only in accordance with all state and federal regulations, but beyond.

³⁶ *Id.*, Attachment B at 3.

As demonstrated throughout the chapters of this RAMP Report, SDG&E has made and continues to make strategic investments in its culture, technology, systems, and community partnerships to enhance the safety of our employees, contractors, customers, and the communities we serve. As part of its continuous improvement, SDG&E will propose new projects and programs in its TY 2024 GRC. SDG&E is focused on developing practices and initiatives that improve safety and strengthen its culture and public awareness that nothing is more important than keeping our employees, contractors, and the public safe.