

Application of San Diego Gas & Electric Company (U902M) for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2012.

A.10-12-005  
(Filed December 15, 2010)

Application of Southern California Gas Company (U904G) for authority to update its gas revenue requirement and base rates effective on January 1, 2012.

A.10-12-006  
(Filed December 15, 2010)

Application: A.10-12-006  
Exhibit No.: SCG-247

**PREPARED REBUTTAL TESTIMONY OF  
MARK L. SERRANO  
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

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

**OCTOBER 2011**



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1                                   **PREPARED REBUTTAL TESTIMONY OF**  
2                                   **MARK L. SERRANO**  
3                                   **ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

4  
5   **I.       INTRODUCTION**

6               The purpose of my testimony is to specifically address the Utility Workers Union of  
7 America (“UWUA”) Systems of Safety (“SOS”) program proposal (with a price tag of \$3  
8 million) described in Exhibit UWUA-2 (witness Arturo Frias) and Exhibit UWUA-3 (witness  
9 John Devlin). As shown in detail below, the SOS program is flawed, does not represent an  
10 effective use of ratepayer funding and will not result in any measurable improvement in safety  
11 above that which is already being achieved by the Southern California Gas Company’s (“SCG’s”  
12 or “SoCalGas”) current safety programs. That said, SoCalGas appreciates its employees’,  
13 including UWUA members’, active engagement in SoCalGas safety initiatives and their  
14 continuing efforts to improve safety performance, awareness and practices. Moreover, SoCalGas  
15 will continue to engage with UWUA leadership, employees and management at all levels to  
16 improve and expand its safety programs and practices.

17   **II.       UWUA’S SOS PROGRAM PROPOSAL**

18               UWUA witness Mr. Devlin stated and proposed the following:

19               My testimony supports the UWUA proposal to train the employees at Southern California Gas in  
20 the Systems of Safety program. As president Frias has testified, the UWUA and our members are  
21 committed to working with the Commission and the Southern California Gas Company to create  
22 a safety culture that prevents accidents and protects the public and the workers.

23               The SOS program has two essential elements:

- 24                                   (1)       Training employees using the small group activity method (SGAM) that  
25                                   encourages hands-on worker involvement in safety by teaching the  
26                                   values of respect, promoting participation and sharing decision-making  
27                                   power along with an analytical method based on a systems approach to  
28                                   safety;  
29                                   (2)       Applying the systems approach to safety by mapping hazards  
30                                   proactively and prospectively, and eliminating them by making  
31  
32

1 improvements in the systems that contribute to hazards becoming  
2 incidents.<sup>1</sup>  
3  
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5 **III. SOCALGAS SAFETY PROGRAMS**

6 UWUA has recommended that the Commission increase funding beyond that requested  
7 by SoCalGas for the safety program described by UWUA in the amount of \$3 million.<sup>2</sup>

8 **A. SoCalGas is committed to the safety of both its employees and its customers.**

9 UWUA witness Mr. Frias states:

10 “UWUA and SCG are both committed to providing customers with timely, safe good  
11 quality service”<sup>3</sup> and “We respect the efforts of Southern California Gas to promote  
12 safety in our industry.”<sup>4</sup>  
13

14 SoCalGas has established, implemented and maintains an effective Injury and  
15 Illness Prevention Program (“IIPP”) in accordance with the Department of Industrial  
16 Relations’ General Industry Safety Orders. The IIPP includes systems for  
17 communicating with impacted employees in readily understandable forms on matters  
18 relating to occupational safety and health. SoCalGas also encourages employees to  
19 inform management of workplace hazards without fear of reprisal. UWUA has not  
20 provided the Commission, or SoCalGas, with any evidence that the SoCalGas safety  
21 programs are lacking in any material manner or that they fail to achieve desired results.

22 Over recent years, the safety culture at SoCalGas has improved significantly.  
23 Employees and management have been working together to address potential hazards and  
24 reduce the risk of injury. Accordingly, employee injuries, as measured by the SoCalGas

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<sup>1</sup> Exh. UWUA-3, p.3, lines 2-6 and lines 10-18.

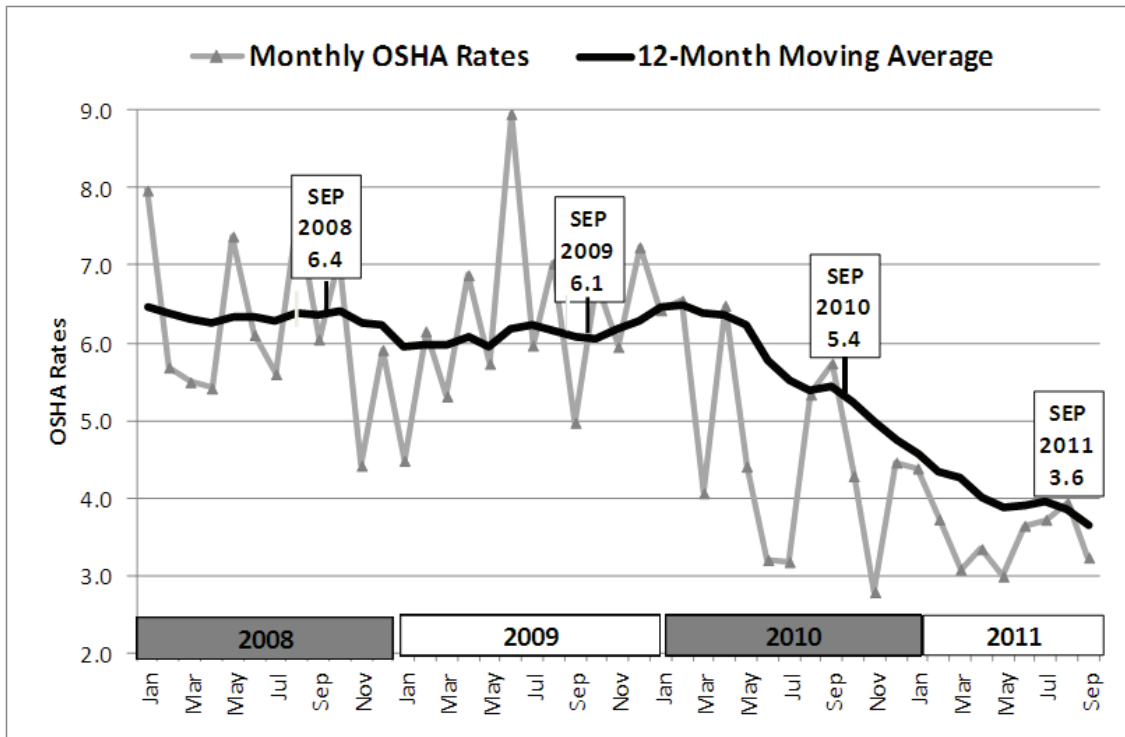
<sup>2</sup> Exh. UWUA-2, p.10, line 22.

<sup>3</sup> Ibid., p.5, lines 19-20.

<sup>4</sup> Ibid., p. 4, lines 14-15.

1 rate of OSHA Recordable Injuries and Illness<sup>5</sup>, have decreased dramatically. The 12-  
 2 month moving average OSHA Recordable incident rate has improved about 45%, from  
 3 6.5/200,000 hours worked in January 2008 to 3.6/200,000 hours worked in September,  
 4 2011.

5 **Chart SCG-MLS-1**  
 6 **SCG OSHA Safety Performance**  
 7 **2008-2011**

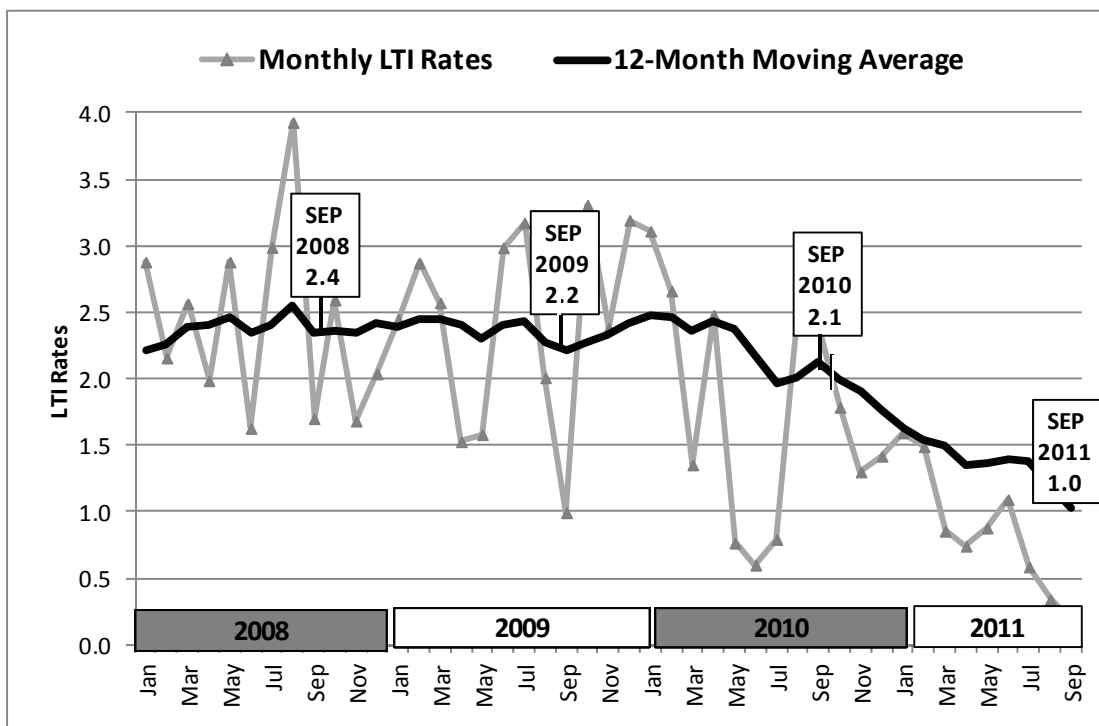


19 In addition to the decrease in the rate of OSHA Recordable Injuries and Illness,  
 20 the 12-month moving average Lost Time Incident rate has also decreased significantly  
 21 since January 2008. The Lost Time Incident rate has improved approximately 55%, from  
 22 2.2/200,000 hours worked in January 2008 to 1.0/200,000 hours worked in September,  
 23 2011.  
 24

<sup>5</sup> United States Department of Labor Occupational Safety and Health Administration, Part 1904 – Recording and Reporting Occupational Injuries and Illness, Standard Number 1904.

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**Chart SCG-MLS-2**  
**SCG LTI Safety Performance**  
**2008-2011**



**B. SoCalGas agrees with UWUA that “SCG management and SCG workers are pledged to cooperate on safety issues”.<sup>6</sup>**

Safety is embedded into all phases of the employee experience. It starts with the formalized training that employees receive when they begin their career. It is emphasized on the job, and then re-emphasized during the training they receive as they advance to new jobs. Completing work safely is interwoven into all parts of their training. Some of the specific field safety training programs SoCalGas currently employs include:

- SIM4 (Safety in Motion): This program emphasizes safe body positioning when performing work.

<sup>6</sup> Exh. UWUA-2, p.3, lines 15-16.

- STARR (Scan; Take a position; Action in position; Reassess and Adjust; and Release position): This program emphasizes body mechanics principles to follow when performing work in “stressful” body positions.
- GRASS ROOTS SAFETY: This program emphasizes safety as a fundamental part of every task completed by employees.

Once on the job, SoCalGas conducts frequent, and in many cases daily, meetings with its employees to discuss health and safety. Many of these meetings are led by UWUA members, who represent the vast majority of SoCalGas safety committee members. SoCalGas maintains training programs, produces written and electronic communications, and has a system for employees to report hazards, close calls and “near miss” safety incidents. Job observations are also performed where employees’ safe behaviors are reinforced and where employees receive coaching in how to eliminate or improve behaviors that could jeopardize their safety or that of others. SoCalGas has a broad program that incorporates UWUA members and management involvement in furthering its safety culture.

SoCalGas has approximately 500 employees who serve on its local safety committees. Membership on these committees is determined by the Unions and management and rotates among the workforce. Safety committee members work on projects to reduce hazards and prevent injuries. The committee members meet regularly with employees to share the results of their work. Safety committee members participate in events (annual Safety Congresses and Safety Summits) where they are trained in different safety-related topics and where “best practices” are shared. Safety committee members are trained in many different topics, including root cause analysis, which is applied during incident investigations.

1           **C.     The SOS program is not the best training program for use at SoCalGas.**  
2

3           The SOS program “developed by the Institute for Sustainable  
4           Work and Environment (ISWE)”<sup>7</sup> and “currently administered through the UWUA Power  
5           for America Training Trust”<sup>8</sup> does not represent the best training program for use at  
6           SoCalGas.

7           SoCalGas’ current in-house developed incident investigation program provides  
8           instruction to employees in the “Six Steps of Incident Investigations”, which include: (1)  
9           RESPONSE; (2) FACT FINDING with a focus on People/Procedures (including training,  
10          knowledge, skills, compliance and abilities), Materials, Environment and Equipment &  
11          Tools; (3) ANALYSIS with a focus on Underlying Factors, Training, Supervision &  
12          Management and Group Norms; (4) RECOMMENDATIONS; (5) TAKING ACTION;  
13          and (6) FOLLOW-UP. This training is provided to employees involved in incident  
14          investigations and has been effective in enabling SoCalGas to improve safety. It doesn’t  
15          require SoCalGas contract with a third party for use of its materials, dedicate twelve  
16          resources up to half time to provide instruction, or 5,300 employees be removed from the  
17          workplace for a full day of training.

18          As noted below in the Qualifications section of my testimony, I am the SoCalGas  
19          Director of Safety, Wellness and Disability Services. At the invitation of Mr. Frias, both  
20          Frank Ayala, SoCalGas Director of Gas Operations Services, and I attended the SOS  
21          training described in the UWUA testimonies of Mr. Frias and Mr. Devlin between  
22          August 22 and August 26, 2011. Including Mr. Ayala and myself, approximately 20  
23          people were trained.

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<sup>7</sup> Exh. UWUA-3, p.2, lines 9-10.

<sup>8</sup> Ibid., p.2, lines 10-11.



1           The principles embedded in SOS are not unique, although there is a copyright on  
2 the materials so it would be necessary for SoCalGas to pay for the right to use them. In  
3 his testimony, Mr. Devlin estimates this cost to be approximately \$1.2 million.<sup>9</sup> Most  
4 SOS concepts are not dissimilar from those currently used in SoCalGas' safety training.  
5 SOS materials, however, are based upon a different taxonomy, and SOS categorizes the  
6 various types of preventative measures into "systems" used to prevent incidents and  
7 reduce hazards.

8           The SOS training materials can lack objectivity and on occasion the content  
9 interjects an "us-them" view of the "management-employee" relationship. The case  
10 studies used in the training frequently conclude that more resources would have  
11 prevented the safety incident. The fundamental premise of the SOS program is that you  
12 can engineer out safety hazards. The program de-emphasizes the employee's personal  
13 accountability for safety - other than to point out when a hazard exists. While we believe  
14 that engineering out hazards is appropriate when possible, with many employees working  
15 in unfamiliar environments, personal accountability for one's own safety is critical to a  
16 successful safety program. Personal accountability is at the foundation of the existing  
17 and successful SoCalGas program.

18           Accordingly, SoCalGas requests the Commission not dictate or mandate that it  
19 adopt a specific safety program (i.e., SOS program). Currently, SoCalGas employs  
20 different safety program vendors and consultants to provide training to its employees. A  
21 few of the consulting firms who provide safety training services for SoCalGas include:  
22 Smith System Defensive Driving, Safety In Motion, Inc., Behavior Science Technology  
23 ("BST"), Culture Change Consultants ("CCC") and Remedy Interactive Ergonomics.

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<sup>9</sup> UWUA-3, p.10, lines 13-14.

1 SoCalGas currently provides a well balanced mix of external and in-house developed  
2 safety training and materials customized to the unique needs of each work unit and the  
3 specific jobs performed by its employees.

4 UWUA witness Mr. Devin states,

5 “For Southern California Gas the UWUA is proposing to implement the training through  
6 the UWUA Power for America Training Trust (P4A Trust)...”<sup>10</sup>  
7

8 Witness Devlin further states:

9 “The P4A Trust has been acknowledged as a leader in its field by the National  
10 Regulatory Research Institute (NRRI) and utility industry employers.\*”<sup>11</sup>

11  
12 In support of this statement, Mr. Devlin footnotes an article by Strauss, et. al.,  
13 “Are Utility Workforces Prepared for new Demands?” at page 24 (NRRI, January 2010);  
14 c.f. <http://power4america.org/>. As can be seen in a direct cite from the Strauss, et. al.  
15 article, there is no reference to the P4A Trust being a “leader” in its field. In fact, the  
16 article suggests that the experience of the P4A Trust is primarily with electric utilities.

17 In other instances, labor unions are collaborating with employers and colleges to  
18 address staffing needs and implement needed worker training. The “UWUA Power for  
19 America Training Trust Fund” is a program pioneered by Local 223 of the Utility  
20 Workers of America, AFL-CIO (“UWUA”), under which the local union is working  
21 work with electric utility employers and certain Michigan community colleges. The  
22 “Trust” is funded by utility employers and managed by a set of labor and management  
23 trustees. The trustees develop a set of curricula in several trades, and provide training to  
24 union members. The purpose of the training is to enable employees to develop the skills  
25 needed both to staff existing operations and address emerging technologies. The training  
26 curricula include high voltage transmission, substation operation and maintenance, relay-  
27 system equipment, and underground line splicer and cable technician. The trust program  
28 is now being administered by the UWUA national union, and has programs operating in  
29 Michigan, Iowa, and Minnesota.

30  
31 Thus, it appears that Mr. Devlin may be overstating the reputation of the P4A Trust as a  
32 leader in its field. In any event, regardless of the status of the P4A Trust, its experience

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<sup>10</sup> Exh. UWUA-3, p. 2, lines 21-22.

<sup>11</sup> Ibid., p. 2, lines 24-26.

\* Strauss, et. al., Are Utility Workforces Prepared for new Demands? at page 24 (NRRI, January 2010); c.f. <http://power4america.org/>.

1 appears to be primarily with electric utilities. Moreover, regardless of who administers  
2 the SOS program, it still suffers from the flaws noted above.

3 In his testimony, Mr. Devlin states, “SGAM is a union-conceived union-lead,  
4 totally supported-by-the-company program.”<sup>12</sup> The Commission should not be deceived  
5 into thinking that the company Mr. Devlin is referring to is SoCalGas. SoCalGas has not  
6 expressed its support for the SGAM training method, although the training method itself  
7 may have limited merit. I believe it is important the Commission understand that  
8 SoCalGas is not endorsing use of the SGAM method for SOS training.

9 Aside from there being many alternative safety training programs available to  
10 SoCalGas other than the SOS program, training approximately 5,300 employees in how  
11 to “categorize” safety systems – Design and Engineering, Maintenance and Inspection,  
12 Mitigation, Procedures and Training, Warning Devices and Personal Protective Factors –  
13 is simply not an effective use of ratepayer funds. The ISWE methodology focuses on  
14 presenting case studies where the contributing factors to incidents, and the preventative  
15 measures taken following incidents, are presented to students. Students then learn to  
16 categorize the preventative measures taken by the type of safety system. ISWE’s training  
17 provides little in the way of helping employees (students) identify ways, or practical  
18 methods, to prevent injuries or remove hazards in the workplace, especially since many  
19 of the examples used in the training are from factory or office settings.  
20

21 **D. The UWUA safety culture proposal does not represent the best use of**  
22 **ratepayer funding.**

23 It would not be an effective use of ratepayer funds, nor would it improve the  
24 safety culture at SoCalGas, for the Commission to mandate that SoCalGas adopt

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<sup>12</sup> Ibid, p.3, lines 21-22.

1 UWUA’s proposal for selecting 12 SoCalGas employee/union safety representatives.

2 UWUA proposes the following:

3 Designation **by the union** (emphasis added) of employee/union safety representatives for  
4 each operating region (12 in total) who can respond to safety incidents, including  
5 performing root cause analysis in incident investigations; independently verify and report  
6 on implementation of safety systems improvements; conduct SOS safety training; and  
7 work continuously with SCG and CPUC safety staff to monitor and enforce safety plan  
8 implementation.<sup>13</sup>  
9

10 SoCalGas experience has been that completing root cause analysis after a safety  
11 incident has occurred or a hazard identified, requires specific investigative experience,  
12 analytical skills and job knowledge. Identifying ways to effectively address the root  
13 cause(s) or underlying factor(s), and prevent future injury or eliminate a hazard, requires  
14 skilled and creative people. As UWUA witness Mr. Frias stated, “SCG currently has a  
15 practice of releasing certain knowledgeable and experienced employee union  
16 representatives in the event of incident in his/her expertise.”<sup>14</sup> Accordingly, where  
17 appropriate, SoCalGas is already involving Union employees in its investigations.  
18 SoCalGas is in the best overall position to decide, and should continue to be the entity  
19 that decides, who is best able to effectively participate in its incident investigations.

20 Indeed, qualified instructors already train many SoCalGas safety committee  
21 members in incident investigation techniques. These techniques, while not identical to  
22 those in the SOS program, include exploration of ways to identify underlying factors and  
23 control hazards. Application of these techniques can result in safety improvements  
24 similar to those described by UWUA witness, Mr. Devlin, including “Design and  
25 Engineering, Maintenance and Inspection, Mitigation, Procedures and Training, Warning  
26 and Personal Protective Factors.”<sup>15</sup> As demonstrated earlier in my testimony, the

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<sup>13</sup> Exh. UWUA-2, p. 13, lines 3-7 (emphasis added).

<sup>14</sup> Ibid, p. 13, lines 27-29.

<sup>15</sup> Exh. UWUA-3, p. 8, lines 4-9.

1 techniques that SoCalGas has been using are positively influencing the SoCalGas safety  
2 culture.

3 Another problem with the UWUA proposal is the Company's desire to conduct  
4 immediate or same-day investigations. Indeed, even the SOS training program  
5 emphasizes that "a good investigation begins as soon as possible after the incident has  
6 been reported and the situation is controlled and safe."<sup>16</sup> During the training, the course  
7 instructors stated that conducting the investigation, "the same day is best". It would be  
8 difficult, if not impossible, for the 12 specific union-designated representatives, who also  
9 have other work, to conduct same-day incident investigations throughout SoCalGas'  
10 expansive service territory. Qualified local personnel, regardless of whether or not they  
11 are handpicked union representatives, are in the best position to complete timely  
12 investigations, identify contributing factors, and implement the changes necessary to  
13 prevent future incidents or control hazards.

14  
15 **E. The Commission should address the comments UWUA filed in the Gas**  
16 **Safety Rulemaking, on July 15, 2011, in the Gas Safety Rulemaking**  
17 **proceeding – not here.**

18 In addition to the proposals described above, UWUA recommends incremental  
19 changes to the existing organizational structure for safety at SoCalGas, including  
20 "Creation by the Commission of robust independent channels for employee/union  
21 communication with CPUC inspector and enforcement staff along regular organized  
22 lines."<sup>17</sup> SoCalGas requests that the Commission address this recommendation in the  
23 current on-going Gas Safety Rulemaking proceeding, as appropriate. The establishment

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<sup>16</sup> Incident Investigation Training, Edition 1, Draft 1.0, August 2011, © 2011 Institute for Sustainable Work and Environment (ISWE), p. 67.

<sup>17</sup> Exh. UWUA-2, p. 13, lines 12-14.

1 of “robust independent channels for employee/union communication with CPUC  
2 inspector and enforcement staff”<sup>18</sup> is outside the scope of this GRC.

3  
4 **IV. SUMMARY AND CONCLUSION**

5 SoCalGas is committed to employee and customer safety. UWUA’s safety program  
6 proposal would increase costs to ratepayers by “\$3 million over 2 years”<sup>19</sup> without a  
7 corresponding benefit to employees or customers. The Commission should not mandate the  
8 specific safety programs SoCalGas implements, nor should it mandate the role that SoCalGas’  
9 Union membership should have in promoting its safety culture in this proceeding. If the  
10 Commission decides to adopt a new policy regarding the role of Union membership in adopting  
11 safety programs, that decision is better left to the on-going Gas Safety Rulemaking proceeding.

12 If the Commission concludes that SoCalGas should increase its employee training  
13 beyond current levels, that such training is of value to ratepayers and that SoCalGas safety  
14 training funding should be increased, then SoCalGas will undertake efforts to find or develop  
15 additional training that, contrary to the SOS program, will be effective and likely to measurably  
16 improve overall safety at SoCalGas.

17 In other words, SoCalGas does not believe that it is in the best interest of its employees  
18 and customers to have the Commission mandate the specific programs or materials SoCalGas  
19 should use to improve safety. In light of its history in improving safety and its current safety  
20 culture, SoCalGas is in the best position to determine the specific safety programs it uses.  
21 Indeed, UWUA has offered no facts that would indicate SoCalGas is not in the best position to  
22 choose the best safety programs for its employees and customers.

23 This concludes my prepared rebuttal testimony.

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<sup>18</sup> Ibid., p. 13, lines 12-13.

<sup>19</sup> Ibid., p.10, line 22.

1 **V. WITNESS QUALIFICATIONS**

2 My name is Mark L. Serrano, and I am presently employed by the Southern California  
3 Gas Company. My business address is 555 W Fifth St., Los Angeles, California, 90013.

4 I am currently the Director of Safety, Wellness and Disability Services. I am directly  
5 responsible for directing, managing and planning the functions performed by the Safety,  
6 Wellness and Employee Care Services departments within SoCalGas. The staffs within these  
7 departments provide services that impact both employees and customers.

8 I have been employed by SoCalGas since 1980. I have served as a witness in one other  
9 proceeding before the CPUC, that being the Advanced Metering Infrastructure proceeding  
10 (A.08-09-023). Between 1980 and 1994 I worked in various positions within the Industrial  
11 Engineering, and later Performance Measurement department within the Human Resources  
12 organization. Over that period, my primary responsibilities were to support, lead, supervise or  
13 manage performance improvement and performance measurement projects. From 1995 until  
14 recently, my primary responsibility was to manage the meter reading function and coordinate and  
15 support other special projects and initiatives, including the Advanced Meter (“AMI”) project.

16 I received a Bachelor of Science degree from the University of California, Los Angeles in  
17 1979.