

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

Order Instituting Investigation on the
Commission's Own Motion to Determine
Whether Southern California Gas Company's and
Sempra Energy's Organizational Culture and
Governance Prioritize Safety (U904G).

**I.19-06-014
(Filed June 27, 2019)**

**SOUTHERN CALIFORNIA GAS COMPANY'S RESPONSE TO ORDER INSTITUTING
INVESTIGATION I.19-06-014**

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I. INTRODUCTION

Pursuant to the California Public Utilities Commission’s (“CPUC” or “Commission”) Order Instituting Investigation (“OII”) in the above-captioned proceeding, Southern California Gas Company (“SoCalGas”) submits this response to address the preliminary scope of the proceeding and several issues raised therein. SoCalGas agrees with the Commission that an effective safety culture is a prerequisite to promoting safe utility operations and takes seriously its responsibility to provide safe, reliable, and affordable service to its customers. SoCalGas holds safety as its core value and welcomes working with the Commission to advance and enhance utility safety culture as part of this investigation.

II. DISCUSSION

A. The Commission Should Define “Safety Culture Plan.”

SoCalGas looks forward to working with the Commission’s Safety and Enforcement Division (“SED”) and its selected consultant to demonstrate that safety is the foundation of our company, and to commence a dialogue to define “safety culture” and “safety culture plan” that can serve as models for gas utilities in California. It is important to note at the outset that, although the issues identified in the preliminary scoping memo in the OII propose to examine SoCalGas’ “safety culture plans,” the OII’s discussion of safety culture reflects that there is much ambiguity as to what a “safety culture plan” is and what it should encompass. The OII

draws upon the definitions of multiple federal and state agencies spanning numerous industries to describe “safety culture.”¹ The respective safety culture plans of these various regulated entities are likely different based on the needs and characteristics of their geographic location and industry, and possibly even their regulating bodies. SoCalGas supports that safety culture plans should reflect important differences among industries and utilities, and that a robust safety culture plan should be specific to the industry, region, infrastructure, and customer base of the utility. Recognizing the expected variation and differences, the Commission should clearly define its expectation of “safety culture” and “safety culture plan” in this proceeding in a manner specific to gas utilities in California.

B. SoCalGas Has A Robust, Positive Safety Culture.

1. Safety Is a Core Value.²

SoCalGas’ approach to safety is built on our tradition of providing safe and reliable service for 150 years and is summarized in our Commitment to Safety statement, which is embraced and endorsed by every member of our senior management team:

SoCalGas’ longstanding commitment to safety focuses on three primary areas – employee/contractor safety, customer/public safety and the safety of gas delivery system. This safety focus is embedded in what we do and is the foundation for who we are – from initial employee training, to the installation, operation and maintenance of our utility infrastructure, and to our commitment to provide safe and reliable service to our customers.³

To promote these principles throughout, and to foster a culture of continuous safety improvement, “[t]he company continuously strives for a work environment where employees at all levels can raise pipeline infrastructure, customer safety, and employee safety concerns and offer suggestions for improvement.”⁴ SoCalGas encourages two-way formal and informal communication between the company and the public, employees and management, and

¹ See Order Instituting Investigation on the Commission’s Own Motion to Determine Whether Southern California Gas Company’s and Sempra Energy’s Organizational Culture and Governance Prioritize Safety (“OII”) at 3-6.

² As noted in SoCalGas’ most recent general rate case, A.17-10-007/008 (consolidated with San Diego Gas & Electric Company), risk management also informs our safety culture. As discussed throughout the revised Risk Management Testimony Volume, “Effective risk management practices help to reinforce a strong and positive safety culture.” A.17-10-007/008, Ex. 03 at 29 (Day/Flores/York).

³ SoCalGas’ Natural Gas System Operator Safety Plan (2019) at 6; available at: https://www.socalgas.com/regulatory/documents/r-11-02-019/2019_SoCalGas_Gas_Safety_Plan-FINAL.pdf

⁴ *Id.* at 3.

contractors and the company, in order to identify and manage safety risks before incidents occur.⁵

These missions coupled with SoCalGas' safety practices, some of which are set forth briefly herein, result in a robust and positive safety culture at our utility.

2. Safety Culture Practices.

Safety culture requires action and organizational focus by all employees. SoCalGas promotes safety practices, policies, and procedures in three primary categories: employee and contractor safety, public and customer safety, and system safety. These pillars of SoCalGas' safety practices are inextricably interconnected, whereby enhancing safety in one area enhances safety in the others. In each of these areas, discussed briefly further below, SoCalGas has developed and implemented strategies to educate, inform, and enhance safety.

SoCalGas recognizes that safety requires a forward-looking and evolving approach and thus its safety culture embodies continuous improvement as an integral element. For example, SoCalGas created an Enterprise Risk Management organization to partner with departments across the company to manage and execute risk management practices. Moreover, following the formal release in July 2015 of American National Standards Institute/American Petroleum Institute Recommended Practice 1173 ("API 1173"), SoCalGas voluntarily adopted and began to implement its foundational principles of safety management systems and is encouraging its pipeline construction contractors to also do the same.⁶ SoCalGas, through development and implementation of API 1173, is centralizing safety advancement activities and has reorganized specific departments into a single organization to promote a comprehensive approach that further strengthens our overall safety culture.

Our safety efforts start at the top with appropriate safety governance. SoCalGas' board includes senior officers with extensive operational and safety experience specific to a natural gas utility and provides oversight at the highest level. Each officer is responsible for safety. Each SoCalGas board meeting commences with a safety discussion which includes items such as a review of year-to-date safety performance, safety operations issues, and current safety topics. Additionally, SoCalGas' board of directors determines the safety-related performance measures

⁵ *Id.*

⁶ API 1173 was discussed in the May 2017 *Assessment of Pacific Gas and Electric Corporation and Pacific Gas and Electric Company's Safety Culture* by NorthStar Consulting Group.

to be included in each year's incentive compensation program ("ICP") and approves actual performance results. The board additionally retains discretion to reduce or eliminate ICP based on actual safety performance.

a. Employee and Contractor Safety

Our 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 and "stop the job," a SoCalGas safety best practice that empowers *anyone* to stop the job at any time, without fear of retaliation, if they see a condition that might be unsafe. Following invocation of "stop the job," the job can only resume once all concerns have been addressed and safety precautions have been taken. We have regional safety committees to provide localized leadership, and our Chief Operating Officer chairs the SoCalGas Executive Safety Council ("ESC"), which includes all executives with operations responsibilities. The ESC formally meets on a quarterly basis, and informally participates monthly in safety stand-downs at various operating locations to engage with employees, supervisors, and managers associated with an operating district. These meetings provide a forum for employees to share their candid feedback on what is going well in safety and what needs to be improved. Issues raised are discussed and addressed during the dialogue session and/or carried forward as action items for later resolution. The resolution is communicated back to the employee and work location and is shared with employees throughout the organization. These sessions enable executives and employees to share their perspectives on safety successes, challenges, and opportunities.

SoCalGas has also instituted numerous practices to strengthen contractor safety. For example, the company developed a Contractor Safety Manual and proactively joined ISNetworld, a third-party electronic platform, to consistently vet and monitor contractors and subcontractors for safety. SoCalGas became a member of the Gold Shovel Standard ("GSS"), a nonprofit organization committed to improving workforce and public safety and the integrity of buried infrastructure. GSS is also designed to strengthen professional contractors' commitment to safe excavation practices, and thus SoCalGas requires its pipeline construction contractors to also participate in GSS.

SoCalGas also promotes a vigilant focus among management, employees, and contractors by investing in regular events on safety issues and facilitating discussion of safety practices.

This includes annual safety stand-downs at its operating districts, annual safety congresses for employees and contractors, and quarterly interactions with its contractors. For example, since 1999, SoCalGas has held annual Safety & Health Congresses to provide a forum for local safety committee members (composed of represented employees) to share and exchange safety information and ideas. Recipients of the Individual and Committee Safety Excellence Awards are announced at the events, recognizing safety stand-outs who embrace the safety culture and demonstrate safety leadership. Since 2015, SoCalGas meets with its pipeline construction contractors on a quarterly basis and annually hosts a Contractor Safety Congress. The purpose of the Contractor Safety Congress is to share safety best practices and learn from one another's experiences to further strengthen our collective safety culture and provide a foundation for safety improvement.

b. Public and Customer Safety

SoCalGas conducts public awareness efforts through education and outreach to enhance the safety of its customers and general public. These efforts are designed to engage with our customers and the public to inform them about our shared safety responsibilities. Of equal importance are outreach activities with local first responder agencies, county coordinators (emergency management), and other public officials which occur on a yearly basis, focusing on how we can partner during an emergency incident response, including a review of infrastructure location information, hazard awareness and prevention, leak recognition and response, emergency preparedness and communications, damage prevention and integrity management. In addition, we also partner with these stakeholders throughout the year on joint drills, exercises, tabletops, and preparedness fairs in order to enhance our coordination and response during emergencies. SoCalGas has also established liaisons with appropriate fire, police, and other public officials across its service territory composed of over 100 fire agencies. Recently, SoCalGas deployed emergency response services to northern and southern California following weather-related events, and also sent assistance to the Boston area following a pipeline overpressure occurrence.

In the continued evolution of enhancing the safety of the public and customers, SoCalGas recently developed and is utilizing data analytics to leverage its Advanced Metering Infrastructure program ("AMI") network to identify safety issues based on gas consumption at AMI-enabled facilities. This allows faster identification of abnormally high gas usage and, in

turn, faster responses to potential safety related situations. Safety benefits have already been realized: investigations commenced as a result of the data have uncovered unsafe conditions, including a residential customer using a cooktop for space heating and a leak at a vacant facility.

c. System Safety

Two main concepts exemplify our approach to maintaining the safety of our system. First, we take a proactive forward-looking approach to system safety. For example, SoCalGas proposed a Storage Integrity Management Program (“SIMP”) for underground storage assets in 2014, *before* federal and state underground gas storage regulations were promulgated, has maintained an accelerated pace of completing its SIMP assessments for storage wells at all four storage fields from its original plan of six years to four years, and has completed nearly 90% of its baseline assessments and abandonments for injection/withdrawal gas storage wells to date, which is considerably ahead of the Division of Oil, Gas, and Geothermal Resources (“DOGGR”) requirement to complete baseline assessments within seven years;⁷ voluntarily expanded its Transmission Integrity Management Program (“TIMP”) to certain non-high consequence areas for increased safety margins; and, without awaiting a Commission directive, lowered the pressure on hundreds of miles of transmission pipeline following the 2010 San Bruno incident and, before a Commission decision on SoCalGas’ Pipeline Safety Enhancement Plan (“PSEP”), SoCalGas began development of the PSEP organization and work on higher priority projects. These are just a few examples of SoCalGas’ forward-looking approach to identifying, evaluating, and reducing integrity risks.

The second aspect that exemplifies SoCalGas’ system safety practices is the institutionalization of continuous improvement processes, including the incident evaluation process (“IEP”). SoCalGas launched a pilot of IEP in 2015 and subsequently formalized the process and implemented a full-time team to support it. IEP supports the root cause analyses of specific events that may have impacted the safety, integrity, or reliability of our system. IEP builds upon processes to analyze incidents, integrate lessons learned, and identify corrective actions from a systematic perspective. A significant element of IEP is using findings to develop and implement improved processes.

⁷ Furthermore, for well integrity casing thickness demonstration for underground storage, SoCalGas goes beyond the DOGGR regulatory requirements by performing both magnetic flux leakage (“MFL”) and ultrasonic (“UT”) inspection technology to detect corrosion or metal loss, even though only one method is required.

This type of learning is not limited to IEP. SoCalGas takes seriously the occurrence of any safety incident, and we use each one to propel us towards further safety enhancements. For example, SoCalGas has incorporated learnings from the Line 235 incident to inform in-line inspections and risk prioritization of pipeline segments in TIMP, specifically regarding in-line inspection tool limitations and tolerances in detecting and sizing complex corrosion. Following the Aliso Canyon incident, and prior to new regulatory requirements, SoCalGas proposed a storage safety enhancement plan to carry forward what already had been implemented for Aliso Canyon to convert all active injection/withdrawal wells at its other storage facilities to tubing flow-only configuration.⁸ Although implementation of SoCalGas' storage safety enhancement plan was delayed as a result of a Commission directive to maintain specified underground storage withdrawal capabilities,⁹ SoCalGas now operates all active injection/withdrawal wells at its storage facilities with tubing flow-only configuration.

SoCalGas also participates in and supports industry safety advancement efforts. SoCalGas invests significantly to remain on the leading edge of technology in research and education, participating in organizations such as the Pipeline Research Council International ("PRCI"), Operations Technology Department managed by the Gas Technology Institute, NYSEARCH, and American Gas Association to learn best-in-industry and cutting-edge practices. Similarly, SoCalGas also shares its lessons-learned with others in the industry to promote safety and allow others to better manage risk. Through more than 50 years of continuous participation in industry research and development consortiums, SoCalGas has participated in developing the pipeline industry's ever-improving technologies including welding, non-destructive evaluation, earthquake design, and evaluation of fitness for service of older pipelines.¹⁰ Recently, following the Line 235 incident, SoCalGas began participating in

⁸ Tubing flow-only configuration of the wells at Aliso Canyon was previously required by DOGGR Order 1109.

⁹ https://www.epuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/News_Room/News_and_Updates/CPUCLettertoSoCalGasreStorageSafetyEnhancementPlan.pdf

¹⁰ Research projects championed by SoCalGas include: 1) Guidelines for Managing Risks to Pipelines Through Landslide and Subsidence Hazard Areas, 2) encroachment technologies for excavation damage prevention, 3) LIDAR technologies for natural force damage prevention, 4) development of risk models for pipeline integrity, 5) cleaning tools, crack, long seam, and girth weld sensors, and robotic pigs for "un-piggable" lines for in-line inspection, 6) development of the riser mitigation coatings and the mini riser vault for riser integrity, 7) development of cross-bore technologies for sewer lateral inspection, 8) improvement of breakaway fitting and excess flow valves to support vehicular damage prevention of above-ground facilities, 9) improvement of personal protective equipment, 10) leak detection

research and study efforts aimed at improving the accuracy of the in-line inspection process. Although SoCalGas is a mid-sized pipeline operator when measured by miles of pipe relative to its industry counterparts, SoCalGas is a major contributor of both engineering talent and funding of critical collaborative research and education associations, with the benefits of its expertise and leadership positively impacting the entire industry.

C. Clear, Measurable, and Meaningful Metrics Should Be Identified.

SoCalGas utilizes metrics to support and enhance our operations. We look forward to having a dialogue with the Commission regarding which metrics should be good indicators of a positive and robust safety culture. As an initial matter, we do not agree that all negative outcomes that can be measured are indicative of a deficient safety culture. We also do not believe that merely having more metrics will translate to a more robust safety culture. Still, there are many metrics that can be meaningful to gauge and validate the strength of our safety culture. We look forward to continuing to examine their efficacy and improving on the metrics we use. One example of a safety metric SoCalGas has relied on is the independent assessment by the National Safety Council (“NSC”).¹¹ In 2013, SoCalGas proactively began its journey to formally assess its safety culture and retained the NSC to use its Safety Barometer Survey to engage all of our employees to provide input on safety, gain benchmarking insight on where SoCalGas stood relative to other companies, and use it as a tool to identify improvement opportunities. SoCalGas has now completed three cycles of the Safety Barometer Survey (2013, 2016, and 2018) and, when compared to 580 other companies who have gone through similar surveys, SoCalGas has ranked consistently high, above the 90th percentile. More important than the ranking, the NSC survey tool has helped to identify safety areas of alignment and strength as well as opportunities for potential improvement.

technologies, 11) pipeline locating technologies, including keyhole technology to expose pipe more simply and safely, 12) development of “hazardous” distribution leak criteria for above-ground leaks, 13) and the evaluation and development of various pipeline materials suitable for long-term pipeline service applications, including plastic pipe risk models, standards for elastomers, integrity of fusion joints and fittings in plastic pipe, and squeeze-off integrity and reinforcement. These projects have led to advancements that have helped to enhance safety not only at SoCalGas, but also others in the industry and beyond.

¹¹ The NSC is a nonprofit organization with the mission of eliminating preventable deaths at work, in homes and communities, and on the road through leadership, research, education, and advocacy. Organizations use NSC surveys to assess their safety culture and elements of their safety management system in order to set and accomplish continuous improvement goals.

In recognition of the fact that an important cornerstone of a good safety culture is an employee's comfort reporting safety concerns without fear of reprisals, we worked with NSC on the safety barometer surveys to include two questions on the topics of employee comfort reporting "close call" incidents and knowledge that supervisors would support their "stop the job" decisions. Results of all three surveys revealed there was substantial alignment among employees on these two critical safety tools, but also highlighted opportunities for improvement. When this was first recognized, SoCalGas initiated a plan to bridge this gap, including involving union leadership. Since this campaign, SoCalGas has seen an increase in the reporting of close call incidents. This is just one example of how we have used metrics to improve our overall safety culture.

The OII contemplates exploring a link between safety performance metrics and compensation. This is a topic worthy of careful consideration as studies are divided on whether linking the two is helpful or harmful, and whether there are unintended consequences. We look forward to probing this topic as it is something we, too, have examined and, after careful consideration, implemented in our incentive compensation structure by increasing the weighting of safety measures to 70% of the company performance component. This portion of incentive compensation is linked to employee and contractor safety measures focused on a safe work environment (such as lost-time incident rate and controllable motor vehicle incidents), and public safety-related operational measures focused on providing a safe and reliable system (such as number of pipeline miles replaced, valves retrofitted, and wells inspected). Further analysis of such metrics will guide how we move forward and should also inform the Commission and others as to this evolving assessment of benefits and risks of linking safety and compensation.

D. The Mere Opening of this OII Does Not Suggest SoCalGas Has a Deficient Safety Culture.

The OII indicates this safety culture investigation was opened based principally on two incidents, one of which currently is being formally investigated by the Commission.¹² In this respect, the opening of this OII is unusual. The PG&E safety culture OII, for example, commenced *only after* the Commission had concluded three separate OIIs related to the San

¹² I.19-06-014 at 2, 6.

Bruno pipeline explosion.¹³ Here, there has been no determination by the Commission that SoCalGas violated any provision of law. The factual basis for this OII is, therefore, unclear, and there is no reason to view the mere opening of this OII as suggesting that SoCalGas has a deficient safety culture. As such, premature conclusions regarding any imprudent safety management or practices should be avoided.¹⁴ Similarly, SoCalGas views this OII as a positive opportunity to learn more about how to enhance its safety culture and continuously improve at an organizational level.

E. The Scope of the OII Should Be Forward-Looking and Avoid Unnecessary Duplication of Other Proceedings and Investigations.

SoCalGas agrees with the OII that the initial phase of this proceeding should not consider fines, penalties, or remedies.¹⁵ Consistent with this directive, the independent consultant's report should be forward-looking and focused on a review of SoCalGas policies, standards, and practices relevant to improving safe utility operations. We are proud of our past commitment to safety, and it is the reason safety is our foundation today; but we also recognize that the notion of how best to promote safety evolves with time and therefore necessarily must be forward-looking. SoCalGas embraces the Commission's efforts to advance and enhance utility safety.

SoCalGas further agrees with the OII that the proceeding should avoid overlap with other proceedings and investigations. In discussing the purpose and scope of the investigation, the OII prudently highlights that this investigation will not conduct a "duplicative review" of enforcement actions of specific incidents already investigated or that are pending investigation at the Commission.¹⁶ SoCalGas supports the Commission's effort to avoid duplication, both to ensure efficient use of resources and avoid conflicting outcomes. However, despite this worthy

¹³ *Order Instituting Investigation on the Commissions Own Motion to Determine Whether Pac. Gas & Elec. Co. & PG&E Corps. Organizational Culture & Governance Prioritize Safety*. (Aug. 27, 2015) 2015 WL 5256612 at *1 ("The Commission recently concluded investigations into PG&E's 2010 natural gas transmission pipeline explosion and fire in San Bruno, PG&E's gas transmission recordkeeping practices, and the operations and practices of its gas transmission pipeline system in locations of higher population density.")

¹⁴ Comments made during the June 27, 2019 Commission Business Meeting by Commissioner Rechtschaffen underscore the need for impartiality. At the business meeting, Commissioner Rechtschaffen appeared to adopt as facts the results of the Blade Report, before SoCalGas has been provided an opportunity to dispute or explain them: "Blade's independent root cause analysis found, it had some troubling findings. It found that the leak in Aliso Canyon was primarily due to corrosion and most notably was preventable with better management practices."

¹⁵ I.19-06-014 at 11, 15, Ordering Paragraph 1.

¹⁶ *Id.* at 1-2, 9.

objective, the OII nonetheless risks expanding the scope of the investigation and delving into matters currently under consideration in another proceeding. The OII states, for example, that the investigation will “conduct a deeper, comprehensive review” of SoCalGas’ operations “to determine if there are systemic issues, *in particular by considering the Blade root cause analysis report.*”¹⁷ The Blade root cause analysis report (“Blade Report”), however, forms the basis of a separate investigation that the Commission opened concurrently with this OII.¹⁸ The Commission’s consideration of the Blade Report in this proceeding risks duplicating efforts and producing inconsistent results. It would therefore be prudent to evaluate the Blade Report, including the veracity of its findings, *exclusively* within that investigation. For the same reasons, the Commission should make clear that this proceeding will not duplicate other investigations currently underway or already completed.

F. This Proceeding Should Neither Reference Nor Rely on the Findings of the Blade Report.

The OII makes several references to the findings of the Blade Report which are irrelevant and inappropriate for the purposes of this proceeding and further are potentially tainted in light of a recently discovered conflict of interest involving SED management.

First, as referenced above, the Blade Report is the subject of a separate adjudicatory proceeding. Investigation I.19-06-016, opened on the same day as this investigation, will necessarily evaluate and adjudicate the findings detailed in the Blade Report. In opening proceeding I.19-06-016, the Commission was explicit that it was accepting “the facts stated in the Blade Report as accurate, solely for the purpose of commencing [that] investigation,” and that SoCalGas would be provided “ample opportunity to contest any factual assertions in the Blade Reports.”¹⁹ The Blade Report itself will be subject to much dispute, including whether its findings are accurate. SoCalGas intends to address significant concerns with the Blade Report within the scope of that proceeding. Those issues should not be litigated here, concurrently, as well.

Second, the consultant engaged for purposes of this OII should perform its investigation independently and should not consider the Blade Report—the findings and validity of which are

¹⁷ I.19-06-014 at 9 (emphasis added).

¹⁸ In a separate OII opened on the same day as this proceeding, the Commission is considering the findings in Blade Energy Partners’ Root Cause Analysis. *See* I.19-06-016.

¹⁹ I.19-06-016 at 3.

uncertain at this time, and which, as referenced above, will be subject to adjudication in a separate OII proceeding before the Commission. Moreover, the technical findings of the Blade Report are not relevant to the consultant's investigation here and can serve only to prejudice the consultant's independent review. The purpose of the Blade Report was to determine the technical root cause of the Aliso Canyon gas leak at well SS-25, not to assess or make findings regarding SoCalGas' safety culture.²⁰ To prevent duplicative review and preserve the independence of the consultant, the Commission should clarify, both in its forthcoming Scoping Memorandum and the consultant's scope of work, that the consultant's analysis should be based on its own opinion, analysis and work product and should not rely on the findings or analysis in the Blade Report. The Commission should further make clear that the Blade Report is subject to dispute in the separate OII and therefore should not be relied on.

Third, the Commission should not rely on the Blade Report in this proceeding because the Blade Report's findings may be tainted by a conflict of interest involving SED management. On June 4, 2019, SoCalGas learned through a press release that SED's Program Manager, and lead investigator into the Aliso Canyon leak, had filed a personal injury lawsuit against SoCalGas. The SED lead investigator's complaint asserts a claim for damages due to health issues allegedly attributable to his visits to Aliso Canyon during the leak. As part of the lead investigator's role into the Aliso Canyon incident, he oversaw Blade's investigation and, SoCalGas understands, was in regular contact with Blade personnel, including as recently as May 2019. SoCalGas has serious concerns about whether, and to what degree, the SED lead investigator improperly may have influenced Blade's investigation. On June 13, 2019, SoCalGas asked the Commission to preserve all potentially relevant documents and information from SED's lead investigator and fully investigate the scope and impact of his conflict of interest.²¹ Until this is done, the credibility of the Blade Report and of Blade's investigation overall is in serious question.

For the reasons given above, and to preserve the integrity of this proceeding, the Blade Report should be excluded from the scope of this proceeding.

²⁰ See *CPUC/DOGGR Letter to SoCalGas* (Dec. 14, 2015) (ordering SoCalGas to hire an independent third party to "perform a technical root cause analysis (RCA) on the nature of the failure of well SS25 and the technical cause of the leak."), available at: <https://www.cpuc.ca.gov/aliso/>.

²¹ See Attachment A, June 13, 2019 letter from Southern California Gas Company to California Public Utilities Commission.

G. The Moratorium on Discovery Should Apply Equally to Discovery Propounded by Any Party.

The OII places a moratorium on SoCalGas’s discovery on the Commission and its staff during the initial phase of the proceeding, until the independent consultant’s report is complete, to “enable SED and the consultant to investigate and prepare its report on SoCalGas’s safety culture.” To enable SoCalGas to provide the support necessary to SED and the consultant to prepare their report in a timely manner, the Commission should extend this discovery moratorium to all other parties to this proceeding and preclude parties from seeking discovery from SoCalGas and other parties, including SED, while they are focused on engaging in discovery and preparing the report. If SoCalGas must respond to discovery propounded by other parties, it may distract from SoCalGas’ ability to promptly respond to requests by SED and/or its consultant. Similarly, if other parties may propound discovery on SED, SED’s and its consultant’s activities may be hindered. The Scoping Memorandum thus should make clear that the discovery moratorium applies to all parties seeking discovery from SoCalGas, and any other parties, including SED, for the same period.

H. Consistent with Other Proceedings, Consultant Costs Should Be Capped.

The OII requires SoCalGas to contract with a consultant selected by SED, and further requires SoCalGas to pay for the consultant’s services.²² However, the OII fails to set a cap for the consultant costs SoCalGas or its ratepayers may ultimately be required to incur. This is a significant departure from the Commission’s past practice on this issue. In the PG&E safety culture OII, for example, the Commission ordered PG&E to reimburse the Commission for the consultant contracted by SED “in an amount not to exceed \$2 million.”²³ The Commission should clarify in its Scoping Memorandum that the fees incurred by SED’s selected consultant similarly must not exceed \$2 million.

III. CONCLUSION

As it does with all regulatory investigations, SoCalGas intends to cooperate fully with this Safety Culture OII and, indeed, looks forward to commencing a fruitful dialogue that will benefit other utilities as well. Safety is of paramount importance to SoCalGas and its leadership.

²² I.19-06-014 at 15, Ordering Paragraph 7.

²³ I.15-08-019 at 23, Ordering Paragraph 7.

While we are proud of our strong safety culture, an integral part of safety culture is continuous improvement. SoCalGas embraces continuous improvement and looks forward to this opportunity to enhance our safety practices and procedures. With this in mind, we look forward to working with the Commission to develop a clear definition for “safety culture plan,” and determining which metrics are useful to measure the strength of each.

Regarding procedural matters, SoCalGas respectfully requests the Commission to clarify in its Scoping Memorandum and Ruling: that the scope of this proceeding is to be forward-looking and shall avoid duplication with other investigations; that, to preserve the independence of this investigation, neither SED nor its consultant may rely upon findings made in the Blade Report; that, to preserve the integrity of this proceeding, the scope of this proceeding should exclude any reference or reliance upon the Blade Report; that, in order to allow the fact-finding to proceed in an efficient and timely manner, the discovery moratorium proposed in the OII should apply to *all* discovery in this proceeding, other than discovery by SED and/or its consultant on SoCalGas; and that consultant costs should be capped at \$2 million.

Dated: July 29, 2019

Respectfully submitted,

/s/ Avisha A. Patel

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ATTACHMENT A



A  Sempra Energy utility

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BY EMAIL AND U.S. MAIL

June 13, 2019

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Re: Bruno Conflict of Interest

Dear Ms. Aguilar:

I am writing to you about an issue of pressing importance to both Southern California Gas Company (SoCalGas) and the California Public Utilities Commission (Commission). On June 4, 2019, we learned through a press release that Mr. Kenneth Bruno -- Program Manager in the Gas Safety and Reliability branch of the Commission's Safety Enforcement Division (SED) and the Commission's lead investigator for the October 23, 2015 Aliso Canyon gas leak -- had filed a personal injury lawsuit against SoCalGas, alleging that his current health issues are a result of the time he spent at Aliso Canyon during the leak. The press release was issued by three law firms that represent plaintiffs in the civil litigation related to the gas leak, and it indicated that they also represent Mr. Bruno. Mr. Bruno's role as both the Commission's lead investigator and a private personal injury plaintiff presents a profound conflict of interest that may have undermined the Commission's entire Aliso Canyon investigation, including the recently published report from Blade Energy Partners (Blade).

To ensure that both the Commission and SoCalGas are able to discover all pertinent facts regarding this unfortunate situation, we respectfully request the Commission take all necessary measures to preserve all potentially relevant documents and information from Mr. Bruno and his staff. This includes any communications between Commission staff and any of the three law firms that issued the press release announcing Mr. Bruno's lawsuit and any communications with Blade, as well as the ability to determine what information Mr. Bruno may have downloaded, forwarded or copied to others.

In the interim, before any additional work is performed on the Aliso Canyon investigation, SoCalGas would like to confer with the Commission to confirm that Mr. Bruno can no longer access non-public materials in the Commission's custody and possession and be assured that the Commission will investigate fully the nature, scope and impact of Mr. Bruno's conflict of interest as it relates to the Aliso Canyon investigation and any other SoCalGas matters.

Arocles Aguilar
General Counsel
California Public Utilities Commission
June 13, 2019
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We are confident that the Commission recognizes the reasonableness and seriousness of our concerns and shares similar concerns regarding the impacts on both SoCalGas and the integrity of its own processes. I would like to meet with you at your earliest convenience to discuss these matters.

Regards,



David J. Barrett
Vice President and General Counsel

cc: Alice Stebbins, CPUC Executive Director
Elizaveta Malashenko, Deputy Executive Director
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