

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. \_\_\_\_\_

**ORDER INSTITUTING INVESTIGATION**

**I. INTRODUCTION**

The Commission hereby institutes this investigation to determine whether the organizational culture and governance of Southern California Gas Company (SoCalGas) and its parent company, Sempra Energy, prioritize safety and adequately direct resources to promote accountability and achieve safety performance goals, standards and improvements. The Commission, during the first phase of this proceeding, directs the Commission’s Safety and Enforcement Division (SED) to investigate, and produce a consultant’s report that evaluates SoCalGas’ organizational culture, governance, policies, practices, and accountability metrics in relation to its record of operations, including its record of safety incidents, and to produce a report on the issues and questions contained in this order. The consultant’s report will also evaluate the Sempra Energy’s organizational culture, governance, policies, practices, and accountability metrics in relation to ensuring that its California-regulated subsidiaries operate their systems in a safe manner. In a later phase of this investigation, the Commission may consider revising existing or imposing new orders and conditions on SoCalGas or Sempra Energy, as necessary and appropriate to optimize public utility resources and achieve operational and safety performance record required by law, and to promote a high-functioning safety culture that promotes continuous safety improvement. This investigation will not undertake a duplicative review of specific incidents already investigated or that are pending investigation at the Commission.

This investigation is initiated as a result of recent incidents which raise concerns regarding SoCalGas' prioritization of safety in its operations and the role of its parent, Sempra Energy, to foster safety throughout its organization. On October 23, 2015, a leak of natural gas was detected in Standard Sesnon 25 (SS-25), one of the wells at the Aliso Canyon storage facility. The leak continued until February 11, 2016. On May 17, 2019, Blade Energy Partners (Blade), an independent consultant company responsible for investigating the causes(s) of the Aliso Canyon gas leak, issued its root cause analysis, which raises concerns about whether SoCalGas' policies and practices ensure that it maintains and operates its gas facilities in a safe manner.<sup>1</sup>

Since the incident at Aliso Canyon, SoCalGas Line 235-2 experienced an explosion in the immediate vicinity of Line 4000,<sup>2</sup> a large and adjacent line that also carries flammable and pressurized natural gas. Following the explosion, both lines were removed from service. Both lines have also experienced numerous leaks.

The persistence of safety incidents motivates us to undertake this investigation to determine whether they are rooted in SoCalGas's organizational culture and governance and the Sempra Energy's role in SoCalGas's safety culture.

## **II. THE SAFETY CULTURE OF REGULATED UTILITIES**

A public utility's organizational culture is shaped by its governance, or rules of accountability. A public utility whose organizational culture and governance prioritize safety, makes safety the primary objective of the entire organization, encourages employees to report safety concerns with non-punitive outcomes, and that achieves a positive record of safe operation, can be described as possessing a high-functioning safety culture.

---

<sup>1</sup> Blade's root cause analysis, along with supporting documentation, are available at [www.cpuc.ca.gov/aliso/](http://www.cpuc.ca.gov/aliso/).

<sup>2</sup> See Commission Draft Resolution G-3535, p. 2, available at: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M199/K322/199322740.PDF>. See also <https://www.reuters.com/article/us-sempra-alisocanyon-natgas/socalgas-delays-return-of-california-natgas-pipe-by-three-weeks-to-late-july-idUSKCN1TL1P4>.

An effective safety culture is a prerequisite to a utility's positive safety performance record. 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."<sup>3</sup> Under this definition, a positive safety culture includes, among other things:

- A clearly articulated set of principles and values with a clear expectation of full compliance.
- Effective communication and continuous education and testing. "Employees will do it right sometimes if they know how. They're more likely to do it right every time if they fully understand why."<sup>4</sup>
- Uniform compliance by every individual in the organization, with effective safety metrics, recognition, and compensation,

---

<sup>3</sup> Transportation Research Board of the National Academies. Transit Cooperative Research Program, Report 174 (November 2014). Sponsored by the Federal Transit Administration. "Improving Safety Culture in Public Transportation," at 3. ([http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp\\_rpt\\_174.pdf](http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_174.pdf)). Various federal governmental organizations have a similar definition of "safety culture." *See id.*, citing the Department of Energy, Energy Facilities Contractor Group's definition of a safety culture as "an organization's values and behaviors, modeled by its leaders and internalized by its members, which serve to make safe performance of work the overriding priority to protect the public, workers, and the environment"; the Transit Rail Advisory Committee for Safety's definition of safety culture as "the product of individual and group values, attitudes, perceptions, competencies, and patterns of behavior that can determine the commitment to and the style and proficiency of an organization's safety management system"; and the Federal Railroad Administration's (FRA's) definition of organizational culture as "shared values, norms, and perceptions that are expressed as common expectations, assumptions, and views of rationality within an organization and play a critical role in safety." The FRA notes that organizations with a positive safety culture are characterized by "communications founded on mutual trust, shared perceptions of the importance of safety, and confidence in the efficacy of preventive measures." *See also Safety Culture: A report by the International Nuclear Safety Advisory Group (INSAG-4)* of the International Atomic Energy Agency (1991, Vienna), which defines safety culture as "that assembly of characteristics and attitudes in organizations and individuals which establishes that, as an overriding priority, nuclear plant safety issues receive the attention warranted by their significance."

<sup>4</sup> Ellis, Mike. Atmos Energy. "Safety Culture – Cultivating the Soul." Virginia State Corporation Commission, 2014 Pipeline Safety Conference (emphasis in original).

and consequences or accountability for deviating or performing at, above, or below the standard of compliance.

- Continuous reassessment of hazards and reevaluation of norms and practices.

The success of a safety culture will depend on *leadership* committed to making safety first, particularly in “companies such as utilities where there are many layers of employees,” *commitment by every employee and contractor of the organization*, and *consistent execution of the principles, values, and norms* is necessary.<sup>5</sup>

Additionally, after the 2010 San Bruno explosion, the Commission convened a panel of experts, the Independent Review Panel, and tasked it with recommending improvements for the safe management of Pacific Gas and Electric Company’s (PG&E) natural gas transmission lines. The Independent Review Panel discussed how an effective risk management plan produces a “mature risk culture”:

Risk Management refers to the process by which an organization identifies and analyzes threats, examines alternatives, and accepts or mitigates those threats. An organization’s maturity in the area of risk management is indicated by the priority, pro-active thought and serious effort it allocates to this process. To meet the challenge of addressing the complexities inherent in risk management, the leadership of the organization needs to establish and promote a thorough and honest company-wide communication system. Such a system ensures management it receives all of the information it needs to identify the key risk decisions it should be addressing and to make well-informed decisions about them in a systematic fashion. An organization with a mature risk culture is one willing and able to meet the challenge of making the organization’s significant decisions in a thorough yet timely manner. The risk culture is set by the top management team, can be influenced by its Board of Directors, and is informed by a workforce engaged in a vibrant communication process and underpinned by subject matter expertise in the business.<sup>6</sup>

---

<sup>5</sup> Martin, Greg. “The Need for Safety Culture in the Utilities Industry.” *Utility Products*, Vol. 6, issue 3. .

<sup>6</sup> Independent Review Panel Report at 14.

In Commission proceeding I.15-08-019,<sup>7</sup>Northstar, the consultant tasked with evaluating PG&E's safety culture, described safety culture as follows:

A strong safety culture requires commitment and accountability throughout an organization. A company's leadership and executive management must display a positive commitment to safety that is recognized throughout the organization. This commitment must be evident in the actions of management and the support they provide to the workforce. The organization must provide its people with the tools, resources, training and oversight necessary to ensure safe operations. Rules and requirements must be clear and consistent. Management must take a thoughtful approach to incidents and the implementation of new rules and standards. Employees should feel accountable for their own safety and the safety of their co-workers. They should feel comfortable stopping work during unsafe conditions or stepping in if they see another employee placing themselves, others or the public at risk. Employees should feel comfortable reporting potential hazards and incidents without fear of retribution as these can provide valuable lessons learned to improve safety practices. Disciplinary procedures should be consistently applied, recognizing the difference between human error, process defects, insufficient controls and a wanton disregard for safety rules.

The success of a safety culture depends upon *leadership* committed to making safety its first priority. This is particular true in company such as utilities where there are many layers of employees. The commitment to safety must extend to every employee and contractor in the organization, with consistent execution of principles, values and norms to foster a strong safety culture.<sup>8</sup>

Moreover, as defined in I.15-08-019, a positive safety culture includes:<sup>9</sup>

- A clearly articulated set of principles and values with a clear expectation of full compliance.

---

<sup>7</sup> Order Instituting Investigation on the Commission's Own Motion to Determine Whether Pacific Gas & Electric Company and PG&E Corporation's Organizational Culture and Governance Prioritize Safety.

<sup>8</sup> docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M235/K399/235399881.pdf, pp. I-3 and I-4.

<sup>9</sup> I.15-08-019, pp. 5-6.

- Effective communication and continuous education and testing. “Employees will do it right sometimes if they know how. They’re more likely to do it right every time if they fully understand why.”
- Uniform compliance by every individual in the organization, with effective safety metrics, recognition, and compensation, and consequences or accountability for deviating or performing at, above, or below the standard of compliance.
- Continuous reassessment of hazards and reevaluation of norms and practices.

We will use these descriptions of a safety culture as a starting point for our investigation. In this investigation, moreover, we will review these existing principles, values, qualities, factors, and metrics used to define, promote, and measure the effectiveness of SoCalGas’s safety culture.

### III. BACKGROUND

#### A. **The Recent Number of Safety Incidents at SoCalGas Raises Serious Concerns About the Utility’s Safety Culture**

The catastrophic Aliso Canyon incident, the explosion at Line 235-2, and prolonged outages of Lines 235 and 4000, each critical energy infrastructure relied on by millions of Californians, raises the very serious question about whether the leadership, organizational culture and governance at SoCalGas and its parent company Sempra Energy prioritize safety.

Regarding the Aliso Canyon incident, Blade’s root cause analysis into the cause(s) of the uncontrolled release of natural gas from SS-25 found, among other things:

- The lack of detailed follow-up investigation, failure analyses, or RCA of casing leaks, parted casings, or other failure events in the field in the past. There had been over 60 casing leaks at Aliso Canyon before the SS-25 incident, but no failure investigations were ever conducted. Furthermore, external corrosion on production casing had been identified in several wells at Aliso Canyon. Based on the data reviewed by Blade, no investigation of the causes was performed.
- The lack of any form of risk assessment focused on wellbore integrity management. This included assessment of qualitative probability of production casing leaks or failures.

- The lack of a dual mechanical barrier system in the wellbore. The 7-inch Outside Diameter (OD) production casing was the primary barrier to the gas.
- The lack of a well-specific well-control plan that considered transient kill modeling or well deliverability. There was no quantitative understanding of well deliverability, although data were available, and well-established industry practices existed for such analysis.
- The lack of understanding of groundwater depths relative to the surface casing shoe and production casing, until the two groundwater wells were drilled at SS-9 in 2018.
- The lack of systematic practices of external corrosion protection for surface casing strings.
- The lack of a real-time, continuous pressure monitoring system for well surveillance.<sup>10</sup>

As we found in our investigation into Pacific Gas and Electric Company's and PG&E Corporation's corporate governance and safety culture, our traditional regulatory oversight and enforcement tools alone do not necessarily prevent safety incidents.<sup>11</sup> Our regulatory mandate to assure that SoCalGas provides safe, reliable and affordable service, with minimal risk to its workers, contractors and the public is paramount.

**B. SoCalGas' Obligations to Ensure the Safe and Prudent Operation and Management of Utility Assets Are Mandated by Law and Encompass the Responsibility of Competently and Prudently Managing Utility Assets Dedicated to Serving the Public**

The Commission, invested by the California Constitution and the Public Utilities Code with police power to regulate public utilities, among other actions sets rates, authorizes capital investments and operating budgets, and awards franchises to companies such as SoCalGas.<sup>12</sup> A "franchise to operate a public utility ... is a special

---

<sup>10</sup> Blade Report at 237-8.

<sup>11</sup> See, I.15-08-015.

<sup>12</sup> *Hartwell Corporation v. Superior Court of Ventura County* (2002) 27 Cal. 4th 256, 280-81.

privilege which ... may be granted or withheld at the pleasure of the State.”<sup>13</sup> Holding that franchise, SoCalGas must “comply with the comprehensive regulation of its rates, services, and facilities as specified in the Public Utilities Code.”<sup>14</sup> And the Commission must actively, not passively, supervise and regulate public utilities.<sup>15</sup>

SoCalGas’s obligation to safely and reliably operate its utility system is paramount. The Commission has noted that safety is a subsidiary responsibility of a utility under Public Utilities Code Section 451, stating specifically:

...the safety obligation established by Section 451 is not a residual, variable byproduct of a particular rate level set by the Commission. ***To be clear, public utilities are not permitted to adopt anything other than safe operations and practices***, even if they believe that rates approved by the Commission are inadequate.<sup>16</sup>

### C. Purpose of Investigation

This investigation will evaluate SoCalGas’s and Sempra Energy’s governance, policies, practices, and safety metrics that have formed and continue to shape its safety culture and record of operation and performance. This investigation will also assess whether SoCalGas’s organizational culture and governance are related to SoCalGas’s safety incidents and performance record, and if so, to what extent. This investigation will consider all available regulatory tools to assure safe gas utility service in southern California. This may include, among other things, broad ranging tools such as linking return on equity to safety performance and periodic reviews of SoCalGas’ certificate to provide utility services.

---

*See also Arkansas Elec. Coop Power v. Arkansas Public Serv. Comm’n* (1983) 461 U.S. 375, 377.

<sup>13</sup> *Pacific Gas & Electric Co. v. State Energy Resources Conservation and Development Comm’n* (1983) 461 U.S. 190, 205, quoting *Frost v. Corporation Comm’n* (1929) 278 U.S. 515, 534 (dis. op. of Brandeis, J.).

<sup>14</sup> *Hartwell*, *supra*, 27 Cal. 4th at 280-81.

<sup>15</sup> *Sale v. Railroad Commission* (1940) 15 Cal. 2d 612, 617.

<sup>16</sup> D.15-04-023 [I.12-01-007], *Modified Presiding Officer’s Decision Regarding Alleged Violations by Pacific Gas and Electric Company in Connection with the San Bruno Explosion and Fire*, *mimeo* at 26-27 (emphasis added).

This investigation will not conduct a duplicative review of our enforcement actions concerning specific incidents already investigated or that are pending or ongoing investigation at the Commission. This investigation will instead conduct a deeper, comprehensive review of SoCalGas's and Sempra Energy's organizational culture, governance, and operations, and to determine if there are systemic issues, in particular by considering the Blade root cause analysis report.

Through an independent consultant review and report, this investigation will examine SoCalGas's budgets, operational requirements, staffing, and approved revenue requirements and recorded spending in past years and how they further SoCalGas' compliance and regulatory obligations.

In D.12-04-010, issued in the Commission's rulemaking to revise the gas safety rules, the Commission emphasized the importance of "corporate leaders who are committed to safety as their first priority and who establish the priorities and values of a corporation, translate those priorities into a safety management system in its daily operations, and ... instill in the corporation's workers a commitment to safety through personal example and reward systems."<sup>17</sup> Accordingly, the safety culture investigation should analyze the safety experience of the Boards of Directors and executive leadership, the extent to which they prioritize safety, and the governance policies that promote accountability for their decisions and actions, including executive compensation policies.

#### **IV. DIRECTION FOR SED TO INVESTIGATE SOCALGAS' AND SEMPRA ENERGY'S SAFETY CULTURE AND FOR PREPARATION OF A CONSULTANT'S REPORT**

In the initial phase of this proceeding, we direct SED to act in its advisory capacity to investigate SoCalGas's and Sempra Energy's safety culture and to seek answers to the

---

<sup>17</sup> D.12-04-010 [R.11-02-019], *Order Instituting Rulemaking on the Commission's Own Motion to Adopt New Safety and Reliability Regulations for Natural Gas Transmission and Distribution Pipelines and Related Ratemaking Mechanisms*, mimeo at 20-21. In that decision we ordered SED (then CPSD, or the Consumer Protection and Safety Division) to conduct a "management audit" of gas corporations. The order for those audits has since been replaced by the Commission's decision on integrating safety in rates, D.14-12-025. The report on SoCalGas' safety culture ordered herein will be similar to the management audit ordered in D.12-04-010.

questions raised in this order. SED's assessment should be contained in a consultant's report and provided to the assigned Commissioner and the assigned Administrative Law Judge.

We hereby authorize SED to retain the services of an expert consultant(s) to assist it in this investigation and reporting. SoCalGas shall contract with a consultant selected by SED. The consultant shall report to and act at the sole direction of SED. SoCalGas shall pay for the consultant's services.

The expert consultant(s) shall maintain the confidentiality of data gathered in this investigation, its work product, and the consultant's report unless otherwise directed by the assigned Commissioner, assigned Administrative Law Judge, or Commission.

## **V. PRELIMINARY SCOPING MEMO**

### **A. Issues Presented**

1. Have SoCalGas's Board of Directors, executive leadership, and management prepared and implemented effective safety culture plans, risk-management plans, and policies and procedures to promote a high-functioning safety culture?
2. What type and quality of safety-related education, training and experience is present with current Board of Directors of SoCalGas and Sempra Energy? How do the current board composites align with safety governance and operational needs of SoCalGas and best practices?
3. What type and quality of management, governance, and accountability metrics and measures will ensure that SoCalGas will optimize its resources to ensure a high-functioning safety culture, consistent with its safety culture plans, policies and procedures, organizational management, governance rules, reporting and operating structure, size and geographic reach, and other factors?
4. How does SoCalGas react organizationally – in terms of leadership, management, governance, policy development, communication with regulatory agencies, and risk management – when a significant safety event occurs?
5. How does SoCalGas react organizationally when the Commission institutes an investigation into alleged violations?

6. How does SoCalGas react organizationally when Commission staff investigates a significant safety event or conducts routine safety inspections of the utility?
7. To what degree do the Boards of Directors of SoCalGas and the Sempra Energy weigh SoCalGas's safety record when they approve executives' and managers' compensation packages, incentives, and accountability metrics and measures, including any remuneration when the employment or agency relationship is terminated or ended? To what degree do the Boards of Directors weigh an individual executive's safety record and risk management record when it considers promoting or appointing executives and Board members?
8. How are safety values communicated and carried out vertically within SoCalGas and Sempra Energy?
9. What qualities, factors, and metrics should be used to define, promote, and measure the effectiveness of SoCalGas's and Sempra Energy's safety culture?

**B. Categorization of Proceeding**

The initial phase of this proceeding is dedicated to SED's investigation of SoCalGas and Sempra Energy consistent with this Order, and SED's consultant(s) will produce a report on SoCalGas's safety culture and other questions presented in the preliminary scoping memo. The initial phase of this proceeding is categorized as quasi-legislative because the Commission is investigating the safety practices of SoCalGas and the Sempra Energy, and not a specific incident.<sup>18</sup> A quasi legislative categorization also applies because there is no prospect in the initial phase of fines, penalties, or remedies in this initial phase, and because the Commission is not investigating or setting rates, or establishing a mechanism that in turn sets rates of a given company.

After the initial phase of this proceeding, when the consultant(s) has completed its report, the assigned Commissioner will determine the scope of and next actions in this proceeding.

---

<sup>18</sup> See, Commission Rules of Practice and Procedure, Rule 1.3(e).

The determination as to category is appealable under Rule 7.6. Pursuant to Rule 7.6(a), appeals of the categorization of this investigation, if any, are to be filed and served within 10 days of the date this OII is issued.

Although the initial phase of this proceeding is categorized as quasi legislative, we shall impose reporting requirements for all ex parte communications. Therefore, parties are required to report ex parte communications in a fashion that complies with the requirements from Article 8 applicable to a ratesetting proceeding. Pursuant to Rule 8.2(d), the Assigned Commissioner may issue a ruling to further restrict or prohibit ex parte communications.

**C. Preliminary Determination of Need for Hearings and Schedule of Proceeding**

As discussed above, the initial phase of this proceeding will consist of SED's investigation into, and presentation of a consultant's report on, SoCalGas's safety culture and the questions raised in this Order. Southern California Gas Company (SoCalGas) shall contract with a consultant selected by Safety Enforcement Division (SED). The consultant shall report to and act at the sole direction of SED. SoCalGas shall pay for the consultant's services. The Assigned Commissioner and ALJ shall set a prehearing conference to determine the next steps in this proceeding, including the scope and categorization of the next phase of this proceeding and if hearings are necessary.

**D. Parties and Service List**

SoCalGas and Sempra Energy are named as Respondents to this investigation. During the first phase of the investigation, SED will be serving as the primary advisory staff. Opening comments in response to this OII are required to be filed and served within 30 days of the issuance of this OII. The initial service list may be updated with additional parties.

**E. Service of OII**

This OII shall be served on the Official Service List for the proceedings that address SoCalGas's safety-related issues:

A.18-07-024, A.17-10-008, A.17-03-021, I.17-02-002,  
A.16-09-005, A.15-05-002, A.14-12-016, A.14-06-021,  
R.11-02-019; A.11-11-002

Service of the OII does not confer party status or place a person who has received such service on the Official Service List for this proceeding.

#### **F. Subscription Service**

Persons may monitor the proceeding by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission's website. There is no need to be on the official service list in order to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission's website.

### **VI. CONFIDENTIALITY OF DISCOVERY, STAFF WORK PRODUCT, AND REPORTS UNTIL ISSUANCE OF CONSULTANT'S REPORT AND ORDER AUTHORIZING APPROPRIATE DISTRIBUTION**

Fundamentally, the public has the constitutional right to scrutinize Commission business,<sup>19</sup> which is undertaken on behalf of the public. In that vein, the Commission has the discretion to disclose investigation records under Section 583 of the Public Utilities Code.

We exercise our discretion here to limit public disclosure of documents during the initial phase of this proceeding, as SED conducts its investigation with the assistance of experts. We emphasize here that our determination is temporary only, until the investigation moves beyond this initial phase. The assigned Commissioner or assigned Administrative Law Judge shall have the discretion to make staff work product and reports public, subject to all appropriate protections.

Pursuant to Public Utilities Code Section 314(a), the Commission and its staff may seek information from SoCalGas at any time. Further, the Commission hereby confirms

---

<sup>19</sup> See Cal. Const. Art. 1, § 3(b)(1).

that under Pub. Util. Code §§ 313, 314, 314.5, 315, 581, 582, 584, 701, 702, 771, 1794, and 1795, the Commission staff may obtain information from utilities and is already deemed to have the general investigatory authority of the Commission.

We do, however, place a moratorium on SoCalGas's and Sempra Energy's ability to conduct discovery on the Commission and its staff during this initial phase of the proceeding, to enable SED and the consultant to investigate and prepare its report on SoCalGas's safety culture and the questions raised in this Order without interference.

## **VII. PUBLIC ADVISOR**

Any person or entity interested in participating in this investigation that is unfamiliar with the Commission's procedures should contact the Commission's Public Advisor's Office in San Francisco at (415) 703-2074, (866) 849-8390, or e-mail [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov); or in Los Angeles at (213) 576-7055, (866) 849-8391, or e-mail [public.advisor.la@cpuc.ca.gov](mailto:public.advisor.la@cpuc.ca.gov). The TTY number is (866) 836-7825. Written communication may be sent to the Public Advisor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102.

## **VIII. INTERVENOR COMPENSATION**

A party that expects to request intervenor compensation for its participation in this proceeding shall file its notice of intent to claim intervenor compensation in accordance with Commission Rule 17.1.

Therefore, **IT IS ORDERED** that:

1. An investigation is instituted on the Commission's own motion to determine whether Southern California Gas Company's and Sempra Energy's organizational culture and governance prioritize safety and adequately direct resources and design accountability metrics and measures to achieve safety goals and standards. This investigation may determine whether changes should be made to Commission orders and conditions, or new orders and conditions imposed, to compel or promote an organizational culture and governance structure that prioritizes safety. No penalties are proposed in the initial phase of this investigation.

2. Southern California Gas Company and Sempra Energy are named as Respondents to this investigation.

3. During this phase of the investigation, the Safety and Enforcement Division will be serving as the primary advisory staff to the Commission.

4. Safety and Enforcement Division (SED) is directed to investigate Southern California Gas Company's and Sempra Energy's organizational culture, governance, policies, practices, and accountability metrics and answer the questions raised in this order. SED's investigation should be contained in a consultant's report, which should be provided to the assigned Commissioner and the assigned Administrative Law Judge, and as further directed by the assigned Commissioner.

5. The Commission staff may obtain any information from Southern California Gas Company that the Safety and Enforcement Division's staff and consultant(s) require to conduct its investigation and reporting.

6. The Commission imposes a moratorium on Southern California Gas Company and Sempra Energy on conducting discovery on the Commission and its staff as described in this Order.

7. Southern California Gas Company (SoCalGas) shall contract with a consultant selected by Safety Enforcement Division (SED). The consultant shall report to and act at the sole direction of SED. SoCalGas shall pay for the consultant's services.

8. Southern California Gas Company shall provide Safety Enforcement Division the draft contract for review prior to execution with the consultant.

9. The consultant(s) shall maintain the confidentiality of its assessment and report unless otherwise directed by SED, the assigned Commissioner, or the Commission.

10. This Order includes a preliminary scoping memo.

11. Pursuant to Rule 7.1(c) of the Commission's Rules of Practice and Procedure, the initial phase of this proceeding is categorized as quasi legislative.

12. The ex parte reporting requirements applicable to ratesetting proceedings of Article 8 shall apply to the initial phase of this proceeding, consistent with the discussion in this order.

13. The Executive Director shall cause a copy of this Order to be served electronically on the official service lists for Rulemaking (R.) 11-02-019, Investigation (I.) 17-02-002, Application (A.) 18-07-024, A.17-10-008, A.17-03-021, A.16-09-005, A.15-05-002, A.14-12-016, A. 14-06-021, and A.11-11-002.

14. The Executive Director shall cause a copy of this Order to be served by certified mail on the Respondent, Southern California Gas Company and Sempra Energy at:

Jeffrey W. Martin  
Chairman and CEO  
Sempra Energy  
488 Eighth Ave.  
San Diego, CA 92101

Maryam Brown  
President  
Southern California Gas Company  
555 W. 5<sup>th</sup> Street  
Los Angeles, CA 90013

Erbin Keith  
Deputy General Counsel  
Sempra Energy  
488 Eighth Ave.  
San Diego, CA 92101

Bret Lane  
Chairman and CEO  
Southern California Gas Company  
555 W. 5<sup>th</sup> Street  
Los Angeles, CA 90013

David Barrett  
Vice President and General Counsel  
Southern California Gas Company  
555 W. 5<sup>th</sup> Street  
Los Angeles, CA 90013

Dan Skopec  
Vice President, Regulatory Affairs  
Southern California Gas Company  
8326 Century Park Court  
San Diego, CA 92123

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.