

# **GOVERNANCE AND MANAGEMENT FORUM**

**INVESTIGATION 15-08-019**

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## **PG&E'S SAFETY CULTURE**

**PRESENTATION**

**APRIL 15, 2019**



**NORTHSTAR CONSULTING GROUP**

# TOPICS

- **Scope of NorthStar's Review**
- **PG&E's System/Service Territory**
- **Review Activities**
- **Key Findings and Conclusions**
  - **Initial Assessment**
  - **First Update**
- **NorthStar Consulting Group**

# SCOPE OF NORTHSTAR'S REVIEW

**NorthStar was asked to review PG&E's safety culture considering the following questions posed by the Commission in I. 15-08-019:**

- **Do PG&E's organizational failures cited by the NTSB continue?**
- **Is PG&E realizing improvement with sufficient speed or does PG&E's progress suffer from impediments within the control of the company?**
- **Are the improvements PG&E has made (i.e., organizational changes) as widespread and deep as are necessary for a long-lasting and sustainable safety culture?**

**AND**

- **Why are the traditional tools of enforcement not working to prevent safety incidents and promote a high-functioning safety culture?**
- **What additional actions can the Commission take to realize a high-functioning safety culture at PG&E?**

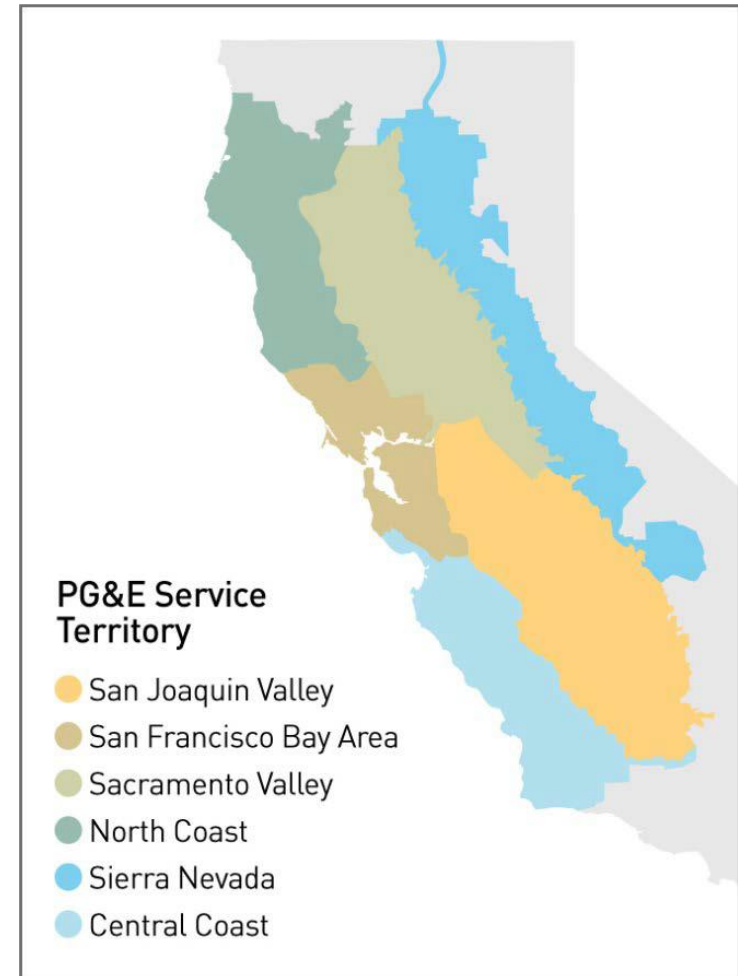
**Upon completion of the initial report, NorthStar was asked to assess PG&E's implementation of selected, critical recommendations.**



# PG&E'S SYSTEM/SERVICE TERRITORY

**PG&E provides natural gas and electric service to approximately 16 million people throughout a 70,000-square-mile service area in northern and central California**

- **70,000 square-mile service area**
- **5.4 million electric customer accounts**
  - 106,681 miles of distribution lines
  - 18,466 miles of transmission lines
- **4.3 million natural gas customer accounts**
  - 42,141 miles of distribution pipeline
  - 6,438 miles of transmission pipeline
- **Nuclear, fossil, solar and hydro power**
- **24,000 employees**



# REVIEW ACTIVITIES

- Reviewed response to over 1,000 information requests
- Conducted over 300 interviews with:
  - Executive Management
  - The Board of Directors (BOD)
  - Representatives from all three unions (IBEW, ESC and SEIU)
  - PG&E safety program SMEs
  - PG&E management and operations personnel within the Lines of Business (LOB) and Corporate Safety at all levels
  - Contractor personnel (during site visits and meeting)
- Attended BOD and Committee meetings
- Observed senior executive field visits
- Observed PG&E and contractor construction and maintenance crews



# REVIEW ACTIVITIES

- **Conducted site/facility visits to:**
  - **Diablo Canyon**
  - **San Ramon, Livermore and Tracy Training Centers**
  - **Wildfire Safety Operations Center**
  - **Gas Control Center**
  - **Feather River Power Houses and Control Center**
  - **Clayton (Lower Lake) Fire Base Camp**
  - **Numerous Field Offices/Service Centers: San Francisco, Daly City, Oakland, Hayward, Sonoma, Chico, San Luis Obispo, Santa Maria, Pismo Beach, Fresno, Auburn, King City, Monterey, Salinas, Antioch, Manteca, Stockton, Needles, Hinkley, Oakport and Modesto**
- **Attended numerous internal meetings, including:**
  - **Enterprise Safety Committee**
  - **LOB Safety Councils**
  - **Enterprise and LOB Risk and Compliance Committees**
  - **Officer and Director Safety Summit**



# **KEY FINDINGS - INITIAL REVIEW**

## **(MAY 2017)**

- **Essentially operating as two utilities**
- **Safety organization suffered from turnover, lack of safety credentials, and organizational placement**
- **Safety push from corporate with limited input from field resources evidence in initiatives and training**
- **Lack of clarity of roles and responsibilities between corporate and the LOBs**
- **Lack of a coordinated comprehensive safety strategy**
- **Numerous initiatives aimed at solving the problem without sufficient analytics**
- **Insufficient focus on supervisory requirements and supervisor time in the field**
- **Cultural differences between the LOBs, between districts/offices and between crews**
- **Stronger focus on safety improvements in gas operations as a result of San Bruno**
- **Positive shift from disciplinary focus and blame to speak up culture and learning from incidents**



# **KEY FINDINGS – FIRST UPDATE**

## **(MARCH 2019)**

- **Corporate Safety elevated within the organization, and reporting to the Safety and Nuclear Oversight Committee of the Board**
- **Continued evolution of the speak up culture and learning from incidents**
- **Improvements in the corporate safety organization resources**
- **Development of a One PG&E Occupational Health and Safety Strategy providing increased consistency**
  - **Greater analytics but still numerous initiatives**
  - **Primarily employee and contractor safety**
- **Continued corporate push with limited input from field**
- **Insufficient focus on supervisory requirements and supervisor time in the field**
- **Increased structure in safety reporting at the Board and executive levels**
- **Ongoing cultural differences between the LOBs, between districts/offices and between crews**





# NORTHSTAR CONSULTING GROUP

- **Full service management consulting firm founded in CA in 1999**
- **Specializes in the utility industry**
  - **Gas, electric and water**
  - **Commissions and utilities (investor-owned, public and municipal utilities)**
- **All aspects of utility operations**
  - **Field operations**
  - **Customer operations**
  - **Executive management and corporate governance**
  - **Finance and budgeting**
  - **Strategic planning and enterprise risk management**
  - **Performance management**
  - **System planning**
  - **Project and work management**
  - **Safety**

