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10-26-16
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Regulation of Physical Security for the Electric Supply Facilities of Electrical Corporations Consistent with Public Utilities Code Section 364 and to Establish Standards for Disaster and Emergency Preparedness Plans for Electrical Corporations and Regulated Water Companies Pursuant to Public Utilities Code Section 768.6.	Rulemaking 15-06-009 (Filed June 11, 2015)

COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) CONTAINED IN ADMINISTRATIVE LAW JUDGE KELLY'S RULING REGARDING RULEMAKING TO FULFILL THE REQUIREMENTS OF PUBLIC UTILITIES CODE SECTION 364

STEPHEN L. GARBER
ALICE L. REID

Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (415) 973-2966
Facsimile: (415) 973-5520
E-Mail: ALR4@PGE.COM

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: October 26, 2016

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I. INTRODUCTION

On June 11, 2015, the California Public Utilities Commission ("Commission") opened the above-captioned order instituting rulemaking ("OIR" or "rulemaking") to establish policies, procedures, and rules for the regulation of physical security risks to the electric supply facilities of electrical corporations consistent with California Public Utilities Code ("P.U. Code") Section 364.[1/] In accordance with the Rules of Practice and Procedure of the Commission and Administrative Law Judge Gerald Kelly's October 11, 2016 Ruling in this proceeding, Pacific Gas & Electric Company ("PG&E") hereby files its responses to the six questions set forth in the Ruling.

1/ Senate Bill ("SB") 699 (Stats. 2014, ch. 550, Sec. 2) amended Section 364 of the California Public Utilities Code. SB 699 requires the Commission, in a new proceeding, or new phase of an existing proceeding, to commence on or before July 1, 2015, to consider adopting rules to address physical security risks to the distribution systems of electrical corporations. The rulemaking was also opened to establish (in a later phase of the OIR) standards for disaster and emergency preparedness plans for electrical corporations and regulated water companies consistent with P.U. Code Section 768.6 was added by Assembly Bill ("AB") 1650 (Stats. 2012, ch. 472).

II. RESPONSES TO QUESTIONS

PG&E's responses to the six questions posed by President Picker are set forth below.

1. How can the CPUC overcome the challenges of building a public record without compromising national security?

PG&E understands the challenges faced by the CPUC in maintaining an adequate public record in this proceeding without compromising national security. PG&E recommends that the Commission focus, at least initially, on issues that can be discussed generically, without risking disclosure of security sensitive information. A number of such issues were presented in the Commission Staff white Paper that was appended to the OIR.[2/] A discussion of issues such as whether there is any jurisdictional overlap with physical security or related requirements issued by other regulatory agencies (e.g., the California Office of Emergency Services, the Department of Homeland Security, the Federal Energy Regulatory Commission or the North American Electric Reliability Corporation) would not involve disclosure of sensitive grid security information and, among the other issues mentioned in the White Paper, could provide a good starting point in examining the physical security issues to be considered in this proceeding.

2. What is the CPUC's proper role in this proceeding?

Under Public Utilities Code Section 364(a), the Commission is to consider adopting rules to address the physical security risks of distribution facilities. The Commission must ensure that no sensitive grid security information is disclosed during consideration of these rules. An initial discussion of generic issues as mentioned above can act to limit, at least initially, any potential inadvertent disclosure of sensitive security issues. Beyond that, the parties should address what, if any, adjustments to CPUC confidentiality provisions or rulemaking procedures would need to be considered to ensure that no sensitive grid security information is exposed during the

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2/ OIR, Appendix B, pp. vi-vii.

consideration of new physical security rules as required under California Public Utilities Code Section 364(d).[3/]

3. What limits are placed upon the CPUC in this proceeding?

The CPUC should ensure that, consistent with Public Utilities Code Section 364(d), none of its actions in this proceeding result in an inadvertent exposure of sensitive grid security information to the public.

4. How can the CPUC ensure that the utilities are properly financing security improvements without compromising security?

As stated above, the Commission must ensure that its examination of security improvements complies with the provisions of California Public Utilities Section 364(d) which authorizes the Commission to withhold from the public information generated or obtained that the Commission deems would pose a security threat to the public if disclosed.

5. How does the CPUC perform the central function of ratemaking and revenue oversight while maintaining security sensitive information?

The Commission and the parties should examine whether the current GRC process contains appropriate safeguards to prevent the inadvertent disclosure of security sensitive information as required under Public Utilities Code section 364(d).

6. How can the CPUC provide intervenor compensation to intervenors that help the CPUC establish a record that is confidential?

PG&E does not foresee the issue of intervenor compensation necessarily implicating the release of any confidential information associated with the proceeding. To the extent confidential information is involved, the Commission should utilize the authority granted to it in California

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3/ Cal. P.U. Code Section 364(d) explicitly authorizes the Commission to act to protect the public from security threats and provides that: "The [C]ommission may, consistent with other provisions of law, withhold from the public information generated or obtained pursuant to this section that it deems would pose a security threat to the public if disclosed."

Public Utilities Code Section 364(d) to protect sensitive security information from unauthorized release.

III. CONCLUSION

PG&E looks forward to working cooperatively with the Commission, other respondents, and interested stakeholders to consider adopting rules to address the physical security of electric distribution systems.

Respectfully submitted,

STEPHEN L. GARBER
ALICE L. REID

By: *_____/s/ ALICE L. REID_____*
ALICE L. REID

Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (415) 973-2966
Facsimile: (415) 973-5520
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