
PREHEARING CONFERENCE STATEMENT FOR PHASE I OF THE SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), PACIFIC GAS & ELECTRIC COMPANY (U 39-E) AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)

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STATE OF CALIFORNIA


Rulemaking 15-06-009
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JOINT PREHEARING CONFERENCE STATEMENT FOR PHASE I OF THE SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), PACIFIC GAS & ELECTRIC COMPANY (U 39-E) AND SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)

I. INTRODUCTION


II. DISCUSSION

This Joint Prehearing Conference Statement answers the twelve questions posed by the ALJ in his PHC Order.
1. **How many workshops do you anticipate will be necessary?**

Joint Parties respectfully recommend the Commission set at least two workshops in April of 2017. The first proposed workshop would be structured as a public “level setting” overview workshop intended to educate the public, and the Commission, about existing state or federal rules, regulations and/or processes to protect critical infrastructure and the state’s electrical supplies. The second proposed workshop would be a closed workshop intended for the Commission, and would address sensitive, non-public information and issues relating to physical security. These workshops would be structured as two one-day workshops (consecutive for efficiency), and Joint Parties are willing to assist Commission’s Staff prepare the workshops, including providing utility subject experts for the pertinent discussions and inviting other industry experts.

The purpose of the first workshop would be to share non-confidential information with the public and may cover any of the following topics the Commission sees fit:

- **Introductory Remarks, Overview of the Rulemaking and Workshop Goals**
  The first agenda topic should set the context for the rest of the workshop and establish achievable goals. A brief overview of the Rulemaking may help focus workshop participants on the statutory requirements and limit scope creep and inefficient utilization of time and resources.

- **Safety & Enforcement Division (SED) Whitepaper - Regulation of Physical Security for the Electric Distribution System**
  A presentation on the SED Whitepaper will further ground the workshop participants in some of the issues, initial thoughts on risks, costs, security applications, jurisdictional issues and other items relevant to the workshop. A robust Q&A session may help generate good information for the proceeding record.

- **NERC Critical Infrastructure Protection (CIP) Risks, Standards, Processes and Implementation**
  To accelerate this rulemaking process, it would be advantageous for participants to understand the NERC approach to developing CIP standards, creating implementation plans, reviewing the plans and executing on the plans. This background information will also provide participants with the definitions used by FERC/NERC, their approach for maintaining the confidentiality of sensitive information, and an understanding of the assets subject to the CIP review and an appreciation for the scale of customer impact.

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† Joint Parties propose April 2017 for the date of this level-setting workshop, in order to invite panelists from federal agencies such as Department of Homeland Security. Such invitees may find it difficult to commit to participating in events until they have adjusted the upcoming change in Presidential administrations.
associated with transmission-level versus distribution-level events. This is needed in evaluating risks and mitigation costs.

- **Electric Distribution System Planning and Operations / Differences Between the Distribution System and Transmission System**
  The distribution system is designed and operated very differently than the transmission system. This discussion will address the differences, particularly those differences associated with redundancy, resiliency and recovery. Besides sharing an overview of the different equipment and their costs/capabilities, this panel will provide participants with a better understanding of how the distribution system is operated with a focus on faults, switching and service restoration. This topic will close with a discussion on the scale of impacts associated with a distribution-level event, again focusing on risks and mitigation costs.

- **Industry and Expert Panel on Physical Security & Ongoing Threats**
  Pulling from its own expertise and discussions provided earlier in the workshop, this panel would discuss a variety of topics (e.g., threat environment, jurisdiction, and potential for customer impacts, costs/benefits, confidentiality and other topics). This panel would also discuss role of government agencies, other than the CPUC, that may affect the physical safety of the state’s electric supplies. Potential invitees to this Panel include representatives from Department of Homeland Security and other state or federal agencies with a role in protecting the state’s electrical supplies.

  After the public workshop, the Commission and Joint Parties would participate in a second, closed-door workshop. The private nature of this workshop would enable the Joint Parties to brief the Commission on sensitive elements of their respective physical security programs.

  The purpose of these workshops would be to set a baseline, which the Commission may use to determine if any additional regulations should be promulgated through this proceeding to protect the state’s electric supply facilities. After the parties and Commission complete these workshops, the Commission would decide whether to schedule any additional ones.

2. **What type of information will be presented in these workshops?**

  Joint Parties recognize that the public has a strong interest in understanding how their rates are being used to promote the safe and reliable distribution of electricity. Accordingly, Joint Parties propose that the public level-setting workshop be designed to share non-confidential information about threats and existing security-related rules and regulations at the state and federal levels.

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2 Depending on the number of panels that Commission Staff may wish to schedule for the public workshop, it is possible that part of the public workshop may be scheduled for the next day, prior to the second, closed, workshop.
Sharing such information will help educate the public, the Commission and the Joint Parties about existing rules and regulations affecting the physical security of California’s electric supply facilities.

However, as noted in the Prehearing Conference Statements filed earlier, the Joint Parties respectfully urge the Commission to limit public sharing and access to security sensitive information because sharing this type of information may risk public safety. If members of the public obtain security sensitive utility information (even under a confidentiality agreement) and store that information physically or electronically on their own premises, those recipients may be targeted by malicious actors seeking that information.

These risks are not speculative, but very real. On December 29, 2016, the United States Department of Homeland Security and the Federal Bureau of Investigation issued a joint report noting that private entities, operators of critical infrastructure and even government agencies may be targeted by foreign agents seeking to attack critical infrastructure. The risk to public safety by distributing sensitive critical infrastructure information to third parties grows with the number of third parties that keep such information on their own premises. Even state agencies may be subject to malicious actors seeking to steal sensitive information in their custody.

Joint Parties believe the Commission can mitigate this risk and still exercise its oversight role over Joint Parties by implementing certain procedures for sharing sensitive critical infrastructure information. Some sensitive information may be shared with the Commission under seal under the Commission’s usual confidentiality procedures. However, there are certain types of extremely sensitive information that Joint Parties respectfully believe should be viewed by Commission staff.

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5 Id.

using even greater protections. If the Commission deems it necessary to view extremely sensitive information to perform its oversight role, Joint Parties propose that the Commission (defined as the Commissioners and necessary Commission staff) view the information on-site at the San Francisco offices of each Joint Utility.

After the public workshop, Joint Parties recommend the Commission then convene a closed-door workshop consisting solely of Commission staff and the Joint Parties. This closed-door session would enable the Commission to keep appraised of confidential developments and meet its obligations to supervise Joint Parties.

3. **How will sensitive information be covered in these workshops?**

   It will be limited to the Commissioners and necessary Commission staff. Please refer to the response to Question No. 2.

4. **Will workshops be public or private?**

   Both. Please refer to the response to Question No. 2.

5. **Should there be any technical panels used and if so, why?**

   Yes. Use of technical and expert panels may help facilitate the exchange of best practice information. The last two panels proposed in the response to Question No. 2 are technical panels. These panels would enable participants to better understand existing security processes, the scale and type of risks associated with different types of utility infrastructure, and the threat environment in which the utilities operate.

6. **Should there be opening and reply comments in advance of workshops in order to promote efficiency and to identify issues?**

   Joint Parties believe that brief opening and reply comments will be helpful to promote robust participation at the Phase I public workshop(s). Opening and reply comments may be scheduled before the initial workshop, as set forth in the proposed schedule below. In addition, Joint Parties recommend creating a workshop report at the end of the proceeding’s workshop phase that would summarize the content of non-confidential information from the public workshop(s). Joint Parties are willing to assist in preparing the first draft of this report and then submit it to Commission Staff for review and approval before it is formally issued.
7. **If so, what should the timeframe be for submitting opening and reply comments?**

Please see the response to Question No. 6.

8. **Are there any other Commission proceedings that overlap with this proceeding?**

Yes. Please see the response to Question No. 9.

9. **What proceeding(s) do you believe overlap with this proceeding?**

Three types of proceedings may overlap with this one. The first type of proceeding consists of the respective General Rate Cases (“GRC”) of the Joint Parties. CPUC staff has asked (or may ask) Joint Parties in their respective GRCs to provide it with security-sensitive information. The procedures developed in this proceeding for sharing such information may be a model for the CPUC and utilities to follow in the GRC proceedings, and vice-versa, depending on when those procedures are developed in each proceeding.

Next, in addition to the General Rate Cases, CPUC Proceeding No. R.14-11-0001 (Order Instituting Rulemaking to Improve Public Access to Public Records Pursuant to the California Public Records Act) overlaps to some extent with this proceeding.

Finally, there are individual Commission proceedings that may overlap with this proceeding if parties or Commission staff seek security-sensitive information. For example, in CPUC Proceeding No. R13-12-011 (Order Instituting Rulemaking into Policies to Promote a Partnership Framework Between Energy Investor Owned Utilities and the Water Sector to Promote Water-Energy Nexus Programs), Commission staff has requested security-sensitive information from Joint Parties relating to their communications infrastructure.7

10. **How should these proceedings be coordinated to avoid overlapping and duplication of efforts?**

Each party should keep the assigned Administrative Law Judge and the assigned Commissioner in each proceeding updated about significant issues in other proceedings.

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7 Communications infrastructure information may be security-sensitive information. *Cf., Regulation of Physical Security for the Electric Distribution System,* California Public Utilities Commission (Feb. 2015), at pp. 4, 9, 35 (CPUC report noting role of communications in addressing physical security of the electric distribution system).
11. **Do you believe there will be a need for hearings in this Rulemaking?**

Joint Parties see no need for hearings at this time.

12. **What should the proposed schedule be for Phase I?**

The following issues, in the following order, should be scheduled:

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
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<tbody>
<tr>
<td>February 2, 2017</td>
<td>Prehearing Conference on Phase I Issues</td>
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<tr>
<td>March 2017</td>
<td>Scoping Memo on Phase I issues, and on final category and hearing determinations.</td>
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<tr>
<td>Early April 2017</td>
<td>Opening and Reply Comments for matters to be addressed in the public workshop.</td>
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<tr>
<td>Late April 2017</td>
<td>Commission holds public “level-setting” workshop, to be followed by a confidential workshop for the Commission and select Commission staff.</td>
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<tr>
<td>May 2017 – July 2017</td>
<td>Additional workshops as ordered by the Commission.</td>
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<tr>
<td>August 2017 – September 2017</td>
<td>Joint Parties and Commission Staff prepare report of workshop findings.</td>
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<tr>
<td>December 2017 / January 2018</td>
<td>Proposed Decision on Phase I issues.</td>
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**III. CONCLUSION**

Joint Parties appreciate the opportunity to submit these comments and respectfully urge the Commission to follow the recommendations herein.
Respectfully submitted,

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