

AMENDMENTS TO SB 699 AS AMENDED IN ASSEMBLY MARCH 25, 2014

JOINT IOU PROPOSAL (7/29/14)

SECTION 1.

The Legislature finds and declares all of the following:

- (a) Physical attacks on ~~or electronic threats to~~ the electrical distribution system could threaten public health and safety and disrupt economic activity in California.*
- (b) ~~Ensuring It is in the public interest to ensure appropriate actions are taken to protect and secure vulnerable critical electrical distribution system substation assets from physical attacks or electronic threats that could significantly disrupt safe and reliable electric service, or disrupt essential public services, including safe drinking water supplies, are in the public interest.~~*
- (c) Proper planning, in coordination with the appropriate federal and state regulatory and law enforcement authorities, will help prepare for physical attacks on the electrical distribution system and thereby help reduce the potential consequences of such attacks.*
- (d) Consistent with the Federal Energy Regulatory Commission's reliability standards to enhance physical security measures for the most critical bulk power system facilities, it is appropriate for the state of California to require electrical corporations to develop plans to identify and protect critical distribution substation assets that, if rendered inoperable or damaged as a result of physical attack, could result in a major outage.*
- (e) In order to ensure electrical corporations' expenditures of ratepayer funds are reasonable and cost-effective in protecting the electric distribution system from physical attacks, each electrical corporation's electric distribution substation asset security plan should be analyzed and prioritized using a risk management methodology.*

SEC. 2.

New Section 762.1 of the Public Utilities Code is added to read:

- (a) For purposes of this subsection, "Critical Distribution Substation Asset" means an electric distribution system substation that, if rendered inoperable or damaged as a result of physical attack, could lead to a major outage as defined in section 349.*
- (b) No later than July 1, 2016, by notice and comment rulemaking, the commission shall determine whether to require every electrical corporation to file a security plan that identifies each electrical corporation's Critical Distribution Substation Assets and the measures taken by the corporation to protect such Critical Distribution Substation Assets from physical attack. Each electrical corporation's Critical Distribution Substation Assets security plan should be analyzed and prioritized using a risk management methodology.*
- (c) In reviewing and approving each electrical corporation's Critical Distribution Substation Assets security plan, the commission shall evaluate the effectiveness, including the cost-effectiveness, of such plan. Except where infeasible, any assessment by the commission of an electrical corporation's Critical Distribution Substation Assets security plan shall not conflict with applicable state or federal laws, regulations, or standards regarding electric grid security.*
- (d) In submitting its Critical Distribution Substation Assets security plan to the commission, each electrical corporation shall designate as confidential any information that, if disclosed, could threaten public health and safety. The commission shall adopt*

appropriate procedures to ensure the non-disclosure of any such information submitted in an electrical corporation's security plan or resulting from or related to its security plan, provided that the Office of Ratepayer Advocates and other consumer groups shall be provided access to information necessary for their review of the security plan under confidentiality procedures, including without limitation a protective order, in the proceeding in which the commission reviews the security plan. The commission shall not release or disclose such confidential information without prior notice to the affected electrical corporation, opportunity to comment, and opportunity to seek to enjoin or overturn any commission decision to disclose such confidential information.

(e) Electrical corporations may recover the reasonable costs of complying with this section from their customers in retail electric rates.

SEC. 3. Government Code Section 6254.23 is amended to read as follows: [new text in yellow highlight]

6254.23. Nothing in this chapter or any other provision of law shall require the disclosure of a risk assessment or railroad infrastructure protection program filed with the Public Utilities Commission, the Director of Homeland Security, and the Office of Emergency Services pursuant to Article 7.3 (commencing with Section 7665) of Chapter 1 of Division 4 of the Public Utilities Code, or an electrical corporation's Critical Distribution Substation Assets security plan, annual report or other such security plan information designated by the electrical corporation as confidential and filed with the Public Utilities Commission pursuant to section 364(d) of the Public Utilities Code.