



City of Needles, California Request for City Council Action

CITY COUNCIL NPUA Regular Special

Meeting Date: October 8, 2024

Title: Authorize the City Manager to execute the Physical Security Exemption Letter dated October 1, 2024, and submit it to the California Public Utility Commission (CPUC)

Background: On April 16, 2013, one or more individuals attacked equipment within Pacific Gas and Electric Company's (PG&E) Metcalf Transmission Substation, ultimately damaging 17 transformers. These individuals also cut nearby fiber-optic telecommunication cables owned by AT&T. In response to the attack, the Federal Energy Regulatory Commission (FERC) directed the North American Electric Reliability Corporation (NERC) to develop new physical security requirements, creating CIP-014.

In 2014, California State Senator Jerry Hill authored SB 699, directing the CPUC to "consider adopting rules to address the physical security risks to the distribution systems of electrical corporations." In response to SB 699, the CPUC's Safety and Enforcement Division, Risk Assessment and Safety Advisory Section (RASA) prepared a white paper proposing a new requirement for investor-owned utilities (IOUs) and publicly owned utilities (POUs) to develop security plans that would identify security risks to their distribution and transmission systems, and propose methods to mitigate those risks. The CPUC hosted a series of workshops to understand the state of utility physical better security protections and to seek input on refining their proposal.

In order to support a statewide improvement of how utilities address distribution-level physical security risks, the California Municipal Utilities Association (CMUA), which is the statewide trade association for POUs, coordinated with the state's IOUs to develop a comprehensive Straw Proposal¹ (Joint IOU/POU Straw Proposal) for a process to identify at-risk facilities and, if necessary, develop physical security mitigation plans. As a member of CMUA, Island Energy staff participated in the development of the Joint IOU/POU Straw Proposal through a CMUA working group as well as through direct meetings with the IOUs. The Joint IOU/POU Straw Proposal set out a process for the following:

- 1) Identifying if the utility has any high-priority distribution facilities.
- 2) Evaluating the potential risks to those high-priority distribution facilities.
- 3) Develop a mitigation plan for the distribution facilities where the identified risks are not effectively mitigated through existing resilience/security measures.
- 4) Obtaining third-party reviews of the mitigation plans.
- 5) Adopting a document retention policy.
- 6) Ensuring a review process established by the POU governing board and
- 7) Implementing information sharing protocols.

Publicly Owned Utilities shall conduct a program review of their Security Plan and associated physical security program every five years after initial approval of the Security Plan by their Board of Directors or City Council. Notice of such approval action shall be provided to the Commission's Safety and

Enforcement Division within 30 days of Plan adoption by copy of signed resolution or letter by a responsible elected- or appointed official or utility director.

City Staff have completed a six-step physical security assessment and have deemed the NPUA does not have any critical infrastructure that meets the requirements set by the CPUC guidelines. Thus, submission of the exemption designation is required.

The Board of Public Utilities approved the recommended action on October 1, 2024.

Fiscal Impact: None

Environmental Impact: None

Recommended Action: Authorize the City Manager to execute the Physical Security Exemption Letter dated October 1, 2024 and submit it to the California Public Utility Commission (CPUC)

Submitted By: Rainie Torrance, Utility Manager

City Manager Approval: Patrick J. Martinez Date: 10/3/2024

Other Department Approval (when required): _____ Date: _____

Approved: <input type="checkbox"/>	Not Approved: <input type="checkbox"/>	Tabled: <input type="checkbox"/>	Other: <input type="checkbox"/>
			Agenda Item: _____