

**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)

**LIBERTY UTILITIES (CALPECO ELECTRIC) LLC'S (U 933-E)
PRELIMINARY PHYSICAL SECURITY ASSESSMENT OF PRIORITY FACILITIES**

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Pursuant to Ordering Paragraph (“OP”) 1 of Decision (“D.”) 19-01-018, Liberty Utilities (CalPeco Electric) LLC (U 933 E) (“Liberty CalPeco”) hereby submits this Preliminary Physical Security Assessment of Priority Facilities Report to the Deputy Executive Director of Safety & Enforcement and Safety Policy, the Deputy Executive Director of Energy & Climate Policy, and the Director of the Safety & Enforcement Division at the California Public Utilities Commission (“Commission”). OP 1 requires utilities to, within 18 months of the decision, “prepare and submit to the Commission a preliminary assessment of priority facilities for their distribution assets and control centers.”¹

¹ See D.19-01-018, OP 1.

Background

On June 11, 2015, the Commission opened Order Instituting Rulemaking (“OIR”) 15-06-009 to establish policies, procedures, and rules for the regulation of physical security risks to the electric supply facilities of electrical corporations consistent with Public Utilities Code Section 364 in response to passage of Senate Bill 699.² On January 22, 2019, the Commission issued D.19-01-018, which established a number of physical security regulations and reporting requirements. Ordering Paragraph (“OP”) 1 of D.19-01-018 requires Liberty CalPeco to submit a preliminary assessment of “priority facilities” to certain Commission staff within 18 months of the decision being adopted.¹ D.19-01-018 requires Liberty CalPeco to provide a preliminary list of covered facilities, identified threats and hazards, and an initial draft of its plans to mitigate those threats and hazards.

Earlier this year, Liberty CalPeco, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison, PacifiCorp, and Bear Valley Electric Service (“Joint Parties”) began working to comply with OP 1. However, due to the nature of these requirements and other challenges, some utilities experienced concern they may not be able to meet all the requirements of OP 1 by July 10, 2020, the deadline to submit the preliminary assessment. Accordingly, on February 27, 2020, representatives from the Joint Parties met with representatives from the Commission’s Safety Policy Division (“SPD”) to discuss these issues in advance of the July 10, 2020 deadline and to discuss potential solutions. Those discussions continued and culminated in a telephonic second meeting between the original participants on March 16, 2020. Pursuant to those discussions, the Joint Parties committed to the following. First, the utilities would submit a report to the Acting Director of SPD, detailing each individual utility’s efforts to comply with OP 1, as well as the hardships experienced in complying with OP 1. In that letter, utilities would describe the scope and breadth of what each utility expected to submit

² See OIR 15-06-009.

to the Commission by July 10. The report would also include a project timeline explaining how each utility plans to provide all of the information required by OP 1 by July 10, 2021, as well as a pledge to complete such work by that date.

On March 19, 2020, three days after the second meeting with SPD, Governor Newsom issued Executive Order N-33-20, instructing all California residents to stay home except as needed to maintain continuity of operations of the federal critical infrastructure sectors in order to mitigate the impact of COVID-19. This Order slowed the Joint Parties' ability to meet its compliance obligations. Through coordination with the Joint Parties, Liberty CalPeco submitted a report on its progress to comply with OP 1 on April 13, 2020, to Rachel Peterson, Acting Director of the Commission's SPD, detailing the tasks completed to date and challenges fulfilling remaining requirements due to pandemic work flow interruptions and travel restrictions. At the time of report submission, Liberty CalPeco had identified covered facilities, as defined in Section 4.1 of D.19-01-018. However, Liberty CalPeco had not begun assessing specific physical security threats and hazards at the covered facilities before Executive Order N-33-20. That Order and federal guidance restricting non-essential interstate travel made completing the work to comply with OP 1 particularly difficult because Liberty's Senior Program Manager of Physical Security, Business Risk and Resilience, who is based in New Hampshire, could not travel for site visits to complete the physical security assessments and develop resulting mitigation measures.

Since March 2020, Robert Kang, –Senior Attorney at Southern California Edison, has coordinated with Jeremy Battis, Risk and Safety Analyst, California Public Utilities Commission Safety Policy Division, to clarify expectations and the evolution of requirements for this report. Since that time, Mr. Kang has held nearly weekly conference calls with representatives from the Joint Parties to update the utilities on expected submittals and interim trial procedures, associated with presenting the results of the preliminary assessments to the Commission.

As result of the coordination and commitments defined by the Commission in communications with Mr. Kang, and what Mr. Kang has communicated to the Joint Parties as refined OP 1 requirements due to COVID-19 impacts, this report presents a discussion of the covered facilities, a general list of types of threats considered, and a general list of physical protection concepts considered.

Liberty CalPeco

Liberty CalPeco serves approximately 49,900 electric customers in and around the Lake Tahoe Basin in California. Its service territory is geographically compact and generally encompasses the western portions of the Lake Tahoe Basin. Liberty CalPeco’s customers are located in portions of Placer, El Dorado, Nevada, Sierra, Plumas, Mono, and Alpine Counties. Almost 80% of Liberty CalPeco’s customers are located in the Lake Tahoe Basin. The biggest population center is the City of South Lake Tahoe. Liberty CalPeco’s service territory extends from Portola in the north to Markleeville and Topaz Lake in the south.

Liberty CalPeco procures most of its power from a supply agreement with NV Energy. The NV Energy Services Agreement provides Liberty CalPeco with the flexibility to displace purchases from NV Energy with power generated at Liberty CalPeco’s two solar generating facilities—the Luning Solar Facility, a 50 megawatt (“MW”) solar generating facility in Hawthorne, Nevada, and the Turquoise Solar Facility, a 10 MW solar generating facility in Patrick, Nevada. Lastly, Liberty CalPeco owns and operates the 12 MW diesel-fired Kings Beach Generating Station (“Kings Beach”), which serves as an emergency backup facility with limited production.

Covered Facilities

All of Liberty CalPeco’s power, except for Kings Beach, is generated in Nevada and delivered to its 13 distribution substations in its California service territory. As required by D.19-01-018, Liberty CalPeco has worked to determine which of these substations, and potentially other distribution

infrastructure, are covered facilities as defined in Section 4.1 of the Decision. The process included identifying critical customers and working to identify which facilities serve those customers. Liberty CalPeco maintains a database of its critical customers due to the potentially wide-ranging impacts the lack of service could have on these customers' surrounding communities. Liberty CalPeco regularly uses these lists for operations, such as planned outages.

General Threat Considerations

Liberty CalPeco considers a number of physical threats prior to the construction or renovation of distribution assets. Each asset undergoes an individual assessment that takes into account, in part, the type of asset, terrain, natural barriers, cost, specifically identified threats, and the potential impact on customers if the asset were compromised. Liberty CalPeco typically considers the following general physical security threats:

- Critical facility threats that have the potential individually or collectively to affect one or more mission critical systems.
- Criminal activity (*e.g.*, theft, vandalism).
- Sabotage/espionage (*e.g.*, tampering, arson, firearm inflicted damage, malicious insider).
- Terrorism (*e.g.*, car/truck bomb (VBIED), incendiaries).

General Threat Mitigation Considerations

No single measure is capable of securing Liberty CalPeco's assets from physical attack. Each of the considered controls is intended to complement the others to provide an effective security posture. Based on the environment, location, and local regulatory constraints, Liberty CalPeco will consider a mix of the listed controls for the security of each covered facility.

Deterrence:

- "Surveillance In Use" and "No Trespassing" signage, employee checks

- Expanding perimeters further from assets
- Hardening
 - Walls, enclosures shielding critical assets
 - Line-of-site deterrent
 - Fencing options (true security fencing)
 - Serpentine entries
 - Jersey barrier
- Camouflage to reduce public profile
- Expanded vegetation control
- Increase cooperation with local law enforcement

Detection:

- Remote monitoring and assessment capability
- Video analytics
- Pre-alarm video recording
- Intrusion detection (*e.g.*, radar, microwave)
- Audible alarms for deterrence
- Cameras facing outward to the fence line

Response/Recovery:

- Coordination between operations personnel and law enforcement responders
- Standardized security assessment checklist

Assessments

The next phase to be completed as part of Liberty CalPeco's compliance with D.19-01-018 is the individual assessment of the potential risks associated with a range of physical attacks on each covered

facility. Liberty CalPeco will take into consideration the general threats described above, as well as unique risks posed to each facility due to type, local geography, weather, and other factors. Liberty CalPeco will make determinations based on whether existing grid resiliency, requirements for on-site back-up generation, and/or system deterrence and detection measures appropriately mitigate physical security risks.

Mitigation Plans

Once the individual assessments are complete, Liberty CalPeco will develop a risk mitigation plan for each facility. Liberty CalPeco will select specific physical security measures with consideration of cost relative to risk reduction.

Respectfully submitted,

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