



## City Council Agenda Item

**City Council Meeting Date:** October 19, 2021

**TO:** Jim Throop, City Manager

**FROM:** Matthew MacDonald, Electric Utility Manager  
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**SUBJECT:** Adoption of the City of Lompoc Electric Division Physical Security Plan

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### **Recommendation:**

Staff recommends the City Council adopt the first City of Lompoc Electric Division Physical Security Plan (attached).

### **Background:**

City of Lompoc Electric Division (Lompoc Electric) is committed to securing its distribution substations to provide safe and reliable electricity. Recognizing the importance of securing the safety and reliability of its electric system, Lompoc Electric, through the California Municipal Utility Association (CMUA) participated in the California Public Utilities Commission's (CPUC) Physical Security proceeding. The effort by Lompoc Electric is driven through the CMUA working group, comprised of municipal utilities, to address physical security compliance and mitigation of CPUC Decision 19-01-018, "marking California as the first state in the nation to adopt rules to safeguard its electric distribution grid against terrorist attack".

Lompoc Electric utilized the Northern California Power Agency Support Services program to contract with AESI-US, Inc. (AESI), a leading provider of utility security consultation and systems integration services to perform a review of Lompoc Electric substations and produce a report assessing the readiness of Lompoc Electric to withstand and respond to physical attacks on its distribution substations. Lompoc Electric evaluated the report, and subsequently, with the assistance of AESI, prepared a Physical Security Plan (Plan), which includes the six-step process Lompoc Electric followed to identify, assess, document, review, validate, and repeat the security findings and recommendations, to comply with CPUC Decision 19-01-018.

### **Discussion:**

On April 16, 2013, one or more individuals attacked equipment located within Pacific Gas and Electric Company's Metcalf Transmission Substation, ultimately damaging seventeen transformers. Those individuals also cut nearby fiber-optic telecommunication

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cables owned by AT&T. In response to the attack, the Federal Energy Regulatory Commission directed the North American Electric Reliability Corporation to develop new physical security requirements, resulting in the creation of Critical Infrastructure Protection Reliability Standard, CIP-014<sup>1</sup>. At the state level, Senator Jerry Hill authored Senate Bill 699 (2014) (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 better understand the state of utility physical security protections and to seek input on refining their proposal.

In order to support statewide improvement in how utilities address distribution level physical security risks, CMUA, which is the statewide trade association for POU, coordinated with the state’s IOUs to develop a comprehensive Straw Proposal (Joint IOU/POU Straw Proposal) for a process to identify at-risk facilities and, if necessary, develop physical security mitigation plans.

The Joint POU/IOU 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) developing 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. In early 2019, the CPUC approved Decision 19-01-018, which adopted the Joint IOU/POU Straw Proposal as modified by RASA. That decision asserted that POU should utilize the Plan process described therein.

Lompoc Electric is following the process and has created a plan to reflect its existing commitment to safety and to protecting its ratepayers’ investment by taking reasonable and cost-effective measures in an effort to safeguard key assets of its distribution system.

Lompoc Electric continues to improve the security posture of its facilities and critical systems. While Lompoc Electric has physical protection at the perimeter of its substations using fences and walls, the Plan identifies a substation that provides power to critical sites. It also provides mitigation measures required to protect against physical attacks as defined by the CPUC. There is one substation identified in the Plan, with a set of recommended mitigation measures that can be completed. The Plan details the required actions and measures needed to comply with all such rules, regulations, and standards.

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<sup>1</sup> Critical Infrastructure Protection Reliability Standard

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**Fiscal Impact:**

The mitigation measures proposed in the Plan will have a fiscal impact on Lompoc Electric's budget for Fiscal Year (FY) 2022-23. Lompoc Electric has budgeted \$75,000 in funds for FY 2022-23 to complete the required mitigations measures.

**Conclusion:**

Staff recommends the adoption of the Plan, which identifies safety and mitigating measures and expenditures required to protect identified substations against physical attacks. This will allow Lompoc Electric to comply with the CPUC statutory requirement and help deter possible attacks while continuing to provide reliable electrical service to its customers.

Respectfully submitted,

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Matthew MacDonald, Electric Utility Manager

**APPROVED FOR SUBMITTAL TO THE CITY MANAGER:**

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Charles J. Berry, Utility Director

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Jim Throop, City Manager

Attachment: City of Lompoc Electric Division Physical Security Plan (Redacted)