

Company: Southern California Gas Company (U904G)
Proceeding: 2016 General Rate Case
Application: A.14-11-004
Exhibit: SCG-36-R

REVISED
SOCALGAS
DIRECT TESTIMONY OF GREGORY D. SHIMANSKY
(COMPLIANCE)
March 2015

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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APPENDIX A: CPUC Covered Information Privacy and Security Assessment Report

SUMMARY

- This testimony provides a status on compliance items that are to be reported in this Test Year 2016 General Rate Case Application for SoCalGas, pursuant to the Commission's Rate Case Plan. Specifically, my testimony reports on compliance items stemming from SoCalGas' 2012 GRC decision (D.13-05-010), and compliance items stemming from other regulatory decisions.

- Account change requirements relating to D.13-05-010.
- Required reports and studies.
- Other topics.

II. COMPLIANCE ITEMS, OBLIGATIONS, AND COMMITMENTS

The following list of SoCalGas compliance items was developed according to the review described in Section I.A. The items are organized according to the following categories (in sequential order): Revenue Requirement and Results of Operations, MOU with CforAT, Account Changes, Required Reports, and Other.

A. Revenue Requirement and Results of Operations

1. Implement test year base margins for gas and electric service consistent with the values the Commission approved in the TY2012 GRC, and represented in the RO Model for TY2012.

- Source: TY2012 GRC Decision, OP 3 and page 2
- Requirement: “The adopted adjustments, after inputting them into the Results of Operations model, result in the revenue requirements shown in Attachment B of this decision, which are adopted. b.) For Southern California Gas Company, the adopted test year 2012 revenue requirement is \$1,958,745,000.”
- Action Performed: SoCalGas submitted Advice Letter (“AL”) 4496-G (Test Year 2012 General Rate Case (GRC) Rate Implementation Effective June 1, 2013) on May 24, 2013. The gas service base margin value is referenced in the Revenue Requirement/Base Margin Adjustment section at page 1. The number shown in the AL is \$1.856 billion, which represents the adopted authorized 2012 revenue requirement less miscellaneous revenues of \$103 million. The Tier 1 AL was approved on July 2, 2013 effective June 1, 2013.
- Status: Completed.

2. Implement base margins for attrition years 2013, 2014, and 2015 consistent with the authorized percentage growth allowed over the TY2012 base margin values the Commission approved in the TY2012 GRC.

- Source: TY2012 GRC Decision, OP 4

- Requirement: “The post-test year attrition adjustments of 2.65% for 2013, 2.75% for 2014, and 2.75% for 2015 is adopted, and ... Southern California Gas Company shall use those post-year adjustment percentages to adjust... test year 2012 revenue requirement for 2013, 2014, and 2015.”
- Action Performed: SoCalGas submitted AL 4496-G (Test Year 2012 General Rate Case (GRC) Rate Implementation Effective June 1, 2013) on May 24, 2013. The gas service base margin value is referenced in the Revenue Requirement/Base Margin Adjustment section at page 1. The number shown in the AL is \$1.856 billion, which represents the adopted authorized 2012 revenue requirement less miscellaneous revenues of \$103 million. The Tier 1 AL was approved on July 2, 2013 effective June 1, 2013.

In that same AL 4496-G, SoCalGas implemented its 2013 post-test year attrition adjustment of \$49.2 million, representing the authorized attrition growth of 2.65%.

For 2014 post-test year, SoCalGas filed AL 4586 the Consolidated Rate Update to Implement January 1, 2014, Gas Rates. On page 2 of AL 4586 in a section labeled “2012 General Rate Case (GRC) Post-Test Year Attrition – D.13-05-010”, SoCalGas implements the 2014 post-test year attrition of 2.75%.³

For 2015 post-test year, SoCalGas filed AL 4730 “January 1, 2015 Consolidated Rate Update” to implement January 1, 2015, Gas Rates.⁴

- Status: Completed.
3. Within 15 days, file Tier 1 AL, including revised tariff sheets, to implement the authorized revenue requirements in the GRC.

- Source: TY2012 GRC Decision, OP 7, Pages 81 and 996, Conclusion of Law 68.

³ AL 4586, Page 2. “SoCalGas is implementing its 2014 post-test year attrition adjustment of 2.75%, or \$51.7 million (\$50.8 million excluding FF&U), which was authorized by OP 4 of D.13-05-010.”

⁴ AL 4730, Page 2, “SoCalGas is implementing its 2015 post-test year attrition adjustment of 2.75%, or \$53.2 million (\$52.3 million without FF&U), which was authorized by ordering paragraph 4 of D.13-05-010.”

- 1 • Requirement: “Within 15 days from the effective date of this Order,
2 Southern California Gas Company (SoCalGas) shall file a Tier 1 Advice
3 Letter, with revised tariff sheets, to implement the 2012 and 2013 revenue
4 requirement authorized by OP 3 and OP 4 of this Order. The revised tariff
5 sheets shall (a) become effective upon filing, subject to a finding of
6 compliance by the Commission’s Energy Division and (b) comply with
7 General Order 96-B.”
- 8 • Action Performed: SoCalGas submitted AL 4496-G (Test Year 2012
9 General Rate Case (GRC) Rate Implementation Effective June 1, 2013) on
10 May 24, 2013. The gas service base margin value is referenced in the
11 Revenue Requirement/Base Margin Adjustment section at page 1. The
12 number shown in the AL is \$1.856 billion, which represents the adopted
13 authorized 2012 revenue requirement less miscellaneous revenues of \$103
14 million. The Tier 1 AL was approved on July 2, 2013 effective June 1,
15 2013. The revised tariff sheets can be found in Attachment B of the AL
- 16 • Status: Completed.
- 17 4. GRC Memorandum Account (“GRCMA”) amortization.
- 18 • Source: TY2012 GRC Decision, OP 7b.
- 19 • Requirement: “The balances recorded in the SoCalGas General Rate Case
20 Revenue Requirement Memorandum Account from January 1, 2012 until
21 the effective date of the new tariffs required by this order, shall be
22 amortized in rates beginning with the effective date of its tariff filing
23 through December 31, 2015.”
- 24 • Action Performed: SoCalGas submitted AL 4496-G (Test Year 2012
25 General Rate Case (GRC) Rate Implementation Effective June 1, 2013) on
26 May 24, 2013. The amortization of the GRCMA was addressed on page 2
27 of that AL. The Tier 1 AL was effective as of June 1, 2013. Further,
28 SoCalGas filed annual regulatory account update advice letters, AL 4550-
29 G), in mid-October 2013 for approval to include the 2014 portion in
30 January 1, 2014 rates (figures found on line 12 of Attachment C of the
31 AL). Lastly, on October 15, 2014, SoCalGas filed AL 4700 for approval

1 to include the 2015 portion in January 1, 2015 rates. That AL was
2 approved as of December 17, 2014, for rates effective January 1, 2015.

- 3 • Status: Completed.

4 5. The TY2012 GRC decision requires SoCalGas to file a rate case for TY 2016.

- 5 • Source: TY2012 GRC Decision, OP 27 and Conclusion of Law 69.
- 6 • Requirement: “The Southern California Gas Company ... shall file (its)
7 respective test year 2016 general rate case application beginning with (its)
8 respective Notice of Intent in August 2014.”
- 9 • Action Performed: SoCalGas tendered its NOI on July 25, 2014,
10 consistent with, and slightly ahead of, the timing identified in the
11 Commission’s adopted RCP per D.93-07-030, which would be sufficient
12 for a Test Year 2016 GRC Application.
- 13 • Status: Completed with the acceptance of the SoCalGas GRC Application
14 filing.

15 6. The TY2012 GRC decision accepts SoCalGas’ proposal to keep rates low for
16 ratepayers by removing our request for working cash in the application.

- 17 • Source: TY2012 GRC Decision, at page 13.
- 18 • Requirement: “request zero funding for each Applicant’s working cash
19 requirement in test year 2012. This proposal will have the effect of
20 excluding the working cash requirement from rate base, and earning a rate
21 of return.”
- 22 • Action Performed: SoCalGas submitted AL 4496-G (Test Year 2012
23 General Rate Case (GRC) Rate Implementation Effective June 1, 2013) on
24 May 24, 2013. The gas service base margin value is referenced in the
25 Revenue Requirement/Base Margin Adjustment section at page 1. The
26 number shown in the AL is \$1.856 billion, which represents the adopted
27 authorized 2012 revenue requirement less miscellaneous revenues of \$103
28 million.

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The Tier 1 AL was approved on July 2, 2013 effective June 1, 2013.
Pursuant to the approved decision in the TY 2012 GRC, the SoCalGas RO
model was adjusted to remove the working cash request, resulting in zero
funding associated with that account.

- Status: Completed.

1 **B. Center for Accessible Technology Memorandum of Understanding**

2 On February 24, 2012, SDG&E, SoCalGas, and CforAT filed a joint motion in the 2012
3 GRC proceeding (A.10-12-005) to adopt their settlement. The settlement, known as the
4 Memorandum of Understanding (“MOU”), was an agreement on mutually acceptable outcomes
5 to certain access issues. In that MOU, SoCalGas agreed to certain efforts such that our Branch
6 Offices and third party payment locations are accessible, and to improve certain customer
7 communication.

8 OP 1 of D. 13-05-010, approved the MOU as follows: “The February 24, 2012 joint
9 motion, filed by the Center for Accessible Technology, San Diego Gas & Electric Company, and
10 Southern California Gas Company, requesting that the Memorandum of Understanding between
11 these three entities attached to that joint motion be approved and adopted.”

12 SoCalGas has met the terms of the MOU at the time of the filing of its Test Year 2016
13 GRC Application.

14 1. Branch Offices and Authorized Payment Locations.

- 15 • Branch Offices - Engage a Consultant to survey 1/3 of the Branch Offices
16 following barrier removal and SoCalGas will take steps to promptly
17 remedy barriers identified. SoCalGas will ensure that all newly purchased
18 self-service kiosks will be enabled to provide audio instructions for Vision
19 Disabled customers.
 - 20 - Result – Information relating to the satisfaction of this item can be
21 found in the Annual Report sent to CforAT on December 6, 2013.
- 22 • Authorized Payment Locations (“APL”) – SoCalGas will continue to
23 engage a Consultant to sample 10% of their APL’s annually for the
24 duration of this MOU.
 - 25 - Result – Information relating to the satisfaction of this item can be
26 found in the Annual Report sent to CforAT on December 6, 2013.

27 2. Effective Communications.

- 28 • Utilities’ Websites – Consultant to survey SoCalGas’ websites annually
29 for the duration of the Compliance Period starting in 2012. Results shall
30 be provided to CforAT in the Annual Report. SoCalGas will continue to
31 offer accessibility training to their employees engaged in website

1 development. SoCalGas will post information on their website advising
2 customer how to obtain assistance in the event an individual with a Vision
3 Disability experiences problem accessing documents. All new PDF
4 documents posted on the website will be in an accessible format. After 6
5 months SoCalGas will remove unnecessary documents that are
6 inaccessible. SoCalGas will report the number of documents converted,
7 remaining to convert, and those not able to convert in the Annual Report.

8 - Results – SoCalGas current employees attend a “Knowability” web
9 conference on Accessibility. SoCalGas has completed the refresh of
10 the My Account website, with the exception of the PDF bills created
11 by third party software that will be addressed in a new capital project
12 scheduled to take effect within 24 months of the prior GRC decision.
13 An annual report on the findings was filed on July 30, 2014.

- 14 • Written Communications – SoCalGas will study the feasibility of
15 providing key information in large print (14 point sans serif font) on its
16 written notices beginning with the highest priority written notices sent to
17 customers.

18 - Results – Completed.

19 3. Pedestrian Right of Way.

- 20 • Revised Construction Standards – Pedestrian pathways will be added to
21 the programs and SoCalGas will ensure that all new employees who
22 participate in construction work in Pedestrian Rights of Way receive
23 training including pedestrian right of way accessibility standards.
24 - Results – Pedestrian Path of Travel and Accessibility has been added
25 to the SoCalGas Distribution annual training. In addition, new
26 employees, who will be working in Gas Operations, are provided with
27 and receive training on, the Company Operations Standard for
28 pedestrian access requirements related to construction sites.

1 4. Reporting and Implementation.

- 2 • Annual Reports – SoCalGas will provide an Annual Report to CforAT on
3 or about January 31st of the year following each agreement year. Each
4 Annual Report will document all required information regarding
5 implementation efforts that took place during the prior calendar year.
6 - Result: SoCalGas submitted the annual report on December 6, 2013
7 and sent the 2014 annual report on February 23, 2015.

8 **C. Required Reports and Studies**

9 1. File, with the Directors of the Safety and Enforcement Division and the Energy
10 Division, a semi-annual Gas Transmission and Distribution Safety Report
11 beginning July 1, 2013.

- 12 • Source: TY2012 GRC Decision, OP 11.
- 13 • Requirement: “As set forth below, The Southern California Gas Company
14 (SoCalGas) shall be required to serve a semi-annual Gas Transmission and
15 Distribution Safety Report (Safety Report) on the Directors of the Safety
16 and Enforcement Division and the Energy Division. b. SoCalGas shall
17 serve its first Safety Report beginning July 1, 2013, and the initial period
18 covered by the Safety Report shall cover the one year period from January
19 1, 2012 through December 31, 2012. c. Each subsequent Safety Report
20 shall cover each subsequent six-month period, and the second semi-annual
21 Safety Report shall be served on September 1, 2013, and on each March 1
22 and September 1 thereafter until further notice.”
- 23 • Action Performed: For calendar year 2012, the Report was served on July
24 1, 2013. For the period of January 1 to June 30, 2013, the Report was
25 served on September 3, 2013. Most recently, SoCalGas served this Report
26 on March 3, 2014. This most recent report covers the period of January 1
27 through December 31, 2013 and was served on March 3, 2014, as March 1
28 falls on a Saturday.
- 29 • Status: Completed for calendar year 2012 and 2013. Ongoing requirement
30 in 2014 and thereafter until further notice.

1 2. Specifically, SoCalGas is required to submit data in its next GRC relating to
2 Response to A1 Leak Orders.

- 3 • Source: TY2012 GRC Decision, Conclusion of Law 32.
- 4 • Requirement: “SoCalGas shall be required to compile the same type of
5 monthly and annual data as shown on page 65 and 66 of Exhibit 145 and
6 to supply that information in its next GRC filing.”
- 7 • Action Performed: Information satisfying this requirement can be found in
8 the testimony of witness Sara Franke (Ex. SCG-10).
- 9 • Status: Completed.

10 3. SoCalGas is required to report on its response to leak reports and other hazardous
11 conditions.

- 12 • Source: TY2012 GRC Decision, Findings of Fact 247, Conclusion of Law
13 33, and Page 523.
- 14 • Requirement: “... and SoCalGas shall each explain in their next GRC
15 filings what efforts they have taken to minimize delays in responding to
16 A1 leak calls.”
- 17 • Action Performed: Information satisfying this requirement can be found in
18 the testimony of witness Sara Franke (Ex. SCG-10).
19 Status: Completed.

20 **D. Account Change Requirements relating to D.13-05-010**

21 1. Pensions and Post-Retirement Benefits other than Pensions Balancing Accounts.

- 22 • Source: TY2012 GRC Decision, OP 24; Pages 13-14; Conclusion of Law
23 45, 46, and 48.
- 24 • Requirement: “The requests of SDG&E and SoCalGas to continue their
25 two-way balancing account treatment for their respective pension benefits
26 and PBOP costs should be granted.” . . . “The requests of SDG&E and
27 SoCalGas to continue their annual amortizations of their respective
28 pension balancing accounts and PBOP balancing accounts should be
29 granted.” . . . “The proposal of SDG&E and SoCalGas to use the 2009
30 recorded costs for the PBOP for test year 2012, subject to recovery
31 through the two-way balancing account, should be granted.”

- Action Performed: SoCalGas submitted AL 4496-G (Test Year 2012 General Rate Case (GRC) Rate Implementation Effective June 1, 2013) on May 24, 2013. The gas service base margin value is referenced in the Revenue Requirement/Base Margin Adjustment section at p. 1. The number shown in the AL is \$1.856 billion, which represents the adopted authorized 2012 revenue requirement less miscellaneous revenues of \$103 million. The Tier 1 AL was approved on July 2, 2013 effective June 1, 2013. Inside that revenue requirement are the expenses related to Pension and PBOP's adhering to the approval to fund at 2009 recorded levels. The revenue requirement associated with Pensions at the 2009 recorded level was \$39.5 million and the revenue requirement associated with PBOPs at the 2009 recorded level was \$22.6 million.

The Pension and PBOP balancing account was not closed during the implementation of the 2012 GRC and remains open as a two-way balancing account (see AL 4506). Please refer to the Direct Testimony of Reginald Austria (Ex. SCG-33) for a discussion of the Pension and PBOP balancing accounts.

- Status: Completed.

2. New Environmental Regulations Balancing Account ("NERBA").

- Source: TY2012 GRC Decision, OP 18.
- Requirement: "SoCalGas is authorized to establish a two-way balancing account called the New Environmental Regulatory Balancing Account (NERBA) to record the costs associated with complying with the mandatory greenhouse gas reporting rule in Subpart W of Part 98 of Title 40 of the Code of Federal Regulations. a.) SoCalGas shall file a Tier 2 advice letter within 45 days of the effective date of this decision to establish this balancing account."
- Action Performed: SoCalGas submitted AL 4507-G (Establishment of the NERBA, TIMPBA and Post 2011 DIMPBA in Compliance with D.13-05-010.) on June 21, 2013, within 45 days from the decision date on D.13-05-

1 010. That AL was approved by the Energy Division on August 9, 2013,
2 effective July 21, 2013.

3 The NERBA is still in effect. Please refer to the Direct Testimony
4 of Reginald Austria (Ex. SCG-33) for a discussion of the NERBA.

- 5 • Status: Completed.

6 3. Research, Development, and Demonstration Expense Balancing Account
7 (“RDDEA”).

- 8 • Source: TY2012 GRC Decision, OP 23.
- 9 • Requirement: “Southern California Gas Company’s request to continue
10 using a one-way balancing account for research development and
11 demonstration (RD&D) costs is granted.”
- 12 • Action Performed: SoCalGas submitted AL 4506-G (Modification of the
13 Regulatory Accounts and Performance Based Regulation Mechanism in
14 Compliance with D.13-05-010) on June 21, 2013. On page 4 of that
15 Advice Letter, SoCalGas continues the one-way balanced treatment of the
16 RDDEA. That advice letter was approved by the Energy Division on
17 August 9, 2013, effective July 21, 2013.

18 The RDDEA is still in effect. Please refer to the Direct Testimony
19 of Reginald Austria (Ex. SCG-33) for a discussion of the RDDEA.

- 20 • Status: Completed.

21 4. Transmission Integrity Management Program Balancing Account (“TIMPBA”).

- 22 • Source: TY2012 GRC Decision, OP 19.
- 23 • Requirement: “SoCalGas is authorized to establish a two-way balancing
24 account to recover the operations and maintenance costs, and capital
25 expenditures costs, of complying with the transmission integrity
26 management program. a. SoCalGas shall file a Tier 2 Advice Letter
27 within 45 days of the effective date of this decision to establish this
28 balancing account.”
- 29 • Action Performed: SoCalGas submitted AL 4507-G (Establishment of the
30 NERBA, TIMPBA and Post 2011 DIMPBA in Compliance with D.13-05-
31 010.) on June 21, 2013, within 45 days from the decision date on D.13-05-

1 010. That advice letter was approved by the Energy Division on August 9,
2 2013, effective July 21, 2013.

3 The TIMPBA is still in effect. Please refer to the Direct
4 Testimony of Reginald Austria (Ex. SCG-33) for a discussion of the
5 TIMPBA.

- 6 • Status: Completed.

7 5. Post-2011 Distribution Integrity Management Program Balancing Account
8 (“Post-2011 DIMPBA”).

- 9 • Source: TY2012 GRC Decision, OP 20.
- 10 • Requirement: “SoCalGas is authorized to establish a two-way balancing
11 account to recover the operations and maintenance costs, and capital
12 expenditures costs, of complying with the distribution integrity
13 management program. a. SoCalGas shall file a Tier 2 Advice Letter
14 within 45 days of the effective date of this decision to establish this
15 balancing account and to close out its current distribution integrity
16 management program balancing account (DIMPBA). Any balance
17 remaining in the DIMPBA shall be amortized in gas transportation
18 customers’ rates.”
- 19 • Action Performed: SoCalGas submitted AL 4507-G (Establishment of the
20 NERBA, TIMPBA and Post-2011 DIMPBA in Compliance with D.13-05-
21 010.) on June 21, 2013, within 45 days from the decision date on D.13-05-
22 010. That advice letter was approved by the Energy Division on August 9,
23 2013, effective July 21, 2013.

24 On June 21, 2013, SoCalGas filed AL 4506 in compliance with D.
25 13-05-010. On Page 3 of that AL, SoCalGas asked to transfer the balance
26 in the existing DIMPBA account to the Fixed Cost Accounts in order to
27 close the account at a later date.

28 The Post-2011 DIMPBA is still in effect. Please refer to the Direct
29 Testimony of Reginald Austria (Ex. SCG-33) for a discussion of the Post-
30 2011 DIMPBA.

- Status: Completed.

6. Refund the balances in various Regulatory Accounts, as part of SoCalGas' request in the 2012 GRC.

- Source: TY2012 GRC Decision, Page 974.
- Requirement: SoCalGas is required to amortize the balances in the respective Regulatory Accounts. These amounts in the 2012 GRC were revised amounts from Exhibits 262 and 264 and updated in Exhibit 596.
- Action Performed: On page 975 of D. 13-05-010, the Commission acknowledges that no one opposed the requests to amortize an overcollection in the DIMPBA of \$136,000, an overcollection in the Research, Development, and Demonstration Balancing Account of \$927,000 and an undercollection in the Polychlorinated Biphenyls Expense Accounts of \$399,000.

On October 15, 2013, SoCalGas filed AL 4550 (Annual Regulatory Account Balance Update for Rates Effective January 1, 2014). In that AL, SoCalGas proposes the amortization of various Balancing Accounts, including the ones approved in D. 13-05-010. AL 4550 was approved and made effective January 1, 2014. The accounts referenced on Page 975 of D. 13-05-010 can be found in Attachment C of AL 4550.

- Status: Completed.

E. Other Topics

1. Provide a showing on the derivation and justification of Allowance for Funds Used During Construction ("AFUDC") rates.

- Source: TY2012 GRC Decision, OP 28, Conclusion of Law 64, and Page 991.
- Requirement: "The Southern California Gas Company shall provide in its next general rate care application a detailed showing on the derivation of and justification for their respective proposed Allowance for Funds Used During Construction (AFUDC) rates...and shall include at least the following: a.) recorded and forecast AFUDC rates, determined consistent with the FERC rule and formula, for each year between 2012 and the 2016

1 test year. Supporting documentation shall include each component of the
2 FERC formula. b) The amount and average cost of short-term debt carried
3 or forecast to be carried yearly during the 2012 through 2016 period. c.)
4 The purposes for which short-term debt was used or is forecast to be used,
5 and the amounts of short-term debt for each purpose, yearly during the
6 2012 through 2016 period.”

- 7 • Action Performed: Please refer to the Direct Testimony of SoCalGas
8 witness Garry Yee (Ex. SCG-26) for this showing and the derivation of
9 SoCalGas’ AFUDC.
- 10 • Status: Completed.

11 2. Developing a public education program involving pipeline excavations and
12 identifying gas leaks.

- 13 • Source: TY2012 GRC Decision, Page 432.
- 14 • Requirement: Under 49§CFR section 192.616, “SoCalGas must develop
15 and implement a public education program to educate the public,
16 government organizations, and persons engaged in excavation about
17 procedures to follow involving pipeline excavations, and how to identify
18 leaks. That regulation also requires SoCalGas to notify municipalities,
19 school districts, businesses, and residents of pipeline locations.”
- 20 • Action Performed: SoCalGas has developed and implemented a federally-
21 mandated Public Awareness program, as prescribed in 49§CFR
22 192.616. The Public Awareness program principally seeks to educate the
23 public to understand the following:
 - 24 • How to recognize a natural gas leak;
 - 25 • How to properly respond in the event of gas leak, and;
 - 26 • How to help prevent personal injury or property damage.

27 Additional information on this for the TY2016 GRC is found in the
28 testimony of witness Raymond Stanford (Ex. SCG-07).

- 29 • Status: Completed.

1 3. SoCalGas to conduct independent audit of data privacy and security practices.

- 2 • Source: D.11-07-056, OP 4.
- 3 • Requirement: SoCalGas will conduct independent audits of its electricity
- 4 usage data privacy and security practices in conjunction with GRC
- 5 proceedings following 2012 and at other times as required by order of the
- 6 Commission. Pursuant to OP 3 of D.12-08-045, SoCalGas will conduct
- 7 independent audits of its gas usage data privacy and security practices.
- 8 The audits will monitor compliance with data privacy and security
- 9 practices described in D. 11-07-056 and D. 12-08-045, and SoCalGas will
- 10 report the findings to the Commission as part of its GRC filing. D.11-07-
- 11 056 OP 4 says “conduct independent audits of its data privacy and security
- 12 practices, as required by Rule 9(d) of the Rules Regarding Privacy and
- 13 Security Protections for Energy Usage Data in Attachment D of this
- 14 decision, and must report the audit findings as part of each general rate
- 15 case application filed after 2012.”
- 16 • Action Performed: In April 2014, SoCalGas contacted the outside
- 17 independent consulting firm of KPMG to conduct the audit in compliance
- 18 with OP 4. The audit was mobilized in May 2014. SoCalGas has worked
- 19 with KPMG to provide all information necessary for the completion of the
- 20 audit. The completed Audit Report can be found in Appendix A of this
- 21 exhibit.
- 22 • Status: Completed.

23 4. Convene the Energy Efficiency Finance Programs Data Working Group to

24 finalize EE finance program reports.

- 25 • Source: D. 13-09-044, OP 13.
- 26 • Requirement: D.13-09-044 directed the IOUs to convene the Energy
- 27 Efficiency (“EE”) Finance Programs DWG to finalize its March 2012
- 28 draft report which identifies data collection requirements for all post-2012
- 29 EE finance programs, and associated activities and documents (e.g.,
- 30 customer consent forms).

- 1 • Action Performed: In compliance with D. 13-09-044, a public workshop
2 was conducted on November 13, 2013, covering the draft report and other
3 significant considerations regarding the collection of data to support
4 deployment and ongoing implementation of the pilots. On December 16,
5 2013, San Diego Gas and Electric Company filed AL 2557-E/2252-G on
6 behalf of itself, SoCalGas, and two other California utilizes. Attachment
7 B of that AL includes the final report of the Data Working Group. On
8 February 7, 2014, AL 2557-E/2252-G was approved effective December
9 16, 2013.
- 10 • Status: Completed.

11 **III. CONCLUSION**

12 This concludes my revised prepared direct testimony.

1 **IV. WITNESS QUALIFICATIONS**

2 My name is Gregory D. Shimansky. My business address is 8330 Century Park Court,
3 San Diego, California 92123. I am employed by SDG&E/SoCalGas as the GRC Program
4 Manager for both SoCalGas and SDG&E. I have held this position since June of 2013. Prior to
5 this position I was the Regulatory Accounts and Financial Services Manager at SDG&E in the
6 Financial Analysis Department for 3 years. In that position, I was responsible for managing the
7 process for the development, implementation, and analysis of regulatory balancing and
8 memorandum accounts as well as supervising the treasury function at SoCalGas and SDG&E.

9 I have been employed with SDG&E, SoCalGas and Sempra Energy since June 30, 2003.
10 In addition to my current position in the GRC organization, I served as the Financial Planning
11 Manager for Sempra Energy, the Regulatory Reporting Manager at SDG&E/SoCalGas, and from
12 June 2003 through August 2008, I worked for SDG&E in utility planning. I earned a Bachelor
13 of Science degree in Economics from the University of California, Los Angeles in June 1993. I
14 also earned a Master of Science in Management, with concentrations in Finance and Marketing,
15 from Purdue University in May 1998.

16 I have previously provided testimony to the Commission.

SoCalGas 2016 GRC Testimony Revision Log – March 2015

Exhibit	Witness	Page	Line	Revision Detail
SCG-36	Gregory D. Shimansky	GDS-3	21-22	<p><i>Deleted: "2015 post-test year margin numbers have not been filed yet."</i></p> <p><i>Replaced with: "For 2015 post-test year, SoCalGas filed AL 4730 "January 1, 2015 Consolidated Rate Update" to implement January 1, 2015, Gas Rates."</i></p>
SCG-36	Gregory D. Shimansky	GDS-3	FN4	<p><i>Added FN4: "AL 4730, Page 2, "SoCalGas is implementing its 2015 post-test year attrition adjustment of 2.75%, or \$53.2 million (\$52.3 million without FF&U), which was authorized by ordering paragraph 4 of D.13-05-010."</i></p>
SCG-36	Gregory D. Shimansky	GDS-5	1-2	<p><i>Deleted: "That AL is pending approval."</i></p> <p><i>Replaced with: "That AL was approved as of December 17, 2014, for rates effective January 1, 2015."</i></p>
SCG-36	Gregory D. Shimansky	GDS-9	6-7	<p><i>Deleted: "...plans to file the upcoming annual report around the December 2014 timeframe."</i></p> <p><i>Replaced with: "...sent the 2014 annual report on February 23, 2015."</i></p>
SCG-36	Gregory D. Shimansky	GDS-17	5	<p><i>Changed "the Southern California Gas Company" to "San Diego Gas and Electric Company"</i></p>

Appendix A

CPUC Covered Information Privacy and Security Assessment Report



cutting through complexity

Southern California Gas Company

CPUC Covered Information Privacy
and Security Assessment Report

September 15, 2014

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Document Structure

This report consists of the following sections:

Executive Summary contains an overview of the project including background, scope, and KPMG's overall conclusion and noted Exceptions and Recommendations for each Rule comprising the *California Public Utility Commission (CPUC) Privacy Decision*.

Project Approach and Methodology contains an overview of key project phases and activities performed by KPMG throughout the course of the assessment.

Rule Conclusions, Exceptions and Recommendations provides a summary of the nine (9) Rules of the *CPUC Privacy Decision* issued in August 2013 including KPMG's interviews and document reviews (e.g., test work), conclusions, detailed exceptions, and improvement recommendations associated with each Exception.

Southern California Gas Company's Management Response to CPUC Covered Information Privacy and Security Assessment Report contains SoCalGas' Management response to the *CPUC Covered Information Privacy and Security Assessment Report* dated September 15, 2014.

Appendix: Detailed Test Procedures and Results provide the full details of KPMG's assessment criteria procedures and results for each Rule.

Executive Summary

Southern California Gas Company (SoCalGas) provides natural gas service to 20.9 million consumers through 5.8 million meters in more than 500 communities. The company's service territory encompasses approximately 20,000 square miles in diverse terrain throughout Central and Southern California, from Visalia to the Mexican border. Through its operations, SoCalGas collects, processes, stores, and discloses Customer Energy Usage Data (CEUD) and other Customer Personally Identifiable Information (PII). The PII may contain name, address, social security numbers (SSN), service account number, and financial account information.

Background

On August 23, 2012, the California Public Utilities Commission (CPUC) issued Decision D.12-08-045 "Decision Extending Privacy Protections to Customers of Gas Corporations and Community Choice Aggregators and to Residential and Small Commercial Customers of Electric Service Providers" (the "Privacy Decision"). The Privacy Decision requires SoCalGas to undergo an independent assessment of its "Covered Information" privacy and security practices. Covered Information is defined in the Privacy Decision as Customer Energy Usage Data (Covered Information) obtained via Advanced Metering Infrastructure (AMI) combined with other Customer PII that could reasonably be used to identify a residential customer, family, household, residence, or nonresidential customer.

SoCalGas engaged KPMG to conduct an independent assessment of its Covered Information privacy and security controls and this report represents the results of the KPMG assessment of SoCalGas' privacy and security practices.

Scope

The scope of KPMG's assessment was Covered Information and the review was limited to systems and organizational units (OUs) collecting, processing, storing, or disclosing Covered Information. The scope did not cover SoCalGas' employee, contractor, and other PII other than Covered Information.

To perform the review, KPMG developed an Assessment Framework comprised of multiple criteria based on various industry leading standards. We mapped the Assessment Framework criteria to the nine (9) Rules in the Privacy Decision and used the Framework to perform our assessment of SoCalGas' privacy and security practices and procedures.

- The Exceptions and Recommendations were based on our review of policy/procedure documents, stakeholder interviews, inspection of samples and systems, and site walkthroughs.
- KPMG conducted interviews with personnel from Customer Services, Customer Operations (Customer Operations Technology, Customer Operations Privacy Program, Credit & Collections, Billing Operations, Customer Programs & Assistance), Advanced Meter, Customer Contact Centers (CCC), Information Security & Information Management, Remittance Processing, Legal, Compliance and Governance, Audit Services, Human Resources (HR) – Training, Support Services, Regulatory Affairs, Computing Infrastructure, Master Meter Customer Program, Accounting Systems & Compliance, and SoCalGas Application Services.
- KPMG performed a test of design and implementation of privacy and security controls followed by test work of the operating effectiveness of the key implemented controls.

- The Covered Information Privacy and Security Practices Assessment was based on KPMG’s review and understanding of the controls and processes during the Period of Review from **April 1, 2013 to March 31, 2014**.¹

The nine (9) Rules noted in the *Privacy Decision* are listed below.

Rule 1	Definitions
Rule 2	Transparency (Notice)
Rule 3	Purpose Specification
Rule 4	Individual Participation (Access and Choice)
Rule 5	Data Minimization
Rule 6	Use and Disclosure Limitation
Rule 7	Data Quality and Integrity
Rule 8	Data Security
Rule 9	Accountability and Auditing

Summary of Exceptions and Conclusions

KPMG has noted **6** Exceptions (Exceptions are areas where SoCalGas’ program is not yet fully prepared to meet compliance with the *Privacy Decision*). The Exceptions are shown below along with the Recommendations associated with each Exception. There were **no** High-Risk Exceptions; **2** Medium-Risk Exceptions, and **4** Low-Risk Exceptions.²

¹ KPMG used the following key drivers to determine the audit period: (1) The CPUC Privacy Decision does not define the audit period; (2) SoCalGas’ Advice Letter to Implement Rule 42 was not formally approved by the CPUC until September 9, 2013, while many privacy and security controls became effective after April 1 2013; and (3) Professional guidance for initial assessments provides flexibility in the period covered as long as the audit period allows for sufficient time to test Operating Effectiveness.

² See “Rule Conclusions, Exceptions and Recommendations” section on Page 9 for Exception Severity definitions.

CPUC Rule Number	Risk Level	Exceptions Noted	KPMG Recommendations
CPUC Rule 1 Definitions	-	-	N/A
CPUC Rule 2 Transparency (Notice)	Low	The <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> does not provide customers with the title and contact information, including email address, of an official at the covered entity who can assist customers with privacy questions, concerns, or complaints regarding the collection, storage, use, or distribution of Covered Information.	SoCalGas should update the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> to include the title and contact information of an official at the covered entity who can assist customers with privacy questions, concerns, or complaints.
CPUC Rule 3 Purpose Specification	-	-	N/A
CPUC Rule 4 Individual Participation (Access and Choice)	Low	A process did not exist in 2013 to notify customers of subpoena demands for their Covered Information within the seven-day notice requirement. This matter was noted by management in the <i>2013 Annual Privacy Report</i> , and it was remediated during the 2014 portion of the audit period (January 1, 2014 – March 31, 2014).	N/A – Management remediated this Exception during the covered period.
CPUC Rule 5 Data Minimization	-	-	N/A
CPUC Rule 6 Use and Disclosure Limitation	Medium	New vendor contracts contain provisions requiring Third Parties to agree to safeguard Covered Information under policies, practices, and notification requirements no less protective than those under which the SoCalGas operates. However, some existing, active vendor contracts may require a lower standard of safeguarding Covered Information consistent with the policies, practices, and	SoCalGas should assess whether previously executed Third Party contracts contain provisions to sufficiently safeguard Covered Information. SoCalGas should work with the contracting party to amend existing contract language to require Third Parties to agree to safeguard Covered Information under policies, practices and notification requirements no less protective than those under which SoCalGas operates.

CPUC Rule Number	Risk Level	Exceptions Noted	KPMG Recommendations
		notification requirements of the Third Party.	
CPUC Rule 7 Data Quality and Integrity	-	-	N/A
CPUC Rule 8 Data Security	Medium	No formal standards or procedures have been published to inform employees of requirements to protect data based on its classification.	Management should update the existing <i>Data Classification Guidelines</i> to identify the required logical, physical, and administrative security controls to be applied to information or systems containing information that are classified as "Confidential" or "Restricted".
CPUC Rule 9 Accountability and Auditing	Low	Company-wide trainings provided during the covered period did not provide specific guidance to safeguard Covered Information. KPMG noted that management requires general Data Privacy training for specific, critical departments whose employees collect, use, store, or process Covered Information (e.g., CCC, Billing Operations, and Credit Operations).	SoCalGas should provide specific guidance to safeguard Covered Information to all employees as part of company-wide training content, or at a minimum, provide specific guidance in training content required for those critical departments that collect, use, store, or process Covered Information.
	Low	While contractors on the SoCalGas payroll are assigned trainings as regular employees, there is no formal training assigned to contractors who are hired through a temporary work-force solution company.	SoCalGas should implement standardized training requirements addressing the safeguarding of Covered Information for contractors hired through a temporary work-force solution who have access to Covered Information.

Project Approach and Methodology

KPMG approached the Assessment in five (5) phases: Mobilize, Discover, Assess, Validate, and Report.



- **Mobilize** – KPMG developed an Assessment Framework to review SoCalGas’ privacy and security practices on the nine (9) Rules comprising the *Privacy Decision*. We identified controls for each Rule’s requirements and performed procedures to test the Design and Implementation and Operating Effectiveness of program policies and procedures to identify any noted Exceptions to those controls. Given the similarity of the Generally Accepted Privacy Principles (GAPP) framework promulgated by the American Institute of Certified Public Accountants (AICPA) and CPA Canada, we leveraged GAPP as a baseline to develop our testing procedures.
- **Discover** – KPMG worked with the SoCalGas Privacy Project Team to identify relevant stakeholders, reviewed the organizational structure to identify business groups where Covered Information may reside, and reviewed the current IT landscape to identify systems and applications that collect, store, or process Covered Information, such as Advanced Meter Systems, Customer Information Systems applications and databases, Back-end systems, Middleware, Development/Test environments, and Customer Portals.
- **Assess** – As part of our assessment KPMG performed a variety of interviews with stakeholders representing Executive Leadership, Corporate Shared Services department, and SoCalGas. A total number of 74 personnel were interviewed; more than 250 documents reviewed and we performed five (5) site walkthroughs of critical SoCalGas facilities (including Customer Contact Centers, a Production and Backup Datacenter, Credit & Collections and Billing Operations, Branch Office, and the Bill Print and Remittance Processing Center) to observe the safeguards in place to protect Covered Information.
- **Validate** – KPMG validated all observed Exceptions throughout the Assessment phases with the SoCalGas Privacy Project Team, relevant business and IT stakeholders, and leadership.
- **Report** – KPMG developed a final report providing Exceptions and Recommendations, presented the report to SoCalGas Leadership, and incorporated Management Response to the noted Exceptions.

Rule Conclusions, Exceptions and Recommendations

KPMG notes **6** specific Exceptions, which are areas where SoCalGas’ program is not yet fully prepared to meet requirements under the *Privacy Decision*. For any risk identified, KPMG reviewed the risk and assigned a risk rating of **High, Medium, or Low** to each Exception based on the potential impact the Exception could have as it relates to the protection of Covered Information. The risk rating methodology is based on KPMG’s experience as well as industry leading practices and standards.

There were **no** High-Risk Exceptions; **2** Medium-Risk Exceptions, and **4** Low-Risk Exceptions.

Risk Level	Description
High	Issue poses a significant risk of data breach of Covered Information and/or a significant deviation from the <i>CPUC Privacy Decision</i> .
Medium	Inconsistent implementation of policies and procedures that may impact the ability of SoCalGas to protect Covered Information and/or achieve adequate alignment with the <i>CPUC Privacy Decision</i> .
Low	Undefined or undocumented policies and procedures supporting the protection of Covered Information and alignment with the <i>CPUC Privacy Decision</i> .

The following tables provide a summary of the criteria that KPMG applied in the testing of each of the nine (9) Rules of the *Privacy Decision*, the overall conclusion of the set of criteria evaluated, relevant Exceptions (if any) along with level of risk, risk implication and Recommendation.

Rule 2: Transparency

KPMG Testing Summary	<p>KPMG performed testing of SoCalGas' overall customer notice program focusing on:</p> <ul style="list-style-type: none"> ■ Internal and customer-facing <i>Privacy Policies</i> and <i>Notices</i> that address SoCalGas' practices and procedures related to the collection, processing, storage, and disclosure of their Covered Information; ■ Review of methods and frequency for providing customers with notice and an examination of the actual notices; ■ Interviews with SoCalGas personnel; ■ Performance of site walkthroughs of Customer Service facilities to observe Energy Service Specialists interacting with customers and discussing their Covered Information.
KPMG Test Results Summary	<p>KPMG determined that SoCalGas provides its external-facing <i>Privacy Policy</i> and <i>Privacy Notice</i> on its website detailing the manner in which the company collects, stores, shares, and protects Covered Information and the methods by which customers can access their data. The <i>Privacy Notice</i> includes information on how customers can contact SoCalGas with complaints, inquiries, and disputes. SoCalGas also provides its <i>Privacy Notice</i> to newly registered customers as part of a welcome package, and annually thereafter in a bill statement.</p>
Exception	<p>The <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> does not provide customers with the title and contact information, including email address, of an official at the covered entity who can assist customers with privacy questions, concerns, or complaints regarding the collection, storage, use, or distribution of Covered Information.</p>
Risk level	<p>Low</p>
Risk Implication	<p>Customers may not be aware that a specific department or role exists within the company that is responsible for addressing their privacy questions, concerns, or complaints.</p>
Recommendation	<p>SoCalGas should update the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> to include the title and contact information of an official at the covered entity who can assist customers with privacy questions, concerns, or complaints.</p>

Rule 3: Purpose Specification

KPMG Testing Summary	<p>KPMG performed testing of SoCalGas' specification of the purposes focusing on</p> <ul style="list-style-type: none"> ■ How SoCalGas specifies the reasons for which it collects, discloses, retains, and provides access to Covered Information; ■ Review of the SoCalGas <i>Privacy Notice</i> and other policies and procedure and interviews with stakeholders to understand the determination and specification of information and Third Party categories. ■ Examination of whether the <i>Privacy Notice</i> included a description of how customers could access and control their Covered Information collected, processed, stored, and disclosed by SoCalGas.
KPMG Test Results Summary	<p>KPMG found that SoCalGas has documented policies and procedures outlining the acceptable purposes for which Covered Information may be collected, stored, and shared, including detailed policies regarding Primary and Secondary Purposes. The SoCalGas <i>Privacy Notice</i> includes the categories of Third Parties with which SoCalGas shares Covered Information.</p> <p>SoCalGas has implemented internal policies instructing employees on determining the veracity and propriety of Third Party requests, and on the appropriate use of Covered Information internally.</p>
Exception	<p>No Exceptions Noted</p>
Risk level	<p>-</p>
Risk Implication	<p>-</p>
Recommendation	<p>-</p>

Rule 4: Individual Participation (Access and Choice)

KPMG Testing Summary	<p>KPMG performed testing of SoCalGas' customer-facing program focusing on:</p> <ul style="list-style-type: none">■ Internal and external policies and procedures to provide customers with access and consent mechanisms related to their Covered Information;■ Review of Customer Portals, conduct stakeholder interviews, and perform walkthroughs of Customer Contact Center and Branch Office locations where SoCalGas Customer Service Representatives (CSR) interact with customers with respect to their Covered Information;■ Review of Customer Authorization forms to understand how customers can grant and revoke authorization for secondary uses of their Covered Information;■ Examination of the process in place to disclose Covered Information pursuant to legal processes and in situations of imminent threat to life or property. Test procedures included review of policies and procedures for tracking these requests and the subsequent notice provided to customers and interviews with SoCalGas stakeholders in relevant business functions.
KPMG Test Results Summary	<p>KPMG determined that SoCalGas provides customers with multiple methods to access their Covered Information, including via the My Account and Envoy features online and home energy reports which allow them to review and interpret their online usage information. Further, Internal guidelines for SoCalGas employees who interact with customers are in place addressing how to allow customers access to their Covered information. Customers may also visit one of SoCalGas' Branch Offices to make payments, perform service requests, or receive a copy of their bill including usage data. SoCalGas has processes and procedures in place for customers to grant and revoke authorization to Third Parties for secondary uses of Covered Information through use of a CISR form. Customer-facing policies and notices indicate SoCalGas may disclose Covered Information if it is necessary to comply with relevant laws, to respond to subpoenas or warrants, or to emergency responders in the case of imminent threat to life or property in which case customers would be notified.</p>

Exception	A process did not exist in 2013 to notify customers of subpoena demands for their Covered Information within the seven-day notice requirement. This matter was noted by management in the <i>2013 Annual Privacy Report</i> , and it was remediated during the 2014 portion of the audit covered period (January April 1, 20143 – March 31, 2014).
Risk level	Low
Risk Implication	Customers may not have adequate opportunity to contest the disclosure of their Covered Information pursuant to a legal process increasing the risk that SoCalGas will disclose customer data without authorization.
Recommendation	N/A – Management remediated this Exception during the covered period.

Rule 5: Data Minimization

KPMG Testing Summary	<p>KPMG performed testing of SoCalGas' adoption of Data Minimization principles in the collection, use, and disclosure of Covered Information focusing on:</p> <ul style="list-style-type: none"> ■ Review of corporate and department-specific policies and procedures to understand how Covered Information is segregated from other systems; ■ How user access is restricted based on business need; ■ How records and assets are retained for only for as long as reasonably necessary; ■ Proper disposal of records upon their eligibility for destruction; ■ Examination of how Data Minimization principles were adopted as part of Third Party disclosure practices. Test procedures included review of policies and procedures and interviews with relevant stakeholders to understand appropriate safeguards in place to limit the disclosure of Covered Information.
KPMG Test Results Summary	<p>KPMG determined that SoCalGas has implemented the Data Minimization principle as a foundational component to its overall privacy framework, and has documented policies and procedures limiting the amount of information collected, stored and retained, and the data elements and categories of Third Parties with whom it is shared. SoCalGas management reviews and certifies that Covered Information is retained as necessary and that it is properly disposed of in electronic, hardcopy, and unstructured formats in a timely manner.</p>
Exception	<p>No Exceptions Noted</p>
Risk level	<p>-</p>
Risk Implication	<p>-</p>
Recommendation	<p>-</p>

Rule 6: Use and Disclosure Limitation

KPMG Testing Summary	<p>KPMG performed testing of SoCalGas' Third-Party Management Program focusing on:</p> <ul style="list-style-type: none"> ■ Review of processes in place for disclosure of Covered Information to Third Parties; ■ Review of procedures and forms for customers to authorize and revoke a Third Party to receive Covered Information on behalf of the customer; ■ Examination of Third Party management policies and procedures and interview of stakeholders to understand how SoCalGas implements practices and procedures based on the categories of Third Parties (i.e., Primary Purpose and Secondary Purpose); ■ Review of data transmission protocols and ongoing monitoring of Third Parties for compliance with SoCalGas and Supply Management (Corporate Shared Services department) policies and contractual provisions.
KPMG Test Results Summary	<p>KPMG found that SoCalGas has processes in place to allow customers to share their Covered Information data with Third Parties. SoCalGas has internal formal procedures to manage customer requests of disclosure to Third Parties which include forms for explicit customer authorization and forms to revoke such authorization (CISR forms). SoCalGas has internal Third Party management policies and informs suppliers and Third Parties about data privacy requirements. Third Party vendors are contractually obligated per their contract clauses to maintain the privacy of the information shared.</p>
Exception	<p>New vendor contracts contain provisions requiring Third Parties to agree to safeguard Covered Information under policies, practices, and notification requirements no less protective than those under which SoCalGas operates.</p> <p>However, some existing, active vendor contracts may require a lower standard of safeguarding Covered Information consistent with the policies, practices, and notification requirements of the Third Party.</p>
Risk level	<p>Medium</p>
Risk Implication	<p>Third Party data security practices may not be sufficient to safeguard Covered Information heightening SoCalGas' legal and regulatory exposure and increasing the risk of a potential breach of customer data.</p>
Recommendation	<p>SoCalGas should assess whether previously executed Third Party contracts contain provisions to sufficiently safeguard Covered Information.</p> <p>SoCalGas should work with the contracting party to amend existing contract language to require Third Parties to agree to safeguard Covered Information under policies, practices and notification requirements no less protective than those under which SoCalGas operates.</p>

Rule 7: Data Quality and Integrity

KPMG Testing Summary	<p>KPMG performed testing of SoCalGas' Data Validation methods and procedures focusing on:</p> <ul style="list-style-type: none"> ■ Review of how SoCalGas validates the quality and integrity of Covered Information; ■ Examination of the Advanced Meter systems and infrastructure to understand how usage data is managed and reconciled; ■ Review of policies and procedures and interviewed stakeholders to understand how SoCalGas provides customers with the opportunity to modify or remove other data elements collected by the company.
KPMG Test Results Summary	<p>KPMG found that SoCalGas has policies in place that address the confirmation, validation, and relevance of customer information. It is clearly stated within the privacy notice that customers may contact SoCalGas should they need to update or make any alterations to their information. In addition, call center personnel authenticate customers and validate their account information when answering a call. When accessing their online accounts, customers are notified that it is the responsibility of the customer to ensure their personal information is updated and accurate. KPMG found that meter data consumption and processing systems validate energy usage reads and perform edits to maintain the completeness and accuracy of usage data prior to billing the customer.</p>
Exception	<p>No Exceptions Noted</p>
Risk level	<p>-</p>
Risk Implication	<p>-</p>
Recommendation	<p>-</p>

Rule 8: Data Security

<p>KPMG Testing Summary</p>	<p>KPMG performed testing of SoCalGas' physical and Cyber security measures to protect Covered Information focusing on:</p> <ul style="list-style-type: none"> ■ Review of Information Security (Corporate Shared Services department) policies, procedures, and measures related to: Endpoint Security (Antivirus protection, E-mail/Database security), the Network environment (Network Segmentation, Intrusion Detection/Prevention Systems, Remote Access, Wireless) Firewalls, Network Access Control, (Logging/Monitoring, Data Loss Prevention, Web-content Filtering), Mobile Security, Patch Management, Vulnerability Management, Business Continuity, Change Control, Privileged Access, Third Party Access and Data Classification; ■ Performance of site walkthroughs of critical SoCalGas locations focusing on the physical and technical security of Covered Information at these key areas: Customer Contact Center, Branch Office, production and backup Data Centers, Bill Print and Remittance Processing, and Credit Operations; ■ Inspection of key configurations and system settings related to: System Access (User Authentication and Password Configuration), Access Management (Restriction of Access based on least privilege and need-to-know, Segregation of Duties, Periodic review of access), Logging and Monitoring of changes to customer data, Masking of sensitive data in production and development environments; ■ Review of SoCalGas/Corporate Shared Services department's Incident Response/Breach Management Program and interviews of stakeholders who are responsible and/or accountable in the response to a potential incident involving Covered Information including communications to regulators and impacted customers; ■ Examination of evidence of tools deployed in the environment to detect and analyze potential threats to Covered Information.
<p>KPMG Test Results Summary</p>	<p>KPMG found that SoCalGas has appropriate policies, procedures and measures for the following areas: Endpoint Security, Network environment, Firewalls, Mobile Security, Patch Management, Vulnerability Management, Business Continuity, Change Control, Privileged Access, and Third Party Access.</p> <p>Additionally, KPMG found that SoCalGas currently has in place physical security controls to limit the risk of unauthorized access to Covered Information at critical facilities.</p> <p>Furthermore, SoCalGas has a mature Incident Response/Breach Management Program consisting of documented policies and procedures. The <i>Incident Response Process</i> is owned by Information Security (Corporate Shared Services department) and different Business Units throughout the enterprise (including Legal and the SoCalGas Customer Privacy Program) that have responsibilities in response to a potential data incident. Training is provided to employees through Awareness campaigns. We noted that SoCalGas performs ongoing testing of its plan through IT incident logging and PII Tabletop Drills/Exercises involving representation from critical business units that collect, handle, store, and disclose Covered Information.</p>
<p>Exception</p>	<p>No formal standards or procedures have been published to inform employees of requirements to protect data based on its classification.</p>
<p>Risk level</p>	<p>Medium</p>

Risk Implication	More sensitive data classes may be collected, used, processed, or disposed of at an appropriate standard that does not adequately safeguard the data.
Recommendation	Management should update the existing <i>Data Classification Guidelines</i> to identify the required logical, physical, and administrative security controls to be applied to information or systems containing information that are classified as "Confidential" or "Restricted".

Rule 9: Accountability and Auditing

KPMG Testing Summary	<p>KPMG performed testing of SoCalGas' overall Customer Data Privacy and Cybersecurity program, focusing on:</p> <ul style="list-style-type: none"> ■ Review of documentation supporting each program as well as SoCalGas' communication of these policies to both employees and contractors; ■ Review of executive support and sponsorship of Customer Data Privacy and Cybersecurity including the individuals and roles responsible and accountable for Customer Data Privacy and Cybersecurity throughout the enterprise; ■ Interviews with members of Sempra and SoCalGas Executive Management to understand leadership's views on customer data protection; ■ Review of the process to receive, track and resolve customer complaints, disputes, and inquires related to the protection of their Covered Information. Test procedures included a review of internal procedures, interviews with stakeholders involved in the Complaints process, and a walkthrough of Customer Contact Center; ■ Examination of employee training and awareness associated with the protection of Covered Information. This testing included a review of enterprise-wide and targeted training materials provided to business units and Contractors collecting, handling, storing, or transmitting Covered Information. Additionally, KPMG examined training compliance logs, meeting agendas, and attendance sheets maintained during Customer PII training sessions.
KPMG Test Results Summary	<p>KPMG determined that SoCalGas has developed company and department policies addressing the proper safeguarding of Covered Information. The organization is supported by a maturing Customer Privacy Program that has executive and management, support, oversight, and visibility. Additionally, a process exists to respond to complaints/inquiries/disputes levied by customers related to Customer Privacy. Companywide training has been implemented but is not specific to data privacy and confidentiality of Covered Information. Additionally, data privacy and security training has not been rolled out to contractors hired through a temporary work-force solution company.</p> <p>KPMG also noted SoCalGas provided the necessary information regarding Third Parties accessing Covered Information to the CPUC in their annual privacy report</p>
Exception	<p>Company-wide trainings provided during the covered period did not provide specific guidance to safeguard Covered Information. KPMG noted that management requires general Data Privacy training for specific, critical departments whose employees collect, use, store, or process Covered Information (e.g., CCC, Billing Operations, and Credit Operations).</p>
Risk level	<p>Low</p>
Risk Implication	<p>SoCalGas employees who collect, use, process, or store Covered Information may not understand or be aware of company policies and procedures for safeguarding sensitive information increasing the risk of misuse of data or a potential data incident.</p>
Recommendation	<p>SoCalGas should provide specific guidance to safeguard Covered Information to all employees as part of company-wide training content ,or at a minimum, provide specific guidance in training content required for those critical departments that collect, use, store, or process Covered Information.</p>

Exception	While contractors on the SoCalGas payroll are assigned trainings as regular employees, there is no formal training assigned to contractors who are hired through a temporary work-force solution company.
Risk level	Low
Risk Implication	Contractors acting on behalf of SoCalGas who collect, use, process, or store Covered Information may not understand or be aware of company policies and procedures for safeguarding sensitive information increasing the risk of misuse of data or a potential data incident.
Recommendation	SoCalGas should implement standardized training requirements addressing the safeguarding of Covered Information for contractors hired through a temporary work-force solution who have access to Covered Information.

SoCalGas' Management Response to CPUC Covered Information Privacy and Security Assessment Report

Please see SoCalGas' Management Response below.



September 15, 2014

Doron Rotman
Managing Director
KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

Re: Southern California Gas Company's Response to KPMG's Covered Information Privacy and Security Assessment Report dated September 15, 2014

Dear Mr. Rotman:

On behalf of Southern California Gas Company ("SoCalGas") we would like to thank you for the Professional Services KPMG provided in their external review and assessment of CPUC Covered Information Privacy and Security.

SoCalGas engaged KPMG to complete this independent audit in order to meet the CPUC requirement to perform an external review of our compliance with the rules in the Smart Grid Data Privacy Decision (D.12-08-045)¹. We appreciate that KPMG recognizes that SoCalGas has met many of the Rules in the *Privacy Decision* and is in the process of strengthening the SoCalGas Customer Privacy Compliance Program.

SoCalGas reviewed the exceptions contained in KPMG's Audit Report issued on September 15, 2014 and provides the following attached response.

Sincerely,

A handwritten signature in black ink that reads "Janet Yee".

Janet Yee
Director, Customer Operations
Attachment

¹ CPUC D.12-08-045 extended the privacy and security rules to natural gas utilities, community choice aggregators and electric service providers.



Any audit of any organization’s business practices represents an opportunity to review and improve vital processes and technologies in order to better protect customer privacy. SoCalGas welcomed the opportunity to review its privacy and security practices as we continually seek to enhance our programs. KPMG described six noteworthy findings in SoCalGas’ privacy and security audit. Below are SoCalGas’ responses to those findings.

CPUC Rule Number	Exceptions Noted by KPMG	SoCalGas Management Response
<p>CPUC Rule 2 Transparency</p>	<p><i>‘The Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information’ does not provide customers with the title and contact information, including email address, of an official at the covered entity who can assist the customer with privacy questions, concerns, or complaints regarding the collection, storage, use, or distribution of Covered Information.</i></p>	<p>SoCalGas does have an official that is assigned the role of answering privacy questions. The Customer Privacy Program Manager title, the Customer Service Representative title and an email address were all added to the Privacy Notice. This revision went into effect July, 2014.</p>
<p>CPUC Rule 4 Individual Participation and Consent</p>	<p><i>Customers may not have adequate opportunity to contest the disclosure of the Covered Information pursuant to a legal process increasing the risk that SoCalGas will disclose customer data without authorization.</i></p>	<p>N/A - SoCalGas remediated the exception during the covered period.</p>
<p>CPUC Rule 6 Use and Disclosure Limitation</p>	<p><i>New vendor contracts contain provisions requiring Third Parties to agree to safeguard Covered Information under policies, practices, and notification requirements no less protective than those under which the SoCalGas operates.</i></p> <p><i>However, some existing, active vendor contracts may require a lower standard of safeguarding Covered Information consistent with the policies, practices, and</i></p>	<p>SoCalGas will work internally with all appropriate internal parties, including the Supply Management and Legal departments, to assess the population of contracts requiring update and develop an implementation plan for amending contracts to reflect the appropriate safeguarding of covered information.</p>



CPUC Rule Number	Exceptions Noted by KPMG	SoCalGas Management Response
	<i>notification requirements of the Third Party.</i>	
CPUC Rule 8 Data Security	<i>No formal standards or procedures have been published to inform employees of requirements to protect data based on its classification.</i>	Although some company security standards do reference specific expectations regarding how to protect data based on its classification, SoCalGas will work with its Information Security department in order to develop a matrix of protective guidelines for each classification level in order to clearly inform employees of recommendations to protect information based on its classification.
CPUC Rule 9 Accountability and Auditing	<i>Company-wide trainings provided during the covered period did not include Covered Information specific guidance as part of the content. Noted that management only provides general Data Privacy training to select specific departments whose employees collect, store and/or use Covered Information (e.g. CCC, Billing Operations, and Credit Operations).</i>	SoCalGas understands their obligation to protect 'covered information.' While it is agreed that the Company-wide training does not differentiate 'covered information,' from other confidential customer information, we disagree that the training provided to all employees is an exception to Rule 9(c). In addition to the "Employee Conduct and Responsibilities" training that all Union Representatives must take each year, SoCalGas employees must take the "Business Code of Conduct". This annual training includes instructions for maintaining confidentiality and privacy of Company information. Beginning in 2012, targeted management employees were offered additional training on the Laws and Rules that govern the protection of customer and company information. This type of targeted supplemental training for employees handling 'covered information' will continue to be offered on a go-forward basis.
	<i>While contractors on the SoCalGas payroll are assigned training as regular employees, there is no formal training assigned to contractors who are hired through a temporary work-force solution company.</i>	To improve the comprehensiveness of the privacy training, SoCalGas will work with the agency representatives to ensure training on how to safeguard 'covered information' is included for this employee classification. Contractors hired through a temporary agency are not necessarily in a position to have access to 'covered information' and SoCalGas agrees that this is a low risk exception item.

Appendix Detailed Test Procedures and Results

CPUC RULE 2 – Transparency (Notice)

Overall Conclusion	<p>Exception Noted:</p> <p>The <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> does not provide customers with the title and contact information, including email address, of an official at the covered entity who can assist customers with privacy questions, concerns, or complaints regarding the collection, storage, use, or distribution of Covered Information.</p>
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CPUC Rule	Rule Description	When Provided:
b		Covered entities shall provide written notice when confirming a new customer account and at least once a year shall inform customers how they may obtain a copy of the covered entity's notice regarding the accessing, collection, storage, use, and disclosure of Covered Information and shall provide a conspicuous link to the notice on the home page of their website, and shall include a link to their notice in all electronic correspondence to customers.
Audit Procedures	Audit Test Results	Exceptions
<p>1. Determine whether SoCalGas has documented policies addressing the provision of notice to customers of SoCalGas' data collection and handling techniques.</p>	<p>1. a. Reviewed internal privacy program documentation and noted that the privacy program adopts the Fair Information Practice Principles including the principle Notice and Purpose. The document states:</p> <ul style="list-style-type: none"> ■ SoCalGas will be transparent by providing notice regarding the collection, use, dissemination, purpose and maintenance of Personally Identifiable Information. ■ On a periodic basis, or as may be required by the CPUC, customers will be provided notice regarding the Company's Privacy Practices. <p>1. b. Met with members of the SoCalGas Customer Privacy Program and was informed that SoCalGas has links to the <i>Privacy Notice</i> and <i>Website Privacy Policy</i> on its webpage and changes to the company's data handling policies will be reflected in the <i>Policy</i> and <i>Notice</i> any time changes are made.</p> <p>1. c. Reviewed documentation associated with <i>Changes to the Privacy Notice</i> and noted that changes will be driven and approved by the Law Department. Old copies of the <i>Privacy Notice</i> will be stored on a server and accessible upon demand if prior copies of the notice are requested by customers. Web team posts the final document to the website.</p> <p>1. d. Reviewed Privacy Decision compliance tracking documentation and noted that the Privacy Working Team identified its <i>Privacy Notice</i> requirements and assigned responsibility to a business</p>	

	<p>group who was responsible for posting the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> on the SoCalGas website.</p>	
<p>2. Determine whether a procedure exists to ensure new customers receive notice of the company's privacy policy upon registration and annually thereafter. In addition, a procedure exists to track prior iterations of the privacy policy.</p>	<p>2. a. Met with members of the SoCalGas Customer Privacy Program and was informed that the annual <i>Privacy Notice</i> and new customer welcome packages are sent to customers through coordination with the Customer Operations Billing department.</p> <p>2. b. Met with Manager, Customer Operations Billing, and was informed that the SoCalGas <i>Privacy Notice</i> is sent out to new customers as part of their welcome package, and to existing customers in annual bill inserts. The Bill Print group uses a Job code with the assigned print request to ensure the <i>Privacy Notice</i> is contained within customer mailings when required.</p> <p>2. c. Reviewed Privacy Decision compliance Tracking documentation and noted that the Privacy Working Team identified its <i>Privacy Notice</i> requirements and assigned responsibility to the Customer Operations Technology Manager.</p> <ul style="list-style-type: none"> ■ Large Non-residential customers received notice in their <i>Annual Bill insert</i> in February 2013; ■ Other large residential customers received automated communication from the Specialize Customer Billing System (SCBS) via a link to the <i>Privacy Notice</i> in April 2013. <p>2. d. Reviewed the <i>New Customer Welcome Package</i> for new customers and noted that the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> was provided as an insert in the package.</p>	
<p>3. Determine whether SoCalGas provides notice to customers on an annual basis and when signing up new customers as required by the CPUC regulation.</p>	<p>3. a. Reviewed the <i>Annual Bill Insert</i> provided to customers regarding SoCalGas' <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i>. The Notice was provided annually as a bill insert to existing customers, and as an insert in welcome packages for new customers.</p> <p>3. b. Reviewed the <i>New Customer Welcome Package</i> and noted that it includes the <i>SoCalGas Privacy Notice</i>.</p>	

CPUC Rule 2	Rule Description	Form: The notice shall be labeled Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information (1) be written in easily understandable language, and (2) be no longer than is necessary to convey the requisite information.	
Audit Procedures		Audit Test Results	Exceptions
1. Review SoCalGas' methods for providing customers notice about their privacy and accessing the privacy notice.	1. a. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> and noted that SoCalGas provides customers with information about the company's privacy practices on the SoCalGas website at http://socalgas.com/privacy-notice.shtml . 1. b. Reviewed the <i>Website Privacy Policy</i> contained on the website at http://socalgas.com/privacy-policy.shtml and noted that it provides web users with the reasons and methods for which the company collects information from the website. 1. c. Reviewed the <i>Annual Bill Insert</i> provided to customers regarding <i>SoCalGas' Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> . The Notice was provided annually as a bill insert to existing customers, and as an insert in welcome packages for new customers. 1. d. Reviewed outbound SoCalGas email communications to customers and noted that they contain links to the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> and <i>Website Privacy Policy</i> .		
2. Determine whether a procedure exists to review the readability of the privacy notice and make updates based on customer feedback related to readability and content.	2. a. Met with Manager of Customer Service Technology Operations/Data Privacy, and was informed that the <i>Privacy Notice</i> and <i>Website Privacy Policy</i> are reviewed by the Law Department prior to publication on the SoCalGas website. 2. b. Reviewed the <i>Notice Of Accessing, Collecting, Storing, Using And Disclosing Energy Usage Information</i> and noted that it provides contact information where customers can provide comments or concerns regarding the notice.		

<p>3. Determine whether SoCalGas' Privacy Notice is written in an easy-to-understand language.</p>	<p>3. a. Reviewed the SoCalGas <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> on the SoCalGas website and noted that the language is written in laymen's terms and explains why SoCalGas collects Covered Information, when it shares that information, and how consumers can access their Covered Information online.</p> <p>3. b. Reviewed the <i>Notice Of Accessing, Collecting, Storing, Using And Disclosing Energy Usage Information</i> and noted that it is written at a Flesch-Kinkaid grade level of 15.8. Readers need to have a partial college education to fully understand the Notice.</p> <p>3. c. Reviewed the <i>Notice Of Accessing, Collecting, Storing, Using And Disclosing Energy Usage Information</i> and <i>Website Privacy Policy</i> and noted that customers have the options to view both documents in English and Spanish.</p>	
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CPUC Rule 2	Rule Description	<p>Content: The notice and the posted privacy policy shall state clearly—</p> <p>(1) the identity of the covered entity,</p> <p>(2) the effective date of the notice or posted privacy policy,</p> <p>(3) the covered entity's process for altering the notice or posted privacy policy, including how the customer will be informed of any alterations, and where prior versions will be made available to customers, and</p> <p>(4) the title and contact information, including email address, postal address, and telephone number, of an official at the covered entity who can assist the customer with privacy questions, concerns, or complaints regarding the collection, storage, use, or distribution of Covered Information.</p>	
d(1)-(4)			
Audit Procedures	Audit Test Results		Exceptions
<p>1. Understand how the regulatory requirements, management review and approval process works, including potential alterations of the privacy policies.</p>	<p>1. a. Met with Managing Attorney, Technology & Business Services. The role is responsible for interpreting any Privacy-related laws or regulations and defining the legal requirements of implementation. Most required changes to the <i>Website Privacy Policy</i> or <i>Privacy Notice</i> are communicated from the Law Department to the Customer Privacy Program. There are instances where new Business Processes require changes and those would be communicated from the Customer Privacy Program.</p> <p>1. b. Met with members of the SoCalGas Customer Privacy Program and was informed that when the <i>CPUC Privacy Decision</i> was issued, a Privacy Working Team was established to identify the requirements of the Decision. Compliance Actions were assigned to specific groups and tracked to completion. The <i>Draft Notice</i> was circulated for review and final approval by the Law department prior to posting on the website.</p>		

	<p>1. c. Reviewed documentation associated with <i>Changes to the Privacy Notice</i> and noted that changes will be driven and approved by the Law Department. Old copies of the <i>Privacy Notice</i> will be stored on a server and accessible upon demand if prior copies of the notice are requested by customers. The web team will post the final document on the website.</p> <p>1. d. Reviewed brief written description of how the data privacy lead monitors the privacy regulatory environment and changes within and noted the following:</p> <ul style="list-style-type: none"> ■ Lead is on the Legislative team distribution list and if there is a bill that involves customer privacy, the lead will get a copy of the bill via email and be asked to provide input to help develop a company position to support, oppose or remain neutral on legislative proposals. ■ Lead is contacted by the Company's Attorney that monitors privacy legislation prior to or when a law is passed to discuss operational and customer impacts so business changes can be made to comply with the new law. ■ Lead chairs a Customer Privacy Working Team that meets monthly and as a standing agenda item, Regulatory reports on environment changes. If lead is not aware of all changes that might impact the utility, others on the team from Regulatory, Legislative, Operations, Customer Experience, Customer Programs, etc., will report on changes that they may be aware of so through open dialogue and discussion, any cross functional impacts are monitored. ■ Lead participates in monthly status updates to the Customer Privacy Director Stakeholders where Regulatory, Operational, Risks and Issues are reported out to the Business Unit leadership team ■ Lead is part of a joint IOU team of Customer Privacy Professionals that meets each month to discuss privacy practices and any environment changes that may impact current utility practices <p>1. e. Reviewed Privacy Decision compliance tracking documentation and noted that Legal reviewed and approved the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> and the <i>Notice</i> was posted to the website in December 2012.</p>	
<p>2. Inspect original and revision dates of policies to determine if actual updates/edits are made before approvals.</p>	<p>2. a. Met with members of the SoCalGas Customer Privacy Program and was informed that the development of the <i>Draft Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> was assigned to an individual with review and approval by the Legal department by 12/7/2014.</p> <p>2. b. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> on the SoCalGas website and noted that it is dated December 2012.</p> <p>Note: Reviewed a version of <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> updated outside the period of review and noted that it is dated July 2014.</p>	

<p>3. Determine how SoCalGas informs customers of any alterations to the Privacy Notice and where prior versions will be made available to customers.</p>	<p>3. a. Met with members of the SoCalGas Customer Privacy Program and was informed that changes to the company's data handling policies will be reflected in the <i>Policy</i> and <i>Notice</i> any time changes are made.</p> <p>3. b. Reviewed documentation associated with <i>Changes to the Privacy Notice</i> and noted that changes will be driven and approved by the Law Department. Old copies of the <i>Privacy Notice</i> will be stored on a server and accessible upon demand if prior copies of the notice are requested by customers. The web team will post the final document on the website.</p>	
<p>4. Examine whether SoCalGas' privacy notices to identify whether the title and contact information (including email address, postal address and telephone number) of an official at the covered entity is indicated, who can assist the customer with potential privacy questions, concerns, or complaints.</p>	<p>4. a. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> on the SoCalGas website and noted that it provides information on how residential and commercial customers can contact the company via postal mail and telephone. No Privacy Official or email contact information is provided to the customers.</p> <p>4. b. Reviewed the <i>Website Privacy Policy</i> and noted that it provides information on how customers can contact SoCalGas regarding the <i>Privacy Policy</i> by email at webmaster@socalgas.com, or by phone at (800) 427-2200, or by regular mail to Centralized Correspondence.</p>	<p>The <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> does not provide customers with the title and contact information, including email address, of an official at the covered entity who can assist customers with privacy questions, concerns, or complaints regarding the collection, storage, use, or distribution of Covered Information.</p>

CPUC RULE 3 – Purpose Specification

Overall Conclusion	No Exceptions Noted
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CPUC Rule 3	Rule Description		
a(1)-(3)	<p>Categories of Information:</p> <p>(1) Each category of Covered Information collected, used, stored or disclosed by the covered entity, and, for each category of Covered Information, the reasonably specific purposes for which it will be collected, stored, used, or disclosed,</p> <p>(2) each category of Covered Information that is disclosed to Third Parties, and, for each such category, (i) the purposes for which it is disclosed, and (ii) the categories of Third Parties to which it is disclosed, and</p> <p>(3) the identities of those Third Parties to whom data is disclosed for Secondary Purposes, and the Secondary Purposes for which the information is disclosed.</p>		
Audit Procedures		Audit Test Results	Exceptions
1. Determine whether SoCalGas' Privacy Notice documents the (1) categories and purposes of Covered Information collected, used, stored or disclosed, (2) each category of Covered Information that is disclosed to Third Parties and purpose of disclosure, and (3) the identities of those Third Parties with whom Covered Information is shared for Secondary Purposes.		<p>1. Reviewed the <i>Notice Of Accessing, Collecting, Storing, Using And Disclosing Energy Usage Information</i> and noted that it provides information to customers on (1) the Primary Purposes for which the company collects their energy usage data. These include: technology providers, consulting organizations, engineering firms, and energy-efficiency providers; the <i>Notice</i> informs customers that it will seek their consent to provide information for (2) Secondary Purposes – Occasionally, we may ask you for permission to share Energy Usage information with other companies not related to these purposes. Finally (3) the <i>Notice</i> informs customers that they are free to designate other companies to receive their information.</p> <p>Other reasons for disclosure include: 1) pursuant to a legal process (such as a warrant or subpoena), 2) to emergency responders in the case of imminent threat to life or property, 3) as ordered by the CPUC, or 4) as otherwise required by law.</p>	
2. Determine whether a procedure exists to ensure new customers receive notice of SoCalGas' reasons for collecting, using, storing, or disclosing Covered Information.		<p>2. a. See CPUC Rule 2b. Audit Test Procedure 1 Audit Test Results.</p> <p>2. b. Reviewed internal privacy program documentation and noted that SoCalGas has guidelines adopting the Fair Information Practice Principles including the <i>Principles Notice and Purpose</i>. The documentation states:</p>	

	<ul style="list-style-type: none"> ■ SoCalGas will be transparent by providing notice regarding the collection, use, dissemination, purpose and maintenance of Personally Identifiable Information. ■ On a periodic basis, or as may be required by the CPUC, customers will be provided notice regarding the Company's Privacy Practices. 	
<p>3. Determine whether SoCalGas effectively monitors compliance with its collection, use, storage, and disclosure practices.</p>	<p>3. a. Met with IT Audit Manager, Audit Services and was informed about Audit Services and the two audits performed by Audit Services (SDG&E, SoCalGas) in 2012 related to Privacy and the protection of Customer PII including safeguards associated with collection, use, storage, and disclosure. Observed Business Control Issues (e.g., Findings) require Management Corrective Actions which are tracked to closure.</p> <p>3. b. Reviewed sample <i>Customer Privacy and Security Audits</i> performed by Audit Services and noted that Audit Services reviewed SoCalGas' compliance with different privacy and security safeguards in the information lifecycle.</p> <p>3. c. Reviewed sample <i>Privacy Impact Assessments (PIA)</i> required by the Customer Privacy Program and noted that the use and impact of Customer Covered Information is tracked and approval is gained as needed.</p> <p>3. d. Reviewed the <i>SoCalGas 2013 Annual Privacy Report</i> and noted that the company reports instances of non-compliance with the Privacy Decision.</p> <p>3. e. Reviewed <i>Management Corrective Actions</i> prepared by Management and tracked by Audit Services in response to Business Control Issues identified during the SoCalGas data privacy audit. Observed evidence that Audit Services tracked all Business Control Issues to closure.</p>	

CPUC Rule 3	Rule Description	<p>Retention Time:</p> <p>The notice required under section 2 shall provide—</p> <p>The approximate period of time that Covered Information will be retained by the covered entity;</p>		
b				
Audit Procedures		Audit Test Results		Exceptions
1. Determine whether SoCalGas' Privacy Notice addresses the retention of Covered Information.		<p>1. Reviewed the <i>Notice Of Accessing, Collecting, Storing, Using And Disclosing Energy Usage Information</i> and noted that it contains a section labeled "Retention" which states:</p> <ul style="list-style-type: none"> ■ SoCalGas will keep your Energy Usage information only for as long as necessary to serve you and handle matters like billing disputes, inquiries and system planning. Retention periods vary based on the specific circumstances and business needs, but will most typically be for eight to ten years. 		

CPUC Rule 3	Rule Description	<p>Customer Limitation:</p> <p>The notice required under section 2 shall provide a description of</p> <p>(1) the means by which customers may view, inquire about, or dispute their Covered Information</p>		
c(1)				
Audit Procedures		Audit Test Results		Exceptions
1. Determine whether SoCalGas' Privacy Notice addresses customers' ability to view, inquire, or dispute their Covered Information or other PII.		<p>1. a. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> and noted that it identifies how customers may contact SoCalGas with any questions or to find out how they can limit, view, or dispute their disclosed information.</p> <p>1.b. Reviewed <i>SoCalGas Annual Bill Inserts</i> to customers which includes the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> and noted that SoCalGas provides customers with the opportunity to "find out how [they] can limit, view, or dispute [their] disclosed information" by contacting SoCalGas at:</p> <ul style="list-style-type: none"> ■ Email: webmaster@socalgas.com ■ Attn: Customer Privacy Program Manager, Southern California Gas Company, P O Box 3150, San Dimas, CA 91773 		

	<ul style="list-style-type: none"> ■ Customer Service Representative, Residential Customers: 800-427-2200, Business Customers: 800-427-2000 <p>1. c. Reviewed the <i>New Customer Welcome Package</i> for new SoCalGas customers and observed that the company discloses how customers can access their information online</p>	
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CPUC Rule 3	Rule Description		
c(2)		<p>Customer Limitation:</p> <p>The notice required under section 2 shall provide a description of –</p> <p>(2) the means, if any, by which customers may limit the collection, use, storage or disclosure of Covered Information and the consequences to customers if they exercise such limits.</p>	
Audit Procedures		Audit Test Results	Exceptions
1. Determine whether SoCalGas' privacy notices address customer choice and consent regarding data collection and handling practices, and the consequences for denying consent.		<p>1. a. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> and noted that it indicates that customers may limit their information by contacting SoCalGas through mail or phone and provides appropriate contact details.</p> <p>1. b. Reviewed the <i>Website Privacy Policy</i> and noted that it explicitly addresses customer choice for denying consent:</p> <ul style="list-style-type: none"> ■ "You may choose not to provide any Personal Information and you will still be able to access most portions of the web site." 	
2. Determine whether SoCalGas' privacy notices address the explicit/implicit consent required to collect, use, and disclose Covered Information and other personal information.		<p>2. a. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> and noted that it addresses implicit customer consent. In addition, the <i>Notice</i> includes a link to My Account to view their information.</p> <p>2. b. Walked through the <i>My Account Setup Process</i> on www.socalgas.com and noted that customers must mark a check box acknowledging that they have read the <i>Terms and Conditions</i> which addresses customers' implicit customer consent to collect, use, and disclose Covered Information and other personal information.</p>	
3. Determine whether communication to individuals address the consequences of denying consent.		3. Reviewed <i>Annual Bill Inserts</i> to customers which include the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> and noted that it indicates that customers may limit their information by contacting SoCalGas through mail or phone and provides such contact details.	

<p>4. Inspect SoCalGas' systems where Customer Energy Usage Data is collected to determine whether customers' implicit or explicit consent preferences are captured (before data transfer).</p>	<p>4. Reviewed the <i>Website Privacy Policy</i> and noted that it includes an <i>Acceptance of Terms</i> clause that explicitly states:</p> <ul style="list-style-type: none">■ "By using our web site or obtaining any product or service through our web site, you agree to the collection and use of information as set forth in this policy. If you do not agree to this policy, please do not use the web site."	
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CPUC RULE 4 Individual Participation (Access and Control)

Overall Conclusion	<p>Exception Noted:</p> <p>A process did not exist in 2013 to notify customers of subpoena demands for their Covered Information within the seven-day notice requirement. This matter was noted by management in the <i>2013 Annual Privacy Report</i>, and it was remediated during the 2014 portion of the audit period (January 1, 2014 – March 31, 2014).</p>
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CPUC Rule 4	Rule Description	Access:	
a(1)		Covered entities shall provide to customers upon request convenient and secure access to their Covered Information— (1) in an easily readable format that is at a level no less detailed than that at which the covered entity discloses the data to Third Parties.	
Audit Procedures	Audit Test Results	Exceptions	
1. Determine whether SoCalGas' Privacy Notice addresses the provision of access to individuals to their Covered Information.	<p>1. a. Reviewed the <i>Notice Of Accessing, Collecting, Storing, Using And Disclosing Energy Usage Information</i> and noted that it contains a section labeled "How to View Your Energy Usage Information" which states:</p> <ul style="list-style-type: none"> ■ Residential and Commercial/Industrial Customers with installed advanced meters may view their Energy Usage data via My Account at www.socalgas.com/my-account/. Non-core Customers may view their Energy Usage data via SoCalGas' Envoy® at www.socalgasenvoy.com. <p>1. b. Met with Manager of Customer Service Technology Operations/Data Privacy, and was informed that SoCalGas customers who have an installed Advanced Meter can view their Energy Usage data on the "Ways to Save" portion of the My Account site.</p>		
2. Determine whether SoCalGas' internal policies describe the process for providing customers with access to their Covered Information.	<p>2. a. Reviewed internal privacy program documentation and noted that the privacy program incorporates the Fair Information Practice Principles which include the principle <i>Access to Information</i>. The documentation states that SoCalGas:</p> <ul style="list-style-type: none"> ■ Customers have the right to know about the collection of Personal Information, have access to their Personal Information, to be able to request correction if their Personal Information is incorrect and to challenge the denial of those rights. <p>2. b. Met with Customer Contact Center (CCC) Operations and Special Services managers and was informed that Customer Service Representatives (CSRs) are given five weeks of training before</p>		

	<p>starting on the floor, including education on how to authenticate customers calling in to request Energy Usage Information and the associated methods of identity validation.</p> <p>2. c. Reviewed internal procedural documentation and noted that it provides SoCalGas employees with step-by-step procedures for verifying the identity of anyone requesting customer information before granting access to the customer's Covered Information.</p>	
<p>3. Determine whether customers can access their Covered Information in a detailed, yet easy-to-read format.</p>	<p>3. a. Met with Branch Office Supervisor, and was informed that customers can visit one of the SoCalGas Branch Offices to make payments, perform service requests, or receive a copy of their bill including usage data.</p> <p>3. b. Reviewed a sample of a customer's My Account page and noted that customers are provided information on:</p> <ul style="list-style-type: none"> ■ energy consumption levels by time of day, ■ the types of appliances using energy at the residence, ■ how the customer's usage compares to other neighborhood customers, ■ estimated billing amount for the billing period. <p>3. c. Reviewed a sample <i>Home Energy Report</i> provided to customers and noted that it includes information comparing the customer's usage to other similar homes in the area and the customer's usage details over the previous month and year compared to neighbors.</p> <p>3. d. Observed customers at a Branch Office accessing their information by working with the CCRs.</p> <p>3. e. Observed sample <i>Energy Reports</i> and "Ways to Save on My Account" at the Customer Contact Center (CCC) and Branch Office.</p> <p>3. f. Observed a sample report of usage regularly sent to customers, which shows them how much energy they use compared to their neighbors, and how their current consumption compares to their past consumption.</p> <p>3. g. Observed CSRs at the CCC verifying customer identities while answering customer calls.</p>	

CPUC Rule 4	Rule Description	Control: Covered entities shall provide customers with convenient mechanisms for— (1) granting and revoking authorization for secondary uses of Covered Information, (2) disputing the accuracy or completeness of Covered Information that the covered entity is storing or distributing for any primary or Secondary Purpose, and (3) requesting corrections or amendments to Covered Information that the covered entity is collecting, storing, using, or distributing for any primary or Secondary Purpose.	
b(1)-(3)			
Audit Procedures	Audit Test Results		Exceptions
1. Determine whether SoCalGas has a process in place for providing customers with access to grant and revoke authorization for secondary uses.	1. a. See CPUC Rule 5c. Audit Test Results 1. b. Met with the Manager, Customer Service Technology Operations/Data Privacy and SoCalGas Manager of Major Markets Billing and noted that the company requires customer consent prior to disclosure of customer information for Secondary Purposes, and that such consent would be tracked for processing the request. 1. c. Inspected CISR form templates and executed samples of customer CISR forms and noted that customers provided consent for disclosure of specific account information to a designated Third Party.		
2. Determine whether SoCalGas has a process in place for customers to access their Covered Information and dispute its accuracy and completeness.	2. a. Met with Manager, CCC-Operations Support and was informed that CCC representatives provide customers with information on how they can update and correct their Personal Information on file with SoCalGas. 2. b. Performed a walkthrough of the CCC and noted that CSRs can make updates to customer profiles upon request or necessity. 2. c. Inspected screenshots of My Account and observed that SoCalGas provides customers with online access to their usage and other personal customer information, and provides customers with the ability to dispute potential incorrect/inaccurate information.		

<p>3. Determine whether SoCalGas has a process in place to make corrections or amendments to the collection, storage, use, or distribution of Covered Information upon a customer's request.</p>	<p>3. a. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> and noted that it indicates that customers may view and dispute their information by contacting SoCalGas through mail or phone and provides such contact details.</p> <p>3. b. Reviewed the <i>AM Installation Opt-out</i> process available at www.socalgas.com for customers that do not wish to have Advanced Meters installed on their homes. Noted that customers are informed:</p> <ul style="list-style-type: none"> ■ "If you do not want an Advanced Meter installed, please call our Customer Contact Center and ask to participate in the Opt-Out Program: 1-800-427-2200 – Opt-Out option applicable to residential customers only." <p>3. c. Walked through the <i>My Account Setup Process</i> on www.socalgas.com and noted that customers have the option to make corrections or amendments to their information.</p> <p>3. d. See CPUC Rule 6e(1)-(3) Audit Test Results 2.</p>	
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<p>CPUC Rule 4</p>	<p>Rule Description</p>	<p>Disclosure Pursuant to Legal Process:</p> <p>(1) Except as otherwise provided in this rule or expressly authorized by state or federal law or by order of the Commission, a covered entity shall not disclose Covered Information except pursuant to a warrant or other court order naming with specificity the customers whose information is sought. Unless otherwise directed by a court, law, or order of the Commission, covered entities shall treat requests for real-time access to Covered Information as wiretaps, requiring approval under the federal or state wiretap law as necessary.</p> <p>(2) Unless otherwise prohibited by court order, law, or order of the Commission, a covered entity, upon receipt of a subpoena for disclosure of Covered Information pursuant to legal process, shall, prior to complying, notify the customer in writing and allow the customer seven days to appear and contest the claim of the person or entity seeking disclosure.</p> <p>(6) On an annual basis, covered entities shall report to the Commission the number of demands received for disclosure of customer data pursuant to legal process or pursuant to situations of imminent threat to life or property and the number of customers whose records were disclosed. Upon request of the Commission, covered entities shall report additional information to the Commission on such disclosures. The Commission may make such reports publicly available without identifying the affected customers, unless making such reports public is prohibited by state or federal law or by order of the Commission.</p>
<p>c(1)-(6)</p>		

Audit Procedures	Audit Test Results	Exceptions
<p>1. Determine whether SoCalGas has procedures in place to ensure proper handling and documentation of any Covered Information data disclosures for legal reasons.</p>	<p>1. a. Reviewed internal procedural documentation and noted that SoCalGas provides employee guidance for handling Subpoenas and other Legally Required Disclosures. This documentation addresses the relevant process flows and retention requirements.</p> <p>1. b. Reviewed internal procedural documentation and noted that SoCalGas provides guidance for handling and documenting disclosures of Covered Information for legal reasons. This documentation indicates that customers will be notified within the seven-day notice requirement for subpoenas demanding Covered Information. The following two attachments are included in the documentation:</p> <ul style="list-style-type: none"> ■ Attachment A – Customer Notice of Subpoena For Disclosure of Energy Usage data (letter template for notifying customers that they have seven-days to object to the disclosure) and ■ Attachment B – Disclosure of Energy Usage Data (letter template for notifying SoCalGas that the customer has seven days to object to the disclosure). <p>1. c. Reviewed the <i>Website Privacy Policy</i> and noted that it states that SoCalGas may disclose Covered Information if it is necessary to comply with relevant laws or to respond to subpoenas or warrants.</p> <p>1. d. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> and noted that customers are informed that SoCalGas may share or release Covered Information pursuant to a legal process.</p> <p>1. e. Met with Senior Counsel of SoCalGas Regulatory and noted that SoCalGas has procedures in place for handling and documenting Covered Information data disclosures for legal reasons.</p> <p>1. f. Reviewed internal CCC procedural documentation and noted that it details the handling process for subpoena related calls to the CCC.</p>	
<p>2. Inspect documentation regarding disclosure of Covered Information pursuant to a legal purpose to determine whether SoCalGas properly handled the demand.</p>	<p>2. a. Reviewed <i>SoCalGas 2013 Annual Privacy Report</i> and noted that a process to notify customers within the seven-day notice requirement for subpoenas demanding their Covered Information did not exist in 2013. This matter was remediated during the 2014 portion of the audit period (January 1, 2014 – March 31, 2014).</p> <p>2. b. Reviewed a sample of sanitized customer notices from 2014 providing the seven day notice (once the corrective actions were established to solve the matter reported in 2013 Annual Report noted in 2. a.).</p>	<p>A process did not exist in 2013 to notify customers of subpoena demands for their Covered Information within the seven-day notice requirement. This matter was noted by management in the 2013 Annual Privacy Report, and it was</p>

	2. c. Reviewed the list of subpoenas received by SoCalGas in 2014 up to 6/30/2014 where AMI usage data was provided and noted only one such subpoena was received during the 2014 time frame of the covered period.	remediated during the 2014 portion of the audit period (January 1, 2014 – March 31, 2014).
3. Inspect the Annual Report submitted to the Commission to determine whether SoCalGas reported the number of demands received for disclosure of customer data pursuant to situations of imminent threat to life or property and the number of customers whose records were disclosed.	3. Reviewed the <i>SoCalGas 2013 Annual Privacy Report</i> and noted that during 2013 SoCalGas received and answered 15 demands to disclose customer data pursuant to legal process and 15 customers had records that were disclosed (one per demand).	

CPUC Rule 4	Rule Description	<p>Disclosure of Information in Situations of Imminent Threat to Life or Property:</p> <p>These rules concerning access, control and disclosure do not apply to information provided to emergency responders in situations involving an imminent threat to life or property. Emergency disclosures, however, remain subject to reporting rule 4(c)(6).</p>	
d			
Audit Procedures		Audit Test Results	Exceptions
1. Determine whether SoCalGas has procedures in place to ensure proper handling and documentation of any Covered Information data disclosures for Imminent Threats to Life or Property.		<p>1. a. Met with Manager, Customer Communications and Outreach and with Manager, Customer Service and noted that SoCalGas has procedures in place to handle disclosures of information in situations of imminent threat to life of property, where corporate security and the legal department would be involved to handle the request, although there have been no demands received for disclosure of customer data pursuant to imminent threat to life or property during the covered period (and as noted in <i>SoCalGas 2013 Annual Privacy Report</i>).</p> <p>1. b. Reviewed internal CCC procedural documentation and noted that CCC has a job-aid available with sections regarding “<i>subpoenas</i>” and “<i>Corporate Security</i>”, which include procedures in place for handling data disclosures of Covered Information.</p>	

<p>2. Inspect documentation regarding disclosure of Covered Information pursuant to an Imminent Threat to Life or Property to determine the number of demands and actual disclosures SoCalGas engaged in, and whether SoCalGas properly handled the demand.</p>	<p>2. a. Reviewed documentation describing the SoCalGas process for handling requests related to situations of imminent threat to life or property and noted these requests would be directed to Corporate Security and assisted by Legal if the request relates to customer information and/or Covered Information. The document also notes that Corporate Security has not received any requests for Covered Information in a situation of imminent threat to life or property.</p> <p>2. b. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> and noted that it informs customers that SoCalGas may share or release Covered Information to emergency responders in the case of imminent threat to life or property.</p> <p>2. c. Reviewed the <i>Website Privacy Policy</i> and noted that it states that SoCalGas may disclose Covered Information if it is necessary "to protect or defend the rights, property, or safety of our users, others, or ourselves."</p>	
<p>3. Inspect the Annual Report submitted to the Commission to determine whether SoCalGas reported the number of demands received for disclosure of customer data pursuant to situations of imminent threat to life or property and the number of customers whose records were disclosed.</p>	<p>3. Reviewed the <i>SoCalGas 2013 Annual Privacy Report</i> and noted that during 2013 SoCalGas did not receive any demands to disclose customer data pursuant to situations of imminent threat to life or property, and therefore there were no customers records disclosed for situations of this nature.</p>	

CPUC RULE 5 Data Minimization

Overall Conclusion	No Exceptions Noted
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CPUC Rule 5	Rule Description		
a		<p>Generally:</p> <p>Covered entities shall collect, store, use, and disclose only as much Covered Information as is reasonably necessary or as authorized by the Commission to accomplish a specific Primary Purpose identified in the notice required under section 2 or for a specific Secondary Purpose authorized by the customer.</p>	
Audit Procedures	Audit Test Results	Exceptions	
<p>1. Determine whether SoCalGas has Data Minimization procedures in place as they relate to the collection, storage, usage, and disclosure of Covered Information for Primary Purposes.</p>	<p>1. a. Reviewed <i>SoCalGas Tariff Rule 42</i>, noted that it addresses Data Minimization as a required principle associated with the collection, retention, and sharing of Covered Information.</p> <p>1. b. Reviewed internal procedural documentation and noted that SoCalGas addresses the use of Covered Information for Primary Purposes. The documentation states that the Business Manager releasing the Customer-Specific Information must:</p> <ul style="list-style-type: none"> ■ Work with Supply Management who shall consult with the Law Department where necessary to develop required contracts for service and/or any necessary non-disclosure agreements (NDAs). ■ Obtain Approval of the Customer Privacy Officer prior to releasing information. ■ Ensure the Customer-Specific Information to be released is handled in accordance herewith and with the Information Security Policy. ■ Maintain records consistent with established record retention policies. <p>1. c. Reviewed internal privacy program documentation and noted that the privacy program adopts the Fair Information Practice Principles including the Principles Collection/Minimization and Sharing. The documentation states:</p> <ul style="list-style-type: none"> ■ Collection/Minimization-Personal Information should only be kept for the length of time necessary to accomplish the specified purpose for which it was collected or as required by law, regulation or record retention guidelines. ■ Sharing-Under the Data Minimization guideline, only the minimum amount of Personal Information necessary to carry out the valid business purpose will be provided to a Third Party. 		

	<p>1. d. Met with members of the SoCalGas Customer Privacy Program and was informed that the company adopted its own privacy guidelines (in addition to those adopted by Sempra Energy), which is modeled after the GAPP framework. Data Minimization is a foundational principle for the SoCalGas Customer Privacy Program. Additionally, SoCalGas requires <i>PIAs</i> to assess the risk to customer privacy including determining whether customer identifiable information is required.</p> <p>1. e. Met with members of the SoCalGas Records Retention team and was informed that classes of records are reviewed each year.</p> <p>1. f. Met with Manager of Customer Service Technology Operations/Data Privacy and with a Manager of CCC, and was informed about reporting and access logs on systems containing Covered Information.</p> <p>1. g. Observed <i>print logs</i> and noted they track user printing history.</p> <p>1. h. Observed internal IT reporting logs and noted that they contain information relevant to the tracking and monitoring of access to customer information.</p> <p>1. i. Reviewed sample <i>PIAs</i> and noted that the Assessments were completed in congruence with company policies.</p> <p>1. j. Met with Manager, Mass Markets Credit and Collections, and was informed that Credit and Collections has a secured fax room.</p> <p>1. k. Observed the secure fax room and the security measures indicated by Manager, Mass Markets Credit and Collections.</p>	
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<p>2. Determine whether SoCalGas has Data Minimization procedures in place as they relate to the collection, storage, usage, and disclosure of Covered Information for Secondary Purposes.</p>	<p>2. a. See CPUC Rule 5a. Audit Test Procedure 1 Audit Test Results</p> <p>2. b. Reviewed internal procedural documentation and noted that SoCalGas addresses the use of Covered Information for Secondary Purposes, stating that customer consent is required prior to disclosure to Third Parties. Additionally, the policy covers record retention guidelines and references the company's records management and retention policy, and adherence thereto is explicitly required within the release document.</p> <p>2. c. Reviewed internal privacy program documentation and noted that SoCalGas addresses the use of Covered Information for Secondary Purposes:</p> <ul style="list-style-type: none"> ■ SoCalGas will not share personal information with Third Parties for Secondary Purposes without the customer's prior consent. 	
<p>3. Determine whether SoCalGas implements Data Minimization across User Access roles to systems and applications where Covered Information is stored, used, or processed.</p>	<p>3. a. Reviewed internal procedural documentation and noted under the included "Need-to-Know Guidelines" paragraph that Data Minimization is required for all information systems (including where Covered Information is stored, used or processed), and should be enforced on a need-to-know basis to prevent unauthorized access.</p> <p>3. b. Reviewed internal procedural documentation and noted that Sempra Energy companies only retain records and non-records necessary for complying with legal, regulatory or financial requirements and for conducting business.</p> <p>3. c. Reviewed internal privacy program documentation and noted a Data Minimization section where SoCal Gas specifies their Data Minimization requirements for collecting, storing, using, disclosing, and retaining data.</p> <p>3. d. Met with Manager, Customer Service Technology Operations/Data Privacy, to gain understanding of application access controls, management procedures, reporting capabilities, and security measures.</p> <p>3. e. Met with various system owners and architects for five SoCalGas systems that collect, store or process Covered Information and was informed that Information Security enforces Data Minimization principles on these systems through the use of user access profiles/roles or thin client (workstation only) installations.</p> <p>3. f. Inspected three SoCalGas sample systems and noted that user access roles have been implemented to help enforce Data Minimization over Covered Information stored, used, or processed in the application(s).</p> <p>3. g. Observed screenshots of CCC CSR users and noted that sensitive information is masked within the system.</p>	

	<p>3. h. Observed sample reports and confirmed that logging controls regarding customer privacy are tracked and monitored.</p> <p>3. i. Observed evidence of system-generated reports and confirmed that that user activity within certain systems containing Covered Information is logged.</p>	
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CPUC Rule 5	Rule Description		
b		<p>Data Retention:</p> <p>Covered entities shall maintain Covered Information only for as long as reasonably necessary or as authorized by the Commission to accomplish a specific Primary Purpose identified in the notice required under section 2 or for a specific Secondary Purpose authorized by the customer.</p>	
Audit Procedures		Audit Test Results	Exceptions
<p>1. Determine whether SoCalGas' internal policies address a document retention policy covering all relevant aspects.</p>		<p>1. a. Reviewed internal procedural documentation and noted that the standards identified within apply to the records of all Sempra Energy companies, regardless of the medium in which the records exist. Disposal of such records is subject to the policies and procedures as documented as well as legal hold orders. Sempra Energy's policy is to retain only those records that are necessary for complying with legal, regulatory, or financial needs and for conducting its business.</p> <p>1. b. Reviewed internal policy-specific documentation and noted that it addresses corporate records definitions, retention schedules, the protection of records, records disposal, and offsite storage.</p> <p>1. c. Reviewed internal procedural documentation and noted that SoCalGas sets forth the process for identifying and preserving records and non-records related to litigation or requests from government agencies.</p> <p>1. d. Reviewed internal records retention documentation and noted that SoCalGas has established retention schedules for each department including the record series codes, record types, and official retention periods.</p> <p>1. e. Met with the SoCalGas Records Coordinator and the Records Manager and was informed that each utility has a designated records officer, responsible for compliance with SoCalGas business controls and who has responsibility for assuring that cleanup work, retention schedules, etc., are executed.</p> <p>1. f. Reviewed internal procedural documentation and noted that the policy covers the retention and disposal of Covered Information.</p> <p>1. g. Reviewed internal privacy program documentation and noted that Data Minimization is addressed within specified guidelines, requiring employees to keep PII only for the length of time</p>	

	necessary to accomplish the identified purpose for which the information was collected or as required by law or guidelines.	
2. Determine whether the SoCalGas retention policies are periodically reviewed and updated where necessary.	<p>2. a. Met with the SoCalGas Customer Privacy team and SoCalGas' Records Coordinator & Records Manager and was informed that each record has an asset classification schedule which determines the retention period. The classes of documents, as well as the tagging process, are reviewed organizationally each year.</p> <p>2. b. Reviewed internal records retention documentation and noted that Business Unit Records Officers are required to review the records retention schedules annually to ensure that they are accurate and do not require adjustments.</p> <p>2. c. Reviewed internal records management documentation and noted that SoCalGas has Lead Records Coordinators who facilitate compliance with the company's records retention policy and procedures.</p>	

<p>3. Determine whether a management procedure exists to help ensure that documents are retained in compliance with company policies and that records are kept for only as long as reasonably necessary.</p>	<p>3. a. Reviewed internal records retention documentation and noted that the documentation states that Business Unit Records Officers are required to review the records retention schedules annually to ensure that they are accurate and do not require adjustments.</p> <p>3. b. Reviewed internal records retention documentation and noted that the documentation provides the clean-up schedules and the dates by when Directors and VPs must certify their compliance.</p> <p>3. c. Reviewed sample emails from the SoCalGas Records Retention & Management team and noted the emails contained instructions and management procedures regarding specific documents retention due dates, as well as general guidance for records management.</p>	
<p>4. Inspect evidence of SoCalGas documents complying with the record retention policies set forth by SoCalGas.</p>	<p>4. a. Reviewed internal privacy program documentation as well as the policies on the release of customer information (both specific and aggregate) and noted that all of those policy documents reference internal records retention specific policy-related documentation.</p> <p>4. b. Reviewed a sample email from the SoCalGas Business Controls department to Lead Records Coordinators and Sub-coordinators regarding the annual electronic records cleanup, and noted that the email instructed them to review and certify that shared drives and public folders assigned to them are in compliance with records policies.</p> <p>4. c. Examined the results of an internal compliance records management review and identified no exceptions.</p> <p>4. d. Observed evidence of <i>Sempra Records Officer Certification of Records Management Compliance</i> for 2013 signed 10/2/2013.</p>	
<p>5. Inspect evidence that the SoCalGas destroys documents that are no longer necessary or when the appropriate retention policy ends.</p>	<p>5. a. Reviewed internal procedural documentation prepared by Manager of Customer Service Technology Operations/Data Privacy and noted that there is a process to purge customer data.</p> <p>5. b. Observed evidence of personal shredders at a Branch Office.</p> <p>5. c. Observed evidence of shred bins at the CCC.</p> <p>5. d. Observed evidence of shred bins throughout the facility at the Bill Print Remittance Center.</p> <p>5. e. Reviewed a Third Party invoice and confirmed evidence of the destruction of records.</p>	

CPUC Rule 5	Rule Description	Data Disclosure: Covered entities shall not disclose to any Third Party more Covered Information than is reasonably necessary or as authorized by the Commission to carry out on behalf of the covered entity a specific Primary Purpose identified in the <i>Notice</i> required under section 2 or for a specific Secondary Purpose authorized by the customer.	
c			
Audit Procedures	Audit Test Results	Exceptions	
<p>1. Understand SoCalGas' privacy policies to determine whether they:</p> <ul style="list-style-type: none"> ■ describe the practices related to sharing personal information (if applicable) with Third Parties and the reasons for information sharing, ■ identify Third Parties or classes of Third Parties to whom personal information is disclosed. 	<p>1. a. Met with Manager, Customer Service Technology Operations/Data Privacy, and was informed that SoCalGas only shares Customer Information with Third Parties if the customer provides consent through the Customer Information Standardized Request (CISR) process. The CISR form can be valid for a specific period of time or indefinite as determined by the customer and information is only shared with a designated, Third Party agent. Upon receiving the customer-signed CISR form, SoCalGas will disclose the requested information for the designated purpose.</p> <p>1. b. Reviewed internal procedural documentation used by CCC as guidance for their operations. The document includes a detailed description of the practices related to sharing customer information with Third Parties, the process to follow and forms to use. In addition, it indicates detailed procedures and contains links to the forms <i>Authorization to: Receive customer information or act on a customer's behalf</i> and <i>Authorization or revocation of authorization to receive customer interval usage information</i> (also referred to as the CISR Forms).</p> <p>1. c. Reviewed internal procedural documentation that provides guidance to SoCalGas employees regarding the release of Customer-Specific Information to customers and Third Parties.</p> <p>1. d. Reviewed internal CCC related documentation and noted that it provides guidance to CCC employees regarding Third Party data requests. This document informs employees of the steps to take leading up to distributing a CISR form.</p> <p>1. e. Reviewed internal customer privacy documentation and noted that it includes the step-by-step process for tracking customer data requests from Local Government entities, from the incoming request to documentation of what is provided to Third Parties.</p> <p>1. f. Reviewed the <i>Authorization to: Receive Customer Information or Act on a Customer's Behalf</i> (also referred to as CISR Form) and noted that the customer may use this form to authorize a Third Party as the agent to receive customer data such as billing records and usage data.</p> <p>1. g. Inspected executed samples of customer CISR forms and noted that the customer provided consent to SoCalGas to disclose specific account information to a designated Third Party for a specific length of time (e.g., 12 months).</p>		

CPUC RULE 6 Use And Disclosure Limitation

Overall Conclusion	<p>Exception Noted:</p> <p>New vendor contracts contain provisions requiring Third Parties to agree to safeguard Covered Information under policies, practices, and notification requirements no less protective than those under which the SoCalGas operates.</p> <p>However, some existing, active vendor contracts may require a lower standard of safeguarding Covered Information consistent with the policies, practices, and notification requirements of the Third Party.</p>
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CPUC Rule 6	Rule Description	<p>Disclosures to Third Parties – (1) Initial Disclosures by an Electrical Corporation: An electrical corporation may disclose Covered Information without customer consent to a Third Party acting under contract with the Commission for the purpose of providing services authorized pursuant to an order or resolution of the Commission or to a governmental entity for the purpose of providing energy efficiency or energy efficiency evaluation services pursuant to an order or resolution of the Commission. An electrical corporation may disclose Covered Information to a Third Party without customer consent a. when explicitly ordered to do so by the Commission; or b. for a Primary Purpose being carried out under contract with and on behalf of the electrical corporation disclosing the data; provided that the covered entity disclosing the data shall, by contract, require the Third Party to agree to access, collect, store, use, and disclose the Covered Information under policies, practices and notification requirements no less protective than those under which the covered entity itself operates as required under this rule, unless otherwise directed by the Commission.</p> <p>(2) Subsequent Disclosures: Any entity that receives Covered Information derived initially from a covered entity may disclose such Covered Information to another entity without customer consent for a Primary Purpose, provided that SoCalGas disclosing the Covered Information shall, by contract, require SoCalGas receiving the Covered Information to use the Covered Information only for such Primary Purpose and to agree to store, use, and disclose the Covered Information under policies, practices and notification requirements no less protective than those under which the covered entity from which the Covered Information was initially derived operates as required by this rule, unless otherwise directed by the Commission.</p> <p>(3) Terminating Disclosures to Entities Failing to Comply with Their Privacy Assurances:</p> <p>When a covered entity discloses Covered Information to a Third Party under this subsection 6(c), it shall specify by contract, unless otherwise ordered by the Commission, that it shall be considered a material breach if the Third Party engages in a pattern or practice of accessing, storing, using or disclosing the Covered Information in violation of the Third Party's contractual obligations to handle the Covered Information under policies no less protective than those under which the covered entity from which the Covered Information was initially derived operates in compliance with this rule.</p> <ul style="list-style-type: none"> ■ If a covered entity disclosing Covered Information for a Primary Purpose being carried out under contract with and on behalf of SoCalGas disclosing the data finds that a Third Party contractor to which it disclosed Covered Information is
c(1)-(3)		

	<p>engaged in a pattern or practice of accessing, storing, using or disclosing Covered Information in violation of the Third Party's contractual obligations related to handling Covered Information, the disclosing entity shall promptly cease disclosing Covered Information to such Third Party.</p> <ul style="list-style-type: none"> ■ If a covered entity disclosing Covered Information to a Commission-authorized or customer-authorized Third Party receives a customer complaint about the Third Party's misuse of data or other violation of the privacy rules, the disclosing entity shall, upon customer request or at the Commission's direction, promptly cease disclosing that customer's information to such Third Party. The disclosing entity shall notify the Commission of any such complaints or suspected violations. 	
Audit Procedures	Audit Test Results	Exceptions
<p>1. Understand SoCalGas' privacy policies to determine whether they:</p> <ul style="list-style-type: none"> ■ describe the practices related to sharing personal information (if applicable) with Third Parties and the reasons for information sharing, ■ identify Third Parties or classes of Third Parties to whom personal information is disclosed. 	<p>1. See CPUC Rule 5c. Audit Test Results.</p>	
<p>2. Determine whether SoCalGas informs customers that personal information is disclosed to Third Parties only for the purposes (a) identified in the notice, and (b) for which the individual has provided implicit or explicit consent, or as specifically allowed or required by law or regulation before data is disclosed to Third Parties.</p>	<p>2. a. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> and noted that it states that SoCalGas may share CEUD with various other companies to serve its customers. In addition, it states the following:</p> <ul style="list-style-type: none"> ■ "You can designate other companies to receive your information. When doing so, you should be diligent and only designate trusted Third Parties." ■ "Additionally, we may release Energy Usage information: 1) pursuant to a legal process (such as a warrant or subpoena), 2) to emergency responders in the case of imminent threat to life or property, 3) as ordered by the CPUC, or 4) as otherwise required by law." <p>2. b. Reviewed <i>SoCalGas Annual Bill Insert</i> to customers which includes the <i>Notice of Accessing, Collecting, Storing, Using, and Disclosing Energy Usage Information</i> and noted that it informs customers that personal information may be disclosed to Third Parties.</p>	

	<p>2. c. Reviewed documentation noting that the auto-generated email communications to customers include the following privacy statement: "<i>Southern California Gas Company values your privacy. For more information, view our Privacy Policy and Privacy Notice.</i>"</p>	
<p>3. Determine whether SoCalGas communicates specific instructions for handling personal information and the consequences of improper disclosure to the Third Party prior to disclosing the information.</p>	<p>3. a. Met with Portfolio Manager, IT/Telecommunications and noted that SoCalGas contractually obligates Third Party vendors per their contract clauses to maintain the privacy of the information shared. Contractual provisions may be negotiated and modified on exceptional cases.</p> <p>3. b. Inspected 24 SoCalGas Contract Templates used by supply management for Third Party contracting and noted that the 24 documents contain a confidentiality clause governing the handling of personal information.</p> <p>3. c. Reviewed the Information Security Requirements schedule included in IT Software licensing contracts and noted it includes a collection of data security data elements and policies for the Third Party to follow to properly protect Covered Information.</p> <p>3. d. Reviewed internal procedural documentation and noted that SoCalGas informs Third Parties that when accessing the utility's information it must only be used to perform SoCalGas related work. In addition, SoCalGas communicates to Third Parties that the information must be used in accordance with all applicable laws, regulations and contractual obligations. Suppliers are also notified that they must keep non-public information confidential and may only disclose non-public information if it is necessary for the performance of their work.</p> <p>3. e. Reviewed internal procedural documentation and noted that SoCalGas provides guidance to employees regarding the release of Customer-Specific Information to Third Parties. This document includes policies, step-by step procedures and confidentiality practices to follow when releasing information to Third Parties.</p> <p>3. f. Reviewed internal procedural documentation and noted that SoCalGas documents the step-by-step process for handling Third Party requests, including verifying a customer's records prior to processing the request and record keeping requirements.</p>	
<p>4. Understand whether Third Party contracting documentation is consistent with the SoCalGas' policies and procedures.</p>	<p>4. a. Reviewed internal procedural documentation governing Third Party contracting agreements. This documentation includes policies, procedures, and guidance for procurement purposes. It states that contractors will not be allowed to commence work until a valid contract is in place.</p> <p>4. b. Reviewed security documentation and noted that it governs the protection of information when handing disclosures to Third Parties.</p> <p>4. c. Reviewed internal procedural documentation used by the Advanced Meter Contracts and Controls team to monitor contract deliverables. The document includes guidance for managing</p>	<p>New vendor contracts contain provisions requiring Third Parties to agree to safeguard Covered Information under policies, practices, and notification</p>

	<p>vendors and the processes for resource, budget, quality, and schedule management, including specific documentation and action items governing Third Party contracting.</p> <p>4. d. Reviewed internal privacy program documentation and noted that it includes a section for sharing information and management of Third Parties. This section includes specific procedures related to Third Parties contracting process, governing policies and requirements in order to safeguard customer privacy.</p> <p>4. e. See CPUC Rule 6(c) (1) (b) Audit Test Results.</p> <p>4. f. Reviewed 24 Sempra Contract Templates and noted that they contain language pertaining to the protection of confidential information and the consequences of non compliance.</p> <p>Noted there's an inconsistency between the guidelines (4.d.) and the contract templates (4.f.) reviewed with regards to the requirement of Third Parties to agree to safeguard Covered Information under policies, practices and notification requirements no less protective than those under which SoCalGas operates.</p> <p>4. g. Met with Portfolio Manager, IT/Telecommunications to discuss Third Party contracting documentation. We were informed that each contract contains Terms & Conditions that identify expectations from the Third Party and SoCalGas internal contract sponsor/owner has the responsibility for the individual contract to ensure that the Third Party is in compliance with requirements.</p>	<p>requirements no less protective than those under which the SoCalGas operates.</p> <p>However, some existing, active vendor contracts may require a lower standard of safeguarding Covered Information consistent with the policies, practices, and notification requirements of the Third Party.</p>
<p>5. Inspect sample evidence of acknowledgments/certifications from Third Parties regarding compliance with SoCalGas' data privacy policies.</p>	<p>5. Inspected a sample of a <i>Third Party contract</i> and noted the executed documents include the confidentiality provision and prohibition on Non-Public information sharing and remedies provisions, in line with the contract templates.</p>	
<p>6. Determine whether SoCalGas has a process in place to review contract compliance for Third Parties receiving Covered Information.</p>	<p>6. a. Met with Portfolio Manager, IT/Telecommunications and found that SoCalGas has a process in place to monitor contract compliance. It was stated that compliance with confidential customer information Terms and Conditions is the responsibility of the contract owner. Supply Management and the Legal department get involved in the contract negotiation as necessary and when non-compliance issues arise.</p> <p>6. b. Reviewed documentation indicating that the Advanced Meter team's Contracts and Controls team monitors contract deliverables and confirms vendor compliance. In addition, in the event of a Third Party breach, the vendor is required to adhere to incident response and breach notification information security requirements.</p>	

	6. c. Reviewed internal procedural documentation containing incident response and breach notification information security requirements. The documentation includes specific contact information and identifies specific time frames for reporting, remediation and completion.	
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CPUC Rule 6	Rule Description		
d(1)-(3)		<p>Secondary Purposes:</p> <p>No covered entity shall use or disclose Covered Information for any Secondary Purpose without obtaining the customer’s prior, express, written authorization for each type of Secondary Purpose. This authorization is not required when information is—</p> <p>(1) provided pursuant to a legal process as described in 4(c) above;</p> <p>(2) provided in situations of imminent threat to life or property as described in 4(d) above; or</p> <p>(3) authorized by the Commission pursuant to its jurisdiction and control.</p>	
Audit Procedures		Audit Test Results	Exceptions
<p>1. Determine whether SoCalGas engages in Secondary Purposes, and determine if procedures are in place to:</p> <ul style="list-style-type: none"> ■ notify individuals and obtain their consent prior to disclosing personal information to a Third Party for purposes not identified in the privacy notice, ■ document whether SoCalGas has notified the individual and received the individual’s consent, ■ monitor that personal information is being provided 		<p>1. a. Reviewed internal procedural documentation and noted that SoCalGas provides guidance for employees related to releasing Information for Secondary Purposes to Third Parties. In particular, the document indicates that Customer-Specific information shall only be provided to a Third Party for a Secondary Purpose with the express written or electronic consent and authorization from the customer. In addition, copies of the authorization must be retained.</p> <p>1. b. Reviewed internal privacy program documentation and noted that:</p> <ul style="list-style-type: none"> ■ Customers must provide consent prior to their Personally Identifiable Information being used to carry out a Secondary Purpose (defined below). Customers must have convenient access to their consent options and be provided with suitable mechanisms to change these choices at any time. Change requests should be honored within a reasonable length of time. ■ Prior to analyzing or otherwise utilizing customers’ PII for Secondary Purposes, the customers’ prior consent for such usage shall be obtained. <p>1. c. Met with the Manager, Customer Service Technology Operations/Data Privacy, and noted that the company requires customer consent prior to disclosure of customer information for Secondary Purposes, and that such consent would be tracked for processing the request.</p>	

to Third Parties only for uses specified in the privacy notice.		
2. Determine whether customer consent authorizing use of Covered Information for Secondary Purposes is documented.	2. See CPUC Rule 6 e (1)-(3) Audit Test Results.	

CPUC Rule 6	Rule Description		
e(1)-(3)		<p>Customer Authorization:</p> <p>(1) Authorization. Separate authorization by each customer must be obtained for all disclosures of Covered Information except as otherwise provided for herein.</p> <p>(2) Revocation. Customers have the right to revoke, at any time, any previously granted authorization.</p> <p>(3) Opportunity to Revoke. The consent of a residential customer shall continue without expiration, but an entity receiving information pursuant to a residential customer's authorization shall contact the customer, at least annually, to inform the customer of the authorization granted and to provide an opportunity for revocation. The consent of a non-residential customer shall continue in the same way, but an entity receiving information pursuant to a non-residential customer's authorization shall contact the customer, to inform the customer of the authorization granted and to provide an opportunity for revocation either upon the termination of the contract, or annually if there is no contract.</p>	
Audit Procedures	Audit Test Results	Exceptions	
1. Determine whether customers receive notice and must provide separate authorization if information is being used for a new Secondary Purpose.	<p>1. a. Reviewed internal procedural documentation which outlines the SoCalGas process for handling Third Party data requests and the sharing of information for major market customers:</p> <ul style="list-style-type: none"> ■ The document includes links to <i>SoCalGas Privacy Policy</i>, <i>SoCalGas Privacy Notice</i>, the CISR form, and a cover letter template for the information submittal to the Third Party. ■ These guidelines and attachments document the submission of the CISR Form and identify that an authorized agent of the SoCalGas customer can request and receive data and/or perform certain functions on the customer's behalf. ■ Noted that once a fully executed copy of the form is on file with SoCalGas, the agent must provide SoCalGas with a written request for information or action to be taken before any information is released, or any action is taken by SoCalGas. The Agent's written request must identify specific service account(s) included in the authorization. 		

	<p>1. b. Met with SoCalGas Manager, Major Markets Billing and was informed of the CISR form process, related training materials, and SoCalGas parties involved in the CISR process.</p> <p>1. c. Met with Manager of Customer Service Technology Operations/Data Privacy, and noted that CISR form processes are also applied for residential customers and they must provide separate authorization if information will be used for any Secondary Purpose.</p> <p>1. d. See CPUC Rule 6 d (1)-(3) Audit Test Results 1.b.</p>	
<p>2. Understand how customers are notified of their right to revoke any previously granted authorization and the process to do so.</p>	<p>2. a. Reviewed the Customer Information Service Request (CISR) form and noted that in order to complete it, customers must fill out explicit consent options and sign the acknowledgement clause. The CISR Form contains the following clause regarding cancellation of authorization: <i>"I understand that I may cancel this authorization at any time by submitting a written request."</i> The duration of the authorization is limited to three years.</p> <p>2. b. Reviewed the <i>Authorization or Revocation of Authorization to Receive Customer Information form</i> and noted that customers have the option to grant and revoke authorization to Third Parties to receive usage information. The form notes that <i>"The purpose of this form is to allow you, the customer, to exercise your right to choose whether to disclose your personal natural gas interval usage data (i.e., hourly usage data) to a Third Party."</i></p> <p>2. c. Reviewed the log of the requests received through the CISR process during the covered period. Noted that this log includes the authorized period for sharing the information (including authorization end date), a description of the information requested and names of the customer/Third Party in the CISR, among other data fields.</p> <p>2. d. Inspected executed samples of customer CISR forms and noted that the customer provided consent for disclosure of specific account information to a designated Third Party for a length of time (e.g., 12 months.)</p>	

CPUC Rule 6	Rule Description	Parity: Covered entities shall permit customers to cancel authorization for any Secondary Purpose of their Covered Information by the same mechanism initially used to grant authorization.
f		
Audit Procedures	Audit Test Results	
1. Inspect sample communications to see whether customers are notified of how they can cancel authorization for any Secondary Purposes.	1. a. Reviewed sample customer communications regarding how they are notified of the opportunity to cancel authorization for any Secondary Purposes. 1. b. See CPUC Rule 6. e (1)-(3). Audit Test Results 2. a-d.	Exceptions

CPUC Rule 6	Rule Description	Availability of Aggregated Usage Data: Covered entities shall permit the use of aggregated usage data that is removed of all Personally-Identifiable Information to be used for analysis, reporting or program management provided that the release of that data does not disclose or reveal specific customer information because of the size of the group, rate classification, or nature of the information.
g		
Audit Procedures	Audit Test Results	
1. Determine whether SoCalGas' Privacy Notice or internal policies address the use of aggregate information.	1. a. Reviewed internal privacy documentation and noted that it addresses the use of Aggregated Information and states that Aggregated Data or Anonymized Data is not Personal Information. 1. b. Reviewed internal procedural documentation and noted that it provides information for SoCalGas employees regarding the approval, release, and requirements of aggregated/anonymized customer data 1. c. Reviewed internal procedural documentation and noted that SoCalGas is subject to the "15/15 Rule" which states that any Aggregated or Anonymized customer-specific information must be made up of at least 15 customers and a single customer's load must be less than 15% of an assigned category.	Exceptions
2. Determine whether SoCalGas has a procedure in place to ensure aggregate information	2. a. Reviewed internal procedural documentation and noted that SoCalGas requires care to be taken to exclude information which might be used to disclose the identity of a customer even if the data is grouped with other customer data or the customer's name is excluded from release.	Exceptions

does not disclose or reveal specific Covered Information.	2. b. Met with Manager of Customer Service Technology Operations/Data Privacy and was informed that requests for aggregate data are provided to the Director, Customer Operations for approval with a copy of the request, a description of the information to be provided, and an assessment of the anonymity of the data and the successful implementation of the 15/15 Rule prior to release.	
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CPUC RULE 7 Data Quality and Integrity

Overall Conclusion	No Exceptions Noted
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CPUC Rule 7	Rule Description	Covered entities shall ensure that Covered Information they collect, store, use, and disclose is reasonably accurate and complete or otherwise compliant with applicable rules and tariffs regarding the quality of energy usage data.	
Audit Procedures		Audit Test Results	Exceptions
1. Determine whether SoCalGas' privacy policies address the quality of Covered Information and other Customer PII.		1. a. Reviewed internal procedural documentation and noted that Sempra acknowledges the importance of accuracy within its records and disclosures. In addition, this documentation indicates that Sempra Energy expects suppliers to have internal controls over operations and accounting records for accuracy purposes. 1. b. Reviewed internal privacy program documentation and noted that SoCalGas addresses the specific rights customers have regarding the quality of, access to, and steps to correct Covered Information and other PII.	
2. Inspect sample communication to customers to ensure whether SoCalGas policies include customer data integrity.		2. a. Reviewed the <i>SoCalGas Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> and noted that SoCalGas provides customers with the opportunity to "find out how [they] can limit, view, or dispute [their] disclosed information" by contacting SoCalGas at: <ul style="list-style-type: none"> ■ Email: webmaster@socalgas.com ■ Attn: Customer Privacy Program Manager, Southern California Gas Company, P O Box 3150, San Dimas, CA 91773 ■ Customer Service Representative, Residential Customers: 800-427-2200, Business Customers: 800-427-2000 2. b. Walked through the <i>My Account Setup Process</i> on www.socalgas.com and noted that customers must mark a check box acknowledging that they have read the Terms and Conditions which addresses customer's responsibility to provide accurate and up-to-date information. Specifically, SoCalGas tells customers that: "As a My Account user, it is your responsibility to ensure that the contact and other required information in your user profile is current and accurate, and updated promptly if necessary, including	

	<p>your name, address, phone number and email address. Changes can be made either within the My Account service or by contacting SoCalGas' Customer Service by email or at 1-877-238-0092."</p> <p>2. c. Reviewed internal privacy program documentation and noted that SoCalGas addresses internal data integrity, accuracy, and relevance.</p>	
<p>3. Determine whether procedures are in place that:</p> <ul style="list-style-type: none"> ■ edit and validate personal information as it is collected, created, maintained, and updated, ■ specify when the personal information is no longer valid. 	<p>3. a. Met with CCC Operations Support Manager and was informed that CSR's authenticate customers during the call intake process using their internal validation process. Customers are given the opportunity to update the information on file.</p> <p>3. b. Met with Manager, Accounting Systems and Compliance and also the appointed SoCalGas Records Manager to discuss policies and procedures for managing confidential customer information and its destruction when is no longer valid. It was stated that each record containing confidential information is associated with a specific code from a code listing provided by corporate. According to the code given to the document, the record will fall under a specific time range to be retained and would be destructed after that date.</p> <p>3. c. Reviewed internal privacy program documentation addressing PII retention and the laws and regulations dictating their collection.</p> <p>3. d. Met with Manager, Internal Audit and noted that data privacy and security areas are assessed and considered annually by Audit Services. SoCalGas has been recently subject to audits which included security in their scope.</p> <p>3. e. Reviewed internal audit reports and noted that privacy and security were subject to the audits. Business control issues were identified and management corrective actions were provided with corrective actions to resolve each item.</p> <p>3. f. Reviewed <i>Management Corrective Actions</i> prepared by Management and tracked by Audit Services in response to Business Control Issues identified in audits. Observed evidence that Audit Services tracked all Business Control Issues to closure.</p>	
<p>4. Inspect sample evidence to ensure that procedures are in place that help ensure personal information is sufficiently relevant for the purposes for which it is to be used and to minimize the possibility that inappropriate information is used to make</p>	<p>4. a. Reviewed internal procedural documentation and noted that SoCalGas company information shall be used solely for authorized business purposes.</p> <p>4. b. Reviewed internal privacy program documentation and noted that SoCalGas informs its employees about the procedures in place to ensure PII is sufficiently relevant for the purposes for which is being used.</p> <p>4. c. Reviewed internal procedural documentation and noted a flowchart that diagrams how Covered Information is collected and stored at the meters and flows through the AM Infrastructure into the Customer Information System.</p>	

<p>business decisions about the individual.</p>	<p>4. d. Met with members of the Advanced Meter Team and was informed that the Advanced Meter is viewed as a process more than a particular system. The team discussed the internal systems which collect and clean data, as well as ensure data integrity.</p> <p>4. e. Met with Technology Applications Manager and Project Manager II, Customer Operations, and was informed that AMI accurately reconciles and validates data before transfer to billing system.</p>	
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CPUC RULE 8 Data Security

Overall Conclusion	<p>Exception Noted</p> <p>No formal standards or procedures have been published to inform employees of requirements to protect data based on its classification.</p>
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CPUC Rule	Rule Description		
a		<p>Generally:</p> <p>Covered entities shall implement reasonable administrative, technical, and physical safeguards to protect Covered Information from unauthorized access, destruction, use, modification, or disclosure.</p>	
Audit Procedures		Audit Test Results	Exceptions
<p>1. Determine whether SoCalGas has documented policies addressing security provisions for Covered Information.</p>		<p>1. Met with relevant stakeholders from Information Security & Information Management and inspected the documentation provided. Noted that the following policies/procedures/standards/guidelines are in place to address security provisions for SoCalGas in general, including Covered Information:</p> <ul style="list-style-type: none"> ■ <i>Risk assessment and treatment</i> – an overall network threat and vulnerability assessment is performed by the Information Security group as well as continuous threat and vulnerability identification and remediation. The threat and vulnerability process is formally documented. In addition, quarterly updates are provided to the CIO on SoCalGas' security posture, including risk and remediation status. ■ <i>Security policy</i> – An <i>Information Security Policy</i> is in place and published on the company's intranet site, accessible to all SoCalGas employees. Additional supporting Information Security policies (e.g., acceptable use policy), standards, procedures and guidelines are also published on the company intranet site. ■ <i>Organization of Information Security</i> – a formal Information Security organization has been established and serves SoCalGas. The Information Security group consists of sub specialist groups who focus on specific aspects related to securing the organization's IT network, systems and data. ■ <i>Asset management</i> – Formal procedures and requirements have been established to identify and record the security features and controls used to protect Sempra information assets. 	

	<p>Requirements are in place for the monitoring and tracking of assets. It was also noted an Information Security Acceptable Use Policy is in place to govern the use of information assets.</p> <ul style="list-style-type: none"> ■ <i>Human resources security</i> – Roles and responsibilities have been defined for owners and users of information assets. A requirement for Security Awareness Training has also been established. ■ <i>Physical and environmental security</i> – Physical and Environmental Security requirements are formally documented. ■ <i>Communications and operations management</i> – Requirements pertaining to communications and operations management are formally documented. ■ <i>Access control</i> – Access Control requirements are formally documented. ■ <i>SDLC: Information systems acquisition, development, and maintenance</i> – Requirements for the acquisition, development and maintenance of information systems, hosted either internally or by vendors, have been defined. ■ <i>Information security incident management</i> – Information Security Incident Management related to Covered Information has been formally documented. ■ <i>Business continuity management</i> – Business Continuity Management procedures have been formally documented. ■ <i>Compliance</i> – The requirement for compliance with applicable privacy legislation and regulations has been formally documented in the company’s information security policy. Detailed compliance requirements are also formally documented in additional policies available on the company’s intranet. 	
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<p>2. Determine whether SoCalGas privacy policies and procedures cover protection of electronic and print media containing Covered Information from unauthorized access, destruction, use modification or disclosure.</p>	<p>2. a. Procedures are in place that require the protection of information commensurate with the asset value, requirements of applicable law and assessed risk. Controls Owners and Managers are required to implement and maintain security features and controls to protect information and information systems.</p> <p>2. b. Contracts are required for authorizing Third Party access to company information, where legally required or otherwise deemed advisable by an appropriate risk owner, security measures to mitigate risk of unauthorized acquisition, modification, or destruction.</p> <p>2. c. Specific requirements around access control to electronic data through systems as well as print media have been established.</p>	
<p>3 Determine whether a management procedure exists to monitor compliance with the security provisions in the policy and instances of noncompliance are identified and remediated.</p>	<p>3. a. Formal guidelines have been established for monitoring compliance with security provisions.</p> <p>3. b. Observed that instances of noncompliance are formally documented and sent to Information Security management for compliance monitoring.</p> <p>3. c. A risk exception process has been established for cases where compliance requirements cannot be met due to technical limitations. Risk exceptions and their mitigation and remediation plans are formally documented.</p>	
<p>4. Review evidence that SoCalGas' policies on Data Security are communicated to internal employees and contractors who have access to Covered Information.</p>	<p>4. Reviewed the company's intranet site and noted that policies on data security are published on the SoCalGas intranet site, which is accessible by all SoCalGas employees. Also noted from inspection of various internal policies on data security and noted that it provides employees with guidance on the data privacy policy, protection and sharing of customer data for SoCalGas.</p>	

<p>5. Determine whether SoCalGas informs customers how it secures their Covered Information.</p>	<p>5. Reviewed the <i>Website Privacy Policy</i> and <i>Privacy Notice</i> and noted that they are shared with website visitors to communicate how information is collected, used/shared, and protected when visitors view the SoCalGas website.</p> <p>5. b. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> and noted that it is shared with customers to communicate the procedures for using/sharing and retaining customer data.</p>	
<p>6. Determine whether a management procedure is in place to monitor whether the SoCalGas manages its security program to help ensure the protection of Covered Information.</p>	<p>6. a. A Customer Privacy Office has been established and granted responsibility for creating and implementing policies and to help ensure customer data privacy across the organization.</p> <p>6. b. Information Owners are expected to establish security requirements for data and information, help ensure that security features and controls are maintained for the duration of processing and storage of data and information, and that information retention/recovery plans are in place.</p> <p>6. c. A quarterly security briefing is provided to the CIO providing reports on specific controls related to the protection of Covered Information.</p>	
<p>7. Review SoCalGas' relevant policies to determine if entity incorporates security into their SDLC.</p>	<p>7. a. Reviewed documentation and noted that security is incorporated into the various phases of the IT product lifecycle.</p> <p>7. b. Formal documentation is prepared as part of the SDLC process in which the resolution of privacy risk and compliance changes in new and updated systems and business processes are identified and facilitated.</p> <p>7. c. If Information Security is not incorporated during the system implementation, a formal risk exception must be filed, which should include risk mitigation measures and remediation plans.</p> <p>7. d. All system changes for SoCalGas are assessed by the Privacy Team.</p>	
<p>8. Determine whether SoCalGas uses appropriate facility entry controls to limit and monitor physical access to systems and locations where Covered Information is processed and stored.</p>	<p>8. a. Controls for limiting access to facilities are have been identified and formally documented. All employees are required to wear physical identification and systems are in place to restrict physical access to authorized locations and work areas.</p> <p>8. b. A formal process for requesting, obtaining approval and granting physical access to restricted areas is documented. Access is also reviewed periodically.</p> <p>8. c. Observed reasonable physical access controls have been implemented at facilities where systems or physical records containing Covered Information are hosted or stored.</p> <p>8. d. A form of ID verification was not required when signing in as a visitor at some locations, but an authorized employee was required to escort the visitor.</p>	

<p>9. Determine whether SoCalGas has implemented procedures for protecting Covered Information including controls for physically securing all media.</p>	<p>9. a. Formal requirements and guidelines have been established that require all Sempra Energy Confidential and Restricted Information, including Covered Information and Customer PII to be encrypted at rest or in transit through commercially available products. This includes encryption of physical media in storage or in transit, including but not limited to offices, desktops, data centers, media libraries, backup centers and field locations.</p> <p>9. b. Observed reasonable physical access controls at buildings that host customer operations or Covered Information systems.</p> <p>9. c. Reviewed internal privacy program documentation and noted that guidelines are provided regarding physical protection of devices with Customer PII and Covered Information.</p> <p>9. d. Reviewed documentation and noted guidelines are provided regarding physical protection of devices with customer PII and Covered Information.</p>	
<p>10. Inspect whether physical records containing Covered Information are stored in locked cabinets or rooms restricting unauthorized access.</p>	<p>10. Observed at various customer operations sites that physical records containing Customer PII are physically locked in a secure location or securely destroyed once no longer needed.</p>	
<p>11. Inquire of SoCalGas' personnel to gain an understanding of the logical control procedures in place to prevent unauthorized access to Covered Information.</p>	<p>11. a. Systems are configured to prevent unauthorized access to Covered Information through the use of the following controls:</p> <ul style="list-style-type: none"> ■ authentication parameters (unique user ID and password); ■ strong password configuration based on internally established standards; ■ restricted access based on roles or responsibilities; ■ two factor authentication. <p>11. b. The network is logically segregated to restrict access to the required network segments and systems or applications based on roles and responsibilities. The firewall combined with a number of switches and routers are used to restrict access to specific network segments and systems.</p>	
<p>12. Inspect evidence that logical controls are in place to prevent unauthorized access to Covered Information including user access provisioning and deprovisioning.</p>	<p>12. a. Formal access management guidelines are in place including the following:</p> <ul style="list-style-type: none"> ■ All new user accounts or changes to existing accounts have to be approved by the control owner. ■ The principle of "least privilege" should be applied for all user accounts. 	<p>No formal standards or procedures have been published to inform employees of requirements to</p>

	<ul style="list-style-type: none"> ■ Segregation of Duties should be enforced for roles to avoid individuals submitting requests from having the access rights to approve their own requests. ■ Users have to be authenticated to systems by a unique user ID and password. Users should be locked out after a number of unsuccessful login attempts and their identity verified if they request their password to be resent. ■ Passwords must enforce strong criteria in line with internal standards. ■ Accounts for terminated employees or employees changing roles should be updated timely. Unused or inactive accounts should be disabled. ■ User account reviews should be performed periodically. <p>12. b. Noted that systems containing Covered Information have reasonable user authentication and authorization measures in place.</p> <p>12. c. Noted that user access is approved and assigned in line with job responsibilities.</p> <p>12. d. Noted that user access reviews are periodically performed for Covered Information systems and access updated in line with management requests.</p>	protect data based on its classification.
13. Review SoCalGas' relevant policies to determine if physical controls are in place protecting Covered Information.	13. A formal policy has been established listing the physical controls implemented to protect Covered Information.	
14. Inquire of SoCalGas' personnel to gain an understanding of the controls protecting physical access to systems storing Covered Information.	14. Inquired of Information Security management and noted that physical access to systems storing Covered Information is controlled through various physical controls that restrict access to specific locations based on approved clearance required by job responsibilities. It was also noted that all visitors are required to sign-in and be escorted when accessing restricted areas. In addition all employee access to restricted areas are reviewed periodically to ensure access is appropriate and approved.	
15. Inspect evidence that physical access to sites and systems storing Covered Information is monitored and restricted.	15. Per inspection of facilities hosting Covered Information systems it was noted that physical controls are put in place to monitor and restrict access to Covered Information.	

<p>16. Review SoCalGas' relevant policies to determine if environmental controls are in place.</p>	<p>16. Reviewed internal security documentation and noted that requirements have been established for protecting Sempra information assets against risks related to heat, fire, theft, smoke, water, explosion, dust, vibration, chemical effects, electrical interference, power disruption, and electromagnetic radiation, power and physical tampering.</p>	
<p>17. Inquire of SoCalGas' personnel to gain an understanding of the environmental controls to protect systems storing Covered Information from natural disasters and environmental disasters (such as fire or flooding).</p>	<p>17. a. Inquired of Information Security management and noted that environmental controls are in place to protect physical systems storing Covered Information from natural and environmental disasters.</p> <p>17. b. Noted at facilities hosting Covered Information systems that reasonable environmental controls are in place to protect Covered Information from natural and environmental disasters such as fire or flooding.</p>	
<p>18. SoCalGas has the ability to transfer data to Third Parties using secure channels.</p>	<p>18. a. Large file transfers to vendors or partners should be completed through the in-house file transfer application. Formal requirements have been defined for the transfer of confidential data, which includes processes and tools to ensure the privacy and integrity of sensitive information, specifically movement of data between networks using secure, authenticated, and encrypted mechanisms.</p> <p>18. b. An additional data security tool is in the process of being implemented to monitor transfer of data to Third Parties.</p>	
<p>19. SoCalGas has deployed an automated tool on network perimeters that monitors for Customer PII, keywords, and other document characteristics to discover unauthorized attempts to exfiltrate data across network boundaries and block such transfers while alerting information security personnel</p>	<p>19. a. Automated tools and techniques have been implemented to filter and block specific file types or attachments sent or received via email based on a predefined policy and configuration standard.</p> <p>19. b. An additional data security tool is currently in the process of being implemented to further help prevent unauthorized attempts to exfiltrate data across network boundaries and block transfers while alerting information security personnel.</p>	

<p>20. SoCalGas has deployed an automated tool on workstations that monitors for Customer PII, keywords, and other document characteristics to discover unauthorized attempts to exfiltrate data to removable media and block such transfers while alerting information security personnel</p>	<p>20. a. An additional data security tool is currently in the process of being implemented to help monitor for Customer PII, keywords and other document characteristics related to unauthorized attempts to exfiltrate data to removable media and blocking transfers while alerting information security personnel.</p> <p>20. b. A formal procedure has been defined for alerting information security personnel in the event of a potential event on a workstation. The procedure specifies the following information to be captured for the event. The procedure specifies the following information to be captured for the event:</p> <ul style="list-style-type: none"> ■ specific information of impacted systems or applications ■ specific information disclosed (i.e., customer name, account numbers, etc), ■ system ownership (Sempra or Third Party (if applicable)), and ■ status of information (encrypted or unencrypted). 	
<p>21. SoCalGas has controls in place so that users cannot disable and modify security products or services.</p>	<p>21. a. Users are prohibited from circumventing security features or controls that are put in place to protect the corporate computing environment from intrusion, compromise, and/or misuse.</p> <p>21. b. It was noted that users do not have access to disable and/or modify security products or services.</p>	
<p>22. SoCalGas understands the current threat landscape and potential threats to the organization by leveraging multiple threat feeds.</p>	<p>22. a. Potential threats and risks are identified using a variety of information sources including SANS, local law enforcement agencies, cyber security and industry specific newsfeeds.</p> <p>22. b. A formal and continuous threat management and risk assessment process is in place using a combination of tools and procedures.</p> <p>22. c. Vulnerabilities and threats are assessed to determine the risk to the environment and if identified to have an impact, a risk assessment will be formally documented and a priority assigned. If the risk cannot be remediated due to limitations or restrictions, a Risk Exception will be completed and formally documented. Vulnerabilities are remediated by the relevant team that owns the application.</p> <p>22. d. A formal report is issued to management on a periodic basis providing an overview of the organization's threat landscape and risks, as well as key metrics for the Cybersecurity areas that are monitored.</p>	

<p>23. SoCalGas scans source code for bugs and vulnerabilities before moving it into production</p>	<p>23. A preliminary automated code scan is always completed before new applications or code changes are deployed into the production environment. There is also a process to determine the severity of the system or the change which will prompt a penetration test on the source code. If Information Security is involved in the test phase of a system change or implementation, a source code scan is completed at this point as well. Periodic vulnerability scans of the entire network is also performed, which will scan source code changes that were not scanned for vulnerabilities prior to moving it into production.</p>	
<p>24. SoCalGas' development/test environments are separate from the production environment, with access control in place to enforce the separation.</p>	<p>24. a. Development and test environments are hosted on different servers than production systems containing Covered Information. Access to the different servers is segregated using logical access controls.</p> <p>24. b. A formal change control process is in place to manage changes to Covered Information system production environment source code. Changes to production source code are controlled using a source code repository tool in some cases.</p>	
<p>25. Determine whether SoCalGas does not use Production Covered Information for testing or development. Test data and accounts are removed before a production system becomes active.</p>	<p>25. Production Covered Information is typically not used for testing and development activities. If required for testing activities, sensitive data will be masked.</p>	
<p>26. Determine whether SoCalGas utilizes a Data Masking tool to limit access to and protect Covered Information and other PII.</p>	<p>26. Observed during a site walkthrough of a number of customer operations facilities and system samplings that sensitive customer information data fields are masked.</p>	
<p>27. SoCalGas' web applications should use encryption when transmitting sensitive data across the network.</p>	<p>27. a. Formal standards have been established which require that Sempra Energy Confidential or Restricted Information being transmitted over any untrusted communication network should be sent in encrypted form. Encryption of Sempra Energy Confidential and Restricted information in transit is achieved via commercially available encryption products.</p>	

	<p>27. b. All Covered Information and Customer PII data are transmitted either internally or to Third Parties using an internal secure transfer method, which encrypts the data in line with the Sempra encryption standards.</p> <p>27. c. A formal standard for wireless access to internal networks, systems, applications and data is in place to help ensure secure transfer of data through wireless networks in line with strong encryption practices.</p>	
28. Determine whether SoCalGas has implemented an Intrusion Detection system within the environment to detect and generate log messages detailing events.	28. An Intrusion Detection System (IDS) has been deployed on the network and is configured to identify possible intrusions based on specific configured rules. When a potential event is identified, the Security Operations Center is notified and the incident is formally documented and tracked through resolution following the incident response procedure.	
29. Determine whether SoCalGas has implemented an Intrusion Prevention system within the environment to detect events and reject packets.	29. An Intrusion Prevention System is in place and is configured to detect and reject packets based on predefined and configured rules.	
30. Determine if SoCalGas allows limited access to network resource to vendors and 3rd parties.	<p>30. a. Contracts authorizing third party access to the SoCalGas information or systems include security measures to mitigate the risk of unauthorized acquisition, modification or destruction.</p> <p>30. b. A formal standard has been established requiring vendor access to internal systems to be limited to the duration of the contract. Specific requirements have been defined for boundary protection and design, specifically external connections into the network or to network resources, including limiting incoming communications only from authorized sources routed to authorized destinations using firewalls and routers.</p> <p>30. c. An inventory of third party connections into the network, including applications or devices they are authorized to access, are maintained and documented.</p>	
31. Determine if SoCalGas has a formal process for approving and testing all network connections and changes to the firewall and router configurations	31. a. All connections to and changes to the production firewall environment are tested in the non-production environment designated by the responsible parties. Changes not able to be tested prior to implementation will be validated in the production environment. All normal changes must have a test plan and/or post implementation validation plan prior to receiving change management authorization. High risk changes will be discussed at the Change Advisory Board meeting and will need to include	

	<p>a test plan and a post implementation validation plan to be reviewed with the board prior to authorization.</p> <p>31. b. Changes made to the firewall must be formally documented and approved by the Information Protection Manager and comply with current change management procedures.</p> <p>31. c. The security configurations of network devices including firewalls, routers and switches are tracked using a configuration management and change control process.</p>	
32. Determine whether SoCalGas' firewall performs stateful inspection (dynamic packet filtering) to restrict network access at the header level.	32. The firewall is configured to perform stateful inspection.	
33. Determine if SoCalGas has implemented a DMZ to limit inbound traffic to only system components that provide authorized publicly accessible services, protocols, and ports.	33. A formal standard has been established with requirements for the DMZ, including the use of a combination of network devices such as a firewall and routers to govern DMZ traffic and prevent unauthorized access to the internal network and systems.	

CPUC Rule 8	Rule Description	Notification of Breach:	
b		<p>A covered Third Party shall notify the covered electrical/gas corporation that is the source of the covered data within one week of the detection of a breach. Upon a breach affecting 1,000 or more customers, whether by a covered electrical/gas corporation or by a covered Third Party, the covered electrical/gas corporation shall notify the Commission's Executive Director of security breaches of Covered Information within two weeks of the detection of a breach or within one week of notification by a covered Third Party of such a breach. Upon request by the Commission, electrical/gas corporations shall notify the Commission's Executive Director of security breaches of Covered Information.</p>	
Audit Procedures		Audit Test Results	Exceptions
1. Determine whether SoCalGas has documented incident response and breach management procedures in place		<p>1. a. Reviewed internal security documentation and noted that a process is in place for employees to escalate a security incident if they suspect an activity has occurred.</p> <p>1. b. Based on the incident management policy and procedures, all incidents are formally documented, logged and tracked. Incidents are assigned a severity and communicated to the</p>	

<p>including roles and responsibilities, testing and training, incident classification and logging, remediation, and program updates.</p>	<p>relevant incident response team members as defined in the procedure document, who will perform the responsibilities based on their assigned role.</p> <p>1. c. Inquired of management and was informed that the company is in the process of reviewing and updating the incident response policy.</p> <p>1. d. Met with Manager, Customer Service Technology Operations/Data Privacy, and was informed that a corporate incident response process exists to track and escalate privacy incidents.</p> <p>1. e. Inquired of management and was informed that Information Security developed its Incident Response program based on Information Security best practices.</p> <p>1. f. Met with Vice President – Compliance and Governance and Corporate Secretary, and was informed that management receives updates on data security and breach management.</p> <p>1. g. Met with Director, Customer Operations, and was informed that customer data privacy incidents receive management-level attention.</p> <p>1. h. Reviewed internal procedural documentation and noted that it addresses the reporting of unauthorized releases of customer information.</p> <p>1. i. Reviewed internal security documentation and noted that Third Parties are required to report potential breaches and data incidents.</p>	
<p>2. Determine whether SoCalGas' management has adequately reviewed the incident review process in place.</p>	<p>2. a. Inquired of Information Security management and was informed that the incident response policies are reviewed annually.</p> <p>2. b. Observed evidence that incident response documentation was reviewed in August 2013.</p> <p>2. c. Reviewed management proposed updates to the existing incident response documentation.</p> <p>2. d. Met with Senior Vice President/Chief Information Officer, and was informed that information security works in collaboration with the individual Privacy teams and legal groups responsible for ensuring appropriate handling of data breach incidents.</p>	
<p>3. Determine whether SoCalGas can perform forensic analysis in the instance of a Customer PII breach.</p>	<p>3. a. Reviewed internal incident management documentation and noted that tools exist to analyze potential data incidents.</p> <p>3. b. Inquired of Information Security management and was informed that a specific suite of tools is in place for forensic analysis activities, including tools to preserve evidence and identify the impact of a breach.</p> <p>3. c. Reviewed internal incident response documentation and noted that roles in the incident response process are defined.</p>	

	3. d. Inquired of Information Security management and was informed that the Information Security group maintains a close relationship with local law enforcement agencies (e.g., San Diego Police Department), the FBI and the Department of Homeland Security and have a process in place to connect with law enforcement if required.	
4. Inspect sample evidence of breach incidents for the last 12 months.	4. a. Reviewed the <i>SoCalGas 2013 Annual Privacy Report</i> and noted that SoCalGas reported no incidents involving a breach of Covered Information in 2013. 4. b. Observed evidence that SoCalGas tracks potential data incidents from identification to closure.	

CPUC Rule 8	Rule Description		
c	Annual Report of Breaches:	In addition, electrical corporations shall file an annual report with the Commission's Executive Director, commencing with the calendar year 2012, that is due within 120 days of the end of the calendar year and notifies the Commission of all security breaches within the calendar year affecting Covered Information, whether by the covered electrical corporation or by a Third Party.	
Audit Procedures	Audit Test Results	Exceptions	
1. Determine whether it tracks the reporting requirement and assigns compliance to the appropriate department.	1. a. Met with Manager, Customer Service Technology Operations/Data Privacy, and was informed that as part of Rule 42 compliance requirements, a Privacy Working team was established with responsibilities for compliance assigned to different teams. The Customer Privacy Team is responsible for collecting the information to complete the CPUC Annual Privacy Report. 1. b. Inquired of Information Security management and was informed that the company can run reports related to Covered Information incidents. 1. c. Reviewed Privacy Decision compliance tracking documentation and noted that Information Security & Information Management provided information to the Customer Privacy Team on breach information for the Annual Privacy Report. 1. d. Reviewed Privacy Decision compliance tracking documentation and noted that breach reporting had been assigned to new members of Information Security & Information Management. 1. e. Met with Manager, Customer Service Technology Operations/Data Privacy, and confirmed that no breaches occurred during the 2013 period covered.		
2. Determine whether SoCalGas filed its Annual Report to the	2. Reviewed the <i>SoCalGas 2013 Annual Privacy Report</i> and noted that it was submitted to the CPUC on March 28, 2014. The report identified:		

CPUC as required by the Privacy Decision.	<ul style="list-style-type: none">■ No breaches affecting 1,000 or more customers.■ No incidents within the calendar year affecting Covered Information, whether by the covered gas corporation or by a Third Party.	
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CPUC RULE 9 Accountability and Auditing

Overall Conclusion	<p>Two Exceptions Noted:</p> <p>Company-wide trainings provided during the covered period did not provide specific guidance to safeguard Covered Information. KPMG noted that management requires general Data Privacy training for specific, critical departments whose employees collect, store, or use Covered Information (e.g., CCC, Billing Operations, and Credit Operations).</p> <ul style="list-style-type: none"> ■ While contractors on the SoCalGas payroll are assigned trainings as regular employees, there is no formal training assigned to contractors who are hired through a temporary work-force solution company.
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CPUC Rule 9	Rule Description		
a		<p>Availability:</p> <p>Covered entities shall be accountable for complying with the requirements herein, and must make available to the Commission upon request or audit—</p> <p>(1) the privacy notices that they provide to customers,</p> <p>(2) their internal privacy and data security policies,</p> <p>(3) the categories of agents, contractors and other Third Parties to which they disclose Covered Information for a Primary Purpose, the identities of agents, contractors and other Third Parties to which they disclose Covered Information for a Secondary Purpose, the purposes for which all such information is disclosed, indicating for each category of disclosure whether it is for a Primary Purpose or a Secondary Purpose. (A covered entity shall retain and make available to the Commission upon request information concerning who has received Covered Information from the covered entity.), and</p> <p>(4) copies of any secondary-use authorization forms by which the covered party secures customer authorization for secondary uses of covered data.</p>	
Audit Procedures		Audit Test Results	Exceptions
1. Determine whether SoCalGas has external Privacy Notices to provide to its customers.		<p>1. a. Reviewed the SoCalGas website at www.socalgas.com and noted that there are two different privacy statements:</p> <ul style="list-style-type: none"> ■ <i>Website Privacy Policy</i>-The Privacy Policy for the SoCalGas website informs customers as to how their information is collected, used, and disclosed based on their activities on the website. 	

	<p>■ <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i>-The Notice as required by the Privacy Decision informs customers to how SoCalGas collects, stores, uses, and discloses their Covered Information.</p> <p>1. b. Met with Manager, Customer Service Technology Operations/Data Privacy, and was informed that SoCalGas has two separate external Privacy Policies for customers. The <i>Website Privacy Policy</i> has existed for many years as required by the “California Online Privacy Protection Act” and relates to how SoCalGas collects, uses, and discloses information from website users. The <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> was developed in response to the Privacy Decision and covers SoCalGas' practices associated with Covered Information.</p> <p>1. c. Met with members of the SoCalGas Customer Privacy Program and was informed that the <i>Privacy Notice</i> is sent to new customers in <i>New Customer Welcome Packages</i>, and then sent again annually thereafter in <i>Bill Inserts</i>.</p>	
<p>2. Determine whether SoCalGas has internal privacy and security policies.</p>	<p>2. a. Reviewed internal privacy program documentation and noted that SoCalGas provides guidelines for employees on dealing with customer information, including explaining security guidelines, Fair Information Practice Principles, and referencing SoCalGas policies on the release of customer information.</p> <p>2. b. Reviewed internal procedural documentation and noted that CSRs are provided with information related to the appropriate safeguarding of Covered Information.</p> <p>2. c. Reviewed internal CCC documentation and noted that the documentation includes quick references addressing the appropriate safeguarding of Covered Information and interacting with customers and Third Parties.</p> <p>2. d. Reviewed internal procedural documentation and noted that SoCalGas addresses the appropriate safeguarding of customer PII.</p> <p>2. e. Reviewed internal Human Resources documentation and noted that Sempra employees are required to protect and maintain the confidentiality of customer information. Disclosure of customer information is prohibited absent customer consent, for Primary Purposes, or pursuant to a legal process.</p> <p>2. f. Reviewed internal Human Resources documentation and noted that no Sempra employee should access or otherwise use confidential customer information unless authorized to do so for legitimate business needs and in accordance with company policies, laws, and regulations.</p>	

	<p>2. g. Reviewed internal Human Resources documentation and noted that non-public information, including Covered Information, may be used only for legitimate business purposes and unauthorized disclosure is prohibited.</p> <p>2. h. Reviewed documentation and noted that it includes information for employees with access to the network regarding:</p> <ul style="list-style-type: none"> ■ Policies & Procedures ■ Security Awareness and Education ■ Breach Notification Requirements ■ Security Alerts ■ Help <p>2. i. Met with Manager, Mass Markets Credit and Collections and was informed that Credit and Collections has department-specific policies regarding the safeguarding of Customer PII and Covered Information.</p> <p>2. j. Met with Managers, CCC, and was informed that CSRs are required to review department policies addressing Safeguarding Customer Account Information.</p>	
<p>3. Determine whether SoCalGas tracks the categories of agents, contractors and other Third Parties to which they disclose Covered Information for a Primary Purpose.</p>	<p>3. a. Reviewed SoCalGas list of four Third Parties (Suppliers) with access to Covered Information in 2013. The list included a description of each Supplier's type of work and need for access. It is also noted that the four Third Parties utilize customer information and interval data. The number of Third Parties (four) matches those listed in SoCalGas' Annual Privacy Report.</p> <p>3. b. Met with Manager, Customer Service Technology Operations/Data Privacy and was informed that the four Third Parties have a SoCalGas employee identified as their sponsor who manages and oversees the contractual relationship. Contract ownership is assigned to a SoCalGas employee and position; therefore if the owner leaves the Company the contract oversight is transferred to the new employee filling the position (or to upper management until the position is filled).</p>	
<p>4. Determine whether SoCalGas has secondary use authorization forms customers sign to authorize use of Covered Information for secondary uses.</p>	<p>4. a. Met with Manager of Customer Service Technology Operations/Data Privacy and with SoCalGas Manager of Major Markets Billing and noted that the company requires customer consent prior to disclosure of customer information for Secondary Purposes. The CISR form is the document used for customers to explicitly authorize the use of Covered Information for Secondary Purposes.</p> <p>4. b. Reviewed the CISR form templates and a sample of executed CISR forms and noted the company has authorization forms on file for customers to authorize use of Covered Information for secondary uses.</p>	

	4. c. See CPUC Rule 6e (1)-(3) Audit Test Results 2. a. – d.	
5. Determine whether a specific person or group within SoCalGas is responsible or accountable for privacy and security policy development, implementation, monitoring, enforcing and updating.	<p>5. a. Reviewed internal privacy program documentation and noted that SoCalGas uses the Generally Acceptable Privacy Principles (GAPP) as its framework for governing data and customer privacy. The following roles comprise the Customer Privacy Program:</p> <ul style="list-style-type: none"> ■ Chief Customer Privacy Officer is responsible for setting policy, assuring customer data privacy across the organization and achieving enterprise goals; ■ Director of Customer Privacy provides oversight for the implementation of customer privacy policy. ■ Customer Data Owner is responsible for working with Information Security to ensure sound privacy and security controls are adhered to as part of the Data Governance Plan. ■ The Customer Privacy Program Manager and the Leader, Privacy Compliance Program are responsible for the day-to-day activities of administering a customer data privacy program, its strategies, compliance activities and adherence to best practices. ■ All employees handling customer data have an obligation to protect it in accordance with Company policies and procedures. <p>5. b. Met with Vice President of Customer Services/Chief Customer Privacy Officer and was informed that customer privacy has been a core value of SoCalGas; however, the company has focused on formalizing the program and roles and responsibilities for the past year. The role of Chief Customer Privacy Officer involves oversight of all customer operations, not just Privacy.</p> <p>5. c. Met with Director of Customer Privacy and was informed that the Director chairs the monthly stakeholder meetings for directors, and that a review reporting highlights, priorities, and risks is submitted to those directors quarterly; reviewed charter of stakeholder meeting, which identifies the participants, their titles, and their departments.</p> <p>5. d. Met with Manager, Customer Service Technology Operations/Data Privacy and was informed that SoCalGas established a Privacy Stakeholders Team that is comprised of members from different departments that participate in monthly meetings to discuss key program activities. A Customer Privacy Working Team has been created that has the following responsibilities:</p> <ul style="list-style-type: none"> ■ There are monthly meetings to discuss various topics related to customer privacy (in addition to the items above) ■ This working team is also part of an email distribution list where they will be asked to review and provide comments to documents, proposed policies/procedures, etc 	

5. e. Met with Senior Vice President/Chief Information Officer, and was informed that the role oversees all IT activities for Sempra, including SoCalGas and SDG&E. The role is ultimately responsible for ensuring information security requirements are met.
5. f. Reviewed the job description for the Customer Operations Privacy Program Manager and noted that the company sought an experienced Manager with a preference for candidates with a graduate degree and CIPP certification. The Manager's responsibilities included:
- activities associated with data governance
 - server as a SME for privacy laws, rules, and policies
 - organize and lead a cross-functional privacy team
 - lead the filing of CPUC Smart Grid Phase II Decision.
5. g. Reviewed Status Reports provided by Director, Customer Operations to VPs on the quarter's highlights and noted that the report included the following milestones:
- Filed annual customer privacy report with CPUC on March 28, 2014 on schedule
 - External Audit is in Discovery Phase
 - Completed management corrective actions for an internal customer data privacy audit
 - Internal System's Customer Data Controls
5. h. Reviewed an internal audit report and noted that Audit Services performed a review of SoCalGas' privacy processes including a Privacy Decision readiness assessment.
5. i. Reviewed the *SoCalGas Privacy Stakeholder Team roster* and noted that it has representatives from various Departments including:
- Customer Solutions
 - Remittance Processing
 - Legal
 - Customer Services
 - Customer Operations
 - Application Services
 - Information Security and Information Management
 - Advanced Meter
 - Customer Contact Centers
 - Regulatory Affairs

	<ul style="list-style-type: none"> ■ Customer Engagements and Insights <p>5. j. Reviewed the Customer Privacy Working Team Charter and noted that it has the following Goals/Objectives and Business Drivers:</p> <ul style="list-style-type: none"> ■ Review, update, and enhance SoCalGas Customer Data Privacy policies and practices ■ Address customer privacy matters and ensure appropriate alignment with Sempra Energy and SDG&E practices ■ New laws and rules regarding privacy have emerged ■ Opportunity to be proactive and incorporate best practices ■ Anticipate and prepare for CPUC requirements ■ Customer Data Privacy requirements will affect how IT systems are designed and enhanced <p>5. k. Reviewed Management Corrective Actions prepared by Management and tracked by Audit Services in response to Business Control Issues identified in an audit report. Observed evidence that Audit Services tracked all Business Control Issues to closure.</p>	
<p>6. Understand the Compliance Area Leader's certifications/areas of expertise to determine qualification for responsibility and accountability of SoCalGas' privacy program.</p>	<p>6. a. Met with Manager of Customer Service Technology Operations/Data Privacy and was informed that the role uses a variety of sources to track current privacy issues and topics. In addition, the role is an active member of the Customer Privacy Working Team that meets monthly and the Customer Privacy Director Stakeholders monthly status updates.</p> <p>6. b. Reviewed internal procedural documentation identifying how the Manager of Customer Service Technology Operations/Data Privacy monitors the privacy regulatory environment and changes, and noted that the role uses a variety of sources to track privacy issues and implement those changes in the organization including:</p> <ul style="list-style-type: none"> ■ Is on the Legislative team distribution list and if there is a bill that involves customer privacy, the position holder would get a copy and be asked to provide input to help develop a Company Position to support, oppose or remain neutral on legislative proposals. ■ Coordinates with Company's Attorney that monitors privacy legislation prior to or when a law is passed to discuss operational and customer impacts so business changes can be made to comply with the new law. ■ Chairs a Customer Privacy Working Team that meets monthly which includes employees from departments such as Regulatory, Legislative, Operations, Customer Experience and Customer Programs among others. 	

	<ul style="list-style-type: none"> ■ Participates in monthly status updates to the Customer Privacy Director Stakeholders where Regulatory, Operational, Risks and Issues are reported out to the Business Unit leadership team. ■ Participates in a joint IOU team of Customer Privacy Professionals that meets monthly to discuss privacy practices and any environment changes that may impact current utility practices. ■ Subscribes to multiple IAPP publications <p>6. c. Reviewed <i>IAPP CIPP/IT Certification held by the Manager of Customer Service Technology Operations/Data Privacy</i>.</p>	
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CPUC Rule 9	Rule Description		
b		<p>Customer Complaints:</p> <p>Covered entities shall provide customers with a process for reasonable access to Covered Information, for correction of inaccurate Covered Information, and for addressing customer complaints regarding Covered Information under these rules.</p>	
Audit Procedures	Audit Test Results		Exceptions
1. Determine whether SoCalGas provides notice to its customers on how they customers can contact the company for inquiries, complaints or disputes related to their personal information.	<p>1. a. Reviewed the <i>Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information</i> on the SoCalGas website and noted that it provides information on how residential and commercial customers can contact the company via postal mail and telephone.</p> <p>1. b. Reviewed the <i>Website Privacy Policy</i> Reviewed and noted that it includes information for how a customer can contact SoCalGas with questions or comments via Telephone, Email, and U.S. Mail</p>		
2. Determine whether SoCalGas has a documented process to receive customer disputes, complaints, and inquiries, addresses and resolve complaints, and communicate resolution back to the customer in a timely and satisfactory manner.	<p>2. a. Met with Operations Support Manager, CCC, and was informed that complaints for residential and commercial customers typically go through the same process and intake is performed by CSRs. Customers can also file complaints directly with the CPUC and those complaints are tracked.</p> <p>2. b. Met with Strategy & Special Services Manager, CCC, and was informed that Executive complaints are handled by the Special Investigations Unit and tracked to closure.</p> <p>2. c. Met with Manager of Customer Service Technology Operations/Data Privacy, and was informed that a process exists to handle incoming customer complaints related to Privacy. The process outlines their respective escalation, assignment, and resolution. To date, there have been no privacy-specific complaints routed to the Customer Privacy Program Office.</p>		

	<p>2. d. Reviewed internal procedural documentation and noted that customer comments, complaints, and compliments are tracked internally. The documentation provides a process for assigning complaints and a priority level which is associated with the customer's account.</p> <p>2. e. Reviewed CCC procedural documentation and noted that SoCalGas provides guidelines for CSRs to resolve typical customer complaints or inquiries without having to escalate to a CSR Lead or another department.</p>	
<p>3. Determine whether SoCalGas has a process to escalate disputes, complaints, and inquiries to help ensure resolution within a timely manner.</p>	<p>3. a. Met with Operations Support Manager, CCC, and was informed about the customer complaint handling process that CSRs follow.</p> <p>3. b. Met with Strategy & Special Services Manager, CCC, and was informed about the CPUC Complaint process including required time frames and escalation procedures.</p> <p>3. c. Reviewed documentation which provides guidelines for CSRs in case they need to escalate customer complaints. The documentation includes a flowchart mapping for CSRs. The document also addresses when and how to refer customers to the CPUC.</p> <p>3. d. Reviewed internal procedural documentation and noted that a process exists to escalate High Bill Inquiries to the appropriate department for further investigation and to resolve the issue with the customer.</p>	
<p>4. Inspect evidence that SoCalGas tracks and resolves customer complaints consistent with SoCalGas' policies.</p>	<p>4. a. Met with Operations Support Manager, CCC, and was informed that the CCC will produce service level reports to track complaint metrics including complaint type and resolution timing.</p> <p>4. b. Met with Strategy & Special Services Manager, CCC, and was informed that complaints are tracked and reported.</p> <p>4. c. Reviewed CCC procedural documentation and noted that CSRs track inquiries within a customer's account.</p> <p>4. d. Reviewed a sample customer complaint regarding a deferred installation of an Advanced Meter and noted that the complaint was tracked from receipt to resolution in congruence with company policies. Actions taken throughout the complaint process were logged.</p>	

CPUC Rule 9	Rule Description	Training: Covered entities shall provide reasonable training to all employees and contractors who use, store or process Covered Information.	
c			
Audit Procedures		Audit Test Results	Exceptions
1. Review SoCalGas' documented privacy awareness program materials to identify personnel who handle and access Covered Information.	1. a. Reviewed the list of the different business units within SoCalGas that handle Covered Information, and noted each business unit is governed by operational-driven specific policies and procedures. In particular, the business units with access to Covered Information are the following: <ul style="list-style-type: none"> ■ Advanced Meter ■ Customer Programs ■ Customer Contact Center ■ Customer Operations (Billing) ■ Law Department 1. b. Reviewed internal training documentation and noted that SoCalGas requires data protection training for all employees that have access to PII 1. c. Met with representatives of a sample of the business units with access to Covered Information and confirmed they are identified as groups with access to Covered Information. In addition, they confirmed they have been trained with regards to data privacy and are aware of the company privacy policies.		
2. Understand the awareness material and communications to SoCalGas personnel to determine how internal privacy policies are communicated to associates.	2. a. Reviewed internal awareness documentation and noted that employees are provided with resources to aid in maintaining Information Security. The following are included: <ul style="list-style-type: none"> ■ <i>Quick Links</i> – Provides information regarding Information security and announcements on upcoming company-wide privacy and information security events. ■ <i>Request</i> – Allows employees to manage their network access and provides guidance to remote and internet access to company records and information. ■ <i>Learn</i> – Contains information pertaining to the classification of data, methods for encrypting and protecting data transfer, password strengthening techniques, links to informational brochures informing employees of Identity Theft, as well as links to internal and external privacy and security websites. 		

	<ul style="list-style-type: none"> ■ <i>Report and Incident</i> – Allows employees to report instances of threats to privacy and data security. ■ <i>Policies & Procedures</i> – Lists internal information regarding the management and protection of sensitive information, guidelines for compliance with security policies, agreed standard company controls and security features, as well as detailed step-by-step instructions for information protection processes and activities. <p>2. b. Reviewed SoCalGas awareness programs and communications and noted that during the covered period there were multiple efforts to communicate to SoCalGas personnel about customer privacy. These awareness materials and events include:</p> <ul style="list-style-type: none"> ■ A SoCalGas Town Hall presentation focused on Customer Data Privacy and Information Security. This presentation was provided to employees to increase awareness surrounding the protection of confidential information, the companywide governance available documentation, tools and resources for data protection, and how to identify fraud and phishing scams. ■ Information security and protection email notifications sent directly to employees in order to raise awareness regarding current industry data protection issues, how they affect employees, and steps to protect confidential information. <p>2. c. Met with representatives of different business units to with access to Covered Information who confirmed that the town hall meetings occurred.</p> <p>2. d. Met with Advisor, Regulatory Compliance and confirmed that that multiple efforts were made to increase employee awareness regarding company privacy policies and data protection awareness. We were provided with examples during our conversation:</p> <ul style="list-style-type: none"> ■ Internal department specific training presentations addressing pertinent laws applicable to the industry. ■ Information Security celebrated the Cybersecurity day where knowledge was shared with employees regarding the importance of protecting confidential information. ■ Conducted SoCalGas Information Security and Privacy Town Hall. <p>2. e. Note: Reviewed documentation outside of the audit period and noted that there was a SoCalGas Kick-off Meeting (reviewed agenda and signoff sheet) noting that there was a kick-off meeting for Customer Privacy, CPUC Rules, Regulatory Reporting and a related processes discussion.</p>	
3. Understand SoCalGas' specific training materials to assess	3. a. Reviewed company-wide training documentation that is provided to employees during New-Employee orientation:	Company-wide trainings provided during the covered

<p>whether they adequately communicate/train employees on how to handle Covered Information. In addition, inspect that employees have completed these privacy and security training requirements.</p>	<ul style="list-style-type: none"> ■ A hard copy hand-out provided to employees which includes information about their duty to protect any confidential information they encounter during the course of their job and provides samples, as well as informing them about the importance of respecting the privacy of employees and customers. ■ A hard copy hand-out provided to employees informing that Sempra Energy utilities and customer information must not be sold, divulged, used or made available to anyone outside Sempra Energy Utilities. In addition, it is noted that requests for the foregoing information should be referred to the employee's supervisor, and written approval from management is required for release of such data. ■ A training document containing a section titled Confidential Information of the Company which outlines the non disclosure policy of any confidential information of the company. Employees are informed that this includes confidential customer information developed by the company. ■ A training document which includes a section titled Information Security and discusses the importance of preventing sensitive Company information from getting to unauthorized parties. Additionally, this guide informs employees that information security is everyone's responsibility, as well as techniques they can use to protect this information. <p>3. b. Examined the web-based training for new hires which include knowledge checks, completion of which is tracked through an internal system used by SoCalGas for employee education. This training is targeted to non-represented (i.e., non-union) employees and contains the following modules:</p> <ul style="list-style-type: none"> ■ A module providing education regarding protecting confidential entity-related information such as financial records, company assets, records management, and regulatory compliance. ■ A module addressing non-public information sharing among SoCalGas' internal departments as well as general privacy and information protection. ■ A module addressing information disclosures between affiliated entities and the necessary customer consent, including when related to CEUD customer data. ■ A module that includes information regarding rules and regulations governing retention periods for documentation, and address general privacy and information protection. <p>3. c. Met with Advisor, Regulatory Compliance to discuss the specific training materials given to employees and noted that during the covered period there was no company-wide CEUD specific training in place, however, SoCalGas is considering providing a company-wide training module.</p> <p>3. d. Reviewed training logs for a sample of the company-wide trainings and the web-based New Hire Online Compliance Training modules and noted that SoCalGas tracks employee training information.</p>	<p>period did not provide specific guidance to safeguard Covered Information. KPMG noted that management requires general Data Privacy training for specific, critical departments whose employees collect, use, store, or process Covered Information (e.g., CCC, Billing Operations, and Credit Operations).</p>
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	<p>customer-specific information. KPMG reviewed the sign off sheet for this event containing signatures of Customer Operations managers that were present for this targeted training.</p> <ul style="list-style-type: none"> ■ Training logs outside of the audit period and noted that these trainings are currently in progress of completion for employee compliance. 	
<p>4. Inspect evidence that contractors have completed privacy and security training requirements (e.g., training logs, certifications of compliance, etc.).</p>	<p>4. a. Met with Advisor, Regulatory Compliance to discuss the specific training materials given to SoCalGas' contractors and were informed that:</p> <ul style="list-style-type: none"> ■ Employee Contractors (contractors on SoCalGas direct payroll) receive similar training to regular new employees. ■ Contractors engaged by a temporary workforce solution company, are not required to take any training to date, however information privacy requirements are noted in the language within the contract and signed NDA agreements. We were informed by management that they are considering rolling out a company-wide new module training called "Protecting Personal Information" in 2014 which would be targeted to contractors as well. <p>4. b. Reviewed internal contracting documentation and noted that SoCalGas requires engaged contractors to sign off on their understanding that their assignment includes access to sensitive and confidential information and their responsibility to protect and safeguard it.</p>	<p>While contractors on the SoCalGas payroll are assigned trainings as regular employees, there is no formal training assigned to contractors who are hired through a temporary work-force solution company.</p>
<p>5. Understand the privacy training required of Third Parties accessing Covered Information in order to determine whether or not they are adequately equipped to handle Covered Information.</p>	<p>5. a. Met with Manager of Customer Service Technology Operations/Data Privacy and understood that vendors are contractually obligated per their contract clauses to maintain the privacy of the information shared. SoCalGas does not independently deliver trainings, provide training materials, or validate whether these training took place for Third Party vendors.</p> <p>5. b. Met with Advisor, Regulatory Compliance and was informed that SoCalGas does not independently deliver trainings, provide training materials, or validate whether these training took place for Third Party vendors. SoCalGas relies on the contractual relationship between itself and Third Parties to ensure that Third Parties train their own internal resources on proper data handling techniques.</p> <p>5. c. Inspected 24 SoCalGas Contract Templates used by supply management for Third Party contracting and noted that the 24 documents contain a clause covering the:</p> <ul style="list-style-type: none"> ■ <i>Prohibition on Non-Public Information Sharing</i> stating that the contractor will agree not to disclose or allow access to any non-public information and that the contractor may be required to complete training at Sempra's discretion. ■ <i>Confidentiality</i> indicating that the contractor agrees to use the confidential information solely for the purpose of performing services under the agreement. 	

	<p>5. d. Reviewed <i>SoCalGas Non-Disclosure Agreement</i> templates and noted that they include a section entitled "<i>Limited Use –Nondisclosure</i>":</p> <ul style="list-style-type: none"> ■ <i>The Mutual Non-Disclosure Agreement</i> states that neither party nor its representatives shall use the confidential information of the other party for its own benefit. ■ <i>The One-Way Non-Disclosure Agreement</i> states that neither the other party nor its representatives shall use the confidential information for their own benefit. <p>5. e. Met with Portfolio Manager, IT/Telecommunications to discuss the contract templates currently in use with Third Parties. Confirmed that non disclosure and privacy language is enforced, and that only in exceptional cases contractual terms and conditions are modified from those originally included in the templates.</p> <p>5. f. Inspected an executed Third Party contract sample and noted the inclusion of the Prohibition on Non-Public Information Sharing clause and the Confidentiality clause.</p>	
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CPUC Rule 9	Rule Description	Reporting Requirements:	
e		<p>On an annual basis, each electrical/gas corporation shall disclose to the Commission as part of an annual report required by Rule 8.b, the following information:</p> <p>(1) the number of authorized Third Parties accessing Covered Information,</p> <p>(2) the number of non-compliances with this rule or with contractual provisions required by this rule experienced by the utility, and the number of customers affected by each non-compliance and a detailed description of each non-compliance.</p>	
Audit Procedures	Audit Test Results	Exceptions	
1. Determine whether it tracks the reporting requirement and assigns compliance to the appropriate department(s).	<p>1. a. Met with Manager, Customer Service Technology Operations/Data Privacy, and was informed that as part of Tariff Rule 42 compliance requirements, a Privacy Working team was established with responsibilities for compliance assigned to different teams. The Customer Privacy Team is responsible for collecting the information to complete the CPUC Annual Privacy Report.</p> <p>1. b. Reviewed <i>Privacy Decision compliance tracking documentation</i> and noted that Information Security & Information Management provided information to the Customer Privacy Team on breach information for the Annual Privacy Report.</p>		
2. Determine whether SoCalGas filed its Annual Report to the	2. Reviewed the <i>SoCalGas 2013 Annual Privacy Report</i> submitted to the CPUC on March 28, 2014 and noted that SoCalGas reported:		

<p>CPUC as required by the Privacy Decision.</p>	<ul style="list-style-type: none"> ■ Four (4) authorized Third Parties accessing Covered Information from SoCalGas during 2013 (includes suppliers, contractors, vendors under contract with IOU, customer-authorized researchers or governmental requests, and customer-authorized Third Parties), and ■ One (1) instance of non-compliances with the Privacy Rules or with contractual provisions required by the Privacy Rules which become known to SoCalGas through its daily operations during 2013. The non-compliance related to Data Minimization and the upcoming implementation of data retention automated processes to not exceed a seven year retention period. The number of customers impacted was none. 	
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