

**ORDER 88499**

IN THE MATTER OF POTOMAC ELECTRIC  
POWER COMPANY AND DELMARVA POWER  
AND LIGHT COMPANY REQUEST FOR THE  
DEPLOYMENT OF ADVANCED METER  
INFRASTRUCTURE

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

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CASE NO. 9207

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IN THE MATTER OF BALTIMORE GAS AND  
ELECTRIC COMPANY FOR AUTHORIZATION  
TO DEPLOY A SMART GRID INITIATIVE AND  
TO ESTABLISH A SURCHARGE MECHANISM  
FOR THE RECOVERY OF COST

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CASE NO. 9208

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**Issue Date: December 11, 2017**

On June 21, 2013, the Public Service Commission of Maryland (“Commission”) issued Order No. 85680 in which the February 22, 2013 Joint Revised Cyber-Security Reporting Process (“Reporting Plan”) submitted by Baltimore Gas and Electric Company (“BGE”), Potomac Electric Power Company (“Pepco”), and Delmarva Power & Light Company (“Delmarva”) (collectively the “Companies”)<sup>1</sup> was approved, pursuant to certain modifications as detailed in the Order. In accordance with the Companies’ Reporting Plan, an independent expert cyber-security consulting firm (“CCF”) was retained to advise the Commission as to the progress and sufficiency of the Companies’ Advanced Metering Infrastructure (“AMI”) related cyber-security initiatives.<sup>2</sup> Additionally, as described in Order No. 85680, the Commission accepted the Companies’

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<sup>1</sup> ML#145602: *Case No. 9207 and 9208 - Revised Cyber-Security Reporting Process* (Feb. 22, 2013).

<sup>2</sup> *Id.* at Attachment 1-1.

proposal to provide the CCF with an annual confidential briefing, followed by a confidential briefing to the Commission that also included one designated representative from the Office of People’s Counsel (“OPC”), the Commission’s Technical Staff, and a senior-level individual appointed by the Governor (collectively, the “Briefing Parties”).<sup>3</sup>

While the Companies have implemented Order No. 85680 since its issuance, the risks related to the automation of our distribution grid systems have continued to evolve, as have the potential threats facing our physical infrastructure. Furthermore, additional Maryland utilities have undertaken smart grid infrastructure deployments in the intervening years, which may warrant an extension of the existing Reporting Plan to encompass more participants. We acknowledge too the recent work of bodies such as the National Association of Regulatory Utility Commissioners (“NARUC”) Research Lab, with support from the United States Department of Energy, in the development of a cyber-security primer for state utility regulators.<sup>4</sup>

In light of these circumstances, we find it prudent to revisit the Reporting Plan approved by this Commission in 2013, and to task our Technical Staff with convening a work group for purposes of recommending a framework for future cyber-security reporting.<sup>5</sup> Elements from the NARUC primer are applicable to the Cyber-Security Work Group’s efforts, and we commend to this group the primary recommendation that, “state regulators engage in a process that helps them become informed about cyber-security,

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<sup>3</sup> Order No. 85680 (June 21, 2013) at 3, 7.

<sup>4</sup> Keogh, Miles and Sharon Thomas, *Cybersecurity: A Primer for State Utility Regulators*, NARUC (Jan. 2017), available at: <https://pubs.naruc.org/pub/66D17AE4-A46F-B543-58EF-68B04E8B180F>.

<sup>5</sup> The Cyber-Security Work Group, led by the Commission’s Engineering Division, should encompass at a minimum representatives of the following stakeholders: BGE, Delmarva, Pepco, the Potomac Edison Company, Southern Maryland Electric Cooperative, Choptank Electric Cooperative, and OPC.

develop a strategy for engaging on the issue, and foster dialogue with industry and other stakeholders to strengthen awareness and improve preparedness.”<sup>6</sup> Further, we find that this revised framework should include the potential cyber-security threats to more than just the smart grid systems – considering also the application of cyber-security to information technology (“IT”) systems and operations technology (“OT”) and control systems.<sup>7</sup> Thus, we direct Staff, on behalf of the Cyber-Security Work Group, to file its recommended cyber-security reporting framework, applicable across all electric utilities and inclusive of IT, OT, and smart grid systems, no later than April 6, 2018.

Given the Work Group’s timeline and comprehensive assignment, we find that it is reasonable to suspend, pending future Commission action on the Work Group’s April 6, 2018 report, the directive stemming from Order No. 85680 regarding the retention of a CCF – especially given the costs of doing so. In lieu of the independent evaluator, we find that an acceptable alternative would be the certification of the accuracy of the briefing materials by an appropriate and authorized company officer. All other directives stemming from Order No. 85680 remain undisturbed pending a ruling on the forthcoming Work Group report, including the requirement that the Companies provide an annual confidential briefing to the Commission and the Briefing Parties.

**IT IS THEREFORE,** this 11<sup>th</sup> day of December in the year Two Thousand and

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<sup>6</sup> Keogh, Miles and Sharon Thomas, *Cybersecurity: A Primer for State Utility Regulators*, NARUC (Jan. 2017), at 4, available at: <https://pubs.naruc.org/pub/66D17AE4-A46F-B543-58EF-68B04E8B180F>.

<sup>7</sup> Because of this potentially expanded scope, the Cyber-Security Work Group should also consider a revised definition of “breach” that could encompass cyber-security threats experienced by IT, OT, and smart grid systems. See ML#149326: *Letter from Commission to the Parties in Case Nos. 9207 and 9208* (Aug. 28, 2013).

Seventeen, by the Public Service Commission of Maryland,

**ORDERED:** (1) That Staff, on behalf of the Cyber-Security Work Group, is directed to file no later than April 6, 2018, a recommendation pertaining to a cyber-security reporting framework consistent with the guidance provided herein;

(2) That the requirement imposed by Order No. 85680 that the Companies retain an independent cyber-security consulting firm for an annual briefing is suspended until such time that the Commission rules on the April 6, 2018 Cyber-Security Work Group Report; and

(3) That all other directives in Order No. 85680 remain in force until further notice.

*W. Kevin Hughes* \_\_\_\_\_

*Michael T. Richard* \_\_\_\_\_

*Anthony J. O'Donnell* \_\_\_\_\_

*Odogwu Obi Linton* \_\_\_\_\_

*Mindy L. Herman* \_\_\_\_\_

Commissioners