

# Exhibit to Agenda Item #4

Board Finance & Audit Committee Meeting and Special SMUD  
Board of Directors Meeting

Tuesday, September 17, 2019 scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

# Two Changes to Enterprise Risk Portfolio

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- Time-of-Day (TOD) Implementation  
Reduced from medium “yellow” to low “green”
- Energy Assistance Program Rate (EAPR) Implementation  
Reduced from medium “yellow” to low “green”

# Payment Card Industry (PCI) - Data Security Standard (DSS) Update

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- The PCI DSS program is a mandated set of security standards that were created by the major credit card companies to offer merchants and service providers a complete, unified approach to safeguarding cardholder data for all credit card brands
  - Merchants, such as SMUD, that accept, process, store or transmit credit card information are required to maintain a secure payment card environment – compliance with PCI DSS
- PCI DSS compliance is required and enforced by the payment card brands

# Payment Card Industry (PCI) - Data Security Standard (DSS) Update

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- PCI Cardholder data is sensitive and confidential customer information
  - Primary Account Numbers (PAN) and sensitive authentication data such as a CID on the back of credit card
- SMUD management has committed to security and privacy policies to protect information utilized by SMUD in attaining its business goals
  - Employees are required to adhere to MP 07.01.02.100 information security and privacy requirements for all employees pertaining to the PCI Cardholder Data

# Payment Card Industry (PCI) - Data Security Standard (DSS) Update

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- PCI Compliance level is determined by merchant transaction volume
  - SMUD is a Level 2 Merchant

Level	Description
1	Any merchant — regardless of acceptance channel — processing over 6M Visa transactions per year. Any merchant that Visa, at its sole discretion, determines should meet the Level 1 merchant requirements to minimize risk to the Visa system.
2	Any merchant — regardless of acceptance channel — processing 1M to 6M Visa transactions per year
3	Any merchant processing 20,000 to 1M Visa e-commerce transactions per year.
4	Any merchant processing fewer than 20,000 Visa e-commerce transactions per year, and all other merchants — regardless of acceptance channel — processing up to 1M Visa transactions per year

# Payment Card Industry (PCI) - Data Security Standard (DSS) Update

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- SMUD is Compliant
- Merchant Bank: Chase Paymentech
- PCI DSS Self-Attestation required Annually
  - IT Security completed required Self-Assessment Questionnaire(s) (SAQ)
    - SAQ A - *Card-Not-present Merchants with all services fully outsourced (28 Jun 2019)*
    - SAQ B - *Merchants with Only Dial-out Terminals – No Electronic Cardholder Data Storage (20 June 2019)*
  - Treasury submitted required Self-Assessment Questionnaire(s) 19 July 2019