Exhibit to Agenda Item #1

Discuss adopting the **2026 Update** to **SMUD's Utility Security Plan**.

Board Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting

Wednesday, June 17, 2026, scheduled to begin at 6:00 p.m.

Auditorium, SMUD Headquarters Building

Specific Requirements of the CPUC Directive

The California Public Utilities Commission (CPUC) requires electric utilities to identify covered distribution assets that meet certain critical customer criteria and measures to lessen identified risks and consequences and develop a Utility Security Plan that encompasses the requirements. These covered distribution facilities encompass law enforcement and fire dispatch centers, airports, military facilities, water and wastewater treatment facilities, regional safety centers and trauma center hospitals.

The CPUC regulation covers assets that do not fall under the NERC CIP-014 standards for distribution assets. CIP-014 covers physical security of low impact distribution assets, of which SMUD has none at this time.

Process

CPUC set forth a multi step process that utilities must complete at least once every five years.

- Step 1: Identify Covered Distribution Facilities that serve customers within 7 listed categories.
- Step 2: Assess risk of successful physical attack on each identified CDF and whether existing mitigation measures are sufficient.
- Step 3: Develop utility security plan including individual mitigation plans for each CDF where existing measures do not adequately address the identified risks.
- Step 4: Obtain an independent Qualified Third-Party review of the Plan; address recommendations of third-party reviewer.
- Step 5: Obtain review of Final Plan Report by Qualified Authority designated by the governing board.
- Step 6: Present validated Final Plan Report to the governing board and submit official notice of Plan adoption to the CPUC.

Findings

2021 Plan

- 314 total distribution substations
- 17 substations covered under CPUC directive
- All 17 substations had either built-in redundancy or backup generation.

2026 Plan

- 483 total distribution assets**
- 49 distribution assets covered under CPUC directive
  - 17 substations from 2021 plan + 32 transformers now included from 2025 scope update
- All 49 assets have either built-in redundancy or backup generation.

**In 2025, the CPUC changed the scope of review from only distribution substations to distribution assets which includes transformers in addition to substations.

Third-Party Review & Recommendations

- An independent qualified third-party contractor (Archer) was commissioned to review the Utility Security Plan and provide recommendations in their findings.
- Archer provided SMUD with their findings and indicated that at this time they are recommending an on-site review of each of the 49 identified assets.
  - SMUD shall validate each site's ability to mitigate physical security threats
  - All countermeasures shall address how SMUD can deter, detect, delay, assess, communicate, and respond to an attack
  - Results of the review will allow SMUD to make informed decisions to reduce risk leveraging existing or new countermeasures.
  - This work is scheduled to be completed in 2027.
- In addition to the on-site review, Archer provided additional incidental recommendations that have been incorporated into the final plan
- **The security contractor (Archer) employs credentialed security professionals whose sole role is to review plans of this nature.

Validation

The Sacramento County Sheriff's Department, Security Services Division reviewed and validated the physical security plan, confirming that it adequately addresses the identified security requirements.

CPUC-Directed Physical Security Plan Adoption

- The plan must be adopted by the Board of Directors to meet the CPUC requirements.
- We are seeking the approval and adoption of the Utility Security Plan by the Board of Directors.
- Should the Board approve adoption of the Utility Security Plan, we are also seeking approval to submit a copy of the Board Resolution to the CPUC.