



SAN JACINTO POWER

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

REPORTING YEAR 2018

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

City Council of the City of San Jacinto
San Jacinto Power
San Jacinto, California

and

California Public Utilities Commission
San Francisco, California

We have performed the procedures enumerated below, which were agreed to by San Jacinto Power ("SJP") and the California Public Utilities Commission ("CPUC") (the specified parties), solely to assist SJP with respect to complying with third party verification requirements of Decision 12-08-045 (the "Decision") as it relates to SJP's internal privacy and data security policy regarding "Covered Information", as defined in the Decision, for the period from inception of operations, April 1, 2018, through December 31, 2018. SJP's management is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We obtained the following documents from SJP:
 - List of all customers from which SJP collected Covered Information
 - Latest privacy notice (version prior to December 31, 2018) provided to customers
 - Internal privacy and data security policies
 - Categories of agents, contractors, and other third parties to which SJP disclosed Covered Information for a primary purpose
 - List of agents, contractors, and other third parties to which SJP disclosed Covered Information for a secondary purpose, if any
 - List of disclosures pursuant to legal requests, if any
 - List of security breaches, if any
- 2) We performed the following procedures with respect to these documents:
 - A. Data Security and Information Technology (IT) Environment and Controls:
 - i. The internal and external security vulnerability scans were performed by third party IT Specialists to ascertain that SJP implemented technical and physical safeguards to protect Covered Information from unauthorized access, destruction, use modification, or disclosures. We obtained the work of the IT Specialists that reported the results of their procedures as follows:

2) We performed the following procedures with respect to these documents (continued):

A. Data Security and Information Technology (IT) Environment and Controls (continued):

1. Based upon the review of operational and security documentation provided by the City of San Jacinto and San Jacinto Power, and the IT security and vulnerability scans performed, the IT specialists noted although San Jacinto Power implemented technical and physical safeguards to protect Covered Information from unauthorized access, destruction, use modification, or disclosures, there were concerns with the City of San Jacinto's overall IT control environment. Specifically, improvement is required regarding user account provisioning/de-provisioning, password policy enforcement, consistency of endpoint security measures, and patch management.

Management's response:

The fiscal year 2019 – 2020 approved budget for the City of San Jacinto (the "City") Information Technology department includes a line item for the complete overhaul of the City's group policy and Active Directory environment. This project will specifically address the account provisioning/de-provisioning and password policy improvement recommended. We are also in the process of implementing a new help desk solution that will assist in the patch management process of external applications.

- ii. Ascertain that upon any breach affecting 1,000 or more customers, SJP notified the CPUC within two weeks of the detection, or within one week of notification.
 1. Upon inquiry of SJP's management, management represented that SJP did not have any breach affecting 1,000 or more customers during the period from inception of operations, April 1, 2018, through December 31, 2018. As such, this step was not applicable and was not performed.

B. Transparency:

- i. Ascertain that a privacy notice was provided to customers from which SJP collected Covered Information.
 1. We noted that SJP's privacy notices are available at all times at http://www.sanjacintopower.com/UserFiles/Servers/Server_10300072/File/SanJacintoPower/SJPPrivacyPolicy.pdf. Furthermore, the link to this policy is included on each customer's monthly utility bill on an annual basis. Any changes to this policy between notification periods will be communicated through SJP's website. No exceptions were noted.
- ii. We inspected the latest privacy notice and ascertained that it contained the language described in the Decision.

2) We performed the following procedures with respect to these documents (continued):

C. Use and Disclosure:

- i. Ascertain that authorizations were obtained from customers for the disclosure of Covered Information to third parties for a primary purpose, other than to an entity exempted under Decision 12-08-045, Attachment B, 6(b) and 6(c).
 1. Upon inquiry of SJP's management, management represented that SJP did not disclose Covered Information to third parties for a primary purpose, other than to an entity exempted under Decision 12-08-045, Attachment B, 6(b) and 6(c), during the period from inception of operations, April 1, 2018, through December 31, 2018. As such, this step was not applicable and was not performed.
- ii. Ascertain that authorizations were obtained from customers for the disclosure of Covered Information to third parties for a secondary purpose.
 1. Upon inquiry of SJP's management, management represented that SJP did not disclose Covered Information to third parties for a secondary purpose during the period from inception of operations, April 1, 2018, through December 31, 2018. As such, this step was not applicable and was not performed.
- iii. Ascertain that a notice was provided to the applicable customer within seven days for the disclosure of Covered Information as a result of a subpoena or legal proceedings.
 1. Upon inquiry of SJP's management, management represented that SJP did not disclose Covered Information to third parties as a result of a subpoena or legal proceedings during the period from inception of operations, April 1, 2018, through December 31, 2018. As such, this step was not applicable and was not performed.

D. Data Minimization:

- i. Ascertain that Covered Information was maintained only for as long as reasonably necessary or as authorized by the CPUC to accomplish a specific primary purpose or for a specific secondary purpose authorized by the customers.
 1. We noted that SJP has in place records retention policies and procedures to ensure that the use and retention of Covered Information is minimized if followed. No exceptions were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on SJP's compliance with the requirements of Decision 12-08-045. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to San Jacinto Power and the California Public Utilities Commission.

This report is intended solely for the information and use of the specified parties listed above, and is not intended to be and should not be used by anyone other than these specified parties.



July 24, 2019