

network (HAN) devices to entities with minimum security and privacy requirements.¹ Southern does not wish to express an opinion at this time whether California's proposed solution is appropriate for implementation by the California Public Utilities Commission or any other state commission. Southern is also sensitive to staffing needs and administrative burdens posed on state commissions around the country. However, Southern does believe that there should be some level of screening by the Applicable Regulatory Authority (whether state commissions, state attorneys general, or other applicable state bodies or agencies) for third parties who will be collecting, using, and disclosing the Smart Meter-based Information of a Retail Customer, just as such activities by Distribution Companies are conducted under state commission oversight and authority. To alleviate the potential administrative burden on the Applicable Regulatory Authority that might be responsible for screening such third parties, Southern has suggested, in principle REQ.22.1.7, that the screening could be limited to a *disapproval*, rather than approval, process. Therefore, as revised by Southern, REQ.22.1.7 states that a Third Party should be an Entity that has not been disapproved or prohibited from receiving Smart Meter-based Information. This also avoids taking a policy position – it would be up to the Applicable Regulatory Authority to decide whether to institute such a disapproval process – but this principle simply envisions that, to the extent one exists, a Third Party should not be an entity that has been disapproved. This same concept has been reflected in Southern's proposed revisions to definition of "Third Party" under Technical Definition REQ.22.2.xt.

- Consideration of costs (lines 160-162 (REQ.22.1.9)). The Executive Summary states that the Applicable Regulatory Authority should consider the costs to the Distribution Company of implementing these voluntary model business practices. The costs to Distribution Companies of implementing all of the measures contained within these Model Business Practices could be significant, and the Applicable Regulatory Authority will need to make important decisions with respect to the balancing of the benefits afforded to customers in implementing some or all of these measures versus their associated costs. Southern therefore thought that this point was worth repeating in the Principles section as well as the Executive Summary, and added this concept as Principle REQ.22.1.9.
- Other various changes. Southern has suggested various other changes to the NAESB Model Business Practices as reflected in the accompanying redline. Without delving into explanation of each one of them, such changes include, but are not limited to: (1) incorporating into several places a standard of reasonableness for both Distribution Companies and Third Parties; (2) when discussing activities subject to the Applicable Regulatory Authority or Governing Documents, incorporating the idea of activities that are *permitted*, as well as required, by state law; and (3) repeating language or concepts already incorporated elsewhere in the document into certain provisions (e.g., "as required by Governing Documents and Applicable Required Authority"), lest they be taken out of context and separated from the rest of the document.

¹ See Proposed Decision of President Peevey, *Decisions Adopting Rules to Protect the Privacy and Security of the Electricity Usage Data of the Customers of Pacific Gas and Electric Company, Southern California Edison, Company, and San Diego Gas & Electric Company*, Agenda ID #10387, Rulemaking 08-12-009 (May 6, 2011).