

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1300

In the Matter of:)	
)	SUPPLEMENTAL DIRECT
Application of Duke Energy Progress, LLC)	TESTIMONY OF
For Adjustment of Rates and Charges Applicable)	MARTIN M. STRASBURGER
to Electric Service in North Carolina and)	FOR DUKE ENERGY
Performance-Based Regulation)	PROGRESS, LLC

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Feb 13 2023

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Martin M. Strasburger. My business address is 526 South Church
4 Street, Charlotte, North Carolina 28202.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Duke Energy Corporation (“Duke Energy”) as Vice President
7 – Chief Security and Information Security Officer.

8 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND**
9 **PROFESSIONAL BACKGROUND.**

10 A. I have a bachelor’s degree in Business Administration with an option in
11 Management Information Systems from California State University Chico
12 College of Business. I began my career with Deloitte & Touche in 1999 as a
13 consultant focused on information security. While at Deloitte & Touche, I
14 implemented information security programs and technologies for several
15 Fortune 500 corporations. I left consulting in 2011 and joined Pacific Gas and
16 Electric Company, where I ran the security intelligence and operations center.
17 In 2019, I assumed the role of Chief Information Security Officer for Pacific
18 Gas and Electric Company where I oversaw cybersecurity across the entire
19 company. In January 2022, I joined Duke Energy as Chief Information Security
20 Officer with a scope of cybersecurity across the company. Finally, in December
21 2022, I added responsibility for physical security to my scope and my title was
22 changed to Chief Security and Information Security Officer.

1 **Q. WHAT ARE YOUR DUTIES AS VICE PRESIDENT – CHIEF**
2 **SECURITY AND INFORMATION SECURITY OFFICER?**

3 A. In this role, I work with Duke Energy executives and the board of directors to
4 define Duke Energy’s security strategy across technology networks/systems,
5 operational assets, facilities and personnel. To implement this strategy, I lead a
6 team of 250 highly skilled employees across all security disciplines.

7 **Q. HAVE YOU TESTIFIED BEFORE THE NORTH CAROLINA**
8 **UTILITIES COMMISSION (“COMMISSION”) IN ANY PRIOR**
9 **PROCEEDINGS?**

10 A. No. I have not.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
12 **PROCEEDING?**

13 A. My supplemental direct testimony supports an additional Multiyear Rate Plan
14 (“MYRP”) project to be included in Duke Energy Progress, LLC’s (“DEP”)
15 Performance-Based Regulation Application (“PBR Application” or the
16 “Application”) originally filed on October 6, 2022. Specifically, DEP has
17 identified a new information technology (“IT”)/operational technology (“OT”)¹
18 Cybersecurity project that will be placed in service during the MYRP period.
19 My testimony describes the scope of, and provides cost estimates for, this
20 IT/OT Cybersecurity project.

¹ IT/OT refers to the integration of IT systems and operational technology (“OT”) systems. OT systems manage, detect or cause operational change to physical devices. Includes supervisory control and data acquisition (“SCADA”) systems, energy management systems (“EMS”) and distributed control systems (“DCS”).

1 **Q. DOES YOUR TESTIMONY INCLUDE EXHIBITS?**

2 A. Yes. Strasburger Exhibit 1 includes the IT/OT Cybersecurity project's
3 forecasted in-service date, description and scope, cost estimate, and reason for
4 inclusion in DEP's proposed MYRP.

5 **Q. WAS THIS EXHIBIT PREPARED BY YOU OR UNDER YOUR**
6 **DIRECTION AND SUPERVISION?**

7 A. Yes. Strasburger Exhibit 1 was prepared under my supervision.

8 **II. MYRP IT/OT CYBERSECURITY PROJECT**

9 **Q. PLEASE DESCRIBE THE IT/OT CYBERSECURITY PROJECT**
10 **INCLUDED IN DEP'S PROPOSED MYRP.**

11 A. DEP's proposed MYRP includes one IT/OT security investment: The IT/OT
12 Cybersecurity project. Consistent with the requirements of Commission Rule
13 R1-17B(d)(2)j.(i)-(iii), Strasburger Exhibit 1 details the reason, scope, and
14 timing of the proposed project, including the projected in-service month and
15 year. The remainder of my testimony supplements the information outlined in
16 those exhibits.

17 DEP continues to review its current state maturity of IT/OT cybersecurity
18 capabilities, measure maturity improvements and prioritize new initiatives to
19 address future cybersecurity challenges. The OT Cybersecurity project will
20 update OT governance, risk and compliance standards and processes,
21 implement a new OT specific asset, patch and vulnerability management
22 system, and deliver new OT cybersecurity threat logging and monitoring

1 capabilities. An integrated OT asset, patch, and vulnerability management
2 system is important to quickly react and mitigate cybersecurity risks.

3 **Q. PLEASE ADDRESS THE NEED FOR THE IT/OT SECURITY**
4 **PROJECT [COMMISSION RULE R1-17B(d)(2)j(i)].**

5 A. DEP continues to see increased cyber threats against operational assets,
6 including potential geopolitical threats. Cybersecurity is a critical component
7 of the energy transition and grid protection initiatives as DEP continues to
8 introduce new technologies and distributed energy resources. It is important that
9 we continue to mature DEP's OT security posture to provide safe and reliable
10 energy to our customers.

11 The purpose of the project is to assure safe and sustainable operations
12 through proactive and effective cybersecurity design, implementation and
13 operation of critical energy systems and their underlying technology. Through
14 both cybersecurity maturity assessments and knowledge gathered from
15 updating operational high security technology, new opportunities were
16 identified to proactively address and improve OT cybersecurity capabilities and
17 enhance OT risk mitigation. Output from these cybersecurity assessments
18 formed the basis for the IT/OT Cybersecurity project. The project will focus on
19 expanding monitoring and threat response capabilities and will introduce
20 proactive elements to reduce cybersecurity risks.

1 **Q. DOES THE IT/OT CYBERSECURITY PROJECT OFFER**
2 **PROJECTED OPERATING BENEFITS?**

3 A. No. The purpose of the project is to address future OT risk management and
4 mitigation that will improve DEP's response to cybersecurity threats. This
5 requires new investment in tools and processes. Although operational benefits
6 are not easily quantifiable, it is critical that we continue to develop new
7 capabilities that ensure DEP provides reliable, un-interrupted service to its
8 customers.

9 **Q. HOW DID THE COMPANY DEVELOP THE COSTS ASSOCIATED**
10 **WITH THE IT/OT CYBERSECURITY PROJECT?**

11 A. During 2022, DEP and the Duke Energy Enterprise Cybersecurity department
12 conducted an OT Cybersecurity Assessment focused on current state
13 capabilities and risks. The output of the assessment included recommendations,
14 scope definition, initial requirements and infrastructure needed to implement
15 new cybersecurity systems and processes. The cost estimate for the project was
16 developed using the Project Management Institute methodology including
17 Work Break Down Structure, defining project activities, resource planning,
18 software and hardware projections and labor estimates.

19 **Q. ARE THE COST PROJECTIONS FOR SERVERS AND SOFTWARE**
20 **OF THE PROPOSED IT/OT CYBERSECURITY PROJECT PRUDENT**
21 **AND REASONABLE?**

22 A. Yes.

1 **Q. WHAT IS THE ESTIMATED SCHEDULE FOR THE IT SECURITY**
2 **PROJECT [COMMISSION RULE R1-17B(d)(2)j(iii)]?**

3 A. The IT/OT Cybersecurity project is scheduled to begin in 2023 and continue
4 through the end of 2025. Assets will be placed in service from mid to late 2025.

5 **Q. DO THE PROJECTED COSTS INCLUDE CONTINGENCY?**

6 A. Yes. Contingency is an essential component of a comprehensive and
7 transparent cost estimate. As such, 15% is included in the cost estimate.

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes.

DUKE ENERGY PROGRESS, LLC
MYRP PROJECTS - SUPPLEMENTAL
DOCKET NO. E-2, SUB 1300

Total Project Amount (System)		
Projected In Service Costs	Projected Annual Net O&M	Projected Installation O&M
\$ 17,946,213	\$ 3,335,742	\$ 3,547,436

Line No.	MYRP Project Name	FERC Function	Project Forecasted In-Service Date	MYRP Project Description & Scope	Reason for the MYRP Project
1	IT/OT Cybersecurity Project		Jul-25	DEP continues to review its current state maturity of Operational Technology (OT) cybersecurity capabilities, measure maturity improvements and prioritize new initiatives to address future cybersecurity challenges. The IT/OT Cybersecurity Project will update OT governance, risk and compliance standards and processes, implement a new OT specific asset, patch and vulnerability management system, and deliver new OT cybersecurity threat logging and monitoring capabilities. An integrated OT asset, patch, and vulnerability management system is important to quickly react and mitigate cybersecurity risks.	DEP continues to see increased cyber threats against operational assets, including potential geopolitical threats. Cybersecurity is a critical component of the Energy Transition and Grid Protection initiatives as DEP continues to introduce new technologies and distributed energy resources. It is important that we continue to mature DEP's OT security posture to provide safe and reliable energy to our customers. The purpose of the project is to assure safe and sustainable operations through proactive and effective cybersecurity design, implementation and operation of critical energy systems and their underlying technology. Through both cybersecurity maturity assessments and knowledge gathered from updating operational high security technology, new opportunities were identified to proactively address and improve OT cybersecurity capabilities and enhance OT risk mitigation. Output from these cybersecurity assessments formed the basis for the IT/OT Cybersecurity Project. The Project will focus on expanding monitoring and threat response capabilities and will introduce proactive elements to reduce