



AMERICAN PUBLIC GAS ASSOCIATION

May 9, 2022

Ms. Vanessa Countryman
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Submitted via email to rule-comments@sec.gov

Re: File No. S7-09-22, Comments of the APGA in Response to the SEC’s Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure Proposed Rulemaking

Dear Ms. Countryman:

The American Public Gas Association (“APGA”) would like to provide feedback regarding the Securities and Exchange Commission’s (the “Commission”) proposed rule governing disclosures regarding cybersecurity risk management, strategy, governance, and cybersecurity incident reporting by public companies subject to the reporting requirements of the Securities Exchange Act of 1934 (the “Exchange Act”). At the outset, please know APGA appreciates the rationale behind the Commission’s proposed rule to reduce the risk of inadvertently exposing investors to cybersecurity threats. However, there are some concerns with the proposal as written, and APGA respectfully requests that the Commission consider the below.

APGA is the trade association for more than 730 communities across the U.S. that own and operate their retail natural gas distribution entities. They include not-for-profit gas distribution systems owned by municipalities and other local government entities, all locally accountable to the citizens they serve. Public gas systems focus on providing safe, reliable, and affordable energy to their customers and support their communities by delivering fuel to be used for cooking, clothes drying, and space and water heating, as well as for various commercial and industrial applications.¹

The SEC’s proposal does not directly impose new requirements on public utilities, but APGA members are a part of a complex natural gas supply chain, which does contain companies that will have to comply. APGA is concerned that the burden this proposed rule could put on companies “upstream” of the public, local distribution utility will impact their operations. APGA’s members work hard to maintain a resilient system and coordinate with natural gas supply chain partners to provide energy to customers for use in their homes, businesses, or small industry. Any security related regulations need to be practical, maintaining a balance between delivering reliable, affordable natural gas and, in this case, protecting investors. As the SEC finalizes the proposal, APGA urges to be cognizant of “trickle-down” impacts that could occur and significantly affect all along the supply chain.

One specific way those required to comply could face unnecessary burdens is with premature disclosures, as mandated in the written language of the proposed rule. The SEC needs to be cautious in what incidents and when any investigation details are required. APGA believes it is excessive to require

¹ For more information, please visit www.apga.org.

disclosure of all cyber incidents that lead to changes in the company's policies and procedures, as some underlying cyber incidents are entirely immaterial. There is a chance that this requirement could even disincentivize companies from improving cyber policies. As well, APGA asks that the SEC should allow for appropriate time to investigate before disclosure is made. Practical reporting, both what and when, is what is needed. Without sensible requirements, companies could potentially be exposed to additional cyber threats, which makes APGA's members vulnerable, given they are downstream. The SEC should not be acting in a way that unintentionally increases the cyber risk to public natural gas utilities or any company.

As mentioned, APGA is firmly aligned with the SEC in the objective of this rulemaking. Investors need to know their risks, and cyber security is one. However, APGA asks that in the formulation of the final rulemaking, "trickle-down" impacts be considered. Thank you for allowing the opportunity to offer comments. If you have any questions regarding this submission, please do not hesitate to contact me.

Respectfully submitted,



Dave Schryver
President & CEO
American Public Gas Association