

National Infrastructure Advisory Council

October 28,2008

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC

Dear Mr. President:

We are pleased to submit the National Infrastructure Advisory Council's (NIAC) Final Report and Recommendations on the Critical Infrastructure Partnership Strategic Assessment Study. The NIAC would like to thank Working Group chair Alfred R. Berkeley, III, Chairman and CEO of Pipeline Trading, LLC., co-chairs Margaret E. Grayson, President of Coalescent Technologies, Inc., and Chief Gilbert L. Gallegos, Retired Chief of Police for the City of Albuquerque, New Mexico, as well as Study Group chair Michael J. Wallace, Vice Chairman of Constellation Energy for their leadership in this Study. The Council also thanks the dedicated NIAC members and Corporate Executives who provided invaluable executive-level perspective and input, as well as the members of the core Study Group for their weekly participation and subject matter expertise.

The NIAC chose to initiate this Study in order to provide a strategic-level review of the Sector Partnership Model implementation and set a course for this critically important partnership in anticipation of the coming Presidential Administration transition.

The NIAC's objective with the Study was to assess the effectiveness of the public-private partnership for critical infrastructure protection and to identify opportunities to strengthen collaboration that will reduce risks to critical infrastructures. In particular, the NIAC sought to:

- Assess the effectiveness of the Sector Partnership Model in achieving its stated objectives
- Identify options to improve the efficiency and effectiveness of the partnership
- Identify opportunities to update the partnership model to respond to changing requirements

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The NIAC limited its assessment to the eighteen sectors identified as critical infrastructures and key resources (CIKR) by the National Infrastructure Protection Plan (NIPP). The NIAC concurs with the policies that underlie the partnership model, as described in Homeland Security Presidential Directive-7 (HSPD-7), the National Strategy for Homeland Security, and the Homeland Security Act of 2002, and believes they provide a strong foundation for the partnership model.

One important feature of the study was the formation of a CEO Roundtable, the members of which represented a broad spectrum of critical infrastructure sectors. The CEO Roundtable included directors, presidents, CEOs, COOs and senior executives of leading companies who discussed key issues, findings, and recommendations during monthly conference calls. The CEO Roundtable contributed invaluable insights that served to validate and sharpen the study findings and recommendations.

The NIAC's findings are divided into four distinct categories: General, Partnership Principles and Concepts, Partnership Design and Structure, and Partnership Implementation.

Generally, the NIAC found that business and government alike strongly support the public-private partnership as the preferred strategy for reducing infrastructure risks and that significant progress has been made in implementing sector partnerships.

Regarding the principles and concepts that make a strong partnership, the NIAC found that a strong value proposition is critical to sustaining the private-sector participation in the partnership and that trusted relationships are vital in an effective partnership. In partnership with the private sector, government must recognize that protection and resilience are complementary elements of an integrated risk management strategy. Finally, the NIAC found that continued leadership, commitment, and engagement of senior executives in both government and the private sector are essential to maintaining and strengthening the partnership.

The NIAC found that the overall design and structure of the critical infrastructure partnership is sound, but that additional flexibility will be necessary in order to accommodate diverse sector needs. Cross-sector interdependencies require more attention due to their critical role in ensuring safe, secure, and resilient infrastructures. The Council found one limiting feature of the partnership structure is the continued imbalance between the resources available to support the current requirements of the Sector Partnership Model and the demands placed on it.

Concerning matters of partnership implementation, the NIAC found that productive partnership efforts can be hindered by inefficient government processes and cumbersome requirements. The Council also found that better coordination among government entities will strengthen the partnership and that a lack of partnership experience and skills among participants on both sides hinders collaboration.

Based on these findings, the NIAC developed recommendations to achieve three goals:

- To reaffirm the Critical Infrastructure Protection mission and the public-private partnership;
- To reinforce key principles of a successful partnership structure; and
- To update the Sector Partnership Model to be more efficient and effective.

The Council respectfully submits the attached report, which contains detailed, specific steps for government and private sector CIKR partners to achieve the following eight recommended actions designed to strengthen the partnership for the Critical Infrastructure Protection mission:

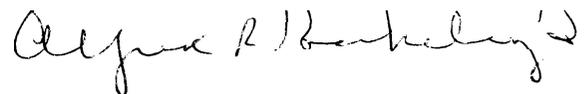
1. Reaffirm the importance of critical infrastructure protection and resilience as a fundamental mission of government and as a responsibility of business.
2. Reinforce the partnership as a priority throughout government.
3. Strengthen senior leadership participation and commitment to the partnership in both government and industry.
4. Leverage relationships to maximize engagement.
5. Increase flexibility in the sector partnership to better accommodate diverse sector needs.
6. Emphasize cross-sector interdependencies and collaboration through the Sector Partnership Model.
7. Improve government practices and coordination in strengthening the Sector Partnership Model.
8. Streamline government processes and requirements on the Sector Partnership Model and provide adequate resources to comply with them.

Mr. President, on behalf of my fellow NIAC members, we thank you for the opportunity to serve our country through participation in this Council.

Sincerely,



Erle Nye
Chairman Emeritus
TXU Corp.
Chairman, NIAC



Alfred R. Berkeley, III
Chairman and CEO
Pipeline Trading Systems, LLC.
Vice Chairman, NIAC

cc The Honorable Richard Cheney, Vice President
The Honorable Michael Chertoff, Secretary of the Department of Homeland Security
The Honorable Robert Jamison, Under Secretary for National Protection and Programs
The Honorable Robert Stephan, Assistant Secretary for Infrastructure Protection