

Associated Electric Cooperative, Inc.

Standards of Conduct Procedure

Revision History

Revision Number	Date	Reason for Revision
0	November 30, 2009	Original
1	March 29, 2010	Revision to various personnel titles
2	June 1, 2010	Revise Definition of Transmission Function Employee and Marketing Function Employee
3	November 19, 2010	Revision to the Definition of Marketing Function Employee
4	January 10, 2014	Revision to the Definition of Marketing Function Employee
5	January 22, 2016	Revision to the Definition of Marketing Function Employee
6	May 26, 2016	Revision to the Definition of Marketing Function Employee
7	May 18, 2017	Revision to Director Job Title
8	June 30, 2017	Revision to various personnel and department titles
9	November 20, 2017	Revisions to SOC training for new employees and SOC posting for employee transfer between Marketing and Transmission

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I. Applicability.

Associated Electric Cooperative, Inc. (“AECI”) owns, operates, and controls facilities used for the transmission of electric energy in interstate commerce and conducts transmission transactions with Associated Power Marketing (“APM”), an Affiliate, which engages in Marketing Functions. AECI has elected to adopt and abide by the following Standard of Conduct procedure based in part on the Code of Federal Regulations (18 CFR Part 358). AECI does not waive any exemption from jurisdiction or submit to any jurisdiction that the Federal Energy Regulatory Commission does not have with respect to AECI.

II. General Principles.

- (a) **Non-discrimination:** AECI must treat all Transmission Customers, affiliated and non-affiliated, on a not unduly discriminatory basis, and must not make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage with respect to transmission of electric energy in interstate commerce, or with respect to the wholesale sale of electric energy in interstate commerce.
- (b) **Independent Functioning:** AECI’s Transmission Function Employees must function independently from its Marketing Function Employees, except as permitted in this procedure.
- (c) **No Conduit:** AECI and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public Transmission Function Information to AECI’s Marketing Function Employees except as permitted in this procedure.
- (d) **Transparency:** AECI must provide equal access to non-public Transmission Function Information to all its Transmission Customers, affiliated and non-affiliated, except as permitted in this procedure.

III. Definitions.

- (a) *Affiliate* of AECI is another person that controls, is controlled by or is under common control with AECI. An Affiliate includes a division of AECI that operates as a functional unit. For the purposes of this procedure, APM is an Affiliate of AECI.
- (b) *Commission* is the Federal Energy Regulatory Commission.
- (c) *Critical Energy Infrastructure Information (CEII)* means information about proposed or existing Critical Infrastructure that:
 - (i) Relates to the production, generation, transportation, transmission, or distribution of energy;
 - (ii) Could be useful to a person in planning an attack on Critical Infrastructure;

- (iii) Is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552; and
 - (iv) Does not simply give the location of the Critical Infrastructure.
- (d) *Critical Infrastructure* means existing and proposed systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters.
- (e) *Employee* means any person employed by AECI or its Affiliates including any contractor or consultant of AECI or its Affiliates.
- (f) *Internet Web Site* refers to the Internet location where AECI posts the information, by electronic means, required under this procedure. For the purpose of this procedure, AECI will post this information on its public OASIS site:
- <http://www.oatioasis.com/aeci/>
- (g) *Marketing Functions* means the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce of: 1) electric energy or capacity 2) demand response or 3) virtual transactions. Marketing Functions do not include: 1) bundled retail sales 2) sales of electric energy made by AECI as the provider of last resort (POLR) acting in its POLR capacity; and 3) sales of energy and capacity by AECI to its member generation and transmission cooperatives, under long term all requirements contracts.
- (h) *Marketing Function Employee* means an employee, contractor, consultant or agent of AECI or of an Affiliate of AECI who actively and personally engages on a day-to-day basis in Marketing Functions. For the purposes of this procedure, the following positions are considered Marketing Function Employees: Manager, Energy Marketing, Supervisor, Term Trading, Energy Management Specialist and Power Marketer.
- (i) *Open Access Same Time Information System* or *OASIS* refers to the Internet location where AECI posts the information required by this procedure.
- (j) *Transmission* means electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission.
- (k) *Transmission Customer* means any eligible customer under the AECI open access transmission tariff that can or does execute a Transmission Service agreement or can or does receive Transmission Service, including all persons who have pending requests for Transmission Service or for information regarding transmission.

- (l) *Transmission Function(s)* means the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of Transmission Service requests.
- (m) *Transmission Function Employee* means an employee, contractor, consultant or agent of AECI who actively and personally engages on a day-to-day basis in Transmission Functions. For the purposes of this procedure, all AECI employees that are in the System Operations and Transmission Planning departments (including the respective Managers) are Transmission Function Employees.
- (n) *Transmission Function Information* means information relating to Transmission Functions.
- (o) *Transmission Provider* means an entity that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce. For the purposes of this procedure, AECI is a Transmission Provider.
- (p) *Transmission Service* means the provision of any Transmission as defined in Section III (j) of this procedure.
- (q) *Waiver* means the determination by AECI, if authorized by its tariff for open access Transmission Service, to waive any provisions of its tariff for a given entity.

IV. *Non-discrimination Requirements.*

- (a) AECI shall strictly enforce all tariff provisions relating to the sale or purchase of open access Transmission Service, if the tariff provisions do not permit the use of discretion.
- (b) AECI shall apply all tariff provisions relating to the sale or purchase of open access Transmission Service in a fair and impartial manner that treats all Transmission Customers in a not unduly discriminatory manner, if the tariff provisions permit the use of discretion.
- (c) AECI may not, through its tariffs or otherwise, give undue preference to any person in matters relating to the sale or purchase of Transmission Service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing).
- (d) AECI must process all similar requests for Transmission Service in the same manner and within the same period of time.

V. *Independent Functioning Rule.*

- (a) *General Rule.* Except as permitted in this procedure, AECI's Transmission Function Employees must function independently of its Marketing Function Employees.

(b) *Separation of Functions.*

- (1) AECI is prohibited from permitting its Marketing Function Employees to:
 - (i) Conduct Transmission Functions; or
 - (ii) Have access to the system control center or similar facilities used for transmission operations that differs in any way from the access available to other Transmission Customers.
- (2) AECI is prohibited from permitting its Transmission Function Employees to conduct Marketing Functions.

VI. No Conduit Rule.

- (a) AECI is prohibited from using anyone as a conduit for the disclosure of non-public Transmission Function Information to its Marketing Function Employees.
- (b) An employee, contractor, consultant or agent of AECI, and an employee, contractor, consultant or agent of an Affiliate of AECI that is engaged in Marketing Functions, is prohibited from disclosing non-public Transmission Function Information to any of AECI's Marketing Function Employees.

VII. Transparency Rule.

(a) *Contemporaneous Disclosure.*

- (1) If AECI discloses non-public Transmission Function Information, other than information identified in paragraph (a)(2) of this section VII (Transparency Rule), in a manner contrary to the requirements of section VI (No Conduit Rule), AECI shall post the information that was disclosed on its Internet Web Site.
- (2) If AECI discloses, in a manner contrary to the requirements of section VI (No Conduit Rule), non-public Transmission Customer information, Critical Energy Infrastructure Information (CEII) or any other information that the Commission by law has determined is to be subject to limited dissemination, AECI shall post notice on its Internet Web Site that the disclosure occurred, but it shall not post the information itself.
- (3) The procedure for posting notice of a No Conduit Rule violation is as follows:
 - An Employee will contact the Chief Compliance Officer and/or the Transmission Services Manager and report details of the potential violation of the No Conduit Rule.

- The Chief Compliance Officer and/or the Transmission Services Manager will immediately investigate the report to determine if a violation has occurred and if the non-public Transmission Function Information should be posted.
- If the information requires posting, the Chief Compliance Officer and/or Transmission Services Manager will contact the System Operations Engineer to make this posting in the “Contemporaneous Disclosure” section of the “Standards of Conduct” folder on the Internet Web Site.

(b) *Exclusion for Specific Transaction Information.* AECI's Transmission Function Employee may discuss with AECI's Marketing Function Employee a specific request for Transmission Service submitted by the Marketing Function Employee. AECI is not required to contemporaneously disclose information otherwise covered by section VI (No Conduit Rule) if the information relates solely to a Marketing Function Employee's specific request for Transmission Service.

(c) *Voluntary Consent Provision.* A Transmission Customer may voluntarily consent, in writing, to allow AECI to disclose the Transmission Customer's non-public information to AECI's Marketing Function Employees. If the Transmission Customer authorizes AECI to disclose its information to AECI Marketing Function Employees, AECI will post notice on its Internet Web Site of that consent along with a statement that it did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.

The procedure for posting notice of a Voluntary Consent is as follows:

- Any such consent shall be in writing. In the event an AECI Transmission Customer voluntarily consents to allow AECI to disclose the Transmission Customer's non-public information to AECI's Marketing Function Employees, the AECI Employee receiving such written consent shall forward it to the Chief Compliance Officer and/or the Transmission Services Manager.
- The Chief Compliance Officer and/or the Transmission Services Manager will forward a notice of the consent and a statement that AECI did not provide any preferences in exchange for voluntary consent to the System Operation Engineer.
- The System Operation Engineer shall make this posting in the “Voluntary Consent” section of the “Standards of Conduct” folder on the Internet Web Site.

(d) *Posting Written Procedures on the Internet Web Site.* AECI shall post on its Internet Web Site the current written procedures implementing the Standards of Conduct. The procedure shall be posted in the “Written Procedure” section of the “Standards of Conduct” folder on the Internet Web Site.

(e) Identification of Affiliate Information on the Internet Web Site

- (1) AECI shall post on its Internet Web Site the names and addresses of all its Affiliates that employ or retain Marketing Function Employees. To date AECI's only Affiliate that employs or retains Marketing Function Employees is APM. This posting shall be located in the "Identification of Affiliate Information" section of the "Standards of Conduct" folder on the Internet Web Site.
- (2) AECI shall post on its Internet Web Site a complete list of the employee-staffed facilities shared by any of AECI's Transmission Function Employees and Marketing Function Employees. The list must include the types of facilities shared and the addresses of the facilities. This posting shall be located in the "Shared Facilities" section of the "Standards of Conduct" folder on the Internet Web Site.

(f) Identification of Employee Information on the Internet Web Site.

- (1) AECI shall post on its Internet Web Site the job titles and job descriptions of its Transmission Function Employees. This posting shall be located in the "Transmission Function Employees Job Titles and Job Descriptions" section of the "Standards of Conduct" folder on the Internet Web Site.
- (2) AECI shall post a notice on its Internet Web Site of any transfer of a Transmission Function Employee to a position as a Marketing Function Employee, or any transfer of a Marketing Function Employee to a position as a Transmission Function Employee. No such job transfer may be used as a means to circumvent any provision of Standards of Conduct. This posting shall be located in the "Transfer of Employees between Marketing Function and Transmission Function" section of the "Standards of Conduct" folder on the Internet Web Site. This posting shall remain on the AECI Internet Web Site for 90 calendar days. The information to be posted shall include:
 - (i) The name of the transferring employee,
 - (ii) The respective titles held while performing each function (i.e., as a Transmission Function Employee and as a Marketing Function Employee), and
 - (iii) The effective date of the transfer.

The supervisor (System Operations Supervisor, Term Trading Supervisor) of the transferring employee shall notify the Transmission Services Manager of the transfer. Transmission Services personnel shall make the posting on the Internet Web Site.

(g) *Timing and General Requirements of Postings on the Internet Web Site.*

- (1) AECI shall update on its Internet Web Site the information required by this procedure within ten business days of any change, and post the date on which the information was updated.
- (2) In the event an emergency, such as an earthquake, ice storm, flood, fire or hurricane, severely disrupts AECI's normal business operations, the posting requirements in this part may be suspended by AECI. The notice of the suspension of the Standards of Conduct for emergencies shall be posted in the "Suspended Standards of Conduct for Emergencies" section of the "Standards of Conduct" folder on the Internet Web Site.
- (3) All Internet Web Site postings required by this procedure will be sufficiently prominent and readily accessible.

(h) *Exclusion For and Recordation of Certain Information Exchanges.*

- (1) Regardless of the requirements of the Independent Function Rule in Section V(a) and the No Conduit Rule in Section VI, AECI's Transmission Function Employees and Marketing Function Employees may exchange certain non-public Transmission Function Information.

The non-public Transmission Function Information subject to the exclusion in section is as follows:

- (i) Information pertaining to compliance with Reliability Standards approved by the Commission, and
 - (ii) Information necessary to maintain or restore operation of the Transmission System or generating units, or that may affect the dispatch of generating units.
- (2) AECI must make and retain a contemporaneous record of all such exchanges except in emergency circumstances. The record may consist of hand-written or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and the like, and shall be retained for a period based upon AECI's Record Retention Policy (currently three years).
- (i) *Posting of Waivers.* AECI shall post on its Internet Web Site a notice of each Waiver of a tariff provision that it grants in favor of an Affiliate, unless such Waiver is granted in AECI's open access transmission tariff. The posting shall be made within three business day of the act of a Waiver. AECI shall also maintain a log of the acts of Waiver. The records shall be retained for a period based upon AECI's Record Retention Policy (currently three years) from the date of each act of Waiver. The procedure for posting any Waiver is:

- At the time an AECI transmission tariff (OATT) provision is waived, the relevant Transmission Function Employee shall report the waiver to the Chief Compliance Officer and/or the Transmission Services Manager via e-mail.
- The Chief Compliance Officer and/or the Transmission Services Manager shall have the System Operations Engineer post the Waiver information in the “Waivers” section of the “Standards of Conduct” folder on the Internet Web Site.
- All details of the Waiver shall be kept in an electronic log on the eng_trn\$ drive located on the AECI internal intranet. System Operations Engineers shall be responsible for documenting all details of the Waiver in the electronic log.

VIII. Implementation Requirements

(a) *Effective date.* This procedure shall be effective on November 30, 2009 and continue in effect until amended or withdrawn by AECI.

(b) *Compliance Measures and Written Procedures.*

(1) AECI shall implement measures to ensure that the Independent Functioning Rule and No Conduit Rule are observed by its employees and by the employees of its Affiliates.

(2) AECI shall distribute this procedure to:

a) All active non-union employees

b) Other employees likely to become privy to Transmission Function Information and their supervisor

(c) *Training and Compliance Personnel.*

(1) AECI shall provide annual training on the Standards of Conduct to the employees listed in VIII (b)(2).

(2) AECI shall provide training on the Standards of Conduct to new non-union employees within the first 30 days of their employment.

(3) AECI shall require each employee who has taken the training to certify electronically or in writing that they have completed the training.

(4) AECI shall designate a chief compliance officer who shall be responsible for Standards of Conduct compliance. AECI shall post the name of the chief compliance officer and provide his or her contact information. This posting shall be made in the “Chief Compliance Officer Information” section of the “Standards of Conduct” folder on the Internet Web Site.