

**SOUTHWEST TRANSMISSION COOPERATIVE, INC.**  
**NON-DISCRIMINATORY TRANSMISSION SERVICES**  
**IN COMPLIANCE WITH FERC ORDER NOS. 2004, 2004-A, and 2004-B**

Southwest Transmission Cooperative, Inc. (Southwest) is committed to providing non-discriminatory transmission service to all eligible customers. As an electric cooperative that is a beneficiary under the Rural Electrification Act (REAct), Southwest is not currently subject to the requirements of the Federal Energy Regulatory Commission (FERC) Orders Nos. 2004, 2004-A, and 2004-B. However, Southwest has prepared and filed with FERC an Open Access Transmission Tariff (OATT) that conforms to FERC's proforma open access transmission tariff. In addition, Southwest has voluntarily implemented an Open Access Same-Time Information System (OASIS) and will post on its OASIS, Southwest's Standards of Conduct in accordance with the requirements of Orders Nos. 2004, 2004-A, and 2004-B. The following establishes the commitment as protocols for implementing Title 18 of the Code of Federal Regulations Section 358, Standards of Conduct for Transmission Providers, a copy of which is attached hereto and by this reference incorporated herein. In addition, these procedures govern the operation of Southwest and the communications between its energy affiliates (Arizona Electric Power Cooperative, Inc. (AEPSCO), Mohave Electric Cooperative, Inc. (MEC), and Sierra Southwest Cooperative, Inc. (Sierra)).

1. Non-Discriminatory Behavior – Southwest shall provide transmission services to all eligible customers on a comparable and non-discriminatory basis.
2. Independent Functioning and Separation of Functions of Transmission Function and Merchant Function Employees – Southwest's Transmission Function Employees engaged in transmission functions work independently from personnel performing Marketing or Energy Affiliate functions. Therefore:
  - a. Transmission Function work areas are located in separate secured areas accessible only by electronic card keys issued to authorized transmission or shared personnel.
  - b. Marketing function employees of AEPSCO, MEC, and Sierra shall have no access to any non-public information concerning any aspect of Southwest's transmission system operations, including but not limited to, planning, siting, potential merger information, or transmission pricing.
  - c. Marketing function employees of AEPSCO, MEC, and Sierra shall have no access to computer systems containing transmission system information.
  - d. Southwest shall not disclose third party market information to marketing function employees of AEPSCO, MEC, or Sierra, except on OASIS as a response for a request for service.

- e. Shared support personnel shall comply with the No Conduit Rule, and shall not be a conduit for improper disclosure of transmission information to marketing function employees of AEPCO, MEC and/or Sierra.
3. Employee Training and Certification – Employees of Southwest and Sierra who have access to transmission information are trained in the Standards of Conduct. Annual training courses for all employees shall be held to reinforce the Standards of Conduct. At the end of each training session, each employee shall certify that he/she has been trained, has received a copy of the Standards of Conduct, and that he/she will not act as a conduit of unauthorized transmission information. Southwest, being a REAct beneficiary engages in joint planning operations with its member distribution cooperatives. During this process, particular employees of MEC have access to transmission information. Those employees are not engaged in marketing or energy affiliate functions and have received the standards of conduct training required by Southwest. In addition, these MEC employees have certified that they have been trained with regard to the no conduit rule and will not act as a conduit of unauthorized transmission information.
4. Informational Postings and Reporting Requirements – Southwest posts on its OASIS all information required by Order Nos. 2004, 2004-A, and 2004-B, and any deviations from the Standards of Conduct.
- a. Identification of Marketing and Energy Affiliates. Southwest posts the names and addresses of its Marketing units and Energy Affiliates on its OASIS website.
  - b. Organizational Charts. Southwest posts and maintains comprehensive organizational charts, designating Southwest Transmission Function Employees, AEPCO Marketing Function Employees, Sierra Marketing Function Employees, and Shared Support Personnel. Southwest will update within seven (7) business days any change made to the organizational charts. Organizational charts and job descriptions will be retained for three (3) years.
  - c. Job Descriptions. Southwest will post and maintain all job descriptions of Transmission Function Employees, AEPCO Marketing Function Employees and Sierra Marketing Function Employees.
  - d. Merger Information. Southwest will post notification of any merger information within seven (7) days after a potential merger is announced.
  - e. Emergency Situation and Disclosure. In the event of an emergency situation, where Transmission Function Employees and Merchant Function Employees communicate transmission system information in order to maintain system reliability, such communications shall be posted on OASIS and a copy of the emergency report filed with FERC, within 24 hours of any such deviation.
  - f. Employee Transfers. Employee transfers between the Transmission and Merchant Function Employees shall be posted before the date of transfer and

maintained for 90 days. Posted information includes: employee name, titles held and functions performed, and effective date of transfer.

5. Communications – All communications concerning transmission access between AEPSCO, MEC, and Sierra shall be conducted strictly in accordance with Southwest's OATT and FERC standards of conduct.
6. Tariff Provisions – Southwest Transmission Function Employees comply with all tariff provisions relating to the sale or purchase of open access transmission service.
7. Documentation – Southwest's Transmission Function maintains an accurate and up-to-date log of all transactions under its OATT as well as accounts and records for inspection by FERC and shall immediately post the substance of improper disclosures on its OASIS.
8. Prohibition of Preferential Treatment – Southwest may not, through its tariff or otherwise, give preference to sales for resale by the wholesale merchant customer in matters relating the sale or purchase of transmission service including price, curtailment, scheduling, priority, ancillary services etc.

All discounts for transmission and/or ancillary services shall be posted on OASIS and offered simultaneously to all potential customers. All negotiations regarding discounts related to transmission and/or ancillary services shall take place on the OASIS and shall be visible to all market participants.

9. Mandatory Compliance – Compliance with these Standards of Conduct is mandatory. An employee's failure or refusal to abide by or to act according to these standards may subject the employee to disciplinary action, up to, and including termination of employment.