

Procedures for Implementing FERC Standards of Conduct for Cube Yadkin Transmission, LLC

In accordance with Rules 358.7 and 358.8 of the Federal Energy Regulatory Commission (FERC), Cube Yadkin Transmission has adopted the following procedures to comply with the Standards of Conduct set forth in Part 358 of FERC's regulations.

Cube Yadkin Transmission, LLC and Cube Yadkin Generation, LLC are subsidiaries of Cube Hydro Carolinas, LLC, which is a NERC-registered entity residing in the SERC region of the United States. Cube Hydro Carolinas, LLC is owned by Helix Partners, LLC. Cube Hydro Partners, LLC manages the business of Helix through a Master Service Agreement between the parties.

Cube Yadkin Transmission, LLC requires a clear separation among those employees who perform transmission functions and those who perform marketing functions, and impose limitations upon the nature of communications between these two groups of employees. All employees are expected to adhere to the standards of conduct and abide by the compliance measures described below. Cube Yadkin Transmission, LLC's standards of conduct policy requires the immediate identification and prompt correction of any practices found to be inconsistent with the FERC's standards of conduct or this Plan.

General principles¹

(a) Cube Yadkin Transmission, LLC shall treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis, and shall 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 the provision of transmission service, or with respect to electric energy in interstate commerce.

(b) Cube Yadkin Transmission, LLC's transmission function employees shall function independently from its marketing function employees, except as permitted in

¹ 18 C.F.R. §358.2

the Standards of Conduct.

(c) Cube Yadkin Transmission, LLC and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public transmission function information to its marketing function employees.

(d) Cube Yadkin Transmission, LLC shall provide equal access to non-public transmission function information disclosed to marketing function employees to all its transmission customers, affiliated and non-affiliated, except as permitted by the Standards of Conduct.

These General Principles are more fully described and implemented in subsequent sections of the Standards of Conduct.

Definitions²

(a) Affiliate of Cube Yadkin Transmission, LLC refers to:

- (1) Another person that controls, is controlled by or is under common control with, the Cube Yadkin Transmission, LLC. An affiliate includes a division of the specified entity that operates as a functional unit.
- (2) “Control” as used in this definition means the direct or indirect authority, whether acting alone or in conjunction with others, to direct or cause to direct the management policies of an entity. A voting interest of 10 percent or more creates a rebuttable presumption of control.

² 18 C.F.R. §358.3

- (b) Internet website refers to the Internet location where Cube Yadkin Transmission, LLC posts the information required under the Standards of Conduct: <http://www.oasis.oati.com/YAD/index.html>.
- (c) Marketing functions means the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights to third parties outside the Cube Yadkin Transmission, LLC area.
- (d) Marketing function employee means an employee, contractor, consultant or agent of Cube Yadkin Transmission, LLC, or of an affiliate of Cube Yadkin Transmission, LLC, who actively and personally engages on a day-to-day basis in marketing functions.
- (e) Open Access Same Time Information System or OASIS refers to the Internet location where public utilities post the information required by part 37 of Title 18, Code of Federal Regulations (18 C.F.R. Part 37), and where Cube Yadkin Transmission, LLC may also post the information required to be posted on its Internet website by the Standards of Conduct.
- (f) Transmission means electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities.
- (g) Transmission customer means any eligible customer or designated agent 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.

- (h) Transmission functions means the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.
- (i) Transmission function employee means an employee, contractor, consultant or agent of Cube Yadkin Transmission, LLC who actively and personally engages on a day-to-day basis in transmission functions.
- (j) Transmission function information means information relating to transmission functions.
- (k) Transmission provider means any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce.
- (l) Transmission service means the provision of any transmission as defined in item (e) of this section.
- (m) Waiver means the determination by Cube Yadkin Transmission, LLC, if authorized by its tariff, to waive any provisions of its tariff for a given entity

Non-discrimination requirements³

Cube Yadkin Transmission, LLC shall:

- (a) Strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if the provisions do not permit the use of discretion;

³18 C.F.R. §358.4

- (b) 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) 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) Process all similar requests for transmission in the same manner and within the same period of time. All requests for transmission are referred to the Open Access Tariff Agreement which may be found at <http://www.oasis.oati.com/YAD/index.html>.

Independent functioning rule⁴

(a) General rule. Except as permitted in the Standards of Conduct or otherwise permitted by Commission order, Cube Yadkin Transmission, LLC’s transmission function employees shall function independently of its marketing function employees.

(b) Separation of functions.

(1) Cube Yadkin Transmission, LLC does not permit 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.

In order to ensure compliance with these rules, Cube Yadkin

⁴18 C.F.R. §358.5

Transmission, LLC restricts and monitors access of its marketing function employees to transmission control facilities and to any databases containing information regarding the transmission system or transmission customers. The transmission control facilities and transmission function employees are located in a separate facility from the marketing function employees. All employees, contractors and third-party vendors who have been approved for physical access or electronic and information access are documented in a Master Access List. This list is regularly reviewed and updated as necessary.

Access to the transmission facility is controlled through electronic access cards, though more than one access control method may be in place depending on the sensitivity of the location, e.g., the transmission control center requires a valid access card along with a valid key pad access code. The access information is safeguarded and monitored. Visitors to the transmission facility must enter their information into a log book and must be escorted throughout the facility.

Access to information and authorized unescorted physical access must be approved by an authorized individual and requested by the employee's supervisor. If approved, the employee must complete BES Cyber Security Awareness training at least once every 15 calendar months and undergo a seven-year criminal background check (must have been performed within the last seven years).

(2) Cube Yadkin Transmission, LLC does not permit its transmission

function employees to conduct marketing functions. At this time, all marketing functions are performed by a third-party contractor whose facilities and information are independent of Cube Yadkin Transmission, LLC.

No conduit rule⁵

- (a) Cube Yadkin Transmission, LLC shall not use anyone as a conduit for the disclosure of non-public transmission function information to its marketing function employees.
- (b) All employees, contractors, consultants or agents of Cube Yadkin Transmission, LLC and employees, contractors, consultants or agents of an affiliate of Cube Yadkin Transmission, LLC are prohibited from disclosing non-public transmission function information to any of Cube Yadkin Transmission, LLC's marketing function employees.

Transparency rule⁶

- (a) Contemporaneous disclosure.
 - (1) If Cube Yadkin Transmission, LLC discloses non-public transmission function information, other than information identified in paragraph (a)(2) of this section, in a manner contrary to the requirements of the No conduit rule section (18 C.F.R. §358.6), Cube Yadkin Transmission, LLC shall immediately post the information that was disclosed on its Internet website. Any disclosed non-public transmission function information will be posted to the Company's OASIS

⁵ 18 C.F.R. §358.6

⁶ 18 C.F.R. §358.7

website by the Cube Yadkin Transmission, LLC designated OASIS administrator. Review of the incident will be conducted by a Compliance Officer or designee.

(2) If Cube Yadkin Transmission, LLC discloses, in a manner contrary to the requirements of the No conduit rule section (18 C.F.R. §358.6), non- public transmission customer information, CEII as defined in 18 C.F.R. § 388.113(c)(1) of FERC's regulations or any successor provision, or any other information that FERC by law has determined is to be subject to limited dissemination, Cube Yadkin Transmission, LLC shall immediately post notice on its website that the information was disclosed. Any disclosed non-public transmission function information will be posted to the Company's OASIS website by the Cube Yadkin Transmission, LLC designated OASIS administrator. In the case of disclosure of information containing CEII, notice will be posted that the information was disclosed. Review of the incident will be conducted by a Compliance Officer or designee.

(b) Exclusion for specific transaction information.

A Cube Yadkin Transmission, LLC transmission function employee may discuss with a Cube Yadkin Transmission, LLC marketing function employee a specific request for transmission service submitted by the marketing function employee. Cube Yadkin Transmission, LLC is not required to contemporaneously disclose information otherwise covered by the No conduit rule (18 C.F.R. §358.6) 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 Cube Yadkin Transmission, LLC to disclose the transmission customer's non-public information to Cube Yadkin Transmission, LLC's marketing function employees. If the transmission customer authorizes Cube Yadkin Transmission, LLC to disclose its information to marketing function employees, Cube Yadkin Transmission, LLC shall post notice on its Internet website 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.

(d) Posting written procedures on the public Internet.

Cube Yadkin Transmission, LLC posts on its Internet website these written procedures implementing the standards of conduct. The procedures are posted to the Company's OASIS website by the Cube Yadkin Transmission, LLC designated OASIS administrator.

(e) Identification of affiliate information on the public Internet.

(1) Cube Yadkin Transmission, LLC shall post on its Internet Web site the names and addresses of all its affiliates that employ or retain marketing function employees. A complete listing is posted on the Company's OASIS website by the Cube Yadkin Transmission, LLC designated OASIS administrator.

(2) Cube Yadkin Transmission, LLC shall post on its Internet website a complete list of the employee-staffed facilities shared by any of its transmission function employees and marketing function employees. The list includes the types of facilities shared and the addresses of the facilities. A complete listing is posted

on the Company's OASIS website by the Cube Yadkin Transmission, LLC designated OASIS administrator.

(3) Cube Yadkin Transmission, LLC shall post information concerning potential merger partners as affiliates that may employ or retain marketing function employees, within 7 days after the potential merger is announced. A complete listing is posted on the Company's OASIS website by the Cube Yadkin Transmission, LLC designated OASIS administrator.

(f) Identification of employee information on the public Internet.

(1) Cube Yadkin Transmission, LLC shall post on its Internet Web site the job titles and job descriptions of its transmission function employees. A complete listing is posted on the Company's OASIS website by the Cube Yadkin Transmission, LLC designated OASIS administrator.

(2) Cube Yadkin Transmission, LLC shall post a notice on its Internet website 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. The information posted under this section will remain on the Internet website for 90 days. No such job transfer may be used as a means to circumvent any provision of the Standards of Conduct. 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.

A complete listing is posted on the Company's OASIS website by the Cube Yadkin Transmission, LLC designated OASIS administrator.

(g) Timing and general requirements of postings on the public Internet.

- (1) Cube Yadkin Transmission, LLC will update on its Internet website the information required by the Standards of Conduct within 7 business days of any change, and post the date on which the information was updated. Cube Yadkin Transmission, LLC may also post the information on its OASIS. All preceding required postings are made available on the Company's OASIS website at <http://www.oasis.oati.com/YAD/index.html> by the Cube Yadkin Transmission, LLC designated OASIS administrator within the required timeframe.
- (2) In the event an emergency, such as an earthquake, flood, fire or hurricane, severely disrupts Cube Yadkin Transmission, LLC's normal business operations, the posting requirements may be suspended by Cube Yadkin Transmission, LLC. If the disruption lasts longer than one month, Cube Yadkin Transmission, LLC will so notify the Commission and may seek a further exemption from the posting requirements.
- (3) Cube Yadkin Transmission, LLC will provide its Internet website postings required by the Standards of Conduct in a sufficiently prominent location as to be readily accessible.

(h) Exclusion for and recordation of certain information exchanges.

(1) Notwithstanding the requirements of FERC's regulations addressing the Independent Functioning rule and the No Conduit rule (18 C.F.R. §§358.5 and 358.6), Cube Yadkin Transmission, LLC's transmission function employees and marketing function employees may exchange certain non-public transmission function information, as described in (h)(2) below, in which case Cube Yadkin Transmission, LLC shall make and retain a contemporaneous record of all such exchanges except in emergency circumstances, in which case a record shall be made of the exchange as soon as practicable after the fact. Cube Yadkin Transmission, LLC shall make the record available to the FERC upon request. 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 of five years. The chief Compliance Officer or designee shall be responsible for maintaining these records.

(2) The non-public information subject to this exclusion is as follows:

(i) Information pertaining to compliance with Reliability Standards approved by FERC, 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.

(i) Posting of waivers.

Cube Yadkin Transmission, LLC shall post on its Internet website notice of each waiver of a tariff provision that it grants in favor of an affiliate, unless such

waiver has been approved by FERC. The posting shall be made to the Company's OASIS website at <http://www.oasis.oati.com/YAD/index.html> by the Cube Yadkin Transmission, LLC designated OASIS administrator within one business day of the act of a waiver. Cube Yadkin Transmission, LLC shall also maintain a log of the acts of waiver, and shall make it available to FERC upon request. The records shall be kept for a period of five years from the date of each act of waiver. The chief compliance officer or designee shall maintain these records.

Implementation requirements⁷

(a) Effective date.

Cube Yadkin Transmission, LLC shall be in full compliance with the standards of conduct on the date it commences transmission transactions with an affiliate that engages in marketing functions, and will continue in effect until amended or withdrawn. These Standards of Conduct shall be effective beginning February 1, 2017.

(b) Compliance measures and written procedures.

(1) Cube Yadkin Transmission, LLC implements measures to ensure that the requirements of the Independent functioning rule and the No conduit rule (18 C.F.R. §§358.5 and 358.6) are observed by its employees and by the employees of its affiliates.

(2) Cube Yadkin Transmission, LLC shall distribute the written procedures referred to in

⁷ 18 C.F.R. §358.8

the Transparency rule section (18 C.F.R. §358.7(d)) to all its transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information.

(c) Training and compliance personnel.

(1) Cube Yadkin Transmission, LLC shall provide annual training on the standards of conduct to all the employees listed in paragraph (b)(2) of this section. Cube Yadkin Transmission, LLC shall provide training on the standards of conduct to new employees in the categories listed in paragraph (b)(2) of this section, within the first 30 days of their employment. Cube Yadkin Transmission, LLC shall require each employee who has taken the training to certify electronically or in writing that s/he has completed the training. The training is administered by the chief compliance officer or designee, who maintains the records of training. The training is reviewed annually and updated as necessary.

(2) Cube Yadkin Transmission, LLC has designated a chief compliance officer who is responsible for standards of conduct compliance. Cube Yadkin Transmission, LLC posts the name of the chief compliance officer and provide his or her contact information on its OASIS website at <http://www.oasis.oati.com/YAD/index.html>.

(d) Books and records.

Cube Yadkin Transmission, LLC shall maintain its books of account and records (according to applicable laws) separately from those of its affiliates that employ or

retain marketing function employees, and these will be available for FERC inspections. In order to restrict access to and ensure security of these records, Cube Yadkin Transmission, LLC restricts and monitors access of its database(s). All employees, contractors and third-party vendors who have been approved for electronic and information access are documented in a Master Access List. This list is regularly reviewed and updated as necessary.