



Your Touchstone Energy® Cooperative 

STANDARDS OF CONDUCT FOR WHOLESALE SALES OF ELECTRICITY IN INTERSTATE COMMERCE

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I. Purpose

Big Rivers Electric Corporation (“Big Rivers”) is a generation and transmission electric cooperative corporation not subject to regulation by the Federal Energy Regulatory Commission (“FERC”) as a public utility. However, Big Rivers intends to comply with the FERC’s Standards of Conduct regulations published in 18 C.F.R. Part 358 in connection with its commitment to provide non-discriminatory open access transmission service.

The purpose of these Big Rivers Standards of Conduct is to implement Rule 358.4(e) of the FERC regulations, 18 C.F.R. §358.4(e), by ensuring (i) that Big Rivers Electric Corporation’s (Big Rivers) employees engaged in transmission system operations function independently from its Marketing Function Employees and energy affiliates and (ii) that all Transmission Customers (as defined below) receive access to transmission information on a nondiscriminatory basis. It is Big Rivers’ expectation that all employees will conduct the business of Big Rivers and any affiliate in a manner that complies with these Standards of Conduct.

II. Definitions

Marketing Function 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 other than pursuant to the bundled requirements contracts with Big Rivers’ three member distribution cooperatives (Jackson Purchase Energy Corporation, Kenergy Corp., Meade County Rural Electric Cooperative Corporation). Big Rivers’ employees engaged in the Marketing Function are currently included organizationally in the Energy Services Department at Big Rivers. While Big Rivers currently has no affiliates under the FERC’s definition of an affiliate, at 18 C.F.R. § 358.3(a), Big Rivers does have an existing relationship with the Alliance for Cooperative Energy Services Power Marketing LLC (“APM”) under which APM performs certain Marketing Function activities as Big Rivers’ agent. For purposes of these Standards of Conduct, and only these Standards of Conduct, Big Rivers will treat APM in a manner that is consistent with FERC requirements applicable to affiliates even though APM does not explicitly meet that definition. Accordingly, APM employees engaged in Marketing Function activities on Big Rivers’ behalf shall be subject to FERC Standards of Conduct as described in Order 717.

Marketing Function Employees means an employee, contractor, consultant or agent of Big Rivers who actively and personally engages on a day-to-day basis in Marketing Functions.

Transmission Customer means any eligible customer (or its designated agent) that can or does receive transmission service including all persons who have pending requests for transmission service or for information regarding transmission.

Transmission Functions means the planning, directing, organizing or carrying out of day-to-day transmission operations.

Transmission Function Employees means an employee, contractor, consultant or agent of Big Rivers who actively and personally engages in day-to-day basis in Transmission Functions. For

purposes of clarification, Transmission Function Employees internal to Big Rivers are those Big Rivers employees who conduct transmission system operations or reliability functions. These employees include those primarily engaged in operating the Big Rivers transmission system and employees responsible for planning expansion of Big Rivers' transmission capabilities. These Transmission Function employees are currently included organizationally in the Energy Control Department.

Transmission Function Information means information relating to Transmission Functions.

Control Room means the location from which Big Rivers exercises real time control of its transmission and generation facilities (to the extent it performs such control remotely) for reliability purposes.

Marketing Trading Floor is the location from which Big Rivers' employees engaged in the Marketing Function buy and sell energy in interstate commerce.

System Emergency is any abnormal system condition that could adversely affect the reliability of the electric system and which requires automatic or immediate manual action to limit loss of transmission facilities or generation supply.

III. Prohibited Conduct

1. Big Rivers' Marketing Function Employees shall have access only to that information available to all Transmission Customers and must not have preferential access to any information about Big Rivers' transmission system that is not publicly available to all MISO OASIS users, except as set forth in section 8 below. Big Rivers' Marketing Function Employees are prohibited from obtaining information concerning Big Rivers' transmission system (including, but not limited to, information about available transmission capability, price, curtailments, ancillary services, maintenance activity, capacity expansion plans or similar information) through access to information not posted on the MISO OASIS or that is not otherwise also publicly available to all MISO OASIS users without restriction.
2. No Big Rivers Marketing Function Employees shall conduct Transmission Functions or engage in any aspect of transmission system operations or reliability functions.
3. No Big Rivers Marketing Function Employee shall have access to Big Rivers' Control Room, or similar facilities used for transmission operations or reliability functions that differs in any way from the access available to other Transmission Customers.
4. No Big Rivers Transmission Function Employee shall conduct Marketing Function activities.
5. No Big Rivers Transmission Function Employee shall disclose to a Big Rivers Marketing Function Employee, any information concerning the transmission system of Big Rivers or the transmission system of another utility (including, but not limited to, information received from non-affiliates or information about available transmission capability, price, curtailments, ancillary services, maintenance activity, capacity expansion plans or similar information) (i) through non-

public communications conducted off the MISO OASIS, (ii) through access to information not posted on the MISO OASIS that is not at the same time available to the general public without restriction, or (iii) through information on the MISO OASIS that is not at the same time publicly available to all MISO OASIS users.

6. Big Rivers Transmission Function Employees shall not disclose any information obtained from nonaffiliated Transmission Customers or potential nonaffiliated Transmission Customers, or developed in the course of responding to a specific request for transmission or ancillary services on the MISO OASIS, with Marketing Function Employees, except to the limited extent such information is required to be posted on the MISO OASIS in response to a request for transmission service or ancillary services.

7. Neither Big Rivers nor any of its employees will use anyone as a conduit for sharing information covered by this Section III with any Big Rivers Marketing Function Employees.

8. Notwithstanding the foregoing, Big Rivers' Transmission Function Employees may exchange certain non-public Transmission Function Information as described below. However, in each such instance, Big Rivers must make and retain a contemporaneous record of all such exchanges except in System Emergency circumstances, in which case a record must be made of the exchange as soon as practicable after the fact. 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 must be retained for a period of five years. The non-public information which may be shared between Transmission Function Employees and Marketing Function Employees is as follows:

- a. information pertaining to compliance with Reliability Standards approved by FERC;
- b. information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

IV. Implementation

A. General Rule

Except as provided in section IV.C of this section, Big Rivers' Transmission Function Employees must function independently of its Marketing Function Employees.

B. Separation of Functions

Big Rivers has functionally and physically separated its Transmission Function Employees from its employees engaged in the Marketing Function. Those employees engaged in the Marketing Function at Big Rivers are situated on the fourth floor of Big Rivers' headquarters facilities at 201 Third Street in Henderson, KY. Those employees engaged in the Transmission Function are situated on the second floor of this same location. The transmission and substation operations and maintenance personnel responsible for actual physical maintenance, repair, and equipment

testing are located across town at a separate facility at 5650 Airline Road.

The Control Room where operations and communications for the Big Rivers control area (including dispatch, SCADA, transmission scheduling and control) are performed is located on the second floor of the Big Rivers headquarters building. The Control Room has two separate points of entry. Both points of entry are accessed by a security magnetic entry that is coded to permit only authorized Big Rivers' employees to enter. Both of these entry points are secure and locked at all times. The only method of entry is by use of security clearance card. Only those employees assigned to, or responsible for, the Transmission Function will be able to gain access to this restricted area.

Big Rivers operates its transmission system using an OSI Energy Management System (EMS) and Supervisory Control and Data Acquisition System (SCADA). The EMS and SCADA are used to provide real-time information and control of Big Rivers' transmission system and for the generation interconnected to Big Rivers' transmission system to the extent that Big Rivers performs such control for reliability purposes.

Big Rivers has implemented security provisions in operating the EMS and SCADA systems that prevents designated consoles from reading data obtained in data fields that are designated as "no access" for such consoles. The console(s) operated by the Marketing Function can access data fields containing load and area control error and is denied access to data fields containing transmission operations and transmission service schedules. Although the Marketing Function has access to certain aggregate information concerning load in the control area, the console operated by the Marketing Function does not provide any information regarding transmission service taken by third parties.

Big Rivers' employees not directly involved in either the Marketing Function or the Transmission Function, such as accountants, engineers and others occupy the headquarters building. The following measures will ensure that these arrangements do not result in violations of these Standards of Conduct:

1. As previously stated, the Control Room itself is secure from ingress/egress by any party that is not cleared for access and work in this area. Those employees in the Marketing Function (including third-party contractors engaged in the Marketing Function) will not have access to the security clearance card points of entry therein.
2. Big Rivers' employees engaged in the Marketing Function or third-party contractors engaged in the Marketing Function are prohibited from accessing any Big Rivers EMS screens or Energy Log File categories that contain information regarding Big Rivers' bulk power transmission system or the bulk power transmission systems of any third-parties.
3. In the event that any access of unauthorized screens containing non-public Transmission Function information occurs, such event will be considered as contrary to these Standards of Conduct. Big Rivers immediately will post such information on the MISO OASIS.
4. Employees and contractors of Big Rivers engaged in the Marketing Function will be prevented from obtaining access to any information on Big Rivers' transmission system that resides within the EMS and SCADA. This denial of access has been provided through the use of "no access"

screens within these systems and a company policy prohibiting such practices.

5. Big Rivers will provide training and instructions to those employees and contractors in the Marketing Function and to those employees in the Transmission Function regarding these Standards of Conduct and will incorporate them within the respective position duties. Other Big Rivers employees involved in providing neither Marketing Function nor Transmission Function activities such as engineering, accounting and others also will receive this same overall training. These written Standards of Conduct procedures have been distributed to all Big Rivers Transmission Function Employees and all employees, contractors, and affiliate employees engaged in the Marketing Function. New employees in any of these areas also will be given a copy of these procedures and training and instruction on these procedures. All employees receiving training will be required to sign the affidavit set forth in Part VI certifying that they have been trained regarding these Standards of Conduct requirements.

6. In the event that Big Rivers' Transmission Function Employees employ any third-party contractors or consultants that also provide services to Big Rivers' Marketing Function, the Transmission Function Employees will ensure that the contract for such services includes provisions to preclude inadvertent information exchanges that would violate these Standards of Conduct.

If any Transmission Function Employee discloses any information in a manner that is contrary to these Standards of Conduct, Big Rivers will immediately post such information on the MISO OASIS.

C. Emergencies

During System Emergencies, Big Rivers' personnel shall take whatever steps are necessary to keep the system in operation. If any deviations from these Standards of Conduct have occurred during a System Emergency, Big Rivers shall post the following information on its website or the MISO OASIS and file a report with the FERC for informational purposes within 24 hours of the occurrence of the System Emergency or any subsequent exercise of discretion related to such System Emergency:

1. The cause and nature of the System Emergency;
2. The beginning and ending day, hour and minute of the System Emergency;
3. All transmission schedules interrupted or curtailed in response to the System Emergency;
4. Specific deviation(s) from these Standards of Conduct that occurred during the System Emergency.

The posting will remain on the MISO OASIS for a period of 90 calendar days.

D. Employee Transfer

Any transfers from the Transmission Function to the Marketing Function shall be posted on the Big Rivers website and the MISO OASIS, including the following information:

1. The name of the transferring employee;
2. The former job title of the employee in the department he/she is transferring from;
3. The new job title of the employee in the department he/she is transferring to; and
4. The effective date of the transfer.

The information will be posted to the MISO OASIS within 7 business days of the change and will be maintained on the MISO OASIS for a period of 90 calendar days starting with the first date of the posting. No job transfer may be used as a means to circumvent these Standards of Conduct

E. Implementing Tariffs

Effective December 1, 2010, Big Rivers is no longer registered as a transmission service provider (TSP). All TSP functions are now performed by the MISO. To the extent Big Rivers employees engage in any TSP related functions, including tariff implementation, the following Standards of Conduct shall be followed:

1. Big Rivers' employees engaged in Transmission Function activities shall strictly enforce all tariff provisions relating to the sale or purchase of open access transmission services, except to the extent that the applicable Open Access Transmission Tariff provides for the use of discretion. To the extent that such discretion is invoked, it will be exercised in a fair and impartial manner that treats all customers in a non-discriminatory manner. Big Rivers will maintain a log, available for Commission audit, detailing the circumstances and manner in which it exercises its discretion under the terms of the applicable Open Access Transmission Tariff. Such log shall be posted on MISO OASIS for public inspection and shall be updated on a daily basis.
2. All offers of transmission service will be made in accordance with the applicable tariff and will not, through the tariffs or otherwise, give preferences to sales for resale by the Marketing Function or Big Rivers' affiliates or contractors engaged in the Marketing Function over the interests of any other wholesale customer in matters relating to the sale or purchase of transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, etc.).

F. Maintenance of Written Procedures and MISO OASIS Posting Information

This document constitutes Big Rivers' written procedures for implementing the standards of conduct in 18 CFR § 358.7(d). Big Rivers will post this document and any amendments hereto on the MISO OASIS.

All information relating to the Standards of Conduct implementation that must be posted to the MISO OASIS in order to satisfy that Order will be posted within 7 business day of any change, except in the event of an emergency such as an earthquake, flood, fire or hurricane that severely disrupts Big Rivers' normal business operations. These postings will remain on the MISO OASIS for at least 30 days. These procedures will be continuously posted. All posted information will be archived and retained on a secure computer server at the Big Rivers headquarters for a minimum of three years.

Big Rivers will post on the MISO OASIS the names and addresses of any future affiliates that employ or retain Marketing Function Employees. Per Section 358.7(e)(3), information concerning potential merger partners as affiliates will be posted within seven days after merger is announced.

If Big Rivers discloses, in a manner contrary to the requirements of 18 C.F.R. Part 358.6 non-public Transmission Customer information, critical energy infrastructure information as defined in section 388.113(c)(1) of FERC's regulations or any successor provision, or any other information that the FERC by law has determined is to be subject to limited dissemination, Big Rivers must immediately post notice on the MISO OASIS that the information was disclosed.

G. Books and Records

As stated previously, Big Rivers does not have any affiliates. However, Big Rivers is treating its relationship with APM as if they were an affiliate. Big Rivers will maintain its books of account and records separately from those of its affiliates. Big Rivers' books of account and records will be made available for FERC and Kentucky Public Service Commission inspection.

H. Posting of Transmission Function Employee Information

Big Rivers will prepare and post on the MISO OASIS the job titles and job descriptions of its Transmission Function Employees. This information will be continually posted. When organizational changes occur, the information will be updated with 7 business days of the change. All posted information will be archived off-line for a period of three years.

V. Auditing and Compliance

A. Training

Big Rivers shall provide a copy of this document as well as training with respect to these Standards of Conduct to all Transmission Function Employees, all Marketing Function Employees, all officers, supervisory employees, and any other employees likely to become privy to Transmission Function information. Training also will be provided annually to all of the above categories of Big Rivers employees to ensure that no prohibited information transfer takes place inadvertently. Big Rivers further will provide training on the Standards of Conduct to new employees in the categories listed above within the first 30 days of their employment.

Big Rivers shall provide this training as required and will assign responsibility for developing and updating training materials and for coordinating training to the designated Chief Compliance Officer. In addition, the Chief Compliance Officer will ensure that the training program meets the requirements of these Standards of Conduct. The Director of Energy Control and Compliance will ensure that all employees who require training have received the training.

Big Rivers shall employ independent internal staff to periodically review these Standards of Conduct, the company training program for the Standards of Conduct, and the measures detailed in Part IV to ensure that the implementation of and the ongoing application of the Standards of Conduct complies with applicable FERC standards. Following these periodic reviews, any reporting that is deemed necessary will be directed to the President and CEO of Big Rivers.

Big Rivers shall inform all employees of the existence of these Standards of Conduct. Any employee who believes that he or she will be subject to their provision should contact his/her supervisor to obtain a copy of these Standards of Conduct and to obtain any appropriate training. Supervisors and managers will have the ultimate responsibility to ensure that their employees who need training in the Standards of Conduct shall receive it.

B. Chief Compliance Officer for Standards of Conduct Compliance

Effective April 29, 2004, Big Rivers designated Chris Bradley as the chief compliance officer responsible for standards of conduct compliance. Mr. Bradley can be contacted by email at chris.bradley@bigrivers.com or by mail at 201 Third Street Henderson, KY 42420.

C. Penalties for Non-Compliance

Big Rivers views violations of these Standards of Conduct seriously and will take appropriate action to the extent violations by employees occur.

D. Revisions

It may be necessary from time to time to revise this document in response to changes in regulation, changes in Big Rivers' organization or other factors, including, but not limited to organization of Big Rivers' affiliates. When revisions are made, Big Rivers will post notice of the change and the new Standards of Conduct on the MISO OASIS. The new Standards of Conduct will be effective immediately upon posting on the MISO OASIS. The old version of the Standards of Conduct will be retained on the MISO OASIS as a reference for a period of 30 days and will be archived off-line for a period of three years.

VI. Attestation

Each person listed in section V(A) will be asked to read the above-described Standards of Conduct. Opportunities to ask specific questions will be provided through annual training. Each person will then be asked to execute the following:

I have read and understand rules and procedures implemented by Big Rivers to ensure compliance with the adopted Standards of Conduct. I understand that the purpose of these Standards of Conduct is to implement FERC regulations set forth at 18 C.F.R. §358 by ensuring that all Transmission Customers receive access to information that will enable them to obtain transmission services on a nondiscriminatory basis.

Print Name _____

Signature _____

Date _____