

## **DCRT Corporate Procedure Manual**

### **FERC Compliance -- FERC Standards of Conduct for Transmission Providers**

#### **1.0 PURPOSE**

The Federal Energy Regulatory Commission (“FERC” or “the Commission”) has promulgated regulations titled “Standards of Conduct” (“SOC”) at 18 C.F.R. Part 358. The Standards of Conduct set forth legal requirements applicable to any “public utility” that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce and conducts transmission transactions with an affiliate that engages in Marketing Functions.

This manual identifies and memorializes how DCR Transmission, L.L.C. (“DCRT”) and its affiliates will comply with and implement FERC’s SOC. As a part of SOC implementation, DCRT has developed an SOC [www.tenwestlink.com](http://www.tenwestlink.com) Site with contacts, information about FERC’s SOC regulations, various implementation policies. This site can be accessed through the internet: [www.tenwestlink.com](http://www.tenwestlink.com).

#### **2.0 TERMS AND DEFINITIONS**

The following definitions apply for purposes of DCRT’s SOC Compliance Program.

- 2.1 Affiliate:** A person that controls, is controlled by, or under common control with DCRT.
- 2.2 Annual:** Annual for purposes of FERC SOC implementation is defined as being within a calendar year. This definition may differ from the meaning of annual in the context of implementation of other compliance programs (e.g., NERC).
- 2.3 CAISO** – California Independent System Operator Corporation.
- 2.4 CAISO Tariff** - The CAISO Open Access Transmission Tariff (“OATT”) on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the CAISO Control Area.
- 2.5 Chief Compliance Officer or CCO:** See Responsibilities section.
- 2.6 Control:** Direct or indirect authority to direct management policies; a voting interest of 10% or more is a rebuttable presumption of control.
- 2.7 Critical Energy Infrastructure Information or CEII:** Specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure that: (i) relates details about 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 general location of the critical infrastructure.

- 2.8 **Document or Record**: Any document or record, including electronic media, prepared, maintained or held by any agent or employee of DCRT, including any such documents of an independent contractor, stock transfer agent, registrar, paying agent, indenture trustee or other person employed by DCRT to perform services with respect to the company, insofar as such person is accountable to the company.
- 2.9 **Employee**: The term “Employee” in this procedure includes personnel directly employed by DCRT or an Affiliate as well as any contractors, consultants, and agents performing work on behalf of DCRT or an Affiliate.
- 2.10 **Marketing Function**: Sale for resale or submission of offers to sell electric energy or capacity, demand response, virtual transactions or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales, including sales of electric energy made by Providers of Last Resort (“POLR”) acting as a POLR; sale for resale or offer to sell for resale natural gas, subject to an exclusion for bundled retail sales.
- 2.11 **Marketing Function Employee**: Employee, contractor, consultant or agent of DCRT or of an Affiliate who actively and personally engages on a day-to-day basis in Marketing Functions. See Appendix A for guidelines that can be used in identifying Marketing Function Employees.
- 2.12 **Marketing Affiliate**: An Affiliate that sells power or energy for resale in interstate commerce and employs Marketing Function Employees.
- 2.13 **Public Utility**: Any person who owns or operates facilities used for transmission of electric energy in interstate commerce or sales of electric energy at wholesale in interstate commerce.
- 2.14 **Transmission**: Electric transmission, network, or point-to-point service, ancillary services, or other methods of electric transmission, or the interconnection with transmission facilities.
- 2.15 **Transmission Function**: Planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.
- 2.16 **Transmission Function Employee**: Employee, contractor, consultant or agent of DCRT who actively and personally engages on a day-to-day basis in Transmission Functions. See Appendix A for guidelines that can be used in identifying Transmission Function Employees.
- 2.17 **Transmission Function Information**: All information relating to Transmission Functions, including information about available transmission capability, available transmission capacity, outages, price, curtailments, ancillary services, and the like regarding any transmission system.

**2.18 Transmission Provider:** Any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce and conducts transmission transactions with an affiliate that engages in marketing functions. DCRT will be a Transmission Provider.

### **3.0 RESPONSIBILITIES**

#### **3.1 Chief Compliance Officer**

DCRT will designate a person with a working knowledge of DCRT, its structure and operations, to serve as Chief Compliance Officer (“CCO”) with responsibilities including ensuring compliance with the FERC SOC and the governing DCRT Policies and Procedures relating to such. The responsibilities of the CCO shall be to maintain oversight of the implementation of the SOC regulations, serve as the contact person for any questions or reports of violations of the SOC, and ensure DCRT’s compliance with all SOC posting requirements.

### **4.0 APPLICABILITY**

#### **4.1 General**

**4.1.1** The SOC apply to DCRT and its and its Affiliates’ Marketing Function; and DCRT and third parties.

**4.1.2** The sale and purchase of open access transmission service and generator interconnection service on DCRT’s transmission facilities will be managed under the CAISO Tariff.

**4.1.3** The SOC do not apply to Regional Transmission Organizations (“RTOs”) or Independent System Operators (“ISOs”).

**4.1.4** A public utility transmission owner who participates in a FERC-approved RTO or ISO and does not operate or control its transmission system and has no access to transmission function information may apply to FERC for waiver from the SOC. DCRT, however, does not have such a waiver.

#### **4.2 Identification of Marketing and Transmission Function Employees**

**4.2.1** For descriptions and examples of Marketing and Transmission Function Employees, refer to the guidelines in Appendix A hereto.

**4.2.2** Questions regarding the proper classification of Employees should be referred to the CCO.

**4.2.3 Transmission Projects:** An Employee should direct questions to the CCO if the Employee involved in a transmission project has any questions about whether or when the project is subject to these SOC procedures.

### **4.3 Identification of Transmission Function Information**

#### **4.3.1** Specific examples of Transmission Function Information include:

- a.** Information concerning the development, construction and related studies to transmission facilities.
- b.** Information related to the granting or denying of transmission service requests, generator interconnection requests or transmission interconnection requests.
- c.** Available transmission capability and capacity information.
- d.** Price information.
- e.** Curtailment information.
- f.** Transmission customer information, specifically any information acquired from non-affiliated transmission customers (including potential transmission customers) or developed in the process of responding to transmission service or ancillary service requests.
- g.** Outage information, including planned or unplanned outages.
- h.** Future transmission capacity increase or system upgrades.

**4.3.2** Labelling of Non-Public Transmission Function Information: To call attention to the protected nature of any Document or Record containing non-public Transmission Function Information, Employees creating such documentation shall place an appropriate label on the first page of the document and, if possible, include that label within the header or footer of each page within the document. Recommended labels are included as Appendix B hereto.

**4.3.3** Questions regarding the proper identification of Transmission Function Information should be referred to the CCO.

## **5.0 SOC PROCEDURES**

### **5.1 Non-Discrimination Principle**

DCRT must provide fair and impartial treatment to all transmission customers, including potential transmission customers, whether affiliated or non-affiliated, on a not unduly discriminatory basis, and not grant any undue preference or advantage to any person with respect to any Transmission Functions.

### **5.2 Independent Functioning Rule**

#### **5.2.1 Separation of Functions**

**5.2.1.1** The organizational structure of DCRT and its Affiliates shall remain such that the Transmission Function Employees at Transmission Provider operate independently of any Marketing Function Employees, and vice versa.

- a.** Marketing Function Employees are prohibited from engaging in Transmission Functions on DCRT’s transmission system.
- b.** Transmission Function Employees are prohibited from engaging in Marketing Functions.
- c.** No DCRT Employees shall be engaged in both Marketing and Transmission Functions.

**5.2.1.2** Employees who are neither Marketing nor Transmission Function Employees (often called “other” Employees) are not restricted from working with Marketing or Transmission Function Employees. For example:

- a.** DCRT may share senior officers and directors with its Marketing Affiliates. The shared senior officers or directors of either DCRT or its Affiliates, however, may not be engaged in day-to-day activities associated with either Marketing Functions or Transmission Functions except in case of major transmission outage.
- b.** DCRT may share “back office” personnel, such as assurance, internal audit, finance, legal, accounting, billing, banking, risk management, human resources, travel, administrative assistance, and information technology personnel with its Marketing Affiliates. The shared personnel may not be engaged in day-to-day activities associated with either Marketing Functions or Transmission Functions and must abide by the no-conduit rule (as discussed below).

## **5.2.2** Meeting Controls

If both Marketing and Transmission Function Employees are invited to attend a meeting, the meeting organizer must verify whether Marketing or Transmission Functions will be discussed during the meeting.

- a.** If Marketing or Transmission Functions will be the sole topic of the meeting, the meeting organizer must exclude from the list of invitees any Employees performing the opposite function. For example:
  - Meetings to discuss corporation items such as Employee benefits, corporate policies, employee code

of conduct, harassment training, corporate security, general industry information, corporate budget, and other corporate administrative functions could include both Marketing and Transmission Function Employees.

- Meetings to discuss only public information, such as weather/storm predictions, could include both Marketing and Transmission Function Employees.
- Meetings to discuss solely Transmission Functions must not include Marketing Function Employees.
- Likewise, meetings to discuss solely Marketing Functions must not include Transmission Function Employees.

**b.** If Transmission Functions will be discussed for a portion of the meeting, the meeting organizer must start the meeting with a SOC discussion that verifies that all persons attending the meeting have received SOC training within the last 365 days and that no Marketing Function Employees are present while Transmission Functions (or Transmission Function Information) are discussed.

### **5.2.3 Prohibition on Preferential Access to Control Centers**

**5.2.3.1** DCRT's system control center(s), transmission planning department, and transmission engineering department should be located in facilities (or areas within facilities) that are physically separate and access controlled from facilities (or areas within facilities) where Marketing Function Employees work.

**5.2.3.2** Marketing Function Employees will not have preferential access over that of other transmission customers to DCRT's system control center(s) or similar facilities used for Transmission Functions.

### **5.2.4 Employee Transfers**

Employee transfers may not be used to circumvent any provision of the SOC, including the Independent Functioning Rule.

## **5.3 No-Conduit Rule**

### **5.3.1 Restrictions on Access to Non-Public Transmission Function Information**

**5.3.1.1** Subject to the exclusions outlined below, DCRT Employees must not directly or indirectly disclose non-public Transmission Function Information to any Marketing Function Employee.

**5.3.1.2** Transmission Function Employees are prohibited from disclosing to Marketing Function Employees any non-public Transmission Function Information that is not at the same time available to the public without restriction. All Employees are prohibited from serving as conduits for the disclosure of such information to Marketing Function Employees.

**5.3.1.3** Exclusion for Marketing Affiliate Transmission Requests: DCRT may disclose non-public Transmission Function Information to a Marketing Affiliate's Marketing Function Employees if it relates solely to the Marketing Affiliate's specific request for transmission service or generator interconnection service. The transaction specific exemption includes communications related to transmission agreements, specific interconnections, and new infrastructure needed for the specific request.

**5.3.1.4** Exclusion for Customer Consents Regarding Market Information: DCRT may disclose a Transmission Customer's non-public information to Marketing Function Employees when the non-affiliated Transmission Customer from whom the information is obtained has voluntarily consented in writing to such disclosure.

**5.3.1.5** Exclusion for Reliability Standards Compliance: Non-public Transmission Function Information pertaining to compliance with Reliability Standards approved by FERC may be shared with Marketing Function Employees provided that such information sharing is limited to legitimate business needs to facilitate compliance with Reliability Standards.

**5.3.1.6** Exclusion for the Emergency Operations: Non-public Transmission Function Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units, may be shared with Marketing Function Employees. During these circumstances, personnel engaged in transmission system operations or reliability functions shall take whatever steps are necessary to maintain system reliability during an emergency, notwithstanding that this could otherwise constitute a violation of the SOC and/or this Procedure.

**5.3.1.7** Obligation to Maintain Records of Disclosures under Exclusions: In the event that nonpublic Transmission Function Information is disclosed to Marketing Function Employees under the exclusions in section 5.3.1.5 for reliability standards compliance or section 5.3.1.6 for emergency operations, the Employee(s) making such disclosure must make and retain a record of the exchange except in 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

handwritten or typed notes, electronic records such as e-mails or text messages, recorded telephone exchanges, and the like. Any such records must be retained for a period of five years. The Employee(s) making such disclosure must notify the CCO, who must retain a copy of the record of the exchange.

## **5.4 Transparency Rule**

### **5.4.1 DCRT must post such information as required to be posted in section 5.4.2.**

**5.4.1.1** In the event an emergency such as a hurricane, earthquake, flood, fire, tornado, or any other man-made event disrupts DCRT's normal business operations, the posting requirements of this SOC procedure may be suspended temporarily. If it appears likely that the severity of the disruption is such that the posting updates will be suspended for more than one month, DCRT must notify FERC of the suspension of posting and seek further exemption from the posting requirements.

### **5.4.2 Internet Website Posting**

**5.4.2.1** DCRT will post the following information on its FERC SOC page on its internet website. The internet website address where the SOC information will be posted is: [www.tenwestlink.com](http://www.tenwestlink.com).

**5.4.2.2 Written Procedures:** DCRT must post its written procedures implementing the SOC on its internet website.

**5.4.2.3 Contemporaneous Disclosure Rule:** If any Employee discloses non-public Transmission Function Information to Marketing Function Employee(s), the Employee who discovers the improper disclosure must immediately notify the CCO. To the extent known to the Employee, the notification must include the information disclosed, the responsible party name, the reason for the disclosure, and the date, time, and place of the disclosure.

- a. The CCO will determine if there was an inappropriate disclosure of non-public Transmission Function Information to a Marketing Function Employee.
- b. In the event of improper disclosure of non-public Transmission Function Information other than the types described in section 5.4.2.3(c), the DCRT will post the non-public Transmission Function Information on DCRT's FERC SOC page on its internet website.
- c. If any (i) non-public transmission customer information, (ii) critical energy infrastructure information ("CEII"), or (iii)



any other information that FERC, by law, has determined is subject to limited disclosure or dissemination, is improperly disclosed, DCRT will post notice of the fact that the information was disclosed (rather than posting the information that was disclosed).

**5.4.2.4 Exceptions to disclosure requirement:**

- a. DCRT is not required to post any Marketing Function specific requests for transmission or interconnection service.
- b. DCRT is not required to post transmission customer information for which the transmission customer voluntarily consents in writing to disclosure of its non-public information to the Marketing Function. DCRT must post notice of the transmission customer's voluntary consent along with a statement that DCRT did not provide any preference, either operational or rate-related, in exchange for the voluntary consent.

**5.4.2.5 Marketing Affiliates:** DCRT must maintain a list of the full legal names and business addresses of DCRT's Affiliates that employ or retain Marketing Function Employees and post that list on its internet website.

**5.4.2.6 Shared Facilities:** DCRT must maintain a list of any facilities in which both Transmission Function Employees and Marketing Function Employees transact their job-related activities and post that list on its internet website. The list will include the types of facilities shared and the addresses of the facilities. DCRT will update the list of shared facilities within three (3) business days of any change, and the updated shared facilities list will be posted on DCRT's internet website within seven (7) business days of the change.

**5.4.2.7 Potential Merger Partners:** DCRT must post information concerning potential merger partners as Affiliates that may employ or retain Marketing Function employees within seven (7) days after the potential merger is announced.

**5.4.2.8 Transmission Function Employees Information:** DCRT will maintain documentation of the business units, job titles and descriptions for DCRT's Transmission Function Employees, as well as the chain of command for all such positions, including officers and directors, and will post that documentation on DCRT's internet website. Postings will include the Employee's title and job description. Each manager of a Transmission Function Employee will provide to the CCO any update regarding changes to job titles

and job descriptions of Transmission Function Employees. The CCO will update the chain of command information included in the postings as necessary.

**5.4.2.9 Personnel Transfers:** For all transfers of a Transmission Function Employee to the Marketing Function or of a Marketing Function Employee to the Transmission Function, DCRT will post a notice of the transfer within seven (7) business days. The notice will remain posted for a minimum period of ninety (90) days following the effective date of the transfer. The information posted will include the name of the transferring Employee, the respective titles held while performing each function, and the effective date of the transfer. Personnel transfers will not be used as a means to circumvent the SOC.

**5.4.2.10 Posting Changes:** To the extent not otherwise specified, any change to the posted information must be posted within seven (7) business days of the change.

**5.4.2.11 CCO:** The name and contact information, including both a phone number and email address, of DCRT's CCO will be posted on DCRT's internet website.

## **6.0 SOC COMPLIANCE AND TRAINING**

**6.1 Written Procedures Posting and Distribution:** DCRT will (i) post these written procedures on DCRT's internet website, and (ii) provide a copy of these written procedures to all Transmission Function and Marketing Function Employees, and officers, directors, supervisors, and any other Employees likely to be privy to non-public Transmission Function Information. This distribution must take place each time the procedure is revised.

**6.2 Annual Training:** Annual training on the SOC must be provided to all Transmission Function Employees and Marketing Function Employees, and officers, directors, supervisors, and any other Employees likely to be privy to non-public Transmission Function Information within first 30 days of employment and annually thereafter. Each such Employee, officer, director and supervisor must understand their FERC SOC compliance obligations in order to comply and the implication of any failure to comply with the FERC SOC regulations. Each Employee, officer, director and supervisor will be required to provide certification electronically or in writing that the training has been completed.

**6.3 Books and Records Separation:** DCRT must maintain its books and records separately from those of its affiliates that employ or retain Marketing Function Employees.

## **Appendix A: Guidelines for Identifying Marketing and Transmission Function Employees**

### Marketing Function Employees are those:

- (a) actively and personally engaged on a day-to-day basis in
- (b) Marketing Functions, which are defined as sale for resale, or offers to sell, in interstate commerce of electric energy, electric capacity, demand response, virtual transactions, or financial transmission rights. Those functions include, but are not limited to:
  - Making or offering wholesale sales or energy, capacity, or ancillary services including off-system wholesale sales, even if incidental
  - Resale or reassignment by a transmission customer of transmission services
  - Unbundled retail sales
  - Regularly carrying out the details of sales
  - Negotiating and providing input on material elements of contracts

### Transmission Function Employees are those:

- (a) actively and personally engaged on a day-to-day basis in
  - (b) Transmission Functions, which are defined as the planning, directing, organizing or carrying out of day-to-day operations of electric transmission, network or point-to-point service ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities, including the granting and denying of transmission service requests. Those functions include, but are not limited to:
    - Granting and denying of transmission service or generator and transmission interconnection requests
    - Coordinating the actual physical flows of power
    - Imposing transmission load relief
    - Performance of system impact studies for transmission service and generation and transmission interconnection requests
    - Determining whether the transmission system can support the requested services
    - Sale of transmission service
    - Short-term real-time operations
    - Decisions made in advance of real-time, but directed at real-time operations
    - Isolating portions of the system to prevent cascades
    - Dealing with transmission outages
    - Billing and disputes
    - Answering transmission customer questions and stakeholder outreach
    - Regulatory compliance
- Transmission Functions do not include:
    - Balancing functions
    - Long-range planning
    - Integrated resource planning
    - Generation-related resource planning

- New transmission planning and system upgrades
- Field maintenance and construction work
- Engineering work, depending on job activities
- Rate design work
- Preparation of risk guidelines

Note that if an Employee is a Marketing Function Employee or Transmission Function Employee for any reason, that Employee must be designated as a Marketing Function Employee or Transmission Function Employee entirely. An Employee cannot be a partial Marketing Function Employee or Transmission Function Employee or only a Marketing Function Employee or Transmission Function Employee for certain purposes or limited functions.

## Appendix B: Standardized Standards of Conduct Document Labels

### *Emails*

Emails containing non-public Transmission Function Information should include a notation in the subject line such as the following:

CONFIDENTIAL - CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION

Emails with that information should also begin with a header such as the following:

CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION  
DO NOT SHARE WITH MARKETING FUNCTION PERSONNEL

### *Word, PowerPoint, PDF Documents, etc.*

For any typical documents, the following warning should be added on the first page and, where possible, on each subsequent page in the document:

CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION  
DO NOT SHARE WITH MARKETING FUNCTION PERSONNEL

### *Excel Spreadsheets*

For electronic spreadsheets, labeling can be included in the file name, such as:

“August1SystemStudy\_(Non-Public Transmission Function Information).xlsx”

In addition, wherever possible a note should be added as close to the top left corner of the first sheet in the workbook stating:

CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION  
DO NOT SHARE WITH MARKETING FUNCTION PERSONNEL

Finally, wherever there is an expectation that the spreadsheet may be printed, consider using the header function to add the following warning:

CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION  
DO NOT SHARE WITH MARKETING FUNCTION PERSONNEL

### *Electronic Document Repositories*

When establishing a SharePoint site or other electronic document repository the following warning should be provided:

**Warning:** Please review and confirm that the material meets all FERC Standards of Conduct restricted access requirements before posting or transmittal.

The FERC Standards of Conduct prohibit the sharing of non-public Transmission Function Information with Marketing Function Employees. If thiswww.tenwestlink.com will contain any non-public transmission information it must be appropriately secured so that Marketing Function personnel **cannot** access

the information. This includes operational transmission information, but also includes other types of information about the transmission system such as internal budget or IT plans that impact the transmission system. If you plan to have non-public Transmission Function Information [on/in] your [site/file share/public folder], you **must** contact the CCO to learn how to adequately secure your [site/file share/public folder] so that only those Employees permitted to see the information can do so under the SOC rules. The default setting for your repository *may* permit all Employees to view the data. **This means you must take extra steps to protect such information and assure access has been sufficiently secured.**

For further information or questions on the definition of non-public Transmission Function Information or Marketing Function Employees or for assistance in evaluating whether the content should be secured, please visit the company's FERC SOC site at: [www.tenwestlink.com](http://www.tenwestlink.com) where you can obtain relevant contact information for the CCO.