

SEMINOLE ELECTRIC COOPERATIVE, INC.
STANDARDS OF CONDUCT IMPLEMENTATION PROCEDURES

1. Introduction

The Federal Energy Regulatory Commission (“FERC”) Standards of Conduct for Transmission Providers (“Standards of Conduct”) are designed to promote four general principles:

- A transmission provider 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 any transportation of natural gas or transmission of electric energy in interstate commerce, or with respect to the wholesale sale of natural gas or of electric energy in interstate commerce.
- A transmission provider’s transmission function employees must function independently from its marketing function employees, except as otherwise permitted.
- A transmission provider and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public transmission function information to the transmission provider’s marketing function employees.
- With limited exceptions, to the extent non-public transmission function information is improperly disclosed, a transmission provider must provide equal access to non-public transmission function information to all of its transmission customers, affiliated and non-affiliated.

In furtherance of these objectives, FERC has promulgated rules that govern the interaction between and among certain employees and the communication of certain information. Although Seminole is not a FERC-jurisdictional public utility, Seminole complies with the Standards of Conduct as a transmission provider in accordance with these Implementation Procedures. A copy of the Standards of Conduct is appended hereto.

2. Chief Compliance Officer

Seminole has designated Thomas Turke, Vice President of Corporate Compliance & Security, as the Chief Compliance Officer for the Standards of Conduct. Mr. Turke may be contacted at (813) 739-1244 and at tturke@seminole-electric.com.

3. Key Definitions

A. Affiliate

“affiliate” of a specified entity means another person that controls, is controlled by or is under common control with, the specified entity, including a division of the specified company that operates as a functional unit.

B. Marketing Functions

“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.

C. Marketing Function Employee

“marketing function employee” means an employee, contractor, consultant or agent of Seminole who actively and personally engages on a day-to-day basis in marketing functions, including an employee of ACES Power Marketing who likewise engages in such functions on behalf of Seminole.

D. Transmission

“transmission” means electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with transmission facilities.

E. Transmission Customer

“transmission customer” means any eligible customer, shipper 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.

F. Transmission Functions

“transmission functions” means the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission and interconnection requests and the provision of ancillary services.

G. Transmission Function Employee

“transmission function employee” means an employee, contractor, consultant or agent of a transmission provider who actively and personally engages on a day-to-day basis in transmission functions, including certain employees of Seminole’s System Operations and Transmission Services divisions.

H. Transmission Function Information

“transmission function information” means information relating to transmission functions.

4. Non-Discrimination

Seminole does not, and will not, through its tariffs or otherwise, give undue preference to any person in matters relating to the sale or purchase of transmission service.

Accordingly, Seminole (i) processes all similar requests for transmission in the same manner and within the same period of time; (ii) applies all tariff provisions in a fair and impartial manner that treats all transmission customers in a not unduly discriminatory manner; and (iii) strictly enforces all tariff provisions, except those that permit the use of discretion.

5. Independent Functioning

Seminole’s transmission function employees perform independently of its marketing function employees, except to the extent otherwise permitted by these Implementation Procedures. Marketing function employees do not conduct transmission functions or have access to the transmission control center or similar facilities used for transmission operations that differs in any way from the access available to other transmission customers. Conversely, transmission function employees do not conduct marketing functions.

A. Physical Separation

Although transmission function employees of Seminole share the same office building as marketing function employees, work stations for transmission function employees are physically separated from those of marketing function employees.

B. Access Restrictions

The transmission control center is behind two locked security doors. Badges for marketing function employees do not allow such employees access to the transmission control center. The transmission control center maintains a log of all visitors.

C. Computer Systems and Databases

Seminole has structured its information access systems to ensure that marketing function employees do not have access to non-public transmission function information. Seminole has a corporate LAN with which all Seminole computer systems are connected. However, access to the Energy Management System (“EMS”) is strictly limited through security codes. The EMS security codes do not allow marketing function employees to access non-public transmission function information. The security codes are set and

maintained by the System Operations division and can only be changed by employees of that division.

6. Non-Public Transmission Information

No employee, contractor, consultant or agent of Seminole may disclose non-public transmission function information to any of Seminole's marketing function employees, either directly or through a conduit, except to the extent otherwise permitted by these Implementation Procedures.

7. Contemporaneous Disclosure

Except as provided below, to the extent that any employee, contractor, consultant or agent of Seminole discloses non-public transmission function information to any of Seminole's marketing function employees, either directly or through a conduit, Seminole will immediately post on its website the information that was disclosed. To facilitate such postings, any employee aware of such a disclosure must immediately contact Mr. Turke at (813) 739-1244.

A. Exception for Information Subject to Limited Dissemination

To the extent that any employee, contractor, consultant or agent of Seminole discloses to any of Seminole's marketing function employees non-public transmission customer information, Critical Energy Infrastructure Information, or any other information that FERC by law has determined is to be subject to limited dissemination, either directly or through a conduit, Seminole will immediately post notice on its website that the information was disclosed. To facilitate such postings, any employee aware of such a disclosure must immediately contact Mr. Turke at the above number.

B. Exception for Specific Transaction Information

A transmission function employee may discuss with a marketing function employee a specific request for transmission service submitted by the marketing function employee, and Seminole need not disclose on its website information relating solely to such a request.

C. Exception for Information Disclosed Pursuant to Voluntary Consent

A transmission customer of Seminole may voluntarily consent, in writing, to allow Seminole to disclose the transmission customer's non-public information to Seminole's marketing function employees. Seminole will post notice of any such consent on its website, along with a statement that it did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.

D. Exception for and Recordation of Certain Information Exchanges

Seminole's transmission function employees and marketing function employees may exchange (i) non-public transmission function information pertaining to compliance with Reliability Standards approved by FERC and (ii) 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. Seminole will make and retain a contemporaneous record of all such exchanges, except in emergency circumstances, in which case Seminole will make a record of the exchange as soon as practicable after the fact. The record will consist of hand-written or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, or the like. Seminole will retain the record for a minimum of five years and will make the record available to FERC upon request.

8. Affiliate Information

Seminole's Fuels & Marketing division is the only affiliate of Seminole that employs or retains marketing function employees. The division is located within Seminole's headquarters building at 16313 North Dale Mabry Highway in Tampa, Florida. The headquarters building is the only employee-staffed facility shared by transmission function employees and marketing function employees of Seminole. Seminole will post information concerning potential merger partners as affiliates that may employ or retain marketing function employees within seven days after the potential merger is announced.

Although not an affiliate of Seminole, ACES Power Marketing performs marketing functions as an agent on behalf of Seminole.

9. Employee Information

Seminole posts on its website the job titles and job descriptions of its transmission function employees. Seminole will post a notice on its 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 notice will 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 notice will remain posted on the website for a minimum of 90 days. Seminole will not use any such job transfer as a means to circumvent any provision of the Standards of Conduct.

10. Internet Postings

All information that Seminole posts on its website in compliance with the Standards of Conduct will be sufficiently prominent as to be readily accessible. Seminole will update all such information within seven business days of any change, and it will post the date on which the information was updated. Notwithstanding the foregoing, in the event an

emergency severely disrupts Seminole's normal business operations, Seminole may suspend the posting requirements. If the disruption lasts longer than one month, Seminole will so notify FERC and may seek a further exemption from the posting requirements.

11. Standards of Conduct Training

Seminole provides annual training on the Standards of Conduct to all of its transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information. Seminole also provides such training to new employees in these categories within the first 30 days of employment. All employees who have completed training must so certify electronically or in writing. In addition, Seminole distributes a copy of these Implementation Procedures to all of its employees.

12. Books and Records

Seminole's books of account and records are available for FERC inspection. Seminole's Fuels & Marketing division is the only affiliate of Seminole that employs or retains marketing function employees. Since the division is an internal business unit of Seminole, Seminole does not maintain separate books of account and records.

13. Questions and Inquiries

Any questions or concerns related to Standards of Conduct compliance should be addressed to Mr. Turke at (813) 739-1244 or tturke@seminole-electric.com. In addition, any employee receiving compliance-related inquiries from external parties, including but not limited to parties representing FERC, other regulatory bodies, companies or competitors, should refer such parties to Mr. Turke.

Revision History

Version	Date	Change Summary
Rev 0	1/30/2009	
Rev 1	8/30/2010	MSH - changed TT title from Senior Director to Vice President
Rev 2	9/8/2010	MSH - revised Appendix - latest version of Standards of Conduct
Rev 3	1/13/2011	MSH – Changed TT title – remove “Risk Management” and add “Security” to title
Rev 4	2/1/2011	MSH – on pages 5 and 6, division employing or retaining marketing function employees changed from “Bulk Power & Generation Planning” to “Fuels & Marketing”

APPENDIX

Standards of Conduct – 18 C.F.R. Part 358

§ 358.1 Applicability.

(a) This part applies to any interstate natural gas pipeline that transports gas for others pursuant to subparts B or G of part 284 of this chapter and conducts transmission transactions with an affiliate that engages in marketing functions.

(b) This part applies 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.

(c) This part does not apply to a public utility transmission provider that is a Commission-approved Independent System Operator (ISO) or Regional Transmission Organization (RTO). If a public utility transmission owner participates in a Commission-approved ISO or RTO and does not operate or control its transmission system and has no access to transmission function information, it may request a waiver from this part.

(d) A transmission provider may file a request for a waiver from all or some of the requirements of this part for good cause.

§ 358.2 General principles.

(a) As more fully described and implemented in subsequent sections of this part, a transmission provider 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 any transportation of natural gas or transmission of electric energy in interstate commerce, or with respect to the wholesale sale of natural gas or of electric energy in interstate commerce.

(b) As more fully described and implemented in subsequent sections of this part, a transmission provider's transmission function employees must function independently from its marketing function employees, except as permitted in this part or otherwise permitted by Commission order.

(c) As more fully described and implemented in subsequent sections of this part, a transmission provider and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public transmission function information to the transmission provider's marketing function employees.

(d) As more fully described and implemented in subsequent sections of this part, a transmission provider must 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 in this part or otherwise permitted by Commission order.

§ 358.3 Definitions.

(a) *Affiliate* of a specified entity means:

(1) Another person that controls, is controlled by or is under common control with, the specified entity. An affiliate includes a division of the specified entity that operates as a functional unit.

(2) For any exempt wholesale generator (as defined under § 366.1 of this chapter), affiliate shall have the meaning set forth in § 366.1 of this chapter, or any successor provision.

(3) "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.

(b) *Internet Web site* refers to the Internet location where an interstate natural gas pipeline or a public utility posts the information, by electronic means, required under this part 358.

(c) *Marketing functions means:*

(1) in the case of public utilities and their affiliates, 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, all as subject to an exclusion for bundled retail sales, including sales of electric energy made by providers of last resort (POLRs) acting in their POLR capacity; and

(2) in the case of interstate pipelines and their affiliates, the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, natural gas, subject to the following exclusions:

(i) Bundled retail sales,

(ii) Incidental purchases or sales of natural gas to operate interstate natural gas pipeline transmission facilities,

(iii) Sales of natural gas solely from a seller's own production,

(iv) Sales of natural gas solely from a seller's own gathering or processing facilities, and

(v) On-system sales by an intrastate natural gas pipeline, by a Hinshaw interstate pipeline exempt from the Natural Gas Act, by a local distribution company, or by a local distribution company operating under section 7(f) of the Natural Gas Act.

(d) *Marketing function employee* means an employee, contractor, consultant or agent of a transmission provider or of an affiliate of a transmission provider 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 a public utility posts the information required by part 37 of this chapter, and where it may also post the information required to be posted on its Internet Web site by this part 358.

(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, under part 35 of this chapter; and natural gas transportation, storage, exchange, backhaul, or displacement service provided pursuant to subparts B or G of part 284 of this chapter.

(g) *Transmission customer* means any eligible customer, shipper 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 a transmission provider 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:

(1) Any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce; or

(2) Any interstate natural gas pipeline that transports gas for others pursuant to subparts B or G of part 284 of this chapter.

(3) A transmission provider does not include a natural gas storage provider authorized to charge market-based rates.

(l) *Transmission service* means the provision of any transmission as defined in § 358.3(f).

(m) *Waiver* means the determination by a transmission provider, if authorized by its tariff, to waive any provisions of its tariff for a given entity.

§ 358.4 Non-discrimination requirements.

(a) A transmission provider must 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) A transmission provider must 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) A transmission provider 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) A transmission provider must process all similar requests for transmission in the same manner and within the same period of time.

§ 358.5 Independent functioning rule.

(a) *General rule.* Except as permitted in this part or otherwise permitted by Commission order, a transmission provider's transmission function employees must function independently of its marketing function employees.

(b) *Separation of functions.* (1) A transmission provider 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) A transmission provider is prohibited from permitting its transmission function employees to conduct marketing functions.

§ 358.6 No conduit rule.

(a) A transmission provider 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 a transmission provider, and an employee, contractor, consultant or agent of an affiliate of a transmission provider that is engaged in marketing functions, is prohibited from disclosing non-public transmission function information to any of the transmission provider's marketing function employees.

§ 358.7 Transparency rule.

(a) *Contemporaneous disclosure.* (1) If a transmission provider 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 § 358.6, the transmission provider must immediately post the information that was disclosed on its Internet Web site.

(2) If a transmission provider discloses, in a manner contrary to the requirements of § 358.6, non-public transmission customer information, critical energy infrastructure information (CEII) as defined in § 388.113(c)(1) of this chapter or any successor provision, or any other information that the Commission by law has determined is to be subject to limited dissemination, the transmission provider must immediately post notice on its Web site that the information was disclosed.

(b) *Exclusion for specific transaction information.* A transmission provider's transmission function employee may discuss with its marketing function employee a specific request for transmission service submitted by the marketing function employee. The transmission provider is not required to contemporaneously disclose information otherwise covered by § 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 the transmission provider to disclose the transmission customer's non-public information to the transmission provider's marketing function employees. If the transmission customer authorizes the transmission provider to disclose its information to marketing function employees, the transmission provider must 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.

(d) *Posting written procedures on the public Internet.* A transmission provider must post on its Internet Web site current written procedures implementing the standards of conduct.

(e) *Identification of affiliate information on the public Internet.* (1) A transmission provider must post on its Internet Web site the names and addresses of all its affiliates that employ or retain marketing function employees.

(2) A transmission provider must post on its Internet Web site a complete list of the employee-staffed facilities shared by any of the transmission provider's transmission function employees and marketing function employees. The list must include the types of facilities shared and the addresses of the facilities.

(3) The transmission provider must post information concerning potential merger partners as affiliates that may employ or retain marketing function employees, within seven days after the potential merger is announced.

(f) *Identification of employee information on the public Internet.* (1) A transmission provider must post on its Internet Web site the job titles and job descriptions of its transmission function employees.

(2) A transmission provider must 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. The information posted under this section must remain on its Internet Web site for 90 days. No such job transfer may be used as a means to circumvent any provision of this part. The information to be posted must 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.

(g) *Timing and general requirements of postings on the public Internet.* (1) A transmission provider must update on its Internet Web site the information required by this part 358 within seven business days of any change, and post the date on which the information was updated. A public utility may also post the information required to be posted under part 358 on its OASIS, but is not required to do so.

(2) In the event an emergency, such as an earthquake, flood, fire or hurricane, severely disrupts a transmission provider's normal business operations, the posting requirements in this part may be suspended by the transmission provider. If the disruption lasts longer than one month, the transmission provider must so notify the Commission and may seek a further exemption from the posting requirements.

(3) All Internet Web site postings required by this part must be sufficiently prominent as to be readily accessible.

(h) *Exclusion for and recordation of certain information exchanges.* (1) Notwithstanding the requirements of §§ 358.5(a) and 358.6, a transmission provider's transmission function employees and marketing function employees may exchange certain non-public transmission function information, as delineated in § 358.7(h)(2), in which case the transmission provider must make and retain a contemporaneous record of all such exchanges except in emergency circumstances, in which case a record must be made of the exchange as soon as practicable after the fact. The transmission provider shall make the record available to the Commission 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 must be retained for a period of five years.

(2) The non-public information subject to the exclusion in § 358.7(h)(1) 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.

(i) *Posting of waivers.* A transmission provider must post on its Internet Web site notice of each waiver of a tariff provision that it grants in favor of an affiliate, unless such waiver has been approved by the Commission. The posting must be made within one business day of the act of a waiver. The transmission provider must also maintain a log of the acts of waiver, and must make it available to the Commission upon request. The records must be kept for a period of five years from the date of each act of waiver.

§ 358.8 Implementation requirements.

(a) *Effective date.* A transmission provider must be in full compliance with the standards of conduct on the date it commences transmission transactions with an affiliate that engages in marketing functions.

(b) *Compliance measures and written procedures.* (1) A transmission provider must implement measures to ensure that the requirements of §§ 358.5 and 358.6 are observed by its employees and by the employees of its affiliates.

(2) A transmission provider must distribute the written procedures referred to in § 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) A transmission provider must provide annual training on the standards of conduct to all the employees listed in paragraph (b)(2) of this section. The transmission provider must 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. The transmission provider must require each employee who has taken the training to certify electronically or in writing that s/he has completed the training.

(2) A transmission provider must designate a chief compliance officer who will be responsible for standards of conduct compliance. The transmission provider must post the name of the chief compliance officer and provide his or her contact information on its Internet Web site.

(d) *Books and records.* A transmission provider must maintain its books of account and records (as prescribed under parts 101, 125, 201 and 225 of this chapter) separately from those of its affiliates that employ or retain marketing function employees, and these must be available for Commission inspections.