



STANDARDS OF CONDUCT PROCEDURES



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STANDARDS OF CONDUCT PROCEDURES

I. INTRODUCTION

This document shall set forth the procedures to be followed by employees of the Western Area Power Administration's (Western) Transmission Providers and Energy Management and Marketing Offices (EMMO) to implement the Federal Energy Regulatory Commission's (FERC) Standards of Conduct for Transmission Providers (SOC) promulgated in Order Nos. 717, 717-A, 717-B, 717-C, and 717-D (collectively, Order No. 717). Order No. 717 codifies Federal regulations adopted by FERC and published in [Title 18 Part 358](#) of the U.S. Code of Federal Regulations (CFR). Western is not a public utility as that term is defined in the Federal Power Act (16 U.S.C. §§ 824, *et seq.*) and used in 18 CFR Part 358; however, Western voluntarily complies with these regulations as a matter of policy. As such, compliance with Western's SOC Procedures is mandatory for all Western employees.

FERC's SOC regulations require that Western establish written compliance procedures, and these SOC Procedures are intended to meet FERC's requirements and identify any issues unique to Western's implementation efforts. These SOC Procedures shall be revised when necessary to include the most recent SOC regulations and procedural updates and clarify Western's implementation efforts. These SOC Procedures shall be available for review on Western's regional Open Access Same-Time Information System (OASIS) sites.

These SOC Procedures are organized to follow the structure of FERC's SOC regulations, and each section herein contains: the applicable CFR section number; the FERC regulatory text (in bold italics); any clarifications made by FERC (in regular italics); any deviations practiced by Western; and the detailed procedures Western employees must follow to comply with the SOC. These SOC Procedures omit references to the SOC which are applicable to only natural gas Transmission Providers.

Any questions regarding the SOC or these SOC Procedures should be submitted to the SOC Chief Compliance Office (CCO) at SOCChiefComplianceOffice@wapa.gov.

II. APPLICABILITY (18 CFR § 358.1)

Western is a Federal power marketing administration of the U.S. Department of Energy (DOE). Western is not a public utility, will not have any merger partners, and has no natural gas pipelines.

Western is issuing these SOC Procedures in voluntary compliance with and to assist its employees in understanding the FERC SOC found in 18 CFR Part 358. These SOC

Procedures will also explain any differences between the SOC as issued by FERC and as implemented by Western.

Western was created in 1977, through the enactment of the DOE Organization Act, 42 U.S.C. § 7152(a), to take over the power marketing functions previously exercised by the U.S. Department of Interior's Bureau of Reclamation (Reclamation). These functions included marketing of the power generated at power plants owned by Reclamation, the U.S. Army Corps of Engineers, and the U.S. Boundary and Water Commission. Accordingly, Western owns, operates, and maintains transmission facilities that were authorized and constructed for the purpose of selling and transmitting Federal power to its customers.

Western markets the Federal power in excess of project use requirements of Reclamation in accordance with a body of law referred to as "Reclamation Law." Western sells power at cost-based rates under long-term contracts entered into after the completion of processes which provide opportunities for public notice and comment. In accordance with Reclamation Law, preference in the sale of this power is given to certain types of entities. Western refers to the delivery of project use requirements as well as its sales of surplus energy to preference entities as Statutory Obligations.

New and existing customers have requested more energy than Western has available to sell under these long-term contracts, because the power is sold at cost-based rates which are typically the lowest regional prices. Due to the unique nature of the operation of a hydroelectric system, Western must also make sales of energy, which is surplus to that which is needed for the long-term power sales, at market-based rates. Western's EMMOs market the excess energy which remains after its Statutory Obligations have been met.

Western has offered nondiscriminatory open access to its transmission system since its inception. Western offers transmission service under a safe harbor Open Access Transmission Tariff (OATT) on file with FERC. Western's Transmission Providers market excess transmission, which is surplus to their Statutory Obligations, under the OATT.

Western employees are required to adhere to high standards because they are employees of the U.S. Government and, as such, must set an outstanding example. It is essential that Western's employees demonstrate the highest ethical conduct when conducting business with fellow employees, customers, stakeholders, suppliers, and the community. As such, all employees shall strictly adhere to these SOC Procedures.

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

This part is not applicable to Western.

(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.

These SOC Procedures apply to the Western Transmission Providers. Although Western is not a public utility, Western abides by these rules as a matter of policy.

(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.

III. GENERAL PRINCIPLES (18 CFR § 358.2)

(a) 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.

The Western Transmission Providers will treat all Transmission Customers, affiliated and non-affiliated, on a non-discriminatory basis. Further, they will not operate their transmission systems to preferentially benefit, nor disadvantage, their EMMO.

(b) 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.

The Western Transmission Function Employees in the Power System Operations and Transmission Services Divisions will function independently of Marketing Function Employees in the EMMOs. Transmission Function Employees shall be physically separated from Marketing Function Employees in the EMMOs. Separation requirements are determined based on each employee's day-to-day involvement in the Transmission Function or the Marketing Function.

(c) 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.

The Western Transmission Function Employees in the Power System Operations and Transmission Services Divisions will not disclose, or use a conduit to disclose, non-public Transmission Function Information to Marketing Function Employees in the EMMOs.

(d) A transmission provider must provide equal access to non-public transmission function information to all its transmission function customers, affiliated and non-affiliated, except in the case of confidential customer information or Critical Energy Infrastructure Information.

The Western Transmission Providers will provide equal access to non-public Transmission Function Information via the OASIS. Confidential customer information or Critical Energy Infrastructure Information is only shared as appropriate (see § 358.7(c)).

IV. DEFINITIONS (18 CFR § 358.3)

(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.

The Western Transmission Providers and EMMOs are affiliates of each other because they are under the common control of Western. Part (2) of the above definition does not apply to Western.

(b) Internet website refers to the Internet location where a public utility posts the information, by electronic means, required under this part 358.

See the definition of OASIS below in § 358.3(e).

(c) Marketing function means 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.

Western uses the term EMMO to refer to the wholesale electric sales unit(s) within Western. Western has four EMMOs, which are:

- Colorado River Storage Project and Loveland Area Projects (Montrose, CO)
- Desert Southwest Region (Phoenix, AZ)
- Sierra Nevada Region (Folsom, CA)
- Upper Great Plains Region (Watertown, SD)

Any resale or reassignment of transmission service under an open access transmission service tariff or a pre-Order No. 888 grandfathered agreement is considered a marketing function. (Order No. 717-A at ¶ 33)

As long as a supervisor is not actively and personally engaged on a day-to-day basis in the contract negotiations and is simply providing an explanation concerning the disapproval of a contract, the supervisor is not engaged in a marketing function. (Order No. 717-A at ¶ 83)

(d) Marketing function employee means an employee, contractor, consultant, or agent of a transmission provider or an affiliate of a transmission provider who actively and personally engages on a day-to-day basis in marketing functions.

Within Western, Marketing Function Employees are those individuals who are part of an EMMO and are actively and personally involved in Marketing Functions on a day-to-day basis.

(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 website by this [part 358](#).

The OASIS sites for Western's Transmission Providers are operated by Open Access Technology, Inc. (OATI) for the Upper Great Plains Region (UGPR), and by westTTrans for the Desert Southwest Region (DSWR), Rocky Mountain Region (RMR), the Sierra Nevada Region (SNR). Unless the content requires otherwise, the term OASIS refers to each of the two separate OASIS sites. The applicable web links to the two OASIS sites are:

- <http://www.oatioasis.com/wapa/index.html>
- <http://www.westtrans.net/>

Secured OASIS: The portion of the OASIS sites that is available only to the users of OASIS sites via a digital certificate authorization.

Public Internet: The portion of the OASIS sites which is available to all public users. Information that must be posted pursuant to FERC Order No. 717 shall be made available on the Public Internet via the applicable OASIS site.

(f) Transmission means electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with jurisdictional electric transmission facilities, under [part 35](#) of this chapter.

Within Western, **Transmission** means electric transmission, network or point-to-point service, reliability service, ancillary services, or the interconnection with jurisdictional electric transmission facilities. These services may be provided under [Western's OATT](#) on file with FERC. Western also provides bundled electric service with terms and conditions determined by contract, marketing plan, and statute.

(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.

Within Western, **Transmission Customer** means any eligible customer or designated agent that can or does execute an electric transmission service agreement with a Western Transmission Provider, or can or does receive such 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.

Within Western, the **Transmission Functions** are located in the Power System Operations and Transmission Services Divisions, which include transmission dispatch, scheduling, and planning involved with the day-to-day operations.

(i) Transmission function employee means an employee, contractor, consultant or agent of a transmission provider actively and personally engages on a day-to-day basis in transmission functions.

Within Western, **Transmission Function Employee** means an employee, contractor, consultant or agent of a Western Transmission Provider who conducts transmission system operations functions and who is actively and personally engaged in day-to-day duties and responsibilities for planning, directing, organizing, or performing transmission-related operations. The Transmission Function Employees of Western are part of the Power System Operations and Transmission Services Divisions.

Personnel engaged in granting or denying transmission service requests are transmission function employees regardless of the duration of service requested, as such activities are an integral part of planning, directing, organizing or carrying out of day-to-day transmission operations. Employees responsible for performing system impact studies to determine whether the transmission system can support requested transmission service are also transmission function employees; however, employees who only perform system impact studies pursuant only to requests for interconnection service are not transmission function

employees, as such requests do not convey a right to transmission service. (Order No. 717-A at ¶ 27, Order No. 717-C at ¶ 16, and Order No. 717-D at ¶ 7-9)

(j) Transmission function information means information relating to transmission functions.

Any non-public information about the transmission system or operations that a market participant might find useful, including information about other transmission systems that the Transmission Provider may obtain in the course of operations with others.

Transmission Function Information includes but is not limited to:

- Inquiries about potential transmission services, facilities or expansion
- Requests for new or expanded transmission services
- Transmission line flows
- Transmission equipment status
- Transmission system modeling
- Available Transfer Capability (ATC)
- Transmission price
- Storage and balancing information
- Transmission maintenance activity
- Curtailments of transmission service
- Ancillary services
- Potential generation sites based on transmission data
- Planned or potential transmission system capital projects (expansions, upgrades, retirements, replacement, etc.)
- Information about or from a third party or potential Transmission Customer submitted in connection with a request for transmission service, unless the other party's written consent is posted on OASIS
- Potential transmission rate cases

Each Western Transmission Provider shall provide equal access to Transmission Function Information by posting such information on its OASIS, or the OASIS of a third party.

(k) Transmission provider means any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce.

The Western Transmission Providers are, singly or in any combination:

- DSWR (WALC)
- RMR (CRCM and LAPT)
- SNR (WASN)
- UGPR (WAPA)

*(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.*

V. NON-DISCRIMINATION REQUIREMENTS (18 CFR § 358.4)

(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.

The Western Transmission Providers will strictly enforce all OATT provisions relating to the purchase or sale of all open access transmission service, unless the OATT provisions provide for 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.

The Western Transmission Providers will fairly and impartially apply all OATT provisions relating to the sale or purchase of open access transmission service, treating all Transmission Customers in a non-discriminatory manner. If a provision of the OATT allows discretion, the Western Transmission Provider will post an explanation on the OASIS describing how the discretion will be applied. If Western chooses to provide guidance on how it will implement its OATT, it will post a business practice on the OASIS.

(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).

The Western Transmission Providers will not give an undue preference to any Transmission Customers, affiliated or non-affiliated, and will not operate their transmission systems to preferentially benefit, nor disadvantage, their EMMO.

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

The Western Transmission Providers will process all similar requests for transmission in the same manner and within the same period of time.

VI. INDEPENDENT FUNCTIONING RULE (18 CFR § 358.5)

(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.

Western's Transmission Function Employees shall function independently of the Marketing Function Employees.

Transmission Function Employees shall be located in separate physical business locations from the Marketing Function Employees. Access to Transmission Function locations will primarily be controlled by electronic card accessible entrances or locked offices. Marketing Function Employees shall be allowed only escorted access to the transmission control centers and other facilities which are used by the Western Transmission Providers for transmission operations. Additionally, such access by Marketing Function Employees shall be posted on the OASIS by the regional Operations SOC Point of Contact.

The following rules govern electronic access to restricted Transmission Function areas:

- Transmission Function Employees may have electronic card access to any restricted Transmission Function area.
- Marketing Function Employees may not have electronic card access to any Transmission Function area under any circumstance.
- The Regional Security Departments shall issue monthly reports to the regional Operations Managers listing employees who are allowed electronic card access to the transmission control centers. This list will be reviewed monthly and updated as necessary by each regional Operations Manager. The Operations Managers shall retain these reports for three years and shall provide copies to the CCO upon request.

(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.

The Western Transmission Providers shall ensure that Marketing Function Employees do not conduct transmission system operations or transmission reliability functions. Additionally, Marketing Function Employees, as well as unaffiliated transmission customers, shall be allowed only escorted access to the transmission control centers and other facilities which are used by the Western Transmission Providers for transmission operations. Such access to

transmission control centers shall be documented on the OASIS as indicated above under paragraph (a).

(2) A transmission provider is prohibited from permitting its transmission function employees to conduct marketing functions.

The Western Transmission Providers shall have no employees who engage in Marketing Functions for the EMMO.

VII. NO CONDUIT RULE (18 CFR § 358.6)

The No Conduit Rule means that no Western employee may act as a conduit to provide non-public Transmission Function Information to Marketing Function Employees if the Transmission Function Employees could not provide that same information directly.

(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.

No employee of the Western Transmission Providers, including (but not limited to) Transmission Function Employees, is permitted to act as or use anyone as a conduit for sharing non-public Transmission Function Information covered by the prohibitions of section 358.6(b) with the Marketing Function Employees.

If someone attempts to improperly disclose non-public transmission function information to a marketing function employee, that marketing function employee should not only refuse it but should report the incident to the CCO. (Order No. 717 at ¶ 306)

(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.

Transmission Provider employees shall not disclose non-public Transmission Function Information, as specified in § 358.3(j), concerning Western's transmission systems or the transmission systems of others to Marketing Function Employees, obtained through access to information that is not posted on the Public Internet and is not contemporaneously available to the public, or through access to information not posted on the OASIS. Western Transmission Function Employees shall inform all Transmission Customers, including EMMO employees, that they shall use the OASIS to obtain Transmission Function Information. The Transmission Function will not inform any Transmission Customer when they plan on posting new or additional Transmission Function Information – except by public notice on the OASIS. If prohibited non-public disclosures occur, they must be immediately reported to the CCO. If the CCO deems it necessary, the disclosure shall be posted on the

applicable OASIS by the regional Operations SOC Point of Contact. Appendix A to these SOC Procedures provides more detailed information regarding communication restrictions.

VIII. TRANSPARENCY RULE (18 CFR § 358.7)

(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 website.

(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 website that the information was disclosed.

If a Transmission Function Employee or other employee of the Western Transmission Provider discloses non-public Transmission Function Information which is believed to be in violation of the requirements noted in § 358.6, the CCO must be immediately informed. The CCO will then determine if an improper disclosure has occurred. If an improper disclosure has indeed occurred, the CCO will direct the regional Operations SOC Point of Contact to immediately post such information on the OASIS. However, such posting will not disclose non-public Transmission Function Information pertaining to a non-affiliated Transmission Customer.

(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.*

A Western Transmission Provider shall not contemporaneously disclose to all Transmission Customers or potential Transmission Customers information which relates solely to the EMMO's specific requests 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 website of that consent along with a statement that it did not provide any preference, either operational or rate-related, in exchange for that voluntary consent.

A non-affiliated Transmission Customer may voluntarily consent, in writing, to allow a Western Transmission Provider to share the non-affiliated customer's information with the EMMO. The regional Operations SOC Points of Contact shall ensure that the written consent form is retained for three years or for the term of the consent, whichever is longer. The regional Operations SOC Points of Contact will post notice on the OASIS of the consent along with a statement that the applicable Western Transmission Provider did not provide any preferences, either operational or rate-related, in exchange for this voluntary consent. A copy of the written consent shall be provided to the CCO upon request.

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

These SOC Procedures, as written herein, shall be posted on the OASIS by the regional Operations SOC Points of Contact as they are issued, and shall include the revision number and the posted date. The Operations Managers, SOC Points of Contact, Senior Managers, Managers, and Division Supervisors are ultimately responsible for ensuring that all employees within their areas of responsibility review and understand these SOC Procedures.

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

(1) A transmission provider must post on its Internet website the names and addresses of all its affiliates that employ or retain marketing function employees.

(2) A transmission provider must post on its Internet website 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.

The regional Operations SOC Points of Contact shall post on the OASIS, a complete list of facilities shared by the Western Transmission Providers' Transmission Function and the EMMO, including the types of facilities shared and their addresses. The list of shared facilities includes office buildings and computer network systems but does not include shared electric system facilities (e.g., generation step-up transformers or transmission to distribution step-down transformers). The regional Operations and EMMO SOC Points of Contact shall collaborate with the Regional Information Officers (RIO) to compile, validate, and update the

list of shared computer network systems containing Transmission Function Information and provide that list to the CCO. The RIOs will provide a list of personnel who have access to the shared computer network systems as needed. The regional Operations and EMMO SOC Points of Contact will review the list to ensure that access to the shared computer network systems is appropriate. The RIOs shall ensure that the process for access control, as defined by Western policy, is followed and completed within the designated amount of time. The regional Operations SOC Points of Contact are responsible for posting the list of shared computer systems on the OASIS within seven business days of a change and for retaining this information for three years. This list shall be made available to the CCO upon request.

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

(1) A transmission provider must post on its Internet website the job titles and job descriptions of its transmission function employees.

(2) A transmission provider must 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 must remain on its Internet website 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.

The regional Operations SOC Points of Contact will post on the OASIS the following information for Transmission Function Employees:

- Job title
- Summary position description

The EMMO SOC Point of Contact will notify the appropriate Operations Point of Contact of any changes to the names of existing EMMO personnel. The regional Operations SOC Point of Contact will post changes on the OASIS within seven business days and will retain this information for three years.

Western Transmission Providers' Transmission Function Employees may transfer to the Marketing Function and vice versa, but shall not use such transfer as a means to circumvent these SOC Procedures. Human Resources (HR) maintains organizational charts that identify the organization, position title, series, and grade, and the employee's name that holds the position. In addition, HR documents all selections with a letter and/or e-mail to the employee (selectee) and provides a copy to the selecting official (supervisor) with the effective date of the personnel action, i.e., new appointment, promotion, reassignment, etc. This document will be used as official notification. Additionally, any employee that leaves

Western is required to out-process using the Exit Form, which requires the signature of the supervisor. The selecting official must immediately report this information to the regional Operations SOC Points of Contact who will post the following employee transfer information to the Secured OASIS within seven days and retain for ninety (90) days:

- The name of the transferring employee
- The respective titles held while performing each function
- The effective date of the transfer

Additionally, on a biweekly basis following each pay period, HR shall provide a queried list of applicable personnel actions to the SOC Compliance Advisor at the CSO. The SOC Compliance Advisor shall use this information to perform a spot-check to ensure that the proper postings have been made to each region's OASIS site.

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

(1) A transmission provider must update on its Internet website 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.

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

In the event of an emergency (such as earthquake, tornado, fire, flood, hurricane, etc.) which severely disrupts normal business operations, these OASIS posting requirements may be suspended by the Transmission Provider. The Operations Manager shall notify the CCO immediately upon suspension of these requirements. Within 24 hours of any emergency deviation from these SOC Procedures, the regional Operations SOC Point of Contact, in collaboration with the regional Operations Manager and the CCO, shall post a notice of such deviation and any corrective actions taken on the Transmission Provider's OASIS. The Operations Manager of the affected transmission system shall also coordinate with the CCO, the EMMO SOC Points of Contact, and the Operations SOC Points of Contact to draft and submit a report of such deviation to FERC.

(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.

Western Transmission Providers shall disclose generation information which is necessary to perform generation dispatch to their EMMO, not including any specific information about individual third party transmission transactions or potential transmission arrangements. Each Western Transmission Provider shall ensure that the information available to EMMO employees through the applicable Energy Management System (EMS) includes functionality to support their generation dispatch, including FERC-authorized generation dispatch information.

Generation dispatch information may include the following:

- Aggregate of scheduled interchange
- Aggregate of actual interchange
- Interchange ramp rate
- Area control error (ACE) for regulated integrated ACE
- ACE control boundaries
- NERC Control Performance compliance factor
- Net generation and capacity operated by the Transmission Provider
- Transmission Provider's load
- Spinning reserve requirements
- Actual system operating reserve requirements
- Actual and scheduled system frequency
- Frequency alarm and automatic generation control (AGC) limits
- Weather information
- Generator unit condition alarms
- Generator AGC control alarm
- AGC status (on/off)
- AGC control mode

- System lambda
- Frequency bias factor
- Time error
- Manual and automatic inadvertent energy payback
- Load forecast
- Gross MW
- Auxiliary MW
- Net MW
- High/low limits for AGC
- AGC base point
- Raise and lower ramp rates
- High and low regulation
- Gross MVAR and bus voltage
- NERC Control Performance calculations by hour for the current day and seven days prior
- Net system hourly generation costs
- Total operating costs (total fuel, operating and maintenance costs of each generating unit)
- Local or remote control status (an indicator for controlling generation)

The RIO, in consultation with the regional Operations Manager, shall ensure that the Marketing Function Employees never have access to prohibited Transmission Function Information through EMS.

The EMS system is designed to limit access on a display level basis to functional roles and to the individuals that are assigned those roles. The RIO shall provide a monthly report to the regional Operations Manager to ensure that this role-based security for display access is accurate. If any Transmission Function Employee transfers to the EMMO, this security will be changed to limit access on the effective date of the employee transfer.

Employees that dispatch Independent Power Producer (IPP) and generation plants, including EMMO employees, may make a request to the CCO to have other transmission information provided to them if necessary to ensure reliable operation of the generators and Western Transmission Provider's transmission system. The CCO shall document any such request and determine whether this information will be shared.

The Western Transmission Providers may share operating information with their EMMO if necessary to maintain the reliability of their transmission systems.

To the extent that information concerning a company's own generation, load, and generation dispatch is not "transmission function information" as defined in 18 CFR § 358.3(j), then this information may be provided to marketing function employees without being subject to the recordation requirement. (Order No. 717-A at ¶ 131)

Information related to unit commitment is not "non-public transmission function information" per se. However, should transmission function employees inadvertently provide "non-public transmission function information" to the marketing function employees, as transmission function employees work with marketing function employees to develop the unit commitment and dispatch plan, then 18 CFR § 358.7(h) would require recordation of this inadvertent disclosure. (Order No. 717-A at ¶ 132)

With regard to the content required for records for purposes of ensuring compliance with the recordation requirement, names, date, time, duration, and subject matter are sufficient for such records. When recording the subject matter, transmission providers should record details that are clear enough to allow FERC to determine what non-public information was exchanged and why this exchange of information was necessary. (Order No. 717-A at ¶ 134)

(i) Posting of waivers. A transmission provider must 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 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.

IX. IMPLEMENTATION REQUIREMENTS (18 CFR § 358.8)

(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.

Failure of a Western employee to fully comply with these SOC Procedures may result in disciplinary action, up to and including, termination of employment, or other remedies.

(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 or 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.

The CCO shall distribute via email a copy of (or electronic link to a copy of) these SOC Procedures as they are published and posted on the OASIS to Affected Employees of the Western Transmission Providers and EMMOs. Affected Employees shall be instructed to read and follow the revised SOC Procedures. The CCO, SOC Points of Contact, Senior Officers, business unit executives, and departmental team leaders are ultimately responsible for ensuring that all employees within their areas of responsibility review and understand the current effective SOC Procedures.

Additional procedures applicable to vendor contracts: For new contracts for goods or services executed after September 22, 2004, under which contractor employees may have access to non-public Transmission Function Information, Procurement shall incorporate necessary clauses (refer to Procurement database for language and instructions) into the agreement. Normally, the language shall read as follows:

(a) The Open Access Same-Time Information Systems (18 CFR 37.4) and Standards of Conduct for Public Utilities (18 CFR Part 358) set forth rules for Government employees conducting transmission system operations or reliability functions. To the extent that contractor employees are involved in conducting transmission system operations or reliability functions under this contract, the contractor shall require that all such employees will comply with the aforementioned Standards of Conduct. Accordingly, all contractor employees shall have an affirmative responsibility to not reveal any non-public transmission-related information to any person employed by Western, or an Energy Affiliate, in a sales or marketing capacity. The contractor will promptly report any actual or perceived Standards of Conduct violations to the contracting officer.

(b) The Government shall provide training on the Standards of Conduct to contractor employees within 14 days after contract award.

(c) Training and compliance personnel.

(1) A transmission provider must provide annual training on the standards of conduct to all 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.

The CCO shall distribute a copy of the currently effective SOC Procedures to each newly-hired employee, including Contractors, within 30 days of hiring, included as part of an email requiring FERC Order No. 717 Compliance Training. A link to the SOC Procedures is also available within the training module. The new employee is instructed to read and follow these SOC Procedures. Managers/Supervisors shall ensure that each new employee (by new

hire, promotion or job transfer) completes and certifies the required Computer Based Training (CBT) within 30 days of employment.

Western provides and requires completion of on-line CBT for all employees, including the managers of the Western Transmission Providers. By registering and completing the CBT, all employees shall electronically certify that they have been trained on the SOC. Western will provide annual CBT refresher training for all employees. The purpose of the annual training will be to ensure that employees understand these SOC Procedures and will comply with the requirements. The CBT refresher training will also require electronic certification of attendance. Record of completion of this training shall be maintained by Western's SOC Compliance Advisor.

(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 website.

Western Transmission Providers' Chief Compliance Officer is:

Anthony Montoya
12155 W. Alameda Pkwy
Lakewood, CO 80228-8213
Phone: (720) 962-7070
Email: SOCChiefComplianceOffice@wapa.gov

The SOC Points of Contact are posted on Western's OASIS by the regional Operations SOC Points of Contact. Employee requests for interpretation of the SOC or these SOC Procedures should be submitted to their manager or supervisor, the applicable SOC Point of Contact, or the CCO.

Each internal or external inquiry regarding the SOC or these SOC Procedures addressed to the CCO will be retained in an electronic file. The CCO or designee will acknowledge receipt of these inquiries within 5 business days of receipt. Answers to these inquiries will be provided within 10 business days, if possible. If not, the person who made the inquiry will be updated and provided a projected time frame of when they will receive the answer to their inquiry.

(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.

The Western Transmission Providers shall maintain their books of account and records separately from those of their EMMO. These records shall be available upon request for

FERC inspections. The Chief Financial Officer shall be responsible for ensuring that separate books and records are maintained.

APPROVED



Anthony H. Montoya
Chief Compliance Officer

APPENDIX A – COMMUNICATION GUIDELINES

OVERALL REQUIREMENTS

Transmission Function Employees for Western must function independently from Marketing Function Employees. The Transmission Function must treat all Transmission Customers, affiliated and non-affiliated, on a non-discriminatory basis, and must not operate the transmission system to preferentially benefit nor disadvantage its EMMO.

PROHIBITED COMMUNICATIONS

The Transmission Function must operate in a manner such that the Marketing Function Employees do not have access to any information about the transmission system or operations that is not contemporaneously available to all users of the OASIS or Internet website. This information includes the following, without limitation:

- Transmission System Operating Information
 - Transmission line flows
 - Transmission equipment status
 - Transmission system modeling
 - Transmission operating procedures (current and planned)
 - Available transfer capability (current and forecast)
 - Storage and balancing information
 - Transmission maintenance activity, including scheduled and forced outages
 - Curtailments of transmission service
 - Information about or from a third party or potential Transmission Customer unless the other party consents in writing and notice of such consent is posted on OASIS
 - Historical transmission data that has not been made public
- Transmission Services and Pricing
 - Inquiries about potential transmission services, facilities, or expansion prior to a formal OASIS request
 - Requests for new or expanded transmission services prior to a formal OASIS request
 - Ancillary services
 - Unposted transmission pricing information including discount requests, potential OATT changes, and future transmission rate cases

- Transmission System Planning Information
 - Potential generation sites based on transmission data (unless a public plan locating favorable injection sites is produced)

This information must be requested and provided to the Marketing Function Employees through the applicable OASIS. Transmission Function Employees or representatives may not disclose to the Marketing Function Employees or representatives any information concerning the Western Transmission Providers' transmission systems or operations or the transmission system of another Transmission Provider, including information obtained from non-affiliated Transmission Providers.

If prohibited non-public disclosures are made, they must be immediately reported to the CCO at SOCChiefComplianceOffice@wapa.gov and posted on the applicable OASIS.

PERMITTED NON-PUBLIC COMMUNICATIONS

In general, joint meetings between Transmission Function Employees and Marketing Function Employees are permitted as long as prohibited Transmission Function Information as described above is not shared, the meeting does not convey undue preference, and the meeting topic is allowable under these SOC Procedures. Also as general guidance, a Transmission Provider should not disclose Transmission Function Information to its Marketing Function Employees unless the disclosure is made or offered to be made to all Transmission Customers or potential customers at the same time.

The following categories of communications are permitted:

- FERC, RTO and ERO Issues: The Transmission Function Employees and Marketing Function Employees may communicate regarding FERC regulatory, regional transmission organization (RTO), Electric Reliability Organization (ERO), and regional reliability council (RRC) proceedings, including policy and rulemaking activities and ERO or RRC reliability standards. Each such meeting should begin with a reminder that the Western SOC Procedures apply to communication during the meeting. In addition, specific non-public Transmission Function Information as listed above shall not be discussed. Meeting minutes or a summary shall be prepared by the meeting organizer and shall be forwarded to and retained by the CCO for three years. See Appendix B for further guidance on conducting meetings.
- Existing WMF/EA Transmission Service Arrangements: The Transmission Function Employees and Marketing Function Employees may communicate about the EMMO's existing transmission service arrangements, including billing issues and existing interconnection facility operation and maintenance coordination. However, the Transmission Function should conduct such communications in the same manner as with

non-affiliated customers, and non-public Transmission Function Information shall not be disclosed.

- Generation Dispatch: The Transmission Function may share generation information with its EMMO which is necessary to perform generation dispatch and maintain operations of the transmission system. Applicable "fire walls" within the EMS shall be preserved, and standard EMS dispatch records retained. Such communication shall not include specific information about (a) an individual third party transmission transaction, (b) potential third party transmission arrangements, (c) generation dispatch by non-utility generators (e.g., Pips) without a written consent by the non-utility generator in order for the EMMO to receive this information or act as the operating agent of such non-utility generator as described below, or (d) prohibited non-public Transmission Function Information as described above.
- New Transmission Service Requests: Once a valid transmission service request has been made by Western's EMMO, the Transmission Function is not required to contemporaneously disclose (e.g., post on OASIS) information solely related to the EMMO's specific request for transmission service beyond the information required for other similar requests by non-affiliates. The Transmission Function and the EMMO can meet and discuss specific issues related to the transmission service request, including the request agreement, billing issues, or specific interconnection facility options. Communication should be limited to information required to negotiate, perform under, and administer the specific contract(s) related to the request. The Transmission Function shall not provide advance information to the EMMO (or any other Transmission Customer), regarding a general transmission system expansion project since such information would not be transaction-specific and could give an undue competitive advantage. A notice of availability for draft interim and final transmission service study reports must be posted on the applicable OASIS for all transmission service requests (whether for the Western EMMO or a non-affiliate), treating all customers in a comparable and non-discriminatory manner. The Transmission Function may also communicate without documentation with EMMO employees regarding existing procedures for obtaining transmission service, such as study procedures, transmission service request procedures and interconnection procedure schedules. Such communications shall occur in the same manner as similar communications with non-affiliates.
- Generation Interconnection Requests: Once a valid generation interconnection request has been made, the Transmission Function may have scoping or capacity expansion or new development meetings with the Interconnection Customer pursuant to FERC Order No. 2003, *et seq.*, Order No. 2006, *et seq.*, and/or the OATT. In accordance with FERC Order No. 2003, *et seq.* (Large Generation Interconnection Procedures), the Transmission

Function must also post notice of a scoping meeting with its EMMO on the OASIS and make transcribed meeting minutes available upon request.

Note: A generation interconnection scoping meeting is *not* required if the meeting will only include Transmission Function and energy supply employees who are not designated as Marketing Function Employees. A notice of scoping meeting *is* required if Marketing Function Employees will attend, for example, a meeting related to the interconnection of a new generator that will deliver power to a Western customer under a purchased power agreement (PPA) between the generator and the EMMO. A notice of availability of draft interim and final generation interconnection study reports must be posted on the applicable OASIS for all generation interconnection requests (whether for the EMMO or a non-affiliate), treating all large generation interconnection customers in a comparable and non-discriminatory manner. See Appendix B for further guidance on conducting meetings.

- **Data Collection:** Pursuant to the Network Integration Transmission Service (NITS) and Network Operating Agreement provisions of Western's OATT, the Transmission Function may conduct periodic data collection processes (generation, loads, and demand-side management) to collect information from Transmission Customers, including the EMMO, regarding point-to-point or network resources and load and the need for potential expansion of the transmission network. The Transmission Function shall use comparable information gathering methods for all Transmission Customers. The EMMO may have a representative on the Network Operating Committee (NOC). The Transmission Function may disclose transmission expansion projects and plans to the EMMO and other NOC members only if the information is contemporaneously posted on the OASIS or communicated at a public open meeting.
- **Third Party Customer Information:** The Transmission Function may communicate third-party Transmission Customer information to the affiliated EMMO employees, or any other Transmission Customer, only if the third-party Transmission Customer has consented in writing and the consent and disclaimer are posted on the OASIS. Such consent shall be obtained from (a) wholesale customers purchasing capacity and/or energy from the EMMO and where the EMMO is obtaining transmission services for the benefit of the wholesale customer, and (b) any entity proposing to enter into a PPA and interconnecting a new generator to the transmission system of Western. The written consent must be noted on the OASIS and retained for the duration of its effective period. Also, the CCO shall retain the written consent for at least three years after the consent expires.
- **Emergency Communications:** In accordance with 18 CFR § 358.7(g)(2), section VIII(g)(2) of Western's SOC Procedures states that "[i]n the event of an emergency (such

as earthquake, tornado, fire, flood, hurricane, etc.) which severely disrupts normal business operations, [the] OASIS posting requirements may be suspended by the Transmission Provider," and thus during an emergency event the Transmission Function may communicate to the Marketing Function non-public Transmission Function Information as deemed necessary to resolve the disruption. Given Western's unique status as a Federal power marketing administration, the phrase "normal business operations" applies to imminent or ongoing violations of transmission system reliability, Statutory Service commitments, hydroelectric generation-related environmental constraints, and/or watershed legislation or operating guidelines, but it does not apply to issues such as increased workload for a Western Marketing Function or any Third Party Transaction. (Note: The terms Statutory Service and Third-Party Transaction have the same meaning as defined in Western's April 16, 2009 Policy Statement on the Provision of Transmission Service to Western's Merchant Function executed by the Administrator and posted on Western's OASIS sites.)

Transmission and Marketing Function management and staff should use their informed, principled judgment in deciding whether non-public Transmission Function Information should be disclosed during emergency events. In the particular case of an emergency event requiring the Transmission Function to request a change in Federal generation output that the Marketing Function has good reason to believe may cause a violation of Statutory Service commitments, hydroelectric generation-related environmental constraints, and/or watershed legislation or operating guidelines, the Marketing Function may request—and the Transmission Function should provide—non-public Transmission Function Information pertinent to the request for the change in output so that the Marketing Function may have opportunity to propose alternative solutions that would avoid such a violation.

In any case, as indicated under section VIII(g)(3) of Western's SOC Procedures, the Operations Manager shall notify the CCO immediately upon suspension of the OASIS posting requirements. Also, within 24 hours of any emergency deviation from the SOC Procedures, the regional Operations SOC Point of Contact, in collaboration with the regional Operations Manager and the CCO, shall post a notice of such deviation and any corrective actions taken on the Transmission Provider's OASIS. The CCO will conduct an *ex post* analysis of the incident to ascertain if any disclosure of non-public Transmission Function Information was justified in light of the nature of the event, and if needed the CCO's consequent report will provide further guidance regarding such disclosures during emergency events.

- **Required Operational Information:** Information necessary to maintain the operations of the transmission system on a day-to-day basis.

NO CONDUIT PROVISIONS FOR OTHER EMPLOYEES

- (1) The “No Conduit” rule states that an employee of Western may not provide non-public Transmission Function Information to Marketing Function Employees if the Transmission Function could not provide that same information directly.

The “No Conduit” rule applies to the Transmission Function Information defined in the **Prohibited Communications** section above.

Employees subject to the No Conduit rule include support employees and any other employees, contractors, consultants or agents who have or may have access to non-public Transmission Function Information.

- (2) Support employees provide services to either the Transmission Function or EMMO as well as to other operations not defined as Transmission Function or Marketing Function.

APPENDIX B – MEETING GUIDELINES

INTRODUCTION

Among other things, Western's SOC Procedures prohibit preferential or special access to non-public Transmission Function Information by Marketing Function Employees. FERC is concerned that internal meetings provide an opportunity for possible preferential disclosure of non-public Transmission Function Information. These guidelines are designed to avoid such disclosures and help assure SOC compliance at Western.

Meetings including both Transmission Function and Marketing Function Employees are not subject to these guidelines as long as the meetings do not relate to Transmission or Marketing Function activities. Such meetings include periodic leadership meetings, as well as meetings to discuss long-term strategic corporate goals, benefit options, safety training, employee development, charity drives, etc. However, the No Conduit Rule still applies to these meetings.

MEETING GUIDELINES

The following guidelines will help Western employees comply with the SOC Procedures during meetings that include both Transmission Function and Marketing Function Employees:

- **Prepare** a written agenda and then follow it
- **Include** a reminder about the SOC Procedures as first item on meeting agenda
- **Invite** the regional SOC Liaison (identified on http://www.int.wapa.gov/insidewestern/programs/ferc_soc/default.htm) to attend the meeting to provide guidance if SOC issues arise
- **Prepare** written meeting minutes
 - Include a list of attendees
 - If Marketing Function Employees leave the meeting in order to comply with the SOC Procedures, it should be noted in the minutes
 - Forward copy of the minutes to SOCChiefComplianceOffice@wapa.gov
- **Review** the list of prohibited types of non-public Transmission Function Information in Appendix A of the SOC Procedures
- **Do not discuss non-public Transmission Function Information subject to Western's SOC Procedures**
- **Document the discussion** in enough detail to allow the CCO to ensure that non-public Transmission Function Information was not improperly disclosed

Important: If a Transmission Function Employee discloses non-public Transmission Function Information to Marketing Function Employees during the meeting, contact the CCO

immediately so the information can be contemporaneously posted on the applicable OASIS.

NO CONDUIT RULE FOR OTHER EMPLOYEES

In addition to prohibiting direct disclosures between the Transmission Function Employees and Marketing Function Employees, the SOC Procedures prohibit other Western employees from acting as a conduit of non-public Transmission Function Information to Marketing Function Employees. If any Western employee attends a meeting with Transmission Function Employees and non-public Transmission Function Information is discussed, this information shall not be shared with Marketing Function Employees.

MORE INFORMATION

Additional questions should be directed to the CCO at:

- SOCChiefComplianceOffice@wapa.gov

The following web sites also provide additional information pertaining to FERC SOC:

- http://www.int.wapa.gov/insidewestern/programs/ferc_soc/default.htm (internal Western access only)
- <http://www.ferc.gov/enforcement/stand-conduct.asp>
- <http://www.ferc.gov/enforcement/stand-conduct/resources.asp>