



**American Transmission Company LLC**

**FERC Standards of Conduct  
Compliance Plan**

**November 26, 2008**

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## **1.0 Purpose**

The Federal Energy Regulatory Commission (“FERC” or the “Commission”) has promulgated a regulation titled “Standards of Conduct” which is codified in the Code of Federal Regulations in 18 CFR Part 358. The Standards of Conduct set forth legal requirements applicable to any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce. The regulation designates such utilities as “transmission providers.” American Transmission Company LLC (ATC) is a transmission provider and as such is subject to the Standards of Conduct regulations. The purpose of the Standards of Conduct is to assure that transmission providers do not provide preferential treatment or access to information about transmission that would unfairly benefit their own or their affiliates’ sales to the detriment of competitive markets.

The Standards of Conduct rule sets forth four general principles. These principles include:

- 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 permitted in the 10 CFR 358 or otherwise permitted by Commission Order.

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

This Compliance Plan identifies the procedures by which ATC complies with these principles, as well as the more detailed requirements and provisions of the Standards of Conduct which implement these principles. ATC's Compliance Plan constitutes the written procedures used by ATC to implement the FERC Standards of Conduct, 18 CFR Part 358.

## **2.0 Background**

ATC is an electric transmitting utility under the terms of the Federal Power Act (16 U.S.C. 824, *et seq.*) and is subject to the jurisdiction of the FERC. ATC owns and operates an electric transmission system and receives and communicates certain transmission operating and reliability-related information relating to its transmission system to interconnected companies, both affiliated and non-affiliated, in order to properly, safely and reliably operate ATC's electric transmission system in conjunction with the interconnected electric generating, transmission and distribution system.

ATC is a stand-alone transmission company that is a member of the Midwest ISO. ATC transferred operational control of its transmission system to the Midwest ISO and transmission service is provided to various entities over ATC's transmission system under the terms of the Midwest ISO Open Access Transmission Tariff (OATT). ATC provides day-to-day operation and system control of its transmission system, including the necessary maintenance, repair, and replacement of elements of its transmission system, as well as the planning, design, engineering, siting, certification, and construction of new elements, extensions and expansions of ATC's transmission system.

### **3.0 Terms and Definitions**

ATC's Compliance Plan utilizes terms contained and defined in the Standards of Conduct Rule (18 CFR 358). The following terms and definitions supplement those contained in 18 CFR 358.

(a) **Internet Website** refers to Internet locations where ATC posts the information, by electronic means, required under 10 CFR 358. As used in ATC's Compliance Plan, Internet Website is a reference to either ATC's corporate public Internet Website or ATC's web pages on the Midwest ISO Open Access Same Time Information System (OASIS).

(b) **Other Employee** means an employee, contractor, consultant or agent of ATC or of an affiliate of ATC who is not considered and classified as either a transmission function employee or a marketing function employee.

(c) **Standards of Conduct Agreement (SOCA)** refers to an agreement executed between ATC and its affiliated and interconnected companies which defines

responsibilities and the terms and conditions under which information is exchanged between the companies to assure such exchanges are done in accordance with the requirements of the Standards of Conduct Rule.

#### **4.0 Responsibilities**

ATC is subject to the Standards of Conduct Rules of FERC (18 CFR 385). ATC employs transmission function employees and is prohibited from disclosing transmission function information to market function employees and is prohibited from using any employee as a conduit of non-public information to marketing function employees. ATC does not employ, and does not anticipate employing in the future, marketing function employees. ATC's affiliated companies employ marketing function employees. Both ATC and ATC's affiliated companies employ Other Employees that are neither marketing function employees nor transmission function employees.

In the operation of its transmission system, ATC will exchange information to affiliated or interconnected companies necessary for the safe and reliable operation of the transmission system and the generating and distribution facilities interconnected with ATC's system. This exchange of information will be performed in compliance with the Standards of Conduct.

The exchange of information between ATC and its affiliated companies shall be done in accordance with the provisions of a Standards of Conduct Agreement (SOCA). The SOCA defines the permitted and prohibited communications between ATC and its affiliated companies. The SOCA also defines training, information exchange, and recordkeeping requirements necessary to support compliance with the Standards of

Conduct. The SOCA provides assurance that the information necessary to be exchanged between ATC and its affiliated companies to assure the safe and reliable operation of bulk electric systems is done in conformance to the Standards of Conduct. The use of the SOCA provides the basis (1) for ATC to control and monitor the exchange of information, (2) to secure the required training, and (3) to demonstrate responsibilities are defined to assure conformance with the Standards of Conduct Rule and ATC's Compliance Plan.

## **5.0 Independent Functioning Rule (18 CFR 358.5)**

### **5.1 General Rule (18 CFR 358.5(a))**

ATC is a stand-alone transmission company and does not own or operate any generation or distribution assets. ATC engages only in transmission operations and performs transmission functions as defined in section 358.3 (h) of 18 CFR 358. To perform transmission related functions, ATC employs transmission function employees. ATC performs no marketing functions as defined by section 358.3(c) of 18 CFR 358 and as such employs no marketing function employees. ATC's affiliated companies perform marketing functions and employ marketing function employees. ATC is a separate company with separate offices from its affiliated companies. The separation of the companies and the associated separation of transmission function employees from marketing function employees ensure independent functioning as required by Section 358.5(a).

### **5.2 Separation of Functions (18 CFR 358.5(b))**

Employees of ATC's affiliates which have been identified as marketing function employees are prohibited from conducting transmission functions. Similarly, ATC employees that have been identified as transmission function employees are prohibited from conducting marketing functions.

ATC's Chief Compliance Officer is responsible for maintaining a list of employees that have been identified as transmission function employees and marketing function employees and is responsible for assuring the continued separation of these functions and to enforce the prohibitions required by Sections 358.5(b)(1) and 358.5(b)(2).

Access to each of ATC's system operations centers is strictly limited to transmission function employees or other authorized employees providing support of system operations. Marketing function employees are prohibited from gaining access to ATC's system operating centers. Access to the ATC system operations centers is positively controlled by security features and access procedures.

In addition to physical separation of the transmission function employees from marketing function employees, ATC administers computer and cyber security programs which control access to ATC's computer systems. ATC's computer security processes assure that unauthorized employees are not able to access ATC computer systems



## **6.0 No Conduit Rule (18 CFR 358.6)**

### **6.1 Prohibited Communications**

ATC shall not disclose to affiliates' marketing function employees any non-public transmission function information, except such information permitted under 18CFR 358.7(h)(2)(i) or (ii) as summarized in Section 6.2 below. ATC employs transmission function employees and is prohibited from disclosing non-public transmission function information including but not limited to the planning, directing, organizing or carrying out the day-to-day transmission operations to any employee that might act as a conduit of such non-public information to marketing function employees of affiliated companies.

All employees are prohibited from using anyone as a conduit for disclosure of non-public transmission function information to marketing function employees.

### **6.2 Permitted Communications**

In the day-to-day operation of ATC's affiliated companies' facilities and systems, the affiliates' Other Employees (non-marketing function employees) must receive non-public transmission function information and other information from ATC to assure the safe and reliable operation of the affiliates' facilities and transmission system and to assure compliance with the NERC Reliability Standards. To the extent that ATC provides non-public transmission function information to Other Employees (non-marketing function employees) , these Other Employees who receive such non-public

information are not permitted to disclose or act a conduit of such non-public transmission function information received from ATC to the affiliates' marketing function employees.

ATC may, in its discretion, provide non-public transmission function information to affiliates' marketing function employees in accordance with 18 CFR §.358.7(h)(2)(i) and (ii), provided that, in ATC's sole judgment, there are circumstances that warrant providing the non-public transmission function information to such marketing function employees of affiliated companies rather than providing such non-public transmission information to Other Employees of the affiliated or interconnected companies. In the event that ATC discloses such non-public transmission function information to an affiliates' marketing function employees, ATC will record those conversations and such records will be retained by ATC for a period of five (5) years following the date of such disclosure.

## **7.0 Transparency Rule (18 CFR 358.7)**

In accordance with the provisions of Section 358.7 of the Rule, ATC will administer and maintain an Internet Website and/or OASIS Website which is used to: 1) make contemporaneous disclosures of information, 2) post written procedures, 3) identify required affiliate information, and 4) identify required employee information. ATC's Chief Compliance Officer is responsible for assuring ATC's public Internet Website and/or OASIS Website and for assuring the Internet Website conforms to the requirements of section 358.7 of the Rule. The ATC Internet Website and/or OASIS Websites will be organized such that the postings required by Section 358.7 will be sufficiently prominent as to be readily accessible.

## **7.1 Contemporaneous Disclosures (18 CFR 358.7(a))**

If non-public transmission information is disclosed in a manner contrary to the requirements of Section 358.6, ATC will immediately post the information which was disclosed on ATC's public Internet Website.

If non-public information is disclosed in a manner contrary to the requirements of Section 358.6 which involves customer information or CEII as defined in 388.113(c)(1), or any other information the Commission by law has determined to be subject to limited dissemination, ATC will immediately post notice on its Internet Website that such information was disclosed. For such instances of disclosure, the specific information which was disclosed will not be posted to ATC's Internet Website, but notice that the information was disclosed will be posted.

As an exclusion to the contemporaneous disclosure requirement, ATC is not required to make contemporaneous disclosures for specific transaction information. In accordance with 358.7 (b), ATC's transmission function employees may discuss with its affiliates' marketing function employees a specific request for transmission service submitted by the marketing function employee. For such specific requests, ATC is not required to contemporaneously disclose the information otherwise covered by Section 358.6 if the information relates solely to a marketing function employee's specific request for transmission service.

## **7.2 Posting Written Procedures on ATC's Public Internet Website (18 CFR 358.7(d))**

ATC will post on its public Internet Website this Compliance Plan which contains the procedures for implementing the Standards of Conduct.

### **7.3 Identification of Affiliate Information on ATC's Public Internet**

#### **Website (18 CFR 358.7(e))**

ATC will post and maintain on its public Internet Website the names and addresses of its affiliates that employ and retain marketing function employees.

ATC's Internet Website will also include a list of the employee-staffed facilities shared by transmission function employees and marketing function employees. If any such facilities are identified, the Internet Website posted list will include a summary of the types of facilities shared and the address of the facilities. ATC does not share, and does not anticipate in the future sharing, any facilities regularly used or occupied with any other entity, including any affiliated companies that employ marketing function employees.

ATC will post on its Internet Website information concerning potential merger partners as affiliates that may employ or retain marketing function employees. Such public posting will be made by ATC within seven days after the potential merger is announced.

### **7.4 Identification of Employee Information of ATC's Public Internet**

#### **Website (18 CFR 358.7(f))**

ATC will post on its Internet Website the job titles and job descriptions of all employees which have been identified as transmission function employees.

ATC will post a notice on its Internet Website any employee transfers which involve the 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 to be posted will include:

1) the name of the transferring employee, 2) the respective titles held while performing each function (i.e., as a transmission function employee and as a marketing employee), and 3) the effective date of the transfer. All such information posted regarding job transfers shall remain on ATC's Internet Website for a minimum of ninety (90) days.

**7.5 Timing and General Requirements of Postings on ATC's Public Internet Website (18 CFR 358.7(g))**

If any changes occur regarding the information which is required to be posted in accordance with Part 358, ATC will update its Internet Website within seven days of occurrence of the change. Each time information is updated on ATC's Internet Website, the date on which the update was made shall be noted on the posting.

**7.6 Suspension of Posting Requirements Due to Emergency Conditions (18 CFR 358.7(g)(2))**

If ATC's business operations are severely disrupted by an emergency condition such as an ice storm, earthquake, flood, fire or hurricane, ATC may suspend the posting requirements of Part 358. The suspension of posting requirements will be authorized and documented by ATC's Chief Compliance Officer. The authorization to suspend the posting requirements may not last for a period of more than thirty (30) days.

If ATC's Chief Compliance Officer determines that the emergency condition will continue to severely disrupt ATC's business operations beyond thirty (30) days, ATC will notify the Commission and seek approval from the Commission for the authority to continue to be exempt from the posting requirements beyond a thirty (30) day period.

## **8.0 Implementation Requirements (18 CFR 358.8)**

In accordance with Section 358(b)(1) of the Rule, ATC has implemented measures to ensure the requirements of the “independent functioning” and the “no conduit” provisions are observed by ATC’s employees and employees of ATC’s affiliated and interconnected companies. These measures will include: 1) the administration of a Standards of Conduct Agreement (SOCA) with appropriate affiliated and interconnected companies, 2) the distribution of the ATC Compliance Plan to appropriate ATC and affiliated company employees and posting of the Compliance Plan on ATC’s Internet Website and/or OASIS Website, 3) a training program for ATC and/or affiliated company transmission function employees, marketing function employees, officers, directors and any other employees likely to become privy to transmission function information, and 4) the designation of a Chief Compliance Officer who has responsibility for and monitors Standards of Conduct compliance.

### **8.1 Distribution of Compliance Plan (18 CFR 358.8(b)(2))**

Section 358.8(b)(2) of the Rule requires ATC to distribute the Compliance Plan 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.

A copy of ATC’s Compliance Plan will be distributed annually to each employee required to take the annual Standards of Conduct training. The distribution of the Compliance Plan will typically occur at the time that annual Standards of Conduct training is provided. The Compliance Plan will also be available to all employees on the ATC’s Internet Website.

For those companies that have executed a SOCA with ATC, the Compliance Plan will be distributed to employees within those affiliated companies according to the provisions of the SOCA.

## **8.2 Training (18 CFR 358(c)(1))**

ATC will provide annual training on the Standards of Conduct to all of its transmission function employees, officers, directors, supervisory employees, and any other employee likely to become privy to transmission function information. The Chief Compliance Officer will maintain a list of ATC employees that have been classified as transmission function employees and will also maintain a list of all other employees who may become privy to transmission function information for which annual training will be required. Such list of employees required to take the annual training will include ATC contractors and consultants, as determined appropriate by the Chief Compliance Officer.

The Chief Compliance Officer is responsible for developing and maintaining ATC's Standards of Conduct training module. The ATC Standards of Conduct training module will primarily be administered as computer-based training. Each ATC employee taking the computer-based training shall certify electronically that the training has been completed. As an alternative to the computer-based training, the training may be completed in a typical classroom setting or by the employee's review of a paper copy of the training module. In such cases, the employee will certify in writing that the training has been completed.

ATC will provide training to new ATC employees that have been determined by the Chief Compliance Officer as requiring the training. Such training for new ATC employees will be conducted within the first thirty (30) days of employment.

For the affiliated and interconnected companies that have executed a SOCA with ATC, those companies are obligated to train their employees and maintain training records in accordance with the training provisions defined in the SOCA. ATC will provide its Standards of Conduct training materials to its affiliated and interconnected companies so that the companies may use it to provide training to their employees. ATC's affiliated and interconnected companies may use training materials that their companies have developed for conducting the Standards of Conduct training which ATC has reviewed and determined that such training materials are sufficient.

### **8.3 Designation of Chief Compliance Officer (18 CFR 358(c)(2))**

The Chief Compliance Officer designated by ATC is Douglas F. Johnson, Manager of Operational Compliance. Mr. Johnson reports directly to the Vice President, Legal and Secretary.

The Chief Compliance Officer is responsible for implementing and monitoring compliance with Standards of Conduct. The Chief Compliance Officer is responsible for the content of these procedures and is responsible for ensuring that these procedures comply with the Standards of Conduct and any future regulations adopted by the Commission. The Chief Compliance Officer is also responsible for ensuring ongoing compliance with the Standards of Conduct and these procedures, including answering questions raised by employees, providing advice regarding compliance, overseeing required updates to Internet Website postings, overseeing the Standards of Conduct training program, and investigating potential violations of the Standards of Conduct.

ATC employees are required to promptly report all suspected violations of the Standards of Conduct to ATC's Chief Compliance Officer. In accordance with the



SOCA, ATC's affiliated companies are also required to promptly notify ATC's Chief Compliance Officer of any potential violations of the Standards of Conduct.

In the event Mr. Johnson no longer acts as ATC's Chief Compliance Officer, ATC will designate another Chief Compliance Officer within ten (10) business days. Mr. Johnson or his successor's contact information will be posted on ATC's Internet Website.

#### **8.4 Books and Records (18 CFR 358.8(d))**

As a stand-alone transmission company, and a separate business entity, ATC keeps its books and records separate from all of its affiliates. ATC's books of accounts and records will be available for Commission inspection.

### **9.0 Monitoring and Enforcement of Compliance**

ATC is committed to comply with the Standards of Conduct Rule. It is ATC's policy that every officer, employee, contractor and consultant adhere to the Standards of Conduct. All employees are responsible for compliance with the Standards of Conduct Rule and ATC's Compliance Plan.

Any employee who knows of or suspects that a violation or non-compliance of the Standards of Conduct or ATC's Compliance Plan has an obligation to report such non-compliance or violation immediately. Known or suspected violations shall be reported to ATC's Chief Compliance Officer or a supervisor or company officer who should then notify the Chief Compliance Officer immediately. The Chief Compliance Officer shall determine the need to, and take appropriate action to post, report and investigate the known or suspected violation.