

EKPC Standards of Conduct for Transmission Providers

East Kentucky Power Cooperative, Inc.

Standards of Conduct for Transmission Providers

Introduction

This document summarizes the processes and controls established within East Kentucky Power Cooperative, Inc. (“EKPC”) to ensure compliance with the Federal Energy Regulatory Commission (“FERC” or “Commission”) Standards of Conduct for Transmission Providers (“Standards of Conduct”). This document functions as an employee reference guide and reflects EKPC’s commitment to compliance with the FERC Standards of Conduct.

Statement of Policy

It is the policy of EKPC to fully comply with the FERC Standards of Conduct. These written procedures document EKPC’s implementation of the Standards of Conduct.

Chief Compliance Officer

Patrick Woods, Director, Regulatory and Compliance Services, is EKPC’s Chief Compliance Officer for the Standards of Conduct. Mr. Woods is responsible for training all officers and employees in both the Transmission Operations Team and the Market Operation Center (“MOC”) Team on the Standards of Conduct and for distributing the Standards of Conduct document to all employees of ACES involved in the Wholesale Merchant Function on EKPC’s behalf and to all EKPC employees who provide services to both the Transmission Operations Team, the MOC Team and ACES.

Questions and concerns about interpretations or application of the Standards of Conduct policy and procedure should be directed to Mr. Woods:

Patrick Woods
Director, Regulatory and Compliance Services
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
Winchester, KY 40392
859-745-9368
patrick.woods@ekpc.coop

Violations & Reporting

Any suspected violation of the Standards of Conduct will be fully investigated by EKPC’s Chief Compliance Officer for the Standards of Conduct. Any person deemed to have violated the Standards of Conduct may be subject to disciplinary action, up to and including termination, depending upon the circumstances of the violation.

All suspected or potential violations of the FERC Standards of Conduct shall be immediately reported to EKPC’s Chief Compliance Officer for the Standards of Conduct, or any officer of the Cooperative, thus allowing EKPC to take any and all necessary corrective actions. All such reports shall be treated confidentially.

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Implementation of Standards of Conduct

Separation of Transmission and Merchant Functions

Pursuant to Part 358 of the Federal Energy Regulatory Commission's regulations (18 C.F.R. Part 358), EKPC has separated its transmission and wholesale merchant functions so that employees engaged in transmission system operations will function independently of employees engaged in wholesale merchant functions. EKPC's wholesale merchant function, defined by FERC as "the sale for resale of electric energy in interstate commerce," is performed by the EKPC Market Operations Center (MOC) Team and its agent, ACES. The MOC Team, as part of EKPC's Power Supply Group, reports to the Senior Vice President of Power Supply. The MOC Team is physically separated from the EKPC transmission function in a security-card-controlled access area and access is given only to those personnel who have significant need to enter these facilities. The MOC Team has no access to any preferential information concerning EKPC's transmission system that is not available to all users of the PJM Open Access Same Time Information System ("OASIS"). ACES, whose contract is overseen by the Power Supply Group, is headquartered in Carmel, Indiana and has no access to any preferential information concerning EKPC's transmission system that is not available to all users of the PJM OASIS.

EKPC's transmission function is overseen by PJM and implementation of all directives is carried out by EKPC's Transmission Operations Team. PJM is responsible for all OASIS functions, including data maintenance, acknowledgment and reporting, receiving and responding to transmission service requests, and determining Available Transmission Capacity ("ATC") and Total Transmission Capability ("TTC"). EKPC's Transmission Operations Team is responsible for transmission system control and reliability functions, at PJM's direction. The Transmission Operations Team, as part of the Power Delivery and System Operations Group, reports to the Senior Vice President for Power Delivery and System Operations. The work area of the Transmission Operations team is a security-card-controlled access area and access is given only to those personnel who have significant need to enter these facilities. Personnel who engage in the wholesale merchant function do not have access to this work area. Appropriate organizational charts and job descriptions are posted on the EKPC website.

In emergency circumstances affecting system reliability, EKPC, in conjunction with PJM, will take whatever steps it deems necessary to maintain system reliability. However, PJM will report to the Commission and on the OASIS each emergency that resulted in any deviation from the Standards of Conduct set forth in Part 358 of the Commission's regulations, within 24 hours of such deviation.

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Employee Conduct

All EKPC employees affected by these procedures will adhere to the following rules governing employee conduct:

1. Any employee of EKPC engaged in wholesale merchant functions will not conduct transmission system operations or transmission reliability functions.
2. Any employee of EKPC engaged in wholesale merchant functions will not have access to transmission system control equipment or similar facilities used for transmission operations or transmission reliability functions.
3. An employee transfer between the wholesale merchant function and transmission system operation function cannot be used to circumvent the standards of conduct set forth in Part 358 of the Commission's regulations.
4. Notices of any employee transfer between the Power Delivery and System Operations Group, the MOC and ACES will be posted on the OASIS. The information to be posted on OASIS will include: (a) the name of the transferring employee, (b) respective titles held while performing each function on behalf of EKPC, and (c) the effective date of the transfer.
5. No employee of EKPC or ACES engaged in the wholesale merchant function will have access to any information concerning EKPC's transmission system that is not available to all users of the OASIS.
6. No employee of EKPC engaged in transmission operations or reliability functions will disclose to employees of EKPC or ACES engaged in the wholesale merchant function any information concerning EKPC's transmission system or the transmission system of another (including information received from non-affiliates or information about available transmission capability, price, curtailments, ancillary services, etc.) through non-public communications conducted off the OASIS, through access to information not posted on the OASIS that is not concurrently available to the general public without restriction.
7. Following discovery of an employee of EKPC engaged in transmission operations or reliability functions disclosing information not publicly available in a manner contrary to the requirements of the standards of conduct set forth in Part 358 of the Commission's regulations, EKPC will immediately post said information on the OASIS.
8. EKPC will not share any market information acquired from non-affiliated transmission customers or potential non-affiliated transmission customers, or developed in the course of responding to requests for transmission ancillary service on the OASIS with any of its employees engaged in the merchant functions, except to the limited extent information is required to be posted on the OASIS in response to a request for transmission service or ancillary services.

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- 10 Employees of EKPC or ACES engaged in the wholesale merchant function are prohibited from receiving non-public transmission information from a third-party. If an employee of EKPC or ACES engaged in the wholesale merchant function should receive such information, they should immediately ensure said information is posted on the OASIS.

Employee Training and Instruction

EKPC will provide training and instruction to, at a minimum, all employees in the Transmission Operations Team and the MOC Team, regarding the Standards of Conduct. EKPC will also distribute this document to all employees of ACES involved in the Wholesale Merchant Function on EKPC's behalf, and to all EKPC employees who provide relevant services to the Transmission Operations Team, the MOC Team and ACES.

All employees receiving training on these procedures will be required to sign the affidavit at the end of this document stating they have been trained in and fully understand these procedures.

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Affidavit

I have read and understand the rules and procedures implemented by East Kentucky Power Cooperative, Inc. to ensure compliance with the Cooperative's Standards of Conduct for Transmission Providers.

I understand that the purpose of these Standards of Conduct is to ensure that all transmission customers of East Kentucky Power Cooperative, Inc. will receive equal access to information that will enable them to obtain transmission services available under PJM's Open Access Transmission Tariff on a nondiscriminatory basis.

Print Name: _____

Signed: _____

Title: _____

Date: _____