

# **EKPC Standards of Conduct Implementation and Compliance Procedures**

## **I. 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”). The Standards of Conduct are regulations included in 18 C.F. R. Part 358.

The Standards of Conduct apply to public utilities that own, operate or control transmission facilities and conduct transmission transactions with an affiliate that engages in a Marketing Function (“Transmission Providers”). For the purposes of the Standards of Conduct, EKPC is a Transmission Provider.

The fundamental premise of the Standards of Conduct is that a Transmission Provider is precluded from taking any action that might provide any of its marketing affiliates, including any division or department of a Transmission Provider with an unfair advantage in the energy marketplace. The basic tenets of the Standards of Conduct are:

### ***Non-Discrimination***

- EKPC must treat all Transmission Customers—affiliated and non-affiliated—on a not unduly discriminatory basis, and may not give an undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage, with respect to the transmission or wholesale sales of electric energy in interstate commerce. 18 C.F.R. § 358.2(a).

### ***Independent Functioning Rule***

- EKPC’s Transmission Function Employees and agents must operate independently from its Marketing Function Employees, except as permitted in the Standards of Conduct or otherwise permitted by FERC order. 18 C.F.R. § 358.2(b).

### ***No Conduit Rule***

- EKPC and its employees, contractors, consultants and agents must not disclose,

or use a conduit to disclose, non-public Transmission Function Information to EKPC's Marketing Function employees. 18 C.F.R. § 358.2(c).

### ***Transparency***

- EKPC must provide equal access to non-public Transmission Function Information disclosed to Marketing Function Employees to all its Transmission Customers, affiliated and non-affiliated, except as provided in the Standards of Conduct for confidential customer information and Critical Energy Infrastructure Information. 18 C.F.R. § 358.2(d).

EKPC is a Kentucky-based not-for-profit generation and transmission electric cooperative that provides wholesale service to meet all the power requirements of its sixteen owner member distribution cooperatives.

## **II. 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. This document outlines the compliance measures and written procedures applicable to EKPC's Transmission Function Employees, Marketing Function Employees and agents, officers, directors, supervisory employees and any other employees likely to become privy to Transmission Function Information. This document is posted on EKPC's internet website.

## **III. CHIEF COMPLIANCE OFFICER**

Denise Foster Cronin, Vice President, Federal & RTO Regulatory Affairs, is EKPC's Chief Compliance Officer for the Standards of Conduct. Questions and concerns about interpretations or application of the Standards of Conduct policy and procedure should be directed to the Chief Compliance Officer:

Denise Foster Cronin  
Vice President, Federal & RTO Regulatory Affairs  
East Kentucky Power Cooperative, Inc.  
4775 Lexington Road  
Winchester, KY 40392  
859-745-9615 (Office)  
610-220-6382 (Cell)  
[denise.cronin@ekpc.coop](mailto:denise.cronin@ekpc.coop)

## **IV. VIOLATIONS & REPORTING**

Expectations for behavior for all EKPC employees and agents regarding compliance with the Standards of Conduct are articulated in EKPC's Standards of Conduct Implementation and Compliance Procedures. Employees and agents are required to report violations or potential violations of the FERC Standards of Conduct. 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. All reports will be investigated, and the investigation shall be treated confidentially.

EKPC employees also may contact the *Ethics & Compliance Hotline* at 866-458 to report concerns regarding compliance with the FERC Standards of Conduct or these Procedures. Requests for anonymity or confidentiality will be respected to the extent possible.

Any suspected violation of the Standards of Conduct will be fully investigated by EKPC's Chief Compliance Officer for the Standards of Conduct. The Chief Compliance Officer is responsible for determining whether to make contemporaneous disclosure on EKPC's internet website. 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. Similarly, disciplinary action may be taken if there is a reasonable basis to know that a violation is occurring or has occurred and an employee or agent failed to make the proper disclosure to the Chief Compliance Officer for the Standards of Conduct.

Retaliation by an employee against another who in good faith reports a concern regarding a suspected violation is prohibited. Any employee engaging in such retaliation may be subject to discipline up to and including discharge.

## V. DEFINITIONS

**Marketing Function** means the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial and physical transmission rights.

**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 a Marketing Function.

**Transmission** means electric transmission, network or point-to-point service, ancillary services or other means of electric transmission, or the interconnection with jurisdictional transmission facilities.

**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.

**Transmission Function** means the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.

**Transmission Function Employee** means an employee, contractor, consultant or agent of a Transmission Provider who actively and personally engages on a day-to-day basis in Transmission Functions.

**Transmission Function Information** means information relating to Transmission Functions.

**Transmission Provider** means any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce.

**Internet Web Site** refers to the Internet location where a public utility posts the information, by electronic means, required under the FERC Standards of Conduct.

## **VI. IMPLEMENTATION OF FERC STANDARDS OF CONDUCT**

### **Separation of Transmission and Marketing Functions**

EKPC's Transmission Function and Marketing Function are separate such that employees and agents performing roles in those functions act independently of each other and are physically separated. Although in separate physical spaces, Marketing Function Employees and Transmission Function Employees at EKPC's headquarters reside in the same physical building. Appropriate firewalls, access controls and behavioral rules governing the conduct of employees and agents to comply with the Standards of Conduct are in place.

### **Marketing Function**

EKPC's Marketing Function, defined by FERC as "the sale for resale of electric energy 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," is performed by certain employees in the Power Supply and Planning Division, including those in the Market Operations Center, under the executive leadership of the Vice President of Power Supply and Planning. The Market Operations Center (MOC) is physically separated from the EKPC transmission system operations center in a security-card-controlled access area; access to this area is given only to those personnel who have significant business need to enter these facilities and who are not Transmission Function Employees. The Marketing Function Employees have no access to any non-public information concerning EKPC's transmission system that is not available to all users of the PJM Open Access Same Time Information System ("OASIS") or otherwise publicly available on the EKPC internet website. ACES, whose contract is overseen by the Vice President of Power Supply and Planning, is headquartered in Carmel, Indiana and has no access to any non-public EKPC Transmission Function Information that is not available to all users of the PJM OASIS or otherwise publicly available on the EKPC internet website.

### **Transmission Function**

EKPC's Transmission Function, defined by FERC as "the planning, directing, organizing or carrying out the day-to-day transmission operations, including the granting and denying of transmission service requests," is performed by various groups reporting to the Senior Vice President of Power Delivery and System Operations, including the Transmission Operations Team, various groups reporting to the Vice President of Construction and Engineering. The work area of the Transmission Operations Team is a security- card-controlled access area; access

to this area is provided only to those personnel who have significant business need to enter these facilities. Employees and agents who engage in the Marketing Function do not have access to this work area.

EKPC posts on its website the job titles and job descriptions of its Transmission Function Employees.

EKPC also posts to its website notice of any transfer of Transmission Function Employees to a position as a Marketing Function Employee, or transfer of a Marketing Function Employee to a position as a Transmission Function Employee for **90 days**. Human Resources representatives shall coordinate with the employee's current and future manager and with the Chief Compliance Officer for the Standards of Conduct to ensure a posting is made to the internet website in compliance with the Standards of Conduct. Furthermore, EKPC ensures that no such job transfer may be used as a means to circumvent any provision of these regulations. The information posted will include:

- i. The name of the transferring employee;
- ii. The respective titles held while performing each function (i.e., as a Transmission Function Employee and as a Marketing Function Employee);  
and
- iii. The effective date of the transfer.

Such postings will be effectuated within **seven (7) business days** of any change and will indicate the date on which the information was posted. EKPC may also post this information on OASIS but is not required to do so.

### **PJM Operational Control Over EKPC Transmission Facilities**

The transmission facilities owned by EKPC are subject to the operational control of PJM Interconnection, L.L.C. pursuant to the terms of PJM's Open Access Transmission Tariff ("OATT"). PJM is the sole "provider" of open access transmission service over EKPC's transmission facilities. PJM administers the OATT; provides the services thereunder, such as transmission service, including network and point-to-point service and ancillary services; processes requests for all interconnections with transmission facilities in the PJM Control Area; and makes all decisions for scheduling services and processing interconnection requests. This FERC-approved, contractually memorialized arrangement assures that EKPC complies with the non-discrimination requirements of the Standards of Conduct.

## **Information Disclosure Rules**

EKPC is prohibited from using anyone as a conduit for the disclosure of non-public Transmission Function Information to its Marketing Function Employees. All employees and agents of EKPC are prohibited from disclosing non-public Transmission Function Information to any of EKPC's Marketing Function Employees and agents.

## **Transmission Function Information**

If non-public **Transmission Function Information** is disclosed to Marketing Function Employees or agents, a posting of the disclosed information must immediately be made to EKPC's internet website and may be made to the OASIS and retained for a **minimum of 90 days**. Also, a reporting of the disclosure must immediately be made to EKPC's Chief Compliance Officer for the Standards of Conduct.

Certain exclusions to this Transmission Function no disclosure rule apply. EKPC's Transmission Function Employees and Marketing Function Employees and agent may exchange certain non-public Transmission Function Information in emergency circumstances, as detailed below, provided that an immediate record of the exchange is made. This record must be maintained and made available to the FERC upon request. The record may consist of handwritten or typed notes, electronic records such as emails and text messages, recorded telephone exchanges, and the like, and must be provided to EKPC's Chief Compliance Officer for the Standards of Conduct to be retained for a period of **five years**.

The non-public information subject to this exclusion is as follows:

- Information pertaining to compliance with Reliability Standards approved by the Commission, and
- Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

Similarly, if non-public **Transmission Customer information**, critical energy infrastructure information (CEII) as defined in 18 C.F. R. §388.113(c)(1) or any successor provision, or any other information that FERC has determined to be subject to limited dissemination, is disclosed to Marketing Function Employees or agents, a notice of the disclosure must immediately be posted on EKPC's internet website and may be posted on OASIS for a **minimum of 90 days**. Also, a reporting of the disclosure must immediately be made to EKPC's Chief Compliance Officer

for the Standards of Conduct.

**Transmission Customer Information**

A Transmission Function Employee may discuss a specific request for transmission service submitted by a Marketing Function Employee with that Marketing Function Employee without publicly posting the information discussed if the information relates solely to a Marketing Function Employee's specific request for transmission service. 18 C.F.R. § 358.7(b).

If a Transmission Customer provides voluntary, written consent, EKPC may disclose that customer's non-public information to Marketing Function Employees without publicly posting the information disclosed. If a Transmission Customer authorizes EKPC to disclose its information to Marketing Function Employees, EKPC will post on its Internet Website: (i) Notice of such consent; and (ii) A statement that EKPC did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.



## **VII. 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 a Marketing Function shall not conduct transmission system operations or transmission reliability functions.
2. Any employee of EKPC engaged in a Marketing Function shall 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 Marketing Function and Transmission Function shall not be used to circumvent the Standards of Conduct.
4. No employee of EKPC or ACES engaged in the Marketing Function will have access to any non-public information concerning EKPC's transmission system that is not available to all users of the OASIS or otherwise publicly available on the EKPC internet website
5. No employee of EKPC engaged in the Transmission Function shall disclose to employees of EKPC or ACES engaged in the Marketing 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.) obtained through non-public communications and which is not posted on OASIS or otherwise available to the general public without restriction.
6. Employees have an obligation to report to the Chief Compliance Officer any occurrence of an EKPC employee engaged in the Transmission Function disclosing information not publicly available in a manner contrary to the requirements of the Standards of Conduct.
7. EKPC employees shall 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 service or ancillary services with any of its employees engaged in a Marketing Function, 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.

8. Employees of EKPC or ACES engaged in the Marketing Function are prohibited from receiving non-public transmission information from a third-party. If an employee of EKPC or ACES engaged in the Marketing Function should receive such information, they should immediately provide a report to the Chief Compliance Officer for the Standards of Conduct.

## **VIII. EMPLOYEE TRAINING AND INSTRUCTION**

All members of the Board of Directors, all officers, supervisors and employees in Marketing Function or Transmission Function roles, and those employees who are likely to become privy to non-public Transmission Function Information, must receive annual training on the Standards of Conduct and certify electronically or in writing that they have completed the training. Additionally, ACES employees who act as agents for EKPC in Marketing Function roles must receive annual training on the Standards of Conduct and certify electronically or in writing that they have completed the training.

Any new supervisor or employee in a Marketing Function or Transmission Function role, or new officer or Board of Director member must receive training on the Standards of Conduct within 30 days of their employment and certify electronically or in writing that they have completed the training.

Completion of the training is tracked and evidence of completion is retained in a learning management system.

All who must receive annual training and any new employees will be provided with a copy of EKPC's Standards of Conduct Implementation and Compliance Procedures. Each will be asked to sign the affidavit attached to the EKPC Standards of Conduct Implementation and Compliance Procedure the first time they are provided with the document, and again if any revisions have been made to the document at a later date. Hard copies or electronic copies of the signed affidavit will be retained by Human Resources.

# AFFIDAVIT

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

I understand that the purpose of the FERC Standards of Conduct is to ensure that all Transmission Customers of East Kentucky Power Cooperative, Inc. will be treated without discrimination and receive equal access to information that will enable them to obtain transmission and ancillary services available under PJM's Open Access Transmission Tariff on a nondiscriminatory basis.

Print Name: \_\_\_\_\_

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_