



**NISOURCE, INC.**

**TRANSMISSION PROVIDERS'**

**WRITTEN PROCEDURES IMPLEMENTING**

**THE FERC STANDARDS OF CONDUCT**

**Pursuant to 18 C.F.R. Section 358.7(d)**

**April 12, 2010**

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## **I. Statement of Policy and Contact Information**

It is the policy of the NiSource Transmission Providers, defined in Section II, to fully comply with the Federal Energy Regulatory Commission's ("Commission" or "FERC") Standards of Conduct for Transmission Providers ("Standards of Conduct"), contained in the §358 Regulations attached hereto.

In furtherance of this policy, the NiSource Transmission Providers have prepared these written procedures for implementing the Standards of Conduct. These written procedures identify the NiSource Transmission Providers and their affiliates that employ marketing function employees, and describe how the NiSource Transmission Providers will comply with the various requirements included in the Standards of Conduct. Terms used in these written procedures have the meanings defined in §358.3 of the Regulations attached hereto.

The NiSource Transmission Providers have distributed these written procedures to all transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information, as required under §358.8(b)(2). These written procedures are also posted on the Internet website of each NiSource Transmission Provider, as required under §358.7(d).

The NiSource Transmission Providers have appointed Gary W. Pottorff, Vice President, Ethics and Compliance and Corporate Secretary, as their Chief FERC Compliance Officer, as required under §358.8(c)(2). Assisting the Chief FERC Compliance Officer is Dorothy G. Rhoades, FERC Compliance Manager. Included among their responsibilities are: (1) ensuring that the Standards of Conduct are distributed to all employees required to receive the standards; (2) ensuring that employees and contractors receive appropriate training on compliance with the Standards of Conduct; (3) ensuring, as part of the training program, that appropriate documentation is retained to demonstrate that the NiSource Transmission Providers are in compliance with the Standards of Conduct; and (4) ensuring that all Internet website postings required by the Standards of Conduct are implemented on a timely basis.

If any NiSource employee or customer or potential customer has any questions concerning these written procedures or the Standards of Conduct, or wishes to report any departure from or non-compliance with these written procedures or the Standards of Conduct, they should contact either the Chief FERC Compliance Officer or the FERC Compliance Manager. All such communications will be resolved as promptly as possible.

The Chief FERC Compliance Officer may be reached at:

Gary W. Pottorff  
Vice President, Ethics and Compliance and Corporate Secretary  
NiSource Inc.  
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219-642-4222  
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The FERC Compliance Manager may be reached at:

Dorothy G. Rhoades  
FERC Compliance Manager  
NiSource Corporate Services Company  
5151 San Felipe, Suite 2500  
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713-267-4727  
Fax: 713-267-4755  
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or

[FERC Compliance Manager@nisource.com](mailto:FERC_Compliance_Manager@nisource.com)

## **II. Identification of Transmission Providers and Affiliates That Employ Marketing Function Employees**

The NiSource Transmission Providers will promptly update the list of affiliates that employ or retain marketing function employees if new entities are acquired or created or if the activities of existing entities change to either bring them within or cause them to fall outside of the scope of the Standards of Conduct. To ensure that this occurs, the NiSource Corporate Secretary's Office will notify the FERC Compliance Manager with respect to the acquisition, creation, disposition or dissolution of any NiSource company or interest.

### **A. NiSource Transmission Providers**

#### **Company**

#### **Business**

**Northern Indiana Public Service Company (NIPSCO)**      Electric Utility

The Midwest Independent System Operator ("Midwest ISO") exercises functional control over the NIPSCO Transmission Provider's transmission facilities. NIPSCO continues to own those facilities and to exercise certain day-to-day transmission operations under the direction of the Midwest ISO.

#### **Natural Gas Transmission & Storage (NGT&S), consisting of:**

Columbia Gas Transmission, LLC	Interstate Natural Gas Pipeline
Columbia Gulf Transmission Company	Interstate Natural Gas Pipeline
Crossroads Pipeline Company	Interstate Natural Gas Pipeline
Central Kentucky Transmission Company	Interstate Natural Gas Pipeline
Hardy Storage Company, LLC	Interstate Natural Gas Pipeline

Columbia Gas Transmission, LLC, is also partial owner of Millennium Pipeline Company, L.L.C., which is also an Interstate Natural Gas Pipeline. Please refer to Millennium's Internet website for its Chief FERC Compliance Officer's contact information and Standards of Conduct compliance information.

## B. Affiliates that Employ Marketing Function Employees

The NiSource Affiliates that employ marketing function employees are:

<u>Company</u>	<u>Business</u>	<u>Reason(s)</u>
Energy Supply Services (ESS)	Division of NiSource Corporate Services Company (NCSC)	Buys, sells, trades, or administers energy in US energy markets
EnergyUSA – TPC Corp.	Marketing company	Buys, sells, trades, or administers energy in US energy markets
Northern Indiana Trading Company	Marketing company	Buys, sells, trades, or administers energy in US energy markets
Energy Supply and Trading (ES&T)	Division of Northern Indiana Public Service Company (NIPSCO)	Wholesale marketing & sales

## III. Non-Discrimination Requirements

NiSource Transmission Provider employees have been trained that all tariff provisions relating to the sale or purchase of open access transmission service must be: (a) strictly enforced, and (b) if the applicable tariff provision permits the use of discretion (§358.4(a) and (b)), such discretion must be exercised in a fair and impartial manner that treats all transmission customers in a non-discriminatory manner. Each NiSource Transmission Provider will process all requests for transmission service in the same manner and time frame. A NiSource 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 NiSource 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, as required under §358.7(i).

NiSource Transmission Provider training programs also instruct all Transmission Provider employees not to give any preference to any person with respect to the sale or purchase of transmission service, through tariff provisions or otherwise (§358.4(c)). This includes, but is not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing.

## IV. Independent Functioning

Section 358.5 of the Commission's regulations sets forth the independent functioning rules that are applicable to the transmission function employees and the marketing function employees of Transmission Providers and their affiliates. This section requires that a Transmission Provider's

employees that are engaged in transmission functions must function independently from marketing function employees (§358.5(b)).

In compliance with §358.5, NiSource Transmission Provider employees have been instructed that marketing function employees may not conduct transmission functions and may not 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. In addition, transmission function employees have been instructed that they may not conduct marketing functions.

Consistent with these regulations, except in emergency circumstances affecting system reliability, NiSource Transmission Providers' transmission function employees will function independently of marketing function employees.

- A. Natural Gas Transmission & Storage (NGT&S).** All NGT&S employees are organizationally separate from all marketing function employees – *i.e.*, they are located within separate companies throughout the NiSource organization.

The NGT&S Transmission Providers have identified the employees engaged in assessing/determining the creditworthiness of customers or potential customers of the NGT&S Transmission Providers. These individuals are marketing function employees and function independently from transmission function employees, are located in separate locked offices and have locked filing cabinets in an office building in Columbus, Ohio, which also houses other marketing function employees.

- B. Northern Indiana Public Service Company (NIPSCO).** NIPSCO's marketing function employees are currently located in a different building than NIPSCO's transmission function employees, who are located in the EDCC and CISC buildings in Hammond, Indiana, and in the Southlake Complex in Merrillville, Indiana. NIPSCO's marketing function employees are precluded, by the use of keycards, from entering all transmission function employee locations, and must request access to all restricted areas through an intercom system. All visitors to transmission function employee locations are required to sign a visitor log upon entering and exiting the restricted area. NIPSCO's marketing function employees use a large conference room in the area occupied by transmission function employees in the EDCC building in Hammond, Indiana; however they are required to sign the visitor log when they enter and exit the building. In addition, through the use of login procedures and passwords, NIPSCO's transmission function employees are the only employees with access to transmission related information located on NIPSCO's transmission provider computer system. NIPSCO's transmission function employees are unable to log into marketing information contained on the computer system. More details regarding employee-staffed facilities shared by NIPSCO transmission function employees and its marketing function employees can be found on NIPSCO's website.

## **V. No Conduit Rule**

In compliance with §358.6(a), all NiSource employees, contractors, consultants, and agents who are transmission function, marketing function, or are likely to become privy to transmission function information are instructed that they are prohibited from using anyone as a conduit for the disclosure of non-public transmission function information to marketing function employees.

## **VI. Transparency Rule**

- A. Contemporaneous Disclosure.** NiSource Transmission Provider employees that disclose non-public transmission function information must immediately post the disclosed information on the Internet website (§358.7(a)). Excluded from this requirement is information disclosed under the requirements of §358.7(b), detailed in the next paragraph.

If the NiSource Transmission Provider discloses 1) non-public transmission customer information, 2) critical energy infrastructure information (CEII) as defined in 388.113(c)(1), or 3) any other information that the Commission by law has determined is to be subject to limited distribution, notice must be immediately posted on the NiSource Transmission Provider's Internet website stating that the information was disclosed (§358.7(b)).

- B. Exclusion of Specific Transactions.** As permitted by the FERC Standards of Conduct, the NiSource Transmission Provider's transmission function employees may have non-public communications with their marketing function employees, with respect to the affiliate's "specific request for transmission service" (§358.7(b)). The NiSource Transmission Provider is not required to contemporaneously disclose information related to these communications.

- C. Voluntary Consent.** If a non-affiliated transmission customer voluntarily consents in writing, a NiSource Transmission Provider may share the customer's information with its marketing function employees, as permitted under §358.7(c). However, in such cases, the NiSource Transmission Provider must post a notice on its Internet website that consent was received to share the information and a statement that the Transmission Provider did not provide any operational or rate preferences in exchange for the voluntary consent.

- D. Posting Requirements.** Each NiSource Transmission Provider has listed on its website: (a) the names and addresses of its affiliates that employ or retain marketing function employees (§358.7(e)(1)); (b) the employee-staffed facilities that are shared by transmission function employees and marketing function employees, including the type of facility shared and its address (§358.7(e)(2)); and (c) the job titles and job descriptions of its transmission function employees (§358.7(f)(1)). In addition, the NiSource Transmission Providers have trained personnel to update their websites within seven days of any changes in the information described above, as required under §358.7(g)(1).

The NiSource Corporate Secretary's office will notify the FERC Compliance Manager about the formation of any new affiliates for purposes of determining whether a new affiliate employs marketing function employees. The Corporate Secretary's office also will provide notification of the dissolution of any affiliates so that these affiliates can be removed from the Transmission Provider's Internet website, if necessary. The NiSource Transmission Providers also will post information concerning any potential merger partners within seven days after the merger is announced, as required under §358.7(e)(3).

To comply with §358.7(f)(2), the Human Resources Department will, on a weekly basis, automatically generate a report identifying any employee transfers to or from NIPSCO and NGT&S. The report will identify the name of the transferring employee, the respective titles held before and after the transfer, companies transferred to and from, and the effective date of the transfer. The weekly report will be posted on each of the NiSource Transmission Providers' Internet websites. All transfer information will remain active on the website for 90 days. In addition, the FERC Compliance Manager, or designee, will review the report to determine whether a transferred employee's access to any NiSource company database and/or computer system needs to be terminated. Upon review, if such action is necessary, a copy of the report will be sent to the appropriate system or application access owner to terminate access.

If an emergency occurs, such as an earthquake, flood, fire or hurricane, that severely disrupts a Transmission Provider's normal business operations, the posting requirements under §358.7 may be suspended by the NiSource Transmission Provider. If the disruption lasts longer than a month, the Commission must be notified, as required under §358.7(g)(2).

**E. Exclusion for, and Recording of, Certain Information Exchanges.** Transmission function employees and marketing function employees may exchange certain non-public transmission function information, despite the No Conduit Rule in §358.6 and the Independent Functioning Rule in §358.5(a), if the information exchanged falls under the exclusion, in §358.7(h)(2), that the non-public information is:

- 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.

Except in emergency circumstances (as described above), a record of the exchange must be made as soon as practicable after the fact. If any NiSource employee is involved in, or becomes aware of, any such exchange of non-public information between a transmission function employee and a marketing function employee, he or she must immediately complete the "Standards of Conduct Deviation or Disclosure Report Form" (see Section VIII. Forms), and e-mail it and all relevant records, to Dorothy Rhoades, FERC Compliance Manager. (See Section I for contact information.) Relevant records include hand-written or typed notes, electronic records such as e-mails and text messages, and recorded telephone calls, to the extent applicable. All information related to the exchange

must be retained for a period of five years and must be made available to the Commission, upon request.

## **VII. Implementation Requirements**

- A. Effective Date.** All NiSource Transmission Providers must be in full compliance with the FERC Standards of Conduct on the date they commence transmission transactions with an affiliate that engages in marketing functions, as required under §358.8(a).
- B. Training.** A training program has been developed to train identified employees and contractors on the FERC Standards of Conduct (§358.8(c)(1)). As permitted by the Commission's regulations, the training program will be conducted electronically, and is distributed to affected employees and contractors on an annual basis, and to new employees within the first 30 days of their employment. The electronic training program requires the participant to certify that he or she has completed the training. The electronic training tool and the FERC Compliance Manager, or designee, will keep a record of trained employees and contractors and will provide training to all transferred employees in the identified groups who require Standards of Conduct training. In the case that training materials are provided in a paper format, a record of the training completion will be recorded in the training records.
- C. Chief FERC Compliance Officer.** See Section I of this document.
- D. Books and Records.** NiSource maintains separate books and records for the NiSource Transmission Providers and its affiliates that employ or retain marketing function employees, except that one set of books and records are maintained for NIPSCO. All records are maintained in accordance with §358.8(d) and are available for Commission inspection.



## **IX. Policies and Procedures**

NiSource creates and updates additional and more detailed Policies and Procedures to comply with the Standards of Conduct. These are maintained and supplemented as necessary by the Chief FERC Compliance Officer and the FERC Compliance Manager, and they are available and published on NiSource's intranet Compliance Portal available for access by NiSource employees.

## **X. Part 358 Regulations – The Standards of Conduct**

### **§ 358.1 Applicability**

- (a) This part applies to any interstate natural gas pipeline that transports gas for others pursuant to subparts B or G of part 284 of this chapter and conducts transmission transactions with an affiliate that engages in marketing functions.
- (b) This part applies to any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce and conducts transmission transactions with an affiliate that engages in marketing functions.
- (c) This part does not apply to a public utility transmission provider that is a Commission-approved Independent System Operator (ISO) or Regional Transmission Organization (RTO). If a public utility transmission owner participates in a Commission-approved ISO or RTO and does not operate or control its transmission system and has no access to transmission function information, it may request a waiver from this part.
- (d) A transmission provider may file a request for a waiver from all or some of the requirements of this part for good cause.

### **§ 358.2 General principles.**

- (a) As more fully described and implemented in subsequent sections of this part, a transmission provider must treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis, and must not make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage with respect to any transportation of natural gas or transmission of electric energy in interstate commerce, or with respect to the wholesale sale of natural gas or of electric energy in interstate commerce.
- (b) As more fully described and implemented in subsequent sections of this part, a transmission provider's transmission function employees must function independently from its marketing function employees, except as permitted in this part or otherwise permitted by Commission order.
- (c) As more fully described and implemented in subsequent sections of this part, a transmission provider and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public transmission function information to the transmission provider's marketing function employees.
- (d) As more fully described and implemented in subsequent sections of this part, a transmission provider must provide equal access to non-public transmission function information disclosed to marketing function employees to all its transmission customers, affiliated and non-affiliated, except as permitted in this part or otherwise permitted by Commission order.

**§ 358.3 Definitions.**

- (a) Affiliate of a specified entity means:
- (1) Another person that controls, is controlled by or is under common control with, the specified entity. An affiliate includes a division of the specified entity that operates as a functional unit.
  - (2) For any exempt wholesale generator (as defined under § 366.1 of this chapter), affiliate shall have the meaning set forth in § 366.1 of this chapter, or any successor provision.
  - (3) “Control” as used in this definition means the direct or indirect authority, whether acting alone or in conjunction with others, to direct or cause to direct the management policies of an entity. A voting interest of 10 percent or more creates a rebuttable presumption of control.
- (b) Internet website refers to the Internet location where an interstate natural gas pipeline or a public utility posts the information, by electronic means, required under this part 358.
- (c) Marketing functions means:
- (1) in the case of public utilities and their affiliates, the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales, including sales of electric energy made by providers of last resort (POLRs) acting in their POLR capacity; and
  - (2) in the case of interstate pipelines and their affiliates, the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, natural gas, subject to the following exclusions:
    - (i) Bundled retail sales,
    - (ii) Incidental purchases or sales of natural gas to operate interstate natural gas pipeline transmission facilities,
    - (iii) Sales of natural gas solely from a seller’s own production,
    - (iv) Sales of natural gas solely from a seller’s own gathering or processing facilities, and
    - (v) On-system sales by an intrastate natural gas pipeline, by a Hinshaw interstate pipeline exempt from the Natural Gas Act, by a local distribution company, or by a local distribution company operating under section 7(f) of the Natural Gas Act.
- (d) Marketing function employee means an employee, contractor, consultant or agent of a transmission provider or of an affiliate of a transmission provider who actively and personally engages on a day-to-day basis in marketing functions.
- (e) Open Access Same Time Information System or OASIS refers to the Internet location where a public utility posts the information required by part 37 of this chapter, and where it may also post the information required to be posted on its Internet website by this part 358.
- (f) Transmission means electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities, under part 35 of this chapter; and natural gas

transportation, storage, exchange, backhaul, or displacement service provided pursuant to subparts B or G of part 284 of this chapter.

(g) Transmission customer means any eligible customer, shipper or designated agent that can or does execute a transmission service agreement or can or does receive transmission service, including all persons who have pending requests for transmission service or for information regarding transmission.

(h) Transmission functions means the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.

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

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

(k) Transmission provider means:

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

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

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

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

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

#### **§ 358.4 Non-discrimination requirements.**

(a) A transmission provider must strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if the tariff provisions do not permit the use of discretion.

(b) A transmission provider must apply all tariff provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner that treats all transmission customers in a not unduly discriminatory manner, if the tariff provisions permit the use of discretion.

(c) A transmission provider may not, through its tariffs or otherwise, give undue preference to any person in matters relating to the sale or purchase of transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing).

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

#### **§ 358.5 Independent functioning rule.**

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

(b) Separation of functions.

(1) A transmission provider is prohibited from permitting its marketing function employees to:

- (i) Conduct transmission functions; or
- (ii) Have access to the system control center or similar facilities used for transmission operations that differs in any way from the access available to other transmission customers.

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

**§ 358.6 No conduit rule.**

(a) A transmission provider is prohibited from using anyone as a conduit for the disclosure of non-public transmission function information to its marketing function employees.

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

**§ 358.7 Transparency rule.**

(a) Contemporaneous disclosure.

(1) If a transmission provider discloses non-public transmission function information, other than information identified in paragraph (a)(2) of this section, in a manner contrary to the requirements of § 358.6, the transmission provider must immediately post the information that was disclosed on its Internet 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.

(b) Exclusion for specific transaction information. A transmission provider's transmission function employee may discuss with its marketing function employee a specific request for transmission service submitted by the marketing function employee. The transmission provider is not required to contemporaneously disclose information otherwise covered by § 358.6 if the information relates solely to a marketing function employee's specific request for transmission service.

(c) Voluntary consent provision. A transmission customer may voluntarily consent, in writing, to allow the transmission provider to disclose the transmission customer's non-public information to the transmission provider's marketing function employees. If the transmission customer authorizes the transmission provider to disclose its information to marketing function employees, the transmission provider must post notice on its Internet website of that consent along with a statement that it did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.

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

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

(1) A transmission provider must post on its Internet 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.

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

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

(2) A transmission provider must post a notice on its Internet Web site of any transfer of a transmission function employee to a position as a marketing function employee, or any transfer of a marketing function employee to a position as a transmission function employee. The information posted under this section must remain on its Internet 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.

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

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

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

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

(h) Exclusion for and recordation of certain information exchanges.

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

written or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and the like, and must be retained for a period of five years.

(2) The non-public information subject to the exclusion in § 358.7(h)(1) is as follows:

(i) Information pertaining to compliance with Reliability Standards approved by the Commission, and

(ii) Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

- i) Posting of waivers. A transmission provider must post on its Internet 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.

#### **§ 358.8 Implementation requirements.**

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

(b) Compliance measures and written procedures.

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

(2) A transmission provider must distribute the written procedures referred to in § 358.7(d) to all its transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information.

(c) Training and compliance personnel.

(1) A transmission provider must provide annual training on the standards of conduct to all the employees listed in paragraph (b)(2) of this section. The transmission provider must provide training on the standards of conduct to new employees in the categories listed in paragraph (b)(2) of this section, within the first 30 days of their employment. The transmission provider must require each employee who has taken the training to certify electronically or in writing that s/he has completed the training.

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

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