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NISOURCE INC.  
TRANSMISSION PROVIDERS'  
WRITTEN PROCEDURES IMPLEMENTING  
THE FERC STANDARDS OF CONDUCT  
Pursuant to 18 CFR Section 358.7(d)

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**09/06/2018**

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## **I. STATEMENT OF POLICY AND CONTACT INFORMATION**

It is the policy of the NiSource Transmission Providers, subsequently defined in Section II, to fully comply with the Federal Energy Regulatory Commission's ("FERC") Standards of Conduct for Transmission Providers ("Standards of Conduct"), contained in the Code of Federal Regulations (*See* 18 CFR § 358 – Standards of Conduct online at eCFR.gov).

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 set forth in the Standards of Conduct.

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 Web site of each NiSource Transmission Provider, as required under § 358.7(d).

The NiSource Transmission Providers have appointed Stanley J. Sagun, SVP Deputy General Counsel, as their Chief FERC Compliance Officer, as required under § 358.8(c)(2). Included among the Chief FERC Compliance Officer's responsibilities are: 1) ensuring that the Standards of Conduct are distributed to employees and contractors subject to the Standards of Conduct; 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 Internet Web site postings required by the Standards of Conduct are implemented on a timely basis.

If any NiSource employee, customer or potential customer has 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 Corporate Compliance.

The Chief FERC Compliance Officer may be reached at:

Stanley J. Sagun  
SVP Deputy General Counsel and  
Chief FERC Compliance Officer  
614/460-4652  
[ssagan@NiSource.com](mailto:ssagan@NiSource.com)

Director, Corporate Compliance  
Patricia A. Gyure  
219-647-5078  
[pgyure@NiSource.com](mailto:pgyure@NiSource.com)

The FERC Compliance Managers may be reached at:

Gordon L. Scott  
219-647-6398  
[gscott@NiSource.com](mailto:gscott@NiSource.com)

Caryn Piper  
219-647-6516  
[carynpiper@NiSource.com](mailto:carynpiper@NiSource.com)

Corporate Compliance email address:  
[NiSourceCompliance@NiSource.com](mailto:NiSourceCompliance@NiSource.com)

## II. GENERAL TERMS

To effectively implement the Standards of Conduct, it is necessary to understand the applicable terms. While certain terms used in these written procedures have the meanings defined below which are intended to be consistent with § 358.3 of the Regulations, additional terms can be found in § 358.3.

**FERC or Commission:** means the Federal Energy Regulatory Commission.

### **Marketing Function:**

**For Gas:** means the sales for resale, or the submission of offers to sell, in interstate commerce natural gas, subject to an exclusion for: 1) bundled retail sales; 2) incidental purchases or sales to operate interstate natural gas pipeline transmission facilities; 3) sales solely from a seller's own production; 4) sales of natural gas solely from a seller's own gathering or processing facilities; or 5) sales by a local distribution company making an on-system sale.

**For Electric:** means the sales for resale, or offers to sell, in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, 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.

**Marketing Function Employee (MFE):** 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.

**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 (TFE):** 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 (TFI):** means information relating to transmission functions.

**III. 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 the marketing function employees 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 Compliance Managers with respect to the acquisition, creation, disposition, or dissolution of any NiSource company or interest.

**A. NiSource Transmission Providers**

<u>Company</u>	<u>Business</u>
<b>Northern Indiana Public Service Company (“NIPSCO”)</b>	Electric Utility
<b>Central Kentucky Transmission Company (“CKT”)</b>	Interstate Natural Gas Pipeline

NIPSCO assigned functional control over NIPSCO-owned transmission facilities to the Midcontinent Independent System Operator, Inc. (“MISO”), who serves as the Transmission Service Provider for NIPSCO’s system. NIPSCO continues to perform certain day-to-day transmission operations coordinated with and sometimes under the direction of MISO, but does not grant or deny transmission service requests.

**B. Affiliates that Employ Marketing Function Employees**

The NiSource Affiliates that employ marketing function employees are:

<b>Department</b>	<b>Business</b>	<b>Reason(s)</b>
Supply and Optimization	Division of NiSource Corporate Services Company	Engaged in the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, natural gas.
Energy Supply and Optimization	Division of Northern Indiana Public Service Company	Engaged in the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of natural gas, electric energy or

		capacity, demand response, virtual transactions, or financial or physical transmission rights.
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**IV. NON-DISCRIMINATION REQUIREMENTS**

NiSource Transmission Providers must strictly enforce tariff provisions relating to the sale or purchase of open access transmission service. If the applicable open access transmission tariff provision permits the use of discretion such discretion must be exercised in a fair and impartial manner that does not treat transmission customers in a discriminatory manner (See §358.4(a) and (b)). A NiSource Transmission Provider may not give any undue preference to any individual or entity with respect to the sale or purchase of transmission service, through tariff provisions or otherwise. This includes, but is not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing (See §358.4(c)).<sup>1</sup>

A NiSource Transmission Provider must post on its Internet Web site notice of each waiver of an open access transmission tariff provision that it grants in favor of an affiliate, unless such waiver has been approved by the FERC.<sup>2</sup> The posting must be made within one (1) 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 FERC upon request. The records must be kept for a period of five (5) years from the date of each act of waiver, as required under §358.7(i).

**V. INDEPENDENT FUNCTIONING RULE**

Section 358.5 of the FERC’s regulations sets forth the Independent Functioning Rule that is 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 transmission function employees must function independently of its marketing function employees (See § 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 are not permitted to conduct marketing functions.

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

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<sup>1</sup> As noted above, NIPSCO does not process transmission service requests. Transmission service requests for the NIPSCO transmission system are processed by MISO pursuant to the MISO open access transmission tariff.

<sup>2</sup> NIPSCO cannot grant waivers to the MISO open access transmission tariff.

of its marketing function employees.

## **VI. NO CONDUIT RULE**

In compliance with § 358.6(a), NiSource employees, contractors, consultants, and agents who 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 its marketing function employees. FERC allows for the exchange of non-public, operational information between public utilities and pipelines for the purpose of promoting reliable service or operational planning (See in §§ 38.2 and 284.12(b)(4)). NiSource Transmission Providers and their affiliate employees, contractors, consultants, and agents are prohibited from disclosing or using anyone as a conduit for disclosure of non-public, operational information received pursuant to §§ 38.2 and §284.12(b)(4) to a third party or to its marketing function employees.

## **VII. TRANSPARENCY RULE**

### **A. Contemporaneous Disclosure.**

A NiSource Transmission Provider that discloses non-public transmission function information must immediately post the information that was disclosed on its Internet Web site (See § 358.7(a)). Excluded from this requirement is information specified under §§ 358.7(b) and (h), detailed in paragraphs B and E below.

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 FERC by law has determined is to be subject to limited dissemination, the NiSource Transmission Provider must immediately provide notice through its Web site that the information was disclosed (See § 358.7(b)). Note that information subject to limited dissemination should not itself be posted.

### **B. Exclusion of Specific Transaction Information.**

As permitted by the Standards of Conduct, the NiSource Transmission Provider's transmission function employees may have non-public communications with its marketing function employees, with respect to the affiliate's "specific request for transmission service" (See § 358.7(b)).<sup>3</sup> Accordingly, 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). In such cases, the NiSource Transmission Provider must post a notice

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<sup>3</sup> Note: Since MISO processes all transmission service and other requests associated with NIPSCO transmission facilities under the MISO open access transmission tariff, this exclusion would not generally apply to communications between NIPSCO marketing function and transmission function employees.

on its Internet Web site that consent was received to share the information and a statement that the NiSource Transmission Provider did not provide any operational or rate-related preferences in exchange for that voluntary consent.

#### **D. Posting Requirements.**

Each NiSource Transmission Provider has listed on its public Internet Web site: a) current written procedures implementing the Standards of Conduct (See § 358.7(d)); b) the names and addresses of its affiliates that employ or retain marketing function employees (See § 358.7(e)(1)); c) the employee-staffed facilities that are shared by transmission function employees and marketing function employees, including the type of facility shared and its address (See § 358.7(e)(2)); and d) the job titles and job descriptions of its transmission function employees (See § 358.7(f)(1)). In addition, the NiSource Transmission Providers have trained personnel to update their Web sites within seven (7) 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 the 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 Web site, if necessary. The NiSource Transmission Providers also will post information concerning any potential merger partners within seven (7) 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 employee transfers to or from marketing function positions and transmission function positions within NiSource. 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 Web sites. Transfer information will remain active on the website for ninety (90) days. In addition, a FERC Compliance Manager, or designee, will review the report to determine whether a transferred employee's access to any NiSource company database or computer system needs to be terminated. If such action is necessary, the FERC Compliance Manager will contact the employee's supervisor 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 FERC 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 under the exclusions set forth in § 358.7(h)(2), if the non-public transmission function information exchanged is:

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

A contemporaneous record of any exchange of information under the above exclusions must be made and retained by the Transmission Provider, except in emergency circumstances, when 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, an exchange of non-public information between a transmission function employee and a marketing function employee, the employee must immediately contact their supervisor or a member of the FERC Compliance Department to ensure a disclosure form is completed (*See* Section IX). If completed by the employee and manager, the form and relevant records will be emailed to the FERC Compliance Manager at NiSourceCompliance@nisource.com. Records of any exchange of information under the above exclusion may include hand-written or typed notes, electronic records such as e-mails and text messages, and recorded telephone calls, to the extent applicable. Information related to the exchange must be retained for a period of five (5) years and must be made available to the FERC upon request.

## **VIII. IMPLEMENTATION REQUIREMENTS**

### **A. Effective Date.**

NiSource Transmission Providers must be in full compliance with the 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 Standards of Conduct (*See* § 358.8(c)(1)). As permitted by the FERC's regulations, NiSource's the training program is conducted electronically, and is deployed to the affected employees and contractors on an annual basis, and to new employees within the first thirty (30) days of their employment. The electronic training program requires the participant to certify that he or she has completed the training. The Learning Management System and the FERC Compliance Manager, or designee, will keep a record of trained employees and contractors, and will provide training to transferred employees in the identified groups who are subject to Standards of Conduct training. In the case that training materials are provided in either a live or paper format, a record of the training completion will be documented.

### **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. Records are maintained in accordance with § 358.8(d) and are available for FERC inspection.

**IX. STANDARDS OF CONDUCT DEVIATION OR DISCLOSURE REPORT FORM**

**Documentation of Permissible Exchanges  
of Non-Public Transmission Function Information**

Pursuant to 18 CFR Section 358.7(h), the Northern Indiana Public Service Company (NIPSCO) Transmission Function is documenting a permissible exchange of non-public transmission function information with a NiSource Marketing Function Employee (MFE).

Check one: This disclosure is of:

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

Information about the Exchange Being Reported

(a) Transmission Function Employee: \_\_\_\_\_  
(person making this report)                      *Name*    *Department*

(b) Other Employees Present: \_\_\_\_\_ MFE TFE  
(person making this report)                      *Name*    *Department*

\_\_\_\_\_ MFE TFE  
*Name*    *Department*

(c) Date of Event: \_\_\_\_\_

(d) Time of Event: \_\_\_\_\_

(e) Brief description of the non-public electric transmission function information disclosed:

\_\_\_\_\_

(f) Briefly describe and attach all other records of the information exchange (memos, handwritten or typed notes, emails, text messages, etc.). If documentation is a recorded telephone exchange, please indicate who is responsible for maintaining the recorded voice line records, if known.

\_\_\_\_\_

(g) **Email this completed form and all attached documentation in Portable Document Format (PDF) form to [NiSourceCompliance@nisource.com](mailto:NiSourceCompliance@nisource.com).**

**X. POLICIES AND PROCEDURES**

NiSource creates and updates additional and more detailed Policies and Procedures to comply with

the Standards of Conduct. They are maintained and supplemented as necessary by Corporate Compliance: <http://my.nisource.net/FERC%20Compliance/Policies/Forms/AllItems.aspx>

These procedures should be reviewed along with the Written Procedures:

- Documenting Disclosures of Non-Public Transmission Function Information
- Documentation of Permissible Exchanges of Non-Public Transmission Function Information

Version	Effective Date	Created/Revised By	Approved By	Description
1	08/01/2017	Gordon Scott	Patricia Gyure	Versioning added to procedure
2	09/01/2018	Gordon Scott	Patricia Gyure	Added Director Corporate Compliance to Section 1; Revised email addresses