

POLICY

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Title: IMPLEMENTATION OF THE FEDERAL ENERGY REGULATORY COMMISSION'S STANDARDS OF CONDUCT AND OASIS

Classification: Corporate

Interpretation Contact: Deputy General Counsel for Nuclear & Regulatory Compliance

Approved By:

POLICY

I. Policy Statement

In conformance with section 358.7(d) of the Rules and Regulations of the Federal Energy Regulatory Commission (FERC or the Commission), this policy and the accompanying procedure (the Policy) sets forth the steps the Company has undertaken in order to implement the Standards of Conduct promulgated by FERC at section 358 of the Commission's Rules and Regulations, as revised and restated in Order 717. (See 18 C.F.R. § 358.1(2012), *et seq.*; Standards of Conduct for Transmission Providers, 125 FERC ¶ 61,064 (2008)). Pursuant to this Policy, the Company provides that personnel responsible for the Transmission Function will operate independently of personnel of the Company or its affiliates engaged in the Wholesale Marketing Function. The purpose of this separation of functions is to assure that all of the Company's Transmission Customers receive non-discriminatory service and that employees of the Company and its affiliates engaged in the Wholesale Marketing Function do not have preferential access to any information about the Company's transmission system that is not available to other users of the system. This Policy also provides procedures governing operation an Open Access Same-Time Information System (OASIS), consistent with FERC rules at 18 C.F.R. Part 37.

II. General

A. This Policy provides for the organizational and physical separation of employees of the Company engaged in the Transmission Function from employees of the Company or its affiliates engaged in the Wholesale Marketing Function. The Company's direct staff includes a number of individuals engaged in the Wholesale Marketing Function, although the Company conducts most of this activity through its affiliate, The Energy Authority (TEA). Since South Carolina does not permit retail sales on an unbundled basis, the only other sales, marketing or brokering activity undertaken by the Company outside the Wholesale Marketing Function is in connection with bundled retail sales. Activities undertaken in conjunction with such bundled retail sales are outside the scope of this Policy,

consistent with the Commission's Rules and Regulations at 18 C.F.R. § 358.2(c)(1).

On June 9, 1997, the Company, the Municipal Electric Authority of Georgia and the Jacksonville Electric Authority announced the formation of a new power marketing alliance known as The Energy Authority (TEA). TEA is a Georgia not-for-profit corporation, which has its offices in Jacksonville, Florida. TEA is a full-service power-marketing organization with seven (7)-day per week, 24-hour per day trading operations. TEA actively participates in the short, mid- and long-term markets. TEA is responsible for buying and selling wholesale power for its members. With the start-up of TEA on Monday, August 18, 1997, the Company has largely transferred its Wholesale marketing Function to TEA.

Company employees remaining in the Wholesale Marketing Function include those employees involved in administering the Company's contract with TEA and those employees administering wholesale requirements contracts. These employees are the Vice President Wholesale and Industrial Services, and several of the employees involved in the Wholesale Marketing Function who report to this individual, including the Manager of Wholesale Markets and the Director, Contract Administration. Procedure section II, below, describes protocols governing executive management reporting, physical separation and electronic access designed to ensure the separation of the Company's Transmission Function from the Wholesale Marketing Function.

- B. The Policy substantially tracks language in the Commission's regulations and emphasizes that these rules are binding on individual employees. Employees failing to comply with the Standards of Conduct face possible disciplinary action, including potential termination. This Policy emphasizes that an employee may not do indirectly what the employee may not do directly in order to circumvent the requirements of these rules.
- C. This Policy provides that the System Control Unit will be responsible for administering the Company's Tariff and OASIS. The System Control Unit is instructed to administer the Tariff in a nondiscriminatory manner in accordance with FERC regulations and operate OASIS in accordance with FERC's communication standards and protocols.

PROCEDURE

I. Definitions¹

- A. Affiliate - The Energy Authority (TEA).
- B. Corporate Headquarters – The building housing the Company's principal offices at One Riverwood Drive, Moncks Corner, South Carolina, 29461.
- C. Eligible Customer – (i) Any electric utility (including the Transmission Provider and any power marketer), federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled Transmission Service or pursuant to a voluntary offer of such service by the Transmission Provider. (ii) Any retail customer taking unbundled Transmission Service pursuant to a state requirement that the Transmission Provider offer the Transmission Service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.
- D. Emergency – A condition that has resulted in a loss of reliability of the Company's electric system or an interconnected electric system, or that may result in such a loss of reliability if not promptly addressed.
- E. Energy Control Center (ECC) – The building housing the Company's System Control Center.
- F. Energy Management System (EMS) – The computer system used to monitor, control, study and coordinate the operation of a utility's transmission and generation facilities. The EMS includes the operations of distribution and hydro facilities.
- G. Facilities Study – An engineering study conducted by the Company to determine the modifications to the Company's Transmission System, including the cost and scheduled completion date for such modifications that will be required to provide the requested transmission service.
- H. FERC or Commission – The Federal Energy Regulatory Commission.

¹The definitions in this section have in large part been drawn from Santee Cooper's Open Access Transmission Tariff and FERC regulations.

- I. Local Area Network (LAN) – Work stations that are connected to each other electronically through one computer that is designated and functions as the server. This set-up allows for the exchange of information as needed through one shared drive on the server, while maintaining the privacy of all other files.
- J. Open Access Same Time Information System (OASIS) – Information system and associated standards of conduct contained in Title 18, Code of Federal Regulations, Part 37.
- K. Open Access Transmission Service – Transmission service offered under the Company's Open Access Transmission Tariff.
- L. Order No. 717 – *Standards of Conduct for Transmission Providers*, 125 FERC ¶ 61,064 (2008).
- M. North American Electric Reliability Corporation (NERC) – The electric reliability organization certified by FERC to establish and enforce reliability standards for the bulk power system.
- N. SCADA – The Supervisory Control and Data Acquisition system.
- O. Service Agreement – The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Company for service under the Tariff.
- P. Standards of Conduct – The standards of conduct promulgated by FERC in Part 358 of its Rules and Regulations, 18 C.F.R. § 358.1, *et seq.*
- Q. System Control Center – The physical location of the Company's control room, where transmission system operations and generation dispatch take place. The building where these operations take place has been officially designated by the Company as the Energy Control Center.
- R. System Control Unit – The operating unit responsible for the following functions: (i) transmission scheduling; (ii) real-time operation of the Transmission System; (iii) generation dispatch and (iv) hydropower operations.
- S. System Impact Study – An assessment by the Company of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-to-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.
- T. Tariff – The South Carolina Public Service Authority's Open Access Transmission Tariff, as it may from time to time be amended.

- U. The Energy Authority– A certain Georgia not-for-profit corporation with offices at 301 W. Bay Street, Jacksonville, Florida 32202.
- V. Transmission – Electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with FERC-jurisdictional transmission facilities.
- W. Transmission Customer – 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.
- X. Transmission Function – The planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.
- Y. Transmission Function Information – Information relating to The Transmission Function.
- Z. Transmission Service – The provision of transmission as defined in V above.
- AA. Waiver – The determination by a transmission provider, if authorized by its tariff, to waive any provision of its tariff for a given entity.
- BB. Transmission Function Employee – An employee, contractor, consultant or agent of a transmission provider who actively and personally engages on a day-to-day basis in transmission functions.
- CC. Transmission Provider – Santee Cooper or the Company.
- DD. Transmission System – The facilities owned, controlled or operated by the Company that are used to provide transmission service under Part II and Part III of the Tariff.
- EE. VACAR – The Virginia-Carolina sub-region of the SERC Reliability Corporation.
- FF. Wholesale Marketing Function – 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 the resale of financial or physical transmission rights, all as subject to an exclusion for bundled retail sales, whether undertaken by the Company's direct employees or employees of its Affiliate.
- GG. Wholesale Marketing Function Employee – 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 the Wholesale Marketing Functions. Wholesale Marketing Function Employees do not include attorneys involved in the drafting or redrafting of contracts for wholesale sales, unless these employees are involved in making business decisions regarding the marketing function.

II. Guidelines and Instructions: Functional Separation of Transmission System Operations and the Wholesale Marketing Function

A. Commitment to Comply with Standards of Conduct. In this procedure, the Company describes those steps it has undertaken in order to achieve the functional separation of its Transmission Function from its Wholesale Marketing Function, in full compliance with the Commission's Standards of Conduct.

B. Physical Separation. Employees of the Company or its Affiliate engaged in the Wholesale Marketing Function will not have access to the ECC or to similar facilities used for transmission operations that differ in any way from the access available to other open access transmission customers. The System Control Center located in the ECC, houses System Control Unit personnel and OASIS. The Company employees engaged in the Wholesale Marketing Function are located in an area separate from employees engaged in the Transmission Function. TEA employees will be located at TEA's corporate offices in Jacksonville, Florida.

C. Organizational Separation and Executive Management Reports. In order to comply with the Standards of Conduct, the Company has designed its organizational structure to assure that its Wholesale Marketing Function Employees and Transmission Function Employees function independently. The Vice President Wholesale and Industrial Services, responsible for those Wholesale Marketing Function Employees who remain direct employees of the Company and for administering the Company's contract with its Affiliate, has no Transmission Function responsibilities and no reports from any employees engaged in the Transmission Function. The Senior Vice President, Power Delivery, has overall responsibility for the Company's Transmission Functions, and reports directly to the Company's President. This organizational structure ensures organizational separation consistent with FERC policy.

D. Information Access.

1. General Rules: Employees of the Company or its Affiliate engaged in the Wholesale Marketing Function will not have access, directly or indirectly, to Transmission System data not posted on OASIS. Such data includes transmission line segment displays, displays defining substation layouts and line segments, load shedding displays for transmission, sequence of events displays for transmission,

transmission switching orders, voltage reduction displays, EMS system configuration displays, dispatcher training displays, system roadmap, test displays and displays for accessing archived data. Employees engaged in the Transmission Function will not provide, and Wholesale Merchant Function employees will not access, transmission system information on the EMS or on any workstation or server on the ECC LAN or any other LAN which includes transmission information.

Access to the EMS can only be made through use of a specialized EMS terminal. An EMS account and password is necessary to log on to the firewall protected EMS. Accounts and passwords are issued by the System SCADA Supervisor. Only Planning & Power Supply employees are allowed EMS accounts and passwords and access to EMS terminals. No remote access is allowed.

Access to other servers housing transmission system information is granted via rights and privileges authorized by Planning & Power Supply department supervision and management and is administered by the Information Technology Department.

2. Non-public transmission information may be shared with Wholesale Marketing Function personnel to the extent it pertains to compliance with FERC– approved NERC Reliability Standards and information necessary to maintain or restore operation of the transmission system or generating units, or that may affect dispatch of generating units. In the event such information is shared, the Company will make and retain a contemporaneous record of all such exchanges, except in emergency circumstances, in which case a record will be made of the exchange as soon as practicable after the fact. The record will be retained in accordance with the Company's Retention Schedule.

- E. Identification of Affiliates.** TEA is the Company's only affiliate as defined by 18 C.F.R. § 358.3(a).
- F. Responsibility for Administering the Tariff and OASIS.** The Company's System Control Unit is responsible for administering and providing service under the Tariff and implementing 18 C.F.R. Part 37.
- G. Designation of Chief Compliance Officer.** In accordance with the Commission's Rules and Regulations, the Company's Deputy General Counsel for Nuclear and Regulatory Compliance is designated the Company's Chief Compliance Officer. (See 18 C.F.R. § 358.8 (c)(2) (2008)).

III. Behavioral Rules

- A. Preamble.** This section prescribes rules governing the behavior of the Company employees and its Affiliate, consistent with FERC's Standards of Conduct. Employees who are required to comply with this procedure are reminded that the Commission's rules are intended to be interpreted with common sense, prudence and caution and that employees are not permitted to do indirectly (e.g. through a third party) what they may not do directly.
- B. General Rule.** Except as provided in Procedure section III.D.2., below, the Company's Transmission Function Employees must function independently of its Wholesale Marketing Function Employees and those of its Affiliate.
- C. Rules Primarily Addressed to Employees Engaged in the Wholesale Marketing Function.** Any employee of the Company, or any employee of an affiliate, engaged in the Wholesale Marketing Function:
1. Shall not conduct Transmission Functions.
 2. Shall not have access to the Company's System Control Center or to similar Company facilities used for the Transmission Function that differs in any way whatsoever from the access available to other open access Transmission Customers. As used in this paragraph, access includes not only physical access to the System Control Center or to similar facilities, but also access to transmission system information on the EMS or on any LAN that is being used in connection with such operations.
 3. Shall have access only to that information available to the Company's open access transmission customers (*i.e.* the information posted on OASIS) and shall not have preferential access to any information about the Transmission System that is not available to all users on OASIS.
 4. Is prohibited from obtaining information about the Company's Transmission System from the Company's Transmission Function Employees (including information about available transmission capability, price, curtailments, ancillary services and the like) through access to information not posted on OASIS that is not otherwise available to the general public without restriction, or through information through OASIS that is not also publicly available to all transmission users.

D. Rules Primarily Addressed to Employees Engaged in Transmission Functions.

1. No employee of the Company or any employee of an Affiliate engaged in the Transmission Function may disclose to any employee engaged in the Wholesale Marketing Function or any of its Affiliates engaged in the Wholesale Marketing Function any information concerning the transmission system of the Company or the transmission system of another (including information received from non-affiliates or information about available transmission capability, price, curtailments, ancillary services, etc.) that is not available on OASIS.
2. In the event an employee of the Company engaged in the Transmission Function discloses information not posted on OASIS in a manner contrary to the requirements of the Standards of Conduct or this Policy, that employee must immediately report such fact to the Supervisor of the System Control Unit who in turn must immediately post such information on OASIS. Such posting and or other disclosure is not required to the extent the information disclosed relates solely to the Company Marketing unit's or Affiliate's specific request for transmission service.
3. An employee of the Company may not share any market information acquired from a non-affiliated Transmission Customer or a potential non-affiliated Transmission Customer, or developed in the course of responding to requests for transmission or ancillary service on OASIS, with an employee of the Company (or those of an Affiliate) engaged in the Wholesale Marketing Function, except to the limited extent information is required to be posted on OASIS in response to a request for Transmission Service or ancillary services.
4. The Company's Transmission Function Employees may share with its Wholesale Marketing Function Employees and its Affiliate, generation information necessary to perform generation dispatch, so long as such information does not include specific information about individual third party transmission transactions or potential transmission arrangements.

E. Tariffs to be Administered in a Non-Discriminatory Manner.

1. **Provisions not providing for discretion.** Employees of the Company engaged in the Transmission Function shall strictly enforce all Tariff provisions relating to the sale or purchase of open access Transmission Service, if these provisions do not provide for the use of discretion.

2. **Provisions providing for discretion.** Employees of the Company engaged in transmission system operations shall apply all Tariff provisions relating to the sale or purchase of open access Transmission Service in a fair and impartial manner that treats all customers (including the Company and any Affiliate) in a non-discriminatory manner if these provisions involve discretion.
3. **Notices of Waiver.** The System Control Unit shall post on OASIS notice of each waiver of a Tariff provision that is granted in favor of the Company's Wholesale Marketing Function or that of its Affiliate within one (1) business day of the waiver. The System Control Unit shall also maintain a log of the acts of waiver for in accordance with the Company Retention Schedule.
4. **Preferences disallowed/offering discounts.** The System Control Unit may not, through its Tariffs or otherwise, give preference to sales for resale by the Wholesale Marketing Function or by an affiliate, over the interests of any other wholesale customer in matters relating to the sale or purchase of Transmission Service (including issues of price, curtailments, scheduling, priority, ancillary services, etc.).

F. Transfer of Employees Between Transmission Functions and the Wholesale Marketing Function.

The System Control Unit shall post on OASIS, in accordance with the Standards of Conduct and this Policy, notices of any employee transfer between the Transmission Function and the Wholesale Marketing Function. The information to be posted must include: the name of the transferring employee, the respective titles held while performing each function (*i.e.*, on behalf of the Transmission provider and Wholesale Marketing or Affiliate) and the effective date of the transfer. The information must be posted on OASIS before the effective date of the transfer and must remain on OASIS for the 90 days after the effective date of the transfer. It is the responsibility of the Vice President, Human Resource Management to identify employees who will be transferring to or from the Wholesale Marketing Function to the Transmission Functions and promptly report this information to the Supervisor, System Control Unit for posting on OASIS.

G. Maintenance of Books and Records. The Company will maintain its books of account and records separately from those of its Affiliates as required by the Standards of Conduct.

H. Procedures Implementing Standards of Conduct Will be Publicly Available. The Company shall maintain a paper copy of this Policy for public inspection at its Corporate Headquarters. An electronic copy of this Policy will be available both on [the Company's internet homepage](#)

(<http://sciport.santeecooper.com/Default.aspx>) and to authorized users on [the Company's OASIS node](http://www.oatioasis.com/sc/index.html) (www.oatioasis.com/sc/index.html).

- I. Distribution of this Procedure.** The Chief Compliance Officer shall cause this Policy to be distributed to all of the Company's employees and to employees of the Company's Affiliate, with the exception of clerical, maintenance, field and support personnel, unless such personnel serve as both transmission function and Wholesale Marketing Function Employees.
- J. Training.** The Chief Compliance Officer shall coordinate training in compliance with the Standards of Conduct consistent 18 C.F.R. § 358(c)(1).

IV. Administration of OASIS

A. OASIS to be Implemented in Conjunction with VACAR.

The Company has entered into an agreement with VACAR through which an OASIS has been developed that will operate consistent with FERC rules at 18 C.F.R. Part 37. The System Control Unit is responsible for posting all information that the Company, as Transmission Provider, must post on OASIS and is responsible for operating OASIS in accordance with applicable Commission regulations.

B. OASIS Database Transactions Will be Available for Audit.

The System Control Unit is responsible for assuring OASIS database transactions shall be stored, dated, time-stamped and available for Commission audit in accordance with 18 C.F.R. § 37.7.

REVISION HISTORY

Version	Date	Action
11	8/31/2015	1. The position within the policy changed from Senior Vice President, Customer Service to Vice President Wholesale and Industrial Services to reflect recent organizational changes.