

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY
TRANSMISSION STANDARDS OF CONDUCT

Purpose

The District is committed to the principle of non-discriminatory access to transmission service. This includes providing access to transmission service and transmission information without undue discrimination or preference. The Standards of Conduct (SOC) facilitate open and fair access to transmission service and Transmission Function Information. The SOC requirements prevent a transmission provider's Marketing Function from gaining any kind of undue advantage in the market or preferential access to transmission.

This policy documents how the District implements the SOC requirements.

Policy

I. General Principles

The District treats all transmission customers on a similar basis, and does not provide any transmission customer, including the District's own Marketing Function, any undue preference or advantage. The Standards of Conduct are based on three rules:

- A. Independent Functioning Rule:** The District's Transmission Function Employees must function independently from Marketing Function Employees, unless an identified exception applies.
- B. No Conduit Rule:** The District and its employees, contractors, consultants, and agents may not disclose, or use a conduit to disclose, non-public Transmission Function Information to its Marketing Function Employees, unless an identified exception applies.
- C. Transparency Rule:** The District shall comply with its SOC policy in a transparent manner through compliance with various posting requirements, and it will provide equal access to non-public Transmission Function Information to all of its affiliated and non-affiliated transmission customers.

II. Policy Owner

This policy is owned by the General Counsel/Chief Compliance Officer. The SOC Officer reports to the General Counsel and is responsible for implementing and administering this policy.

III. Applicability

The SOC requirements govern interactions between Transmission Function Employees, Marketing Function Employees, and other employees. The SOC requirements govern the types of information that employees can share with MFEs and transmission customers.

IV. Terms & Definitions

- A. Marketing Function** means the sale of, or the submission of offers to sell, electric energy or capacity, demand response, or transmission rights, for resale, whether virtual, physical, or financial transactions.

- B. Marketing Function Employee (MFE)** means an employee who engages, actively and personally, in Marketing Functions on a day-to-day basis.
- C. Open Access Same-Time Information System (OASIS)** means the website used to provide transmission system information to customers, process requests for transmission service, and post transmission-related notices.
- D. SOC-Restricted Information** means Transmission Function Information or individual transmission customer information that is not posted to the District’s external website or its OASIS or that is otherwise not simultaneously available to all transmission customers and potential transmission customers.
- E. Transmission Function** means the planning, directing, organizing, or carrying out of day-to-day transmission operations, including granting and denying transmission service requests.
- F. Transmission Function Employee (TFE)** means an employee who engages, actively and personally, in Transmission Functions on a day-to-day basis.
- G. Transmission Function Information** means information relating to Transmission Functions.

V. Implementation

A. Employee designations

1. All authorized traders from Appendix A of the Power Risk Management Policy, and the Managing Director – Energy Resources, are MFEs, unless undesignated in writing by the SOC Officer.
2. All employees in Transmission Systems and Systems Operations are TFEs, unless undesignated in writing by the SOC Officer.
3. Managers and supervisors in Energy Planning & Trading and Transmission & Compliance may request SOC designation changes for employees within their organizations that do not perform Marketing Functions or Transmission Functions.
4. The SOC Officer may designate any other employee who performs Market Functions as an MFE, and any other employee who performs Transmission Functions as a TFE.
5. If an employee performs Marketing Functions or Transmission Functions on a temporary or ad hoc basis, that employee’s supervisor must inform the SOC Officer. The SOC Officer may deem that employee to be an MFE or TFE for the duration of that performance.
6. A list of MFEs and TFEs is available on the Standards of Conduct page, on the District’s internal website (PUD Today).

B. Independent Functioning Rule

MFEs are prohibited from conducting Transmission Functions, and TFEs are prohibited from conducting Marketing Functions.

1. Physical separation and access restrictions

- a) MFEs are prohibited from accessing locations where transmission functions are performed, specifically the System Operations control centers in the headquarters building and the CTC.

- b) Exceptions to the access restrictions (beyond those identified in section V.D.) must be approved in advance, in writing, by the SOC Officer.

2. Electronic separation and access restrictions

- a) MFEs are prohibited from accessing SOC-Restricted Information that is stored in internal shared drives and SharePoint sites or in other information systems. The SOC Officer maintains a list of electronic access controls designed to prevent MFE access to this information.
- b) Employees must safeguard SOC-Restricted Information by not attaching such documents to Outlook meeting invitations or SharePoint sites where information can be inadvertently disclosed to an MFE. Employees are encouraged to mark documents, emails, and SharePoint sites that contain SOC-Restricted Information.
- c) SharePoint site administrators, Outlook distribution list owners, Outlook shared mailbox owners, and other software and site administrators that handle SOC-Restricted Information must update permissions and lists accordingly when the MFE list is updated.

3. Joint meetings and interactions

- a) Meetings that implicate SOC
 - i) Anyone who facilitates a meeting with TFEs and MFEs in attendance, and at which Transmission Function Information may be discussed, must:
 - a. If a written agenda is provided, include a notice on the agenda that both MFEs and TFEs will be present and that no SOC-Restricted Information may be discussed while the MFEs are in attendance.
 - b. Remind all meeting attendees at the beginning of the meeting that both MFEs and TFEs are present and that no SOC-Restricted Information may be discussed while the MFEs are in attendance.
 - c. If, during the course of the meeting, it becomes necessary to discuss SOC-Restricted Information, announce that discussion of SOC-Restricted Information will begin, so that MFEs may depart the meeting before discussion begins.
 - d. Following any discussion of SOC-Restricted Information, announce during the meeting when the discussion of SOC-Restricted Information has ended, so that attendees are clear that MFEs may join the remainder of the meeting.
 - e. If SOC-Restricted Information is discussed while MFEs are present, provide a copy of the written agenda (if one was provided) and a written record of the meeting to the SOC Officer. The record should include attendees and a summary of what was discussed.
 - f. The requirements in subsections c through e do not apply if the SOC-Restricted Information relates solely to the District's own transmission service, including transmission service bundled with power sales.
 - ii) Anyone who plans a meeting with TFEs and MFEs in attendance, and who knows in advance that SOC-Restricted Information may be discussed, must provide the proposed agenda and meeting justification to the SOC Officer before the meeting. The meeting planner and SOC Officer will confer to determine whether other meeting options are available or whether additional controls are necessary.

b) Meetings that do not implicate SOC

MFEs and TFEs may jointly attend meetings that do not implicate SOC, including all-employee meetings, all-manager meetings, diversity trainings, non-business related job skills trainings, and social events. These interactions do not require SOC reminders or written records and do not need to be reported to the SOC Officer; however, the No Conduit Rule still applies.

c) Excepted interactions

TFEs must provide a record to the SOC Officer of all interactions with MFEs (e.g., e-mails and telephone conversations) involving SOC-Restricted Information that fall under one of the exceptions in sections V.D.3 and V.D.4. The record should include participants and a summary of what was discussed.

C. No Conduit Rule

1. If information is posted on the District's external website or OASIS, or is otherwise simultaneously available to all transmission customers and potential transmission customers, then it is considered public within the context of the SOC requirements and can be shared with MFEs.
2. If any employee discloses SOC-Restricted Information to an MFE, or an MFE becomes aware of SOC-Restricted Information (e.g., realizes they have access to a SharePoint site or internal drive with restricted information or receives an email with SOC-Restricted Information), the individual who becomes aware of the disclosure must notify the SOC Officer as soon as possible and take steps to limit the dissemination of the information (e.g., change permissions to the SharePoint site or delete the email).

D. Exceptions to Independent Functioning and No Conduit Rules

The following exceptions to the Independent Functioning and No Conduit rules permit the limited disclosure of SOC-Restricted Information to MFEs.

1. Employees may discuss or share with MFEs any SOC-Restricted Information that relates solely to the District's own transmission service, including transmission service bundled with power sales. No contemporaneous disclosure or posting of such information is required.
2. Transmission customers may voluntarily consent to allow the District to disclose their non-public information to MFEs. The consent must be in writing and maintained on file in the District's offices before their information can be shared with MFEs. Transmission & Compliance and the SOC Officer will jointly prepare the consent. No other contemporaneous disclosure or posting is required.
3. Employees may discuss or share information with MFEs pertaining to compliance with NERC's mandatory reliability standards that have been approved by FERC and that are subject to enforcement. This exception does not apply to proposed or pending standards. A contemporaneous record must be made of any information exchanged under this exception. In emergency circumstances, a record of the exchange may be made as soon as practicable after the fact.
4. Employees may discuss or share information with MFEs that is necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units. The Senior Dispatcher on shift may suspend SOC in the event of

an emergency event pursuant to SOG #1 – Authority to Operate. A contemporaneous record must be made of any information exchanged under this exception. In emergency circumstances, a record of the exchange may be made as soon as practicable after the fact.

When a contemporaneous record is required, the record may consist of handwritten or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, or similar records. The record must be provided to the SOC Officer and will be retained for five years.

E. Transparency Rule

The SOC Officer coordinates with Transmission & Compliance to post the following to the District’s external SOC website or OASIS, or to make publicly available through other posting mechanisms:

1. This SOC Policy.
2. Affiliate information: the District’s Marketing Function resides in the Energy Planning & Trading organization and is treated as an affiliate for SOC purposes.
3. Name and contact information for Chief Compliance Officer and SOC Officer.
4. The job titles and job descriptions of all TFEs.
5. Any transfer of a TFE to a position as an MFE or an MFE to a position as a TFE.
6. Disclosures of SOC-Restricted Information (unless an identified exception applies). In the event of a disclosure of SOC-Restricted Information, the SOC Officer immediately coordinates with the Transmission Reservation Desk to post notice of the disclosure. If the information that was disclosed was non-public transmission customer information, critical energy infrastructure information, or any other information FERC has determined to be subject to limited dissemination, the SOC Officer posts notice that the disclosure occurred. Otherwise, the SOC Officer posts the information itself.

F. Training

1. Managers and Supervisors within Energy Planning & Trading and Transmission & Compliance must ensure that all new employees complete SOC training within their first 30 days of employment.
2. TFEs, MFEs, Managing-Directors, and employees likely to become privy to transmission function information must complete SOC training annually.
3. The SOC Officer is responsible for delivering training and tracking completion.

G. Books and records: Using business units within the accounting system of record, the District maintains its books of account and records for Transmission & Compliance separate from Energy Planning & Trading, which includes the District’s Marketing Function.

VI. Responsibilities

- A. Chief Compliance Officer:** Responsible for oversight of the SOC program and SOC Officer.
- B. Energy Planning & Trading:** Informs SOC Officer when employees are added or removed as authorized traders under Power Risk Management Policy.

- C. Finance Accounting and Reporting:** Maintains Transmission & Compliance’s books of account and records separate from Energy Planning & Trading’s using business units within the accounting system of record.
- D. Human Resources**
 - 1. Coordinates with Managers and Supervisors to properly classify employees.
 - 2. Ensure that new employees complete SOC training within their first 30 days of employment.
 - 3. Submit SOC designation change requests to the SOC Officer.
 - 4. Informs SOC Officer when employees join or leave the Transmission Systems or System Operations organizations.
- E. Marketing Function Employees (MFEs):** Inform the SOC Officer if they receive any SOC-Restricted Information.
- F. PCS/Legal:** Ensure contracts require contractors to follow SOC if they are likely to have access to SOC-Restricted Information.
- G. Information Technology:** Utilize technology tools, e.g. Active Directory to properly safeguard information utilized by SharePoint site administrators, Outlook distribution list owners, Outlook shared mailbox owners, and other software and site administrators must update permissions and lists accordingly to safeguard information.
- H. SOC Officer:**
 - 1. Performs overall administration of the District’s SOC compliance program and manages ongoing compliance monitoring, oversight, and determinations regarding SOC requirements.
 - 2. Processes SOC designation change requests, tracks training completion, maintains MFE and TFE lists, and reviews the District’s external SOC website, OASIS, or other posting mechanisms to ensure posting requirements are met.
 - 3. Retains records required under this policy for five years.
- I. Transmission Function Employees (TFEs):** Provide a record to the SOC Officer of all interactions (including e-mails and telephone conversations) with MFEs involving SOC-Restricted Information (except interactions described in sections V.D.1 and V.D.2).
- J. Transmission & Compliance:**
 - 1. Assists SOC Officer with posts of SOC-related notices to the District’s external SOC website, OASIS, or other posting mechanisms.
 - 2. Obtains written voluntary consents from transmission customers, if necessary.
- K. Physical Security:** Ensure MFEs don’t have card key access to the System Operations control centers.

VII. Performance & Monitoring

- A.** The SOC Officer tracks compliance with this policy through ongoing compliance monitoring and spot checks.

- B. The SOC Officer measures the effectiveness of this policy by analyzing actual violations, areas of risk of violation, and the volume of meeting and interaction requests and records submitted.

VIII. References

- A. SOG #1 – Authority to Operate
- B. Internal Standards of Conduct Page on PUD Today (the District’s internal website)
- C. 18 CFR § 358, FERC Order No. 717 (and rehearing orders)

IX. Review

This policy is subject to review to be conducted no later than December 2024.

X. Revision History

Version 1 – 1/3/2022