

**STANDARDS OF CONDUCT AND WRITTEN PROCEDURES FOR
COMPLIANCE WITH FEDERAL ENERGY REGULATORY
COMMISSION ORDER NO. 2004
GAS TRANSMISSION NORTHWEST CORPORATION
NORTH BAJA PIPELINE LLC
PORTLAND NATURAL GAS TRANSMISSION SYSTEM
UPDATED: July 22, 2005**

I. Introduction

This document establishes the written procedures instituted by the FERC-Regulated interstate pipelines operated by TransCanada PipeLines Limited (**Gas Transmission Northwest Corporation ("GTN")**), **North Baja Pipeline, LLC ("NBP")** and **Portland Natural Gas Transmission System ("PNGTS")**)¹ to comply with Standards of Conduct Regulations promulgated by the Federal Energy Regulatory Commission ("FERC") in Order No. 2004, *et seq.*, (Standards of Conduct for Transmission Providers, Order No. 2004, FERC Stats. & Regs., Regulations Preambles P 31,155 (2003), *order on reh'g*, Order No. 2004-A, 107 FERC P 61,032 (2004), Order No. 2004-B, 108 FERC P 61,118), *reh'g*, 108 FERC ¶ 61,118 (2004) (Order No. 2004-C); *reh'g*, 110 FERC ¶ 61,320 (2005) (Order No. 2005-D) and codified at 18 C.F.R. Part 358.

The Standards of Conducts Rules ("SOC Rules") apply to any interstate natural gas pipeline that transports gas for others pursuant to subpart A of part 157 or subparts B or G of part 284 of the regulations promulgated by the Federal Energy Regulatory Commission. 18 C.F.R. § 358.1(a). GTN, NBP and PNGTS are interstate pipelines subject to the SOC Rules.

The Standards of Conduct Regulations, which are attached to this Procedures Guide for reference, include two "general principles" in addition to a series of specific requirements related to how transmission providers conduct business. The General Principles are:

- (a) A Transmission Provider's employees engaged in transmission system operations must function independent from employees of its Energy Affiliates.**

- (b) A Transmission Provider must treat all transmission customers, affiliated and non-affiliated, on a non-discriminatory basis, and must not operate its transmission system to preferentially benefit its Energy Affiliates.**

18 C.F.R. 358.2

The Company's policy is to follow both the letter and the spirit of the SOC Rules. This Procedures Guide is designed to provide specific procedures and guidance to ensure compliance with this policy and the SOC Rules. This Procedures Guide also is designed to comply with the Standard of Conduct requirement that written compliance procedures be developed by each Transmission Provider and made publicly available:

¹ Throughout these procedures, GTN, NBP and PNGTS will be referred to individually and collectively as the "Company"

“The Transmission Provider must post on the OASIS or Internet website, current written procedures implementing the standards of conduct in such detail as will enable customers and the Commission to determine that the Transmission Provider is in compliance with the requirements of this section by September 22, 2004 or within 30 days of becoming subject to the requirements of part 358.”

18 C.F.R. 385.4(d)(3).

II. Contact Information

Questions about these Order 2004 Written Procedures or about Company’s compliance with the SOC Rules should be addressed as follows:

Carl M. Fink
Assistant General Counsel & Chief Compliance Officer
TransCanada PipeLines Limited
1400 SW 5th Avenue, Suite 900
Portland, OR 97201
Phone: 503/833-4256
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In addition, any questions about this Written Procedures or about Company's compliance with the SOC Rules may also be emailed to the Company's dedicated Order No. 2004 Chief Compliance Officer ("CCO") mailbox at **Compliance Officer@transcanada.com**.

Persons with knowledge or concerns regarding activities that may be a deviation from these Written Procedures or Company's compliance herewith must report them to the Company’s CCO.

The Company takes its responsibility to promote full compliance with the SOC Rules seriously. Any Company Personnel determined to have engaged in a knowing, wilful violation of these Written Procedures is subject to disciplinary action, including (among other possible disciplinary actions) discharge, civil action, and/or criminal prosecution.

III. Identification of Energy Affiliates

The SOC Rules define Energy Affiliates as follows 18 C.F.R. § 358(3)(d):

Energy Affiliate means an affiliate of a Transmission Provider that:

- (1) Engages in or is involved in transmission transactions in U.S. energy or transmission markets; or
- (2) Manages or controls transmission capacity of a Transmission Provider in U.S. energy or transmission markets; or
- (3) Buys, sells, trades or administers natural gas or electric energy in U.S. energy or transmission markets; or
- (4) Engages in financial transactions relating to the sale or transmission of natural gas or electric energy in U.S. energy or transmission markets.
- (5) An LDC division of an electric public utility Transmission Provider shall be considered the functional equivalent of an Energy Affiliate, unless it qualifies for the exemption in §358.3(d)(6)(v).

An Energy Affiliate *does not* include:

- (1) A foreign affiliate that does not participate in U.S. energy markets;
- (2) An affiliated Transmission Provider or an interconnected foreign affiliated natural gas pipeline that is engaged in natural gas transmission activities which are regulated by the state, provincial or national regulatory boards of the foreign country in which such facilities are located;
- (3) A holding, parent or service company that does not engage in energy or natural gas commodity markets or is not involved in transmission transactions in U.S. energy markets;
- (4) An affiliate that purchases natural gas or energy solely for its own consumption. “Solely for its own consumption” does not include the purchase of natural gas or energy for the subsequent generation of electricity.
- (5) A state-regulated local distribution company that acquires interstate transmission capacity to purchase and resell gas only for on-system sales, and otherwise does not engage in the activities described in §§ 358.3(d)(1), (2), (3) or (4), except to the limited extent necessary to support on-system sales and to engage in de minimis sales necessary to remaining in balance under applicable pipeline tariff requirements.
- (6) A producer, gatherer, Hinshaw pipeline or an intrastate pipeline that makes incidental purchases or sales of de minimis volumes of natural gas to remain in balance under applicable pipeline tariff requirements and otherwise does not engage in the activities described in §§358.3(d)(1), (2), (3) or (4).

IV. Posting of Order 2004 Information

The Company maintains a comprehensive list of Energy Affiliates on their websites in accordance with the requirements of 18 C.F.R § 358.4(b).

The site addresses are as follows:

http://www.gastransmissionnw.com/info_post/ for Gas Transmission Northwest

http://www.northbajapipeline.com/info_postings/ for North Baja Pipeline

http://www.pngts.com/ferc_compliance.html for PNGTS

The Company maintains the following additional information related to identification of and interaction with Energy Affiliates on their websites, updated within seven days of any change.

- Names and addresses of each of Company's Energy Affiliates
- A complete list of the facilities shared by the Company and Energy Affiliates, including the types of facilities shared and their addresses.
- A corporate organizational chart showing the organizational structure of the Company's parent corporation with the relative position in the corporate structure of the Company and all of Company's Energy Affiliates
- A personnel organizational chart showing, for all of the Company's business units, job titles and descriptions, and chain of command for all positions, including officers and directors, with the exception of clerical, maintenance, and field positions. The job titles and descriptions will include the employee's title, the employee's duties, whether the employee is involved in transmission or sales, and the name of the supervisory employees who manage non-clerical employees involved in transmission or sales.
- In the event that any of the Company's Transmission Function Employees are employed by any of the Company's Energy Affiliates, the Company will post the name of the business unit within the marketing or sales unit or the Energy Affiliate, the organizational structure in which the employee is located, the employee's name, job title and job description in the marketing or sales unit or Energy Affiliate, and the employee's position within the chain of command of the Energy Affiliate. The Company does not have any employees that fall into this category, and does not anticipate having such employees in the future.
- Company will post information concerning potential merger partners as affiliates when the potential merger is announced.
- In the event any employee transfers to or from the Company to an Energy Affiliate, Company will post the name of the transferring employee, the respective titles held while performing each function (i.e., on behalf of the Transmission Provider or Energy Affiliate), and the effective date of the transfer. The information posted under this section will remain posted for 90 days.

V. Independent Functioning Requirement

Except in emergency circumstances affecting system reliability, the Company's Transmission Function Employees will function independently from its Energy Affiliate's employees. In particular: the Company's Energy Affiliate employees are prohibited from conducting transmission system operations or reliability functions or having access to Company's Gas Control Facilities.

To ensure the confidentiality and protection of all non-public Company transmission and customer information, the Company's Information Technology ("IT") departments have erected and maintain appropriate password requirements, firewalls and other security measures for all the pipeline's information systems. The IT departments shall conduct periodic reviews of passwords, firewalls and other security measures to ensure that the integrity of Company's systems are not compromised.

A. Communications with Energy Affiliates

- (1) Company Personnel may not communicate with Energy Affiliate employees regarding Company's transmission operations, except as provided herein.
- (2) Company Personnel are prohibited from disclosing to an Energy Affiliate any transmission operations or reliability information pertaining to the Company through non-public communications or access to information that is not already posted on the Company websites or otherwise publicly available without restriction.
- (3) All communications with Energy Affiliates pertaining to the status or availability of transmission service shall be handled in conformity with the procedures set forth herein.
- (4) If any of the Company's Personnel discloses Company transmission information contrary to the requirements of these written procedures, Company's CCOs shall immediately cause the posting of such information on the Internet websites.
- (5) Company Personnel shall not share any information acquired from non-affiliated transmission customers or potential non-affiliated transmission customers, or developed in the course of responding to requests for transmission service on the Internet website with its Energy Affiliates, except to the limited extent information is required to be posted on Company's Internet websites in response to a request for transmission services.

B. Procedures for Limiting Access to Facilities and Information Systems

- (1) Energy Affiliate employees are prohibited from entering Gas Control.
- (2) The Company's Information Technology ("IT") function maintains appropriate password requirements, firewalls, and other security measures for Company's information systems to ensure confidentiality of non-public Company transmission and customer information. The IT function, in coordination with the CCO, conducts periodic reviews of such measures to ensure that system integrity is not compromised.

C. Procedures for Maintenance of Independent Books and Records

- (1) The Company maintains its books and records (as specified under 18 C.F.R. Parts 201 and 225) separately from the books and records of any of its Energy Affiliates.
- (2) The Company's CCO Officer shall restrict access to all non-public books and records relating to Company's transmission system operations, and ensure that such books and records are not accessible to Energy Affiliate employees.

D. Procedures Applicable to Emergency Circumstances Affecting System Reliability

- (1) Company Personnel are authorized to deviate from these Written Procedures as necessary to keep Company's transmission system in operation during emergency circumstances affecting system reliability ("Emergency Conditions").
- (2) In Emergency Conditions, the Company may use Energy Affiliate personnel to assist in maintaining or restoring system operations.
- (3) Within 24 hours after an Emergency Condition has ended, deviations from these Written Procedures must be posted on the Company websites and reported to FERC. The report shall include:
 - a. Description of the Emergency Condition;
 - b. Names of personnel from Energy Affiliates who were granted access to transmission information as necessary to resolve the Emergency Condition;
 - c. Names of all Company Personnel who engaged in such sharing of transmission function information; and
 - d. Duration of the Emergency Condition.

E. Procedures Governing Sharing of Employees

- (1) The Company's Transmission Function Employees may not be shared with any Energy Affiliate.
- (2) Non Transmission Function Employees may be shared with the Company's Energy Affiliates, including:
 - a. Management Committee members and Board of Directors;
 - b. Senior officers that are not Transmission Function Employees;
 - c. Support personnel such as lawyers, accountants, human resources, and information technology personnel, provided that such personnel do not have authority to make decisions affecting Company's transmission system operations;
 - d. Field and maintenance personnel, provided that such personnel do not have authority to make economic decisions about the operation of Company's transmission system; and
 - e. Risk management employees responsible for general, corporate-wide or aggregate third-party risk assessments, the approval of expansion projects, and/or the establishment of spending, trading, and capital authorities; provided, that risk management personnel responsible for assessing customer creditworthiness under the Company's tariff may not be shared.
- (3) Shared employees shall not disclose any non-public transmission system operational or customer information with any Energy Affiliate personnel, and shall be required to execute a written confirmation that they shall not act as a

“conduit” for the disclosure of any such information to an Energy Affiliate prior to engaging in any activity in the course of providing service for customers.

- (4) Prospective sharing by the Company of an Energy Affiliate employee shall be disclosed to the CCO and evaluated for compliance with these Written Procedures. The CCO shall periodically review all shared employee situations for compliance with the SOC Rules.

F. Procedures Governing Employee Transfers Between Company and its Energy Affiliates

- (1) Company Personnel may transfer from and to an Energy Affiliate so long as such transfers are not a means to circumvent the SOC Rules.
- (2) When employees are transferred between Company and an Energy Affiliate, the CCO shall be notified and the following information shall be posted on the Company websites:
 - a. Name of the transferring employee;
 - b. Titles held while performing each function; and
 - c. Effective date of the transfer.
- (3) Employee transfer informational postings shall remain on the Company websites for 90 days.

VI. Procedures for Compliance with Non-Discrimination Requirements

The Standards of Conduct require the Company to ensure that, (i) with certain prescribed exceptions, its Energy Affiliates not obtain access to information that is not publicly available; (ii) The Company’s tariffs are enforced in a fair, impartial and non-discriminatory manner, and (iii) information regarding any offer of a discount for any transportation service made contemporaneously with the time that the offer is contractually binding. The information will be promptly posted (within 24 hours) and the posting will include: the name of the customer involved in the discount; whether it is an affiliate or whether an affiliate is involved in the transaction; the rate offered; the maximum rate; the time period for which the discount would apply; the quantity of gas eligible to be moved; the delivery and receipt points; and any conditions or requirements applicable to the discount. The posting must remain on the websites for 60 days from the date of posting. *See* §358.5. In addition to the procedures regarding independent functioning, the following procedures are intended to comply with the non-discrimination requirements:

A. Procedures Governing the Protection of Transmission System and Customer Information

- (1) When receiving telephone, e-mail or other inquiries from third parties regarding transmission service, Company Personnel shall disclose to Energy Affiliates only information that has been posted on the Company websites or that is otherwise available to the general public without restriction. Changes in the status or availability of transmission service shall not be disclosed until the Company websites has been updated.

- (2) Company Personnel are permitted to communicate with an Energy Affiliate, and are not required to publicly disclose information that relates solely to an Energy Affiliate's specific request for transmission service or interconnection.
- (3) Company Personnel may meet privately with an Energy Affiliate to discuss a potential interconnection or expansion service for such Energy Affiliate.
- (4) Company Personnel shall not share with any Energy Affiliate employee information acquired from non-affiliated transmission customers or potential transmission customers or developed in the course of responding to requests for transmission on the Company websites, except to the extent such information is required to be (and is) posted on the Company websites.
- (5) These nondisclosure requirements shall include non-public information received from potential or existing shippers as well as information regarding transactions being contemplated, proposed (including those that have been withdrawn), and other information not publicly available that could be used by an Energy Affiliate to identify or pursue transportation or market opportunities.
- (6) If a Company employee discloses information contrary to these written procedures, Company must immediately post such information on the Company website. In addition, the supervisor of the employee disclosing such information shall prepare a written report documenting the nature of the disclosure and place the report on file with the CCO.

B. Exceptions to Information Sharing Prohibitions

- (1) A non-affiliated Company customer may voluntarily consent, in writing, to allow the Company to share the non-affiliated customer's information with an Energy Affiliate. In each such instance, the following procedures shall be followed:
 - a. The proposed consent shall be forwarded to the CCO for review and recordkeeping; and
 - b. Company shall post a notice of the consent on the Company websites along with a statement that it did not provide any preferences in exchange for the voluntary consent.
- (2) Company may share critical operating information with an Energy Affiliate for the purpose of maintaining the operations and reliability of the transmission system, provided the shared information does not give the Energy Affiliate an undue preference in the energy marketplace.

C. Non-Discriminatory Administration of FERC Gas Tariffs

- (1) The Company shall strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service to the extent such tariff provisions do not permit the use of discretion.
- (2) To the extent a tariff provision relating to the sale or purchase of open access transmission service authorizes Company to exercise discretion, Company shall apply such tariff provision in a fair and impartial manner that treats all transmission customers in a non-discriminatory manner.
- (3) The Company shall process all similar requests for transmission service in the same manner and within the same time period.

- (4) The Company shall not, through its tariffs or otherwise, give preference to any Energy Affiliate over any other customer in matters relating to the sale or purchase of transmission service (including, but not limited to, matters involving pricing, curtailments, scheduling, and imbalance management).
- (5) The CCO shall supervise the maintenance and posting on the websites of a written log which details the circumstances and manner of any exercise by Company of discretion under its FERC Gas Tariff. In this regard,
 - The CCO shall maintain a list of all provisions in Company's FERC Gas Tariff that afford Company discretion in application such as the right to waive application.
 - Supervisory personnel responsible for the administration of each such tariff section shall be informed as to the need to notify, as soon as reasonably feasible, the CCO or his designee when the exercise of discretion (such as the grant of a waiver) has occurred.
 - The CCO or his designee shall compile and format any such notification to comport with the form in which the tariff log is maintained, and shall forward such information such that information is posted on the Company websites within 24 hours of the event.

D. Monitoring and Audit of Posted Procedures

The CCO shall monitor the informational postings required under these Written Procedures for compliance, and shall perform periodic audits to assess whether additional requirements are needed.

VII. Training and Distribution of Materials

- (1) Mandatory Training. Mandatory Energy Affiliate training is required for all of Company's officers and directors as well as employees with access to transmission information or information concerning gas or electric purchases, sales or marketing functions. Training may be completed through seminars offered by the CCO and/or computer-based training, as available. Mandatory training shall be refreshed periodically, but no less frequently than once every 36 months. Employees subject to Mandatory Training shall document completion of training by executing a dated statement (either in hard copy or electronically) indicating that they have completed the training materials.
- (2) Training New Employees. All new employees (whether or not subject to Mandatory Training) will receive Energy Affiliate Training as standard procedure as part of their hiring protocol.
- (3) Distribution of SOC Rules and Related Materials. Company shall distribute its SOC Rules to all employees and all employees of its Energy Affiliates, and post the SOC Rules on its Internet websites.

STANDARD OF CONDUCT REGULATIONS

Part 358 Regulations

Part 358 – Standards of Conduct

§ 358.1 Applicability.

(a) This part applies to any interstate natural gas pipeline that transports gas for others pursuant to subpart A of part 157 or subparts B or G of part 284 of this chapter.

(b) This part applies to any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce.

(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 facilities and has no access to transmission, customer or market information covered by § 385.5(b), it may request an exemption from this part.

(d) A Transmission Provider may file a request for an exemption from all or some of the requirements of this part for good cause.

§ 358.2 General principles.

(a) A Transmission Provider's employees engaged in transmission system operations must function independent from employees of its Marketing and Energy Affiliates.

(b) A Transmission Provider must treat all transmission customers, affiliated and non-affiliated, on a non-discriminatory basis, and must not operate its transmission system to preferentially benefit its Marketing or Energy Affiliates.

§ 358.3 Definitions.

(a) 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 subpart A of part 157 or 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 that is not interconnected with the jurisdictional facilities of any affiliated interstate natural gas pipeline, has no exclusive franchise area, no captive ratepayers and no market power.

(b) Affiliate means:

(1) Another person which controls, is controlled by or is under common control with, such person. An Affiliate includes a division that operates as a functional unit, and

(2) For any exempt wholesale generator, as defined under section 32(a) of the Public Utility Holding Company Act of 1935, as amended, the same as provided in section 214 of the Federal Power Act.

(c) Control (including the terms "controlling," "controlled by," and "under common control with") as used in this part and § 250.16 of this chapter, includes, but is not limited to, the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct or cause the direction of the management or policies of a company. A voting interest of 10 percent or more creates a rebuttable presumption of control.

(d) Energy Affiliate means an affiliate of a Transmission Provider that:

(1) Engages in or is involved in transmission transactions in U.S. energy or transmission markets; or

(2) Manages or controls transmission capacity of a Transmission Provider in U.S. energy or transmission markets; or

(3) Buys, sells, trades or administers natural gas or electric energy in U.S. energy or transmission markets; or

(4) Engages in financial transactions relating to the sale or transmission of natural gas or electric energy in U.S. energy or transmission markets.

(5) An LDC division of an electric public utility Transmission Provider shall be considered the functional equivalent of an Energy Affiliate, unless it qualifies for the exemption in §358.3(d)(6)(v).

(6) An Energy Affiliate does not include:

(i) A foreign affiliate that does not participate in U.S. energy markets;

(ii) An affiliated Transmission Provider or an interconnected foreign affiliated natural gas pipeline that is engaged in natural gas transmission activities which are regulated by the state, provincial or national regulatory boards of the foreign country in which such facilities are located;

(iii) A holding, parent or service company that does not engage in energy or natural gas commodity markets or is not involved in transmission transactions in U.S. energy markets;

(iv) An affiliate that purchases natural gas or energy solely for its own consumption. "Solely for its own consumption" does not include the purchase of natural gas or energy for the subsequent generation of electricity.

(v) A State-regulated local distribution company that acquires interstate transmission capacity to purchase and resell gas only for on-system sales, and otherwise does not engage in the activities described in §§ 358.3(d)(1), (2), (3) or (4), except to the limited extent necessary to support on-system sales and to engage in de minimis sales necessary to remaining in balance under applicable pipeline tariff requirements.

(vi) A processor, gatherer, Hinshaw pipeline or an intrastate pipeline that makes incidental purchases or sales of de minimis volumes of natural gas to remain in balance under applicable pipeline tariff requirements and otherwise does not engage in the activities described in §§358.3(d)(1), (2), (3) or (4).

(e) Marketing, sales or brokering means a sale for resale of natural gas or electric energy in interstate commerce. Sales and marketing employee or unit includes:

(1) An interstate natural gas pipeline's sales operating unit, to the extent provided in § 284.286 of this chapter, and

(2) A public utility Transmission Provider's energy sales unit, unless such unit engages solely in bundled retail sales.

(3) Marketing or sales does not include incidental purchases or sales of natural gas to operate interstate natural gas pipeline transmission facilities.

(f) Transmission means natural gas transportation, storage, exchange, backhaul, or displacement service provided pursuant to subpart A of part 157 or subparts B or G of part 284 of this chapter; and electric transmission, network or point-to-point service, reliability service, ancillary services or other methods of transportation or the interconnection with jurisdictional transmission facilities.

(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) Open Access Same-time Information System or OASIS refers to the Internet location where a public utility posts the information, by electronic means, required by part 37 of this chapter.

(i) Internet website refers to the Internet location where an interstate natural gas pipeline posts the information, by electronic means, required by §§ 284.12 and 284.13 of this chapter.

(j) Transmission Function Employee means an employee, contractor, consultant or agent of a Transmission Provider who conducts transmission system operations or reliability functions, including, but not limited to, those who are engaged in day-to-day duties and responsibilities for planning, directing, organizing or carrying out transmission-related operations.

(k) Marketing Affiliate means an Affiliate as that term is defined in § 358.3(b) or a unit that engages in marketing, sales or brokering activities as those terms are defined at § 358.3(e).

§ 358.4 Independent functioning.

(a) Separation of functions.

(1) Except in emergency circumstances affecting system reliability, the Transmission Function Employees of the Transmission Provider must function independently of the Transmission Provider's Marketing or Energy Affiliates' employees.

(2) Notwithstanding any other provisions in this section, in emergency circumstances affecting system reliability, a Transmission Provider may take whatever steps are necessary to keep the system in operation. Transmission Providers must report to the Commission and post on the OASIS or Internet website, as applicable, each emergency that resulted in any deviation from the standards of conduct, within 24 hours of such deviation.

(3) The Transmission Provider is prohibited from permitting the employees of its Marketing or Energy Affiliates from:

(i) Conducting transmission system operations or reliability functions; and

(ii) Having access to the system control center or similar facilities used for transmission operations or reliability functions that differs in any way from the access available to other transmission customers.

(4) Transmission Providers are permitted to share support employees and field and maintenance employees with their Marketing and Energy Affiliates.

(5) Transmission Providers are permitted to share with their Marketing or Energy Affiliates senior officers and directors who are not "Transmission Function Employees" as that term is defined in § 358.3(j). A Transmission Provider may share transmission information covered by §§ 385.5(a) and (b) with its shared senior officers and

directors provided that they do not: participate in directing, organizing or executing transmission system operations or marketing functions; or act as a conduit to share such information with a Marketing or Energy Affiliate.

(6) Transmission Providers are permitted to share risk management employees that are not engaged in Transmission Functions or sales or commodity Functions with their Marketing and Energy Affiliates.

(b) Identifying affiliates on the public Internet.

(1) A Transmission Provider must post the names and addresses of Marketing and Energy Affiliates on its OASIS or Internet website.

(2) A Transmission Provider must post on its OASIS or Internet website, as applicable, a complete list of the facilities shared by the Transmission Provider and its Marketing and Energy Affiliates, including the types of facilities shared and their addresses.

(3) A Transmission Provider must post comprehensive organizational charts showing:

(i) The organizational structure of the parent corporation with the relative position in the corporate structure of the Transmission Provider, Marketing and Energy Affiliates;

(ii) For the Transmission Provider, the business units, job titles and descriptions, and chain of command for all positions, including officers and directors, with the exception of clerical, maintenance, and field positions. The job titles and descriptions must include the employee's title, the employee's duties, whether the employee is involved in transmission or sales, and the name of the supervisory employees who manage non-clerical employees involved in transmission or sales.

(iii) For all employees who are engaged in transmission functions for the Transmission Provider and marketing or sales functions or who are engaged in transmission functions for the Transmission Provider and are employed by any of the Energy Affiliates, the Transmission Provider must post the name of the business unit within the marketing or sales unit or the Energy Affiliate, the organizational structure in which the employee is located, the employee's name, job title and job description in the marketing or sales unit or Energy Affiliate, and the employee's position within the chain of command of the Marketing or Energy Affiliate.

(iv) The Transmission Provider must update the information on its OASIS or Internet website, as applicable, required by §§ 358.4(b)(1), (2) and (3) within seven business days of any change, and post the date on which the information was updated.

(v) The Transmission Provider must post information concerning potential merger partners as affiliates within seven days after the potential merger is announced.

(vi) All OASIS or Internet website postings required by part 358 must comply, as applicable, with the requirements of § 37.6 or §§ 284.12(a) and (c)(3)(v) of this chapter.

(c) Transfers. Employees of the Transmission Provider, Marketing or Energy Affiliates are not precluded from transferring among such functions as long as such transfer is not used as a means to circumvent the Standards of Conduct. Notices of any employee transfers between the Transmission Provider, on the one hand, and the Marketing or Energy Affiliate, on the other, must be posted on the OASIS or Internet website, as applicable. 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, Marketing or Energy Affiliate), and the effective date of the transfer. The information posted under this section must remain on the OASIS or Internet website, as applicable, for 90 days.

(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 Energy Affiliates and these must be available for Commission inspections.

(e) Written procedures.

(1) By February 9, 2004, each Transmission Provider is required to file with the Commission and post on the OASIS or Internet website a plan and schedule for implementing the standards of conduct.

(2) Each Transmission Provider must be in full compliance with the standards of conduct by September 22, 2004.

(3) The Transmission Provider must post on the OASIS or Internet website, current written procedures implementing the standards of conduct in such detail as will enable customers and the Commission to determine that the Transmission Provider is in compliance with the requirements of this section by September 22, 2004 or within 30 days of becoming subject to the requirements of part 358.

(4) Transmission Providers will distribute the written procedures to all Transmission Provider employees and employees of the Marketing and Energy Affiliates.

(5) Transmission Providers shall train officers and directors as well as employees with access to transmission information or information concerning gas or electric purchases, sales or marketing functions. The Transmission Provider shall require each employee to sign a document or certify electronically signifying that s/he has participated in the training.

(6) Transmission Providers are required to designate a Chief Compliance Officer who will be responsible for standards of conduct compliance.

§ 358.5 Non-discrimination requirements.

(a) Information access.

(1) The Transmission Provider must ensure that any employee of Marketing or Energy Affiliate may only have access to that information available to the Transmission Provider's transmission customers (i.e., the information posted on the OASIS or Internet website, as applicable), and must not have access to any information about the Transmission Provider's transmission system that is not available to all users of an OASIS or Internet website, as applicable.

(2) The Transmission Provider must ensure that any employee of the Marketing or Energy Affiliate is prohibited from obtaining information about the Transmission Provider's transmission system (including, but not limited to, information about available transmission capability, price, curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans or similar information) through access to information not posted on the OASIS or Internet website or that is not otherwise also available to the general public without restriction.

(b) Prohibited disclosure.

(1) An employee of the Transmission Provider may not disclose to its Marketing or Energy Affiliates any information concerning the transmission system of the Transmission Provider or the transmission system of another (including, but not limited to, information received from non-affiliates or information about available transmission capability, price, curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans, or similar information) through non-public communications conducted off the OASIS or Internet website, through access to information not posted on the OASIS or Internet Website that is not contemporaneously available to the public, or through information on the OASIS or Internet website that is not at the same time publicly available.

(2) A Transmission Provider may not share any information, acquired from non-affiliated transmission customers or potential non-affiliated transmission customers, or developed in the course of responding to requests for transmission or ancillary service on the OASIS or Internet website, with employees of its Marketing or Energy Affiliates, except to the limited extent information is required to be posted on the OASIS or Internet website in response to a request for transmission service or ancillary services.

(3) If an employee of the Transmission Provider discloses information in a manner contrary to the requirements of §§ 358.5(b)(1) and (2), the Transmission Provider must immediately post such information on the OASIS or Internet website.

(4) A non-affiliated transmission customer may voluntarily consent, in writing, to allow the Transmission Provider to share the non-affiliated customer's information with a Marketing or Energy Affiliate. If a non-affiliated customer authorizes the Transmission Provider to share its information with a Marketing or Energy Affiliate, the Transmission Provider must post notice on the OASIS or 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.

(5) A Transmission Provider is not required to contemporaneously disclose to all transmission customers or potential transmission customers information covered by § 358.5(b)(1) if it relates solely to a Marketing or Energy Affiliate's specific request for transmission service.

(6) A Transmission Provider may share generation information necessary to perform generation dispatch with its Marketing and Energy Affiliate that does not include specific information about individual third party transmission transactions or potential transmission arrangements.

(7) Neither a Transmission Provider nor an employee of a Transmission Provider is permitted to use anyone as a conduit for sharing information covered by the prohibitions of §§ 358.5(b)(1) and (2) with a Marketing or Energy Affiliate. A Transmission Provider may share information covered by §§ 358.5(b)(1) and (2) with employees permitted to be shared under §§ 358.4(a)(4), (5) and (6) provided that such employees do not act as a conduit to share such information with any Marketing or Energy Affiliates.

(8) A Transmission Provider is permitted to share information necessary to maintain the operations of the transmission system with its Energy Affiliates.

(c) Implementing tariffs.

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

(2) 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 non-discriminatory manner, if these tariff provisions permit the use of discretion.

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

(4) The Transmission Provider must maintain a written log, available for Commission audit, detailing the circumstances and manner in which it exercised its discretion under any terms of the tariff. The information

contained in this log is to be posted on the OASIS or Internet website within 24 hours of when a Transmission Provider exercises its discretion under any terms of the tariff.

(5) The Transmission Provider may not, through its tariffs or otherwise, give preference to its Marketing or Energy Affiliate, over any other wholesale customer 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) Discounts.

Any offer of a discount for any transmission service made by the Transmission Provider must be posted on the OASIS or Internet website contemporaneously with the time that the offer is contractually binding. The posting must include: the name of the customer involved in the discount and whether it is an affiliate or whether an affiliate is involved in the transaction, the rate offered; the maximum rate; the time period for which the discount would apply; the quantity of power or gas upon which the discount is based; the delivery points under the transaction; and any conditions or requirements applicable to the discount. The posting must remain on the OASIS or Internet website for 60 days from the date of posting.