

**PROCEDURES OF  
UPPER PENINSULA POWER COMPANY TO  
IMPLEMENT THE  
FERC STANDARDS OF CONDUCT – ORDER NOS. 717 *ET SEQ.***

**AUGUST 28, 2014**

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UPPER PENINSULA POWER  
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FEDERAL ENERGY REGULATORY  
COMMISSION'S  
STANDARDS OF CONDUCT – ORDER NOS. 717 *ET SEQ.***

**I. APPLICABILITY**

(a) This document describes Upper Peninsula Power Company's ("UPPCo") procedures to implement the Federal Energy Regulatory Commission's Order Nos. 717 *et seq.* Standards of Conduct. Previously, UPPCo sold its transmission facilities to American Transmission Company, LLC ("ATC"), and ATC transferred control of those transmission facilities to the Midcontinent Independent System Operator, Inc. ("MISO"). UPPCo, together with its former affiliate, Wisconsin Public Service Corporation ("WPS"), obtained from FERC a waiver of the obligation to comply with their individual Standards of Conduct requirements, as the only employees who perform transmission functions are employees of WPS who act as contractors for ATC ("ATC Contractor Employees"). UPPCo does, however, perform certain services for the benefit of ATC pursuant to the Operation and Maintenance Services Agreement for Transmission Service dated January 20, 2004. Further, UPPCo is a party to the Standards of Conduct Agreement between WPS, UPPCo, and ATC dated as of November 25, 2008 ("ATC SOC Agreement"). To implement its obligations pursuant to the ATC SOC Agreement, UPPCo shall adopt the procedures set forth below. These procedures apply to the relationship between (1) UPPCo employees that communicate with either WPS' ATC Contractor Employees or ATC Transmission Function Employees and (2) UPPCo Marketing Function Employees.

**II. GENERAL PRINCIPLES**

- (a) The Company must treat all Transmission Customers (if applicable), affiliated and non-affiliated, on a not unduly discriminatory basis and must not make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage with respect to any transmission of electric energy in interstate commerce or with respect to the wholesale sale of electric energy in interstate commerce.
- (b) The Company's employees that interact with either ATC Contractor Employees or ATC Transmission Function Employees must function independently from the Company's Marketing Function Employees.

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- (c) The Company and its employees, contractors, consultants and agents that communicate with ATC Contractor Employees and/or ATC Transmission Function Employees are prohibited from disclosing, or using a conduit to disclose, non-public Transmission Function Information to the Company's Marketing Function Employees.
- (d) The Companies must provide equal access to non-public Transmission Function Information disclosed to Marketing Function Employees to all its Transmission Customers (if applicable), affiliated and non-affiliated.

### III. DEFINITIONS

- (a) Affiliate of a specified entity means:
  - (1) Another person that controls, is controlled by or is under common control with, the specified entity. An affiliate includes a division of the specified entity that operates as a functional unit, and
  - (2) For any exempt wholesale generator, as defined under 18 C.F.R. §366.1, affiliate shall have the meaning set forth in 18 C.F.R. §366.1, or any successor provision.
- (b) ATC means American Transmission Company, LLC.
- (c) Company means UPPCo.
- (d) Control (including the terms "controlling," "controlled by," and "under common control with"), as used in these Procedures, means the direct or indirect authority, whether acting alone or in conjunction with others, to direct or cause to direct the management policies of an entity. A voting interest of 10 percent or more creates a rebuttable presumption of control.
- (e) FERC or Commission means the Federal Energy Regulatory Commission.
- (f) Internet Website refers to the Internet location where a public utility posts the information, by electronic means, required under 18 C.F.R. Part 358.
- (g) Marketing Functions means a sale or brokering for resale of natural gas or electric energy in interstate commerce.
  - (1) In the case of public utilities and their affiliates, the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, all as subject to the following exclusions.

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Marketing Functions do not include:

- (i) Bundled retail sales, and
- (ii) Sales of electric energy made by providers of last resort (POLRs) acting in their POLR capacity.

- (g) Marketing Function Employee means an employee, contractor, consultant who actively and personally engages on a day-to-day basis in Marketing Functions. Marketing Function Employees include all persons who negotiate or provide input into the business details of wholesale power sales contracts.

Marketing Function Employees do not include:

- (1) Persons who set general negotiation parameters for wholesale power sales contracts; or
- (2) Persons who review, approve or execute wholesale power sales contracts;
- (3) Persons who draft or redraft the wholesale power sales contracts without making business decisions; or
- (4) Persons who negotiate or provide input into the details of contract negotiations for power purchases serving retail and wholesale load.

- (h) MISO means the Midcontinent Independent System Operator, Inc.
- (i) Open Access Same-time Information System or OASIS refers to the Internet location where a public utility posts the information required by 18 C.F.R. Part 37 and where it may also post the information required to be posted on its Internet Website by 18 C.F.R. Part 358.
- (j) Transmission means electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities, under 18 C.F.R. Part 35.
- (k) 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.
- (l) Transmission Functions means the planning, directing, organizing or carrying out of day-to-day transmission operations, such as:
  - (1) Transmission system operation and management, including maintenance and switching;
  - (2) Reliability;

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- (3) Interconnections; and
- (4) Granting and denying transmission service requests.

For Standards of Conduct purposes, Transmission Functions do not include performing system impact studies, facilities studies, and transmission planning, with the exception that Transmission Functions do include system impact studies to determine whether the transmission system can support a Transmission Service request, regardless of the duration of the Transmission Service that has been requested.

(m) Transmission Function Employee means an employee, contractor, consultant or agent of a Transmission Provider who actively and personally engages on a day-to-day basis in Transmission Functions.

(n) Transmission Function Information means information relating to Transmission Functions.

(1) Transmission Function Information includes information such as:

- (i) Transmission system information (*e.g.*, ATC and customer tie-line data), including historical data;
- (ii) System status, including line loading, equipment status, scheduled outages, curtailments, schedules and loading alarms, including historical data; and
- (iii) Transmission operating procedures.

(2) Transmission Function Information does not include information that does not pertain to day-to-day transmission operations, such as:

- (i) Information about transmission construction; and
- (ii) Information about transmission or interconnection studies.

(o) Transmission Provider means:

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

ATC is the owner of the Transmission facilities that serve the native load of UPPCo. MISO implements the Open Access Transmission Tariff that provides for Transmission Service over these facilities. ATC contractor employees who are employed by WPS perform Transmission Functions subject to the direction and control of ATC and MISO.

WPS, MISO, and ATC are Transmission Providers.

(p) Transmission Service means the provision of any transmission as defined in 18 C.F.R. §358.3(f).

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- (q) Waiver means the determination by a Transmission Provider, if authorized by its tariff, to waive any provisions of its tariff for a given entity.

### IV. NO CONDUIT RULE

- (a) Basic rule. An employee or agent of UPPCo that communicates with either ATC Contractor Employees or ATC Transmission Function employees is prohibited from using anyone as a conduit for the disclosure of non-public Transmission Function Information to its Marketing Function Employees.
- (b) The no conduit rule applies to customer information. Customer information is non-public information about a Transmission Customer's transmission service. This includes information about the customer's request for service and transmission usage.

#### Implementation Procedures

The Companies conduct annual training on the No Conduit Rules.

### V. TRAINING

- (a) UPPCo shall provide annual training on the Standards of Conduct to all its employees that communicate with either ATC Contractor Employees or ATC Transmission Function Employees, Marketing Function Employees, officers, directors, supervisory employees, and any other employees likely to become privy to Transmission Function Information. UPPCo shall provide training on the Standards of Conduct to new employees (who communicate with ATC Contractor Employees, Marketing Function Employees, officers, directors, supervisory employees, and any other employees likely to become privy to Transmission Function Information) within the first 60 days of their employment.

#### Implementation Procedures

UPPCo Standards of Conduct: Annually, UPPCO shall conduct training on the Standards of Conduct. A new employee or an employee who transfers to a position that is subject to the training requirement, shall receive such training within 60 days of employment or transfer and shall subsequently receive training on the annual training cycle. Employees receiving training shall certify their completion of the training.

### VI. CHIEF COMPLIANCE OFFICER RESPONSIBILITIES

- (a) UPPCo shall designate a Chief Compliance Officer who will be responsible for Standards of Conduct compliance. The current Chief Compliance Officer is Susan C. Devon. Her phone number is (906) 232-1422. Her e-mail address is [scdevon@uppcocom](mailto:scdevon@uppcocom).

#### Implementation Procedure

The Chief Compliance Officer is responsible for the following:

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- (1) Ensure timely postings, as required by these Procedures, and archiving changes in such information for five years;
- (2) Update these Procedures as necessary to maintain compliance with the Standards of Conduct;
- (3) Oversee or conduct Standards of Conduct training and maintain signed certificates of training for all persons who have received such training;
- (4) Distribute the Standards of Conduct Procedures to employees;
- (5) Serve as a point of contact for questions or concerns relating to compliance with the Standards of Conduct and these Procedures.;
- (6) Ensure compliance with the Standards of Conduct and these Procedures through periodic audits and reviews of compliance and, where necessary, take action to ensure compliance;
- (7) Retain for five years records of evaluations and audits of Standards of Conduct compliance and actions taken to ensure compliance or correct instances of noncompliance with the Standards of Conduct;
- (8) Receive all reports of non-compliance with the Standards of Conduct and/or these Procedures and take necessary corrective actions, including, where necessary, the posting of information and making reports to the FERC; and
- (9) Recommend disciplinary action, as appropriate, for employees who violate the Standards of Conduct.

### **VII. BOOKS AND RECORDS**

- (a) The Transmission Provider must maintain its books of account and records (as prescribed under 18 C.F.R. Parts 101,125, 201 and 225) separately from those of its Affiliates that employ or retain Marketing

Function Employees, and these must be available for Commission inspections.

#### **Implementation Procedures**

UPPCo maintain separate books and records from their Affiliates that employ or retain Marketing Function Employees, and these are available for Commission inspections.