

PPL Electric Utilities Corporation FERC Standards of Conduct

1.0 Purpose

PPL Electric Utilities Corporation (PPL EU) is a subsidiary of PPL Corporation. PPL EU is a public utility that owns facilities used for the transmission of electric energy in interstate commerce. PPL EU is subject to the jurisdiction of the Federal Energy Regulatory Commission, a governmental agency that regulates the interstate transmission of natural gas, oil, and electricity. PPL EU is a Transmission Provider that engages in certain transmission transactions with several of its affiliates that are engaged in Marketing Functions.

As a result, the Federal Energy Regulatory Commission's Standards of Conduct regulations, published in 18 CFR Part 358, impose obligations on PPL EU, its affiliates engaged in Marketing Functions, and its affiliates' employees, contractors and consultants. This corporate level General Procedure explains the obligations as they apply to these covered entities and persons.

Overview of Standards of Conduct Requirements

The four primary components of the Standards of Conduct relate to dealings between PPL EU's Transmission Function Employees and contractors and those performing Marketing Functions:

- 1.1 Undue discrimination in how affiliated and non-affiliated transmission customers are treated is not permitted;
- 1.2 Transmission Functions must be performed independently of Marketing Functions;
- 1.3 No one employed by any subsidiary of PPL Corporation may serve as a conduit to transfer Non-public Transmission Function Information to Marketing Function Employees unless permitted; and
- 1.4 There must be transparency in the event of improper disclosure.

2.0 Scope

This procedure is applicable to PPL EU and all of its affiliates. In order to understand the obligations imposed by the Standards of Conduct, employees and contractors should be familiar with the business conducted by PPL EU and its affiliates.

The Kentucky affiliates of PPL Corporation maintain a separate Transmission Provider Standards of Conduct compliance procedure but are subject to this procedure as to their marketing function employees and as to their no conduit obligations.

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- 2.1 PPL EU is a Transmission Provider and has a Transmission Function, including with respect to transmission service provided over lower voltage facilities (e.g. 12KV service);
- 2.2 PPL EU's affiliates generally include all of the subsidiaries of PPL Corporation, such as PPL Services Corporation, PPL EU Services Corporation, Louisville Gas and Electric Company, Kentucky Utilities Company, Electric Energy, Inc. and LG&E and KU Energy Services Company;
- 2.3 PPL EU has a Marketing Function, although it currently has no Marketing Function Employees; and
- 2.4 PPL EU's affiliates that engage in Marketing Functions are Louisville Gas and Electric Company; Kentucky Utilities Company and Electric Energy, Inc.

3.0 References

- 3.1 [18 CFR Part 358](#), Standards of Conduct.
- 3.2 [Corporate Policy 407](#) - Records Management.
- 3.3 [FERC Order 717](#), Standards of Conduct for Transmission Providers, October 16, 2008. (Docket No. RM07-1-000)
- 3.4 [FERC Order 717-A](#), Standards of Conduct for Transmission Providers, October 15, 2009.

4.0 Definitions

- 4.1 Critical Energy Infrastructure Information (CEII) - specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure that:

- Relates details about the production, generation, transportation, transmission, or distribution of energy;
- Could be useful to a person planning an attack on critical infrastructure;
- Is exempt from mandatory disclosure under the Freedom of Information Act; and
- Gives strategic information beyond the location of the critical infrastructure.

Critical infrastructure means existing and proposed systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters.

- 4.2 Marketing Functions - 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

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transmission rights, except that bundled retail sales, including sales of electric energy made by providers of last resort (POLRs) acting in their POLR capacity are not included.

The wholesale sale, or the submission of offers to sell at wholesale, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights. Retail sales of electric energy made by providers of last resort (POLRs) are not included.

- Because PPL EU makes limited sales of wholesale power, it has a Marketing Function.
- Louisville Gas and Electric Company, Kentucky Utilities Company and Electric Energy, Inc. have a marketing function.

- 4.3 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 engage on a day-to-day basis in Marketing Functions.
- PPL EU currently has no Marketing Function Employees.
 - Louisville Gas and Electric, Kentucky Utilities Company and Electric Energy, Inc. have Marketing Function Employees
- 4.4 Non-public Transmission Function Information (TFI) - Transmission Function Information not publicly available.
- 4.5 OASIS - Open Access Same-Time Information System. Provides information by electronic means about available transmission capability for point-to-point service and a process for requesting transmission service on a non-discriminatory basis. OASIS enables transmission providers and transmission customers to communicate requests and responses to buy and sell available transmission capacity offered under the PJM Open Access Transmission Tariff.
- 4.6 PPL EU Affiliates - Includes, but not limited to, all of the subsidiaries of PPL Corporation, such as PPL Services Corporation, Louisville Gas and Electric Company, Kentucky Utilities Company and Electric Energy, Inc.
- 4.7 Transmission Functions - The planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.
- 4.8 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.
- 4.9 Transmission Function Information (TFI) - Information that relates to planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.

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

5.0 Responsibilities

PPL EU and its applicable affiliates are responsible for adhering to the Standards of Conduct as defined in this program document.

6.0 Procedure

6.1 General Principles

6.1.1 Non-discrimination: PPL EU, as a Transmission Provider, must treat all transmission customers, 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 transportation of natural gas or transmission of electric energy in interstate commerce, or with respect to the wholesale sale of natural gas or of electric energy in interstate commerce.

6.1.2 Independent functioning: PPL EU's Transmission Function Employees must function independently from its Marketing Function Employees (currently PPL EU has none) and those Marketing Function Employees of PPL EU Affiliates, except as permitted in [18 CFR Part 358](#) or otherwise permitted by FERC order.

6.1.3 No conduit: PPL EU and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, Non-public Transmission Function Information to the Transmission Provider's Marketing Function Employees.

6.1.4 Transparency: PPL EU must provide equal access to Non-public Transmission Function Information to all its transmission customers, affiliated and non-affiliated, except in the case of confidential customer information or Critical Energy Infrastructure Information.

6.2 Non-discrimination Requirements

6.2.1 PPL EU must strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if the tariff provisions do not permit the use of discretion.

6.2.2 PPL EU 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 not unduly discriminatory manner, if the tariff provisions permit the use of discretion.

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- 6.2.3 PPL EU may not, through its tariffs or otherwise, give undue preference to any person 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).
- 6.2.4 PPL EU must process all similar requests for transmission in the same manner and within the same period of time.

6.3 Independent Functioning Rule

- 6.3.1 General rule; Except as permitted in [18 CFR Part 358](#) or otherwise permitted by FERC order, PPL EU's Transmission Function Employees must function independently of its Marketing Function Employees and the Marketing Function Employees of PPL EU Affiliates.
- 6.3.2 Separation of functions:
 - a If PPL EU had any Marketing Function Employees, PPL EU would be prohibited from permitting its Marketing Function Employees to:
 - (1) Conduct Transmission Functions; or
 - (2) Have access to the system control center or similar facilities used for transmission operations that differs in any way from the access available to other transmission customers.
 - b PPL EU is prohibited from permitting its Transmission Function Employees to conduct Marketing Functions.
 - c Deviations may be permitted by a FERC order or in regulations.

6.4 No Conduit Rule

- 6.4.1 If PPL EU had any Marketing Function Employees, the following prohibitions would apply:
 - a PPL EU is prohibited from using anyone as a conduit for the disclosure of Non-public Transmission Function Information to its Marketing Function Employees or the Marketing Function Employees of its affiliates.
 - b An employee, contractor, consultant or agent of a PPL EU is prohibited from disclosing Non-public Transmission Function Information to any of the PPL EU's Marketing Function Employees.
 - c An employee, contractor, consultant or agent of an affiliate of PPL EU that is engaged in Marketing Functions, is prohibited from disclosing Non-public Transmission Function Information to any of the PPL EU's Marketing Function Employees.

6.4.2 No employee of any PPL company may serve as a conduit by sharing Non-public Transmission Function Information with Marketing Function Employees.

6.5 Transparency Rule

6.5.1 Contemporaneous disclosure.

- a If PPL EU discloses Non-public Transmission Function Information, other than information identified in Section 6.5.1.b, in a manner contrary to the requirements of the No Conduit Rule (see Section 6.4), PPL EU must **immediately** post the information that was disclosed on its Internet website or on the PJM OASIS.
- b If PPL EU discloses, in a manner contrary to the requirements of the No Conduit Rule, non-public transmission customer information, Critical Energy Infrastructure Information or any other information that FERC by law has determined is to be subject to limited dissemination, PPL EU must **immediately** post notice on its website or on the PJM OASIS that the information was disclosed.

6.5.2 Exclusion for specific transaction information.

A PPL EU Transmission Function Employee may discuss with a Marketing Function Employee a specific request for transmission service submitted by the Marketing Function Employee. PPL EU is not required to contemporaneously disclose information otherwise covered by the No Conduit Rule if the information relates solely to a Marketing Function Employee's specific request for transmission service.

6.5.3 Voluntary consent provision.

A transmission customer may voluntarily consent, in writing, to allow PPL EU to disclose the transmission customer's non-public information to the PPL EU's Marketing Function Employees. If the transmission customer authorizes PPL EU to disclose its information to Marketing Function Employees, PPL EU must post notice on its Internet website **within seven business days** 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.

6.5.4 Posting written procedures on the public Internet.

- a PPL EU must post on its Internet website these written procedure(s) implementing the FERC Standards of Conduct.

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- b Postings to PPL EU's Internet website required under Section 6.5.4 are required **within seven business days** of any change.

6.5.5 Identification of affiliate information on the public Internet.

- a PPL EU must post on its Internet website the names and addresses of all its affiliates that employ or retain Marketing Function Employees.
- b PPL EU must post on its Internet website a complete list of the employee-staffed facilities shared by any of PPL EU's Transmission Function Employees and Marketing Function Employees. The list must include the types of facilities shared and the addresses of the facilities.
- c PPL EU must post information concerning potential merger partners as affiliates that may employ or retain Marketing Function Employees, within seven days after the potential merger is announced.

6.5.6 Identification of employee information on the public Internet.

- a PPL EU must post on its Internet website the job titles and job descriptions of its Transmission Function Employees. PPL EU monitors various HRPR reports to identify these required postings (including any changes included in Sections 6.5.6.b through 6.5.6.e) and ensures that appropriate postings for PPL EU are made.
- b PPL EU must post within seven business days a notice on its Internet website of any transfer of a Transmission Function Employee to a position as a Marketing Function Employee, or any transfer of a Marketing Function Employee to a position as a Transmission Function Employee. The information posted under this section must remain on its Internet website for 90 days. No such job transfer may be used as a means to circumvent any provision of this procedure. The information to be posted must include:
 - (1) The name of the transferring employee,
 - (2) The respective titles held while performing each function (i.e., as a Transmission Function Employee and as a Marketing Function Employee), and
 - (3) The effective date of the transfer.
- c PPL EU shall monitor the addition of any new functional groups to determine if they contain Transmission Function Employees.

- d PPL EU shall monitor for changes to the job titles and job descriptions.
- e PPL EU shall monitor employee transfers to determine any transfer of a Transmission Function Employee to a position as a Marketing Function Employee, or any transfer of a Marketing Function Employee to a position as a Transmission Function Employee.

6.5.7 Timing and general requirements of postings on the public Internet.

- a PPL EU must update on its Internet website the information required by Sections 6.5.1 through 6.5.6 within seven business days of any change, and post the date on which the information was updated. PPL EU may also post the information required to be posted under Sections 6.5.1 through 6.5.6 on its OASIS, but is not required to do so.
- b In the event an emergency, such as an earthquake, flood, fire or hurricane, severely disrupts a Transmission Provider's normal business operations, the posting requirements in this part may be suspended by PPL EU. If the disruption lasts longer than one month, PPL EU must so notify FERC and may seek a further exemption from the posting requirements.
- c All Internet website postings required by this part must be sufficiently prominent as to be readily accessible.

6.5.8 Exclusion for and recordation of certain information exchanges.

- a Notwithstanding the requirements of Section 6.3.1 (General Rule) and Section 6.4 (No Conduit Rule), PPL EU's Transmission Function Employees and any Marketing Function Employees may exchange certain Non-public Transmission Function Information, as delineated in Section 6.5.8.b, in which case PPL EU must make and retain a record of all such exchanges except in emergency circumstances, in which case a record must be made of the exchange as soon as practicable after the fact. PPL EU shall make the record available to FERC upon request. The record may consist of hand-written or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and the like, and must be retained for a period of **five years**.
- b The non-public information subject to the exclusion in Section 6.5.8.a is as follows:
 - (1) Information pertaining to compliance with Reliability Standards approved by the Commission, and

- (2) Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

6.5.9 Posting of waivers.

- a PPL EU must post on its Internet website notice of each waiver of a tariff provision that it grants in favor of an affiliate, unless such waiver has been approved by FERC. The posting must be made within one business day of the act of a waiver. PPL EU must also maintain a log of the acts of waiver, and must make it available to FERC upon request. The records must be kept for a period of five years from the date of each act of waiver

6.6 Implementation requirements.

- 6.6.1 PPL EU shall designate a chief compliance officer who will be responsible for standards of conduct compliance. PPL EU must post the name of the chief compliance officer and provide his or her contact information on its Internet website. PPL EU has designated the President-PPL Electric Utilities as the chief compliance officer.

- 6.6.2 PPL EU must make available these written procedures to all its Transmission Function Employees, Marketing Function Employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information.

6.6.3 Required Training

Training shall be provided each calendar year on the standards of conduct to applicable employees and contractors. Training shall be provided on the FERC Standards of Conduct to new applicable employees within the first 30 days of their employment. Each employee or contractor who has taken the training must certify electronically or in writing that this training has been completed.

6.6.4 Books and Records

PPL EU must maintain its books of account and records (as prescribed under parts 101, 125, 201 and 225 of Title 18 of the Code of Federal Regulations) separately from those of its affiliates that employ or retain Marketing Function Employees, and these must be available for Commission inspections.

7.0 **Records**

Corporate records generated by this procedure shall be retained in accordance with PPL Records Management and the Corporate Records Retention Schedule.