

Code de conduite du Southern Company Services, Inc.

SOUTHERN COMPANY WRITTEN PROCEDURES
IMPLEMENTING THE FERC ORDER 717 STANDARDS OF CONDUCT
Last Modified July 14, 2016

Under Part 358 of the Regulations of the Federal Energy Regulatory Commission (“Commission”), transmission providers are required to develop and maintain written procedures implementing the Standards of Conduct adopted by the Commission in Order No. 717 (“Standards” or “Commission’s Regulations”). These Southern Company Written Procedures Implementing the FERC Order 717 Standards of Conduct (“Written Procedures”) are intended to comply with the Commission’s Regulations and are applicable to the electric generating companies of Southern Company (collectively referred to as the “Southern Company System”).

1. Overview

The Standards of Conduct embodied in Part 358 of the Commission’s Regulations have been adopted as the Standards applicable to the Southern Company System. The Transmission Providers of the Southern Company System are Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company (including employees of Southern Company Services, Inc. who perform activities on their behalf). In the Southern Company System, all officers, directors, employees, contractors, consultants and agents are responsible for adhering to the Standards. All officers, directors, supervisors, transmission function employees,¹ marketing function

¹ Pursuant to Section 358.3(h) of the Standards, transmission functions are defined as “the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.” This definition includes coordinating the actual physical flows of power or gas, balancing load with energy or capacity, isolating portions of the system to prevent cascades, imposing transmission loading relief, and the like. A transmission function employee is an employee, contractor, consultant or agent of a transmission provider who actively and personally engages on a day-to-day basis in transmission functions.

employees,² and personnel who are likely to become privy to transmission function information³ (collectively, “Affected Employees”) are trained in the Standards and execute certificates certifying that they have been trained.⁴ As part of the training process, all Affected Employees also receive the internal website link where additional materials summarizing the fundamental requirements of the Standards and other pertinent information is provided.

In accordance with Section 358.8(c)(2) of the Commission’s Regulations, a chief compliance officer has been appointed to be responsible for Standards of Conduct compliance for the Southern Company System (“Chief Compliance Officer”), and the name and contact information of the Chief Compliance Officer are posted in a publicly available area of the Transmission Providers’ OASIS, and a link to that information is available on Southern Company System’s Internet website.⁵ The Chief Compliance Officer is also responsible for ensuring that the Affected Employees are trained in the Standards. To carry out activities related to these responsibilities, the Chief Compliance

² Pursuant to Section 358.3(c)(1), marketing functions (in the case of public utilities and their affiliates) are defined as “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 an exclusion for bundled retail sales....” A marketing function employee is an employee, contractor, consultant or agent of a transmission provider or an affiliate of a transmission provider who actively and personally engages in marketing functions on a day-to-day basis.

³ Pursuant to Section 358.3(j), transmission function information is defined as “information relating to transmission functions.” Examples of the types of non-public transmission function information that must not be shared with marketing function employees include information related to: non-affiliated transmission customers’ transmission service requests; available transmission capability; price; physical power flow management and coordination activities, including analyses and decisions relating to system balancing, transmission loading relief and curtailments.

⁴ In the spirit of the Standards, and although not required as they apply to the Southern Company System and Affected Employees, training on the requirements of the Standards has been provided to certain non-utility affiliate personnel.

⁵ All public postings discussed herein will be sufficiently prominent as to be readily accessible, pursuant to Section 358.7(g)(3), and the timing of such postings will be subject to the existence of emergency disruptions as set forth in Section 358.7(g)(2). Should an emergency disruption last longer than one month, the Transmission Providers will notify the Commission and may seek a further exemption from the posting requirements.

Officer has designated representatives who will undertake day-to-day compliance-related tasks. Among other duties, the Chief Compliance Officer (through his or her designees) will organize training sessions to ensure that Affected Employees understand issues related to the Standards and know to avoid (and identify) violations of the Standards. The designees are also available to address any questions or issues that employees may have concerning appropriate conduct under the Standards, and employees have been provided with the contact information for certain designees.

Employees are encouraged to contact their supervisors or a designated representative of the Chief Compliance Officer if they have questions about the Standards or if they suspect any violation (even if inadvertent) may have occurred. Suspected violations must be reported immediately so that appropriate steps may be taken (such as investigation and, if a violation is confirmed, immediate posting of disclosures on the Southern Company System's OASIS) to maintain compliance with the Standards.

2. Independent Functioning

Sections 358.2(b) and 358.5(a) of the Commission's Regulations require a transmission provider's transmission function employees to function independently of the utility transmission provider's marketing function employees. In accordance with this requirement, the transmission function employees of the Transmission Providers operate independently from marketing function employees.

The Southern Company System has taken the following steps to ensure compliance with the Standards' independent functioning requirement and to otherwise enhance certain aspects of its compliance procedures:

(A) Independent Functioning – Section 358.5(b)(1)(i) of the Commission’s Regulations prohibits marketing function employees from conducting transmission functions. The Southern Company System complies with this requirement through its organizational structure and by prohibiting marketing function employees from conducting transmission functions. Section 358.5(b)(2) of the Commission’s Regulations prohibits transmission function employees from conducting marketing functions. The Southern Company System complies with this requirement through its organizational structure and by prohibiting transmission function employees from conducting marketing functions.

(B) Controlled Access – Under Section 358.5(b)(1)(ii) of the Commission’s Regulations, marketing function employees of a transmission provider may not 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. As explained more thoroughly below in Item 5, the Southern Company System complies with this requirement because access to such facilities is restricted by security card locks (requests for security card access must be approved by a designated individual in the affected department of the Transmission Provider(s)).

(C) Training – As required by Section 358.8(c)(1), all Affected Employees must be trained in the Standards. For the Southern Company System, the Affected Employees are identified by the designees of the Chief Compliance Officer who undertake the day-to-day compliance-related tasks on behalf of the Chief Compliance Officer.

Training for the Affected Employees is conducted through a proprietary computer-based application that is used to conduct and manage all of the Southern

Company System's corporate training. Affected Employees must log into the application using their network identifications and passwords, then complete a course describing their responsibilities under the Standards. Once Affected Employees have completed the training session, they must execute an electronic certification form stating that they have been trained in the Standards. Affected Employees will be retrained on an annual basis to promote ongoing familiarity with and understanding of the Standards and to provide any necessary updated information. In addition to the computer-based training, all officers, directors, marketing function employees, transmission function employees, and employees who work in close contact with marketing function employees and/or transmission function employees (e.g., their supervisors) will be provided with additional training on the Standards on a periodic basis, as needed. All new employees who will, by virtue of their job activities, be Affected Employees will undergo training within the first thirty days of their reporting date and will be required to complete the associated certification.

(D) Written Procedures – Under Section 358.7(d) of the Commission's Regulations, a transmission provider's written procedures implementing the Standards of Conduct must be posted on the transmission provider's Internet web site. As required by that section, these Written Procedures are posted in a publicly available area of the Transmission Providers' OASIS, a link to which is posted on Southern Company System's Internet web site. Under Section 358.8(b)(2), the transmission provider must distribute the written procedures to all Affected Employees. These Written Procedures will be updated as necessary.

3. Public Identification of Transmission Function Employees and Affiliates that Employ Marketing Function Employees

Sections 358.7(e) and (f) of the Standards of Conduct require the posting of certain identifying information concerning facilities, organizations, and individuals that are associated with affiliates that employ or retain transmission function employees and/or marketing function employees. The following items are posted in a publicly available area of the Transmission Providers' OASIS web site, a link to which is provided on the Southern Company System Internet web site: (1) the names and addresses of all affiliates of the Southern Company System that employ or retain marketing function employees; (2) a complete list of employee-staffed facilities, including the address and type of facility, shared by the Transmission Providers' transmission function employees and marketing function employees; (3) the job titles and descriptions of transmission function employees; and (4) information concerning any potential merger partners that, as affiliates, may contain marketing function employees.

As required by Section 358.7(g)(1), the foregoing information will be updated as necessary within seven (7) business days of any changes to the information, and the date on which the information was updated will be posted. As an oversight mechanism to the foregoing process, designees of the Chief Compliance Officer will perform periodic reviews of posted information.

4. Procedures for Transfers of Employees

Section 358.7(f)(2) of the Commission's Regulations establishes certain requirements regarding the transfer of a transmission function employee to a position as a marketing function employee and vice versa. To implement this requirement for the Southern Company System, designated employees will receive electronic notices at the time an employee's company personnel records are updated to effect a transfer that may

need to be posted. These notices will provide the employee's name, the company name, the pre-transfer job title, and the post-transfer job title. A designee will review these transfer notices to determine whether a posting is required by the Commission's Regulations and, if so, will post the following information: the employee's name; his or her titles (both as a transmission function employee and as a marketing function employee); and the effective date of the transfer. No such transfers will be used as a means to circumvent any provision of the Standards. Transfer information will remain posted for ninety (90) days. As a control measure, designees of the Chief Compliance Officer will periodically review employee transfer notices and associated postings.

5. Information Access Procedures

Section 358.2(c) of the Commission's Regulations prohibits a transmission provider from disclosing, or using a conduit to disclose, non-public transmission function information to the transmission provider's marketing function employees. Section 358.2(d) also requires transmission providers to provide equal access to non-public transmission function information to all of its transmission function customers, affiliated and non-affiliated alike, except in the case of confidential customer information or Critical Energy Infrastructure Information.

One method of controlling access to non-public transmission function information is through physical access controls. Areas like system control centers, or other areas used for transmission operations, have physical access controls that allow only approved, non-marketing function individuals to enter the work areas. Depending on the specific work location, Southern utilizes a range of physical access controls including card locks, biometric readers and/or alarms to restrict and monitor access. In addition, the Southern Company System maintains a network application that functions as an information-access

and facility-access control system. The computer application contains a catalogue of all network files and locations (such as computer programs, shared drives, and EMS screen views) that contain or are likely to contain non-public transmission function information and a list of facility areas (such as transmission control centers and transmission services departments) in which non-public transmission function information is retained or likely to be retained (collectively referred to as “transmission function information locations”). Access to these transmission function information locations is controlled through the network application. A designated individual in each affected department who is knowledgeable of the information contained in a transmission function information location is responsible for granting requests for access to transmission function information locations. Marketing function employees may not receive access to transmission function information locations. Specifically, in order to gain access to transmission function information locations, an individual must request permission to access the desired information or facility area through the network application. When a request is made, the designated individual(s) responsible for monitoring access to the requested transmission function information location(s) will receive an electronic notification. This individual(s) will determine whether access should be granted to the requesting employee based on (1) the requester’s job position, and (2) the job-based reason(s) supporting the request for access. If the designated monitor determines that access is not needed, or that the requester is a marketing function employee, the request will be denied.

6. Procedures Concerning Prohibited Disclosures

Under Section 358.6 of the Commission’s Regulations (i.e., the “No Conduit Rule”), transmission providers are responsible for ensuring that none of their (or their affiliates’) employees, contractors, consultants or agents discloses any non-public

transmission function information to marketing function employees. Moreover, transmission providers are prevented from using anyone as a conduit for the disclosure of non-public transmission function information to marketing function employees.

Pursuant to Section 358.7(a) of the Standards, if any employee of a transmission provider or its affiliates discloses non-public transmission information to a marketing function employee (unless that non-public transmission information is transmission customer information, CEII or any other information that the Commission has determined to be subject to limited dissemination), then that information (or, in circumstances discussed below, a description thereof) must be immediately posted on the transmission provider's OASIS web site. If such disclosed non-public transmission information is transmission customer information, CEII or any other information that the Commission has determined to be subject to limited dissemination, then the transmission provider must immediately post notice on its web site that the information was disclosed.

However, employees of Southern Company System (including transmission function employees) may disclose to marketing function employees information that: (1) is related to a specific request for transmission service submitted by marketing function employees (pursuant to Section 358.7(b)); (2) pertains to compliance with Reliability Standards approved by the Commission (pursuant to Section 358.7(h)(2)(i)); and (3) is necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units (pursuant to Section 358.7(h)(2)(ii). When transmission function employees disclose information under numbers (2) and (3) above, the Southern Company System will make (and retain for five years) a contemporaneous record of the exchange as soon as practicable after the fact (consistent with Section 358.7(h)(1)).⁶

In the event of an unauthorized disclosure of non-public transmission function information, the information disclosed will immediately (in compliance with Section 358.7(a)(1) of the Commission's Regulations) be posted in a publicly available area of the Transmission Providers' OASIS web site, a link to which is posted on the Southern Company System's Internet web site, unless such information is transmission customer information, CEII or any other information that the Commission has determined to be subject to limited dissemination. If the unauthorized disclosure is of transmission customer information, CEII or any other information that the Commission has determined to be subject to limited dissemination, then a notice that the information was disclosed (and a description thereof) will be posted (pursuant to Section 358.7(a)(2)).

As required by Section 358.7(c), should a transmission customer voluntarily consent in writing to allow the Transmission Providers to share the transmission customer's information with a marketing function employee, notice of the consent, along with the appropriate statement that no preference was given in exchange for the customer's consent, will be posted in a publicly available area of the Transmission Providers' OASIS, a link to which is provided on Southern Company System's Internet web site.

⁶ All records required to be compiled and maintained by the Standards will be available for Commission inspection so long as such records are required to be maintained.

7. Administration of Transmission Tariff

Section 358.4 of the Commission's Regulations pertains to the manner in which the Tariff is administered. As required by that provision, all non-discretionary terms of the Tariff must be strictly enforced. 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 not unduly discriminatory manner, if the tariff provisions permit the use of discretion. In addition, transmission provider 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, or ancillary services). In accordance with this section, all similar requests for transmission must be processed in the same manner and within the same time period.

Pursuant to Section 358.7(i) of the Standards, the Transmission Providers will post notice of each waiver of a tariff provision that it grants in favor of an affiliate (unless such waiver has been approved by the Commission) in a publicly available area of the Transmission Providers' OASIS web site, a link to which is posted on the Southern Company System's Internet web site. Such posting will be made within one business day of the act of waiver, and the Transmission Providers will maintain a log of the acts of waiver for a period of five years from the date of each act of waiver.

8. Accounting Procedures

Section 358.8(d) of the Commission's Regulations requires transmission providers to maintain their own books and records separately from those of their affiliates that employ or retain marketing function employees. The Transmission Providers for the Southern Company System maintain separate books and records from their affiliates that employ

marketing function employees, save to the extent such “affiliate” is a division of a Transmission Provider(s) that acts as a functional unit. Such materials are available for Commission inspection.

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