

**STANDARDS OF CONDUCT PROCEDURE  
FOR  
FIVE-YEAR RECORD REQUIREMENT FOR CERTAIN COMMUNICATIONS  
BETWEEN TRANSMISSION AND MARKETING FUNCTION EMPLOYEES**

**Purpose:** This Standards of Conduct Procedure (“Procedure”) implements FERC’s Order No. 717 regulation in 18 C.F.R. § 385.7(h) (“Regulation”).

**General Requirement:** To cover limited circumstances, such as in the case of smaller utilities where employees perform multiple functions, FERC adopted, in this Regulation, **exclusions** to the Standards of Conduct that permit transmission function employees to communicate non-public Transmission Function Information to marketing function employees concerning: (1) **generation dispatch**; (2) **reliability concerns** (to maintain or restore operation of the transmission system or generating units); and (3) **compliance with Reliability Standards**. Transmission Function Information means information relating to the planning, directing, organizing or carrying out of day-to-day transmission operations.<sup>1</sup> The interactions between transmission and marketing function employees concerning these matters must be recorded, as set forth below.

**Five-Year Record Requirement:**

- The records do not need to take a particular form. Hand-written or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and the like are acceptable records.
- The record should include a description of what was generally discussed, and the date and the persons involved.
- The record should be made contemporaneous with the communication of transmission and marketing function employees. However, FERC recognized that in emergencies during which a contemporaneous record cannot be made the record may be made after-the-fact and only to the extent possible.<sup>2</sup> FERC also recognized that the thoroughness of the record of the communications in an emergency will vary greatly depending on the nature or extent of the emergency.<sup>3</sup>
- FERC does not require any particular extraction method for these records. They simply should be retrievable in some fashion so that FERC Staff may be able to review the records.
- The company may designate someone other than the Chief Compliance Officer to manage these recordings.
- FERC imposed a five-year retention requirement for these records.

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<sup>1</sup> 18 C.F.R. §§ 358.3(h) and (j).

<sup>2</sup> Order No. 717 at P 185. In the event of an emergency, the Standards of Conduct posting requirements may be suspended by the transmission provider. Section 358.7(g)(2). FERC also specified that if the transmission provider needs suspension of the postings for more than one month, it should publicly file with FERC for a further period of suspension, in accordance with FERC’s regulation in Section 358.7(g)(2).

<sup>3</sup> Order No. 717 at P 185.

**Scope:** The record retention requirement applies to the transmission function employee's sharing of non-public Transmission Function Information with a marketing function employee; it does not apply to the transmission function employee's sharing of public transmission information, or any other type of information, with marketing function employees.<sup>4</sup> FERC declined to adopt a time period after which non-public information can be considered to be public information, stating that this is a fact-specific question that is not susceptible to a generic rule.<sup>5</sup>

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**Implementation:** At this time, the Company does not have communications in which its transmission function employees have a need to disclose non-public Transmission Function Information to marketing function employees concerning: (1) **generation dispatch**; (2) **reliability concerns** (to maintain or restore operation of the transmission system or generating units); and (3) **compliance with Reliability Standards**. To the extent that there is such a need in the future, transmission function employees should contact the Chief Compliance Officer, David Haas at [dhaas@velco.com](mailto:dhaas@velco.com) or 802-770-6215, or Kimberly Pritchard at [kpritchard@velco.com](mailto:kpritchard@velco.com) or 802-770-6215. The Compliance Officer will determine the requirements, consistent with these Procedures, that will be implemented in the event of such communications and the Procedures will be revised accordingly to reflect the communications and associated requirements.

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<sup>4</sup> Order No. 717 at P 177.

<sup>5</sup> Order No. 717 at P 186.