



# *Corporate Procedure*

## **FERC Compliance – FERC Standards of Conduct**

**LE-AC-210**

**Revision 5**

**Effective Date: May 31, 2016**

**Page 1 of 21**

### **1.0 PURPOSE**

The Federal Energy Regulatory Commission (“FERC” or “the Commission”) has promulgated regulations titled “Standards of Conduct” (“SOC”) at 18 C.F.R. Part 358. The Standards of Conduct set forth legal requirements applicable to any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce and conducts transmission transactions with an affiliate that engages in Marketing Functions. The regulation designates such utilities as “Transmission Providers.” Within Exelon, a utility holding company, Atlantic City Electric Company (“ACE”), Baltimore Gas and Electric Company (“BGE”), Commonwealth Edison Company (with its subsidiary Commonwealth Edison Company of Indiana) (“ComEd”), Delmarva Power & Light Company (“Delmarva”) PECO Energy Company (“PECO”), and Potomac Electric Power Company (“Pepco”) are Transmission Providers. Their affiliates that employ or retain Employees who engage in Marketing Functions have been identified and listed on the Marketing Affiliate posting to each of the respective publicly available websites.

The regulation sets forth three general principles: (1) a Transmission Provider’s Transmission Function Employees (those engaged in day-to-day transmission system operations) must function independently from its or its affiliate’s Marketing Function Employees (those engaged in wholesale marketing). This is the “independent functioning” aspect of the rule; (2) 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 give undue preference to any person. This is the “non-discriminatory” aspect of the rule; and (3) a Transmission Provider is prohibited from disclosing non-public Transmission Function Information to affiliated Marketing Function Employees. This prohibited disclosure includes any Transmission Provider Employees as well as other Exelon Employees who may be in possession of non-public Transmission Function Information obtained from the Transmission Provider. This is the “no conduit” aspect of the rule. Finally, the regulation requires public posting of certain information related to Exelon’s Transmission and Marketing Function activities. The regulations refer to these requirements as components of the “transparency rule.”

This Procedure identifies and memorializes the means by which Exelon complies with and implements these principles. As a part of SOC implementation, an Exelon SOC SharePoint Site has been developed with contacts, information about the regulations, various implementation

efforts and a number of other helpful items. This site can be accessed through the Exelon Intranet: <http://teamspace.exeloncorp.com/sites/SOC/default.aspx>. Additional information related to the implementation of the general FERC compliance program is located at the FERC Compliance SharePoint site: <http://teamspace.exeloncorp.com/sites/exelonferccompliance/default.aspx>.

## **2.0 TERMS AND DEFINITIONS**

The following definitions supplement those contained in 18 C.F.R. Part 358 and the Exelon Corporate Compliance Program, LE-AC-20:

- 2.1 Annual:** Annual for purposes of FERC SOC implementation is defined as being within a calendar year. This definition may differ from the meaning of annual in the context of implementation of other compliance programs (e.g., NERC).
- 2.2 Chief Compliance Officer or CCO:** See Responsibilities section.
- 2.3 Corporate Compliance Office:** See Responsibilities section.
- 2.4 Document or Record:** Any document or record, including electronic media, prepared, maintained or held by any agent or employee of Exelon, including any such documents of an independent contractor, stock transfer agent, registrar, paying agent, indenture trustee or other person employed by Exelon to perform services with respect to the company, insofar as such person is accountable to the company.
- 2.5 Employee:** The term “Employee” in this procedure includes personnel directly employed by Exelon or an Exelon affiliate as well as any contractors, consultants, and agents performing work on behalf of Exelon or an Exelon affiliate.
- 2.6 Marketing Function:** Sale for resale or submission of offers to sell electric energy or capacity, demand response, virtual transactions or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales, including sales of electric energy made by Providers of Last Resort (POLRs) acting as a POLR; sale for resale or offer to sell for resale natural gas, subject to an exclusion for bundled retail sales.
- 2.7 Marketing Function Employee:** Employee, contractor, consultant or agent of a Transmission Provider or of an affiliate of a Transmission Provider who actively and personally engages on a day-to-day basis in Marketing Functions. See Appendix A for guidelines that can be used in identifying Marketing Function Employees.
- 2.8 Marketing Affiliate:** An affiliate of an Exelon Transmission Provider that sells power or energy for resale in interstate commerce and employs Marketing Function Employees (for example, the Constellation wholesale energy group).
- 2.9 OASIS:** The Open Access Same-Time Information System maintained by PJM and utilized by the Exelon Transmission Provider.
- 2.10 PJM:** PJM Interconnection, L.L.C.

- 2.11 PJM Tariff:** The PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.
- 2.12 Posting Personnel:** See Responsibilities section.
- 2.13 SOC Compliance Area Lead:** See Responsibilities section.
- 2.14 SOC Compliance Committee:** See Responsibilities section.
- 2.15 SOC Single Point of Contact:** See Responsibilities section.
- 2.16 SOC Team:** SOC Compliance Area Leads, SOC Single Point of Contact, and Posting Personnel.
- 2.17 Training Group:** Employees whose role and/or responsibilities require them to complete FERC SOC training.
- 2.18 Transmission:** Electric transmission, network, or point-to-point service, ancillary services, or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities.
- 2.19 Transmission Function:** Planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.
- 2.20 Transmission Function Employee:** Employee, contractor, consultant or agent of a transmission provider who actively and personally engages on a day-to-day basis in Transmission Functions. See Appendix A for guidelines that can be used in identifying Marketing Function Employees.
- 2.21 Transmission Function Information:** All information relating to Transmission Functions, including information about available transmission capability, price, curtailments, ancillary services, and the like regarding any transmission system.
- 2.22 Transmission Provider:** The Exelon organizations engaged in a Transmission Function (currently ACE, BGE, ComEd, Delmarva, PECO, and Pepco).

### **3.0 RESPONSIBILITIES**

#### **3.1 Chief Compliance Officer (CCO)**

Exelon shall designate a person with a working knowledge of Exelon, its structure and operations, to serve as CCO with responsibilities including ensuring compliance with the FERC Standards of Conduct and the governing Exelon Policies and Procedures relating to such. The responsibilities of the CCO shall be to maintain oversight of the implementation of the SOC regulations and, with the assistance of the Officers, to provide any needed support to the overall SOC Team in its efforts to implement the requirements.

#### **3.2 SOC Compliance Area Leads**

All major Exelon operating companies will appoint a SOC Compliance Area Lead to assist with

the day-to-day implementation and management of SOC issues for their respective organization. SOC Compliance Area Lead responsibilities may include assistance with Employee training or related efforts, answering Employee questions, ensuring that appropriate records are maintained, and coordinating audits and investigations (internal and with FERC enforcement authorities), as well as other duties identified in this procedure to ensure that Exelon complies with the Standards of Conduct.

### **3.3 SOC Single Point of Contact**

Exelon will designate an individual as the SOC Single Point of Contact for SOC issues. That individual is responsible for day-to-day management of the Exelon SOC compliance program, including oversight of the controls contained in this procedure. The SOC Single Point of Contact shall advise the CCO on the oversight of Exelon's SOC compliance program, advise the SOC Compliance Area Leads on actions to achieve compliance with this procedure, and assist the SOC Compliance Area Leads in implementing SOC compliance actions. Specific duties of the SOC Single Point of Contact include: managing this procedure and revising it as appropriate; responding to questions on SOC compliance or this procedure raised by the CCO, SOC Compliance Area Leads, and other Exelon Employees; conducting Investigations of allegations of Exelon's noncompliance with the SOC; providing feedback to personnel raising SOC concerns; and conducting or overseeing occasional self-assessments of Exelon's compliance with this procedure.

### **3.4 Posting Personnel**

Exelon Employee(s) tasked with conducting and overseeing web postings required by the FERC SOC Transparency Rule.

### **3.5 Corporate Compliance Office**

Exelon Office of Corporate Governance department personnel who have been assigned day-to-day, operational Governance and Oversight responsibilities for the Corporate Compliance Program (described in Management Model document LE-AC-20).

### **3.6 SOC Compliance Committee**

Exelon will establish a SOC Compliance Committee, led by the SOC Single Point of Contact, that will include the SOC Compliance Area Leads, the SOC Single Point of Contact, and Posting Personnel. This committee will meet at least twice a year. The function of the SOC Compliance Committee is to discuss the status of Exelon's SOC compliance efforts, facilitate coordination and integration on operational issues, and improve efficiency and effectiveness across the enterprise, and assess the effectiveness of this procedure in achieving compliance with the SOC.

## **4.0 PROCEDURE**

### **4.1 Applicability**

#### **4.1.1 Identification of Marketing and Transmission Function Employees**

**4.1.1.1** For descriptions of Marketing and Transmission Function Employees, refer to the guidelines in Appendix A.

- Questions regarding the proper classification of Employees should be referred to the SOC Single Point of Contact.

**4.1.1.2** Transmission Projects: If an Employee involved in a transmission project has any questions about whether or when the project is subject to this procedure, he/she should direct these questions to that business unit's SOC Compliance Area Lead.

#### **4.1.2** Identification of Transmission Function Information

**4.1.2.1** Specific examples of Transmission Function Information include:

- a. Information related to the granting or denying of transmission service requests.
- b. Available transmission capability information.
- c. Price information.
- d. Curtailment information.
- e. Transmission customer information, specifically any information acquired from non-affiliated transmission customers (including potential transmission customers), or developed in the process of responding to transmission service or ancillary service requests.
- f. Outage information, including planned or unplanned outages.

**4.1.2.2** Labeling of Non-Public Transmission Function Information: To call attention to the protected nature of any Document or Record containing non-public Transmission Function Information, Exelon Employees creating such documentation shall place an appropriate label on the first page of the document and, if possible, include that label within the header or footer of each page within the document. Recommended labels are included as Appendix B.

**4.1.2.3** Questions regarding the proper identification of Transmission Function Information should be referred to the SOC Single Point of Contact.

#### **4.2** Non-Discrimination Principle

**4.2.1** The sale and purchase of open access transmission service on the transmission systems of the Exelon Transmission Providers is managed under the PJM Tariff. PJM receives, processes, studies, and responds to requests for transmission service. However, the Exelon Transmission Providers are obligated to provide fair and impartial treatment to all transmission customers, including prospective transmission customers, in conducting any Transmission Functions.

### **4.3 Independent Functioning Rule**

#### **4.3.1 Separation of Functions**

**4.3.1.1** The organizational structure of Exelon shall remain such that the Transmission Function Employees at the Exelon Transmission Providers operate independently of any Exelon Marketing Function Employees.

- a.** Exelon Marketing Function Employees are prohibited from engaging in Transmission Functions on the Exelon Transmission Providers' transmission systems.
- b.** Exelon Transmission Function Employees are prohibited from engaging in Marketing Functions.
- c.** No Exelon Employees shall be engaged in both Marketing and Transmission Functions.

**4.3.1.2** Employees who are neither Marketing nor Transmission Function Employees (often called "other" Employees) are not restricted from working with Marketing or Transmission Function Employees. For example:

- a.** The Exelon Transmission Providers may share senior officers and directors with their Marketing Affiliates. The shared senior officers or directors may not be engaged in day-to-day activities associated with either Marketing Functions or Transmission Functions.
- b.** The Exelon Transmission Providers may share risk management personnel with their Marketing Affiliates. The shared risk management personnel may not be engaged in day-to-day activities associated with either Marketing Functions or Transmission Functions.

#### **4.3.2 Meeting Controls**

**4.3.2.1** Meeting organizers have a responsibility to avoid violations of the Independent Functioning Rule when conducting meetings. Prior to organizing any meeting at which Marketing or Transmission Functions may be discussed, the meeting organizer shall determine if Marketing and/or Transmission Function Employees would be attending the meeting.

**4.3.2.2** If either Marketing or Transmission Function Employees would be invited to attend the meeting:

- a.** The meeting organizer shall confirm that the invitees are current on their SOC training. This can be done by telling invitees that they must have received SOC training within the last 365 days to attend, or asking invitees who are not current on their SOC training to leave the meeting.

**4.3.2.3** If both Marketing and Transmission Function Employees would be invited to attend the meeting, the meeting organizer shall verify whether Marketing or Transmission Functions will be discussed during the meeting.

**a.** If Marketing or Transmission Functions will be the sole topic of the meeting, the meeting organizer shall exclude from the list of invitees any Employees performing the opposite function. For example:

- Meetings to discuss Employee benefits could include both Marketing and Transmission Function Employees.
- Meetings to discuss solely Exelon's Marketing Functions shall not include Transmission Function Employees.

**b.** If Transmission Functions will be discussed for a portion of the meeting, the meeting organizer shall start the meeting with a Standards of Conduct warning that verifies that all parties have received Standards of Conduct training within 365 days and that no Marketing Function personnel are present while Transmission Functions are discussed.

#### **4.3.3** Prohibition on Preferential Access to Control Centers

**4.3.3.1** Exelon Marketing Function Employees will not have preferential access over that of other transmission customers to the Exelon Transmission Providers' system control centers or similar facilities used for Transmission Functions.

**4.3.3.2** The Exelon Transmission Providers' system control centers, transmission planning departments, transmission engineering departments and distribution dispatch centers should be located in facilities that are physically separate from the facilities where Marketing Function Employees work.

**a.** If any co-location of Marketing and Transmission Function Employees occurs in the future, the work areas of those Marketing and Transmission Function Employees shall be located in separate access-controlled areas and any employees being relocated to create such a co-location must notify the SOC Single Point of Contact or their SOC Compliance Area Lead of the move before they actually change their primary work location.

#### **4.3.4** Employee Transfers

**4.3.5.1** Employee transfers may not be used to circumvent any provision of the SOC, including the Independent Functioning Rule.

#### **4.4** No Conduit Rule

**4.4.1** Restrictions on Access to Non-Public Transmission Function Information

- 4.4.1.1** Subject to the exclusions outlined below, Exelon Employees shall not directly or indirectly disclose non-public Transmission Function information to any Marketing Function Employee.
- a.** Off-OASIS/On-OASIS Communications: Exelon Transmission Function Employees are prohibited from disclosing to Exelon Marketing Function Employees any non-public Transmission Function Information, including through communications off the OASIS, through access to information not posted on the OASIS (or internet website, as appropriate) that is not at the same time available to the general public without restriction, or through information on the OASIS that is not at the same time publicly available to all OASIS users. All Exelon Employees other than Marketing Function Employees are prohibited from serving as conduits for the disclosure of such information to Exelon Marketing Function Employees.
- 4.4.1.2** Exclusion for Marketing Affiliate Transmission Requests: The Exelon Transmission Providers may disclose non-public Transmission Information to a Marketing Affiliate's Marketing Function Employees if it relates solely to the Marketing Affiliate's specific request for transmission service. The transaction specific exemption includes communications related to transportation agreements, specific interconnections, and new infrastructure needed for the specific request.
- 4.4.1.3** Exclusion for Customer Consents Regarding Market Information: The Exelon Transmission Providers may disclose a Transmission Customer's non-public information to Marketing Function Employees when the non-affiliated Transmission Customer from whom the information is obtained has voluntarily consented in writing to such disclosure.
- 4.4.1.4** Exclusion for Reliability Standards Compliance: Non-public Transmission Function Information pertaining to compliance with Reliability Standards approved by FERC may be shared with Marketing Function Employees provided that such information sharing is limited to legitimate business needs to facilitate compliance with Reliability Standards.
- 4.4.1.5** Exclusion for the Emergency Operations: Non-public Transmission Function Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units, may be shared with Marketing Function Employees. During these circumstances, personnel engaged in transmission system operations or reliability functions shall take whatever steps are necessary to maintain system reliability during an emergency, notwithstanding that this could otherwise constitute a violation of the Standards of Conduct and/or this procedure.
- 4.4.1.6** Obligation to Maintain Records of Disclosures under Exclusions: In the event that non-public Transmission Function Information is disclosed to Marketing Function Employees under the exclusions in section 4.4.1.4 for reliability standards compliance or section 4.4.1.5 for emergency operations, the Exelon personnel making such disclosure must make and retain a record of the exchange except in emergency circumstances, in which case a record must be made of the exchange as soon as practicable after the fact. The record may consist of handwritten or typed notes, electronic records such as e-mails or text messages, recorded telephone exchanges, and the like. Any such records must be retained for a period of five years.



**4.4.1.6.1** The Exelon Employee making such disclosure shall notify the SOC Single Point of Contact, who shall retain a copy of the record of the exchange.

## **4.5** Transparency Rule

### **4.5.1** Designation of Posting Personnel

**4.5.1.1** The CCO shall designate one or more Exelon Employees to serve as Posting Personnel.

**a.** The Posting Personnel shall post in a timely manner required information by the individuals managing the internet websites (and/or OASIS) of the Exelon Transmission Providers, consistent with the requirements established in section 4.5.2.

**b.** In the event an emergency such as an earthquake, flood, fire, or hurricane severely disrupts the Exelon Transmission Providers' normal business operations, the posting requirements of this procedure may be suspended temporarily.

- If it appears likely that the severity of the disruption is such that the posting updates will be suspended for more than one month, Posting Personnel shall notify the Legal Department before the one month time period expires. The Legal Department shall then notify FERC of the suspension of posting and seek further exemption from the posting requirements.

### **4.5.2** Internet Website Posting

**4.5.2.1** In compliance with the Transparency Rule, 18 C.F.R. § 358.7, Exelon will post the following information on its FERC SOC internet website. The internet website address where this SOC information is to be posted is:

- [www.exeloncorp.com/leadership-and-governance/ferc-standards-of-conduct-postings](http://www.exeloncorp.com/leadership-and-governance/ferc-standards-of-conduct-postings)

**4.5.2.2** Contemporaneous Disclosure Rule: Exelon Employees who discover a potential improper disclosure of non-public Transmission Function Information to Marketing Function Employees shall immediately notify the SOC Single Point of Contact or a SOC Compliance Area Lead. To the extent known to the Exelon Employee, the notification shall include the information disclosed, the responsible party name, the reason for the disclosure, and the date, time, and place of the disclosure.

**a.** The FERC Single Point of Contact shall determine if there was an inappropriate disclosure of non-public Transmission Function Information to a Marketing Function Employee.

**b.** In the event of improper disclosure of non-public Transmission Function Information belonging in the following categories, the SOC Single Point of Contact shall prepare notice of the fact that the information was disclosed (rather than posting the information that was disclosed) and provide that notice to the Posting Personnel for posting.

- Non-public transmission customer information
  - Critical energy infrastructure information (“CEII”) means specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure that: (i) relates details about the production, generation, transportation, transmission, or distribution of energy; (ii) could be useful to a person in planning an attack on critical infrastructure; (iii) is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552; and (iv) does not simply give the general location of the critical infrastructure.
  - Any other information that FERC, by law, has determined to be subject to limited dissemination that is contained in improperly disclosed non-public Transmission Function Information.
- c.** In the event of improper disclosure of non-public Transmission Function Information other than the types described in section 4.5.2.2(b), the SOC Single Point of Contact shall coordinate the posting of the non-public Transmission Function Information with the Posting Personnel.

**4.5.2.3** Marketing Affiliates: The FERC Compliance Area Leads shall maintain a list of affiliates that employ or retain Marketing Function Employees and shall coordinate the posting of that list with the Posting Personnel. The posting shall include the full legal name of the affiliate as well as its business address.

**4.5.2.4** Shared Facilities: Corporate Compliance Office shall maintain a list of any facility in which both Transmission Function Employees and Marketing Function Employees transact their job-related activities and shall coordinate the posting of that list with the Posting Personnel.

- a.** The list shall include the types of facilities shared and the addresses of the facilities.
- b.** The SOC Compliance Area Leads shall provide the SOC Single Point of Contact with an updated list within 3 business days of any change. This list shall be provided to the Posting Personnel, who will post changes within seven business days of the change.

**4.5.2.5** Potential Merger Partners: The Legal Department shall provide the Posting Personnel with information concerning potential merger partners that may employ or retain Marketing Function Employees.

- a.** For purposes of this posting requirement:
  - A merger announcement is considered an announcement concerning an acquisition or merger agreement entered into for the acquisition or merger of a significant amount of assets.
  - A potential merger partner is any party to the acquisition or merger agreement that directly disposes of or merges a significant amount of assets.

- b. The Legal Department shall be responsible for notifying the Posting Personnel of any applicable merger announcements when they occur.
  - The posted information shall include the names of the parties to the acquisition or merger agreement and their addresses.
- c. Posting personnel will have the merger announcement posted within seven business days.
- d. During the period when this merger announcement is posted, the potential acquisition or merger partner should be treated as an affiliate.
- e. After the merger or acquisition is consummated, Posting Personnel shall remove the posting and add any new entities associated with this transaction that employs Marketing Function Employees to the posted list of Marketing Function affiliates in section 4.5.2.3.
- f. In the event the acquisition or merger is not consummated, the Legal Department shall immediately notify to the Posting Personnel, who shall then remove the posting.

**4.5.2.6** Transmission Function Employee Job Titles and Job Descriptions: Corporate Compliance Office will maintain documentation of the business units, job titles and descriptions for Exelon Transmission Providers' Transmission Function Employees as well as the chain of command for all such positions, including officers and directors, and shall coordinate the posting of that documentation with the Posting Personnel.

- a. Postings shall include the Employee's title and job description.
- b. Each manager of a Transmission Function Employee shall keep the Corporate Compliance Office updated regarding changes to job titles and job descriptions of Transmission Function Employees.
- c. Corporate Compliance Office shall update the chain of command information included in the postings as necessary.

**4.5.2.7** Personnel Transfers: For all transfers of personnel between Exelon Transmission Providers' Transmission Function Employee positions, on one hand, and Exelon Marketing Function Employee positions, on the other hand, Posting Personnel shall post a notice of the transfer within 7 business days. That notice shall remain up for a minimum period of 90 days following the effective date of the transfer.

- a. The information posted shall include:
  - The name of the transferring Employee,
  - The respective titles held while performing each function, and
  - The effective date of the transfer.

- b. Such transfers shall not be used as a means to circumvent the SOC.

**4.5.2.8** Other Posting Requirements: In addition to the above referenced items, where required, Posting Personnel shall post the following information for the Exelon Transmission Providers:

- a. Written Procedures: This Procedure is the Exelon written procedure for implementing the SOC and is therefore posted. There is no separate SOC procedure for each Transmission Provider.
- b. Customer Consents Regarding Market Information: In the event that the Exelon Transmission Providers disclose non-public Transmission Function Information to Marketing Function Employees when the non-affiliated transmission customer from whom the information is obtained has voluntarily consented in writing to such disclosure, Posting Personnel must post notice of such authorization on the OASIS and/or its Internet website along with a statement that the relevant Exelon Transmission Provider, as applicable, did not provide any preference, either operational or rate-related, in exchange for the voluntary consent.
- c. Waivers: This requirement does not apply to the Exelon Transmission Providers because they do not maintain a tariff for the provision of transmission service and cannot therefore grant waivers of such tariff provisions.
- d. CCO: The Posting Personnel shall prominently post the name and contact information of the CCO, along with the CCO's contact information. The contact information should include both a phone number and e-mail address.

#### **4.6** FERC SOC Program Management

**4.6.1** Distribution of Written Procedures: The Exelon Transmission Providers shall distribute this procedure to senior management, all Marketing and Transmission Function Employees, and any other personnel likely to become privy to non-public Transmission Function Information. This distribution should take place each time the procedure is revised.

**4.6.2** Training: Training on compliance obligations is a critical component of any effective compliance program. Exelon Employees must understand their FERC SOC compliance obligations in order to comply. FERC SOC regulations require training of certain personnel on the FERC SOC restrictions and the implication of any failure to comply with the FERC SOC regulations.

**4.6.3.1** Training Group: The Corporate Compliance Office shall work to determine which Exelon personnel will be required to complete the training.

- a. The Training Group will include:
  - Personnel identified as Marketing Function Employees or Transmission Function Employees.

- Supervisors of Marketing Function Employees and Transmission Function Employees.
- Officers and directors.
- Personnel “likely” to have access to non-public Transmission Function Information. The existence of a possibility of such access is not by itself enough to necessitate inclusion in the Training Group.
- All regulatory compliance personnel, including all Employees in the Corporate Compliance Office.

- 4.6.3.2** Exelon FERC SOC Training – Annual: Personnel identified as part of the Training Group will be required to complete training around the SOC regulations and various requirements in a form determined by the Corporate Compliance Office. All such personnel will be required to provide certification, through the available system tools, that the training has been completed.
- 4.6.3.3** Exelon FERC SOC Training – New Hire: Newly hired personnel holding positions identified as part of the Training Group will complete SOC training within 30 days of hire and thereafter on an annual basis.
- 4.6.3.4** Exelon FERC SOC Training – Vendors and Contractors: Any time contractor or consultant personnel are granted physical or cyber access to Exelon facilities or information, the manager responsible for approving such access shall confirm for the Corporate Compliance Office whether the individual contractor or consultant personnel required SOC training based on that manager’s understanding of the job responsibilities of the contractor or consultant personnel.
- 4.6.3.5** Exelon SOC Training – Targeted, Live, Board, and Senior Management Training: Each year the Corporate Compliance Office will evaluate possible targeted trainings that may be implemented to further compliance with the FERC SOC and this procedure. Examples of targeted training might include sessions related to a particular incident or investigation, specific implementing controls, corporate or utility Board of Directors, senior management, or other leadership presentations or discussions of high profile cases or enforcement actions.
- 4.6.3** Books and Records: The Exelon Transmission Providers shall maintain separate books and records from those of their affiliates that employ or retain Marketing Function Employees.
- 4.7** Reporting Compliance Concerns and Questions About Permitted Activity: It is the policy of Exelon that all Employees comply, and ensure Exelon’s compliance, with the FERC SOC. Any Employee with a concern about compliance with the FERC SOC or this procedure should immediately contact the CCO, their SOC Compliance Area Lead, the SOC Single Point of Contact, or the Ethics HelpLine (1-800-23ETHIC). FERC SOC compliance allegations received by the Ethics HelpLine should be referred to the SOC Single Point of Contact, who will be responsible for evaluating those concerns. For current contact information, please visit the Exelon FERC Compliance SharePoint Site (link provided above in section 1.0). The SOC Single Point of Contact will provide or coordinate a response to Exelon Employees who have raised

compliance concerns, explaining the resolution of the issue. Where appropriate, those responses will be documented for consideration in the SOC program governance process discussed in section 3.0.

Specific questions or concerns regarding compliance with the SOC can also be raised with the SOC Single Point of Contact. If the SOC Compliance Area Leads, Corporate Compliance Office, or a Legal Department representative receives a question or concern regarding SOC compliance, they are encouraged to coordinate a response with the SOC Single Point of Contact.

- 4.8 Compliance Accountability – Ownership and Assignments:** Compliance Area Leads have been designated to support compliance with the SOC. For a current listing of Compliance Area Leads, please refer to the Helpful Information section of the Exelon FERC SOC Compliance SharePoint Site (link provided in section 1.0 above).
- 4.9 Monitoring and Response to Programmatic Compliance Triggers:** Possible compliance triggers affecting SOC compliance and implementation include: (a) legal or regulatory changes; (b) personnel changes (both for substantive obligations and personnel with a SOC designation or responsible for the management of records/controls); or (c) structural changes that implicate systems or applications housing compliance data and/or the security controls related to those systems or applications (both for substantive obligations and compliance implementation purposes). Monitoring for programmatic compliance triggers is currently accomplished through the continuous monitoring by the Corporate Compliance Office and the SOC Compliance Area Leads. In the event a compliance trigger occurs, the relevant SOC Compliance Area Lead should coordinate with the SOC Single Point of Contact to evaluate the change, develop any needed solutions and implement such.
- 4.10 Document and Records Management:** All Documents or Records should be kept in accordance with these requirements and those set forth in the Exelon Records Management Retention and Disposition Policy (LE-AC-401), Procedure and Schedules available on the Exelon intranet. The following types of records related to compliance with, and implementation of, the Standards of Conduct must be retained for 5 years (unless subject to a separate, longer, retention period or a legal hold) as follows:
- 4.10.1** Copies of this procedure in original and amended forms.
  - 4.10.2** Copies of the names and addresses of affiliates that employ or retain Marketing Function Employees, shared facilities, organizational charts and job descriptions, merger, Employee transfer, waivers and any other information required to be publicly posted on the OASIS and/or its Internet website – to be retained by the SOC Team members responsible for the creation of such records.
  - 4.10.3** Records of the circumstances surrounding the disclosure of non-public Transmission Function Information to Marketing Function Employees under the exclusions in section 4.4.1.4 for reliability standards compliance or section 4.4.1.5 for emergency operations – to be maintained by the Exelon personnel making such disclosure.
  - 4.10.4** Key Documents or Records defining measures taken to comply with this procedure and/or current practices related to compliance with this procedure and the Standards of Conduct, including policies, procedures, processes and other guiding documents prepared to assist in

compliance measures – to be retained by the SOC Single Point of Contact or a Compliance Area Lead for the relevant organization (if the document is a unit level item).

- 4.10.5** The Compliance Area Leads, in coordination with the SOC Team as applicable, will ensure that the above-mentioned records are maintained in accordance with the provisions of the Standards of Conduct.

## **5.0 EXELON CORPORATE PROCEDURE REFERENCES**

- 5.1** Corporate Compliance Program, LE-AC-20
- 5.2** Records Management, Retention and Disposition, LE-AC-401

**APPROVAL**

/s/ \_\_\_\_\_  
Darryl S. Bradford  
EVP & General Counsel  
Exelon FERC Standards of Conduct Chief Compliance Officer  
Exelon Corporation

**Revision History:**

<b>Revision 0 Revisions Must Be Distributed to All Personnel</b>	
Writer	
Reviewer(s)	
FAM Approver(s)	
Reason Written	Original version

<b>Revision 1 Revisions Must Be Distributed to All Personnel</b>	
Writer	Vilna Gaston, Transmission; Peter Thornton, Exelon BSC Legal
Reviewer(s)	SOC Compliance Team
FAM Approver(s)	Paul R. Bonney
Revision Description	Order 2004 implementation revisions

<b>Revision 2 Revisions Must Be Distributed to All Personnel</b>	
Writer	Shari Gribbin, Assistant General Counsel BSC Legal
Reviewer(s)	Peter Thornton; Vilna Gaston
FAM Approver(s)	Paul Bonney
Revision Description	Formatting and alignment for posted versions

<b>Date 01/30/2009</b>	<b>Revision 3 Revisions Must Be Distributed to All Personnel</b>
Writer	Shari Gribbin, Assistant General Counsel, BSC Legal
Reviewer(s)	Paul Bonney; Sue Ivey; Noel Trask; Peter Thornton; John Bustard; Betty Gallagher; Monica Merino; Dave Schupp; Jim Reilly; Michelle Ross.
FAM Approver(s)	Paul Bonney, Exelon SOC Chief Compliance Officer
Revision Description	Revisions to implement 2008 Order 717



<b>Date: 3/22/2016      Revision 4      Revisions Must Be Distributed to All Personnel</b>	
Writer	Alexandra Hider, Assistant General Counsel, Corporate Compliance
Reviewer(s)	Paul Bonney (Legal), Sue Ivey (Exelon Utilities), Kris Keys (BSC), John Pescitelli (BSC), Kristyn Kelly (BSC), Matthew Guarneri (BGE), Toni Garza (ComEd), Jennifer Walker (PECO), Todd Cutler (Power), Mike Korchynsky (Nuclear), Vincenzo Franco (Wholesale)
FAM Approver(s)	Darryl Bradford, Chief SOC Officer
Revision Description	Revisions to implement clarifications from FERC since Order 717

<b>Date: 5/31/2016      Revision 5      Revisions Must Be Distributed to All Personnel</b>	
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Reviewer(s)	Paul Bonney (PHI), Sue Ivey (Exelon Utilities), Kris Keys (BSC), John Pescitelli (BSC), Kristyn Kelly (BSC), Matthew Guarneri (BGE), Toni Garza (ComEd), Jennifer Walker (PECO), Todd Cutler (Power), Mike Korchynsky (Nuclear), Vincenzo Franco (Wholesale), Amy Blauman (Legal)
FAM Approver(s)	Darryl Bradford, Chief SOC Officer
Revision Description	Revisions to integrate Pepco Holdings, Inc. entities

<b>Date:      Revision [XX]      Revisions Must Be Distributed to All Personnel</b>	
Writer	
Reviewer(s)	
FAM Approver(s)	
Revision Description	

## **Appendix A: Guidelines for Identifying Marketing and Transmission Function Employees**

### Marketing Function Employees are those:

- (a) actively and personally engaged on a day-to-day basis in
- (b) Marketing Functions, which are defined as sale for resale, or offers to sell, in interstate commerce of electric energy, electric capacity, demand response, virtual transactions, or financial transmission rights. Those functions include, but are not limited to:
  - Making or offering wholesale sales or energy, capacity, or ancillary services including off-system wholesale sales, even if incidental
  - Resale or reassignment by a transmission customer of transmission services
  - Unbundled retail sales
  - Regularly carrying out the details of sales
  - Negotiating and providing input on material elements of contracts

### Marketing Functions do not include:

- Balancing activities
- Bundled retail sales
- Bids to buy, purchases, and competitive solicitations
- Generation-related resource planning
- Demand response programs that a load-serving entity has established for its customers
- Ancillary services, when referring to Exelon's actions in calling on its own generation or demand response resources for ancillary services purposes
- Making of transmission reservations and the scheduling of transmission
- Generating operations
- Developing general negotiating parameters for wholesale contracts

### Transmission Function Employees are those:

- (a) actively and personally engaged on a day-to-day basis in
- (b) Transmission Functions, which are defined as the planning, directing, organizing or carrying out of day-to-day operations of electric transmission, network or point-to-point service ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities, including the granting and denying of transmission service requests. Those functions include, but are not limited to:
  - Granting and denying of transmission service requests
  - Coordinating the actual physical flows of power
  - Imposing transmission load relief
  - Performance of system impact studies for transmission requests
  - Determining whether the transmission system can support the requested services
  - Sale of transmission service
  - Short-term real-time operations
  - Decisions made in advance of real-time, but directed at real-time operations

- Isolating portions of the system to prevent cascades

Transmission Functions do not include:

- Balancing functions
- Long-range planning
- Integrated resource planning
- Generation-related resource planning
- Field maintenance and construction work
- Engineering work
- Rate design work
- Preparation of risk guidelines

Guidelines on active and personal involvement on a day-to-day basis:

Only personnel actively and personally involved in Marketing or Transmission Functions on a day-to-day basis are Marketing or Transmission Function Employees. In considering whether an individual's involvement qualifies, consider the following guidance on activities that do not generally constitute active and personal involvement on a day-to-day basis:

- Manager and officer involvement in corporate governance
- Manager and officer involvement in strategic and long-range planning
- Signing off on the activities without having directed or organized the activities
- Upper level management personnel review of contracts over a certain dollar amount
- Approval of contracts governing a sale, or signing off on a deal negotiated or proposed by someone else, if the approver is not involved in the negotiations and does not oversee or provide input into the details of the negotiations
- Explaining the reasons for disapproving a sales contract
- Examining a contract for conformity to legal, accounting or other requirements by attorneys, accountants and other advisors
- Occasional tangential involvement in a negotiation
- *De minimis* involvement in transmission or marketing

Note that if an Employee is a Marketing or Transmission Function Employee for any reason, that Employee must be designated as a Marketing or Transmission Function Employee entirely. An Employee cannot be a partial Marketing or Transmission Function Employee or only a Marketing or Transmission Function Employee for certain purposes or limited functions.

## Appendix B: Standardized Standards of Conduct Document Labels

### *Emails*

Emails containing non-public Transmission Function Information should include a notation in the subject line such as the following:

CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION  
Emails with that information should also begin with a header such as the following:  
CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION  
DO NOT SHARE WITH MARKETING FUNCTION PERSONNEL

### *Word, PowerPoint, PDF Documents, etc.*

For any typical documents, the following warning should be added on the first page and, where possible, on each subsequent page in the document:

CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION  
DO NOT SHARE WITH MARKETING FUNCTION PERSONNEL

### *Excel Spreadsheets*

For electronic spreadsheets, labeling can be included in the file name, such as:

“August1SystemStudy\_(Non-Public Transmission Function Information).xlsx”

In addition, wherever possible a note should be added as close to the top left corner of the first sheet in the workbook stating:

CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION  
DO NOT SHARE WITH MARKETING FUNCTION PERSONNEL

Finally, wherever there is an expectation that the spreadsheet may be printed, consider using the header function to add the following warning:

CONTAINS NON-PUBLIC TRANSMISSION FUNCTION INFORMATION  
DO NOT SHARE WITH MARKETING FUNCTION PERSONNEL

### *Electronic Document Repositories*

When establishing a SharePoint site or other electronic document repository the following warning should be provided:

**Warning:** Please review and confirm that the material meets all FERC Standards of Conduct restricted access requirements before posting or transmittal.

The FERC Standards of Conduct prohibit the sharing of non-public Transmission Function Information with Exelon Marketing Function Employees. If this [web site/web page/file share or public folder] will contain any non-public transmission information it

must be appropriately secured so that Exelon Marketing Function personnel **cannot** access the information. This includes operational transmission information, but also includes other types of information about the transmission system such as internal budget or IT plans that impact the transmission system. If you plan to have non-public Transmission Function Information [on/in] your [site/file share/public folder], you **must** contact a Standards of Conduct compliance team member to learn how to adequately secure your [site/file share/public folder] so that only those Employees permitted to see the information can do so under the SOC rules. The default setting for your repository *may* permit all Exelon Employees to view the data. **This means you must take extra steps to protect such information and assure access has been sufficiently secured.**

For further information or questions on the definition of non-public Transmission Function Information or Marketing Function Employees or for assistance in evaluating whether the content should be secured, please visit the FERC Standards of Conduct team site at: <http://teamspace.exeloncorp.com/sites/SOC/default.aspx> where you can obtain relevant contact information.