



AN ALLETE COMPANY

# Standards of Conduct Implementation and Compliance for Transmission Providers Pursuant to FERC Order No. 717

In compliance with Chapter I, Title 18, Part 358 of the Code of Federal Regulations (Standards of Conduct), Minnesota Power hereby provides the following information.

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### **358.1 – Applicability**

Minnesota Power (MP) is a public utility that owns, operates and controls facilities used for transmission of electric energy in interstate commerce. MP is a division of ALLETE, Inc., and provides electricity to retail customers in Minnesota and to wholesale customers in the Upper Midwest. An ALLETE subsidiary, Superior Water, Light & Power Company (SWL&P), provides electricity, water and gas service to retail customers in northwestern Wisconsin. SWL&P is a full requirements wholesale customer of Minnesota Power pursuant to FERC approved rates. ALLETE Clean Energy (ACE), an independent wholesale power producer and supplier, is also a subsidiary of ALLETE.

### **358.2 – General Principles**

FERC first adopted Standards of Conduct regulations for electric transmission providers in 1996 and has modified those regulations over the years. FERC Order 717 was issued in 2008 to reform and simplify the Standards of Conduct. In Order 717, FERC requires transmission

providers to treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis. Employees with Transmission Functions are directed to operate independently from the Marketing Function. Further, a transmission provider must provide equal access to non-public Transmission Function Information disclosed to Marketing Function Employees to all its transmission customers, affiliated and non-affiliated. Order No. 717 and subsequent revisions are codified in the Code of Federal Regulations (CFR) in Title 18, Chapter I, Subchapter S, Section 358. References to CFR Section 358 in the remainder of this document refer to this CFR Section. This document more fully describes how Minnesota Power meets the general principles and requirements of the Standards of Conduct specified in CFR Section 358.

### **358.3 – Definitions**

To understand the Standards fully and how they apply to Minnesota Power, an understanding of the following terms is necessary. Defined terms not listed in this section have the meaning prescribed in CFR §358.3

**Affiliate:** Any company or organization owned or controlled, or under common ownership or control, by another company or organization.<sup>1</sup>

**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.

**Transmission Functions:** The planning, directing, organizing, or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.

**Transmission Function Information:** Information relating to transmission functions.

**Transmission:** Electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities, under part 35 of FERC's regulations.

**Transmission Provider:** A Transmission Provider is any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce.<sup>1</sup>

**Transmission Customer:** Any eligible customer, shipper, or designated agent that can or does execute a transmission service agreement or can or does receive transmission service, including all persons who have pending requests for transmission service or for information regarding transmission.

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<sup>1</sup> Minnesota Power modified the definition of this term from that provided in CFR §358.3 to more accurately reflect its business operations.

**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 engages on a day-to-day basis in marketing functions.

**Marketing Functions:** In the case of electric public utilities and their affiliates, the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales.<sup>1</sup>

### **358.4 – Non-discrimination Requirements**

In accordance with CFR Section 358.4, Minnesota Power does not discriminate against any Transmission Customer. In order to ensure non-discrimination, Minnesota Power:

- Strictly enforces all tariff provisions relating to the sale or purchase of open access transmission service.
- Applies all tariff provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner.
- Does not 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, and ancillary services or balancing).
- Processes all similar requests for transmission in the same manner and within the same period of time.

### **358.5 – Independent Functioning**

Minnesota Power (MP) and Superior Water Light & Power (SWL&P) are members of the Midcontinent Independent System Operator (MISO). As required by CFR Section 358.2(b), the Transmission Function Employees of both MP and SWL&P perform their work within MP's Transmission and Distribution department and as such, function independently of its Marketing Affiliates. As a result of this organizational structure, no employees outside of MP's Transmission and Distribution department conduct transmission system operations or related reliability functions.

As an additional measure of separation between Transmission and Marketing Function employees, all Transmission Function Employees are located at MP's Rowe Energy Control Center and Herbert Service Center in Duluth, Minnesota. No Marketing Function employees are

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<sup>1</sup> Minnesota Power modified the definition of this term from that provided in CFR §358.3 to more accurately reflect its business operations.

located at MP's Rowe Energy Control Center or Herbert Service Center.

Minnesota Power's Transmission Function Employees must function independently of its Marketing Function Employees. Transmission Function and Marketing Function Employees are allowed to participate in projects and meetings as long as Transmission Function Information is not disclosed. Minnesota Power's Marketing Function Employees are prohibited from, (a) conducting Transmission Functions (i.e., day-to-day operations) including granting or denying transmission service and, (b) having access to Minnesota Power's system control center or similar facilities used for transmission operations that differs in any way from the access available to other Transmission Customers. Transmission Function Employees are prohibited from conducting Marketing Functions.

FERC recognizes that system reliability must be maintained. Therefore, notwithstanding any other provisions in these Standards of Conduct, Transmission Function and Marketing Function employees may exchange non-public transmission function information 1) pertaining to compliance with approved NERC Reliability Standards and 2) necessary to maintain or restore operation of the transmission system or generating units or that may affect the dispatch of generating units. Any disclosure of these specific types of non-public transmission function information must be documented and retained as soon as practicable after the fact as described in Section 358.7(g) of this document. If, during the course of responding to the emergency, other non-public transmission function information is disclosed to a Marketing Function Employee, that information will be posted as described in Section 358.7(g)(2) of this document.

### **358.6 – Information Access and No-Conduit Rule**

FERC requires that the electric system be operated in a manner that does not impede fair competition. This means that Marketing Function Employees must not have access to information about the transmission systems used to move energy that is not available to everyone via the Internet. In order to accomplish that goal, FERC requires the following:

- Employees engaged in the Transmission Function must work independently from Marketing Function Employees.
- Transmission Function Information is confidential and must not be shared with Marketing Function Employees through non-public communications.
- No employee, contractor, consultant or agent of the company may act as a conduit for sharing Transmission Function Information with Marketing Function Employees.
- A Transmission Provider must provide equal access to non-public Transmission Function Information to all its Transmission Function customers (affiliated and non-affiliated) except in the case of confidential customer information or Critical Energy

Infrastructure Information, which must remain protected.

- If an employee, contractor, consultant or agent of the company has Transmission Function Information related to the electric transmission grid that is not available to the public at large, he or she must be careful not to act as a conduit for conveying that information to anyone that works in a Marketing Function—either internal or external to Minnesota Power. At Minnesota Power, the Marketing Function includes specific employees involved in the Energy Supply department and ALLETE Clean Energy.

FERC has included the following as examples of Transmission Function Information: available transmission capability, price, curtailments, storage and balancing. Generation information necessary to perform generation dispatch may be shared with a Marketing Function Employee, but cannot include specific information about third-party transmission transactions or potential transmission arrangements. However, as the operator of the electric system, there is no restriction to the information that a Transmission Function Employee can receive including generation and market information.

An employee may not share any information acquired from current or non-affiliated transmission customers or developed in the course of responding to requests for transmission service on the OASIS, with Marketing Function Employees, except to the limited extent information is required to be posted on the OASIS in response to a request for transmission service or ancillary services.

If any information is disclosed in a manner contrary to these standards, it must be posted immediately on Minnesota Power's public Internet website, unless the information relates solely to a Marketing Function Employee's specific request for transmission service. If a Minnesota Power employee discloses non-public customer information, Critical Energy Infrastructure information, or any information that FERC by law has determined to be subject to limited dissemination, Minnesota Power must immediately post notice that the information was disclosed on its public Internet website. In the event such information is disclosed, follow the "Reporting Prohibited Disclosure of Transmission Function Information" section of this document to report the disclosure.

When Transmission Function Employees and Marketing Function Employees participate in joint meetings (e.g., when the discussion does not involve the transfer of transmission function information or when the employees must meet to preserve reliability of the transmission system), at least one of the Transmission Function Employee participants must complete a "Marketing Contact Form" located on the Power Delivery department page on the company Intranet. When a Transmission Function employee transfers to an Affiliate's Marketing Function position, steps must be taken to limit that employee's access to Transmission Function Information that he/she was able to access in the former position. Human Resources, Cyber

Technology Services (CTS) and the past and new supervisors identify access to systems and data that should be terminated. In addition, the employee will receive a new email address to further separate them from future transmission communication.

### **358.7 – Transparency Rule**

#### *358.7(a) – Contemporaneous disclosure*

Any incident regarding disclosure of prohibited information must be reported as soon as an employee becomes aware of it.

Reporting Prohibited Disclosure of Transmission Function Information: if Transmission Function Information is disclosed to anyone that works in a Marketing Function (whether internal or external to the company) contrary to the intent of the Standards of Conduct requirements, that disclosure (and in some cases the disclosed information) must be posted on the MP Internet website immediately. If an employee believes there has been an improper disclosure of information, they should contact their supervisor, the Chief Compliance Officer, or the Corporate Legal Services department. These individuals will then determine whether the information needs to be posted on Minnesota Power’s public Internet website. If it is determined that the information requires posting, a Record Services contact will post the information on Minnesota Power’s public Internet website. The FERC Standards of Conduct Steering Committee will meet on the next business day to determine whether a violation has occurred and identify the next steps

#### *358.7(b) – Exclusion for Specific Transaction Information*

Minnesota Power’s Transmission Function Employee may discuss with its Marketing Function Employee a specific request for transmission service submitted by the Marketing Function. Minnesota Power is not required to contemporaneously disclose information otherwise covered by 358.6 if the information relates solely to a Marketing Function Employee's specific request for transmission service.

#### *358.7(c) – Voluntary consent provision*

A non-affiliated Transmission Customer may voluntarily consent, in writing, to allow the sharing of the non-affiliated customer’s information with a Marketing Function Employee. The Transmission Provider must post notice on its Internet website 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.

#### *358.7(d) – Posting written procedures on the public Internet*

This revised Minnesota Power Standards of Conduct document is maintained on the Minnesota Power public Internet website and is available to all transmission function employees, all marketing function employees, officers, directors, supervisory employees, and any employee likely to become privy to transmission function information.

Pursuant to Section 358.7(d), Minnesota Power is in full compliance with the Standards of Conduct (Order 717) requirements as of the January 26, 2009 effective date. Previously with respect to Standards of Conduct compliance, Minnesota Power had adopted and filed on February 6, 2004 a Plan and Schedule for Implementation of Order No. 2004 that included action items, milestone dates, and responsible persons.

*358.7(e) – Identification of affiliate information on the public Internet*

*(1) Names and Addresses of Affiliates*

as defined in CFR Sections 358.3(a) and 358.3(c), Minnesota Power's Energy Supply department and ALLETE Clean Energy perform or arrange sales for resale in interstate commerce as well as sales of electric energy and capacity and virtual transactions, financial or physical transmission rights. They are Affiliates of the Minnesota Power Transmission Provider. Their addresses are posted on the Minnesota Power Internet site.

*(2) Shared Facilities*

As required in CFR Section 358.7(e) (2), ALLETE's Headquarters Building (ALLETE HQ) at 30 West Superior Street constitutes the only "shared facility" between Minnesota Power's Transmission Provider and its Marketing Function Affiliates. The ALLETE HQ houses executive management and corporate support for Minnesota Power and ALLETE. All Transmission Function employees are located at the Rowe Energy Control Center, the Herbert Service Center and outlying service centers, and are therefore housed in a separate facility from any Marketing Function Affiliates. All transmission control centers are secure and accessible by cardkeys issued only to authorized personnel. Except in emergency situations, Marketing Function Employees are not granted access to Minnesota Power's control centers or similar facilities that differs in any way from the access available to other transmission customers.

*(3) Potential Merger Partners*

Corporate Legal Services provides a Record Services contact with information to be posted on Minnesota Power's public Internet website within 7 days of the announcement of a potential merger with a potential affiliate that may employ or retain Marketing Function employees.

*358.7(f) – Identification of employee information on the public Internet*

(1) FERC requires the company to post on its Internet website the job titles and job descriptions of its Transmission Function Employees.

(2) ) FERC requires the company to post on its Internet website any transfer of employees between the Transmission Provider and any marketing functioning will be posted on the Company's website. Such posting will contain the required information, including the name of

the transferring employee, the respective titles held while performing the marketing or transmission function, and the effective date of the transfer; and the posting will remain present for the requisite 90 day timeframe. Minnesota Power's Human Resource function has instituted a software system that sends an alert to the appropriate personnel of any transfer into or out of the Transmission Provider. This alert is used to initiate any posting requirement under this Section.

*358.7(g) – Timing and general requirements of postings on the public Internet*

(1) In general, the company must post required information on its Internet website within seven (7) business days of any change except for the timeframes outlined below:

Potential mergers	Within 7 business days of announcement
Reporting prohibited disclosures	Immediately. As soon as practicable in emergency circumstances
Posting waivers of tariff provisions granted to an affiliate	Within 1 business day of the waiver grant
Reporting employee transfers	Within 7 business days of effective date, must remain posted for 90 days

(2) During system emergencies and/or any condition that could, in the sole discretion of the Shift Supervisor, System Operations and/or System Operator, endanger and/or adversely affect system reliability, personnel engaged in transmission system operations or reliability functions shall take whatever steps are necessary to maintain system reliability.

Transmission Function and Marketing Function employees may exchange non-public transmission function information 1) pertaining to compliance with approved NERC Reliability Standards and 2) necessary to maintain or restore operation of the transmission system or generating units or that may affect the dispatch of generating units. Any disclosure of these specific types of non-public transmission function information during emergency circumstances must be documented and retained as soon as practicable after the fact by completing the "Marketing Contact Form" located on the Power Delivery department page on the company Intranet.

If, during the course of responding to the emergency, other non-public transmission function information is disclosed to a Marketing Function Employee, that information must be posted as soon as practicable on Minnesota Power's public Internet website, unless the information relates solely to a Marketing Function Employee's specific request for transmission service. If a Minnesota Power employee discloses non-public customer information, Critical Energy Infrastructure information, or any information that FERC by law has determined to be subject to limited dissemination during an emergency response, Minnesota Power must post notice that the information was disclosed on its public Internet website as soon as practicable.

(3) Minnesota Power maintains a Standards of Conduct section on its public Internet website that can be found via the site's search function or by navigation from the Transmission and Regulatory Matters sections.

*358.7(h) – Exclusion for and recordation of certain information exchanges*

Transmission Function Employees and Marketing Function Employees may exchange certain non-public information required for compliance with Reliability Standards approved by FERC, for maintaining or restoring operation of the transmission system or generating units, or that may affect the dispatch of generating units. Minnesota Power must create and retain a contemporaneous record of all such exchanges, unless they occur under emergency circumstances. In those cases, a record must be made of the exchange as soon as practicable after the event. The record may include handwritten or typed notes, electronic records (such as e-mails and text messages), recorded telephone exchanges, etc. Records of permitted conversations are retained for five years, and will be made available to FERC upon request.

The FERC Standards of Conduct reminder message should be recited at the beginning of all formal joint meetings that include both Transmission Function and Marketing Function Employees.

It is the Transmission Function Employees' responsibility to document all such meetings. Using the Marketing Contact Form which is available on Minnesota Power's Power Delivery Intranet website, the Transmission Function employee should:

- List the attendees on the form
- Note the subjects discussed
- Provide other information requested on the form
- Use the Save button to send the completed form to Transmission Regulatory Compliance

If Transmission Function Information must be discussed at a joint meeting, the Transmission Function Employee should:

- Ask the participants from the Marketing Function to excuse themselves from the meeting or determine whether there is an exception to the independent functioning or no-conduit rule that may apply;
- Note in the "Topics Discussed" section of the Marketing Contact Form that the Marketing Function Employees left the room, or explain the rationale for why they were permitted to continue the discussion;

- Be sure NOT to include any specific Transmission Function Information in the minutes;
- Note when or if the Marketing Function Employees re-joined the meeting; and
- Fill out the form's questions about whether Transmission Function Information was discussed, whether the Marketing Function Employees left during that discussion, and if not, which of the exceptions, if any, applied.

For simplicity, Transmission Function Employees are encouraged to document all joint meetings with Marketing Function Employees using the Marketing Contact Form, and to use the description and additional questions to indicate whether non-public Transmission Function Information was discussed during the meeting.

If a Marketing Contact Form submittal has "Yes" or "Unsure" as the answer to the question "Non-Public Transmission Information Discussed" and "No" or blank as the answer to the question "Marketing employee(s) left during discussion of the Non-Public Transmission Information?", Transmission Regulatory Compliance will investigate and document the results in the TRC Admins Only section of the Marketing Contact Form. If it is determined that prohibited non-public information

#### *358.7(i) – Posting of waivers*

As a member of MISO, Minnesota Power does not grant waivers of tariff provisions when providing service under FERC filed rates. Pursuant to CFR Section 358.7(i), if this were to occur Minnesota Power would maintain a log of any acts of waiver. If a waiver were granted in favor of an Affiliate, the Transmission Function Employee would notify the Chief Compliance Officer or Corporate Legal Services, who would direct Record Services to post this information on the Minnesota Power public Internet site. The posting must be made within one business day of the act of a waiver.

### **358.8 – Implementation Requirements**

#### *358.8(a) – Effective date*

Minnesota Power is in full compliance with the Standards of Conduct (Order 717) requirements as of the January 26, 2009.

#### *358.8(b) – Compliance measures and written procedures*

Minnesota Power's Standards of Conduct Compliance Program Manual is an internal document maintained on the Minnesota Power Intranet, specifically on the Transmission Regulatory Compliance department site.

#### *358.8(c) – Training and compliance personnel*

Minnesota Power conducts Standards of Conduct training annually. Records of that training are retained in accordance with Minnesota Power's Records Retention Program. This training is provided by the Corporate Legal Services department either in-person or online.

All employees designated as either Transmission Function or Marketing Function must complete the Standards of Conduct training at least annually. In addition, new employees fitting any of the aforementioned categories must be trained within 30 days of the time that their designation is assigned. Evidence of training completion is documented within Minnesota Power's online Learning Management System. Additional training can be obtained in several forms such as through FERC Standards of Conduct Compliance Steering Committee meeting involvement, participation in industry groups, conferences, and through other opportunities for development throughout the year.

As required in CFR Section 358.8(c) (2), Maggie Thickens, ALLETE Vice President, Chief Legal Officer and Corporate Secretary, is designated as Minnesota Power's Chief Compliance Officer responsible for implementation of the Standards of Conduct. She may be contacted as noted below:

Maggie Thickens  
ALLETE Vice President, Chief Legal Officer and Corporate Secretary  
30 West Superior Street  
Duluth, MN 55802  
(218) 723-3950  
mthickens@allete.com

#### *358.8(d) – Book and Records*

Minnesota Power maintains books of account and records as prescribed by FERC regulations separately from those of its other affiliates, and these will be made available for FERC inspections as requested.

#### **Reporting Suspected Violations**

If an employee believes there has been a violation of the FERC Standards of Conduct, the violation should first be discussed with his or her immediate supervisor. If that is not possible, or the employee feels that the supervisor may be involved, he or she should contact one of the individuals listed above. Additionally, the ALLETE Code of Business Conduct includes information regarding how to report ethical or compliance concerns anonymously via the ALLETE Integrity Helpline at 1-866-776-6951 or <https://allete.ethicspoint.com>. This service is available 24 hours a day, seven days a week.

#### **Contact Information**

Any questions regarding the FERC Standards of Conduct regulations or these Guidelines should be submitted to either our Chief Legal Officer or Senior Regulatory Counsel:

Chief Legal Officer

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