

STANDARDS OF CONDUCT FOR TRANSMISSION AND WHOLESALE MARKETING FUNCTIONS

This policy applies to all District employees who are engaged in or process information related to the District's transmission function and/or wholesale marketing function. It is being established so that the District is in substantial compliance with the Federal Energy Regulatory Commission (FERC) Order 2004 – Standards of Conduct for Transmission Providers. Comprehensive procedures to carryout compliance with this policy are contained in District Standard LEG-ST-001, which includes duties, obligations, and responsibilities for District employees, including the designation of a Chief Compliance Officer; procedures for permissible dissemination of transmission information, and training and record keeping requirements.

FERC Order No. 2004 applies to public utilities as defined in the Federal Power Act. The District, as a state political subdivision, is not a public utility under this definition and is not subject to FERC jurisdiction, or the requirements of this FERC Order, except as to electric reliability standards and other specific provisions in the Electricity Modernization Act of 2005. However, because the District participates in regional wholesale market transactions with other entities that are subject to FERC Standards of Conduct for Transmission Providers, the District has established this policy so that the District does not provide preferential treatment to its own marketing functions, with respect to access to the District's transmission system, compared to that of other wholesale market entities. Therefore, to the extent allowed by Nebraska state law and subject to the District's financial, operating, contractual, and other legal requirements, the District is voluntarily implementing this new policy.

This policy provides for the organizational and physical separation of District employees engaged in the transmission function (Customer Services & Delivery) from District employees engaged in the wholesale merchant function (Energy Supply). While certain District employees are engaged in the wholesale marketing function, most of this activity is conducted through the District's relationship with The Energy Authority (TEA). In addition, this policy, as more fully described in the District Standard, establishes limitations on the communication of transmission information amongst District employees and TEA.

The District emphasizes that this policy is binding on individual employees and that an employee may not circumvent the requirements of this policy. Employees failing to comply with this policy face possible disciplinary action.

DISTRICT POLICY

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