

## 1. Purpose/Expectation

The Federal Energy Regulatory Commission in its Standards of Conduct rules for Transmission Providers requires that Interstate natural gas Transmission Providers post on their Internet website current written procedures implementing the Standards of Conduct. The following Implementation Procedures have been adopted by ONEOK, Inc. ("ONEOK") to comply with the Standards of Conduct rules and are posted on the OkTex Pipeline Company, L.L.C. ("OkTex") website under Informational Postings – Standards of Conduct – Implementation Procedures.

The Standards of Conduct applies to any interstate natural gas pipeline that transports gas for others and conducts transmission transactions with an affiliate that engages in marketing functions. Currently OkTex is the only interstate pipeline that conducts transactions with an affiliate engaged in marketing functions. The Standards of Conduct establish the following principles:

- **Non-Discrimination Rule.** Pipelines must treat all Transmission Customers, affiliated and non-affiliated, on a not unduly discriminatory basis.
- **Independent Functioning Rule.** Pipeline Transmission Function Employees must function independently from Marketing Function Employees.
- **No-Conduit Rule.** Pipeline personnel must not disclose, or use anyone as a conduit to disclose, non-public Transmission Function Information to Marketing Function Employees.
- **Transparency Rule.** Pipelines must provide equal access to non-public Transmission Function Information to all their Transmission Customers, affiliated and non-affiliated, with very limited exceptions.

## 2. Definitions

In order to understand how the Standards of Conduct apply to you in your role, knowledge of some of the key definitions contained within the Standards is important. The Standards of Conduct are focused on the functions an employee performs.

**"Affiliate"** means an entity that controls, is controlled by or is under common control with, the specified entity. "Control" as used in this definition means the direct or indirect authority, whether acting alone or in conjunction with others, to direct or cause to direct the management policies of an entity. A voting interest of ten percent (10%) or more creates a rebuttable presumption of control.

**"FERC"** or **"Commission"** means the Federal Energy Regulatory Commission.

**"Marketing Function"** means the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, natural gas excluding: (i) bundled retail sales, (ii) incidental purchases and sales of natural gas to operate the natural gas Pipeline Transmission facilities, (iii) sales of natural gas solely from seller's own production, (iv) sales of natural gas solely from a seller's own gathering or processing facilities, and (v) on-system sales by an intrastate pipeline, or by a Hinshaw pipeline exempt from the Natural Gas Act or by a local distribution company making an on-system sale.

**"Marketing Function Employee"** means an employee or contractor of a Transmission Provider or an Affiliate of a Transmission Provider who actively and personally engages on a day-to-day basis in Marketing Functions. Marketing Function is not limited to price and quantity terms, but also involves all business decisions related to the contract terms so that any employee engaged in decisions related to those activities may be a Marketing Function Employee. Supervisory employees who are involved in decisions related to a sale may also be a Marketing Function Employee.

- Corporate governance, strategic and long-range planning, and development of general negotiating parameters for contracts are activities that go beyond the day-to-day activities that characterize Marketing Function Employees and involvement in these activities by managers and officers would not make them Marketing Function Employees.

**"Shared Services Personnel"** means those personnel who provide shared services to ONEOK and its Affiliates that may employ Transmission Function Employees and/or Marketing Function Employees, such as those employees in the ONEOK Accounting, IT, Credit, Tax, Contract Administration, Regulatory and Legal departments.

**"Transmission"** means transportation of gas for others pursuant to subparts B or G of Part 284 of the Commission's regulations.

# Procedure



**Subject:** FERC STANDARDS OF CONDUCT IMPLEMENTATION PROCEDURES

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**"Transmission Customer"** means any eligible customer, shipper or designated agent that can or does execute a Transmission service agreement with a Pipeline or can or does receive Transmission service from a Pipeline, including all persons who have pending requests for Transmission service or for information regarding Transmission.

**"Transmission Provider" or "Pipeline"** means any interstate natural gas pipeline that transports gas for others pursuant to subparts B or G of Part 284 of the Commission's regulations. ONEOK Transmission Providers include Guardian Pipeline, L.L.C., Midwestern Gas Transmission Company, OkTex Pipeline Company, L.L.C., and Viking Gas Transmission Company.

**"Transmission Function"** means the planning, directing, organizing or carrying out of day-to-day Transmission operations, including the granting and denying of Transmission service requests.

**"Transmission Function Employees"** means an employee or contractor of a Transmission Provider who actively and personally engages on a day-to-day basis in Transmission Functions which include those persons who plan, direct and carry out daily Transmission operations, including any employee or contractor who is responsible for performing system impact studies or determining whether the Transmission system can support the request for services.

**"Transmission Function Information"** means information relating to Transmission Functions.

### 3. Applicability/Exceptions

#### Applicability

The Standards of Conduct apply to interstate natural gas pipelines that conduct Transmission transactions with an Affiliate that engages in Marketing Functions. Currently OkTex is the only interstate pipeline that conducts Transmission transactions with an Affiliate engaged in Marketing Functions.

ONEOK Affiliates potentially engaged in Marketing Functions:

- ONEOK Field Services Company, L.L.C.

The Standards of Conduct and these Implementation Procedures apply to any ONEOK personnel who:

- Perform Transmission Functions for OkTex,
- Perform Marketing Functions, or generate, receive or are likely to become privy to OkTex Transmission Function Information (such as Shared Services Personnel, those providing IT support and those maintaining Pipeline records).

#### Exceptions

The Standards of Conduct and these Implementation Procedures do not apply to the transmission operations or transmission information of the following:

- Interstate Pipelines that do not conduct Transmission Function transactions with an Affiliate engaged in Marketing Functions;
- Intrastate pipeline companies;
- Gathering and processing operations; or
- Natural gas liquids pipelines

Although the Standards of Conduct rules currently only apply to OkTex, similar obligations relating to non-discrimination and non-disclosure under other state or federal law and FERC regulations apply to ONEOK's other interstate natural gas pipelines, intrastate natural gas pipelines and natural gas liquids pipelines.

### 4. Roles and Responsibilities

The FERC Standards of Conduct rules require that a Transmission Provider designate a Chief Compliance Officer who will be responsible for Standards of Conduct compliance. The Transmission Provider must post the name and contact information of the Chief Compliance Officer on its Internet website which is posted at: Informational Postings – Standards of Conduct – Chief Compliance Officer.

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The FERC Chief Compliance Officer is also responsible for:

- Preparing, updating, and/or revising these Implementation Procedures and obtaining the necessary internal approvals to adopt them;
- Supervising the training process and approving the content of training materials;
- Responding to employee inquiries regarding the interpretation and application of these Implementation Procedures and the Standards of Conduct;
- Identifying potential Affiliates engaged in Marketing Functions;
- Monitoring ONEOK news releases to identify potential merger partners that may employ Marketing Function Employees;
- Obtaining, to the extent required, any clarifications, interpretations, or rulings from the FERC, FERC staff, or outside counsel regarding these Implementation Procedures and the Standards of Conduct;
- Applying to the FERC for any extensions or waivers relating to these Implementation Procedures; and
- Providing required notices to the FERC.

ONEOK also has a Senior Compliance Coordinator dedicated to achieving compliance with the Standards of Conduct. The Senior Compliance Coordinator is also responsible for:

- Coordinating and tracking compliance efforts;
- Determining which employees are subject to the training requirements;
- Arranging for the posting and updating of information on Pipeline websites pursuant to these Implementation Procedures and the Standards of Conduct,
- Preparing training materials;
- Conducting the training of employees;
- Monitoring employee transfers into or out of Transmission Function or Marketing Function positions to ensure that new Transmission Function Employees are timely trained and that applicable employee transfers if necessary are timely posted;
- Identifying shared facilities;
- Approving access to the system control center or similar facilities used for Transmission operations or Transmission Functions;
- Assisting in the preparation of revisions to these Implementation Procedures, and
- Retaining certain records.

## 5. Procedure

The Standards of Conduct establish the following four general principles:

### General Principles:

#### 5.1 Non-Discrimination Requirements

##### Transmission Providers must:

- Treat all Transmission Customers, affiliated and non-affiliated, on a not unduly discriminatory basis;
- Strictly enforce tariff provisions relating to the sale or purchase of open access Transmission service if the tariff provisions do not permit the use of discretion;
- Exercise discretion in a fair and impartial manner that treats Transmission Customers in a not unduly discriminatory manner if the applicable tariff provision permits the use of discretion;
- Process requests for Transmission service in the same manner and time frame.

##### Transmission Providers must not:

- Give undue preference in matters relating to the sale or purchase of Transmission service including but not limited to issues of price, curtailments, scheduling, priority, ancillary services or balancing;
- Make or grant undue preference or advantage.

## 5.2 Independent Functioning Rule

The Standards of Conduct require that a Pipeline's Transmission Function Employees function independently from its Marketing Function Employees. A Transmission Provider is prohibited from permitting its Transmission Function Employees to conduct Marketing Functions.

A Transmission Provider is prohibited from permitting Marketing Function Employees to:

- Conduct Transmission Functions
- 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.

In the ONEOK building, the Interstate Pipeline floor and the Pipeline Control floor are restricted, and security is maintained by card key access. Marketing Function Employees must not enter or be permitted access to these areas without approval of the Senior Compliance Coordinator or the FERC Chief Compliance Officer. Other non-Marketing Function Personnel may only access these areas after receiving Standards of Conduct training.

Particular care must be exercised by employees when communicating non-public information pertaining to ONEOK Transmission Function Information through electronic media, such as e-mail and instant messenger, in order to protect the confidentiality of such information and avoid inadvertent dissemination to a distribution list that may include a ONEOK Marketing Function Employee.

## 5.3. No Conduit Rule

A Transmission Provider is prohibited from using anyone as a conduit for the disclosure of non-public Transmission Function Information to any Marketing Function Employee. An employee, contractor, consultant or agent of a ONEOK Transmission Provider and an employee, contractor, consultant or agent of an Affiliate of a Transmission Provider that is engaged in Marketing Functions is prohibited from disclosing non-public Transmission Function Information to any ONEOK Marketing Function Employees.

If anyone, including non-ONEOK personnel, seeks to communicate Transmission Function Information to a Marketing Function Employee, the Marketing Function Employee shall refuse to accept the Transmission Function Information and shall report the individual to the FERC Chief Compliance Officer or the employee's management.

## 5.4 Transparency Rule

a. Contemporaneous Disclosure. In certain instances, the Transparency Rule requires contemporaneous disclosure of certain Transmission Function Information if a Transmission Provider discloses non-public Transmission Function Information in violation of the No Conduit Rule. Depending on the type of information, the Transmission Provider may be required to post the disclosed information on its Internet website or a notice of the disclosure. If the disclosed Transmission Function Information is non-public Transmission Customer information or critical energy infrastructure information (CEII) or any other information that the Commission has determined to be subject to limited dissemination, then the Transmission Provider must post a notice that the information was disclosed rather than posting the disclosed Transmission Function Information.

Contemporaneous disclosure is not required if the information relates to a Marketing Function Employee's request for service with the Transmission Provider or if a Transmission Customer voluntarily consents in writing to allow the Transmission Provider to disclose that Transmission Customer's non-public information to the Transmission Provider's Marketing Function Employees. The Transmission Provider must post a notice on its Internet website of such Transmission Customer consent and that it did not provide any preference in exchange for the voluntary consent.

If non-public Transmission Function Information is disclosed, the Transmission Provider must contact the FERC Chief Compliance Officer who will determine the content of the appropriate posting which the Pipeline must immediately post on its Internet website.

b. The Transparency Rule also requires that Transmission Providers post the following additional information:

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- These Implementation Procedures
- Identification of Affiliate information
  - The names and addresses of Affiliates that employ Marketing Function Employees
  - A complete list of employee-staffed facilities shared by the Transmission Provider's Transmission Function Employees and Marketing Function Employees
  - Potential merger partners as affiliates that may retain or employ Marketing Function Employees within seven (7) days after the potential merger is announced
- The job titles and job descriptions of its Transmission Function Employees
- Notice of any transfer of a Transmission Function Employee to a position of a Marketing Function Employee or any transfer of a Marketing Function Employee to a position as a Transmission Function Employee

The information required to be posted must be updated within seven (7) days of any change. If a Transmission Provider's normal business operations are disrupted by an emergency, the posting requirements may be suspended. If the disruption lasts more than thirty (30) days, the Transmission Provider must notify the Commission and seek further exemption.

- c. Exclusion for, and Recording of, Certain Information Exchanges: Notwithstanding the restrictions on sharing of information set forth above in the Independent Functioning and No-Conduit Rules, Transmission Function Employees and Marketing Function Employees may exchange non-public Transmission Function Information necessary to maintain or restore operation of the Pipeline's Transmission system. A Pipeline must make and retain a contemporaneous record of all such exchanges except in emergency circumstances, in which case a record must be made of the exchange as soon as practicable after the fact. The record will be provided to the FERC upon request. The record may consist of handwritten or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and instant messages.
- d. Posting of Waivers: ONEOK will post on its website notice of each waiver of a tariff provision it grants in favor of an Affiliate, unless such waiver has been approved by the Commission. ONEOK will also maintain a written log of such acts of waiver and will provide it to the Commission upon request. The information in this log will be posted on the applicable Pipeline website within one business day of the grant of the waiver.

## 6.0 Implementation Requirements

- a. Compliance Measures and Written Procedures: The Senior Compliance Coordinator distributes an email with a link to these Implementation Procedures annually to all Transmission Function Employees, Marketing Function Employees and all other officers, directors, supervisory employees, Shared Services Personnel, and any other employees likely to become privy to Transmission Function Information.
- b. Training and Compliance Personnel: ONEOK provides annual training on the Standards of Conduct for all Transmission Function Employees, Marketing Function Employees, and all other officers, directors, supervisory employees, Shared Services Personnel, and any other employees likely to become privy to Transmission Function Information. The Standards of Conduct training is a computer-based, e-learning system. Completion of the training by each employee will be tracked and monitored by the Senior Compliance Coordinator. Records of training will be retained for the period required by FERC or the ONEOK Records Retention Policy, whichever is longer.

Newly hired Transmission Function Employees, Marketing Function Employees, officers, directors, supervisory employees, and any other newly hired employees likely to become privy to Transmission Function Information will complete the training within 30 days of the effective date of their employment.

- c. Books and Records: ONEOK's Transmission Provider Pipelines maintain books of accounts and records separately from those Affiliates that employ or retain Marketing Function Employees as required by section 358.8(d) of the Standards of Conduct.

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- d. Responsibility: The FERC Chief Compliance Officer is responsible for enforcement of these procedures and for responding to internal questions regarding them. Contact information for the FERC Chief Compliance Officer is available on each interstate Pipeline's website. Employees may also refer concerns or questions regarding training to the Senior Compliance Coordinator.