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**DAUPHIN ISLAND GATHERING PARTNERS  
STANDARDS OF CONDUCT FOR TRANSMISSION PROVIDERS  
WRITTEN COMPLIANCE PROCEDURES  
TO COMPLY WITH 18 CFR Part 358**

**Introduction**

On October 16, 2008, the Federal Energy Regulatory Commission (“Commission”) issued Order No. 717 which amended its regulations adopted on an interim basis in Order No. 690, in order to make them clearer and to refocus the rules on the areas where there is the greatest potential for abuse (“Standards of Conduct”).

In particular, the Standards of Conduct return to the approach of separating, by function, the transmission personnel from the marketing personnel that was adopted in Order Nos. 497 and 889, while also retaining a single set of standards for both natural gas and electric industries, as envisioned by Order No. 2004. The Standards of Conduct also further clarify and streamline the standards to enhance compliance and enforcement of the rules, and to increase transparency in the area of transmission/affiliate interactions to aid in the detection of any undue discrimination.

The following procedures (“Written Compliance Procedures”) are applicable to the Dauphin Island Gathering Partners’ interstate transmission pipeline system (“Dauphin Island”).

**Procedures**

1. Applicability (18 CFR § 358.1)

- A. Applies to any interstate natural gas pipeline that transports gas for others pursuant to subparts B or G of part 284 and conducts transmission transactions with an affiliate that engages in marketing functions.
- B. Dauphin Island conducts transmission transactions with two affiliates, ConocoPhillips Company (“ConocoPhillips”) and DCP Midstream Marketing, LLC (“DCPM”) that engage in marketing functions:
  - i. ConocoPhillips Gas Company owns 50% of Dauphin Island’s indirect parent DCP Midstream, LLC which makes ConocoPhillips an affiliate of Dauphin Island. Dauphin Island conducts transmission transactions with ConocoPhillips Company through an interruptible transportation agreement. ConocoPhillips engages in marketing functions through the intended use of the interruptible contract. Neither Dauphin Island nor its parent DCP Midstream, LLC has corporate control over ConocoPhillips so Dauphin Island is limited in its compliance with certain of the implementation requirements because they are outside of Dauphin Island’s control.
  - ii. DCPM and Dauphin Island are both subsidiaries of DCP Midstream, LLC which makes DCPM an affiliate of Dauphin Island. Dauphin Island conducts transmission

transactions with DCPM through an interruptible transportation agreement. DCPM engages in marketing functions through the intended use of the interruptible contract.

- C. As a result, the Standards of Conduct apply to the relationship between Dauphin Island's transmission function employees and DCP Midstream and ConocoPhillips' marketing function employees.
- D. All Dauphin Island transportation contracts are provided to the Regulatory Department prior to execution so that if the transportation contract affects the applicability of the Standards of Conduct to Dauphin Island, there will be sufficient time to ensure full compliance before the effective date of the transportation contract.

2. Non-discrimination requirements (18 CFR § 358.4)

- A. A transmission provider must strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if the tariff provisions do not permit the use of discretion. A transmission provider must apply all tariff provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner that treats all transmission customers in a not unduly discriminatory manner, if the tariff provisions permit the use of discretion. A transmission provider may not, through its tariff or otherwise, 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, ancillary services, or balancing). A transmission provider must process all similar requests for transmission service in the same manner and within the same period of time.
- B. Dauphin Island will continue to strictly enforce all tariff provisions, if the tariff provisions do not permit the use of discretion, and will apply all tariff provisions that permit the use of discretion in a fair and impartial manner that treats all transmission customers in a not unduly discriminatory manner. Dauphin island will not give undue preference to any person in matters related to the sale or purchase of transmission service and will process all similar requests for transmission service in the same manner and within the same period of time.
- C. Transmission function employees are aware of the non-discrimination requirements and seek guidance from the Chief Compliance Officer, designated pursuant to 18 CFR § 358.8, if a waiver or exception of the tariff is required to ensure compliance with the requirements.

3. Independent functioning rule (18 CFR § 358.5)

- A. Except as permitted in this part or otherwise permitted by Commission order, a transmission provider's transmission function employees<sup>1</sup> must function independently of

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<sup>1</sup> Transmission function employee means an employee, contractor, consultant or agent of a transmission provider who actively and personally engages on a day-to-day basis in transmission functions (the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests).

its marketing function employees.<sup>2</sup> A transmission provider is prohibited from permitting its marketing function employees to: (i) conduct transmission functions; or (ii) 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. A transmission provider is prohibited from permitting its transmission function employees to conduct marketing functions.

- B. Dauphin Island's transmission function employees function independently from ConocoPhillips' marketing function employees. ConocoPhillips' marketing function employees do not conduct transmission functions for Dauphin Island or have access to the Dauphin Island system control center.
- C. DCPM's marketing function employees do not conduct transmission transactions. However, two DCPM marketing function employees are responsible for incidental purchases and sales of natural gas to operate Dauphin Island's interstate pipeline transmission facilities. The DCPM marketing function employees do not have access to any Dauphin Island non-public transmission system information except for the quantity of gas that is needed to be purchased or sold for system operations purposes only. Dauphin Island received a waiver so that these employees could have access to non-public transmission function information and not function independently.<sup>3</sup> All customer activities relating to the transportation transactions that DCPM conducts with Dauphin Island are handled by different marketing function employees than those employees responsible for Dauphin Island's incidental purchases and sales. In addition, certain of DCPM's marketing function employees have access to the gas control room used for Dauphin Island system operations. As a result, the Dauphin Island information in the gas control room is posted on the Dauphin Island informational postings website under Capacity/Operational Flow.
- D. The DCP Marketing Affiliate Shipper Protocol, including requirements, regarding the management of the DCPM transportation agreement with Dauphin Island was provided to transmission function employees and affected marketing function employees to ensure independent functioning.

#### 4. No conduit rule (18 CFR § 358.6)

- A. A transmission provider is prohibited from using anyone as a conduit for the disclosure of non-public transmission function information<sup>4</sup> to its marketing function employees. An

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<sup>2</sup> Marketing function employee means 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 is defined as the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, natural gas, subject to the following exclusions: (i) Bundled retail sales, (ii) Incidental purchases or sales of natural gas to operate interstate natural gas pipeline transmission facilities, (iii) Sales of natural gas solely from a seller's own production, (iv) Sales of natural gas solely from a seller's own gathering or processing facilities, and (v) Sales by an intrastate natural gas pipeline, by a Hinshaw interstate pipeline exempt from the Natural Gas Act, or by a local distribution company making an onsystem sale.

<sup>3</sup> 108 FERC ¶ 61,243 at P 35.

<sup>4</sup> Transmission function information includes, for example, available transmission capability, price, curtailments, storage, and balancing. Transmission customer information is a subset of transmission function information, as it is submitted in connection with a request for transmission service.

employee, contractor, consultant or agent of a 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 of the transmission provider's marketing function employees.

- B. All Dauphin Island transmission function employees are aware of the no conduit rule and recognize the prohibition against disclosing non-public transmission function information to ConocoPhillips and DCPM marketing function employees or the use of anyone as a conduit for disclosing non-public transmission function information to ConocoPhillips or DCPM marketing function employees. In addition, ConocoPhillips and DCPM marketing function employees do not have access to any Dauphin Island transmission function information, electronically or otherwise. Dauphin Island has developed a protocol, *Information Access Protocol*, to ensure that the DCPM marketing function employees do not have access to non-public transmission information.
- C. The DCP Marketing Affiliate Shipper Protocol, including requirements, regarding the management of the DCPM transportation agreement with Dauphin Island was provided to transmission function employees and affected marketing function employees to ensure compliance with the no conduit rule.

5. Transparency Rule (18 CFR § 358.7)

- A. *Contemporaneous disclosure* – If a transmission provider discloses non-public transmission function information in a manner contrary to the no conduit rule, the transmission provider must immediately post the information that was disclosed on its Internet website. If the non-public transmission function information that was disclosed is critical energy infrastructure information (CEII)<sup>5</sup> or is to be subject to limited dissemination by the Commission by law, the transmission provider must immediately post notice on its website that the information was disclosed. The transmission provider is not required to disclose information if it relates solely to the marketing function employee's specific request for transmission service.
- B. *Voluntary consent provision* – A transmission customer may voluntarily consent, in writing, to allow the transmission provider to disclose the transmission customer's non-public information to the transmission provider's marketing function employees. If the transmission customer authorizes the transmission provider to disclose its information to marketing function employees, 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.
- C. *Public Internet postings* - A transmission provider is required to post the following on its Internet website. The information must be updated within seven business days of a change and must reflect the date on which the information was updated. The posting requirements may be suspended in the event of an emergency.
  - i. Written procedures implementing the standards of conduct.

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<sup>5</sup> As defined in 18 CFR § 388.113(c)(1).

- ii. The names and addresses of all its affiliates that employ or retain marketing function employees.
  - iii. A complete list of the employee-staffed facilities shared by any of the transmission provider's transmission function employees and marketing function employees. The list must include the types of facilities shared and the addresses of the facilities.
  - iv. Information concerning potential merger partners as affiliates that may employ or retain marketing function employees, within seven days after the potential merger is announced.
  - v. Job titles and job descriptions of its transmission function employees.
  - vi. Notice of any transfer of a transmission function employee to a position as a marketing function employee or any transfer of a marketing function employee to a position as a transmission function employee. The information must include the name of the transferring employee, the respective titles held while performing each function and the effective date of the transfer.
  - vii. Notice of each waiver of a tariff provision that it grants in favor of an affiliate, unless such waiver has been approved by the Commission. The posting must be made within one business day of the act of a waiver.
- D. *Contemporaneous disclosure* - Dauphin Island has set up a dedicated telephone number and email address that will be used for reporting of inappropriate sharing of information. A protocol, *Information Disclosure Protocol*, has been established so that when inappropriate sharing of information has occurred, the employee will call the dedicated phone number and send an email explaining the specifics of the incident and the disclosed information will be immediately addressed.
- E. *Voluntary consent provision* – When a customer provides voluntary consent, the consent will be provided in writing and the posting will be made on Dauphin Island's Internet website.
- F. *Public Internet postings* - Dauphin Island has developed a protocol, *Internet Posting Protocol*, for maintaining the internet posting requirements.
6. Implementation requirements (18 CFR § 358.8)
- A. A transmission provider must be in full compliance with the standards of conduct on the date it commences transmission transactions with an affiliate that engages in marketing functions.
  - B. A transmission provider must implement measures to ensure that the independent functioning rule and no conduit rule are observed by its employees and by the employees of its affiliates.
  - C. A transmission provider must distribute the written procedures and provide annual training to all its transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information. The transmission provider must provide

training on the standards of conduct to new employees within the first 30 days of their employment.

- D. A transmission provider must designate a chief compliance officer who will be responsible for standards of conduct compliance. The name and contact information for the chief compliance officer must be posted on the Internet website.
- E. A transmission provider must maintain its books of account and records separately from those of its affiliates that employ or retain marketing function employees and those records must be available for Commission inspections.
- F. All Dauphin Island transportation contracts are provided to the Regulatory Department prior to execution so that if the transportation contract affects the applicability of the Standards of Conduct to Dauphin Island, there will be sufficient time to ensure full compliance before the effective date of the transportation contract.
- G. Included in the Written Compliance Procedures and associated protocols are measures for ensuring compliance with the rules. In addition, an audit of the written procedures will be completed annually.
- H. The written procedures will be provided to Dauphin Island transmission function employees, DCPM marketing function employees and employees with access to transmission function information within 30 days of a change. The ConocoPhillips marketing function employees are outside of Dauphin Island's corporate control and unlikely to become privy to transmission function information. Since neither Dauphin Island nor its parent DCP Midstream, LLC has corporate control over ConocoPhillips, Dauphin Island is unable to provide the written procedures to those marketing function employees. The written procedures are posted on the Dauphin Island website for public review.
- I. Training will be provided annually to Dauphin Island transmission function employees, DCPM marketing function employees and employees with access to transmission function information. As employees with newly gained access to transmission function information are identified, they will be placed on the annual training list to be trained as part of the annual training program. Since neither Dauphin Island nor its parent DCP Midstream, LLC has corporate control over ConocoPhillips, Dauphin Island is unable to provide training to those marketing function employees.
- J. Dauphin Island has designated Katie Rice (303) 605-2166, kerice@dcpmidstream.com to be its Chief Compliance Officer and this information has been provided on the Dauphin Island website.
- K. Dauphin Island maintains separate books and records from the books and records of ConocoPhillips and DCPM.