

NORTHERN BORDER PIPELINE COMPANY

# IMPLEMENTATION PROCEDURES

---

## STANDARDS OF CONDUCT

PURSUANT TO 18 C.F.R. PART 358 AND §284.286

REVISED EFFECTIVE: JANUARY 30, 2009

POSTED: JANUARY 30, 2009

---

**PURSUANT TO 18 C.F.R. PART 358 AND 18 C.F.R. §284.286**

---

Pursuant to 18 C.F.R. §§ 358.7d and (3) 18 C.F.R. § 284.286 of the Federal Energy Regulatory Commission's (Commission) Regulations, Northern Border Pipeline Company (Company), an interstate natural gas pipeline company, posts below its written procedures implementing the Standards of Conduct (SOC) pursuant to 18 C.F.R. Part 358 as revised by Order No. 717, issued by the Commission on October 16, 2008.

The Company does not have any employees but rather the employees of TransCanada USA Services Inc. (TransCanada USA), a subsidiary of TransCanada Corporation (TransCanada) and employees of TransCanada, perform their job duties on behalf of the Company as required under the Operating Agreement between Company and TransCanada Northern Border Inc. (TransCanada Northern Border), the Operator of Company.<sup>1</sup> As part of that agreement, there are TransCanada personnel that provide oversight management, project support services and the day to day gas control transmission function for Company and these employees are located in Calgary, Canada. Some of the TransCanada USA employees have responsibility to provide the day to day transmission functions of the Company, including the gas volume scheduling, operation/systems planning, contracting, , [regulatory] project development and marketing of transportation services for the Company and they are located in Omaha, NE. Company is a general partnership whose partners are TC PipeLines Intermediate Limited Partnership, (TCILP) and ONEOK Partners Intermediate Limited Partnership (OKILP). Company's management is overseen by a four-member Management Committee with two representatives designated by each general partner.

---

<sup>1</sup> Where these procedures refer to employees of Company, it should be noted that this reference is made for ease of understanding only, and the personnel are actually employees of TransCanada USA (or TransCanada?)

---

## STANDARDS OF CONDUCT

---

To ensure compliance with the requirements of the SOC set forth in 18 C.F.R. Part 358, as applicable to interstate natural gas pipelines which transport gas for others pursuant to or subparts B or G of Part 284 of Chapter 18 of the Code of Federal Regulations, Company adopts and will utilize the following procedures implementing each of the individual provisions of 18 C.F.R. Part 358.2, 358.4, 358.5 and 358.6 in the manner set forth below.

The Company will comply with the following general principles of the Commission's Standards of Conduct:

**Part 358.2 General principles.**

(a) Company will treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis, and will not make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage with respect to any transportation of natural gas in interstate commerce, or with respect to the wholesale sale of natural gas.

(b) Company's transmission function employees must function independently from its marketing function employees, except as permitted in part 358.7 or otherwise permitted by Commission order.

(c) Company and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public transmission function information to Company's marketing function employees.

(d) Company will 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.

Under these Implementation Procedures the following definitions apply:

**Part 358.3 Definitions.**

(a) Affiliate of a specified entity means:

(1) Another person that controls, is controlled by or is under common control with, the specified entity.

An affiliate includes a division of the specified entity that operates as a functional unit.

(2) “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 10 percent or more creates a rebuttable presumption of control.

(b) Internet website refers to the Internet location where an interstate natural gas pipeline or a public utility posts the information, by electronic means, required under this part 358.

(c) Marketing functions means: in the case of interstate pipelines and their affiliates, 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 on-system sale.

(d) Marketing function employee means an employee, contractor, consultant or agent of a transmission provider or of an affiliate of Company who actively and personally engages on a day-to-day basis in marketing functions.

(e) Transmission means natural gas transportation, storage, exchange, backhaul, or displacement service provided pursuant to subparts B or G of part 284 of the Commission's regulations.

(f) Transmission customer means 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.

(g) Transmission functions means the , directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.

(h) Transmission function employee means an employee, contractor, consultant or agent of Company who actively and personally engages on a day-to-day basis in transmission functions.

(i) Transmission function information means information relating to transmission functions.

(j) Transmission provider 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.

(k) Transmission service means the provision of any transmission as defined in Part 358.3(f).

(l) Waiver means the determination by Company, if authorized by its tariff, to waive any provisions of its tariff for a given entity.

**Part 358.4 Non-discrimination requirements.**

(a) Company will 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.

(b) Company will 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.

(c) Company will 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).

(d) Company will process all similar requests for transmission in the same manner and within the same period of time.

**Part 358.5 Independent functioning rule.**

(a) General rule. Except as permitted in this part or otherwise permitted by Commission order, Company's transmission function employees function independently of its marketing function employees.

(b) Separation of functions.

(1) Company does not permit 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.

(2) Company prohibits its transmission function employees to conduct marketing functions (which excludes operational sales and purchases).

**Part 358.6 No conduit rule.**

(a) Company prohibits anyone from being used as a conduit for the disclosure of non-public transmission function information to its marketing function employees.

(b) An employee, contractor, consultant or agent of Company, and an employee, contractor, consultant or agent of an affiliate of Company that is engaged in marketing functions, is prohibited from disclosing non-public transmission function information to any of Company's marketing function employees.

**Part 358.7 Transparency rule.**

(a) Contemporaneous disclosure.

(1) If Company discloses non-public transmission function information, other than information identified in paragraph (a)(2) of this section, in a manner contrary to the requirements of § 358.6, Company will immediately post the information that was disclosed on its Internet website.

(2) If Company discloses, in a manner contrary to the requirements of § 358.6, non-public transmission customer information, critical energy infrastructure information (CEII) as defined in § 388.113(c)(1) of this chapter or any successor provision, or any other information that the Commission by law has determined is to be subject to limited dissemination, the Company will immediately post notice on its website that the information was disclosed.

(b) Exclusion for specific transaction information. Company's transmission function employees may discuss with its marketing function employee a specific request for transmission service submitted by the marketing function employee. The Company is not required to contemporaneously disclose information otherwise covered by Part 358.6 if the information relates solely to a marketing function employee's specific request for transmission service.

(c) Voluntary consent provision. A transmission customer may voluntarily consent, in writing, to allow the Company to disclose the transmission customer's non-public information to the Company's marketing function employees. If the transmission customer authorizes the Company to disclose its information to marketing function employees, the Company will 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.

(d) Posting written procedures on the public Internet. Company posts on its Internet website current written procedures implementing the standards of conduct.

(e) Identification of affiliate information on the public Internet.

(1) Company posts on its Internet website the names and addresses of all its affiliates that employ or retain marketing function employees.

(2) Company posts on its Internet website a complete list of the employee-staffed facilities shared by any of the Company's transmission function employees and marketing function employees. The list includes the types of facilities shared and the addresses of the facilities.

(3) The Company posts information concerning potential merger partners as affiliates that may employ or retain marketing function employees, within seven days after the potential merger is announced.

(f) Identification of employee information on the public Internet.

(1) Company posts on its Internet website the job titles and job descriptions of its transmission function employees.

(2) Company posts a notice on its Internet website 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 posted under this section will remain on its Internet website for

90 days. No such job transfer will be used as a means to circumvent any provision of this part. The information to be posted must include:

(i) The name of the transferring employee,

(ii) The respective titles held while performing each function (i.e., as a transmission function employee and as a marketing function employee), and

(iii) The effective date of the transfer.

(g) Timing and general requirements of postings on the public Internet.

(1) Company will update on its Internet website the information required by part 358 of the Commission's regulations within seven business days of any change, and post the date on which the information was updated.

(2) In the event an emergency, such as an earthquake, flood, fire or hurricane, severely disrupts Company's normal business operations, the posting requirements in this part may be suspended by the Company. If the disruption lasts longer than one month, the Company will notify the Commission and may seek a further exemption from the posting requirements.

(3) All Internet website postings required by Part 358 of the Commission's regulations will be sufficiently prominent as to be readily accessible.

(h) Exclusion for and recordation of certain information exchanges.

(1) Notwithstanding the requirements of Part 358.5(a) and 358.6 of the Commission's regulations, Company's transmission function employees and marketing function employees may exchange certain non-public transmission function information, as delineated in **Part** 358.7(h)(2), in which case the transmission provider 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 Company will make the record available to the Commission upon request. The record may consist of hand-written or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and the like, and must be retained for a period of five years by the COO.

(2) The non-public information subject to the exclusion in **Part** 358.7(h)(1) is as follows:

(i) Information pertaining to compliance with Reliability Standards approved by the Commission,  
and

(ii) Information necessary to maintain or restore operation of the transmission system.

(iii) Posting of waivers. Company will post on its Internet website 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 will be made within one business day of the act of a waiver. The Company will also maintain a log of the acts of waiver, and will make it available to the Commission upon request. The records will be kept by the COO for a period of five years from the date of each act of waiver.

**Part 358.8 Implementation requirements.**

(a) Effective date.

Company will 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) Compliance measures and written procedures.

(1) Company will train all of its employees and contractors to ensure that the requirements of Part 358.5 and 358.6 are observed by its employees and by the employees of its affiliates.

(2) Company will distribute the written procedures referred to in Part 358.7(d) 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.

(c) Training and compliance personnel.

(1) Company will provide annual training on the standards of conduct to all the employees listed in paragraph (b)(2) of this section. The Company will provide training on the standards of conduct to new employees in the categories listed in paragraph (b)(2) of this section, within the first 30 days of their employment. The Company will require each employee who has taken the training to certify electronically or in writing that s/he has completed the training.

(2) Company has designated a chief compliance officer who is responsible for standards of conduct compliance. The Company has posted the name of the chief compliance officer and provided her contact information on its Internet website.

(d) Books and records. Company maintains its books of account and records (as prescribed under parts 101, 125, 201 and 225 of this chapter) separately from those of its affiliates that employ or retain marketing function employees, and these are available for Commission inspections.