FERC Standards of Conduct Training

Comprehensive Training Course

October, 2013

For Internal Use Only
FERC Standards of Conduct Training

Culture of Compliance
Culture of Compliance

Enable Midstream Partners, LP (Enable Midstream) is committed to maintaining a culture of compliance. Your knowledge and implementation of the policies and procedures for complying with the Federal Energy Regulatory Commission’s (FERC’s) Standards of Conduct is a key component of our culture of compliance, and is an important way in which we demonstrate to FERC that we take compliance with its regulations seriously. Thank you for completing this training and ensuring that we complete our daily business in compliance with the FERC’s Standards of Conduct.
What will this Training Cover?

• Application of the FERC Standards of Conduct requirements
• Employee classifications and defined terms
• The five general requirements of the FERC Standards of Conduct
• What to do if an employee has a FERC Standards of Conduct concern
FERC Standards of Conduct Training

Overview
FERC Standards of Conduct

This training is designed to inform you of the requirements of the FERC Standards of Conduct regulations as they directly relate to Enable Midstream’s interstate natural gas pipelines.

The FERC Standards of Conduct govern the relationship between Transmission Providers (our interstate pipeline companies) and the employees of Affiliates that perform natural gas marketing functions (Marketing Function Employees).
Employee Classifications

The FERC Standards of Conduct are built on three distinct employee classifications:

- **Transmission Function Employees** or **TFEs**,  
- **Marketing Function Employees** or **MFES**, and  
- **No Conduit Employees**.

Classifications are assigned based on individual job responsibilities, not the organizational structure of the company.

The term **Employee** includes contractors.
Who are Enable Midstream's Transmission Providers?

Enable Midstream’s Transmission Providers are:

• Enable Gas Transmission, LLC (EGT)
• Enable Mississippi River Transmission, LLC (MRT)
What is a Transmission Function Employee?

A Transmission Function Employee, or TFE, is 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 are the planning, directing, organizing, or carrying out of day-to-day transmission operations, including:

- System control
- Planning/performance of pipeline maintenance
- Identification of available capacity
- Granting and denying of transmission service requests
What are Marketing Function Employees?

The **Marketing Function Employees**, or **MFES**, are those persons who actively and personally engage on a day-to-day basis in Marketing Functions.

**Marketing Functions** include:

- the sale for resale of natural gas in interstate commerce, or
- the submission of offers to sell natural gas in interstate commerce

There are limited exceptions for certain sales.
The following activities **DO NOT** constitute Marketing Functions:

1. Sales solely from a seller's own production
2. Sales solely from a seller's own gathering or processing facilities
3. On-system sales by an intrastate natural gas pipeline, a Hinshaw pipeline, or a local distribution company
4. Bundled retail sales
5. Incidental purchases or sales of gas to operate interstate pipeline facilities
Certain Individuals Acting on Behalf of the Following Affiliates of EGT and MRT are Considered MFES:

- CenterPoint Energy Services, Inc. (CES)
- Enable Energy Resources, LLC (EER)
- CenterPoint Energy Intrastate Pipelines, LLC (CEIP)
- CenterPoint Energy Resources Corp. (CERC), d/b/a:
  - Arkansas Gas
  - Louisiana Gas
  - Oklahoma Gas
  (Certain employees of Sequent Energy Management, LP perform the marketing activities for CERC and are considered MFES of CERC.)
- CenterPoint Energy Mobile Energy Solutions, Inc.

EGT and MRT do not themselves directly employ any MFES.

If you have any questions about whether a certain employee is designated as an MFE, contact the Chief Compliance Officer (FERC) (Mark Schroeder) or his designees (Leslie Kalmbach or Bill Wolf).
No Conduit Employees

No Conduit Employees are employees, contractors, consultants or agents not classified as transmission function or marketing function employees, but are likely to become privy to transmission function information.
Non-Public Transmission Function Information

The FERC Standards of Conduct are designed to prevent the inappropriate sharing of Non-Public Transmission Function Information.

Non-Public Transmission Function Information is transmission information not posted on EGT's or MRT's Internet website or otherwise publically available.

The timeliness of the information does not matter.
Examples of Non-Public Transmission Function Information

Information about the transmission system (preliminary design and expansion plans such as new construction and system upgrades).

Information about transmission operations and system conditions that have not yet been posted on the pipeline’s Internet website (transmission outages both planned and unplanned; system maintenance activity).

Critical Energy Infrastructure Information (CEII) (detailed system diagrams and non-public maps).

Information about a customer (unless customer signs a voluntary customer consent).

Any other information deemed sensitive by FERC (certain economic or financial information).
FERC Standards of Conduct Training

Five General Requirements of the Standards of Conduct
FIVE GENERAL REQUIREMENTS OF THE STANDARDS OF CONDUCT

1. **Separation of Functions:** EGT's and MRT's TFEs must operate independently from MFEs (also referred to as the Independent Functioning Rule).

2. **No Conduit Rule:** MFEs cannot have access to prohibited information, including through employees who do not work for the pipeline.

3. **Non-Discrimination:** EGT and MRT must treat all similarly situated shippers the same.

4. **Transparency:** EGT and MRT must post certain Affiliate information and prohibited disclosure information on their Internet websites.

5. **Other:**
   - EGT and MRT must develop and distribute written procedures to ensure compliance with the Standards of Conduct;
   - EGT and MRT must train new and existing employees on the requirements of the Standards of Conduct; and
   - EGT and MRT must have a single company contact in charge of overall compliance with the Standards of Conduct.
1. **SEPARATION OF FUNCTIONS**

TFEs of EGT and MRT must operate independently of MFES of Affiliates.

EGT and MRT **cannot** allow MFES to:

- Conduct Transmission Functions
- Have access to the facilities used for transmission operations that differs in any way from the access available to other transmission customers
- Participate in meetings involving Non-Public Transmission Function Information that is not directly related to a request for service by the Affiliate, or a request by the Affiliate as agent for one of its customers
• For example, an MFE cannot have access to EGT's or MRT's System Control center that differs from access available to other transmission customers.

• Also, EGT and MRT cannot allow their TFEs to perform Marketing Functions.

• Currently, neither EGT nor MRT have any employees that perform Marketing Functions.
Hypothetical 1:

Bob, in his role as a Marketing Function Employee acting on behalf of Enable Energy Resources, LLC (EER), receives an email from Jim, a Transmission Function Employee at MRT. In the email, Jim tells Bob that a new job has opened up at MRT.

1. The open job is very similar to Jim’s job. Can Bob shadow Jim for an afternoon to get a feel for what the job would entail?
   No. As an MFE, Bob cannot participate in transmission functions.

2. Bob wants to call the hiring manager to get more details. Can Bob discuss with the hiring manager specific projects Bob might work on if he got the job?
   No. As an MFE, Bob should not have non-public information related to transmission functions.

3. What kind of discussion would be appropriate?
   Discussions such as the type of work, work environment, or salary and benefits.

4. What would be the safest way to handle this situation?
   Contact the Chief Compliance Officer (FERC) or his designee to discuss options related to the job posting.
Hypothetical 2:

Charlotte recently transferred from EGT to a position acting in an MFE role on behalf of EER. While in Houston for a meeting, she makes lunch plans with an old friend at EGT who works in System Control. When Charlotte arrives to pick up her friend, she runs into other former co-workers on their way out to lunch. They are excited to see her and hate to leave her standing in the hall, so they invite her into the System Control room to say hello to everyone.

1. Can Charlotte go in to say hello?
   No. This would constitute unsupervised access to System Control, and is a breach of card key security access and the Standards of Conduct.

2. What if Charlotte needs to access the control room for an important and legal reason?
   If it is necessary to have an MFE on a floor occupied by EGT or MRT Transmission Function Employees, the MFE should always be escorted and others on the floor should be alerted to the MFE’s presence.
2. THE NO CONDUIT RULE

Since EGT and/or MRT employees are prohibited from directly disclosing information to an MFE, they are also prohibited from using someone else to pass that same information along to MFES.

- No TFE of EGT or MRT may use a third party to pass on prohibited information to an MFE of an Affiliate, whether intentionally or accidentally
  - doing so would make the third party a conduit

- No other employee may pass prohibited information on to an MFE of an Affiliate, whether intentionally or accidentally
  - doing so would make the employee a conduit
What Information Cannot Be Shared with MFES?

EGT and MRT employees are prohibited from sharing directly or through a conduit the following types of information:

- Non-public transmission function information (previously defined)
- Non-public customer information (definition to follow)
Hypothetical 3:

Some EGT employees are visiting Oklahoma City for training. You (an employee in the role of an MFE acting on behalf of EER) and a buddy want to take them to Cattlemen’s Steakhouse for dinner.

1. Can you take the EGT employees out to dinner?  
   Yes.

2. Does the No Conduit Rule apply in social situations?  
   Yes. Employees must always abide by the No Conduit Rule regardless of the setting.

3. Do you need an agenda or a post-meeting memorandum?  
   No, not unless business matters are discussed.
What is Non-Public Customer Information?

Any information about a customer:

1. that is not posted on EGT’s or MRT’s Internet website,
2. that is not available to the public through another source, and
3. for which the customer has not provided its written consent for EGT or MRT to share with others outside of the pipeline company.

Examples:

- Non-public information regarding a potential end-user (i.e., customer information) that has inquired about new service on EGT or MRT
- Non-public information regarding an EGT or MRT customer’s payment history or status
- Customer nomination information
- Customer daily imbalances not posted for trading
- Customer use of secondary points

A customer can consent to EGT and/or MRT providing its information to an Affiliate with MFEs, but such consent must be in writing and EGT and/or MRT must post notice of such written consents on their websites.
Hypothetical 4:

Assume that you are an MFE. Several weeks ago, you were emailing with an EGT employee on how close the Rockets came to forcing a game seven against the Thunder. Weeks later, you receive an email from the same colleague with an unrelated subject header. Without thinking, you open the email and after reading the first few sentences, you see that it is not about the Thunder and believe that the email may contain non-public transmission function information.

1. What should you do?
   Forward the email to the Chief Compliance Officer (FERC) or his designee and notify your manager of the issue.

2. But isn’t the prohibition on interstate pipeline employees?
   Yes, but as an affiliated MFE, you must be cognizant of the rules. All employees are responsible for ensuring compliance with the Standards of Conduct.

3. What could you have done to prevent this situation?
   MFEs should consider subject lines of emails. When in doubt, do not open the email; send a newly composed, separate email to the sender and confirm that the email was sent intentionally and contains no Non-Public Transmission Function Information.
Hypothetical 5:

A Risk Control employee, Peter, currently is assigned to support EER. While visiting friends at EGT’s System Control, he inadvertently overhears a conversation about unscheduled repairs. When Peter returns to work, he attends a regular marketing meeting. An issue is being debated and he remembers the discussion he overheard about the unscheduled repairs.

1. Can Peter share the information with his co-workers, who are MFES, so they can make an informed decision?
   No. Sharing Non-Public Transmission Function Information such as unscheduled repairs constitutes a prohibited disclosure.

2. Can Peter use this information for the commercial benefit of EER?
   No. It is Peter’s duty not to use the Non-Public Transmission Function Information that he overheard for the commercial benefit of EER.
Are There Exceptions to the No Conduit Rule?

Yes. The Standards of Conduct allow the following interactions between EGT or MRT and Marketing Function Employees:

- Information necessary to maintain or restore operation of the transmission system;
- Information related exclusively to the Affiliate’s specific request for transmission service.
What are the Procedures When Meetings Include both TFEs and MFEs and Business Matters are Discussed?

• Meetings can include face-to-face meetings, conference calls or video conferencing.
• When meetings are held between TFE’s of EGT or MRT and any MFEs, a prior agenda or a post-meeting memorandum of the topics discussed at the meeting, or both is required.
• Any such document must be forwarded to the FERC Commercial Compliance Group (definition to follow) for retention.
Hypothetical 6:

An Enable Midstream employee is having a meeting with a CES employee. As the meeting goes on, the CES employee mentions a credit issue it is having with a customer.

Can the Enable Midstream employee share how MRT is handling a similar credit issue with one of its customers?

No, since CES is MRT's Affiliate that employs MFES, Enable Midstream would be violating the No Conduit Rule by providing non-public customer information to an MFE.

CES is an Affiliate, a transportation customer of EGT and MRT, and an agent for various shippers on EGT and MRT. Accordingly, information relayed to CES in meetings must be strictly limited to CES’ role as agent for other shippers or CES’ own requests for transportation service.
3. NON-DISCRIMINATION REQUIREMENTS

EGT and MRT must strictly enforce all tariff provisions that do not permit the use of discretion.

- If a tariff provision says a customer shall do something, the customer must do it unless EGT or MRT, as applicable, grant a waiver.
- EGT and MRT must apply all tariff provisions that permit the use of discretion in a fair and impartial manner.
  - All similarly situated shippers must be treated the same.
- EGT and MRT may not give an undue preference to any entity.
  - All similar requests for transmission service must be handled in the same manner and in the same time period.
  - EGT and MRT cannot give a shipper a competitive advantage over others that are similarly situated.
How is it Determined whether or not Two Shippers are Similarly Situated?

• A factual determination is made on a case-by-case basis
• The factors to be considered, as applicable, are:
  o Rate Paid
  o Receipt & Delivery Points/Markets involved
  o Volume Committed
  o Timing of Request
  o Type of Service
  o Term of Contract
• The Law Department should be consulted before concluding that two shippers are not similarly situated and, therefore, can be treated differently.
4. TRANSPARENCY

The transparency provisions of the Standards of Conduct require the following:

- Contemporaneous Internet website posting in the event of a prohibited disclosure
- Posting of notice of voluntary consent to disclosure of customer's non-public information to MFES, if such consent is obtained
- Posting of names and addresses of all Affiliates with MFES, all facilities in which TFEs and MFES are co-located, and information regarding potential mergers with entities that would likely have MFES
- Posting of job titles and descriptions of TFEs
- Posting of employee transfers between TFE and MFE roles
- Posting and logging of Tariff waivers granted in favor of an Affiliate
What is Contemporaneous Disclosure?

MFES may only have access to information that is available to all current and potential customers.

If EGT or MRT discloses non-public transmission function information to an MFE, the disclosed information must be reported to the Chief Compliance Officer (FERC) for immediate posting. The facts of this disclosure and the information disclosed must be included in a posting on the pipeline's Internet website.

If EGT or MRT discloses non-public customer information to an MFE, the disclosed information must be reported to the Chief Compliance Officer (FERC) for an immediate posting on the pipeline's Internet website. The fact that the disclosure occurred must be posted, but not the content of the disclosure.
Contemporaneous Disclosure

Further, in order to avoid any appearance of undue preference, any disclosure of non-public transmission function or customer information to a customer or potential customer, even if that entity is not an Affiliate with MFES, should be reported to the Chief Compliance Officer (FERC) so a determination can be made whether a self-report to FERC of the disclosure is required.

Posting improperly disclosed information on the applicable Internet website does not relieve EGT or MRT from possible liability for violating the Standards of Conduct, and EGT or MRT may still be subject to penalties (up to $1 million per day per violation) for the disclosure.

However, promptly posting the disclosed information does prevent any penalties from continuing to accrue for each day the information was available to the MFE but not also available to the public, and may reduce the severity of any penalty.
Exclusion for Specific Transactions

EGT and MRT are permitted to discuss with an Affiliate, including the Affiliate’s MFES, information that relates exclusively to the Affiliate’s specific request for transmission service. Such discussions are not prohibited disclosures and do not require a posting on EGT’s or MRT’s Internet website.
Can Customers Voluntarily Consent to Disclosure of Their Information to MFES?

- Customers may voluntarily consent to allow EGT and/or MRT to share the customer's information with an MFE. For example, a transmission customer may allow CES to act as its agent for the purposes of making nominations, receiving invoices, etc.
- This consent must be in writing and notice of such consent must be posted on EGT and/or MRT's Internet websites along with a statement that EGT and/or MRT did not provide any preferences, either operational or rate-related, in exchange for voluntary consent.
- EGT and/or MRT are required to maintain copies of such written consents for five years.

Enable Mississippi River Transmission, LLC (MRT) Voluntary Consent

Pursuant to Section 358.7(c) of the FERC Regulations, Standards of Conduct for Transmission Providers, the following customers of Enable Mississippi River Transmission, LLC (MRT) have voluntarily consented, in writing, to allow MRT to disclose certain information to Marketing Function Employees of MRT’s Affiliates. MRT did not provide any preferences, either operational or rate-related, to the identified customers in exchange for such voluntary consent.
Hypothetical 7:

Sequent is an Asset Manager for an end-use customer located on EGT's system. A Sequent employee (an MFE) requests a meeting to discuss a potential system expansion for the end-user. Is EGT free to discuss the potential expansion with Sequent?

Yes, IF an Agency/Asset Manager Agreement has been executed, authorizing this type of discussion, and EGT verifies that notice of that fact has been posted on EGT's website under the heading "Voluntary Consent."
Posting of Certain Affiliate Information

EGT and MRT must update their Internet websites within 7 business days of any addition or changes to the following required postings:

- names and addresses of all Affiliates that have MFEs, and
- complete lists of employee-staffed facilities shared by their TFEs and MFEs.

Employees are to promptly notify the FERC Commercial Compliance Group (definition to follow) if they become aware of a new address for CES, EER, CEIP, CERC, or CenterPoint Energy Mobile Energy Solutions, Inc.

Additionally, notice of potential merger partners that will be Affiliates that may have MFEs must be posted within 7 days after a potential merger is announced.

Contact EGT's and MRT's Chief Compliance Officer (FERC) or his designee regarding any questions about changes or additions to an Affiliate's underlying business lines.
Posting of TFE Job Titles and Descriptions

EGT and MRT must post job titles and job descriptions of all TFEs on their Internet websites.

Any changes in this posted information must be updated within 7 business days of the change.
Transferring Employees

The transfer of an employee multiple times is referred to as cycling. Cycling of employees increases the opportunity for the inappropriate sharing of information and is, therefore, inconsistent with the Standards of Conduct. Employees are discouraged from transferring between TFE and MFE positions and back again for at least one year.

An employee may transfer between TFE and MFE positions so long as such transfer is not inconsistent with the Standards of Conduct, the employee adheres to the No Conduit Rule, and the transfer is posted on the Internet website.
Exception for Emergency Situations

In the event of an emergency, such as an earthquake, flood, fire, tornado, or hurricane, which severely disrupts normal business operations, EGT and MRT may suspend the posting requirements of the Standards of Conduct.

If the disruption lasts more than one month, EGT and MRT must notify the FERC and request a longer exemption to the posting requirements.
Posting and Logging of Tariff Waiver

EGT and MRT must post on their Internet websites notice of each waiver granted in favor of any Affiliate. The posting must be made within one business day of granting the waiver.

EGT and MRT must maintain a log that details the circumstances surrounding any waiver of the terms of its tariff for a period less than the term of a contract.

The log must be kept for a period of 5 years and made available to the Commission upon request.

In addition, any contract that contains a waiver of a tariff provision for the entire term of a contract must be filed for approval with FERC.
5. OTHER REQUIREMENTS

Training

A Transmission Provider must provide training on the Standards of Conduct to all its TFEs, MFEs, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information (or no conduit employees) as follows:

• At least once annually
• Within 30 days of a new employee starting a position
• Within 30 days of an employee who had not previously been trained starting a position requiring training

Contractors who meet the criteria stated above are to be trained, without regard to anticipated length of employment (i.e., even if they will be on the job for less than 30 days).
Chief Compliance Officer (FERC)

EGT and MRT are required to have a Chief Compliance Officer in charge of compliance with the Standards of Conduct. EGT’s and MRT’s Chief Compliance Officer (FERC), Mark Schroeder, may be contacted as follows:

Mr. Mark C. Schroeder  
General Counsel for Enable Midstream Partners, LP  
713-207-3395  
mark.schroeder@centerpointenergy.com

In addition to the Chief Compliance Officer (FERC), EGT and MRT have a FERC Commercial Compliance Group to oversee compliance with the Standards of Conduct.
FERC Commercial Compliance Group

The FERC Commercial Compliance Group was established to work closely with the Chief Compliance Officer (FERC) in assisting employees with compliance with FERC regulations, including the Standards of Conduct.

The group consists of Leslie Kalmbach, Bill Wolf, Larry Thomas, Cindy Suarez, Michelle Willis, Karen Franklin, Kelly Griffin, and Lacy Power.

The group meets regularly and reports to the Chief Compliance Officer (FERC) on Standards of Conduct matters, including Standards of Conduct training, postings on EGT's and/or MRT's Internet websites, and Compliance Plan requirements and procedures.

Members of the FERC Commercial Compliance Group may be reached via their individual phone numbers or email addresses, or through the group's email address:

 PIPEFERCCompliance@centerpointenergy.com
FERC Standards of Conduct Training

Conclusion
Your Compliance Matters

Violations of Standards of Conduct can be costly for EGT and MRT.

- FERC may impose civil penalties of up to $1 million per day, per violation, for as long as the violation continues.
- Other consequences to EGT and MRT are possible, such as disgorgement of profits, compulsory compliance plans, and restrictions on the way business is conducted.
Standards of Conduct Concerns Helpline

To report a Standards of Conduct concern, you may contact the Chief Compliance Officer (FERC), your supervisor, CenterPoint Energy Human Resources, or any member of the FERC Commercial Compliance Group.

To anonymously report a Standards of Conduct concern, use the 24-Hour Concerns Helpline:

1-888-888-3155.
Disciplinary Actions

Intentional violations or recurring and knowing violations of the Standards of Conduct will result in disciplinary actions against the employee. Accordingly, a Disciplinary Review Panel exists to ensure consistent disciplinary action in response to serious violations. This panel is responsible for investigating serious violations, recommending disciplinary actions in response to such violations to Senior Management, and reporting to Senior Management once a year a summary of the Disciplinary Review Panel's work over the past year, including disciplinary actions taken.
How Do I Comply?

It is each employee's responsibility to be familiar with the requirements of the FERC Standards of Conduct and to follow them in their daily work activities.

The following tools have been developed to assist EGT and MRT employees in compliance:

- FERC Compliance Plan for Interstate Natural Gas Pipelines (Compliance Plan)
- Standards of Conduct Implementation Procedures (Attachment A to the Compliance Plan)
- This annual training and new employee training regarding Standards of Conduct compliance
How Do I Comply?

Also, EGT's and MRT's Chief Compliance Officer (FERC) and the FERC Commercial Compliance Group are designated specifically to assist employees with FERC Compliance.

Current versions of the Implementation Procedures are available on EGT's and MRT's Internet websites. These Implementation Procedures and the current Compliance Plan are also available on CenterPoint Energy's Intranet website. Because these documents are continuously being updated, it is important that you know where to access the most up-to-date version electronically. Employees are responsible for maintaining a hard copy of this version of the Implementation Procedures or knowing how to access it on the appropriate Internet or Intranet website.
Congratulations!

You have completed the course, "FERC Standards of Conduct Training - Comprehensive."
Enable Gas Transmission, LLC and Enable Mississippi River Transmission, LLC
FERC Standards of Conduct Training

CERTIFICATE

I certify that I have completed the 2013 Contractor Portal FERC Standards of Conduct Comprehensive Training Course and that I will comply with the Standards of Conduct requirements.

I also acknowledge that I retrieved and printed a copy of the Implementation Procedures from the link below.
(To access the Implementation Procedures, copy and paste the following link into your web browser.)

Signature: _______________________________________________

Printed Name: ____________________________________________

Company Name: __________________________________________

Date: __________________________________________

Print and complete 2 copies of this certification. Keep one for your records. Forward the other to your management or appropriate representative within your company.

***Please note that the Federal Energy Regulatory Commission (FERC) requires that you complete this training within 30 days of the date you begin providing contract services and at least annually thereafter. You and/or your company may be required to produce this certification upon request as evidence of your compliance with this requirement.