

# BLUE RIDGE ELECTRIC MEMBERSHIP CORPORATION

Policy Statement Number: **8-1B**

SUBJECT: **Code of Conduct**

## I. OBJECTIVE

- A. To establish guidelines governing the relationship between Blue Ridge Electric Membership Corporation and organizations engaged in providing energy services and products, telecommunications services and products, and water and wastewater collection and treatment under G.S. 117-18.1.
- B. To provide guidance to the employees, management, and Directors of Blue Ridge Electric Membership Corporation in their relationships with organizations engaged in activities under G.S. 117-18.1.

## II. POLICY CONTENT

The Board of Directors of Blue Ridge Electric Membership Corporation hereafter referred to as the cooperative, have resolved that the statements contained in the following paragraphs define its intention with regard to the cooperative's code of conduct.

- A. Definitions: For the purposes of this Code of Conduct, the terms listed herein shall have the following definitions:
  - 1. **Commission**: The North Carolina Utilities Commission.
  - 2. **Cooperative**: Blue Ridge Electric Membership Corporation.
  - 3. **Electric Services**: The cooperative's legally imposed duty of supplying alternating current to an established point of delivery and other services associated with the cooperative but not limited to administration of scheduling, metering, billing, and other related electric services.
  - 4. **Lease Agreement**: The Master Ground Lease Agreement and the Master Office Lease Agreement between Blue Ridge Electric Membership Corporation and Blue Ridge Energies, LLC as authorized by the Blue Ridge Electric Membership Corporation Board of Directors on the 23<sup>rd</sup> day of July, 1999, and any subsequent revisions that may from time-to-time be authorized.
  - 5. **Member**: Any person or legal entity who has satisfied the lawful requirements for membership in the cooperative.
  - 6. **Member Information**: Nonpublic information or data specific to a member with respect to application for service, electric consumption, load profile, billing history or credit history that is or has been obtained or compiled by the cooperative in connection with the supplying of electric service to that member.
  - 7. **Services Agreements**: The Amended and Restated Services Agreement made and entered into as of the 23<sup>rd</sup> day of July, 1999, by and between Blue Ridge Energies, LLC and Blue Ridge Electric Membership Corporation and any subsequent versions that may from time-to-time be adopted.

The Services Agreement made and entered into as of the 15<sup>th</sup> day of December, 2010, by and between RidgeLink, LLC and Blue Ridge Electric Membership Corporation and any subsequent versions that may from time-to-time be adopted.
  - 8. **Separate Business Entity**: Any business entity formed, organized, acquired, or operated by Blue Ridge Electric Membership Corporation to conduct activities in accordance with the provisions of N.C.G.S. 117-18.1. in which the EMC at the time of pertinent transaction, event or determination, had or has a ten percent (10%) or greater equity or ownership interest.

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- B. Applicability: This Code of Conduct applies to transactions between the cooperative and its separate business entities and will become applicable on the date that this Code of Conduct is approved by the cooperative's Board of Directors.
- C. Nondiscrimination and Information Standards:
1. Cooperative employees will not disclose any member information to any person, including any separate business entity or any employee of any separate business entity, unless the member has consented to the disclosure of such member information by signing a Data Disclosure Authorization as set forth in Attachment I or as required by applicable law (see Board Policy 6-4B).
  2. When any cooperative employee recommends a separate business entity to a member to provide assistance or advice in connection with, or otherwise identifies, a need or potential need of a member for any product or service, the employee will advise the member that such products or services may also be available from other suppliers on a competitive basis.
  3. No cooperative employee who is transferred to a separate business entity will be permitted to copy or otherwise compile any member information for use by that entity except pursuant to written authorization from the member, as reflected by a signed Data Disclosure Authorization. The cooperative shall not transfer any employee to a separate business entity for the purpose of disclosing or providing member information to that entity.
  4. Cooperative employees will not discriminate against entities that compete with a separate business entity. The cooperative will not represent that any separate business entity will receive any preference from the cooperative with respect to providing electric services over any other service provider, nor will the cooperative provide its separate business entity with any preference over other business entities in the provision of electric service by the cooperative.
  5. The cooperative shall apply all approved rates, service fees, and charges equally to its separate business entities and any other entities.
  6. The cooperative shall not condition or otherwise tie the provision or terms of any electric service to the taking of any products or services from a separate business entity.
  7. The cooperative shall not condition or otherwise tie the employment or working conditions of any cooperative employee to the purchase of any products or services from a separate business entity.
- D. Cost Allocation Standards:
1. All costs incurred by the cooperative for or on behalf of its separate business entity shall be charged to those entities.
  2. The provision of services and the leasing of land and office space from the cooperative to its separate business entity shall be governed by a Services Agreement and Lease Agreement respectively. The provisions of the Services Agreement and Lease Agreement shall incorporate the following compensation method:  
  
The separate business entity must fully compensate the cooperative for the use of personnel, services, equipment, or tangible and intangible property, the greater of (i) a competitive price, which is a price comparable with prices generally being charged at the time in arms length transactions in the same market, or (ii) the cooperative's fully distributed costs, which shall include all direct and indirect costs, including cost of capital incurred in providing the personnel, services, equipment, tangible property, or intangible property in question. The value of real property shall include the intangible value of not having to purchase the real property being used, and the value of the identification with the cooperative that will exist because of the use of the particular real property.

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3. The cooperative and its separate business entities may use joint corporate oversight, governance, support systems, and personnel but such shared support shall be allocated using the method outlined in paragraph 2 above.
  4. The cooperative and its separate business entities may capture benefits of economics-of-scale in joint purchases of goods and services. The cooperative must ensure that all joint purchases are priced in a manner that permits clear identification of the cooperative's portions of such purchases, and the portions of the separate business entities.
  5. If the cooperative imposes a fee or charge for assembling, compiling, preparing and/or furnishing any requested member information to a member, a separate business entity, or any other person or entity, it shall recover the greater of (i) a competitive price, which is a price comparable with prices generally being charged at the time in arms length transactions in the same market, or (ii) the cooperative's fully distributed costs, for such member information on a nondiscriminatory basis.
- E. Cooperative Director Relationships: No Director, or spouse of a Director, of the Cooperative may be employed or have any financial interest in any separate business entity formed, organized, acquired, held, or operated by the Cooperative pursuant to the provisions of N.C.G.S. 117-18.1. Directors shall complete a conflict of interest statement annually.
- F. Contributions to the Blue Ridge Electric Members Foundation: The separate business entity may donate funds to the Blue Ridge Electric Members Foundation given the financial condition of the subsidiary allows such donation.
- G. Regulatory Oversight Standards:
1. The North Carolina Utilities Commission's existing requirements under N.C.G.S. 117-18.1 for reporting transactions with separate business entities shall apply.
  2. The books and records of Blue Ridge Electric Membership Corporation and its separate business entity shall be open for examination by the Commission, its staff, and the public staff consistent with the provisions of N.C.S.C. 117-18.1 and the rules of the North Carolina Utilities Commission.
  3. The Cooperative will make every reasonable effort to comply with the applicable SERC reliability standards including taking appropriate actions to ensure reliability, timely reporting, and providing periodic updates to the Board of Directors on the status of compliance.

### III. RESPONSIBILITY

#### A. Chief Executive Officer:

1. The Chief Executive Officer will be responsible for maintaining this policy and recommending any changes to the Board of Directors.
2. All members of management are responsible for the application and enforcement of this policy in a consistent manner.

Date Adopted: August 26, 1999

Dates Revised: 7/01, 9/03, 9/08, 11/09, 9/10, 9/11, 1/13, 11/14

**APPLICATION OF POLICY**

Blue Ridge Electric Membership Corporation reserves the right, in its sole discretion, to interpret, deviate from, amend, modify, reduce or eliminate all or any aspect of this policy at any time.

This policy will be modified as necessary, to comply with applicable federal, state and/or local laws

**Blue Ridge Electric Membership Corporation**  
**Data Disclosure Authorization**

The undersigned Member of Blue Ridge Electric Membership Corporation (“Cooperative”) hereby requests that Cooperative provide to \_\_\_\_\_  
(Name of Product or Service Provider)  
the confidential data described below, and consents to the disclosure of such data.

If the data is being furnished to a separate business entity of cooperative, the Member acknowledges that cooperative has advised that such data will be furnished on a nondiscriminatory basis to any provider of similar services, whether or not such provider is a separate business entity of cooperative, and that cooperative has advised that such products and services may be available from other suppliers. The Member further acknowledges that if a charge is imposed for such service that the Member will reimburse cooperative promptly upon being billed for cooperative’s reasonable and customary charges incurred in connection with assembling, compiling, and furnishing such data (whether the data is furnished to a separate business entity or another person or entity) in accordance with this authorization.

Description of data to be provided: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Member: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Employee Signature)

Title: \_\_\_\_\_

Date: \_\_\_\_\_