Statement of Policy

Utility Operations (UO) policy is to design, construct, inspect, maintain, and operate gas and electric facilities as follows:

- In a safe, reliable, and cost-effective manner to ensure that customers, the general public, and shareholders value our services.
- In a manner that is responsive to changes in technology, regulations, or industry practices.
- In accordance with applicable laws, regulations, and best practices methodology to ensure public and employee safety, system dependability, asset life, quality of service, and to protect the integrity of the environment.

Accountability and Implementation Responsibilities

The executive vice president and chief of Utility Operations is responsible for authorizing, issuing, and updating this policy and for monitoring compliance with it.

UO officers and senior directors are responsible for authorizing, issuing, and updating UO standards to implement this policy. The standards will be developed in direct collaboration with key stakeholders.

UO officers and directors are responsible for implementing and complying with this policy within their respective organizations.

Definitions

Applicable laws and regulations are those that govern work done by the Company. They include, but are not limited to:

- Rules and tariffs.
- Public and employee safety laws, regulations, and rules.
- State and federal codes and regulations.
- Local ordinances, codes, and franchise requirements.
- Environmental regulations.
**Best practices methodology** is the selection and use of current industry practices that will yield the maximum level of safety, utilization of assets, the desired level of quality, operating dependability, and service reliability at an acceptable cost compliant with Company standards in effect at the time of the construction or reconstruction work.

**Inspection** refers to a detailed examination of the facility, looking for abnormalities or circumstances that will adversely impact safety, reliability, or asset life.

**Maintenance** refers to the performance of preventive or corrective actions to ensure the safety and reliability of facilities. Maintenance includes capital and expense expenditures for tasks associated with the inspection, repair, refurbishment, and, where appropriate, replacing existing facilities so that they function safely, efficiently, and properly.

**Operations** are work methods, procedures, and processes, both manual and automated, that are involved in the use or control of the facilities for the purpose of transferring energy.

**Services** are benefits provided to customers, which are either specified in, or bundled with, tariffs, rules, and contracts.

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**Date Issued/Updated**

Effective Date: December 2004

Signed:

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Thomas B. King
Executive Vice President and Chief of Utility Operations

Updated: **November 22, 2004**