

Establishment of Goals for Efficiency (FY3/16-FY3/18)

Hiroshima Gas has established the following new efficiency goals for the three-year period ending in FY3/18.

1. Increase operating efficiency

Hiroshima Gas will restructure functions, the organization and business processes by taking actions that include consideration of measures that will be needed after liberalization of Japan's energy market. There will also be activities for increasing the use of natural gas. The objective of all these initiatives is improving the efficiency of business operations.

2. A stronger foundation for the gas business

Hiroshima Gas will build a stronger infrastructure for the gas business. Major activities are enlargement of the pier at the Hatsukaichi LNG terminal, the expansion of the pipeline network and the replacement of aging pipes. Other measures to strengthen the gas business foundation are developing new sources of demand, purchasing LNG on a consistent basis and establishing a framework making the supply of gas even more reliable. Increasing the volume of gas sales is another goal.

(Reference 1) Capital expenditures

	FY3/16	FY3/17	FY3/18	Total
Plan (billion yen)	10.4	6.9	6.7	24.1

(Reference 2) Sales volume

	FY3/16	FY3/17	FY3/18
Plan (million m ³)	477	496	537

3. Improve security and customer services; conserve energy and fight global warming

(1) Safety initiatives

Hiroshima Gas is dedicated to ensuring that customers can use gas with confidence. The company will continue to work on increasing the use of safe gas appliances and upgrading and replacing aging pipes. Hiroshima Gas will always maintain the highest levels of safety.

There will be efficient and effective measures for updating and replacing aging production and distribution facilities and for preparedness in the event of an earthquake or other disaster.

(2) Customer service initiatives

To make more improvements in the quality of customer services, Hiroshima Gas will use a variety of customer contact opportunities to identify and meet the needs of customers.

Feedback from customers will be used to improve operations. In addition, the goal is to raise by one percentage point each year the utilization rate of residential optional rate plans that reduce expenses for customers by reflecting their requirements.

(3) Conserve energy and fight global warming

Hiroshima Gas will help reduce CO₂ emissions when gas is used by customers by increasing the use of natural gas, which has a small environmental impact, and increasing the use of efficient gas appliances and systems.

Hiroshima Gas will help reduce CO₂ emissions from its business operations by implementing environmental measures involving the production and supply of city gas and all office activities.

Hiroshima Gas will use extensive environmental communication activities, such as supplying information about energy conservation and CO₂ emission reductions, conducting environmental education programs, and performing environmental activities with communities.