



Supplier
Guide
to
Purchasing
Practices

Introduction to the Purchasing Process

Madison Gas and Electric Co. (MGE) is an investor-owned utility providing both natural gas and electric power to the Madison area and surrounding communities.

One of the company's greatest strengths is service and reliability to all our customers. Meeting this commitment requires sound procurement policies and practices along with dependable and productive relationships with you, the supplier or contractor. We work to conduct our purchasing and contracting activities in a manner that will encourage you, as a supplier, to value our business.

As a guideline for our business relations, these policy statements are intended to meet our procurement objectives:

- Maintain good business relations with our suppliers;
- Promote competitive situations by obtaining quotations for all major purchases;
- Purchase on merit to obtain the maximum values for money spent; and,
- Seek out new sources of supply and products.

This booklet will help you, as a potential supplier, to become more familiar with the company's basic procurement policies and practices so that you meet the requirements expected by MGE.

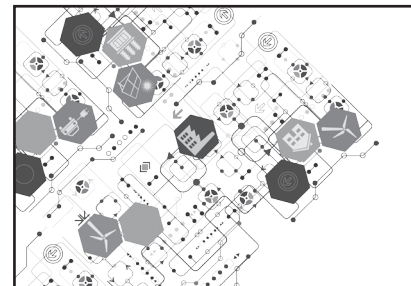
Our Commitment to "Buy Wisconsin"

MGE promotes economic development within its service territory and throughout Wisconsin by various means, including procurement policies that favor Wisconsin businesses. Whenever other relevant factors are equal, MGE prefers qualified Wisconsin suppliers. We would like all Wisconsin firms to be aware of the opportunity to do business with MGE.

Our Commitment to Affirmative Action

Our goal is to ensure that equal opportunities exist for all small businesses, women-owned businesses and minority business enterprises. We welcome their participation in our supplier program.

MGE evaluates and makes awards on a nondiscriminatory basis.



How to Make a Sales Contact

The first thing to do is contact our Supply Chain Department by telephone or mail. The personnel in that department will handle all MGE needs and will acquaint you with the procedures for contacting the proper department(s) that use your services or products.

If you want to meet with us, we recommend you make an appointment before your visit to ensure that someone from our staff will be available to discuss items of mutual interest. Our normal business hours are from 8 a.m. to 4:30 p.m., Monday through Friday.

For Appointments or Inquiries:

To become a potential MGE supplier, please provide the following information:

1. What products or services do you offer?
2. Do you have a sales force calling on customers in Wisconsin? If so, from what location?
3. Are you a certified minority supplier? If so, which state certifications do you have?
4. Where is your headquarters?
5. What are you now selling to other utilities?
6. Your name, address and contact information.

and send to *mge@mge.com*.

Location

120 S. Baldwin St.
Madison, WI

Mailing Address

Materials Management
Madison Gas and Electric Co.
P.O. Box 1231
Madison, WI 53701-1231

Selection Criteria

This section will familiarize you with the major criteria used in selecting suppliers and contractors. We select suppliers on the basis of quality, delivery, cost and customer service. Consideration of additional factors, such as experience, availability of materials from stock, warranty policy and financial position, also play an important role in selection.

Small businesses, women-owned businesses and minority business enterprises having limited business experience or financial capability are encouraged to participate in the supply process.

MGE selects suppliers who can produce high-quality products and services for the company and its customers. Suppliers who fail to maintain acceptable standards of performance may be removed from the supplier list.

How the Bidding Process Works

When bidding is used, suppliers will be solicited for sealed bids to ensure the best possible value is obtained. All suppliers or contractors from whom proposals are requested will be provided with identical

information on specifications for materials or services. The bid you submit should have a firm price and allow adequate time for a complete evaluation.

You are encouraged to submit alternative bids for services, materials or equipment, and they will be evaluated on their merits. They must contain sufficient specifications to permit a fair comparative analysis.

All your prices, terms and conditions are confidential and will not be revealed to other suppliers or individuals outside MGE. Once a bid has been selected, specific information concerning other suppliers will not be provided to any bidders, but a general indication of a bidder's competitiveness may be provided if appropriate.

Code of Ethics

MGE is dedicated to honesty, integrity and fairness in conducting all of its business. The company expects every employee to comply with all laws and regulations and conduct all transactions in accordance with the highest moral and ethical standards.

Commonly Purchased Items

- Automotive parts and accessories
- Cement products
- Chemicals
- Computer hardware and software
- Conduit—PVC, aluminum and steel
- Electrical connectors and tape
- Electrical wire and cable
- Energy conservation materials
- Fasteners
- Fuels and lubricants

- Furniture and fixtures
- Janitorial supplies
- Labels, tags and signs
- Lumber and wood products
- Material-handling equipment
- Office supplies, equipment and furniture
- Paint
- Pipe fittings
- Pipe—plastic and steel
- Printing and forms
- Printing equipment and supplies
- Safety equipment and supplies
- Tools—hand and power
- Trenching equipment
- Valves
- Vehicles and trailers
- Welding equipment and supplies

Services

- Air-conditioning and heating
- Building—general
- Electrical and gas installation
- Fencing
- Janitorial
- Maintenance and construction
- Painting
- Plumbing
- Roofing
- Tree trimming

