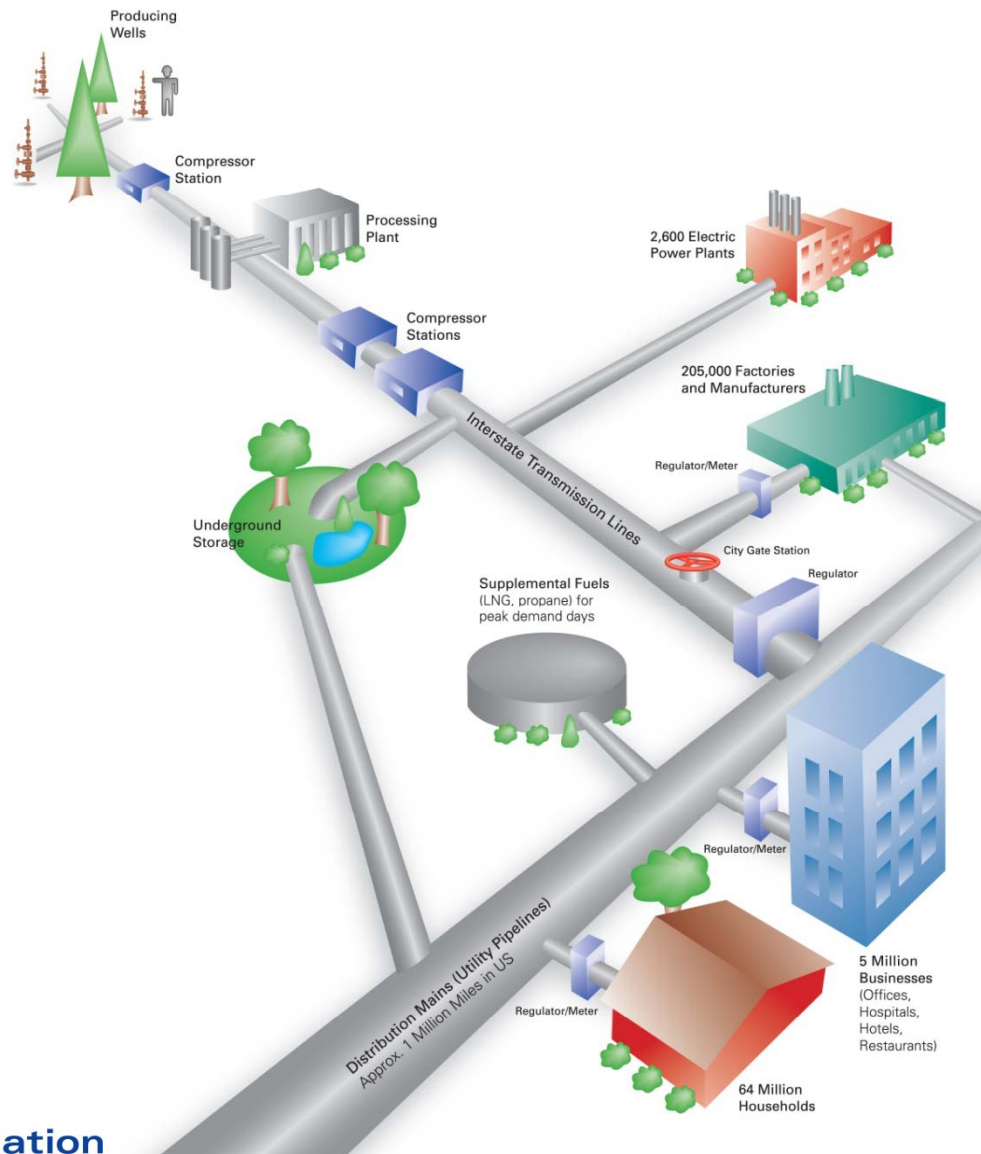
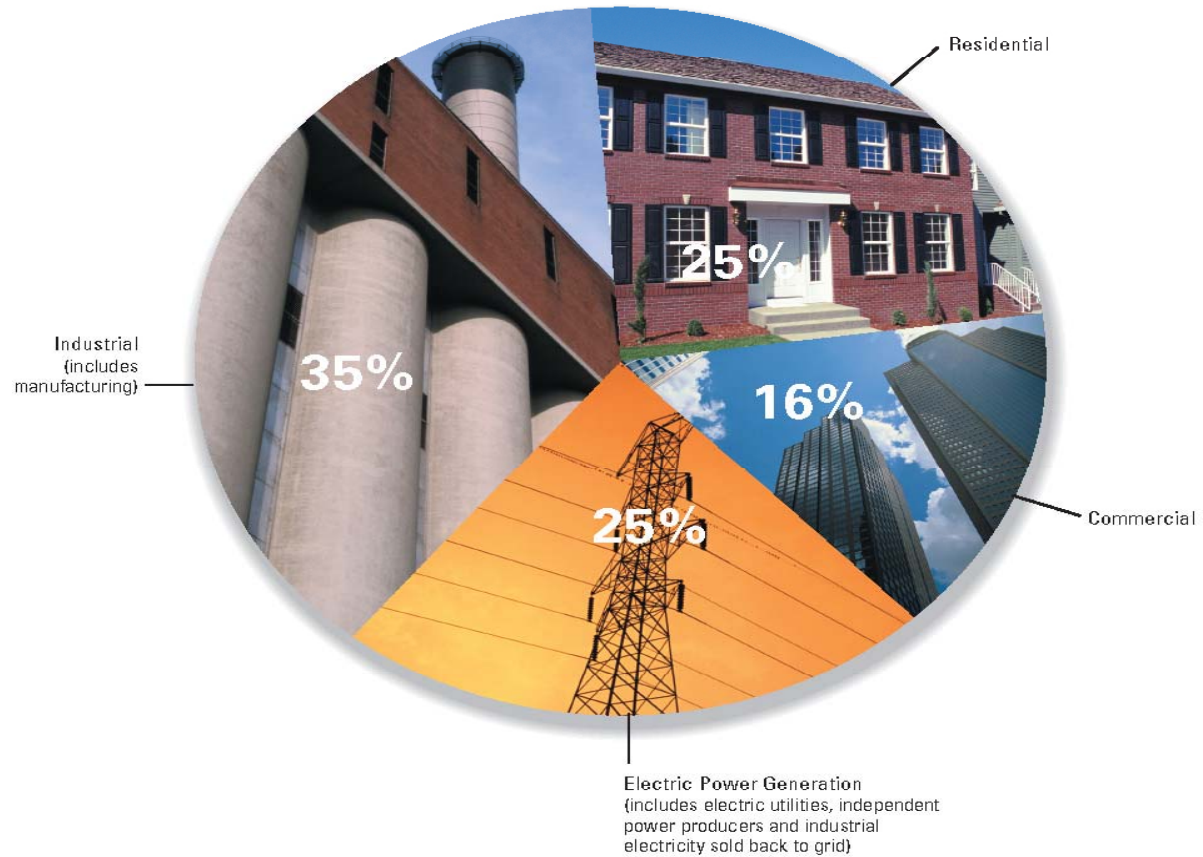


What Are Natural Gas Distribution Systems?

Paul Preketes
Senior Vice President
Consumers Energy



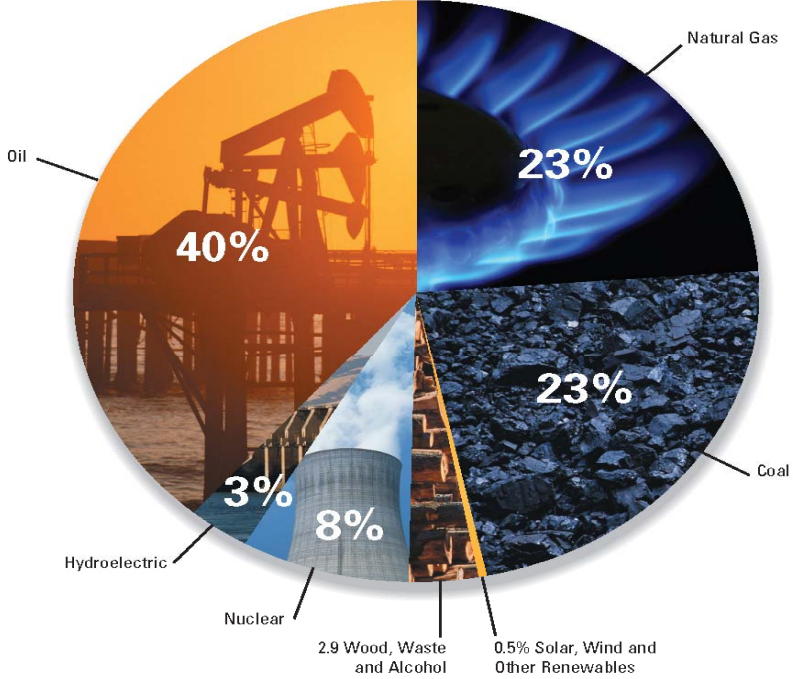
How Natural Gas is Used in the U.S. Today



Source: U.S. Energy Information Administration



Natural Gas Meets One-Fourth of the United States' Energy Needs



Source: U.S. Department of Energy



Gas Distribution System Statistics

Miles of distribution pipe	2.1 million
Number of distribution companies	1,416
Total number of gas distribution customers	65 million
Typical number of customers -- large companies (37%)*	100K - 1 million
Typical number of customers -- small companies (38%)*	100 – 1000
Total number of gas distribution operators**	10,000+

* Percent of total number of distribution companies

** Includes master meters (mobile home/trailer parks, universities, mil. Bases, etc...) & propane systems

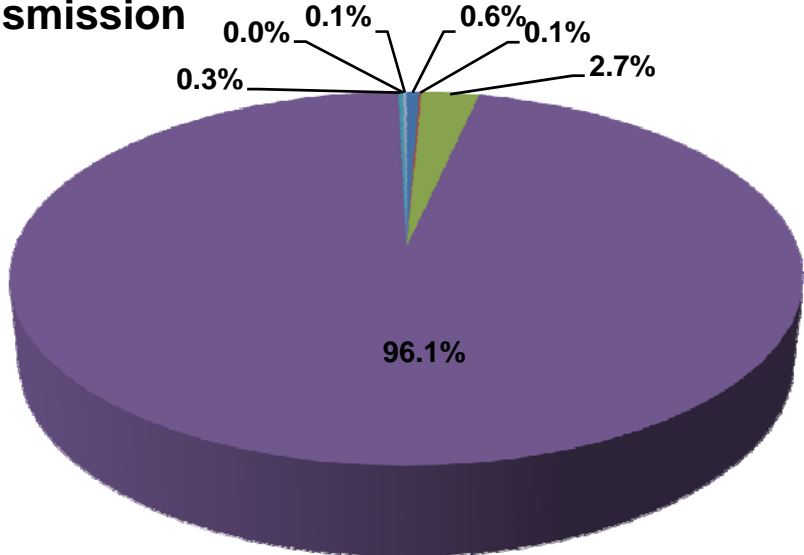
Comparison of Pipeline Systems

	<u>Gas Distribution</u>	<u>Gas Transmission</u>
Fluid carried	Odorized gas	Odorless gas*
Miles	2.1 million	320,000
Construction Materials	plastic, steel cast iron	steel
Inspected by	States/PHMSA	PHMSA/States
System/operational diversity	High	Low
Rates set by	State	FERC

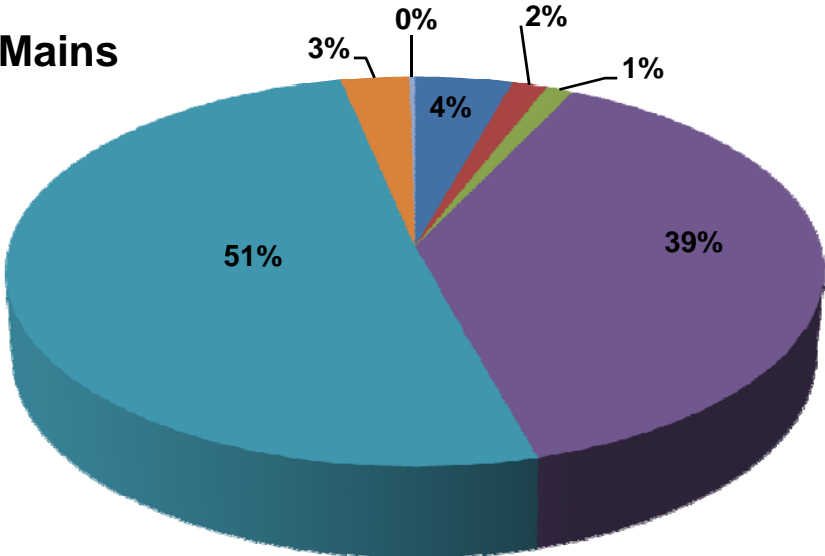
* Typically, with exceptions

Pipeline Materials in 2006

On Shore Transmission

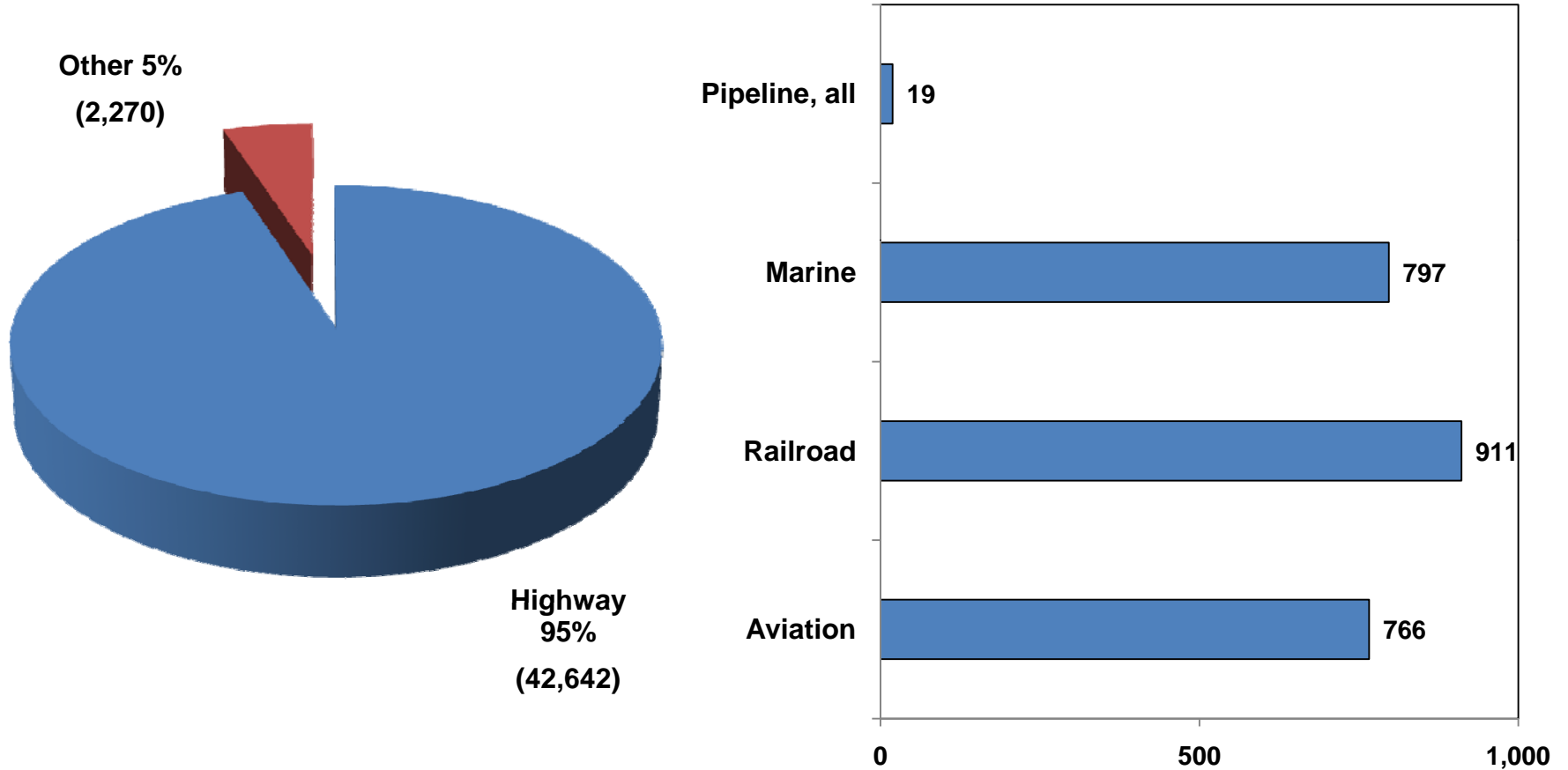


Distribution Mains



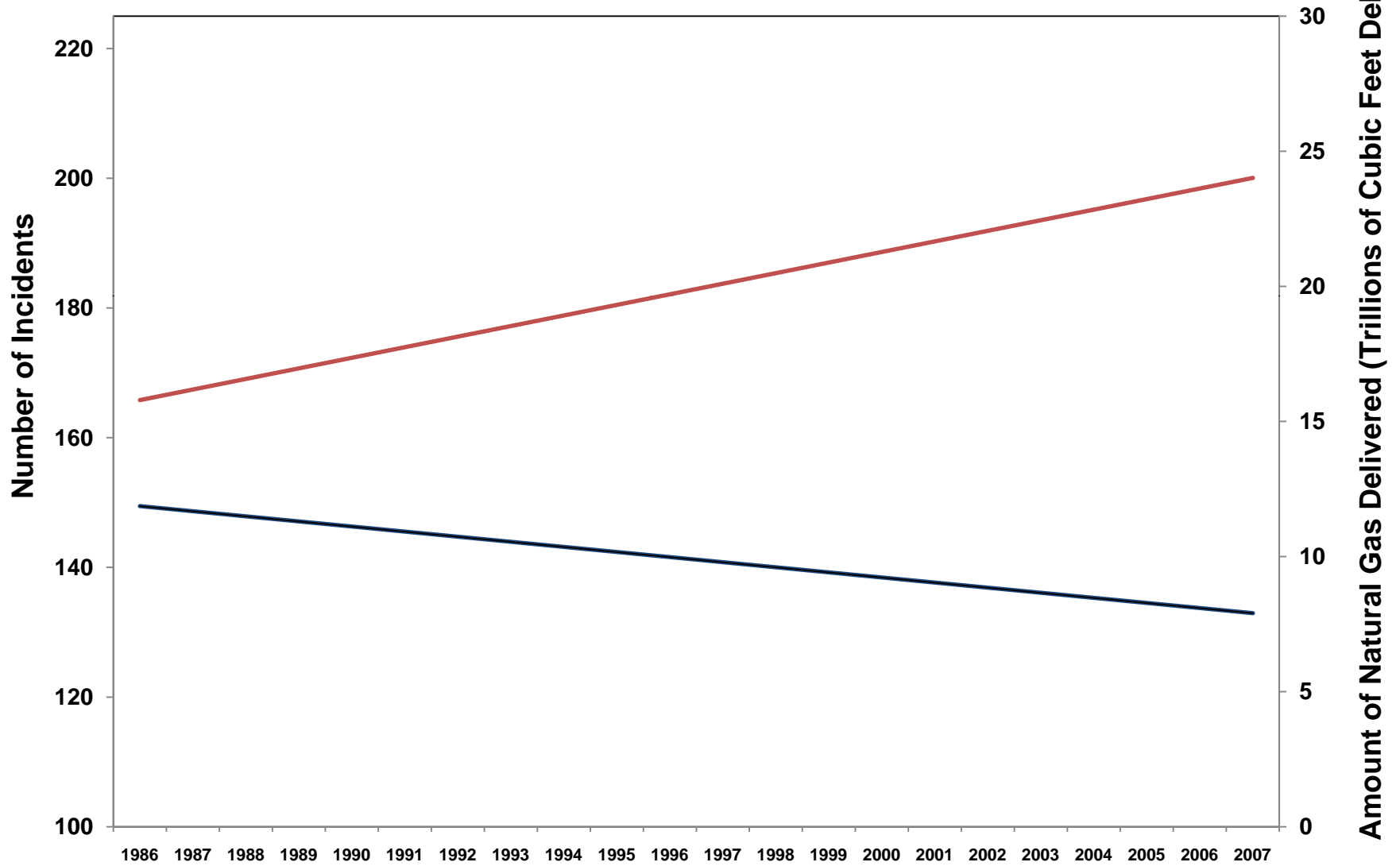
- Steel Unprotected Bare
- Steel Unprotected Coated
- Steel Cathodically Protected Bare
- Steel Cathodically Protected Coated
- Plastic
- Cast/Wrought Iron
- Other

Transportation-Related Fatalities 2006



Source: National Transportation Safety Board

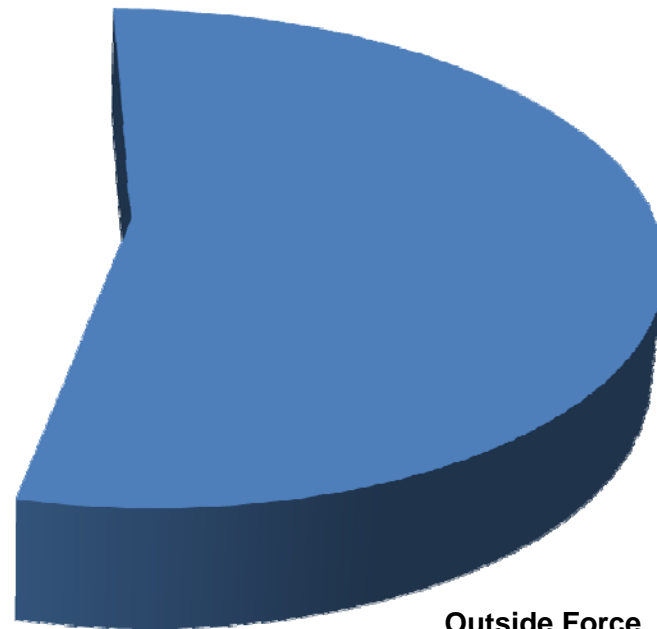
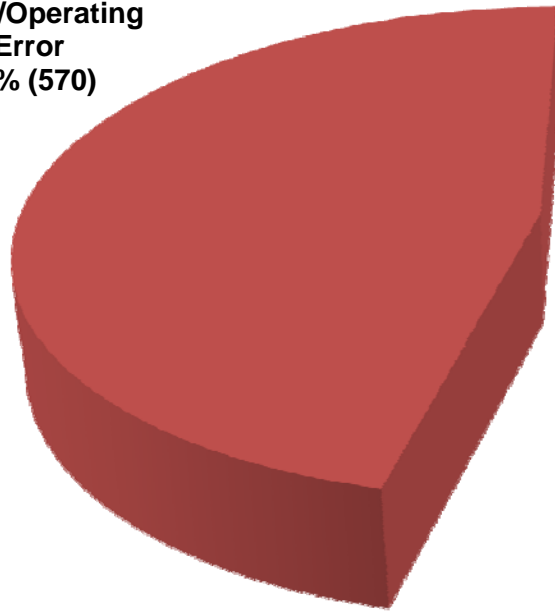
Gas Distribution Incidents Decreasing as Total Natural Gas Consumption is Increasing



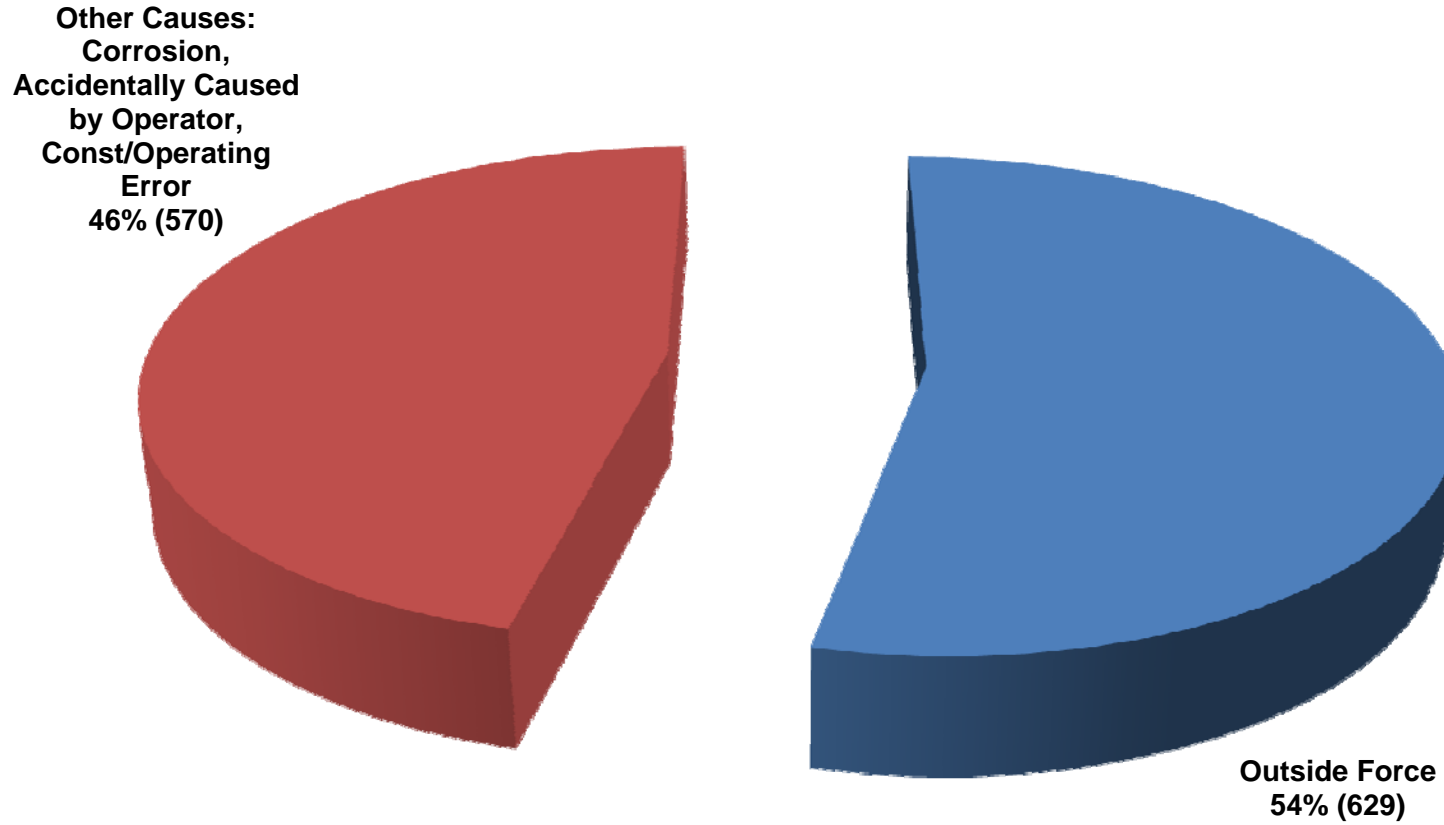
Primary Cause of Gas Distribution Incidents is Outside Force

1987-2006

Other Causes:
Corrosion,
Accidentally Caused
by Operator,
Const/Operating
Error
46% (570)



Outside Force
54% (629)



Safety is First Among Equals

- Safety
- Reliability
- Cost to the Consumer