

XVI Annual Meeting

CEMIG-APIMEC



Distribution and Sales Department

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Chief Distribution and Sales Officer
(DDC)
June 3, 2011



Distribution and Sales

The challenge

To provide electricity continuously and efficiently,
with safety and speed at proper costs.





Initiatives Implemented

- Partial implementation of the Distributor Development Plan (PDD)
- Cost optimization of processes and improvement of service quality
- Centralization of the Distribution Operations Center (COD)
- Combat of supply fraud and payment default
- Installation of automated reconnectors in the electricity system
- Increase in Preventive Maintenance
- Launch of the SmartGrid Project
- Reduction of the number of outages (FSS) and recovery times

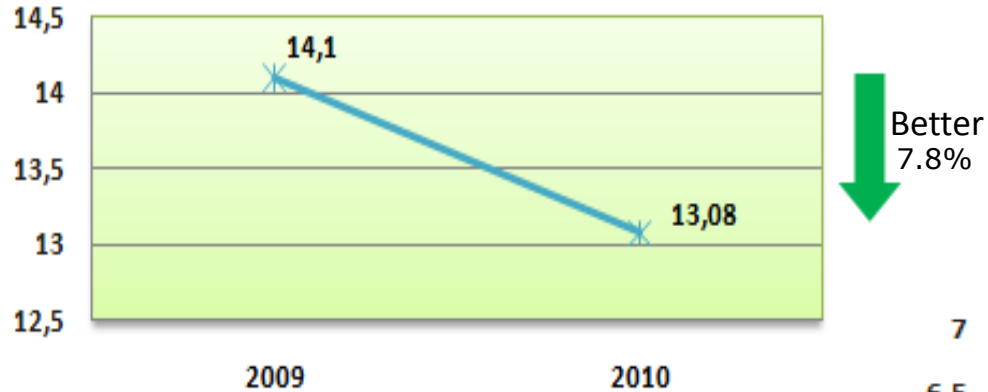




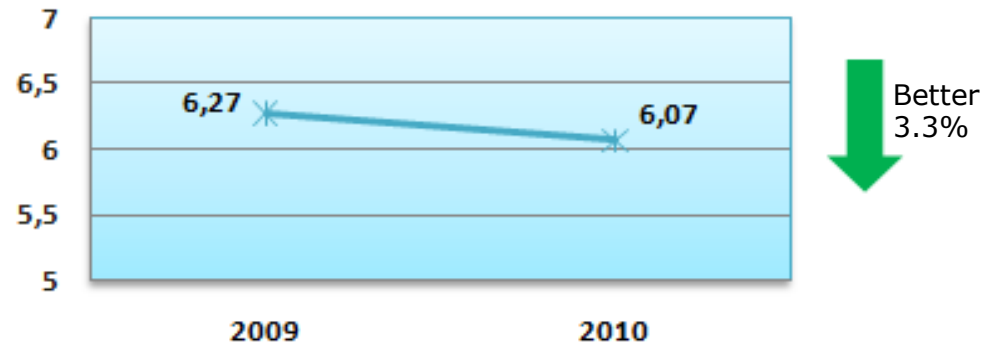
Quality indicators

Performance in 2010 vs. 2009

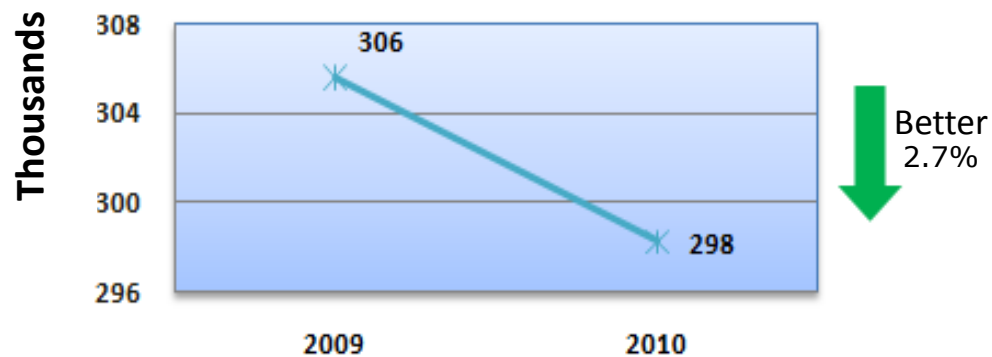
Regulatory SAIDI



Average Response Time – (TMA) (Hs)



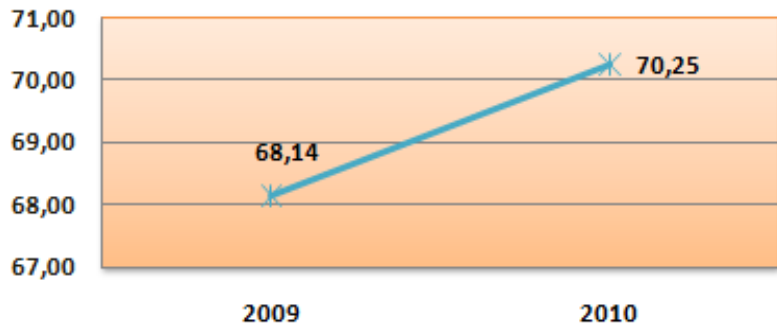
Number of outages



Quality indicators

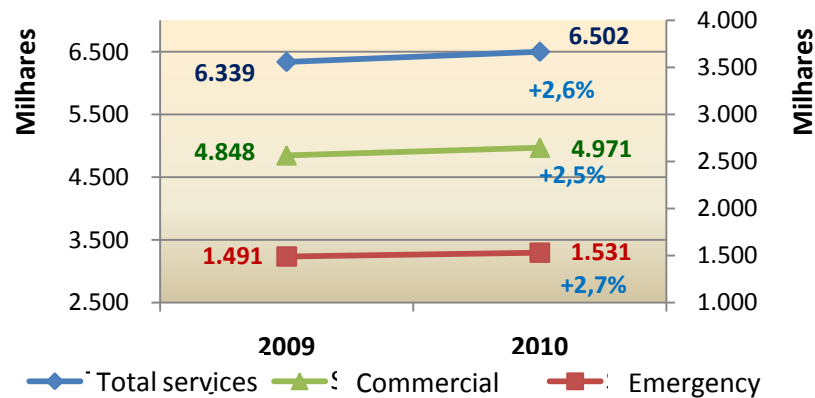
Performance in 2010 vs. 2009

Aneel Consumer Satisfaction Index (IASC)



↑ Better
3.0%

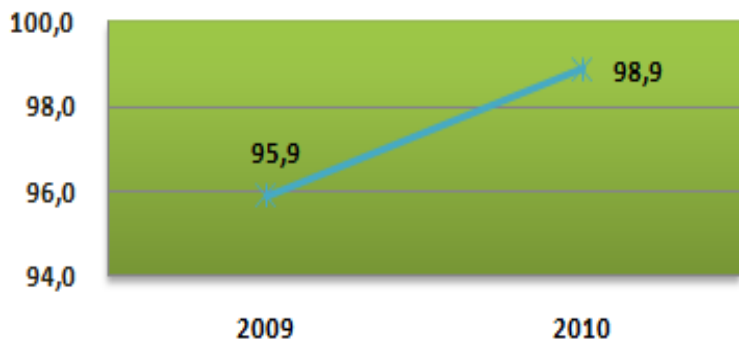
Quantity of Service



Network
km: +2.6%

No. of
Consumers:.
+3.4%

Revenue / Billing (ARFA)



↑ Better
3.1%



Some regulatory challenges

Reduction of response time for individual consumer outages

Urban		Rural	
Previous (2009)	As of Jan 1, 2010	Previous (2009)	As of Jan 1, 2010
11 hours	3 hours	18 hours	6 hours

2h40 in BH

Aneel Resolution 418 (Commercial Services)

	BEFORE (2010)	AFTER (2011)
Normal Reconnection	48 hours	24 hours
New Connection	6 days	5 days
Urgent Rural Reconnection	Did not exist	8 hours
Urgent Urban Reconnection	4 hours	4 hours



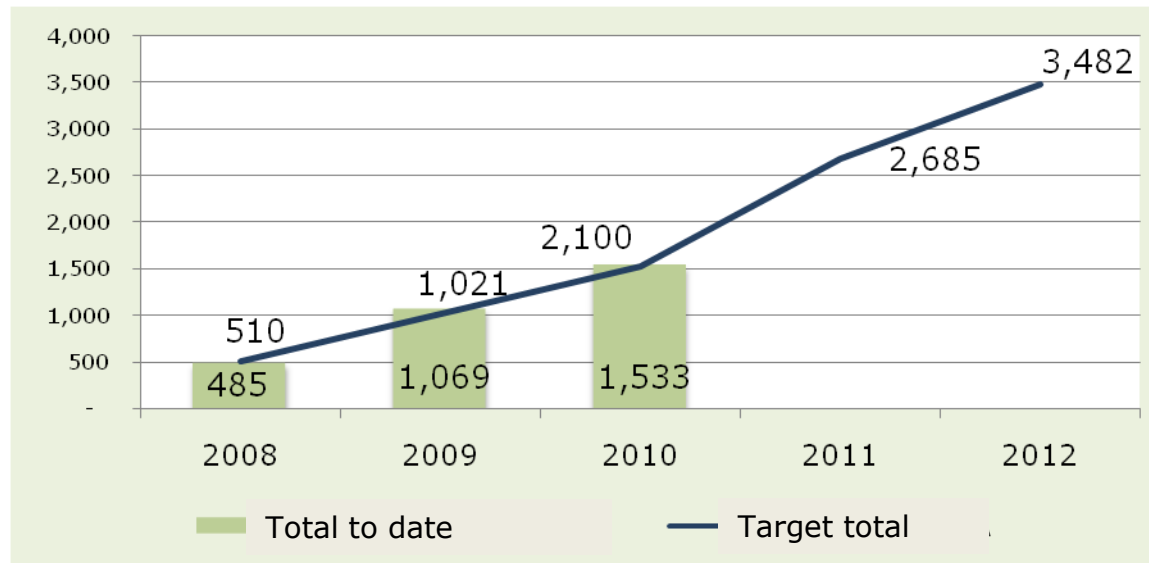


Distributor Development Plan (PDD)

Guaranteeing sustainable growth
of Minas Gerais State

- R\$ 3.48bn investment by Cemig D in 2008–12 in expansion, substations, lines, networks and metering for billing

Accumulated total of budgeting spent in 2008-2012
(June 2010 R\$ mn)





Distributor Development Plan (PPD)

Guaranteeing sustainable growth
of Minas Gerais State

Investments in:	2008-2012
New substations	22
New lines (km)	1,110
Service to large / accessing clients	45
Connection of new consumers	1,142,700
Installation/replacement of medium/low voltage measurement equipment	470,000

- Some results:
 - Replacement of OPEX by CAPEX
 - Adequate returns of invested capital recognized in the tariff
 - Reduction of operational costs
 - Reduction of technical and commercial losses
 - Improvement in quality of supplied energy
 - More electricity available





Initiatives for 2011

- Continue trend to improve quality indicators
- Consolidate SmartGrid project
- Increase combat of electricity fraud
- Default management and reduction
- Increase our presence in all municipalities in the concession area
- Install an additional 1,489 remote controlled reconnectors in 2011-2012
- Bullet proof 15,000 meters via remote metering to protect 46% of total revenue
- Increase consumer electricity bills using Simultaneous Reading and Printing (LIS)



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