

Tiradentes hosts 12th Apimec

Held in historical Tiradentes, Cemig's Annual Apimec Meeting brought together investors and analysts from throughout the country. In addition to being presented with information on the Company's results, the participants visited the Itutinga Plant which is the first large hydroelectric plant built by Cemig. Page 3.

CEMIG NOTÍCIAS

Year XXXI – No. 5
June 2007

FIM DA CAPA

Página 2 Culture

Photo captions

1. *Batismo de Sangue* (Baptism of Blood) was filmed in Minas Gerais

Filme em Minas program announces winners

Filme em Minas – the Program to Promote Audiovisual Arts, now in its third year, will contribute towards the realization of 34 projects in 2007 and 2008. The nominees were announced on the 17th of May at the office of the State Secretary of Culture – SEC in the presence of Cemig CEO Djalma Bastos de Moraes and the Secretary of Culture, Eleonora Santa Rosa. At the ceremony, CEO Djalma Moraes reaffirmed Cemig's commitment to the program and to cinematographic production in Minas Gerais.

"Cemig will continue to be a partner in the great *Filme em Minas* undertaking and to work so that we may enjoy greater profits and, consequently, more resources which will be invested in these productions through the audiovisual incentive laws", affirmed the Cemig CEO. The Company is contributing R\$ 4 million to the program this year.

This year, *Filme em Minas* celebrated a significant increase in the number of entries.

RESULTS

Feature Length Films

Distribution: *Batismo de Sangue* (Baptism of Blood), by Helvécio Luis de Amorim Ratton; *5 frações de uma quase história* (5 fractions of an almost story), by André Carreira dos Reis; *Fronteira* (Frontier), by Rafael Conde.

Post Production: *Margens* (Margins), by Leandro Henrique Bezerra Lara.

Production: *Gaio Filho* (Happy Son), by Luiz Márcio Pires Alvarenga; *Mão na luva* (Hand in Glove), by Hélio Martins da Silva Filho; *Sempre-vivas* (Strawflowers), by Marília Rocha da Siqueira.

Short Films: *O homem provisório* (The Provisory Man), by Gilberto Cardoso; *A menina que fumava sabão* (The Girl Who Smoked Soap), by Carlos Magno Oliveira Rodrigues; *Mulher à tarde* (Woman by Afternoon), by Affonso Uchoa Alonso Rodrigues Pólis, by Marcos Pimentel.

Vídeo Documentaries: *Caxa morra*, by Lilian Aparecida Oliveira; *Episódios mínimos* (Minimal Episodes), by Simone Cortezão Freire; *Rio das mulheres* (The Women's River), de Joana Oliveira; *Salve o cotidiano* (Praise the Mundane), by André Hallak Martins da Costa C. G. Oliveira.

New Formats: *Aeurásia*, by Cláudio Santos Rodrigues; *A casa de Dédalo* (The House of Daedalus), by Franciso de Paula Castro Neto; *Corpo aberto* (Open Body), by Rodrigo Gomes da Silva; *Em caixas* (In Boxes), by Ronaldo Macedo Brandão; *Galpão Cine Horto – cinema instantâneo (instant cinema)*, by Roberto Carvalho Franco de Almeida Filho; *A visita do olhar da sombra* (Visit of the Shadow Eye), by Fábio Cançado de Oliveira.

Project Development: *Girimunho*, by Helvécio Neves Marins Jr.; *Nimuendajú*, by Tânia Anaya; *Luz, câmera, paixão* (Lights, Camera, Passion), by Brasília Mascarenhas; *Saudade*, by Carolina Junqueira dos Santos.

Publications, Digitalization of the Collection and Copying

Publications

Pioneiros do Cinema em Minas Gerais (Pioneers of Cinema in Minas Gerais), by Paulo Augusto Gomes; *Devires - Cinema e Humanidades* (Devires – Cinema and the Humanities), by César Geraldo Guimarães; *Kiryri Rendádua Toribóca opé – Humberto MAURO* revised BY Ronaldo WERNECK, by Ronaldo Werneck Silva; *Ver e Poder - O cinema, o documentário e a inocência perdida* (Sight and Power – The Cinema, the documentary and Lost Innocence), by Jean-Louis Comolli, of the Associação Filmes de Quintal (Backyard Films Association).

Digitalization of the Collection

O pioneiro do cinema mineiro: Igino bonfioli (The Pioneer of Cinema in Minas Gerais: Igino Bonfioli), by Evandro José Lemos da Cunha.

Print Production: *O andar superior* (The Top Floor), by Leonardo Freitas Ribeiro.

Government of Minas Gerais Special domestic Cinema Incentive

O Contador de Histórias (The Storyteller), by Francisco Ramalho Junior Filmes Ltda; *Feliz Natal* (Merry Christmas), by Bananeira Filmes Ltda; *Estrada Real da Cachaça* (The Royal Highway of Cachaça), do Grupo Novo de Cinema e TV.

Note: Translations of film names are merely explanatory and are not official authorized translations.

CEMIG Companhia Energética de Minas Gerais

CEO: Djalma Bastos de Morais
Vice-CEO: Djalma Bastos de Morais (cumulatively)
Chief Commercialization and Distribution Officer: José Maria de Macedo
Chief Financial and Investor Relations Officer: Luiz Fernando Rolla
Chief Generation and Transmission Officer: Fernando Henrique Schuffner Neto
Chief Corporate Management Officer: Marco Antonio Rodrigues da Cunha
Chief New Business Developments Officer: José Carlos de Mattos
Chief Commercial Officer: Bernardo Salomão de Alvarenga

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Cemig's Mission: To perform in the energy sector with profitability, quality and social responsibility.

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Página 3 FINANCE

Photo captions:

1. Event Participants visited the Itutinga Plant
2. Wilson Brumer announced that he was stepping down from the Board of Directors
3. The Cemig Executive Board spoke to shareholders and investors

Apimec brings analysts together in Tiradentes

On the 10th, 11th and 12th of May, Cemig held the 12th Annual Apimec Meeting. Participants were received in the historical city of Tiradentes, where they had the opportunity to learn about the financial results from the last quarter, in addition to a wealth of other information on the Company and its various activities.

Cemig demonstrated its commitment to new technologies with the original manner in which the participants were received. Technicians from the Engineering and Maintenance Coordination Management Office – OM/EM installed new equipment on the distribution lines near the São João Del Rei airport. The new equipment consists of metallic spheres which, in addition to serving as visual guides and warnings, are also detectable by radar.

The opening was held on Thursday the 10th with a dinner for the invitees, which was attended by all the executive officers. During the dinner, the former State Secretary of Economic Development, Wilson Brumer, announced that he was stepping down as Chairman of the Cemig Board of Directors and Márcio Lacerda was being nominated for the position. Lacerda is the current Secretary and is to officially take office following the next Stockholders' Meeting.

The presentations by the executive officers to the shareholders and investors were held the next day. CEO Djalma de Moraes presided over a round table discussion that included presentations by Fernando Schuffner (Generation and Transmission), José Maria de Macedo (distribution and Commercialization), José Carlos de Mattos (New Businesses), Marco Antonio Rodrigues (Corporate Management), Bernardo Alvarenga (Commercial) and Luiz Fernando Rolla (Finance, Acquisitions and Investor Relations).

Following the presentations, the question and answer session was mediated by television commentator Rita Mundim. In the afternoon, superintendents complemented the Cemig grand panel with specific information regarding new business opportunities, strategic planning, tariffs and other issues.

On Saturday, the participants visited the Itutinga Plant.

QUARTERLY RESULTS

In the first quarter of 2007 Cemig recorded a net profit of R\$ 407 million, representing an increase of 20% in comparison with the R\$ 340 million registered in the first quarter of 2006. This result is due primarily to an increase of

21% in the revenues from the gross supply of electric energy. Revenues from the gross supply of electric energy were R\$ 3,034,879 in the first quarter of 2007, representing an increase of 20.7% over last year.

Página 4 TECHNOLOGY

Photo captions:

1. Pause in the agenda to discuss the issue
2. Santa Casa superintendent José Carlos de Oliveira Texeira signs the contract
3. The autoclaves modernize sterilization in hospitals

ER Technology Forum debates underground lines

New technologies were on the agenda during the New Engineering Challenges with Cemig Underground Lines forum, held on the 20th of April in the auditorium at the head office. Approximately 120 people participated in the event.

The main objective of the forum coordinated by the Transmission and Subtransmission Network Expansion Superintendence – ER was to find alternatives, both technological and economical, that could increase the use of underground lines whose installation costs, on average, are ten times those of overhead lines. The debate also serves to promote the alignment of the Company with sustainable development environmental practices.

According to Carlos Alexandre Meireles do Nascimento, a Technology and Norms engineer with the Transmission and Subtransmission Line Engineering Management Office – ER/LT, the event is a pause in the hectic agenda of staff in the production area to debate technological themes and market trends that may be suitable to add value to the Company's knowledge, enriching its data banks and increasing the technological content of the products and internal processes. He notes that the forum is one of the ways that Cemig seeks to become involved in this context.

The presentations were made by a study group formed by ER and by the Electric System Planning Superintendence – PL and Central Distribution Regional Superintendence – DC. Light also accepted an invitation to participate in the forum, as it has a lot of experience with underground lines in Rio de Janeiro.

Santa Casa de Misericórdia in Juiz de Fora receives autoclaves

On the 20th of April, Cemig held a ceremony to celebrate the delivery of three autoclaves to the Santa Casa de Misericórdia in Juiz de Fora in the Zona da Mata region of Minas Gerais. Present at the ceremony were the superintendent of Santa Casa, José Carlos de Oliveira Texeira; the manager of Commercial Relations and Services in Juiz de Fora, Ricardo José Charbel; the president of the Nosso Senhor dos Passos Sisterhood, Renato Villela Loures; State Congressman Sebastião Helvécio and, representing the Metropolitan Curia, Monsignor Falabella.

To acquire the three autoclaves, the Company invested R\$ 370 thousand. The resources were provided via the Intelligent Energy Program, through which the Company's actions are directed at combating energy wastage.

The autoclaves, which are used to sterilize hospital equipment, were transferred to Santa Casa by means of a donation agreement. The equipment had previously been delivered to the hospital in a procession involving the whole community.

The autoclaves (one with a 360-liter capacity and two with a capacity of 700 liters) will replace the obsolete equipment that is currently being used to sterilize material. This will make it possible to realize a significant reduction in the consumption of electric energy and improve the quality of the services provided to the hospital's patients.

Página 5 TRANSMISSION

Photo captions:

1. Transmission Line will benefit the Jequitinhonha Valley

TL and installations receive environmental licenses

Cemig, through the Environmental Assessment and Licensing Management Office – GR/AL, has obtained, from Ibama – the Brazilian environmental and renewable natural resources authority, the Installation License for the Aimorés – Mascarenhas 2 Transmission Line. The license was granted following observations made in the region around the project which included visits to various points along the TL route, more specifically to the tower locations and cable launching sites.

The main characteristics of the second circuit line, which connects the Aimorés Plant in the municipality of Aimorés (MG) to the Mascarenhas Plant in the municipality of Baixo Guandu (ES), are its length of 11.6 km, 38-meter-wide transmission corridor and its voltage of 230 kVAs. Also as part of the project are environmental education programs, which deal with preventive, corrective and compensatory measures that can be taken to mitigate the impacts resulting from the installation and operation of the TL, are implemented. According to Sônia Maria Uchoa, an Environmental analyst with GR/AL, the Aimorés – Mascarenhas 2 Transmission Line is expected to be installed in four months.

Operational License

GR/AL has also obtained from the environmental authority, Feam – Fundação Estadual do Meio Ambiente, the Corrective Operational License, for Block 14 in Contagem where there are physics-chemistry, instrumentation, electrochemistry and metering/calibration laboratories as well as the workshop used for the refitting of transformers (including high-pressure washing and painting) and the reprocessing of used oil.

According to Alexandre Camargos Alves Ferreira, an environmental analyst with GR/AL, the Operational License issued by Copam – Conselho de Política Ambiental, the environmental policy council, is of great value in the process of acquiring certification and implementing the Environmental Management System – SGA and Health and Safety Management System – SGS for this project.

Irapé – Araçuaí 2 TL is commissioned

The Irapé – Araçuaí 2 Transmission Line, with a 230kV voltage level, entered into operation on the 21st of March of this year. The Company, which is responsible for the technical supervision, quality supervision and inspection of the

work, will now undertake the operation and maintenance of the TL. The main objective is to lead the energy produced by the Irapé Hydroelectric Plant to the Company's interconnected electrical system in Minas Gerais and, more specifically, to the Jequitinhonha Valley and the Eastern region of the State.

The line runs for 61 kilometers through the municipalities of Grão Mogol, Berilo, Virgem da Lapa, Coronel Murta and Araçuaí, in the Mid Jequitinhonha region. Along this stretch, 141 towers have been installed with a 38-meter-wide transmission corridor. The erection of the towers began in September of last year, three months after work was begun by the Companhia Transirapé de Transmissão, which is an entity created for a specific purpose by Cemig, the Companhia Técnica de Engenharia Elétrica – Alusa, the Orteng Equipamentos e Sistemas and Furnas Centrais Elétricas.

In addition to the installation of the line, the Araçuaí 2 Substation was built and the Irapé substation was expanded to receive the new TL. This work represents an investment of almost R\$ 65 million, of which R\$ 44 million was financed, and the creation of approximately 750 jobs between November and last January, the months that saw the most intense activity.

Strategic enterprise

The Irapé – Araçuaí 2 TL also plays a strategic role, as it makes it possible to close the energy transmission loop between the Eastern and Northern regions of the State.

According to Denys Cláudio Souza, the Special Transmission Lines superintendent, the transmission system for the Eastern region had previously had only one source: the Mesquita Substation.

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Página 6 THE ENVIRONMENT

Photo captions

1. The mussel is a threat to the plants

Monitoring activities identify mussels

An Asian species now presents a real threat to Cemig's generating units. To monitor and control the presence of the golden mussel in the Grande and Paranaíba rivers, where the Emborcação, São Simão, Volta Grande and Igarapava plants are located, investments are being made through research and development projects into the development of ecotechnologies, methodologies and research projects in ecosystems and at hydroelectric plant facilities.

With the discovery of larvae at a research facility near the São Simão Plant on the Paranaíba River in the Triângulo Mineiro region, the monitoring program has determined that the mussel is nearing the hydroelectric plant. Adult specimens have been found in Porto Alencastro on the border between Minas Gerais and Mato Grosso do Sul, less than one hundred kilometers from the plant. A considerable number of adult golden mussels have also been found in a tributary of the Grande river, the Aporé, along the border between Goiás and Mato Grosso do Sul.

The technological center at Cetec – Fundação Centro Tecnológico de Minas Gerais, and the UFMG – Universidade Federal de Minas Gerais, have been hired by Cemig to conduct research projects which receive financing from Aneel, the country's electric industry regulator, and are directed at monitoring and controlling the mollusk. Despite their proximity, it is still difficult to predict when the mussel will reach the São Simão plant. The historical average distance which the golden mussel is able to expand its territory is 240 kilometers per year. Though its presence was registered in Porto Alencastro for the first time in 2004, it has not yet reached the plant.

Environmental Education

Cemig conducts environmental education projects in the communities near the plants located on the Grande and Paranaíba rivers. These projects involve fishermen, boat owners, riparian populations, schools and local residents. Seminars, lectures and meetings are offered and booklets and posters are distributed to the local population in an effort to inform them about procedures for controlling and preventing the spread of the mussel, which can have a

destabilizing influence on local ecosystems as it competes with native species, interferes with the diets of fish and reduces the oxygen and pH levels in the water.

Sustainability discussed at event

Cemig's presence was felt at the 2nd Ibero-American Conference on Sustainable Development, of which it was one of the sponsors. A group of seven employees participated in debates held in São Paulo from the 24th to the 26th of April. According to Humberto Barbosa de Las Casas, an environmental analyst with the Quality and Environmental Coordination Superintendence – AQ, the Company's involvement in an event of this size was a very important step in consolidating its strong presence in discussions about sustainability. He also noted that Cemig is an associate of the Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável – CEBDS, which was one of the event's sponsors.

"Cemig has a great reputation as a sustainability-focused company, and is able to influence the evolution of the ideas upon which important and fundamental decisions may be based", said Humberto Las Casas. VIPs from around the country and various international guests, such as the chief executive of the Global Reporting Initiative, Ernest Livingston, and the vice-director of SustainAbility, Seb Beloe, participated in a roundtable titled Reflections: Ethics, Cohesion, Transparency and Communication and discussed the manner in which companies communicate by means of reports, websites, articles and the press and the cohesion among these means of communications.

Also discussed were issues regarding the national electric sector, which boasts the cleanest energy matrix in the world due to its use of hydroelectric sources, though this matrix is expected to create more pollution in the years ahead. "The companies in the sector are looking for alternatives, such as natural gas which is cleaner than other sources of thermal energy, in order to meet this new challenge", explains Humberto Las Casas.

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Página 7 THE ENVIRONMENT

Photo captions:

1. Rescue operations were successful...
2.at both plants

New fish stocking programs in municipalities

Between the 30th of March and the 22nd of April, Cemig released approximately ten thousand fish in eight municipalities in Minas Gerais. Included in the Fish Restocking and Tracking Program during this period were the cities of Itutinga, São João del Rei, São Lourenço, Varginha, Conceição das Alagoas, Estrela do Sul, Patrocínio and Nova Ponte. Present during the release of the fish (see photo) were political figures, students and businessmen from the municipalities.

In the vicinity of the Volta Grande Plant reservoir in Conceição das Alagoas 2.3 thousand *curimba*, *piapara* and *piracanjuba* fingerlings were released. 2 thousand fish were released in the vicinity of the Emborcação Plant in Estrela do Sul. The municipalities of Patrocínio and Nova Ponte recently received 2 thousand fish each. The fish stocking exercises also provide benefits for other areas in the Mantiqueira and Sul de Minas regions, which each receiving 500 fish.

The species released are native to the Grande river basin and the reproduction activities are conducted at the Itutinga and Volta Grande Fish Culture Stations. The goal of this initiative of the Environmental Programs and Actions Management Office – GA/PA is to repopulate the rivers in Minas Gerais, increasing and improving aquatic fauna in the State.

Fish rescued in Minas Gerais

Cemig rescued 8.3 tonnes of live fish at the Funil and Pai Joaquim plants during the period from the 11th to the 18th of April. The rescue operations prevented the death of fish that entered in the power house canals after a turbine is shut down for maintenance. Rescue operations are undertaken throughout the entire year, though the risk of fish concentrating in large numbers is greatest during the spawning season.

On the 17th and 18th of April, 4.8 tonnes of fish were rescued at the Pai Joaquim Small Hydroelectric Plant (23 MW) on the Araguari river in Santa Juliana (in the Triângulo Mineiro region of the State). All the fish were of the *mandi* (*Pimelodus maculatus*) species, which is important for both subsistence and sport fishing and can reach lengths of 50 centimeters and up to 2 kilograms in weight. The *mandi* has nocturnal habits and therefore seeks dark environments such as the power houses at hydroelectric plants.

Following the rescue of almost all of the fish, the water in the draft tube at the Small Hydroelectric Plant was kept oxygenated by means of oxygenation equipment similar to that found in an aquarium. As the water level fell, the few fish that had remained were rescued. The work was begun just before midnight on the 17th and was concluded at 4 o'clock p.m. on the 18th. Operation teams from Pai Joaquim and the Nova Ponte Plant and professionals from the Environmental Programs and Actions Management Office – GA/PA participated in the rescue operations.

At the Funil Plant (180 MW) on the Grande river in the municipality of Lavras in Southern Minas Gerais 3.5 tonnes of fish, with the majority also being of the *mandi* species. The rescue operation was conducted from the 11th to the 14th of April. On the first day, 960 kilograms of fish were transferred to the plant's drainage well (through which the water is drained) for later removal and transport to the reservoir above the dam. On the following days, with the reduction in the water level in the draft tube, the rest of the fish were transferred. According to Environmental analyst Raquel Coelho of the GA/PA, the operations at Funil and Pai Joaquim were successful.

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INFOVIAS COLUMN

Infovias is a national benchmark

Infovias completed its sixth fiscal period with exceptional results for the year. Net profits reached R\$ 26 million, easily surpassing the R\$ 379 thousand reached in 2005.

Having passed its initial growth and maturation phase, Infovias is now a benchmark both in Minas Gerais and in Brazil for the construction of telecommunications networks thanks to the efforts of its personnel and the faith of its administrators.

The company has 57 employees who construct, operate, maintain and control its assets, which are valued at R\$ 313 million. In addition, its telecommunications network employs the latest technology which translates into services that are at the vanguard of the sector with secure solutions and incomparable quality. "Its competitive edge is also due to the speed with which it responds to viability requests from its clients and the efficiency with which it conducts corrective maintenance. This results in increased comfort for its clients and demonstrates the reliability and excellence of the solutions that are implemented", explains comptroller Jefferson Telles Oliveira.

The company had revenues on the order of R\$ 70 million last year, which represents an increase of 27% over the previous year. "The growth in revenues is due mainly to an increase in the sales of dedicated circuits and, above all, the growth in cable television and broadband internet transmission services", explains Jefferson Oliveira.

He adds that the telecommunications market is of strategic importance for the Cemig Group and for the operators present in our State. "We have now on our hands a profitable and self-sustaining business for which all the large investments that were required to make the project viable have already been made".

The supply of energy is automated

The municipality of Fronteira, in the Triângulo Mineiro region, has been benefiting from a totally automated electric energy supply reconnection system since the 23rd of March.

In order to reduce the duration of interruptions for consumers in the Frutal region, of which Fronteira is part, and to improve client satisfaction, the concept of total reconnection was instituted in the municipal headquarters using the

preexisting automation resources of some equipment and upgrading the technology of the rest. This effort presented a total cost of R\$ 5,375.

A team from the Triângulo Operations and Maintenance Management Office – DO/MT employed the functions available in the X-Omni system to effect the complete reconnection of energy supply in instances of supply interruption at the source. With this new procedure, the entire process of reconnection may be completed in a few minutes with just one command from the Distribution Operations Center that serves the region.

Cemig na Praça Program in Brasília de Minas

The Montes Claros Commercial Relations and Services Management Office – DO/MC held a *Cemig na Praça* service event in Brasília de Minas on the 14th of February.

Services dealing with name corrections and documentation issues were provided and complaints were received and documented. The service team visited 25 commercial establishments distributing leaflets and answering questions. A lecture was also given on the efficient use of electric energy and safety for 417 students from the Sant'Ana State School (Photo)

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Página 9 TECHNOLOGY

Photo captions:

1. Technology for the production of photovoltaic solar cells
2. CPA provides savings on meters

Cemig develops silicon for use in solar energy

The Silicon Project, a partnership between the Company and Cetec – Fundação Centro Tecnológico de Minas Gerais, is developing a silicon purification technology for use in the production of photovoltaic solar cells. Currently, with the fundamental knowledge of the process already acquired, the project is entering its second phase of gaining experience in the production of low cost solar cells. The goal now is to develop and implement a pilot purified silicon production line and to transfer the technology to the productive sector within two years. Over R\$ 7 million have been invested since 2001.

With all its R&D projects Cemig seeks to consolidate its standing as a pioneering and innovative company through the establishment of a network of solid partnerships with companies and centers of excellence and through an extensive program aligned with the main trends of the future with an emphasis on alternative sources of renewable energy.

The photovoltaic solar energy (the conversion of solar energy into electricity) industry is one of the energy alternatives that is growing rapidly. Last year, worldwide production in the sector reached 2.4 GW, representing an increase of 100% over 2004. For 2010, production is expected to reach 10 GW, or a 316% increase over current production levels.

This rapid expansion is directly related to the renewable energy goals that many different countries have adopted to reduce CO₂ emissions and replace fossil fuels in accordance with the goals established in the Kyoto Protocol.

Brazil is responsible for 14% of global silicon production with Minas Gerais being the largest producer in the country. Though solar cells may be produced with other materials, silicon is used in 94% of their production according to data from last year. However, the silicon that is most frequently used in the photovoltaic industry is the same as that employed in the microelectronics industry. Producers in the photovoltaic industry have therefore simplified some phases of the production process, enabling the use of a less pure form of silicon.

Process changes lead to savings

The Passos Commercial Relations and Services Management Office – DO/PS has shown that the adoption of a new piece of equipment, called CPA, is resulting in savings in the process of gauging and calibrating meters. The initiative was undertaken in February in the municipalities of Bom Despacho, Formiga and Passos in the Western region of the State. With the adoption of this equipment, the DO/PS recorded a savings in excess of R\$ 4,000 in the process.

Prior to adopting the CPA, which was already in use in other cities, meters removed from consumer units, following the provision of various services or due to a period of inactivity in excess of six months, were sent to Belo Horizonte for gauging and calibration. After receiving the meters, the depot sent new equipment to the cities.

Now, after the meters that are still in good condition have been identified, the CPA performs the two procedures – gauging and calibration – in the municipality itself with the help of an outside company, thereby reducing costs. “It is important that we recognize the impact this is having on our processes, mainly when it reaches the budget of our Company”, says Maurício Silva, an Energy Distribution technician with the DO/PS.

According to the data from the management office, 67 of the 131 meters evaluated were approved while the rest were not. The highest failure rate, which was approximately 50%, was registered among meters used in rural areas. The other meters are more profitable, with a lower failure rate of about 30%.

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Página 10 SERVICE

Photo caption:

1. The new PAS center team in João Pinheiro

Clients in the North receive new service channel

Between the months of December and April, the Paracatu Commercial Relations and Services Management Office – DO/PR opened seven Simplified Service PAS Centers in Bonfinópolis de Minas, Cabeceira Grande, Dom Bosco, Formoso, João Pinheiro, Natalândia and Uruçuia. Clients in these municipalities received a new communication channel with Cemig, allowing for an increased range of options for accessing Company services and information for the whole community. Company representatives and municipal authorities participated in the inauguration ceremonies. The PAS centers will operate from Monday to Friday, from 9:00 a.m. to 11:00 a.m. and from 1:00 p.m. to 4:00 p.m. in the local city halls.

The new service centers are equipped with the Hot Line service which makes a direct call to the *Fale com a Cemig* (Speak with Cemig) service center as soon as the telephone handset is lifted off the hook. In addition to fast telephone service, there is a municipal employee trained by the Company at all the centers to provide services and answer questions.

Soon, Colegiado Norte will receive a new PAS center. According to the DO/PR, all cities and towns under its responsibility in which there is not a service agency will benefit through PAS centers.

GASMIG COLUMN

Gasmig celebrates good results in 2006

Gasmig closed out 2006 with better-than-expected results, according to the company balance sheet released at the end of April. Last year, the company invested R\$ 39 million implementing the Service Anticipation Project for a portion of the state's southern market and was able to increase the number of clients by 11%.

Net profit continued to grow and surpassed R\$ 74 million, representing an increase of 43% in relation to that of the previous year. Ebitda (profits before interest, taxes, depreciation and amortization) in 2006 reached R\$ 99.3 million with a profit margin of 23.6% in relation to net revenues. Total company revenues, which in 2005 were R\$ 480.3 million, grew 12.4% to R\$ 540 million.

The expansion of the Gasmig network allowed the company to increase the number of clients to 261. At the end of last year, the company was servicing 162 companies, 83 NGV fueling stations and two thermal electric plants, in addition to six CNG – compressed natural gas – distribution sites and eight clients that consume liquefied natural gas – LNG.

Investments made possible the distribution of natural gas to industries in Southern Minas Gerais via the purchase of LNG from Gaslocal, the number one company in Brazil in the production and sale of this resource.

A pioneering effort in the country, the Gasmig LNG project was conceived of and implemented in just one year, as it was concluded at the beginning of the second half of 2006. With this initiative, industry in the region has become more competitive in relation to competitors from other states.

In addition, the company began servicing the first clients of the Steel Valley Project in 2006, among which is Companhia Vale do Rio Doce that has become Gasmig's largest client with a contracted volume of 167,000 cubic meters of natural gas per day. Supply contracts have also been signed with two more clients: Belgo-Mineira and Cenibra, which, together, will consume approximately 340,000 cubic meters of natural gas per day starting in 2009.

For this year, a 280-kilometer pipeline to the rest of the Vale de Aço region is expected to be constructed and large contracts are to be signed with clients there. Work will also begin on a 37-kilometer extension to serve the MBR mining company, which will consume 320,000 cubic meters of natural gas per day and in doing so become Gasmig's largest client by the middle of next year.

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SERVICES

Award encourages conservation and the rational use of energy in industry

Nominations are now being accepted for the 2007 Minas Gerais Conservation and Rational Use of Energy Award. The Award is an initiative of Cemig, its subsidiaries Gasmig and Efficientia S/A in association with Fiemg – Federação das Indústrias do Estado de Minas Gerais. Medium and large scale industrial projects in Minas Gerais that contribute to sustainable development in the state through the conservation and rational use of energy may be nominated.

The award is the state-level stage of in the industrial category of the National Conservation and Rational Use of Energy Award which is coordinated by the national industry confederation, CNI – Confederação Nacional das Indústrias and whose objective is to promote energy management as an indispensable requirement to reduce production costs and bring companies in line with the new concepts in corporate management. One project from each of the four categories, with the exception of the special category, may be selected to compete for the national award.

Project entry deadline is on June 21st

Categories

- Electric Energy;
- Petroleum and Natural Gas Derivatives;
- Alternative Energy Sources;
- Cemig Energy Efficiency Program;
- Special Award, with the theme of Industrial Eco-Efficiency.

For more information regarding nominations and regulations, interested parties should visit www.cemig.com.br.

ANS/GNS in Administrative Infrastructure Management

The launch of the ANS/GNS Project at the Infrastructure Management Office that occurred on the 23rd of March signaled the implementation of the Service Level Agreement and Service Level Management – ANS/GNS project. The event brought together the 40 people that will be involved in the project.

Carlos Alberto Costa Fonseca, the Administrative Infrastructure – LI/IA manager highlighted the importance of the project, mentioning the new service management realities that require more mature and efficient operational processes.

Lauro Sérgio Vasconcelos David, the superintendent of Corporate Management – GE, called attention to the GE's Integrated Management of Initiatives and Projects, the alignment of the ANS/GNS Project with strategic projects and implementation tactics, highlighting how the Balanced Scorecard – BSC directives and the objectives of the Corporate Risk Management Office's Sox Project and the ISO Projects complement each other.

Pedro Carlos Hosken Viera, the superintendent of the Comptrollership – CR, noted the changes that are occurring in the institutional strategic planning cycles which influence the improvement of the cost management which leads to a Comptrollership aligned with Cemig's corporate sustainability directives.

Vincente de Paula Castro, in charge of Service Level Management - CR/NS, highlighted the advantages of the ANS/GNS methodology, which should assure significant gains for the Company's businesses, beginning with the clear definition of services, increase in the resource utilization level, regular feedback from partners, indicators linked to institutional goals and improvements in processes, among others.

EFFICIENTIA UPDATE

Contract signed with Klabin

Efficientia has signed a performance contract with Klabin, a pulp and paper company, for the implementation of an energy efficiency project whose goal is to produce improvements and savings in the current lighting system in their Ponte Nova plant. The project calls for the replacement of 419 obsolete light fixtures with 379 new ones that use state-of-the-art light bulbs and electronic reactors.

The project will reduce demand by 24.8 kW at both peak and off-peak hours in addition to approximately 187.8 MWh of annual consumption.

Klabin is the leader in the integrated production of cellulose, paper and paper products in the country with 19 industrial sites (18 in Brazil and one in Argentina). The company's average production is on the order of 1.5 million tonnes annually.

1. The statue, now totally illuminated

Tiradentes statue receives new lights

Since the 21st of April, the Tiradentes statue has been much more visible at night in the square that bears his name in Ouro Preto. The eight old 400 W sodium vapor light bulbs which illuminated the monument have been replaced with eight 70 W metallic vapor projector lamps.

The technology utilized in these new light bulbs allows the light to be strategically focused on the area where it has the greatest effect, making projectors unnecessary.

Service Level Concept

According to Normalization Technology technician Sérgio Lucas de Meneses Blaso from the Engineering and Coordination of Distribution Expansion Management Office – ED/CE, these light bulbs are part of a new line of products for ornamental public lighting. He notes that this new product – used in cities such as Paris, London and Barcelona – are designed to empower clients with a new concept known as “urban beautification”.

Sérgio Lucas de Meneses Blaso explains that the project, executed in conjunction with the team from Conselheiro Lafaiete Commercial Relations and Services Management Office – DL/LF, has not only improved the efficiency and quality of the lighting at the monument in keeping with its status as a piece of public heritage, but has reduced its maintenance costs. He notes that, even with the previous high-power equipment, the old illumination failed to reach the Tiradentes statue, providing illumination just for its feet.

“The new illumination equipment has been roundly applauded by the community in Ouro Preto and by Iphan – the National Historical Heritage Institute”. He also adds that the Institute has asked the Company for details of the project executed in Ouro Preto with the goal of spreading news of it nationally in the hope that the model will be adopted by other States.

CEMIG

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