the natural gas consumed in this country is delivered directly to ultimate consumers and is not handled by pipelines or distributors.[3]

Natural gas pipelines carry gas from producing areas to major industrial and population centers in all parts of the country. The major portion of the gas carried by pipelines is destined for delivery to distribution systems, but pipelines also make sales directly to consumers. About 5½ percent of the gas customers (exclusive of those supplied by producers as noted above) receive gas directly from pipeline companies; these sales account for about 20 percent of the gas utility and pipeline sales.[4]

The distribution systems provide most of the deliveries to ultimate consumers after having received supplies at the city gate.[5]

For statistical purposes, the American Gas Association makes the following classification of companies:

> A company classified as a gas distribution utility is one which obtains the major portion of its gas operating revenues from the operation of a retail gas distribution system and which operates no transmission system other than incidental connections within its own system or to the system of another company. For purposes of A.G.A. statistics, a distribution company obtains at least 95 percent of its gas operating revenues from sales to ultimate customers (residential, commercial, industrial, etc.) and classifies at least 95 percent of gas mains (other than service pipe) as distribution.
>
> A company classified as an integrated gas utility is one which obtains a significant portion of its gas operating revenues from the operations of both a retail gas distribution system and gas transmission system. For purposes of A.G.A. statistics, an integrated company obtains less than 95 percent but more than 5 percent of its gas operating revenues from either its retail or transmission operations or does not meet the classification of mains established for distribution companies.[6]

Statistics on the gas distribution industry as used in this chapter include data on distribution companies and integrated companies as defined above; where distribution and integrated company data are not available, statistics including data on natural gas pipelines are used to illustrate trends. In terms of capital plant the natural gas pipeline companies account for about 40 percent of the gas utility and pipeline company plant; as shown in table 1, this percent has been fairly constant since 1957.

TABLE 1.—*Natural gas pipeline company utility plant as a percent of gas utility and pipeline company plant*

Year	Percent	Year	Percent
1954	35.9	1960	41.6
1955	37.7	1961	40.7
1956	38.3	1962	41.4
1957	39.9	1963	40.2
1958	40.2	1964	40.6
1959	40.8		

Source: Based on data in *Gas Facts* (New York: American Gas Associates, 1965).

[3] The Bureau of Mines shows 1964 natural gas consumption at 15.5 trillion cubic feet. American Gas Association indicates that sales by pipelines and gas utilities plus use of gas by combination gas and electric utilities for electric generation amounts to about 11.3 trillion cubic feet of 1,032 B.t.u. gas. See: U.S. Bureau of Mines *Minerals Yearbook: 1964* (Washington: U.S. Government Printing Office, 1965) and *Gas Facts, op. cit.*

[4] Based on data in *Gas Facts, op. cit.* and Schwimmer, *op. cit.*

[5] For further detail see: Alfred M. Leeston, John A. Crichton, and John C. Jacobs, *The Dynamic Natural Gas Industry* (Norman, Okla.: University of Oklahoma Press, 1963) pp. 171–183, and *Natural Gas: A Study in Industry Pioneering* (New York: American Gas Association, 1962.)

[6] Schwimmer, op. cit.