

# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY – CNPJ 17.155.730/0001-64 – NIRE 31300040127

## MATERIAL ANNOUNCEMENT

### Periodic Tariff Review (RTP) for Cemig D

Compliant with CVM Instruction 358 of January 3, 2002, as amended, **Cemig** (*Companhia Energética de Minas Gerais*), listed with securities traded on the stock exchanges of São Paulo, New York and Madrid, **hereby reports** to the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (B3) the market and any other interested parties **as follows**:

On May 22, 2018 Brazil’s electricity regulator, Aneel, approved the **Periodic Tariff Review** (*Revisão Tarifária Periódica – RTP*) for Cemig’s power distribution company, **Cemig Distribuição** (**‘Cemig D’**), coming into effect on May 28, 2018.

The main items associated with distribution service – constituting the subject of the Periodic Tariff Review process – were approved by Aneel as follows:

Items in Periodic Tariff Review of Cemig D, 2018		R\$ million
Regulatory Remuneration Base of Assets (BRR)	Gross	20,490
	Net	8,906
Components of revenue	Remuneration of capital excluding ‘Special Obligations’ (WACC: 8.09%, net of tax, )	1,087
	Remuneration of ‘Special Obligations’	149
	Depreciation	787
	CAIMI – Annual cost, facilities (rentals, vehicles, IT, etc.)	333
	Non-recoverable costs	86
	Operating costs	2,324

Energy losses: The regulatory levels allowed in the calculation for losses of energy in the network are expressed as the following percentages of the energy injected into the system:

for the low voltage market –	7.31%;
for technical losses –	8.77%.

Cemig D has made significant investments over the last five years, of approximately R\$ 5 billion, to expand the system and improve energy supply quality throughout its concession area, and also worked intensely to reorganize processes, to bring operating costs close to regulatory limits. An example is its voluntary retirement program, which has reduced its number of employees by over 1,700 – reducing Cemig D’s current operating cost by some R\$ 400 million per year.

Details of Cemig D’s Tariff Review are in Aneel Technical Note 122/2018, at [www.aneel.gov.br](http://www.aneel.gov.br)

Belo Horizonte, May 23, 2018

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