CONTENTS

CEMIG Geração e Transmissão S.A.

STATEMENTS OF FINANCIAL POSITION

AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016

ASSETS

R$ '000

	Note No.	Consolidated		Holding company	
		Sep. 30, 2017	Dec. 31, 2016	Sep 30, 2017	Dec. 31, 2016
CURRENT					
Cash and cash equivalents	5	219,322	427,827	206,241	361,252
Securities – Cash investments	6	84,902	424,046	33,913	273,885
Consumers and Traders	7	814,422	724,939	728,489	676,851
Power transport concession holders	7	96,618	36,690	96,719	36,690
Recoverable taxes	8	48,864	55,493	48,398	55,486
Income and Social Contribution taxes recoverable	9	179,378	176,464	179,377	176,464
Financial assets of the concession	12	665,674	332,763	421,106	13,233
Credits owed by Eletrobras	19	-	48,379	-	48,379
Related party receivables	26	62,455	-	62,455	-
Advance to suppliers		64,081	-	40,380	-
Hydrological risk renegotiation premium		16,685	16,618	16,685	16,618
Other		108,898	106,952	111,115	139,917
TOTAL, CURRENT		**2,361,299**	**2,350,171**	**1,944,878**	**1,798,775**
NON-CURRENT					
Securities – Cash investments	6	995	13,038	48	8,268
Recoverable taxes	8	15,752	14,870	15,752	14,870
Escrow deposits in litigation	11	246,784	229,294	246,784	229,294
Related party receivables	26	20,675	74,630	20,682	74,630
Hydrological risk renegotiation premium		38,065	46,305	38,065	46,305
Advance to suppliers		295,146	229,053	287,614	229,053
Generation concession assets	4	195,611	206,566	195,611	206,566
Other		67,231	67,384	67,181	67,332
Financial assets of the concession	12	5,791,250	4,755,137	3,714,001	2,820,902
Investments	13	5,169,532	5,291,892	7,571,147	7,773,818
Property, plant and equipment	14	2,196,861	3,170,152	2,193,456	3,168,380
Intangible assets	15	32,345	35,752	32,345	35,752
TOTAL, NON-CURRENT		**14,070,247**	**14,134,073**	**14,382,686**	**14,675,170**
TOTAL ASSETS		**16,431,546**	**16,484,244**	**16,327,564**	**16,473,945**

The Condensed Notes are an integral part of the Interim Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016

LIABILITIES

R$ ’000

	Note No.	Consolidated		Holding company	
		Sep. 30, 2017	Dec. 31, 2016	Sep 30, 2017	Dec. 31, 2016
CURRENT					
Loans and financings	18	1,353,112	1,410,782	1,356,947	1,410,782
Debentures	18	1,522,135	1,845,411	1,523,193	1,853,013
Suppliers	16	497,582	377,038	482,082	372,704
Income and Social Contribution taxes		81,202	6,072	-	-
Taxes	17	84,600	136,777	76,729	132,863
Regulatory charges	19	90,760	69,955	89,017	67,377
Post-retirement obligations	20	50,715	45,377	50,715	45,377
Interest on Equity, and Dividends, payable	26	605,000	605,000	605,000	605,000
Payroll and related charges		57,548	52,557	57,548	52,554
Advance sales of power supply	7	245,367	181,200	245,367	181,200
Other obligations		52,666	95,731	52,457	94,429
TOTAL, CURRENT		**4,640,687**	**4,825,900**	**4,539,055**	**4,815,299**
NON-CURRENT					
Loans and financings	18	602,801	752,930	602,801	752,930
Debentures	18	4,033,285	4,624,548	4,034,196	4,626,860
Deferred income tax and Social Contribution tax	10a	376,936	286,174	376,896	285,529
Taxes	17	101,233	101,233	101,233	101,233
Regulatory charges	19	149,526	128,068	146,359	126,742
Post-retirement obligations	20	883,143	861,084	883,143	861,084
Provisions	21	119,522	105,296	119,507	105,296
Financial instruments – Put options	13	264,138	196,173	264,138	196,173
Advance sales of power supply	7	66,745	-	66,745	-
Other obligations		18,781	19,644	18,742	19,605
TOTAL, NON-CURRENT LIABILITIES		**6,616,110**	**7,075,150**	**6,613,760**	**7,075,452**
TOTAL LIABILITIES		**11,256,797**	**11,901,050**	**11,152,815**	**11,890,751**
STOCKHOLDERS’ EQUITY	22				
Share capital		1,837,710	1,837,710	1,837,710	1,837,710
Profit reserves		2,474,659	2,474,659	2,474,659	2,474,659
Equity valuation adjustments		223,300	270,825	223,300	270,825
Advance against future capital increase		100,000	-	100,000	-
Retained earnings		539,080	-	539,080	-
TOTAL OF STOCKHOLDERS’ EQUITY		**5,174,749**	**4,583,194**	**5,174,749**	**4,583,194**
TOTAL LIABILITIES AND EQUITY		**16,431,546**	**16,484,244**	**16,327,564**	**16,473,945**

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Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

R$ ’000 (except Net profit per share)

	Note No.	Consolidated		Holding company	
		9M17	9M16	9M17	9M16
REVENUE	23	**5,716,449**	**5,092,795**	**5,238,030**	**4,925,144**
OPERATING COSTS					
COST OF ELECTRICITY	24				
Electricity purchased for resale		(2,990,677)	(2,291,737)	(2,950,140)	(2,291,737)
Charges for use of the national grid		(257,420)	(230,412)	(232,259)	(227,533)
		(3,248,097)	**(2,522,149)**	**(3,182,399)**	**(2,519,270)**
COST	24				
Personnel and managers		(232,488)	(240,003)	(223,502)	(240,003)
Materials		(6,655)	(7,596)	(5,356)	(7,358)
Raw materials and inputs for production of electricity		(58)	(35)	(58)	(35)
Outsourced services		(52,791)	(70,555)	(42,915)	(68,751)
Depreciation and amortization		(117,520)	(137,116)	(117,470)	(137,116)
Operational provisions (net of reversions)		(22,729)	(32,750)	(22,713)	(32,750)
Transmission Infrastructure Construction Cost		(11,226)	(36,405)	(11,226)	(36,405)
Other operational costs		(9,835)	(6,603)	(8,486)	(6,565)
		(453,302)	**(531,063)**	**(431,726)**	**(528,983)**
TOTAL COST		**(3,701,399)**	**(3,053,212)**	**(3,614,125)**	**(3,048,253)**
GROSS PROFIT		**2,015,050**	**2,039,583**	**1,623,905**	**1,876,891**
OPERATIONAL EXPENSES	24				
Selling expenses		(16,257)	(868)	(16,257)	(868)
General and administrative expenses		(131,841)	(93,650)	(131,841)	(93,650)
Other operational expenses		(154,576)	(112,883)	(154,278)	(112,799)
		(302,674)	**(207,401)**	**(302,376)**	**(207,317)**
Equity method gains in non-consolidated investees	13	(157,710)	(155,226)	151,127	3,601
Profit before Financial revenue (exp.) and taxes		**1,554,666**	**1,676,956**	**1,472,656**	**1,673,175**
Financial revenues	25	120,579	127,388	98,474	124,567
Financial expenses	25	(849,456)	(1,002,171)	(849,183)	(1,002,164)
Pre-tax profit		**825,789**	**802,173**	**721,947**	**795,578**
Current income tax and Social Contribution tax	10b	(209,620)	(75,704)	(105,173)	(69,964)
Deferred income tax and Social Contribution tax	10b	(90,762)	(191,540)	(91,367)	(190,685)
PROFIT (LOSS) FOR THE PERIOD		**525,407**	**534,929**	**525,407**	**534,929**
Basic and diluted net profit per common share		**0.1814**	**0.1847**	**0.1814**	**0.1847**

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CONSOLIDATED PROFIT AND LOSS ACCOUNTS

FOR THE QUARTERS ENDED SEPTEMBER 30, 2017 AND 2016

R$ '000 (except Net profit per share)

	Note	Consolidated		Holding company	
	No.	3Q17	3Q16	3Q17	3Q16
REVENUE	23	**2,047,279**	**1,745,977**	**1,873,762**	**1,626,173**
OPERATING COSTS					
COST OF ELECTRICITY	24				
Electricity purchased for resale		(1,275,814)	(823,584)	(1,256,951)	(823,584)
Charges for use of the national grid		(91,364)	(82,537)	(82,433)	(79,658)
		(1,367,178)	**(906,121)**	**(1,339,384)**	**(903,242)**
COST	24				
Personnel and managers		(69,568)	(69,173)	(66,919)	(69,695)
Materials		(2,433)	(1,861)	(1,900)	(1,634)
Raw materials and inputs for production of electricity		(13)	(8)	(13)	(8)
Outsourced services		(18,028)	(21,069)	(15,339)	(19,761)
Depreciation and amortization		(34,288)	(46,028)	(34,267)	(46,028)
Operational provisions (net of reversions)		(2,923)	(7,989)	(2,922)	(7,989)
Transmission Infrastructure Construction Cost		(4,201)	(4,771)	(4,201)	(4,771)
Other operational costs (reversals)		3,084	(1,856)	3,349	(1,821)
		(128,370)	**(152,755)**	**(122,212)**	**(151,707)**
TOTAL COST		**(1,495,548)**	**(1,058,876)**	**(1,461,596)**	**(1,054,949)**
GROSS PROFIT		**551,731**	**687,101**	**412,166**	**571,224**
OPERATIONAL EXPENSES	24				
Selling expenses		(16,257)	-	(16,257)	-
General and administrative expenses		(42,570)	(29,219)	(42,570)	(29,219)
Other operational expenses		(58,787)	(35,640)	(58,699)	(35,558)
		(117,614)	**(64,859)**	**(117,526)**	**(64,777)**
Equity method gains in non-consolidated investees		(172,177)	(23,851)	(65,361)	89,662
Profit before Financial revenue (exp.) and taxes		**261,940**	**598,391**	**229,279**	**596,109**
Financial revenues	25	35,820	44,577	32,101	41,782
Financial expenses	25	(231,334)	(350,275)	(231,177)	(350,268)
Pre-tax profit		**66,426**	**292,693**	**30,203**	**287,623**
Current income tax and Social Contribution tax	10b	(37,199)	(47,150)	833	(42,927)
Deferred income tax and Social Contribution tax	10b	(34,372)	(21,257)	(36,181)	(20,410)
PROFIT (LOSS) FOR THE PERIOD		**(5,145)**	**224,286**	**(5,145)**	**224,286**
Basic and diluted net profit per common share		**(0.0018)**	**0.0774**	**(0.0018)**	**0.0774**

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STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

R$ '000

	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
PROFIT (LOSS) FOR THE PERIOD	525,407	534,929	525,407	534,929
Items that will not be reclassified to the Profit and loss account in subsequent periods				
Equity gain (loss) on Other comprehensive income in subsidiary and jointly-controlled entity	-	19,420	-	19,420
	525,407	**554,349**	**525,407**	**554,349**
Items that may be reclassified to the Profit and loss account in subsequent periods				
Equity gain on Other comprehensive income, in subsidiary and jointly-controlled entity, relating to financial asset available for sale	(33,852)	(90)	(33,852)	(90)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**491,555**	**554,259**	**491,555**	**554,259**
Attributed to shareholders	**491,555**	**554,259**	**491,555**	**554,259**

The Condensed Notes are an integral part of the Interim Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE QUARTERS ENDED SEPTEMBER 30, 2017 AND 2016

R$ '000

	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
PROFIT (LOSS) FOR THE PERIOD	**(5,145)**	**224,286**	**(5,145)**	**224,286**
Items that will not be reclassified to the Profit and loss account in subsequent periods				
Equity gain (loss) on Other comprehensive income in subsidiary and jointly-controlled entity	-	19,994	-	19,994
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(5,145)**	**244,280**	**(5,145)**	**244,280**
Attributed to shareholders	**(5,145)**	**244,280**	**(5,145)**	**244,280**

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STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

R$ '000 (except for Dividends, and Interest on Equity, per share)

	Share capital	Advance against future capital increase	Profit reserves	Equity valuation adjustments	Retained earnings	Total equity
BALANCES ON DECEMBER 31, 2015	**1,837,710**	**-**	**2,485,879**	**360,223**	**-**	**4,683,812**
Profit (loss) for the period	-	-	-	-	534,929	534,929
Other comprehensive income						
Equity gain (loss) on Other comprehensive income in subsidiary and jointly-controlled entity	-	-	-	19,330	-	19,330
Total Comprehensive income	**-**			**19,330**	**534,929**	**554,259**
Portion of mandatory dividends that will not be distributed – Reversal of provision	-	-	202,041	-	-	202,041
Tax incentives reserve			445	-	(445)	
Realization of reserve for adjustments to Stockholders' equity – deemed cost	-	-	-	(12,710)	12,710	-
BALANCES AT SEPTEMBER 30, 2016	**1,837,710**		**2,688,365**	**366,843**	**547,194**	**5,440,112**
BALANCES ON DECEMBER 31, 2016	**1,837,710**	**-**	**2,474,659**	**270,825**	**-**	**4,583,194**
Profit (loss) for the period	-	-	-	-	525,407	525,407
Other comprehensive income						
Equity gain (loss) on Other comprehensive income in subsidiary and jointly-controlled entity	-	-	-	(33,852)	-	(33,852)
Total Comprehensive income	**-**	**-**	**-**	**(33,852)**	**525,407**	**491,555**
Advance against future capital increase	-	100,000	-	-	-	100,000
Realization of reserves						
Equity valuation adjustments – deemed cost of PP&E	-	-	-	(13,673)	13,673	-
BALANCES AT SEPTEMBER 30, 2017	**1,837,710**	**100,000**	**2,474,659**	**223,300**	**539,080**	**5,174,749**

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CEMIG Geração e Transmissão S.A.

STATEMENTS OF CASH FLOW

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 and 2016

R$ '000

	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
CASH FLOW FROM OPERATIONS				
Net profit for the period	525,407	534,929	525,407	534,929
Adjustments for:				
Depreciation and amortization	122,951	141,468	122,901	141,468
Write-offs of PP&E, Intangible and Financial assets	8,913	4,449	8,913	4,449
Equity in earnings of unconsolidated investees, net	157,710	155,226	(151,127)	(3,601)
Interest and monetary variation	368,373	151,528	609,181	80,968
Income and Social Contribution taxes	300,382	267,244	196,540	260,649
Adjustment of indemnity – plants with non-renewed concessions (Ministerial Order 291)	(259,516)	-	(259,516)	-
Provisions (reversals) for operational losses	106,951	63,106	106,936	63,106
Post-retirement obligations	73,342	75,189	73,342	75,189
The Tax Credits Regularization Plan	29,951	-	29,951	-
	1,434,464	**1,393,139**	**1,262,528**	**1,157,157**
(Increase) / decrease in assets				
Consumers and Traders	(105,740)	211,644	(67,895)	262,449
Recoverable taxes	5,747	(15,345)	6,206	(15,345)
Income tax and Social Contribution tax recoverable	(2,914)	(24,491)	(2,913)	(24,491)
Transport of electricity	(59,928)	(4,348)	(60,029)	(4,348)
Escrow deposits	(2,840)	(3,872)	(2,840)	(3,872)
Dividends received	110,541	69,134	522,362	69,134
Financial assets	153,992	(2,174,997)	(18,376)	(2,113,169)
Advance to suppliers	(99,232)	(42,229)	(68,387)	(42,229)
Other	108,268	(27,739)	116,334	(32,845)
	107,894	**(2,012,243)**	**424,462**	**(1,904,716)**
Increase (reduction) in liabilities				
Suppliers	120,544	8,894	109,378	7,393
Taxes including Social Contribution	(82,128)	(45,853)	(86,085)	(46,880)
Income tax and Social Contribution tax payable	(10,598)	21,308	(5,029)	23,198
Payroll and related charges	4,991	11,719	4,994	11,719
Regulatory charges	42,263	36,705	41,257	33,624
Post-retirement obligations	(45,945)	(39,607)	(45,945)	(39,607)
Advance sales of power supply	93,246	-	93,246	-
Other	(52,432)	(125,277)	(51,339)	(125,274)
	69,941	(132,111)	60,477	(135,827)
Cash from (consumed by) operations	**1,612,299**	**(751,215)**	**1,747,467**	**(883,386)**
Income tax and Social Contribution tax paid	(123,892)	(93,162)	(100,144)	(93,162)
Interest paid	(663,553)	(432,836)	(663,553)	(432,836)
CASH FROM (USED IN) OPERATIONAL ACTIVITIES	**824,854**	**(1,277,213)**	**983,770**	**(1,409,384)**
CASH FLOWS IN INVESTMENT ACTIVITIES				
Investments – Injection of capital	(228,205)	(718,653)	(228,205)	(734,489)
In PP&E	(20,268)	(19,293)	(18,585)	(19,293)
Investment in Intangible assets	(528)	(2,391)	(528)	(2,391)
Investment in Securities	372,193	1,640,091	265,088	1,746,677
NET CASH FLOW FROM (USED IN) INVESTMENT ACTIVITIES	**123,192**	**899,754**	**17,770**	**990,504**

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	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
CASH FLOW IN FINANCING ACTIVITIES				
Loans obtained	-	607,705	-	607,705
Interest on Equity, and dividends	-	(166,096)	-	(166,096)
Payments of loans	(1,256,551)	(10,076)	(1,256,551)	(10,076)
Advance against future capital increase	100,000	-	100,000	-
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(1,156,551)**	**431,533**	**(1,156,551)**	**431,533**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(208,505)**	**54,074**	**(155,011)**	**12,653**
Cash and cash equivalents at start of period	427,827	283,703	361,252	283,703
Cash and cash equivalents at end of period	219,322	337,777	206,241	296,356
	(208,505)	**54,074**	**(155,011)**	**12,653**

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STATEMENTS OF ADDED VALUE

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

R$ ’000

	Consolidated				Holding company			
	9M17		9M16		9M17		9M16	
REVENUES								
Sales of electricity and services	6,109,542		5,213,735		5,790,944		5,130,901	
Construction revenue	11,226		36,405		11,226		36,405	
Gain on financial updating of the Concession Grant Fee	240,420		212,185		-		115,274	
Investments in property, plant and equipment	19,130		21,827		19,130		21,827	
Transmission Indemnity revenue	295,749		692,211		295,749		692,211	
Generation indemnity revenue	259,516				259,516			
Allowance for doubtful accounts	(16,257)		(868)		(16,257)		(868)	
Other revenues	-		1,121		-		1,121	
	6,919,326		**6,176,616**		**6,360,308**		**5,996,871**	
INPUTS ACQUIRED FROM THIRD PARTIES								
Electricity purchased for resale	(3,254,478)		(2,514,077)		(3,210,789)		(2,514,077)	
Charges for use of national grid	(280,785)		(252,892)		(253,631)		(250,013)	
Outsourced services	(104,132)		(79,118)		(94,251)		(77,314)	
Materials	(30,022)		(85,336)		(28,723)		(85,098)	
Paid concession	(2,264)		(2,154)		(2,264)		(2,154)	
Other operational costs	(107,479)		(89,734)		(106,485)		(89,648)	
	(3,779,160)		**(3,023,311)**		**(3,696,143)**		**(3,018,304)**	
GROSS VALUE ADDED	**3,140,166**		**3,153,305**		**2,664,165**		**2,978,567**	
RETENTIONS								
Depreciation and amortization	(122,951)		(141,468)		(122,901)		(141,468)	
NET VALUE ADDED	**3,017,215**		**3,011,837**		**2,541,264**		**2,837,099**	
ADDED VALUE RECEIVED BY TRANSFER								
Equity method gains in non-consolidated investees	(157,710)		(155,226)		151,127		3,601	
Financial revenues	120,579		127,388		98,474		124,567	
	(37,131)		**(27,838)**		**249,601**		**128,168**	
ADDED VALUE TO BE DISTRIBUTED	**2,980,084**		**2,983,999**		**2,790,865**		**2,965,267**	
DISTRIBUTION OF ADDED VALUE		%		%		%		%
Employees	**338,406**	**11.37**	**306,721**	**10.28**	**329,420**	**11.79**	**306,721**	**10.35**
Direct remuneration	193,623	6.52	185,677	6.22	184,637	6.60	185,677	6.26
Benefits	87,977	2.95	82,688	2.77	87,977	3.15	82,688	2.79
FGTS fund	12,290	0.41	15,031	0.51	12,290	0.44	15,031	0.51
Employee retirement program	44,516	1.49	23,325	0.78	44,516	1.60	23,325	0.79
Taxes	**1,251,410**	**41.98**	**1,123,052**	**37.64**	**1,071,918**	**38.41**	**1,104,330**	**37.24**
Federal	786,582	26.39	714,586	23.95	634,379	22.73	695,896	23.47
State	462,314	15.51	406,885	13.64	435,026	15.59	406,853	13.72
Municipal	2,514	0.08	1,581	0.05	2,513	0.09	1,581	0.05
Remuneration of external capital	**864,861**	**29.02**	**1,019,297**	**34.15**	**864,120**	**30.97**	**1,019,287**	**34.37**
Interest	849,456	28.50	1,002,171	33.58	849,183	30.43	1,002,164	33.8
Rentals	15,405	0.52	17,126	0.57	14,937	0.54	17,123	0.57
Remuneration of own capital	**525,407**	**17.63**	**534,929**	**17.93**	**525,407**	**18.83**	**534,929**	**18.04**
Retained earnings	525,407	17.63	534,929	17.93	525,407	18.83	534,929	18.04
	2,980,084	**100.00**	**2,983,999**	**100.00**	**2,790,865**	**100.00**	**2,965,267**	**100.00**

The Condensed Notes are an integral part of the Interim Financial Statements.

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CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

(In thousands of Brazilian Reais – R$ ’000 – except where otherwise indicated)

1. OPERATING CONTEXT

Cemig Geração e Transmissão S.A. (‘**Cemig GT**’ or ‘the Company’) is a Brazilian corporation registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, CVM), and a wholly-owned subsidiary of **Companhia Energética de Minas Gerais** (‘**Cemig**’). It was incorporated on September 8, 2004, and began operating on January 1, 2005, pursuant to the process of separation of activities (‘unbundling’) of Cemig. Its shares are not traded on any exchange. It is domiciled in Brazil, with head office at Avenida Barbacena 1200, Belo Horizonte, Minas Gerais.

The Company’s objects are: (i) to study, plan, design, build and commercially operate systems of generation, transmission and sale of electricity and related services for which concessions are granted, under any form of law, to it or to companies of which it maintains stockholding control; (ii) to operate in the various fields of energy, from whatever source, with a view to economic and commercial operation; (iii) to provide consultancy services within its field of operation to companies in and outside Brazil; and (iv) to carry out activities directly or indirectly related to its Objects.

Cemig GT has interests in 50 power plants – of these 54 are hydroelectric, three are wind power plants, one is thermal, and one is solar – and the associated transmission lines, mostly part of the Brazilian Transmission Grid System, with installed capacity for 4,854 MW (information not reviewed by external auditors).

Cemig GT has assumed a significant amount of debt to finance the capital expenses that are necessary for compliance with its long term growth objectives. On September 30, 2017 the consolidated current liabilities of Cemig GT exceeded its consolidated current assets by R$ 2,279,388. On September 30, 2017, Cemig GT had totals of loans, financings and debentures, of short and long term, as follows: R$ 2,875,247 short-term; and R$ 4,636,086, long-term. In its consolidated result, the Company reports positive consolidated operational cash flow for the first nine months of 2017 (9M17) of R$ 824,854. In 9M16 this results was negative operational cash flow of R$ 1,277,213.

On September 30, 2017 the current liabilities of the Holding company exceeded its current assets by R$ 2,594,177. On September 30, 2017, the totals of loans, financings and debentures of the holding company Cemig GT itself were: R$ 2,880,140 short-term; and R$ 4,636,997 long-term. In its Holding company result, Cemig GT reported positive operational cash flow of R$ 983,770 in 9M17, and negative operational cash flow of R$$ 1,409,384 in 9M16.

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Management monitors the Company's cash flow, and for this purpose assesses measures to adjust the present situation of its financial assets and liabilities to the levels considered appropriate to meet its needs.

The substantial volume of the debt of Cemig GT could negatively affect its business, financial situation and operational results. More specifically, Cemig GT is subject to certain restrictions on its capacity to raise funds from third parties, which could be an impediment when entering into new contracts for financing of its operations, or for refinancing of existing obligations, and this might adversely affect its business, financial situation and operational results, as follows:

- The following points relate to contracting of loans: (i) as a state-controlled company, Cemig GT is subject to rules and limits on lending applicable to the public sector, including rules established by the National Monetary Council (CMN) and the Brazilian Central Bank; and (ii) since the Company operates in the electricity sector it is subject to rules and limits established by Aneel governing indebtedness of companies in the electricity sector. Additionally, (iii) state-controlled companies may use funds from transactions with commercial banks only for refinancing of financial obligations, or in transactions guaranteed by trade bills.

- Another rule in force is the requirement for certain international financial transactions to be approved by the Brazilian Federal Treasury (part of the Finance Ministry) and the Central Bank, before their execution; this approval is usually given only if the objective is to finance importation of merchandize or roll over foreign debt. The objective of these rules is to impose limits on the Company's capacity for indebtedness.

- Cemig GT is subject to the restrictive covenants contained in its contracts for loans, financings and debentures. In the event of non-compliance with an obligation under the terms of the financing contract, Cemig will be required to strengthen the guarantees of the financing, on penalty of early maturity of the contract. Any default event on our financial instruments could lead creditors to cause all amounts related to that debt to become immediately payable. Early maturity of debt could have a significant adverse effect on the Company's financial situation, and could also result in activation of cross-default clauses in other financial instruments. In the event of default, the Company's cash flows could be insufficient to completely satisfy the debt or to comply with the service of those debts.

- The credit risk rating agencies attribute a rating to Brazil, to the Company, and to its debt securities on the Brazilian basis, and also issue a rating for the Company on a global basis. If ratings are reduced due to any factor that is not related to the Company's operational performance or the high level of the debt, the cost of capital could increase.

For the purposes of compliance with the programed debt amortization payments, Cemig GT will raise significant amounts of capital from third parties through a wide range of financing sources available in the market. For the purposes of complying with

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services of the debt after meeting its investment targets, Cemig GT depended, and may continue to depend, on a combination of cash flows generated by operational activities, drawdowns on our available credit lines, the balance of our cash position and financial investments, and contracting of additional debts.

Cemig GT has a range of initiatives for increasing liquidity by entering into new financing contracts, refinancing of existing obligations, and possibly disposal of assets.

Although Cemig GT has significant leverage, it expects that the balances of current cash, liquidity from the rotating credit line, cash generated by the initiatives described above, and cash flow from operational activities will be sufficient to supply the needs of working capital, investments, debt servicing, and other cash needs of the coming business year. Management believes that its plans will be successful.

If, for any reason, Cemig GT has difficulty in obtaining financings, this could negatively affect its conditions for making investments in the amounts necessary to maintain the present level of investments or its long-term objectives, and could compromise its ability to pay financial obligations for principal and interest owed to its creditors by agreed maturity dates, considering that the cash flow from its operations would be insufficient to cover its investment program and all of its debt servicing. A reduction in the investment program or the sale of assets could significantly affect the result of its operations.

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2. BASIS OF PREPARATION

2.1 Statement of compliance

The individual and consolidated Interim Accounting Information has been prepared in accordance with IAS 34 – *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) and Technical Pronouncement 21 – *Interim Reporting* (*Pronunciamento Técnico 21 – Demonstração Intermediária*, or CPC21) ; and is also presented in a form compliant with the rules issued by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or CVM), applicable to preparation of Quarterly Information (*Informações Trimestrais*, or ITR).

The Company has opted to present the individual and the consolidated Interim Financial Statements in a single group, since there is no difference in the values stated for (a) Stockholders' equity and (b) Net profit (loss) between the individual and the consolidated Interim Financial Statements.

This Interim Quarterly Information has been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the annual accounting statements at December 31, 2016. Thus, this Interim financial information should be read in conjunction with the said financial statements, approved by the Company's management on April 11, 2017.

Management certifies that all the material information appropriate for presentation in ITRs, and only that information, is being presented, and that it corresponds to the information used by Management in its administration of the company.

On November 13, 2017 the Executive Board authorized conclusion and publication of this Interim financial information.

2.2 Correlation between the Notes published in the complete annual financial statements and those in the Interim Financial Information

The table below shows the correlation between the Explanatory Notes published in the consolidated annual financial statements at December 31, 2016 and the consolidated interim financial accounting information at September 30, 2017.

The Company believes that this Interim accounting information presents the material updating of information relating to its equity situation, and its results for the three-month and nine-month period ended September 30, 2017, in compliance with the requirements for disclosure stated by the CVM.

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Number of the Note		Title of the Note
Dec. 31, 2016	Sep. 30, 2017	
1	1	Operational context
2	2	Basis of preparation
3	3	Principles of consolidation
4	4	Concessions and authorizations
5	29	Operational segments
6	5	Cash and cash equivalents
7	6	Securities
8	7	Consumers and Traders
9	8	Taxes offsettable
10	9	Income and Social Contribution taxes recoverable
11	10	Income and Social Contribution taxes
12	11	Escrow deposits in litigation
13	12	Financial assets of the concession
14	13	Investments
15	14	Property, plant and equipment
16	15	Intangible assets
17	16	Suppliers
18	17	Taxes
19	18	Loans, financings and debentures
20	19	Regulatory charges
21	20	Post-retirement obligations
22	22	Provisions
23	22	Stockholders' equity
24	23	Revenue
25	24	Operational costs and expenses
26	25	Financial revenue and expenses
27	26	Related party transactions
28	27	Financial instruments and risk management
29	28	Measurement at fair value
32	30	Non-cash transactions
33	31	Subsequent events

The Notes to the 2016 annual statements that have not been included in these consolidated interim financial statements because they had no material changes, and/or were not applicable to the interim information, are as follows:

Number of the Note	Title of the Note
30	Insurance
31	Commitments

3. PRINCIPLES OF CONSOLIDATION

The reporting dates for the interim accounting information on the subsidiaries and jointly-controlled subsidiaries, used for the purposes of consolidation and calculation of equity method gains (losses) coincide with those of the Company.

Starting on June 1, 2016, the company is presenting its Consolidated interim accounting information with the inclusion of its wholly-owned subsidiaries on that date (more details on note 12) as follows:

Subsidiary	Form of valuation	Sep. 30, 2017
		Direct stake, %
Cemig Baguari	Consolidation	100.00
Cemig Geração Três Marias S.A.	Consolidation	100.00
Cemig Geração Salto Grande S.A.	Consolidation	100.00
Cemig Geração Itutinga S.A.	Consolidation	100.00
Cemig Geração Camargos S.A.	Consolidation	100.00
Cemig Geração Sul S.A.	Consolidation	100.00
Cemig Geração Leste S.A.	Consolidation	100.00
Cemig Geração Oeste S.A.	Consolidation	100.00

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4. CONCESSIONS AND AUTHORIZATIONS

Renewal of the concessions of the *Jaguara, São Simão, Miranda* and *Volta Grande* Hydroelectric Plants

The concession contracts (under Concession 007/97) of the *Jaguara, São Simão* and *Miranda* hydroelectric plants, of the subsidiary Cemig GT, reached a maturity date in August 2013, January 2015 and December 2016, respectively. The subsidiary, since it believes that it has the right to renewal of these concessions under the original Concession Contracts, filed administrative and court actions requiring renewal/extension of the concessions. These applications, however, were rejected by the Mining and Energy Ministry, on the view that the request was made out of time in relation to the period/rules set by Law 12783/13.

As part of the legal dispute in the courts, in March 2017 the interim judgments that had maintained Cemig GT in possession of the concession of the plants on the initial basis of the Concession Contract 007/97, were revoked.

Up to the date of lifting of the interim injunctions for each one of the plants, the Company recognized revenue from sales of electricity and operational costs of this plant, since it remained in control of the asset up to that date. From that date onward, the Company ceased to recognize the expenses of depreciation on the plants, and began to recognize revenues relating to the provision of services of operation and maintenance of the plant, in accordance with the regime of quotas.

Management continues to be confident of its right in relation to *Jaguara, São Simão* and *Miranda* plants, supported by a contractual clause, by the legislation in force, and by opinions issued by renowned jurists. The Company's internal and external legal advisers have categorized the chance of success in the court disputes as 'possible'.

Until the signature of the new concession contracts with the concession holders that won Auction 01/2017, and the actual transfer of possession of the related facilities, as long as the period of assisted operation specified in the tender of Auction 01/2017 continues, the Mining and Energy Ministry maintains Cemig GT as the party responsible for provision of service of generation at the Jaguara, Miranda, São Simão and Volta Grande Plants, to guarantee continuity of service. The Annual Generation Revenue (RAG) of the plants totals R$ 433,243 per year and was recorded a revenue of R$330,369 in the nine-month period ended on September 30, 2017 (R$238.641 in the same period of 2016). The period of assisted operation may not exceed 180 days from the signature of the new concession contracts.

Since there are legal disputes pending, involving the São Simão, Jaguara and Miranda plants, on September 27, 2017 the Brazilian federal government auctioned the concessions of those three plants, and also the concession of Volta Grande plant, which concession expired in February, 2017. Those concessions were previously held by Cemig GT. The plants have an aggregate generation capacity of 2,922 MW. The concessions were auctioned for a total of R$ 12,130,784. The parties that won these concessions are not related to Cemig.

On August 3, 2017 Mining and Energy Ministry Order 291/17 established the values of indemnity, payable to Cemig GT, for the investments made in the São Simão and Miranda plants that have not been amortized up to the end of the contract. The total amount of the indemnity is R$ 1,027,751, of which R$ 243,599 relates to indemnity for the São Simão Plant, and R$ 784,152 is for indemnity for the Miranda Plant – these figures being expressed in September 2015 and December 2016 currency, respectively. The amounts are being updated, pro rata die, by the IPCA (Expanded Consumer Price) index, up to the date of signature of the Concession Contract by whichever party wins the tender for the concession of the Plants and also by the Selic Reference Rate for Federal securities, as from the date of signature of the Concession Contract up to the date of actual payment of the indemnity. The balances not yet amortized of the concessions of the São Simão and Miranda Plants, in relation to their Basic Plans, were adjusted to reflect the matters defined in Ministerial Order 291/17, and as a result revenue of R$ 259,516 (more details in notes 12 and 23 to this Interim Consolidated Accounting Information) was recognized. Additionally, the Company transferred the balances referred to to Financial Assets of the concession.

On September 30, 2017, the balance not yet amortized of Jaguara Plant concession, with accounting value of R$ 169,822, and also the amounts of the investments made after São Simão and Miranda plants started operation, respectively with book value of R$ 3,243 and R$ 22,546, reported under the heading Generation Concession Assets.

Cemig GT is discussing with the Mining and Energy Ministry the criteria used for deciding the amounts states in Ministerial Order 291/17 and also the fact that this Order did not take into consideration the as yet non-amortized balance of the Jaguara Plant and the balances of investments carried out to the São Simão and Miranda Plants after their coming into operation. The Company does not expect to see loss of value in realization of these assets.

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5. CASH AND CASH EQUIVALENTS

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Bank accounts	4,837	2,862	4,101	2,811
Cash investments:				
Bank certificates of deposit	202,232	269,538	199,627	259,869
Repos ('Overnight' market)	10,229	155,427	490	98,572
Other	2,024	-	2,023	-
	214,485	**424,965**	**202,140**	**358,441**
	219,322	**427,827**	**206,241**	**361,252**

Bank Certificates of Deposit (*Certificados de Depósito Bancário*, or CBDs), are remunerated at a percentage varying on September 30, 2017 from 87% to 106% 20116 of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or '*Certificados de Depósito Inter-bancário*' – CDIs) published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip). (The range of percentages at December 31, 2016 was 75% to 106%). Repo transactions state, in their trading notes, the Bank's commitment to repurchase the security, at sight, on the maturity date of the transaction, or earlier, at the client's option.

Overnight transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate of 10.14% on September 30, 2017 (13.64% on December 31, 2016); their purpose is to settle obligations of the unit holders of the Fund or to be used in the purchase of other assets with better remuneration to replenish the portfolio.

The Company's exposure to interest rate risk and an analysis of sensitivity of financial assets and liabilities are given in Note 27 to this Interim Consolidated Accounting Information.

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6. SECURITIES

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Bank certificates of deposit	31,772	26,967	31,083	21,931
Financial Notes – Banks	43,304	311,814	2,073	197,752
Treasury Financial Notes (LFTs)	8,457	81,063	405	51,410
Debentures	2,062	16,892	99	10,713
Other	302	348	301	347
	85,897	**437,084**	**33,961**	**282,153**
Current assets	**84,902**	**424,046**	**33,913**	**273,885**
Non-current assets	**995**	**13,038**	**48**	**8,268**

Bank Certificates of Deposit (*Certificados de Depósito Bancário*, or CBDs), are remunerated at a percentage, varying from 98% to 105.25% on September 30, 2017 (the range on December 31, 2016 was from 100.5% to 111%). of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or *Certificados de Depósito Inter-bancário* – CDIs) published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip).

Bank Financial Notes (*Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and remunerated at a percentage of the CDI rate published by Cetip. The LFs in Cemig GT's portfolio have a remuneration rate varying between 102% and 112% of the CDI Rate, at June 30, 2017 (104.25% to 112.7% at December 31, 2016).

Treasury Financial Notes (LFTs) are fixed rate securities, the yield on which follows the daily variation of the Selic rate between the date of purchase and the date of maturity.

Debentures are medium and long term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying between 103% and 128% of the CDI Rate, at September 30, 2017 (104.25% to 113% at December 31, 2016).

Note 27 gives a classification of these securities. Cash investments in securities of related parties are shown in Note 26.

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7. CONSUMERS, TRADERS, AND POWER TRANSPORT CONCESSION HOLDERS

R$ '000	Balances not yet due		Up to 90 days	Over 90 days past due	Consolidated		Holding company	
	Invoiced supply	Supply not yet invoiced			Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Industrial	2,836	267,867	45,602	35,552	351,857	337,693	307,776	337,693
Commercial, services and others	6,233	23,512	236	149	30,130	25,317	30,130	25,317
Other concession holders – wholesale supply	348,046	-	17,482	8,782	374,310	365,467	336,243	317,379
Concession holders – transmission service	69,480	-	-	27,138	96,618	36,690	96,719	36,690
CCEE (Wholesale Trading Market)	40,248		38,075	168	78,491	571	74,706	571
Losses on doubtful accounts	-	-	-	(20,366)	(20,366)	(4,109)	(20,366)	(4,109)
	466,843	**291,379**	**101,395**	**51,423**	**911,040**	**761,629**	**825,208**	**713,541**
Current assets					**911,040**	**761,629**	**825,208**	**713,541**
Consumers and Traders					814,422	724,939	728,489	676,851
Power Transport concession holders					96,618	36,690	96,719	36,690

The Company's exposure to credit risk related to Consumers and Traders is described in Note 27.

The provision for the allowance for doubtful receivables is considered to be sufficient to cover any losses in the realization of these assets. This table shows variations:

Consolidated and Holding company	R$ '000
Balance on December 31, 2015	**4,244**
Constitution of provision	868
Balance at September 30, 2016	**5,112**
Balance at December 31, 2016	**4,109**
Constitution of provision	16,257
Balance at September 30, 2017	**20,366**

Advance sales of power supply

Cemig made various transactions, with various clients, for advance payment for power supply. The amounts receivable for power not yet delivered are as follows:

Consolidated and Holding company	R$ '000
Balance at December 31, 2016	**181,200**
Addition	282,601
Supply completed	(189,355)
Monetary updating	37,666
Balance at September 30, 2017	**312,112**
Current liabilities	**245,367**
Non-current liabilities	**66,745**

The advance sale of power will be recognized in the statement of income as revenue only when occur the effective supply of the power.

8. RECOVERABLE TAXES

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Current				
ICMS tax recoverable	33,393	43,575	32,928	43,569
Cofins tax	3,640	3,356	3,640	3,356
Pasep tax	757	695	757	695
Other	11,074	7,867	11,073	7,866
	48,864	**55,493**	**48,398**	**55,486**
Non-current				
ICMS tax recoverable	15,211	13,869	15,211	13,869
Cofins tax	451	172	451	172
Pasep tax	90	829	90	829
	15,752	**14,870**	**15,752**	**14,870**
	64,616	**70,363**	**64,150**	**70,356**

The credits of ICMS, reported in Current assets, arise from acquisitions of property, plant and equipment and intangible assets, and can be offset over 48 months.

The credits of the *PIS, Pasep* and *Cofins* taxes arise from acquisitions of property, plant and equipment and intangible assets, and can be offset immediately, according to the law 11,774/08. The transfer to Non-current was made in accordance with estimates by Management of the amounts that will be realized after September 30, 2018.

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9. INCOME AND SOCIAL CONTRIBUTION TAXES RECOVERABLE

The balances of income tax and Social Contribution tax refer to tax credits in corporate income tax returns of previous years and to advance payments which will be offset against federal taxes payable yet to be calculated.

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Current				
Income tax	118,700	118,500	118,699	118,500
Social Contribution tax	60,678	57,964	60,678	57,964
	179,378	**176,464**	**179,377**	**176,464**

10. INCOME TAX AND SOCIAL CONTRIBUTION TAX

a) Deferred income tax and Social Contribution tax

Cemig GT and its subsidiaries have income tax credits, constituted at the rate of 25%, and Social Contribution tax credits, at the rate of 9%, on tax losses/carryforwards and temporary differences, as follows:

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
ASSETS				
Post-retirement obligations	260,951	247,771	260,951	247,771
Provisions for doubtful receivables	6,925	1,397	6,925	1,397
Provisions	378,848	361,814	378,848	361,814
Taxes with suspended liability	25,308	25,308	25,308	25,308
Paid concession	8,152	8,262	8,152	8,262
Other	2,628	1,734	2,628	1,734
	682,812	**646,286**	**682,812**	**646,286**
LIABILITIES				
Deemed cost	(238,171)	(245,214)	(238,171)	(245,214)
Gain from indemnity on transmission assets	(666,143)	(516,895)	(666,143)	(516,895)
Purchase price allocation adjustments	(139,118)	(145,572)	(139,118)	(145,572)
Taxation of gains on unredeemed financial assets	(40)	-	-	-
Other	(16,276)	(24,779)	(16,276)	(24,134)
	(1,059,748)	**(932,460)**	**(1,059,708)**	**(931,815)**
Total net liabilities presented in Statement of financial position	**(376,936)**	**(286,174)**	**(376,896)**	**(285,529)**

The changes in deferred income and Social Contribution taxes were as follows:

	Consolidated	Holding company
Balance at December 31, 2016	(286,174)	(285,529)
Effects allocated to Profit and loss account	(90,762)	(91,367)
Balance at September 30, 2017	**(376,936)**	**(376,896)**

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b) Reconciliation of the expense on income tax and the Social Contribution tax:

The following is the reconciliation of the nominal expense on income tax (rate: 25%) and the Social Contribution tax (ate: 9%), with the actual expense reported in the Profit and loss account:

R$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Pretax profit	825,789	**802,173**	721,947	**795,578**
Income and Social Contribution taxes – nominal expense	(280,768)	(272,739)	(245,462)	(270,496)
Tax effects applicable to:				
Tax incentives	3,106	3,106	2,424	3,106
Equity method gains in non-consolidated investees	(65,760)	(46,323)	39,245	7,678
Gain on dilution of an equity interest	7,686	-	7,686	-
Non-deductible penalties/fines	(99)	-	(99)	-
Non-deductible contributions and donations	(415)	(450)	(245)	(450)
Difference in taxable base – Presumed-profit vs. Real-profit method	35,927	49,650	-	-
Other	(59)	(488)	(89)	(487)
Income tax and Social Contribution tax – effective expense	**(300,382)**	**(267,244)**	**(196,540)**	**(260,649)**
Current tax	(209,620)	(75,704)	(105,173)	(69,964)
Deferred tax	(90,762)	(191,540)	(91,367)	(190,685)
	(300,382)	**(267,244)**	**(196,540)**	**(260,649)**
Effective rate	**36.38%**	**33.32%**	**27.22%**	**32.76%**

R$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Pretax profit	66,426	**292,693**	30,203	**287,623**
Income and Social Contribution taxes – nominal expense	(22,585)	(99,516)	(10,269)	(97,791)
Tax effects applicable to:				
Tax incentives	(1,225)	2,054	(1,225)	2,054
Equity method gains in non-consolidated investees	(60,025)	(5,958)	(23,707)	32,636
Non-deductible penalties	(28)	-	(28)	-
Non-deductible contributions and donations	(96)	(21)	(96)	(21)
Tax credits not recognized	-	259	-	259
Difference in taxable base – Presumed-profit vs. Real-profit method	12,402	35,250	-	-
Other	(14)	(475)	(23)	(474)
Income tax and Social Contribution tax – effective expense	**(71,571)**	**(68,407)**	**(35,348)**	**(63,337)**
Current tax	(37,199)	(47,150)	833	(42,927)
Deferred tax	(34,372)	(21,257)	(36,181)	(20,410)
	(71,571)	**(68,407)**	**(35,348)**	**(63,337)**
Effective rate	**107.75%**	**23.37%**	**117.03%**	**22.02%**

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11. ESCROW DEPOSITS

Escrow deposits in legal actions are principally for cases involving employment-law contingencies and alleged tax obligations.

Escrow deposits are mainly related to claimed tax obligations, for: (i) income tax withheld at source on Interest on Equity; and (ii) the question of exclusion of the amount of the ICMS tax from the basis of calculation for the liability for Pasep and Cofins taxes.

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Employment-law cases	32,379	28,476	32,379	28,476
Tax issues				
Income tax on Interest on Equity	14,760	14,099	14,760	14,099
Pasep and Cofins taxes (1)	101,233	101,233	101,233	101,233
Income and Social Contr. Tax on indemnity for employees' Anuênio benefit	62,495	60,126	62,495	60,126
IPTU	6,342	6,089	6,342	6,089
Other	17,685	8,378	17,685	8,378
	202,515	**189,925**	**202,515**	**189,925**
Other				
Court embargo	426	120	426	120
Regulatory	3,470	3,213	3,470	3,213
Other	7,994	7,560	7,994	7,560
	11,890	**10,893**	**11,890**	**10,893**
	246,784	**229,294**	**246,784**	**229,294**

(1) The payments into court relating to Pasep and Cofins taxes refer to the case challenging the constitutionality of inclusion of the ICMS tax, which *has been* charged, *within* the amount on which the Pasep and Cofins taxes are calculated. They have a corresponding provision in Taxes. See details in Explanatory Note 17.

(2) See more details in Note 21 – Provisions on 'Anuênio' indemnity.

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12. FINANCIAL ASSETS OF THE CONCESSION

The balances of the financial assets are as follows:

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Transmission – Indemnity receivable	1,975,775	1,805,230	1,975,775	1,805,230
Transmission – Assets remunerated by tariff	473,374	482,281	473,374	482,281
Generation – Indemnity receivable	1,685,958	546,624	1,685,958	546,624
Generation – Concession grant fee	2,321,817	2,253,765	-	-
	6,456,924	**5,087,900**	**4,135,107**	**2,834,135**
Current	**665,674**	**332,763**	**421,106**	**13,233**
Non-current	**5,791,250**	**4,755,137**	**3,714,001**	**2,820,902**

The movement in financial assets has been as follows:

	Consolidated			Holding company		
	Generation	Transmission	Total	Generation	Transmission	Total
Balance on December 31, 2015	-	-	-	**546,424**	**1,501,441**	**2,047,865**
Initial balance for consolidation purposes	546,424	1,501,441	2,047,865	-	-	-
Addition	534	53,823	54,357	534	53,823	54,357
Addition – Concession grant fee	2,216,353	-	2,216,353	2,216,353	-	2,216,353
Monetary updating	351,733	751,101	1,102,834	167,470	751,101	918,571
Amounts received	(314,321)	(15,482)	(329,803)	(128,796)	(15,482)	(144,278)
Written off	-	(2,943)	(2,943)	-	(2,943)	(2,943)
Transfers between PP&E, Financial assets and Intangible Assets	(334)	(429)	(763)	(334)	(429)	(763)
Transfer of Concession grant fee to SPCs	-	-	-	(2,255,027)	-	(2,255,027)
Balance at December 31, 2016	**2,800,389**	**2,287,511**	**5,087,900**	**546,624**	**2,287,511**	**2,834,135**
Addition	-	160,481	160,481	-	160,481	160,481
Monetary updating	240,420	146,494	386,914	41,331	146,494	146,494
Amounts received	(172,368)	(142,105)	(314,473)	-	(142,105)	(142,105)
Written off	-	(3,232)	(3,232)	-	(3,232)	(3,232)
Transfers – Plants not renewed	879,818	-	879,818	879,818	-	879,818
Adjustment to indemnity – plants not renewed (Ministerial Order 291) I including monetary updating	259,516	-	259,516	259,516	-	259,516
Balance at September 30, 2017	**4,007,775**	**2,449,149**	**6,456,924**	**1,685,958**	**2,449,149**	**4,135,107**

Transmission - Indemnity receivable

The Company's transmission concession contracts are within the criteria for application of Technical Interpretation ICPC 01 (IFRIC 12), which deals with accounting of concession contracts, and refer to invested infrastructure that will be the subject of indemnity by the Concession-granting power during and at the end of their concession periods, as laid down in the regulations for the electricity sector, and in the concession contract.

Aneel Normative Resolution 589, of December 10, 2013, set the criteria for calculation of the New Replacement Value (*Valor Novo de Reposição*, or VNR) of the transmission facilities, for the purposes of indemnity.

On August 16, 2016 Aneel, by its Dispatch 2181, homologated the amount of R$ 892,050, in currency of November 2012, for the portion of the reversible assets not yet amortized, for the purposes of indemnity to Cemig GT.

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On April 22, 2016 the Mining and Energy Ministry (*Ministério de Minas e Energia*, or MME) published its Ministerial Order 120, setting the deadline and method of payment for the remaining amount of the indemnity.

The Order determined that the amounts homologated by Aneel should become part of the Regulatory Asset Base for Remuneration (*Base de Remuneração Regulatória*, or BRR) and that the cost of capital should be added to the related Permitted Annual Revenues ('RAP').

The portions of remuneration and depreciation not paid in the period from the extensions of the concessions up to the tariff-setting process of 2017 are to be updated by the IPCA inflation index and remunerated at the real cost of capital of the transmission segment of the industry as decided by Aneel in the methodologies for Periodic Tariff Reviews of Revenues for Existing Concession Holders, currently 10.44% per year, to be paid over eight years by reimbursement through the RAP (more details in note 23 (f) to this Interim Consolidated Accounting Information.

Adjustment of the BRR of Transmission Assets – Aneel Technical Note 183/2017

In the tariff review processes of Cemig GT, ratified on June 23, 2009 (backdated to July 1, 2005) and June 8, 2010 (backdated to July 1, 2009), certain conducting cables, which have been the subject of an application by the Company, were not included in the tariff calculation. Cemig GT applied for inclusion of these assets in the Remuneration Assets Base and, consequently, for backdated calculation of the amounts not considered in the prior tariff reviews.

Aneel ruled in favor of the Company's application, and calculated the differences between the amounts of revenue ratified in the above-mentioned tariff reviews and the new values calculated for inclusion of the said conducting cables for the period from July 2005 to December 2012. Updated, these amounts were calculated to total R$ 149,255, at June 2017 prices, to be received by Cemig GT over the next 12 months. On September 30, 2017 the balance receivable was R$ 111,941.

Indemnity for transmission assets – Injunction obtained by industrial consumers:

On April 10, 2017, an interim court remedy was granted to the Brazilian Large-scale Free Consumers Association (*Associação Brasileira de Grandes Consumidores Livres*), the Brazilian Auto Glass Industry Technical Association (*Associação Técnica Brasileira das Indústrias Automáticas de Vidro*) and the Brazilian Ferro-alloys and Silicon Metal Producers' Association (*Associação Brasileira dos Produtores de Ferroligas e de Silicio Metálico*) in their legal action against Aneel and the federal government requesting suspension of the effects on their tariffs of payment of the indemnity for transmission assets payable to agents of the electricity sector who accepted the terms of Law 12783/2013.

The preventive remedy was partial, with effects related to suspension of the inclusion

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in the consumer tariffs paid by these associations of the portion of the indemnity corresponding to the remuneration on capital included since the date of extension of the concessions.

Cemig GT has the expectation of realization in full of the credits receivable in relation to the transmission indemnity, and has calculated the following amounts as indemnity:

R$ '000	
Regulatory Remuneration Base (BRR) – Dispatch 2181/2016	1,177,488
Amount of the indemnity received so far	(285,438)
Net value of the assets for purposes of indemnity	**892,050**
Updating in accordance with MME Order 120/16 – IPCA index / Cost of capital – Period Jan. 2013 to Sep. 2016	1,033,780
Adjustment of the BRR of Transmission Assets – Aneel Technical Note 183/2017	149,255
Monetary updating	25,894
Amounts received	(125,204)
Total at September 30, 2017	**1,975,775**

Normative Resolution 762, of February 21, 2017, set the procedures and criteria to be used in the calculation of the cost of capital to be added to the Permitted Annual Revenue of each transmission concession holder covered by Law 12783/2013, in harmony with Mining and Energy Ministry Order 120/2016. Under this legislation, the Company began to receive this indemnity as from July, 2017.

Transmission – Assets remunerated by tariff

For new assets that consist of improvements and strengthening of facilities implemented by transmission concession holders, Aneel calculates an additional portion of Permitted Annual Revenue (RAP) in accordance with a methodology specified in the Proret Tariff Regulation Procedures.

Under the Proret procedure, the revenue established in the Resolutions is payable to the transmission companies as from the date of start of commercial operation of the facilities. In the periods between reviews, the revenues associated with the improvements and strengthening of facilities are provisional. They are then definitively decided in the review immediately subsequent to the start of commercial operation of the facilities; this review then has effect backdated to the date of start of commercial operation. On September 30, 2017 the balance receivable was R$ 473,374.

Generation – Indemnity receivable

Plants operated under the 'Quotas' regime as from January 1, 2016

In July 2015 termination dates for concession periods of several of the plants operated by the Company were reached under Concession Contract 007/97. As from the termination of the concession, the Company held the indemnity rights of the assets not yet depreciated/amortized, as specified in that concession contract. The accounting balances corresponding to these assets, including the Deemed Cost, were transferred from Fixed assets to Financial assets on the date of termination of the concession, and total R$ 616,876 on June 30, 2017 (R$ 546,624 on September 30, 2017).

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Generating plant	Concession expiration date	Installed capacity (MW)	Net balance of assets based on historic cost R$ '000	Net balance of assets based on deemed cost R$ '000
Lot D				
Três Marias Hydroelectric Plant	July 2015	396	71,694	413,450
Salto Grande Hydroelectric Plant	July 2015	102	10,835	39,379
Itutinga Hydroelectric Plant	July 2015	52	3,671	6,589
Camargos Hydroelectric Plant	July 2015	46	7,818	23,095
Piau Small Hydroelectric Plant	July 2015	18,01	1,531	9,005
Gafanhoto Small Hydroelectric Plant	July 2015	14	1,232	10,262
Peti Small Hydroelectric Plant	July 2015	9,4	1,346	7,871
Dona Rita Small Hydroelectric Plant	Sep. 2013	2,41	534	534
Tronqueiras Small Hydroelectric Plant	July 2015	8,5	1,908	12,323
Joasal Small Hydroelectric Plant	July 2015	8,4	1,379	7,622
Martins Small Hydroelectric Plant	July 2015	7,7	2,132	4,041
Cajuru Small Hydroelectric Plant	July 2015	7,2	3,576	4,252
Paciência Small Hydroelectric Plant	July 2015	4,08	728	3,936
Marmelos Small Hydroelectric Plant	July 2015	4	616	4,265
Other				
Volta Grande Hydroelectric Plant	February 2017	380	25,621	70,252
		1,060	**134,621**	**616,876**

As specified in Aneel Normative Resolution 615/2014, the Valuation Opinions for the assets to be indemnified were delivered to Aneel in December 2015, including the Opinion for the *Volta Grande* Plant, which had a concession period expiring on February 23, 2017. The Company does not expect any losses on the realization of the asset.

From the termination of the concession contract until January 4, 2016, the plants of lot D were operated by the Company under the regime of quotas, with remuneration by a tariff only to cover costs of operation and maintenance of the assets.

In November 2015, Cemig GT took part in Auction 12/2015 and won the concessions of Lot D. As from January 5, 2016, with the signature of the new Concession contracts, the assets began to be operated in accordance with the terms of the Auction.

As mentioned in Note 4, on September 27, 2017 the Volta Grande Hydroelectric Plant was auctioned by the federal government. The transfer of the operational assets of the plant may not take place later than 180 days from the date of signature of the new concession contracts.

Concession grant fee – Generation concessions

In June 2016, title to Concession Contracts 08 to 16/2016, relating to 18 hydroelectric plants of Lot D of Aneel Auction 12/2015, won by Cemig GT, was transferred to the related specific-purpose companies (SPCs), wholly-owned subsidiaries of Cemig GT, as follows:

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SPCs	Power plants	Balance at Dec. 31, 2016	Monetary updating	Amounts received	Balance at Sep. 30, 2017
Cemig Geração Três Marias S.A.	Três Marias	1,283,197	129,986	(92,612)	1,320,571
Cemig Geração Salto Grande S.A.	Salto Grande	402,639	40,973	(29,207)	414,405
Cemig Geração Itutinga S.A.	Itutinga	149,904	17,193	(12,418)	154,679
Cemig Geração Camargos S.A.	Camargos	112,447	12,809	(9,244)	116,012
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	146,553	17,884	(13,007)	151,430
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	99,315	13,424	(9,876)	102,863
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	59,710	8,151	(6,004)	61,857
Total		**2,253,765**	**240,420**	**(172,368)**	**2,321,817**

Cemig's offer for acquisition of grant of the 30-year concession for the 18 hydroelectric plants was R$ 2,216,353. Of this fee, 65% was paid on January 4, 2016, and the remaining 35% (initially R$ 775,724) was paid on July 1, 2016 (updated by the Selic rate to a total payment of R$ 827,921). The amount of the concession grant fee was recognized as a financial asset, due to the Company having the unconditional right to receive the amount paid, plus updating by the IPCA Index and remuneratory interest, during the period of the concession.

In 2016, all of the output of the plants was sold in the Regulated Market under the Physical Guarantee Quotas system. Starting in 2017, the second phase of the contract came into effect: 70% of this output was sold in the Regulated Market and 30% in the Free Market.

São Simão *and* Miranda *plants*

On August 3, 2017, the Mining and Energy Ministry published Ministerial Order 291, setting the amounts of indemnity for *São Simão* and *Miranda* Hydroelectric Plants, considering that the concession period for those plants expired in January 2015 and December 2016, respectively.

The Order specifies that the payment shall be made by December 31, 2018, after receipt of the payment of the Concession Grant Fee, for acquisition of the concession, resulting from the competitive tender that was held for the concessions of the plants. The amount of the indemnity will be updated by the IPCA index (Expanded Consumer Price) index, up to the date of the signature of the Concession Contract by the party that won the tender for the concession of the Plants, and also by the Selic Reference Rate for Federal securities, as from the date of signature of the Concession Contract up to the date of actual payment of the indemnity.

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The amounts of the Basic Plan of the plants were transferred to the account Indemnity receivable, and subjected to monetary updating, as follows:

Plant	Concession termination date	Net balance of assets based on Historic Cost at September 30, 2017	Net value of assets based on Deemed Cost at September 30, 2017	Net value of assets of the Basic Plan based on Deemed Cost at Sep. 30, 2017 (A)	Adjustment[1] (B)	Amounts in MME Order (A) + (B)	Monetary updating (C)	Net balance of assets of the Basic Plan at Sep. 30, 2017 (A) + (B) + (C)
Miranda	Dec. 2017	750,836	629,368	606,822	177,330	784,152	13,978	798,130
São Simão	Jan. 2015	61,959	205,987	202,744	40,855	243,599	27,353	270,952
		812,795	**835,355**	**809,566**	**218,185**	**1,027,751**	**41,331**	**1,069,082**

(1) Adjustment of the non-amortized balance of the concessions of the *São Simão* and *Miranda* plants, under Order 291/17, that plus the monetary updating of R$41,331 corresponds to the total amount of R$259.516 .

Cemig GT Is holding talks with the Mining and Energy Ministry, on the criteria used for the decision on the amounts stated in Ministerial Order 291/17, and also the fact that this Order did not take into consideration the as yet non-amortized balance of the Jaguara Plant in the amount of R$ 169,822, and the balances of investments carried out to the São Simão and Miranda Plants after their coming into operation, in the amounts (before monetary updating) of R$ 3,243 and R$ 22,546, respectively.

13. INVESTMENTS

This table shows the investments in affiliates, subsidiaries and jointly-controlled subsidiaries.

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Affiliates				
Madeira Energia (Santo Antônio Plant)	559,337	643,890	559,337	643,890
FIP Melbourne (Santo Antônio Plant)	603,973	677,182	603,973	677,182
Jointly-controlled				
Hidrelétrica Cachoeirão	56,720	50,411	56,720	50,411
Guanhães Energia	25,172	-	25,172	-
Hidrelétrica Pipoca	33,753	31,809	33,753	31,809
Lightger	41,254	41,543	41,254	41,543
Baguari Energia	145,719	162,106	145,719	162,106
Central Eólica Praias de Parajuru	61,608	63,307	61,608	63,307
Central Eólica Volta do Rio	75,789	81,228	75,789	81,228
Central Eólica Praias de Morgado	55,595	59,586	55,595	59,586
Aliança Norte (Belo Monte Plant)	567,829	527,498	567,829	527,498
Amazônia Energia (Belo Monte Plant)	850,743	781,022	850,743	781,022
Aliança Geração	1,307,456	1,319,055	1,307,456	1,319,055
Retiro Baixo	159,126	161,848	159,126	161,848
Renova	622,725	688,625	622,725	688,625
Usina Hidrelétrica Itaocara S.A.	2,733	2,782	2,733	2,782
Controlled				
Cemig Baguari	-	-	37	55
Cemig Geração Três Marias S.A.	-	-	1,351,400	1,399,282
Cemig Geração Salto Grande S.A.	-	-	426,783	440,148
Cemig Geração Itutinga S.A.	-	-	163,215	167,962
Cemig Geração Camargos S.A.	-	-	123,231	125,995
Cemig Geração Sul S.A.	-	-	160,238	165,133
Cemig Geração Leste S.A.	-	-	110,117	113,976
Cemig Geração Oeste S.A.	-	-	66,594	69,375
Total of investments	**5,169,532**	**5,291,892**	**7,571,147**	**7,773,818**
Guanhães – Uncovered liabilities of jointly-controlled entity	-	(59,071)	-	(59,071)
Total	**5,169,532**	**5,232,821**	**7,571,147**	**7,714,747**

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The Company's investees that are not consolidated are jointly-controlled entities, with the exception of the interest in the Santo Antônio power plant, which is an affiliated company in which the Company has significant influence.

a) Right to commercial operation of the regulated activity

In the process of allocation of the acquisition price of the jointly-controlled subsidiaries, a valuation was made of the intangible assets relating to the right to operate the regulated activity. This asset is presented jointly with the historic value of the investments in the table above. These assets will be amortized over the remaining period of the concessions on the straight-line basis.

R$ '000	Holding company Dec. 31, 2015	Amortization	Consolidated and Holding company Dec. 31, 2016	Consolidated and Holding company Dec. 31, 2016	Amortization	Consolidated and Holding company Sep. 30, 2017
Renova (1)	805,458	(32,076)	773,382	-	-	-
Retiro Baixo	30,706	(888)	29,818	29,525	(888)	28,637
Central Eólica Praias de Parajuru	20,868	(1,146)	19,722	19,341	(1,146)	18,195
Central Eólica Volta do Rio	14,818	(756)	14,062	13,807	(756)	13,051
Central Eólica Praias de Morgado	29,461	(1,542)	27,919	27,406	(1,542)	25,864
Madeira Energia (Santo Antônio Plant)	163,296	(4,467)	158,829	157,340	(4,467)	152,873
Aliança Norte (Belo Monte Plant)	58,489	(1,479)	57,010	56,518	(1,479)	55,039
	1,123,096	**(42,354)**	**1,080,742**	**303,937**	**(10,278)**	**293,659**

(1) Em 31 de dezembro de 2016, ocorreu um ajuste para baixa do ativo intangível de concessão em função de dificuldades financeiras da Renova.

b) This table shows changes in the investments in affiliates, subsidiaries and jointly-controlled subsidiaries:

Consolidated	Dec. 31, 2016	Equity method gain (loss)	Injections / acquisitions	Dividends	Comprehensive income	Other	Sep. 30, 2017
Hidrelétrica Cachoeirão	50,411	8,950	-	(2,641)	-	-	56,720
Guanhães Energia (1)	-	(2,037)	86,280	-	-	(59,071)	25,172
Hidrelétrica Pipoca	31,809	3,228	-	(1,284)	-	-	33,753
Madeira Energia (Santo Antônio Plant)	643,890	(84,553)	-	-	-	-	559,337
FIP Melbourne (Santo Antônio Plant)	677,182	(73,209)	-	-	-	-	603,973
Baguari Energia	162,106	13,887	-	(30,274)	-	-	145,719
Central Eólica Praias de Parajuru	63,307	(1,293)	-	(406)	-	-	61,608
Central Eólica Volta do Rio	81,228	(5,439)	-	-	-	-	75,789
Central Eólica Praias de Morgado	59,586	(3,991)	-	-	-	-	55,595
Lightger	41,543	2,280	-	(2,569)	-	-	41,254
Amazônia Energia (Belo Monte Plant)	781,022	(6,965)	76,686	-	-	-	850,743
Aliança Norte (Belo Monte Plant)	527,498	(6,376)	46,707	-	-	-	567,829
Aliança Geração	1,319,055	39,977	-	(51,576)	-	-	1,307,456
Retiro Baixo	161,848	8,460	-	(11,182)	-	-	159,126
Renova	688,625	(50,048)	18,000	-	(33,852)	-	622,725
Usina Hidrelétrica Itaocara S.A.	2,782	(581)	532	-	-	-	2,733
Total of investments	**5,291,892**	**(157,710)**	**228,205**	**(99,932)**	**(33,852)**	**(59,071)**	**5,169,532**
Guanhães – Uncovered liabilities of jointly-controlled entity (1)	(59,071)	-	-	-	-	59,071	-
Total	**5,232,821**	**(157,710)**	**228,205**	**(99,932)**	**(33,852)**	**-**	**5,169,532**

(1) Transfer of uncovered liabilities.

Holding company	Dec. 31, 2016	Equity method gain (loss)	Injections / acquisitions	Dividends	Comprehensive income	Other	Sep. 30, 2017
Hidrelétrica Cachoeirão	50,411	8,950	-	(2,641)	-	-	56,720
Guanhães Energia (1)	-	(2,037)	86,280	-	-	(59,071)	25,172
Hidrelétrica Pipoca	31,809	3,228	-	(1,284)	-	-	33,753
Madeira Energia (Santo Antônio Plant)	643,890	(84,553)	-	-	-	-	559,337
FIP Melbourne (Santo Antônio Plant)	677,182	(73,209)	-	-	-	-	603,973
Baguari Energia	162,106	13,887	-	(30,274)	-	-	145,719
Central Eólica Praias de Parajuru	63,307	(1,293)	-	(406)	-	-	61,608
Central Eólica Volta do Rio	81,228	(5,439)	-	-	-	-	75,789
Central Eólica Praias de Morgado	59,586	(3,991)	-	-	-	-	55,595
Lightger	41,543	2,280	-	(2,569)	-	-	41,254
Amazônia Energia (Belo Monte Plant)	781,022	(6,965)	76,686	-	-	-	850,743
Aliança Norte (Belo Monte Plant)	527,498	(6,376)	46,707	-	-	-	567,829
Aliança Geração	1,319,055	39,977	-	(51,576)	-	-	1,307,456
Retiro Baixo	161,848	8,460	-	(11,182)	-	-	159,126
Renova	688,625	(50,048)	18,000	-	(33,852)	-	622,725
Usina Hidrelétrica Itaocara S.A.	2,782	(581)	532	-	-	-	2,733
Cemig Baguari	55	(18)	-	-	-	-	37
Cemig Geração Três Marias S.A.	1,399,282	139,267	-	(187,149)	-	-	1,351,400
Cemig Geração Salto Grande S.A.	440,148	48,891	-	(62,256)	-	-	426,783
Cemig Geração Itutinga S.A.	167,962	29,346	-	(34,093)	-		163,215
Cemig Geração Camargos S.A.	125,995	23,863	-	(26,627)	-	-	123,231
Cemig Geração Sul S.A.	165,133	29,342	-	(34,237)	-	-	160,238
Cemig Geração Leste S.A.	113,976	23,939	-	(27,798)	-	-	110,117
Cemig Geração Oeste S.A.	69,375	14,207	-	(16,988)	-	-	66,594
Total of investments	**7,773,818**	**151,127**	**228,205**	**(489,080)**	**(33,852)**	**(59,071)**	**7,571,147**
Guanhães – Uncovered liabilities of jointly-controlled entity (1)	(59,071)	-	-	-	-	59,071	-
Total	**7,714,747**	**151,127**	**228,205**	**(489,080)**	**(33,852)**	**-**	**7,571,147**

(1) Transfer of uncovered liabilities.

Consolidated	Dec. 31, 2015 Holding company	Equity method gain (loss)	Injections / acquisitions	Dividends	Comprehensive income	Other	Sep. 30, 2016 Consolidated
Hidrelétrica Cachoeirão	40,844	8,604	-	(1,555)	-	-	47,893
Guanhães Energia	18,444	(17,542)	23,540	-	-	-	24,442
Hidrelétrica Pipoca	26,237	3,979	-	-	-	-	30,216
Madeira Energia (Santo Antônio Plant)	675,983	(28,789)	39,000	-	-	-	686,194
FIP Melbourne (Santo Antônio Plant)	703,403	(27,873)	40,139	-	-	(2,680)	712,989
Baguari Energia	187,227	24,422	-	3,248	-	-	214,897
Central Eólica Praias de Parajuru	63,045	703	-	(25)	-	-	63,723
Central Eólica Volta do Rio	85,101	(2,807)	-	(35)	-	-	82,259
Central Eólica Praias de Morgado	62,071	(1,638)	-	(45)	-	-	60,388
Lightger	37,455	3,684	-	-	-	-	41,139
Amazônia Energia (Belo Monte Plant)	495,768	(716)	235,109	-	-	-	730,161
Aliança Norte (Belo Monte Plant)	354,284	(6,232)	145,588	-	-	-	493,640
Aliança Geração	1,327,246	85,706	-	(64,790)	-	-	1,348,162
Retiro Baixo	147,905	12,689	-	-	-	-	160,594
Renova	1,527,435	(209,416)	240,000	-	19,330	-	1,577,349
Usina Hidrelétrica Itaocara S.A.	-	-	1,374	-	-	-	1,374
	5,752,448	**(155,226)**	**724,750**	**(63,202)**	**19,330**	**(2,680)**	**6,275,420**

Holding company		Dec. 31, 2015	Equity method gain (loss)	Injections / acquisitions	Dividends	Comprehensive income	Other	Sep. 30, 2016
Hidrelétrica Cachoeirão		40,844	8,604	-	(1,555)	-	-	47,893
Guanhães Energia		18,444	(17,542)	23,540	-	-	-	24,442
Hidrelétrica Pipoca		26,237	3,979	-	-	-	-	30,216
Madeira Energia	(Santo Antônio Plant)	675,983	(28,789)	39,000	-	-	-	686,194
FIP Melbourne	(Santo Antônio Plant)	703,403	(27,873)	40,139	-	-	(2,680)	712,989
Baguari Energia		187,227	24,422	-	3,248	-	-	214,897
Central Eólica Praias de Parajuru		63,045	703	-	(25)	-	-	63,723
Central Eólica Volta do Rio		85,101	(2,807)	-	(35)	-	-	82,259
Central Eólica Praias de Morgado		62,071	(1,638)	-	(45)	-	-	60,388
Lightger		37,455	3,684	-	-	-	-	41,139
Amazônia Energia	(Belo Monte Plant)	495,768	(716)	235,109	-	-	-	730,161
Aliança Norte	(Belo Monte Plant)	354,284	(6,232)	145,588	-	-	-	493,640
Aliança Geração		1,327,246	85,706	-	(64,790)	-	-	1,348,162
Retiro Baixo		147,905	12,689	-	-	-	-	160,594
Renova		1,527,435	(209,416)	240,000	-	19,330	-	1,577,349
Usina Hidrelétrica Itaocara S.A.		-	-	1,374	-	-	-	1,374
Cemig Baguari		-	(23)	55	-	-	-	32
Cemig Geração Três Marias S.A.		-	82,863	1,291,423	-	-	-	1,374,286
Cemig Geração Salto Grande S.A.		-	25,444	405,268	-	-	-	430,712
Cemig Geração Itutinga S.A.		-	12,254	151,309	-	-	-	163,563
Cemig Geração Camargos S.A.		-	9,178	113,499	-	-	-	122,677
Cemig Geração Sul S.A.		-	12,544	148,147	-	-	-	160,691
Cemig Geração Leste S.A.		-	9,941	100,568	-	-	-	110,509
Cemig Geração Oeste S.A.		-	6,626	60,595	-	-	-	67,221
		5,752,448	**3,601**	**2,995,614**	**(63,202)**	**19,330**	**(2,680)**	**8,705,111**

c) This table gives the principal information on the affiliates, subsidiaries and jointly-controlled subsidiaries, not adjusted for the percentage represented by the Company's ownership interest:

Company		Number of shares	At Sep. 30, 2017			At Dec. 31, 2016		
			Equity interest (%)	Share capital	Stockholders' equity	Equity interest (%)	Share capital	Stockholders' equity
Affiliates								
Madeira Energia	(Santo Antônio Plant)	9,730,201,137	18.13	9,546,672	5,573,287	18.13	10,151,952	6,418,617
Jointly-controlled								
Hidrelétrica Cachoeirão		35,000,000	49.00	35,000	115,755	49.00	35,000	102,880
Guanhães Energia		330,536,000	49.00	330,536	51,371	49.00	185,647	-
Hidrelétrica Pipoca		41,360,000	49.00	41,360	68,884	49.00	41,360	64,916
Baguari Energia S.A. (1)		26,157,300,278	69.39	186,573	210,000	69.39	186,573	247,662
Central Eólica Praias de Parajuru		70,560,000	49.00	70,560	88,598	49.00	70,560	88,897
Central Eólica Volta do Rio		117,230,000	49.00	117,230	128,037	49.00	117,230	136,886
Central Eólica Praias de Morgado		52,960,000	49.00	52,960	60,676	49.00	52,960	65,128
Lightger		79,078,937	49.00	79,232	84,192	49.00	79,232	84,781
Aliança Norte	(Belo Monte Plant)	38,261,538,617	49.00	1,109,355	1,046,510	49.00	1,014,111	1,076,527
Amazônia Energia	(Belo Monte Plant) (1)	1,176,194,023	74.50	1,218,672	1,141,937	74.50	1,115,739	1,048,351
Aliança Geração		1,291,582,500	45.00	1,291,488	2,905,457	45.00	1,291,488	1,972,519
Retiro Baixo		222,850,000	49.90	222,850	261,501	49.90	222,850	263,680
Renova		417,197,244	36.23	2,960,776	1,718,810	34.15	2,856,255	1,955,598
Usina Hidrelétrica Itaocara S.A.		5,677,000	49.00	6,762	5,578	49.00	5,677	5,677
Controlled								
Cemig Baguari		1,000	100.00	1	37	100.00	1	55
Cemig Geração Três Marias S.A.		1,291,423,369	100.00	1,291,423	1,351,400	100.00	1,291,423	1,410,411
Cemig Geração Salto Grande S.A.		405,267,607	100.00	405,268	426,783	100.00	405,268	443,914
Cemig Geração Itutinga S.A.		151,309,332	100.00	151,309	163,215	100.00	151,309	169,812
Cemig Geração Camargos S.A.		113,499,102	100.00	113,499	123,231	100.00	113,499	127,320
Cemig Geração Sul S.A.		148,146,505	100.00	148,147	160,238	100.00	148,147	167,155
Cemig Geração Leste S.A.		100,568,929	100.00	100,569	110,117	100.00	100,569	115,795
Cemig Geração Oeste S.A.		60,595,484	100.00	60,595	66,594	100.00	60,595	70,137

(1) Control shared under a Stockholders' Agreement.

On September 30, 2017, the current liabilities of some jointly-controlled entities were higher than their current assets, as follows:

Madeira Energia ('Mesa'): The excess of current liabilities over current assets, equal to R$ 2,164,237, arises mainly from the account lines Suppliers, Other liabilities, Loans and financings, and Contingency provisions. To deal with the situation of negative working capital, Mesa has the benefit of a favorable decision by Aneel to revert, in liabilities, the FID (Availability Factor) account, and release of funds from the debt servicing reserve account which will be replaced by a bank guarantee, with generation of operational cash flow and normalization of funds subscribed by certain stockholders under a decision by the EGM – and which are, thus, not demandable immediately.

Renova Energia: In the period from January to September 30, 2017, Renova Energia reported accumulated losses of R$ 1,255,587, and current liabilities R$ 1,273,273 in excess of current assets (Consolidated), and has a need to obtain capital to comply with the construction commitments of wind and solar generating plants. The main reasons for this situation are:

a) significant investments that are being allocated in construction of the wind farms of the Alto Sertão III complex; and
b) delay in release of the long-term financing with the Brazilian Development Bank (BNDES).

In response to this scenario, the management of Renova is taking a range of measures to rebalance its liquidity structure and cash flow. Renova's actions and plan are as follows:

(1) On August 3, 2017, with completion of the sale of the Alto Sertão II wind farm complexes to AES Tietê Energia, Renova settled the balance of the debentures and transferred the balance of the debt of those complexes (R$ 1,115,750, at June 30, 2017), reducing its indebtedness by R$ 1,480,684.

(2) Renova is in negotiations with the BNDES for signature of a long-term financing contract for approximately R$ 900,000, which will replace the existing bridge loan – reported in Current liabilities up to September 30 – of R$ 860,149 (principal plus interest). The remainder will be used for works related to the Alto Sertão III complex – Phase A. As soon as the long-term financing is contracted, part of current liabilities will be reclassified to non-current. So far a total of R$ 2.1 billion has been invested in Phase A of Alto Sertão III – corresponding to 87% (information not reviewed by external auditors) of physical completion, without there having been any release of a long-term financing from the BNDES.

(3) The stockholders continue to be engaged in providing financial support, to enable Renova to achieve rebalancing of liquidity. In 2017 they provided cash injections of R$ 62,764.

(4) Optimization of the portfolio of contracts – with permanent cancellation of projects totaling 210 MW average.

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(5) Possible routes for feasibility of new funding include: optimization of the portfolio; sale of projects and/or operational assets; and entry of new stockholders.

The Management of Renova Energia believes that with the success of these measures it will be possible to recover economic and financial equilibrium and the Company's liquidity.

Investment in the *Santo Antônio* Hydroelectric Plant, through Madeira Energia S.A. ('Mesa') and FIP Melbourne

The Company has direct and indirect investments in *Madeira Energia S.A.* (which holds an investment in *Santo Antônio Energia S.A.*, of R$ 1,163,310 at September 30, 2017 (R$ 1,321,072 at December 31, 2016).

Madeira Energia S.A. ('Mesa') and its subsidiary Santo Antônio Energia S.A. ('Saesa') are incurring establishment costs related to the construction of the Santo Antônio Hydroelectric Plant. The property, plant and equipment asset constituted by these expenditures totaled R$ 21,850,585 (Mesa, consolidated) on September 30, 2017, and this amount, in accordance with financial projections prepared by its management, is to be absorbed by future revenues generated as from January 2017, when the plant began operating with all its generator rotors.

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other indirect shareholders of Madeira Energia S.A. and certain executives of those other indirect shareholders.

Arbitration proceedings

In 2014, SAAG Investimentos S.A. (SAAG) and Cemig GT opened arbitration proceedings, *in camera* (held in secret), in the Market Arbitration Chamber, challenging the following: (a) the increase approved in the capital of Mesa of approximately R$ 750,000 partially destined to payment of the claims by the Santo Antonio Construction Consortium ('CCSA'), based on absence of quantification of the amounts supposedly owed, and absence of prior approval by the Board of Directors, as required by the bylaws and Stockholders' Agreement of Mesa; and also on the existence of credits owed to Mesa by CCSA, able to be offset, in an amount greater than the claims; and (b) the adjustment for impairment carried out by the Executive Board of Mesa, in the amount of R$ 750 million, relating to certain credits owed to Mesa by CCSA, on the grounds that those credits are owed in their totality by express provision of contract.

In 2016 the arbitration judgment by the Market Arbitration Chamber recognized the right of Cemig GT and SAAG in full, and ordered annulment of the acts being impugned. As a consequence of this decision, Mesa reversed the impairment, and posted a provision for receivables in the amount of R$ 678.551 in its Interim Accounting Information at September 30, 2017.

To resolve the question of the liability of the CCSA consortium to reimburse the costs of re-establishment of the collateral and use of the contractual limiting factor, the Subsidiary applied to open arbitration proceedings with the International Chamber of Commerce (ICC) against CCSA, which are in progress. Under the Arbitration Regulations of the ICC, this procedure is taking place *in camera*.

SAAG Put options

Option Contracts were signed between Cemig GT and the private pension entities that participate in the investment structure of SAAG (comprising FIP Melbourne, Parma Participações S.A. and FIP Malbec, jointly, 'the Investment Structure'), giving those entities the right to sell units in the Funds that comprise the Investment Structure, at the option of the Funds, in the 84th (eighty-fourth) month from June 2014. The exercise price of the Put Options will correspond to the amount invested by each private pension plan in the Investment Structure, updated pro rata temporis by the Expanded National Consumer Price (IPCA) index published by the IBGE, plus interest at 7% per year, less such dividends and Interest on Equity as shall have been paid by SAAG to the pension plan entities. This option was considered to be a derivative instrument, accounted at fair value through profit or loss.

In the fourth quarter of 2016 the Company altered the methodology used in measuring the fair value of the put option of SAAG, and adopted the Black-Scholes-Merton (BSM) model, replacing the model of discounted cash flow less the exercise price of the option. This change is in line with best market practices, since the BSM method not only calculates the difference between the exercise price of the option and the share price, brought to present value, but also incorporates an important random component that weights these amounts.

The assumption was made that the future expenditures of FIP Malbec and FIP Melbourne are insignificant, so that the options are valued as if they were direct equity interests in Mesa. However, neither SAAG nor Mesa are traded on a securities exchange, so that some adaptions are necessary for calculation of the price of the asset and its volatility for application of the BSM model. The closing price of the share of Mesa on September 30, 2017 is ascertained on the basis of Free cash flow to equity holders (FCFE), with its equivalence in indirect equity interests held by the FIPs. Volatility, in turn, is measured as an average of historic volatility (based on the hypothesis that the series of the difference of continuously capitalized returns follows a normal distribution) of comparable companies in the electricity generation sector that are traded on the Bovespa.

Based on the studies made, a liability of R$ 264,138 is recorded in the Company's Interim accounting information (R$196,173 on December 31, 2016), for the difference between the exercise price and the estimated fair value of the assets.

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The changes in the value of the options are as follows:

R$ '000	Consolidated	Holding company
Balance on December 31, 2015	**-**	**147,614**
Initial balance for purposes of consolidation	147,614	-
Variation in fair value	29,488	29,488
Balance at September 30, 2016	**177,102**	**177,102**
Balance at December 31, 2016	**196,173**	**196,173**
Variation in fair value	73,299	73,299
Reversals	(5,334)	(5,334)
Balance at September 30, 2017	**264,138**	**264,138**

The Company has made an analysis of the sensitivity of the exercise price of the option, varying the risk-free interest rate and the volatility, keeping the other variables of the model unchanged. In this context, scenarios for the risk-free interest rate at 6.19% p.a. to 10.19% p.a., and for volatility between 16% and 76% p.a., were used, resulting in estimates of minimum and maximum price for the put option of R$ 226,188 and R$ 341,307, respectively.

Investment in *Belo Monte* Plant through Amazônia Energia S.A. and Aliança Norte

Amazônia Energia and Aliança Norte are shareholders in Norte Energia S.A. ('Nesa'), which holds the concession to operate the Belo Monte Hydroelectric Plant, on the Xingu River, in the State of Pará, and manages that interest.

Through the jointly-controlled entities referred to above, Cemig GT owns an indirect equity interest in Nesa of 11.74%.

Nesa will still require significant funds for costs of organization, development and pre-operational costs for completion of the plant. According to estimates and forecasts these costs will be repaid by the revenues from future operations.

On April 7, 2015, Nesa was awarded interim judgment ordering Aneel to **"**abstain, until hearing of the application for an injunction made in the origin case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not coming into operation on the date established in the original timetable for the project, including those specified in Aneel Normative Resolution 595/2013 and in the Concession Contract 01/2010-MME, of the Belo Monte Hydroelectric Plant**"**. The legal advisers of Nesa have classified the probability of loss as 'possible', and the value of the estimated loss in Belo Monte up to September 30, 2017 is R$ 250,316.

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other shareholders of Norte Energia S.A. and certain executives of those other shareholders.

The effects of any alterations to the existing scenario will be reflected, prospectively, in the Company's accounting statements.

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Investment in *Renova*

<u>Investment in *TerraForm Global*</u>

Renova had investments in class A (GLBL) shares in TerraForm Global ('the TERG Shares'), which were designated as financial assets available for sale, reported at fair value, based on the market trading price on the Nasdaq exchange. Gains and losses arising from variations in the share price were reported directly into Stockholders' equity under Other comprehensive income.

In 9M17 there was a positive adjustment of R$ 73,224 (the effect on Cemig was R$ 26,470), recognized in Other comprehensive income in Renova Energia. In 9M16, the investee posted a loss of R$ 271,509 (the impact on Cemig GT was R$ 74,258), reflecting the negative volatility in the stock price of TerraForm in the period, based on the market price of the shares.

On May 15, 2017 Renova and Brookfield Asset Management ('Brookfield'), through its vehicle Orion US Holding 1 L.P., signed a share purchase agreement for the shares that the investee held in TerraForm Global Inc. ('TerraForm Global'). The total price of the acquisition was R$ 305,766 for completion on July 3, 2017, after compliance with certain conditions precedent.

In June, 2017, Renova entered into an agreement with TerraForm Global (SUNEDISON) in which the parties agree to terminate the arbitration proceedings by compensating Renova for R$ 48,559, which was paid together with the financial settlement of the sale of Terraform shares.

<u>*Adjustment for impairment*</u>

For the period of 9M17, Renova posted an impairment to its PP&E assets, which resulted in a loss of R$ 119,681 (impact on Cemig GT R$ 43,360) for Phase A of the Alto Sertão III wind farms complex. This was posted in the Profit and loss account for the period.

<u>*Grant of exclusivity*</u>

At its meeting of its Board of Directors on July 17, 2017, the Company oriented vote by its representatives in the meeting of the Board of Directors of the investee Renova Energia S.A. ('Renova'), also held on July 17, 2017, in favor of approval of grant of exclusivity to Brookfield Energia Renovável S.A., including realization of due diligence and negotiation of final documents for a primary subscription in Renova and the sale of the interest held by Light Energia in Renova, as proposed in a non-binding offer. The period of exclusivity of 60 days from July 17, 2017, subsequently extended for 30 days, ended on October 17, 2017. This does not alter the stage of negotiation with Brookfield for the transaction referred to.

<u>Sale of assets – *Umburanas* wind complex</u>

On August 23, 2017 Renova signed a Contract for Assignment of Rights and Obligations of the Umburanas Wind Power Complex, with total installed capacity of 605 MW, with Engie Brasil S.A. ('Engie'). The base price of the transaction is R$ 15,000, subject to adjustments if certain conditions precedent of the transaction are satisfied.

On October 24, 2017, during the 40th Public Meeting of the Council of Aneel (the electricity regulator), the transfer of the Umburanas Wind Complex to Engie was proved.

However, since the negotiation involved an application for cancellation of four concession grants in this Complex, it was decided: (i) to apply a penalty fine of R$ 3.8 million to Renova; and (ii) to suspend Renova's right to contract with or participate in tenders/competitive bids held by Aneel for a period of one year. The decision does not affect the controlling stockholders of Renova.

14. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Sep. 30, 2017			Dec. 31, 2016		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**6,367,092**	**(4,270,115)**	**2,096,977**	**10,755,092**	**(7,701,311)**	**3,053,781**
Land	220,740	(12,939)	207,801	282,027	(7,572)	274,455
Reservoirs, dams and watercourses	3,049,345	(1,958,118)	1,091,227	5,072,162	(3,482,159)	1,590,003
Buildings, works and improvements	1,024,795	(736,340)	288,455	1,711,893	(1,342,445)	369,448
Machinery and equipment	2,030,128	(1,526,678)	503,450	3,646,916	(2,834,167)	812,749
Vehicles	28,712	(25,331)	3,381	28,712	(24,487)	4,225
Furniture and utensils	13,372	(10,709)	2,663	13,382	(10,481)	2,901
Under construction	**99,884**	**-**	**99,884**	**116,371**	**-**	**116,371**
Assets in progress	99,884	-	99,884	116,371	-	116,371
Net property, plant and equipment	**6,466,976**	**(4,270,115)**	**2,196,861**	**10,871,463**	**(7,701,311)**	**3,170,152**

Holding company	Sep. 30, 2017			Dec. 31, 2016		
	Historic cost	Net value	Net value	Historic cost	Accumulated depreciation	Net value
In service	**6,365,725**	**(4,270,065)**	**2,095,660**	**10,755,092**	**(7,701,311)**	**3,053,781**
Land	220,740	(12,939)	207,801	282,027	(7,572)	274,455
Reservoirs, dams and watercourses	3,049,345	(1,958,118)	1,091,227	5,072,162	(3,482,159)	1,590,003
Buildings, works and improvements	1,024,795	(736,340)	288,455	1,711,893	(1,342,445)	369,448
Machinery and equipment	2,028,761	(1,526,628)	502,133	3,646,916	(2,834,167)	812,749
Vehicles	28,712	(25,331)	3,381	28,712	(24,487)	4,225
Furniture and utensils	13,372	(10,709)	2,663	13,382	(10,481)	2,901
Under construction	**97,796**	**-**	**97,796**	**114,599**	**-**	**114,599**
Assets in progress	97,796	-	97,796	114,599	-	114,599
Net property, plant and equipment	**6,463,521**	**(4,270,065)**	**2,193,456**	**10,869,691**	**(7,701,311)**	**3,168,380**

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Changes in property, plant and equipment were as follows:

Consolidated R$ '000	Balance at Dec. 31, 2016	Addition	V. Grande, Jaguara, and Miranda Plants (1)	Transfer	Written off	Depreciation	Sep. 30, 2017
In service	**3,053,781**	**-**	**(868,652)**	**34,563**	**(4,997)**	**(117,718)**	**2,096,977**
Land	274,455	-	(61,287)	-	-	(5,367)	207,801
Reservoirs, dams and watercourses	1,590,003	-	(440,923)	308	303	(58,464)	1,091,227
Buildings, works and improvements	369,448	-	(68,971)	668	-	(12,690)	288,455
Machinery and equipment	812,749	-	(297,471)	33,587	(5,300)	(40,115)	503,450
Vehicles	4,225	-	-	-	-	(844)	3,381
Furniture and utensils	2,901	-	-	-	-	(238)	2,663
Under construction	**116,371**	**20,268**	**(130)**	**(34,563)**	**(2,062)**	**-**	**99,884**
Net property, plant and equipment	**3,170,152**	**20,268**	**(868,782)**	**-**	**(7,059)**	**(117,718)**	**2,196,861**

(1) Amounts transferred to the account line Generation concession assets, for the *Jaguara, Miranda* and *Volta Grande* Plants (more details in Note 4).

Holding company R$ '000	Balance at Dec. 31, 2016	Addition	V. Grande, Jaguara, Miranda Plants (1)	Transfer	Written off	Depreciation	9M17
In service	**3,053,781**	**-**	**(868,652)**	**33,196**	**(4,997)**	**(117,668)**	**2,095,660**
Land	274,455	-	(61,287)	-	-	(5,367)	207,801
Reservoirs, dams and watercourses	1,590,003	-	(440,923)	308	303	(58,464)	1,091,227
Buildings, works and improvements	369,448	-	(68,971)	668	-	(12,690)	288,455
Machinery and equipment	812,749	-	(297,471)	32,220	(5,300)	(40,065)	502,133
Vehicles	4,225	-	-	-	-	(844)	3,381
Furniture and utensils	2,901	-	-	-	-	(238)	2,663
Under construction	114,599	18,585	(130)	(33,196)	(2,062)	-	97,796
Net PP&E	3,168,380	18,585	(868,782)	-	(7,059)	(117,668)	2,193,456

(1) Amounts transferred to the account line Generation concession assets, for the Jaguara and Miranda Plants (more details in Note 4), and to Financial assets of the concession, for the Volta Grande Plant.

R$ '000	Holding company – Dec. 31, 2015	Addition	Capitalization/ Transfer	Written off	Depreciation	Consolidated and Holding company 9M16
In service						
Land	274,064	-	89	(1)	(2,211)	271,941
Reservoirs, dams and watercourses	1,650,430	-	26,797	-	(67,954)	1,609,273
Buildings, works and improvements	385,042	-	4,350	-	(15,906)	373,486
Machinery and equipment	819,046	-	42,819	(257)	(49,738)	811,870
Vehicles	8,075	-	(1,518)	(58)	(1,941)	4,558
Furniture and utensils	3,936	-	(718)	(1)	(178)	3,039
	3,140,593	**-**	**71,819**	**(317)**	**(137,928)**	**3,074,167**
Under construction	**167,083**	**19,293**	**(71,393)**	**(4,132)**	**-**	**110,851**
Net property, plant and equipment	**3,307,676**	**19,293**	**426**	**(4,449)**	**(137,928)**	**3,185,018**

The Company's average depreciation rate for its generation business in 3.39% p.a.

The principal annual depreciation rates, under Aneel Resolution 674 of August 11, 2015, are as follows:

Generation	Useful life years	(%)	Management	Useful life years	(%)
Reservoirs, dams and watercourses	50	2.00	IT equipment in general	6	16.67
Building – Machine room	50	2.00	Vehicles	7	14.29
Generator	30	3.33	General equipment	16	6.25
Power transformer	35	2.86	-	-	-
Command station, panel and cubicle	28	3.57	-	-	-
Water turbine	40	2.50	-	-	-
Pressure tunnel	32	3.13	-	-	-

The Company has not identified any evidence of impairment of its Property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the Concession-granting power shall determine the amount to be indemnified to the Company. Management believes that the indemnity of these assets will be greater than the amount of: their historic cost after depreciation over their useful lives.

Under the Brazilian regulatory framework Aneel, the regulator, is responsible for establishing the useful economic life of the generation and transmission assets in the electricity sector, and for periodically reviewing the estimates. The rates established by Aneel are used in the processes of reviewing tariff rates and calculating of the indemnity due at the end of the concession period, and are recognized as a reasonable estimate of the useful life of the assets of the concession. Thus, these rates were used as the basis for depreciation of the Company's property, plant, and equipment assets.

The residual value of the assets is the remaining balance of the assets at the end of the concession. As established in the contract signed between the Company and the Nation, at the end of the concession the assets will revert to the Nation, which in turn will indemnify the Company for those assets that have not yet been totally depreciated. In cases where there is no indemnity, or there is uncertainty related to the indemnity, at the end of the concession, such as thermal generation, and hydroelectric generation as an independent power producer, no residual value is recognized, and the depreciation rates are adjusted so that all the assets are depreciated within the concession.

As stated in Notes 12 and 15, the Company transferred to Long term assets the remaining accounting balances of the plants which had expirations in July 2015 and February 2017 which will be the subject of indemnity by the concession-granting power.

Consortium

The Company is a partner in an electricity generation consortium for the *Queimado* plant, for which no separate company with independent legal existence was formed to manage the object of the concession, the controls being kept in Fixed assets and Intangible assets. The Company's portion in the consortium is recorded and controlled individually in the respective categories of PP&E and Intangible assets.

Consolidated and Holding company R$ '000	Stake in power output, %	Average annual depreciation rate %	Sep. 30, 2017	Dec. 31, 2016
In service				
Queimado plant	82.50	3.73	217,061	217,061
Accumulated depreciation			(86,260)	(81,911)
Total in operation			**130,801**	**135,150**
Under construction				
Queimado plant	82.50	-	233	233
Total under construction			**233**	**233**

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15. INTANGIBLE ASSETS

Composition of the balance at September 30, 2017 and December 31, 2016:

Consolidated and Holding company R$ '000	Sep. 30, 2017			Dec. 31, 2016		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**88,748**	**(65,522)**	**23,226**	**88,214**	**(61,682)**	**26,532**
Temporary easements	11,451	(1,820)	9,631	11,451	(1,315)	10,136
Paid concession	19,169	(11,082)	8,087	19,169	(10,572)	8,597
Other	58,128	(52,620)	5,508	57,594	(49,795)	7,799
Under construction	**9,119**	**-**	**9,119**	**9,220**	**-**	**9,220**
Assets in progress	9,119	-	9,119	9,220	-	9,220
Net intangible assets	**97,867**	**(65,522)**	**32,345**	**97,434**	**(61,682)**	**35,752**

Changes in Intangible assets

Consolidated and Holding company R$ '000	Dec. 31, 2016	Addition	Volta Grande and Jaguara Plants Miranda	Capitalization / Transfer	Written off	Amortization	Sep. 30, 2017
In service	**26,532**	**-**	**(80)**	**614**	**-**	**(3,840)**	**23,226**
Temporary easements	10,136	-	-	-	-	(505)	9,631
Paid concession	8,597	-	-	-	-	(510)	8,087
Other	7,799	-	(80)	614	-	(2,825)	5,508
							-
Under construction	9,220	528	-	(614)	(15)	-	9,119
Assets in progress	**9,220**	**528**	**-**	**(614)**	**(15)**	**-**	**9,119**
Total	**35,752**	**528**	**(80)**	**-**	**(15)**	**(3,840)**	**32,345**

R$ '000	Holding company – Dec. 31, 2015	Addition	Capitalization / Transfer	Amortization	Consolidated and Holding company – 9M16
In service	**27,834**	**-**	**3,337**	**(3,540)**	**27,631**
Temporary easements	10,136	-	-	-	10,136
Paid concession	9,275	-		(509)	8,766
Other	8,423	-	3,337	(3,031)	8,729
Under construction	**8,275**	**2,391**	**(3,337)**	**-**	**7,329**
Assets in progress	8,275	2,391	(3,337)	-	**7,329**
Total	**36,109**	**2,391**	**-**	**(3,540)**	**34,960**

Taking into account the useful life of the related assets, the average annual amortization rate is 12.08%.

Intangible assets, Paid concessions, and Others, are amortized by the straight-line method; the rates used are based on the rate of consumption of these rights. The Company has not identified any indications of impairment of its intangible assets, which have defined useful lives. The Company has no intangible assets with non-defined useful life.

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16. SUPPLIERS

	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Wholesale supply, transport of supply	466,827	328,341	453,335	327,034
Materials and services	30,755	48,697	28,747	45,670
	497,582	**377,038**	**482,082**	**372,704**

17. TAXES

a) Taxes

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Current				
ICMS tax (1)	48,874	46,156	45,303	46,150
Pasep tax	4,868	6,100	4,217	5,617
Cofins tax	22,568	28,241	19,562	26,007
Social security contributions	3,038	5,699	3,035	4,644
ISS tax on services	940	1,564	890	1,489
Other	4,312	49,017	3,722	48,956
	84,600	**136,777**	**76,729**	**132,863**
Non-current				
Pasep tax	18,058	18,058	18,058	18,058
Cofins tax	83,175	83,175	83,175	83,175
	101,233	**101,233**	**101,233**	**101,233**
	185,833	**238,010**	**177,962**	**234,096**

The Pasep and Cofins tax items in Non-current liabilities refer to amounts involved in the legal proceedings challenging the constitutionality of inclusion of the amounts of ICMS tax in the basis of calculation of the taxable amount for those taxes, and seek authorization to offset the amounts paid over the last ten years. The company obtained an interim permission from the court not to make the payment, and authorization to make an escrow deposit, as from 2008, and maintained this practice until August 2011. After that date, while continuing to challenge the basis of the calculation in court, they opted to pay the taxes monthly.

On March 15, 2017, the Federal Supreme Court (*Supremo Tribunal Federal*, or STF) issued a ruling, with the status of general precedent ('*repercussão geral*') governing all similar cases, in favor of the Company's argument. In spite of the publication of the Joint Decision by the superior court, no statements have been made on the change in the effects of the decision. The Company awaits conclusion of the proceedings before measuring these effects and reflecting them in its financial statements.

(1) Adherence to the Minas Gerais State Tax Credits Regularization Plan (Plano de Regularização de Créditos Tributários – PRCT).

Of the total balance of ICMS to be paid on September 30, 2017, R$29,951 refer to the effects in the Statement of Income related to the adhesion by the company in the quarter to the Minas Gerais State Tax Credits Regularization Plan (PRCT), for settlement of ICMS tax in the updated amounts with a reduction of the fine and

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interest according to the State Law No. 22,549 and subsequent decrees that instituted the conditions for the payment of tax debts.

The tax issue which resulted in the Company's adherence to the PRCT is related to the payment of ICMS tax on transactions of transfers of power supply received from a Consortium, on which there was a difference of opinion between the Company and the tax authority in relation to the moment of payment.

The amount claimed from Cemig GT, under the PRCT, was R$ 29,951, and was settled in full on October 31, 2017 and represented a reduction of 95% on fine and interests. The effects were recorded on Profit and Loss period ended on September 30, 2017.

18. LOANS, FINANCINGS AND DEBENTURES

Financing source	Principal maturity	Annual financing cost	Currency	Consolidated – Sep. 30, 2017			Consolidated Dec. 31, 2016
				Current	Non-current	Total	
FOREIGN CURRENCY							
KfW	2019	1.78%	Euros	3,967	2,162	6,129	7,416
Debt in foreign currency				**3,967**	**2,162**	**6,129**	**7,416**
BRAZILIAN CURRENCY							
Promissory Notes – 7th Issue	2017	128.00% of CDI	R$	588,319	-	588,319	667,143
Banco do Brasil	2017	108.00% of CDI	R$	153,650	-	153,650	150,683
Banco do Brasil	2018	112.00% of CDI Rate	R$	295,581	270,000	565,581	554,748
Banco do Brasil	2018	132.90% of CDI	R$	290,442	149,317	439,759	583,043
Banco da Amazônia S.A.	2018	CDI + 1.90%	R$	13,786	119,961	133,747	121,601
Finep	2018	TJLP+5% and TJLP+8%	R$	3,145	-	3,145	5,504
BNDES	2026	TJLP + 2.34%	R$	8,065	61,361	69,426	73,389
Pipoca Consortium (2)	2018	IPCA	R$	185	-	185	185
(–) FIC Pampulha – securities issued by the Company itself (3)				(4,028)	-	(4,028)	-
Debt in Brazilian currency				**1,349,145**	**600,639**	**1,949,784**	**2,156,296**
Total of loans and financings				**1,353,112**	**602,801**	**1,955,913**	**2,163,712**
Debentures – 3rd Issue, 1st series (1)	2017	CDI + 0.90%	R$	-	-	-	543,208
Debentures – 3rd Issue, 2nd series (1)	2019	IPCA + 6.00%	R$	152,272	141,923	294,195	293,121
Debentures – 3rd Issue, 3rd series (1)	2022	IPCA + 6.20%	R$	35,809	950,808	986,617	983,506
Debentures – 5th Issue, 1st series (1)	2018	CDI + 1.70%	R$	844,159	700,000	1,544,159	1,411,295
Debentures – 6th Issue, 1st series (1)	2018	CDI + 1.60%	R$	495,573	-	495,573	1,037,973
Debentures – 6th Issue, 2nd series (1)	2020	IPCA + 8.07%	R$	475	30,658	31,133	31,117
Debentures – 7th Issue, 1st series (1)	2021	140.00% of CDI Rate	R$	(5,042)	2,210,853	2,205,811	2,196,841
(–) FIC Pampulha – securities issued by the Company itself (3)				(1,111)	(957)	(2,068)	(27,102)
Total, debentures				**1,522,135**	**4,033,285**	**5,555,420**	**6,469,959**
Overall total				**2,875,247**	**4,636,086**	**7,511,333**	**8,633,671**

Financing source	Principal maturity	Annual financing cost	Currency	Holding company – Sep. 30, 2017			Holding company – Dec. 31, 2016
				Current	Non-current	Total	Total
FOREIGN CURRENCY							
KfW	2019	1.78%	Euros	3,967	2,162	6,129	7,416
Debt in foreign currency				**3,967**	**2,162**	**6,129**	**7,416**
BRAZILIAN CURRENCY							
Promissory Notes – 7th Issue	2017	128.00% of CDI	R$	588,319	-	588,319	667,143
Banco do Brasil	2017	108.00% of CDI	R$	153,650	-	153,650	150,683
Banco do Brasil	2018	112.00% of CDI Rate	R$	295,581	270,000	565,581	554,748
Banco do Brasil	2018	132.90% of CDI	R$	290,442	149,317	439,759	583,043
Banco da Amazônia S.A.	2018	CDI + 1.90%	R$	13,786	119,961	133,747	121,601
Finep	2018	TJLP+5% and TJLP+8%	R$	3,145	-	3,145	5,504
BNDES	2026	TJLP + 2.34%	R$	8,065	61,361	69,426	73,389
Pipoca Consortium (2)	2018	IPCA	R$	185	-	185	185
(–) FIC Pampulha – securities issued by the Company itself (3)				(193)	-	(193)	-
Debt in Brazilian currency				**1,352,980**	**600,639**	**1,953,619**	**2,156,296**
Total of loans and financings				**1,356,947**	**602,801**	**1,959,748**	**2,163,712**
Debentures – 3rd Issue, 1st series (1)	2017	CDI + 0.90%	R$	-	-	-	543,208
Debentures – 3rd Issue, 2nd series (1)	2019	IPCA + 6.00%	R$	152,272	141,923	294,195	293,121
Debentures – 3rd Issue, 3rd series (1)	2022	IPCA + 6.20%	R$	35,809	950,808	986,617	983,506
Debentures – 5th Issue, 1st series (1)	2018	CDI + 1.70%	R$	844,159	700,000	1,544,159	1,411,295
Debentures – 6th Issue, 1st series (1)	2018	CDI + 1.60%	R$	495,573	-	495,573	1,037,973
Debentures – 6th Issue, 2nd series (1)	2020	IPCA + 8.07%	R$	475	30,658	31,133	31,117
Debentures – 7th Issue, 1st series (1)	2021	140.00% of CDI Rate	R$	(5,042)	2,210,853	2,205,811	2,196,841
(–) FIC Pampulha – securities issued by the Company itself (3)				(53)	(46)	(99)	(17,188)
Total, debentures				**1,523,193**	**4,034,196**	**5,557,389**	**6,479,873**
Overall total				**2,880,140**	**4,636,997**	**7,517,137**	**8,643,585**

(1) Nominal, unsecured, book-entry debentures not convertible into shares, without guarantee or preference.
(2) Credit for paying subscription of share capital in Hidrelétrica Pipoca S.A.
(3) *FIC Pampulha* holds financial investments in securities issued by the Company itself.
For more information and characteristics of this fund, see Note 26.

The composition of loans, financings and debentures, by currency and indexor, with the respective amortization, is as follows:

Consolidated	2017	2018	2019	2020	2021	2022	2023	After 2023	Total
Currency									
Euros	1,997	3,939	193	-	-	-	-	-	6,129
Total, currency denominated	**1,997**	**3,939**	**193**	**-**	**-**	**-**	**-**	**-**	**6,129**
Indexors									
IPCA index (1)	46,686	142,036	157,219	329,110	313,770	323,309	-	-	1,312,130
CDI (2)	2,051,846	1,916,086	717,501	717,440	717,630	-	-	-	6,120,503
TJLP (3)	2,983	10,187	7,833	7,833	7,833	7,833	7,833	20,236	72,571
Total governed by indexors	**2,101,515**	**2,068,309**	**882,553**	**1,054,383**	**1,039,233**	**331,142**	**7,833**	**20,236**	**7,505,204**
Overall total	**2,103,512**	**2,072,248**	**882,746**	**1,054,383**	**1,039,233**	**331,142**	**7,833**	**20,236**	**7,511,333**

Holding company	2017	2018	2019	2020	2021	2022	2023	After 2023	Total
Currency									
Euros	1,997	3,939	193	-	-	-	-	-	6,129
Total, currency denominated	**1,997**	**3,939**	**193**	**-**	**-**	**-**	**-**	**-**	**6,129**
Indexors									
IPCA index (1)	46,686	142,036	157,219	329,110	313,770	323,309	-	-	1,312,130
CDI (2)	2,055,681	1,918,055	717,501	717,440	717,630	-	-	-	6,126,307
TJLP (3)	2,983	10,187	7,833	7,833	7,833	7,833	7,833	20,236	72,571
Total governed by indexors	**2,105,350**	**2,070,278**	**882,553**	**1,054,383**	**1,039,233**	**331,142**	**7,833**	**20,236**	**7,511,008**
Overall total	**2,107,347**	**2,074,217**	**882,746**	**1,054,383**	**1,039,233**	**331,142**	**7,833**	**20,236**	**7,517,137**

(1) IPCA ('Expanded Consumer Price') Inflation Index. (2) CDI rate: Interbank Rate for Certificates of Deposit.
(3) TJLP: Long-Term Interest Rate (*Taxa de Juros de Longo Prazo*).

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This table shows the variations in the principal currencies and indexors used for monetary updating of loans, financings and debentures:

Currency	Accumulated variation in 9M17, %	Accumulated variation in 9M16, %	Indexor	Accumulated variation in 9M17, %	Accumulated variation in 9M16, %
US dollar	(2.80)	(16.87)	IPCA	1.78	5.51
Euros	8.86	(14.16)	CDI	8.03	10.42

The changes in loans, financings and debentures were as follows:

R$ '000	Consolidated	Holding company
Balance at December 31, 2016	**8,633,671**	**8,643,585**
Monetary and exchange rate variation	26,547	26,547
Financial charges provisioned	727,098	727,098
Financial charges amortization	23,115	23,115
Financial charges paid	(663,553)	(663,553)
Amortization of financings	(1,256,551)	(1,256,551)
Subtotal	**7,490,327**	**7,500,241**
(–) FIC Pampulha – securities issued by the Company itself	21,006	16,896
Balance at September 30, 2017	**7,511,333**	**7,517,137**

R$ '000	Consolidated	Holding company
Balance on December 31, 2015	-	**7,739,072**
Initial balance for consolidation purposes	**7,739,072**	-
Financings obtained	621,965	621,965
Funding costs	(14,260)	(14,260)
Financings obtained net of funding costs	**607,705**	**607,705**
Monetary and exchange rate variation	70,548	70,548
Financial charges provisioned	832,307	832,307
Financial charges amortization	30,709	30,709
Financial charges paid	(432,836)	(432,836)
Amortization of financings	(10,076)	(10,076)
Subtotal	**8,837,429**	**8,837,429**
(–) FIC Pampulha – securities issued by the Company itself	(26,040)	(15,511)
Balance at September 30, 2016	**8,811,389**	**8,821,918**

Costs of loans transferred to Investments

The Company had no costs of loans or financings linked to works transferred to Fixed assets in the first nine months of 2017.

Guarantees

The debtor balance of loans and financings is guaranteed as follows:

R$ '000	Sep 30, 2017
Surety guarantees	5,296,248
Receivables	353,145
Shares	1,855,811
Without guarantee	6,129
TOTAL	**7,511,333**

Debentures

The debentures issued by the Company are not convertible into shares, and have the following characteristics:

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R$ '000	Maturity	Type of guarantee	Annual financing cost	Consolidated		Holding company	
				Balance at Sep. 30, 2017	Balance at Dec. 31, 2016	Balance at Sep. 30, 2017	Balance at Dec. 31, 2016
3rd Issue – 1st Series	2017	Unsecured	CDI + 0.90%	-	543,208	-	543,208
3rd Issue – 2nd Series	2019	Unsecured	IPCA + 6.00%	294,195	293,121	294,195	293,121
3rd Issue – 3rd Series	2022	Unsecured	IPCA + 6.20%	986,617	983,506	986,617	983,506
5th Issue, 1st Series	2018	Unsecured	CDI + 1.70%	1,544,159	1,411,295	1,544,159	1,411,295
6th Issue – 1st Series	2018	Unsecured	CDI + 1.60%	495,573	1,037,973	495,573	1,037,973
6th Issue – 2nd Series	2020	Unsecured	IPCA + 8.07%	31,133	31,117	31,133	31,117
7th Issue, 1st Series	2021	Unsecured	140% of CDI	2,205,811	2,196,841	2,205,811	2,196,841
(–) FIC Pampulha				(2,068)	(27,102)	(99)	(17,188)
TOTAL				5,555,420	6,469,959	5,557,389	6,479,873

The debentures issued by the Company have no restrictive covenants, nor renegotiation clauses, nor debentures held in treasury. There is an early maturity clause for cross-default in the event of non-payment of any pecuniary obligation with individual or aggregate value greater than R$ 50 million.

a) Restrictive covenant clauses

The Company has contracts with covenants linked to financial indices, as follows:

Title	Parameter	Ratio required for Cemig GT	Ratio required Cemig (guarantor)	Compliance frequency
Financing – BNDES (1)	Stockholders' equity of Guarantor / Total assets of Guarantor	-	Capitalization ratio: 30% or more	Annual
Bank Credit Note – Banco do Brasil (2)	Net debt / (Ebitda + dividends received)	Ratio – maximum: 5.5 in 2017 5.0 in 2018 4.5 in 2019 3.0 in 2020 2.5 in 2021	Ratio – maximum: 4.5 in 2017 4.25 in 2018 3.5 in 2019 3.0 in 2020 2.5 in 2021	Half-yearly, from December 2017
7th debenture issue (3)	Net debt / (Ebitda + Dividends received)	Ratio – maximum: 5.5 in 2017 5.0 in 2018 4.5 in 2019 3.0 in 2020 2.5 in 2021	Ratio – maximum: 4.5 in 2017 4.25 in 2018 3.5 in 2019 3.0 in 2020 2.5 in 2021	Half-yearly, from June 2017

(1) If the Company does not achieve the required ratio, it will have six months from the end of the business year in which the ratio was found, to: (i) constitute real guarantees which in the assessment of the BNDES represent 130.00% of the value of the debtor balance of the contract; or (ii) present an interim balance sheet, audited by an auditor registered with the CVM, that indicates the return to the index required.
(2) It was incorporated in the covenants of the bank credits notes in favor of Banco do Brasil the same ratios required in the 7th Issue of Debentures through a contractual amendment ;
(3) 7th Issue of Debentures by Cemig GT, in December 2016, of R$ 2,240,000.

On June 30, 2017 the covenant requiring half-yearly compliance relating to the financial ratio for Cemig GT and Cemig (guarantor) was complied with. The covenant requiring compliance annually was complied with on December 31, 2016.

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19. REGULATORY CHARGES

R$ '000	Consolidated		Holding company	
	9M17	Dec. 31, 2016	9M17	Dec. 31, 2016
Current Assets				
Credits owed by Eletrobras (1)	-	48,379	-	48,379
		48,379		**48,379**
Liabilities				
Global Reversion Reserve (RGR) (1)	13,489	-	13,489	-
Royalties for use of water resources (CFURH)	16,037	22,316	15,041	20,535
Energy Development Account (CDE)	26,440	7,838	26,440	7,838
Electricity Services Inspection Charge (TFSEE)	757	1,469	612	1,251
Proinfa – Alternative Energy Incentive Program	6,778	7,720	6,778	7,721
National Scientific and Technological Development Fund (FNDCT)	1,816	4,057	1,400	3,659
Research and development	173,944	152,472	170,777	151,146
Energy System Expansion Research	1,025	2,151	839	1,969
	240,286	**198,023**	**235,376**	**194,119**
Current liabilities	**90,760**	**69,955**	**89,017**	**67,377**
Non-current liabilities	**149,526**	**128,068**	**146,359**	**126,742**

(1) Cemig GT requested from Aneel a review of the amounts paid for the RGR Contribution in previous business years, due to the basis of calculation used at the time for calculation of the charge. Cemig GT recognized the right to recover the amount paid in excess, to be offset against RGR payable, only after the conclusion, in 2016, of a judgment by Aneel, as per Aneel Technical Note 162/2016, which accepted Cemig GT's claim. On September 30, 2017 the RGR payable is presented net of the remaining balance receivable, of R$ 15,073.

20. POST-RETIREMENT OBLIGATIONS

Changes in net liabilities were as follows:

R$ '000	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Net liabilities on December 31, 2015 (Holding company)	**310,946**	**277,652**	**6,173**	**126,699**	**721,470**
Expense recognized in Profit and loss account	32,916	28,789	641	12,843	75,189
Contributions paid	(21,446)	(15,415)	(376)	(2,370)	(39,607)
Net liabilities on September 30, 2016 (Consolidated and Holding company)	**322,416**	**291,026**	**6,438**	**137,172**	**757,052**
Net liabilities on December 31, 2016 (Consolidated and Holding company)	**357,099**	**356,833**	**7,662**	**184,867**	**906,461**
Expense recognized in Profit and loss account	27,927	29,749	642	15,024	73,342
Contributions paid	(26,846)	(17,289)	(408)	(1,402)	(45,945)
Net liabilities on September 30, 2017 (Consolidated and Holding company)	**358,180**	**369,293**	**7,896**	**198,489**	**933,858**
				Sep. 30, 2017	**Dec. 31, 2016**
Current liabilities				50,715	45,377
Non-current liabilities				883,143	861,084

The amounts recorded in Current liabilities refer to the contributions to be made by Cemig GT in the next 12 months for amortization of the actuarial liabilities.

The amounts reported as expenses in the Consolidated profit and loss account refer to the costs of post-employment obligations, totaling R$ 62,389 (R$ 55,550 in 9M16), plus the financial costs and monetary updating on the debt agreed with Forluz, in the amount of R$ 10,953 (R$ 19,639 for 9M16).

Contract for solution to the deficit on Forluz Pension Plan 'A'

In May 2017 Forluz and the sponsors Cemig, Cemig GT and Cemig D signed an Instrument of Assumption of Debt for Coverage of Deficit in accordance with the deficit solution plan for Plan A (the Retirement Benefits Balances Plan) approved by the Governing Council of Forluz on December 15, 2016. On September 30, 2017 the total amount payable by Cemig GT as a result of the deficit found in Plan A is R$ 64,307, with monthly amortizations up to June 2031, calculated by the system of constant installments (known as the 'Price Table'). Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA (Expanded National Consumer Price) index published by the IBGE. If the plan reaches actuarial balance before the full period of amortization of the contract, the Company is dispensed from payment of the remaining installments and the contract is extinguished.

21. PROVISIONS

The Company is a party in legal and administrative proceedings before various courts and government bodies, arising in the normal course of business, regarding employment-law, civil, tax, environmental, regulatory and other issues.

For legal actions in which, based on its opinion and that of its legal advisers, the chances of loss – and consequently of a need for outflow of funds – have been assessed as 'probable', the Company has recorded provisions for losses as follows:

Consolidated R$ '000	Dec. 31, 2016	Additions	Reversals	Settled	Sep. 30, 2017
Employment-law cases	46,286	15,980	-	(7,355)	54,911
Civil cases	364	14	(207)	(14)	157
Tax	7,145	69	(815)	-	6,399
Regulatory	50	2,567	(4)	(500)	2,113
Other	51,451	5,125	-	(634)	55,942
Total	**105,296**	**23,755**	**(1,026)**	**(8,503)**	**119,522**

Holding company R$ '000	Dec. 31, 2016	Additions	Reversals	Settled	Sep. 30, 2017
Employment-law cases	46,286	15,964	-	(7,354)	54,896
Civil cases	364	14	(207)	(14)	157
Tax	7,145	69	(815)	-	6,399
Regulatory	50	2,567	(4)	(500)	2,113
Other	51,451	5,125	-	(634)	55,942
Total	**105,296**	**23,739**	**(1,026)**	**(8,502)**	**119,507**

R$ '000	Holding company – Dec. 31, 2015	Additions	Reversals	Settled	Consolidated and Holding company Sep. 30, 2016
Employment-law cases	44,559	6,059	(2,216)	(6,059)	42,343
Civil cases	305	198	-	(150)	353
Tax	5,161	2,284	(67)	(3)	7,375
Regulatory	2,670	673	-	(262)	3,081
Other	25,015	25,819	-	(204)	50,630
Total	**77,710**	**35,033**	**(2,283)**	**(6,678)**	**103,782**

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In view of the long periods involved in, and the manner of working of, the Brazilian judiciary, tax and regulatory systems, management believes that it is not possible in practice to supply information that would be useful to the users of these interim financial statements about the time when any cash outflows, or any reimbursements, might take place in fact. The Company believes that any disbursements in excess of the amounts provisioned, when the respective cases are completed, will not significantly affect the Company's profit or financial position.

The details of the best estimates of expected future disbursements for the principal provisions and contingent liabilities are given on the following pages, as follows:

(1) Provisions, for actions with chance of loss assessed 'probable'

Employment-law cases

The Company is a party in various legal actions brought by its employees and by employees of providers of outsourced services. Most of these claims relate to overtime and additional pay, severance payments, various benefits, salary adjustments and the effects of such items on a supplementary retirement plan. In addition to these actions, there are others relating to outsourcing of labor, complementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments.

The aggregate amount of the contingency is approximately R$ 154,969 (R$ 135,739 on December 31, 2016), of which R$ 54,911 (R$ 46,286 on December 31, 2016) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

Tax

The Company is a party in numerous administrative and court actions relating to taxes, including, among other matters, subjects relating to the ICMS (value added) tax on goods and services; the Urban Property Tax (*Imposto sobre a Propriedade Territorial Urbana*, or IPTU); the Rural Property Tax (ITR); the Social Integration Program (*Programa de Integração Social*, or PIS); the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins); Corporate Income Tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ); the Social Contribution Tax on Net Profit (*Contribuição Social sobre o Lucro Líquido*, or CSLL); and applications to stay execution on tax matters. The aggregate amount of the contingency is approximately R$ 113,059 (R$ 114,865 on December 31, 2016), of which R$ 6,399 (R$ 7,145 on December 31, 2016) has been provisioned.

Regulatory

The Company is defendant in court and administrative proceedings challenging, especially, reduction of an electricity supply contract, limitation on the procedure for operation of the sluice dam of a hydroelectric plant, an infraction accusation arising from an inspection by the regulator – and other matters. The aggregate amount of the contingency is approximately R$ 21,827 (R$ 20,958 on December 31, 2016), of which R$ 2,113 (R$ 50 on December 31, 2016) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

Other legal actions in the normal course of business

Breach of contract – Power line pathways and accesses cleaning services contract

The Company is a party in disputes alleging losses suffered as a result of supposed breach of contract at the time of provision of services of cleaning of power line pathways and firebreaks. The amount provisioned is R$ 30,808 (R$ 28,389 at December 31, 2016), this being estimated as the likely amount of funds necessary to settle this dispute.

Other legal actions

The Company is party in a lawsuit disputing the removal of residents in areas of access to transmission lines or under transmission line towers. The amount provisioned is R$ 23,286 (R$ 21,407 at December 31, 2016), estimated as the likely amount of funds necessary to settle this dispute, based on the opinion of the Company's legal advisors.

In addition to the issues described above, the Company is involved, on plaintiff or defendant side, in other cases, of smaller scale, related to the normal course of its operations, with an estimated total amount of R$ 75,043 (R$ 65,726 on December 31, 2016), of which R$ 1,848 has been provisioned (R$ 1,655 on December 31, 2016). Management believes that it has appropriate defense for these actions, and does not expect these issues to give rise to significant losses that could have an adverse effect on the Company's financial position or profit.

(2) Contingent liabilities, for actions with chances of loss assessed as 'possible', in which the Company believes it has arguments of merit for defense

Tax and similar charges

The Company is a party in numerous administrative and court proceedings in relation to taxes. Below are details of the principal cases:

Indemnity of employees' future benefit (the 'Anuênio')

In 2006 the Company paid an indemnity to its employees, totaling R$ 41,860, in exchange for rights to future payments (referred to as the *Anuênio*) for time of service, which would otherwise be incorporated, in the future, into salaries. The company did not pay income tax nor Social Security contributions in relation to these amounts because it considered that those obligations are not applicable to amounts paid as an indemnity. However, to avoid the risk of a future fine, the Company decided to apply for an order of *mandamus*, which permitted payment into Court of R$ 28,716, which updated is R$ 62,495 (R$ 60,126 at December 31, 2016). This was posted in Escrow deposits in litigation. The updated amount of the contingency is R$ 72.464 (R$ 68,403 on December 31, 2016) and, based on the arguments above, management has classified the chance of loss as 'possible'.

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Social Security contributions

The Brazilian federal tax authority (*Secretaria da Receita Federal*) has brought administrative proceedings under various headings: employee profit shares; the Workers' Food Program (*Programa de Alimentação do Trabalhador*, or PAT); overtime payments; hazardous occupation payments; matters related to Sest/Senat (transport workers' support programs); and fines for non-compliance with accessory obligations. The Company has presented defenses and awaits judgment. The amount of the contingency is approximately R$ 451,093 (R$ 244,659 on December 31, 2016). Management has classified the chance of loss as 'possible', also taking into account assessment of the chance of loss in the judicial sphere (the cases mentioned are in the administrative sphere), based on the evaluation of the claims and the related case law.

Non-homologation of offsetting of tax credits

The federal tax authority did not ratify the Company's declared offsetting, in Corporate income tax returns, of carryforwards and undue or excess payment of federal taxes – IRPJ, CSLL, PIS and Cofins – identified by official tax deposit receipts ('DARFs' and 'DCTFs'). The Company is contesting the non-homologation of the amounts offset. The amount of the contingency is R$ 103,202 (R$ 115,057 on December 31, 2016). The Company has assessed the chance of loss as 'possible', since it believes it has complied with the relevant requirements of the National Tax Code (*Código Tributário Nacional*, or CTN).

The Social Contribution tax on net profit (CSLL)

The federal tax authority issued a tax infringement claim against the Company for the business years 2012 and 2013, alleging non-addition, or deduction, by the Company, of amounts relating to the following items in calculating the Social Contribution tax on net income: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R$ 53,611 (R$ 52,045 on December 31, 2016). The Company has classified the chances of loss as 'possible', in accordance with the analysis of the case law on the subject.

<u>Regulatory matters</u>

Accounting of electricity sale transactions in the Electricity Trading Chamber (CCEE)

In an action dating from August 2002, AES Sul Distribuidora challenged in the courts the criteria for accounting of electricity sale transactions in the wholesale electricity market (*Mercado Atacadista de Energia*, or MAE), predecessor of the present Electricity Wholesale Market (*Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing. It obtained an interim judgment in its favor in February 2006, which orders Aneel, working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, leaving

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out of account Aneel's Dispatch 288 of 2002. This was to be put into effect in the CCEE as from November 2008, resulting in an additional disbursement for Cemig, referring to the expense on purchase of electricity in the spot market on the CCEE, in the approximate amount of R$ 276,289 (R$ 263,847 on December 31, 2016). On November 9, 2008 the Company obtained an interim remedy in the Regional Federal Appeal Court (Tribunal Regional Federal, or TRF) suspending the obligatory nature of the requirement to pay into court the amount that would have been owed under the Special Financial Settlement made by the CCEE.

The Company has classified the chance of loss as 'possible', since this action deals with the General Agreement for the Electricity Sector, in which the Company has the full documentation to support its arguments.

System Service Charges (ESS) – Resolution of the National Energy Policy Council

Resolution 3 of the National Energy Policy Council (*Conselho Nacional de Política Energética*, or CNPE) of March 6, 2013 established new criteria for the prorating of the cost of additional dispatch of thermal plants. Under the new criteria, the costs of the System Service Charges for Electricity Security (*Encargos do Serviço do Sistema*, or ESS), which were previously prorated in full between Free Consumers and Distributors, was now to be prorated between all the agents participating in the National Grid System, including generators and traders.

In May 2013, the Brazilian Independent Electricity Producers' Association (*Associação Brasileira dos Produtores Independentes de Energia Elétrica*, or Apine), of which the Company is a member, obtained an interim court remedy suspending the effects of Articles 2 and 3 of CNPE Resolution 3, exempting generators from payment of the ESS under that Resolution.

As a result of the interim remedy, the CCEE carried out the financial settlement for transactions in April through December 2013 using the criteria prior to the said Resolution. As a result, the Company recorded the costs of the ESS in accordance with the criteria for financial settlement published by the CCEE, without the effects of CNPE Resolution 3.

The applications by the plaintiff (Apine) were granted in the first instance, confirming the interim remedy granted in favor of its members, including Cemig GT and its subsidiaries. This decision was the subject of an appeal, distributed to the 7th Panel of the Regional Federal Court (*Tribunal Federal Regional*, or TRF) of the 1st Region, in which judgment is awaited.

The amount of the contingency is approximately R$ 195,280 (R$ 182,232 on December 31, 2016). In spite of the successful judgment at the first instance, the Association's legal advisers still considered the chances of loss in this contingency as 'possible'. The Company agrees with this, since there are not yet elements to make it possible to foresee the outcome of the Appeal filed by the federal government.

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Environmental issues

Impact arising from construction of power plants

The Public Attorneys of Minas Gerais State, together with an association and individuals, have brought class actions requiring the Company to invest at least 0.5% of its annual gross operating revenue of the *Emborcação, Pissarrão, Funil, Volta Grande, Poquim, Paraúna, Miranda, Nova Ponte, Rio de Pedras* and *Peti* plants in environmental protection and preservation of the water tables of the counties where these power plants are located, and proportional indemnity for allegedly irrecoverable environmental damage caused, arising from omission to comply with Minas Gerais State Law 12503/1997. The Company has filed appeals with the national Higher Appeal Court (STJ) and the Federal Supreme Court (STF), and based on the opinions of its legal advisers takes the view that this is a matter involving legislation at infra-constitutional level (there is a Federal Law with an analogous object) and thus a constitutional matter, on the issue of whether the state law is constitutional or not. No provision has been made, since based on the opinion of its legal advisors management has classified the chance of loss as 'possible'. The amount of the contingency is R$ 126,870 (R$ 112,704 on December 31, 2016).

The Public Attorneys' Office of Minas Gerais State has filed class actions requiring the formation of a Permanent Preservation Area (APP) around the reservoir of the *Capim Branco* hydroelectric plant, suspension of the effects of the environmental licenses, and recovery of alleged environmental damage. Based on the opinion of its legal advisors in relation to the changes that have been made in the new Forest Code and in the case law on this subject, the Company has classified the chance of loss in this dispute as 'possible'. The estimated value of the contingency is R$ 77,372 (R$ 73,169 on December 31, 2016).

Other environmental matters

The Company is involved in environmental matters, relating to protected areas, environmental licenses, and recovery of alleged environmental damage, in the amount of R$ 10,526 (vs. R$ 30,839 at December 31, 2016). No provision has been made, since Management, based on the opinion of its legal advisors, has classified the chance of loss as 'possible'.

Other contingent liabilities

Alteration of the monetary updating index of employment-law cases

The Higher Employment-Law Appeal Court (*Tribunal Superior do Trabalho*, or TST), considering a position adopted by the Federal Supreme Court (*Supremo Tribunal Federal*, STF) in two actions on constitutionality that dealt with the index for monetary updating of federal debts, decided on August 4, 2015 that employment-law debts in actions not yet decided that discuss debts subsequent to June 30, 2009 should be updated based on the variation of the IPCA-E (Expanded National Consumer Price Index), rather than of the TR reference interest rate. On October 16, 2015 an interim injunction was given by the STF that suspended the effects of the TST decision, on the grounds that decisions on matters of general constitutional importance should be decided exclusively by the STF.

The estimated value of the difference between the monetary updating indices of the employment-law cases is R$ 19,325 (R$ 17,052 on December 31, 2016). No additional provision has been made, since the Company, based on the assessment by its legal advisers, has assessed the chances of loss in the action as 'possible', as a result of the decision by the STF, and of there being no established case law, nor analysis by legal writers, on the subject, after the injunction given by the Federal Supreme Court.

22. EQUITY AND REMUNERATION TO STOCKHOLDERS

On September 30, 2017 the Company's registered capital was R$ 1,837,710, represented by 2,896,785,358 nominal common shares, fully subscribed, without par value, wholly owned by Cemig (Companhia Energética de Minas Gerais).

Basic and diluted profit (loss) per share

Profit per share has been calculated based on the weighted average number of the company's shares (it has only common shares) in each of the periods referred to, as follows:

R$ '000	9M17	9M16	3Q17	3Q16
Number of shares	2,896,785,358	2,896,785,358	2,896,785,358	2,896,785,358
Profit (loss) for the period	525,407	534,929	(5,145)	224,286
Basic and diluted profit (loss) per share (in R$)	**0.1814**	**0.1847**	**(0.0018)**	**0.0774**

The purchase and sale options of investments described in Note 13 could potentially dilute basic profit per share in the future; however, they have not caused dilution of profit per share in the periods presented here.

Advance against future capital increase

On February 10, 2017 the Board of Directors decided to authorize an Advance Against Future Capital Increase (AFAC), of R$ 100,000 which will be capitalized, through a specific decision at an Extraordinary General Meeting of Stockholders.

Profit reserves

R$ '000	Sep. 30, 2017	Dec. 31, 2016
Profit reserves		
Legal Reserve	119,307	119,307
Tax Incentives reserve – Sudene	44,870	44,870
Retained Earnings reserve	2,310,482	2,310,482
	2,474,659	**2,474,659**

23. REVENUE

This table gives the breakdown of the Company's revenue:

R$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Total revenue from supply of electricity – with taxes (a)	5,230,682	4,756,058	4,903,051	4,668,118
Transmission revenue – with taxes (b)	327,720	299,198	329,235	299,198
Revenue from financial updating of the Concession Grant Fee * (c)	240,420	212,185	-	115,274
Construction Revenue (d)	11,226	36,405	11,226	36,405
Transactions in electricity on CCEE (e)	520,943	137,075	516,395	137,075
Transmission Indemnity Revenue (f)	295,749	692,211	295,749	692,211
General Indemnity Revenue (g)	259,516	-	259,516	-
Other operational revenues	30,197	21,404	42,263	26,510
Sector / regulatory charges – Deductions from revenue (h)	(1,200,004)	(1,061,741)	(1,119,405)	(1,049,647)
	5,716,449	**5,092,795**	**5,238,030**	**4,925,144**

(*) In 2016, the amounts are presented net of financial updating of the remaining portion at that time payable for the Concession Grant Fee.

R$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Total revenue from supply of electricity – with taxes (a)	1,896,723	1,721,326	1,781,612	1,649,625
Transmission revenue – with taxes (b)	86,320	107,098	87,285	107,098
Revenue from financial updating of the Concession Grant Fee (c)	89,943	63,491	-	-
Construction Revenue (d)	4,201	4,771	4,201	4,771
Transactions in electricity on CCEE (e)	108,868	85,222	105,083	85,222
Transmission Indemnity Revenue (f)	25,894	99,742	25,894	99,742
General Indemnity Revenue (g)	259,516	-	259,516	-
Other operational revenues	12,841	7,616	17,380	12,722
Sector / regulatory charges – Deductions from revenue (h)	(437,027)	(343,289)	(407,209)	(333,007)
	2,047,279	**1,745,977**	**1,873,762**	**1,626,173**

(a) Revenue from supply of electricity

This table shows supply of electricity, and revenue from it, by type of consumer:

R$ '000	Consolidated				Holding company			
	9M17		9M16		9M17		9M16	
	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$
Industrial	10,714,163	2,480,070	11,452,195	2,561,774	10,051,014	2,329,312	11,452,195	2,561,774
Commercial	1,620,592	414,045	584,994	151,996	1,620,592	414,045	584,994	151,996
Subtotal	**12,334,755**	**2,894,115**	**12,037,189**	**2,713,770**	**11,671,606**	**2,743,357**	**12,037,189**	**2,713,770**
Retail supply not yet invoiced, net	-	23,399	-	68,600	-	6,658	-	68,600
	12,334,755	**2,917,514**	**12,037,189**	**2,782,370**	**11,671,606**	**2,750,015**	**12,037,189**	**2,782,370**
Wholesale supply to other concession holders (2)	9,225,587	2,334,428	8,791,221	1,847,412	9,225,587	2,163,621	8,791,221	1,805,027
Wholesale supply not yet invoiced, net	-	(21,260)	-	126,276	-	(10,585)	-	80,721
	21,560,342	**5,230,682**	**20,828,410**	**4,756,058**	**20,897,193**	**4,903,051**	**20,828,410**	**4,668,118**

R$ '000	Consolidated				Holding company			
	3Q17		3Q16		3Q17		3Q16	
	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$
Industrial	3,648,307	838,897	4,039,479	907,999	3,389,443	780,405	4,039,479	907,999
Commercial	561,786	145,331	212,847	54,570	561,786	145,331	212,847	54,570
Subtotal	**4,210,093**	**984,228**	**4,252,326**	**962,569**	**3,951,229**	**925,736**	**4,252,326**	**962,569**
Retail supply not yet invoiced, net	-	(172)	-	500	-	(1,300)	-	500
	4,210,093	**984,056**	**4,252,326**	**963,069**	**3,951,229**	**924,436**	**4,252,326**	**963,069**
Wholesale supply to other concession holders (2)	3,447,975	859,378	2,927,208	631,775	3,447,975	806,879	2,927,208	605,629
Wholesale supply not yet invoiced, net	-	53,289	-	126,482	-	50,297	-	80,927
	7,658,068	**1,896,723**	**7,179,534**	**1,721,326**	**7,399,204**	**1,781,612**	**7,179,534**	**1,649,625**

(*) Information in MWh has not been reviewed by external auditors.
(2) Includes a Contract for sale in the Regulated Market to distributors, sales in the free market to traders and generators, 'bilateral' contracts with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

(b) Transmission concession revenue

Transmission revenue comprises the amount received from agents of the electricity sector for operation and maintenance of transmission lines of the national grid, represented by the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP).

(c) Gain on financial updating of Concession Grant Fee

Represents updating by the IPCA index, plus remuneratory interest, on the Concession Grant Fee for the concession awarded as Lot D of Auction 12/2015. For more details see Note 12.

(d) Construction Revenue

Construction Revenue corresponds to the investments in assets of the transmission concession made by the Company in the period, and is totally offset by the item *Construction costs*.

(e) Revenue from transactions in electricity in the CCEE (Wholesale Trading Chamber)

The revenue from transactions made through the Electricity Trading Chamber (*Câmara de Comercialização de Energia Elétrica*, or CCEE) is the monthly positive net balance of settlements of transactions for purchase and sale of electricity in the Spot Market, through the CCEE.

(f) Transmission Indemnity Revenue

In 9M17 the Company recognized revenue of R$ 295,749, of which R$ 146,494 corresponded to updating, by the IPCA index, of the balance of indemnity existing at December 2016, and R$ 149,255 relating to the adjustment to the BRR (Remuneration Base of Assets) of the transmission assets, as per Aneel Technical Note 183/2017. For more details see Note 12.

(g) Generating Indemnity Revenue

In 9M17 the Company recognized revenue of R$ 259,516, for the adjustment to the balance of non-amortized indemnities for the concessions of the *São Simão* and *Miranda* Hydroelectric Plants, as per Ministerial Order 291/17, also taking into account the updating of the amounts. For more details see Note 4 and 12.

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(h) Taxes and charges applied to Revenue

R$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Taxes on revenue				
ICMS tax (1)	461,999	406,415	434,862	406,415
Cofins tax	457,844	397,369	422,391	391,823
PIS and Pasep taxes	99,390	86,266	91,696	85,065
ISS tax on services	1,636	946	1,636	946
	1,020,869	**890,996**	**950,585**	**884,249**
Charges to the consumer				
Global Reversion Reserve (RGR)	8,795	(28,277)	8,795	(28,277)
Energy Development Account (CDE)	36,209	22,676	36,209	22,676
Proinfa Program	29,626	31,386	29,626	31,386
Research and Development (R&D)	11,613	17,584	9,918	16,858
National Scientific and Technological Development Fund (FNDCT)	11,613	17,584	9,918	16,858
Energy System Expansion Research (EPE)	5,807	8,792	4,959	8,429
Electricity Services Inspection Charge (TFSEE)	10,336	13,865	8,895	13,211
Royalties for use of water resources (CFURH)	65,136	87,135	60,500	84,257
	179,135	**170,745**	**168,820**	**165,398**
	1,200,004	**1,061,741**	**1,119,405**	**1,049,647**

R$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Taxes on revenue				
ICMS tax (1)	176,897	145,841	166,367	145,841
Cofins tax	167,406	139,494	154,397	135,438
PIS and Pasep taxes	36,341	30,281	33,519	29,403
ISS tax on services	630	327	630	327
	381,274	**315,943**	**354,913**	**311,009**
Charges to the consumer				
Global Reversion Reserve (RGR)	9,802	(42,641)	9,802	(42,641)
Energy Development Account (CDE)	4,637	5,007	4,637	5,007
Proinfa Program	10,049	11,365	10,049	11,365
Research and Development (R&D)	3,114	6,720	2,514	5,994
National Scientific and Technological Development Fund (FNDCT)	3,114	6,720	2,514	5,994
Energy System Expansion Research (EPE)	1,557	3,360	1,257	2,997
Electricity Services Inspection Charge (TFSEE)	2,125	4,260	1,692	3,606
Royalties for use of water resources (CFURH)	21,355	32,555	19,831	29,676
	55,753	**27,346**	**52,296**	**21,998**
	437,027	**343,289**	**407,209**	**333,007**

(1) In 3Q17 Cemig GT adhered to the terms of the Minas Gerais State Tax Credits Regularization Plan (*Plano de Regularização de Créditos Tributários*, or PRCT). For more information see Note 17.

24. OPERATING COSTS AND EXPENSES

R$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Personnel (a)	300,528	280,858	291,542	280,858
Employee profit shares	5,779	6,135	5,779	6,135
Post-retirement obligations	62,389	55,550	62,389	55,550
Materials	9,120	9,479	7,822	9,241
Raw materials and inputs for production of electricity	58	35	58	35
Outsourced services (b)	96,212	98,247	86,335	96,443
Depreciation and amortization	122,951	141,468	122,901	141,468
Provisions (c)	106,951	63,106	106,935	63,106
Charges for use of the national grid	257,420	230,412	232,259	227,533
Electricity bought for resale (d)	2,990,677	2,291,737	2,950,140	2,291,737
Transmission Infrastructure construction cost (e)	11,226	36,405	11,226	36,405
Other operational costs and expenses, net (f)	40,762	47,181	39,115	47,059
	4,004,073	**3,260,613**	**3,916,501**	**3,255,570**

R$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Personnel (a)	88,963	82,471	86,314	82,993
Employee profit shares	155	5,509	155	5,509
Post-retirement obligations	21,637	19,975	21,637	19,975
Materials	3,383	2,461	2,851	2,234
Raw materials and inputs for production of electricity	13	8	13	8
Outsourced services (b)	32,422	28,505	29,732	27,197
Depreciation and amortization	36,618	47,385	36,597	47,385
Provisions (c)	45,544	11,466	45,543	11,466
Charges for use of the national grid	91,364	82,537	82,433	79,658
Electricity bought for resale (d)	1,275,814	823,584	1,256,951	823,584
Transmission Infrastructure construction cost €	4,201	4,771	4,201	4,771
Other operational costs and expenses, net (f)	13,048	15,063	12,695	14,946
	1,613,162	**1,123,735**	**1,579,122**	**1,119,726**

a) Personnel expenses

The 2017 PDVP Programmed Voluntary Retirement Plan

In March 2017, the Company created the 2017 Employee Voluntary Severance Program ('the 2017 PDVP'). Those eligible to take part were any employees who will have worked with Cemig for 25 years or more by December 31, 2017. The period for acceptance of the 2017 PDVP was April 3 2017, through October 17, 2017. It provided for payment of an additional premium of five monthly salaries to employees who join in April 2017, to leave the Company in May 2017; the premium diminished progressively depending on the month of acceptance. Thus, for employees who adhered to the program only in August 2017, for voluntary retirement in September 2017, the corresponding premium payment was only one month's salary. For those who joined as from September 1, 2017, there was no premium. The program also paid the standard legal severance payments – including: payment for the period of notice, and especially, an amount equal to the 'penalty' payment of 40% of the Base Value of the employee's FGTS fund, as well as the other payments specified by the legislation. On September 30, 2017 the amount appropriated as expense on the premium for retirement under the 2017 PDVP was R$ 44,516, corresponding to acceptance, up to that date, by 229 employees.

b) Outsourced services

R$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Communication	2,199	2,472	2,129	2,472
Maintenance and conservation of electrical facilities and equipment	12,671	11,752	9,498	16,858
Building conservation and cleaning	20,498	19,869	17,350	19,869
Contracted labor	3,065	2,655	3,065	2,655
Freight and airfares	1,859	1,539	1,852	1,539
Accommodation and meals	2,426	2,311	2,311	2,311
Security services	9,125	10,189	7,872	10,189
Consultancy	4,312	3,628	4,312	3,628
Maintenance and conservation of furniture and utensils	396	425	383	425
Information technology	6,756	5,875	6,749	5,875
Maintenance and conservation of vehicles	147	134	133	125
Electricity	3,336	3,739	3,099	3,739
Environment	8,390	9,940	7,557	9,940
Cleaning of power line pathways	1,607	1,297	1,568	1,297
Printing and images	923	834	895	835
Legal services and court costs	3,498	3,260	3,487	3,260
Other	15,004	18,328	14,075	11,426
	96,212	**98,247**	**86,335**	**96,443**

R$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q17
Communication	574	441	550	441
Maintenance and conservation of electrical facilities and equipment	4,211	3,570	3,525	8,676
Building conservation and cleaning	8,159	6,490	7,270	6,948
Contracted labor	1,130	495	1,130	495
Freight and airfares	774	642	772	642
Accommodation and meals	825	930	804	930
Security services	3,056	3,440	2,641	3,440
Consultancy	1,794	449	1,794	449
Maintenance and conservation of furniture and utensils	115	90	111	90
Information technology	1,131	966	1,131	986
Maintenance and conservation of vehicles	41	23	37	90
Electricity	985	1,271	971	1,289
Environment	1,489	3,483	1,389	3,483
Cleaning of power line pathways	873	277	866	277
Printing and images	347	272	324	273
Legal services and court costs	1,582	1,493	1,571	1,493
Other	5,336	4,173	4,846	(2,805)
	32,422	**28,505**	**29,732**	**27,197**

c) Operational provisions (reversals)

	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Provision for estimate of doubtful receivables	16,257	868	16,257	868
Contingency provisions (reversals)				
Employment-law cases	15,980	3,843	15,964	3,843
Civil cases	(193)	198	(193)	198
Tax	(746)	2,217	(746)	2,217
Regulatory	2,563	673	2,563	673
Other	5,125	25,819	5,125	25,819
	22,729	32,750	22,713	32,750
Change in fair value of derivatives				
Put option – SAAG (Note 13)	67,965	29,488	67,965	29,488
	106,951	**63,106**	**106,935**	**63,106**

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	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Provision for estimate of doubtful receivables	16.257	-	16.257	-
Contingency provisions (reversals)				
Employment-law cases	1.241	3.476	1.240	3.476
Civil cases	(224)	163	(224)	163
Tax	805	219	805	219
Regulatory	37	65	41	65
Other	1.065	4.066	1.061	4.066
	2.924	7.989	2.923	7.989
Change in fair value of derivatives				
Put option – SAAG (Note 13)	26.363	3.477	26.363	3.477
	45.544	**11.466**	**45.543**	**11.466**

d) Electricity purchased for resale

R$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Electricity on spot market – CCEE	31,933	37,834	20,507	37,834
Electricity acquired in the Free Market	3,190,282	2,476,241	3,190,282	2,476,241
'Bilateral' contracts	32,263	-	-	-
Credits of Pasep and Cofins taxes	(263,801)	(222,338)	(260,649)	(222,338)
	2,990,677	**2,291,737**	**2,950,140**	**2,291,737**

	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Electricity on spot market – CCEE	(7,455)	26	4,525	26
Electricity acquired in the Free Market	1,366,030	902,338	1,366,030	902,338
'Bilateral' contracts	32,263	-	-	-
Credits of Pasep and Cofins taxes	(115,024)	(78,780)	(113,604)	(78,780)
	1,275,814	**823,584**	**1,256,951**	**823,584**

e) Transmission Infrastructure Construction Cost

	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Personnel	676	907	676	907
Materials	6,129	20,545	6,129	20,545
Outsourced services	4,844	14,105	4,844	14,105
Other	(423)	848	(423)	848
	11,226	**36,405**	**11,226**	**36,405**

	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Personnel	111	267	111	267
Materials	2,388	1,437	2388	1,437
Outsourced services	1,583	2,248	1583	2,248
Other	119	819	119	819
	4,201	**4,771**	**4,201**	**4,771**

f) Other operating expenses, net

R$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Leasing and rentals	14,319	16,782	13,851	16,779
Advertising	1,553	941	1,553	941
Subsidies and donations	1,536	1,778	853	1,778
Paid concessions	2,264	2,154	2,264	2,154
Taxes and charges (IPTU, IPVA and others)	1,501	1,255	1,300	1,255
CCEE annual charge	3,008	3,006	3,008	3,006
Insurance	2,464	2,518	2,464	2,518
Net loss (gain) on deactivation and disposal of assets	1,847	420	1,847	420
Forluz – Administrative running cost	4,356	4,225	4,356	4,225
Other	7,914	14,102	7,619	13,983
	40,762	**47,181**	**39,115**	**47,059**

R$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Leasing and rentals	7,014	6,366	6,847	6,363
Advertising	1,466	93	1,466	93
Subsidies and donations	375	63	374	63
Paid concessions	735	734	735	734
Taxes and charges (IPTU, IPVA and others)	568	257	468	259
CCEE annual charge	1,017	945	1,017	945
Insurance	573	743	573	743
Net loss (gain) on deactivation and disposal of assets	151	187	151	187
Forluz – Administrative running cost	1,459	1,442	1,459	1,442
Other	(310)	4,233	(395)	4,117
	13,048	**15,063**	**12,695**	**14,946**

Operational leasing

The Company has operational leasing contracts relating, mainly, to vehicles and buildings used in its operational activities. Their amounts are not material in relation to the Company's total costs.

25. FINANCIAL REVENUE (EXPENSES)

R$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
FINANCIAL REVENUES				
Income from cash investments	51,787	58,851	30,587	56,030
Late charges on overdue electricity bills	6,830	9,178	5,613	9,178
Monetary variations	8,499	27,000	8,499	27,000
Monetary updating on Escrow deposits	14,650	8,071	14,650	8,071
Adjustment to present value	-	325	-	325
Revenue from advance payments	41,011	22,790	40,620	22,790
Pasep and Cofins taxes on Financial revenues	(5,515)	(7,168)	(4,802)	(7,168)
Foreign exchange variations	-	2,085	-	2,085
Other	3,317	6,256	3,307	6,256
	120,579	**127,388**	**98,474**	**124,567**
FINANCIAL EXPENSES				
Costs of loans and financings	(727,098)	(832,307)	(727,098)	(832,307)
Financing charges amortization	(23,115)	(30,709)	(23,115)	(30,709)
Monetary updating – Forluz	(10,953)	(19,639)	(10,953)	(19,639)
Monetary updating – Loans and financings	(25,888)	(72,399)	(25,888)	(72,399)
Monetary updating	(9,109)	(13,544)	(8,963)	(13,537)
Foreign exchange variations	(670)	(248)	(670)	(248)
Adjustment to present value	(2,168)	-	(2,168)	-
Monetary updating – Advance sales of supply	(37,666)	-	(37,666)	-
Monetary updating – CCEE obligations	-	(13,844)	-	(13,844)
Other	(12,789)	(19,481)	(12,662)	(19,481)
	(849,456)	**(1,002,171)**	**(849,183)**	**(1,002,164)**
NET FINANCIAL REVENUE (EXPENSES)	**(728,877)**	**(874,783)**	**(750,709)**	**(877,597)**

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R$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
FINANCIAL REVENUES				
Income from cash investments	11,446	15,933	8,390	13,137
Late charges on overdue electricity bills	1,714	2,494	1,324	2,494
Monetary variations	4,389	10,640	4,389	10,640
Monetary updating on Escrow deposits	5,908	3,084	5,908	3,084
Adjustment to present value	-	(396)	-	(396)
Revenue from advance payments	13,252	13,433	12,863	13,433
Pasep and Cofins taxes on Financial revenues	(1,682)	(2,060)	(1,565)	(2,060)
Foreign exchange variations	-	(73)	-	(73)
Other	793	1,522	792	1,523
	35,820	**44,577**	**32,101**	**41,782**
FINANCIAL EXPENSES				
Costs of loans and financings	(201,071)	(308,405)	(201,071)	(308,405)
Financing charges amortization	(5,424)	(12,792)	(5,424)	(12,792)
Monetary updating – Forluz	(2,810)	(5,088)	(2,810)	(5,088)
Monetary updating – loans and financings	(1,994)	(14,659)	(1,994)	(14,659)
Monetary updating	(2,982)	(4,059)	(2,924)	(4,052)
Foreign exchange variations	52	(244)	52	(244)
Adjustment to present value	(562)	-	(562)	-
Monetary updating – Advance sales of supply	(12,986)	-	(12,986)	-
Monetary updating – CCEE obligations	-	-	-	-
Other	(3,557)	(5,028)	(3,458)	(5,028)
	(231,334)	**(350,275)**	**(231,177)**	**(350,268)**
NET FINANCIAL REVENUE (EXPENSES)	**(195,514)**	**(305,698)**	**(199,076)**	**(308,486)**

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26. RELATED PARTY TRANSACTIONS

Cemig's principal balances and transactions with related parties and its subsidiaries and jointly-controlled entities are shown here (Consolidated):

COMPANY R$ '000	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	9M17	Dec. 31, 2016	9M17	Dec. 31, 2016	9M17	9M16	9M17	9M16
Controlling shareholder								
CEMIG								
Current								
Cooperation Working Agreement (1)	-	-	-	-	-	-	-	(1,736)
Interest on Equity, and dividends	-	-	605,000	605,000	-	-	-	-
Jointly-controlled entity								
Madeira Energia								
Current								
Transactions in electricity (2)	-	-	-	-	18,213	3,164	(384,217)	(323,662)
Advance for future delivery of power supply (3)	39,860	-	-	-	-	-	-	-
Non-current								
Advance for future delivery of power supply (3)	12,667	86,941	-	-	-	-	-	-
Aliança Geração								
Current								
Transactions in electricity (2)	-	-	-	-	359	288	(57,443)	(49,100)
Services (4)	2,504	3,673	-	-	9,471	8,178	-	-
Norte Energia								
Current								
Transactions in electricity (2)	130	-	-	-	5,680	-	-	-
Baguari Energia								
Current								
Services (4)	274	398	-	-	646	665	-	-
Lightger								
Current								
Transactions in electricity (2)	-	-	-	-	-	-	(15,188)	(14,575)
Retiro Baixo								
Current								
Transactions in electricity (2)	-	-	-	-	-	-	(975)	(1,748)
Interest on Equity, and dividends	-	2,146	-	-	-	-	-	-
Hidrelétrica Pipoca								
Current								
Transactions in electricity (2)	-	-	1,595	1,228		-	(12,064)	(12,359)
Interest on Equity, and dividends	1,284	-	-	-		-	-	-
Guanhães Energia								
Current								
Adjustment for losses (5)	-	-	-	59,071	-	-	-	-
Services (4)	568	241	-	-	332	-	-	-
Renova								
Current								
Transactions in electricity (2)	-	-	1,773	-	-	-	(140,771)	(118,506)
Accounts receivable (6)	62,455	-	-	-	-	-	-	-
Non-current								
Accounts receivable (6)	20,317	73,722	-	-	-	-	-	-
Advance for future delivery of power supply (7)	258,166	229,053	-	-	-	-	-	-
EATE								
Current								
Transactions in electricity (2)	-	-	747	1,291	-	-	(7,383)	(8,196)
Companhia Transirapé de Transmissão								
Current								
Transactions in electricity (2)	-	-	48	70	-	-	(427)	(394)
Services (5)	90	301	-	-	953	755	-	-
Light								
Current								
Transactions in electricity (2)	1,042	464	404	406	38,203	46,714	(522)	(44)
Taesa								
Current								
Transactions in electricity (2)	-	-	3,738	5,215	33	17	(31,352)	(33,712)
Services (4)	141	482	-	-	667	220	-	-
Other related parties								
Cemig Distribuição								
Current								
Cooperation Working Agreement (1)	-	-	-	-	5,132	5,575	-	-
Transactions in electricity (2)	22,433	17,137	2,155	3,124	151,266	104,757	(31,452)	(29,022)
Non-current								
Cooperation Working Agreement (1)	-	621	-	-	-	-	-	-

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COMPANY R$ '000	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	9M17	Dec. 31, 2016	9M17	Dec. 31, 2016	9M17	9M16	9M17	9M16
FIC Pampulha								
Current								
Cash and cash equivalents	20,781	260,908	-	-	-	-	-	-
Securities	50,234	350,220	-	-	367	35,585	-	-
(–) Securities issued by the Company itself (8)	(5,139)	(20,781)	-	-	-	-	-	-
Non-current								
Securities	1,952	19,358	-	-	-	-	-	-
(–) Securities issued by the Company itself (8)	(957)	(6,321)	-	-	-	-	-	-
Forluz								
Current								
Post-retirement obligations (9)	-	-	24,078	19,497	-	-	(27,927)	(32,916)
Administrative running costs (10)	-	-	-	-	-	-	(4,356)	(4,225)
Operational leasing (11)	-	-	347	3,129	-	-	(12,703)	(3,260)
Non-current								
Post-retirement obligations (9)	-	-	334,102	337,602	-	-	-	-
Cemig Saúde (Health)								
Current								
Health Plan and Dental Plan (12)	-	-	24,851	23,024	-	-	(30,391)	(29,430)
Non-current								
Health Plan and Dental Plan (12)	-	-	352,338	341,471	-	-	-	-

The comments below state the main factors relating to these transactions:

(1) Technical Cooperation Working Agreement between Cemig, Cemig D and Cemig GT, instituted by Aneel Dispatch 3208/2016. Principally includes reimbursement of expenses related to sharing of infrastructure, personnel, transport, telecoms and IT.
(2) Transactions in electricity between generators and distributors were made in auctions organized by the federal government; transactions for transport of electricity, made by transmission companies, arise from the centralized operation of the National Grid carried out by the National System Operator (ONS).
(3) In 2017 a total of R$ 51,574 was advanced to Santo Antônio Energia, subsidiary of Madeira Energia, by Cemig GT. For the purposes of settlement invoices for supply of electricity to be issued by Santo Antônio Energia starting in 2018, in 12 tranches, will be used
(4) Refers to a contract to provide plant operation and maintenance services.
(5) A liability was recognized in 2016 corresponding to the Company's interest in the share capital of Guanhães, due to its negative equity. (See Note 13).
(6) Cemig GT has an item of R$ 60,000 receivable from Renova Energia, which will be paid in 12 monthly installments, the first on January 10, 2018 and the last becoming due in December 2018, with monetary updating at 150% of the CDI rate
(7) Under the contract, Cemig GT advanced R$ 212,000 to Renova's trading company, Renova Comercializadora, after guarantees of certain assets of Renova had been provided. For the purpose of settlement, this amount will be updated at a rate of 155% of the CDI rate, and offset by invoicing to be issued by Renova, for supply of electricity as from January 2020. Due to the sale of generation assets by Renova, the parties are renegociating the power suplly contract and the repayment of the advance payment made by Cemig GT;
(8) FIC Pampulha has financial investments in securities issued by the Company itself. There is more information, and characteristics of the fund, in the description below.
(9) The contracts of Forluz are updated by the Expanded Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) and will be amortized up to the business year of 2024 (see Note 20).
(10) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's payroll.
(11) Rental of the Company's administrative headquarters, in effect from March 2019 to May 2034.
(12) Post-employment obligations relating to the employees' health and dental plan (see Note 20).

For more information on the principal transactions, please see Notes 7, 16 and 23.

Cash investments in *FIC Pampulha* investment fund

Cemig GT invests part of its cash balance in a reserved (group) investment fund, which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund are accounted under 'Securities' in Current and Non-current assets on September 30, 2017, in proportion to the interests held by the Company in the fund.

The money invested in this investment fund is allocated only in public and private fixed income securities, subject only to credit risk, with various maturity periods, obeying the unit holders' cash flow needs.

The financial investments of the investment fund in securities of related parties are as follows:

Issuer of security	Type	Annual contractual conditions	Maturity	9M17			Dec. 31, 2016		
				Cemig GT 0.21%	Other subsidiaries 4.26% (1)	Overall total – Consolidated 4.47%	Cemig GT 20.86%	Other subsidiaries 12.03% (1)	Overall total - Consolidated 32.92%
ETAU	Debentures	108.00% of CDI Rate	Dec. 1, 2019	22	441	463	2,110	1,217	3,327
Axxiom	Debentures	109.00% of CDI Rate	Jan. 29, 2017	-	-	-	1,194	688	1,882
				22	**441**	**463**	**3,304**	**1,905**	**5,209**

(1) Refers to the other companies consolidated by Cemig GT, which also have participation in the investment funds.

Remuneration of key management personnel

The total costs of key management personnel in 9M17 and 9M16 were:

R$ '000	9M17	9M16
Remuneration	2,094	2,640
Profit shares	-	(198)
Assistance benefits	177	257
	2,271	**2,699**

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments of the Company and its subsidiaries are restricted to: Cash and cash equivalents; Securities; Consumers and traders; Concession holders – Transport of electricity; Financial assets of the concession; Generation concession assets; Restricted cash; Escrow deposits in litigation; Loans and financings; Obligations for paid concessions; Suppliers; Post-employment obligations; and Put options. Gains and losses on the transactions are recorded in full in the Profit and loss account or the Statement of financial position, by the accrual method.

See Note 1 for information on the steps taken by the Company to increase liquidity by new financing contracts, or refinancing of existing obligations, and possible sales of assets that are not part of the end-activity. Any additional lowering of credit ratings could have negative consequences for the Company's capacity to obtain financing, or could impact the cost of financing, making refinancing of maturing obligations more difficult or more costly. Any financing or refinancing of the Company's debt may be contracted on the basis of higher interest rates and could require that the Company complies with more onerous restrictive covenants, which could further restrict operational activities.

The Company's financial instruments and those of its subsidiaries are recorded at fair value and measured in accordance with the following classifications:

- Loans and receivables: In this Category are Cash equivalents; Receivables from consumers and traders, and from concession holders for transport of electricity; Restricted cash; Financial assets not covered by Law 12783/2013; and Financial assets of generation plants related to Auction 12/2015; and generation concession assets. They are recognized at their nominal realization values, which are similar to fair value.

- Financial instruments at fair value through profit or loss: Securities held for trading, and Put options, are in this category, in the amount of R$83,586 (R$408,813 on December 31, 2016). They are valued at fair value and the gains or losses are recognized directly in the Profit and loss account.

- Financial instruments held to maturity: In this category are Securities, in the amount of R$ 2,311 on September 30, 2017 (R$ 28,271 on December 31, 2016) – included in Note 6. There is positive intention to hold them to maturity. They are measured at amortized cost using the effective rates method. Their fair values, of R$ 2,327 on September 30, 2017, and R$ 28,143 on December 31, 2016, were measured using information of Level 2.

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- Financial instruments available for sale: in this category are the Financial assets of the concession covered by Law 12783/13. They are measured at New Replacement Value (*Valor Novo de Reposição*, or VNR), equivalent to fair value on the date of these interim accounting statements.

- Other financial liabilities – Non-derivative financial liabilities: In this category are Loans and financings; Obligations under debentures; Debt agreed with the Pension Fund (Forluz); Concessions payable; and Suppliers. They are measured at amortized cost using the effective rates method. The Company has calculated the fair value of its Loans, financings and debentures using 140% of the CDI rate – based on its most recent funding. For the following, the Company considered fair value to be substantially equal to book value: Loans, financings and debentures with annual rates between IPCA + 6.20% and 8.07% and CDI + 1.60% to 5.62%. For the financings from the BNDES, fair value is conceptually similar to book value, due to the specific characteristics of the transactions.

- Liabilities measured at fair value – Financial liabilities relating to put options: The option for sale of units in FIP Melbourne and FIP Malbec (‘the SAAG Put Option’) were valued at fair value using the Black-Scholes-Merton (BSM) method. Up to the third quarter of 2016 this option was calculated using discounted cash flow, and the BSM method was adopted as from fourth quarter 2016.

The book values of the financial instruments are similar to the fair values, with the exception of loans, of which the accounting balance is R$ 7,511,333 (R$ 8,663,671 on December 31, 2016) and fair value is R$ 7,509,654 (R$ 8,301,021 on December 31, 2015), being measured as Level 2, using similar liabilities as reference.

a) Risk management

Corporate risk management is a management tool that is part of the Company’s corporate governance practices and is aligned with the Planning process, which sets the Company’s strategic business objectives.

The Company has a Financial Risks Management Committee, the purpose of which is to implement guidelines and monitor the financial risk of transactions that could negatively affect the Company’s liquidity or profitability, recommending hedge protection strategies to control the Company’s exposure to foreign exchange rate risk, interest rate risk, and inflation risks.

The principal risks to which the Company is exposed are as follows:

Exchange rate risk

Cemig GT does not have material exposure to the risk of increase of exchange rates in relation to the Real.

Interest rate risk

On September 30, 2017 the Company was exposed to the risk of increase in Brazilian domestic interest rates. This exposure occurs as a result of net liabilities indexed to variation in interest rates, as follows:

Exposure to Brazilian domestic interest rates R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Assets				
Cash equivalents – Cash investments (Note 5)	214,485	424,965	202,140	358,441
Securities (Note 6)	85,897	437,084	33,961	282,153
Accounts receivable – Renova (Note 26)	82,772	74,630	82,772	74,630
Advance for future delivery of power supply	359,227	229,053	327,994	229,053
Financial assets of the concession (Note 12)	473,374	482,281	473,374	482,281
Restricted cash	9,443	891	9,355	887
	1,225,198	**1,648,904**	**1,129,596**	**1,427,445**
Liabilities				
Loans, financings and debentures – CDI rate (Note 18)	(6,120,503)	(7,239,433)	(6,126,307)	(7,239,433)
Loans, financings and debentures – TJLP Rate (Note 18)	(72,571)	(78,893)	(72,571)	(78,893)
Advance sales of power supply (Note 7)	(312,112)	(181,200)	(312,112)	(181,200)
	(6,505,186)	**(7,499,526)**	**(6,510,990)**	**(7,499,526)**
Net liabilities exposed	**(5,279,988)**	**(5,850,622)**	**(5,381,394)**	**(6,072,081)**

Sensitivity analysis

In relation to the most significant interest rate risk, the Company estimates that, in a probable scenario, on September 30, 2018 the Selic rate will be 7.00%, and the TJLP will be 6.25%, respectively. The Company has made a sensitivity analysis of the effects on its profit arising from increases in rates of 25% and 50%. Variation in the CDI rate accompanies the variation in the Selic rate.

Estimation of the scenarios for the path of interest rates will consider the projection of the Company's scenarios, based on its financial consultants.

Risk: Increase in Brazilian interest rates – Consolidated R$ '000	Sep. 30, 2017	Sep. 30, 2018		
	Book value	Scenario: Selic 7% TJLP 6.25%	Scenario: Selic 8.75% TJLP 7.81%	Scenario: Selic 10.5% TJLP 9.38%
Assets				
Cash equivalents – Cash investments (Note 5)	214,485	229,499	233,252	237,006
Securities (Note 6)	85,897	91,910	93,413	94,916
Accounts receivable – Renova – CDI (Note 26)	82,772	88,566	90,015	91,463
Advance for future delivery of power supply	359,227	384,373	390,659	396,946
Financial assets of the concession (Note 12)	473,374	506,510	514,794	523,078
Restricted cash	9,443	10,104	10,269	10,435
	1,225,198	**1,310,962**	**1,332,402**	**1,353,844**
Liabilities				
Loans, financings and debentures – CDI rate (Note 18)	(6,120,503)	(6,548,938)	(6,656,047)	(6,763,156)
Loans, financings and debentures – TJLP (Note 18)	(72,571)	(77,107)	(78,239)	(79,378)
Advance sales of power supply (Note 7)	(312,112)	(333,960)	(339,422)	(344,884)
	(6,505,186)	**(6,960,005)**	**(7,073,708)**	**(7,187,418)**
Net liabilities exposed	**(5,279,988)**	**(5,649,043)**	**(5,741,306)**	**(5,833,574)**
Net effect of variation in the Selic rate		**(369,055)**	**(4,461,318)**	**(553,586)**

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Risk of increase in inflation

At September 30, 2017 the company is not exposed to risk of increase in inflation, since it has more assets than liabilities indexed to variation of inflation indices, as shown:

Exposure to increase in inflation	Consolidated		Holding company	
R$ '000	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Assets				
Concession Grant Fee – IPCA	2,321,817	2,253,765	-	-
Financial assets of the concession – IPCA	1,975,775	1,805,230	1,975,775	1,805,230
	4,297,592	**4,058,995**	**1,975,775**	**1,805,230**
Liabilities				
Loans, financings and debentures – IPCA (Note 18)	(1,312,130)	(1,307,929)	(1,312,130)	(1,307,929)
Debt agreed with pension fund (Forluz)	(166,732)	(178,099)	(166,732)	(178,099)
Forluz solution plan	(64,307)	-	(64,307)	-
	(1,543,169)	**(1,486,028)**	**(1,543,169)**	**(1,486,028)**
Net assets	**2,754,423**	**2,572,967**	**432,606**	**319,202**

Sensitivity analysis

In relation to the most significant inflation risk, the Company estimates that, in a probable scenario, on September 30, 2018 the IPCA inflation index will be 4.55%. The Company has made a sensitivity analysis of the effects on its profit arising from increases in inflation of 25% and 50%.

Risk – increase in inflation (Consolidated result)	Sep. 30, 2017	Sep. 30, 2018		
R$ '000	Book value	Scenario: IPCA 4.55%	Scenario: IPCA 5.69%	Scenario: IPCA 6.83%
Assets				
Financial assets of the concession – IPCA (12)	1,975,775	2,065,673	2,088,197	2,110,720
Concession Grant Fee – IPCA	2,321,817	2,427,460	2,453,928	2,480,397
	4,297,592	4,493,133	4,542,125	4,591,117
Liabilities				
Loans, financings and debentures – IPCA (Note 18)	(1,312,130)	(1,371,832)	(1,386,790)	(1,401,748)
Debt agreed with pension fund (Forluz)	(166,732)	(174,318)	(176,219)	(178,120)
Forluz solution plan	(64,307)	(67,233)	(67,966)	(68,699)
	(1,543,169)	**(1,613,383)**	**(1,630,975)**	**(1,648,567)**
Net assets	**2,754,423**	**2,879,750**	**2,911,150**	**2,942,550**
Net effect of variation in inflation		**125,327**	**156,727**	**188,127**

Liquidity risk

Cemig GT has sufficient cash flow to cover its cash requirements related to its operational activities.

The Company manages liquidity risk with a group of methods, procedures and instruments that are coherent with the complexity of the business, and applied in permanent control of the financial processes, to guarantee appropriate risk management. These include permanently monitoring its cash flow in a conservative, budget-oriented manner. Balances are projected monthly, for each of the companies, over a period of 12 months, and daily liquidity is projected, daily, over 180 days.

Short-term investments must, also, comply with certain rigid investing principles established in the Company's Cash Investment Policy, approved by the Financial Risks Management Committee. These include applying its resources in private-securities investment funds, without market risk, and investment of the remainder directly in bank CDs or repo contracts which earn interest at the CDI rate.

In managing cash investments, the Company seeks to obtain profitability through a rigid analysis of financial institutions' credit, applying operational limits for each bank, based on assessments that take into account their ratings, exposures and balance sheets. It also seeks returns by investing in securities with longer maturities, while bearing in mind the principal factor, the Company's minimum liquidity control requirements.On the reporting date of these interim accounting statements, the Company (holding company and consolidated) had an excess of current liabilities over current assets.

Note 1 refers to the various measures taken by the Company to increase its liquidity through new financings or refinancing of existing obligations. Any reduction in the Company's ratings could result in a reduction of its ability to obtain new financings and could also make refinancings of debts not yet due more difficult or more costly. In this situation, any financing or refinancing of the Company's debt could have higher interest rates or might require compliance with more onerous covenants, which could additionally cause restrictions to the operations of the business.

The flow of payments of the Company's obligations, under debts agreed with the pension fund, loans, financings and debentures, for floating and fixed rates, including future interest up to contractual maturity dates, is shown in the table below:

R$ '000	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
- Floating rates						
Suppliers	486,427	11,155	-	-	-	497,582
Loans, financings and debentures	618,925	1,538,937	1,101,969	5,547,680	33,920	8,841,431
Paid concessions	249	492	2,103	9,440	14,428	26,712
Debt agreed with pension fund (Forluz)	2,490	5,009	23,004	136,291	67,725	234,519
Forluz solution plan *(Note 20)*	569	1,706	4,651	30,908	89,301	127,135
	1,108,660	**1,557,299**	**1,131,727**	**5,724,319**	**205,374**	**9,727,379**

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Credit risk

The Company's risk of losses due to difficulty in receipt of amounts invoiced to clients is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its consumers. Negotiations are also entered into for receipt of any receivables in arrears.

The provision for doubtful debtors constituted on September 30, 2017 was R$ 20,366, and considered to be adequate in relation to the credits receivable and in arrears.

In relation to the risk of losses resulting from declaration of insolvency of a financial institutions at which the Company has deposits, a Cash Investment Policy was approved and has been in effect since 2004, and is reviewed annually.

Cemig GT manages the counterparty risk of financial institutions based on an internal policy approved by its Financial Risks Management Committee.

This Policy assesses and scales the credit risks of the institutions, the liquidity risk, the market risk of the investment portfolio and the Treasury operational risk.

All investments are made in financial securities that have fixed-income characteristics, always indexed to the CDI rate. The Company does not carry out any transactions that would incorporate volatility risk into its interim accounting statements.

As a management instrument, Cemig GT divides the investment of its cash holdings between direct purchases of securities, forming its own portfolio, and investment funds. The investment funds invest the funds exclusively in fixed income products, and companies of the Group are the only unit holders. They obey the same policy adopted in the investments for the Company's directly-held own portfolio.

The minimum requirements for concession of credit to financial institutions are centered on three items:

1. Rating by three risk rating agencies.
2. Stockholders' equity greater than R$ 400 million;
3. Basel ratio above 12.

Banks that exceed these thresholds are classified in three groups, by the value of their equity; and within this classification, limits of concentration by group and by institution are set:

Group	Stockholders' equity	Concentration	Limit per bank (% of Stockholders' equity) (1)
A1	Over R$ 3.5 billion	Minimum of 80%	Between 6% and 9%
A2	R$ 1.0 billion to R$ 3.5 billion	Maximum 20%	Between 5% and 8%
B	R$ 400 million to R$ 1.0 billion	Maximum 20%	Between 5% and 7%

(1) The percentage assigned to each bank depends on an individual assessment of indicators such as liquidity, quality of the credit portfolio, and other aspects.

Further to these points, Cemig also establishes two concentration limits:

1. No bank may have more than 30% of the Group's portfolio.
2. No bank may have more than 50% of the portfolio of any individual company.

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Hydrological Risk

The greater part of the electricity produced by the Company is generated by hydroelectric plants. A prolonged period of scarcity of rainfall could result in reduction of the volume of water in the reservoirs of the plants and could result in an increase of energy costs in the acquisition of electricity due to the replacement of the supply for thermal plants or a reduction of revenues in the event of adoption of a rationing program.

Risk of early maturity of debt

The Company has loans, financings and debentures contracts with covenants relating to financial indices of Cemig GT and its controlling stockholder, and cross-default clauses.

On June 30, 2017 the covenant requiring half-yearly compliance relating to the financial ratio for Cemig GT and Cemig (guarantor) was complied with. The covenant requiring compliance annually was complied with on December 31, 2016 requiring compliance annually was complied with on December 31, 2016. The Further details are in Note 18.

b) Capital management

This table shows the Company's net liabilities in relation to its Equity:

R$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Total liabilities	11,256,797	11,901,050	11,152,815	11,890,751
Cash and cash equivalents (Note 6)	(219,322)	(427,827)	(206,241)	(361,252)
Net liabilities	**11,037,475**	**11,473,223**	**10,946,574**	**11,529,499**
Total equity	**5,174,749**	**4,583,194**	**5,174,749**	**4,583,194**
Net liabilities / equity	**2.13**	**2.50**	**2.12**	**2.52**

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28. MEASUREMENT AT FAIR VALUE

In the initial recognition, the Company measures its financial assets and liabilities at fair value; after initial recognition it classifies them into the categories defined for financial instruments. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. We adopt the 'Fair Value Hierarchy', to maximize coherence and comparability; this separation divides the inputs potentially used in measuring fair value into three broad levels, as follows:

- Level 1 – Active market – Quoted prices: A financial instrument is considered to be quoted in an active market if the prices quoted are promptly and regularly made available by an exchange or organized over-the-counter market, by operators, by brokers or by a market association, by entities whose purpose is to publish prices, or by regulatory agencies, and if those prices represent regular arm's length market transactions made without any preference.
- Level 2 – No active market – Valuation technique: For an instrument that does not have an active market, fair value should be found by using a method of valuation or pricing. Criteria such as data on the current fair value of another instrument that is substantially similar, or discounted cash flow analysis or option pricing models, may be used. The objective of the valuation technique is to establish what would be the transaction price on the measurement date in an arm's-length transaction motivated by business considerations.
- Level 3 – No active market – No observable inputs: The fair value of investments in securities for which there are no prices quoted on an active market, or of derivatives linked to them which are to be settled by delivery of unquoted securities, is determined based on generally accepted valuation techniques, mainly related to discounted cash flow analysis.

The following is a summary of the instruments that are measured at fair value:

Consolidated R$ '000	Balance at Sep. 30, 2017	Fair value at Sep. 30, 2017 Active market – quoted price (Level 1)	No active market – Valuation technique (Level 2)	No active market – No observable inputs (Level 3)
Assets				
Held for trading				
Securities				
Bank certificates of deposit	31,772	-	31,772	-
Financial Notes (LFs) – Banks	42,460	-	42,460	-
Treasury Financial Notes (LFTs)	8,457	8,457	-	-
Debentures	897	-	897	-
	83,586	**8,457**	**75,129**	**-**
Loans and receivables				
Concession Grant Fee (Note 12)	2,321,817	-	2,321,817	-
Liabilities				
Fair value through profit or loss				
SAAG Put options (1)	(264,138)	-	-	(264,138)
	2,141,265	**8,457**	**2,396,946**	**(264,138)**

(1) As from 4Q16 the Company began to use the Black-Scholes-Merton method for measuring the fair value of the options. For more details please see Note 13.

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Holding company R$ '000	Balance at Sep. 30, 2017	Fair value at Sep. 30, 2017		
		Active market – quoted price (Level 1)	No active market – Valuation technique (Level 2)	No active market – No observable inputs (Level 3)
Assets				
Held for trading				
Securities				
Bank certificates of deposit	31,083	-	31,083	-
Financial Notes (LFs) – Banks	2,033	-	2,033	-
Treasury Financial Notes (LFTs)	405	405	-	-
Debentures	43	-	43	-
	33,564	**405**	**33,159**	**-**
Liabilities				
Fair value through profit or loss				
SAAG Put options (1)	(264,138)	-	-	(264,138)
	(230,574)	**405**	**33,159**	**(264,138)**

(1) As from 4Q16 the Company began to use the Black-Scholes-Merton method for measuring the fair value of the options. For more details please see Note 13.

Calculation of fair value of financial positions

Financial assets of the concession related to infrastructure: Measured at New Replacement Value (*Valor novo de reposição*, or VNR), according to criteria established in regulations by the Concession-granting power ('Grantor'), based on fair value of the assets in service belonging to the concession and which will be revertible at the end of the concession, and on the Weighted average cost of capital (WACC) used by the Grantor, which reflects the concession holder's return on the operations of the concession. The VNR and the WACC are public information disclosed by the Grantor and by Cemig. The movement in financial assets of the concession is shown in Note 12.

Cash investments: The fair value of cash investments is calculated taking into consideration the market prices of the security, or market information that makes such calculation possible, and future rates in the fixed income and FX markets applicable to similar securities. The market value of the security is deemed to be its maturity value discounted to present value by the discount factor obtained from the market yield curve in Reais.

Put options: The put options for units of FIP Melbourne and FIP Malbec ('the SAAG Put') were measured at fair value using the Black-Scholes-Merton (BSM) method. Up to third quarter of 2016 these options were calculated using discounted cash flow, and the BSM method was adopted as from fourth quarter 2016.

Not 13 gives the movement in relation to the put options, and other information.

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29. OPERATING SEGMENTS

The operational segments of Cemig GT reflect the regulatory framework of the Brazilian electricity industry, with different legislations for the generation and transmission sectors.

These segments are reflected in the Company's management, organizational structure, and monitoring of results.

These tables show operational costs and expenses for the nine-month period ended September 30, 2017 and 2016:

CONSOLIDATED	9M17		
R$ '000	Generation	Transmission	Total
ASSETS	**13,954,975**	**2,476,571**	**16,431,546**
INVESTMENTS IN JOINTLY-CONTROLLED ENTITLED AND AFFILIATED COMPANIES	**5,169,532**	**-**	**5,169,532**
ADDITIONS TO THE SEGMENT	**249,001**		**249,001**
ADDITIONS TO FINANCIAL ASSETS	**-**	**11,226**	**11,226**
NET REVENUE	**5,169,270**	**547,179**	**5,716,449**
COST OF ELECTRICITY SERVICE			
Electricity purchased for resale	(2,990,677)	-	(2,990,677)
Charges for use of transmission system	(257,158)	**(262)**	(257,420)
	(3,247,835)	**(262)**	**(3,248,097)**
OPERATING COSTS AND EXPENSES			-
Personnel	(216,506)	(84,022)	(300,528)
Employees' profit shares	(3,908)	(1,871)	(5,779)
Post-retirement obligations	(42,539)	(19,850)	(62,389)
Material	(7,010)	(2,110)	(9,120)
Raw materials and inputs for production of electricity	(58)	-	(58)
Outsourced services	(74,934)	(21,278)	(96,212)
Depreciation and amortization	(122,951)	-	(122,951)
Provisions	(97,803)	(9,148)	(106,951)
Construction cost	-	(11,226)	(11,226)
Other	(34,212)	(6,550)	(40,762)
	(599,921)	**(156,055)**	**(755,976)**
TOTAL COSTS AND EXPENSES	**(3,847,756)**	**(156,317)**	**(4,004,073)**
Equity method gains in non-consolidated investees	(157,710)	-	(157,710)
Operational profit before Financial revenue (expenses)	**1,163,804**	**390,862**	**1,554,666**
Financial revenues	115,566	5,013	120,579
Financial expenses	(847,570)	(1,886)	(849,456)
Profit before income tax and Social Contribution tax	**431,800**	**393,989**	**825,789**
Income and Social Contribution taxes	(180,049)	(120,333)	(300,382)
PROFIT (LOSS) FOR THE PERIOD	**251,751**	**273,656**	**525,407**

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Consolidated R$ '000	9M16 Generation	Transmission	Total
ASSETS (1)	**14,452,085**	**2,594,452**	**17,046,537**
INVESTMENTS IN JOINTLY-CONTROLLED ENTITLED AND AFFILIATED COMPANIES (1)	**6,275,420**	**-**	**6,275,420**
ADDITIONS TO THE SEGMENT	**740,337**	**-**	**740,337**
ADDITIONS TO FINANCIAL ASSETS	**2,255,561**	**36,405**	**2,291,966**
NET REVENUE	**4,138,949**	**953,846**	**5,092,795**
COST OF ELECTRICITY SERVICE			
Electricity purchased for resale	(2,291,737)		(2,291,737)
Charges for use of transmission system	(230,169)	(243)	(230,412)
	(2,521,906)	(243)	(2,522,149)
OPERATING COSTS AND EXPENSES			-
Personnel	(199,839)	(81,019)	(280,858)
Employees' profit shares	(3,824)	(2,311)	(6,135)
Post-retirement obligations	(39,975)	(15,575)	(55,550)
Material	(7,364)	(2,115)	(9,479)
Raw material and inputs for production of electricity	(35)	-	(35)
Outsourced services	(76,952)	(21,295)	(98,247)
Depreciation and amortization	(141,468)	-	(141,468)
Provisions	(56,171)	(6,935)	(63,106)
Construction cost	-	(36,405)	(36,405)
Other	(39,283)	(7,898)	(47,181)
	(564,911)	**(173,553)**	**(738,464)**
TOTAL COSTS AND EXPENSES	**(3,086,817)**	**(173,796)**	**(3,260,613)**
Equity method gains in non-consolidated investees	(155,226)	-	(155,226)
			-
Operational profit before Financial revenue (expenses)	**896,906**	**780,050**	**1,676,956**
Financial revenues	123,288	4,100	127,388
Financial expenses	(998,498)	(3,673)	(1,002,171)
Profit before income tax and Social Contribution tax	**21,696**	**780,477**	**802,173**
Income and Social Contribution taxes	(13,990)	(61,714)	(75,704)
Deferred income tax and Social Contribution tax	(35,396)	(156,144)	(191,540)
PROFIT (LOSS) FOR THE PERIOD	**(27,690)**	**562,619**	**534,929**

(1) The balances shown are for December 31, 2016.

30. SUBSEQUENT EVENTS

Amendments to contracts for loans with Banco do Brasil

On October 23, 2017 Cemig GT signed amendments to loan contracts signed with Banco do Brasil, in the total amount of R$ 549 million, for the purpose of postponing payment of the tranches maturing on October 24, 26 and 30, 2017, for 60 days. The interest to be calculated on the debtor balance was increased from 108% of the CDO rate and 112% of the CDI rate, to 128% of the CDI rate; one of the amendments maintained the original interest rate, of 132.9% of the CDI rate. The early maturity events were also altered, to be in line with the clauses in Cemig GT's 7th Issue of Non-convertible Debentures.

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binding proposal for capitalization in Renova

On November 12, 2017, Renova received a binding proposal for primary investment of R$ 1.4 billion in Renova, at a price of R$ 6 per unit. The offer further includes an earn-out of up to R$ 1.00 (one Real) per unit, for any amount that Renova receives in the future as adjustment to the sale price of the Alto Sertão II Wind Power Complex.

The proposal also specifies conditions precedent that are usual in this type of transaction. In the event of acceptance, Brookfield will be given a period of exclusivity of 60 days, able to be extended for 30 days, to finalize the documents of the transaction.

The transaction will then be subject to consideration and approval by the governance bodies of Renova and its controlling stockholders.

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Building a better working world

Report on the review of interim information

The Shareholders, Board of Directors and Officers
Cemig Geração e Transmissão S.A.
Belo Horizonte – MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Cemig Geração e Transmissão S.A. (“Company”), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2017, which comprise the statement of financial position as at September 30, 2017 and the related statements of profit or loss, of comprehensive income for the three-month and nine-month periods then ended, and statement of changes in equity and cash flow statement for the nine-month period then ended, including other explanatory information.

Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting, and of the consolidated interim financial information in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, applicable to the preparation of Quarterly Financial Information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission.

Emphasis of matters

Renewal of the concession for Jaguara, São Simão and Miranda

As disclosed in note 4 to the interim financial information, the Company is challenging the renewal of the concession contracts for the Jaguara, São Simão and Miranda hydroelectric plants. These concession contracts were terminated in August 2013, January 2015 and December 2016, respectively and were auctioned by the granting authority on September 27, 2017. Additionally, the Company is discussing administratively the amounts of the financial assets indemnifiable relative to the plants in question. The Company does not expect to incur losses arising from this matter. Our conclusion is not modified in respect of this matter.

Risks related to compliance with laws and regulations

As mentioned in Note 13 to the interim financial information, the Company holds direct and indirect non-controlling interests in Madeira Energia S.A. (which has an investment in Santo Antônio Energia S.A.) and indirect non-controlling interest in Norte Energia S.A. (the "Investees"), valued by the equity method. Investigations and certain legal actions conducted by the Federal Prosecution Office (MPF) involving other indirect shareholders of the Investees and certain executives of these shareholders are underway. At present, it is not possible to determine whether the results of referred to investigations and their respective developments may eventually have future consequences to the investees beyond the effects mentioned in Note 13. The Company's interim financial information does not include any other effects that may arise from this matter. Our conclusion is not modified in respect of this matter.

Risk of continuity of the investee Renova Energia S.A. business operations

As disclosed in Note 13 to the interim financial information, the Company has non-controlling interest in Renova Energia S.A. ("Renova"), which is accounted for under the equity method, and whose conditions indicate the existence of material uncertainty that may raise significant doubt as to the ability of Renova and its subsidiaries to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated Statements of Value Added (SVA) for the nine-month period ended September 30, 2017, prepared under the responsibility of Company management, the presentation of which in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information under the IFRS, whereby no SVA presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not consistently prepared, in all material respects, in relation to the overall accompanying interim financial information.

Audit and review of prior year/period corresponding figures

The amounts corresponding to the statement of financial position as at December 31, 2016, and the statements of profit or loss and comprehensive income for the three-month and nine-month periods ended September 30, 2016, changes in equity, cash flows and value added for the nine-month period then ended, and presented for comparative purposes, were previously audited and reviewed, respectively, by other independent auditors, who issued an unmodified opinion on their independent auditor's report on the individual and consolidated financial statements dated April 11, 2017, and an unmodified conclusion on their review report on the individual and consolidated interim financial information dated April 27, 2017, both containing emphasis of matters on the issues described above.

Belo Horizonte (MG), November 14, 2017.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Shirley Nara S. Silva
Accountant CRC 1BA022650/O-0

CONSOLIDATED RESULTS

(Figures in R$ '000, except where otherwise indicated)

Results for first nine months of 2017

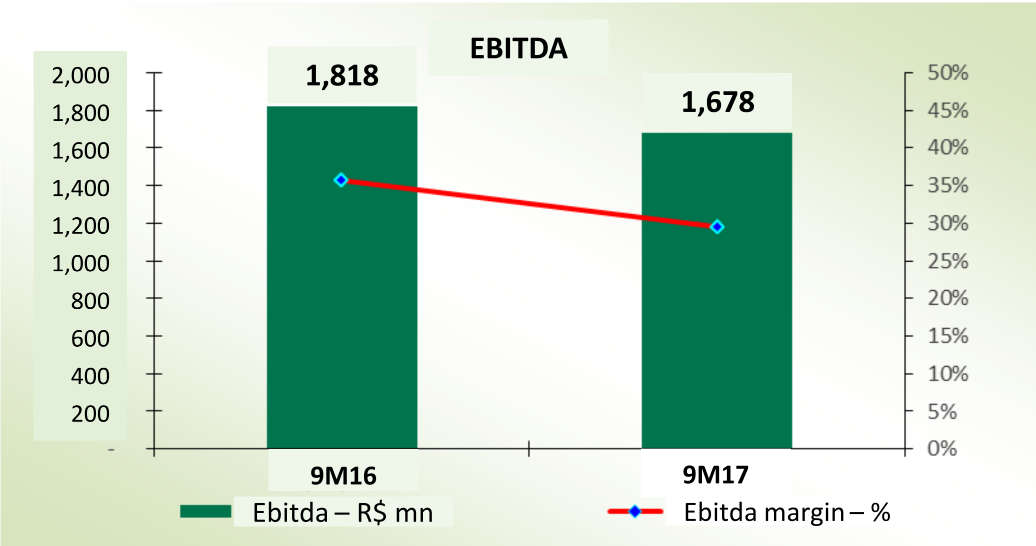
Net profit for the period

For the first nine months of 2017 (9M17) Cemig GT (Cemig Geração e Transmissão S.A.) reported net profit of R$ 525,407, compared to profit of R$ 534,929 in 9M16. The main variations in revenue, costs and expenses are noted on the following pages.

EBITDA

Cemig GT's Ebitda in 9M17 was 7.74% lower than in 9M16:

Ebitda – R$ '000	9M17	9M16	Change, %
Net profit for the period	525,407	534,929	(1.78)
+ Current and deferred income tax and Social Contribution tax	300,382	267,244	12.40
+ Net financial revenue (expenses)	728,877	874,783	(16.68)
+ Amortization and depreciation	122,951	141,468	(13.09)
= EBITDA	**1,677,617**	**1,818,424**	**(7.74)**



Ebitda is a non-accounting measure prepared by the Company, reconciled with the Interim accounting information in accordance with CVM Circular SNC/SEP 1/2007 and CVM Instruction 527 of October 4, 2012. It comprises Net profit adjusted by the effects of net Financial revenue (expenses), Depreciation and amortization, and Income tax and the Social Contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net profit or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

Ebitda margin was 35.71% in 9M16, and 29.35% in 9M17.

The most significant factors in the lower Ebitda and Ebitda margin year-on-year are set out below:

Revenue from supply of electricity

	9M17			9M16		
	MWh	R$	Average price invoiced – R$/MWh	MWh	R$	Average price invoiced – R$/MWh
Industrial	10,714,163	2,480,070	231,48	11,452,195	2,561,774	223,69
Commercial	1,620,592	414,045	255,49	584,994	151,996	259,82
Subtotal	**12,334,755**	**2,894,115**	**234,63**	**12,037,189**	**2,713,770**	**225,45**
Retail supply not yet invoiced, net	-	23,399	-	-	68,600	-
	12,334,755	**2,917,514**	-	**12,037,189**	**2,782,370**	-
Wholesale supply to other concession holders	9,225,587	2,334,428	253,04	8,791,221	1,847,412	210,14
Wholesale supply not yet invoiced, net	-	(21,260)	-	-	126,276	-
	21,560,342	**5,230,682**	-	**20,828,410**	**4,756,058**	-

Total revenue from supply of electricity in 9M17 was R$ 5,230,682, 9.98% higher than in 9M16 (R$ 4,756,058) – mainly reflecting volume of electricity sold 3.51% higher than in 9M16 and a higher average price per MWh invoiced.

Transmission revenue

Cemig GT's revenue from transmission comprises the sum of the revenues from all the transmission assets. The Concession Contracts establish the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP) for each of the assets of the existing system, updated annually based on the variation in the IPCA index. Whenever there is a strengthening, improvement or adaptation to an existing asset made under a specific authorization from Aneel, an addition is made to the RAP.

This revenue in 9M17 was R$ 327,720, compared to R$ 299,198 a year-on-year increase of 9.53%. This variation arises basically from the inflation-adjustment of the annual RAP, which was applied in July 2017, plus the new revenues related to the investments authorized.

The percentages and indices applied for the price adjustment are different for different concessions: the index applied was 3.59% (the IPCA index) for the concession of Cemig GT, and 1.57% (the IGP–M index) for the concession of Cemig Itajubá.

Revenue from transactions in the Wholesale Trading Chamber (CCEE)

Revenue from transactions in power supply on the CCEE in 9M17 totaled R$ 520,943, compared to R$ 137,075 in 9M16. The main factors in this difference are:

- - the average spot price (*Preço de Liquidação de Diferenças*, or PLD) being 322.61% higher year-on-year, at R$ 299.42/MWh in 9M17, vs. R$ 70.85/MWh in 9M16;
- - the lower quantity of electricity available for settlement in the wholesale market in 2017.

Transmission Indemnity revenue

Transmission indemnity revenue was R$ 295,749 in 9M17, compared to R$ 692,211 in 9M16. In 2Q17, as a result of the Mining and Energy Ministry setting the criteria for updating of the transmission indemnity, a posting was made, backdated to 2013, of the amount of the updating of the indemnity receivable based on the regulatory cost of own capital, which had a significant impact on the revenue reported.

We highlight the amount recorded in 2017, of R$ 149,255, for the backdated difference of transmission concession assets the values of which were not included in the calculation basis for revenues in the previous tariff reviews. For more details see Note 12 – *Financial assets of the concession*.

Generation Indemnity Revenue

In 9M17 the Company recognized revenue of R$ 259,516, for the adjustment to the balance of non-amortized indemnities for the concessions of the *São Simão* and *Miranda* Hydroelectric Plants, as per Ministerial Order 291/17. For more details see Note 4.

Taxes and charges reported as deductions from revenue

Taxes and charges on revenue totaled R$ 1,200,004 in 9M17, compared to R$ 1,061,741 – or 13.02% higher year-on-year. The deductions and charges with the most significant impact on revenue are mainly taxes, calculated as a percentage of sales revenue, such as ICMS tax and the Pasep and Cofins taxes. Hence, their variations are substantially proportional to the changes in revenue.

Operational costs and expenses (excluding Financial revenue/expenses)

Operational costs and expenses (excluding Net financial revenue/expenses) in 9M17 were R$ 4,004,073, or 22.80% higher than in 9M16 (R$ 3,260,613).

Note 24 has more information on the components of Operational costs and expenses.

The following paragraphs outline the main variations in operational costs and expenses:

<u>Electricity purchased for resale</u>

This expense in 9M17 was 30.50% higher than in 9M16, at R$ 2,990,677 – compared to R$ 2,291,737 (in 9M16). This difference reflects an average price per MWh 14.18% higher (at R$ 180.03 in 9M17, vs. R$ 157.67 in 9M16); and also the volume of electricity purchased in 9M17 being 14.29% higher, at 16,611,973 MWh, vs. 14,534,949 MWh in 9M16.

Personnel expenses

Personnel expenses in 9M17 were R$ 300,528, 7.00% more than in 9M16 (R$ 280,858). This arises mainly from the following factors:

- Salary increase of 8.50%, as from November 2016, under the Collective Work Agreement.
- Recognition, in 2017, of an expense of R$ 44,516 on the voluntary retirement plan.

Tending to reduce the recurrent expense, however, the average number of employees in 3Q17, at 1,496, was 10.10% lower that in 9M16 (1,664).

Construction cost

Construction cost was 69.16% lower year-on-year in 9M17, at R$ 11,226, compared to R$ 36,405 in 9M16. This cost is offset in full by the accounting item Construction revenue, thus having no effect on net profit.

See Note 24.

Operating provisions

Operational provisions in 9M17 represented an expense of R$ 106,951, compared to R$ 63,106 in 9M16 – 69.48% higher. The difference comes basically from constitution of a provision for losses on the put options in the shares of Saesa – Santo Antônio Energia S.A. – which represented a value of R$ 67,965 in 9M17, compared to R$ 29,488 in 9M16.

Financial revenues (expenses)

The Company posted net financial expenses of R$ 728,877 in 9M17 compared to net financial expenses of R$ 874,783 in 9M16 – a reduction of 16.68%.

The most significant variations in components between the two years were:

- Revenue of R$ 41,011 from advance payments in 9M17, compared to R$ 22,790 in 9M16. This reflects a higher volume of transactions for advance payments to suppliers than in 2016.
- Monetary updating on Obligations to the CCEE: With the suspension of the effects of the injunction that aimed to avoid exposure arising from the adjustment of the MRE (Energy Reallocation Mechanism) caused by the Generation Scaling Factor (GSF) being less than 1, in December 2015 additional revenue received over the period May to November 2015 was returned. In January 2016 the CCEE accounted the monetary updating corresponding to the period in which the funds were at the

Company's disposal, leading to recognition of a financial expense in the amount of R$ 13,844 in 9M16;

- Monetary updating on loans and financings: R$ 25,888 in 9M17, compared to R$ 72,399 in 9M16 – a reduction of 64.24%, mainly due to the lower IPCA index (indexor of the debt), which was 1.78% over 9M17, compared to 5.51% in 9M16.
- Monetary updating on Advance power sales: In 9M17 this item was an expense of R$ 37,666, referring to contracts for advance sales of power signed as from December 2016.

Note 25 gives a breakdown of financial revenues and expenses.

Income and Social Contribution taxes

In 9M17, Cemig GT posted total income tax and Social Contribution tax of R$ 300,382, on pre-tax profit of R$ 828,622.

In 9M16, Cemig GT posted total income tax and Social Contribution tax of R$ 267,244 on pre-tax profit of R$ 825,789.

The effective tax rates are reconciled with the nominal rates in Note 10b.

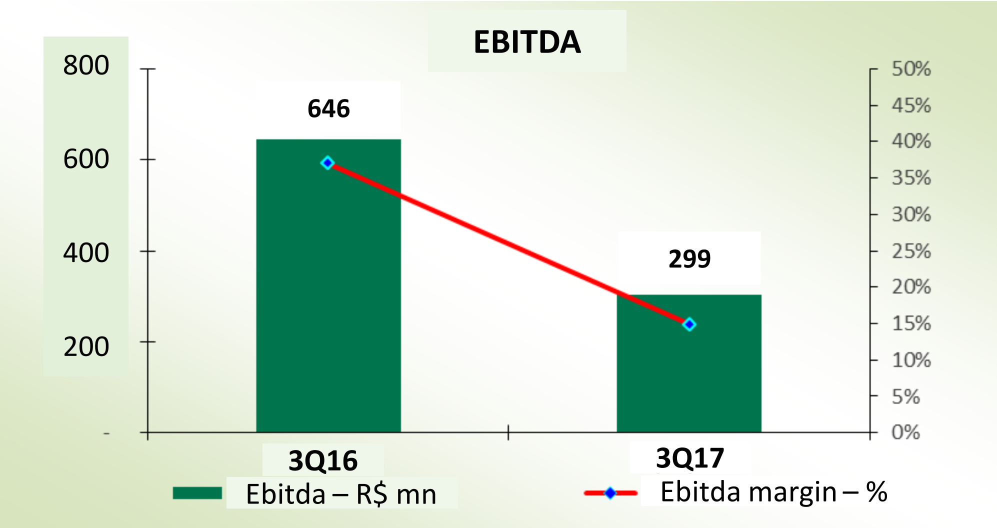
Results for third quarter 2017

For the third quarter of 2017 (*3Q17*) Cemig GT reports profit of R$ 5,145, which compares with profit of R$ 224,286 in 3Q16. The main variations in revenue, costs and expenses are noted on the following pages.

EBITDA

Cemig GT's Ebitda in 3Q17 was 53.77% lower than in 3Q16.

Ebitda – R$ '000	3Q17	3Q16	Change, %
Net profit for the period	(5,145)	224,286	-
+ Current and deferred income tax and Social Contribution tax	71,571	68,407	4.63
+ Net financial revenue (expenses)	195,514	305,698	(36.04)
+ Amortization and depreciation	36,618	47,385	(22.72)
= EBITDA	**298,558**	**645,776**	**(53.77)**



Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated Interim accounting information in accordance with CVM Circular SNC/SEP 1/2007 and CVM Instruction 527 of October 4, 2012. It comprises Net profit adjusted by the effects of net Financial revenue (expenses), Depreciation and amortization, and Income tax and Social Contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net profit or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

Below we give more details on the factors in the result.

Ebitda margin was 14.58% in 3Q17, compared to 36.99% in 3Q16.

Revenue from supply of electricity

	3Q17			3Q16		
	MWh (*)	R$	Average price invoiced – R$/MWh	MWh (*)	R$	Average price invoiced – R$/MWh
Industrial	3,648,307	838,897	229,94	4,039,479	907,999	224,78
Commercial	561,786	145,331	258,69	212,847	54,570	256,38
Subtotal	**4,210,093**	**984,228**	**-**	**4,252,326**	**962,569**	**226,36**
Retail supply not yet invoiced, net	-	(172)	-	-	500	-
	4,210,093	**984,056**	**249,24**	**4,252,326**	**963,069**	**-**
Wholesale supply to other concession holders	3,447,975	859,378	-	2,927,208	631,775	215,83
Wholesale supply not yet invoiced, net	-	53,289	-	-	126,482	-
	7,658,068	**1,896,723**	**229,94**	**7,179,534**	**1,721,326**	**-**

(*) Information not reviewed by the external auditors.

Total revenue from supply of electricity in 3Q17 was R$ 1,896,723, 10.19% higher than in 3Q16 (R$ 1,721,326) – mainly reflecting volume of electricity sold to other concession holders 10.19% higher than in 3Q16 in turn reflecting volume of electricity sold 6.67% higher, and a higher average price per MWh invoiced.

Transmission revenue

Cemig GT's revenue from transmission comprises the sum of the revenues from all the transmission assets. The Concession Contracts establish the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP) for each of the assets of the existing system, updated annually based on the variation in the IPCA index. Whenever there is a strengthening, improvement or adaptation to an existing asset made under a specific authorization from Aneel, an addition is made to the RAP.

In 3Q17 Cemig GT's RAP totaled R$ 86,320, or 19.40% lower than in 9M16 (R$ 107,098).

Transmission indemnity revenue

Transmission indemnity revenue in 3Q17 was R$ 25,894, compared to R$ 99,742 in 3Q16.

In 2Q16, as a result of the Mining and Energy Ministry setting the criteria for updating of the transmission indemnity, a posting was made, backdated to 2013, of the amount of the updating of the indemnity receivable based on the regulatory cost of own capital, and this had a significant impact on the revenue reported.

Taxes and charges reported as deductions from revenue

Taxes and charges on revenue in 3Q17 totaled R$ 437,027, compared to R$ 343,289 in 3Q16 – or 27.31% higher year-on-year. The deductions and charges with the most significant impact on revenue are mainly taxes, calculated as a percentage of sales revenue, such as ICMS tax and the Pasep and Cofins taxes. Hence, their variations are substantially proportional to the changes in revenue.

Operational costs and expenses (excluding Financial revenue/expenses)

Operational costs and expenses (excluding Net financial revenue/expenses) in 3Q17 totaled R$ 1,613,162, or 43.55% more than in 3Q16 (R$ 1,123,735).

Note 24 has more information on the components of Operational costs and expenses.

The following paragraphs outline the main variations in operational costs and expenses:

Electricity purchased for resale

The expense on electricity brought for resale in 3Q17 was R$ 1,275,814, compared to R$ 823,584 in 3Q16, an increase of 54.91%. This reflects an average price per MWh 15.84% higher in 3Q17 (R$ 186.96 in 2017, vs. R$ 161.39 in 2016), and also a volume of electricity purchased in 2017 33.72% higher (at 6,823,933 MWh) than in 3Q16 (5,103,045 MWh).

Personnel

The expense on personnel in 3Q17 was R$ 88,963, 7.87% more than in 3Q16 (R$ 82,471). This arises mainly from the following factors:

- Salary increase of 8.50%, as from November 2016, under the Collective Work Agreement.
- Recognition, in 3Q17, of an expense of R$ 6,900 for the voluntary retirement plan.

Tending to reduce the recurrent expense, the average number of employees in 3Q17, at 1,411, was 13,49% lower than in 3Q16 (1,631).

Construction cost

Construction cost was 11.95% lower year-on-year, at R$ 4,201 in 3Q17 – compared to R$ 4,771 in 3Q16. This cost is offset in full by the accounting item Construction revenue, thus having no effect on net profit.

See Note 24.

Operating provisions

Operational provisions represented an expense of R$ 45,544 in 3Q17, compared to R$ 11,466 in 3Q16. This difference is mainly due to a provision made for losses on the put options in Saesa – Santo Antônio Energia S.A. – which represented an amount of R$ 26,363 in 3Q17, compared to R$ 3,477 in 3Q16.

Equity method gains in non-consolidated investees, net

The result of equity method valuation of interests in investees was a negative item of R$ 172,177 in 3Q17, compared to a negative R$ 23,851 in 3Q16. This mainly reflects the effects of the interests in Madeira Energia and Renova, which in aggregate provided a net loss by the equity method of R$ 45,756 in 3Q16, but a net loss of R$ 122,521 in 3Q17.

For fuller details please see Note 13.

Financial revenues (expenses)

The Company posted net financial expenses of R$ 195,514 in 3Q17, compared to net financial expenses of R$ 305,698 in 3Q16 – i.e. net financial expenses were 36.04% lower. The most significant variations in components between the two years were:

- Lower costs of loans and financings: R$ 206,495 in 3Q17, or 35.71% less than in 3Q16 (R$ 321,197), mainly due to the lower CDI rate over the quarter (an aggregate 2.29% in 3Q17, compared to 3.47% in 3Q16).
- Lower expense on monetary updating of loans and financings: R$ 1,994 in 3Q17, compared to R$ 14,659 in 3Q16 – mainly reflecting the lower value of the IPCA inflation index over the quarter (59% in 3Q17, compared to 1.04% in 3Q16).
- Monetary Updating on Advance Sales of Supply: In 3Q17 the Company reported a negative item of R$ 12,986 for updating of the amounts in advance supply contracts signed as from December 2016.

Note 25 gives a breakdown of financial revenues and expenses.

Income and Social Contribution taxes

In 3Q17, the Company’s expense on income tax and the Social Contribution tax was R$ 64,687, on pre-tax profit of R$ 69,259.

In 3Q16, the expense on income tax and the Social Contribution tax was R$ 68,407, on pre-tax profit of R$ 292,693.

These effective rates are reconciled with the nominal rates in Note 10.

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SIGNATORIES

(The original is signed by the following signatories:)

Bernardo Afonso Salomão de Alvarenga Chief Executive Officer	**Bernardo Afonso Salomão de Alvarenga** Deputy CEO (interim)	**Adézio de Almeida Lima** Chief Finance and Investor Relations Officer
José de Araújo Lins Neto Chief Corporate Management Officer	**Dimas Costa** Chief Trading Officer	**José Maria Rabelo** Chief Business Development Officer
Thiago de Azevedo Camargo Chief Institutional Relations and Communication Officer	**Luciano de Araújo Ferraz** Chief Counsel	**Ronaldo Gomes de Abreu** Director without portfolio
Franklin Moreira Gonçalves Chief Generation and Transmission Officer		**Maura Galuppo Botelho Martins** Chief Officer for Human Relations and Resources
Leonardo George de Magalhães Controller CRC-MG 53.140		**Leonardo Felipe Mesquita** Accounting Manager Accountant – CRC-MG-85.260