

XVIII Encontro Anual CEMIG-APIMEC

Cemig Distribution – 3rd Tariff Review

Uberlândia, 27 May, 2013

Executive Responsible: Maura Galuppo Botelho Martins



Cemig D: 3rd Tariff Review

2.99%

- TARIFF REPOSITIONING

New
Structure

- TARIFF STRUCTURE

1.83%

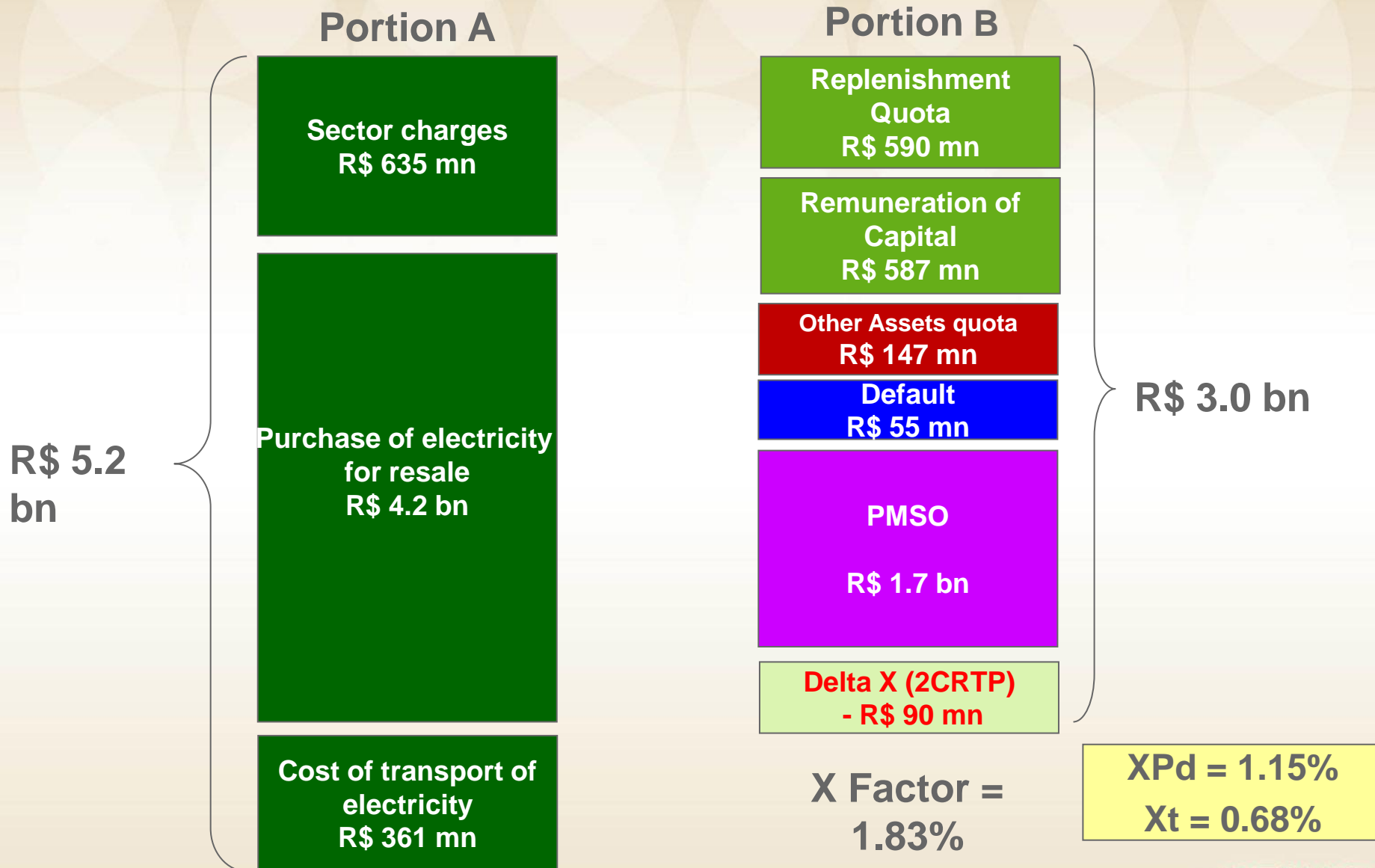
- X FACTOR (Pd + T)

Portion A rose 22.3%; Portion B fell 26.5%

R\$ million	Extraordinary Review Jan 2013 R\$	Periodic Review Apr. 2013 R\$	Change
Portion A			
Sector charges	667	635	-4.8%
Transport of electricity	355	361	1.8%
Purchase of electricity	3,263	4,245	30.1%
Portion A	4,285	5,241	22.3%
Portion B			
Operational costs	1,917	1,769	-7.7%
Annual cost of assets	2,194	1,324	-39.7%
Portion B	4,111	3,093	-24,8%
Portion B with PDD adjustment		3,003	
Portion B with productivity adjustment		2,969	-26.5%
Reposicioning index		0.47%	
Financial components		R\$ 211 million	
Repositioning index including Financial items		3.06%	
Average effect for consumer		2.99%	

Limited to 3% by draft of Resolution from Public Hearing 020/2013.

Values of Portion A, Portion B and X Factor



Remuneration base; Opex

Base of total assets

R\$ 24.7 bn

“Special obligations”
(R\$ 6.3 bn)
+
**100% Depreciated
assets (R\$ 3.1 bn)**

R\$ 9.4
bn

**Net Regulatory
Remuneration Base
(BRR)**

(R\$ 5.5 bn)

Previous BRR:
R\$5.1 bn
Increase in BRR:
R\$ 400 mn

**Accumulated
Depreciation
(R\$ 9.8 bn)**

Gross BRR
R\$ 15.3 bn

Operational costs

R\$ 1.9 bn

**Reference
company**

R\$ 1.714 bn

Other Assets quota
R\$ 147 mn

Default
R\$ 55 mn

The *Luz para Todos (Light for Everyone)* Program – Cemig D

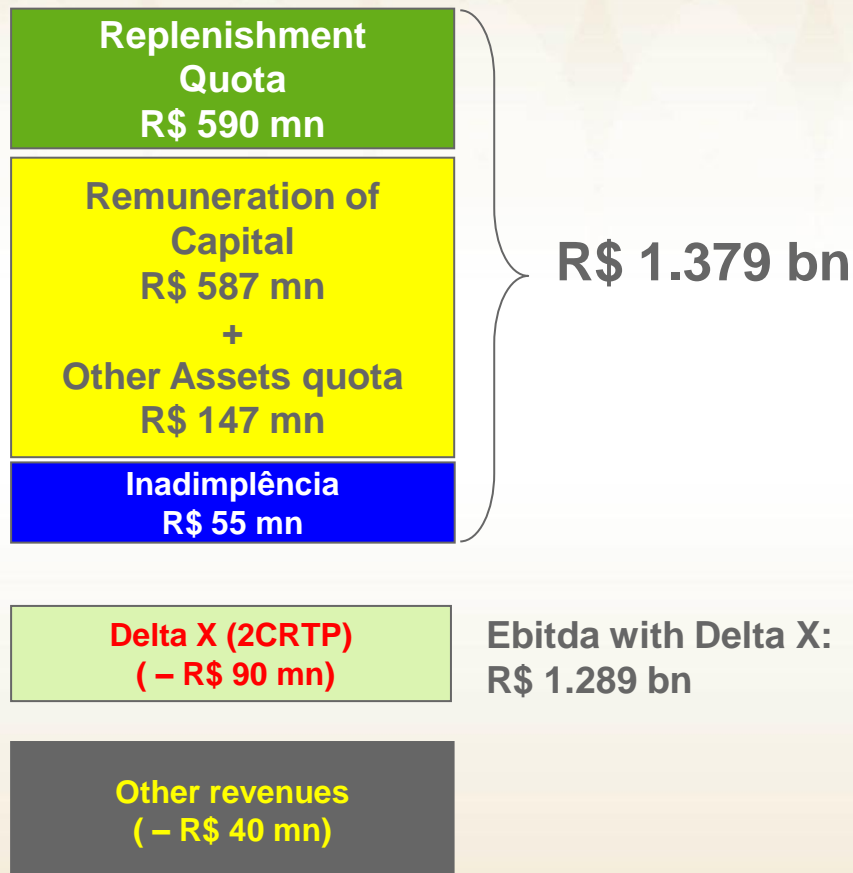
<i>Amounts in R\$</i>					
Tranche	Historic unit vale	Unit value updated by IGP-M to Dec. 2012	Number of new users connected	Investment by Eletrobrás – historic values	Investment by Eletrobrás – updated
2nd	6,100.00	9,265.68	9,405	57,370,500	87,143,740
3rd	7,900.67	9,926.29	65,090	514,254,610	646,101,942
4th	8,970.23	10,608.72	23,519	210,970,839	249,506,409
Sum			98,014	782,595,950	982,752,092
Weighted average	7,984.53	10,026.65			

**AMOUNT
HOMOLOGATED
BY SFF
(APR 1, 2013):
R\$ 5,322.04**

- The “prudence of investments” criterion has not yet been regulated.
- The use of a single criterion to define prudence could generate divergent results.
- It is *essential* that the reasonableness of these results should be attested to by other parameters.

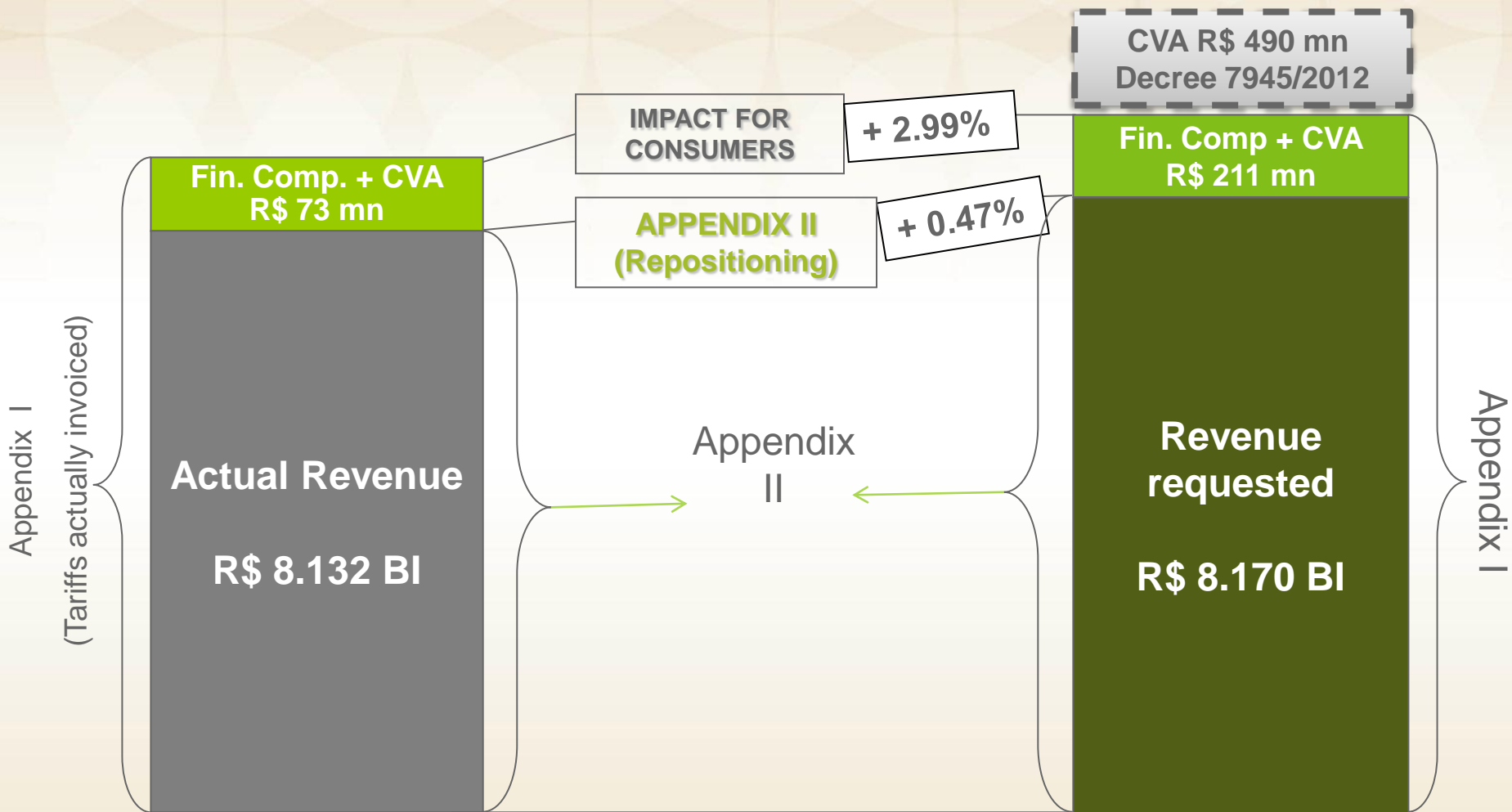
Regulatory P/L and Ebitda

Regulatory Ebitda (April 2013 to March 2014)



* Delta X: Return to consumers for investments not realized in the 2nd Tariff Review.

Repositioning and Impact on Tariffs



Effect measured by consumer subgroup and type

Subgroup and Type	Average effect	Average effect – Free
A2 (88 to 138 kV)	-37.00%	-40.78%
A3 (69 kV)	-12.80%	-22.28%
A3a (30 kV to 44 kV)	1.83%	-9.86%
A4 (2.3 kV to 25 kV)	12.09%	-26.29%
AS (Underground)	26.62%	-26.29%
B1 average (Residential and Low Income)	4.99%	
B1 – Residential, Full	4.87%	
B1 – Residential, Low Income	6.30%	
B2 (Low voltage – Rural)	9.56%	
B3 (Low voltage – Other categories)	9.56%	
B4 (Low voltage – Public Illumination)	9.56%	
TOTAL	2.99%	-33.22%

GROUP	Change
A	-4.83%
B	6.98%
A+B	2.99%

Operational costs

Description - Coverage in 2013	Total	Personnel	Materials and Services
OPEX 2CRTP - Original	1,209,251,202		
OPEX 2CRTP - Adjusted	1,109,874,234	735,881,572	373,992,662
OPEX 2CRTP - Monetary updating by 3CRTP	1,476,198,207	974,729,865	501,468,343
OPEX 2CRTP - With growth of products	1,785,620,582	1,179,040,660	606,579,922
OPEX 3CRTP	1,714,054,099	1,131,785,496	582,268,603
Consumers' Council	183,566		
OPEX (Including Consumers' Council)	1,714,237,665		
Description - Coverage in 2018	Lower limit	Center	Upper limit
Efficiency	48.23%	58.03%	68.23%
OPEX 3CRTP - 2ª Phase (Interval)	1,154,885,763	1,389,550,504	1,633,793,397.80

- ✓ Operational costs coverage, given by the Reference Company, in 2008, was R\$ 1.209 bn.
- ✓ Updating of Reference Company to 2013 generates a coverage of R\$ 1.714 bn.
- ✓ Cemig D has a background of diminishing coverage (R\$ 20mn/year) – which would make the coverage in 2018 be R\$ 1.634 mn.

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Investor Relations

Telephone: (55-31) 3506-5024

Fax: (55-31) 3506-5025

ri@cemig.com.br

<http://ri.cemig.com.br>



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