Energisa Minas Gerais | Results for 3rd quarter of 2013

Cataguases, November 08, 2013 - The management of Energisa Minas Gerais – Distribuidora de Energia S/A ("Company" or "Energisa Minas Gerais" or "EMG") hereby presents its results for the third quarter (3Q13) and the first nine months of 2013 (9M13). The following financial and operational information is presented in accordance with international financial reporting standards (IFRS), except when stated otherwise.

1 - Business profile and economic-financial headlines

Energisa Minas Gerais is an electricity distribution company that serves approximately 412,000 consumers and a population of roughly 1.0 million in 65 municipalities in Minas Gerais state, and one municipality in Rio de Janeiro state.

See below a summary of the Company's economic and financial performance in the first nine months of 2013 and 2012:

Description	9Q13	9Q12	Change %
Results - R$ million			
Gross Operating Revenue	475.1	482.8	- 1.6
Net Operating Revenue	348.6	321.0	+ 8.6
Net Operating Revenue, with construction revenue	300.1	292.1	+ 2.7
Earnings before interest and tax (EBIT)	55.5	40.7	+ 36.4
EBITDA	68.3	52.3	+ 30.6
Adjusted EBITDA	72.5	56.6	+ 28.1
Financial Result	(11.6)	(8.5)	+ 36.5
Net Income	29.2	21.5	+ 35.8
Financial Indicators - R$ million			
Total Assets	530.3	531.6	- 0.2
Cash / Cash Equivalents / Short-Term Investments	71.4	139.0	- 48.6
Shareholders' Equity	78.4	70.9	+ 10.6
Net Debt	287.3	223.2	+ 28.7
Operating Indicators			
Number of Captive Consumers (thousands)	412.8	401.3	+ 2.9
Sales of energy to captive consumers (GWh)	850.3	817.4	+ 4.0
Total Electricity Distributed (GWh)	1,117.5	1,085.9	+ 2.9
Relative Indicators			
Adjusted EBITDA / Net Revenue (%)	20.8	17.6	+ 3.2 p.p
Net Debt / Adjusted EBITDA for 12 months (times)	3.1	2.8	+ 10.7

NB: Adjusted EBITDA: EBITDA plus arrears charges on electricity bills.

2 - Financial performance
2.1 - Gross and net operating revenue

In 9M13 Energisa Minas Gerais presented gross operating revenue, not including construction cost revenue, which is attributed a margin of zero, of R$ 426.6 million, compared with R$ 454.0 million in 9M12, a decrease of 6.0% (R$ 27.4 million). Also excluding construction revenue, net operating revenue rose by 2.7% (R$ 7.9 million) in the period, to R$ 300.1 million.

Net revenue breaks down as follows:

Revenue by Consumption Sector	Quarter			9 months		
Amounts in R$ million	3Q13	3Q12	Change %	9M13	9M12	Change %
(+) Electricity revenue (captive market)	131.0	136.0	- 3.7	393.5	411.2	- 4.3
✓ Residential	54.3	60.8	- 10.7	168.9	187.7	- 10.0
✓ Industrial	17.3	21.8	- 20.6	51.2	64.9	- 21.1
✓ Commercial	28.0	26.4	+ 6.1	86.9	81.9	+ 6.1
✓ Rural	19.2	13.5	+ 42.2	50.2	37.0	+ 35.7
✓ Other sectors	12.2	13.5	- 9.6	36.3	39.7	- 8.6
(+) Electricity sales to distributors	-	1.1	-	(0.6)	1.5	-
(+) Net Unbilled Sales	0.8	(0.2)	-	(2.8)	(3.4)	- 17.6
(+) Electricity network usage charges	6.8	11.3	- 39.8	22.5	31.0	- 27.4
(+) Construction revenue	12.4	11.0	+ 12.7	48.5	28.8	+ 68.4
(+) Other revenue	5.0	4.7	+ 6.4	14.0	13.7	+ 2.2
(=) Subtotal 1 - Gross revenue	**156.0**	**163.9**	**- 4.8**	**475.1**	**482.8**	**- 1.6**
(-) Tax on sales	(39.6)	(43.2)	- 8.3	(119.1)	(130.4)	- 8.7
(-) Sector charges	(2.7)	(8.9)	- 69.7	(7.4)	(31.4)	- 76.4
(=) Subtotal 2 - Net revenue	**113.7**	**111.8**	**+ 1.7**	**348.6**	**321.0**	**+ 8.6**
(-) Construction revenue	12.4	11.0	+ 12.7	48.5	28.8	+ 68.4
(=) Total - Net revenue, without construction revenue	**101.3**	**100.8**	**+ 0.5**	**300.1**	**292.2**	**+ 2.7**

2.2 - Rate adjustments

By way of Decree 7891, on January 30, 2013 electricity rates in Brazil fell by an average of 20% following the reduction to sector charges and the conditions imposed on the renewal of concession arrangements for certain generators. Energisa Minas Gerais subsequently obtained a rate adjustment. The average effect of the rate adjustments was an increase of 2.56% for consumers, with an increase of 3.05% for low-voltage consumers and 0.99% for medium- and high-voltage consumers from June 18.

Under Decree 7945/2013, Aneel will publish every month the CDE funds to be passed through by Eletrobrás to the Electricity Trading Chamber to cover the electricity acquisition and system service charges - ESS as a result of energy security, the hydrological risk and involuntary exposure in the spot market. By way of SRE/ANEEL Notices 954 issued April 02, 2013, 1312 issued April 30, 2013, 1756 issued June 04, 2013, 2095 issued July 04, 2013, 3020 issued August 29, 2013 and 3281 issued September 30, 2013, Aneel has ratified the amount of R$ 26.7 million for Energisa Minas Gerais the months of January to August 2013, distributed as follows: Energisa Minas Gerais recorded the amounts as a reduction to the purchased energy costs and system service charges.

2.3 - Net income and cash generation

Energisa Minas Gerais recorded net income of R$ 16.1 million in 3Q13 compared with R$ 7.7 million in 3Q12. This denotes an increase of 109.1%. This performance in the quarter is primarily due to the following factors:

1) decrease of 60.0% of the net financial expenses
2) decrease of 12.4% of operating expenses, not including construction costs
3) increase of 5.4% in energy sold to free and captive consumers.

The net income amounted to R$ 29.2 million in YTD 9M13, compared with R$ 21.5 million in the first nine months of the previous year. The operating cash generation (Adjusted EBITDA) amounted to R$ 30.5 million in 3Q13, compared with R$ 18.5 million in 3Q12, an increase of R$ 64.9%. The Adjusted EBITDA amounted to R$ 72.5 million in 9M13, an increase of 28.1% over 9M12.

See below the change in the Company's cash generation:

Breakdown of cash generation (EBITDA)	Quarter			9 months		
Amounts in R$ million	3Q13	3Q12	Change %	9M13	9M12	Change %
(=) Net Income	16.1	7.7	+ 109.1	29.2	21.5	+ 35.8
(-) Income and social contribution taxes	(8.1)	(3.7)	+ 118.9	(14.7)	(10.7)	+ 37.4
(-) Financial result	(0.8)	(2.0)	- 60.0	(11.6)	(8.5)	+ 36.5
(-) Depreciation and amortization	(4.3)	(3.6)	+ 19.4	(12.8)	(11.6)	+ 10.3
(=) Cash generation (EBITDA)	**29.3**	**17.0**	**+ 72.4**	**68.3**	**52.3**	**+ 30.6**
(+) Late charges revenue	1.2	1.5	- 20.0	4.2	4.3	- 2.3
(=) Adjusted cash generation (Adjusted EBITDA)	**30.5**	**18.5**	**+ 64.9**	**72.5**	**56.6**	**+ 28.1**
Adjusted EBITDA Margin	26.8	16.5	+ 10.3 p.p	20.8	17.6	+ 3.2 p.p

2.4 - Operating expenses

Operating expenses excluding construction costs amounted to R$ 244.6 million in 9M13 (R$ 76.4 million in 3Q13), a decrease of R$ 6.8 million (decrease of R$ 10.8 million in 3Q13 over 3Q12) over 9M12. In 9M13, the growth in controllable expenses was R$ 3.2 million (increase of R$ 0.8 million in 3Q13), amounting to R$ 63.8 million (R$ 21.7 million in 3Q13). Noncontrollable expenses on electricity and transportation purchases contracted by R$ 11.3 million in 9M13 (or 6.5%). Noncontrollable expenses on electricity and transportation purchases fell by 20.8% in 3Q13 (R$ 13.0 million).

Operating expenses break down as follows:

	Quarter			9 months		
Breakdown of operating expenses (R$ million)	3Q13	3Q12	Change in R$ millions	9M13	9M12	Change in R$ millions
1 - Controllable expenses	21,7	20,9	+ 0,8	63,8	60,6	+ 3,2
1.1 Personnel (includes pension fund)	7,5	7,6	- 0,1	22,1	20,1	+ 2,0
1.2 Material	1,0	1,3	- 0,3	3,1	3,9	- 0,8
1.3 Services	13,2	12,0	+ 1,2	38,6	36,6	+ 2,0
2 - Uncontrollable expenses (acquisition of energy and transmission)	49,4	62,4	- 13,0	163,8	175,1	- 11,3
3 - Depreciation and amortization	4,3	3,6	+ 0,7	12,8	11,6	+ 1,2
4 - Allowance for doubtful accounts and contingencies	(0,4)	0,3	- 0,7	(0,8)	2,1	- 2,9
5 - Other expenses/revenue	1,4	-	+ 1,4	5,0	2,0	+ 3,0
Subtotal	**76,4**	**87,2**	**- 10,8**	**244,6**	**251,4**	**- 6,8**
6 - Construction cost	12,4	11,0	+ 1,4	48,5	28,8	+ 19,7
Total	**88,8**	**98,2**	**- 9,4**	**293,1**	**280,2**	**+ 12,9**

2.5 – Financial result

The financial result (financial revenue minus financial expenses) amounted to a net consolidated financial expense of R$ 0.8 million in 3Q13, as compared to a net financial expense of R$ 2.0 million in the same period last year, a decrease of 60.0% (or R$ 1.2 million). This result derives from the mark-to-market of derivatives which reflects the present value of the forex hedge instruments.

In YTD 9M13 the net financial income amounted to a net financial expense of R$ 11.6 million compared with a net financial expense of R$ 8.5 million in 9M12, i.e. an increase of 36.5% (or R$ 3.1 million) in the period.

The table below denotes the short- and long-term debt net of financial resources (cash, cash equivalents and short-term investments) of Energisa Minas Gerais as of September 30, 2013 and December 31, 2012.

Description Amounts in R$ million	09/30/2013	12/31/2012
Short-term	**72.3**	**27.6**
Loans, financing and debentures	66.1	23.1
Debt charges	4.3	2.7
Financing of taxes and actuarial deficit	1.9	1.8
Long-term	**286.4**	**302.1**
Loans, financing and debentures	283.8	299.0
Financing of taxes and actuarial deficit	2.6	3.1
Total debts	**358.7**	**329.7**
(-) Cash and cash equivalents	71.4	100.8
Total net debts	**287.3**	**228.9**

3 - Electricity sales

3.1 - Total electricity distributed

In the first nine months of 2013 (9M13), electricity sales to end consumers (captive market), located in Energisa Minas Gerais' concession area, including energy associated with free consumers (TUSD), amounted to 1,118.7 GWh (380.6 GWh in 3Q13), an increase of 5.4% (increase of 6.5% in 3Q13) over the same period last year. Consumption was driven by the residential sector, which expanded by 7.5% (an increase of 6.9% in 3Q13) in the period. Industrial consumption, including captive and free sales, rose by 3.4% in 9M13. Total energy distributed in 9M13 was 1,117.5 GWh, compared with 1,085.9 GWh in the same period last year, as follows:

Total Electricity Distributed by Consumption Sector (in GWh)

Description	Quarter			9 months		
	3Q13	3Q12	Change %	9M13	9M12	Change %
1) Energy sales to captive consumers	286.4	271.0	+ 5.7	850.3	817.4	+ 4.0
✓ Residential	108.7	101.7	+ 6.9	331.1	307.9	+ 7.5
✓ Industrial	45.2	46.7	- 3.2	131.2	142.3	- 7.8
✓ Commercial	51.2	48.8	+ 4.9	160.6	154.5	+ 3.9
✓ Rural	44.5	38.0	+ 17.1	118.2	106.5	+ 11.0
✓ Other Sectors	36.8	35.8	+ 2.8	109.2	106.2	+ 2.8
2) Energy associated with free consumers (TUSD)	94.2	86.3	+ 9.2	268.4	244.3	+ 9.9
3) Captive sales + TUSD (1+2)	**380.6**	**357.3**	**+ 6.5**	**1,118.7**	**1,061.7**	**+ 5.4**
4) Sales to distributors and unbilled sales	0.5	16.7	- 97.0	(1.2)	24.2	-
5) Total Electricity Distributed (3+4)	**381.1**	**374.0**	**+ 1.9**	**1,117.5**	**1,085.9**	**+ 2.9**

Energisa Minas Gerais closed the first nine months of 2013 with 412,792 captive consumer units, or 2.9% more than at the end of September 2012. The number of free consumers amounted to 32 at the end of September this year.

4 - Investment

Energisa Minas Gerais invested a total of R$ 43.9 million in the first nine months of 2013, compared with R$ 30.7 million in the same period last year, an increase of 43.0%.

5 - Advanced dividends

The Energisa Minas Gerais Board of Directors has approved the following payments of interim dividends for the year in progress:

1) the amount of R$ 10.0 million at a meeting held June 13, or R$ 22.1061826 per common or preferred share. Payment of these dividends commenced on June 17, 2013.

2) the amount of R$ 3.1 million at a meeting held August 8, or R$ 7.00345928 per common or preferred share. These dividends will be paid by December 31, 2013.

6- Services rendered by the independent auditor

The total remuneration of Deloitte Touche Tohmatsu Auditores Independentes for the services provided to Energisa Minas Gerais in the first nine months of 2013 was R$ 171,000 for reviewing the financial statements.

The Company's engagement policy complies with the principles that sustain the auditor's independence, in accordance with existing standards, which mainly determine that the auditor should not audit its own work, perform managerial duties for its client or pursue its interests.

Management.

Financial Statements

1. Balance Sheet - Assets

ENERGISA MINAS GERAIS - DISTRIBUIDORA DE ENERGIA S/A
BALANCE SHEET
AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(In thousands of reais)

	9/30/2013	12/31/2012
Assets		(Adjusted)
Current		
Cash and cash equivalents	18,396	25,823
Money market and secured funds	41,790	72,423
Clients, consumers and concessionaires	62,398	80,760
Credit receivables	1,862	1,952
Inventory	1,314	1,132
Recoverable taxes	11,956	11,338
Derivative financial instruments	20,427	-
Low income and other receivables	17,081	21,758
Total current	**175,224**	**215,186**
Noncurrent		
Noncurrent assets		
Money market and secured funds	11,217	2,568
Consumers and concessionaires	8,207	8,207
Credit receivables	674	832
Recoverable taxes	8,469	8,686
Derivative financial instruments	5,995	16,738
Tax credits	11,822	20,640
Restricted deposits and escrows	1,495	1,307
Accounts receivable from the concession	263,588	217,739
Other	138	-
	311,605	**276,717**
Investments	2,486	2,039
Property, plant and equipment	36,214	40,519
Intangible assets	4,795	4,265
Total noncurrent	**355,100**	**323,540**
Total Assets	**530,324**	**538,726**

See the accompanying notes to the financial statements.

2. Balance Sheet - Liabilities

ENERGISA MINAS GERAIS - DISTRIBUIDORA DE ENERGIA S/A
BALANCE SHEET
AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(In thousands of reais)

	9/30/2013	12/31/2012
Liabilities		(Adjusted)
Current		
Suppliers payable	32,610	38,881
Debt charges	4,318	2,726
Loans and financing	64,672	22,978
Debentures	1,433	98
Taxes and social contributions	25,048	29,978
Financing of taxes	1,470	1,407
Consumer charges payable	347	3,684
Employee benefits - pension plan	372	372
Estimated obligations	2,977	2,190
Other accounts payable	17,663	19,332
Total current	**150,910**	**121,646**
Noncurrent		
Suppliers payable	744	723
Loans and financing	223,831	252,408
Debentures	59,953	46,636
Taxes and social contributions	6,890	5,464
Financing of taxes	858	1,877
Provision for labor, civil and tax risks	5,710	6,200
Employee benefits - pension plan	1,772	1,656
Other	1,227	1,237
Total noncurrent	**300,985**	**316,201**
Shareholders' equity		
Capital	44,171	44,171
Capital reserve	7,921	7,921
Profit reserves	10,525	10,525
Comprehensive Income	(269)	(269)
Additional dividends proposed	-	38,531
Retained earnings/Accumulated losses	16,081	-
	78,429	**100,879**
Total liabilities	**530,324**	**538,726**

See the accompanying notes to the financial statements.

3. Statements of Income

ENERGISA MINAS GERAIS - DISTRIBUIDORA DE ENERGIA S/A
STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(In thousands of reais)

	9M13	9M12
Revenues		
Electricity sales to consumers	390,713	407,759
Electricity sales to distributors	(564)	1,497
Electricity network usage charges	22,527	30,959
Construction revenue	48,472	28,814
Other revenue	13,994	13,749
	475,142	**482,778**
Deductions from operating revenue		
ICMS on billing	79,085	88,470
PIS, Cofins and ISS	39,990	41,965
Quotas for global reversal reserve	(1,160)	3,005
Others (PEE, CDE, CCC and P&D)	8,588	28,378
	126,503	**161,818**
Net operating revenue	**348,639**	**320,960**
Operating expenses (revenue)		
Personnel (includes pension fund)	22,120	20,145
Material	3,121	3,879
Outsourced services	38,638	36,562
Electricity purchased for resale	136,774	134,145
Transmission of electricity	27,047	40,958
Depreciation and amortization	12,822	11,571
Allowance for doubtful accounts / contingencies (reversal)	(820)	2,123
Construction revenue	48,472	28,814
Other expenses / revenue	4,950	2,040
	293,124	**280,237**
Earnings before interest and tax	**55,515**	**40,723**
Financial revenue (expense)		
Income on short-term investments	3,069	5,693
Monetary variation and arrears surcharge on energy sold	4,187	4,329
Other financial revenue	9,641	734
Debt charges - interest	(14,909)	(15,889)
Debt charges - monetary and exchange variance	(12,034)	(7,929)
(-) Transfer to orders in progress	732	517
Mark-to-market of derivatives	(4,319)	3,299
Derivative financial instruments	10,069	5,083
Restatement of assets	(22)	280
Other financial expenses	(8,008)	(4,595)
	(11,594)	**(8,478)**
Income (loss) before taxes	**43,921**	**32,245**
Income and social contribution taxes	(14,720)	(10,786)
Net income for the period	**29,201**	**21,459**
Net income per share of capital - R$	64.79	47.61

See the accompanying notes to the financial statements.

4. Statements of Cash Flows

ENERGISA MINAS GERAIS - DISTRIBUIDORA DE ENERGIA S/A
STATEMENTS OF CASH FLOW
NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(In thousands of reais)

	9M13	9M12
Operating activities		
Income before tax and social contributions	43,921	32,245
Expenses (revenue) not affecting cash:		
Expenses on interest and monetary variance - net	15,118	18,859
Allowance for doubtful accounts	(77)	1,464
Depreciation and amortization	12,822	11,571
Provision for labor, civil and tax risks	(742)	(223)
Loss on the sale of PP&E and intangible assets	(181)	(2,428)
Mark-to-market of Derivatives	4,319	(3,299)
Derivative Financial Instruments	(10,069)	(5,083)
Subtotal	**65,111**	**53,106**
Changes in current and noncurrent assets		
Consumers and concessionaires	18,450	1,593
Credit receivables	214	2,807
Inventory	(183)	323
Recoverable taxes	(659)	(5,020)
Escrow and secured deposits	(188)	(104)
Prepaid expenses	365	316
Other accounts receivable	(20,739)	(4,384)
	(2,740)	**(4,469)**
Changes in current and noncurrent liabilities		
Suppliers payable	(5,413)	3,286
Taxes and social contributions	(7,245)	3,764
Income and social contribution taxes paid	(2,162)	(8,353)
Financing of taxes	(956)	(843)
Estimated obligations	787	872
Consumer charges payable	(3,337)	(1,077)
Other accounts payable	5,490	(3,935)
	(12,836)	**(6,286)**
Net cash produced by operating activities	**49,535**	**42,351**
Investment activities		
Capital increase and acquisition of shares in subsidiaries and other investments	(447)	9
Short-term investments and secured funds	(102,334)	(59,259)
Discharge of short-term investments	127,387	74,333
Investments in PP&E and intangible assets	(32,956)	(27,989)
Sale of PP&E and intangible assets	2,548	4,562
Net cash consumed in investment activities	**(5,802)**	**(8,344)**
Financing activities		
New loans and financing	32,984	85,087
Payments of loans and debentures - principal	(21,067)	(19,535)
Payments of loans and debentures - interest	(10,564)	(10,335)
Settlement of Derivative Financial Instruments	(862)	(2,392)
Payment of dividends	(51,651)	(18,855)
Net cash consumed in financing activities	**(51,160)**	**33,970**
Net cash variation	**(7,427)**	**67,977**
Opening cash and cash equivalents	25,823	29,082
Closing cash and cash equivalents	18,396	97,059
Net cash variation	**(7,427)**	**67,977**

See the accompanying notes to the financial statements.

Notes to the quarterly information
Period ended September 30, 2013
(In thousands of reais, unless stated otherwise)

1 Operations

Energisa Minas Gerais – Distribuidora de Energia S/A ("Company or Energisa MG"), a part of **ENERGISA GROUP**, is an electricity distribution concessionaire which operates in 65 municipalities in the state of Minas Gerais and 1 municipality in the state of Rio de Janeiro, serving approximately 412,824 consumers (information not reviewed by the independent auditors). The Company's headquarters is in the city of Cataguases, Minas Gerais state.

In September 2012 the Federal Government issued Preliminary Law 579, enacted as Law 12783 on January 11, 2013. This legislation stated the following:

Concession renewal:
Electricity generation, transmission and distribution concessions expiring between 2015 and 2017 can be extended for the term of 30 years in order to ensure the continuity, efficiency of service and minimum price increases.

The Company's concession expires in 2015. In accordance with the legislation, on October 15, 2012 it stated its intention to have its concession extended for 30 years, from July 2015.

The extension terms will only be known when the concession authority discloses the draft amendment to the concession agreement.

Reduction/elimination of regulatory charges:
The following regulatory charges have been eliminated from electricity rates. the RGR (Global Reversal Reserve); CCC – Fuel consumption cost and reduction of the CDE – Energy Development Account and minimum price increases.

The eliminations and reductions in sector charges payable on electricity did not directly impact earnings, as the revenue drop was offset by lower charges and taxes.

See below the concession operator's main obligations stipulated in the concession arrangement:

I - to supply electricity to consumers located in their concession area, at the levels of quality and continuity established in specific legislation

II - to carry out the work necessary to provide the concession services, replace assets and operate the infrastructure so as to ensure the regular, continuous, efficient and safe provision of services and charging of rates, in accordance with the specific technical and legal standards

III – to organize and maintain a record and inventory of the concession assets and strive for the integrity thereof, where concession operator may not sell or submit as collateral such assets without the prior explicit consent of the regulatory agency

IV - to meet all tax, labor, social security and regulatory obligations, including the provision of information to consumers

V - to implement measures to combat energy waste, through energy consumption reduction programs and innovations

VI – to submit to the prior approval of the National Electricity Regulatory Agency (ANEEL) any changes in equity positions that could result in control changing hands. In the event share control is transferred, the new controlling shareholders should sign an agreement accepting the terms of the concession arrangement and the concession legislation and regulations;

VII - the concession may be discontinued by terminating the agreement, expropriation of the service, cessation, rescission, irregularities or bankruptcy of the concession operator, and may be extended by way of an application from the concession operator and at the sole discretion of the concession authority.

The information regarding rate reviews and adjustments, accounts receivable of the concession, concession assets, construction revenue and concession term can be seen in notes 9, 14, 15, 23 and 29 respectively.

2 Presentation of the interim financial information (quarterly information)

Approved by the Board of Directors on November 08, 2013, the Company's interim financial information (quarterly information) consists of:

- The interim financial information prepared and presented in accordance with CPC Technical Pronouncement 21 (R1) - Interim statements and IAS 34 – Interim Financial Reporting and the standards issued by the Brazilian Securities Commission, that apply to the preparation of Quarterly Information - ITR.

The other information regarding the preparation bases, presentation of the interim financial information and summary of the main accounting practice has not changed in relation to that disclosed in Note 2 to the Annual Financial Statements for the financial year ended December 31, 2012 (hereinafter referred to as "Financial Statements as of December 31, 2012"), published in the official press on March 08, 2013, except for the application of CPC 33 R1 (IAS 19) which changed the accounting of employee benefits - retirement plan, which requires amendments be recognized as incurred, eliminating the corridor approach which permits the deferred recognition of actuarial gains and losses. From FY 2013, the actuarial losses and gains are fully recognized in "other comprehensive income" in the statement of comprehensive income and equity, net of deferred income and social contribution taxes. The effects of these adjustments are shown in note 3.2.

This interim financial information (quarterly information) should therefore be read in conjunction with the aforesaid financial statements.

3 Adoption of international accounting standards

3.1 New accounting procedures issued by the IASB

The International Accounting Standards Board – IASB has published or amended the following pronouncements, guidelines or interpretations, the adoption of which is mandatory in subsequent periods:

<u>These standards are effective from January 01, 2014:</u>

IAS 36 Impairment of Assets (amendment) - makes amendments and clarifications about the disclosures required by this pronouncement.

IAS 39 - Financial instruments: recognition and measurement (amendment) - clarifies there is no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met.

IAS 32 – Financial instruments – presentation (amendment) – clarifies the conditions for presenting one or more at their net position.
IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of interests in other entities and IAS 27 - Separate financial statements (amendment) - amends the rules for consolidating, disclosing and presenting separate financial statements for investment firms.

IFRIC 21 — Levies (new interpretation) - provides guidance on when to recognize a levy imposed by a government.

<u>These standards are effective from January 01, 2015:</u>

IFRS 9 (new pronouncement) - introduces new requirements for classifying and measuring financial assets.

The Company is proceeding to analyze the impact of these new pronouncements or amendments on its financial statements.

3.2 Adjustments and Reclassifications

CPC 33 (R1) and IAS 19 Revised - Employee benefits

The accounting practices referring to the recognition of employee benefits - retirement premium, were amended on January 01, 2013. Consequently, in order to maintain good comparability of its balance sheet with the classification adopted, the Company adjusted the opening and closing balances in the balance sheet as of 12/31/2012 in relation to those originally published, as follows:

	Balance at 12/31/2012 (Published)	Adjustments	Balance at 12/31/2012 (Re-presented)
Assets			
Noncurrent assets	**323,401**	**139**	**323,540**
Noncurrent assets			
Tax credits	20,501	139	20,640
Total Assets	**538,587**	139	**538,726**
Liabilities			
Noncurrent liabilities	**315,793**	**408**	**316,201**
Employee benefit - pension plan	1,248	408	1,656
Shareholders' equity	**101,148**	**(269)**	**100,879**
Other comprehensive income	-	(269)	(269)
Net actuarial losses	-	(269)	**(269)**
Total Liabilities	**538,587**	**139**	**538,726**

4 Segment reporting

An operational segment is a component that develops business activities from which revenue streams can be derived and expenses incurred, including revenue and expenses related to transactions with other Company components. All operational income from segments is reviewed frequently by Management to support decisions about new resources to be allocated to the segment and to evaluate its performance, for which individual financial information is made available.

Segment results reported to Management include items directly attributable to the segment and items that can be reasonably allocated. Items not allocated primarily consist of corporate assets.

The Company only operates in the energy distribution segment in 65 municipalities in Minas Gerais state and 1 in Rio de Janeiro state.

5 Cash and cash equivalents, money market and secured funds

a) Cash and cash equivalents

Financial institution	Type	Maturity (*)	Compensation	9/30/2013	12/31/2012
CEF	CDB	9/30/2015	100,5% of CDI	14,632	13,832
CEF FID	CDB	6/30/2015	100,5% of CDI	709	-
Santander	Debentures (**)	9/15/2015	103,2% of CDI	497	7,022
Mercantil	CDB	12/18/2014	105,0% of CDI	-	1,465
Mercantil FID	CDB	11/21/2022	105,0% of CDI	-	775
Total				**15,838**	**23,094**
Cash and bank deposits				2,558	2,729
Total cash and cash equivalents				**18,396**	**25,823**

b.1 Short-term investments appraised at fair value through profit and loss

Financial institution / Investment fund	Type	Maturity	Compensation	9/30/2013	12/31/2012
ABC Brasil	CDB	12/23/2013	107,5% of CDI	10,611	15,141
BB Amplo	Investment Fund	-	Benchmark CDI	370	-
BICBanco	Credit receivables investment funds	-	112,0% of CDI	-	2,323
Other	CDB	10/10/2013 to 5/22/2014	99.0% to 112.0% of CDI	367	1,192
Bradesco	Debentures (*)	7/12/2013	75.0% to 90.0% of CDI	-	13,952
Bradesco	Investment Fund	-	Benchmark CDI	24	1,150
BTG Pactual	Investment Fund	-	Benchmark CDI	-	7,064
Caixa FI Energisa (**)	LFT	3/1/2018	Benchmark CDI	419	77
Caixa FI Energisa (**)	LTN -National Treasury Bills	1/1/2015	Benchmark CDI	118	-
Caixa FI Energisa (**)	Debentures	4/15/2016	Benchmark CDI	322	-
Caixa FI Energisa (**)	DPGE	6/22/2015 to 4/18/2016	Benchmark CDI	2,464	-
Caixa FI Energisa (**)	LF	4/8/2015 to 2/26/2016	Benchmark CDI	4,856	-
CEF	Savings	-	Savings	16	16
Daycoval	CDB	2/26/2015	102,0% of CDI	-	14,345
FIM Zona da Mata (**)	CDB	8/17/2015	Benchmark CDI	2,816	-
FIM Zona da Mata (**)	Debentures	4/7/2016	Benchmark CDI	1,562	-
FIM Zona da Mata (**)	DPGE	9/11/2015	Benchmark CDI	1,193	-
FIM Zona da Mata (**)	Fixed-Income Funds	-	Benchmark CDI	2,808	-
FIM Zona da Mata (**)	LFT	-	Benchmark CDI	1,979	-
FIM Zona da Mata (**)	NTN	-	Benchmark CDI	759	-
FIM Zona da Mata (**)	Multimarket Funds	-	Benchmark CDI	1,179	-
HSBC	Investment Fund	-	Benchmark CDI	8,186	890
Itaú	Investment Fund	-	Benchmark CDI	1,683	-
Itaú	Debentures	12/3/2013 to 7/26/2015	100.0% to 103.5% of CDI	-	171
Modal and Itaú	Investment Fund	-	Benchmark CDI	58	56
Santander	Investment Fund	-	Benchmark CDI	-	10,027
Sul América	Investment Fund	-	Benchmark CDI	-	6,019
				41,790	**72,423**

(*) The dates presented denote the maturity of the security underlying the financial investments. These investments can be redeemed within 90 days of the procurement date at the contracted rates, under a contractual clause.

(**) Debentures held under repurchase agreements - Sales of securities subject to a repurchase agreement undertaken by the seller, alongside the resale commitment undertaken by the buyer. These operations have immediately liquidity, yield the CDI rate and underlie the debentures issued by the bank.

b) Money market and secured funds

b.2 Held-to-maturity securities

Itaú	Credit Receivables Investment Funds	12/29/2020	100,0% of CDI	890	2,568
Mercantil	DPGE	5/21/2015	112,0% of CDI	10,327	-
				11,217	**2,568**
Total money market and secured funds				**53,007**	**74,991**
Current				**41,790**	**72,423**
Noncurrent				**11,217**	**2,568**

(*) Debentures held under repurchase agreements - Sales of securities subject to a repurchase agreement undertaken by the seller, alongside the resale commitment undertaken by the buyer. These operations have immediately liquidity, yield the CDI rate and underlie the debentures issued by the bank.

(**) Exclusive investment funds include investments in CDB, Debentures, DPGE, Fixed-Income Funds, LFT, LF, LTN, NTN-B and Multimarket Funds.

6 Consumers and concessionaires

Consumer sector	Overdue (1)	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	over 360 days	9/30/2013	12/31/2012
Residential	8,653	4,984	513	264	-	1	14,415	19,754
Industrial	9,448	537	40	100	373	900	11,398	15,006
Commercial	4,650	1,134	252	99	137	-	6,272	9,512
Rural	2,468	1,193	333	77	16	-	4,087	3,970
Government:								
Federal	22	5	-	-	-	-	27	35
State	247	48	3	-	-	-	298	375
Municipal	899	177	12	-	-	-	1,088	1,371
Public lighting	1,112	47	26	-	-	-	1,185	1,033
Public utility	1,213	38	1	-	-	-	1,252	1,508
Subtotal - consumers	28,712	8,163	1,180	540	526	901	**40,022**	**52,564**
Concession operators **(2)**	1,500	-	-	-	-	8,208	9,708	9,850
Unbilled sales	11,588	-	-	-	-	-	11,588	14,378
Other	3,935	-	-	-	-	8,628	12,563	15,539
(-) Allowance for doubtful accounts	-	-	(703)	(383)	(119)	(2,071)	(3,276)	(3,364)
Total	**45,735**	**8,163**	**477**	**157**	**407**	**15,666**	**70,605**	**88,967**
Current							**62,398**	**80,760**
Noncurrent							**8,207**	**8,207**

(1) Maturities are scheduled for the 5th working day after the bills are delivered, except for government consumers who have 10 working days to pay.

(2) Includes energy sold at the Electricity Commercialization Chamber - CCEE.

The balance of concessionaires account as of September 30, 2013 includes amounts referring to the sale of energy at the Electricity Commercialization Chamber – CCEE to the amount of R$ 9,707 (R$ 9,570 as of December 31, 2012), net of the partial payments made up to September 06, 2013. These balances were determined based on calculations prepared and published by the CCEE.

The breakdown of these amounts, including the balances recorded under "suppliers payable" in the current liabilities is R$ 1,575 referring to the acquisition of electricity and system service charges at CCEE and system service charges of R$ 130 (R$ 3,640 as of December 31, 2012), as shown below:

Breakdown of CCEE credits	9/30/2013	12/31/2012
Outstanding balances	1,500	1,363
Credits linked to court injunctions up to December 2002	6,873	6,873
Overdue credits (*)	1,334	1,334
	9,707	9,570
(-) Energy acquisitions at CCEE	(1,575)	-
(-) System service charges	(130)	(3,640)
	8,002	**5,930**

(*) The Company has an allowance for doubtful accounts.

Transactions occurring as from July 2003 are being settled 45 days after the accrual month.

Current energy amounts linked to court injunctions are subject to change, depending on the outcome of the judicial proceedings in progress, brought by various companies in the sector relating to the interpretation of existing market rules. Not included in the rationing area, these companies obtained a court injunction which overturned ANEEL Resolution 288 issued May 16, 2002 which aimed to clarify companies operating in the sector about the treatment and means of applying certain MAE (now the CCEE) accounting rules set out in the General Electric Sector Agreement. These companies' claim involves the sale of Itaipu's quota in the southeast/Central Western sub market during the period of rationing between 2001 and 2002, when there was significant discrepancy in short-term energy prices between the submarkets.

The Company did not make an allowance for doubtful accounts referring to the balances linked to these injunctions, as it holds that the amounts will be received in full either from the borrowers legally contesting the loans or from other companies which the CCEE specifies in the future.

7 Credit receivables

Refers to overdue electricity bills, renegotiated with consumers through the Debt Acknowledgement Instruments, restated according to the variation of the IGPM price index. The receivables under certain operations that have been negotiated at rates other than those practiced for this set of accounts receivable have been restated to present value based on the change in the CPI rate.

As of September 30, 2013 the balances were the following:

	9/30/2013	12/31/2012
Credit receivables	5,878	6,092
Adjustment to present value	(803)	(780)
Allowance for doubtful accounts (*)	(2,539)	(2,528)
	2,536	**2,784**
Current	1,862	1,952
Noncurrent	674	832

(*) Included in the total presented as a reduction to the current assets.

As of September 30, 2013, the maturities of receivables are scheduled as follows:

	9/30/2013
Overdue (1)	2,539
2013	814
2014	979
2015	239
2016	97
2017	123
2018 onwards	284
Total	**5,075**

(1) Overdue invoices include overdue and outstanding payments of clients in default.

8 Allowance for doubtful accounts

Changes in provisions	9/30/2013	12/31/2012
Balance - opening current - 12/31/2012 and 12/31/2011	5,892	5,234
Provisions recorded in the year/period	417	2,311
Reversal of provisions in the year/period	(494)	(1,653)
Balance - closing - current - 9/30/2013 and	**5,815**	**5,892**
Consumers and concessionaires and CCEE	3,276	3,364
Credit receivables	2,539	2,528

The allowance for doubtful accounts was made to an amount deemed sufficient to cover any losses incurred on the realization of loans and in accordance with ANEEL instructions, which have been summarized below:

Customers with material debts:

- Individual analysis of the trade accounts receivable by consumption sector, with little prospect of realization.

For the other cases:

- Residential consumers more than 90 days overdue
- Commercial consumers more than 180 days overdue
- Industrial, rural and government consumers, street lighting, public services and others more than 360 days overdue.
- A provision is made for outstanding and overdue receivables more than 90 days overdue.

9 Rate adjustment and review

Rate adjustment:

As consideration for services rendered the concession operator is entitled to charge consumers the rates determined and ratified by the concession authority. The rates are adjusted annually and the concession operator's revenue is divided into two portions: A Portion (consisting of uncontrollable costs) and B Portion (efficient operating costs and capital costs). The annual rate adjustment aims to pass through uncontrollable costs and to monetarily restate controllable costs.

By way of Ratification Resolution 1532 issued June 11, 2013, ANEEL set the final figure of the tariff adjustment, which led to an increase of 2.56%, applicable as from June 18, 2013.

Rate review:

The periodical rate review occurs every 4 years, and in this process ANEEL recalculates the rates according to the changes in the structure of the concession operator's costs and sales, in order to foster the efficiency and affordability of the rates. The adjustments and reviews are rate restatement mechanisms, both stipulated in the concession agreement. The concession operator may also request an extraordinary review whenever an event causes a significant economic and financial imbalance in the concession.

By way of Resolution 1,293 issued June 05, 2012 ANEEL ratified the result of the third periodical rate review of the Company with an adjustment that generated an increase of 1.20% respectively, effective from June 18, 2012.

10 Low income and other receivables

	9/30/2013	12/31/2012
Low income	3,297	5,976
Service orders in progress - PEE and R&D	6,639	10,071
Service orders in progress - other	273	363
Expenses to be reimbursed	2,332	2,052
Advances	1,443	800
Other	3,097	2,496
	17,081	**21,758**

See below the change in low income and Eletrobrás accounts receivable:

	9/30/2013	12/31/2012
Balance - opening current - 12/31/2012	5,976	2,384
Low-income Subsidy	15,089	22,361
Eletrobrás Reimbursement	(17,768)	(18,769)
Balance – closing - 9/30/2013 - current	**3,297**	**5,976**

These credits consist of the subsidy for the low-income residential sector with monthly consumption of under 220 kWh, subject to certain requirements being met. This revenue is paid for with funds from the CDE – Energy Development Account, both administrated by Eletrobrás. Management does not expect to record any losses in the realization of the balance.

By way of ANEEL order 1711 of May 29, 2013, the Federal Government advanced CDE funds of R$ 22,175, received on June 03, 2013 and recorded under "Advance of Rural Subsidy and Irrigation" in current liabilities. This amount is being appropriated to the net income for the year in proportion to the number of months corresponding to the period May to November 2013 to pay for the CDE Subsidy for energy consumption of the sectors: Rural – Irrigation (Decrease of 67%) and the Public Service sector (Decrease of 15%) ratified by Decree 7891/2013, as follows:

	9/30/2013
Rate discount due to Irrigation and Rural subsidy	29,378
Pass-through ANEEL Order 1711/2013	(9,504)
Advance of pass-through ANEEL Order 1711/2013	(22,175)
Other accounts payable - non-current liabilities	**(2,301)**

11 Taxes and contributions recoverable

	9/30/2013	12/31/2012
Value added tax on sales and services – ICMS	10,235	9,606
Corporate Income Tax - IRPJ	871	713
Social Contribution on Net Income - CSSL	**43**	**31**
PIS and COFINS contribution	8,787	9,186
Other	489	488
	20,425	**20,024**
Current	11,956	11,338
Noncurrent	8,469	8,686

12 Related-party transactions

The Company is controlled by ENERGISA S/A, (100% of the voting stock), which also holds the share control of Energisa Paraíba – Distribuidora de Energia S/A (EPB), Energisa Sergipe - Distribuidora de Energia S/A (ESE), Energisa Borborema - Distribuidora de Energia S/A (EBO), Energisa Nova Friburgo – Distribuidora de Energia S/A (ENF), Energisa Soluções S/A (ESO), Energisa Comercializadora Ltda (ECOM), Energisa Serviços Aéreos S/A (ESER), Energisa Planejamento e Corretagem de Seguros Ltda (EPLA), Energisa Geração Rio Grande S/A (EGR), Pequena Central Hidrelétrica Zé Tunin S/A, Energisa Geração Usina Mauricio, SPE Cristina Energia S/A, Energisa Geração Centrais Eólicas RN S/A (Holding company that holds the share control of the companies Energisa Geração Central Eólica Renascenças I, II, III, IV and Energisa Geração Central Eólica Ventos de São Miguel S/A), Energisa Bioeletricidade (Holding company that holds an 85% interest in the companies Energisa Bioeletricidade Santa Cândida I and Energisa Bioeletricidade Vista Alegre I and the entire capital of the companies Energisa Bioeletricidade Santa Cândida II and Energisa Bioeletricidade Vista Alegre II) (related parties of the Company).

Transactions conducted in the period:

	ENF (a)	ESO (a)	ESA (b)	ESER (a)	1/1/2013 to 9/30/2013	1/1/2012 to 9/30/2012
Outsourced services	-	(16,285)	(7,901)	(153)	(24,339)	(23,771)
Connection cost and usage	(735)	-	-	-	(735)	(1,022)
Financial expenses - endorsement commission (c)	-	-	(2,703)	-	(2,703)	-

	ENF (a)	ESO (a)	ESA (b)	ESER (a)	7/1/2013 to 9/30/2013	7/1/2012 to 9/30/2012
Outsourced services	-	(5,482)	(2,652)	(10)	(8,144)	(8,002)
Connection cost and usage	(238)	-	-	-	(238)	(290)
Financial expenses - endorsement commission (c)	-	-	(1,192)		(1,192)	-

					9/30/2013	12/31/2012
Balance of trade payables					2,515	2,378

(a) The transactions with related companies refer to services involving the maintenance of lines, substations, engineering and projects.

(b) The administrative services provided by the Parent Company are supported by contracts that were submitted to the approval of ANEEL, The costs are benchmarked to the benchmark company model used by the ANEEL regulated department for regulatory purposes.

(c) Refers to endorsement commission cost, initiated in February 2013, for the parent company's guarantees of the Company's contracts at the rate of 1.5% p.a.

D&O compensation

In the period ended September 30, 2013 the members of the Board of Directors received compensation of R$ 607 (R$ 418 as of September 30, 2012) and the Executive Board R$ 1,137 (R$ 721 as of September 30, 2012). In addition to this compensation, the Company provides private pension, health insurance and life insurance benefits to its directors, generating an expense of R$ 299 (R$ 264 as of September 30, 2012). The social charges on the compensation amounted to R$ 216 (R$ 199 as of September 30, 2012).

As of September 30, 2013 the highest and lowest remuneration attributed to directors for the month of September was R$ 17 and R$ 2 (R$ 15 and R$ 2 as of September 30, 2012) respectively. The average compensation as of September 30, 2013 was R$ 9 (R$ 8 as of September 30, 2012).

The AGM held April 24, 2013 ratified the overall annual compensation limit of D&O for FY 2013 at R$ 2,999 (R$ 2,827 as of December 31, 2012).

13 Tax credits, deferred taxes and current income tax and social contribution expenses

Refers to tax credits deriving from tax loss carryforwards, negative social contribution bases and temporary differences recorded in accordance with CPC 32 and presented in accordance with CPC 26.

Deferred taxes recognized in the balance sheet:

	9/30/2013	12/31/2012 (Re-presented)
Assets		
Tax loss carryforwards	21,905	23,391
Negative basis of social contribution	8,787	9,320
Temporary differences:		
Income tax	(13,875)	(8,875)
Social contribution	(4,995)	(3,196)
Total noncurrent	**11,822**	**20,640**

The deferred tax credits have the following nature:

	9/30/2013		9/30/2013	
	calculation base	IRPJ + CSSL	calculation base	IRPJ + CSSL
Assets				
Tax losses and negative CSLL base	90,271	30,692	96,209	32,711
Provision for actuarial adjustment	1,296	441	1,020	347
Allowance for doubtful accounts - PCLD	5,813	1,976	5,890	2,003
Provisions for contingencies	6,422	2,183	6,912	2,350
Adjustments to present value	449	153	427	145
Other	8,503	2,891	11,141	3,787
Subtotals	112,754	38,336	121,599	41,343
Liabilities				
Earnings on swap transactions	(11,549)	(3,927)	1,455	495
Mark-to-market - derivatives	(804)	(273)	(5,124)	(1,742)
IRPJ and CSSL on the portion of the VNR of the concession accounts receivable and restatement:	(65,629)	(22,314)	(57,224)	(19,456)
	(77,982)	(26,514)	(60,893)	(20,703)
Total net - noncurrent assets	**34,772**	**11,822**	**60,706**	**20,640**

See below the consolidated estimate for the realization of the deferred taxes. The projected results used in the recoverability study of these assets were approved by the Boards of Directors.

Period	Tax credit realizations
2013	558
2014	5,547
2015	5,520
2016	197
Total	**11,822**

On October 15, 2012 the Company expressed its intention to extend its concession for the term of 30 years from July 2015.

The income and social contribution amounts which affected the income for the period, in addition to the offsetting of the tax credits recorded, are stated below:

	7/1/2013 to 9/30/2013	1/1/2013 to 9/30/2013	7/1/2012 to 9/30/2012	1/1/2012 to 9/30/2012
Income before tax	24,241	43,921	11,466	32,245
Combined tax bracket	34%	34%	34%	34%
Income and social contribution taxes expense, calculated at the total tax bracket	(8,242)	(14,933)	(3,898)	(10,963)
Adjustments:				
Other	82	213	45	177
Income and social contribution tax expenses	**(8,160)**	**(14,720)**	(3,853)	(10,786)
Effective rate	33.66	33.51%	33.61%	33.45%

14 Accounts receivable from the Concession

Preliminary Law 579/2012, enacted as Law 12783/2013, confirmed the concession authority's intention to use the VNR – New Replacement Value to determine the value of credits receivable at the end of the concession as compensation for investments made and not recovered when providing the concession services.

Company Management believes that this fact changed the contractual terms of the concession regarding the means of compensating the Company for investments made in concession assets, which was recognized at historic cost until FY 2012. On December 31, 2012 the Company recognizing the VNR, ratified by ANEEL, for assets comprising the concession, restated by the variance of the IGP-M price index in the period ended September 30, 2013, recognizing R$ 8,405 in the financial revenue - restatement of concession accounts receivable - VNR.

This right is classified as available-for-sale in the noncurrent assets. As of September 30, 2013 this balance stands at:

Change	9/30/2013
Financial asset - 12/31/2012	**217,739**
Additions in the period	37,549
Write-offs in the period	(105)
Financial asset - 9/30/2013	**255,183**
Restatement of accounts receivable from the concession - VNR	8,405
Financial asset - restated cost - 09/30/2013	**263,588**

15 Intangible assets and PPE

	9/30/2013	12/31/2012
Property, plant and equipment	4,795	4,265
Concession agreements	36,214	40,519
Total	**41,009**	**44,784**

Concession agreements

Portion of the assets used in the electricity distribution concession to be recovered through electricity rates during the arrangement term.

INTANGIBLE ASSETS	Opening Balance 12/31/2012	Addition	Transfers	Write-offs (*)	Amortization / Depreciation	Closing Balance 9/30/2013
Intangible assets in service						
Cost:	312,764	-	3,092	(16,988)	-	298,868
Accumulated Amortization	(246,518)	-	-	3,050	(16,956)	(260,424)
Subtotal	66,246	-	3,092	(13,938)	(16,956)	38,444
In Progress	17,444	43,851	(4,005)	(31,723)	-	25,567
Total Intangible Assets	**83,690**	**43,851**	**(913)**	**(45,661)**	**(16,956)**	**64,011**
Special Obligations						
In Service						
Cost	41,104	-	700	-	-	41,804
Accumulated Amortization	(26,506)	-	-	-	(4,452)	(30,958)
Subtotal	14,598	-	700	-	(4,452)	10,846
In Progress	28,573	9,936	(700)	(20,858)	-	16,951
Total Special Obligations	**43,171**	**9,936**	**-**	**(20,858)**	**(4,452)**	**27,797**
Total Intangible Assets	**40,519**	**33,915**	**(913)**	**(24,803)**	**(12,504)**	**36,214**
PROPERTY, PLANT AND EQUIPMENT						
Property, plant and equipment In service						
Cost:						
Buildings and improvements	209	-	-	-	-	209
Machinery and equipment	2,039	-	753	(6)	-	2,786
Vehicles	980	-	-	(121)	-	859
Furniture and fixtures	2,475	-	160	(162)	-	2,473
Accumulated Depreciation	(1,438)	-	-	224	(318)	(1,532)
Total PP&E in service	**4,265**	**-**	**913**	**(65)**	**(318)**	**4,795**
Total	**44,784**	**33,915**	**-**	**(24,868)**	**(12,822)**	**41,009**

(*) The intangible assets in progress includes R$ 37,549, transferred to concession's accounts receivable, as from entry into service of the assets and also includes R$ 13,845 transferred from intangible assets in service, in addition to R$ 12,839 referring to the return of funds (special obligations) of the Light For All Program, to Eletrobrás, which was charged to other accounts payable in the noncurrent liabilities.

The Company uses the following depreciation rates:

Depreciation rates of property, plant and equipment	9/30/2013 and 12/31/2012
Buildings and improvements	3.33%
Machinery and equipment	6.25%
Vehicles	14.29%
Furniture and fixtures	6.25%

The assets used by the Company in its operations are tied to public energy distribution services, and may not be removed, sold, transferred or pledged under mortgage guarantee without the prior, express consent of the Regulatory Authority. ANEEL Resolution 20/99 regulates the disassociation of assets from the Public Electricity Service concessions, granting prior authorization for the disassociation of assets when destined for disposal, also determining the proceeds of the sale be deposited in a specific bank account and reinvested in concession-related assets.

The amortization is being conducted over the arrangement term or useful lives defined by Aneel, whichever is lower, based on the economic benefits generated annually. The average weighted amortization rate used is 3.75%.

The Company began amortizing the obligations linked to the concession (special obligations) after the second periodical rate review, at the average asset amortization rate.

The balance of the special obligations recorded in intangible assets and accounts receivable from the concession consists of:

Obligations linked to the concession:	9/30/2013	12/31/2012
Consumer contributions (1)	118,366	109,878
Government Subsidy – CDE funds (2)	34,976	47,816
State Government Subsidy (2)	16,596	16,558
Reversal reserve (3)	1,409	1,409
(-) Accumulated amortization	(30,958)	(26,507)
Total	**140,389**	**149,154**
Allocation:		
Accounts receivable from the concession	112,592	105,983
Infrastructure - Intangible assets in service	10,846	14,598
Infrastructure - Intangible assets in progress	16,951	28,573
Total	**140,389**	**149,154**

(1) Consumer contributions refer to third-party participation in construction work to supply electricity to areas not embraced by the electricity concessionaires' expansion projects.

(2) Government subsidies – CDE funds and Government subsidies derive from the Energy Development Account - CDE and are allocated to the Light for All program.

(3) The reversal reserve, constituted up until December 31, 1971, represents the amount of proceeds deriving from the reversal fund, which have been invested in the Company's expansion project, charged interest of 5 % per annum paid monthly.

Excess Demand Revenue and Surplus Reactive Energy

By way of Normative Resolution 463 (REN) issued November 22, 2011, ANEEL determined that the amounts deriving from fines for exceeding demand and surplus reactive energy consumption will be recorded as special obligations, as from the 3rd cycle of rate reviews. Before the 3rd cycle, these amounts used to be recorded as operating revenue. The Company underwent the 3rd rate review cycle in June 2012, and thereafter the invoicing of excess demand has been recorded as Special obligations. In the period ended September 30, 2013 the amount recorded in this item stood at R$ 1,581 (R$ 655 as of September 30, 2012).

As the representative of electricity distribution companies, ABRADEE (Brazilian Association of Electricity Distributors) filed suit contesting the treatment afforded to this revenue.

16 Suppliers payable

	9/30/2013	12/31/2012
Supplies (1):		
Furnas	136	136
Bilateral Contracts	22,537	22,371
CCEE	1,575	-
Use of the distribution/transmission system (1)	2,225	8,901
Materials, services and other (2)	6,881	8,196
Total	**33,354**	**39,604**
Current	32,610	38,881
Noncurrent	744	723

(1) The acquisition of electricity from generators, use of the high-voltage grid and use of the distribution system, with an average settlement of 25 days.

(2) Acquisitions of materials, services and other items required to implement, conserve and maintain the electricity sale and distribution services, with an average settlement of 40 days.

17 Loans, financing and debt charges

Operations	Debt charges	Principal Current	Principal Noncurrent	Total 9/30/2013	Total 12/31/2012	Re.
Local currency						
Credit Receivables Investment Fund - Energisa Group III (*)	101	-	15,000	15,101	15,076	
Eletrobrás - Light for All - 1st tranche	58	1,137	3,589	4,784	5,641	
Eletrobrás - Light for All - 1st tranche (RJ)	2	10	32	44	52	
Eletrobrás - Light for All - 2nd tranche	326	1,446	7,036	8,808	20,994	
Eletrobrás- Subtransmission	8	280	982	1,270	1,403	
Eletrobrás - Return of LPT	-	-	15,415	15,415		
Banco HSBC - BNDES pass-through I	5	511	880	1,396	1,781	
Banco HSBC - BNDES pass-through II	4	261	400	665	774	
Banco HSBC - BNDES pass-through III	7	319	501	827	1,066	
Banco ITAU BBA - BNDES pass-through I	14	451	2,861	3,326	3,664	
Banco ITAU BBA - BNDES pass-through II	(2)	155	919	1,072	1,070	
Banco ITAU BBA - BNDES pass-through III	5	188	1,192	1,385	1,526	
Banco ITAU BBA - BNDES pass-through IV	3	298	1,888	2,189	2,411	
Banco Itaú BBA - BNDES PER pass-through	4	743	1,115	1,862	2,205	
Banco Itaú BBA - FINAME	23	1,174	7,553	8,750	5,265	
Caixa Econômica Federal - FINAME	46	359	3,948	4,353	4,351	
Banco Bradesco - CCB	3,268	12,502	25,001	40,771	38,263	(1) and (2)
Banco ITAU BBA - BNDES FINEM	58	8,154	6,416	14,628	17,972	
Total local currency	**3,930**	**27,988**	**94,728**	**126,646**	**123,514**	
(-) Borrowing costs incurred	(97)	-	(190)	(287)	(356)	
Foreign currency						
Citibank	(446)	36,684	446	36,684	34,136	(2)
Bank of America Merrill Lynch	832	-	63,588	64,420	58,998	(2)
Banco Itaú BBA	99	-	65,259	65,358	61,820	(2)
Total foreign currency	**485**	**36,684**	**129,293**	**166,462**	**154,954**	
Total ENERGISA MINAS GERAIS	**4,318**	**64,672**	**223,831**	**292,821**	**278,112**	

(*) To guarantee payment of the short-term portions, the Company maintains interest-earning bank deposits to the amount of R$ 890 (R$ 2,568 as of December 31, 2012), recorded under "secured funds" in the current and noncurrent assets.

(1) The contract with Bradesco (CCB) has covenants which in general require the maintenance of certain financial indexes at certain levels. Failure to maintain these levels could result in early maturity of the debts (see note 26 – financial instruments and risk management). All these covenants were being performed as of September 30, 2013.

(2) The financing contracts from Citibank Bank of America Merrill Lynch, Citibank and Banco Itaú BBA are subject to a currency swap and financial derivative instruments (see note 26).

The financing obtained from Finame is secured by the actual equipment financed.

The Company usually allocates the payment of interest on financing to the cash flow statement.

Contractual terms of loans and financing as of September 30, 2013:

		Details of the Operation			Cost of the Debt			
Operation	Maturity	Amortization Frequency	Collateral	Average Term months	Index		Interest rate p.a.	TIR (Effective interest rate)
Credit Receivables Investment Fund - Energisa Group III	Dec-2020	monthly, after Dec.2017	Receivables	69	CDI	+	0.7%	0.83%
Eletrobrás - Light for All - 1st tranche	Aug-2017	monthly	Receivables	24	RGR	+	5.0%	5.0%
Eletrobrás - Light for All - 1st tranche (RJ)	Aug-2017	monthly	Receivables	24	RGR	+	5.0%	5.0%
Eletrobrás - Light for All - 2nd tranche	Dec-2019	monthly	Receivables	36	RGR	+	5.0%	5.0%
Eletrobrás Subtransmission	Mar-2018	monthly, after Mar 2013	Receivables	27	RGR	+	5.0%	5.0%
Eletrobrás - Return of LPT	Sep 2015	Monthly - after Oct 2014	-	13	Selic	-	-	-
Banco HSBC - BNDES pass-through I	May-2016	monthly	Endorsement of Energisa S.A.	17	TJLP	+	4.3%	4.3%
Banco HSBC - BNDES pass-through II	May-2016	monthly	Endorsement of Energisa S.A.	16	UMBND	+	4.3% + floating interest	4.3%
Banco HSBC - BNDES pass-through III	May-2016	monthly	Endorsement of Energisa S.A.	16	TJLP	+	3.9%	3.9%
Banco Itaú BBA - BNDES pass-through I	Jan-2021	monthly	Endorsement of Energisa S.A.	44	TJLP	+	4.75%	4.75%
Banco Itaú BBA - BNDES pass-through II	Jan-2021	monthly	Endorsement of Energisa S.A.	44	UMBND	+	3.75% + floating interest	3.75% + floating interest
Banco Itaú BBA - BNDES pass-through III	Jan-2021	monthly	Endorsement of Energisa S.A.	44	Fixed 5.5%			5.5%
Banco Itaú BBA - BNDES pass-through IV	Jan-2021	monthly	Endorsement of Energisa S.A.	44	Fixed 5.5%			5.5%
Banco Itaú BBA - BNDES PER pass-through	Mar-2016	monthly, after Mar.2013	Endorsement of Energisa S.A.	15	pre-fixed 2.5% to 10%			2.5% to 10%
Banco Itaú BBA - FINAME	until May-2021	monthly	Endorsement of Energisa S.A.	54	pre-fixed 2.5% to 10%			2.5% to 10%
Caixa Econômica Federal - FINAME	Jan-2022	monthly, after Dec.2013	Endorsement of Energisa S.A.	51	Fixed 8.7%			
Banco Bradesco - CCB	Oct-2015	annual	-	12	CDI + 1.25%			1.25%
Banco Itaú BBA BNDES Finem	May-2015	monthly, after Mar.2014	Endorsement of Energisa S.A.	14	TJLP + 2.25% to 4.15%			2.25% to 4.15%
Citibank	Sep-2014	Final	Endorsement of Energisa S.A	12	Libor + 2.25%			2.25%
Bank of America Merrill Lynch	Oct-2013	Final	Endorsement of Energisa S.A	13	Libor + 2.0%			2.0%
Banco Itaú BBA	Sep-2015	Final	Endorsement of Energisa S.A	24	Libor + 2.0%			2.0%

The maturities of the long-term financing are scheduled as follows:

	9/30/2013
2014	95,711
2015	89,044
2016	6,204
2017	5,159
2018	9,030
2018 onwards	18,683
Total	**223,831**

The borrowing costs of the financing to be amortized over subsequent periods is as follows:

Contracts	2014	2015	2015 onwards	9/30/2013
Credit Receivables Investment Fund - Energisa Group III	-	-	151	151
Banco ITAU BBA - BNDES FINEM	15	24	-	39

18 Debentures (nonconvertible)

Main features of the debentures:

	7th Issuance
Issue type	Public
Issue date	12/15/2009
Maturity date	12/15/2014
Guarantee	Ordinary
Yields	CDI + 1.9 % p.a.
TIR (effective interest rate)	CDI + 1.06% p.a.
Number of securities	60,000
Value at issue	60,000
Securities in circulation	60,000
Interest grace period	6 months
Renegotiation date	12/15/2012
Amortizations/installments	Final
Balances at 9/30/2013 (*)	61,386
Current	1,433
Noncurrent	59,953
Balances at 12/31/2012 (*)	46,734
Current	98
Noncurrent	46,636

(*) R$ 228 (R$ 309 as of December 31, 2012) deducted as borrowing costs incurred during the contracting.

The debentures have covenants which in general require the maintenance of certain financial indexes at certain levels. Failure to maintain these levels could result in early maturity of the debts. These covenants were being performed as of September 30, 2013.

The balance of debentures of R$ 59,953 in the noncurrent liabilities is scheduled for maturity in December 2014.

46,915 of the total 60,000 debentures of Energisa Minas Gerais' 7th debentures issuance were renegotiated on 12/15/2012 and 13,085 debentures were bought back by the Company due to the sale right held by the debenture holders.

By way of the online auction organized and disclosed by CETIP S.A – Mercados Organizados, on June 20, 2013 part of the debentures previously redeemed by the Company (13,085 debentures of the 7th issuance for R$ 13,101) for the nominal unit price (PU) of one thousand reais, plus the yield equal to the CDI rate plus 1% per annum. The debentures were held in the treasury because of the failure to reach an agreement by part of the respective issuance's creditors on December 17, 2012.

19 Taxes and Payroll Contributions

	9/30/2013	12/31/2012
ICMS	16,386	21,565
Social Charges	678	688
IRPJ	6,116	4,138
CSSL	3,186	2,681
PIS/COFINS	4,918	5,547
Other	654	823
Total	**31,938**	**35,442**
Current	25,048	29,978
Noncurrent	6,890	5,464

20 Tax financing

Energisa MG elected to finance its debits to the federal tax authorities of R$ 6,201 over 60 monthly installments, restated by the Selic base interest rate. In the period ended September 30, 2013 payments were made of R$ 1,115 (R$ 1,422 as of December 31, 2012) and Selic interest of R$ 158 (R$ 263 as of September 30, 2012).

As of September 30, 2013 the balance of the financing is R$ 2,328 (R$ 3,284 as of December 31, 2012) and the number of installments to be settled is 18.

As of September 30, 2013 the balance of the financed taxes in the statement is scheduled as follows:

	9/30/2013	12/31/2012
2013	506	1,407
2014	1,516	1,454
2014 onwards	306	423
Total	**2,328**	**3,284**
Current	1,470	1,407
Noncurrent	858	1,877

21 Provisions for labor, civil and tax risks

Based on the opinion of its legal advisors, ENERGISA MG Management made a provision for labor and civil risks, as shown below:

	Opening balance 12/31/2012	Provisions made	Reversal of provisions	Restatement	Closing balance 9/30/2013
Labor claims	3,225	556	(1,226)	120	2,675
Civil	2,975	921	(1,139)	129	2,886
Tax	-	146	-	3	149
Total	**6,200**	**1,623**	**(2,365)**	**252**	**5,710**
Restricted and escrow deposits (*)	(776)				(788)

(*) Energisa MG has restricted and escrow deposits in its noncurrent assets of R$ 1,495 (R$ 1,307 as of December 31, 2012). Provisions for risks have not been made for R$ 707 (R$ 531 as of December 31, 2012) as the chances of success are rated as possible or probable.

In the first nine months of 2013 the amount of R$ 1,033 was paid out in labor claim awards of R$ 581 and civil claim awards of R$ 452.

Probable losses

- **Labor claims**

Most of these lawsuits involve claims for overtime, salary parity, FGTS (Government Severance Indemnity Fund for Employees) and contractual/legal fees.

- **Civil**

The civil proceedings are mainly disputing indemnification for moral and material damages and consumer complaints involving energy debits. Lawsuits have also been filed by consumers claiming reimbursement of amounts paid to the Company resulting from rate increases introduced under DNAEE Ordinances 38 and 45 applied during the term of the Cruzado Plan in 1986. A provision has been made for the amount of the rate increase of R$ 425.

- **Tax**

In the 1st quarter of 2013 a provision was made of R$ 146 relating to the provision for Tax Enforcement 2007.100.001867-4, made as a result of the Rio de Janeiro Court of Appeal overturning the favorable lower-court decision delivered under the Motion against Enforcement 2007.001.218816-8, which will cancel the fine imposed by PROCON due to alleged instability in the electricity distribution system in Rio de Janeiro state.

Management holds all the other provisions made are sufficient to cover any losses arising from the proceedings in progress. Based on the opinion of said legal advisors, provisions have been made for all legal proceedings for which the likelihood of future disbursement has been rated as probable.

Potential losses

The Company is party to labor, civil and tax claims in progress amounting to R$ 102,512 (R$ 79,083 as of December 31, 2012), where the chance of success has been estimated by the legal advisors as possible, meaning no provision was required.

See below the comments of our legal advisers regarding cases rated as a possible risk:

- **Labor claims**

Labor claims seeking R$ 2,376 (R$ 1,757 as of December 31, 2012) for safety premium risk and indemnification differences for work-related accidents in which the Company appears as co-defendant with construction firms (claim of joint liability).

- **Civil**

These proceedings of R$ 56,505 (R$ 45,752 as of December 31, 2012) mainly consist of consumers claiming reimbursement of PIS, COFINS and ICMS paid to the Company, and claims related to consumer relations (disconnection, recovery of consumer fraud).

- **Tax**

These proceedings worth R$ 43,631 (R$ 31,574 as of December 31, 2012) consist of claims: (i) claims related to the appropriation of ICMS credits on property, plant and equipment (ii) closure of the ICMS deferral on the acquisition of electricity, the sale of which was tax exempt (iii) Income Tax differences and (iv) PIS and COFINS.

22 Shareholders' equity

Share capital and capital reserves

The share capital as of September 30, 2013 is R$ 44,171 (R$ 44,171 as of December 31, 2012), represented by 450,712 registered common shares with no par value.

At the EGM held April 24, 2013 the company converted all the preferred shares, consisting of 79,783 class "A" and 253 class "B" shares into common shares.

Irrespective of amendments to the bylaws, the Company may increase its share capital through subscription to the limit of 600,000 shares, where the Board of Directors shall resolve the means, subscription terms and payment terms of the shares and the features of the shares to be issued and the issue price.

Dividends

The Annual General Meeting held April 24, 2013 resolved the payment of additional dividends for FY 2012 of R$ 38,531, equal to R$ 85.488676404 per common share, to be paid in 2 (two) installments until the last working day of June and September 2013, which may be brought forward by Company management. These dividends were paid in their entirety in the first half of 2013

On June 13, 2013 the Board of Directors approved the payment of interim dividends from the net income for the first quarter of this year, amounting to R$ 9,963 (R$ 22.1061 per common share), to be paid from June 17, 2013 onwards. On August 08, 2013 it approved the payment of interim dividends from the net income for the second quarter of this year, amounting to R$ 3,157 (R$ 7.0034 per common share), to be paid by December 31, 2013.

23 Operating revenue

	9/30/2013				9/30/2012			
	Not reviewed by the independent auditors		7/1/2013 to 9/30/2013	1/1/2013 to 9/30/2013	Not reviewed by the independent auditors		7/1/2012 to 9/30/2012	1/1/2012 to 9/30/2012
	No. of consumers	MWh	R$	R$	No. of consumers	MWh	R$	R$
Residential	304,277	331,096	54,327	168,880	294,743	307,863	60,820	187,722
Industrial	3,728	131,234	17,265	51,213	3,692	142,255	21,746	64,878
Commercial	34,216	160,551	27,983	86,893	33,918	154,537	26,381	81,928
Rural	65,696	118,199	19,166	50,162	64,079	106,547	13,483	37,023
Government:								
Federal	63	357	54	164	62	352	62	188
State	557	7,557	1,105	3,451	551	7,443	1,341	3,992
Municipal	3,348	15,918	2,324	7,258	3,313	15,678	2,819	8,394
Public Lighting	252	54,916	5,151	14,864	255	52,549	5,588	16,165
Public Utility	554	27,934	3,597	10,619	549	27,997	3,780	10,913
Internal Use	101	2,560	-	-	93	2,197	-	-
Subtotal	**412,792**	**850,322**	**130,972**	**393,504**	**401,255**	**817,418**	**136,020**	**411,203**
Revenue from Remuneration of Concession Assets	-	-	3,620	10,023	-	-	3,421	10,110
Electricity sales to distributors	-	-	5	(564)	-	25,792	1,129	1,497
Sales not invoiced (net)	-	(1,221)	856	(2,791)	-	(1,561)	(268)	(3,444)
Provision of the transmission and distribution system	-	-	6,790	22,527	-	-	11,237	30,959
Energy Sales to Free Consumers	32	-	-	-	26	-	-	-
Construction Revenue	-	-	12,419	48,472	-	-	10,986	28,814
Other operating revenue	-	-	1,367	3,971	-	-	1,320	3,639
Total - Gross Operating Revenue	**412,824**	**849,101**	**156,029**	**475,142**	**401,281**	**841,649**	**163,845**	**482,778**
Deductions from Operating Revenue								
ICMS	-	-	25,869	79,085	-	-	29,297	88,470
PIS	-	-	2,444	7,122	-	-	2,475	7,475
COFINS	-	-	11,257	32,804	-	-	11,403	34,432
ISS	-	-	22	64	-	-	19	58
Quota for RGR	-	-	-	(1,160)	-	-	617	3,005
Electrical Efficiency Program - PEE	-	-	501	1,472	-	-	491	1,438
Energy Development Account - CDE	-	-	1,041	3,126	-	-	3,883	11,647
Fuel Consumption Account - CCC	-	-	-	834	-	-	2,503	12,337
Research and Development Program - P&D	-	-	509	1,575	-	-	786	2,301
Excess Demand Revenue and Surplus Reactive Energy	-	-	603	1,581	-	-	655	655
Total - deductions from operating revenue	**-**	**-**	**42,246**	**126,503**	**-**	**-**	**52,129**	**161,818**
Total Net Operating Revenue	**412,824**	**849,101**	**113,783**	**348,639**	**401,281**	**841,649**	**111,716**	**320,960**

24 Cost of electricity purchase resale and system service charges

Under Decree 7945/2013, ANEEL will publish every month the CDE funds to be passed through by Eletrobrás to the Electricity Trading Chamber to cover the electricity acquisition and system service charges - ESS as a result of energy security, the hydrological risk and involuntary exposure in the spot market. By way of SRE/ANEEL Notices 954 issued April 02, 2013, 1312 issued April 30, 2013, 1756 issued June 04, 2013, 2095 issued July 04, 2013, 3020 issued August 29, 2013 and 3281 issued September 30, 2013, Aneel has ratified the amount of R$ 26,705 for the months of January to August 2013, recorded as a reduction to the purchased energy costs and system service charges, in accordance with Aneel Notice 1135 issued April 17, 2013.

25 Insurance coverage

The Company has the policy of taking out insurance coverage for the assets subject to risk to cover any incidents, considering the nature of its activity. The Company's insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by electricity distribution companies. Given their nature, the risk assumptions adopted do not comprise the scope of a financial statements review, and were not therefore reviewed by our independent auditors.

The civil liability and named risk policies are taken out in conjunction with the other Energisa Group companies and the maximum indemnification amounts are stated in the insurance coverage.

The main items covered are:

Lines	Maturity Date	Insurance Coverage	Annual Premium 9/30/2013	Annual Premium 12/31/2012
Nominated Risks	10/23/2014	35,321	272	307
General Civil Liability	10/23/2014	50,600	115	106
Automobiles - Third party material and personal damages	10/23/2014	up to R$ 300 / vehicle	96	59
Collective life insurance - Personal Death and Accidents	12/31/2013	41,899	194	166
			677	**638**

Nominated Risks

The insurance policy included the substations, buildings and equipment and the respective insured values and the indemnification limits. It has basic coverage including fire, lightning strike and explosions of any nature, electrical damages, hurricanes, aircraft crash, collision by air or ground vehicle, commotion, other risks, portable equipment, flooding/water damage, minor engineering work, extraordinary expenses, inclusion / exclusion of assets and sites, mistakes and omissions.

Civil Liability

The insurance policy covers moral hazard, material and personal damages to third parties resulting from the Company's operations.

Vehicles

The Company has insurance coverage for RCF/V - Optional/Vehicle Civil Liability, guaranteeing coverage of personal and/or material damages incurred by third parties involved in accidents.

Collective Life Insurance and Personal Accidents

Guarantees insurance coverage for its employees in the event of death by any cause, full or partial permanent disability due to accidents and permanent and/or total disability due to illness.

26 Financial instruments and risk management

The book and fair values of the principal financial instrument assets and liabilities have been compared below:

	9/30/2013		12/31/2012	
ASSETS	Book	Fair value	Book	Fair value
Cash and cash equivalents	18,396	18,396	25,823	25,823
Money market and secured funds	53,007	53,007	74,991	74,991
Consumers and concessionaires	70,605	70,605	88,967	88,967
Credit receivables and other	2,536	2,536	2,784	2,784
Accounts receivable from the concession	263,588	263,588	217,739	217,739
LIABILITIES				
Suppliers payable	(33,354)	(33,354)	(39,604)	(39,604)
Loans, financing, debt charges and debentures	(354,207)	(354,179)	(324,846)	(334,033)

In compliance with CVM Instruction 475/2008 and Resolution 604/2009, the description of the book balances and the fair values of the financial instruments included in the balance sheet at September 30, 2013 and December 31, 2012 are shown below:

Nonderivatives - classification and measurement

Loans and receivables

Includes trade accounts receivable, consumers and concession operators, outstanding receivables, other receivables and accounts receivable of the concession. They are initially measured at amortized cost using the effective interest rate, and their balances are approximated to fair value.

Money market and secured funds

The balances of short-term investments in Bank Deposit Certificates and investment funds are valued at fair value through profit and loss, except when held to maturity.

Financial liabilities measured at amortized cost:

Suppliers payable - stated at the known amounts or estimated, plus, when applicable, the corresponding charges and/or monetary and exchange variations incurred up to the balance sheet date, where the book value approximates fair value.

Loans, financing, debt charges and debentures - These financial instruments are classified as financial liabilities at amortized cost. The book values of the local-currency loans and financing related to the investments and construction of Small Hydroelectric Power Stations (SHPs) and Wind Farms obtained from Eletrobrás, BNB, BNDES, BDMG Finep and loans from commercial banks, are compatible with the value of the transactions, as similar transactions are not available on the financial market, with comparable maturities and interest rates. The fair value of the financial liabilities traded in active markets is determined based on the prices observed in said markets (source: CETIP), i.e. the 5th debentures issuance of the parent company, 2nd debentures issuance (ESE), 1st debentures issuance (EPB) and 7th debentures issuance (EMG). For financial instruments with no active market, i.e. FIDC, 1st debentures issuance (ESE) and 3rd debentures issuance of the parent company, the Company determined the fair value as the equivalent of the instrument's carrying amount.

Derivatives

The estimated fair values of the financial assets and liabilities were determined through information available in the market and appropriate valuation methodologies. Consequently, the estimates used and presented below do not necessarily indicate the values that could be realized in the current exchange market.

The Company and its subsidiaries have the policy of managing market risks, thereby avoiding assuming material positions exposed to fair value fluctuations. They therefore only seek to use instruments which provide greater risk control. The derivative contracts involve swap operations and options with interest and exchange rates, in order to counter the exposure to changes in US dollar exchange rate and to bring the debt cost in line with market trends.

The hedge transactions against adverse exchange variance require constant monitoring in order to preserve the efficiency of their structures. The transactions in force are subject to restructuring at any time and can be reversed or subject to additional transactions in order to reduce potential material losses.

- **Uncertainty**

The amounts were estimated at the reporting date based on information available in the market and appropriate appraisal techniques. However, considerable judgment was required in the interpretation of the market data to estimate the most adequate fair value. Consequently, the estimates used and presented below do not necessarily indicate the values that could be realized in the current exchange market.

- **Financial risk management**

The Board of Directors is generally responsible for establishing and supervising the risk management model of the Company and its subsidiaries. The Company has therefore implemented operating limits with pre-established amounts and indicators in the “Financial Risk Management policy” (reviewed annually and available on the Company’s site, reviewed last on 12/20/2012) and in the internal regulations of the Executive Board of the Company and its subsidiaries.

The Company and its subsidiaries’ risk management aims to detect, analyze and monitor risks encountered, in order to establish limits and check compliance with them. Risk management policies and systems are reviewed regularly in order to evaluate changes in market conditions and the activities of the Company and its subsidiaries. The Executive Board issues a monthly report on budgetary performance and risk factors involving the Company and its subsidiaries.

The Company and its subsidiaries have been using the services of an independent company specialized in cash and debt risk management, which means that the main macroeconomic metrics and their impact on results are monitored on a daily basis, in particular derivative transactions. This allows contracting and repositioning strategies to be devised, pursuing low risk and higher financial income.

Capital Risk

The debt index at the end of the reporting period is the following:

	9/30/2013	12/31/2012
Debt (a)	354,207	324,846
Cash and cash equivalents	(18,396)	(25,823)
Interest-earning bank deposits	(53,007)	(74,991)
Net debt	282,804	224,032
Net equity (b)	78,429	100,879
Net debt index	3.61	2.22

(a) The debt is defined as short and long-term loans, financing and debentures (excluding derivatives and financial surety contracts), as detailed in notes 20 and 21.

(b) The shareholders' equity includes the entire capital and reserves of the Group, managed as capital.

a) Liquidity risk

By way of the projected cash flow, Management schedules its obligations to generate financial liabilities to the flow of receipts or sources of financing in order to ensure the greatest possible liquidity so as to honor its obligations, thereby avoiding default which hinders the operational progress of the Company.

The financial liabilities, including estimated interest payments, are as follows. Significant changes in the analyzed cash flows are not expected.

	Average effective weighted interest rate (%) months	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Suppliers payable		32,610	-	-	-	744	33,354
Loans, financing, debt charges and debentures	7.70%	39,887	60,481	249,631	18,638	23,691	392,328
Total		**72,497**	**60,481**	**249,631**	**18,638**	**24,435**	**425,682**

b) Credit risk

Management believes the risks posed by its interest-earning bank deposits are minimal, as there is no concentration and transactions are conducted with banks which assess risk in accordance with the “Financial Risk Management policy”. The Board of Directors' Audit Committee was convened in the first quarter of 2010 to oversee the group's management, according to the rules and principles established in the policy.

The credit risk, especially that of Energisa Group’s distribution companies, is posed by accounts receivable, which is, however, mitigated by sales to a broad consumer base and legal prerogatives which allow the provision of services to defaulting clients to be suspended. Part of the receivables referring to sales, energy acquisition and system service charges, incurred at CCEE, are also subject to change depending on the outcome of legal proceedings in progress, filed by a number of companies in the sector. These proceedings have resulted from the interpretation of market rules in force between June 2001 and February 2002, during which the Emergency Electricity Rationing Program was in force.

Exposure to credit risks

The book value of the financial assets denotes the maximum credit exposure. The maximum exposure to the credit risk at the interim reporting date was:

	9/30/2013	12/31/2012
Cash and cash equivalents	18,396	25,823
Money market and secured funds	53,007	74,991
Consumers and concessionaires	70,605	88,967
Credit receivables and other	2,536	2,784
Accounts receivable from the concession	263,588	217,739

Further information about these credits can be seen in notes 5, 6, 7 and 14.

c) Interest and exchange rate risk

Part of the local-currency loans and financing presented in note 17 consist of financing from several national development agencies (Eletrobrás and BNDES) and other institutions in the capital market.

The market rate (or opportunity cost of capital) is defined by these Agents, taking into account the underlying interest rate, the risk premium compatible with the financed companies, their guarantees and the sector they are engaged in. In the event it is not possible to acquire alternatives or different market hypotheses and/or methods for their estimates, in view of the Company's business and sector specifics, these are measured by the amortized cost method at the contractual rates.

The Company is always looking for opportunities to renew these hedge instruments, and is therefore seeking to structure instruments which will ensure the continuity of these existing hedge mechanisms, and may adopt other mechanisms which prudently balance risk and cost.

The Company and its subsidiaries' earnings are is susceptible to variations due to the volatility of the exchange rate on the sale of options underlying swaps of liabilities denominated in foreign currencies, mainly the US dollar. The US dollar exchange rate closed the period ended September 30, 2013 up by 9% over December 31, 2012, quoted at R$ 2.2294 / USD. The annual volatility of the US dollar as of September 30, 2013 was 13.73%, compared with 6.00% as of December 31, 2012.

R$ 166,462 (R$ 154,954 as of December 31, 2012) of Energisa MG's bank debt as of September 30, 2013 totaling R$ 354,722 (R$ 325,511 as of December 31, 2012) is denominated in US dollars deriving from the Citibank loan with a balance of USD 16.5 million at the end of the period (principal of USD 16.5 million), USD 28.9 million deriving from the loan from Bank of America Merrill Lynch (principal of USD 28.7 million) and USD 30 million of the loan from Banco Itaú BBA (principal of USD 30 million). The loans have a cost of up to USD + 3.93% per annum and have a short and long-term maturity of September 30, 2014, October 27, 2014 and September 21, 2015 respectively.

The balance sheet as of September 30, 2013 presents R$ 20,427 in the current assets and R$ 5,995 (R$ 16,738 as of December 31, 2012) in the noncurrent assets referring to the mark-to-market of the financial derivatives related to the foreign exchange rate and interest, resulting from a combination of factors usually adopted for the mark-to-market of these instruments, such as volatility, currency coupon, interest rates and the US dollar exchange rate. This is not a material liability, because the reversal value of derivatives at the calculation date is estimated, which does not correspond to the hedge objective expected by management. The mark-to-market entries made in the quarterly information are reversed when the caps established for the existing operations are not exceeded, as shown below. Moreover, further deterioration of the volatility, the currency coupon and the f/x rate could result in the amounts recorded increasing.

Energisa MG has hedged the aforementioned positions against adverse exchange variance, as mentioned earlier. See the details below:

1. Hedge for the principal equal to USD 16.7 million plus interest on the loan from Citibank through a currency swap with exchange-rate cap of R$/USD 2.9633 (Set-14) up to 9/30/2014. The operation involves a swap of the cost of USD + (LIBOR + 2.25% p.a. for 91.50% of the CDI variance, hedging semi-annual interest payments scheduled up to 9/30/2014 and the value of the principal at the latter date.

2. Hedge for the principal equal to USD 28.9 million plus interest on the loan from Bank of America Merrill Lynch through a currency swap with exchange-rate cap of R$/USD 2.9828 (Oct-14) up to 10/27/2014. The operation involves a swap of the cost of USD + (LIBOR + 2.00% p.a. for 91.0% of the CDI variance, hedging semi-annual interest payments scheduled up to 10/27/2014 and the value of the principal at the latter date.

3. Hedge for the principal equal to USD 30.2 million plus interest on the loan from Banco Itaú BBA through a currency swap with exchange-rate cap of R$/USD 2.8500 (Set-15) up to 9/21/2015. The operation involves a swap of the cost of USD + 3.93% p.a. for 101.5% of the CDI variance, hedging semi-annual interest payments scheduled up to 9/21/2015 and the value of the principal at the latter date.

In the period the foreign exchange hedges yielded a gain of R$ 10,069 (gain of R$ 5,083 as of September 30, 2012), due to a change in the US dollar.

Energisa and its subsidiaries' management monitor changes in the market, so that these hedge transactions may be restructured and their terms even extended depending on the performance of the exchange rate (R$/USD), in terms of volatility and stabilization level. Company management and its subsidiaries proceeded to replace complex derivatives with simpler structures with greater liquidity, with a view to lower risk exposure. On September 13 Energisa Management accordingly raised the caps maturing in 2014 of the swaps associated with loans 4131, in order to mitigate the risk of losses due to an increase in the dollar exchange rate, in the event the market was agitated by the presidential elections and other events taking place both domestically and overseas. The new swap caps are shown in the table below:

Maturity	Notional (in thousands)	Previous Strike	Current Strike (post adjustment)
9/30/2014	16,450	2.9170	2.9633
10/27/2014	28,515	2.9170	2.9828

In accordance with CVM Resolution 603/09, the values of the Company's financial derivatives as of September 30, 2013 and December 31, 2012 have been summarized as follows:

	Reference Value			Fair Value		Accumulated effect	
	9/30/2013	12/31/2012	Description	9/30/2013	12/31/2012	Receivable/ (Received)	Payable / (paid)
Swap with options - Citibank and Merrill Lynch	Notional (BRL)		Receivable Position	224,933	211,922	-	-
			LIBOR/USD Interest Rate				
			Liability Position	(194,148)	(193,359)	-	-
	190,734	190,734	CDI Interest Rate				
			Foreign Currency Options (USD)	(4,363)	(1,825)	667	(5,451)
			Total Swap Position with Options	26,422	16,738	-	(4,784)

The subsidiaries calculated the Fair Value of the derivatives as of September 30, 2013 and December 31, 2012 based on the market price quotes for similar contracts. Their variance is directly associated with the variance of the debt balances listed in the note 20 and 21 and the positive performance of the hedge mechanisms used, as described above. The Company and its subsidiaries do not intend to settle these contracts before maturity. They also have different expectations for the results presented as Fair Value – as shown below. To ensure perfect management, daily monitoring is conducted in order to keep risk to a minimum and obtain better financial results.

The mark-to-market (MtM) of Energisa and its subsidiaries' operations was calculated by an accepted method generally used by the market. The method basically consists of calculating the future value of the operations agreed in each contract, discounting the present value at market rates. A variant of the Black & Scholes formula is used to calculate the MtM of options. This formula is normally used to calculate the premium on currency options. The data used in these calculations was obtained from reliable sources. The market rates, such as the fixed rate and dollar coupon, were obtained directly from the BM&F site (Market Rates for Swaps). These rates are determined monthly and embrace the period from October 01, 2013 through maturity of all derivative operations. The Ptax exchange rate was obtained from the Central Bank's site. The implicit dollar volatility for options were obtained from BMF.

Sensitivity Analysis

Pursuant to CVM Instruction 475/08, the Company conducted sensitivity analyses on the main risks to which the financial instruments and derivatives in its financial statements are exposed, as shown:

a) Exchange variance

If the exchange exposure as of September 30, 2013 were maintained, and the effects on the future interim financial statements simulated by type of financial instrument and for three different scenarios, the following results would be obtained (restated as for the interim reporting date):

Operation	Exposure	Risk	Scenario I (Probable) (*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Financial instruments – Loan	-		6,814	(34,641)	(76,096)
Receivable Position - LIBOR	224,933	Higher f/x rate	165,820	207,275	248,730
Payable Position - CDI Interest Rate	(194,148)		(141,849)	(141,849)	(141,849)
Foreign Currency Options - USD	(4,363)		-	(5,096)	(44,248)
Subtotal	**26,422**		**23,971**	**60,330**	**62,633**
Net	**26,422**		**30,785**	**25,689**	**(13,463)**

(*) Considers the macroeconomic scenario presented by the Focus Survey as of September 30, 2013 for the future dates until the final settlement of the operations.

In the "Probable Scenario", calculated based on the net analysis of the above operations until the maturity thereof, adjusted to present value by the fixed rate in Brazilian reais as of September 30, 2013, the derivatives are fully effective, which is reflected in the positive present value of R$ 30,785, that shows how the adverse exchange variance in existing debts was mitigated. The higher the exchange devaluation (risk variable considered), the higher the gain of the swaps will be, providing the derivative caps are not exceeded, which would leave the Company with no hedge protection. However, there would be a positive present value of R$ 25,689 and negative value of R$ 13,463 in the scenarios where the Brazilian real lost 25% and 50% against the US dollar, a scenario in which some of the current caps would be exceeded.

Fair value hierarchy

The table below presents the financial instruments recorded at fair value by a valuation method.

The different levels were defined as follows:

- Level 1 - Prices quoted (in adjusted) in active markets for identical assets and liabilities;
- Level 2 - Inputs, except for quoted prices, included in Level 1 that are observable for the assets and liabilities, directly (prices) or indirectly (derived from prices);
- Level 3 - Premises, for the asset or liability, that are not based on observable market data (unobservable inputs).

Financial instruments Assets	Level	9/30/2013	12/31/2012
Money market and secured funds	2	53,007	74,991
Derivative financial instruments	2	26,422	16,738

We emphasize that we did not observe any Level 1 and 3 financial instruments during the period under analysis and no level transfers took place in this period.

b) Interest rate variance

Considering the exposure of financial instruments indexed to interest rates as of September 30, 2013 is maintained and the respective accumulated annual indexes are (CDI = 8.64% per annum and LTIR = 5.0% per annum) and if the indexes vary in accordance with the three scenarios defined, the net financial result would be affected by:

Instruments	Exposure (R$ thousand)	Risk	Scenario I (Probable)(*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Receivable financial instruments:					
Money Market	68,845	Increase in CDI	1,638	2,030	2,417
Payable financial instruments:					
Loans and financing	(132,901)	Increase in CDI	(3,519)	(4,257)	(4,982)
	(21,564)	Increase in LTIR	(472)	(538)	(602)
Subtotal (**)	(154,465)		(3,991)	(4,795)	(5,584)
Total - (Losses)	**(85,620)**		**(2,353)**	**(2,765)**	**(3,167)**

(*) Considers the CDI at December 31, 2013 (9.55% p.a.), quote of the estimates presented by the recent BACEN survey, dated September 30, 2013 and TJLP of 5% p.a.

(**) Does not include dollar transactions worth R$ 165,977

27 Employee benefits

a) Retirement and pension supplementation plan

Energisa MG sponsors defined-contribution pension plans for its employees (CD). It also has a defined-benefit plan (BD), which has not been accepting new participants since 1997 and where the current participants have the status of assisted participants. The sponsor and participants do not make contributions under this plan.

In the period ended September 30, 2013 the expense incurred on sponsoring these plans stood at R$ 283 (R$ 212 as of September 30, 2012).

b) Retirement bonus

The Company is party to a collective agreement under which employees are entitled to a retirement bonus paid upon application for retirement at the National Social Security Institute (INSS).

The retirement bonus ranges from 1.5 to 15 times the employee's salary, depending on seniority (at least 6 months, but limited to 25 years) upon applying for retirement.

The accounting practices referring to the recognition of employee benefits - retirement premium, were amended on January 01, 2013. Consequently, in order to maintain good comparability of its balance sheet with the classification adopted, the Company adjusted the opening and closing balances in the balance sheet as of 12/31/2012 in relation to those originally published, as follows:

	9/30/2013
Liability recorded as of 12/31/2012	1,620
(adjustments - CPC 33 (R1))	408
Adjusted balance	**2,028**
Expenses in the period	276
Payments of contracted obligations	(160)
Liability recorded as of 9/30/2013	**2,144**
Current liabilities	**372**
Noncurrent liabilities	**1,772**

As of September 30, 2013 the retirement premium expense was R$ 276 (R$ 164 as of September 30, 2012).

c) Healthcare plan

The Company has its own refund policies, under which employees are entitled to a reimbursement of 60% of their medical expenses. This benefit ceases immediately upon termination or retirement.

In the period ended September 30, 2013 the expense incurred on this benefit stood at R$ 505 (R$ 473 as of September 30, 2012).

28 Commitments

The Company has the following commitments under long-term energy acquisition contracts:

	Energy purchase contract - R$ thousand					
Term	2013	2014	2015	2016	2017	2017 onwards
2013 to 2046	140,218	157,142	158,661	153,594	156,740	2,161,717

The amounts referring to energy acquisition contracts lasting between 8 and 30 years represent the volume contracted and the average price, ratified by ANEEL.

- This does not include the Proinfa, Itaipu and Angra I and II quotas.

29 Public electricity service concession

On June 18, 1999 the Company executed with the National Electric Energy Agency – ANEEL the electricity distribution concession contract with a term of until July 07, 2015.

30 Additional information to the cash flows

As of September 30, 2013 equity changes not affecting the Company's cash flows are as follows:

	9/30/2013	12/31/2012
Restatement of accounts receivable from the concession - VNR	8,405	57,224
Accounts receivable from the concession	37,444	-
Suppliers payable	1,704	2,542
Intangible assets - FINAME	1,065	5,847

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