Energisa Paraíba | Results for 3rd quarter of 2012

João Pessoa, November 08, 2012 - The Management of Energisa Paraíba – Distribuidora de Energia S/A ("Energisa Paraíba" or "Company") hereby presents its quarterly information for the first nine months of 2012 (9M12), prepared in accordance with International Financial Reporting Standards - IFRS.

1 - Business Profile and General Considerations

Energisa Paraíba is an electricity distributor that serves a population of approximately 3.3 million in 216 municipalities occupying an area of 54.595 Km^2 in the state of Paraíba. The company serves approximately 1,208,000 consumer units.

1.1 - Recognition in social and environmental management

This September Energisa Paraíba won the Chico Mendes Social and Environmental Award in recognition of practices that further social well-being and the environment. The award was for the sustainable buildings of the Regional Centre of Patos, which had already been awarded the silver certificate by the Green Building Council Brasil.

The main economic and financial figures of Energisa Paraíba for the first nine months have been summarized below:

Operating and Financial Indicators

Description	9M12	9M11	Change %
Results - R$ million			
Gross Operating Revenue	1,185.7	1,020.1	+ 16.2
Net Operating Revenue	812.4	688.9	+ 17.9
Earnings before interest and tax (EBIT)	171.6	114.8	+ 49.5
EBITDA	201.8	146.7	+ 37.6
Adjusted EBTIDA	217.0	160.4	+ 35.3
Financial result	(6.9)	(27.1)	- 74.5
Income before tax	164.7	87.8	+ 87.6
Net Income	131.5	70.0	+ 87.9
Financial Indicators - R$ million			
Total Assets	1,380.4	1,209.4	+ 14.1
Cash / Cash Equivalents / Short-Term Investments	190.6	115.2	+ 65.5
Shareholders' Equity	574.9	522.1	+ 10.1
Net Debt	397.8	355.2	+ 12.0
Operating Indicators			
Number of Captive Consumers (thousand)	1,208.1	1,143.6	+ 5.6
Energy sold to Captive Consumers (GWh)	2,549.9	2,321.5	+ 9.8
Total Electricity Distributed (GWh)	2,920.7	2,711.8	+ 7.7
Energy Losses (% in past 12 months)	12.88	13.87	- 0.99 p.p
Related indicators			
Adjusted EBITDA / **Net Revenue** (%)	26.7	23.3	+ 3.4 p.p
Net Debt / Adjusted EBITDA 12 months (times)	1.4	1.6	- 12.5

2 - Economic and Financial Performance

2.1 - Net income up by 67.4% in 3Q12
Net income accumulated in 9 months amounts to R$ 131.5 million

Energisa Paraíba recorded **net income of R$ 131.5 million** in 9M12 (R$ 143.19 per share), of which R$ 40.0 million (R$ 43.53 per share) was recorded in 3Q12. Earnings in 3Q12 up by 67.4% over 3Q11. Net income in 9M12 expanded by 87.9% over 9M11.

This net income growth in 9M12 is partly due to the increase of 17.9% (or R$ 123.5 million) in net operating revenue in the period, along with smaller growth in operating expenses, which boosted operating cash generation (EBITDA). Operating expenses rose by 11.6% (or R$ 66.8 million) in 9M12. Energisa Paraíba consequently presented operating cash generation (adjusted EBITDA) of R$ 217.0 million, which signifies an increase of 35.3% (or R$ 56.6 million) over 9M11. The adjusted EBITDA margin rose by 3.4 percentage points to 26.7%.

Net income in 9M12 was also boosted by the change in net financial expenses. These expenses fell by 74.5% in the period.

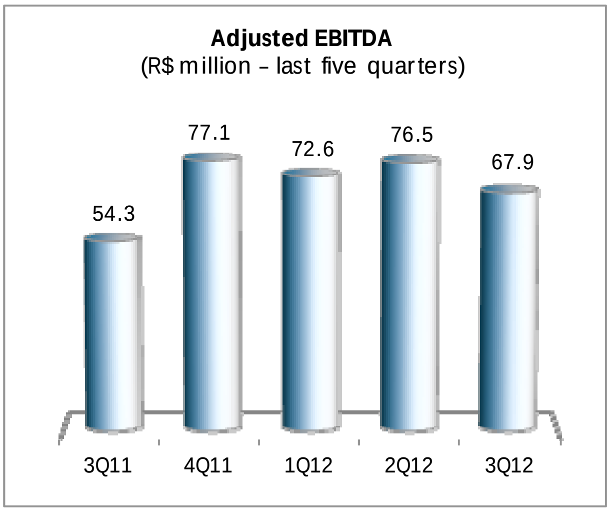
See below the change and breakdown of the Company's net income and cash:

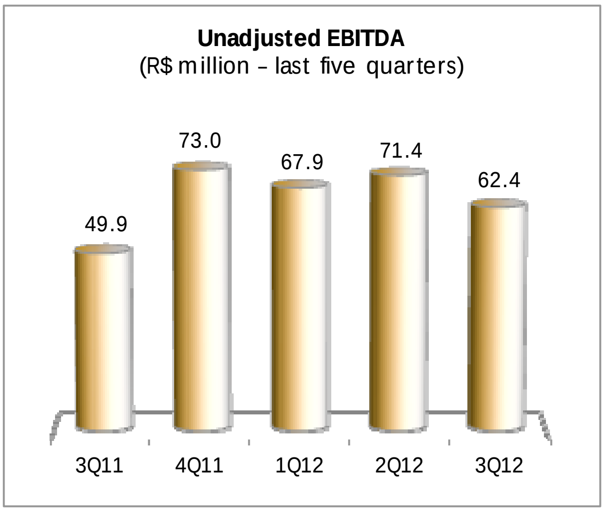
Breakdown and change of net income	Quarter			9 months		
(R$ millions)	3Q12	3Q11	Change %	9M12	9M11	Change %
(=) Net operating revenue	272.6	228.2	+ 19.5	812.4	688.9	+ 17.9
(=) Earnings before interest and tax (EBIT)	52.9	39.2	+ 34.9	171.6	114.8	+ 49.5
(+) Financial result (revenue minus financial expenses)	(5.6)	(9.4)	- 40.4	(6.9)	(27.1)	- 74.5
(+) Income and social contribution taxes	(7.3)	(5.9)	+ 23.7	(33.2)	(17.7)	+ 87.6
(=) Net Income	**40.0**	**23.9**	**+ 67.4**	**131.5**	**70.0**	**+ 87.9**

Change in cash generation

Breakdown of cash generation (EBITDA)	Quarter			9 months		
(R$ millions)	3Q12	3Q11	Change %	9M12	9M11	Change %
(=) Net Income	**40.0**	**23.9**	**+ 67.4**	**131.5**	**70.0**	**+ 87.9**
(-) Income and social contribution taxes	(7.3)	(5.9)	+ 23.7	(33.2)	(17.7)	+ 87.6
(-) Financial result	(5.6)	(9.4)	- 40.4	(6.9)	(27.1)	- 74.5
(-) Depreciation and amortization	(9.6)	(10.7)	- 10.3	(30.2)	(31.9)	- 5.3
(=) Cash generation (EBITDA)	**62.5**	**49.9**	**+ 25.3**	**201.8**	**146.7**	**+ 37.6**
(+) Late charges revenue	5.4	4.4	+ 22.7	15.2	13.7	+ 10.9
(=) Adjusted cash generation (Adjusted EBITDA)	**67.9**	**54.3**	**+ 25.0**	**217.0**	**160.4**	**+ 35.3**
Adjusted EBITDA Margin	24.9	23.8	+ 1.1 p.p	26.7	23.3	+ 3.4

The growth in Energisa Paraíba's EBITDA and Adjusted EBITDA in the last five quarters is as follows:





2.2 - Gross and net operating revenue

The increase in energy sales and services of Energisa Paraíba led to an increase in the Company's gross operating revenue of 16.2% (or R$ 165.6 million), which amounted to R$ 1,185.7 million in 9M12 compared with R$ 1,020.1 million in the same period the previous year. Gross revenue amounted to R$ 392.5 million in 3Q12, an increase of 16.0% (or R$ 54.2 million) over 3Q11.

Net operating revenue, in turn, rose by 17.9% (or R$ 123.5 million) in 9M12 to R$ 812.4 million. In 3Q12 net operating revenue rose by 19.5% (or R$ 44.4 million) over 3Q11, to R$ 272.6 million.

The gross operating revenue and net operating revenue break down as follows:

Revenue by Consumption Sector Amounts in R$ million	Quarter			9 months		
	3Q12	3q11	Change in R$ million	9M12	9M11	Change in R$ million
(+) Electricity revenue (retail market)	**341.4**	**292.4**	**+ 49.0**	**1,044.0**	**887.3**	**+ 156.7**
• Residential	151.5	124.7	+ 26.8	472.3	390.6	+ 81.7
• Industrial	53.1	47.5	+ 5.6	153.9	137.2	+ 16.7
• Commercial	70.6	60.4	+ 10.2	219.9	182.7	+ 37.2
• Rural	13.2	9.7	+ 3.5	40.2	28.6	+ 11.6
• Other sectors	53.0	50.1	+ 2.9	157.7	148.2	+ 9.5
(+) Electricity sales to distributors	1.9	0.4	+ 1.5	2.0	1.5	+ 0.5
(+) Unbilled sales	(2.2)	(0.7)	- 1.5	(8.6)	(1.2)	- 7.4
(+) Electricity network usage charges	15.7	12.5	+ 3.2	45.0	38.6	+ 6.4
(+) Construction revenue	32.0	30.3	+ 1.7	93.7	86.7	+ 7.0
(+) Other revenue	3.7	3.4	+ 0.3	9.6	7.2	+ 2.4
(=) Subtotal - Consolidated gross operating revenue	**392.5**	**338.3**	**+ 54.2**	**1,185.7**	**1.020.1**	**+ 165.6**
(-) Tax on revenue	(102.9)	(92.8)	- 10.1	(315.5)	(281.0)	- 34.5
(-) Sector charges	(17.0)	(17.3)	+ 0.3	(57.8)	(50.2)	- 7.6
(=) Total - Consolidated net operating revenue	**272.6**	**228.2**	**+ 44.4**	**812.4**	**688.9**	**+ 123.5**

2.2.1 - Annual rate adjustment: Energisa Paraíba's electricity rates were increased by an average 3.78% on August 28, 2012.

2.3 - Operating expenses

2.3.1 - Operating expenses in electricity distribution and services

Operating expenses in electricity distribution and services amounted to R$ 547.1 million at Energisa Paraíba in 9M12, an increase of 12.3% (or R$ 59.8 million) over the amount recorded in 9M11. In 3Q12 the increase in these expenses was 18.4% (or R$ 29.2 million) over the same period last year.

2.3.1.1 - Controllable expenses in electricity distribution and services

The controllable expenses (personnel, material and outsourced services) in electricity distribution and services rose by 6.0% (or R$ 7.7 million) in 9M12, to R$ 136.9 million. The controllable expenses rose by 4.6% (or R$ 2.0 million) in 3Q12 over 3Q11.

2.3.2 - Construction costs

Energisa Paraíba recognizes revenue and costs deriving from the construction of infrastructure used in public energy concessions, attributing a margin of zero to this activity. Construction costs amounted to R$ 93.7 million in 9M12 (R$ 32.0 million in 3Q12), compared with R$ 86.7 million in 9M11 (R$ 30.3 million in 3Q11).

2.3.3 - Total operating expenses

Energisa Paraíba's operating expenses amounted to R$ 640.8 million in 9M12, an increase of 11.6% (or R$ 66.8 million) over 9M11. Total operating expenses rose by 16.4% (or R$ 30.9 million) in 3Q12 over 3Q11.

Operating expenses break down as follows:

Breakdown of operating expenses (R$ million)	3Q12	3Q11	Change in R$ million	9M12	9M11	Change in R$ million
1 - Controllable expenses	**45.7**	**43.7**	**+ 2.0**	**136.9**	**129.2**	**+ 7.7**
1.1 - Personnel (includes pension fund)	24.3	22.2	+ 2.1	71.1	65.6	+ 5.5
1.2 - Material	3.0	2.7	+ 0.3	9.2	8.9	+ 0.3
1.3 - Services	18.4	18.8	- 0.4	56.6	54.7	+ 1.9
2 - Uncontrollable expenses (acquisition of energy and transmission)	125.8	96.7	+ 29.1	357.5	306.0	+ 51.5
3 - Depreciation and amortization	9.7	10.7	- 1.0	30.2	31.9	- 1.7
4 - Allowance for doubtful accounts and contingencies	2.3	2.2	+ 0.1	9.4	7.8	+ 1.6
5 - Other expenses / revenue	4.3	5.3	- 1.0	13.1	12.4	+ 0.7
Subtotal (1+2+3+4+5)	**187.8**	**158.6**	**+ 29.2**	**547.1**	**487.3**	**+ 59.8**
6 – Construction cost	32.0	30.3	+ 1.7	93.7	86.7	+ 7.0
Total	**219.8**	**188.9**	**+ 30.9**	**640.8**	**574.0**	**+ 66.8**

2.4 - Financial result

The net financial result (financial revenue minus financial expenses) amounted to a net financial expense of R$ 6.9 million in 9M12 (R$ 5.6 million in 3Q12), as compared to a net financial expense of R$ 27.1 million in 9M11 (R$ 9.4 million in 3Q11), i.e. a decrease of 74.5% (decrease of R$ 40.4% in 3Q12) .

The table below denotes the short- and long-term debt net of financial resources (cash, cash equivalents and short-term investments) of Energisa Paraíba as of September 30, 2012 and December 31, 2011:

Description Amount in R$ million	09/30/2012	12/31/2011
Short-term	**168.1**	**54.5**
Loans, financing and debentures	157.5	41.1
Debt charges	3.9	6.8
Financing of taxes and actuarial deficit	6.7	6.6
Long-term	**420.3**	**428.0**
Loans, financing and debentures	398.7	407.6
Financing of taxes and actuarial deficit	21.6	20.4
Total debts	**588.4**	**482.5**
(-) Cash and cash equivalents	190.6	109.0
Total net debts	**397.8**	**373.5**

(*) R$ 235.5 million (40.0%) of the total debt as of September 30, 2012 is denominated in US dollars.

3 - Operating Performance

3.1 - Electricity Sales

Electricity sales to the captive consumers served by Energisa Paraíba in 3Q12 rose by 8.7% over the same quarter of 2011, to 830.3 GWh. Rural consumption experienced considerable growth again of 29.0%. The captive and industrial sectors continued to record substantial growth, of 17.3%. Total energy distributed, including captive and free consumers, sales to distributors and unbilled sales, consequently stood at 980.0 GWh in 3Q12, an expansion of 12.3% over the same quarter last year.

Captive consumption rose by an accumulated 9.8% in 9M12 over 9M11 and total energy distributed stood at 2,920.7 GWh, i.e. 7.7% more than in 9M11. The table below shows the change in electricity sales by segment over the first nine months of the year:

Electricity Sales by Segment
(In GWh)

	Quarter			9 months		
Description	3Q12	3Q11	Change %	9M12	9M11	Change %
a) Energy Sales in the Retail Market	**830.3**	**763.6**	**+ 8.7**	**2,549.9**	**2,321.5**	**+ 9.8**
* Residential	309.9	292.8	+ 5.8	970.9	901.6	+ 7.7
* Industrial	157.5	145.7	+ 8.1	464.1	435.5	+ 6.6
* Commercial	141.0	130.0	+ 8.5	444.9	398.7	+ 11.6
* Rural	63.2	49.0	+ 29.0	193.1	147.6	+ 30.8
* Other sectors	158.7	146.1	+ 8.6	476.9	438.1	+ 8.9
b) Electricity Sales to Distributors	33.7	21.2	+ 59.0	35.4	100.0	- 64.6
c) Net Unbilled Sales	(5.9)	(4.4)	+ 34.1	(1.5)	(4.3)	- 65.1
d) Total Electricity Sales (a+b+c)	**858.1**	**780.4**	**+ 10.0**	**2,583.8**	**2,417.2**	**+ 6.9**
e) Energy associated with Free Consumers	121.9	92.4	+ 31.9	336.9	294.6	+ 14.4
f) Total Electricity Distributed (d+e)	**980.0**	**872.8**	**+ 12.3**	**2,920.7**	**2,711.8**	**+ 7.7**

3.2 - Management of energy losses

By maintaining its focus on continually cutting electricity losses, Energisa Paraíba has broken another record. In the past 12 months ended September 2012 electricity losses amounted to 12.88%, a decrease of 0.99 percentage points over the same period ended September last year.

4 - Investment

In order to enhance service quality, Energisa Paraíba's investment amounted to R$ 98.6 million in the first nine months of 2012, an increase of 2.5% over the same period last year, which saw investment of R$ 96.2 million.

5 - Dividends

On October 23 the Energisa Paraíba Board of Directors approved the payment of interim dividends from the net income for the 3rd quarter of 2012 in the amount of R$ 28.9 million, or R$ 31.51 per Company share. Payment will be made by December 27, 2012.

6- Services rendered by the independent auditor

The total remuneration of Deloitte Touche Tohmatsu Auditores Independentes for the services provided to Energisa Paraíba in the first nine months of 2012 was R$ 323,000, as follows: i) R$ 177,000 for reviewing the financial statements and ii) R$ 146,000 for reviewing the processes and procedures implemented to obtain corporate income tax incentives – Sudene.

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 Paraíba – Distribuidora de Energia S/A
Balance Sheet
September 30, 2012 and December 31, 2011
(In thousands of reais)

	9/30/2012	12/31/2011
Assets		
Current		
Cash and cash equivalents	131,505	62,753
Money market and secured funds	45,694	40,504
Consumers and concessionaires	156,564	167,014
Credit receivables	61,217	53,955
Inventory	5,599	4,592
Recoverable taxes	30,248	35,520
Prepaid expenses	6,761	4,537
Low income	14,408	9,888
other receivables	12,197	10,600
Total current	**464,193**	**389,363**
Noncurrent		
Noncurrent assets		
Money market and secured funds	13,346	5,735
Credit receivables	50,981	63,992
Recoverable taxes	24,817	26,106
Tax credits	103,806	111,014
Restricted deposits and escrows	24,710	20,984
Derivative financial instruments	1,665	2,649
Accounts receivable from the concession	129,104	30,777
Other	1,550	1,550
	349,979	**262,807**
Investments	98	73
Intangible assets	566,094	606,784
Total noncurrent	**916,171**	**869,664**
Total Assets	**1,380,364**	**1,259,027**

See the accompanying notes to the financial statements.

2. Balance Sheet - Liabilities

Energisa Paraíba – Distribuidora de Energia S/A
Balance Sheet
September 30, 2012 and December 31, 2011
(In thousands of reais)

	9/30/2012	12/31/2011
Liabilities		
Current		
Suppliers payable	72,248	63,767
Debt charges	3,849	6,766
Loans and financing	155,304	40,649
Debentures	2,234	426
Payroll	1,601	1,523
Taxes and social contributions	46,567	50,532
Dividends	417	417
Estimated obligations	9,270	6,722
Consumer charges payable	6,982	11,549
Public lighting fee	3,571	3,752
Employee benefits - pension plan	6,698	6,698
Other accounts payable	23,476	25,108
Total current	**332,217**	**217,909**
Noncurrent		
Noncurrent Liabilities		
Suppliers payable	2,529	2,371
Loans and financing	319,148	328,009
Debentures	79,567	79,567
Derivative financial instruments	-	6,409
Taxes and social contributions	12,386	9,603
Provision for contingencies	37,484	38,200
Employee benefits - pension plan	21,562	20,401
Other	572	332
Total noncurrent	**473,248**	**484,892**
Shareholders' equity		
Capital	386,516	363,573
Treasury stock	(538)	(538)
Capital reserve	97,540	97,540
Profit reserves	34,025	56,968
Additional dividends proposed	-	38,683
Retained earnings accumulated	57,356	-
	574,899	**556,226**
Total liabilities	**1,380,364**	**1,259,027**

See the accompanying notes to the financial statements.

3. Income Statement

Energisa Paraíba – Distribuidora de Energia S/A
Income Statement
Nine months ended September 30, 2012 and 2011
(In thousands of reais)

	9M12	9M11
Revenues		
Electricity sales to consumers	1,035,410	886,063
Electricity sales to distributors	2,018	1,505
Electricity network usage charges	45,000	38,564
Construction revenue	93,709	86,673
Other revenue	9,588	7,248
	1,185,725	**1,020,053**
Deductions from operating revenue		
ICMS on billing	214,304	193,839
PIS, Cofins and ISS	101,200	87,130
Quotas for global reversal reserve	9,350	8,213
Others (PEE, CDE, CCC e P&D)	48,456	42,014
	373,310	**331,196**
Net operating revenue	**812,415**	**688,857**
Operating expenses (revenue)		
Personnel (includes pension fund expenses)	71,102	65,628
Material	9,147	8,864
Outsourced services	56,611	54,714
Electricity purchased for resale	304,075	261,283
Transmission of electricity	53,416	44,690
Depreciation and amortization	30,200	31,924
Allowance for doubtful accounts / contingencies	9,416	7,826
Construction cost	93,709	86,673
Other expenses / revenue	13,125	12,435
	640,801	**574,037**
Income before other revenue and expenses	**171,614**	**114,820**
Financial revenue (expense)		
Income from interest-earning bank deposits	7,752	11,349
Monetary variation and arrears surcharge on energy sold	15,153	13,714
Other financial revenue	2,969	2,868
Debt charges - interest	(32,881)	(33,803)
Debt charges - monetary and exchange variance	(9,931)	(13,382)
(-) Transfer to orders in progress	3,491	3,554
Mark-to-market of derivatives	(2,121)	(2,874)
Derivative financial instruments	7,588	5,726
Restatement of assets	9,667	(5,230)
Other financial expenses	(8,579)	(8,977)
	(6,892)	**(27,055)**
Income before tax	**164,722**	**87,765**
Income and social contribution taxes	(33,252)	(17,815)
Net income for the period	**131,470**	**69,950**
Net income per share of capital - R$	**143.19**	**76.18**

See the accompanying notes to the financial statements.

4. Statements of Cash Flows

Energisa Paraíba – Distribuidora de Energia S/A
Statements of Cash Flows
Nine months ended September 30, 2012 and 2011 (In thousands of reais)

	9/30/2012	9/30/2011
Operating activities		
Income before tax	164,722	87,765
Expenses (revenue) not affecting cash:		
Expenses on interest and monetary variance - net	38,933	48,944
Allowance for doubtful accounts	4,028	3,030
Depreciation and amortization	30,201	31,924
Provision for contingencies	(2,146)	(3,378)
Tax credits	3,533	(471)
Residual value of retired permanent assets	5,246	4,961
Mark-to-market of Derivatives	2,121	2,874
Derivative Financial Instruments	(7,588)	(5,726)
Subtotal	**239,050**	**169,923**
Changes in assets and liabilities		
Consumers and concessionaires	7,898	7,188
Credit receivables	4,273	(13,876)
Inventory	(1,007)	(2,072)
Recoverable taxes	(17,994)	(914)
Escrow and secured deposits	1,172	(2,884)
Prepaid expenses	(2,223)	(1,866)
Other accounts receivable	(6,184)	6,141
Suppliers payable	8,639	(14,743)
Payroll	78	(163)
Taxes and social contributions	11,787	62
Income and social contribution taxes paid	(22,890)	(2,590)
Financing of taxes	-	(983)
Estimated obligations	2,547	2,514
Consumer charges payable	(4,567)	4,776
Other accounts payable	(412)	(5,908)
	(18,883)	**(25,318)**
Net cash produced by operating activities	**220,167**	**144,605**
Investment activities		
Capital increase, acquisition shares of subsidiaries and other investments	(26)	(28,137)
Interest-earning bank deposits and Secured Funds	(36,122)	(5,065)
Discharge of investments	25,667	47,402
Additions to Intangible assets	(95,145)	(96,151)
Consumer, government and state contributions	12,297	6,795
Net cash consumed in investment activities	**(93,329)**	**(75,156)**
Financing activities		
New loans and financing	121,790	4,805
Payments of loans and debentures - principal	(33,948)	(47,454)
Payments of loans and debentures - interest	(32,647)	(33,047)
Settlement of Derivative Financial Instruments	(483)	(1,720)
Payment of dividends	(112,797)	(29,303)
Net cash consumed in financing activities	**(58,085)**	**(106,719)**
Increase (Decrease of cash and cash equivalents)	**68,753**	**(37,270)**
Opening cash and cash equivalents	62,752	92,862
Closing cash and cash equivalents	131,505	55,592
Net cash variation	**68,753**	**(37,270)**

See the accompanying notes to the financial statements.

Energisa Paraíba - Distribuidora de Energia S.A.
Notes to the quarterly information
period ended September 30, 2012
(In thousands of reais, unless stated otherwise)

1. Operations

A part of ENERGISA GROUP, Energisa Paraíba – Distribuidora de Energia S/A ("Company or Energisa PB") is an electricity distribution company, operating in 216 municipalities in the state of Paraíba, serving 1,208,164 consumers (information not revised by the independent auditors). The Company has its registered office in the city of João Pessoa, Paraíba state, and **obtained listed company status at the CVM on January 29, 2010.**

The concession operator's main obligations stipulated in the concession arrangement as per ICPC 01 (R1) and ICPC 17 are to:

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

II - Carry out the work necessary to provide the concession services and replace assets, operating the infrastructure so as to ensure the regular, continuous, efficient and safe provision of services and charging of rates

III - Organize and maintain a record and inventory of the concession assets and ensure the integrity thereof. Concession operators may not sell or submit as guarantee the assets without the prior express consent of the regulatory agency

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

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

VI –Submit to the prior approval of the National Electricity Regulatory Agency (ANEEL) any changes in share control 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, concession accounts receivable, concession revenue and concession term can be seen in notes 9, 14, 22 and 27 respectively.

2. Presentation of the quarterly information

Approved by the Board of Directors on November 08, 2012, 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 Company did not report any comprehensive income in the current period.

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, 2011 (hereinafter referred to as "Financial Statements as of December 31, 2011"), published in the official press on March 12, 2012.

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 information about the new accounting procedures issued by the IASB has not undergone any significant changes in relation to that disclosed in Note 3 to the Financial Statements as of December 31, 2011.

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 216 municipalities in Paraíba state, and its income statement denotes this activity.

5. Cash and cash equivalents, money market and secured funds

a) Cash and cash equivalents

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

Financial institution	Type	Maturity (*)	Compensation	9/30/2012	12/31/2011
BB Amplo	Investment Fund	-	Benchmark CDI	1	-
BMG	CDB	1/24/2014	112,0% of CDI	-	16,613
BTG Pactual	Investment Fund	-	Benchmark CDI	25	-
CEF	CDB	9/25/2014 to 9/30/2014	100,5% of CDI	16,679	10,487
CEF	Investment Fund	-	Benchmark CDI	361	8,497
Itaú	Investment Fund	-	Benchmark CDI	2	104
Mercantil	CDB	6/15/2015	105,0% of CDI	-	1,243
Santander	Debentures (**)	9/10/2014 to 9/12/2014	103.2% to 104.0% of CDI	84,456	-
Santander	Investment Fund	-	Benchmark CDI	911	-
				102,435	**36,944**
Cash and banks				**29,070**	**25,809**
Total cash and cash equivalents				**131,505**	**62,753**

b) Money market and secured funds

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

Financial institution	Type	Maturity	Compensation	9/30/2012	12/31/2011
ABC Brasil	CDB	10/29/2012	104,5% of CDI	10	16
BES	CDB	3/19/2015 to 5/6/2015	102.5% to 103.0% of CDI	11	13
BICBanco	CDB	2/22/2013 to 8/26/2014	98.0% to 115.0% of CDI	3,085	2,868
BMG	CDB	12/16/2013 to 1/24/2014	112,0% of CDI	1,759	1,630
Bradesco	CDB	7/25/2013	99,0% of CDI	306	317
Bradesco	Investment Fund	-	Benchmark CDI	2,372	-
CEF	Savings	-	Savings	87	87
HSBC	CDB	8/3/2015	100,0% of CDI	616	600
Itaú	CDB	3/11/2013 to 6/27/2014	95.0% to 103.5% of CDI	610	571
Itaú	Debentures (**)	12/3/2013 to 12/6/2013	102,0% of CDI	299	280
Itaú	Investment Fund	-	Benchmark CDI	794	506
Nordeste	CDB	1/2/2014 to 7/30/2019	90.0% to 100.0% of CDI	34,843	31,811
Nordeste	Capitalization Bond	12/22/2013	100,0% of CDI	19	-
Pine	CDB	2/8/2017	104,0% of CDI	879	877
Standard Bank	CDB	2/1/2013	100,25% of CDI	4	4
				45,694	**39,580**

b.2 Available-for-sale financial securities

Bradesco	Investment Fund	-	Benchmark CDI	-	924
				-	**924**

b.3 Held-to-maturity securities

Itaú	Credit Receivables Investment Funds	11/1/2012 to 12/29/2020	100,0% of CDI	5,076	5,735
Mercantil	DPGE	5/15/2014	113,0% of CDI	8,270	-
				13,346	**5,735**
Total money market and secured funds				**59,040**	**46,239**
Current				**45,694**	**40,504**
Noncurrent				**13,346**	**5,735**

(*) The dates presented denote the maturity of the security underlying the financial investments. These investments can be redeemed within 90 days 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.

6. Consumers and concessionaires

Consumer Sectors	Overdue balances (1)	Overdue up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	9/30/2012	12/31/2011
Residential	22,557	15,843	5,442	2,840	393	95	47,170	52,955
Industrial	20,167	1,154	317	249	546	5,439	27,872	27,939
Commerce, services and other activities	18,095	4,237	1,272	1,133	1,078	988	26,803	29,060
Rural	2,858	1,289	678	670	170	1,930	7,595	13,239
Government:								
Federal	2,155	386	68	23	5	3	2,640	2,598
State	3,452	621	108	36	8	1	4,226	4,164
Municipal	2,464	443	77	26	6	1	3,017	2,972
Public lighting	5,082	1,268	413	66	-	6	6,835	5,674
Public utility	8,924	104	7,387	89	179	1	16,684	6,210
Subtotal - consumers	**85,754**	**25,345**	**15,762**	**5,132**	**2,385**	**8,464**	**142,842**	**144,811**
Concession operators **(2)**	-	-	-	-	-	-	2,051	103
Unbilled sales	-	-	-	-	-	-	22,891	31,464
Other	-	-	-	-	-	-	1,715	1,019
(-) Allowance for doubtful accounts	-	-	-	-	-	-	(12,935)	(10,383)
Total - Current	**85,754**	**25,345**	**15,762**	**5,132**	**2,385**	**8,464**	**156,564**	**167,014**

(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 CCEE balances are recorded under "suppliers payable" in the current liabilities of R$ 1,839 (R$ 2,953 as of December 31, 2011), referring to the acquisition of electricity and system service charges.

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 based on specific interest rates that reflect the nature of these assets (IGPM).

As of September 30, 2012 the balances were the following:

	9/30/2012	12/31/2011
Credit receivables	138,451	152,390
Adjustment to present value	(12,099)	(21,766)
(-) Allowance for doubtful accounts (*)	(14,154)	(12,677)
	112,198	117,947
Current	61,217	53,955
Noncurrent	50,981	63,992

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

As of September 30, 2012, the maturities of receivables are scheduled as follows:

Overdue	14,154
2012	24,576
2013	48,178
2014	18,450
2015	12,547
2016	9,462
2017	4,951
2018 onwards	6,133
Subtotal	138,451
(-) Adjustment to present value	(12,099)
Total	**126,352**

8. Allowance for doubtful accounts

Change in provisions	9/30/2012	12/31/2011
Opening balance	23,060	20,076
Provisions recorded in the year	7,114	6,036
Reversal of provisions in the year	(3,085)	(3,052)
Balance - closing - current	27,089	23,060
Clients, consumers and concessionaires	12,935	10,383
Credit receivables	14,154	12,677

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. Periodical rate adjustment and review

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.

Rate review:

The periodical rate review occurs every 4 years, with the next review scheduled for August 2013.

In this process ANEEL recalculated 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.

Rate adjustments:

On August 21, 2012 Resolution 1,338 ratified the Company's rate review in force since August 28, 2012. The effective rate impact felt by consumers was 6.96%.

10. Low income and other receivables

	9/30/2012	12/31/2011
Low income	14,408	9,888
Service orders in progress - PEE and R&D	5,953	5,022
Service orders in progress - other	1,176	544
Deactivation orders in progress	(1,470)	(1,076)
Free energy (*)	1,784	1,784
Other	4,754	4,326
	26,605	20,488

Changes in low income follow:

	9/30/2012	12/31/2011
Balance - opening	**9,888**	**14,253**
Low-income subsidy	61,952	51,305
Eletrobrás Reimbursement	(57,432)	(55,670)
Closing balance - current	**14,408**	**9,888**

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 RGR – Global Reversal Reserve and the CDE – Energy Development Account, both administrated by Eletrobrás. Management does not expect to record any losses in the realization of the balance.

(*) Recalculation of the pass-through to generators in accordance with Aneel Normative Resolution 387/2009.

11. Recoverable taxes

	9/30/2012	12/31/2011
Value Added Tax on Sales and Services - ICMS	22,593	24,643
Income Tax Withheld at Source	92	192
Corporate Income Tax - IRPJ	3,870	3,937
Social Contribution on Net Income – CSSL	269	69
PIS and COFINS contribution	28,235	27,884
Other	6	4,901
	55,065	**61,626**
Current	30,248	35,520
Noncurrent	24,817	26,106

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 Borborema – Distribuidora de Energia S/A, Energisa Sergipe - Distribuidora de Energia S/A, Energisa Minas Gerais - Distribuidora de Energia S/A, Energisa Nova Friburgo – Distribuidora de Energia S/A, Energisa Soluções S/A, Energisa Comercializadora Ltda., Energisa Serviços Aéreos S/A, Energisa Planejamento e Corretagem de Seguros Ltda., Energisa Geração Rio Grande S/A, Termosergipe S/A, Pequena Central Hidrelétrica Zé Tunim 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), (related parties of the Company).

Transactions conducted in the year by the company:

	ESA (1)	EBO (2)	1/1/2012 to 9/30/2012	1/1/2011 to 9/30/2011
Outsourced services	(15,091)	-	(15,091)	(14,348)
Electricity supplied/ (purchased)	-	3,352	3,352	1,839

	ESA (1)	EBO (2)	7/1/2012 to 9/30/2012	7/1/2011 to 9/30/2011
Outsourced services	(5,057)	-	(5,057)	(4,848)
Electricity supplied/ (purchased)	-	1,322	1,322	745

			9/30/2012	12/31/2011
Balance of trade payables	1,582	-	1,582	1,616
Balance receivable - consumers and concession operators	-	447	447	235

(1) 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.

(2) The amounts brought in through electricity sales are supported by energy purchase and sale contracts that were submitted to the Concession Authority for approval.

Administrator Compensation

As of September 30, 2012 the members of the Board of Directors received compensation of R$ 1,178 (R$ 1,417 as of September 30, 2011) and the Executive Board R$ 1,709 (R$ 2,138 as of September 30, 2011). In addition to this compensation, the Company provides private pension, health insurance and life insurance benefits to its directors, generating an expense of R$ 506 (R$ 380 as of September 30, 2011). The social charges on the compensation amounted to R$ 481 (R$ 457 as of September 30, 2011).

As of September 30, 2012 the highest and lowest remuneration attributed to directors was R$ 38 and R$ 6 (R$ 35 and R$ 8 as of September 30, 2011) respectively. The average remuneration in the 3rd quarter of 2012 was R$ 20 (R$ 19 as of September 30, 2011).

13. Deferred taxes and current income tax and social contribution expense

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.

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

Period	Tax credit realizations
2012	2,156
2013	8,224
2014	7,924
2015	7,824
2016	7,724
2017 to 2021	69,954
Total	**103,806**

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

	7/1/2012 to 9/30/2012	1/1/2012 to 9/30/2012	7/1/2011 to 9/30/2011	1/1/2011 to 9/30/2011
Profit before income and social contribution taxes	47,303	164,722	29,795	87,765
Combined tax bracket	34%	34%	34%	34%
Income and social contribution taxes expense, calculated at the total tax bracket	(16,083)	(56,005)	(10,130)	(29,840)
Adjustments:				
Exclusions - SUDENE Tax incentive (*)	8,504	21,321	3,677	11,158
Other	243	1,432	513	867
Income tax and social contribution expense	(7,336)	(33,252)	(5,940)	(17,815)
Effective rate	**15.5%**	**20.2%**	**19.9%**	**20.4%**

(*) The decreases to income tax and surcharges resulting from the SUDENE Incentive in the periods ended September 30, 2012 and 2011 of R$ 21,321 (R$ 11,158 as of September 30, 2011) have been directly recorded in the income statement for the year under "current income and social contribution taxes", in accordance with Law 11638/07 and Provisional Law 449/08.

The Company has obtained a reduction to its income tax and surcharges of 75% until FY 2012 and 12.5% until FY 2013. The aforesaid tax benefit consists of a reduction of the Income Tax calculated on operating profits.

Deferred taxes recognized in the balance sheet:

	9/30/2012	12/31/2011
Assets		
Temporary differences (1):		
Income tax	77,381	82,680
Social contribution	26,425	28,334
Total noncurrent	**103,806**	**111,014**

(1) These temporary differences mainly refer to provisions and swap earnings and the tax incentive on the incorporated goodwill of R$ 70,909 (R$ 74,583 as of December 31, 2011).

The tax benefit is being amortized over the remaining term of the concession over 237 monthly installments, and according to the annual projected income, as determined by ANEEL Resolution 759 of December 12, 2006.

14. Accounts receivable from the concession

The Company has a noncurrent balance of R$ 129,104 (R$ 30,777 as of December 31, 2011) consisting of credits receivable from the concession authority for the unconditional right to receive cash at the end of the concession as compensation for investments made and not recovered when providing the concession services. These financial assets are recorded at the historic residual value of the concession assets, which are returned to the concession authority at the end of the concession.

On February 07, 2012 ANEEL issued Normative Resolution 474 which established the new useful economic life for concession assets, converted into annual depreciation rates, retrospectively applicable from January 01, 2012.

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.

Because ICPC 01 (IFRIC 12) does not address the accounting procedure in this situation, Management exercised its judgment by applying an accounting policy that reflects the economic essence of this amendment and adequately represents the financial position, as required by CPC 23 (IAS 8), item 10.

As a result of this analysis, the increase in the balance of compensatable financial assets of R$ 76,998 as of January 01, 2012 was charged to the balance of intangible assets, to reflect the new portion to be directly recovered from the concession authority at the end of the concession. This entry resulted in equivalent reduction to the balance of intangible assets to adjust the portion to be recovered through the provision of concession services (energy sale).

This right is classified as loans and receivables in the noncurrent assets. As of September 30, 2012 this balance stands at:

Change	9/30/2012	12/31/2011
Opening balance	30,777	19,468
Additions	14,908	11,309
Normative Resolution 474	76,998	-
Write-offs	6,421	-
Balance - closing - noncurrent	**129,104**	**30,777**

15. Intangible assets

Concession agreements

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

	12/31/2011	Addition	Transfers	Write-offs	Amortization	9/30/2012
In Service						
Cost	1,090,219	-	53,124	(92,118)	-	1,051,225
Amortization	(373,468)	-	-	4,527	(35,226)	(404,167)
Subtotal	716,751	-	53,124	(87,591)	(35,226)	647,058
In Progress (*)	85,436	98,555	(53,124)	(18,492)	-	112,375
Total	802,187	98,555	-	(106,083)	(35,226)	759,433
Obligations linked to the concession						
In Service						
Cost	178,736	-	9,499	(5,752)	-	182,483
Amortization	(19,068)	-	-	-	(5,025)	(24,093)
Subtotal	159,668	-	9,499	(5,752)	(5,025)	158,390
In Progress (*)	35,735	12,297	(9,499)	(3,584)	-	34,949
Total	195,403	12,297	-	(9,336)	(5,025)	193,339
Total	**606,784**	**86,258**	**-**	**(96,747)**	**(30,201)**	**566,094**

(*) The write-offs from assets in progress consist of the transfers to accounts receivable from the concession.

The assets used by the Company in its operations are tied to public energy 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 based on the economic benefits generated annually. The average amortization rate used in (3.85%).

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 intangible assets is reduced by obligations linked to the concession, consisting of:

Obligations linked to the concession:	9/30/2012	12/31/2011
Consumer contributions	59,865	61,510
Government Subsidy – CDE funds	156,924	141,267
State Government Subsidy	10,512	18,989
(-) Accumulated amortization	(24,089)	(19,070)
Total	**203,212**	**202,696**
Allocation:		
Accounts receivable from the concession	9,873	7,293
Infrastructure - Intangible assets in service	158,390	159,668
Infrastructure - Intangible assets in progress	34,949	35,735
Total	**203,212**	**202,696**

- Consumer contributions represent third-party participation in construction work to supply electricity to areas not embraced by the electricity concessionaires' expansion projects.
- Government subsidies – CDE funds and Government subsidies derive from the Energy Development Account - CDE and are allocated to the Light for All program.

During the period ended September 30, 2012 and 2011 the Company transferred financial charges to the intangible assets in progress, as shown below:

	9/30/2012	9/30/2011
Financial charges recorded in income statement	32,881	33,803
(-) transfer to intangible assets in progress (*)	(3,491)	(3,554)
Net effect on income	**29,390**	**30,249**

(*) Pursuant to CPC 20, the Company used the average weighted rate to appropriate the costs of loans for assets not directly related and the effective rate for the specific assets.

16. Suppliers payable

	9/30/2012	12/31/2011
Supplies:		
CCEE (1)	1,839	2,953
Bilateral Contracts (1)	51,046	42,022
Use of the high-voltage national grid (1)	6,329	4,716
Connection to the grid (1)	281	260
Use of the distribution/transmission system (1)	1,525	1,246
Materials, services and other (2)	13,757	14,941
Total	**74,777**	**66,138**
Current	72,248	63,767
Noncurrent	2,529	2,371

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		Total		Re.
		Current	Noncurrent	9/30/2012	12/31/2011	
Local currency						
Credit Receivables Investment Fund - Energisa Group II (*)	19	1,254	-	1,273	6,723	
Credit Receivables Investment Fund - Energisa Group III (*)	326	-	61,000	61,326	61,548	
Eletrobrás - Light for All – 1st tranche	29	337	1,223	1,589	1,881	
Eletrobrás - Light for All – 2nd tranche	72	510	2,646	3,228	3,659	
Eletrobrás - Light for All – 3rd tranche	67	616	2,188	2,871	3,180	
Eletrobrás - Light for All – 4th tranche	63	444	2,355	2,862	4,388	
Eletrobrás - Light for All – 5th tranche	80	379	3,428	3,887	4,185	
Eletrobrás - Light for All – 6th tranche	6	376	3,531	3,913	2,222	
Eletrobrás- Subtransmission	41	7,946	13,724	21,711	24,965	
Eletrobrás - Rural Electrification I	-	11	4	15	32	
Eletrobrás - Rural Electrification II	-	8	14	22	33	
Eletrobrás - Rural Electrification III	-	6	10	16	24	
Eletrobrás – Rural Electrification Program	-	-	-	-	74	
Eletrobrás – Return of LPT	-	-	-	-	6,908	
Eletrobrás – Return of LPT	-	-	6,739	6,739	-	
Banco do Nordeste - Investment Financing 2005-2006 (FNE)	26	6,651	6,337	13,014	16,910	
Banco do Nordeste - Investment Financing 2007-2008 (FNE)	136	9,423	35,611	45,170	52,229	
Banco do Nordeste - Investment Financing 2008-2009 (FNE)	55	8,954	48,446	57,455	57,785	
Banco do Nordeste - Investment Financing 2007-2008 (FAT)	7	2,431	9,103	11,541	13,366	
Banco Itaú BBA - FINAME	81	1,263	8,918	10,262	7,150	
Total local currency	**1,008**	**40,609**	**205,277**	**246,894**	**267,262**	
(-) Borrowing costs incurred	(44)	(302)	(1,670)	(2,016)	-	
Foreign currency						
NOTES UNITS	2,652	117,090	-	119,742	113,878	(1)
Banco Itau BBA	174	-	34,317	34,491	-	
Citibank	59	-	81,224	81,283	-	
Total foreign currency	**2,885**	**117,090**	**115,541**	**235,516**	**113,878**	
(-) Borrowing costs incurred	-	(2,093)	-	(2,093)	(5,716)	
Total ENERGISA PARAÍBA	**3,849**	**155,304**	**319,148**	**478,301**	**375,424**	

(*) To guarantee payment of the short-term portions, the Company maintains interest-earning bank deposits to the amount of R$ 39,919 (R$ 37,546 as of December 31, 2011), recorded under "Money market and secured funds" in the current assets.

(1) The NOTES UNITS financing 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 24 – Financial Instruments). All these covenants were being performed as of September 30, 2012.

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 covenants of the loans and financing as of September 30, 2012:

Operation	Details of the Operation				Cost of the Debt			
	Maturity	Amortization Frequency	Collateral	Average Term months	Index	Interest rate p.a.	TIR (Effective interest rate)	Ref
Credit Receivables Investment Fund - Energisa Group II	Nov-2012	monthly	Receivables	1	CDI	+ 0.8%	1.08%	
Credit Receivables Investment Fund - Energisa Group III	Dec-2020	monthly, after Dec 2017	Receivables	81	CDI	+ 0.7%	0.83%	
NOTES UNITS	Jul-2013	final	-	10	US dollar	+ 10.5%	10.94%	(1)
Eletrobrás - Light for All – 1st tranche	Nov-2016	monthly	Receivables	26	RGR	+ 5.0%	5.0%	
Eletrobrás - Light for All – 2nd tranche	Apr-2018	monthly	Receivables	34	RGR	+ 5.0%	5.0%	
Eletrobrás - Light for All – 3rd tranche	Aug-2019	monthly	Receivables	38	RGR	+ 5.0%	5.0%	
Eletrobrás - Light for All – 4th tranche	Nov-2020	monthly	Receivables	47	RGR	+ 5.0%	5.0%	
Eletrobrás - Light for All – 5th tranche	Aug-2021	monthly	Receivables	54	RGR	+ 5.0%	5.0%	
Eletrobrás - Light for All – 6th tranche	Oct-2022	monthly, after Oct 2012	Receivables	61	RGR	+ 5.0%	5.0%	
Eletrobrás- Subtransmission	Mar-2016	monthly	Receivables	20	RGR	+ 5.0%	5.0%	
Eletrobrás - Rural Electrification I	Nov-2013	quarterly	-	8	RGR	+ 8.0%	8.0%	
Eletrobrás - Rural Electrification II	Nov-2014	quarterly	-	15	RGR	+ 8.0%	8.0%	
Eletrobrás - Rural Electrification III	Nov-2014	quarterly	-	15	RGR	+ 8.0%	8.0%	
Eletrobrás – Return of LPT	Jul-2012	monthly	-	7	Accrued Selic			
Banco do Nordeste – Financ. Investment 2005-2006 (FNE)	Nov-2014	monthly	Receivables + Reserve Fund	13	Fixed 7.7%		7.7%	(2)
Banco do Nordeste – Financ. Investment 2007-2008 (FNE)	Jun-2017	monthly	Receivables + Reserve Fund	29	Fixed 7.8%		8.0%	(2)
Banco do Nordeste – Financ. Investment 2007-2008 (FAT)	Jun-2017	monthly	Receivables + Reserve Fund	29	TJLP	+ 4.0%	4.2%	
Banco do Nordeste – Financ. Investment 2008-2009 (FNE)	Jun-2019	monthly, after Jun 2012	Receivables + Reserve Fund	41	Fixed 8.1%		8.1%	(2)
Banco Itaú BBA - FINAME	Until Feb-2021	monthly	Endorsement of Energisa S.A.	56	pre-fixed to 5.5%	4.5%	4.5% to 5.5%	
Banco Itaú BBA	Aug-2015	final	Endorsement of Energisa S.A.	35	Dollar + 3.2466		3.2466	
Citibank	Sep-2017	Annual after Sep.2016	Endorsement of Energisa S.A.	54	Libor + 1.8987		1.8987	

(1) – With Swap.
(2) - Includes a 25% and 15% bonus on interest for performance, for investments in and out of the semi-arid region respectively.

As of September 30, 2012, the maturities of the long-term financing are scheduled as follows:

	9/30/2012
2013	15,533
2014	34,837
2015	63,539
2016	65,620
2017	57,999
2017 onwards	81,620
Total	**319,148**

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

Contracts	2012	2013	2014	2014 onwards	9/30/2012
Credit Receivables Investment Fund - Energisa Group II (*)	11	-	-	-	**11**
Credit Receivables Investment Fund - Energisa Group III (*)	44	-	-	716	**760**
Banco do Nordeste - Investment Financing 2007-2008 (FNE)	32	124	108	271	**535**
Banco do Nordeste - Investment Financing 2007-2008 (FAT)	8	31	27	68	**134**
NOTES UNITS	1,570	523	-	-	**2,093**
Banco do Nordeste - Investment Financing 2008-2009 (FNE)	32	116	78	350	**576**
	1,697	**794**	**213**	**1,405**	**4,109**

18. Debentures (nonconvertible)

Main features of the debentures:

	1st 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 + 1.96% p.a.
Number of securities	80,000
Value at issue	80,000
Securities in circulation	80,000
Interest grace period	6 months
Renegotiation date	12/15/2012
Amortizations/installments	Final
Balances at 9/30/2012	**81,801**
Current	2,234
Noncurrent	79,567
Balances at 12/31/2011	**79,993**
Current	426
Noncurrent	79,567

(*) R$ 473 (R$ 493 as of December 31, 2011) 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, 2012.

The balances of debentures of R$ 79,567 is scheduled for maturity in 2014.

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

	9/30/2012
2012	157
2013	158
2014	158
	473

Renegotiation clauses:

Description	Company	Renegotiation Date/ Optional Early Redemption	Premium	Terms
Debentures 1st issuance	Energisa Paraíba	December 15, 2012	N/A	The Board of Directors shall resolve the debenture renegotiation terms, which the Companies shall apprise the debenture holders of.

19. Taxes and Payroll Contributions

	9/30/2012	12/31/2011
ICMS	18,647	21,246
Social Charges	1,758	1,881
IRPJ	11,646	10,561
CSSL	6,952	7,045
PIS / COFINS	17,488	17,084
IRRF	769	920
Other	1,693	1,398
Total	**58,953**	**60,135**
Current	46,567	50,532
Noncurrent	12,386	9,603

20. Provisions for labor, civil and tax risks

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

	Opening balance 12/31/2011	Provisions made	Reversal of provisions	Restatement	Closing balance 9/30/2012
Labor claims	10,245	2,615	(3,455)	396	9,801
Civil	22,069	4,978	(4,935)	837	22,949
Tax	5,886	-	(1,348)	196	4,734
Total	**38,200**	**7,593**	**(9,738)**	**1,429**	**37,484**
Restricted and escrow deposits (*)	(6,931)	(483)	1,474	(711)	(6,651)

(*) The Company has restricted and escrow deposits in its noncurrent assets of R$ 24,710 (R$ 20,984 as of December 31, 2011). Provisions for risks have not been made for R$ 18,059 (R$ 14,053 as of December 31, 2011) as the chances of success are rated as possible or probable.

Probable losses:

Labor claims

Based on the opinion of independent legal advisers, when applicable, in the period ended September 30, 2012 the Company's legal advisers analyzed the labor claims in progress and accordingly made a provision of a further R$ 2,615 (R$ 3,482 as of December 31, 2011), and reversed a provision of R$ 3,455 (R$ 4,179 as of December 31, 2011).

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$ 1,785.

In the period ended September 30, 2012 additional provisions were made of R$ 4,978 (R$ 7,146 as of December 31, 2011) and provisions reversed of R$ 4,935 (R$ 8,509 as of December 31, 2011).

Tax

Refers to disputes involving the Cofins, PIS, INSS, ISS, ICMS and CSLL taxes. The requirement to pay the liabilities has been stayed under the proceedings, either because the administrative proceedings are in progress or because the tax enforcements in progress have been duly guaranteed.

Provisions amounting to R$ 1,348 (R$ 3,487 as of December 31, 2011) were reversed in the period ended September 30, 2012 due to the settlement of judicial proceedings involving the INSS, COFINS and IRPJ taxes.

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 defeat has been rated as probable.

Possible losses:

The Company is party to labor, civil and tax claims in progress amounting to R$ 209,892 (R$ 188,048 as of December 31, 2011), where the chance of success has been estimated by the legal advisers 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 claim seeking joint liability for third-party debits amounting to R$ 7,458 (R$ 6,701 as of December 31, 2011).

Civil

These proceedings amount to R$ 45,325 (R$ 44,275 as of December 31, 2011) and are mainly claiming indemnification for alleged differences to be returned resulting from the CVA calculation, return of emergency charges, receivables allegedly due to the privatization of the company and consumer complaints (demand for supply irregularity and disconnection).

Tax

These proceedings amount to R$ 157,109 (R$ 137,072 as of December 31, 2011) claiming reductions to the IRPJ and CSSL calculation base - amortization of the goodwill acquired, ICMS differences paid on contracted demand, FGTS differences and the ground usage fee.

21. Shareholders' equity

21.1. Capital

The subscribed and paid-in capital is represented by 619,889 common shares, 298,902 Class "A" preferred shares and 147 preferred Class "B" shares, all nominative and with no par value. The preferred shares hold no voting rights but have priority in the reimbursement of capital, and are comprised of:

- Class A – Non-cumulative minimum dividends of 10% p.a., calculated on the capital assigned to this class of share.
- Class B — Non-cumulative mandatory dividends as stipulated in the Bylaws.

The Extraordinary General Meeting held April 25, 2012 approved the capital increase of R$ 22,943, without the issuance of new shares, by capitalizing the balance of the tax incentive reserve - income tax reduction accumulated until December 31, 2011. The share capital accordingly fell to R$ 386,516 (R$ 363,573 as of December 31, 2011).

Irrespective of amendments to the bylaws, the Company may increase its share capital through subscription to the limit of 6,000,000 shares, where the Board of Directors resolves the form, subscription terms and payment terms of the shares and the features of the shares to be issued and the issue price.

As authorized by its Board of Directors, in 2009 the Company bought back 422 common shares and 356 preferred shares of its issuance to be held in the Treasury, which have been recorded under "treasury stock" in the shareholders' equity at the amount of R$ 538. As it is a wholly owned subsidiary, the Company's shares have no market value.

21.2. Dividends

The corporate bylaws determine the payment of a mandatory dividend of 25% of the net income for the year, adjusted as stipulated by article 202 of Law 6404, dated 12/15/1976.

On February 14, 2012 the Board of Directors resolved to pay out additional dividends of R$ 38,683 (R$ 10.1326 per share) on March 31, 2012.

On August 09, 2012 the Company's Board of Directors approved the payment of interim dividends from the net income for the first half of this year, amounting to R$ 74,114 (R$ 80.72 per common and preferred share), commencing August 17, 2012.

22. Operating revenue

	9/30/2012				9/30/2011			
	Not reviewed by the independent auditors		7/1/2012 to 9/30/2012	1/1/2012 to 9/30/2012	Not reviewed by the independent auditors		7/1/2011 to 9/30/2011	1/1/2011 to 9/30/2011
	No. of consumers	MWh	R$	R$	No. of consumers	MWh	R$	R$
Residential	989,234	970,919	151,481	472,254	953,466	901,636	124,663	390,606
Industrial	4,595	464,068	53,081	153,886	4,597	435,480	47,464	137,204
Commercial	88,861	444,932	70,638	219,925	83,326	398,739	60,445	182,725
Rural	108,970	193,054	13,264	40,244	86,582	147,566	9,669	28,582
Government:								
Federal	574	36,780	10,274	31,539	544	34,560	9,342	28,328
State	3,003	50,125	8,151	25,020	2,847	47,100	7,411	22,473
Municipal	11,107	63,132	5,408	16,601	10,527	59,324	4,918	14,912
Public Lighting	637	165,690	15,570	45,494	604	146,485	12,937	37,265
Public Utility	1,014	158,087	13,495	39,021	990	147,593	15,487	45,180
Internal Use	148	3,117	-	-	131	3,012	-	-
Subtotal	**1,208,143**	**2,549,904**	**341,362**	**1,043,984**	**1,143,614**	**2,321,495**	**292,336**	**887,275**
Revenue from Remuneration of Concession Assets	-	-	1,250	3,079	-	-	529	1,485
Supply	-	35,390	1,999	2,018	-	99,969	437	1,505
Sales not invoiced (net)	-	(1,512)	(2,186)	(8,574)	-	(4,318)	(700)	(1,212)
Provision of the transmission and distribution system	-	-	15,674	45,000	-	-	12,487	38,564
Energy sales to free consumers	21	-	-	-	17	-	-	-
Construction Revenue	-	-	32,000	93,709	-	-	30,318	86,673
Other operating revenue	-	-	2,476	6,509	-	-	2,833	5,763
Total - gross operating revenue	**1,208,164**	**2,583,782**	**392,575**	**1,185,725**	**1,143,631**	**2,417,146**	**338,240**	**1,020,053**
Deductions from operating revenue								
ICMS	-	-	69,632	214,304	-	-	63,424	193,839
PIS	-	-	5,930	17,998	-	-	5,227	15,524
COFINS	-	-	27,311	82,900	-	-	24,078	71,506
ISS	-	-	38	302	-	-	34	100
Quota for RGR	-	-	1,988	9,350	-	-	2,797	8,213
Energy Efficiency Program - PEE	-	-	1,176	3,482	-	-	1,026	3,013
Energy development account - CDE	-	-	2,158	6,474	-	-	1,828	5,397
Energy Development Account - CCC	-	-	9,817	32,928	-	-	10,063	28,784
Research and Development Program – P&D	-	-	1,882	5,572	-	-	1,641	4,820
Total	-	-	119,932	373,310	-	-	110,118	331,196
Total - net operating revenue	**1,208,164**	**2,583,782**	**272,643**	**812,415**	**1,143,631**	**2,417,146**	**228,122**	**688,857**

23. Insurance coverage

The Company has the policy of taking out insurance coverage for the assets subject to risk at amounts considered sufficient 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 an interim financial information 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 (R$ thousand)	Annual Premium 9/30/2012 and 12/31/2011
Nominated Risks	11/9/2012	25,500	243
General Civil Liability	11/9/2012	33,953	251
Automobiles – Third-party material and personal damages.	10/23/2013	Up to R$ 200 k / vehicle	179
Collective life insurance – Personal Death and Accidents	12/31/2012	74,569	305
			978

Nominated Risks

The insurance policy specified 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, portable equipment, flooding/water damage, minor engineering work, extraordinary expenses, inclusion / exclusion of assets and sites, mistakes and omissions.

Civil Liability

The GERIP 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.

24. Financial instruments and risk management

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

	9/30/2012		12/31/2011	
ASSETS	**Book**	**Fair value**	**Book**	**Fair value**
Cash and cash equivalents	131,505	131,505	62,753	62,753
Money market and secured funds	59,040	59,040	46,239	46,239
Consumers and concessionaires	156,564	156,564	167,014	167,014
Credit receivables	112,198	112,198	117,947	117,947
Accounts receivable from the concession	129,104	129,104	30,777	30,777

	9/30/2012		12/31/2011	
LIABILITIES	**Book**	**Fair value**	**Book**	**Fair value**
Suppliers payable	(74,777)	(74,777)	(66,138)	(66,138)
Loans, financing, debentures and debt charges	(560,102)	(568,242)	(455,417)	(466,961)

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, 2012 and December 31, 2011 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, market valuations and/or effective interest rates.

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 and 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 obtained from Centrais Elétricas Brasileiras S.A. – Eletrobrás, BNB and BNDES , are compatible with the fair value of the transactions, as similar transactions are not available on the financial market, with comparable maturities and interest rates. In the case of the BONDs, Credit receivables investment funds and the 1st debentures issuance, the book value differs from the fair value as there is a market on which the securities can be traded.

Derivatives

Note that the estimated fair values of the financial assets and liabilities were determined through information available in the market and appropriate valuation methodologies. 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.

The Company has 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 for hedge transactions against adverse exchange variance in their US dollar denominated debt. 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.

- *Limitations*

The market values were estimated at the reporting date, based on "relevant market information". Changes in the assumptions may significantly affect the estimates presented.

- *Financial risk management*

The Board of Directors is generally responsible for establishing and supervising the risk management model of the Company. It has therefore implemented operating limits with pre-established amounts and indicators in the "Financial Risk Management policy" (available on the Company's site) and in the internal regulations of the Company's Executive Board. The Executive Board issues a monthly report on budgetary performance and risk factors involving the Company.

The Company's risk management policy was established 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 Company's activities.

The "Financial Market Risk Management Policy" was introduced on May 11, 2009 and was revised for the first time on April 27, 2010 and February 24, 2011; this policy can be viewed on the Company's website.

The Company has been using the services of a specialized, independent company in cash and debt risk management, which means that the main macroeconomic indicators 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.

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.

	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Suppliers payable	72,248	-	-	-	2,529	74,777
Loans, financing, debt charges and debentures	43,398	156,154	221,237	148,895	114,031	683,715
Total	**115,646**	**156,154**	**221,237**	**148,895**	**116,560**	**758,492**

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 of renowned solidity and risk is assessed in accordance with the "Financial Risk Management policy". The policy also gives priority to allocating the funds to short-term investments, with daily liquidity, whenever possible. It is also overseen by the Audit Committee of the Board of Directors, created in the first quarter of 2010.

The Company's credit risk is posed by accounts receivable, which however is 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:

	9/30/2012	12/31/2011
Cash and cash equivalents	131,505	62,753
Money market and secured funds	59,040	46,239
Consumers and concessionaires	156,564	167,014
Credit receivables	112,198	117,947
Accounts receivable from the concession	129,104	30,777

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, BNDES and BNB) 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 other alternatives or different market hypotheses and/or methods for their estimates, in view of the subsidiaries' business and sector specifics, these are measured by the amortized cost method at the contractual rates.

The Company's income is susceptible to variations due to the volatility of the currency coupon and exchange rate on liabilities denominated in foreign currencies, mainly the US dollar, which lost 8.25% in the period ended September 30, 2012 as compared to December 31, 2011, quoted at R$ 2.0306 / USD.

R$ 235,516 (R$ 113,878 as of December 31, 2011) of Energisa PB's bank debts and issuances of R$ 564,684 (R$ 461,606 as of December 31, 2011) as of September 30, 2012 is denominated in US dollars, (i) international Notes Units issuance, with an outstanding balance at the end of the period of USD 59 million (principal of USD 57.6 million), including interest (ii) USD 16.9 million loan from Banco Itaú BBA (principal of USD 16.9 million) and (iii) loan from Citibank with a balance at the end of the period of USD 40 million, including interest.

The notes mature on July 19, 2013 and pay interest of USD + 10.5% per annum. The loans mature by 2017 and incur costs of up to USD plus 4.33% per annum.

The balance sheet as of September 30, 2012 presents R$ 1,665 in the noncurrent assets (R$ 2,649 as of December 31, 2011) and R$ 6,409 as of December 31, 2011 in the noncurrent liabilities 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 financial statements 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 PB has hedged the aforementioned positions against adverse exchange variance, as mentioned earlier. See the details below:

1) Hedge for the principal of USD 57.6 million and interest of USD 12.3 million through a series of currency swaps with exchange-rate caps of between R$/USD 2.7150 (Jul-2012) and R$/USD 2.580 (Jul-2013) until 7/19/2013, referring to the international Notes Units issuance. The operation involves a swap of the cost of USD + 10.5% p.a. for 131.50% of the CDI variance, hedging semi-annual interest payments scheduled for 7/19/2012 to 07/19/2013 and the value of the principal at the latter date.

2) Hedge for the principal and interest of USD 16.9 million through a series of currency swaps with exchange-rate cap of R$/USD 2.85 until 8/17/2015, relating to the loan from Banco Itaú BBA. The operation involves a swap of the cost of USD + 4.33% p.a. for 100% of the CDI variance, hedging semi-annual interest payments scheduled for 2/18/2013 to 8/17/2015 and the value of the principal at the latter date.

3) Hedge for the principal of USD 40.0 million of principal and interest through a series of currency swaps with exchange-rate caps of between R$ / USD 3.0185 (Sep-2016) and R$ /USD 3.1975 (Sep-2017) through 9/21/2017 for the loan from Citibank. The operation involves a swap of the cost of USD plus (LIBOR plus 1.90% per annum) for 101% of the CDI variance, hedging semi-annual interest payments scheduled for 12/21/2012 to 9/21/2017 and the value of the principal at the latter date.

In the period the foreign exchange hedges yielded a gain of R$ 7,588 (R$ 5,726 as of September 30, 2011), due to appreciation of the US dollar.

Company Management monitors changes in the market, so that these hedge transactions may be restructured depending on the performance of the exchange rate (R$/USD), in terms of volatility and stabilization level. Company management sought to replace complex derivatives with simpler structures and greater liquidity, with a view to lower risk exposure.

In accordance with CVM Resolution 550/08, revoked by CVM Resolution 603/09, the values of the Company's financial derivatives as of September 30, 2012 and December 31, 2011 are summarized as follows:

	Reference Value			Fair Value		Accumulated effect	
	9/30/2012	12/31/2011	Description	9/30/2012	12/31/2011	Receivable / (Received)	Payable / (paid)
	Notional (BRL)		Receivable Position			-	-
			Foreign currency - USD	127,976	125,794		
Swap with options - Bond	88,173	97,604	Liability Position			-	(591)
			CDI Interest Rate	(122,764)	(128,226)	-	
			Foreign Currency Options (USD)	(109)	(1,328)	-	-
			Total Swap Position with Options	5,103	(3,760)	-	(591)
			Receivable Position			-	-
Swap with	34,138		Foreign currency - USD	36,461			
Options-			Liability Position			-	
Itaú BBA			CDI Interest Rate	(34,423)		-	
			Foreign Currency Options (USD)	(1,121)		-	-
			Total Swap Position with Options	917		-	
			Receivable Position			-	-
Swap with	80,960		Foreign Currency - USD Libor	82,345			
Options-			Liability Position			-	
Citibank			CDI Interest Rate	(81,339)		-	
			Foreign Currency Options (USD)	(5,361)		-	-
			Total Swap Position with Options	(4,355)		-	

The Fair Value of the derivatives as of September 30, 2012 as of December 31, 2011 was calculated 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 17 and the positive performance of the hedge mechanisms used, as described above. These contracts do not stipulate interim payments before their maturity date. The Company does not intend to settle these contracts before maturity. It also has 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 PB's 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). The Ptax exchange rate was obtained from the Central Bank's site. The implicit dollar volatility for options was obtained from other market sources.

Sensitivity Analysis

Pursuant to CVM Instruction 475/08 and Resolution 604/2009, which displaced Resolution 566/2008, the Company conducted sensitivity analyses on the main risks to which the financial instruments and derivatives are exposed, as shown:

a) Exchange variance

If the exchange exposure as of September 30, 2012 were maintained, and the effects on the future 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 - Bond and Swap with Itaú Options			13,296	(24,490)	(62,275)
Receivable position - Foreign Currency - USD	164,437		151,140	188,925	226,710
Payable Position - CDI Interest Rate	(157,188)	Higher f/x rate	(157,188)	(157,188)	(157,188)
Foreign Currency Options - USD	(1,230)		-	-	(26,240)
Subtotal	**6,019**		**(6,048)**	**31,737**	**43,282**
Net	6,019		7,248	7,247	(18,993)
Financial instruments - Swap with Options Citi	-		18,360	(2,364)	(13,632)
Receivable position - Foreign Currency - USD Libor	82,345	Higher f/x rate	63,985	79,981	95,977
Payable Position - CDI Interest Rate	(81,339)		(81,339)	(81,339)	(81,339)
Foreign Currency Options - USD	(5,361)		-	-	-
Subtotal	**(4,355)**		**(17,354)**	**(1,358)**	**14,638**
Net	(4,355)		1,006	(3,722)	1,006
Total	1,664		8,254	3,525	(17,987)

(*) Considers the macroeconomic scenario presented by the Focus Survey as of September 30, 2012 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, 2012, the derivatives are fully effective, which is reflected in the positive present value of R$ 8,254, 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$ 8,254 and negative value of R$ 17,989 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.

b) Interest rate variance

Considering the exposure of financial instruments indexed to interest rates as of September 30, 2012 is maintained and the respective accumulated annual indexes are (CDI 7.28% p.a., LTIR 6% p.a. and FNE 8% p.a.) and if the indexes vary in accordance with the three scenarios defined, the net financial result would be affected by:

Instruments	Exposure	Risk	Scenario I (Probable)(*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
	(R$ k)				
Receivable financial instruments:					
Money Market	161,475	Increase in CDI	2,923	3,630	4,329
Payable financial instruments:					
	(151,613)	Increase in CDI	(3,194)	(3,847)	(4,491)
Loans and financing	(11,542)	Increase in LTIR	(341)	(383)	(424)
	(58,183)	Increase in FNE	(963)	(1,204)	(1,445)
	(235,516)	Higher f/x rate	(3,809)	(4,761)	(5,714)
Subtotal (**)	(456,854)		(8,307)	(10,195)	(12,074)
Total	**(295,379)**		**(5,384)**	**(6,565)**	**(7,745)**

(*) Considers the CDI at December 31, 2012 (8.02% p.a.), quote of the estimates presented by the recent BACEN survey, dated September 30, 2012, TJLP of 6% p.a. and FNE funds of 8% p.a. (Loans contracted from Banco do Nordeste already reflecting the performance bonus).

(**) Does not include dollar transactions worth R$ 235,516

Fair value hierarchy

The table below presents financial instruments recorded at fair value using 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	Level	9/30/2012	12/31/2011
Assets			
Money market and secured funds	2	59,040	46,239
Derivative financial instruments	2	1,665	2,649
Liabilities		**9/30/2012**	**12/31/2011**
Derivative financial instruments	2	-	(6,409)

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.

25. Employee benefits

a) Retirement and pension supplementation plan

The Company sponsors fixed-benefit pension plans for its employees. The defined-benefit plan undergoes an actuarial assessment at the end of each financial year, in order to ascertain whether the contribution rates are sufficient to establish the reserves required to meet the current and future payment commitments. The figures of the latest assessment can be seen in note 33 to the financial statements for the year ended December 31, 2011.

The other information regarding the retirement and pension supplementation plans has not changed in relation to that disclosed in Note 33 to the Annual Financial Statements for the financial year ended December 31, 2011 (hereinafter referred to as "Financial Statements as of December 31, 2011"), published in the official press on March 12, 2012.

In the period ended September 30, 2012 the expense incurred on sponsoring these plans stood at R$ 6,414 (R$ 4,746 as of September 30, 2011).

b) Healthcare plan

The Company sponsors its employees' health insurance plans, which are managed by an operator regulated by the National Health Agency (ANS). Upon termination of employment or retirement, employees may retain their health insurance plans provided they assume all the costs; the Company has no post-employment ties with or obligations to employees. Expenses were incurred on this benefit of R$ 1,585 in the 3rd quarter of 2012 (R$ 1,223 as of September 30, 2011).

26. Commitments

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

Term	2012	2013	2014	2015	2016	2016 onwards
2012 to 2045	431,264	324,522	273,727	283,273	276,414	4,548,686

The amounts referring to energy acquisition contracts lasting between 8 and 30 years represent the volume contracted at the current price at the end of June 2012, which have been ratified by ANEEL.

27. Electricity distribution concession arrangement

On January 15, 2001 Energisa PB was authorized to distribute electricity in 216 municipalities in the state of Paraíba for the term of 30 years. The concession contract has been ratified by ANEEL.

In September 2012 the Federal Government issued Provisional Law 579 and Decree 7805 which reduce electricity charges and create the rules for the early renewal of public electricity service concessions expiring between 2015 and 2017. The Company's concession expires in January 2031.

Management believes that the reductions in sector charges payable on electricity will not directly impact the Company's earnings, as the revenue drop will be offset by lower charges and taxes.

28. Subsequent event

On October 23, 2012 the Company's Board of Directors approved the payment of interim dividends from the net income for the first 9 months of this year, amounting to R$ 28,931 (R$ 31.51 per common and preferred share). These dividends will be paid by December 27, 2012.

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