ENERGY CO OF MINAS GERAIS
Form 6-K
May 11, 2010
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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of May 2010

Commission File Number 1-15224

Energy Company of Minas Gerais

(Translation of Registrant s Name Into English)

Avenida Barbacena, 1200

30190-131 Belo Horizonte, Minas Gerais, Brazil

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA ENERGETICA DE MINAS GERAIS CEMIG

By:	/s/ Luiz Fernando Rolla	
	Name:	Luiz Fernando Rolla
	Title:	Chief Financial Officer, Investor Relations Officer and Control of Holdings Officer

Date: May 11, 2010

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1. First Quarter 2010 Earnings Release, Companhia Energética de Minas Gerais CEMIG

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Brazil s Best Electricity

Cemig H

1Q 2010

EARNINGS RELEASE

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Cemig s CEO, Mr. Djalma Bastos de Morais, makes these comments on Cemig s results for first quarter 2010:

The exceptional results achieved in the first quarter of 2010 reflect the success of our Long-term Strategic Plan, and the strategy arising from it, which, by focusing on the long term, enable Cemig to present growing results, with a balanced portfolio of businesses of low risk. After successfully making several acquisitions, Cemig now holds an excellent position, in a context of strong economic growth. This is shown by the exceptional growth in the consumer market, which is now back to pre-crisis levels.

We continue to do our homework , growing in all sectors in a balanced fashion, and with focus on operational excellence.

Finally, the results presented show that we are on the right path for the future, and that the decisions that we have taken in recent years are constantly adding value to our businesses making Cemig every day a stronger and more solid company, with efficient business management .

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Cemig s Chief Officer for Finance, Investor Relations and Control of Holdings, Luiz Fernando Rolla, comments as follows:

In the first quarter our company continued to provide consistent and robust cash flow, as a result of our operations, which aim to add value for our stockholders. Our EBITDA in the first quarter of 2010 was R$ 950 million, 22% more than in the first quarter of last year, benefiting from our policy of keeping high levels of operational efficiency. This excellence is evidenced by our net income, over R$ 419 million in the first 3 months of this year, 22% more than in the first quarter of 2009.

This new level of results reflects the correctness of our strategy of growth via acquisitions and new projects, within the process of consolidation of the sector.

With a universe now of 59 companies and 10 consortia, the Cemig Group presents operational synergies that are increasingly profitable, in a position of lower risk, with greater stability, and growth of its results in the long term.

Our solid cash position, of R$ 4.5 billion, makes execution of our Long Term Strategic plan possible, guaranteeing our dividend policy and debt management, and the execution of the planned investments, including those associated with acquisition opportunities.

The excellent results that we are presenting today show that we continue to add value, in a continuous and sustainable manner, for all our shareholders and other stakeholders.

The rest of this release gives the highlights of our first quarter figures.

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(Figures are in R$ 000, except where otherwise stated)

1Q10 headlines

- EBITDA: ***R$ 950 million***
- Net income: ***R$ 419 million***
- Net revenue: ***R$ 3 billion***
- Cash position: ***R$ 4.5 billion***
- Sales to final consumers: ***10,740 GWh***

Throughout this report the numbers of the 1st quarter of 2009 reflect the consolidation of Light by 25%, 11.97% adjusted in minority shareholdings, to reflect participation of 13.03% in the net income. Due to corporate events that occurred in December 2009, in the 1st quarter of 2010 consolidated numbers reflect Light stake of 13.03%

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- Cemig s shares and ADRs appreciation in the 3 months to March 31:

	Close of 1Q10	Close of 1Q09	Appreciation %
CMIG4	R$29.52	R$26.10	13.10
CMIG3	R$22.70	R$19.36	17.25
CIG	US$16.64	US$14.17	17.43
CIG.C	US$13.21	US$11.00	20.09
XCMIG	12.39	11.15	11.12

Economic summary

R$ million

	1Q10	1Q09	Change (%)
Electricity sold, MWh	10,740	10,958	(2.00)
Gross revenue	4,383,844	3,726,863	17.63
Net revenue	2,910,447	2,361,534	23.24
EBITDA	949,528	780,684	21.63
Net income	419,223	336,242	24.68

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Consolidated electricity market

Sales to final consumers

The total volume of electricity sold to final consumers in the first quarter of 2010 was 10,740 GWh, or 2.0% lower than in the first quarter of 2009 (10,959 GWh).

Electricity sold to final consumers (MWh)

(Data not audited by external auditors)

Consumption by consumer category	31/03/2010	31/03/2009	Var %	31/03/2009 Adjusted (*)	Var %
Residential	2,350,021	2,446,236	(3.93)	2,219,666	5.87
Industrial	5,587,941	5,593,627	(0.10)	5,549,219	0.70
Commercial, services and others	1,472,502	1,566,568	(6.00)	1,383,432	6.44
Rural	503,200	455,518	10.47	455,126	10.56
Other	826,345	896,981	(7.87)	801,915	3.05
Total	**10,740,009**	**10,958,930**	**(2.00)**	**10,409,358**	**3.18**

(*)Values in MWh considering the interest of 13.03% held by Cemig of Light.

This chart shows electricity sales by consumer category:

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In general, sales to industrial consumers were constant at around 52%, followed by the residential category with 22%, and commercial consumers with 14%. With the increase in Cemig s interest in Light announced at the end of 2009, the volume of consumption by the residential category tends to increase slightly, since residential consumers are a substantial percentage of Light s sales.

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Consolidated operational revenue

Revenue from supply of electricity

Gross revenue from supply of electricity in the first quarter of 2010 was R$ 3,643,311, 16.16% more than the revenue of R$ 3,136,503 in the first quarter of 2009.

Final consumers

Revenue from electricity sold to final consumers in 1Q10, excluding the group s own consumption, was R$ 3,096,757, compared to R$ 2,936,957 in the first quarter of 2009.

The main items affecting this result are:

- Increase in the average price per MWh charged to Free Consumers of **Cemig GT** (Cemig Geração e Transmissão) following adjustments in contracts.

- Tariff adjustment in **Cemig D**, with average impact on captive consumer tariffs of 6.21%, from April 8, 2009 (full effect in the first quarter of 2010).

- Net revenue of R$ 93,089, recognized in the first quarter of 2010, for the low-rental consumers subsidy under a

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Technical Note issued by ANEEL, arising from the tariff adjustment of **Cemig D** in 2010.

• Recognition of regulatory liabilities arising from the adjustment in the Tariff Review of **Cemig D**, which had a negative impact of R$ 213,803 on gross revenue in 1Q09.

Volume of energy invoiced to final consumers 2.0% lower (this excludes Cemig s own internal consumption). This reduction was mainly due to the effect of the change in the consolidation percentage for **Light:** the reduction was from 25% to 13.0325%, as a consequence of the partial split of RME in 2009. If the percentage of 13.0325% is applied to the consolidation calculation at March 2009, the year-on-year comparison gives an increase of 3.18% in the volume of electricity invoiced.

Supply to other concession holders

Revenues from energy sold to other concession holders totaled R$ 376,568 in the first quarter of 2010, compared to R$ 359,504 in the first quarter of 2009 an increase of 4.75%.

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This is principally due to the volume of electricity sold to other concession holders, and under bilateral contracts , being 17.80% higher year-on-year, at 3,237,078 MWh in 1Q10, compared to 2,748,037 MWh in 3Q08.

Revenue from use of the network Free Consumers

Revenue from use of the grid was 30.27%, or R$ 136,855, higher year-on-year in 1Q10 (at R$ 588,947 in the first quarter of 2010 compared to R$ 452,092 in the first quarter of 2009).

The revenue from the TUSD (Tariff for Use of the Distribution System) received by **Cemig D** and **Light** was 9.84% higher in the first quarter of 2010, at R$ 301,031, compared to R$ 274,055 in the first quarter of 2009. This mainly reflects: a higher volume of electricity transported, as a result of the recovery in economic activity; and also migration of captive consumers to the free market.

Also included in this line are revenues from use of the basic grid and the connection system, which were R$ 287,916 in 1Q10, compared to R$ 178,037 in 1Q09.

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This change basically reflects the adjustment to the tariff of **Cemig GT** (Generation and Transmission) arising from the Tariff Review in June 2009, and also the acquisition of the electricity transmission company **Taesa** in the fourth quarter of 2009.

EBITDA

Cemig s EBITDA in the first quarter of 2010 was 21.63% higher year on year, at R$ 949,528, compared to R$780,684 in the first quarter of 2009. Adjusted for non-recurring items, it was 4.29% higher.

The higher EBITDA in 1Q10 than in 1Q09 mainly reflects Net operational revenue 22.99% higher, partially offset by Operational costs and expenses (excluding effects of depreciation and amortization) 24.04% higher.

EBITDA margin, at 32.65%, was not significantly different from 1Q09 when it was 33.01%.

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The main non-recurring effects are:

- Recognition of a net expense of R$ 54,613 from the effects of the Tariff Adjustment of **Cemig D** in 2010, with the assets that were not included in the basis of the calculation for that adjustment being written off.

- Expenses of R$ 11,133 posted for the PDV Voluntary Retirement Program, as a result of adjustment in the provision.

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This table shows these non-recurring adjustments:

EBITDA R$ 000	31/3/2010	31/3/2009	Change, %
Net income	419,223	336,242	24.68
+ Provision for income tax and Social Contribution tax	213,370	187.999	13.5
+ − Financial revenues (expenses)	90,642	37,757	140.07
+ Depreciation and amortization	190,227	171,042	11.22
+ Profit shares	36,066	27,424	31.51
+ Minority interests		20,220	
= EBITDA	**949,528**	**780,684**	**21.63**
Non-recurring items:			
Write-off of CVA(*) of prior years	70,889		
Low Income Consumer Subsidy 2008 and 2009	(93,089)		
Write-off of regulatory assets Pasep and Cofins taxes	46,240		
Prior year financial balances to be offset	30,573		
- Review of Transmission Revenue Technical Note 214/2009			
+ Tariff review Net revenue		213,803	
- + Tariff review Operational expense		(20,987)	
- + PPD and PDV Voluntary Retirement Programs	11,133		
= ADJUSTED EBITDA	**1,015,274**	**973,500**	**4.29**

(Method of calculation not reviewed by our external auditors.)

(*) Differences between the sums of non-controllable costs

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If we consider the **EBITDA** of March 31, 2009, adjusted for the new percentage for consolidation applicable to **Light** after the partial split of **RME** which reduced that percentage from 25% to 13.0325%, EBITDA for 1Q10 would be R$ 739,297 an increase of 28.44% from 1Q09 to 1Q10.

Net income

Cemig reported 1Q10 consolidated net income of R$ 419,223, compared to consolidated net income of R$ 336,242 in 1Q09, an increase of 24.68%. The higher figure primarily reflects extraordinary adjustments in the first quarter of *2009* as a result of the final value decided by ANEEL for the Company s Tariff Review, which had a negative impact of R$ 127,000 on the 1Q09 result.

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Deductions from operational revenues

Deductions from operational revenues in the first quarter of 2010 totaled R$ 1,473,397, 7,92% more than in the first quarter of 2009 (R$ 1,365,329). The main variations between the two years are as follows:

The Fuel Consumption Account CCC

The deduction from revenue for the CCC was R$ 129,740 in 1Q10, compared to R$ 122,620 in 1Q09, or 5.81% higher year-on-year. This is a contribution for the costs of operation of the thermal plants in the national grid and in the isolated systems. It is shared between electricity concession holders, on a basis set by an ANEEL Resolution. It is a non-controllable cost. The amount passed through to the tariff is the part related to electricity distribution services. For the amount calculated as relating to transmission services, the company merely passes through the charge, since the CCC is charged to Free Consumers on the invoice for the use of the basic grid, and passed on to Eletrobrás.

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Energy Development Account CDE

The deduction from revenue for the CDE in the first quarter of 2010 was R$ **110,222**, 17.93% higher than in the first quarter of 2009 (R$ **93,462**). These payments are specified by a Resolution issued by the regulator, ANEEL. This is a non-controllable cost. The amount for electricity distribution is passed through in full to the distribution tariff, and for the amount related to transmission the Company acts as a collection agent: it is charged to Free Consumers on the invoice for the use of the grid, and paid on by the Company to Eletrobrás.

Global Reversion Reserve RGR

The deduction from revenue for the RGR was R$ 44,907 in 1Q10 compared to R$ 43,730 in 1Q09. This is a non-controllable cost: the expense recognized in the income statement is the amount passed on to the tariff.

The other deductions from revenue are taxes calculated as a percentage of invoiced revenue hence their variations

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are substantially the same in percentage terms as the changes in revenue.

Non-controllable costs

Differences between the sums of non-controllable costs (known as the CVA Account), used as a reference in calculating the tariff adjustment, and disbursements actually made, are offset in subsequent tariff adjustments. They are recorded in Assets or Liabilities. Complying with the ANEEL Chart of Accounts, some items are allocated as Deductions from operational revenue. Further information is in Explanatory note 9 to the Quarterly Information.

As from March 2008 the Company began to receive, in the tariff, the amounts posted in assets under Portion A . The portion of non-controllable costs actually received in the tariff is transferred to Operational expenses.

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Operational costs and expenses (excluding Financial revenue/expenses)

Operational costs and expenses (excluding financial revenue/expenses) totaled R$ **2,151,146** in 1Q10, 22.79% more than in 1Q09 (R$ **1,751,892**). This is mainly due to the increases in the costs of electricity bought for resale, and outsourced services, partially offset by the reduction in the amount of operational provisions. Further information is given in Explanatory Note 29 to the Consolidated Quarterly Information.

The main variations in operational expenses were:

Electricity bought for resale

The expense on electricity bought for resale in the first quarter of 2010 was R$ **1,028,336**, 53.06% more than in the first quarter of 2009, when it was R$ **671,842**. This is a non-controllable cost: the expense recognized in the income statement is the amount passed on to the tariff. Further

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information is given in Explanatory Note 29 to the Consolidated Quarterly Information.

Charges for use of the transmission grid

The expense on charges for use of the transmission network was R$ 202,919 in 1Q10, 0.62% lower than in 1Q09 (R$ 204,191).

These expenses, set by an ANEEL Resolution, are payable by electricity distribution and generation agents for use of the facilities that are components of the basic national grid. This is a non-controllable cost: the deduction from revenue recognized in the Income statement corresponds to the value actually passed through to the tariff.

Depreciation and amortization

The expense on depreciation and amortization in the first quarter of 2010 was **11.22%** higher, at R$ 190,227, than in the first quarter of 2009 (R$ 171.042 million). This result

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arises substantially from the increase in fixed assets due to the ongoing investment in Distribution bussiness, through the ***Clarear***, ***CresceMinas*** **and** ***Light For Everyone*** **(*Luz Para Todos*) programs; and also from the amortization of intangible assets represented by the Company s new client invoicing software.**

Operational provisions

Operational provisions in the first quarter of 2010 totaled R$ **23,148**, 56.72% less than in the first quarter of 2009 (R$ **53,487**). The lower provision mainly reflects the exclusion, in 2010, of a provision of R$ **11,042** for a civil court claim relating to a tariff increase, due to finalization of the court proceedings; as well as lower expense on contingencies for litigation in civil actions in 2010 than 2009. For more information please see Explanatory Notes 23 and 29 to the Consolidated Quarterly Information.

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Gas purchased for resale

The cost of gas purchased for resale in 1Q10 was R$ **49,734**, 26.50% more than in 1Q09 (R$ **39,314**). This reflects the larger quantity of gas bought in the first quarter of 2010 than in the first quarter of 2009, due to higher volume of operation, of the gas-fired thermal power generation plants, which are Gasmig s clients.

Outsourced services

The expense on outsourced services in 1Q10 was R$ **183,985**, compared to R$ **160,659** in 1Q09, an increase of **14.52%** the highest variations being in expenditure on: communication; maintenance and conservation of facilitiesand **electrical equipment; and outsourced contract workers,** as follows:

- Expenses on communication were **110.89%** higher in the first quarter of 2010, at R$ **17,227**, than in the first quarter of 2009 (R$ **8,169**). **This reflects the seasonal effects of renegotiation of contracts which had not been concluded by the end of March.**

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- The expense on maintenance and conservation of electrical facilities and equipment in 1Q10 was R$ **42,071**, an increase of 35.66% from 1Q09 (R$ **31,013**). This variation arises principally from the Company s higher volume of activity regarding the Company s Reajustments of contracts as well as the consolidation of the companies acquired by Cemig in the second half of 2009.

- **The expenses on contracted workers** totaled R$ **12,851** in 1Q10, 52.59 % more than in the first quarter of 2009 (R$ 8,422). The difference arises mainly from seasonal effects of renegotiations and of contractual adjustments made with service providing companies in the first quarter of 2010.

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Financial revenues (expenses)

In the first quarter of 2010 the company reported net financial *expenses* of R$ 90.642 million, compared to net financial *expenses* of R$ 37.757 million in the first quarter of 2009. The main factors in this difference are:

• Higher revenue from financial investments, at R$ **94,323** in 1Q10, 42.27% more than the revenue of R$ 66,383 in 1Q09, due to a higher volume of cash being invested in this semester.

• Revenue from net monetary adjustment on regulatory assets (CVA, the Deferred Tariff Adjustment, and the General Agreement for the Electricity Sector) 96.68% lower in 2010 than 2009: this revenue was R$ 893 in 1Q10, compared to R$ 26,895 in 1Q09. The change is mainly because the value of the regulatory assets had been reduced in 2010 as they were partially paid off by receipt of amounts in the tariff through clients electricity bills.

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- Expenses on charges for loans and financings totaled R$ 234,691 in 1Q10, compared to R$ 199,809 in 1Q09. **This reflects entry of new funding, principally the issue of R$ 2.70 billion in commercial papers by Cemig GT in October 2009.**

- Higher monetary updating on loans and financings in Brazilian currency, at R$ 31,975, in 1Q10 the comparison is with R$ 3,816 in 1Q09. The increase is mainly due to the different behavior of the IGP-M inflation index in the two quarters: the variation in the IGP-M was 0.9153% *negative* over the first quarter of 2009, and 2.7798% *positive* over first quarter 2010.

For a breakdown of financial revenues and expenses, see Explanatory Note 30 to the Consolidated Quarterly Information.

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Income tax and Social Contribution

Cemig s expenses on income tax and the Social Contribution tax in the first quarter of 2010 totaled R$ **213,370**, on profit of R$ **668,659**, before tax effects, a percentage of 31.91%. Cemig s expenses on income tax and the Social Contribution tax in the first quarter of 2009 totaled R$ 187,999, on profit of R$ 571,885, before tax effects, a percentage of 32.87%. These effective rates are compared with the nominal rates in Note 11 to the Consolidated Quarterly Information.

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Disclaimer

Some statements and assumptions in this document are projections based on the viewpoint and assumptions of management, and involve risks and uncertainties both known and unknown. Future outcomes may differ materially from those expressed or implicit in such statements.

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CEMIG GT I to III

Chart I

Operating Revenues (consolidated) - CEMIG GT

Values in million of Reais

	1st Q. 2010	1st Q. 2009	chge%
Sales to end consumers	470	412	14%
Supply	364	357	2%
CCEE	232	151	54%
Others	10		