

Reuters: EDP.LS
Bloomberg: EDP.PL

Investors & Analysts' Briefing

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ANEEL APPROVES THE 2010 TARIFF RESET FOR EDP ESCELSA

The Brazilian electricity regulator, ANEEL, approved a 7.19% tariff reset index for EDP Escelsa, for the period from August 7th 2010 to August 6th 2011.

Aneel established the rate of return for EDP Escelsa in 15.08% before taxes (9.95% after taxes) for the 3-year regulatory from August 2010 to August 2013. Additionally, ANEEL has also established a X Factor of 0.95%, to be applied to tariffs on the tariff readjustments of August-2011 and August-2012.

The Tariff Revision Process is foreseen in the Concession Contract and considers changes in the company's cost structure and its market, tariffs charged by similar companies, both domestic and international, as well as incentives to promote efficiency.

The Tariff Revision Process is divided in two steps. In the first one, denominated tariff readjustment, tariffs are set so as to cover efficient operational costs – for a given level of quality in the rendered service – and so as to guarantee a proper return on investments. The second step comprises the X Factor calculation, which translates in the establishment of productivity targets for the next tariff period.

The table below presents the breakdown of the 2010 Tariff Revision for EDP Escelsa:

(R\$ Thousand)	Tariff Revision 2010	Tariff Revision 2007
Verified Revenue	1,712,810	1,335,264
Parcel A (Non Manageable costs)	1,217,664	813,927
Parcela B (Manageable costs)	576,195	439,546
Financial Adjustment	47,603	60,116
Net Required Revenue	1,788,414	1,249,296
Gross Remuneration Asset Base	2,401,752	1,842,657
Net Remuneration Asset Base	1,297,103	952,457
Tariff Reset Index	4.41%	-6.44%
Financial Adjustment Index	2.78%	4.81%
Total Tariff Readjustment	7.19%	-1.63%

EDP – Energias de Portugal, S.A.