



**LIGHT S.A.**  
**Corporate Taxpayer's ID (CNPJ/MF) 03.378.521/0001-75**  
**Company Registry (NIRE) 33.3.0026316-1**  
**Publicly-held company**

## **MATERIAL FACT**

### **Aneel approves 2017 Light SESA's Tariff Review**

**Light S.A.**, in compliance with the Brazilian Securities and Exchange Commission ("CVM") Rule 358, of January 3, 2002, hereby announces to its shareholders and the market in general that National Electric Energy Agency ("ANEEL" or "Agency") approved at its 8<sup>th</sup> Ordinary Executive Public Board Meeting held today, the result of the 4<sup>th</sup> Periodic Tariff Review for Light Serviços de Eletricidade S.A. ("Light SESA" or "Company") – a wholly owned subsidiary of Light S.A. – effective as of March 15, 2017.

Light SESA's 4<sup>th</sup> Periodic Tariff Review ("PTR"), scheduled for November 7, 2018, was brought forward to March 15, 2017 through the signing of the 5<sup>th</sup> amendment to the concession contract, approved at the 7<sup>th</sup> Annual Public Meeting Board of ANEEL, held on March 7, 2017, pursuant to ANEEL's Dispatch N<sup>o</sup>. 2194 of August 16, 2016.<sup>1</sup>

As a result of the signing of contract amendment, Light SESA's ordinary tariff adjustments will occur on March 15 of each year and the next PTR will take place on March 15, 2022. The deadline of Light SESA's concession remains June 4, 2026.

As a result of the 4<sup>th</sup> PTR, the items associated with the electricity distribution service that make up Light SESA's tariffs (intended to cover efficient operating costs, remuneration and depreciation of investments, annuities of non-electric assets and irrecoverable revenues, discounted from other revenues), approved by ANEEL, amounted to R\$ 2,911 million, according to the following table.

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<sup>1</sup> ANEEL Dispatch No. 2194 made it possible for agents not affected by the extension of the concession contracts under the terms of Law 12,783 to sign a contractual amendment including the terms of the new concession contract model, which may contemplate a new date for Ordinary Tariff Adjustments.

PTR LIGHT 2017	R\$ million	Observations
Operational Costs	934	
Remuneration	1.043	Calculated over Net RAB of R\$ 8.5 Billion
Depreciation	599	Calculated over Gross RAB of R\$ 15.8 Billion
Annuities	192	Calculated over FAS <sup>2</sup> of R\$ 20.1 Billion
Other Revenues	-76	
Irrecoverable revenues (ADA <sup>3</sup> )	220	Equivalent to 1.38% of Regulatory Gross Revenue
<b>Total</b>	<b>2,911</b>	

These same items, which composed Parcel B in the last Tariff Adjustment of Light SESA, occurred on November 7, 2016, totaled R\$ 2,535 million on that date.

In the case of the energy losses' transfer, the percentage of non-technical losses represents 36.06% of the low voltage market and the percentage of technical losses represents 6.34% of the regulatory grid load (before, such transfers were 30.11 % and 5.35%, respectively). Both percentages will remain fixed until the next PTR, which will occur in March 2022, regardless of the actual levels of losses practiced by the concessionaire in the period<sup>4</sup>.

In addition to the recalculation of items associated with the distribution service and the redefinition of percentages of regulatory losses, Light SESA's new tariffs also reflect an update of items included in Parcel A (associated with energy purchase, sector charges and transmission costs), as well as the financial components.

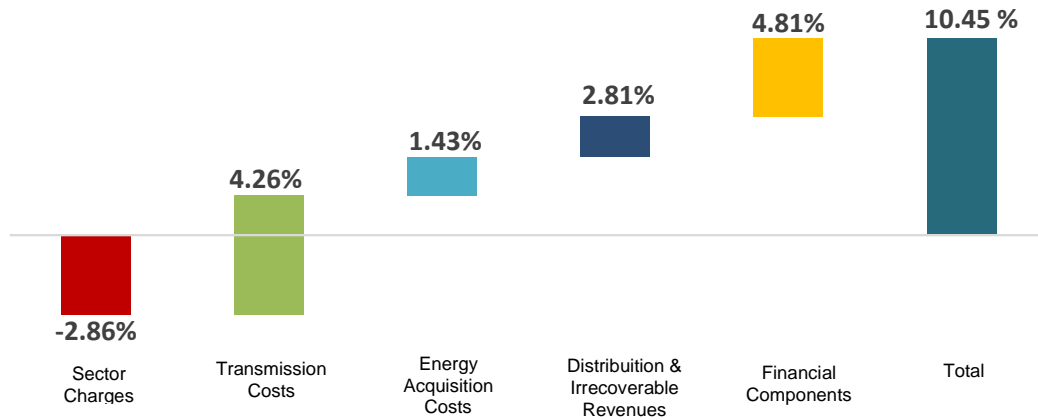
The combined effect of this process will result in an average increase of 10.45% in Light SESA's electricity bills as of March 15, 2017, as detailed in the chart below. As can be seen, the items associated with Irrecoverable Revenues and Parcel B (Distribution), combined with manageable costs, represent only 2.81% of total average effect.

<sup>2</sup> FAS (Fixed Assets in Service) = Gross RAB + 100% Depreciated Assets + Special Obligations+ Utilization Rate

<sup>3</sup> ADA: Allowance for Doubtful Accounts

<sup>4</sup> Regarding non-technical losses, there will no longer be a registration in Special Obligations arising from the regulatory treatment defined in Light's SESA 3<sup>rd</sup> PTR.

## Average Effect for Consumer



Further details on the tariff review process will be discussed in the 4Q16 Results Conference Call, scheduled for next Friday, March 24, at 3:00 p.m.

Rio de Janeiro, March 14, 2017.

Ana Marta Horta Veloso  
Chief Business Development and IR Officer